UNIQLO’s Strengths

Business Model
Global Expansion

Asia
United States
Europe
Japan

Professional golfer
Adam Scott
Professional tennis player
Novak Djokovic
UNIQLO believes great clothes can change the world. Simply put, everyone understands the value and the appeal of good clothing. By procuring the world’s best fabrics and developing its own superior functional materials, UNIQLO will continue to offer the world all kinds of amazing clothes.

UNIQLO is able to offer reasonably priced garments made with luxury materials, including cashmere, Supima cotton and premium down. You might expect to pay several hundred dollars for a cashmere sweater, but at UNIQLO you can find men’s V-neck cashmere sweaters for $89.90. We can do this because we negotiate directly with global materials manufacturers and secure mass-volume orders at low cost.

Another key UNIQLO strength is our ability to create fresh value for our customers by developing new functional materials, and using them in clothes that anyone can afford.

For example, UNIQLO developed its innovative HEATTECH items with Toray Industries, and this highly functional clothing is constantly improving.

The common perception of down garments has been transformed by UNIQLO’s amazing Ultra Light Down. We replaced bulky down packs with a single high-density layer to create quality Premium Down garments of unprecedented warmth. Our down garments are also much lighter than anything else on the market: a women’s jacket weighs just 197g. Our 2014 Fall/Winter Ultra Light Down Parka (pictured right) features a special aluminum printing on the lining for even greater warmth.
ULTRA LIGHT, ULTRA WARM.
UNIQLO was the first company in Japan to establish an SPA (Specialty store retailer of Private label Apparel)* model encompassing all stages of the business—from design and production to final sale. By continuously refining its SPA model, UNIQLO successfully differentiates itself from other companies by developing unique products. We quickly make adjustments to production to reflect the latest sales trends and to minimize store-operation costs such as personnel expenses and rent. This is how we at UNIQLO provide such high-quality clothing at such reasonable prices.

* The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process from procurement of materials, product planning, development and manufacture through distribution and retail to inventory management.
UNIQLO can secure stable, high-volume supplies of top-quality materials at low cost by negotiating directly with materials manufacturers, and placing large-volume orders. The materials used for our core items are particularly important. Our in-depth research and experimentation generate multi-layered improvements in the functionality, feel, silhouette and texture of our clothes. For example, we source denim to specific spinning standards and dyeing specifications from Kaihara Corporation. We also develop materials with synthetic fiber manufacturer Toray Industries, a strategic partner, to create HEATTECH.

Development and Procurement of Materials
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Merchandising
Merchandisers play a vital role from product planning through production, after meeting with the R&D designers. Merchandisers then apply the concepts for each season to product plans, materials and designs. Next, they decide the product lineup and volume for each season, paying close attention to a detailed marketing strategy.

One other important task for our merchandisers is to decide when to increase or reduce production during a season. Any decisions about adjusting production in line with demand are made jointly with the product planning department.

Planning

Product concept > Material selection > Design samples > Materials > procurement, materials development > Design

Research & Design (Designers/Pattern makers)
UNIQLO’s research and design (R&D) centers analyze the latest fashions and lifestyles from around the world as well as look into new materials. Concept meetings are held roughly one year before a product’s intended launch. On these occasions, designers meet with representatives from the merchandising, marketing, materials development and production departments to discuss and finalize concepts for upcoming seasons. Then UNIQLO’s R&D centers prepare designs and refine samples until each product is finalized.

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Production

Quality and Production Control
UNIQLO deploys about 400 staff and textile takumi (skilled artisans) to offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Istanbul. Production managers visit partner factories each week to resolve outstanding issues. Customer concerns regarding quality are communicated immediately to production departments, and then improvements are made.

UNIQLO Takumi Teams
"By offering instruction on dyeing technology at UNIQLO’s partner factories, I can encourage workers to embrace a new production management philosophy and improve the factories they work in. Our cultures may be different, but our aim is the same—to make truly great products. I am proud to be passing on expert Japanese techniques to the next generation of technicians."

Dyer Takumi Kazuaki Iida

Expanding Our Production Network
As UNIQLO expands its global reach, we have formed business relationships with partner factories in China, Vietnam, Bangladesh and Indonesia. We have established production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Istanbul to help ensure our clothes are made to the highest global standards.

UNIQLO Production Offices

Set volume and begin production
Spinning and dyeing
Knitting and sewing
Begins with the unraveling of raw yarn materials. Cotton is blended from multiple localities to ensure a high level of quality.

Computer-generated test colors are adjusted by skilled artisans with an eye for slight differences in color.

The sewing process begins with cutting, followed by machine sewing, which requires both precision and patience.

Great care is taken over the ironing and packing, with regular quality and safety inspections.

The Cut and Sew Manufacturing Process
The Inventory Control department maintains the optimum level of store inventory by monitoring sales and stock on a weekly basis, and dispatching necessary inventory and new products to fulfill orders.

At the end of each season, merchandisers and the Marketing Department help coordinate the timing of markdowns and limited-period sales (typically 20-30% off the regular price) to ensure that inventory sells out.

Each season, UNIQLO conducts promotional campaigns for core products such as fleece, Ultra Light Down, AIRism and HEATTECH. During these campaigns, UNIQLO advertises these core products’ unique qualities and noteworthy features on TV and in other media. For example, weekly flyers in the Friday editions of Japan’s national newspapers, which are delivered to most households, promote the apparel that will be discounted through Monday.

UNIQLO Japan had 852 stores at the end of August 2014. Since the first store opened outside Japan in 2001, UNIQLO International has expanded to 633 stores, including 374 in Greater China (Mainland China, Hong Kong and Taiwan), 133 in South Korea, and 80 in Southeast Asia and Oceania. We have enjoyed rapid expansion in Asia and are developing a full-fledged store network in the United States.
E-commerce Business

Online sales in Japan totaled ¥25.5 billion in fiscal 2014, or 3.6% of total UNIQLO sales. We also offer online sales in places including Greater China, South Korea and the United States.

Customer Center

The Customer Center receives more than 100,000 comments and requests annually. Appropriate departments act on them to improve products, stores and services.

Note: Compiled using data from the annual reports converted at August 31, 2014 exchange rates
UNIQLO’s Growing Global Presence

UNIQLO’s Global Expansion

UNIQLO International Store Network

UNIQLO SHANGHAI Store

Paris Opera Store

Berlin Tauentzien Store

15 '02

26 '03

9 '04

14 '05

30 '06

39 '07

54 '08

(Fiscal year-end)
Becoming No. 1 in Greater China

Sales at UNIQLO Greater China (Mainland China, Hong Kong and Taiwan) topped ¥200 billion for the first time in fiscal 2014, rising 66.5% year on year to ¥208.1 billion. Our commitment to staff training and brand building in the region is clearly paying off.

Just four short years after the first store was opened in 2010, UNIQLO Taiwan boasts 46 stores. UNIQLO’s popularity is booming there, and we have expanded our store network beyond major urban centers into regional shopping malls.

In China, we have over 100 stores across the four major cities of Shanghai, Beijing, Guangzhou and Shenzhen, and there is potential for further near-term expansion, given these cities’ rapidly expanding economies and urban populations.

We have also been expanding faster into smaller cities across China. Many of the customers at these regional stores say they’ve come because they heard about UNIQLO through word of mouth, or because they learned about UNIQLO on the internet. For us, this is proof that UNIQLO has become an established brand in China, and an integral part of people’s lives.

While the purchasing power of consumers in China’s regional cities may be lower than in major urban centers, they offer huge potential for expansion. We will continue to open roughly 100 stores per year in Greater China, with the aim of boosting our network beyond 1,000 stores as soon as possible.
Consumers in China’s regional cities tend to prefer familiar local brands. But UNIQLO has trumped these and other rivals with its unique LifeWear concept. Chinese consumers now understand the superior functionality and quality of UNIQLO products and are embracing HEATTECH, Ultra Light Down and other items. UNIQLO’s influence as a global fashion brand is also increasingly clear. Our UT printed T-shirts have always been popular in China, and this year young Chinese consumers were particularly enthusiastic about our pop-art T-shirt range designed in collaboration with New York’s Museum of Modern Art.

Developing a chain store in China is extremely difficult: it covers a huge geographical area, with differing regional cultures and consumer behavior patterns as well as sharp inequalities in regional economic development. Each individual store has struggled with unique circumstances, but because all of UNIQLO’s stores are directly operated, we can communicate and react swiftly to any challenge.

As CEO of UNIQLO Greater China, I encourage all employees to embrace Fast Retailing’s Japanese qualities: integrity, heartfelt consideration of customer needs, and a commitment to superior quality and service. I want to make UNIQLO Greater China a place where young employees who share our corporate spirit are inspired to pursue their dreams. We want to satisfy our customers’ needs today, tomorrow and every day after that.

Quality Keeps UNIQLO Out in Front
New Frontiers on the Horizon

The recent firm sales trends from our three prominent New York stores (Fifth Avenue, Soho and 34th Street) reflect just how strongly New Yorkers have embraced the UNIQLO brand in the eight years since the Soho Store opened in 2006.

In spring 2014, the second floor of the Fifth Avenue Store was remodeled into SPRZ NY (“Surprise New York”). It is a unique, unified space where people can grab a Starbucks coffee and browse a wide-ranging collection of modern art-inspired clothing that’s intended to amaze New York and the world. Developed in collaboration with the Museum of Modern Art (MoMA), the collection includes T-shirts, sweatshirts and sweatpants, dresses and tote bags, all featuring pop-art motifs. The space is like a museum, with framed displays of T-shirts sporting designs from some of the most celebrated artists of our time, including Andy Warhol and Keith Haring.

New York City is constantly in the spotlight. It’s vibrant, trendsetting, and attracts visitors from all over the world. I believe New York is the place for UNIQLO to establish a powerful virtuous cycle: use unique and imaginative products and projects launched in New York to transmit powerful brand messages and clothing concepts around the world, boosting brand awareness for UNIQLO.

Broadcasting the UNIQLO Message from NYC
My key mission is to make UNIQLO the No.1 casualwear brand in the United States. Expanding e-commerce is vital to ensure full coverage of this vast nation, but customers must also be able to actually experience UNIQLO products first-hand. We need to expand our store network and e-commerce business simultaneously.

Our store opening strategy is designed to carve out concentrated retail positions in major cities. Our first stores opened in New York and New Jersey, then we moved on to Connecticut and San Francisco. In 2014, we extended that store network to Philadelphia, Boston and Los Angeles. Some stores have proved more successful than others. However, I believe we can achieve stronger performance across the board by boosting awareness of the UNIQLO brand and building a concentrated presence region by region. Ideally, we want to steadily expand business in the United States by maximizing the benefits of a physical store network and an e-commerce business that are growing together.

Customers in the U.S. are still not fully aware of UNIQLO’s unique value. We have to encourage more customers to visit our stores, and find a way to better convey the superior functionality and quality of UNIQLO products. Resolving these issues and actively growing the UNIQLO brand in the United States is really exciting. We feel proud of and supported by a corporate culture that encourages managerial drive and entrepreneurial spirit in each and every one of us.
The first UNIQLO store in Germany, the UNIQLO Tauentzien global flagship store, opened in Berlin in April 2014. Ultra Light Down and other products made from UNIQLO’s superior functional materials proved very popular, as did our high-quality cashmere sweaters. We plan to open our first Belgian store in fall 2015, in Antwerp, which will be followed by new stores in other major European centers.

UNIQLO Europe outstripped our expectations in fiscal 2014. It reported a profit, thanks to the decision to adjust product ranges to better suit the climate and lifestyles of individual countries. For instance, we introduced Ultra Light Down items earlier in Europe than in Japan because summer in Europe is less humid, and the mornings and evenings are cooler. We also offered HEATTECH items and long-sleeved T-shirts year round. UNIQLO is prepared to adjust its LifeWear ranges to suit local customer needs, and this has helped to boost the brand’s popularity.

The Ines de la Fressange collection, launched in Spring/Summer 2014, proved hugely popular in Europe. Ines is a fashion icon who symbolizes the chic, refined lifestyle of the Parisian woman. According to Ines, “There is nothing like the joy of buying clothing of excellent quality that is stylish and well-suited to you.” We believe this collaboration has created clothes that women everywhere want to wear every day.

In April 2014, we opened a new store in the fashionable Paris district of Le Marais. Located in a former foundry built in the mid-19th century, the new store beautifully showcases the preserved historic site, and has become a local landmark in its own right. The original red brick chimney forms the centerpiece of the store, and actual tools used to melt precious metals at the foundry are on display in the basement. This space, steeped in French history, is significant as a stage upon which France and Japan can meet and interact. Visitors can enjoy fashion and appreciate these two cultures coming together.

The UNIQLO Le Marais Store offers select UNIQLO items such as jeans, UT printed T-shirts, and highly functional AIRism innerwear. The store also showcases a variety of products representative of Japanese culture. The clothes in the store serve to illustrate the history of UNIQLO as a Japanese brand, the cultural background which nurtured UNIQLO, and the Japanese technology that allows the country’s highly advanced textile industry to thrive.
The original foundry chimney standing tall in the center of the UNIQLO Le Marais Store.
Efficiency for Stable Growth

Locally Managed Community Stores for Optimized Sales and Profit

The opening of the UNIQLO Kichijoji Store in October 2014 generated strong interest as a new community-focused store. For the opening, we set up in-store displays featuring Kichijoji’s vibrant manga subculture, and a special corner offering fun information about the neighborhood shopping district. The store’s layout and marketing were planned with meticulous care to create bonds with the local community.

To date, UNIQLO has focused on developing an efficient, centrally managed national chain. However, under such a system, individual stores often don’t have the authority to adjust product ranges and services to best meet local needs. We also felt we could improve communication with our customers. For these reasons, we decided to transform our network into a group of individual local stores, managed by empowered local employees. This should help stores strengthen links with their local communities, which will in turn increase overall sales and profits in the long run.

We have introduced a new “regional employee” system to attract talented personnel and empower them to meet the needs of their local communities.

Expand Sales Floors while Maintaining Efficiency

UNIQLO Japan has been actively expanding average sales floor area for its stores through a “scrap and build” strategy of replacing standard 800m² stores with large-scale stores of 1,600m² or more. UNIQLO’s surge in popularity in 2000 and 2001 led to a significant increase in sales per square meter. Since then, we have maintained stable, extremely high sales of approximately ¥1 million per square meter per year. The exact figure in fiscal 2014 was ¥930,000 per square meter.
UNIQLO Kichijoji’s displays are a nod to the area’s manga subculture.