

STRATEGIC BRAND CONCEPT

Improve Uniqlo's Supply Chain Management by Digitalization Technology

Brand Background:

Uniqlo is one of the most known brands among fashion giants in the worlds. And, its owned by Fast Retailing, who is largest fashion retailer targeted on value market. Uniqlo was firstly found by Tadshi Yanai in Ube, Yamaguchi, Japan since 1949.

Brand Tagert Market :

Uniqlo do not have exact target market, Because, the core value of Uniqlo is to provide quality, functional garments in Japanese atheistic design for all ages and all genders.(Kopun, 2016)



Brand Value:

Uniqlo focus on embracing concept of Shun and Kino-bi, so Uniqlo should also constantly improve its Supply Chain Management to gain better capability on offering product to markets at right timing. (Hyde, 2007)

Uniqlo's Current Situation:

- One of the most well known MNC (Multinational Corporate) with complex global supply chain.
- According to Uniqlo's list of labour and manufactuerer (Fast Retailing, 2021), Uniqlo have cooperate with over 200 partner factories in China and South-East Asian countries.
- Uniqlo is one of the MNC that have no in-house factory, every product is manufactured by Uniqlo's global outsource manufacturers.
- Strong relationship with partner suppliers by its dynamic reward power concentration(Usui et al, 2017).
- High flexibility of outsourcing processes(Usui et al, 2017).
- Low level of digitalization.

Brand Strategy

Brand Strategy for Uniqlo is to improve the digitalization and sustainability of Uniqlo, as mentioned in group's executive summary.

This brand concept will focus on the digitalization of Uniqlo's supply chain management (SCM).

Big Data and AI analysis will be used to improve Uniqlo's SCM in different aspect. Firstly, big data will be used to collect the data of external and internal environment of Uniqlo. Secondly, big data analytic will be used to analyze collected large and diverse data. Thirdly, the analyze result will be apply to make smarter and better decision of product development and adjust the manufacturing process in response of change inside or outside fashion industry.



THE POWER OF CLOTHING

Unlocking The Power of Clothing.

Through the application of digitalization technology, Uniqlo's SCM will be improved in information systems. Uniqlo can apply big data into internal information system by sharing information in each participant in its supply chain, such as, manufaturs. For example, when Uniqlo conduct an analysis of big data analytics, Uniqlo may use the analysis to adjust its product development and replenishment, and to have better performance and agility to response to change, Uniqlo may sharing its analysis with its manufacturers or suppliers to process production immediately.

And, finally, the application of big data will also help the inventory management and have less waste of production, because, Uniqlo will have better understanding and prediction of customer's demand. And then, it will also help improve sustainability by produce less unnecessary product responding to Uniqlo's Campaign of 'The Power of Clothing'.

Definition and Application of Big Data



'Big data is a term referred to data set whose size or type is beyond the ability of traditional relational databases to capture, manage and process the data in low latency'.---IBM,2021

Definition of Big Data

Big data is generated from an increasing plurality of sources, which not only include Internet clicks, user-generated content, and social media from virtual world, but also, the data that collected by sensor from real worlds, such as, IoT (internet of things)(Ishikawa,2015).

Techniques of Big Data Social Media Mining

(IBM, 2021)

- Text analytics,
- Machine learning
- Predictive analytics
- Data mining
- Statistics
- Natural language processing

Social Media Mining will be critical to Uniqlo due to increasing influences of social media influencers. And, social media is user-generated platform, therefore, it will be a great chance to study the potential customers and understand royal customer.

Characteristics of Big Data (Sagiroglu and Sinanc, 2013)

- high volume
- high velocity
- high variety



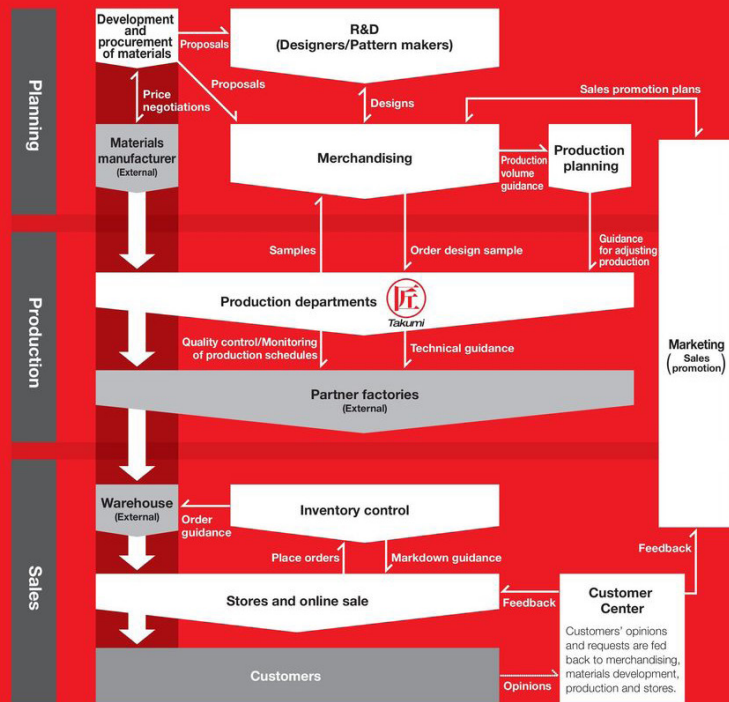
SOCIAL MEDIA MINING

Redesign Uniqlo SCM

Uniqlo Original Business Model:

UNIQLO Business Model

UNIQLO was the first company in Japan to establish an SPA (Specialty store retailer of Private label Apparel)* model encompassing all stages of the business—from design and production to final sale. By continuously refining its SPA model, UNIQLO successfully differentiates itself from other companies by developing unique products. We quickly make adjustments to production to reflect the latest sales trends and to minimize store-operation costs such as personnel expenses and rent. This is how we at UNIQLO provide such high-quality clothing at such reasonable prices.



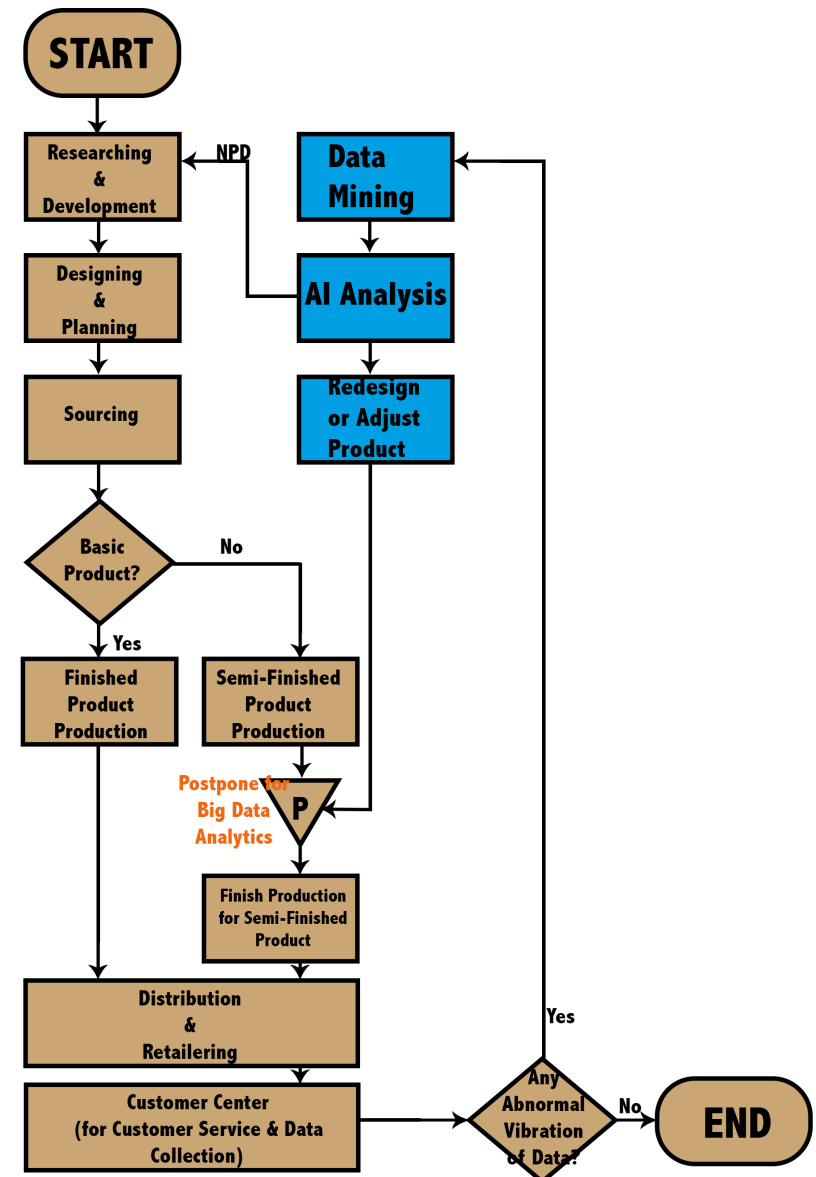
* The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process from procurement of materials, product planning, development and manufacture through distribution and retail to inventory management.

Redesigned Uniqlo's SCM:

The chart in the left is the original business model of Uniqlo (Fast Retailing, 2021). This chart is use to understand Uniqlo's current supply chain.

The chart in the right is the redesigned Uniqlo's SCM presented in the form of process flow chart as an example.

Redesigned Uniqlo's SCM is formed via understanding of both Uniqlo's current SCM through several sources, such as, the chart in left, and, researching of pros and cons of big data analytics.



Justification

The recommendation of adoption of big data analytics to improve Uniqlo's SCM is highly fitting to Uniqlo's brand strategy and fulfilling the urgent needs of Uniqlo's current SCM. Meanwhile, Uniqlo have favorable condition to employ big data analytics to improve its SCM. Because, this big data analytics will fit in Uniqlo's SCM by cooperating with a trusty and strong information sharing system. And, to have a trusty and strong information sharing system will require firms to have strong relational governance with reliable partners in supply chain; which is exactly Uniqlo's strength in its SCM, as mentioned before. And, the benefits of adoption of big data analytics will help Uniqlo improve its weakness of unfavorable performance on digitalization, and also, empowering brand's campaign of 'unlocking the power of clothing' by benefiting the sustainability of Uniqlo's SCM in inventory control management.

