

Are fashion retailers creative?

Evidence from Uniqlo, Asia's leading fashion brand

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Abstract

This paper examines creativity in the fashion industry based on the case of Asia's leading fashion brand, Uniqlo. It uses the theoretical framework of Richard Caves's seven economic properties to explore the assumption that fashion retailers are creative. Caves's theory discusses the relationships among various types of employees, including creators within companies, products, production, and promotion. This paper uses Uniqlo to discuss creative elements based on an examination of the company's business practices. It mainly explores Caves' three economic properties: *nobody knows*, *A list/B list*, and *time flies*. Through the investigation on Uniqlo's manufacturing, strategic collaboration, and merchandising, the paper argues that the elements of creativeness in Uniqlo are less apparent than the uncreative or humdrum activities. Uniqlo invests in creating additional values in the products and strategic alliances to avoid the uncertainties of hit products (*nobody knows*). It pays less attention to vertical and horizontal ranking of the designers (*A list/B list*) and more to their potential for financial outcome. Uniqlo utilizes its supply chain management and advanced technology to increase merchandising efficiency and avoid the uncertainty in time (*time flies*). Contrary to the conventional idea of the fashion industry as creative, this paper suggests that some companies have fewer elements of creativeness. Thus suggests that it is necessary to conduct research on both creative and uncreative elements in order to understand the fashion industry and creativeness in a more constructive way.

Keywords: creative industry, fashion, Uniqlo, product management, retail

1. Introduction

"You know, our company is different from other fashion retailers. We are more like supermarkets. You see, many people use shopping baskets to buy clothing. You hardly see anything like that in H&M, Zara, or even Gap, right?" This came during an interview I conducted with one of the local managers at Uniqlo, a Japanese fashion retailer, in Hong Kong. Before this interview, I was not aware that the company's stores indeed looked like supermarkets rather than sophisticated and trendy clothing stores. When I observed Uniqlo Hong Kong stores, I found the number of customers was large almost every day. Customers continuously came into the stores and shopped with baskets on their arms. Another local

manager said to me, “We are also different from local fashion retailers. Our clothing is affordable for many customers here, but we did not compromise on the quality, as many local retailers do.” Many other local and Japanese managers agreed with this idea. A Japanese expatriate at Uniqlo Hong Kong said that he could not understand why people would buy low-quality products that were sold at some local retailers, such as Giordano, when they could choose to shop at Uniqlo.

The influence of Uniqlo is not limited to Hong Kong. In 2011, Uniqlo attracted global media attention for signing a \$300 million, 15-year lease for the former Brooks Brothers space on Fifth Avenue in New York, which was the largest deal ever signed in New York (Urstadt 2010). The media widely reported the story of this Japanese retailer, especially its fast and sustainable growth, attempting to understand its secret recipe. Uniqlo’s parent company, Fast Retailing, was ranked first among Asian fashion retailers in 2015. It expanded its store chains to more than 15 countries and regions, and its net sales increased more than 45% in 2015 compared to the previous year (Fast Retailing annual report 2015).

How has Uniqlo achieved this financial success? Is it based on creative activities and strategic business planning, or are there any other influential factors? The fashion industry has been widely considered to a creative industry. According to Hawkins (2007), the fashion industry has a high tendency to be linked with the creative ideas of designers, creators, and artists. Hawkins (2007) explored the creativeness stemming from the *people*–fashion designers–and the trademarks that came with it. In order to examine this conventional mythology, this paper makes use of Richard Caves’s (2000) seven economic properties to discuss whether the mythology applies to the case of Uniqlo.

The definition of creativity has been discussed from various aspects. Some scholars have argued that creativity is associated with “human capacity for originality and innovation” (Williams 1983) and stressed the idea of human power to innovate something new. Negus (1998), referring to the argument made by Simon Frith (1996), claimed that cultural production is not “the sudden burst of innovation but the continual production of familiarity and newness” (Negus 1998:362).

Creativity has been claimed to have a close relationship with the economy. Howkins (2010) emphasized the scope of interaction between creativity and the economy by identifying 15 creative industries including the fashion industry. Florida (2005) claimed that a creative class had been produced through the interaction process between creativity and the economy, and Landry (2000) proposed the concept of a creative city constructed through the creativity of the people living within it. Caves used contract theory to explain the link and the difference between creative and non-creative (or, as he describes them, *humdrum*) inputs and described how creating music is different from pressing and distributing music compact discs, but how these two activities are interrelated (2002).

Richard Caves (2000) identified seven economic properties in the creative industry. The first property is *nobody knows*. This suggests that no one is able to predict exactly how customers will react towards a product before the launch, and it is difficult to understand the reasons for a hit afterward. The second property is *art for art’s sake*. Creators’ works aim to express their originality and skills rather than increasing their income, which results

in lower wages compared to people who do uncreative or *humdrum* work. The third is *motley crew*. This suggests that creative products such as films require more than one person to create high value, and collaboration is significant for the quality of products. The fourth property is *infinite variety*. Creative products are considered to possess infinite variety to satisfy the various tastes of the consumers. The fifth property is *A list/B list*. This explores how creative people are vertically ranked and how their skill differences directly influence the success of creative products. The sixth is *time flies*. This stresses the importance of time in releasing creative products to the market. The final property is *ars longa*. This shows that creative products can be durable in terms of copyright so that the original creators can collect royalties.

Many scholars have focused more on the *people* aspect of creative industries rather than the rather humdrum business activities of firms. Research targets have generally been representative luxury fashion houses and fast fashion retailers with higher financial achievements. Scholars have examined how creative personnel who work for traditional fashion houses such as Chanel, Prada, Gucci, Burberry, and Dior produce avant-garde fashion products and develop strong brand power (see Moore and Birtwistle 2004; Fionda and Moore 2009; Choi et al., 2010; Crewe 2010; Khamis et al. 2010; Kim and Ko 2011; Smith et al. 2013). These publications seem to overlook the profit-oriented nature of the company.

Zara and H&M gained attention for their successful financial achievements and have been studied as representative fast fashion retailers. Scholars have examined how the companies are able to translate fashionable items from the catwalk to the shop floor within a short period of time without neglecting the pricing strategy (see Ghemawat et al. 2003; McAfee, Dessain and Sjöman 2007; English 2007; Tokatli 2008; Cachon and Swinney 2011). These companies have also been criticized by some scholars because of their contribution to waste (see Kaiser 1995; Doeringer and Crean 2006). Unlike the studies on luxury items, these publications focused little on creativity.

Creative *people* are indeed important to produce creative products; however, fashion companies are required to balance their creative activities and uncreative practices. Research on Uniqlo has focused primarily on the company's distribution system, product manufacturing, and collaboration with designers (see Matsushita 2010; Choi 2011; Kawashima 2012; Tsukiizumi 2012; Omiya 2013; Saito 2014); however, few studies have examined the linkage between the company and creativity. Some of them have assumed that the products sold in fashion retailers are creative.

Based on research gathered first- and second-hand, this paper uses the case of Uniqlo case to explore the meaning of creativity in fashion retailers based on the theoretical framework of Richard Caves's economic properties of *nobody knows*, *A list/B list*, and *time flies*. This starts with an introduction to Uniqlo's historical development and its major business strategies and then moves on to an analysis of to what degree Uniqlo's achievement links to the economic properties. The study concludes with implications for further discussion on creativity and the fashion industry.

2. What is Uniqlo?

Uniqlo, short for Unique Clothing Warehouse, has had a strong impact on the Japanese fashion industry. Uniqlo and its parent company, Fast Retailing (hereinafter FR) achieved continuous growth in a depressed Japanese economy, aggressively expanded to overseas markets, and set clear financial goals. Uniqlo's business model is called SPA, an abbreviation of "specialty store retailer of private label apparel."¹⁾ Among worldwide SPA fashion retailers, FR was ranked fourth after Inditex, the parent company of Zara (\$23.78 billion), H&M (\$22.4 billion), and Gap (\$16.4 billion) (Fast Retailing, May 2016).

The net sales of FR totaled \$13.8 billion, and its operating profit was \$1.35 billion in August 2015. Figure 1 shows how the net sales of FR increased largely from 1992, especially from 2003, and the company has been able to grow its net sales continuously without a significant drop since then.

When the sales of FR achieved 1 trillion yen (around \$8.3 billion) in August 2013, Japanese media reported this news widely (Okita 2013) because it was the first such achievement by a domestic fashion retailer in Japanese history. The founder, Mr. Tadashi Yanai, was not satisfied with this result, announcing that the company's 2020 goal would be to become the number-one apparel firm with 5 trillion yen (around \$41.7 billion) in revenues (Kawashima 2012: 112). Some media doubted Uniqlo could achieve this goal within the given time (such as Maheshwari 2014; Hendricks 2015); however, it is one of Uniqlo's characteristics that the founder, Tadashi Yanai, announces ambitious goals not only to outsiders

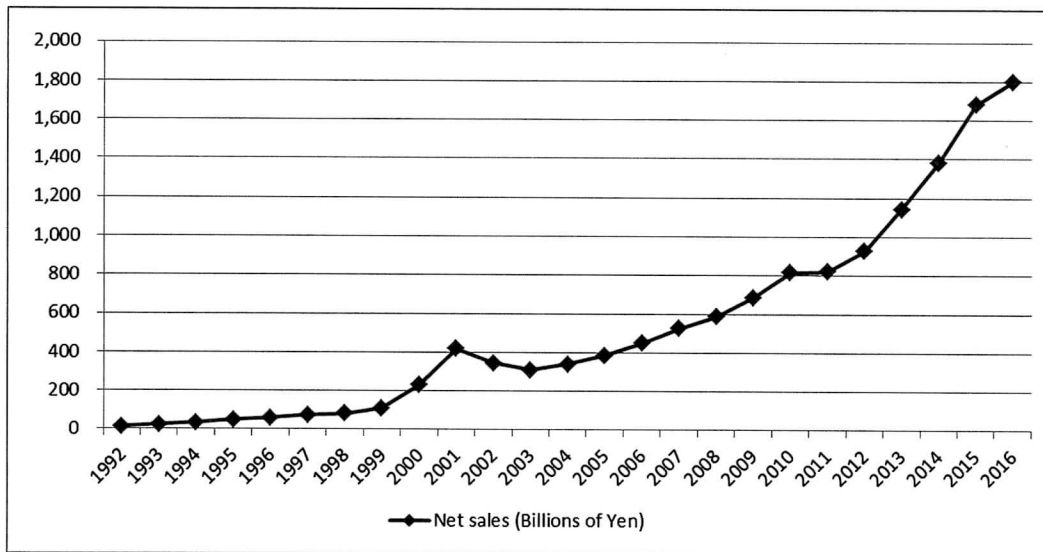


Figure 1 Net Sales of Fast Retailing (1995 to 2016)

*2016 is an estimate as of January 7, 2016.

Source: "Fast Retailing," FR official website

1) This term was first used by a speaker at the 1987 Gap stockholders' meeting. A Japanese reporter shortened it to "SPA," the Japanese translation of *seizō kourigyō* (manufacturing retailer), because companies not only manufacture but also distribute their products (*Senken shinbunsha* 1999: 4-5).

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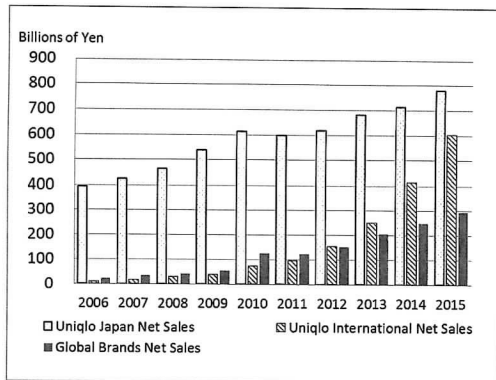


Figure 2 Fast Retailing Net Sales by Business Segments (2006–2015)
Source: Fast Retailing Annual Report 2015

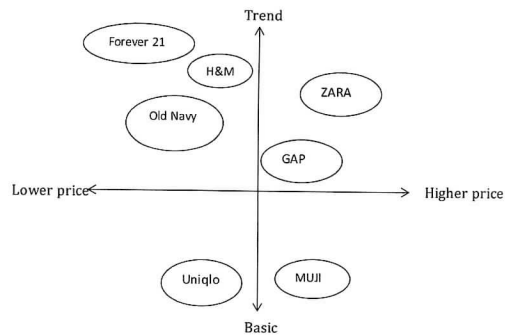


Figure 3 Marketing position of fashion brands
Source: Kawashima (2012: 169), revised by the author.

but also for employees.

FR has three business segments: Uniqlo Japan, Uniqlo International, and Global Brands. Among these segments, Uniqlo dominates more than 70% of the group's net sales (Fast Retailing Annual Report 2015: 14). Uniqlo Japan used to represent more than half of the group's net sales; however, Uniqlo International gradually increased its presence. Figure 2 shows the rapid increase of Uniqlo International since 2006 when the company began operating overseas (UK, China, and Hong Kong). The net sales of Uniqlo increased rapidly from 2012; in 2014, the growth rate was 45.9% and the operating income increased 31.5%.

This paper reviews the historical development of Uniqlo and then explores the process of defining and redefining its core product principles—higher quality, affordable prices, additional value, and basic functionality—through its business operations.

After opening its first store in 1984 in Hiroshima, Uniqlo gained relatively desirable financial results in Japan from the 1980s to the 1990s. After the company changed its name to Fast Retailing in 1991, it opened a chain of stores nationwide. Many Uniqlo stores at that time were “roadside” stores²⁾ located out of town and targeted at young customers. This store location strategy allowed Uniqlo to realize the potential power of casual wearers. Meanwhile, the company was also finding prospective factories in China and South Asia to outsource its manufacturing.

Uniqlo's business model, SPA, allows the company to create products in the Uniqlo way: with high quality, affordable prices, and basic functionality. The company designs for all customer segments, preorders a large amount of clothing in a single order to control the cost, and has a team specializing in textile manufacturing, led by the team of *takumi* (skillful personnel), to improve quality (Fast Retailing Annual Report 2014). Figure 3 shows Uniqlo's distinctive marketing strategy in terms of fashion trends and prices. It shows how the company was able to control prices compared to its major competitors and its focus on basic functionality rather than trends.

2) “Roadside” stores were located near busy main roads (Ministry of Economy, Trade and Industry, 2010).

Uniqlo's core product concept has been formed throughout its historical development. The first turning point was Uniqlo's fleece campaign in Harajuku, Tokyo, in 1998. Uniqlo ambitiously expanded its business in Japan, although the brand recognition was lower than that of other retailers such as Zara. The company invested heavily in the fleece campaign with colorful ads stressing the basic functionality, affordable price, and quality. This surprised many Japanese customers because the average fleece products cost around 5,000 to 6,000 yen at that time while Uniqlo sold in the average price of 1,990 yen (Kawashima 2012:73). This campaign helped Uniqlo to put efforts into quality and price.

The second turning point was its overseas expansion, starting with the United Kingdom in 2001. Uniqlo was not able to achieve desirable results in the United Kingdom for the first several years; however, it did not stop its business expansion overseas but instead entered the Chinese market in 2002 and the Hong Kong market in 2005. After gaining huge financial success in Hong Kong, the company reevaluated the significance of its core product principles, in particular, quality, price, and basic functionality, and decided that the company needed to focus on incorporating these concepts in their products (Zhu 2016).

The third turning point was when Uniqlo started to launch products with additional value. The company launched its thermal underwear series, "Heattech," made with a special material embedded with the latest technology. The corporate founder, Yanai, said that the company could transmit valuable information through its products that could benefit customers (Yanai 2012: 154). The huge success of the Heattech series influenced the way people see thermal underwear (Zhu 2016).

The fourth turning point was Uniqlo's opening of global flagship stores designed to increase its brand visibility and reconstruct its brand image. By May 2016, the company had opened seven global flagship stores in New York (2006 and 2011), Shanghai (2010), Seoul (2011), Hong Kong (2013), Berlin (2014), and London (2016). The opening of global flagship stores attracted a number of customers and created media exposure. For instance, the Soho global flagship store in New York attracted more than 24,000 customers on a typical Saturday and sold more than 2,000 of a single style of fleece jacket in a single day (Urstadt 2010). Mayor Bloomberg attended the opening ceremony and commented that the Soho store would create a thousand new jobs (Weinmann 2011).

With its increasing brand recognition overseas, Uniqlo redefined its global strategy and announced its Global One Policy in 2008 to reinforce the core product principles: higher quality, affordable price, additional value, and basic functionality (Zhu 2016: 61). The company's strong belief in its core product principles and its continuous practices to incorporate them into their products has contributed to the company's financial success and brand awareness. Next, this paper will discuss in detail how creativity is linked with Uniqlo's business practices.

3. Economic properties and Uniqlo

This section focuses on an examination of three of Caves's economic properties—*nobody knows*, *A list/B list*, and *time flies*—as they relate to Uniqlo's merchandising, collaboration, and manufacturing process, respectively.

3.1 *Nobody knows*

The economic property *nobody knows* indicates the difficulty of predicting which products will succeed because of the uncertain and fluid demands of customers (Caves 2000). Customers' preferences on creative products are continuously changing and may differ individually, which is why it is hard to understand how these creative products gained success while others did not. Unpredictability is not easy to overcome. Uniqlo founder Tadashi Yanai recalled that many executives, including him, never predicted the huge success of Uniqlo's fleece campaign in 1998 (Yanai 2012). This applies to the case of another great hit, the Heattech series, as well, even though executives had great expectations for the Heattech series at that time (Matsushita 2010:110). However, for a profit-oriented and mass-production company such as Uniqlo, it is necessary to find ways to overcome these obstacles. This session examines how Uniqlo focuses on the manufacturing of its key products and strategic alliances with other companies to avoid unpredictability.

Compared to other fashion retailers such as Zara, H&M, and Gap, Uniqlo was distinctive in making efforts to improve the materials of some key products and limiting the risk of new product launches by expanding the product variety within the same product category. According to Uniqlo's 2015 Annual Report, the company has 19 key products (2015: 31).³⁾ In the historical development of Uniqlo, the greatest hits have been the fleece products, the Heattech thermal wear series, and an underwear series for the summer: AIRism.

It was not an easy path to producing great hits. Uniqlo sold two million pieces of fleece products in 1998, eight million pieces in 1999, and 26 million in 2000 (Kawashima 2012: 57). This campaign greatly contributed to transforming the brand image of Uniqlo from a regional fashion company that sold cheap, unfashionable clothing to a relatively modern brand with higher quality (Matsushita 2010:2). However, in the next few years, Uniqlo was not able to launch great hits, which the founder, Yanai, said was one of the major reasons for its undesirable financial status at that time (Yanai 2012: 127-128). Uniqlo seems to have lost its direction in brand building: should Uniqlo sell casual wear only or become a fashion icon (Horikoshi 2008)?

Uniqlo recovered from this business depression with the launch of its Heattech thermal underwear series in 2004, selling three million pieces (Kawashima 2012: 25). Later, Uniqlo sold more than 12 million Heattech products in 2006, 20 million pieces in 2007, 28 million pieces in 2008, 50 million pieces in 2009, 80 million pieces in 2010, and 1 trillion pieces in 2011. Uniqlo announced that the Heattech items had sold a total of 3 trillion pieces by 2010 (Fast Retailing 2010). Uniqlo data indicate 55.3% of Japanese had Heattech products, which shows the popularity with and strong support from domestic customers (Suwa 2011: 6). This great hit opened the door for Uniqlo to build an empire of functional underwear.

Uniqlo's successes were impossible to achieve in one day. In fact, in 1999, a year after the sensational fleece campaign, Uniqlo closed a contract with the Japanese textile company

3) The 19 categories are fleece, Air Tech, UT, cashmere, Heattech, extra fine merino, premium down, premium linen, Supima cotton, skinny jeans, bra tops, ultra light down, AIRism, body shapers, UV cut cardigans, legging pants, Danpan warm pants, ultra stretch jeans, and Steteco and Relaco.

Tory to produce “special” materials (Kawashima 2012: 25). The founder, Yanai, recalled that it was a pity that Japanese textile companies did not utilize their high technology for mass production (Matsushita 2012: 135). When the Heattech series was launched in 2003, the function was limited to heat protection and warmth, although Uniqlo was able to launch products with additional values such as dry functionality, moisture retention, and weight saving in the following years (Kawashima 2012: 145). This shows that Uniqlo created additional values in its Heattech products through the strategic alliance with Toray.

The founder, Yanai, stressed that the success of the Heattech series was based on the technology embedded in the materials (Matsushita 2010: 110–111). Thermal underwear was not a creative idea at that time because many other competitors had entered the market before Uniqlo; however, Uniqlo was able to gain such an achievement and even dominate the domestic market because of the additional values embedded in its materials based on a strong belief in the core product concepts (Zhu 2016). The strategic alliance with Japanese companies such as Toray contributed to incorporating the latest technology into the materials to create additional values.

Uniqlo’s strong belief in its core products was inherited by its next hit items: “sara fine” and “silky dry,” which later were unified under the new product name AIRism. These two series, sara fine and silky dry sold 1 million pieces in 2008, 6 million in 2009, 16.6 million in 2010, and 28.9 million in 2011 (Kawashima 2012: 57). In 2013, the series AIRism series added eight different functions including stretching, anti-odor, moisture wicking, and heat release, to satisfy customer needs (Nakajima 2013: 11). This shows that Uniqlo has paid more attention to creating special materials than to launching fully new products

In addition to efforts to improve its materials, Uniqlo maximized the variety within limited product categories, in particular, for fleece, Heattech and AIRism. Fleece products differed in materials (such as furry fleece, jacquard fleece), styles (such as turtleneck, high neck), patterns (plain or with printed patterns), categories (underwear, socks, outerwear, pants, etc.), and colors (one product could have more than 20 colors). In 2009, Uniqlo launched 172 types of fleece products sold in the price range from 990 yen to 3,990 yen (from \$8.2 to \$ 33.1) (Shikoku News, October 20, 2009).

The Heattech series has wider variety than the fleece products. In 2012, Uniqlo launched 827 different types of products in terms of color and patterns, 2.5 times more than the previous year (Yamashita 2012). This also applies to the case of AIRism. In 2012, Uniqlo announced several changes for the sara fine products: increased comfort with the improvement of the fibers and the launch of sara fine lounge wear and underpants (Nakajima 2012: 27). As long as the key material brings desirable results, the company could earn profits through uncreative practices such as increasing or decreasing the number of colors, sizes, and patterns.

The above shows that Uniqlo focuses on their core product principles to avoid unpredictability. The company invested in creating materials with additional values based on a strategic alliance with a domestic company and expanded its product varieties in a rather *humdrum* way. Uniqlo’s business strategy came largely from early preparation and the market.

3.2 *A List/B List*

Caves (2000) argues that there are vertical and horizontal rankings of creative personnel and products within the creative industry, and this ranking will determine the company's financial success. Many studies regarding creative personnel in the fashion industry have focused heavily on high-fashion houses such as luxury brands, and fast fashion companies that provide trendy clothing. The vertical ranking of the creative personnel is claimed to largely influence luxury fashion brands, and different designers may have significant financial results (Heine 2012). Fast fashion outlets have also collaborated with high-end designers, such as Alexander Wang for H&M, Prabal Gurung for Target, and Peter Som for Kohl's (see McCall 2014; Bourne 2015). This section looks into how Uniqlo, a "non-trendy" brand, chooses collaboration partners to increase its net sales.

Uniqlo's collaboration with high-end designers aims to increase its brand status and power in the industry. Its major focus when choosing designers is the financial outcome from selling a large amount of Uniqlo products. One designer who worked with Uniqlo commented, "There is no completely new item in the current fashion world. We need to create products that customers could immediately feel new. That's why we need to propose something new, so as to sell one million pieces" (Horikoshi 2008). This implies that Uniqlo values designers who could make profits over those who are eager to express their originality and aesthetics.

One of the reasons Uniqlo focuses on the number of selling items is its lower price setting. As indicated in figure 2, Uniqlo is one of the few brands that sell at a relatively low price compared to the many fashion retailers that have collaborated with high-end designers, such as H&M, Zara, and Gap (see figure 2), so the company needs to sell more pieces to catch up to or surpass the financial achievements of those brands. To secure its financial success, Uniqlo strategically collaborated with various parties such as designers, companies, and artists.

Uniqlo started the Designers Invitation Project from 2006, aiming to collaborate with worldwide and avant-garde designers. After collaborating with popular New York designers such as Phillip Lim, the company collaborated with former Prada designer Jil Sander for the "+J" series. Uniqlo launched around 850 "+J" items from 2009 to 2011. This aimed to take the brand image to a new level. The project with Jil Sander ended after the launch of the final series in September 2011 owing to the undesirable financial results and differences in the design and manufacturing processes (Tsukiizumi 2012: 226-228).

After the collaboration with Jil Sander, Uniqlo set shorter contracts with designers so that Uniqlo "could start new ideas," according to a research and development manager at Uniqlo (Takamura 2015). Uniqlo undertook a one-year collaboration with the Japanese brand Undercover in 2012, and then with the former artistic director of women's wear at Hermès, Christophe Lemaire. Uniqlo launched 30 types of collaborative products, and the total number of different colors and patterns reached 750 ("Yunikuro akifuyu korabo," 2013). If a collaboration achieved major success, Uniqlo would restart it, but within limited categories. For instance, Uniqlo launched collaboration products with Undercover in 2012, and one year later, it launched products exclusively for kids ("Yunikuro kizzu," 2015).

Another type of collaboration is to “borrow” logos and figures from various companies, Japanese cultural figures, popular culture (film, music, animation, manga, art), and artists and print them on Uniqlo products, especially T-shirts. The number of collaborative companies reached 628 between 2003 and 2011. This collaboration helped the companies to promote themselves within and outside of Japan with the help of Uniqlo’s advanced distribution network. Uniqlo also began to print Japanese cultural figures such as Mount Fuji and *kabuki* (traditional Japanese dance-drama) in a T-shirt series called *Nippon omiyage* (Japanese souvenir) in April 2013 to promote Japanese culture to foreign travelers in Japan (“Yunikuro kikannten,” 2013). Collaboration with popular culture icons includes manga and animation figures such as ONE PIECE, Fist of the North Star (*Hokuto no ken*), Mobile Suit Gundam, pocket monsters, Hello Kitty, and so on. In 2014 Uniqlo invited NIGO, a Japanese street fashion icon, to start be the first creative director of the “New Model T” series.

The collaboration series with the Korean band BIGBANG to mark their Japan tour (2011 BIGBANG Presents: Love & Pain Tour) was enormously popular from the first day. In February 2011, more than 1,200 people lined up for the opening (“BIGBANG × yunikuro,” 2011). This popularity went all the way to the Uniqlo store located in a new Hong Kong town. On the first day of the release of its collaboration series in Hong Kong and Japan, I observed numerous local customers lined up an hour before the opening. Once the store was opened, the customers ran into the store, and from how they picked up their clothing, it seems that they had already researched what to buy. The most popular items were the parka and T-shirts with the logo of BIGBANG, and some products were sold out in one day.⁴⁾

Uniqlo’s collaborations with various designers and parties do not fit exactly into Caves’s theory on the economic property *A list/B list* because their rankings influenced Uniqlo less during the selection process because the company’s ultimate goal was its financial success.

3.3 *Time flies*

Caves’s (2000) argument on the *time flies* property indicates that creative products such as films have to release their creative products to the market at the right time to bring in revenue. The right time indicates particular occasions such as Christmas and award ceremonies, which are important for revenue. Therefore, when the company needs to create complex products with creative personnel with various skills, time is crucial. This section explores how Uniqlo managed to avoid the uncertainty of the “right” timing based on its supply chain management and technological improvement of the stock management system.

Its SPA business model allowed Uniqlo to reduce costs and to control its product quality without compromising manufacturing efficiency. In fact, it was not the company’s first choice to start this type of system, but it was the only solution that would allow Uniqlo to get contracts with well-reputed factories in China in early the 1990s owing to the company’s lower brand awareness and limited financial power (Tsukiizumi 2012: 80–81). The solution was a compromise, but the company still follows this practice. The limitation of the number

4) The store had around 10 to 20 pieces of each clothing item that day.

of Uniqlo product categories was apparent. In 2014, Uniqlo had around 500 products per season, while Zara had 1,500 (Saito 2014). As this paper has already examined, Uniqlo was quite experienced in maximizing product variety within the same category by enriching its colors, sizes, and patterns rather than focusing on launching new and trendy products.

The SPA business model also has risks because of the difficulty of predicting future sales, which resulted in higher inventory risk (Kawashima 2012: 87). Uniqlo used its business strategy based on repetitive daily work to overcome this risk. In 2008, Uniqlo's chief operating officer, quoting the founder, Yanai, said that business skills could be improved just like sports skills, and pre-order mistakes had been significantly decreased because of supply chain management and good usage of technological advancements (Horikoshi 2008).

One of Uniqlo's strategies was its *kanban* or just-in-time supply chain management. Monden (2012) defined supply chain management as "an information system that harmoniously controls the production of the necessary products in the necessary quantities at the necessary time in every process of a factory and among companies" (Monden 2012: 35). Uniqlo was able to provide customers with what they needed with appropriate timing because the company could absorb opinions from the customers at rapid speed through the store managers and various departments such as manufacturing, merchandising, and distribution (Kawashima 2012: 100–101). Uniqlo's monitoring of its sales patterns gives hints about the creation of other products when one type of product did not sell well (Alexander 2010). An interviewee who worked at Uniqlo Hong Kong once told me that the improvement of the stock management system and the skills of managers at headquarters largely contributed to the revival of net sales in Hong Kong. The stock management system played a significant role in attracting more customers there because, according to the informant, the customer service statistics show many customers were dissatisfied with the continuous lack of stock at the store. Wilding (2016) argued that improvement of the stock system allowed Uniqlo to reduce inventory and provide agility, which allowed the company to deal with the inventory problems flexibly.

Another solution was the usage of advanced technology to increase merchandising efficiency. In 2001, Uniqlo introduced a system called G4, which supports planning, ordering, manufacturing, distribution, and stock management and allows the company to share detailed information such as sales and inventory according to different needs ("Aithi sereku-to," 2007). In 2015, the Uniqlo mobile application linked its inventory management system with the global positioning system (GPS) so that every customer could check store inventory online. The inventory control system at the store was significant but became troublesome in the past few years (Hara 2015). When a customer wanted to check the inventory, Uniqlo employees checked with the backroom staff via walkie-talkie or went to the storage area themselves, which not only took time but also was sometimes inaccurate, especially when the storage room was not properly organized. The above changes will significantly improve the way employees work and promote merchandising accuracy.

Another technological aspect is the usage of the integrated circuits (IC) tag on Uniqlo products. The founder, Yanai, stressed the importance of IC tags and declared they will become an industrial revolution (Moriya 2015). Different from traditional barcodes, IC tags are

able to store a massive amount of data, and their implementation will significantly reduce manual work such as the organization of products and annual inventory clearance, and the decrease in IC tag prices will prompt this process (Moriya 2015). In 2015, Uniqlo announced that it would establish a new company with Accenture, a multinational management consulting services company for multichannel retailing and supply-chain revolution (Kaneko 2015). One of the new company's goals is to expand the utilization of customer information from online to actual stores, not only for effective merchandising but also so that store employees can offer custom suggestions for customers.

This section explored how Uniqlo utilized its unique chain store management system and incorporated technological advancements into the stock management system. In the next few years, with its accumulated business experience, knowledge-gathering during the process, and help of innovative technology, Uniqlo will be able to strengthen its skills to *predict* the next big sellers so as to make better manufacturing plans.

4. Conclusion

Within the framework of Richard Caves's economic properties, in particular, *nobody knows*, *A list/B list*, and *time flies*, this paper uses the case of a Japanese fashion giant, Uniqlo, to examine the legitimacy of linking the fashion industry to creativity.

The company is not able to completely avoid unpredictability of when the next hit products will come out and what they will be; however, as a profit-oriented organization, Uniqlo needs to overcome the situation of *nobody knows*. Its strategy is rather humdrum or uncreative, including standing firm with core product concepts; mass producing key products and new products with minor changes, and strategically collaborating with other companies to create new materials. Uniqlo paid more attention to how designers could provide better financial outcomes than to their rankings as *A list/B list*, which is why Uniqlo collaborated not only with designers but also with other parties. Examination of the third economic property, *time flies*, shows that Uniqlo used its unique supply chain management and advanced stock management systems to reduce losses caused by the uncertainty of time.

This paper suggested that the company's business strategies based on repetition and strategies accumulated through its historical development helped the company to overcome uncertainties. Most of Uniqlo's business practices do not fit exactly into the context of Richard Caves's economic property theory. This leads to a discussion about whether we should refer to all fashion retailers as part of a creative industry. The case of Uniqlo indicates that we should differentiate fashion companies according to the degree to which they incorporate creative elements into their businesses rather than including all fashion retailers into one category: the creative industry.

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