

Effective Marketing Strategy of Zara in Comparison to The Competitors

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Abstract- *The research paper mainly revolves around the marketing strategy of Zara. The study also aids in determining the marketing strategy of Zara's competitors H&M, Gap, and Uniqlo. However, the research only focuses only on three competitors of Zara i.e., H&M, Gap, and Uniqlo. Also, this research is conducted by collecting primary data from a respondent via online questionnaires and there are many limitations to this method. The purpose of the study is to determine brand perception, marketing mix, brand positioning, digital marketing strategies and strengths & weaknesses of Zara's marketing strategy to its competitors. Thus, it only includes fashion retail industry and may vary for other industries. This research paper could act as a piece of information for researchers who want to know more about marketing strategy in the fashion retail industry, which would definitely help them to grow in their respective horizons and achieve their goals effectively and efficiently.*

Indexed Terms- *Marketing Strategy, Retail Industry, Social Media Marketing, Competition*

I. INTRODUCTION

Marketing is a crucial aspect of any organization, and it is imperative for companies to have a sound marketing strategy to achieve business goals. In today's competitive business environment, companies are required to have an effective and efficient marketing strategy to remain competitive. This dissertation aims to analyze the marketing strategy of Zara, a leading fashion brand, and compare it to its competitors.

The fashion industry is a highly dynamic and competitive field, with brands constantly vying for the attention of consumers. In this crowded market, having an effective marketing strategy is crucial to

stand out from the competition. One company that has excelled in this area is Zara, a global fashion brand known for its fast fashion and affordable prices. Zara's marketing strategy has played a significant role in the company's success, but with the increasing competition from other brands, it is important to evaluate and analyze its marketing strategy to ensure its continued growth. Zara is one of the largest fashion retailers in the world, with a presence in more than 90 countries. The brand is known for its fast fashion approach, which involves producing clothing items in small batches and frequently introducing new designs to the market. Zara's success can be attributed to its unique business model, which integrates design, manufacturing, and distribution to create a seamless and efficient supply chain.

The fashion industry is highly competitive, and Zara faces stiff competition from other fashion retailers, such as H&M, Gap, and Uniqlo. These companies have their unique marketing strategies, and analyzing Zara's marketing approach in comparison to these competitors will provide insight into the effectiveness of the company's strategy.

Marketing strategy is an essential component of a company's success, and it encompasses a range of activities aimed at promoting and selling products or services. Marketing strategy includes market research, product development, pricing, promotion, and distribution. By analyzing these elements of Zara's marketing strategy, we can gain a better understanding of the company's approach and its effectiveness in comparison to its competitors. The fashion industry is rapidly changing, and customer preferences are evolving, making it essential for fashion retailers to stay up-to-date with the latest trends and adopt new marketing strategies. The emergence of digital technologies and social media has also transformed the way companies market their products, and it is crucial

for companies to embrace these new technologies to stay ahead of the competition.

This dissertation aims to conduct a comparative analysis of Zara's marketing strategy to its competitors in the fashion industry. The analysis will identify the strengths and weaknesses of Zara's marketing strategy and compare them to those of its competitors. By doing so, this dissertation will provide insight into how Zara can improve its marketing strategy to maintain its competitive edge. For this research, following three competitors have been chosen namely- 1. H&M 2. Gap 3. Uniqlo

II. MARKETING STRATEGY

Marketing strategy is a comprehensive plan of action that outlines how a company will attract and retain customers, increase sales, and achieve its overall business objectives. It involves identifying the target market, understanding their needs and preferences, and developing a plan to meet those needs while creating a competitive advantage for the company. In today's fast-paced and competitive business environment, having a well-thought-out marketing strategy is critical for the success and growth of any company.

Marketing Strategy is an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.

The fast fashion industry is a highly competitive market where companies need to constantly innovate and differentiate themselves from their competitors to stay ahead. A good marketing strategy is vital for companies in this industry to stand out, attract new customers, and retain existing ones.

One of the key reasons why marketing strategy is important is that it helps companies understand their target market and develop products and services that meet their needs. For example, Zara, a leading fast fashion brand, has built its marketing strategy around

understanding its target customers, who are young, fashion-conscious, and price-sensitive. Zara uses this information to create products that are trendy, affordable, and easily accessible to its target customers.

Another important aspect of marketing strategy is creating a strong brand image and identity. A strong brand helps to differentiate a company from its competitors, build customer loyalty, and increase customer retention. H&M, another fast fashion brand, has successfully used marketing strategy to build a strong brand identity. Its marketing campaigns focus on promoting sustainability and ethical production practices, which has resonated with its target customers and helped to differentiate the brand from its competitors.

Marketing strategy also helps companies to create effective communication channels with their customers. This includes social media, email marketing, and other digital marketing strategies. For example, Uniqlo, a Japanese fast fashion brand, has leveraged digital marketing to reach a wider audience and increase brand awareness. The company has used social media platforms like Instagram and Facebook to showcase its products and engage with its target customers.

In addition, marketing strategy helps companies to stay ahead of their competitors and anticipate market trends. This includes researching industry trends, consumer behavior, and competitor strategies. For instance, Gap, a well-known American clothing brand, has used marketing strategy to adapt to changing consumer preferences and market trends. The company has shifted its focus towards sustainability and ethical production practices in response to growing consumer demand for environmentally conscious products.

Overall, marketing strategy plays a crucial role in the success of companies in the fast fashion industry. It helps companies to understand their target market, differentiate themselves from their competitors, build a strong brand image and identity, create effective communication channels with their customers, and stay ahead of market trends. By implementing a well-planned and executed marketing strategy, companies

can attract new customers, retain existing ones, and ultimately achieve their business objectives.

- About Zara

Products:

Zara offers a wide range of products, including clothing, shoes, accessories, and beauty products. The company is known for its affordable and trendy clothing, which is designed to appeal to a wide range of consumers. Zara's products are often inspired by high-end fashion brands and runway shows, but are sold at a fraction of the price.

Zara's product line is constantly evolving, with the company introducing new collections on a regular basis. The company's designers are constantly monitoring consumer trends and preferences, and are able to quickly respond to changes in the market. This allows Zara to stay ahead of the competition and maintain its position as a leader in the fast fashion industry.

- Marketing:

Zara's marketing strategy is focused on creating a unique and immersive shopping experience for its customers. The company's stores are designed to resemble high-end fashion boutiques, with minimalist decor, carefully curated product displays, and strategically placed mirrors and lighting to create a sense of luxury. Zara also limits the amount of inventory on display in its stores, which creates a sense of exclusivity and encourages customers to purchase items quickly before they sell out.

Zara's marketing strategy has evolved significantly since the company was founded in 1975. Here's a brief overview of the brand's marketing strategy evolution over the years:

- Early Years (1975-1990s): Zara was founded in 1975 by Amancio Ortega in Spain, and in its early years, the company focused on producing high-quality, affordable clothing for women. Zara's marketing strategy during this period was relatively simple, relying primarily on word-of-mouth and in-store promotions.
- Expansion and Growth (1990s-2000s): In the 1990s and 2000s, Zara began to expand rapidly,

opening stores in new markets around the world. The company's marketing strategy during this period focused on building brand awareness and positioning Zara as a global fashion brand. Zara invested heavily in advertising, including print and outdoor campaigns, as well as sponsorships of major fashion events.

- Emphasis on Fast Fashion (2000s-2010s): In the 2000s and 2010s, Zara shifted its marketing strategy to focus more heavily on fast fashion, responding quickly to emerging fashion trends and introducing new collections on a regular basis. Zara's marketing strategy during this period was centered on promoting the latest collections through in-store displays, print and digital advertising, and social media.
- Digital Transformation (2010s-Present): In the 2010s, Zara embraced digital transformation, launching a robust e-commerce platform and investing in new technologies to enhance the customer experience. The company's marketing strategy during this period has focused heavily on digital channels, including social media, email marketing, and online advertising. Zara has also embraced data-driven marketing, using customer insights to personalize the shopping experience and drive sales.

Zara's marketing strategy has evolved significantly over the years, reflecting changes in the fashion industry and the broader business landscape. However, the brand has remained true to its core values of producing high-quality, affordable fashion for women, and has continued to innovate and adapt to stay ahead of the curve.

Overall, Zara's success can be attributed to its ability to innovate and adapt to changing consumer preferences and trends. By focusing on fast fashion, creating a unique in-store experience, leveraging social media, and personalizing the shopping experience, Zara has been able to build a strong brand and maintain a loyal customer base. The company's vertically integrated business model and highly automated production process have also allowed it to produce and distribute products more efficiently than traditional fashion retailers.

- About H&M

H&M is a multinational fashion retailer based in Sweden, with a global presence in more than 70 countries. Founded in 1947 by Erling Persson, H&M has grown to become one of the world's largest fashion retailers, known for its affordable, trendy and fast-changing collections. The company's mission is to offer fashion and quality at the best price in a sustainable way.

As per year 2021, the total revenue of H&M was USD 23.18 billion. The company has 4801 stores in more than 70 countries.

H&M operates through a combination of physical stores and online sales channels, offering a range of clothing and accessories for women, men, and children. The company's product offering includes everything from basics to more fashion-forward items, with a focus on seasonal trends and new collections. One of the key strengths of H&M is its fast fashion business model. The company is known for its ability to quickly turn around new collections and bring them to market, which has enabled it to stay on-trend and remain relevant to its customer base. H&M also places a strong emphasis on sustainability, with a focus on ethical and sustainable production methods and materials.

The company's marketing strategy is focused on creating a strong brand image and building customer loyalty. H&M's marketing campaigns often feature high-profile celebrity endorsements, collaborations with designers and influencers, and social media activations. The company has also invested in experiential marketing, such as pop-up shops and fashion events, to create a more immersive brand experience for customers. H&M faces intense competition in the fashion retail industry, particularly from fast fashion retailers like Zara and Forever 21. However, the company's strong brand recognition and focus on sustainability have helped it to differentiate itself from competitors and maintain a loyal customer base.

In recent years, H&M has faced several challenges, including declining sales and increased competition from online retailers. The company has responded by investing in new technology, streamlining operations,

and reducing costs. H&M has also taken steps to improve its sustainability record, including launching a recycling program for used clothes and committing to using 100% sustainable or recycled materials by 2030.

- About Gap

Gap is a retail clothing company that was founded in 1969 by Donald Fisher and Doris Fisher in San Francisco, California. It started as a small store that sold only jeans and records. However, over the years, the company has expanded its product line and has become a well-known brand in the clothing industry. Gap is known for its classic American style and casual wear, and it primarily targets young adults and teenagers. As per year 2021, the total revenue of Gap was USD 4.06 billion.

The company has a significant presence in the United States, with over 1,013 stores across the country. It also has a strong international presence, with stores in more than 90 countries worldwide. Gap has a diverse product line that includes clothing for men, women, and children, as well as accessories and personal care items.

Gap's product line has evolved over the years, and the company has introduced new lines to cater to different market segments. For example, in 2006, Gap launched its first luxury clothing line called "For Intermix," which featured high-end clothing for women. The company also introduced its babyGap and GapKids lines to cater to children's clothing needs.

Gap's marketing strategy focuses on creating a strong brand identity through its product design, store layout, and advertising campaigns. The company's marketing campaigns have included celebrity endorsements, collaborations with fashion designers, and innovative social media campaigns.

One of Gap's most successful marketing campaigns was its "Logo Remix" campaign, which launched in 2018. The campaign featured a modern take on Gap's classic logo and included collaborations with emerging artists and designers. The company also used social media influencers to promote the campaign, which helped to generate buzz and increase sales.

In recent years, Gap has faced significant challenges as the retail industry has shifted towards e-commerce. The company has struggled to keep up with online competitors and has seen a decline in sales. To address these challenges, Gap has focused on improving its online presence and expanding its e-commerce offerings.

In 2020, Gap announced that it would be closing hundreds of its stores worldwide, with a focus on reducing its brick-and-mortar footprint and investing in its online business. The company also launched a new e-commerce platform called "Gap Inc. Marketplace," which allows third-party sellers to sell their products on Gap's website. Despite these challenges, Gap remains a well-known brand in the clothing industry and has a loyal customer base. The company's focus on classic American style and its diverse product line have helped it to remain relevant in a competitive retail landscape. Additionally, the company's recent focus on e-commerce and online sales has positioned it to remain competitive in the future.

- About Uniqlo

Uniqlo is a Japanese fashion retailer that specializes in casual wear and basic essentials. The company was founded in 1949 by Tadashi Yanai and has grown to become one of the world's largest clothing retailers, with a global presence in over 20 countries. Uniqlo is known for its minimalist design, functional clothing, and affordable pricing. As per year 2021, the total revenue of Uniqlo was USD 16.14 billion. The company has 2312 stores worldwide. The company's product offering includes clothing for men, women, and children, as well as accessories and home goods. Uniqlo's clothing is designed to be versatile and practical, with a focus on functionality and comfort. The company's core product offerings include items such as down jackets, knitwear, and jeans, which are available in a range of colors and styles.

One of the key strengths of Uniqlo is its strong focus on technology and innovation. The company has invested heavily in research and development to create new materials and fabrics, and has developed several proprietary technologies such as Heattech and AIRism, which are designed to provide superior comfort and performance. Uniqlo also places a strong

emphasis on sustainability, with a focus on reducing waste and using environmentally-friendly materials.

Uniqlo operates through a combination of physical stores and online sales channels, and has a unique retail strategy that focuses on creating a seamless shopping experience for customers. The company's stores are designed to be simple and functional, with an emphasis on easy-to-find products and a streamlined checkout process. Uniqlo's online store also offers a range of features designed to enhance the customer experience, including easy-to-use search functions and personalized recommendations.

The company's marketing strategy is focused on creating a strong brand image and building customer loyalty. Uniqlo's marketing campaigns often feature high-profile celebrity endorsements, collaborations with designers and artists, and social media activations. The company has also invested in experiential marketing, such as pop-up shops and events, to create a more immersive brand experience for customers.

Uniqlo faces intense competition in the fashion retail industry, particularly from fast fashion retailers like Zara and H&M. However, the company's strong focus on innovation and technology has helped it to differentiate itself from competitors and stay on-trend. Uniqlo also places a strong emphasis on sustainability, which has helped to create a loyal customer base that values environmentally-friendly products.

In recent years, Uniqlo has faced several challenges, including declining sales in its home market of Japan and increased competition from online retailers. The company has responded by expanding its product offerings and investing in new technologies, such as artificial intelligence and robotics, to enhance its operational efficiency. Uniqlo has also taken steps to improve its sustainability record, including reducing its carbon emissions and increasing its use of recycled materials.

III. ANALYSIS AND INTERPRETATION

- *Comparison of Zara's Marketing Mix with its Competitors H&M, Gap, and Uniqlo*

H&M offers a wide range of fashion and lifestyle products, including clothing, accessories, and home decor items. Uniqlo focuses on offering simple, functional clothing that is durable and affordable. Gap offers classic, timeless designs in clothing, accessories, and personal care products.

Zara positions itself as a fast-fashion brand that offers trendy clothing and accessories that are refreshed regularly to stay current with the latest trends. The product mix of Zara is extensive and offers a wide variety of clothing and accessories for men, women, and children. Zara's retail strategy focuses on creating an upscale shopping experience, with well-designed stores and displays that are updated frequently. H&M and Uniqlo, on the other hand, prioritize a simple, straightforward shopping experience with a large volume of products and quick restocking. Zara focuses on creating a sense of exclusivity around its products and brand through limited edition collections and strategic collaborations with designers. H&M focuses on celebrity collaborations and uses social media to promote its products to a younger audience. Uniqlo's marketing strategy emphasizes simplicity and function, while Gap has a classic American-style approach to its marketing campaigns.

In summary, while all four brands offer clothing and accessories, each has a unique marketing mix that sets it apart from the others. Zara's focus on fast fashion, and premium positioning differentiates it from H&M's affordability, Uniqlo's focus on function, and Gap's classic designs. The pricing strategies, retail presence, and marketing campaigns of each brand also contribute to their distinct brand identities.

- ANALYSIS OF DIGITAL MARKETING STRATEGIES OF ZARA COMPARED TO ITS COMPETITORS H&M, GAP, AND UNIQLO

Zara's digital marketing strategies have been a major contributor to its success as a fast fashion brand. Compared to its competitors, H&M, Gap, and Uniqlo, Zara has been able to effectively utilize social media, email marketing, and e-commerce to reach its target audience and drive sales.

- Social Media:

Zara's social media presence is quite strong, with active accounts on all major platforms including Facebook, Instagram, Twitter, and YouTube. Zara has more than 56 million followers on Instagram alone. The company uses social media platforms to share product launches, promotions, and editorial content, as well as to engage with customers through comments, direct messages, and user-generated content. Zara's social media strategy is focused on building brand awareness and creating a sense of exclusivity through the use of high-quality visuals and influencer collaborations.

H&M also has a strong social media presence, with more than 38 million followers on Instagram. The company uses social media to showcase its latest collections, highlight its sustainability efforts, and promote its collaborations with high-end fashion designers. H&M's social media strategy is focused on building a community of socially conscious consumers who value affordable fashion.

Gap has a comparatively weaker social media presence, with just over 3 million followers on Instagram. The company's social media strategy is focused on showcasing its classic American style and highlighting its commitment to sustainability. Gap also uses social media to promote its loyalty program and offer exclusive discounts to its followers.

Uniqlo has a significant presence on social media, with 2 million followers on Instagram in their global account. The company's social media strategy is focused on showcasing its innovative technology and promoting its collaborations with artists and designers. Uniqlo also uses social media to engage with customers through user-generated content and interactive campaigns.

- Email Marketing:

Zara's email marketing strategy is focused on providing personalized content and exclusive offers to its subscribers. The company sends regular newsletters highlighting its latest collections, as well as targeted promotions based on customers' browsing and purchase history. Zara also uses email marketing to promote its loyalty program and encourage customers to write product reviews.

H&M's email marketing strategy is focused on offering exclusive discounts and early access to new collections for its subscribers. The company also sends regular newsletters featuring fashion tips, trend reports, and sustainability updates.

Gap's email marketing strategy is focused on promoting its loyalty program and offering exclusive discounts to its subscribers. The company also sends regular newsletters highlighting its latest collections and featuring interviews with celebrities and fashion influencers.

Uniqlo's email marketing strategy is focused on providing personalized recommendations based on customers' browsing and purchase history. The company also uses email marketing to promote its collaborations with artists and designers, as well as to offer exclusive discounts and early access to new collections.

- Comparison:

Comparing to its competitors, Zara's digital marketing strategies give it a competitive edge. Zara's social media presence is stronger than H&M and Gap, which helps the brand reach a larger audience and build brand awareness. Zara's email marketing is also more personalized and effective compared to Uniqlo, which can help drive higher conversion rates. In terms of e-commerce, Zara's website is more user-friendly and convenient compared to Gap and Uniqlo, which can lead to higher customer satisfaction and repeat purchases.

One factor that gives Zara the competitive edge is its focus on innovation and trendsetting. Zara's ability to quickly adapt to new trends and produce new collections has helped it maintain a strong brand image and stay relevant in a fast-paced industry. For example, Zara's "see now, buy now" approach to runway shows has disrupted the traditional fashion calendar and allowed the brand to capitalize on current trends faster than its competitors.

Overall, Zara's digital marketing strategies have been effective in reaching and engaging its target audience. The brand's strong social media presence, personalized email marketing, and user-friendly e-commerce platform give it a competitive edge over its

competitors H&M, Gap, and Uniqlo. Zara's focus on innovation and trendsetting is what sets it apart and allows it to stay ahead of the curve in the fast-paced fashion industry.

CONCLUSION

Thus, we can conclude Zara's marketing strategy focuses on maintaining its competitive advantage through innovation and differentiation. The company constantly introduces new designs and products to its collections, which helps to attract and retain customers. Additionally, Zara's fast and responsive supply chain enables it to quickly adapt to changes in the market and stay ahead of potential new entrants. Zara's marketing strategy is centered around offering affordable yet fashionable clothing to its customers. The company employs a "fast fashion" model, which means it quickly produces and introduces new products to meet changing customer demands. This helps to mitigate the bargaining power of buyers, as they are more likely to remain loyal to Zara's products due to their affordability and trendiness. Zara's marketing strategy emphasizes product differentiation to reduce the threat of substitutes. The company introduces new designs and collections frequently, which helps to distinguish its products from those of competitors. Additionally, Zara emphasizes the quality of its products and focuses on creating a unique customer experience in its stores to promote customer loyalty.

Zara's marketing and sales strategy is focused on creating a sense of exclusivity and urgency among its customers. The company's stores are designed to create a boutique-like shopping experience, and the store layouts are frequently changed to keep customers engaged. Additionally, Zara's limited production runs and fast fashion model create a sense of urgency among customers, as they know that the products they see in-store today may not be available tomorrow. The company's limited inventory strategy ensures that products do not sit on shelves for a long time, reducing the risk of excess inventory and markdowns. Zara's inventory turnover is much faster than its competitors, which allows the company to maintain profitability.

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