

Supply Chain of Zara

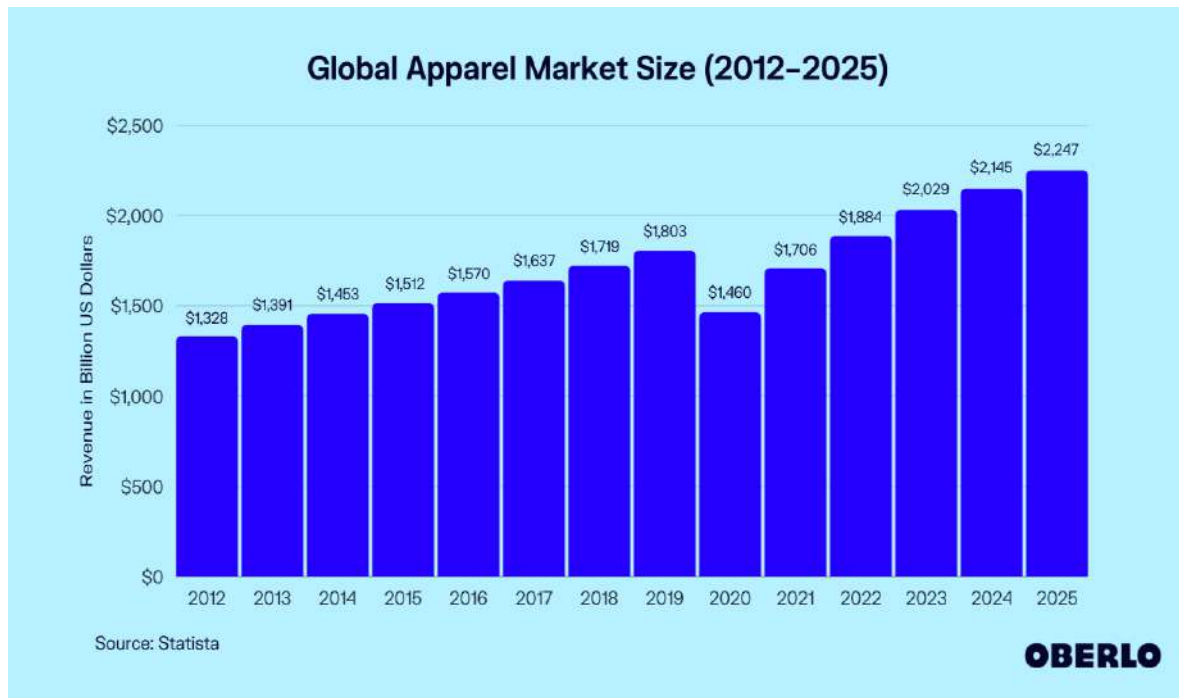
Chapter 1: Introduction

1.1 Industry Profile

The company which has been chosen for this particular project is Zara. Zara is generally a Spanish apparel retail company which is based in Spain. The company has been observed to belong to the retail industry and therefore it is obligately for it to specialize in fashion items and different products. The product generally includes the manufacturing of clothing along with shoes, accessories, beauty products, swimwear, and perfumes. The retail industry can be regarded as one of the biggest industries in the corporate world and involves the sale of different services and goods to individual customers. It contains the selling of different products and services from mobile parts to wearables and items of clothing in the form of Apparel (Dabija, 2018). The main work of a retailer is to purchase goods and products in two large quantities from the manufacturers which can either be bought directly on through middlemen like the wholesalers and sell them into quantities that are smaller in number to the individual customers for acquiring profit. In the chain of supply, the retailers can be regarded as the final link from the producers of the product to the ultimate customers. The industry of retailing in the form of retail shops and markets has an ancient and historical significance that dates back to the period of antiquity.

The business of retailing started from individual peddlers who carried goods and products from one place to another in search of potential buyers. However, as time passed and human civilization evolved the retail shops were generally observed to be transformed from the booths to a more sophisticated place like shopping malls in the present generation (Hoque et al., 2021). The earliest known place for retail practices when carried on in the marketplace at Trajan's forum. Apart from this the grand bazaar which is located in Istanbul was established in the year 1455 and can be regarded as the oldest operating market that is still functioning at present. The first retail market was operated based on a barter system because at that time there was no currency present but in the 17th century, permanent shops were built with specific hours for trading in different towns (Olofsson & Mark-Herbert, 2020). In the late 18th century, there were shopping arcades built across Europe and at present, there has been a wide range of shopping malls and departmental stores available wherever we go in every part of the world. And at present, we also have online retailing

websites like Flipkart and Amazon and as a result of which we can just visit retail stores by sitting at our house. Because of the retail apocalypse that has been observed recently, several retail businesses All around the world are reducing their stores or struggling to ensure their existence.

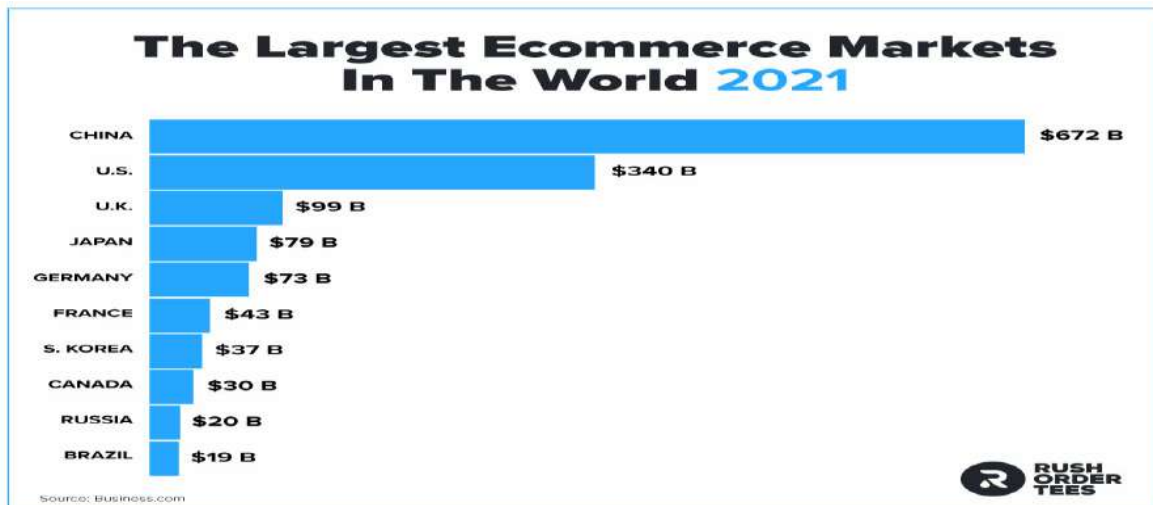


Source: Apparel Industry Statistics (2012–2025)

<https://www.oberlo.com/statistics/apparel-industry-statistics>.

The top three retailers at present worldwide are the most widely known and popular companies around the world which involve Walmart at the top headquartered in the US followed by Amazon and Costco which are also headquartered in the US. Therefore, these three can be regarded as the leaders in the retailing industry who have a total revenue of \$519.93 billion, \$280.52 billion, and \$163.22 billion respectively. In only the United States of America, the retail sales of apparel, as well as footwear in the year 2019, reached a total of 1.9 trillion US dollars and by the end of 2030, it has also been expected to rise above three trillion dollars (Sarıçam & Yılmaz, 2021). The apparel retail industry in which Zara belongs will continue to have positive growth, especially in the markets which are emerging all around the world. These are generally the markets which are located in the European regions as well as the regions of Asia Pacific. The global leaders for the apparel retailing industry can be observed in the form of Inditex (Zara) followed by Nike and The Gap. The country with

the world's largest market for apparel manufacturing and retailing is China with 24% global share followed by the US with 19 % global share and then Germany with 5% global share which is shared by Japan as well (Zaware, 2019).



Source: <https://images.app.goo.gl/rCbfFdjSuwDFuBFN9>.

1.2 Company Profile

Overview of the company

Zara can be regarded as a Spanish retailer of Apple which is based in Arteixo, A Coruna, Galicia. The company generally specializes in fast fashion as well as other products including beauty products and accessories. The company of Zara can be regarded as the largest company in the group of Inditex. A total of more than 20 clothing collections were managed by the company in the year 2020. The company belongs to the retail industry and was founded in the year of 1945 in Spain which is exactly 47 years ago from today. The founders of the company are known by name of Amancio Ortega and Rosalia Mera. At present, it has a total of 2270 stores all around the world because it serves worldwide. The chairman of the company is still Amancio Ortega. Zara recorded revenue of \$18,021 million in the year of 2018 and its parent company is Inditex.

Current position of Zara

It can be observed that the company of Zara is one of the most successful apparels retailing companies at present. The brand value of Zara has been observed to be \$14.7 billion. In the previous year, the company recorded a sale of \$21.9 billion. Therefore, it can be stated that Zara is in a great position currently. It generally offers kids along with women and men

different types of apparel and accessories. It has also extended its business into the industry of textile after announcing the merger with another company known as Zara home (Borozaan, 2020). The company is present in more than 96 countries all around the world and therefore is the ultimate leader in this industry. The core values of Zara as a brand can be regarded as clarity, beauty, sustainability, and functionality so that it can provide individual customers what they want and satisfy their needs and preferences most effectively and efficiently possible.

Future goals Zara

The company has been very successful in the last couple of years and as a result of which a wide range of goals has been developed for the years to come. It includes reaching admission by net zero by the year 2040 (Cui & Fan, 2021). It has goals regarding more sustainable procurement of materials like cotton, cellulose fibres, and linen along with other materials. Apart from this it also aims to be completely plastic-free and reduce its carbon footprints by the year 2050.

History of company

In the year 1963, the couple who are also the founders of Zara Amancio Ortega and Rosalia began a family business that was very small in size in Coruna where they made clothing for women and distributed it. This went on for a few years until in the year of 1975 the workforce grew by huge numbers, and it was over 500 individual employees. It was at that time that the couple decided to open a new Zara store in the same region where they initially started their family business. The main specialty of the store was a recreation of fashion that was of high end as well as popular and providing it to the individual customers at a cheaper price. The main motive and aim which they had were to reduce the gap that exists between the creation of fashion and the attraction of customers which went on to become a hit. Just after 8 years, the company began to expand all over Spain and the customer base also grew with huge demand for the products. The first international store of Zara was opened in Portugal, in the city of Porto just after 5 years in 1988 (Jha, &Veeramani, 2021). In the next year, only Zara opened another new store in New York City, and in 2003 Zara home was created. Zara Home was created with the vision of providing textiles that generally range from good for decorating home interiors and other home products. Zara home can be regarded as the first-ever subsidiary of the company of Inditex hitting the online markets in

the year 2007 and 3 years after Zara also launched its e-commerce website in 2010. At present, it continuously strives for bringing fast fashion at a price range that is affordable for most people.

Product profile

Zara sells both men's as well as women's clothing along with cosmetics, accessories, and shoes. However, in the recent period, they have also started selling clothes for children as well. All the particular products are generally listed on the online website of the company as well as in their physical stores.

SWOT analysis

The SWOT analysis of Zara can generally help in understanding the different strengths the company followed by its weaknesses, opportunities and threats.

Strengths	Weakness
<ul style="list-style-type: none"> ● The company of Zara has been observed to practice a high degree of integration vertically as 54% of the overall factories that it has been placed around its headquarters in Spain. ● Zara has a very strong network of supply and retail. ● The overall infrastructure for communication in Zara is facilitated with the help of implementing advanced technologies that make it easy to share data to the 8155 factories and 1985 suppliers (Duoyan, 2021). ● The retail collection in both physical stores, as well as online, are replaced 	<ul style="list-style-type: none"> ● The quality of clothing has not been observed to be high in Zara because it needs to replace old styles twice every week and therefore it becomes very complex to balance the sustainability practices. ● Lack of specialization and focus has been observed in the extensive range of fashion apparel for women, men, and children. ● Since the company focuses on trends, individual customers can turn to other brands for products that they are particularly looking for and cannot find within Zara. ● The physical store of Zara is responsible for bringing in most of

<p>twice a week and it also so there was the product within 48 hours of ordering anywhere all around the world</p> <ul style="list-style-type: none"> ● A total of 700 designers were killed and responsible for turning the desires of individual customers into physical designs, rolling out more than five thousand creative designs every year. 	<p>the revenue and because of the covid-19 pandemic, the company suffered huge losses (Duoyan, 2021).</p> <ul style="list-style-type: none"> ● Limited marketing is being done by Zara which can be regarded as a weakness. As a result of which a solid marketing strategy is not visible.
<p>Opportunities</p> <ul style="list-style-type: none"> ● Customers can be regarded as the center of the business model implemented by Zara and great attention is being paid to improvement in their overall experience. ● Predicted that the global revenues of the retail industry will generally grow from \$643.7 billion in 2016 to \$36.8 billion by 2025. There this can also be regarded as a great opportunity for Zara to cash in. ● By investing in artificial intelligence and advanced technology Zara can generally create an advanced shopping experience for its customers shortly (Duoyan, 2021) ● It also has opportunities to develop its retail channels in lesser prominent countries like Malaysia along with 	<p>Threats</p> <ul style="list-style-type: none"> ● An increase in the number of competitions has had a threat to the company. ● Other companies are offering products at a cheaper price which is a threat to the market conditions of Zara. ● Zara needs to understand trade rules and labor rules which differ from country to country (Ha, 2021). ● The new normal of covid-19 posed a severe threat to Zara and its marketing activities. Therefore, it is expected from them to prepare for post-pandemic business.

Singapore and India as these countries have high profitability and potential.	
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Competitors

The top competitors of Zara are Chanel, Christian Dior, Burberry, Ralph Lauren, Gucci, Hugo Boss, Louis Vuitton, Prada, H&M, versus, etc. The particular industry in which Zara functions is characterized by providing what the customer wants and at quick service (Piedrahita Orozco et al., 2021). Computers are constantly trying to develop new and updated fashion to shift the trend towards them. Apart from this, the competitors are also trying to provide products at a much cheaper rate.

Stakeholders' analysis

The major stakeholders who have an impact on Zara are the owners along with customers, the employees, suppliers, investors, and the government. All of them have been important in making Zara successful but the first stakeholders of the company are its owners (Yide, 2021). Change the overall business model of Zara is focused upon customers, they can be regarded as the most important stakeholders.

1.3 Objectives of project

- To investigate the conceptual framework of supply chain management in the organization of Zara
- To analyze and evaluate the supply chain task related to different strategies in Zara
- To determine findings and suggestions for improving the supply chain operations at Zara.

1.4 Scope of supply chain practices in industry

Supply chain management can be regarded as the most crucial system in a competitive industry like Apparel-retail. It is very important to carry products which are of a wide variety for fitting the preferences of individual customers which are different. Even in

the present season, the apparel retail industry needs to plan for the next season and get new production styles (Segran, 2019). The supply chain practice in this industry is therefore very much complex. The supply chain practice generally starts with implementing new designs which are produced and sold. Complexity arises when new products are being driven through the chain of supply as well as management of the flow of inventory throughout.

1.5 Importance of study

The particular topic of understanding supply chain practices as a conceptual framework in the organization of Zara will provide a wide range of possibilities to look forward to where improvement can be made. This is not only limited to the strategy of supply chain followed by PESTLE analysis and other legal obligations but upon the strategies which are used by Zara to manage its inventory and the application of Six Sigma. This will benefit the reader to understand how the enter component of the supply chain is being managed in the largest fashion retail brand in the world. Without understanding supply chain management, it is not possible to develop best practices or recommend any suitable strategies to make it better.

1.6 Research Methodology

The research has been carried out entirely with the help of secondary data and no primary data has been used. University library and Google scholar has been undertaken as the primary source of retrieving information in the form of articles. Every article which has been used in this research is reviewed and therefore completely accurate and valid. To understand the current situation of Zara we have also used several keywords to get the most recent and relevant data related to the company. There have been no ethical or accessibility issues that were faced while accessing the journals and articles which were available in plenty on different websites. There have also been no limitations and every aspect of the supply chain management in Zara has been covered most effectively and efficiently possible.

Chapter 2: Conceptual Framework of Supply Chain Management

2.1 Supply Chain Management Strategy

In order to embrace the productivity of an organisation it is required to follow proper strategies for managing the supply chain of a firm. According to the opinion of Madani & Wajeetongratana (2019), customer centricity, visibility, automation and predictive maintenance are the most effective supply chain strategies followed by an organisation. Hence, incorporating all these tactics would allow businesses in order to meet the demand of customers as well as boost the profitability of the company. Business models of multiple corporations are rapidly changing in order to adapt to the modern digital economy. In accordance with Medvedeva *et al.* (2020), it can be stated that application of correct supply chain strategies helps to meet the standards of the market. Thus, a well-defined and effective plan may allow an organisation in order to ensure smooth movement of a product through the supply chain of a firm. The operations of the company can be done effectively by reducing the cost and thereby the profitability could be boosted. Unique demands of consumers can be fulfilled by following these strategies. Movement of products and services from suppliers to distributors can be done effectively if the company is having an automated system in the warehouse. Moreover, all of these innovative systems of Zara are helping the business to follow supply chain in a developed manner.

Technology has developed the management of supply chains in a positive manner. Advanced technology has a profound effect on the operations and efficiency of product distribution methods. Through the introduction of modern technical systems and processes that are technology based the companies are getting a lot of benefits. The integration of information flow between the marketing, distribution, sales and logistics are technology driven in modern days. However, the developments of communication technologies have influenced information flow in a positive manner. From the time of an order received till the distribution process through shipment the integrated system helps to maintain a communication between all departments. In the present time, Shabbir *et al.* (2019) said that products are directly delivered through the upgraded supply chain management system of a company by using the innovative distribution method. Modern technology and equipment help to maintain the constant moving mechanism by utilisation of automated operations. In the opinion of Montshiwa (2018), although the modern supply chain process is fully automated, the need of human management and labour is still a major concern of the firms.

While better team communication networks allow for rapid interaction from everywhere in the world (with a wifi connection), specialist algorithms can now simply convert purchases into orders. Orders enter the distribution network and move toward fulfilment with reduced latency, due to technological advances that automatically convert sales into orders and systematised the order fulfilment process. In order to promote more inventory control, information regarding stock levels, sales volume, and supplier offerings can be shared as needed (Chandak, Chandak & Dalpati, 2018). Immediate notifications in the inventory management system allow an organisation to maintain accurate projections regarding the order volumes. In this regard, an organisation can decrease delays in distribution of products, avoid mistakes and reduce cost in inventory management systems.

Before using an automated system, workers in the warehouse wasted a considerable time travelling in order to move products from one place to another. The modern warehouse equipment is beneficial for facilitating the operations followed in warehouses of the company. In this regard, correct application of different kinds of warehouse management software can decrease the lag time as well as develop accuracy with fulfilment of orders. In this manner, the floor space in the warehouse can also be optimised easily by the organisation. Presently, modern warehouses are smaller with an effective system of inventory management as well as movement. Furthermore, Anca (2019) mentioned that logistics companies as well as inventory distributors can have legitimate order volume transfer into the distribution system, allowing for improved planning of production quantities and delivery schedules. Technology as well as technical solutions promote product distribution adaptability and timeliness while eliminating waste in Zara.

As it is faster and accurate than any human analysis, application of technology is essential for attaining fast distribution and cost-effective process. In modern days, highly upgraded services that are offered by multinational companies are effective to optimise the process of distribution through application of modern software which analyses the easiest route for delivering products at the lowest cost. In this manner, fastest fulfilment of customer demands is possible in low spending. However, Swanson *et al.* (2018) said the distribution process can be done in a more efficient manner by analysing the floor space and movement of products from storage for shipment. Conveyors, railways, and elevators are examples of modern equipment that may be linked to a centralised computer network to increase productivity while minimising accidents. Since this achieved by establishing is more efficient

at recordkeeping than an individual with a notebook, pallets as well as units can be arbitrarily placed and then brought up when necessary without fear of misplacing them.

2.2 Legal, regulatory and contractual obligations

In some major sectors the increasing price of raw materials is causing issues in the supply chain. However, the rules of EU public procurements, claimable damages, contract formation, Transfer of Undertakings regulations, the Late Payment of Commercial Debts (Interest) Act and Freedom of Information act are highly impactful on the supply chain methods followed by an organisation Kudabayeva *et al.* (2019). The aftermath of Brexit, which means fewer drivers are entering the UK, and enhanced border controls but instead customs regulations, which means longer wait times, caused by Covid19 outbreak obstructing HGV training as well as licence authorization.

Moreover, the risks of supply chain can be avoided through understanding public consciousness. Although the governments of multiple countries are taking steps for shoring up and trying the present chaos, thereby implication of proper policies that might help to develop the trading relationships can mitigate future risks (Kulish *et al.* 2018). Determination of the key issues within the supply chain of the company can help to modify the regulations that can help the organisation to boost its financial capability. Thus, contractual rights are highly important to be analysed by the organisation for developing the supply chain management of a company in a better manner. According to the reviews of Liu & Nishi (2019), protecting the confidential data of the organisation is highly important to avoid contractual obligations in supply chain of a company. Zara should also include all conditions in the contracts for promoting contractual performance of the business. Apart from that, detailed information regarding quality requirement and material needs of the organisation is highly important for boosting the efficiency of the firm. The I.P of the organisation is necessary to be protected in order to run the business smoothly (Allevi *et al.* 2018). Following every regulation in a proper manner is beneficial to complete supply agreement effectively. Contract management policies of Zara are highly important to be executed in an effective manner for process development and boosting the growth of the company. In addition to this, the organisation must check the entire contract lifecycle for correctly determining the requirement of contract terminations.

2.3 PESTEL Analysis

Management decisions into an international level as well as enhancement of supply chain performance of a company are possible through determination of all possible factors in the external environment of the business. However, it is essential to analyse all the external environmental factors that could affect the growth of a company.

Political factors: The Spanish Brand Zara was born out of the EU and established its business operations in different regions of the world. EU is one of the huge export markets for clothing and textile. Hence, maximum exports of EU have been found which positively impactful for the business (Seipp, Michel & Siegfried, 2020) . A broader consumer base is accessed by the organisation due to the political stability between EU countries. In addition to this, the Asian nations such as China and India include some complexities for the business of Zara. On the other hand, financial norms of EU countries have a huge effect on the smooth functioning of the business. Asian nations are going through red tapism related challenges that are negatively impactful for the business. The Brexit can be seen as a major area that tends to impact the overall sale of products in Britain, which is one of the largest markets of Zara. Besides, the Spanish political turmoil over Catalonia is a major area that has disruptive capability over Zara.

Economic factors: The world is facing a major economic crisis, owing to the fact that the pandemic has had a major impact on all sectors. Employment is also seeing a fall, which is leading to lower per capita incomes. This indicates the fact that per capita incomes are falling, which can be a spot of bother for major organisations, especially selling at premium prices. Besides, an acute shortage of labour in the European Union is being seen, which is a crucial factor, besides the fact that rising crude prices is adversely impacting supply chain and logistics operations costs.

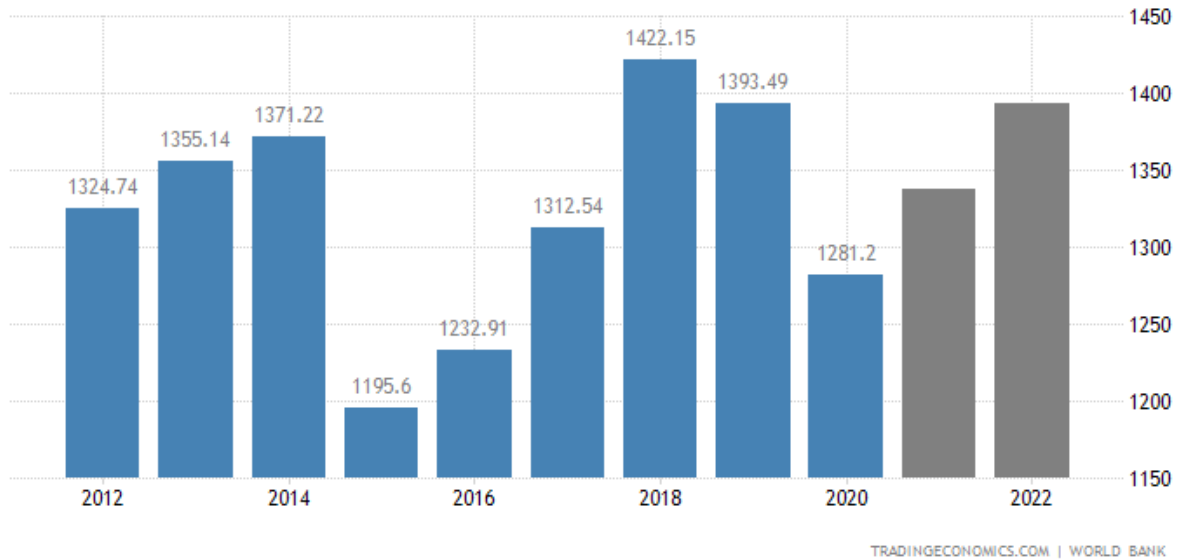


Figure 1: GDP of Spain

(Source: Trading Economics, 2022)

As shown in the figure 1, it can be seen that the GDP of Spain worth around 1281.20 billion USD in 2020 and the value of GDP represents around 1.14% of the economy of the world. The GDP growth rate of this nation has 2.5% in 2019 to -10.8% in 2020 (Trading Economics, 2022). In addition to this, the GDP per capita has reduced from 28091.01 USD to 24935.40 USD in this year (Trading Economics, 2022). According to this description it can be stated that more opportunities to develop the financial condition can be found as the growth of GDP has enhanced in last year.

Social factors: The overall per capita incomes of Spain has rise from 27179.45 USD in 2020 to 30536.86 USD in 2021 (O'Neill, 2021). The overall increase in the per capita incomes of the country and its population can be seen as a positive area that can impact sales of Zara. The surplus incomes have risen, which can ensure greater affordability of the products of Zara. However, one major issue that can be seen in the case of Zara is the ageing population of Zara, which can have a major impact on the overall consumer preferences and purchase patterns. The acceptance of certain products might be hampered owing to the same, which can have an adverse implication on the sales of the products.

Technological factors: Technological facilities of Spain are advantageous for any business. Due to the high technological solutions in this country new companies are taking entry in this country. However, Domínguez-Mujica (2021)) mentioned that technology enhanced the responsiveness of the company to all its customers. The use of Metaverse can help in generating greater marketing edge for Zara in any market including Spain and this can be

considered to be a crucial aspect that must be considered. Besides, The supply chains can also be enhanced by making use of NFT booms, which can be a crucial aspect here and can help in generating better outcomes in the markets. Hence, the modern technologies used by this firm are providing a lot of opportunities to develop the business functions and get ultimate growth to the business.

Environmental factors: Sustainability has always been a concern in the clothing segment, which is indicative of the fact that Zara needs to work on this aspect. The main issues that Zara might face is in terms of supply chain, where, sustainability levels are poor. Besides, the aspects of green revolution can have a binding impact on the organisation and its strategies in the country.

Legal factors: Spain has had an independent judiciary and this has helped in the flourishing of the country. The business law in Spain has opened doors for FDI into the country and its intellectual property protection laws are also well-established. The business agencies in Spain are governed by Law 12/1992, which must be followed by all businesses. Besides, the country is an active member of the European Union and therefore, EU laws are also followed in the country, which must be adhered to.

Chapter 3: Analysis and Evaluation of Supply Chain Task

3.1 Inventory Management Strategies

Inventory management is one major area that is a part of the overall supply chain management of an organisation. In the words of Das (2018), appropriate inventory management is a part of Porter's value chain and contributes largely to effective supply chain management. Outbound logistics associated with any organisation is dependent on the inventory management system that has been adopted by it. This is an important area that must be considered here, as the use of a proper inventory management system can help in generating greater benefits for the organisation in the long run. In this regard, as Seman *et al.* (2019), generating appropriate strategies in inventory management is an essential area that determines the overall success of the process in the organisation. Besides, there is a need to note that appropriate inventory management can help in enhancing sales of an organisation, and is a key component of the overall working of the organisation.

The first most important strategy that can ensure better inventory management is the automation of the systems that are involved in the process. As per the ideas of Niehaus,

Goedhals-Gerber & Feiboth (2018), the use of tools powered by AI and ML can be beneficial in generating better results associated with any aspect of a business. Automation helps in saving costs and ensuring maximum error-reduction. This is a crucial area that the businesses tend to look for and thus, automation is an important strategy that can help the business to reach the desired outcomes in the long run. Besides, there is a need to understand the fact that with the use of automation time can be saved, which can help in ensuring that time management is attained at the highest level. As per Kaur & Awasthi (2018), time tends to be an extremely valuable resource of an organisation and can help in ensuring maximum profitability. In this regard, there is a need to understand the fact that with automation, time management can be perfect and thus, better results can be reached making use of the same.

Another major area that can be applied as a beneficial strategy is the use of Business Intelligence and analytics. As per the ideas of Muchaendepi *et al.* (2019), the use of BI and data analytics can help in generating greater efficiency in regards to better data usage. Optimisation of data usage in an organisation can help in gathering better insights and also ensure a better forecasting process, which can drive the changes that are generally being made in the overall inventory of the firm. Thus, the use of appropriate strategies pertaining to inventory management can be a crucial area that can benefit the organisation and data can play a crucial role in the same. As Raghunath & Devi (2018) suggest, the appropriate use of data can be crucial in outlining the overall needs associated with the changing market trends and scenarios. This can help the organisation to make informed business decisions pertaining to any given process and can help in attaining overall better results.

Using Just-in Time inventory management can be an extremely effective strategy and can help in delivering greater value to the organisation. As per the ideas of Carmagnac & Carbone (2019), JIT ensures maximum optimisation of inventory and minimum waste generation. This is a major area that can help any business in generating greater profits associated with the inventory and can help in managing the inventory better as well. Cost efficiency is the highest in cases where the appropriate application of JIT is being made, besides ensuring that the space optimization in the overall inventory is maximum. The use of JIT, as Mashele & Chuchu (2018) says, involves the keeping of only that much stock which is required by the customers. Thus, the use of JIT can be a beneficial strategy, especially, when it is used alongside, safety stock inventory strategy. Thus, the use of the same can affect the overall use of inventory management in a positive manner and organisations can easily attain higher efficiency levels using the same in the long run.

3.2 Application of Six Sigma

The use of six sigma for process improvement can be a beneficial aspect, which can underpin the overall necessities associated with any given business process. In the words of Cole & Aitken (2019), six sigma refers to the set of tools and processes that can be employed by any organisation to attain better results in terms of organisational needs and requirements. In the current business areas, there are two methodologies involved in six sigma implementation and use, DMAIC and DMADV. These involve five distinct and sequential steps, which ensure the best implementation of six sigma into any business process. As per the ideas of Bowrey & Clements (2019), the use of six sigma in the correct manner can help in generating better outcomes associated with the process and can enhance the overall efficiency associated with the process. Thus, it can be considered to be a major area that can help in generating betterment and can enhance the outcomes of the overall inventory management process that can be associated with the organisation in the long run.

On the other hand, Zara also makes use of lean principles alongside six sigma to ensure that the best outcomes are being reached. In the words of Saberi *et al.* (2019), lean principles can help in attaining the best results as the waste generation in the overall process is minimum. This is a crucial area that can help in ensuring better cost savings and outline appropriate needs of the company in the long run. In this regard, there is a need to understand the fact that with the use of lean and six sigma in the correct manner, Zara, has been able to attain better results, as the organisation has ensured minimum waste generation, which has optimised profits to a large extent. This is a crucial area that has been helpful in ensuring betterment in terms of organisational efficiency and has enhanced the overall supply chain process associated with the organisation. Besides, the use of lean and six sigma, as Samson (2020) has highlighted, has helped in ensuring the optimised use of all resources available with the organisation. The use of resources in a judicious manner has been beneficial for the organisation as well.

The optimised use of organisational resources helps in, not only saving the resources available but also curtailing costs. This is an important area that has helped Zara become profitable over the years and has increased the margin of profits. In the words of Siawsh *et al.* (2021), the use of resources in the correct manner can help in ensuring that the resources are used to their highest potential and there is a minimal chance of wastage as well. Thus, this has helped the organisation to become an extremely effective one in terms of supply chain management of the organisation in the long run. Besides, it has been considered here that the

organisation has been able to ensure minimal wastage of resources, which adds to its sustainability levels and has increased its brand image to a large extent. However, as Allen, Berg & Markey-Towler (2018) suggest, the use of lean approach has been critical in the current years owing to shrinking of the supply chain across the world.

Nevertheless, this remains to be one of the most effective areas of the organisation as it has been able to attain best outcomes associated with the organisation and has ensured proper profitability levels. Another major strategy that is being used by the organisation in its inventory management is the use of JIT, which is complementary to the other two approaches mentioned here. In the words of Zainal Abidin & Ingirige (2018), using JIT can help in optimising resource usage and can also ensure that the desired results are being reached. Thus, the use of JIT has been beneficial in the long run and this can be seen as a major area that has helped the organisation develop an appropriate logistics system, which is aligned to the overall needs of the organisation and has helped it stay profitable in the face of major competition that it faces across all its main markets in Europe.

3.3 Analysis of Information System

The use of IT and ICT in the organisation is high, as the organisation works at an automated level of supply chain management and is one of the major users of technological advancements across the globe. In the words of Cole & Aitken (2019), the use of information systems has become common among major organisations, especially owing to the fourth industrial revolution. Thus, it has become a major area that is driving the success of the organisation and has also impacted the overall organisation in the long run. Zara, is powered by data, which is the result of the pinpoint precision, with which the organisation has been able to manage data and has gathered valuable insights from the same (Samson, 2020). Thus, it is appropriate to say that Zara has been able to ensure better results owing to the information systems that are being used by the organisation.

The information systems of Zara help it to generate the data that is required by the organisation to ensure better insights about markets and market trends. This is an important area that can help an organisation to ensure best outcomes in terms of organisational understanding of markets and where the market is headed. In the opinions of Mashele & Chuchu (2018), gaining insights about the markets of a country can be a beneficial aspect, as it can help in engendering the desired outcomes and can help in gaining better insights about the markets and the scenarios that are prevailing. Zara can use this data to come up with

optimised strategies, which are aimed at ensuring that all the gaps are filled and this can help the organisation to be at the top of its game. In the ideas of Raghunath & Devi (2018), the use of data in the correct manner is a crucial aspect, which helps in generating best outcomes for an organisation and can also ensure the generation of better results for a business.

The use of BI is another major area that the organisation has been ensuring and this has helped the organisation to a large extent. As Niehaus, Goedhals-Gerber & Feiboth (2018) suggests, Business Intelligence (BI) can be helpful in ensuring better understanding of strategic gaps that exist in the supply chain strategies of an organisation. Besides, it can help in detecting the slightest changes in the market environments, which is yet another major area that must be considered here as well. There is a need to understand the fact that with the use of BI in the correct manner, the organisations can benefit by ensuring better strategy formation to minimise or even mitigate the gaps that exist in the existing systems and can help in engendering overall betterment associated with the supply chain management process of the organisation. Thus, the use of BI by Zara is a very appropriate measure that has helped the organisation to attain better results and this is a major information system that is currently in use by the business.

Finally, the use of AI and ML in Zara is also high, which is yet another major area that has helped the organisation to attain a smooth and flawless process. In the words of Das (2018), AI helps in ensuring greater automation and is supported appropriately by ML. This is an important area that all businesses tend to understand and thus, major businesses have started implementing AI and ML in their systems. Zara makes use of the same, in its automation efforts and has been implementing any changes ever since. This has made the organisation more profitable and has also increased the efficiency of the process that is involved in the supply chain management of the organisation. Therefore, it is an important area that all organisations are taking care of and has helped Zara attain better results in the overall markets that it is operating in at present. Thus, the market expansion of Zara can be attributed to these information systems to a large extent, which has enhanced the overall efficiency of the processes of the organisation.

Chapter 4: Findings, Suggestions and Conclusion

4.1 Findings

Supply chain is an extremely crucial function in any organisation and in the case of Zara, this tends to be increasingly important owing to its international presence. Besides, the organisation outsources some of its supply chain operations, which can be seen as a major issue. The integration of the supply chain can be beneficial in generating greater efficiency associated with the supply chain of any organisation (Raghunath & Devi, 2018). Thus, the organisation has started making use of better strategies, which are aimed at ensuring better supply chain management and has also enhanced the overall approach that the organisation has been taking in the current contexts. The supply chain management of an organisation can be enhanced by making use of proper strategies and thus, the use of the same has been applied by Zara, which is an essential area overall.

Zara has been able to ensure greater technology integration into the overall supply chain management process of the organisation, which has helped it to attain better overall results. In the words of Mashele & Chuchu (2018), supply chain automation can help in ensuring error-free and cost effective management of the supply chain processes that are involved in an organisation. This has been undertaken by Zara, which is an important area that has helped the organisation in the long run and has also ensured betterment of the overall organisational management of functions like inventory management and others associated with the overall SCM process of the organisation. Thus, it is an important area that all organisations must take care of and this can help the organisation to ensure betterment in terms of management of the supply chain.

Besides, the organisation is also actively making use of information technology and tools powered by the same. As Muchaendepi *et al.* (2019) highlights, the use of BI and other data-oriented tools can help in attaining better results for any organisation and can also facilitate betterment in terms of organisational growth and development associated with any organisation. It has helped Zara to gain better insights about the various business processes, and markets, which it has used to strategize in an appropriate manner and attain the desired results overall. Thus, it is crucial for the organisation to make the proper use of data and this is being done with enormous efficiency in the case of Zara, which is leading the way and is ensuring best results in all the markets.

The organisation is also adopting lean and six sigma methods of supply chain management, which has been beneficial for the firm in the long run and has ensured maximum benefits. As Kaur & Awasthi (2018) says, the use of lean and six sigma has helped in outlining better response to waste management issues in an organisation. Besides, it has also powered optimised use of resources, which has helped major businesses to attain a profitable state. Thus, the use of the same is a crucial area that has helped the business of the organisation and this has helped Zara, ensure a highly profitable business in the long run. The organisation is working in a proper manner using all the tools that have been mentioned above and these have crucially enhanced the overall supply chain operations of the organisation as well.

4.2: Suggestions

Based on the all over discussion in this study, it has been found that the current condition of the supply chain of Zara is good. Moreover, better productivity can be found through adoption of modern strategies. Some suggestions are given below that can be applied by the business in order to reach its goals soon.

- ***Automated control of inventories:*** Utilization of automated machines for controlling the inventories can help to boost the sales of this organization. In addition to this, use of RFID and Barcode technologies can help in managing inventories in a better manner. In addition to this, inventory control refers to the system and policies that are used for purchase receive ship as well as store the products from start of the SC to the finish. Efficiency of the transportation system could be found through using this modern system in business. A balance within the turnover ratio could be found that will help this organization to satisfy the demands of customers in a better manner. However, automated control of the inventory system could eliminate different kinds of auditing errors as well as it protects inventories against the outsider or employee theft that is an unfortunate but a kind of real challenge for almost all companies.
- ***Use mobile-based cloud computing system:*** Collaborative implementation of the supply chain plan of a company could be found through using mobile associated cold computing devices. This will help to solve problems quickly that is helpful for the employees as it provides ease of use. Additionally, direct services, marketing, tracking methods, logistics operations can be performed effectively through utilization of this modern technology in the company.

Both of these are innovative strategies that are helpful for the business of Zara to achieve more growth and profitability. Productivity rate of the organization can be enhanced if the organization takes major decisions and implements these suggestions.

4.3: Conclusion

According to the overall analysis in this study, it can be concluded that analysing the faults in the supply chain model of a company is essential for developing productivity. Hence, the manufacturing rate of Zara can be enhanced if traditional machineries are replaced with high technological machines. In addition to this, Zara can boost its productivity through analysing the fixed assets and other accounting statements in a detailed manner. Along with that, focusing on the core strengths of the company and learning the things that can be outsourced is essential for developing the operations of the supply chain in the company. Moreover, following sustainable approaches can help customers to enhance their satisfaction. Green practices for product manufacturing like decreasing carbon inefficiencies, reusing materials, recycling raw materials and reducing energy consumptions can emphasize sustainability in business. Thus, lean management practices can help Zara to increase the productivity rate and get more opportunities in business. The clothing manufacturer Zara needs to develop its existing business models in order to follow cost effective and efficient methods for product delivery. In this manner, all the business goals and objectives of the company can be achieved by Zara.

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