



FACULTAT D'ECONOMIA i EMPRESA
Universitat Rovira i Virgili

MASTER'S DEGREE IN INTERNATIONAL MARKETS

MASTER'S THESIS:

STRATEGIC MARKET SELECTION FOR GLOBAL EXPANSION: ASSESSING
UNIQLO'S POTENTIAL ENTRY INTO MOROCCO

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Reus, June, 2025

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Abstract

This study examines the international market selection strategies that the companies adopt when deciding to expand into a new foreign market, focusing on applying structured tools such as the CAGE framework and the SWOT analysis. This study uses a qualitative approach based on a case study to assess the suitability of the Moroccan market for Uniqlo's expansion. This approach was considered appropriate as it allows for the analysis of a phenomenon within a real-life context especially when it cannot be separated from its context.

The analysis is based on two frameworks that complement each other. The CAGE framework (Ghemawat 2001) which is one of the most commonly used tools for assessing companies in the market selection. It focuses on examining four key dimensions that influence the market entry success: cultural, administrative, geographic and economic distances between the targeted market and the company's home market, in this case, Morocco and Japan. A SWOT analysis (Gürel & Tat, 2017) which helps Uniqlo evaluate not only external factors which are the opportunities and threats present in the Moroccan market, but also internal factors that are the company's strengths and weaknesses.

These two frameworks allow to form a clear idea on the suitability of the Moroccan market as a new foreign destination for Uniqlo. The results obtained shed light on the opportunities as well as challenges that Uniqlo could encounter when deciding to take the step of entering the Moroccan market. These findings are synthesised and their implications interpreted reflecting Uniqlo's broader internationalisation goals.

This study highlights the important role that contextual adaptation plays in international market selection and entry strategies. Morocco is not just a promising new market but also a test case that could guide Uniqlo in expending in other African and Mediterranean emerging economies. The company's global strengths paired with a strong understanding of the local market would help Uniqlo further expand internationally while still remaining socially responsible and respectful of local cultures.

Key Words: International Market Selection, CAGE Framework, SWOT Analysis, Fashion Industry, Uniqlo.

Acknowledgment

I would like to thank my supervisor Professor Luis Díaz Serrano, as well as all the professors for their support and guidance. I would also like to express my gratitude to my family for their encouragement, and to everyone who has contributed to this work.

1. Introduction

1.1. Background

Within the framework of the globalized economy, entering international markets provides new valuable opportunities for business growth and gaining competitive advantages in comparison to the local market. Choosing an international market involves many steps and the consideration of several variables, all of which can make the entire process rather challenging. This process is an element of operations that firms need to get right (Kay, 1993; O'Farrell & Wood, 1994; Papadopoulos & Denis, 1988), since it directly influences a firm's long-term success and sustainability in foreign markets, as entering an unsuitable market can result in financial losses and reputational damage (Morrison, 2020).

Along with the opportunities that globalization has introduced as a result of increased market interconnectivity, various challenges emerged. Companies still face substantial barriers such as cultural distances, economic conditions, regulatory factors, and geographic constraints (Ghemawat, 2001). If the process of selecting an international market is not done correctly due to a lack of assessment of these factors, the companies may face a low consumer acceptance, logistical inefficiencies as well as regulatory restrictions. For example companies that choose to expand into countries that are politically unstable usually struggle with regulatory shifts which may affect their long term success. Hence the importance of adopting a strategic approach to select a market, that will minimize these risks (Cuervo-Cazurra et al. 2023).

Unlike industries like pharmaceuticals and technology, where standardization is doable since the companies sell their products in different foreign markets without the need to make any big changes, the fashion industry presents challenges as the companies must adapt their products based on various factors such as consumer preferences, supply chain integration and cultural trends. Since the fashion industry is a competitive sector and in order for companies to differentiate themselves from other competitors, they should tailor their products selection to better match the preferences, needs, and cultural aspects of the market as well as adopting a unique marketing strategy. Among fashion companies that managed to achieve a successful international expansion, are Zara and Uniqlo. Both of these companies conducted a market attractiveness analysis before entry. Several studies imply that a strategic approach where market assessment and cultural considerations are incorporated could be beneficial for successful international expansion (Woo & Jin, 2014).

Digitalization is considered as another major factor that plays an essential role in the market selection process. E-commerce made it easier for companies to test new markets before aiming for a physical entry, without making a big investment. Although digital platforms help companies evaluate demand, consumer preferences as well as how competitive the market is, it is essential to have a well structured traditional market selection strategy to achieve long-term internationalization success.

1.2. Challenges and Considerations in International Market Selection

Before making a decision on which market to choose, companies must analyse the challenges that accompany the expansion on each of these markets to ensure long term success. One of the main challenges is the adaptation to the culture of the hosting country. Companies that do not adapt their products to the consumers preferences are likely to suffer from poor brand acceptance and low market penetration. Purchasing decisions are highly influenced by various factors like buying habits, pricing sensitivity as well as fashion trends in which social media plays a significant role (Muturi, 2024). These factors vary across regions. By adapting its strategy to the local market, a company will gain customer loyalty and have a stronger competitive presence (Rane, Achari, & Choudhary, 2023).

Another significant factor that should be taken into consideration is regulatory and legal frameworks. Each country has its own laws and regulations in terms of investment, such policies pertain to trade, industry related restrictions, and import regulations. The non-compliance with local laws and regulation may have consequences such as legal disputes, fines, or even the loss of the license to operate in the foreign market (Airsift, 2023). To ensure alignment with local laws, it is imperative that businesses develop pre expansion strategies that guarantee compliance with local regulations to mitigate the potential consequences.

The market attractiveness could also be determined by two important factors which are the market demand and the economic stability. Countries that have high inflation rates, shifting economic policies, and unstable currencies pose risks to businesses especially in industries that rely on predictable supply chains or pricing structures (Andrian tomanga, Bolhuis, & Hakobyan, 2023). Hence the importance of understanding the economic climate of the market as it allows the companies to adapt their financial plan, supply chains logistics, and their pricing strategy accordingly.

It is also relevant to shed light on the influence that competition and market saturation have on the feasibility of new market entrance. Since the fashion industry is considered as a highly competitive sector, companies must differentiate themselves from other

competitors through adopting sustainable approaches, innovating and adapting their marketing strategies to local customers (Ghahroudi, 2018). Entering a highly competitive market may make it difficult for companies to gain market share unless they introduce unique value propositions.

Management of logistics as well as supply chain must also be considered while selecting a market. Companies should ensure a sufficient product distribution, manage transportation charges and source reliable suppliers to be able to maximize profit (Usui, Kotabe, & Murray, 2017). Deciding to expand into a geographically distant market may have a negative impact on the product availability since it will take longer to reach the destination country, and may also increase operational expenses.

Analysing these challenges and using frameworks dedicated to international market selection, such as the CAGE framework and the SWOT analysis allow companies to develop a well structured market entry strategy that will optimize growth and minimize risks. These strategic tools will be further explored in the next sections of this study and will be applied to Uniqlo's potential expansion into the Moroccan market.

Research Objectives and Questions

This study's purpose is to examine the international market selection strategies that the companies adopt when deciding to expand into a new foreign market, focusing on applying structured tools such as the CAGE framework and the SWOT analysis. The present research will address the questions given below:

1. What importance does strategic market selection have in the process of international business expansion?
2. How can the CAGE framework be used in assessing the Moroccan market attractiveness for Uniqlo?
3. How could the SWOT analysis contribute to examining Uniqlo's expansion plans in Morocco?
4. What conclusions can be drawn from the use of these frameworks in international marketing selection?

2. Literature Review

2.1. Structured Frameworks and Their Importance in Academic Research

In academic research, structured frameworks have a huge importance due to their systematic way in assessing the selection of an international market. If companies only depend on intuition without following any structured process, this will result on some inconsistent results. The researchers Root (1994) and Johansson (2000) are among who stressed the importance of applying systematic models in market selection combining quantitative and qualitative factors. These models help companies categorize potential markets based on various key determinants such as the market size and its potential to grow, competitiveness, and political stability. These structured frameworks enable companies to make highly informed choices aligned with their strategic objectives.

2.1.1. The Justification of Market Selection Models in International Business Theory

Theory of international business provided the rationale for the application of structured models of market selection. Dunning (1980) argues through his work "The eclectic paradigm" that companies consider, when choosing a foreign market, the advantages of ownership the location and internalization. The institutional theory (North, 1990) also focuses on how cultural institutions and regulations affect the market selection decision making process. Williamson (1975) recommends in his work "Transaction cost economics" that companies should do a cost-benefit analysis of possible markets. Companies should evaluate various factors like barriers to market entry, economic conditions and competition dynamics while decide which market are most suitable to expand into. Although the transaction cost economics does not directly focus on structured model for market selection, it stresses the importance of assessing transaction costs when making decisions which is relevant in the case of selecting a new foreign market.

2.1.2. The Key Studies on Structured and Intuitive Market Selection Approaches

A comparison has been made ,by several studies, between the systematic and the intuitive market selection methods. Papadopoulos and Denis (1988), argue that in terms of minimizing uncertainty, structured approaches are more powerfull than intuitive approaches that are influenced by management bias. Andersen and Buvik (2002)

also show that a company that employs frameworks such as CAGE (Ghemawat, 2001) and SWOT analysis achieves a superior market selection outcomes in comparison to a company that only rely its management judgment.

There are also studies that recognize the importance of managerial experience and intuition when selecting a market, such as the one by Maitland and Sammartino (2015). This research assumes that even though systematic models provide a good baseline, management intuition can add value to decision making through the inclusion of tacit knowledge and real world insights, thus the importance of having the right balance between the strategic flexibility and the systematic analysis while selecting an international market.

The structured frameworks play an important role in the process of international market selection as they offer a systematic approach that allows companies to determine which market is most suitable for them. Based on international business theory, these models help companies to assess market potential in an effective way while reducing risk. The intuitive methods possess merits but the literature firmly backs the use of structured market selection as a more precise and objective method of selecting and identifying international markets (Papadopoulos & Denis, 1988).

2.2. Market Selection Frameworks

One of the most complex and crucial decisions that a company should make when intending to expand internationally is the selection of the right foreign market. To do so, a company can use various frameworks allowing it to evaluate different internal and external factors (Papadopoulos & Martín, 2011).

2.2.1. CAGE Framework

The CAGE framework is considered as one of the most used tools that assesses companies in the market selection by evaluation distances between the domestic market and the targeted market. It was developed by Pankaj Ghemawat in 2001 and it focuses on examining four key dimensions that influence the market entry success. These dimensions are the cultural distance, the administrative distance, the geographic distance and the economic distance (Ghemawat 2001):

- **Cultural distance:** It includes cultural differences –such as the language, societal values and customer preferences– between the home country and the target country.

- **Administrative distance:** This could be explained by factors like the differences between the political systems of the two countries, the trading policies as well as the regulatory environments.
- **Geographic distance:** The actual physical distance, the infrastructure, the climate and the time difference are all factors that should be evaluated while selecting a potential new market.
- **Economic distance:** the market size, the difference in the level of incomes and the economic stability are among the factors that influence the pricing and the demand.

Each of these dimensions can be further detailed as follows:

Table 1: The CAGE Framework

Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
Attributes Creating Distance			
Different languages	Absence of colonial ties	Physical remoteness	Differences in consumer incomes
Different ethnicities; lack of connective ethnic or social networks	Absence of shared monetary or political association	Lack of a common border	Differences in costs and quality of the following: <ul style="list-style-type: none"> • Natural resources • Financial resources • Human resources • Infrastructure • Intermediate inputs • Information or knowledge
Different religions	Political hostility	Lack of sea or river access	
Different social norms	Government policies	Size of country	
	Institutional weakness	Weak transportation or communication links	
		Differences in climates	
Industries or Products Affected by Distance			
Products have high-linguistic content (TV).	Government involvement is high in industries that are <ul style="list-style-type: none"> • producers of staple goods (electricity), • producers of other "entitlements" (drugs), • large employers (farming), 	Products have a low value-of-weight or bulk ratio (cement).	Nature of demand varies with income level (cars).

Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
	<ul style="list-style-type: none"> • large suppliers to government (mass transportation), • national champions (aerospace), • vital to national security (telecommunications), • exploiters of natural resources (oil, mining), and • subject to high-sunk costs (infrastructure). 		
Products affect cultural or national identity of consumers (foods).		Products are fragile or perishable (glass or fruit).	Economies of standardization or scale are important (mobile phones).
Product features vary in terms of size (cars), standards (electrical appliances), or packaging.		Communications and connectivity are important (financial services).	Labor and other factor cost differences are salient (garments).
Products carry country-specific quality associations (wines).		Local supervision and operational requirements are high (many services).	Distribution or business systems are different (insurance).
			Companies need to be responsive and agile (home appliances).

Source: Adapted from Pankaj Ghemawat (2001)

2.2.2. SWOT Analysis

“SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the external threats to its future” (Thompson et al., 2007: 97). Unlike the CAGE framework, SWOT analysis helps companies evaluate not only external factors which are the opportunities and threats present in the targeted market, but also internal factors that are elaborated in terms of its own strengths and weaknesses. SWOT analysis is one of the mostly used tools that allow companies to evaluate their level of readiness by examining the following factors:

Internal Factors

- **The strengths:** It is what makes the company different from other competitors like having a strong brand and offering unique products.
- **The weaknesses:** These are areas where the company should improve since they limit the company's ability to exploring new markets, such as a bad brand image and a limited local expertise.

- **The opportunities:** These are favourable external factors that promote expansion, such as the market's potential to grow and advantageous trade agreements.
- **The threats:** It includes external factors that could harm the company, such as strong competition, economic instability and regulatory restrictions.

Figure 1: SWOT Analysis Model



Source: Paschalidou & Tsatiris (2021)

3. Methodology

This study uses a qualitative approach based on a case study to assess the suitability of the Moroccan market for Uniqlo's expansion. A case study approach was considered appropriate as it allows for the analysis of a phenomenon within a real life context especially when the phenomenon cannot be separated from its context (Yin, 2018). This method helps to conduct a thorough evaluation of the factors needed to be taken into consideration by Uniqlo, using various data sources to offer a complete analysis.

3.1. Research Design

A case study approach was used since it allows for the analysis of complex decision-making processes carried out by companies when expanding internationally. Uniqlo entering the Moroccan market is a contextualised case where multiple factors come into play, and the case study approach provides a comprehensive understanding of how these factors influence each other (Saunders, Lewis, & Thornhill, 2019). This study

focused on a single case, allowing for deeper analysis of both the opportunities and the challenges that come with entering the Moroccan market.

3.2. Data Collection

This research is based solely on secondary data. This is appropriate for exploratory case studies where collecting primary data is not possible due to time and access limitations as well as resource constraints (Johnston,2017). The sources of Data used in this study include:

- Academic literature like books and reports on internationalisation strategies
- Company reports including Fast Retailing and Uniqlo reports related
- Industry report from reliable databases such as Statista
- Government and financial data from local and international bodies such as the World Bank

These secondary data sources helped build a comprehensive understanding at both macroeconomic and microeconomic levels, due to the wide range of information available.

3.3. Analytical Framework

The analysis is based on two frameworks that complement each other:

- CAGE framework (Ghemawat 2001): one of the most commonly used tools for assessing companies in the market selection. It focuses on examining four key dimensions that influence the market entry success: cultural, administrative, geographic and economic distances between the targeted market and the company's home market, in this case, Morocco and Japan.
- SWOT analysis (Gürel & Tat, 2017): helps Uniqlo evaluate not only external factors which are the opportunities and threats present in the Moroccan market, but also internal factors which are the company's strengths and weaknesses.

The use of these two frameworks together provides a comprehensive analysis since both environmental and company-specific factors are evaluated.

3.4. Limitations

Since the study uses only secondary data, this could have some limitations as some data may not be available, accurate or up to date affecting the precision of the analysis. In addition to that, the qualitative approach adopted in this research allows to obtain specific results related directly to the case of Uniqlo rather than generalised findings that could be applicable to different cases in the fashion industry (Saunders et al, 2019). But this

method is still considered very appropriate, since the objective of this study is to explore possibilities and offer guidance.

4. Industry and Market Overview

In this section the global fashion industry as well as the Moroccan fashion market are examined to provide a contextual foundation for the evaluation on Uniqlo's potential entry to Morocco. This part includes an overview of the global fashion industry as well as the Moroccan fashion market.

It is important to mention the difference between the terms apparel market and fashion industry. The first one only focuses on clothing while the second one includes also footwear and accessories. The two terms are often used interchangeably but this thesis focuses on the apparel market since Uniqlo is mainly a clothing brand. The fashion industry will be broadly referred to for contextual purposes and to determine global trends.

4.1. Global Fashion Industry Landscape

The fashion industry is a dynamic sector that continues to grow and evolve over the years due to the consumer's behaviour, the socio-economic factors, the technological development as well as sustainability demands. In 2025, the industry is following the same path as the few past years and still expanding and recovering from the effects caused by the Covid 19 Pandemic. It is currently valued at approximately \$1,84 trillion contributing by around 1,63% to the world's GDP, and expected to keep evolving and reach an annual growth rate of 2,64% between the years 2025 and 2029 (CAGR) (Statista, 2024a).

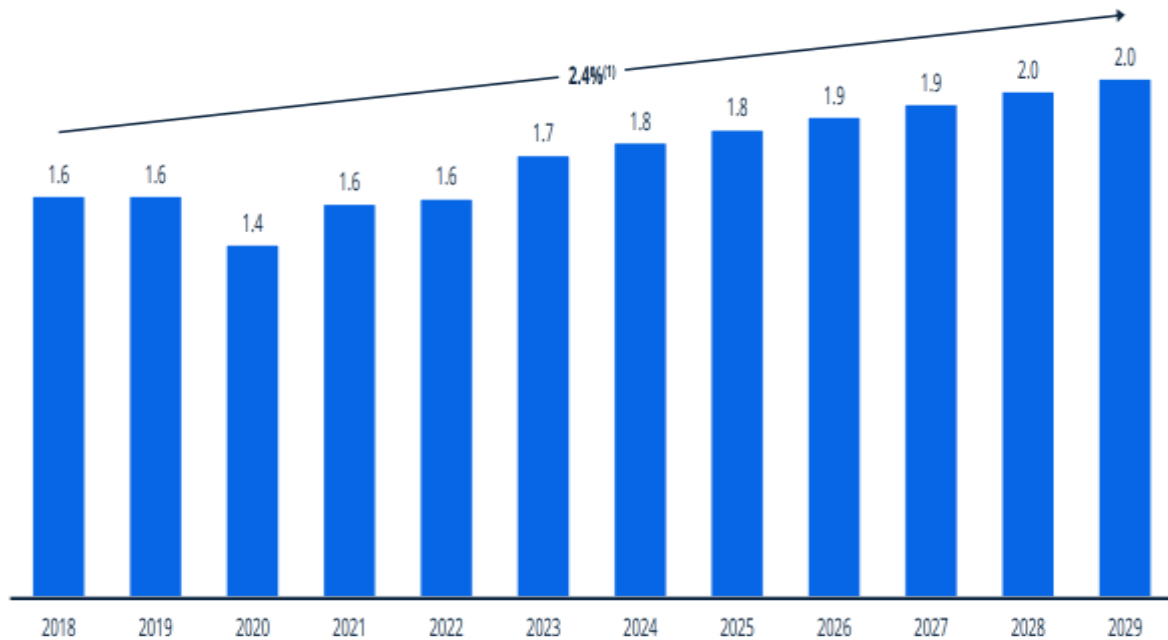
Global Trends

- **Sustainability:** Brands are more aware of the serious impact of their acts on the environment, their activities contribute by 2-8% in the global greenhouse gas emissions and it consumes 215 trillion litres of water (UNEP, 2024). This is pushing brands to shift towards the use of biodegradable packaging as well as recycled materials (McKinsey & Company, 2024). Brands using circular economy concepts contributes in minimizing waste by encouraging recycling, rental, and resale initiatives (Ellen MacArthur Foundation, 2021).
- **Digital Transformation:** E-commerce is becoming a trend in the last few years among fashion brands that are making majors investments in this sector as well as in virtual fitting rooms and Artificial Intelligence tools dedicated for personalization.

Procedures such as the optimization of the supply chain and trend forecasting using big data is becoming more common. Social media is also playing an important role in marketing and engaging customers through platforms like Instagram and Tiktok (Forbes 2023; Business of Fashion & McKinsey & Company, 2023; Haque, Shaik, & Borbely, 2024).

- **Fast Fashion and Conscious Consumption:** Fast fashion is still knowing a big success due to its fast production and affordability, however, and throughout the last years, slow fashion is becoming more popular, especially among younger generations who are giving more importance to ethical labour practices, quality and sustainable sourcing (Güven & Yakın, 2023).
- **Omnichannel Retailing:** This strategy aims to create a seamless and effortless customer experience across all touchpoints, through the integration of different sales and communication channels (online and physical stores). Among different services available, there is the Click-and-Collect that allows the customer to make their purchase online and pick it up in-store as well as virtual try-ons. Adopting this strategy makes shopping more convenient and enhances the brands loyalty (Thaichon, Quach, Barari, & Nguyen, 2023).
- **Globalization and Localization:** Brands are becoming more able to create a balance between tailoring their products to the local preferences while using global supply chains which ensures regional relevance while still preserving the brands' global identity (Sinha, 2022).
- **Digital Innovation:** New technologies are revolutionizing product development and transparency in the fashion industry. Examples include digital design software, 3D printing, and blockchain for traceability (Sayem, 2023; Badhwar, Islam,& Tan, 2023).

Figure 2: Worldwide Apparel Revenue from 2018 to 2029 (forecast in trillion U.S. dollars)



Notes: (1) CAGR: Compound Annual Growth Rate

Source: Statista (2024a)

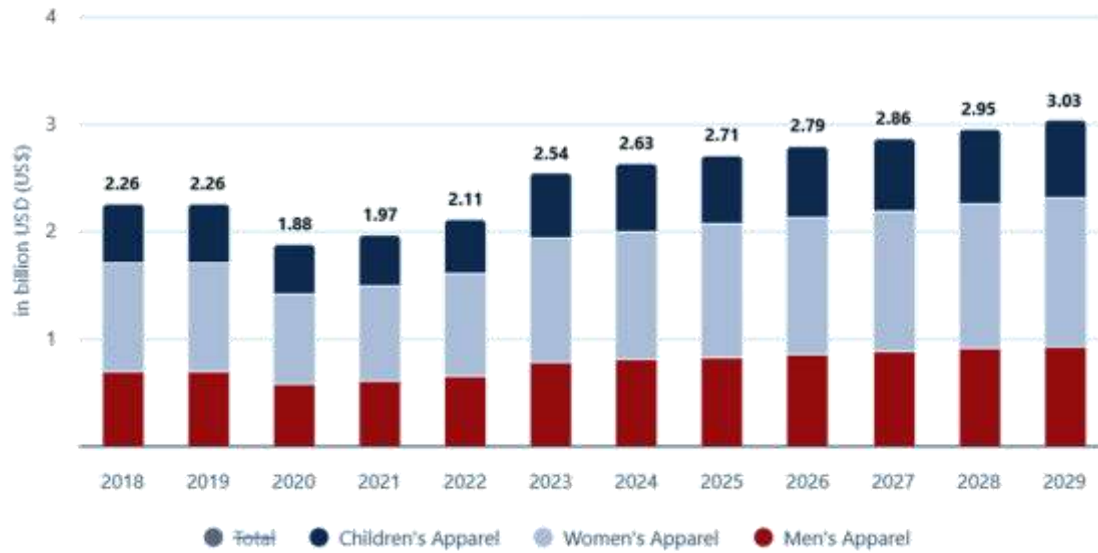
4.2. Morocco's Fashion Market Overview

Morocco's strategic location, linking Africa to Europe, paired with its young population, the increasing urbanization as well as the digital adoption make it an appealing target for various fashion brands.

Market Size and Revenue

The Moroccan's apparel market's revenue is projected to generate approximately \$2,71 billion in 2025, with an annual growth rate of 2,79% (CAGR 2025-2029) (Statista 2024b). Various factors are behind this growth, such as the increasing demand on international brands the augmentation of disposable income as well as the shifting in lifestyles.

Figure 3: Morocco's Apparel Market Revenue from 2018 to 2029

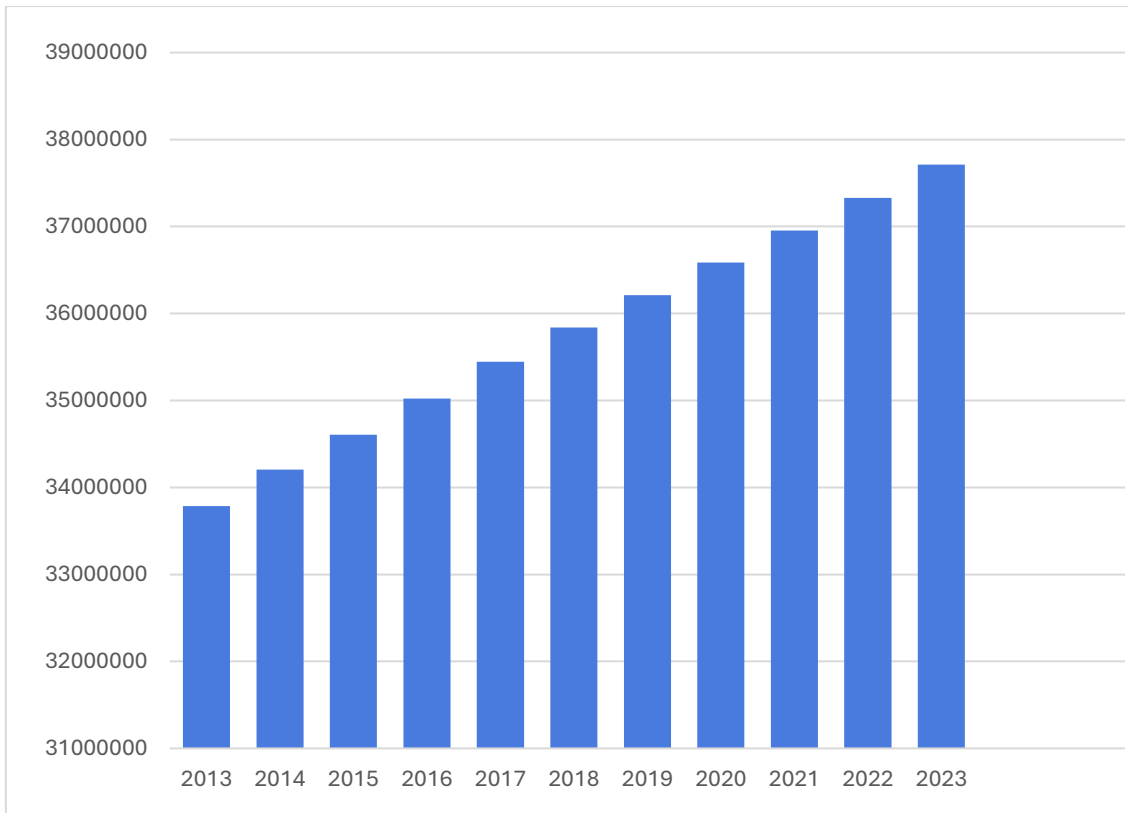


Source: Statista (2024b)

Morocco's demographic characteristics

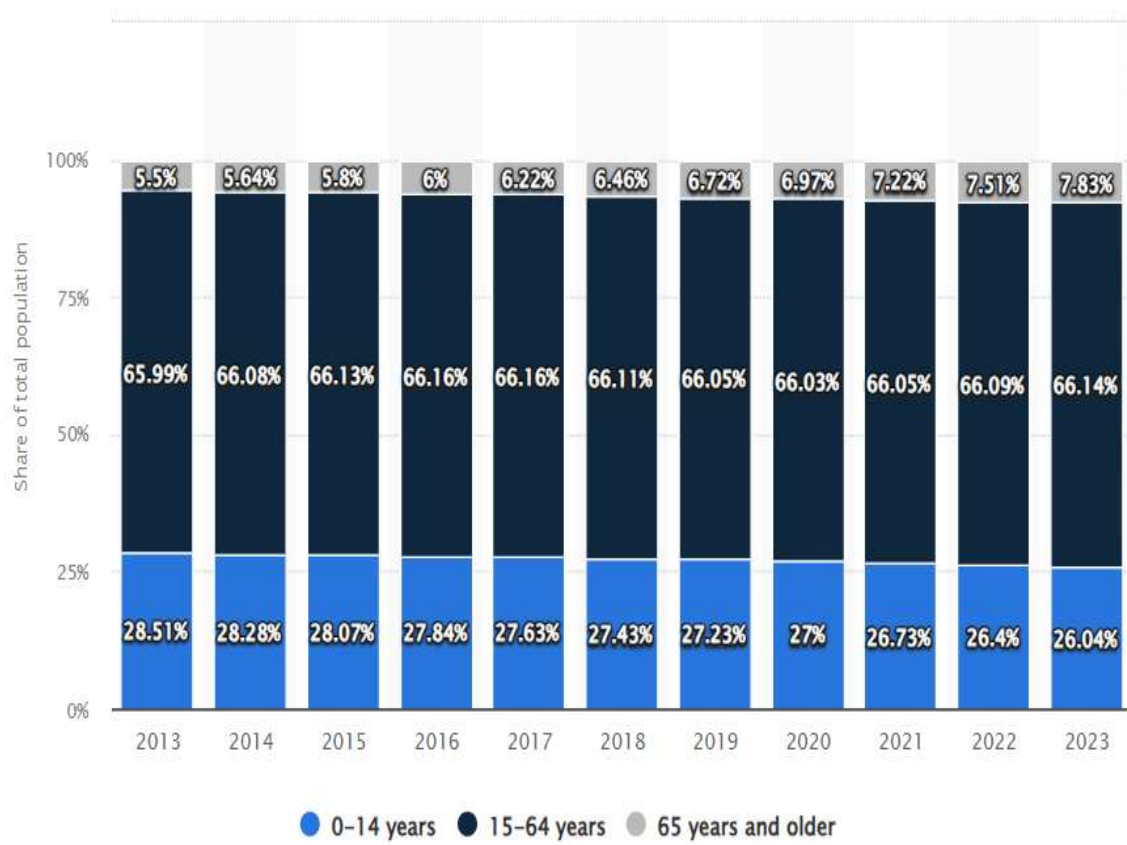
One of the reasons behind the increasing demand over international fashion brands in Morocco is its demographic composition. In 2023 Morocco's population was around 37,71 million (World Bank, 2024a). It is characterized by a young customer base as the median age is about 29,5 in 2024 (United Nations, 2024a). 41,71% of the population is below the age of 25 (United Nations, 2024b). The rising in the urban population also plays an important role, reaching a percentage of 65% in the year 2023 (World Bank, 2024c) with an annual growth of 1,8% (World Bank, 2024d). This population concentrates mostly in big cities such as Casablanca and Marrakesh that play an important role in fashion retail. There is also the impact of the growing middle class due to the rise in incomes as well as the changing in lifestyles and customer preferences that has been influenced by the global trends introduced to Moroccans via social media. Young customers tend to gravitate towards affordable urban streetwear with modest fashion still being strongly preferred (Arab America, 2024).

Figure 4: Morocco's Total Population from 2013 to 2023



Source: Created by the author using data from World Bank (2024a).

Figure 5: Morocco's Age Structure from 2013 to 2023



Sources: Statista (2025a)

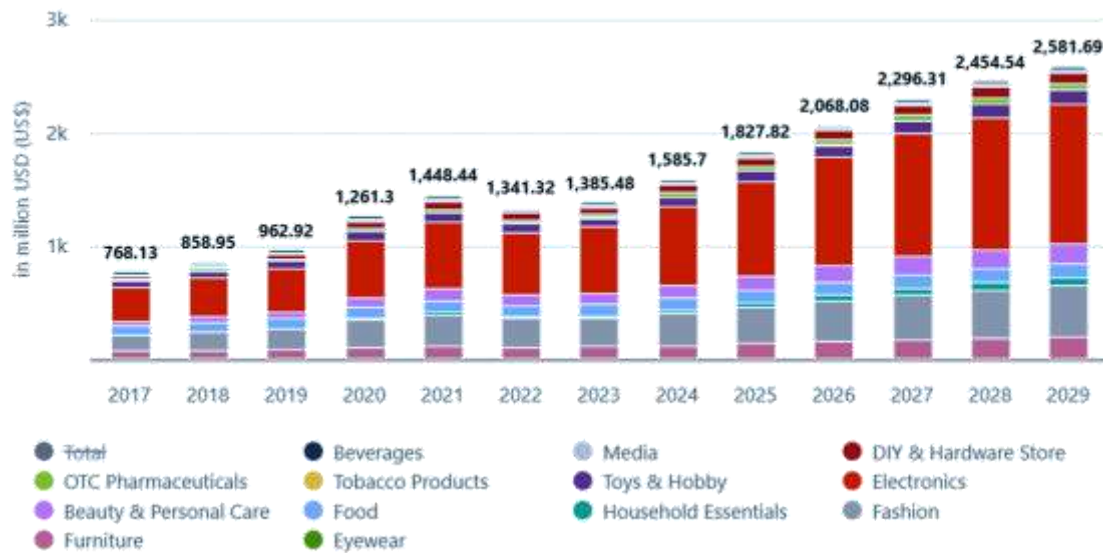
E-commerce and Retail Landscape

Morocco is considered as one of the most digitally connected countries in the African continent with an internet penetration rate of 92,2% in 2025. This digital openness reshaped the consumer behaviours and helped in the digital expansion in Morocco (Statista, 2025b).

The revenue of the Moroccan e-commerce market is expected to reach US\$2,58 billion by 2029, with fashion representing 17,71% of this revenue (Statista 2024c).

The majority of e-commerce transactions are conducted by young consumers using smartphones and digital payment is increasingly adopted due to fintech innovation and the Moroccan government initiatives, which permits a broader online access.

Figure 6: Morocco's E-commerce Market Revenue from 2017 to 2029



Source: Statista (2024c)

Competitive Landscape

Morocco's fashion market is diversified with the presence of both local and international brands that operate primarily in big cities like Rabat and Casablanca.

International brands such as Zara and Mango, have a good brand image and established distribution networks. Brands such as Bershka, Pull&Bear, and the online retailer Shein are also popular, especially among young consumers (Gen Z) (Ribeiro Daquila 2024). Luxury brands like Louis Vuitton and Gucci are present too in the Moroccan market. As for local brands, Diamantine and Marwa are the most known in Morocco. They offer fashionable clothing with a traditional touch (Echabouch, 2021).

5. Case Study: Uniqlo's Potential Entry into the Moroccan Market

In this section, an evaluation of Uniqlo's potential entry into the Moroccan market is conducted through the application of the two theoretical frameworks previously mentioned, which are the CAGE framework and the SWOT analysis. This case study provides a detailed examination of the degree of suitability of Morocco as a potential market as well as Uniqlo's global positioning.

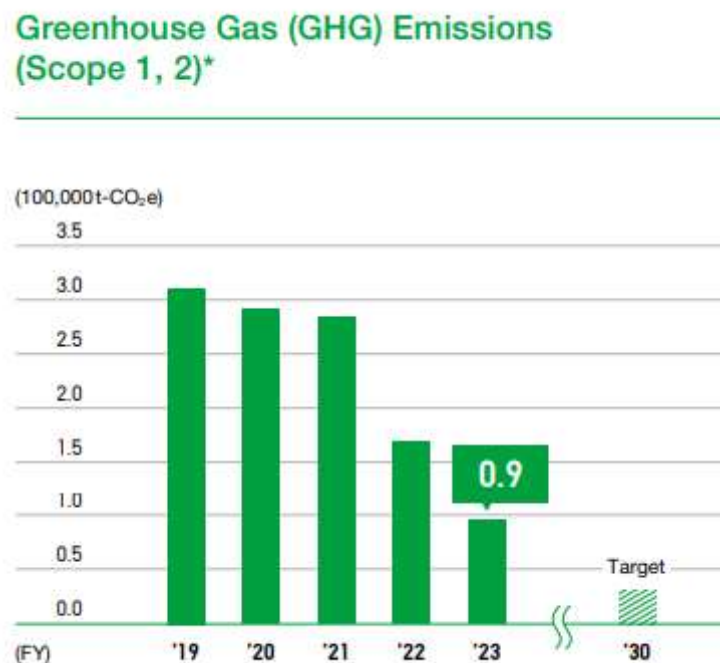
5.1. Company Overview

Uniqlo's History

Uniqlo is a subsidiary of the Japanese company Fast Retailing. It was established in Hiroshima in June 1984 and started at first as a manufacturing company in Yamaguchi in 1949 (Uniqlo, n.d.). It was initially a casual clothing shop named “Unique Clothing Warehouse” and now it is known as Uniqlo which became a global company with more than 2500 shops over the world (franchises included). It is mainly present in Asia, North America, and Europe (Fast Retailing, 2025a).

Uniqlo's business is based on the concept of “LifeWear” which refers to the production of minimalist clothes that are high quality yet still affordable. It focuses on simple, diversified designs that are timeless which increases cost efficiency and minimizes waste, unlike other competitors such as H&M and Zara that are mainly driven by trend rather than sustainability (Business of Fashion & McKinsey & Company, 2024).

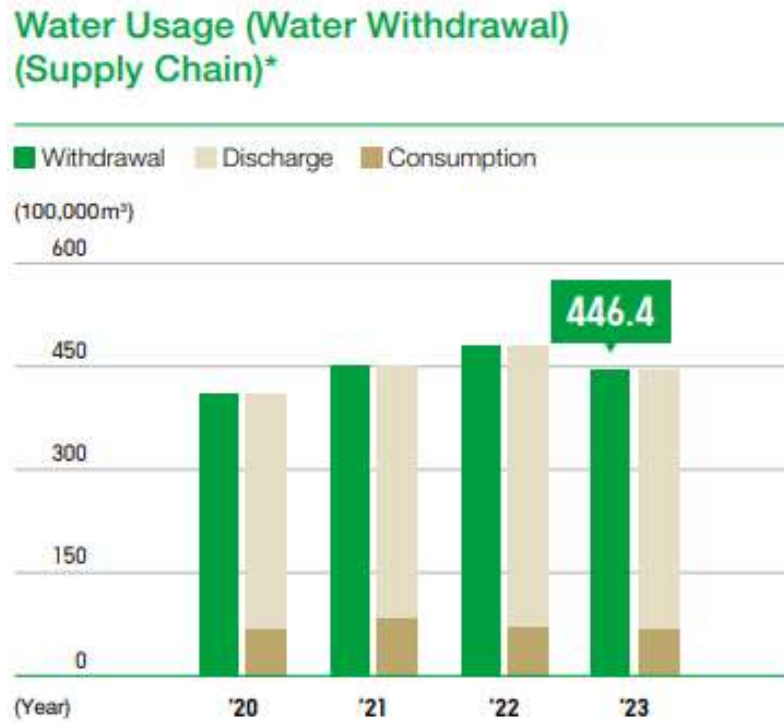
Figure 7: Uniqlo's Greenhouse Gas Emissions from 2019 to 2023



*Scope 2 is calculated on a market base.

Source: Fast Retailing, (2024a)

Figure 8: Uniqlo's and GU Water Usage from 2020 to 2023



*Target: UNIQLO and GU garment factories and fabric mills. To date, we have only disclosed the amount of water usage (water withdrawal) but we are now disclosing separate figures for water withdrawal, discharge, and consumption for more precise readings of actual conditions. Past data has been revised by expanding scope and adjusting calculations as necessary.

Source: Fast Retailing, (2024a)

Uniqlo's Industry Standing and Market Position

Uniqlo (Fast Retailing) occupies the third place as the largest apparel retailer in the year 2024, surpassing Gap and coming right after Zara (Inditex) and H&M (Fast Retailing 2024b). This improvement is due to its further expansion in Asia, the change that occurred on customer preferences after the Covid-19 pandemic—as people prefer, nowadays, long lasting and functional clothing—as well as the use of innovative technologies such as AIRism breathable materials and HEATTECH thermal wear which allows Uniqlo to distinguish itself from other fast fashion brands (Fast Retailing, 2025b).

Table 2: Uniqlo's Global Store Distribution by Region (2025)

Units: Stores	As of February 29, 2024	As of May 31, 2024	As of August 31, 2024	As of November 30, 2024	As of February 28, 2025
UNIQLO Operations	2,469	2,495	2,495	2,541	2,513
UNIQLO Japan*	800	798	797	803	792
Directly-operated	790	788	787	793	783
Franchise stores	10	10	10	10	9
UNIQLO International	1,669	1,697	1,698	1,738	1,721
Greater China	1,028	1,030	1,032	1,036	1,023
Mainland China	922	924	926	928	918
Hong Kong	33	33	34	35	36
Taiwan	73	73	72	73	69
Korea	131	128	126	132	131
SE Asia, India & Australia	367	382	380	392	388
Singapore	30	31	30	29	28
Malaysia	59	61	58	60	59
Thailand	66	68	68	71	71
Philippines	74	76	76	77	74
Indonesia	67	72	72	75	75
Australia	36	38	38	39	39
Vietnam	22	23	25	26	27
India	13	13	13	15	15
North America	72	81	84	96	97
USA	53	58	61	68	69
Canada	19	23	23	28	28
Europe	71	76	76	82	82
UK	17	19	19	20	20
France	27	28	28	28	28
Germany	10	10	10	10	10
Belgium	3	3	3	3	3
Spain	6	6	6	6	6
Sweden	3	3	3	3	3
The Netherlands	2	2	2	4	4
Denmark	1	1	1	2	2
Italy	1	3	3	4	4
Luxembourg	1	1	1	1	1
Poland	0	0	0	1	1

Source: Fast Retailing, (2025a)

Table 3: Major Global Apparel Manufacturer and Retailer

Company Name (Flagship Brand)	Country and Region	End of Fiscal Year	Sales (Trillion of yen)	Sales (Billions of dollar)	Change (%) (local base)
Inditex, S.A. (ZARA)	Spain	Jan. 2024	5.99	39.0	+10.4
H & M Hennes & Mauritz AB	Sweden	Nov. 2023	3.39	22.1	+5.6
FAST RETAILING CO., LTD. (UNIQLO)	Japan	Aug. 2024	3.10	20.2	+12.2
Gap Inc.	USA	Feb. 2024	2.29	14.9	-4.7
lululemon athletica inc.	USA	Jan. 2024	1.39	9.1	+18.6
PVH Corp. (Calvin Klein, Tommy Hilfiger)	USA	Feb. 2024	1.34	8.7	+2.1
Next plc	UK	Jan. 2024	1.05	6.8	+9.1
Ralph Lauren Corporation	USA	Mar. 2024	0.96	6.3	+2.9
Victoria's Secret & Co.	USA	Feb. 2024	0.90	5.8	-2.6
American Eagle Outfitters Inc	USA	Feb. 2024	0.76	5.0	+5.4

Notes: Compiled from the annual reports of the companies listed above.

*Figures calculated in yen using October 31, 2024 FX rates. (\$1=¥153.65)

Source: Fast Retailing. (2024b)

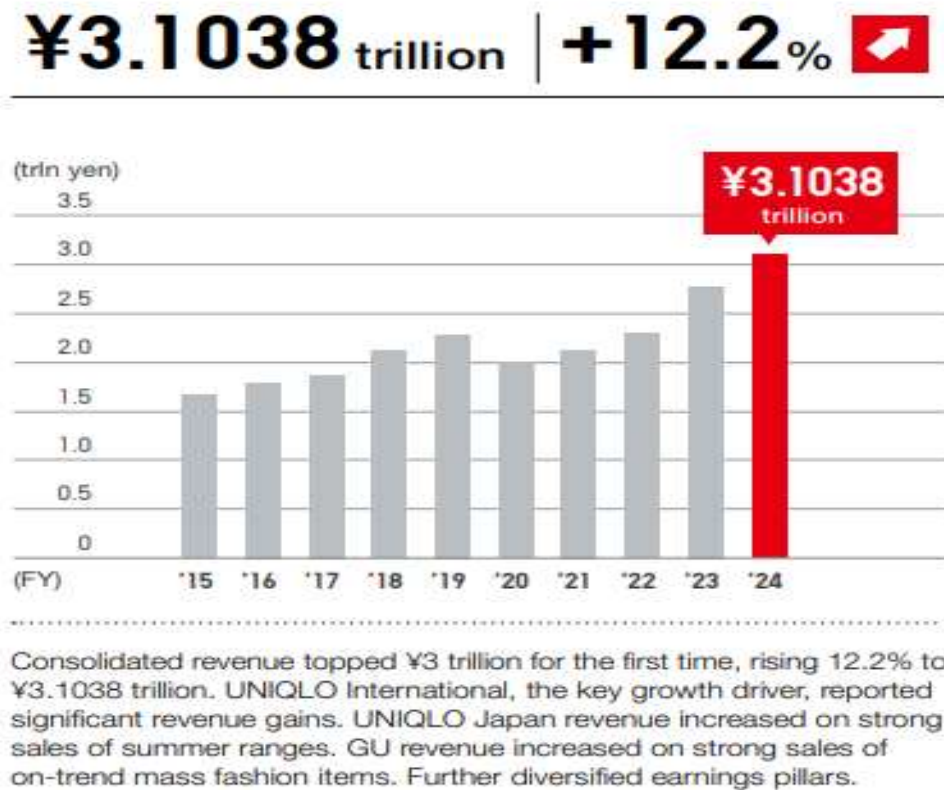
Corporate Structure and Governance

Uniqlo is part of Fast Retailing Co., Ltd. Which is a conglomerate that is publicly traded and listed on Tokyo Stock Exchange (9983.T). The company is led by Tadashi Yanai who is the founder and chairman, and it adopts a centralized governance structure with all the important decisions of the company made by Tokyo headquarters. Fast Retailing expanded its business by creating other brands like Theory, J Brand and GU, but Uniqlo is considered as the main brand since it represents over 80% of Fast Retailing's revenue in 2024 that reached ¥3.10 trillion (55.2% from Uniqlo International and 30% from Uniqlo Japan) (Fast Retailing 2024c).

In order to achieve its goals, the company is working towards establishing an effective system of corporate governance. Its organization type is a Board of Audit & Supervisory Board Members system. For the sake of ensuring that the Board operates more independently and that its monitoring function works effectively, the majority of the Board of directors are external directors (four internal and six external directors). The corporate officer system is designed to split management decision-making and business-execution functions, and the fast decision-making and execution of management has been implemented in the company. Apart from the systems mentioned earlier, Fast Retailing has established a series of committees to enable the Board to function effectively, which include the Human Resources, Sustainability, Disclosure, IT Investment, the Code of Conduct, the Business Ethics, the Risk Management, the Nomination and Remuneration Advisory, and the Human Rights committees. Each of the committees enables effective

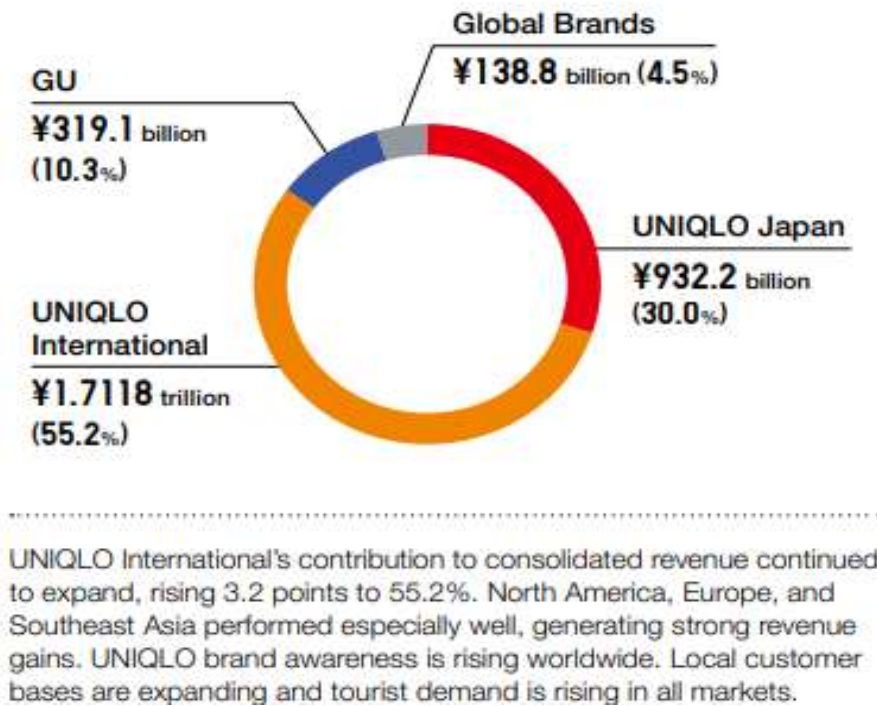
and transparent, open debate and decision-making towards the specified objectives and responsibilities (Fast Retailing 2025c).

Figure 9: Fast Retailing's Revenue for 2024



Source: Fast Retailing (2024c)

Figure 10: Uniqlo's Contribution to Revenue for 2024



Source: Fast Retailing (2024c)

5.2. The CAGE Framework Analysis: Comparison Between Morocco and Japan

In this section a CAGE analysis is conducted to compare Japan, the home country of Uniqlo, and Morocco which is the company's potential new destination. This analysis helps Uniqlo assessing the opportunities as well as the risks and challenges related to entering the market.

Cultural Distance

- Communication and Language Factors:

One of the most important differences between Morocco and Japan are the languages used in the two countries. While the Japanese language dominates in Japan, the languages used in Morocco are Arabic, Amazigh and French, with French used for commerce and business (Ethnologue, 2025). This could form an advantage for Uniqlo, since the company already operates in French speaking countries such as France and Belgium, hence the communication gap will be filled due Uniqlo's existing experience in these countries.

- Consumer Preferences due to cultural Factors:

Japan is considered as a liberal country where population has a liberal and diverse fashion taste and tend to prefer simple and timeless designs (Li & Huang, 2022). As for Morocco, most citizens are Muslim which explains their preference for modest clothing. Due to the influence of social media, the young generation in Morocco is increasingly adopting urban fashion, and since Uniqlo offers practical and minimalist designs that are practical yet still modest, this will allow the company to meet the Moroccan customers' preferences that combine modesty with trendiness (Lekhdar, 2021).

- Cultural adaptation:

In the previous years, Uniqlo has shown a remarkable capacity to adapt and tailor its products to local customers preferences in different countries where it operates. For example, Uniqlo presented collections that are adapted to the climate and culture of south Asian countries (Du, 2024). There is also Moroccans' preference for minimalist trendy clothing. These advantages combined, will Uniqlo to overcome the cultural challenges.

Zara could be taken as an example in this context as it was able to successfully enter the Moroccan market in 2004 by tailoring its products to the local preferences. The brand also offers special collections during religious occasions such as Ramadan which contributed to the positive brand image that Zara has gained in Morocco throughout the years. Thus the importance of the cultural adaptation (Ghemawat, 2001).

Administrative Distance

- Diplomatic Relations:

The diplomatic ties between Morocco and Japan have been creation in 1956, after Japan's recognition of Morocco's independence, with both countries establishing their embassy in the other's capital (Ministry of Foreign Affairs of Japan, 2025). These diplomatic relationships between the two countries foster a favourable environment for business collaboration. In 2020 Japan and Morocco have signed two agreements promoting investment and eliminating double taxation which made it easier for individuals as well as companies from Japan to invest in Morocco (Ministry of Foreign Affairs of Japan, 2020a; Ministry of Foreign Affairs of Japan, 2020b).

- Legal and Regulatory Framework:

Despite the fact that Morocco is ranked 53rd globally based on the World Bank's Doing Business report, over the last years, Morocco has been making a remarkable progress in terms of business environment improvement especially in big economic cities such as Casablanca and Tangier. The improvements are reflected in various areas such as taxation and construction permits (World Bank, 2020). In addition to that Morocco has strong relationships with both the European and Arab countries, and it is also considered politically stable. All these factors have helped Morocco attract foreign investment. On the other hand, Japan is ranked 29th which reflects a more stable legal and regulatory environment (World Bank, 2020).

- Trade Policies:

Morocco have signed various agreements with different countries, such as the EU-Mediterranean Partnership, the AfCFTA (African Continental Free Trade Area) as well as agreements with the U.S. (European Commission, n.d.; USTR, 2024; U.S. Department of Commerce, 2024a). This demonstrates the level of trade openness of Morocco which explains the presence of Japanese firms in Morocco, especially in the automotive sector, despite the absence of a free trade agreement between Morocco and Japan (Haddach, Ben Allal, Laglaoui, & Ammari, 2017).

Despite these advantages, the Moroccan administrative structure is still considered complex which may slow down the entry process for companies. However, many brands that expanded into the Moroccan market have been able to minimize the negative effects of the bureaucratic structure. For example, Mango has entered Morocco through a partnership with the Hudson Group which made it easier for the company to navigate local administrative processes (Mango Fashion Group, 2022).

Geographical Distance

- Physical Distance:

The physical distance between Morocco and Japan is around 11 600 km (DistanceFromTo, 2024). This significant distance can increase the shipping time, the transportation costs and makes supply chain coordination more complex.

However, Morocco's strategic location, bridging Africa and Europe, makes this distance more manageable and increases Morocco's attractiveness for international retail operations (IESE Insight, 2012).

The Turkish brand Defacto is a real example of success. Despite the geographical distance between the two countries the brand was able to successfully expand into the Moroccan market by opening the first store in Marakesh in the year 2015, showing that the physical distance could be overcome when the companies adopt the right strategy (MediaMarketing, 2016).

- Time Zone Difference:

The time difference between Morocco and Japan is 8 hours which can affect communication between teams in the two countries as well as management (TimeBie, 2025). However, such factor has less impact on firms who have regional teams.

- Infrastructure and Logistics:

Morocco's infrastructure has seen a remarkable improvement over the past years due to the increasing investment in this sector. Major ports like Tangier Med as well as Casablanca and Marakesh airports have advantages in terms of international trade (International Trade Administration, 2024).

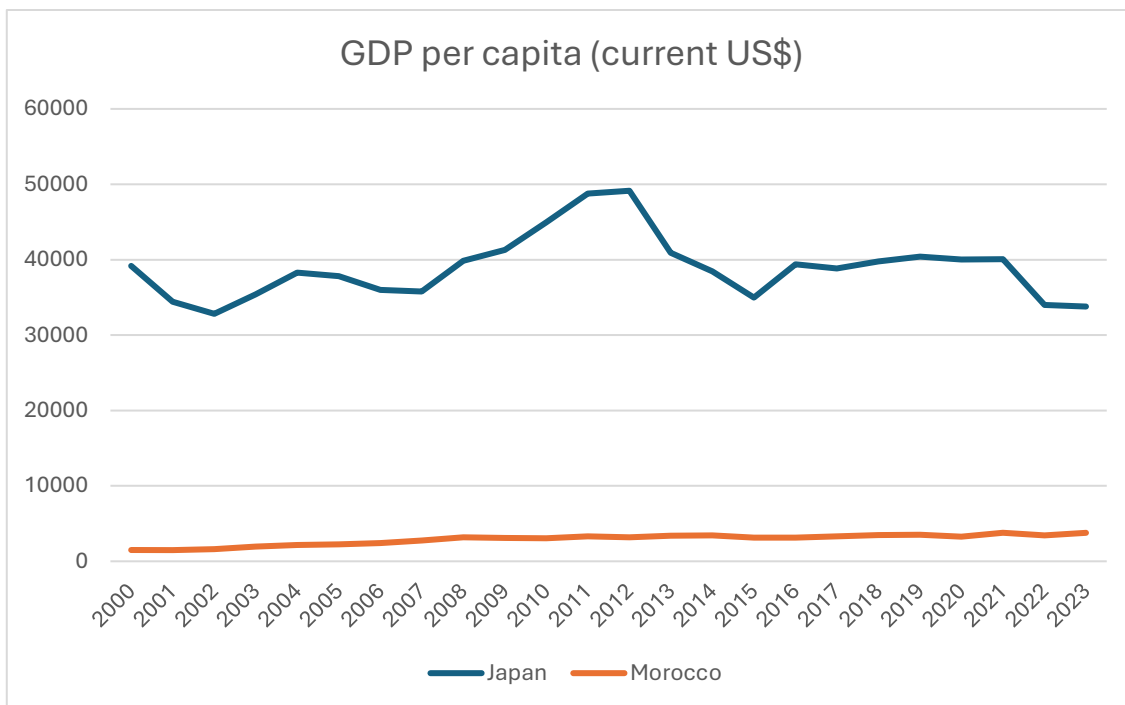
Economic Distance

- Income Levels:

Morocco is a country with a lower middle income as its GDP per capita for the year 2023 was \$3,771.4 in comparison to \$33,766.5 for Japan that is considered as a high income country (World Bank 2023a). This significant difference between the two countries' income level could impact product selection as well as pricing strategies.

MINISO, which is also a Japanese company, has been able to successfully expand into the Moroccan market in 2017 as it has adapted to the local purchasing power by offering affordable products (Morocco Mall, n.d.).

Figure 11: Comparison of GDP per Capita in Morocco and Japan from 2000 to 2023



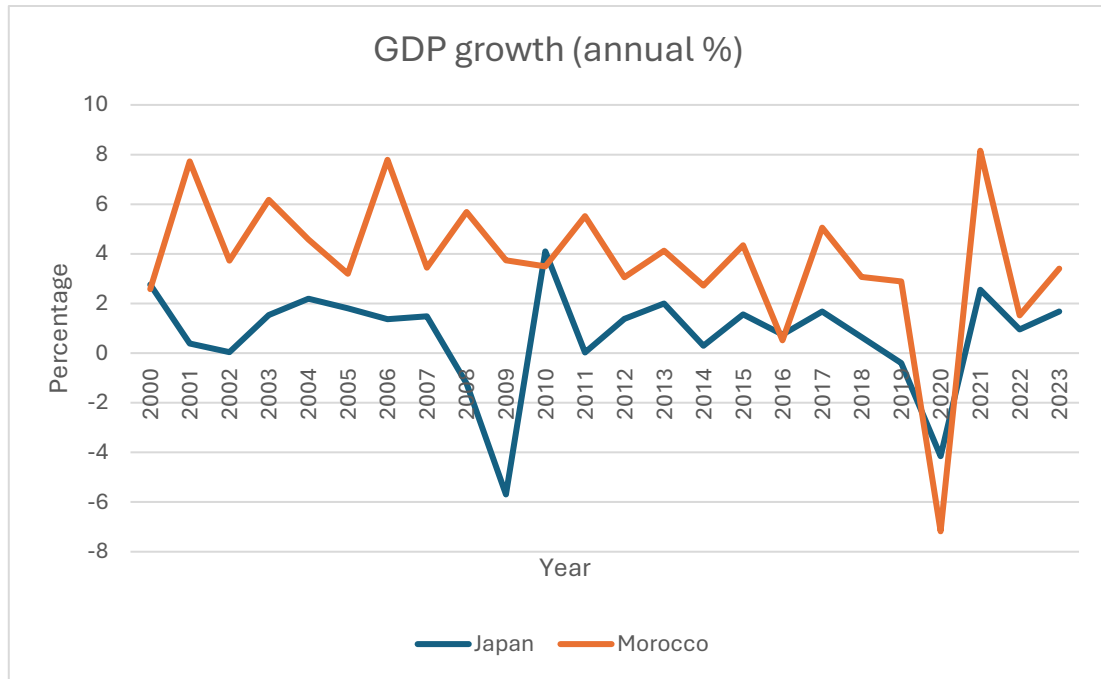
Source: Created by the author using data from the World Bank (2023a)

- Economic Stability:

Morocco is considered as economically stable it's annual GDP growth is moderate and consistent (3,4% in 2023) (World Bank 2023b) despite the external shocks such as the COVID 19 pandemic and the challenges that came with the climate change (IMF, 2024), Morocco provides a favourable environment for foreign investors due to its pre-emptive monetary policy and stable inflation rate that was estimated at 1% in 2024 (World Bank 2024d). The Moroccan economy still struggles to find a solution to a major problem, which is unemployment.

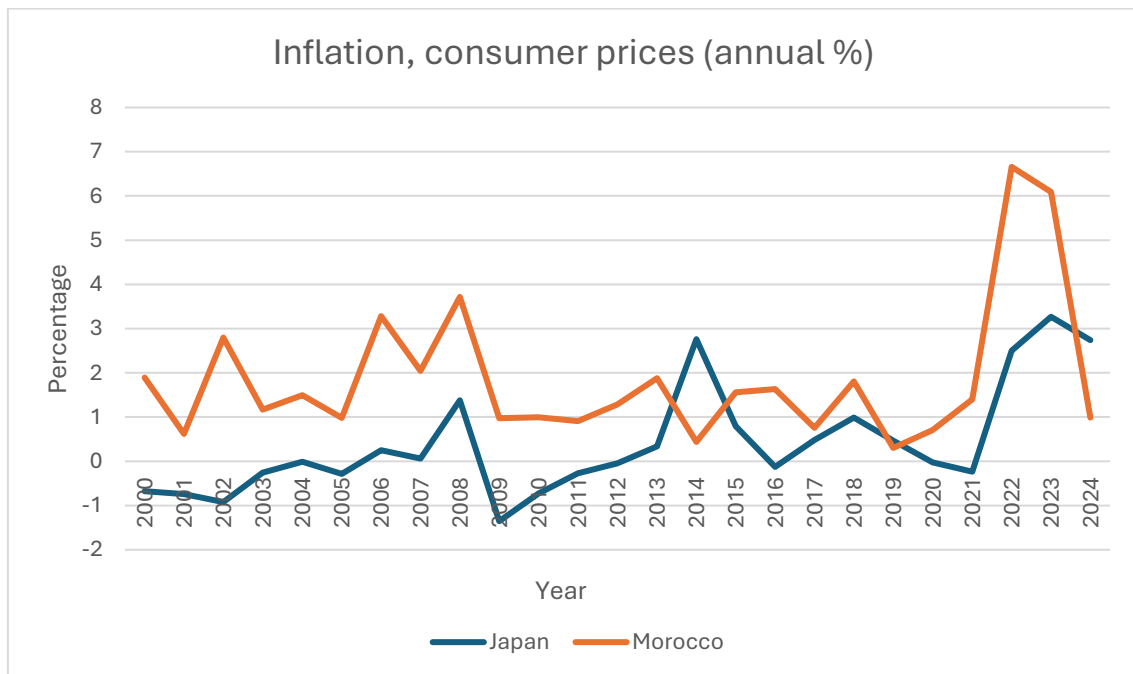
As for Japan, despite its economic stability, the GDP is growing slower in comparison to Morocco with 1,7% growth rate in the year 2023 (World Bank, 2023b). An unusual rise in the inflation rate was also observed over the last three years, reaching 2,7% in 2024, which is considered as a deviation from the typical trend of the Japanese economy, generally characterised by deflation and low inflation rates (World Bank 2024d). Moreover, Japan faces other issues such as aging population which can affect its domestic consumption growth (United Nations, 2024c).

Figure 12: Comparison of GDP Growth in Morocco and Japan from 2000 to 2023



Source: Created by the author using data from the World Bank (2023b)

Figure 13: Comparison of the Inflation rate in Morocco and Japan from 2000 to 2024



Source: Created by the author using data from the World Bank (2024d)

5.3. The SWOT Analysis: Uniqlo's Potential Entry into the Moroccan Market

In this section, the strengths and weaknesses of Uniqlo, as well as the opportunities and threats present in the Moroccan market will be evaluated using a SWOT analysis. This will help Uniqlo to evaluate whether or not the Moroccan market is suitable to be the new business destination for the company.

Strengths

- Strong Brand Image:

Uniqlo is a well-known brand on the international scale, famous for adopting the concept of LifeWear that consists on offering practical, high quality and simple designs. Its business strategy, based on innovative technologies such as AIRism, could serve as a competitive advantage in Morocco (Fast Retailing, 2025b).

- Strong Supply Chain:

Uniqlo has a well-developed supply chain that integrates digital logistics. It also possesses a long experience in managing logistics in foreign markets due to its global expansion. These factors could allow Uniqlo to adapt more easily to unfamiliar markets such as Morocco (Fast Retailing, 2024a).

This has been demonstrated by Zara that also has a strong control over its supply chain as it coordinates each phase of the process from the design until placing the products on the shelves. All these steps are closely connected together which allows speed and efficiency, thus a rapid response to the consumer demand (Aftab, Qin, Kabir, & Barua, 2018).

- Experience in International Expansion:

Uniqlo has over 2500 stores in different parts of the world, reflecting an established experience and a long history of success in international markets. This shows Uniqlo's capacity to overcome the cultural differences (Fast Retailing, 2025a).

- Balance between Affordability and Quality:

Uniqlo offers simple, high-quality clothing at an affordable price which aligns with the Moroccan customers' expectations. This strategy would be more effective in big cities such as Casablanca and Marakesh, where people look for modern, high-quality designs at a reasonable price (Fast Retailing, 2025b).

- Sustainability Commitment:

Over the last years, Uniqlo has been showing serious efforts towards sustainability. The company adopted the concept of circular economy to its water consumption and its greenhouse gas emissions. This would work to the company's advantage as the young Moroccan generation is becoming more and more interested in sustainability (Fast Retailing, 2024a).

Weaknesses

- Lack of Brand Awareness in Africa:

Uniqlo is a global brand that is famous in many countries around the world, but it is still not as known in Africa (including Morocco), as other competitors already established in Morocco, such as Zara and H&M.

- Limited Experience in Arab Countries:

The company's lack of experience in Arab countries may pose challenges in terms of operations, marketing and initial branding, requiring Uniqlo to put more effort into its marketing strategy.

- Centralised Decision-Making:

Uniqlo adopts a centralized governance structure with all important decisions of the company made by Tokyo headquarters. The absence of local decision makers could slow down the brand's adaptability to the Moroccan customers' feedback and needs (Fast Retailing 2025c).

Despite being successful in multiple countries including Morocco, H&M was criticized for having the same centralised governance structure as Uniqlo, which, in some occasions, caused delays in the responsiveness to the local market needs.

Opportunities

- Market Gap in Uniqlo's Niche:

Most Uniqlo's competitors that are already present in Morocco tend to either focus on premium customers or are more trend-driven. Uniqlo's affordable minimalist apparel can differentiate it from the rest since, as mentioned in the Moroccan Market Overview, Morocco's middle class is expanding, increasing the demand for high quality and affordable international clothing brands.

LC Waikiki is an example of brands that experienced a noticeable success in the Moroccan market due to its high quality affordable fashion. It has around 50 stores in different cities of Morocco. This shows that Morocco represents a big opportunity for brands that offer similar value propositions, such as Uniqlo (LC Waikiki, n.d.).

- Rise in Retail Zones:

Over the last years, Morocco is experiencing a rise in the number of commercial centres and malls. The major ones are Menara mall in Marakesh, Mega Mall in Rabat and Morocco Mall in Casablanca. These shopping centres, often highly frequented, are considered as strategic locations where Uniqlo could open its first store, as they would offer high visibility and accessibility to potential customers (U.S. Department of Commerce, 2024b).

- Technology Integration into Fashion:

Due to its young population, Morocco is experiencing a rise in technology use. Uniqlo could take advantage of this to stand out from other competitors by integrating omnichannel retailing, creating a personalised in-store experience for each customer and develop app based loyalty programs (Statista 2025; Thaichon, Quach, Barari, & Nguyen, 2023).

- Tourism as a Secondary Market:

Morocco is a famous tourist destination with millions of visitors every year (Statista, 2024b). Uniqlo could strategically establish its stores in cities with high tourist traffic, such as marakesh, Tangier and fez. By adopting this strategy, Uniqlo would target not only locals but also foreign visitors helping it optimise its profit.

Threats

- Competition from Global Brands:

Fast fashion brands like H&M and Zara as well as other international brands are already established in the Moroccan market and have built customer loyalty since they managed to adapt their offerings to the local demand. This makes Morocco a highly competitive market for Uniqlo.

- Economic Limitations:

As mentioned in the CAGE analysis section, Morocco has a low GDP per capita and a moderately high unemployment rate which could affect the spending power and limit the amount of money allocated to apparel (World Bank 2023a).

- Supply Chain and Currency Risk:

Since Uniqlo ships its merchandise from Asia, the volatility of the exchange rate between the Moroccan dirham and the Japanese yen being as well as the potential disruptions in shipping could rise the operational costs (Badhan, Neeroj, Rahman, & Iqbal, 2024).

- Administrative Complexity:

The bureaucratic structure in Morocco has negative effects on the market entry process by causing delays in licensing, property acquisition as well as incorporation (U.S. Department of Commerce, 2024c). Paired with Uniqlo's inexperience in Africa, this may slow its entry into the market.

6. Discussion of Results

The CAGE and SWOT analyses conducted in the previous section allow to form a clear idea on the suitability of the Moroccan market as a new foreign destination for Uniqlo. The results obtained through these two frameworks shed light on the opportunities as well as the administrative, economic and cultural challenges that Uniqlo could encounter when deciding to take the step of entering the Moroccan market. Part of the results has already been briefly discussed in the framework analyses. In this section, these findings are synthesised and their implications interpreted reflecting Uniqlo's broader internationalisation goals.

First, regarding the cultural aspect, there is a significant difference between Morocco and Japan in terms of cultural norms, language as well as religion, but these disparities could be manageable. Approximately half of the Moroccan population is young and urban which explains the strong influence of social media fashion trends on Moroccans, such as casual minimalist streetwear. Uniqlo is known for its simple, modest and affordable designs, aligning perfectly with the Moroccan consumers' preferences for minimalist, urban clothing that respect the cultural norm of modesty. This alignment is a major advantage that Uniqlo should leverage by adopting the right marketing strategy that emphasises this aspect, and further adapting the products to the customers' expectations. This should not be overly complicated for Uniqlo based on its historical success adapting to different cultures. As for the language barrier, and since Morocco's most spoken languages are Arabic, Amazigh and French, Uniqlo may consider investing in multilingual branding and customer service to be able to overcome this challenge (Lekhdar, 2021; Fast Retailing, 2025b).

Administratively, although the bureaucratic structure, the legal framework in Morocco as well as its low ranking on the World Bank's Ease of Doing Business report could have

negative effects on the market entry process, especially for Japanese companies due to the significant difference between the two administrative systems, Morocco has an open business environment, reflected in signing various international trade and investment agreements, as well as its explicit effort shown through initiatives like Casablanca Finance City, with the aim of attracting foreign investment. This is quite typical for emerging economies, and in order to easily navigate the administrative procedures, Uniqlo would have to partnership with a local legal expert such as Moroccan consulting firms (World Bank, 2020; U.S. Department of Commerce, 2024a; U.S. Department of Commerce, 2024c).

Geographically, the physical distance between Morocco and Japan is significant, but this could be managed by Uniqlo, as demonstrated by the company's past successful experiences in geographically distant regions like Southeast Asia and Europe, which confirms Uniqlo's ability to manage the physical distance through different mechanisms such as adopting a well-developed supply chain strategies and opting for centralised warehousing, and integrating technology into the process. Morocco's geographical position could even be considered an advantage, as it serves as a bridge between Africa and Europe and due to the improvement that the country is seeing in terms of infrastructure, Tangier Med port being an example, the importation and distribution processes would become more efficient (U.S. Department of Commerce, 2024d).

Uniqlo could also take further advantage of Morocco's strategic location, after establishing a physical store, by creating a manufacturing facility. This would facilitate its future expansion into Africa.

The 8 hour difference between Morocco and Japan could slightly affect the communication flow between the headquarters in Japan and the local team in Morocco. The company should take this into consideration when planning how communication and operations will function between the two countries. However the impact of the zone difference would be minor due to Uniqlo's international experience. (IESE Insight, 2012; Fast Retailing, 2024a; International Trade Administration, 2024).

From an economic point of view, the difference between the two countries is remarkable. The GDP per capita of Japan is noticeably higher than Morocco's but the growing middle class in Morocco has increased the demand for international fashion which presents an an opportunity for Uniqlo, as the brand focuses on affordable clothing. In addition to that, Morocco's economy is considered stable and this could be demonstrated by various indicators such as low inflation and steady GDP growth, making Morocco more appealing to foreign investors. Low labour costs and a high unemployment rate especially among

young population, are challenges that the Moroccan economy is struggling to overcome, but they could be seen as advantages for Uniqlo as they allow the company to hire locals who are more in tune with consumers' needs, which could result in an overall positive customer experience, while keeping operational costs low due to lower wages in Morocco (World Bank 2023a; World Bank 2023b; World Bank 2024d).

The SWOT analysis sheds light on Uniqlo's strengths, which are reflected in a strong brand image, long expertise in international expansion, a well-developed supply chain and the integration of technology, all of which could help overcome various external threats discussed in the CAGE analysis, and are related to communication, logistics and costs. The SWOT analysis also points out the internal weaknesses that Uniqlo should work on to ensure a successful entry into the Moroccan market. The limited presence of the brand on the African continent and the Arab world, in addition to the lack of sufficient brand awareness in Morocco, are major obstacles, and Uniqlo can overcome them with the introduction of a targeted marketing approach individualized for the Moroccan customer, alongside the formation of partnerships with local firms better placed to comprehend the intricacies of the market. Other than the opportunities already discussed in the CAGE framework, Uniqlo can gain a stronger advantage over its competitors like Zara and H&M by marketing its LifeWear philosophy, based on the delivery of functional and timeless clothing founded on sustainable practices. As a major segment of the Moroccan population comprises environmentally conscious youth, Uniqlo can reinforce its reputation by openly advertising its environmental promises through online advertisement campaigns, thus creating a positive impression among the Moroccan consumers (Fast Retailing, 2024a; Fast Retailing, 2025b; Fast Retailing, 2025b; Statista 2025).

The CAGE and SWOT analyses show that despite the challenges Uniqlo could face in the Moroccan market, especially the complexity of the administrative structure, various advantages such as the growing middle class, the young population, the rise in retail zones and Morocco's strategic location could help the company overcome these obstacles. Therefore, the results suggest that the Moroccan market is a suitable new business destination for Uniqlo. However, it would be advisable for Uniqlo to be strategic and opt for gradual expansion and continuously seek for information from its local partners to gain more knowledge about the market. This would help the brand to strengthen its presence in the Moroccan market over the time.

7. Recommendations

In this section, strategic recommendations are given to Uniqlo in order to guide its entry into the Moroccan market. These recommendations are based on the results obtained from the CAGE and SWOT analyses and have as an objective to take advantage of the opportunities present in the Moroccan market while minimising the impact of the challenges. This approach will allow Uniqlo to enter the market in most efficient way possible.

7.1. Gradual Market Entry Strategy

Due to the Uniqlo's lack of experience in Africa, it would be a safer approach to penetrate the market through a pilot phase which consists on establishing flagship physical stores in different major cities in Morocco like Casablanca and Marakesh as they possess a modern retail infrastructure and a larger portion of the urban fashion-driven population who are willing to spend more on apparel. The most suitable entry modes for Uniqlo in this case are a joint venture or a franchise as they would allow Uniqlo to benefit from the expertise of its local retail partners to navigate the administrative framework more easily and tailor its offerings to the local demand (Hollensen, 2011).

7.2. Product Offerings Adjustment to The Local Market

The LifeWear concept adopted by Uniqlo is a winning card in Morocco, as it focuses on simple, practical and high-quality apparel that is still fashionable, and the majority of pieces are modest, which aligns with the Moroccan cultural and religious norms. Uniqlo could also differentiate itself from other competitors by offering special collections during occasions such as Ramadan, consisting of urban, modern pieces with a traditional touch. Uniqlo also offers seasonless clothing, which could appeal to Moroccan consumers due to the Mediterranean warm weather throughout the year (Fast Retailing, 2023).

7.3. Quality and Affordability Balance

Most of Uniqlo's competitors either offer lower-quality, cheap fast fashion or a high-quality products at a relatively high price. To stand out, Uniqlo should focus on balancing quality with affordability, offering long-lasting clothing at an accessible price (Fast Retailing, 2025b). Longevity also supports sustainability. Uniqlo should leverage this advantage to build a positive brand image among Moroccan consumers especially those who are environmentally conscious (McNeill & Moore, 2015).

7.4. Leveraging Infrastructure and Digital Growth

Morocco is considered as one of the most digitally connected countries in Africa (Statista 2025). Uniqlo should take advantage of this by adopting an omnichannel retail strategy that consists on combining digital features with physical stores. Among the services available through this approach are click-and-collect, online-exclusive collections, and mobile shopping. Uniqlo should also collaborate with local logistics partners and make use of Morocco's improved infrastructure, which would allow faster and more efficient shipping, especially to major cities (U.S. Department of Commerce, 2024d).

7.5. Strategic Planning to Minimise Operational Risk

Morocco is considered economically and politically stable (OECD, 2024). But Uniqlo should be careful when facing external risks such as legal and regulatory changes, exchange rate volatility as well as inflation. To minimise the exchange rate fluctuation risk, Uniqlo should have a hedging strategy in place for protection against the fluctuating rate of the Japanese yen and the Moroccan dirham (IMF, 2006). Concerning the time difference, the impact is low as it could have a small degree of influence over communication between the Japanese headquarters and the in-country team in Morocco. The company should take this into consideration when planning how communication and operations will function between the two countries, and also consider establishing a local office in Morocco or a regional one in Europe to improve responsiveness.

7.6. Leveraging Regional Position

Uniqlo's initial objective is to enter the Moroccan market through a physical store. The firm can also benefit in the long term from the geographical location of Morocco, a gateway into the area of Sub-Saharan and a bridge between Europe and the continent of Africa, by opening a factory or a distribution facility. This will enable it to penetrate other African countries, mainly due to the fact that Morocco is an open-trade country and a participant in a number of European and African trade agreements (HAC, n.d.).

8. Conclusion

This thesis discussed the strategic factors Uniqlo must consider while deciding to penetrate the Moroccan fashion retail market. This analysis was built around the CAGE and the SWOT frameworks which helped evaluate internal and external factors defining the suitability of the Moroccan market as a new destination for foreign expansion. Although the main goal of this case study is to assess Uniqlo's entry into Morocco through a physical store, additional long-term opportunities were also discussed, related

to the possibility of Uniqlo establishing manufacturing or distribution facilities in Morocco to support its long-term internationalisation objectives.

The CAGE analysis gave us an understanding of the geographical, administrative, cultural and economic distances between Uniqlo's homelands and Morocco, such as the complexity in the Moroccan administrative structure, logistical organising problems and the relatively low purchasing power in Morocco compared to Japan. It also revealed the bridging factors for Uniqlo to cross over these distances in the most efficient manner possible, including the growing Moroccan middle class, the country's geographical position, the developing infrastructure, along with trade openness.

The SWOT analysis came to complete the CAGE framework by highlighting Uniqlo's strengths, reflected in a strong brand image, long expertise in international expansion, a well-developed supply chain and the integration of technology, which could help overcome various external threats related to communication, logistics and costs. The SWOT analysis also points out the internal weaknesses, such as the brand's limited experience in Africa and in the Arab world and its lack of brand awareness in Morocco, that could be overcome by collaborating with local partners and adopting a strong marketing strategy. In addition to that, Uniqlo's LifeWear concept, that focuses on practicality and sustainability, could help it differentiate itself from other competitors as it aligns with the preferences of the Morocco's young, environmentally conscious population.

The analysis showed that the Moroccan market would be a moderately favourable opportunity for Uniqlo's expansion if the company opts for a gradual expansion approach. The rising demand for affordable, high-quality clothing aligns with Uniqlo's strategy, but the brand should adapt its global strategies to the Moroccan market in order to succeed.

This study highlights the important role that contextual adaptation plays in international market selection and entry strategies. Morocco is not just a promising new market but also a test case that could guide Uniqlo in expanding in other African and Mediterranean emerging economies. The company's global strengths paired with a strong understanding of the local market would help Uniqlo further expand internationally while still remaining socially responsible and respectful of local cultures.

As for future research suggestions, conducting a consumer-level analysis such as focus groups and surveys would help better understand the Moroccan preferences in terms of fashion and shopping behaviours. This study could also be expanded by comparing Morocco with another regional market, which could enable Uniqlo to have additional strategic insights for its expansion in Africa.

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