GREAT CLOTHES CAN CHANGE OUR WORLD
Who you are, what you believe in: that’s what you wear every day. And that’s why UNIQLO clothes are designed to help wearers express themselves, and why we are always innovating to offer even greater everyday comfort to all people, everywhere. Our Ultra Light Down range was already renowned for its unprecedented feel—light, thin and warm. For our 2015 Fall Winter items, we added a new water-repellent feature to delight people the world over.
UNIQLO clothes offer unique value to everyone, everywhere. UNIQLO negotiates directly with materials suppliers around the world, placing large orders to ensure steady access to world-class natural materials. We also work with top synthetic fiber manufacturers to develop new functional materials. UNIQLO is known and loved by consumers worldwide for its ability to challenge the conventional wisdom of clothing.
UNIQLO’s HEATTECH and AIRism ranges are made from highly functional materials developed jointly with top materials manufacturers such as Toray Industries. UNIQLO also procures quality natural materials such as cashmere and merino wool more cheaply by negotiating directly with local suppliers and placing bulk orders.

* 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 currently operates stores in 17 countries and regions, and the UNIQLO brand is becoming increasingly well known worldwide thanks to the opening of global flagship stores in New York, Paris, London, Tokyo, Shanghai, Hong Kong, Seoul and more. Very strong performance by UNIQLO in Greater China and other parts of Asia is expected to underpin the brand’s overall growth going forward.

UNIQLO’s SIX STRENGTHS

01 SPA Business Model
Through its SPA* business model, UNIQLO controls the entire clothes-making process. This enables it to develop unique in-house products, control procurement costs, and flexibly adjust production to suit demand.

02 Quality Basic Everyday Wear
UNIQLO creates basic clothes that people can wear every day. That’s a big reason why the brand is loved by people worldwide, irrespective of age, sex, race, culture or nationality. And the broader our customer base, the greater the demand for our clothing.

03 Superior Materials

04 Takumi-driven Quality
Teams of skilled Japanese textile artisans, or takumi, visit partner factories directly to offer technical advice. Thanks to these strong relationships with factories, we are able to thoroughly check and maintain high levels of product quality.

05 Low-cost, Efficient Management
By renting our stores rather than owning, we can keep costs down, and open and close stores easily whenever necessary.

06 Global Success

CUSTOMERS

PLANNING

PRODUCTION

SALES

SALESPLANNING PRODUCTION

Development and procurement of materials
Price negotiations
Proposals
Proposals

Materials manufacturer (External)

Merchandising

Samples

Partner factories (External)

Technical guidance

Quality control/ Monitoring of production schedules

Production planning

Order design sample

Production volume guidance

Guidance for adjusting production

Marketing (Sales promotion)

Warehouse (External)

Inventory control

Place orders

Markdown guidance

Stores and e-commerce business

Order guidance

Feedback

Opinions

SALES

CUSTOMERS

Link to other sections

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UNIQLO’s R&D centers continually research the latest fashions and lifestyles from around the world as well as look for new materials. Concept meetings are held roughly one year before a product’s intended launch. On these occasions, R&D 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.

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 generates 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 the denim industry’s reputed Kaihara Corporation. We also develop materials with our strategic partner Toray Industries, a synthetic fiber manufacturer, to create HEATTECH.

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.
In the decade since making our Global Quality Declaration, UNIQLO has been transformed from a retailer of low-priced clothes to a retailer of high-value, high-quality clothing. Our research and development systems have become much more sophisticated; we can now procure the world’s best materials and develop our own unique functional fabrics.
UNIQLO currently deploys about 400 staff and textile takumi (skilled artisans) to production 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.

**Quality and Production Control**

**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 good products. I am proud to be passing on expert Japanese techniques to the next generation of technicians.”

**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 will also look at expanding our global manufacturing base by developing relationships with factories closer to UNIQLO stores in Europe and the United States.

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**UNIQLO Production Offices**

- Istanbul
- Dhaka
- Shanghai
- Ho Chi Minh City
- Jakarta
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
Inventory Control

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 product orders.

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

Marketing

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

UNIQLO Stores

UNIQLO Japan had 841 stores (including 30 franchise stores) at the end of August 2015. Since the opening of the first store outside Japan in 2001, UNIQLO International has expanded to 798 stores, including 467 stores in Greater China (Mainland China, Hong Kong and Taiwan), 155 in South Korea, and 108 in Southeast Asia and Oceania. We have enjoyed rapid store development in Asia.
E-commerce Business

Online sales in Japan totaled ¥32.4 billion in fiscal 2015, or 4.2% of total UNIQLO sales. Online sales are also doing well in places including Mainland China, Taiwan, South Korea, Britain, the U.S., Australia and Singapore.

Customer Center

The Customer Center deals with more than 270,000 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, 2015 exchange rates