

**FACULTY OF BUSINESS**

**FINAL EXAMINATION**

Student ID (in Figures) :

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Course Code & Name : **MGT5123 STRATEGIC MANAGEMENT AND DEVELOPMENT:  
INTERNATIONAL BUSINESS AND CORPORATE STRATEGY**

Semester & Year : January - April 2023

Lecturer/Examiner : Associate Professor Dr. Akram Al-Khaled

Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 2 parts:  
PART A (40 marks) : Answer all TWO (2) case study questions. Answers are to be written in the Answer Booklet provided.  
PART B (60 marks) : Answer only THREE (3) essay questions out of 4 questions given. Answers are to be written in the Answer Booklet (s) provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

**Total Number of pages = 7 (Including the cover page)**

**PART A : CASE STUDY QUESTIONS (40 MARKS)**

**INSTRUCTION(S) :** Answer **ALL TWO (2)** questions. Answers are to be written in the Answer Booklet(s) provided.

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**Case Study: Uniqlo: The Strategy Behind The Global Japanese Fast Fashion Retail Brand**

Mention the brand Uniqlo 10 years ago to anyone outside of Japan and you would get a confused look. Mention Uniqlo to any global citizen today and the associations of quality, affordability and fashionable come to mind immediately.

That is how successful Uniqlo has become in recent years. It has become yet another contender in the global fast fashion retail market. Despite having to compete against other bigger players like ZARA (Inditex), H&M, Gap and Forever21, Uniqlo has still managed to grow at an astounding pace. How did it manage to capture a share of this competitive fast fashion retail market so quickly?

Some of Uniqlo's key brand success factors include its unwavering commitment to innovation and its company culture. Its Japanese founder, Tadashi Yanai is famous for his quote "Without a soul, a company is nothing". This soul is reflected in the 23 Management Principles that Tadashi Yanai has created and indoctrinated in each and every Uniqlo employee. The essence of these principles includes putting customers first, giving back to society and being self-disruptive.

**The Uniqlo brand strategy**

Some of the key brand success factors for Uniqlo include the following:

Delivery system supporting a clear brand promise: Two of the biggest challenges for any brand is to define a clear brand promise and to consistently deliver effectively on its brand promise across all touch points of the customer experience journey. Successful brands are those that create supportive organizational and operational structures that facilitate the implementation of strategies to deliver on the brand promise. On one hand, Uniqlo has indeed managed to successfully define a clear brand promise for itself to provide high quality, performance-enhanced, universal, basic casual wear at affordable prices. On the other hand, it has also created a strong delivery system to deliver on this brand promise.

The company's product planning, design, manufacturing and distribution capabilities are all in-house, which means that it is able to stay close to customer needs based on what customers are buying in their stores, allowing them to save costs on overproduction or unnecessary overheads. Stocks can be upgraded within a matter of weeks or replenished within a matter of days. By focusing on core products in a limited range of fabrics, Uniqlo is able to consolidate its fabric buys into huge orders that give it greater negotiation power against suppliers which translates into cheaper prices for its customers – serving its brand promise well.

Product development approach and efficient supply chain: Tadashi Yanai is fond of saying that "Uniqlo is not a fashion company, it's a technology company." And indeed, the brand's approach to making apparel has more in common with the iterative approach to product development embraced by the technology industry than the cyclical, trend-driven rhythm of the fast fashion retail industry. While leading competitor Zara has built the world's largest apparel business based on rapidly responding to fast-changing fashion trends, getting items from factory to store in approximately two weeks, Uniqlo takes the exact opposite approach, planning production of its wardrobe essentials up to a year in advance. Unlike its competitors who sell a large variety of trendy fashion inspired by the global runway, Uniqlo focuses on producing a few styles of urban practical basics.

The company also runs a highly robust supply chain. Through development of a detailed marketing strategy by the marketing department for each season, merchandisers are able to adjust production by style to align with demand well in advance. Concept meetings with all key product creation teams are held about a year before a product is launched. Once a garment is in production, about 400 skilled staff members visit production centers to ensure quality and resolve outstanding issues.

The Uniqlo global production centers are located in Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Istanbul.

Customer concerns are also addressed by the production department which keeps the product teams plugged into what the end consumer thinks, as product and marketing teams work closely together around strategy and execution.

Company culture: Uniqlo's focus on teamwork is demonstrated through its flat organizational structure with employees greatly encouraged to provide suggestions. The values and goals of the company are translated directly into processes and measures exhibited strongly by employees all over the world. Company financials are completely transparent to employees and sales and charted and posted daily. The brand also places a huge emphasis on its retail store experience and micromanages every customer touch point.

Staff training is a huge priority for the company as each new employee is trained for a remarkable 3 months – way above global industry average. Every activity undertaken by its employees are recorded and analyzed – from apparel folding technique, to the way retail staff returns credit cards to customers with both hands and full eye contact. Employees are also taught to interact with shoppers using six standard phrases including “Did you find everything you were looking for?” and all customers are welcomed with “Welcome to Uniqlo!”. In 2000, the company built a Uniqlo University in Tokyo in which 1,500 new store managers are trained every year.

### **Uniqlo brand communication strategy**

Until the digital age started to gain rapid global momentum, Uniqlo has traditionally relied on marketing flyers and TV commercials as its primary means of advertising. Today, it uses a plethora of methods to communicate its brand position and ideals, including its unique in-store environment, celebrity brand ambassadors (called Uniqlo Global Ambassadors), digital marketing, collaborations with designers and brand campaigns.

In-store environment: One of Uniqlo's main brand communication methods is its in-store environment. Through its wide aisles, bright lights, neatly stacked shelves and beautifully presented displays creating a comfortable and welcoming shopping experience, Uniqlo communicates its ideal of simplicity and essential basics. Although the brand intentionally limits the number of designs it produces, it compensates for this and distracts consumers from the lack of choice by stacking its apparel from floor to ceiling, creating an illusion of choice and plenitude.

It also has many digital screens in-store explaining the practical benefits of its fabrics and apparels. Compared with other fast fashion competitors whose stores are jam-packed with clothes, lack order and do not have a specific focus on customer service, Uniqlo's in-store experience stands out and contributes heavily to effective communication of its brand philosophy.

Digital marketing: Being one of the first brands to successfully launch the digital marketing campaign ‘Uniqlock’ back in 2007, Uniqlo is definitely one of the forerunners to use this brand communication channel. The viral marketing project, designed to build brand awareness

internationally, featured a clock with spliced clips of well-choreographed dancing and catchy lounge music all timed to match the ticking. It ran all year round – in summer, the girls dancing wore polo shirts; in winter, cashmere; and at midnight they slept.

The web tool, Uniqlock, was designed to include a blog widget so the clock could be embedded into blog sites. By January 2008, more than 27,000 widgets from 76 countries were circulating, and the widgets and website that accompanied the campaign had been viewed 68 million times in 209 different countries. Uniqlock won the brand a multitude of major advertising awards, including a Grand Prix at Cannes Lions Festival. Dasuke Hase, Uniqlo's public relations and global marketing communications spokesman explained that the campaign was all about communicating with customers in a way that travels around the globe.

More recently, the brand's 2019 international campaign #UTPlayYourWorld also followed in Uniqlock's footsteps, partnering with short-form video giant TikTok to encourage customers to show off their Uniqlo UT range outfits in short videos, which are screened on in-store monitors.

Collaborations with designers: In line with its brand promise to highlight each individual's unique individual style, Uniqlo collaborates with designers to create unique styles. Although this brand communication channel was arguably made famous by competitor H&M, Uniqlo has proven that it started its own designer collaboration strategy since 2008 when it tapped designer Alexander Wang to create a five-piece dress collection. By collaborating with global designers, Uniqlo is also able to gain quicker access into markets where it has a weaker brand awareness, like the US and European markets.

Here are some notable collaborations that Uniqlo has done in recent years:

- Jil Sander's "+J": This collection debuted in 2009 and lasted for five seasons. This collection includes quality tailored basics for formal and smart wear
- Theory's "T Down": This collection was introduced in Fall/Winter 2012. A collaboration between New York's contemporary label Theory and Uniqlo, pieces boasted color-blocked neutrals of darker color palettes with styles including the Banff Classic Puffer Vest and Big Sky Classic Puffer Jacket
- Undercover's "uu": In 2011, this collection was launched as a family-friendly collection with lines for men, women and children at very accessible price points. For Undercover, it proved beneficial as it allowed consumers who could not afford Undercover apparel to own the designer's designs. This collection was revived in 2014 solely for children's wear
- NIGO's "UT": Graphic t-shirt designer NIGO had left his own label A Bathing Ape in 2013 to become Creative Director of Uniqlo's UT line. UT is known for its endless collaborative T-shirt collections, including names such as Pharrell Williams, Medicom Toy, Andy Warhol, and Disneyland
- Lemaire's "Uniqlo U": Uniqlo has partnered with Paris designer Christophe Lemaire since 2016 to design flexible and versatile pieces that for every day wear under the Uniqlo U line and lead Uniqlo's Paris R&D Center. In July 2018, Christophe Lemaire was reported to have extended his contract with Fast Retailing for another 5 years. Uniqlo has also announced its acquisition of a minority stake in the Paris-based label, deepening its relationship with Lemaire. This will allow Uniqlo to leverage on Lemaire's apparel design expertise and creative talent network
- Uniqlo x Marimekko: Launched for Fall/Winter 2020, Uniqlo has partnered with Finnish fashion company Marimekko known for its bright colours and prints. The limited edition holiday collection evokes the warmth and coziness of being home with family and friends

### **Uniqlo's future brand and business challenges**

Despite its huge success so far, Uniqlo faces its own global business challenges. As noted above, the brand takes a very different strategy from its fast fashion competitors like Zara, H&M and Gap. What are some of the strategic business considerations Uniqlo needs to have in mind in its strive to be the world's top apparel retailer?

Leveraging on digital: Fast Retailing has announced that it is making progress on its Ariake Project, which aims to transform the apparel retail industry into a new digital consumer retail industry. It is building a supply chain that uses advanced information technology to create seamless links between Fast Retailing and its partner factories, warehouses, and stores worldwide. While this is a commendable digital supply chain effort and reflects how the company has comprehensively thought about how to leverage digital internally, it is also important to remember the customer focus. Today, people of all ages use the Internet and this is transforming the way consumers shop.

Uniqlo first ventured into e-commerce by launching its online store in the US in 2012. Since then, it has launched its online stores across Southeast Asia. Uniqlo understands that it needs to integrate its physical stores and virtual stores, and create a true omni-channel experience. Online sales currently account for 9.9% of Uniqlo's total global sales and the brand aims to expand this to 30% by launching more online services. The expansion of Uniqlo's e-business activities include Uniqlo's internet sales and the use of an extranet system from their outsourced suppliers. However, they are uncertain whether the value of these online sales would have been achieved anyway by customer purchasing in-store or not. The management of Uniqlo is also worried that its suppliers would use electronic data for their personal use. Besides, Uniqlo's staff are concerned with the impact of the e-business development and result in the resistance to adopt this change proactively or even the lack of commitment to perform excellently. As a matter of fact, the existing IT staff of Uniqlo's IT staff work hard to manage the existing information system, although it is complex, to ensure the smooth operation of system. With this responsibility, IT staff will have to take on additional tasks to develop, manage the e-business platform effectively.

In order to tap on the digital marketing successfully, Uniqlo plans to roll out its website for internet sales to all Asian and Western countries in which they operate stores. It also plans to use extranet to outsource suppliers to better improve the communication with their design teams. They extranet system will allow outsourced suppliers to look at information within other parts of Uniqlo's Integrated Information Systems, including the procurement information system and the inventory and logistics information system.

With the expansion into the e-business platform, Uniqlo aims to develop an integrated e-business approach and expand its internet sales. It also aims to offer customers an alternative shopping experience and environment. It also aims to enhance the relationship with its customers and suppliers. The extranet system will make Uniqlo's supply chain more efficient.

Different forms of market analysis strongly point towards a scenario wherein spending on mobile commerce will overtake e-commerce in the next 3 years. The Chinese fast fashion apparel market is a testament to that. On an average, most brands get about 15-20% of their website traffic via mobile devices and this is growing rapidly. Uniqlo has proved to be at the forefront of the technology trend as it launched its first mobile app in 2014 in Singapore, its regional Asia commercial hub. With a clean, informative and user-friendly interface, the brand has done a good job in allowing consumers the convenience of buying their products on the go. However, there were some unfavorable reviews on its post-purchase experience. Uniqlo needs to consider the entire online customer journey from pre- to post-purchase, in order to make mobile shopping not only an effortless experience but also a delightful one. In addition, the brand needs to gather retail

analytics in order to analyze digital consumer patterns and devise strategies to improve its sales in its digital channels.

Source: Adapted and modified from Martin Roll (2021) Martin Roll: Business and brand leadership, Retrieved on 7 February 2023, from <https://martinroll.com/resources/articles/strategy/uniqlo-the-strategy-behind-the-global-japanese-fast-fashion-retail-brand/>.

**Required:**

**Question 1**

Uniqlo Japan is all about the philosophy of simplicity and essentiality, which is correctly reflected through its brand marketing and communication strategy. It is quite impressive how the brand has transformed it from a men's tailoring shop to one of the best global fast-selling retail brands. One of the critical secrets behind its growth is its ability to fulfil its promises. Examine **FIVE (5)** strategic risks that Uniqlo may face when it ventures into e-business activities.

(20 marks)

**Question 2**

Evaluate **FIVE (5)** possible reasons for the resistance to changes by Uniqlo's IT staff in the development and implementation of the extranet system.

(20 marks)

**END OF PART A**

**PART B**  
**INSTRUCTION(S)**

**: ESSAY QUESTIONS (60 MARKS)**

: Answer **ONLY THREE (3)** essay questions. Answers are to be written in the Answer Booklet(s) provided.

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**Question 1**

Corporate Strategy builds on top of the business strategy, which is concerned with strategic decision making for an individual business. There are several important components of corporate strategy that leaders of organizations focus on. Assess **FIVE (5)** external forces that affect corporate strategy.

(20 marks)

**Question 2**

Managing diversity in the workplace has always been a great challenge for successful organizations to create a more productive and healthier heterogeneous environment. Analyse **FIVE (5)** substantial approaches on how leaders may manage workplace diversity effectively.

(20 marks)

**Question 3**

a) Different automobile companies have internationalized in different ways. Toyota has expended organically, establishing subsidiaries in overseas markets. Ford went through a phase of acquisition (buying Volvo, Jaguar, Land Rover, and a major stake in Mazda). General Motors has favoured strategic alliance. Determine **FIVE (5)** disadvantages of Global Strategic Alliances.

(10 marks)

b) Diversification is the art of entering product markets different from those in which the firm is currently engaged in. It is also a growth strategy that involves entering into a new market or industry - one that your business doesn't currently operate in - while also creating a new product for that new market. Debate **FIVE (5)** drawbacks of unrelated diversification.

(10 marks)

**(Total: 20 marks)**

**Question 4**

Organisations within the Malaysian private sector are capable of regaining a sustainable competitive advantage only if they possess certain very unique core competencies to allow the organisations to be capable of delivering value to its customers. Justify **FIVE (5)** features of the desired core competencies.

(20 marks)

**END OF EXAM PAPER**