

Management function and process marketing essay



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â...°. Internal Environment

â...±. External Environment

â...£. Management Process

â...°. Planning

â...±. Organizing

â...². Leading

â...³. Controlling

â...¤. Reference

â... . Introduction

First of all, to introduce the report description method, narrator is assumed by CEO of UNIQLO Singapore and then this paper will be sent to new investors. So first two sections that are company introduce and internal environment are focused to brand itself. Because investors might have uncertain prospect about our company and through the report, lack of brand information could be grasped. On the other hand, another section that is management process is focused on Singapore based UNIQLO. So this section includes specific business direction and prediction.

In terms of data collection, internal data that is provided by UNIQLO to investors was the main source of the report. And a number of related articles were referred. Also data from Department of Statics Singapore and Ministry of Manpower could be a good source which is related to Singapore.

1.1. Corporate Information

UNIQLO is Japanese casual apparel company. They have 1146 outlets over 13 countries and net sales was approximately 1.7 billion dollars (160 billion yens) in 2012. Beginning of UNIQLO was in 1984 by present CEO, Tadashi Yanai. Currently, he is the richest person in Japan and was ranked 76th in the world by Forbes.

Furthermore according to prestigious brand research agency, MilwardBrown, brand value of UNIQLO was 6th in apparel sector. Also a rank of market capitalization was 3th in the world following by ZARA and H&M.

Industry Ranking, 2013

(Industry Ranking, 2013)

To refer above chart, UNIQLO could not achieve outstanding growth until 2005. However rapid growth has been accomplished since 2009, at that time operating profit curve and net sales chart shows steep development. However the more important point is that they are showing steep growth in current and probability that they will sustain this growth acceleration in the future.

1.2. Internal Environment

Resources

Tangible Resources

Tangible resources could be not only physical assets like equipment but also financial resources or workers. In our case, the number of full-time employees is 18854 amount and we have 1146 stores over 13 countries. In addition to this, on the basis of 2009, the amount of total asset was 2. 2 billion dollars(209 billion yens) and the capital was 10. 7 million dollars(1 billion yens).

Intangible Resources

Intangible resources are a little bit abstract, which are difficult to quantify. But they also could be critical elements for competitive power. For example there are brand name value, patent and talent of employee. When it comes to brand value, according to Top 10 Appraisal Brand researched by Milward Brown, Uniqlo was 6th brand followed by Adidas. And then with regard to technique, best example is our product, Heattech. It cannot become widely known in Singapore on account of tropical climate. However this technique is about innovative heat-fiber. Thanks to the tech of heat-fiber, in terms of only Heattech line, 100 million products could be sold all over the world in 2011. (Apparel)

Capability

Functional analysis

Among three kinds of analysis only functional analysis will be introduced, especially about two core functional areas, manufacturing and product design. First our manufacturing system has strictly sustained 0. 3% of defective rate even though usual rate of same field was 2-3%. Furthermore

in terms of product design sector, we have performed the special project, which collaborates with prominent designers like Jil Sander. These effort and innovation could sustain the worldwide competitive power.

Internal Environment

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External Environment

Macro Environment (General Environment)

Through the data of macro environment like demographic trend, economic or sociocultural condition, and political/legal force, we could set a strategy that is adjusted to local market. In this section, we researched macroscopic market merit of Singapore. To help the comprehensive of reader, we utilized the graph and chart, which source of data is from Department of Statistics Singapore.

First this data is population of age group. To focus on specific target population, the analysis of purchasing power by age group should be performed. In case of Singapore, the rate of young man including mere beginner of society is quite less than middle-aged people. Therefore even though Uniqlo has customers for diverse age groups, we could more focus on

middle age group as a target, which has more purchasing power and has larger number of people. (Key Annual Indicators, 2012) 3-2) 2012年「生活者意識調査」より、若年層は購買力も人口も少ない。中核世代がターゲットである。

Second to refer below chart, we are able to grasp the point about average purchasing power of Singapore. So to have CPF or not, gross monthly income was over three thousand dollars. The more important point is annual wage change. Because wage increasing rate reflects increase of customer purchasing power, of course the cost of labor would also become higher though. Therefore to figure out the data precisely, except 2009 economy crises, the rate of total wage change has been increased over 4% annually since 2005. Also the rate in 2011 was quite large amount, 6% increase.

(Income, 2013)

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Micro Environment (Industry Environment)

To refer framework of Porter's five forces for explanation, among five forces, we will illustrate about threat of new competitors. Thanks to our brand feature that our strength is not only fashion but also function, we could have taken large amount of market share. So we have a confidence that we could be predominant position also in Singapore market. However there is one crucial problem that is online market growing fast. These days trend, fast fashion is suitable for cheap and fast-consumed products. So online market could adequately reflect these trend and these online dealers could become threat of market competition.

â...£. Management Function and Process

â...°. Planning

Setting Objective

Overall objective

First of all, before introduction of the specific objective of Singapore UNIQLO, to cite the mission statement of UNIQLO as overall objective,

“ We make clothes for all and all the other ways that define people. Our clothes are simple and essential yet universal.(syncopation)

At UNIQLO, we believe that everyone can benefit from simple, well-defined clothes.” (made for all)

Additionally the new slogan that changed in 2010 also is similar with the mission statement, “ MADE FOR ALL”.

Specific objective

Singapore UNIQLO takes small part, only retailing sector, among whole performance from manufacturing to selling. So to consider specific objective like quality problem or R&D investment follows the limit. We will only focus two objective, marketing and stock management.

First, through innovative marketing, we will create new demand on the original Singapore clothing market rather than adjusting to existing demand.

Second, we will put a lot of effort into localization of inventory management system. So zero amount of inventory will be accomplished.

Charting a Course of Action

Strategic Action Plan

To put resources for adjusting the original system as suitable for local condition.

UNIQLO inventory management system has been effective to accomplish the goal of zero-inventory. But there is one limit that the system is based on South Asia condition. So the old system should be adjusted.

To establish huge marketing research department, which focus on local market.

Because the department can maximize the advantage of Singapore like multicultural nation and crucial area of Southeast Asia. Through the result of the research, future target product line can be expected and the firm's capability also can be focused on specific product line.

When to expand the number of outlet, as long as there is no huge risk, to establish a store bigger.

Real customer awareness in the Singapore is quite less than the goal of brand status. Since outlet size could affect the customer's brand recognition, especially in case of first impression. It will directly link to brand awareness.

Tactical Action Plan

Outlet manager try to strengthen the communication with other outlet manager.

To accomplish the zero-inventory, it is needed to not only improve the inventory management system but also communicate about handling

inventory. For example each manager can help to sell left inventory or to supply shortage item rather than operate individually.

To hire the marketing researchers who are from diverse culture.

The purpose of new marketing department is to search suitable product line for widening the market rather than sharing existing market. So to find the target line effectively, need the diverse perspectives from multicultural background.

Each outlet utilizes the SNS properly for fresh brand awareness.

Although huge outlet could give formal and stiff image to customers, as each manager try to communicate with customers through SNS like Facebook, customer could experience special reception, which is like “ Big store has to deal numerous customers but they think me particularly.”

Operational Action Plan

When inventory is left after next season, staff inform preferentially the promotion for disposing the stock..

This method could be one of the best methods for goal of zero-stock.

Through individual staff's effort to inform the promotion like discount event or 1 for 1 event, the left stock could be disposed effectively.

Outlet staff recommends first the target line that is selected by research and display the product at main position.

These bottom line's efforts could affect immensely our objective. Because individual staff contact directly with customers so they can induce the customer's purchase effectively.

Staff tries to communicate personally for a familiar relationship with customer.

For example staff gives a word like not only basic greeting but also private news that could be known through SNS. And to remember customer's name like detail activity could be also good example. These activities could affect positively to the brand recognition.

Resource Allocation

UNIQLO has the SPA (Specialty store retailer of Private label Apparel) business model that company has whole process from manufacturing to operating. So UNIQLO allocates the resources into diverse department. However in case of Singapore based UNIQLO has few department, marketing, inventory management, and operating.

In terms of financial resources among tangible resources, we will return the profit into each department to strengthen it., especially to hire talented employee. Inventory management team will hire outstanding student who has system engineer degree from NTU for localization of inventory management system. In addition to this, marketing department will scout professional marketer from other Singapore based advertising firms.

On the other hand, human resource will be managed by mutual movement between each department for organic combination. For example marketing manager could move to operation team or operation team manager could work at the inventory management team. Through the reallocation of human resources, the comprehension about other department will be improved and the particular knowledge could be interchanged.

. Implementation

In this section, two types works that are to establish timelines and division of task will be considered. First, the inventory management team will train graduates about basic system design in this year. Therefore the localization of old inventory management system will be accomplished by 2015. Second in case of marketing department, the department will be divided by two teams. One team will take a role of marketing research. Another team will focus on commercial advertisement. This decision means the enforcement of the research. So in the shortest time possible, it will be finished to set a target product line at local market and to perform the advertisement that is focused on specific products.

â...¥ – â...±) Organizing

UNIQLO is the SPA brand. So the brand handles every process not only manufacturing and sales but also R&D and design. So UNIQLO has diverse departments as large as huge corporation's department.. However actually except Japan that has head office and China that has manufacturing factory, overseas based UNIQLO usually has only sales department like below chart.

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(Personal framework)

To explain above organization structure, it could be defined by vertical organization among two types of organization structure. Because decision making is performed autocratically by upper manager rather than horizontal communication. Although there is movement between tactical levels, an absolute command is delivered by top-down way.

However if Singapore based UNIQLO grows massively as large as headquarter of Southeast Asia, the UNIQLO has several departments as explained before. For example, in terms of types of department, there could be marketing team or inventory management team. So this perspective of organization structure is horizontal dimension. To explain it in detail, it could be said that the organization has functional structure, which each department is classified by what kind of task to do.

2.2) Leading

Present UNIQLO in Singapore has only sales department. So to refer the previous organizational structure of sales department, the leadership style could be clearly comprehended. Sales department has vertical organization characteristic. Therefore leadership style is also autocratic. From core strategy to detailed performance, all processes are decided by upper manager. Even though some specific data could be collected by lower employee, the decision making is only manager's part. And the decisions are delivered to lower manager or staffs and the behaviors are required by decided command.

One of the best example is UNIQLO own manual. There are two kinds, one is guide book of store manager and another is hand book for new employee. They all should follow the fixed manual. If the employee operates by own decision the strict penalty is followed like resignation warning. However except these coercive and legitimate powers, almost activities of the organization are worked by reward power. All employees have a chance to get bonus or to promote to higher manager as much as they did. Also senior manager totally recognize that reward policy could be a best motivation in sales part.

3) Controlling

Singapore UNIQLO utilizes the bureaucratic control method that is formal control approach. However due to characteristic of sales department, it is hard to measure the performance. Because most activity has to be measured by quality standard, not quantity standard that is used at manufacturing department. So sales department has put a lot of effort into setting formalized standard to accomplish the goal of improving brand awareness effectively. There is the process as follows.

Establishing Standards

To arrange the Products that are scattered after customer's browsing immediately.

Store manager checks the products display and fulfill the shortage products every hour.

Each staff takes responsibility of each customer by keeping an eye to their purchasing behavior from beginning to end.

Measuring Performance

Store manager monitors frequently detail staff behavior like sampling quality test of manufacturing.

To apply formalized standard, for instance staff fills in a self check list which includes detail action standard every hour.

To request customers to fill in the questionnaire for customer satisfaction

Identifying Shortcoming

To explain precisely above measurement method, first in case of self check list, it is required to check by staff itself. And manager compares the checked list and real behavior. If there are differences, the point that full mark is 100 point is deducted by 5 point per each list. So to figure out outlet's service condition, manager set lower limit of check list point at 80 point. However the critical shortcoming was that staff did not try hard to sustain 100 point and did satisfy at 80 point.

Taking corrective action

To conclude manager takes action that a staff who sustains 100 point during one month could get a bonus or paid vacation. Also the policy of questionnaire for customer satisfaction is stopped because of giving annoyance to customers.