



Case Study: End-to-end solutions

# Uniqlo: Driving Efficiency with Automation

Streamlining global logistics operations.

## PROJECT SUMMARY

### LOCATION

Oceania

### INDUSTRY

Merchandise & Apparel

# With the rapid growth of Uniqlo Australia's operations, they needed to assess their leasing options and understand the most efficient way to move forward.

## Client Challenges

As Uniqlo's Australian operations experienced rapid expansion, the company faced critical challenges in its supply chain strategy. Initially operating under a third-party logistics (3PL) model with multiple service providers, Uniqlo's senior management recognized the need for a shift to a directly leased distribution center model to maintain better control over its operations.

However, the transition was far from straightforward.

### Inadequate site options

Uniqlo engaged traditional real estate service providers to conduct an initial site search. However, none of the proposed locations met the stringent operational and probity requirements set by Uniqlo's global headquarters in Japan.

### Automation and infrastructure misalignment

As a global retailer with a strong focus on automation, Uniqlo had an established partnership with an automated systems provider. However, the conventional market approach used before TMX's engagement failed to consider the specialized building requirements necessary to house this advanced automation technology. Additionally, critical factors such as truck movements and site configuration were overlooked.

### Time-sensitive facility procurement

The urgency of securing a suitable distribution facility was heightened by looming contract expirations with existing 3PL providers. Uniqlo had no intention of extending these contracts, creating a firm deadline for procuring and transitioning to a new facility.

## Approach

TMX addressed Uniqlo's challenges by:

- Comprehensive review of pre-existing concept design and automation solution.

- Closed expression of interest (EOI) process conducted on a confidential basis with multiple site tours with all global stakeholders.
- Risk assessment and due diligence on short listed sites and final site recommendations.
- Production of technical design brief in consultation with strategic global development partner and automation contractor.
- Tender and final award of developer.
- Project delivery including building and automation integration.

## Solution

TMX were able to deliver a number of significant outcomes for Uniqlo, including:

- Fully considered and documented design ensuring **seamless integration of automation solution.**
- **Face rent achieved 8% below market.**
- **Incentive secured 30% above market.**
- **10-year lease term** secured when the market was demanding 15 for a facility of this scale.
- **Preferred site** secured on the most competitive terms of all tenderers.
- All fit-out (excluding automation) documented as base building, **mitigating future make good risk** for Uniqlo.
- **8 weeks early access** achieved for final automation fit-out and commissioning.
- **All critical dates were achieved**, even with the project taking place during Covid Lockdown in Melbourne, Australia, the longest lockdown in the world, eliminating the requirements for costly 3PL agreement extensions.

## Transform your supply chain

TMX Transform is an end-to-end supply chain consultancy, providing expert advice and practical, innovative solutions to businesses globally.