

# **An analysis of the growth and success of H&M**

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# An Analysis of the Growth and Success of H&M

Michelle Youell  
Fall 2013

## ABSTRACT

This paper provides the historical as well as present overview of the clothing retailer, Hennes & Mauritz. The purpose of this research paper is to understand the global success of H&M, what strategies were used to help them become successful and how they have faced major global changes, such as the focus on sustainability. To understand the company's success, I will analyze H&M's business operations, including their marketing and sustainability strategies. I conclude the paper by discussing the results of my survey and recommendations for the company.

After designing a survey that used a random sample of 17 exchange students at the University of Gothenburg, I was able to conclude several things. Firstly, that the majority of the applicants notice H&M's marketing campaigns, and they are fairly effective in persuading the applicant to visit the stores. Secondly, they believe H&M does offer fair prices compared to the various other retailers in the market. Lastly, that H&M's sustainability initiatives need to be better displayed to the public. The majority of those surveyed are unaware of the strategies that H&M undertakes to inspire its employees, help various communities, and better the environment.

H&M's marketing campaigns undertaken with various celebrities are extremely successful, and their sustainability initiatives are helping to better the planet. Nevertheless, much of the general public is unaware of their initiatives, which is why they should focus on combining a marketing and sustainability campaign in order to educate their customers. Overall, H&M is doing extremely well and will continue with their plans to expand worldwide.

## INTRODUCTION

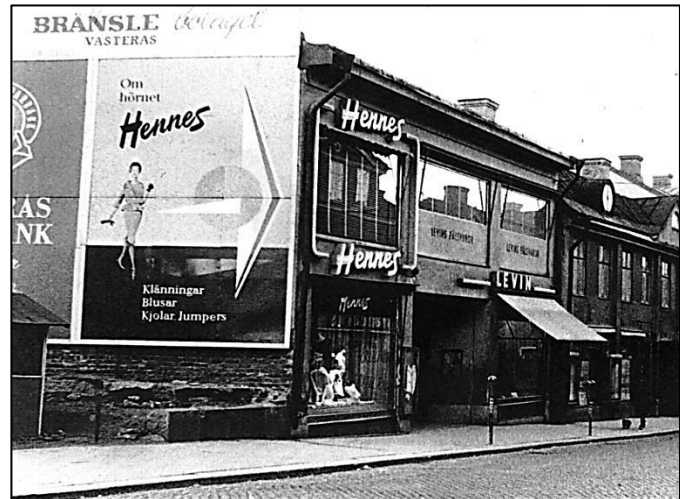
Fashion has become an extremely large market in Europe, especially in Sweden, as it has become very important within their culture. In recent years, Swedish fashion has been recognized for its functionality, high quality and fair prices (VisitSweden, 2010). Yvan Rodic, a fashion blogger and photographer from London, has indicated, *"Sweden is the only country that has created a unique fashion aesthetic that's recognizable around the world"* (2012). H&M happens to be one of Sweden's affordable brands that has greatly contributed to the country's growing export sales. A 2012 survey has shown that Swedish fashion companies see exports as the main growth segment for their business (Embassy of Sweden, 2013).

H&M, a multinational chain with approximately 2,900 outlets and 100,000 employees, is the second largest clothing retailer in the world. The company alone has a turnover of approximately 13 billion euros, which is more than half of the entire Swedish fashion industry (Embassy of Sweden, 2013). With the variety of products that they offer and their successful expansion into global markets, H&M has been able to remain a front-runner in the fashion industry.

## HISTORY OF H&M AND SWEDISH FASHION

H&M, or Hennes & Mauritz, initially started off as Hennes, a store selling only women's clothing. Hennes, meaning "hers" in Swedish, first opened in Västerås 65 in 1947 by Erling Persson (Västerås & Co., n.d.). Shortly after the end of World War II, the consumer society was created and due to this, short-lived trends became popular and clothes were often thrown out before they became worn out. Consumers were suddenly attracted to a youthful image, instead of a more mature image (Giertz-Martenson, 2012). Persson was able to detect that this trend was occurring, and jumped at the chance to provide affordable fashion to females in Sweden. Persson was inspired by a gentleman named F.W. Woolworth, who had developed one of America's first chain stores in the beginning of the 1870s (Giertz-Martenson, 2012).

**Figure 1: The first Hennes store in Västerås (Västerås & Co., n.d.).**



In 1968, Erling Persson purchased a hunting and fishing equipment store called Mauritz Widforss, and began to sell men's and children's clothing (H&M, 2013). This in turn created the company Hennes & Mauritz, now simply recognized as H&M. Less than 10 years later in 1977, they began to sell cosmetics as well, making them a one-stop spot for any fashion needs. H&M began to grow at a recognizable pace, spreading throughout markets in Europe, and soon throughout the world.

In 1998, they began to sell their products over the Internet; however, only inside of Europe. In 2000, H&M was able to open its first store outside of Europe, in Manhattan, New York (H&M, 2013). This was only the beginning of the penetration of H&M into markets around the world. However, only recently have they opened up their online market in the United States. Many customers seemed to be shocked that they took so long to do so. Within the past decade, a concept has been created called 'fast-fashion', which means that new fashion trends can be found within stores in a very short period of time (Giertz-Martenson, 2012). Although they have been slower to react with their online markets, they are greatly improving at stocking their stores with new or updated trends.

## H&M TODAY

Today, their product portfolio has expanded even more to include a more extensive variety of children's clothes, cosmetics, footwear, and accessories throughout their 2,900 stores. The H&M Group is comprised of six independent brands: H&M, COS, Monki, Weekday, Cheap Monday, and the newest addition, & Other Stories (H&M, 2013). These independent brands all have a different theme, attracting customers from each market segment. For instance, the COS brand appeals to the high-end consumer, while Monki focuses on a more playful or creative individual.

Many famous Swedish designers have worked for H&M at some point during their careers, and there has also

**Figure 2: The interior of an H&M store today (H&M, 2013)**



been extensive collaboration with world-famous pop stars and designers. For instance, in 2011, H&M worked with the renowned high fashion company Jimmy Choo, in order to create a line that made consumers feel as though they were purchasing high fashion items at affordable prices. More recently, H&M has worked with famous soccer star, David Beckham, to promote a men's underwear line. This past summer, they also collaborated with Beyoncé to come out with a bathing suit line. Working with famous celebrities and fashion icons is definitely a major part of H&M's marketing strategy, and so far, it has been very successful.

H&M has been very focused on the expansion of their company. In 2012, the H&M Group increased their expansion rate and opened 304 brand new stores, instead of the 275 that they had planned. This year, they have planned to open approximately 350 new stores, with a majority of the growth occurring in China and the United States (H&M, 2013). Although 2012 was not the best year for the fashion industry, H&M refuses to make cuts in their company and will continue to grow for the foreseeable future. With their success, they have been able to finance their expansion entirely by their own resources (H&M, 2013). This goal was first initiated by the founder, Erling Persson, as he believed that self-financing is critical to the success of a company (Giertz-Martenson, 2012).

As the company has thousands of employees, it is very difficult to make each individual feel as though they are valued. This seems to be one of the reasons why H&M created an incentive program, as well as to continuously encourage employee commitment and involvement in the company. The longer the employee has been with the company, the more significant the rewards. Another way that they encourage employees is through internal recruitment, as they will often search internally before widening the search to outside of the company. They focus on inspiring their employees to be individualistic and creative; this, in turn, helps the company come up with new and improved ideas.

## **ANALYSIS OF H&M's CURRENT BUSINESS OPERATIONS**

### **Porter's Five Forces Model**

In order to gain a larger perspective on H&M's success versus its competitors, I will use Porter's Five Forces Models. The topics I will discuss are the threat of new entrants, the threat of substitute products, bargaining power of customers, bargaining power of suppliers, and the competitive rivalry within the industry.

#### Threat of new entrants

In the clothing retail industry, there is moderate risk of a new company entering the market. The suppliers are quite easily accessible, as much of clothing production is outsourced. However, it takes quite a while for a company to build the same consumer base that H&M has been able to maintain for years now. In order to remain above their competitors, H&M adopted a marketing strategy to differentiate themselves and draw in a larger target audience: a cost leadership strategy.

#### Threat of substitute products

There are numerous companies that strive to be as profitable as H&M. Many clothing companies nowadays sell very similar products, which is why H&M focuses on quality as well as low prices in order to attract consumers. H&M's largest competitor Zara has similar high quality products; however, their prices continue to be more expensive than H&M's. Some consumers will purchase the more expensive Zara clothing because of its perceived higher quality, while others will purchase H&M clothing for the more affordable prices. As well, H&M focuses on being a shop for all consumers, providing casual as well as formal wear, while Zara focuses on more mature and sophisticated apparel.

### Bargaining power of customers

These days, customers want to buy products that are affordable and durable. In today's economy, the majority of the population wants to spend as little as possible in order to look as fashionable as possible. Brand loyalty is often ignored if a consumer can find a similar product for a lower cost at another company, especially since the amount of available retailers is very high. This is why the bargaining power of customers is very high. Fashion companies try to determine the new trends before they happen in order to win over their customers; however, if they predict the wrong trends, this could end up in a loss of profits for them.

### Bargaining power of suppliers

Instead of owning their own factories, H&M buys products from independent suppliers that have a pre-existing relationship with the company (H&M, 2013). Being an extremely large company that provides a lot of business for suppliers, it would be very hard for the suppliers to turn down a business opportunity with H&M. H&M would certainly not have much difficulty finding new suppliers that would abide by their Code of Conduct that all suppliers must sign. As well, H&M has been focusing on positive changes within countries such as Bangladesh in order to better their communities and reduce poverty.

### Competitive rivalry within the industry

Competitive rivalry is quite high within the retail industry, as customers can move freely between retailers. H&M's largest competitor is the Spanish multinational clothing company Inditex, which is parent company of various clothing lines, such as Zara. Zara makes its clothes in-house, creating shorter lead times, and updates its designs regularly. H&M only makes certain clothes in-house, while the majority is produced abroad, creating lower costs for consumers. As well, H&M focuses on only two large collections each year, one in the spring and one in the fall (Greg Petro, 2012). Again, Zara's prices are higher than H&M's, which seems to level out the competition as many consumers are looking for lower prices.

## **Marketing Strategies**

### Cost Leadership Marketing Strategy

As mentioned in the analysis of Porter's Five Forces above, H&M takes on a cost leadership strategy in order to differentiate themselves from competitors. Low-cost leaders seek to achieve operational efficiencies in all areas of marketing; for instance, H&M cuts out the middleman and has large purchasing volumes in order to ensure the best price for their consumers (H&M, 2013). Instead of owning factories, they buy products from independent suppliers that they have been long-term partners with. They work to achieve economies of scale by producing a large amount of product to lower their average costs. The economy of scale marketing strategy creates an entry barrier for other competitors trying to enter the market (Boag, 2012). Although H&M faces a threat of substitute products, not many companies can provide the same affordable pricing guarantee. As well, since their advertising campaigns are largely similar in all of their markets, their costs are reduced. They do not need to focus on creating a completely different campaign for each market they are located in, but instead adapt the strategy to local conditions.

H&M is able to make this strategy successful because their customers are not concerned with paying more money for extra attributes, such as a pricey brand name. Instead, H&M takes ideas from high-fashion names and incorporates those ideas into their designs. Customers are able to find a jacket, for example, at H&M that looks just as fashionable as one that would be double the price at an expensive name brand store. H&M has been successful in fulfilling their business concept: "*Fashion and quality at the best price*" (H&M, 2013).

### SWOT Analysis

A SWOT analysis has the ability to show how well a company is doing internally as well as externally. By comparing their pros and cons using previous research, it is much easier to draw conclusions and make recommendations for the company. I use a simple SWOT matrix to draw upon the company’s strengths, weakness, opportunities and threats.

**Figure 3: Simple SWOT Analysis of H&M**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Excellent IT infrastructure</li> <li>• Financed by own resources</li> <li>• Commitment to sustainability</li> <li>• Reputation for good quality at affordable prices</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent upon outside suppliers</li> <li>• Distribution centers only located in Europe</li> <li>• Slow to create online markets</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Online shopping more prevalent in retail industry</li> <li>• Goal to expand in numerous countries</li> <li>• Chance to educate consumers on sustainability initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Major environmental challenges (i.e. water consumption)</li> <li>• Low brand loyalty from consumers</li> <li>• Largest competitor, Zara, makes all products in-house</li> </ul>

#### Strengths

H&M has many internal strengths that have aided in its success. For instance, H&M possesses an outstanding IT infrastructure that connects all of the stores to the central warehouse. The IT systems are also able to connect the design and production teams, which creates visibility of the entire process. These connections lead to more effective management throughout all of the channels (Petro, 2012). There are approximately 20 to 30 production offices, which are all placed close to suppliers. This in turn creates better communication between the company and its suppliers, in order to know what is taking place within the factories. All items with short lead times are manufactured in Europe, while items with longer lead times are manufactured abroad, such as in Bangladesh (Petro, 2012).

Erling Persson’s initial goal has been met, as all of the expansion of H&M has been financed by its own resources. They are able to cut costs where necessary, and save the extra finances for expanding in other countries. For instance, many of the executives do not have their own secretary (Larenaudie, 2004). As well, the fact that H&M does not own factories and instead purchases large quantities from its suppliers creates economies of scale and, in turn, lowers costs. Today they are present in approximately 50 countries (Västerås & Co, n.d.). Their reputation for good quality and lower costs is supported by the fact that they spend less within the company to keep their costs low for customers.

Their commitment to sustainability enhances brand image and ensures that resources are used efficiently. As well, their advertising campaigns with celebrities, such as David Beckham and Beyoncé more recently, have caught the attention of many consumers. Their collaboration with numerous famous designers has made their customers feel as though they are purchasing high fashion goods that they normally could not afford. Lastly, H&M has an excellent corporate culture that encourages flexibility and adaptation. They have created an incentive program, which is aimed to encourage long-term commitment and involvement by employees in order to make

them feel as though they are all truly a part of the H&M team (H&M, 2013).

### Weaknesses

A potential weakness of H&M is that the company depends completely on outside suppliers to manufacture their products, leading to limited control over the factories that they use. Although they have a Code of Conduct that the suppliers must cooperate with, they do not have 24-hour observation over the factories, thus many things could go unnoticed. Since H&M does not own the factories, many critics may perceive that as being irresponsible or negligent as it may allow poor labor circumstances.

Another weakness is that the product distribution centers are located only in Europe, making it difficult to create an online market outside of Europe. The company has only recently opened up online sales in the United States, which many of its customers were surprised about as the United States provides a large consumer fashion market. They have now lost out on numerous years of potential profits from their online customer base. Additionally, having the distribution centers only in Europe creates longer delivery time to their various other markets.

### Opportunities

Throughout the past decade, online shopping has become more and more popular. Instead of going out shopping, many consumers are going online to order clothing that they may normally not be able to buy in their own city. Since H&M is only present in online markets within certain areas of Europe, and more recently in the United States, they have a large opportunity to expand even more. One of H&M's goals is to expand its stores largely into China and the US, as there is enormous potential for high sales. There is also great potential for expansion in other markets such as Russia, Germany, the UK, Italy, Poland and France (H&M, 2013).

As H&M has been greatly focusing on its sustainability efforts, they have a large opportunity to combine their marketing and sustainability strategies to gain an advantage against its competitors. They have the opportunity to show their consumers the cost-benefit balance of purchasing their product versus competitors, as many consumers are becoming more interested in being 'green' (Meyer, 2001). A study by GfK Roper has shown that environmental concerns are rising; however, many people feel as though they cannot personally contribute to improving the environment (Martin & Shouten, 2012). H&M has an opportunity to educate their consumers by using a combination of their marketing and sustainability strategies, as many people are currently unaware of the company's activities or how they could personally act sustainably. As mentioned by Helena Helmersson, Head of Sustainability at H&M, they want to inspire their consumers to change their behavior by, for instance, washing their clothes at a lower temperature (H&M, 2013).

### Threats

The fashion industry has been facing major environmental challenges, such as harsh working conditions and heavy water usage. Martin and Shouten (2012) state that developed nations are shown to consume the majority of the world's energy resources, and H&M could be seen as a large contributor. It is extremely difficult for such a large retailer to become completely sustainable, and cut out all things that may damage the environment. Their plans to expand into numerous locations can definitely overpower the fact that they put a great deal of effort into their sustainability initiatives, as many people would not understand how expansion can be sustainable. As H&M is a large chain, they may be thought of as a negative influence on consumers, as many people consume more than they should (Meyer, 2001).

Another major threat is the low brand loyalty in today's market, due to consumers looking for lowest prices. Consumers are often fickle and will switch from retailer to retailer in order to find the best deals for the best

quality. This leads to another threat, which is that H&M’s largest competitor, Zara, makes all of their products in-house, while the majority of H&M’s products are made abroad. If there is only a small difference in price between the companies on certain items, the consumer may decide to visit the competitor’s store due to the perception of better quality.

### Sustainability Strategies

For many years, the fashion industry has been facing major environmental challenges such as high levels of water consumption and use of chemicals in the production process. More recently consumers have become very environmentally conscious, paying more attention to how clothing is produced before making a purchase. Swedish fashion has built up a reputation of being of higher quality, as well as having high environmental responsibility; therefore, sustainability has become an expected part of the Swedish fashion industry (Embassy of Sweden, 2013). However, customers need to believe that the environmental issues are real problems and that purchasing the product over a competitor’s will make a difference (Charter & Polonsky, 1999). As well, the sustainable product being offered must have some sort of benefit for the consumer versus purchasing a competitor’s product.

The CEO Karl-Joan Persson stated that, *“Our goal is for H&M to be at the forefront of sustainability. We work hard to always strengthen our customer offering. I think that adding sustainable value to our products is one of the keys to do so”* (H&M, 2013). It is apparent that H&M is working hard to become an ‘embracer’ company, meaning that they recognize that sustainability strategies are pertinent in gaining a strong competitive advantage (MIT Sloan Management Review, 2011). They are not only focused on their internal success, but the concerns of the surrounding environment; this leads them to be assertive in their spending on sustainability initiatives. At H&M, there are approximately 170 employees who work in the sustainability department at various office locations (H&M, 2013).

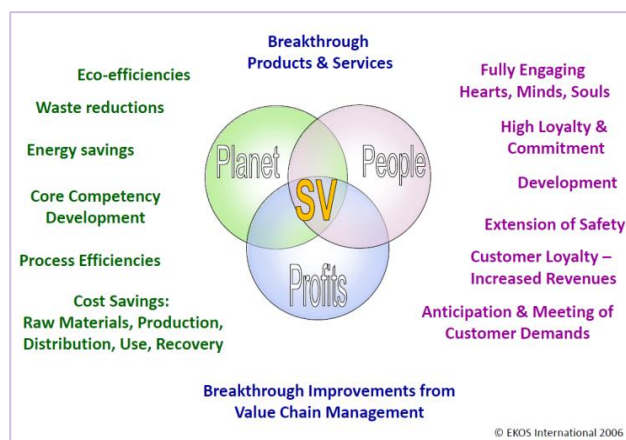
### The Triple Bottom Line: People, Planet and Profit

Many companies are improving on their corporate social responsibility and favor the guidelines for the 3 Ps to do so: People, Planet and Profit. The Triple Bottom Line creates a new outlook on corporate success, as it does not simply focus on the financial success of the company, but also the social and environmental successes. Peter Fisk (2010) mentions in his book, *“People, Planet, Profit”*, that a business can positively impact people and the environment whilst achieving profitable growth.

#### People

In 1997, H&M created a Code of Conduct covering topics such as health and safety and workers’ rights that all of its suppliers must abide by. As the majority of H&M’s clothing is produced in Bangladesh, more than any other apparel company, this leads them to be greatly responsible for the working conditions there. After the devastating garment factory fires that occurred in Bangladesh, H&M quickly agreed to sign a legally binding agreement to improve the safety of buildings there (Stock, 2013). As well, they have been focusing on educating the garment workers in Bangladesh on their rights in the workplace. Just recently in September 2012, CEO Karl-Johan Persson visited the Bangladeshi Prime Minister in order to show H&M’s determination to gain higher minimum wages for the garment workers (H&M, 2013). However, H&M does not pay living wages for its suppliers, which is something they have been greatly criticized on.

**Figure 4: The Triple Bottom Line (3 Ps) (Business & Sustainability PPT, 2012)**



H&M's continuous growth has created approximately 7,400 jobs around the world, and has contributed to more people being employed by their various suppliers (H&M, 2013). The company works tremendously hard to make sure that the people they directly employ feel involved in the company, and that the people employed by their suppliers are well-educated on their rights. As well, they want to improve the health conditions of all the people involved with the company.

### *Planet*

There are numerous initiatives that H&M has undertaken to land themselves a top spot in the list of companies that are working hard to become sustainable. In order to explain their efforts, it is necessary to provide a few examples.

Firstly, H&M began a commitment to organic cotton in 2004, by including small amounts of certified organic cotton into children's clothing. According to the Textile Exchange's Global Market Report on Sustainable Textiles in 2010, H&M became the top user of organic cotton in the world (H&M, 2013). The organic cotton is used in each one of their existing clothing divisions. By choosing organic cotton, this means that they are avoiding the use of pesticides and using significantly less water.

Secondly, H&M has an existing three-year partnership with the World Wildlife Fund to reduce their water impacts along the value chain. They are working to educate their colleagues, suppliers and customers on how to use water responsibly, and how water usage can negatively impact the environment. Their goal is to train anyone involved with the company on how to make more sustainable choices. As well, they are focusing on improving the management of river basins in both China and Bangladesh (H&M, 2013).

Lastly, H&M has come up with a plan to cut waste by offering discounts to consumers who turn in their old clothes at any of the H&M stores (Stock, 2013). This initiative started in February 2013 and it is planned to be in all of their 2,900 outlets by the end of the year. The customers are motivated to drop off their old clothing, of any brand name, because they receive a discount voucher to be used during their next purchase. If the garments are in good condition, they can be reused to make other products. Any items that cannot be reused are broken down and manufactured into other materials and used, for example, by the auto industry (H&M, 2013). If the items are in absolutely no condition to be reused or recycled, they can be transformed into energy.

### *Profit*

H&M has a turnover of approximately 13 billion euros, which is more than half of the Swedish fashion industry (Embassy of Sweden, 2013). They have greatly contributed to Sweden's rising export sales, and have helped to make Swedish fashion recognizable around the world. Ingrid Giertz-Martenson from the Centre of Business History in Stockholm (2012) noted that H&M has been the most successful company on the Swedish stock market ever since their stock market launch in 1975.

About SEK 42 million, which is approximately \$6.3 million US, is invested into community projects and emergency relief (H&M, 2013). As stated in the company's Corporate Social Responsibility Report of 2012, they were able to raise in-store donations of SEK 5.3 million, approximately \$800,000 US, for these initiatives with the help of their customers. In the future, as noted by the Head of Sustainability Helena Helmersson, they hope to cut costs by becoming carbon neutral and producing zero waste (H&M, 2013).

## **SURVEY**

In order to further explore H&M's successes, I created a short questionnaire that was filled out by a random sample of exchange students at the University of Gothenburg (see Appendix). Although the sample size was fairly

small with only 17 respondents, 6 males and 11 females, I believe it adds valuable information to my research. The applicants are from all parts of the world, hopefully creating an unbiased and general opinion. The questionnaire first asked the applicant how often they shop in H&M per year, assuming they already know of the company. I then wanted to focus on H&M's marketing and sustainability strategies in order to support the information I have provided throughout this paper, as well as to see how these strategies affect the general public.

## **RECOMMENDATIONS**

After analyzing the results, it has become obvious that the majority of the students from the sample, approximately 88 percent, are not aware of H&M's sustainability initiatives (see Appendix, Table 4). The majority of the respondents, specifically 94 percent, are aware of the advertising campaigns that H&M puts out through different channels, such as television or Internet ads (see Appendix, Table 1). Therefore, it would be beneficial for H&M to create an ad campaign that shows how they are working to become a sustainable company. Many people only notice the advertisements displaying the new clothing items that are coming into the stores; however, what they are doing to make these clothing items sustainable is not obvious. Walking through the streets of Sweden, advertisements are posted everywhere, but only the brand name is noticeable. Most of their consumers envision H&M as a great option for affordable clothing, as approximately 88 percent of the survey respondents believe they offer good deals compared to competitors (see Appendix, Table 3). If they create an advertisement that is distinctive compared to their usual models standing in striking poses, this may catch their audience's attention, and allow them to envision H&M as both sustainable and affordable. For instance, if the consumers were able to see the bright red H&M logo combined with their current WWF campaign, they may be intrigued to learn more.

H&M consistently speaks out about how they are working towards becoming sustainable, but they are not reaching the correct audiences. They choose to speak out about their initiatives, but they have not yet received extensive attention from their target market. However, in order to tackle this problem, they must do it in a way so as to avoid 'green washing'. They do not want their consumer market to begin believing that they are only using green tactics in order to increase sales. Instead, they should continue to input resources into their sustainability initiatives and educate their stakeholders in the process.

## **CONCLUSION**

Erling Persson did an excellent job of predicting the fashion trends of Swedish shoppers, and this prediction has turned into a global success that is only continuing to expand. The concept of 'fast fashion' is something that H&M quickly adopted. The company has been extremely successful for many years by incorporating famous designers and celebrities into the brand, making it more and more fashionable. The creation of menswear as well as children's wear has made it a store that the entire family can visit.

After analyzing H&M using Porter's Five Forces Model, it became apparent that the company focuses on a cost leadership strategy. They have focused on making a quality product at an affordable price, which is what the majority of consumers are looking for in today's market. However, since H&M's products are not hard to replicate, they do face the threat of other companies imitating their ideas. As well, consumers today seem to have low brand loyalty will switch to another brand if it offers an even slightly better price. Fortunately, H&M seems to have a large influence over their suppliers, as they are long-term partners of the company. Lastly, the competitive rivalry within the fashion industry is quite high, and their largest competitor Zara has always been one step ahead.

Using the SWOT analysis helped to show how well H&M is doing internally as well as externally. The company has many internal strengths that are continuing to keep them above their competition. For instance, their intelligent IT infrastructure that keeps communication channels open between all sections of the company. A major

weakness of the company is that they depend on outside suppliers and may not have complete control over the activities that the suppliers undertake. A large opportunity H&M has is to further expand in significant markets such as China and the United States. Lastly, H&M faces external threats such as environmental challenges. Many companies are now pressured to improve on their business activities to make sure that they will not negatively impact the environment.

After analyzing H&M's marketing strategies, it was important to discuss their sustainability strategies using the Triple Bottom Line. After tragedies that occurred in Bangladesh, it was vital for H&M to improve on the 'People' aspect of the Triple Bottom Line. One thing they were able to do was create a Code of Conduct that all of their suppliers must abide by. However, they still lack in providing living wages for their supplier companies. With the 'Planet' aspect, H&M has been doing numerous things recently to improve on their business activities. They have committed to using organic cotton in their clothing, have created a partnership with WWF and have created a used clothing initiative for their consumers. With the 'Profit' aspect, H&M has greatly contributed to Sweden's rising export sales and has become the most successful company on the Swedish stock market. As well, they use a portion of their profits to invest in community projects.

Overall, H&M's increasing success has made them a huge competitor worldwide. After analyzing the company and completing my survey, it is apparent that they must work harder to create awareness amongst their consumer market. If they want to continue to expand, they must act responsibly and try to educate their consumers to do so as well. They have done fabulously with their marketing campaigns to draw in new customers; however, they do not often seem to highlight their sustainability initiatives. With all of the resources that they have, it is completely possible to improve on their business activities and educate their consumers in the process. As stated by Hart and Christensen (2002), *"multi-national corporations increasingly hear concerns about environmental degradation, labor exploitation, cultural hegemony and local autonomy."* Not only do they have a responsibility to their consumers, but they must also focus on their suppliers and continue to improve on the working conditions in those countries, for instance, by working on a plan to begin paying living wages to those workers. However, as mentioned by Helena Helmersson, improving social and environmental conditions down the value chain will require an industry-wide response (H&M, 2013). In the future, hopefully H&M can work with others in the industry to help to improve upon this issue.

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## APPENDIX

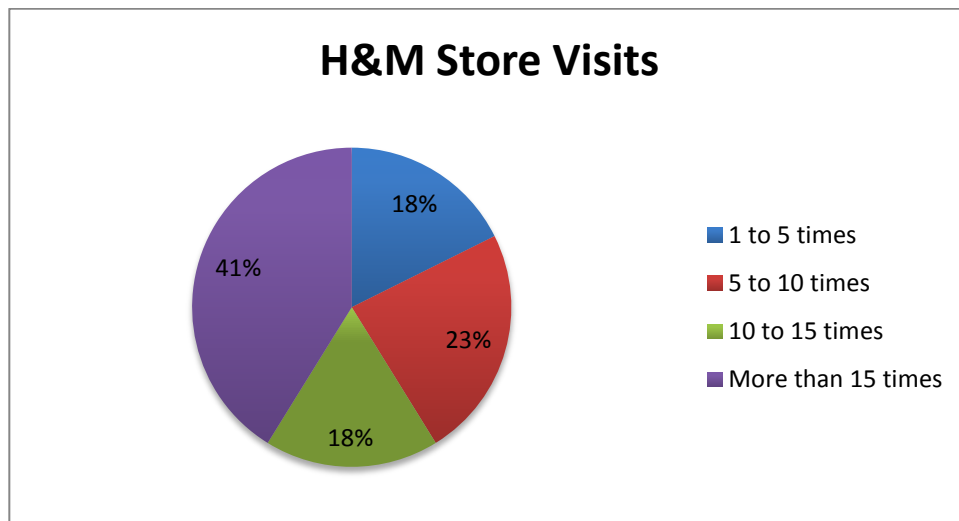
### A Short Survey on H&M

Gender: \_\_\_\_\_

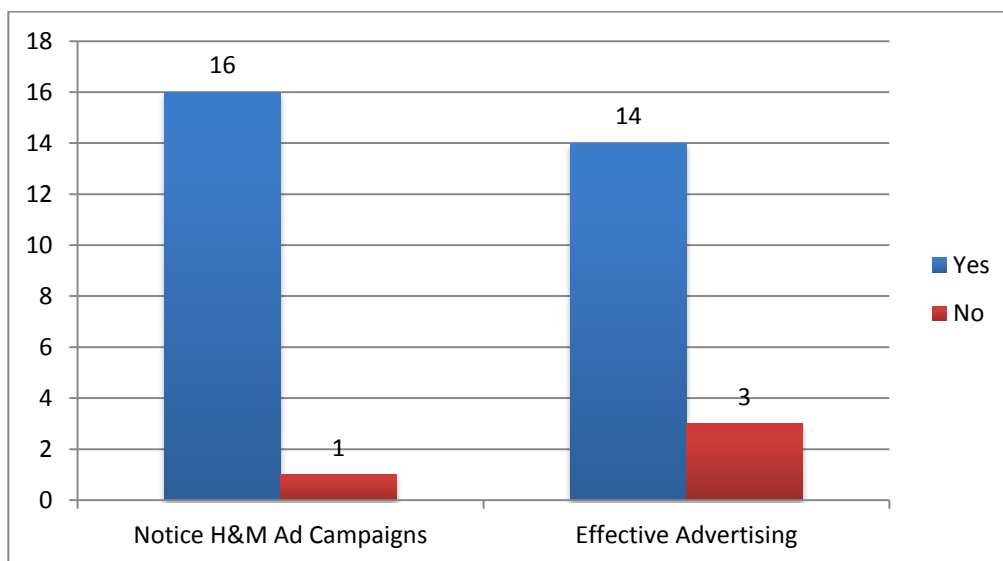
Age: \_\_\_\_\_

1. Assuming you know of H&M, how many times a year do you shop in their stores (approximately)?
  - 1 to 5 times
  - 5 to 10 times
  - 10 to 15 times
  - More than 15 times
  
2. Do you often notice H&M's ad campaigns on television, the Internet, or around the city?
  - Yes
  - No
  
3. Are their advertisements effective in persuading you to visit their stores?
  - Yes
  - No
  
4. Having shopped at H&M, do you believe that they offer good deals compared to other retail outlets?
  - Yes
  - No
  - I don't shop there
  
5. Are you aware of H&M's sustainability initiatives? If yes, please list an example.
  - Comments
  
6. Do you enjoy shopping at a store that works hard to be sustainable?
  - Yes
  - No
  - It doesn't affect me

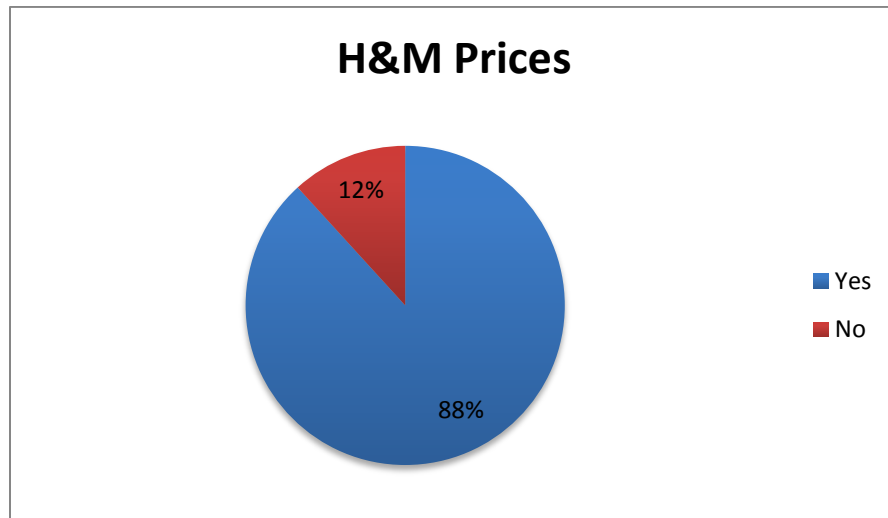
**Table 1: Approximate number of times the applicants visit H&M stores (question 1 from the survey).**



**Table 2: H&M's marketing strategies (question's 2 and 3 from the survey).**



**Table 3: Whether or not the applicants believe H&M offers good deals compared to other retailers (question 4 from the survey).**



**Table 4: H&M's sustainability initiatives (question's 5 and 6 from the survey).**

