

ZARA

Project presentation

A case-study of ZARA

The Slitherers

Michael Bijata
Benjamin Buxton
Enric Miralles Navarro
Rubén Moreno Prósper
Sonja Sanwald

ZARA

the
Slitherers
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ZARA

Description of general details of the firm

Task 1

- Basic information: location, size, history, business sector, competitors, organizational structure



Inditex Group

- First Zara store opens in 1974 in La Coruña (Galicia).
- One of the worlds largest fashion distributors
- Eight “sales formats” - **Zara**, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe
- Activities related to textile design, production and distribution

INDITEX

Facts and Figures

- Half of employees work outside Spain
- 83% female, average age of 26 years.
- 4264 stores in 73 countries

Fiscal Year	2007	2006	07/06
Turnover (million €)	9,435	8,196	15%
Net profit (million €)	1,250	1,002	25%
N° of stores	3,691	3,131	560
N° of countries	68	64	4
International sales	62,5%	60,40%	
Employees	79,517	69,240	10,277

Inditex Group Timeline

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First Zara store opens

Logistics network created, designed for projected growth

1975

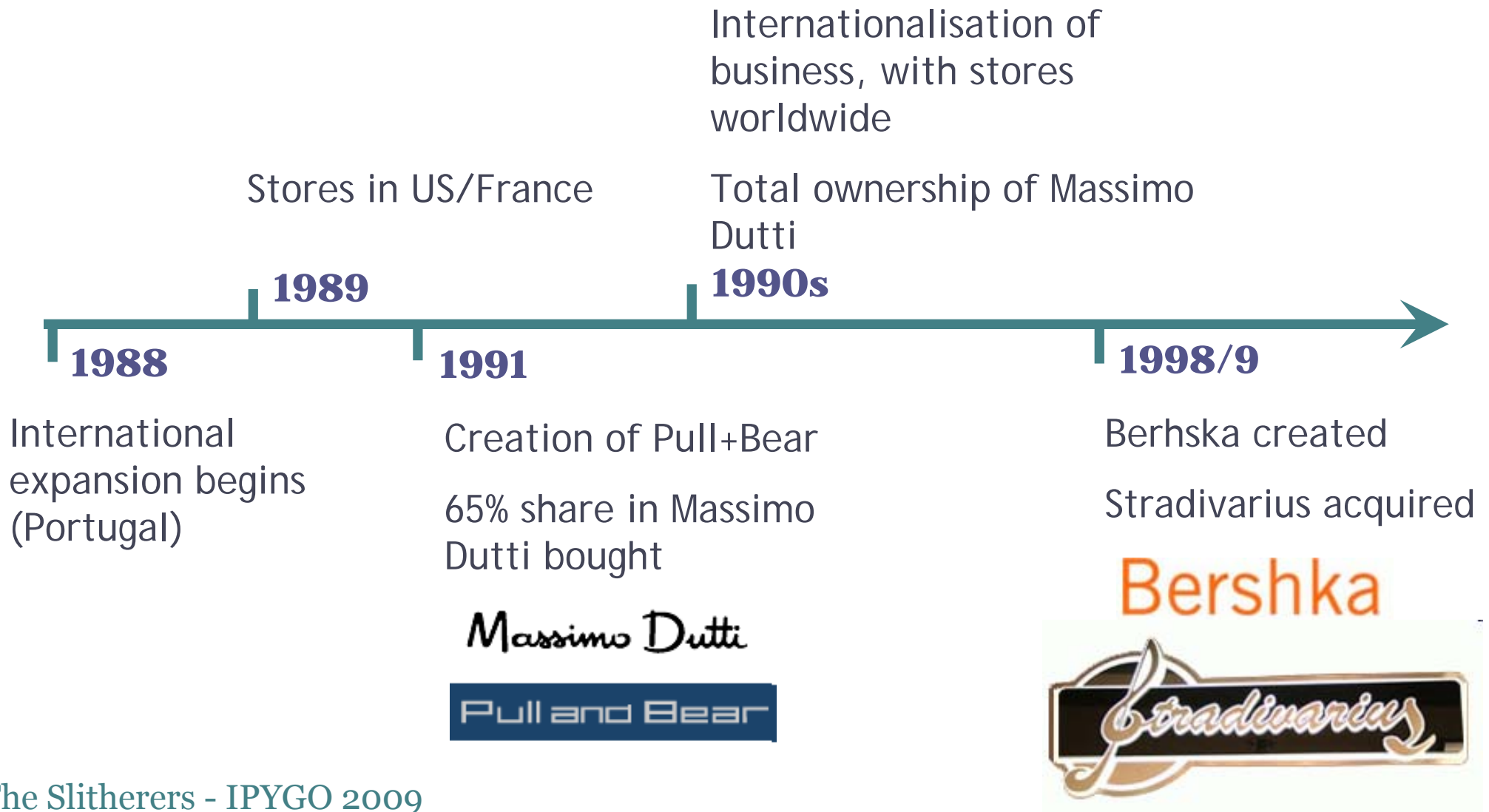
1986

1963-74

Amancio Ortega Gaona founds textile manufacturing business. Several centres distributing products to various European countries.

INDITEX

Inditex Group Timeline



Inditex Group Timeline

ZARA
HOME
oysho

First online sales
(only Zara Home)

Two new logistics
platforms

2007

UTERQÜE

2000s

Creation of Oysho
and Zara Home

Public listing on stock
market

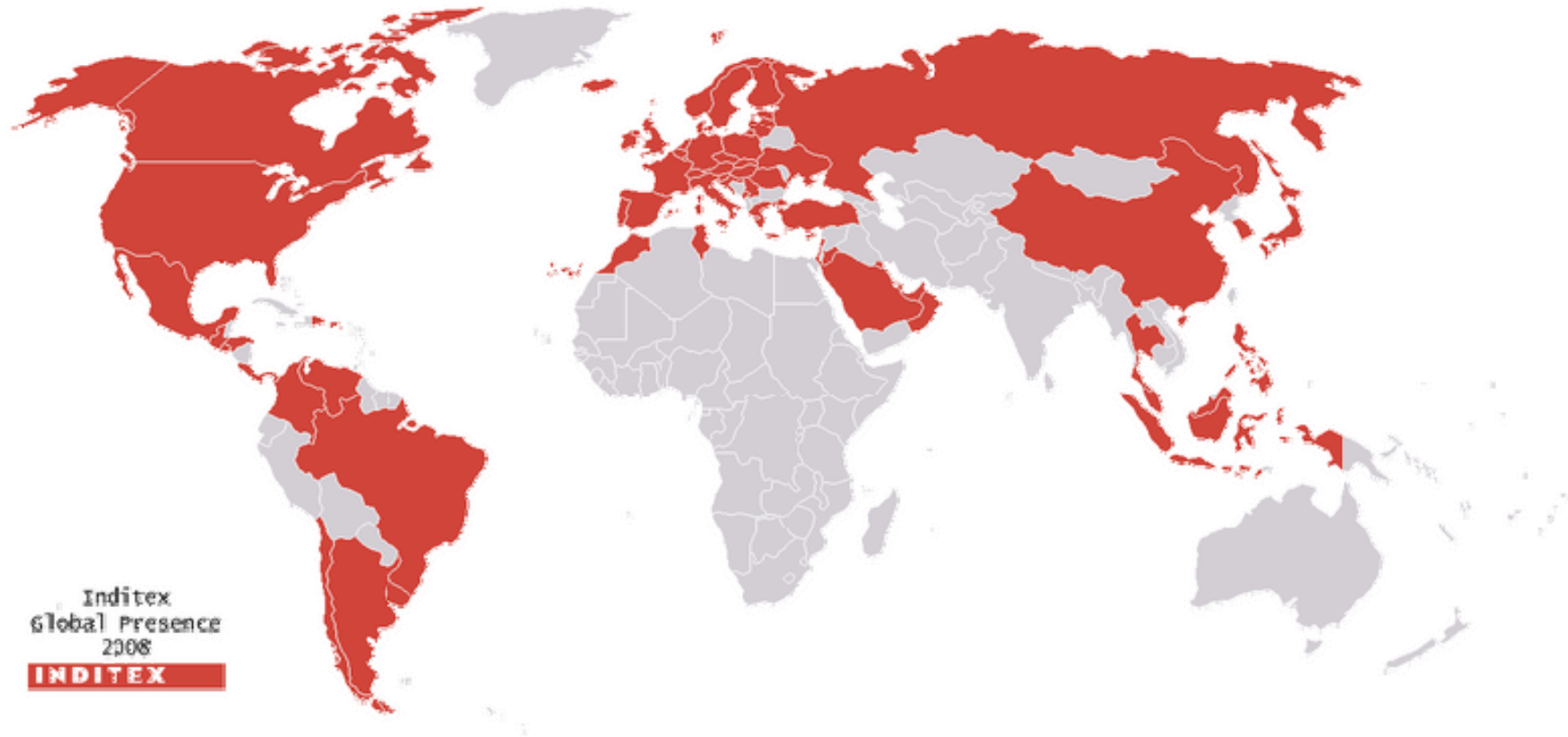
2008

Creation of Uterqüe

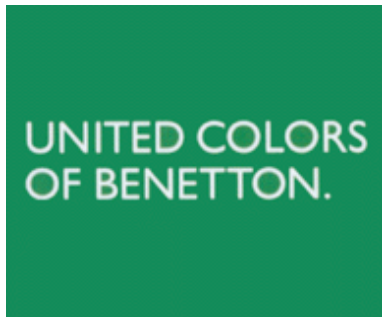
4000th Inditex brand
store opened

Philosophy

- Fast international expansion and excellent response to sales concepts.
 - *“National borders are no impediment to sharing a single fashion culture.”*



Competitors



- Mango
- El Corte Ingles
- H&M
- Cortefiel
- Arcadia Group (Burton, Dorothy Perkins, Evans, Miss Selfridge, Topman, Topshop, Wallis)
- Benetton
- Ralf Lauren
- Tommy Hilfiger
- Quicksilver
- O'Neall
- Guess
- Gucci
- Diesel...

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Products, services and goods

Task 2

- Products and services delivered to customers.
- Design of a new good (or redesign) offered by the firm: Basic details, usage of production, design documents and House of Quality.



Products and services delivered to customers.

- *“Creativity and quality design together with a rapid response to market demands”*
- Mainly focused on clothing but spreading its activity in homeware and related items
- From grandmother to grand-daughter, a catalog for everyone

The new product

- **A new kind of t-shirt that fits both men and women**
- **Basic Details:**
- Material: specially treated cotton that moves moisture away from your skin.
- Design: special edition by a strange Japanese designer.
- Sized: from XS to XXL to reach the widest market target possible.
- Colour: Huge variety of colours to make it easy to find the one that fits your current clothes.



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Quality management

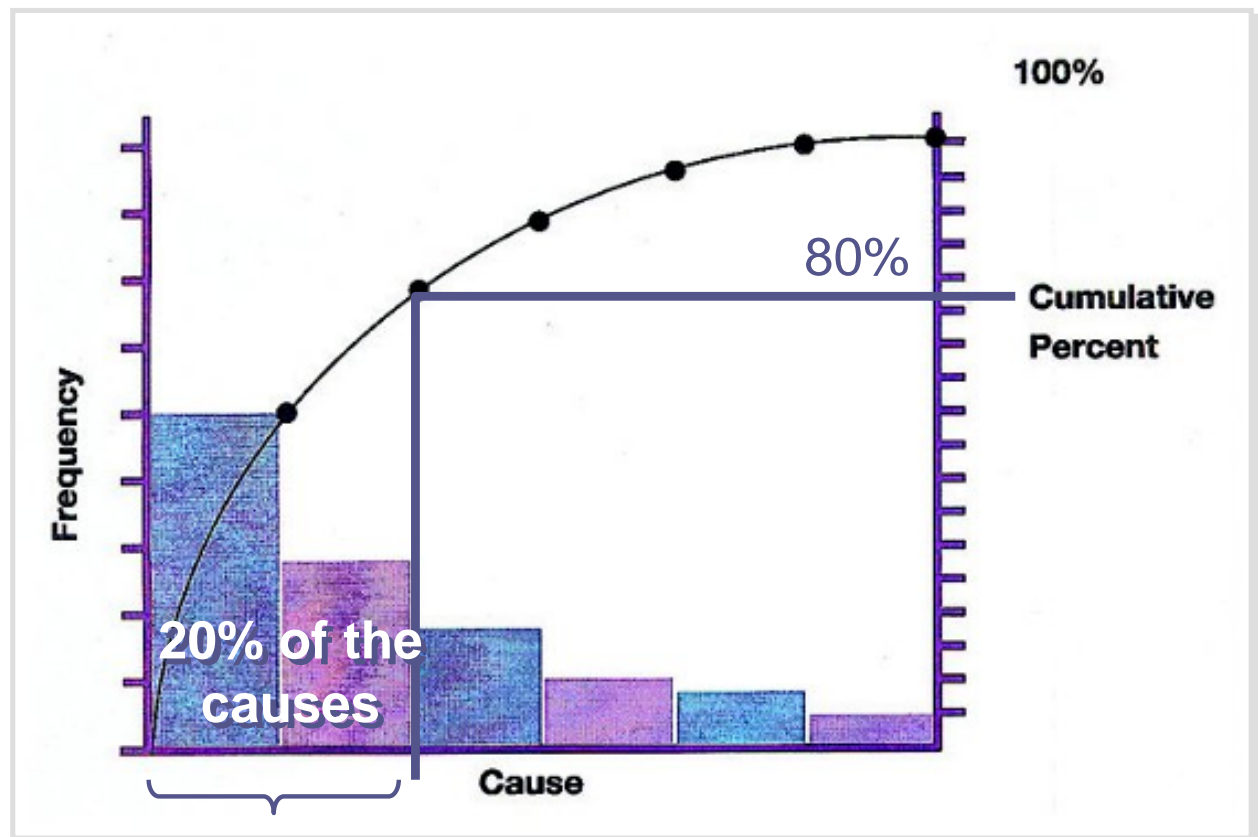
Task 3

- Find some cases applications of the quality tools selected and explained



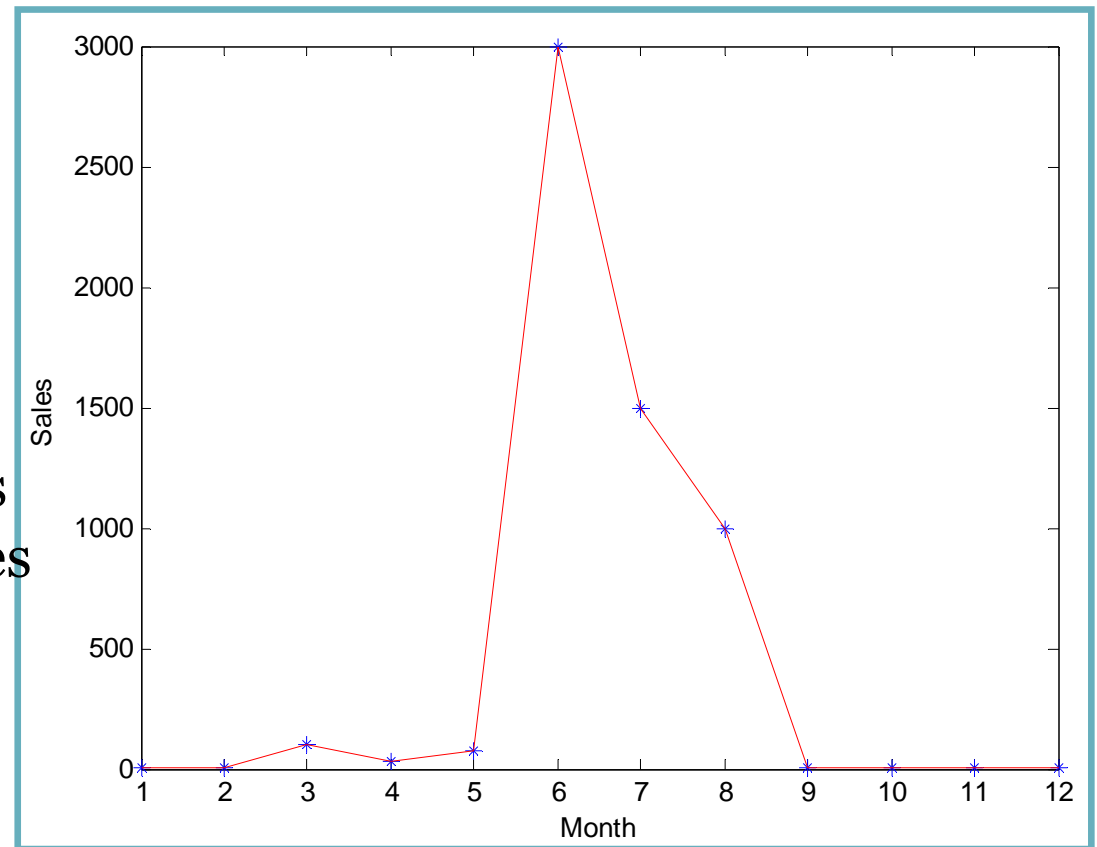
The Principle of Pareto

- It says:
 - 20% of the costumers will buy 80% of the clothes sold
 - 80% of the costumers will buy 20% of the clothes.
- We will identify this 20% who spend more, and **attract them**
- Also: 20% of our articles are sold 80% more than the others.
 - identify and manufacture these more than others



Scatter Plot

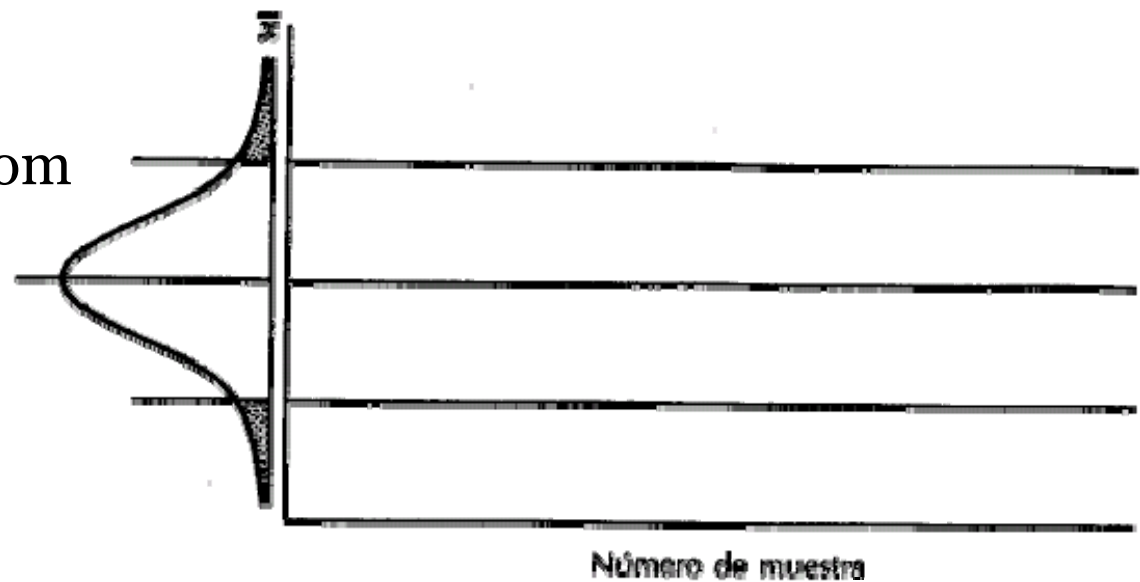
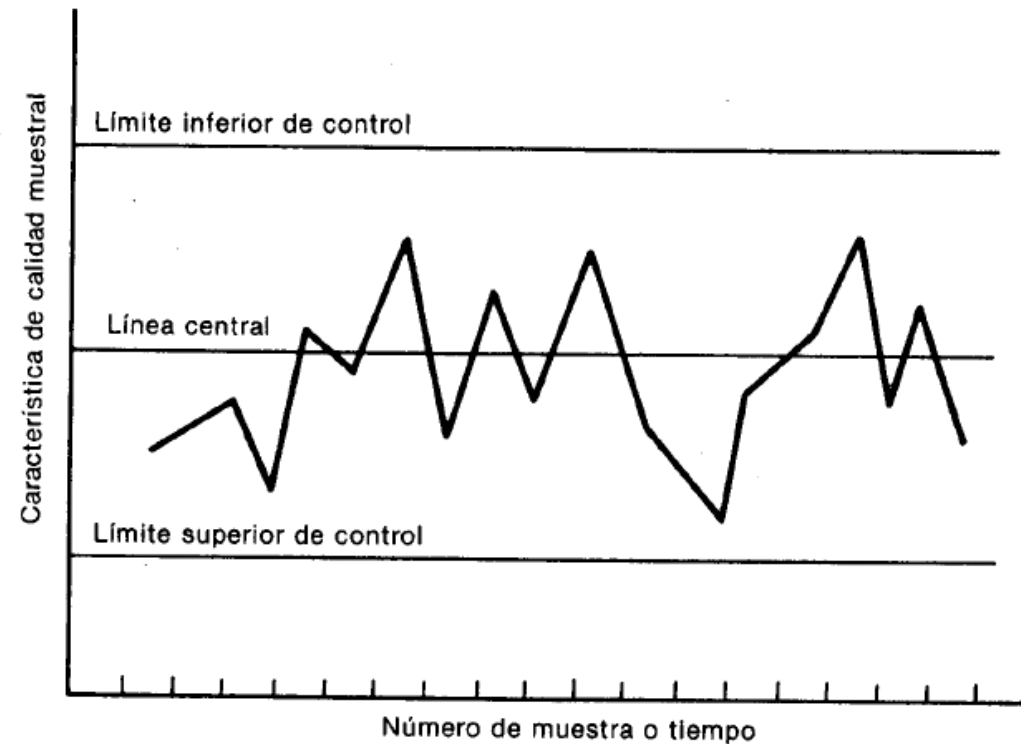
- The **Scatter Plot** is very useful to view the correlation between different kind of aspects which affect the company. One example of this is to relate the number of sales of swimming trunks with the months of the year.



Month	J	F	M	A	M	J	J	A	S	O	N	D
Sales	3	2	100	30	75	3000	1500	1000	3	6	8	1

Control charts

- We can use them to measure some sorts of quality of the clothes like the resistance of the seams.
- The quality of article is a random variable and the percentage of articles defectives depends of the distribution of these random variables.

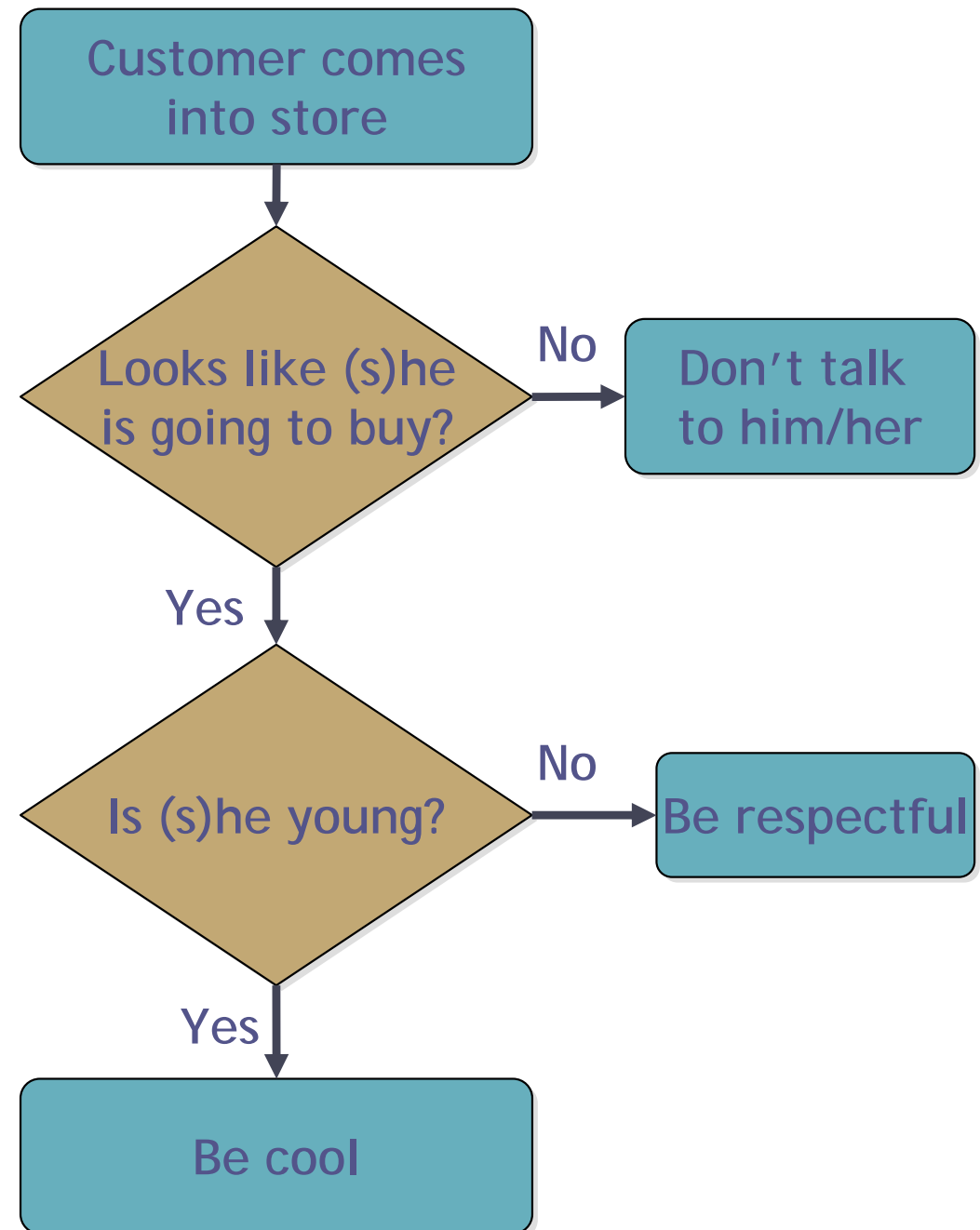


Flow Chart

- A can be very useful in our own company, for example for to give advise to our employees about how to behave in front of potential customers

Cause-and-effect

says a tiny changes in our stores can achieve some effects which will increase the sales. For example if in the places where there are male clothes there are woman helping and vice-versa the sales will increase.



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New product strategy

Task 4

- Select and describe the process suitable strategy for the product and service designed in Task 2.
- Process Analysis and Design Questions



Process strategy

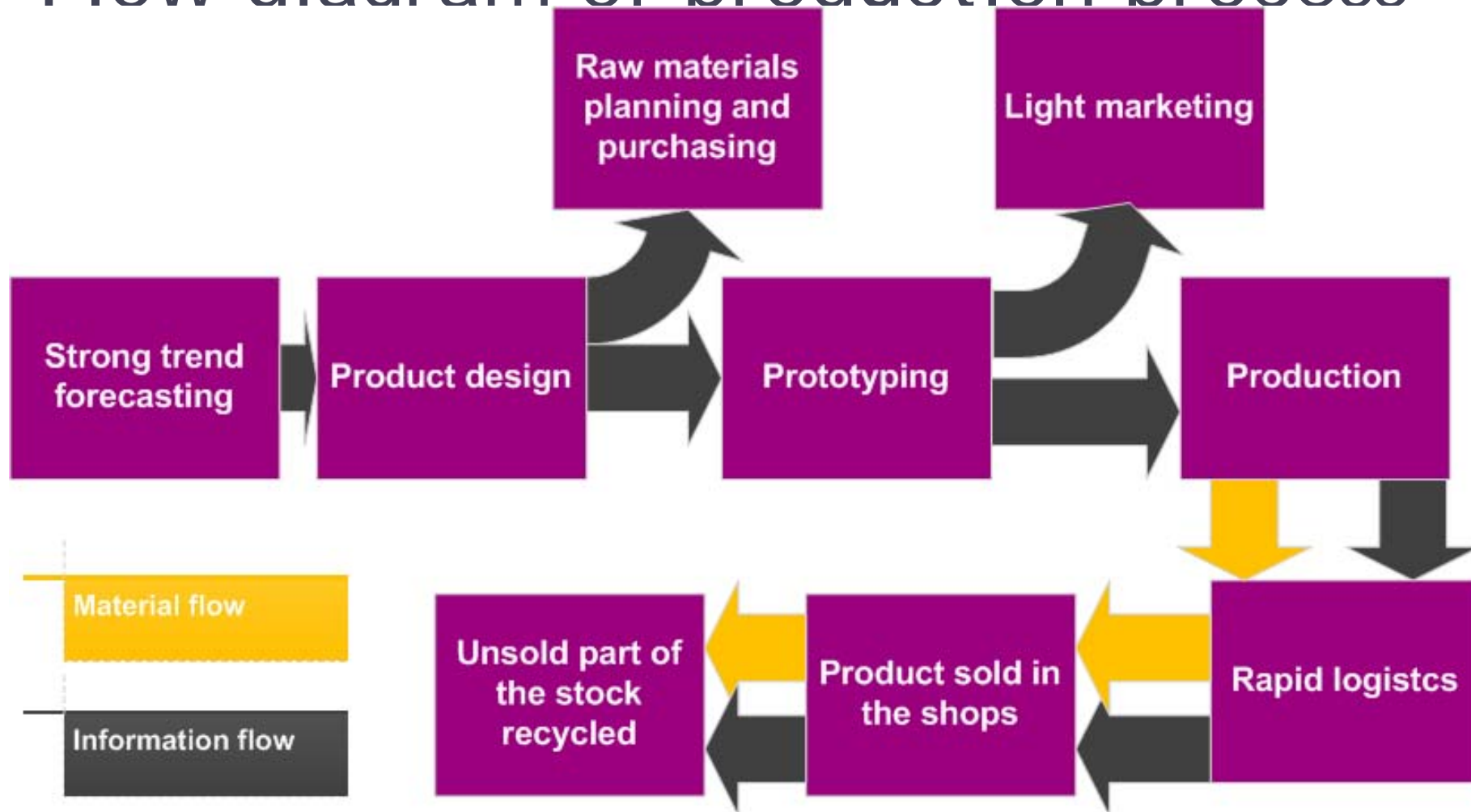
- **Chosen strategy: mass customization**

(takes advantage of: repetitive focus, process focus and product focus)

- **High volume** (but low volume per single shop),
- **High variety** (many different models and sizes),
- **Very short product lifecycle** (to meet the particular customer's needs and fashion)
 - Modular design (e.g. some products have mutual patterns)
 - Lean production
 - Effective scheduling
 - Rapid logistics (JIT model)
 - Short selling time



Flow diagram of production process



Equipment and technology used

- **Production equipment:**
 - Flexible Manufacturing System (FMS)
 - Advanced production management & scheduling system,
 - The most efficient machinery combined with the manual production,
 - Robots,
 - Quality control machinery
- **Logistics:**
 - Automated storage and retrieval system,
 - Advanced tracking & scheduling system,
 - RFID identification,
- **Design:**
 - All products designed with CAD software.



Competitive advantage

- Product's competitive advantage achieved on the basis of product differentiation strategy mixed with innovative processes design.
 - **Differentiation:**
 - Superior design,
 - Quality,
 - Marketing (the brand),
 - Medium price.
 - **Innovative processes design:**
 - Incredibly short Product Life Cycle (product is being designed 3 weeks before it gets to the shops)
 - Extremely fast logistics (including JIT system)
 - Low product volume per shop (clients can't wait for the sales, higher margin)



Environmental sustainability

- Product's materials fulfilling all of the environmental standards,
- Use as many *recycled* materials as possible (if they fulfill the quality requirements),
- Materials as *recyclable* as possible,
- Taking into account the environmental impact through the whole life cycle of the product.



Questions for Process Analysis and Design



- Is the process designed to achieve competitive advantage in terms of differentiation, response, or low cost?
 - Yes, in terms of differentiation.
- Does the process eliminate steps that do not add value?
 - Yes, the processes concentrate on adding value.
- Does the process maximize customer value as perceived by the customer?
 - Yes (short life cycle, lean production, more adjusted product design)
- Will the process win orders?
 - Yes, it already does win the orders.

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Technology and its benefits

Task 5

- Analyze and describe the tech side of your company.
- Reflect about the possibilities of Internet as a channel distribution for your products.



Technology Resources

- Production Process
 - Mass-production for cheaper raw materials and production
 - Production in Low Cost Countries
- Hi-tech facilities
 - Dye and cut fabric
 - Compatibility of the machines
 - Automatized production

Global Design

- Use of computers to interactively design products and prepare engineering documentation
- Centralized decisions about design (colour, material, presentation,...)
- Centralized acting of the purchasing department (prices, locations, materials,...)

Logistics of Distribution

- Integration of traditional internal information systems as well as enhancement of communication between organizations
- Internet-based systems to realize global manufacturing, delivery, and after-services activities
- Combination of Internet and e-commerce to improve the value delivered to the customer, interacting with suppliers, and managing its employees

Use of the Internet

- Less time for development of new products with virtualization
- technical collaboration and transfer of information to and from the provider
- Improved information systems and enhancement of communication between organizations and the different locations of the company

The Webpage of ZARA

- Online Catalog
- New products
- Fashion News from all over the world, tailored to the particular needs of ZARA
- Motivation of the consumers to buy something
- Information about the nearest shop
- Customer service (exchanging of products, ordering of customer cards...)

Possibilities of e-commerce

- Online shop
 - Guaranteed actuality
 - Customer Relationship Management
 - User accounts
 - Newsletter
 - Feedback forms
- Online shipment tracking
- Cost savings
 - Less personnel
 - Possibility of locating the warehouse in cheaper areas

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New technology in business

Task 6

- Consider the implications of Twitter for your business.



- What is twitter?
 - Online real-time microblogging service
 - Short-messaging (140 characters max)
 - Broadcast type (no need to answer)

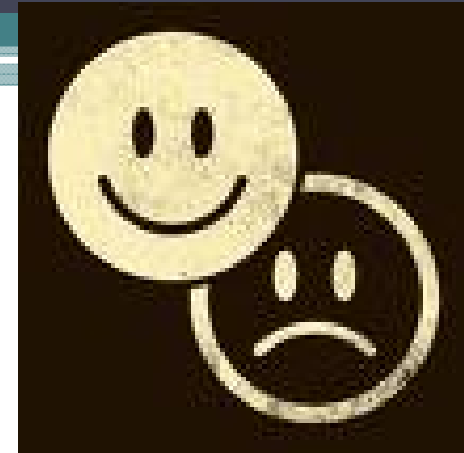
The image shows the word "twitter" in a stylized, rounded, blue font with a white outline and a slight drop shadow, giving it a 3D effect. The letters are lowercase and the overall style is clean and modern.

twitter

- Not yet widespread
- Possible uses:
 - Shop to warehouse
 - Warehouse to warehouse
 - Client to shop
 - Group mates



twitter



- **Pros**

- Saves time:
 - non responding destinator
 - Short message – short to read
- Higher performance
- Faster response time

- **Cons**

- Wireless infrastructure needed
- Twitter-dependency
- Many other communication ways already in use
- Not widespread

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Thanks for your attention

Any questions?

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