

How Fast-Fashion Brands Went Viral—Taking Zara as an Example

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ABSTRACT

As more consumers are pursuing the newness and uniqueness of fashion products, fashion apparel industry has been forced to launch new collections far more frequently, preventing from being kicked out from the over-saturated market. After seeing great profit in the fast-fashion industry, many retailers want a slice of it. The paper is aim to find out how can fast-fashion brands go viral in this highly homogeneous market and what the uniqueness of a certain fast-fashion brand brings to itself. Taking Zara as an example, the paper unveils its road to internationalization, its brand image and its ability to maintain sustainability. During the process, we use SWOT analysis to sketch out the strengths, weaknesses, opportunities and threats of Zara in the current fashion market. Mainly focusing on the marketing strategies of Zara, we find out that the success of Zara is attributed to the clear and precise identification of itself. Based on that, Zara ingeniously utilizes its uniqueness to draw up marketing strategies to attract targeted consumers with certain characteristics.

Keywords: *fast fashion, Zara, internationalization, brand image, SWOT analysis, sustainability*

1. INTRODUCTION

Under the circumstances that the old fashion apparel industry could hardly meet the demand of the diverse taste of customers, haute couture has gradually given its way to fast-fashion retailers, with the momentum in fast fashion's favor[1]. The emergence of fast fashion is mainly attributed to the over-saturation in the apparel industry and the requirement of the elasticity of design, quality, delivery and speed to market[2]. In the realm of fashion, fast fashion is gradually getting more predominant particularly in apparel industry because of its immediate reflection of fashion trend, quick responsive to the preference of consumers and its cost efficiency, which is why fast fashion gains marvellous publicity among many international companies such as Zara, Hennes & Mauritz and Uniqlo.

Nowadays, many new entrants in fashion apparel industry are prone to emulate the operating mode of those successful fast-fashion retailers. However, many of them ended up failing due to mechanically applying operating strategies of fast fashion without any requisite adjustment. Fast fashion is more like a consumer-driven system, which is important for retailers to understand their consumers rather than only focus on rigid business operation strategies.

Most of the present papers only focus on a detailed aspect of fast fashion operation mode and some of them have related marketing strategies to customer behaviors. But few papers have mapped out a holistic view about how important tailor-made strategies are for each unique fast-fashion brand to make itself stand out from others. Therefore, taking Zara as an example, this paper proceeds with how Zara maintains its competitive position in the fast fashion industry and then offers new entrants some practical insights to find their uniqueness.

2. INTERNATIONALIZATION OF ZARA

2.1 A prevalent fast-fashion brand: Zara

Fast fashion is defined as satisfying customers' demand through applying current and emerging fashion trends to the coming-out merchandise, which has a short life cycle and low price [3].

Notably, the key rationale for fast fashion is consumer orientation. In other words, fast fashion gains its competitive edge by making its operating and marketing strategies with a comprehensive understanding of its customers. For example, fast fashion brands are inclined to build up physical stores worldwide to make their collections exposed to oceans of audiences.

Extensively shrinking the processes involved in buying cycle and lead times to ensure a high merchandise turnover rate meets the demand of customers at its peak [4]. Additionally, instead of making their own clothes, fast-fashion retailers are prone to foster a cooperating relationship with numerous manufacturers worldwide, selling clothes as trade agents [1].

Targeting a general industry-wide mass market, Zara, a sub-brand of Inditex, was established by Ignacio Amancio Ortega in Galicia, Spain in year the 1975. As a pioneer and global leader of fast fashion, Zara pursues the most trendy fashionable taste of design with an appropriate balance between quality and price, which comes to be one of its strengths to compete with other fast-fashion brands[5]. On 31 January 2019, Zara has already had 2131 physical stores in 96 markets and 154 online markets around the world. During the end of 2018, the net sales of Zara reached 18021 billion Euros.

2.2 Born-global expansion strategy

Zara is considered as a born-global brand for its internationalization strategy, because in the very early phase, global expansion has been rooted in the development of Zara. Namely, compared with those who gradually find the prospect to globalization, Zara has been paving way for it ever since it was born [6].

As to be global-born, the expansion strategy of Zara can then be generalized as three theories: knowledge sharing, resource-based view and psychic distance.

The upmost factor for the success of Zara is knowledge sharing. Among all the types of knowledge sharing, reverse knowledge sharing is the most beneficial one for Zara, leading its way to globalization. During the process, the store managers, namely trend spotters, gather and diffuse proprietary market information and then report to directors, keeping Zara's in-house designers abreast of fast-changing trends. Furthermore, precise information that is closely related to sales, customer preference and local trends is constantly exchanged among chain stores so that quick response can be made to satisfy the appetite of consumers. By so doing, the retailer gains a competitive edge in facing of the potential risks associated with new markets [7].

The resource-based theory focuses more on the sustainability of the competitive position of Zara. With vertical integration, Zara controls each level of its clothing production, distribution, and sales. This unique operating system makes it hard for its competitors to imitate, which forms the uniqueness of Zara, generates comfortable margin for itself, and shows a promising prospect [8].

Psychic distance is the degree to which one culture is comfortable dealing with another culture [8]. To design a country-specific strategy, Zara allowed the company to

make some adjustments in accordance with local preference rather than merely replicate the home market, which is congruent with psychic distance theory [8][9].

3. CORPORATE HERITAGE: THE BRAND IMAGE OF ZARA

3.1 Customer-based brand image

Brands are physical entities that are among the most important intangible assets that businesses own. While brand image refers to a customer's perception of a certain brand and can be a subconscious criterion for consumers to decide whether the brand can assist them in creating the self-image they desire. Especially in fashion apparel industry, the brand image both directly and indirectly signifies the personality or self-identification of the consumer. In other words, the association between consumers and the brand unconsciously makes decisions for them regarding whether to buy collections from a certain brand or not [10].

To foster an impressive and successful brand image, retailers need to evaluate whether this image is favorable in market and reconcile it with the one perceived by consumers. Researchers have advocated that a positive brand image can be regarded as a significant determinant of brand loyalty, which makes customers to pay a premium and triggers word of mouth. The evaluation should be carried out from consumers' side in order to develop a customer-based brand image. Referring to a brand's overall strength, customer-based brand can be determined by consumers' favorable, solid, and distinct associations with the brand, as well as their positive reactions to the brand [11].

3.2 Buy cheap but not feel cheap

Although Zara has differentiated its collections to meet the needs of customers with diverse tastes and cultural backgrounds, the design and style of collections displaced in physical stores will not be limited to the local fashion taste. Instead, a diverse and innovative design will be provided by being inclusive of global trend. In this way, Zara is competent of offering its clients with restrictiveness in the quickly changing new combination of collection lines, which creates a cutting-edge, in vogue, and exceedingly trendy brand image [12].

Despite that, Zara wants to offer its customers a feeling of luxury fashion, creating unique collections and unique items, but at affordable prices [13]. The secret of 'buy cheap but not feel cheap' lies in the siting of Zara's physical stores: the stores are large, swish and centrally located [14]. By placing its physical stores in prosperous locations such as landmark buildings in the premier shopping streets, Zara attracts voluminous flow of upscale shoppers, which laid a foundation for Zara to sell products with higher list price. That is mainly attributes

to the attractive interior and exterior of stores offering customers a sense of luxury and a special store experience. In a word, the visibility of stores makes it possible for Zara to foster the recognition of its brand image[15]. What’s more, special attention facades, interiors and window displays will be given to each store every four or five years for redecoration of stores and the new layout of stores.

In addition, the impression of gorgeous and splendid appearance of Zara stores triggers word of mouth, which is a predominant marketing strategy for Zara to advertise for itself. As advertisements can hardly be seen on television or the Internet, Zara devotes a very small amount of money to advertising, only 0.3% of sales turnover compared with 3.5%-5.4% by its competitors in 2001. With great expectations of physical stores, Zara would rather display its new stocks in physical stores than any other ways to exhibit them[16]. However, Zara still gains great popularity in fashion apparel industry, which is mainly attributed to the power of word of mouth held by its brand image. Therefore, rather than spending money on advertising campaigns, Zara invests more in its expansion and stores decoration[17]. By extensively building up new stores, Zara succeeded in making its brand visible to customers as well as showing the unique brand image different from other fast-fashion brands.

3.3 Customer behavior

Customer behavior is defined as ‘the study of consumers during the activities of information search, purchasing, using, assessing, and disposing of products and services that they expect will fulfill their needs’[10]. Nevertheless, Customer behavior is quite exceptional in the fashion industry, as fashion does not create any real demand. Thus consumption is mainly encouraged by emotions rather than necessities [13]. That emotion can be considered as brand loyalty, which is a kind of affective commitment that can motivate customers to set up a close relationship between the brand and themselves [17]. According to Roberts, a brand must generate connections for customers that capture the quality of mystery, intimacy and sensuality, driving to a mix of brand love and brand respect that guarantees brand loyalty [18].

Cognitive associations(mystery) reflect a consumer’s individual convictions, thoughts and assessments of a brand related to its product attributes, service attributes, performance and meaning of a brand [19]. Both direct and indirect non-product-attribute interactions with a brand can give rise to cognitive associations. For instance, on certain occasions, people wear the brand or the logo instead of the clothing itself to gain social approval and earn social currency [11].

Emotional associations(intimacy) encompass subjective sentiments, such as fervor, bliss and delight [19]. For example, the unique design style or the extraordinary scent of the store can be a trigger that helps to remind consumers of the brand and inspires them to think about positive things related to themselves. In that case, consumers may feel comfortable cultivating a long-term intimate relationship with the brand [20].

Sensory associations(sensuality) reveal engagement of the consumer’s physical senses through product-related and retail environment-related attributes [21]. Visual sensations substantially associate with physical store environment, website design, product design and color and packaging, such as the decoration and siting of Zara stores, while olfactory sensations, auditory sensations and tactile sensations are reflected by pleasant scent in the store, the music played by clerks, and great product texture respectively [11].

Those three dimensions are closely associated with marketing strategies to leverage word of mouth. To sum up, it is of paramount significance for a brand to find its unique style and reach its targeted customers.

4. SUSTAINABILITY OF ZARA

4.1 SWOT analysis

Taking Zara, the analysis of the sustainability of fast-fashion brands can be presented from strengths, weaknesses, opportunities, and threats (SWOT). SWOT analysis contains favorable and unfavorable internal and external issues relating to a certain company, which can be leveraged to postulate ways to overcome threats and weaknesses or future strategies.

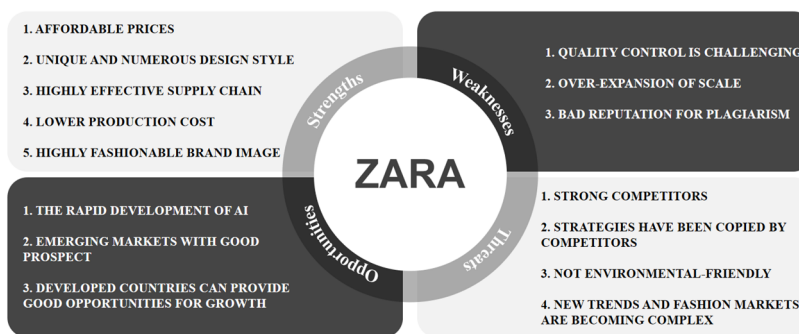


Figure 1 SWOT Analysis of Zara

Among all the threats, ‘not environmental-friendly’ can be a serious factor that has a detrimental impact on the sustainability of Zara. Fast fashion has previously been called ‘throwaway fashion’, which is viewed as a ‘waste’, because customers purchase plenty of lower-quality clothes instead of a singular high-quality item to meet a wardrobe demand and discard them very often when they see new merchandises with a trendy style, running counter to environmental protection code[22].

Zara clothes are not designed and manufactured to be long lasting so as to cut down costs and provide an affordable price for consumers, which could harm the environment if not meet the eco-efficiency standards. Thus, with the clear objective of achieving a circular model capable of recycling both waste and used garments, Zara is working intensely on the reuse of raw materials, championing the recycling of cotton and researching new ways of separating fabrics with Tsinghua University in China and MIT in the US, through MISTI, with which a number of Spanish universities are collaborating.

4.2 Keys to remain popular

A fully integrated, sustainable and digital sales platform is always a pursuit of Zara. The sustainable strategies of Zara can be divided into many aspects, of which customers are at the center of Zara’s business model. To achieve this goal, technology is an indispensable tool to adapt this model to customers’ new approaches. While year 2018 has been a vital year for digital transformation strategy, Zara launched its global online store, marking a milestone in its commitment to having the brand available online worldwide by 2020.

With the advance of social media and multiple sale platforms, online retailing channels has emerged and soon hit the top. As multichannel retailing has already gained popularity among operators, there comes another novel mode based on channels as well. Omnichannel retailing, coming into being with the advent of new technologies, is a operating strategy for retailers to integrate all the information collected from various channels [23]. Different from multichannel retailing, omnichannel retailing is centered on the customers and the customers’ shopping experience, with a view to offering them a holistic experience [24]. In terms of Zara, mobile application, Zara website and its physical stores are three stages for consumers to experience omnichannel in person. At first, look for favored products on the mobile application, then purchase it on the website, and eventually pick up or return the product at the physical store[25]. Zara mobile app and Zara website are regarded as owned media for Zara to market its brand along with physical stores, and all of them trigger word of mouth that is an earned medium for Zara. Those marketing strategies mentioned above are to

ensure its brand exposure among consumers, which leads to its success of sustainability.

In parallel, an innovative and unique management system based on radio frequency identification(RFID) as been developed to enrich the customer-brand interaction, which has already been fully deployed at Zara in 2018. Customers can choose to shop online or offline. In addition, the RFID technology has paved way for the implementation of the integrated stock management system, which improves our clients' chances of seeking for the items they desire by displaying stock accessibility in-store and online when setting orders.

5. CONCLUSION

On the road of Internationalization, Zara leveraged its physical stores to collect information about customers’ preferences and swiftly made changes to it in order to reach global audiences. By identifying itself as a cutting-edge, trendy, and highly fashionable brand, Zara precisely targeted the consumers and then made its own marketing strategy (word of mouth) based on the targeted consumers. When facing its weaknesses and threats in the market, Zara was devoted to finding ways to address them, for instance, making a digital transformation strategy, developing new technologies (RFID) and meeting the eco-efficient standards.

In conclusion, the reason why Zara could gain that popularity in the fast-fashion apparel industry is that with clear identification of itself, Zara fostered an intimate relationship with its consumers. Namely, a unique consumer-based operating strategy was designed by Zara to make it prevalent.

In this paper, we only focus on three main unique aspects of Zara, and there should be other strategies that Zara has taken to make it thrive. As a result, limitations exist in Zara's comprehensive facet: its clearance pricing methodology, integrated supply chain, the entire design team, and brand extension can also be served as inspiration for other fast-fashion brands to carry out their own strategies. Thus, future research is still needed to be carried out.

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