

UNIQLO: A Case Study of a Global Fashion Brand

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ABSTRACT

This case study is to guide undergraduate business students to learn about a global apparel brand UNIQLO. Students will have opportunity to learn about the branding through employing various marketing analyses, such as internal/external analyses, segmentation, targeting, and positioning (STP) analysis and strength, weakness, opportunity, and threat (SWOT) analysis. In addition, this case study thoroughly covered the marketing mix (product, place, promotion and price: 4Ps) of UNIQLO and provided suggestions to the branch managers. This case study is based on real world of business of UNIQLO brand.

Keywords: International Marketing, Marketing Strategy, Retail, Apparel, Case Study

INTRODUCTION

The purpose of this report is to investigate the progress of UNIQLO, regarding their marketing abilities. Various elements, from their very beginning to newer ventures, are all taken into consideration, throughout the analysis. First, the internal factors include strong culture of innovation and R&D; and neutral selection matches all fashion preferences, from casual to the fashion elite. Second, the external factors include the Global Ambassador Program that brings in a lot of traffic, from athletic fashion; and direct competition is fierce regarding affordability and quality, but UNIQLO is the only store without a predetermined style. The marketing mix will cover Uniqlo's unique tech wear that keeps them unique (e.g., HeatTech, and UV Protection); and affordability, as well as high quality products, brings in consumers from competing companies. Lastly, public relation strategy will be covered.

SITUATIONAL ANALYSIS

BACKGROUND

The first UNIQLO Clothing Store location was in Hiroshima, Japan in June 1984, where they set out to continuously create casual clothing for men, women, and children, while maintaining high quality products at affordable prices (1949-2003, n.d.). By the 1990's, UNIQLO Clothing was already rapidly spreading throughout Japan, leading UNIQLO Clothing to feel confident in beginning international expansion into the United Kingdom in 2001; however, most of their locations closed within two years, due to cultural differences. Through perseverance, UNIQLO Clothing was able to develop a new strategy in 2005 to only open locations in major cities around the world, with large locations, which was kicked off in New York, in November 2003 (Our Story, n.d.).

UNIQLO Clothing's sales took off and they opened 92 international locations, within the following two years. In 2010, Uniqlo was able to launch their new style of casual wear with their new designer Jil Sander. Per UNIQLO Clothing's mission statement, this new phase in the brand's lifespan was "Unlocking the Power of Clothing." (The power of clothing, n.d.).

INTERNAL

UNIQLO developed a strategy that successfully let them expand locations in 25 different countries (Our Story, n.d.). They can continue to flourish, since UNIQLO Clothing offers a fair price for products of quality. Despite the changing fashion trends, UNIQLO's stock of neutral casual wear can be implemented into any style. In addition to style-wide neutrals, UNIQLO also carries unique techwear that come in the form of various basics. On the other hand, UNIQLO's key weakness is that they are profiting an amount below average for the clothing industry.

CUSTOMER

The brand's customer demographic is men and women between the ages of 18 and 40 years old. As aforementioned, the changing fashion trends make it difficult to decide which style to cater to, as fashion is growing to be a larger interest of society (UNIQLO Business Model, n.d.). UNIQLO's basics are so universal that they can be incorporated in the outfits of various

styles. Whether it may be grunge, artsy, or casual fashion style, UNIQLO has basic pieces that can be incorporated into all areas of interest in the fashion world.

EXTERNAL

UNIQLO Clothing has been able to find and work with some opportunities that help them promote their positive brand image. Through campaigning at sporting events, UNIQLO Clothing was able to gain Global Brand Ambassadors, such as, Adam Scott, Shingo Kunieda, and Ayumu Hirano (UNIQLO Global Brand Ambassadors, n.d.). Their ambassadors assist in bringing a new audience to the company. As global presence is expanding, UNIQLO Clothing recognizes that their largest threat is that their competition also continues to grow. The most notable competition brands are H&M, American Eagle Outfitters, and Gap. They all provide a range of basics for a more mainstream, casual style. While H&M is known for their low prices and American Eagle is known for their high quality, Gap becomes UNIQLO's greatest competitor, since they are known for high quality products for a fair price. Nevertheless, UNIQLO continues to stand out because of their casual wear that suits most styles, as well as their very clear brand image.

SWOT ANALYSIS

STRENGTH

UNIQLO has a strong and established worldwide brand, they have 2,312 Brick and Mortar retail stores globally, with 1,502 of these being located outside of their home country of Japan. In 2021, Forbes valued Uniqlo's global brand as being worth \$9.2 Billion, making it the 84th most valuable brand in the world (Uniqlo, n.d.). Additionally, their E-commerce platform is well-established and currently accounts for 18% of their global sales for the financial year ending 2021 (North America, n.d.). Uniqlo has a strong company culture of innovation, finding a market with their clothing innovations. At Uniqlo, they maintain a cutting-edge R&D department that aims to remain at the forefront of fashion technology. By effectively implementing outsourcing strategies, UNIQLO has moved the production of their clothes to Vietnam and other low-cost countries, this has been achieved without significant damage to their status as a premium clothing company (UNIQLO Business Model, n.d.).

WEAKNESS

UNIQLO has faced several allegations regarding the working conditions in their overseas factories. UNIQLO maintains that they will continue to manufacture in these countries, leading to the possibility of damaging the brand further. Additionally, their rapid global expansion and reliance on overseas sales has put a strain on their supply chain, particularly during the Covid-19 pandemic, where shipping between Asia to Europe and the US has been affected. UNIQLO's online presence has a general weakness in online channels, Uniqlo has been slow to adopt these channels, leading to slow growth in these areas.

OPPORTUNITY

UNIQLO's global brand and experience in Southeast Asian economies has made it uniquely well positioned to take advantage of explosive economic growth in this region. UNIQLO first entered mainland China in 2002, and as of March 2022 has a total of 863 stores (UNIQLO Business Model, n.d.). As of 2022, the only area worldwide that UNIQLO does not yet operate is South America, but these developing economies are seeing an increased amount of disposable income. UNIQLO's patented HeatTech Weather-Sensitive apparel has the potential to excel in this climate (Our Story, n.d.).

THREAT

Labor violations could damage their brand further, consumers are becoming more and more conscious about ethical consumption. Consumers in the fashion industry have rapidly changing tastes; companies, such as Superdry, in the past were once a massive success, but have since failed due to not being able to keep up with changing consumer demand. The same could happen to UNIQLO if they fail to keep up with the latest trends. Competitors, particularly fast-fashion such as Zara, H&M and Primark are coming up with similar products to UNIQLO, with their weather-sensitive apparel. Imitations cannibalize the sales of Uniqlo and can also damage the brand with these lower quality products. Finally, further expansion into mainland China poses a unique threat from the Chinese Governments who in the past have failed to enforce a foreign companies' trademarks and copyrights over products. This can lead to the development of Chinese competitors of Uniqlo copying parts or all their core competencies.

TOWS MATRIX: See Appendix 1

DEVELOPING A COMPETITIVE ADVANTAGE

What sets UNIQLO apart from their competition is their significant investment in R&D. While competition such as H&M, GAP and American Eagles all create similar styles of clothing to UNIQLO. A core competency of UNIQLO is their patented Heat-Control technology that has been adapted to many of their products. This helps create the image in the customers mind of a high-quality innovative brand, where other brands fall short. UNIQLO faces several challenges and threats, such as with global supply chain issues, and many specific to UNIQLO such as public labor violations threatening their brand.

Aligning with their strategy, UNIQLO has opted to only open physical stores in large metropolitan cities across the world, after their failure to enter the UK market in the early 2000s. This has placed considerable strain on their global supply chain, but also allowed them to reach more of their core demographic of Fashion conscious 18–40-year-olds. Their established position in China and Southeast Asia offers the potential for a future competitive advantage. Operating foreign businesses in China is notoriously difficult and bureaucratic.

While there is the risk for foreign businesses of Chinese State-sanctioned copyright infringement, as seen with other foreign companies. UNIQLO seems confident in their position and has accelerated store openings in mainland China and Southeast Asia. This has the potential for UNIQLO to gain a first-mover advantage in these countries and gain further economies of scale with the vast market size.

MARKETING GOALS AND OBJECTIVES

GOALS

The main goal of UNIQLO Clothing is to appeal to their target market successfully. To refresh, their target market is men and women aged 18 to 40 years old. Through this group, UNIQLO hopes to create life wear that is sustainable.

OBJECTIVES

On a journey to discover the power of clothing, UNIQLO found that they can do this best when categorizing into three categories: planet, society, and people. In order to better care for the planet, UNIQLO creates certain products to contain portions of recycled items (The power of clothing, n.d.). In addition to this, they use eco-friendly manufacturing, and responsibly source their down and feathers. Since 2006, UNIQLO has been a global partner with the UN Refugee Agency, as their contribution to better our society. UNIQLO donates clothes to refugee camps, employs refugees, and empowers refugees (Our Story, n.d.).

Through the RISE Program, UNIQLO contributes to the offering of employment opportunities, training, and teaching languages, in order to encourage striving for economic independence. UNIQLO also offers workshops that teach refugees to use various technologies, as well as encourage pursuing entrepreneurship. In regard to People, those working under UNIQLO Clothing are offered workshops and encourage a mindset that supports the equality of all in a work setting. The brand focuses on offering workshops that encourage gender equality, equal opportunity for the disabled, as well as those in the LGBTQ+ community (Our Story, n.d.).

MARKETING STRATEGY AND MARKETING MIX

PRIMARY TARGET MARKET

UNIQLO's primary target market are both men and women from the ages of 18-40. UNIQLO tries to reach out to individuals seeking to purchase trendy clothing items that are also high quality and work to create a better environment through sustainable practices.

MARKETING MIX: THE 4 P'S

UNIQLO is a clothing store that began business in Japan as early as March of 1949. Currently, its headquarters sits in Yamaguchi, Yamaguchi, Japan and has 43 stores in North America. There are some higher end malls around California such as the Beverly Center that contain a retail store (1949-2003, n.d.). UNIQLO offers online shopping, for those who are not near a UNIQLO store to make purchases. UNIQLO produces a wide variety of clothing items, from Men and Women's clothing as well as their own line of Kids and Babies clothing line.

Their clothing items vary from formal to casual, sportswear to loungewear, warm and cool fabrics as well as a wide variety of colors. They also offer special features and technologies that other brands do not offer, such as their UV Protection collection which is marketed as "sunscreen in wearable form" or their AIRism collection that is highly breathable, quick drying, and has a smooth and light feel. The clothing items at UNIQLO vary in price and increase with

their technologies. The prices, however, are well placed and serve as a good competitor for other stores such as H&M, but it could have a harder time competing with other clothing stores such as GAP for their higher quality products at a similar price range as UNIQLO's.

While UNIQLO does a good job at keeping a presence on social media platforms, the company could benefit by having more promotions or highlighting its current one, "When you purchase a sustainable style, we will donate \$2 to our non-profit partners." This can be done by creating a banner on their website to ensure it does not go unseen, as it currently lies as small and very hidden text on their website page. Certain promotions could also be beneficial such as H&M's 25% off on \$100+ and free shipping. This could encourage more online sales and attract more customers.

DISTRIBUTION/SUPPLY CHAIN

UNIQLO is a worldwide store that offers both in store and online store purchases making the distribution of its products much more accessible to anyone seeking to make a purchase with them.

PUBLIC RELATION STRATEGY

With UNIQLO's already developed brand image, it is easy for the company to acquire Global Ambassadors and Celebrities to promote brand awareness across various platforms. Through this, UNIQLO can reach many audiences at once.

CONSULTATION WITH THE BUSINESS MANAGER

The author interviewed the assistant manager of a local Uniqlo store in Southern California. The conversation was started by asking some questions regarding strengths and weaknesses he sees in his store. He stated some weaknesses he has noticed was that they are not size inclusive and stated there are "extended sizes" online for men, but not in stores. He also mentioned he did not like the term the company uses and would prefer they just have more size inclusivity on all items. The assistant manager also mentioned the women's line only goes up to an XXL, so he sees that as a weakness as well. This can also be used as an opportunity for the company to maybe try carrying more sizes in stores and even having size inclusivity in their women's line as well. Another weakness he has been trying to work on in his store is the conversion rate, he is saying too many people are coming in and not purchasing anything lately. Some strengths he mentioned were the quality they provide at an affordable price as well as some of the collaborations they have had with different brands and artists in the past. He stated whenever they have collaborations, they are usually hard to get your hands on and sell out very quickly in store and online. If things are out of stock in person, they can order it for the customer right then and there if it is in stock online. He also stated that customers are greeted and welcomed in the store, they have outstanding customer service and assistance. The store consists of four different sections within it: Men, Women, Kids & Baby. He tries to have workers on the floor in-between sections that way if customers need assistance, and an employee on the floor always that cleans or folds problem areas, or even doing go-backs to keep the fitting room clutter free. There is also a sale or clearance section in the store with different colored stickers on the tags that let the customer know the sale price of each item.

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APPENDIX 1: TOWS MATRIX

UNIQLO Clothing	Strengths	Weaknesses
	<ul style="list-style-type: none"> - Global Brand - Established E-commerce - Strong culture of innovation and R&D - Effective outsourcing has lowered costs 	<ul style="list-style-type: none"> - Labor law violations - Strained global supply chain - Late entry to online channels
Opportunities	SO - Strategies	WO - Opportunities
<ul style="list-style-type: none"> - Expansion into mainland China - Experience in Southeast Asian countries - Developing economies in South America 	<ul style="list-style-type: none"> - Their established global brand, including 863 mainland Chinese stores puts them in a unique position to capitalize on the explosive economic growth and rise of the middle class in China. - Outsourcing has meant that UNIQLO has the economies of scale necessary to compete in these economies 	<ul style="list-style-type: none"> - Their already strained global supply chain may be tested further with expansion into developing economies. - Rising wages in developing economies in southeast Asia may displace their low-cost manufacturing - Further scrutiny of labor violations turning away increasingly ethically conscious consumers.
Threats	ST - Strategies	WT - Strategies
<ul style="list-style-type: none"> - Labor violations damaging the brand - Rapidly changing fashion industry - Fast-fashion competitors cannibalizing sales - Risk of Chinese state-sanctioned copyright infringement. 	<ul style="list-style-type: none"> - Substantial R&D and culture of innovation will allow UNIQLO to keep up to date with consumer trends - Their patented fashion-technology to manage temperature is hard to replicate - Established global brand and existing relationship within China will allow UNIQLO to keep their patented trade secrets 	<ul style="list-style-type: none"> - Communicate an Effective Corporate Social Responsibility strategy to consumers - Work with alternative supply chain partners to mitigate effect of the Covid-19 pandemic - Work with the Chinese government to strengthen relationships.