

REVIEW ARTICLE

ANALYSIS ON THE OPERATION AND SUPPLY CHAIN STRATEGY OF THE FASHION GOODS INDUSTRY UNDER NEW RETAIL

Qin Lv*

Sydney Institute of Language and Commerce, Shanghai University, Shanghai 200000, China

*Corresponding Author E-mail: virgita@163.com

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ABSTRACT

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The footwear industry is a typical fashion industry. Multi-brand, niche, multi-category, small-volume and other consumer trends continue to affect the supply chain of the footwear industry. This paper first analyzes the supply chain of well-known footwear industry Crocs, the industry benchmark Zara, and then explores China's well-known network red operation supply chain strategy in the past two years. Finally, taking Crocs as an example, the strategy of the future supply chain of the footwear industry is discussed.

KEYWORDS

fashion goods, footwear industry, supply chain strategy.

I. INTRODUCTION

The irreversible trend of the times of multi-category and small-volume is of great significance to the supply chain of the footwear industry. Traditional shoe and apparel companies need to learn from new technologies to enhance their abilities. Not only Zara, H&M and other fast fashion brands have accelerated, but also emerging e-commerce companies such as Asos and Boohoo have joined the big cake [1]. The intensity of e-commerce competition and the irreversible digital trend make the traditional shoes and apparel brand difficult, and only by constantly exploring and making progress. Can we continue to survive? New retail sales are coming, most of the shoe and apparel companies have realized omni-channel operations, and they have not missed any opportunities for channel expansion.

2. WELL-KNOWN INTERNATIONAL FOOTWEAR INDUSTRY SUPPLY CHAIN

2.1 Crocs

Crocs uses supply chain improvements to change the rules of industry and create new belief [2]. 1) Put forward a energetic brand with interesting looking, fantastic product at an early stage in the company's life. Developing a supply chain provided a competitive advantage. 2) Season production. Traditional industry practice was for retail distributors to place plenty of orders for each season's inventory before demand, and has no ability to react to changes during the selling period. The crocs Model did not Add these limitations on retailers-the company could satisfy new orders within the season, quickly making and transporting new product to retail stores. 3) Adaptative (Flexibility).Flexible supply chain which made the company to produce additional product to satisfy new orders on time during the selling season, promising it to react to sudden high demand4) Agility. They focus on customer needs. If the products sell very well, they will add the manufacture orders in season and will be put on the shelves in short period. 5) Combination of outsourcing/in-house. Third parties in Asia are qualified. They are not only elastic but have enough capacity. They make progress very fast and share difficulties with crocs. Snyder adopted company-owned

manufacturing operations in Mexico and Italy.

The production of crocs are integral, and independent for knowledge, dependent for capacity, so outsourcing is an option. Thus, like EMS companies, outsourcing production to Asia factories is reseasonable. It'll be helpful to improve the efficiency of the supply chain. If a contract manufacturer did not meet Crocs's requirements for flexibility and rapid response to demand, it would move to an entirely company-owned manufacturing facility to get quick response to customers.

The impormant improvements are: 1. Taking over production; Global Contractor manufacturing; Bring global supply chain in house(set up production close to emerging market) 2. Adding factories in Vietnam; closed Canadian plant and using Mexican production. These actions help crocs grasp the supply chain and achieve crocs's requirements for flexibility and rapid response to demand. 3. Product line expansion: acquired a golf shoe company, adding accessories, apparel and over 90 styles of footwears. These acquisitions further increased the company's product types, and developed new products. The combinations make crocs have rich products that can meet the consumer's need better.

2.2 Zara

As we all know, the market response time is very important to a clothing company [2]. Zara's parent company, Inditex, is very high in terms of supply chain rankings, basically in the top three in the core supply chain. Inditex has factories in Spain and a vertically integrated strategy, with its vertical integration from the beginning of the dyeing process to the entire supply chain process of garment processing. Zara is different from Gap, H&M and other companies. Although they seem to be the same, they are all fast fashion brands. But there are very big differences in nature.

Zara's designers may pay attention to pedestrians on the road when they are shopping. They will also go to Fashion Week to find out what big brands are focused on. With the popularity of social media. Zara will also go to social media to find new ideas for fashion design that consumers may accept or may be popular in the future. Zara will arrange about half of the products to be carried out according to plan, and about half of the

products will be appropriately improved according to market dynamics.

In order to reflect the response to customer needs, Zara adopts a fast-response supply chain for fashion models. In order to reduce costs, a low-cost supply chain is adopted for basic models. Some products remain undyed, so you can be sure to follow the changes in the season and make design changes at any time. Of course, according to the theory of strategic sourcing, the dyeing process outsources to the core dyeing suppliers. According to the classification of the Klaliji matrix, it should be a key product. The relationship between Zara and dyeing suppliers are strategic partnerships. Among them, the leveraged goods should have high value and the risk is small. For example, the raw material cloth needs to be considered about a large reduction on the cost as much as possible. Another type is exclusive purchase, such as the clothing button and the auxiliary material. They are low-cost, low-risk product-conventional products, the transaction process should be electronic as far as possible. For products with high risk and low cost, they are called bottleneck goods. For such goods, it is necessary to prevent out of stock and ensure continuous supply.

Zara's high-end large-scale buyer team is difficult for general companies to perform. Zara is cheap and stylish, and in China, we rarely see companies like Zara. Because Chinese designers are mainly from art colleges. They are very high-spirited, have the characteristics of artists, and design their products based on their own feelings. Moreover, the product development of Chinese clothing enterprises is too early in advance of market demand, which is impossible to achieve consumer satisfaction.

Of course, ZARA is very hot. In China, there are also many followers who hope to become China's second Zara, but unfortunately, the results are not satisfactory. However, there are also some Internet companies in China that imitate Zara, and there are certain results. For example, Vanke mainly learns Zara's design and procurement. For example, he chose the fashion capital of Korean designers. These designers also go like Zara.

Another men's wear company, Binbao BENBO, is also a familiar menswear brand. It also imitates Zara's Internet thinking model. Binbao does not order in the traditional way, learns Zara's ability in systematization of supply chain, shortens lead time and products market. time. Like Zara, it takes the cheap route and is loved by young and fashionable male consumers.

3 INTERNET CELEBRITY CLOTHING -COMMERCE SUPPLY CHAIN IN CHINA

3.1 Gao Fan e-commerce supply chain transformation

Gao Fan e-commerce is Taobao's online red merchant. One of the major events in China's Internet e-commerce is double eleven. Many e-commerce companies that are not well-known have achieved outstanding results in the double eleven [4]. Gao Fan belongs to one of them. On the surface, Gao Fan looks like a general e-commerce, and also gives consumers some sweet tastes, such as red envelopes, special promotions, etc., through these activities to attract consumers' attention. However, unlike general e-commerce, Gao Fan analyzes the relationship between the data generated during the sales process and consumer demand. For example, consumers will not put the goods into the shopping cart, will put the goods into the favorites. The company independently developed an information system called "Tianlu", which can collect all kinds of data scattered in the e-commerce process, including the number of pages viewed by consumers, how many consumers will join the wish list.

Inventory risk has always been a high concern of enterprises, and high inventory risks will bring unnecessary costs to enterprises. In order to achieve this goal, Gao Fan e-commerce has proposed a new model called ball-free running. This mode adopts a term on the football field. This activity is done together with the players who got the ball. Gao Fan's role in the supply chain is like a football player running with the ball, always preparing goods such as fabrics and linings, and preparing these materials in advance, if Gao Fan informs the supplier that the fabric needs to be specific. Attributes, suppliers start to produce.

Another issue that deserves attention is that in the winter season,

especially in the cold winter, where demand for down jackets is particularly strong, suppliers may face shortages. In this way, Gao Fan needs to place an order in advance, allowing suppliers to achieve production capacity through balanced production and early scheduling. The market demand is that there are many batches and lots of small batches, and Gao Fan orders according to market demand. At the same time, members of the supply chain have strengthened multi-party coordination based on real-time information sharing, and Gao Fan's supply chain cycle has been shortened by a quarter.

3.2 Handu clothes house

According to the sales situation of the products, Handu Yishe divides the products into four categories [5]. The classification of merchandise sales is mainly determined by combining sales, profit, customer scoring, and order quantity. Taking into account the above factors, the product sales ranking is based on the internally set formula. It is decided whether to continue to add production or discount according to the ranking.

Many clothing companies still use the traditional workshop system, but Handu clothing is not a new cut, using a group system, which breaks through the traditional redundant organizational structure. Each group includes a professional who designs clothes, an employee who is responsible for communicating and coordinating with upstream partners, and one responsible for online layout and sales. The team is very small, and the team is responsible for its own profits and losses. The assessment of each team is also linked to business performance. Similar to Zara, in Handu, the designers are directly facing the market, and the same is the customer's quick response mode. Marketing and merchandising managers also work with designers to perform their respective duties. What cannot be ignored is that the relationship between the groups is characterized by excessive competition, so that there may be contradictions in the distribution of advantageous resources such as people and property. This department will try to balance resource allocation, avoid intensification of conflicts between groups, and promote the benign development of the group system.

4. EXPLORING THE FUTURE OPERATION AND SUPPLY CHAIN STRATEGY OF THE FOOTWEAR INDUSTRY-TAKING CROCS AS AN EXAMPLE

Crocs should consider the unknown-unknown risks and global risks altogether and find the different tactics for the risk of each type. Managing unknown-unknown risks: Invest in redundancy, increase velocity in sensing and responding, create an adaptive supply chain community. Managing global risks: speculative strategies, hedge strategies and flexible strategies. As exchange rates, duty, labor cost, and so on, change, manufacturing can be relocated. The footwear industry was subject to considerable duties. Flexible factories and excess capacity can be used to shift production from region to region to take advantage of current circumstances. Hedge strategies-Introducing New Products. Using hedge strategies, a company designs the supply chain in such a way that any losses in part of the supply chain will be offset by gains in another part. Hedge strategies, by design, are simultaneously successful in some locations any unsuccessful in others.

The aspects to affect the decisions from the management team. 1) Cost of production will help the management team to decide self production or outsourcing, offshore production; 2) Lead time (Manufacture+transportation+cross border); 3) Availability of materials; 4) Proximity to customers; 5) IP security. 6) Transportation can provide the free warehousing, therefore choose transportation mode can help to reduce the inventory at retail side; 7) Decentralized production in different counties to put the inventory at the site of market to improve the responsiveness and flexibility; 8) Demand driven forecast; 9) VMI; 10) ATO, Assembly to order, postpone production. The management team should take the above factors into consideration altogether and endow each factor different weight according to the real case to make a correct inventory decision.

In consideration of reducing losses, Crocs has recently considered closing several production centers overseas, and has also closed a large number of stores, which is about one-third closed [7]. Recently, the last two manufacturing centers located overseas will be closed to improve profitability. Since then, Crocs has considered the production

of all products to be produced by other reliable businesses, and will transform the e-commerce business. In the future, Crocs also develops diversified products, and its products expand from Dongdong shoes to the shoes fit for other four seasons. The business performance of Crocs has been significantly improved in 2018, and various business indicators have improved, which also means that the Crocs e-commerce business transformation has achieved great success, and also compensated for the losses caused by closing stores and factories. Crocs also acquired the manufacturer of footwear accessories.

5. CONCLUSION

The future trend of the popular product supply chain are shown as follows. 1. Mesh mode. The contact points between the brand and the customer are multi-dimensional, high-frequency, multi-contact. 2. The supply chain must be end-to-end: from design to delivery. 3. Nowadays, many styles of clothing and personalized consumption have become a trend.

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