**Zara Case Study Answer Guide**

1. Sketch the supply chain for Zara from raw materials to consumer purchase.

Trend Recognition and spotting

Zara Stores, Customers and Store Managers

Garment Design

Zara Designers

Materials Sourcing

(40% Zara global suppliers) 60% local suppliers

Material Sourcing and Supply

Pattern cutting

Zara pattern cutting workshops

Sewing

Cooperative Businesses and dealers

Ironing, Folding and Wrapping

Zara workshops

Storage, Picking and Packing of orders

Zara warehouses

Delivery

Transport company (Zara or contractor)

Retail Sale

Zara company owned retail stores

1. Which type of marketing system does Zara use?

Explain how this system helps Zara to compete effectively with their competitors

Zara seems to operate much more like a corporate VMS

With a Corporate VMS, Zara owns most of the processes in the supply chain and this gives them maximum control especially over critical areas like fabric sources and dyeing as well as cutting and labelling. They are thus able to reduce the lag times and get products to the store faster than rivals and more frequently. They are also able to lower their inventory holdings and inventory costs as items which are not selling well are immediately discontinued. Overall this system enables speed, flexibility and greater market responsiveness.

1. Do you think having the same marketing system in Spain would be effective with their flagship store in Vietnam? Why or Why not? What would you recommend?

Have a Corporate VMS would be effective in Vietnam however they would need to have a base in Vietnam or south East Asia. If the production process is handled in Spain, the cost would be too high and they would not be able to offer the same price advantage and speedy deliveries in Vietnam.