

# MUJI

## About MUJI

Muji , has existed over 20 years, establishing itself as a producer of simple, affordable quality goods that are relevant to the modern living worldwide. The principle and the objective of the company is 'Good Value for Money'. They bring quality goods to the customers at affordable prices together with simple and functional design. No excessive decoration or cosmetic features. They provide daily necessities from the customer's viewpoint, including apparel household goods, stationeries, clothes, as well as food. Through the provision of such products, the company is trying to enable people to make choices about their living environments and their lifestyles. The company gives consideration to the natural resources as well as recycling, based on the idea of which are desirable for the future. The popularity of its products, sold under the MUJI brand, is sweeping the world, a global trend originating from Japan

## Company's Objective

For their ongoing objectives, first, they want to strengthen the customer response channels so as to produce the products according to the customer's views. Secondly, to foster local (Japan) community growth and develop MUJI on a global scale. And the last one is to strive for improved communication at every level of the staff.

For the medium-term objective, MUJI want to improve the shopping environment from shops to shops, to take maximum advantage of chain-store-operation responsiveness and efficiency.

## The History and the Growth of MUJI

Muji products were initially developed as a company brand called Seiyu in December 1980. At that time, the world is suffering from economic downturn as a result of the oil crises. Consumers were becoming much more critical about the quality and the price of the products. Under such circumstances, MUJI products were introduced to the market in Japan with the aim of providing the best value for

customers while maintaining the highest quality.

The first MUJI shop was opened in Aoyama in Japan in the year 1983. They are opened in several department stores including the Seibu Department store in Japan. There are not many varieties of products for consumers to choose at that time, only around 700 products including household goods and apparel. The concept of 'lower priced for a reason' is reconfirmed during the year between 1983 and 1985. In 1986, overseas product development was initiated in order to expand the international MUJI network and the number of MUJI product items produced overseas. In 1987, MUJI noticed the importance of overseas production and procurement, including the factory-direct ordering and individual distribution routes. A campaign is held to boost 'global procurement' for materials from all over the world in the following year and therefore the number of MUJI items furthered increased.

MUJI came to its independence from the Seiyu, Ltd in the year 1989, a large-scale MUJI store is opened as a model store for future store development. MUJI opened the first overseas store in London in partnership with Liberty Pic of the U.K in the year 1991. The number of items sold increased to 2000 items at that time. The first MUJI store opened in July, 1991 in U.K. and in November in Hong Kong. Four years later, a MUJI outlet was opened in Japan, the company's shares are registered on the over-the-counter market, the first MUJI store opened in Singapore in April, 1995.

Start from 1995 until 2002, more than 12 price reduction campaign was held to reevaluate product pricing. In 1997, MUJI terminated its partnership agreement with Liberty of the U.K. and transfer management rights to its subsidiary Ryohin Keikaku Europe Ltd. On the following year, MUJI noticed the importance of 'two-way communication' with the customers, their products developed in response to customers' various requests, many shops were opened in U.K. (including the shop in Kingston), a MUJI store also open in France too. There were more than 4000 items sold at that time. In the year 1999, Muji started a partnership with the East Japan Railway Company and the East Japan Kiosk Ltd. Today, Muji is carrying out the online service for the customers so they can buy the products through the internet. Their target on the internet will be people who can't come to the stores, or people who are too busy with work, childcare etc.

The company was getting bigger and better from 1980 to 2002., from a small store to a list company in Japan. MUJI maintains its product at a high standard, for

simple structure but functional design , the utilize of recycled paper and aluminum are desirable for the future.

I think the main reason for their success is because MUJI keeps on carrying out different revolutions or campaigns in order to maintain its existing customers as well as reputation, for example the development of small house wares to large furniture, the diversified of food and drinks. More than ten price reduction campaigns were carried out during the economic downturn. The company is customers-oriented rather than profit-oriented, it is ethical in the sense of business because MUJI has done a lot of research so as to capture different customers 'taste.

The coordination between different departments and the corporation among the staffs are vital to the success of the company, it consists of both vertical and lateral communication between the staffs for example newsletter from the Head Manager and the subordinates can send an e-mail or a fax to the Head director for advice. It enhances morale as well as motivation therefore MUJI doesn't have any strikes among the employees.

MUJI noticed that a local popularity was not enough, it strengthened and expanded the company onto a global basis . They have experienced some failures,for example around three years ago, MUJI developed some denim jeans, they remained unsold in vast quantities , MUJI quickly terminated the product from the market. They knew what to do at the right time, they learnt from the lesson, that's why they are successful.

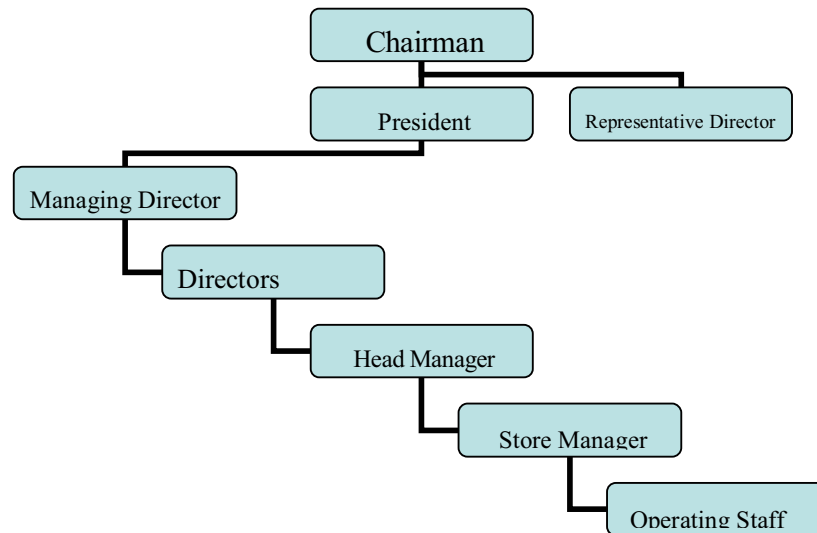
## **Internal and External Communication**

Communication can be divided into two types: Internal and External Communication.

Internal communication means to communicate with its employees and workers for example through reports, memos, conference meetings etc. External Communication means to communicate with the customers, suppliers, mass media etc. There are many methods for this kind of communication such as posters, leaflets, advertisements on the TV and magazines etc.

There were around 2500 employees in MUJI all over the world including approximately 600 part –time employees in the year 2002. There were 251 stores

throughout the world which included directly-managed stores and licensed stores. The number of items sold increase from 3042 to 4232 from the year 1996 to 2002.



About their internal communication, the staffs usually communicate with each other through making phone calls or by fax. They will make a phone call to the Head Office twice a day, one in the morning (before the shop open) and one in the evening (when the shop close) .They usually tell the Head Manager about the budget of the store, staffing, stock issues or even some personnel matters. They have newsletter every week for the staff in order to know the most recent news or strategies about the company. When they have any problems in dealing with customers or the products, they will send an e-mail to the Head Manager to ask for advice.

For the external communication, we can communicate to the staff through the 'MUJI Mail' to receive the latest news. Customers just need to fill in the name and e-mail address and then hand the card to one of the staff in Muji. After the registration, the confirmation to become a 'MUJI Mail' customer will be sent to our e-mail box within three weeks. After that, we will receive an e-mail about their company, special event invitation or special offer to the exclusive members once a month.

If we have any complaints or any problems with MUJI, we can just find any assistant in the store to ask for help. There is a store manager in each store, so if the customers have any problems, we can just go to the shop and find the store manager, they are willing to give us help or information about the company. We can get a catalog about the price and what they sell throughout Muji store. For the package, the web site for MUJI, [www.muji.co.uk](http://www.muji.co.uk) is printed on every bag, customers who want to get some information about the company can then just visit the web site through the internet.

MUJI also provides online services for customers where we can find a selection of MUJI storage, tabletop and stationary items, it contains over 2500 of their most popular products, the web site is [www.mujionline.com](http://www.mujionline.com), just complete the address and payment details on the relevant internet page, all parcels will be delivered through the 1<sup>st</sup> class Royal Mail. They intend to gradually increase the popularity of MUJI through different parts of the world.

About the return policy, if you are unsatisfied with the product you have bought or the product is damaged, we can return to any of the store together with the receipt within 28 days from the day of purchase for refund or exchange for another product.

For the media, Muji put an advertisement on the Evening Standard, Odd Newspaper and the telephone box. They believe the 'word of mouth' is the most important because the company's basic principle is towards simple and basic design, they want to keep things in simple (all the products are in basic and understated colors), so they think that advertising to the media for example TV, radio is not necessary.

## **The Strengths and Weaknesses of the**

## **Communcation,My Reccomandation**

In my own opinion, I think that MUJI is a very successful organization, it provides a large variety of product for people to consume and the price is quite reasonable for me as it's one of the objective for the company( 'Lowered Price for a Reason').The products are in high quality and the design is good. I think that the two-way communication between the staffs and customers is quite effective since the products are developed in response to the requests from their customers. Managers and staffs are willing to deal with customer's request or problems, the staffs are helpful, for example two months ago, I went to MUJI and bought several bowls for cooking, I asked the staff whether they can put in the microwave, they quickly get response for my question and phone to their manager to ask for advice.

Secondly, leaflets and handbills are always available in every MUJI store to introduce the new products as well as the up-to -date information. By the online

service, it is very convenient for people who are busy on their work, although MUJI doesn't locate in every town of U.K, for those who live in the sub-urban areas can still consume the products through the online and delivery service. The 'MUJI Mail' is also very effective; it can reduce the gap between the staffs and customers. By this method, MUJI can then know more about their customers' wants.

Thirdly, for the internal communication within staffs, I think that it is quite efficient because they receive newsletter internally in order to catch up with the most recent news about MUJI. They encourage communications between managers and their subordinates through phone calls and fax at anytime in order to avoid problems to exist. They also have some social gathering during special festivals so as to enhance good relations between staffs.

For the weaknesses, I think that the advertisement to the mass media is not enough, MUJI doesn't advertise on the TV, radio, buses, that many companies will do such as Marks and Spencer, John Lewis, Gap etc. When I was doing the questionnaire for the project, I found out that many British people don't know this brand name and so it's very difficult for me to carry out the research. In order to increase the popularity, MUJI can increase advertising on the mass media, they can also put advertisement on the magazines such as Marie Claire, Cosmopolitan etc. Leaflets can be distributed to the people who are passing-by the store so as to introduce the new products or new policy to them.

Muji don't have any VIP card or Reward card for their customers, if MUJI issue these card by offering discount or free gift to the existing customers, I am sure the customers can be retained.

Moreover, phone calls aren't enough between staffs and managers in communication; oral communication often lack the considered nature of written communication, but it does have the advantage of immediate feedback, but the spoken words or the conversation can be easily forget so they should have a meeting by a face to face communication twice or once a month. The Head Manager doesn't visit each store from time to time, he should have a visit to each MUJI store to see whether they are in a good condition or not. Bonuses should be given to the well-being staff so as to enhance the morale.

For their future trend, MUJI want to enhance a more effective two-way

communication between staffs and customers and a good internal communication within the existing staffs. They noticed that a good shopping environment will encourage impulse buying for customers so they will focus on the laid out in the near future. The most important thing is to develop Muji as a global company throughout the world.