

BRAND PROFILE: UNIQLO

Since Tadashi Yanai turned his father's tailoring shops into the Uniqlo chain of low-price, high-turnover casual apparel, the brand has become an international powerhouse. Its innovations in textile technology continue to pave the way for a new generation of cooling and warming clothing.

Heating up and keeping cool

Back in the summer of 1984, a new unisex casual wear store opened in Hiroshima, Japan, under the name 'Unique Clothing Warehouse', which was shortened to become simply 'Uniqlo'. The store was a venture by Yamaguchi-based company, Ogori Shoji, which, since 1949, had been operating men's clothing shops called 'Men's Shop OS'. No doubt those visiting the new Uniqlo store would have been delighted to discover clothes which were 'air conditioned', especially given Japan's hot summer climate in which temperatures can reach a sweltering 40°C. Alas, such clothes did not yet exist, and Uniqlo customers would have to wait another 30 years before this technology was developed.

In the meantime, the Uniqlo brand grew with impressive speed. In 1991, the name of the company was changed from Ogori Shoji to Fast Retailing, and, by 1994, it had opened more than 100 Uniqlo stores in Japan. In 1998, the company expanded to overseas markets, and at the end of 2010, the Uniqlo empire had extended to 790 stores in Japan and 120 in the rest of the world.

Tadashi Yanai, the president of Fast Retailing, held the number one spot on Japan's rich list for both 2009 and 2010, with a fortune estimated at \$9.2 billion according to *Forbes Asia* magazine. Mr Yanai's expansion of the Uniqlo brand has been largely successful, if sometimes a little over-ambitious. In 2001 he took the brand to the UK, aiming to open 50 stores in three years. He made it to 21 outlets before shutting 16 in 2003 to stem losses and restructure.

Uniqlo's latest advertising campaign features South African actress Charlize Theron as global brand ambassador.





The Heattech range includes polo necks, t-shirts and long johns all made using fibre which Uniqlo says captures a "little pillow of warm air" to insulate the body.

 Uniqlo

Taking control

One reason for Uniqlo's success is its 'Specialty-store and retailer of Private label Apparel' (SPA) strategy, which it adopted in 1997 from US retailer Gap. The SPA strategy allows the brand to produce its own clothing and sell it exclusively, focusing on quality at low prices, with high turnover. Accordingly, Uniqlo controls all aspects of its business, from fabric weaving to dyeing, design, manufacture and retail.

With the intention of developing innovations in the apparel it produces, Fast Retailing teamed up with Japanese synthetic fibre manufacturer, Toray Industries Inc, in March 2006, and the two have been working as a "virtual company" ever since, according to Toray chairman Sadayuki Sakakibara. "We share information including costs and technology," he says. Toray supplied fabric for Uniqlo's fleece jackets, its first hit product. They retailed for ¥1,900 (about \$22.70) in 1998, while similar products from other brands were priced at around \$100.

Uniqlo's Heattech innerwear apparel was another result of the brand's collaboration with Toray Industries. Perhaps inspired by Japan's cold winter temperatures – which have reached as low as -41°C – Heattech fabric is made from fibre mixes based on a specially designed hollow fibre thread that Toray says captures "little pillows of warm air", insulating the body in the same way a heavier material such as wool would. The mix Uniqlo uses includes rayon and absorbs the moisture generated by the body and converts it into heat. Milk protein, containing natural amino acids, is mixed with

the fibres to ensure the fabric made is smooth and soft to the touch.

A statement from Uniqlo says: "Toray had the technology and manufacturing capability to meet Uniqlo's high quality standards, and together we pushed the boundaries of technology to create the fibre LOC II, the foundation for Heattech. This synthetic fibre is soft yet durable, and can be created in a wide range of vibrant colours."

The Heattech menswear line was first launched in autumn-winter 2004, and Heattech products for women were introduced the following year. "Heattech's functionality lies in this fibre," the statement continues. "The hallmark qualities of Heattech are its thinness, lightness and softness, and the comfort achieved by the elasticity of the fabric continue to satisfy our customers. In the 2009 autumn-winter season, Heattech sold 50 million items worldwide."

Off-track

Not even the most popular brands are bullet-proof, however, and in 2010 Uniqlo experienced something of a slump in sales. The company forecast its first profit decline in four years for the fiscal year ending in August. "Fast Retailing lost focus on its core products," said Mikihiro Yamato, an analyst at Japaninvest KK in Tokyo, at the time. "The company tilted to fashion items that didn't sell well."

Second-half Uniqlo sales through August decreased by 6.4% in Japan, where Fast Retailing gets more than 80% of revenue. Meanwhile, competitors such as the Zara brand

from Spain's Inditex and Sweden's Hennes & Mauritz (H&M) opened more stores. Zara had 54 Japan outlets in July 2010 after opening its first in the country in 1998, while H&M entered the Japanese market in 2008 and had 10 outlets by November 2010. Mr Yamato believes Uniqlo's attempts to match Zara and H&M's fashion offerings may have been what led the brand off-track. "The company followed trendy makers like Zara," he said. "Uniqlo needs some fashion items, but the company's strength is to mass-purchase fabrics to make large quantities of functional clothing."

Mr Yanai took heed and announced at a news conference in Tokyo last October that Fast Retailing will now focus on functional designs after "superficial fashion" items eroded sales. Only time (and sales figures) will tell if consumers welcome Uniqlo's return to its formula of simple quality basics, stocked high in stores designed by Conran & Associates.

In March 2010 Uniqlo launched new technical innerwear to complement the Heattech line, but this time the clothing is intended for summer-time use, as it keeps the wearer cool rather than warm. 'Silky Dry' is the men's wear line, while 'Sarafine' has been designed for women. The technical fabrics were, like those used in Heattech, developed in collaboration with Toray Industries, and wicks moisture away to keep the wearer dry, cool and comfortable. They also offer antibacterial and antiodour benefits. The fabric combines Asahi Kasei's Cupra breathable fibres with a special cross-section nylon from Toray Industries.

Looking forward

Even as growth has faltered this year, Fast Retailing's sales have doubled in the past five years and Mr Yanai has targeted six-fold revenue growth to five trillion yen (\$60 billion) by 2020 to overtake H&M and Inditex.

Mr Yanai has stated he wants 4,000 Uniqlo stores worldwide by 2020, expanding in overseas markets including China and Southeast Asia. Uniqlo already has a presence in a number of countries, including the US, Russia

and France, as well as the UK.

Fast Retailing plans to add 44 Uniqlo stores overseas and 36 in Japan by August 2011, bringing the total to 1,024. It also aims to boost sales of its Heattech apparel by 40% to 70 million units this fiscal year – and if it achieves this, next year's winter will be slightly less cold around the world. 

The Uniqlo brand also produces an accessories range featuring cashmere scarves, hats, belts and slippers.



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