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Global strategy management - MUJI Case Study

全球策略管理-無印良品個案分析

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中文摘要

本研究主要以無印良品為研究對象，從無印良品的零售店到它的戰略事業單位做一份完整的分析報告。內容包含無印良品公司之品牌概念、公司規模、營運方式及內部策略管理，以及對外部競爭者及整體產業環境的分析，更進一步了解無印良品的公司目標以及在相同產業的優劣勢。本研究使用許多方式來分析無印良品，透過策略地圖呈現無印良品的公司目標，藉由五力分析探討競爭環境，並使用戰略集團分析了解公司在相同產業中的競爭力等等。經過一連串的分析與討論，我們了解無印良品的戰略事業單位之間能夠結合並產生綜效，其品牌概念為「無品牌」且產品風格簡單，沒有過多的裝飾，目的是希望消費者能夠看見產品的功能及價值。透過這些分析策略，讓我們更了解無印良品的品牌概念、目標及價值。

關鍵字：無印良品、策略分析

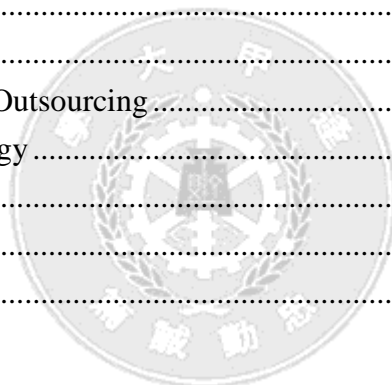
Abstract

In this study, MUJI is the main research object. This study is a complete analysis about MUJI retail and its strategic institutions. It includes the brand concept, company size, operation method and internal strategy management of the company, as well as the analysis of external competitors and the overall industrial environment, and further understanding of company's goals, advantages and disadvantages in the same industry. This research uses many ways to analyze MUJI, for instance: present corporate goals of MUJI through strategic maps, explore competitive environment through five forces analysis, and use strategic group analysis to understand the company's competitiveness in the same industry. After a series of analyzes and discussions, we understand that MUJI's strategic business units can combine and produce synergies. The brand concept of MUJI is "No Branded." Their products are simple in style and without excessive decoration, in the hope that consumers can see the function and value of the product. Through these analytical strategies, we can know more about the brand concept, goals and value of MUJI.

Key Words: MUJI, Strategy Analysis

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I. Why we choose MUJI as the case to study?

1. Simple Style

“We consider MUJI as a kind of water,” says Akita. “We can easily blend into everybody’s lifestyle.”

2. Global

Their stores located in 27 countries in the worldwide.

3. Diversification

Grocery store, book store, MUJI café, hotel (2019)

4. Quality & Price

Produce the best products with best material, and sell them with reasonable price.

II. MUJI

MUJI (無印良品 Mujirushi Ryōhin) is a Japanese retail company under Ryohin Keikaku Co., Ltd. (株式会社良品計画 Kabushiki-gaisha Ryōhin Keikaku). MUJI mainly provides a wide variety of household and consumer goods.

1. Vision: The quest for the good product

MUJI originated in 1980 and try to create quality daily products at low prices. In order achieve this goal, MUJI uses neglected materials, streamline the process of production, and simplify the package to create simple and quality products for people.

2. History

1980	Established as a private brand of the Seiyu, ltd.
1981	Apparel products added
1982	Wholesale business started
1991	First London store opened
1992	Blue MUJI developed as an upscale brand
1998	Listed on the second section of the Tokyo Stock Exchange
2002	Eyeglasses business started
2008	MUJI to GO business started

III. Scope of MUJI

The capital of MUJI is about JPY 6,766.25 million. The number of employees is 16,195 including 9,203 part-timers. The annual turnover is about 333,281 million.

1. Operating conditions

Currently, the total number of the stores in Japan is 418, including 328 directly managed stores as well as 90 licensed stores. In addition to the general stores, MUJI also sets up different types of stores at specific locations, such as "MUJI to Go" at the airport or station, which mainly sells travel goods. There are also "Café & Meal MUJI" for food and beverage service, flower shop "Flower MUJI", and "MUJI camping".

2. The distribution of global locations

In total, there are 870 stores all around the world, which distributed in the UK, France, Sweden, Italy, Norway, Germany, Spain, Ireland, Luxembourg, Singapore, Malaysia, Korea, Thailand, the United States, Indonesia, Taiwan, Canada, China and Hong Kong. Among them, the number of Chinese stores accounted for 200.

IV. Strategic Business Units

MUJI started with 40 products during the 1980s, their products range from stationery, clothing, food and kitchen appliances and has even included an automobile. MUJI business includes Café MUJI, Meal MUJI, MUJI Campsite, florist and home furnishing; the company has also expand to architectural project such as the MUJI houses. And MUJI will open its first hotel in 2019 as part of the Marronnier Gate Ginza complex.

V. Different levels of strategy

1. Corporate-level strategy

1.1 MUJI style of living

MUJI style of living, which is the retail store sells household and consumer goods. The products range from stationery, clothing, food and kitchen appliances.

1.2 Café & Meal

Using natural and seasonal ingredients to create vegetable dishes.

1.3 MUJI Campsites

MUJI operates Tsunan Campsite(津南露營場), Minami-Norikura Campsite(南乘鞍露營場), and Campagna Tsumagoi Campsite(平原孺戀露營場) managing a total of some 230 hectares of forest. Outdoor classes held at these camps are taught by people from the local communities to raise awareness of the natural environment.

1.4 MUJI House

Bringing the MUJI style of living to home design.

1.5 IDÉE

Focusing on furniture's design, manufacture and sale. Also, IDÉE sells original furniture, accessories, antiques, curtains, and rung.

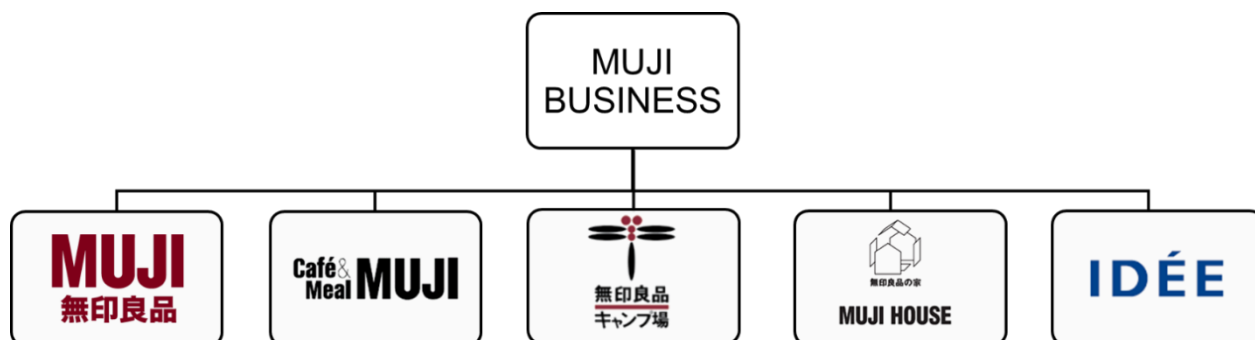


Figure 1. Diversification

2. Business-level strategy

MUJI doesn't overemphasize its brand, but focus on the quality and value of products and design. MUJI's philosophy is to promote the simple and natural MUJI's style life and provide functional and practical goods with reasonable prices, high quality to meet the needs of life.

The reason why we choose MUJI retailer are because:

- It's much easier for us to find the information and do the research.
- Other businesses, like MUJI Campsites, MUJI House and IDÉE only operate in Japan, which means it's relatively difficult for us to know the situation there.

3. Functional-level Strategy

3.1 Production

MUJI products in the production of products is not focused on low-cost factory costs, but choose the factories that can meet their expectations. Although most of the products are made by machine, but when necessary, some steps will still use handmade, the following is one of the R & D products' example.

<p>1.圖案的構成</p>  <p>使用電腦設計編織的圖樣與針數。</p> <p>2.織線的選定</p> 	<p>1 企劃 - 直角襪</p> <p>2 直角襪的誕生 - 和捷克奶奶的相遇 -</p> <p>3 舒適的原因 (1) 研究開始</p> <p>4 舒適的原因 (2) - 直角襪舒適嗎? -</p> <p>5 「新・直角襪」誕生!</p> <p>世上的襪子為何並非直角的呢? - 襪子的歷史</p>
<p>3.開始紡織</p>  <p>配合想要製成的襪子，自不同機型中，先選定紡織機。 若要做成較隨性的花樣，也會將2種顏色的線捻合後再行編織。</p>	<p>7 到襪子完成為止1 左和右的意義</p> <p>8 到襪子完成為止2 這就是襪子工廠</p>
<p>4.翻到裡面</p> 	<p>9 開始販售 - 得到了大家許多的迴響!</p>

Figure 2. Production of the socks

3.2 R & D

MUJI research and development is mainly for life clothing supplies to develop, basically these products are developed before the market has been praised by the goods, but MUJI R & D personnel that should also be improved on the product, so that consumers have a more comfortable quality of life. Their research and development process is do a questionnaire or make interviews with customers to understand the needs of consumers. The following is one of the R & D products for example.

In 2006 "right angle socks", was wearing a comfortable praise, after five years, very much by the public support. Popular "right angle socks", so on September 30 re-debut. Because it is a goods that daily wear can feel comfortable, but also hope to continue to pursue higher quality. In this way, this is the more comfortable to wear as the goal of re-debut.

❖ Focus of the re-debut

- Fit the heel

Heel, foot weaving design to regain a better balance, to achieve the existing goods more "fit heel" at right angles.

- Do not slide loose

Because the heel is completely covered, it is possible to prevent the socks from sliding loose due to the activity.

- No sense of restraint

Improved support pressure points overall, reaching dress sense can prevent slippage but not bound.

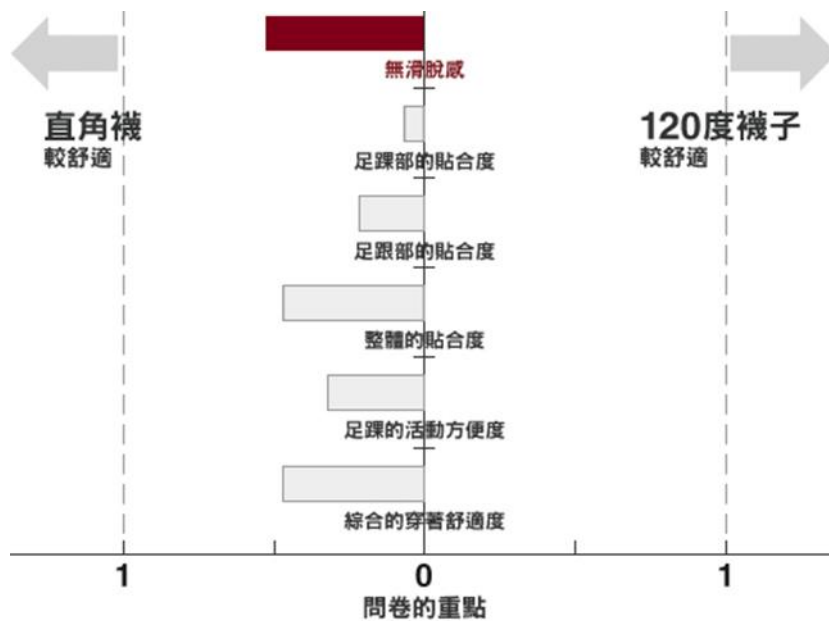


Figure 3. Wearing reviews "socks" in the use of questionnaires

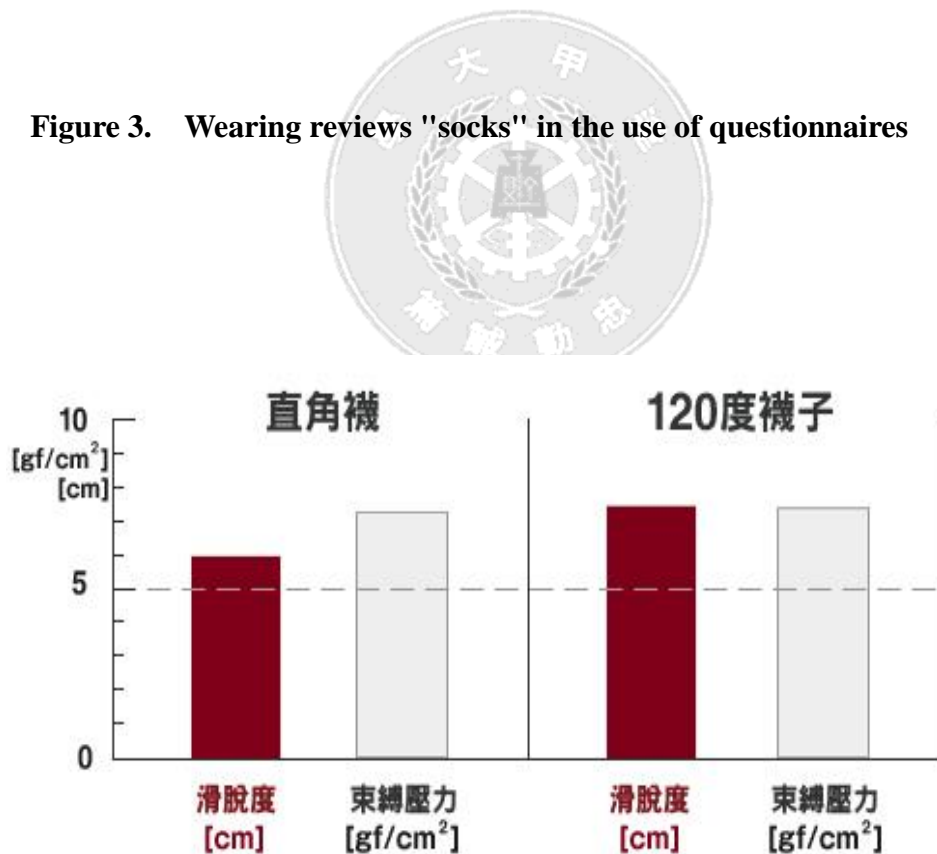


Figure 4. Determination of results (slippage and restraint pressure)

3.3 Marketing - 4P analyze

3.3.1 Product

First, “to show the essence” is the general principle of the design for the MUJI’s products. The material they select and the application of the appropriate process will be able to help achieve this ideal.

Second, lots of the products which you can see on MUJI’s shelves are design by famous designer. But the price of those products are much cheaper than most of the designer’s brand. “Simple” is the characteristic of MUJI. They that "environmental protection" is the trend, the life industry is the future. Rather than selling goods, they said it is a concept of life.

3.3.2 Price

Clear market segmentation and positioning. Most of the consumers of MUJI are office workers, students or young people. Most of those middle-level customers won’t blindly pursue with luxury products, but also they wouldn’t like to purchase products with super cheap price.

3.3.3 Place

They have bricks and mortar and online shop. You can see all the information on their website, and it attracts more customers. About stores overseas, their strategy is to make sure they earn some money from the first shop in that area, then they will open the second shop.

3.3.4 Promotion

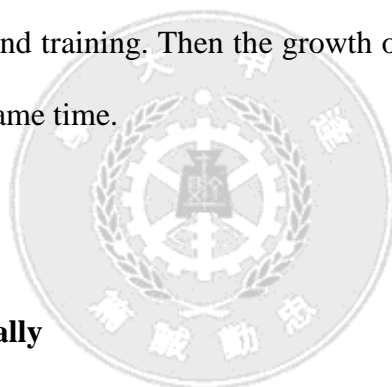
Every year, MUJI will have their annual theme. It’s kind of way to give customers different visual experience and impression. Second way to promote the brand is their employees. Every employee in MUJI know their products well, so they can easily answer the questions from customers. Third, MUJI put a lots of attention on their advertisement. Compare with the advertisement of other company, MUJI’s

advertising is clearly prominent, so MUJI's advertisement often win awards.

3.4 Human resources

Tadamitsu Matsui said that most of the businessman see their employees as private property, so they will make their employees keep working overtime or ignore their feelings. Then those companies can't keep their employees and need to recruit and educate new employees again and again. This kind of situation makes a huge waste of time and money.

MUJI see their employees as human and capital. That why MUJI keep giving their employees new chances and training. Then the growth of their employee will be the prosperity of MUJI at the same time.



3.5 Finance

3.5.1 Expand business elastically

Most of the brand pursues to grow quickly, they always expand their business very fast, but excessive expansion will lead to future problems for the company. Satoru Matsuzaki, the president of MUJI, said "Until a shop has made money, and then we will open a new shop." This is the way to avoid the shop going out of business because of deficit.

Although the principle of "opening a new store after making money ", it will be adjusted according to different market conditions. For example, the expanding business in Taiwan isn't base on the old principle, but doing the flexibility of the store strategy according to the development of shopping district and customer attributes.

3.5.2 Reduce the pressure of inventory

Reduce the waste of financial and management caused by large inventories. The shops reduce the warehouse area from accounting for 20% of the store to 10%, and

adopt the open design of "inventory and store combination" to increase the exposure of goods and also reduce inventory pressure.

3.5.3 Evaluation of goods

In terms of commodity development, reduce the initial investment of goods to 80%, and evaluate the goods three weeks later. Sell the best 30% goods and stop selling the goods which are the worse 30%.

3.6 Public relations

Enterprises often promote their corporate through product launch, public speech and other activities to let people accept their corporate image, and continue to enhance the good impression of their corporate image. MUJI also holds activities to make consumers more familiar with the impression of MUJI.

3.6.1 MUJI 2010 spring and summer "natural origin"

MUJI looks forward to Slow Fashion style, not seek for rapid changes and mass production, but continue to develop the best quality of goods to customers.



Figure 5. Clothing show

3.6.2 Raise relief fund for Japan

The strong earthquake caused a serious disaster in Japan, MUJI started the fund-raising activities from March 18, 2011 in Taiwan.



Figure 6. MUJI's activity of raising relief fund for Japan

3.6.3 Public sponsorship activities- To create a library like "home" in Jiasian elementary school



Figure 7. Public sponsorship activity for Jiasian elementary school

3.6.4 MUJI 2017 autumn and winter new products show

All the merchandise sold by MUJI has ingenuity. In order to let consumers understand the design ideas, MUJI hold the new products show and select a variety of selling well products to illustrate the design concept of "So it is", and expect that daily necessities can be closer to consumers' demand, to achieve a daily comfortable

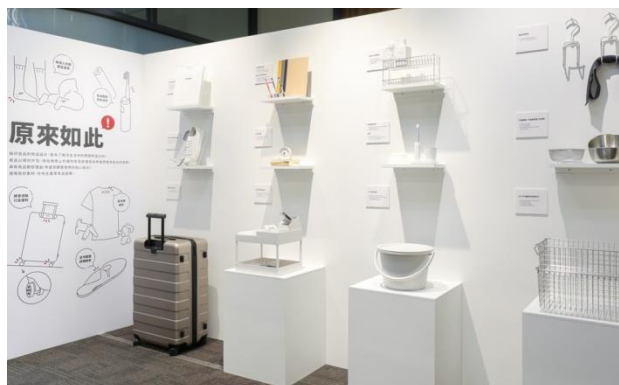


Figure 8. MUJI 2017 autumn and winter new products show



Figure 9. The concept of “So it is” in MUJI

VI. MUJI's goal

Making profit

1. Globalization

1.1 Culture

When MUJI enter the international market, it will start from a country with similar culture, such as the Asia-Pacific region, and now Asia-Pacific region accounted for the bulk MUJI overseas locations, but MUJI also apply the World plans to break the culture distance. The appreciation of Japanese culture is one of the advantages to open the European and American markets.

1.2 Geography

The selection of channel, manufacturing location, MUJI will choose from the places that are close to port and freeway.

1.3 Economy

When assessing overseas branches, the local economy will be included in the evaluation project. For example, when entering the European countries, MUJI chose to go to the high incomes countries first.

1.4 Legal and political

When enter other countries, of course, will face the local legal and political factors, such as MUJI entered the Chinese market, encountered trademark plagiarism, and later resolved through the Chinese court certification.

1.5 Strategic expansion

MUJI's strategy is after the first store is making money, then open the second one. MUJIGRAM and Business Standards are produced in an overseas version, which lists the four major criteria for an exhibition: the market, the surrounding environment, commercial facilities, and the store environment, and scores them in sequence. If the total score reach the threshold, but the establishment of the exhibition shop turnover is not as expected, MUJI will immediately amend the forecast project, so no matter who is responsible for the operation who can use the same precision exhibition shop, continued overseas

2. Cost control

2.1 Strategic expansion

After the first store is making money, then open the second one.

2.2 Reducing inventory

2.2.1 POS system

Use the POS system to understand the market trend and link to the production line to do a reaction on production. The target is to reduce the inventories to minimum.

2.2.2 Product evaluation

Reducing the initial investment of goods to 80%, and evaluate the goods three weeks later. Increase order to the best 30% products and stop selling the worse 30%.

2.3 Staff training

Personnel management would affect the efficiency and competitiveness of the company, do a good management on the personnel will reduce the production costs, improve work efficiency, and ultimately for making profits.

MUJI emphasizes on the personnel training of store staffs, the company think that a good store staff can not only do the best promotion for the product but also increase customers' confidence on MUJI.

3. Differentiation

3.1 Develop different businesses

3.1.1 Meal MUJI & Cafe MUJI

The first Meal & Café MUJI was opened in 2000. They use wide range of seasonal ingredients and try to bring out the original taste in nature by hearty recipes to enrich the flavor. They offer a variety of delis are available daily for a balanced menu. And hope consumers can enjoy the natural and healthy in-season flavor at Meal & Café MUJI.

3.1.2 MUJI Campsite

MUJI camp was born in 1995, a total of three are located in Niigata Prefecture, Gifu County, Gunma County. MUJI, designed by the advantages of natural terrain, is the most important feature of MUJI camp.

3.1.3 Flower MUJI

Flower MUJI hasn't developed stores in Taiwan so far. In Japan, Flower MUJI is the store selling flowers, potted plants and gardening supplies. The shop also combines with mobile communications so that customers could order the product online, and could receive the product within 13 hours.

3.1.4 House

MUJI HOUSE since 2000, aiming at different functions, and has launched three styles of MUJI products. Now there are "Wooden house" and "Window house", and the "Vertical house" designed for the small city with a lot of people.

3.1.5 IDEE

The local pioneer brand, which is famous for its home-based lifestyle and design in Japan, has 40 years' experience in Japan. Focusing on furniture's design, manufacture and sale. Also, IDÉE sells original furniture, accessories, antiques, curtains, and rug.

3.2 Product differentiation

3.2.1 Product design

The product design of MUJI is simple and use simple style to design products, no excessive decoration and the purpose is to allow customers to understand the function and value of goods.

- Collaboration with famous artists

3.2.2 Questionnaire investigation

MUJI will also use the questionnaire to understand the needs of customers, and to modify or design the product.

4. Image building

4.1 Festival plan

MUJI holds an activity of outfit collocation on Valentine's Day. The modeling

consultant would help give some dressing advices to customers. Customers could come with their mate, friends or family and enjoy the activity.

4.2 Exhibition

- Spring and summer clothing fashion show
- Fall and winter clothing fashion show

4.3 Enterprise ranking

In 2016, MUJI ranked in Top 100 the most desirable enterprises by Cheers magazine, and MUJI obtained No.5. And in the same year, in the investigation of gold medal service industry, MUJI obtained No.1 in living department store by Commonwealth magazine.

4.4 Store presentation

Following the MUJIGRAM to design each of the stores and using similar tone of color and layout to enhance the customer's impression.

4.5 Staff training

MUJIGRAM records the standard of the store presentation, staff training and anything related to brand. In this way, both manager and staff can implement the style of MUJI. In addition, employees do not have to spend lots of time asking for manager's advices, they could directly implement according to the guidelines in MUJIGRAM.

4.6 CSR

- No harmful ingredients
- Fair trade
- Eco- friendly

4.7 Public sponsorship activities

- MUJI creates a library like "home" to help the students in Jiasian elementary school study in a comfortable place.



- Raise relief fund for Japan

The strong earthquake caused a serious disaster in Japan, MUJI started the fund-raising activities from March 18, 2011 in Taiwan.

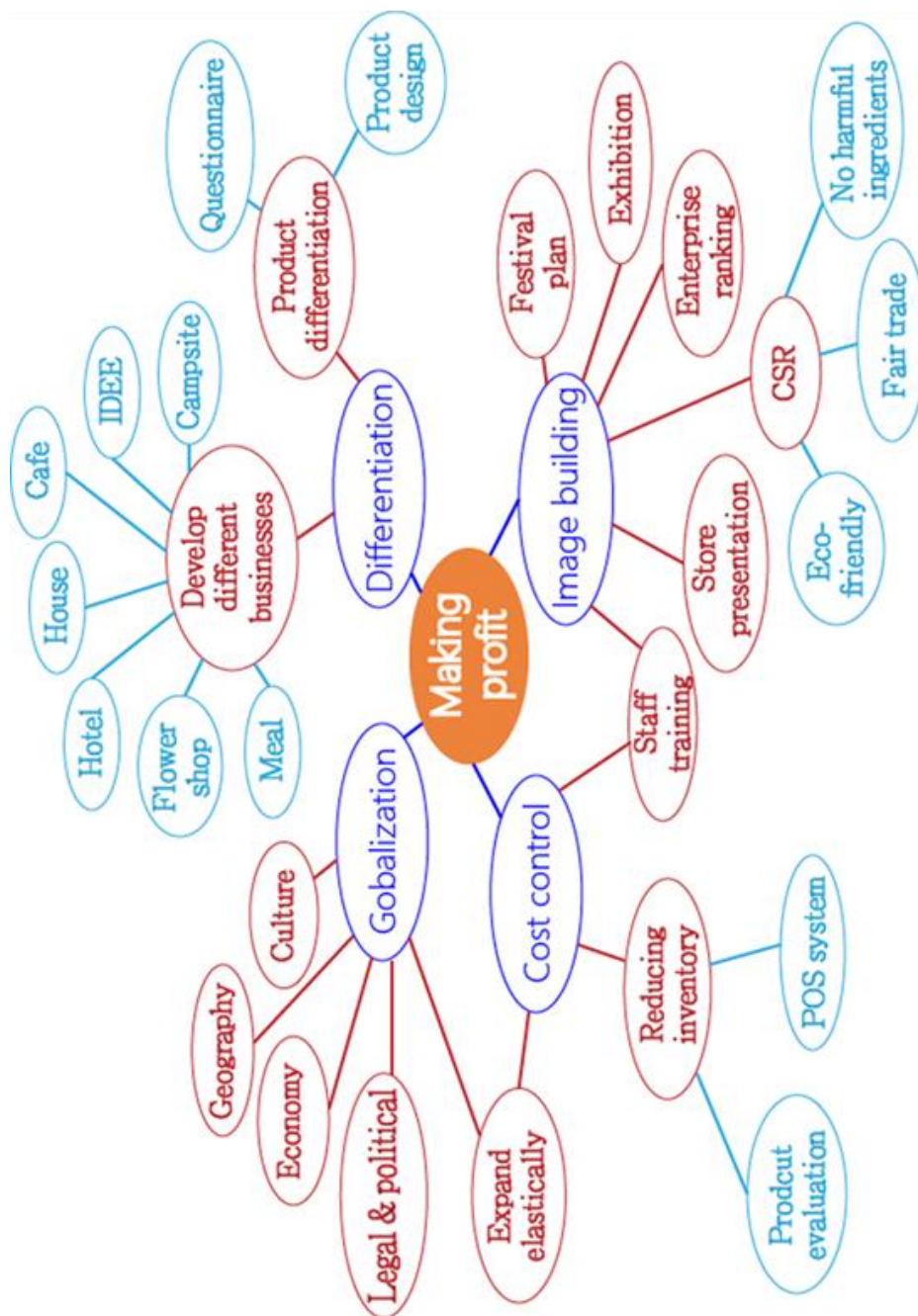


Figure 10. Strategy map

VII. Five forces analysis

Zakka is a word means grocery from Japan. At first, Zakka only referred to all the necessities of life and people's livelihood products, for example, foods, clothing, and so on. Zakka is an incredible existence, because it seem small to nothing, but it brings great convenience to people's lives. In other words, groceries are the products that people use daily.

1. Industry competitors (low)

In our opinion, we think the rivalry is medium high. In the hipster groceries industry, it's not easy to develop new kind of products, and the styles which are attractive to hipsters are quite similar. But MUJI are not only selling their style and quality instead of low price, but also they have clear market segmentation and positioning.

Hands Tailung	Eslite	MUJI
1977	1989	1980
15 stores	53 stores	50 stores
20-30 year old	19-35year old	15-35 year old
Respect customers and continue to grow together with customers.	Humanities, art, creativity and life.	Natural, simple and show consumers with their life style.
Prices of products are really high.	Taiwan brand, expensive.	Simple style.

Table 1. Competitors

2. Buyers (medium)

Although consumers in this industry are high price sensitivity, have relatively low switching costs toward the products and there are many substitutes on the market; however, the reason why consumers choose MUJI is because its quality and style, so the bargaining power of buyers is medium. And in order for MUJI to keep survive in this industry, MUJI needs to pay more attention on its quality and design.

- High price sensitivity
- low switching costs
- Many substitute products
- Increasing attention to quality and design among customers.

3. Suppliers (low)

- Full participation in the vertical supply chain

In the supply chain, MUJI conducts the upward integration and the downward integration, from product plan, product design, material dispatch, manufacturing, sales and inventory management, MUJI fully participates. So the bargaining power of the suppliers is low,

4. Substitutes (medium)

4.1 The threat of substitute products

Two enterprises belonging to the same industry or different industries, goods may be complementary, it will allow consumers have more space to choice. Because MUJI is a retail grocery store, we think the alternatives of MUJI are the network platform for daily necessities small things website, here we take Pinkoi as a network platform representative, and use these four aspect to measure the threat of substitutes , Product diversity, The unit price of product, Quality, Convenience. In terms of product

diversity, Pinkoi like MUJI, sells a wide range of goods, so the diversity of these 2 are high. The unit price of product, because Pinkoi is designed by Asian designers, so it belongs to the middle price to high priced goods, which is the same as MUJI. In terms of quality, because the product of Pinkoi is made by many manufacturers, so the quality is different, but MUJI will be unified quality management, so there is a certain guarantee in quality. Convenience is mean that whether or not can buy anywhere, MUJI has nearly 50 branches in Taiwan so far, compared with the entity store, the network platform is the most convenient, so on convenience, Pinkoi is relatively high. Above all, the threat of MUJI substitutes is medium.

The following is a comparison table of Pinkoi and retail store–MUJI.

Type	Network platform	Entity
Store	Pinkoi	MUJI
Product diversity	High	High
The unit price of product	Medium~High	Medium~High
Quality	Low~High	Medium~High
Convenience	High	Medium

Table 2. Comparison

4.2 Brief introduction of Pinkoi

Pinkoi is Asia’s leading design commodity shopping site, with many overseas high-quality group of designers, Adhere to the use of taste, customization of unique design, to achieve everyone’s aesthetic life, but also let each gift giving moment is more unique. Founded in August 2011, is committed to operating in Taiwan, Japan, Thailand, Hong Kong and Macao, Canada and other international markets, expect to

make good design Asian charming shine in the world, and create a better life design ecosystem. The main group is 25-44 years old, will sell 9 of goods back to the designer, goods sold to 88 countries.

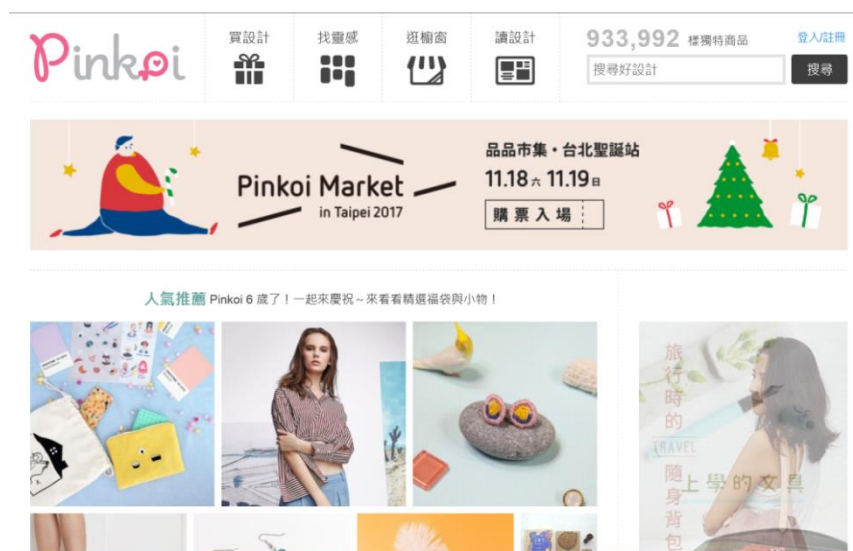


Figure 11. Pinkoi website

5. Potential entrants (medium)

There is no possible barriers for anyone to enter the market, but for retail chain there is considerable capital requirements. And in the grocery living industry, the market is close to saturate, so MUJI has to have innovative ideas to keep its consumers stay.

- No possible barriers to enter the market
- But for retail chain there is considerable capital requirements
- Market saturation
- Have to have innovative ideas

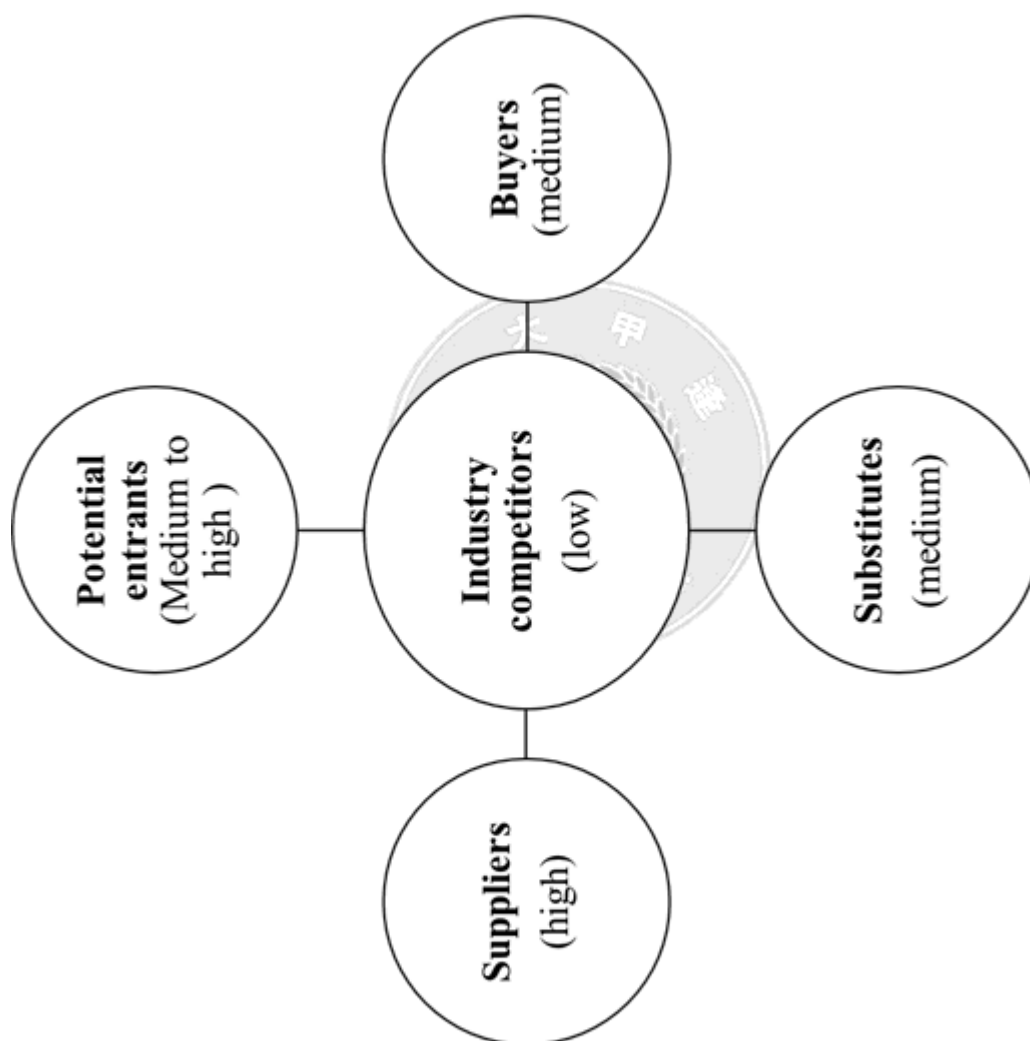


Figure 12. Five forces analysis

VIII. Brief Summary

In the industry of living grocery, the rivalry is low because MUJI is selling their style and quality instead of price, the bargaining power of buyers is medium, and the bargaining power of suppliers is relatively high, there are many substitutes can find on market and finally, the degree of difficulty for potential entrants to enter this industry is medium to high.

In general, it is not that easy to survive in this industry and our group think that in order for MUJI to capture more market shares, MUJI needs to pay more attention on quality and design among customers and has to have innovative ideas.

IX. The strategic group analysis of MUJI

1. Number of stories vs. the product diversification

Both of the numbers of Dasio stores and the product diversification are more than MUJI. That's why Dasio is a large competitor of MUJI. Although there is a large amount of Eslite stores in Taiwan, but the categories products customers can choose are less than others. And about Hands Tailung, they have the less numbers of stores, it will be more difficult for consumer to obtain goods from their stores. As for Kuang Nan and 9x9 Stationery, their numbers of store are less than MUJI, and the categories of product are not more than MUJI. They are not competitive for MUJI. Show Ba has the highest numbers of stores, so it is easy for consumers to get merchandise from stores. And 101 Stationery Paradise has the highest categories of product, consumers can have more choice when purchasing, but its number of stories is the least, the convenience is not high.

We can know if it is easy to purchase goods from a store by the number of stores.

And the wide range of products can offer consumers more choice when purchasing.

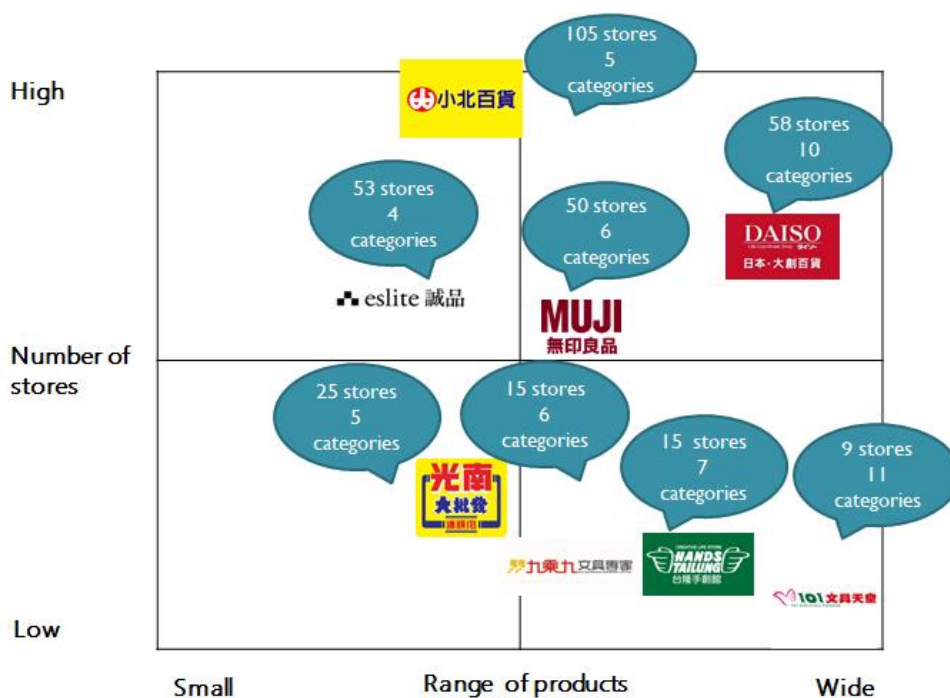


Figure 13. No. of stories vs. product diversification

	Number of stores	Categories of product
Dasio	58	10
MUJI	50	6
Eslite	53	4
Hands Tailung	15	7
Kuang Nan	25	5
9x9 Stationery	15	6
Show Ba	105	5
101 Stationery Paradise	9	11

Table 3. Comparison between MUJI's competitors

2. Price vs. quality

Our group use container as an example to compare the price of each brand, the price of container in Daiso is NT\$ 49, in Hands Tailung is NT\$ 79, in MUJI is NT\$ 160, and in Eslite is NT\$ 252, in Kuang Nan is 95, in Show Ba is NT\$ 45, in 9x9 Stationery and 101 Stationery Paradise are both NT\$ 55. And the quality also follow the price of each brand. MUJI has an advantage in this industry, because the quality of products it provides are quite well and the prices are not that high and in order to capture more market share, it's important to pay more attention on promotion and new ideas.

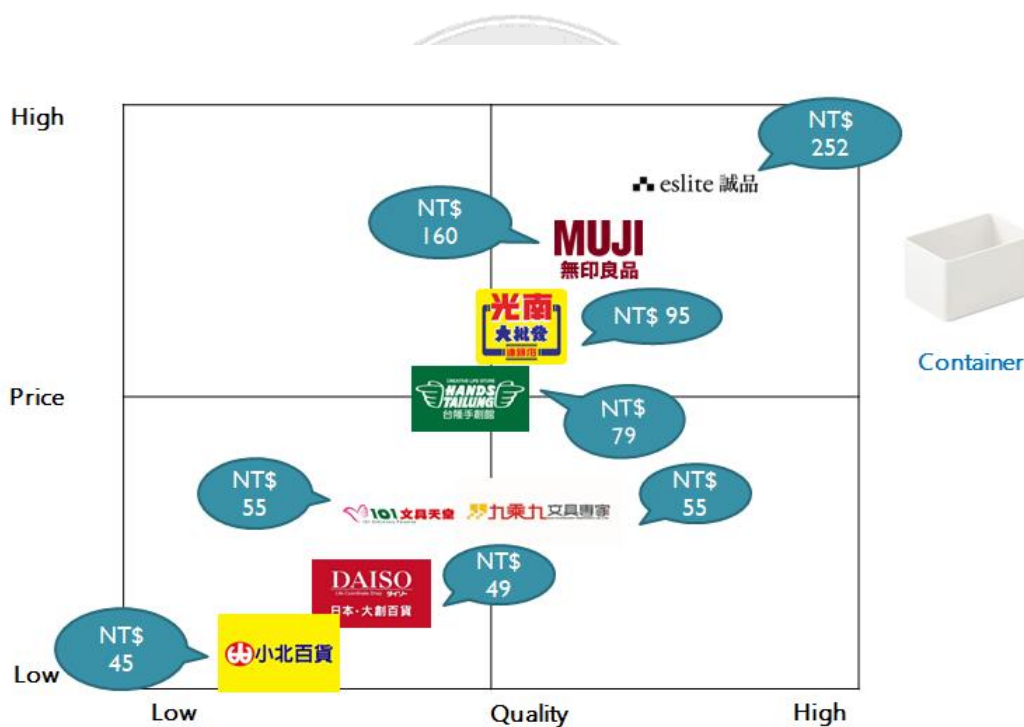


Figure 14. Price vs. quality

X. Principal resources and capabilities

1. Key strengths

MUJI is currently Japan's largest Life Style Store (lifestyle proposal shop), and in 2017, MUJI get brand preference survey ranked first. The reason is that the product style, MUJI will remove some unnecessary processing and color, so that consumers can pay attention to the material and basic functions of the product. Compared to the complexity of the design, this simple style will make consumers feel interesting. MUJI would be based on the needs of customers when they make products, and they would also design questionnaires, or customers can through the "quality of life research institute" network platform to put forward opinions and suggestions for products. In terms of quality control MUJI would vertically integrate all manufacturers, from product planning, design, materials, and production and sales, as adjusted stock management's business, the whole value chain to create enterprise, its characteristic is "full participation" rather than "all" vertical chain, good for quality control. MUJI has 2 ideas, one is "Good things without brand", and another is "Creating value of quality products", and the power to give customers a simple comfortable good life, which attracted many customers to buy their products.

So we think MUJI has the advantages as following :

- 1) Brand image
- 2) The ability of communicate with customers
- 3) Quality control capability
- 4) Brand culture

2. Key weakness

Although MUJI sells many kinds of goods, each type of commodity can choose very few styles, so it will become when the consumer buying, there is no other goods can choose.

So we think MUJI has the disadvantage as following :

- Less product style

3. Superfluous Strengths

In our group's opinion, we think there are two superfluous strengths. The first one is the capability of corporate social responsibility. Nowadays, corporate social responsibility is an important issue, more and more companies pay lots of attention on doing CSR. Some researches and case studies also indicated that the CSR of a company might raise brand preference and make the brand image better. But when almost every company are doing CSR, it is not a key strength for MUJI.

The second superfluous strength of MUJI is the capability of customized service. MUJI offered MUJI Yourself- stamps service, interior advisor, styling advisor and embroidery service. Although those services are strength of MUJI, but they are not the main strategy which MUJI attract consumers.

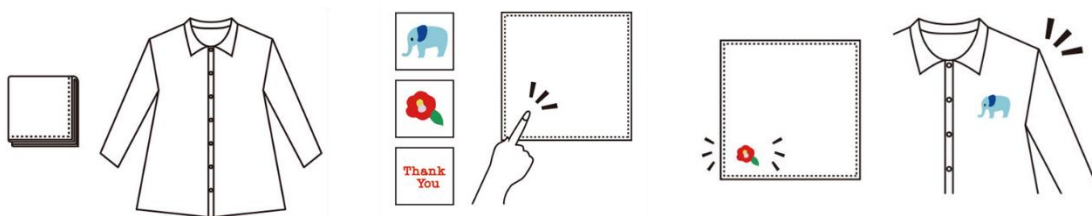


Figure 15. MUJI Yourself

4. Irrelevance

Not putting any logo on their products is a feature of MUJI, but it is also a weakness. Others might easily copy their products because the style of MUJI is simple and they didn't put any logo on their products. Fortunately, most of the consumer of MUJI buy their products is because of them like the life style of MUJI and them like this brand. It means that MUJI own a high consumer loyalty. So we put considered "no logo on their products" as an irrelevance.

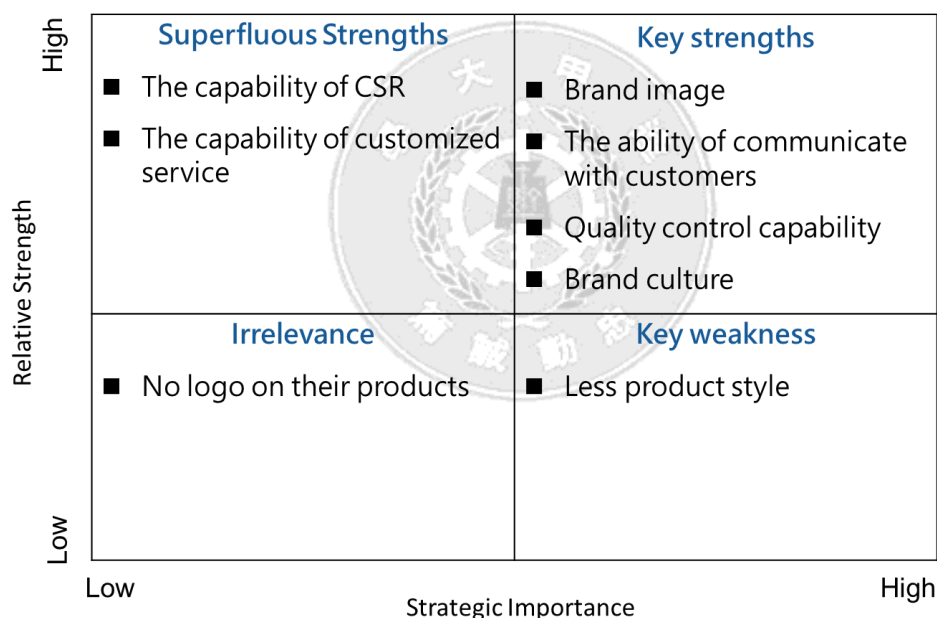


Figure 16. Resources and Capabilities

5. VRIS analysis

5.1 capabilities

- 1) The ability of communicate with customers

MUJI would use questionnaire to investigate customers' preference and use customers' ideas to develop and revise its products. The ability of communicate with

customers is a valuable capability, but for the rareness, costly to imitate and hardness to substitute are easy for other firms to capture, so MUJI would experience competitive parity and get average returns.

2) Quality control capability

In terms of quality control, MUJI vertically integrate all manufacturers and participate in each process, so MUJI can supervise the quality of products. The quality control capability is quite valuable; however, when it comes to rareness, costly to imitate and hardness to substitute are relatively easy to use by the other firms. That's why, MUJI would suffer competitive parity and get average returns.

3) CSR

There are more and more people pay attention to CSR and MUJI do really well on this part. MUJI cares about the materials its use and try to reduce the poisonous additive. So for the CSR, it is a precious capability, but now there are many firms try to do this, it quite easy to imitate and easy to be substituted. Consequently, MUJI would result in competitive parity and get average returns.

4) Customize capability of some products

MUJI emphasizes simple style on their products, and they put the concept of “leave blank” in their design to let consumers add their own idea and create personal characteristic on the product. For example, some of the MUJI stores provide seals, so consumers can design their personalized notebooks, and they could also make their own clothing bag by sewing patterns or drawing. Consumers could make unique products by themselves, so the customize capability is valuable. But there are so many personal studio and shopping websites offer customized products, so the rarity, costly to imitate and hardness to substitute are easy for other firms to catch up. As a result, MUJI has competitive parity and get average returns.

Capability						
	V	R	I	S	Competitive consequences	Performance implications
The ability of communicate with customers	✓	✗	✗	✗	Competitive parity	Average returns
Quality control capability	✓	✗	✗	✗	Competitive parity	Average returns
CSR	✓	✗	✗	✗	Competitive parity	Average returns
Customize some products capabilities	✓	✗	✗	✗	Competitive parity	Average returns

Table 4. Capability

5.2 Resources

Brand image and Brand culture

Brand image and brand culture of MUJI are valuable. MUJI provides simple, natural and good quality products, and also pay attention to environmental issues, so the consumers have favorable comments on MUJI. There are very few companies with brand image and brand culture, so it is costly to imitate and hard to substitute for other firms. Thus, MUJI has sustainable competitive advantages and get above average returns.

Resources						
	V	R	I	S	Competitive consequences	Performance implications
Brand image	✓	✓	✓	✓	Sustainable competitive advantage	Above average returns
Brand culture	✓	✓	✓	✓	Sustainable competitive advantage	Above average returns

Table 5. Resources



XI. Value chain

Support activities

1. Firm infrastructure

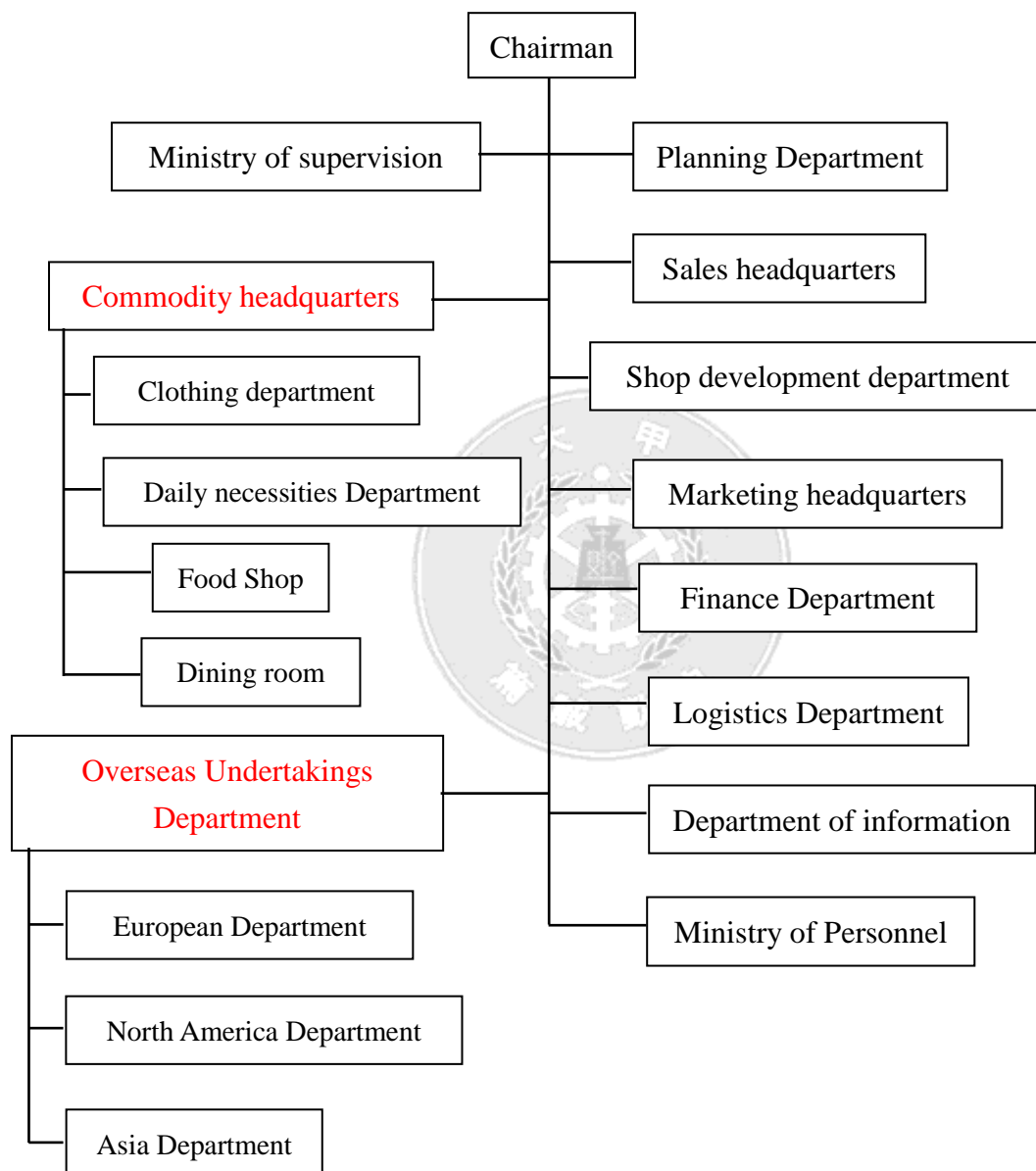


Figure 17. Organization's structure of MUJI

MUJI administrative organization is divided into several sectors, including commodity headquarters, marketing headquarters, store development, and more. The main performance sources are 55% articles for daily use, 35% for clothing, 8.5% for food and 1.5% for other businesses. In the growth rate of performance, daily necessities is also the highest, followed by clothing and food.

In the overseas business department and development department store, MUJI evaluation of overseas location, but also pay attention to the cultural factors, because the Asia Pacific region and Japanese culture are similar, now MUJI also accounted for the bulk of overseas bases in the Asia Pacific region, but also through the world MUJI plan to break the cultural distance, and Japanese culture is also one of its advantages. When MUJI entered the China market, the trademark encountered plagiarism. After through the China court, they got certification and resolved, and China set up most overseas branches. Evaluation of overseas branch, also put the local economic level into the evaluation project.

2. Human resource management

1) Training and recruitment of employees

The company provides many kinds of courses and activities for employees, and they can learn the experiences from store work and interact with customers.

The training process includes new employee orientation, store learning and course of promotion. The company also holds annual learning courses, occasional lectures and annual training for supervisor.

2) Bonus system and employee benefits

In MUJI, different position will has different benefits.

3. Technology development

1) Product design

Some of the products in MUJI are specially designed. There's a kind of shoes in MUJI are using a kind of special organic cotton which is not easy to get wet and stains developed by MUJI.

2) Product test

MUJI will double check if customer think their product design or the ingredient are good or need to improve by survey. They indicated that survey is one of their important way to improve their products and services.

3) Production process design

MUJI aims to gives their consumer their lifestyle and products of good quality. As you can see, all of the packages of MUJI's products are very simple. That's not only to show the style of MUJI, but to reduce the unnecessary production process and package.



Figure 18. The concept of “So it is” in MUJI

4. Procurement

- 1) Shelf
- 2) Refrigerator
- 3) Display case



Figure 19. Shelf



Figure 20. Display case

Primary activities

1. Inbound logistics

1) The size of warehouse

MUJI reduce the area of their warehouse and make it only 10 percent big of their store to reduce inventory pressure.

2) Combination of warehouse and store

The open design of combine their warehouse and store can increase product visibility.

3) Evaluation of goods

In terms of commodity development, reduce the initial investment of goods to 80%, and evaluate the goods three weeks later. Sell the best 30% goods and stop selling the goods which are the worse 30%.



2. Operations

1) Branch Management (unified store style)

The biggest feature is minimalism and unified tone. The unified tone lets people feel relax and close to nature. This can make customers have deeper impression on MUJI.

2) Oversee the manufacturing process

Participate in the supervision of the vertical supply chain.

3) SOP manual (Store Service Guide "MUJIGRAM")

The purpose of the SOP manual is to organize a set of standard operating procedure, which includes all working skills and the experiences. The SOP manual could improve working efficiency significantly. For example, MUJIGRAM records

the standard of model's collocation, the staff need to note the balance of color and do not use too many colors in order to show the simple style. In this way, both manager and staff can implement the style of MUJI. In addition, employees do not have to spend lots of time asking for manager's advices, they could directly implement according to the guidelines in MUJIGRAM.

3. Outbound logistics

1) Retail store and online shop

MUJI is selling products to customers in both retail store and online shop. You can find MUJI not only in physical MUJI stores, but also in 7-11 and online stores, for example, Yahoo mall and Books.com. MUJI provides multiple ways to easily interact with customers and it also can impress MUJI image in customers' mind. This activity is combine vertical integration and outsourcing together.

2) POS (Point of sale)

The POS system plays an important role in MUJI. POS system is a kind of widely used electronic systems in the retail, catering and hotel industry, the main function is the statistics of the sales, inventory and customer purchase behavior. The industry can improve the operating efficiency through this system. It can be said to be an indispensable tool in the modern retail business. In terms of store, POS (sales time point system) was adopted, and the warehouse area was reduced from 20% of the original store to 10%, and the open design of "stock and store combination" was adopted to increase the exposure rate and reduce the inventory pressure. MUJI would also analyze the sales data through the POS system, increase the sales volume of the top 30% products, and the back sale of the 30% poor products stopped selling.

4. Marketing & sale

1) The ability of communicate with customers

MUJI would be based on the needs of customers to design and develop products, and they would also use questionnaires to investigate and customers can leave their opinions and suggestions for products on the "quality of life research institute" website.

2) Customize products

MUJI offered MUJI Yourself service, for example, stamps service, interior advisor, styling advisor and embroidery service. MUJI emphasizes simple style on their products, and they put the concept of "leave blank" in their design to let consumers create their own style on the product. For example, some of the MUJI stores provide seals, so consumers can design their customized notebooks, and they could also make their own bag by sewing patterns or drawing.

3) Promotion

Every year, MUJI will has annual theme. It's kind of way to give customers different visual experience and impression. And the second way to promote the brand is their employees. Every employees in MUJI know their products well, so they can easily answer the questions from customers. Third, although MUJI emphasize its "no-brand" philosophy, it still put many efforts on its advertisement. MUJI puts its advertisement on poster, newspaper, movies and magazines and try to deliver MUJI's thinking and MUJI's style.



Figure 21. MUJI's ad



Figure 22. MUJI's ad

5. Service

1) Return and refund

If the received product is a defective product, it will be refunded or exchanged. You need to afford the freight fee, if the product is non-defective one. And the display products will not provide return service

2) Delivery

Less than 10,000 charge 500 dollars shipping costs; spend more than 10,000 dollars and less than 30,000 will be charged for the sale price of 5% of goods; purchase more than 30,000 will be free shipping.

3) Warranty

Warranty services are available for large furniture items purchased at MUJI entity outlets and MUJI online stores. To guarantee the warranty period of three years starting from the date of delivery.

4) MUJI Renovation

➤ Interior Advisor

Providing recommendations for interior design and storage solution by using MUJI furniture and try to help consumers to create a relaxing living environment.

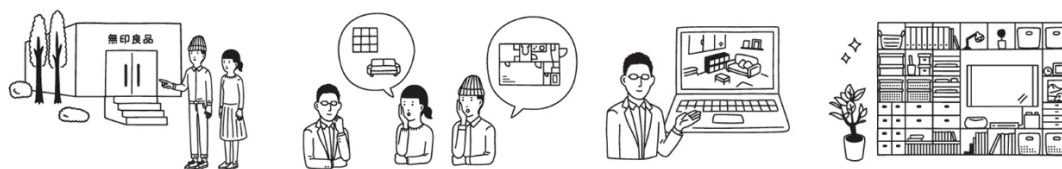


Figure 23. interior advisor service

➤ Furniture customize service

MUJI provides customized services on carpets, sofa coverings and tables and chairs, customers can have more options for setting up your home décor by changing the colors, materials, sizes and customize the furniture to give bring a fresh feel in home.



Figure 24. furniture customize service

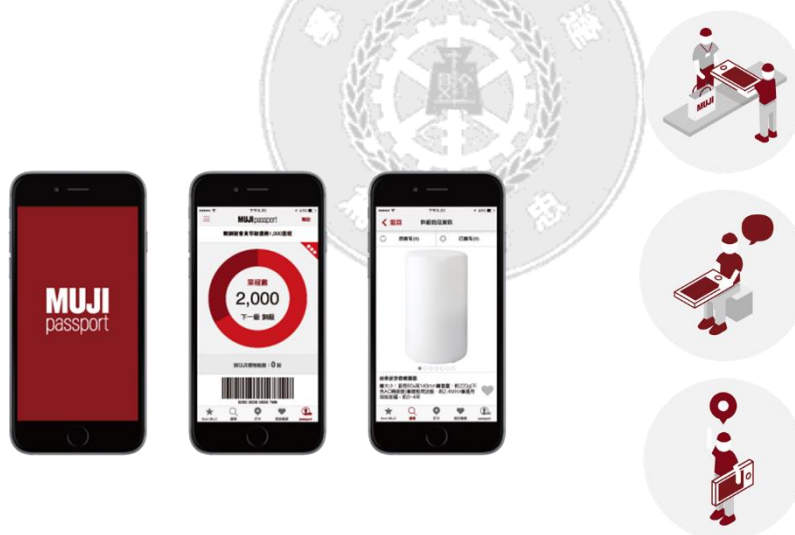


Figure 25. MUJI passport

5) MUJI passport

MUJI passport is a phone application can provide customers' products scan-searching information, store inventory check, lasts news and accumulate

MUJI mileage. The MUJI mileage can accumulate through shopping or other services and if you reach the threshold level you can get the product coupons.

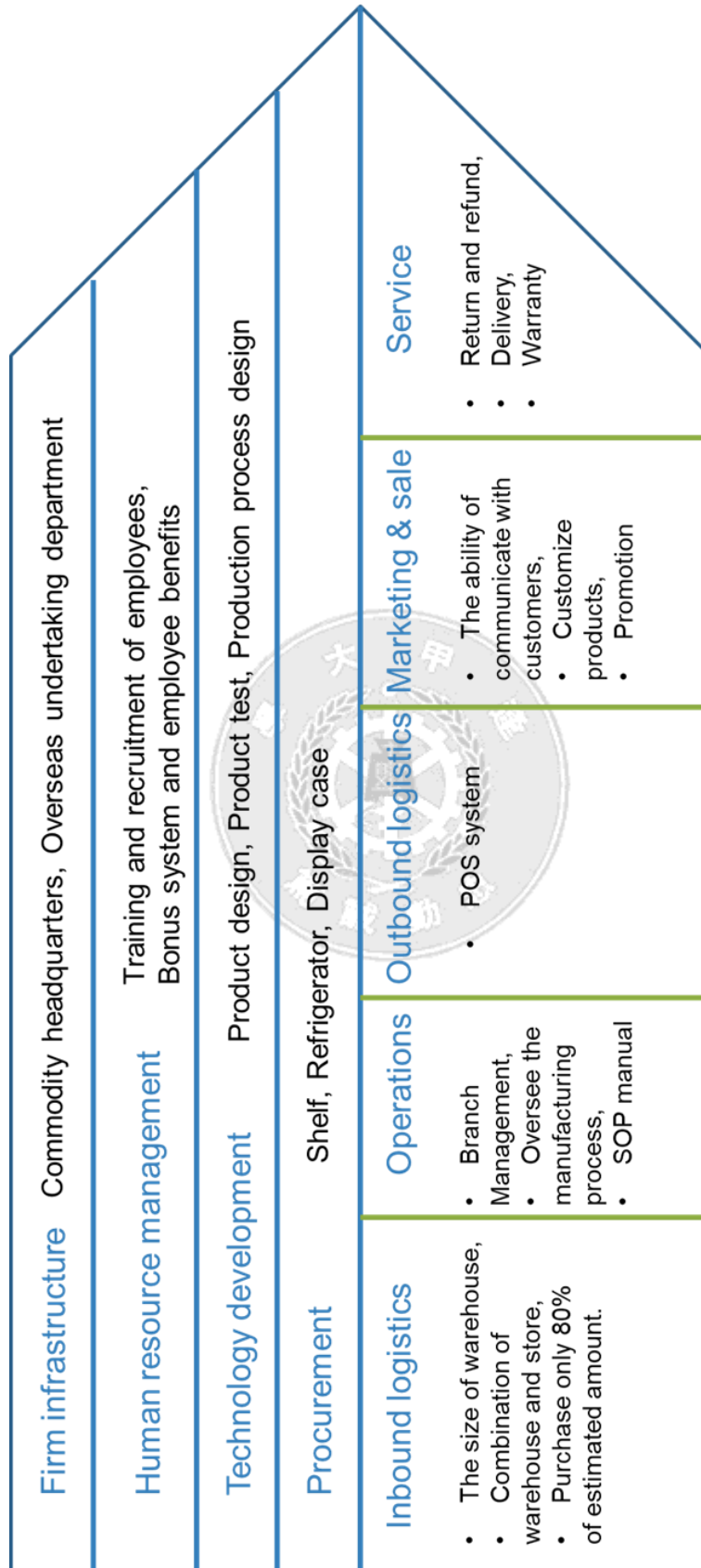


Figure 26. Value chain

XII. BCG analysis

1. Retail MUJI

MUJI pays attention on value and simple design of the product and devoted in promoting the life style of simple, nature and quality. MUJI provides the product of functional, practical, reasonable price and good quality to meet the requirements of consumers. It insists on simple pack and material control and keeps providing good merchandises to consumers.

MUJI sells many kinds of goods, including various kinds of living groceries, such as daily supplies, stationery, clothing, cosmetics and care products. There are 50 branch stores in Taiwan. The range of the target customer is extensive, from students to office workers. Consequently, the market share is relatively high. But the industry is saturated (DAISO, MINISO), so the industry growth rate is relatively low.



Figure 27. MUJI's retail store

2. MUJI Campsite

MUJI camp was born in 1995, a total of three are located in Niigata Prefecture, Gifu County, Gunma County. MUJI, designed by the advantages of natural terrain, is the most important feature of MUJI camp. There are places where you can enjoy the

comfort and safety of outdoor activities. As long as you can register as a member in the network, you can make an appointment. There are MUJI stores, laundry grounds and toilets in camps for campers. The camp is divided into 2 zones: pets can accompany and pets cannot be accompanied. In recent years, camping activities prevail, so the market growth rate has space to growth. But in terms of market share, because other operators also offer camping services that is similar to MUJI, and MUJI only in the three locations that have the camping area, so is not competitive, the market share is not high.



Figure 28. MUJI campsite

3. MUJI House

MUJI has been implementing MUJI HOUSE since 2000, aiming at different functions, and has launched three styles of MUJI products. Now there are "Wooden house" and "Window house", and the "Vertical house" designed for the small city with a lot of people. The wooden house is built with a fully woody structure and is designed by Japan, which is often earthquake - prone, and is the most basic house of MUJI HOUSE. The window house, as its name implies, is the good use of windows, with different sizes of windows as the main axis, so that the four seasons outside the

window have changed into the most vivid landscape. The focus of “Vertical house ” is to save space. The “Vertical house" is designed to make the three stories house in the limited space and use the maximum land in the limited space. MUJI HOUSE, the biggest feature is the high performance heat, even the summer can feel cool and comfortable, so I think the growth rate in the market there is a lot of room to grow, but in terms of market share, because MUJI was began operating in 2000, compared with the same industry, Market share of MUJI HOUSE is not high.



Figure 29. MUJI HOUSE



Figure 30. MUJI HOUSE



Figure 31. MUJI HOUSE

4. Flower MUJI

Flower MUJI hasn't developed stores in Taiwan so far. In Japan, Flower MUJI is the store selling flowers, potted plants and gardening supplies. The shop also combines with mobile communications so that customers could order the product online, and could receive the product within 13 hours. If you don't know what kinds of flowers the receiving party may like, you could enter the birthday number and MUJI would provide the "proposal of flowers" and some relative product sets (the gift combining with flowers and living groceries).

Most of the house in Japan has a garden, many people like to plant flowers. Besides beautifying the residence, planting flowers could also green environment. Modern people gradually pursue quality of life, and many people like to buy some plants to decorate their residence. Flower MUJI provides order services on the website, so the convenience of buying products is high. Therefore, the industry still has growing space, and the industry growth rate is high. However, the price of Flower

MUJI is relatively high in the industry, and there is no brick-and-mortar except Japan. Customers have more opportunities to buy flowers in other places which sell in lower price. Therefore, the market share is relatively low.



Figure 32. The online website of Flower MUJI

5. Meal & Café MUJI

The first Meal & Café MUJI was opened in 2000. They select wide range of seasonal ingredients. Bring out the original taste in nature by hearty recipes to enrich the flavor. They offer a variety of delis are available daily for a balanced menu. And hope consumers can enjoy the natural and healthy in-season flavor at Meal & Café MUJI.

Nowadays, there are a lots of featured restaurant or café in the world wide. That's why Meal & Café MUJI located at the part of dog, which has low industry growth rate and low market share. Although Meal & Café MUJI is a dogs-enterprise, it still can help other MUJI's SBUs. For instance, they can use tableware that sell in MUJI to let customer to experience their products.



Figure 33. Meal & Café MUJI



Figure 34. Meal & Café MUJI

6. IDÉE

The local pioneer brand, which is famous for its home-based lifestyle and design in Japan, has 40 years' experience in Japan. Focusing on furniture's design, manufacture and sale. Also, IDÉE sells original furniture, accessories, antiques, curtains, and rung.

The main target audience of this brand focuses on high-income office workers and DINK family, which purse high-quality lifestyle. If MUJI is the brand that purses basic and general taste and tries to eliminate the creators' style to offer the general

style, then IDÉE is a brand that emphasizes the user's personality and taste and to provide a rich and colorful life program.

Base on the target audience and brand position, IDÉE's main competitor is IKEA. The number of store IKEA owns are more than IDÉEs, and the branches of IKEA are all over the world; however, IDÉE mainly based on Japan. And in terms of prices, IKEA offers products ranging from low prices to high prices, while IDÉE focuses on high-priced markets and therefore has a low market share. And the market growth in this industry is also relatively low because this industry is almost saturation and due to the downturn in real estate, this further influence the sale of the furniture industry.



Figure 35. IDÉE

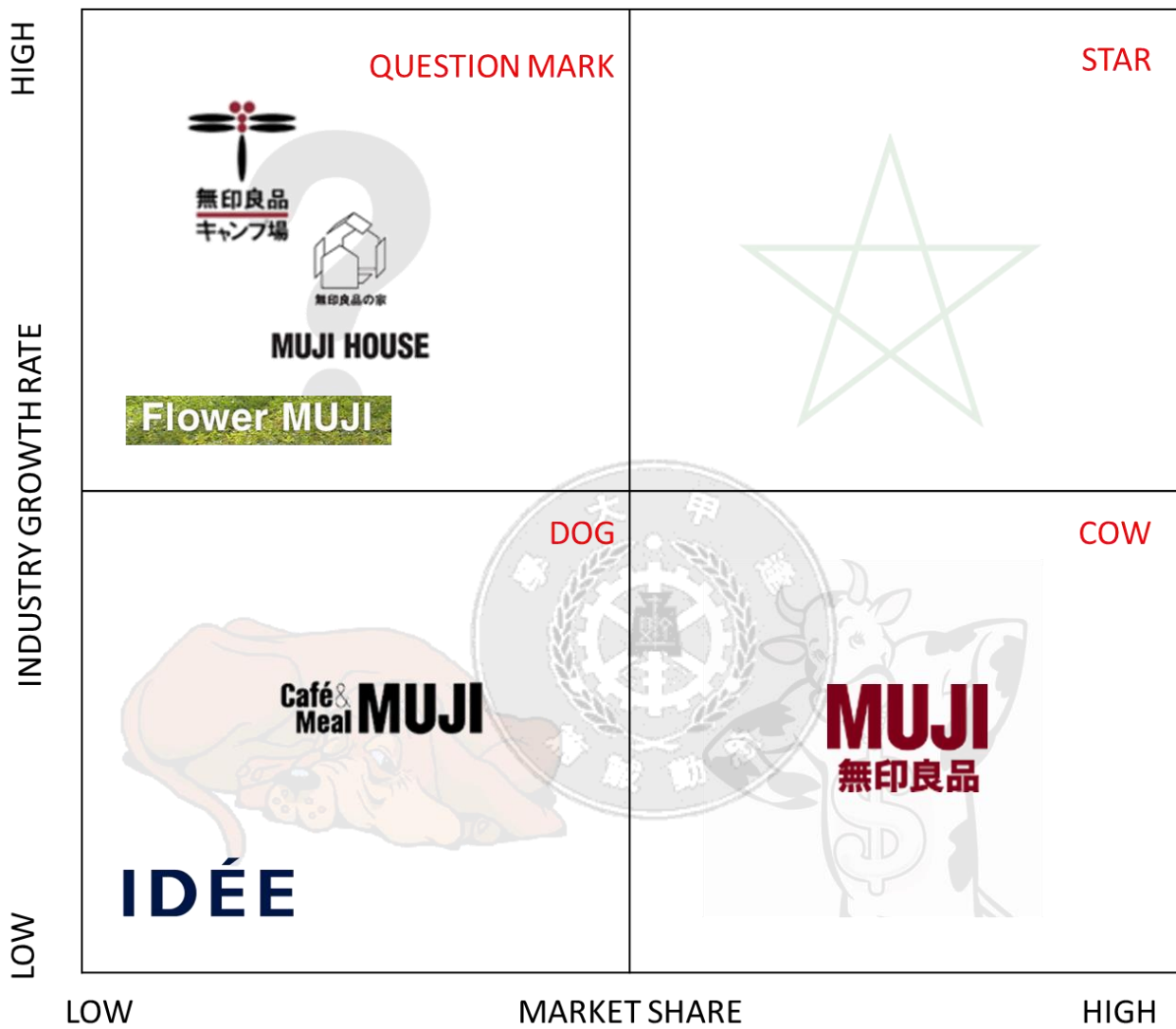


Figure 36. BCG analysis

XIII. Synergy

1. MUJI done

1.1 Flower MUJI meets IDÉE

- Plants and flowers combine with furniture.



Figure 37. Flower MUJI meets IDÉE



Figure 38. Flower MUJI meets IDÉE

- The activity-365 DAY GIFT

Many people will choose to buy flowers as presents on special holiday. Though most of the people think flower is not a practical present, they still feel happy when

they receive the flower.”365 DAY GIFT” is an activity of MUJI Flower, which suggests that could give the gift with flowers. This kind of collocation is different and unique.



Figure 39. The activity-365 DAY GIFT



Figure 40. The activity-365 DAY GIFT

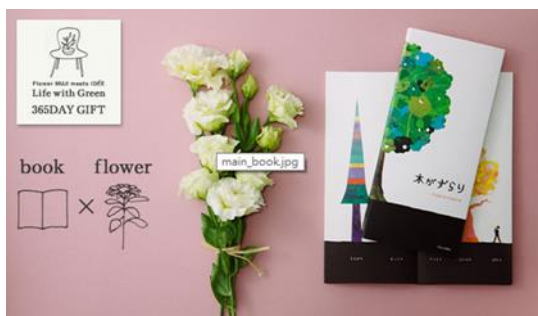


Figure 41. The activity-365 DAY GIFT



Figure 42. The activity-365 DAY GIFT

1.2 IDÉE meets MUJI

MUJI develops the foundation of living, and IDÉE makes lifestyles colorful.



Figure 43. IDÉE meets MUJI



Figure 44. IDÉE meets MUJI



Figure 45. IDÉE meets MUJI

2. What MUJI can do in future

2.1 MUJI meets Café & Meal MUJI

MUJI can combine their for example, kitchenware, bowls and others things related to dinner with Café & Meal MUJI, so when consumers having meal in the restaurant can experience the quality and increase the opportunity for consumer to buy the products.

2.2 MUJI meets MUJI house and IDÉE

Using the products that sell in MUJI and IDÉE to decorate the house to enhance the consumers' expression.

2.3 Café & Meal MUJI meets Flower MUJI

Using the flower to decorate the dinner, also can provide the flower gift service.

2.4 MUJI meets MUJI Campsite

Usually people do some activities when camping especially when a few families go camping together. The crayon and painting album might be a good choice for those families who has children. Food and dessert are also some good choice for camping.

2.5 MUJI Campsite meet MUJI Flower

Nowadays, social media is an important way for advertising. Many companies will pay blogger, instagramer and youtuber for advertisement. MUJI Campsite has their own style, if we combine the campsite with MUJI Flower, people have better photos to post on their social media, and it will be a special advertising way for MUJI

2.6 MUJI Campsite meet Meal & Café MUJI

More and more special campsite offered some local meal for tourists. MUJI can offer some food from Meal & Café MUJI to let visitors have more experience about the life style of MUJI.

XIV. Vertical integration/ Outsourcing

1. Produce

MUJI does not outsource its production to other factories, but invests in the factory in Cambodia and seek for raw materials from Kenya and Kyrgyzstan. Therefore, in this part, it is vertical integration.

2. Inbound logistics

MUJI reduces the area of their warehouse and makes it only 10 percent big of the store to reduce inventory pressure. And the open design of combining their warehouse and store can increase product visibility. MUJI purchases only 80% of estimated amount of the product to reduce inventory pressure. MUJI purchases inventories and does the store interior design by itself, thus inbound logistics is vertical integration.

3. Operations

The branch management of MUJI is uniting store style. MUJI participates in the supervision of the vertical supply chain and oversee the manufacturing process. MUJI has the SOP manual to organize a set of standard operating procedure, which includes all working skills and the experiences. The SOP manual could improve working efficiency significantly, and both manager and staff can implement the style of MUJI. MUJI has its own operating management, so it is vertical integration.

4. Outbound logistics (vertical integration)

MUJI uses POS system to directly manage and analyze its inventory, through the POS system, can know the sale of each products and increase the sales volume of the top 30% products, and stopped selling the worst 30%. And MUJI reduces its warehouse's size from 20% of the original store to 10%, and combine warehouse and store together to increase the exposure rate and reduce the inventory pressure. In this part, MUJI do all the things by itself, so outbound logistics is vertical integration.

5. Marketing & sale (vertical integration)

The "quality of life research institute" website, MUJI Yourself service and annual theme and events are all the marketing activities that MUJI does. MUJI tries to interact with customers and to know deeply about its customers' preference and needs. That's why, in marketing and sale's part are vertical integration.

6. Service (vertical integration)

MUJI offers after- sale services, which are including return and refund, delivery and product warranty. MUJI tries to make sure every customers can receive the same quality products, also the same quality of services. So in service part is vertical integration.

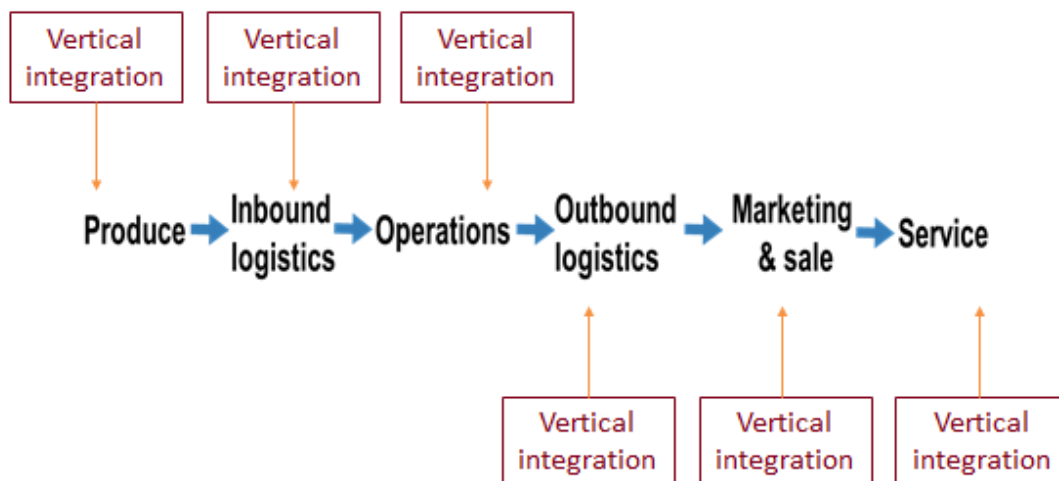


Figure 46. MUJI's vertical integration

XV. Diversification strategy

1. Related

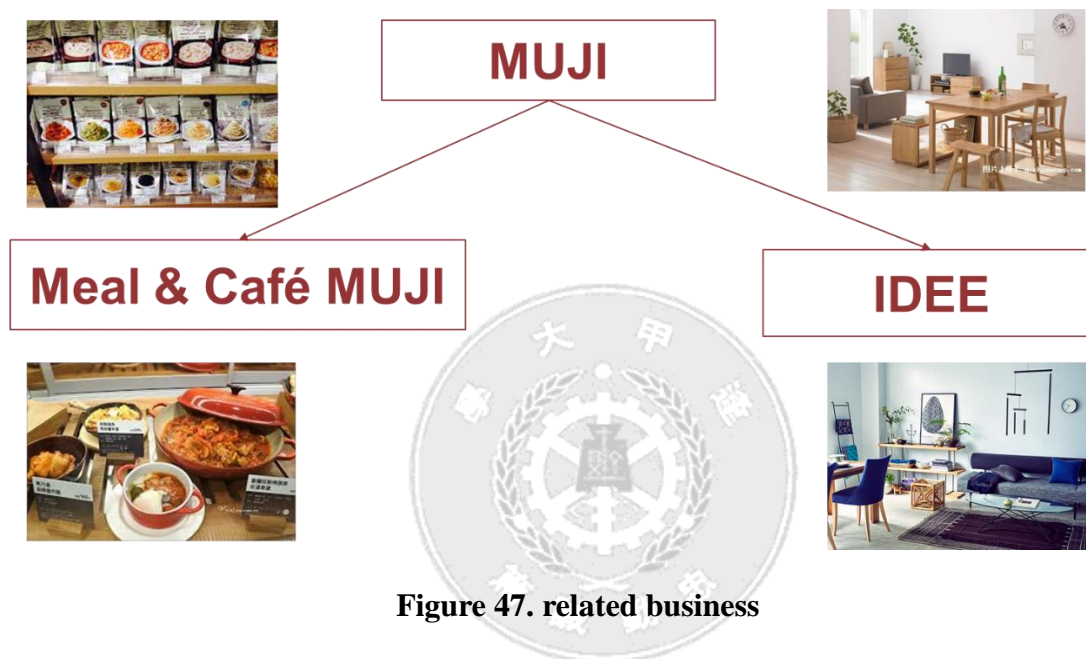
- MUJI is related with Meal & Café MUJI

Consumers can find some exotic flavor instant food, dessert, cookies and candies in MUJI which are convenient for everyone to prepare as a meal. It is related with the Meal & Café MUJI. Consumers can have meals, afternoon tea and bread in Meal & Café MUJI.

- MUJI is related with IDEE

Wooden and simple style furniture are features of MUJI. And IDEE is famous

about their colorful furniture. Also, the price of those two brands are different. MUJI is a cheaper furniture brand and IDEE is much more expensive. Although the style and target market of those two brands are a little different from, they are still related with each other.



2. Unrelated

MUJI was originally to do life groceries business, but its camping area belonged to different areas of the original business life, so MUJI camping and MUJI are irrelevant institutions. Then comes the part of MUJI HOUSE, MUJI HOUSE, which sells a whole building belonging to the construction industry, which is different from the MUJI that originally sold small life objects, so it is also an irrelevant institution. The last is MUJI FLOWER, and MUJI FLOWER belongs to the horticultural class so it is also an unrelated institution.

XVI. Diamond analysis

1. Factor

Because Japan's small land and population, so most of the houses are not large, MUJI launched many home storage cabinets. Coupled with the fact that most people think there is some guarantee of the quality of Japanese production, this Japanese culture has also become one of the elements.

2. Firm strategy/ structure

2.1 MUJIGRAM

MUJIGRAM records the standard of the store presentation, staff training and anything related to brand. In this way, both manager and staff can implement the style of MUJI. In addition, employees do not have to spend lots of time asking for manager's advices, they could directly implement according to the guidelines in MUJIGRAM.

2.2 Inventory management

- Combination of warehouse and store

The open design of combine their warehouse and store can increase product visibility.

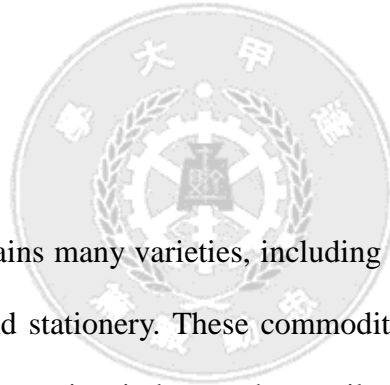
- Purchase only 80% of estimated amount to reduce inventory pressure.
- Sell the best 30% goods and stop selling the goods which are the worse 30%.

2.3 Questionnaire investigation

MUJI would be based on the needs of customers when they make products, and they would also design questionnaires, or customers can through the "quality of life research institute" network platform to put forward opinions and suggestions for products.

3. Related/ supporting industry

- Furniture industry
- Textile industry
- Food processing industry
- Paper industry
- Stationery manufacturing
- Plastic products manufacturing industry
- Chemical raw materials
- Stainless steel industry
- Design industry



MUJI's merchandise contains many varieties, including furniture, food, clothing, cosmetics, household items and stationery. These commodities are supported by the furniture industry, the food processing industry, the textile industry, and the plastic raw materials manufacturing industry, the steel industry, the paper industry and the stationery manufacturing industry. Among them, the food industry is a highly developed industry in Japan, so it is also a very important part of MUJI, they even develop meal & café MUJI for food. Although other industries are not Japan's highly developed industries, MUJI can still control their product quality through vertical integration. And the design industry is one of Japan's strengths, by their extraordinary product design, MUJI's products can successfully catch consumers' eyes.

4. Demand

4.1 Picky consumers in Japan → Good product quality

Picky and professional customer is important for competitive advantages of companies. For example, Japanese customers are picky on products and services, and it makes Japanese enterprises provide products of better quality and stimulates the competitive advantages in their country.

4.2 The interest of decorating home → The demand of living groceries

Japanese like to decorate their home, due to stressful life, they also relax by decorating their home. In Japanese-style layout, things with white and wood grain are essential. And MUJI's products are consistent with Japanese people's favorite style.



Figure 48. The indoor decoration of Japanese style

4.3 Narrow space in Japan → The requirement of storage box

The space of Japanese house is narrow and small, they need the storage box to increase more space. MUJI also sell many storage boxes and combination racks. The supply is consistent with customer's demand.



Figure 49. MUJI's storage boxes



Figure 50. MUJI's combination racks

4.4 Emphasize on health → Healthier TV dinner

The material of MUJI's product has gone through strict selection and inspection, and also pays attention on quality. Moreover, Japanese takes care of their health, and due to long working hours, they have no times to eat, TV dinner is a good choice which is very convenient to cook and healthier. In 2016, the selling volumes of curry microwave food ranks first in MUJI, followed by tea drinks and nuts food.



Figure 51. Microwave food sold in MUJI

食品 トップ10



第1位 レトルトカレー

レトルトカレーの中で人気トップ5は、1位から順に、「バターチキン」、「グリーン」、「キーマ」、「クリーミーバターチキン」、「ブラウンマサラ（海老のクリーミーカレー）」でした。

Figure 52. MUJI's curry microwave food ranks No.1 of the selling volumes

4.5 Make-up is polite → the demand of cosmetics

In Japanese culture, people see make-up as courtesy. MUJI sells cosmetics and care products.

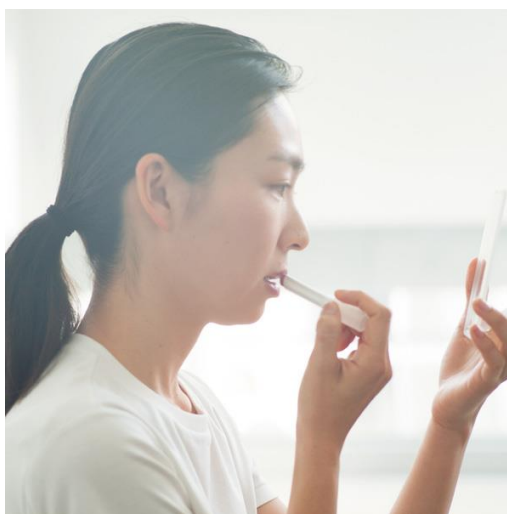


Figure 53. The demand of cosmetics in Japan

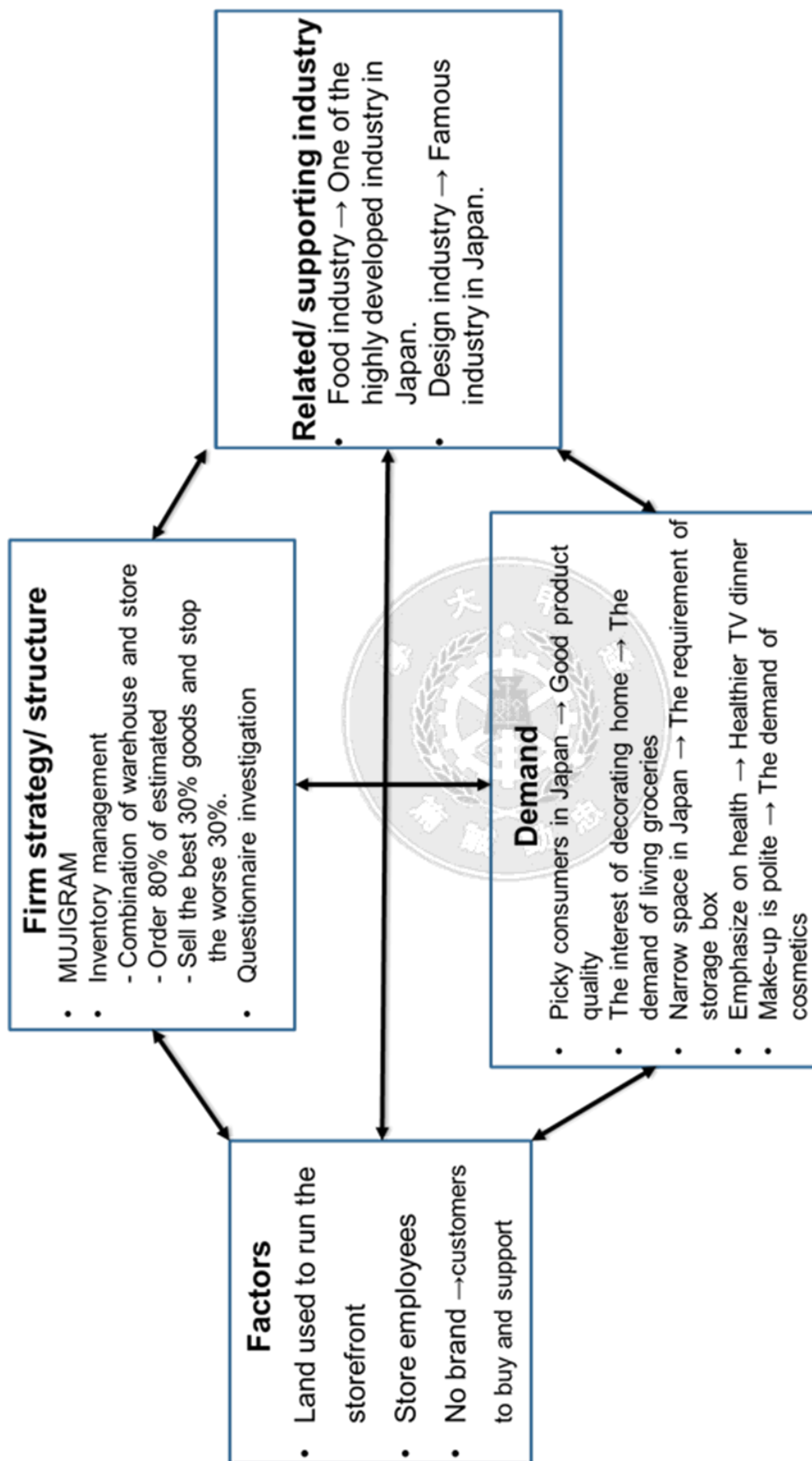
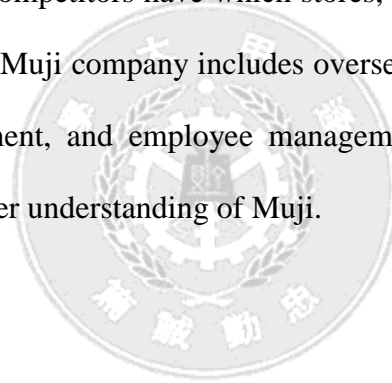


Figure 54. Diamond analysis

XVII. Summary

After a variety of analysis and discussion, We can learn that Muji's business strategy units are coffee shops, flower shops, camping grounds and housing construction, and these business strategic units can be combined with Muji, like a flower shop can be combined with furniture, Muji House can be furnished with Muji furniture, Muji brand concept is no brand and will not do too much decoration in the goods, the purpose is to let consumers see the function and value of the commodity itself. In the five forces analysis can also understand Muji in the grocery industry in what kind of position and its competitors have which stores, it is clear from the value chain that the operation of the Muji company includes overseas outlets, incoming and outgoing operations management, and employee management. Through the above analysis can let us have a further understanding of Muji.



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