

Zara of America

Inditex — the Spanish retailer that runs Zara in America — is defying the recession, logging a 10 percent gain in sales and higher gross margins. Zara “specializes in lightening-quick turnarounds of the latest designer trends at prices tailored to the young — about \$27 an item.”

Among other things, this lean-and-mean formula enables Zara “to avoid profit-damaging markdowns,” while also providing shoppers with “a real alternative to high-end fashion lines,” as well as to lower-end competitors.

On the high end, “Zara stores sit on some of the world’s glitziest shopping streets — including New York’s Fifth Avenue, near the flagship stores of leading international fashion brands — which make its moderate prices stand out.”

On the low end, Zara’s agility hones its fashion-forward chops. “Gap, Benetton and others haven’t been alternatives because they sell more basic styles,” says analyst Luca Solca.

Zara also “keeps profits high by avoiding advertising and by building a low-cost perception.” Marcos Lopez of Inditex explains, “The key driver in our stores is the right fashion. Price is important, but it comes in second.” [SOURCE: Cecilie Rohwedder, the *Wall Street Journal*, 3/26/09]



Green Depot

After launching Green Depot in 2005 as a supply house for commercial builders, Sarah Beatty says it soon attracted a consumer following. “... The first year, 50 percent of the traffic were homeowners, mothers with their kids, young couples,” she says.

Sarah is a former MTV marketing exec who says she became interested in environmental issues after discovering that her home might be infested with black mold. She now has six stores for builders (with two more on the way), and one for consumers.

Among other things, the consumer store offers “an extensive baby section” including “cribs approved by the Forest Stewardship Council, organic cotton mattress pads and teddy bears made of 100 percent Soysilk fiber ... At the front of the store a wooden bar with big beer-style taps offers refills of cleaning solutions, and a small curtained booth allows you to turn on different bulbs to check their brightness.”

The effect is both “playful and educational,” with merchandise “organized into stations of interest (energy and lighting, air and water filtration, mold remediation)” with items selected based on “a rigorous *Consumer Reports*-style screen process.”

This entails a coding system of “green-filter symbols” that identify the eco-implications of its goods — “air quality (no harmful emissions), conservation (recycled content, renewable materials),” and so forth. The “green-filter graphics and well-organized displays make the store feel like a child-friendly interactive wing of the Museum of Natural History — in a good way.” [SOURCE: Mike Albo, the *New York Times*, 4/9/09]

Dickering for Discounts

When Brenda Perkins is shopping at Walmart, her mantra is not quite the retailer’s slogan, “Save Money. Live Better.” It is: “Can you do better?” That simple question netted Brenda a two-dollar discount on a blue-paisley fabric that otherwise would’ve cost her \$4.99 per yard.

Brenda has long used similar tactics at farmer’s and flea markets, but she’s among a growing number of shoppers who are now dickering for discounts at major retailers. “Haggling is now a part of a lot more retailers,” says NPJ Group’s Marshal Cohen.

Marshal notes that while asking for discounts is not unusual in boutiques and small shops, bigger chains are increasingly open to negotiation, that “many are willing to engage in an additional 10 to 15 percent off, and some even further.”

Chains including Macy’s and Nordstrom insist their prices are non-negotiable, and some shoppers say they wouldn’t dare ask for fear of looking foolish. However, consultant Irma Zandl says shoppers have sharpened their haggling skills thanks to e-commerce.

“People are more tuned to getting the best price; eBay helped condition people,” she says, predicting that this shift “will fundamentally change their approach to retail and consumerism.” [SOURCE: Olivia Barker, *USA Today*, 3/16/09]