Inditex is one of the main fashion distributors in the world; it has eight commercial brands (Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe) and over 6,000 stores in 86 countries, where the company has succeeded in instilling the same corporate culture.

The Group includes over a hundred companies linked to the different activities making up the design, manufacturing and textile distribution business.

The company’s way of understanding fashion -creativity, quality design and a quick response to market demands- has enabled rapid international expansion and the eager acceptance of what the different chains offer.

The first Zara shop opened in A Coruña (Spain) in 1975, where the Group started up its activity and where the company’s headquarters are located.

The Group employs an international staff of over 110,000 professionals spread over the whole world -60% of the personnel work outside Spain. About 80% of them are women- and they are young, their average age being 26.
Inditex handles each phase of the fashion process: design, manufacturing, logistics and sales in its own stores. “The business model aims for flexibility and agility: the capacity to adapt the fashion on offer to clients’ wishes in the shortest possible time. Vertical integration makes for shortening of deadlines and provides the flexibility needed to respond more precisely to demand.”

Furthermore, in order to get closer to different types of customer, Inditex runs eight different brand names: Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. “All the chains share the same business model, the philosophy of how to do things and the Group’s corporate culture”.

A commitment to internationalization has been part of the Inditex Group’s personality right from the start. Expansion outside Spain began in Portugal in 1988 and since then the Group has never stopped growing abroad.

“Passion for fashion has no borders”
The success of the collections

The models for each campaign are developed entirely by the different chains’ creative teams, over 300 designers, whose main source of information are the customers themselves and their shopping decisions in the stores. “The success of the collections depends on the capacity to recognize and assimilate the constant changes in fashion trends, which take place every single day. The designers’ aim is to catch this spirit, to be able to provide new models at all times to meet customers’ wishes.”

In some cases they have their products made by external suppliers. Supervision of their work is a global task involving all who feature in the value chain, from the purchasing to the sales teams via the social responsibility units. “Quite naturally, manufacturers of products sold by Inditex are obliged to fulfil the Manufacturers’ and Suppliers’ Code of Conduct, and to verify that the requirements are met, through a system of regular audits carried out by Inditex or high-level independent auditors. The quality required in the three specific certification standards is very high,” says the Inditex Communication and Institutional Relations Department.
International expansion

The commitment to internationalization has formed part of the company’s personality right from the start. Inditex’s expansion outside Spain began in Portugal in 1988. The Group currently has over 6,000 stores in 86 different countries. “Thanks to the current strategy, the Group has a significant global presence, taking advantage of all opportunities both in Europe and in the different Americas markets and Asia. We should add to this the firm commitment to electronic trade, which also has a global reach”.

The usual scheme for advancing in a new market consists of no more than “going from store to store, listening to the customers and steering which fashion they might be interested in.” In most cases, Zara has been the first chain to culminate “gathering experience”, which has also enabled “faster international expansion of the more recently created chains.”

Prominent among recent openings are stores in line with the new Zara concept in both Fifth Avenue in New York and Oxford Street in London, the entry of Massimo Dutti into the North American market with the opening of its new store image, also on Fifth Avenue in New York, the launching of Stradivarius in Mexico and the arrival of Zara Home in Colombia and Brazil. “Success among people, cultures and generations, which in spite of their differences share a special sensibility for fashion, resides in the conviction that there are no borders to prevent them from sharing the same culture of clothing. Passion for fashion, quite emphatically, has no borders”.

Plans for growth

Inditex makes the most of opportunities for growth in any of the geographical areas where it operates. In this regard, “Europe is still one of the main areas of expansion for Inditex, while the company is progressively increasing its presence in the Americas and continuing to establish itself in the Asian markets.”
Since 2011, all the Group chains have been selling on the Internet and “the number of countries in which this possibility is available for our customers is constantly growing.”

Inditex considers on-line sales to be a new service for its customers. “We are highly focused on the ongoing improvement of the commercial transaction in this new channel, so that customers can enjoy the exact same service quality in this environment as they do in physical stores. Both channels are complementary, both from the customers’ point of view and in the commercial formats.”

Zara started on-line sales in China last September and Massimo Dutti and Zara Home did so in the USA in October. The goal is to “extend e-business to the markets where the company operates with actual stores.”

Each store places an order twice a week and the time lapse between the ordering and the arrival of the goods in the shop is, on average, 24 hours for European stores and a maximum of 48 hours for stores in the Americas and Asia.
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Some 60% of Inditex staff work outside Spain, but location does not matter; “corporate culture responds to recognized and valid criteria in all the countries where Inditex is present, and it is based on teamwork, overcoming difficulties, unrelenting hard work, open communication and a permanently high level of demand.”

Stores: location and management

The store is the key piece in the Inditex business model. As the meeting point with the customer, it is the main source of information for the design teams and the centre around which all the company’s departments revolve.

Today we can find Zara shops, for example, in the main commercial arteries worldwide, and in shopping centres that fulfil the selective Inditex criteria, “always in places that guarantee visibility and accessibility.”

The eco-efficient store is a new model in the way that it conceives commercial spaces within the distribution sector, with pioneering elements regarding light, fixtures and fittings, recyclability and waste management.
In some cases, in privileged locations “a part of cities’ historical heritage is recovered with detailed projects for restoring unique spaces”. In addition, stores have to be located in places with “suitable surface and facade characteristics, for example, to enable each of the brand names to present its collections to customers in the right way”.

The main development strategy for Inditex commercial brands is to open their own stores – those in which Inditex holds all or the majority of the share capital. But in markets of limited size, Inditex Group has expanded its store network by means of franchise agreements with local companies that are leaders in the retail sector.

“At all events, franchise stores account for a very small percentage of the whole. The main characteristic of the franchise model, from the business point of view, is the total integration of the franchise store business management, which ensures the necessary homogeneity in the global Inditex image for customers in any country in the world.”

Centralized distribution

Another of Inditex’s strong points is distribution. Over 50% of the Group’s production is manufactured locally, basically in Spain and Portugal, and “both this production and the rest, regardless of its origin, goes to the logistics centres of each chain in Spain, from which it is distributed to all the stores.”

Each store places an order twice a week and the time lapse between the ordering and the arrival of the goods in the shop is, on average, 24 hours for European stores and a maximum of 48 hours for stores in the Americas and Asia.
Moreover, “every shipment always includes new models, which means that the stores can always offer their customers a renewed offer”.

**Investment in Spain**

The Group’s commercial activity in Spain is stable, “which is appropriate for a market where growth in the sales-floor surface area is selective. Spain is a country that the Group knows very well and one in which it feels very comfortable”.

Inditex is currently deeply committed to investing in infrastructures in Spain, from where it sustains “the global projection of the eight chains, fostering the incorporation of maximum added value with regard to both human talent and technology”.

This investment policy in the Spanish market has recently yielded three milestone events: the enlargement of the headquarters in Arteixo (A Coruña), which will increase the capacity of the commercial area of Zara and Zara Home by 70,000 square metres, the construction of the new logistics centre for Massimo Dutti in Tordera (Barcelona), which incorporates state-of-the-art technological innovation, and the acquisition of a 300,000 square metre plot of land in Guadalajara to build a new international logistics centre that will be in operation at the end of 2013.

In figures, “this policy involves an investment of EUR 450 million in Spain and a capacity to generate 1,400 direct new jobs”. The motivation for all this is to enable the Group to maintain its ranking as a leader in the fashion distribution business, without losing sight of the social and environmental commitment inherent in its activities, and for the benefit of all its interest groups.
Social Corporate Responsibility is embodied with the company’s business model. “It is a priority for Inditex to ensure the sustainability of the production line and to play a pioneering role in that area, by implementing dynamic measures both to fulfil the Manufacturers and External Workshops’ Code of Conduct, in force since 2001, and for the ongoing pursuit of the best quality standards”.

We should not forget that the Group operates in 86 different countries, “and so it is well aware of the most demanding quality requirements in the whole world, and it makes the most of this experience to be at the service of its clients globally. All Group teams work to accomplish this task”.

Inditex is fully committed to environmental management in every aspect of the business. “The company’s young age and sense of responsibility have doubtless moulded a character that is permanently oriented in this direction”.

This motivation is what has led the company to develop the eco-efficient store concept. According to the Inditex Communication and Institutional Relations department, this model is “completely new in the way that it conceives commercial spaces within the distribution sector, with pioneering elements regarding light, fixtures and fittings, recyclability and waste management. In short, each activity within the Group’s value chain is considered in relation to its environmental variable both in planning and development.” Furthermore, the company promotes environmental awareness in internal training courses, and externally for suppliers and collaborators.

But what does the insurance sector contribute to a group like Inditex and how does it accompany them in their national and international development? “Risk management is a highly important area in any organization, and all the more for Inditex, bearing in mind the complexity and geographical scope of its operations. In this regard, it is a guarantee for the Group to collaborate with leading companies in the sector that can contribute their experience and solvency in this area”.

Manufacturers of products sold by Inditex are obliged to fulfil the Manufacturers’ and Suppliers’ Code of Conduct and to verify that the requirements are met, through a system of regular audits carried out by Inditex or high-level independent auditors.