

THE UNIQLO BUSINESS

A photograph of a cyclist riding on a dirt road. The background is heavily blurred, showing a dirt path and some vegetation. The cyclist's hand on the handlebar and a portion of the front wheel are visible in the lower right corner.

UNIQLO,
PROPELLING
CLOTHING
INNOVATION



Our BLOCKTECH fleece with ultra-slim windproof coating is warm, easy to move around in and offers great protection against bitter winter winds. The boa fleece material has an airy texture similar to sheep's wool. This is the perfect winter sportswear.



HOW TO BE

The Secret to UNIQLO Success

UNIQLO is able to produce such an amazing number of unique products because our business model unifies the entire clothes-making process—from planning all the way through design, production and retail. UNIQLO's market share is expanding worldwide as it develops radical new materials together with the world's best fabric technology innovators and creates basic designs using superior natural materials. UNIQLO LifeWear is high-quality, innovative clothing that is universal in design and comfort—it is made for everyone, everywhere. UNIQLO leverages today's increasingly digital world to communicate directly with customers and quickly transform their desires into actual products.

UNIQLO'S CORE STRENGTHS

01 | Procuring the World's Best Materials

Only UNIQLO can offer world-class cashmere, supima cotton, merino wool and other quality fabrics at such reasonable prices. We do this by procuring the very best materials at the source. Our materials development team negotiates directly with natural materials manufacturers and fabric makers all over the world to secure a stable, high-quality and long-term supply. By placing larger, mass orders, UNIQLO also achieves much higher cost savings than other companies.

GREAT BECOMING WORLD NO.1

02 | Creating Fresh Demand with New Functional Materials

Our unique heat-generating HEATTECH material is now close to perfection thanks to a long partnership with leading synthetic materials manufacturer Toray Industries. Our cool-feel AIRism summer innerwear, our Ultra Light Down jackets (made of lightweight, fluff-free, high-density material) and our BLOCKTECH fleece (coated with an ultra-thin wind-proof film) are all products of the same essential inventiveness and ingenuity. Developing these innovative high-function materials and products has helped generate entirely new sources of demand.

03 | Simple, Elegant, Quality Clothing

Unlike many other apparel manufacturers, UNIQLO focuses on creating simple, everyday wear that can be worn by people of all ages. UNIQLO enjoys strong demand from a broad customer base. Our clothing is the epitome of simplicity, elegance and quality. UNIQLO has established a network of product development centers in Tokyo, New York, London, Paris, Shanghai and Los Angeles, which gather relevant fashion information from all corners of the globe and use it to fuel clothing research and design.

04 | Reassuring, High-quality Products

UNIQLO is proud of its high-quality products, which are based on the unrivaled traditional expertise of Japan's textile industry and UNIQLO's own "takumi" teams. Our takumi are highly skilled textile artisans who visit partner factories directly to impart technical expertise, build strong mutual trust, and ensure committed and thorough quality management. We also work together with partner factories to build working environments that comply with international standards. UNIQLO is committed to supplying consistently high-quality products at reasonable prices.

05 | Easy Shopping, In-store and Online

We consider everyone in the world a UNIQLO customer. Our vast range of men's, women's, and kids' and baby wear means that shopping at UNIQLO is a fun family event. Our well-organized displays make it easy to find what you want and customers appreciate our attentive in-store service. Our online shopping enables customers to select from a full range of special collaboration items, exclusive online ranges and semi-tailored clothing designed to satisfy every need. We are constantly expanding our products and services to make online shopping even more enjoyable and convenient.

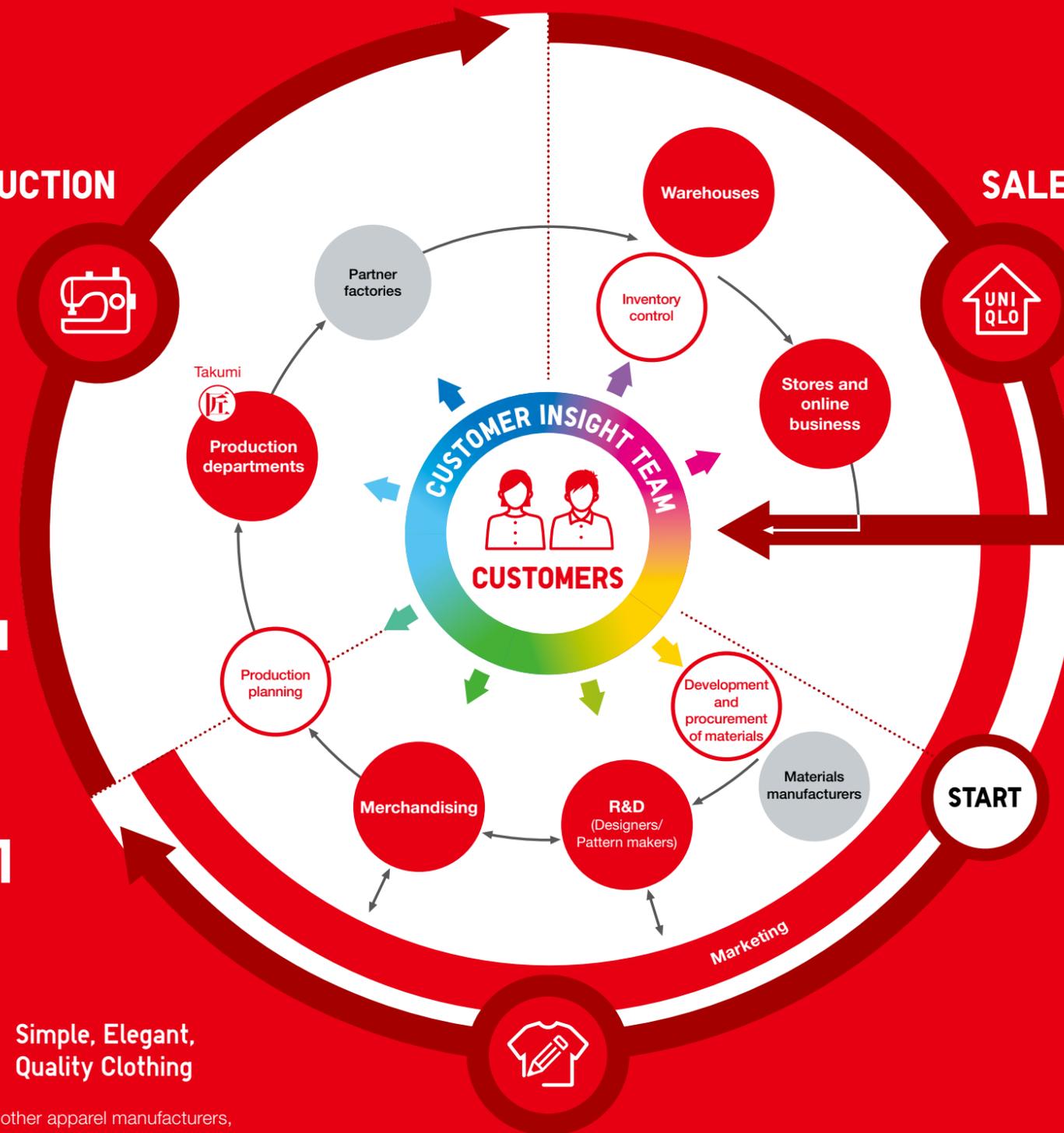
06 | A Business Model to Satisfy Every Customer Need

UNIQLO has a customer insight team. Its job is to ensure customer needs are incorporated directly into products. The team performs big data analysis of customer feedback, uniqlo.com browsing patterns and UNIQLO purchasing trends to rapidly understand the type of products customers are seeking. These insights are then incorporated into product development. This is helping us create a swift, sensitive business model that facilitates additional production of popular items and colors, and provides customers with exactly what they want, when and how they want it.

PRODUCTION

SALES

DESIGN



UNIQLO

UNIQLO
GROWTH THROUGH
MOST-LOVED
PRODUCTS



Maternity



BLOCKTECH

Leggings Pants

UV Cut Cardigan

Danpan Warm Pants

Body Shaper

Ultra Light Down

Bra Top

AIRism

Skinny Jeans

Wireless Bra

Supima Cotton

Premium Linen

Extra Fine Merino

HEATTECH

Cashmere

UT (UNIQLO Printed T-shirt)

Fleece

PLANNING

START

▶ PRODUCT CONCEPT

▶ SELECT AND PROCURE MATERIALS

▶ DESIGN SAMPLES

01

Christophe Lemaire
Artistic Director,
UNIQLO Paris R&D Center

Research & Development (Designers/Pattern Makers)

UNIQLO's R&D centers continually research the latest new materials and the latest global fashions. Roughly one year before a product's intended launch, the R&D department holds a concept meeting with representatives from the merchandising, marketing and materials development teams to determine the right design concept. Designers then prepare designs and refine samples. Even after a design is decided, its color and silhouette can be refined multiple times before it is finalized.

Merchandising

Merchandisers play a vital role in the product creation process, from design through production. They communicate closely with many other departments before determining the planning, design, materials and marketing approaches required to satisfy pre-determined seasonal concepts. Merchandisers decide product lineups and production volumes for the fall, winter, spring and summer seasons. Many UNIQLO products are manufactured in mass lots of approximately one million items. Merchandisers also closely monitor sales levels and decide whether to increase or reduce production for particular items during a season.

Development and Procurement of Materials

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 work closely with the denim industry's reputed Kaihara Corporation to source denim of specific spinning standards and dyeing specifications. We also partner with Toray Industries, a world-leading synthetic fiber manufacturer, to create innovative high-function materials and products such as HEATTECH.



02

PRODUCTION

▶ FINALIZE DESIGNS

▶ SET PRODUCTION VOLUMES

▶ START PRODUCTION

Production Department

UNIQLO currently deploys about 450 production team staff and textile takumi (skilled artisans) to production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta, Istanbul and Bangalore. Production teams visit partner factories each week to resolve outstanding production quality or management issues. Customer concerns regarding quality are communicated immediately to the production department, and 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 good products. I am proud to be passing on expert Japanese techniques to the next generation of technicians.”



Dyer Takumi
Kazuaki Iida



Production Network

As UNIQLO expands globally, we have formed business relationships with partner factories worldwide in countries such as China, Vietnam, Bangladesh and Indonesia. We are looking to expand our manufacturing base by developing relationships with factories closer to UNIQLO stores in Europe, the United States and elsewhere.

UNIQLO Production Offices



03

SALES

▶ SHIP TO INDIVIDUAL COUNTRIES

▶ START TV COMMERCIALS

▶ START ADDITIONAL PRODUCTION

Inventory Control

The inventory control department maintains the optimum level of store inventory. It does this by monitoring sales and stock on a weekly basis, and then dispatching necessary inventory and new products to fulfill orders. At the end of each season, merchandisers and the marketing department work together to coordinate the timing of any price changes to help ensure that inventory sells out.



Promotional flyer

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 the 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, announce week-long 20–30% off campaigns to promote new items.



TV commercial

Stores

UNIQLO Japan had 831 stores (including 41 franchise stores) at the end of August 2017. UNIQLO International has expanded to 1,089 stores, including 645 in Greater China (Mainland China, Hong Kong and Taiwan), 179 in South Korea, 163 in Southeast Asia & Oceania, 56 in Europe and 46 in North America. New store openings have been especially rapid in Greater China and Southeast Asia.



Roadside UNIQLO store

Online Sales

Online sales are increasingly important. In Mainland China and the United States, these sales account for over 10% and 20% of our total revenue, respectively. In Japan, online sales accounted for ¥48.7 billion, or 6.0% of the total, in FY2017. There, we have improved our online services by enabling customers to collect online purchases from nearby convenience stores or UNIQLO locations. We are looking to expand online sales worldwide by offering a fuller range of exclusive online products, special online sizes and semi-order-made goods.



▶ IN-STORE AND ONLINE SALES

CUSTOMERS

Customer Insight Team

Our customer insight team is growing in importance every year. It uses big data—including product comments, purchase trends and requests submitted to our Customer Center and made online—and analyzes this information to predict demand and make product improvements. UNIQLO production often continues into the selling season, and demand predictions help us make effective mid-season judgments and adjustments. The information gained through data analysis also helps us to create the products customers most desire.

