
Revealing The Meaning Of Term 'Value Chain'

Value chain is the sequential set of primary and support activities that organizations performs to turn inputs into value-added outputs for its external customers. Primary activities are those that associated with production which are inbound logistics, operations, outbound logistics, marketing and sales and after sales service. Meanwhile, support activities are those that provide the background necessary for the competencies and effectiveness of the firm which are infrastructure, Human Resource Management, technology development and procurement. The objective of system is to position organizations in the supply chain to attain the highest levels of customer satisfaction and value while generating a better profit margin.

The primary activity of the value chain comes with inbound logistics. Companies need a way to receive and store the raw materials needed to circulate the materials. Almost all of Nissan's domestically sourced parts move to the plants by ground as it uses air for only one percent or less and mostly they uses road and water transportation for shipment. This helps to reduce the cost of production. Nissan expects to reduce costs throughout its inbound supplier logistics network using SynQuest's supply chain planning solutions with Penske Logistics providing the logistics design services and IBM, hardware infrastructure which offer integrated software and services for optimizing logistics chain. Besides, the alliance with Renault has witnessed sufficient reductions in the supply chain expenditure where Nissan has saved 71.5 million per year for inbound logistics. The next stage of the value chain is operations. Operations take the raw materials from the inbound logistics and create the product. Nissan's operation management includes Operation Management Controllers for scheduling in-house production, Material Handling Engineer/ Team whom provide world class operational engineering support is responsible for inbound logistics such as parts supply to local and other overseas suppliers, Supply Chain Management (SCM) Logistics Engineers who package design and procurement in automotive logistics, SCM Controllers for scheduling in-house production and admin officers. Supply Chain Management (SCM) of Nissan makes sure all parts arrive at the right time. It supports delivery of a diverse product range to car dealers in the rest of the world in pristine condition. After the product is completed, the next function of the value chain is the outbound logistics where the product leaves the production centre and is shipped to the various distributors, wholesalers or the end- users. About 70% of Nissan's completed vehicles from the Sunderland plant are transported by sea. Currently, Nissan's largest logistics service provider is Wallenius Wilhelmsen Logistics (WWL). The scope of services starts from the end of the assembly line all the way to dealer delivery. Marketing and sales is the fourth function of the value chain. Nissan's marketing includes developing and implementing media plans which deliver against Nissan's brand launch which creates brand awareness. Pop-up coupons are also provided to encourage customers. Besides, Nissan also promote their new 100% electric car, the Nissan LEAF, by creating their very own electric taxi rank in the centre of London enabling people to enjoy highly cheap taxi rides. The sales function ensures that Nissan have all conditions in the field to maximize sales growth and revenue generation and is responsible for the Nissan Market Share. Those marketing ways increased Nissan's sales where global sales in January increased 7.0% year-on-year to 406,081 units. Nissan offer complete backup service for all vehicles. Service team has up-to-date information on vehicles to ensure on proper advising to customers. Besides, after-sales service centres ensure that vehicle is well-maintained and cared for the distance travel. NISCARE is an exclusive membership for all

private registered Nissan owners that offer towing, 24-hour road assistance and minor on-the-spot repair service. All the activities in value chain generate profits for Nissan Motor Company where it will be useful for the company in succeeding better than their competitors and also customers to do a good analysis for choosing the best car or services. Value chain represents a company's support and primary activities which involves directly and also indirectly in a company's operations to generate more profits.