

## INDITEX CREATES ITS OWN LOGISTICS

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In 2009, Inditex founded Fashion Logistics Forwarders, a logistical firm that takes charge of coordinating, and, above all, consolidating consignments to foreign shops of the different company's brands, but every shop takes charge of its own logistics. Due to these shops are very spread over every continent, the weekly consignments of each one of brands usually involve important extra charges.

The corporative purpose of Fashion Logistics Forwarders S.A. is goods transport, as well as providing services of foreign trade, import, export and custom processing. Like the parent company, it is located in Arteixo (La Coruña). Through this firm, Inditex pursues an improvement of its brands consignments towards destinations without too much presence. The issue was that garments containers sent to some East Europe and Asian countries by Massimo Dutti, Oysho, Zara or Pull & Bear were not full. Moreover, two brands were sometimes sending half-empty containers towards the same destinations.

Therefore, this new firm pursues to improve coordination of consignments with the aim, of taking advantage of a container sent, for example, to an East Europe city by Oysho if it is not full, using the space for sending garments of another company's brand. Thus, Fashion Logistics Forwarders optimizes these transportations, but it also takes charge of redefining routes established by logistical division of every brand for reducing the distribution costs to the minimum.

Inditex logistics department insists that this new firm will not change the group's distribution model, in which each brand designs its logistics depending on its needs. However, it allows improving the distribution of a significant percentage of goods, avoiding extra costs of the previous system.

**Question:** Using the value chain, analyze strategic logic of this decision and its potential impact on the competitive advantage of Inditex.