Research on the Marketing Strategy of Traditional Brands from the Perspective of New Rtail: A Case Study of MUJI

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Abstract. This paper investigates the marketing strategy of traditional brands in the context of new retail, focusing on the case study of MUJI. As consumer behavior continues to evolve, new retail has emerged as a dominant trend in the modern marketplace. In this dynamic environment, traditional brands face significant challenges, necessitating a reevaluation and adjustment of their marketing strategies to align with the evolving market landscape. The study begins by providing a comprehensive overview of the concept of new retail and analyzes its impact on traditional brands. Subsequently, through an in-depth examination of the MUJI case, we explore how the brand has successfully embraced the principles of new retail to adapt to the demands of the contemporary market. MUJI, with its unique brand philosophy, product design, and shopping experience, offers consumers a distinct shopping experience compared to traditional brands. Furthermore, this paper analyzes various strategies employed by MUJI in the realm of new retail, including the integration of online and offline channels, the application of intelligent technology, and social media marketing. These strategies not only enable MUJI to maintain its core values but also cater to the preferences of modern consumers. In conclusion, this research summarizes key insights derived from the MUJI case study and offers recommendations to assist other traditional brands in effectively addressing the challenges posed by new retail and achieving sustainable growth.

Keywords: Marketing Strategy; Branding; New retail; MUJI.

1. Introduction

MUJI is a Japanese retail brand that emphasizes minimalist design and practicality. The name "MUJI" means "no brand" in Japanese, reflecting the company's commitment to providing basic, high-quality products without frills or extras. In recent years, with the continuous development of Internet and communication technology, MUJI, a traditional brand, has also upgraded and transformed its corporate marketing strategy by using big data and media. This essay is going to discuss and analyze the marketing strategies that are used by MUJI in the context of new retail, which includes several aspects: branding strategies, promotion strategies, social media campaigns, digital marketing and integrated marketing communication.

2. Literature Review

To commence, it is essential to understand the historical context and evolution that laid the foundation for MUJI's brand positioning and strategies. MUJI was established in 1980 by Japanese designer Shunji Isobe as a humble household goods store. The company's commitment to minimalist design and practicality marked a departure from the prevailing trend of excessive packaging and unnecessary embellishments in the late 1970s. In pursuit of its mission to enhance the quality of life for its customers, MUJI's core values revolve around simplicity, functionality, and sustainability.

Furthermore, MUJI's marketing approach leverages the classic 4Ps framework proposed by American marketing scholar Professor McCarthy in the 1960s, encompassing Product, Price, Place, and Promotion. This framework asserts that a successful and comprehensive marketing strategy involves the deliberate placement of appropriate products and services in a specific market, employing fitting pricing strategies, utilizing suitable distribution channels, and employing effective communication and promotional methods. MUJI has consistently adhered to and effectively implemented this theory throughout its journey.

Moreover, it is noteworthy that within the context of new retail, MUJI has adeptly embraced the fusion of online and offline sales channels. This strategic move has not only allowed MUJI to expand its market reach but has also significantly heightened its brand visibility and popularity. This innovative approach aligns with the evolving consumer landscape and underscores MUJI's commitment to adaptability and customer-centricity in the dynamic world of modern retail.

3. Marketing Analysis of MUJI Based on 4ps Marketing Theory

In addition, the 4ps promotion theories helps MUJI better sell their products and what follows is mainly focus on Chinese market. 1) For the placing strategy, in addition to opening the traditional offline stores, MUJI has also established online purchase channels on the network, which greatly facilitates buyers. For one thing, it opens practical stores in malls with potential and high traffic in first-tier cities, and some specific stores also provide coffee shops, ice cream shops and catering services, so that consumers can fully understand the products and services through experiencing on their own. For another thing, MUJI uses China’s electric business platform, including JINGDONG, TMALL, and TAOBAO to set up official website flagship stores, thus providing customers with online shopping channels [1]. 2) For the pricing strategy, MUJI is a medium- and high-end brand in China, which means the price of the product is relatively high compared with other brands of the same type. The price of its products generally would not change as the changes of seasons or promotion but keep a stable price level. In this way, the stability of the brand will be showed, and it also increases the consumers’ trust in the brand. 3) For the promotion strategy, MUJI actually attracts consumers through its brand image. For instance, they attract buyers by creating novel events, products and services and then advertising them in the social media [2]. 4) For the product strategy, their products are famous for their simplicity, nature and practicality. They pursue “de-branding” to attract customers and impress people with the excellent quality of products. What’s more, MUJI ’s products cover many aspects. In addition to the most traditional and classic products, it has even developed coffee shops, ice cream shops, restaurants and hotels to meet the consumer needs of different groups of people. These series of marketing theories greatly stimulate sales of MUJI ’s products.

4. Branding Strategies of MUJI

Moreover, MUJI has its unique and specific branding strategies which include several aspects. Firstly, MUJI ’s brand positioning is "simple and natural daily necessities brand", so it chooses healthy and environmentally friendly raw materials to avoid waste and excessive packaging. At present, it is common to see that many other retails life brand focus on packaging design instead of the quality of products. Excessive packaging with grandiose decoration can only catch the customer's "eye" for a while, but whether they can achieve the purpose of attracting customers for a long time or not is still a big problem. Since the high quality is what the retail industry should pursue at present, MUJI 's simple attitude is worth learning from. By reflecting the unique brand personality and highlighting the differences with competitors, MUJI is able to distinguish from most of the same type of products in the market and win a loyal customers base. Secondly, it’s brand identity plays a significant part in promoting their market competitiveness. To be specific, MUJI 's advertising style has been very simple since its inception and has continued to this day. It uses the concept of "emptiness" to dilute its brand awareness. For instance, in one of its advertisements, there is no clear product information but just presents a seemingly empty container that can accommodate hundreds of rivers, which lead consumers to freely define and interpret MUJI. In another advertising poster with the theme of love, MUJI chooses the color of renewable kraft paper to fit the warm emotional tone, combined with simple patterns, to express that love does not need to be modified, and does not need any extra decoration to beauties: love is a simple and comfortable feeling [3]. MUJI 's advertising has always been designed appropriately, taking into full account the consumer psychology

and needs of the audience, and considering the practical and emotional needs of consumers from a variety of perspectives. Based on the simple and natural brand purpose, MUJI establishes communication and contact with the audience. Such a unique brand identity makes MUJI 's image deeply rooted in people's hearts. Thirdly, the unique selling proposition of MUJI also contributes greatly to its successful marketing. It insists on conveying its natural, casual and simple life philosophy to consumers. In this era of prevailing brand trends, this brand chooses to go against the wind and perfectly play a differentiated brand positioning; therefore, the world is artificially divided into two tiers, one for other brands and the other for MUJI. Furthermore, MUJI has strong brand equity. In detail, MUJI ’s clear “minimalist” brand positioning, unique and memorable slogan and logo make consumers familiar with the brand, thus improving the brand awareness and recognition. When customers want to buy simple and natural necessities, they may naturally think of MUJI. Even though MUJI has never carried out exaggerated marketing publicity in the era of widespread pursuit of “logo”, it still insists on its own philosophy to ensure the unity of the brand. To sum up, MUJI ’s branding strategies are low-key and unobtrusive but convey the brand image to everyone effectively.

5. The Marketing Attempt of MUJI Under the New Retail Framework

Moreover, under the framework of new retail, MUJI has broken the tradition and made many innovative marketing attempts. Firstly, Using the social media to advertise its products has greatly improved the effectiveness of MUJI ‘s marketing. When it comes to the evaluation and analysis of the advertising, the 80/20 rule need to be mentioned. The 80/20 rule means that 80 percent of the orders come from 20 percent of the customers; therefore, to use smaller cost to make the advertising more resultful, the brand need to advertise to specific and target groups. For instance, MUJI focuses on practicality, environmental protection, simplicity and no waste, so its audiences are the people who love the minimalist life, and they are the target groups of MUJI. Take this premise into consideration, when MUJI wants to advertise a pair of socks, it would emphasize that the socks are made from used fabric to appeal to environmental enthusiasts [4]. As a result, these people are more likely to be attracted to the concept of the products and buy it. Besides, MUJI has taken advantage of the free platform of social media. In detail, MUJI ’s online sales increased by 600,000 yen after it tried to post a flash sale advertisement on Twitter since it had the huge number of followers at a very early time [5]. The success of this experiment has made MUJI determined to make good use of social media as a free marketing tool. Furthermore, in order to continuously improve brand awareness and user convenience, MUJI opened its own APP -- MUJI Passport to register member information, push daily activities and consolidate new and old customers [6]. MUJI has also opened an official account to regularly push real-time updates, the latest products, preferential policies to subscribers, so that customers can get the information at the first time. The official account also has a membership card function, which allows users to earn points through daily purchases in exchange for regular-priced goods in the store. This brings consumers a unique and good shopping experience. Secondly, digital marketing and integrated marketing also promote the development of MUJI [7]. For one thing, MUJI 's "Observation" program, which has been in place for many years, allows the development team to visit consumers directly to observe their daily lives and take photos of every product and every corners of the room, which are then submitted for discussion and analysis [8]. Besides, each store staff member is required to summarize her or his own insights and submit them to the development team. For another thing, MUJI 's store layouts and services are seemed to be the same but their guidebooks, working methods, and the layouts change slightly and being constantly refreshed, allowing customers to experience the new changes without being in the way. Additionally, the integrated marketing communication implemented in several frameworks. First of all, attention generation, which means to attract the attention of potential customers by creating a simple and aesthetically pleasing brand image and tagline. The second one is called stimulate interest, which refers to generate customer’s interests in MUJI by highlighting the product features and the brand concepts. The third one is stimulating the potential customer's desire to buy by highlighting the product's high quality,

environmental protection, simplicity and other characteristics. The last one is promoting action, which means to offer discounts and promotions to encourage potential customers to buy MUJI ’s products. Eventually, MUJI has also made a huge breakthrough in cross-field marketing. Take the MUJI hotel as an example, in the face of the increasing consumer demand, the hotel has become an indispensable part of people's daily play and travel, so paying attention to the user experience is obviously very important. Combined with the current society development situation, the era of retail brand crossover transformation has arrived. MUJI has also seized the opportunity, moving from just selling goods to developing a hotel business. To illustrate, MUJI has consistently adhered to its signature minimalist style and has ventured into creating its own themed hotel. This innovative approach is marked by several distinctive features. Firstly, every item within the hotel is sourced exclusively from MUJI's product line, and the decor is predominantly crafted from native wood, cleverly minimizing unnecessary spatial elements through thoughtful design. This immersive, scenario-driven marketing strategy allows enthusiasts of MUJI's aesthetic to authentically immerse themselves in the MUJI lifestyle, thus deepening the brand loyalty of potential customers.

Moreover, in a bid to craft a comprehensive, one-stop shopping experience, MUJI has expanded its offerings to include a restaurant within the hotel premises. Notably, all dishes featured in the restaurant are exclusively sourced from MUJI's offline flagship store, enabling patrons to procure everything they desire directly from the MUJI retail store situated within the hotel complex [9]. This immersive, all-encompassing shopping experience not only heightens consumer affinity towards the brand but also fosters a profound sense of familiarity.

This pioneering experiential marketing model is aptly aligned with the personalized and youthful consumer preferences prevalent in today's era of consumption evolution. It is a testament to the changing landscape of retail, where high-end brands are diversifying into providing everyday consumer services such as hotels and restaurants. While delivering top-notch goods and services, these brands offer consumers a captivating and imaginative journey, leaving them pleasantly surprised by the delightful fusion of quality, creativity, and convenience.

6. The Crisis of MUJI in the Post-epidemic Era

There are various of challenges and opportunities for the further development of MUJI. By using the swot analysis of MUJI, it is reasonable to conclude that there are two challenges in the Chinese market that MUJI has to face in the future.

6.1. The Emergence of Competing Products

On one hand, the landscape of competition in the retail sector is continually evolving. In recent years, a multitude of domestic retail brands in China have risen to prominence, such as NetEase Yanxuan, Xiaomi Youpin, and The Green Party. These brands have been progressively gaining traction in the market and pose a formidable challenge to MUJI's established market share.

The emergence of these domestic competitors signifies the dynamic nature of the retail industry, where new entrants are reshaping the competitive landscape. NetEase Yanxuan, for instance, has leveraged its digital prowess and deep understanding of consumer preferences to offer a diverse range of high-quality products. Xiaomi Youpin, on the other hand, benefits from the loyal customer base of the Xiaomi brand and focuses on delivering innovative and affordable lifestyle products. The Green Party has carved a niche for itself by emphasizing sustainability and eco-friendly offerings.

These emerging brands not only intensify competition but also prompt MUJI to continually innovate and adapt its marketing strategies in response to evolving consumer demands. In this competitive environment, it becomes imperative for MUJI to not only preserve its core values but also explore new avenues for growth and differentiation to maintain its market leadership.

6.2. Overpriced

On the flip side, MUJI's pricing strategy in the current national context presents certain challenges. To elucidate, for consumers with discerning tastes who prioritize image and quality of life, MUJI may not be their first choice. They often opt for more niche products known for their unique qualities, or even turn to luxury goods brands. On the other hand, for the majority of the population, MUJI's price points may appear prohibitive, resulting in a significant number of potential customers perusing the store's offerings only to discover that the prices exceed their budget constraints, leading them to reluctantly return the items to the shelves.

This pricing dilemma highlights the need for MUJI to carefully consider its market positioning and pricing strategy to strike a balance between maintaining its commitment to quality and simplicity while ensuring affordability for a broader range of consumers. Finding innovative solutions to make their products more accessible to a wider audience while preserving their brand integrity is a crucial challenge that MUJI must address in order to sustain its market presence and appeal.

6.3. The Response of MUJI to the Challenge

To solve these problems, MUJI need to make strategic adjustments. First and foremost, it should focus on the improvement of quality. In the current environment, the most important thing is to adhere to their own high-end route instead of opening a large number of stores and laying out the offline line. In other words, MUJI should reduce the growth rate of stores, set up large flagship stores, and use omnichannel for online-offline interactions to sell products, thus better consolidating customer loyalty. Secondly, it should be more aware of the importance of innovation since continuous product innovation helps MUJI stabilize its customer base. Although the development of MUJI in recent years has shown a downward trend, it is undeniable that MUJI still occupies the head position in its own track, which is inseparable from the value created by the brand itself to consumers and the persistence of the brand; therefore, the user value is the key factor for the survival of the brand. Eventually, under the current market environment, MUJI urgently needs to make adjustments and changes, otherwise it will not be able to recover the trend of declining sales and customer loss. However, it is undeniable that MUJI, as a once popular brand, its brand concept and brand equity are still the most powerful weapons for it to regain the market [10].

7. Conclusion

In conclusion, MUJI ’s development path is not that easy. It fully utilizes various advanced, reasonable and effective marketing strategies based on its own specific conditions. Although its success is closely related to the marketing skills, the quality of the product is also very important; therefore, in order to ensure the long-term and stable development of the brand, MUJI still needs to constantly refine its strategies.

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