

# The entrepreneurship and small business : muji case study



The entrepreneurship and small business: MUJI case study Introduction In the global business, most of popular brands have been the entrepreneurship before they success. A number of individuals, who want to invest in some business, must have the investment budget or good financial status.

However, the money is not the basic factor to invest the business yet the opportunities to initiate the business are more important than investment from shareholders. For example, Mr.

Mark Zuckerberg, who is the founder of Facebook, was discovered the chance to create website which can share the activities and connect with friend and become the greatest social network in the world. (Phillips, 2007) “ They are seen as risk-takers and innovators who reject the relative security of employment in organisation” Goffee and Scase (1987) This statement clearly description of the entrepreneur is the person who admits and receives the threat of economic and invests the new business firm. Wallener, 2003) An entrepreneur has to undertake and confront with recklessness and irregularities while individual might achieve the objectives and receive the profit or loss everything. (Akrani, 2010) According to Martin (2010) journal defined that an individual who notices a recently probability which reaches the unfulfilled of consumers demand or develop the presented business opportunities. An entrepreneur must found the opportunities which equivalent with skills and interest. Byers, 2011) The essential objective of an entrepreneur is must continually existing in industry; individual should always be a leader and creative to maintain the value proposition of invention. (Haider, 2010) This essay will describe the essential factor to become an entrepreneurship and also use Muji as a case study of excellent

example for research how it grown from entrepreneur to the popular Japanese brand in the world. Opportunity

The business opportunity is the chance to establish a new venture, Abraham, Jayashree, Kumar and Poornima (2003) claimed that the entrepreneur needs to decide on the possibility and feasibility opportunity afterward develops into a competitive advantages. There are two types of opportunities; first are opportunity pull or opportunity creation Brown and Hagel (2005) research claimed that pull models are method that retort the uncertainty and managing the customer requirements through enlarge the opportunity. It also offers he instrument and source toward entrepreneur to innovatively and create opportunity throughout renovates doubt from the troubles. Secondly, the push model or capability pushes which are the chances that generate from highly innovations. Abraham, Jayashree, Kumar and Poornima (2003) stated that there are many resources of invention inspiration, for example market characteristics, social and economic trends and changes in utilization pattern. Once an entrepreneur recognises concerning business opportunity, the evaluation process would supports the firm decision by using SWOT analysis or market surveys.

Crickett (2007) suggested that the analysing business opportunity process an entrepreneur should determined the feasibility, demand and supply and also taking into consideration of industry size and market growth rate to ensure that those could provide the profit margin. " Falling in love with a single business idea can be dangerous" (Lewis, 2008) According to Churchill (2007) research suggested that the business opportunities have a lot of

chance to discover and also remaining in the market, however those are not suit with natural resources, financial statement or labour skill.

The entrepreneur should makes a cautiously decision which appropriates with firms capability to obtain the profits and successful. On the other hand Lewis (2008) recommended that if the firms chose the incorrect business opportunities which not suitable with potential of the firms, it would waste the occasions, capitals and energy nevertheless returning with low benefits. Entrepreneurial capital According to Erikson (2002) who described the definition of entrepreneurial capital is a mixture of entrepreneurial competence and commitment.

While the entrepreneur competence is the capability to realises the chances of business and also controls the basic raw material or resources of opportunity to take a competitive advantages. Moreover, Byers (2011) has defined the another factor of capital is the entrepreneur commitment, is a promise to take the firm to launch and successful through utilised the time and energy with properly situation. Innovative and creative destruction The innovation ideas are significant part to constructs the business opportunities and allows individual to launch a new product.

The essential factor to create the innovation is the creative destruction process which Schumpeter(1950, p. 83) described that distinguish innovation as “ an industrial mutation” it continually annihilating the superseded belief and also continually generated new idea. Moreover, Foster and Kaplan (2001) supported that the long term successful of entrepreneurship would

becomes from increasing capability and performance of innovation process through obliterates the obsolete idea.

In the gradually develop world, individual must choose the opportunity which should adoption form the unchanged idea and would open in the new industry. (Byers, 2011) The new innovation which never launch before can take the competitive advantages and in the lowest price of product also obtain these advantages from rivalry. The business model Many investors always questioning “ what is the business model of this business firms? ” which they would like to invest or acquisition in which they expect the answers through the explanation of processes that have a connection among internal and external sources of the organisation.

In Allen, Morris and Schindehutte (2005) research stated that there is no commonly concept of business model as results of there have wide range of descriptions. (Appendix A) A distinguished definition might be Amit and Zott (2001) who suggested that business models explain the viewpoint for clarify the configurations of new business firms and also created the possibility to successes. According to Chesbrough (2003) study, he stated that business model has six key elements which concluding: 1.

The value proposition is in which way that the products can response the customer requirement in term of technology which offers a dominant value proposition. 2. Market segment, the business firms must identify the group of customers which they can properly develop products in the similarly way to achieve customer satisfactions. 3. The value chain is the characteristic and

the situation of the firms. This factor ought to success in main objective; purchaser must know the value of the organisation. 4.

Cost structure and target margins which including sale price that should an acceptable and reasonable price for customer and also the target profit margin for the company. 5. Value network, the business firms must concern with outsourcing or third parties outer the value chain; suppliers or external competitions for instance. 6. Competitive strategy which the corporate are supposed to generates strategy to competitive toward rivalry. The competitive advantages are very important to achieve successful in the industry and firms must sustain the competitive advantages.

There are a lot of business models types such as subscription business model (SBOC team, 2011) or razor and blade business model (Sundelin, 2009), some business model was conquering in business competitive and became obsolete subsequently the new business model has been generated which complicated and complexity and instead of mature model. The business firms should realise the benefits and drawbacks of those models. Moreover, Hoffman (1998) concluded that they must recognize the appropriately model and suitable with organisation.

The model must covers up with all elements and generates the value to customers. (Walsh, 2011) MUJI “ Once you remove the price tag from our products, there’s nothing to indicate what the brand is. ” Stated from Tadamitsu Matsui, chief executive of Ryohin Keikaku Co. (Hall, 2007) Muji are found in Japan in 1980 as a brand of The Seiyu, Ltd. and launched only 40 products such as household and food products. In 1989, Muji was separated

from Seiyu and grown to be a manufacturer and retailer for produce, improvement, supply, delivery and sale the product. (Ryohin Keikaku, 2009) Muji has sold a variety of product which reasonably priced simple product and plain package. (Haig, 2006) MUJI was rewarded in positive creativity of products and create the simplicity culture toward community in which this plainness maintain MUJI and increase their reputations. Subsequently, Muji was established new store abroad, the first location was London and spread out all of Europe and Asia (Taise, 2006) In addition, Muji also offers more than 7,000 products and Muji also was becoming the most popular Japanese brands in the world. The opportunity of Muji

The key factor to be an entrepreneurship is opportunity which it could supports individual to generate ideas. Muji are similarly with all entrepreneurs to found the appropriate occasion to become a popular brand in the world, as a result of Muji has beginning from Japan which most of Japanese people have a simple life in the way of Zen. The meaning of Zen living is “ experiencing fully the present and delighting in the basic miracle of life itself” (Lin, 2009) In addition, Zen was educated people to recognize the original of humanity, existing in the ordinary and minimalism living.

The founder of Muji, Ryohin Keikaku, distinguished the simple living of Zen and applies this idea to his products which support by Woyke (2007) who maintained that “ Zen and the art of selling minimalism: Muji, Japan’s unbranded. ” In this case, it seems that an entrepreneurship like Muji exploit the idea from source similar to social and economic trend and changing utilisation pattern which mean Muji notices the opportunity from Japanese

social, Zen living, with simply product and also with the reasonable prices from Muji are related to Japanese financial status.

Moreover, the using of materials and packages which consideration the environmental issues, Global warming for instance, that transform the customer behaviour to concern with natural problems. In term of innovative and creative destruction, Muji have destroyed the capitalism system and develop the minimalist to instead of consumer characteristic and behaviour. In addition, these kinds of innovations changed the mindset of thinking and concerning with the environment problem.

According to Karen study (2011) which analysis SWOT of Muji, suggested that there are many strengths of Muji firm for example, the minimalist concept with simplicity product yet a complication of design which planned and thought of the pure and commonly design to became an unexpected product (Sweterlitsch, 2009) , the reasonable prices of goods and the cooperate with the environment.

The next issue is weakness, there are some weakness of Muji such as even though the apparels of Muji are durable but the concerning of trendy design of fashionable should attract customer awareness and the word of mouth tactic, which Muji apply to marketing strategy, might not be successfully in global market as a result of Muji does not consideration in advertising. Karen, 2011) According to first paragraph of this section which mention about the analysis of opportunity, therefore the next external factor is threats, the increasing of competition such as one hundred yen stores which less price and more functional than Muji (Wei, 2009) The business model of Muji “ To



us, it's all about a product that's simple and functional. " Stated by Tadamitsu Matsui (Hall, 2007) The name " Muji" is a short form of the original name " Mujirushi Ryohin" (Labbrand, 2008) that represent for " no brand quality goods". Haig, 2006) According to Muji stated that " At the heart of MUJI design is the Japanese concept of ' Kanketsu', the concept of simplicity, aiming to bring a quiet sense of calm into strenuous everyday lives. " (Tsai, 2011)The distinctions of MUJI from other brand are simple and no brand through their motto " Lower priced for a reason" which that means Muji achieves the customer satisfactions by way of the reasonable price and quality throughout produce with the finest material and also concerning with environmental issues. Ryohin Keikaku, 2009) The splendid characteristics of products are simple design, plain package, and no brand. As their concept, Muji was separated perception away from other brands throughout connectivity minimalist and maintainability in the way of living toward consumer. The commitment of Muji is " Lower priced for a reason" to produce the product with a reasonable prices for customer with simple and excellence value. (Ryohin Keikaku, 2009) Muji has known for streamlined business model and minimalist (Chen, 2011) which goes farther, deeper and clearer. Chapman, 2010) Muji constructs the innovations which continually changing attitudes of consumable and improving the humanity culture. However, Sweterlitsch (2009) pointed that Muji using old-fashioned business model, the obsolete model, in term of manufacturing goods and sells those at practical prices. It obvious that these two models have similar in minimalism concept that is simplicity and affordable prices. The value propositions of Muji are related with their mission which identity that directly to simplicity and functionality.

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The position of products are coming from three essential concepts; “ simple, functional and affordable” (Holloway and Hones, 2007) It is clarity that simple means the design of goods are easy to recognise, plainness and friendly with natural and environmental, the functional in products are valuable and flexible to utilise and also adjustable to satisfy final user and lastly the affordable with the acceptable price for any consumers. (Wei, 2009) In addition, Muji also change the customer’s attitude and experience which passionate with trendy to become an old-fashioned through circumvent the relations of fashionable and unfashionable. Hitt, 2011) As these concept to position muji’s products which constructed the distinctive model to become a common life. The product development strategies of Muji are relation with concept of mission which including material selection, simple package and efficient production processes (Wei, 2009); Material selection: Muji has suitable selected raw material with related to environmental issues and also keep the low priced but high quality of the material. (Keikaku, 2009)

Simple package: The packagings of Muji products always have natural colours and apply the container of the product with plainness to support the philosophy of corporate “ Simplicity”. (Wei, 2009) Smooth flow processing: The unnecessary processes, sorting, sizing and polishing for instance, are removing to keep the most efficiency and effectiveness in processes and also do cost reduction. (Keikaku, 2009) In the global entrepreneur as shown in Wei study (2009), Muji have lot of competitor in similarly market in which of quality product and inexpensive prices such as Ikea from Sweden, No frills from Canada. Hall and Woyke, 2007) “ The most surprising and delightful

aspect of their design is how nondescript they are. ” (Hsu, 2007) It seems that this statement is the distinction of the products design and would be the competitive advantage of Muji over Ikea or No frills. Furthermore, to sustained the competitive advantages, many famous designers are designed many products for Muji and also allows customers to design their own products through “ Muji international design contest” (Ryohin Keikaku, 2009) and the number one product design would be a product for Muji which means Muji have always recurrently their product design.

Conclusion The entrepreneur is the essential part of business which it is the initiative of many business enterprises, it seeks for the unexpected opportunities to generate the innovative ideas and become the innovation to serve and response the customer satisfaction. The toughness factor for create the entrepreneur is to find the opportunity which it can come from many sources such as internal and external sources. However, several enterprises do not reach their achievement and successful in industry as a result of they have chosen the improper opportunity which not suitable with their sources and abilities.

Muji is the excellent example for entrepreneurship, they change the opportunities of social trends of Japanese people, Zen living and minimalist, to become the simplicity household and grocery products and strong interest in new innovative design via designing contest to sustain competitive advantages like minimalist practical products. Even though, their products are not attractive in fashionable customers yet with their durability and functional products could instead of disadvantages.

Furthermore, Muji also motivates the minimalism and plainness concepts toward customer to concern about environmental issues. However, in the some oversea market such as Thailand, Muji have failed to introduce their products as a result of the price which are affordable and practical price for Japanese yet for Thais the price of their products are unacceptable prices for customer and also in plainness and simplicity goods which not appropriate with Thais.

In the future research, with these global warming problems, the entrepreneur should become a social entrepreneur who has a foundation theory that focus on result of support and create the social. (Green Marketing TV, 2010) Muji known as social entrepreneur since they are considering their product design, package design that friendly with social problem. References Abraham, M. K. , Jayashree, K. , Kumar S. A. , Poornima, S. C. , 2003, Entrepreneurship development, New age international limited, New Delhi, pp. 23-28 Akrani, G. 2010, Functions of an entrepreneur in process of production, [online] Available at: 13 Nov, <http://kalyan-city.blogspot.com/2010/11/functions-of-entrepreneur-in-process-of.html> [Accessed 11 Feb 2012] Allen, J. , Morris, M. , Schindehutte, M. , 2005, The entrepreneur's business model: toward a unified perspective, Journal of business research, Vol. 58, pp. 726-735 Amit, R. , Zott, C. , 2001, Value creation in e-business, Strategic Management Journal, Vol. 22, pp. 493-520 [online] Available at: [http://www.uazuay.edu.ec/bibliotecas/e-business/Value\\_Creation\\_in\\_E-Business.pdf](http://www.uazuay.edu.ec/bibliotecas/e-business/Value_Creation_in_E-Business.pdf) [Accessed 11 Feb 2012] Brown, J. S. , Hagel, J. , 2005, From push to pull - emerging models for mobilizing resources, [online] Available at: Oct, [http://www.johnhagel.](http://www.johnhagel.https://assignbuster.com/the-entrepreneurship-and-small-business-muji-case-study/)

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