A Case Study: Miniso

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ABSTRACT

MINISO was founded in 2011 by Chinese entrepreneur Ye Guo Fu and Japanese designer Miyake Junya. Initially claiming to be a famous Japanese brand, despite operating in China. In such short period, this company has detonated as an emerging business empire with 1,800 stores in 40 countries, delivering an heterogenous collection of affordable, curated goods, challenging the physical pessimists. MINISO is now emerging as one of the top market brands. MINISO tag line is—“let consumers around the world buy better quality products at lower prices”. At the time of establishment of MINISO, the physical economy was in decline due to the rise of e-commerce. Physical economy had applied a monopolistic influence on the market depend on its sales channel advantage. Even though MINISO was a success by providing the actual value of the products, and focuses on quality improvements. MINISO estimate to open 6000 stores worldwide. The purpose of this study is to present a reality check to the power of physical retailer in the rise of the digital marketing. MINISO is brick-and-mortar-only business model built around the reality of a world with e-commerce. Over careful consideration of the customer and a unique artistic product, it achieves to do what online stores cannot: deliver an experience.

INTRODUCTION

MINISO is a brand based in Japan. It was co-founded by Japanese designer Mr. Miyake Junta and Chinese young entrepreneur Mr. Ye Guo Fu in Tokyo, Japan, with the past serving as chief designer. Mr. Guo Fu follows the philosophy of “simplicity, nature and good quality” and the brand plan of “returning to nature”, MINISO always focuses on life goods with aesthetic beauty. With the basic ethics of outstanding product design, high cost performance and comfortable shopping experience, MINISO attract consumer attention by setting the personalized consumption trend in the household market. MINISO based on the concept of renown life and in the brand spirit of “respecting consumers”, dedicates itself to delivering customers with products of “high quality, competitive price and creativity”. MINISO earns love from the major consumers aged between 18 to 35 because of its simple and quality features and keeping pace with consumption trend.

MINISO established a new type of an inventive collection store, which has become the main influence in the department stores and shopping malls along with catering, fast fashion clothing and entertainment. It strives to deliver consumers with smarter, simpler and cozier products, so that consumers can experience relaxed and happy lifestyles when shopping. The brand logo is the image of shopping bag, which is simple but fashionable. Although showing the industrial features perfectly, it also emphasizes on the concept of consumption, which is of strong identification and unforgettable.

The blend of Logo name and striking portfolio is an expression of “smile services" to consumers and advocates the "happiness is the best" life attitude. The essence of life is the pursuit of happiness. Let's face life happily and enjoy what we have in life!
COMPANY PROFILE
MINISO functions as a chain of retail stores that sells clothing, household, stationaries, bags and accessories. Employ and manage the highly-capable personnel for stores operation and organize the training for opening, operation and organisation of stores. MINISO’s headquarters is in Guangzhou, Guangdong Province. MINISO has a revenue of $1.8B, and 5,000 employees. MINISO has raised a total of $145.6M in funding. MINISO arrived in the Chinese market in, 2013, and started to develop in the Chinese market widely. MINISO vigorously uncover the untapped international market and has opened over 3500 stores in five years, with business revenue reaching USD 2.5 billion in 2018. Recently MINISO has signed cooperation agreements with more than 80 countries a counties including the United States, Canada, Russia, Singapore, the United Arab Emirates, Korea, Malaysia, Hong Kong , and Macau, with an average monthly growth rate of 80 - 100 stores.

OBJECTIVES:
1) To educate people about the real state of MINISO.
2) To promote the MINISO’s design philosophy.
3) To advocate the relaxed and fashionable lifestyle and directs a superior products consumption pattern.

GOALS:
To always look for opportunity to strengthen their brand in Japanese Market while expanding globally.

RESEARCH METHOD
In this research the methodology is used for research is both qualitative and quantitative Information that is required for the analysis is found different research papers, journal, surveys annual reports etc. The information that is intended to be shown in the following analysis comprises a search for information on the Internet, whose component corresponds mainly to the company’s website, magazine and news, as well as articles.

RESULTS AND DISCUSSION
The formation of MINISO is the conception of a spanking new life. It does not deliberately highlight the so-called fashion or personality, but offers decent and unique products to consumers. MINISO would not contemplate that popular brands should be raised their value. On the opposing side, it outlooks on consumers’ points of view while developing products, which is - back to the core values of the brand, and returning to the nature, making its goods more fashionable, more reliable with lower prices. MINISO enhance the lives of consumer with a wide range of stuffs at affordable prices, thus it becomes a new and fashionable lifestyle. MINISO always consider product structure optimization and product management as its priority, MINISO assert on picking materials from all over the world. Its designs are mostly based on Japan, Korea, Sweden, Denmark, Singapore, Malaysia and China, etc. while following high quality and smart technology, MINISO also allocates great importance to consumers’ shopping experience and dedicates itself to forming a culture of quality service, so as to deliver such features as health, leisure, quality and creativity through shopping experience.
UNIQUE MARKET ENTRY STRATEGIES
Being Compared with the traditional retail industry, MINISO makes a new product style which is called “MINISO style “at a low price, high quality with amusing design in the sense of products to meet the needs of today’s customers. MINISO is a business model called “three high and three low”. The three low refers to low price based on low cost and low margin while the three high means higher efficiency, higher technology, and higher quality. To safeguard the price advantage, MINISO adopts the volume quotation system to increase the bargaining power of large-scale procurement. MINISO does not involve traditional retail which comprises large intermediate channels, MINISO gears the buyout customization which put an end to the supplier on the possibility of a final product pricing. Once the goods are in the warehouse, things get are settled promptly according to the process in order to ensure the new arrivals in the store every 7 days. Moreover, there should be control on the gross margin profit. The company’s gross profit margin is controlled by about 8%, while the gross profit in shops is controlled below 38%, in order to guarantee the real low prices. , MINISO joins hands with global leading trade suppliers and sets up a global design team operated under Miyake Junya who carries the concept of back to the nature, feeling comfortable, pure and blissful. With help of extensive market research, we are defining the specific features and benefits that our target market segments value. MINISO marketing strategy is based on positioning of product differentiation. MINISO’s primary target customers are housemakers who needs unique styled product and services.

POSITIONING
We are positioning our Brand MINISO as a “fast fashion designer” brand in Japan because they show creativeness and innovativeness which brings specialized products with good quality, and prioritized the health and safety of the products and materials. MINISO combined fashion and leisure together, therefore creative new ideas and innovative products. Our marketing will focus on brand awareness in japan and other part of the world and differentiating it from competitors.

MARKETING COMMUNICATION STRATEGY
MINISO’s marketing strategy is based on the positioning of product differentiation. We are positioning the MINISO as "fast fashion designer” brand in Japan because they show creativeness and is known for its stylish and special products, good quality, and prioritized the health and safety of the products and materials. Their product is famous because they combine fashion and leisure together. Our marketing will focus on brand awareness in Japan and also globally.

To create Buzz: User-Generated photo contest on MINISO social media accounts and websites, so that maximum number of people will get to know about it.

To attract, retain and motivate customers for a pull strategy: Use advertising and mass media Promotion, word of mouth referrals, customer relationship management and sales promotions and discount.

MINISO INTENSIVE MANAGEMENT
Products sold here are full of their brand features, from commodity packaging design and pricing, which fully strains the brand’s “three high, three low” business conceptions store interior decoration is in a unique style of modest fashion and emphases on the MINISO awareness. Shop sellers and helpers incline to generate an image of fancy shopping environment. MINISO adapts highly intensive management which is
responsible of background management. Network management is responsible for completed market research, product design and development, merchandise inventory management and control, the shop’s overall planning, sales data analysis, terminal marketing plan formulation, brands marketing strategy through networking. These units are really in place to excellently backing the normal function of the chain stores’ management.

MINISO PRODUCT DESIGN STRATEGY
MINISO pursue a simple & natural life philosophy, design and manufacture excellent goods at honest prices, taking into account of earth resources, environment, recycling, and other issues, and thus truly return to nature and the essence of the product.

MINISO is not only a brand who provide good quality products but also a way of living life. It does not focus on the so-called trends. MINISO does not like popular brands would raise their brand values by raising prices. On the contrary, MINISO stands on consumers’ point of view when developing products, which is - back to the essence, and returning to nature.

MINISO enhances the life of their customers with a different variety of products at reasonable prices. It provides direction to the nature and simplicity in the life of the consumer.

MINISO: THE VALUES OF THE BRAND
MINISO is based on the five core values of the Brand which are as follows -

– The simplicity of the products, MINISO goes to the essential.
– The legitimacy of the product, without excess or exaggeration.
– Quality, best quality possible with low prices.
– Ordinary, material selection and advent of the most natural product possible.
– Respect, for consumers and nature.

MARKET SEGMENTATION

Demographic factors:
Age: 18 to 35 years old
Gender: Male and Female
Occupation: Professional and technical, students, homemakers and craftspeople
Generation: Millennial (early 1980s as starting birth years and the mid – 1990s to early 2000s as ending birth years)

Psychographic factors:
Social Class: Middle class
Personality and self-concept: Competence (reliable, intelligent, and successful)

Behavioural Factors:
Benefits: Quality and convenience
User status: Potential users and first-time users
User Rates: Medium Users
Loyalty users: Strong
MINISO: THE BRAND STRATEGY
MINISO has unique strategy of selling product with low price and high quality. Indeed, there are new arrivals every seven days. The low price of the products is explained by the material used, often plastic, which costs less than other materials in general, as well as the place of production which is China, where the production and labour costs are also cheaper than average. MINISO’s quality is the motto of the brand, it is indorsed by the brand itself in its slogan “ten yuan each, quality of life”. This assurance of quality allows the brand to attain economy of scale and significantly improve its marginal advantage. This strategy is therefore very profitable.

SITUATION ANALYSIS
Consumer Analysis: Popular Among aged Between 18 to 35. Usual customers are those who love to bargain or to buy an individual product in the best deal. Customers love products that are trendy but in a cheap price and high quality.

Product Analysis: Pursue a “simple, natural and quality” life philosophy. It offers a wide variety of product such as home necessities, health, and beauty, accessories, sports and gifts, seasonal products, bags, electric products, foods and drinks, in allow-price but high quality.

Market Trend Analysis: MINISO is not well patronized by its locals. Expanding worldwide which means foreigners love the high-end quality of their product. MINISO is now keeping pace with trends as they are upgrading or adding more of them of products.

SWOT ANALYSIS
STRENGTHS
Quality- MINISO provides high end quality product to its end customers.
Creativeness -MINISO offers stylish, unique and special products.
Pricing- MINISO offers low product pricing with high quality products.
Safety – MINISO ensures healthy and safe products.
Environment- MINISO provides natural and environmental Products.

WEAKNESSES
Logo- Similarities of logo to competitors.
Popularity- Unpopular to the Japanese Market.
Products- Competitors offers More Variety of Products.
Lack of E- Commerce – MINSIO lacks in providing e-commerce facility to their customers.

OPPORTUNITIES
Globalisation – MINISO’s first priority is to globalize the brand, look for opportunities to grow the international market of the brand.
New market – Creating new and innovative products that will drive new Market.
Innovation – Considering cultures in making new products and also to expand them globally.

THREATS
Competitors- Serves as an alternative to the competitor.
Logo and Store -Case filed by MUJI and UNIQLO due to logo and store resemblance.
Price and product – Difficulty to differentiate products to top competitor
Store – Customers compares ambience of MINISO stores to Muji and Daiso stores.

MINISO needs to provide better incentives to customers to buy from them as more retail businesses jump on the high quality and low-price trend. MINISO stresses on the importance of product and customer service, but perhaps MINISO’s critical advantage is how it decides to use its offline space to provide convenience, value-added service, and to gather customer data, a unique feature that many new retail stores have yet to implement.

SO (Maxi-Maxi) –
- Good Quality and special products of MINISO help the brand in becoming the global leader as they see business potential in other countries.
- MINISO is considered as the “fast designer” brand in Japan, they always find a way to look for opportunities to Japanese market as well as global markets and be popular with tier products to drive the market.
- By cooperating with international protection organizations and concentration on brand core values, it is easier for the brand to expand and its number of stores because of the brand equity they had established.

WO (Mini-Maxi)-
- To eliminate the idea of brand imitation in the eyes of the consumers when it comes to its brand logo and competitor’s logo, effective strategies in globalizing the brand may serve as solution to educate people about MINISO.
- To expand the number of varieties that MINISO offers, innovation may be applied by means of considering the cultures of the consumers in the different areas.

ST (Maxi-Mini) –
- By applying creativeness in developing new products, brand switching can be eradicated and product differentiation may become easier for consumers
- By ensuring healthy and safety products and materials, MINISO explores the relationship between environment and human civilisation, concerning about the health problems in the community and environment therefore creating trust to the brand inspire of the issues they are facing.
- The core value of MINISO, excellent quality maintains a reasonable balance between lives and improving living goods, the brands can easily gain reputation.

WT(Mini-Mini)-
- MINISO is not contented with the varieties of products they offer, and doesn’t want to consider as an alternative to superior brands, so MINISO emphasises on innovative and adding more products.
- By informing the market and the competitors that the brand did not intentionally copied the logo of the competitors, issue will no longer occurs.
- To remove the hesitation in the market’s perspective in buying products of MINISO should not stand in the idea that MINISO offers low-quality products.

RESEARCH AND DEVELOPMENT SYSTEM
Inspired by the 100 Yen shops in Japan and similar retail concepts in Europe and the U.S., Chinese entrepreneur Ye Guo Fu and Japanese designer Miyake Junya founded the low-cost variety store chain MINISO in 2013. Over the last five years, MINISO has been the fastest-growing retailer in China, according to Euromoniter International. Now,
the company has a global empire of 3,500 stores in 79 countries with total sale Products designed in-house and an efficient supply chain based on bulk purchasing help the retailer keep costs low and allow the retailer to price products between $2 to $5. According to an interview with Cheung Kong Graduate School of Business in the spring of 2017, Ye Guo Fu stated that the company’s gross margin is 8%.

Like others in the variety store sector, the company deprioritizes e-commerce due to its high costs. MINISO has e-commerce facility in China through We Chat etc.

**MINISO FUNDING**

**Summary Metrics**

| Founding Date | 2013 |
|---------------|------|
| MINISO total Funding | $145.6 m |
| MINISO latest funding size | $145.56 m |
| Time since last funding | a year ago, |
| MINISO investors | Tencent Holdings, Hillhouse Capital Group |

MINISO’s latest funding round in October 2018 was reported to be $145.6 m. In total, MINISO has raised $145.6 m

**MINISO CAPITAL RAISED**

https://craft.co/MINISO/metrics
BRAND ANALYSIS

Threat of substitute Products:
MINISO established a product centre to be in charge of the research and development work of all the products. MINISO has 200 professional staff members, and they all travel around the world, to all the fashionable cities, to discover the most promising trendsetting products and ideas. Before, taking into attention our target consumers’ needs and demands and the deliver ability of MINISO, they put forward development proposals for new products. After receiving the proposals, we will decide their feasibility according to our database. Being approved, the proposals will be delivered to Miyake and his international design team to do the design work. MINISO includes simple, unique, pure and plain characteristics of Northern Europe and Japan. This is what establishes the unity of our product design.

Rivalry Among Competing Firms:
When MINISO enters a new country, Company firstly do extensive market research to understand local policies and rules and regulations, cultures and traditions. After entering the market, they will also make proper adjustments in aspects like the product variety according to local demands. However, they will never change our service goal and location selection principles. Change in consumption pattern does not leads to change in consumption needs. Customer needs are always there, and consumers will never tire of shopping in stores. When they truly realize our dream of offering high-quality, low-cost products, and give consumers a relaxing shopping experience, they will definitely welcome our stores. MINISO’s main competitors are DCM Holdings, Izumiya and Chie Imai.

Threat of New Entrants:
MINISO, the truth behind the global brand. China is known as the land of blatant copies and dubious quality. Although things are slowly changing. If you are in mainland china check out the Mo Bikes, a smart bike sharing system. It’s very innovative and is a great example of Chinese innovation. But these kinds of innovation not acceptable in traditional market. After all the Chinese don’t even want to purchase Chinese good. Let’s look at MINISO the Japanese brand, which is really Chinese. Their logo looks like that of Uniqlo. With the simple red box, with sans-serif text. However, MINISO adds a small handle, to make it appear as a bag.

MINISO mentioned on their official page in regards to the origin of the brand, “With the unprecedented prosperity of world economy, luxury brands from western countries are blindly chased by consumers, while low-quality copies are all over the market, which results in customers two extreme consumption pattern. MINISO now has 1600 stores and growing incredibly. It’s now expanded to Hong Kong, Australia, Mongolia, Singapore, Dubai, Malaysia, Vietnam and many more. MINISO based on japan that’s why it represents itself as Japanese, with a global design team. Dealing intelligently and professionally with its customers. MINISO does their best to achieve the position in the industry so it is too hard to any competitor to enter the industry to compete MINISO and gain customer loyalty.

Bargaining power of suppliers and Buyer:
MINISO make global sourcing Global top-class import & export suppliers and manufacturers are sincerely welcome. MINISO chain stores locate in shopping malls, commercial streets, as well as popular casual pedestrian shopping districts.
Therefore, we provide a product line of department store. MINISO have about 50,000 types of products, emerging about 500-1000 types of new products every month. It has always been concentrating on the development of attractive products, and deliver consumers with surprise and desire, thus becoming a casual and popular brand. MINISO constantly welcomes suppliers who owned exclusive and interesting products to join us. Customers have the options to choose among many online stores but MINISO gain customers first choice and loyalty. Including the best products at the lowest prices.

CONCLUSION

In conclusion, MINISO claimed to be a famous Japanese brand, despite operating in Mainland China and had no outlets in Japan. MINISO is the international sponsor of “intelligent consumer products”. Following the philosophy of “simplicity, nature and good quality” and “returning to nature”, it gains popularity among consumers with its designer product at an affordable price. Although it lacks e-commerce facility but even then, it is best store for essential and convenient goods for the end customers. MINISO has unique market strategies which helps it to penetrate in specific market across the globe. It is based on brick-and-mortar model which require intensive management support. MINISO have amazing product design strategy which makes it product unique from its competitors. Although the company has presented moments of difficulty and challenges, one of the most relevant case would be acquisition of copying other brands logo and lack of varieties in products. However, the most important factors that contribute to the overcoming of this challenges were the constant analyse of the environment and the well understand and know of the industry and sector, makes the company improve their practices and solve their situation.

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