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Diploma Thesis

**Branding and Brand Strategy:
The Case Study of Zara**

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Branding and Brand Strategy: The Case Study of Zara”. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

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Branding and Brand Strategy: The Case Study of Zara

Branding a strategie značky: Případová studie Zara

Souhrn

Hlavním cílem této diplomové práce je poskytnutí návrhů, které přispívají k budování hodnoty značky a následně k vytvoření úspěšné značky, a to pomocí efektivního brandingů a strategie značky.

Pro tento účel byla zvolena případová studie společnosti Zara, která je dobrou ukázkou, jak lze značku rozvíjet k tomu, aby se stala účinným nástrojem v oblasti módního businessu.

Teoretická část shrnuje literaturu vztahující se k tématu této diplomové práce. Jsou v ní přiblíženy hlavní koncepty týkající se značky, jako je strategie značky, identita a osobnost značky, positioning značky, hodnota značky a komunikace značky. Praktickou část tvoří analýza strategie značky Zara, hodnoty značky, umístění značky a kvantitativní výzkum provedený na zákaznících Zara. Na základě získaných informací jsou navržena užitečná doporučení a formulována strategie značky, kterou by bylo možno použít k přilákání většího množství zákazníků značce Zara a zároveň také k podpoře dalších značek v maloobchodě.

Klíčová slova: Branding, Strategie Značky, Zara, Hodnota Značky, Postavení Značky, Marketing Značky, Výkon Značky, Spravedlnost Značky.

Summary

The main goal of the present master thesis is to provide suggestions how effective branding and brand strategy contributes to build brand equity and consequently create a successful brand.

For this purpose, the case study of Zara was chosen, being a good example to show how the brand has been managed to become a powerful brand in the retail industry.

The theoretical part consists of overview of literature related to the thesis topic, where the main concepts on branding are approached, such as brand strategy, brand identity and personality, brand positioning, brand equity and brand communication. In the empirical part Zara's brand strategy, brand values, brand positioning is analyzed and the quantitative research is conducted among Zara's customers. Based on the obtained information helpful recommendations are provided and brand strategy is identified that can be used to attract Zara's customers more and thus promote other brands in retail industry.

Key words: Branding, Brand Strategy, Zara, Brand Value, Brand Positioning, Brand Marketing, Brand Performance, Brand Equity.

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List of Acronyms:

AMA - American Marketing Association

BAV - Brand Asset Valuator

MMS – Multimedia Message Service

PODs – Points of Differences

POPs – Points of Parities

SMS – Short Message Service

TV - Television

Y&R - Young and Rubicam

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Introduction

Globally, branding has emerged the top priority for management. Brands are the most valuable intangible assets within the organizations. The brand name contains the years of advertising, quality evaluation, product experience and many beneficial attributes that the market associates with the product. To ensure that the brand generates the profit for the company, there is need for strategic brand management.

Organizations develop brand strategy for the products, in order to identify and position the brands with the product benefits to create brand awareness, attract customers and increase the profit. Brands are used as a communication tool between the product or service and its perspective customers. Every day consumers are exposed numerous messages trying to gain their attention. Therefore, the essential for brand is to differentiate the product or service from its competitors. Consequently, not only the message, but also brands require unique and distinctive communication channels to achieve competitive advantage on the market.

Zara has become Spanish best known brand holding Inditex. It is one of the fastest growing manufacturers of affordable fashion clothing. The company's success offers some useful lessons in how to create and sustain the brand through the strategy. The striking thing in Zara's success is that it has found differences that matter for customers. The brand differentiated itself from its competitors by performing key activities differently and achieved sustainable competitive differentiation and positioning in the market. It is the set of challenges for its competitors that are trying to find the way to imitate or equal to Zara's positioning. This thesis is focused on the given challenges, analyze them in depth and develop the model for successful brand management from the research findings.

The goal of this thesis is to provide suggestions and strategies how to build, measure, and manage brands to maximize their value through the case study of Zara.

The thesis includes both, theoretical and practical analysis. First part consists of theoretical analyses of branding and brand strategy. Second part provides general information about

Zara, the brand strategy, measure of the brand values and the brand equity model. This part also provides quantitative research conducted among the real and potential Zara's customers. The received results are analyzed in depth to measure Zara's brand equity from customers' perspective and identify its brand performance.

Finally, in the main findings from the case study of Zara the researcher summarizes the outcomes and provides the model for successful brand strategy. In conclusion the researcher reviews the findings and provides further recommendations for successful brand management on the example of Zara.

1. Aims and Objectives

Getting active application, branding starts its story from the Middle Ages, when the guild artisans and bakers labeled their products by special stamp. But the "rise" of branding came in the second half of the twentieth century, due to the fact of the market for a large number of similar products. Branding has become marketing priority. Marketers of successful brands must excel at the strategic brand management process. It involves the design and implementation of marketing activities and programs to create the brand equity. The research part of this diploma thesis is based on a case study of Spanish clothing and accessories retailer brand Zara.

The main aim of this diploma thesis is:

- To study and analyze how to build, measure, and manage brands to maximize their value through the case study of Zara

The following objectives with regard to main aim are:

- To study how to identify and establish brand positioning
- To study how to plan and implement brand marketing
- To study how to measure and interpret the brand performance

- To suggest appropriate recommendations and develop a model for successful brand strategy based on the research findings

The research questions are:

- How thoroughly is Zara implementing the brand strategy practices, such as growing and sustaining brand value?
- How is Zara's brand equity built, measured and managed?

2. Methodology

The theoretical part of the thesis exploits professional literature and academic materials to describe and evaluate individual approaches to branding, brand strategy, brand equity, brand performance and brand communication.

The researcher considers the case study method as appropriate to understand and examine in depth the key steps in creating a successful brand, as case studies intend to focus on a particular issue and are concerned with how and why things happen. The study case of Zara is chosen as a good example to demonstrate how effective brand strategy and brand communication contribute to build brand equity, being brand equity a very important tool in creating a strong brand, which delivers value to both, the customer and to the company.

The researcher subscribes to a single exploratory case study method. The researcher conducts an in-depth analysis of documentary sources, which is collected from the company reports, company newsletter and other printed materials (e.g. newspaper cuttings, journals, text books, official reports, articles) that are made available for the purpose of the research. Official documents and records related to Zara brand history, product range, brand elements, brand values, brand positioning, brand communication program, brand equity and performance are analyzed. This study is essential tool for making the findings of this research reliable, for achieving the research objectives at hand and for proving the high level of Zara brand equity and its perception as successful brand.

Therefore, in order to provide evidences that Zara has high brand value and thus has a high brand equity level, the researcher used secondary quantitative data, based on a study, conducted by the global research agency Millward Brown and the advertising agency Young and Rubicam.

Additionally, in order to gain accurate statistical insights into Zara's brand performance and brand equity, primary quantitative research is provided based on an interview among Zara's customers. Within the quantitative research Zara's potential customers are surveyed through online sources, while real customers are interviewed face-to-face in front of the store of Zara in Prague. In total 127 respondents were interviewed.

As the interview is the primary data gathering instrument for the research, a Likert Scale interview is chosen, where questions are carefully designed to provide adequate coverage for the purpose of the research. Ideally, the Likert Scaling identifies the degree to which the respondents measure the same things. The objective of questionnaire was to identify general behavior of the customers: their recognition, loyalty and awareness towards Zara.

3. Literature Overview

3.1 What is a Brand?

The word "brand" in the Oxford Dictionary finds its origin in the ancient times when criminals or slaves had an identifying mark burned with the branding iron. Later "brand" has changed its meaning and it became the type of product which is manufactured under the particular name by the particular company (<http://www.oxforddictionaries.com/>). As the American Marketing Association (AMA) defines a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (The American Marketing Association, 1960). The brand differentiates one product from

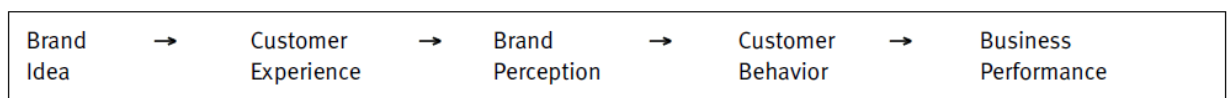
another and these differences may be functional, rational, or tangible. It may also be symbolic or emotional; designed to satisfy the customer’s needs and wants (Kotler, Keller, 2006).

Keller (2013) adds “invaluable intangible assets” to the definition of the brand. He argues the most valuable assets for the firm is the brand name which is associated with the product or service. According to Keller (2013) strong brand has ability to reduce risks and simplify decision making. “The brand is one of the most valuable assets that any business possesses” (Ellwood, 2002). It communicates with customers, creates differentiators in the marketplace, shapes company culture and increases business performance (Ellwood, 2002).

For Bennett (2010) the brand stands for the promise it is willing to make for the customer and keep place in the market. Bennett (2010) introduced the chain between the brand and business performance. The first part of the chain is the brand idea and the bottom line is the business performance. If the first part of this chain deliver is irrelevant it will not affect the bottom line (See Figure 1).

Figure 1: The Chain of Brand Idea and Business Performance

Source: Bennett, 2010, p. 57



There are broad definitions of the “brand” in literature. For Kapferer (2008) brand is a system of mental associations, it has the power to influence. According to Kotker and Pfoertsch (2006) a brand is a promise to the consumer. In the minds of customers brand represents a shortcuts of attributes and beliefs, values which are based on their past experience, associations and future expectations. Finally, brands are used as a communication tool between the consumer and the product or service, as Biel (1997) continues this statement brand is speaking directly to the consumers and also it has self-expressive.

3.2 Emerging Characteristics of Brands

Among hundreds of characteristics of brand in literature, de Chernatony and Dall'Olmo Riley (1998) categorized brands with twelve main elements. "Brand as a (1) legal instrument; (2) logo; (3) company; (4) shorthand; (5) risk reducer; (6) identity system; (7) image in consumers' minds; (8) value system; (9) personality; (10) relationship; (11) adding value; and (12) evolving entity" (de Chernatony, Dall'Olmo Riley, 1998).

Brand represents an investment for the firm as Crainer (1995) argues brand is a legal instrument of ownership. The origin definition in Oxford dictionary brand is "a particular sort or class of goods, as indicated by the trade-marks on them". The trademark is an important asset of organization but its value depends on ability to protect it from violation (Simonson, 1994), e.g. Trade Mark Act, 1994.

Logo and brand's name is an important element of the brand. Consumers are willing to buy brands with the names they recognize it (Cevan, 1992) because brand's name provides shortcut of the memory (Jacoby, 1977). Martineau (1959) described brand as an image in consumer's mind which has functional and psychological attributes. Brand is a consumer's idea of a product as Newman (1957) defines brand's image as everything which people associate with a brand. "A brand becomes a brand as soon as it comes to contact to a consumer" (Keeble, 1991).

Brand has a value system. Consumers find value in the brand, in their personal experience of it and in how the brand reflects on what individual stands for (Clark, 1987). According to Clark's words (1987) these values provide important link between consumers and marketers. Sheth (1991) identifies five possible values which is characterizing brand and influencing consumer's choice. The decision about the brand choice is made with the aim of satisfying specific values of the consumers (Clark, 1987).

Every Brand has its own personality. The one way to sustain the uniqueness of the brand is through stressing psychological values by advertising and packaging (de Chernatony,

Dall'Olmo Riley, 1998). In Plummer's (1985) view brand's personality is the result of firm's communication to consumers while image is the way consumers perceive its personality. In addition brand personality is an element of the brand which "can help brand strategists by enriching their understanding of people's perceptions of and attitude toward the brand, contributing to differentiating brand identity, guiding the communication effort and creating brand equity" (Aaker, 1996).

For McKenna (1991) successful brands are characterized as having a special relationship between consumer and product. According to Kapferer (1992) if brands are personified, consumers will not just perceive brands, but also they will have relationships with them. In other words, not only consumers have an attitude towards to brands, but also brands have an attitude towards consumers (de Chernatony, Dall'Olmo Riley, 1998).

As Jones (1986) argues the value added is the most important characteristic of the brands. "A brand is a product that provides functional benefits plus added values that some consumers value enough to buy" (Jones, 1986). Similarly, de Chernatony and McDonald (1994) point out that the buyer or the user of the brand perceives relevant unique added values which more closely match their needs and wants.

3.3 Branding Principles

Branding principles are a necessity to establish successful brand campaign. 3C's model developed by Ohmae (1991) points out the strategist needs to focus on three key factors to achieve success in business: (1) the customer, (2) the Competitors, (2) the corporation. From the view of 3c's strategy Kotler and Pfoertsch (2006) defined 5 branding principle: (1) consistency, (2) clarity, (3) continuity, (4) visibility, (5) authenticity.

Consistency is the most important rule for successful brand management. Keller (2013) argues that two factors strengthening brand association to any kind of information are the consistency and its personal relevance with which it is presented. "Brand-concept consistency measures how well the brand concept accommodates the extension product"

(Keller, 2013). For Kotler (2006) in brand strategy consistency is not as effective as it could be if other branding principles are not foreseen.

Clarity of the brand is also essential principle for branding. There is no true brand without clarity; brand clarity should be based on company's vision, mission and values, which is easily adoptable and understandable (Kotler, Pfoertsch, 2006). The long-term success of the brand is achieved by the clarity of thinking in the organization regarding brand's core values are (de Chernatony, 2006).

One of the most important strategies in marketing activities is to make product continuity and keep the image of the brand up-to-date. Continuity of the brand deals with trusting in brands that it will deliver whatever it promised based on the past experience (Kotler, Pfoertsch, 2006). From Keller's (2013) point of view if managers do not defend delicate balance between brand continuity and changes in marketing environment, they can be left behind.

Following these three principles is not enough if the brand is not always visible to its target audience. Compared to other elements of the brand visibility is the key and main factor in the eye of consumers. Brand visibility depends on the factors such as the size, color, order and other physical appearance of a brand (Keller, 2013).

Brand authenticity is the principle of branding which requires for all members in the organization to have an objective of creating the feeling for the customers to own, or use, or direct unique treasure, even if this takes place subconsciously (Kotler, Pfoertsch, 2006).

Building a successful brand requires long term vision and planning by supported top managers and executed thoroughly across all managerial processes. According to the principles of branding (Kotler and Pfoertsch (2006) developed the model called Sequence of the Brand Building Processes which is dealing to five-step brand building process: (1) brand planning, (2) brand analyses, (3) brand strategy, (4) brand building, (5) brand audit (See Figure 2). To develop the brand and gain sustainable market share, organizations should manage the brand carefully in the appropriate direction ((Kotler, Pfoertsch, 2006).

Figure 2: Sequence of the Brand Building Processes

Source: Kotler, Pfoersch, 2006, p. 160



Brand building needs the dimensions of all principles defined by many authors in the literature. In many cases the brand development was based on accidents and luck, especially in the early days of industrial companies, but although solid brands applications create powerful leaders on the market of branding (Kotler, Pfoertsch, 2006).

3.4 Brand Functions

Strong brands give the added-value to the companies. As Kapferer (2008) argues before 1980s witnessed the fundamental understanding of branding; there was a big change in the attitude towards brands. Before 1980 firms were wishing to buy chocolate or pasta, after 1980 they are buying brands (e.g. KitKat or Buitoni) (Kapferer, 2008). In the first case companies were buying production capacity but in the second firms are buying a place in the minds of consumers and this distinction is very important (Kapferer, 2008). Only tangible assets had value before but nowadays companies believe that their most important assets are brands (intangible). “Brands are stored in clients’ memories, so they exert a lasting influence” (Kapferer, 2008).

In order to understand how strong brands creating growth and higher profitability of the company, it is necessary to understand the functions that brands performs with the

consumers. Kapferer (2008) examines two functions of the brand: (1) how brands creating value for the customers, and (2) how brands creating value for the company.

3.4.1 Brand Functions from Customer Perspective

Brands provide not only the source of information but also it performs certain functions which justify its attractiveness and its monetary return (higher price) when they are valued by customers (Kapferer, 2008). The important is how the brand creates value in the eyes of the consumer. To answer this question Kapferer (2008) defined eight functions of a brand for the consumer (See Table 1).

Table 1: The Functions of the Brand for the Consumer

Source: Kapferer, 2008, p. 22

Function	Consumer Benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and to allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.
Optimisation	To be sure of buying the best product in its category, the best performer for a particular purpose.
Badge	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction brought about through familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Satisfaction linked to the attractiveness of the brand, to its logo, to its communication.
Ethical	Satisfaction linked to the responsible behavior of the brand in its

	relationship towards society.
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According to Kapferer (2008) the first two functions: (1) identification and (2) practicality are mechanical, as recognized symbol to facilitate choice and gain time. The following three functions: (3) guarantee, (4) optimization, and (5) badge reduce perceived risks. The last three functions: (6) continuity, (7) hedonistic, and (8) ethical have more pleasurable side to them. The ethical function of the brand shows that buyers are expecting, more and more, responsible behavior from their brands (Kapferer, 2008).

These functions are not laws; they must be defended automatically at all times. The functional analyses of brand role facilitates the understanding the relationships between the role of the brand and distributor's own brand's market share (Kapferer, 2008).

3.4.2 Brand Functions from Company Perspective

Strong brands are valuable assets for the company. Brand removes the risk for the financial analyst as for the firms (Kapferer, 2008). Kapferer (2008) states the idea that the certain guarantee and the removal of the risk is included in the price of the brand. But usefulness of the brand functions depends on the category of the product (kapferer, 2008). To show how the product category influence the power of the brand for the company, Kapferer (2008) summerises the relationships between brand role and distributors' own-brands' market share (See Table 2).

Table 2: Brand Functions and the Distributor/Manufacturer Power Equilibrium

Source: Kapferer, 2008, p. 23

Main Function of Brand	Typical Product Category of Brand	Power of Manufacturers' Brand
Recognition signal	Milk, salt, flour	Very weak
Practicality of choice	Socks	Weak
Guarantee of quality	Food, staples	Weak

Optimisation of choice, sign of high-quality performance	Cars, cosmetics, appliances, paint, services	Strong
Personalising one's choice	Perfumes, clothing	Strong
Permanence, bonding, familiarity relationship	Old brands	Strong but challenged
Pleasure	Polysensual brands, luxury brands	Strong
Ethics and social responsibility	Trust brands, corporate brands	Strong but challenged

Kapferer (2008) argues strong brand creates higher loyalty and ensures stability of future sales. He defines three generators of profit of the brand: (1) the price premium, (2) more attraction and loyalty, and (3) higher margin.

Companies with a strong brand have sustainable comparative advantage. Kotler and Pfoertsch (2006) state three most important brand functions as a role of the brand for the company perspective: (1) increase information efficiency, (2) risk reduction, and (3) value added image. These functions are determinants of the value that a strong brand provides to the company (Kotler, Pfoertsch, 2006).

Kotler and Pfoertsch (2006) outline eight roles of the brands to overcome a unique position of the brand in the stakeholders' minds: (1) differentiating, (2) securing future business, (3) creating brand loyalty, (4) differentiating marketing efforts, (5) creating preferences, (6) commanding price premium, (7) creating brand image, and (8) increasing sales (See Figure 3).

Figure 3: The Role of the Brand for the Company

Source: Kotler, Pfoertsch, 2006, p. 52



The brand roles are located in the outer circles of the model. The core represents the functions of the brand for the consumer perspective and the outer circle represents brand value for the company perspective. The roles of the brand are crucial, developing of one leverages the others. Brand image and specific brand preferences are created by effective and differentiated marketing strategies. Effective and right marketing strategy differentiates the brand itself and develops brand loyalty. Strong brand commands a premium market price with high margin. It secures the future of the business and increases brand equity in sustainable market (Kotler, Pfoertsch, 2006).

3.5 Brand Strategy

To create the brand signals needs to define (1) the brand idea, (2) the brand architecture, (3) the brand personality, and (4) produce the creative brief. Fundamentally, the brand idea is all about what you want to the brand to stand for. The core component of brand strategy of the company is the brand idea that should be differentiated from the competition and relevant to the target audience. Developing a brand strategy requires establishing the process called brand architecture. Brand architecture needs to be clear structure and relationship among the brands I a portfolio. It decides what you want to show as your face

to the market and how to present your goods or services to the target audience. The next element for defining your brand strategy is brand personality. The personality is the unique component of the brand differentiating and building relevance with customers. (Bennett, 2010)

According to Bennett (2010) a brand idea and personality are in one place and the core visual and verbal symbols should be developed. They are contained in a creative brief. A creative brief is “literally a short document that a creative team will work from as it designs and generates names, brandlines, and visual and sensory identities” (Bennett, 2010).

Kotler and Pfoertsch (2006) maintains that brand strategy is built on (1) brand positioning, (2) brand mission, (3) brand value proposition and personality, (4) brand promise, and (5) brand architecture. The first step of strategic branding is to understand exactly what the customers want from you and then give it to them. Company’s brand strategy is described as the number of distinctive brand elements that a company applies through organization. To determine the right brand strategy involves accurate interpretation of the results of brand analysis (Kotler, Pfoertsch, 2006).

Keller (2013) introduced four steps to show how to develop strategic brand management (See Figure 4). The order of these steps is also extremely important. The brand cannot establish its meaning unless it has not created identity and similarly responses cannot be occurred unless the brand has not established its right meaning; without proper responses it cannot forge relationship with customers (Keller, 2013). According to four steps of brand building Keller (2013) defines six building blocks which illustrates brand-building process. This model called Brand Resonance Pyramid.

Figure 4: Brand Resonance Pyramid

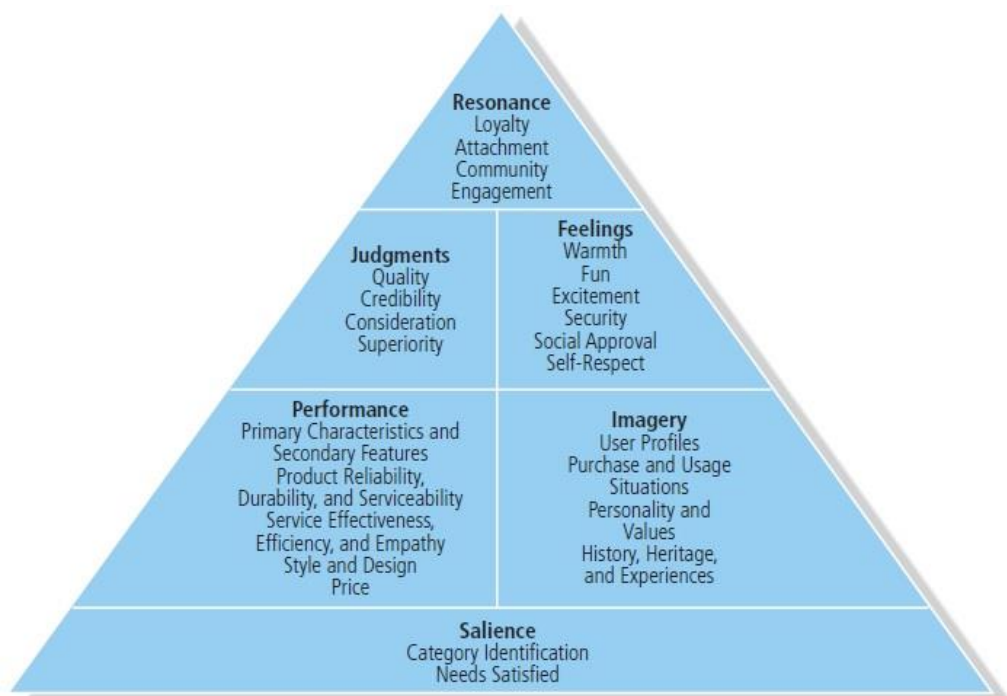
Source: Keller, 2013, p. 108



Brand-building blocks up the left side of the pyramid is dealing with a more “rational route” and up the right side is dealing with more “emotional route” to brand-building (Keller, 2013). Keller (2013) states the subdimensions of each block of the pyramid (See Figure 5).

Figure 5: Subdimensions of Brand Building Blocks

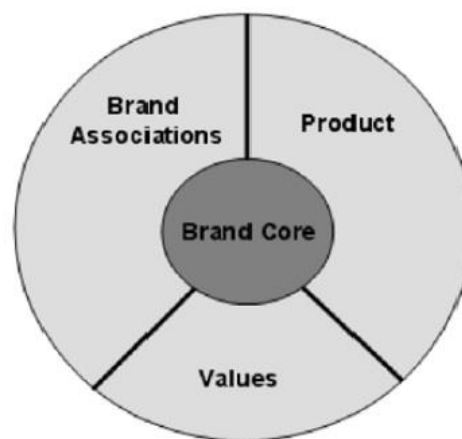
Source: Keller, 2013, p. 108



For Kotler and Pfoertsch (2006) the brand strategy is based on the brand core and its values and associations (See Figure 6). The product is the intrinsic part of the brand and it is on the left side on the figure. The content of the dimensions is changing over time. Brand strategy and every marketing decision should consider the investments for the brand value and the need for economic viability (Kotler, Pfoertsch, 2006).

Figure 6: Brand Strategy Model

Source: Kotler, Pfoertsch, 2006, p. 170



The basic direction of the brand strategy is initiated to what the company is doing. The nature of the product or service which a company sells edges the decision as to how to brand (Kotler, Pfoertsch, 2006). Ellwood (2002) outlines that brand strategy is long-term approach. It requires strength of leadership and recognizing small competitive issues. Brand strategy needs to be proactive and never reactive (Ellwood, 2002).

3.5.1 Brand Elements

According to AMA definition of brand, the key to create a brand is to be able to choose a name, logo or symbol, package design and other characteristic to identify the product and distinguish it from competitors. The components that identifying and differentiate the

product are brand elements (Keller, 2013). Brand elements are chosen to build as much brand equity as it is possible. They should match to what consumers would think or about the product if they only knew about the brand elements (Kotler, Keller, 2006).

The key brand elements are (1) name, (2) logo, (3) tagline or slogan, and (3) brand story. A name, logotype and a slogan are formal elements of a brand and together they form the visual identity of a brand or a company. They reveal the brand core, brand personality and corporate culture of the organization. In order to ensure the consistency of the brand the visual identity needs to be designed with a long-term perspective (Kotler, Pfoertsch, 2006).

Branding guidelines is very helpful to specify the use of each brand element. This guideline is called visual identity code. In order to reduce risk of diluting the brand the visual identity code needs to track a set of choice criteria (Kotler, Pfoertsch, 2006). Keller (2013) states six criteria for choosing brand elements (1) memorable, (2) meaningful, (3) likable, (4) transferable, (5) adaptable, and (6) protectable (See Table 3).

Table 3: Brand Elements Criteria

Source: Keller, 2013, p. 142

Criterion	Brand Element
Memorable	Easily recognized
	Easily recalled
Meaningful	Descriptive
	Persuasive
Likable	Fun and interesting
	Rich visual and verbal imagery
	Aesthetically pleasing
Transferable	Within and across product categories
	Across geographic boundaries and cultures
Adaptable	Flexible
	Updatable

Protectable	Legally
	Competitively

The first three criteria (1) memorability, (2) meaningfulness, and (3) likability build brand equity. The next three criteria (1) transferable, (2) adaptable, and (3) protectable play a defensive role for upholding brand equity (Keller, 2013). So as to choose brand elements it is very important to use every brand element separately covering certain aspects of the product (Kotler, Pfoersch, 2006).

The most central of all brand elements is a brand name. It should be easily remembered, transferable, fun, interesting and rich with creative potentials, enduring, relevant over time. Brand name should be strongly protectable both legally and competitively. It needs to associate to a product, register its meaning and activate in a customer's memory. Brand name is the most difficult to change because it is closely tied to the product in the minds of the customers (Keller, 2013).

Selecting a brand name for a product is an art or a science (Keller, 2013). Keller (2013) terms naming guidelines of a brand name such as (1) simplicity and Ease of Pronunciation and Spelling, (2) Familiarity and Meaningfulness, and (3) Differentiated, Distinctive, and Unique.

Visual elements play a critical role in brand awareness. Such elements are logos and symbols. They should be unique and recognizable as a brand name. Slogans are also powerful branding devices because they are very efficient for building brand equity. They are short phrases communicating to the customers about the brand, containing product-related messages and many other meanings (Keller, 2013).

Like other brand elements, packaging is functional component of a product. According to Keller (2013) packaging must achieve five main objectives from the perspective of both consumers and the company: (1) identify the brand, (2) convey descriptive and persuasive information, (3) facilitate product transportation and protection, (4) assist in at-home storage, and (5) aid product consumption. In order to achieve these objectives and meet

consumers' needs marketers should choose all the components of packaging correctly such as size and shape, color, material, text and graphics (Keller, 2013).

Brand elements facilitate the formation of strong and unique brand associations and that is the reason why they are extremely important for enhancing brand awareness. Putting together all these criteria of brand elements Keller (2013) sets a table to outline the key legal considerations to protect the brand (See Table 4).

Table 4: Critique of Brand Element Options

Source: Keller, 2013, p. 171

Criterion	Brand Names and URLs	Logos and Symbols	Characters	Slogans and Jingles	Packaging and Signage
Memorability	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition	Generally more useful for brand recognition	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition
Meaningfulness	Can reinforce almost any type of association, although sometimes only indirect	Can reinforce almost any type of association, although sometimes only indirect	Generally more useful for non-product-related imagery and brand personality	Can convey almost any type of association explicitly	Can convey almost any type of association explicitly
Likability	Can evoke much verbal imagery	Can provoke visual appeal	Can generate human qualities	Can evoke much verbal imagery	Can combine visual and verbal

					appeal
Transferability	Can be somewhat limited	Excellent	Can be somewhat limited	Can be somewhat limited	Good
Adaptability	Difficult	Can typically be redesigned	Can typically be redesigned	Can be modified	Can typically be redesigned
Protectability	Generally good, but with limits	Excellent	Excellent	Excellent	Can be closely copied

Different brand elements have dissimilar strength and weaknesses. Marketers should mix and match them to maximize brand equity and brand awareness (Keller, 2013).

3.5.2. Brand Identity

According to Kapferer (2008) having an identity means being your real self, different from others and driven by your personal goals. To define a brand identity the following questions should be answered: (1) what is the brand’s particular vision and aim; (2) what makes it different; (3) what need is the brand fulfilling; (4) what is its permanent nature; (5) what is its value or values; (6) what is its field of competence or legitimacy; and (7) what are the signs which make the brand recognizable (Kapferer, 2008).

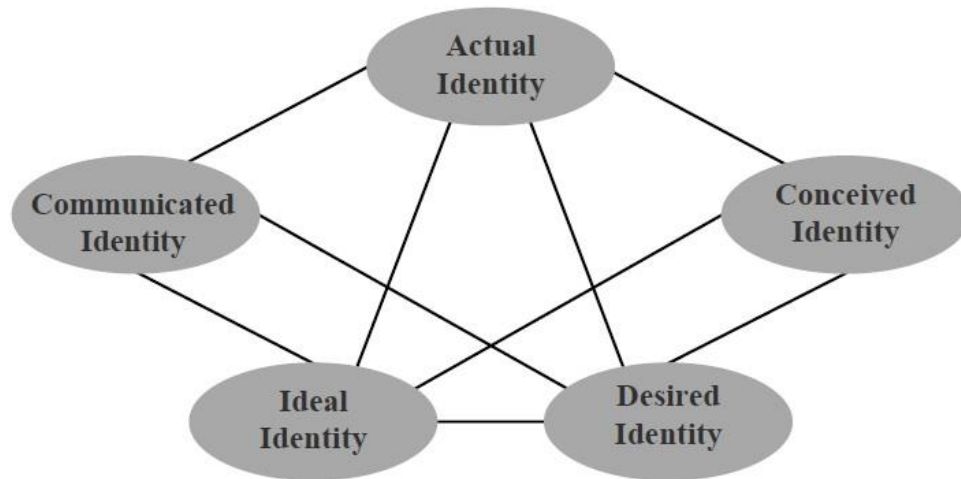
For Aaker (1996) brand identity consists of unique set of brand associations that the brand strategist creates and maintains. These associations represent what the brand stands for and what it promises to customers. Brand identity helps to establish relationships between the brand and the customer by breeding values. It involves (1) functional, (2) emotional, or (3) self-expressive benefits in the brand (Aaker, 1996).

Usually the brand has five identities: (1) communicated identity, (2) actual identity, (3) conceived identity, (4) desired identity, and (5) ideal identity (Kotler, Pfoertsch, 2006).

Kotler and Pfoertsch (2006) demonstrate how these five identities are connected to each other (See Figure 7). In order to find a way to your desired identity, firstly you need to know your actual identity which means where the brands actually are.

Figure 7: Five Brand Identities

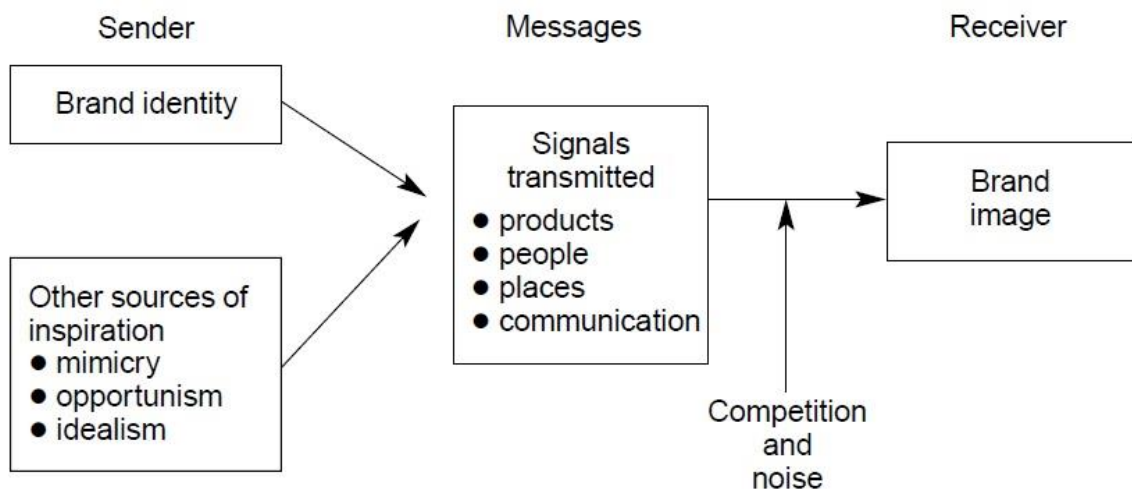
Source: Kotler, Pfoertsch, 2006, p. 94



Brand identity and brand image are different concepts. First is a lifelong strategic asset which represents enduring values of the brand and the second is more tactical asset that is changing time to time (Kotler, Pfoertsch, 2006). Brand identity always leads to the image of the brand (See Figure 8). An image is a mixture of the various brand messages like a brand name, visual symbols, products, advertisements, sponsoring, patronage, articles (Kapferer, 2008).

Figure 8: Identity and Image

Source: Kapferer, 2008, p. 174



Brand identity signifies how the brand wants to be perceived. It is situated on the sender’s side. The main purpose of the brand identity is to identify the brand’s meaning, aim and self-image. It drives positive brand associations and delivers them to the customers. This way precedes the brand image which is on the receiver’s side (Kapferer, 2008).

The brand identity emphasizes the fact that brand gain their independence and own meaning over time. Many brands from the past do not simply waste away. They outline their own potential and legitimacy. We do not expect a brand anything more than itself (Kapferer, 2008).

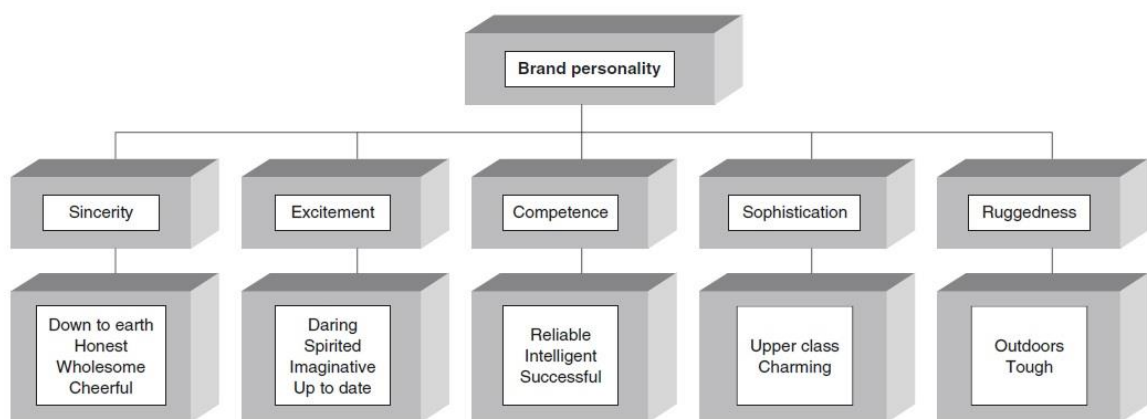
3.5.3 Brand Personality

Brand personality is based on the brand as a person perspective. It is a basis for customer-brand relationships and links to the brands self-expressive and emotional benefits (Aaker, 1996). According to Keller (2013) brands are taking on personalities and human values and similar to people, they can be “modern”, “old-fashioned”, etc. (Keller, 2013). While brand positioning emphasizes what the brand can do for the customers, brand personality focuses on what the brand says about the consumer and how they feel being related with it. Brand personality acts as a purchasing motivator for the customers, it represents an efficient summery that people recognize the values it stands for (de Chernatony, 2006).

There are five dimensions of brand personality: (1) sincerity, (2) Excitement, (3) Competence, (4) Sophistication, (5) Ruggedness (Keller, 2013). Figure 9 shows the five dimensions of a brand's personality with the two to four aspects that describe each of these dimensions (See Figure 7).

Figure 9: Components of Brand Personality

Source: Aaker, 1997, p. 352



The personality is the chosen character of the brand that best communicates to the target audience. It highlights propositions that interests and encourages customers to take actions and buy the brand. A single proposition can be expressed in many different ways of a brand personality, but to find the one that is the most suitable from these possibilities is very important. Brand propositions are changing time to time, one brand personality appeals to a different target audience from the other, but all underlies the same essential brand proposition (Ellwood, 2002).

De Chernatony (2006) argues that brand personality acts as a symbolic or self-expressive function. People don't buy a Mercedes just because of brand's performance, but rather because of the brand's representative status and lifestyle. In other words, brands have symbolic meanings in society and through people having interactions with each other the meaning represented by the brand is better understood by society. The brands' symbolic

implications are reinforced through the way that consumers perceive brands as human personalities (de Chernatony, 2006).

A personality of a brand helps to the product to provide the necessary differentiation in the market. It strongly simplifies brand recognition; makes the brand more interesting and memorable; stimulates positive attributes such as energy, enthusiasm, youthfulness and responsiveness. In addition brand personality helps your brand come alive, it makes your brand accessible and touchable, provides dimension. Lastly, it delivers creditability and likeability of the brand (Kotler, Pfoertsch, 2006).

From Bennett’s (2006) point of view there are not many brand ideas in the world and the most of them occupy similar territories. The statements of the global Fortune 500 companies about what the organizations stands for are using almost the same combinations of the words (See Table 5). However, the brands are not the same. Personality is the one way which differ them from each other (Bennett, 2006).

Table 5: Popular Branding Words

Source: Bennett, 2006, p. 64

Company Description	Purpose
Superior, leading, pace setting, number one, world class, trusted, innovative, inspirational, creative, passionate, customer focused.	Enhance, improve, grow, success, performance, progress, quality, value, peace, harmony.

Kapferer (2008) assumes that brand personality can be conveyed less by words then by a way of being and communicating to its target audience. It needs to be well-defined so as to reflect the unique brand’s character (Kapferer, 2008).

3.5.4 Brand Perceptions

Ellwood (2002) defined brand perception as translation of the signals that people receive from the sensory organs such as eyes, skin, ears, mouth, nose, into neural signals, which form patterns in the brains. These process needs to be processed and transformed into something that makes sense and has meaning for people (Ellwood, 2002). According to Kotler and Pfoertsch (2006) the totality of brand perception is everything customers see, hear, read, know, feel and think about the product or service.

The performance of any kind of business is based on the behavior of customers. This behavior is based on the perception that customers have of the brand, how relevant is the certain brand for them and how it is differentiated from the other brands. Customers having interactions with the brand derive their perceptions (Bennett, 2010).

The name straightly effects the perception of the brand. People hear and read several brand names convey all the values and promises of the company (Kotler, Pfoertsch, 2006). “A strong brand is about building and maintaining strong perceptions in the minds of customers.” (Kotler, Pfoertsch, 2006). In other words, the strong brand is based on strong perceptions that customers have of it.

3.5.5 Brand Positioning

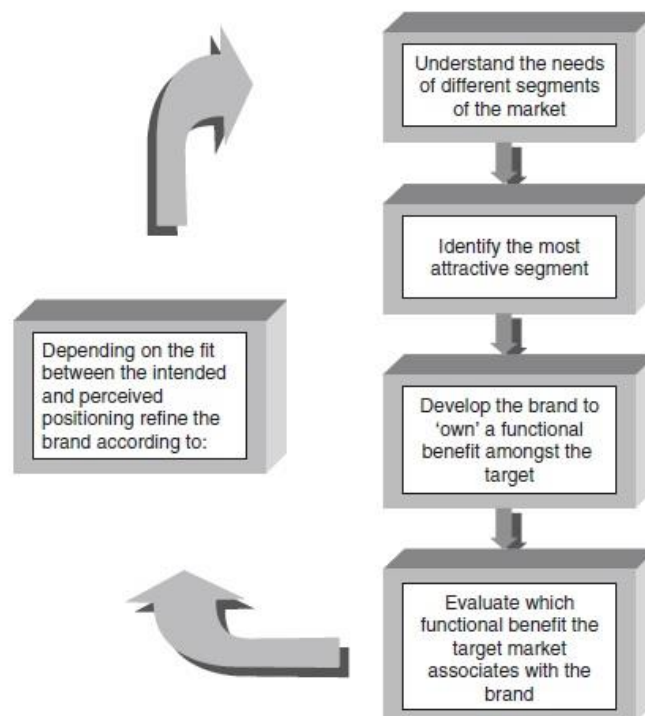
Brand positioning strategy is very important discipline in brand management. According to Kotler and Pfoertsch (2006) brand positioning means to “position” the brand un the mind of customers in order to create certain preferred associations concerning competitive brands. Strong brands have a unique position in the target market. Fundamentally, to satisfy customer’s needs and wants and make the profit is the goal of marketing. And brand positioning is all about finding the right spot in customers’ minds. Firstly, in order to position your brand you need to know who your customers are and where to find them. In other words you should clarify and segment the target audience otherwise you are not able to position any product or service (Kotler, Pfoertsch, 2006).

For Keller (2013) positioning means defining desired structure of brand knowledge and establish the right brand identity and brand image. Positioning is establishing points-of-differences (PODs) to provide a sustainable competitive advantage and the reason why customers should buy certain product or service. It is the heart of marketing strategy (Keller, 2013). Brand positioning is the “act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s minds.” (Kotler, Keller, 2006).

The right positioning of the brand ensures that customers rapidly associate a brand with a certain functional benefits (de Chernatony, 2006). De Chernatony (2006) defined the model to show the balanced perspective on brand positioning (See Figure 10).

Figure 10: A Balanced Perspective on Brand Positioning

Source: De Chernatony, 2006, p. 259

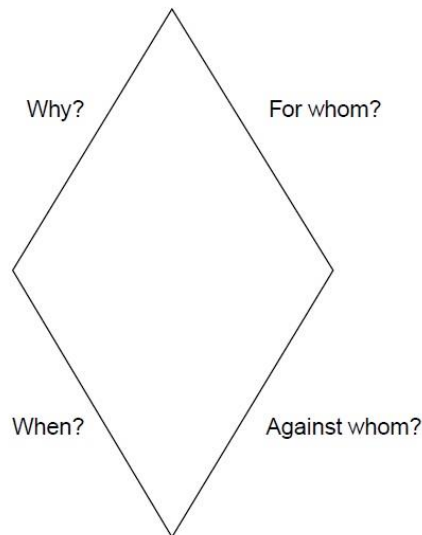


In order to position the brand marketers need to know: (1) who is the target consumer; (2) Who are the main competitors; (3) how the brand is similar to its competitors; and (4) how the brand is different from them (Keller, 2013). From Kapferer (2008) point of view

positioning is crucial process (See Figure 11). It reminds that all consumers' choices are made on the basis of comparison and a product is only considered whether it is the part of the selection process (Kapferer, 2008).

Figure 11: Positioning a Brand

Source: Kapferer, 2008, p. 176



Positioning is two-stage process indicating (1) to what the brand should be associated and compared and (2) what the brand's essential difference is in comparison to other products or services (Kapferer, 2008). Kapferer (2008) states various questions to show how to evaluate and choose a brand positioning (See Table 6). Marketers need to make choices between these alternative strategies by measuring each one against certain criteria (Kapferer, 2008).

Table 6: How to Evaluate and Choose a Brand Positioning

Source: Kapferer, 2008, p. 177

Are the product's current looks and ingredients compatible with this positioning?
How strong is the assumed consumer motivation behind this positioning? (what insight?)
What size of market is involved by such a positioning?
Is this positioning credible?

Does it capitalize on a competitor's actual or latent durable weakness?
What financial means are required by such a positioning?
Is this positioning specific and distinctive?
Is this a sustainable positioning which cannot be imitated by competitors?
Does this positioning leave any possibility for an alternative solution in case of failure?
Does this positioning justify a price premium?
Is there a growth potential under this positioning?

As Keller (2013) maintains good brand positioning has a “foot in the present” and a “foot in the future”. It reflects customers’ views in terms of benefits that they originate from the brand. Finally, it contains points-of –differences (PODs) and points-of-parities (POPs) that appeal both to the “head” and the “heart” of the brand (Keller, 2013).

3.5.6 Brand Value Chain

After developing brand positioning another tool is necessary for crucial marketing goals (Keller, 2013). “Brand value is the ability of brand to deliver profits” (Kapferer, 2008). Brands do not have any financial values if they cannot deliver profits. Lack of profit is not a problem of the certain brands, but the brands should be created for the business purposes. They need to be managed for the view producing profit (Kapferer, 2008).

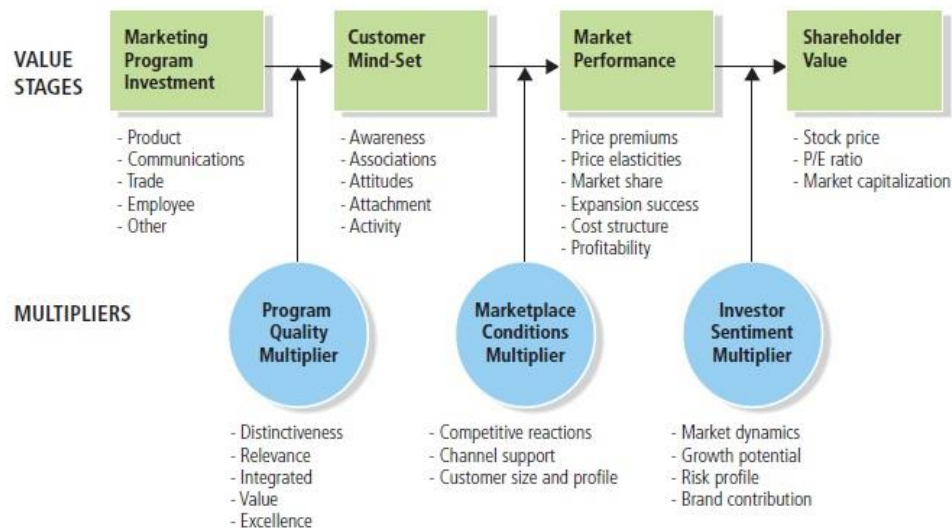
Fundamentally, the object of marketing planning is to create the kind of value that consumers demand. Value creation derives from the sequential marketing planning by the organizations. It consists of three stages (1) understand customer value, (2) define the organization brand promise, and (3) deliver the brand promise through the business processes (Maklan, Knox, 1998).

The brand value chain is structured approach to evaluating the outcomes of brand equity. It is the manner by which marketing activities generating brand value. The creation of a brand value development begins with marketing activities by the organization. It can be contributed by any marketing program (Keller, 20013). To show these marketing activities

that creating brand value Keller (2013) defined the model called brand value chain (See Figure 12).

Figure 12: Brand Value Chain

Source: Keller, 2013, p. 128



The brand value sequence has a number of basic premises. It has four stages: (1) marketing program investment, (2) customer mind-set, (3) market performance, and (4) shareholder value (See figure 12). The model assumes several linking factors occur between these stages. These linking factors regulate the range to which value created from one stage transfers to the next stage. In the model the transfer between the marketing program and the three value stages is moderated by three multipliers: (1) the program quality multiplier, (2) the marketplace conditions multiplier, and (3) the investor sentiment multiplier (Keller, 2013).

Keller (2013) argues according to the brand value chain, firstly marketers create value by making investments in the marketing programs and then by maximizing them. By the brand value chain managers are able to better understand where and how is brand value created and where to look to improve this process (Keller, 2013).

3.6 Brand Equity

The concept of brand equity is defined numerous different ways for various purposes. There is no common viewpoint how to measure brand equity in practice. For Keller (2013) brand equity is the added value of the product. In a practical sense, it is a result of past investments of the marketing activity for the brand (Keller, 2013). The official Marketing Science definition of brand equity is “the set of associations and behavior on the part of a brand’s customers, channel members and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name” (Leuthesser, 1988). As Ellwood (2002) argues brand equity equals to the product or the service plus distinctive value. The distinctive value is the rational or emotional added value that customers feel about the brand (Ellwood, 2002). Kotler and Pfoertsch (2006) assumes brand equity means to capture the value of a brand. According to Aaker (2000) brand equity is “the assets (or liabilities) linked to a brand’s name and symbol that add to (or subtract from) a product or service”.

Kotler and Pfoertsch (2006) outline four key drivers of brand equity: (1) perceived quality, (2) name awareness, (3) brand associations, and (4) brand loyalty. Aaker (1991) adds Proprietary assets to these four drivers (See Figure 13). In this model the term equity is described as a total value of the brand for the company (Ellwood, 2002).

Figure 13: Brand Equity Model

Source: Ellwood, 2002, p. 211

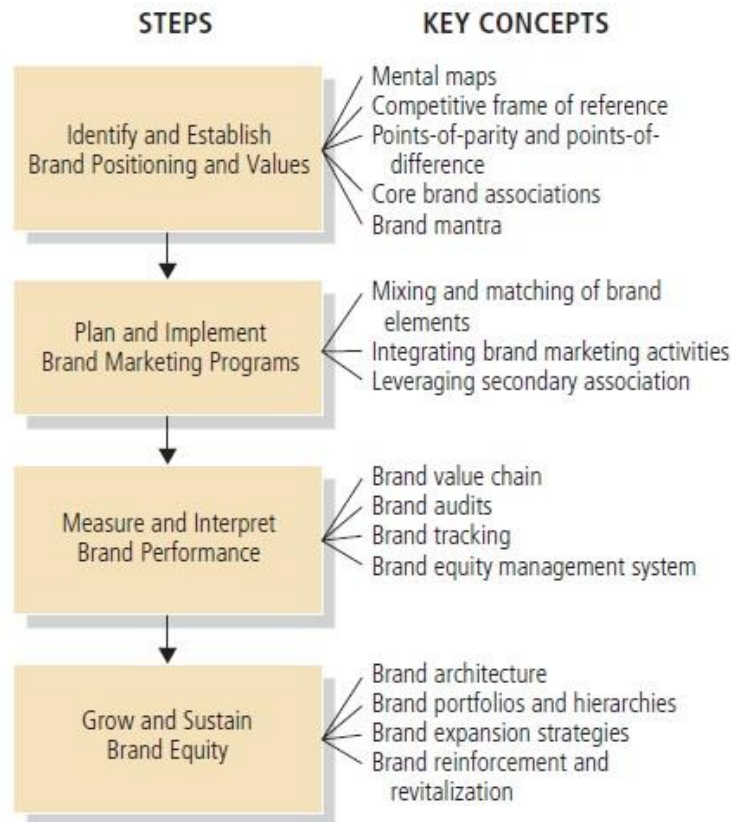


Aaker (1996) claims loyalty is the core of the brand equity. A loyal customer is the barrier to entry and the basis for a price premium. Basically, the main indicator of loyalty is price premium, the amount a customer is willing to pay for the brand in comparison with other brands with similar benefits. The measure of price premium is defined with respect to the competitors. It is a reasonable summary of the strength of the brand. Brand awareness is also important component of brand equity because it can affect perceptions and attitudes. In some cases it is a driver of brand choice and loyalty. One of the key dimensions of brand equity is perceived quality because it is the total research approach to measure brand equity (Aaker, 1996).

Building the brand equity requires right positioning of the brand in the minds of customers and achieving as much brand resonance as possible (Keller, 2013). This process depends on three factors: (1) the initial choices of the brand elements making up the brand and how they are mixed and matched, (2) the marketing activities and supporting marketing programs and the way the brand is integrated into them, and (3) other associations indirectly transferred to or leveraged by the brand as a result of lining it to some other entity (such as the company, country or origin, channel of distribution, or another brand) (Keller, 2013). Keller (2013) outlines four steps of strategic brand management process (See Figure 14).

Figure 14: Strategic Brand Management Process

Source: Keller, 2013, p. 59



Growing and sustaining brand equity requires: (1) defining brand architecture, (2) managing brand equity over time, and (3) managing brand equity over geographic boundaries, cultures and market. Two key concepts for brand architecture are brand portfolios and the brand hierarchy (Keller 2013). “The brand portfolio is the set of different brands that a particular firm offers for sale to buyers in a particular category. The brand hierarchy displays the number and nature of common and distinctive brand components across the firm’s set of brands.” (Keller, 2013). Effective brand management needs long-term view of marketing decisions. Long-term brand strategy maintains customer-based brand equity. Another important concern in managing brand equity is recognizing different types of customers with different cultures in developing marketing programs (Keller, 2013).

3.8 Brand Communication

Brand communications builds the relationship between the brand and the customer. It embraces how the consumer should think about the brand in future. The brand strategists need to generate a future strategy for the brand and maintain over time (Bennett, 2010). Keller (2013) assumes any communication should contribute to brand equity (See Figure 15).

Figure 15: Brand Communication

Source: Keller, 2013, p. 220



Keller (2013) argues in any kind of communications, a TV advertisement, newspaper editorial, or blog posting, six steps must be occurred: (1) exposure – a person must see the communication, (2) attention – a person must notice the communication, (3) comprehension – a person must understand the intended message or arguments of the communication, (4) yielding – a person must respond favorably to the intended message or arguments of the communication, (5) intentions – a person must plan to act in the desired manner of the communication, and (6) behavior – a person must actually act in the desired manner of the communication. According to Keller (2013) there are number of marketing communication options for the consumer market (See Table 7).

Table 7: Marketing Communications Options

Source: Keller, 2013, p. 218

Communication Option	Communication Types
Media advertising	TV, Radio, Newspaper, Magazines
Direct response advertising	Mail, Telephone, Broadcast media, Print media, Computer-related, Media-related
Place advertising	Billboards and posters, Movies, airlines, and lounges,

	Product placement, Point of purchase
Point-of-purchase advertising	Shelf talkers, Aisle markers, Shopping cart ads, In-store radio or TV
Trade promotions	Trade deals and buying allowances, Point-of-purchase display allowances, Push money, Contests and dealer incentives, Training programs, Trade shows, Cooperative advertising, Consumer
Consumer promotions	Samples, Coupons, Premiums, Refunds and rebates, Contests and sweepstakes, Bonus packs, Price-offs
Interactive	Web sites, E-mails, Banner ads, Rich media ads, Search, Videos, Message boards and forums, Chat rooms, Blogs, Facebook, Twitter, YouTube
Event marketing and sponsorship	Sports, Arts, Entertainment, Fairs and festivals, Cause-related
Mobile	SMS & MMS messages, Ads, Location-based services

All communication options play different roles in the marketing program and one of their main purpose is to contribute to brand equity. Brand communications contribute to brand equity in a numerous ways by (1) creating awareness of the brand, (2) linking points-of-parity and points-of-difference associations to the brand in consumers' memory, (3) eliciting positive brand judgments or feelings, and (4) facilitating a stronger consumer-brand connection and brand resonance. In addition, marketing communication programs can afford incentives by the differential response that makes customers-based brand equity and forms the desired brand knowledge structures (Keller, 2013).

Managers should emphasize the quality of information than the quantity in any brand communication. It should contain seven bits of information in it as the minds of customers cannot cope with more than seven bits of information (de Chernatony, 2006). Communication programs need careful planning and a creative snack. The most useful way to judge any communication option is its ability to contribute to brand equity. The brand communication programs should add to brand awareness, maintaining and strengthening

certain brand associations. It should cause consumers to have favorable brand judgments and feelings (Keller, 2013).

4. The Case Study of Zara

As already maintained in previous chapters, the researcher has chosen the experience of Zara as a successful and powerful brand. Zara is one of the largest international fashion companies owned by Inditex. Inditex is a fashion retailer which dates from 1963. It started the business from a small workshop making women's clothing. Today it has 6,460 stores in all over the world. The company belongs eight brands: (1) Zara, (2) Massimo Dutti, (3) Pull and Bear, (4) Bershka, (5) Stradivarius, (6) Oysho, (7) Zara Home and (8) Uterque. Zara has 2,000 stores across 88 countries which are:¹

Europe: Spain, France, Italy, Russia, Portugal, Germany, United Kingdom, Poland, Greece, Turkey, Belgium, Netherland, Romania, Switzerland, Austria, Sweden, Croatia, Ireland, Ukraine, Czech Republic, Bulgaria, Cyprus, Slovenia, Finland, Latvia, Lithuania, Serbia, Luxemburg, Norway, Slovakia, Bosnia and Herzegovina, Denmark, Estonia, Iceland, Albania, Andorra, Macedonia, Malta, Monaco, Montenegro.

Asia: China, Japan, South Korea, Saudi Arabia, Israel, India, Australia, Indonesia, Hong Kong, Thailand, United Arab Emirates, Malaysia, Philippines, Singapore, Taiwan, Lebanon, Kuwait, Kazakhstan, Armenia, Azerbaijan, Bahrain, Georgia, Jordan, Macau, Qatar, Oman.

Americas: Mexico, Brazil, United States, Canada, Colombia, Argentina, Venezuela, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Peru, Puerto Rico, Uruguay.

Africa: Egypt, South Africa, Morocco, Tunisia, Algeria.²

¹ Inditex's Official Website [online] quoted on 04.03.2015 http://www.inditex.com/en/our_group/at_glance

² Zara's Official Website [online] quoted on 04.03.2015 <http://www.zara.com/>

4.1 Brand History and Evolution

1975: Zara opens the first store in the center of La Coruna, Spain by Amancio Ortega Gaona who was the founder of Inditex.

1976-1983: nine new stores in the biggest cities of Spain.

1988: new store in Porto, Portugal.

1989: the first store in US market in New York.

1990: arrives to France, Paris.

1992: opening the first store in Mexico.

1993: enters Greek market.

1994: the first stores in Belgium and Sweden.

1995: arrives in Malta.

1996: the first store in Cyprus.

1997: reaches Norway and Israel.

1998: new stores in several new markets – UK, Turkey, Argentina, Venezuela, United Arab emirates, Japan, Kuwait, and Lebanon

1999: new markets – Netherlands, Germany, Poland, Saudi Arabia, Bahrain, Canada, Brazil, Chile and Uruguay.

2000: four new markets – Andorra, Austria, Denmark and Qatar.

2001: new stores in Ireland, Iceland, Italy, Luxembourg, Czech republic, Puerto Rico and Jordan.

2002: new distribution center in Zaragoza, Spain. It opens new stores in Finland, Switzerland, El Salvador, The Dominican Republic and Singapore.

2003: second distribution center in Arteixo, Spain and its first stores in Slovenia, Slovakia, Russia and Malaysia.

2004: stores in Morocco, Estonia, Latvia, Rumania, Hungary, Lithuania and Panama.

2005: stores in Monaco, Indonesia, Thailand, Philippines and Costa Rica.

2006: new stores in Serbia, Continental China and Tunisia.

2007: opens its number 1,000 store Florence, Italy.

2008: The number 4,000 store in Tokyo.

2009: the third distribution center in Palafolls (Barcelona).

2010: Zara begins to sell the products online and the platform of online shopping reaches 16 European countries.

2011: sells products online in USA and Japan.

2012: Zara has new image at its Fifth Avenue store in New York and London's Oxford Street.

2013: new markets such as Canada and Russia.³

4.2 Zara Product Features

Zara is one of the largest fashion retailer companies. The brand's product line includes women, men and kids. Zara produces lifestyle apparel, shoes, outerwear and accessories. With the product the company uses ecological fabrics and organic cotton. The company makes garment that does not contain any pesticides, chemicals or bleach. Zara supports organic farming. All of its products have specific labels and customers can easily spot in the shops.⁴

Inditex's goal is to offer the products to the customer that is the highest quality and at the same time to develop sustainable business. The company developed health and safety standards 'Clear to Wear and Safe to Wear', labor standards preserved by the Code of Conduct for Manufacturers and Suppliers 'Tested to Wear', as well as environmental sustainability standards 'Green to Wear'. All these standards make products 'Right to Wear' (See Figure 16). Inditex collaborates with 25 third-party laboratories located all around the world. Group's programs supervise the quality of laboratory analyses results.⁵

³ Inditex's Official Website [online] quoted on 04.03.2015
http://www.inditex.com/en/our_group/our_history

⁴ Zara's Official Website [online] quoted on 04.03.2015 <http://www.zara.com/cz/en/company/our-mission-statement-c18001.html>

⁵ Inditex's Official Website [online] quoted on 04.03.2015
<http://www.inditex.com/en/sustainability/product>

Figure 16: Inditex's Sustainable Management

Source: Inditex's Official Website, 2015⁶



The unique performance of Zara's products is guaranteed by the fact the materials it uses are completely free from chemicals which are toxic. Some people are very sensitive to clothing that is made of treated fabrics. The brand ensures its customers that the products are absolutely safe. Zara ensures the maximum level of quality and consistency of its products. This fact builds and maintains customers' trust to the brand.

Another key factor to assure matchless performance of Zara's product is traditional production processes. It increases the use of raw materials and sustainable textile fibres that do not pollute water and soil. Inditex's Group ensures that the commitment towards environmental protection and guarantees the textile used in the production process originates from controlled sources. The very important moment here is Zara's production process is controlled from its very beginning. The company has always the customer in mind. Additionally, every step of Group's production is performed according to the health, quality environmental standards.

Another key factor of Zara's unique production is it applies responsible production standards for its products in the relation of the use of animals' elements. All animal

⁶ Inditex's Official Website [online] quoted on 04.03.2015
http://www.inditex.com/en/sustainability/managing_sustainability

products that the company is distributed come from species reared in farms to obtain meat and in a responsible and ethical manner. The Group spread on its animal welfare policy.⁷

All the policies Inditex applies creates positive brand image and boosts brand value. It increases the visibility of its branded products and sales of these value-added products. The group operates an Environmental Policy and meets the world's environmental standards. It develops specific plans that guarantee that its operations are integrated into environmental considerations.⁸ Especially the protection of environment plays significant role on the reputation of the Group.

4.3 Zara Brand Strategy

According to the literature overview branding is all about creating differences. Basically to brand the product you need to teach customers “who” the product is by giving it a name and brand elements to identify your product. You need to deliver “what” the product does and “why” customers should care about it. Developing a brand strategy is deciding the nature of brand elements. The brand strategy includes all branding decisions (Kotler, Keller, 2006).

Fundamentally Zara is structured upon three basic principles: (1) the identity component (signs of recognition), (2) the perceptual component (cognitive associations and perceptions), and (3) the trust component (confirmation of expectations). All the functions, that the brand performs, influence consumers' perceptions and purchasing decisions. These functions affect both customers for orientation, guarantee, personalization, and also manufacturers for protection, positioning and capitalization.⁹ How Zara's brand components enforce its strategic dimensions is discussed in the next subchapters.

⁷ Inditex's Official Website [online] quoted on 04.03.2015
http://www.inditex.com/en/sustainability/product/products_animal_origin

⁸ Inditex's Official Website [online] quoted on 04.03.2015
<http://www.inditex.com/en/sustainability/environment>

⁹ Journal of Brand Management [online] quoted on 05.03.2015 <http://www.palgrave-journals.com/bm/journal/v16/n5/full/bm200852a.html>

4.3.1 Zara Brand Elements and Personality

The brand elements are name, logo (graphic symbol) and slogan or tagline. According to literature overview the brand elements differentiate the brand and capture its intangible characteristics. It should be chosen to build as much brand equity as possible. In this section Zara's brand elements and what its personality stands for will be discussed.

- **The brand name**

Jesus Echevaria, Chief Communications and Corporate Affairs Officer of Inditex in the interview of New York Times Magazine (2012) says: "I don't think they were thinking of making history, just that it was a nice name, but apparently there was a bar that was called the same, Zorba, like two blocks away, and the owner of the bar came and said, "This is going to confuse things to have two Zorbas." They had already made the molds for the letters in the sign, so they just rearranged them to see what they could find. They found Zara."¹⁰ The name "Zara" does not mean anything, but nowadays it is the global brand, it has the stores almost everywhere in the world and the word is easy to pronounce. It is short name with just four letters and it is also easy to remember.

- **The brand Logo**

The Zara's logo has two colors black and white (See Figure 17). The black color is elegance and stylish and white color is lightness, purity and versatility. Zara represents its brand's identity by these color codes. Its logo is too simple and it is an ultimate example of a simple but successful corporate identity.

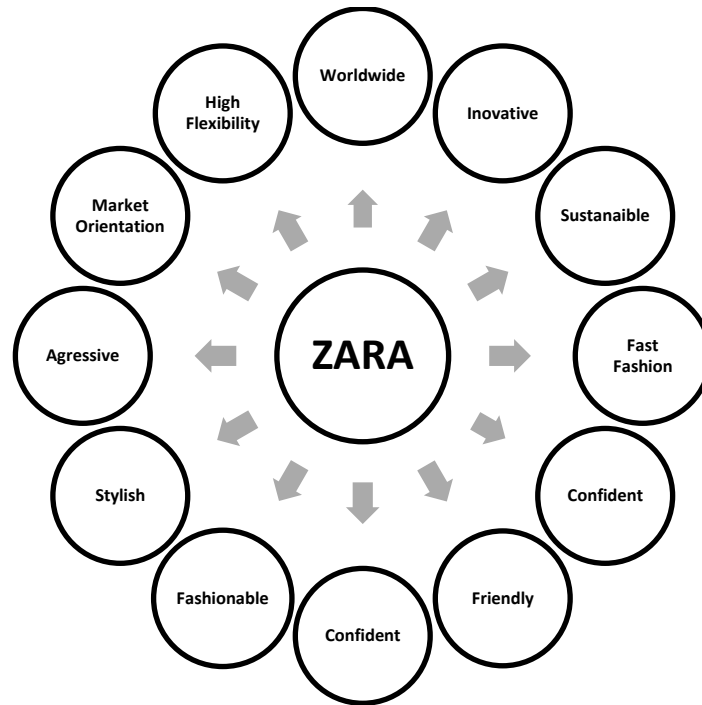
Figure 17: Zara's Logo

¹⁰ How Zara Grew Into the World's Largest Fashion Retailer [online] quoted on 05.03.2015
http://www.nytimes.com/2012/11/11/magazine/how-zara-grew-into-the-worlds-largest-fashion-retailer.html?pagewanted=all&_r=1

Source: Inditex's Official Website, 2015¹¹

ZARA

- **The brand personality**



According to Kotler and Keller (2006) there are six criteria in choosing brand elements. Zara's brand elements fit all these criteria. It is memorable because it is short and well recognized, and likeable both visually and verbally. The brand name is also transferable, adaptable and protectable. Zara is international brand and its name is easily pronounceable as well as easily updateable.

4.3.2 Zara Brand Values

¹¹ Inditex's Official Website [online] quoted on 05.03.2015 <http://www.inditex.com/en/media/corporate-identity>

The global research agency Millward Brown has made the research covers two million consumers and more than 10,000 brands in over 30 countries. The research is based on BrandZ brand valuation methodology that combines broad quantitative consumer research with rigorous financial analyses. BrandZ is the only brand valuation tool that analyses both the financial components of the brand, as well as the brand contribution to the corporate value.

In order to calculate the brand value, the first step is calculating Financial Value of the brand. The portion of the Corporate Earning of the company for each brand is analyzed through financial information from annual reports and other sources. This analysis yields the metric - Attribution Rate. Then Corporate Earnings is multiplied by the Attribution Rate to calculate Brand Earnings. So Branded Earnings is the amount of Corporate Earnings that is attributed to the certain brand. Brand Multiple is calculated by Bloomnerg data after. Branded Earnings is multiplied by the Brand Multiple to get Financial Value of the brand. The next step is calculating Brand Contribution. To arrive at Brand Value, a few more layers are peeled away, such as price, convenience, availability and contribution. The last step is Calculating Brand Value. The Financial value multiplied by Brand Contribution that is expressed in percentage is the Brand Value. The Brand Value is a dollar amount that a brand contributes to the overall value of the company.¹²

According to Millward Brown BrandZ Top 100 Report (2014) Zara is on the 37th place in the Top 100 Most Valuable Global Brands and on the 6th place in the top 10 brands from Continental Europe. Zara's Brand Value in 2014 is 23,140 million dollars. In 2013 its Brand Value is 20,167 million dollars. In percentage change of the Brand Value in 2014 and 2013 is 15% (See Figure 18).

Figure 18: Top 100 BrandZ Report from Continental Europe

Source: Millward Brown Top 100 BrandZ Report, 2014, p. 43

¹² Top 100 Report by Millward Brown [online] quoted on 05.03.2015 <http://www.millwardbrown.com/mb-global/brand-strategy/brand-equity/brandz/top-global-brands/methodology>

Rank	Brand	Category	Brand value 2014 \$M	Brand value 2013 \$M	Brand value % change 2014 vs 2013
1	SAP	Technology	36,390	34,365	6%
2	Deutsche Telekom	Telecoms	28,756	23,893	20%
3	Louis Vuitton	Luxury	25,873	22,719	14%
4	BMW	Cars	25,730	24,015	7%
5	L'Oréal	Personal Care	23,356	17,971	30%
6	Zara	Apparel	23,140	20,167	15%
7	Hermès	Luxury	21,844	19,129	14%
8	Mercedes-Benz	Cars	21,535	17,952	20%
9	Movistar	Telecoms	20,809	13,336	56%
10	Ikea	Retail	19,367	12,040	61%

The two key factors that influence the brand value growth are technology innovations and consumer confidence. Zara rose by 15% in Brand Value in 2014. It is based on its fast-fashion formula. Zara can design, produce and distribute new apparel in three weeks; this is very short time in the industry. The New York Times Magazine on November 9, 2012 writes: “The production process, from start to finish, takes only two to three weeks. Inditex’s higher labor costs are offset by greater flexibility — no extra inventory lying around — and on faster turnaround speed.” That means customers of Zara in all over the world can deliver new products within three weeks. The company is trying to keep the stock fresh. Zara’s stores have one promise that the customer will always buys something unique. By its fast-fashion standards the merchandise moves incredibly quickly as the stores receive deliveries of new apparels twice a week. This factor is extremely important for the brand value in the retail industry. On the Official Website Zara has the tool ‘New this Week’ which is updating every week. The brand delivers its promise about fast fashion. The customer knows if he/she buys something it is very fresh and new in the store.

Another factor that affects the brand value is to satisfy customers’ needs and wants. The New York Times Magazine (2012) continues the company monitors customers’ reactions what they buy and what they do not buy. Also what customers say to the sales clerk, if they like this scooped collar or if they hate zippers at the ankles? The sales staff draws out the

customers' comments about the products. The store managers report this information to the headquarters every day. Then it is transmitted to the team of designers who develop new models quickly and send to the factories to make the clothes. This process is very quick and flexible. In this way Zara also changes the customers' behavior because if you don't buy today, in two weeks the entire stock will change. For example if you go in other brands stores this month, you know the apparels would be the same next month and you do not buy it or wait for the sale. But in Zara's case you buy now or never. And because the price is low, you buy it now.

Zara is on the 2nd place in Top 10 Apparel by the research of Millward Brown (2014). Its brand contribution is 3. The brand contribution measures the influence of brand alone on earnings on a scale of 1 to 5.5 highest (See Figure 19). As Zara's brand contribution is more than a half it makes a good showing.

Figure 19: Top 10 Apparel

Source: Millward Brown Top 100 BrandZ Report, 2014, p. 57

		Brand Value 2014 \$M	Brand Contribution	Brand Value % Change 2014 vs 2013
1	Nike	24,579	4	55%
2	Zara	23,140	3	15%
3	H&M	15,557	2	22%
4	Uniqlo	7,303	2	58%
5	Adidas	7,192	4	47%
6	Ralph Lauren	6,323	4	13%
7	Next	5,716	3	39%
8	Hugo Boss	4,526	4	28%
9	Lululemon	3,258	4	-13%
10	Tommy Hilfiger	2,004	3	New

According to Millward Brown's brandZ Report (2014) three drivers that push the brand value to increase are (1) loyalty, (2) localization and (3) wearables. Zara works hard to achieve customers' loyalty. One of the examples is Zara's Returns and Exchanges General Policy. Zara accept returns and exchanges of any purchased products (except of some

products that have hygiene seals removed and cosmetics which are used) which customers are not completely happy with provided return it to the shop within one month of the issuance of the receipt (confirmation) when the customer bought it. This information is provided on the back of the receipt that the customer get during the purchasing. It causes the trust of the customer and confidence of the brand.

Technological innovations increase the value of the apparel brands. As part of Millward Brown's ongoing research to improve BrandZ rankings report, they have included new data source – Verve Score methodology, which measures social media data. The core data is taken from millions of global Twitter conversations about the brands. The Verve Score is the measure of numerous of mentions for a brand combined with the favorability of these mentions. The higher is the score, the more certain brand has been prominent within a social context. The Verve is the gathering of positive brand experiences among the engaged audience or influencers, those exposed to brand communications and those replying to the news or blog sites. Generally, Verve is the best understood in the context of Brand Contribution, and the signal of customers' interest and engagement. It is the most closely associated with strength and power of a brand. The Verve Score shows customers' relationships to a brand, such as how celebrities impact the lifestyles of the brands.¹³

In the globalization world people share their experience with others by social media. People like to talk about what they are interested in, what they like or do not like. They do check-ins in different places by social media. People post if they have been on shopping and what they buy or do not buy for example: "Shopping!! Literally cleaning out Zara" and etc.

Millward Brown defined brands by the BrandZ Verve Index. Zara is on the 49th place in the BrandZ Verve Rank. It means that the number of Zara's mentions in social media is noticeably high.

¹³ Top 100 Report by Millward Brown [online] quoted on 06.03.2015 <http://www.millwardbrown.com/mb-global/brand-strategy/brand-equity/brandz/top-global-brands/social-media-report>

Zara has the application for smartphones where the customer can get the information about the product that he/she wants to buy. For example in the application if you like some product you can choose the size you want and see in which branch of the physical shops you can get it according to your location. So you don't need to go in all shops and find the product you liked. By this application Zara's customer directly goes in the store where the product is. Technology and apparel continue to converge; Zara meets consumers' needs for clothes that suited their active lives.

One more tool that Zara's application provides is scanning the QR Code. Every product has QR Code which you can scan by the smartphone and you will get all the information about it. By scanning you will get the information by what material is the product made and how you should care about it. It builds positive image of the brand in the eyes of customers.

4.3.3 Zara Brand Positioning and Value Proposition

According to literature overview brand positioning is defining the structure of the brand knowledge and establishing the right brand identity. In other words, first you need to know who your target audience is and second how you outline your brand. In this chapter Zara's market segmentation, the company mission and value proposition will be discussed.

- **Market Segmentation**

Zara sell apparel, shoes and accessories for women and men and children. Its product line is segmented into these three categories. The strongest out of these three women's line is considered. Zara offers two sublines for women: "Woman" and "TRF". "Woman" line is more classic style and "TRF" is casual and basic for younger customers.

Zara's customers are highly sensitive to the latest fashion trends in the industry. Its advantage is the brand do not define and segment its target market by ages, it is resulting in styles and designs that reach the broader market. Zara suggests the most up-to-date fashion

trends at affordable prices. The brand identifies the customers' demand and gets the latest designs into stores very quickly.

- **Brand Positioning**

Zara's mission statement is: "Through Zara's business model, we aim to contribute to the sustainable development of society and that of the environment with which we interact."¹⁴

The company has five objectives published on the Official Website with which it directly impacts its shops and customers: (1) Zara saves energy, (2) Zara has eco-friendly shops, (3) Zara produces less waste and recycle, (4) Zara's commitment extends to all its staff, (5) Zara has Environmentally aware team.

Zara's core is the customer. The brand always tries to meet customers' needs and wants and at the same time helps to inform their idea, tastes and trends. Zara's main idea is to share responsible passion for fashion through the broad range of people with different cultures and ages. It adds value to the brand and adding value beyond profits.

- **Value Proposition**

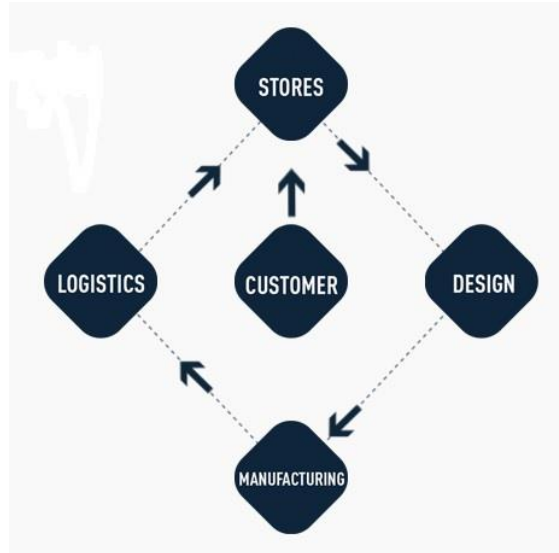
Zara has sustainable business model where the center is the customer (See Figure 20). The store is the place where the customer goes and that's why it is the most important place for the brand awareness. Zara's stores are always in the unique places to be visible and easy to find. Only the best locations on the most un-standard shopping streets can accommodate its stores.

Figure 20: Zara's Business Model

Source: Inditex's Official Website, 2015¹⁵

¹⁴ Zara's Official Website [online] quoted on 06.03.2015 <http://www.zara.com/cz/en/company/our-mission-statement-c18001.html>

¹⁵ Inditex's Official Website [online] quoted on 06.03.2015 http://www.inditex.com/en/our_group/business_model



The New York Times Magazine (2012) writes the company invests greatly in the beauty, historical appeal and location of its shops. In big cities high streets is divided according to the brand values. For example Gucci wants to be next to Prada or Chanel wants to be next to Versace. The retail strategy for luxury brands is to try to be far away from the brands such as Zara, but Zara's brand strategy is to get as close to them as possible. In the stores everything is in high standards.

Zara is trying to find architectural space for its stores. The company likes special buildings. In 2003, Inditex built a Zara in the San Antonio el Real in Spain, which is the 18th century monastery in Salamaca, also in historical cinema in Elche in Spain. In 2012, Inditex paid \$324 million to buy the place at 666 Fifth Avenue in New York, writes New York Times Magazine (2012).

The company tries to be global and the best known brand. In The New York Times the company announced they were opening in New York, but it was not campaign, because the company does not speak about itself, says the Communications Director Jesus Echevarria in the interview with New York Times Magazine (2012). The idea here is the customer is to talk about the company and not the company to the customer how good the shop could be. This plays essential role in Zara's brand value proposition.

4.4 Zara Brand Communicating Program

New York Time Magazine (2012) writes Zara's success is not in advertising. That's because the brand does not advertise. It has marketing department, but it does not involve in showy campaigns, as its competitors do. The brand's marketing campaign is all about real estate. Stores are the core of Zara's communicating program with the customers.

Zara's stores window displays are the best for advertising and one of the most important elements in the brand's image. Specialized team works on how to design the window displays. Designers each season decorate Zara's shops around the world. They think about window's dressing ideas for upcoming collections by bringing together all of the elements which going to be displayed, using the collections' inspiration to introduce fashion trends for thousands of people passing its shops each day. Display is the first what the customer sees and it should strike him before anything else, is fashion and quality. And once the customer sees it, he/she will be impelled to go in and buy what he/she has seen in the window.

Zara's best communicating program is also the outcome of its products display. The most common challenge for the brands in fashion industry is merchandising. Every new item that arrives to the store has its place. The company's merchandising professionals determine how the best display merchandise. Then send their proposals to the teams on the ground. In this way Zara makes sure that its brand image is the same worldwide. Once their coordination is authorized, they take a photo and send it to all of their shops. So that they can all see what they have done at the pilot store.

Zara's marketing department works above all for the customer and on the customer behalf in the sense that it helps her greatly to help to find that specific look in the collection. The customer is without a doubt her own stylist, because she can choose from the collection and that one to create a personal look. And especially the brand has a well-trained staff, who can guide their choices.

Another tool Zara use for communication with its consumers is the customer service. The professionals who are working in the stores know the customers best. They have the knowledge of customers' tastes and the fashion that the customers looking for. Staff working in the physical stores experiences the fashion in the same way that the customers do and are familiar to how to assist the shoppers. Zara's customers follow the latest trends and always come into the stores looking for new things.

Basically Zara's success comes from the direct communication that the staff has with its customers. Here is a very important relationship, based on creating the strongest possible loyalty among those customers, who come to the store every week and who know exactly what days new item will be arriving. The consultants working in its shops are trying to help the clients and give them the opportunity to find the style they are looking for. If not, they are trying to suggest another combination. For example in Japan, customer service is very important and for this reason the company has instituted quality training in this area for all its employees. Everything Zara does, it does to satisfy its clients.

Zara also has innovative brand communication programs such as

- Official Website: <https://zara.com>
- Facebook Page: <https://www.facebook.com/Zara>
- Instagram: https://instagram.com/zara_worldwide/
- Twitter Chanel: <https://twitter.com/zara>
- Pinterest: <https://www.pinterest.com/zaraofficial/>
- YouTube Chanel: <https://www.youtube.com/user/zara>
- Applications for Iphone and Ipad; Android; Blackberry 10; Windows Phone and Windows 8.

For Zara it is of vital importance to be where its customers are online.

4.5 Zara Brand Equity Model

According to the literature overview brand equity is the added value endowed to the products and services. This value is reflected how customers think, feel and act towards to

the certain brands. Brand equity is an intangible asset for the firms. Customer based brand equity is the different effects that the brand knowledge has on customers' responses, the power of the brand lies what customers have seen (Kotler, Keller, 2006).

Researchers and marketers use numerous perspectives to study brand equity. Various models of brand equity offer different perspectives. In this chapter the researcher considers to use Brand Asset Valuator (BAV) to introduce Zara's brand equity model.

- **Brand Asset Valuator**

The advertising agency Young and Rubicam (Y&R) developed the model of brand equity called Brand Asset Valuator. This model is based on the research with almost one million customers. BAV provides reasonable measures of the brand equity of 50,000 brands across from hundreds of categories in 51 countries around the world. BAV model shows how the brands are built upside down. Unlike most brand studies, this model is also diagnostic tool and provides the unique challenge and opportunity to identify the brand. It defines the brands' role in culture.¹⁶

As Kotler and Keller (2006) outline, BAV model measures four key pillars of the brand health across the markets:

- (1) Differentiation - measures how the brand is different from others;
- (2) Relevance – measures how meaningful and relevant the brand is in the eyes of customers;
- (3) Esteem – measures highly the customers regard and respect the brand
- (4) Knowledge – measures how deeply the customers understand the brand.

Two pillars differentiation and relevance determine how the strong is the brand. These pillars point out the brand's future value. Esteem and knowledge create Brand Stature, which is “report card” from the past performance of the brand (Kotler, Keller, 2006) (See Figure 21).

¹⁶ Young and Rubicam (Y&R) Official Website [online] quoted on 07.03.2015
<http://www.yr.com/BAV#content=874>

Figure 21: BAV Pillars of Brand Equity

Source: Young and Rubicam (Y&R) Official Website, 2015¹⁷



The global strategic consultancy BAV Consulting uses Brand Asset Valuator database and introduce various brands' equity models which are already measured by quantitative and empirical studies of brands over 680,000 respondents from 51 countries¹⁸. Brand Asset Valuator introduces Zara's brand equity model (See Figure 22).

Figure 22: Zara's Brand Equity Pillar Graph

Source: Brand Asset Valuator, 2015¹⁹

¹⁷ Young and Rubicam (Y&R) Official Website [online] quoted on 07.03.2015 <http://www.yr.com/BAV>

¹⁸ Brand Asset Valuator (BAV) Official Website [online] quoted on 07.03.2015 <http://bavconsulting.com/>

¹⁹ Brand Asset Valuator (BAV) Official Website [online] quoted on 07.03.2015 <http://bavconsulting.com/apps/>



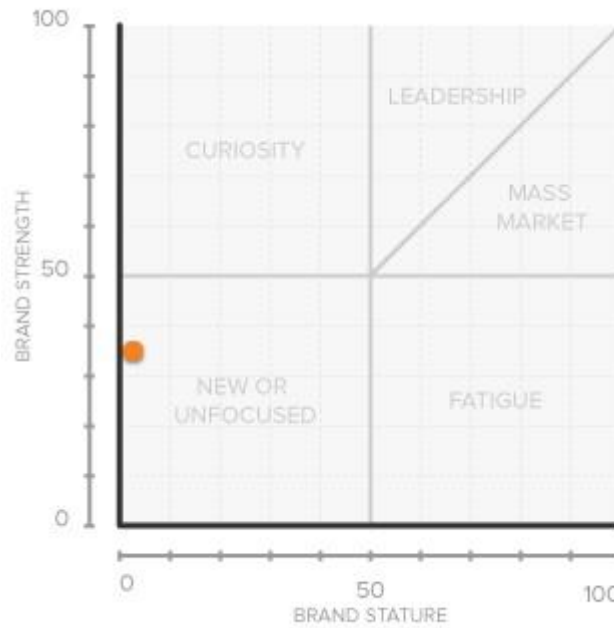
The brand has the highest level of Differentiation and the lowest of Knowledge. It should be the result of its brand strategy that Zara does not advertise. Zara's advertise is inside the store that differentiate the brand from others but on the other hand customers have not much information about the brand, they are not enough familiar to the brand. Based on this model, the advertising can be seen as vital as a way to create brand equity.

The index of Relevance of Zara is less than a half, but still it is good result. It means that the brand is meaningful and relevant in the eyes of customers. Esteem captures how a brand lives up to its promise. Based on Esteem measurement of Zara, customers respect and regard the brand. Zara has higher index of Brand Strength than Brand Stature, which leads to its future value growth.

After examining the relationships among these four pillars, Brand Strength and Brand Stature are combined and they form the Power Grid. The Power Grid depicts the stages in the cycle of brand development, each with its characteristic in pillar patterns that are successive quadrants in the model. As Zara has higher level in Brand Strength and lower in Brand Stature, it is located in the first pillar pattern (See Figure 23).

Figure 23: Zara's Brand Equity Power Grid

Source: Brand Asset Valuator, 2015²⁰



According to BAV Brand Equity Model Zara is in the quadrat of New or Unfocused. As this model is more diagnostic tool, it shows that the brand should build brand awareness and traction. Zara should define a clear point of view. As Kotler and Keller (2006) argue strong new brands tend to show higher levels of Differentiation than Relevance, while both Esteem and Knowledge are lower still. So as Zara is strong brand but still new on the market, it needs to focus on customers' awareness and knowledge about the brand.

4.6 Zara Brand Equity and Brand Performance

Strong brand equity provides numerous financial benefits to firms and it is the top priority for many organizations. After all, it opens the door for customers' loyalty and profits. In this regard, the concept of brand equity can be considered as the core of brand performance in the industry where it is operating.

²⁰ Brand Asset Valuator (BAV) Official Website [online] quoted on 07.03.2015 <http://bavconsulting.com/apps/>

The survey was created in order to gain accurate statistical insights into Zara's brand performance and brand equity from the customers' perspective. Within the quantitative research, from which 77 were surveyed through online sources (potential customers), while remaining 50 (real customers) were interviewed face-to-face in front of the store of Zara in Prague, Czech Republic.

4.6.1 Quantitative research of Zara's Customers

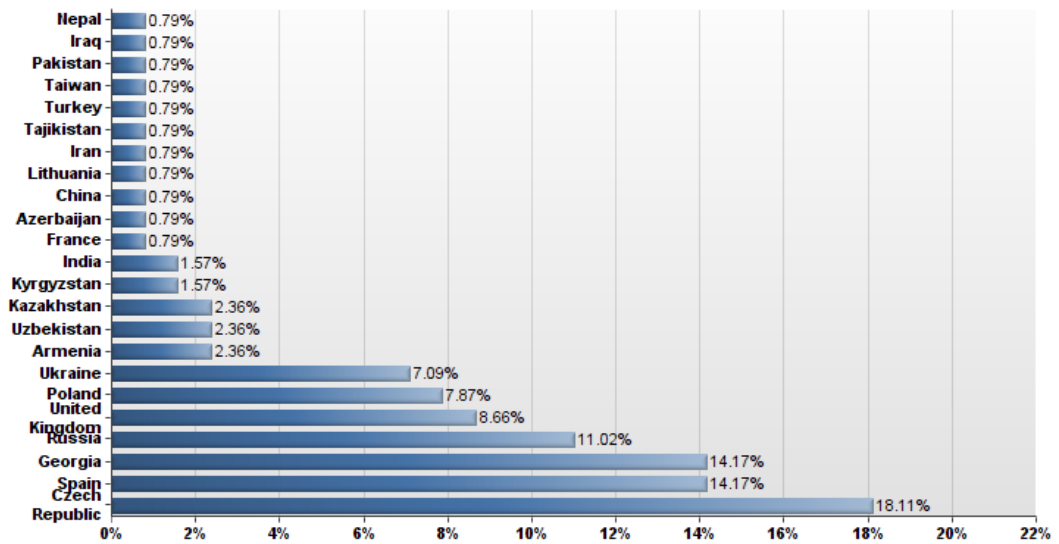
The survey was conducted mainly among European nationals who lived in Prague during research period. The reasons behind choosing this segment were: firstly, brand strategy development direction of Zara and secondly, at present it represents Zara's brand equity and brand performance from customers' perspective.

The objective of questionnaire was to identify general behavior of the customers: their recognition, loyalty and awareness towards Zara. In order to study this, the questionnaire has been organized in 14 questions.

Within the scope of this research total of 127 respondents were interviewed from 23 countries through the online questionnaire and face-to-face. The most strongly recognized nations are Czech Republic, Spain and Georgia (See Graph 1).

Graph 1: Distribution of Nationalities among Zara's customers

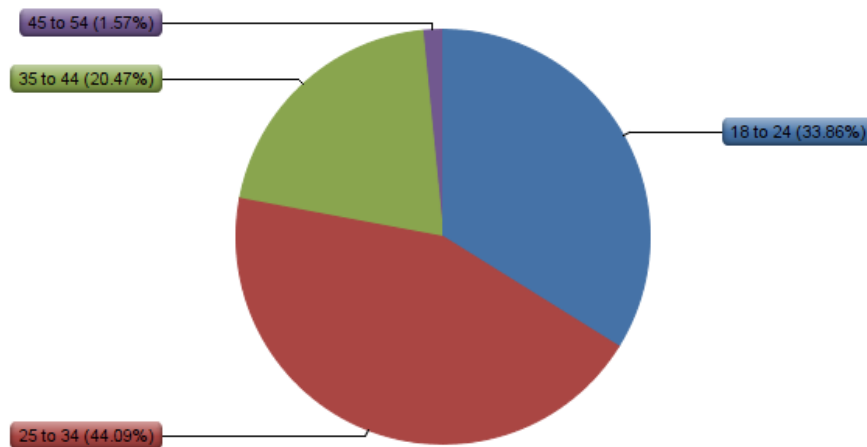
Source: Qualtrics Online Survey Software, 2015



There were a slightly greater number of female respondents 62.2% than males – 37.8%. In terms of the age, majority of the participants – 44.09% fall in the age range of 25-34 years, 33.86% between 18-24 years, 20.47% between 35-44 years and only 1.57% between 45-54 years. The reason for such sampling is because of certain limitations, since the author has main acquaintances within the stated age groups. This fact on the one hand creates bias, but on the other hand, it corresponds to the major segment of actual customers of Zara. The Graph below demonstrates age groups.

Graph 2: Age Groups of Zara’s Customers

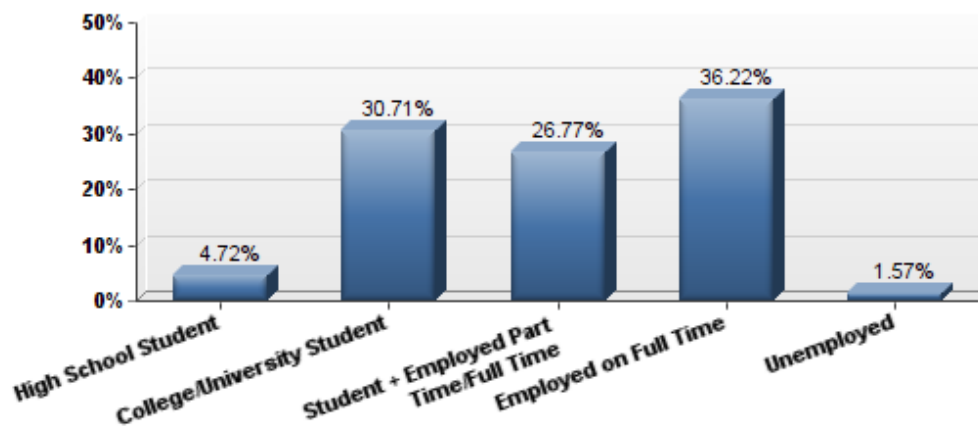
Source: Qualtrics Online Survey Software, 2015



Concerning the current occupation of respondents the answers were distributed in the following manner: The highest percentage – 36.22% of respondents were employed on full time and 30.71% were college/university students (See Graph 3).

Graph 3: Current Occupation of Zara’s Customers

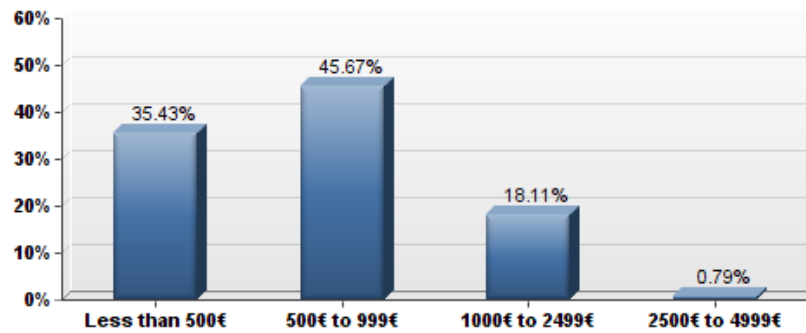
Source: Qualtrics Online Survey Software, 2015



Concerning the income per month – 45.67% of respondents had 500-999 euros, 35.43% less than 500 euros, 18.11% 1000-2499 euros and only .79% 2500-4999 euros (See Graph 4)

Graph 4: Income per month of Zara's Customers

Source: Qualtrics Online Survey Software, 2015



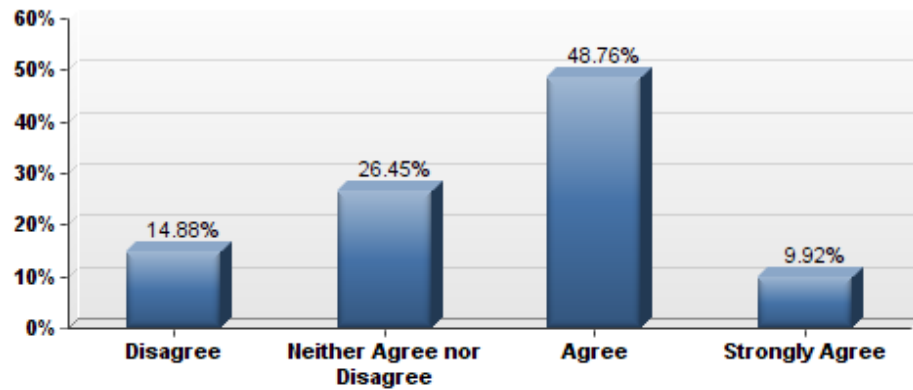
In terms of awareness, the respondents were asked how Zara is easily recognized among other fashion brands. As a result, the majority of responses were consistent with the conclusion that Zara has high recall and recognition in the eyes of customers. 51.61% of respondents agreed that Zara is easily recognized brand, 24.42% were neutral, 10.48% strongly agreed, 8.06% disagreed and only 2.42% strongly disagreed.

As for brand elements, the respondents were asked if they could quickly recall the symbol or logo of Zara. The biggest number of responses 51.22% agreed and 30.08 strongly agreed on that. In regards to characteristics of the brand, 38.52% of respondents agreed and 20.49% strongly agreed that Zara's characteristics are coming to their minds quickly.

As for brand differentiation, 48.76% of respondents agreed that Zara is different from its competitor brands, such as H&M, Mango, etc. The Graph 5 represents the differentiation of the brand from its competitors in the eyes of customers.

Graph 5: Zara's Differentiation from Customers' Perspective

Source: Source: Qualtrics Online Survey Software, 2015

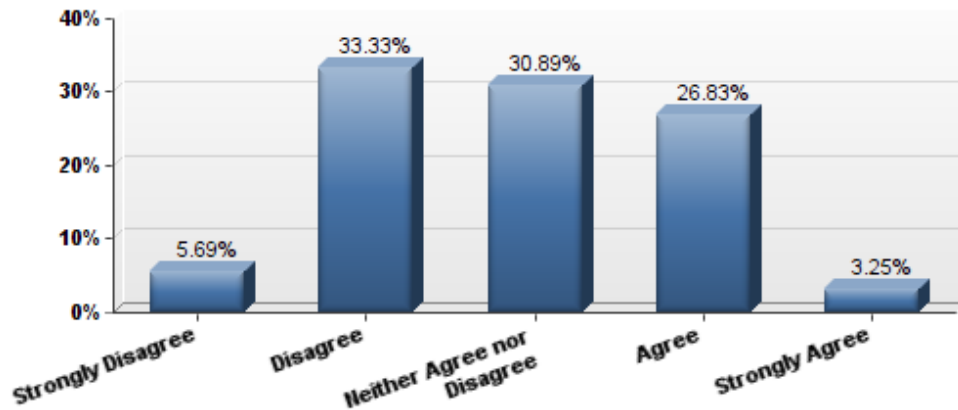


In regard to brand personality, for majority of the respondents that is 49.59% agreed that Zara has strong personality, 30.08% were neutral, 10.57% disagreed, 8.94% strongly agreed and only .81% strongly disagreed on that.

As for the brand performance, the respondents were asked if the Zara has the best quality in the marketplace. As a result, we can see few trends have appeared. First of all people seem to be especially sensitive towards quality of the apparels. The majority of the respondents are neutral for the quality of Zara. The higher percentage of the respondents disagreed that Zara has the best quality in the industry (See Graph 6). At this point, we can assume that for the customers other features are more important, like style and price, than the quality when they choose apparels. Zara is cheap brand and that is the reason that the quality is not the best, but if we compare its quality to other fast fashion brands, we can say that the quality of Zara is the same.

Graph 6: Zara as the Best Quality from the Customers' Perspective

Source: Qualtrics Online Survey Software, 2015

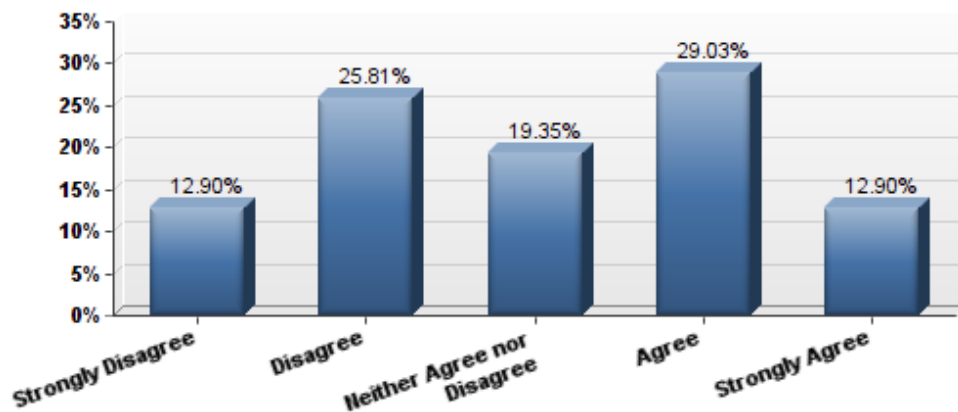


Concerning the trust of the quality of the brand the highest 33.87% of respondents were neutral. 32.26% of interviewed customers agreed that they always trust Zara if they want the product of high quality, 25.81% of respondents disagreed, 5.65% - strongly agreed and only 2.42% strongly disagreed on that.

In regards to brand perceptions, the highest 29.03% of respondents agreed that they always shop in Zara once in a month, 25.81% of respondents disagreed. The Graph below shows customers' perceptions towards Zara.

Graph 7: Customers' Perceptions towards Zara

Source: Qualtrics Online Survey Software, 2015



As for brand loyalty, the biggest 33.06% of respondents agreed that even if other brands have the same features as Zara, they would prefer to buy Zara, 29.84 were neutral, 20.16% of respondents disagreed, 9.63% strongly agreed and 7.26% strongly disagreed on that. As it was expected, customers are loyal about the brand because Zara can be considered as the brand that delivers its fast forward fashion. On the other hand, Zara focuses its attention on the understanding fashion items favored by the customers, or the same channels of influence. The brand is always trying to deliver designs according to the customers' needs and wants. And from the perspective of the customers, they always know, they can find something new, stylish, modest and confident in its stores with affordable prices.

4.6.2 The main Conclusions of Quantitative Research

According to literature overview the main purposes of brand equity are brand awareness, brand characteristics, brand differentiation, brand personality, brand loyalty, brand quality and brand perceptions. Basically, brand performance is the outcomes of its brand equity preposition.

Consistent with quantitative research, Zara is strongly recognized brand in the eyes of customers. This is reliable support that Zara has high brand awareness. Based on research findings, it can be assumed that Zara is strong, in both depth and breadth, in brand awareness.

It developed its brand elements, such as logo and symbol, which are initial characteristics of the brand. In spite of minimum advertising, it can be considered, that Zara identified its brand characteristics from physical stores, which are located in the best locations all over the world.

Concerning differentiation characteristic, based on responses Zara established its brand image different from other brands. The striking thing here is that the brand found

differences that matter to customers and differentiated itself from its competitors by performing the key activities in fashion industry differently.

Based on responses about Zara's personality, it is clear that the brand has proven strong personality in the eyes of customers. Also customers are loyal to Zara, which positively affects brand perceptions.

In regards to brand quality, the key finding is that customers experienced difficulty in perceiving Zara's brand mission. The guesses about the brand includes offering the most stylish and fashionable clothes. The respondents mostly associated Zara with "uniqueness", "fast fashion", "exclusivity" and not with "high quality". This reason could possibly consider that Zara is not associated with the quality.

5. The Main Findings from the Case Study of Zara

As it was mentioned in the research formulation, the general objectives of thesis is to show to identify and establish brand positioning, how to plan and implement brand marketing, how to measure and interpret the brand performance, suggest appropriate recommendations and develop a model for successful brand strategy on the research findings. Therefore, after in-depth analyses of the data, based on case study of Zara brand, the following objectives has been achieved.

- **How to identify and establish brand positioning**

Zara's success offers us some instructive lessons in how to create and sustain market positioning through strategy. The brand has found how to differentiate itself from its competitors in the eyes of customers. It is the challenges for its competitors because they find it difficult to imitate Zara's positioning in the industry. This achievement gave Zara sustainable competitive positioning and differentiation.

Today's customers spend less time on clothing and prefer to spend their disposable income on education, electronics, travel, etc. Therefore, to capture today's consumer in the clothing market is more important than ever. Zara has appointed into the power of fashion through clear focus and mission. Zara's fast fashion formula stimulates customers not to wait next seasons for new collections, but new fashion. Its product inventories always fresh and scarce push customers to visit the stores frequently and search what is new to buy now. New items delivered twice a week consumers constantly force to return in the stores and browse new fashion.

Another key factor of Zara's differentiation and unique positioning in the marketplace is its precise segmentation and price. Zara's customers are value conscious, young and highly sensitive to the latest fashion trends. The brand does not define the designs by ages of its target market, but it designs the apparels that reach broader range of customers. It offers the most up-to-date fashion trends for affordable price identify customers' demands and quickly designs new items and get in the stores.

Zara does not use any advertisement and poor communication is often provokes loss of customers. Thus it invested much in information technology, such as social media and applications in the smartphones. Also in-house communications, such as merchandise and display windows, positioned the brand completed.

- **How to plan and implement brand marketing**

The exclusive factor of Zara's competitive advantage of planning and implementing the brand marketing is market oriented strategy. Mostly, its apparels are designed bases on the latest trends. But they are changing according to the immediate feedback of the customers. Zara's retail managers provide word-of-mouth information, which means understand customer needs and wants and their preferences. Based on that, the brand quickly adapt on customers, it removes the items that are not selling and replenish popular ones.

The fast moving fashion products is another issue in Zara's brand strategy. It prides itself moving on fast fashion with new designs. This fact encourages customers to visit the stores frequently for new fashionable designs. In this way, Zara changed the customers' behavior. Its limited and fast changing collections inspire customers to buy now or never.

Zara's production process is next topic of its brand strategy. Design collections are developed by not popular designers, but creative teams. They work simultaneously on different products and creating successful styles. Designers are limiting for the number of reviews and changes, they are speeding up the development process and minimizing number of samples they made. Also unlike its competitors, Zara eliminates the traditional design process; it is the driven of its fabrics. This fact eliminates waiting for a long process of fabric formation and procurement.

Zara's stores locations are important point of its strategy. Its stores are always in the best places all over the world. The brand's strategy is to get to the luxury brands as close as possible. Customers entering Zara's stores in New York, London, Paris, or in Rio de Janeiro, finding themselves in the same environment as in luxury shops. Predominantly white, modern and spacious stores, which are well-lighted, clean and bright, walled with mirrors maintains the statement that Zara is trying to be associated with the luxury.

Zara's promotion is the last feature of its brand strategy. The brand has different communication program unlike its competitors. It uses minimum adverting, or it does not advertise at all. Instead of traditional advertising program, Zara uses in-house advertise to attract its customers. It ensures that the window displays and storefronts are always attractive and fresh for consumers. Also Zara's friendly atmosphere in the shops and well-qualified staff makes the shopping experience very comfortable. So Zara's the most effective marketing communication tool is its physical stores with a good projection image. When customers walk in the store, the brand communicates the customers that the latest fashion is always available there.

- **How to measure and interpret brand performance**

Brand performance is the outcomes of brand equity. To measure and interpret brand equity and brand outcomes the researcher used quantitative research and interviewed 127 Zara's customers. From quantitative research Zara's brand awareness, brand characteristics, brand differentiation, brand personality, brand loyalty, brand quality and brand perceptions were identified.

Based on quantitative research findings in terms of brand awareness, Zara has high recall and recognition. In the case of Zara, brand elements and brand characteristics were indicated and it was confirmed that it contributed to unique brand associations as a way to differentiate the brand. In regard of quantitative research, Zara's brand name and logo as the basic characteristic of brand is highly recognized by the customers.

From the in-depth analyses of the brand strategy in the case of Zara, the following conclusion could be drawn: brand strategy is the most important tool for differentiation; it is a way to identify the brand and enhance brand awareness. Ultimately, a brand with high brand awareness level is a strong brand. As brand awareness is essential in building brand equity, based on customers quantitative research Zara has high level of brand equity.

When it comes to brand differentiation, it can be said that the survey conducted by the researcher, customers found Zara as different from its competitors. In regards of personality, it is clear from responses that the brand has proven strong personality in the eyes of customers. According to the case study of Zara, the brand's personality stands for innovation, prestige, professionalism, power and consistency.

As for loyalty, it can be assumed that the survey conducted two questions, which directly evaluate loyalty towards the brand purchased by customers: one relates to buying frequency (I always shop in Zara at least once in a month) and second switching the customers to buy different brand for the same features (Even if other brands have the same features as Zara, I would prefer to buy Zara). However, it is important to note in terms of buying frequency, that the majority of respondents buying Zara frequently. This result illustrates a high level of loyalty to Zara.

Following the experience of Zara, such a quality product, based on the survey finding, customers found difficulty to consider Zara to high quality brand. It can be explained by the fact that the guesses about the brand includes offering the most stylish and fashionable clothes. This reason could possibly consider that Zara is not associated with the quality. The respondents mostly associated Zara with “uniqueness”, “fast fashion”, “exclusivity” and not with “high quality”.

As it was verified in the case of Zara, strong brand are built around products with high performance and incomparable features. For Zara, it is priority to assure unbeatable performance of its products by offering to the customers innovations in a fast changing market by adapting consumers’ preferences. Through constant innovations, the key driver of competitive advantage of Zara’s brand performance is to develop new products that provide customers with new perceived benefits.

- **Develop a model for successful brand strategy on research findings**

Finally, the main objective of this research was to develop the model of successful brand strategy through the research findings. Building an effective brand strategy is the most important step in building successful brands. As the brand strategy identifies the scope and direction of the brand for long-term to build and maintain sustainable competitive advantage over time. In the case of Zara, the following brand strategy elements were indicated and it was confirmed that Zara contributed to unique brand associations as a way to differentiate the brand from its competitors.

One of the most charming things about Zara is that it became one of the top brands because of its lack of originality. Its brand name and logo are very simple, name easy to call internationally, and logo in black and white colors. Additionally, the brand does not have any slogan.

Another key factor in Zara’s unique brand strategy is limited advertisement. Zara uses only in-house advertise, such as window displays and storefronts. Through this strategy the

brand does not talk about itself, how good it is, but it boost to the customers to speak about the brand.

Next Zara's endowing strategy is its fast fashion formula and limited stocks. This strategy works in two ways. First, it encourages customers to visit the stores very often. And second, if the customer wants to buy something, he/she buys now in order to guarantee it will not sell out.

As a result of Zara's massive success, the brand tries to get as close to the luxury brands as possible. Zara's stores in the best locations worldwide are the guarantors for this. But it sells high fashion for law prices.

Zara's brand strategy model is not a part of the other retailer's business model. Even its competitors are vocally envious of its brand strategy, including the biggest luxury brands that are often getting their styles ripped off.

5.1 Limitations of Research

Every research does not matter how well it is concluded has some limitations when it comes to the research methodology. Hamel (1993) argues that "the case study has basically been faulted for its lack of representativeness...and its lack of rigor in the collection, construction, and analysis of the empirical materials that give rise to this study". In this sense the chosen methodology allowed the researcher to gain detailed information on the main drivers of branding and brand strategy in the case of Zara. By this way it was confirmed that sustainable brand strategy is a result of high brand awareness and brand loyalty levels.

The selection of the case study method brings some limitations, because numerous data is limited in the case of Zara. However, because a case study focuses on the single unit and instance of the study, the issue of generalizability seems to be larger than in other types of qualitative research. The case study of Zara involves the experience of only one brand and

it does not reflect the experience of the most brands. Therefore, if the future research will be conducted built on another brand experience cannot be confirmed that the findings will be the same.

Being aware of all above mentioned, the researcher also used a secondary quantitative data from the BrandZ Top 100 Report and Brand Asset valuator (BAV) with the objective to reinforce the research findings when considering the case of Zara and to provide the research with more reliability and creditability.

The researcher also used primary quantitative data based on questionnaire of Zara's customers. Some disadvantages of questionnaire method in research are: there is no way to assume how truthful and forgetful respondents are, lack of validity, limitation in number of respondents, etc. However, there are limitations related to the methodology the researcher used. One of those can be related to the sensitivity and integrity.

Finally, conducting the case study research takes long time to collect data, analyze and relay it to the proper study in course. Respecting this, also the time of the data analysis can be considered as a limitation of the case study research method.

5.2 Recommendations and proposals

This section finishes with the scope for future investigations, which rose while conducting this study. For future research some suggestions are presented for testing the possibility to generalize the obtained results to be valid for other cases of brands. The researcher foresees the following suggestions.

This thesis covers only the case study of only one brand of Inditex. This provides a suggestion to conduct the similar analysis of some other brands by the Group. Also the researcher proposes to prepare a comparison of other brands owned by Inditex brand strategies and show what way they affect brand equity.

Additionally, it is suggested to study to what extent the success of Zara reflects on customers' perception of another brands owned by Inditex as successful brands. In other words, to discover if Zara is the driver for the customers to buy another brand owned by the Group.

6. Conclusion

The goal of this thesis was to identify and establish brand positioning, to study how to plan and implement brand marketing, how to measure and interpret the brand performance and suggest appropriate recommendations and develop the model of successful brand strategy through the case study of Zara. At present Zara has a strong position in the competitive retail market with its successful brand strategy and brand performance.

In order to address the goal of the thesis the researcher conducted several studies and researches. First of all, the researcher studied number of books, articles and theories for the literature basis. Secondly, the researcher analyzed secondary data provided by Zara's official documentaries and reports, also secondary quantitative data such as BrandZ 100 Top Report and Brand Asset Valuator, in order to provide overall information about the brand value and to analyze Zara's brand equity model.

Furthermore, the researcher conducted a research on a sample of 127 respondents, which has shown interesting results in regards to measure and interpret Zara's brand equity and brand performance. Deeper understanding was obtained about Zara's brand awareness, brand characteristics, brand differentiation, brand personality, brand loyalty, brand quality and brand perceptions from the customers' perspective.

After analyzing the aggregated research results and outcomes, the researcher derived suggested branding and brand strategies. The successful brand is more than a word or symbol to identify products and companies. It stands for the image, emotions and message that people experience when they think about the company or product. The strong brand

represents collection of feelings and perceptions about its image, lifestyle and status. Taking into account Zara's brand strategy, it delivers its promise about fast fashion. From the performance aspect, based on the research findings the brand has high level of brand equity. But when it comes to high quality, customers found difficulty to connect Zara to the quality. Zara is reflected as the most stylish and fashionable clothes by offering to the customers innovations in a fast changing market. However, the brand forgets to deliver its message on high quality.

However, from the case study of Zara, it can be concluded that Zara is focused on its core fashion philosophy to design creativity with a rapid response to market demands will yield profitable results. In order to realize these results, Zara has developed the model, that incorporates the following three goals for operations: (1) develop the system that requires short time, (2) decrease the quantities to decrease the inventory risks, and (3) increase the number of available styles or choices. These three goals help the brand to formulate its unique value proposition. Zara combines reasonable prices with the ability to offer new clothing styles faster than its competitors do.

The fundamental concept of its brand model is to maintain design, production and distribution processes that enable the brand to respond quickly to shifts in customers' demands. Additionally, essential to Zara's success is the commitment to the response in customer trends in fashion, producing new items often and in short time. Also information technology and infrastructure provides significant competitive advantage to the brand.

The recommended model for successful brand strategy model through the case study of Zara, in general, should support other brands to become competitive on the global market and therefore utilize its potential in terms of retail industry. Implementation of Zara's strategy should play important role for other brands' promotion, should increase awareness and accordingly attract higher number of customers.

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Appendix

Zara's Customers' Questionnaire and Survey Answers

1. What is your age?
 - a. Under 18
 - b. 18 to 24
 - c. 25 to 34
 - d. 35 to 44
 - e. 45 to 54
 - f. 55 to 64
 - g. 65 or older
2. What is your gender?
 - a. Male
 - b. Female
3. What is your occupation?
 - a. High School Student
 - b. College/University Student
 - c. Student + Employed Part Time/Full Time
 - d. Employed on Full Time
 - e. Unemployed
 - f. Retired
4. What is your nationality?
 - a. Armenia
 - b. Azerbaijan
 - c. China
 - d. Czech Republic
 - e. France
 - f. Georgia
 - g. India
 - h. Iran
 - i. Iraq

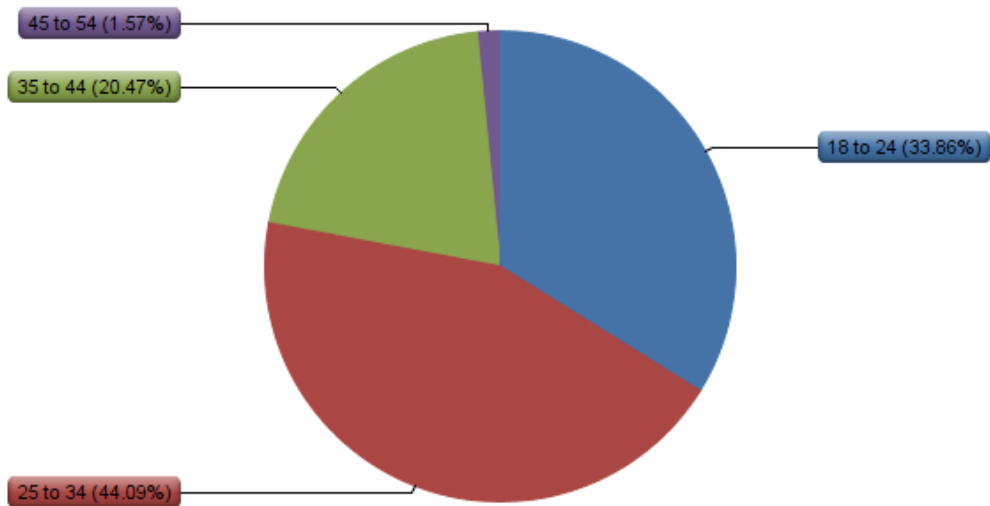
- j. Kazakhstan
 - k. Kyrgyzstan
 - l. Lithuania
 - m. Nepal
 - n. Pakistan
 - o. Poland
 - p. Russia
 - q. Spain
 - r. Tajikistan
 - s. Turkey
 - t. Ukraine
 - u. United Kingdom
 - v. Uzbekistan
5. What is your disposable income?
- a. Less than 500€
 - b. 500€ to 999€
 - c. 1000€ to 2499€
 - d. 2500€ to 4999€
 - e. 5000€ and more
6. I can easily recognize *Zara* among other fashion brands
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
7. I can quickly recall the symbol or logo of *Zara*
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
8. Some characteristics of *Zara* comes to my mind quickly

- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
9. Zara has strong personality
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
10. Zara is different from its competitor brands, such as H&M, Mango, etc.
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
11. Zara has the best quality in the marketplace
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
12. I can always trust Zara, if I want the product of high quality
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
13. I always shop in Zara at least once in a month
- a. Strongly Disagree
 - b. Disagree

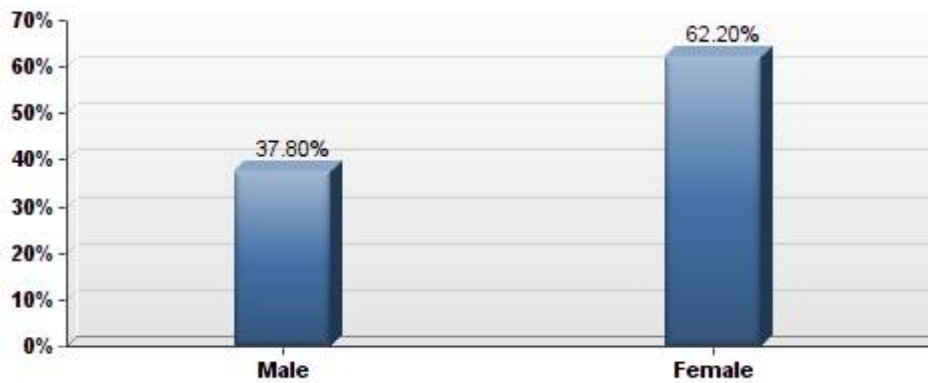
- c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree
14. Even if other brands have the same features as Zara, I would prefer to buy Zara
- a. Strongly Disagree
 - b. Disagree
 - c. Neither Agree nor Disagree
 - d. Agree
 - e. Strongly Agree

Answers to the Survey

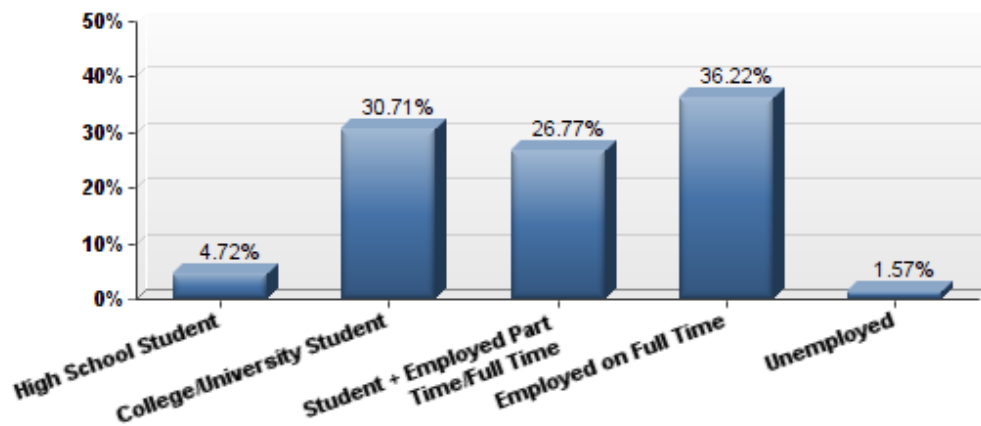
Question N1: What is your age?



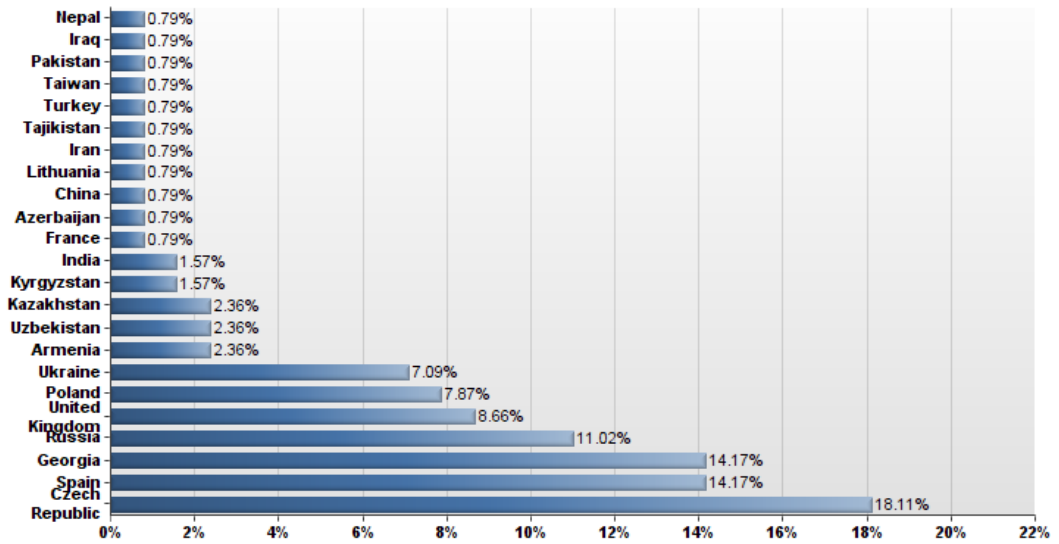
Question N2: What is your gender?



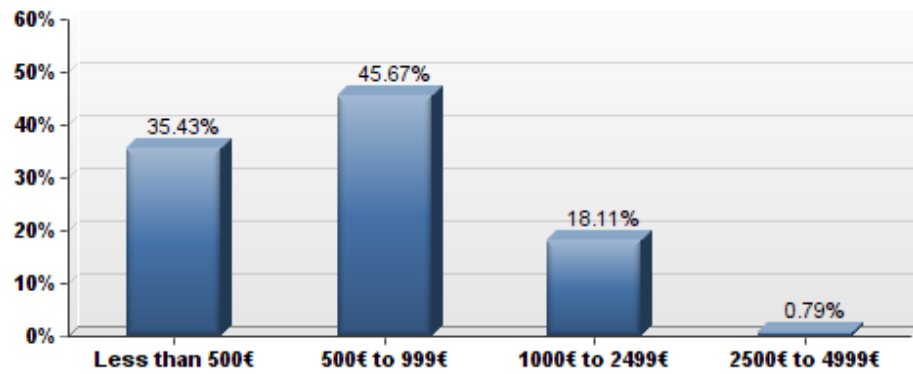
Question N3: What is your occupation?



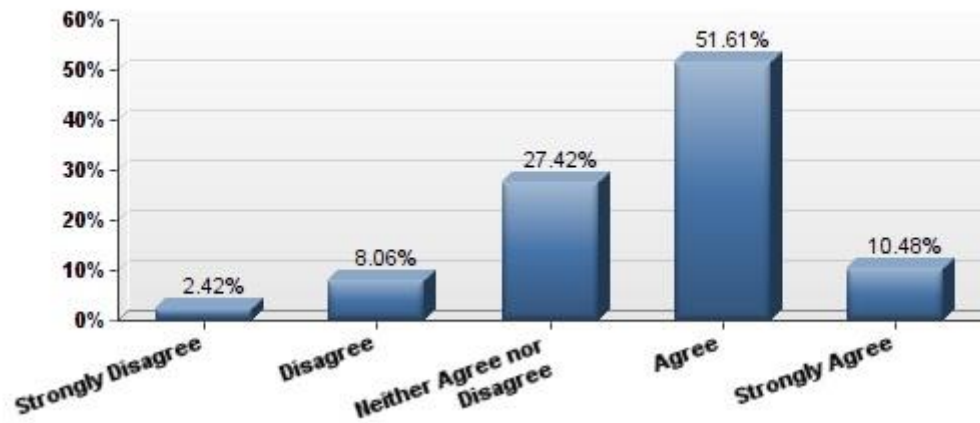
Question N4: What is your nationality?



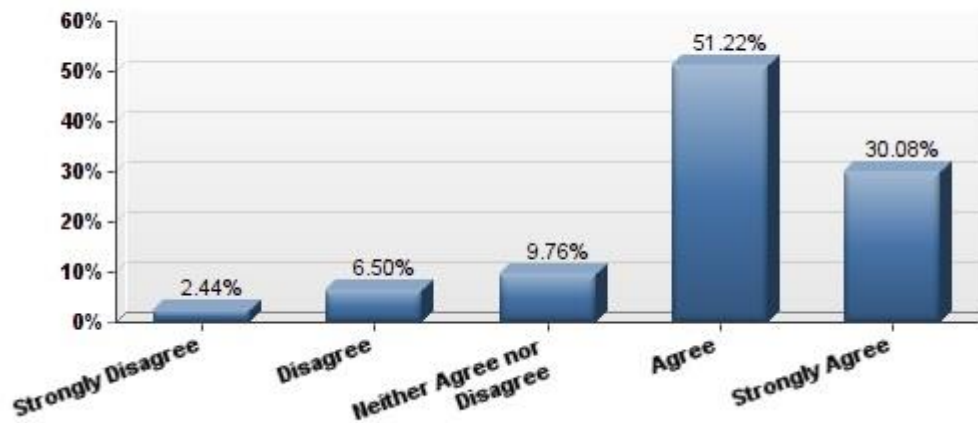
Question N5: What is your disposable income?



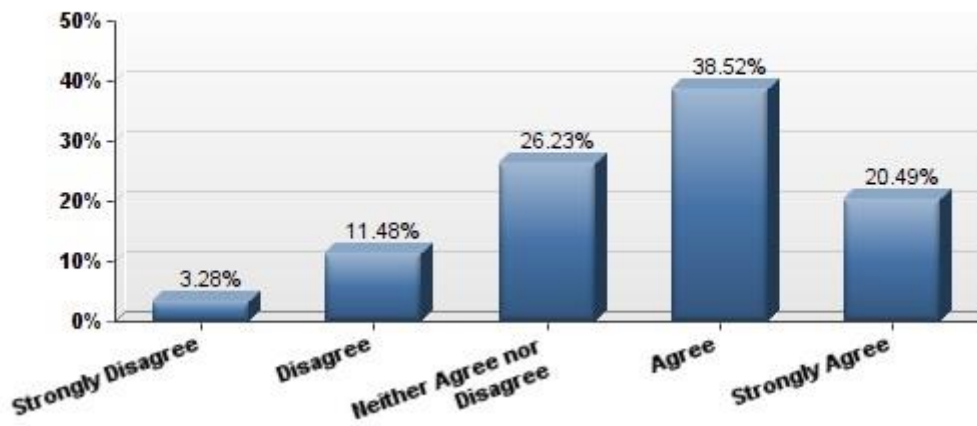
Question N6: can easily recognize Zara among other fashion brands



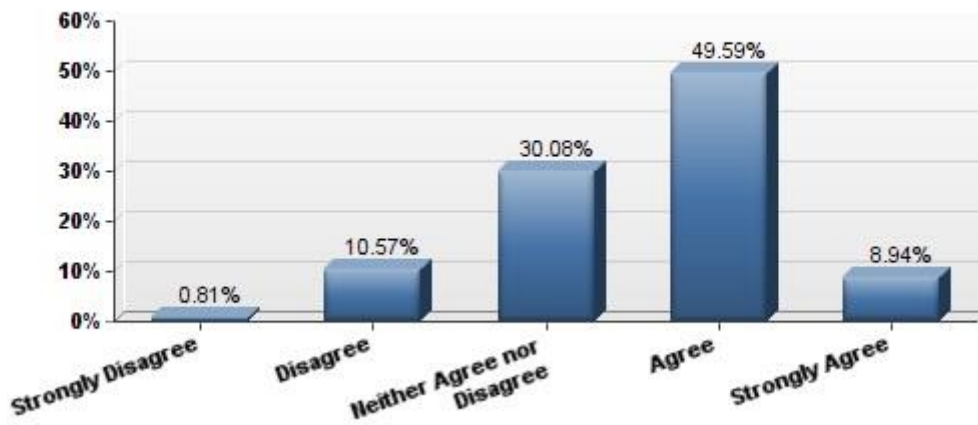
Question N7: I can quickly recall the symbol or logo of Zara



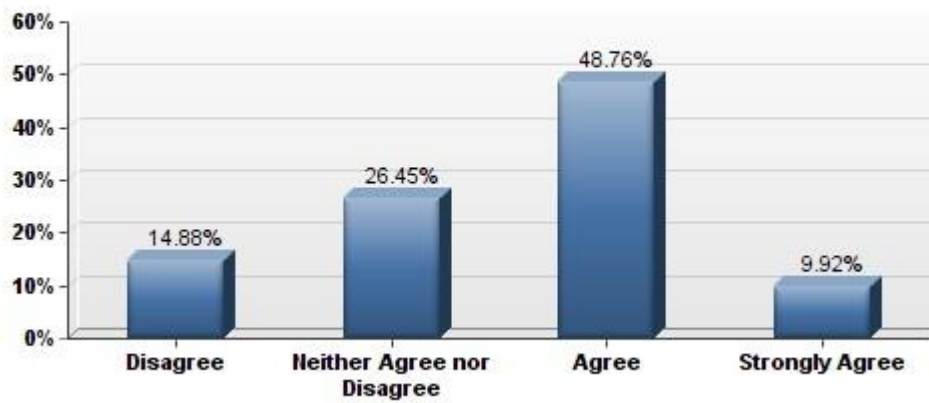
Question N8: Some characteristics of Zara comes to my mind quickly



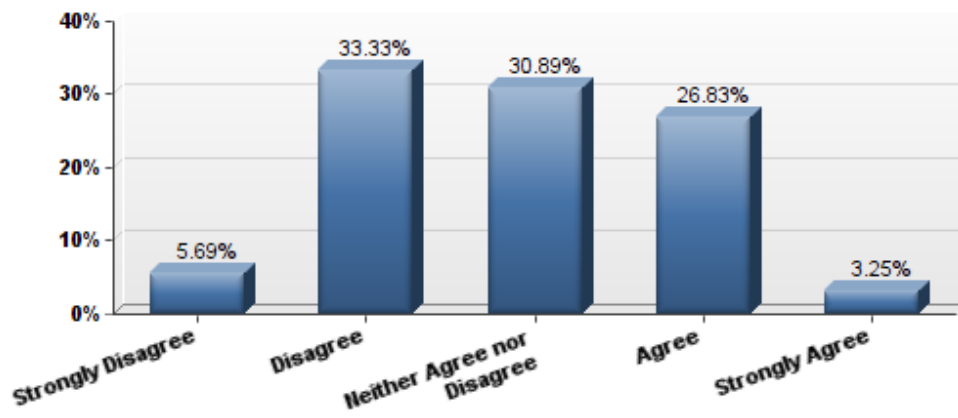
Question N9: Zara has strong personality



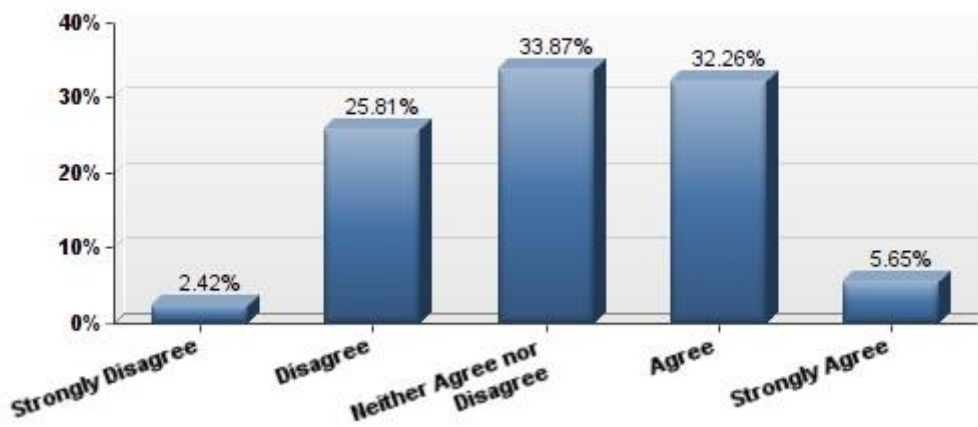
Question N10: Zara is different from its competitor brands, such as H&M, Mango, etc.



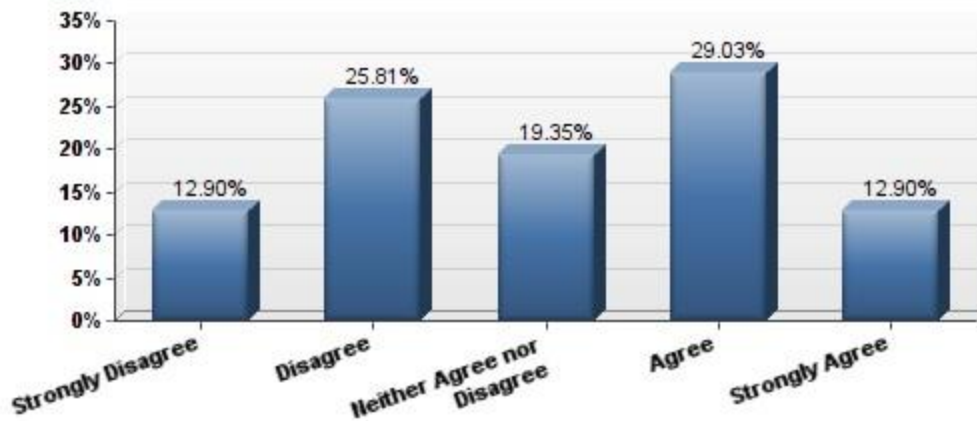
Question N11: Zara has the best quality in the marketplace



Question N12: I can always trust Zara, if I want the product of high quality



Question N13: I always shop in Zara at least once in a month



Question N14: Even if other brands have the same features as Zara, I would prefer to buy Zara

