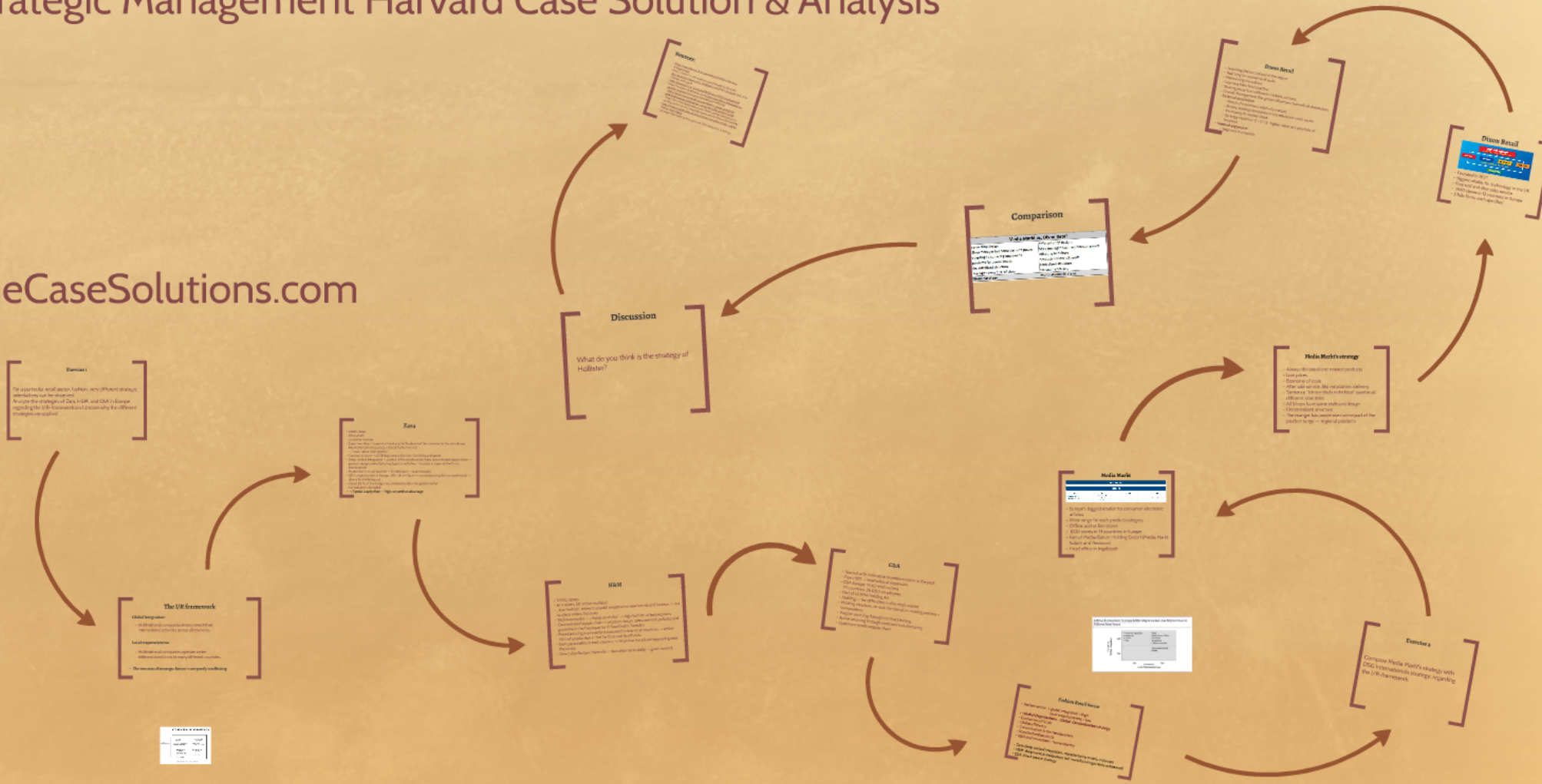


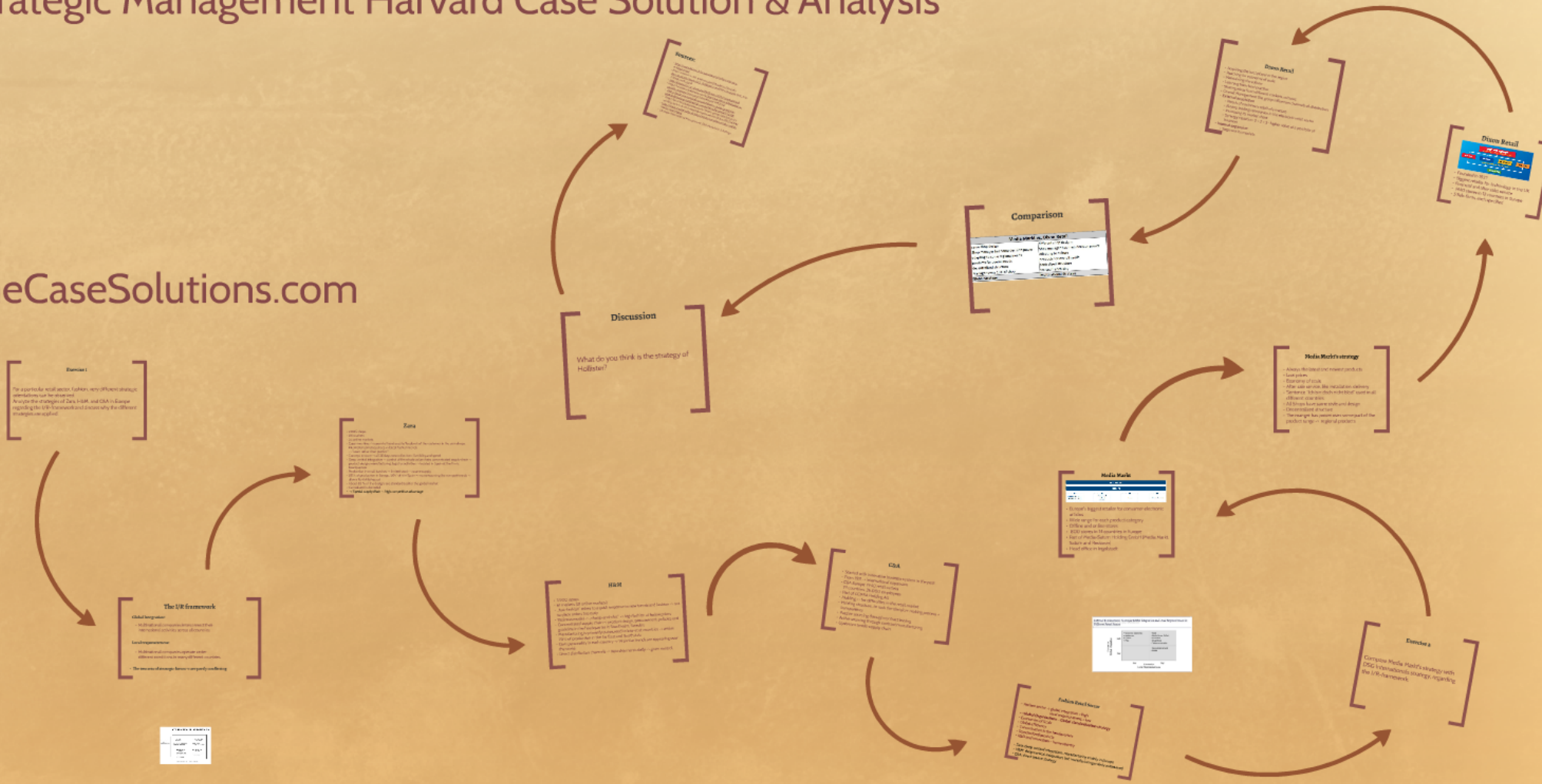
# Strategic Management Harvard Case Solution & Analysis

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## Exercise 1

For a particular retail sector, fashion, very different strategic orientations can be observed.

Analyze the strategies of Zara, H&M, and C&A in Europe regarding the I/R-framework and discuss why the different strategies are applied.

# The I/R framework

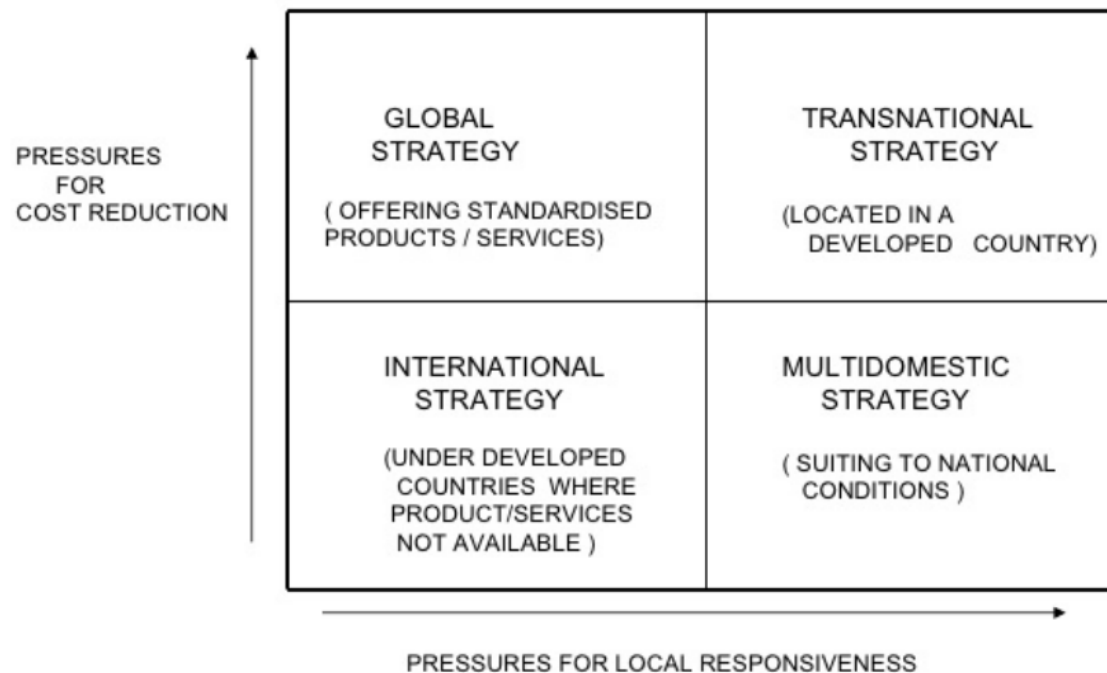
## **Global Integration:**

- Multinational companies interconnect their international activities across all countries

## **Local responsiveness:**

- Multinational companies operate under different conditions in many different countries
- **The two sets of strategic forces -> are partly conflicting**

# INTERNATIONAL STRATEGIES



# Zara

- 2.085 shops
- 88 markets
- 26 online markets
- Copy-machine -> research/trend scouts/feedback of the customer in the own shops, international metropolises -> latest fashion trends  
-> "react rather than predict"
- Concept to store -> all 28 days new collection= flexibility and speed
- Deep vertical integration -> control of the whole value chain, concentrated supply chain -> product design, manufacturing, logistics activities -> located in Spain at the firm's headquarters
- Production in small batches -> limited stock -> scarce supply
- 80% of production in Europe, 50% of it in Spain => no outsourcing like competitors do -> allows flexibility/speed
- About 85 % of the designs are standardized for the global market
- Centralized hub model
- -> Special supply chain -> high competitive advantage

# H&M

- 3.900 stores
- 61 markets (31 online markets)
- „fast-fashion“ refers to a quick response to new trends and fashion -> not to place orders too early
- Business model -> „cheap-and-chic“ -> high fashion at below prices
- Concentrated supply chain -> product design, procurement, policies and guideline in the headquarter in Stockholm, Sweden
- Manufacturing is primarily outsourced to low-cost countries -> within 70% of production in the Far East and South Asia
- Own personality in each country -> 14 similar trends are appearing over the world
- Direct distribution channels -> new shipments daily -> given control

# C&A

- Started with innovative business system in the past
- From 1911 -> international expansion
- C&A Europe: 1940 retail outlets  
19 countries, 36.000 employees
- Part of COFRA Holding AG
- Holding -> for difficulties in the retail market
- Holding structure, to rush the decision-making process + transparency
- Passive sourcing through contract buying
- Active sourcing through contract manufacturing
- Upstream textile supply chain