



LEVEL 7 ASSESSMENT SPECIFICATION

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UWTSD MBA (May/Nov 2019 intakes)

HKBM7013 **Strategic Management**

Assignment Title:

Assignment 1

"I, Lam Wai Yeung, certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited"

Signed: *Marco Lam*

Date: 29 Sept 2020

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Discussion overview

This report will use Fast Retailing as an example to address the following 4 topics:

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.
2. Conduct a macro-environmental analysis for the Hong Kong casual wear industry and determine the opportunities and threats for the industry.
3. Evaluate the corporate and business strategy recently proposed by Fast Retailing and appraise the effectiveness of these strategies based on the Balanced Scorecard.
4. Propose recommendations for both corporate and business level strategies for Fast Retailing? Analyse how these strategies can be effectively implemented.

Topic 1

In this section, the following topics will be covered:

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.

Assessment introduction

Vision, Mission and Values will affect the performance improvement of a company (Kirlpatrick, 2017). Internally, a clear VMV help new staff understand organisational practices (Miller and Jablin, 1991) and create positive motivator for existing staff (Darbi, 2012). Externally a clear mission and vision growth sales by increasing their competitive advantages.

We will explore the strategic direction that Uniqlo, the international fast fashion brand under Fast retailing group, use to execute their Vision, Mission and Values and the benefit they obtain by doing so. The assessment will base on different reference, for example, their annual report, printed magazine, interview clips and online news.

Vision, Mission and Values

Fast retailing developed a set of the corporate statement, mission, value and principles and implemented in different level of the operation. In this section vision, mission and values will be discussed.

Vision

Table 1.1 The Group's medium-term vision

The Group's medium-term vision
• to become the world's number one apparel retailer

Source : Fast Retailing (2020)

The vision of a company present the desirable future of a company (Stryker and Stryker, 2017), they set a clear vision of all, as shown in table 1.1, they want to be the number on apparel retailer in the world.

Table 1.2 Vision of Fast Retailing 2006, 2014 and 2016

FAST RETAILING's vision (2006)
• to achieve Group net sales of ¥1 trillion and ordinary income of ¥150 billion and become the world's leading apparel retail group in 2010 (Fast Retailing, 2006).
The Group's medium-term vision (2014)
• to become the world's number one apparel manufacturer and retailer (Fast Retailing, 2014).
The Group's medium-term vision (2016)
• to become the world's number one Information Powered Retail Business (Fast Retailing, 2016a).

Source : Writer construct the table

The vision of fast retailing had changed in a different stage of business development, as shown in table 1.2. From vision to be leading retails group in 2006, the early stage of the company, to vision to be manufacturer and retailer in 2014 and adding Information in 2016. We can see the management of the company is consistently providing a new direction for the group to move beyond.

Mission

Table 1.3 The FAST RETAILING Group Mission

The FAST RETAILING Group Mission	
	• 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
	• To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society

Source : Fast Retailing (2020)

Company's mission provides a description of how it is different with others and the scope of its operations (Pearce and Robinson, 2013). The mission of fast retailing is in two sentences, the first sentence show in table 1.3 is about clothing. At first, they define truly great clothing is clothing will be loved by people from all walk of life, in people all over the world (Fast Tailing, 2020), they further state the truly great clothes should be offering new and unique value. And the final part of the first sentence points out that the final goal of creating truly great clothing is to help customers experience joy, happiness and satisfaction.

The second sentences describe the company mission with other stack holders, the stack holder including employee, business partner different government and the environment. Under this mission, they will make sure they follow different social rules and accepted practice when developing the business. They also aim to make the world a better place to live during the expending worldwide business.

Table 1.4 The FAST RETAILING Group Values

The FAST RETAILING Group 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

Source: Fast Retailing (2020)

Values set the benchmark of a company's activities and drive decision-making process that carries out its missions (Fast Retailing, 2020a). Fast retailing set values on a different aspect of their operation.

Looking into the values shown in table 1.4, Fast Retailing put the customer in their first place, they will evaluate every difficulty from the customers perspective, which lead them to provide a solution that satisfies customers. To keep the company making continues improvement, they encourage all staff to be innovation and challenge. In the last value, they make effort to protect brand and company reputation by performing their best in ethical standards and correctness.

Strategic Direction

Overviewing the development of Fast Retailing, some major changes aline with their Vision, Mission and Values. In this section, we will focus more on the relationship between the Vision and the strategic direction.

The Strategic direction related to Vision

Table 1.5 the vision statement from 2006 to 2020

FAST RETAILING's vision (2006)
to achieve Group net sales of ¥1 trillion and ordinary income of ¥150 billion and become the world's leading apparel retail group in 2010 (Fast Retailing, 2006).
The Group's medium-term vision (2014)
to become the world's number one apparel manufacturer and retailer (Fast Retailing, 2014).
The Group's medium-term vision (2016)
to become the world's number one Information Powered Retail Business (Fast Retailing, 2016a).
The Group's medium-term vision (2020)
to become the world's number one apparel retailer

Source : Writer construct the table

Table 1.6 S.M.A.R.T. Goal of fast retailing

To achieve Group net sales of ¥1 trillion and ordinary income of ¥150 billion and become the world's leading apparel retail group in 2010	
Specific	Growth of net sales and net income
Measurable	1 Trillion and 150 Billion JPY
Achievable	Growing rate 20% per year
Related	They focus on sales and company size
Timely	In 2010

Source : Writer construct the table

In the above discussion, shown in table 1.5, we understand their management had changed the objective of the vision over time. In 2006, Uniqlo was a large company located in Japan, with net sales of over 70,000 Million JPY (Fast Retailing, 2007a). To show the determination of expending worldwide, the vision at that time is more S.M.A.R.T. (Doran, 1981), as shown in table 1.6.

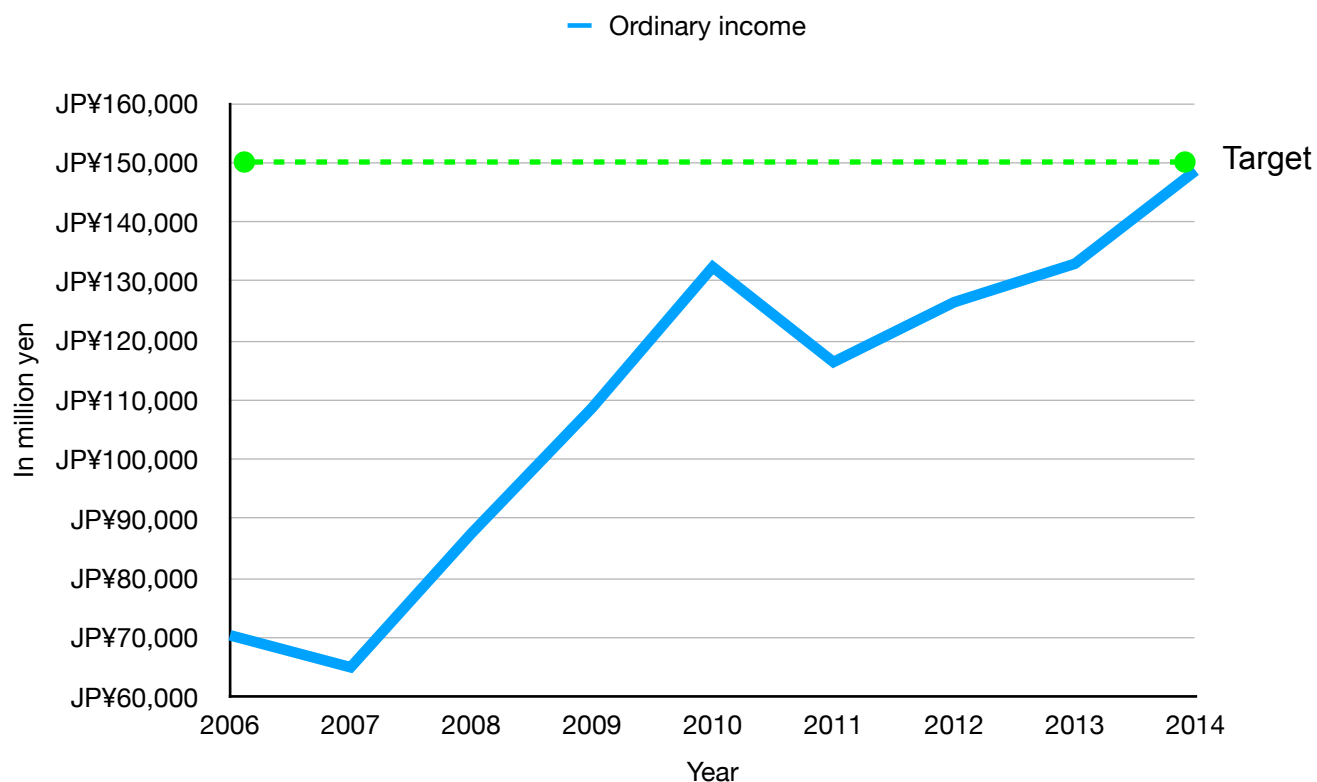
The first three year company Strategic plan and action after vision 2006

Vision	to achieve Group net sales of ¥1 trillion and ordinary income of ¥150 billion and become the world's leading apparel retail group in 2010 (Fast Retailing, 2006).	
Year	Action Taken to achieve vision in 2006	Result achieve
2006	Merge GU	Become one of the most profitable brands under Fast Retailing
2006	Enhance partnership with exciting vendor	Rocket speed in new store opening in 2007-2010
2007	Uniqlo opened 10 large domestic store in Japan	Local and worldwide expansion
2007	Opened First Store in French	
2007	Opened 4 different flagship store worldwide	
2009	Offer to make LINK Theory a fully-own subsidiary	Merge more company in the same business to grow market share

Source : Writer construct the table

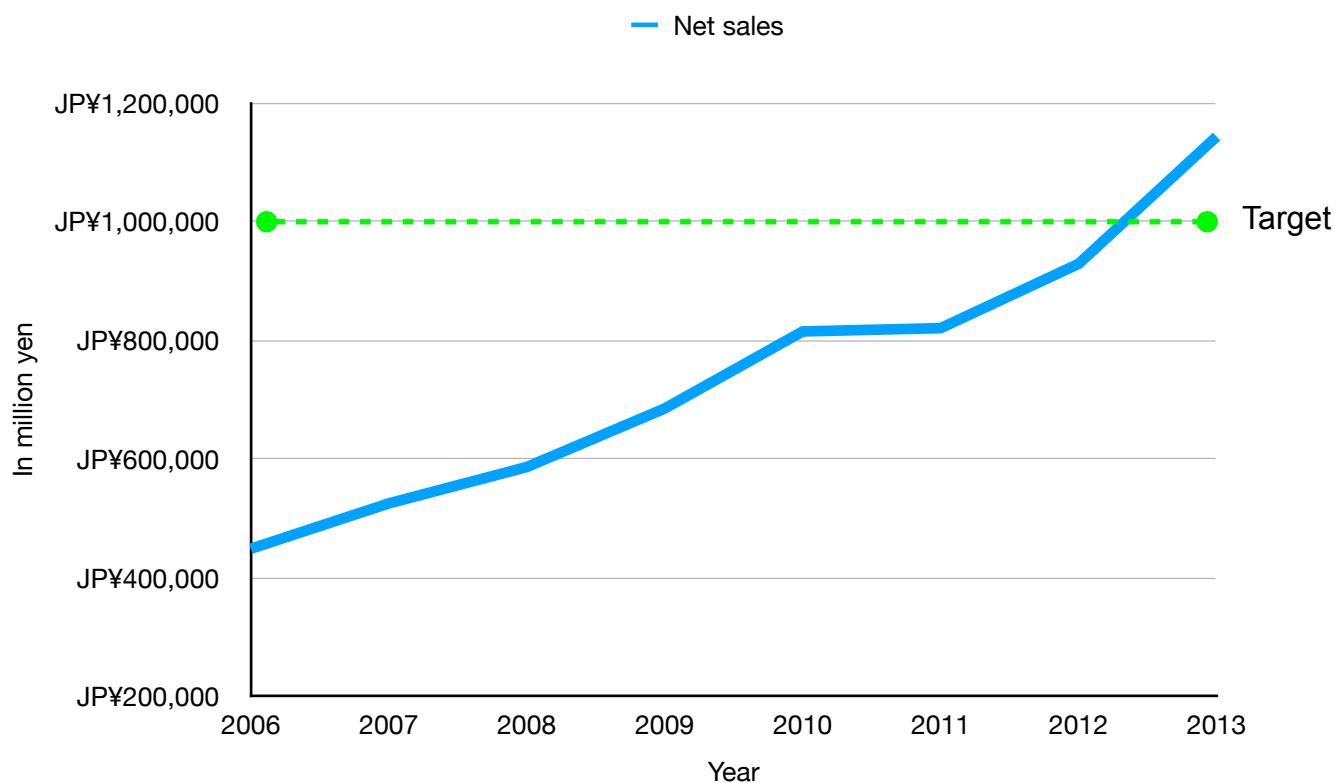
After the vision statement, the company put its effort in a different area to try to realise the vision, as shown in table 1.7. Company start to merge different large fashion brand in Japan, including one of the most successful brand under fast retailing, GU. This is peer acquisition, which can help them to expand their market share and the advantage of economies of scale (Stigler, 1958). At the same year, Fast retailing sign agreement with one of the largest store development company, DAIWA house industry, getting prepare for large scale number of store grow to achieve the vision.

Figure 1.1 Ordinary income of Fast Retailing 2006 to 2014



Source : Fast Retailing (2015a)

Figure 1.2 Net Sales of Fast Retailing 2006 to 2013



Source : Fast Retailing (2015a)

Table 1.8 Net Sales Growth Rate of Fast Retailing 2007 to 2014

Year	2007	2008	2009	2010	2011	2012	2013	2014	Average
Net Sales	17.0%	11.7%	16.8%	18.9%	0.7%	13.2%	23.1%	21%	15.3%
Ordinary income	-7.7%	34.7%	24.2%	21.9%	-12.1%	8.7%	5.1%	11.8%	10.8%

Source : Fast Retailing (2015a)

Table 1.9 Net Sales Growth Rate of Fast Retailing 2002 to 2016

Year	2002	2003	2004	2005	2006	Average
Net Sales	-17.8%	-10.0%	9.8%	12.9%	16.9%	2.4%
Ordinary income	-52.9%	-24.8%	8.0%	-11.4%	24.1%	-11.4%

Source: Fast Retailing (2007a)

The vision reminds us to realise until 2013 and 2014, as shown in figure 1.1 and figure 1.2. But with the 2006 vision, the company has a huge growth rate in 2006 to 2014, which is 15.3% in net sales shown in table 1.8, compare to 2002 to 2006, which is 2.4% as shown in table 1.8 and table 1.9.

The Vision of the company changed from a S.M.A.R.T. goal to more conceptual goal, the 2014 vision included the ambition to be the leading manufacturer and retailers in the world. They continue to expand their market and move the focus on developing the overseas market. Including opening new production office in Istanbul, that fits the overall company strategic plan. At the same year, fast retailing is listed in Hong Kong Stock exchange.

The new 2016 vision included the new concept of information powered, that means company vision is to make all the data easily access and collect. After the new vision, they launched one of the most successful digitalisation project in the world in 2017 (on.cc, 2017). They place RFID tag in every clothing they produce and using the technology they rebuild the shipping system, shop logistics system and simplify customer shopping experience by

cutting the check out counter waiting time. Using the technology, the company can now develop new product base on different country needs and buying behaviour.

In 2020, the company further expand its vision into the world number one apparel retails.

With the development process of the company's vision, the road map of the management is now clear, to be the number one in the world.

The Strategic direction related to mission and value

Table 1.10 Examples of how Fast Retailing put mission in to strategic

The FAST RETAILING Group Mission		
• 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 • To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society		
Element of mission	Strategic plan	Action
Truly great clothing with new and unique value	Using unique value as Product differentiation	New Research and development
Help customers experience joy, happiness and satisfaction	Market oriented approached	Collect and analysis customers need using technology
Enrich people's lives through our unique corporate activities	Focus user buying experience	New flagship store with larger space and held activity
To seek to grow and develop our company in unity with society	Implement CSR policy	Donated profit for second-hand clothes and implement responsible production

Source : Writer construct the table

The above table 1.10 gave examples of how fast retailing setting its strategic plan and action according to the mission of the company. One of the most important company's strategic plan is its market differentiation.

Fast Retailing has a clear image as a clothing brand, it promotes the value of the clothing, for example, its patented Airism product line and Heat-tech stand out of similar products. In Fast Retailing product, they all bring in unique value, that can help them lower the competitor pricing pressure in similar product.

Table 1.11 Examples of how Fast Retailing put Value into action

The FAST RETAILING Group Values	Related policy and action
Approaching issues from the customer perspective	Adding large range of size available in online store (Fast Retailing, 2016b)
Embracing innovation and challenge	Building new Jeans Innovation center in L.A. (Fast Retailing, 2016c)
Respecting and supporting individuals to foster both corporate and personal growth	Launch a regional regular employee hiring system (Fast Retailing, 2007b)
Committing to ethical standards and correctness	launched the 10 Million Ways to HELP Project. (Fast Retailing, 2015b)

Source : Writer construct the table

Table 1.11, gave us an example of how company value related to its action and policy. The idea of building new regional hiring office is aim to help the regional office to plan long-term development goal for all employee (Fast Retailing, 2007b) which is the best example of action according to its value.

Summary

In this section, we can understand by the real case of Fast Retailing, how a well-written Vision can boost company profit, how a mission and value can guide all different department in the different part of the world work in the same united direction.

Topic 2

In this section, the following topic will be discussed.

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

Assessment introduction

In this assessment, a PESTEL analysis will be performed to Hong Kong casual wear industry. PESTEL is a comprehensive tool to analysis different factor that affects an industry, including Political, Economic, Social, Technological, Legal and Environmental. The tool is being used worldwide to help management quick understand marketing threat and opportunity.

As the tools were meant to adapt in any market and any city, this analysis will priorities the 6 elements and discuss the major factors that affect the industry opportunities and threats.

Analysis

In the year 2020, COVID-19 create a great impact on how people live and business operate (PWC, 2020), some changes had created opportunities while some create threats to casual wear industry in short term and long term. We will include the latest factors together with exiting factor in this analysis.

Table 2.1 Opportunities and threats in casual industry for short term and long terms

	Short Term	Long Term
Opportunities	Technology Factor : People change to online shopping (Lowe ,2020)	Environmental Factor : Climate change increases the needs of functional clothes (Zaczekiewicz, 2018)
	Social factor : People look for more durable clothing (Accenture, 2020)	Technology Factor : Data driven operation reduce cost (Fast Retailing, 2020b)
Threats	Social factors - city lock down - Less of spending interest (Lowe ,2020)	Economic factors - world-wide economic downturn(IMF, 2020)

Source : Writer construct the table

Social Factor

Hong Kong had months of work from home policy reacting the COVID-19 (HKGGOV, 2020a), the citizen doesn't need to go office to work. The people allowed in social activity also limited to 4. Since there is a limited social activity. The above policy had forced people to stay at home lead to lower interest to buy new clothing. Compare to the same time as last year, there is a 29.6% drop in spending on clothing (CSD HK, 2020). According to the 2020 Fast Retailing interim report, Hong Kong and greater china area are performing well amount international market, so this threat is a short term one and will follow the flow of the COVID-19.

There is more social behaviour changed in the pandemic, as different government issue warning that the overall economic situation is going bad, people are starting to think of buying more quality clothes at a lower price. Casual wear industry will have benefit from this behaviour changes compared to a luxury brand, especially for a company like Fast Retailing. They position themselves as a functional clothing and claim their clothes are made for long term wear.

Economic factor

The COVID-19 pandemic not only creates a short term social threat to casual wear industry, it also creates a global economic downturn (IMF, 2020). Many countries like the

UK, Japan and Thailand are having foreseeable GDP negative growth in 2020 and the coming 5 years. Unclear state of economic environment will also affect the buying behaviour of citizens. Facing the unforeseeable future, Asians will more likely to increase their household saving ratio (OECD, 2020). The higher the saving ratio, means there is less buying power in the market (Muradoglu and Taskin, 1996).

Environmental Factor

In these decades, global climate changes have become a more important issue. In Hong Kong, the average temperature of July reached the record high in the year 2020 (HKGOV, 2020b). Hot weather provides an opportunity to the casual wear industry as casual wear usually uses more light textile and design for outdoor usage. In order to promote environmental protection, many companies are now encouraging staff to wear casual wear instead of formal style which can help lower the demand for air conditioning. Some clothing with specific design, like Uniqlo Aircool which provides an easy-to-dry and cooling function, are more likely to be adopted by the customer for everyday wear.

Technology Factor

In 2015, when HKTV mall first large scale promoted online shopping in Hong Kong, there were different points of view saying that Hong Kong is not suitable for online shopping development due to its high population density (GS1, KPMG, 2016). In 2020, the case is different, online shopping is now becoming one of the major revenue income for lots of companies. For a company with well-planned delivery and stocking system, the casual wear industry can take this opportunity to increase online sales. As the rental rate is one of the major costs for the business in Hong Kong (Wenweipo, 2019), promoting online shopping can ease the pressure of opening a new store and can help reduce the shop area.

A successful online shop will help the company increase sales per ticket as the customer needs to meet a certain amount to enjoy free delivery service.

Technology also creates a long term opportunity for casual wear industry player. The casual wear industry becomes the fast fashion industry. Customer looking more new product every month of every week. A company with the precise data on customer preference can react quickly in design and logistic process, for example, when shop notes the weather will become cool in the coming week, they can arrange their winter collection to show in the display. With the data of different location, they can spread more suitable size and colour in a different location. minimise their stocking cost. Also, with the help of the above technology, they can provide more competitive price among other industry players.

Summary

The industry is facing a huge challenge from the pandemic, yet there are still lots of opportunities market player can take advance to in order to achieve their business goal. Online sales channel seem to be a good angle to explore.

Topic 3

In this section, the following topic will be discussed.

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

Evaluation background

Fast Retailing is one of the largest clothing company in the world. Its founder Tadashi Yanai had been the richest person in Japan since 2009. In this part of the evaluation, we will perform a Balanced scorecard (Kaplan and Norton,1992) to examine the effectiveness of Fast Retailing strategies recently proposed.

Business changing every day, in this discussion, Fast Retailing had proposed different strategies with huge success since it is founded. However, we will focus on strategies proposed or still being enforced from 2017 to 2020. A comprehensive balanced scorecard required 9 steps beginning from developing a mission statement to set goal and development improvement plan. As the Vision, mission and value are discussed in topic 1 of this assignment, the explanation of the Vision, Mission and Value will not be covered in detail.

Evaluation

Balanced Scorecard put different measurement, including financial, customers, internal business process and learning and growth, to form an overall performance than the company delivering to all stakeholders.

Financial

Fast Retailing is one of the largest clothing company in the world, the company is listed in Japan stock exchange in First section and Hong Kong Stock exchange. Their group

revenue growth 7.5% in 2019, reaching 2.29 trillion JPY (Fast Retailing, 2020c), doubled compared to 2013. Their growing strategies is the main driver of the high growth rate. The increase the store number by around 10% in both Greater China and South and Southeast Asia market (Fast Retailing, 2019a). Their stock price has over 130% growth from JPY 30,000 in 2017 to JPY 70,230 in July 2019, which would please shareholder as the return is Significant.

To maintain the balance of company growth and shareholder interests, they keep the dividend ratio is around 30% of the profit. For shareholder in Hong Kong, their interest rate is around 0.7% annually (Aastock, 2020). Although the dividend ratio is reasonable, the interest rate is very low compare to other international company that listed in Hong Kong, that will not fit the investor who targets company interests.

Customer

Another important element of the balanced scorecard is how do customers view the company. In their mission and values, they show themselves put customer feedback and opinion is very high priorities. In mission, we understand all the product they produce is to help customer to experience joy, happiness and satisfaction. Also, one of the value is to solve the problem in a customer point of view, that also became active in their everyday management style.

Fast Retailing is putting effort in increasing customer satisfaction. Since 2011, they started to ask a customer to fill out a post-purchase survey though online, this survey covers 23 countries and there are over 5,7 million responses in 2019. The result shows high satisfied feedback, with around 0.98% of customer are dissatisfied. Compare to 2018 which is 1.05%, there is an improvement in the year 2019 (Fast Retailing, 2020d). This result shows their business strategy on increasing customer satisfaction is having good jobs.

According to Fast Retailing (2020), they actively put customer feedback as a part of business discussion. Take the UV product line as an example, the idea of all more UV protection clothing into mass production is given by a happy customer.

Learn and growth

Helping employee learn and growth is being included as a part of fast retailing's value, and they managed to successfully transform it into action. In the balanced scorecard, learn and growth offer also related to the company's ability to develop new product and service.

Fast Retailing provides 2-year training to its management trainee, that gives university student a chance to understand all department of the company before entering the management grade(Uniqlo, 2020). The training path of the employee is unique, the human resources department will discuss with each employee to form the training and career path for them. The process helps to increase the retention rate as there is a specific goal for each employee. This action can also help to encourage the employee to think of the more productive suggestion that helps company over-all performance.

In company level, fast retailing are continue putting effort on innovation and develop a new product. In the 2010s, they invented Airsim and heat tech, which remind the best selling product line in over 15 years. Recently, they put their develop focus jeans and UV protection. In 2017, they launched an innovation centre on jeans, try to develop more durable textile for jeans product line (Chong, 2019).

Internal Business process

In an enterprise as large as Fast Retailing, the business process had to be carefully design and accurately implement. There are several processes of Fast Retailing, which will be covered, including supply chain management and shop management.

With millions of product being sold every day, there are impossible to build its product line local in japan cornering cost and geography location. There is 5 purchasing office

worldwide in Uniqlo, and when they plan the production line, they focus on the element of quality check and give it a special name. With the outstanding quality check, process customer will enjoy high-quality clothing that echoes with the mission and also increase the satisfaction rate of the customer.

In 2017, Uniqlo implement RFID technology in the entire supply chain (Fast Retailing, 2019b), which able the manage the product real-time. Also this help to reduce a huge amount of time for shop level employee. First, it reduces the time needed for monthly stocktaking process and switches it to real-time stock management. Not only do employee having more time to server customers, but it also reduces the accident chance. Second, the RFID make cashier work more easily, cashier only needs to put all the clothes above the sensor, the total amount will be listed in seconds. It helps smooth the process and reduce customer waiting time.

The continued improvement of the business project a health and visionary brand image to staff and other stack holders.

Summary

Using Balanced scorecard, Fast Retailing shows they are able to maintain balance and provide benefit to all stakeholders. Company show they working hard on the rise the performance of all area and fulfil the increasing expectation from them.

Topic 4

In this section, the following topic will be discussed.

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

Recommendation background

2020 is a special year of all companies, as the world is facing the most challenging time in decades. It is time for companies in all country and all size to rethink their internal and external strength and weakness with a new 3-5 year strategy plan. While other competitors are facing the same challenge, a well-developed plan might help a company like fast retailing to achieve its vision, to be the number one apparel brand in the world.

To best demonstration the strength and weakness from internal to external, a S.W.O.T. matrix will be used in this section. The recommendation will align with the vision, mission and value of the company so that the recommendation will be more easily understood by world level management and yet easily adopted at the local level. S.W.O.T.

Tabel 4.1 Fast Retailing S.W.O.T.

Strength	Weakness
1. Strong research and development team 2. Data driven operation	1. Lack of brand loyal due to the simple and basic design 2. Weak online marketing performance
Opportunity	Threat
1. People looking for more durable clothing 2. The user buying more often through online store	1. COVID-19 pandemic lead to less spending interests 2. More market player going into similar market position with uniqlo

Source : Writer construct the table

The above table 4.1 shown the strength of fast retailing, their strong research and development team able to help them to gain a good market share, like Airsim and heat

tech. The textile patent let them differentiate themselves with other fashion brand using a simple and basic design.

Starting from 2017, they launch the Ariake project that helps the company go through digital transformation (Fast Retailing, 2020b). With the new project, they will be able to use AI technology helps analyse huge volumes of information. They can make good use of the result to develop new product and improve existing.

Fast Retailing had some weakness base on the nature of casual wear. In many years, they are facing the weakness of having less brand loyalty. Their product design was simple and basic, take their t-shirt as an example, they are very similar to another brand t-shirt. The consumer can easily change to another brand as there is no switching cost. Another weakness is their online marketing strategies is not performing great compare to others. Social media is one of the most effective channels to promote companies product as well as vision, mission. They had only 2.3 million followers on Instagram while H&M had 35.9 million (H&M, 2020) and Zara had 40.9 million (Zara, 2020), which need to be improved.

The previous topic covered the opportunity and threat in casual wear industry. Due to the COVID-19 people changes its channel of buying to online and look for more durable clothing. The world-wide economic will also affect the spending interests of citizens. Together with more clothing industry coming with low-cost marketing strategies like ASOS and NEXT.

Recommendation

Table 4.2 Recommendation on Fast Retailing

Internal External	Strength	Weakness
	1. Strong research and development team 2. Data driven operation	1. Lack of brand loyal due to the simple and basic design 2. Weak Online marketing performance
Opportunity 1. People looking for more durable clothing 2. The user buying more often though online store	<u>S1O1 Speed up new textile develop a process for different product line</u> S2O2 Make good use of Ariake project to track the existing customer to buy online	<u>W1O1 Include more durable function in product design</u> W2O1O2 Promote online store by offering free delivery worldwide to understand which location is good for the online store to promote
Threat 1. COVID-19 pandemic lead to less spending interests 2. More market player going into similar market position with uniqlo	<u>S1T2 Avoid low cost market, promote functional</u> S2T1 Develop and promote product focus on high spending group in short term	W1W2T1 Do target group online promotion a basic and simple item <u>W2T2 Leverage physical store advantage to create an O2O buying experience</u>

Source : Writer construct the table

As shown in the above table 4.2, there is a recommendation for corporate and business level. For the corporate level, the recommendation will be long term and involve new resources allocation that is shown in the table with an underline. Strategies can be implemented in a short period of time to grow sales and don't require large scale resources allocation will be defined as the business level.

Corporate level

Fast retailing has a strong mission to provide unique value to its true great clothing, and since 2006, innovating new functional textile had never been stopped. As people are now looking for more durable clothing, the company should put more effort into such an area. Apart from financially support, fast retailing should also get more innovation idea from a customer focus group. At the moment, a product like Airsim and heartache are a big hit in Asia market, but not in Europe and America market (Nikkei Asia, 2018). With the help from the development centre in LA and the Ariake project that helps collect customer needs, fast retailing should roll out more new textile the fit western market.

To turn one of the weakness to corporate-level strategies, fast retailing are suggested to keep their product design simple and base while grabbing the opportunity that under pandemic, people are looking for simple and affordable clothing. To help the strategy successfully, the company in one hand should increase the new textile product life cycle, keep the customer excited on new affordable technology, in another hand should put more marketing budget in explaining the new technology but not the style of the product. Take hiking brand Columbia as an example, their head tech textile successful bring unique selling point to their jacket and underwear, increasing sales and brand image.

As the world buying interests getting low, there will be more and more brand trying to put themselves as a low-cost provider. Being a low-cost provider can help brand sales in short term, customer can buy a similar product at a lower price than before. However, the brand image to a customer will change and after the short term boost, the company might see a significant decrease in their profit margin. The suggestion to the company is to avoid low-cost market and enhance the image of functional clothing like mentioned above. To maintain the market share and long term profitability, special coupon and similar program can be launch, we will cover it in the business level recommendation.

As mentioned above, together with the trend of online marketing, the market player is having a lower cost to provide service and product to the world. A company like ASOS and NEXT are growing sharply, company relay on the physical store will face a huge challenge, as online store can provide much more products and opening 24-7 around the world. Putting hard-work to build the online store is already a must. The question is, how company leverage its huge network on physical store and make out range others online store? Uniqlo should try to create unique O2O experience to the customer, for example, custom made family T-shirt, recording customer buying history and do personalise store discount on a certain period. In 2020 Sept, Uniqlo had launched a 5 floors flagship store in

Macau to create a unique activity for the customer as mention in their mission and value (HKET, 2020).

Business level

The overall business-level strategies for fast retailing is not hard to plan as the company has its strength and the development over the year is doing pretty good. However, due to the market size and the involved number of countries, the result of different business unite might be different.

Under the pandemic, money working labour force to stay at home, the customer will have more time to spend online, Uniqlo should develop attracting membership system and merger with Ariake to implement personalise suggestion on daily clothing suggestions and offer one-click buying. The action can make customer wear nice and fresh even though they stay at home. This is also for the company mission to share joy and happiness.

As their customer doesn't have the behaviour to buy Uniqlo product online, they can consider to offer free delivery worldwide and see what country perform the best in online shopping. Afterwards, management can put more local effort to promote the online store in that area. To get the best result.

To tackle the threat created by the pandemic in the business level, Uniqlo should consider offering further campaign to the high spending target group, for example working young audit and kids. To fully leverage the strength, they can predict the buying interest base on weather and holiday. For example, they can do kids Heat-tech sleeping clothes promotion when the weather is getting cold in the coming week. To improve the weakness in the online store, they should do specific target group social media market with the message of Uniqlo clothes functional and simple.

Summary

All the recommendation are aline with the company strategies planning over the last three year. The main idea is to maintain their market position their product as affordable and have it own unique function. By getting good use of their advance AI technology and put further afford in developing the online store, the company would be able to get a good growth rate after the short term pandemic affects.

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