

Zara value chain

Business



ZaraApparel Company deals with manufacturing and sale of clothes for men, women and children. The company operates in different countries around the world to enhance its competitiveness in the highly competitive apparel industry. The company has concentrated on the operational processes at all levels of production to offer quality products to its customers.

The company has employed a high value-chain research to all its international operations to enhance competitiveness. The physical flows of the company's apparels have been monitored from the outsourcing & manufacturing point to consumers purchasing points. This has enhanced the company to add value to its operation chain thus, offering consumers with products that maximize consumers' satisfaction, while maintaining a competitive advantage to its business. The value chain has been categorized to production activities and support activities that enhance efficiency and competitiveness by the company. Inbound Operations Zara Company has concentrated on importing quality fashioned raw material products from its suppliers.

The raw materials supplied to the company must comply with the quality and design specificatins in relation to customers' orders. Most of its sourcing is in Asia where the supplier competition is minimal coupled with competitive prices. The raw materials are sourced through procurement sub-unit entity that ensures that the raw material reach the specification before they proceed to the manufacturing process. The raw materials for Zara Company are sourced according to the orders received from customers. The garments sourced by Zara are usually not dyed and dying is done in the inbound

warehouse in relation to specifications of customers, as this reduces time for receiving orders and delivery.

Manufacturing Process Manufacturing of Zara products is mostly external, as internal manufacturing comprise of 40% while the rest is outsourced from other companies in Europe and Asia. The internal manufacturing is focused on most fashionable products and riskiest. The external manufacturing is strategically placed to cope with the labor intensive processes in a cost effective manner. Most of its external manufacturing processes are concentrated in Asia where the cost of labor is relatively lower, as this enhances the pricing of its finished products effective to customers' demands. Manufacturing of Zara products is in regard to specifications of the research and development department that is responsible with designing fashions to conform to demands and expectations of customers. The finished garments are returned back to the central manufacturing complex for quality inspection and repacking the products with respect to various customers for shipment before releasing them to the respective distribution stores.

Outbound Operations The distribution of Zara products is through a centralized system which concentrates in consolidating shipment to the international markets. All its finished products internally and externally must pass through the central distribution system. The products are packed according to various customers' demands and order specifications to enhance shipment to the respective customers. This enhances that all the specifications of orders are delivered to the retailing store at an appropriate time quality and quantity. This central system has seen Zara efficiently carryout their deliveries to their various stores worldwide.

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The central distribution system also enhances control of inventory, as manufacturing is dependent of fashion trends and ordering by customers(Gallaugher, 2009).