
UNIQLO



AMM 476- Fast Fashion
Jennifer Sonco
Mathew Herman

UNI
QLO

Finding a Casual Fashion Model for China



UNIQLO “Made for All”

- Uniqlo (“Unique + Clothing”)
- Fashion-basics retailer
- Main brand of Fast Retailing Group
- Clothes retailing sensation that swept Japan - late 1990s
- High quality everyday items (jeans, fleeces, T-Shirts & underwear)
 - Applied to men & women in wide age range
 - “Made for All” company slogan



UNIQLO: The Beginning

- Founder: Tadashi Yanai
- Began 1984: low-priced casual clothing retailer in Japan
- Reoriented Uniqlo in mid 1990s: design, produce, sell own merchandise
- Built a chain of stand-alone stores with low prices
- 1998: Flagship store in Tokyo's trendy Harajuku district
- "[Fleece campaign](#)" established Uniqlo in the Japanese public
 - 1998: 2 million jackets
 - 1999: 8.5 million
 - 2000: 26 million
- Consumers' perception changes from "cheap and shoddy" to "cheap but good quality"



Entering the China Market

- 2002: Uniqlo entered China
 - Limited consumers spending power / cheap competitors
 - Reduced production costs to get selling prices closer to local income levels
- Production costs for China Market were higher than Japan
 - Tariffs had to be paid on imported materials
- Uniqlo in China ended up with substandard quality clothing
- Sept. 2005 - 9 stores in China
 - 6 - Shanghai
 - 1 - Hangzhou
 - 2 - Beijing
- Dec. 2005 - New management
 - closed 2 stores in Beijing
 - Focus: 7 stores in Shanghai

FROM
SHANGHAI
TO
THE WORLD

瞩目上海，点睛世界



The Uniqlo Business Model/ Design

Business Model

- “the entire clothes-making process from procurement of materials, product planning, development and manufacture through distribution and retail to inventory management”

Design

- Uniqlo: products have long lead times
- Planning started roughly one year before a style reached the shop floor
- 1,000 new styles were created each year
- To ensure the good fit of clothes in each country, adjustments were made to sizes
- Uniqlo invites an international artist or designer to design guest mini-collections



Manufacturing and Sourcing

- Negotiated directly with raw materials producers worldwide
 - secure the high volume of supplies necessary for the 700 million items produced annually for its global store network
 - built close relationships with fabric suppliers in order to develop materials to its own specifications
- 2006: formed a strategic partnership with Japanese synthetic fibre producer Toray
 - new functional materials such as (warmth-generating) [Heattech](#) and (cooling) Silky Dry
- Uniqlo goal of 'price leadership'
 - meant giving customers the highest added value rather than the absolutely lowest price



UNI
QLO

Retailing

The Chinese Retailing Platform:

Retail spaces range from 50 sq.m. to 1,000 sq.m.

(164 sq.ft. to 3280 sq.ft.)

Smaller retail spaces meant new retailing strategies for Uniqlo.

Unfortunately, their 200 sq.m. store failed and set the tone for their business in China.

Experience and Attraction

In 2006 (4 years after market-entry) Uniqlo boldly rented 2,000 sq.m. and proclaimed it the Largest Uniqlo in Asia.

The location attracted press and consumers. Sales soared.

Expansion and Development

As a result of the 2006 and 2008 success, Uniqlo has opened over 145 retail stores across China.





Marketing

Partnership and Expansion

Dalian Wanda Group and Shopping Malls

Flagship locations (expansion, brand development and marketing)

Marketing Renewal

In 2006, the first attempts were made to the Chinese consumer.

The promised “Japanese” service, competitive prices and quality goods.

Private Label

UT (Uniqlo-T), open opportunities with designer logos or artwork collaborations

Adverts



Competition

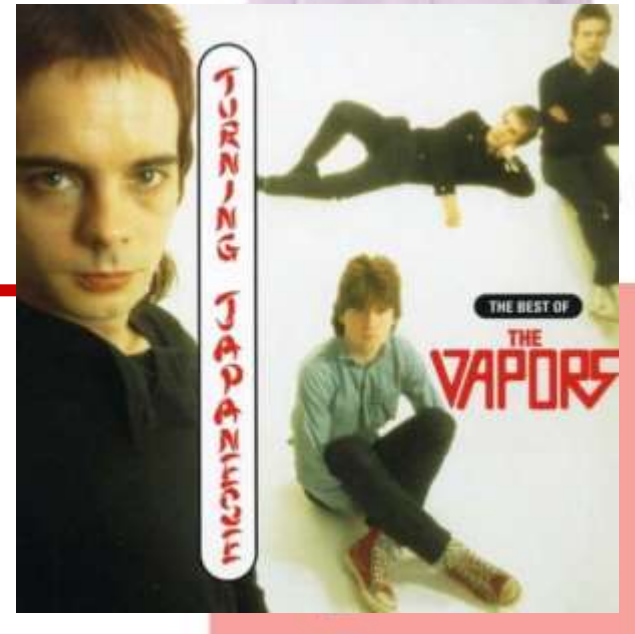
Competition in China

H&M and Zara were not considered “threats” to Uniqlo CEO. Those retailers, he believed were targeting a different consumer.

However of 2010, H&M has over 200 stores while Uniqlo has a little over 150. Zara with a little over 160 stores.



The Future of Retail Clothing: Will Uniqlo Turn the World Japanese?



Introduction: Emilie Marchal

- Marketing manager at Uniqlo Europe
- In charge of the European expansion of Uniqlo in Southern Europe, i.e. the opening of one new store in Milan (Italy).
- Sophie Marin “Head of Marketing & Promotion”
 - *“In fact, the European market is the most difficult and most competitive in the world. European consumers are known to be the most sophisticated and demanding in the world as they are very educated to fashion codes and brands. Even if we have opened stores in U-K, France and Russia; Uniqlo is not yet established in the other European countries, compared to Zara or H&M. time is now for Uniqlo to move on quickly and enter those markets in order to expand globally. The brand cannot rely anymore on its historical Japanese market, which is shrinking at the moment. The objective is to become the N°1 in the fashion business by 2020”*

Question: What business strategies would you use to approach the European market?

The Uniqlo logo is a red square with the word "UNIQLO" in white, bold, sans-serif capital letters. The "U" and "Q" are stacked vertically, as are the "I" and "L", and the "N" and "O".

UNI
QLO

Uniqlo Company Background

Overview

- 2006: American Mega Store Soho, Manhattan (NYC)
- 2009: First flagship store in Paris
- 2012: 851 locations in Japan, 347 in overseas market
 - the leading fashion chain in Asia and the largest apparel retailer in Japan

The SPA Business model in the Fashion Industry

- Specialty Store Retailer of Private Label Apparel business model
- Three generations of SPA
 - First generation of SPA brands: Production
 - Second Generation: Retailing
 - The 90s: SPA 3rd G

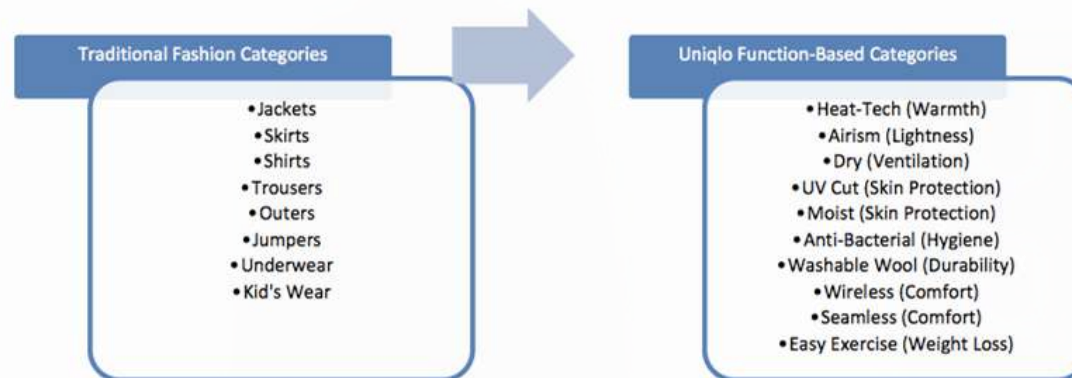


Uniqlo Fashion Functionalism Concept

Uniqlo Fashion Functionalism concept

- *Uniqlo products are fashionable and function-centered (high-tech driven) items at an affordable price*
- Resulted: functional and fashionable garments
- Two conceptual axes:
 - Enhancing functions for comfort (skin, ventilation, warmth, texture)
 - Improving protection (preserving moisture, blocking UV)

Figure 2 - Uniqlo re-categorizing Fashion Apparel by Function - From Choi (2011)



The Apparel Clothing Market in Europe

The European Market Characteristics

to entertain, be amused, and fulfill a need.

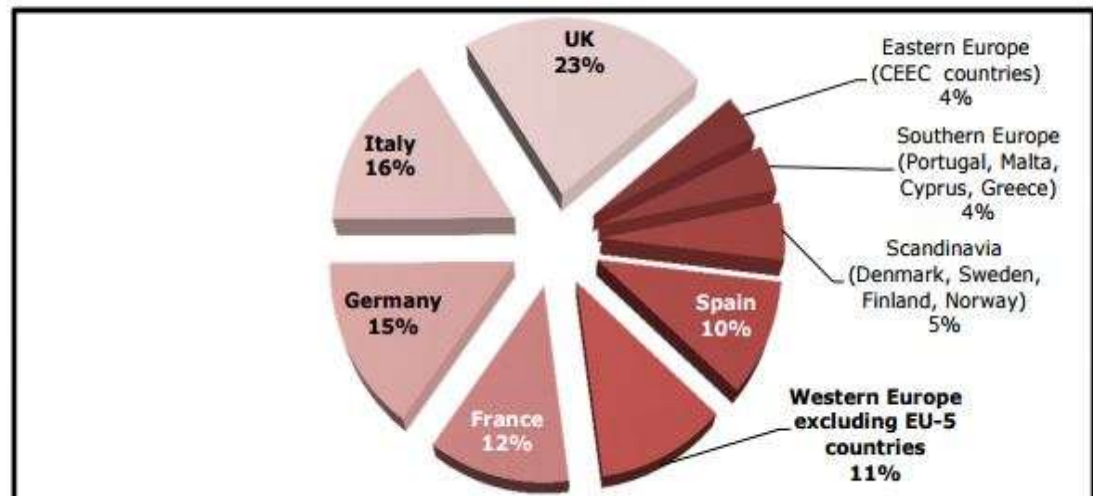
the newest retailers have growth, while mature company seek other opportunities for profit.

Uniqlo's direct competitors are Zara and H&M

Competitors Positioning

Established competitors like these, have focussed attention on retailing abroad.

Graph 1 - Share in the European Clothing Retail Market by EU regions²³



Uniqlo Going Global

Japanese Market Control

Identified the Japanese consumer. As a result, making them the biggest apparel retailer domestically. (5.5% ms)

Overseas Expansion

In 2001, they entered the London market. Shortly after, they opened a retail store in China.

Failure

Within two years, the overseas locations went into the red. Success in the foreign markets seemed nonexistent. Why: Location, Marketing, Working Culture, Merchandise Assortment, etc.



Preparing for Global Success: An Integrated Marketing Approach

- **Refining Uniqlo Values & expressing the non-segment strategy**

- *'Uniqlo is not Fashion, it is about creating basic items that everybody can wear'*
- Considers fashion garments as a toolkit with elements or pieces of information, full of details, to help the customer develop his/her own style

- **Product Policy**

- company wants to develop top-quality items
- each prototype is modified repeatedly before going into production
- Samples are checked frequently/ minimize number of defective items
- Fabrics are carefully selected/ conducts close examination to ensure uniform colors.



UNI
QLO

Retail Policy: The Uniqlo Store Experience

Experiential Retailing: *'retail strategy that transforms products and services into a total consumption experience, satisfying emotional or expressive desires as well as rational or functional needs of the consumer'*

Uniqlo Store Environment

- Entered western markets through flagship stores
 - Super-Large stores
 - 89,000 sq. ft. - 3 levels in [Soho Manhattan](#)
 - 30,00 sq. ft. - 3 levels in Paris
 - In-Store interactive high technology
 - promotional messages displayed by red LED-lights
 - color-changing LED-illuminated star risers, hundreds of LCD monitors throughout the space
 - rotating mannequins to give the stores a futuristic look



Retail Policy: The Uniqlo Store Experience

Innovative In-Store Animations

- *The Mickey Touch Wall Party* for the launching of the 2011 UTGP t-shirt lines
- [The 2012 Heat-Tech Game](#)

Dedicated Promotional Campaigns

- creative campaigns, including dance, music, color and digital marketing rather than traditional methods of advertising
- Apps: [UNIQLO Calendar](#) & [UNIQLO Wake Up](#)

From Tokyo to the World

Strategy of expansion to foreign markets

- First: Modification of Uniqlo original style
- Second: Opening of temporary pop-up stores
- Third: Develop specific promotional campaigns
 - [UNIQLO NYC NOW](#)



Decision Time

Maintaining Success, Addressing The Problems

Aside from their twinkling flagship stores, their smaller retailing spaces need to keep customers amused.

The normal retail stores have been criticized as “cold.”

Branding and Communication

Financial Concerns

Cost of operations

Domestic Market vs. Foreign Market

Profit and Revenue



UNI
QLO

Appendix 1 – The Market

	Uniqlo	Gap	Zara (Inditex)	H&M
Business Model	Vertical Integration-like SPA	Horizontal Division SPA	Vertical Integration SPA	Horizontal Division SPA
Nb of items	300	500-700	1,200	2,500-3,000
Cycle	3	4	10	10
Nb of items / Year	900	2,000-2,800	12,000	25,000 -30,000
From planning to display	26 weeks	9 weeks	4 weeks	4 weeks
Product Planning	Strong	Strong	Strong	Strong
Production Control	Strong	Medium	Strong	Weak
Sourcing	Strong	Strong	Strong	Strong
Production	Outsourcing	Outsourcing	Partly outsourcing Partly-owned factories	Outsourcing
Materials Development	Medium-High	Weak	Medium	Weak
Nb of designers	80+	--	120	Designers: 80 Patteners: 50
Place of Production	More than 90% in China	All over the world	Corunna (Spain) : 60%	Asia : 60% (China 30%) Europe: 40%



QLO

Appendix 1 – The Market

Exhibit 4- Leading Clothing Retailers by Net Sales - 2XDIS01, Xerfi Global, 2012

Units: Billion euros; % of annual change

Company	Net sales (2011) € bn	Annual Change %	Net Sales Generated in Europe %
Inditex	13.79	+4	70
H&M	14.26	+1.5	66
The Gap Inc	10.98	+2.5	5
C&A	6.59	+1.04	90.1
Fast-Retailing	7.22	+18.8	19
<i>Uniqlo</i>	5.69	+28	3
Next Plc	3.97	+4.4	98,7
Esprit	3.49	+0.1	79
Primark	3.04	+13	100
Arcadia	3.1	+13.5	95
Benetton	2.03	-1	79.1

of F244760.
al use until 20-Feb-2016



Appendix 2 – The Italian Market

Economic Struggle

Still struggling from recession

Low consumer interest and spending activity

The Italian consumer is becoming more price sensitive.

Exhibit 7- Italian Clothing Market by Type of Stores 2007-2011, %

	2007	2009	2011
<i>Store-Based Retailing</i>	98.8	98.6	98.1
<i>Grocery</i>	1.6	1.6	1.7
<i>Non-Grocery</i>	97.3	97.0	96.4
Apparel Specialist Retailers	79.6	79.4	78.9
Department Stores	1.5	1.5	1.5
Variety Stores	2.5	2.5	2.5
Leisure & Personal Goods Specialist Retailers	4.2	4.3	4.5
Sports Goods Retailers	3.5	3.5	3.7
Other Retailers	11.1	10.0	9.7
<i>Non-store Retailing</i>	1.2	1.4	1.9
<i>Homeshopping</i>	0.5	0.4	0.3
<i>Internet</i>	0.5	0.9	1.4
<i>Direct selling</i>	0.2	0.2	0.2
Total	100.0	100.0	100.0

Appendix 2 – The Italian Market

Retail Landscape

Non-grocery stores (apparel, etc.) have a higher presence in the Italian market. Many of the retailers are small, local, and privately owned stores. Therefore, when massive retailers like Zara, etc. come into Italy, the landscape becomes divided.

Think shopping malls and high-streets.



Appendix 2 – The Italian Apparel Market in 2011

Apparel Market Competitive Landscape in Italy

- main competitors on the market are the Italians Benetton and Gruppo Miroglio, plus the foreign chains Zara and H&M.

Benetton Group SPA

- founded in 1965 and is headquartered in Ponzano Veneto, Italy
- Fashionable clothes with low-prices

Inditex

- Founded 1975; opening first Zara store; leading fashion retailer in Spain
- most successful Spain has ever produced in terms of its speed of growth; controls its own factories, and 60% of overall manufacturing



Appendix 2 – The Italian Apparel Market in 2011

Hennes & Mauritz

- Established as Hennes in Sweden in 1947 by Erling Persson, selling only women's clothing
- Offer rapidly changing clothing lines and replicate high-end designer fashion on the high street and for much more affordable prices.

Gruppo Tessile Miroglio

- Started in late 80's
- global strategy is focused on new trends and lifestyle anticipation and on sustainable growth



UNI
QLO

Appendix 3 – The New Uniqlo Logo



The old Uniqlo logo (far left) has been replaced in 2006 by the dual Roman/Katakana version.

This logo has also been redesigned to better express Japanese elements such as logic, high-quality, speed, flatness, and graphics. It was important for Uniqlo to transfer “the look from Japan” in the logo to better raise brand awareness abroad.



Appendix 4 - Made for All

Uniqlo is the **elements** of style.

Uniqlo is a **toolbox** for living.

Uniqlo is clothes that suit **your values**.

Uniqlo is how the **future** dresses.

Uniqlo is **beauty** in hyperpracticality.

Uniqlo is clothing in the **absolute**.

The Made for All Philosophy brings value to the clothing garments. It was created to streamline the core values of the brand and communicates the company's promise to the consumer.



UNI
QLO

Appendix 5 - Uniqlo Products

UNI QLO
[WOMEN](#)
[MEN](#)
[KIDS & BABIES](#)
[COMPANY](#)
[HELP](#)
[Sign up to our newsletter](#)

[Collections](#)
[Outerwear](#)
[Knitwear](#)
[Tops](#)
[Bottoms](#)



UT GRAPHIC PRINT TOPS







UT represents an expression of pop culture. In collaboration with icons, corporate brands and well-known figures with music, art, design, TV and much, much more.

LIMITED OFFER FROM £5.90

- [MEN](#)
- [WOMEN](#)
- [BOYS](#)
- [GIRLS](#)



BABIES / BABY  <p>BABIES INFANT Vivien Short Sleeve Striped Dress £14.90</p>	KIDS / KID  <p>BABIES NEWBORN Ginko Long Sleeve Cardigan £9.90</p>
--	--

 <p>UT</p>	 <p>ACTIVE WEAR</p>	 <p>POLO SHIRTS</p>	 <p>SHORTS</p>	 <p>LEGGINGS TROUSERS</p>	 <p>SHORTS & TEES FOR KIDS</p>
---	---	---	---	---	--

Appendix 6 – 2004 Global Quality Declaration

In the years since the Global Quality Declaration in September 2004, UNIQLO's brand image has changed completely. Previously, UNIQLO was seen as a retailer of low-priced clothing, but now the image is of high-quality clothing made from functional materials and superior fabrics. After the Declaration, our internal product development system was completely overhauled, resulting in an unshakable commitment to quality at a reasonable price.

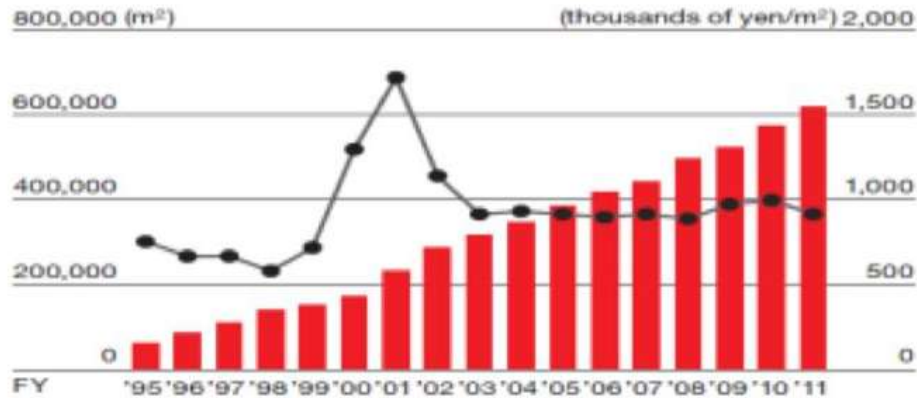


Appendix 7 – Uniqlo Sales Results/ Store size in sq meter



■ UNIQLO Japan: Sales Floor Space & Sales per Square Meter

- Average sales floor space (left)
- Directly-run store sales per square meter (right)



Appendix 8 – Visuals of Flagships and Traditional Stores



Visual 6 - Led-Staircase Uniqlo Haussmann Flagship



Visual 7 - Uniqlo Paris Haussmann Exterior



Visual 8 - Paris Haussmann Interior

UNI
QLO

