

## COMPETITIVE POSITION OF THE ZARA BRAND IN THE CLOTHING MARKET

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**Abstract.** *The article investigates the Zara clothing brand of the Spanish Inditex company known for the clothes that always enjoy high demand. The article aims to study the competitive strategy of Zara, its ability to adapt to the changing business environment, as well as to define the major competitive advantages in comparison with the direct competitors. Inditex has a number of brands in the low-price, middle-price, and the high-price segments of the clothing market. The authors analyze the competitive positions of Inditex in the middle-price segment of the Russian clothing market, with the Zara brand as the most popular one among the customers. The market is selected for the case study, because being one of the most promising regional markets, it is at the same time challenging for a European producer due to differences in consumer preferences and purchasing patterns. The authors' approach of the analysis is based on Porter's five forces of competition. Numerical score is used to evaluate the threats of intra-industry competition. It is concluded that the Russian women's clothing market is characterized by a high level of saturation, tough competition, and slowing pace of growth. The authors identify the main competitive advantages of Inditex in comparison to the direct competitors: Benetton, Marks & Spencer, H&M and GAP. Inditex is the market leader, with Zara securing half of the company's market share, thus being the most recognizable clothing brand in many countries of the company's presence. The success of Zara proves that the company's strategy is adaptive and competitive. At the same time, the analysis reveals changes in the business environment. The buyers are currently focused mainly on offline shopping. However, Zara's main competitors develop online stores and delivery services. As estimated by the authors, the threat of intra-industry competition is high; competition with online stores will be increasing. The threat of new players entering the clothing market is estimated as high. The threat of losing consumers of the Zara brand is estimated to have an average degree. The threat of loss of suppliers is low. The authors propose managerial tactics and formulate development strategy basics. The paper presents the following opportunities for Zara promotion: increasing online sales, expanding sales through large outlets and closing small stores, preserving the existing solutions and searching for new ways of differentiating the brand, reducing costs by developing clusters of suppliers.*

**Keywords:** *Porter's five forces of competitive position; clothing market; Zara brand; competitive advantages of Inditex; intra-industry competition level.*

## Introduction

The Russian market of women's clothing retail accounts for 5% of global sales, making it a large and attractive market. Thus, it is not by coincidence that Russia has become a field of competition for clothing suppliers from many countries from all over the world. Expansion of international clothing retailers in Russia contributed to the fact that 85% of Russian consumers prefer foreign brands of clothing. International retail chains prevail in the Russian clothing market. On the other hand, national brands are strengthening their positions. It should be noted that 71% of the buyers usually buy clothes in the shopping malls (Alto Consulting Group, 2013). Alto Consulting Group (2013) found out that twenty-one percent of consumers in the Russian women's clothing market preferred to buy clothes online in 2013. This share is increasing every year. The trends prove that the market is developing providing new opportunities and challenges for the producers and retailers.

The competition is increasing primarily in the middle-price segment of clothing retail. It has shown a significant drop in demand during the decline in sales in 2014-2016 due to a decrease of the income level. The share of the middle-price segment of the Russian clothing market has declined from 40% in 2011-2013 to 30% in 2015-2016. (Gafarova, 2017, p.12). Consumers of the middle class have partially switched to relatively cheap brands.

With the market downturn, the positions of major suppliers have changed; the intensity of competition has increased. Some luxury brands were forced to leave the Russian market. Gafarova (2017) lists the clothing retail chains with the largest number of outlets in Russia in 2016: O'STIN, Gloria Jeans, Tvoyo, INCITY, Sela, Inditex, and OGGI. Inditex (Industries in Design in Textiles) of Spain is the only foreign company among the brands listed. Inditex managed to maintain its share in the Russian clothing market, primarily due to the popularity of the Zara brand, which belongs to the middle-price segment, as well as due to the availability of brands sold at reasonable prices.

Inditex has a number of brands: the low-price segment includes Bershka, Stradivarius, Pull & Bear trademarks, the middle-price segment includes Zara and Oysho, and finally Zara Home, Massimo Dutti and Uterque belong to the high-price segment. Zara has been the most popular brand in Russia compared to the other brands of Inditex. According to InfoLine Analytics (2012), the Zara brand accounts for 49.5% of sales of Inditex in Russia. The success of the company is attributed to the ability to capture fashion trends, borrow them and turn them into reality at attractive prices (O'Shea, 2017, p.19). Not only does the company carefully study consumer preferences and the latest trends in the fashion industry, it adapts the production process to customer requests. This approach allows the company to reduce the costs and the value creation chain, and keep the prices low. Inditex designs clothes and offers them at a reasonable price by constantly updating the design. The company itself is engaged in the design, storage, distribution and logistics (Guan & Zhang, 2011).

Most of the European clothing retailers have seen decreasing financial indicators at the beginning of the 21st century. In particular, Marks & Spencer has reduced the number of its own stores in the UK and abroad. Operating profit of Marks & Spencer in foreign markets fell by 39.6% in 2016 (Zykova, 2017). GAP originating from the US is reducing the number of outlets in Europe. Zara seemingly has not been affected by the industry recession. On the contrary, the revenues of Inditex have been increasing by 20% annually. The popularity of Zara stores allowed Inditex to avoid excessive advertising (Gamboa & Goncalves, 2014). Advertising costs of the Spanish company make up only 0.3% of the revenue. For comparison, competitors spend 3-4% (Ferdows, Lewis & Machuca, 2010).

## Methodology

The objectives of the study include analyzing the main competitive advantages of the company, identifying the threats and proposing short and middle-term managerial solutions.

The model of the five competitive forces by Porter can be used to analyze the competitive strategy. The five forces include rivalry between existing firms, the threat of new competitors, the market power of the buyer, the threat of substitutes, the market power of suppliers. The forces together determine the intensity of competition and profitability (Porter, 2015). As Porter points out, any company seeks a position in the industry, which will allow it to protect itself from these competitive forces or influence them with profit for themselves (Porter, 2015, p.38).

The authors implement a system of numerical scores to evaluate the most important indicators of the five competitive forces of competition based on the approach proposed by Motorina (2013).

*The threat from substitute goods* is evaluated using a 3-point scale where 3 points mean that the market is characterized by a high threat from substitutes:

- 3 points if the market has substitute products and they secure a large market share;
- 2 points if the substitutes have just entered the market and the market share is small;
- 1 point if the presence of substitutes can be neglected.

*The threat of intra-industry competition* is also evaluated on a 3-point scale for four indicators:

- number of companies in the market: 1 point if there are not more than 3 companies, 2 points for an average level of concentration (4-10 competitors), and 3 points if competition is more intense;
- market growth rate: 1 point if the growth rate is high, 2 if the growth rate is low, and 3 points if the sales volume is decreasing;
- product differentiation: 1 point if the market has standard products, 2 points if competing goods have only main consumer properties standardized, and 3 points if the clothes are highly differentiated;
- the possibility of price increase in the market: 1 point is assigned if the market allows setting higher prices and increasing profits, 2 points if the price increase can only cover the increase in costs, and 3 points if there is no possibility of increasing prices.

The scores on the four indicators mentioned above are summed up. Thus, the maximum is 12. If the score is not more than 4, then the threat from competitors is estimated as low. If the score is more or equal to 9 points, then it is considered that the market is characterized by a high threat from current competitors.

*The threat of losing consumers* is evaluated with the use of four indicators:

- the share of large buyers: 1 point is assigned if the sales volume is evenly distributed among all customers, 3 points if more than 80% of sales are attributed to only several customers;
- buyers' willingness to switch to substitutes: 1 point if the product is unique, 2 points if the product has distinctive features, and 3 points if the company's goods have full analogs;
- buyers' price sensitivity: 1 point in case of absolute insensitivity to the price, and 3 points if buyers always switch to a product at a lower price;
- customer satisfaction with product quality: 1 point for full satisfaction, 2 points if there is dissatisfaction with secondary features of the product, and 3 points if there is major dissatisfaction.

The company has an average threat of losing current consumers if the sum of scores above falls in the range of 5 to 8 points. The score of 9 to 12 points signifies a low probability of losing consumers.

*The threat of new rivals entering the clothing market* is evaluated with 8 indicators:

- economies of scale: 3 points are assigned if the clothes production doesn't enjoy economies of scale, 2 points if only a few companies can achieve it, and 1 point for a large-scale effect in the industry;
- the share of brands on the market: 3 points are assigned if there are no large players in the market, 2 points in case of 2-3 large players occupying half of the market, and 1 point if the biggest companies secure 80% of the market;
- differentiation of brands and consumer segments: 3 points are assigned if the diversity of goods is low, 2 points if there are micro-niches, and 1 point if all the most important segments of the market are occupied;
- level of investments and entry costs: 3 points if the investment pays back in 1-3 months, 2 points if the payback period is 6-12 months, 1 point when the payback period exceeds 1 year;
- access to distribution channels: 3 points if full access is available, 2 points if it's partially limited, and 1 point if there is no access;
- government policy: 3 points if there are no acts and regulations limiting activities, 2 points for a low level of state intervention, and 1 point for a high level of state involvement;
- companies' willingness to reduce prices: 3 points if they do not tend to reduce prices, 2 points when only large companies are ready to cut prices down, and 1 point the trend of price reduction affects all the major companies;
- clothing market growth rate: 3 points if the growth rate is high, 2 points if the market is slowing down, and 1 point in case of a downturn.

The market is characterized by a high threat from the new entries if the sum of the 8 indicators ranges from 17 to 24 points. If the total score is not more than 8 points, then the degree of threat is considered low.

*The threat of losing suppliers* is evaluated with four indicators against 2-point scales:

- number of suppliers: 2 points are assigned there is a monopoly or a small number of suppliers, 1 point if there are many suppliers;
- suppliers' limited resources: 2 points if resources are limited, 1 point if there are no definite limits;
- costs of switching to other suppliers: 2 points if costs are high, 1 point for low costs;
- priority of the industry for suppliers: 2 points in the case of low priority, 1 point if the industry enjoys high priority.

If the company has long-term relations with suppliers and the sum of scores for all the four indicators is less than or equal to 4 points, then the threat of instability of supply is low. The total score of 7-8 points signifies a high threat of suppliers switching to other companies.

A combination of analytical and expert methods is used to assign scores. Indicators are evaluated on the basis of analysis of the industry statistics, analytical reviews published by consulting companies, information available online from the major clothing manufacturers and other sources of secondary data. The group of experts included 5 sales managers at the Zara store in Yekaterinburg, Russia.

### **Evaluation of the level of intra-industry competition in the Russian clothing market for Inditex (the Zara brand)**

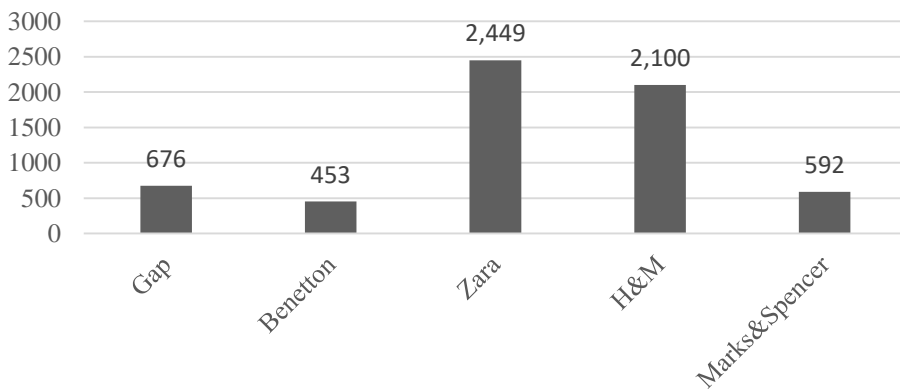
The secondary data analysis suggests that the direct competitors of the Zara clothing brand are large international companies focused on the middle-price segment: Benetton, Marks & Spencer, H&M and GAP (Table 1).

**Table 1. Comparative parameters of the main competitors of Zara in the Russian clothing market (middle-price segment) (Source: authors' elaboration [1])**

Parameter	Zara	H&M	Marks & Spencer	Benetton	GAP
Country of Origin	Spain	Sweden	The United Kingdom	Italy	The USA
Foundation year	1985	1947	1884	1965	1969
Number of outlets	2000	2800	885	6200	3500
Number of countries of presence	50	49	40	120	90
Production	Predominant own production, 6500 factories	No own production	Own production and outsourcing	Own production and outsourcing	No own production
Retail chain	Own	Franchising	Own and franchising	Franchising	Own and franchising

Parameter	Zara	H&M	Marks & Spencer	Benetton	GAP
Brand value	Produce what customers want to buy	Fashionable clothes at a reasonable price for those who like to change clothes often	Great variety for all customers	Bright and cheerful colors	Quality every day, natural materials
Differentiation	Constant updates of collections and high speed of delivery, adherence to the newest trends in the fashion industry. High level of vertical integration	Fashion, economy, sociality. Preservation of natural raw materials by recycling old clothes, inviting famous models to take part in advertising campaigns	Development of innovative fabrics and clothes for all preferences, large advertising costs, attracting famous designers, stars and fashion models to advertising	The first self-service shops, innovations, special style of models. Provocative and bright advertising	Omni-channel sales, leadership in sales through the Internet, investments in the development of consumer personalization tools in customer databases

According to the experts' estimations, H&M lost the lead as the largest seller of clothing in the world in 2016 [2]. Inditex has become the leader, and its share in the global clothing market is increasing. Net profit for the fiscal year of Inditex grew by 10% at the beginning of 2017. The company's active growth in emerging markets and the development of online sales offset the negative effects of currency fluctuations (Dahan & Peltekoglu, 2011). Figure 1 presents a comparison of the net profits of the main competitors.



**Figure 1. Net profit of companies in the world clothing market for 2016, million dollars [3]**

The analysis shows that the Russian clothing market is highly saturated and has an oligopolistic structure. Inditex still manages to retain its leadership in Russia. At the same time, it is likely that in the long term the share of Russian clothing manufacturers will increase. Consumers tend to switch to the domestic product due to the weakening ruble and decrease in the effective demand. According to Euromonitor, Inditex is the largest player in the Russian apparel market with a share of 2.7% for 2016 [4]. The figure seems promising especially if compared to the shares of domestic competitors: Sportmaster – 1.7% and Gloria Jeans – 1.5%.

In addition to the fastest update of the collections, the important differentiating feature of the Zara brand is the location of the stores. Outlets are located both in the shopping malls and as mono-brand stores in the central streets of major Russian cities near-luxury brand boutiques. In an attractive environment, consumers of Zara can try clothes on, getting help from young, fashionably dressed consultants. The situation is different from traditional retail chains. Zara can deliver new products to its stores around the world in 2-3 days, using only air and road transport. Much attention is paid to the definition of consumer preferences. Designers of Inditex visit the major cities of the fashion industry and carefully monitor the latest trends. The product range of Zara often offers analogs of Prada, Dior, Alexander Wang, Marc Jacobs, etc., which have just appeared on the catwalks (Willems et al., 2012). The company's multi-brand system is another differentiating advantage. The idea of making copies of the fashion models of famous couturiers and selling them several times cheaper turned out to be successful and attracted buyers with different incomes and different social status.

### **Competitive advantages of Inditex**

The vertical integration of all divisions and efficient distribution can be considered among the main factors of the company's success. It is also one of the main reasons for the company's stability during the market downturn and the growing popularity of online shopping. The following competitive advantages of the company can be identified.

1. Effective implementation of a client-centered approach, based on the studies of the needs of the buyers. All employees of the company are involved in the research process from the seller in the store to the designer and top management. The company has identified the trend: a modern consumer is keen to follow the fashion of each new season updating the clothes frequently and at a reasonable price. Six hundred designers travel around the world in the search of the latest trends. After the introduction of a new collection of clothes, Zara monitors the wishes and the choice of consumers and continues to produce the lines that enjoy the demand (O'Shea, 2017, p.100). Advertising slogans support the client-centered approach e.g. by the telling customers that there is no need to worry if they make a mistake when choosing clothes, as the company will refund the money (O'Shea, 2017, p.90).

2. The "fast fashion" concept (Martínez, Errasti & Rudberg, 2015). All business processes of the company pursue the main goal – to meet the demand of the buyers in the shortest possible time. Zara has revolutionized the fashion world and the textile industry; the cycle of marketing clothes is only 2 weeks in the company with the industry average being 8 months. Inditex creates redundant production capacities that remain unloaded for most of the time, but allow the production of products that are in high demand to be set up very quickly. As noted by Ferdows, Lewis & Machuca (2010), Zara makes major

investments, ensuring that the network of factories and distributors provide the fastest response to changes in demand. The company often changes collections, ensuring fast delivery of products, promptly increases the production of clothing, which consumers show interest in. For the same reason, half of the fabric produced by the company is not painted, color decisions are taken during the season, considering the reaction of consumers to the proposed colors of a particular new collection. Goods are supplied by distributors with price tags, go to stores, and are immediately made available for purchase. The company has proven that efficiency in all parts of the supply chain allows for less inventory: for Zara, the stocks are equal to 10% of sales, while for Benetton, H&M and Gap – 14-15% (Porter, 2015). Compared to GAP and H&M, the Inditex business model has a higher degree of vertical integration.

3. Attracting talented designers to the company's staff. The company spends a lot of money to pay creative employees. It has a relatively large staff of designers who often monitor the solutions of the world's leading fashion houses. Clothing retailers accuse Zara of copying, plagiarizing the most outstanding seasonal trends, but this does not prevent the company from gaining momentum and leaving its competitors behind (O'Shea, 2017, p.18).

4. Efficient information support for a vertically integrated business model. Zara pays special attention to the introduction of the latest information technologies that simplify information exchange. It helps to enhance the quality of modeling, production, and distribution of clothing. Specially designed pocket computers are used to transmit both objective data (new orders, changes in sales dynamics, etc.) and subjective information: descriptions of the reaction of buyers to certain products, their feedback on novelties (Ferdows, Lewis & Machuca, 2010). Regardless of the sales region, the information system allows retailers to transfer systematic data and individual examples of customer preferences and wishes to designers and manufacturers.

5. Leadership, ideas and managerial talent of the company's founder Amancio Ortega. He has brought to life the simple philosophy: everyone can dress well. Ortega came up with an innovative business system of fast fashion, based on his own design studio and the desire to produce what customers want. He proposed a vertically integrated system of production, distribution and retail sales. Ortega's personal qualities contributed to the phenomenal success of Zara. He has the mentality of a consultant in a store, having started his career with the lowest position in sales (O'Shea, 2017).

### **Determining the competitive strategy of Zara in Russia**

The Russian clothing market has a tough competition of brands. A study conducted by the Department of Psychology of the Higher School of Economics identified the respondents' commitment to foreign and Russian brands in the middle-price and low-price segments (Antonova, Kumar & Soloreva, 2016). The ranking is based on the frequency of references to the brands preferred by consumers. Zara has the highest recognition level (63 points). The main competitor of Zara is H&M (38 points), but due to the fact that Inditex has a large portfolio of brands, the number of loyal customers is increasing faster (Royo-Vela & Casamassima, 2011). There are several large players holding about 50% of the Russian clothing market. The loyalty of consumers to these brands is much higher than for other ones in this price segment.



Considering the way retail sales are organized, substitutes can include second-hand shops, discount-markets, and online stores. A significant proportion of consumers are increasingly interested in purchasing clothes online. Nevertheless, consumers do not tend to switch to online shopping completely. Online shopping is fast; however, it often does not provide an opportunity to try the good on when buying. Thus, consumers risk spending more time to replace the good or get a refund if they do not like the product.

Consumers of the middle-price segment remain loyal to the preferred brands of clothing and do not seek to save some money by switching to other brands. However, with a decrease in the level of impulsive consumption, the frequency of purchase is also decreasing. In a highly saturated market, consumers mostly remain satisfied with the product range. At the same time, there is dissatisfaction with the quality of the goods. Ten percent of the respondents note that the quality of the clothes they purchase is not always satisfactory. The reasons may include unstable color or discrepancy in size (Krug, 2016).

Inditex feels confident in its supply chains. According to the official website of Zara, the company with its 6500 factories cooperated with more than 1800 suppliers in 2016. Inditex has a significant advantage – ability to negotiate with suppliers and maintain strict requirements for price, quality, and speed. The company cooperates with internal and external auditors, who evaluate all the suppliers for compliance with the company's requirements. Inditex is engaged in the creation of clusters, which integrate all the suppliers to improve overall performance (Zhang, 2008a; Zhang, 2008b).

Table 2 presents scores of the five forces of competition in the clothing market and the direction of increasing the competitiveness of Inditex (the Zara brand) in the Russian market.

**Table 2. Score of the five competitive forces in the Russian clothing market for Zara**  
(Source: authors' elaboration)

Competitive force	External factors	Competitive strategy
The threat from substitute goods is high (3 points) The main threat is associated with online stores operating in the same consumer segment.	There is an increase in online purchases: 21% of consumers buy clothing online. In addition, the share of discount stores, second-hand stores, and clothing markets are relatively large – about 50% of the market.	The company aims at the development of online sales. Online sales account for 6% of Inditex profit. Consumers can reduce the intensity of purchases, but it is unlikely that they will switch to the low-price segment.
The threat of intra-industry competition is high (5 points) There is an increase in the market share of domestic companies (Sportmaster, Gloria Jeans) and competitive pressure from foreign competitors.	The market share of Zara is estimated at 2.7% as of 2016. The Russian market has large clothing retailers, which are direct competitors of Zara (Benetton, H&M, etc.).	Inditex needs to find unique ways of differentiating the brand. The perception maps of all Inditex brands, obtained through customer survey, allow us to identify the main instruments of differentiation for the Russian market.
The threat of losing the company's consumers is average (7 points):	Despite the tough competition, the company holds its market share, mostly because of the	The main strategic directions: to preserve the differentiation of Zara brands and keep prices at the current

Competitive force	External factors	Competitive strategy
<ul style="list-style-type: none"> <li>- the sales volume is evenly distributed among all customers (1 point)</li> <li>- the company's products are partially unique, there are distinctive characteristics important for customers (2 points)</li> <li>- buyers will switch to other brands only if there is a significant difference in price (2 points)</li> <li>- dissatisfaction with the secondary characteristics of the goods (2 points)</li> </ul>	<p>popularity of the Zara brand. Inditex has also brands aimed at both the lower (Zara TRF) and the upper (Zara Woman) parts of the middle-price segment, which helps in keeping a large number of loyal consumers.</p>	<p>level (mainly for the lower part of the middle-price segment).</p>
<p>The threat of new rivals entering the clothing market is high (17 points):</p> <ul style="list-style-type: none"> <li>- Economies of scale are significant (1 point)</li> <li>- strong brands with a high level of awareness and loyalty occupy more than 50% of the market (2 points)</li> <li>- there are micro-niches (2 points)</li> <li>- the average level of initial investments and entry costs for the industry, payback period of under 1 year (2 points)</li> <li>- access to the distribution channels is open (3 points)</li> <li>- large players will not reduce prices (2 points)</li> <li>- the growth rate of the Russian clothing market is slowing down (2 points)</li> <li>- there are no restrictive acts from the state authorities (3 points)</li> </ul>	<p>Barriers to market entry can be considered relatively low; the level of investment and entry costs are moderate, there are ways to differentiate the product, access to distribution channels is open, antitrust policy is effective.</p>	<p>Constant monitoring of the new rivals, not only in the international market but also in the Russian market, targeting the same market segment.</p>
<p>The threat of losing suppliers is low (4 points):</p> <ul style="list-style-type: none"> <li>- wide selection of suppliers (1 point)</li> <li>- no distinctive limitations on the resources of suppliers (1 point)</li> <li>- low switching costs (1 point)</li> <li>- a high priority of the industry for suppliers (1 point)</li> </ul>	<p>About 40% of Zara's materials are purchased from Comditel, a member of Inditex. Zara accounts for 90% of Comditel sales. Zara dictates the terms of cooperation to suppliers.</p>	<p>Improving the cluster organization of the company's suppliers' business.</p>

The company's website presents a strategic plan of the marketing strategy. There is no need to have many clothing stores with the growth in the number of Internet sites, providing the means for online shopping. Like other international clothing retailers, Inditex is focused on reducing the number of small stores, expanding larger outlets with the favorable location, as well as developing online sales (Mahonin, 2017). According to Societe Generale, Internet commerce is becoming the company's main strategic guideline. The expansion of traditional Zara stores slowed down in 2016-2017, which proves the conclusions of the analysis.

## Conclusions

The study shows that the phenomenon of the Zara brand is attributed to its value: to produce the clothes that consumers want to buy. Amancio Ortega has built a unique business model, integrating the processes of design, production, distribution and retail sales based on the concept of fast fashion, which allowed the company to reduce the time from designing to selling clothes and to change collections often. By following the latest trends in the fashion industry, including copying famous fashion designers, the company meets the needs of buyers with different levels of income, but firstly, the middle-price segment.

Zara is the most recognizable brand in Russia. The company is ahead of the competing international clothing retailers. The scoring of competitive forces allowed the authors to conclude that the threat of intra-industry competition in the Russian clothing market is high, demand is slowing down, and suppliers are forced to reduce prices. Consumers of the middle-price segment mostly remain loyal to brands, but reduce the number of purchases.

The threat from the substitute goods is high, firstly, from the Internet shops. Twenty-one percent of Russian consumers already buy clothes online.

The threat of losing consumers is estimated as average for Inditex. The Zara brand has differentiated value, unique characteristics in the perception of consumers. The buyer will switch to other brands only with a significant difference in price and/or quality of clothing.

Strong brands with high loyalty level account for more than 50% sales in the Russian market. At the same time, the threat of new rivals entering the market is high as the payback period of investments is under one year, and there are micro-niches still open for newcomers.

The threat of losing suppliers is estimated as low. Inditex forces the terms of cooperation to suppliers, many of them being a part of the Spanish company.

The analysis of intra-industry competition shows that the Russian clothing market is highly saturated. Increase in price is possible only in the context of cost recovery. Competing clothing brands seek to differentiate themselves through additional advantages and constant updates of collections, as well as with the development of omnichannel sales. The threat from the main competitors inside the industry (Benetton, Marks & Spencer, H&M, and GAP) is high. Apart from that, the market share of Russian brands is growing in the context of the ruble devaluation.

Inditex takes actions to retain its market share. Competitive strategy in the Russian market provides for increasing online sales, closing small stores and expanding sales through large outlets, preserving and searching for new ways to differentiate the Zara brand from competitors, keeping prices at the current level mainly at the lower end of the middle-price segment.

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## Notes

1. The initial statistics data can be retrieved from <http://econ.bobrodobro.ru/53237>, <http://www.fashionista.ru/fashion/brands/benetton.htm>, <http://best-guide.ru/?p=988>, <https://vc.ru/19215-hm-strategy>, [http://www.gapinc.com/content/gapinc/html/media/pressrelease/2017/med\\_pr\\_090617\\_gps\\_GoldmanSachs.html](http://www.gapinc.com/content/gapinc/html/media/pressrelease/2017/med_pr_090617_gps_GoldmanSachs.html)
2. According to experts' estimations retrieved from <http://www.rosbalt.ru/business/2017/03/15/1598914.html>
3. The initial statistics data can be retrieved from <http://www.annualreports.com/Company/gap-inc>, <http://www.edizione.it/informazioni-finanziarie/bilanci-2016/?lang=en>, <https://www.inditex.com/investors/investor-relations/annual-reports>, <https://about.hm.com/en/investors/reports.html>, <https://corporate.marksandspencer.com/file.axd?pointerID=b30f4524bd734f4c95dacd83c5b61b66>
4. According to experts' estimations retrieved from <https://www.openbusiness.ru/>