Roger Federer is sporting an Ultra Light Down vest, amazingly light, but extremely warm. We have increased the voluminous feel of the down and updated the fit to a relaxed silhouette.
UNIQLO LIFEWEAR

UNIQLO LifeWear is simple, high-quality, everyday clothing that appeals to people of all ages, everywhere. When we create LifeWear, we always start with our customers. By reflecting customer insights from e-commerce and stores into our products, we can perfect the details of our core ranges, achieve a more comfortable fit, and swiftly develop clothes to satisfy new and changing lifestyles. LifeWear is always evolving and winning new support worldwide because it fulfills ever-changing customer needs.

CREATE NEW DEMAND WITH NEW FUNCTIONAL MATERIALS

UNIQLO has created many highly advanced, functional products. These include our warmth retaining and generating HEATTECH range, and our Ultra Light Down garments, made with high-density material to keep down inside. Other innovations include our versatile, cool-feel AIRism range and BLOCKTECH garments with windproof coating. We spent years perfecting our advanced materials, which cannot be replicated by competitors. Developing clothes with new functionality creates lifestyle flexibility and fresh demand.

WORLD-CLASS MATERIALS AND HIGH QUALITY AT REASONABLE PRICES

UNIQLO’s strength lies in offering great value clothing made with high-quality materials. We negotiate directly with global producers and place long-term orders for superior materials such as Supima® cotton, merino wool and premium linen. Such economies of scale enable us to secure a more favorable supply than our competitors, at greatly reduced costs. The high quality of UNIQLO LifeWear is also underpinned by strong trust, built over many years with our partner factories. Our production department and factories communicate closely so we can immediately address any quality-related requests from customers and make improvements.

CREATE SHOPPING SYNERGY AND CONVENIENCE IN STORES AND ONLINE

Our e-commerce operation offers a full range of LifeWear products and sizes to meet the diverse needs of our customers. We are integrating our retail store and e-commerce operations to increase convenience, enabling customers to collect online orders from nearby stores, or to order online any item out of stock at their local store, for delivery anywhere. In addition, we review the convenience of our stores for customers, and open new stores in optimally-convenient locations and formats. For a brand like UNIQLO with such a strong store network, online-to-offline (O2O) serves as an additional engine of growth.
Research & Development (Designers/Pattern Makers)

An important part of R&D at UNIQLO is to develop products that respond to customer requests, while also identifying new and emerging needs. Accordingly, our R&D centers constantly research global fashion trends and new materials, working to anticipate future shifts in the lifestyles and needs of our customers. One year before a product’s intended launch, the R&D department holds a concept meeting with a diverse range of representatives from the merchandising and marketing and materials-development teams to determine the right design concept for the season. Our designers then begin the process of preparing designs and refining samples. Even after a design is decided, its color and silhouette can be refined multiple times before the design is ready to be finalized.

Merchandising (Product Planning)

The merchandising team plays a vital role in the product creation process, from planning through production. Deciding product lineups and volumes throughout the year is an important aspect of the department’s job. To do this, merchandisers communicate closely with R&D, the production department, and other divisions to determine the designs and materials required for each season’s products. They also manage the launches of our strategic products and develop creative strategies to engage our customers.

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 worldwide. Utilizing our economies of scale enables us to achieve more favorable terms than any other manufacturer. The materials used for our core items are particularly important. Our in-depth research and experimentation generate improvements in the functionality, feel, silhouette and texture of our clothes. For example, we work closely with Kaihara Corporation to source denim to specific spinning standards and dyeing specifications. We also partner with world-leading synthetic fiber manufacturer, Toray Industries, to create innovative new fibers and materials such as the ones found in our HEATTECH range.

Production Network

UNIQLO does not own any factories. Instead, we outsource the production of almost all our products to factories around Asia. We have built strong relationships of trust with our partner factories over many years, and hold annual conventions to promote dialogue with factory managers. We conduct monitoring programs at our sewing factories and major fabric suppliers to prevent human rights violations, to ensure good working environments, and to protect the environment when our products are being made. As required, we help factories implement improvements. UNIQLO continues to produce high-quality products by maintaining a win-win relationship with our factories. As we expand globally, we continue to grow our partner factory network in countries like Vietnam, Bangladesh, Indonesia and India.

Production Department

We assign production department members, who manage product quality and production progress, and Takumi (skilled artisans), to production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Bengaluru. Production office representatives visit partner factories weekly to resolve any issues. The production department swiftly addresses any quality concerns raised by customers and implements improvements if required.

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.*
Inventory Control
The inventory control department maintains ideal store inventory levels. It does this by monitoring sales and stock on a weekly basis, and then dispatching inventory and new products to fulfill orders. At the end of each season, merchandisers and the marketing department work together, coordinating sales promotions to help reduce residual inventory.

Marketing
Each season, UNIQLO conducts promotional campaigns for core products such as HEATTECH, Ultra Light Down, Airism and Bratops. During these campaigns, UNIQLO emphasizes each product’s unique features and benefits on TV and in other media. In Japan, we use UNIQLO apps, email, social media, and flyers delivered with national newspapers to notify customers about limited-period discounts, typically of 20% to 30%, on new seasonal ranges.

Stores
UNIQLO Japan had 810 stores (including 30 franchise stores) across Japan as of the end of August 2021. UNIQLO International expanded to 1,522 stores, including 902 stores in the Greater China region, 134 in South Korea, 270 in South Asia, Southeast Asia & Oceania, 109 in Europe and 57 in North America. We have been accelerating new store openings, primarily in the Greater China region and Southeast Asia.

E-commerce
The importance of our e-commerce operation is growing as more customers enjoy shopping both online and in stores. In FY2021, online sales accounted for approximately 18% of total sales. Geographically, online sales accounted for roughly 20% of total sales in the Greater China region, 10% in South Asia, Southeast Asia & Oceania, 30% in Europe, and 40% in North America. We will further enhance combined e-commerce and retail store services and build systems that enable customers to shop conveniently at times and places that suit them.

Customer Centers
Our customer centers analyze huge volumes of customer requests. Customer feedback helps us improve core products, and to develop new products, such as front-opening innerwear and highly-absorbent sanitary underwear. In April 2021, we added a new customer center at our Aisaka headquarters in Tokyo to complement our existing Yamaguchi center. This enables us to connect customer insights directly to management, and to apply them to product and service development in real time.
UNIQLO delivers LifeWear (ultimate everyday clothing) to all people worldwide. UNIQLO boasted a global network of 2,312 stores as of August 2021. UNIQLO International accounted for 1,502 of those stores, or 65% of the total network.

25 countries and regions

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<th>Country/Region</th>
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<td>JAPAN</td>
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First Beijing Flagship Store a Fresh Catalyst for Greater China Region

We opened Beijing’s first global flagship store in the famous Sanlitun fashion area on November 6, 2021. The store, which boasts a 2,400 m² shop floor, houses our first fresh-flower booth in Mainland China and a space that presents some of UNIQLO’s sustainability activities. UNIQLO participated in the China International Import Export (CIIE), which was held the day before the new store opening, as an important part of our activities to showcase LifeWear and the UNIQLO brand to the world.

Even amidst COVID-19 uncertainty, we expect UNIQLO’s share in the Greater China region (Mainland China market, Hong Kong market and Taiwan market) will increase as we aim to open 100 new stores each year. Our All-store Profit Improvement Project in Mainland China helps secure profits even when the external environment deteriorates. We do this by confirming and analyzing profit conditions at each store, working with store managers to refine sales plans, and extending support where needed. This scheme has enabled us to increase individual store profitability. Revenue and profit increased significantly in the Greater China region in FY2021 (revenue: ¥532.2 billion (+16.7%), operating profit: ¥100.2 billion (+52.7%)). Our future targets are ¥1 trillion revenue and ¥200 billion operating profit.

The region’s performance was impacted by restrictions and temporary store closures due to the spread of COVID-19, but when case numbers eased and stores reopened, sales expanded strongly, proving the growing local support for LifeWear.

Meanwhile, the temporary closure of our physical stores greatly boosted e-commerce sales. While e-commerce accounted for approximately 10% of total sales in FY2021, we now expect that ratio to increase to 30% very quickly. After having launched e-commerce sales in Indonesia in September and Vietnam in November, we now offer online shopping across our entire Southeast Asian market. We are currently strengthening our e-commerce organizational structure and platforms to ensure greater customer satisfaction regarding payment and delivery. Attention-grabbing new products sell well online, so we want to achieve our target by simultaneously strengthening digital marketing.

New store development in shopping malls and roadside retail locations will further accelerate the pace of store openings from FY2023 onward. We intend to offer products that meet customer needs and further expand operations to become the No.1 apparel brand in Southeast Asia.

Expand Stores and E-commerce, Become No.1 in Southeast Asia

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UNIQLO BEIJING SANLITUN global flagship store

Further Growth, a Stronger Brand

UNIQLO BEIJING SANLITUN global flagship store

ASIA & OCEANIA

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Further Growth, a Stronger Brand

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EUROPE

A Clear Path to Future Expansion

In FY2021, UNIQLO Europe increased revenue and turned a profit. While business conditions remained tough as COVID-19 infections rose, sales recovered sharply after lockdowns were eased in May 2021, when many customers were able to return to our stores.

Despite such difficult times, we have seen e-commerce sales expand by approximately 250% over the past two years to become a key pillar of UNIQLO Europe operations. Improving our e-commerce services and proactively seeking new customers has encouraged people who have never visited a physical UNIQLO store to buy our products.

Our cashmere, bottoms, down and other outerwear sell particularly well in Europe, and UNIQLO’s merino wool sweaters are especially popular among those with an eye for fashion. When I hear local customers say they like the high quality and refined silhouettes of our clothing, I sense a true affinity with our LifeWear concept.

I have noticed some other positive trends, with customers buying more innerwear and T-shirts as working from home becomes increasingly mainstream.

In September 2021, we opened our UNIQLO RIVOLI store on the Rue de Rivoli in Paris, where many museums, including the Louvre, are located. Our concept was to bring together apparel and art.

We also plan to open a new and improved global flagship store on London’s Regent Street in spring 2022. In the 20 years since we opened our first store in the UK in 2001, UNIQLO has grown into a global brand. By opening large-format stores in the best locations in Europe’s major cities, we want to show the world how strong our brand has become.

The potential locations for new stores have greatly increased since we started reforming our cost structure and improving our earnings structure. I want to continue providing attentive Japanese-style service and expanding into more cities to help the UNIQLO brand become a vital part of European life.
GLOBAL E-COMMERCE

Customer-centric Online Sales

Masanobu Kusaka
Head of Group Digital Commerce
Group Executive Officer,
Fast Retailing Co., Ltd.

Making E-commerce Our Main Business: A UNIQLO-driven Industrial Revolution

When I was general manager in charge of the launch of UNIQLO’s New York Fifth Avenue store, I thought we were competing mainly with other global apparel brands. But at that time in the USA, we were also witnessing a surge in disruptive industry innovation made possible by a rapid shift to digital. Just as I was reflecting on these issues—Would our competitors change Would the very rules of commerce change—Tadashi Yanai, our CEO, set out his vision for making e-commerce our main business, and I was put in charge of bringing this vision to life when I returned to Japan. I was determined to create a customer-centric business framework. I didn’t just want to sell things online. My aim was to create a UNIQLO-driven, customer-centric industrial revolution that would provide products and product information to customers when and where they needed it. We did this by encouraging cooperation between physical stores and e-commerce, and by merging our inventory and sales network. At the end of August 2021, we had e-commerce operations in 21 markets, which accounted for approximately 18% of total sales. I want to increase that proportion to 30% as soon as possible.

Previously we relied on outside firms for many e-commerce functions. Now we have decided to operate and manage everything in-house and are transforming procedures to speed up the transition. We have introduced automated warehouses, moved warehousing operation in-house, and launched a new proprietary e-commerce platform. We have already introduced this platform into 50% of our operations, including Japan, and are making steady progress toward unifying platforms globally. UNIQLO enjoys strong product appeal and a global physical store network. We are harnessing these strengths to enable customers worldwide to easily purchase UNIQLO products anytime, anywhere.

All E-commerce Operations In-house, End-to-end Customer Connections

In my view, e-commerce is all about marketing. Marketing not only enables us to link directly with individual customers and provide them with tailored information, but also to receive feedback and information from them. Pursuing our shift to a customer-centric e-commerce model will help us understand exactly what our customers are seeking.

The creation of a photography studio at our Ariake headquarters in 2021 is related to our decision to operate an end-to-end e-commerce operation entirely by ourselves, from product planning through production, distribution, retail and customer delivery. Locating the studio next to the customer center enables us to directly reflect insights from customers and store personnel in how we photograph our products. Employing our own in-house camera operators and stylists enables us to produce high-quality work quickly. I feel these moves are already starting to greatly boost customer satisfaction. There is still much to do to reach our goal of managing a full end-to-end e-commerce service, but we are committed to getting there.

We have a global store network and strong brand power, and I believe that if we can achieve this end-to-end Groupwide transformation, our physical store and e-commerce businesses will truly become one. And developing customer-centric e-commerce will allow us to become a key part of the infrastructure for providing daily clothing essentials. If we don’t achieve this goal, we won’t become a global No.1 brand, or even survive as a company. That conviction fuels the industrial revolution we have embarked upon.

The studio at our Ariake headquarters is one of the largest in-house facilities of its kind in Japan. Fully equipped for video shoots and natural light photography.

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Group Executive Officer,
Fast Retailing Co., Ltd.
LifeWear

Simple made better.

LifeWear is clothing designed to make everyone’s life better. It is simple, high-quality, everyday clothing with a practical sense of beauty ingenious in detail, thought through with life’s needs in mind, and always evolving.

Evolving Tradition with Modern Techniques

Our stretch selvedge slim-fit jeans offer attractive texture and vintage denim style. The red ear selvedge seams pay homage to the popular jeans of the good old days. UNIQLO has taken denim made on traditional shuttle looms and carefully crafted by expert artisans, adding stretchability developed with world-renowned denim manufacturer Kaihara Corporation to create a modern fit and feel.

Functionality for Perfect Comfort

We have evolved our advanced HEATTECH material, which generates heat and maintains warmth. We also extended the HEATTECH lineup beyond innerwear to include outerwear and accessories. Our HEATTECH scoop neck T-shirt is incredibly thin but packed with features: quick-drying, stretchable, retains its heat and shape, absorbs and releases moisture, and prevents bacteria and odor.* Exact functionality differs by product.

Maintaining Texture for Longer

Our extra fine merino wool knitwear is high quality, stylish and machine washable. We developed special processing to reduce potential shrinkage during washing and to prevent the formation of pills or bobbles for easy care. Thanks to their great color development and excellent ability to regulate moisture and temperature inside clothes, our merino wool items are versatile and durable—a more sustainable option.
Great Advances in Low-priced Fashion, Fun for Everyone

Our customers’ desire to enjoy fashion has not changed during the COVID-19 pandemic. We are witnessing a growing need not only for good design, but also for greater comfort. I believe GU was able to boost sales in FY2021 by adjusting ranges to suit changing lifestyles, expanding loungewear that balances GU-style fashion, cuteness, low prices, and comfortable fit, and by developing feminine care products that thoughtfully consider health. Also popular is GU Baby, which seeks to create clothes that facilitate babies’ and young children’s development and spark an interest in good clothing.

Increasingly diverse lifestyles and customer insights led us to launch our “ageless” and “genderless” concepts in Fall Winter 2021. As the names suggest, we want all customers to enjoy fashion irrespective of age, gender, or body shape. We use a diverse group of models in our TV commercials and web advertisements to convey the fun of our ageless and genderless styles. While we do make the items as men’s or women’s products, our shopfloor displays enable customers to easily mix and match items and create their own unique styles.

In the past, fashion from global collections became trendy when published in magazines and other media, but now fashion originates with people in the street. Everyone enjoys the freedom to find their own style and share it on social media. People of different ages, genders, and body shapes can create unique styles with our items, all of which offer an appealing combination of fashion, practicality, and low price. By meeting the latest needs, we launch hit products.

However, there is still much to do. We must improve our inventory control systems, and we are developing frameworks to enable more timely production adjustments by pressing ahead with supply chain reforms. We are now better able to create hit products because we collect and analyze opinions from customers and store staff as part of our transformative Ariake Project.

To make shopping easier for customers, we are considering opening new stores in locations including Japanese shopping malls, roadside retail locations, and commercial buildings, and increasing the number of combined UNIQLO GU stores, which achieve some great synergies for us. We are further enhancing our fusion of physical store and online services for greater shopping convenience and a better e-commerce operation. I have deep respect for GU’s YOUR FREEDOM concept, which seeks to give people the freedom to be themselves, or to find out who they are. That is how we can bring happiness to even more customers.

Osamu Yunoki
CEO, G.U. CO., LTD.,
Group Senior Executive Officer,
Fast Retailing Co., Ltd.