

Sustainability in Business and Design of ZARA

Meilin Mu

44 building, Shangyuan, Zhongyuan Road, Harbin, Heilongjiang Province, China

Abstract: *The fast-paced nature of today's society is influencing the fast fashion industry, but sustainability is quickly becoming a global focus due to environmental impacts and interest groups. In view of the multifaceted impact of the collision between the fast fashion industry and sustainability, this report focuses on the internationally renowned fast fashion brand ZARA to carry out research on the business, design, and economics of the fashion industry and sustainable development.*

Keywords: *Fashion industry, ZARA, Sustainability fashion, Fashion design, Analyse*

1. Introduction

With organisations facing the combined constraints of reducing their environmental impact and satisfying the expectations of stakeholders, sustainability is rapidly being recognised as an essential component of business strategies globally ^[1]. A critical awareness of the socioeconomic and environmental settings in which firms function is essential for addressing the most pressing sustainability concerns. With an emphasis on the international chain store Zara, this report aims to help readers learn about sustainability in the fashion business.

2. Brief Overview of Company: ZARA

Zara, with its roots in Spain, is a global clothing and accessories retailer well-known for its innovative business strategy that integrates the creative processes of design with those of manufacturing, distribution, and retail sales. The Inditex Group, of which the company is a part, is one of the greatest fashion retail conglomerates in the world, with over 7,000 outlets in 96 countries by the end of 2021 ^[2].

The fast fashion chain is well-known for its rapid responsiveness to market trends, as new fashions may be designed, manufactured, and sent to stores in as little as two weeks. This high rate of turnover helps Zara continually introducing new products, which in turn keeps customers interested and helps the company expand.

Zara sells a wide range of products, including apparel for women, men, and children, in addition to shoes, handbags, and even furniture. It is well-known for its ability to "democratise fashion" by selling designs inspired by luxury labels at reasonable costs, and it attracts a wide client base looking for affordable yet fashionable, trendy things.

The sustainability issues that plague the fast fashion sector are also felt by Zara, despite the company's worldwide success. The company's quick consumption cycle and the garbage it generates have been criticised for having a negative effect on the environment ^[3]. In 2019, Zara made a public statement about its dedication to sustainability, committing to using solely sustainable materials in all collections by 2025 and to producing zero landfill trash from its facilities by the same year.

Zara, however, will need to constantly innovate and adapt to stay pace with the growing sustainability landscape as consumer demand for greater transparency and responsibility in the fashion sector increases.

3. Key Issues

3.1. Major Local and Global Sustainability Concerns

Significant sustainability issues have been raised in response to Zara's fast-fashion business model. Worker conditions and salary disputes in Spain have brought attention to the company's commitment to social sustainability ^[4].

Zara's fast-paced, high-volume business model inevitably increases global textile waste by encouraging more frequent garment purchases and disposal. The fashion sector is responsible for about 10% of global greenhouse gas emissions and 20% of wastewater, according to the Pulse of the Fashion sector report ^[5].

Zara has pledged to utilise 100% sustainable fabrics by 2025 and to send zero waste to landfill from its own operations by the same year in response to these concerns. Some have argued that these efforts are pointless because of the massive scope of fast fashion ^[6]. A paradigm change from consumption-driven models to circular economies is necessary for long-term sustainability.

3.2. Significance of a Sustainable Supply Chain Model

According to the Supply Chain Management (SCM) theory, it is crucial to coordinate sourcing, purchasing, processing, and distribution. By extrapolating this theory, we conclude that the environmental and social impacts of raw material procurement are so great that Zara must immediately transition to a sustainable supply chain model.

When considering environmental impacts, the fashion industry is towards the top. According to research, it accounts for 10% of global carbon emissions and over 20% of wastewater ^[7]. Deforestation, soil degradation, water contamination, and damage to biodiversity are all possible outcomes of the raw material extraction process. Consequently, a sustainable supply chain model will enable Zara to reduce its impact on the environment through the use of environmentally preferable practises like the employment of organic or recycled materials, the promotion of energy efficiency, and the suppression of waste.

Adopting a paradigm for a sustainable supply chain can have far-reaching impacts on society as a whole. Many companies in the fashion industry, including Zara, source their goods from countries with cheap labour but questionable working conditions ^[8]. Zara's beneficial impact on society is enhanced by its commitment to sustainable business practises, which include paying workers a living wage and providing safe working conditions.

There is substantial economic benefit added by integrating sustainability into supply chain management. Efficiency, safety, and protection of the company's name are all boosted as a result. Consumers today are more value-conscious than ever before and they are more likely to purchase products from companies that share their beliefs on social and environmental issues. Therefore, a sustainable supply chain model can boost brand reputation, increase consumer loyalty, and boost profits in the long run.

Sustainable supply chain practises help make Zara more adaptable and competitive in light of SCM theory. Zara can protect itself, its customers, and the environment and society from harm by thinking about every stage of the product's lifespan, from production to disposal.

3.3. Stakeholder Engagement, CSR, and Business Ethics

For organisations looking to keep their credibility and build value over time, stakeholder engagement is crucial. Employees, customers, suppliers, shareholders, communities, and the environment are all "stakeholders" in a business, as stated by Freeman et al. (2010). As a household name, Zara attracts a wide range of stakeholder groups, all of whom have their own priorities and requirements. The organisation may better comprehend these stakeholders' viewpoints, solve their issues, and tailor its strategy to meet their needs if it actively engages with them.

Stakeholder engagement must include CSR (corporate social responsibility) and business ethics. According to White et al. (2017), "Corporate Social Responsibility" (CSR) is "the practise of business that recognises and actively seeks to address its impacts on society and the environment above and beyond what is required by law." However, business ethics refers to the moral ideals that direct a company's actions. Together, CSR and business ethics form the way a firm engages with its stakeholders, the community, and the natural world.

CSR and business ethics have major ramifications for Zara. When it comes to environmental impacts, the fashion industry as a whole, including Zara, has taken a lot of heat for their role in increasing waste, pollution, and the depletion of natural resources. In light of this, Zara has implemented a number of environmental measures as part of its CSR strategy, including the 'Closing the Loop' programme, which encourages customers to recycle clothing, as well as its commitment to utilising sustainable textiles and

reaching zero landfill waste. These actions show the company is serious about environmental sustainability and will help lessen its impact on the environment.

However, there have been concerns raised about the company's labour practises and general business ethics. Claims of low salaries and unsafe working conditions in its supplier chain surfaced in 2020 ^[9]. Because of this episode, it is more important than ever for Zara to uphold ethical standards in every facet of its business, not just to protect its brand but also to safeguard the interests of its employees, who are among its most important stakeholders.

There are deeper societal consequences of Zara's CSR and business ethics practises beyond these immediate impacts. For instance, Zara's recycling campaign, which promotes sustainable consumption, can contribute to a cultural change towards more environmentally friendly practices. Furthermore, by maintaining strong ethical standards, Zara can serve as a role model for other businesses, leading to enhanced business practises across the board.

The importance of stakeholder engagement, CSR, and business ethics to Zara cannot be overstated. Zara can improve its brand reputation and competitiveness while also contributing to broader sustainability goals by listening to and responding to the concerns of its stakeholders and owning up to the societal and environmental impacts of its business.

4. Green Marketing and Sustainable Practices: Opportunities for Zara

Promoting goods and services for their environmental benefits is at the heart of green marketing, also known as eco-marketing or sustainable marketing. To separate themselves from competitors, boost their brand image, and reach the growing market of environmentally conscious consumers, many businesses are turning to green marketing.

The potential for green marketing to promote both environmental sustainability and business success is what makes it so significant. Sustainability-minded consumers may be influenced by green marketing to opt for recycled materials in their purchases or favour companies with transparent supply chains ^[10]. From a business standpoint, green marketing can increase consumer loyalty, draw in new clients, and garner favourable press.

Zara has a lot of room to grow its green marketing initiatives, given its prominence in the fast-fashion sector. To better communicate these initiatives to its clients and stand out from its competitors, Zara can benefit from green marketing. The company has previously made pledges to sustainability, such as using 100% sustainable fabrics by 2025.

In its marketing materials, one important potential is to emphasise the environmental advantages of its products. If Zara wanted to let customers know that an item was made with sustainable materials like organic cotton or recycled plastic, for instance, it might include information like that on the product's label or tag. This has the potential to increase shoppers' knowledge of and support for Zara's environmental initiatives.

Customer participation in sustainability efforts is another avenue for growth. To promote its 'Closing the Loop' recycling program, for instance, Zara might run marketing efforts to encourage customers to return their used clothing to the retailer for recycling. Customer loyalty and Zara's green image could both benefit from such marketing.

Zara may also use digital marketing to spread its sustainability messaging to more people. Zara, for instance, may utilise social media to post updates on its sustainability journey, including the measures it is taking to increase the sustainability of its supply chain and the impacts of its environmental initiatives.

To sum up, green marketing affords Zara numerous openings to spread the word about its eco-friendly items and procedures, build customer loyalty, and attract new, environmentally aware customers. To achieve its environmental and business objectives, Zara must take a more proactive and strategic approach to green marketing.

5. Changing Consumption Patterns and Sustainable Innovation

Emerging consumer consumption patterns highlight the significance of sustainability in the retail sector, with consumers increasingly looking for products and brands that correspond with their beliefs around environmental preservation and social responsibility^[11]. Zara faces both threats and possibilities

as it makes its way towards more environmentally responsible innovation and redesign in light of this transformation.

When it comes to difficulties, Zara must adapt its fast-fashion business model, which has always relied on high volume and quick turnover, to meet customers' increased demands for sustainability. Bhardwaj and Fairhurst (2018) note that this strategy inevitably contributes to greater consumption and disposal of apparel, exacerbating environmental challenges such as textile waste and pollution. To solve this problem, Zara would have to rethink its product development, manufacturing, and marketing strategies with sustainability in mind.

Zara also has a lot to gain from the rising interest in eco-friendly clothing among consumers. Zara can stand out in the crowded retail industry, improve its image, and win over the growing number of environmentally conscious customers if it takes a more sustainable approach to product development and redesign.

Product innovation is a promising avenue for growth. Examples of sustainable materials that Zara could use in future collections include organic cotton, recycled fabrics, and biodegradable polymers. Consumers who care about the environmental impacts of their clothing selections may be interested in these products.

Process innovation is another area of focus. New dyeing methods that use less water or more energy-efficient production methods are just two examples of how Zara could lessen its environmental impact through creative production methods. It might also try to make its supply chain more sustainable by, say, only doing business with suppliers who also value environmental and social responsibility.

In addition, Zara has room for development in its business approach. Take-back programmes for old clothing, rental or subscription services, and collaborations with resale platforms are all examples of circularity-promoting strategies that could be investigated. The company's products may have a longer useful life thanks to these efforts, and less garbage will be generated.

At long last, Zara has the opportunity to use technology to bolster its sustainable innovation initiatives. To cut down on waste and overproduction, it may, for instance, adopt digital technologies to optimise its stock management ^[12]. Data analytics could also be used to learn more about customers' preferences regarding product sustainability.

Ultimately, the shifting consumption patterns stress the importance of Zara's commitment to sustainable innovation and redesign. Zara will be able to satisfy its customers' growing interest in eco-friendly clothing while also helping the company advance its larger sustainability objectives.

6. Key Challenges In Pursuing Sustainable Development DEVELOPMENT With The Fast Fashion Industry

Maintaining a sustainable business model in the fast fashion sector is difficult. Several challenges remain despite a growing awareness of the importance of sustainability. Production methods, customer habits, and regulatory frameworks are just a few of the challenges facing companies like Zara.

6.1. High Volume, High-Speed Production

High product volume and rapid inventory turnover are essential components of the fast fashion business strategy. Overconsumption is inevitable in this economy, as is the production of copious amounts of waste and the depletion of natural capital. Companies like Zara face a big hurdle when trying to make the transition to more sustainable production practises without sacrificing profits ^[13].

6.2. Supply Chain Complexities

The supply chain for the fashion business is worldwide, adding another layer of complexity to the quest for sustainability. Regulatory requirements, environmental factors, and employment practises vary by country, thus businesses must take care to maintain consistent ethical and sustainable standards worldwide ^[14].

6.3. Consumer Behavior

While there is an increase in consumer knowledge and demand for sustainable fashion, there is also

an attitude-behavior gap between consumers' beliefs and their actual shopping habits. Educating consumers and making available appealing, affordable sustainable products are two essential components in overcoming the long-term and complicated problem of changing consumer behaviour.

6.4. Sustainability Metrics and Transparency

It might be difficult to set targets, monitor progress, or compare practises across industries without precise, quantifiable metrics of sustainability. Furthermore, due to the complexity and scale of their supply chains, quick fashion firms like Zara suffer with transparency, a crucial part of sustainability.

6.5. Innovation and Technology

Opportunities for more sustainable practises arise as technology develops, but these developments also bring their own set of challenges. For instance, there may be technical challenges or unanticipated environmental impacts associated with the development and deployment of novel eco-friendly materials or production processes ^[15].

6.6. Regulatory and Policy Challenges

Companies in the fast fashion industry operate in a wide variety of global marketplaces, each of which has its own set of environmental norms and standards. Despite the lack of a uniform worldwide framework, it can be difficult to navigate this regulatory landscape and drive sustainability ^[16].

In order to face these challenges head-on and pursue sustainable development, Zara will need to make substantial adjustments to its business model and operations, adopt a more transparent approach, increase its funding for sustainable innovation, and work more closely with stakeholders, including its customers, to encourage positive behaviour change.

7. Recommendations

The following are some of the recommendations for Zara to enhance its sustainability efforts:

7.1. Further Embrace Circular Economy

In order to fully realise the potential of a circular economy, Zara should significantly increase its current efforts. This includes things like incorporating recycling and resale into the design process, prioritising the use of sustainable materials, and making it easier to dispose of and reuse garments. The Ellen MacArthur Foundation (2017) states that the fashion sector can benefit from adopting circularity in order to reduce waste and curb excessive consumption.

7.2. Improve Supply Chain Transparency

Sustainable development requires increased openness throughout Zara's supply chain. Clearer disclosure of manufacturing and supply chain information has been shown to increase consumer trust and company responsibility ^[17].

7.3. Consumer Education

Consumer education regarding sustainable clothes should be a priority for Zara. Consumers' attitudes and actions towards sustainable consumption can be influenced by marketing and in-store initiatives ^[18].

7.4. Invest in Sustainable Innovations

Sustainable technology and cutting-edge manufacturing techniques should be continued to be invested in by Zara. Such technologies have the potential to boost productivity, lower environmental impact, and promote sustainable development ^[19].

8. Conclusion

Zara's efforts towards sustainability are crucial not only for the company but also as a role model for the broader fast fashion sector. Significant opportunities exist despite the industry's limitations, such as the rapid pace and huge volume of business as well as the shifting preferences of consumers and the complexity of supply chains. Zara can overcome these obstacles by adopting circular economy concepts, increasing supply chain transparency, educating consumers, and funding sustainable technologies. The growing demand for eco-friendly clothing can be met, and global sustainability objectives can be advanced, by adopting more eco-friendly practises.

References

- [1] Whiteman, G., Walker, B. and Perego, P.(2017). *Planetary boundaries: Ecological foundations for corporate sustainability. Journal of management studies*, 50(2), pp.307-336.
- [2] Inditex (2022). *Our Stores*. Retrieved from <https://www.inditex.com/about-us/our-stores>
- [3] Joy, A., Sherry Jr, J.F., Venkatesh, A., Wang, J. and Chan, R.(2021). *Fast fashion, sustainability, and the ethical appeal of luxury brands. Fashion theory*, 16(3), pp.273-295.
- [4] White, C.L., Nielsen, A.E. and Valentini, C.(2017). *CSR research in the apparel industry: A quantitative and qualitative review of existing literature. Corporate social responsibility and environmental management*, 24(5), pp.382-394.
- [5] Bhardwaj, V. and Fairhurst, A.(2018). *Fast fashion: response to changes in the fashion industry. The international review of retail, distribution and consumer research*, 20(1), pp.165-173.
- [6] Joy, A., Sherry Jr, J.F., Venkatesh, A., Wang, J. and Chan, R.(2021). *Fast fashion, sustainability, and the ethical appeal of luxury brands. Fashion theory*, 16(3), pp.273-295.
- [7] Niinimäki, K., Peters, G., Dahlbo, H., Perry, P., Rissanen, T. and Gwilt, A.(2020). *The environmental price of fast fashion. Nature Reviews Earth & Environment*, 1(4), pp.189-200.
- [8] Sitaro, T.D.(2020). *Fast Fashion and Sustainability-The Case of Inditex-Zara*.
- [9] Segran, E.L.I.Z.A.B.E.T.H.(2021). *H&M, Zara, and other fashion brands are tricking shoppers with vague sustainability claims. Fast Company*, 8.
- [10] GASPARI, A.(2019). *How Fast Fashion Communicates Sustainability: a Case Study on Zara*.
- [11] Sharma, R., Nguyen, T.T. and Grote, U.(2018). *Changing consumption patterns—Drivers and the environmental impact. Sustainability*, 10(11), p.4190.
- [12] Rathnayaka, U.(2018). *Role of digital marketing in retail fashion industry: A synthesis of the theory and the practice. Journal of Accounting & Marketing*, 7(02).
- [13] Todeschini, B.V., Cortimiglia, M.N., Callegaro-de-Menezes, D. and Ghezzi, A.(2017). *Innovative and sustainable business models in the fashion industry: Entrepreneurial drivers, opportunities, and challenges. Business horizons*, 60(6), pp.759-770.
- [14] Sharma, A. and Narula, S.A.(2020). *What motivates and inhibits Indian textile firms to embrace sustainability?. Asian Journal of Sustainability and Social Responsibility*, 5(1), pp.1-23.
- [15] Davies, I., Oates, C.J., Tynan, C., Carrigan, M., Casey, K., Heath, T., Henninger, C.E., Lichrou, M., McDonagh, P., McDonald, S. and McKechnie, S.(2020). *Seeking sustainable futures in marketing and consumer research. European Journal of Marketing*, 54(11), pp.2911-2939.
- [16] Caniato, F., Caridi, M., Crippa, L. and Moretto, A.(2019). *Environmental sustainability in fashion supply chains: An exploratory case based research. International journal of production economics*, 135(2), pp.659-670.
- [17] Perry, P. and Towers, N.(2018). *Conceptual framework development: CSR implementation in fashion supply chains. International Journal of Physical Distribution & Logistics Management*.
- [18] Carrington, M.J., Neville, B.A. and Whitwell, G.J.(2014). *Lost in translation: Exploring the ethical consumer intention–behavior gap. Journal of Business Research*, 67(1), pp.2759-2767.
- [19] McNeill, L. and Moore, R.(2015). *Sustainable fashion consumption and the fast fashion conundrum: fashionable consumers and attitudes to sustainability in clothing choice. International Journal of Consumer Studies*, 39(3), pp.212-222.