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RESEARCH ARTICLE

A REVIEW OF JAPAN'S CLOTHING BRAND UNIQLO ENTERING IN INDIA AND ITS STRATEGIES IN PARTNERSHIP WITH ARVIND

Fatima Zehra¹ and Bharat Jain²

1. Student of Masters of Fashion Technology, National Institute of Fashion Technology.
2. Assistant Professor and CIC, Department of Fashion Design, National Institute of Fashion Technology.

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Abstract

The study investigate into the fast fashion industry worldwide, specifically on Uniqlo and Arvind Lifestyle (Arvind Mills), with respect to efficient supply chain management, value creation, low costs promotions and positioning strategy, supported by comparison with Uniqlo well-known brand . The overall analysis of B2C apparel online retailing in India, statistics shows an enormous space for online retailing fashion industry to explore but a far way to catch up with the leading enterprises in the world in terms of e-commerce scale. The next main part demonstrate a case of Indian online retailer—Arvind Lifestyle, analyzing its key to success in aspects of proper product positioning, brand positioning, business mode, marketing strategy, products and services, user experience, logistics and team management. In addition, details of Joint Venture with Arvind to be launched in India and relevant suggestions for further prosperity.

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Introduction:-

The traditional marketing and management of fashion industry is experiencing a change because of the emerging of e-commerce. The purchasing cost has been reducing because of rapid growth of e-commerce. Strategic advantage and successful implementation of re-engineering. E-commerce allows companies to improve communications within supply chain and enhance services. This article takes Uniqlo and Arvind lifestyle in comparison of market share to analyze the success of the online retailing company in fast fashion industry and raises some suggestion for the same to stay competitive in future. It also discusses the opening of Uniqlo in India.

Literature Review:-

The overall goal of this chapter is to establish the significance of general field of study. The bulk of this chapter is on critically evaluating the different methodologies used in the field so as to identify the associated approach based on the different parameters. How Uniqlo will be benefited with Arvind Joint venture. It also shares brief of Arvind Lifestyle and Uniqlo showcasing their strength and opportunities that will be helpful for sharing the market value.

Brief of Uniqlo:

Uniqlo is a Japanese casual wear fashion brand founded in 1949. Stylishly vivid and Uniqlo choose its own manufacturers and procure high quality material around world, in order to produce good garments. It has built a strong relationship among staffs and have a good visual merchandising.

Corresponding Author: - Fatima Zehra

Address: - Student of Masters of Fashion Technology, National Institute of Fashion Technology.

		Year to Aug 2018	Year to Aug 2019	
		1Q Actual	1Q Actual	
		(2017/9~2017/11)	(2018/9~2018/11)	y/y
UNIQLO Japan	Revenue	257.0	246.1	-4.3%
	Business profit	53.4	37.9	-29.1%
	(to revenue)	20.8%	15.4%	-5.4p
	Operating profit	54.1	37.9	-29.9%
(to revenue)	21.1%	15.4%	-5.7p	
UNIQLO International	Revenue	258.2	291.3	+12.8%
	Business profit	46.7	52.8	+13.0%
	(to revenue)	18.1%	18.1%	0.0p
	Operating profit	46.6	52.5	+12.6%
(to revenue)	18.1%	18.0%	-0.1p	

Table 1:- Annual Report of Uniqlo (“Results summary | fast retailing co.ltd.”).

Brief of Fast Fashion:

Costumers are reluctant to spend on discretionary items and when they do, they expect fashion, quality, and low cost item. When a design move from catwalk to store in the fastest time it has been termed as fast fashion by fashion retailers. Internet, globalization and technological innovation, fast fashion operates on a far faster product turnover cycle than traditional models. (Brand & Assouly, 2013)



Image-1:- Fast Fashion Segmentation (Brand & Assouly, 2013).

Vision of Uniqlo:

“Uniqlo has a clear vision that inspires the world to dress casual”. The corporate strategy helped Uniqlo so far is to totally ignore fashion.it does not chase the fast fashion trends like other competitors. The brand has the philosophy of “Made for All”. Even after facing a challenging situation the perception of people change after the launch of 3-storey in iconic Harajuku in central Tokyo in 1998.The perception instantly shifted from being cheap and low quality, to being affordable but high-quality. Today, Uniqlo is wholly owned subsidiary of fast Retailing Company Limited and it is known for providing high-quality private- label casualwear at reasonable price. As at January 2018, the brand has grown to more than 13, 00 stores worldwide. Brand value according to Forbes Uniqlo have brand value of USD 7billion and is 91st on the list of the World’s most Valuable Brand. (Zhenxiang, 2011)

Uniqlo Brand Strategy:

Uniqlo is a modern Japanese company that inspires the world to dress casual. The corporate strategy that has worked for Uniqlo is to “Totally ignore fashion” instead of chasing fast fashion trend. Some of the key brand success factors for Uniqlo include the following:

Delivery system supporting a clear brand promises two of the biggest challenge for any brand is to define a clear brand promise and to effective delivery on all point of customer.

Product development approach and efficient supply chain: Tadashi Yani often fond of calling Uniqlo as “Uniqlo is not a fashion company, it’s a technology company”. To compete with the leading fast fashion brand like Zara, Uniqlo takes exact opposite approach, planning production of its wardrobe essentials up to a year in advance.

High dedication to innovation: Uniqlo is known for its fabric innovations. One of the signature innovation of Uniqlo is HeatTech, a fabric developed in conjunction with a Japanese chemical company named Toray. The HeatTech fabric is thin, comfortable which has enabled the brand for creating stylish design.

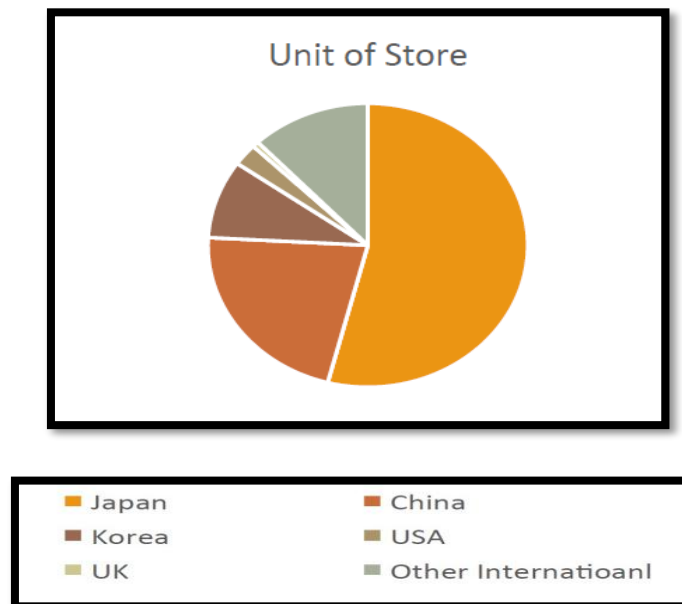
Other such fabric is AIRism (a soft fabric with quick-drying inner fabric), Lifewear (a blend between casual and sportswear), UV Cut (Material designed to prevent 90% of ultraviolet rays from reaching the wearer). (Zhenxiang, 2011).

Uniqlo Global Sustainability Approach:

With the growing economy sustainability has been burning topic in business. One of the 23 Management Principles of Tadashi Yanai is to contribute back to society. Uniqlo’s approach towards sustainability comprises of 4 pillars:

1. Production: To enable factories to operate a safe and fair workplace through improving working conditions, safety and wages.
2. Environment: To use best practice tools, industry collaboration and consumer engagement to minimize the company’s environmental footprint specifically in chemicals, emissions and water usage.
3. People: Implementation of policies and programs to create a fair and ethical work culture, focusing on work-life balance, job satisfaction, talent recruitment and retention.
4. Community: Social effort has been taken into account to leverage financial and human capital.

Current major market of Uniqlo Japan, Korea, China. Japanese market is currently saturated and some supply chain challenges are being faced in global market. (A presentation to: Uniqlo upper management by: Abdul, Vera, Kajsa, Yanqi, 2019).



(A presentation to: Uniqlo upper management by: Abdul, Vera, Kajsa, Yanqi, 2019.)

Key Issues:-

The online retailing is 4 % of sales. The product size is inconsistent between Asian and U.S. America.

Competitors of Uniqlo are:

Inditex:

1. First world largest world apparel retailer.
2. Fast Fashion Model.
3. Responsive supply chain: reduced time to market (10-15days from design to market).

H & M:

1. 2nd largest world apparel retailer.
2. Longer shelf life than Inditex.

GAP:

1. Pioneered SPA model (allows for direct visibility of sales data).
2. Continued growth and expansion plans for China.

Arvind Fashions:

Arvind Fashions is a subsidiary of Arvind Mills, is an important player in the Indian branded apparel industry. Arvind group with an array of International brands like Lee, Arrow, Tommy Hilfiger, Wrangler and domestic brands like Newport, Flying machine. Started in 1931, company had installed state of the art machinery imported from England to produce high quality fabric. Arvind have contributed 14% to industrial production, 4% to India's GDP and constitutes 13% of the country's export earnings. (Cheng & Choi, 2010).

Strengths:

1. Vast textile production capacity.
2. Large pool of skilled and cheap work force.
3. Flexible textile manufacturing systems.

Arvind Lifestyle Brands Limited (ALBL), renowned for retailing both in-house and licensed international brands. They are called fashion powerhouse. They are:

1. A global leader in apparel manufacturing that is also transforming water management.
2. A denim pioneer that is a trailblazer in advanced materials.
3. A wearable technology manufacturer that is also delivering state-of-the-art engineering solutions.

Arvind has started innovation in fiber to sustainability in fashion. Arvind is powering high-fashion brands across the world, while delivering unmatched excellence across the garment value chain. They are pioneering tech with wearable garment fabric for fast fashion retailers. They are using sustainable yarns for future immense possibilities. They have been bringing wide range of fashion brands of different categories. Arvind Lifestyle Limited fuels the aspiration of modern India. Arvind have "Future Ready" portfolio of global brands working in segment ranging from Bridge to Luxury, premium, and premium value.

Growth Strategies:

As of 2005, Arvind with set of brands was in a comfortable position. Most of its brands had high recall value and enjoyed a fair share of loyalty. From the perspective of its parent company, Arvind Mills, which produced 110 million meters of denim every year, the garment division, i.e. Arvind IS the future growth engine.

Competitors of Arvind:

1. Raymond
2. Bombay Dyeing
3. Welspun
4. Aditya Birla Grasim
5. Madura Garment

Fashion Possibilities:

Innovation-Possibilities of paper to fabric in future. Another masterpieces of Arvind is the Travelers Shirt. A boon for the modern-day, jet-setting lifestyle, this shirt requires miniscule maintenance due to its wrinkle-free properties and comes with anti-microbial properties that reduce bad odor. This shirt also provides protection from UV rays and is stain repellent.

Sustainability:

The proverb, well begun is half done, is apt when it comes to sustainability. Arvind believe that sustainability when systematically embedded at the source gets cascaded throughout the production line and the value chain. They

adopted input management as a preferable approach. They are using six core inputs that are truly material and form the foundation of business. They focus on managing, enriching and getting these inputs fundamentally right and thereby making our business sustainably sound. (Arvind | fashioning possibilities. (2017, August 16).

Arvind Denim Lab:

1. It is a unique facility of its kind in Asia, which enables brand design teams to leverage all infrastructure and capabilities under one roof, to co-create their signature products and finishes. Further, it has partnership with Denim City, Amsterdam gives its customers access to the cutting edge developments in the world of Denim.
2. Innovation and Sustainability are a way of life at Arvind Denim, and a large number of global rewards received each year are testimony of our commitment to it. It provide technologies such as Neo, wash techniques that reduce water consumption, and sustainable fibres that make us one of the most responsible denim producers in the world.
3. Arvind Denim's strength is reflected in its propriety innovative products such as Azurite, and brands like BOOMERANG™ that enjoy consumer level co-branding.
4. It also collaborate with village industries on truly hand spun and handloom woven Denim products that help preserve heritage crafts and support thousands of livelihoods.
5. Each year Arvind Denim produces over 100 million meters of fabrics and 6 million pairs of jeans.

Overview:

Despite the huge success till date Uniqlo faces its own global challenges. The brand takes very different strategy from its fast fashion competitors like ZARA GAP etc. Uniqlo should have in mind some business consideration in it's strive to be the world's top apparel retailer. The biggest dilemma might be the brand differentiation as it tries to be "Everything for everyone". It may lead to some strategic mistake. One of the secret behind the success of Uniqlo is its strong delivery system supporting a clear brand promise and its relentless commitment to innovation. By clearly defining the brand commits to provide high quality performance enhance, universal and basic casual wear at affordable prices and by running robust and efficient supply chain to produce its apparel, the brand has created such an environment where it is continually increasing customer expectations.

International expansion:

When a brand starts to gain popularity in its country and region, the next step would be to expand globally. This is especially so for Uniqlo, but the brand has met with considerable challenges. However till now, the brand footprint and awareness are relatively low outside of Asia, something the company is tackling through global retail store expansion programs, advertising and marketing. More recently the brand had wanted to enter into a merger with J.Crew Group 2014 but the company eventually pulled out of the deal due to hefty USD 5million price tag. Moving towards Uniqlo should focus on expansion internationally with strategic plan of each market.

Arvind has contributed 14% to the industry production, 4% to the GDP of India,

With 45million people employed, employed directly, the industry is one of the largest sources of employment in country.

Outlook:

Most analysts believed that the big brands owned by large textile houses like Arvind treated their ready-to-wear segment as an augmentation of their fabrics business and due to this mindset they are lacked of fresh ideas.

Omni-Channel brand: Creyate

This brand is both online and offline and using e-commerce for personalized clothing.3-D visualization software and delivering garment in 12 days. It planned to enter US, UK, Germany and Japan. (Arvind| fashioning possibilities. (2017, August 16)

Suggestion:-

For Future Prosperity, Strengthen supply chain integration and supervision:

It always was a hot potato to ensure the quality of clothing. Proper supervision and control of all aspect during the process can solve this problem. Various assembly line order fulfillment, transportation of raw material should be properly supervised.

Enhance quality and service of the product:

1. To guarantee the quality of goods sold online, manufacturing channels should be properly managed. Website must refresh its information and should inform customers about new fashion and stock.
2. Assure balance between quality and cost of delivery.
3. Most online customers are highly cost sensitive. Freight can account for a large percentage of the total cost which sometime stop buyers from purchasing online. If online total costs including delivery fees exceed offline purchases, there is nearly zero incentive to shop online.

Conclusion:-

There are indeed many opportunities that Uniqlo can leverage in order to reach its goal of becoming the largest global apparel retailer. In particular, the company plans to focus on growing Uniqlo internationally and expanding online sales.

GAP Analysis	Solution
Restructuring its supply chain to become the leading global apparel retailer.	It can be solved by opening distribution center in Indian subcontinent and focusing on E-commerce sales
Increasing labor cost in China.	Focus on growth on US/Europe market
Competition from global clothing	Production Procurement around the world.

Why Arvind:

1. Arvind was titled after evaluating other potential partners, including Sunil Mittal's Bharti Enterprises, Aditya Birla's Madura Fashion & Lifestyle, and Reliance Brands.
2. Uniqlo is inking a joint venture with Arvind to build a one billion dollars (Rs 5,476 crores) business in India by the end of the current decade. Expert says, Uniqlo's parent Fast Retailing, which rivals Zara, H&M and Gap, is in final talks to form equity joint venture with Sanjay Lalbhai-led Arvind. ("Uniqlo to ink JV with Arvind for India entry," 2013).

Uniqlo entry in India:

1. Uniqlo, known for its casual clothing and accessories, plans to focus on expanding its presence in and around the Indian capital before considering opening stores in other parts of the country.
2. The \$10-billion Japanese fashion retailer Uniqlo is set to partner Arvind to build a \$1-billion business in India by the end of the current decade.
3. A definite deal could be struck in the second quarter of 2013, making it the most significant global retailer after Sweden's IKEA to firm up India plans following the liberalized Japanese company that sells trendy and casual merchandise at competitive prices.
4. Arvind and Uniqlo teams have jointly visited the marketplace and blocked possible locations for the initial stores. ("Japanese giant Uniqlo set to partner Arvind in India JV - times of India," n.d.)

Parameters	Uniqlo(Japan)	Arvind-Lifestyle(India)
Strength	<ol style="list-style-type: none"> 1. Visionary leader 2. Branding 3. Innovation 4. Sound Operational strategy 5. Organization culture 6. In-store experience 	<ol style="list-style-type: none"> 1. Strong portfolio of domestic and International Brands 2. Economies of scale through complete integration. 3. Latest Manufacturing and Technologies 4. Wide geographical presence around globe.
Weakness	<ol style="list-style-type: none"> 1. Inability to penetrate in foreign market successfully. 2. Supply chain issues. 	<ol style="list-style-type: none"> 1. Lack of innovative and fresh ideas 2. Less brand equity
Opportunities	<ol style="list-style-type: none"> 1. New segments: Uniqlo primarily has a presence in men's and women's wear but is yet to make a strong foray into the kids segments. 	<ol style="list-style-type: none"> 1. Changing retail scenario 2. Rapid growth 3. Ability and willingness to spend on Indian customers

Threats	1. Competition: The main competitors of Uniqlo is ZARA, GAP and United Color of Benneton.	1. Competitors like Raymonds, Bombay Dyeing, Madura Garments, Welspun, and Aditya Birla Grasim 2. Cheap import from China, Bangladesh, Thailand.
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Table 1:- SWOT Analysis of Uniqlo and Arvind Lifestyle.

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