



Uniqlo

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Agenda




- Introduction
- Current Situation
- Objective
- Challenges to Objective
- Options
- Recommendation
- Implementation
- Implementation Timeline
- Risks & Mitigants




Uniqlo can build upon its already successful business and supply chain operations in Asia to expand to the US and other markets by focusing on flagship stores, department stores, and online channels in these markets

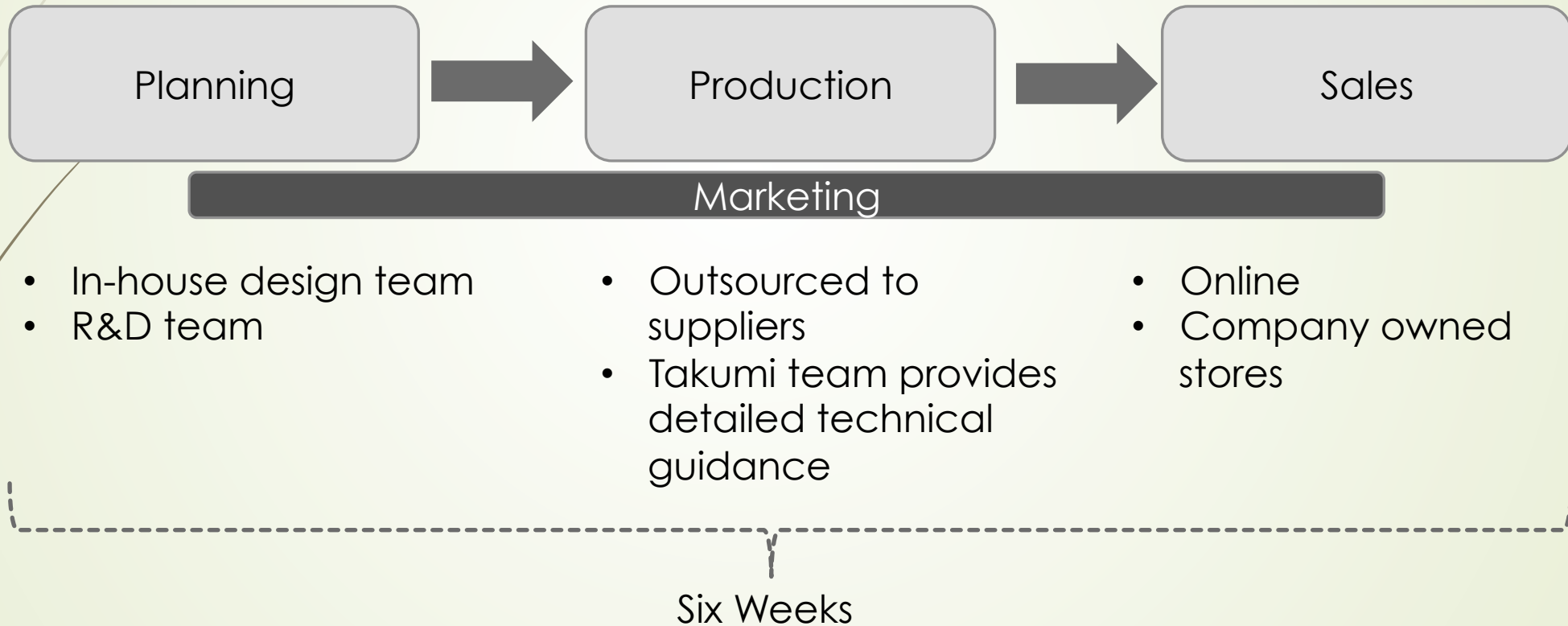




Uniqlo makes high quality, fashionable but affordable clothing

- 4th Largest fashion retailer in the world
 - Pioneered the SPA model in Japan
 - Innovative and focus on price and quality
- 

Uniqlo Business Model



Uniqlo has developed expertise in outsourcing in becoming a market leader in Asia

Strategic Partnerships

- Toray in developing new fabrics – Heattech
- Daiwa Group for logistics – large distribution centres
- In-store logistics
- Joint venture bangladesh

Responsive Inventory Management

- Use of POS data for just-in-time supply
- Inventory pooling to move slow selling items
- Real-time stock-checking system for in-store staff
- Customer Feedback

Distribution

- Design-to-store in six weeks
- Large distribution centres ensuring that transit time less than 6 days
- Online delivery estimated to be one-day

Quality Control

- Expert Takumi team work directly with suppliers to develop manufacturing skills and maintain high quality standards

Limitation: heavily reliant on in-store sales



Objective



US & EU
Expansion

- ~80% Annual growth for 5 years

- Establish brand awareness, market demand, & ability to supply demand



Asian
Maintenance

- Japanese market leadership & identity

- Chinese retail and online sales growth



Cohesion

- Cohesive worldwide brand with localized products

- Efficient, fast, & high quality worldwide supply chain

Challenges to Objective

Local Markets

- US Sizing & resulting product gaps
- Different product/fashion/materials preferences in new markets
- Expensive store set-ups

Brand

- Limited US/EU presence
- CVP translation into western markets

Logistics

- Complex production & distribution system
- Utilize existing vs develop local network

Options

Zara Model

- Continuous product stream
- Robotic production
- Large, predictive design team
- POS data to pull supply chain




H&M Model

- Outsourced production
- Star in-house designer teams
- Seasonal products
- Vast supplier network

Uniqlo Model

- Internal design
- SE Asian Production Facilities
- POS data to tailor offerings to US/EU

Option Selection

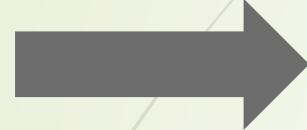
Model	Benefits	Costs	Fit
Zara Model	<ul style="list-style-type: none">▪ Fast▪ Responsive	<ul style="list-style-type: none">▪ High development /set-up▪ High tech needs & upkeep	
H&M Model	<ul style="list-style-type: none">▪ Tried & true▪ Simpler to establish	<ul style="list-style-type: none">▪ High # of suppliers▪ Managing relationships	
Uniqlo Model	<ul style="list-style-type: none">▪ Leverages existing capabilities & strengths	<ul style="list-style-type: none">▪ Capacity expansion▪ Product transportation	



Recommendation



Address Sizing Gap



Online Sales = Primary focus



Redefine primary KPI to revenue growth



Reduce retail store growth rate to 7 stores/year



Continue manufacturing in Asia and invest in key suppliers to expand capacity



Establish USA distribution network



Launch Aggressive Marketing Campaign



Implementation





Risks & Mitigants



Risk

Distraction from core business & markets

Local US/EU customer preferences

Rising costs drive higher prices > Lose key CVP

Mitigant

Unique US & EU implementation & management teams

R&D centers to tailor existing products to local preferences

Dept. store & online distribution model to keep costs down



Questions?



Integrated Marketing Communication

Digital

Traditional

Clear, Concise, Consistent
Message

Brand Establishment