

Analysis of the Marketing Strategy of the Zara Brand in the Era of the Digital Economy

Lizhu Chen^{1,a,*}

¹Business College, Hebei University of Economics and Trade, Shijiazhuang, Hebei Province, 050000

a. clz15247375070@163.com

**corresponding author*

Abstract: With the continuous popularization of the Internet today, the digital economy has become the main force of national economic development, especially after the outbreak of the epidemic. People are more concentrated on online consumption, and international fast fashion brands with stores as the main sales mode have been hit hard. Therefore, digital transformation is of great significance to contemporary fast fashion consumer brands. This paper takes the marketing strategy of the internationally famous clothing brand Zara in the process of digital transformation as the research content. Based on the existing literature and data, this paper uses the SWOT model to analyze the advantages and disadvantages of its strategy. The results confirmed the vertical distribution system of brand integration and the marketing strategy of keeping up with fashion prices and close to the crowd, found problems such as low efficiency of online promotion and lack of innovation in online sales, and suggested strengthening social media marketing, improving online sales platform and other suggestions to provide effective measures for the digital transformation of fast consumer goods brands such as Zara.

Keywords: digital economy, ZARA, marketing strategy, digital transformation, market analysis

1. Introduction

As an internationally renowned fast consumer brand, Zara's marketing strategy has often become the main content of scholars' analysis. For example, In Hu Xinliu's study, it was found that ZARA rarely has a discount strategy, because its product strategy makes customers feel that the product is scarce and accelerates the purchase, so there is little risk of overstock. In terms of advertising strategy, ZARA hardly does advertising. It mainly invests advertising fees in customer service hotline, e-mail and other aspects to improve the brand's experience [1]. Few studies have analyzed the marketing strategy of Zara in the process of digital transformation, so how to continue to develop in the era of digital economy is the main problem to be solved in this paper. This paper takes the marketing strategy of the Zara brand in the era of digital economy as the research content, uses the SWOT model to comprehensively analyze the marketing strategy of this brand in the process of digital transformation from four aspects, finds the advantages and disadvantages of its strategy, and further explores the more suitable marketing strategy for the FMCG industry in the process of digital transformation. With the rapid development of network technology, traditional

marketing and promotion methods have been gradually eliminated, and people's purchasing methods are increasingly focused on online platform shopping. Digital transformation has become the core issue of the long-term development of each enterprise. The article makes an in-depth analysis of the digital transformation of the ZARA brand, and finally comes to a specific and effective marketing plan, providing effective suggestions for the development of fast fashion brands in the digital economy era, and promoting the comprehensive development of the national economy.

2. The Marketing Status of ZARA in the Era of Digital Economy

2.1. Development Requirements of Digital Economy for FMCG Industry

At present, the digital economy has entered a period of rapid development, and digital technology has made major breakthroughs, which has largely played a role in improving economic efficiency. In such an Internet environment, all activities of enterprises in the future will mainly rely on digital platforms, and traditional physical sales can no longer meet the diverse needs of society. Since the outbreak of the novel coronavirus in 2020, the digital economy has led the development of the national economy. Digital transformation can reshape the business ecosystem of enterprises, reduce operating costs, improve operational efficiency, and establish new business models. In the era of digital technology popularization, the digital transformation of fast fashion brands is imminent [2]. Digital transformation requires enterprises to have the support of advanced technology, realize digital enterprise management, and take data as the basis of enterprise transformation. Therefore, to realize the transformation, we must have the support of a large number of digital technology talents.

2.2. ZARA's Marketing Strategy in the Era of Digital Economy

2.2.1. Establish OTO Business System

OTO's business model is a newly born e-commerce model, which greatly shortens the decision-making time of consumers. It is the only way for brand digital transformation to combine online and offline sales with the advantages of Internet technology. ZARA has implemented the integration of online and offline shopping by building its own official shopping mall and building online stores with the help of third-party platforms. Consumers can buy from online stores and then pick them up from offline stores. In this process, the brand provides customers with online customer service services and can transfer goods at any time in case of shortage, providing customers with a better service experience and convenience.

2.2.2. Channel Strategy

From the design, production and distribution of clothing, ZARA adopts a vertical distribution system, as shown in Figure 1. This system makes ZARA the only clothing company in the world that can deliver designed and produced clothing products to more than 900 stores in the world within 15 days. ZARA adheres to the "direct marketing" mode of operating stores, and its head office operates and manages almost all chain store networks [3].

The huge information technology sales network enables ZARA to complete a set of procedures from ordering, production to delivery, and deliver them to customers at the fastest speed, making ZARA a leading brand of fast fashion clothing.

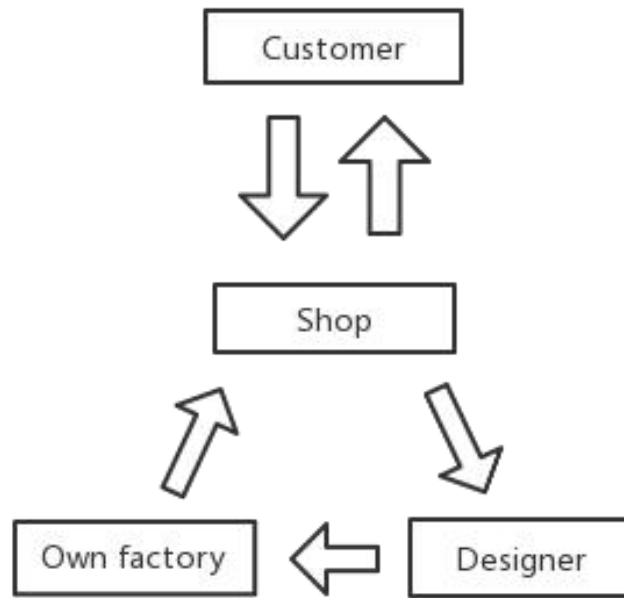


Figure 1: ZARA production and sales system [4].

3. SWOT Analysis and Optimization Suggestions

3.1. SWOT Analysis

SWOT analysis is a situational analysis based on the internal and external competitive environment and competitive conditions. It is to arrange the strengths, weaknesses, opportunities, threats, and other contents of the research object according to the matrix form, and then conduct a systematic analysis, taking into account various factors, and finally draw a series of conclusions. This paper uses the SWOT model to analyze the strategy of Zara's digital transformation and then finds out the advantages and disadvantages of the strategy so as to provide some suggestions for the marketing of the FMCG industry in the era of the digital economy. The swot analysis is shown in Table 1.

In terms of advantages, ZARA, as a fast fashion brand, has an integrated system from design to production to delivery, and has advanced strategy and management practices in operating the supply chain. The offline store obtains design ideas that are more in line with consumers' preferences through customer feedback, and transmits them to the designer through the system. The designer gives product samples in a very short time and sends them to the brand factory. The factory generates products and sends them to the store through the transportation chain. Compared with other brands, ZARA has 2249 stores and has the largest number of fashion retail stores in the world. The vast offline sales market makes ZARA brand more widely known.

In terms of disadvantages, many offline stores are a double-edged sword for Zara. With the continuous development of the Internet, online shopping has gradually become mainstream, so over-reliance on physical sales has become one of ZARA's main disadvantages. The United States and the Asia-Pacific region are the two major clothing markets in the world, but the number of offline ZARA stores in the United States and the Asia-Pacific region is relatively low, which has a certain disadvantage in the consumer market. At the same time, Zara's promotion and sales on the media platform are relatively small. The average daily release volume is 1, and the number of microblog topics is only 15. There is less interaction with users, which is a disadvantage that cannot be ignored in the information age.

In terms of opportunities, ZARA is investing a lot of money to support online sales. At present, it is cooperating with AI and big data companies to create a system that supports AI to predict consumer behavior. When such a system goes online, ZARA will have an unparalleled ability to predict and meet customer needs, which undoubtedly brings great opportunities and good prospects for the development of brands in the era of the digital economy.

In terms of threats, China's fast fashion giant Shein is the world's largest fashion retailer, and its online business capability and development level are far higher than ZARA. At the same time, due to the prevalence of virus and flu, ZARA, which relies on the development of physical stores, faces many uncertain threats [5].

3.2. Suggestions and Opinions

This paper integrates the above swot analysis and gives some suggestions based on the analysis results.

Table 1: ZARA SWOT model.

Strength	Witness
Perfect supply chain; Faster supply speed; Grand offline sales market; Excellent designer team;	Over-reliance on physical store development; The current situation of online promotion and sales is poor;
Opportunity	Threat
Using a large amount of funds to build an intelligent consumption forecasting system;	Major competitors have strong online business capabilities; Natural factors have brought many uncertainties to physical store;

3.2.1.Improving Network Marketing Ability

Compared with other FMCG brands, ZARA mainly relies on offline sales, and the online sales system is not perfect. This paper gives suggestions to improve online sales ability from two aspects. In terms of online promotion, ZARA has prominent problems such as low exposure, weak liquidity, and high customer turnover. In social media, as shown in Table 2, although the brand has a large number of fans, the activity of those fans is not high. The maximum interaction volume of a single line is only more than 100000, the average daily release volume is only 1, and the break time is long. The media operation department of the enterprise should increase the online promotion of the brand, implement related topics for updating the brand, and improve the brand's exposure. Strengthen the interaction between brands and customers to improve consumer stickiness. During live sales, traffic stars can be invited to help improve brand influence and the liquidity of traffic [6].

In terms of service, it should improve the return and exchange system and the product evaluation system. For ZARA, the customer's sense of consumption experience determines whether the customer flow can be fixed and expanded. The brand should improve the efficiency of return and exchange, reduce the waiting time of customers in the process, make full use of electronic information technology to strengthen the connection of every detail in the process of return and exchange, improve the efficiency of return and exchange services, and further improve customer satisfaction. In addition, it should improve the product evaluation system, which can help other consumers better understand the real situation of the product and provide necessary information for customers to purchase size, color and other aspects. We can suggest special departments to carry out special management, which not only improves the working efficiency of the company, but also

improves the consumer experience in the process of consumption, so as to improve the ability of brand online marketing [7].

Table 2: Operating data of ZARA social media platforms.

Operating data of ZARA social media platforms		
micro-blog	Official account information of the enterprise	Quantity of relevant information
trill	Number of fans	83w
	Main topics	15
	Average daily release	1
	Cumulative video playback	1154.3w
WeChat	Number of fans	81.1w
	Number of works	254
	Liked amount	165.1w
micro-blog	Average daily release	1
	Maximum single interaction volume (likes+comments+forwarding)	10w+

3.2.2.Improving Internal Digital Technology Capabilities

In the era of the digital economy, enterprises need to improve their internal digital technology capabilities, and then establish a more perfect and intelligent system to provide efficient and high-quality services for customers and provide the company with an intelligent management foundation. To establish a good digital technology capability team, the company needs to select talents in information technology and increase the training funds for technical talents when recruiting. The brand should also cooperate with high-level technology companies to build more cutting-edge and intelligent systems.

3.2.3.Strengthening Channel Content Innovation and Improving Brand Competitiveness

In the FMCG industry, the publicity and promotion models of similar products are very similar. Therefore, to highlight its own advantages among many FMCG brands, the brand should strengthen the innovation of channel content [8]. After integrating traditional media and new media, the effect of traditional media such as TV and newspapers is much worse than before. The brand should focus on the advertising of major new media platforms, increase the interaction between brands and customers, and strengthen the innovation of content [9]. Improve the content of marketing channels continuously by analyzing the needs of customers. Improve the uniqueness of the content of the brand marketing channel so that the enterprise's marketing model can better meet consumer preferences [10].

4. Conclusion

In the process of digital transformation, ZARA fully realized the importance of empowering product operations with Internet technology, actively established an OTO business model, integrated online and offline operations, greatly reduced customer waiting times, improved product sales efficiency, and optimized the customer consumption experience. However, Zara's marketing strategy in the era of the digital economy also has some problems. Although the brand has undergone a digital transformation, it still relies mainly on physical stores as a whole, and the online sales system is not perfect. In terms of online promotion, ZARA also has prominent problems such

as low exposure, weak liquidity, and high customer turnover. In view of the existing problems of the brand, this paper gives several suggestions. First of all, the brand should improve the online marketing ability, improve the return and exchange system and product evaluation system, and improve the customer's experience in the shopping process. Make full use of Internet technology to connect every detail of the system and improve the efficiency of the whole process. Improve the brand's exposure on social media platforms, increase the distribution frequency of brand promotional content, and increase the number of official and customer interactions on social media to improve customer stickiness. Finally, the brand should pay attention to the improvement of the company's internal technical level. In the era of digital economy, a good technical team is a solid foundation for the company to improve its digital brand. At the same time, the brand should also integrate intelligence. At the present stage, the research in this paper still has certain limitations. A large amount of data is the basis of the study, but the amount of data obtained in this study is limited. Therefore, for further research, it is still necessary to obtain more information and data from various channels and to have a deeper understanding of the brand to put forward more effective views and suggestions.

References

- [1] Hu Xinliu. *Analysis of the marketing strategy of fashion and leisure clothing enterprises — taking ZARA as an example* [J]. *China Market*, (01): 92-93+99. (2017).
- [2] Luo Cenwei. *Research on the development path of digital transformation of China's sports goods retail industry* [D]. *Southwest University of Finance and Economics*, (2022).
- [3] Zhang Fan. *Research on the marketing strategy of fast fashion clothing brands* [J]. *Guangdong University of Foreign Studies*, (5) (2014).
- [4] Baidu. <https://image.baidu.com/search/index?tn=baiduimage&ps=1&ct=201326592&lm=-1&cl=2&nc=1&ie=utf-8&dyTabStr=MCwxLDMsNSwyLDYsNCw3LDgsOQ%3D%3D&word=zara>
- [5] WeChat Research. *Zara's swot analysis (zara's shortcomings and suggestions)* <https://www.4vv4.com/article/2078.html>. (4) (2022).
- [6] Wang Na. *Network marketing strategy analysis of fast fashion brands — taking ZARA as an example* [J]. *Modern Economic Information*, (04): 355. (2019).
- [7] A Shameem, T S Poornachandrika, Giri Pratibha, Kaur Palvinder. *A Road to Become Successful in The Fashion Industry of China: A Case Study of Zara* [J]. *Electrochemical Society Transactions*, 107(1). (2022).
- [8] Baodan. *ZARA Social Media Marketing Strategy Optimization Research* [D]. *Donghua University*, (2021).
- [9] Ge Hongbo, Hu Chenguang. *Innovation of news content production and communication channels under the background of media integration* [J]. *Western Radio and Television*, (08): 35. (2017).
- [10] Sui Sihan, Liang Han. *Research on marketing channel optimization of FMCG industry in e-commerce era* [J]. *Modern Business*, (14): 16-18. (2022).