

FAST RETAILING – a modern Japanese company and proud owner of the UNIQLO brand - inspires the world to dress casual.

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Chairman & CEO



I am Tadashi Yanai, the Chairman and CEO of FAST RETAILING.

I would like to share with you my thoughts on where I see UNIQLO heading in the near future, my aims and how I intend to fulfill them.

First of all to spell out our brand identity. FAST RETAILING – a modern Japanese company and proud owner of UNIQLO brand - inspires the world to dress casual.

Our ultimate aim is to become the world's number one casual clothes company. That is our corporate mission and we feel that the best way to achieve that mission is to expand the core clothing operation in whichever way would best benefit and promote our flourishing life-style fashion business and its particular focus on casual wear.

Brand identity

Seeing clothes as versatile commodities

~ The wearer of casuals should not be a slave to fashion. His/her clothes are worn to allow full enjoyment, comfort and concentration on everyday life.

~ 「Clothes to suit not set your values」

~ Real clothing

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Casual clothes should not render the wearer a slave to fashion but should allow full enjoyment, comfort and concentration on whatever is most central to his/her everyday life. We want to study, devise and produce clothes that really allow the wearer to experience a full self-driven lifestyle.

To explain a little more about what I mean, I'd like to go back in history. Various styles of clothing have emerged each making their own statements. We started with the dressy clothes that spoke of social class and power. Then, as society became more urban and the media more prevalent, fashionable clothes were produced for mass consumption and driven by centrally-determined fashion trends. Next we saw the emergence of brand labels that expressed a certain lifestyle choice.

However, towards the end of the 20th century, the fixation on brands emanating the fanciful lifestyles of rich aristocrats eased and new ideas regarding clothing emerged. People began to feel that clothes should complement and facilitate the chosen lifestyle of the real-life wearer.

UNIQLO's quest has and always will be to create clothes that best express the values of the wearer himself rather than force exterior values as with former class-conscious, fashion-driven or brand clothing.

Brand identity

Develop premium goods

- ~ No purely price-driven commodity clothes
- ~ Proven potential with our cashmere sweaters
- ~ High-value added doesn't have to mean niche products

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Therefore, UNIQLO's basic approach is to view clothes as basic multi-purpose, versatile commodities tailored to suit a whole range of tastes. However, that doesn't mean that we ever have or ever intend to produce or market purely price-driven commodity clothes of suspect quality.

I think the introduction of our cashmere sweater line last year illustrates this point very well and proves that we are very much focused on premium goods that offer clear added value to our customers. We now feel the way forward is to offer such premium clothing to a broader customer range in a broader range of styles and garments.

I think it is fair to say that high-value added clothes sold in department stores or high-class clothing outlets would only sell in small numbers and were seen as exclusive niche products. However, we want to dispel the idea that high value-added clothing means niche market. Instead we feel that high value-added clothes can and should be offered to the mass market.

We don't intend to do this by expanding our product line extensively in order to try to appeal to an even broader customer base. We plan instead to concentrate on adding value and enhancing the quality, style and attractiveness of our current product lines. We feel this in itself will attract even more customers to our stores.

Casual clothing used to be seen as a young person's fashion. But we have worked to transform the casual concept into clothes for all ages, in fact an almost ageless clothing option. For example, clothes designed to appeal to the elder population only appear in our stores if they look fresh and stylish and complement the figure. That's premium casual clothing.

Another example is the recent release of our new "Body Science" undergarment and swimwear line. This line has been marketed as everyday wear but designed with functionality and the health of the wearer in mind. Recently sportswear manufacturers are also trying to expand the appeal of the products beyond the gym. Not only are the clothes designed for comfortable and healthy sport but you can also sport them as everyday wear. We were one of the first to see the merit in such ideas and we feel it is the right way forward. The possible products that can be developed using functional materials, manufacturing and sewing are endless.

UNIQLO as a global company

Consumers go global

Only one firm can remain in the world market

What makes us different from global casuals?

~ GAP, H&M, ZARA, Limited, NEXT . . .

Requires minimum 1 trillion yen operation

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I'd like to talk next about our strategy for growth going forward. Up until now, it has been possible for one firm to dominate a particular industry in any one country but with global barriers disappearing it is difficult for more than one firm to share the global top slot. We have to compete on a global stage for survival and we have to think global to ensure our survival.

We have to be very clear about what makes us different from brands such as GAP, H&M, ZARA, LIMITED, NEXT, ESPRIT, GIORDANO etc. We have to have a clear corporate reputation and differentiation. We have to create a clear position and develop that fully in order to survive.

I want to ensure that UNIQLO is known and respected throughout the world as the firm that creates high-quality, basic casual clothes with a sense of fashion. To achieve that, we also need a comparable scale of operation that I believe should be a minimum 1 trillion yen.

As the Internet spreads and the flow of information becomes ever more speedy, consumer trends are becoming ever more global. That means that any name which is not established as a "global brand" will not find many buyers. This is already the case for high-end products but it is also increasingly true of lower-priced garment producers such as ourselves. You can no longer survive unless you have a global presence. That is increasingly the era and the environment in which we live. For instance, take the sporting industry in Japan. There used to be a number of local brands doing quite well but now you only ever hear of global brands such as Addidas or Nike.

In addition, the world economy is split into blocks. Europe and the US have created free-trade areas and Asia is trying to follow suit. There are also many more bilateral trade agreements such as the one between Japan and Mexico and with that the concept of a single country entity in trade is crumbling. Any firm trying to work to national barriers then will find it hard to survive.

We now live in an era where consumers think more globally and therefore corporations must also compete globally to survive.

Aiming for a 1 trillion yen company

Develop related businesses

~ a multi-pillar operation

~ invest in fine companies in Japan and overseas

(focusing on the clothing industry)

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That explains my background thinking and why I am so keen to develop a multi-pillared operation with sales of around 1 trillion yen by the year 2010.

First of all I will attempt to develop several mainstay businesses such as GAP or LIMITED from the US. I also plan to look at new business areas within the clothing industry that develop related products, related businesses or work together with leading new firms in different clothing price zones.

We recently announced our intention to withdraw from the fresh produce business and disband our SKIP vegetable sales operation. Unfortunately we were not able to attract sufficient regular customer numbers to make the mail-order business viable and our 100% contract cultivated produce system also proved problematic. We could not see our way to a near-term profit for the business and so felt we had no choice but to withdraw. Going forward, we plan to concentrate more on clothing related business expansion.

On the cultivation of new businesses, I can mention several examples such as the recent investment in the Japan Theory brand operation and the purchase of National Standard. I shall be looking positively for any suitable M&A opportunities both in Japan and overseas that might help develop our new business operations and our global expansion. However, we won't be looking to take over any vulnerable or restructuring companies but rather to pursue growth through the purchase or tie up with companies of solid reputation and proven management.

Aiming for a 1 trillion yen company

Develop overseas markets

~ Target Asia, US and UK

~ consider local tie ups or M&A

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I am pleased to say that we can now see our way to a profit on both our UK and our Shanghai operations. Business has not stabilized yet and we are still struggling in some areas. However, we are committed to expanding our overseas presence further going forward. We plan to focus our overseas expansion efforts on the three pillars of Asia, US and UK. We won't necessarily opt to start right from the beginning as we did in the UK and in Shanghai but would also be interested in any local tie ups or attractive M&A opportunities.

Aiming for a 1 trillion yen company

Global management system

~ Shanghai, Hong Kong

Global control centers for textile manufacture

~ New York

Center of global fashion industry, staff sourcing

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One other vital element is to ensure sufficient training of new management and a stable source of talented staff. Only then can we ensure the continued growth of any firms that we may purchase or tie up with.

We are looking to ensure global management control by focusing on the global fashion industry and a rich source of talented staff.

In order to attain a truly global mindset, we are prepared to transform our management structure into a more dynamic one possibly with one third of our operation in Tokyo head office, one third in New York and one third in Hong Kong.

Pursuing growth through new businesses and global markets

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I for one am committed to the creation of a truly revolutionary corporate management and I know my staff are too.

I am committed to growth and revenue generation and my management and staff are all committed to cooperating in the same management concept.

We also have a wealth of shop floor staff who know intrinsically how customer trends are developing and we try at every turn to provide customers with just the products they need.

We also have the flexibility to accept and embrace any necessary changes in either the strategy or the organization of our company.

We are ready to take on the world in our pursuit of growth.