

ZARA E-Commerce

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INTRODUCTION



Zara is one of the largest **international fashion companies**. It belongs to Inditex, one of the world's largest distribution groups. The customer is at the heart of our unique business model, which includes design, production, distribution and sales through our extensive retail network.

Success of ZARA

ZARA has used proven **Lean** Six Sigma process techniques to stay ahead of its rivals and achieve its global success.

– #1. 'Just in Time' Production

Through its 'Just in time' or Lean business model, ZARA breaks the fashion supply chain rules by holding low stock and updating its collections continuously. Twice a week, at precise times, store managers order clothes, and twice a week, on schedule, new garments arrive. To ensure this happens, ZARA controls more of its manufacturing than most retailers.

New designs are can arrive in store within fifteen days, which means that ZARA can respond to its customer demand by producing more of its popular products and disregarding less popular items.

– #2. Agility

ZARA was designed from day-one to be responsive and agile. Rather than outsourcing to Asia, ZARA uses a network of automated factories in Spain and over 300 small finishing factories in North Africa and Turkey to constantly create unfinished products.

When a new design has been approved, the unfinished products are pulled, sent to the finishing shops and turned into products that are ready to shipped in as little as 24 hours to Europe, and in 40 hours to the Asian and North American markets.

Zara Mission and Vision Statement Analysis

Mission

"to give customers what they want, and get it to them faster than anyone else."

Identifying market preferences

Fast fashion strategy

Vision

"to contribute to the sustainable development of society and that of the environment with which we interact."

Societal development

Environmental sustainability

Core Values

Creativity

Adaptability

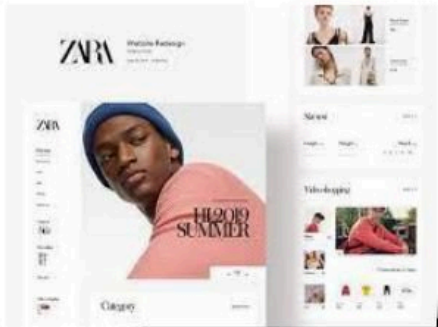
Leadership

Passion

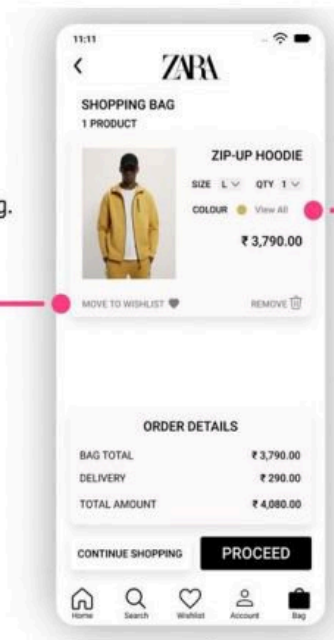
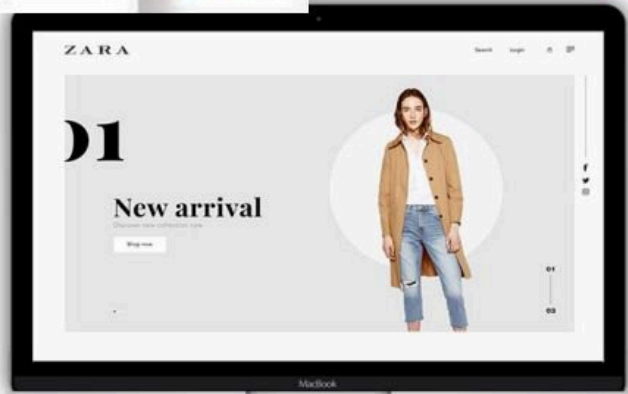
Quality above Quantity

Creativity above everything else

ZARA RUNWAYS ON YOUR DEVICES

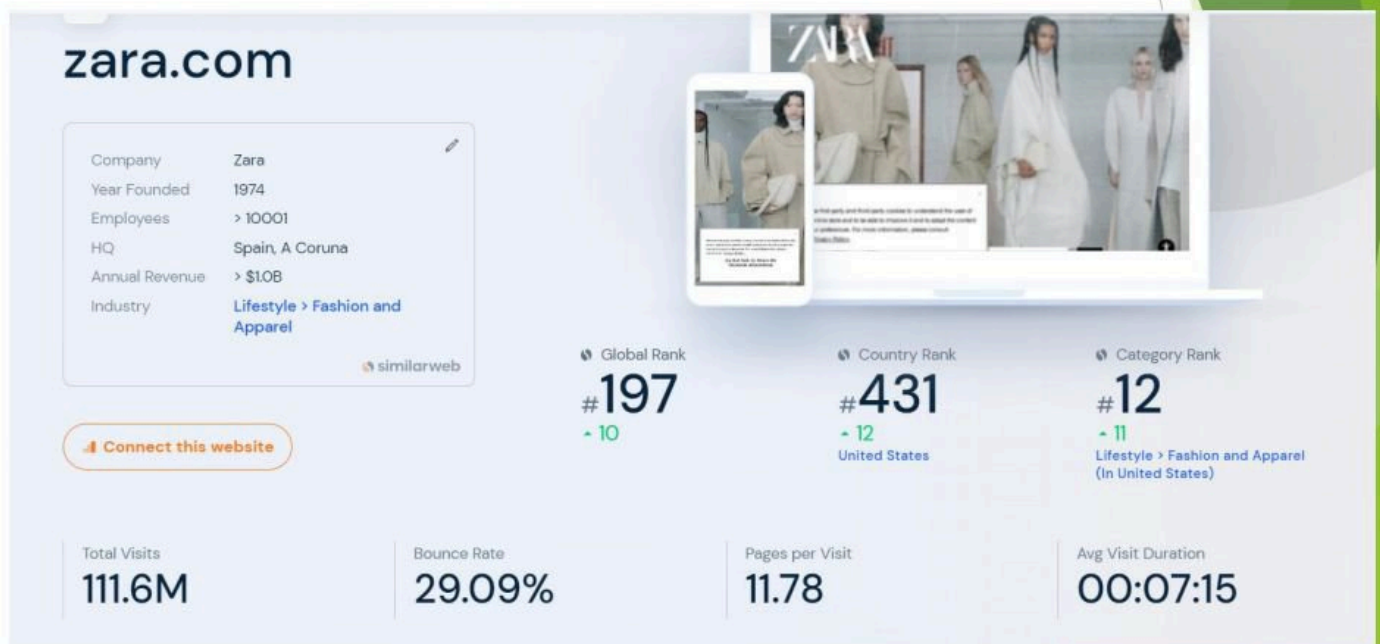


Added Option to move to wishlist directly from the bag.



Option to edit size, quantity as well as colour on the same page without increasing number of clicks.

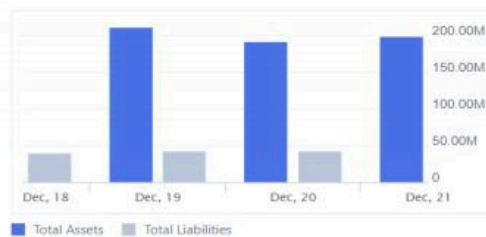
Zara Website Traffic



Zara - Financial Structure

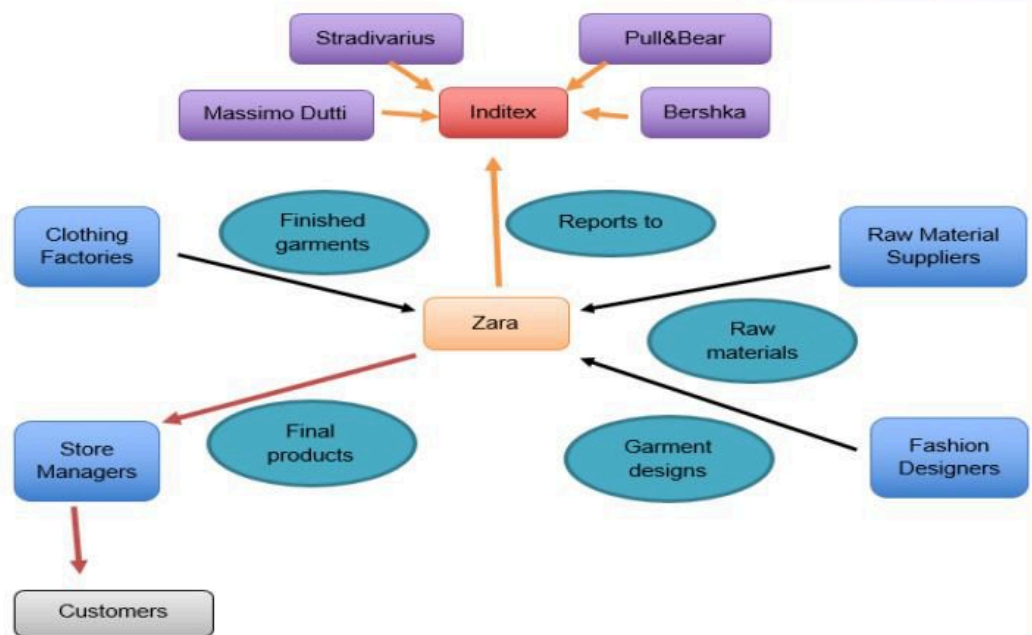
ZARA Balance Sheet

Title	ZARA
Quick Ratio MRQ	1.37
Current Ratio MRQ	1.69
LT Debt to Equity MRQ	8.49%
Total Debt to Equity MRQ	14.13%

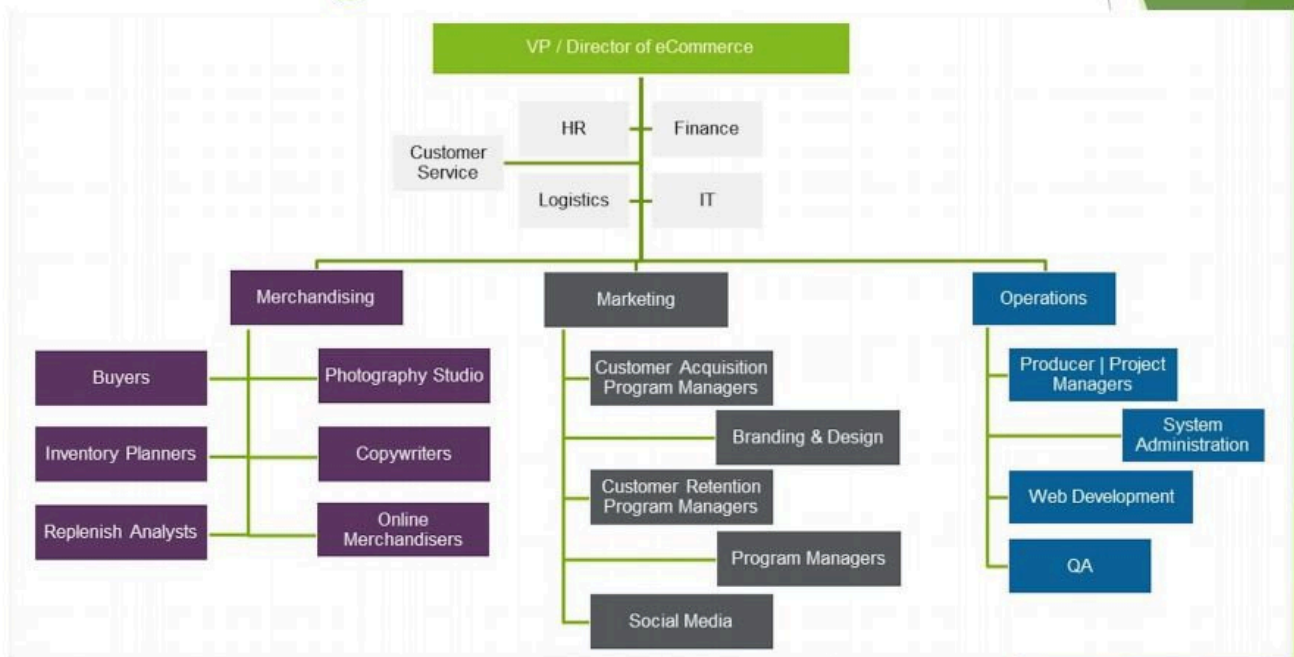


Title	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Total Assets	198.33	190.56	211.17	205.94
Total Liabilities	57.07	43.19	43.18	40.67
Total Equity	141.26	147.37	167.99	165.27

Zara - Organisational Structure



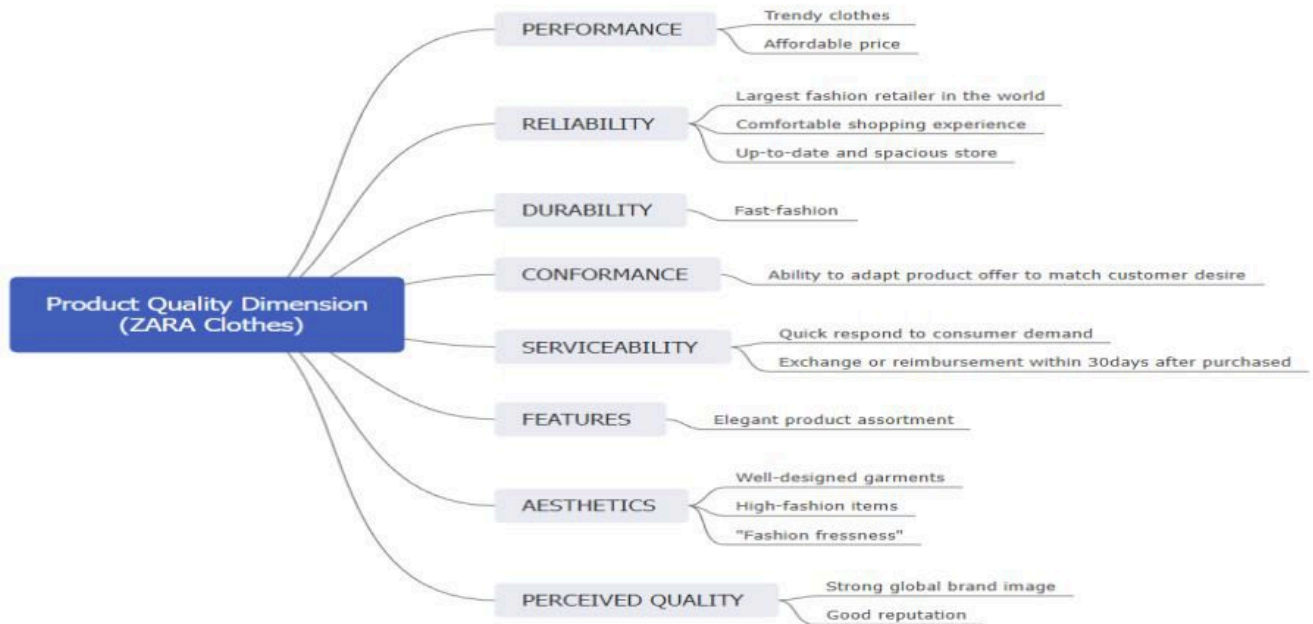
Zara – Management Structure of ecommerce



Zara SWOT Analysis



ZARA- QUALITY MANGEMENT



Zara – Pre to PostSales

During the pandemic, about 87% of Zara's physical stores were closed. (Indetex.com) In spite of the overall decline in fashion industry sales, Zara gained significant traction with its online sales, which became the starting point from which it would regain lost momentum. People preferred ordering online, and avoiding the coronavirus, to heading to public places to shop. Online shopping helped Zara retain the trust of its customers and regain its profitability. Zara's international presence in over 86 countries gives it a strong competitive edge. The company has grabbed a huge market share and captivated many consumers with its quality products and attractive offers.

Year	Online Sales in Billion
2017	2.5
2018	3.2
2019	4.0
2020	6.2

Table 1. Online sales (2017-2020E).

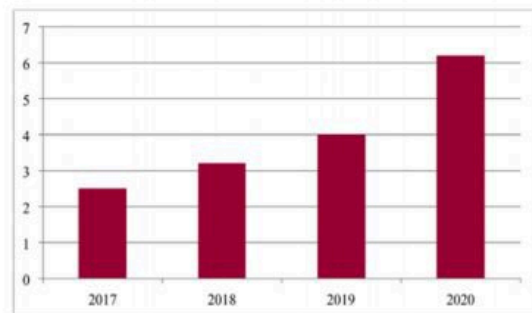
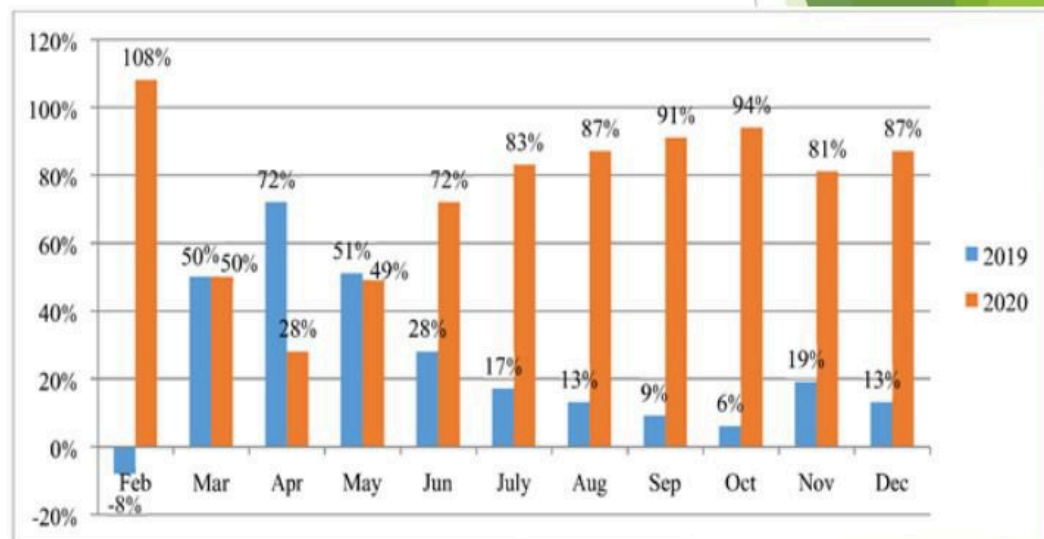


Figure 1. Online Sales of Inditex (Zara) from 2017-2020E (Billion ?).

Zara

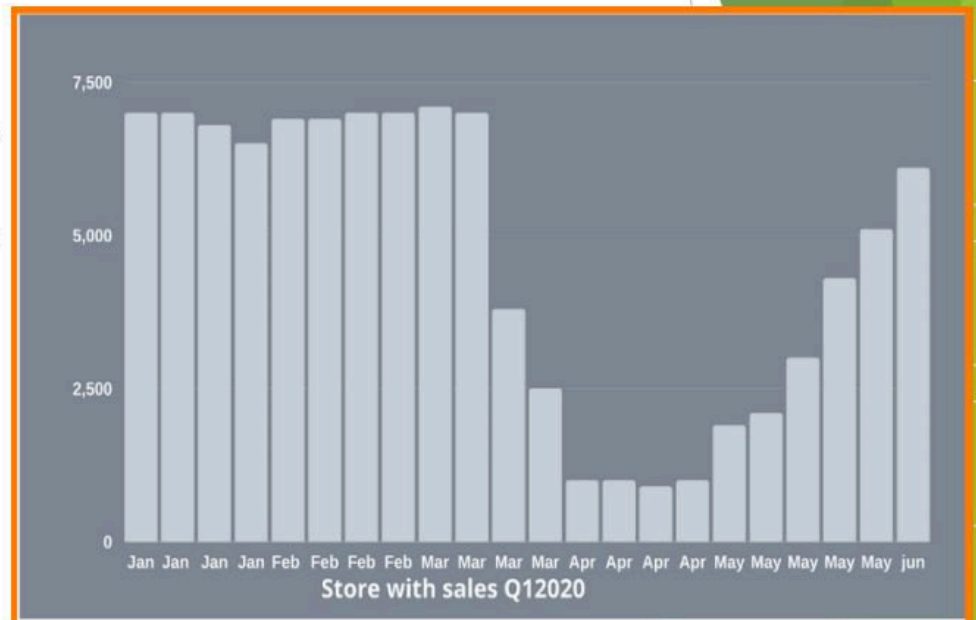
Customer's Purchasing Behavior in 2019 to 2020

The COVID-19 pandemic changed customer behavior, shifting it towards greater dependence on online shopping and electronic modes of payment methods during lockdown and quarantine. As stores begin to reopen, the coming period is likely to redefine how consumers shop and how retailers need to be prepared for this change.



Challenges Faced By ZARA in Covid

Inditex has been hit hard during the pandemic, with sales down 44% to €3.3bn between 1 February and 30 April, the first quarter of its financial year. The company has reported a net loss of €409m during the first quarter. The net income in the first quarter of 2020 was -€409 million versus net income of €734 million in the first quarter of 2019. Due to the restrictions imposed on the operations of stores in most of the market in which we have a presence, the sales decreased rapidly. Quarter of the stores were closed down due to the restrictions. Due to the adaptability of the business model inventory decreased by 10%. The closing inventory is considered to be of high quality.



ZARA Ecommerce - Fast Fashion

The value of Zara's "fast fashion" model is that it allows retailers to deliver designer products to mass markets at relatively low prices and with extreme speed – bringing trends virtually straight from the catwalks to retail locations. Traditional fashion retailers are not able to manage or achieve this, as they operate on a seasonal basis and require several-month-long lead times for the production and distribution of collections.¹ Zara, on the other hand, has, through the use of digitalization and data analytics, managed to develop a nimble, efficient supply chain that cuts this production cycle down to less than three weeks.² The ability to master this speedy production cycle has catered to demanding, instant-gratification-minded consumers and caused Zara to thrive over the past several years while other retailers have faced declining or stagnant growth.



EFFECTS ON ECOMMERCE SECTOR IN COVID

- **Opportunities for consumers**- Competitive prices, deals, and efficient delivery, along with the convenience of avoiding long queues, have entirely altered the buying experience.
- **Moment for Start-ups**- Online retailers have maintained and grown their base of online consumers by granting options for payment on delivery and return policies with attractive deals and discounts. E-commerce in India is booming because of increased access to the internet. This generates diverse business opportunities that will encourage organisations to become more up-to-date and enable increased competitiveness.
- **Ease of access**- Growing internet usage at affordable rates and the rise of smartphones lead to easier access to e-commerce. This connectivity enables services like booking train/hotel/cab/movie tickets, mobile and electric bill payments, placing online orders, etc.
- **Logistics**- Logistics is one of the significant challenges confronting e-commerce players. Local logistics firms in India are usually not up to satisfying the requirements of e-tailers; hence e-commerce firms have to make substantial investments to build their own logistics.
- **Infrastructure**- E-commerce players also need to upgrade the infrastructure to overcome payment difficulties, create offline presence, execute more push-marketing, manage price-sensitive consumers, and compete globally.
- **Competitive Analysis** - E-commerce companies have to focus on matters pertaining to rapid additions of customer segments and product portfolios. Information should be gathered related to market intelligence on growth, size and share, and managing multiple customer engagement platforms to expand into new geographies, brands & products; while simultaneously controlling a very competitive pricing environment.
- **Mode of Transactions**- Concerns about security, privacy, and tracking fraudulent purchases are some outside forces that affect a business. Other factors like back-end service tax, cross-border tax, and regulatory issues can have severe implications for e-commerce companies. Other concerns e-commerce businesses must address include the incompetence of the organisational structure to keep pace with the speedy changes, cybersecurity for curbing fraudulent transactions and insider threats, tax restructuring, and legal compliance. The expansion in the number of people buying online suggests that e-commerce companies should concentrate on customer experience and technological advancements to accelerate growth. Apart from this, to provide a range of goods & services and extend reach, companies should ensure faster speed for their websites and devise easier-to-use mobile apps to improve user experience.

GOVERNMENT POLICIES AND INITIATIVES FOR ECOMMERCE SECTOR IN COVID

Many initiatives/schemes have been announced by the Government of India, namely Digital India, Make in India, Start-up India, Skill India, etc., to promote e-commerce. The proper implementation of such programs will likely support the growth of e-commerce in the nation. Some of such initiatives taken by the government to support e-commerce in India are as follows -

• **National Retail Policy**

The government had recognised five areas in its national retail policy: ease of doing business, rationalisation of the licensing process, digitisation of retail, focus on reforms, and an open network for digital commerce, stating that offline retail and e-commerce need to be administered integrally.*

• **MoU for cashless and transparent payment**

Government e-Marketplace signed a Memorandum of Understanding with the Union Bank of India to facilitate a cashless, paperless, transparent payment system for various services in October 2019.

• **Digital India Movement**

Under the Digital India movement, the Government of India launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM), etc., to boost digitisation.

• **Hike in Limit of FDI**

To enhance the participation of foreign businesses in E-commerce, the Indian government hiked the limit of FDI in the E-commerce marketplace model to up to 100% (in B2B models).

• **Imposition of tax on foreign e-commerce operators**

In October 2020, the government amended the equalisation levy rules of 2016 and mandated foreign companies running e-commerce platforms in India to have permanent account numbers (PAN). It levied a 2% tax in the Financial Year 2021 budget on the sale of goods or delivery of services by a non-resident e-commerce operator.



THANKS!

Do you have any questions?
Then ask !!!
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