

Zara supply chain case



1. Coordination of a supply chain is always important. However, such efforts are usually initiated by certain parties. For the global apparel industry, would it be more suitable for downstream or upstream parties to be the driver of the coordination? Motivate your answer with the use of two important characteristics of the apparel industry.

2. Clearly Zara has a strong relationship with all parties within the supply chain. a) Which of the following retailer-supplier relationships mainly characterizes the relationship between the retail stores and the distribution center? A. Quick response

B. Continuous replenishment C. Vendor managed inventory Only one answer is allowed. Motivate your choice. b) What is the impact of this type of relationship on the supply chain performance for Zara?

3. a) Is Zara using a push-based, pull-based, or push-pull based supply chain system? Motivate your answer. b) Are other companies in the apparel industry using a push-based, pull-based, or push-pull based supply chain system? Motivate your answer.

4. a) Give five distinct advantages of insourcing over offshoring in the apparel industry. b) Give two distinct advantages of offshoring over insourcing in the apparel industry.

5. a) Which mode(s) of sourcing is (are) used by Zara? Motivate your answer. b) For each mode of sourcing that Zara uses (as indicated by your answer to Question 5a), explain why they have chosen this mode, and also indicate when Zara uses it and for which types of items. c) Do other companies in the apparel industry use the same mode(s) of sourcing in a similar fashion? If

not, mention the differences in the mode(s) of sourcing used by the competitors of Zara. d) Explain how the mode(s) of sourcing used by Zara has (have) an impact on their supply chain performance in comparison to the performance of their competitors.

6. Take a closer look at the geographic location of Zara's main production facilities and distribution center. a) Explain why Zara located the majority of their logistics activities in Galicia. b) What is the main disadvantage for Zara to be located in Galicia when you consider the activities in their supply chain?

7. a) Which type of distribution strategy is used by Zara? Motivate your answer. b) How does this distribution strategy fit in the Zara model of running the supply chain? c) Zara has an overcapacity in their distribution center. They are even opening a new distribution center in anticipation of the company's growth plans. However, Zara structurally wants to have an overcapacity in their distribution center. Why do they want this? Motivate your answer and relate it to one of the main supply chain concepts discussed during the lectures. d) Zara distributes the items directly from their distribution center to their retail shops. Should Zara perform these activities themselves or outsource it to a third party delivery service? Motivate your answer.

8. Zara is producing about 11,000 distinct items during the year, compared with 2,000-4,000 items for key competitors. a) In general, how is the number of SKUs related to the concept of risk pooling? b) Who could benefit more from this: Zara or their competitors? Motivate your answer. c) Why is it

beneficial for Zara to produce many more SKUs than their competitors?

d)How could Zara still make use of risk pooling in their supply chain?

9. Mention four distinct aspects of the Zara model that help to reduce the bullwhip effect.

10. As indicated by Figure 9-3, Zara uses different prices for different countries. a)Give three distinct reasons why they would differentiate prices between countries. b)At the beginning, Zara included all different prices on each label. To simplify their price tags Zara decided to only list a few countries on a single tag. What is the impact of this on the supply chain?