

Supply chain management: scm of zara world and albania

[Business](#), [Company](#)



Eachday is a prove of how important is SCM in retail shopping. Stores keep growing and competitors keep showing. Some are bigger fish and some small, but all of them want one thing: Maximize the profits. Each of them try to find solution how to open new stores around the world and the most important how to sent the products over there. Global marketplace is changing in seconds, that's why companies needs to be ready to compete not only on price but also on time.

According to Cai-feng (2009) product and technology life cycles are likely to continue to shorten, while demand will be increasingly difficult to forecast. Decision about raw materials must be taken long in advance and still is the most risky part of supply chain. Customer behaviour has changed and nowadays buyers want to see frequently new stiles (Bruce and Dali, 2006). This is clearly result of the new buyers behaviour, clothes are not used anymore to protect body from cold, but to accompany a persona style and support aimed personality appearance (Caifeng, 2009). All of these play an important role in the relationship between retailers, suppliers and consumers. Nowadays Supply Chain Management is the success factor in fast fashion business. It deals with customer, with suppliers, with supplier's suppliers. The output of supply chain is not just a physical product, but a combination of time, place, form and function of a product/service proposition (Cai-feng, 2009). When we talk about supply chain management strategies, there are two key approaches to understand. Lean and Agile supply chains. Agility is such an ability that responds rapidly to unpredictable changes in demand.

Cai-feng (2009) define Agile Supply Chain (ASC) as a network' s ability to consistently identify and capture business opportunities more quickly than its rivals do. Barnes and Greenwood (2006) definition can enrich it by adding: ASC is a “ quick response, describe shorter, more flexible, demand driven supply chains. Part of the ASC process is agile manufacturing. Cai-feng (2009) points at four pivotal objectives of agile manufacturing: customer enrichment ahead of competitors, achieving mass customization at the cost of mass production, mastering change and uncertainty through routinely adaptable structures, and leveraging the impact of people across enterprises through information technology. This paper will try to emphasize the importance of SCM in this world full of competitors. Zara's case study will be used, as an example, considered to be the most successful, for the moment, in fast fashion industry.

Zara is a fashion label and fashion chain stores established in 1975 by the Spanish group Inditex own by Amancio Ortega. During the last two decades Zara tripled its profit and stores and nowadays is ranked the third biggest retailer world-wide (Zhang, 2008). It has 3000 in-house designers located in its headquarter in the region of A Coruña, Spain, which design over 40 000 items per year among which only 10 000 are selected for production (Li, 2009). Opposite to its competitors, more than 50% of its production is in Europe and not in Asia or South America (Bruce and Daly, 2006). According to Sull and Turconi (2008) average markdown ratio is at approximately 50 per cent, for comparison Zara sold only 15 per cent on sale. By September 2010 Inditex group owns 4907 stores in 77 countries around the world (38 in

Europe and 39 outside Europe). Zara gets the credit to be pioneer in Agile Supply Chain and most researchers explain its success with its efficient ASC (Dutta, 2002; Tiplady, 2006; Sull and Turconi, 2008; Zhang, 2008). Zhang (2008) suggests that “ whole process of the supply chain in Zara could be divided into four parts: product organization and design; purchase and production; product distribution; sales and feedback”.

With all these facts for SCM made me to write about it and to analyse how it's possible that right now global marketplace are competing with time too. How can SCM increase your profits or how a bad SCM can lower them. Since ZARA for the moment is one of the most successful it's a great example to study, to see how it is on the top of the list, which are the manners, which are the priorities and functions. The most important how one of the most desired markts came here in Albania, how it is being supplied, who controls it and every little detail.

The main research question will be further divided into two/three sub-questions:

1. Why SCM is important in retail shopping?
2. How ZARA used SCM to become one of the most desired market in the world?/ Why ZARA is successful because of SCM ?
3. How/Why ZARA function in Albania?

The rest of the thesis is aimed at answering these questions.

The reason I'm writing for this case is for several reasons. Firstly nowadays the importance of the supply chain is in everything we do. Imagine how

important it is for big companies wanting to maximize their profit.

Distributing their products all over the world at low cost would not only increase profits but would multiply them. Secondly one of the best examples, which we will analyze below, is ZARA. From a shop that deals with returning products, she turned to one of the most well-known, most widespread firms in the world. HOW? The supply chain management used in the best way has turned ZARA into TOP 10 of the highest profits. Thirdly good image, variety of products, supply of new products every week, considerable prices, have also influenced Albania, becoming one of the most desired stores in the country. But not only, the profits in Albania are among the highest in the Balkans -TOP 5.

The main delimitation of the study is that it is focused on the performance of only one particular company. This means that how SCM is used by Zara doesn't mean all companies use the same. If this method is successful for ZARA it does not necessarily mean that it will be the same if another company uses it. The advantage of this investigation is that some of ways to implent SCM can be easily adjusted in other companies also it emphasize the importance of SCM for everyone. Furthermore, due to costs and distance I couldn't study in presence other ZARA stores around the world, but articles, case studies, different publications helped me to have ne overview for different places.

My research methodology will consist of both qualitative and quantitative. Since my study and analyse is very wide and the information we are about to receive will be many. My analyse mostly will consist in qualitative research.

Since qualitative research is used to gain an understanding of underlying reasons, opinions, and motivations.

Qualitative Research is also used to uncover trends in thought and opinions, and dive deeper into the problem. (E. DeFranzo 16/09/2011) This is what I'm using to write my thesis. I'm writing about a case study which will be a qualitative method. The techniques will be unstructured interview with 2 of the employments of Zara here in Albania and participation/observations when the new products will arrive in the store. Also secondary data from written accounts of past events, and company reports will be a great help for me in this research.

Quantitative Research is used to quantify the problem by way of generating numerical data or data that can be transformed into usable statistics. It is used to quantify attitudes, opinions, behaviors, and other defined variables – and generalize results from a larger sample population.