

# Zara Case Assignment – li0037

## Questions:

1. Which of the 4 logistics subsystems are applicable to Zara?
  - a. Production/material management and Distribution
2. In the logistics subsystem 'distribution logistics' there are 3 subsystems. Describe the content of each of these 3 subsystems for Zara.
  - a. Inventory management
    - i. NO demand forecasting during season, only limited amounts before the season
    - ii. Small batches each time, 15% done in advance and wait until the season comes, most go towards stores right after finished
    - iii. Much less inventory than others
  - b. Transport (*not mentioned in material, answers from Internet*)
    - i. 2 air centers supporting chain store receiving goods
      1. euro 24h
      2. US 48h
      3. Asia 48-72h
    - ii. Send to store twice a week, with strict truck timetable
    - iii. Underground conveyor belt of approximately 20KM sending goods from factories owned by Zara to DC in La Coruna, Spain
  - c. Warehouse
    - i. DC in La Coruna, Spain (Brazil, Argentina, Mexico) (*from Internet*)
    - ii. Factories close to Spain, realizing the quick response to store demand while low level of inventory
3. The Zara shops are supplied twice a week. Can you name a different industry where this frequency is much higher? Explain why.
  - a. Food industry: New retail supermarket like HEMA 盒马 in China
    - i. Selling mostly fresh food
    - ii. High developed logistics information and infrastructure network system
4. Zara achieves her large 'profit' by less reductions in price during sales. Explain why not every retailer is able to do this.
  - a. Zara play hunger marketing, pushing customers to create demand without awareness. So, the quantity Zara sells every season might be a little bit smaller than the actual demand in the market, which makes the customer less hesitating when making decisions. When sold out in time, products don't need to reduce price. However, most retailer produce to meet demand, so they offer more quantity than the market demand, which mostly needs a reduction to clean up the inventory.
  - b. Zara don't create trend, but follow trend, which allows Zara free from betting on market like most retailers.
  - c. Quick respond self-production system in Europe to follow up the change of trend
5. Transportation within the DC (distribution center) is a combination of both hanging and laying (in boxes) transportation. Would the choice for a different system be more obvious?
  - a. Based on product type

- i. Underwear, socks, tee ss etc– laying – for space
- ii. ceremonial robe or dress etc – hanging – for damage avoiding