

UNIQLO

**UNIQLO,
FUELING
CLOTHING
INNOVATION**



Seamless down has no stitches for the wind to get through so it is super warm. The durable water-repellent fabric and stylish silhouette are key to this product's success.



THE WAY TO

Evolve, Empower, Engage

UNIQLO is able to produce such an amazing number of unique products because our business model unifies the entire clothes-making process—from planning and design through production, distribution, 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.

01 | Secure Cost-effective, World-class Materials

We can offer world-class cashmere, supima cotton, merino wool, and other quality fabrics at reasonable prices. We do this by procuring the very best materials straight from the source. Our materials development team negotiates directly with natural materials manufacturers and fabric makers all over the world to secure a stable, long-term supply of high-quality materials. UNIQLO is able to procure materials under more favorable conditions and achieve much larger cost savings than other companies because we place mass orders.

EXCEL

THE SECRETS OF UNIQLO'S STRENGTH

02 | New Functional Materials Drive New Demand

We have perfected our unique heat-generating HEATTECH material through 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 items (featuring an ultra-thin wind-proof film) are all the result 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 clothing 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 | High Quality, Every Time

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

05 | Fun, Easy Shopping in Stores and Online

To us, everyone in the world is a UNIQLO customer. With our vast range of men's, women's, kids', and baby wear, shopping at UNIQLO is a fun family event. Our well-organized displays make it easy for customers to find what they want, and they appreciate our attentive in-store service. When shopping online, customers can select from a full range of special joint collections, exclusive online ranges, and semi-tailored clothing designed to satisfy every need.

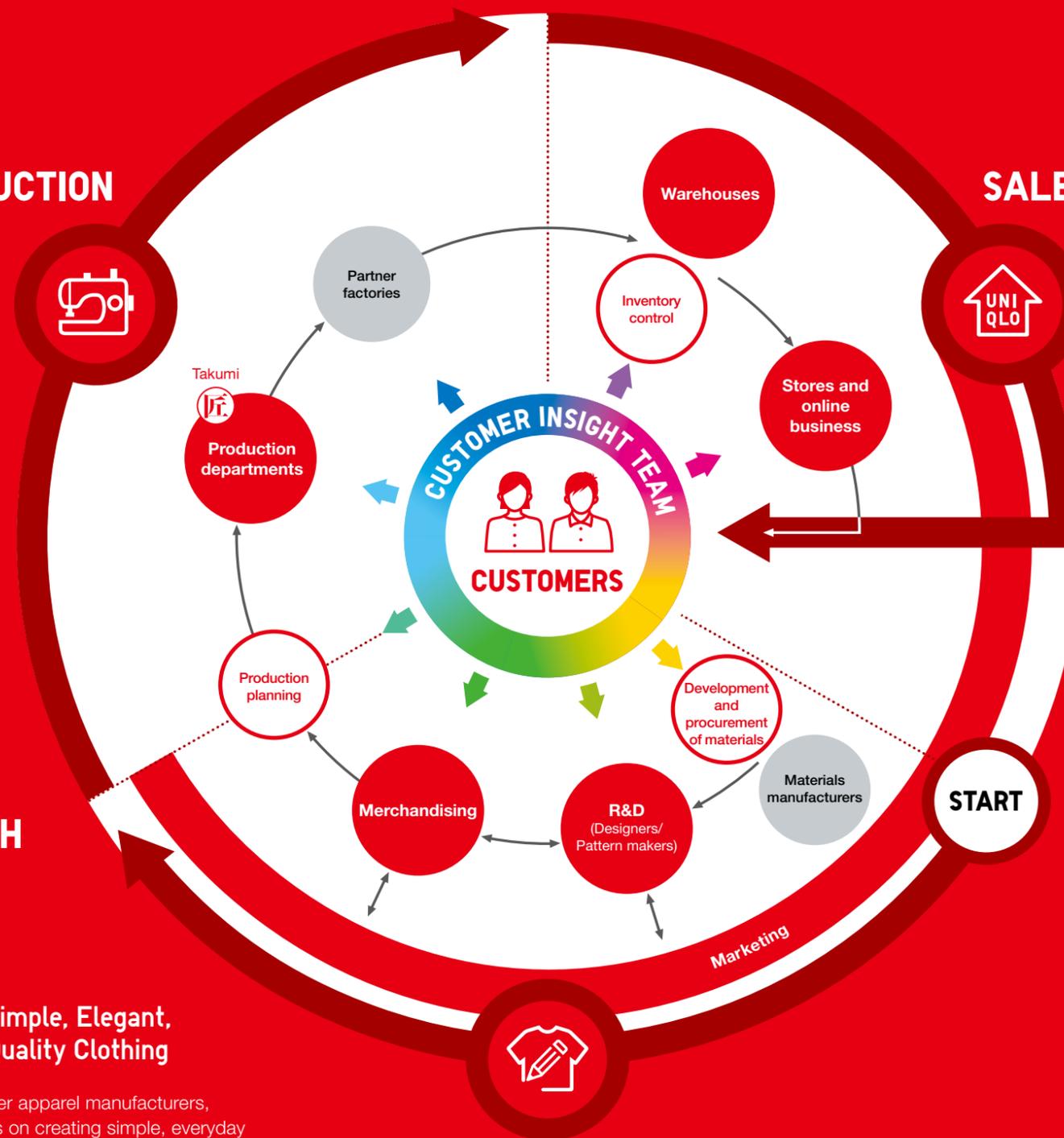
06 | A Business Model Focused on Customer Needs

Customer feedback is reflected directly in new product development. UNIQLO's customer insight team investigates and analyzes large volumes of shopper comments. This analysis helps us improve minute details on our core ranges to achieve ultimate comfort, and quickly incorporate new trends into product development. For instance, we have been able to create a new popular product range by turning women's boafleece into trendy items that look and feel like sheep's wool.

PRODUCTION

SALES

DESIGN





EXCITE



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 in new materials and global fashions. 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 for each season. Designers then prepare designs and refine samples. Even after a design is decided, its color and silhouette can be refined multiple times before the final design is approved.

Merchandising

Merchandisers play a vital role in the product creation process, from design through production. Merchandisers communicate closely with all departments before determining the planning, designs, materials, and marketing required for each season. Deciding product lineups and production volumes throughout the year is another important part of the merchandiser's role. Many UNIQLO products are manufactured in huge batches of approximately one million items each. Merchandisers also closely monitor sales levels and decide whether to increase or reduce production during a season.

Development and Procurement of Materials

UNIQLO can secure stable, high-volume supplies of top-quality materials at a 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 to 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 Network

UNIQLO does not own any factories. We outsource all production to partner factories in China and other countries. We have built relationships of strong trust with our partner factories over many years, and hold annual conventions to promote dialogue with factory managers. We monitor working conditions and environmental protection at textile manufacturers and major fabric suppliers, and help factories implement improvements as needed. Maintaining a win-win relationship with partner factories ensures the production of high-quality products.

As UNIQLO expands globally, we have formed business relationships with partner factories not only in China, but also in countries such as Vietnam, Bangladesh, and Indonesia.

Production Department

UNIQLO has about 450 production-team staff and textile takumi (skilled artisans) in Shanghai, Ho Chi Minh City, Dhaka, Jakarta, Istanbul, and Bangalore. Production teams visit partner factories weekly to resolve production quality or management issues. For quality improvements, customer concerns are communicated to the production department.

■ UNIQLO Production Offices



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



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 HEATTECH, Ultra Light Down, AIRism, and Bratops. During the campaigns, UNIQLO advertises the products' unique qualities and noteworthy features on TV and in other media. In Japan, we use email, social media, and weekly flyers in the Friday editions of national newspapers to attract customers with limited-period special pricing on key ranges.



TV commercial

Stores

UNIQLO Japan had 827 stores (including 43 franchise stores) at the end of August 2018. UNIQLO International expanded to 1,241 stores, including 726 in Greater China (Mainland China, Hong Kong, and Taiwan), 186 in South Korea, 198 in Southeast Asia & Oceania, 78 in Europe, and 53 in North America. New store openings have been especially rapid in Greater China and Southeast Asia.



Roadside UNIQLO store

**UNI
QLO.com**



Online Sales

Online sales are increasingly important. In Mainland China and the United States, both geographically large markets, online sales account for approximately 15% and over 20% of overall sales respectively. In Japan, online sales accounted for ¥63.0 billion (7.3%) of total sales in FY2018. We aim to achieve 30% annual online sales growth in Japan by enabling customers to collect online purchases from nearby UNIQLO stores or convenience stores. We are expanding global online sales by offering exclusive online sizes and products, and semi-order-made goods.

▶ IN-STORE AND ONLINE SALES

CUSTOMERS

Customer Insight Team

Our customer insight team is vital to our effort to improve core ranges by analyzing huge volumes of requests and comments from customers. Already, this analysis has helped improve many products such as seamless down, boa sweatshirts, pajamas, and BLOCKTECH coats. Going forward, we will seek to develop new products that fulfill customer desires by strengthening cooperation with specialist IT firms to further enhance our customer information analysis capabilities.

