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# Competitive plan for Uniqlo

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## Introduction

Uniqlo, a leading Japanese fast-fashion retailer, has successfully expanded its global presence since its founding in 1980, including significant growth in France since 2007. With 270 stores across France, Uniqlo now seeks to strengthen its market position further by opening additional stores. This report provides a competitive analysis of the French market and examines potential expansion strategies to maximize Uniqlo's market share, profitability, and customer reach.


## Executive Summary

We evaluates Uniqlo's current market position and outlines strategic recommendations for expanding its store network in France. Through an analysis of market dynamics, internal capabilities, and transaction productivity across regions, two expansion scenarios are proposed: a uniform strategy of opening two stores per region, and a differentiated approach based on regional productivity and sales data.

Key findings highlight that a differentiated expansion strategy, focusing on high-performing regions and untapped areas, would likely yield the most significant increase in market share, potentially reaching 30%. The report concludes with actionable recommendations to guide Uniqlo's expansion, emphasizing sustainable growth, competitive positioning, and ongoing market assessment.

## 1. Internal anaysis :

We start by analysing the company from within and understanding the internal factors affecting its business operations and its current and future ambistions.

The SWOT analysis is ideal for that end.

A. **Strengths :** Uniqlo demonstrates remarkable profitability, achieving an impressive profit margin of approximately 98% of its sales revenue. With total sales of $264.86 millions and a robust profit of $258.2 million, the company reflects operational efficiency and effective cost management. This exceptional financial performance highlights Uniqlo's ability to generate substantial revenue while maintaining high levels of profitability, positioning the brand as financially sound and resilient in a competitive market. Such profitability not only ensures the company's sustainability but also provides it with the resources needed for reinvestment, innovation, and expansion.

B. **Weakness** : Limited store presence in some regions, reliance on physical stores compared to some more digitally focused competitors. Not to mention, limited number of offerings.

C. **Opportunities**: Expansion into underserved regions, capturing more market share in regions with fewer fast-fashion options. In addition to expanding its online presence and enhance its online shoping options.

D. **Threats** : Competition from ZARA, H&M, and local brands; potential economic downturn affecting consumer spending. Furthermore, the legal troubles, the reputational damages, and the contaversies created by the company can pose a considerable threat.

**Uniqlo's brand strength supports growth, but they need careful regional planning to avoid oversaturating markets.**

## 2. External Analysis :

1) **Competitive Rivalry :** The fast fashion market in France is highly competitive with major players like Zara (Inditex), H&M, Mango, and others. Uniqlo competes on product quality and innovation but faces pressure from these established brands.
2) **Threat of New Entrants :** While new entrants face high capital and operational requirements, digital-first brands are growing rapidly. Uniqlo has an edge with its established brand, but newcomers can still compete in online spaces.

3) **Bargaining Power of Suppliers** : Uniqlo's strong supply chain and scale allow it to negotiate favorable terms. However, shifts in global raw material prices and sustainability expectations can impact costs.
4) **Bargaining Power of Buyers** : Consumers have various options in fast fashion, and loyalty is often low, with a preference for affordability, style, and sustainability. Uniqlo's higher price point could affect appeal among budget-conscious shoppers.
5) **Threat of Substitutes** : Increased demand for sustainable and unique fashion alternatives (like second-hand, local designers) could shift consumer behavior away from fast fashion. However, Uniqlo's basics offer unique value in this space.

Given the intense competition in France's fast fashion market, Uniqlo must strategically select expansion locations where it can differentiate itself, especially through product quality and innovation. While Uniqlo's strong brand and supply chain give it an advantage over potential new entrants, the low customer loyalty typical in fast fashion makes it essential for Uniqlo to appeal to value-conscious and sustainability-minded consumers. This is particularly relevant as there's a growing preference for sustainable and unique fashion options, which could challenge the fast fashion model. As a result, Uniqlo's expansion strategy should prioritize regions with fewer direct competitors and focus on offering accessible, high-quality basics to attract a broad audience. Additionally, given the potential for shifts in raw material costs and consumer expectations, Uniqlo should be prepared to adapt its offerings and marketing to meet evolving trends in affordability and sustainability.

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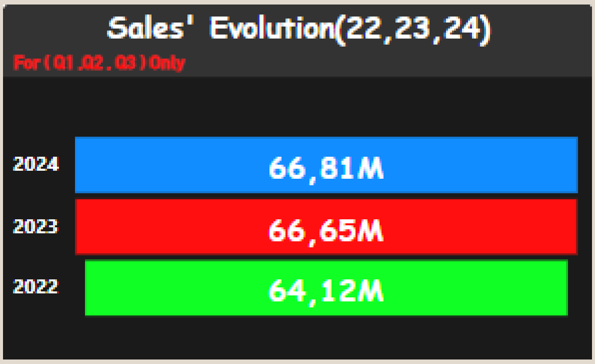
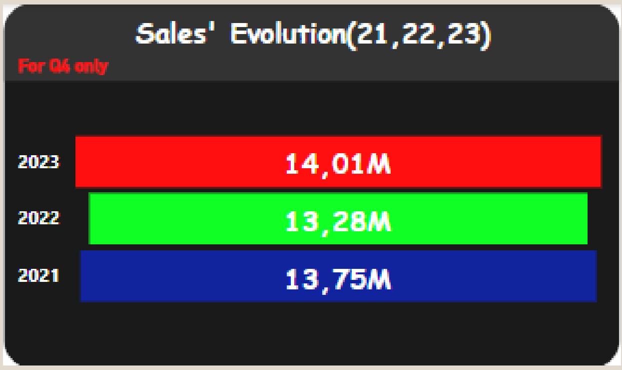
We will move *to understanding the data sets given* and using extra data sets to better understand the performance of Uniqlo and its situation in the market in the last few years.

Among all products, which all perfrom very well, we see that sneakers are highest in quantitity sold. While almost all products enjoy profit margin of 97%, the T-shirts stand alone with 98% which is an outstanding in profit margin. As the profitability in gernal is around the same percentage for all products and in all regions, the region or product profitabilit will be considered symetric and not an essential factor. The salaries vary per region and that end up paying higher pay for salesmen generating lesser profit but its also not an essential factor in our construction of an expansion strategy.

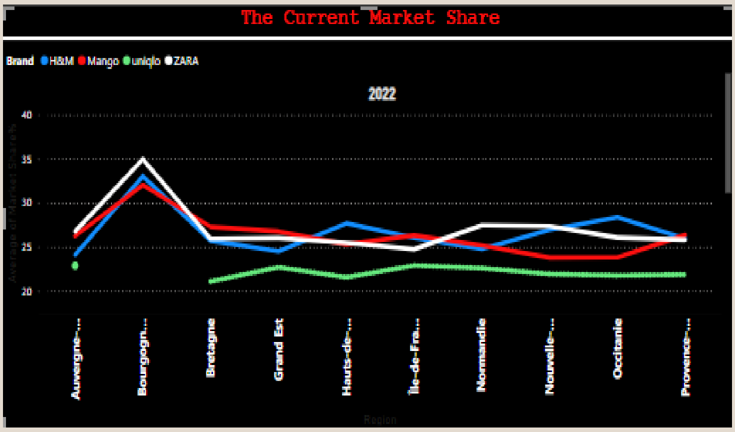
We don't have explicit information on the distribution of the store over the different regions. But as sales in total are varying, for example the sales in Auvergne-Rhône-Alpes are around two million € higher than in Bretagne. This may at first look suggests that there must be more stores there. But the transaction productivity ( #Transaction / #Employees) appears to be highest in regions with highest sales. And as each Region has **100** employees this pushes us to assume that the distribution of stores over the regions is uniform. As we have 270 stores in France and Uniqlo is currently operating in 9 regions, there are **30** stores in each region. Also, we assume all sales are done in physical shops

We further noticed that we can't compare the years 2021-2024 as they are given because they are not symetric around the quarter. Example, 2021 starts only in Q3. Similarly, 2024 does not have complete Q4 (14 days from 90). Therefore there can be no meaningful comparision without taking taking that into account. SO, we have two biggest group of comparables ( 2021, 2022,2023) for Q4. And group (2022,2023,2024) for Q1,Q2 and Q3. Plotting the evolution of sales over year for example yeild an exagerated impression of increase while in reality the sales don't increaste dramatically, see the funnels ;



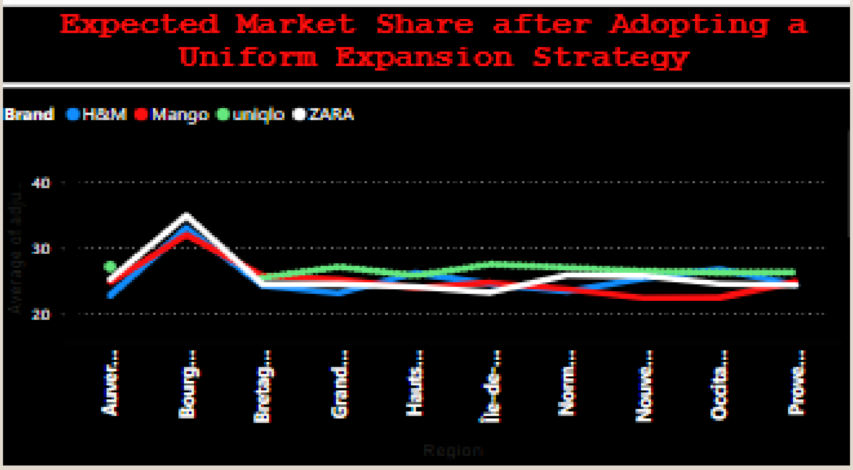

In the turnover file, we first assumed that turnover = sales. Then we noticed that the market share adds up to 100% meaning its only for Zara,H&M and Mango , so we adjusted it by adding the sales of Uniqlo and produced the corrected market share. See the line chart for 2022 as example;




Uniqlo is lurking in the bottom and compeletly absent in Franche Comté. It enjoys a market share of around 23%.

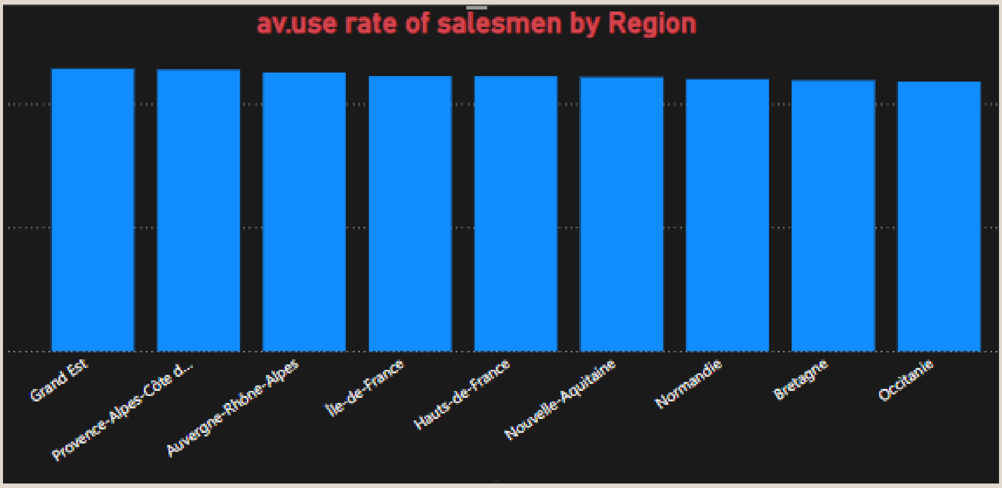
To improve its market share, the company is wondering how many new stores should be opened and where. We will experiment with two different scenarios.

We will assume the market will stay stable and competitors will take time(1 year or more) to adjsut to the hike of market share by Uniqlo. We know there is 30 stores per region (assumed) so we find the average sales per store and consider it the expected revenue of an extra store. The first scenario will be to implement a uniform expansion strategy of 2 stores per region and to try to forcast the impact of that on the market share. We think 2 is better to start with than 3 and easier to manage the concequences if they turn up bad. Here is a visual summary of that for the ten regions. See the line chart for 2025 :




We see now that the market share is above most competitors in most regions, but Zara is still the leader in some. The market share is around 27%.

The second option is to construct a differntiated expansion strategy. The number of stores can differ from a region to another. The discrimination will be based on past volumes of sales, transaction productivity, and others like youth percentage, GDA per capita, population and consumption index of the region . But for simplicity and particularly for the 10 regions given we can find a fine estimation based on the data available : Transaction productivity and past sales. After discusion we found that the Transaction productivity or the rate of use of sales men is an enough indicator. Intution : you don't want to open many stores in regions where the already existing employees are not that busy and you want to open more stores in regions where employees are most busy. Here the hierarchy of regions based on that criteria :



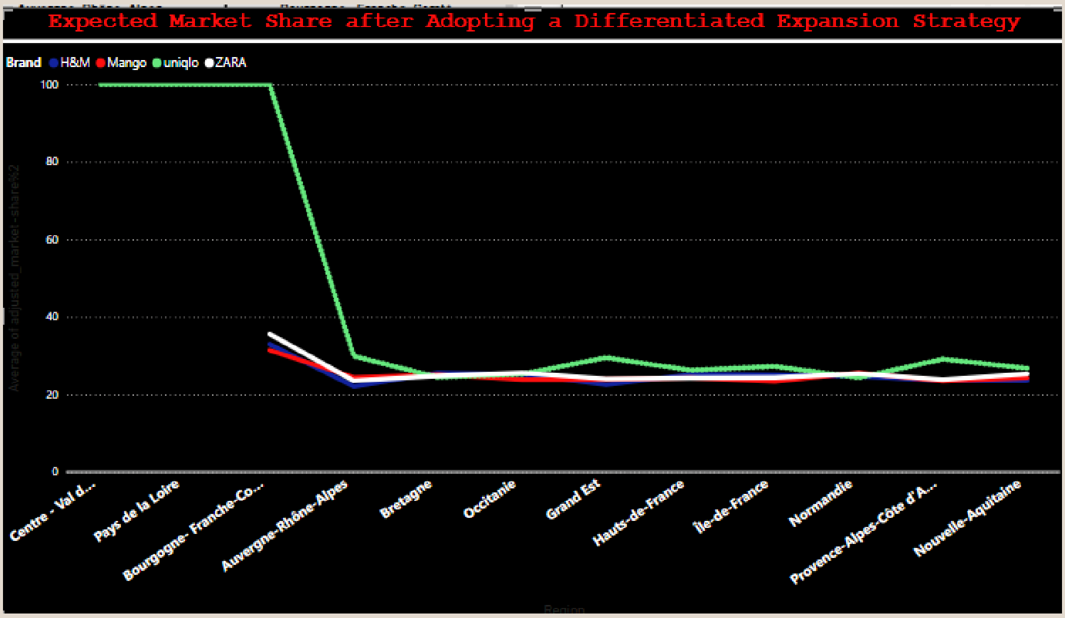

As an example here is an allocation. We consider 3 groups of regions with comparable ratio :

**G1**= (Grand Est, Provence-Alpes-Côte d'Azur, Auvergne-Rhône-Alpes)

**G2**= (Île-de-France, Hauts-de-France, Nouvelle-Aquitaine)

**G3=** (Normandie, Bretagne, Occitanie)

The  as the company announced the intention to open 2 stores per region (24 store for all regions of France) when we have 9 regions currently operating in, 2*9=18 new stores. We have many allocations such if Xi is the number of stores allocated to region i, then sum of all Xi's will add up to the target number of new stores.  We allocate 18 them on the 3 groups such that : (G1,G2,G3)= (9,6,3)**. Then we still have 3 regions than Uniqlo never operated in. For which we allocate 2 stores to each. Now as there two regions empty of Uniqlo main competitors, when we enter them, Uniqlo's market share will be 100%.  Our expected market share will look something like that with 29.9% market share




Now, Uniqlo appears to be the leader in most markets. Note that this allocation does not yeild a different expected revenues ! It just change the distribution of the sales as we are working on competitivity : see the table :

| Region | Sum of Expected revenues of Uniform M.E(2 stores) | Sum of Differeniated market expansion expected value |
|---|---|---|
| Auvergne-Rhône-Alpes | 91 970 971,33 | 94 566 971,33 |
| Bourgogne- Franche-Comté | 66 672 029,01 | 66 672 029,01 |
| Bretagne | 90 607 216,40 | 88 011 216,40 |
| Centre - Val de Loire | 649 000,00 | 649 000,00 |
| Grand Est | 91 316 736,22 | 93 912 736,22 |
| Hauts-de-France | 93 856 435,41 | 93 856 435,41 |
| Île-de-France | 89 387 347,94 | 89 387 347,94 |
| Normandie | 93 468 419,30 | 90 872 419,30 |
| Nouvelle-Aquitaine | 90 860 414,70 | 90 860 414,70 |
| Occitanie | 90 419 501,07 | 87 823 501,07 |
| Pays de la Loire | 649 000,00 | 649 000,00 |
| Provence-Alpes-Côte d'Azur | 91 587 518,92 | 94 183 518,92 |
| **Total** | **891 444 590,30** | **891 444 590,30** |

**Recomendations :**

Based on the data analysis and the two proposed expansion strategies, here are the suggested courses of action for Uniqlo:

1. Opt for a Differentiated Expansion Strategy
The data shows that some regions are more productive than others, with higher sales and transaction productivity. By targeting regions with higher sales productivity, Uniqlo can maximize the impact of its new stores and strengthen its market presence strategically rather than uniformly. For instance, prioritizing Group 1 regions (Grand Est, Provence-Alpes-Côte d'Azur, Auvergne-Rhône-Alpes) with the highest transaction productivity will ensure resources are directed where the market has shown higher potential.
2. **Allocate Resources for New Regions**
Entering previously untouched regions will automatically yield a higher market share, especially in regions where Uniqlo's main competitors are absent. This can provide Uniqlo with a strong competitive advantage in these areas, building brand loyalty and local presence from the ground up. Allocating two stores each to new regions is a conservative yet impactful approach that allows for testing market receptiveness.
3. **Focus on Sustained Growth Metrics, Not Just Market Share**
While market share is essential for competitive positioning, maintaining profitability and customer satisfaction should be prioritized. Expanding too rapidly without a clear ROI could dilute the brand's profitability, especially if employee productivity does not keep pace with store expansion. Uniqlo should set KPIs to monitor each new store's performance, focusing on factors like sales per employee, average transaction value, and customer acquisition rates.
4. **Implement Regular Market Performance Assessments**
Due to the dynamic nature of the fast fashion market, it's critical for Uniqlo to frequently assess and adjust its strategy. It is recommended to perform quarterly reviews of the new stores' performance in terms of market share, transaction productivity, and profitability. This feedback loop will allow Uniqlo to make adjustments to its strategy in real-time, ensuring that the expansion aligns with both competitive demands and internal capabilities.
5. **Invest in Marketing and Customer Engagement in High-Potential Regions**
In regions where Uniqlo has a lower market share compared to competitors like Zara, strategic investments in localized marketing campaigns could help capture consumer interest and drive foot traffic to stores. Special promotions, loyalty programs, and collaborations with local influencers could enhance brand visibility and customer loyalty in key regions.

## Conclusion

Uniqlo is well-positioned to expand its presence in France through a thoughtful, data-driven approach. While a uniform strategy of opening two stores per region could incrementally boost market share, a differentiated expansion strategy that takes regional productivity and competitor presence into account is likely to yield more substantial long-term gains. By prioritizing regions with high transaction productivity, Uniqlo can maximize the impact of each new store and reinforce its competitive positioning in the French market.

Additionally, by entering new regions without significant competition, Uniqlo can capture untapped market potential and drive brand growth organically. The implementation of continuous performance monitoring, combined with targeted marketing efforts, will further strengthen Uniqlo's expansion plan and allow it to respond flexibly to shifts in the fast fashion landscape.

With this strategic approach, Uniqlo can expect to solidify its place as a market leader in France, expanding its market share to around 30% and establishing a more balanced regional presence. The recommended plan balances aggressive growth with operational efficiency, aligning with Uniqlo's strengths in quality, innovation, and customer satisfaction.