Impact of Logistics Processes on Competitiveness of Companies

The authors present various concepts of logistics, formulated by a number of different scholars, as an object of scientific research. This paper analyses the main factors affecting international logistics processes and their impact on the company’s competitiveness. After completing the analysis and systematization of scientific literature the appearance of factors, influencing logistics process in practice, are analyzed, basing on the example of a global logistics management innovator – Zara company.

**Keywords:** logistics, logistics process management, competitiveness.

Introduction

Citizens around the globe have become more interconnected than ever before. Information, goods, financial resources and etc. move around the globe at an enormous speed. Goods produced in a most remote corner of the world now can be available to any consumer wherever he is. It became much easier for individuals to communicate, exchange information, ideas, travel and do business wherever he or she prefers. Globalization is the name for this whole phenomenon. In earlier times globalization has been spurred by explorers, travellers, merchants, colonialists and etc., while nowadays the process of globalization is gaining momentum due to rapid evolution of information, communication systems and transport technologies. Trade liberalization, logistics internationalization and financial market deregulation are also significant accelerators of this process.

Companies around the world are constantly facing new and new challenges. As many scholars predict, global competitiveness of enterprises shall increasingly depend on their possibilities to deliver...
customer-adapted products all around the globe in the shortest time possible. Rapidly growing competition, economic slowdown and eventually recession make business around the world even more complicated. That results in steeply increasing demands on logistics systems and supply chains effectiveness. Management of numerous companies are forced to change their attitudes to the most relevant challenges that many businesses must face on a global scale.

The authors of the article agree with D. M. Kisperska’s (2010) opinion that most of the trends in logistics and supply chain management have been already a major concepts’ breakthrough in recent years. Most of them demonstrated their impact in a short period of time while the others occurred to be significant in a longer period. Supply chain management concepts and its rapid globalization, relations management and various strategic partnerships have become important for logistics managers all around the world. The new concepts were not totally implemented in every region of the world but at least some of those concepts became noticeable and most companies implement them for their better performance and apply them in everyday business.

Competition on a global scale worsened due to the fact that trade barriers have been massively reduced. Both reduced trade barriers and the process of globalization resulted in many new competitors on the market. J. J. Coyle et al. (2003) state that customer expectations have sufficiently increased: that results in a demand of faster response times and more convenient and diversified offerings. Consumers of today have the opportunity to compare prices, quality, services and other details via the Internet or other media. Poor quality goods have practically no opportunity to be bought and consumed (Coyle et al., 2003). The authors of the article agree with the scholar’s D. Grant (2006) opinion that in most cases it is not enough any longer to offer a specific product or service that is of a good quality, high technology level and within the right time to the customer. It is rather the added value offered to the consumer that leads to a competitive advantage. The services of logistics have become an important tool offering such added value. Most of other services demands to logistics and its complexity have increased (Ballou, 2004, Coyle et al., 2003).

In today’s business logistics means acting in networks of independent, but interdependent organizational bodies (Christopher, 2005). However, customer orientation and their satisfaction is an absolute prerogative in order to survive in this competitive environment. Logistics managers today remain no longer responsive in their business, but are actively trying to gain market share respond for to defend their position in the market (Soosay, Hyland, 2004; Chapman et al., 2003).

In scientific literature it is mentioned that logistics costs are approximately 25% of all companies’ costs. Companies should draw more attention to their logistics systems effectiveness and efficiency. The more logistics system is efficient the less company’s costs are. Well sized logistics system guaranties optimal activity of distribution cannels in the company. The factors mentioned above gives a company competitive advantage among other rivals. As an example to outline the logistics processes impact on competitiveness of a company, the authors took ZARA company.

The aim of the article is to highlight the factors that influence processes of
logistics and create competitive advantage (in the case of ZARA company).

Tasks:
- To carry out a theoretical analysis of logistics and its concept.
- To identify and thoroughly analyse the factors that effect logistics processes.
- To outline the impact of logistics processes on competitiveness of ZARA company.

Object of the article: logistics processes in the context of companies’ competitiveness.

Research methods. Analysis of logistics processes and its impact on competitiveness of a company, the method of critical analysis and systematization of scientific literature was employed.

Theoretical analysis of logistics and its concept

According to D. M. Lambert and J. R. Stock (2002), few areas of study have more significant impact on a society’s standard of living as logistics. The process of logistics affects almost every sphere of human activity directly or indirectly. Logistics is a vital component of a country’s economy since it influences efficiency of distribution, interest rates, productivity, energy costs and availability. Many advanced countries have realized logistics importance and accepted it as an important function of management long ago. As early as P. F. Drucker (2004) viewed logistics as “the economy’s dark continent” and as the “most prominent area of American business”. H. Itami (2006) considers logistics as an essential tool to the success of management strategy. Many scientists dispute, that centrality of logistics function to the firm’s main competencies, costs, services, trade-offs in operations, communication and information systems are three of the major factors in world supply chains that influence decisions of logistics managers worldwide. All the above mentioned information demonstrates how important a good system of logistics is in shaping nations competitive advantage. Never the less, importance of logistics has mainly been overlooked, or comparatively downplayed.

R. B. Handfield and B. Withers (2003) define logistics as the management of all move-store and other related actions as they happen between the points of purchasing and the points of consuming. The authors of this paper think that proper logistics management involves designing an efficient and effective configuration of two dependent networks – product-flows and information-flows. Those shall facilitate the distribution of companies’ products at the right time and place as consumers demand them. To fulfill an organizational logistical mission successfully a company has to organize and perform nine interdependent (five primary and four support) activities in the chain of value creation. It is necessary to mention that two activities of the primary five, i.e. inbound and outbound logistics, and one support activity, i.e. procurement, belong to the very heart of a company’s system of logistics.

M. A. Razzaque (1997) states that development of the logistics system in any economy may be viewed as an evolutionary process. Starting with a primary, low level system that is characterized by limited storage and movement facilities forcing consumers to live near the production source, the system of logistics gradually develops over a period of time to meet the changing requirements for logistics of a given economy. Needless to say that
The system of logistics of the company is basically a micro-system that holds on the ground framework of the macro system of logistics of the county. If an economy does not have a proper basic network of dependable warehousing, transportation, communication and other inter-related facilities, desired network configuration of the firm can be quite difficult. Various scientific literature reveals that many less developed economies have a lack of suitable environment to the development of a proper system of logistics.

**The evolution of logistics.** In numerous scholarly works the authors found out that the importance of activities of logistics becomes more and more essential to the further development strategy of a company. Mainly, cost and/or service trade-offs and the quality of systems of information along the marketing channel are ones of the factors, that influence a companies decisions to outsource some or all of their logistics functions (Christopher, 2003). Services of logistics can involve any or all of administration, information technology, warehousing, logistics integration, financial service management, transportation management, inventory

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EXPLANATION</th>
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<tbody>
<tr>
<td>Transportation - Based</td>
<td>Services extend beyond transportation to offer a comprehensive set of logistics offerings</td>
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<td></td>
<td>Leveraged third party logistics (3PL) use assets of other firms</td>
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<td></td>
<td>Non-leveraged 3PLs use assets belonging solely to the parent firm</td>
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<tr>
<td>Warehouse - Based</td>
<td>Many have former warehouse and distribution experience</td>
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<td>Integrated logistics has been less complex than for the transportation based providers</td>
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<tr>
<td>Forwarder - Based</td>
<td>Essentially very independent middlemen extending forwarder roles</td>
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<td>Non-asset owners that capably provide a wide range of logistics services.</td>
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<tr>
<td>Financial - Based</td>
<td>Provide freight payment and auditing, cost accounting and control, and tools for monitoring, booking, tracking, tracing and managing inventory</td>
</tr>
<tr>
<td>Informational - Based</td>
<td>Significant growth and development in this alternative category of Internet-based, business-to-business, electronic markets for transportation and logistics service.</td>
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Source: made by the authors.
management, import and/or export activities, etc (Copacino 2006). Thus a provider logistics services has service based types, which are presented in Table 1.

Attention to logistics has been growing over the past decade as a result of the increasing trend of global logistics (Copacino, 2006) and can be clearly noticed by the volume of writings on the subject in scholarly work and various publications. Referred to as “one of the most widely discussed contemporary topics in the field of business logistics” (Lieb, Bentz, 2005), processes of logistics represent a specifically defined contractual relationship that depends on the providers of logistics capability to meet the goals of buyers. The authors of the article indicate that providers of logistics services can offer logistics expertise as well as cost advantages to individual firms, because they provide an opportunity for firms not to invest the necessary capital in costly equipment of logistics such as warehouses, trucks, sorting equipment, etc.

The authors of this paper hold an opinion that the main principle of all these strategic logistics issues is the fact that companies taking part in supply chain need to reconsider their operations in order to adapt to changes inherent in a logistics strategy. One of the most practical ways of implementing this is to adopt an approach that is process oriented (Bowersox et al. 2002; Cooper 2001). An increased emphasis should be placed on processes that cut across functional barriers. In practice, this requires an integrative approach to management of supply chain.

In order to implement this integrative approach, many companies started forming logistics alliances with providers of logistics services (La Londe, Cooper, 2003).

Logistics is gaining momentum in more and more enterprises around the globe which face difficulties in managing their complex supply chains. Using logistics services, enterprises are able not only to focus on their business operations, but also achieve economies of scale and improve performance of delivery and gain customer satisfaction.

The logistics concept can be traced back as far as the beginning of the mankind. In Europe, many providers of
logistics services can trace their origins back to the Middle Ages. The authors concentrate on the recent decades, and trace below the evolution of logistics from the year 1950. (See Table 2)

The authors of this article would like to point out that trade globalization has led to the merging of previously distinct services into one integrated operation. In the past importers and exporters had their own warehouses and one was used for customs, and the other one for freight forwarding. Over time such services merged into full service providers.

Today, any freight forwarder that does not provide the full complex of transport, warehousing and distribution services has to struggle to stay on the market. Today the international market is dominated by enterprises that have worldwide networks and are open and alert to changing customer needs.

**The concept of logistics.** Logistic systems can be integrated and disintegrated. Figure 1 below describes the distinction between them. The left side characterizes former way of dealing with the complexity of logistic systems by disintegrating the systems, when other more simple systems are created which are easier to handle with different techniques. The right side characterizes another, most popular in today’s business, approach to system design: allowance of system integration. This results in a more complex system, which can be characterized by improved exchange of information (vertically and/or horizontally), needed to handle this integration.

The ordinary logistics system is easier to manage and maintain but there are certain limits to it. The main question is how efficient such a system can be. On the other hand, a complex system is
currently hard to manage and control, but has a potential to be flexible, effective and profitable.

Figure 2 below characterizes two essential participants in a logistic system with their separate points of view of how to manage the system’s information and complexity.

The above mentioned respective views are derived from various purposes and business aims of the participants. The triangles roughly describe the proportion of importance to them. The shipper is more considered about thorough, valid and precise information about the transport and the cargo itself. However, the shipper is though not so much concerned in how the actual logistics problems, for example, capacity are solved. On the other hand, the forwarder is more worried about proper transport capacity and easiness to manage the system. That is called the concept of logistics.

**The factors effecting logistics processes**

Recent inevitable changes in global business are highlighting the important place of logistics in the development of global business and transnational corporations. In numerous sources of various scientific literature on logistics, it is noticeable that many developing countries has a lack of logistics facilities. The task of developing a proper and convenient logistics system in such countries need specific efforts both form governmental and private sectors. The authors of this paper imply that the most important factors of making logistics processes more useful and effective are: time value in logistics, technology in logistics, logistics as a competitive advantage.

**Time in logistics.** It is common that industrial clusters, cities are situated around important ports or other spots of
transport networks. Guaranteed access to industrial inputs, medicines, food, basics, and markets goes together in a line with in explaining the place of economic activities. On the other hand, advanced communication has led to accelerated clustering (in geographical dimension) of economic activities while the most peripheral countries on the globe have become even more economically remote and distanced over a period of time (Redding et al, 2003). The authors would like to emphasize a few contradicting paradoxes: first due to the fact that transport, finance, communication and other trade costs have come down over recent years, trade between countries and industries has increased nevertheless trade costs remain serious factor in selecting location of production. According to the calculations of the World Bank (2005) global trade has jumped from 23% to 47% of world’s GDP from the year 1960 to 2004. Second, remote economies have become comparatively more economically separated as transport infrastructure and logistics networks have improved in certain regions. Better roads encourage investment in larger vehicles with which remote areas are sometimes unreachable; greater harbours encourage investment in larger and quicker means of shipment equipment that is forced to bypass smaller ports and etc. Most developing economies face difficulties in integration into global markets and need many efforts from both private and governmental sectors as far as availability and quality of transportation and other types of logistics services are concerned.

As the world’s economy is slowing down, retailers, suppliers, manufacturers, and merchandisers have to gain every pound of efficiency from their actions. However striving to cut costs, sometimes the fact that time has on the ability to sell more goods and services or to reach higher efficiency is overlooked.

The authors imply that the most precious commodity in probably all businesses is time. Trying to optimize the supply chain it is essential to concentrate not just at reducing of costs. A real supply chain excellence can only be reached by calculating the time it takes for every logistics operation element.

Time as such has two different effects on trade: firstly, it determines whether a manufacturer shall enter a specific foreign market. Secondly, the volume of trade when a market is already entered is heavily affected by time.

There are three main issues of time

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**Fig. 3. Time and logistics**

that must be taken into consideration when disputing the importance of time in logistics: (see Figure 3).

Lead-time is the period of time between the order placement and the receipt of the product order. It depends on the characteristics of goods, for example, whether it is manufactured after the order is placed or it is a product that already is in the warehouse. Lead-time is also dependant on the quality of planning of logistics services, management of the supply chain, and certainly the distance between consumers and suppliers. Sometimes lead-times can be quite lengthy, but that is not necessarily a big problem if the delivery is predictable and the demand is steady.

Just-in-time refers to a method of organising manufacturing where inbound as well as outbound resources are kept to an absolute minimum and inputs appear at the place of production at the very spot where they come into the process of production.

The variability of time is calculated by the statistical variation in the time of supply. The more inconstant time of the delivery, the greater amounts of stock are required. As a result, even if the medium lead-time is low, a high variability can make a supplier less competitive and can do more damage than having prolonged, but predictable lead-time.

The costs of logistics have both dimensions: financial and time. The latter is becoming increasingly significant. Most providers of logistics services have skills how to cut costs, but only a very few possess the ability to manage the time it takes to carry out each operation of the supply chain in an effective way. Most of today’s 3PLs offer expedited solutions only as an addition to common services. This attitude can be not so effective, because of the natural tension between more standard modes that are more efficient and expedited solutions that have higher costs.

Most of firms acting in the sector of logistics are proud of their ability to gain economies of scale. But advanced providers of logistics services are completely concentrated on saving their client’s time.

For example – stripping containers (a standard function of a supply chain) come into a specific place and are devanned as a part of normal workload of the business day. An advanced logistics services provider shall work out this load at a defined time in a strictly defined time frame, aligning the operation of distribution with schedules of transporter in such a way that products can get to market as soon as possible.

Assembly services can be another example of how advanced 3PL specialists can increase efficiency and sales. For instance a consumer electronics company is planning to launch a new product on the market for the new season. A retailer of electronics operating many department stores gives the prime display floor space for a specified period of time. The provider of logistic services must assemble and fill these displays with new goods to all stores of the retailer at the same time.

At the time when the goods are assembled and shipped, members of the deal can invoice between themselves quicker, improving their cash flow and gaining maximum marketing effect to consumers. Advanced providers of logistic services provide the competitive advantage to firms that are willing to employ a partner with expertise in this field.

The authors of the article hold an opinion that every section of the supply chain must be divided down in time values. It is useless for a producer to have a tough
timeline for transportation and at the same time have no control over the time frame for other components of logistics. As each part of a supply chain is tied to a time frame, firms can easily increase the logistics policies effectiveness and gain a bigger value of marketing efforts.

All modes transport must be administered using a comparable time concept. Sea freight, for instance, has a longer time frame than air freight, but time value should be put on this mode of transportation.

Technology in logistics. The authors of this article state that effective supply-chain management can become a serious tool in gaining competitive advantage over the rivals. The principle aim of a supply chain manager must be: linking the channels of distribution, the end client, the procurement activity and the production processes in an effective system so that the customers service expectations

![Diagram of Integrating IT into Logistics](source: J. R. Stock, D. M. Lambert (2003)).
are exceeded and at the same time at lower costs as those of the competitors. One of the enforcing factors for the achievement of this result is the proper implementation of information technology. Figure 4 illustrates how information technologies are integrated into processes of logistics.

The use of information technology in managing logistics plays an important role in making a company successful. Various studies on supply chain management reveal that the company’s success is heavily dependent on efficient sharing of information (Knill, 2008). For example, J. R. Stock D. M. Lambert (2003) study revealed that 87% of companies trusted logistics information technology (LIT). Logistics information technology (as a tool for information exchange) plays a vital role in a company’s management of supply chain strategy – state scholars D. Dranove and D. Hogan (2008). Having in mind that strategies and operations of supply chain management span customers and suppliers, IT technology must join the supply chain in a unified system. According to D. J. Bowersox and R. J. Calantone (2001) the most important LIT benefit is better and faster interaction between supply chain partners, thereby increased effectiveness of supply chain. Scientific investigation of LIT functions and benefits related of dynamics of supply chain is needed to define the real trade-off between LIT implementation and performance of the supply chain. LIT is also very important in the relationship with downstream companies as well. Never the less, this point of view is no longer appropriate justification for top management of a company as the substantial level of prior investment. Therefore, there is an increasing demand for more empirical justification of LIT-specific investments (Torkzadeh, Doll, 2002). Examining IT technology in a more detailed way, such as spreading down IT technology into its main dimensions, may be a valuable method to define further justification.

Several recent researches have revealed internal and external supply chain elements that are very influential in achieving competitive advantage (Liedtka, 2006; Stank et al., 2006). D. J. Dougherty (2004) has analyzed the impact of internal/external integration on information and technology traffic. J. M. Liedtka (2006) points out that increased profits and increased competitiveness can be achieved when integration is spurred by better exchange of information. It is noticeable that a synthesis of coherent literature supports the logistics information technology segmentation into internal and external dimensions. On the other hand, previous analyses have resulted in limited evidence regarding the width and trustworthiness of these dimensions (Keller et al., 2002). The above mentioned scholars colligated a number of logistics related IT scales. The scientists suggested the following gradation: using only the general “information technology” notion, very multifunctionaly focused such as with warehousing or transportation, focused on individual technologies. Previous examinations have revealed little evidence regarding the trustworthiness of these dimensions. Examining logistics IT as two separate (internal and external) elements, provides a valuable method for estimating the connections between client integration and client service performance and logistics IT. The questions of the survey were assigned to external or internal logistics IT grounded on whether the technology supported applications within the company or information exchange across other companies. The next sections
characterize elements of the external and internal logistics IT.

The authors of this paper state that internal logistics information technology includes technologies that improve communication between departments, overall information exchange, and increase the functionality and effectiveness of many processes. Inner IT involves a company's transaction applications and data-banks which are often characterized by the level of timeliness data accuracy, integration and, certainly, quality.

The success of a supply chain is closely dependant on effectiveness of information exchange and its efficiency (Fox, 2006). The pros of information exchange are, reduction of costs, increased responsiveness and decreased extent of uncertainty. Moreover, those enterprises effectively using proper information often develop a tight relationship between manufacturers, suppliers and clients.

T. Stein (2000) points out that internal logistics information technology integration and client integration are essential stimulators of client service performance. On the other hand, external logistics IT integration has a very important influence on client integration and probably indirect impact on client service performance, its direct impact is negative and is opposite to the anticipated relationship. The scientist indicated that client integration has an essential impact since the relationship is very strong. In evaluating the influence internal and external logistics IT integration have on client integration the outcomes are very different. In this case, external logistics IT integration has a noticeably larger impact on client integration, than internal logistics IT integration, which was not important and therefore not helpful for predictive purposes.

**Logistics as a competitive advantage.** Practically all businesses around the world have been undergoing a period of rapid and inevitable transformation. Trends of overall globalization, integration of logistics and communication and information technology development at an enormous speed are all reshaping the world's models of trading.

In order to be competitive on a global market, companies are organising strategic global nets that can guarantee a high quality, effective, on-time response to demand from any sector of the global market. The proper logistics or supply chain management recently has become the glamour of global competitive power.

The authors would like to note that today logistics has become the prime source of a company to make new profits and maintain competitive advantage. There are also a couple of examples where the system of logistics has become the cause of failure in a firm's overall management. The potential of reducing costs and improving the level of services provided to clients can be increased via the elimination of these obstacles. Also, from the social view, an effective system of logistics could offer opportunities to reduce overcrowding of road and pollution of the environmental, which could influence in increased economic productiveness.

Rapidly growing economic units often argue that their functions of logistics can be diminishing their enlargement if the supply chain is not properly optimised. J. B. Barney (2001) indicates that in order to understand the essentiality of logistics it must be viewed from a perspective of competition. Therefore, an enterprise has to evaluate that logistics can be implemented as a serious tool in gaining a competitive advantage over competitors.
When a company accomplishes this task, logistics shall take the role the company needs. It is important not only to realize the significance of effective management of logistics in a company, but it is also vital to have proper skills and knowledge how it has to be organised (Li et al., 2004).

S. Li and B. Ragu-Nathan (2004) state that in order to secure a competitive advantage the supply chain must be managed efficiently and with care. According to the above mentioned authors, there are five essential dimensions of an efficient supply chain: level on information sharing, strategic supplier partnership client relationship, postponement and quality of information sharing. S. Li and B. Ragu-Nathan (2004) have abstracted the capabilities of supply chain management in order to find out how firms should act in order to stay competitive. S. Li and B. Ragu-Nathan (2004) imply that integration within other firms in same sector and long-term cooperation with suppliers and customers are the main characteristics of successful supply chain management. Moreover, they accumulate several other aspects, for example, collaboration with rivals and alliances among the alike. However, S. Olavarrieta and A. E. Ellinger (2007) state that finding a suitable partner for fruitful cooperation within a supply chain can be a difficult task, as the relationship can be complicated and demanding.

J. B. Barney (2005) uses the resource-based standpoint to observe how firms can gain stable competitive advantages. As mentioned before, competition in nowadays markets is not necessarily between companies, but rather between supply chains and their units (Li, Ragu-Nathan, 2004). J. B. Barney’s model encompasses four empiric criteria for the company’s potential in achieving competitive advantage: rareness, imitability, substitutability and value. With a competitive advantage, a firm has better chances for perfecting their supply chain, and therefore sustaining the fast-growth of the member firms.

T. Ahrens (2002) concludes several circumstances when rapidly growing companies could face with some obstacles while carrying out logistic operations. For instance, it can be complicated to know how to achieve the levels of inventory to be optional without always having in mind the often unpredictable fluctuations of the demand. Likewise, the distribution capacity system has to be properly considered to be capable in responding to the always changing customers’ needs. As many corporations expand globally, their strategic decisions concerning logistics shall be of top priority. The cohesion between logistics and other activities – such as manufacturing and marketing, research and development, – in global firms is also thoroughly discussed by M. Kotabe and J. Y. Murray (2004). When satisfactory solutions for these problems are found, it is clear, that the company has made progress achieving competitive advantage from supply chain management.

**Impact of logistics processes on competitiveness of ZARA company**

People around the world became more connected to each other than ever before. Information, finance and etc. move around the world faster than ever. Products produced in a most remote corner of the globe are now available to the rest of the world. It is much easier for people to travel, communicate, exchange
information and do business worldwide. Spurred on in the past by merchants, explorers, colonialists and internationalists, globalization has, in more recent times, been increasing rapidly due to explosive evolution in communications, information and transport technologies. It has also been affected by trade liberalization, logistics internationalization and financial market deregulation.

Spanish based ZARA is probably the fastest growing apparel manufacturer and seller in the world. It belongs to the Spanish group Inditex, which is a global specialty retailer that designs, manufactures, and sells apparel, footwear, and accessories for women, men and children through its chains around the world. ZARA is the largest and most internationalized of the six retailers that Inditex owns: ZARA, Massimo Dutti, Pull & Bear, Bershka, Stradivarius, and Oysho.

Nowadays, ZARA chain counts on 4,264 stores spread in 73 countries and it is considered one of the stores that has reached higher development and became a phenomenon in the fashion world. Because of the black market existence and its fast production and distribution of fake products, companies like ZARA aim to ally logistics in a great style, developing strategies so that their products come first to the well located stores. The authors note that the product lifecycle becomes shorter and shorter, which also creates demands on quick changes in the production. The amount of products in ZARA companies' production is therefore maximized, which makes the systems very sensitive to disturbances. Another important aspect is that company choose to manufacture parts of a product at different locations, where it is most cost effective to produce. This means that the external transports between these factories becomes a part of the company's internal material flow. That's why it very important to the locations of the stores and factories correctly. It is important to build effective and efficient local network of logistics.

The company distinguishes itself with unusual marketing strategy in which logistics plays a key role. Logistics also plays an important role in ZARA’s growth plans, notably its expansion into the U.S. market. Putting the variety of goods on the shelves requires an unusual, though not unique, logistics strategy for the fashion industry. ZARA air expresses goods from its single distribution centre in Spain, usually in small quantities. In ZARA’s strategy the speedy shipments are part of the core strategy. ZARA also ships frequently, allowing lower inventories while serving its multinational market from a single distribution centre in Spain. The authors of the article highlight that the main idea of ZARA company’s strategy – time is valid to enhance business competitiveness to the advantage of all players in the supply chain. However, the gap between theory and practice has taken several decades to narrow sufficiently so as to make a major impact on industrial performance. What is now clear that the time is a performance driver in ZARA company which initially enhances the competitiveness of individual work processes and thence to complete industrial businesses. Particularly when coupled with open information flow, time can multiply to have an even greater effect on supply chain competitiveness.

The density of ZARA’s store locations in Europe helps achieve logistics efficiencies. They can fill trucks for frequent shipment in markets close to production and ship larger quantities by air to more distant stores. ZARA keeps transportation
costs low on the supply side, since most of the production takes place in Spain. This contrasts radically to most large fashion manufacturers, which rely on low cost manufacturing in Asia and South America, but then pay higher inventory costs and move goods to market more slowly.

The air express strategy also allows ZARA to maintain a multinational market presence with only one distribution centre. They trade higher transportation costs for lower warehousing and inventory costs. Add to this the idea that fast transportation supports the product-innovation strategy that is the heart of ZARA's marketing, and the importance of logistics in ZARA's marketing strategy is clear and it creates to a company competitive advantage. The authors hold the opinion that the implementations of logistics management in companies provides optimization of stock, high predisposition of merchandise towards deliveries, order-to-delivery time reduction and an increase of quality, expansion of production flexibility, lowering the costs of production, accelerated capital turnover. This guarantees to ZARA company lower production costs and better quality of deliveries, which is a decisive competitive advantage.

The whole logistics adopted by ZARA to distribute its items. In Europe, when the stores send their orders, they receive the products in the following day with the help of modern technology and communication instruments. In Asia and America they do it in two days. Having in mind that more than half of manufacturing is made in La Coruña, Spain and the items are delivered by truck in Europe and by plane to all over the world. The authors imply that massive increase in the functionality and cost performance of computers and telecommunications equipment has created a wide range of strategic opportunities for progressive organizations like ZARA company seeking to compete in what is rapidly becoming a global market.

ZARA and other companies of Inditex are the indisputable global leaders in the textile sector, under the careful guidance of founder, Amancio Ortega. Many people have tried to recreate its magical formula, but the secrets to ZARA's success have until now been closely guarded.

The owner of ZARA brand in Lithuania (and other Baltic States) is Apranga Group, which is a distinct leader of clothing retail in the Baltic States. At the present moment Apranga Group holds retail clothing market share up to 35% in Lithuania. At the beginning of 2003, the company started its activity in Latvia. In 2004 company expanded to Estonia. In 2010 Apranga Group operates a chain of 107 department stores in the Baltic States: 71 – in Lithuania, 28 – in Latvia, and 8 – in Estonia.

The major shareholder of Apranga APB is the investment holding MG Baltic Investment, which together with the group of alcohol production, wholesale and trade service companies MG Baltic Trade and the real estate management and development company MG Valda embodies the concern MG Baltic.

The development of ZARA chain in the Baltic States is nearly the greatest achievement of Apranga Group over recent years. First ZARA stores were opened in Lithuania, Latvia and Estonia in May 2004, soon after the franchise contract with Inditex Group was signed. At the moment Apranga Group owns 9 ZARA shops in Baltic States. ZARA shops are the leaders among the other companies of Apranga Group.

Due to ZARA's unprecedented logistics
system, based on software designed by the company’s own teams, the time between receiving an order form Vilnius, Riga or Tallinn at the ZARA distribution centre in Arteixo, A Coruña to the delivery of the goods in any store is on average 24 hours. ZARA managers manage stock and oversee dispatch and delivery, so that each point of sale receives what it has requested as soon as possible and in perfect condition. The chain of ZARA in Baltic States is well integrated in ZARA’s distribution platforms to increase Inditex global logistics capacity.

The authors of the article presume the main reason of success is the development of transportation, information systems, communication and telecommunication system in ZARA company worldwide and here in Lithuania. The ability of manufacturers to join the individual consumer preferences together with their production process and system of planning is a decisive factor in the field of competition. ZARA company in Lithuania is one of the most progressive and innovative company in Lithuania. The authors imply that ZARA company is a perfect example to other Lithuanian trade and production companies how the processes in the business field should managed.

Conclusions

From a historical perspective, the development of logistics system in any economy may be viewed as an evolutionary process. Starting with a primary, low level system that is characterized by limited storage and movement facilities forcing consumers to live near the production source, the system of logistics gradually develops over a period of time to meet the changing requirements for logistics of a given economy. Needless to say that the sophistication level of the “evolved” logistics system is largely a function of the countries infrastructure in which the system operates. Economy adapts the logistics system to meet its specific needs.

The costs of logistics have both dimensions: financial and time. The latter is becoming increasingly significant. Most providers of logistics services have skills how to cut costs, but only a very few possess the ability to manage the time it takes to carry out each operation of the supply chain in an effective way. Most of today’s 3PLs offer expedited solutions only as an addition to common services. This attitude can be low effectiveness, because of the natural tension between more standard modes that are more efficient and expedited solutions that have higher costs.

Every section of the supply chain must be divided down in time values. It is useless for a producer to have a tough timeline for transportation and at the same time have no control over the time frame for other components of logistics. As each part of a supply chain is tied to a time frame, firms can easily increase the logistics policies effectiveness and gain a bigger value of marketing efforts.

The use of information technology in managing logistics plays an important role in making a company successful. Various studies on supply chain management reveal that the company’s success is heavily dependent on effective sharing of logistics IT. It is estimated that 87% of companies trusted logistics information technology (LIT). Logistics information technology (as a tool for information exchange) plays a vital role in a company’s management of supply chain strategy.

In order to be globally competitive,
businesses are organising strategic worldwide networks that can deliver an effective and high quality response to demand from any section of the world market. The effective and integrated organisation of such practice is often referred to as global logistics or supply chain management, and it has become the glamour of global competitive power.

ZARA logistics system is unprecedented system, based on software and new technology design designed by the company’s own teams. The time between receiving an order from Vilnius, Riga or Tallinn at the ZARA distribution centre in Arteixo, La Coruña is very important. The delivery of the goods in any store takes on average 24 hours. ZARA managers manage stock and oversee dispatch and delivery, so that each point of sale receives what it has requested as soon as possible and in perfect condition. The chain of ZARA in Baltic States is well integrated in ZARA’s distribution platforms to increase Inditex global logistics capacity. An effective and optimal ZARA’s logistics system creates to the company a competitive advantage over other companies. ZARA company in Lithuania is one of the most progressive and innovative company in Lithuania. The authors imply that ZARA Company is a perfect example to other Lithuanian trade and production companies how the processes in the business field should be managed.

References

LOGISTIKOS PROCESŲ POVEIKIS ĮMONIŲ KONKURENCINGUMUI
Santrauka

Praktinė verslo įmonių patirtis parodė, kad įmonės vis dažniau vertina logistiką kaip konkurencijos įrankį, nes logistika padeda pasiekti gerų daugiavertės įmonių veiklos rezultatų. Įmonės medžiagų ir gaminių vidinių ir išorinių srautų organizavimas ir jų tobulinimas sąnaudų aprūpinimo paslaugų požiūriu vyksta įmonės struktūrose. Todėl iškyla būtinybė integruoti logistiką į strateginį įmonės planavimą. Strateginė įmonės koncepcija apima ir pagrindinę logistinę poziciją. Todėl labai dažnai logistiniai projektai įmonės ekonominėje politikoje būna dominuojantys.

Ekonominis plėtra verčia ieškoti naujų keliių, kaip pagreitinti ekonomines reformas. Vienas iš būdų yra logistinių sistemų formavimas tiek vidaus, tiek ir makroekonomikos srityje. Žinoma, jog logistinės sistemų leidžia pasiekti efektyvių sprendimų, pavyzdžiui, sumažinti gamybos ir produkcijos apvartos sąnaudas, kai nustatytas vartotojų aptarnavimų lygis. Tarptautinės logistinės sistemos – tai svarbi didelė deficitinių nacionalinių išteklių siekimą.

Ši tema, iš tiesų, yra aktualia kiekvienai šalyje. Optimaliai ir efektyviai veikianti logistikos sistema sukuria konkurencinį pranašumą prieš kitas kompanijas.

Šiame straipsnyje mes pateikėme teorinę logistikos koncepcijų analizę, pabrėžėme logistikos svarbą bei reikšmę įmonės veikloje, apibrėžėme logistikos koncepcijos savybės. Antrojojo straipsnio dalyje įvardinome pagrindinius keturis faktorius, kurie sąlygoja logistikos procesų šaltinių pasaulio ekonomikos. Trečiojojo straipsnio dalyje pateikėme pavyzdžių, kaip šių keturio faktorių įtaka logistikos procesams sutelkia įmonės konkurencinį pranašumą.

Straipsnio objekto pasirinkome logistikos procesų įmonėje konkurencingumo kontekste.

Straipsnio tikslas: įvertinti logistikos procesų poveikį įmonių konkurencingumui.