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Fast Retailing Future Business Outlook

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Good afternoon everyone. My name is Tadashi Yanai and I am the Chairman, President and CEO of Fast Retailing Co., Ltd.

You have just received details from our CFO Takeshi Okazaki regarding our corporate performance for FY2020, so I would like to talk primarily about what is most important right now, and the thinking upon which we intend to base our management practices going forward.

Former common practices no longer apply

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Be it the severe economic slowdown in the wake of the COVID-19 coronavirus outbreak or the disruption to economic activity caused by political standoffs between nations, the world is currently experiencing huge changes to which former common practices can no longer be applied.

As times change, lifestyles change, the things customers desire change, and, of course, products and the way we sell them change along with that.

As the people standing ready to tackle this new landscape, we must first change ourselves.

Nothing will stop globalization

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The first thing I would like to emphasize here is that the trend towards globalization stops for nothing and nobody.

The number of smartphone users worldwide has already surpassed five billion units. Japan boasts approximately 180 million mobile phone registrations, of which approximately 130 million, or just less than 70%, are thought to be smartphones. In other words, we are entering the era when we take it for granted that every person in the world has at least one smartphone each.

The power of the individual will just keep on growing as people around the world get to hold a high-functioning computer in the palm of their hand in the form of a smartphone, are able to readily access all kinds of information, send out their own posts, and are no longer reliant on existing media or organizations.

In such an environment, the advance of globalization unfettered by national borders is inevitable. So, you might be able to stay globalization temporarily if you applied all the rules and power in the world, but you would never be able to stop its determined flow.

Unify all processes by transcending national borders

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Based on that conviction, we have decided to boldly change all our operational process with a view to digitalization, robotics, and full automation.

One example of this is our recent announcement to move the joint-venture Innovation Factory that we developed together with Shima Seiki Manufacturing near to our Tokyo Ariake headquarters and expand it.

This facility serves as the global mother factory for 3D knit clothing using WHOLEGARMENT® technology. The facility can link directly with the R&D center in our head office and collect information, which can then be sent directly to factories in Vietnam, China, and elsewhere to incorporate into product manufacture.

We can create a completely unified framework that links all processes together.

Create new demand

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In the future, I imagine all bases will adopt the same format. As our transformative Ariake Project has progressed, we have been able to achieve things that we couldn't do before.

That's how we have determined to link people and information around the world, create new demand and markets, and deliver the right products to customers.

I intend to create a unified structure that transcends national borders and enables us to plan products virtually and link all fields from planning through production and retail.

That is exactly what we are aiming to achieve through the Ariake Project that our entire company is pressing ahead with right now.

Sell products as we make them

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The aim of progressive digitalization is to create products that instantly incorporate changing times and customer demand. To help accelerate that process, we are building a framework which provides permanent stations for Fast Retailing staff at partner factories to help create a system that will enable us to sell products as we make them all year round. That is what we mean by our quest to create a true digital consumer retailing industry.

Much of the key information in the fashion sphere is generated in major US and European cities, such as Paris, New York, and London. Each of these cities has its own culture. All places around the world, not just in developed countries, have their own deep-rooted local culture, and the information generated by these locations of culture commands the world.

We boast bases in the major cities of Europe and the United States and in East Asia, Southeast Asia, Southwest Asia and Oceania. We are also opening stores in new markets in India and Russia.

Fast Retailing's strength lies in our global platforms, and our ability to gather the information provided by those platforms as well as collect raw information directly from customers.

**Turn information into wisdom
Make clothes brimming with
wisdom**

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As I just said, we collect information directly from customers around the world and channel that information into the creation of clothes brimming with wisdom.

Information on its own is just knowledge, but, apply human power, and you can turn that knowledge into wisdom.

The difference between knowledge and wisdom lies not simply in knowing a fact but in the ability to translate that information into actual products and businesses that are useful to society.

We are determined to reach beyond the simple knowing of information and turn it into wisdom in the shape of clothes.



Our StyleHint app, which was jointly developed by UNIQLO and GU based on the concept of a future clothing library, is a perfect example of our endeavors to turn information into wisdom.

The app enables users to search different global looks from a multitude of photos and images taken on smartphones, etc., find items that can help them create their own style, and discover their own new look.

Developing clothes of outstanding design that customers find comfortable to wear and that are strong, long-lasting, and affordable. Unifying these seemingly contradictory factors and creating new clothing. These things can only be achieved by combining the power of humans and artificial intelligence.

It is important for people, with their human touch, to become adept at using digital tools.

StyleHint offers a platform for people around the world to take part in such a project.

Become the infrastructure that supports society

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Fast Retailing was the first global company to create and display a LifeWear MADE FOR ALL clothing concept for all the world to see.

LifeWear epitomizes ultimate everyday wear that offers high quality and comfort to enrich the daily lives of all people. Our company controls the entire LifeWear clothes-making process based on this precise ideology from planning through production, distribution, instore and online retail, and recycling.


We also work constantly to facilitate a smooth cycle that channels information gained through our daily business operations into the development of new products and services.

While we have not yet perfected the process, we are the only company I know that is striving to do this.

Becoming the infrastructure that supports society is our mission and our reason for being.



UNIQLO TOKYO

ユニクロは考える。真価はあらゆる人の生活をより豊かにするもの。そのために私たちは生活ニーズから発想する。そして、顧客への工夫を果敢にシンプルで完成度の高い製品としての質を追求し、変化を先取りして進化を続ける。私たちはこのコンセプトにLifeWearという名前をつけた。それは究極の質追求であり、世界で唯一ユニクロだけが持つ新しいカテゴリーの服。伝統と革新が融合する時、ここ東京・銀座から、服を変え、意識を変え、世界を変えていく。
東京から、世界を美しく。LifeWearのすべてをここに。UNIQLO TOKYO 本日、銀座にOPEN 

In today's world of dramatic change, we have opened three new-style flagship stores in the city of Tokyo, the UNIQLO PARK Yokohama Bayside Store, UNIQLO Harajuku, and UNIQLO TOKYO, which all offer clothing that reflects the changing times and are sold in a way that suits those changing times.

We are using these stores as a focal base from which to fundamentally change the way we sell clothes and interact with customers in stores from the ground up.

We have been fortunate to see all three stores doing extremely well and attracting many customers.

Turn crisis into an opportunity to build a better society

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The impact of the recent coronavirus outbreak on corporate performance has been extremely large.

Furthermore, the global pandemic has thrown society and the economy not just in Japan but in nations all over the world into an acutely severe situation from which we have still not found a viable exit route.

Instead, political standoffs between major nations have grown increasingly severe, and political differences have started to affect on-the-ground business conditions. Frankly speaking, this is a crisis situation.

However, what we need to tackle this kind of situation is for individuals and companies around the world to pool positive ideas and take concrete action that will enable us to turn this crisis into an opportunity to build a better society.

Our future path will look very different depending on whether we can adopt this approach or not.

Are we a company worthy of trust?

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As I said earlier, we as a company manage the entire clothes-making process from product planning through manufacture and retail, so we can gather the most valuable global information in a single core location.

Our determined philosophy to make the world a better place through clothes penetrates our every business activity. Many talented designers and creators around the world share this philosophy and that's why they feel comfortable working with us. We are currently working with famous global companies such as Apple, Google, Microsoft, Alibaba, and Tencent.

In the future, I believe customers will only want to buy products from companies that they consider to be useful to society.

Customers voice strict demands in relation to products and services, but they look even more critically at the direction companies are headed and whether they are worth spending money on.

Make statements, take action based on firm conviction

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In these tough times, individuals and companies with high aspirations and a strong sense of global responsibility are coming together in various endeavors to analyze the path global economies are taking and help check widening inequalities.

When I talk with outstanding business managers and intellectuals around the world, I get a real sense that they are trying to create new global platforms to replace former national infrastructure.

Now is the time for all companies and individuals around the world to make statements and take action based on their own convictions.

I think people are looking at business managers in particular to take the lead by boldly and precisely advocating what they themselves believe to be the right thing to do.

Create a truly global platform

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The ideal I have described here involves encouraging talented private individuals and companies in today's world to join forces to tear down fences drawn along national and ethnic lines that have dominated the world and create truly global platforms that can succeed the nation state.

This is not just a wild dream or a personal wish of mine. This is our future reality in which only the companies that are truly dedicated to serving society will be able to survive.

I am convinced that consumers around the world will support the approach of such companies and stand behind them by purchasing their products and services.

Fast Retailing has pioneered this approach on multiple occasions in our global business to date. We intend to continue pushing the frontlines forward and I hope you will support us in this quest. Thank you.

