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**IMPACTS OF COVID-19 ON
SUSTAINABLE BUSINESS PERFORMANCE**

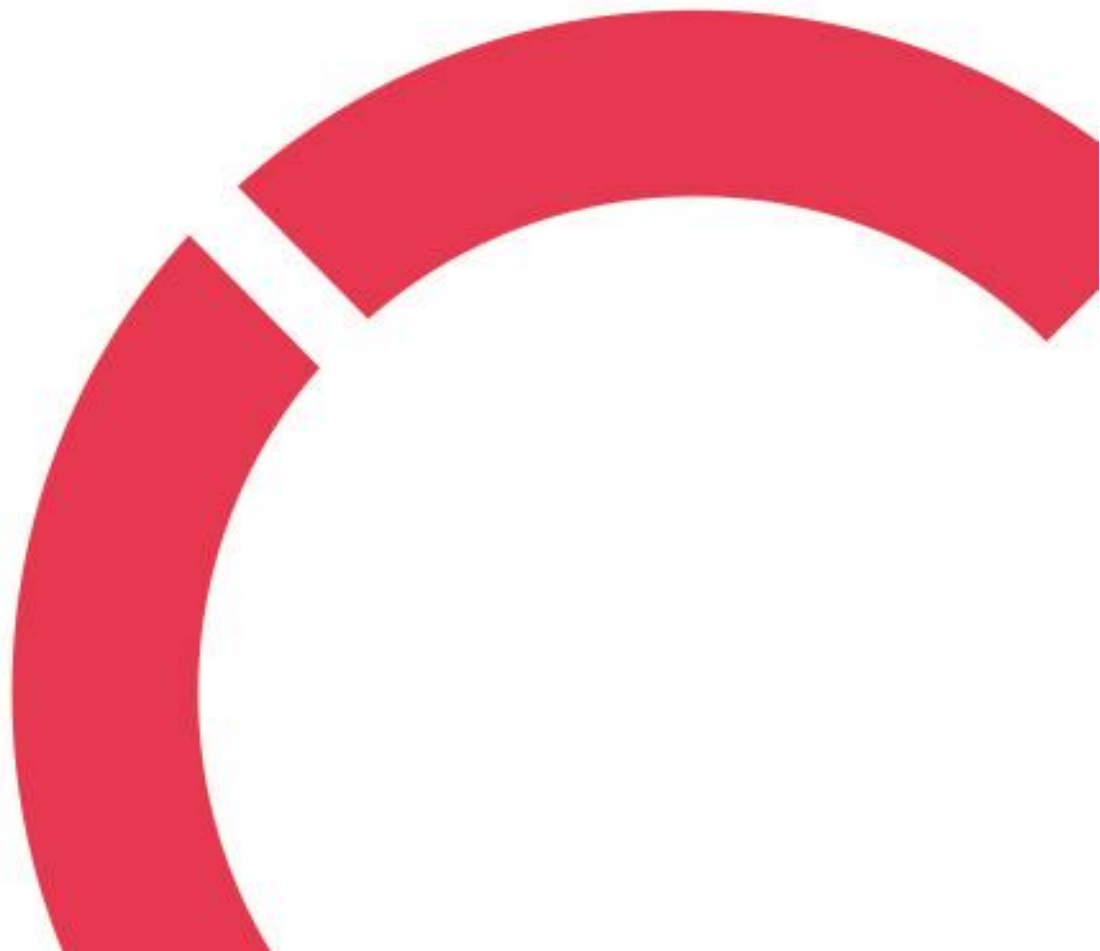
A Case of Zara in Saudi Arabia

Thesis

CENTRIA UNIVERSITY OF APPLIED SCIENCES

International Business (BBA)

June 2022



ABSTRACT

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Degree programme International Business (BBA)		
Name of thesis IMPACTS OF COVID-19 ON SUSTAINABLE BUSINESS PERFORMANCE. A case of Zara in Saudi Arabia		
Centria supervisor Johanna Österberg-Högstedt	Pages 31+9	
Instructor representing commissioning institution or company Yassine Sibari		
<p>The recent pandemic of the Covid-19 has impacted the performance of businesses and corporations badly. Companies had to undergo a devastating situation that they did never experience before the pandemic. Restricted environment, uncertainty and lockdowns have imposed serious threats to the supply chain and logistics of businesses and it became difficult for them to ship their products into the store where consumers could easily avail themselves. Fashion retailers that entered into the new year of 2020 with effective strategies and strong positions experienced a substantial shock due to the pandemic. This present thesis uses secondary data to support its findings. This data is collected directly from the website of Zara in the form of financial reports to see the sales and other valuable numeric and quantitative data. Additionally, articles that are analysed for the results are taken from Google scholars and other databases.</p> <p>Analysis of the data has found that in the first quarter of 2020, due to the pandemic of the Covid-19 Zara has suffered losses. Similar to the other businesses fashion retailers have also found first period of the pandemic difficult. Zara has suffered a loss of almost 229 million US dollars in the first quarter, however in the second quarter it has recovered itself. However, most of the sales of the company have been driven from online sales as the data analysis reveals. Analysis of the results has found that the recent pandemic of Covid-19 has badly impacted all the fashion brands across the globe including Zara. Company has witnessed a shortfall in the late 2019 however; it has been able to recover later in the second quarter of 2020.</p>		

<p>Key words Business performance, Covid-19, Crisis, E-commerce during pandemic, Zara</p>
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ABSTRACT
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1 INTRODUCTION

The recent pandemic of the Covid-19 was first reported in the city of Wuhan, China in late 2019 and in no time it had turned into a global epidemic impacting international economies badly. A study published by Khan & Richards (2021, 432-443) suggests that the pandemic of the Covid-19 has impacted every field of the business and the fashion industry has not been exempted as well. Governments all around the world have imposed restrictions and lockdowns in order to contain the pandemic and these lockdowns turned into a major downfall for businesses and organizations (Zhou, Zhang & Qu 2020, 126-135). Rules and laws of social distancing, restrictions on the movement and travelling, bans on social gatherings have further impacted businesses during the pandemic.

Among all the businesses in the fashion and retail sector, Zara has been victimized by the current pandemic as well. Being an international fashion retailer, the supply chain system of the company witnessed enhanced pressure. Zara is a fashion brand known for its clothing products and is owned by a Spanish textile group, Inditex. Inditex is one of the leading manufacturer companies of garments and was established in 1963. Major products that Zara offers to its potential consumers include shoes, clothes, fashion and beauty products, perfumes, swimwear and other such products (Ferdows, Lewis & Machuca 2003, 62-67). Zara was one of the first brands of Inditex and the first store of Zara was established in Spain in 1975. The major aim of the study is to investigate the impacts of the recent pandemic on the retail performance of Zara in the Kingdom of Saudi Arabia (KSA).

The recent pandemic of the Covid-19 has impacted the performance of businesses and corporations badly (Gazzola, Pavione, Pezzetti, & Grechi 2020, 2809). Companies had to undergo a devastating situation that they did never experience before the pandemic. Restricted environment, uncertainty and lockdowns have imposed serious threats to the supply chain and logistics of businesses and it became difficult for them to ship their products into the store where consumers could easily avail themselves. The pandemic of Covid-19 not only impacted the supply chain management of companies, but also it has impacted the purchasing behaviour of consumers (Alshaketheep, Salah, Alomari, Khaled & Jay 2020, 831-841). Brick and mortar stores of fashion retailers such as Zara almost went closed impacting sales of these retail businesses badly. Therefore, this thesis attempts to investigate impacts of the covid-19 pandemic on the financial performance of Zara as well as to highlight responses of the company to address these impacts. In addition to that, it has also been noted that Zara has strived to maintain its corporate social responsibility (CSR). According to Ali, Frynas and Mahmood (2017, 273-294)

CSR is a set of ethical guidelines for companies to adhere with the society's standards and impacts societies positively. Particularly it refers to the environmental and economic impacts of companies on society.

Findings have both theoretical and practical significance. Practically, companies such as Zara and others in the retail sector would be able to determine the risks associated with pandemics and create strategies to address such risks. Theoretically, future scholars would be able to use the findings of this thesis in their studies to support their thesis while addressing similar research objectives.

2 CRISIS AND THE TYPES OF CRISIS

Crisis is defined as an unforeseen event that interrupts business operations and presents a financial and a reputational danger to the company. According to Rodrigues, Franco, Sousa & Silva (2021, 5912), whatever the nature, crises have a negative impact on a wide range of parties, including the general public, employees, clients, vendors, and shareholders for businesses and organizations. There are a number of different types of crises, depending on the source of the problem, that have been identified in crisis management research. A theoretical framework for classifying the many types of social crises suggests that this crisis may be of artificial or natural characteristics.

When defining social crises, the most crucial factor is that they are predominantly triggered by external environmental factors. There are four sorts of social crises: political crises, economic and technology crises, socio-cultural crises, and disaster crises. Among the many economic and technological crises that can occur, there are spills of hazardous materials, water and air pollution, marine pollution, ozone depletion, acid rain, radioactive waste, the reprocessing of nuclear waste, and explosions and others. These crises can occur as a result of both economic activity and technological problems. (Chetty, Friedman, Hendren & Stepner 2020.)

It has been found by Sakurai and Chughtai (2020, 585-594) that regardless of the nature of the crisis, the impacts of both natural disasters and social crisis on the business and organization are significant. Consumer outrage and lowered sales for several fashion firms after media reports that harmful chemicals were utilized in garment dyeing and microplastics were found. Other instances of economic and technological crises include the cancer issue in India caused by the pesticides used in cotton production and the Rana Plaza manufacturing building collapse in 2013 (Pongsakornrungrungsilp, Pongsakornrungrungsilp, Kumar & Maswongssa 2021, 6690). When it comes to socio-cultural difficulties, these include conflicts between people of different races or ethnicities as well as pandemic outbreaks, violent strikes, and riots. As an example of a socio-cultural crisis caused by a pandemic, the COVID-19 outbreak is a good one to use as an example (Humphries, Neilson & Ulysea 2020). Lockdown procedures have severely harmed fashion stores during this pandemic, and several have been forced to declare bankruptcy as a result.

According to Martinez Dy and Jayawarna (2020, 391-403), consumers boycotted fashion businesses that were accused of racism as part of a consumer boycott during the Black Lives Matter protest campaign recently. Last but not least, there are natural calamities that can lead to disaster crises, such as food scarcity and typhoon-related food shortages. Fashion retailers and consumers are affected by disaster crises, such as hunger and typhoons, which can cause shipment delays and halt production at companies in the fashion business. Such social crises, however, may not always explain those that are produced by company internal concerns, such as underperforming products and ethical management issues (Mo, Cukier, Atputharajah, Boase & Hon 2020, 261-271). An external social issue often affects the environmental circumstances of organizations, generating internal crises that must be managed internally. This is particularly true of external social difficulties.

Organizational crises can stem from either an external or an internal crisis, and both have an impact on the company. The distance between a corporation and the source of the crisis is the simplest way to distinguish between external and internal crises. A company's security is frequently jeopardized by both external and internal variables during a crisis, including the structure and procedures of the organization (Arrondo-García, Fernández-Méndez & Menéndez-Requejo 2016, 227-237). Thus, crises are often the result of a combination of external and internal variables working together. Despite the fact that an accident is triggered by an external crisis, the company's ability to respond to the issue is what causes an internal crisis. Even while the two types of crises are fundamentally distinct, they are not completely distinct from each other from a company's standpoint.

The pandemic of the Covid-19 erupted in late 2019; however, World Health Organization (WHO) declared it as a global epidemic in the month of March 2020. Considering the intensity of the spread of deadly virus countries have imposed lockdowns and movement restrictions that have impacted businesses globally. Furthermore, according to Maheshwari and Friedman (2020) due to the uncertainty, purchasing behavior of consumers was also impacted and altered by the pandemic. In the pre-pandemic era, consumers used to visit stores and explore different items in order to buy products of their choice. However, after shops were closed and the movement of the consumers was restricted, sales of businesses and corporations have reduced significantly.

Fashion retailers that have entered into the new year of 2020 with effective strategies and strong positions experienced a substantial shock due to the pandemic. Particularly summer sales of the fashion retailers were lost (Khan & Richards 2021, 432-443). However, companies that have managed a digital presence and established online stores were able to cope with these impacts by offering products and

services to their consumers' online. Fortunately, Zara had already a digital marketing plan as well as a website for online shopping which helped the company to engage with consumers who switched from traditional shopping to online shopping (Shabir & AlBishri 2021, 1013). After a year of unusual times, there has been a considerable amount of COVID-19-related literature to be accumulated.

COVID-19's impact on the world economy has been studied extensively on a macro level. When it comes to productive sector, the agriculture sector was particularly hard impacted, with prices falling more than 20% due to a decline in demand from restaurants and hotels, with perishable items like vegetables taking a particularly harsh blow (Chowdhury, Sarkar, Paul & Mokter 2020, 1-13). Importation challenges, workforce shortages, and lower productivity were just some of the problems faced by the industrial sector. Unprecedented wave of cancellation and a major decline in demand in tertiary industries such as travel and education have resulted in millions of job losses.

According to De Lyon and Dhingra (2021, 1-19) undoubtedly, the COVID-19 epidemic has caused a terrible crisis to fashion stores as a societal crisis. The European market has also been affected by the quarantine procedures. The European luxury market's revenues and visitors decreased significantly during the epidemic due to travel limitations. In underdeveloped countries, the worldwide pandemic issue has also left its mark on fashion producers because of the global supply chain. Factory shutdowns and shipment restrictions in China following the onset of the COVID-19 epidemic have immobilized the garment supply chain for several months. Lockdowns at China's garment factories led firms in other nations, such as Vietnam, to stop production and halt exports to its retail partners, as they rely heavily on importing goods from China (De Lyon & Dhingra 2021). The COVID-19 pandemic has undoubtedly been a disaster for the fashion business as whole as for individual fashion stores. The COVID-19 pandemic appears to be one of the social crises that are created by the external factors of retailers and affects not only the shops but also the society, according to the theoretical framework given above social crises classifications, the "pandemic outbreak" are included category of socio-cultural crises (De Lyon & Dhingra 2021).

According to Alflayyeh, Haseebullah and Belhaj (2019, 3547-3554) a social catastrophe for fashion shops, the COVID-19 pandemic is defined in the current study as one that originated externally but has deeply affected fashion retailers internally. On a global scale, the COVID-19 epidemic had a significant influence on global fashion stores. Despite the fact that global fashion retailers are under pressure to deal with the above-mentioned societal and brand concerns caused by the COVID-19 epidemic, no research has been done into how fashion retailers responded (Alflayyeh et al. 2019).

Specifically, the pandemic and the brand problem are distinct yet intertwined in this social disaster. According to Tanveer, Bhaumik, Hassan and Haq (2020, 1-4) the larger crisis of the COVID-19 pandemic, led to these ethical concerns for retailers, which implies that the two crises and the responses of retailers to them might be understood together in order to see the holistic picture of the circumstances and to discuss whether the retailers' responses were truly responsible at both the external and internal levels.

3 IMPACTS OF COVID-19 ON FASHION INDUSTRY

COVID-19 has been a unique disruptor for various business sectors including fashion and retail industry. According to Alflayyeh et al. (2020, 3547-3554) covid-19's present effects on the fashion sector will help politicians and groups who are pursuing better, long-term business practices establish frameworks and write legislation that nudge enterprises in the right direction and facilitate an easier transition. If the document is to have a long-term influence, it must be used as a framework for collaboration by all parties involved in the fashion industry, whether it be awareness or specific business practices.

Around 60 million people work in the garment sector worldwide, with nearly 75% of them being women. More women than males work in the garment business, which means they're more likely to be working low-paying jobs that put them at a disadvantage. The pandemic of COVID-19 is having a major impact on global clothing supply networks (Alflayyeh et al. 2020, 3547-3554). Companies throughout the world are cancelling orders with their suppliers' factories, and governments all over the world are restricting people from travelling and attending public events. Because of this, many garment factories have halted production and either fired or suspended their employees. Over a million workers have already been sacked or temporarily suspended from their jobs, according to current figures, and the number is certain to rise.

Workers in the clothing industry are devastated by this. Workers in industries are at substantial danger since social distance is impossible during the workday and employers may not be taking adequate health and safety precautions. Those who become ill may not have insurance or sick pay coverage and may have difficulty accessing services in sourcing nations where medical infrastructure and public health systems were already weak before the pandemic occurred. Individuals with lower incomes face months of wage loss to sustain themselves and their family, as well as having few or no savings and only a few possibilities for finding new work. (Humphries et al. 2020.)

Despite the fact, some governments are developing programmes to help employees; as these programmes are often inconsistent and insufficient (Martinez Dy & Jayawarna 2020, 391-403). There have been reports that fashion firms have stopped taking deliveries because of the outbreak, and as a result, there is a backlog in warehouses (Chowdhury et al. 2020, 1-13). Products like this may be termed "out of season" when stores reopen. As a result of the worldwide closure of retail establishments and the consequent drop in demand for apparel, many people have been compelled to stay at

home. Rethinking and reprioritizing what you spend your money on is the result. Some fashion trends may have to be put on hold while this happens, which could lead to more high-quality products being produced by firms in order to remain viable. Alternatively, everything could return to normal, with a renewed emphasis on speed and high production volumes (De Lyon & Dhingra, 2020, 1-19).

3.1 Economic Recession

Economic crises and financial crises have had a significant impact on the fashion business, as documented by several studies. Most of these are derived from the 2008 financial crisis. People say the financial crisis had differing effects on various current businesses, but the fashion industry in particular was discovered to be particularly vulnerable (Alflayyeh et al. 2020, 104523). Consumer price sensitivity and increased competition amongst brands for cash and customers have been the topic of many luxury shop response studies to the international economic meltdown. Economic downturns have traditionally led to a fall in inventory and a reduction in expenditures, as we see now in COVID-19. Due to a tremendous increase in Chinese consumer spending, Asia-Pacific overtook Europe as the nation's biggest luxury market in 2013. As a result of the financial crisis of 2008, experts now predict that COVID-19 fashion sales will be worse than they were during the financial crisis of 2008 (Mo et al. 2020, S261-S271). It is possible to harness the power of financial crises to fashion's advantage even though they have a substantial impact on the bottom line.

According to Arrondo-García et al. (2016, 227-237) customers who are more involved and dedicated, fewer competitors, and stronger assets and prospects may be the hallmarks of companies that can weather the economic downturn. People's changing values and behaviours are another well-known feature of financial crises. The existing literature reveals that a large number of customers who cut back on purchasing during a recession end up discovering new, lower-cost options and rave about them afterwards (Gu, Ślusarczyk, Hajizada, Kovalyova & Sakhbieva 2021, 2263-2281).

It appears that the vast majority of customers who switched to lower-priced products were satisfied with their new purchases. Luxurious customers, too, witnessed a shift in their purchase intents as a result. Customers of luxury goods have become much more cautious and selective since the recession. In fact, they prefer to buy individual things rather than big amounts. This contrast in consumer behaviour patterns can be seen in the post-crisis rebound in different countries with failing developed economies

and fast developing emerging market economies (Huhtala, Sihvonen, Frösén, Jaakkola & Tikkanen 2014, 134-152).

3.2 Sustainability

Sustainable fashion has long been a big topic, even before the newest pandemic. The fashion industry's reputation as one of the world's biggest pollutants, both environmentally and socially, has been the subject of numerous studies (MacKenzie, Garavan & Carbery 2012, 353-364). Many fashion companies have been pressured to take specific steps to improve ecosystem health eco-design, corporate social responsibility, and sustainable and reporting are only a few examples.

However, sustainability in the fashion industry is still a challenge due to increasingly complicated and sometimes ambiguous requirements, greenwashing challenges, a lack of relevant data, and an overall slowness in the adoption of sustainable practises (Martinez Dy & Jayawarna 2019 391-403). Many studies have been done on supply chain sustainability and green sustainability. Black swan events were also more likely to have a domino effect because of the unparalleled commercial globalization that occurred at the time. In the past, supply chain resilience was assumed to be achieved through a mix of supply network flexibility and resilience, agility, or surplus industry. COVID-19, however, has shown that in the supply chains and networking employed by fashion shops. Creating a long-term supply chain with both upstream and downstream components is the most prevalent strategy to improving sustainability practices (Chang & Tsai 2016, 21-46). A five-step process for fashion enterprises to create a sustainable supply chain includes a review of legislation compliance AS-IS as well as internal sustainability improvements, SC assessments as well as SC and system development. Even in areas where environmental concerns are a major concern, sustainable and corporate responsibility reporting is on the rise.

Fashion companies have taken a proactive rather than a reactive approach to sustainability by focusing on training in the workplace. Luxury companies' sustainability reports are scarce. When it comes to long-term sustainability, a company's location has a significant impact. For many organizations' Saudi Arabia-specific sustainability operations, it has been found that a company's nationality and size, as well as its administration of the supply chain, had a major impact. (De Lyon & Dhingra 2020, 1-19.)

According to Rezaee (2016, 48-64) sustainability programs have been examined for their financial impact. Price elasticity is difficult to measure in fashion because each brand is distinct. Because of its

"substantial resources and continual dedication," this strategy can have a significant impact on financial performance of fashion companies amid financial crises. Firms with a more integrated supply chain and green objectives involve had better financial results following financial tsunamis, such as net income and inventory turnover (Morioka & de Carvalho 2016, 134-146). It is imperative that packaging, energy usage, and trash disposal be reduced, as well as energy audits and standards for these activities being provided in order to improve profitability and cut manufacturing costs.

4 CRISIS MANAGEMENT STRATEGIES BY BUSINESSES

The public's perception of a firm is directly impacted by its commitment to corporate social responsibility (CSR) (Rezaee 2018, 275). For the sake of creating a favourable pre-crisis image, companies continue to provide CSR in order to be ready for a potential catastrophe that could harm their image. A company's crisis intervention strategy would be incomplete without CSR, which exhibits a company's compassion and understanding for the event and those impacted by it on a societal level. During a societal crisis, Hildebrand, DeMotta, Sen & Valenzuela (2017, 738-758) found that financial and in-kind contributions are two of the most popular CSR donation types among enterprises. The term "financial resources" refers to a company's financial contribution to a societal catastrophe (Hildebrand et al. 2017, 738-758). Fashion businesses offered non-monetary contributions to the epidemic in an effort to ameliorate the social calamity that accompanied it.

According to Chowdhury et al. (2020, 1-13) companies often need to take a more direct and sympathetic approach to crisis management when dealing with internal crises, such as branding crises. In the wake of a crisis, the future of this company's brand rests in large part on how well it handles its problem. To better understand how companies respond to a brand crisis, Situational Crisis Communication Theory (SCCT) provides an easy-to-follow paradigm. One of three options is available: 1) deny, 2) diminish, or 3) deal with. (Coombs 2006, 241-260.)

The deny answer option indicates companies' attempts to suppress that the incident occurred and that they are accountable for the issue (Coombs 2006, 241-260). This strategy is frequently used to deny responsibility for mishaps, attack an accuser, ignore a crisis, or shift blame to people outside the firm (Coombs 2006, 241-260). The term "diminish reaction" refers to a strategy used to reduce the number of attacks on companies by claiming that crises were unplanned or uncontrollable and that the harm they caused was little. The holidays and a snowfall are two examples of times when this may be necessary. An excuse approach utilised by the company in an effort to minimise the unfavourable press that otherwise would have been directed towards the company can be seen in this instance.

All of the following are examples of the deal possible answer: reminding stakeholders of earlier good deeds; expressing sympathy for victims; providing further payment in the form of money or products; apologising for crises mishaps; and publicly expressing remorse. When the Rana Plaza building collapsed in Bangladesh in 2013, Primark donated financial assistance to the victims as part of their Deal

response (Comyns & Franklin-Johnson 2018, 159-183). Compensation for the victims of the Deal is an example of a compassionate technique that was included in this response.

4.1 Response of Zara to the Covid-19 Pandemic

Zara's losses are being recouped as sales of clothing increase. According to parent firm Inditex, sales at fast-fashion retailer Zara have recovered to pre-pandemic levels after being struck hard by the coronavirus in 2020 (De Lyon & Dhingra 2020 1-19). A 7 percent rise in income from May to July was announced by Inditex, which owns the clothing labels Pull & Bear, and Massimo Dutti as well as other names in the Inditex stable. As a result, Inditex has reclaimed its position as the world's largest clothes retailer (Stooksbury 2021). Given that it can offer in-store pickup, Zara has been able to quickly recover sales lost to competitors like H&M, which have more restricted fulfilment choices.

Customers are flocking to Zara's brick-and-mortar locations, which in turn is boosting sales for the retailer. Inditex has announced the reopening of all but one of its outlets. Aside from the growth of e-commerce, sales are expected to hit 25 percent of overall sales in 2021, two years earlier than originally planned (Stooksbury 2021). E-commerce orders accounted for 12 percent of Inditex's overall revenues in 2018 (Aftab, Yuanjian, Kabir & Barua 2018, 212). H&M, on the other hand, is making a far slower recovery.

As a result of Zara's early investment in online delivery, the company was able to recoup sales more quickly. In-store pickup has been an option for years, even before the Covid-19 lockdowns. Customers can now pick up online orders at "click and collect" sites, which were launched in 2018 (Vyt, Jara, Mevel, Morvan & Morvan 2022, 108491). Unlike Zara's regular stores, these pop-ups do not have long fitting rooms or checkout queues. According to Reis (2021) in 2020, Inditex wants to invest \$3 billion in technology that will help it better connect its online and brick-and-mortar stores. In contrast, H&M does not offer these kinds of options in terms of fulfilment. Customers can check local store inventory at this time, but there is no official in-store pickup option available in the Kingdom of Saudi Arabia.

It has been noted that for historically offline businesses like Zara, that not only requires more investment in e-commerce, but also modernising brick and mortar designs, such as updated store forms and integrated digital signage (Chunling 2020). In terms of modern e-commerce, Zara still has a long way to go. According to Dang (2022) Zara's desktop website is still difficult to browse and does not allow

shoppers to select things by some criteria like price, despite the company's recent development of a mobile app.

According to Silva and Duarte (2021) an important factor in Zara's success is the speed-to-market strategy it employs in its fast fashion divisions. It was brought up that Zara, in the past, has been better at nailing high-fashion trends than competitors like H&M, which offers a mix of current goods and essential necessities. Zara's recent assortments, for example, contained popular summer trends such as sleeveless blazers and satin shirts and skirts and skirts. Oversized T-shirts and leggings dominate H&M's site despite the retailer's recent shift toward more casual clothing (Ha 2021). Despite the fact that Zara's sales have rebounded to pre-pandemic levels, the company nevertheless faces increased competition from online-only fast fashion shops such as Shein and Blushmark. Additionally, Zara is also benefiting from the reintroduction of more formal attire, which has boosted sales in the short term in the Saudi Arabia.

4.2 Digitization and Online Sales

During the pandemic, digitization of fashion was one of the most prominent trends, if not the most prominent. It wasn't until COVID-19 that fashion businesses realized that they had to have a larger online presence, whether it was through social media marketing or establishing websites that were suitable for purchasing digitally, even in the most rural, isolated places throughout the (Silva & Duarte 2021). With COVID-19, digitalization and e-commerce were no more a supplement to brick and mortar retailers, but rather a need in the last year. Online sales in 2020 have increased six-fold, from 16% to 29%, in the first eight months alone (Shabir & AlBishri 2021, 1013).

According to Bilińska-Reformat and Dewalska-Opitek (2021, 2479-2490) 70 percent of fashion executives expect their digital channels to increase by more than 20 percent. Because to COVID-19, the growth of online shopping has forced e-commerce businesses to realise their expanding position in the industry and the need to address the larger sustainability issue, even though fashion's production process has a majority of the environmental impacts. However, Rai (2021, 103058) notes that despite its positive effects on the fashion and apparel business, the growth of e-commerce has also resulted in increased packaging waste and transportation emissions.

4.3 Impacts of Internet and Online Marketing on Zara during Covid-19

In the last several years, the Internet and technology have undergone a genuine digital revolution, affecting people all over the world. According to López, Riedler, Köhnen and Fütterer (2021) with the emergence of new sources of information and business opportunities, competition is becoming more ferocious. Companies can now use a variety of strategies to win over their target demographic. They are now able to provide a wider range of products and services to their clients as a result of this evolution. Trade, financial flows, technology sharing, and information networks have all contributed to economic integration as a result of globalization. In order to meet their demands, consumers now have access to a greater selection of goods and services as a result of globalization. Using digital media to promote a product is known as e-marketing (Silva & Duarte 2021). As a result, both the fashion sector and online commerce have seen tremendous growth. Brands benefit from this form of commerce since it helps them better understand their customers' demands and tendencies. (Sanny, Marselli, Effandi, & Simek, 2021.)

Additionally, e-commerce is now used by the vast majority of people on the planet, and it offers various advantages to both consumers and businesses. Since it is now able to update product and service information and details 24 hours a day, wherever, there is less time wasted. Since internet purchasing and selling is so simple, there is a huge internationalization of products and services. With the simplicity and speed of access to worldwide markets, businesses are able to expand their customer base and consolidate their position in the market through increased sales, higher quality products or services, and improved profit margins. (Yeo, Tan, Kumar, Tan & Wong 2022, 121551.)

For businesses, fixed costs are also lower than they were in the past in pre-pandemic era. The diversity of items available to customers today makes it easier for them to make direct comparisons between them. Thus, customers have a variety of payment options to select from, making it easier for them to make a purchase. Both for the business and for the customer, there are some drawbacks to doing business online. To satisfy consumer expectations, not only because they are extremely demanding, but also because the intermediaries often do not facilitate, is difficult. There are several instances where it is impossible to satisfy the deadlines set for shipping. In some circumstances, customer happiness is negatively impacted by the lack of physical contact between the company and the customer and the inability of the client to feel or try the goods. (Sumarliah, Usmanova, Mousa & Indriya 2021, 1-11.)

4.4 Consumer Purchasing Behavior

According to Kim and Woo (2021, 1-26) consumer behavior has become a hot topic in recent years, as online shopping has taken off. In addition to its own motivations, tastes and views, as well as the classes and organizations to which it belongs as well as needs and even its behavior in making a purchasing decision, consumer behavior is difficult to understand. Researchers and professionals in the subject began to investigate the online habits of consumers as virtual channels became more important to businesses throughout the world. Type of use and motives for utilizing the Internet can explain online purchasing behavior, involving more objective variables such as daily network connections or even more motivating aspects, namely benefits sought by the consumer. Online shopping behavior can be explained.

In addition to motivation, other elements such as social conditions, habits, supply and demand, and, of course, the sale method and technology, can have an impact on the decision-making process. Consumer behavior can be influenced by both external and internal variables. Personal and psychological elements are included in the list of internal and external influences. Motivation, perception, learning, and attitude all have a role in people's purchasing decisions. It is true that with the rise of internet shopping, some elements of buyer behavior are also altering. (Filiari, Lin, Pino, Algezau, & Inversini 2021, 663-675.)

Because of this, there is an increase in competitiveness and conflict between businesses, not only with each other, but also with potential clients, as they compete online. Newer marketing techniques, such as viral marketing, buzz marketing, and social media marketing, have been developed in response to the fact that traditional marketing activities are no longer effective. As a result of this rise, the population composition has shifted significantly. Companies should pay attention to the older generation, who used to find and test products on traditional media and who spent most of their life disconnected from the internet, since they are now online buyers. People tend to buy clothing for irrational, emotional reasons because of the unexpected nature of fashion. According to Scott Sternberg, the actual difficulty is to create a brand that is impervious to fads, novelty, and the next apocalyptic catastrophe. (Kim & Woo 2021, 1-26.)

4.5 Online Shopping Trends during a Covid-19

Recent pandemic of covid-19 has impacted purchasing behaviors of consumers as well. Due to restriction and to contain the pandemic consumers have decided not to visit retailer shops physical. Trends of shopping online was already a growing practice, however it has witnessed a boom during the pandemic when consumers rushed to purchase products and items online. Therefore, with other industries, fashion sector has also undergone substantial transformations since the Covid19 outbreak from physical selling model to an online model. (Valaskova, Durana & Adamko 2021, 1788.)

Many authors have long claimed that the fashion industry was a gigantic bubble that was on the verge of bursting (Moon, Choe & Song 2021). For example it has been noted that trends of purchasing hijabs online during the pandemic of covid-19 has increased (Sumarliah et al., 2021). Additionally, sales of the fashion products globally have witnessed a fall in the first quarter of 2020. Therefore, larger companies as well as startups had to revisit their strategies and they have transformed from physical model of selling their products to an online model. (Sarma, Kumar, Choudhary, & Mangla, S.K., 2021.)

It has been found that about 13% of the consumers have shifted abruptly to purchase online from the fashion retailers as the pandemic had set its roots globally. Consumers continue to make more purchases when they visit their favorite apparel website because traffic and transactions stayed the same (Sumarliah, 2021). According to Karakaya (2013) rather than scouting for the latest fashions, customers were now scouring the internet for information about the world around them. Worries focused on the industry's long-term prospects and the types of marketing tactics that has helped to define that future. The importance of providing a positive online client experience has increased. Brands are increasingly shifting their focus from offline to online, reallocating resources and increasing capacity in both demand creation and fulfillment to meet this transition.

As a result of this, businesses have developed tactics for retaining customers while also being innovative. Many brands have devised tactics to keep their customers interested and engaged through online and digital platforms such Facebook, Twitter and others. Many firms also sent out newsletters to their clients, the first of which informed customers that their local stores had to close as a result of government decisions, but that the internet channel remained open. First wave of mailings notified clients about various shopping offers: H&M and Zara both provided free shipping on all online orders. In addition, Zara demonstrated to its customers that it would provide online sales through its website as well as on other e-commerce websites. (Kim & Woo 2021, 24.)

The first Zara store opened in Spain, in 1975, and the brand has since grown to become one of the world's most popular clothing retailers. Zara has evolved and improved over the years. As a result, the company's ideals of beauty, clarity, usability, and long-term sustainability have been upheld over time. Priorities for Zara include delivering stylish, environmentally-friendly clothes, and enhancing customer service. (Stooksbury 2021.)

4.6 Brand Elements of Zara

Name, logo, package, and slogan are all necessary components of a successful brand. It was originally called Zorba, but after finding that a nearby bar had the same name, they shifted the letters moulded for the sign to "Zara" to avoid confusion. The four-letter name is easy to remember and say, and it has changed over time: the initial one appeared in 1975, the second in 2010, and the third, and last, this year, to keep the brand new and modern. Paper shopping bags made from 100% recyclable material were used to package the goods. The logo of the company is a label tag in black and white. Zara, in contrast to most companies, does not have a tagline. However, this is a common occurrence in the fashion industry. (Puteri 2019.)

Bairrada, Coelho & Lizanets (2018) defines brand personality as a set of human characteristics that a particular brand has. People connect with brands because of these characteristics, and in some situations, become emotionally invested in their products. A lack of these human characteristics/personality qualities means that a brand is more prone to lose its personality. What sets one brand apart from another is its distinct personality, which serves as a potent tool for enhancing a company's public image while also fostering strong consumer associations with the company's products. Consumers' perceptions of a brand will shape their expectations of its products, making product attributes a top priority for developing a distinctive brand identity. If you want to see how these personality traits can be put into reality, look no further than Zara.

According to Bauer (2021) there are four primary characteristics that describe Zara's personality: Fashionable, Trendy, Surprising, and Young, according to "De Zero a Zara". It's clear to see why this decision was made because these four traits are evident in every aspect of the brand image. This is clearly visible in all of the company's stores. The organization selects sites with unique qualities in order to

stay true to the brand's identity. The Antwerp store, for example, is housed in an ancient bank building with enormous glass windows, creating a powerful visual impact and a stylish appeal. (Antwerp 2022.)

Zara is often regarded as one of the world's most forward-thinking retailers. The only store that doesn't advertise because it doesn't have to is this one. That money, on the other hand, Zara wants to invest in new stores. Zara was able to keep its advertising expenses exceptionally low as a result of using this technique, giving it an advantage over its competitors. When compared to its competitors, Zara's advertising investment is between 0% and 0.30%. As a result of these reductions in advertising costs, the company's international expansion becomes more cost-effective (Bauer 2021). In terms of manufacturing, Zara has the benefit of depending on its Spanish textile suppliers and designers for 60% of its items. When it comes to generating fresh and unique styles, the brand may be as flexible as it needs to be thanks to this technology. Having better control over inventory and the production process means faster product turnover for producers. (Shabir & AlBishri 2021, 1013.)

High-quality customer service is also a well-known feature of Zara. Radio Frequency Identification Technology (RFID) devices are used in all establishments, allowing the most in-demand items to be quickly made available to customers by tracking their whereabouts in real time. To keep its inventory fresh, Zara has relied on cutting-edge technologies. In addition, it allows customers to check the stock in each store's inventory online. (Yide 2021.)

Zara has incorporated eco-stores in addition to a new collection line called "Join Life" to further promote its fundamental principle of "sustainability." New and innovative programs, such as the installation of clothing recycling units in-store and a free at-home collection of old garments to accompany the fulfillment of online shopping, have further enhanced these advancements. Recycled denim from non-profit organizations working with the Closing the Loop clothes collecting program has also been used to create a denim clothing collection that extends the lifecycle of these products. (Yide 2021.)

4.7 Marketing Strategy

In order to best serve his company's interests in the short and long term, the marketing manager, like a chef, must creatively marshal all of his marketing operations. Clothing and accessories for men, women, teenagers, and children of all ages can be found at Zara. Everyone can benefit from this ser-

vice, whether they're looking for a formal or informal outfit. Every year, the company rolls out upwards of 10,000 new designs, demonstrating just how well-rounded it is. Their environmental stewardship includes ethical requirements for the usage of animal-related goods. (Chunling 2020.)

Zara's products are trendy and affordable. Throughout the year, Zara offers only modest discounts, but its customers look forward most eagerly to the company's massive discounts around Christmas and the summer. Zara does not spend a penny on promoting itself. Zara does not participate in any marketing initiatives, which is why the brand's advertising are not shown on television or outside, for example, on the street. For new collections and promotions, the business leverages social media and influencers as opposed to costly advertising tactics, believing that their show windows are adequate for advertising and they do not need anything else to promote their items. (Chunling 2020.)

More than 2,000 Zara stores are located in 106 countries, as well as the company's website. Zara's innovative business model enables it to bring new goods and trends to market in the quickest feasible time. It's not uncommon for Zara stores to be owned by the firm rather than franchised. This ensures that the Zara shopping experience remains consistent regardless of location or country. The stores are in high-traffic areas of major cities, and the interiors include large, open spaces with plenty of mirrors and well-lit lighting fixtures. The Inditex website claims that each of the Group's brands has a similar internal structure, and this is true. Although they are part of the group, they are autonomous and responsible for their own strategy, design, sourcing and manufacturing and distribution, image, personnel and financial results, while Group management sets the group's strategic vision, coordinates concepts' activities and provides administrative services. (Ha 2021.)

5 RESEARCH METHODOLOGY

Research methodology is one of the most important parts of thesis. It includes methods of data collection and data analysis as well as research philosophy and approach. This part of the thesis also includes ethical perspectives. This present thesis uses a secondary data collection method. Secondary data is collected directly from the website of Zara in the form of financial reports to see the sales and other valuable numeric and quantitative data.

Research design is the entire design of the study. Two research designs are popular and are known as qualitative design and quantitative design. A qualitative research design supports subjective and detailed data which flows in a multiple direction and the quantitative design supports objective and numeric data (Tomaszewski et al. 2020, 174). I believe that to address the impacts of the covid-19 on the business performance of Zara numeric and objective data is as important as the subjective data in the written format. Objective data include annual reports of the company while on the other hand; subjective data include articles and other reports that have been already conducted by other researchers to address similar research objectives. While objective and numeric data provides accurate results and keep the findings to remain in a certain direction. On the other hand, to obtain explained and detailed results about the impacts of crisis on the global fashion industry and their responses, subjective data is used.

5.1 Data Collection

Data collection refers to the method of gathering information and data from various resources for the thesis such as conducting surveys, interviews or viewing existing data such as government reports, website data etc. There are two methods of data collection such as primary data collection and secondary data collection (Burns & Groove 2014, 237-248). A method of primary data collection allows the researcher to collect first hand material that has not been revealed previously. On the other hand secondary data has already been discovered.

This thesis is based on secondary data collection methods. Financial reports of the past three years of the company are used to determine the financial performance of the company. Additionally a total number of ten (10) sources have been used to support the results of the thesis. These sources include the annual reports of the company since 2019 to 2021 such as Inditex (2019, 3), Inditex (2020, 5) &

Inditex (2021, 10). In addition to that other academic and reliable sources that have been published during the pandemic to address the financial performance of Zara in the Kingdom of Saudi Arabia during the pandemic of Covid-19 (Cazin (2020), Belvedere, Martinelli & Tunisini (2021, 331-349), Shabir & AlBishri (2021, 1013), Kim and Woo (2021, 1-26), Crump (2020) Rao, Vihari & Jabeen (2021, 327-338) & Mahroum (2021) are also used to support results. Hence, method of the data collection is secondary that allows the researcher to collect data from the existing sources such as financial reports of the company and its responses to the pandemic. I believe that this a less expensive method and since numeric and objective data can be found in the financial reports of Zara and in the reports of the Saudi government financial division about impacts of pandemic, therefore, this data is enough to address the objectives.

I believe that this method of data collection is more justified than the primary data collection and the existing data that is already available is enough to address the research objectives. Furthermore, for the primary data collection there are certain limitations such as the covid-19 pandemic as well as expenses. Also for the primary data personal opinions and the subjective and cultural biases of the participants are inevitable that may produce biased results for the thesis. Therefore, the appropriate method of data collection is the secondary data collection.

5.2 Data Analysis

Data analysis is the method to analyse the data and to extract meaningful themes and patterns form the data. There are two methods of data analysis known as the qualitative data analysis and quantitative data analysis (Tomaszewski, Zarestky & Gonzalez 2020, 174). Qualitative data analysis is used to analyse subjective data which is either in the written and descriptive format or it could be converted into the written format. On the other hand, quantitative data analysis tools are used to analyse numeric and objective data such as financial reports, survey data etc.

This thesis uses both the descriptive and numeric data, therefore, both the qualitative and quantitative data analysis are used. This thesis is based on a method of content analysis. There are two types of sources used to support the results of thesis. These include articles that have been already conducted to discover the impacts of the covid-19 on the financial performance of the company during the pandemic and the financial reports of Zara itself. The numeric data is presented in the tabular format and is analysed in words to understand themes and patterns. Furthermore, the numeric and financial data is also

presented in the tables in numeric format. Additionally the articles and other sources are also presented in the content analysis. Ethical considerations for the secondary research are of particular importance. For this purpose all of the reports and articles that are used are referred and the sources are acknowledged.

6 RESULTS AND DISCUSSION

Analysis of the data have found that in the first quarter of 2020, due to the pandemic of the Covid-19 Zara has suffered losses. Similar to the other businesses and fashion retailers, first period of the pandemic was difficult for Zara as well. According to Shabir & Al Bishri (2021, 1013). Zara has suffered a loss of the 229 million US dollars in first quarter, however in the second quarter it has recovered itself. However, most of the sales of the company have been driven from online sales as the data analysis reveals.

6.1 Secondary Data Findings

Quantitative results of the thesis are drawn from the analysis of the annual reports of company in Kingdom of Saudi Arabia to determine sales and net income as well as profits of the company in Kingdom of Saudi Arabia during the pandemic of Covid-19. It has been found that in the beginning of the crisis sales of the company have reduced due to uncertainty and due to the bans and restrictions of the government on the movement. Customers of the company were not able to visit stores physically. However, the company that has already a comprehensive online and digital marketing strategy with online deliveries has switched towards online sales. Following table shows online sales of Zara during and before the pandemic.

Table 1: Online Sales of Zara (Inditex 2020, 4)

Year	Online Sales in €Billion %
2017	2.5
2018	3.2
2019	4.0
2020	6.6

From table 1 it can be seen that sales of the company that have been made online in the years 2017-2020 shows a gradual increase in preceding years. It can be seen that in 2017 these sales were only

2.5bn of the overall sales of the company and in 2020 these have become 6.6 bn in 2020. This shows a remarkable increase.

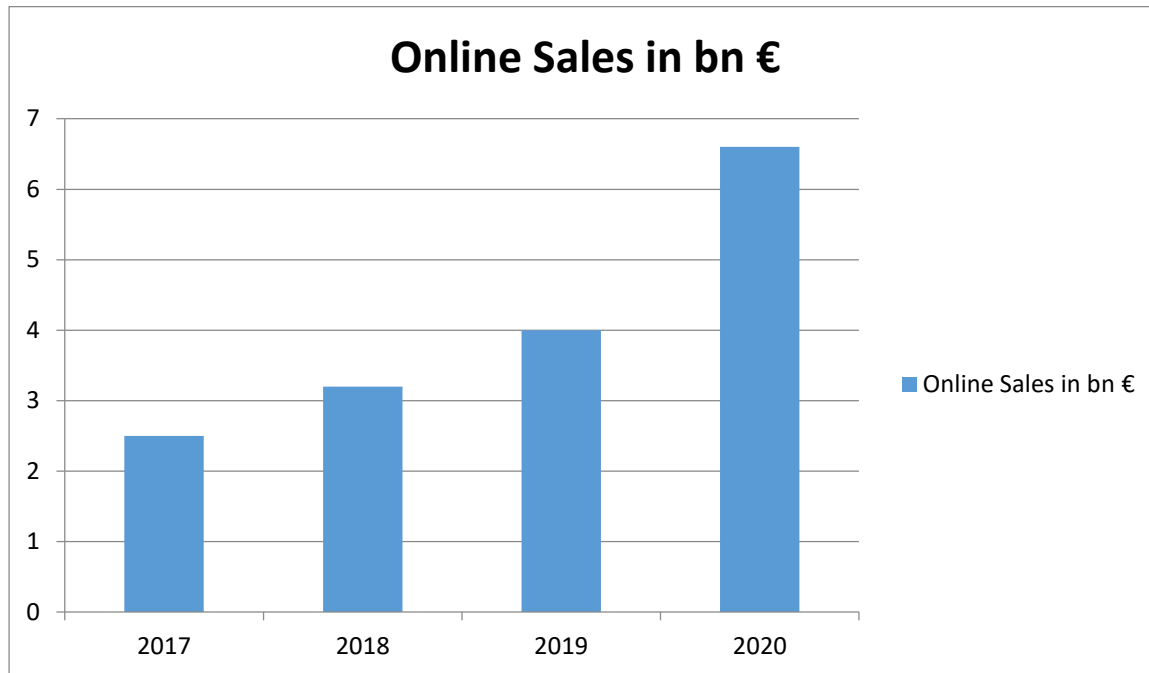


Figure 1: Online Sales in € During 2017-2020 (Inditex 2020, 4)

Additionally, figure of the online sales in the year 2020 is shown above that has been directly drawn from the annual report of the company. This figure however shows global sales. Analysis of the figure suggests that as comparing to the 2019, there is a huge difference in online sales in 2020. In 2020 Zara has made about €6.6 billion from online sales.

Table 2: Net Sales of Zara 2018-2021 (Inditex 2019, 3; Inditex 2020, 5 Inditex 2021, 10)

Net Sales	2018	2019	2020	2021
Total	26,145	28,286	20,402	27,716

In addition to that it has also been noted from the analysis of the quantitative data that net sales of the company have decreased during the pandemic. From the results of the above table 2 it can be seen that net sales of the company have increased in 2019 as compared to 2018 and these have decreased in 2020. These sales in 2019 were 28,286 and in 2020 these were noted as 20,402. This shows that the pandemic has impacted net sales of the company and hence it's financial performance as well. On the

other hand, as table 2 suggests these net sales have shown a remarkable increase in 2021 from 20,402 to 27,716.

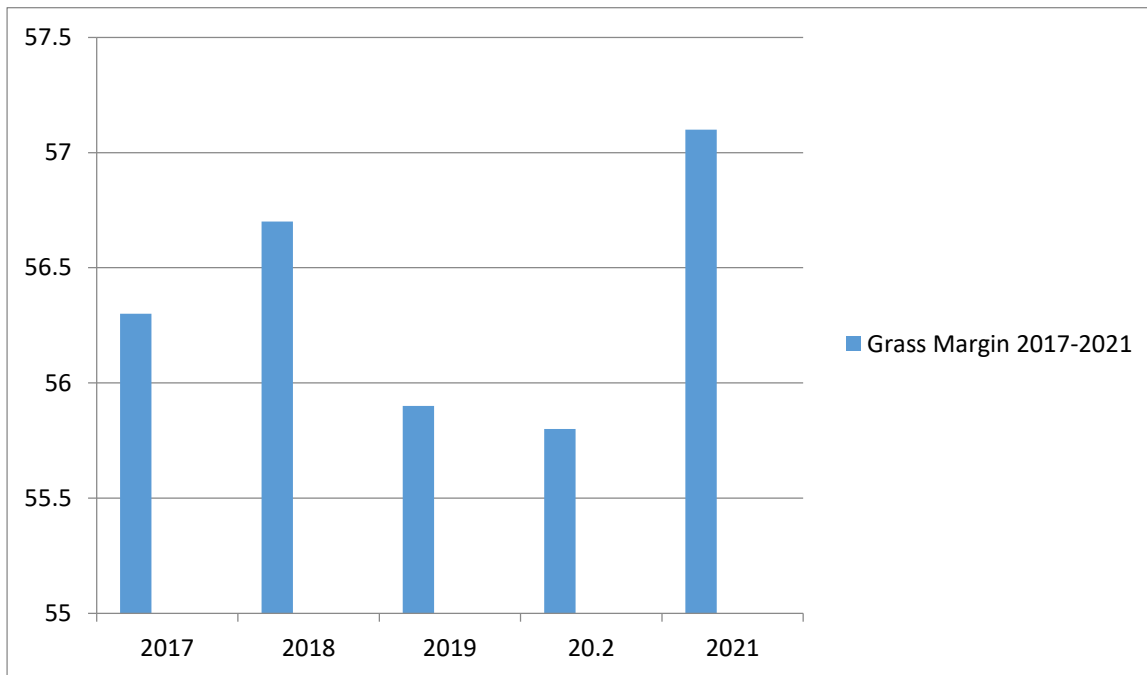


Figure 2: Net profit of Zara during 2017-2021 (Inditex FY Results 2021, 4)

When it comes to the gross margin and net profit of the company, analysis of the quantitative data has found that there is huge increase in the gross profit in 2021. However, during the peak of the pandemic of covid-19 in 2019 and 2020, this profit had remained almost same (55.9% and 55.8%). This net profit was less than the profit in 2018 which was 56.7%. Therefore, it can be drawn from the data that the pandemic has impacted net profit of the company in 2019 and 2020. However, in 2021, Zara has been able to cope with this loss as the net profit of the company has remarkably increased.

6.2 Results Based on Previous Research

These results of the thesis are drawn from the analysis of the previous research that have been conducted by scholars and researchers to address impacts of the covid-19 on Zara as well as on other brands during the pandemic. According to Cazin (2020), from production and distribution to retail, the fashion sector has been disrupted by Coronavirus (COVID-19). Sales of clothes and footwear in con-

stant terms are expected to decrease by 17% in 2020, compared to the 2% anticipated before to the epidemic. It is impossible to predict a return to normal. According to Cazin (2020), there are five methods that fashion companies should implement in order to thrive in this competitive landscape, including digitising supply chains and increasing cross-brand collaboration.

Additionally, in this article it has also been addressed that during the pandemic of Covid-19 fashion retailers across the world have shifted towards e-commerce. E-commerce revenues are predicted to climb by 24% in 2020 alone. COVID-19 is expected to have a lasting impact on online purchasing, which was conducted in July 2020 among the world's leading retailers. With no fees attached, small shops and brands may now sell their items on both Facebook and Instagram using platforms like Facebook Shops. (Cazin 2020.)

According to Belvedere et al. (2021, 331-349) Zara has integrated shop and online platform approach is a major factor in the company's creativity. Flexibility, digital integration, and sustainability are the three cornerstones of this system. Belvedere et al. (2021, 331-349) has noted and documented, Inditex's experience with online sales making up for dwindling store sales is not unique. According to this article study, online channels more than made up for the loss in sales that stores suffered during the pandemic for the half of merchants who used a unified or omni channel approach (Belvedere et al. 2021, 331-349).

Another study that has been conducted by Shabir & AlBishri (2021, 1013) around 87% of Zara's physical stores were closed during the pandemic. However, despite the overall drop in the fashion industry's sales, Zara was able to reclaim some of its lost momentum through its online sales. People choose to purchase online and avoid the coronavirus rather than go shopping in public. Customer trust and profitability have been restored thanks to online purchasing at Zara. Zara's global reach in 86 countries provides it a significant advantage in the marketplace. There is a lot of interest in the company's high-quality items and reasonable prices.

Additionally, another study conducted by Kim & Woo (2021, 1-26) addresses responses of the global fashion industry and particularly of Zara during the pandemic to recover from these impacts. This paper suggests that The COVID-19 pandemic has been a global emergency, and Zara has responded by providing financial and in-kind support. Medical supplies, masks, and hospital gowns were manufactured at Zara's facilities in Spain, according to Forbes and WION media reports, and the corporation

gave 3 million items of personal protective equipment (PPE) to Spanish hospitals. It has also been revealed by Business Insider that Zara's parent company, Inditex, has helped the Spanish government by providing logistics and supplier networks so that they can produce and donate Personal Protective Equipment (PPEs), which is an in-kind contribution when it comes to donating medical goods to hospitals in Spain. This demonstrates Zara's and Inditex's commitment to their Spanish communities throughout the epidemic, which they demonstrated through monetary and in-kind gifts.

Another paper by Crump (2020) discusses both the diminishing and deal responses of the company towards pandemic of covid-19. H&M opted for a diminish response when it came to layoffs and labor difficulties out of the three retailers examined here. Some employees at H&M's Indian manufacturing factory have been laid off, according to a CNBC article, while an Independent piece revealed a similar concern. During the epidemic, H&M constantly gave the media with a Diminish response to this issue, claiming that it was an unavoidable effect of their financial struggles and decreasing demand from clients. If an organization is trying to reduce their culpability for the disaster by saying that the situation was out of their control or that there was just minor harm, then a Diminish reaction is what they are trying to do. H&M's response to the COVID-19 pandemic is an excuse tactic in Diminish response; the retailer tried to minimize their involvement for the disaster by claiming that the issue was inevitable because of the pandemic.

Another study by Rao et al. (2021, 327-338) has also found that almost all the fashion brands have used a deal reaction when faced with issues of labour or employment during this pandemic, and this has been consistent across the three shops investigated. H&M and Inditex agreed to cover all costs associated with previous orders from their suppliers when the stores' cancellations were disclosed in the media. As an added bonus, Inditex officially stated that it will provide severance money to all of its terminated workers. A compassion technique was one of the Deal response possibilities shown in these actions. To rehabilitate the organization's reputation, a Compassion technique involves donating money or presents to victims, or expressing sorrow for victims. This is completely in line with Zara's and H&M's plan of action.

Additionally, according to Mahroum (2021) lockdown restrictions during the first 3 months of the COVID-19 outbreak accelerated e-commerce around the world. Online retail was the sole option for many customers who wanted to keep up with their stay-at-home orders while still getting the essentials they needed. More than 21.9 billion monthly visits to retail e-commerce websites around the world were registered in June 2020, compared to 16.2 billion in June 2019. During the second quarter of

2020, Amazon.com, the leading worldwide e-commerce platform, had net sales of \$88.9 billion, an increase of 40% year over year. During the first three months of the outbreak, demand and adoption surged significantly in the Middle East and North Africa. As a result of the lockdown, e-commerce enterprises were able to take advantage of a captive audience by promoting their products and services online.

6.3 Discussion

Analysis of the results has found that the recent pandemic of Covid-19 has badly impacted all the fashion brands across the globe including Zara. Company has witnessed a shortfall in the late 2019 however; it has been able to recover later in the second quarter of 2020. These results are also backed with the existing literature.

The coronavirus epidemic has had a profound effect on business performance of the fashion retailers around the world. Business models of companies before the outbreak of the pandemic was different, however, this pandemic has pushed fashion retailers to transform towards online business models. Many businesses were forced to virtualize their operations and processes in a short time period. After the pandemic has passed, it is unclear if and how many people will return to purchasing the old-fashioned way since consumers have already adopted behaviour to purchase products online. Although results of the thesis conclude that almost all of the fashion retailers were already using online platforms before Covid-19 as a way to compete in the digital age, yet, these trends have multiplied during the pandemic. These claims of the literature are also backed with the qualitative results of the thesis. Analysis of the previous studies has shown that Zara had already an ecommerce and online presence in Saudi Arabia. Company has successfully transformed its business model to e-commerce and made remarkable sales online.

In addition, as the analysis of both qualitative and quantitative data has found that most of the fashion retailers' have responded to the pandemic by adopting an online business model. These claims of the results have been supported by theoretical data and existing literature as well. However, innovation and a high dependence on the consumption-driven economic model are frequently challenged in the Kingdom of Saudi Arabia region. (Silva & Duarte 2021.)

7 CONCLUSION

Findings of the thesis have concluded that business and financial performance of Zara in Kingdom of Saudi Arabia has been impacted by the pandemic of covid-19. Pandemic of the covid-19 that has emerged from China has turned to be a global epidemic in no time and has impacted almost all of the walks of life. Including other companies and business fashion industry was also not exempted. Fashion industry usually operates on physical model where consumers visit stores and buy products. However, as the results of the thesis found due to the pandemic physical activities of consumers were restricted and hence sales of the fashion retailers have been reduced. Furthermore, in Saudi Arabia, in the late 2019 and beginning of the 2020, government has imposed a complete lockdown. This has caused reduced supply chain activities for Zara as well reduced rushing of the consumers to its stores.

Additionally, quantitative findings of the thesis also conclude that sales as well and gross profit of Zara have reduced at the beginning of the pandemic as compared to the pre-pandemic era. Sales of the company were more in 2018 as compared to 2019. These reduced sales were directly linked to the restricted environment and uncertainty caused by the pandemic of covid-19. However, responses of the fashion industry particularly of Zara to the pandemic were abrupt and that has helped the company to recover from the losses in the second quarter of 2020.

However, findings of the thesis also conclude that with this pandemic, the entire fashion supply chain is being forced to review its processes. COVID-19 has expedited the shift to e-commerce in the distribution chain, and the fashion industry is not an exception to this rule. Before the pandemic, online clothes sales were already on the rise. There was a 125% increase in global internet sales between 2014 and 2019 (including sales tax and adjusted for inflation). Customers across generations will have been forced to take the digital leap after the epidemic, and many individuals previously unwilling to purchase online are now familiar with it as a method to shop and engage with brands.

It has also been concluded from the pandemic that Zara has adopted an online business model to recover from the impacts of pandemic. Zara had already a website and an online store that has facilitated consumers to purchase its products online. Findings of the thesis concludes with a look at how fashion retailers can develop a digitalization blueprint, use cloud technologies and big data analytics, take advantage of social media, build an agile and adaptive supply chain with omnichannel capability, and make sure that future products and services are long-term oriented. Additionally, it has been noted in

the results that Zara has successfully managed to cope with the pandemic with the help of online marketing and digitalization.

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