



Università
Ca'Foscari
Venezia

Corso di Laurea
in Lingue, Economie e
Istituzioni dell'Asia e dell'Africa
Mediterranea

Tesi di Laurea

Perspectives on Sustainable Fashion in the Japanese Apparel Market

Relatore

Ch. Prof. Patrick Heinrich

Correlatore

Ch. Prof. Mariotti Marcella Maria

Laureando

Alice Populin

Matricola 838061

Anno Accademico

2017 / 2018

Indice

Introduction.....	6
About consumerism.....	10
Buyology.....	11
Is the consumer really the king?.....	12
Japanese consumer society.....	13
The four stages of consumer society.....	14
First-stage consumer society.....	15
Second-stage consumer society.....	15
Third-stage consumer society.....	16
From “Consumption” to “Creative Consuming”.....	18
The myth of self-discovery.....	19
Brand-consciousness.....	19
Fourth-stage consumer society.....	21
Hoshigaranoi Wakamonotachi.....	22
Demography of Japan: present day.....	24
Expenditure levels.....	26
Apparel expenditures.....	27
Fashion industry in Japan.....	28
Japanese fashion: a history.....	29
The shifting Japanese apparel consumer.....	31
LOHAS.....	31
Spending time at home.....	34
Shopping differently.....	35
Hunting for value.....	35
Why consumer behavior is changing.....	36
Increasing consumer anxiety.....	37
New Rich, New Poor.....	37
Simple, local, ecological.....	38
Monozukuri: focus on quality.....	40

Kaizen and high-tech.....	40
Clothing recycling.....	41
Case study: UNIQLO.....	43
Uniqlo: a business model.....	44
Focus on fabric.....	45
Original design.....	45
Fashion ‘made for all’.....	46
Low cost, high agility.....	47
Uniqlo and fast fashion.....	48
The global economy and the fashion industry.....	49
The textile and clothing business: a structure.....	50
Fast fashion: faster and cheaper.....	52
A (brief) history of the apparel industry.....	54
“How do you get them so cheap?”.....	57
Fashion victims.....	59
Sustainable fashion.....	60
Ethical, sustainable, natural.....	60
Building sustainable apparel value chains.....	61
Industry standards for better productivity.....	62
Upgrade and innovate.....	63
Improving working conditions.....	63
Imitating best practices.....	64
Conclusion.....	66
<i>Bibliography</i>	69

ファッション、すなわちアパレル産業ということは私たちの生活の大事な一部である。それに、世界的な経済のひとつの主要な業界でもある。世界的なアパレル産業はやく30億ドルと見積もられ、世界中の人口と環境に重い影響をおよぼす。

アパレル産業はまず労働集約的産業である。発展途上国にてファッションはよく一番大きい業界であるからこそ単純労働のおおぜいの就業機会を提供する。

最近、アパレル産業は世界金融危機にもかかわらず空前の発展し、衣料会社は類のない利益を得た。

ただし、その発展のことは持続可能ではない。サステナビリティというものは三つの意義がある。一つ、地球に優しいであり、地球の自然資源を保存するように勤められること。二つ、人口伸び率や消費者需要を配慮しながら持続可能な発展を確保すること。三つ、業界の労働条件を改善するように発展を追い求めることである。この三つの条件を満たすならサステナブルになる。しかし今ならファッション業界はこの目的を達成しない。

アパレル産業が発展するにつれ社会も成長した。最近世の中の先進国は消費者の価値観が変わり始まったが、なかでもこの論文にて日本消費社会の変化に集中するつもりである。

最初、消費主義や消費者の心理など説明したら、三浦展の「第四の消費 繋がりを生み出す社会へ」を紹介しその三浦が書いた第四の分析どおりに日本の消費社会がどのように進化したことをわかるように解説しようと思っている。日本の社会は今第四段に入ったところで消費者の価値観が変化しつつある。

第二章にて日本の人口統計や人口の消費傾向を説明するつもりである。現代の日本社会は少子高齢化が深刻な問題になったし国の全消費に影響を与えた。なお、若者たちが今の日本の消費社会の主要な等級である。ただし、その若者たちは消費するなど傾向がない次第で将来に問題になりかねない。なぜかというと、現在の日本の消費は減少しているにともない将来の消費レベルも低下することになる。

第三章にて日本のアパレル産業とファッションの歴史をまず述べ、日本の平均ファッション消費者はどのように自分の価値観や優先が変わったことを理解できるように説明しようと思っている。

Culturestudies という団体が行った調査研究により今日本の消費者が集中するものは三つである。

第一、日本の消費者がほしい衣料は易しく便利ではなければならないことが大切である。ということは、現代の求めた風貌のキーワードが派手でなく、地味である。

第二、日本の消費者にほかの大事なものは価格である。世界金融危機に應じるために現在の日本消費者は衣料の値段を配慮し安い服を買うことが願いである。

第三、おおぜいの日本消費者は地球に優しい商品を買うのが傾向である。デジタル変革のおかげで現在は環境問題において情報をみつけることがやさしくなったし様々な人々は環境を保存したくなることになった。

最後に、消費者を今求めるのがほかの人とも社会とも繋がりを作る機会である。それでその望みから「共費」ということが生まれた。

第四章にて **UNIQLO** という会社を紹介しそのブランドのビジネスモデルも説明する。

UNIQLO は 1974 年に設立され、今日本が一番大きいカジュアル衣料品の生産販売である。そのような発展したことが、**UNIQLO** の衣料品は日本消費者の望みに完璧に応えるからである。ということは、会社が販売する衣料品はシンプルで便利で安いである。

しかしながら、**UNIQLO** は実にサステイナブルなブランドではない。なぜなら 2015 年労働基本権の違反において多い非難を浴びたからである。

第五章にて世界的なアパレル産業やファストファッションにおいて話そうと思っている。様々な処置をとってからでないとサステイナブルな供給連鎖を作れないからファッション業界は変革されるのが必要というものである。そこで日本に設立されたフェアトレードの会社はひょっとするとこのサステイナブルなモデルを生み出すかもしれない。

Introduction

Fashion, whether we want it or not, is undeniably an integral part of our everyday life. It is also, although this may appear less obvious to a quick glance, a colossus of the modern international industry and one of the main driving forces of the global economy. By being the world's third largest industry after cars and electronics with an estimated value of 3 trillion dollars, not to mention the second most-polluting industry after oil, fashion has a major impact both on the world population and on the environment.

The clothing industry is generally very labor-intensive, offers large entry-level job opportunities both in developed and developing countries. Furthermore, it is a sector that employs relatively modern technology which can be adopted even by poorer nations with a not-too-heavy initial investment. These structural features have made the clothing industry fit to become the first step on the industrialization ladder for many low-income countries, some of which (e.g. Bangladesh, India and Vietnam) have subsequently achieved a very high output growth rate in the garment sector. The apparel sector has also been experiencing an unprecedented boom on a global level, with high growth rates which are expected to increase in the next few years even while most businesses still struggle with the aftermath of the global economic crisis.

However, this huge growing spurt of the fashion industry has been anything but sustainable. The concept of sustainability in itself can be considered in three different contexts: environmental, economic and social. The first one is concerned with the exploitation of the planet's natural resources, while economic sustainability monitors present and future developments taking into consideration factors such as population growth rate and the consumers' demand. Finally, social sustainability can be defined as the will to pursue some kind of development while ensuring life-enhancing conditions within society. These three dimensions need to be balanced in order to achieve sustainability fully, and as it is now, the fashion industry is failing in fulfilling this goal in more than one sense.

Stories of child labor and environmental pollution had started undermining the glittering facade of the fashion industry since the 1990s, but it was not until the early years of the twenty-first century that the world opened its eyes to the gruesome reality that was behind it. On 24 April 2013, the collapse of the Rana Plaza garment factory in the city of Dhaka, Bangladesh, killed more than a thousand local workers and exposed the unacceptable working conditions they had been forced to shoulder for years. The tags that were attached to the clothes buried under the rubble bore the names of big and small names of the fashion industry alike, urging the world to take action against the conditions that had allowed such a tragedy to happen in the first place.

Five years from the accident, anyway, not much seems to have changed in the structure of the clothing industry. What has been gradually changing is, however, the attitude and demands of apparel consumers all around the world.

It is worth mentioning that economical and social transformations do not happen at the same time worldwide, nor are they identical in force and size. Societies develop differently in every part of the world, and so do the markets and the consumers that are part of them. And yet, globalization seems to have brought about some kind of alignment even in this sense.

Since the beginning of the new century it seems almost like the world has started to spin at a faster pace. Technological innovations, social transformations, the ups and downs of the global economy, everything is changing constantly in a kaleidoscope that has made any kind of prediction as untrustworthy as it could be. And in this era of unexpected and sudden transformations, people's values and desires change accordingly to reflect that same impermanence and insecurity. And then their demands as consumers change as well.

A shift in consumer values has begun to show in many societies among developed countries, but this paper will focus specifically on the Japanese consumer society and on the changes that have characterized its evolution up to this very moment. Starting off with a brief explanation on the concept of consumerism and consumer psychology, the study will then follow the four stages of consumer society as identified and described by Japanese sociologist and market analyst Atsushi Miura in his book entitled *The rise of sharing: fourth-stage consumer society in Japan* (2014). The analysis will be used as a guideline to understand the evolution of Japan's consumer society to the last and current fourth stage, where further attention will be dedicated to the behavior of Japanese consumers and to their choices in terms of apparel spending.

By analyzing information gathered through secondary data in published articles, academic books and official statistics, the goal in the first section of this paper is to gain a comprehensive understanding of the current state of the Japanese consumer society, of the domestic apparel market and on the values and aspirations that guide the choices of Japanese consumers regarding the purchase of fashion items.

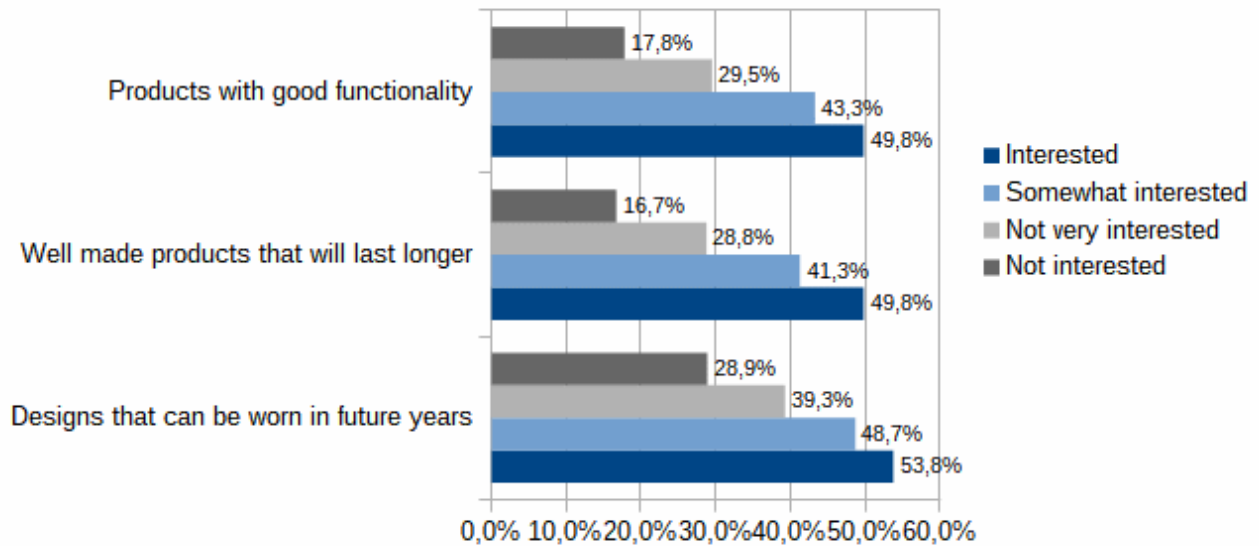
As the world's third-largest economy by Gross Domestic Product (GDP) and the fourth-largest apparel market after China, USA and Germany, Japan presents rich opportunities for apparel companies who wish to expand in Asia, and for decades its consumers have shown extreme interest towards both foreign brands and high-quality luxury brand products. Strongly believing that a high price equals high quality and where owning expensive, high-end products seemed to be essential rather than aspirational, Japanese consumers were often willing to pay as much as was needed to get their hands on branded bags, clothes, accessories.

More recent financial results, however, show that while the market of luxury goods still has a strong grip on Japan, there are also different trends on the rising. According to a survey conducted by the Culture Studies Research Institute in Japan, an increasing number of young consumers have expressed an interest environmental issues, tradition and simplicity. The survey also suggested that those who are more concerned about the environment are more likely to buy "designs that can be worn in future years, instead of following current fashion", but also "products that are well made and look like they will last a long time" and "products with good basic functionality". In other words, the younger

generations (starting from the so-called Millennials) are increasingly choosing quality over quantity or brand-loyalty, durability over temporary trends, simple and functional designs over personalized and unique products.

Interest in Environmental Issues and Consumer Behavior

Based on Culturestudies survey, 2010, of women aged 20-39 in the metropolitan area of Tokyo



Along with this burgeoning tendency toward simplicity, Japanese Millennials have also shown a reluctance to spend. Grown up in an almost lethargic economy, accustomed to stagnant wages and shocked in their prime of their life by the global financial crisis and the Tōhoku earthquake of March 2011, Japan's younger consumers seem to be developing spending patterns that are borderline anti-consumerist. They would rather save money to ensure some degree of certainty in an increasingly uncertain future than spending what they earn, as non-regular employment rates increase and wages only partially do, and subsequently the expenditure values on their end of the demographic curve grow smaller and smaller. A side effect to this money-conscious attitude came in the form of young consumers shunning traditional department stores in favor of discount and online retailers. More and more young Japanese have no problem with dressing from head to toe in Uniqlo, while fewer of them choose to express themselves through brand goods.

And while the younger generations might not be inclined to spend a lot of money on goods anymore, they are keen service consumers. They favour venues that satisfy their needs beyond shopping, such as eating and entertainment, which in turn means that they are more willing to spend money on services rather than products and on high-tech products rather than other goods. And at the same time, this shift towards services and technology is a way to express another kind of need, that of a deeper connection with other individuals. The digital revolution has made it easier and easier to create bonds and keep

in touch with other people, and establishing connections and sharing information with people that surround us – through the Internet and social media – has become a priority in the lives of most.

Subsequently, consumers in Japan are starting to grow fond of the concept of “sharing”. Atsushi Miura uses the word *kyōhi* (共費), “shared consumption”, to describe a different kind of consumer experience, one that revolves around what happens during the consuming rather than with the act itself. In other words, it is about “sharing” a part of that experience with the others, which in turn means sharing a part of us, and many see it as a way of making some kind of contribution to society as well. In a way, consuming and sharing information has become more important than owning and consuming goods.

In the end, it has become increasingly challenging to get younger consumers in Japan to spend. And the country’s slow economic recovery rate, coupled with the awareness that Japan’s market has already reached a mature stage, only adds to the difficulty of it all. And yet, such a challenge appears to be almost impossible only when we look at it from the perspective of traditional market laws. The ‘law of the markets’ is an economic concept according to which in an open economy supply creates its own demand, and that itself is enough to bring balance. So what if it were the demand to create its own supply? What if the market had to change for consumers to start consuming again?

Young consumers in Japan have a clear knowledge of their priorities and they have made it own. They want products that are simple, functional and that last for a long time. They want services that allow them to enjoy the experience and sharing it with others. And if possible, they want what they consume to be kind to the environment and contribute in some way to the good of society.

If we were to look at it from this point of view, a sustainable alternative to traditional businesses – including fashion – does not seem out of reach at all. And indeed, according to an investigation conducted by the Consumer Affairs Agency of Japan, the popularity of both environmentally friendly and fair trade products in Japan seems to be on the rise.

Could sustainable fashion actually be the key to get young Japanese to consume again?

About consumerism

In order to properly evaluate the possibilities for sustainable fashion to make a significant impact in the lifestyle of Japanese consumers, we first need an overall understanding of everything that comprises and influences their consuming habits – and even before that, of the idea of consumerism itself.

Writing about, or discussing consumerism in any way, is a most difficult task due to the sheer amount of background information one would need to explain everything that is one way or another connected to the matter. Even picking out a single definition among the existent ones can sometimes be an issue, but for the sake of clarity we will try to give an explanation that is as accurate as possible. The Cambridge English Dictionary gives three distinct definitions, each depending on the context the word is used in: when talking about politics and economics, consumerism could be explained as “the state of an advanced industrial society where large amounts of goods are sold to individuals”, but consumerism is also described, with a negative take on the word, as “a situation when too much attention is given to buying and owning material things”.

But what if one were to take away any context, what would the word mean? First of all, the word “consumerism” is made up of three components. The suffix “-ism” denotes a practice, a principle or a condition, and therefore it matches the previous definitions, giving no further information on the matter. On the other hand, analyzing the root of the word is perhaps more interesting. The “prefix “con-” means “all”, while “-sume” means “to take or to clear away”. Indeed, the most primal, ancient form of consumption was eating, and ancient societies “ate up”, or used up, everything they collected or produced. Over time, as societies evolved and became more affluent, the meaning of the word grew wider as well. People produced items that were more and more durable, until today the number of objects that can actually be “used up” is drastically reduced to almost zero. So what is today’s “consumption”, in a society that no longer “eats up” everything?

Another look at the dictionary can perhaps help us on that. An English word which is very similar to “consume” is “consummate”. As already noted, “con-” means “all” while “-sum-” is literally the same as the word “sum”, meaning “to total up”. “Consummate” means, therefore, “to complete”. If we wanted to explore the matter further, we could point out that the French equivalent to the word, *consommer*, also carries the meaning “to achieve, accomplish”.

Considering this, one could almost say that nowadays people are looking for some kind of satisfaction in the very act of consuming – meaning in their purchasing of goods and services.

The consumer, which is “a person who buys goods or services for their own use”, is the principal player of consumerism, the one that keeps the play going and the wheel spinning. This is especially true in the case of the fashion industry. If a company’s main goal is to sell their product and make profit, the aim of an apparel company in the modern fast fashion

world is to sell as much clothing as possible, at the lowest price, to as many people as possible. And more often than not, this mean convincing the customers that they absolutely need that new wool coat, or another button-up shirt, even if they have probably bought something very similar the year before.

Our habits as customers of the apparel industry have indeed transformed and evolved over time. According to fashion economists, our ways of purchasing fashion and our relationship with the garments we buy started changing in the mid-1980s. For those who were born in those years or later, it's safe to assume that they all have heard, at least a dozen times in their lives, a tale that sounds more or less like this: "When I was young, we didn't own that many clothes, because we couldn't afford to spend that much". Indeed, each one of us currently owns way many more clothes than we need, and more than we actually wear. Our wardrobes are filled to the brim with garments that end up being worn less times than we expected as we bought them – some of them we may actually wear once or twice before being thrown in the back of a filled, hard-to-shut drawer.

Buyology

The global fashion industry has an estimated net worth of 3 trillion dollars and fashion companies generate hundreds of thousands of dollars in revenues annually. This might seem almost unrealistic, but a quick look at the world surrounding us is enough to begin understanding just how that became possible. Shopping malls are blooming one after another even in the outskirts of most cities, and their corridors are never really empty. Weekdays tend to be calmer, but on the weekend shopping malls are usually filled with thousands of people who make hundreds of purchases, to the point that even those who went in to simply "have a look" somehow end up buying something they didn't know they needed. In fact, most would ask themselves, did they even really need it?

Buyology it's the title of a bestselling book (2008) by Martin Lindstrom, a book that analyzes the reasons why people buy, as the name itself implies. The suffix "*-(o)logy*" which forms the last part of the word is of Greek origin (*-logia*) and means "speech, discourse" or, in a broad sense, "a study of" something. Therefore, as psychology is the "study of the psyche", of how the mind works, buyology is "a study of why people buy". A three-year-long neuromarketing study, *Buyology* attempts to identify the effect of brands, logos, commercials and advertisements on people and their purchasing decisions. Buying something should be a way to satisfy a personal need, whether physical or psychological: people buy food because they need it to survive, a house to shelter themselves, clothes to cover their bodies. And once their need is sated, they experience a sense of psychological satisfaction. This feeling of personal gratification should be a side effect to an actual need being answered, but as of today, it seems to have become the need itself.

Basically, what people are taught through advertising and promotion is: "I shop, therefore I am". Our ability to purchase, discard and replace items has become a prime indicator of our social standing and personal success, and at the same time we can not help seeking

that feeling of satisfaction that comes from a successful purchase.

Studies show that the pleasure we derive from buying something is greatest at the moment of purchase and fades as time goes by. In a sense, the process is not that different from drug consumption. Once that sense of fulfillment has faded, we need a way to revive it, and most of the times this need turns into another purchase.

In the end, advertising and marketing strategies should be aimed at letting a customer know what product can best satisfy their need, but more often than not their real goal is to actually create a “false need”. In *The Poverty of Philosophy*, Marx writes that “world trade turns almost entirely around the needs, not of individual consumption, but of production”¹. Instead of producing what people need, people are taught they need what is being produced.

Is the consumer really the king?

Consumption is, indeed, the final stage in the production of fashion. As Karl Marx wrote, “a product becomes a real product only by being consumed”², so we can say that a garment becomes a real garment only by being purchased and worn. And indeed, the main goal of every fashion company in the apparel industry is to sell as much clothing as possible to heighten their profits.

During the last two decades, a dramatically increasing concentration in the retail sector shifted the bargaining power scale in favor of the retailer, but still the role of the final consumer should not be underestimated. Customers are not simply passive recipients that accept and buy whatever is in the store the moment they enter it, they have very specific demands that need to be answered before they feel compelled to make a purchase. After all, the flow of information that starts the product creation process begins with the customer, his desires, his tastes. And orders to the suppliers are often modified without warning based on the information collected via sales data. That is the main reason why the assumption “the consumer is king” is widely accepted in every sector: consumers and their needs make up the demand, and that demand defines the supply.

Nonetheless, the companies operating in the fashion industry have many means to try and influence consumer needs, thus re-routing them to commodity genres that they find more suitable for their resources. The first and most powerful mean is, of course, advertising. English writer G.K.Chesterton wrote that “advertisement is the rich asking for more money”³, which seems to be a fitting metaphor for advertising, whose purpose is to sell products to gain maximum profits. Advertising is, to put it simply, a bridge sector that corporations use to reach customers, and a massively profitable sector as well, with more than 100 billion dollars spent on it annually in the United States alone. And since it has become a crucial factor for company sales, it has also turned into a part of our everyday life as well, as studies show we come across about 3000 advertisements a day. And whether we are aware of it or not, these adverts do end up influencing us and our consuming choices, in one way or another.

1 Marx, K., *The Poverty of Philosophy*, pp.41-2.

2 Marx. K., *Outline of the Critique of Political Economy (Grundrisse)*.

3 Chesterton, G.K., *The New Jerusalem*, 2012, chapter 4.

Advertising is, after all, a layered business which requires knowledge and competences about many other businesses: that means the sector each specific advertisement is aimed at, of course, but also economy, social studies, psychology and statistics are involved in the process of making even one single advert on a billboard. Everything to shift consumer needs from one brand to another, in the name of competition.

However, fashion should not be seen simply as something imposed on people from the high. From this point of view, we can say there is a symbiotic relationship between people and the fashion industry: there is a cross-pollination, with many trends originating on the street level before being analyzed, commodified and marketed to the public. This is where trend forecasts come into play.

Trends, as Natalie Singh (Head of Denim & Street at WGSN⁴) states, are “what drive the fashion industry. It’s what makes people have to buy something new every few months”⁵. They help fashion magazines produce their editorials with recommendations, they allow for clothes to be mass-produced and above all, trends get people shopping, since consumer studies actually showed that they increased sales of must-have items and were good for business⁶. Trend companies are information hubs that collect and analyze huge amounts of data from all over the world in order to calculate fashion trends up to two years in advance, and then sell this information to corporations, who use it to stock their inventories. Indeed, trends are another important factor in influencing consumer choices, but this too is a two-ways process, as trend forecasters monitor youth movements, underground music scenes, future cultural events and fashion bloggers.

In the end, it seems, the needs of fashion companies and consumers meet at the crossroad that is the market: customers feel the almost irrational need to refresh their wardrobe many times a year and corporations, who produce up to fifty collections annually, are more than happy to oblige.

Japanese consumer society

In the previous section, the consumer was described as someone “who buys goods or services for their own use” and that plays an important role in the play that we call consumerism. Consumerism, on the other hand, was described as “the state of an advanced industrial society where large amounts of goods are sold to individuals”. That word, “advanced”, implies a process of evolution of the society that ultimately brought to that situation, the idea that something, somehow, changed along the way.

Expenditure habits change and evolve over time influenced by many social, historical and economical factors, and the Japanese society is no exception to this statement. The passing of time, changing income levels, shifting family structures, main historical events and shifts in the tastes and values of the population, all of these are elements that slowly and steadily change a society and the people who belong to it. And as a society changes, its members – who are both citizens and customers – change as well.

4 World Global Style Network, a trend forecasting agency.

5 Interview with Natalie Singh, April 2012.

6 Higham, W., *The Next Big Thing*, 2009, p.44.

What was said about consumer attitudes being influenced by the need to fulfill both material and psychological needs was also true for Japan's consumer society – or at least, it has been for a very long time. Recent events and shifts in the country's demographic structure have in fact brought about a wave of change in the habits and choices of its consumers, making Japan a very good case study to analyze the possibilities of development for an alternative business model in the fashion market. However, a more thorough understanding of the process that led to the current state of Japanese consumer society is in order to do so.

Therefore, from now on this paper will focus on the changes that affected the Japanese consumer society in the last century, aided by the thorough analysis that Japanese sociologist and market analyst Atsushi Miura carried out in his book *The rise of sharing: fourth-stage consumer society in Japan*. After that, we will try and understand in what direction the consumer society in Japan is headed, based on the previously examined information and on an outlook on the Japanese apparel market today. The role of fashion in the lives of the Japanese consumers, the way they perceive the concept of sustainability (both social and environmental) and their shifting consuming habits will help us further on the quest of answering a question: can a sustainable alternative for the fashion industry take form in Japan?

The four stages of consumer society

I believe that Japan is the only country where the rise of consumer society can be divided into four distinct stages.' explained Miura in his book 'only the Western industrialized states, Japan, and South Korea have attained mass-production, mass-consumption second-stage consumer society as I define it [here].'⁷

Basically, Miura identifies four overlapping stages in the evolution of the Japanese consumer society: a first stage that closes with the first blossoming of mass production, a second phase characterized by a full-scale industrialization and mass consumption, a third level that sees an escalation in individual values and consumes and a fourth, last stage that describes the current Japanese society.

To give foreign readers a better understanding of what distinguishes the different stages, Miura compared each of them to different periods in the history of Western countries. He compared first stage society to the rapidly advancing urbanization of early-twentieth-century Germany, the second stage to the same period in the United States (with the emergence of the Model T-Ford and Frederick Taylor's scientific management) and the third stage to the United States of the 1950s. As per the last and current stage of consumer society, he reckons earlier traces can be found in the American society of the late 1960s-early 1970s, when people started focusing more on the values of a simple life, ecology and self-realization.

⁷ Miura, A., *The rise of sharing: fourth stage consumer society in Japan (Daiyon no shōhi: Tsunagari wo umidasu shakai)*, LTCB International Library Trust, 2014, preface, p. xvii

First-stage consumer society

The dawn of first stage of the Japanese consumer society traces back to the beginning of the twentieth century. Although it is undeniably difficult to confine something as abstract as a phase of consumerism to a precise time window, Atsushi Miura theorized this stage to stretch between 1912 and 1942, therefore covering the entirety of the Taishō era (1912-1926) and the first two decades of the following Shōwa period.

Having emerged victorious from the Russo-Japanese wars of 1904-1905, the country was bubbling with the boom-time economy of the First World War and a growing city population. Consumption was increasing in rapidly developing urban areas despite the high inflation rate eroding the citizens' real incomes and the country witnessed the birth of a flourishing entertainment industry. From the opening of the Takarazuka Grand Theater in Osaka in 1924 to the opening of the first department store in Shirokiya in 1928, the big city life of Japan was blooming and thriving. However, that city life was not for everyone. High consumption was a privilege for Japan's upper and middle class, which accounted for no more than 10 or 20 per cent of the population.

This was the time of the *mobo* and *moga*, the “modern boys” and “modern girls” the filled the streets of the shopping districts bringing the prospective of a new, urban Japan. But to be “modern” often also meant to be “Western” - and sure enough, the first-stage consumer society saw a boom in the popularity of Western food (*yōshoku*) and Western clothing (*yōfuku*). This stage could very well be defined as the prototype for Japan's modern, Westernized lifestyle. The Great Kantō earthquake in 1923, with all the devastation and consequent need to reconstruct what had gone lost, contributed to the transformation of Tokyo into a modern city.

Second-stage consumer society

Miura defines this second stage as one that covers the period running from the end of the Second World War up to the Oil Crisis of 1973, known in Japan as the “Oil Shock”. After surviving the global panic of 1929 and the severe poverty of the early postwar years, Japan was able to start rebuilding the country and entered an era of virtually unprecedented high growth. The population in the cities kept growing, a full-scale modernization of industry finally enabled mass-produced goods to fill the national market and to top it all, in 1968 Japan's Gross Domestic Product became the second largest in the world after the United States.

Moreover, the new consumerism finally reached across the whole country, and a totally new set of values started guiding the choices of a new generation of Japanese consumers. The *dankai sedai* (団塊世代), or mass (*dankai*) generation, is the Japanese equivalent to the baby-boomers generation, and it represents the model of the primary consumer in this second stage. Born and raised in a period of reconstruction and renewal, of mass consumption and rapidly increasing wages, the representatives of the *dankai sedai* were

the perfect target for the sheer amount of newly mass-produced goods, and consumers' aspirations started changing to accommodate just that.

The main theme of this second-stage consumer society could be summed up in a few words: "bigger is better" (*okii koto wa ii koto da*). When people had to buy something, they wanted the most recent, biggest model available; when they had to replace something, they must buy a bigger version of what they had before. This was most probably a marketing strategy aimed to maximize sales in spite of the limited variety of goods which is typical of mass production, but in any case, it worked perfectly and it kept the economy growing for more than twenty years.

Around the second half of the 1950s the "Three Sacred Treasures" – a reference to the *sanshu no jingi*, the actual three sacred items believed to have been bestowed by the Heavens to the Emperor – were the television, the refrigerator and the washing machine, three devices that made the household complete. Another famous acronym that came around about a decade later was "3Cs", which stood for Cars, Coolers (as in air conditioners) and Color televisions. Everyone wanted to own one of this, and everyone did as soon as they had the chance. But the *dankai sedai* was not a "clutter" generation of solitary consumers. The primary target of the mass-production market was the so-called nuclear family of four (husband, wife and two children) and the unspoken rule of "one per household" prevailed.

Nonetheless, Japanese baby-boomers were still imprinted with a value system that believed happiness equaled buying bigger and better things, and keep them to themselves. It was the triumph of consumerism and of private property.

Third-stage consumer society

The years that span between 1975 and 2004 are often called the "low-growth era". The oil Shock of 1973 put an abrupt end to the previous prosperity, and the following years were marked by very low growth rates for an average of 4.2 per cent per annum. The so-called bubble economy of the 1980s let Japan take a short, illusory breath of relief, reviving the economy briefly but not solidly enough: the years 1997 and 1998 brought about the failure of important Japanese financial institutions like the Hokkaido Takushoku Bank and the country's economy tumbled again, as growth rates went negative. These negative events, however, were the ones that marked the beginning and end of Japan's third-stage consumer society.

The primary consuming unit shifted again from the nuclear family to the single individual as Japanese society witnessed a few decisive changes: on one hand, the number of unmarried singles increased steadily, which resulted in the birth of the so-called "parasite singles" – young people in their late 20s or 30s and still living off their parents at home. On the other hand, a shift in the number of company employees who were reassigned to different offices in other cities and were therefore forced to leave their families and live alone.

As often happens with the shift in the aggregate demand, the production changed accordingly. The new keyword for mass-produced items was *keihakutanshō* (light, thin, small, short) and it defined a whole new class of goods which were specifically made to be enjoyed by the individual user only, like the first Sony Walkman portable tape player and the single-meal food items that appeared in the grocery section of department stores.

The shifting society structure was a real game changer and it marks the first, big difference with the second-stage consumer society. During the “golden years” of mass production, companies did not have to put much effort into convincing people to buy their products: even if the design was nothing remarkable, even if every car looked the same, people would buy those things anyway. But in the third-stage consumer society, Japan’s economy witnessed a shift toward a one-person product demand, a feature that would later be carried on into the next fourth-stage.

The authors of this change were none other than the “parasite singles”. Despite the negative label, young people living with their parents through their 20s were the engine that kept the economy going. The mere fact of not living on their own, in fact, meant that they had the possibility to use more of their income on themselves.

Parasite singles belonged to a larger demographic group that is representative of third-stage consumer society: the *shin jinrui* generation.

This generation of citizens and consumers was very different from the *dankai* that preceded it. Made up of the individuals that were mostly born in the big cities between 1963 and 1969, in the golden age of postwar Japan, the *shin jinrui* generation was virulently apolitical: perhaps as a consequence of the riots that characterized some protests of the student movement in the late 60s and early 70s, and of many violent acts carried out by the extremist Red Army Faction in the 1970s, the newly born *shin jinrui* detached itself from politics as much as possible, switching their interests to individual consumption. Although one could argue that this was not the decision of a group of individuals, as much as it was a political maneuver by an establishment that was thoroughly unhappy by the previous politicized youth, and that seized the opportunity to redirect a new generation’s interest from politics to consumerism.

One thing that the *shin jinrui* generation inherited from the *dankai* generation was, instead, a powerful inclination toward materialism. As their predecessors did, *shin jinrui* individuals believed that buying things would buy them happiness, and this mentality was probably formed during their childhood. As they were born when Japan was already an economic powerhouse, by the time they became adults their homes were already filled with all the comforts and a full set of electric devices. Moreover, by the time they finished their studies and started searching for an occupation, Japan had already entered the economic bubble of the 1980s, and that allowed the *shin jinrui* to find work under extremely favorable conditions.

Having a high disposable income, and a system of values which believed that consumerism equaled happiness, the singletons of the new generation had a voracious appetite for consumption. And most of their money was spent on fashion.

The late 1970s saw the emergence of most important names in the history of Japanese fashion, like Rei Kawakubo and Issei Miyake, and by the 1980s the sales of the so-called “DC brands”⁸ were soaring, at almost unbelievable rates that hovered around 30 per cent.

The fact that *shin jinrui* individuals were choosing to focus their spending on fashion was no coincidence. Japan’s third-stage consumer society put a special emphasis on individualization and, by extension, to diversification. This is possibly the main difference between second-stage and third-stage Japanese consumer society.

From “Consumption” to “Creative Consuming”

When studying how sociology is applied to economics, one would surely come across the theory of the “rational” consumer. According to this theory, the consumer has two main characteristics: his behavior is directly influenced by calculated advertising and marketing, and he is a mostly passive recipient of the messages they carry.

The most common Japanese term for “consumer” is *shōhisha* (消費者), where the word for “consume” (消費) is composed of 消 (*kesu*), “erase”, and 費 (*tsukiyasu*), “use up”. This shows that the word for “consumer” in Japanese holds the almost exact meaning of the English word: consuming is to “use something up”, and the consumer is the person who does exactly that. In this sense, the word *shōhisha* represented perfectly the average consumer of the first and second-stage consumer society – someone who would happily buy impersonal, homogeneous products.

But as it was already hinted, third-stage consumer society is more individual-oriented. The *shin jinrui* consumers believe – and rightfully so – that they are unique, therefore products aimed at them should also be diverse. They look for special designs and individuality when they make a purchase, and they can also create trends when interacting with each other. The third-stage consumer is not passive, but active and creative, so the word *shōhisha* doesn’t apply to it anymore.

Tsūji Masuda, former managing director and later chairman of the department store chain Parco, was the one who invented the word *sōhisha* (創費者) back in the early 1980s. Miura, who at the time was working for the firm’s marketing monthly *Across*, reported him saying something along these lines:

Our consumers aren’t really erasing or using up anything, right? Buying fashion at Parco [...] is not the same as buying radishes at the supermarket. They’re not just “consuming”, they’re “creating (創)”. They’re consuming to create their own lifestyles. That’s why I say this isn’t *shōhi* (consumption). It’s *sōhi* (creative consumption).⁹

8 The “DC” acronym is a coinage with the “D” from “designer” and the “C” from “character”, meaning that “DC brands” included both Japanese independent design brands and high-end fashion lines from large clothing manufacturers that retained a special “flavor” (the “character”).

9 Miura, A., *The rise of sharing: fourth stage consumer society in Japan (Daiyon no shōhi: Tsunagari wo umidasu shakai)*, LTCB International Library Trust, 2014, p. 51.

In other words, despite their hunger for consumption, what third-stage consumers were really looking for was a way to express themselves. As a result, the Japanese service industry started thriving, as people started searching for a more individualized consumer experience that went beyond the world of mass-produced goods.

The myth of self-discovery

Creative consumption brought about another important key aspect of the shift from second-stage to third-stage consumerism, which is a new focus on quality. “From quantity to quality” was a phrase virtually engraved in the Japanese marketing of the 1990s. Subsequently, one of the defining characteristics of *shin jinrui* consumption was brand consciousness. The “from quantity to quality” slogan merged perfectly with their hunger for unique, special products, and the society they proceeded to form was filled with top luxury-brand items.

In 1980, Japanese novelist Tanaka Yasuo wrote a novel that perfectly depicted this aspect of third-stage consumer society: *Somehow, Crystal (Nantonaku, kurisutaru)*. Tanaka’s fictinoal characters were all obsessed with brands, and after the book was published the young people who actually shared that obsession were often mockingly referred to by adults as the “Crystal Tribe” (*Kurisutaru-zoku*). But as it turned out, the young society painted by Tanaka’s book was more spot-on than one would have thought, and it ended up influencing a whole generation as it grew up.

At the same time, this obsession was fueled by more than a successful book or the search for quality. Buying products from luxury brand was yet another way of *shin jinrui* consumers to express themselves, to reaffirm their identity. And sure enough, starting from the 1990s the self-discovery (*jibun-sagashi*) trend stretched its roots into the marketing and advertising strategies of most Japanese companies, as advertisements and magazines started overflowing with phrases such as “*jibun-rashiku*” (true to oneself) and “*watashi-rashiku*” (true to myself). These messages promoted the idea of “identity” as the ultimate value that anything could have, and it was applied to literally anything spanning from clothes to credit cards. In the end, in an era of slow economic growth and rising unemployment rates, the myth of self-expression filled the minds of the young consumers and it became an obsession on par to that for luxury brand items.

What emerged from these trends was, psychologically speaking, a feeling of anxiety and a consequent longing for permanence, for something that would anchor oneself to an idealized reality of “being oneself” that seemed to be out of reach.

Brand-consciousness

The Japanese market has been traditionally considered as an avid consumer of luxury brands, coming in second place right after the United States. And sure enough, when it

comes to luxury goods Japan's consumers have been among the world's biggest spenders for decades. The marketing of branded items began in the second half of the nineteenth century, and it was primarily developed in Europe only to expand worldwide starting from the 1970s, driven by business strategies of big French, Italian and Swiss companies like Louis Vuitton, Gucci, Prada and Rolex. And among all the countries the luxury market reached, the Japanese market turned out to be one of the most welcoming.

Curiously enough, Japan's economy in the 1970s was not as thriving as one would expect from a country whose consumers seemed eager to fill their pockets with branded goods – in fact, that decade marked the start of a long period of low economic growth for the country. Most probably, the passion of many Japanese consumers for luxury items originated from cultural factors, mainly the widely-held belief that European products were of higher quality and more durable than local ones. Not only that, but branded products themselves were also regarded as a sign of status: carrying around a Louis Vuitton shopping bag was considered nothing less than a badge of honor.

After that, the 1980s brought about a wave of social change characterized by the coming of age of the so-called “parasite singles”, meaning people in their late 20s or 30s that still lived in their parents' house. Parasite singles, whose number increases greatly during this decade, represented the ideal customer for the luxury market, as their lifestyle implied less expenses and therefore a higher disposable income that could be spent in high-priced products. In a sense, these individuals fit perfectly in the bigger picture of the economic phenomenon that marked that decade in Japanese history, the “bubble” economy. The latter half of the 1980s, later renamed “the age of the bubble”, saw both a sharp increase in stock and land prices and a huge investment and consumption boom. Everything seemed to point in the direction of a long-awaited recovery for the Japanese economy, and yet that remarkable bubble was quick to burst, frail as it was, revealing little more than speculation, inflated prices and an excessive monetary easing policy. Japanese luxury consumers were not that different, in the end, fueling the market of branded goods as if they were primary necessities when they actually only served as a social status. To this day, Japanese consumers that can fit that description are responsible for a significant portion of luxury spending, as the country's luxury-consumer base comprises two large segments reflecting a demographic split: on one hand, the segment of consumers aged 45 years or older that includes the “original” parasite singles, now aged up; on the other, a younger and smaller segment of people (mainly women) aged 20 to 35 who hold full-time jobs but still live with their parents – in other words, the “new parasite singles”.

All things considered, one could as well say that Japan was the driving force behind the “democratization of luxury” that started in the late 1980s and the following exponential growth of the European luxury industry. The concept of democratization applied to the luxury market can be described as middle-income consumers selectively shifting to higher-level consuming, and it implies giving everyone access to branded goods. In a way this is a sort of paradox, since it leaves behind the exclusivity that characterized the original luxury industry, but it also means reaching and acquiring a much wider consumer base, thus creating a “mass luxury” market.

And in the end, this proved to be a successful strategy. As far as Japan is concerned, companies such as Luis Vuitton, Hermes, Chanel and many others have profited greatly from selling their products in the Japanese market or to Japanese tourists abroad.

At the beginning of 2008, the personal luxury market was estimated to be 131 billion dollars worth, with an overall growth in sales of 5 per cent from the previous year buoyed by wealth creation across Asia. In Japan only, the same market grew by 4 per cent from 2007 to 2008, reaching a total worth of 20 billion dollars, aided by the increased spending by Chinese tourists in Japanese luxury stores.

But even Japan's seemingly insatiable hunger for luxury goods started declining eventually. A sudden and unparalleled 7 per cent decline in the Japanese market from 2008 to 2009 revealed that the heyday for the large luxury brand firms was over. Aided by the global financial crisis and by a shift in the structure of the Japanese consumer society that witnessed a 5 per cent decrease in the number of "parasite singles" – the most enthusiastic consumers of branded goods – the country's luxury market went through an unprecedented pressure that has not quite stopped yet. Additionally, a shift in the values of the younger consumer segments also prevented a turnover in the luxury customer base, effectively shrinking it.

By the end of the first decade of the new century, as sales dropped and luxury companies declared they were not meeting their earning targets, even newspapers headlines was foreshadowing a glum destiny for the Japanese luxury market.

Fourth-stage consumer society

The fourth and last stage of Japanese consumer society that Miura identifies in his analysis started in the first years on the new millennium and is still ongoing. There was no major historical event to mark the passage from the previous stage, but all the same, the shift into fourth-stage consumer society was not devoid of difficulties and social changes. The global financial crisis break in 2008, the catastrophic Tohoku earthquake of March 2011, the recession and declining incomes deriving from employment instability as the number of temporary workers increased, everything added up contributed to yet again change the values and consumption needs of the Japanese population.

If anything, the difficult times brought about by those events served as a reminder of the importance of abstract bonds – family bonds, but also those of society – over the previously worshipped consumerism. One important theme in fourth-stage Japanese consumer society is, in fact, that of connection, both between different individuals and between individuals and their community. Third-stage exasperated individualism had somehow split the Japanese people apart, but now a more society-oriented consumerism was taking form. Building social and human relationships has regained increasing importance in the values and aspirations of Japanese consumers as society's needs came back as a priority in place of the individual ones, and the concept of sharing finally took flight.

The term used to specifically define consumerism in fourth-stage Japan is *kyōhi* (共費), or “shared consumption”. The word hints at a more personal perception of the consuming experience as a joint undertaking carried out by independent, self-aware individuals. In a sense, the concept of “creative consumption” (*sōhi*) introduced referring to third-stage consumer society already carried some elements of this new involvement of the individual in the act of consuming, but what is essentially different is the goal of the act itself. In the case of third-stage “creative consumption”, the consumer was looking for a product that would match their tastes and lifestyle – therefore playing an active role in the act of consuming – but in the end what they were looking for was the personal fulfillment that comes with a satisfactory purchase. Their focus was, ultimately, on material wealth. But in the case of fourth-stage “shared consumption” the consumer’s final aspiration is increasingly aimed towards something that goes beyond the individual’s temporary satisfaction. People were starting to look for a way to prolong that feeling of fulfillment, without having to buy something new.

As a consequence, fourth-stage consumer society fostered the spread of a new consciousness that seeks to contribute in some way to the good of society and to the satisfaction of other people. In that sense, we can call it society-oriented. And one way to make a contribution to society is, simple as that, sharing information. For this reason fourth-stage consumer society can also be described as an “information society”. Information is, by nature, very different from material goods, in that it only generates value when it is transmitted to – or shared with – other individuals. The digital revolution has advanced to the point that sharing information is now an extremely simple and even entertaining thing to do, therefore making altruistic behavior much easier than it ever was before. Think about how we are now able to send birthday greetings to anyone in the world by using our social media: it is but a trivial thing, and yet it is a little contribution we make to someone else’s life.

And then, after people have learned the pleasure of exchanging information, it seems inevitable that they will start buying less things.

It may not be obvious when we first consider it, but in the end it all comes back to the consumer’s satisfaction. When buying goods, the pleasure we derive from it is greatest at the very moment of the purchase, but fades as time goes by. Eventually, that satisfaction dissipates, leaving behind a sense of futility. But when we are exchanging information, the pleasure is not necessarily at its greatest when we share them, nor does it fade over time. Is the exchange itself that increases the feeling of satisfaction, and also sustains it as time flows. This is experienced for example as we visit a location and share our photos or opinions on it: our pleasure is heightened the very moment we share our “information” with the others, and by extension even as we gather some feedback from the others – who, meanwhile, are doing their own “sharing” with us.

Hoshigaranai Wakamonotachi

By the start of this fourth stage, the members of *shin jinrui* generation that was the main character of the third stage had supposedly entered their 40s and 50s, and many of them

had already started a family of their own. Being born in a period of slow economic growth and quick and continuous changes, the children of the *shin jinrui* generation grew up to be the young adults that populate Japan these days. But instead of inheriting their parents' inclination to consumption, they are the ones that brought forward the changes expressed in the previous paragraph. They are Japan's Millennials, the generation that in the future will have to support both the country's elder population, but they almost seem to have developed a sort of aversion toward traditional consumerism.

Indeed, the emergence of a new generation with radically different attitudes is perhaps the most significant change in the modern Japanese consumer society. This generation – mostly people in their 20s and early 30s – has grown up through Japan's difficult economic climate, in an economy that never seemed to grow, never knowing the boom times the previous generations experienced. Accustomed to stagnant wages, these young consumers came of age during a period that witnessed the global financial crisis and the 2011 earthquake and tsunami disaster, events that set them apart from their older counterparts especially for what concerns their spending patterns.

The first instinct of Japan's Millennials is not to consume, but rather, to save and not spend. And when they spend their money in goods, they look for bargains. They shun brand-name clothing and apparently many of them do not even wish to buy their own car, as sales for the domestic car market started declining in 2010.

In other words, Japan's younger generations seem to have developed a sort of aversion toward traditional consumerism. Or at least that is the conclusion of a study published by the Nikkei Research Institute of Industry and Regional Economy. Said study, titled *Hoshigaranai Wakamonotachi* (Young People Who "Don't Want"), was led by researcher Taku Yamaoka and is based on a ten-years-long project which comprises interviews with young people and the analysis of their consuming habits. Yamaoka concluded that, unlike their parents, young consumers do not want to purchase branded goods, or drive, or spend their time off in department stores. They simply "do not want". What they like is to save money and stay at home.

This lifestyle has prompted the nickname the *hodo-hodo zoku*, or "so-so folks" (or, even worse, "slackers" or "herbivore men"). Many shun corporate life and material possessions and are more pessimistic and more likely to be unemployed than their elders. And while consumption levels are deeply tied to things such as income and job security, this does not seem to be the only reason for the lack of Japan's youth appetite for conspicuous consumption.

Sociology professor Masahiro Yamada agrees that there is indeed a generational shift. 'There's no upward mobility now,' he stated, 'The parents of these young people weren't rich – they wanted to be middle class and buy brand name goods. Nowadays those people have earned a good life and their children don't want for anything.'¹⁰

In other words, if the previous generation was all about consuming and modernizing Japan at high speed, the next one seems to prefer a slower pace with less consumption.

Therefore, these young consumers present a true challenge for marketers. As the CEO of

¹⁰ Wilson, F., (2010, March 25), "Youth is Wasted on the Young", *Wired*.

a leading sports-apparel company in Japan recently stated, “For the first time, we have a generation of consumers that aren’t at all persuaded by what professionals athletes are wearing. We need a fundamental rethink of how to approach this next generation.”¹¹

In addition, they also tend to be more willing to spend money on services than products and on technology than other goods. This, too, is in line with what has been previously said about fourth-stage consumer society. Japan’s young consumers are looking for something more than the temporary satisfaction that comes from the purchase of material goods. They are looking for enjoyment, for personal satisfaction, for an experience to share with the others.

This reluctance to spend is not, however, an exclusive trait of Japan’s Millennials, since young consumers in other developed countries show an unwillingness to spend their money as well. However, their frugality is a particularly serious problem for Japan: with the country’s low birth rates and consequent shrinking of its population, these men and women will form a large part of Japan’s consumer society for decades to come. And if nothing changes, their low expenditure levels may not be enough to sustain the country’s economy.

Demography of Japan: present day

As of September 2018, the current population of Japan was estimated to comprise about 127.3 million individuals, making it the 11th largest country in the world in terms of population. However, Japan will most probably be pushed down in the ranking in the next years, as birth rates keep declining in turn shrinking the country’s total inhabitants.

The growth of Japanese population, which had been fairly strong up to the 1980s, began slowing down during the next decade, only to see a real downturn by the end of the first decade of the new century. As for the moment, Japan’s attempts to increase its birth rate – which included cash incentives for new parents – have been mainly unsuccessful, as the average value did not as much budge from the 1.4 per cent that it had already maintained for quite a few years. Problem is, if this negative trend continues unchanged Japan’s population is expected to drop from 127 million today to 100 million by 2050, to 85 million by 2100, on par with the numbers that characterized the first years after the end of World War II¹².

In 2017 alone, Japan’s population shrank by about 400,000 units, aided not only by declining birth rate but also by the country’s conservative reluctance to accept foreign immigrants and to offer them a permanent worker status. However, there have been promising signs in this sense: according to the Ministry of Justice, the number of foreign nationals as of the end of 2017 grew 7.5 per cent from a year earlier to hit a record high of 2.56 million individuals, reflecting a jump in Vietnamese residents¹³.

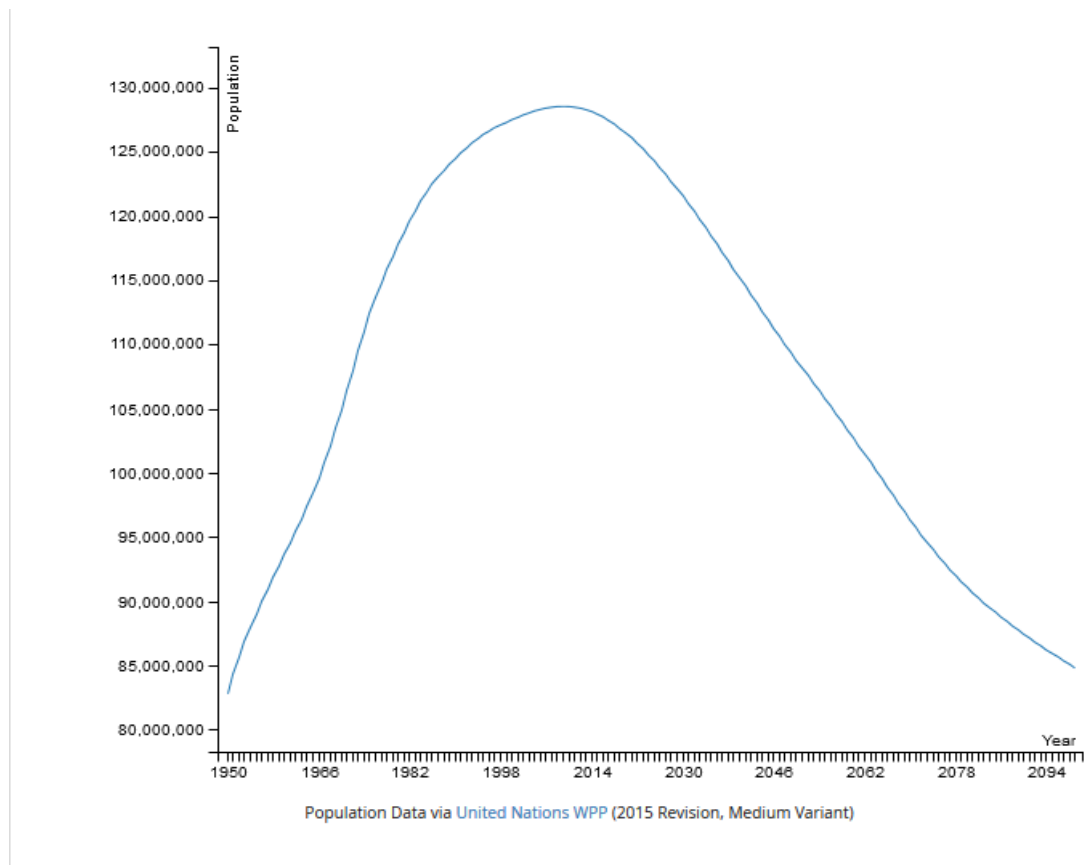
11 Salsberg, Brian, (2010, March), “The New Japanese Consumer”, *McKinsey Quarterly*.

12 Japan Population, (2018, September 18), World Population Review.

13 Staff Report (2018, March 28), “Number of foreigners residents in Japan hit record 2.56 million at the end of 2017”, *Japan Times*.

As author and founder of the think tank Culturestudies Atsushi Miura stated, “The number of young people are declining and between 2010 and 2040, their numbers are expected to drop by half, creating a labor shortfall projected to be about 3 million workers. [...] Without achieving 'coexistence' with foreigners, the labor pool of young workers will be insufficient.”¹⁴. It seems that no matter how, the country’s current demographic circumstances call for a necessary change in immigration policies.

Population Growth Trend (JP)



In other words, if someone were to describe the situation of the current demographic situation in Japan, they would only need two words: aging, and shrinking. With a population where people aged 65 and older comprise more than 27 per cent of the total, Japan is currently one of the countries with the oldest population and most rapidly aging society along with Italy, Portugal and Germany. By September 2018, the ranks of the elderly had grown to a record 35.5 million, up 440,000 from the previous year, striking a negative record even in terms of annual increase.

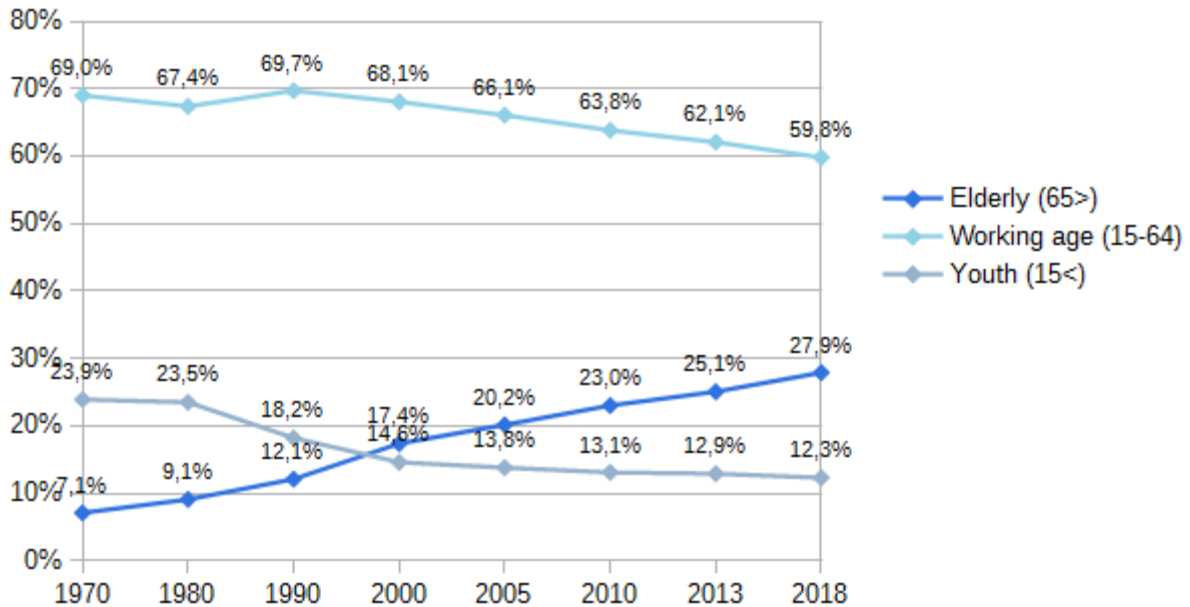
As for the moment, Japanese working age population (defined as those aged 15 to 64) still accounts for less than 60 per cent of the total, meaning that there is a little more than 2 workers to pay for every retiree and the ratio is going to grow smaller and smaller as the

14 Kuchikomi, (2015, March 6), “Increase in foreigners points to diversified future for Tokyo”, *Japan Today*.

population keeps aging, with possibly dire consequences for the country's economy and social security costs.

Population Growth Trends by Age Group (JP)

Source: Labour Force Statistics: Summary tables



Expenditure levels

Consumption levels are a sore spot for Japan's current economic situation. According to data collected yearly by the country's Ministry of Internal Affairs, Japanese households are spending less and less every year, the decline starting about 10 years ago.

And although Japan's government has been trying to alleviate this issue through various regulatory actions, none of them seems to have been quite effective. Ever since Prime Minister Shinzō Abe was elected in 2012, Japan has seen some of the most aggressive policies in the world to stimulate its economy. In addition to spending over 20 trillion yen (\$249 billion) in stimulus measures, the Bank of Japan has pumped 280 trillion yen into the economy, lowered short-term interests below zero and the government itself has repeatedly urged firms to raise their salaries.

And yet, despite such unprecedented measures, private consumption remains worryingly low, also due to the permanence of stagnant wages and a lack of stable jobs.

Although it may appear quite strange, the older generations in Japan are the ones that hold the highest rates in terms of income, expenditures and propensity to consume. A survey conducted by the Ministry of Health, Labour and Welfare reveals that workers in

their 50s get the highest salaries out of all generations, aided by a seniority wage system that is still quite common for many Japanese companies despite various attempts by the Government to change the salary system. According to the data analyzed by the Statistics Bureau of the Ministry of Internal Affairs, the wage gap becomes perfectly clear when looking at the scheduled earnings released by companies in each prefecture: in most cases, the earnings of Japanese young people aged between 20 and 34 were definitely lower than their older colleagues' – even when compared to incomes of Japanese workers over 60 years old – with the difference being even wider for the youngest workers. Japan has, therefore, an undeniable income inequality problem that cannot be ignored anymore, as it is heavily influencing expenditure levels on a national base. The widening gap is making it tougher for the country to deal with demographic challenges, as stagnant wages deter young people from starting a family of their own while an aging workforce prevents the government's efforts to raise salaries in order for the working class to be able to sustain retirees in the future.

The effects of Japan's income inequality over consuming levels were confirmed by the data collected by the Ministry of Internal Affairs regarding Japanese households' budgets and expenditures: by observing the age group to which each household's head belonged, the research by the Statistics Bureau concluded that the 2017 average monthly disposable income (of workers' households) was the highest in the 50s group (490,139 yen), followed by those in the 40s (457,970 yen) and the 30s group (414,527). Consequently, the average propensity to consume turned out to be the highest for the older generations, with a propensity rate of 89.6 per cent for those in the 60s group followed by those in their 70s (80.8%) and in the 50s group (72%), while it was the lowest in households that belonged in the under-30s group, with only 64.6 per cent. Furthermore, compared on age-group basis to the previous year, the average monthly consumption expenditures were down 10.4 per cent for the under-30- year-old group, while they were up 3.5 per cent in the 35-59 age group.

Looking at these data through the filter of what was expressed in the last section, we notice that the highest incomes and expenditure levels can be traced back to those he described as the *dankai sedai* generation and the *shin jinrui* generation. And on the other side of the consuming spectrum stand Japan's Millennials, the youth that “does not want” to consume.

Apparel expenditures

As far as apparel is concerned, Japan has the fourth largest market in the world after China, the U.S. and Germany, and in 2016 sales for apparel and footwear companies reached almost 79 billion dollars. Currently, the local clothing store chain Uniqlo is the market leader with a share of 9.2 per cent¹⁵, but the market offering is becoming increasingly diverse as several international apparel retailers have entered the Japanese market in recent years, offering a wider choice of affordable clothing and a variety of

15 Hara, Y. (2018, April 25), “Uniqlo to double online sales ratio with help from real stores”, *Nikkei Asian Review*.

designs. As a result, net sales and revenues for these apparel companies are growing steadily year after year.

Sustained by an economy that ranks as the world's third largest behind the U.S. and China and by a high level of per capita income, the Japanese consumer market has a remarkably high purchasing power, which one would expect to be matched by an equally significant level of expenditure. And yet, as far as the fashion market is concerned, Japanese consumer apparel spending has been declining steadily over the last fifteen years, and is expected to keep decreasing for at least another decade.

According to Euromonitor International, apparel spending rates dropped for more than 20 per cent in the years from 2000 to 2010 and have since then not resurfaced much. By 2017, spending for clothing and footwear accounted for an average of 4 per cent of total consumer monthly expenditures¹⁶. The decrease is consistent for both men and women, although on average apparel spending for Japanese women is still significantly higher. More significant perhaps, are the categories that comprise the major customer segments for the apparel market in Japan: on one hand, Japan's wealthy elderly population represents a large and profitable "silver market", while on the other there is a very specific category comprising single women under the age of 34, who spend about twice as much as men in their age group on fashion. And yet, the percentage on total expenditure do not increase much even for these consumers.

The resulting situation may almost look like a paradox, as Japanese consumers are likely spending less on apparel while clothing companies are making bigger and bigger profits. However, the explanation is fairly simple and comprises two main drivers: on one end, the steady decline in apparel prices that has been going on worldwide for a couple of decades now; on the other, a monetary policy that brought about a strengthening value for the Japanese yen, in turn making imported items – clothing included – less expensive.

Fashion industry in Japan

Overall, the dimension of the domestic apparel market appears to be extremely small when compared to the global fashion industry: the value of the Japanese clothing market currently amounts to 97 billion dollars, which may seem like a really great deal, if it did not take up about 3 per cent of the whole, 3-trillion-dollars cake that is the global fashion industry.

As far as textile exports are concerned, they only account for a minimum percentage of the value of Japan's total exports: as of June 2018, Japan exported goods for 61.6 billions dollars, of which only 9.1 billion were represented by clothing, textiles and footwear. This is also related to the decline in the domestic production of clothing materials such as leather, yarn and textiles that has been going on for several years now, and that resulted in a downward trend in the volume of imports as well. Sure enough, also due to the declining value of Japanese yen, apparel imports have been decreasing slightly, but they still heavy

¹⁶ *Average Monthly Consumption Expenditure (Two-or-more-person households)*, Statistical Handbook of Japan, 2017, released by the Ministry of Internal Affairs and Communication of Japan, Statistics Bureau.

outweigh exports with about 43 billion dollars. Which is more than logical, given that domestic production only covers around 15 per cent of the Japanese apparel market. Imported clothing is mostly produced in low-cost countries in the Asian continent (mainly in China, but also in Vietnam and India) and sold in Japan by Japanese or international retail chains.

Japan is also known for a few international fashion companies and several successful designers. Uniqlo Japan, a subsidiary of the country's largest retailer Fast Retailing Co., is the nation's largest apparel retail chain which has recently started to expand outside Asia with its casual, low-priced clothing lines.

Apart from Uniqlo, only a small number of Japanese fashion firms and designs actually do well outside national boundaries. "What Japan's fashion needs" says Atsushi Izu, analyst at the Nomura Research Institute of Tokyo, "is more concrete help in marketing and setting up shops overseas. [...] Japan's fashion industry is very fragmented, and most companies lack the resources and know-how to bring their brands to foreign markets."¹⁷

On the other hand, the market for apparel and footwear in Japan is fairly open to international brands and companies, as there are no significant tariff barriers. This feature allowed several international apparel retailers to successfully enter the market in recent years: Swedish retailer H&M opened up their first Tokyo store in 2008 and currently have more than 50 stores.

Japanese fashion: a history

As already mentioned in the beginning of this paper, fashion is a vital part of everyone's daily life and this proves to be especially true in Japan, which is described as one of the biggest fashion centers in the world and where many different styles – both high-class and street-fashion – are born every year. As to prove the point, the Shinjuku district in Tokyo hosts the prestigious Bunka Fashion College, one of the world's most important fashion schools (ranked seventh in global ranking) that has produced the most prominent names among Japanese fashion designers, such as Yohji Yamamoto and Chisato Tsumori. The city itself has an extremely lively fashion scene: twice a year it hosts internationally renowned fashion shows – the Japan Fashion Weeks in March and October – which attract dozens of designers and rival with the huge fashion events organized in Paris, Milan and New York. The Fashion Weeks are financially supported both by the government and by the private industry, with the main aim of spreading the knowledge about the Japanese fashion to the rest of the world.

Japanese fashion has a centuries-long history of being both influenced and an influencer. The most worldwide famous, traditional piece of clothing in Japanese fashion is of course the kimono. The word itself roughly translates to "object that is worn", which at the same time sums up the basic function of any clothing and nicely exemplifies the simplicity of the garment, as the whole idea of the kimono was based on the simple concept of a flat piece

¹⁷ Tabuchi, H. (2010, January 1), "Paris, Milan, Tokyo. Tokyo?", *New York Times*.

of fabric whose final form depends on the material and the decorative pattern of the fabric itself. Traditional Japanese clothing has contributed to the world of fashion far more than one would imagine: hints of the kimono silhouette, patterns and obi sash started appearing in the collections of foreign designers starting from the early twentieth century, and later on Japan's rich heritage became inspiration for more famous fashion designers like Eileen Fisher, Armani and Zuhair Murad.

Following the end of the isolation (*sakoku*) of the country and the beginning of the Meiji Era (1868-1912), the role of Japanese traditional attire in the population's daily life started to be slowly eroded by the appearance of western clothing and the strong influence exerted by the United States, which caused more and more Japanese to follow trends from the West. By the beginning of the Shōwa period (1926-1989), men's clothing had become largely Western and Western clothing was also often worn by working women, but many started wearing them at home as well.

After World War II, Japan began paving the way for a revolution in terms of art, architecture, fashion and technology, while preserving its historical roots and its aesthetic philosophy of *wabi sabi* (the art of Imperfection). It was out of this very philosophy that Japan established itself as a creative power house, one that would eventually take the fashion world by storm.

Wabi sabi (侘寂) is an aesthetic principle centered around the ideas of transience and imperfection as vital components of beauty, and it was cleverly translated into the work of a group of Japanese designers led by Rei Kawakubo, Issei Miyake and Yohji Yamamoto. These avant-garde designers, who lately came to be internationally associated with the world of Japanese fashion itself, literally stunned the Parisian fashion scene of the late 1970s with the unevenness and the androgynous atmosphere of their designs, and to this day they are regarded as three of the most important names in today's fashion industry.

Another important aspect of Japanese fashion is the importance that is attributed to the so-called street fashion, or street culture. Universally identified with the Harajuku district in Tokyo and the many generations of youths that walked its narrow roads, Japanese street fashion has seen the rise and decay of thousands of different original styles, which have inspired many designers both in the country and abroad. The photographer Shoichi Aoki chronicled most of these trends in a fashion magazine of his own creation, FRUiTS, which was for many years something close to a Bible to street fashion enthusiasts. 'In Tokyo there is a kind of flow of energy when it comes to fashion.' he explained 'Harajuku is the source of this flow.'

Sometimes even big retailers understood the importance of street fashion. About his experience at Parco, Atsushi Miura said that "in the fashion industry, at least, the most popular models out there are [...] normal shoppers who are actually on the streets wearing their own fashions."¹⁸ When opening its Shibuya store, Parco used a slogan that was particularly spot-on: "The people you're passing are all so beautiful." In other words, the consumer on the street is the real star.

However, the Harajuku fashion scene in the last years has undoubtedly weakened, no doubt

¹⁸ Miura, A., *The rise of sharing: fourth stage consumer society in Japan (Daiyon no shōhi: Tsunagari wo umidasu shakai*, LTCB International Library Trust, 2014, p. 53.

also due to the increased pressure of apparel multinationals and to the appearance of a simpler style presented by Japanese retailer Uniqlo (more later). The 1990s were the golden age of the Harajuku street fashion, that with its uncontrolled creativity and exaggerated accessories had come to be known even outside national boundaries and pretty much to the whole world. But it was also, apparently, its swan song.

“If you picture [the flow] as the source of a river,’ said Aoki ‘then recently there have been factories erected on its banks, and businesses have appeared, but they have stressed the limits of this little fountainhead.”¹⁹

The shifting Japanese apparel consumer

From the apparel market’s point of view, Japanese consumers have been both distinctive and reassuringly predictable for a very long time. Unlike the majority of their counterparts in Europe and the United States, they avoided low-priced products, favoring high-end department stores and luxury retail outlets. They were celebrated for their willingness to pay higher prices in exchange for better-quality items, and their loyalty to international brands had allowed a profitable luxury mass-market to successfully establish and develop in the country, boosting Japan’s retail sales to an estimated 96 billion dollars in 2014. And yet, as mentioned before, the portion of disposable income that Japanese consumers decide to spend on clothing is growing increasingly small. At the same time, it would be wrong to assume that consumers in Japan are going to stop consuming apparel items altogether – they are simply changing their priorities and habits, in four primary ways.

LOHAS²⁰

Japan has always been perceived worldwide as one of the globe’s healthiest societies, thanks to a combination of diet, lifestyle and genetics. With a life expectancy of 84 years, in fact, the country logs second place in the global ranking after Monaco, and Japanese consumers are becoming increasingly conscious of their health, aided also by a series of small regulatory actions taken by the government to increase awareness of and access to health remedies.

At the same time, a parallel environmental consciousness has been emerging for quite some time. A survey conducted by global advertising agency J. W. Thompson found that 51 per cent of Japanese consumers are somewhat or much more interested in the environment than they previously were, while only 7 per cent said they were less focused on it. According to another survey on consuming preferences, 84 per cent of the respondents favored environmentally friendly consumer products – even though just 16 per cent expressed willingness to pay more for them, mirroring a similar attitude to consumers in many other markets.

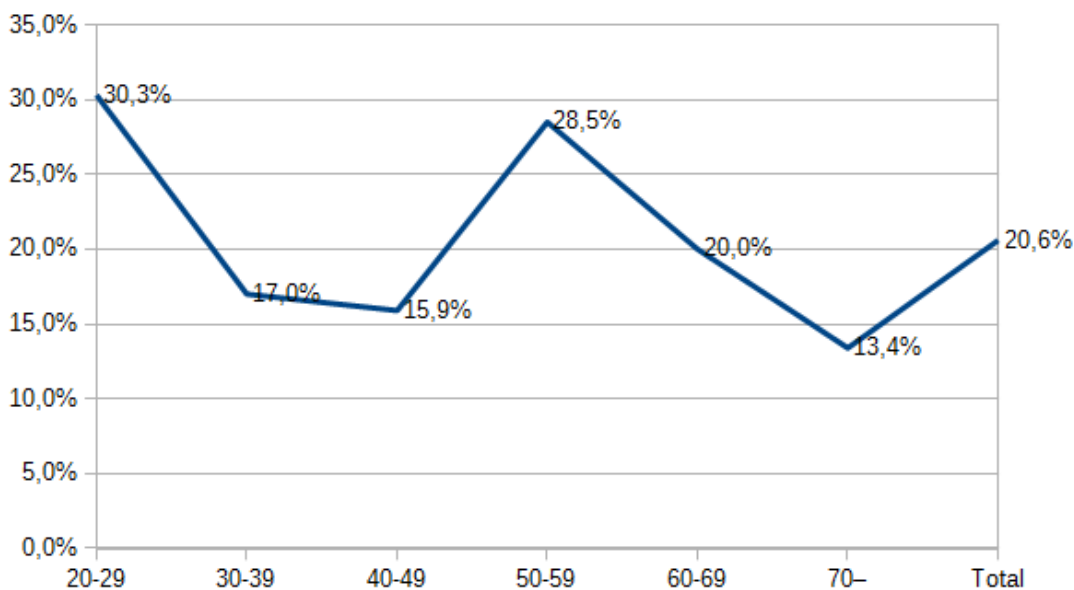
¹⁹ Bain, Marc (2017, February 22), “Japan’s wild, creative Harajuku street style is dead. Long live Uniqlo”, Quartz.

²⁰ The acronym stands for “Lifestyles of Health and Sustainability” and was coined in 1999 by American publisher Conscious Media.

While Japan has always been perceived, worldwide, as one of the most environment-oriented societies, the idea of a healthy and more “natural” lifestyle started gaining popularity only from the mid-1970s, as Japanese magazines and catalogs were flooded with articles and advices on “healthy living” and how to live a life closer to nature, in what later became know as the “LOHAS boom”. And in the last decade, the aspiration for a lifestyle that is in harmony with nature and its rhythm and that somehow looks back to the country’s traditions seems to have become more a priority for an increasing number of people in Japan.

Percentage of People Desiring to Live in Rural Japan by Age

Source: Cabinet Office Survey



In particular, a National Survey on Lifestyle Preferences highlighted a growing trend in the desire to live a life close to nature, outside of Tokyo and away from urban lifestyles, which in turn ties to a rising regionalism. What is most interesting is that this turning away from Tokyo to regional cities and the countryside is especially strong among younger generations. According to the same survey, about 30 per cent of urban Japanese in their 20s would like to “move permanently to rural Japan”, although a percentage just as high as also been registered among responders aged 50 to 59.

The main reason for so many young people to leave the cities can be traced back to the environmental education that they receive in elementary school. In Japan, environmental education originated from a similar guidance about anti-pollution and nature preservation which was developed during the 1960s, in a period of high economic growth. In the latter half of the 1980s, as the threat of environmental pollution was becoming globally acknowledged and attracting more attention, a great number of educators and researchers started to insist on the importance for the society of some kind of education about the

environment. The Japanese Society of Environmental Education was founded in 1990 in response to this heightening awareness, and the following year the Ministry of Education, Science, Sports and Culture established a guideline which led to the introduction of environmental education activities in schools throughout the country.

As a consequence, children whose education was integrated with environmentally-oriented teachings turned into adults that ponder how to follow a greener lifestyle, and that eventually find themselves drawn toward life in Japan's countryside rather than in the big cities.

At the same time, there might also be more materialistic, economical drivers behind this attraction to the hinterlands. As previously mentioned, the wages of young workers in Japan are commonly lower than those of older workers, and attempts to wage-rising have been mostly ineffective. Therefore, with no expectation for their incomes to rise significantly in the future after the country's long years of stagnant economy, young people end up being attracted to life in areas where the cost of living is lower than in the big city. Finally, another reason for this trend could be the positive coverage of Japan's countryside in today's mass media.

The desire for people in their 50s to move to rural areas can perhaps be explained more easily with a commonly shared feeling of nostalgia towards the past. Many Japanese workers aged between 50 and 59 were not born in big cities like Tokyo or Osaka, but rather, they moved there when they were younger, following the increasing urban demand for workforce or because they were relocated by the companies they worked for. Therefore, their desire could be tied to nostalgic memories of their childhood and younger years.

And yet, the trend towards regionalism and decentralization is mirrored by a renewed interest in Japan's traditional culture and crafts. A survey conducted by Culturestudies revealed that, perhaps due to the belief that a green consciousness is rooted into Japan's traditional way of life, many Japanese who expressed interest into the environment and its preservation were also more likely to engage in traditional Japanese behavior, such as going to shrines and temples on New Year's Day or at other times of the year.

When we think about it, Japan's evolution into a modern economic society was basically a transformation into a Western country. And sure enough, rooted into the modern Japanese society is a conflicted consciousness that goes all the way back to the 1960s where that transformation started, an awareness that a huge part of the old Japan had gone lost in the process. In the end, the roots of this desire for a more ecological lifestyle may be deeply connected to a cultural issue, a deeper need for cultural legitimacy and certainty in an increasingly uncertain environment.

After all, as Chiba University professor Hiroi Yoshinori wrote in his book *The Creative Welfare Society (Sōzōteki fukushi shakai)*:

Once a society reaches a steady state [...] it rediscovers the local traditions and cultural landscape, the geographical diversity and the unique values of its many regions.²¹

21 Hiroi, Y., *The Creative Welfare Society: Post-Growth Social Structure and People, Regions, and Values*, Chikumashobo Ltd., 2011, pp. 47-48.

In other words, this is actually a rather predictable reaction to change: where the world is being pushed forward by the fast development of new technologies, people look for tradition. Where globalization and modernization threaten to homogenize lifestyles worldwide, people grab on to local cultures and memories of the past. Where industrialization has now spread to every aspect of the modern life, people long for a life that is closer to nature and its rhythms. And where years of engraved consumerism have filled the markets with thousands and thousands of products, people start to look for a different source of satisfaction.

Spending time at home

As a result of factors like long work and school hours and usually small housings, Japanese people used to spend little time at home, but as of today, even this trend appears to have undergone a change in direction.

According to an Internet survey conducted by the McKinsey analyst company, almost 50 per cent of a representative sample of consumers across a range of age groups are now spending somewhat or significantly more time at home. The top four ways they chose to spend their time off were surfing the Internet, watching television or reading novels or comics and listening to music. The radical behavioral change had market reseatchers coin a new term specifically for this new trend: *sugomori* (巣籠り), or “nesting”. *Sugomori shōhi* (巣籠り消費), or “nesting consumption”, can be described as the consumption of goods and services by working adults in their own home, and is used to describe the trend of staying home to save money during the last recession years. Many companies that provide services that can be enjoyed inside one’s own house have increased their profits by exploiting this tendency, and as a result, Internet shopping has increased, movie rentals went up and the food delivery business is growing steadily as well.

However, “nesting” is not only about saving money. An article on the Japan Times explained that ‘Consumers are looking to ease the stress of daily life. To do this, many are focused on converting their rooms into comfortable spaces, or building their own “nests”’.²²

And indeed, even for what apparel shopping is concerned, Japanese consumers appear to be looking for a different type of shopping experience. Another survey by the Global Monitor Lifestyle also highlighted a decline in the consumer’s overall affinity for shopping, frequency and also impulse on purchasing new products: about 65 per cent of Japanese consumers stated that they “enjoy clothes shopping”, while only 33 per cent answered positively when asked if they “shop for clothing once per month or more”. What we can infer from this, is that purchasing goods just for the sake of buying, of owning them, is no more a priority: what matters is the satisfaction of collateral needs, like entertaining and spending time with other people. If traditional department stores are not able to satisfy this demand, they are more than willing to forgo shopping and spend time at home.

22 Nakata, H. (2009, May 22), “Nesting instinct takes hold in recession”, *The Japan Times*.

Shopping differently

Japanese consumers are not changing only what they buy, but also how they buy it. More specifically, they have modified their purchasing strategies in a value-oriented way, which allowed different consuming channels to gain a significant market share. According to the previously mentioned Global Lifestyle Monitor survey, 24 per cent of Japanese consumers reported shopping for most of their clothing at specialty stores, followed close by off-price stores (20%) and chain stores and department stores (11%). A remarkable result was attained by online shopping (20%)²³, courtesy of the country's high broadband penetration rates. Online shopping has also been booming in the last few years, and its growing popularity offers apparel companies the opportunity to tap into their customer base by developing an integrated digital presence that redirects traffic from physical stores, which will from now on be essential in order to cultivate sales growth in an increasingly competitive market. Japan's e-commerce market is the world's third largest, but also one of the fastest growing, with annual growth rate estimated at 9.1 per cent in 2017²⁴. Currently, total Japanese e-commerce revenue across all product categories is 84.5 billion dollars, and is expected to grow to 111.8 billions by 2021. Products belonging in the Electronics and Media category are the most commonly sold goods online, at the moment, followed by fashion items which generate about 22.3 billions dollars (26%) in sales. However, statistics forecast that online apparel spending is going to become the most purchased online category by 2021, as e-commerce websites and apps fill the Japanese apparel market.

'The Japanese consumer is very sophisticated when it comes to using online tools, and using them to share their opinions with others' reported John Parker, CEO for Amway Japan, "Consumers today, [they] don't want to be told about a brand or a product, they want to discover it. A consumer discovers a new product [...] and then shares it with others, and the digital form allows that to happen in a way that's so much faster than ever happened in the past."²⁵

Considering this statement, it is worth underlying the relationship between the increasing relevance of online shopping and a broader shift in Japan's consumer behavior. Shopping online not only provides access to products in and outside of Japan, it also enables comparison between products and prices, in turn allowing consumers to take charge of their consumer experience based on their priorities. In other words, the ability to purchase online is creating new attitudes and empowering Japanese consumers.

Hunting for value

One of the biggest shifts in consumer behavior, as far as Japan is concerned, is an increasing interest in low-priced goods.

Looking back to the survey conducted by Global Lifestyle Monitor, a third of Japanese

²³ *Global Consumer Insight – Japan* (2016, August 5), Cotton Inc. Lifestyle Monitor.

²⁴ *Japan – eCommerce* (2018, August 31), Japan Country Commercial Guide.

²⁵ Salsberg, Brian, "Learning from the Japanese Consumer – Three Executive Perspectives", *McKinsey Quarterly*.

respondents report that they have less money to spend on clothing than the previous year. 87 per cent of consumers stated that they were “only purchasing necessities” and 83 per cent reported they were “doing more comparison shopping”, meaning looking for the cheapest prices available on the market. At the same time, the number of consumers purchasing items on sale has also increased to 86 per cent, while the percentage of consumers who said they were willing to “pay more for better quality apparel” dropped to 50 per cent, showing both a changing consumer sentiment and how retailers are responding to the pressure by offering more apparel on sale every year.

Therefore, Japanese consumers may be willing to make a partial trade-off with quality in favor of price, as the number of consumers who said they would pay more for better-quality clothing has declined over the last few years, reflecting a market in which quality apparel can be found at varying price levels. However, even if price has increased in significance for the Japanese consumer, quality still remains a determining factor in consuming choices.

One aspect of quality that cannot be traded off and has even increased in importance is fiber. A vast majority of Japanese consumers view cotton as more sustainable than man-made fibers, and about the 80 per cent of survey respondents stated they prefer the clothing they wear to be made of cotton and cotton blends rather than rayon or polyester.

To sum up, consumers in Japan still find quality important but are simultaneously putting a new emphasis on maximizing the value of their purchases, as new value-oriented retailers emerge in the market and the prices for apparel decline. They no longer believe that quality equates solely to price, and they are looking for that quality through multiple retail channels, bringing about a substantial change in the Japanese apparel shopping culture.

These changes contributed to the creation of a new playing field for both domestic and international companies. Value-focused competitors such as casual-clothing chains Uniqlo and Forever 21 are leveraging this new trend skillfully, as even luxury-goods companies are trying to introduce lower-priced lines of products, worried about the shrinking customer base. The new shift to value has also helped non-Japanese companies that had previously struggled to gain traction in the domestic market, like low-cost clothing retailers GAP and H&M, and that are now enjoying unprecedented success.

In the end, both domestic and foreign fashion firms need to respond actively to these new trends, in order to gain a satisfying competitive advantage in an increasingly aggressive market. Some – like Uniqlo – are already thriving in this environment, but others may need to seek mergers or partnerships with major retailers to reduce operational costs and remain competitive. The key to success is, perhaps, to continue to meet the demands for quality apparel regardless of price and to ensure that natural fibers like cotton are prevalent in the blends of clothing.

Why consumer behavior is changing

The reasons for the previously explained changes can be traced back to two main drivers. First of all, and most obvious, is the global financial crisis that broke out in 2008 which,

however strong and recent, only exacerbated the relative weakness that had characterized the Japanese economy for nearly two decades before. In addition, Japan has to deal with an increase in nonregular employment, as part-time and contract workers are coming to account for more and more of the workforce. In 1990 nonregular employees accounted for only 20 per cent of all employees, but the rate had already risen to 26 per cent by 2000 and since 2005 it has been growing steadily, exceeding 35 per cent of the total labor force.

Increasing consumer anxiety

The progressive disappearance of life-long jobs and the increase in part-time and temporary work has been fuelling rising anxiety levels among the Japanese population, as recent studies suggest that almost 90 per cent of consumers in Japan feel anxious or nervous when thinking about the future. Therefore, while some previously discussed money-saving behavioral changes (staying at home, buying through different channels, choosing low-cost items) clearly intensified after the economical downturn, they had in all likelihood been growing for some time.

Indeed, the financial crash that happened in 1997 was a critical turning point for the Japanese consumer society, as many of the mighty corporations that had come to be synonymous with Japan itself went bankrupt. The next year, 1998, marked a start of a surge in suicides that continues to be a serious issue even in the present day, with 21,897 Japanese taking their lives only in 2016. Although the government has been taking numerous steps forward to attack this problem since 2007 – from funding research into risk factors to increasing after-care following suicide attempts – Japan’s suicide rate is still worryingly above average.

New Rich, New Poor

Another reason for shifting consumer behavior may be related to the very perception that Japanese have of their own social and economical status. Social class and social stratification is one of the basic concepts of sociology, and the national Survey on Social Stratification and Social Mobility (SSM) conducted by a team of Japanese sociologists every ten years since 1955 had shown that the Japanese public increasingly perceived itself as middle classe between 1955 and 1975. This was the birth of the so-called “*Ichoku sōchūryū*” (一億総中流), the “100-million-strong middle class”, the group most Japanese felt they belonged to, characterized by a medium-high income and a constant hunger for mass consumption. Starting from the 1960s and through all the next decade, Japan was increasingly regarded as a general middle-class society, and according to foreign descriptions as well as a dominant Japanese view, the country was a model society in terms of income distribution and personal chances in international comparison. It was believed, among other things, that Japan’s highly meritocratic system prized individual effort and not social origin as decisive factors for status attainment.

The 1985 survey, however, found that this widely shared belief was beginning to falter, and identified the first signs of a widening class division. Starting from the late 1990s onward, the self-perception of Japanese society has changed completely. Currently, the public debate is filled with discussions about rising inequality and new social disparities, and numerous contributions about this issues have been published both by academics and the mass media.

One of the most significant books on the matter came out back in 1985, titled "*Bunshū no tanjō*" (The Birth of the "Divided Masses") and published by the Hakuhodo Institute of Life and Living (HILL). Hakuhodo proposed a new coinage to describe the shifts in the structure of society: *bunshū* (分衆), or the "divided masses". The background for these new divides was not just the diversification of consumer tastes and sensibilities, but also a growing inequality in household assets.

In the course of its research, Hakuhodo conducted a consumer survey that produced two lasting terms for successive discussions of Japan's polarizing middle class: the New Rich and the New Poor.

The survey posed two linked questions: 'Do you consider your household to be poor or not poor?' and 'Do you feel you have leeway in your life or do you feel like you are just getting by?'. Based on the answers, HILL concluded that 34 per cent of survey respondents represented the "New Rich", people with a sense of comfort and leeway in their lives, while a majority of 52 per cent comprised the "New Poor" – who were not actually poor in the most literal sense, yet still feeling like they were barely hanging on. Moreover, Hakuhodo forecasted that it would be the New Poor to create "a new lifestyle within the constraints of their financially pressed lives based upon a new life consciousness."²⁶ But this did not simply mean that New Poor consumers necessarily purchased cheap, low-taste goods, quite the contrary: they were looking for low-cost but high-taste goods, created by chipping away some of the quality of more expensive items but retaining their sophistication. On the other hand, the New Rich would keep fuelling a smaller market of high-taste, high-quality products.

In other words, it looked as if "*Bunshū no tanjō*" had gotten the gist of present day's consumer choices in Japan. This also means that, if the Hakuhodo Institute were to repeat that same survey to the current Japanese society, the results would most probably reveal an increase in the number of the New Poor. Moreover, dividing the responses and consequent results by age group would presumably show a correspondence with the consumer segment that is currently changing the most – that of young consumers.

Simple, local, ecological

All things considered, it seems logical for Japan's younger consumers to look for a consumption model that differs from the one their parents and grandparents were used to. Uncertain of the future, and feeling poor despite most of them being born in a middle-class fairly wealthy household, they search for an alternative that can mitigate their insecurities and at the same time leave their needs satisfied.

²⁶ "*Bunshū no tanjō*" (1985), Hakuhodo Institute of Life and Living, p.14.

One way to lead a low-cost lifestyle is, of course, to move to areas where the cost of living is lower, which in turn explains the rising trend toward decentralization and regionalism that was explained in the previous chapter. At the same time, the related rekindled interest in Japan's traditions is something that is born out of the need to find some kind of solid ground, latching onto the certainties of the past to face the uncertainty of the future.

Simplicity is also a recurring theme in the consumption attitude of the younger generation. In a sense, this trend seems almost a complete turnaround from third-stage consumer society's need for individualism and self-assertion, as simple products almost always equal unadorned, plain items.

And yet, fourth-stage consumers did not abandon the concept of individualism for homogeneity, quite the opposite. The desire for self-expression is still there, perhaps stronger than ever. But while third-stage individualism consisted – at least in part – of consumers choosing the brand that felt most “like themselves”, fourth-stage consumers do not look for products that “stand out”. They tend to choose items that are neutral and unadorned – in a word, simple. It is as though they are making a statement that true individuality comes from within.

The whole concept of fourth-stage-consumer-society sharing revolves around the same mindset as well. Shared consumption was not born as a polar opposite reaction to third-stage individualism – instead, it is more correct to state that it was built on assimilated individualism, and that individualism as well as excessive consumerism were a precondition from which a new consumer attitude was generated. This also means that sharing does not reject the whole idea of individualism, as it is not about seeking assimilation: the whole point of sharing is to absorb the strong individualism that had already taken root and spread throughout society, and to turn its energy from centripetal (from the individual for the individual) to centrifugal (from the individual for the society). In other words, instead of differentiating the self from the others, the final goal of fourth-stage consumer society is to establish connections with the others while at the same time maintaining a unique identity.

Sharing is also a very effective way to reduce expenses and save money. Perhaps this is exactly what explains the popularity of car sharing and share houses among today's Japan younger consumers.

Finally, the new mindset of Japanese Millennials seems to hold the idea of sustainability into great account. Even when they are not actively looking for sustainable apparel – or products, in general – they expect the industry to produce those products in a responsible manner.

Therefore, if someone had to describe the consuming choices of today's Japanese young consumers, these would probably be the three best words: local, simple, and ecological. Simplicity in the designs, a tendency to choose both national and local products, and with an eye to the environmental impact of each product. But this mindset is not limited to purchasing choices, rather it extends to the aspirations for a particular lifestyle.

The lifestyle fourth-stage consumers are seeking today is nothing like the “bigger is better” lifestyle of second-stage consumer society, but it is also different from third-stage

exaggerated consumerism of blatant self-expression. The lifestyle that is emerging today is modest, tranquil, and environmentally friendly.

Monozukuri: focus on quality

Much more than anywhere else, the idea of fashion – and sustainable fashion as well – in Japan comes with a clear sense of craftsmanship. The Japanese 物作り (*monozukuri*) mindset is most likely one of the principal reasons for that. In Japanese, *monozukuri* is a compound word comprising “*mono*” which means “products,” (literally, 'thing') and “*zukuri*” which means 'process of making' or 'creation'. However, the concept embraces more than the literal meaning.

It offers the idea of possessing the “spirit to produce excellent products and the ability to constantly improve a production system and process. [It] carries overtones of excellence, skill, spirit, zest, and pride in the ability to make things good things very well. Monozukuri is not mindless repetition; it requires creative minds and is often related to craftsmanship which can be earned through lengthy apprenticeship practice rather than the structured course curricula taught at traditional schools. In that sense, Monozukuri is an art rather than science.”²⁷

The whole concept of *monozukuri* implies that quality, sophistication and attention to detail are, and have always been, key elements in Japanese products, from those made by highly skilled craftspeople to mass-produced items. It is a mind set that can be encountered times and over again, from the simple sushi shop around the corner, all the way to Uniqlo’s approach to their collection design. *Monozukuri* means that, whether we are talking about modern technology or age-old traditions, Japanese makers have a knack for striving for excellence.

It is thanks to this mindset that many Japanese consumers tend to have a weakness for exclusive, well-made quality items, and are happy to pay for them if they can afford them and if they meet all their expectations – from functionality, to durability, to environmentally-friendly making.

Kaizen and high-tech

One of the key elements to the *monozukuri* philosophy is, as previously quoted, the “ability to constantly improve a production system and process”. The Japanese word for ‘improvement’ is *kaizen* (改善), but do to the common practice in Japan of labelling industrial and business improvement techniques with that same word – especially those pioneered by Toyota – the term itself has come to be applied internationally to all measures for implementing “continuous improvement” to a process.

The idea of *kaizen* was originally exported outside Japan by Masaaki Imai in his book

²⁷ *The Mindset of Monozukuri and creativity in a traditional art form applied in science & technology today* (2009, May 29), Japan External Trade Organization (JETRO).

Kaizen: The Key to Japan's Competitive Success in 1986. As of today, *kaizen* is considered as an essential element in a company's long-term competitive strategy, and the ultimate way forward to quality.

One of the most important principles of *kaizen* is that big results come from small changes accumulated over time. This has often been misunderstood with the belief that *kaizen* equals small changes, while it means, actually, that everyone is involved in making improvements. And while those improvements may be small when considered singularly, the greatest impact will come from the combination of all of them. In other words, *kaizen* is ultimately about working as a team toward a common goal, and trying to improve oneself and the team at the same time.

This actually harmonizes quite well with what has been said about Japanese fourth-stage consumer society: the need for building connections to form a community, and to contribute to that same community by sharing something about oneself can be considered as another interpretation of the concept of *kaizen*.

In fact, *kaizen* can and should be applied to the community as well. And one of the most relevant and virtuous examples is perhaps that of the Tohoku Cotton Project.

Back in 2011, the massive tsunami that followed the earthquake in March struck and swallowed the coast of north-east Japan, causing colossal damages. The farmlands in the coastal areas were previously used for harvesting rice, but the earthquake destroyed most of the agricultural infrastructures, and the tidal wave increased the salt concentration in the soil, making harvesting rice impossible. The Tohoku Cotton Project was then born to mitigate the impact on the livelihoods of farmers that lived in that area, since cotton has a much higher salt tolerance, and can therefore grow where rice could not.

Subsequently, a clothing line named Cycle was created from the harvested cotton, and a number of advertising, documentaries and short movies was shot to involve the whole Japanese community in the project. "We can dress to support our farmers" (服を着ることが農家の支援になる) was the slogan used to sensitize the Japanese audience to the issue, along with the assurance that "by making small changes in our daily lives, it is possible for us to support the farmers. To connect your everyday life with the disaster areas and to create a continuous support system".²⁸

At the same time, the idea of "constant improvement" is deeply tied to Japan's pursuit of new technologies to improve production processes without losing sight of sustainability issues. Many Japanese companies started investing considerable amounts of capital in the Research and Development stage of their production process, and some of them are trying to combine high-tech and tradition in new techniques.

One example from the textiles field is the technology pioneered by the textile and clothing manufacturer Chori Ltd. The company has developed a technology known as DAICHI Natural Dyes, which is in fact an innovative method to strengthen the bonds between the color pigments of natural dyes – derived from minerals and plant extracts – and textile fibers, so that they can also be used in industrial dyeing processes.

28 Tohoku Cotton Project MOVIE (東北コットンプロジェクト), 2012.

Clothing recycling

The topic of recycling had already been confronted by a number of companies through the introduction of innovative technologies – such as producing polyester fibers from recycled PET bottles – but it is also drawing increasing attention among Japanese fashion consumers.

Back from the beginning of the century, the Basic Act for Promotion of the Recycling-Oriented Society has opened the path for the recycling of containers, packaging, home appliances, food and even cars. As for textile products, however, there is still no nationwide recycling law, despite garments being among the most difficult items to dispose of, and also very polluting for the environment because of man-made fibers and the chemicals contained in the dyes.

A number of solutions has been brought forth by various companies and organizations: JEPLAN Co. has developed a technology to convert cotton to bioethanol, and the Shibuya University Network, a nonprofit organization that has been collecting clothes for recycling since 2010.

JEPLAN is a venture company established in 2007 which is built on recycling-related technologies and processes. The company succeeded in developing a technology to decompose the cellulose in cotton into an enzyme, which can then be converted into ethanol, thus allowing not only a reduction in carbon dioxide emissions but also an opportunity for a possible development of a next-generation fuel.

In 2009, with the support of the Ministry of Economy, Trade and Industry, JEPLAN carried out a trial project (the Fuku Fuku Project) to collect unneeded clothes at retail stores. Commercialization of the project began in 2010, and by the next three years eight big retailers – including the Marui Group Co. – had joined in. Through the Fuku Fuku project, the company noticed that many people were more than willing to donate their old or unused clothes when they found out they could be turned into energy.

According to surveys conducted during the four events to collect used clothes, many consumers said that they became aware of the technology to turn clothes into bioethanol for the first time thanks to the event. On the question of whether they were willing to pay a cost for clothes recycling, 7 per cent answered they would be “pleased to pay”, 58 per cent said they were “willing to pay” and 25 per cent stated that they would be “willing to pay if it is mandatory”. In total, about 90 per cent of the respondents said that they would pay the recycling costs, which was by far a larger proportion compared with the 10% of respondents who answered that they did not want to pay. When asked how much they were willing to pay, many answered “more than 100 yen (about \$1.22) for a coat, and up to 50 yen for a shirt”.

Event coordinator Takatoshi Sato also reported that “We held an event to collect clothes at the same place several times successively, which led to building a recycling community. Clothes exchanges and stuffed toy creation activities were popular. We would like to continue conducting such an event in some form, for example, as an event on Neighbors’

Day, which is an annual event that started in France to enhance relationships among neighbors and has also been held in several places in Japan since 2008.”²⁹

Finally, there are also some companies, like Uniqlo, that have integrated a form of recycling into their own customer service.

Case study: UNIQLO

As previously explained, the shift in the attitude and preferences of Japanese young consumers changed the rules of many traditional businesses in Japan, apparel included. In order to exploit the possibilities of the Japanese domestic market, fashion companies have to change and adapt their strategies to the new consumer and its needs. This means, as we concluded, to offer quality clothes at a reasonable price, with simple and discreet designs, and produced in a way that is both responsible and considerate of environment sustainability.

One of the companies that managed to fully integrate these features into their business philosophy and business model is a firm that was born in the Japanese market, and only recently managed to break through the national boundaries and into the international apparel market.

The casual-wear company known as Uniqlo was founded in 1949 as a subsidiary of Fast Retailing Co. (Japan’s largest fashion company in terms of market value), Uniqlo is currently the nation’s biggest apparel retail chain with a network of more than 1900 stores spread across 18 markets, which generate profits for billions of yen annually. Tadashi Yanai, founder and chief executive of Fast Retailing, said he hopes to build it into the world’s biggest apparel company, with sales of 5 trillion yen (\$48 billion) in 2020. “We are part of a global economy,” Mr. Yanai stated with determination “We cannot look inward.”

Indeed, Uniqlo has already consolidated its position as the largest clothing chains in the Asian continent, and it keeps growing at an incredibly fast pace: financial results for the first semester of 2018 recorded a rise in the growth rate of both revenues and profits which exceeded 15 per cent and 32 per cent respectively compared to the previous year.

Uniqlo started out as small division of Fast Retailing’s men’s clothing branch, and it only started taking on its current form in the 1980s – the time of Japan’s economic “bubble”. Initially a mass-producing clothing retailer in the suburbs of the Japanese prefecture of Yamaguchi, Uniqlo remained a small-sized firm until the early 1990s, when the so-called Great Recession hit Japan hard. Considered one of the greatest economic downturns in the Japanese economy, the Great Recession lasted for more than a decade – many argue that the country’s following economic stagnation should be included as well – slowing down the majority of the businesses and forcing the citizens to cut down on their expenditures. However, this major slow-down was what allowed Uniqlo to stand out and reap enormous benefits: by selling mass-produced, low-cost basic clothing, the firm was able to exploit even the small chances of growth in a very difficult economic situation, which allowed it to grow exponentially.

²⁹ Ohno, T., (2011, May 31), “Report: Clothing Recycling in Japan”, *Japan for Sustainability (JFS)*.

Moreover, it looks like the company managed to have also high-income, luxury consumers switch to their brand, in turn widening Uniqlo's customer base and consequent revenues. If consumption gap was once essentially proportional to income, now that discrimination seems to have significantly weakened, as with the increasing individualization of consumption that started the third stage of consumer society differences in personal aesthetics and sensibilities became increasingly important in product development. Today, personal tastes and preferences have become the ultimate driver of product choice, especially among the younger generation, and it is not uncommon for even high-income consumers to preferentially buy the mass-produced, priced clothing offered by Uniqlo. A survey conducted by the Culturestudies think tank found that among the *shin jinrui* generation (defined here as those born between 1960 and 1969), 60.6 per cent of those identifying as "lower class" liked Uniqlo products, compared to only 37.9 per cent of those identifying themselves as "upper class". However, things were very different for the younger respondents. Among the Millennial generation there was almost no class difference at all – if anything, those identifying as "upper class" were slightly more likely to prefer Uniqlo.

In the end, the goal Mr. Yanai presented may appear not as far as it seems to be: in 2015 the brand's value reached 7 billion dollar, making it the third-largest fashion retailer in the world right behind Swedish multinational H&M and Spanish Inditex, Zara's parent company. Some analysts have even forecasted that, if Uniqlo's sales in Asia keep growing as they have up until now, the company could as well become the number one fashion brand without even needing to steal chunks of the American and European market from its competitors. However, there are obstacles the company will have to overcome, before their chairman's target actually becomes true – and they all lie in the increasingly tough competition posed by their international fashion competitors.

Uniqlo: a business model

The casual wear retailer provides clothes that are inexpensive yet attractive, and most of all functional and comfortable. What sets Uniqlo apart from most foreign competitors is in fact this last feature, functionality. The clothes sold by the firm don't stand out for their original designs or colorful patterns, choosing instead to focus on affordable, basic designs that appeal to almost everyone.

New York Times reporter Hiroko Tabuchi wrote "Uniqlo, Japan's answer to Gap, has roots in suburban outlets and does not have the level of respect among young fashion fans that many of Japan's brands do. But with ample funds and aggressive pricing on its fleece jackets and shirts, [Uniqlo] has expanded [...]."³⁰

All things considered, it is fairly clear that the Uniqlo company managed to build a solid and successful business model that allowed it to gain and maintain a consistent competitive advantage on the market. And considering the relative short span of time in

30 Tabuchi, H. (2010, January 1), "Paris, Milan, Tokyo. Tokyo?", *New York Times*.

which the company managed to grow to its current size, it is worth to take a look into that same business model.

Focus on fabric

Despite the low prices display on their tags, Uniqlo does not quite fall into the category of deep discounter. Like most mass-fashion brands, Uniqlo is able to deliver a low-cost products, but it does so with the quality of a high-end retailer. And the company manages to do it because they chose to focus on the fabric, rather than fashion, as their area of expertise.

First of all, Uniqlo only offers a small selection of high-quality fabrics across a selection of clothes which is extremely more limited than most other fashion retailers. Most of Uniqlo's basic collection clothing is made out of cotton, or cotton blends, but man-made, high-tech fabrics also play an important role in the brand's designs.

The company's Research and Development department has a central role in ensuring that Uniqlo's product designers and development teams have priority access to the latest fabric and trims available on the textile market, and makes sure to brand their innovations. This, among other things, is what sets Uniqlo apart from most value-driven fashion retailers. One of their signature innovations is HeatTech, a lab-developed fabric that turns moisture into heat and has built-in air pockets made especially to retain that heat. The HeatTech is thin, comfortable and above all, it is branded, which means that competitors have to struggle to match up to Uniqlo's innovative techniques.

The company is also able to exploit the more recent renewed interest for tradition and everything that is Japanese. Uniqlo's renowned premium denim fabric, for example, is completely made in Japan. Known as the Kaihara Denim, is a unique blend of selvedge denim woven only by the Kaihara Corporation, based in the prefecture of Hiroshima, and within the denim industry is also known as the world's best in terms of quality and original design. The Kaihara weave uses a single, continuous thread for each clothing part and leaves a red end on the fabric sample, which is the small detail that sets it apart from any other denim blend.

As a fabric-focused company, Uniqlo prides itself on their *takumi*, or textile masters, who specialize in areas like dyeing or sewing and none of whom has less than a twenty-year long experience. This, too, is an attempt to appeal to the taste for tradition that seems to have rekindled in many Japanese consumers.

And yet, Uniqlo's textile masters are often anything but Japanese specialized technicians. These *takumi* work in more than 70 factories, and most of them are, in fact, located in China.

Original design

"Plain and simple" is the formula that the company uses to describe its own clothing, and it is indeed spot on, as Uniqlo focuses on the mass-production of affordable basics in

dozens of colors but only a few, discreet and plain designs. In other words, the brand disguises the limited variety of its products and the low product turnover by offering them in almost every color that one can think of.

“We have much fewer styles,” says Shin Odake, CEO for Uniqlo USA, “especially when you compare us with companies like H&M or Topshop or Zara. That’s the secret of why we can get better quality. We try to consolidate the fabric buys as much as possible.”³¹

And indeed, Uniqlo’s designs are nothing like the ones you could find in any other mass-fashion retailer. The company’s clothing is definitely up-to-date and fashionable, but not trendy. While the firm’s R&D department centers its product development process on a thorough analysis of the world’s latest fashion and lifestyle trends, in the end the designs end up being extremely simple. And yet, they are original and unique, because – unlike most competitors – they are not mere copies of the high-end designs of runway fashion. As paradoxical as it may seem, the lack of “special” designs is exactly what makes Uniqlo’s clothing special – together with the company’s fabric innovations.

In other words, the company’s strategy appears to align perfectly with one of the main themes of fourth-stage consumer society: that of an individualization that goes beyond the exterior facade, and comes from inside.

Fashion ‘made for all’

“Made for all” is Uniqlo’s worldwide famous slogan. Those three words sum up most of the brand’s market strategy: firstly, it is ‘for all’ because it does not focus on a single customer segment, choosing instead to serve all demographics – men, women, children and newborns. But it is ‘for all’, because its low prices made fashion affordable even to those who could not afford to spend much on apparel, as well.

Another key feature of Uniqlo’s clothing is its functionality. The company may sell basic casual wear at very low prices, and yet at the same time it provides clothes that are both high-quality and performance-enhanced. Moreover, since it relies on simple designs, Uniqlo’s clothing could as well be worn whenever and wherever.

The customer also play a significant role in the company’s business strategy. In line with a philosophy that comprises “putting the customer first”, Uniqlo also offers its customers the opportunity to have their clothes modified and partially re-tailored to meet their individual needs. And while this is not completely unusual in the world of apparel retailing, what Uniqlo does differently is offering this service free of charge, and in a matter of a few hours.

Another important part of the company’s philosophy could be described as “contributing to society”, which takes form in the Uniqlo Recycle project: started back in 2006, the project gives the customers the possibility to take the clothes they bought from Uniqlo back to the company itself when they no longer need them, and the firms proceeds to donate them to either local communities in need or to developing countries. For this reason, it may perhaps be more appropriate to think of Uniqlo as a provider of a service rather than of a

31 Urstadt, B., (2010, May 9), “Uniqlo’s”, NYMAG.

product, as it offers its customers not only clothes but also an opportunity for altruistic behavior.

In this sense, therefore, Uniqlo keeps demonstrating that it is perfectly aware of the priorities of the Japanese new consumers, by giving them not only a product that meets their needs and tastes, but also an experience to share.

Low cost, high agility

Uniqlo's operational strategy gives them both a cost and agility advantage.

Agility is indeed one of the brand's key operational themes, and it means that its product development, manufacturing, and supply chain processes are expressly designed and implemented for agile business development. Broadly speaking, Agile Project Management is a rather new approach that combines business development with adaptation to real-life business reality, focusing on customer value first. It is an iterative process that builds a flexible organization which is capable of reacting quickly to unpredictable changes, thus making it fit for the fast-paced, ever-evolving dynamics of the apparel market³².

Uniqlo was especially able to integrate the agile principles in most of the links of its supply chain, from the materials procurement methodology to the distribution, and it did so through a strategy of vertical integration. Vertical integration is a strategy "where a company assumes control over several production or distribution steps involved in the creation of its product or service"³³ and it is very effective in gaining a competitive advantage in terms of cost. In other words, Uniqlo's low-cost operation is based on their ownership of product planning, designing, manufacturing and distribution. The direct link between the company's stores and the suppliers also means that the product plan is directly translated into manufacturing orders, without relying on an intermediary. And thus, there is no months-long planning cycle, and the stores' stock can be refilled and upgraded in a few weeks or even days, ensuring a steady – if low – product turnover.

In a very competitive and fast-changing environment like the one of the international fashion market, adapting quickly is essential to have the upper hand. But despite their "slow" pace, Uniqlo still managed to rake in a 55 per cent increase in profits abroad for the first quarter of 2018, showing that their business model was still effective enough not to succumb to the tough competition in the international fashion industry. For years, the brand's message was "quality first, then price" and "simple made better", and the company never really made chasing the most current trends their top priority, choosing to stick to their original philosophy.

And yet, Uniqlo's growth in international markets outside of their national boundaries is still weak when compared to that of its competitors, which proves that perhaps it takes more than just simple, affordable lifestyle apparel to fare well in the industry. 2016 in particular turned out to be a disappointing year for the retailer, and the company's chairman Tadashi Yanai made a 40 per cent cut to his revenue prediction of hitting 5 trillion yen in 2020.

32 Definition from ThoughtWorks. (URL: <https://www.thoughtworks.com/agile-project-management>).

33 Definition from Investopedia (URL: <https://www.investopedia.com/terms/v/verticalintegration.asp>).

This is presumably why Uniqlo is planning a radical change in its supply chain, as of the announcement of March 2017: from now on, the company will be putting more resources into speeding up their design-to-delivery process to just 13 days – roughly the same as their Spanish competitor Zara

“Every time we create a new product, we are shortening the lead time,” said Masahiko Nakasuji, executive director of Uniqlo’s global marketing department. “We are using the customers’ habits for trend information, then using that to direct our design, before going into production and distributing. When the cycle runs smoothly, it will significantly shorten the lead time. It will happen very, very soon.”³⁴

However, Yoshihiro Kunii (vice president of production) also stated that it will take time for it to happen: “In the past, we prepared a large quantity of products in advance. Now, we make less at launch and react by [replenishing] as necessary.”³⁵ In other words, the company is working hard on improving their agility.

“It’s a very tough challenge to change the production speed,” added Kunii, “But we have to do that for customer demand, otherwise other people will”.

Uniqlo and fast fashion

This last quick look at Uniqlo’s business model is enough to identify a few similarities with that of international fast fashion retailers, yet there is also one significant discrepancy that makes it so the Japanese company does not quite fit the fast-fashion definition. ‘Fast fashion’, is a term used by fashion companies to describe a retail style that comprises expedited production and distribution of short runs and trend-based fashion. It involves large international corporations owning clusters of brands, aggressive pricing strategies in order to stock large quantities of clothing at low prices.

Indeed, the same Uniqlo is part of a much larger and profitable corporation, and their strength lies in the low prices of their products. But what sets the Japanese retailer apart from their fast fashion competitors is the pace of their production and products turnover – which is, quite literally, slower than the market’s average. In other words, Uniqlo stands on the other end of the spectrum by marketing themselves as a brand that provides consumers with basic and comfortable everyday clothing, instead of being trendy like most fast fashion brands like Zara or H&M. However, starting last year the company seems to have taken on the challenge to make its production process faster in order to keep up with the consumers’ demand.

Sustainability issues are also a sore spot in the modern fashion industry, as a fast-paced production and distribution process is bound to have negative consequences both on the environment and on the workers in the supply chain. Uniqlo, on their part, has joined the Sustainable Apparel Coalition³⁶ and also made a public commitment to reduce their carbon footprint by 10 per cent by 2020. That being said, Uniqlo is still a brand built on a fast

³⁴ Uniqlo Global Press presentation, Fall 2017.

³⁵ *Ibid.*

³⁶ The coalition’s main focus is on building the Higg Index, a standardized supply chain measurement tool for all industry participants to understand the environmental and social and labor impacts of making and selling their products and services.

fashion mode with more or less disposable clothing, which in itself is harmful to the environment.

The company may not be entirely innocent on the social side of sustainability, either. Despite the brand's commitment to "corporate social responsibility" and "making the world a better place", Uniqlo was not immune to scandals regarding the issue of labor rights. In January 2015, a number of violations in regards of irregular contract layoffs were reported at Uniqlo suppliers in China, and when the company failed to respond effectively to the charges the factory workers went on a strike after which Uniqlo pledged to remedy to the violations. And yet, a year later, a report by anti-poverty charity War on Want asserted in 2016 that Chinese factories making clothes for Uniqlo were abusing workers' rights. Related undercover investigations by NGO Students and Scholars against Corporate Misbehaviour (SACOM) said it found "excessive overtime, low pay, dangerous working conditions and oppressive management practices in Uniqlo's supplier factories in China and Cambodia"³⁷.

Uniqlo's manufacturing centers are mostly located in foreign Asian countries: Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Istanbul, and rumors and protests about the violation of the workers' rights hit most of them. In the end, Uniqlo's labor rating is "Not Good Enough" based on the 2018 Ethical Fashion Report, which looks at criteria including payment of a living wage, worker empowerment and transparency. The company received praise for their Supplier Code of Conduct, and they also trace most of their supply chain including all of its final stage. However, like the vast majority of fast fashion companies, they do not publically list their suppliers. Uniqlo is said to audit most of its traced facilities over a two-year period, but they have minimal working empowerment initiatives and have been criticised for not implementing a living wage. The very act of auditing is, in most cases, unreliable in its results, as pre-announced inspections leave time for factory owners to create a falsely perfect working environment that lasts just as long as the auditor is there.

In the end, it seems, Uniqlo's clothing may be "made for all" their customers, but at the same time their production process does not really try to solve the many problems that are engraved in the system of the modern fashion industry.

The global economy and the fashion industry

In order to truly understand why an alternative is needed, we first need to gain a general knowledge of the original problem. And that includes knowing how the modern fashion industry works, and how it came to be how it currently is.

As it is now, the fashion industry consists in two major market segments: the high-street, quality fashion market and the mass-production, lower-quality market.

The former is a dynamic, innovative sector characterized by use of modern technologies, usually well-paid workers and designers and a high degree of flexibility. It spins around everything we are used to associate to the word 'fashion', from the big city runways that

³⁷ Thulsi, N., Saranel, B., *This Way to Dystopia: Exposing UNIQLO's abuse of Chinese garment workers* (2016, October), War on Want.

are inspiration to renowned fashion magazines to famous designers and their creativity. The competitive advantage of firms in this market segment is related to the ability to anticipate and produce innovative designs that capture the audience's tastes and preferences, but also to cost effectiveness. Fundamental competitive factors are for example high-value added segments like design, marketing and research and development (R&D), which are all very human capital-intensive. The core functions of companies working in this sector are largely found in developed countries, where there's a vast availability of skilled labor that is needed for the previously-mentioned activities. The Emilia-Romagna district in Italy is one of the most prominent and historically renowned textile clusters in the world, and Italy itself is one of the largest exporters of both textiles and clothing in regards of intra-EU trade. However, this market segment has also seen a significant amount of relocation of the production and outsourcing to countries characterized by lower-cost labor, often in the geographical proximity to the major market.

The second main fashion segment is centered on the standardized production of massive quantities of garments such as T-shirts, skirts, underwear etc. Manufacturers for this segment are mainly located in developing countries, often in export processing zones (EPZs) and usually regulated by outward processing agreements with major importers. This sector employs semi-skilled and unskilled workers – mainly women – and outsourcing is more or less an unspoken rule, because of the important role played by a cost-leadership strategy³⁸ in gaining competitive advantage in a strongly product-driven segment.

In the low to middle-priced market the role of the retailer has become more concentrated, leaving most of the market and buying power to multinational retailers. In addition, both retailers and multinationals have to share the market with another player, meaning the many discount chains that in the last two decades have developed their own brands and source their clothing directly from the suppliers, mostly foreign.

All these characteristics have made fashion a footloose industry that is perfectly able to adjust quickly to changing market conditions.

The textile and clothing business: a structure

International trade in both the textile and clothing sector is currently regulated by the Agreement on Textiles and Clothing (ATC), which is subjected to the rules of the General Agreement on Tariffs and Trade (GATT) since the start of 2005.

The introduction of the ATC was somewhat revolutionary, as it wiped out the import quotas that had been imposed by the previous Multi Fibre Arrangement (MFA) for about 40 years. Under the agreement, which had regulated the global trade in textiles and garments since 1974, each developing country was assigned a compulsory quota of specified items which could be exported to the U.S. and the EU, and that had made for a strictly managed trade with little chances to grow in size. The liberalization of textiles and growing has been controversial in more senses than one, but there's no denying that developing countries had the most to gain from it, and for this reason they accepted to include clauses of

38 Porter, Michael E., (1985), *Competitive Advantage*, Free Press.

services and intellectual property rights in the new Agreement in the Uruguay Round³⁹.

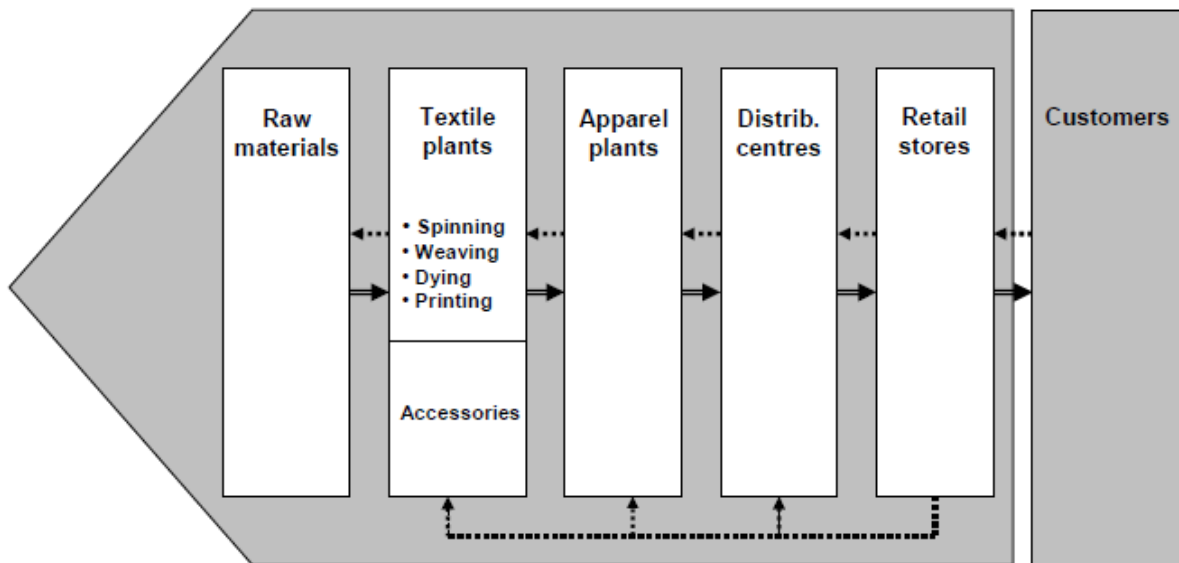


Figure 1

Textiles and clothing are closely related not only in terms of trade policy, but also technologically. Any input processed by the clothing industry comes from textiles, thus creating a vertical direct link between the two. At the micro level the two businesses are increasingly integrated through vertical supply chains that include the distribution and sales as well. The term “supply chain” pretty much describes the backbone of the industry, since it connects the source of the fibers and raw materials to the factories that turn those materials into garments, all the way to the distribution network which delivers the clothes to the retailers and, finally, to the consumers. Said supply chains have since long turned global, which means that they employ both millions of people worldwide and daily tons of water, chemicals, crops and oil.

Everything from collecting raw materials to the final stitch in the single garment is organized in a perfectly integrated network where the production process is divided into specialized activities, and each one is implemented so that it can contribute the most to the ultimate value of the finished product. More often than not, each activity is located in a specific place, which is not necessarily the same for every one of them, and the decision is influenced many variables like reliability and speed of delivery, quality inputs and transport and transaction costs. The supply chain in its entirety is comprised of millions of small, medium and large manufacturers who work in concert towards a common goal. Hence, in order to achieve that goal, information as well as good and payments must flow smoothly, and that requires a large number of logistics and business services. Depending on the size

³⁹ The 8th round of multilateral trade negotiations (MTN) conducted within the framework of the General Agreement on Tariffs and Trade (GATT), spanning from 1986 to 1994.

and development of the host market such services are either provided by the lead company in the supply chain or by independent providers in the more advanced countries.

The structure of the supply chain in the textile and clothing sector is illustrated by Figure 1. The dotted lines represents the flow of information, while the solid lines stand for the flow of goods. The direction of the arrows indicates a demand-driven system, as the information flow starts with the customer which is therefore the source of all inputs to what is going to be produced and when. The information can flow backwards gradually or, as it happens in most cases, directly from the retailers to the textile plants. Information at this stage is centered around quantities, patterns, colors and materials.

Lean retailers typically replenish their stores on a weekly basis, and orders to the suppliers are placed after sales data from the previous week have been extracted and analyzed. The manufacturer is then required to fulfill the order within a week, which is a very limited span of time considered the large amount of garments it has to put together for the retailer. This usually implies that the manufacturer must keep a larger inventory of finished goods, and the size of said inventory depends on both his own lead time and the demand fluctuations. Therefore, the shorter the manufacturer's lead time, the less inventory needed to satisfy the retailer's order. The size of the market matters as well, as the variation over time of the aggregate demand from a large number of consumers is smaller than the fluctuation that comes from a few costumers.

Upon receiving the replenishment order from the retailer, the manufacturer will draw the required pieces from its inventory; then, in order to return it to the desired level, the manufacturer will place an order to the production plants, which may be several and scattered in different locations (usually in low-wage countries). To ensure that the garments are similar and can be sold under the same label (as the manufacturer typically works for one or a limited number of companies), the buyer often buys fabrics and accessories in bulk and provides his suppliers with the information specific indications on the required quality and design.

The web documentary Planet Money makes a T-Shirt – *the world behind a simple shirt in five chapters*, produced and streamed by the US national Public Radio in 2013, does a good job in showing briefly every single step that goes into the making of a simple piece of clothing. Starting from the most crucial operation that is collecting the raw materials, to the mills processing the fibers, the apparel plants and the distribution channels, it goes through all the steps of the clothing supply chain exposing just how much work and how many people are behind the clothes we wear every day.

Fast fashion: faster and cheaper

In 1966 Paco Rabanne designed a dress made out of paper and pronounced these prophetic words: "t's very cheap and the woman will only wear it once or twice. For me it's the future of fashion"⁴⁰. Fifty years later, the fashion market is filled to the brim with cheap

40 Hoskins, Tansy E., *Stitched Up: The Anti-Capitalist Book of Fashion*, p.22.

and quickly deteriorating garments and people buy them like there's no tomorrow, as clothing has increasingly come to be considered as a perishable commodity.

Fast fashion has dramatically changed the retail industry dynamic, putting increasing emphasis on increased manufacturing speed at a low price and in turn building an increasingly harsh competition that progressively shifted the weight of the production system on the suppliers. In fact, two simple words could easily sum up fast fashion's philosophy: fast and cheap.

Fast, because the time frame between trend forecast and the actual manufacturing of clothing is shorter than ever: in the attempt of maximizing their turnover, companies jump on forecasting reports as soon as they receive them. As Natalie Singh explained in her interview, "they're not prepared to wait, so they act on it. The industry keep getting faster and faster"⁴¹.

And cheap, because the aggressive environment in the apparel market turned competition into nothing but a true race to the bottom in terms of clothing prices. In order to achieve and maintain competitive advantage, most companies can not afford to underestimate the cost of their product as a determining factor.

Efficient distribution channels play another important role in a company's competitive advantage. They ensure a quick and constant replenishment of apparel, which in turn allows the retailers to offer the public a broad and always fresh variety of garments without keeping a large inventory. The goal is to sate the consumers' hunger for variety and novelty by providing a constant wave of new fashion proposals as well as a wide range of sizes, colors, designs etc.

Fast fashion is also known as 'disposable fashion'. As already mentioned, one of the most immediate consequences of cheap prices was that customers are more than ready to throw away almost-new clothes and immediately replace them with the latest arrivals in the shop. And while this may seem extremely convenient at a first glance, it is not as positive in terms of environmental impact. The significant amount of waste produced by the fast fashion philosophy is nothing but unsustainable for our planet, as landfills get stuffed with non-biodegradable garments and pollution rises at a tremendous rate.

Long gone are the times when Paris was considered the only true core of haute couture, when everything else could barely be classified as "fashion" at all, when the production model was based on a crucial distinction between "fashion" and "garments". The increasingly overwhelming pressure dictated by the absurdly fast pace of the "new fashion" has made that separation looser and looser, to the point that now we not only use those terms interchangeably, but we also expect everything we buy to have a more or less direct lineage to the runway, despite industrialized garments being the farthest from the couture seasons presented at the fashion weeks in Milan, London, New York.

Some analysts actually believed this to be a short-timed bubble, fast to enlarge just to burst as quickly; and indeed, the global economy downturn starting from 2008 combined with a more recent increase of the costs of raw materials – such as cotton, but also cheaper fibers like polyester – contributed to a commonly-shared, almost wishful thought: that recession would ultimately lead to the death of fast fashion. However, rumors such as

41 Interview with Natalie Singh, April 2012.

those have been greatly exaggerated for two main reasons: firstly, because fashion companies are not interested in abandoning a model that generates huge revenues over relatively low costs; and secondly, because people have generally accepted the new opportunities of fast fashion in a way that resonates with the name itself – unbelievably fast.

A (brief) history of the apparel industry

However it may look, that shift in the production system of the apparel market was not a work of magic nor did it happen overnight. The death of the slow fashion business model and the birth of the new, aggressive fast fashion model were slow and mostly entwined with each other.

Clothing in itself has been extremely expensive well up to the nineteenth century, to the point where rare fibers, bright colors and more complicated patterns were considered to be an actual indicator of wealth. Sewing was consequently considered a critical skill, in that it was essential to make clothes last longer: for those who could not afford extraordinary expenses, mending clothes when they got ripped or ruined and finding ways to reuse worn-out garments was a primary necessity. The introduction of the first sewing machines during the first half of the century was the real game changer; invented during the first Industrial Revolution, sewing machines were originally destined to industrial purposes, meaning they were bought by clothing companies to help reducing the amount of manual sewing work required in making clothes – which in turn allowed them to produce the first ready-to-wear (factory-made and standardized) clothing and shoes.

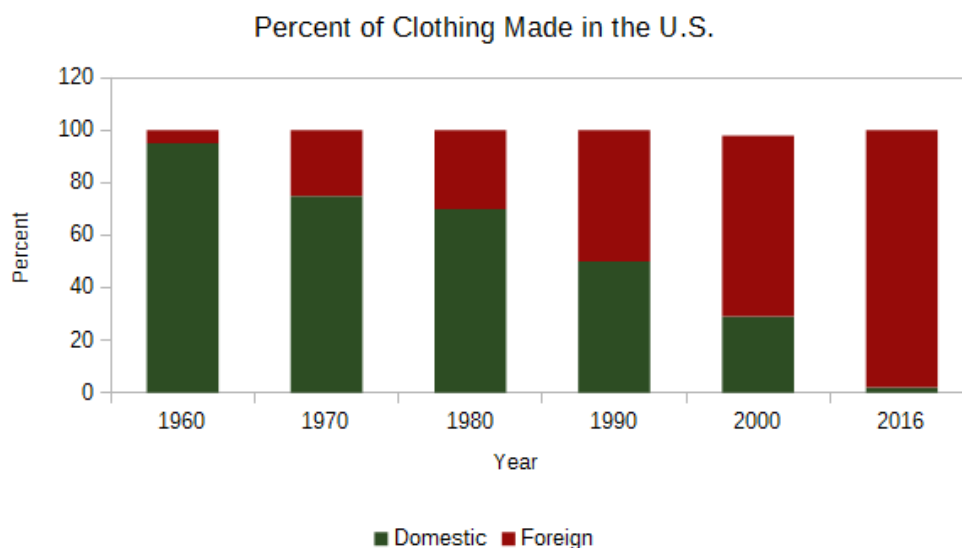
In 1851 Isaac Merrit Singer patented his own sewing machine and launched it on the market through its Singer Company. What distinguishes Singer's machine from all its predecessors is that it was the most practical and commercially viable model at the time: in about a decade, individual consumers started purchasing Singer's model as a domestic sewing machine, and by the end of the 1860s it became a very common tool in middle-class households.

Then of course, with mass production and home sewing clothes came lower prices, even though clothing remained relatively expensive especially for the lower classes. However, people were still thrilled about being able to afford clothes by either sewing them themselves or with limited use of a tailor, and fashion trends started changing a little faster than before. After that, clothing companies like the American Butterick began publishing sewing patterns for customers to use to make their own clothes at home, and domestic garment making became the norm in most households.

From that moment on, up until the first half of the twentieth century, the average apparel consumer's wardrobe would be defined by two major features. First, a limited number of clothes which had been purchased (or sewed) over a long span of time. And more significantly perhaps, a large part of those clothes would have been manufactured within the boundaries of the country people bought them in.

Eventually, however, this practice started deteriorating. Around the second half of the

twentieth century many companies from developed countries decided to outsource most of their clothing production process to other countries – often overseas – where the workforce was much cheaper. That was the breaking point, the moment that marked the end of a gentle slope and the beginning of a much steeper hill. Taking the United States as an example, in the 1960s 95 per cent of the clothing sold in the country was made in the U.S., but the percentage has only been decreasing over time, somehow dramatically – it fell to 75 per cent by the end of the 1970s, to 29 at the end of the century. Currently, only about 2 per cent of clothes sold in the States is made on national territory, while everything else is imported from foreign countries.



Source: American Apparel and Footwear Assoc., Bureau of Labor Statistics

Apparel industry is, per se, highly labor intensive, so it would only make sense for clothing companies to consider labor cost as a prime factor when evaluating the costs for garment production. And as domestic labor rose in developed countries, turning the eyes to developing countries in Asia and Latin America seemed the most obvious choice. The process of moving part of a company’s major activities to a third party or external company is known as production outsourcing, and when such activities are performed by companies located in other countries (as in this case) it takes the form of offshoring. Both outsourcing and offshoring have been key words in the business word for years, and they have become crucial parts of the management and corporate plans for most companies. By the 1980s, even though most of the clothing sold in the United States was still made domestically, many big retailers like Gap Inc. began splitting their production process: they still designed and marketed clothes, but entrusted the actual garment manufacturing to factories overseas where the work was done at a much cheaper cost. At the same time, they started rebuilding their supply chains on a global scale, which allowed them to divide

up each step of the production and to entrust each one of them to whichever factory offered the lowest price, anywhere in the world. By 2003, Gap Inc's supply chain accounted about 1200 factories in 42 different countries.

The modern waves of globalization did nothing but help strengthening this trend: a rapid succession of trade liberalization policies in the 1990s, like the North American Free Trade Agreement (NAFTA) in 1994, effectively crushed most restrictions related to foreign-made clothing, and at the same time brought about a sudden drop in transport costs – which in turn allowed a convergence between the prices of commodities. As a result, countries can now be classified even using apparel as a parameter, dividing the world into two main categories: those who mostly import clothing, and those who export it.

As already mentioned before, developed countries are the ones who import most clothes, while developing countries fall into the last category. And while this situation does not have any major consequences for the former, it does eventually influence the economy for the latter. Countries which are characterized by low labor cost and abundance of raw materials such as Bangladesh, Pakistan and India found themselves relying heavily on the fashion industry to keep their domestic economy going, as textile and apparel exports in general are economically significant for lower income countries.

The expiration of the Multi Fiber Arrangement (MFA) in 2005 dealt yet another heavy blow to imports restrictions. While the arrangement was indeed an attempt to avoid potential trade conflicts and ensure cooperation while orderly managing the textiles commerce itself, its ultimate goal remained the liberalization of trade and the reduction of barriers, with an expectation for developing countries to play an increasingly important role over time. Liberalization in itself has been a highly controversial topic, in that while it undoubtedly contributed to introduce a more flexible form of trade, decrease costs and increase employment in developed countries, it also poses a threat to developing nations by strengthening the competition from more established, foreign economies.

Nonetheless, the dismantling process of the MFA started in 1994 and carried on to 2005, when the textile trade was brought under the jurisdiction of the World Trade Organization (WTO) and the Agreement on Textile and Clothing (ATC) came into being. This event brought about an even stronger trade liberalization, which resulted in a swiftly and constantly increasing competition in the apparel industry. The quota elimination on a worldwide level was thus expected to particularly benefit low and middle-low income countries such as India and Bangladesh, and indeed the new ATC had a positive impact on the exports level of both countries: in Bangladesh alone garments currently account for 69.6 per cent of total foreign sales.

However, the increased competition proved to be a double-edged sword, allowing the clothing trade to be dominated by a dangerous and debilitating race to the bottom for what concerns to the overall costs of the production process. In short, it forces the local industry in developing countries to keep prices as low as possible in order to “win” trade contracts from foreign companies. And the cheaper the prices set by a factory, the bigger the orders it's going to receive. This holds especially true for labor costs, which make up one of the biggest expenses for any clothing company.

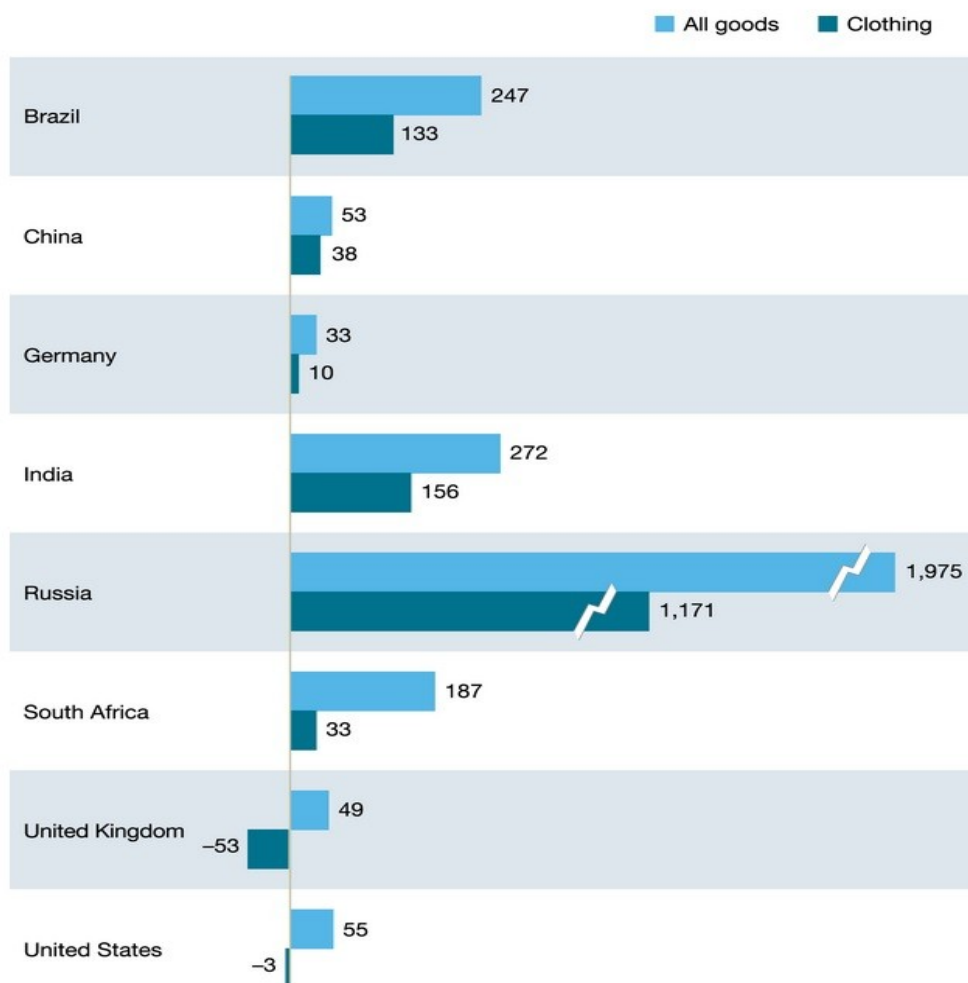
“How do you get them so cheap?”

The second main element to the fast fashion recipe is, as already mentioned, low cost. The fact that so many fashion companies have been able to cut on the price of the clothing they sell is now accepted as normal, but we should well remember that only a few decades have passed since mass production of clothing and outsourcing of the manufacture process became the norm, allowing an increase in the apparel spending in most countries. And yet, even considering these two elements as the main cause of the decreasing cost of fashion items, the prices we currently find on swing tags do not really add up. Can mass production allow a company to sell a skirt for seven dollars, or a military-style coat for less than fifty? The only rational explanation is that someone, somewhere along the supply chain, is taking up the most weight of this aggressive pricing strategy.

There had been signs of a big shift in the world of apparel consumerism since the second half of the 1980s, but it wasn't until well into the 1990s that economists and business analysts outside the fashion circles took notice of that, alerted by the insane profits of footwear stores and companies. Between 1996 and 2000 clothing prices kept decreasing each year, and in 2001 (an epoque-defining year of sales for apparel companies) they fell by 6 per cent. A study by analyst Mark Hudson conducted in the United Kingdom between 1995 and 2005 confirmed this trend: it showed that prices had actually dropped 40 per cent over that time.

Most curiously, clothing seems to be one of the few items whose prices have decreased in the last 20 years. A study conducted by analysts at the McKinsey&Company global managing consulting corporation has kept track of the Consumer Price Index (CPI) for all household items, including apparel.

Change in consumer prices, 1995–2014, %



McKinsey&Company | Source: Euromonitor; McKinsey analysis

The study shows that, while overall prices have increased worldwide for all goods, the rise has been much slower for what concerns clothing, to the point that it has even decreased in some countries (e.g. the United States and the United Kingdom). This difference in the rise of clothing prices has ultimately made fashion items more affordable for the average consumer, thus sustaining both the rise in apparel sales and the birth of the throw-away culture previously mentioned in this paper.

But how did things get this way? And how is it possible for fashion corporations to generate their massive revenues despite selling clothes at – sometimes – ridiculously cheap prices?

Turns out that answering to these questions is more difficult than it would be expected. Corporations are obviously reluctant to reveal their recipe for a successful business, and they often get very defensive about their own cheap prices. Most of the times they won't even reply but, if they do, it's with statements that are as vague as possible and as solid as smoke. Lucy Siegle, British journalist and writer, went out of her way to try and get some

answers that would go further than 'purchasing power, efficiency and leverage over the supply chain' by repeatedly writing to Chief Executives of the big fashion players. Her letters ended with a simple but straight question concerning the prices of high-street retailers:

I would be very grateful if you could give me the definitive answer to how you are able to offer garments at such a low cost. In short, how do you get them so cheap?⁴²

Despite her efforts, only a handful of retailers decided to reply, but their answers were often far from satisfying, and utterly predictable. Amy Howarth, head of marketing for Uniqlo UK, explained that their activities 'are fully integrated from manufacture through sales,' and that they 'control all elements of manufacture, meaning (we) can pass on the great price to our customer, avoiding the middle man'. Fiona Lambert, brand director at George (the clothing branch of British retailer Asda), stated that they 'centrally source high volumes of materials including cotton, fabric, [...] and have even reduced the swing tags to cut costs'. The answers, as it was perhaps to be expected, were more or less all similar, rich and flourishing. They spoke of their ability at managing stocks, marketing and advertising, of centralized sourcing, of small tricks involving the size of swing tags and hangers. Almost none of them exposed anything about the cost structure of their supply chain, and those who did merely mentioned fabrics and shipping as the largest costs they have to face, completely disregarding the upper part of the chain.

But this unwillingness to disclose the costs of any link of the supply chain is to be found within the industry itself as well. As the '*Planet Money*' team revealed in their web documentary 'it turns out, even when you're buying 24,470 T-shirts, people won't tell you exactly how much everything costs'.

Fashion victims

Fashion is undeniably a social production, in that all the materials and skills that are needed to produce clothing are socially produced, from the pencils used by the designer to the hands of the worker that weaves the fabric. Ignoring this essential concept is what leads to the mystification of fashion. And the mystification of products is what stops people from recognizing that items such as shoes and handbags are dependent on nature and labour, that they have a physical, tangible reality.

To create even a T-shirt requires a chain of designers, cotton pickers, factory workers, dye technicians and freight drivers. Advertisements also share a similar structure: model agencies, photographers, stylists, make-up artists, every single person working in the chain that creates and delivers the final product to the consumer is essential to the creation of the product itself. And yet the modern fashion industry is especially adept at hiding human labor behind a trendy glittering facade, because consumers are not allowed to look behind the scenes.

But fashion as an industry is extremely dependent on human labor, as everything that can be classified as clothing is the direct result of detailed and repetitive human work. But

⁴² Siegle, Lucy, *To Die For: Is Fashion Wearing Out the World?*, p. 35.

fashion as it is today is inseparable not only from human labor, but also from its exploitation.

There are quite a few books, films and campaigns highlighting the bad side of fashion factories. One of the most recent, *The True Cost*, is a documentary film by Andrew Morgan that discusses the various stages in the production of fashion, from the manufacturing to the social and psychological aspects of the mass media coverage, focusing mainly on the life of low-wage garment workers in developing countries. Morgan's attention was drawn to the issue after the 2013 Savar building collapse, when the Rana Plaza commercial building in Dhaka, Bangladesh, cave in killing 1,134 garment workers and leaving another 2,500 injured or even disabled permanently.

But the Rana Plaza tragedy was not the first, nor the last, of a long roll-call of garment factory accidents. Overcrowded rooms, blocked fire exits, locked doors are considered more a rule than an exception, leaving garment workers exposed to a long list of dangers.

Sustainable fashion

'Low wages, unsafe conditions and factory disasters are all excused because of the needed jobs they create for people with no alternative. This story has become the narrative used to explain the way the fashion industry now operates all over the world. But there are those who believe that there must be a better way, a making and selling clothing that does generate economic growth, but without taking such an enormous toll.'

The need for a reform of the fashion industry and its system is undeniably essential, in order to solve the issue of labor rights and their violations.

"Fair trade is a citizen's response to correcting the social injustice in our international trading system, that is largely dysfunctional, [and] where workers and farmers are not paid a living wage and where the environment is not considered at all, to make the products that we buy every day."⁴³ stated Safia Minney, founder and CEO of People Tree, a fair trade and fashion brand that started about 20 years ago in Japan. And it is just as vital to educate the customers of the present and those that will come in the future to the hidden costs that lie behind the clothes sold by fast fashion retailers.

The idea of a sustainable, alternative business model is inspired by the Sustainable Development Goals, a 17-steps agenda for social, economic and environmental improvement signed in September 2015 by 193 countries in the United Nations. They cover social concepts such as decent livelihoods, education, health, wage and gender equality, but they contain strong environmental principles that express the need to switch to renewable energies and conserve water.

Ethical, sustainable, natural

In Japanese, most words used to describe products which revolve around the idea of fair trade, or sustainability, are English loan words, and consequently written with the

43 *The True Cost*, directed by Morgan Andrew. 2015. Life Is My Movie, Entertainment. DVD.

Japanese *katakana* alphabet.

First, the very same word used for “sustainable fashion” is *eshikaru fasshion* (エシカルファッション), which is actually “ethical fashion”. The term ‘ethical’ has entered the Japanese language only very recently and there are a number of reasons for this choice, the main one being that there is no Japanese word that carries a notion similar to that of “ethical” as when used in the context of commodities production: words who are generally translated as “ethical” in English include 倫理的 (*rinriteki*) as well as 道徳的 (*dōtokuteki*), both coming with nuances related to unwritten or unspoken rules or implicit cultural norms of conduct and moral. Therefore the concept of sustainability applied to fashion overlaps with the idea of ethics and moral, covering more the social aspect of sustainability rather than the environmental one. “Sustainability” is also written as an English loan word (サステナビリティ), while results for “sustainable” show both an English word (サステイナブル) and a Japanese word, which is 持続可能 (*jizokukanō*) and literally translates as “chance of durability” or “continuation”. However, while *jizokukanō* can be used to address the issue of sustainable development, there are no records of the word being used for material commodities. An alternative Japanese term for “sustainable” products is 地球に優しい (*chikyū ni yasashii*), which literally means “earth-friendly”, thus addressing the more commonly known environmental side of sustainability.

Differently from what one may expect, the Japanese sustainable fashion scene has found this lack of “domestic terms” rather useful: the voluntary use of the loan word makes it so the whole idea of sustainability does not suffer from any of the historic, unfavourable clichés that burden the word in Europe and the United States. The same reasoning can also be applied to the word “ethnic” – also a loan word and consequently spelled with *katakana* as エスニック – which is commonly associated with “ethical fashion” and fair trade.

In contrast, the word “natural” – again the English loan word *naturaru* (ナチュラル) – is most commonly used in the context of products, and its origins lie in the large eco-boom that started in the mid-1970s. But that boom has, in the long run, left behind a trail of “eco-tiredness” when it comes to *naturaru* products. The danger is that, whenever someone hears about a ‘natural product’, they will automatically assume that it is just for eco/LOHAS fashion consumers, or that it is only about the “healthy-ness” of nature.

This misunderstanding was equally common among fashion designers as well. Rather than being concerned with the production process and supply chain of their garments as a whole, their main focus was on the “beauty” of nature.

However, the word “natural” just recently got a new connotation, in fashion: that of a fashion sense that defies the mainstream for its bland use of colour, simplicity and distinctly comfortable designs. In other words, the very own definition of Uniqlo’s clothing lines.

Building sustainable apparel value chains

The shift of the global apparel industry to the developing world has historically meant a tremendous loss

of knowledge and skill. [...] Without technical skill, the ability to enter higher value-added production and raise productivity hit bottlenecks. Without management skill, adversarial labor relations lock up all parties into unproductive patterns of behavior and low efficiency. [...] However, the visions of a sustainable global apparel industry will require greater skills at all levels [and] this requires human capital on a massive scale.⁴⁴

While a change in the fashion industry system is already essential, it also equally clear that most companies would probably accept to reform their supply chain in a sustainable, responsible way if they are given the right incentives.

Of course, increased pressure from various stakeholders, customers, suppliers, competitors and local and global communities and organizations is a first step toward that result, but one must not forget that the ultimate goal of a company should be, and usually is, profit. Therefore, proving that a sustainable model can work as well as a non-sustainable one could be an effective way to get the point across.

First of all, a successful business model is that which generates a competitive advantage, as it is vital to withstand the market's tough competition and to pursue higher revenues. The focus of supply chain management for the fashion industry has historically been on two drivers, namely cost reduction and risk management. Therefore, many resources tend to be spent on maintaining a stable relationship between buyer and supplier – which implies working on supplier policies – and mandating supplier auditing. But this approach has only ensured that the business become slightly “less bad”.

To actually apport a positive change and create lasting value, companies should nurture the relationship with all the links in the supply chain, from suppliers to stakeholders.

Achieving internal alignment between supply chain strategies and core business strategies - which in this specific case means developing joint sustainability goals and initiatives – allows a stronger value to be created and maintained in the long run. Engaging in supplier management is especially important when developing sustainability goals, as cooperation is the key to building a small community where all the members work together with clear goals and shared drivers, which are generating higher revenues and building a stronger brand. All this while keeping in mind that raising productivity and competitiveness as well as social performance is perfectly possible. But to bring about these changes, companies need to exploit a few key points of leverage that can facilitate the industry transformation.

Industry standards for better productivity

Standards, as much as goals, provide a mechanism which enables producers to learn about consumer requirements in the market and to adjust their production process accordingly. In particular, voluntary sustainability standards, while requiring both technical and financial support, have the big advantage of being built on industry expertise. To put it simply, to willingly adopt global sustainability standards instead of passively waiting for mandatory regulations from the international community allows companies to stay ahead

⁴⁴ Martin, M., (2013, December), *Creating Sustainable Apparel Value Chains: A Primer on Industry Transformation*, Impact Economy, p. 23.

of legislation and can also make them more competitive in the marketplace.

The use of standards has been expanding rapidly ever since the 1990s, and now they are impacting both supply chain management and policy formulation for many firms.

Sometimes partnering with bigger communities or global NGOs can make this process easier. For example, initiatives such as the Sustainable Apparel Coalition are useful because they put tools at the disposal of firms ensuring an efficient optimization, often including useful know-how that in turn can be shared with suppliers. In the case of global apparel, standards and measurement technologies can be used to gain information and transparency about the improvement potential of a given buyer or supplier for what concerns the different dimensions in the supply chain, like health and safety, water and energy usage, waste and chemicals.

Additionally, unprecedented growth rates have been recorded in sales of certified products (compared to sales in conventional products) for a number of goods that is strengthening the case for standards and certifications, such as Organic, Fairtrade and Rainforest Alliance.

This strategy has already proven to be feasible and also beneficial. Corporate commitments to sustainable procurement all along the supply chain in other industries – like the Mars and Cadbur commitment to the World Cocoa Foundation (WCF) – showed that they can have a transformational impact indeed. In the case of WCF, Mars was the initiator, but manufacturers too started cooperating when they realized that an increased production volume (e.g. through better input organization) fostered corporate business growth and also helped to improve the brand's reputation.

Upgrade and innovate

Innovation is at the top of executive agendas across the globe, and yet very few companies actually involve their suppliers in these initiatives, and they often end up as a huge pool of untapped innovation potential. But by engaging suppliers in innovation investments as well as in the challenges the company faces, firms become able to adapt and evolve.

The apparel industry is dominated by products and processes that make heavy use of scarce resources (e.g. water, energy) and low-skilled labor. The improvement potential lying in supply chain upgrading is massive, but it requires significant investments on the company's part, and on top of that, investment targets are usually located in high-risk emerging markets. However, considering both the financial returns and the social impact of value chain upgrading, investing in the developing of suppliers in the textile and garment industry is both feasible and a way forward – an opportunity to improve social and environmental conditions while simultaneously enabling producers to capture higher margins by shifting to higher-value added production.

Improving working conditions

Labor conditions are currently a top concern both for stakeholders and the international community, therefore improving them must be a priority for companies as well. Workers in the textile and garment industry, of whom about 80 per cent are women, typically suffer from widespread insufficient health and safety conditions, violation of working rights (e.g. low wages, child and forced labor), inadequate housing, transport, healthcare and childcare, as well as gender discrimination. This, in turn, creates additional issues in the form of absenteeism and low worker productivity.

The garment industry in many developing countries grew extremely fast, and neither physical infrastructure nor human capital managed to keep up with the pace. Additionally, the relentless short-term demand on which the fast fashion model is built has brought about a much larger focus on production rather than worker health or safety. In other words, while private apparel enterprises are the principal source of economic growth and jobs for these countries, this does not automatically lead to an improvement in working conditions or in the workers' livelihoods. Therefore, allocating resources to achieve a substantial improvement in this sense is an essential part to the development of a more sustainable garment industry.

There are two main solution vectors. First, at the root of the problem there is a common misconception that decent working conditions and competitive enterprises are in conflict with each other. Any action to improve these conditions is widely assumed to create additional costs for the companies and yield productivity returns. But a research by the International Labour Organization (ILO) showed instead a potentially mutually beneficial scenario. Ensuring workers' empowerment and having them improving their skills is but a means to enhance not only working conditions but the workers' efficiency and productivity as well. And yet, the benefits deriving from responsible practices for improving the workers' labor conditions are often systematically brushed off by mass media and company reports alike.

Next to improving general working conditions, grasping the importance of gender equality is similarly vital. In an industry where the majority of the workforce is composed by women, worker empowerment means women's empowerment. There are 4 million garment workers in Bangladesh alone, representing more than 90 per cent of the country's workforce in manufacturing, and women comprise over 3.2 million of this labor force. This means that any kind of strategy aimed at improving working conditions need to assess the extent to which they can actually contribute to solve gender-related issues. In other words, productivity and gender are both key themes to achieve industry transformation.

Imitating best practices

Imitation is often considered the most sincere form of flattery, and this holds true even and especially in the case of social and environmental implementing strategies, as new

performances are being pioneered and perfected day after day. An effective way to keep the cost of learning down and enhance value-added creation is to get involved in pilot initiatives that draw from the lessons and practices of others.

In other words, instead of employing resources in reinventing a metaphorical wheel, companies should learn from leading virtuous initiatives such as the Responsible and Accountable Garment Sector (RAGS) Challenge Fund⁴⁵. RAGS was established as a grant fund to support the work of a wide range of organizations in the garment supply chain, including large and small businesses, fair trade and other non-governmental organizations, and its grantees can also provide valuable lessons to explore the possibilities for further upgrading in the field.

To sum everything up, a whole new level of ambition is required in order to improve labor conditions and thus achieve industry transformation. Making supply chains transparent, working conditions adequate and optimizing environmental footprints are all crucial factors to implement the needed change. Moreover, improving working conditions cannot be disassociated from upgrading production inputs and infrastructures as expressed in the previous paragraph.

In the end, the path toward a sustainable transformation of the apparel industry will need to prove just how higher social and environmental performances can actually drive revenue creation, through increased resource productivity and savings.

Sustainable sourcing is not an otherworldly vision but will soon become a necessity to compete, as it has already in other industries. The need to upgrade supply chains will only become more stringent as consumer demand shifts. And government policies in leading consumer markets increasingly demand producers to assume responsibility for issues such as forced labor and environmental pollution in their supply chains.

45 Supported by UKaid from the Department for International Development (2013).

Conclusion

Japan has faced a significant shift in consumption behavior in the past decade, particularly among the younger generation. Long gone are the years of hungry mass-consumption of goods, of buying bigger and bigger things, of brands and blatant self-assertion via branded goods. The Japanese consumers have grown tired of wasteful consumption, or consuming just for the sake of it, and are now looking for a different kind of satisfaction.

Looking back, it is clear the the consumption of material goods remained central to consumer society in Japan all the way up through the era of third-stage consumerism. However, there is no doubt that this is already changing.

First, there has been a substantial shift from the simple consumption of material goods to the consumption of highly developed services. Moreover, those services appear to hide more than simply paying money to a service provider, unilaterally receiving something in return: consumption is increasingly seen as a means to create human relationship, to establish some kind of bond. In turn, the identity of the service provider is becoming increasingly relevant in consumer choices, and the same can be applied to retailers that sell physical commodities such as clothes. Who is doing the selling, and how they are doing it, will probably be the key to a successful business from now, which means that companies should invest time and resources into nurturing the relationship with their customers. For this reason, a narrative behind the products will most probably be essential to marketing strategies, as creating a story behind each products is yet another way of creating a bond with the consumer.

The transition to fourth-stage consumer society has been, in the end, a transition from the family, to the individual, to the community; from a time where people consumed to create a prosperous family, to consuming for a satisfactory personal life, to consuming in order to create some kind of connection.

Second, given fourth-generation consumer society's emphasis on ecology, consumers also seem to find particular value in products with a long life – which, in the case of clothing, refers to those that can be worn for years without going through incessant model changes. Consumer surveys have revealed that their preferences lie in simple products, with excellent functionality and performance. Particular importance is given to both quality and values, which means that consumers look for the best deal in the market while at the same time not wanting to sacrifice more than it is necessary on the quality side.

Finally, the rising trends for regionalism and rural lifestyles have seen consumers reevaluating local products and traditional crafts. Many people in Japan are reacting to a long-protracted period of recession and changes with a rekindled appeal to traditions and “Japanese-ness”. Subsequently, the distinctive culture of regional Japan is becoming increasingly important in consumer demand and will perhaps be another key to product development in the future.

On the other side of these changes, however, consumption levels have hit an all-time low in Japan in the recent years. Aided by nonregular employment, stagnant wages and contemporary events that changed the mindset of Japan's younger consumers, as the emergence of a new, definitely less materialistic generation with a set of values which is radically different from that of their parents and grandparents almost literally threw traditional marketing and selling strategies into disarray. Companies hoping to grow their business in the Japan market need to understand and adapt to the new, less materialistic attitudes of Japan's youth.

Young consumers' reluctance to spend is an obstacle to the modern fast fashion business model, but it may become an incentive to the development of an alternative, sustainable model.

Sustainable fashion is mostly built on completely opposite premises than those of fast fashion retailers. Ethical brands give priority to reducing the environmental and social toll of the garment industry and they focus on creating added value inside their supply chain and on the quality of the finished product. Sustainability and its relevance have gained audience over the years, aided by the digital revolution as well as by an environmental education, and many young Japanese consumers appear to be more aware of sustainability issues. However, they are still not fully aware about how their actions affect environmental, social and economic issues already existing in the fashion industry.

Some companies like Uniqlo have started to implement sustainable practices in their production chain, such as using organic cotton, creating recycling programs and adopting global sustainability standards. This could lead to formulate the hypothesis that Uniqlo might, in the future, open the path to a sustainable development in the Japanese fashion market. However, this is not the case. Uniqlo is indeed a good example of a firm that managed to exploit the recent changes in the Japanese market and thrived on them. Through simple design, functional clothing, low-as-possible prices and a focus on the relationship with the customer, Uniqlo built their success and profits on the very same challenges that have many other companies struggle to keep up. But on the other hand Uniqlo's recent shift to delivery times that are shorter than ever, and the multiple reports on labor rights violations coming out of the firm's factories place the brand among the many other fast fashion international retailers. And in the end low costs and mass production that are the essence of fast fashion cannot be met in a sustainable way. Fast fashion cannot be the model for a sustainable producing and selling of clothes without a complete transformation from the inside.

In the meanwhile, Japan can count on a number of organical, fair trade brands. Companies like People Tree "grew organically from a great collection of people that feel passionately there is a different way of working, of living, of consuming, of interacting with people."⁴⁶ They are built on the idea of a shopping experience which is radically different from traditional consumerism, one that focus on creating value for all the players in the supply chain, from the garment worker to the final consumer. And in a sense this conveniently meets the aspirations of younger Japanese consumers, their need to gain some degree of satisfaction and maybe to make some contribution to the community while

46 *The True Cost*, directed by Morgan Andrew. 2015. Life Is My Movie, Entertainment. DVD.

and with what they are consuming.

At the same time clothes produced through a sustainable supply chain meet most of the standards of the fourth-stage consumer. They are high-quality garments, hand-made instead of mass-produced, are mostly made out of natural fibers and dyes – which also means they last longer than clothes made of artificial fibers –, and their designs are usually simple and can therefore withstand the ever-changing trends of modern fashion. Product design, quality and customer desire are at the forefront of the designers' and brands' awareness. High-tech and tradition, together with a pinch of nationalism, are the three most important characteristics in the discussion about fashion sustainability in Japan. And although what has been achieved at the technological level is groundbreaking, manufacturers as well as designers have to battle an almost a complete lack of public recognition and appreciation especially among consumers in the shopping malls. However, while ethical fashion may be less of a topic overall, the brands that fall into this category struggle with fewer of the clichés and social hurdles than their European and American counterparts. Most of the time, what makes ethical fashion clothes unappealing to the young Japanese consumer is the price, which is often way higher than that of fast fashion items. This may prove to be the biggest obstacle to the development of sustainable fashion in Japan, unless companies are able to counterbalance it with a strong brand presence and a convincing narrative behind their products. Building a solid online experience for the consumers will also be necessary to appeal to the younger, technology-driven generations.

Language, the history of a market and how customers are being sensibilised – in the past as well as in the present – can make the difference when dealing with the introduction of an alternative experience such as sustainable fashion, and can also change the way they are perceived by the consumer audience.

It cannot be underestimated that a new territory needs to be chartered and marked carefully. Sometimes, a slow development of a new trend may actually be an advantage, because it allows for a minutely planned strategy and a number of changes when needed to adjust to consumer demand.

The majority of fashion consumers in Japan are craving for a better society and want their world to change for better. What they look for is a chance to actually do something, by using their skill or time. Making sustainable fashion grow in the Japanese market despite the overwhelming competition from big fast fashion retailers is indeed a difficult challenge but, as a leading sports-apparel company taught us through the years, “impossible is nothing”.

Bibliography

- Chesterton, Gilbert K., *The New Jerusalem*, London: Nelson, 1924 (2012).
- Higham, William, *The Next Big Thing: Spotting and Forecasting Consumer Trends for Profit*, London: Kogan Page Publishers, 2009.
- Hiroi, Yoshinori, *The Creative Welfare Society: Post-Growth Social Structure and People, Regions, and Values*, Tokyo: Chikumashobo, 2011.
- Hoskins, Tansy E., *Stitched Up: The Anti-Capitalist Book of Fashion*, London: Pluto Press 2014.
- Lindstrom, Martin. *Buyology: Truth and Lies About Why We Buy*, New York: Doubleday, 2008.
- Marx, Karl, *The Poverty of Philosophy*, in *Marx-Engels Collected Works: Volume 6: Marx and Engels (1845–1848)*. New York: International Publishers, 1976.
- Minney, Safia. *Slave To Fashion*, Oxford: New Internationalist Publications Ltd, 2017.
— *Slow Fashion: Aesthetics Meets Ethics*, Oxford: New Internationalist Publications, 2016.
- Miura, Atsushi. *The Rise of Sharing: Fourth-stage Consumer Society in Japan*, Tokyo: LTCB International House of Japan, 2014.
- Porter, Michael E., *Competitive Advantage: Creating and Sustaining Superior Performance*, New York: Free Press, 1985.
- Siegle, Lucy. *To Die For: Is Fashion Wearing Out the World?*, London: Fourth Estate, 2011.

Web Resources

- Aaker, David, “6 Reasons Why Uniqlo is Winning”, October 21, 2014. Retrieved from *Prophet*, Accessed September 1, 2018. URL: <https://www.prophet.com/2014/10/6-reasons-why-uniqlo-is-winning/>.
- Allie, “A Brief History of Garment Sewing”, *Indiesew* (blog). January 1, 2018. Accessed August 27, 2018. URL: <https://indiesew.com/blog/a-brief-history-of-garment-sewing>.
- Business Sweden Report, Explore Japanese Fashion and Apparel Opportunities, January 2018. Accessed August 27, 2018. URL: <https://www.business-sweden.se/contentassets/ad78803468d948949422bbbb7db5dac/explore-apparel--fashion-opportunities-in-japan.pdf>.
- Chiavacci, David, “From Class Struggle to General Middle-Class Society to Divided Society: Societal Models of Inequality in Postwar Japan”, *Social Science Japan Journal*, Volume 11, Issue 1, July 2008. Retrieved from *Oxford Academic*. URL: <https://doi.org/10.1093/ssjj/jyn022>.
- Degen, Ronald J., “The Success of Luxury Brands in Japan and Their Uncertain Future”, (PhD diss., International School of Management Paris, 2009), Globadvantage. URL: <https://core.ac.uk/download/pdf/9306177.pdf>.

- Durisin, Megan, “How Clothing Chain Uniqlo is Taking Over the World”, April 26, 2013. Retrieved from *Business Insider*. Accessed September 1, 2018. URL: <https://www.businessinsider.com/the-story-of-uniqlo-2013-4?IR=T>.
- Fashion United, Fashion Statistics Japan. Accessed August 2, 2018. URL: <https://fashionunited.com/fashion-statistics-japan>.
- Fashion United, Global Fashion Industry Statistics: International Apparel. Accessed August 2, 2018. URL: <https://fashionunited.com/global-fashion-industry-statistics>
- Fast Retailing, Consolidated Business Performance, July 12, 2018. Accessed September 1, 2018. URL: <https://www.fastretailing.com/eng/ir/financial/summary.html>.
- Fast Retailing, Uniqlo Business Model, February 28, 2018. Accessed September 1, 2018. URL: <https://www.fastretailing.com/eng/group/strategy/uniqlobusiness.html#biz11>.
- Härtsiä, Anni, “Future of Sustainability in Fast Fashion”, (Phd diss., Helsinki Metropolia University of Applied Sciences, 2017). URL: <http://www.theseus.fi/handle/10024/140544>.
- Hara, Yoshihiro, “Uniqlo to Double Online Sales Ratio with Help from Real Stores”, April 5, 2018. Retrieved from *Nikkei Asian Review*. Accessed September 1, 2018. URL: <https://asia.nikkei.com/Business/Companies/Uniqlo-to-double-online-sales-ratio-with-help-from-real-stores>.
- Hays, Jeffrey, “Fashion in Japan: History, Japanese Designers, Poor Marketing and Brand-name Mania”, January 2013. Retrieved from *Facts and Details*. Accessed August 11, 2018. URL: <http://factsanddetails.com/japan/cat20/sub136/item743.html>.
- Hiroko, Tabuchi, “Paris, Milan, Tokyo. Tokyo?”, January 1, 2010. Retrieved from *New York Times*. Accessed August 11, 2018. URL: <https://www.nytimes.com/2010/01/02/business/global/02cool.html?rref=collection%2Fbyline%2Fhiroko-tabuchi>.
- Hymann, Yvette, “How Ethical is Uniqlo?”, September 21, 2018. Retrieved from *Good on You*. Accessed September 24, 2018. URL: <https://goodonyou.eco/how-ethical-is-uniqlo/>.
- Japan Country Commercial Guide, Japan: eCommerce, August 31, 2018. Retrieved from *Export.gov*, Accessed September 22, 2018. URL: <https://www.export.gov/article?id=Japan-E-Commerce>.
- Japan External Trade Organization (JETRO), “The Mindset of Monozukuri and creativity in a traditional art form applied in science & technology today” (n.d.), May 29, 2009. Retrieved from *Education in Japan*. Accessed September 6, 2018. URL: <https://educationinjapan.wordpress.com/education-system-in-japan-general/the-mindset-of-monozukuri-and-creativity-in-a-traditional-art-form-applied-in-science-technology-today/>.
- Kaizen Institute, “What is Kaizen?” (n.d.). Accessed September 16, 2018. URL: <https://in.kaizen.com/about-us/definition-of-kaizen.html>.
- Kuchikomi, “Increase in Foreigners Points to Diversified Future for Tokyo”, March 6, 2015. Retrieved from *Japan Today*. Accessed September 2, 2018. URL: <https://japantoday.com/category/features/kuchikomi/increase-in-foreigners-points-to-diversified-future-for-tokyo>.

Lifestyle Monitor, Global Consumer Insights: Japan, August 5, 2016. Accessed August 10, 2018. URL: <https://lifestylemonitor.cottoninc.com/global-consumer-insights-japan/>.

Martin, Maximilian, *Creating Sustainable Apparel Value Chains: A Primer on Industry Transformation*, December 2013, Impact Economy. Accessed September 16, 2018. URL: https://www.impacteconomy.com/papers/IE_PRIMER_DECEMBER2013_EN.pdf.

Marx, Karl. *A Contribution to the Critique of Political Economy*, Moscow: Progress Publishers, 1977. Accessed August 14, 2018. URL: www.marxists.org/archive/marx/works/1857/grundrisse/ch01.htm.

Masoumik, Maryam S. & Abdul-Rashid, Salwa & Olugu, Ezutah, "Gaining Competitive Advantage through Strategic Green Supply Chain Management: From a Literature Review towards a Conceptual Model", *International Journal of Supply Chain Management*. 3. 49-58, September 2014. Retrieved from *Research Gate*. URL: https://www.researchgate.net/publication/266376251_Gaining_Competitive_Advantage_through_Strategic_Green_Supply_Chain_Management_From_a_Literature_Review_towards_a_Conceptual_Model.

McKinsey and Company, "The State of Fashion" (2016). Accessed July 25, 2018. URL: <https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion>.

Ministry of Health, Labour and Welfare of Japan, Outline of Health, Labour and Welfare Statistics 2017, URL: <https://www.mhlw.go.jp/english/database/db-oh/index.html>.

Ministry of Health, Labour and Welfare of Japan, Outline of Health, Monthly Labour Survey: Wages, September 21, 2018. Accessed September 24, 2018. URL: <https://www.mhlw.go.jp/english/database/db-l/monthly-labour.html>.

Ministry of Internal Affairs and Communications of Japan, Household Income and Expenditure. Retrieved from *Statistics Japan*. Accessed September 24, 2018. URL: <http://www.stat.go.jp/english/data/zensho/2004/tansin/gaiyo5.html>.

Ministry of Internal Affairs and Communications of Japan, Statistical Handbook of Japan 2017. Retrieved from *Statistics Japan*. Accessed September 24, 2018. URL: <http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf>.

Nakata, Hiroko, "Nesting Instinct Takes Hold in Recession", May 22, 2009, Retrieved from *Japan Times*. Accessed August 22, 2018. URL: https://www.japantimes.co.jp/news/2009/05/22/national/nesting-instinct-takes-hold-in-recession/#.w7XlGn_00U1.

Noguchi, Yukio, "The "Bubble" and Economic Policies in the 1980s", *The Journal of Japanese Studies*, Vol. 20, No. 2 (Summer, 1994), pp. 291-329. Retrieved from *JSTOR*. URL: <https://www.jstor.org/stable/133196>.

Nordås, Hildegunn K., "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing", 2004. World Trade Organization, Discussion Paper No.5. Accessed August 27, 2018. URL: https://www.wto.org/english/res_e/booksp_e/discussion_papers5_e.pdf.

OECD, Population (indicator), 2018. Accessed September 2, 2018. URL: <https://data.oecd.org/pop/population.htm>

Ohno, T., “Report: Clothing Recycling in Japan” (n.d.), May 31, 2011. Retrieved from *Japan for Sustainability*. Accessed September 6, 2018. URL: <http://magnifeco.com/report-clothing-recycling-in-japan/news/>.

Ravasio, Pamela, “Sustainability + Fashion in Japan: Chartering, Marking Territory”, *Shirahime* (blog), July 18, 2013. Accessed September 6, 2018. URL: <http://shirahime.ch/2013/07/sustainability-fashion-in-japan-chartering-marking-territory/>.

Ravasio, Pamela, “The Japanese Textile and Fashion Industry: Between Tradition and High-Tech”, *Shirahime* (blog), December 15, 2011. Accessed September 6, 2018. URL: <http://shirahime.ch/2011/12/the-japanese-textile-and-fashion-industry-between-tradition-and-high-tech/>.

Reynolds, Isabel, “Japan’s Shrinking Population”, May 17, 2017. Retrieved from *Bloomberg*. Accessed on September 2, 2018. URL: <https://www.bloomberg.com/quicktake/japan-s-shrinking-population>.

Roser, Max. “Economic Growth”, 2018. Published online at OurWorldInData.org. URL: <https://ourworldindata.org/economic-growth>.

Salsber, Brian, “The New Japanese Consumer”, March 2010. Retrieved from *McKinsey Quarterly*. Accessed August 22, 2018. URL: <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-new-japanese-consumer>.

Salsber, Brian, “Japan’s Luxury Shoppers Move On”, August 2009. Retrieved from *McKinsey Quarterly*. Accessed August 22, 2018. URL: <https://www.mckinsey.com/industries/retail/our-insights/japans-luxury-shoppers-move-on>.

Sterling, Bruce, “Hoshigaranaï Wakamonotachi: They Don’t Want Consumerism, and You Can’t Sell Them Anything”, October 17, 2010. Retrieved from *Wired*. Accessed August 22, 2018. URL: <https://www.wired.com/2010/10/hoshigaranaï-wakamonotachi-they-dont-want-consumerism-and-you-cant-sell-them-anything/>.

The Associated Press, “Baby Boomers’ Retirement Starting to Shake Up Japan”, April 2, 2007. Retrieved from *The Seattle Times*. Accessed September 2, 2018. URL: <https://www.seattletimes.com/nation-world/baby-boomers-retirement-starting-to-shake-up-japan/>.

The Straits Times (n.d.), “Youth in Japan not Spending Enough to Boost Growth”, December 10, 2016. Accessed August 22, 2018. URL: <https://www.straitstimes.com/asia/east-asia/youth-in-japan-not-spending-enough-to-boost-growth>.

The True Cost, directed by Andrew Morgan (2015, Los Angeles: Life Is My Movie Entertainment), DVD.

Thulsi, Narayanasamy & Saranel Benjamin, *This Way to Dystopia: Exposing UNIQLO’s Abuse of Chinese Garment Workers*, October 2016. War On Want. Accessed September 1, 2018. URL: https://waronwant.org/sites/default/files/WoW_uniqlo%20report%202016.pdf.

Tohoku Cotton Project MOVIE, directed by Kensaku Kakimoto (2012).

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Apparel [CPIAPPSL]. Retrieved from FRED, Federal Reserve Bank of St. Louis. Accessed July 25, 2018. URL: <https://fred.stlouisfed.org/series/CPIAPPS>.

Uniqlo, Materials, Accessed September 1, 2018. URL: <http://www.uniqlo.com/sg/corp/material/>.

United Nations, Department of Economic and Social Affairs, Workers Per Retiree, 2017. URL: <https://www.econdataus.com/workers.html>.

University of Fashion, “Japan: Its Influence and Contributions to Global Fashion”, January 22, 2017. Accessed July 18, 2018. URL: <https://www.universityoffashion.com/blog/japan-influence-contributions-global-fashion/>.

Urstadt, Bryant, “Uniqlo clones”, May 9, 2010. Retrieved from *NYMAG*. Accessed September 1, 2018. URL: <http://nymag.com/fashion/features/65898/index4.html>.

Vatz, Stephanie. “Why America Stopped Making Its Own Clothes”, May 24, 2013. Accessed on September 1, 2018. URL: <https://www.kqed.org/lowdown/7939/madeinamerica>.

Wilson, Fiona, “Youth is Wasted on the Young”, March 25, 2010. Retrieved from *Wired*. Accessed August 22, 2018. URL: <https://www.wired.com/2010/10/hoshigaranai-wakamonotachi-they-dont-want-consumerism-and-you-cant-sell-them-anything/>

World Population Review, Japan Population 2018, September 18, 2018. Accessed September 21, 2018. URL: <http://worldpopulationreview.com/countries/japan/>.