# Storytelling Marketing and its impact on Developing Company Brand Identity

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With the growth of economics and technology, consumers nowadays are overwhelmed by vast amount of choices when choosing a product or service. Thence, your small advancement might make a meaningful change because it is now the era of brand with persuasive and smart communication. It is not only about the quality and price of the product, but also about the brand being able to deliver a significant message to the target groups and distinguishing from the others.

This research reviews the possibilities of Zara to use storytelling to enhance the value of its brand. The purpose of this study is to discover and analyze the paramount importance of brand identity in order to build a framework that consolidates and improves business performance. Simultaneously, the study determines storytelling as an effective method to strengthen a brand by giving more chances for companies to communicate directly or indirectly with the target groups and even their employees.

The theoretical background of this research consists of brand concept in general, brand identity and storytelling regarding the marketing communication. Furthermore, the thesis focuses on analyzing particular aspects of Zara marketing mix and its strategy. The relationships between brand identity, brand equity, brand image and positioning will also be covered in this research.

The empirical study of this thesis was conducted by qualitative research method, in which the questionnaire was arranged and based on theoretical background that related to brand identity and together with storytelling. Data and information are mainly utilized by interviews with company key people in order to reveal the case company's brand value and identity, as well as to figure out how a brand communicates internally and externally using storytelling.

Zara is a leading brand in the fast-fashion industry. Consumers perceive it as a trendy high-fashion retailer with inexpensive products. We conduct this research to suggest that storytelling can be applied to communicate directly with customer and maintain employees loyalty in Zara's case. However, the ecological issues and online channels should be taken into consideration before making any conclusions.

Key words: brand identity, storytelling, brand value, marketing strategy, communication

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Talouden kasvun ja teknologian kehityksen myötä tämän päivän kuluttajat ovat hämillään tehdessään hankintoja. Palveluiden ja tuotteiden tarjonta on valtava, joka tekee valintaprosessista entistä hankalampaa kuluttajalle. Elämme aikaa jolloin tuotteen laatu ja hinta eivät ole ainoa kilpailuetu. Viisaasti suunniteltu ja houkutteleva brändi voi tuoda mittaamattoman arvokkaan kilpailuedun yrityksille. Vahvalla brändillä pystyy markkinoimaan yritystä suoraan kohderyhmille, sekä erottumaan tarjonnan valtavirrasta.

Tämä tutkimus käsittelee Zaran mahdollisuuksia käyttää yrityskertomuksen konseptia osana arvokasta markkinointistrategiaa ja sitä miten se voi lisätä brändin arvoa.
Tutkimuksen tarkoituksena on havaita ja analysoida brändin identiteetin tärkeyttä kehitettäessä runkoa, joka lujittaa yrityksen strategiaa ja toimintatapoja. Tutkimuksessa määritellään myös miten yrityskertomusta voidaan hyödyntää brändin vahvistamiseen ja miten se antaa yrityksille enemmän mahdollisuuksia viestiä kohderyhmille suoraan tai epäsuoraan brändin kautta.

Tutkimuksen teoreettisena viitekehyksenä toimii brändi käsitteenä, brändin identiteetti sekä yrityskertomuksen suhde markkinointiviestintään. Opinnäytetyö keskittyy analysoimaan tiettyjä yksittäisiä asioita liittyen Zaran strategiaan ja markkinointi kokonaisuuteen. Tutkimuksemme esittelee myös brändin identiteetin, brändin arvon, brändin imagon ja brändin strategisen markkinoinnin välisiä suhteita.

Opinnäytetyö on tehty laadullisena tutkimuksena. Tiedonkeruumenetelmänä teimme haastattelun, joka pohjautuu teoreettiseen viitekehykseen, joka juontuu brändin identiteetistä ja yrityskertomuksesta. Keräsimme tietoa haastattelemalla Suomen Zaran johtoa saadaksemme selville kyseessä olevan yrityksen brändin arvon ja identiteetin. Haastatteluissa pyrimme myös selvittämään, miten yritys käyttää yrityskertomustaan markkinointiin liittyvässä ulkoisessa ja sisäisessä viestinnässä.

Kuluttajat näkevät Zaran trendikkäänä yrityksenä, joka tarjoaa huippumuodikkaita vaatteita kohtuulliseen hintaan. Zaralla on johtava markkina-asema pikamuodin alalla. Tämän opinnäy-

tetyön tutkimuksen lähtökohtana oli, että yrityksen tarina voi vahvistaa työntekijän sitoutumista sekä voi edesauttaa kuluttajan kanssa käytävää vuoropuhelua. Ympäristötekijät sekä nettikaupan kehittäminen tulee ottaa huomioon Zaran tulevaisuuden kehityksen kannalta.

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# 1    Introduction

## 1.1    Background of the study

In 2013, during a networking event of Aalto University, Head of Marketing and Brand of Fazer – one of the largest brands in Finnish food industry was giving a speech about their own experiences, to discuss how storytelling succeeds in adding more values to their brand. Fazer's story did inspire the authors of this thesis to write about storytelling.

The case is given to clarify the fact that there is clearly a value in every story. It was when Fazer attempted to expand the market to China, Russia and Netherlands, they had been using methodology to test the concept, by putting alongside competition to ask what the consumers would pay for the products and how they think about that when it firstly approaches a new marketplace.

They discussed with consumers the story of how they made the products, how a hundreds-year-old company has been formed, how they were founded by a family and the family is now still involving in the quality of the products. After that, they asked consumers if they are willing to pay much for those? And the answer was surprisingly outstanding, rising from 20 to 100 percent.

Nowadays, the fast growth of business has led to extremely strong competitiveness in the market. Brand becomes an intensely important aspect in marketing environment and a firm's value. Most of successful business brands today are valued by the market more than their tangible assets. Since trying to boost the sales and to develop the products is not the only way to obtain the competitiveness, companies start to add more equity by building and defining their own brands.

Companies are facing challenges in creating their impression and signature in the customer's minds. Overwhelming by loads of information, target customers might get confused to choose a brand, a product or service. Storytelling is developed to reach customers as well as employees by deliver the emotions, awareness and feelings between people.

Good branding required an integrated strategy. Successful brand building helps to gain the profit by adding the values that entices consumers to buy. Many famous brands like Coca-Cola, Pepsi, KFC creates strong images and connections with their customers across the cultures to add more incredible value for the companies. A good brand will help customers feel good about the choices they have made and believe that they make right decision to buy and use the product or service.

According to Gill (2011), storytelling aims to build emotional connections, strong internal employees engagement by capability to associate and communicate with people, practices, policies, improve internal reputation and complement external reputation. A good story will be an inspiration to motivate everybody, in this case, which is a tool to assure that company's goals and its values are shared between the employees.

This thesis aims to deliver storytelling as a marketing concept and how it affects a company's internal communication and external marketing. We would like to demonstrate the idea of storytelling and how it applies to our case study company – Zara, to clarify the important role of the storytelling concept completely. It is believed that telling a memorable story is the key to efficient marketing.

Fortunately, one of the authors – Siiri Medina, has spent a long time working for Zara in sales department. Thus, we are able to get more chances to acquire a lot of information on the company for our thesis. Certainly, as a former employee, Siiri familiarizes with the internal management system and acquainted with many key people who play critical roles in the growth of a company. In addition, both authors are interested in fashion. We both show enthusiasm and excitement toward fashion industry in general, especially Zara in particular.

## 1.2    Objectives of the thesis

The objective of this thesis is to examine storytelling and its influence in building a strong brand as well as how it creates or add brand value through case company Zara. The theory part will cover what is a brand, brand equity, brand image and positioning. Identifying storytelling in general and how it creates or adds brand value in the consumer's as well as the employee's perspective will also be covered in this research.

The survey method used for this thesis was an interview for the management of Zara Finland as a method of qualitative research. The interview results as well as the theory will be taken into account considering strategic brand management and storytelling.

## 1.3    Delimitations

One case company was chosen in order to gain sufficient information and to effectively concentrate on the objectives of this thesis. Research methods used for this study were mainly from reliable sources and an interview for the management of Zara Finland. The interview was conducted to the Human Resource Manager and the Visual Merchandise

Manager. Unfortunately, due to confidentiality issue, their name won't be showed and published.

The target number of interviewees was four persons. However, two out of four persons were contacted and completed the questionnaire. The interview was planned and executed for Zara Finland, not Zara worldwide. Therefore, findings of the interview and the study cannot be generalized in regards the rest of Zara's worldwide management due to the lack of participant in our research.

1.4    Key concept (Brand identity and storytelling)

This thesis aims to give an overview and an idea in term of branding and storytelling. We will focus more on brand identity and how we would develop storytelling, together with brand identity, in making a stronger brand.

Brand is described by Mcghie as

"…Present when the value of what a product, service or personality means to its audience is greater than the value of what it does for that audience." (2012, 14)

Aaker (1996) says that brand identity is in form of an important feature that makes a brand stronger by adding core value to its brands. This is how a marketing strategist wants the brand to be perceived and how you represent your business by its own personality. It is basically a promise of the products or services and how it differentiates from others in consumer's mind. Moreover, it is a connection or relationship between you and your customers in order to get to know them and help them in making decision whether they would purchase your products or not. Brand identity set you apart from others and it is not only a logo, colors, tagline, image, symbol but also loyalty from your customers.

In our research, we are focusing more on the concept of storytelling and how it influents in enhancing your brand value. In the book about branding in practice, Klaus et.al. has mentioned about Paul Auster – a writer and movie director, once defined telling stories was a way to understand ourselves and communicate with each others in order to create a meaningful life. We share our daily life by stories to figure out what the differences it can make to the world we are living in and understand the conflicts of our lives.

Storytelling concept has been defined theoretically as

… the art in which a teller conveys a message, truths, information, knowledge, or wisdom to an audience – often subliminally – in an entertaining way, using whatever skill, (musical, artistic, creative) or props he chooses, to enhance the

audience's enjoyment, retention and understanding of the message conveyed. Stories are sometimes told purely for joy and delight. (Dudley, 1997)

Storytelling is literally defined by Haven (2000) as one kind of art form to use languages, vocalization or gestures to represent image and feeling to a group of people, it is the oral and physical performance of a story for an audience. Storytelling is not a new notion due to the rising of social media channels; it is a means to create a strong branding and has been used by marketing strategists to communicate with the target audiences by telling stories behind companies. They believe that storytelling affects directly and indirectly customers' buying behaviors and decisions.

1.5    Theoretical background

The theoretical background of this study was based on analyzing literature as well as other written material. The written theory covers branding, brand image and brand value, brand equity and storytelling.

Additionally, an interview was conducted for this research with the strategic leadership of Zara Finland. The interview concentrated on storytelling, if and how it affected decision making from a prospective employee's perspective and as well as from a customer's opinion. The interview was sent out to the recipients via e-mail and a deadline was set for two weeks. Questions and answers can be found below in the Appendix.

## 1.6    Structure of the thesis
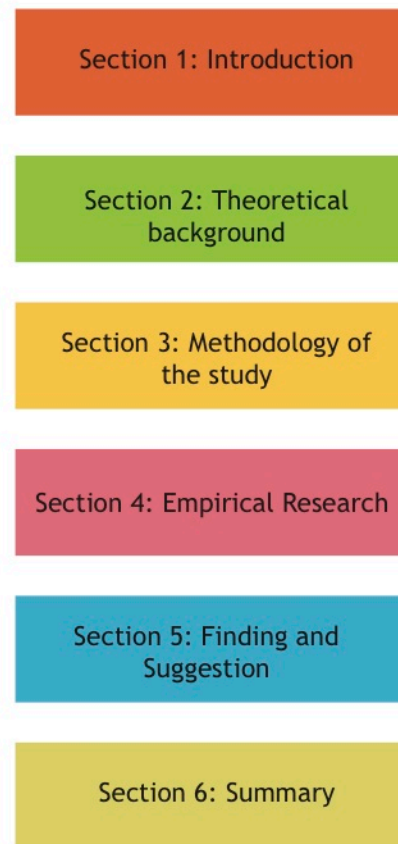


Figure 1. Structure of the thesis.

The thesis consists of six different sections, which are: Introduction, Theoretical background, Methodology of the study, Empirical Research, Finding & Suggestion and Summary.

The first section is Introduction, which consist of the basic background information of the study, objectives and structure of the thesis, delimitations and research approach of the study area involved. Our thesis is conducted by qualitative method. Hence, primary research questions will be mentioned in this part.

The second section is theoretical background, which covers various theories regarding to the study about principle, criteria, methods required in accomplishing the research objective.

The next part is methodology of the study, which represents for the research methods and approaches of conducting research that going to be used in the thesis.

The empirical research section explains to the reader different methods to analyze the data collection and presents the result achieved of the research.

The fifth section shows the Findings and Suggestions, which is done based on the result of the empirical research throughout the study. This section will give an overview of the data result to support the thesis as well as suggestions regarding the research result.

The last one is Summary, which concludes the final summary and recommendations to the case company.

## 1.7    Research questions

This thesis was researched based on qualitative information by interviewing the management of Zara Finland. The two main research questions were the following:

  • How does storytelling affect Zara's brand identity?

  • How to use storytelling as a marketing strategy to create and enhance value

  to Zara as a brand?

The interviewees were asked questions related to brand identity, storytelling associated with the brand and personal experience. The results were analyzed together with the theory and data information that have been achieved from study. Suggestions are then made based on the research findings.

## 2    Case company

## 2.1    Introduction

Zara is a typical case study to show how the business has been managed to build a powerful brand in the fashion industry (Tungate, 2005). Zara is nowadays one of the biggest and strongest fashion brand globally, with high fashion and high-end products. Since it was formed, Zara has transformed the fashion world into innovative way by its own innovatory business model.

The case company chosen for this study is Zara Finland, which is part of the international fashion distributor Inditex group. In Finland, Zara operates in 3 cities with a total of four stores. The first store opened in Aleksanterinkatu, Helsinki in 2003, which is also the flagship store of Finland. According to Zara's strategy, this store location was carefully planned as all other stores around the world. Zara recently celebrated its tenth year in Finland.

From 2002 until 2013, Zara was operated under a franchise agreement with Stockmann plc. In, by opening its first franchising stores in front of the group, downtown Helsinki. Inn 2013, Stockmann sold its subsidiary Z-fashion Finland to Inditex, S.A

2.2    Background and history of Zara

The information in the following section was gathered mainly from inditex.com and from the personal experience of one of the authors Siiri Medina.

Zara is part of the Inditex Group, which is one of the largest fast fashion distributors in the world. Inditex operates in 86 countries and has 6000 stores worldwide. There are 7 other franchise based store concepts that belong to Inditex apart from Zara.

Inditex is listed in the Spanish Stock Exchange and has attracted investors on a global scale. The group itself has grown rapidly, expected to increase and expand its operations in the future. Its success is based on a strategy that offers the latest fashion for an affordable price with an efficient distribution process that allows them to respond quickly to shifts in consumer demands.

Amancio Ortega Gaona, the founder and chairman of Inditex opened the first Zara store in 1975 in A Coruna, Spain. Currently, there are over 1900 stores worldwide.

According to Inditex, Over 60% of company's sales come from Zara stores. Zara sales increased by 18% in 2012, up to €10,541 million. Inditex is planning to open 425 new stores in the near future. Simultaneously, Zara now operates online in 21 countries.

Despite Zara's acknowledged success, it has been facing legal disputes concerning copyright issues. Recently, Zara has also experienced sweatshop related to accusations (Alexander, 2013). In the case of copyright issues and disputes, Zara has been fighting against lawsuits and accusations of copying. The result has been visible in stores when products were recalled back to the warehouse or being destroyed. Zara has been accused of copyright issues since its establishment. Due to the sensitive nature of the concern, Zara has naturally kept all information regarding this matter confidential. Ironically, the copyright issue is in fact the reason behind Zara's success. Instead of creating new designs and predicting the future trends, Zara only has to follow and copy. However, Zara is under pressure, constantly criticized and held in contempt by the Haute-Couture industry.

Currently, Inditex distributes Zara's deliveries from a centralized logistics base in Spain. Particularly, the U.S. market has been a challenge because of the over saturated retail competition and the different consumer demands regarding fashion.

Nevertheless, Zara has still continued to follow their existing business strategy acknowledging the fact of possible future lawsuits. Presently, Zara is still using the same distribution center to deliver its shipments worldwide. Inditex has no plans on operating its logistics from other foreign locations apart from Spain. So far, it has been proven to be efficient although it might face future logistic problems as a result of expanding to new regions.

Improvement of technology and the Internet constantly increasing its influence in today's consumer markets, online shopping has become substantially popular. In 2010, Zara launched an online shopping possibility for its customers to provide increased quantity of items and to rise profits due to fear of decreasing in High Street spending. Regarding copyright issues as mentioned earlier, it is an ongoing struggle.

Nonetheless, Zara's and Inditex's main goals and strengths in the future are profitable expansion of the business and strong lasting potential to expand profitably due to a unique management model and strong business strategy.

Zara succeeds to keep its strong retail advantage due to its ordinary business and management strategy. The company has been able to successfully stay strong and continue growing its profits in the competitive fast fashion retail market despite copyright disputes and other minor challenges. Its continuous success among consumers is gained as Zara has developed an internationally recognized brand that keeps delivering the latest fashion trends and styles for followers of fashion.

## 2.3 Marketing and target groups

Zara is well known as "fast-fashion" concept. The company designs new products and they arrive in stores with new collections/items twice a week. Despite Zara's huge success, Inditex has no marketing or advertisement costs. This is a careful marketing strategy, in which they believe that Zara's best advertisement is through word of mouth and also by people carrying a blue paper bag with Zara's logo on it. Carefully chosen store locations and inside store design play an important role in Zara's marketing strategy. The only way Zara gets public media attention is through social media channels e.g. Facebook or through fashion bloggers.

According to Kotler, a marketer should be able to segment the market and consumer base with different needs and wants, by dividing into similar consumer groups that have common

characteristics. They all can be segmented by geographic, geographic, demographic or psychographic in order to identify groups for whom distinctive offers can be improved. (1997, 95)

Zara aims to people who are young, price-conscious and highly sensitive to the latest fashion trend. In order to analyze about the Zara's target group, it can be divided into three different sectors: Target customer by demographics, psychographics as well as customer's buying behavior.

With **demographic segmentation**, Kotler defines it as a group of people who share the same demographic makeup, for example upper-class citizens, low-income minorities and so on. There are few main indicators that determine the size of target market. They are from different groups of people with different age, gender, income, occupation, education, religion, race, family size and position in family.

Zara produces clothing for wide ranges of ages from 0 to 40 years old with global audiences from different backgrounds: single or married, students or office workers, infant or middle-aged people. Generally, Zara expands the market broader with prestigious and elegant image. They focus on products for women with primary age group from 25 to 40 years old specifically, who consider products with reasonable price, but still fashionable and classy. Almost Zara stores open in busy areas, near the busiest streets where they can catch attention from people passing by. Moreover, Zara also aims its target to men group of age from 25-40 years old, who want to be well dressed to work.

**Psychographic segmentation** is explained as lifestyle segmentation to denote the combination of psychological factors and demographic elements. This has been segmented by measures of consumer's activities, interests and opinions. (Kotler 1997, 100)

In case company Zara, customers are segmented by lifestyle and are almost the office workers, who would like to pay low cost with new trendy products to own casual smart style to work, they prefer classic and simple, fashionable but still individualistic. There should be some products that make them feel appropriate and comfortable during the whole day at office. The customers might not care much about the quality, as long as they get the latest season trends with reasonable prices.

Consumer's behaviors segmentation divides potential consumers into different groups by the usage rate, brand familiarity and sometimes by occasions. Behavioral segmentation helps to focus more on loyal groups of users who are going to use considerable quantities of products.

Zara clarifies the target customers by buying behaviors to provide its customers a combination of fashion and low price. For instance, the middle-aged mother buys clothes at the Zara chain because they are cheap, while her daughter ages in the mid-20s buys Zara clothing because it is fashionable (Dutta, 2002). Zara has been characterized to rely heavily on high-end designers, updating the latest fashion trends, that the collections are copied identically sometimes and being criticized for similar design of famous luxury brands, as the latest news is the dispute of plagiarism or inspiration from Celine Pre-Fall 2013 collection.

2.4    Marketing mix

Marketing mix is one of the most important factors in marketing management. It is a combination of four elements that Kotler and his four P's concept have proved to create attraction for sales promotion and boost volume of sales. In order to gain success and achieve marketing targets, a company should concentrate on these components: Products, promotion, pricing, place and distribution.

Kotler (1999) describes four P's as a marketing planning tool for companies to decide on their product, set the price and choose the distribution and promotion methods of the product.



Figure 2. Zara 4 P's Marketing mix

### 2.4.1 Products

The Merriam-Webster dictionary defines a product as "something that is made or grown to be sold or used." In this section Zara's products are explained a bit more in detail.

Zara is divided into three main departments; women, men and children. In each department the customer is offered products in different price ranges. For instance, the women's department contains three sections that are divided by the customer profile. Different customer profiles are affected by age, style and price. Although a certain customer type is directed towards a section, the customers will still find suitable products from each section despite the customer's age, style or price. This will encourage the customers to browse through the entire store. Zara uses ecological fabrics e.g. organic cotton among other natural materials. It supports organic farming and make some of its garments out of organic cotton (100% cotton, completely free of pesticides, chemicals and bleach). Transparency as well as corporate social responsibility are the brand's first concern and have gained international credit. All Zara's products are respectful to environment, health and safety.

### 2.4.2 Promotion

It is noticed that there is nothing about Zara commercial on television or any other channels. Almost other fashion retailers spend average 3.5% of revenue for advertising to marketing their products, while Zara parent's group Inditex spends only 0.3% of sales revenue for it.

People think that Zara spends totally nothing on product promotions, but in real, they are making it in a different way from the counter parts. Zara believes that their key points for promotion campaigns are locations of their shops, from attractive points with decorative shop windows on all the busy areas around the world. Zara brand admits the power from word of mouth to consumers as the most effective marketing strategy more than ever.

### 2.4.3 Price

Zara is good at setting their prices, which allows their customer to buy high fashion products with lower prices. The quality of products from that price adds more value to the company. Thus, even Zara's pricing is probably so much lower from its competitors, there is still unbelievable increasing in profit margin, which is even higher than the other brands, due to direct efficiencies gained from a shortened, vertically integrated and supply chain.

2.4.4   Place and distribution

Zara stores are located strategically on busy streets and large cities globally, next to all the luxury brands, but they intend to provide high-end products with affordable prices. This strategic plan will be useful when the company has to face and encounter regional descend economic situations. Thompson (2012) mentions that Zara has no budget for advertising. Instead of focusing on that, Zara simply aims to be "affordable luxury" by investing almost the money for advertising on buying stores next to luxury brands like Chanel, Gucci, Louis Vuitton, etc. meanwhile those brands are always trying to keep a distance from fast-fashion retailers.

The store itself is undoubtedly spacious and appealing delightful, which delivers relaxed, enjoyable and comfortable shopping experiences. The shop windows are designed flawlessly, along with maximum attention of interior design.

Zara is known for the idea of fast fashion by bringing on precise time its most trendy fashionable products with small quantities. Hence, according to Berfield and Baigorri (2013), "speed and responsiveness are more important than cost", Zara encourages customers to come back to the stores regularly by updating merchandise twice a week and stocking in small amount. They indicate that supply chain is its competitive advantage and a "secret to Zara's success" because the retailer industry is not able to follow Zara properly. The supply chains is vertically integrated, even with high manufacturing costs, but with more than half of merchandise is produced in-house, from Spain or nearby countries, shipping to a 5-million-square foot main distribution center in La Coruna and immediately to all the retailers, in order to reduce the cost of transportation, energy and resources which involved.

Unfortunately, Zara do not offer widely online shopping service. They have released new iPhone retail application recently and the app is aimed to climb up to top 20 in lifestyle section. However, it has been shown to be controversial as many people think it is pointless. Almost their potential customers who downloaded the application were sadly disappointed by the lack of information, price as well as the instability of the app.

3   Theoretical background

The theoretical knowledge of brand and all of its compositions are focused in this part. Concretely, this part will give an overview to clarify the concept of storytelling as a decisive footing in relevant to make a strong brand.

3.1    Brand

3.1.1    Conception of brand and its importance to a company

Brand has been describe in Oxford American Dictionary (1980) as

> "A trademark, goods of a particular make: a mark of identification made with a hot iron, the iron used for this: a piece of burning or charred wood. (Verb) to mark with a trademark".

Wheeler defined the brand as follow: " As competition creates infinite choices, companies look for ways to connect emotionally with customers, become irreplaceable, and create lifelong relationships. A strong brand stands out in a densely crowded marketplace. Initially, people fall in love with brands, trust them, and believe in their superiority. How a brand is perceived affects its success, regardless of whether it's a start-up, a nonprofit, or a product". According to the author, the brand plays an important role in leading to help consumer choosing from a variety of choices. It has been pointed out that brands communicates the quality of product or service and build up the confidence of consumers to reassure that they have made the right choice. It is also said that brands create engagement of customers to determine them by unique image, languages and associations. (2013, 2.)

The UK brand planning guru Paul Feldwick defined a brand this way: "A brand is simply a collection of idea happens and engagements. Brands have nowadays become the leading currency of success. As a product is the thing that consumers buy and use, brand is something intangible, regarding a promise to quality, a sense of heritage or prestige. "Brands also offer a differentiating factor that makes it easier to choose between the many competing product variants." (Davis 2006, 16).

From time to time, brands became a principal as an expectation of quality or price. Brands exist as long as corporate market exists. Brand is an influential element and the most powerful tools in global economy to represent the image behind a company. Brand is now necessary as its way of connections and influences on making decisions among the choices in our daily life (David 2006, 32).

> "Good brand are like novels that you can't put down — they are the highest form of art and they have to tell a fantastic story" (David 2006, 34)

3.1.2    Building a strong brand

The key element of a successful company is a carefully designed and executed brand. This is also known as strategic brand management. Ultimately, a brand attracts consumers by appealing to people's emotions and therefore builds a trustful relationship between the

company and its consumer. Brands that are reliable and popular add value to the company itself and therefore create brand value.

Building a strong brand is essential to the company in order to expand the existing customer base and to succeed financially. Advertising is perhaps the most effective way to gain the attention of a customer. TV commercials with actors that portray real-life situations and feelings appeal to the consumer because the consumer is able to relate.

The case company, Zara is a revolutionary exception because as mentioned earlier, it does not use any money on marketing and advertisement. In Zara's case, the name itself and the worldwide recognition creates value and keeps strengthening Zara as a brand. Simultaneously by this unique and rather mysterious way of marketing, it keeps the consumer interested and therefore forces the customer to return to the store to see what is new.

### 3.1.3    Brand equity

A well-known brand such as Zara will simultaneously add value for the customer as well as for the company. As noted by Aaker (1991), brand equity is formed by assets and liabilities of a particular brand in form of a name or a symbol. It is capable of increasing or decreasing brand value of a service or product to the consumer or a company. When a brand is considered to be familiar by the consumer, it increases customer loyalty based on previous experience. Nevertheless, it may also affect the customer in a negative way as well depending on the situation.

For the company, a strong and recognizable brand is one of outmost value regarding company profit. In other words, a brand is the most important asset for a company in today's competitive business environment. A brand is what distinguishes the company name from its competitors and strengthens the identity of the company.

### 3.1.4    Brand image and Positioning

Many people think that brand comprises only few elements, a logo with few colors or typefaces, a slogan, etc. But in reality, it is not just only about those things. It is way more complex about a corporate image of a company or organization. When a company or an organization wants to introduce their new product or service to the marketplace, they tend to create a brand name in an attractive and tempting way that make buyers recognize the identity of product and how it differentiates from the other competitors. In other words, the significant concept behind the brand image is that "everything a company does, everything it owns and everything it produces should reflect the values and aims of the business as a whole" (Cass, 2006).

When it comes to brand positioning, this question should be answered to clarify the definition of positioning "Where are you in the consumer's mind?" Basically, brand positioning is the distinctive features that make the brands better and different than the others based on products and services (Gelder 2005, 30).

Okonkwo has showed that brand positioning are the entire elements that related to branding in consumer's mind. It is more like concentrating on apparent relationship, by creating values for the companies from the beginning of their brands. Brand positioning is plainly the way of how a company approaches in consumer's mind. (2007, 116)

Brand positioning is seen as a matter of communication to differentiate brand characteristics, personality and image from the competitors, by capabilities to manipulate the consumer's mind. It was the part of psychology, a part of science, the art of finding, understanding and discovering the human mind (McGhie 2012, 19.)

## 3.2    Brand identity

### 3.2.1    What is brand identity

According to Aaker (1996) brand identity is how the company wishes its brand to be recognized by the customer.

Brand identity also describes the brand's appearance such as the logo, color and design. These factors are strategically chosen in order to portray a certain type of feeling and values for the consumer. Therefore, the customer will choose a brand and a logo that represents his or her personal values and lifestyle. Brand identity builds a trust relationship between the company and the customer which both share similar things.

Zara's customers choose a cosmopolitan, sophisticated and trendy lifestyle image when buying Zara's products. Zara's logo is not visible in their products although the paper shopping bag is used by many customers for carrying other personal belongings as well. This is a sign of certain type of lifestyle that the customers wish to communicate to other people.

### 3.2.2    Logo & Trademark

The meaning of logo is fully outlined by Hacala as a simple way to present a company or organization by visual elements that generates customer's feelings. It is plainly a graphic symbol, which plays a critical role for a company or organization to be recognized.

A logo can be a symbol or in logotype, which we call it typographic. Typographic is way of presenting a company by making up the letter from the name in a unique and harmonic way, for example, the script font of Coca-Cola logo or the symbol of Nike swoosh.

Cass finds out that trademark is an unique word, name, phrase, symbol, design or other device used by a company or person to differentiate a product or service from other companies. It is one way to secure your brand by trademarking it (2011)

> "Trademarks are basically brands, and you can protect your trademark or brand by securing the associated trademark rights. These rights allow you to prevent others from using a confusingly similar trademark or brand. (Cass, 2011)"

### 3.2.3  Branding

Branding is about to infer brand values and positioning, understanding business and creating stories. By different media channels, a good story of a brand will be told to represent the product or service.

For instance, as children are born and named by their parents, branding can be simply defined as a marketing process of giving a particular name for a product or service and finding a different way to be easily recognizable by others.

The term of branding is fully outline by David as

> a disciplined process used to build awareness and extend customer loyalty. It requires a mandate from the top and readiness to invest in the future. Branding is about seizing every opportunity to express why people should choose one brand over another. A desire to lead, outpace the competition, and give employees the best tools to reach customers are the reason why companies leverage branding. (2006, 6)

David (2006, 14) also argues that branding is not about creating an identity by logo, name or style for a company, it is the combination of both visual style and tangible elements of the brand. In order to connect with the target groups, branding also stands in need of emotional and intangible factors.

According to Joshi (2012, 26), a company with strong branding has more advantages of sales promotion in the market compared to its competitors. It reaches the attention from buyers and creates interest between consumers. Branding is a tool to boost the sales revenue, making advertisement and publicity to be easier than ever. The quality standard and satisfaction of buyers can also be guaranteed by branding.

"Branding is now a strategy used to differentiate products and companies, and to build economic value for both the consumer and the brand owner". The brand identity, which is referring to its unique name, logos, packaging and associated images, has a crucial part in interpreting the brand's values and indicating them to the target customers by building an associated strong brand image in their minds. (Whalley 2010, 81).

### 3.2.4 Identity

Identity or also known as corporate identity or self image is the sum of all material used for the marketing and visual elements such as logo, business cards, websites, company uniforms etc. Identity is also how the company is seen by public and media. This also affects the reputation of the company, which is regarded as important.

As Kapferer (2012) describes, the reputation comes from within the company and brand image is based on the market and values.  The identity is a feeling and set of values, which the company wishes to be seen as but ultimately it is up to the consumer what he or she makes of the company. In other words, the company can influence the customer's perceptions only to a certain extent.

### 3.3 Storytelling

### 3.3.1 What is storytelling?

Traditionally, storytelling is a form of communication to describe events or things to make them more interesting and memorable. In the modern business world, storytelling also plays a significant part in strategic planning and marketing. Considering strategic brand management, storytelling can add value to a brand.

Although good stories, in most cases, are based on facts and those stories tend to appeal most to the everyday consumer, it is also suggested by Gunelius (2013) that the best brand storytellers understand the critical elements of fiction writing. Successful stories give people a direction; enforce their lifestyle and values. Companies that are able to create a credible story will attract new customers as well as keeping loyal customers returning will outstand from other competing brands.

As reported by Bacon (2013) "Every story needs to have content and emotion," says P&G corporate marketing director Roisin Donnelly. "The brands that are really succeeding today are the ones that differentiate themselves through storytelling."

Moreover, it makes no significant difference if the story is real or fictional, as long as it is a story the customer can relate to and it stands out from its competitors.

### 3.3.2    G.R.E.A.T and its importance to storytelling

According to Nguyen (2014), the storytelling marketing campaigns succeeds in the market or not, how it delivers the messages to audiences depends on 5 basic clues, which are mentioned below with a short name: G.R.E.A.T

Figure 3. G.R.E.A.T and its importance to storytelling (Nguyen, 2014)

**Glue:** It is the connection of marketing messages to what the consumers trust and believe in real. What makes the storytelling way more efficient and powerful is about how it aims to a particular loyal group that considered themselves as foundation in target market.

**Reward:** interesting storytelling usually contains a commitment to a reward e.g. lose weight, financial succeed or safety, etc. People will notice and observe if you tell them what they can acquire for themselves, what is better for personal life or what helps them to achieve their dreams.

**Emotion:** this fact plays a critical role in 5 clues. Great story is defined from psychological perspective to have an effect on profound emotions and influence customer's behavior in choosing the brand. A heart-touching story might be their concern, that once they listen, it starts melting their heart not just only by the intellectual things.

**Authentic:** Firstly of all, a good story must be a trustworthy one. This thing does not require the marketer to guarantee 100% that it is an absolutely true story, but it should be build in the reality of your brand, basically based on true story of the company. Otherwise, it leads to the interruption rather than adding more values to the brand.

**Target:** The only fact that affects the success of storytelling marketing is only if the story is developing in contemplation of being consistent with the target group. Effectiveness of the campaign depends on the relevance of the story and to ensure this, marketers need to segment into different groups that share similarities in behavior, attitudes and lifestyles.

### 3.3.3    All companies have story to tell

It is believed that everyone has their own stories to tell as we are always surprised by good stories with persuasive characters. The stories stick in our mind in a different way that texts or bar graphs don't.

Snow (2014) outlined that since advertising became important, storytelling has recently become one of the biggest corporate buzzwords of timeless skill for every company to inspire, motivate themselves. Everyone has a chance to stand out, spread messages by storytelling. "Stories make presentations better. Stories make ideas stick. Stories help us persuade" (Snow, 2014).

### 3.3.4    How storytelling makes a brand stronger

The key element of a successful company is a carefully designed and executed brand. This is also known as strategic brand management. Ultimately a brand attracts consumers by appealing to people's emotions and therefore builds a trustful relationship between the company and the consumer. Brands that are reliable and popular add value to the company itself and therefore create brand value. Building a strong brand is essential to the company in order to expand the existing customer base and to succeed financially.

Advertising is perhaps the most effective way to gain the attention of a customer. TV commercials with actors that portray real-life situations and feelings appeal to the consumer because the consumer is able to relate.

The case company, Zara is a revolutionary exception because as mentioned earlier, it does not use any money on marketing and advertisement. In Zara's case, the name itself and the word-wide recognition creates value and keeps strengthening Zara as a brand. Simultaneously by this unique and rather mysterious way of marketing it keeps the consumer interested and therefore forces the customer to return to the store to see what is new.

According to Matthews and Wacker (2008), every business regardless of its size or line of business has a story to tell and it is capable to improve their business results by using storytelling to market their products. Every transaction between a salesman and a customer involves some kind of storytelling, which increases the products value itself and therefore makes the product easier to sell. Matthews and Wacker (2008) also suggest that historical storytelling has always been a global human characteristic that has distinguished humans from the counter parts e.g. chimpanzees. They are able to use their hands in physical tasks although they are incapable to communicate by words and speech.

The case company Zara has a story behind its success although not many consumers are aware this and therefore, it has no significant effect in consumer behavior. As results of the interview indicate, both employees were not aware of the story behind Zara when they purchased clothes from Zara for the first time and they both believed it would not have made any difference when choosing Zara. Despite this, Zara portrays an image of great style and fashion consciousness, which is one of the main reasons why customers are interested in Zara and return to shop there. Customers are also aware that new products arrive to stores twice a week and that Zara's products change quickly. Certain products might be sold out within hours and they will not be ordered again due to the simple fact that the total quantity manufactured is relatively small which is distributed to all Zara stores around the world. As soon as customers realize this, an image of uniqueness is created and they will return to Zara hoping to find these bestseller items before the next customer. This creates a bond between Zara and the customer and could be considered as storytelling that adds value to Zara as a brand.

### 3.3.5    Storytelling as a Branding concept

Storytelling is not a new concept; it comes along with the growth of content marketing and social media channels by giving more chances to tell stories directly or indirectly.

Storytelling is a form of branding, or a way to represent a strong brand. Storytelling is not the only way to connect the past with the present and future but also demonstrate the emotions among people. "Storytelling marketing" is used more in branding campaigns.
The relationship between branding and storytelling can be described vaguely by this figure below:
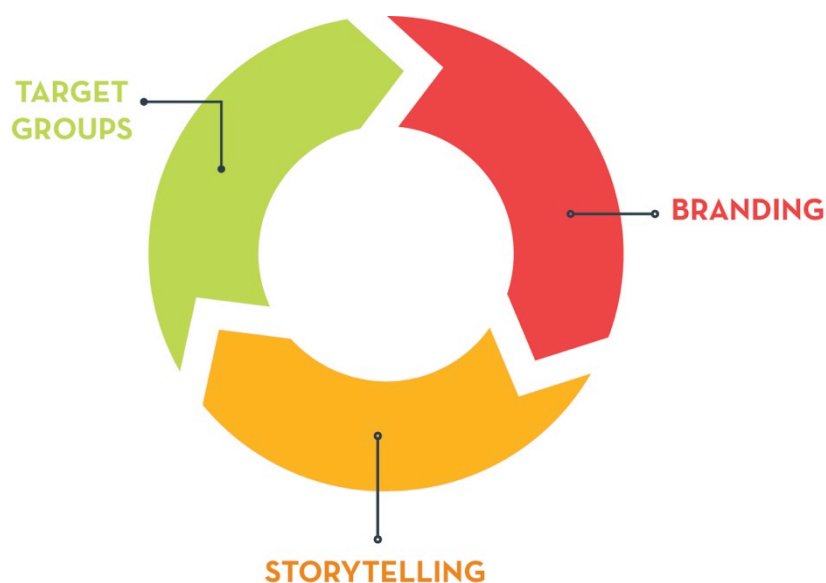
Figure 4. Branding is the goal. Storytelling is the means (Fog et al. 2010, 24)

In their book about storytelling, Fog et al. (2010, 24) believe that if companies are able to deliver messages by storytelling to the target groups, they are able to create a stronger brand. On the other hands, the brand is built by an "emotional connection with the consumer" and created by a "strong corporate culture". In this case, target group such as customers and employees, is a means to connect the storytelling to branding, by comprehending company's value and message.

### 3.3.6 Storytelling as a Communication tool

Storytelling marketing is an emotional connection, a way of marketing based on construction, developing and spreading interesting stories, which are related directly or indirectly to brands.

With the development of information technology, the roles of storytelling in daily life have changed remarkably. The growth of social network has helped to form the online communities, the " urban tribes " as new means, and new challenges for marketers to progress with the campaigns. It is no longer a one-way exchange, but now bloggers or members can respond or give feedbacks to make storytelling an increasingly widespread tool of two-way communication between one particular or general brand and its target customer groups.

Certainly, people do not want to be overwhelmed by too much information. Simmon (2002, 3) outlined that people want "faith" in the story you tell, also means that story is a means to build trust and they want a significant one that inspire to reach the idea you promised at the beginning. Telling a good story is like a communication tool, in which not by forcing people to

believe in, but encourage them to conceive the things you have told objectively by their personal feeling.

4    Research approach and methodology

When conducting a study there are various research approach styles and different methodologies to carry out the research. Quantitative and qualitative researches are examples of different methodologies that can be used. Quantitative research is based on statistics and numerical data. Qualitative research is not based on measurable data. Interviewing research subjects is the most common methodology in qualitative research.

Research approach explains how the research will be done. Research methodology will specify the type of method, which will be used for the research. It is very important that the research approach and methodology is suitable and as accurate as possible regarding the nature of the study.

4.1    Research process

Research is a part of your professional way to think and examine logically, in which you attempt to study, turn theories into practical, complement your knowledge deeply and test new things that apply to forward movement of your practice. It is a means of assembling your experiences to explore and review ranges of knowledge carefully. (Kurma, 2014) More than that, Melville and Goddard have argued that research is not only about answer the questions by collecting data and information, but also referred to the process of discovering the new things that does not exist currently.

Kurma (2014) describes the process of research that it should be done in control and must follow the requirements step-by-step. Alongside, Kothari implied in his book that research process includes the procedure to conduct the study, which requires the skills of identifying, analyzing, improving your idea. (2014, 12)



Figure 5. Research process in flow chart

The figure above shows the activities of how research process should be carried on continuously. The first step demonstrates the method and techniques of approaching the study and formulates the research problem. In this part, the researchers will decide what to analyze and how to proceed the whole research effectively.

**Define Research Problem**

The term "storytelling" is not new but it has been rarely mentioned in a company when they start a marketing strategy. Hence, we demand to focus more on this aspect as a new way to approach the market and create an unforgettable experience for consumer of a specific brand.

The case company was selected to be Zara, with strong brand value; we believe that we can deliver the idea of storytelling in making a brand more consistent, being noticed and differentiate the brand from the others.

**Formulate hypotheses**

Next step is accomplishing the hypotheses in order to give an overview of research problems and solutions. This step is created to instruct the researchers into a specific area that keep him or her on the right track.

**Design Research**

This part is influential and necessary because it is likely a conceptual structure on how to conduct the study. Design research involves the way of collecting data and information, conceptualizing as well as writing a research proposal.

In this step, we have sent emails to people in Zara beforehand in order to ask if they are willing to take part in our research with some questions related to their workplace and the brand. There are still some questions that needed to be kept as confidential in the company. Therefore, we also decide to gather information from different sources, also from researcher's point of view.

**Collect data**

This process is said to be fundamental and essential. In this case, data will be collected and gathered in a correct way by experiment or through survey.

We agreed to the respondents that we would send the questionnaires by email, due to the inconvenient of the office's location. It has been moved recently to Stockholm, and all the people who play important roles in the company were entirely busy trying to settle down in a new place. In consequence, we are not able to reach the answers by personal or telephone

interview. In this case, we also have to take the observation method and finalize the result of this research in combination with the results we got from respondents.

**Analyze data**

After the step of data collecting and gathering the information, this step is created to turn all the data into a solution by analyzing and developing them, mainly include coding, editing and tabulation.

This step requires us to present the results from analysis of the data in a way of establishing the categories. Data is this step should be gathered from different sources to be reviewed, converted into tables, figures or groups for analysis. Since we gained some information from respondents, we started to figure out how we should analyze and apply the concept of brand and storytelling to our case study. Analyzing data is not about an analysis of an interview, but also classify the variation of problems causing from the work.

**Interpret report**

This part is created to form the themes and suggest or organize the recommendations for case company, in which the theory part has to be linked practically to claim your hypotheses and make it clear to persuade people.

4.2    Research method

The research method used for this study was based on qualitative research. Zara Finland's management was interviewed for the study. Initially, the interview was planned for four persons, however; only Human Resources Manager and Visual Merchandise Manager of Zara Finland completed the interview. The interview was sent via email. The answers were partly received by email and telephone conversation.

The list of questionnaire and answers from Zara interviewees are given in the Appendix. The analysis will be proved and demonstrated in the following sub chapters.

4.3    Reliability and Validity

As stated in his book, Yin (2009, 108) points out reliability as the feasibilities to do the same case repeated and find similar outcomes. It is a consistency and repeatability of your measurement overall, even when the research is executed again.

To be more precise and reliable, the thesis questionnaire has been designed carefully and professionally before sending out. All the questions are referred to the theory parts

practicably. We approached by telephone and email discussion with interviewees to present our thesis idea and consequently send the questions in a concise way by email. The thesis questionnaire is divided into 3 different sections: Introduction, Brand Identity and Storytelling, which required the respondents to fill in their viewpoints and significant information about Zara brand.

It has been determined that 4 key people will take part in our research by answer the questions about storytelling in general, and Zara brand in particular. Those 4 people are all with crucial positions in the company. They decide the strategies and human resources in Zara. They start working for the brand since the first retailer store came to Finland. Therefore, we believe and consider them as people who understand Zara brand the most. Beside, the data and information have been gathered from those cautiously. Relevant books and article from Internet, which have been used in our thesis are regarded as genuine from reliable and trustworthy sources.

Additionally, one of the authors has been working for Zara Finland for a long time. It is comprehended properly that she acquires the knowledge and experiences from an employee's point of view as well as customers' way of thinking about brand value and consumer's behaviors.

Validity is indicated as one important fact to analyze your study if it is meaningful and valuable. It is the possibilities to measure whether the claims you made are correct and appropriate or not. (Yin 2009, 108)

Generally, despite the fact that interview is one of the common and fundamental way of data sourcing, there might be some difficulties that we have to confront. In return of the interview, 2 people out of 4 responded to our questionnaire, which is equal to 50% of respond rate.

Likewise, we have coped with a linguistic drawback, in which for one of us as a foreigner, Thuy has been struggling with collecting the data in Finnish. As all the questions from Human Resource Manager and Visual Merchandise Manager of Finland are responded in Finnish, Siiri had to interpret all the documents into English, which might cause a gap of interpretation. Thus, data and information might be lost, or being translated into a way that is not fully described the original meaning in Finnish.

5    Empirical study & the result of the research

Zara has been mentioned as an interesting and typical fast-fashion retailer stores for many case studies. In this research, all the aspects of brand and brand identity will be analyzed based on the data conducted from qualitative research. Simultaneously, the utilization of storytelling will be evaluated and applied to the case study Zara. The primary data has been collected by the interview with Zara's Denmark-Finland area Human Resource Manager (hereinafter HRM), names as Interviewee 1 and Zara Finland Visual Merchandise Coordinator (hereinafter VMC), names as Interviewee 2. Their real names won't be showed as for confidentiality reasons.

## 5.1    Zara brand image and how it creates value for the company?

Zara holds a reputation for its fast pace and quickly updating fashion lines in global marketplace. This careful planned strategy is the key to its success. As noted by Dahlen et al. (2010, 122-123) Zara's strategy is based on following the latest fashion trends although it is clearly an innovator in marketing and communication.

Additionally, Zara's success over the past decades is a proof of the consumers' loyalty in Zara as a brand and a reliable retailer in delivering the latest catwalk fashion for less than half the price. This trust and recognition add sustainable exclusively and conceive important values for Zara as a brand.

According to Interviewee 2 (2014), Zara is recognized as a super trendy brand. It is now constantly developing, which supplies clothing for everyone with inexpensive pricing considering the latest fashion trends that Zara offers. Zara at the same time keeps up gaining much profit and develop their production with the whole business to a new level of ecological and environmental friendly direction. Additionally, Interviewee 1 added that Zara is always offering the latest fashion brand that is in some way made up Zara's brand value.

## 5.2    How Zara distinguishes its brand from competitors

To maintain a business, every company should consider brand and brand images as significant basis and building a company's brand equity. That is the way of how your product or service quality influences to measure the value of your brand and how consumer reacts with its reputation (Ruck, 2013).

It is necessary for a brand to organize the dominance in the market to distinguish from other competitors.  Interviewee 2 realizes that the store decorations, visual presentations, trendy product changing rapidly with small set of all the items are all the recognizable facts that

differentiate Zara from the counterparts. Obviously, Zara is accelerated to react the market changes.

## 5.3    Zara brand identity

Wheeler defines brand identity as something you can communicate with, by see it, touch it, feel it, hold it, hear it and watch it. On the other hand, brand identity is solid and appeals to the senses by encouraging, magnifying differentiations, transforming big ideas to be practicable (2013,4.)

Interviewee 1 shows that Zara's brand is identified by a strong image and holds a good reputation as a leader in fast-fashion industry. Before she started her first job in Zara Finland, the HRM only knew about Zara as a Spanish fashion chain, with beautiful stores, visual coordination that came with a good concept. It was super trendy and appealing (2014).

Completely, Zara carries on the process of expanding to new potential markets by opening over hundreds of new stores with sales increasing 18 percent in 2012, the fashion brand succeeds in building a solid position in a very short time as a world's largest fashion retailer. Zara brand is presented consistently without losing its focus on what it stands for; by manipulating the supply chains and customer behaviors in order to build trust, commitment and esteem. Zara is wisely becoming an impressive and innovative fashion brand.

### 5.3.1    Zara logo

## ZARA

Illustration 1. Zara logo

From Cass's viewpoints (2009), the main purpose of a logo is to make it stand out, recognizable, inspiring and appropriate. A logo is created to identify from others and deliver the description of business.

Zara is using a custom serif typeface, which is classic and simple but still beautifully stunning. It is timeless, appropriate by matching the powerful brand. It is distinctive and elegant but still easy to read and identify from the others. The logo is legible in all kinds of production; which works perfectly on webpage, banner, letterhead or even paper bag. Moreover, Zara logo conveys the message of business into visual style. Black color represents the excellence of high-end products, typify high-class and refined fashion brand.

### 5.3.2 Zara's brand communication

Floor (2006, 333) points out that Zara is developing swiftly and dominating fast-fashion industry with differentiating and integrated brand identity. It has been said that Zara focuses on the store's premium location to build its brand image, by choose luxury places next to big brands. If you are a shopaholic, you will always bump into a Zara store in every corner of the world, from Paris to Milan, Hong Kong or Finland.

Seemingly, this brand do not invest much money for advertising, it is believed that Zara's captivating and magnetic shop windows are ways to attract its target customers more than any kind of other communications (Floor 2006, 333). It has been proved by Dahlen et al that the company only arranges advertising campaign when opening a new store, with the marketing being built by the "word of mouth". Compare to other brand in the same industry, Zara is said to be lack of promotion (2010, 123).

From Interviewee 2's point of views, although Zara do not advertise their brand in any way, it is certainly visible in all the social media channels, for e.g. Facebook, Instagram, etc. Zara webpage and mobile application are also quite modern and well known amongst their consumers around the world.

Furthermore, the fast-fashion concept is also applied for fast store design, with regular changing in interior and exterior designs; Zara is using lights to bring attention to their products on sales. The stores are well organized to allocate various collections, from women and men sections to kid, accessory sections logically.

### 5.3.3 Zara's brand positioning

Floor demonstrates about Zara's brand positioning as "fast fashion at lower prices". The merchandises are in form of haute-couture-like character, dashing, fashionable and classy but still have its own unique personality as its brand. The company aims to maintain the brand image with stylish, high fashion at affordable prices and accessible by everyone (2006, 333.)

Zara spends tremendous amount of time and a team of young and passionate designers doing research on the latest fashion trends. Hence, the company produces clothing trends up to 12 months in prior; deliver the value of brand with low cost merchandise but high quality and up to date.

### 5.3.4 Kapferer's brand identity prism and how it applied to Zara as a brand

**Picture of Sender**

**Physique**
Rapid reaction, high flexibility, market orientation

**Personality**
Confident, mature, stylish, aggressive, unpretencious, trendy, young

**Zara Brand Identity Prism**

**Relationship**
Trustworthy quality, fair exchange of value, affordable price

**Culture**
Spanish, European, International, good relationships with customers

**Reflection**
Style, individualism

**Self Image**
Confident, fashionable, unique, stylish, exlusive, unique
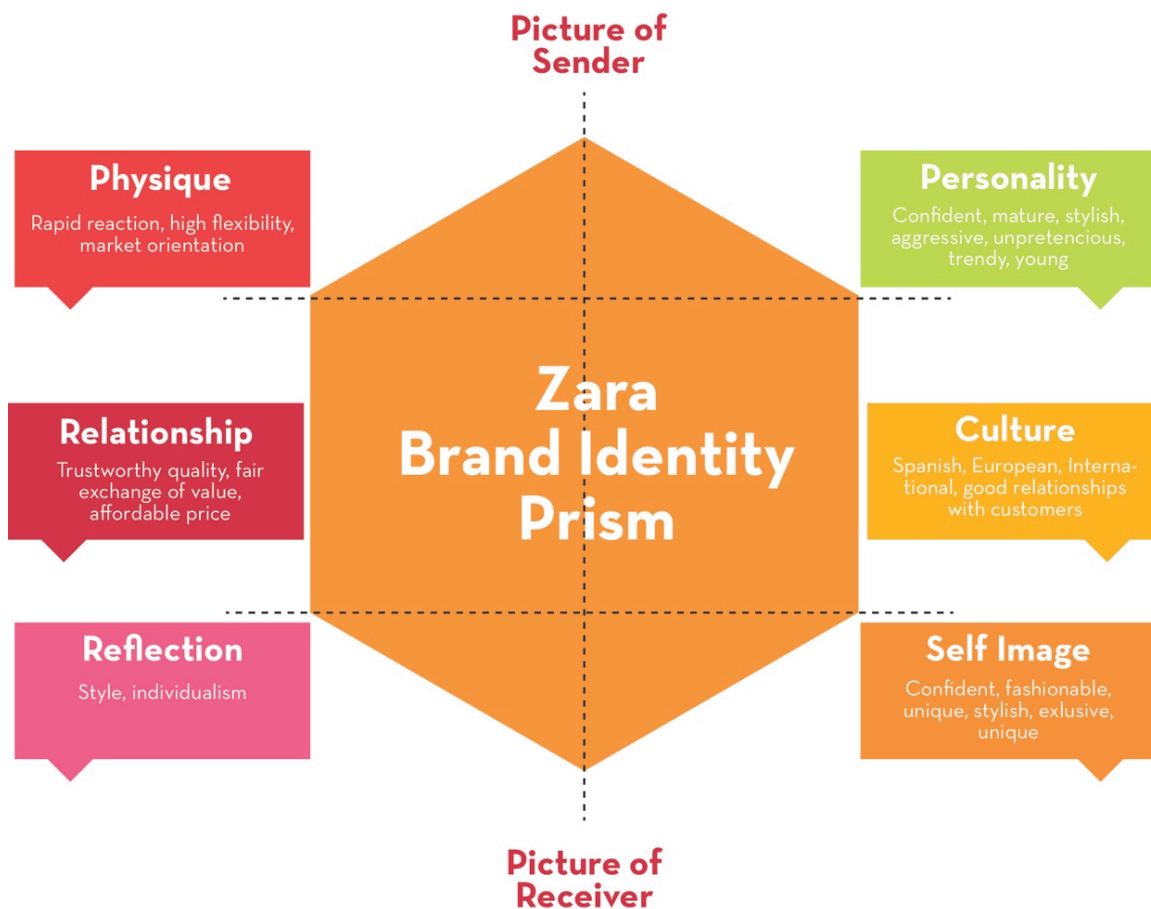
**Picture of Receiver**

Figure 6. Kapferer's brand identity prism and how it applied to Zara (2008)

In his book about brand management, Kapferer builds a framework for brand identity to reflect the organization and analyze the marketing strategies, in order to administer the system and determine a goal, characteristics as well as relationships of the brand with its customers.  According to Kapferer, his framework shows that Brand identity Prism is the process of decoding a unique message of the brand to target customers, or even when the brand deals with retailers or products. There are six elements that involved in this process, facilitates marketers to evaluate the strengths and weakness of a brand, starting from Physique, Personality, Culture, Relationship, Reflection and Self-image.

**Physique**
Kapferer (2008, 187) defines this element as a physical foundation, which paint a picture of a brand in customer's mind about how that brand can be recognized. With Zara, the brand approaches fashion industry with speedy reactions, adapt the market flexibility and identify the upcoming trends as well as foresee precisely consumer's hidden demands.

**Personality**

It is defined as the individuality of the brand. Basically, the question regarding this aspects is how the brand is going to be when it becomes a person. Zara, as mentioned before, communicates with its customers in a convinced way, which is surprisingly young, confident, and stylish but still offers latest trends, timeless and fashionable.

**Culture**

Kapferer states that culture is a required principle guiding the brand in terms of products or original countries and represent values that the brand stands for. Zara is one of the most profitable brands from Spain, which belong to Inditex – a Spanish group. Hence, it typifies the spirit of European with strong heritages and also the brand itself has good customer relationships. Additionally, the internationalization of Zara can be seen by rapid global expansion with many retailer stores and franchises around the world.

**Relationship**

This term, according to Kapferer (2008, 187), is the connection between the customers and brand. This is emphasized to be substantial for service brands more than product brands. Certainly, Zara has developed effective customer relationship management, in which the brand is perceived to be with trustworthy quality, fair exchange of values and offers wide range of products with affordable price.

**Reflection**

This aspect is stated as a customer's viewpoints and consciousness to what the brand stands for. In Zara's case, it aims basically to women from 25 to 40 years old but the fact is Zara's target groups are sort of broader. Zara do not tend to reach mass-fashion, its objective is to produce trendy and stylish clothing but over and above keep it individualism.

**Self image**

This fact is considered by Kapferer as a process of how consumers see themselves and it should be taken into account when analyzing a brand. It is likely a mirror that consists the values of products and beliefs customers get by using the brand. With Zara, people think about buying products as they are treating themselves to be more confident, stylish and unique.

5.4    SWOT analysis

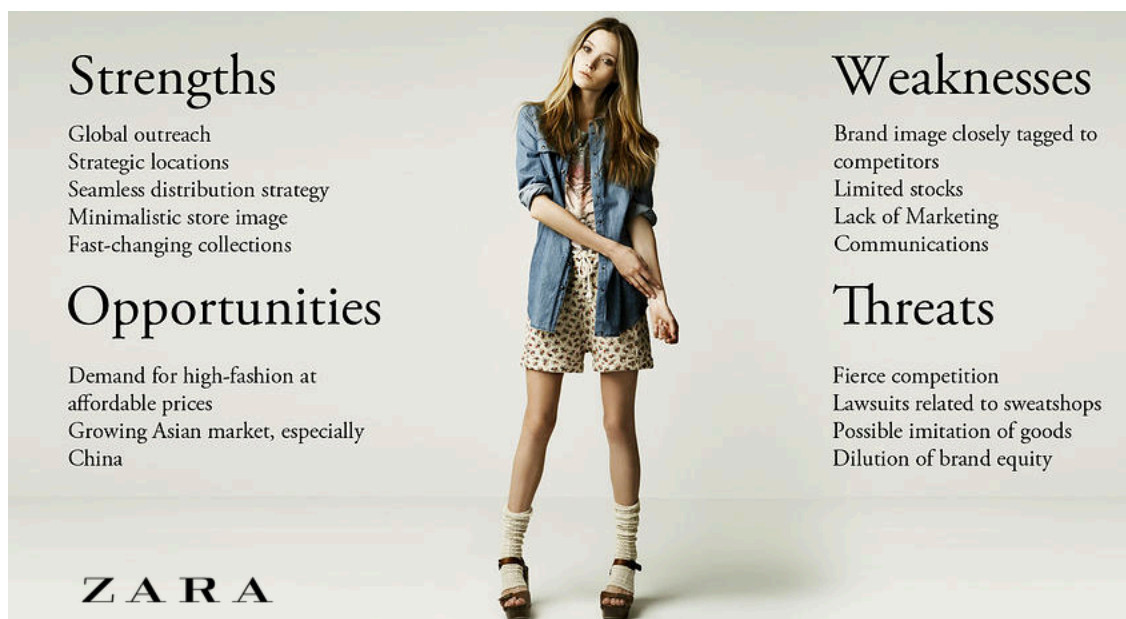SWOT analysis consists of two parts: internal and external of the company.

Table 1. Zara SWOT analysis (Dutta, 2012)

The SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of Zara is shown by the table above.

The SWOT analysis below will give an overview of Zara's competitive advantages, in order to determine the external and internal variables of the company.

**Strengths**

Being one part of the biggest fashion retailers in the world, with more than 74 stores around the world, Zara makes sure to reach a certain amount of customers globally. All the stores are located on appealing locations to catch attention from everybody who passes through. Furthermore, Zara aims to improve interior and exterior design, also enhance the distribution strategies, which are fast-respond and well customer's demand forecast. The company manages the whole process from design, choosing fabrics to distribute new collections in store every 2 weeks. All the latest fashion trends are updated rapidly due to the changes of customer's demands.

Interviewee 1 (2014) has worked for Zara since 2003 and from all the experiences with consumer's behaviors, she emphasizes Zara's customers undoubtedly appreciate and like the facts that Zara always offers something unique and special, with lovely and trendy product but not the type of mass fashion.

**Weaknesses**

As Zara believes they have a strong and famous brand, the company wants to reduce expenses from advertising, with lack of marketing and communication, it might be its disadvantages

compare to the other competitors. The limitation of stocks by updating new collection twice per month should be taken into account.

Interviewee 2 (2014) points out that during her time working for Zara Finland, the company gathers a lot of positive feedback but also negative ones about the ranges of products. Supposedly, it has to be the same in every store but occasionally, the sizes are missing and all type of the products is not absolutely consistent.

**Opportunities**

Zara's clothing is now regnant fashion in many Asian countries. As a consequence, it is growing promptly after entering new Asian marketplaces such as Vietnam, Korea, Japan, especially China with elegant, timeless products and still high-fashion but comes with reasonable prices.

**Threats**

Zara might bother about threats with brutal competitions in the market nowadays, in which it might reduce the brand's value due to the dissatisfaction of customers. The company sometimes is brought in some lawsuits from the other famous designers for fashion plagiarism. On the other hands, imitation of goods should be taken into consideration when the companies has more than 400 professional designers who work hardly in a big team everyday to produce all the best products for the brand.

5.5    Storytelling and its influence in creating Zara as a powerful brand

Storytelling within a company can be executed on product level as well as on operational level. Storytelling aims to target the emotions of the consumer and on the operational level, the feelings of the employee.

People as consumers are more conscious about their everyday choices and they are interested in the history and origin of the products they use on a daily basis. According to Fog et al (2010) as human beings, we choose products that fit in to our personality and values. Furthermore, we can mold and choose who we would desire to be by our consumer choices. Strong and successful brands are identified and recognized by slogans that project a certain lifestyle. In Zara's case, storytelling is not visible in the traditional way. Rumor has it that the founder and owner of Zara, Amancio Ortega started out by designing, producing and selling clothes out of the back trunk of his car and soon realized he had created a innovative fashion concept. He is also known for his dedication and hard work. Even when Zara has become a well-known brand, he still shows up every morning to one of his production lines to greet his employees. Despite his high position and authority employees see him as a human being who

cares about his business the same way as when he started. This story travels by word of mouth through thousands of employees, creates and adds value for Zara as a brand in the eye of the everyday consumer.

Interviewee 2 thinks that the storytelling facts in Zara's case that the founder started his own business by selling clothes out of the trunk of his car and how he becomes a billionaires is a perfect example and motivation for other people to conceive what they can do, and to prove the clue that everything is possible. The VMC defines a good story as a real one and people are able to relate it with their life. It has to reflect truthfully, creative, emotional, inspire audiences and lead them to a new journey. Zara has been successful in delivery the message from the story of its own founder to other entrepreneurs as an inspiration and motivation for them to believe in their dreams (2014).

Along with that, she believes that storytelling adds more value to the fact that Zara specialized in ecological production, which commits towards an eco-friendly fashion by giving the paper bag when customers purchasing for their products. Additionally, Zara supports the ecological agriculture by using 100% organic fabric for its attire. All the footwear products are 100% no petroleum. The company also focuses on reducing the CO2 from transportation when distributing goods by using biodiesel fuels and being pioneer with animal welfare policy when all the products with fur and leather are from animals that have been raised on their own farm.

5.6    Storytelling as a way of enhancing employee engagement

Storytelling has been said to be probable in connecting people and engaging employees by the gain of loyalty.  It is an effective means to appeal with internal employees by defining what success comes from and looks like (Gill, 2011). Corporate storytelling is not about creating a memorable experience for customer, but also identify the goals and standard, gaining trust and reinforce the brand values to the staffs.

Nowadays, with the improvement of technologies, many companies are applying policies and supplement what their employees devote and wish for by reaching them with emails, intranet or policy documents. In that case, the use of storytelling is becoming a model strategy for the employers as a "shortcut" to engage directly with the employees, which is more effective than the traditional ways.

In our research, people are questioned how the brand of Zara influence the decision making when they were applying for a job, considering the history of Zara and storytelling's point of view. Interviewee 2 (2014) said that the reason behind that is it was a fascinating brand with

young and trendy image. At that time, after started working there for a while, she was being intrigued by the fresh and interesting new brand in Finland. Interviewee 1 and 2 have been both working there for 11 years when the first Zara retailer store existed in Finland; they mentioned that once they started their job there when they were students, they realized that they desired to start their careers in Zara.

## 6    Conclusion

In this chapter, the result of study will be recapped, together with our suggestions to what the case company can do to apply storytelling method to improve their brand identity in the future.

### 6.1    Findings & Suggestions

In this case study, Zara has been proven to be a very strong brand and a market leader in the fast-fashion industry. Increased sales and number of retail stores worldwide clearly indicate Zara's success despite the current weak economic situation. As a brand, Zara is considered strong and successful although it uses zero money on advertising costs. In this paper, Zara's brand, brand identity and the possible impacts of marketing storytelling were examined based on qualitative research results.  Besides, theory regarding brand identity and storytelling were examined through literature and qualitative research was gathered through the interview. The answers for our research questions that we mentioned in the first chapter will be presented below.

### 6.1.1    Problem question 1: **How does storytelling affect Zara's brand identity?**

Because online market as a whole is continuously increasing in profit, Zara could expand their online shopping availability to all markets around the world, which would significantly increase their total sales and profit. Additionally, Zara could take more advantage of the social media channels by being more visible to attract new customers. The web page content could be improved and updated more frequently. Zara could make its history and story behind it visible for consumers to read, for example, when purchasing clothes online. This would add value for Zara as a brand and make it seem more personal and less of a big anonymous retailer.

On the contrary, as online shopping is increasing, how will Zara keep attracting its existing and new customers to its stores? Window displays and in-store merchandising play a big role in Zara's marketing and brand identity. Although stores are constantly renovated and improved, Zara has been following its signature style and concept since it started. Perhaps

new and refreshing ideas considering window and in store-displays would strengthen Zara's current clientele.

### 6.1.2 Problem question 2: **How to implement storytelling as a marketing strategy to create and enhance value to Zara as a brand?**

The interview findings show that Zara is a trendy and fast-pace fashion retailer, which offers the latest trends at an affordable price. However both the interviewees were not aware of Zara's history or the story behind it, prior to their recruitment to Zara. In addition, they experienced that Zara's story had no impact on their decisions as a consumer and as an employee. However, both agreed it was an interesting fact to know once they heard of the history how Zara as a business was created and is a great motivator for starting entrepreneurs. The main attraction for both interviewees was the trendy and fresh image of Zara, which ultimately became the reason for them to start building careers in Zara. This supports the fact that Zara is a powerful and well-known brand as itself.

One of the interviewees emphasized that although Zara does not advertise in any way, it is visible through their web page and social media channels such as Facebook and Instagram. Additionally, interviewee 2 describes that window and in-store displays as important marketing elements form a large part of Zara's brand identity.

Zara is also environmentally conscious and takes ecological aspects into consideration in its production and distribution methods. Materials used for the clothing are mostly organic. These factors can add brand value to Zara.

Interview results also show that customers consider Zara as a trendy fast-fashion retailer. Customers are aware of the fact that total production quantities of each garment are relatively small. Therefore, they continue to visit Zara hoping to find something special and unique. The authors came to the conclusion that this is how storytelling can be seen in Zara as it creates an exclusive image, which keeps increasing interest among consumers and adds more brand value.

### 6.1.3 Suggestions

Despite the fact that Zara is a remarkable fast-fashion retailer, the authors see that certain areas of the business could be developed and improved. Environmental issues are becoming more present and crucial in the choices of the everyday consumer. Zara has shown that it focuses on ecological production and distribution to supply products for thousands of consumers around the world, who are in demand of high fashion for an affordable price. Becoming more environmentally conscious would increase Zara's market value by gaining

consumer loyalty. From a storytelling perspective, this would make Zara's success story even stronger. The essential question for further development considering the environment and high production is how will Zara keep up with the environmental pressure and simultaneously continue to increase its production and sales?

Moreover, digital marketing is a core component that affects consumer behaviors, in which content marketing becomes a powerful tool for long-term goals nowadays. The authors suggest that the company should take this fact into consideration, by implement and expand the company's social media channels. As mentioned in this research, the case company has released a retailer application on iPhone, which is worthless and disappointing due to the lack of brand, product, price, and necessary information together with boring visual style. Thus, a new online channel is needed with "up to date" news and data about merchandise, including price, size, quantity of products in stock, as well as building all the essentials facts about history, how a brand is created and maintain through years, in order to reach the target groups.

## 6.2    Summary

In conclusion, the most important finding of this research is that Zara's exclusive image of being a desired brand with a somewhat mysterious reputation has created a story around it. However, the authors of this thesis believes that there are more ways to implement and strengthen the company's image by using different elements of storytelling in a digital and environmental age. Such as bringing consumers closer to the brand via social media channels, and building reputation based on ecological production. With the right approach to the Y-generation, Zara can and will maintain its position among the top global fashion retailers in the Facebook era.

## 7    References
Books
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Table 1. Zara SWOT analysis (Dutta, 2012)

Appendixes

**Thesis interview questions for Zara Finland's management**

**Part I: Introduction**

1. **Please state your name and position in Zara:**

   VMC: Visual merchandise coordinator.

   HRM: Katja Soivio, HR area manager Denmark-Finland.

2. **When did you start working for Zara?**

   VMC: 2003

   HRM: 2003

3. **What did you know about Zara before you started working there?**

   VMC: Spanish fashion chain, really nice stores and visual coordination and a good concept. Super trendy and appealing. I did not know that merchandise arrive to stores so often.

   HRM: Not very much, only brand name.

4. **What was the main reason that made you apply for a job in Zara?**

   VMC: I was working for a Finnish department store Stockmann and Zara's young and trendy image were fascinating. At the time I was a student and was applying for a part –time job but I was so intrigued about Zara once I started working there that I decided I wanted to start a career there.

   HRM: Interesting new brand in Finland.

5. **Considering the history of Zara and how it all started from a storytelling's point of view, did the history of Zara influence your decision making when applying for the job?**

   VMC: I was not aware of the story behind Zara and if I would have been aware of it, I doubt it would have made any difference. Although it was an interesting fact to know after a while.

   HRM: I did not know anything about Zara before I started working there.

**Part II: Brand identity**

1. **What are your thoughts on Zara as a brand?**

VMC: Super trendy and constantly developing, fast, something for everyone, quite inexpensive considering the fashion trends Zara as to offer. I wonder if Zara can keep up continuing profit and at the same time try to develop their production and whole business to a more ecological and environmental friendly direction? Are the products over produced? Zara has had a web store for 4,5 years in a few countries (not in Finland yet) which is growing as online shopping is growing in general, how can Zara keep attracting customers to its stores?

HRM: Zara is always offering the latest fashion trends.

2. **What do you think about Zara brand's identity?**

VMC: No comments.

HRM: Strong image and holds its market position and good reputation as a leader in the fashion industry, although not considered as "mass" fashion.

3. **What are the best things and worst things your customers say and think about Zara?**

VMC: Lovely and trendy products. Sometimes sizes are missing and the range of products differ between stores although they should be the same in every store. We get a lot of positive feedback on customer service but unfortunately also some negative feedback as well.

HRM: Customers appreciate and like the fact that Zara always offers something unique and special and not the same "mass" fashion.

4. **What is Zara's vision and mission?**

VMC: Profit and to create a good feeling for the consumer with new trends and when he or she purchases new clothes.

HRM: to offer the latest fashion trends for an affordable price for the everyday consumer.

5. **What are Zara's long-term and short-term brand strategies to achieve success?**

VMC: No comments.

HRM: I believe that environmental and ecological issues will be very important in the near future.

6. **What is Zara's target market?**

VMC: A well-dressed cosmopolitan person.

HRM: People of all ages.

7. **What makes Zara different from its competitors?**

VMC: Stores, visual presentation, quickly changing products, small sets of items, trendy, Zara can produce fashion quicker than any other competitors in the market at the moment. The Operational systems are very sophisticated and modern. An efficient production line.

HRM: Fast pace, continuously updated fashion lines, Zara is quick to react to changes in the market.

8. **During your time working for Zara, have you ever seen Zara commercial on billboard or TV? Do you think Zara does not pay much attention to advertising and doing nothing for its product promotions? (if yes, explain why?)**

VMC: Although Zara does not advertise in any way, it is very visible in the social media for example Facebook and Instagram. Zara's website and mobile applications are also modern and popular among consumers all around the world.

HRM: Zara never advertises or markets anything.

## Part III: Storytelling

1. **Do you know anything about the term "Storytelling"? Do you think it helps to add more value to the brand?**

VMC: Yes, in my opinion it does add value because for example in Zara's case the founder of Zara started the business by selling clothes out of the trunk of his car and now he is a billionaire. It is a perfect example and motivation for other entrepreneurs to believe in their dreams and that anything is possible. Also in general I think it adds value to a brand if for example a small company is specialized in ecological production, I believe it will attract more customers who consider these things important.

HRM: No comments.

2. **How do you define a "good story"?**

VMC: If it is real and people can relate to it.

HRM: Interesting and a attracting story that anyone can relate to.

3. **Considering Zara as a brand, do you think it has many stories behind to tell? Do you think storytelling could be a concept for marketing strategic planning within Zara?**
VMC: In my opinion only making money out of a brand is not attractive but it has to appeal on a personal and emotional level as well. I think that appeals to consumers more.

HRM: The story behind Zara's founder is known but I don't think Zara wants to use it in a strategic way.

4. **What would be the negative affects of storytelling to a brand in general, and to Zara in particular?**

VMC: Like I said, if making money is too visible then it can have negative effects and a company could lose customers.

HRM: I don't know.

5. **As a customer, did Zara's history/what you have heard of it have any impact in your decision making when choosing Zara to purchase clothing?**

VMC: I don't think it has any influence. It's a "nice to know" fact. Perhaps a more conscious consumer could be interested in these things.

HRM: No.

6. **As an employee and a customer, has Zara's history added value to your career and consuming?**

   VMC: As a customer no. As an employee it would inspire me if i would start my own business.

   HRM: No.

7. **Do you think if we tell customers about stories behind Zara (how it has been created, how the progress of making the product has been done, etc.), they going to pay more for Zara's product?**

   VMC: I don't think so in Zara's case because it's such a big company. Maybe with smaller companies this could be applied.

   HRM: I don't think it has any impact. It could be an interesting fact to know but I don't think it affects the customer's purchase decision.

Note that name of interviewers have been changed due to confidentiality reasons.