

A New Phenomenon in Retail Internationalization: Findings from the Case of UNIQLO

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This paper has suggested the existence of a new phenomenon, “retail synchronization”, in retail internationalization by reviewing the surrounding literature and using “UNIQLO” in Bangladesh as a case study. After entering Bangladesh, the company adapted to suit the local environment. Then, interaction between the markets in each country, and developed the products that could be sold and accepted in the home country or elsewhere over the same period. Therefore, it could be said that the receiver changed to become the producer. From the study, it can be suggested that information revolution, consumer behaviors, cultural influence and transference of human resource are factors behind the occurrence of “retail synchronization”, which is different to that outlined in conventional research about localization patterns.

Field of Research: Marketing

1. Introduction

Retail internationalization has been studied since the 1970s. Retail internationalization is the management of retail operations in markets that are different from each other in their regulations, economic development, social conditions, cultural environment and retail structures (Alexander and Doherty, 2009). Internationalization of retailing may be defined as the transference of retail management technology or the establishment of international trading relationships that bring retail organization to international integration level, where retailers are surrounded by an international environment in such a way as to transcend regulatory, economic, social, cultural, and retail structural boundaries (Alexander and Doherty, 2009). Retailing responsiveness to local culture, the nature of operations, various products and services and a wide range of network activities, also involves direct contact with consumers. Dawson (1994) argues that it may be possible to borrow some concepts from (industrial) internationalization theory but it is unlikely to be directly applicable to the retail industry because the structure, the process and behavior are different from that of manufacturing firms.

The most commonly found issues regarding international transfers (e.g. Chung, 2003; Fukuzawa, 2006; Whitelock, 2007; Vrontis, Thrassou and Lamprianou, 2009; Bernhard and Stefan, 2013; Shanon and Rashad, 2014; Johan and Juulia, 2015; Sulin, 2015, etc.) concern case histories of individual firms, the impact of internationalization, including an effective strategy that combines both standardization and adaptation in retail international marketing, and determines how the business localizes to the home market, factors that affect the localization, what to standardize or to adapt to the host country’s business, etc. In particular,

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research on transfer and adaptation, which includes the development of a product or service for the host country, is still lacking.

Moreover, the conventional research on international transference (e.g. Mukoyama, 1996; Yahagi, 2007) suggests that the time difference (the gap between the introduction of a business/its products to the market in different countries) is relevant to the standardization or adaptation of products from the home country to the host country.

Recently, UNIQLO, a fast retailing, major clothing company in Japan, simultaneously launched common products all over the world, which can be seen through the women's collection inspired by Bangladeshi traditional clothes in spring 2015. Similarly, the Japanese summer collection that used portraits of beautiful women (Bijinga) from the Taisho era together with summer traditions in Japan as references for product design in 2015, and the product line made from the Indonesian traditional "batik pattern" in the summer of 2016 were also released at the same time worldwide. In addition, in 2014, UNIQLO opened a research and development center in response to the different preferences in the West.

Therefore, present-day business does not end with localization, but continues to interact with the home country in some way in order to develop the business in the host market. With the information revolution (internet), and e-mail, websites, and social networking, consumers are able to get information much more quickly and easily. This might affect consumers in the host country, moving into the same direction as the consumers in the home country when it comes to consuming products or services and so the time difference between the two countries is likely to be reduced.

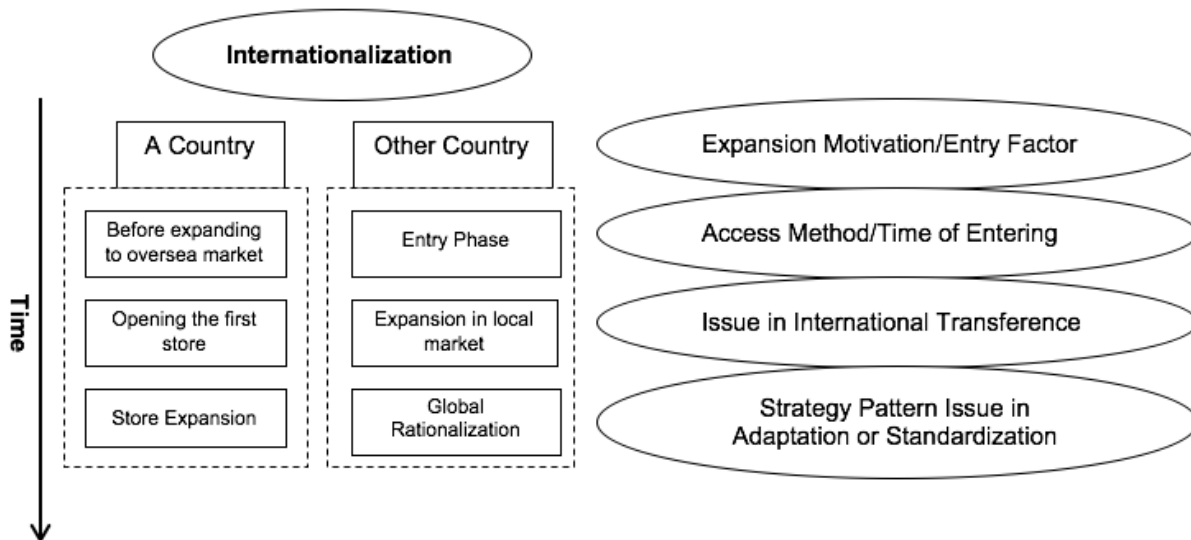
This paper is a small section of the full research about a new phenomenon (later called 'retail synchronization') in retail internationalization theory. The objective of this paper is to suggest the existence of retail synchronization and the factors behind it. The paper will provide an overview of the conventional research on issues in international transference, standardization and adaptation within retail business, from the three main conventional studies in this area by Mukoyama (1996), Kawabata (2000), and Yahagi (2007), which focus on the localization stage of internationalization process theory. Following this, in the "findings" section, UNIQLO has been used as an example in order to suggest the occurrence of the retail synchronization phenomenon after the localization of the business to host markets. Next, the paper outlines a conceptual framework, explaining how the phenomenon presented here is constructed and where it appears. The paper concludes by suggesting the factors behind retail synchronization.

2. Literature Review

The basic concepts outlined in major research on retail internationalization can be summarized as in Figure 1. When a business enters host country from the home country, the internationalization process that takes place over time can be divided into the different stages of 'before entering the market', 'the first branch shop', and 'multiple store development'. When entering the emerging market from the home country, the company expands with the processes of initial entry into the market, expansion in the local market and global rationalization. There are many studies concerning the first step (entry phase) of internationalization from this perspective; they focus on companies' motivations for entering new markets, factors influencing their entrance, methods of entry, and the time period for emerging in a new market. The next stage is concerned with international transfers and

strategy patterns, and the issues of standardization and adaptation are widely researched. This paper will examine standardization and adaptation within retail internationalization in more detail, and attempt to further develop this topic.

Figure 1: Existing of Major Research in Retail Internationalization



Source: author

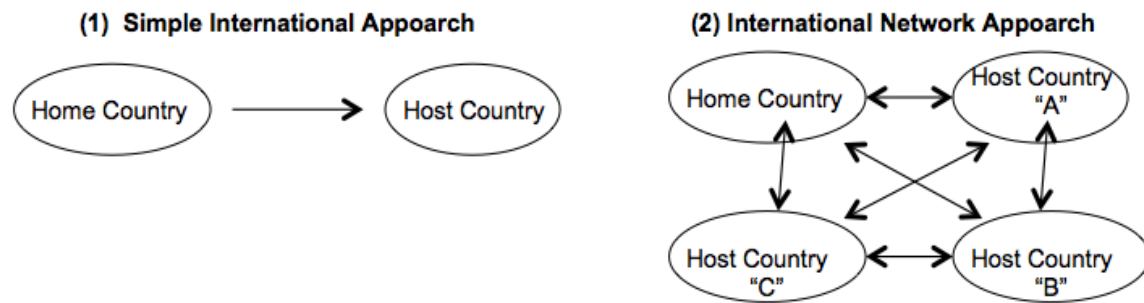
2.1 The Internationalization Approach and Direction

Mukoyama (1996) explores dimension strategic behavior of retail internationalization in four cells; “from inside to outside, from outside to inside, store expansion and products supply”. In other words, the expansion of business from Japan to overseas, the supply of products from Japan to overseas, the supply of products from overseas to Japan and the expansion of overseas companies to Japan.

Yahagi (2007) states that retail internationalization is based on a one-to-one set of relationships between the home country market and host country market. This overseas expansion passage, from inside to outside, can be called the "simple international approach". Further, alongside intensified retail internationalization, the possibility of “reverse transfer”, from outside to inside has to be pointed out as well. The transformation of business conditions, knowledge and strategies between foreign subsidiaries or from overseas subsidiaries to the parent company is visible in Figure 2.

There still remains the concern that the international network approaches “is easy to say but difficult to find in reality”. It has been suggested in some cases that within the international network approach, which concerns different cultures and history, the path of the internationalization process is useful in helping to capture the formation and development of a retail business model that emerges in production. The adoption of this analysis has also dispelled the doubts about the occurrence and development of dynamic retail innovation on an international scale that have long burdened this topic (Yahagi, 2007, p.352)

Figure 2: International Network Approach



Source: Yahagi (2007, p.41)

2.2 Issues in Standardization and Adaptation of Retail Internationalization

In international marketing theory, adaptation is a quintessential issue linked to standardization. When a business expands and enters an overseas market, it must decide whether to use standardized marketing techniques in each country's market or whether to adapt to the characteristics in each market. One of the classic studies related to this issue of standardization and adaptation of retail internationalization is Salmon and Tordjman (1989)'s research. This research divided the international strategies of retail business into two formulas. First is the home country formula or the global strategy, which reproduces the same formula i.e. the standardized management method of the home country in a worldwide context. Second is the multinational strategy, which adapts the formula to each region, and so is basically a standardization and adaptation strategy. In addition, this research focuses on the global strategy that has been used by specialized store. Meanwhile, the adaptation strategy has been used in the department store and the hypermarket business.

Considering similar topics in Salmon and Tordjman (1989)'s research, Mukoyama (1996) proposed the "Core-Peripheral Assortment Theory". Following this, in 2000 Kawabata observed a commonality of structure in the home country market and regarded it as a filter. He presents 5 strategies from the market filter structure theory: Enclave Strategy, Advantage Strategy, Adaptation of Specific Market Strategy, Adaptation of Multiple Market Strategy, and Global Strategy for companies expanding into overseas markets. Then, in 2007 Yahigi's research typified the localization pattern into 4 patterns: Standardization, Partial Adaptation, Creative Continuous Adaptation and New Business Model Development. Other studies that have tried to make sense of standardization and adaptation in retail internationalization are those of Goldman (2001), Beak (2003), and Imai (2005).

2.2.1 Core-Peripheral Assortment Theory Performed by Mukoyama (1996)

Mukoyama's research was the first full-fledged publication on the globalization of retail companies in Japan. He presented a solution for the problem of standardization and adaptation through two comparative case studies on global companies. One was Muji Ryohin(無印良品), a one-concept/specialized assortment-type company, and the other was Yaohan, a multi-product-type company. "One concept-limited assortment type" is a type of global company which is able to find the same target customers in each country market and solve the problem of standardization or adaptation. Conversely, the "multi-product type" is a type where the retailer has a basic store model suited for the local markets of each country. The concept used in the meaning is that a business category, agreeable to the

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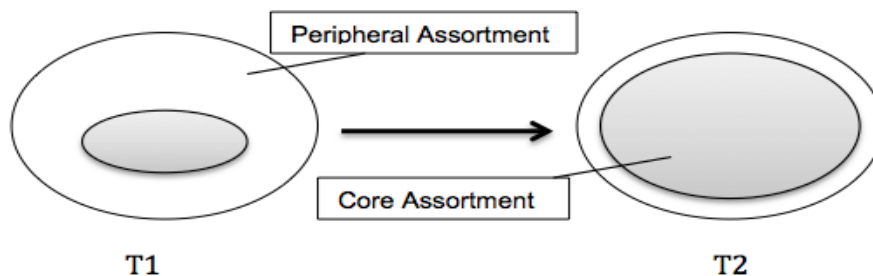
standardization in economics of scale and adaptation in response to the characteristic of local market.

In order to solve this problem, two types of strategy have been adopted: adaptation to the local market in multinational companies, and repeat duplication of a global company of the same business system in an emerging market (which is similar to the subject of Salmon and Tordjman research in 1989).

Mukoyama reveals that concepts of product assortment take two forms; (1) “Core Assortment” which has been standardized and is common for each country, and (2) “Peripheral Assortment” which is uniquely adapted for the needs of each country’s market. Regarding the theory of “Core-Peripheral Assortment”, the research is evaluated through the dilemma of both the standardization of product assortment, and the possibility of the adaptation of product assortment for globalization in retail business, which leads to the key point of developing standardized products. In other words, the research concludes that manufacturing is the key. Generally, there has been a tendency to discuss the problems of product procurement and overseas expansion separately, but these tend to be linked to each other.

Figure 3, at a certain point of time (T1), looks at the composition of the average assortment of country C; peripheral assortment is the majority. However, as the local income level begin to raise, the structure proportion of the peripheral-assortment decreases, and the core-assortment part begins to increase.

Figure 3: Change of Core-Peripheral Assortment



Source: Mukoyama (2000, p.237)

The changing balance between the core assortment and the peripheral assortment occurs due to the increase in cross-national income levels. Within the models of assortment between two or three countries: dominant-core assortment, dominant-peripheral assortment, global-core assortment, and global-peripheral assortment, what should be standardized or adapted can be clarified (Mukoyama, 1996, pp.195-196). Core-peripheral assortment theory has overcome dilemmas in the standardization or adaptation of product assortment, the possibility of the globalization assortment in retail, and manufacturing. Besides the discussion of the issue of procurement in the case of overseas expansion, the mechanism of overseas expansion is also noted.

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2.2.2 Market Filter Structure Performed by Kawabata (2000)

The market in each country has its own historical, social and economic characteristics and those characteristics have been formed from distinct elements, which have changed dramatically over time. There are five patterns of market strategy due to the differences and commonalities between the filter structure of the home (origin) country and the emerging market. When retail companies transfer business models that cross the border from the home market to the host country market, they need to circumvent the "filter structure" of the foreign market's characteristics. Kawabata (2000, p.58) concluded that whether the market strategy succeeds or not, there are many issues regarding "the differences and similarities" of the filter structure of the home country and the host country. (Refer to Table1)

Table 1: Types of Filter Structure in Overseas Expansion Strategy of the Retail Business (Kawabata 2000, p.238)

| Types of Strategy | The Relationship with the Filter Structure |
|--|--|
| Enclave strategy | Explores a market that has a high commonality with the filter structure and is able to capitalize on know-how from the home markets. |
| Advantage strategy | Explores the predominance of the home counter filter structure and capitalizes on it in the emerging market, enabling competitive predominance in the emerging market. |
| Adaptation of Specific Market Strategy | Compares the filter structure of particular country that is easy to enter, and optimizes the self-system characteristics. |
| Adaptation of Multiple Market Strategy | Passes on the successful of know-how to multiple markets that have a filter structure in common with a particular market. |
| Global Strategy | Adapts the filter structure in many markets to be compatible with the characteristics of a system circumstance and expands on a global scale |

2.2.3 Four Patterns of Localization Performed by Yahagi (2007)

Yahagi states that Mukoyama's work is still one of the most critically studied, and suggests that it should have examined three more matters specifically. First, in the same vein as Kawabata (2000), to enhance the quality of market in a host country, it is necessary to improve the income level. Mukoyama considered whether or not income really has an effect, and the question of similarities and differences in each country's market has not been fully discussed.

Second, changes in the core-peripheral products assortment in each country and its relationship to the local economic development situation is not fully explored.

Third, Mukoyama used two approaches to reflect on globalization: product procurement and store opening behaviors. But Yahagi points out that the basic activity of retail companies is composed of stocking (supply chain) activities and sales. Moreover, combining the concept of core assortment with genuine globalization created a complex problem.

On the other hand, regarding Kawabata's theory of the "market filter structure", Yahagi (2007) emphasized that store location, the development of real estate, investment, and land price trends could be evaluated but the relationship of the main constituent to the emerging and operating mechanism of a specific installation of the filter structure was not clearly

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shown.

Along with his criticism of Mukoyama and Kawabata, Yahagi (2007) focused his study on the localization stage of the internationalization process theory, which consisted of three stages: initial entry, localization and global integration. To open a store, adaptation of the business to the local market was considered to be the top priority of the management.

When emerging into the host market, companies have to choose a standardized business model for international transfer with a certain degree of compatibility with the locality. An advantage can be gained in the host market from the experience and knowledge accumulated from the home market. As a result, one of the proposals from four alternative ideas (complete standardization, partial adaptation, creative continuous adaptation or new business model) can be chosen depending on the degree of adaptation. (For more detail please refer to Yahagi, T. and Kar, M., 2010)

In other words, standardization and adaptation are not contradictory concepts; in standardization there is some adaptation, and as a result of adaptation there is some explanation about standardization. In addition, any approach that deals with the localization process needs to analyze from an international network approach (Yahagi 2007, p.351).

2.2.4 Other Discussion

Goldman (2001) states that when the companies become internationalized there are three issues that must be examined. First is the situation in the host country, which is presented as the difficulties of the consumer side (purchasing power, intentionality, relocation vs. the problems of the supplier side (reliability of supplier, product quality, and availability). Furthermore, problems such as repressive legal restriction, underdeveloped distribution/technical/legal infrastructure, government intervention, and insufficient retail location, etc. might also be included.

The second is the developmental level of the host country, and the third factor is the global position of the retailer, i.e. the standardization or adaptation of the retail format in the host country. Standardization and adaptation can be divided in four types: no change, extensive format change, limited format change, and extremely limited format change.

Baek (2003) researched the issues of standardization and adaptation at specific stages of global retailer behavior through a comparison of Japan Toys "R" Us, and Carrefour. When the company entered the emerging market, it was possible for a global retailer that brought innovation to the host country's retail format to utilize the same store format as that of the home country. However, a success in international relocation depended on the standardization strategy and an imitator who was involved in the competitive relationship.

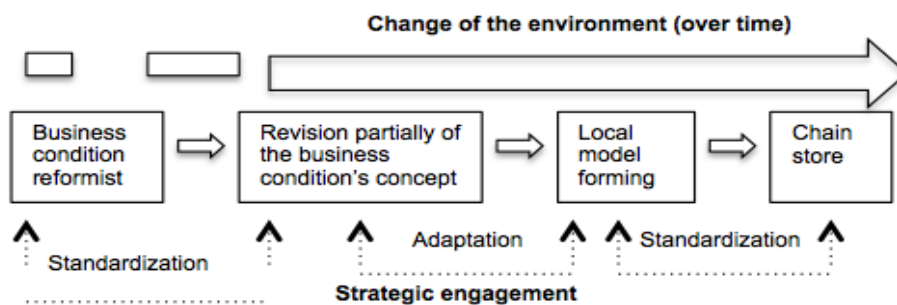
When innovators demand for a special advantage, and the business was forced to change its strategy from standardization to adaptation. At a certain stage after entering the global retail market, companies are faced with the challenge of constructing a chain store operation in the host country. In order to accomplish this, global retailers need to draw up a local model, which requires more adaptation strategy.

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On the other hand, innovators enter an intense competitive relationship from the initial phase, and so may lose competitive advantages in their host countries. If that is the case, they should withdraw or set up a local model, established with a new competitive advantage. Eventually, regardless, as a company moves towards the idea of opening chains in local areas it should integrate standardization/adaptation strategies rather than specific-stage behavior.

The concept behind specific-stage behavior is shown in figure 4. Specific-stage behavior strategy is a medium-long term management strategy that is very much required for global retailers. Most global retailers are inconsistent in their strategies regarding standardization and adaptation. In order to achieve economies of scale and cost reduction, a standardization strategy is necessary. On the other hand, in order to have competitive power in the global market, it is necessary to use an adaptation strategy and limit the standardization strategy. Hence, these cannot be considered as two alternative issues. In order to include these two concepts in a competitive advantage strategy, a new conceptual framework should be set up, by incorporating adaptation strategy and standardization strategy step by step in a specific stage behavior strategy.

Figure 4: Conceptual Figure of Specific-Stage Behavior



Source: Baek (2003, p.46)

Imai (2005) writes about issues surrounding the international transfer of company retail technology (business condition, assortment, location, etc.). In a local market, a company can be divided into the categories of (1) "Needs Transformation" (the importance of retail technology strategy and the innovation or peripheral resistance of service in retail technology), (2) "Transferable" (depending on the similarity/heterogeneity and visibility of retail technology between the home country and emerging country). Thus retail technology will be transformed or adapted or reconstructed.

Recently researchers tackling retail international transfer have analyzed the interactions between the main constituent and the environment (Alexander, 1995; Mcgoldrick, 1995; Toba, 2002). However, most of the research examined only the interactions of the company in the local environment seeking opportunities for entering the new market (expanding).

Within the model of retail format, the concept of business conditions proposed by local consumers has realized an efficient distribution system. Therefore, in order to ensure that their business is selected by the local consumers, companies must create a local model that responds to the changing consumer lifestyle. The local environment not only responds to the pressure, but in order to be successful, social infrastructure must be re-created at the same time as the creation of a local model.

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In short, this continuous adaptation creation establishes two definitions of retail international transfer. One is to rebuild the local environment to correspond with the relocation of the transfer target. Another meaning is to establish innovation in local business conditions, while continuing to adapt to the newly created local environment.

2.3 Retail Synchronization

Next, two conventional synchronization phenomena will be identified and explained. Ishii et al. (2004) noted that two changes occurred within the limits of the chain store system and product distribution process. These were the expansion of consumption options, and the expansion of time competition in the distribution process. Notably, the latter issue of time was a very important factor in relation to the present-day approach towards consumers. Timing and freshness of the products became a challenge when market activities were expanded, as well as when the inventory turnover ratio increased. In order to provide a high degree of freshness and information about their products/services in the context of the mass production of goods/ services for customers who are surrounded by information, a business must consider an increase in the inventory turnover ratio of the production and distribution process.

To improve the inventory turnover ratio effectively, there are two methods to consider. One is 'introducing a POS system for each item management system to the business' and the second is 'setting up a diverse small-lot deliveries system'. For example, in the case of a convenience store, there is not enough space for the storage of goods. Therefore, it is essential to have multi-deliveries each with a small load. Every wholesaler and manufacturer must collect the common goods at the distribution center, and then set up a system for delivery to each store in a batch that contains all necessary goods.

Such production and sales cooperation is aimed at reducing production and inventory based on expectations, and promoting multi-deliveries with a small load to facilitate business. Production and sales cooperation is not solely the responsibility of the sales channels; but the production and distribution process are synchronized, which allows an increase of inventory turnover ratio, freshness management, a smooth change in model and the improvement of the efficiency of capital.

Yahagi (1994) pointed out that the inventory turnover ratio of 7-Eleven was at a high level. The effectiveness of a short consumption and selling cycle may be different in each retail business. The efficiency of inventory resulted in a shortening sale cycle, which also affected the management of retail business. In a CVS system the link between the short consumption cycle and the short sale cycle is synchronization. If all logistic cycles could be shortened, effectiveness and efficiency would occur simultaneously.

In other words, the motivation behind purchasing patterns comes from generated demand, which consists of emerging demand, and purchase and use. One characteristic of a commodity-based market is the deterioration of product quality; the consumer is sensitive to the freshness of non-preserved food. The target market is narrowed down to create the product range. Through such a policy, a special quality short supply system becomes effective throughout the whole business range.

Consequence, the conventionally, synchronization occurs in terms of production, distribution and consumption. From Yahagi's analysis (1994), it is evident that if a short consumption

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cycle and a short sales cycle present in the retail system are integrated, synchronization is achieved and the entire distribution cycle is shortened, though there is no mention in any research of the synchronization phenomenon occurring between the business in home country and that in emerging market on a larger scale via internationalization.

3. The Findings

Over the past few years, retail companies in host countries that are affected by the transfer of information feedback from the home country have developed products more in common with the those in home country market at that point in time. Here, the example of the Japanese fast retailing, major clothing company, “UNIQLO” supports the existence of the synchronization phenomenon, which reflects the theories of Yahagi (2007), Kawabata (2000) and Mukoyama (1996).

UNIQLO was the first company in Japan to establish an SPA (Specialty store retailer of Private label Apparel) model encompassing all stages of the business—from design and production to the final sale. UNIQLO Japan had 841 stores nationwide (including 30 franchise stores) at the end of August 2013. In 2001 UNIQLO expanded overseas, starting in the United Kingdom. At present, UNIQLO has expanded into 18 countries with 798 stores, including 467 stores in the Greater China region, 155 in South Korea, and 108 in Southeast Asia and Oceania. Stores have been established rapidly, especially in Asia, and UNIQLO has begun to develop a full-fledged store network in the United States. (UNIQLO, 2015)

The UNIQLO model, which mass produces on a worldwide scale, together with its policy of keeping the price low, has been proven to work in the Chinese market. Due to the fact that Chinese people wear western-style clothes and have a similar income level to that of people in developed countries, UNIQLO’s business in China and Korea is good. However, at the end of 2013, 17 stores in New York City, U.S.A. fell into continuous deficit because they sold the same products as the Japanese stores. Therefore, the company’s product strategy has changed due to the limitations of the conventional method, which was based on a worldwide common design. A new R&D Center was opened in New York City in 2014 to start development for product localization and covered 18 stores in the European market. This allowed the business’ income to recover, and in 2015 UNIQLO decided to establish a similar R&D center in the city at the center of fashion: Paris.

UNIQLO has been notable for its Japanese business features and quality in each country, but from now on it must to be flexible in corresponding to the preferences of the western world (Nikkei Keizai Shinbun, 2014). UNIQLO has attempted to sell its goods in low-income developing countries. In 2011, UNIQLO established the “Gramin Uniqlo”, a joint venture with the Gramin Bank Group in Bangladesh (Nikkei Keizai Shinbun, 2015). By taking advantage of the unique SPA know-how, the planning, production and sale of products were completed in Bangladesh. It continued its efforts to solve social problems in Bangladesh by adopting a business model that uses its profit for reinvestment in industrial development and job creation.

At first, the “Gramin Uniqlo” used women who had loans from Gramin bank to sell clothes in rural areas, but that did not work. Although the company sold clothes at low price of 1 US dollar there was no clothes consumer culture and the business could not grow, even in trade areas. UNIQLO’s business in Bangladesh struggled, and then in 2013, the company began to open the stores in the cities where the income level is comparatively more stable than the

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rural areas. Within two years the number of stores had increased to 13, but the stores were inconspicuous and customer traffic remained sparse due to the speed of the shop opening. In addition, the price of “Gramin Uniqlo” was a little bit high when considering the income level, and the balance of quality and price became an issue.

Furthermore, more than 95 percent of Bangladesh women wear traditional clothes and don't buy Western-style clothes. It was found that casual-wear could change little by little. With this in mind, UNIQLO in Bangladesh has put effort in establishing a new model that suits local conditions, by producing products that can be sold at an acceptable price. (Nihon Keizai Shinbun, 2016) The chosen method was to sell a set of traditional clothing combined with tops and pants, with scarf. UNIQLO has decided to prepare various different patterns and allow customers to enjoy creating combinations by themselves. In the near future shirts and jackets or other casual wears will be sold.

On 20 April 2015, a women's collection with motifs from the traditional Bangladeshi clothes was sold in Japan, and later on this collection was to be sold in other global flagship stores in 14 countries (23 stores) and on some online stores. (Nikkei press release, 2015) The launch-date was April 20th 2015 in Japan, China, Hong Kong, Indonesia, South Korea and Taiwan, and April 27th 2015 in Australia, France, Germany and the U.S.A. Finally, in late May the range was launched in Malaysia, the Philippines, Singapore and Thailand. UNIQLO sold new products, which were inspired by Bangladeshi traditional clothes simultaneously around the world.

In 2015 the UNIQLO Japan summer collection used portraits of beautiful women (Bijinga) from the Taisho era and summer clothing tradition in Japan as references for product designs. From June 6th, 2015, UNIQLO sold its Japanese summer collection at 36 stores and online in Japan and in 13 other countries in Europe, America and South East Asia. (Nihon Keizai Shinbun, 2015)

Also in the summer of 2016, UNIQLO started selling products made from the Indonesian traditional "batik pattern", which was recognized by UNESCO as intangible cultural world heritage in 2009. Eight dresses and shirts designs were to be continuously sold in 12 countries. Some of the revenue was to be donated to the 12,000 employees of the Indonesian supplier factory for educational support (Nikkei Keizai Shinbun, 2016).

This phenomenon from the case of UNIQLO has shown that it always has a common product on sale worldwide at any one time. With reference to research from reference materials, the reasons for the synchronization phenomenon could be analyzed as below:

1. *The Spread of the Internet - Promotion (Nikkei MJ, 2015)*

Advertisements on the Internet have become one channel to for customer communication; well-known Malaysian singers and popular bloggers were selected to introduce the products. As social media (SNS) was used for gathering information from Muslim women in Southeast Asia, and familiar products were used, this triggered enjoyment and interest in Muslim fashion. Then, in 2006, there was a fashion show in order to interact with the non-Muslim community in Malaysia. Later, this contributed to the existence of a fashion show in Paris and London for raising awareness of Muslim fashion.

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2. *The Transformation of Human Resource (Nikkei Keizai Shinbun, 2010)*

Since 2010, UNIQLO has dispatched store managers and management employees from their headquarters in Japan to overseas bases for 3-5 years, to allow them to gain experience of international business through store operations there. Further, UNIQLO has randomly changed employees in the product development and production departments in Bangladesh and Vietnam.

UNIQLO staff have been sent to nine countries across 150 stores in Asia, Europe and the U.S.A. The idea is that these staff have to be stationed in a given place for more than three years to gain international experience through the store operation there. For foreign employees, a human resource exchanges program has been introduced to educate them. These staff have to be trained and change the way they present themselves in Japan. In order to facilitate the domestic and foreign personnel change, other women's clothes brand such as "Theory", which has been based in the U.S.A., have also unified their evaluations and remuneration.

Moreover, since 2010 UNIQLO has collaborated with Hitotsubashi University to set up an educational institution for management training for its employees at its Tokyo headquarters. Since 2011, it has also provided educational institutions in partnership with local universities in the U.S.A., France, China, and Singapore.

3. *Expansion of Asian Culture (Nikkei Keizai Shinbun, 2016)*

After Muslim fashion or costumes had been sold on the internet and became recognition, there was reaction towards a blogged photograph, which showed the original design of the hijab, that made non-Muslim women want to wear such fashionable clothes. The president of the UNIQLO also said that women all over the world have become interested in clothes based on ethnic costumes. "It is not only religion; the population on the Asian continent comes from many different races and culture mixed together. This factor sometimes leads to conflict, but it is important not to ignore our differences; we have to respect, understand and accept each other's culture and diversity. That's the key to create the new culture and market form - through tolerance and integration."

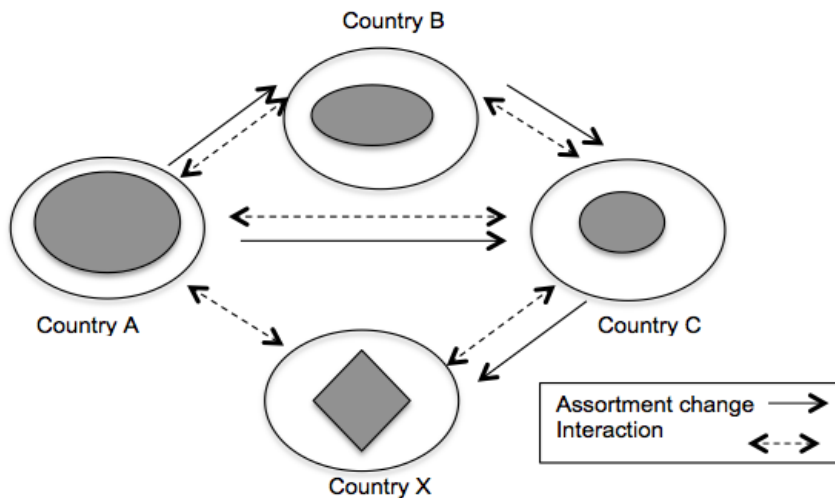
4. Analysis and Model

UNIQLO all over the world has common goods on sale at the same point in time (synchronization). In fact the phenomenon of this synchronization is conventionally referred to the system in business; production and distribution in manufacturing and sale alliance or in the consumption and sales cycle. But not in retail internationalization, between a business in the home country and a host country

Regarding the issue of standardization and adaptation, Mukoyama (1996) proposed the "core-peripheral assortment theory" with a global approach. However, referring to figure 5, this research paper suggests that the receiving side (host country) not only receives, it also interacts, e.g. with feedback between subsidiaries in each country. (A, B, C, X represent the different countries and the ratio of the "core-peripheral assortment" is indicated by the arrows between them).

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Figure 5: Interactions in Core-Peripheral Assortment Theory



Source: Modified from Mukoyama (1996)

According to Kawabata (2000), there are historical, social and economic differences in the markets of each country, which mean that each market has unique characteristics. The factors that have caused these characteristics can be seen as dynamic, having changed over time. When international retail companies transfer their existing home-market business model into an emerging market, it is necessary for them to go through a 'filter structure', i.e. the different characteristics of the new market. His research focused on this kind of adaptation.

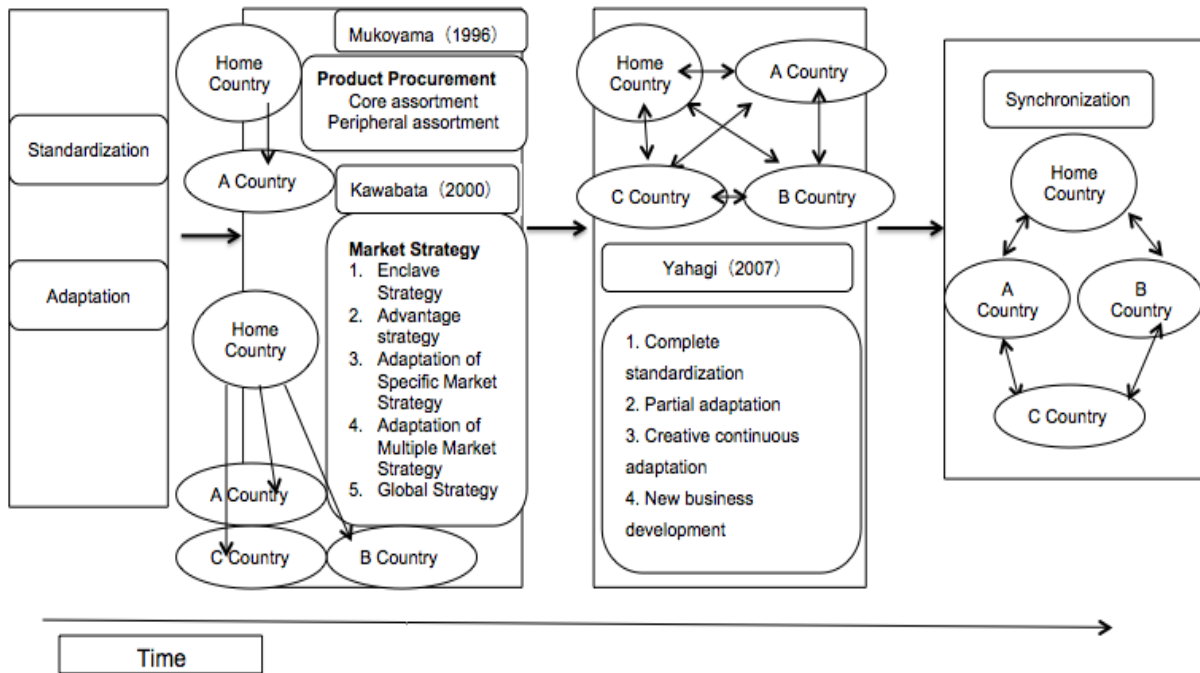
At this stage of interaction, Yahagi (2007) proposes four patterns of the degree of adaptation and localization in internationalization. He suggests that business conditions, knowledge, and strategy transformation between foreign subsidiaries create the possibility of reverse transfer from the foreign subsidiaries to the parent company. However, he claims that this international network approach is "easy to say but difficult to enact" and this would be the next issue to tackle, meaning that this approach is not yet realistic.

This research will suggest to look more in-depth at the international network approach, and the synchronization of retail internationalization that has been created due to this network. Moreover, conventional research suggests that the time difference (the gap between the introduction of a business/its products to the market in different countries) is relevant to the standardization or adaptation from the home country to the host country (Figure 6). However, currently, with the spread of the Internet, and the information revolution, etc., consumers are moving into the same direction and so the time difference between two countries is likely to be reduced.

According to the existing research, the phenomenon of synchronization in retail internationalization is based on the following assumption: initially, when the company emerges in an overseas market, the company has to consider its strategic pattern, whether to standardize or adapt to the local market. When time has passed, the company in the host country and in the home country makes the decision to develop its products/services at the same time. That is, the products/services are developing in synchronization, which results

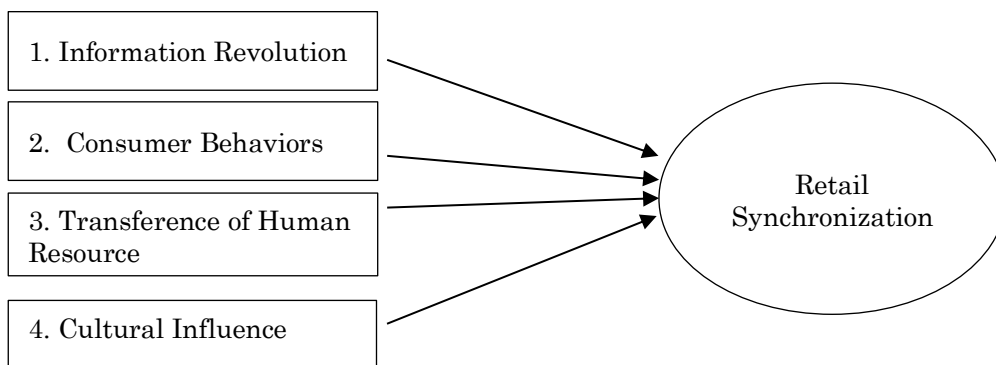
in the same or similar products/services in both countries. This should be called the “retail synchronization”

Figure 6. Framework of This Research



In the case of UNIQLO in Bangladesh, it has adapted to the local environment. As time has passed, products developed in Bangladesh have also been released at the same time all over the world. In other words, it could be said that there has been interaction between the markets of each country. Therefore, it is possible to observe a change in the relative positions, from the ‘learner side’ to the ‘teacher side’. Then, relying to the findings section four factors that cause the Retail Synchronization in internationalization have been suggested. These are the information revolution, consumer behavior, the transformation of human resources, and the difference in culture. (Figure7)

Figure 7: Factors Causing “Retail Synchronization” from the Phenomenon of UNIQLO



5. Summary and Conclusions

According to Yahagi (2007) who proposes four patterns of adaptation within degrees of localization in internationalization. First, the company has considered to standardization or adaptation to the local market. Then, synchronization phenomenon will result from a decision made in the host country, based on the consumer behavior, to develop the same or a similar product to that of the home country and the products/services that developed in the host country could be sold at the same time around the world.

From the case of UNIQLO, which is one type of the retail format, is supposed that synchronization phenomenon has occurred in the business, and this occurrence is due to human resource transfers in the organization between the host and home countries. In addition, consumer behavior and influence of culture from the home country to the host country, has been affected by the information revolution, and has lead to consumers all over the world being more interested in the same product (in this case, a fashion trend).

This research has shown the occurrence of a new phenomenon in localization patterns (retail synchronization) and suggested some factors behind it. However, this study is limited due to the use of UNIQLO as only the case study, and an inability to defend the factors behind the phenomena. Further study, should focus on other retail formats and literature to suggest other factors. Also, in order to defend the existence of “retail synchronization” phenomenon, statistical analysis and other literature must also be cited.

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