



UNIQLO's CONTINUED SUCCESS

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How can UNIQLO Scale up globally through an efficient supply chain?

KEY FINDINGS

STRATEGIC BREAKDOWN

U.S.

- Open 5 annual flagship stores
- Online marketing
- Outsource production

China

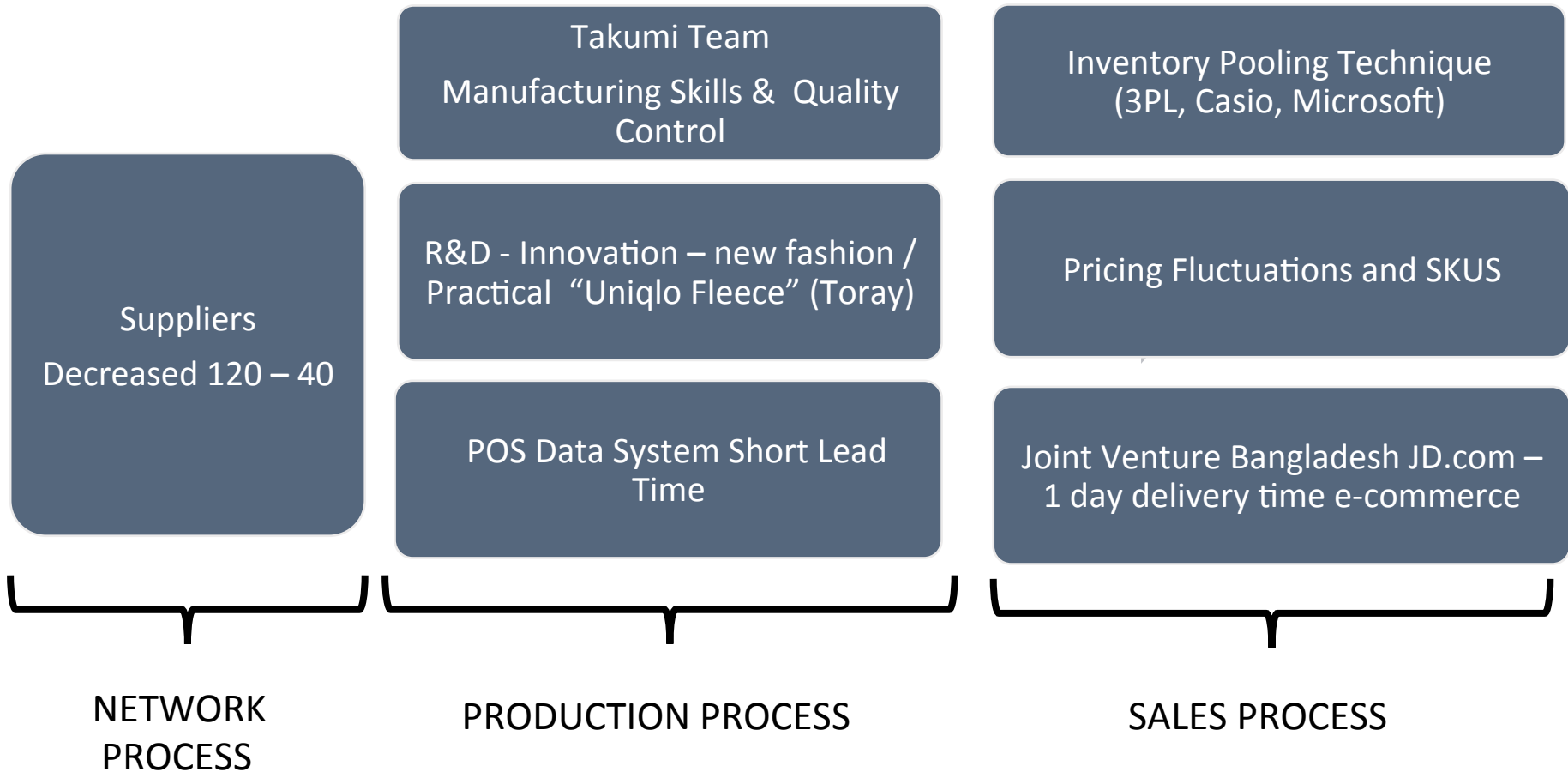
- Optimize supply chain
- Production offices in key regions
- JV with distribution partner

Rest of Asia

- Expand in high growth markets (India, Korea)
- Online marketing
- Utilize Chinese supply chain

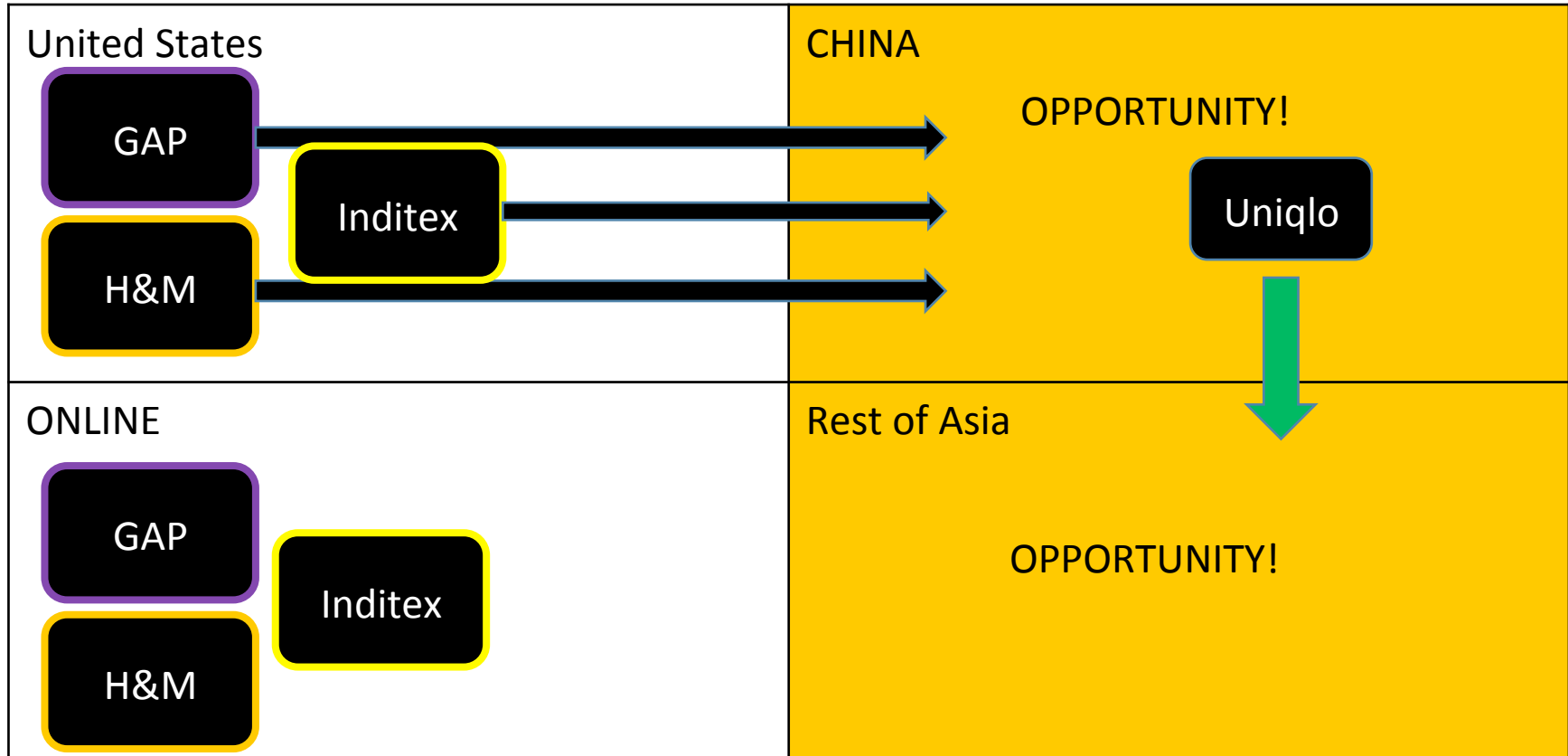
CONTINUE STRONG GROWTH IN FAST FASHION INDUSTRY

UNIQLO VALUE CHAIN



UNIQLO'S SUPPLY SHOULD OPTIMIZE THEIR RELATIONSHIPS IN ORDER TO SCALE

COMPETITIVE LANDSCAPE

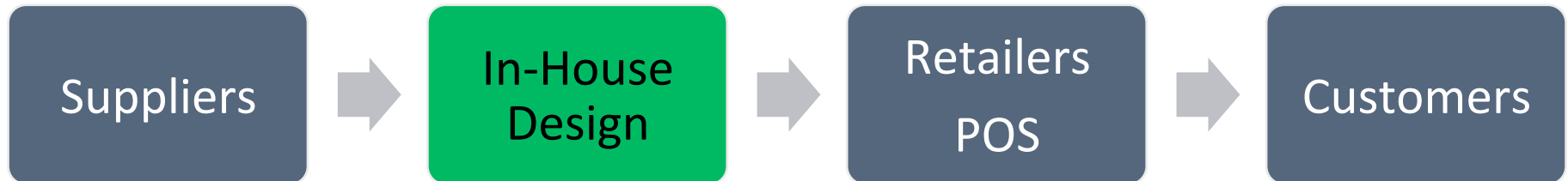


CHINA AND THE REST OF ASIA ARE STILL FERTILE PLACES TO GROW

COMPETITIVE VALUE CHAINS

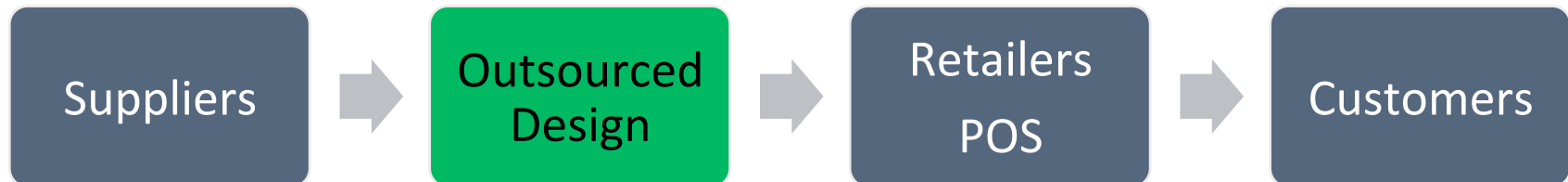
ZARA – INDITEX SUPPLY CHAIN MODEL

In SEASON PRODUCT - FAST PRODUCTION - HIGH IN STORE TIME



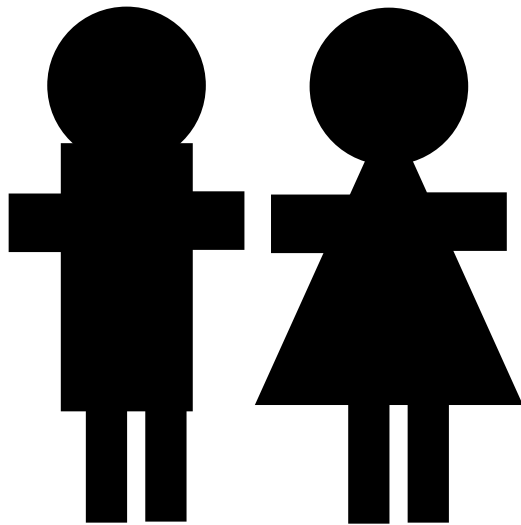
H&M SUPPLY CHAIN MODEL

SEASONAL PRODUCTS – HIGHER SHELF LIFE -



**BOTH COMPETITORS HAVE DIFFERENT YET JUST SUCCESSFUL
SUPPLY CHAIN THAT SUIT THEIR NEEDS**

THE CUSTOMER OF UNIQLO



20-35 years old, Urban

Like Fashion but are not Trend Setters

Social Media

PRICE

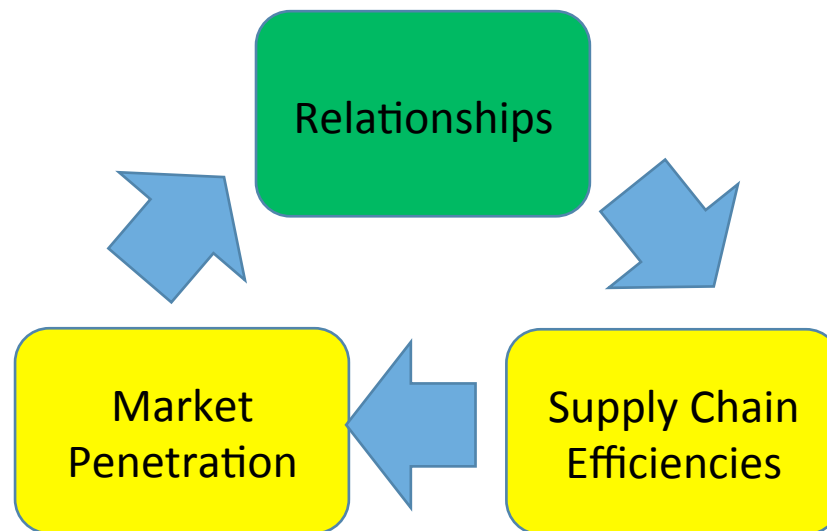
HIGH QUALITY

TECHNOLOGY
ORIENTED
Online

PRACTICAL

UNDERSTAND YOUR TARGET SEGMENT

YOUR MARKET PENETRATION WHEEL



MARKET PENETRATION WILL HAPPEN WITH SUPPLY CHAIN EFFICIENCIES

COMPARISON ON MAIN PLAYERS

	UNIQLO	INDITEX	H&M
Core Competency	Outsourcing	Vertically Integrate	Dispersed
BEST AT	PRICE COMPETITIVE SOURCING NETWORK	FAST SUPPLY CHAIN	SOURCING & MERCHANDISING
Trend Forecasting	POS System	POS System	POS System
Suppliers	Dispersed in Asia	Localized	Large Network
Inventory Control	Longer Shelf Life	Fast Inventory	Longer Shelf Life
Production	Own Production	Spain Automated Factories	Own 30 Production Centers
Fashion Segment	Practical Wear	In-Season (61%)	Seasonal (80%)
Designers	In House Designers	Quick Fast fashion	Longer Planning Time – 1 Head Designer
Countries	US, CHINA	US, EUROPE	US, EUROPE

RECOMMENDATION

ANALYSIS

FINANCIALS

ALTERNATIVES

ACTION PLAN

	UNIQLO	INDITEX	H&M
Core Competency	Outsourcing	Vertically Integrate	Dispersed
BEST AT	PRICE COMPETITIVE SOURCING NETWORK	FAST SUPPLY CHAIN	SOURCING & MERCHANDISING
	PRACTICAL	Fast Fashion TREND SETTERS	PRATICAL

FINANCIALS

FINANCIAL OVERVIEW

Sales Growth



Sales CAGR 16% over last 10 years

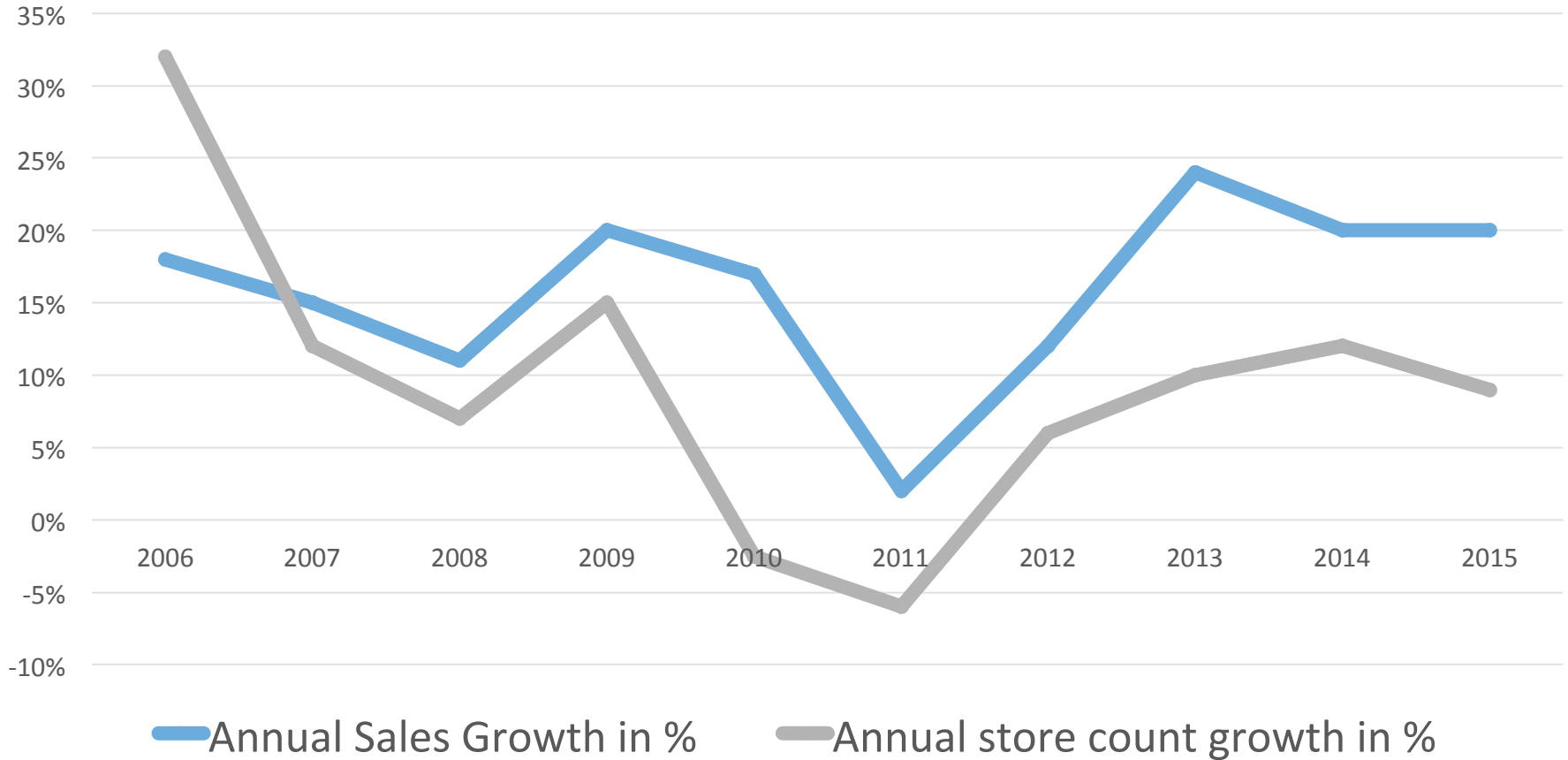
Markets

Heavily centered in Japan.
Recent trend to diversify into ROW and US.

Store count

Store count CAGR 9.3% over last 10 years.

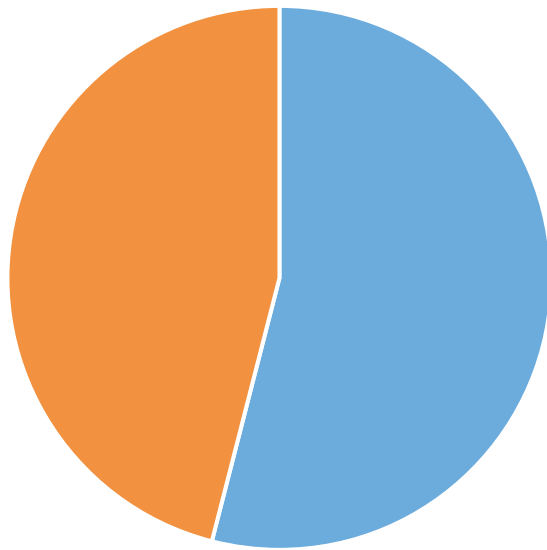
SALES GROWTH HAS BEEN OUTPACING STORE COUNT GROWTH



THERE IS STILL ROOM TO GROW

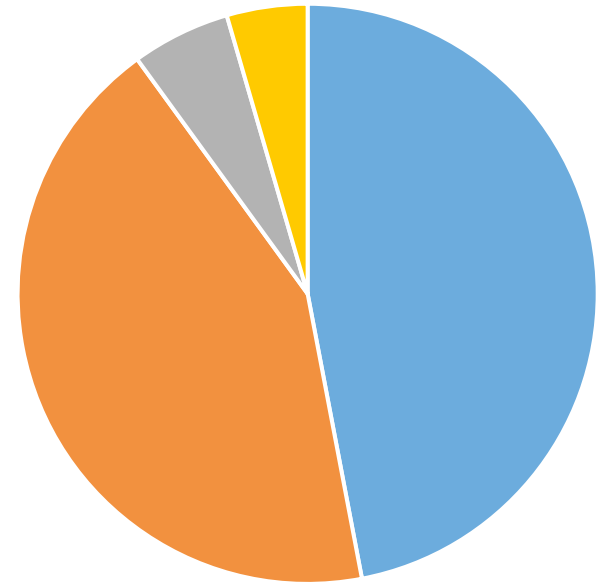
STORE COUNT HEAVILY CENTERED IN JAPAN

Uniqlo Store Counts



■ Japan ■ ROW

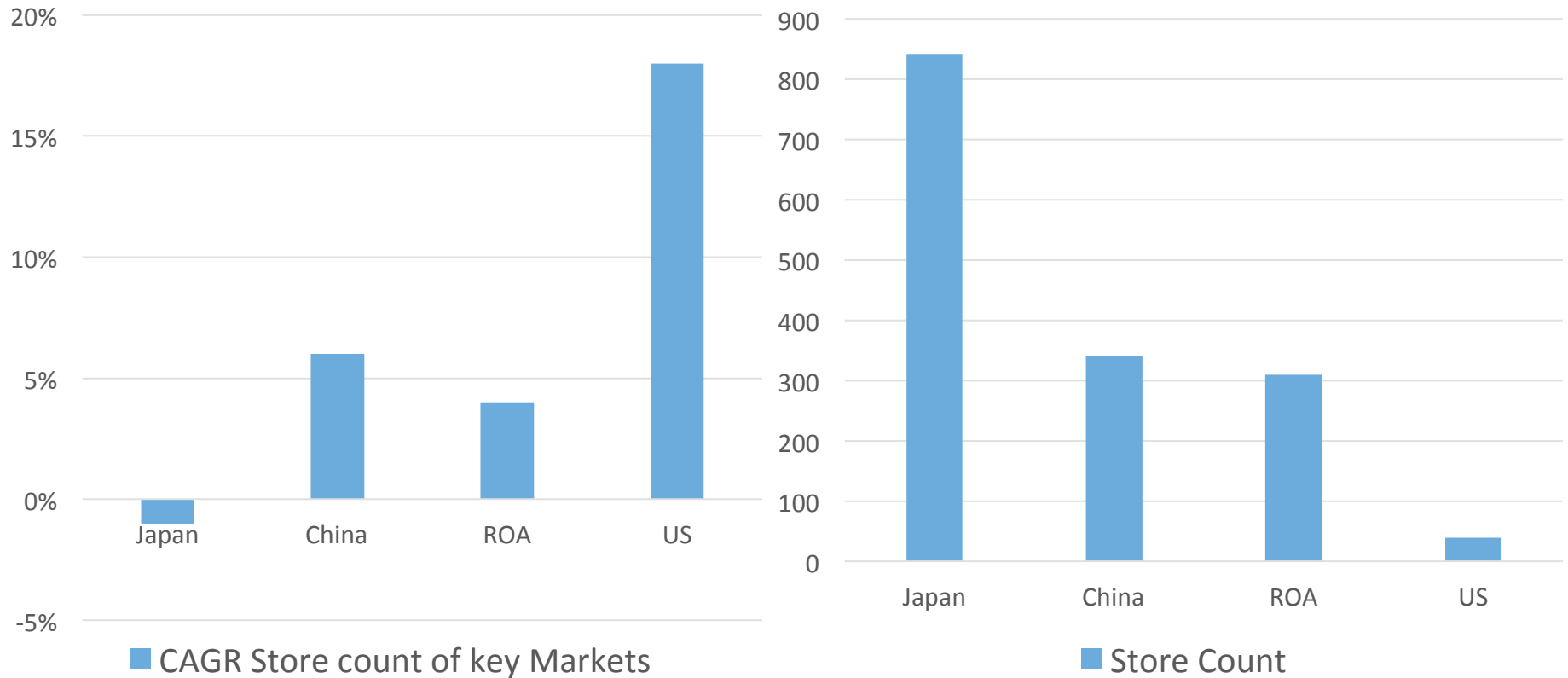
Store count split ROW



■ China ■ ROA ■ US ■ Europe, other

YOU NEED TO DIVERSIFY INTO OTHER HIGH GROWTH MARKETS

STORE COUNT GROWTH



MAINTAIN GROWTH PUSH IN CHINA AND ROW

ALTERNATIVES

STRATEGIC POSITIONING ASSESSMENT

SUCCESS TO DATE

Supply-chain and R&D

Practical, affordable,
fashion trends

Variety & high quality

Fierce competition



STRATEGIC POSITIONING ASSESSMENT

SUCCESS TO DATE

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EXPANSION THROUGH MARKET PENETRATION

US

India

China (Optimize)

STRATEGIC POSITIONING ASSESSMENT

SUCCESS TO DATE

Supply-chain and R&D

Practical, affordable,
fashion trends

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Fierce competition

EXPANSION THROUGH MARKET PENETRATION

US

ROA

China (Optimize)

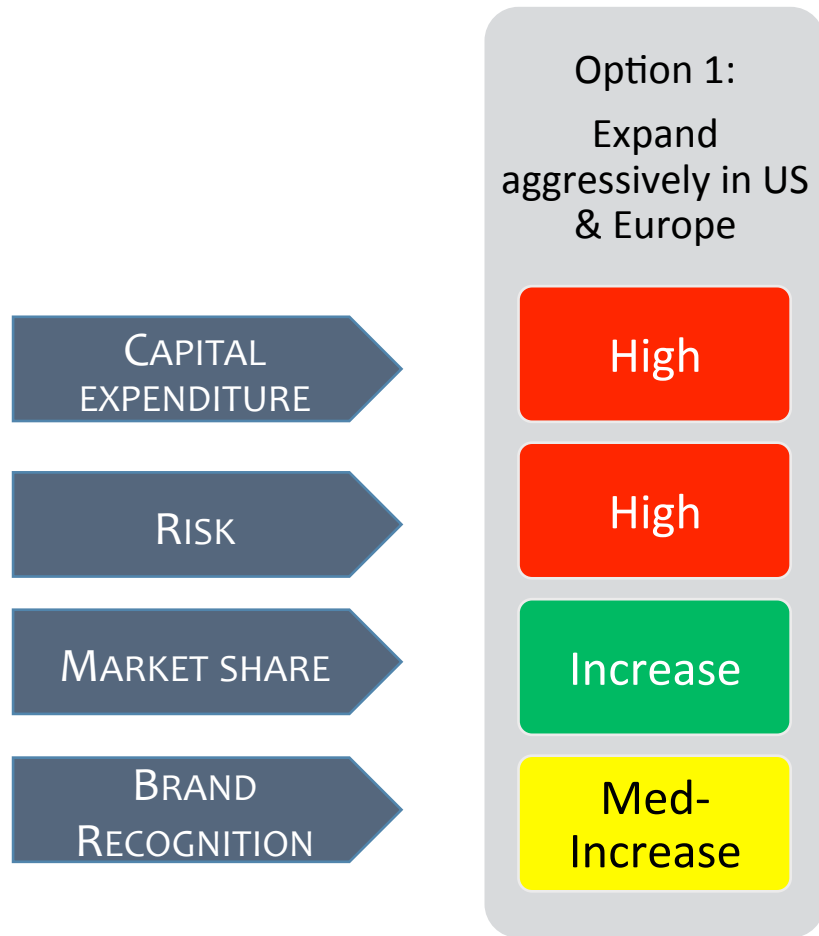
COMPETITIVE ADVANTAGES

Relationship model (JV, Partnerships,
Collaborations)

Strong distribution network

BECOME A GLOBAL PLAYER!

OPTIONS



OPTIONS

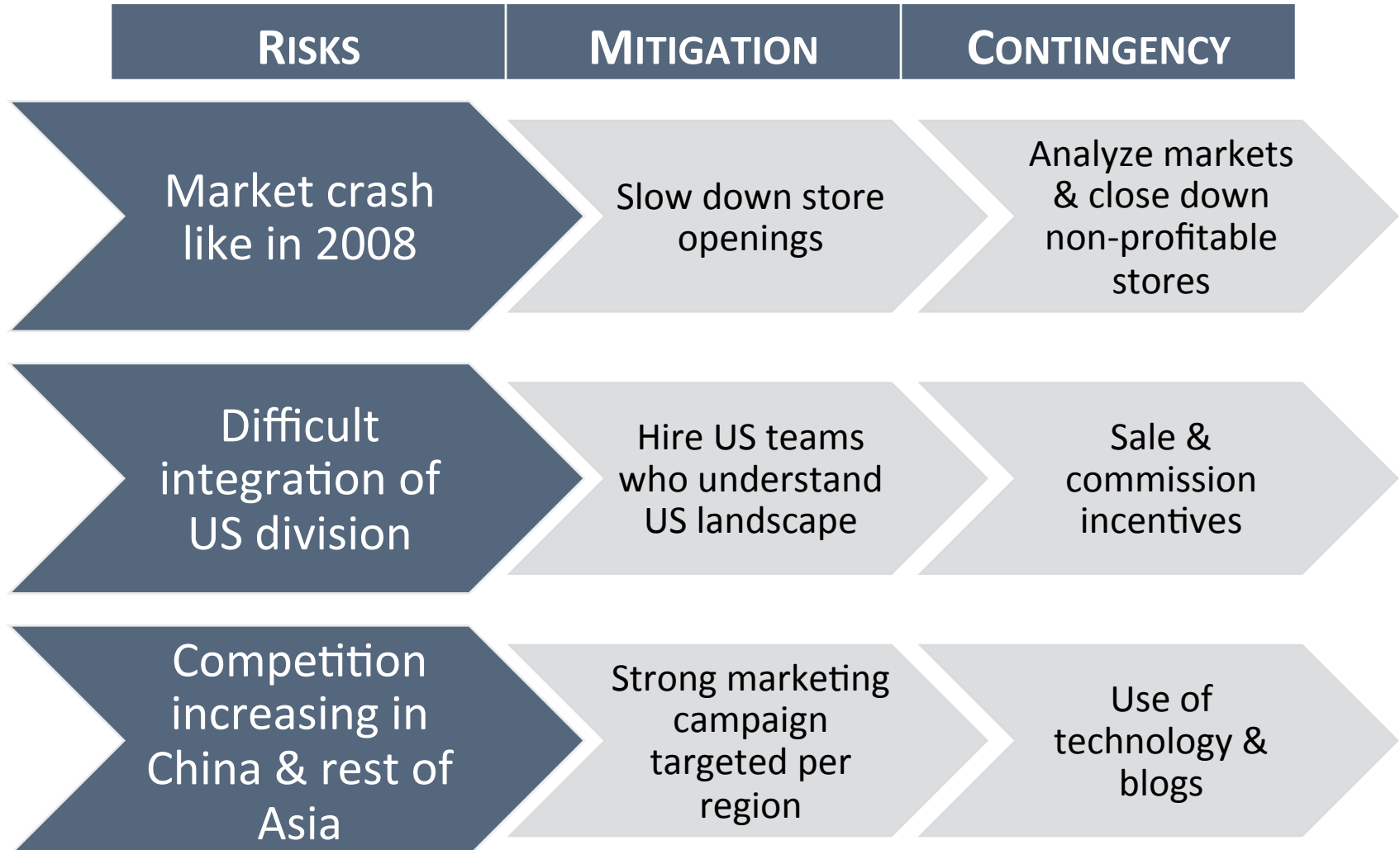
	Option 1: Expand aggressively in US & Europe	Option 2: Replicate fast-to-market with vertical integration
CAPITAL EXPENDITURE	High	High
RISK	High	High
MARKET SHARE	Increase	Neutral
BRAND RECOGNITION	Med-Increase	Neutral

OPTIONS

	Option 1: Expand aggressively in US & Europe	Option 2: Replicate fast-to-market with vertical integration	Option 3: Expand sustainably in US, ROA & optimize China
CAPITAL EXPENDITURE	High	High	Low
RISK	High	High	Low
MARKET SHARE	Increase	Neutral	Increase
BRAND RECOGNITION	Med-Increase	Neutral	Increase

EXPAND RESPONSIBLY IN ORDER TO GROW

RISK & MITIGATION STRATEGIES



STRATEGIC BREAKDOWN

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Rest of Asia

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CONTINUE STRONG GROWTH IN FAST FASHION INDUSTRY

ACTION PLAN

TIMELINE

SHORT TERM (0 – 1 YEAR)	MEDIUM TERM (1 – 2 YEAR)	LONG TERM (2 – 3 YEAR)
U.S. Flagship stores		
3PL Partner for distribution		
Online presence in U.S.		
U.S. Marketing campaign		
Production offices for China		

PENETRATION OF U.S. MARKET

Flagship
Stores

Design

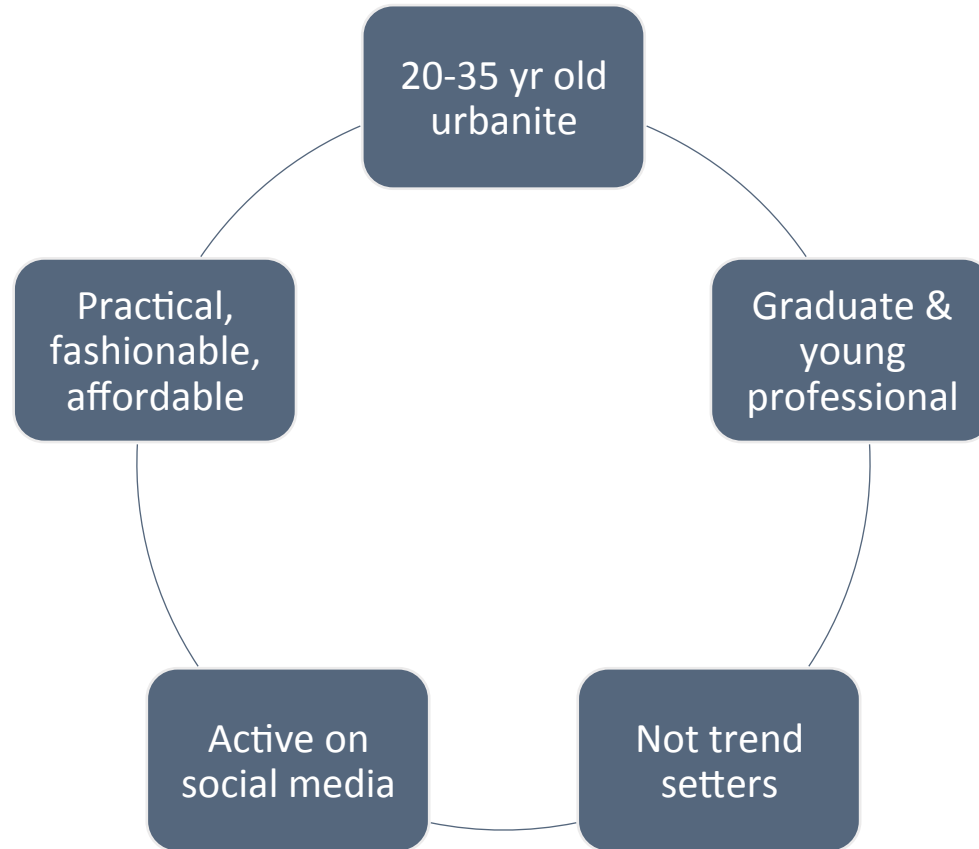
Distribution
Network

Online

Production

5 PILLARS FOR SUCCESS IN U.S. MARKET

TARGET CUSTOMER SEGMENT



ESSENTIAL TO UNDERSTAND UNIQLO'S TARGET CUSTOMER

BRICK & MORTAR FLAGSHIP STORES

MARKETS

New York

San Francisco

Los Angeles

Chicago

Boston

STORE SPECS

200 SKUs

15,000 sq. feet

KEY SUCCESS FACTORS

Targeted urban areas

Local needs

Supply chain management

OPEN 5 FLAGSHIP STORES PER YEAR FOR THE NEXT 3 YEARS

DESIGN TEAM IN U.S.

In-house local team

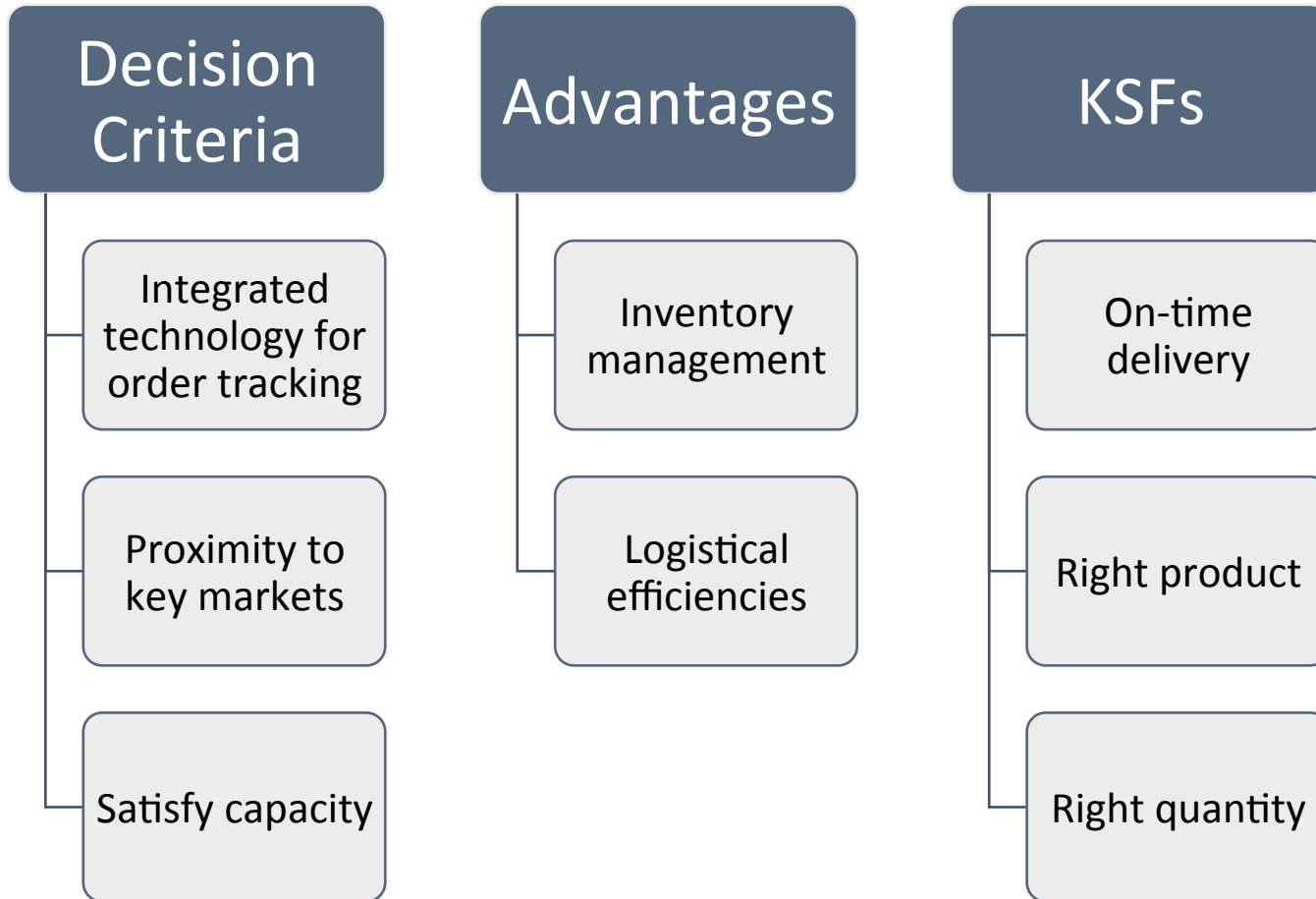
Partnership with U.S. fabric manufacturer

Understand and cater to local needs

Monitor local trends

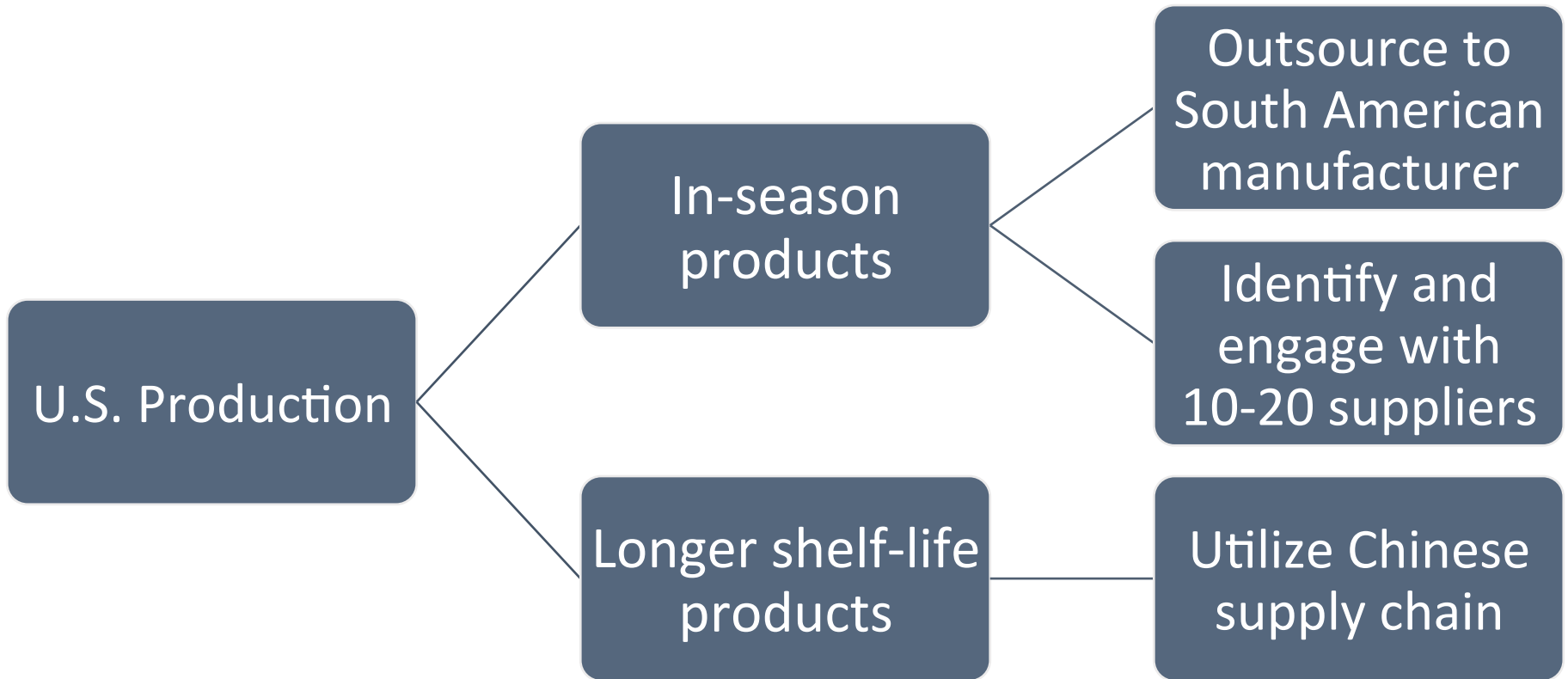
UNDERSTANDING U.S. CONSUMER IS CRITICAL TO ENSURE SUCCESS

OUTSOURCE DISTRIBUTION IN U.S.



OUTSOURCE DISTRIBUTION TO 3RD PARTY LOGISTICS PARTNER

PRODUCTION IN U.S.



ONLINE PRESENCE IN U.S.



Brand ambassadors via social media (snap chat)

Product placement

Ads (Facebook, Spotify)

Contests

SUSTAINABLE EXPANSION IN CHINA



Production offices

Distribution network

Takumi Team

NEED TO ADAPT TO SCALE UP IN CHINA

PRODUCTION OFFICES OVERSEE GLOBAL SUPPLIER NETWORK

Bangladesh, Cambodia, Philippines

Quality control

Integrate with Uniqlo IT system

Forecast demand

JV WITH DISTRIBUTION PARTNER

Distribution Centers

- 8-10 distribution centers
- Major Chinese cities

Decision Criteria

- Presence in key cities
- Player with local knowledge
- Integration for presence

SCALE UP TAKUMI TEAM

Share best practices across teams

Quality control efficiencies (statistical sampling)

Continuous training for knowledge sharing

TAKUMI TEAM IS CRITICAL FOR QUALITY CONTROL

FINANCIAL PROJECTIONS

FINANCIAL ASSUMPTIONS AND PROJECTIONS

Sales Growth



Sales CAGR 12% over next 3 years
Sales to reach 4,200B yen in 2018

Markets

Diversify more towards ROA and US.
100 new stores in China annually.
5 flagship stores in the US annually.

Store count

Store count CAGR 6% over next 3 years.

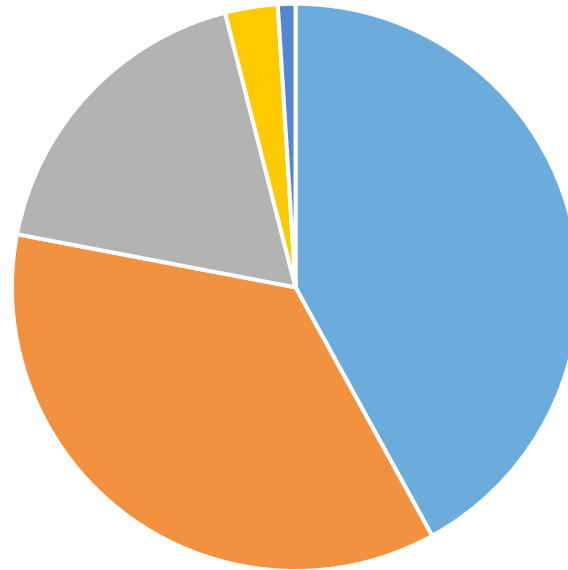
COST

Item	Cost
China store expansion	\$75M annually for 3 years
US flagship stores	\$15M annually for 3 years
Rest of Asia store expansion	\$5M annually
Online presence in U.S.	\$50M
Marketing campaign	\$30M
3PL distribution	\$2M
JV for Chinese distribution network	\$5M
TOTAL	\$377M

\$377M INVESTMENT OVER THE NEXT 3 YEARS

OPEN MORE STORES IN HIGH GROWTH MARKETS

Store count split ROW



■ Japan ■ China ■ ROA ■ US ■ Europe, other

DIVERSIFICATION WILL REDUCE RISKS AND MAKE UNIQLO A GLOBAL PLAYER

STORE COUNT GROWTH

Store Count	2015	2016	2017	2018	CAGR
China	400	500	600	700	20%
ROA	320	330	340	350	3%
US	40	45	50	55	11%
Europe	24	24	24	24	0%
Japan	842	830	820	810	-1%
Total	1624	1729	1834	1941	6%

PUSH INTO HIGH GROWTH ASIAN MARKET, WITH FLAGSHIP STORES IN THE US

STRATEGIC BREAKDOWN

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THANK YOU!