



LEVEL 7 ASSESSMENT SPECIFICATION

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1. Tallant (2009) claims that “The importance of an organization to develop a vision, mission, and values is important for strategic direction.” Using Fast Retailing as an example, assess the relationship between “Strategic Direction” and the “Vision, Mission, and Values (VMV) of a company.

For Vision, Mission and Values are the three main factors that affects the strategic direction of a company. For Vision is the long term goal that leads to the future development direction of a company. Mission is the purpose of the company exist. While Values is about the things that the company care about. (Course Materials, 2020)

For The Vision, Mission and Values (VMV) of the Fast Retailing Fashion, will be discuss in the following. The company is running on business of everyday clothing and Life wear. They have several well known brand under their company, which are UNIQLO, GU and Theory. We will have a in depth understanding between Strategic Direction and the VMV of a company.

Vision : To become one of the world’s most essential companies, and ensure continue growth make the world a better place. (Fast Retailing, 2020)

Mission : LifeWear is simple, quality clothing designed to enrich daily lives through the thoughtful consideration of everyday needs. LifeWear is meant to evolve as people’s lives change. (Fast Retailing, 2020)

Values : Offers high-quality, reasonably-priced clothing by managing everything from procurement, design, and production to retail sales
(Fast Retailing, 2020)

They even have the slogan about the company concept : Lifewear changing the world, Lifewear making life better. Lifewear is meant to evolve as people’s live change.

1.1 How VMV influence the strategic direction

The VMV influence the strategic direction by setting the Brand Positioning of Fast Retailing on the market. Their Brand positioning set as fast fashion, price range from low cost provider to best cost provider and fast time to market. They provide quality clothing of everyday causal wear which is away from their competitors as latest fashionable fast fashion provider.

1.1.1 Vision influence the Strategic direction

The Vision of become one of the world's most essential companies also influence their strategic direction in company expansion. Base upon their Annual report in 2019, Fast Retailing has over 3589 stores world wide, which has been one of the leading brands in Fast Fashion industry. The company is believe will further expand their business network worldwide to match with their vision of becoming the global essential company. (Fast Retailing, 2020)

The Employee beliefs, traits, and behavior norms become an integral part of the firm's culture on the development. They design slogan related to their VMV for their staff to follow and remember their core value and believe to serve customers.

1.1.2 Mission influence the Strategic direction

For Market Development and product development process has stick to simple and quality clothing design for the brand of Fast Retailing. Base on their Mission they design their clothing mainly purpose for daily causal wear instead of formal suit. Which affect their market development trend by the product catalogue. (Fast Retailing, 2020)

1.1.3 Value influence the Strategic direction

The Strategic Direction of Fast Retailing is also influence by the Value of company. The company follow the fast fashion industry process from procurement, design, and production to retail sales. Which means they can control the costing and budgeting of every part in the process of producing clothing.

According to the Value of the company, they provide trendy and fashionable item with reasonable price clothing, for all the brand shops all over the world, which result in large scale production to the mass market. This can lower the price of production and sell in lower price for attracting the general public to purchase the life wear product. This strategy can attract customer with average buying power and also the young generation who pursue simple and quality clothing.

From the annual report of Fast Retailing 2019, the company tends to create a fundamental business format that strips out all unnecessary processes at all stages, and have exactly what customers desire. And reform of the entire supply chain and only produce, transport and sell things that are necessary. (Fast Retailing, 2020)

From the above strategy of reforming the entire supply chain we can see that Fast Retailing Fashion is trying to lower down the unnecessary cost on the process of production to shipping of garment. As the Brand is mainly providing clothes with reasonable price, thus we can understand their strategy of lowering the cost to maintain the balance of cost and profit.

1.2 Evaluation of Strategy

There are three basic activities for strategy evaluation. 1) Examine the underlying bases of the firm's strategy. 2) Compare the expected results with actual results. 3) Take corrective actions for ensure that performance conforms to plans. (Course Resources, 2020)

The strategy evaluation criteria can be divide by Consonance, Consistency, Advantage and Feasibility. The consistency means the strategy shouldn't present mutually incoherent goals and policies. Consonance means the strategy that must present in adaptive response for external environment. While Advantage means strategy provide for creation and maintain competitive advantage. Feasibility means the strategy has enough resources, aptitude and abilities for implementation of strategy success. (Course Resources, 2020)

2. Conduct a macro-environmental analysis for the Hong Kong casual wear industry and determine the opportunities and threats for the industry.

2.1 PESTEL Analysis

The macro-environmental analysis will be conducted in the following perspective :
Political, Economic, Social, Technological and Environmental.

2.1.1 E – Economic

Economic environment of Hong Kong has affected customer buying behavior and Sales of the casual wear industry. With the city under positive and stable growth of economy will encourage customer to purchase casual wear items from the market. While in negative growth will strongly affect the customer tendency to purchase casual wear. (The Interconnected Relationship between retail and the economy, 2019)

For the investment decision of the casual wear industry will be influenced by the Economic market of Hong Kong, for company expansion and store opening decision of casual wear are usually affected by the economic market performance and customer preference. From supply chain development to front line development, investment of company are very dependent on the market environment. (The Interconnected Relationship between retail and the economy, 2019)

The buying behavior of HK and Asia also influence the financing decision of many casual wear companies, e.g. the time period of producing and promoting new fashion clothing. Also the design of clothes to match with customer flavor.

The buying behavior of customer in HK has been changed in recent years. Tendency to purchase global branding clothing and fast fashion wearing are observed. Along with the purchasing frequency of casual wear has risen. Which encourages casual wear company to provide more fashionable and design clothing from time to time. (Attributes of young consumers' favorite retail shops, 2012)

The last factor affecting the industry will be the Market Capitalization and Dividend Decision. Market Capitalization decides the company's dollar value on the market from all outstanding shares of a company. For influencing company value and can affect the financial situation in good / bad condition.

The dividend decision is influenced by the environment of economic market in Hong Kong and Asia as well as company performance and market capitalization. Whether the company will provide dividend for shareholders in the year.

2.1.2 P – Political

For Political Environment also have support from political for exporting and importing in global for casual wear industry, the strategy use by fast fashion company has been effective to work as global firm.

As the exchange of business trading agreement between countries has been effective in these 30 years, the import of Asia global brands especially Japan and Korean brands to HK has been a hit in these recent 20 years. Fast Retailing has been one of the import Asia brand, Hong Kong position of central of business trading center facilitate the global brand to develop their business overseas and expand their client network globally. (HK-Japan trade relations, 2020)

In recent years from 2019, HK Political environment has been unstable and more protest has come out, many of the store has been label based upon their company political background and being destroyed. It's good to see most of the global brands are not in the center of the political argument nor having political side tendency. And is neutral in politics. Which can accept customers from different background and political supporting side. (HK Protest SCMP, 2020)

2.1.3 S – Social

Social environment of the casual wear industry is affected by globalization, the trend of overseas fashion can be imported to HK and is popular among customers. As in HK, the customers are generally welcome the fashion design import from US and EU and as well other Asia countries, these designs as a symbol of up to date trend, and will generously pay for their design of clothing. Which results in many global brands import their store in HK to attract overseas customers and develop their overseas market. (HK-Japan trade relations, 2020)

2.1.4 T – Technological

Technical Online purchasing has been a new trend for customers to view the product online and purchase without walking out of the door. This facilitates the young and mature age buyers to purchase their favorite items and as well develop the market of Online purchasing for casual wear industry in Hong Kong.

2.1.5 E – Environmental

The Environment has been harm by the causal wear industry in the production process and the fast changing cycle . Fast Retailing has been alleviating to minimize the effect of environmental pollution on the process of producing garment. This also raise a concern on the causal wear industry.

2.1.6 L – Legal

The firm has been legally operating their business, with the license to take on going global business with different countries law.

2.2 Opportunities and Threat

For Hong Kong casual wear industry, the opportunities and threat of short term and long term are as follow.

2.2.1 Short Term Opportunities

For Short term opportunities, they can set a specific target market. Target market can be developing Young Generation market and as well Mature Age market of causal wear. Which are the two groups of customer market with high purchasing power of causal wear in Hong Kong. Such as the Smart Causal clothing for mature age market and as well as fashionable items for Young generations.

2.2.2 Long Term Opportunities

For Long term opportunities, the industry can include more variety of clothing and global brands which can be better design for customer with all kinds of age range, in order to have broader coverage of customer in all ages.

The another focus of opportunities for causal wear industry, price strategy can be one possible solution, the product price can differentiate the customer type and provide along with suitable marketing and advertising strategy. The usual causal wear can be promote with reasonable price base upon the type of product to attract more customer to purchase.

2.2.3 Short Term Threat

For Short Term Threat is COVID-19 virus, the effect of the virus has strongly hit the economy of global, all the travelling activities has nearly paralyzed in the year of 2020. Casual wear industry has significant drop on sales revenue while Health and Medical related product and service has raise the demand. Price on Sale has been a short term solution for this short term threat. (COVID-19, 2020)

2.2.4 Long Term Threat

With Long Term Threat is the competitive rivalry market in the causal wear industry is vigorous, with the dominant market of fast fashion is mainly leading by oversea brand Zara and H&M global brand. While for remaining brands has to be dominant Asia market. Thus for Fast Retailing to maintain the market of causal wear and expansion may have long term competition with other brands of company.

3 Evaluate the corporate and business strategy recently proposed by Fast Retailing and appraise the effectiveness of these strategies based on the Balanced Scorecard.

3.1 Corporate Strategy

Benchmarking of company has been adopting Fast Fashion strategy from overseas brands. They adopt overseas branding operation for casual wear from design, production to selling all in one stop. They provide design of clothing for UNIQLO, design of clothing emphasizes comfort wearing for customers. Unlike the other brand of chasing Fashion design, this strategy keeps their clothing in a simple design and can fit for customers of all ages. (Fast Retailing, 2020)

Fast Retailing has developed Backward integration, other than having their own front line store for promoting sales of clothing, they also have their own supply chain. They also plan to structural reform of their supply chain. On Production, Fast Retailing Fashion is having mass production under several brand of the company, with the production and manufacturing of clothes are mainly from Asia developing countries, with mass production will lower down the cost of production. The structural reform plan to cut out all unnecessary costing from production to shipping. Which further lower down the costing. (Fast Retailing, 2020)

Besides they also perform Product Development Strategy every seasonal to promote new products to the market. Fast Retailing has developed several collections of products, with the product of everyday wear of different functional design and quality to suit different occasion of everyday wear. Compare to other fast fashion brand keep on develop fashionable clothing trend, Fast Retailing can maintain a stable market customer and product not fading out of fashion. (Fast Retailing, 2020)

Fast Retailing has used their Market Penetration and Market Development strategy of increasing the no. of shops in global. Company Expansion of Fast Retailing Fashion has grown rapidly in global, from the annual report of 2019 we can see the company has total of 3589 stores in worldwide, in which UNIQLO has 2260 stores in global. Their revenue has been raising in the past 30 years and result in company expansion from Japan to Asia and Western market. Within China they have developed a total of 848 stores UNIQLO in total, while in Japan they have 817 stores of UNIQLO in total. (Fast Retailing, 2020)

Number of Shops allocate in Global Operation

■ Number of Stores by Group Operation (store)

(FY)	2018	2019		
	End Aug.	End Aug.	Opened	Closed
UNIQLO Japan	827	817	34	44
Directly operated	784	774	30	40
Franchise	43	43	4	4
UNIQLO International	1,241	1,379	166	28
Mainland China	633	711	86	8
Hong Kong	28	29	1	0
Taiwan	65	67	4	2
South Korea	186	188	10	8
Singapore	26	28	4	2
Malaysia	48	49	2	1
Thailand	40	50	10	0
The Philippines	51	58	8	1
Indonesia	18	26	8	0
Australia	15	20	5	0
U.S.	48	51	5	2
Canada	5	11	6	0
U.K.	11	13	2	0
France	25	24	2	3
Russia	31	37	7	1
Germany	5	9	4	0
Belgium	3	3	0	0
Spain	2	2	0	0
Sweden	1	1	0	0
Netherlands	0	1	1	0
Denmark	0	1	1	0
GU	393	421	44	16
Global Brands	984	972	58	70
Theory*	450	451	30	29
PLST*	87	101	21	7
Comptoir des Cotonniers*	320	296	7	31
Princesse tam.tam*	127	124	0	3
Total	3,445	3,589	302	158

*Including franchise stores

Note: This table excludes Mina mall and GRAMEEN UNIQLO stores.

Fig. 1 The number of Store by Group Operation

Source : Fast Retailing Annual Report 2019, 2020

Under the company several brands, UNIQLO is belong Boston Consulting Group (BCG) Matrix stars group, with high market growth rate and high market share which can be reflect from the growth of revenue of Fast retailing in recent 30 years. The operating and market growth rate has been high, with a high rate of return. (BCG Matrix, 2020)

As we can see Fast Retailing has develop a very mature developed business operation system for more than 50 years history to develop as a global brand. Potential Entry of new competitors will be hard to follow as they will require to invest a lot of capital to develop the supply chain and store marketing selling.

3.2 Business Strategy

The Target market of Fast Retailing Fashion are mass market with providing clothing for customer from different ages. Which has a broad coverage of age range for customers. This is also the main reason for them to maintain their clothing in simplicity design for matching of daily casual wear.

Fast Retailing Fashion has try to be a Low cost provider on the market at the very beginning. With Price Strategy has been one of their competitive advantage and strategy. As in global market, the international brand of clothing are having a great competition with other brands. With coverage of price range ranges from high to low and with each of their brand unique selling point. Lower price can attract more broad cross session of customers, and raise the sales revenue in total. (Fast Retiling, 2020)

The company also take Broad Differentiation Strategy aims to provide quality and fashionable item for customers. They develop several brands and collections for different occasion of casual wear and keep their design of clothing to simplicity design. Such as UNIQLO, GU and Theory. In order to fit for customers of all ages and with various purpose of wearing occasion. (Fast Retailing, 2020)

■ Performance by Group Operation

(FY)		2018			2019		
		Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan	Revenue	¥864.7	¥ 54.0	+6.7	¥ 872.9	¥ 8.1	+0.9
	Operating profit	119.0	23.1	+24.1	102.4	(16.5)	(13.9)
UNIQLO International	Revenue	896.3	188.1	+26.6	1,026.0	129.7	+14.5
	Operating profit	118.8	45.7	+62.6	138.9	20.0	+16.8
GU	Revenue	211.8	12.6	+6.4	238.7	26.9	+12.7
	Operating profit	11.7	(1.7)	(13.1)	28.1	16.3	+139.2
Global Brands*	Revenue	154.4	13.4	+9.5	149.9	(4.5)	(2.9)
	Operating profit	(4.1)	(4.6)	—	3.6	7.8	—

*Global Brands includes Theory, PLST, Comptoir des Cottonniers, Princesse tam.tam, and J Brand.

Note: Consolidated revenue also includes items reported by Fast Retailing Co., Ltd., the Parent company, such as real estate leasing.
Consolidated operating profit includes Fast Retailing operating profit.

Fig. 2 Performance of Fast Retailing Group of their several brands

Source : Fast Retailing Group Annual Report 2019

Base upon the above two strategy combination, we can see Fast Retailing is trying to change their strategy to Best Cost Provider by Hybrid Approach. As their differentiation strategy has provide desired quality, performances, with services. While the Low Cost Provider is charging a lower price than rivals. With the combination of two, we can see the brand is trying to shift themselves to accompany the broad cross session of buyers.



Fig. 3,4 Porter's Five Generic Competitive Strategy ; Best Cost Provider Strategies
Source : Online and Lecture materials

With each of the season, they will provide campaign for their main selling product, through advertising and other strategy of events. On the progress of marketing they perform mass marketing session for buyers of general public to notice their seasonal change of new product.

They also develop E-commerce platform for their customer to provide online e-commerce business. Each season they will launch promotional campaign for the main selling product such as advertising and events, to approach their potential buyers of their new product and encroach them the purchase.

By Value Chain Analysis (VCA) indicate value has been add to the company from the primary activities to support activities. By providing a fashionable and convenient shopping experience through brand imaging and packaging, Fast Retailing has been value add by provide a bright and tidy store for customer to encourage them pursue simple design casual wear clothing. The adopting of Japanese store style of simple & trendy, as well as their friendly service style has give their customer a feeling of purchasing quality clothing from their store. (VCA Analysis, 2019)

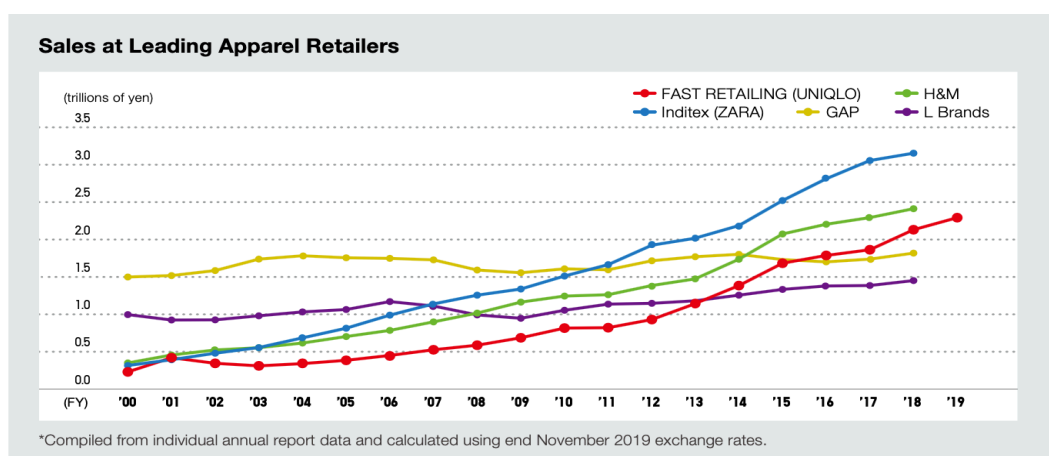


Fig. 5 Sales at Leading Apparel Retailers
Source : Fast Retailing Annual Report 2019

3.3 Balance Score Card

According to the Balance Score Card, the Company Vision and Strategy are determined by four factors : Finance, Customer, Business Internal Processes, Knowledge and Growth.

3.3.1 Finance

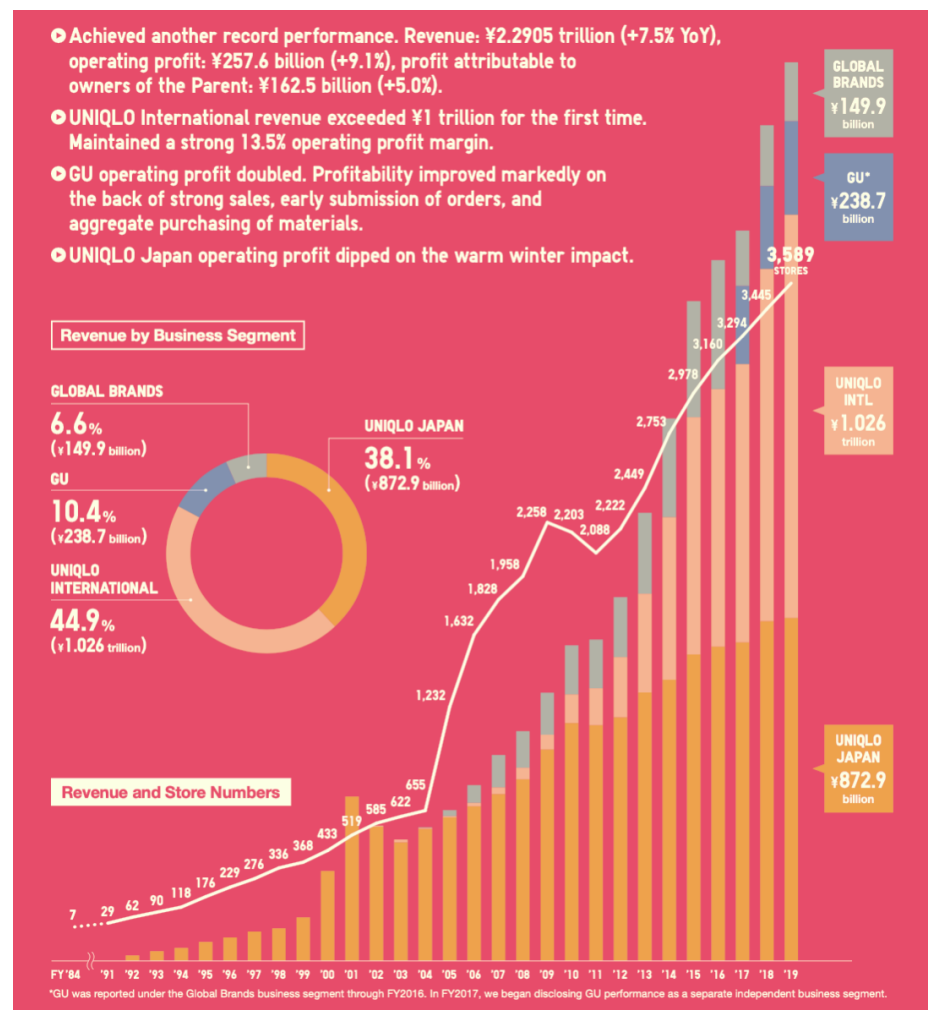


Fig. 6 Snapshot of Financial Highlight Revenue from 1991 – 2019

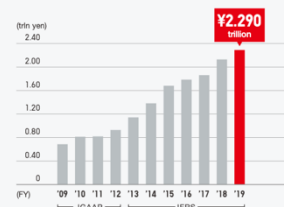
Source : Annual Report Fast Retailing Fashion, 2020

The Financial Income of Fast Retailing Fashion compare the Revenue from 1991 to 2019 in 28 years time, the revenue has raise from 29 billion yen in 1991 to revenue of 2019 at 2.2905 trillion yen. The most significant raise of income are from brand UNIQLO, in both Japan market and International market. Which Japan UNIQLO has made 872.9 billion yen in 2019 and International UNIQLO has made 1.026 trillion yen in 2019. With the other brand income, GU has recorded 238.7 billion yen and Global brands record 149.9 billion yen in 2019. (Fast Retailing, 2020)

FY2019 FINANCIAL HIGHLIGHTS

Revenue

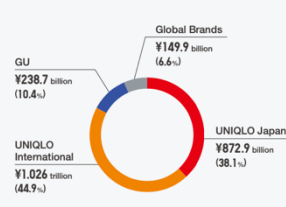
¥2,290 trillion **+7.5%**



Consolidated revenue rose 7.5% year on year to ¥2,290 trillion. UNIQLO International reported a strong ¥129.7 billion rise on aggressive store openings and strong same-store sales growth. GU reported a ¥26.9 billion increase after successfully reviewing its product lineup.

UNIQLO International's Contribution to Revenue

44.9% **+2.8pt**



UNIQLO International revenue topped ¥1 trillion, and contributed 44.9% of total revenue. Especially buoyant revenue gains in the Greater China and Southeast Asia & Oceania regions proved strong drivers of overall UNIQLO International growth.

Ratio of Profit to Equity Attributable to Owners of the Parent

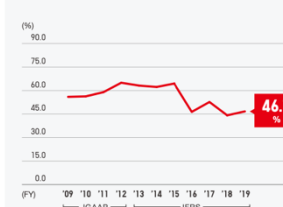
18.0% **-1.4pt**



ROE declined 1.4 points to 18.0%. The rate of increase in retained earnings was higher than the rate of increase in profit for the term, resulting in higher equity attributable to owners of the Parent.

Ratio of Equity Attributable to Owners of the Parent to Total Assets

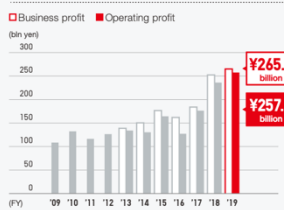
46.7% **+2.5pt**



This ratio increased 2.5 points year on year to 46.7%. While equity attributable to owners of the Parent (shareholders' equity) increased by ¥75.6 billion, our ¥30.0 billion corporate bonds redemption resulted in a ¥57.0 billion increase in total equity.

Operating Profit

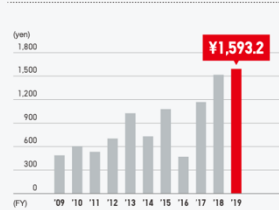
¥257.6 billion **+9.1%**



Operating Profit expanded 9.1% year on year to ¥257.6 billion. Profit increased 16.8% at UNIQLO International, and a better gross profit margin helped GU achieve an impressive 139.2% profit gain. However, UNIQLO Japan profit contracted 13.9% on the warm winter effect.

Earnings per Share

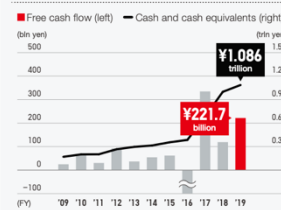
¥1,593.2 **+5.0%**



Our basic earnings per share (EPS) reached a record high level in FY2019, increasing by 5.0% to ¥1,593.2 on the back of the large rise in operating profit.

Cash and Cash Equivalents

¥1.086 trillion **+8.7%**

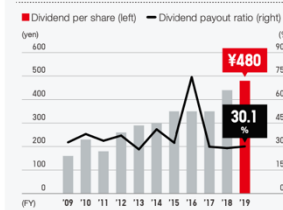


Cash and cash equivalents totaled ¥1.086 trillion. Free cash flow (FCF) reached ¥221.7 billion (¥300.5 billion inflow from operating activities minus ¥78.7 billion spent on investing activities).

*The negative FCF in FY2016 included a ¥186.5 billion investment in deposits with over three-month maturities.

Cash Dividends

¥480 **+¥40**



The dividend per share stood at ¥480. That represents a year-on-year increase of ¥40 per share. The dividend payout ratio of 30.1% was in line with our traditional average.

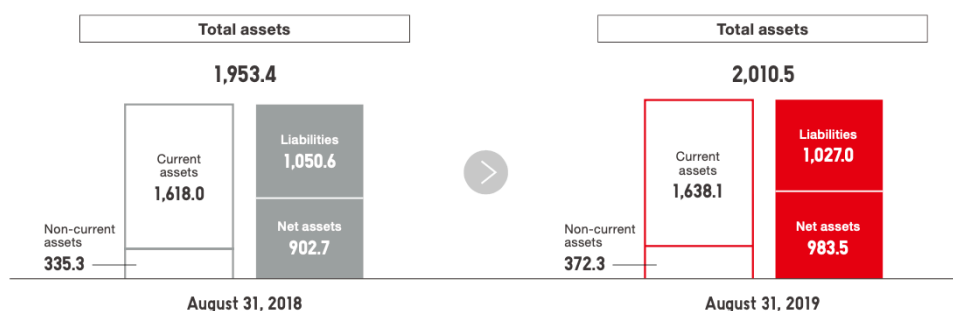
*The unusually high FY2016 dividend payout ratio was caused by an appreciation in the yen, which generated a net ¥37.0 billion finance cost and a sharp decline in EPS.

Fig. 7 Revenue and Operating Statistics of Fast Retailing Fashion

Source : Annual Report Fast Retailing Fashion 2019

11 Balance Sheet

(billions of yen)



Total assets increased ¥57.0 billion year on year to ¥2,010.5 trillion, including a ¥86.8 billion increase in cash and cash equivalents and a ¥54.2 billion decrease in inventories. Liabilities decreased ¥23.6 billion to ¥1,027.0 trillion following a ¥22.7 billion decrease in trade and other payables. Equity increased ¥80.7 billion as rising profits

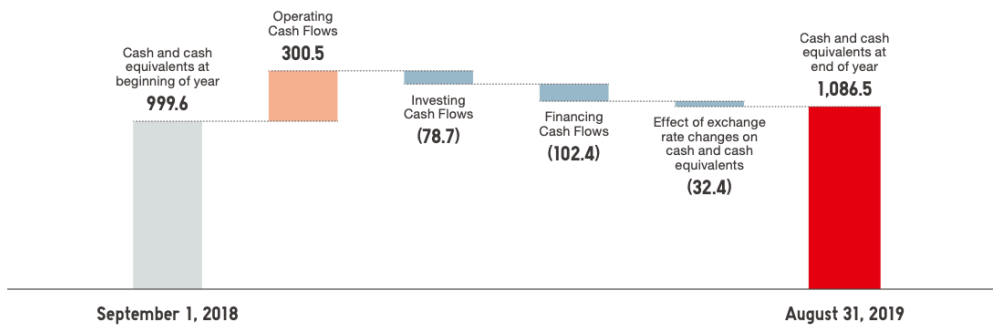
expanded retained earnings and a decrease in currency translation adjustments shrank the other components of equity. As a result, the ratio of equity attributable to owners of the Parent to total assets (shareholders' equity ratio) increased by 2.5 points to 46.7%.

Fig. 8 Balance Sheet of Fast Retailing

Source : Annual Report Fast Retailing 2019

12 Cash Flow Information

(billions of yen)



The balance of cash and cash equivalents expanded by ¥86.8 billion to ¥1,086.5 billion. Cash from operating activities stood at ¥300.5 billion thanks to profit contributions from UNIQLO and other operations. Cash used in investing activities totaled ¥78.7

billion, which was spent on acquiring property, plant and equipment, and intangible fixed assets. Cash used in financing activities totaled ¥102.4 billion spent on corporate bond redemptions and dividend payments.

Fig. 9 Cash Flow Information of Fast Retailing

Source : Fast Retailing Annual Report 2019

The Total Assets of Fast Retailing in 2018 has 1,953.4 billion yen with 1,618 billion yen current asset and 335.3 billion yen non-current asset. While 1,050.6 billion yen are liabilities and 902.7 billion yen are net assets. (Fast Retailing, 2020)

The Total Assets of Fast Retailing in 2019 has raise by 2.92% to 2,010.5 billion yen with 1,638.1 billion yen current asset and 372.3 billion yen non-current asset. While 1,027 billion yen are liabilities and 983.5 billion yen are net assets. (Fast Retailing, 2020)

For the Cash and equivalent in year 2018 has 999.6 billion yen in total with 300.5 billion yen of operating cash flow. While for the cash and equivalent in year 2019 has raise by 8.69% with value of 1,086.5 billion yen in total. (Fast Retailing, 2020)

3.3.2 Customer

The buying behavior of customer has change in recent years. Customers are more prefer purchasing fashionable clothing instead of wearing the quality clothing for years. For Fast Retailing Fashion, their main target market customer is locate in Japan, with the second one is in Greater China. With the rest are locate in Asia Countries and Western Countries.

As the trend of online shopping goes on trend at recent years, Fast Retailing develop E-commerce platform for creating the new business on Online Sales and letting their customer to purchase the item whenever they want on whatever time. As from their record, Japan has record the most of sales of 870 billion yen income in 2019 from E-Commerce Sales, while China record 500 billion yen in record and the rest of the world record 510 billion yen in total. (Fast Retailing, 2020)

Average Revenue Per User (ARPU) has been low each time, but they gather a lot of customer crowd to boost the volume of sales. With the total revenue from the all of customers are attaining 2.2905 trillion yen in 2019. Compare to other fast retailing brands, Fast Retailing has been in medium level of sales in 2019. (Fast Retailing, 2020)

With clients will better pursue on Asia market for developing more business, client network have a lot of potential to develop on China market.

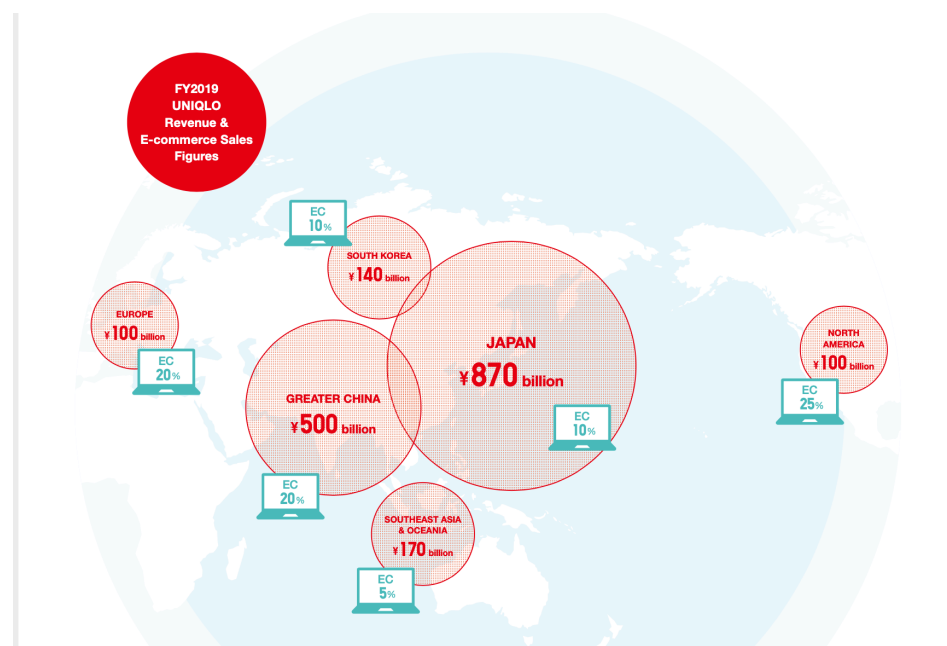


Fig. 10 UNIQLO Revenue & E-Commerce Sales Figure

Source : Fast Retailing Annual Report 2019

3.3.3 Business Internal Processes

Business Internal Process of the Balance Score card has indicate the business running process of the service / product provide. The business internal process of Fast Retailing Fashion has been using the fast fashion methodology of gathering fashionable design and manufacture them as clothing for customers. They change their design items every seasons.

In the annual report of 2019, the company has taken the Ariake Project for 3 main aspect of reforming of business running. Include the Front End reform, Value creation planning reform and Supply chain management reform. (Fast Retailing, 2020)

For the Front End and Value creation planning reform, the company has effectively utilize an advance digital system for collecting the data and analysis fashion information from the global shops. The analysis result will indicate the trend of most popular item and affect the coming design of product.

The company also have a strategy of reforming the entire supply chain in 2019 of annual report. We can see that Fast Retailing Fashion is trying to lower down the unnecessary cost on the process of production to shipping of garment. As the Brand is mainly providing cloths with lower price, thus we can understand their strategy of lowering the cost to maintain the balance of cost and profit. (Fast Retailing, 2020)

3.3.4 Knowledge and Growth

The corporate Strategy of Fast Retailing has been undergoing size expansion by opening more shops in global, with the brand building and advertising effect, the brand has got a great return for the company expansion. From the revenue growth from 1991 to 2019 we can see the expansion has been successful. (Fast Retailing, 2020)

Fast retailing develop e-commerce platform for creating online purchasing of product in recent years. In China and US, the online sales of UNIQULO account for 20% and 25% of sales respectively. Besides local stores, the company conducts promotional campaigns every season to their main product of selling and develop online purchasing in recent years for raising the sales. (Fast Retailing, 2020)

Environmental Agreement

According to the annual report of Fast Retailing 2019, the company has agreed in Feb 2019 to set a scientific based target and promise in two years time to minimize greenhouse gas emission as base upon Paris Agreement. Besides greenhouse gases, they also compromise to prevent contamination of water on production process and reduce water and energy consumption. They aim to have a reduction of 15% water consumption of fabric mills and as well reduce 10% energy consumption. Fast Retailing also want to minimize the emission of hazardous chemicals of production and reduce use of plastic materials. (Fast Retailing, 2020)

3.3.5 Conclusion for Balance Score Card

For Balance Score Card had different perspective from the four session. For each session has represent the evaluation of various part of the company.

For Financial perspective it represent “How do we look to Shareholders” as it presents the financial figures and performance of the company. For Fast Retailing has steady growth of revenue in 20 years, present to shareholders they have a satisfactory result.

For Customer perspective it represents “How do customer see us”, as it represent the image of brand to consumers. They provide causal wear to their customers and is in best cost provider. Convenient to shop with is their image to build.

Business Internal Processes shows the question of “What must we excel at”. It shows the important procedures of the company to operate and the whole business running process. They can see how the company can improve on each part on this process.

Knowledge and Growth shows the question of “Can we continue to improve and create values”. It shows the potential power of the company to evolve and build better results with their resources.

4 Propose recommendations for both corporate and business level strategies for Fast Retailing? Analyse how these strategies can be effectively implemented.

4.1 Corporate Strategy

On the backward integration of production line, we suggest to provide reformation of importing materials from developing countries and divide the production line to several spot in Asia countries. With processing can be providing by simplify the process and replace all possible complicate procedure by machine. This can improve the overall procedure of production time and lower down the price of production.

For the Market Development and Penetration of Company Expansion of Fast Retailing Fashion in 2019 the company has total of 3589 stores in worldwide, with leading brand UNIQLO has 2260 stores in global. (Fast Retailing, 2020)

The next step of expansion can be target on Countries with large group of customer potential to purchase casual wear, especially on Asia market. China and India can be two possible develop target for Fast Retailing Fashion. As these two countries has a large population, and Fast Retailing Fashion brand is mainly focus on provide affordable fashion, thus these two criteria matches for company expansion of casual wear brand.

Major Advances for UNIQLO International

Greater China and Southeast Asia Drive UNIQLO International Growth

In FY2019, UNIQLO International revenue topped ¥1 trillion for the first time, reaching ¥1.026 trillion (+14.5% year on year) on the back of rapidly advancing operations. UNIQLO International continues to expand and consistently generates a stable level of high profitability with a 13.5% operating margin and operating profit reaching ¥138.9 billion (+16.8%) in FY2019. The reason for this success is the strong support among customers worldwide of our LifeWear concept and the essential role of

ultimate everyday clothes in our lives.

Greater China (Mainland China, Hong Kong, and Taiwan) and Southeast Asia & Oceania are the two clear drivers of UNIQLO International's strong growth. In FY2019, UNIQLO Greater China achieved revenue of ¥502.5 billion (+14.3%) and operating profit of ¥89 billion (+20.8%). Thanks to persistent brand building efforts from the outset, consumers in Mainland China consistently rank UNIQLO as their No.1 apparel brand. Mainland Chinese customers value the UNIQLO brand for its high-quality everyday wear. UT graphic T-shirts, fleece, cashmere, HEATTECH, Ultra Light Down, jeans, and Kando pants are especially popular.

China, Southeast Asia, India: The World's Global Economic Growth Centers

Greater China and Southeast Asia will likely continue to drive UNIQLO International growth. I expect these regions will exhibit continued economic development and an explosion in middle-income populations. Each operation within UNIQLO Southeast Asia currently generates annual sales of ¥20 to ¥40 billion, but I believe sales at individual operations will top ¥100 billion in the near future. In Mainland China, young consumers in what are known in China as "second-tier" and "third-tier" cities have the power to fuel further consumption growth, and we intend to focus new store openings in the most popular regional shopping malls.

UNIQLO successfully launched in India in October

and Vietnam in December 2019. These new markets have different cultures, and, consequently, different clothing needs. Traditional loose kurta shirts are popular in India, so we sought to meet local needs by developing a joint kurta collection with Indian designer Rina Singh. Thanks to UNIQLO's strong reputation, thousands of excited customers greeted the opening of our first store in Ho Chi Minh City, Vietnam.

We intend to open multiple new stores in China, Southeast Asia, and India, which we consider the world's global economic growth centers. With our well-established business platform in Asia, we are much better positioned than our competitors to generate strong future growth here. Japan's overall population totals 120 million, while the middle-income population totals several hundred million in Greater China, and over one billion in Asia as a whole. I want to consolidate our growth in this region, which is more than 10 times the size of Japan.

Fig. 11 Major Advances for UNIQLO International

Source : Fast Retailing Annual Report 2019

For product variety, we suggest can use strategy of Differentiation of product to increase the product category. They can develop different category types of product to cover another groups of target customers. The successful sample on the market is MUJI of Japan which have differentiate their product from Daily Clothing to Living Products and Grocery. For Fast Retailing they can have expand their business of different market

so as to increase the sales of different segment and recognition.

Under the company several brands, UNIQLO is belong Boston Consulting Group (BCG) Matrix stars group, with high market growth rate and high market share, which can be reflect from the growth of revenue of Fast retailing in recent 30 years. We believe UNIQLO will become the Cash Cow of Fast Retailing in next 20 years as the fashion brand growth. (BCG Matrix, 2020)

For the company to maintain competitiveness and competitive advantage, we suggest the company can develop more new projects or a side business with high business growth rate and low market share, in order to further develop into Future starts of BCG model. In BCG model we can suggest Fast Retailing develop more Question Mark. Which may be High Business Growth rate but currently with Low Competitive Position.

4.2 Business Strategy

Fast Retailing Fashion has been transforming from a low cost provider to best price provider on the market among the global clothing market. With price strategy has been one of the competitive advantage among the other global brands of clothing. We suggest they can provide more promotional packages campaign seasonal sale in advance to attract more customers. And include more variety types of design product in order to have a broad range of product price.

To have a broader differentiation of product inclusion of customers from different ages the company should have with variety designs of product and casual wear. The number of designs need to increase to have a sufficient coverage of product for customers in different ages. Such as daily products and casual wear for different occasion. The time period for creating design of cloths should increase the frequency from seasonal to monthly.

On Product Development Cycle we suggest the Fast Retailing can use the process of 7 step. First is New Product Strategy formulation, then is Idea generation. After generating the new idea, the company need to do idea screening. Afterwards is Business analysis of the new product proposal, then the product can start development. The company can start test marketing for the reaction from public, last is commercialization if the reaction is positive.

On reviewing business operation, Fast Retailing can use the Business Model Canvas for over-viewing their business operating progress and improvements. The model divided into nine session. Which include Key Partners, Key Activities, Key Resources, Value Propositions, Customer Relationships, Channels, Customer Segments, Cost Structure and Revenue Streams.

On Promotion of Product Fast Retailing can use Advertising with celebrities to raise the influence power. They can also use online media to spread the most power of online promotion. With promotion of new product in shop can promote with special event campaign can raise the awareness of customer.

On environmental side we can suggest Fast Retailing Fashion can perform more sustainable cycle of production to minimize waste. Donation of fast retailing old stock on fashion changing season to charity organization can end of producing waste of fast fashion every season. As well as performing Social Responsibility of Company.

According to the Annual Report of Fast Retailing in 2019, the company has committed to set a scientific target of two years for reducing greenhouse gas emission according to the Paris Agreement. They also work on the water and energy consumption part for reducing 15% of water consumption of fabric mills and 10% of energy consumption during process of production. They also aim to eliminate the emission of hazardous chemicals of production and plastic waste in packaging. (Fast Retailing, 2020)

We can also suggest Fast Retailing Fashion to provide Fair Trade for workers in Garment Production Process. In order for Fast Retailing Fashion to perform social responsibility and build up a positive brand image. The Successful example is The Body Shop, which label themselves using fair trade materials import from developing countries so as to give the workers sustainable income to maintain their living.

4.3 Implementation of suggestion Gantt Chart

Propose Event	2020	2021	2022	2023	2024	2025	2026	2027
Fast Retailing Brand Reviewing by Business Model Canvas								
Differentiate the Product Catalogue by Product Design								
Promote of New Launch Product and Brand to the Market								
Promotion of Brand and Products and campaign								
Restructure of Production Line and Social Responsibility								
Expansion of Store to Global Countries								

Table 1. Gantt Chart of Propose Plan for Fast Retailing from 2020 to 2027

Source : From this Research

For company development of Fast Retailing we have propose the following planning

For Company reviewing of Business we suggest can review every year for keeping up to date of the business operation situation. The company can use Business Model Canvas for reviewing the annual situational changes and plan for the next year development planning.

For differentiate the product catalogue and product design, we suggest can takes 4 years time for planning the differentiation of product, such as living product and grocery. For other Japan Brands have successfully differentiate their product. We suggest can divide on several batch of products to develop new product, base upon the market research of popular product and proceed the product development cycle.

For launching of new product and brand to market we suggest can be take after 4-5 years of product differentiation development. Analysis of market reaction to each new product is require, if the product is not having a positive reaction we suggest can take the product off the list or further ameliorate the product.

For Advertising of product we suggest can raise the frequency of promotion through advertising and holding promotional campaign. Digital marketing can be one trend of promotion other than traditional marketing.

For restructure of production line and social responsibility I suggest can be take 2 years of planning and take action after detail planning of the restructure. For including social responsibility policy can be made after detail planning and restructure of the production line.

For Expansion of Store, Fast Retailing can take part after the global economy recovery of the COVID-19, which estimate might take 2-3 years time. As the trend Fast Retailing can focus on the business in Asia countries such as Chian, Korea and Malaysia. Data analysis of the sales revenue in each country needs to be review before expansion of store.

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