

# Building and strengthening a global culture: The case of UNIQLO Europe

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# Introduction<sup>1</sup>

UNIQLO is a global brand belonging to Fast Retailing Group, one of the world's largest retail group. The group overall counts approximately 3500 stores worldwide and its global sales reached 16.6 billion US dollars in 2022 (at the end of their fiscal year which is the end of August), a 7.9% growth on the previous year (excluding exchange rate variation).

Within the Fast Retailing Group, UNIQLO is the largest of the eight brands, which all operate in the apparel and fashion industry. Some of the brands are more geared toward the luxury segment – although an “affordable luxury” – such as Comptoir des Cotonniers; while others, such as UNIQLO, are more casual outfitting. UNIQLO is the lead-brand, and the one that best represents the group's defining identity as described in Exhibit 1.



UNIQLO is the brand that represents the Fast Retailing Group. UNIQLO looks to offer the ultimate everyday clothes that make people's lives richer and more comfortable. UNIQLO pursues this new, internationally unique category of clothes, called LifeWear, striving to provide both the highest quality and a price that is affordable for all. UNIQLO's mission is to enable people all over the world to experience the joy of wearing such great clothes.

Exhibit 1 – Definition of UNIQLO's *raison d'être*

1. Silvia Dello Russo and Daniele Mascia (Luiss University) prepared this case based on interviews with Geraldine Guyon (Talent Acquisition and Development Director at UNIQLO Europe), Alessandro Dudech (COO of UNIQLO UK), and two managers whose names have been disguised in the case study. Additional material from the company's website has also been consulted. The case is developed solely as the basis for class discussion and/or course assignment. It is not intended to serve as endorsement, source of primary data, or illustration of effective or ineffective management.

# UNIQLO's philosophy: the LifeWear

The **corporate statement** reads:

“Changing clothes. Changing conventional wisdom. Change the world”.

Such statement truly captures why UNIQLO exists, that is: changing clothes and coming to the essence of clothing. The management is firmly convinced that, in order to change clothes, one first needs to change the conventional wisdom that surrounds clothing. These include all the pre-conceived ideas people hold, or what they take as norms, regarding why and how people (should) dress. Hence, UNIQLO aims at challenging those beliefs and going beyond. They do so, first of all, by paying the greatest attention to fabrics and textiles. One of many UNIQLO's category of products which challenges conventional wisdom is called Airism. This collection offers t-shirts, underwear, sportswear, which diffuse sweat away from the skin and leaves you feeling cool and dry even during hot days. By its very nature, this product challenges a common norm by having people wear an extra layer of clothing under their shirt or t-shirt when it is warm in order to stay cooler.

An additional way for UNIQLO to translate their corporate statement into practice is by providing clothing that's inspired by life's needs. For this, UNIQLO has created the term “LifeWear” to indicate a very different type of fashion and apparel. Managers at UNIQLO encourage their designers and production specialists to deeply study and understand everyday life (e.g., using public transports, running to get the kids to nursery, working from home) in order to best serve customers in their real way of living. Using the words of the COO of UNIQLO UK, Alessandro Dudech, “we put our customers at the center of the innovation process of the value creation. This means that the customers' evolving needs become the engine of the continuous development of the product – differently from other brands that are, let's say, fashion-centered because they use the latest fashion trends as the initiation of the innovation process”.

Finally, and related to the above point, the ambition of the company is not to be the only apparel in the customers' closet, but a piece of it. In fact, the goal for UNIQLO is to create simple products, without brand logos, that can help people create their own style and mix and match with other products. A motto used at UNIQLO is “simple, made better”, to indicate that their products tend to be minimalist but of the finest quality and with the greatest attention to details and comfort.

All in all, by changing the conventional wisdom around clothes, UNIQLO ultimately aims at changing the world by adding to people's comfort and happiness because clothes can bring out and reveal people's unique identity and mood.

Accordingly, UNIQLO's **mission** is to “create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes”. In parallel, UNIQLO aims at enriching people's life in general, hence growing the company together with the surrounding society. For this reason, UNIQLO engages in many corporate activities everywhere it is present and strives to contribute to the development of the overall communities where its stores are located.

The philosophy and the mission that UNIQLO intends to carry out are further declined into corporate values, shown in Exhibit 2, and in principles (see Exhibit 3). The **Values** constitute the

benchmark of UNIQLO's corporate activities and are used as key reference for any decision-making process, to ensure that the declared mission is accurately carried out.

The **Principles** set forth the direction that all employees and associates should follow. They serve as guidance for employees' behaviors to ensure that those behaviors, in every daily activities, uphold and are consistent with the company's values.

**Our Values**

- Approaching issues from the customer perspective
- Embracing innovation & challenge
- Respecting and supporting individuals to foster both corporate and personal growth
- Committing to ethical standards and correctness

Exhibit 2 – UNIQLO's values

**Our Principles**

Inspired by The FAST RETAILING Group Mission and Our Values, we will:

- Do everything possible for our customers
- Pursue excellence and aim for the highest possible level of achievement
- Achieve strong results through the promotion of diversity and teamwork
- Move speedily and decisively in everything we do
- Conduct business in a very real way based on the current marketplace, products and facts
- Act as global citizens with ethics and integrity

Exhibit 3 – UNIQLO's principles

# UNIQLO's history

The group originated in Japan as a local family business. Mr. Tadashi Yanai, who is still UNIQLO's President and CEO, "grew up" in his father retail store and introjected since a very early age the strong attention to customers. In 1974, after graduating from university, Mr. Yanai joined his father's business at the age of 25 and he started travelling extensively to Europe and the USA to learn from across cultures and industries what could be relevant to customers in Japan.

In 1984 the first UNIQLO store opened in Japan and it immediately became clear that it would not be a traditional Japanese company. This was especially visible in the layout and management of the stores, which became "walk-in" self-service stores as opposed to the 1-to-1 service that was customary until then – being rooted in the traditional Japanese value for hospitality.

After the success of the first stores, which were all located in a province, outside of Tokyo, Mr. Yanai felt the company was ready to inaugurate a store in the eclectic, avant-gardist fashion scene of Tokyo – and opened one in the most fashionable and trendy district of Harajuku. From there, Mr. Yanai started elaborating a plan for expansion. UNIQLO attained an incredible success in Japan, which paved the way to Mr. Yanai's vision for an international expansion. After all, as his first steps already showed, he had always been interested in different cultures and open to take on different and bold concepts because he valued diversity. Throughout his career, Mr. Yanai has been an advocate for "crossing the borders" – both geographically and symbolically (e.g., in hierarchy, industry, etc.). This has been instrumental to UNIQLO's success in many respects. Note, for example, that the most appreciated sweater by UNIQLO, the fleece, came about as an adaptation of a mountaineers' item that, via research and development, could be moved from a niche market to a mainstream one and, in parallel, could be made more affordable. This sweater was so successful that 2.5 million of these items were sold only in the first year that it was launched on the market. Year after year the sales grew exponentially, reaching 80 million fleeces being sold annually 3 years of the launch.

The first store abroad was opened in London in 2001. Mr. Yanai was confident of the success of UNIQLO Japan and felt that the right time had come to export the company's value proposition abroad and change the world of clothing outside of Japan. Nevertheless, the first experiences were harder than expected and UNIQLO faced important challenges.

First, the company was opening to a market that is thousands and thousands of miles away from the home-country. Trying to export the view of UNIQLO, which revolved around changing people's lives and the world without even mentioning fashion, proved difficult. The greatest difficulty, even before trying to impact the customers, was with the staff, in passing over to them the UNIQLO values. Although an organizational culture is never fully and completely mirroring a national culture, the Japanese culture certainly and profoundly permeated UNIQLO culture. There were cultural differences, with the UK being a country with a large cultural distance from Japan. There were communication issues, with Japanese managers having to transmit a mission in a language that was not their own. Finally, there were managerial differences, particularly in the people management area, with interpersonal/team dynamics and hierarchical relationship being perceived differently.

# The importance of being “Glocal” for UNIQLO

Ever since the early 2000s, UNIQLO has continued its expansion to foreign markets: North America, Australia, and Europe. At present, UNIQLO’s presence in Europe involves operations in 10 countries and over 69 brick and mortar stores.

After encountering the first challenges in London, UNIQLO realized that they needed to change their approach. Especially, they realized that the true key to international success would be not to deploy a Japanese-like store. But, rather, to go for a store that is unique to its local community. Reflecting the fact that UNIQLO is a global brand offering the same products all over the world, the company aimed to be “Glocal”. The challenge turned into making the same products relevant in each location, each with its peculiarities. Similarly, in terms of organizational culture, the company aimed at creating a local resonance around the unique philosophy and mission that characterizes it.

One key element of the success of UNIQLO has been, in fact, its unique culture. The reason is simple and is to be found in the very mission it has chosen for itself. Challenging the conventional wisdom and changing the very way fashion is considered requires that people at all levels in the organization have a deep understanding of what collectively they are trying to do. This type of mindset needs to be built up internally, investing in strengthening the culture, aligning it with the organizational strategy and bringing every employee on board.

# Expatriates' management

Over the years, UNIQLO started an expatriation program by which employees that had been recognized as “high potential” or “talents” would be sent on assignments abroad. The goal was to transfer the company’s identity and culture as accurately as possible.

Two high-potential individuals were interviewed about their experience as expatriates in UNIQLO and excerpts of their interviews are reported as follows. Their names have been changed to protect their privacy.

Ryuichi is a Japanese national, who had been working for UNIQLO for 15 years at the time of the interview. Let’s take a look at his career path within UNIQLO:

Ryuichi: “I joined UNIQLO in 2008 in Japan after graduating from University. I worked as Assistant Store Manager, Store Manager, and then Area Manager. In this capacity I was responsible for aiding stores in one region and oversaw around 300 people employed as staff in those stores. After one year in my role as Area Manager, I moved as Area Manager to Philippines for UNIQLO which was just opening. I kept this role for three years. During the time in the Philippines, one of my unique tasks was to develop the Philippines Marketing Manager. Subsequently, I moved to France in 2017 as Area Manager, taking care of the opening of several new stores. Then in 2019 I was assigned to Italy to open the Milan store, and, in March 2021, I was appointed to be UNIQLO Europe’s In-store Visual Merchandising Manager and I moved to the UK.”

Fang is a Chinese national who had been working for UNIQLO for 9 years at the time of the interview. She recounts her career path as follows.

Fang: “I joined the company in 2013 in my home country, China. I was very grateful to have this opportunity after graduating in Business Management and Tourism Management. I always had in mind a career plan involving overseas assignments and the challenges that they could bring about. Now, I am Store Manager in Milan. To be selected for this international opportunity, I went through three rounds of interviews. The last interview was with UNIQLO Europe’s CEO. Our company really wants to select and grow the people who will be the future global business leaders.”

*Did you receive any formal or informal support from UNIQLO for your expatriation assignment(s)?*

Fang: “I moved to Italy in 2019 for the opening of the first Italian store in Milan. In preparation to my moving, the company offered me a cross-cultural training course especially focused on the Italian culture. It was a 1-week full immersion program delivered by an agency that collaborates with UNIQLO and is responsible for many training courses on this topic. With other respects, I prepared myself too, by studying the Italian language for half a year before moving. I also watched a lot of films and listened to Italian songs just to get more familiar with the sound of the language. Once arrived in Italy, the first period was exciting as everything was new. The second period, say after a few months, was instead more stressful because I wanted to become more effective and make sure the whole local team was following me. I had good support from my colleagues especially the COO and the Area Manager. The first, being Italian could help me understand and navigate the cultural differences with the employees. The second, who had extensive experience abroad (and in many different places) would understand very well the challenges in my adaptation process.”



Ryuichi: “I think our company does offer support, and in my case, this was evident in the way my international experiences progressed. I was given one position after another, so obviously I was entrusted with many responsibilities. But those were commensurate, they gradually increased over time, and I felt I was being challenged toward something I could handle. So, I felt this type of support too, that is: I could depart from my country to one that was closer to it, culturally speaking, and not only. At the time of my first assignment, I wasn’t able to speak English fluently. Yet, I got the opportunity to go abroad and accumulate valuable experience for the subsequent challenges”.

*What were some work-related differences that you observed as expatriates in Italy and that required adjustment from your side?*

Ryuichi: “I observed some differences in the working style and approach to one’s job, and I tried to adjust to that. For example, in the stores, one important task is product replenishment. Sometimes in Japan, one person picks the boxes up from the stockroom, opens the packages, and then someone else sets up the items on the shopfloor. It is very much standardized, and people receive piece-meals instructions from their store manager on how to do parts of the task. Essentially in Japan the manager would show steps 1-2-3, wait for the person to deliver on those and then instruct on 4-5-6, and so on. What matters a lot there is the ability to repeat the same procedure and attain the same results time and again. But in Italy people get bored and specifying the procedure to follow, even entirely from 1 to 10, sometimes would not work well. So, I would adjust and really give the task to the person and say these are the T-shirts to replenish, and the goal is to fill the space, for example, and we have let’s say one hour or two hours before the opening. I would leave it to them to decide how to go about their goals. This is what I’ve seen is more interesting for the people”.

Fang: “In the store, 80% of the staff are Italian and I found that with them some ways I was used to pass on information would not always work well. For instance, I may want to give some key figures about sales, or share some other useful points and I’d tend to do so quickly and on-the-spot. In these cases, I’d do so even in the shop corridors, with multiple employees together and, as I said, quickly even in passing by. But often I realized that those communications were not perceived or recognized as critical ones. If I want to have that impact, people should be summoned for 5-10 minutes, we will need to both sit down and, in a way, formalize that a certain communication is taking place and certain important information are about to be transferred. I’d say that, even if short, they seem to need or prefer some dedicated attention”.

*As a manager, what do you see as a big cultural difference in managing your team?*

Ryuichi: “One thing that I was almost shocked by, is the fact that people in France and also in Italy would respond and counter-argue my feedback. When I gave performance feedback to one of my staff members in these countries it would take me three times the time I’d spend in Japan or Philippines. They would not agree or even challenge my comments and lengthy discussions would arise. I was used to more rapid and less confrontational feedback sessions. In Japan and Philip-



pinges, I'd communicate people their monthly performance evaluation, list the reasons for each score (e.g., #1 is this, #2 is that) and they would understand. They would perhaps ask one clarification question but simply to make sure they knew how to do better in future occasions”.

Fang: “I mostly appreciated how people cultivate good teamwork via small actions and small talk on an everyday basis. This was very different from my home country and perhaps I was used to a stricter style as Manager. But I have learned the importance of creating a more relaxed atmosphere with my coworkers by saying hello, first, and “how was last night”, first. So, a list of things seemingly unrelated to work but ultimately related to the people and hence to creating an emotional connection. Also, I was very surprised by the level of competitiveness. My team members have very high ambitions and if I set very high standards, they will achieve them. Before, I thought that setting too high goals could demotivate them, but I observed the opposite here such that even the least ambitious ones will end up aiming for higher standards”.

## Current challenges

Europe is a high growth region for UNIQLO, and one of the current challenges that UNIQLO is presented with, is furthering their business success by leveraging the cultural richness of their talents. The global enterprise is interested in strengthening its strategy of “glocalization”, by focusing on the people agenda. This means being able to value the local cultures of the countries where it is operating while preserving its global identity.

In consideration of UNIQLO’s plans of further expansion to other countries in Europe, as well as to consolidate UNIQLO’s presence in the current European markets, looking ahead the challenges that it may face pertain especially to the domain of organizational culture. How to preserve and even strengthen the organizational culture throughout the continuing expansion in different cultures? What initiatives and instruments can UNIQLO adopt to spread and reinforce the organizational culture? Can the expatriation program be further refined and how/in which way?