

Marketing strategy and the current status of Global SPA Brands

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Abstract

This study aims at providing data for establishing a marketing strategy which can enhance the competitiveness of Korea domestic SPA(Specialty Store Retailer of Private Label Apparel) Brands by suggesting countermeasure strategy through the observation and analysis for SPA Brands, under the current circumstance in which the systematic and scholastic discussion for the matter, is lack, despite the diastrophism in fashion industry is prospected according to the rapid growth of Global SPA Brands. For this purpose, the characteristic and current status of Global SPA Brands is examined, and the main cause of growth is analyzed by approaching to their marketing characteristic, in this study.

In relation with this situation, this study suggests the provisions as below, which are drawn from the analysis on Global SPA Brands' marketing strategy, so that Korea domestic SPA Brands could achieve successive performance under fierce competition.

First, to be a competitive SPA Brands a business should be able to supply products with frequent product turnover by an interval level of one week or so, the existent product planning by seasons, as a business obtains various swift informations on consumers' demand with R&D center foundation. Secondly, SPA Brands should establish a strategy that a business can create high net profit by inventory management which enables lowering inventory ratio remarkably, and a strategy for innovative product supply by small quantity batch production, along with founding a high technological logistics system Third, SPA Brands should establish a strategy for primary cost reduction by overseas dispersed outsourcing in order to enable diverse product development and rational price setting. Fourth, fashion marketers should establish also a strategy for communication by which brand image can be delivered effectively, by firming the brand identity and by informing product characteristic and customer service totally, with the method of VMD and flagship store. Additionary, fashion marketers also should establish a strategy by developing mobile application which can provide brand image and diverse other fashion related information.

Key Words : Characteristic of Global SPA Brands, Current Status of Entry of Global SPA Brands into Korea domestic market, Global Marketing strategy

I . Introduction

In global apparel market, many new fashion brands equipped with diverse systems for manufacture and distribution emerged, while the global market has been undergoing market diversification such as mass production base construction in China and Southeast Asia, and transportation cost fall. Also, as the matter how much swiftly a person adapts to informatized and digitalized environment becomes a critical element for social competitiveness, and this social phenomenon exercises influence on human basic life including food, clothing, and shelter, fast products from fast fashion, fast food to fast furniture, are emerging as the symbolic trend of consumption culture, expanding the realm, and enhancing the status, day after day. In the middle of this structural transformation of apparel market, for Korean fashion industry which is encountered with a crisis according to the entry of Global SPA Brands, a form of fast fashion, an innovational marketing strategy to overwhelm the emergency is coming up as an urgent task. The production and distribution system by Specialty Store Retailer of Private Label Apparel (SPA) which makes much profit falls on the retailers by small quantity batch production, as the system is operated almost without stock and discount, shows different appearance in many aspects. SPA becomes a meaningful business form for apparel production and distribution to fashion marketers who aim at establishing an efficient marketing strategy, as SPA form is a new system which can solve the adversity in stock and merchandise turnover ratio, which inevitably occurs due to the long period of numbers of months for processes from design to product display, in apparel business. Though ordinarily,

fast fashion means only famous brands in collection, such as ZARA, H&M, UNIQLO, GAP, many businesses in form of fast fashion, are also found at many on-line markets and apparel specified markets such as Dongdaemun Market, which reflects most recent vogue as well as becomes the place for low price marketing strategy to the marketers.

In this study, for Global SPA Brands, which is a form of fast fashion, the current status of domestic market penetration and marketing strategy is analyzed.

Additionally this study also aims at providing data for establishing a marketing strategy which can enhance the competitiveness of Korea domestic SPA Brands by suggesting countermeasure strategy through the observation and analysis for SPA Brands, under the current circumstance in which the systematic and scholastic discussion for the matter, is lack, despite the diastrophism in fashion industry is prospected according to the rapid growth of Global SPA Brands.

For this purpose, specifically, the characteristic and current status of Global SPA Brands is examined, and the main cause of growth is analyzed by approaching to their marketing characteristic, in this study. To grasp the characteristic and current status of Global SPA Brands, the structural characteristic in the view point of the form of the production and distribution system, is studied, the current status of Korea domestic market penetration of Global SPA Brands, and the progress of sales by year are analyzed, and further through this analysis the value and competitiveness of Global SPA Brands are discussed. In order to analyze the marketing strategy of SPA Brands, primarily, the study results of other researchers are examined, and among these results, the elements related

to global marketing strategy, which can be applied to this study, are extracted. Subsequently, the marketing strategy of the representative Global SPA Brands are analyzed, taking the extracted global marketing related elements as the criteria. This study intends to provide the momentum that the related subjects can establish countermeasure strategy to set up competitive Korea domestic SPA Brands and further, and grope necessary marketing strategy and structural measure to vitalize Korea domestic fashion industry, through this.

II. Characteristic and Current Status of Global SPA Brands

1. Characteristic

Entering the 21st century, in the field of apparel industry, in accordance with the development of innovative system for production and distribution, new launchings of Global SPA Brands equipped with fast fashion characteristic, are accelerated.

In the list of the best global brands top 100 in 2009, announced by Interbrand, both H&M and ZARA are included within 50th positions. In case of H&M, despite it entered in the best global brands top 100 for the first time in 2008, it was placed on the 22th position, and again placed on the 21th position in 2009 with the growth rate of 11% from 2008. In 2009, ZARA exercised strong brand power, as it was placed in the 50th position from the 62th position showing 14% growth from 2008¹⁾.

SPA stands for Specialty Store Retailer of Private Label Apparel which means specified apparel retailers who plan and manufacture their own product as they reflect the market trend

and consumers` desire, as well as distribute and sell the manufactured products on their own. This classification is widely valid in Korea and Japan, meanwhile, in English speaking countries, these characteristic businesses are classified into SPA Brand which belongs to the category of Private Label Brand in wider classification. The characteristic of SPA Brands lies in the capability that they can supply diverse products in distinct concept, by standardized manuals and systems, and can supply regularly qualified products at rational price through direct distribution path system. SPA Brands are also equipped with the characteristic that they can enhance merchandise turnover ratio, conduct efficient inventory control, and reflect consumers` desire swiftly by the immediate feedback which indicates sales trend by POS(Point of sale) system set up in the store. The direct distribution path system is one-stop system covering planning, manufacturing, and distribution, which overcomes the limit and inefficiency of the existent apparel businesses according that the processes of manufacture and distribution are separated, which also can realize low price and swift supply of products through removing distribution profit margin and dwindling transportation time. That is, by this system, an apparel business operates large scale direct running stores as it is exempted from the high cost for renting distribution stores such as department stores, by conducting distribution at first hand. By this method, a business can easily supply products in low price and reflect consumers`s demand to the products swiftly. SPA Brands are classified into two categories, Maker types SPA Brands which have one`s own factory, manufacture and sell products on their own, and Retailer type SPA Brands which do not have one`own factory, but

develop products by oneself, trust manufacture to subcontractors in the way of outsourcing, and sell the products, on their own.

1) Maker Type SPA Brands

In case of a Maker type SPA Brands, it can reduce and save the distribution margin, by the vertical integration of manufacturing and distribution, and efficiently manage inventory risk reflecting the information for product development and supply quantity control to production as they can collect information on consumers at first hand in the store. This characteristic can enhance the capital turnover ratio and invite improvement in product planning and in productivity. As the representative Maker SPA Brands, ZARA, and Mango can be counted.

ZARA, headquartered in Spain, was found in 1975, opts the method of direct distribution path, by which it manages the 1608 units of stores in 74 countries.

The method of direct distribution path enables the curtailing of new product supplying time by connecting production place and distribution region, and the swift refurbishment of sold out products by immediate production using reserved and accumulated materials. As the headquarter of the business is equipped with a system through which the sales information of respective branch stores can be grasped and analyzed in real time, the business reduces the inventory burden, by analyzing it's sales by a week, normally. Additionally, this business enhance the ratio of product turnover and capital turnover by JIT(Just in time) system which is a kind of Toyota method for production, opted for the minimalization of inventory ratio. This business has the principle that it manufactures some 60% – 65% out of the total product quantity on it's own, and,

supplies new products two times within a week on average, to all the stores over the globe.²⁾ ZARA, which is the representative brand of Inditex, a world class apparel business group, is operated by the integrated management system of Inditex. Inditex is one of the world's leading textile distribution groups. Its head office is in Arteixo, in the Spanish province of A Coruña. From there over five hundred professionals offer their services to each of the companies that form part of the group throughout the world, dedicated to the design, production and distribution of fashion items³⁾.

MANGO, headquartered in Spain, was found in 1984, has 1223 stores over 92 countries and is operating the stores by two methods, direct distribution and franchise system. Product design, planning, distribution, and store interior decoration, are taken charge by the headquarter in order to pursue uniformity over the entire stores. For swift supply of products, the quantity needed for Asia is mainly manufactured in China, and some 15% out of the total distribution quantity in Europe is produced in Europe on-site. At present, MANGO has over 7,800 employees, 1,850 of whom work at the Hangar Design Centre and at its Headquarters in Barcelona. However, beyond the statistics, it is made up a young and enthusiastic team, with an average age of 28, and 85% of which is female. Hangar Design Centre, the biggest design centre in Europe, has houses more than 600 professionals dedicated to creating fashion garments and accessories for women. The design, purchasing and quality departments are located there. The keys to Mango's success can be summarized in three points: Concept, Team and Logistics System⁴⁾.

2) Retailer Type SPA Brands

Retailer Type SPA Brands has the strong advantage that as a retailer, it can develop an original product and adjust the composition of products freely, to raise the profit ratio of a store. As the representative Retailer Type SPA Brands, H&M and UNIQLO are counted. These businesses establish cooperative system for production, with respective manufacture businesses.

In case of H&M, established in 1947 and headquartered in Spain, the headquarter office takes charge of the overall business works of design, raw material purchase, distribution and advertisement, directly. It has 2,000 and more stores over 37 countries, and almost all of the stores are run in the way of direct management by the headquarter office, except the stores in Middle Asia countries, which are run in the way of franchise. H&M, not equipped with its own factory, obtains products for sale from 900 and more subcontractor factories by outsourcing by 100%, 50% of which are produced in Europe and the remainder 50%, in Asia. H&M is operating cutting edge system over all the work processes including subcontractor's manufacture process so that the entire work processes from product planning to product consignment could

be completed within three weeks, and exerts effort to enhance product turnover ratio as it raises the frequency of new product supply to 52 times in a year⁵⁾.

UNIQLO which is a fast retailing business set up by Tadashi Yanai in 1984, is operating some 1,961 stores. It owns some 300 and more stores, as direct operation type stores in North and South America, and Europe, and franchise type stores in Korea and other Asia countries. UNIQLO established a unique BI through Polarpolis campaign, and have had a command of differentiated brand strategy by material advertisement campaigns including cashmere campaign in 2003 and heattech campaign in 2007. It enhanced the efficiency of production and inventory control, utilizing IT department, and found low price type distribution system by lowering the unit cost of production as it opts the way of mass production of small numbered items according to the demand of product quantity from respective stores⁶⁾.

In <Table 1>, the characteristic of Maker Type SPA Brands and Retailer Type SPA Brands is arranged by classifying it into the details of launching year and headquarters, store number,

<Table 1> The characteristic of Global SPA Brands

Brand Type	Maker Type SPA Brands		Retailer Type SPA Brands	
	ZARA	MANGO	H&M	UNIQLO
Headquarters	Spain	Spain	Sweden	Japan
Launching year	1975	1984	1947	1984
Store / Country	1,608 / 74	1,223 / 92	2,000 / 37	1,961 / 7
Distribution system	direct distribution	direct distribution & franchise system	direct distribution & franchise system	direct distribution & franchise system
Production type	outsourcing 40%	outsourcing 70%	outsourcing 100%	outsourcing 70%
Brand Type characteristic	The vertical integration of manufacturing and distribution		Cooperative system for production, with respective manufacture	

entered countries, distribution system, production type.

2. Current Status of Entry of Global SPA Brands into Korea domestic market

As SPA Brands take the lead in global fashion market, with rapid growth since 2005, SPA Brands meet with their heyday, currently, also in Korea domestic fashion market.

For most recent 2~3 years, 10 Global SPA Brands entered into Korea domestic market, and currently, they are under fierce competition.

Viewing the Global SPA Brands which has entered into Korea domestic market, since MANGO, which entered in 2001, as the first case, initiated the entry, UNIQLO entered in 2005 and opened total 45 stores, and Valleygirl entered in 2006, and is operating 35 stores, presently. In 2007, Gap and Papaya opened 21 stores and 23 stores, each, and in 2008, Z entered and it currently is running totally 12 stores. In October of the same year, Forever 21 which can be counted as the representative SPA Brands in U.S.A. opened its store at Myungdong in Seoul. Forever 21 is a competitive brand as much as it is running 420 and more stores over the world, and opens some 90 new stores in a year, and in Korea domestic market

currently, it sells products at the same price level with that in U.S.A. As H&M, the representative SPA Brand in Sweden, opened its store in Noonsquare at Myungdong, in the early time of 2010, the competition between SPA Brands is being more intensified⁷⁾.

In <Table 2>, the status of entry of Global SPA Brands into Korea domestic market is arranged countries name, launching year, store number.

The basic driving force which enables Global SPA Brands to grow continually in spite of global economic recession, lies in swift response strategy according to the introduction of one-stop system. In case of ZARA, it recorded the turnover of one billion and 800 million Won by a month on average as it achieved record-breaking performance that the turnover in merely one store surpasses more than 100 million Won by a day, with the response capability that it manufactures the products of a new fashion in the most recent trend only in 2 weeks, and supply the products to its stores as it is equipped with vertically integrated system for production, and adopts small quantity batch production system⁸⁾. In case of UNIQLO which shows a rapid turnover growth currently, it performed 30 billion Won turnover, in the first year of its entry in Korea domestic market.

<Table 2> The status of entry of Global SPA Brands into Korea domestic market

Brand	American apparel	UNIQLO	Valleygirl	GAP	Papaya	SASCH	FOREVER 21	ZARA	MANGO	SPRING FIELD	H&M
Country	American	Japan	Australia	American	American	Italy	American	Spain	Spain	Spain	Sweden
Launching	2003	2005	2006	2007	2007	2007	2008	2008	2009	2009	2010
Store	8	45	35	21	23	6	1	21	4	2	1

* MANGO: Re-entry after first entry in 2001. (Standard: 2010.03)

UNIQLO recorded the growth rate of 60% level every year after the entry year, and performed marvellous sales growth of 3 times sum in 3 years. It has the plan to occupy the lead in Korean casual apparel market by 2012 by increasing the store number up to 100 units and achieving the turnover of 400 billion Won⁹⁾. UNIQLO has the advantage of less risk shouldering compared to other SPA Brands as it can sell products continually despite passing of seasons because most products are in similar style as it is a basic casual brand business. It's growth trend ahead is being watched with keen interest as it well reacts to the response of consumers swiftly such as it displays new products by every week.

III. Analysis on Marketing Strategy of Global SPA Brands

1. Research of Global Marketing Strategy

Johansson defined global marketing as the strategy of marketing mix by standardized products, advertisement and distribution in diverse international markets¹⁰⁾. Global marketing means a standardization strategy to establish a global brand image by standardized products and similar advertisement using identical packaging and trademarks, regarding the global market as one unit. Tian & Emery elucidated that global marketing is marketing between different cultures and it enables the standardization between different cultures making the desire of consumers similar by global environment change, and hence, creates a new demand of consumers in global market, by promoting the understanding of consumers on different culture and the adaptation to the culture¹¹⁾. Zou & Cavusgil(2002) argued that

global marketing strategy becomes to have efficient and competitive effect as a business strategy by the integration of competitive trendy factors between countries and regions, and as the core elements, suggested 4 categories, that is, 4P Mix Strategy with standardized marketing, low trade barrier, integrated market environment, and international experience¹²⁾. They conceptualized global marketing strategy as 8 categories of dimension. The explanation for the 8 dimensions of global marketing strategy is like in <Table 3>.

Localization Strategy, which contrasts with Standardization Strategy which comprehensively explains the concept of global marketing, is multinational marketing strategy which applies the variation needed to respective countries in product planning, distribution, and advertisement to business by considering individual market situation. Florin & Ogbuehi asserted that work handling staffs of businesses should utilize localization and standardization in mix with the standardization direction after fixing the standardization direction for the approach of international advertisement, in establishing global marketing and communication strategy, though the scholars assert localization mostly¹³⁾. They asserted that the businesses should apply the standardization strategy and localization strategy in proper mix according to the market situation, for price strategy. Though the argument in the standardization strategy and localization strategy maintains continually likewise, in order to establish successive marketing strategy for globalization, global marketing strategy should be found relying on the characteristic of respective products. Vrontis & Papasolomu(2005) emphasized the importance of mixed marketing strategy in which standardization and localization are utilized in parallel, for the establishment of global marketing strategy, suggesting the example of Levi's. In the study, they asserted that for

<Table 3> Definition of the GMS Dimensions

The GMS Dimension	Definition
Product standardization	The degree to which a product is standardized across country markets.
Promotion standardization	The degree to which the same promotional mix is executed across country markets.
Standardized channel structure	The degree to which the firm uses the same channel structure across country markets.
Standardized price	The degree to which the firm uses the same price across country markets.
Concentration of marketing activities	The extent to which a firm's marketing activities, including development of promotional campaign, pricing decision, distribution activities, and after-sale services, are deliberately performed in single or a few country locations.
Coordination of marketing activities	The extent to which a firm's marketing activities in different country locations, including development of promotional campaign, pricing decision, distribution activities, and after-sale services, are planned and executed interdependently on a global scale.
Global market participation	The extent to which a firm pursues marketing operations in all major markets in the world.
Integration of competitive moves	The extent to which a firm's competitive marketing moves in different countries are interdependent.

SOURCE: Zou, Shaoming., Cavusgil, S. Tamer (2002), "The GMS: A Broad Conceptualization of Global Marketing Strategy and its Effect on Firm Performance", *Journal of Marketing*, 66(4), p. 43.

setting strategy for the sales of Levi's jeans, the strategy which is suitable to the respective countries' market environment should be utilized in parallel with the global standardization strategy through which the identity of Levi's can be expressed, as the life cycle of consumption is different according to the consumption environment of respective countries¹⁴.

In case of fashion industry in fierce competition between global brands, both the standardization for globalization and localization should be applied and utilized in mix, as the reaction of a business to the different demand of consumers from every cultural area in the world, and the sensitive response to the market environment are important factors for sales. That is, a business should establish marketing mix strategy as it keeps its unity and identity on the innate brand by standardization strategy, and

draws diverse viewpoint by localization strategy. Particularly, for a Global SPA Brands which now occupies superior position in global market, it is necessary to establish global marketing strategy in which standardization and localization are properly mixed in accordance with the characteristic of fashion industry that a business should swiftly response to the variation of consumer environment and fashion trend.

2. Analysis on Marketing Strategy of Global SPA Brands

Here, on the marketing strategy of Global SPA Brands, the cases of ZARA, MANGO, H&M, UNIQLO which own representative characteristics of Global SPA Brands, respectively, centered on the standardization strategy on 4 categories of product, price, distribution, and sales among the

factors in Global SPA Brands, which Zou & Cavusgil(2002) emphasised, are analyzed. As the tools for analysis, Korea domestic and overseas literatures, the internet sites of relevant companies, internet, and fashion specified articles of newspapers and magazines, are utilized.

1) Product Standardization

Global SPA Brands are an internationally famous multinational which designs, manufactures and markets women's and men's clothing and accessories.

The ZARA products concept is based on the latest trends, consistent high quality, and affordable prices. Design and fashion production of Ideas are the origin of the creative process. Ideas that come into contact with the latest trends, with the styles that are on the streets. From here concepts, themes and colours are defined. A collection is born. ZARA's approach to design is closely linked to customers. A non-stop flow of information from stores conveys shoppers' desires and demands, inspiring our 200-person strong creative team. ZARA is in tune with its customers, who help it give shape to the ideas, trends and tastes developing in the world. This is the secret to its success among a wide range of people, cultures and generations, who, despite their differences, all share a special fondness for fashion¹⁵⁾.

The MANGO concept is based on an alliance between a quality product, with an original design and a coherent and unified brand image. Dressing the modern, urban women for her daily needs is the formula we have analysed, adapted and applied in all the countries in which MANGO is present: it has been and remains one of the keys to our commercial success and international prestige. The Design department is

of paramount importance. It gives the brand personality and creates its most important asset: a fashion product. The Design department is organised into product lines, in order to achieve greater unity and coordination, which in turn allows the product to be displayed in an optimal manner in stores. Its work is based on creativity, communication and an interest in the fashion world. Four collections are produced every year. Before designing, the designers research the trends, attend trade fairs within the sector, read specialist magazines, inform themselves of international fashion shows and travel in order to see how the fashion sector is evolving in the world. The next stage is to select the themes that will act as a starting point for the trends of each range¹⁶⁾.

H&M builds up its range by putting together a balanced mix of modern basics, current fashions and high fashion within each concept. A number of different factors affect the final composition of the range. What sold well last season is combined with the coming season's big trends, colours and models. The aim is that the range should reflect what customers want at all times. The size of the stores, their location and whether it is a city store or a regional store also have a bearing on how the product range is distributed. High fashion garments that are produced in limited quantities, for example, will be sold only in stores in the big cities. Modern basics – such as jackets, tops and trousers in a range of colours and in the current season's cut – are ordered in larger volumes and distributed to more stores¹⁷⁾. H&M focuses on the development of creative designs in which high and low fashion are mixed, utilizing entertainer star connected collection projects. The entertainer star connected projects such as the collaborated work with Karl Lagerfeld and Stella McCartney in design development, and the

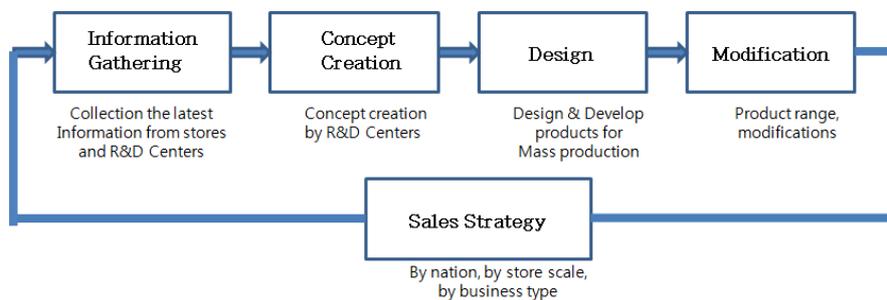
utilization of the collection designed by pop singer Madonna, are both marketing strategy to enhance the brand value of H&M.¹⁸⁾

The basic strategy of UNIQLO, targets at diverse age level people by taking trendy items with basic design, multifarious colors and rational prices it's basic products. For product composition, UNIQLO carries out it by mass production of small numbered items in more than 10 colors centered on basic shirts and neats. UNIQLO is performing an upgraded product strategy from the past basic line strategy as it develops +J products in high sensitive collaboration with a world class designer Jil Sander, in order to raise it's brand value. UNIQLO collect information from around the world to create product concepts. Once UNIQLO have a concept as a pivotal theme, each of five product sections (men's, women's, kids', goods and innerwear) can proceed through the process of product strategy, product planning, sales promotion and sales planning, visual merchandising, etc. Product development is based on a global R&D system. At R&D Centers in Tokyo, New York, there are always collecting and compiling the latest information on different trends around the world, local news, lifestyles and materials. Designs are created simultaneously in each center and garment ranges

compiled to suit each individual market. This product development system is helping to create new and exciting value at UNIQLO. Figure 1 illustrates the model of the product strategy system of UNIQLO¹⁹⁾.

2) Standardized Price

The low price strategy of Global SPA Brands is an important factor which makes them to succeed even in the global recession. In contrast that the existent brands raised their brand awareness level by high price strategy, SPA Brands are carrying out a price strategy for marketing that they stimulates the purchase desire of consumers by suggesting rational price and hence, draws sustaining consumption, while they swiftly supply new products which reflects most recent trend, on the other hand. In purchasing products, fashion consumers have the consumption desire pursuing the compensation for the opportunity cost by price and one's own trend. Exploiting this psychology of consumers, some Global SPA Brands as ZARA, implement the strategy to suggest rational price while they reflect most recent fashion trend rather than opting the strategy to gain competitive superiority by low price simply. In case of H&M, it sets the price of products which



<Fig 1> Global R&D system of UNIQLO

- <http://www.uniqlo.com/kr/corp/global>

are produced in collaboration with Stella McCartney in order to reflect the trend oriented demand of the consumers into products, at the diverse level of 20 Euros to 50 Euros, however, supplies the products, in reality, at the price in the level of 20% of the original price, and hence, ignites the purchase desire of consumers²⁰⁾. These brands like H&M implements low price strategy in the way that they develops diverse products with the capability of swift planning and design by themselves, and manufactures the products by outsourcing in third countries, by which they induce cost reduction, and supply products in low price without mediating marginal profit utilizing well established distribution networks of themselves. They adopts low inventory strategy as they set 0 inventory rate as the goal for sales management, and implements the strategy of differentiated price discount by product items in the way of lowering the product price according to exhaustion rate of respective products or conducting limited quantity sales. Particularly, H&M adopts the strategy to prevent occurring inventory originally, as it supplies products by fitting to the trend pursuing desire of consumers excluding particular discrimination of seasons for fashion, and avoid price discount untolerating excessive inventory even for best seller items²¹⁾.

3) Standardized channel structure

For Global SPA Brands, the foundation of efficient logistics management system through which a business can manage the stores distributed over the world, comprehensively in a lump, is essential. Though, the way of logistics center operation shows difference according to respective companies, a bit, it can be largely distinguished into two categories, the way that the logistics center is positioned inside

headquarter office and operated, and the way that large scale logistics centers are positioned by continents and the products are distributed to vicinity countries from the centers. ZARA's Logistics centres are highly mechanised distribution centres, where the reception of merchandise and shipping of items to stores is centralised to serve them all of the fashion items they require. All production, regardless of its origin, is received at the logistical centres for each chain, from where it is distributed simultaneously to all the stores worldwide on a highly frequent and constant basis. The distribution takes place twice a week and each delivery always includes new models, so that the stores are constantly refreshing their offer. The logistics system, based on software designed by the company's own teams, means that the time between receiving an order at the distribution centre to the delivery of the goods in the store is on average 24 hours for European stores and a maximum of 48 hours for American or Asian stores²²⁾. ZARA has constructed a particular Speed Control System for work to improve staffs, organizations, and works which become hindrance against speed, for efficient supply chain management²³⁾. MANGO bases its logistics on an in-house system which has developed progressively since the opening of our first store in 1984 until the present day. In order to develop a truly integral implantation, MANGO supplied its stocks to its franchisees under a deposit system. In 2000, MANGO completed a logistics system created with its own personality, acquiring and adapting the latest technologies at its facilities, making it possible to classify and distribute 30,000 garments per hour. Last year, MANGO put its new Dynamic Distribution Centre(CDD) into operation in Barcelona. At the CDD all processes are automated: loading, storage, invoicing and dispatch. This reduces

the workload and increases the workrate of employees, thus making the CDD the most efficient in its sector, with a management system that is 5 to 7 times faster than the competition. The MANGO logistics system(SLM) is based on speed, information and technology, its aim being to ensure that every store has the goods it needs at any moment, according to rotation speed and sales forecasts. With a production and distribution of 90 million garments a year, this guarantees the continuous renewal of goods and a production rate in accordance with market demand, both in terms of volume and variety²⁴⁾.

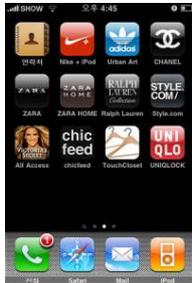
The key words for H&M logistics are simplicity, reliability and transparency. Simplicity – logistics must not become too complicated. Reliability – the fastest is not always the best. Instead H&M prioritises the most reliable and greenest method. Transparency – information exchange between all links in the logistical chain. As soon as a product is sold a request is sent for replenishment. Every day, the H&M stores receive new goods. H&M does not own any factories. Instead, clothes and other products are bought in from around 700 independent suppliers, primarily in Asia and Europe. The lead time can vary from a couple of weeks up to six months. It is important to know the right time to order each item. A short lead time is not necessarily best, since the right lead time is always a matter of getting the right balance between price, time and quality²⁵⁾.

UNIQLO boasts a network of 760 stores across Japan consisting mainly of roadside stores and outlets housed in commercial shopping centers. UNIQLO's aim is to ensure that our stores are stocked with the appropriate number of garments in terms of color and size so that customers can always get the products that they want. UNIQLO stores worldwide began

opening stores outside of Japan in September 2001 starting in London. Since then, international network across six countries; UK, China & Hong Kong, USA, South Korea, France and Japan. UNIQLO opened a global flagship store in New York's SOHO area in 2006, and on London's Oxford Street in 2007. Online store offers the entire UNIQLO product range and also some original products designed exclusively for online sale²⁶⁾. UNIQLO also takes the effect of cost reduction by global outsourcing strategy that it manufactures 90% of all the products in China, and the remainder quantity in Vietnam, Cambodia, and other South East Asian Countries.

4) Promotion Standardization

In contrast that the existent apparel brand businesses carry out much advertizing for brand image enhancement as much as advertizement cost takes the second largest part next to production cost among the total cost, SPA Brands almost do not carry advertizing as small as they spends, on average, only 3–4% out of the total cost as advertizement cost, and particularly, in case of ZARA , merely 0.3% out of the total cost, as advertizement cost²⁷⁾. SPA Brands carry out the advertizement in the way of Visual Merchandising(VMD) for sales promotion, on one hand, and also other sales promotion strategy that they implement display in flagship stores, and deliver confirmative images for one's own brand through various campaigning. Particularly, in case of MANGO, it exploits a strategy utilizing a unique catalogue in which product prices are described. Between Global SPA Brands, most recently, a new digital advertizement strategy that a business provides the model names of products, prices, relevant informations, or relays a fashion show on real



<pic. 1> Fashion applications in iPhone source
 -<http://weekly.hankooki.com/page/arts>



<pic. 2> ZARA application in iPhone source
 -<http://weekly.hankooki.com/page/arts>



<pic. 3> Uniclo - UNIQLO application in iPhone source
 -<http://news.kukinews.com/article>

<Table 4> Marketing Strategy of Global SPA Brands

Brand Dimension	ZARA	MANGO	H&M	UNIQLO
Product Standardized	Base on the latest trend, high quality and affordable price.	An alliance between a quality product, with an original design. Modern & Urban style.	Creative designs in which high and low fashion are mixed. Star connected collection projects.	Mass production of small numbered items. Targets at diverse age level people. Basic design & multi colors.
Standardized Price	Rational price while they reflect most recent fashion trend rather than low price simply.	Rational price it's most fashionable item.	The level of 20% of the original price. avoid price discount.	Rational price it's basic products.
Standardized channel structure	Speed Control System: supply merchandise to stores twice a week.	CDD: loading, storage, invoicing, dispatch. SLM: speed, information, technology.	Simplicity, Reliability, Transparency: balance between price, time and quality	The effect of cost reduction by global outsourcing strategy
Promotion Standardization	VMD, Display in flagship stores. Digital advertisement.	VMD, Display in flagship stores. A unique catalogue: prices described.	VMD, Display in flagship stores. Catalogue & On-line shop	Various campaigning. CSR committee. Digital advertisement.

time, through mobile terminal application, are expanding. Picture 1 shows the advertisement of

ZARA and UNIQLO, brought out through applications of iPhone and iPod Touch terminal.

Here, ZARA advertises various styles of products to consumers by the photo of products which are suspended on hangers. UNIQLO advertises the image of basic products, which is tedious to some extent, by an application named Uniclock in which dynamic moving images that numbers are changed by the interval of a second, and a fashion model whose action seems to dance, are altered so quickly, by the method of contrasting reverse image and concept.<picture 1,2,3>

In <Table 4>, The marketing strategy of Global SPA Brands, the cases of ZARA, MANGO, H&M, UNIQLO which own representative characteristics of Global SPA Brands, on the standardization strategy of product, price, distribution, and promotion.

IV. Conclusion

As the alteration of marketing environment and distribution structure according to the development of information and communication exercised influence even on fashion industry which is sensitive to social trend, the structural transformation is prospected in the existent system and marketing strategy of the industry. SPA Brands which has the capability for fast product turnover by swift planning, and is equipped with one's own distribution system, are well correspondent to the life style of modern people who live an age of rapid change, and hence, they takes the lead of a huge transformation in fashion market. In parallel with the rapid growth of Global SPA Brands, they changed the entire situation of Korea domestic market and reversely, enabled the launch of Korea domestic SPA Brands. By this situation, currently in Korea domestic fashion market, a

fierce competition is being progressed between the foreign Global SPA Brands and Korea domestic SPA Brands. Codes Combine, Leshop, QUA, TNGT W, SPAO are the representative Global SPA Brands. These brands cut conspicuous figures with the high growth of 30% - 40% annually even in the economic recession. Meanwhile, in comparison of this rapid growth of Global SPA Brands, the Korea domestic small and medium businesses in lack of capital and distribution network can not implement differentiated marketing strategy from Global SPA Brands which attacks the markets across the world with distribution networks connected like web, and Korea domestic market is also eroded by Global SPA Brands.

In relation with this situation, this study suggests the provisions as below, which are drawn from the analysis on Global SPA Brands' marketing strategy, so that Korea domestic SPA Brands could achieve successive performance under fierce competition.

Global SPA Brands perceives global fashion trend on real time through cutting edge information systems, and reflects this information to product planning. In comparison that Valleygirl plans its products by dividing one year into 17 seasons and ZARA conducts 18 turnovers of products in a year, Com Ca lsm from Japan conducts 36 turnovers, Korea domestic apparel businesses conduct less than 6 turnovers, mostly²⁶⁾.

First, Considering this situation, to be a competitive SPA Brands a business should be able to supply products with frequent product turnover by an interval level of one week or so, with astute reaction conforming to the consumers' demand, not relying on the existent product planning by seasons, as a business obtains various swift informations on consumers'

demand with R&D center foundation. Because SPA is an innovative system that an independent apparel business manages all the processes for business from product planning to manufacture, distribution and sales, as one-stop method, it can adjust product turn over ratio as well as inventory ratio by itself, and hence it has the potential capability to raise its profit level through this adjustment.

Secondly, in accordance with this, SPA Brands should establish a strategy that a business can create high net profit by inventory management which enables lowering inventory ratio remarkably, and a strategy for innovative product supply by small quantity batch production, along with founding a system in which product planning, manufacture, logistics, distribution, sales are connected as one process using SLM, a high technological logistics system and POS information system. Third, SPA Brands should establish a strategy for primary cost reduction by overseas dispersed outsourcing in order to enable diverse product development and rational price setting. By overseas dispersed outsourcing, finding out competitive consignment enterprise for manufacture over numbered countries will be available, and establishing a strategy to counteract against problems which can occur in relation with international relation, becomes possible. In enterprise promotion strategy of most recent days, beyond simple sales promotion, the strategy establishment for communication through the social function of a business and for brand awareness enhancement, is emphasized. Fourth, Considering this tendency, fashion marketers should establish a differentiated communication strategy which can enhance enterprise value by sharing enterprise vision with consumers and campaigning on social issues with the spirit of fashion marketers

also should establish a strategy for omnidirectional communication by which close contact with consumers can be induced, by developing mobile application which can provide brand image and diverse other fashion related information. CSR(Corporate Social Responsibility). Additionally, fashion marketers should establish also a strategy for communication by which brand image can be delivered effectively, by firming the brand identity and by informing product characteristic and customer service totally, with the method of VMD and the place of flagship store, which are utilized as most important means of promotion strategy for Global SPA Brands, most recently. As mobile terminal applications emerges as a new media for advertizement and information according to the development of IT industry, even in fashion business circle, the interest and understanding for these applications for marketing are being amplified. According to this tendency.

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