

Fast Fashion Supply Chain in the Context of Digital Economy

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Abstract. The development of the digital economy also means that consumers' requirements for diversification and personalisation are increasing, so for the traditional clothing industry, gradually moving closer to fast fashion has become a new development direction, and supply chain optimization has emerged as a critical lever for enhancing competitiveness. This study investigates supply chain management strategies for fast fashion enterprises in the digital era, and takes ZARA and Shein as examples to analyse their successful experiences and implications for China. It is found that the importance of the fast fashion supply chain is self-evident at present, and it has great development prospects for the Chinese market. In the end, it was concluded that companies should be brand conscious and focus on building their own brands, and the apparel retail sector must ultimately refocus on product excellence as its core value proposition.

Keywords: Fast fashion, Digital economy, Supply chain, Zara, Green consumption

1. Introduction

The Internet-driven digital economy has matured in recent years, establishing a foundational ecosystem where digital marketing generates strategic advantages [1]. Contemporary business environments exhibit unprecedented volatility, characterized by fragmented supply chain activities, complex network structures, and unstable market dynamics that amplify disruption risks [2]. In the traditional garment industry marketing model, the brand marketing time is long, the investment is large, the return is not obvious, and it is difficult to adapt to the ever-changing market. The "fast fashion" fast, accurate, and ruthless marketing model, to ensure the advanced and perfect supply chain system, can shorten the production cycle of clothing products and can meet the diverse needs of consumers [3]. Market competition has shifted from inter-firm rivalry to supply chain vs. supply chain contests, intensified by evolving consumer expectations and geopolitical flux [4]. Whoever can gain insight into customer needs and meet this demand with the lowest cost, in the shortest time, and with the most satisfactory service, will have a clear advantage in the competition [5].

Despite China's dominance as the global manufacturing hub—evidenced by its unparalleled production volumes—the nation's apparel sector lacks internationally recognized brands, with consumer preference skewed toward foreign labels. ZARA is a typical representative of fast fashion; in the environment of the global supply chain, it has become a benchmark enterprise in the global apparel industry with rapid response and flexible management by virtue of its own unique supply

chain management model, with brand building as the centre and information construction as the support [6]. By deconstructing ZARA's operational paradigm, this study identifies transferable strategies for Chinese brands to transcend conventional approaches, unlock new growth frontiers, and elevate global competitiveness [7]. An efficient and stable supply chain system can ensure that enterprises can maintain a stable operating posture in the face of changing market demand, fluctuating raw material prices and various operational risks [8]. Only by building a more scientific and perfect modern logistics and supply chain management system can we make the development of enterprises more sustainable and innovative, and further improve the product quality and service quality of enterprises [9]. While fast fashion prioritizes speed and affordability at the expense of perceived quality, domestic brands could achieve differentiation by coupling fashionable designs with enhanced material standards [10]. This study aims to explore how fast fashion companies can enhance their competitiveness through supply chain management in the context of the digital economy, and takes ZARA and Shein as examples to analyse their successful experiences and implications for China. Through the study of the problem, we can better provide certain ideas for the development of China's fast fashion supply chain on the basis of reference, speed up supply and understand market demand.

2. Digital economy

Since the beginning of the 21st century, the deep integration of the digital economy and the real economy has had a huge impact on the operation of the supply chain. According to data released by the China Academy of Information and Communications Technology, the scale of the global digital economy reached 32.6 trillion US dollars in 2020, accounting for 43.7% of global GDP, and under the double impact of the global economic downturn and the epidemic, the global digital economy still maintained a growth rate of 3% [3]. It can be seen that the digital economy is becoming one of the main forces of global economic growth.

In recent years, under the influence of the digital economy and international brands such as ZARA, fast fashion has become a new trend in the development of the apparel industry, and at the same time, new requirements have been put forward for the supply chain management of apparel enterprises. With the improvement of people's consumption level and consumption requirements, from the previous 'less style and large quantity' it has gradually evolved into 'more styles and less quantity', which requires garment companies to provide product categories and product options to further improve, timely changes to their own supply chain, so as to meet the needs of consumers and the market. This transformation expands supply chain participants to include innovative process designers, advanced material engineers, and multi-tier suppliers, replacing linear procurement with collaborative ecosystems. In the face of the fast fashion supply chain, it is also a top priority to improve the inventory optimisation processing capacity of each logistics node, effectively integrate resources and quickly turn over inventory. To a certain extent, information sharing will also be beneficial to the operation of the entire fast fashion supply chain.

In the context of fast fashion supply chain strategy, Shein has thrived contrary to the prevailing trend among numerous domestic and international fast fashion firms, emerging as a notable dark horse, with its success closely linked to the significance of supply chain development. In terms of business data, Shein outperformed ZARA in the first half of 2022, with its sales in the US market surpassing those of both ZARA and H&M. In terms of user volume, Shein has a huge number of e-commerce fans and is a well-deserved fast fashion giant. Shein has 27.727 million followers on Facebook and 5.404 million followers on TikTok. This success is inseparable from Shein's analysis of the supply strategy, which builds a highly responsive supply chain model of 'small orders and

quick returns' to match the competitive strategy, puts small batches of various types of clothing into market testing, and conducts rapid response production of 'hot models' through the feedback of consumers in the market. These strategies can reduce market risks, lessen inventory pressure, and maximise profits. Shein's "small order quick return" model first communicates the design drawings to the information system, and then ships them after production, judging the market demand and user preferences fed back by the e-commerce platform, in order to determine the production volume. The above model relies on mature information systems as support.

3. ZARA

As a leader in fast fashion brands, ZARA has become a benchmark enterprise for rapid and flexible management in the global apparel industry with its unique management model in the global supply chain environment. By vertically integrating design, production, logistics and sales through its supply chain orchestration, ZARA compresses lead times to unprecedented levels.

In order to prevent over-reliance, ZARA is well prepared in terms of supplier selection, with a maximum share of no more than 4% per supplier and a maximum of 260 suppliers. ZARA also attaches great importance to distribution management and responds quickly to the needs of consumers. After the products are sent from the logistics centre, they are usually shipped within 8 hours of receiving the order, and ZARA has also set up a small warehouse centre to respond to the needs of consumers in different seasons. At the same time, ZARA attaches great importance to the speed of delivery, and its shipment accuracy rate is as high as 98.9%. In order to respond to the market as soon as possible, ZARA has also set up an underground conveyor belt network to ensure that the lead time is in the overall delivery time requirements.

A significant innovation of ZARA is the differentiation of styles and materials. ZARA prioritizes the procurement forecast of raw materials, utilizing semi-finished goods to efficiently reduce the manufacturing cycle, thereby adapting to market fluctuations and enabling prompt adjustments to satisfy consumer demands. Diverging from competitors' forecast-driven production (typically 80% pre-order volume), ZARA adopts demand-responsive manufacturing to optimize market penetration [7].

ZARA's dual-track outsourcing business model is also an important part of the supply chain strategy. In addition to having 20 factories in Spain to produce most of the brand's products, ZARA has chosen to produce the rest in 400 processors around its headquarters in Spain, a strategy that greatly reduces production time, makes it easy to adjust production schedules, and has a faster production and supply speed than other brands. The produced goods are not directly distributed to each store, but are first transported to the headquarters for testing and screening, and then packaged, labelled, etc., after passing the test, and finally carried out corresponding inspections, which improves production efficiency and ensures the quality of goods.

The information system of independent technology research and development is also one of the effective supply chain management methods of ZARA in the context of the digital economy. By focusing on the management of store product information and inventory balance in real time, headquarters personnel can efficiently monitor and manage retail goods. At the headquarters, each ZARA store is equipped with at least one personal digital assistant to achieve two-way and timely communication with the headquarters. Normally, it takes at least a month for a clothing store to transfer goods, but ZARA only takes a day and a half to complete, thanks to ZARA's maximisation of technology.

4. Discussion

Since ZARA entered the Chinese market, it has only taken more than ten years to become the leader of China's domestic fast fashion clothing industry. ZARA's success in China is due to its own brand value and its supply chain that responds quickly to the market. By examining the success factors and deficiencies of ZARA, we can offer recommendations for local fast fashion clothing enterprises in China to enhance their growth and strength, facilitate the overall transformation and advancement of China's fast fashion industry, cultivate a positive brand image, and augment brand competitiveness.

With the continuous adjustment and progress of China's own brands, a number of potential fast fashion brands have also been born in China, such as Peacebird, UR, etc. At the same time, in the case of more and more diversified consumer channels, habits and aesthetic preferences are gradually converging with the world, the capacity of the cultural and entertainment market is surging, and the aesthetics of fast fashion brands have been internationalised in a short period of time. With the slowdown of China's domestic economic growth, consumers pay more and more attention to cost performance; the rapid development of the Internet makes the communication between merchants and consumers more convenient and fast, and consumption gradually tends to be rational, so the fierce industry competition makes brands need to pay attention to market changes at all times.

By learning the operation mode of the ZARA supply chain, we can provide some suggestions for the blind independent development, horizontal expansion, and lack of awareness of resource sharing for Chinese domestic garment enterprises. At the same time, most of the store managers lack professional knowledge of clothing display and cannot highlight brand characteristics, which is one of the reasons why many brands cannot make breakthroughs in sales and cannot enter the international market. It can be referred to the fact that ZARA adopts the direct store model, rather than blindly opening franchise stores for sales, which is neither convenient to establish brand image nor convenient for unified management.

At the same time, in the production stage, there are few well-known designers in China's domestic garment industry, and the market positioning and requirements for designers are not clear enough, and the treatment is not stable enough, which is due to the limitations of China's domestic fashion design major. The courses set up by it often emphasize theoretical learning and lack some hands-on practical activities. Through the display of practical results to discover outstanding students and designers in a timely manner, Chinese domestic schools should pay attention to improving students' hands-on design ability, encourage students to capture the trend elements, create fashion, carry forward the Chinese style, take its essence to its dress, and design clothing with its own brand characteristics. And in the sales stage, it is necessary to carry out professional training for the store staff before they take up their posts, improve the store staff's mastery of basic clothing marketing, store decoration, and other knowledge; regularly organize store staff exchanges; plan new ideas, etc.; promote the communication between the terminal store and the design department; and better promote both sides to grasp the dynamics of consumer demand and product design concepts.

Therefore, Chinese fast fashion clothing brands need to change their traditional marketing concepts and find a development path suitable for themselves. For Chinese fast fashion brands, if they want to enter the overseas market, they can follow the model of ZARA to enter the overseas market, and advance to countries with similar geographical locations and cultural backgrounds, such as Japan, South Korea, Southeast Asia, etc., and continue to expand deeply after gaining overseas expansion experience.

5. Conclusion

Under the background of digital marketing with the digital economy as the backdrop, and with the prosperity and development of the digital economy, brands such as ZARA have seized the development dividend, but at the same time, they have also exposed the problems of homogenisation and product quality. Through the analysis, investigation and exploration of the operation of fast fashion clothing brand ZARA in China, the conclusion that it can be used as a reference for China's fast fashion clothing brands makes Chinese clothing companies abandon the old concepts, tap more development space, enhance the international influence and competitiveness of China's fast fashion clothing brands, and then give Chinese clothing enterprises of the same type some inspiration to the international market. Considering the current landscape of fast fashion and consumer demand, alongside an examination of fast fashion retail and prominent brands, it is determined that China's fast fashion supply chain is underdeveloped, with significant potential for growth. This includes leveraging self-media platforms to capture consumer interest, utilizing big data for product design and trend forecasting, and implementing subsidies to support suppliers, thereby fostering mutual benefit and a win-win scenario. The deficiencies of the present work stem from an absence of dynamic analysis that aligns with contemporary events, mostly attributable to the challenges associated with information retrieval. Future research directions will focus on how major fast fashion brands can share data more widely, which will help fast fashion brands further develop synergistically. At the same time, the analysis of raw materials, design concepts and customer groups will be discussed to a certain extent, so as to help fast fashion brands make better progress, have a more comprehensive understanding and comprehension of the market environment, promote the development of domestic fast fashion independent brands, and maintain brand customer groups.

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