ZARA-INDITEX AND THE GROWTH OF FAST FASHION

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This paper presents the “fast fashion” model, its historical development, and its prospects. Fast fashion departs from traditional norms of designer-led fashion seasons, using instead designers who adapt their creations to customer demands on an ongoing basis. From its origins in Galicia, Spain, in the 1960s fast fashion changed the fashion industry. With annual sales of $8 billion in 2005, Inditex, the leading practitioner of fast fashion, is now the second-largest fashion company in the world and operates over 2,700 stores in over sixty countries. As Inditex grows, many other fashion companies are copying its unique business model.

This paper presents the “fast fashion” model, its historical development, and its prospects. This model departs from traditional norms of designer-led fashion seasons, using instead designers who adapt their creations to customer demands on an ongoing basis. Fast fashion was pioneered by reclusive entrepreneur Amancio Ortega Gaona and his companies Zara and Inditex (Industria de Diseño Textil) in Galicia, Spain. This model has changed the fashion industry. In the 1960s, Ortega's company was a local, privately-held business with annual sales of $30 million. In 2006, Inditex is the second-largest fashion company in the world, operates over 2,700 stores in over sixty countries, and is a publicly-held company valued at $24 billion, with sales of $8 billion. As Inditex grows, many companies are copying its unique business model.
THE FAST FASHION MODEL

Inditex describes its business model as “creativity and quality design together with a rapid response to market demands” and the “democratization of fashion.” To deliver rapid responses to customer demands and reasonable prices, Inditex abandoned the fashion industry's traditional model of seasonal lines of clothing designed by star designers, manufactured by subcontractors months earlier, and marketed with heavy advertising. In contrast, the Inditex holding company operates over one hundred subsidiaries, including Zara, vertically integrating design, just-in-time production, distribution, and retail sales to speed communication from customers to designers.

Linking Customers and Designers

Over three hundred Inditex designers continuously seek information about what customers may like from a variety of sources. Designers attend fashion shows in Paris, New York, London, and Milan; snap digital photos as models come down runways; and send them to headquarters. Designers peruse magazines, observe styles worn by opinion leaders, and visit clubs, cafés, and colleges to anticipate what innovations from other designers their customers may desire.

The key source of information for Inditex designers comes from its chains of dedicated stores; Inditex sells its products only through its stores and these stores sell only Inditex products. Twice weekly, stores send to headquarters daily sales totals and detailed information on items sold, broken down by color and size. Store managers also place orders twice a week and have great autonomy to select what they believe will sell in their store from wide and continuously updated offerings. Designers review the success of products daily and respond to formal and informal input from store managers. In Inditex’s effort to make the creation of fashion an interactive process, José Toledo, a Zara executive, argues that customers are “our accomplices.”

Vertical Integration

Seeking to synchronize supply with ongoing changes in customer demands, Inditex deviates from industry norms by vertically integrating stages of production within the company. Inditex policy states that “production shall be adapted to customer demand … production will be able to focus on trend changes happening inside each season.” Thus, the company bases production largely on customer demand as gleaned from continuously updated orders from store managers.

Most leading fashion firms combine design and sales but outsource manufacturing, often to low-wage subcontractors in East Asia and elsewhere. Searching for cheap labor, companies use networks of subcontractors that may buy, dye, embroider, and sew fabric each in a different country. However, this process can stretch the design-to-retail cycle to as long as eight months. Examples of this approach include companies like Gap, Abercrombie & Fitch, Ann Taylor, and The Limited. John Thorbeck from supply chain consulting firm SupplyChainge sums up the industry as follows: “everybody’s gotten out
of manufacturing.”7

In contrast, Inditex produces a large proportion of its products in its own factories.8 Typically, Inditex performs internally the more capital-intensive and value-added-intensive stages of production, such as purchasing raw materials, designing, cutting, dyeing, quality control, ironing, packaging, labeling, distribution, and logistics and outsources more labor-intensive and less value-added-intensive stages of production, such as sewing.9 Company executives state that “the decision whether to externalize or to produce in the group depends on costs, delivery date, and returns.”10

Inditex maintains a diversified network of suppliers of raw materials and fabrics in China, India, Morocco, Turkey, Germany, Italy, and elsewhere. The company’s manufacturing subsidiaries dye, print, mark, and cut fabrics following patterns set by designers. Once cut and processed, fabric is contracted out, mostly to a network of over four hundred sewing cooperatives and independent workshops, especially in rural areas around La Coruña, the commercial capital of Galicia, and Northern Portugal. After sewing, products are sent back to Inditex subsidiaries for quality control, finishing, and packaging.11

Distribution and retail sales are also performed by Inditex subsidiaries. All Inditex products are shipped from multi-million square foot logistics centers in Spain. At these facilities, products are tagged, boxed, moved through miles of conveyor belts, and shipped to fulfill the orders of individual stores. For European stores, products travel by truck in under twenty-four hours. For other stores, products travel by plane and arrive within forty-eight hours. In 2005, 89 percent of stores were company-managed. For markets with large cultural or legal business differences, Inditex uses franchises with local partners, accounting for 11 percent of stores in 2005. However, Inditex franchises are tightly integrated within the company and use the same ordering mechanisms.12

**Speed versus Low Labor Costs**

Whereas most producers view fashion products as consumer durables, Inditex considers them non-durables with sell-by periods of four weeks. Inditex emphasizes the speed of its response to customer demands more than finding low-cost employees. Some celebrate this approach as slowing the decline of manufacturing employment in developed countries. For instance, SupplyChange’s John Thorbeck argues that “Zara has proven that speed and flexibility matter more than pure price.”13 Perhaps more cynically, John Quelch, professor of marketing at Harvard Business School, says “Nike, Levi’s and others face recriminations for exploiting low-cost labor in emerging economies. Zara is less subject to criticism.”14 Inditex simply argues that its approach is purely a business decision, stating “this is not a moral stance. To reduce lead time, we need to produce closer, not cheaper.”15

Inditex makes every effort to reduce its design-to-retail cycle. These efforts include vertically integrating design and manufacturing far more than its competitors, using mostly local subcontractors, and developing with Toyota “just in time” production lines that can be modified based on demand. While the standard design-to-retail cycle in the industry is five to six months, Inditex’s cycle is only five weeks. Inditex also needs only two
The shorter design-to-retail cycle allows Inditex to bring more styles to its stores and to update them constantly. While many competitors ship products to stores every twelve weeks, Inditex does so twice a week. The innovative Spanish producer believes that changing its offerings quickly gives them scarcity value, leading customers to visit their stores more often. As Carlos Herreros de las Cuevas describes it, “customers who enter a Zara store and see something they like, know they have to buy it straight away, because it probably won’t be there next week.” Thus, to service customers who say “they always have something new,” Inditex has increased its number of new products per year from under ten thousand in the 1990s to over twenty thousand in 2005.

Rapid reaction to customer demands also cuts some costs. Small deliveries twice a week prevent large stocks at stores and eliminate the need for large stockrooms. Thus, inventories are 7 percent of Inditex revenues compared with 13 percent at competitors. The short design-to-retail cycle also increases Inditex’s ability to adjust to fashion trends. If a product is unsuccessful, Inditex quickly cancels further production, thus avoiding further accumulations that prompt the profit-draining clearance sales that plague rivals. Richard Hyman of Verdict Research argues that “having up-to-the-minute sales data is not unusual these days. What makes Zara different is that they can do something about it.” Thus gross profit margins of 56.2 percent at Inditex in 2005 compare favorably with 50 percent at other specialty retailers in the US.

Other Cost and Pricing Policies at Inditex

Inditex implements other distinctive policies such as avoiding cost-plus pricing, using little advertising, hiring unknown designers, and avoiding complex technologies. Avoiding the cost-plus methods standard in the industry, Inditex first identifies the prices customers are willing to pay for their competitors’ products. Then, the company establishes target prices for its own products, often 15 percent below those of competitors, and searches for suppliers through which adequate margins can be maintained.

Unconvinced of its effectiveness, Inditex spends little on advertising. Whereas Gap, H&M, and the industry spend 5, 4, and 3.5 percent of revenues on advertising respectively, Inditex spends only 0.3 percent. To attract customers, Inditex relies instead on low prices, prime locations in fashionable districts, and centrally-designed award-winning store displays. Inditex also benefits from customers’ word of mouth and free coverage in a press enthralled with Ortega’s reclusiveness and business model.

Despite its communication-intensive model, Inditex avoids complex technology and spends little on information technology (IT). For instance, stores send data to headquarters using basic-design personal digital assistants. No permanent electronic networks link stores, headquarters, factories, and distribution centers. Also, managers
make decisions about what subsidiaries or external providers to use informally, avoiding supply chain software. Thus, whereas the US retail industry spends 2 percent of revenues on IT, Inditex spends only 0.5 percent.26

THE GROWTH OF ZARA-INDITEX

After having presented the “fast fashion” model as it is practiced today by Inditex and its subsidiaries, next we sketch some of the historical details of how Amancio Ortega Gaona developed his companies and the “fast fashion” model into a growing international presence.

Early Steps in the Growth of Zara-Inditex

Born in 1936, Amancio Ortega Gaona received little formal education and clerked for several clothing retailers early in his life. From his early experience, he concluded that controlling and cutting costs at multiple steps within the fashion industry would be profitable.27 In 1963, Ortega launched Confecciones Goa, which vertically integrated clothes design and manufacturing. At this stage, the company sold to wholesalers, small retailers, and department stores. Launched with 125 employees, the company soon grew to 380 employees and averaged annual sales of $30 million in its first decade. In 1975, Ortega opened the first Zara store in the center of La Coruña. By selling clothes directly, he added distribution and retail sales to his company. He also pioneered his policies of little advertising, holding minimal inventory, and seeking to “democratize fashion” by making innovative designs accessible to most incomes.28

As sales grew, Ortega took his company to the national level, turned a family-run business into one with professional managers, and took more steps toward vertical integration. In 1979, he launched Inditex as a holding company for a sprawling network of subsidiaries. In 1983-1984, Inditex began to outsource sewing to cooperatives and workshops and, by 1986-1987, Inditex manufacturing subsidiaries ceased selling to retailers not owned by Inditex.29

By 1985, Inditex had forty-one stores, $86 million in annual sales, 1,100 employees, and seven manufacturing subsidiaries. Paying less than 3 percent of earnings as dividends in 1979-1999 and with little financial debt until its international expansion in the late 1980s, Inditex financed its growth largely through internal funds. Also, despite using professional managers, Ortega remained involved in directing his companies and in the design of clothes and store displays.30

From a Producer in a Protected Domestic Market to International Expansion

The success of Inditex is all the more remarkable for two reasons. First, it took place in Galicia, a region without a fashion tradition in a country whose textile regions, Catalonia and Valencia, benefited from trade protection until the 1970s. Second, this success continues despite the rise of producers from emerging economies, such as China, and ongoing steps liberalizing international textile trade in Spain.31
An economic downturn and changes in economic policies in Spain in the late 1970s triggered a crisis in the textile sector and its transformation. In 1986, entry into the European Union, then called the European Community, forced the removal of tariffs. Cheap products from developing countries increasingly took market share from an industry geared toward domestic markets.

Galician fashion responded by moving up-market as wealthier customers became fashion conscious. By avoiding direct competition with imported, low cost, but unglamorous clothes, fashion grew into a key asset in Galicia’s economy, accounting for a large fraction of new industrial employment. By 2005, Inditex and its “Zara Miracle” had become the largest regional company by sales, overtaking the Galician subsidiary of French automaker Peugeot-Citroën.

Inditex has grown by multiple measures. Sales at Inditex grew from $0.086 billion in 1985 to $0.8 billion in 1990, $1.2 billion in 1995, $2.4 billion in 2000, and $8.2 billion in 2005. This pace of expansion contrasts with the more sedate growth of Gap (the world’s largest fashion company) from $5.3 billion in 1995 to $16 billion in 2005. The number of Inditex stores has mushroomed from 41 in 1985 to 424 in 1995, 1,080 in 2000, and 2,717 in 2006. Inditex employees grew from 1,100 in 1985 to 5,018 in 1995, 24,004 in 2000, and 58,190 in 2005. About half of employees are in Spain. Sewing cooperatives and workshops that work for Inditex account for an additional 11,000 jobs.

Inditex’s sales growth increasingly comes from abroad. Table 1 lists the first year an Inditex store operated in a country, and covers over sixty countries. From negligible international sales in the late 1980s, the share of sales outside Spain climbed to 30 percent in 1995, 52 percent in 2000, and 57 percent in 2005. Inditex’s international expansion is concentrated in Europe, with non-Spanish European sales accounting for 39 percent of sales in 2005. In 2006, Inditex had 1,464 stores in Spain, 859 in the rest of Europe, 19 in the US, 198 in the rest of the Americas, 140 in the Middle East and North Africa, and 37 in Asia-Pacific.

Inditex’s international expansion raises questions about the future of its business model. While centralizing sourcing in Spain yielded fast responses when most of its customers were there, it is unclear whether this centralization will remain optimal. Inditex has already shifted production abroad. Asked in 2003 if Spain’s share of production would change, José María Castellano, then an Inditex executive responded, “We are going to increase slightly in China and Eastern Europe… but we don’t see a big change.” By 2004, 52 percent of production took place in Spain, Portugal, and Morocco; 18 percent in other European countries; 13 percent in China; and 14 percent in other Asian countries. Asked the same question in 2005, Pablo Isla, another Inditex executive, said “a company of this size manufactures and produces in many parts of the world. As it evolves, the company will adapt to circumstances, but for now there are no specific plans.”
Table 1. Date in Which the First Inditex Store Opened in Each Country

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Year</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>Spain</td>
<td>2000</td>
<td>Andorra, Qatar, Austria, Denmark</td>
</tr>
<tr>
<td>1988</td>
<td>Portugal</td>
<td>2001</td>
<td>Puerto Rico, Jordan, Ireland,</td>
</tr>
<tr>
<td>1989</td>
<td>USA</td>
<td></td>
<td>Iceland, Luxembourg, Czech</td>
</tr>
<tr>
<td>1990</td>
<td>France</td>
<td></td>
<td>Republic, Italy</td>
</tr>
<tr>
<td>1992</td>
<td>Mexico</td>
<td>2002</td>
<td>El Salvador, Finland, Dominican</td>
</tr>
<tr>
<td>1993</td>
<td>Greece</td>
<td></td>
<td>Republic, Singapore, Switzerland</td>
</tr>
<tr>
<td>1994</td>
<td>Belgium, Sweden</td>
<td>2003</td>
<td>Russia, Malaysia, Slovenia,</td>
</tr>
<tr>
<td>1995</td>
<td>Malta</td>
<td></td>
<td>Slovakia</td>
</tr>
<tr>
<td>1996</td>
<td>Cyprus</td>
<td>2004</td>
<td>Hong Kong, Morocco, Estonia,</td>
</tr>
<tr>
<td>1997</td>
<td>Norway, Turkey, Japan, Israel</td>
<td></td>
<td>Latvia, Hungary, Romania,</td>
</tr>
<tr>
<td>1998</td>
<td>Argentina, United Kingdom,</td>
<td>2005</td>
<td>Lithuania, Panama</td>
</tr>
<tr>
<td></td>
<td>Venezuela, Lebanon, United Arab</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emirates, Kuwait</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>Netherlands, Germany, Poland,</td>
<td>2006</td>
<td>China, Tunisia, Serbia, Korea</td>
</tr>
<tr>
<td></td>
<td>Saudi Arabia, Bahrain, Canada,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brazil, Chile, Uruguay</td>
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</tr>
</tbody>
</table>


While Inditex is increasing its sourcing from China and is opening stores in China to target its growing middle class, Galicia's experience belies the perception that Western textiles are succumbing to Chinese competition. Galicia exports more textiles to China than it imports from the nation. Galician textile representatives argue they have fared better than other European manufacturers because Galician manufacturers concentrate on higher-value articles.38

Inditex has also developed separate brands. Under this segmented marketing approach, each brand tailors to separate groups with different tastes in both its offerings and the décor of its stores. Inditex copied segmented marketing from Gap and its brands: Gap, Banana Republic, Old Navy, and Forth & Towne.39 Table 2 lists the eight brands and chains of stores that Inditex operates. While each brand uses the fast fashion model, each is managed largely independently.40

Inditex’s Initial Public Offering

Another milestone for Inditex was becoming a publicly-traded company on May 23, 2001, through an initial public offering (IPO) of 26 percent of its shares. Inditex had already made Ortega, who held 80 percent of the stock, the second richest man in Spain before its IPO.41 Ortega does not seem to have carried out the IPO to finance further expansion. After a flirtation with debt to finance international expansion in the early 1990s, Inditex reduced its use of financial debt, accounting for 16.4 percent of assets in 1995, 9.9 percent in 2001, and 5.5 percent in 2005, and financed itself mostly by reinvesting profits.42 Moreover, Inditex did not issue new shares in its IPO. According to former executive Castellano, the IPO was a mechanism for owners to sell some shares,
beginning to transfer control as Ortega approached retirement. Thus, Ortega reduced his holdings to 60 percent of shares.43

Table 2. Inditex Brands

<table>
<thead>
<tr>
<th>Brand</th>
<th>Year launched or acquired</th>
<th>Percent of group sales in FY2005</th>
<th>Number of stores in 2006</th>
<th>Target demographic or product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>1975</td>
<td>65.9%</td>
<td>871</td>
<td>Generalist, families</td>
</tr>
<tr>
<td>Pull &amp; Bear</td>
<td>1991</td>
<td>6.6</td>
<td>429</td>
<td>Young, casual</td>
</tr>
<tr>
<td>Massimo Dutti</td>
<td>1991</td>
<td>7.9</td>
<td>369</td>
<td>High end</td>
</tr>
<tr>
<td>Bershka</td>
<td>1998</td>
<td>9.5</td>
<td>370</td>
<td>Teenagers</td>
</tr>
<tr>
<td>Stradivarius</td>
<td>1999</td>
<td>5.1</td>
<td>263</td>
<td>Young women</td>
</tr>
<tr>
<td>Oysho</td>
<td>2001</td>
<td>16.0</td>
<td>155</td>
<td>Undergarments and swimwear</td>
</tr>
<tr>
<td>Kiddy’s Class</td>
<td>2002</td>
<td>2.3</td>
<td>149</td>
<td>Children</td>
</tr>
<tr>
<td>Zara Home</td>
<td>2003</td>
<td>1.2</td>
<td>111</td>
<td>Home furnishings</td>
</tr>
</tbody>
</table>

Source: McGuire, “Fast Fashion;” Inditex, corporate website; and Inditex, Consolidated Results.

Most analysts in Wall Street welcomed Inditex’s listing, judging the company ahead of its rivals in terms of its model and profitability prospects. However, some analysts worried the initial price was too high and feared Inditex would have to slow its expansion.44 Priced at €14.70 per share, the IPO valued Ortega’s holdings at over $6 billion, making him the richest man in Spain. Despite troubled market conditions, the IPO sparked the interest of retail investors. With requests for twenty-five times the number of shares on sale, the stock price shot up 21 percent in the first day of trading and 46 percent by year end. With €2.4 billion changing hands, the IPO was one of Spain’s largest ever.45 Thus, Inditex is now in Spain’s blue chip index (IBEX 35) and several major European indices. Inditex today trades in the low €30s, valuing the company’s 620.9 million shares at close to €20 billion ($24 billion).46

The IPO required changes in Inditex. The formerly family-owned company changed company by-laws, developed corporate governance practices, and added outside directors to its board.47 The company also changed its dividend policy. Learning in 2003 that investors would punish its stock price when its earnings performance disappointed them, Inditex abandoned its low-dividend policy. For instance, Inditex plans to increase dividends by 40 percent in 2006, paying out about 50 percent of annual earnings, with a cash yield for investors of about 2 percent.48

What changed less is Ortega’s reclusive personality. According to the main regional newspaper, La Voz de Galicia, “Of Amancio Ortega, we know very little.”49 Not having released photos of Ortega previously, Inditex released two photos of him leading to the IPO. During the IPO, there were no remarks to the press and no big launch parties. On the day of the IPO, Ortega ate lunch as usual with workers in a company canteen.50

PROSPECTS FOR INDITEX AND THE FAST FASHION MODEL

Predicting trends in fashion is notoriously difficult. The sizes, names, country of
headquarters, international presence, and business models of the leading companies have changed in the last quarter century. Companies that were dominant once but that avoided market segmentation or fast fashion, such as the Netherlands’s C&A and Britain’s Marks & Spencer, are shadows of their former selves, and have retrenched from some international markets. Today’s dominant companies are fairly young. Gap was launched in 1969 and older companies like H&M and Italy’s Benetton came to the forefront only in the 1970s and 1980s.\textsuperscript{51}

Inditex plans to maintain its fast fashion model, investing heavily in manufacturing facilities, logistics centers, and store openings, controlling its costs, and expanding into new markets for the foreseeable future. After opening 448 stores in 2005 it planned to open between 410 and 490 additional ones in 2006 and to double its number of stores by 2010.\textsuperscript{52}

While Inditex’s record of combining growth and sustained profits is not spotless, there is little indication that growth will slow down soon. In 2003, a summer heat wave and a weak dollar, to which the East Asian labor costs of many of Inditex’s competitors are linked, caused same-store sales, those open for at least one year, to fall by 4 percent. Keith Wills, an analyst at Goldman Sachs, worried that “they need to expand at a slower rate.”\textsuperscript{53} However from 2000 to 2005, annual growth in same-store sales had averaged a respectable 6 percent and both annual growth in overall sales including new stores and annual earnings growth averaged over 25 percent.\textsuperscript{54}

Determining when Inditex will saturate markets, enter markets where it is not successful, or become too large to manage efficiently is difficult. Thus far, finding it can charge higher prices abroad, Inditex aims to maintain its earnings growth by expanding abroad. However, Inditex seems to plan its growth carefully. Short-term plans focus mostly on Europe, closer to its logistics centers, somewhat in Asia, where sales growth is brisk, and place the least emphasis on the US. Jim Lovejoy, director for TC2, a consortium of the sewn products industry in the US, says, “I don’t think Zara is in any hurry to expand in the US, which is over stored. There is two and one half times more retail space in the US than there is in Europe.”\textsuperscript{55}

To eliminate limits to its growth, Inditex also invests in human capital and logistics. In 2000, along with other Galician textile companies, it launched the Institute of Technology and Textile Design in Allariz, Galicia, to produce highly-qualified experts in textiles. The company also builds spare capacity in its manufacturing and logistics operations, purchasing lots whose sizes outweigh short-term needs. As part of its plan to invest $1 billion during 2006, Inditex will spend $300 million to upgrade its existing six logistics centers and to build two new ones.\textsuperscript{56}

Further, Inditex is changing fashion by forcing other companies to adopt elements of the fast fashion model. According to Ken Watson of Industry Forum, a specialist in the fashion supply chain in the UK, Inditex “certainly impacts the way consumers react to fashion by expecting new fashion quicker.” Inditex accounts for about 10 percent of the Spanish apparel market and fast fashion companies account for 5 to 18 percent of markets in Germany, France, and the UK.\textsuperscript{58}

Sweden’s H&M, with sales of $7.91 billion in 2005, is often described as another fast fashion company. Like Inditex, H&M mixes trendy fashion and low prices, introduces new products constantly to keep customers visiting its stores, and limits inventories to prevent
the need for clearance sales. H&M differs from Inditex by outsourcing design to star designers, outsourcing manufacturing to a network of over nine hundred independent suppliers, and having far longer design-to-retail cycles.59

With about 1 percent of the US market, fast fashion has yet to become popular in the US. Without completely mimicking Inditex’s model, Bebe, Forever 21, and Charlotte Russe are the clearest adopters of fast fashion in the US, releasing lines more often to reduce inventories and the need for clearance sales. Larry Meyer, an executive at Forever 21, says “we have a few new items sent to our stores every day. We want the customer to feel there’s always going to be something new and exciting here.”60 Other clothing retailers such as Gap, J. Crew, Wal-Mart, and Target are copying some elements of fast fashion, moving from releasing clothing lines seasonally to a much faster cycle and expanding limited edition lines. To cut delivery times and meet shortened cycles of releases, Gap and Wal-Mart are considering shifting production closer to the US, to sites like Mexico. Gregory Melich, an analyst at Morgan Stanley, says Mexico is “higher cost than Asia, but it saves three weeks’ time, so it could make sense on certain trendier items.”61

Conclusion

Amancio Ortega Gaona and his companies Zara and Inditex have developed a fast fashion model that has revolutionized the fashion industry. From their origins in Galicia, these companies have become a growing international presence that tailors fashion not to preset seasons and the whims of star designers, but to the changing demands of customers. Whereas the pace of growth in Inditex sales and store openings will inevitably slow down eventually, this slowdown will likely be due to the increasing adoption of its business model by competitors.

NOTES

14. Ibid.
32. Ibid.
46. Inditex, corporate website; Inditex, Consolidated Results.
47. “Equity Deal.”
48. Inditex, Consolidated Results.
49. Mcguire, “Fast Fashion.”
50. Ibid.
53. Beresford, “Spain’s Inditex.”
57. Dunn, “Inside the Zara Business.”
60. Foroohar, “New Fashion Frontier.”