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ANALYSIS OF THE COMPETITIVENESS OF CLOTHING COMPANIES IN THE GLOBAL MARKET

АНАЛІЗ КОНКУРЕНТОСПРОМОЖНОСТІ КОМПАНІЙ-ВИРОБНИКІВ ОДЯГУ НА ГЛОБАЛЬНОМУ РИНКУ

The article analyzes the competitiveness of the leading clothing manufacturing companies on the global market, selected from the luxury (Dior, Prada) and mass market (Nike, Zara) segments. The study is based on the dynamics of the competitiveness coefficients of companies for the years 2020–2023. The results indicate an absolute competitive advantage of Dior among all analyzed companies. Prada, although it belongs to the luxury segment, shows indicators similar to mass market companies. Zara was found to have a negative competitiveness ratio in 2020 due to low return on sales. Nike maintains leadership among the mass market, although in 2023 its figures have decreased. The article examines the key factors that form competitive advantages, in particular financial indicators. The obtained results can be used to develop recommendations for increasing the competitiveness of companies in various market segments.

Keywords: competitiveness, global market, clothing market, world market, competitiveness coefficient.

У статті проведено детальний аналіз конкурентоспроможності провідних компаній-виробників одягу на глобальному ринку, зокрема таких брендів, як Dior і Prada з сегменту люкс, а також Nike і Zara з сегменту мас-маркет. Метою дослідження є вивчення ключових факторів, що визначають конкурентну позицію компаній у різних ринкових сегментах, з акцентом на змінні фінансові показники та їх вплив на загальний рівень конкурентоспроможності. Дослідження базується на аналізі динаміки коефіцієнтів конкурентоспроможності компаній за період 2020–2023 роки, що дозволяє побачити зміни в їх позиціях на ринку та оцінити ефективність різних стратегій. Результати аналізу свідчать про абсолютну конкурентну перевагу бренду Dior серед усіх проаналізованих компаній. Висока якість продукції, сильний бренд, інноваційний маркетинг та стратегічні інвестиції у розвиток стали основними чинниками, що забезпечили Dior лідерство в сегменті люкс. У свою чергу, компанія Prada, хоча й належить до того ж сегменту, демонструє показники, близькі до брендів мас-маркету, що вказує на необхідність адаптації до нових умов глобального ринку та впровадження більш гнучких маркетингових стратегій. Що стосується компанії Zara, то було виявлено, що у 2020 році вона мала від'ємний коефіцієнт конкурентоспроможності через низьку рентабельність продажів, що відображає певні труднощі в управлінні витратами та прибутковістю. Однак, компанія змогла відновити свої позиції завдяки оперативному реагуванню на зміни попиту та адаптації до нових ринкових реалій. Nike, зі своєю сильною позицією в сегменті мас-маркету, зберігає лідерство серед конкурентів, хоча її показники за 2023 рік показують зниження в порівнянні з попередніми роками, що вказує на певні труднощі у підтримці стабільного росту. У статті також розглянуто ключові чинники, що формують конкурентні переваги компаній, зокрема фінансові показники, інноваційні стратегії, маркетингові кампанії, а також здатність адаптуватися до змін у попиті та впливу глобальних економічних трендів. Дослідження підкреслює важливість

диверсифікації стратегій, адаптації до змін у споживчих перевагах та використання новітніх технологій для підтримки конкурентоспроможності. Отримані результати можуть бути використані для розробки рекомендацій щодо підвищення конкурентоспроможності компаній у різних ринкових сегментах. Також ці висновки мають значення для практичного застосування в плануванні стратегій розвитку та вдосконалення бізнес-моделей компаній у секторі моди та роздрібно́ї торгівлі.

Ключові слова: конкурентоспроможність, глобальний ринок, ринок одягу, світовий ринок, коефіцієнт конкурентоспроможності.

Statement of the problem. The global clothing market is one of the largest and most dynamic in the world. According to estimates of Euromonitor International in 2023 its volume reached 2,5 trillion US dollars, and the annual growth rate over the next five years is expected to be 3,5% [1].

North America, Europe and Asia are the three largest market regions, accounting for around 70% of the total global apparel spending. However, the markets in Asia and Africa are expected to grow at the fastest pace, driven by population growth and rising per capita income.

The global clothing market can be divided into two large segments based on pricing policy, product quality, target audience, and overall brand positioning. Luxury segment – includes companies that produce clothing that is characterized by high price, exclusivity, and prestige. High prices in the luxury segment are associated with the use of high-quality materials, handwork, and unique design. The target audience of companies in this segment are wealthy people, and therefore the positioning of companies is focused on creating an image, status, and prestige. Mass market segment – includes clothing and footwear that are characterized by lower price and quality compared to luxury segment products. For the production of products in the mass market segment, affordable materials, simple design, and production is mass and widely available. The target audience of this segment is the broad population that prefers practical and affordable clothing.

Analysis of recent research and publications. The study of the development of competitiveness processes in the global market has been explored by numerous researchers. Stephan Puehringer, Georg Wolfmayr, Carina Altreiter, Claudius Grabner, and Ana Rogojanu have analyzed competition as a multifaceted concept, focusing on its theoretical foundations and interdisciplinary perspectives [10]. Nicholas Gane provided a critical overview of the historical development of competition as an economic and social phenomenon, highlighting its evolving role in modern contexts [11]. Stefan Arora-Jonsson, Nils Brunsson, Raimund Hasse, and Katarina Lagerstrom investigated the nature and drivers of competition, emphasizing its significance across various domains and its implications for organizational behavior [12]. Porter M.E. contributed to the field by offering practical approaches to understanding industry dynamics

and developing strategies for achieving a competitive edge [13]. The works of Zuckerman A., Kotler P., Armstrong G., Saunders J., and Wong V. have focused on the marketing and strategic aspects of competitiveness, providing actionable insights for businesses operating in competitive environments [13].

Formulation of the research task. The aim of the article is to study the competitiveness of clothing companies in the global market by analyzing the key factors that influence their positions.

Summary of the main research material. To analyze competitiveness in the global market, we selected four companies that became the largest clothing manufacturers in their segment based on their performance in 2022 (table 1).

Dior and Prada were selected for analysis. Dior is a French brand that offers a wide range of luxury goods, including clothing, shoes, bags, perfumes and cosmetics. The brand is famous for its impeccable style, elegance and innovative designs. Prada is an Italian company known for its exquisite accessories, clothing, and shoes made from the finest materials. The brand positions itself as a symbol of luxury and status.

In the mass market segment, the analysis will focus on Nike and Zara. Nike is an American company that holds a leading position in the sportswear and footwear market, with a significant presence worldwide. Their products are known for high quality, innovative technologies, and a strong brand. Zara is a Spanish brand that is one of the most famous clothing brands in the world, offering a wide range of stylish clothes at affordable prices. Their business model is based on quickly changing collections and adapting to the latest fashion trends.

For a detailed analysis of the competitiveness of the selected companies, we decided to examine their competitiveness coefficient over 4 years: from 2020 to 2023. To calculate the competitiveness coefficient, the following indicators were taken from the financial statements and balance sheets of each company for each year:

- operating profit;
- cost of goods sold;
- total capital;
- total assets;
- total amount of liabilities;

Table 1

Net income of luxury and mass market companies in 2022

Brand name	Description	Company net income in 2022 (million USD)
Dior	The largest clothing manufacturer in the luxury segment	6214,65
Prada	The largest footwear manufacturer in the luxury segment	498,71
Zara	The largest clothing manufacturer in the mass market segment	5,12
Nike	The largest footwear manufacturer in the mass market segment	1578

Source: compiled by the author based on data [2–5].

- total current assets;
- total current liabilities;
- net profit;
- selling, general and administrative expenses.

It was found that each of the companies presented had a significant decrease in operating profit in 2020 compared to this figure in 2019, which is quite logical, since the Covid-19 pandemic began in 2020 and most companies suffered large losses. Dior's operating profit decreased by 21,5%; Prada – by 90,7%; Zara – by 397,7% (since the company suffered losses of \$ 22,03 million in 2020); Nike – by 65%. Interestingly, Dior suffered the smallest losses, which can be explained by the fact that the company's target audience in the luxury segment was less affected by the lockdowns, and the company also reacted quickly after the lockdowns, retained its current customer base and invested in online sales. In contrast, Prada, which is more dependent on sales in physical stores, and therefore the company was slower to adapt to online sales. Zara suffered the largest decline in profits, by more than 100%. This is due to the fact that people with low and middle incomes, which are the target audience of the mass market company, were affected by the economic consequences of the pandemic, which caused a significant decrease in demand, which was not compensated by online sales. Nike, although a mass market brand with low and middle income customers, was still able to achieve an even smaller decline in profits than Prada, which is due to its active presence in the digital environment and the popularity of online sales. This can also be explained by the fact that people have more time to exercise, despite the closure of gyms.

Using the above metrics, we calculated the following for each of the companies:

- profitability of the product;
- autonomy coefficient;

- solvency ratio;
- absolute liquidity ratio;
- turnover ratio of current assets;
- sales profitability;
- efficiency ratio of advertising and sales promotion tools.

Below we present tables showing the dynamics of these indicators over four years for each company and analyze the results of the calculations in detail. Let's start with the luxury segment and the leading companies in this segment: Dior (table 2) and Prada (table 3). Analyzing the dynamics of changes in such key indicators as advertising costs, brand value, and goodwill will help to better understand the trends in branding and marketing during the period under study.

Dior's product profitability has been steadily increasing over the period under review. In 2023, this indicator decreased slightly, but the decrease is not critical, since the operating profit and cost of production, which affect this indicator, were higher in 2023 compared to 2022. The autonomy ratio, which should be 0,5 according to the optimal value, is low at Dior, but it increases during the study period and is likely to reach 0,5 in 2026. The solvency ratio also increases during the study period, which also indicates a trend of recovery of the company after the pandemic. The optimal value of the solvency ratio is one, however, despite the positive trend, Dior's indicator is less than the optimal value and is unlikely to reach this mark by 2030, since the company's liabilities do not decrease during the study period, despite the fact that profit and capital are growing. The absolute liquidity ratio at its optimal value should be more than 0,2, but not more than 0,5, as this may indicate that the company is not using cash efficiently. The absolute liquidity ratio of Dior does not have a specific trend during 2020–2023,

Table 2

Estimated indicators for Dior in 2020–2023

Indicators	Years			
	2020	2021	2022	2023
Product profitability, %	18,55	26,63	26,52	26,17
Autonomy coefficient	0,34	0,38	0,41	0,43
Solvency ratio	0,52	0,61	0,70	0,75
Absolute liquidity ratio	0,58	0,45	0,52	0,55
Current assets turnover ratio	0,05	0,14	0,14	0,14
Sales profitability, %	428,46	345,69	362,21	357,66
The effectiveness of advertising and sales promotion tools	-28,63	11,14	38,23	56,12

Source: compiled by the author based on data [2; 6].

Table 3

Estimated indicators for Prada in 2020–2023

Indicators	Years			
	2020	2021	2022	2023
Product profitability, %	0,83	14,55	18,48	22,45
Autonomy coefficient	0,49	0,49	0,56	0,51
Solvency ratio	0,95	0,95	1,14	1,04
Absolute liquidity ratio	0,59	0,59	0,58	0,58
Current assets turnover ratio	-0,02	0,14	0,22	0,31
Sales profitability, %	-37,05	166,40	166,87	158,11
The effectiveness of advertising and sales promotion tools	-20,68	11,34	25,47	23,73

Source: compiled by the author based on data [3; 7]

since the indicators of liabilities and current assets do not have a clear trend. The current assets turnover ratio shows how effectively a company uses its current assets to generate profit. In 2020, the indicator is only 0,05, which is caused by a decrease in net income due to the pandemic. In subsequent years, the company significantly increased its net income, and the ratio has remained stable at 0,14 for the past three years. However, this ratio value is still quite low. Dior's sales profitability generally tends to decline during the period under review, however, given that this indicator is more than 100%, as well as the increase in operating and net income, the decline in sales profitability is not critical for the company. The advertising and sales promotion effectiveness ratio is negative in 2020 due to a decrease in operating profit this year compared to the previous one. In the future, this indicator has a positive growth trend and in 2023 exceeds the 2020 indicator by 150%.

Product profitability decreased in 2020 due to a significant decrease in operating profit due to the pandemic. However, over the past 4 years, there has been a significant increase in product profitability, and especially in 2021, compared to the previous year, the indicator increased by as much as 17,5 times. The autonomy coefficient throughout the period is close to or within the optimal value. In 2020 and 2021, the coefficient has the same value, in 2022 it increases slightly, and in 2023 it decreases again, however, comparing the first and last years of the studied period, we can trace the positive dynamics of the coefficient. The solvency ratio is similar to the autonomy ratio: it remains unchanged for two years, increases and decreases again, but generally shows a positive trend. Prada reaches its optimal solvency ratio value in 2022, having recovered from the pandemic. The absolute liquidity ratio shows a slight downward trend over the last four years of the company's operation, however, in each of these years the indicator is within the optimal value, which indicates the company's financial ability to repay its obligations. The current assets turnover ratio reaches a negative value in 2020 due to the losses incurred by the company due to the pandemic. However, the four-year study shows a gradual increase in the ratio, reaching an increase of 165% in 2023 compared to 2020. This is due to an increase in net income of 122% during the period under study. Return on sales is also negative in 2020 due to significant declines in operating profit and losses. After 2020, this indicator is in the range of 158–167%, which indicates that the company is generating profit effectively. The effectiveness of advertising and sales promotion tools increases during the period 2020–2022, but experiences a slight decrease in

2023. In 2023, the indicator increased by 215% compared to the value in 2020, so overall this indicator shows an increasing trend.

In general, comparing these two luxury companies, the following can be noted:

- Dior has a higher product profitability, but Prada demonstrates a higher growth rate of product profitability during the studied period, which may indicate that the company will be able to overtake Dior in this indicator in the coming years;

- Dior's sales profitability is significantly higher than this indicator at Prada, however, the dynamics of this indicator at the first company during the studied period is negative, while Prada demonstrates a significant increase in sales profitability in 2023 compared to its negative value in 2020;

- the coefficients of autonomy, solvency, absolute liquidity and turnover of current assets are much better in the company Prada are within the optimal values of these coefficients and, despite the negative value of the current assets turnover ratio, Prada reached higher indicators by the end of the studied period;

- the coefficient of effectiveness of advertising and sales promotion tools is negative for both companies in 2020, but Dior continues to demonstrate better growth dynamics for this indicator.

Let's consider the same intermediate indicators in calculating the competitiveness coefficient, but for companies in the mass market segment: Zara (table 4) and Nike (table 5). We will also analyze why each company has such indicators and compare them within the segment.

Zara's product profitability in 2020 and 2021 was negative due to the impact of the pandemic, which led to a negative operating income indicator. However, in 2022, the company's operating income increases and product profitability becomes positive, increasing to 10,45% in 2023. The autonomy coefficient increases slightly during the studied period, and every year this indicator is greater than the optimal value, which indicates a high autonomy of the company. The solvency ratio has positive dynamics, however, a ratio value greater than two may indicate that the company is inefficiently using its assets. The absolute liquidity ratio has been growing and stabilizing in the last two years, but is also above the optimal value, which may also indicate inefficient use of assets. The current assets turnover ratio during the quarantine period has a negative value due to the losses incurred by the company during this period. However, in the next two years, the company increases its net income, which leads to an increase in

Table 4

Estimated indicators of Zara in 2020–2023

Indicators	Years			
	2020	2021	2022	2023
Product profitability, %	-52,50	-26,91	7,92	10,45
Autonomy coefficient	0,78	0,78	0,79	0,80
Solvency ratio	3,58	3,60	3,71	3,95
Absolute liquidity ratio	0,78	0,93	0,99	0,99
Current assets turnover ratio	-0,40	-0,14	0,08	0,13
Sales profitability, %	110,70	136,11	108,79	105,90
The effectiveness of advertising and sales promotion tools	-1,54	4,55	4,28	32,18

Source: compiled by the author based on data [4; 8]

Table 5

Nike 's estimated indicators in 2020–2023

Indicators	Years			
	2020	2021	2022	2023
Product profitability, %	16,89	22,22	24,61	19,46
Autonomy coefficient	0,37	0,38	0,38	0,38
Solvency ratio	0,60	0,61	0,61	0,62
Absolute liquidity ratio	1,07	1,06	1,07	1,07
Current assets turnover ratio	0,04	0,06	0,06	0,05
Sales profitability, %	118,43	110,62	115,65	113,99
The effectiveness of advertising and sales promotion tools	-5,12	29,60	52,32	-22,69

Source: compiled by the author based on data [5; 9]

the current assets turnover ratio to a good level (when compared to the results of other companies in the study). The profitability of sales was more than 100% even in 2020, however, having increased in 2021, it declined in the following two years. The profitability of sales indicator remains above 100% throughout the entire period, so such a decrease does not have a significant negative impact on the company's activities. The advertising and sales promotion effectiveness ratio has a negative value in 2020 due to a significant decrease in operating profit in 2020 compared to 2019. However, in 2023, the advertising effectiveness ratio reaches a value 20 times greater than its value in 2020.

The product's profitability is showing growth momentum, although it is declining in 2023 due to the company's lower operating profit this year. This decline could be due to economic changes or increased competition in the sportswear market. The autonomy coefficient remains stable during the period under study, but does not reach the mark of 0,5, which indicates the company's dependence to a large extent on external financing. The solvency ratio also remains stable, increasing by only 3% over the period. However, the ratio is below its optimal value, as the company's liabilities exceed its capital. The absolute liquidity ratio also demonstrates stability during 2020–2023, however, an indicator of more than 0,5 may indicate inefficient use of the company's own assets. The current assets turnover ratio is also stable, but quite low compared to other companies, which also indicates inefficient use of assets. Sales profitability has been showing a downward trend over the years, which is associated with a proportional decrease in operating profit and net income. The decrease in sales profitability can also be influenced by inefficient pricing, so the company should review all factors to avoid a decrease in profits in the future. The advertising and sales promotion effectiveness ratio in 2023 reached a level lower than in 2020, when this indicator also had a negative value. This is directly related to the decrease in operating profit, cost of production and the increase in sales and other administrative expenses.

So, comparing the performance of these two mass market companies, we can state the following:

- Zara, although it had a negative value of the product profitability indicator in 2020 and 2021, demonstrates a good dynamics of increasing these indicators by the end of the studied period; on the other hand, Nike demonstrates an increase in the indicator until 2022, but in 2023 the product profitability decreases again;

- the profitability of sales of both companies decreases proportionally during the studied period, so it cannot

be said that one company is better than the other in this indicator;

- the autonomy coefficient is significantly higher in Zara, which determines the company's advantage in this indicator;

- Zara also has a higher solvency ratio, but for both companies it does not correspond to the optimal value: Nike has a low indicator, which indicates dependence on external funds, and Zara has a high indicator, due to inefficient use of assets;

- the absolute liquidity ratio is high in both companies, but higher in Nike, and an increase in this indicator above 0,5 may indicate inefficient use of resources in both companies;

- Nike current assets turnover ratio is stable, but lower than the value of this indicator at Zara for 2023, which, moreover, demonstrates better dynamics of change in the indicator during the period.

Using all the above indicators and the necessary coefficients, we calculated the competitiveness coefficients for each of the companies for each year of 2020–2023. Below is a graph (fig. 1) that demonstrates the change in the competitiveness indicator of each of the companies during the selected period and allows you to compare the coefficients of companies both within segments and between them.

Analyzing the graph, we can note the absolute competitive advantage of Dior. Despite the fact that Prada is also a representative of the luxury segment, its competitiveness coefficient is close to the coefficients of companies in the mass market segment. Also Zara is the only company with a negative competitiveness ratio in 2020. This is due to the negative value of the company's sales profitability in the same year. Among mass market companies, Nike has the highest competitiveness, although in the last year the ratio has a lower value than Zara due to the decrease in many indicators, as noted in the analysis.

Conclusions. The study analyzed the competitiveness of four leading clothing manufacturers in the global market: Dior, Prada, Nike, and Zara. The results showed that Dior has an absolute competitive advantage among the analyzed companies due to strong branding, high profitability, and stable financial performance. Prada, despite belonging to the luxury segment, demonstrates competitiveness close to the mass market, which indicates the need to improve business strategies. Among mass market companies, Nike maintains leadership, although in 2023 its competitive performance decreased due to a decrease in profitability. Zara showed unstable results, in particular, a negative competitiveness

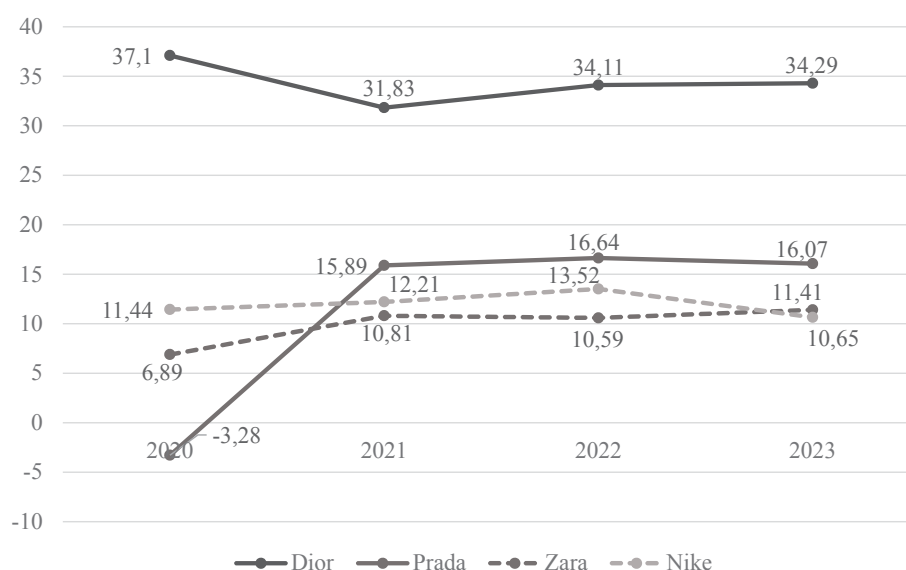


Figure 1. Competitiveness coefficient of Dior, Prada, Zara companies and Nike in 2020–2023

Source: compiled by the author based on data [2–9]

coefficient in 2020, which is due to a decrease in sales profitability. The main factors affecting competitiveness are profitability, brand value, innovation in production, and the effectiveness of marketing strategies. It is important to take into account changes in consumer behavior and adapt to the challenges of globalization, which significantly affect the positions of companies. To maintain or improve

competitive advantages, companies need to invest in sustainable development, digitalization and adaptation of business models. The presented results can be used as a basis for further research in the field of competitiveness of global clothing manufacturers. The analysis confirmed the importance of strategic management and innovation for achieving success in the global market.

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