

FOCUS ON...



FASHION The Spanish fashion industry has seen a boom in recent years with various stores popping up all over the UK. Regent Street has even been nicknamed 'el Regent Street' by enthusiastic shoppers, due to the high presence of Spanish retailers on one of our most famous shopping avenues.

Spanish brands have been in the British market for a long time, but now we are seeing an influx, with brands like Zara becoming household names. However, it appears that few consumers are aware of the national origin of many high street retailers. Some have even mentioned that they believed it to be Italian.

INDITEX

Owned and chaired by Amancio Ortega, Spain's richest man and one of the top ten richest people in the world, **Inditex** is made up of around one hundred companies and is the largest fashion group in the world.

With over 5,000 stores around the globe, most being corporate owned, Inditex' profits are defying analysts' estimates and forecasts. Inditex reported a net profit of €1.73 billion for the period stretching from February 2010 to February 2011.¹

They plan to add almost 500 more stores this year, aiming to help boost investment as consumer spending is slowing considerably in Europe and North America. The majority of these stores will be in Asia where rising incomes and economies defying the downturn will prove a new and happy hunting ground for the industry giant. Inditex hopes this, and making online sales available for all their stores, will keep them ahead of their nearest rival **Hennes & Mauritz (H&M)**, who also posted astronomical profits in 2010.²



ZARA

It is Zara that keeps Inditex on top of the retail landscape. This is because Zara designs, produces and merchandises all its own clothing (in comparison to Gap and H&M who outsource all of their production). This leaves no middlemen, and most importantly enables them to react quickly and easily to changing trends and fashions.

Over the years Zara has built up a huge reputation for fashion, quality and value. In the UK, Zara was seen as French Connection's biggest rival, responsible for taking a lot of their customers.

Zara has no need to advertise as its reputation, location of its shops and their aesthetic appearance on the high street keep people coming back. They have built an incredible brand image simply by following market trends and meeting customer needs.

Although mass produced, Zara has a hallmark for quality, and recent pictures of Pippa and Kate Middleton wearing Zara clothing around the date of the royal wedding helped increase Zara's reputation in this country even further.

To maintain and stabilise growth in such a difficult period, Zara have frozen the opening of new shops in the UK and are focusing their efforts on their online store, Zara.com. Their 65 UK outlets, reach the majority of our most desirable high streets and shopping centres.

Zara's incredible rise has had the honour of being the subject of an in depth study by the Harvard Business School, which not only demonstrates Zara's success but also shows how they stand out in an industry full of growing brands. Zara is also looking beyond fashion with its Zara Home brand.

Specialising in fashionable items for the home, Zara Home has developed a fast international expansion since its inception in 2003; it now has several high profile flagship stores, its UK home being on Regent Street. Like Zara's clothing range it focuses on changing trends and seasonal variations, often creating very exclusive items that are only in store for a limited time.

The next most prevalent Inditex brand and store in the UK is **Massimo Dutti**. Initially designers of male clothing, since its acquisition by Inditex in 1991, they have focused on both women and children to

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boost sales and increase their market coverage. Other strong Inditex brands are **Bershka**, **Pull & Bear** and **Stradivarius** – all international brands but yet to crack the British market as comprehensively as other Inditex stalwarts.



OTHER SPANISH BRANDS

There are several notable Spanish brands that are not owned and operated by Inditex. One of the most popular in this country is Camper, the everyday shoe that mixes fashion with ergonomic design. **Camper** has 52 stores worldwide but relies mainly on stocking their shoes in large retailers. They have recently branched out of shoemaking, and now have boutique **Casa Camper** hotels in Barcelona and Berlin whose restaurants offer authentic Asian cuisine served in Spanish tapas style. It seems that these famous Spanish brands are not fond of sitting still.

Another prominent chain in Britain is **Mango**. Originally only making women's clothes, they have, since 2008, created a men's range called **H.E. Mango**. The clothing is aimed at urban, young to

middle aged fashion conscious men; and its currently modelled by Gerard Pique, the Barcelona and Spain footballer. Like Camper, Mango are looking to increase their market share by constantly changing and growing their brand reach.

One brand that has made a big impact, worldwide and in Britain, with their vibrant, colourful designs is **Desigual**.

Hailing from Barcelona they currently have five UK stores and are stocked by all large department stores in Britain. Making a similar impact is **Blanco**, another contemporary clothing company. Currently, they have only one shop, in London's Westfield shopping centre. However, they launched their online store in April 2011; which will open them up further to the British market.

NEWCOMERS TO THE UK

Springfield, part of **Grupo Cortefiel**, is set to enter the UK market. Springfield is already a success in Spain, selling young fashionable clothes at very reasonable prices. Stores in Leeds, Livingston and London are to be opened in conjunction with **Brand Empire**, an organisation set up last year to help international retailers enter the UK market.

Ezequiel Szafir, General manager for Grupo Cortefiel quotes:

Our brands Cortefiel, Springfield and Women's Secret are already present in over 60 countries around the world, and opening stores in the UK was our obvious next step. This innovative arrangement with Brand Empire will give us quick access with high presence while reducing some of the risks usually encountered when entering a new market.³

BRAND EMPIRE

In the current economic climate, more companies will consider working with Brand Empire in to set up a store. Many retailers are reluctant to start new ventures, instead they are focusing mainly on their more cost effective online sales and shops. However, Brand Empire is helping companies out of these constraints by taking away risks and considerable costs. Chief executive Sanjay Sharma said he was in 'advanced discussions with another two international fashion brands' with the potential to launch later this year.⁴



Spain, with its plethora of contemporary fashion brands, may further involve itself in these kinds of processes. Even if they choose not to, determination shown by Grupo Cortefiel demonstrates the willingness of big Spanish brands to crack the British market. They have seen the overwhelming success achieved by

numerous brands in this country, none more so than the growth and profit of Zara.

Agatha Ruiz De La Prada has managed to build no less than a legendary brand in Spain that goes far beyond clothing and into the areas of shoes, perfumes, watches, home furniture and book covers, to name but a few. Her brand is now sold in over 140 countries and can be found on the shelves of Harrods in London.

Spanish fashion brands are one of the great success stories for Spain, few other industries have so many dynamic, consumer focussed, risk taking entrepreneurs, focusing mainly on their more cost effective online sales instead. However, Brand Empire is helping companies out of these constraints by taking away risks and considerable costs. Chief executive Sanjay Sharma said he was in 'advanced discussions with another two international fashion brands' with the potential to launch later this year.⁴

¹ <http://www.irishtimes.com/newspaper/breaking/2011/0323/breaking8.html>

² <http://www.businessweek.com/news/2011-03-23/inditex-profit-tops-estimates-as-zara-owner-expands-in-asia.html>

³ Nicola Harrison, Spain's Cortefiel picks sites for first UK shops, 11th June 2011, <http://www.retail-week.com/property/spains-cortefiel-picks-sites-for-first-uk-shops/5013830.article>

⁴ <http://www.landsecurities.com/media/press-releases/1289>