Creation and Transmission of Brand Identity: Case Study of MUJI

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Methodology –The author employs a qualitative and historical approach to a study of MUJI and explores published academic books and articles on MUJI. The author also conducts several oral interviews of managers at MUJI and analyzes such primary data in the study.

Keywords – private brand, brand identity, knowledge transfer, MUJI, MUJI Gram, Seiji Tsutsumi, Chuzo Matui, Masaaki Kanai

This study investigates the importance of creation and transmission of brand identity through a case study of MUJI. MUJI is a Japanese brand operated by Ryohin Keikaku Co., Ltd., which sells a wide variety of products, ranging from clothing items to household goods, furniture, electrical appliance products, stationaries, foods, and so on. MUJI began as Seiyu Co., Ltd., in 1980, a private brand of supermarket chain stores, and became an independent company, Ryohin Keikaku Co., Ltd., in 1989. After opening its first overseas store in London in 1991, the company has gradually expanded its international business. MUJI has 419 stores in Japan and 457 stores across the globe, including Europe, North America, Asia and the Middle-East, and international business accounts for 30% of its turnover. MUJI is a rare example of a Japanese retailer that is a highly reputed global brand. There is an ongoing debate over standardization and adaptation in retail internationalization. Recently, most scholars have emphasized an adaptation strategy, as they believe that understanding and adapting to the tastes and preferences of local customers is the most important factor in successful international retailing. However, the uniqueness of MUJI's internationalization is its strategy based on standardization. The author investigates how MUJI has employed a standardization strategy in its international business, contrary to the recent opinions in retail internationalization. The study analyzes the historical development of brand creation and transmission through three figures who contributed in establishing MUJI's standardization strategy: Dr. Seiji Tsutsumi, Mr. Chuzo Matsui, and Mr. Masaaki Kanai.

Dr. Tsutsumi was the president of Seibu Department Store and one of the founders of the huge Seibu Distribution Group (later, the Saison Group), consisting of approximately 200 companies in numerous industries. He developed an original private brand in the late 1960s, when he was the president of Seiyu supermarket. He renewed private brand products in 1976, organized the advisory board, and invited Mr. Ikko Tanaka, a top graphic designer, and Ms. Kazuko Koike, an up-and-coming copy writer in 1977 to upgrade the private brand. They worked together over several months to give the private brand an identity. They finally named it MUJIRUSHI RHOHIN (now shortened to MUJI), which meant "No-brand quality goods." The team concluded that MUJI should simply communicate the value of an item. The principles of the brand are as follows. (1) Items necessary for daily living; (2) goods used in everyday living must be useful and easy to use; (3) foods should be delicious with safe ingredients; (4) clothes should focus on materials and comfort; (5) the production process is thoroughly inspected, and (6) needless embellishments are avoided and packaging is simplified to avoid unnecessary costs. These principles underlie Dr. Tsutsumi's philosophy against consumerism in society. In his work (1996), he criticized American affluence in the 1960s, and a semiotic consumer culture rapidly developed in Japan in the 1970s and 1980s. He defined MUJI products as "anti-establishment merchandise," as the brand opposed the established semiotic consumer culture. He emphasized that genuine consumption was a unique and individual way of life or rather self-fulfillment. He believed that retailers should only provide products with minimum functionality and leave their use and assembly to consumer choice and preference. This "leave it up to you" approach anticipated a consumer culture later called DIY. "High functionality and high quality at reasonable prices" or "simplicity" became the basic idea of the MUJI brand. Although initially a department in the Seiyu supermarket, MUJI soon became an independent company called Ryohin Keikaku, in 1989. MUJI grew steadily under the leadership of Mr. Kiuchi in the

1980s and 1990s. This growth was supported by consumers that disliked ostentatious consumption, at a time when Japanese consumers were enamored by luxury brands and conspicuous consumption. MUJI also opened overseas stores in London and Hong Kong as early as 1991. The company developed its international business in the 1990s and not Japanese but also foreign consumers began supporting MUJI's brand identity.

However, at the start of the 2000s, MUJI suffered a sharp decline, reporting its worst result in 2001. Mr. Chuzo Matsui took over the business and became CEO in the same year, and initiated a restructuring of the business. He investigated the reasons behind the slump in business and found that the collapse of the bubble economy and continued severe economic conditions were damaging MUJI's business. In addition to external factors, he realized that MUJI had internal problems too, including an excess of bad inventory, and lack of efficient supply chain management. The company also had problems in store management. Under the decentralized management philosophy, store managers had different store management techniques, based on their experience. Consequently, some highly skilled managers achieved higher sales and profits but other did not. Therefore, Mr. Matsui decided to develop a manual called the MUJI Gram, standardized all store operations, and introduced objective criteria for opening new stores. The MUJI Gram also detailed methods for inventory management, stock replenishment, customer service, displaying products, shipping products, and so on. MUJI Gram consists of 13 files and nearly 2,000 pages; MUJI placed these files in all its stores. It was compulsory for all staff to take 18-hour lectures to learn each manual before serving customers. Staff at stores referred to the manuals for instructions. MUJI Gram was renewed four times a year, and minor changes were reported online every month. Not only staff at the head office, but also those in stores, suggested improvements to the head office through e-mails; this was a form of "Kaizen" activity at MUJI, which refered to continuous and incremental improvements of all functions and operations. MUJI Gram helped restructure the company and MUJI rapidly recovered its financial performance and achieved a V-shaped turnaround within a few years. Mr. Matsui's effort is an example of knowledge transformation from implicit to explicit. MUJI Gram is now in international stores as well and new staff must take lectures in meeting rooms for two days and learn the manuals before they begin working. The MUJI Gram manuals helped in standardizing the business operations of the company, proving very useful as an educational tool for employees.

After financial recovery, Mr. Masaaki Kanai became the new CEO in 2008. While Mr. Matsui was a leading figure in helping MUJI recover financially, Mr. Kanai played an important role as a missionary of MUJI's brand identity. Soon after taking office, he invited Dr. Tsutsumi, the founder of MUJI, to a meeting of the product development department as a guest speaker. Dr. Tsutsumi lectured young managers on the history of MUJI and his efforts in creating the brand's identity. In a business article, Mr. Kanai said, "When we think of the true nature of MUJI, we have to recall how Dr. Tsutsumi and other advisory board members played important roles in creating the brand identity more than 30 years ago (Nikkei Business 2017, p. 73)." Furthermore, Mr. Kanai read various articles and books that Dr. Tsutsumi had written, attempting to understand the core concept of the MUJI brand. Mr. Kanai also visited MUJI stores all over Japan and gave lectures on the historical and philosophical background of the brand to younger employees. He told them of how Dr. Tsutsumi and advisory board members struggled to create a brand identity for MUJI. This helped younger employees recall the core concepts of the MUJI brand and understand its unified identity.

The MUJI Gram standardized business operations and shared the philosophical background of the brand's identity among employees in Japanese and international stores of the company. Through this case study, the author concludes that creating a strong brand identity and continuously transmitting it helped establish a successful standardization strategy in both domestic and global business.

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