

Business Transformation to Achieve Customer-centric Management

Takahiro Wakabayashi

**FAST RETAILING CO., LTD. Group Senior Executive
Officer
UNIQLO Global COO**

1

Hello.

My name is Takahiro Wakabayashi. I am Group Senior Executive Officer at FAST RETAILING.

Let me briefly introduce myself. Since joining FAST RETAILING in 1993, I have worked as a store manager, in headquarters, at Group operations, and in international operations. I am now responsible for global UNIQLO operations.

Today, I will be talking to you about "Business Transformation to Achieve Customer-centric Management."

True Customer-centric Management

Actively promoting digital business transformation and human resource development



We have actively implemented our Ariake Project and sought to transform ourselves into a digital consumer retailing company with the express purpose of ensuring customers can instantly purchase the clothes they really want, when they want them. This transformation can be split into two pillars: digital business transformation and human resource development.

Digital business transformation seeks to link all sites from planning to production, distribution, stores, and headquarters under one business structure, and change the way we work to facilitate greater coordination between group companies, departments, and employees. The “digital” part provides the platforms for supporting and accelerating this transformation. The human resource development focuses on discovering and developing people who can think for themselves and take autonomous action.

Neither pillars can bring about operational management reforms in isolation. That is why we have pursued them in tandem.

These reform efforts are helping to improve product development and services, streamline inventory, and improve productivity, while also enhancing customer satisfaction and expanding sales and profits.

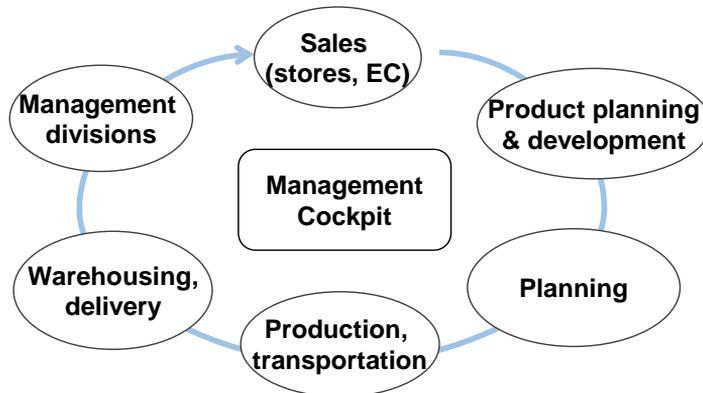
However, we are by no means satisfied with the improvements achieved to date. Our aim going forward is to pursue the two pillars of digital business transformation and human resource development even more determinedly in order to realize true customer-centric management. The successful achievement of independent store management and ZEN-IN KEIEI will enable us to address customer needs on an individual store and SKU basis.

Today, I will give an overview of our operational management reforms, then Takahiro Tambara will talk about digital business transformation that is fully integrated with frontline operations and Yasuyuki Terashi will talk about cultivating talent that can change the world.

Companywide Business Transformation

Linking all areas and functions to improve business quality

- Building an organization that not only improves each function, but connects all functions and generates higher team results
- Centralizing customer feedback and business information, visualizing it in real time
- Establishing platforms to enable employees to grasp customer needs and business conditions by market, store, or SKU in a timely manner, and to detect abnormal values and develop business opportunities
- Responding quickly to customer needs through the digital, end-to-end linking of all functions



First, my job is to introduce how our overall workstyles and the quality of our business has evolved under this business transformation process.

To achieve true customer-centric management, it is important to swiftly digest information obtained from customers and reflect feedback in our products and services.

To that end, we have digitized our operations and changed the way we work. We have not only sought to improve the level of different functions but also to link all those functions and to build organizational structures that generate higher team results.

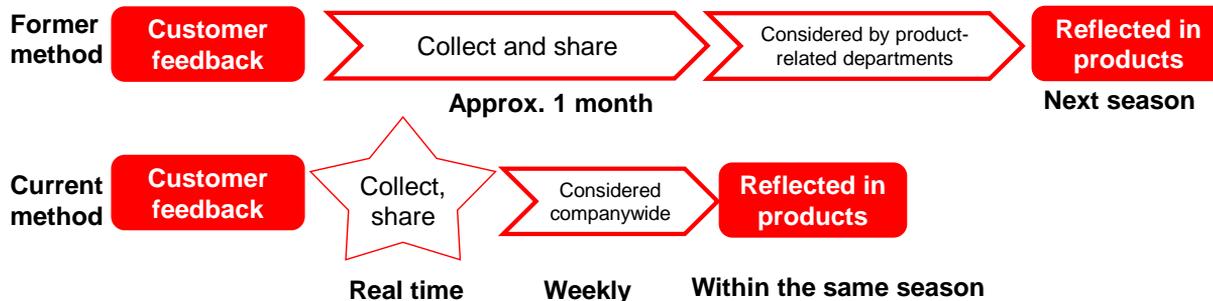
Currently, we are centralizing customer feedback and business information and visualizing those data in real time. We have also been establishing platforms to enable employees to grasp customer needs and business conditions by market, store, or SKU in a timely manner, and to detect abnormal values and develop business opportunities.

Furthermore, we are now able to address customer needs more quickly than ever before thanks to our efforts to use digital tools to facilitate the end-to-end linking of all functions.

Transforming Head Office Operations

Making swift decisions based on customer feedback

Addressing product improvements



While revenue expanded by approximately 40%, **total inventory declined slightly**. Product shortage rate declined from over 3% to **roughly 2%**

Data comparison: FY2024 vs. FY2022

Let me introduce two concrete examples here to illustrate the progress made.

First, in relation to decision-making processes at headquarters, the speed and accuracy of our response to customer feedback is much better than it was in the past.

It used to take us roughly one month to collect and analyze customer feedback. We would then share any pertinent information with product-related departments. Today, we can visualize all customer feedback in real time so that, not only product-related departments, but all companies and all employees can check the same information at any time.

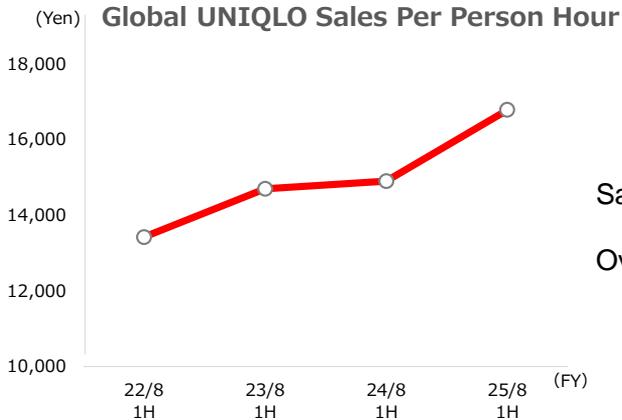
This has also intrinsically changed the way in which we work. Now, we no longer make decisions based purely on quantitative business results. We also hold weekly companywide discussions on customer feedback before making and executing decisions.

You can get an idea of the difference this has made by comparing data for FY2024 with that from FY2022. While total UNIQLO revenue increased by approximately 40%, total inventory declined slightly. Moreover, the product shortage rate declined from over 3% in FY2022 to roughly 2% in FY2024. In short, the quality of our management and business has gradually improved, with product shortages declining even as total inventory is being reduced.

Transforming Store Operations

Reforming workstyles so that every employee generates results from a customer and management perspective

- Establishing ideal workstyles and business processes, and introduce digital tools to support them
- Shifting to a customer-centric workstyle in stores, where all staff understand sales plans and progress, clarify issues, and implement measures to achieve goals



Sales per employee: **Up by approximately 30%**

Overall customer satisfaction: **At least 4.0 out of 5.0 in nearly all stores**

We are also making significant changes to the way employees work in our stores.

In order to reform workstyles so that every employee generates results from a customer and management perspective, we have sought to establish ideal workstyles and business processes and introduce digital tools to support those changes.

As a result, we are developing customer-centric workstyles in stores, where all staff understand *Hanbai Keikaku* (sales plans) and progress and are able to clarify issues and implement measures to achieve goals.

We still have some way to go to achieve independent store management and SKU management but sales per employee increased by approximately 30% in FY2025 compared to FY2022.

Overall customer satisfaction in stores recorded at least over 4.0 out of 5.0 in nearly all stores.

Achieving Local Store and SKU Management

A determination to solve issues is the driving force for growth

- At every stage from planning to production, distribution, stores, and headquarters, always considering the most important thing for customers
- People who think and act autonomously can transform business processes to solve problems
- Utilizing digital technologies to replicate successful business processes



As you just heard from our CFO Takeshi Okazaki, we are experiencing a string of new problems as our global operations expand.

To solve these problems, we must always consider what is the most important thing for our customers at every stage from planning to production, distribution, stores, and headquarters.

People who think and act autonomously can transform business processes to solve problems.

It is also important to utilize digital technologies to replicate successful business processes.

We believe these working practices will form a solid foundation from which to solve individual issues one by one and will become the driving force behind FAST RETAILING growth.

I will now hand over to Tambara who will explain digital business transformation in more depth. Thank you.