

Note on Exploring the Value Chain of Branded Fashion Goods

This note explores how two firms in the branded fashion goods industry manage their value chain. We look at:

- Gap Inc. (the home of the Gap, Old Navy, and Banana Republic), and
- Deckers Outdoor Corp. (the home of UGG and Teva).

Value Chain in this Industry

The value chain, as described by Porter,¹ is broadly applicable, including to firms in the branded clothing and footwear industry. The value chain for this industry is as follows:

Design → Procurement → Manufacturing → Distribution and Logistics → Sales

- Design—specify the look of the product
- Procurement—acquire the materials needed to make the product
- Manufacturing—manufacture the product
- Distribution and logistics—distribute the manufactured good to the appropriate warehouses or stores
- Sales—manage the sales process, including merchandising the product and managing the shopping environment; market the product