

ECONOMICS PROJECT

MUJI

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MUJI BACKGROUND INFORMATION

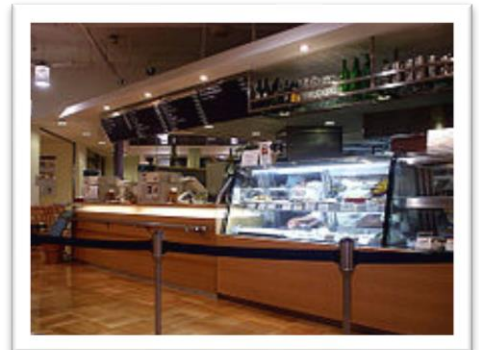


MUJI, which was founded in 1979, is a Japanese retail company which sells a wide variety of household and consumer goods. It sells household goods, kitchen utensils, fashion, stationery, electronics, home appliances, cosmetics, food and furniture. Its primary business includes Café MUJI, Meal MUJI, MUJI Campsite, florist and home furnishing. The company has also engaged in architectural projects such as the MUJI houses.

MUJI started with 40 products during the 1980s, their products range from stationery, and clothing for men and women, to food items and major kitchen appliances and has even included an automobile.

Its primary business includes Café MUJI, Meal MUJI, MUJI Campsite, florist and home furnishing; the company has also engaged in architectural projects such as the MUJI houses.

By the end of the 2000s, MUJI sells more than 7,000 products. It is positioned as a "reasonably priced" brand, keeping the retail prices of products "lower than usual" by the materials it selects, streamlining its manufacturing processes, and minimizing packaging.



MUJI restaurant - MUJI Meal,
in Kyoto, Japan

History



MUJI Car 1000, the product of a 2001 collaboration with Nissan

Mujirushi (no-brand) Ryōhin (quality goods) began as a product brand of the supermarket chain The Seiyu, Ltd. in December 1980. The Mujirushi Ryōhin product range was developed to offer cheap good quality products and were marketed using the slogan "Lower priced for a reason." Products were wrapped in clear cellophane, plain brown paper labels and red writing.

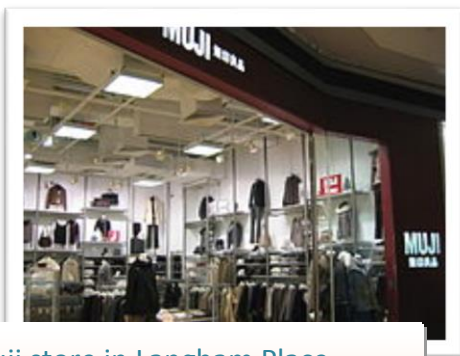
Mujirushi Ryōhin's drive to cut retail prices for consumers saw the company cutting waste by for example selling U-shaped spaghetti, the left-over part that is cut off to sell straight spaghetti.

In 1983, the first directly operated Mujirushi Ryōhin store opened. In 1985, Mujirushi Ryōhin started overseas production and procurement, started to place direct factory orders in 1986, and in 1987 MUJI started to develop material globally.

In 1989, Ryohin Keikaku Ltd became the manufacturer and retailer for all Mujirushi Ryōhin products and operations, including planning, development, production, distribution and sale.

In 1991, Mujirushi Ryōhin opened its first international store in London, UK.

In 1995, shares in "Muji Tsunan Campsite" were registered as over-the-counter shares of Japan Securities Dealers Association. In 1998, Ryōhin Keikaku listed on the second section of the Tokyo Stock Exchange. From 2001 onwards, it was listed on the first section. In April 2001 they issued the **Muji Car 1000**, a limited release of 1,000 badgeless and decontented Nissan Marches, only available online. Intended as an exercise to test their online marketing systems it was developed together with Nissan. The spartanly equipped little car (with the rear seat upholstered in vinyl, for instance) was only offered in "marble white".



Muji store in Langham Place, Hong Kong

The brand name " MUJI " appears to have been used since around 1999.



Countries of operation

In addition to its large and small retail outlets in Japan, Ryohin Keikaku has three factory outlets at Osaka, Gotenba and Fukuoka.

In Japan Ryohin Keikaku has directly operated 212 stores and supplies 127 outlets, as of end February 2010.

In New York MUJI supplies products to a design store at the Museum of Modern Art and maintains a flagship store. Ryohin Keikaku has 285 stores in Japan, employing around 3400 employees.

No-brand brand

MUJI 's *no-brand* strategy means that little money is spent on advertisement or classical marketing, and MUJI 's success is attributed to word of mouth, a simple shopping experience and the anti-brand movement. MUJI 's no-brand strategy also means its products are attractive to customers who prefer unbranded products for purely aesthetic reasons.

MUJI has released a t-shirt with a rubber square on the chest for customers to design their own logo or message.

Design

MUJI is known for its distinctive design, which is continued throughout its more than 7,000 products. Commentators have described MUJI 's design style as having mundanely, being "no-frills", being "minimalist" and as "Bauhaus-style".

MUJI product design, and brand identity, is based around the selection of materials, a streamlined manufacturing processes, and minimal packaging. MUJI products have a limited color range and are displayed on shelves with minimal packaging, displaying only functional product information and a price tag.

Design approach and production

On its corporate website, Ryohin Keikaku Ltd rationalises these principles in terms of producing high quality products at "lower than usual" retail prices, true to the original MUJI marketing slogan "lower priced for a reason". On its Catalogue website MUJI states 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. In an interview Hiroyoshi Azami, President of MUJI USA, describes MUJI 's design culture as centred around designing "simple" products that are basic and necessary.

In its design, MUJI also follows environmental guidelines, seeking to "restrict the use of substances that may have a significant impact on people or the environment" and "reduce waste by standardizing modules, facilitating disassembly and by reducing packaging".

The MUJI design process resists technology, and prototypes are produced with paper rather than computers, so as not to encourage unnecessary detail. The manufacturing process is determined by the consumer's use of the product, which is a design priority. Finishes, lines and forms are minimized for manufacturing ease.

Manufacturers

As well as its designers, ordinarily MUJI keeps its manufacturers private.

One notable exception is collaboration with Thonet, the oldest German furniture maker. In 2008, MUJI and Thonet announced they cooperated to produce two lines of minimalist furniture. The first was bentwood chairs designed by James Irvine and a homage to famous No. 14 chair of Thonet. The second was steel tubular chairs and desks designed by Konstantin Grcic. Roland Ohnacker, managing director of Thonet, stated that the aim was "to help 18 to 35 year-olds enter the Thonet brand world". From Spring 2009, these furniture are available at selected MUJI stores.

Directors

The first art director of MUJI was Ikko Tanaka. Tanaka is credited with developing the Muji concept together with Kazuko Koike (marketing consultant), and Takashi Sugimoto (interior designer). Tanaka articulated the MUJI vision and appearance, and he provided ideas and prototypes that visualized the design strategy. In 2001 Kenya Hara, an internationally recognized graphic designer and curator, took over as art director. He stated that:

"I found that the company was at a standstill with the original idea, 'No design', which was advocated at its inception. They also had more than 250 outlets and sold more than 5,000 items, including products that deviated from the initial MUJI concept or were low cost, but of substandard quality.

Kenya Hara has been credited as key figure in further developing MUJI. Hara has a background in graphic design, hence had experience in designing packaging and corporate identities. but beyond that he is credited with significantly moulding the MUJI brand and design identity. In an interview in 2005 Hara stated that "Everything in the world has become an object of interest for me. Everything is designed." Hara has published books on design philosophy, most recently "Designing Design".

Sam Hecht, Creative Director of MUJI Europe, is quoted as saying "The human is not the centre of everything, but on the same level of everything."

Timeline

1983: The first standalone MUJI shop opened in the Aoyama area of Japan.

1989/90: MUJI transferred from original supermarket owner Seiyu to new company Ryohin Keikaku.

1998: Ryohin Keikaku listed on the second section of the Tokyo Stock Exchange. From 2001 it moved into the first section.

2002: Expanding into the US, MUJI was stocked in the gift shop of the Museum of Modern Art in New York. Its wall mounted CD player also appears in MOMA's art collection.

2010: MUJI celebrated its 30th anniversary.

2011: The first MUJI in Aoyama reopened as a concept store called Found MUJI Aoyama, featuring products from different cultures around the world.

BASIC ECONOMIC PROBLEMS

What to Produce

MUJI output many types of product such as stationary, snack, commodities and cloths. Since MUJI produce many types of goods, different people can also find their favorites in MUJI. The stationary of MUJI are very famous because the quality are high, it also reflect the non-price competition between MUJI and other companies.

For Whom to Produce

MUJI produces many types of good to meet the different consumers' needs. Just like the stationary mainly sells to students and the commodities mainly sells to housewife. Muji considers different age range consumers and against their needs to produce distinct goods. It can help MUJI to maximize the profit.

How to produce

MUJI had its own factories to produce goods. In 2011, MUJI had set 240 production sites in China. Also, MUJI cooperate with other factories to help them product goods such as the shoes of MUJI was product by a factories in Nara Prefecture.

FORM OF BUSINESS OWNERSHIP

MUJI belongs to a listed company. Listed company is a type of public limited company. The main difference between these two type is that its shares can be bought in the stock market when the company is a listed company.

As it is a kind of public limited company, the owners of its company have to register it with the Companies Registry to obtain a Certificate of Incorporation and pay a capital fee. On the other hand, MUJI is an independent legal entity with a separate existence from its owners and it assumes all responsibilities. It can own properties, engaged in lawsuits and make contracts in its own name.

Moreover, MUJI can also invite public subscription for its shares. Those people who buy shares are called shareholders. They are the owners of a limited company. In this case, they are the owners of MUJI. MUJI, at a result, can have a wider source of capital. They seldom involve in the management of a company but they provide capital and bear risks. They can elect a board of directors too. The duty of the board of directors is mainly supervising the company's operation. It also formulates major policies, prepare budgets and appoints auditors to prepare annual business report.

There are some advantages and disadvantages of being a listed company. First, we will talk about advantages. Being a legal entity, MUJI is fully responsible for its debts and obligations. Shareholders of MUJI enjoy limited liability. That means their losses are confined to the amount they have invested in MUJI. Another advantage is that MUJI is a legal entity so its existence is not affected by admission, withdrawal, bankruptcy or death of its shareholders. It can last forever unless it is liquidated.

On the contrary, there are some disadvantages of being a listed company. MUJI has to pay a higher profit tax rate when compared to sole proprietorships and partnerships. Also, MUJI needs to submit its audited annual financial accounts to the Companies Registry so its information is then accessible to the public.

COMPETITIVE ENVIRONMENT

MUJI is a department store that sells many kinds of goods like stationary and snack. And Muji is in the market with imperfect competition because it has both price and non-price competition. Also, the goods of MUJI and other department stores' goods are heterogeneous. The market structure of MUJI was is an Oligopoly market as there are only few big sellers dominating the market. (e.g: AEON,Yata) Since MUJI and other companies imply non-price competition, they attract consumers by improving product quality and provide free gifts to boost sales.

For example, MUJI provide a membership for whose frequent guest that they can enjoy a lower price and get shopping gift voucher in their birthday month. It attract more people to consume MUJI's goods.

MUJI is a maverick in the market because few department advertise by a simple way. All the billboards of MUJI are constitute of two colors: white and reddish brown. It makes MUJI looks like more nobility.

MARKET STRUCTURE

MUJI is an example that is involved in market structure of oligopoly. There are some features can be observed to determine whether it is in oligopoly. First, there are many small sellers who sell stationery, clothes, but only a few sellers are dominating the market. This is one of the most important features. Then, in a oligopoly market structure, free entry is allowed. Any seller can enter the market at any time the seller desires. At the same time, these markets allow restricted entry of new sellers when there are only a few sellers. Thirdly, when there are many sellers in the market, their products may be different. MUJI may sell stationery with its own brand while the other sellers may sell stationery with other brands. Therefore, in this market, sellers supply heterogeneous products. To buyers, the products are not identical. On the other hand, MUJI or other companies may sell and supply homogeneous products. In essence, they all tend to sell heterogeneous product because they can raise sales by differentiating their products. Finally, no sellers or buyer can have complete market information, such as market demand and market supply, prices charged by different sellers and quality of their products. Therefore imperfect information is provided in oligopoly market.

Different market structures have different behaviors. In an oligopoly market, MUJI is a price searcher because it can affect the market price and will search for the prices that maximize its profits. Different sellers supply heterogeneous products and both sellers and buyers have imperfect information. Due to this reason, MUJI can raise its prices without losing all its customers. Moreover, under this kind of competition, MUJI mostly engage in non-price competition. It seldom changes their prices; they often compete by non-price means. For example, we can see some advertisements on street or in plaza. This is a kind of non-price competition.

Then, being interdependent is a feature of oligopoly too. For example, MUJI changes the market prices and other market conditions, and the other sellers would follow suit and further change the market conditions and induce a series of reactions until a new equilibrium is reached. Due to the interdependency among oligopoly, another feature is developed. Prices tend to be rigid in oligopolistic market. It is because if MUJI cuts its price, other sellers will react to its actions as to keep their market shares. This may lead to a price war and then all sellers suffer a great drop in profit. On the contrary, if MUJI raises its prices, the others will not follow the same action. They may seize its market shares if they do not change their prices. Thus, oligopoly is cautious about changing prices and market prices tend to be rigid even if a change in market demand or supply. Finally, major sellers like MUJI will take the lead in changing prices when there is a significant rise in production cost or fall in market demand. They set prices and the others will follow. Price leadership is one of the features of oligopoly.

CORE ISSUE:

WHAT HAS THE FIRM DONE TO INCREASE ITS PROFIT?

Background information of the core issue

From 2010 to 2012, MUJI global net sales volume has increased from 169.7 billion yen (about 10.78 billion yuan) to an unprecedented 187.7 billion yen (about 11.92 billion yuan). The operative profit has increased from 13.9 billion yen (about 880 million yuan) to 18.4 billion yen (about 1.16 billion yuan).

Reasons leading to succeed (1)—Reduce cost

MUJI launches supplementary package of toilet paper, instant noodles, toothbrushes, etc., omitting unnecessary packaging costs and processing costs.

For example, the company sells supplemental tissue paper combination (補充用面紙組合) with a reusable cartons and five additional tissue papers (五入裝的補充用面紙). This can reduce the packaging cost.

Another example is recycled paper notebook cover which is plain, without any tricks. A simple cover can reduce the designing cost and production cost.

There are more examples of reducing production materials in order to reduce cost in P.17-18.

Reasons leading to succeed (2)—Corporation social responsibility

Corporate social responsibility refers to the responsibility of a firm to society. It is the responsibility of a firm to all of its stakeholders. A firm's stakeholders are the people who affect or are affected by the decision and behaviors of a firm. Shareholders, employees, suppliers, customers, the government and the community are the stakeholders of a firm.

Nowadays, firms have to consider corporate social responsibility when making business decision. They not only have to obey the laws set by the government, but also have to meet the desires and ethical standards of their stakeholders. For example, implementing policies to protect the environment and avoid causing environment damage. MUJI concerned about globalization, environmental protection and care about its customers. These ideas have also excited in many people's minds.

Globalization

Many of the world's problems are started because of the conflict between different cultures. From experiences, we know that flaunting the superiority of self-culture is not conducive to the development of the world. MUJI understands clearly that only the global perspective, universal one, is suitable for contemporary thought. Therefore, the company produce its products with this thought and tries to convince humans with the value, in order to help the whole world move forward. These show MUJI responsibilities to the World.

Environment protection

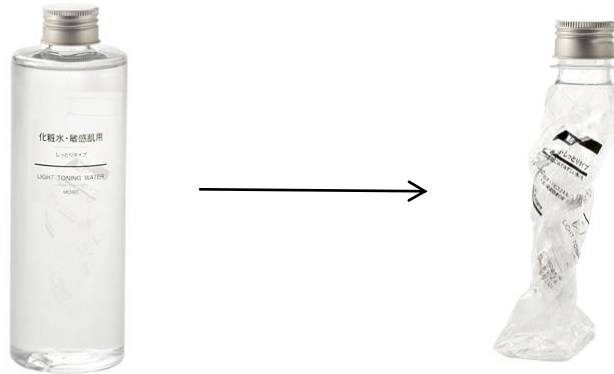
People take environmental problems seriously. Humans try to adopt a green-lifestyle in order to give the right response to the environment. Bags made out of recycled paper are used in MUJI, in line with the natural environment of the brand personality.

MUJI constantly exercises self-restraint in the design and manufacture of its products; it can be frustrating reducing an item to its essentials, but with practice it becomes natural and even enjoyable. Just as changing our diet or taking up an exercise program, although sometimes painful at first, helps us become fit and healthy, MUJI hopes that as a world society, we will choose a sustainable path for the greater benefit of our Mother Earth and all her people.

Examples:

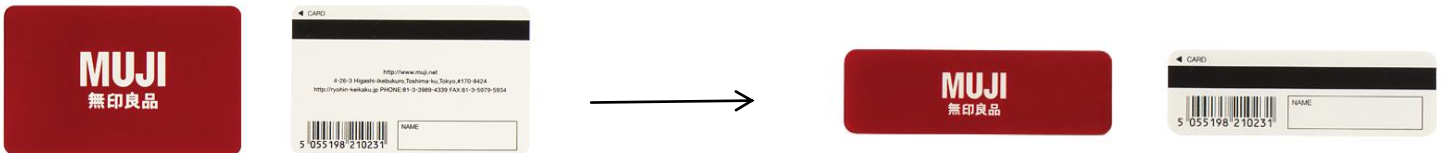
1. Ultra thin lotion bottle

90% of this face lotion is water. Rather than being concerned about complicated ingredients, the focus is entirely on the purity of its contents. Like the lotion, the ultra thin container uses the least possible materials.



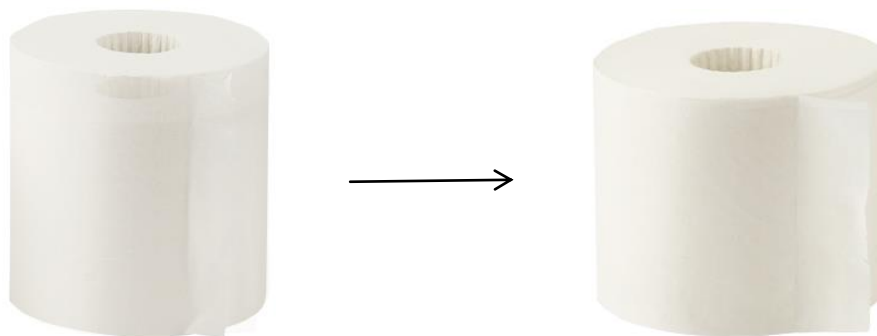
2. Smaller card

We are surrounded by cards - not just credit cards, but also identity cards, shop cards, and more besides. By retaining functionality but halving the size, the thickness of a wallet can also be halved.



3. Toilet paper fitness 80

By narrowing the width of the toilet roll, resources are saved without loss of efficiency and packaging costs can also be reduced.



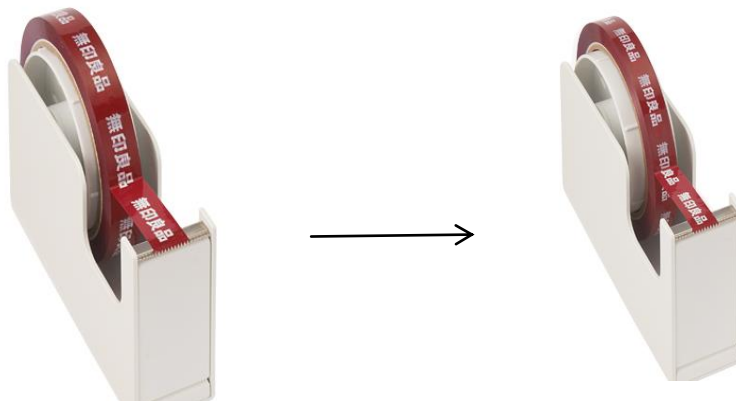
4. Cotton bud fitness 80

Think about when you use cotton buds, do they really need to be as long as they are?
Muji asks questions about even the most trivial matters.



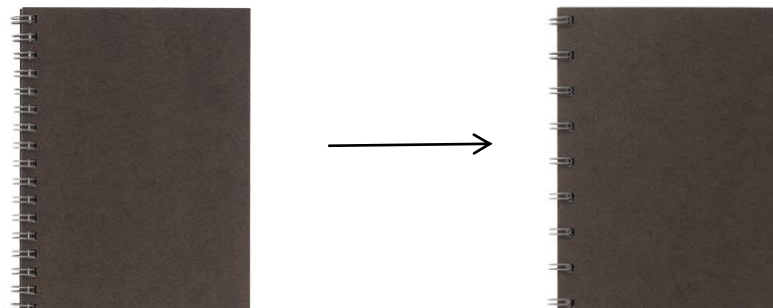
5. Tape fitness 80

How much tape do you use in one year? We can probably get by with less just by narrowing the tape. Although only a small measure, this will make a huge difference when adopted by society as a whole.



6. Ring-bound fitness 80

Even when widened slightly, we can probably reduce the amount of materials used without affecting functionality. Although only a small measure, this will make a huge difference when adopted by society as a whole.



Care about its customers

"No-brand" which means packages are simple and streamlined manufacturing process. Also, the "quality goods" is the product they have developed are committed to quality. These show MUJI is responsible to its customers.

More and more investors and customers consider a firm's performance in social responsibilities when making their investment and consumption decisions. MUJI can achieve the responsibilities and this help it to increase its sales and then its profit.

Reasons leading to succeed (3)—Expansion

Horizontal expansion

Horizontal expansion occurs when a firm expands into a business that is engaged in the same production stage of the same product. Here, 'the same product' also includes substitutes, i.e. related and competing products.

Stationery is one of the MUJI's businesses. MUJI's stationeries are known as variety of types and colors. It has pens, pencils, notebooks, staplers, memos, etc. And among all these, each type of stationary can divide into several sorts. For example, for pens, there are gel ink pen, ball pen, hex pen, highlight pen etc., and up to about 10 colors for customers to choose. Also, each sort can also divide into 0.38mm, 0.5mm, 0.7mm and 1.0mm wide. Horizontal Expansion occurs when a firm, expands into a business that is engaged in the same production stage of the same product. The same product also includes substitutes, i.e. related and competing products. As gel ink pens and ball pens are related but they are competitive, MUJI involves in horizontal expansion.

When MUJI involves in horizontal expansion, it can enjoy economies of scale. As it produce large amount of stationeries every time, it can lower its average production cost and bilk purchase of materials. Also, MUJI produces many types of stationary, the product can suit more people's wants, and so more people will buy their good. Thus, MUJI can enlarge the market share of its products. Then it is more able to affect the market supply and influence the market price to minimize its profit.



[New] Gel-Ink Ballpoint Pen - 0.5mm

The improved design of the gel ink pens features an ink prevention mechanism. This stops ink flowing in the wrong direction which can be the cause of breaks in the writing line and ink leakage. The new aqueous pigment ink also reduces ink bleeding into the paper. [Learn More](#)

♥ Add to Wishlist

📄 Add to Compare



[New] Gel-Ink Ballpoint Pen - 0.38mm

The improved design of the gel ink pens features an ink prevention mechanism. This stops ink flowing in the wrong direction which can be the cause of breaks in the writing line and ink leakage. The new aqueous pigment ink also reduces ink bleeding into the paper. [Learn More](#)

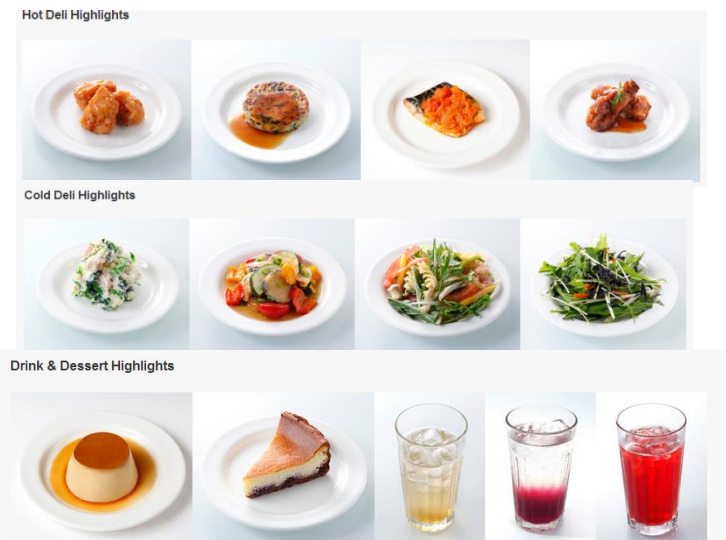
♥ Add to Wishlist

📄 Add to Compare



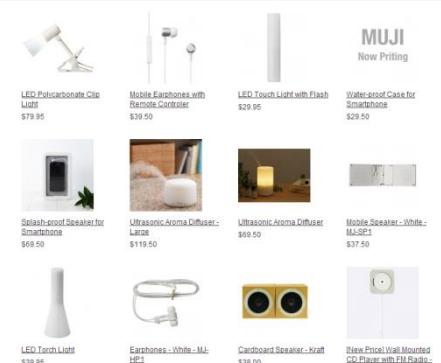
Lateral expansion

Lateral expansion occurs when a firm expands into a business of related but not competing products. MUJI has done a lot in this aspect. For example, in Café and Meal MUJI, there are hot deli, cold deli, dessert and drinks. Also, in MUJI store, it sells different kinds of electronics including clocks, lights, speakers and earphones.



There are several motives for lateral expansion. Firstly, MUJI can enjoy economies of scale and lower its average cost as the firm enlarges its production. MUJI may gain from increased specialisation in management, larger discounts in bulk purchases of raw materials and cost cuts in borrowing and markets.

Also, because of the established brand name's goodwill, most consumers are willing to try MUJI's new products. Through lateral expansion, MUJI can extend its brand name to other products. Thus, MUJI can increase its sources of income, save on the costs of marketing new products and further promote its brand name.



Then, lateral expansion also brings about product diversification which helps to spread risk. Loss in one business may be compensated for by a gain in another. Therefore, with more sources of income, MUJI is less likely to suffer an overall loss.

Lastly, through lateral expansion, Muji can offer a greater variety of related products. An increase in product choices helps it to keep its own customers and attract other customers from its competitors.

Vertical forward expansion

Vertical expansion occurs when a firm expands into a business that is engaged in different production stage of the same product. There are two types of vertical expansions. First, if the firm expands into a business in a preceding stage of production, this is vertical backward expansion. Second, if the firm expands into a business in a later stage of production, this is vertical forward stage. MUJI only engages in vertical forward expansion. For example, MUJI set up MUJI House and Café and Meal MUJI. MUJI House proposes ideas for living with the spacious and airy House of Wood and House of Windows, two open-plan homes sold in association with builders around the country. Café and Meal MUJI offers a wide selection of healthy and tasty dishes. All items are prepared with fresh, natural delicious flavor.



Through vertical expansion, MUJI can enjoy economies of scale and lower its average cost as the firm enlarges its production. MUJI may gain from increased specialisation in management, larger discounts in bulk purchases of raw materials and cost cuts in borrowing and markets.



On the other hand, through forward expansion, the expanded firm can secure market outlets for its outputs. In addition, it can obtain information on consumers' preferences more easily.

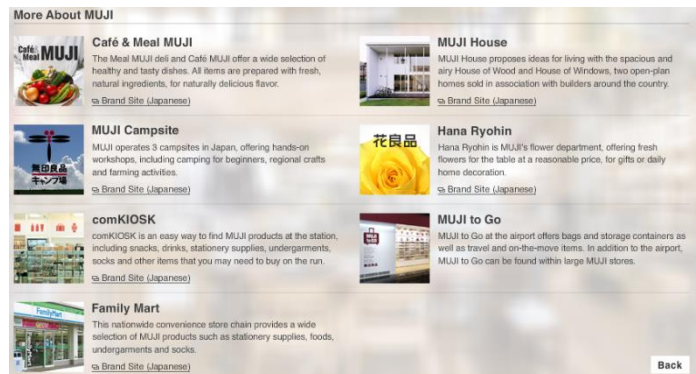
With subsidiaries specializing in marketing outputs, MUJI can reduce the costs involved in the trading of inputs and outputs. These include the costs of searching for information, negotiation, contracting, monitoring, packaging, marketing, etc..



Finally, because of the established brand name's goodwill, most consumers are willing to try MUJI's new products. Through conglomerate expansion, MUJI can extend its brand name to other products. Thus, MUJI can increase its sources of income, save on the costs of marketing new products and further promote its brand name.

Conglomerate expansion

Conglomerate expansion occurs when a firm expands into a business of unrelated products. A conglomerate is a large company composed of different unrelated businesses. MUJI expands into different businesses including flower shops and campsite.



There are several advantages of this type of expansion. First of all, MUJI can enjoy economies of scale and lower average production cost.

In addition, conglomerate expansion also brings about product diversification which helps to spread risk. Loss in one business may be compensated for by a gain in another. Therefore, with more sources of income, MUJI is less likely to suffer an overall loss.

Moreover, because of the established brand name's goodwill, most consumers are willing to try MUJI's new products. Through conglomerate expansion, MUJI can extend its brand name to other products. Thus, MUJI can increase its sources of income, save on the costs of marketing new products and further promote its brand name.

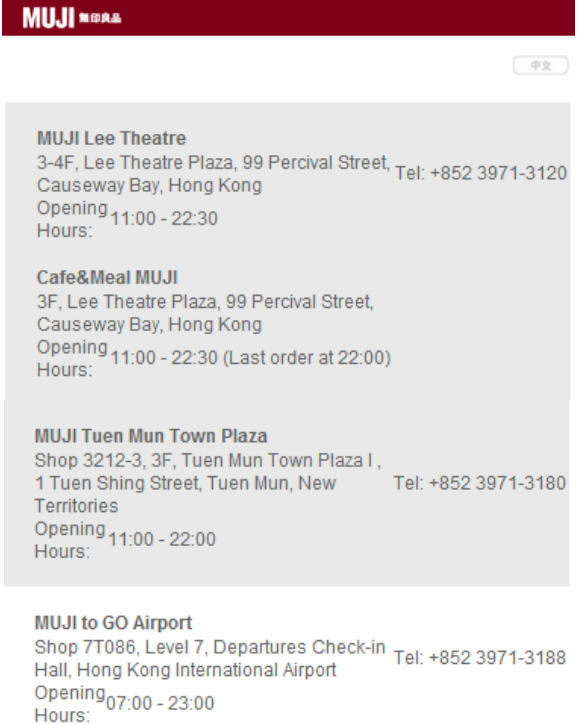
Finally, owing to market saturation, decline in demand, increase in cost or market competition, it may be difficult for MUJI to continue to increase its profits from its existing business in an industry. It may be more profitable for MUJI to develop its business in another industry.

Internal Expansion

Internal expansion is the expansion of a firm on its own. To do so, MUJI acquires additional inputs directly from suppliers of these inputs, not indirectly from another firm.

MUJI 's expansion into Asia is gaining momentum. The brand is targeting nearly 150 stores in the region by the end of this fiscal year up from just over 100 the previous year. In China alone, the aim is to have 70 stores with a presence in 29 cities. 2012 also saw increased optimization of the brand's marketing with a global "MUJI to Go" campaign and cross-department promotions in Japan. A pioneer in the digital space, the brand continues to move its communications online. The MUJI Life social game saw participants from more than 100 countries. MUJI Home Made was broadcast live over the internet and MUJI KNIT Like Collection integrated Facebook into an interactive display. With a strong e-commerce platform already in place, the brand needs to ensure that these eye-catching activities are converted into long-term growth.

In Hong Kong, there are ten branches of MUJI. One of them locates at the airport and the nearest from our school is the one locates at the Tuen Mun Town Plaza. Moreover, there is a Café and Meal MUJI in Lee Theatre Plaza, Causeway Bay



The image is a screenshot of the MUJI website, specifically the Hong Kong store locator page. At the top, there is a dark red header with the MUJI logo and the Chinese characters '無印良品'. Below the header, there is a search bar with the Chinese characters '中文' (Chinese) next to it. The main content area is light gray and lists three store locations with their addresses, phone numbers, and opening hours.

MUJI Lee Theatre
3-4F, Lee Theatre Plaza, 99 Percival Street, Causeway Bay, Hong Kong Tel: +852 3971-3120
Opening Hours: 11:00 - 22:30

Cafe&Meal MUJI
3F, Lee Theatre Plaza, 99 Percival Street, Causeway Bay, Hong Kong
Opening Hours: 11:00 - 22:30 (Last order at 22:00)

MUJI Tuen Mun Town Plaza
Shop 3212-3, 3F, Tuen Mun Town Plaza I, 1 Tuen Shing Street, Tuen Mun, New Territories Tel: +852 3971-3180
Opening Hours: 11:00 - 22:00

MUJI to GO Airport
Shop 7T086, Level 7, Departures Check-in Hall, Hong Kong International Airport Tel: +852 3971-3188
Opening Hours: 07:00 - 23:00

NEWS ABOUT MUJI

Muji plans expansion as sales soar

August 2001



Japanese retailer Muji will open a second store in Causeway Bay, after sales figures exceeded expectations.

After a two-year absence from Hong Kong, Japanese clothing and houseware retailer MUJI has outpaced initial revenue projections since its return to the market in April.

The company had originally estimated sales of HK\$26 million (US\$3.3million) this year, but MUJI's managing director Shintaro Kondo said that figure would be surpassed long before the end of its first year. "Business is good. Our products are selling better than we expected."

MUJI set up a 5,200 sq ft store in the new Seiyu Department Store in Shatin, the first in Southeast Asia, with an initial investment of HK\$13.3 million (US\$1.7million). MUJI Shatin is operated by Seiyu (Shatin) Co Ltd. There are plans for a second store of 10,500 sq ft in Causeway Bay. "Hong Kong is a key city in Asia. The SAR's attention to trends has become more acute. We can no longer afford to lag behind."

MUJI's appeal stems from the bare-essentials and eco-friendly nature of its merchandise, which ranges from stationery and wooden beds to storage boxes and DIY products made from recyclable materials. It sells 45 per cent clothes, 45 per cent housewares and 10 per cent food. A Chinese language portal is being considered so customers can buy their products online. At present, consumers can visit MUJI's Japanese website at www.muji.co.jp

Founded in 1979, Muji has 277 stores in Japan and an international presence of 16 stores in the US, nine in France and one in Belgium.

From its supermarket origins to the Museum of Modern Art, good value and efficiency remain at Muji's core

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MUJI began life as an own-label range from Japanese supermarket Seiyu in 1980. The Mujirushi Ryohin (meaning 'No-label quality goods') offering had its name shortened to MUJI when it was launched outside Japan.

The range was formalised with a simple core philosophy: to provide value for money and make efficient use of materials. Packaging is kept to a minimum, industrial materials bought in bulk at lower prices and recyclable materials used.

The range could easily have fallen into anonymity - its products have no overt branding to identify them as MUJI once separated from the shop and its discreet label. However, out of its aim for value and efficiency, a simple, functional design aesthetic was formed, becoming a signifier of MUJI as much as any logo.

The success of the range led to the opening of a standalone store in 1983, with additional products such as furniture and clothing.

The 'non-brand' was developed by graphic designer Ikko Tanaka, marketing consultant Kazuko Koike and interior designer Takashi Sugimoto, with Tanaka leading the MUJI Advisory Board, a group of designers who approve all products.

MUJI has employed famous designers to create its products, reportedly including Jasper Morrison, Enzo Mari, Konstantin Grcic and Yohji Yamamoto; however, all remain anonymous once their designs reach the shelves.

Beginning with a flagship store in London in 1991, international expansion has also brought an increased product range, growing from just 40 to 7000 lines by 2010. A complete range for modern life, this spans kitchenware, electronics, stationery, storage, and toys. Among the more unusual items it offers are Earthquake Emergency Packs (an essential in its domestic market), a MUJI car (with Nissan) and a MUJI house. Kenya Hara, who has been creative director since 2001, summed up MUJI's simplicity and practicality, saying: 'MUJI is an empty vessel. Its products fit into the context of every lifestyle'.

BRAND LESSON

Silas Amos, creative strategist, JKR



As Leonardo da Vinci said: 'Simplicity is the ultimate sophistication.' There is something slightly metaphysical about trying to pin down the branding lessons of 'no-brand' MUJI, because, for all it says about not being a brand, it is. There is a coherent, systematic and simple design aesthetic. You can easily picture what a MUJI notebook, car or coat would look like - some branding achievement. This simple but stylish approach offers good value to the consumer, and savings in production and logistics to the company.

The modesty and calmness of the brand's design 'philosophy' is perhaps distinctive in the West because (against our typically more noisy approach) it speaks softly. MUJI shows that an understated approach can have impact.

This philosophy also seems to be strongly held - to the extent of MUJI using famous designers but keeping this information to itself (when broadcasting it would add short-term 'heat'). I wonder how many Western brands would adhere to their design philosophy so strongly, even if it meant missing a business opportunity? For MUJI, it seems, inaction speaks louder than words.

To return to the metaphysical question; is a 'no-brand' offer, in its own way, still a brand? Well, MUJI was one jump ahead of Naomi Klein with design that's recognisably 'MUJI', even if you remove the logo. It understands that design recognition is not skinor label-deep. Its approach is more holistic. So for me it is the purest kind of brand: one that requires no badge to be distinctive.

COMMENT

Place

MUJI Company should launch more internal expansion. Which means more branches should be developed. For example, there is only two branches in New Territories, one in Tuen Mun and another in Shatin. People who live in New Territories feel very inconvenient to go shopping in MUJI. If there are more branches, it may attract more consumers from different districts. Then the sales of its products can be raised.

Product

MUJI can also engage in vertical backward expansion. For example, MUJI can set up manufacturing factories of packaging and its products.

Through vertical backward expansion, MUJI can enjoy economies of scale and lower its average cost as the firm enlarges its production. MUJI may gain from increased specialisation in management, larger discounts in bulk purchases of raw materials and cost cuts in borrowing and markets.

On the other hand, through backward expansion, MUJI can secure a steady supply of inputs. This reduce the risk of production disruption caused by inadequate in put supply.

With subsidiaries specializing in supplying inputs, MUJI can reduce the costs involved in the trading of inputs and outputs. These include the costs of searching for information, negotiation, contracting, monitoring, packaging, marketing, etc..

Finally, because of the established brand name's goodwill, most consumers are willing to try MUJI's new products. Through conglomerate expansion, MUJI can extend its brand name to other products. Thus, MUJI can increase its sources of income, save on the costs of marketing new products and further promote its brand name.

Promote

In addition, MUJI can further promote its idea of environmental protection and globalization which shows its social corporate responsibility. It can also promote its products through giving out discounts and coupons on new-arrival products. This can attract consumers to try the new products and discover the merit of those products. Then customers will continue consuming MUJI's products. Finally, MUJI's profit increases.

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-THANK YOU FOR READING-