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Title:

The secret behind UNIQLO's success - Global strategy management

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Abstract

This paper selected the brand UNIQLO, a famous clothing business brand from Japan, as a research object. We used different management analysis tools to discuss UNIQLO's global strategic management. It aims to analyze various aspects of UNIQLO's business strategies by comparing with other global brands. Are there any advantages that can continue to be retained or disadvantages that should be corrected immediately?

This report contains 10 analyses from the authors, which is divided into topics according to analytical methods. The methods used for analysis were the most common marketing strategy SWOT Analysis, Strategy Level, Strategy Map, Porter's 5 Forces Analysis, Strategic Group, Resources and capabilities analysis, BCG Analysis, The synergy among SBUs, and Porter's Diamond Framework

Keyword: UNIQLO, SWOT Analysis, Strategy Level, Strategy Map, Porter's 5 Forces Analysis, Strategic Group, Resources and capabilities analysis, BCG Analysis, The synergy among SBUs, Porter's Diamond Framework



Table of Contents

	Page
Abstract	A
Table of Contents	B
List of Figures	D
List of Tables	E
Chapter 1: Introduction of UNIQLO	1
1.1 History of UNIQLO	1
1.2 The reason why we choose UNIQLO	2
Chapter 2: SWOT analysis	3
2.1 S - Strengths	3
2.2 W - Weaknesses	3
2.3 O - Opportunities	4
2.4 T - Threats	5
2.5 The conclusion of SWOT analysis	6
Chapter 3: Three-Level Strategy	7
3.1 Corporate Strategies	7
3.2 Business Strategies	9
3.3 Functional Strategies	13
Chapter 4: UNIQLO Strategic Map	17
4.1 Production	17
4.2 Customer	19
4.3 Specialization	22
4.4 Work with the professionals	25
4.5 Spread value-added information	26
Chapter 5: Porter's Five Forces	28
5.1 Competitive Rivalry	28
5.2 The bargaining power of buyers	30
5.3 The bargaining power of suppliers	31
5.4 The threat of Substitution products	33
5.5 The threat of new entrants	34
5.6 Conclusion of Porter's 5 forces analysis	36
Chapter 6: Strategic groups	38
6.1 Group of competitors	38
6.2 Strategic variables	39
6.3 Price Versus Product Line	40
6.4 Price Versus Lifestyle	41
6.5 Conclusion of Strategic groups	44
Chapter 7: Resources and capabilities analysis	45
7.1 Identify principal resources and capabilities	45
7.2 Resources and capability analysis	47
7.3 VRIS Analysis	50
Chapter 8: Value chain Analysis	61
8.1 Primary activities	61
8.2 Support activities	62
8.3 Strategy (Differentiation/Low cost)	63
Chapter 9: BCG Analysis	65
9.1 Star Product Line	65
9.2 Question Mark	65
9.3 Cow - Innovation Product	66

9.4 Dog - Synthetic Fabric Product	67
Chapter 10: The synergy among SBUs	68
10.1 Operating synergy	68
10.2 Human resources synergy	68
10.3 Marketing synergy	70
Chapter 11: Porter's National Diamond Framework	72
11.1 Factor conditions	72
11.2 Related and supporting industries	73
11.3 Demand conditions	74
11.4 Firm strategy, structure, rivalry	75
11.5 Government	75
11.6 Suggestion for UNIQLO	76
References	77



List of Figures

	Page
Figure 1: Overall of UNIQLO SWOT analysis	6
Figure 2: Revolutionizing the Fast Retailing group structure	7
Figure 3: UNIQLO business units	9
Figure 4: UNIQLO R&D cycle	14
Figure 5: Overall of UNIQLO strategic map	17
Figure 6: UNIQLO strategic map focused on production	17
Figure 7: UNIQLO strategic map focused on customers	19
Figure 8: UNIQLO strategic map focused on specialization (1/2)	22
Figure 9: UNIQLO strategic map focused on specialization (2/2)	22
Figure 10: Apparel market and UNIQLO sales in Japan	24
Figure 11: UNIQLO strategic map focused on work with the professionals	25
Figure 12: UNIQLO strategic map focused on Spread value-added information	26
Figure 13: UNIQLO, Zara, and H&M number of items	28
Figure 14: H&M, UNIQLO, Zara pricing strategy	29
Figure 15: UNIQLO suppliers by countries	31
Figure 16: Overall of apparel market	36
Figure 17: Overall of Porter's 5 forces analysis of UNIQLO	37
Figure 18: Groups of fashion brand by price and product line	40
Figure 19: Classification of fashion brands	41
Figure 20: Level of fashion style	43
Figure 21: Groups of fashion brand by price and lifestyle	43
Figure 22: Resources and capabilities framework of UNIQLO	50
Figure 23: Overall UNIQLO VRIS analysis (1/2)	59
Figure 24: Overall UNIQLO VRIS analysis (2/2)	60
Figure 25: Concept of value chain analysis	61
Figure 26: UNIQLO BCG Model	65
Figure 27: UNIQLO 10-Year Training Curriculum	70

List of Tables

	Page
Table 1: Number of UNIQLO's global stores	1
Table 2: The number of UNIQLO suppliers in 2021	31
Table 3: Top valuable fashion brands 2021	38
Table 4: UNIQLO Resources	46
Table 5: VRIS analysis of UNIQLO	50



Chapter 1: Introduction of UNIQLO

1.1 History of UNIQLO

Tadashi Yanai established UNIQLO in March 1949 in Ube, Yamaguchi. Initially, the brand was going to be registered as UNI-CLO (stands for "unique clothing"). However, in 1988, Staff in charge of registering the brand in Hong Kong misread the "C" as "Q", which explains the current brand name.

In the beginning, UNIQLO adopted a set of strategies from American retailer The Gap, known as "SPA (Specialty store retailer of Private Label Apparel)", which means that they would produce their own clothing and sell it exclusively.

After reaching a new peak in sales turnover and gross profit, UNIQLO separated from its parent company in 2001 and set up Fast Retailing (Jiangsu) Apparel Co., Ltd. in China. From 2002 UNIQLO started to expand to overseas. From 2018, it cooperates with different designers to roll out period limited clothes to attract customers such as inviting KAWS, who is the artist and recent Dior Homme collaborator, participated on KAWS x UNIQLO UT.

Table 1: Number of UNIQLO's global stores

Country	Number of stores	Country	Number of stores
Japan	846	America	44
China	540+27(HK)+2(MO)	Canada	2
Korea	183	Russia	11
Taiwan	70	Britain	10
Malaysia	42	France	10
Thailand	34	Germany	3
Philippines	30	Belgium	2
Singapore	24	Sweden	1
Indonesia	9	Denmark	1
Australia	12	Spain	1

1.2 The reason why we choose UNIQLO

In this study, we used UNIQLO to become a research object because clothes are the necessary products in modern society. Nowadays, fast fashion has become a trend in the fashion business and UNIQLO is one of the representatives of fast fashion. Although there are many competitors in the fast fashion market like H&M, Zara, The Gap, and etc., UNIQLO still has its own features which can attract customers. Therefore, we used SWOT to analyse the advantages and disadvantages of this enterprise.

Chapter 2: SWOT analysis

2.1 S - Strengths

1. Product

UNIQLO's products are of a variety and fair price, which makes it more competitive in the fast-fashion market. UNIQLO adopts SPA production to ensure product quality and is also featured with excellent innovations that compete with its competitors. Including the Heat-Tech fabric, which turns moisture into heat. These innovations have helped UNIQLO introduce features into their clothing line, the guarantee different in explaining.

2. Service

UNIQLO applies a Japanese way of training employees to gain the guarantee of service quality which makes the staff have a good service team attitude and always be patient in explaining. When a customer patronizes, the staff can immediately serve or explain.

3. Place

UNIQLO integrates virtual and physical stores. The company opens online stores to facilitate shopping for consumers for virtual places. On the other hand, for physical places, the Division of men's and women's merchandise is not easy to buy the wrong products.

4. Promotion

UNIQLO finds celebrities to endorse to attract more young people to consume. For example, Roger Federer has made a deal with UNIQLO for a ten-year, \$300 million deal which is one of the most famous endorsements of all time. Besides, UNIQLO enhances its brand image by participating in charity activities such as the partnership with charity: water.

2.2 W - Weaknesses

1. Inability to successfully penetrate the foreign continent Market (out of Asia)

UNIQLO, despite calling itself a global brand, has a limited following in Asia, while the rest of the world has yet to accept it. It struggles to take market share away from leading retailers in the US, such as Zara, H&M. UNIQLO has low recall brand value in the foreign continent area.

2. A Weak Online Platform

Unlike the majority global brands, UNIQLO does not have a significant presence in e-commerce, which represents 4 % of its total business. Even though UNIQLO is a brand that has been around for a quite long time. Other brands like Zara, Nike, Adidas, Shein thus have more strong online platforms globally compared to UNIQLO. It may also indicate that UNIQLO is struggling in scaling up its supply chain to widely reach out the global market.

3. Weather sensitive clothing

Though UNIQLO weather-sensitive line the Heat-Tech was a big hit in Asia but not in US or European. Despite the fact that the US and Europe have four distinct seasons too. The apparel which intended for any weather condition lacks of global adaptability, may resulted a failure, such as Indonesia a country with hot-warm weather all the yearlong, UNIQLO also changed the clothing into winter edition.

4. There are gaps in the product range sold by the company

The limited of choices can let the new competitor gain a foothold on the market. The designs and style of the clothing are too basic and not significantly different from one season to another. UNIQLO clothing sells basic style rather than being the fashion leader or trend maker of the apparel market.

2.3 O - Opportunities

1. Work from Home has changed the style of dressing

With the situation of Covid 19, many people need WFH (Work from Home). Choosing to dress out of the house seems more and more complex, combined with the sweltering weather of our home. We make ourselves look for comfortable clothes, are easy to put on, and don't require much maintenance. WFH also often leads to unconscious weight gain. Clothing that "must" be comfortable to wear is the leading choice until you arrive at a time to commute back to work one more time.

UNIQLO places itself as an everyday garment. At a reasonable price, durable and straightforward, and communicate through "Tag Line Life Wear" continuously to make consumers see UNIQLO as clothes for everyone on technology at a price that is accessible to consumers. Examples include AIRism technology, which makes UNIQLO garments comfortable, breathable and quick-drying, and Heat-Tech technology, which makes lightweight garments able to trap body heat for the wearer to feel warm in winter without layering heavy clothing. This trend of WFH is UNIQLO's advantage to take advantage of the changing situation and popularity of consumers.

2. China recovers from COVID-19

Currently, UNIQLO stores in China are more than in Japan (864 stores in China and 811 stores in Japan¹), reflecting that China is UNIQLO's largest market.

Although Chinese consumers are increasingly interested in subsidizing local brands because of COVID-19, the patriotic trend that followed international condemnation in the Xinjiang case has prompted many brands to cut ties with manufacturers in Xinjiang-related supply chains. However, UNIQLO's parent company, Fast Retailing, reported that revenue for the first three quarters of fiscal 2021 was up 9.9% compared to the previous year². It is worth 1.69 trillion yen or 420 billion Taiwan new dollars, mainly because the operating results in Japan and China (both in and outside the mainland) are quite strong. China's recovery from the COVID-19 epidemic is having a good impact on UNIQLO.

3. Trend of Sustainable Business

Due to current global warming, the global community has agreed to address climate change. By trying to control global temperature and maintain the environment, businesses and industries need to pay attention to solving environmental problems, especially when COVID-19 accelerates environmental issues faster. The fashion apparel industry is one of the most highly observed businesses in terms of sustainability. Today, organizations that drive sincere environmental policies tend to be more popular.

UNIQLO has upped the brand's stance by changing its view of the fashion industry, which is often seen as one of the culprits of overflowing waste and global warming, such as continuing to produce eco-friendly clothing. Encourage customers to use Eco bags and other environmental activities. Therefore, there is a chance for UNIQLO to become a leader in business operations with sustainable development in the fast fashion business.

2.4 T - Threats

1. Increasing competition from domestic market and global players

UNIQLO's top competitors are H&M, Zara, Gap, Muji, and others. They compete with apparel companies in several categories at comparable costs. UNIQLO's growth and expansion pace are hampered by its presence in the worldwide market.

2. Unpredictable changes in fashion trends

New fashion trends can destabilize UNIQLO's products and lower demand for UNIQLO's product design.

¹ Source: <https://www.fastretailing.com/eng/group/strategy/>

3. Imitation and low-quality product

Imitation and low-quality products pose a significant threat to UNIQLO products, particularly in emerging and low-income economies.

4. Economic recession and covid-19 epidemic

Cause lower spending capacity in many countries led to reduced consumer spending, which may affect UNIQLO's sales revenues

5. Rising raw material and labor price

Raw material prices, such as cotton and wool, have increased last year. Constantly increasing minimum wages in some countries indicates higher labor costs and lower profit margins for UNIQLO in the future.

6. Regulation in different countries for FDI pulls on aggressive growth.

Different nations' liability laws vary, and UNIQLO may face various liability issues. For example, exports of shirts for UNIQLO's casual wear network were barred from entering the United States in January 2021 due to forced labor concerns in China's Xinjiang region.

7. Political issues

For example, South Korean customers boycotting Japanese products may reduce sales of UNIQLO.

2.5 The conclusion of SWOT analysis

Picture below shows the overall of UNIQLO SWOT analysis

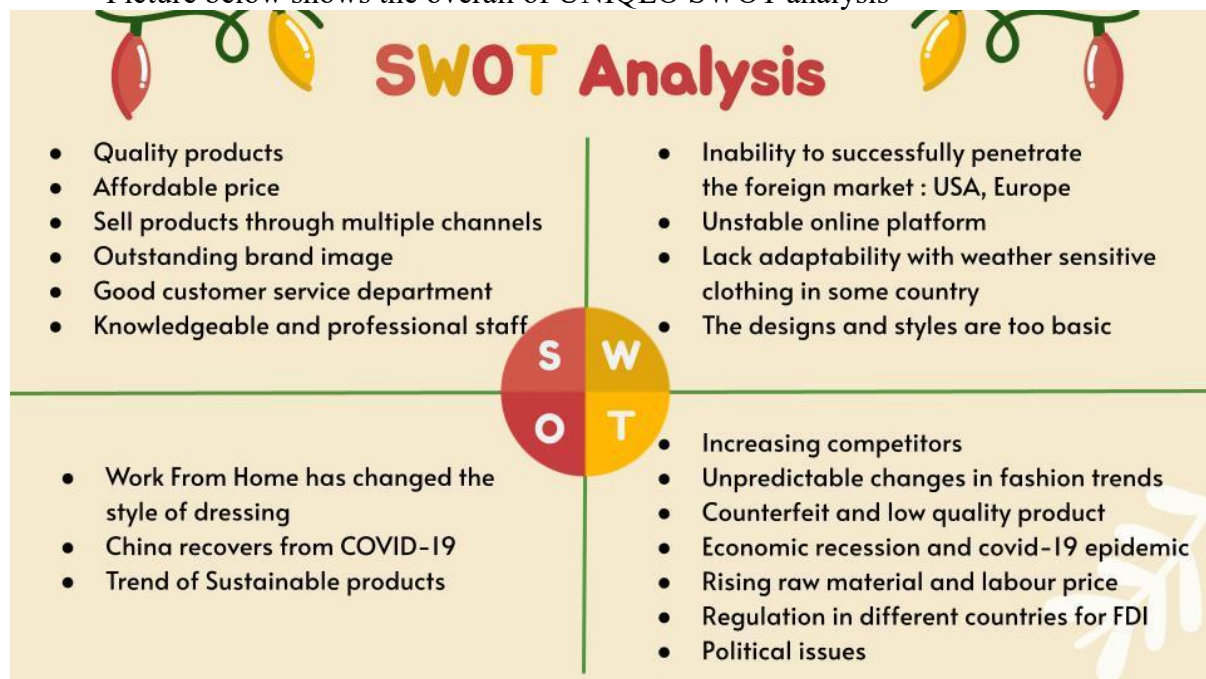


Figure 1: Overall of UNIQLO SWOT analysis

Chapter 3: Three-Level Strategy

3.1 Corporate Strategies

UNIQLO: Japanese casual wear designer, manufacturer, and retailer. The company is wholly-owned subsidiary of Fast Retailing Co., Ltd

The Fast Retailing Corporate Statement: Changing clothes. Changing conventional wisdom. Change the world.

The Fast Retailing Group Mission

- Strive to create truly great clothing with newly unique value, and to inspire people all over the world to experience the joy, happiness and satisfaction that comes with wearing great clothes.
- By enriching people's lives through our unique corporate activities, and by growing and developing the company in unity with society for a more sustainable future.

Revolutionizing Fast Retailing Group Structure

- Renew the spirit as a venture companies group with global ambitions
- Expand our presence in both clothing retail industry and location, improve our products and our corporate organization
- Adopt a holding company structure & maximize our M&A strategy
- Genuine & enthusiastic effort to boost non-Japan markets

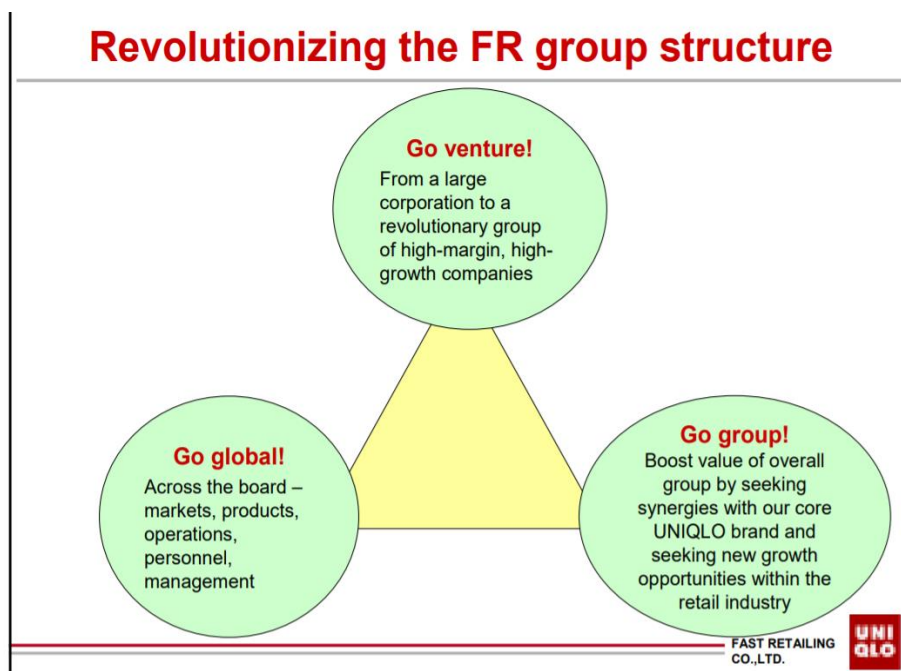


Figure 2: Revolutionizing the Fast Retailing group structure

Corporate Strategy

The business focuses on LifeWear, is the ultimate everyday wear that fulfills everyday needs and enriches every people's life. Lifewear aim to produce simple, long-lasting, high-quality, comfortable clothing which not create burden of the world's precious resources. Pursuing sustainability rather than focus on quick profit. Fast Retailing strives to run a company that is necessary to society, by only provide products and services that really needed by consumers, and always willing to assist with human rights and social issues.

For the more potential strategy, the Fast Retailing Group is now working on the Ariake Project, which aims to transform the clothing sector into a new digital retail industry focused on information commercialization. Using a variety of modern technologies to create a seamless supply chain that connects Fast Retailing and our global network of partner factories, warehouses, and outlets. This Ariake Project transformation also aims to improve sustainability by implementing activities that reduce the environmental effect and establish a manufacturing environment that respects human rights.

The UNIQLO brand's crucial success reasons include its unwavering dedication to innovation and its corporate culture. Fast Retailing's chairman, president, and chief executive officer, Tadashi Yanai, is famed for saying, "Without a soul, a firm is nothing." This mindset is embodied in Tadashi Yanai's 23 Management Principles, which he designed and taught in every UNIQLO employee. The principles have now been broken down into eight essential components:

1. Prioritize Customers
2. Contribute to Society
3. Be Optimistic
4. Learn from Mistakes / Failure
5. Pay Attention to Details
6. Be Your Own Worst Critic
7. Connect to the World
8. Be your Own Disruptor

UNIQLO's brand message explains a clear vision: "UNIQLO is a modern Japanese company that inspires the world to dress casually" by providing all-time fashion, high-quality clothing at an affordable price. Instead of chasing fast-fashion trends like its competitors, UNIQLO's corporate strategy has worked to: "totally ignore fashion." The "Made for All" brand philosophy sets its clothing to transcend age, gender, ethnicity, and all other ways how people are defined.

3.2 Business Strategies Strategic Business Units

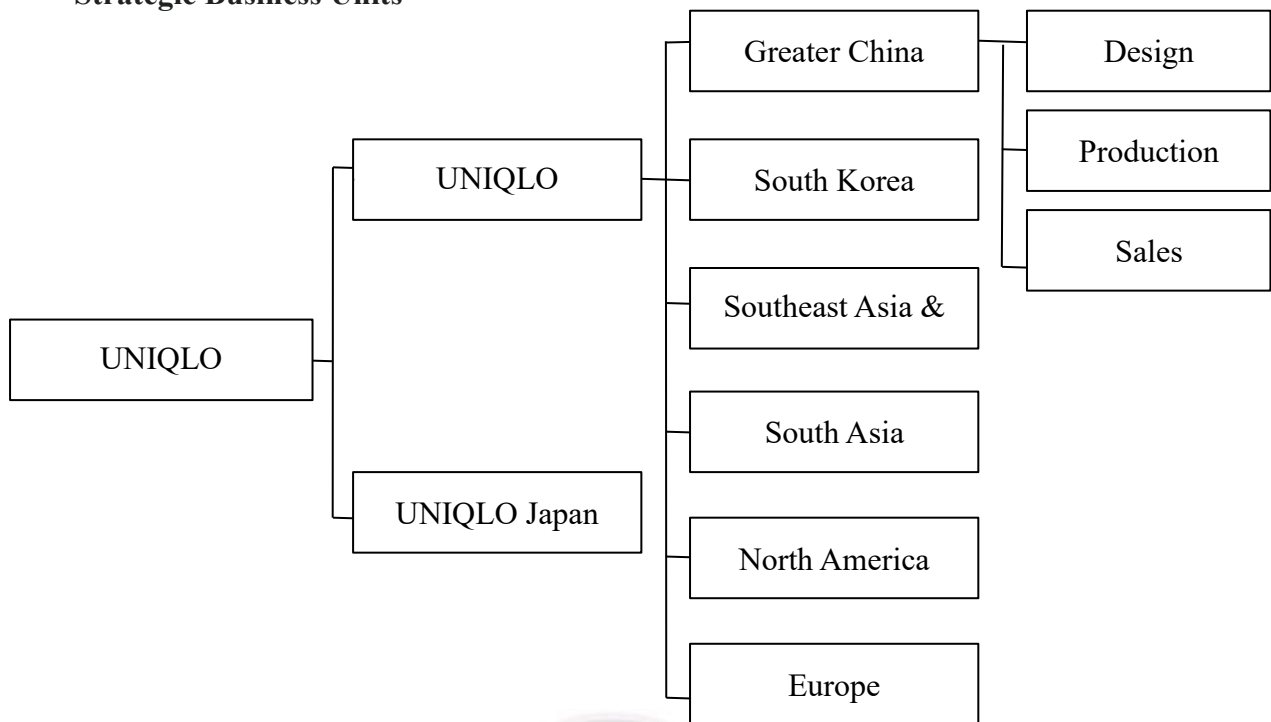


Figure 3: UNIQLO business units

UNIQLO headquarters has jurisdiction over UNIQLO Japan and UNIQLO International, which is divided into greater China, South Korea, Southeast Asia and Oceania, South Asia, North America and Europe based on its geographical location. The greater China region is subdivided into three modules based on functions: design, production and sales.

The company uses "Global one," the world's most influential management criteria, as the basis for managing its global operations.

UNIQLO headquarters

The headquarters of UNIQLO is in charge of the brand's international standards, including apparel and brand philosophy. This metric includes worldwide merchandising and marketing (promote goods in HEAT-TECH's Global brand promotion), and regional affiliates carry out brand localization by global brand standards.

UNIQLO subsidiaries

Weekly TV meetings with regional managers will be held in Ariake headquarters by the management team of each country or regional market. It adheres to Global One management concepts by discussing customer demands and overall operations globally. Then, in terms of retail planning and marketing strategy, agree. They are continuously striving to change their working methods to be accepted by managers in each market from the start to execute this worldwide plan in their different sectors firmly. As a result, the headquarters becomes the store's support center, providing the best sales service and help to the region.

Through centralization and decentralization of power, UNIQLO renders the subsidiary the due constraints and the rights of autonomy, which subsequently enable the subsidiary to successfully realize the globalization strategy of the headquarters. In this way, its corporate philosophy and business vision are fully translated to each employee of Fast Retailing from head to regional offices and to each and every store. Both regional managers and their store managers are greatly empowered to decide and modify strategies according to local needs. Listening to the voice of consumers at the front line, each store forecasts consumer demand

and then combines with its own professional managerial experience to launch products that are popular with consumers.

Business Strategies

1. Customer Centric

Customers are the key to growing business. Customer Centric culture is what many organizations are looking to develop. Customer-centricity is more than just a good service, it creates Customer Experience. Customer centricity would not be possible if the responsibility of creating a positive customer experience was solely assigned to the customer service department but it is a shared responsibility of all parties under the support of the organization.

Made for all

Under 'People,' UNIQLO has a group approach that focuses on people, communities, and the globe. UNIQLO aims to guarantee that its apparel is made and distributed by individuals from various backgrounds in conditions that respect and protect their health, safety, and human rights.

UNIQLO also focuses on making its merchandise appealing to a wide range of customers by designing simple and plain looks with solid colors, like in its LifeWear line. The brand also designs clothing that stays in fashion longer than those timely trends and styles made by other retailers - which taps into the responsible shopping trend that many customers love.

The biggest designer is the 'customer'

Everything UNIQLO does is to meet the needs of customers. Even though UNIQLO is a Global Brand, it can adjust its marketing strategy to suit the target group by region. For example, finding an in-site for Thai customers. Thais are more afraid of the sun than other countries in ASEAN. Thais are afraid of the sunlight, but some people still don't like sunscreen because it feels greasy. Therefore, UNIQLO tries to offer products with UV Cut to help with UV protection, which has received good feedback from Thai people.

Product Development Based on Customer Feedback

Qualitative data collection, UNIQLO works systematically. Starting from the customer will bring the feedback to tell the store staff. Then staff collect the information and forward it to the manager. Manager forwarded to the sales department. Finally, feedback will be the topic of the meeting each week. If they receive similar comments often, UNIQLO will take those comments to improve.

Customer feedback and demands are essential to the implementation of UNIQLO goods. Every year, the UNIQLO Consumer Center gets roughly 90,000 customer feedback. HEAT-TECH products, for example, are upgraded annually based on their demands. Customer feedback, such as requests for softer textiles. More diversified colors and functions keep the body warm and avoid dryness. Accurate client input enables UNIQLO to create high-quality clothes accurately.

Technology as an enabler of customer centricity

“UNIQLO is not a fashion company, but a technology company.” Today's businesses must discover the correct digital tools. Technology can enhance the consumer experience.

UNIQLO, for example, employs neuroscience technology to convert user brainwaves into specific suggestions. The brand's-powered UMood kiosk tracks brain activity while viewing various items. Assist consumers in browsing and selecting t-shirts based on their mood. The application of technology in this manner has resulted in a stimulus that is not just new and scientific. However, it also results in a high level of customer involvement.

2. Cost - Leadership

A cost leadership strategy entails achieving a competitive edge through cost reduction. UNIQLO's primary generic approach across various consumers is cost leadership segments. UNIQLO implements a low-cost SPA strategy. However, the items are of excellent quality. This is the hub of UNIQLO's casual wear operation. The primary goal of employing this strategy is to sustain leading positions through an efficient value chain. Because UNIQLO stores are located worldwide, it can gain the cost advantage of economies of scale arising from the procurement of bulk supplies and the lowering of fixed unit costs.

This framework helps UNIQLO increase its market share by focusing on the middle class, which makes up most of the overall customer composition in most regions. Mid-range consumers are more concerned with pricing, and cost leadership is the most excellent option for meeting their demands. UNIQLO places a value on product affordability and accessibility across the world. This results in increased brand recognition and revenue growth. can offer a significant competitive edge In addition to the low prices, this is accomplished via lowering production costs and increasing supply chain efficiency. UNIQLO frequently gives discount coupons to reach sales targets and compete with its nearest competitor. These reductions and product promotion are to build brand loyalty and encourage purchase. UNIQLO's cost leadership approach outlines the several advantages of this popular method, such as quick brand awareness. Increasing consumer base, promoting consumption, and meeting sales targets while focusing on cost and product accessibility.

3. Differentiation

Differentiation strategies offer products and services that are focused on giving consumers a sense of value and differentiation that no other operator in the same industry can do. It builds brand loyalty and allows them to be priced relatively higher because you can't find products and services like this anywhere else. The difference must be significantly different to make the customer impressed and choose that product or service.

UNIQLO is a brand that is distinct, and approachable. Many clothing brands in the market tend to follow fashion. Still, UNIQLO believes itself to be a Made For All brand to make it accessible to everyone of all ages and worn for every occasion in their daily lives. UNIQLO differentiates itself by being a technology leader in product manufacturing and using specialized raw materials. For example, cooperation with Toray Global fiber manufacturers to innovate like Heat-Tech breaks the notion that "To be warm, you have to wear thick clothes." UNIQLO can produce thin clothes that can be as warm as thick clothes. But it allows the wearer to feel comfortable, not bulky, able to move fluently, suitable for the lifestyle of this generation. In addition, UNIQLO also has other technologies like Easy Care that make the fabric flexible and quick to recover, not easily wrinkled. AIRism is a material with lightweight properties, good ventilation, soft material, and feeling cool while wearing. Blocktech, that waterproof, windproof fabric that is thinly used in the manufacture of jackets, etc. with these technologies, UNIQLO stands out from other fast fashion brands.

4. Differentiation Focus

Differentiation Focus is niche differentiation strategies. It focuses on differentiating products to meet specific customer groups. But other groups of customers can still use this product as well.

UNIQLO has penetrated new market segments by collaborating with world-renowned designers such as Kaws, Marimekko, Lemaire, and famous artists such as Billie Eilish. Through this collaboration, UNIQLO can reach the American and European markets faster.

UNIQLO also has a UT Project to penetrate the youth market by bringing in designers. And people with widely known works of art such as photographers, painters, musicians come together to create a style/concept design T-shirt. UT T-shirt, each model, will be produced in limited quantities (limited edition collection).

3.3 Functional Strategies

1. Research and Development(R&D)

They are constantly researching new materials and global fashion trends, as well as developing products to meet customer demands. Moreover, identifying entirely new needs is an important task of the R&D. One year before a product's intended launch, the R&D department holds a concept meeting with representatives from the merchandising, marketing, and materials development teams to determine the best design concept for each season. Designers will begin to creating designs and fine-tuning samples. Even after a design has been picked, the color and silhouette can be revised several times before it is approved.

In UNIQLO's R&D centers presently, there are three core concepts for product planning.

Innovative Washing Process for Jeans

The Fast Retailing Group has created a new washing technique for jeans that uses up to 99% less water, making it more ecologically friendly and reducing workplace hazards. UNIQLO's latest innovation combines advanced washing equipment that uses nanobubbles and ozone, and also the jeans designer expertise, to efficiently conserve water used in the washing process of jeans compared to traditional manufacturing methods, while maintaining high quality and design. Furthermore, the pumice that is commonly used in the washing process has been replaced with artificial stone that can be used semi-permanently, helps minimize water pollution. The use of lasers to replace the labor-intensive scraping procedure that was previously done by hand has also reduced the workers' workload.

Down recycling

Customers discard a lot of clothes as a result of fast fashion, which is harmful for the planet. As a result, in September 2019, UNIQLO stores began collecting old UNIQLO goods from customers. Toray created a new method for extracting material from used items, then be cleansed and reused in new down products. The initial initiative's offering was "Recycled Down Jackets," which launched in the Fall/Winter 2020 season. 620,000 down jackets collected from consumers in 2019 provided all of the down and feather for the new goods.

Recycling polyester fibers

Environmental pollution is a serious issue which has adversely affected the earth in recent years. Plastic bottles are one of the factors which influence the environment. As a result, starting in 2020 Spring/Summer, UNIQLO started to introduce DRY-EX apparel that incorporates high-value-added polyester fibers obtained from recovered PET bottles. DRY-EX is a breakthrough material that wicks sweats and moisture away quickly. In the Fall/Winter 2020 season, UNIQLO offered amazingly comfortable men's Fluffy Yarn Fleece Full-Zip Jackets and Fluffy Yarn Fleece Pullovers made with 30% recycled polyester from PET bottles.

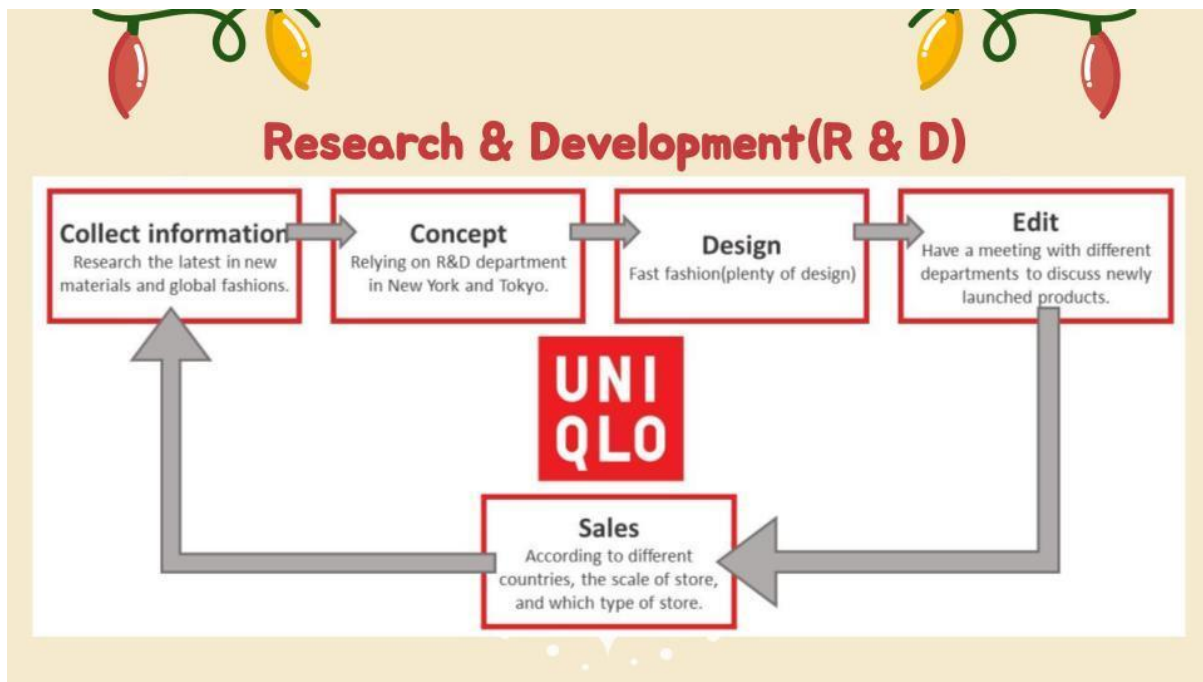


Figure 4: UNIQLO R&D cycle

2. Production

Production planning

UNIQLO, developed with SPA as the core, has made repeated improvements to functional clothing. UNIQLO's Heat-Tech series of heating garments has sold more than 1 billion pieces by the end of the 15 years of its launch. It is also one of UNIQLO's most popular products. The market demand and problems are reflected on the product the fastest, and the product can be improved and sold in the shortest speed, so that such a high sales result can be achieved.

Production department

UNIQLO makes the most of every part of SPA. To achieve better price competitiveness, UNIQLO relocated its production lines to regions with cheaper production costs, such as the mainland and Vietnam. However, the quality of production and technology in this country are significantly inferior to those in Japan. Although labor costs are lower, they may struggle with quality consistency. This is where UNIQLO's unique "craftsmanship plan" comes into play. As technical assistance, UNIQLO sends qualified artisans to around 70 cooperative factories. They are a team of talented artisans with over 30 years of expertise in the Japanese textile business. Fiber, weaving, dyeing, sewing, finished product to supply and factory management abilities are all acquired through them.

3. Human resource (HR)

Global one

UNIQLO wants to become the number one in the world. To reach this goal, they hope to recruit people who are willing to work hard and bravely challenge themselves to fight side by side with them. In order to let employees, have the opportunity to realize themselves, UNIQLO hopes to become a university and a company that nurtures managers to help them learn and grow people, has also established the concept of "Global One", which is simply to "run the entire group business in the best way in the world."

Full Operation

UNIQLO treats every employee equally and uses "complete power doctrine". The so-called "complete power doctrine" refers to the fact that everyone competes on an equal footing and achieves results with their own strength, so it is held every six months. As long as you work hard, you can easily get promotion opportunities. In addition, UNIQLO does not exclude those who have no work experience to join, and the language conditions are not restricted. As long as you have perseverance, perseverance, and work hard, you will have the chance to succeed.

All employees are the bosses of UNIQLO, and UNIQLO is your business. When UNIQLO is faced with difficult situations, all employees can unite and do their best to solve problems. With this concept, UNIQLO will become the world's best.

4. Marketing

“Life wear” is the slogan that UNIQLO wants to convey to customers. However, every company cannot achieve each customer's needs, so does it. In the marketing aspect, we used STP analysis to explain the marketing strategy of UNIQLO.

Segmentation

Geographically segmented by mainly targeting urban population. Its demographic segmentation targets all genders between the ages of toddler to 60. Psychographic segmentation mostly targets consumers from low to middle income; as a result, it primarily targets the office, middle, and upper middle classes.

Target

UNIQLO is targeting the consumers who are looking for affordable and high-quality clothing that fits their lifestyles. UNIQLO apparels may also attract and satisfy both high class and the lower classes consumers who are looking for easy, casual trendy clothes.

Positioning

UNIQLO puts itself as an advance technology company in the fast fashion market and aims to inspire people to dress casually. The brand has a “made for all” positioning strategy and sells apparels that are essential, simple and helps wearers find their true individual styles. Basically, if people are looking to find good quality, functional and affordable clothes, the destination is UNIQLO.

Chapter 4: UNIQLO Strategic Map

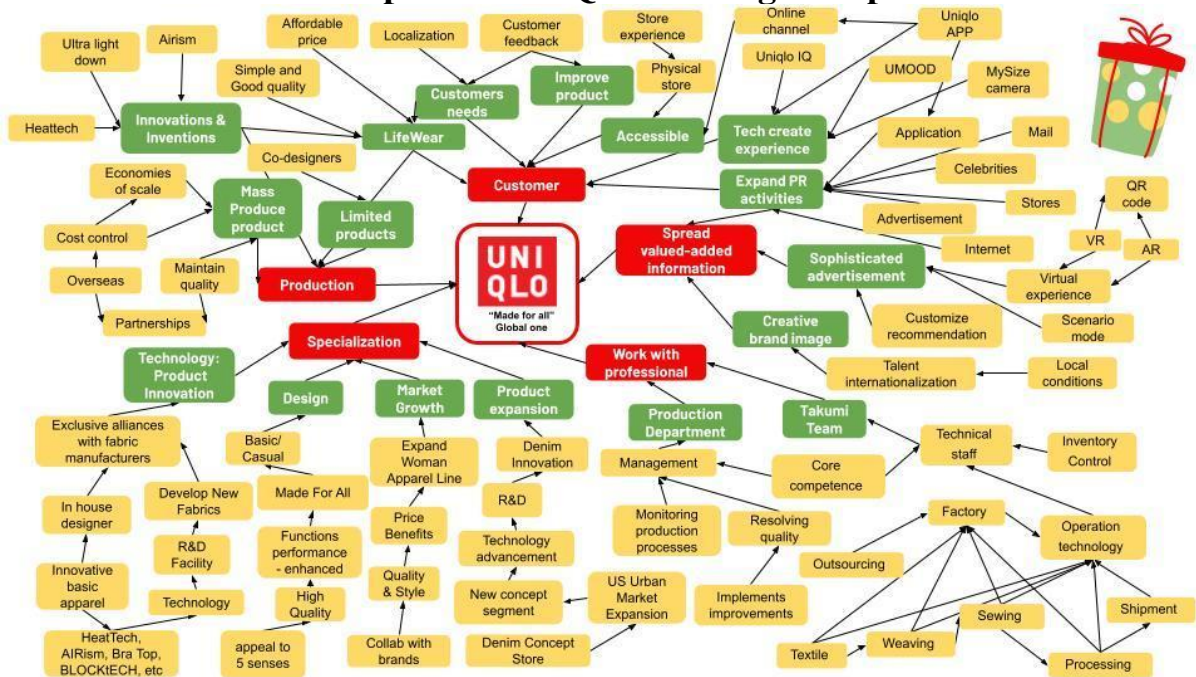


Figure 5: Overall of UNIQLO strategic map

4.1 Production

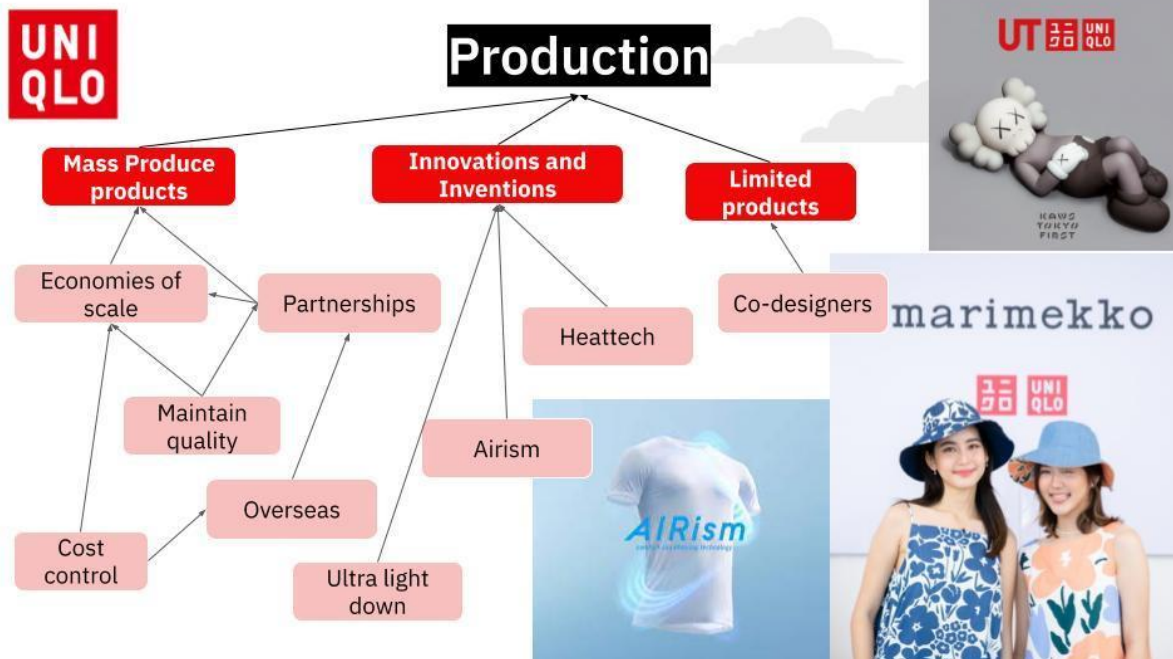


Figure 6: UNIQLO strategic map focused on production

The aim of UNIQLO is to provide comfortable everyday clothing that can enrich people's lives. A fresh and unique ideas of true great clothing, "UNIQLO Life-Wear" offers high-quality and trendy items that are totally different from what other apparel brands offer.

About 450 technicians and textile TAKUMI teams (skilled artisans) currently work for UNIQLO's production offices in Shanghai (PRC), Jakarta (Indonesia), Ho Chi Minh City (Vietnam), Istanbul (Turkey), Dhaka (Bangladesh), and Bangalore (India). Each week, production teams travel to factory partners to handle outstanding issues, such as managing the

production line, handling delivery schedules, and controlling quality. The Production Department is informed of customer concerns regarding quality as soon as possible so that it can make improvements. UNIQLO has formed business relationships with partner factories in China, Indonesia, Vietnam, Turkey, Bangladesh, and India. In addition, UNIQLO plans to expand its manufacturing base by partnering with more factories worldwide.

UNIQLO has various clothing lines that use technology to help solve everyday problems, such as Heat-Tech, BlockTech, DRY-EX, Ultra Light Down or Kando pants that all respond to specific uses. For examples of innovative products with outstanding and interesting functions. Differentiate the UNIQLO brand with a variety of garments such as ultra lightweight fabrics, stretch fabrics (Ultra Stretch), retain their shape and are easily maintained and keep their shape, which makes them ideal for moving and working on a variety of uses. Including the quick-drying fabric function (DRY) allows for continuous wear throughout the day and absorbs sweat that accumulates during work or other activities. Even a function that reflects the attention to detail, such as Easy Care, that makes the fabric have properties that are flexible and quick to recover, not easily wrinkled, responding to the wearer's diverse lifestyles. as well as a function of clothing that prevents UV rays or UV Cut that blocks up to 90% of UV rays, can wear sunscreen, walk in and out of various outdoor places during the working day, including AIRism or AIR The fabric has good ventilation properties. The fabric is soft and feels cool while wearing it, etc.

As part of the UNIQLO growth strategy, they continue to collaborate with top influencers. World-class golfer Adam Scott and tennis world-champion Roger Federer represent UNIQLO as global ambassadors. In addition, UNIQLO has collaborated with different groups and designers all over the world, creating products for a variety of audiences.

4.2 Customer



Figure 7: UNIQLO strategic map focused on customers

LifeWear

UNIQLO wants to be in the everyday life of all consumers.

- **Affordable price:** This is the same idea as goods sold in grocery stores, which provide daily items at low prices.

- **Simple, good quality:** in every category of clothing whether work clothes, home clothes, underwear. Therefore, UNIQLO's products are diverse. Emphasis on a simple design for everyday wear and easy to mix & match. There are both general collections and special collections that are collaborations with famous designers.

Based on customers' needs

- **Localization:** To understand and know consumers in that market deeply to be developed into a product or services in accordance with the way of life or lifestyle, culture and consumer needs in each region.
 - For example, the difference between customer groups around the world is body size. Western consumers are larger than Asians. Therefore, UNIQLO provides a wider selection of sizes to suit customers in each country, whether it's European or Asian sizes, it fits the customers.
 - For example, Thailand is located in the tropics. Most Thais are afraid of the sunlight, but some people still don't like sunscreen because it feels greasy. Therefore, UNIQLO provides products with UV Cut to help with UV protection, which has received good feedback from Thai people.
- **Product Development Based on Customer Feedback:** The store will check customer feedback all the time. Which product is selling well - not good? Do customers have complaints? Starting from the customer will complain with the store staff. Store staff will collect feedback and forward it to the manager. Manager forwarded to the sales department. Finally, the feedback will be brought to the meeting each week where that feedback will be taken for improvement.
- **Strive to improve company products:** The company process will carefully examine the previous year's sales, store statistics, and trends data worldwide. It is not just product development workers responsible for research and development and merchandising, but also those in charge of store operations. From the beginning, marketing and manufacturing are included in the planning process. As a result, to attract more customers, the corporation develops products with new patterns and colors.

Accessible

- **Physical Store:** Places importance on the number of branches and the location of branches by focusing on increasing the opportunity to reach more consumers, as close to the consumers as possible. In order to create a branch network and convenience for consumers to buy products, UNIQLO's store format is divided into two main formats, which are open a store in a shopping center and roadside store, to facilitate consumers to access the store at any time.
- **Store experience:** UNIQLO is a company that prioritizes the physical store more than the back office or headquarter because it is the only place UNIQLO can connect with customers. UNIQLO will put customers first. The store has up to 20 cashier machines and 40 fitting rooms because UNIQLO thinks that keeping customers waiting is very rude. Even the shelf arrangement will divide the staff according to the product category. How should the staff fold the fabrics in time and make the clothes always look beautiful. The Store must have an inventory full color, size, items must always be refilled, so that the items won't be lacking.
- **Online to Offline:** UNIQLO enhances convenience for consumers by using Omnichannel strategy to create a "Seamless Shopping Experience" for customers through both physical store and online shopping channels. To provide shopping experience for customers in locations where they do not have UNIQLO stores yet and reach consumers anywhere, anytime. Therefore, O2O is one direction UNIQLO is heading for both website and application by connecting to the service at the branch such as, Click & Collect service: buy online and pick-up products at selected branches. Pay

in Store: Buy online and pay at the store of the customer's choice or drive-thru service at UNIQLO Roadside branch.

Technology creates unique customer's experience

Nowadays, it's not just about selling brands that should be focused on, but about creating experiences, entertainment and engagement with consumers. UNIQLO uses technology to assist in marketing activities. It is an emphasis on creating experiences and creating deep emotional connections with consumers. By creating an environment in all aspects for customers to have a good experience every time, starting from knowing and understanding the products and services, as well as the usage and experience to communicate with customers and make a difference in competition.

The technologies UNIQLO create Unique Customer Experience are:

- **UNIQLO APP** that collects various information makes shoppers convenient through a single app for UNIQLO members only to receive benefits. Customers can shop at any time through the app. UNIQLO APP collects every movement of customers with UNIQLO such as recommending new items from the purchase history and informs special promotions of that item for members and customers can also search for the closest UNIQLO branches.
- **UNIQLO IQ** works hand in hand with the UNIQLO mobile application. Get suggestions on how to dress for various events. Alternatively, consult your horoscope and engage in a voice or text discussion with the app for further details. UNIQLO IQ acts as the personal shopping assistant for each customer, making the shopping experience at UNIQLO easier, more convenient, and more pleasant.
- **UMood**, a wearable gadget, is put on the customer's forehead. After that, show them a series of photos and videos. Neural activity readings from consumers' psychology customer signs were fed into an algorithm that suggested t-shirts from various retailers based on their mental state.
- **MySize camera**, the problem with online shopping is being unsure of size because buying clothes that do not fit the body. UNIQLO therefore tries to bring technology to help customers by adding new features within the app with the introduction of AI technology to measure the size in order to be able to check whether the dress or clothing those customers are buying is suitable for the size or not. MySize CAMERA is a smart feature to help users measure their body sizes automatically without a tape measure. This feature is built into the UNIQLO app, which is great for making purchases based on customer data.

4.3 Specialization



Figure 8: UNIQLO strategic map focused on specialization (1/2)

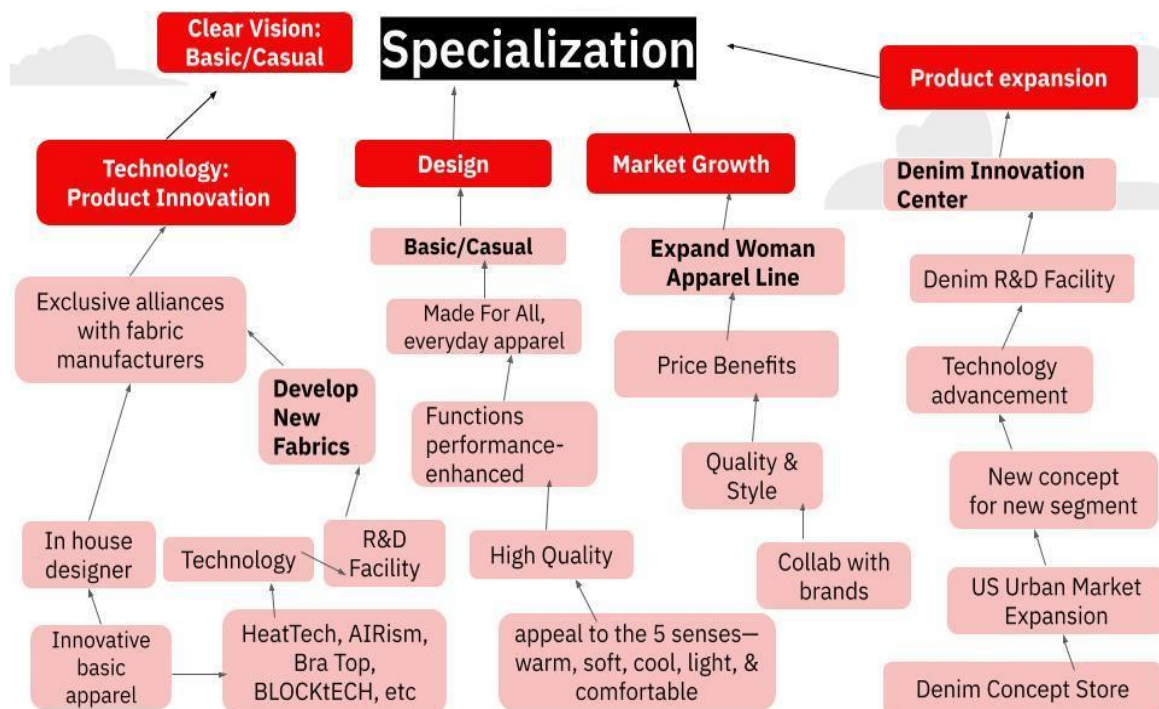


Figure 9: UNIQLO strategic map focused on specialization (2/2)

Technology Specialization: Products Innovation → Develop new fabrics

UNIQLO prioritizes product quality and performance. UNIQLO R&D teams incorporate with their supplier constantly upgrading and developing new fabrics for their products. Its fabric innovation and in-house design provide exceptional and unique functional performance.

One of their signature innovations is Heat-Tech, a fabric developed in conjunction with a material science firm that turns moisture into heat and has air pockets in the fabric to retain that heat. The Heat-Tech fabric is thin, comfortable and enables stylish designs very different

from the standard for warmth clothing. The Heat-Tech innovation keeps improving over time with new fiber technology.

Also, their popular AIRism (a stretchy fabric) and Lifewear (a blend between casual and sportswear) technologies and more. All are branded, which means competitors have an uphill struggle to match this point of differentiation.

Design Specialization → Basic/Casual Wear Brand

UNIQLO is the brand that provides high quality, performance-enhanced, basic casual wear at the lowest prices. Its clothing is fashionable, but not trendy. UNIQLO provides “made for all’ clothing that can be worn whenever and wherever. It is not, like some competitors, a firm that sells copies of the latest runway fashions. Basic clothes are a core strength of UNIQLO, and no wardrobe is complete without them. *“Our goal is to appeal to the five senses—is the garment warm, soft, cool, light, comfortable? These are values we think are universal.”*

Market Growth Specialization: Expanding women's apparels line

Japanese market for women's clothing is about 7.1 trillion yen, men's clothing is valued 2.9 trillion yen, and children's clothing is at 0.7 trillion yen. T the women's clothing market in Japan is more than double that of men's. UNIQLO's dominance in men's apparel and enabled it attain an 8.7% share out of 10.7 trillion Yen market since it began as a casual wear shop for men. However, UNIQLO only has a 4.1 percent share of the women's wear market. Considering the data, it's evident that increasing the number of women's items is the key to future growth.

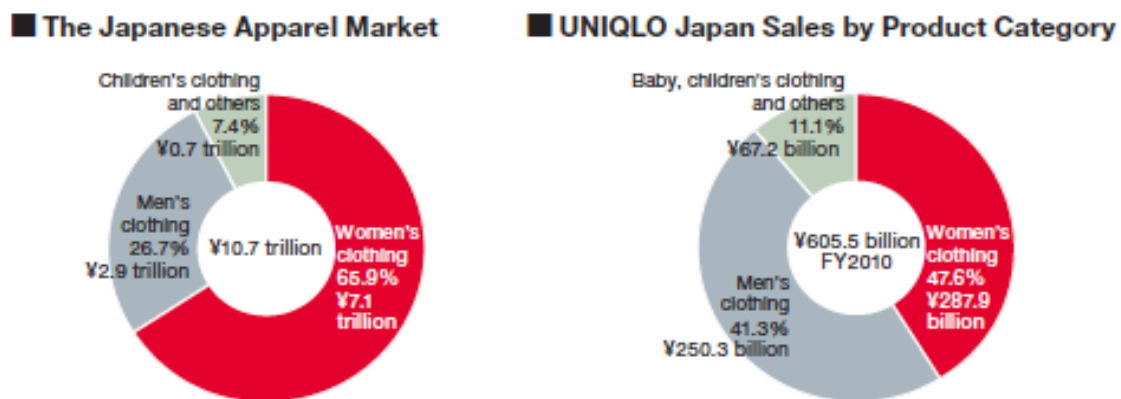


Figure 10: Apparel market and UNIQLO sales in Japan

* Based on the Ministry of Economy, Trade and Industry's 2007 commerce statistics survey, which included department shops, supermarkets, and clothing retailers, the Japanese garment sector was estimated to be worth 10.7 trillion yen.

UNIQLO believes they can fully win the hearts and minds of women with products that provide these three benefits: price, quality, and style. UNIQLO seeks to attract female consumers in all ages by providing a moderately cost, high-quality apparel line that no other competitor can match.

Product / Brand Expansion Specialization → Denim Innovation Center

To expand into the US market UNIQLO is coming with another specialization focus. A new denim-only concept store is going to open in Los Angeles, U.S. The shop will feature the full line of UNIQLO’s denim offerings as well as some complementary clothing. This new concept store is the next step in a strategy centered around high-end denim that began with the opening of the Denim Innovation Center, by Fast Retailing. The research and development facility also in Los Angeles, proposed to pursue technological advancements in such areas of denim production as the development of new materials and fit.

4.4 Work with the professionals

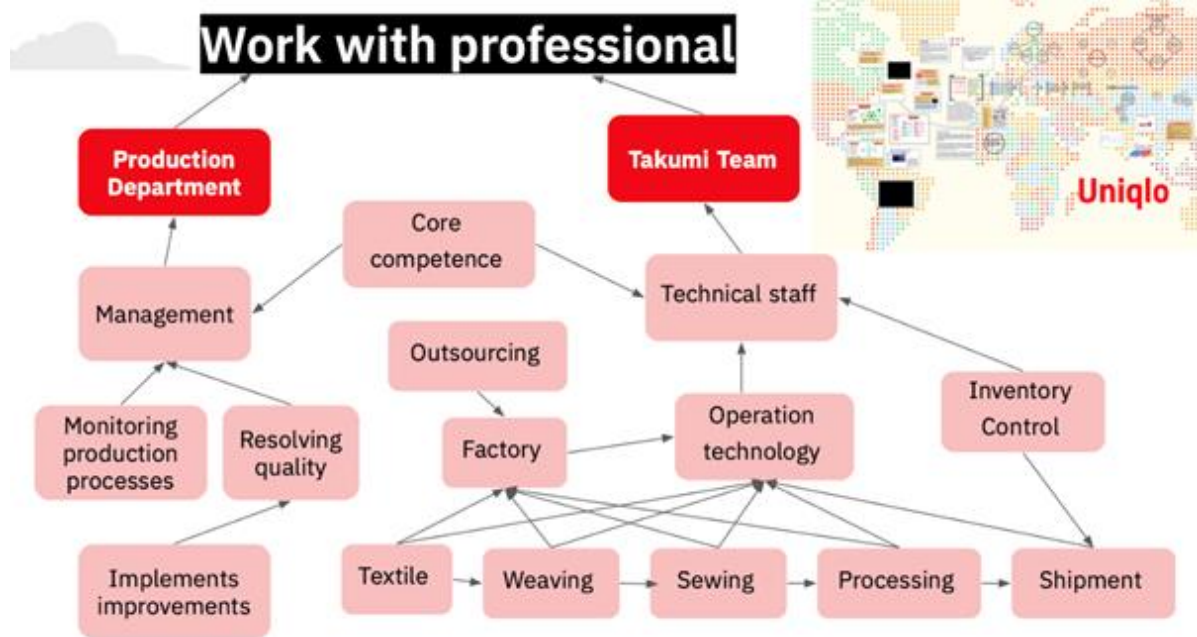


Figure 11: UNIQLO strategic map focused on work with the professionals

Production Department

- **Management**

The production department monitors production processes and resolves quality. In addition, the management also visits partner factories each week.

Takumi Team

- **Technical Staff**

The Takumi team is a group of skilled craftsmen who have more than 30 years of experience in the textile industry in Japan. Since 1999, these masters have been stationed in Chinese factories as technical directors.

- **Outsourcing**

With the Takumi team, UNIQLO entered China in the 1980s to establish its own outsourcing value chain, and managed to directly control the supply of cashmere from Inner Mongolia. It directly intervenes in each process of the production line. It requires the outsourcing manufacturer to use the highest-grade cotton and polyester fiber from the purchase, and the blending method also uses the highest level. Each checkpoint has a clear standard, and the external factory is regarded as its own factory.

- **Operation Technology**

Including textile, weaving, sewing, processing and shipment. UNIQLO highly integrates all links from production to distribution, eliminating unnecessary processes in their outsourcing factories. The Takumi team will supervise the inventory control and make sure the quality meets the standard.

With the production department and the Takumi team, UNIQLO has promoted its core competence, to compete with Zara and H&M in the global market.

4.5 Spread value-added information

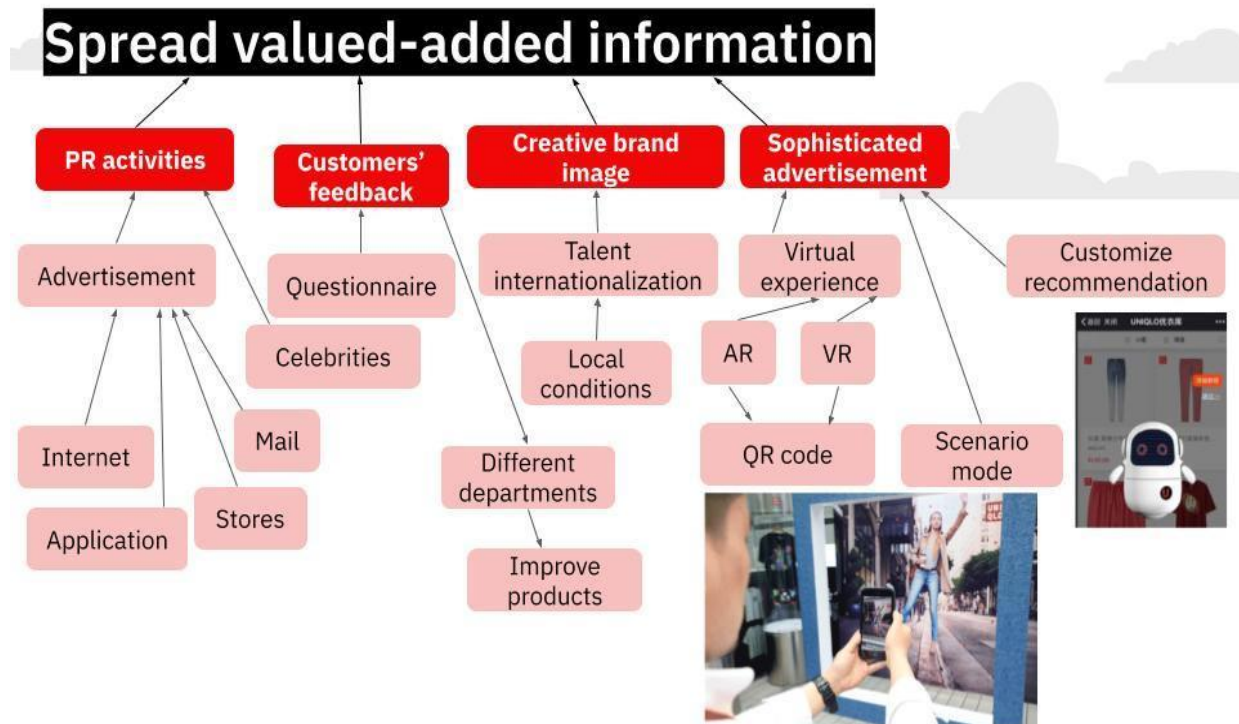


Figure 12: UNIQLO strategic map focused on Spread value-added information

PR activities (public relation activities)

UNIQLO promotes positive attitudes and behaviours by using proven public relations (PR) tools and activities which will help convert interested consumers into customers. In addition, PR activities are cost-effective, and also build a great reputation for UNIQLO.

- **Advertisement**

There are many tools which UNIQLO promotes their advertisements like website, application, stores, and mail. This is a type of media strategy focused on circulating messages through media channels. UNIQLO not only uses online promotion, but also offline service is a kind of advertisement to convey its brand image.

- **Celebrities**

UNIQLO will invite suitable celebrities wearing their products or cooperate with famous designers, and show up the pictures and products not only on the official website, but also ask them to post on their social media accounts such as Facebook, Instagram, and Twitter which can increase exposure for UNIQLO.

Customers' feedback

UNIQLO positions itself as retailers that adapt the trend of the clothing industry, but this does not mean that they can create fashion trends by itself. It should transform consumers' demand for inspiration into design and production. Therefore, after customers buy the goods, UNIQLO will gather their recommendations and needs. To satisfy all customers necessary, it adjusts their materials, designs, produce, and staff service.

- **Questionnaire**

The core concept of UNIQLO's trend isn't to focus on some particular people, but also everyone who needs to wear clothes. Therefore, UNIQLO uses questionnaires to realize the favorite of customers.

Creative brand image

- **Talent internationalization**

To make sure that its products can suit every customer, UNIQLO recruit's talents from all over the world.

Sophisticated advertisement

- **Virtual experience**

Nowadays, Artificial intelligence is used widely. UNIQLO makes advantage of this technique to bring more convenient services to customers such as Augmented Reality (AR) and Virtual Reality (VR). This service can help people choose clothes online or reduce their time to try on. What's more, it can show the detail of clothes and also be used to recommend clothes collections to customers.

- **Scenario mode**

People need different kinds of clothes on different occasions. Therefore, UNIQLO creates a situation to let customers realize when you can wear these clothes, so that they can have a connection between products and their life.

- **Customized recommendation**

There are many choices for modern people in this society. There's a smart robot which can give you some customized recommendations after scanning your body or consumers input their body's data.

Chapter 5: Porter's Five Forces

5.1 Competitive Rivalry

In the modern market, people pursue fashion trends which cause fast fashion to appear. The most famous companies in the fast fashion market are UNIQLO, ZARA, GAP, H&M, and forever21. Although there are many competitors for UNIQLO, there are unique characteristics below in UNIQLO which are different from others.

Slower fashion than competitors

UNIQLO distinguishes itself from its competition by focusing on quality rather than quantity of styles produced and their relevance to fashion trends. A excellent item for UNIQLO would be made with good materials, produced well, and fit all different types of individuals. UNIQLO, for example, is known for its high-quality knitwear, with about 70% of the knits being created from organic textiles. Zara, on the other hand, employs only 20% natureal fabrics in its knitwear. In total, UNIQLO utilizes 30% cotton and 20% polyester in their collections. Polyester is frequently a material of choice for ohter fast-fashion rivals. Considering the environmental effect by polyester, this is a wise solution. This attitude builds to the Japanese brand's reputation for producing the greatest everyday wear. People shop to get nice essentials products and a wide collection of minimalist apparel. It's also a wonderful platform place to go for low-cost tech clothes.

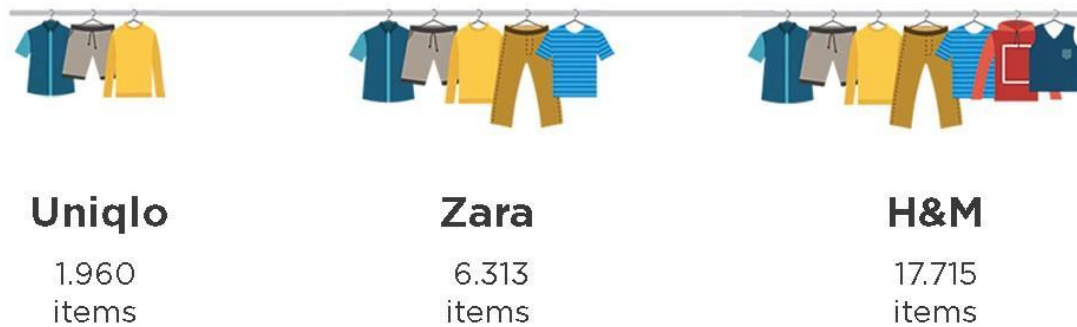


Figure 13: UNIQLO, Zara, and H&M number of items

Quality at a competitive price

UNIQLO's pricing approach is noteworthy since the company's target market includes people of all ages and genders, from various socioeconomic levels, who would like to buy inexpensive, high-quality apparel. As a result, prices are made as low as possible. Around 70% of the costs are under 30€, while the majority of rivals set between 10€ and 29,99€. UNIQLO's goal is to provide good quality at lowest price, which really a unique strategy. The most costly item at UNIQLO is 179,90€, whilst its rivals' most costly item is approximately 500€. Buying in bulk and controlling the entire manufacturing line helps the brand to save expenses then to lower the prices while still ensuring that quality requirements are met.

Pricing strategy

€	H&M	Uniqlo	Zara
0 - 10€	12.5	8.0	7.5
10 - 20€	35.7	27.2	28.2
20 - 30€	26.2	35.0	24.9
30 - 40€	12.9	14.1	18.4
40 - 50€	4.9	3.9	11.5
50€+	4.0	3.3	5.7

Figure 14: H&M, UNIQLO, Zara pricing strategy

Innovative products

Innovation is often employed by the Japanese brand to identify itself on the market. New technologies are developed to improve the lives of its consumers. The objective is to create clothing that is both comfortable and functional for individuals to wear on a daily basis. Furthermore, copyrights are cleverly used to safeguard all of these breakthroughs, preventing rivals from copying unique fashion technology.

Collaborations

The UNIQLO marketing approach is unique since the firm follows its own fashion trends. They like collaborating with well-known designers and artists to create desirable things. For starters, Lemaire was picked as the designer for UNIQLO's U line. JW Anderson, Ines de la Fressange, Jil Sander, and Alexander Wang are just a few of the designers that have teamed with UNIQLO to produce incredible collections. Usually, prints aren't particularly popular in their collection, therefore artists collaborate with UNIQLO to produce one-of-a-kind t-shirt designs. Young adults have flocked to the UNIQLO Kaws partnership. Plenty of well-known artists, such as Keith Haring and Verdy, have partnered with UNIQLO.

Made for all

When shopping at a UNIQLO store, they ensure that you can find your size. UNIQLO has fewer goods than its main competitors Zara and H&M, however this reduces the chance of a sale being lost owing to size inconsistency. Their clothes are available in sizes ranging from XXS to XXL. UNIQLO tries to provide fewer goods with a wider range of color selections. If people love the piece, they may buy it in some different colors. It is also widely customized, so it's special, but the collection also suits every people.

5.2 The bargaining power of buyers

Bargaining Power of Buyers

The total number of purchases is small, and each purchaser's purchase is larger, accounting for a large proportion of UNIQLO's sales. Buyers are basically buying standardized products, and it is economically feasible to buy from multiple similar brands at the same time. Buyers have the ability to achieve backward integration.

How can UNIQLO tackle the Bargaining Power of Buyers?

UNIQLO has a variety of styles from tops, trousers, jackets to home wear. Because of low prices, high quality, simple styles, and diversified colors, there are consumer groups ranging from the elderly to babies.

5.3 The bargaining power of suppliers

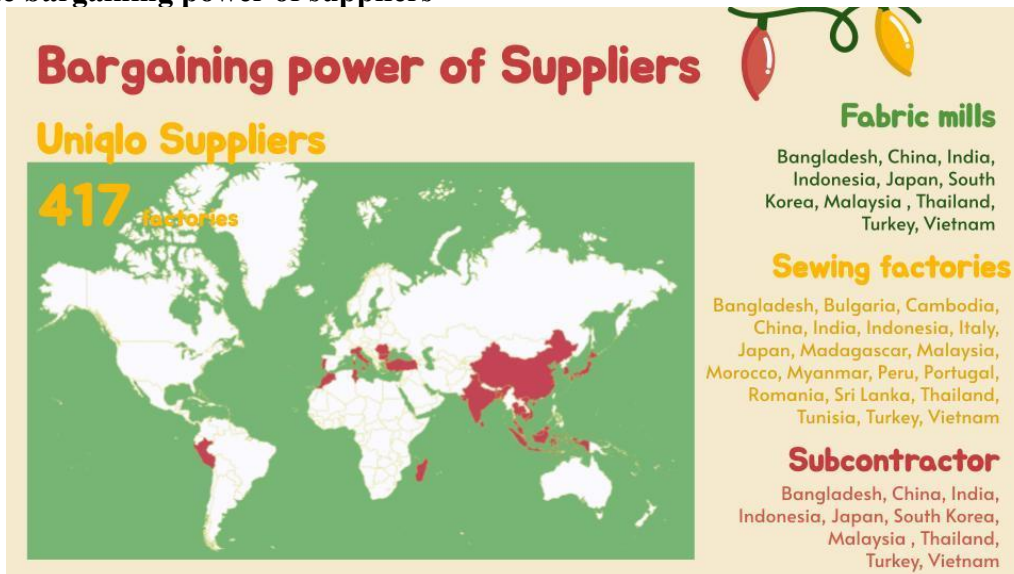


Figure 15: UNIQLO suppliers by countries

UNIQLO suppliers

The number of UNIQLO suppliers in 2021 is 417 factories includes fabric mills, sewing factories and subcontractor in the following countries:

Table 2: The number of UNIQLO suppliers in 2021

Core Fabric Mills		Sewing factories		Subcontractor	
Bangladesh	4	Bangladesh	20	Bangladesh	3
China	46	Bulgaria	2	Cambodia	6
India	1	Cambodia	10	China	23
Indonesia	9	China	144	Indonesia	5
Japan	6	India	9	Italy	1
South Korea	1	Indonesia	14	Malaysia	2
Malaysia	2	Italy	1	Peru	2
Thailand	5	Japan	1	Portugal	3
Turkey	1	Madagascar	2	Vietnam	6
Vietnam	9	Malaysia	3	Total	51
Total	84	Morocco	1		
		Myanmar	5		
		Peru	3		
		Portugal	5		
		Romania	1		
		Sri Lanka	2		
		Thailand	5		
		Tunisia	2		
		Turkey	6		
		Vietnam	46		
		Total	282		

(Source: Fastretailing, 2021)

Bargaining Power of Suppliers

Compared to customers, the number of suppliers in the industries in which UNIQLO participates is enormous. This situation gives suppliers less pricing control and reduces their bargaining power. These providers' items are of a pretty typical kind. There is little difference, and the cost of replacement is minimal. Make it easy for buyers, such as UNIQLO, to switch suppliers. reducing suppliers' negotiating power. The provider disagrees with any other product in this market. This signifies that there are no alternatives to the items given by the vendor. This has increased the negotiating power of the industry's suppliers. Suppliers do not pose a

real threat to UNIQLO's forward integration in the industries in which it operates. As a result, suppliers' negotiating strength is weak in the sector.

How does UNIQLO deal with supplier bargaining power?

UNIQLO can obtain low-cost raw materials from suppliers. If the price or quality of the product is unsuitable for UNIQLO, the supplier can be replaced because the switching cost is inexpensive. A supply chain may have several providers. UNIQLO, for example, may have multiple suppliers for different geographical regions. This will assure the supply chain's efficiency. Because this is a significant customer for suppliers, as a result, UNIQLO may profit from creating tight relationships with its suppliers, benefiting both parties.

5.4 The threat of Substitution products

The pressure on this topic is considered to be the pressure that has a very important impact. The replacement product may not be of the same type, but the purpose of the use is the same or similar. This replacement product gives customers more options to buy alternatives. The availability of substitutes in the industry poses a limitation in setting the product's price too high. This is because customers may turn to substitute products, and if the switching cost is low, the factor in using the replacement products will have a greater effect on the industry; for example, customers may choose tea over coffee if coffee is much more expensive, smartphones instead of watches or digital cameras, Airbnb instead of hotels, planes instead of buses. A business that can produce a product that does not have a substitute has a high return because it can set a high price without fear of a replacement. If any industry has easy to replace products, it will not make much profit because customers will turn to substitute products.

The threat of substitution in the clothing industry is increasing due to a large number of products from the clothing industry today, and it is a massive market for buyers. With new styles of fashion clothes coming out all the time, most of the clothes that come out will follow the fashion that celebrities wear, especially Korean stars, which are very popular in Asia. Shoppers have more choice in the decision-making process and are more inclined to purchase the same fashion style worn by a celebrity over other kinds.

In addition, technological changes and innovations in the clothing market have resulted in a large number of substitutes. However, the cost of changing products is not too high or too costly, and these replacement products have the same functionality.

The Threat of Substitute Products for UNIQLO is considerably high when;

- There is a much cheaper replacement product with the same quality as UNIQLO's product from other competitors.
- Substitute products with the same or not much difference price, but offer the superior quality and performance or different fashion styles as UNIQLO's product.
- Switching to substitute products is not costly.

The Threat of Substitute Products for UNIQLO is considerably low when;

- Switching to substitute products is costly.
- Using a substitute product cannot provide customers with the same quality and performance as they received from UNIQLO's products.

The ways to deal with the Threat of Substitution Products for UNIQLO?

- Focus on improving the quality and providing great products in terms of quality. Due to this, buyers would prefer high-quality products at a low price rather than products

offering the same level of quality at a higher price. UNIQLO can also emphasize how their products are better than the substitute products and high value for money.

- Differentiating its product will ensure customers see its products as unique and won't look for substitutes that do not offer the same unique features. UNIQLO can be working on brand loyalty to raise switching costs by providing such unique benefits and better experience to their customers, doing market research to understand customers' needs better, and providing what the customer wants.

5.5 The threat of new entrants

The economics of scale

The economics of scale in the industry UNIQLO operates is fairly difficult to achieve. So, it's more beneficial for UNIQLO since they produce large capacities to have a cost advantage besides it also makes the production costlier for the new entrants. This makes the threats of new entrants weaker. Moreover, UNIQLO has been so strong to capture universal consumers by providing men, women, kids and infants wide options of apparel line. On another hand UNIQLO has been relatively weak in expanding their multi-product economies of scale or so-called economies of scope, since UNIQLO products focus on clothing and not expand to multi fashion products such as: bags, shoes like other competitors such Zara, Mango, Adidas, etc. Despite this, it doesn't mean the entry threat in the market is high and risky for UNIQLO since UNIQLO has the economies of scale advantage on its top.

Learning Curve

The learning curve of UNIQLO can be relatively low or high depending on different aspects. As UNIQLO offers basic, simple style clothing, it is easier for the sewing manufacturers to produce, the sewing machinists will take shorter time to reach their maximum speed production. Also, it is easier to learn and be copied by the new entrants. But on different aspects, UNIQLO techniques and technology inventions for the clothing material are hard to copy and learn by new entrants, besides UNIQLO has many patents for the material to prevent the entrants from doing illegal imitations. UNIQLO technology is highly costly for the new entrants to compete with.

Experience Curve

Purchasing the know-how from suppliers: UNIQLO is highly experienced in choosing the most compatible and advantageous supplier globally. Big and experienced companies like UNIQLO are also more able to cope with any unexpected issues in their internal or external aspects, such as if the supplier goes bankrupt in the middle of the contract, etc. Therefore, the experience curve also lowers the new entrant's threat.

Intended Excess Capacity

Indeed, the clothing retail industry is an overly crowded industry, clothing materials are easy to massively produce, therefore the current rivalry competition is quite tense. The UNIQLO self-checkout cashier in many of their stores (especially Japan) may be efficient in decreasing the human resources cost.

Reputation & Product Differentiation

UNIQLO is known for its High-Quality products that could be harder for the new entrants to compete with. Some of the new entrants maybe could aim to offer the same high-quality product, but to provide it globally and being an internationally well-known brand is another challenge for every new entrant.

Every clothing brand has its own product differentiation, as it is in UNIQLO, UNIQLO succeeds in breaking the people's mindset that Japanese brands are always expensive, without ignoring the highly fine quality that consumers always expect when buying Japanese brands. Affordable high-quality clothing is the product differentiation offered by UNIQLO.

Capital Requirements and Switching Cost

The capital requirements for the clothing retailer could be low or high depending on the scale of the brand itself, so it could be easy for the new entrants to join into the market.

There is no switching cost of giving up the UNIQLO brand; These two factors may be the highest threats for the new entrants.

Access to distribution channels, materials and raw

Clothing materials such as cotton, are easy to get and available in many countries, also the distribution channel worldwide is sufficient. It could be the UNIQLO high threat for new entrants.

Technology and Exit Barriers

UNIQLO puts high investment for their technology therefore the exit barriers are also big. As a new brand to be able to compete with UNIQLO there will be high costs needed for the R&D, technology innovation and exit barriers.

5.6 Conclusion of Porter's 5 forces analysis

Global Apparel Market

Retail sales of apparel and footwear reached 1.9 trillion U.S. dollars in 2019, and are expected to reach over three trillion dollars by 2030. The fashion industry continues to experience strong growth, particularly in emerging markets within Asia-Pacific and Europe. According to predictions, Asia Pacific will have a 38 percent share of global apparel demand by 2020. The three largest apparel markets in the world are the United States, China, and Japan.



Figure 16: Overall of apparel market

Source: <https://www.statista.com>

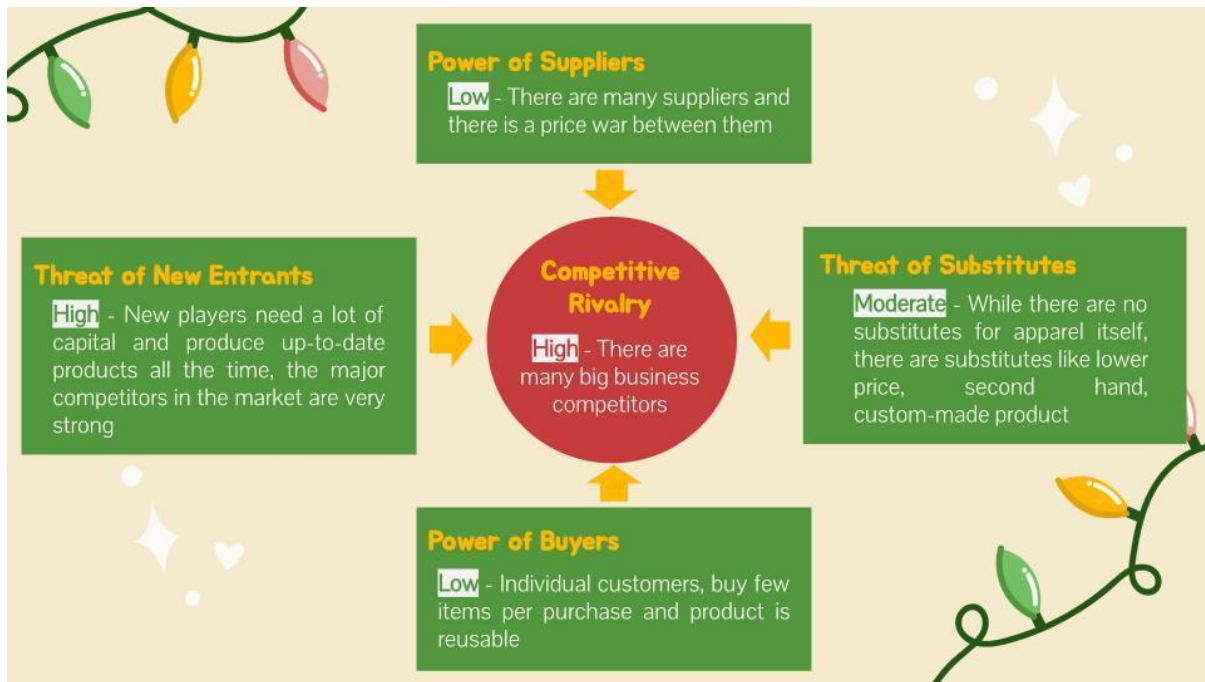


Figure 17: Overall of Porter's 5 forces analysis of UNIQLO

Fashion Industry - Porter's 5 forces analysis

- **Competitive Rivalry** High - There are many big business competitors.
- **Power of Customers** Low - Individual customers buy few items per purchase and the product is reusable.
- **Power of Suppliers** Low - There are many suppliers and there is a price war between them.
- **Threat of Substitute** Moderate - Even though there are no substitutes for clothes, it can be replaced by lower-cost, second-hand, and customized apparel.
- **Threat of New Entrants** High - New players need a lot of capital and need to produce up-to-date products all the time. In addition, the major competitors in the market are very strong.

The overall attractiveness of the clothing business is **moderate**, according to an examination of the industry using the framework of Porter's Five Forces model.

Chapter 6: Strategic groups

6.1 Group of competitors

The list of fashion brands below is from the most valuable fashion brands in the market to be in the competitor's group in this strategy group analysis.

Table 3: Top valuable fashion brands 2021








Brand Logo	Name	Brand Logo	Name
	Nike		Anta
GUCCI	GUCCI	BURBERRY	Burberry
LOUIS VUITTON	Louis Vuitton	RALPH LAUREN	Ralph Lauren
	Adidas		Levi's
CHANEL	Chanel	PRADA	Prada
ZARA	ZARA		Old Navy
	UNIQLO		Under Armour

Table 3 (Continued): Top valuable fashion brands 2021

Brand Logo	Name	Brand Logo	Name
	H&M	SAINT LAURENT	Yves Saint Laurent
	Hermès		Fila
DIOR	Dior	TOMMY HILFINGER	Tommy Hilfiger
	The North Face	Calvin Klein	Calvin Klein
ARMANI	Armani		Timberland
	Hugo Boss		Bosideng

Source: <https://brandirectory.com/rankings/apparel>

6.2 Strategic variables

- **Price** - Price is an important factor when considering a brand group because fashion buyers are individual buyers and household buyers. Price is what influences a buyer's purchasing decision.
- **Range of product line** - The width of the production line is a variable selected to consider with the product price in this analysis because brands with comparable prices and a similar number of products tend to be the main competitors in the market.
- **Lifestyle** - Lifestyle is another important factor that affects individual buyers' purchasing choices. Brands with similar clothing styles tend to be the main competitors in the market.

6.3 Price Versus Product Line

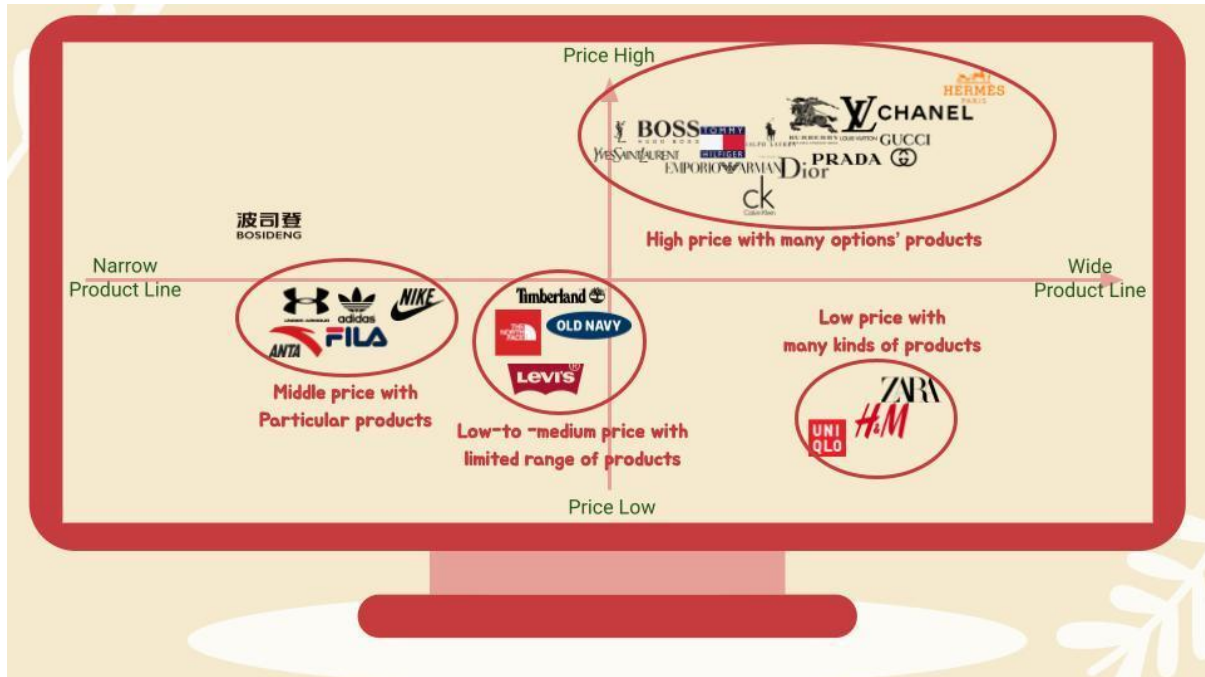


Figure 18: Groups of fashion brand by price and product line

In this part, we divided into 4 parts which included middle price with particular products, low-to -medium price with limited range of products, low price with many kinds of products, and high price with many options' products.

Middle price with particular products

The brands in this area are selling particular products such as Nike, Adidas, FILA, Under Armour, and ANTA, which focus on sporting goods and their prices are not expensive for customers.

Low-to -medium price with limited range of products

There are more types of products than the brands above those customers can choose. Timberland, The North Face, Old Navy, and Levi's are brands which not only provide particular goods, but also provide many kinds of options like the casual wear, smart casual, business casual, and business attire for customers to choose. However, customers can also use less money to buy every type of clothes, shoes, and accessories they want.

High price with many options' products

The brands in this group are luxury brands, including Gucci, Burberry, Hermès, Dior, Calvin Klein, Armani, Hugo Boss, Louis Vuitton, Ralph Lauren, Chanel, Prada, Yves Saint Laurent and Tommy Hilfiger. These bands sell personal luxury such as clothing, shoes, handbags, accessories, cosmetics, perfumes, jewelry and watches. These hedonic products further satisfy the emotional and sensory needs, and purchasing these products makes consumers feel happy.

Low price with many kinds of products

In this area, UNIQLO, Zara and H&M target the young generation with low prices and various products. Zara's production, manufacturing and sales can be completed in a short time. Zara uses these special marketing methods to become the leading brand of "fast fashion". With low prices, H&M has a certain position in the clothing industry. In this group, UNIQLO offers the cheapest goods, making it become the consumers' favorite fast fashion band.

6.4 Price Versus Lifestyle

The Price Segments of fashion clothes brands could be classified by these pyramids below

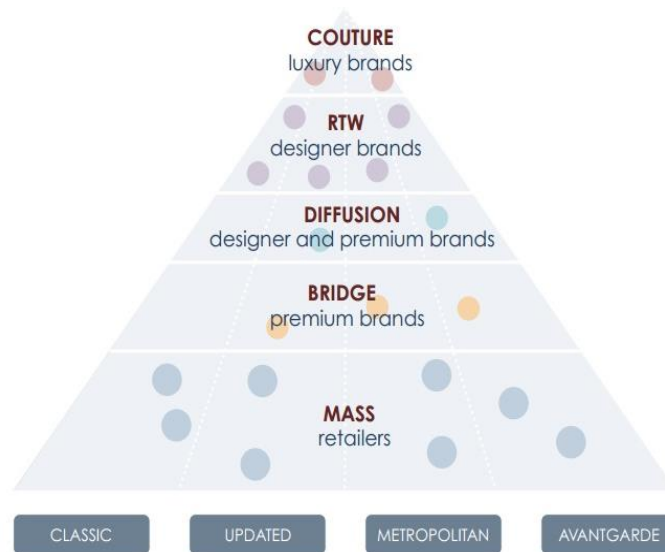


Figure 19: Classification of fashion brands

Haute Couture

- Price: outrageously expensive \$25,000-\$300,000
- Maximum level of craftsmanship, Pieces of arts using precious materials, or called one-of-a-kind pieces
- Afforded by only a handful of customers or celebrities
- Made-to-measure clothes

Ready To Wear

RTW is made in standardized sizes, inn automated mass-produced and not handcrafted. It supposed to be bought and worn directly, mostly no alteration. This clothing line would expand the luxury market to a wider audience, by maintaining the high-end craftsmanship at a lower entry price. Ready to wear is more fashionable than luxurious, it's more up-to-date than timeless.

Diffusion

Diffusion Line are luxury brands or designers which have created a section within their brand with a lower price point. It's a way to entice new customers such as us youngsters with smaller budgets. By preserving high-end workmanship at a cheaper entry price, this clothing brand would bring the premium market to a larger audience. Ready-to-wear is more up-to-date than timeless, and it's more stylish than opulent. The brands attempt to strike a balance between following trends and leveraging fashion to make iconic pieces. In this category critical success elements include the capacity of a brand to make items which are consistent with attractive brand image, and the ability to boost the production volume.

Bridge

The firms are success in producing updated apparel, able to follow trends with little time gap between first creation and sell. The category that reflects two sorts of competition: higher-tier with higher quality, and lower-tier products wich more affordable.

Mass

Products are more simple and generic at this point. Only cheaper brands, as well as private labels and unbranded items, compete at this tier. Some of them in this category don't qualify as fashion since the things they sell are more 'functional' than 'fashionable,' and they don't follow trends.

Lifestyle

Supreme Luxury: Avantgarde. This category includes one-of-a-kind pieces that are created by order, handmade with valuable material, then sold or unveiled, only for exclusive market (e.g., Chanel). Few brands in this category, Therefore to keeping with this privileged position, a very unique marketing strategy needed.



Figure 20: Level of fashion style

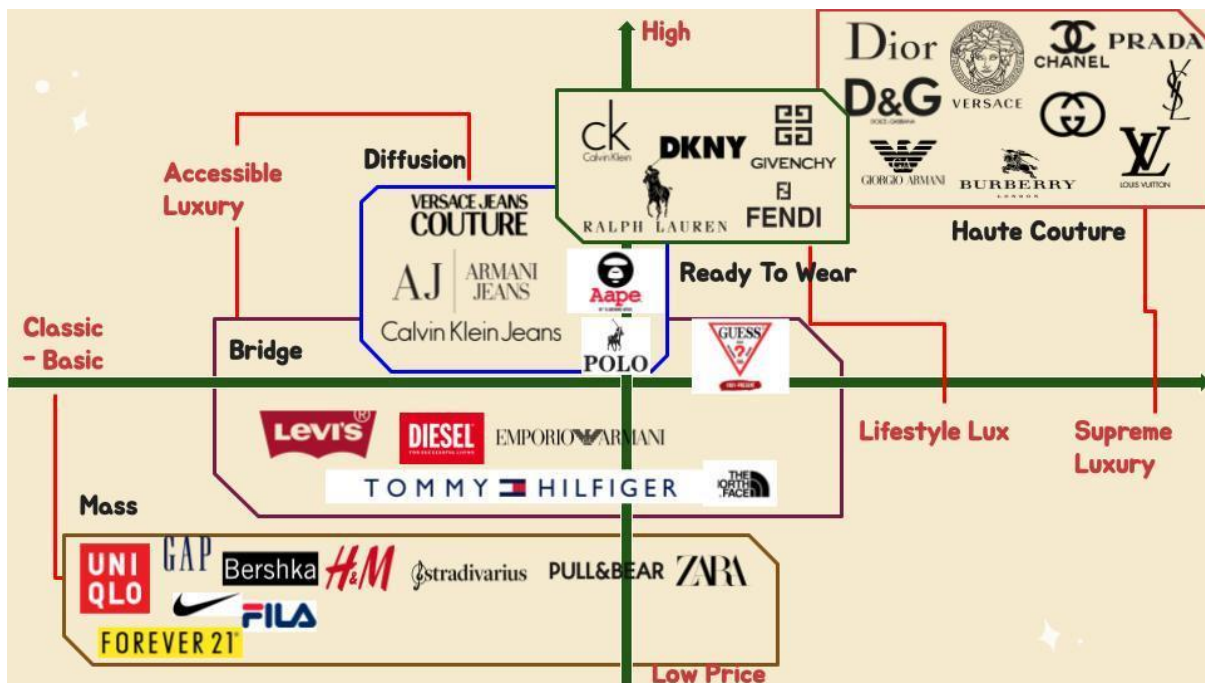


Figure 21: Groups of fashion brand by price and lifestyle

Lifestyle Luxury: Metropolitan, High-End style

In this category the series are limited editions with the highest quality and most stylist, featuring legendary branding and a clear brand identity, distributed exclusively (e.g., Salvatore Ferragamo). This categories tries are seeking between luxurious and achievable balance.

Accessible Luxury: Updated - High Street Fashion

High fashion style, with a fine price with value quality, more accessible and attractive caused by powerful communication (e.g., Bape, Ralph Lauren). Also called diffusion line for the fashion apparel segments, the role of in this category is to communicating and deliver the items in exclusively.

Masstige: Classic

Product in the category are sell at the price of ordinary consumer goods, while attempting to maintain the style, communication aesthetics and distribution visibility of luxury goods (Chanel limited editions by H&M). This unique marketing strategy composed by fashion companies which capable to exchange the luxury allure (Chanel) with the H&M Cool Factor.

6.5 Conclusion of Strategic groups

UNIQLO, Zara and H&M are among the clothing industry. The fast fashion group is aimed at the young generation with low prices and a wide range of products. Strategy groups show that UNIQLO products are quite simple and low fashion. Strategic group analysis can identify industry gaps that offer untapped potential. UNIQLO may use the space to expand its company by diversifying its items and producing stylish clothes to attract more customers.

It can be mentioned that fashion is generally a competitive industry, and there are no associations that are easily accessible.

Chapter 7: Resources and capabilities analysis

7.1 Identify principal resources and capabilities

Companies and organizations use resources and capabilities analysis to assess and identify resources that will enhance an organization's competitiveness and align them strategically in order to create a long-term, sustainable competitive advantage for the organization.

Resources and capabilities are defined in terms of tangible and intangible resources, which together make up the firm's assets. Tangible resources are items that can be easily liquidated and have a set value; they consist of cash, inventories, machines, land, and buildings. These resources are essential in accounting, as they provide a company with an understanding of its financial position when they are reflected on balance sheets. Intangible resources refer to those resources with no physical value, organizations own and possess intangible resources because of aspects such as historical uniqueness, causal ambiguity, and social complexity, which often make them difficult to purchase and acquire. An organization's intangible resources are essentially unique and likely to stay within the company for a long period of time, forming the basis of its competitive advantage. In addition, resources also included human resources and intellectual capital separated apart from intangible resources.

An organization's capability is derived from its personnel through the collaborative process using knowledge, skills, traits, social roles, and self-awareness, motivation, experience, and abilities of each individual.

UNIQLO Capabilities:

1. **Purchasing Process Efficiency:** Order includes the supplier's total production volume.

2. **Mass Production Efficiency:** Bulky batch production and outsourcing to specialized contractors.
3. **Innovation:** Application of technology in developing new products and marketing strategies.
4. **Design capability:** Success in making clothes "Japanese style" is known.
5. **Stocking:** The practical and useful design enables finished goods inventory to reduce the risk of out-of-stock.

Table 4: UNIQLO Resources

Identifying UNIQLO Resources		
Resource		UNIQLO resources identification
Tangible resources	Financial	Financial capital
	Physical	Land
		Equipment
		Materials
		Suppliers
		Facilities
Intangible resources	Technology	Patents/copyright
		Technology/software
		R&D (Designers/Pattern Makers)
		Marketing communication
		Intellectual property right
	Reputation	Brand reputation
		Trade names
		Customer experience
		Quality product
		Supplier relationships
Human resources		Employee involvement

7.2 Resources and capability analysis

1. Financial capital

UNIQLO refers to its financial capital as a measure of the amount of money it uses to buy the material or services needed to manufacture its goods, such as retail, corporate, investment banking, etc., or to provide its services to the economic sector on which their operations are based. Similarly, financial capital is either retained earnings generated internally by the company or loans or investments provided by lenders or investors to UNIQLO for equipment or services that are directly related to the production of new products.

2. Land & Infrastructure

For UNIQLO, the land consists of all land owned and leased for the company's production units, warehousing, and packaging. These factors could be both UNIQLO strength and weakness. Strength in the Asia market but weakness in the worldwide global market.

UNIQLO as a potential multinational should embrace political issues that affect the host nation also all countries where UNIQLO has corporate activities and trade connections. The elements to examine before cooperating in any investments include the broad systemic political risk that UNIQLO may be subject to. It might be the level of political instability experienced by a country in recently years.

- The rules that each country enacts, particularly in relation to business, such as jurisprudence, which regulate what UNIQLO is and is not permitted to do. Some government systems, for example, have insufficient procedures to prevent small businesses from infringing their company's property (IP)

- The host country's trade restrictions may be used to defend UNIQLO. Trade restrictions from high-potential partner nations would disturb the firm gain potential exports/trade. More over a high tax could prevent UNIQLO from maximize revenue.

- The minimum salary and the rate of growth value in one country may have an impact on how fast UNIQLO is expected to expand in the near future. The proportion of individuals who are prepared to borrow and invest will be affected by interest rates in the country. Higher rates would result in larger investments, which might result in significant growth for UNIQLO.

- Outside of Asia, UNIQLO's footprint and awareness are very minimal, and Western shoppers frequently complain about the clothing's size and fit to body form. Moving forward, UNIQLO has to be highly focused in its worldwide expansion strategy with clear and attainable objectives specific to each country.

3. Equipment

All equipment owned by UNIQLO for production and packaging as well as for other operational purposes is included under "Equipment."

4. Materials

All UNIQLO's raw materials and packaging materials are included in materials. The raw materials are used to manufacture and package its products.

5. Suppliers

Supplies are also a tangible resource for UNIQLO and include all products and materials for its packaging and production functions, as well as all products and materials required by other functions to achieve business objectives and targets.

6. Facilities

Facilities include all production and warehouse units, offices, and supporting functions for the company, which streamline processes and operations and lead to successful results. Interior design and the interiors of UNIQLO's buildings are also a part of its facilities, designed to maintain the brand's image and optimize performance.

7. Patents/Copyrights

Patents and copyrights are used by UNIQLO for the production processes and formulation of its products, as well as for R&D activities for improving and enhancing products. UNIQLO is protected from infringement with these patents and copyrights.

8. Technology/Software

A combination of hardware and software is regularly incorporated by UNIQLO to improve the company's operational processes, which is developed internally and is therefore patented.

9. R&D (Designers/Pattern Makers)

R&D is one of UNIQLO's intangible resources. UNIQLO's R&D center researches the latest in new materials and global fashions and develops products to satisfy customer requirements as well as identifying new customer needs.

10. Marketing Communication & Campaign

Campaign is the brand communicating channel. It's all about communicating with customers in a way that travels around the globe.

- Being a global retail company UNIQLO still lacks on their digital marketing projections. Such as a viral marketing project, designed to build brand awareness internationally, Periodic marketing campaign agenda. Since most of UNIQLO campaigns are launch for local or regional market not global, it could inhibit the brand global growth, moreover UNIQLO could Focus on more global advertisement, marketing campaign, etc.

- 2007: UNIQLOck, was designed to include a blog widget embedded into blog sites. The widgets and website that support the campaign had been viewed 68 Million times in 209 different countries.

- 2016: First global brand campaign titled "The Science of LifeWear".

- 2019: Global campaign #UTPlayYourWorld, partner with TikTok to encourage customers to show off their different UNIQLO UT outfits through short videos, then played on in-store screen.

- The technology UNIQLO has been working on for its app features is limited in some countries.

11. Intellectual property right

UNIQLO's intellectual property rights secure UNIQLO's production techniques and product identity. This prohibits other rivals from replicating or gaining access to unique product combinations and inputs. This assures UNIQLO's originality and distinguishes items from competitors.

12. Brand reputation

Brand image is distinct and has a high level of brand fidelity. The UNIQLO brand reputation is based on its historical character. Over the years, the company has worked hard to create high-quality items that have gained customers' confidence. Competitors cannot replicate the company brand reputation based on corporate culture and unique customer relationships, which may become a competitive advantage.

13. Trade names

Intangible resources for businesses include trade names. This is because other players are unable to accept or duplicate this moniker. Customers remember the brand name. The UNIQLO brand is well-known, and recognition is directly related to great brand loyalty and unity. A high level of brand awareness is critical for sales and the value of a firm. It enables cross-border businesses with rapid identification. Trade names also transmit the brand's vision and value to customers worldwide, and they provide the firm with a competitive edge.

14. Customer experience

UNIQLO offers clients a one-of-a-kind shopping experience. The firm enables customers to interact with high-end brands by providing memorable and relevant experiences for their target demographic. The organization interacts with its consumers at multiple

touchpoints and creates a holistic experience to repeat business. UNIQLO's customer-brand connection and experience extend beyond its core product offerings. And they are expanded into finding and engaging customers via the creation of relevant content that assists companies in increasing their stake. Even though competitors' marketing practices may be copied, the strategic direction and goal of developing the customer experience and brand activities are distinctive and pleased to be UNIQLO's source of distinct competitive advantage. This is an indisputable advantage over UNIQLO.

15. Quality product

UNIQLO provides high-quality products to consumers, contributing to the brand's appeal. Reliably solid quality leads to customer loyalty purchases and improves UNIQLO product demand. This is each resource for businesses. This is because the quality and exact projections are only available to the company's top executives.

16. Supplier relationships

The distribution system of UNIQLO has worldwide importance. In addition, the corporation has been effective in producing items and making them readily available to nations without operational units. This is made possible by the Company's highly effective distribution infrastructure, which allows it to sell its products worldwide. The Company's interactions with distributors are efficient, and they follow tight standards and guidelines. This is a fantastic resource for businesses that will assist UNIQLO in capitalizing on extra prospects in areas and nations throughout the world. Time passes, Consistent conduct has allowed relationships with suppliers to grow—increasing confidence and openness in operations and intentions. Good supplier ties enable UNIQLO to educate its worldwide network it is well and working smoothly and that the majority of its rivals will be obsolete soon.

17. Employee involvement

The employee gets specialized in-house training for various work responsibilities and job design, which assists them in achieving their intended job obligations. People have been polished as a result of the company's training. Not just for work duties and professional advancement but also personal growth and development. Individual company training and investments result in a high level of corporate engagement. It is also a valuable skill for UNIQLO to profit from solid and devoted staff.

Relative Strength	High	Superfluous Strengths	Key Strengths	
		<ul style="list-style-type: none"> ♣ Patents/copyright ♣ Technology/software 	<ul style="list-style-type: none"> ♣ Financial capital ♣ Suppliers ♣ Materials ♣ Brand reputation 	<ul style="list-style-type: none"> ♣ Intellectual property rights ♣ Trade names ♣ Customer experience ♣ Quality product
		Zone of Irrelevance	Key Weaknesses	
	Low	<ul style="list-style-type: none"> ♣ R&D (Designers/Pattern Makers) 	<ul style="list-style-type: none"> ♣ Marketing Campaign ♣ Land & Infrastructure 	
		Low	Strategic Importance	High

Figure 22: Resources and capabilities framework of UNIQLO

7.3 VRIS Analysis

Table 5: VRIS analysis of UNIQLO

Resources	V	R	I	S	Advantage
Financial capital	Y UNIQLO's financial resources are valuable as they allow for the company to invest in external opportunities.	N The financial resources of UNIQLO are found to be rare compared with the companies in the same industry. But it is not when compared to the general industries. Since many companies owned strong	N The financial resources of UNIQLO are difficult to imitate. The competitors can acquire these resources if they have a huge amount of financial capital.	Y UNIQLO's financial resources are organized; they are strategically used to invest in the right places, taking advantage of opportunities, and dealing with threats.	Competitive parity

		financial resources.			
Land	Y “UNIQLO’s land” is a valuable resource.	Y The land was found to be rare. Since the land and assets are owned by UNIQLO, competitors cannot own the same land, can only own land in similar locations.	Y The land is hard to be imitated and cannot be acquired by competitors even if they invest a huge amount.	Y The land of UNIQLO is organized.	Competitive advantage
Equipment	Y “UNIQLO’s equipment” is a valuable resource.	N It was found that the equipment was not that rare. Other competitors can easily provide these in the market.	N The equipment is not hard to imitate. The equipment is not that costly to purchase and can be acquired by competitors as well.	Y The equipment of UNIQLO is organized.	Competitive parity
Materials	Y “UNIQLO’s materials” is a valuable resource.	N Materials found to be not rare. These can be easily obtained by competitors.	N The materials are not that expensive to imitate. Competitors who invest a significant amount can acquire these materials as well.	Y The materials of UNIQLO are organized.	Competitive parity
Suppliers	Y “UNIQLO’s suppliers” is a valuable resource.	N These suppliers are not rare in the market. They can be easily	N These suppliers are not that difficult to imitate, as	Y The suppliers of UNIQLO are organized.	Competitive parity

		found by other competitors.	competitors can easily acquire them if they invest a significant amount.		
Facilities	Y “UNIQLO’s facilities” is a valuable resource.	N The facilities were found to be not rare. These are easily provided in the market by other competitors.	N The facilities of UNIQLO are not that hard to imitate; competitors can also obtain the same facilities if they invest a considerable amount.	Y The facilities of UNIQLO are organized.	Competitive parity
Patents/ copyright	Y UNIQLO's patents are a valuable resource, this leads UNIQLO to generate greater revenue from its patent portfolio as these patents also allow it to license these patents out to other manufacturers , providing UNIQLO with licensing revenue.	Y UNIQLO's patents are rare. These patents are not easily accessible and aren't owned by competitors. Because of this, UNIQLO is able to use them without competition interfering.	Y Patents of UNIQLO are difficult to imitate. Because of legal restrictions, it is illegal to copy a UNIQLO patent. Developing similar resources and securing a patent is also a costly endeavor.	Y UNIQLO's patents are well organized, indicating that the organization is maximizing its potential.	Competitive advantage
Technology/ software	Y Technology and software are valuable resources for UNIQLO,	Y Technology and software from UNIQLO are a rare	Y UNIQLO's technology and software are very difficult to	Y The technology and software of UNIQLO are well used	Competitive advantage

	since they allow the company to differentiate its products.	resource. They are difficult to develop and cannot be easily duplicated or acquired by competitors.	copy. Similar technologies and software are also very costly to develop.	and organized. This means that the organization is using this technology and software to its full potential.	
R&D (Designers/ Pattern Makers)	N UNIQLO's research and development is not a valuable resource because it costs more than it generates in terms of innovation. Very few innovative products and features have been developed recently. UNIQLO is therefore at a competitive disadvantage with its research and development activities. The R&D teams should be improved and the costs should be cut.				Competitive disadvantage
Marketing communication	Y Companies compete based on	N Competitors have good marketing knowledge as	Y The unique organizational culture envelops the	N Any other resource can substitute this time.	Competitive parity

	industry variations.	well.	strategic focus of the business, and under strategic leadership, along with business vision/developed them over time.		
Intellectual property rights	Y It enables the firm to offer its goods without interruption and make more money.	Y Property rights are difficult to obtain and can not be held by rivals.	Y Difficult to imitate and substitute as well because it is an illegal property right that prohibits competitors from duplicating or gaining access to unique assets.	Y	Competitive advantage
Brand reputation	Y The brand's reputation has been formed over time and is treasured through ongoing efforts.	Y The brand image is distinctive and possesses a high level of brand fidelity.	Y A brand's reputation cannot be imitated by its competitors since it is founded on corporate culture and unique ties with its consumers.	Y	Competitive advantage
Trade names	Y Customers memorize company names. A high degree of brand awareness is critical not	Y The other participants are not permitted to accept or duplicate this title.	Y It is illegal if others copy the name of UNIQLO.	Y	Competitive advantage

	just for sales but also for the company's value.				
Customer experience	Y Offers a one-of-a-kind consumer experience.	Y Consumers may interact with high-end brands through treasured memories, and the firm provides experiences that lead to return customers.	Y Despite the fact that competitors may imitate marketing activity. However, the strategic goal and purpose with which customer experience and brand activities are designed are unique.	Y	Competitive advantage
Quality product	Y Provide high-quality products to consumers that contribute to brand attractiveness and value.	Y From the point of view of UNIQLO's technological quality is rare. Because no company produces clothes by using innovation. such as heat tech, airism.	Y Know-how or technology that UNIQLO uses to produce the product are secret, and under the property right, so no one knows and cannot imitate.	Y No substitutes for innovative clothing.	Competitive advantage
Supplier relationships	Y Strong supplier relationships help UNIQLO to have a well-organized and smooth worldwide network.	Y Assisting company in gaining new chances in various areas and nations worldwide.	N Essentially inimitable by competitors in the immediate future. But other competitors can have a good relationship with their		Temporary competitive advantage

			suppliers as well.		
Employee involvement	Y Employees are a significant resource since they have received extensive training resulting in increased organizational productivity	Y These personnel have had extensive training and are highly skilled. Employees in other firms are not in this situation. Better pay and workplace conditions guarantee that these workers do not depart for other firms	N UNIQLO employees do not incur any imitation costs because other companies can train employees to improve their skills.	N Competitors can also hire UNIQLO personnel by offering attractive remuneration packages. In the future, there will be better working conditions, welfare, and chances for advancement, among other things.	Temporary competitive advantage

Competitive disadvantage

UNIQLO's competitiveness disadvantage is that it holds utterly useless resources, resulting in the company's performance being adverse for competitors and resulting in the company's performance being lower than the standard.

Competitive parity

UNIQLO is a competitive equalization resource, helping companies achieve industry-standard and average results and performance.

Temporary competitive advantage

This relates to UNIQLO's strong business advantage and benefits. However, this is only transitory because future competitors and market participants may replicate resources. Factor market participants may also acquire similarly over time. Even though UNIQLO provides a competitive edge, it is just temporary and unstable.

Competitive advantage

The significant advantages produced by UNIQLO based on resources are stable and long-lasting. This race is typically unique and has evolved via true performance. UNIQLO can use its resources to gain a long-term competitive advantage.

VRIS Analysis

Resources	V	R	I	S	Advantage
Financial capital	Y	Y	Y	Y	Competitive advantage
Land	Y	N	N	Y	Competitive parity
Equipment	Y	N	N	Y	Competitive parity
Materials	Y	N	N	Y	Competitive parity
Suppliers	Y	N	N	Y	Competitive parity
Facilities	Y	N	N	Y	Competitive parity
Patents/copyright	Y	Y	Y	Y	Competitive advantage
Technology/software	Y	Y	Y	Y	Competitive advantage
R&D (Designers/Pattern Makers)	N				Competitive disadvantage

Figure 23: Overall UNIQLO VRIS analysis (1/2)

VRIS Analysis

Resources	V	R	I	S	Advantage
Marketing communication	Y	N	Y	N	Competitive parity
Intellectual property rights	Y	Y	Y	Y	Competitive advantage
Brand reputation	Y	Y	Y	Y	Competitive advantage
Trade names	Y	Y	Y	Y	Competitive advantage
Customer experience	Y	Y	Y	Y	Competitive advantage
Quality product	Y	Y	Y	Y	Competitive advantage
Supplier relationships	Y	Y	N	N	Temporary competitive advantage
Employee involvement	Y	Y	N	N	Temporary competitive advantage

Figure 24: Overall UNIQLO VRIS analysis (2/2)

Chapter 8: Value chain Analysis

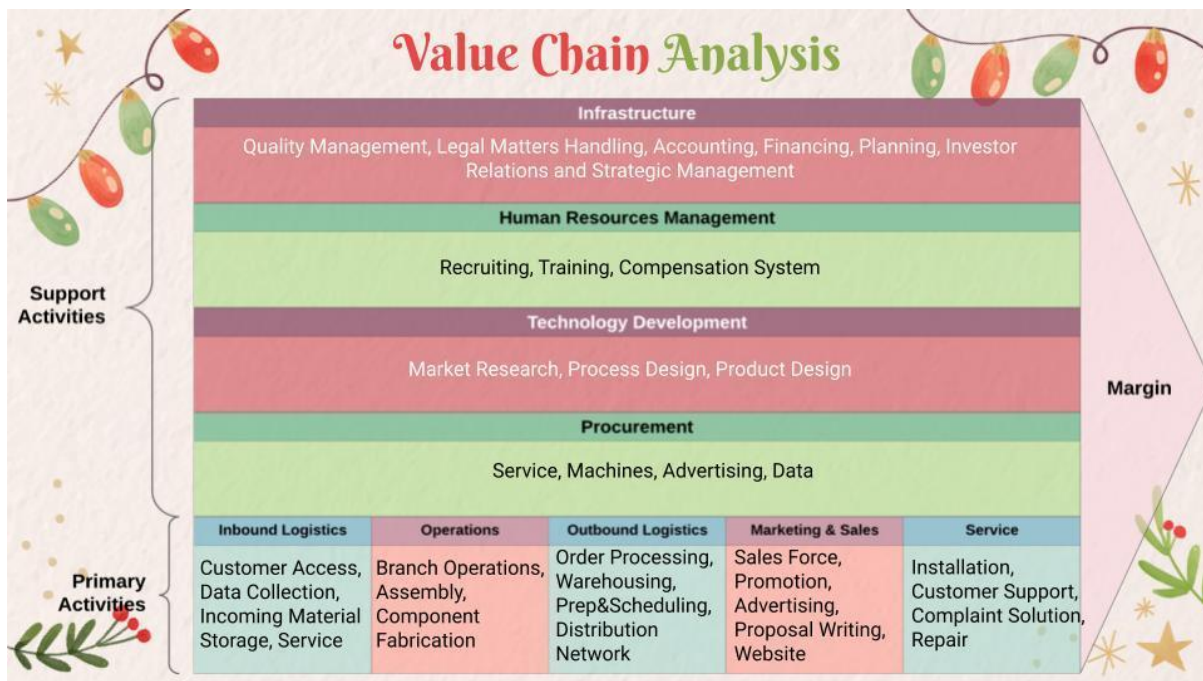


Figure 25: Concept of value chain analysis

8.1 Primary activities

1. Inbound logistics

UNIQLO sends products to warehouses in Japan. To complete the process of inbound logistics, UNIQLO uses a third-party transportation service provider to ship products from warehouses to stores.

2. Operations

UNIQLO applies a "help yourself" business model for its store operation. Due to this model, even if UNIQLO's stores have fewer sales staff, a highly standardized process can still be maintained in the stores. The basic requirement of a self-service store is to arrange the floors where the goods are sold, so that customers can easily find the items they need by themselves. The product shelf can provide customers with information about the product through labels and instructions, including added value, function and fashion.

In addition, the product shelf limits the types of products displayed within the scope of the event, making it easier for customers to find the products they want. In this way, even if the products displayed in promotional activities occupy a larger area, customers can still easily find the products they want.

3. Outbound logistics

UNIQLO Supply finishes products to channel partners and final buyers. Outbound logistics activities include – distribution network, processing, scheduling, warehousing, and wholesalers and retailers order fulfilment.

4. Marketing & sales

Marketers will participate in product planning and promote products with TV commercials, online advertisements, and paper advertisements. Marketers will also use flyers on weekends to introduce popular products of the season and invite customers to participate in discount events that only run for a limited time. UNIQLO not only invests in promoting products, but at the same time creating value and demonstrating its original features to the

public. In addition, the company's TV commercials express clear differentiation and convey the company's philosophy that the focus of the brand concept is on people wearing personalized clothes, not on the clothes themselves. The company has always worked closely with creators around the world, and for this purpose, it has also developed new technologies such as "Uniclock" to help the company connect more creators and potential customers. Attracting customers through the community effect is more conducive to enhancing the brand's innovative image.

5. After-Sales Service

UNIQLO Supply needs to provide after sales services and maintenance for successful usage of the product. Service activities of UNIQLO Supply can include – product forward and backend alignment of software, part supply, installation services, training, and post sales maintenance.

8.2 Support activities

1. Firm Infrastructure

UNIQLO places shops and managers at the core of its organization, providing accurate data to help the company decide decisions, Headquarters as the store support center, providing maximum service and sales assistance to the branches. Cutting needless expenditures and investing on useless investment initiatives allows the organization to run competitive, efficient operations. UNIQLO manages its global operations using the world's most effective management metric, known as "global one." Various acts are included in the metric, such as global merchandising (unifying product lines over the world without distinction in each country) and global marketing (promoting items in a globally coordinated manner) (such as HEAT-TECH)

2. Human Resources Management

UNIQLO has experienced store managers, such as supervisor, block leader, Super-Store-Manager, Super-Star-Store-Manager, and franchise owner positions. Chosen from store managers, superstar store managers are asked to handle a large amount of stock and budget, and their pay varies depending on their performance. By conducting this personnel policy, UNIQLO makes sure that each shop should be solely profitable with its manager as an excellent merchant, not just like an ordinary employee. Young talented employees are always promoted quickly.

UNIQLO analyses HRM by evaluating different aspects, including- recruiting, selecting, training, rewarding, performance management and other personnel management activities. The effective HR management reduces competitive pressure by motivation, commitment and skills of its workforce. UNIQLO also achieves its cost minimisation objectives by analysing hiring and training costs with their relative return. The heavy dependence of UNIQLO on employees' talent will increase the importance of this value chain support activity.

3. Technology Development

UNIQLO maximises the technological integration in production, distribution, marketing and human resource activities. The activities are divided into:

1. Market research: Product design research, Data Analytics.
2. Product design: feature design, component design, technology selection.
3. Process design: Process engineering, field-testing, automation software, technology-supported customer service.

UNIQLO's R&D centres constantly research the latest in new materials and global fashions to develop products to satisfy customer needs. Identifying entirely new needs is an important part of the R&D job.

4. Procurement

The procurement involved the process in purchasing the inputs that may range from equipment, machinery, raw material, supplies, raw material and other items necessary for producing the finished product. UNIQLO has secure, stable, high-volume supplies of top-quality materials at low cost by negotiating directly with worldwide materials manufacturers then placing huge-volume orders to achieve the most favorable terms. Due to its linkage with multiple value chain activities, UNIQLO carefully considers its procurement activities to optimize the inbound, operational and outbound value chain.

The materials used are particularly important. In-depth research and experimentation generate improvements in the products functionality, feel, silhouette, and texture. Therefore, UNIQLO are working with strategic partners to develop material.

8.3 Strategy (Differentiation/Low cost)

Low cost strategy

In the aspect of products, UNIQLO is in a huge fast fashion market. Every competitor will roll out different designs rapidly and use mass production to lower its cost and price, UNIQLO is no exception. In its operational strategy, it can lower its cost base on UNIQLO's ownership of product planning, design, manufacturing and distribution. The direct link between the stores and a stable group of suppliers means that what is being sold is directly translated into manufacturing orders.

Differentiation strategy

- UNIQLO has a clear vision of its brand.

To provide affordable, high-quality, performance-enhanced basic casual apparel. Its attire is stylish and up-to-date, yet not trendy. Its in-house design and fabric innovation give remarkable and distinctive functional performance. UNIQLO offers "designed for all" apparel that may be worn at any time and in any location. It is not, as some of its competitors claim, a company that sells knockoffs of the newest runway looks.

- UNIQLO brands its innovations.

Gives its quality and performance positioning substance and distinguishes it from other price-driven, bargain shops. Heat-Tech, a fabric created in collaboration with a material science corporation, is one of their distinctive breakthroughs. This technology is thin, comfortable, and allows for fashionable designs that are different from the norm for warming apparel. It also has AIRism (a flexible fabric) and Lifewear (a mix of casual and sporty) technology, among other things. Because they're all branded, rivals will have a difficult time matching this point of distinction..

- The emphasis on the in-store experience is over-the-top.

To give the best service for customers, UNIQLO trains its employees in every detail to deal with customer's needs. Every activity undertaken by every employee, from a person's folding technique to the way advisers (floor salespeople are called advisers) return charge cards to customers (Japanese style, with two hands and full eye contact) are recorded and analyzed. Each morning, employees practice the ways in which they are taught to interact with shoppers including the six standard phrases such as "Hello, my name is (blank), how are you today?"

Chapter 9: BCG Analysis



Figure 26: UNIQLO BCG Model

9.1 Star Product Line

The Collab Edition Products, these are some UNIQLO most successful collab

- KAWS - Through his decades long career as an artist, KAWS ventured into the clothing space numerous times with famous brands such as NIKE, SUPREME, DIOR MENS and KAWS' most readily accessible—and commercially successful—collaboration however is his ongoing partnership with UNIQLO. The collection featured KAWS' characters drawn in the artist's subversive pop-art style. The graphics appeared on a range of tees and totes, released under the T-shirt line, UT. The collaboration was such a success that it prompted several subsequent releases, such as characters from Peanuts, Sesame Street, etc. The collaboration was a huge success in many countries.
- Other UNIQLO Successful collaboration lines are Billie Eilish, BT21, Disney, etc.

9.2 Question Mark

- AIRsm Face Mask

Some of UNIQLO sub products which contribute in high market growth, but lower market share for the company is the AIRism Face Mask, for it is one of the most bestselling products during the Covid-19 Pandemic. It features the same ultra lightweight, breathable technology found in their line of AIRism clothing. Designed to be easier to breathe in than traditional fabric face masks, it's a great option for active days, and not like other face masks which mostly are uncomfortable to wear. The product also keeps improving in design, colors, with upgraded functions. They now feature elastic straps for less strain behind the ears, and added seams for a more comfortable fit.

- Athleisure Products

During the Pandemic, when everybody tends to just wear simply and comfortably, the global Athleisure Clothing market increased significantly. Most important types of Athleisure Products, which are: Sweatshirts, Sweatpants, Leggings, Sports Bras, Tank Tops, Headbands,

Other. UNIQLO is in the 2nd position of the Global Athleisure products market share development, meanwhile NIKE on 12th, and ADIDAS on 14th position. According to the report Athleisure style clothing will be highly developed at least until 2026.

- Active Wear

Since there are a lot of well-known global brands which firstly engaged in active wear clothing such as Nike, Adidas, Puma, etc. It seems harder for UNIQLO to penetrate the market. Therefore, UNIQLO are focusing on the affordable strategy and their AIRism tech, UV protection clothing tech and +J Dry technology to compete with those big brands.

9.3 Cow - Innovation Product

UNIQLO is famous for its technique and high quality and it is also the market leader in the innovation category. Most fast fashion brands seldom focus on the research and development department; thus, UNIQLO should invest to make sure it has an advantage different from other brands. What's more, this will help the category grow and will turn this cash cow into a star. The overall benefit would be an increase in sales of UNIQLO.

- Heat-Tech

Heat-Tech is the UNIQLO worldwide famous technology which is implemented in various of the brand products line. The innovations are very huge successes and receive a very high reputation among the heterogeneous consumers.

- UNIQLO Socks

UNIQLO Socks is in the top 1 position among global worldwide brands for the socks market share. UNIQLO socks line is among the mature products growth of the brand which donates the company for high revenue

- UNIQLO basic cotton T-Shirt (long/short sleeves)

Basic is always one of the UNIQLO strategy and strength, since it is never outdated and wearable for everyday style. UNIQLO never underestimate basic clothing and put a lot of effort into developing the quality of the material over time and ensuring the consumers wear the best comfortable clothing.

9.4 Dog - Synthetic Fabric Product

The style of UNIQLO's products is too normal to be imitated by others. UNIQLO provides "made for all" clothing that can be worn whenever and wherever; thus, there's nothing special or fashionable for its products. However, there are too many options for customers in this competitive fast fashion market, especially synthetic fabric products. Customers can use cheaper prices to buy the similar product, so why will they choose UNIQLO.

Chapter 10: The synergy among SBUs

10.1 Operating synergy

Benefits from Operating Synergy include cost reduction from economies of scale due to increased production resulting in lower unit costs and the savings from expanding the scope that allows businesses to run a variety of businesses, this results in greater cost savings (Economy of Scope). In addition, the company has increased revenue from various distribution channels and increased market share, etc.

Merger

In order to achieve more efficient management, UNIQLO have decided to merge the three companies involved in the theory operation in Japan

(1) LINK THEORY HOLDINGS CO., LTD. (LTH)

(2) LINK INTERNATIONAL CO., LTD. (LIC)

(3) LINK SALES CORPORATION (LSC),

with LINK INTERNATIONAL CO., LTD (LIC) as the surviving amalgamated company.

UNIQLO also purchased J Brand Holdings, the American high-end denim company.

Cooperation

UNIQLO aims to counteract the ever-growing speed and waste of fast fashion, and one indispensable element is high-quality materials. As a result, UNIQLO has been partnering with Toray for more than a decade. A long-standing strategic cooperation between UNIQLO and Toray began in 2006, and a great success was the subsequent development of Heat-Tech, a new material that uses the body's heat and humidity to make the wearer feel warm. UNIQLO and Toray have formed a strategic partnership that will help both companies develop and communicate innovative materials and products to the world.

10.2 Human resources synergy

UNIQLO upholds Global One and "all employees with the mindset of a manager" as a principle for all employees to follow and train employees.

Employees need to use their abilities to optimize performance in an increasingly worldwide corporation and diversified business environment. In exchange, UNIQLO will give more flexible work opportunities. Human resource management does not function without performance management. Performance management assists organizations in maintaining or improving performance, promoting better consistency in performance evaluation, and providing high-quality feedback.

Respect for diversity

Fast Retailing's business concept is based on respect for diversity. Human rights are of the highest importance, and all types of discrimination must be eliminated.

UNIQLO believes that diversity is a critical differentiator for organizations through promoting women's progression, hiring persons with impairments, and developing a regional staffing scheme that permits temporary retail employees to move to permanent employee status within certain geographic bounds as needed. The long-term objective is to create a location where employees can develop.

Strengthening Global HR Management

UNIQLO is considering creating a database of skills, tests, and career routes for its workers worldwide. Global transfers are managed more efficiently by the database. as well as for staff development and a better company

UNIQLO also holds regular Global HR Conferences, where HR managers throughout the FR Group debate statistics on critical themes, including recruiting, employee attrition, and employee turnover. Promotion versus sex ratio Leaders will talk about difficulties and potential solutions. They are paying great attention to pressing concerns, such as filling openings with

qualified candidates. The results from diverse nations, regions, and business groupings form the basis for employee evaluations, pay, and training programs.

Training Program Reforms

Training must be coordinated with HR systems in order to build global leaders capable of delivering in a complicated business environment. Professional growth must be based on universal training for all employees to empower them by responding to their particular dispositions and professional ambitions. It must also be compatible with UNIQLO's focus on practical learning with direct benefits for day-to-day operations.

To attain these objectives, UNIQLO's Department Of human resources and its in-house educational institution, the Fast Retailing Management and Innovation Center (FRMIC) have created a new training course for long-term human resource development. This course is structured to transform a new generation of employees into company leaders in 10 years.

► Flow of 10-Year Training Curriculum

	Introductory Year 1	Basics Year 1-2	Intermediate Year 2-6	Advanced Year 6-10
	Theory		Practice	Strategy
FR values	New hire training New store manager training		FR Convention Store manager meetings with CEO CEO sessions for aspiring business managers	
FR philosophy	FR philosophy training (introductory to advanced)			
Problem solving	Problem identification, causal analysis	Problem solving models	Goal setting, decision making	Business problem solving
Using information	Information collection	Information analysis	Applied information	
Creative thinking	Exploring creativity	Basic ideation methods	Using ideas for business	
Business communication	Basic actions	Listen, learn and read	Explanation and persuasion	Consensus building
Cross-cultural communication	Cross-cultural communication			
Sales strategy	Sales strategy (introductory to advanced)			
Training subordinates	Training subordinates (introductory to advanced)			

Figure 27: UNIQLO 10-Year Training Curriculum

Employee Relocation and Skills Assessment Programs

UNIQLO proposes to implement a 360-degree competence exam rated by supervisors, colleagues, and subordinates of employees. This strategy is intended to promote fairer evaluations by accounting for all talents, hence boosting each employee's growth potential. All workers globally are assessed using the same criteria based on predetermined goals. Performance management also recognizes each employee's strengths and limitations. The data acquired via performance management is used to compensate and reward personnel and determine their training and development requirements.

Following training and evaluation, UNIQLO will promote and transfer workers from various departments throughout the globe to optimize each person's experience and competency depending on their skill assessment. Employees migrate early to get expertise and abilities in a variety of activities.

10.3 Marketing synergy

UNIQLO has developed many projects to promote customers' experiences in virtual and physical stores. UNIQLO keeps training its employees to raise the Image of itself and

increase market power. UNIQLO has invested in experiential marketing and in-store training to reach this goal. In addition, UNIQLO sees e-commerce as a new marketing channel to make marketing synergy with its in-store sales.

Experiential marketing

UNIQLO not only invests in technology for product development but also for digital marketing campaigns. UNIQLO held the world's first "fast moving image" event to increase customers' awareness of HEAT-TECH series products. In fast-moving image events, UNIQLO will set up digital billboards in places with heavy traffic such as department stores or large shopping malls. These billboards have unique mobile passwords that cannot be identified with the naked eye, and the passwords must be obtained by taking photos. After the photo is taken, the password will be linked to a short video about the benefits of the HEAT-TECH clothing line. After watching the movie, customers can get discount coupons and redemption coupons for free clothing items. UNIQLO also encourages participants to share event information with relatives and friends to increase the event's exposure and network benefits.

In-store training

UNIQLO certainly puts a lot of importance on customer experience. In order to ensure that the customer's in-store experience is consistent every time, employees will receive relevant training to learn how to interact with shoppers, use both hands to return credit cards to customers' eyes and movements, and greet all customers who enter the store for consumption "Welcome to UNIQLO".

E-commerce

UNIQLO sees e-commerce as not just a new format for doing business but also a marketing channel to boost in-store sales. UNIQLO has noticed that the more our e-commerce services expand, the more often customers tend to purchase items from our physical stores. Nowadays, customers tend to select products they think sound most attractive based on information they found online. In this case, UNIQLO seeks an opportunity to develop its e-commerce service.

Chapter 11: Porter's National Diamond Framework

11.1 Factor conditions

Raw material

Natural resources that UNIQLO has access to in their native nation and other places where the company has developed manufacturing facilities and operates. This involves natural resources such as water channels; for example, natural resources are available to businesses since their location and access are reasonably inexpensive. It does not need to be invented or built, but it does need to be improved for broad usage.

Capital resources

The financial resources sold by UNIQLO. UNIQLO has access to these and financial debt resources. The significant equity capital is generated for UNIQLO within the organization. Debt finance entails borrowing funds from outside sources and organizations.

Human resources

UNIQLO has a strong culture that employees may observe and embrace. Employees at UNIQLO feel that one of their core values is well-managed human resources personnel, advancement support for diversity, and a safe and enjoyable atmosphere that represents our company values.

This comprises UNIQLO's talent level and the efficiency of its human resources. UNIQLO training programs and other investment projects are also included concerning human resources. It also consists of all HR positions. Everything from hiring to process improvement is covered. Assisting with workforce development and advancement, UNIQLO employs women to produce women's items. Japanese women are also disciplined and cautious. It is suitable for UNIQLO employees.

Technology innovation

UNIQLO's R&D department is constantly researching new materials and developing products to fulfill customers' demands. UNIQLO was the first garment firm to be able to manufacture high-quality items at reasonable rates because of the expertise of UNIQLO's fabric and tailoring professionals. They are continuously being asked to produce the same thing in massive quantities. As a result, their quality has increased, and they now promote "new basic clothes" as a desirable product.

UNIQLO partners with synthetic fiber maker Toray Industries to develop various necessary materials. This includes our HEAT-TECH thermally cooled gear and our ultra-lightweight jacket. It is made of a thick polymer that safeguards the inside. UNIQLO collaborates closely with Kaihara Corporation to source denim that fulfills strict spinning and dyeing specifications. The days of just tossing discarded clothing are passed. UNIQLO contributes to social sustainability by concentrating on new apparel technologies from recycled materials.

11.2 Related and supporting industries

For UNIQLO, it is particularly helpful for the supporting and related industries to fall into brand growth. The presence of support and competition participants provides positive pressure and encourages participants to expand through product innovation and brand internationalization.

Related industries

The layout of related industries in domestic and foreign markets is the foundation for UNIQLO's expansion and international growth and development. This is because related industries help UNIQLO to carry out business operations by providing supporting materials required for the continuous operation of the brand. UNIQLO directly purchases product

packaging materials and raw materials required for products in each market in Japan to supply consumer markets everywhere. This approach can help UNIQLO control costs and achieve economies of scale.

Supporting industries

The existence of supporting industries promotes the business development of UNIQLO. The existence of supporting industries promotes the business development of UNIQLO. In the domestic market, supporting industries have driven the development of the entire industry, allowing companies such as UNIQLO to continuously progress and develop in business, attract consumers, and create brand recognition and recognition in the consumer market.

11.3 Demand conditions

Demand conditions are the events and conditions that lead to UNIQLO's success in the domestic market, and in-house demand is essential not only for UNIQLO to face larger market challenges, but also important for a strategic plan of expansion in the future.

Domestic Fashion Trends

Although there are many styles of Japanese fashion, each dress still reflects one's own uniqueness. But when it comes to the Japanese style of dressing, what many people think of is simplicity in terms of colors, shapes, and emphasis on utility rather than current trends. Also known as minimalist style. Dressing in this style will make life easier for many people to a certain extent because it is a simple dress that doesn't require a lot of clothes and the color of the clothes will be a simple color scheme. It can be picked up to be worn in many events and many occasions. Simple dressing, when it comes out, will create a style of dressing that is beautiful and minimal with a Japanese aura. Because the various tones of this style of clothing are simple tones such as white, black, cream, gray, earth tones, etc. All of the above are colors that look comfortable and not colorful, which is considered another uniqueness of the Japanese people. In addition, the minimal look dress looks good as well as colorful clothes.

11.4 Firm strategy, structure, rivalry

UNIQLO firm's strategy

To allow maximization of value for money to customers through highly efficient processes that also lead to cost-saving for the company. UNIQLO aims to bring the utmost satisfaction to every customer.

Firm Structure

The Japanese culture are highly respect professionalism and self-growth. This inhibit culture of UNIQLO employee resulted to the highly productive and exceptional firm structure.

UNIQLO possesses a creative and trusting organizational culture that helps in the growth and progress of the company. A firm with a flatter organizational structure that supports open and free communication, allowing easy and quick access to higher managers and supervisors. Employees at UNIQLO are easily approached and discuss matters with the leadership. Which quite rare to find in Japanese or Asian corporate culture.

Local & Global Rivalry

- Competition with domestic rivals

In domestic competition, UNIQLO biggest rival is Shimamura which owned more than 2000 stores across Japan, more than doubled compare with UNIQLO stores in Japan. The Shimamura is using dislocation strategic and open its stores in small alley and every small district to big cities in Japan rather than in big street or department stores. Shimamura is not using SPA model but focused on sells the cheapest no-brand products from worldwide manufacturer. Besides clothing the variations of their product line is wider than UNIQLO including daily necessities, food court, home utensils, etc.

Competition with local rivals leads to its strategic development and focus. UNIQLO is often pressured into creatively exploring novice ways and technology to be implied into its routine

operations. In this way, intense competition with domestic players has allowed UNIQLO to introduce fresh and new processes and technologies to develop unique competitive and cost advantages for UNIQLO to help it attract a greater number of consumers.

- Global Rival

In global competition, UNIQLO has obtained an understanding of every regional and international business practice and culture which have helped it develop more complexly, by offering region-specific products and promotions. The global competition has also allowed UNIQLO to predict global trends, direction and consumer behavior patterns which in turn have allowed the firm to maintain a competitive advantage internationally.

11.5 Government

Exchange rate

In 2016, the Japanese government intervened in the exchange rate. It used a negative interest rate to attract people to consume, but it turned the cart before the horse. This policy caused the appreciation of the Yen and made people afraid to consume. What's more, when the Japanese Yen rises, it causes foreign price increases and the foreign sales of UNIQLO's products decline.

11.6 Suggestion for UNIQLO

After analyzing, what UNIQLO can do in the future?

1. Focused on their unique techniques

Nowadays, there are more and more competitors in the fast fashion market. If UNIQLO wants to operate continuously, it should try to focus on something unique such as Heat-Tech, autism, and so on. As UNIQLO said, "we are not a garment company, we are a technology company in the fast fashion market." In recent years, more people pursue functional clothes which means there's a huge market for UNIQLO's technique products in the future. They're good for UNIQLO's future development.

2. Decrease poorly sales product

Although the products of quality in UNIQLO are better than others, the designs of UNIQLO are too basic which makes its competitive decline. Also, UNIQLO tries to provide many styles and sizes for consumers to choose, but there are more stylish clothes in other brands. It's too difficult for UNIQLO to enter this market, so it can use its own customer database to analyze the product which sells poorly and cancel it or sell it at a discount. This suggestion can decrease its loss.

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