

## **THE TALE OF TWO SUCCESSFUL FASHION BUSINESS ENTITIES**

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### **ABSTRACT**

Fascinated by the fashion world and eager to magnify my knowledge on the evolution of fashion brands and amass a vision into a real-life impetus related to this business arena, I undertook a case study to evaluate two prosperous fashion business enterprises - Zara, a leading Spanish international fast fashion brand and Nykaa, an eminent Indian e-commerce and offline retail platform dealing in beauty and fashion products.

This research paper pertains to a detailed assessment of the business evolution of these two brands from their launch and establishment to their maturity and current market status, their product range, vital infusions of their promoters and founders how they matured as a leader, these businesses' pillars of strengths and elements of weaknesses, business criterion and marketing strategies, market expanse and a self-constructed SWOT analysis on these business ventures. The white paper concludes with my learning impacts related to the fashion business industry.

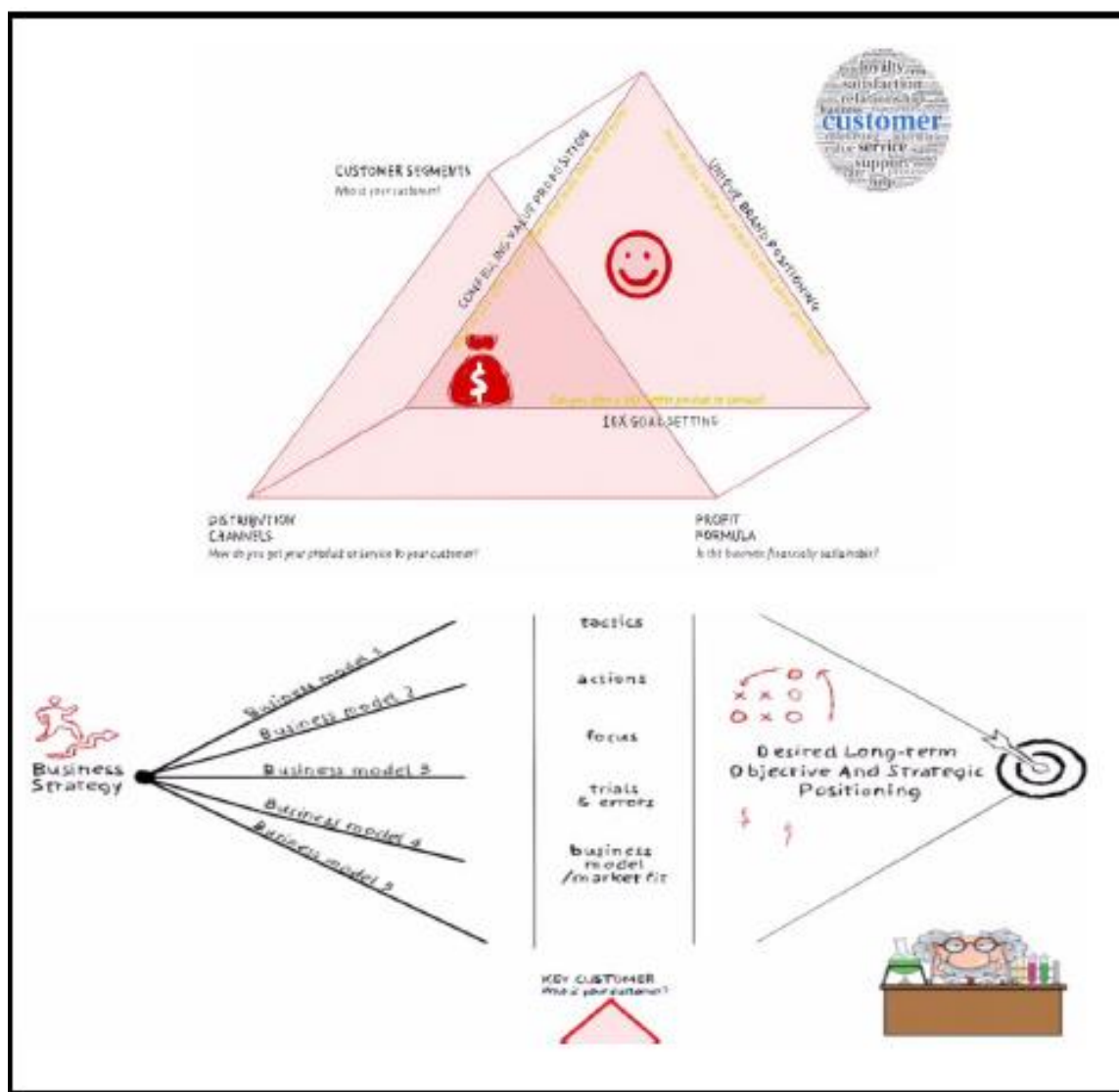
### **Opening Statement**

Keen to obtain an insight into the fashion business and earn a fundamental understanding related to this industry, I was self-motivated to study the business models of two successful fashion organizations and assimilate the framework of how these corporations emerged as market leaders and carved a place of pride for themselves in this business arena. Further, to acquire inputs on their business evolution process chart and its dimensions and eager to discover the myriad aspects of the transition of these businesses - startup, development, scale-up, expansion and finally maturity, I conducted this research.

Possessing basic business knowledge, I believe that an exemplar business prototype canvas template should encompass the illusion of the corporation with its fundamental goals and build target clients and foresee the designated market spectrum, anticipate potential business obstacles

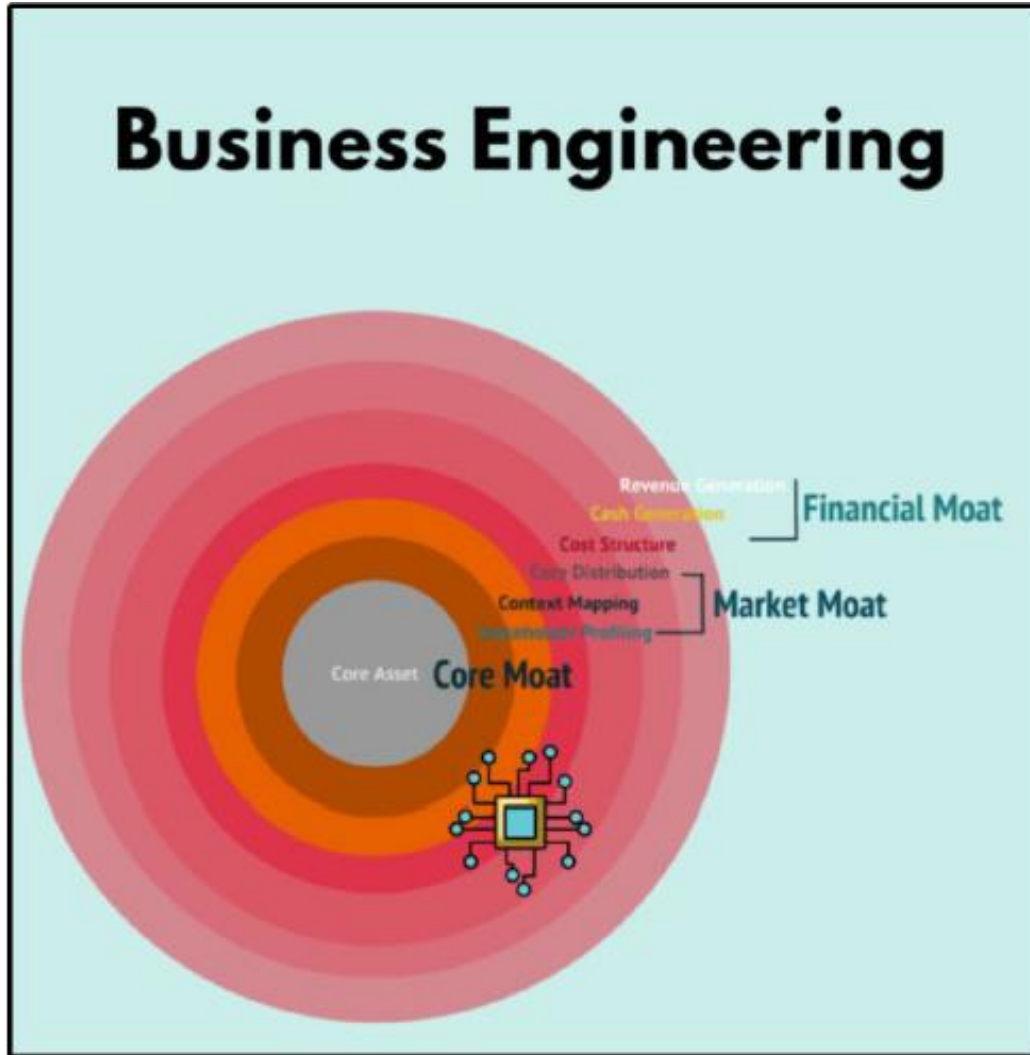
and their possible remedies, investment structures and pricing strategies. Exhibit 1 explains that the success of a business model is based on targeting the right customer segments for the brand, building a unique selling position and customer relationship, compelling product value propositions and utilizing effective distribution channels. Exhibit 2 elucidates the theories of business engineering and the essentials to keep in mind while planning for a successful business model.

**Exhibit 1: Business model structures**



Source: Business Model: 70+ Business Models Patterns In 2022 – Four Week MBA

**Exhibit 2: Business planning critical requirements**



Source: Business Model: 70+ Business Models Patterns In 2022 – Four Week MBA



**Product Range**

Clothing brand for men, women and children, also deals in footwear, accessories, perfumes,

beauty, home and lifestyle products.

### **Business History And Evolution Of The Brand**

Zara, an eminent international fast fashion clothing brand is owned by the Inditex Group, based in Arteixo, Spain. This organization was initially established in 1975, in Spain, jointly by Amancio Ortega and Rosalía Mera.

#### **Exhibit 3: Founders and promoters of Zara Amancio Ortega and Rosalía Mera**



This popular brand now manufactures its products for more than 840 million clients annually and has more than 6500 stores in greater than 88 nations across the globe. In 2020 the firm was involved in launching 20 new product lines.

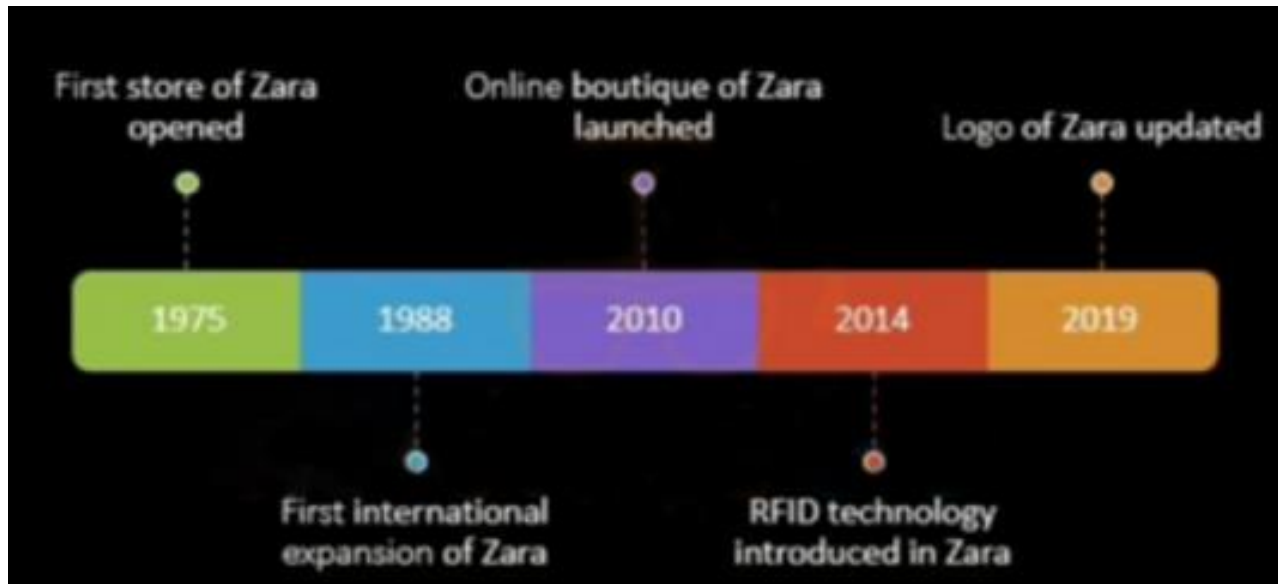
Ortega, the founder and promoter of the brand, launched a dress manufacturing factory under the brand name of Inditex in 1963. Inclined and passionate towards the fashion industry, he over time expanded to establish the retail fashion business, for which he had an incredible understanding.

Nearly ten years after launching a small shop Zorba in La Coruna, Spain, along with his business partner Rosalía Mera, he established the business label Zara, which became a vogue with Spanish customers. Since then, there were no barriers to their expansion and together they established nine more shops in the domestic Spanish market.

The reason for their success was that the brand sold low-priced lookalike merchandise of famous, higher-end apparel fashions. From a humble start of an apparel store, with an

introductory self-capital investment of 30 Euros, today the brand has matured to be one of the extensively prominent, recognized brands of fast-fashion in the world. Exhibit 4 explains the business growth of Zara from the Spanish domestic market to its international expansion.

**Exhibit 4: Evolution of Zara**



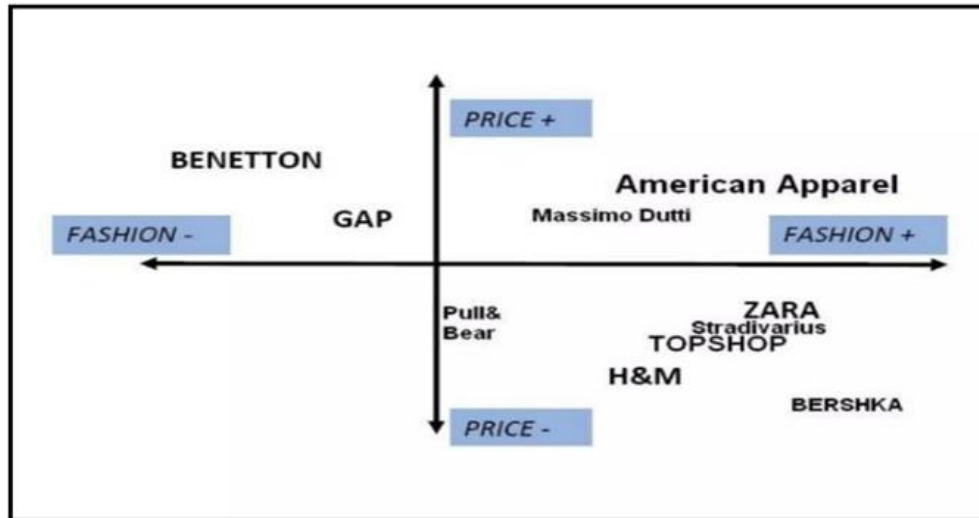
Source: Zara Business Model – StudiosGuy

Zara's clientele base is trend-focused, but budget-conscious fashionistas. The mother company of Zara, Inditex was established as a trading corporation in 1985. It then defined a plan for the groundwork for a supply system strategy conceding promptly to altering market trends.

The mission declaration of the brand is to “give customers what they want, and get it to them faster than anyone else.” Ortega coined the term "instant fashion" to define a revolutionary design, manufacturing and distribution strategy that could reduce lead times and respond to recent and modern apparel appearances more shortly. This expansion was sparked by development in technology and significant costs related to this along with the utilization of organizations rather than single artists for the essential "design" element.

Exhibit 5 depicts Zara's position compared to other competitive apparel brands, where it is positioned as a well- priced high fashion brand. Exhibit 6 reflects a few significant stats about the Zara brand. Furthermore, Zara has been ranked in the World's Most Valuable Brands 2020 on the Forbes list and has accomplished multinational distinction and success over time with its brand value at now estimated US\$ 14.7 billion.

**Exhibit 5: Zara and its competitors' position on the price and fashion axis**



Source: Zara business strategy analysis

**Exhibit 6: Keys facts on Zara**

Quick Stats About Zara	
Founder	Amancio Ortega and Rosalia Mera
Year Founded	1975
Origin	Artexio, Spain
No. of Employees	75,000
Company Type	Public
Market Cap	\$115.09 Billion
Annual Revenue	€18.021 Million
Net Profit	€14.129 Million

Source: IIDE

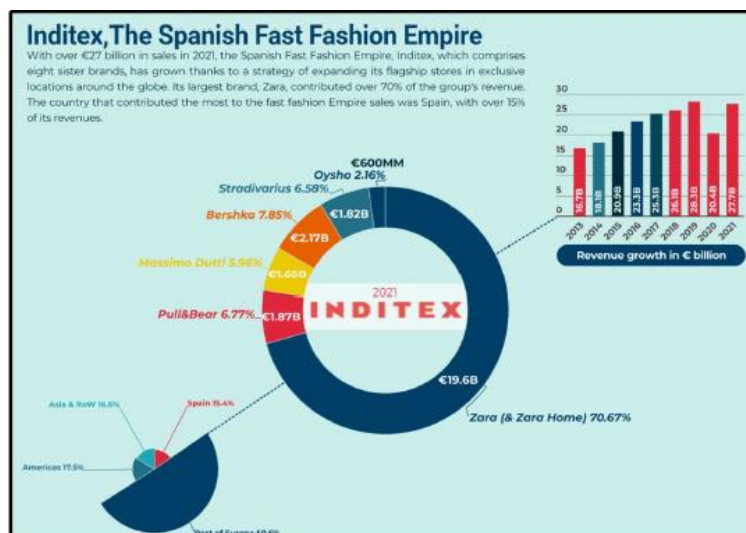
## Market Share And Extent

Slowly and steadily, Zara’s flourishing business success directed it to expand its business horizons from a small city in Spain to bigger Spanish towns, then to Portugal and other international market territories. Zara reached the USA in 1989 and in the 1990s the brand launched its stores in Western Europe and Mexico. In the year 2002, Zara set its foot in the Japanese and Singaporean markets and soon spread its wings across Asian and Australian region markets, South Africa and Eastern European market domains. In line with developing technology and international trends in online shopping, from 2010 onwards, Zara expanded its merchandise on online platforms and by 2022, Zara aims to yield a quarter of its earnings from online sales.

## Business Model And Strategies

Zara is the core of the Inditex group contributing 70% of the group's revenue value. Exhibit 7 depicts global Zara sales and market percentages, which have grown over the years except in 2020 when the pandemic adversely impacted production as well as sales of a majority of business organizations.

**Exhibit 7: Zara is the core of the Inditex group**



Source: A Quick Glance At Zara Business Model – Four Week MBA

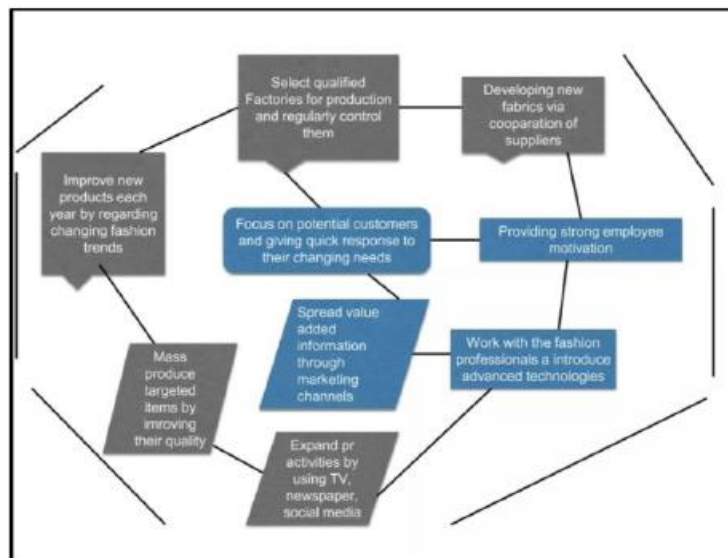
Zara disrupted the fashion business radically due to its unique business model based on the following elements:

1. A revolutionary fast fashion business model, which has the ability to reshuffle and design stock in a remarkably short lead time and has the proficiency to promptly reproduce the

- latest trend.
2. Timely fashion trends adaptation and duplication of popular styles utilizing primary information technology.
  3. Substantial rise in productivity due to the policy of assigning designer groups to work on merchandise rather than individual designers.
  4. Economical merchandise pricing by utilizing cost-effective and easily accessible raw materials.
  5. Very low advertising costs of only 0.3% of total revenue.
  6. Increased levels of vertical integration and the systematic value chain model is the critical factor for rapid response to fashion fads, its international development and unbounded success.
  7. As a prominent universal apparel trademark, it maintains a tight relationship with its suppliers, contributing to the growth of the organization.

Zara has sufficient power over every business facet, organizes it efficiently and effectively through a fluid communication between the numerous stages or sections of the company. The brand manipulates the design and layout patterns, manufacturing phases, distribution network, operational management policies, shipment, promotion, advertising and sales all on its own. The value model of the corporation concentrates on merging numerous fronts - designing, manufacturing, distributing and supplying sufficient raw materials, which are explained in exhibit 8.

**Exhibit 8: Business value model of Zara**



Source: Zara business strategy analysis



Utilizing unconventional business strategies, the brand went against the conventional predisposition of shifting its manufacturing to Europe (near-shoring), instead producing 50% of its products locally in its facilities to accomplish the speed, while numerous other dominant fashion business players chose to outsource manufacturing processes at lower-cost factories in Asia. Exhibit 9 illustrates Zara's strategies in production and retailing processes, employee functioning and relationship trends.

**Exhibit 9: Zara's business strategies**



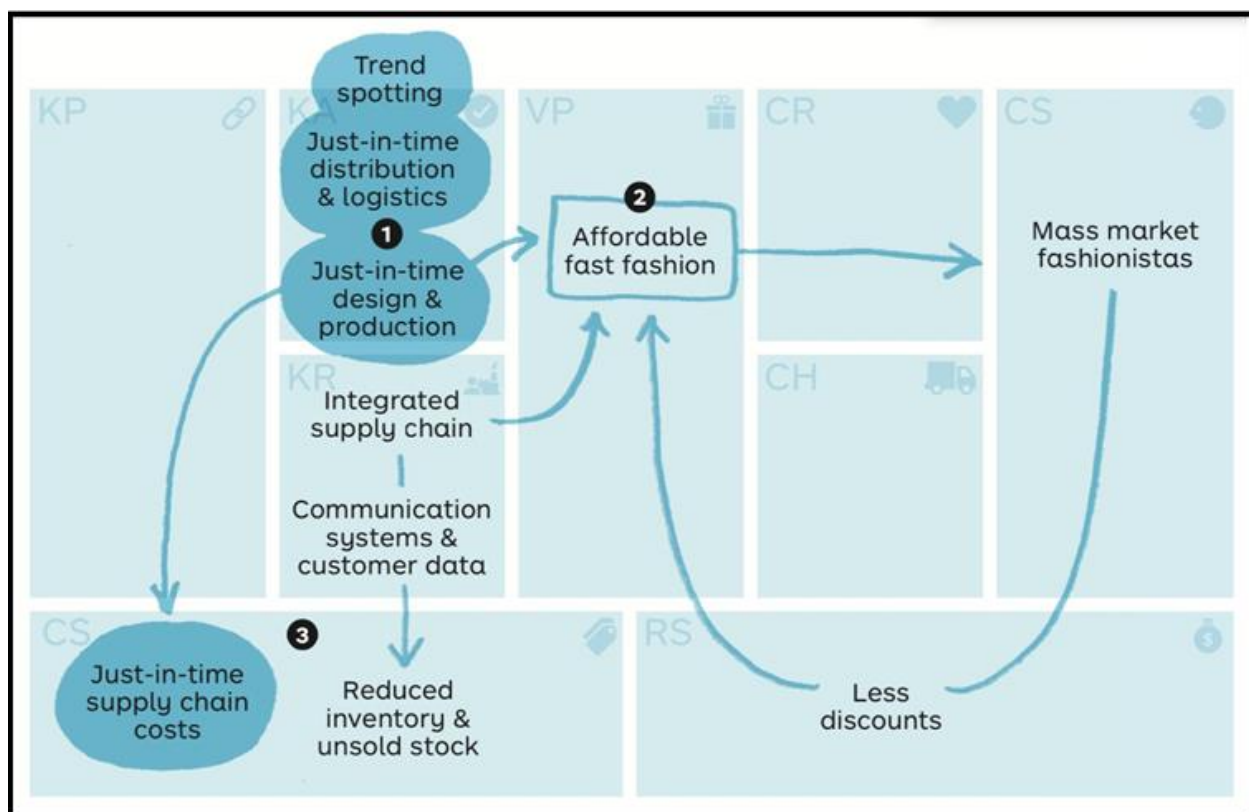
Source: Zara Business Model – StudiosGuy

The firm maximizes a majority of its earnings via sales in Europe, contributing approximately 66%, hence taking advantage of logistical trade-offs of expensive production costs. Since a bulk of the merchandise is produced in Europe itself the brand can instantly and continuously revise designs according to the altering fads and adapt to the demands of a majority of its customers. Zara decided to pay higher labor costs as the expense for flexibility, to be in complete control

and attain critical speed in its design and production procedures.

The firm diminished the time to market to less than three weeks from inspiration to retail, effectively responding with lightning speed to fashion trends, while its competitors exhibit two collections annually and take more than nine months to get items to stores. Hence, the brand developed a new category of affordable fast fashion. Exhibit 10 explains this process diagrammatically.

**Exhibit 10: Business techniques of the fashion brand**



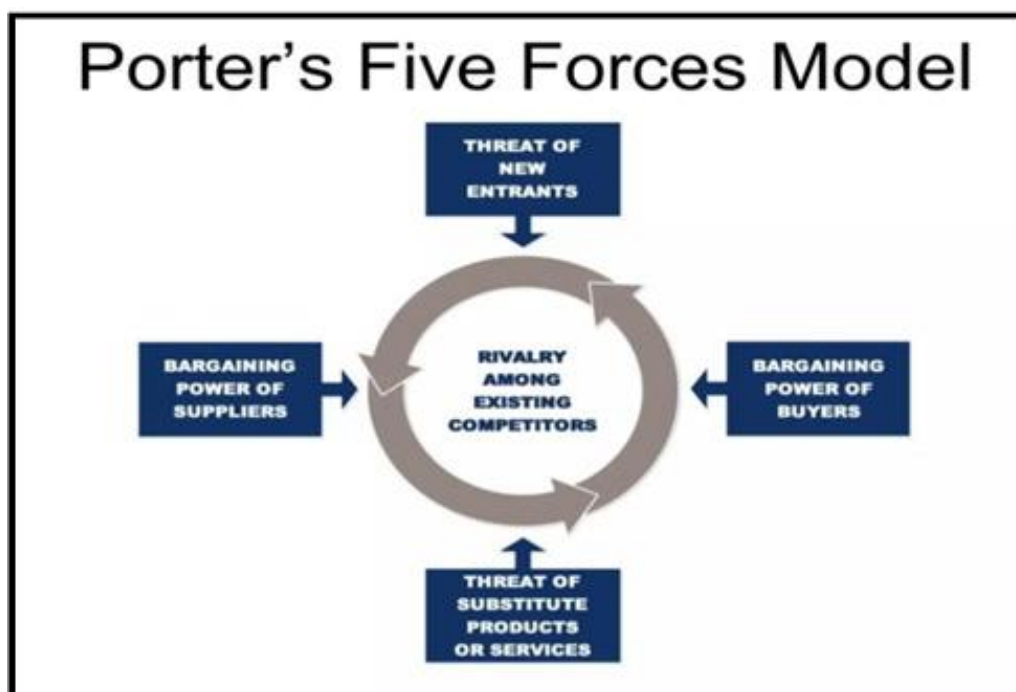
Source: Strategyzer

Furthermore, the firm budgets 85% of its plant capacity for in-season adjustments and greater than 50% of its merchandise are manufactured mid-season. Zara utilizes a location strategy to stimulate sales by setting-up shops near premium brands, to prompt probable buyers to purchase high-quality and reasonable clothing and accessories from the brand itself.

Also, every retail shop of Zara has a limited inventory of merchandise in each style that is replenished based on demand. The brand ships only limited quantities of items in each style to its

shops, so inventory supply is invariably limited and new designs are based on the latest trends. Consequently, Zara due to limited inventory rarely goes on discounting sales, which is inconsistent with most fashion brands. However, Porter's Five Force analysis depicts some of the brand's weaknesses - the threat of new competitors/entrants/substitutes, hence increasing merchandise market aggregate supply and the adverse impact on the bargaining power of buyers and suppliers; which are highlighted in exhibit 11.

**Exhibit 11: The analysis of Porter's Five Force on Zara business opportunities**

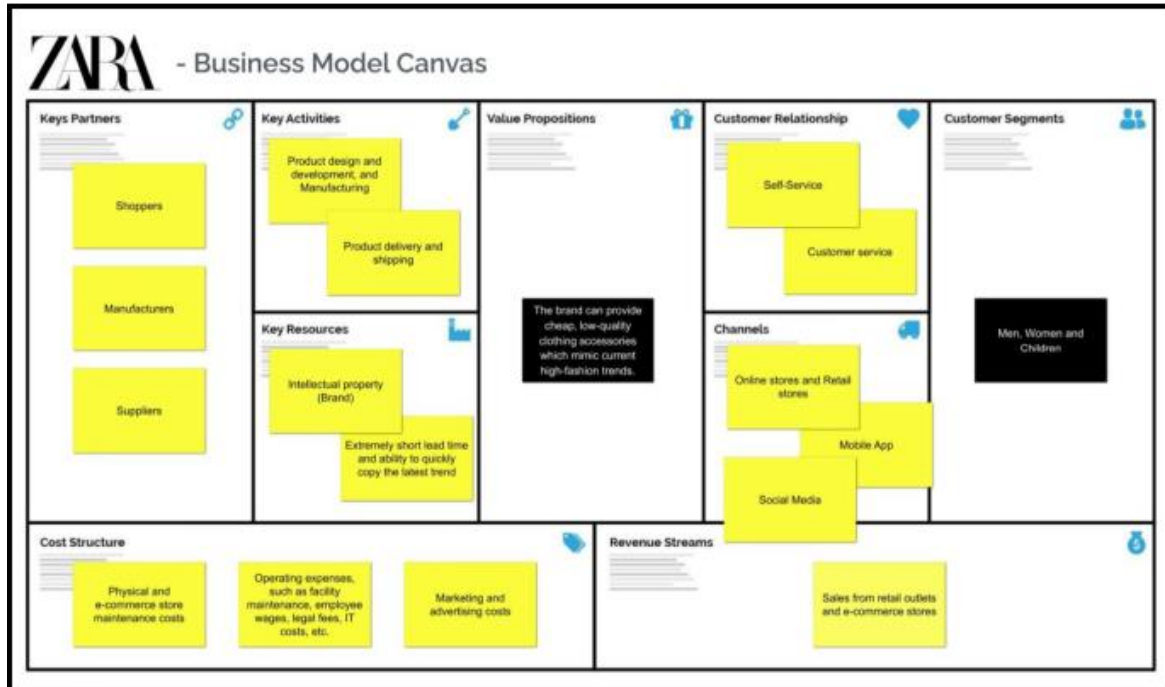


Source: Zara business strategy analysis

Nonetheless, the critical rationale why Zara maintains a position of superiority over its competitors is because of the paramount significance given to the administration of consumer and probable shopper relationships. The firm manipulates proprietary software to analyze the different forthcoming fashion fads.

The organization's workforce and management team works in coalition with high-quality machines that can manufacture high-quality clothing and accessories. The corporation also instructs its retail workers to transmit shoppers' preferences and real-time sales data to its fashion designers team via productive transmission systems. Exhibit 12 provides a summary of the business model of Zara, all aspects which have been discussed in this section.

Exhibit 12: Zara business model canvas



Source: The business model analyst

### SWOT Analysis

#### Strengths

- Zara has the one of the highest number of retail fashion retail stores in the world
- Product price/quality ratio is high
- Zara's core niche is fast fashion, which directs high product turnover & the latest runway trends to buyers promptly, only in 3 weeks
- Strong power in the worldwide clothing fashion brand to administer strategic techniques in supply network management
- The brand's supply chain updates its online & retail collections in a rapid efficient manner twice a week
- The firm's design team produces 50,000 pieces of work annually
- Branding styles are based on customer experiences, Zara designers spin shoppers' needs into designs
- Increased investments by Inditex to stimulate its online sale to formulate satisfying online shopping experiences & consolidating the prevailing physical infrastructure

#### Weaknesses

- The brand's sales are highly dependent on the presence of physical stores
- Zara's market prognosis movements are supported by AI and Big Data systems which are not completely developed & are still being tested for the company
- A substantial void in the implementation of ethical workplace standards & the treatment of employees in Myanmar, proves to be a shame for the company
- The firm's concept of fast fashion is proving to be a double-edged sword for environmentally friendly & ethical problems
- The brand's insufficient presence in Asia-Pacific markets which accounts for 38% of the worldwide clothes market
- The United States known as the largest apparel market globally has a total of 100 Zara stores, which account for a minority share of the total Zara sales

### Opportunities

- Target market is the 4-40 years age group in the mid-income category, which comprises a huge portion of the global population
- Customers visit Zara's stores normally 17 times yearly, due to the company's impulse for reacting to changing fashion trends & instantaneous production targets
- Easier digital data collection & segmenting of the customer base facilitates the brand to obtain customized shoppers suggestions
- Inditex, the mother brand of Zara has an in-house software development committee that supports to stimulate the company's order fulfillment speed
- More than 33% of Millennial and Gen Z demand sustainable & environmentally friendly clothing brands, a tremendous opportunity for the brand to grow this enhancing desire
- Zara's proficiency of the fast-fashion game assures that the corporation's logistic centers deliver within 48 hours to any area across the globe  
Meets diverse cultural fashion requirements across the globe

### Threats

- Lockdown laws led to the closure of 88% of its stores, specifically in Asia & Europe, reducing global Zara sales, threats of future pandemic waves remain
- The current pandemic led to decrease in sales impacting a 44% reduction in income the first quarter of 2020 for the Inditex group
- The pandemic-induced laws & restraints in Spain curbed in 3 of the 13 Inditex factories being operational in the early months of the pandemic, resulting in a contraction in earnings
- Price wars with Zara's copyist drain off Zara's line
- Zara retail store's face enormous competition from H & M stores which are expanding on a vast scale in the apparel category globally
- Shein, China's fast-fashion behemoth & the world's biggest clothing store with an entirely online presence spells hazards for Zara's future, Shein app amassed 10.3 million downloads in September 2022 while Zara fetched only 2 million downloads during the same period



### Product Range

Online and offline retail platform selling beauty, cosmetics, wellness, fashion and inner wear product categories.

### Business History And Evolution Of The Brand

Falguni Nayar, a former managing director at Kotak Mahindra Capital Company, initiated Nykaa in April 2012, with its headquarters in Mumbai. It is one of India's biggest beauty, cosmetics, lifestyle, wellness and fashion portals selling across digital websites, mobile apps and has more than 100 offline stores. The founder and promoter of Nykaa is recognized among the 10th

wealthiest self-made Indian women. In 2020, it evolved as the first Indian unicorn startup steered by a woman, selling imported beauty products as well as domestic cosmetics products in the Indian market.

**Exhibit 13: Falguni Nayar, C.E.O. & Founder**



Nykaa.com

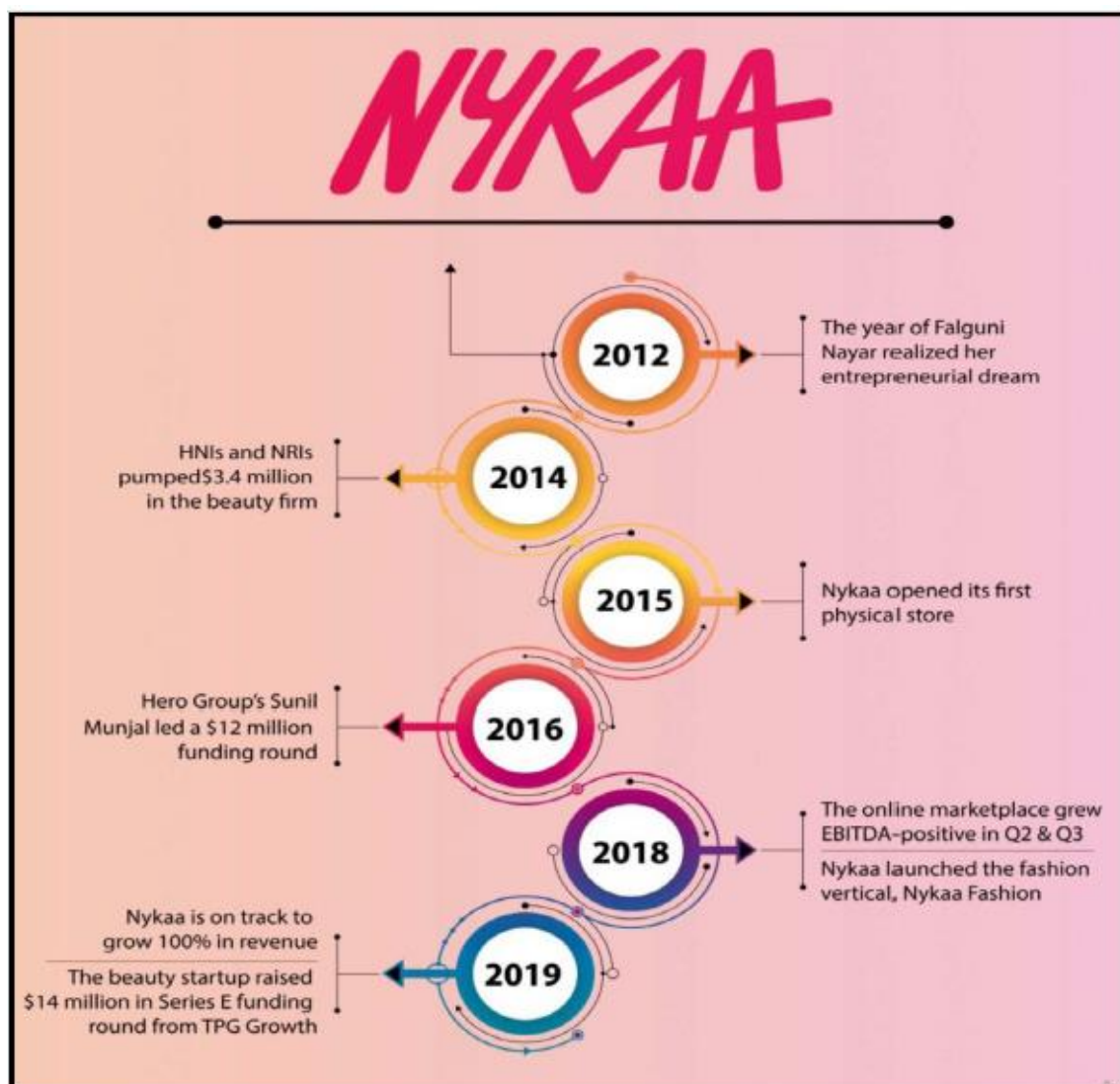
Falguni Nayar founded the Nykaa brand with limited knowledge of beauty products, the retail industry and technology, and with just 3 employees. When the brand was originally launched it received approximately 60 orders in its initial days, but Nykaa didn't believe in negotiating on its price proposals, even though it could have reduced prices to heighten sales. The brand brags that its products are sourced directly from the manufacturing companies themselves, hence they are authentic, in good condition, are readily available for delivery to its clients and the price values are reasonable.

Falguni believed "Retail is all about detail." The name Nykaa was an adaptation of the Sanskrit language word "Nayaka", translated as the one who is in the spotlight. The company's tagline is 'Your Beauty, Our Passion'. The Nykaa brand logo's color was very thoughtfully selected, as the brand targets females and the colors red and pink would perfectly reflect a modern girl's vigor.

Around Diwali in 2012, Nykaa's website was launched and it acted as an e-commerce site putting together a wide selection of beauty and wellness products. It was commercially released

in 2013. In 2015, Nykaa strengthened its spectrum from online-only to an omnichannel mode and broadened its product range apart from selling beauty and cosmetics, introducing fashion products. In 2020, it is estimated that the firm retailed around 4000 brands and 200,000 products across its multiple platforms. Nykaa in India has evolved to be the leading e-commerce and beauty retail platform. Exhibit 14 exemplifies Nykaa's evolution, expansion and main funding channels.

Exhibit 14: Growth of Nykaa the fashion brand



Source: Entrepreneur India - How This Beauty Marketplace Became India's Favourite

Falguni Nayar witnessed the gap in the Indian and foreign beauty products markets - the inconsistencies, duplication and unavailability of merchandise, and this acted as the fundamental impetus which inspired her to develop the brand and were able to anticipate a successful future for Nykaa. Also, the premium membership program of Nykaa provides its users extraordinary access to professional beauty products and offers via the Nykaa App. Exhibit 15 explains the strategies the brand adopted to be a market leader.

**Exhibit 15: Nykaa’s business strategies**



Source: “How To Build An On-Demand App Like Nykaa – Nykaa Business Model, Features & Cost | Code Brew Labs.”



During the year 2020, Nykaa Fashion initiated omnichannel practices and launched its first store in Delhi. Also, in October 2020, the firm launched Nykaa Man, India's first multi-brand online store for men's grooming and fashion trends and later in 2022 launched undergarments and athleisure apparel.

Furthermore, it broadened its spectrum into the fashion market by inaugurating Nykaa Design Studio, which was renamed Nykaa Fashion, hence accelerating a jump in the shares of Nykaa. The firm has constructed numerous partnerships and acquisitions to enhance its business revenues, namely - in 2019, Nykaa acquired 20Dresses.com, a private women's styling platform and in 2021, Nykaa Fashion bought over Pipa Bella, an Indian fashion jewelry brand and also the Indian skincare company, Dot & Key.

As estimated in 2021, Nykaa had created a loyal customer base with a rate of 72% repeat clients per month and has arisen as one of the most successful on-demand e-commerce apps. Listed here are a few of the firm's key marketing brands and the merchandise they sell.

1. Nykaa: Sells beauty, cosmetics and wellness products including body care, makeup, and personal hygiene.
2. Nykaa Fashion: An on-demand e-commerce platform concentrating on branded and designer fashion merchandise such as apparel, accessories and footwear.
3. Nykaa Pro: A deluxe membership program that caters to beauty parlors, beauticians and makeup artists by delivering unique offers and educational content.
4. Nykaa Luxe: It sells luxury products from premium brands.
5. Nykaa On-Trend Stores: It provides makeup and glamor products from trending brands along with professional personnel that counsel in discovering the perfect merchandise to suit their identity.

In order to gain popularity, the brand invests in futuristic marketing strategies like hosting glamor and fashion content through Nykaa TV, its YouTube channel, which demonstrates elucidating videos corresponding to beauty product reviews, beauty how-to-apply videos, makeup fads and styling trends. The business organization also provides detailed marketing content that comprises expert-written articles and an e-beauty magazine helpline, which is developed to facilitate its customers to choose products and services that are modified to their desires. Exhibit 16 provides a quick glimpse into the basic information on the brand.

**Exhibit 16: Key facts on Nykaa**

<b>Founder</b>	Falguni Nayar
<b>Year Founded</b>	2012
<b>Origin</b>	Mumbai, India
<b>No. of Employees</b>	2,000+
<b>Company Type</b>	Public
<b>Market Cap</b>	Rs 1 Lakh Crore (2021)
<b>Annual Revenue</b>	Rs 1,860 Crore (2020)
<b>Net Income/ Profit</b>	Rs 278 Crore (2020)

Source: IIDE

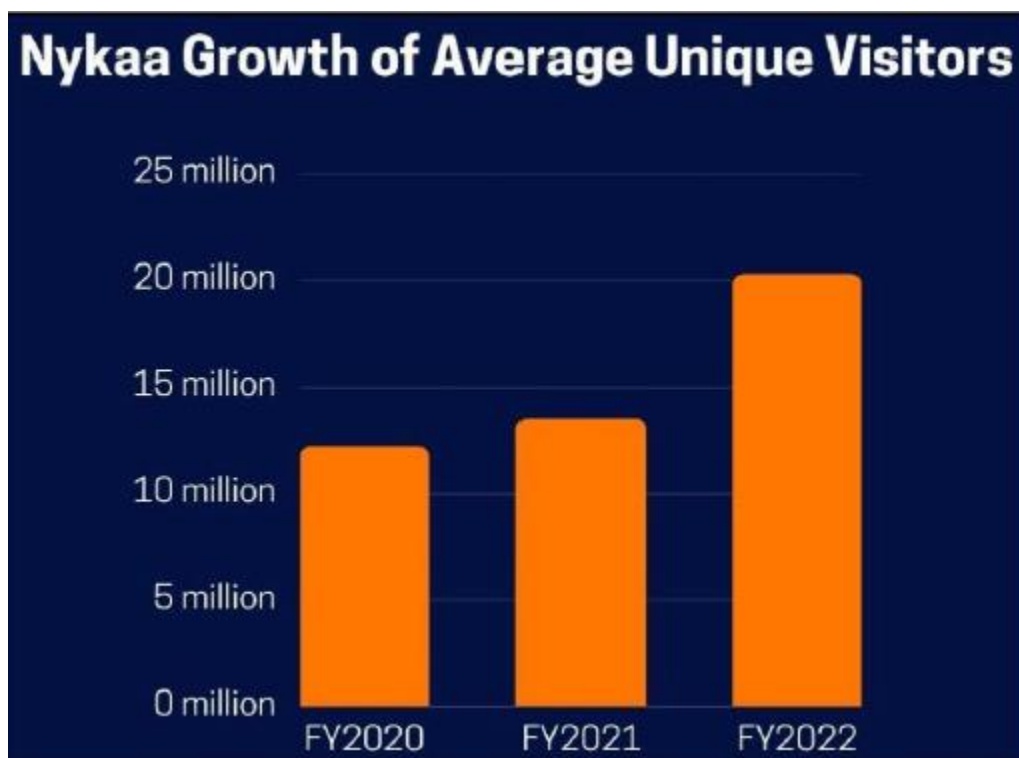
**Market Share And Extent**

The firm’s market is presently spread across the Indian subcontinent including Nepal and it is anticipated to begin international deliveries to other countries shortly. The brand presently has greater than 20 million monthly active users and processes 1.5+ million orders.

Furthermore, the brands transition from an online mode to an omnichannel retail mode also contributed to its growth. As evaluated in October 2021, Nykaa in India has 105 stores, 23 warehouses, offering over 4000 brands and is stacked with more than 3.1 million stock-keeping units that can be accessed from its website, apps or its stores. The firm is attempting to boost its fulfillment centers across India to improve client experience and strategies to strengthen its warehouse capacity by 40% shortly.

The company not only concentrates on marketing in Tier 1 towns but also pitches all the likely buyers from Tier 2, 3 and 4 towns. Nykaa aspires to enhance its offline foothold by trebling its volume of brick-and-mortar stores and targets to invest Rs.100 crores shortly to establish more stores in the top 100 towns. Nykaa is aspiring to extend its offline business scope and plans to own 180 stores all over India by 2024. Exhibit 17 explains the growth and development of Nykaa clients from 2020-22.

**Exhibit 17: Number of Nykaa customers from 2020-22**



Source: Nykaa Success Story | Business Model | Revenue Model, Startuptalky

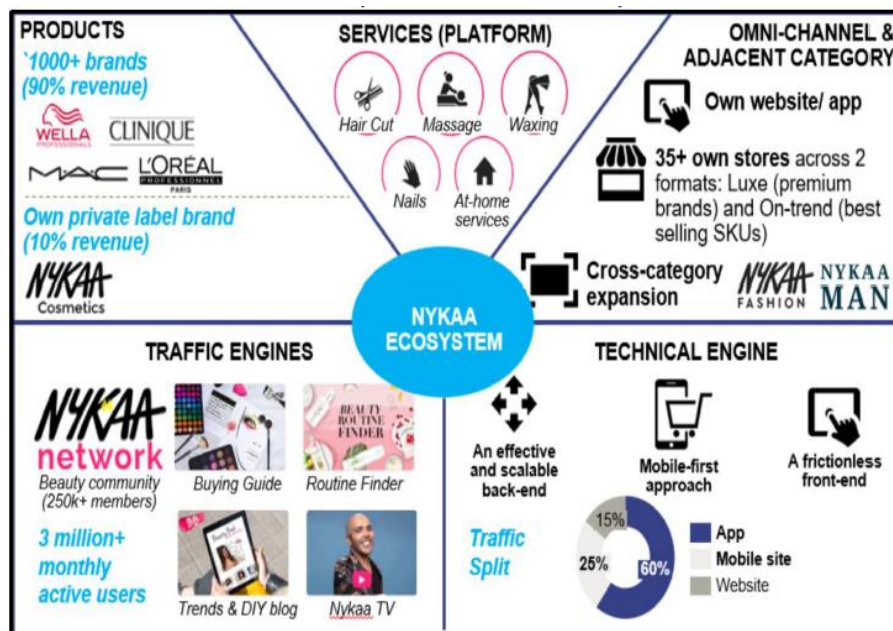
### **Business Model And Strategies**

Nykaa, a popular name in the on-demand e-commerce industry in India is a D2C model concentrating primarily on e-commerce channels and relies on an inventory-based technique, which has facilitated the business group to observe elevated profit margins, soon after its establishment. After the success of its online sales, the firm over time built omnichannel strategies and physical stores, namely in 3 formats - Nykaa Luxe, Nykaa On Trend and Nykaa Kiosks.

The business purchases its cosmetic, beauty and fashion merchandise directly from the

manufacturers, guarantees the authenticity of its products, keeps them in its designated warehouses and observes competitive pricing. Also, the brand sells its own merchandise and the merchandise of its partnered brands, through online and offline platforms which is the fundamental source of revenue for the brand. Exhibit 18 presents a detailed view of the brand's online and offline network system.

**Exhibit 18: Nykaa's online and offline ecosystem**



Source: Frederic Fernandez Associates, FMCG CEOs: Learning from NYKAA, the Indian Exponential Beauty Company or When & Where to Become a Brand Agnostic Platform

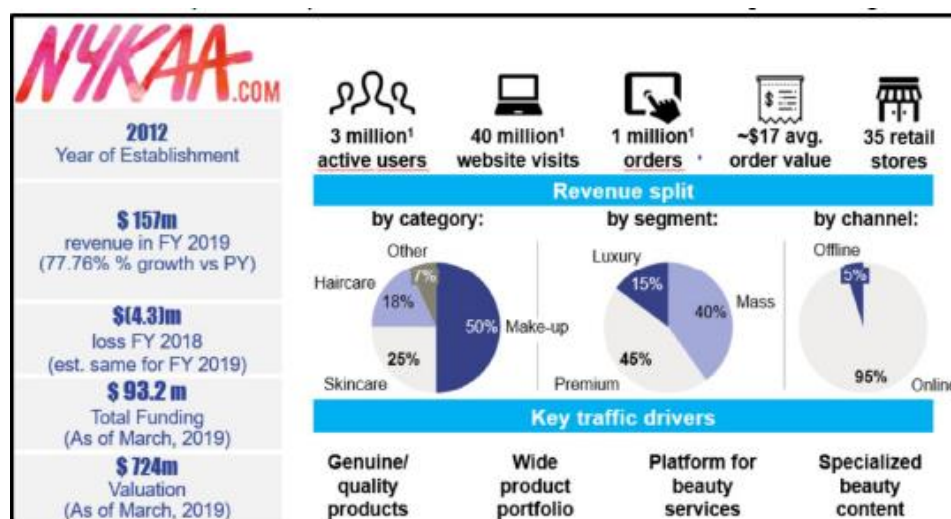
The firm comprehends the significance of yielding positive contributions to its customers to facilitate them to formulate the precise choice for their holistic glamor demands. Due to its robust digital marketing program, Nykaa has been successfully recognized as one of the greatly utilized and capable players in the beauty, cosmetics and fashion industry. The marketing techniques of Nykaa's are based upon 3 prominent goals - curation, data collection and customization. Listed here are the different marketing strategies used by the brand.

1. Marketing through YouTube: Nykaa has a full-fledged YouTube marketing program which concentrates on recommending consumable information related to the beauty and fashion industry to attain an understanding of beauty products and cosmetics via influencers, makeup courses and personal care tips to likely customers. The label employs an indirect channel by not focusing on selling its merchandise via its YouTube

- channel but aiming at cultivating brand awareness to captivate engaged spectators.
- Marketing using social media platforms: Nykaa operates 4 social media accounts on different platforms for the marketing of its in-house brands - My Nykaa, Nykaa Beauty for the promoting its e-commerce platform, Nykaa Fashion to stimulate its e-commerce apparel collection and Nykaa Beauty Book which supports potential customers with many beauty know-how and makeup tips. The brand is also dedicated to broadcasting the content built by its influencers via its social media handles.
  - Marketing strategies at public events: Nykaa leverages to pitch for probable customers at the appropriate duration and setting. For example, Nykaa often sponsors the distinguished Femina Miss India, the greatest beauty event held in India to enhance indirect advertising modes. The banner advertisements of the company support a surge in a lot of traffic on its websites and mobile apps, many of which convert into sales.
  - Content Marketing: The firm relies on D2C beauty, cosmetics and fashion related marketplace by providing a variety of consumable content to future customers, which promotes to transfer them deliberately into its buyers. Nykaa’s blog -Nykaa Beauty Book, often publishes blogs associated with glamor, make-up, cosmetics and personal care and moreover engages in improving video content for make-up tutorials and DIYs.

Exhibit 19 explains the brand’s business model illustrating earnings and merchandise classifications.

**Exhibit 19: Key facts on Nykaa’s business model in terms of revenue and product categories**



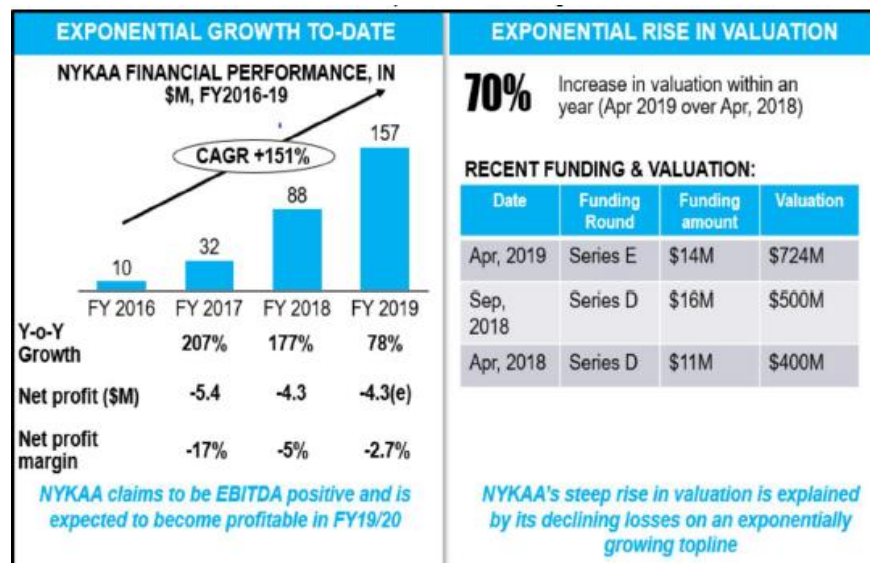
Source: INC42, Note: 1monthly

The firm has the tact of dealing with multiple types of clients and uses the earlier-mentioned strategies to capture their attention and make sales to them. Nykaa customers can be categorized as listed here:

1. **Enthusiastic Merchandise Seekers:** These are shoppers who are in the age group 19-25 years who need guidance and suggestions on beauty products that suit their identity.
2. **Active Schedule Customers:** These are clients who are working and classify in the age group 27-45 years. They know what beauty, cosmetic and fashion merchandise they desire and have a vigorous schedule leading to minimal time to shop.
3. **Glamour Conscious Customers:** These are customers in the age group 25-45 years, who are conscious and aware of their charm and style and spend a lot of time searching for the latest beauty fads and brands.
4. **Brand Seeker Clients:** These are customers who are more brands specific and have been exposed to international brands and are aware of what they want to purchase.

Exhibit 20 illustrates the exponential growth in Nykaa’s financial performance from 2016-19, a CAGR of +151% and was expected to be a profitable venture in FY 19/20. It also observed an accelerated rise in its valuation 2018-19 due to its diminishing losses. According to The Economic Times article in November 2022, the firm made a profit of Rs.5.5 crores, a 344% YoY increase in FY 21/22.

**Exhibit 20: Nykaa’s financial deep dives**



Source: Financial Express pitchbook

During the covid-19 pandemic, Nykaa underwent a critical shift of consumers' attitude towards the essentials, encompassing personal skin and hair care products. This enabled it to fortify sooner than its competitors after the corona virus invasion.

## SWOT Analysis

### Strengths

- One of the biggest Indian platform for beauty, cosmetics, wellness & fashion products
- Nykaa purchases merchandise directly from the brands or manufacturers and lists them on its website and e-commerce app, guaranteeing authenticity
- Powerful social media presence & interchanges to captivate possible customers
- Retains many property privileges of merchandise formulating product offerings to be unusual & deluxe
- Effective brand equity & brand perception in the Indian market
- Broad choice of merchandise both online & offline platforms to strengthen buyer focus
- Buyer belief in the exemplary product range of the brand
- Ingenious marketing techniques & merchandise designs to captivate clients
- The ability of a vibrant business habitat, the metamorphosis from online to offline channels, creating omnichannels

### Weaknesses

- Absence of vital technological skills & digital adaptation
- Brand needs to develop a USP in fashion
- Ineffective sustainability and waste management strategies, condemned by environmentalists
- Tuff conflicts within numerous departments in the administrative structure
- Elevated delivery fees for low-value orders
- Inadequate customer care services to solve consumer grievances & grudges
- The requirement to diminish internal expenditures to develop an economical merchandise line for mid-income societies
- Non-effective stock administration
- An insufficient budget for research & development can undermine the label's accomplishment due to the absence of a full market understanding
- Postponement in decision-making policies to introduce fresh merchandise

### Opportunities

- Deluxe business model & commerce procedures related to the company, so likely to rise the ladder of success
- Thriving population in the Indian subcontinent, expanding probable client base & market extent
- Demand proliferation for natural & organic beauty products
- Enhancing lifestyle standards with rising disposable incomes & expanding demand from youngsters for fashion merchandise
- Deduction in expenditures connected to market entry & commerce techniques for global markets steering prospective development
- Influential brand ambassador of Nykaa - a prominent Indian movie actress
- Materializing e-commerce & social networking tendencies post the pandemic, prove to be a tremendous opportunity for this online business model

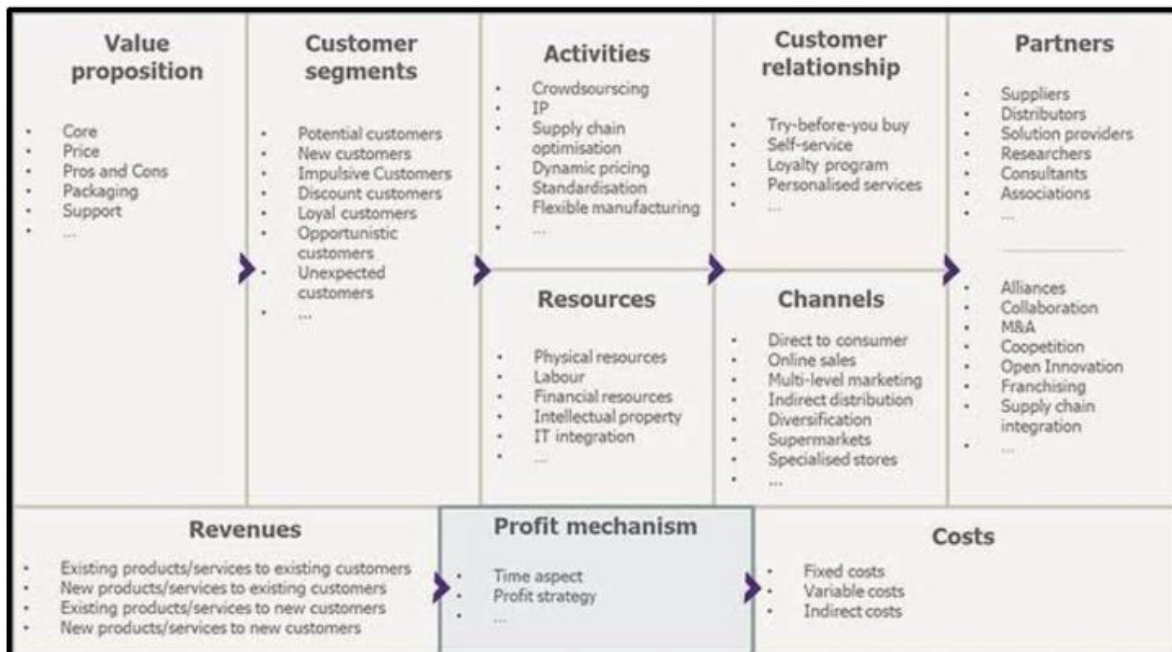
### Threats

- Elevated profit margins have directed to unpopularity of the label
- Severe market competition from Ajio, Purpille & Myntra, the biggest Indian players in the similar field
- Rigorous e-commerce laws & modifying legal framework may pose to be a hazard to curbing the brand's advancement
- Improving the bargaining power of shoppers, creating a downcast tendency on prices
- Organic trends & growing concerns for environmentally friendly and cruelty-free products, indicate to be an enormous obstacle for cosmetic merchandise sold on the Nykaa platform
- Case filed against Nykaa by French cosmetic giant, L'Oréal, creates a nasty market review

**Closing Statement**

A meaningful analysis of these two successful fashion business models reflected several vital business concepts - the value propositions and net worth of these business organizations, their progress contours and their strategic pillars for advancement along with their core talents and abilities, earnings structure, profit as well as failure related decisions, expense curves, consumer segmentation, brand loyalty and customer relationships, market share and it's expanse, distribution modes or channels - online or offline, centralized or decentralized and owned or partnered delivery modes, economic activities and allied business partnerships. Exhibit 21 discusses the core elements of the business model of a firm in the fashion industry.

**Exhibit 21: Essential characteristics of a fashion firm**



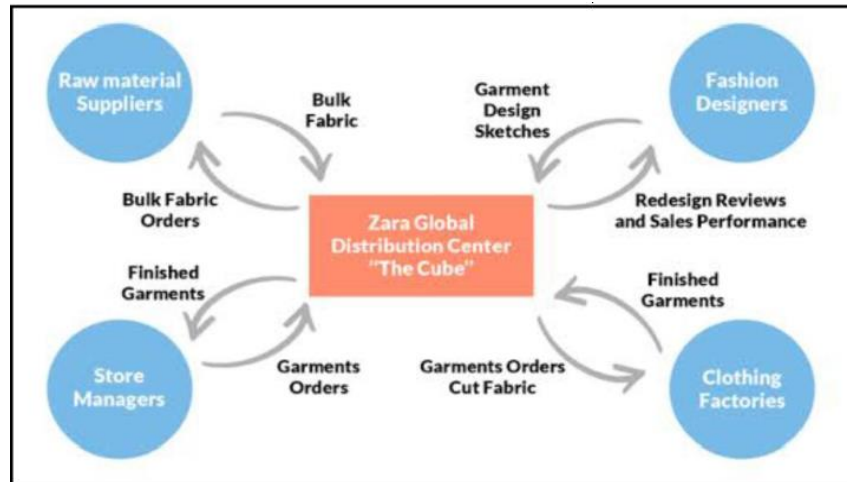
Source: The Pourquoi Pas

Through these business models, I gained knowledge of the market potential of these enterprises, evaluating their deep-rooted business essence and crucial issues associated with marketing operations to handle unique market conditions, enabling them to leverage the expansion opportunities within a given market. I briefly compiled the key foundation and vital steps of building a successful fashion business model for commencing a fresh venture, developing new market opening strategies, altering the go-to-market theories in existing markets, this outlining the direction for positive economic accomplishments. Further, it provided me with a brief insight into practical business knowledge and a real-life stimulation of varied business strategies.



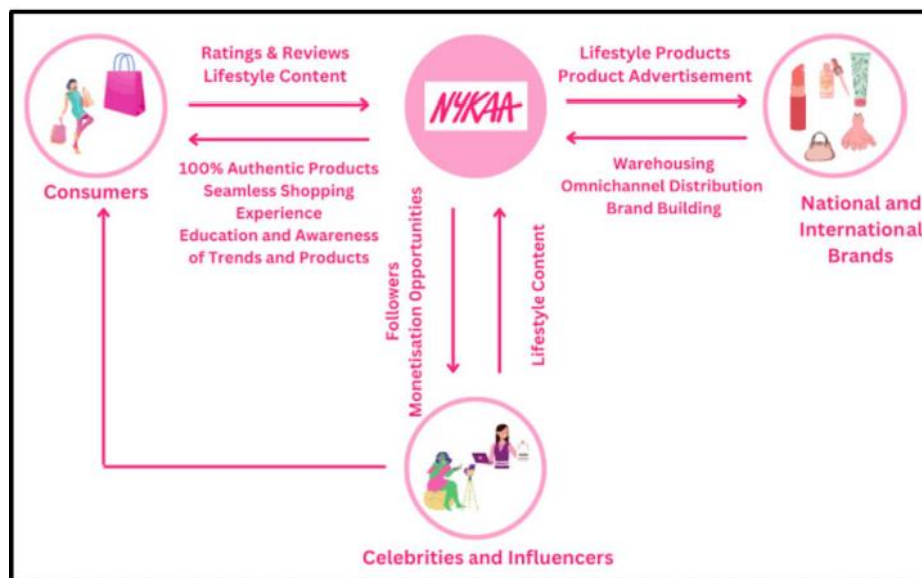
Exhibit 22 discusses Zara's success is based on fast fashion and how it can accomplish this. Exhibit 23 provides a comprehensive picture of Nykaa's marketing strategies which have led to its success.

**Exhibit 22: Zara quick fashion model**



Source: Business Model Analyst

**Exhibit 23: Nykaa's marketing strategies**



Source: HelloMeets "Nykaa Business Model: How Nykaa Makes Money?"

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