




## → Uniqlo Comparative Table

### Triad 11

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## The Effects of Vertical Integration on Fast Fashion Supply Chains

						
	Advantages	Disadvantages	Advantages	Disadvantages	Advantages	Disadvantages
Overall Level of Vertical Integration	Key production processes under direct control which enhances coordination and reduces dependency	High transaction/operational costs to manage partners, less flexibility to market changes	Highly vertically integrated allowing for high coordination and high responsiveness to demand	High overhead costs and potential barriers to expansion due to concentration of production	High flexibility in sourcing, low fixed costs, and ability to benefit from bulk ordering	Low ability for oversight and quality control, high coordination costs
Quality Control	High quality control systems, maintained through direct involvement and oversight (Takumi team).	Implementation of Takumi team is resource intensive and requires high training/labor costs.	Directly owned supply chain allows for oversight and ability for quality control	Quality control procedures don't align with focus on time-to-market; could delay distribution.	IT infrastructure and 30 directly controlled production centers to monitor supplier quality	High number of suppliers could lead to product quality issues and difficulty of oversight.
Supply Chain Responsiveness	Uses customer feedback to make product improvements and guide innovation.	Focus on clothing basics, rather than fashion trends, which could present risks in faster demand markets	Leveraged market data and direct control of most of supply chain to reduce time-to-market.	High coordination costs, potential risks to quality control, designs could misalign with demand	Centralized design/planning and focus on seasonal collections allowed low NPD speed.	Slower to market for new trends, presenting risk of missing early demand.
Inventory Levels	Advanced data analytics to efficiently manage stock and create coordination among units	High coordination costs among partners to manage inventory, especially for online sales	Low inventory levels due to quick stock turnover and monitoring demand.	High risk of missing demand and losing sales if unforeseen fluctuations occur.	Economies of scale due to bulk ordering and longer shelf lives of products	Risk of excess inventory leading to forced markdowns of products.
Market Adaptation	Standardized products allow for expansion into new markets without changing core product.	Scalable in current markets but risks in expansion; risks in adapting to new market trends	Low transaction costs, low bargaining costs and high coordination abilities	Highly localized supply chain which presents risk for market expansion	High scalability due to diversified supplier base and experience with varied manufacturers	Risks in maintaining uniform quality and company culture across markets

# → Transaction Costs in the Apparel Supply Chain

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