Strategic Analysis of H&M: Navigating Global Fashion Leadership through Innovation, Market Segmentation, and Sustainable Practices

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Abstract

This study explores the strategic development of the multinational fashion company H&M, following its rise from a small shop to a major force in the market. While the external environment assessment closely examines H&M's response to macro and micro environmental issues across 71 nations, the internal analysis underlines the company's dedication to innovation, varied product offerings, and strategic alliances. A thorough SWOT analysis identifies H&M's advantages in terms of worldwide expansion and environmentally responsible operations, as well as its disadvantages with regard to ethical issues. Prospects for the firm include expanding its market share in Asia and Africa and leveraging the expanding e-commerce market. On the other hand, risks include the fierce competition for brand awareness and issues related to sustainability. The research then turns its attention to H&M's target audiences, using age-based targeting to appeal to the fashion-conscious 18–35-year-olds and demographic segmentation to target the middle class and working class. The product line includes accessories, cosmetics, and clothing for men, women, and kids. The strategic study uses a well-designed retail strategy and marketing mix to highlight H&M's stance as a supplier of premium, reasonably priced apparel. The research culminates by highlighting H&M's prominence in the fast fashion industry and its dedication to sustainability, capturing the brand's history via a prism of creativity, market division, and morality.

Keywords : The fashion industry, H&M, global fashion, demographic segmentation, product range, retail mix, marketing mix, competitive landscape, global expansion, e-commerce

Introduction

H&M, a global fashion conglomerate, has grown from a small women's clothing boutique to a global giant. This research analyzes the company's strategic environment, market segmentation, targeting, and positioning, focusing on high-end customers and customer satisfaction.

I. INTERNAL AND EXTERNAL H&M ENVIRONMENT ANALYSIS

1. Internal Analysis: Framework:

Company: H&M innovates processes and products. Senior management promotes work variety and creativity. H&M substantially funds R&D for marketing, product development, distribution, and promotion. COS sells luxury garments, whereas H&M owns Monki, Weekday, Afound, and Arket.

Customers: H&M targets high- and low-end markets. Offering products to more diverse and large markets has increased the company's potential. H&M promotes "fashion and quality at the best price," and they constantly release new products to fulfil customers' growing need for inexpensive garments.

Competitors: Product differentiation is hard owing to little variances. Due to availability and low switching costs, substitutes are hard. New competitors won't harm H&M's market share because to its low to moderate entrance criteria.

Cooperation: H&M optimised product development and delivery with many partners. In 2021,H&M and Sabyasachi offered affordable couture garments and accessories. Smiley and H&M made happy face t-shirts, pants, coats and sweaters.

Context: H&M may find economic issues connected to other nations' employment rules, working conditions, and labour cost fluctuations by evaluating the economic framework. Technology affects cost structures and organisational operations, thus understanding the environment is vital.

2. H&M External Environment Analysis:

The corporation works in 71 countries, thus it faces several external environment problems to thrive (H&M, 2018). H&M offers high-quality, low-cost items and believes in giving consumers good value. Any organisation faces two major external environmental elements that affect its operations. Environment is split into micro and macro components.

Microenvironments of H&M:

The company's microenvironment includes suppliers, rivals, stakeholders, and consumers. The corporation can handle micro-environmental issues since they influence the business at a low level (Sobande, 2019).

Analysis of H&M PESTEL:

Six macro-environmental issues may severely impact H&M's business success. The pestle effects of these external influences are:

Political:

Political changes have an impact on reach globally.

Stores in countries with unstable governments have an impact on income.

Economic:

Despite Brexit uncertainty, sales are increasing.

Swedish krona sales rose as a result of success across Europe.

Social:

Focusing on CSR improves reputation and values sustainability. By 2020, it should be 100% sustainable cotton.

Technological:

Investments in technology improve supply chain effectiveness. Customer happiness with technological advancements like "Wechat."fined for data exposure and claims of discrimination.

Environmental:

Recyclability and environmental initiatives.

Macro environment of H&M:SWOT Analysis

Strength	Weakness
In 2017, H&M expanded to Africa and Asia from 70+countries. Eco-friendly practices: recycling, organic materials,renewable energy by 2016. UK brand recognition increases with Lady Gaga andLana Del Ray endorsements.	Misusing young people in factories (Bangladesh, Cambodia, Uzbekistan). Intolerance of race - "Coolest monkey" sweater. Sorry about both problems.

Opportunity	Threat
Develop throughout Asia and Africa to increase brandawareness. strong reputation for sustainability and a global brand. E-commerce is expanding and adding markets in 2019(Mexico and Egypt).	Grow for brand recognition in Asia and Africa. Sustainability and global brand recognition. In 2019, e-commerce expands and gains Mexico andEgypt.

II. H&M'S TARGET MARKETS

Targeting, segmenting, positioning people who like quick fashion. H&M is a worldwide brandthat addresses many ethnicities, faiths, and lifestyles. The corporation uses many marketing methods to reach its target.

1. Demographical segmentation

Class-based segment: H&M targets the middle class and working class with high-quality, cheap products.

Age-based segment: H&M targets 18-35-year-olds since teens and young people want contemporary clothing.

Gender-based segment: Millennial women like stylish attire.

2. Segment Targeting

Millennials and Gen Z women in the middle class. The above target sector is prospective customers the firm wants to sell to. This H&M target category likes stylish items and designers and enjoys shopping. The most successful category for H&M is millennials and Gen Z, particularly women. Women spend their disposable income on clothing and accessories forthemselves, their husbands, children, and loved ones.

III. PRODUCT DELIVERED TO H&M TARGET MARKET

Women's apparel: The collection comprises dresses, shirts, bottoms, outerwear, and more for various occasions.

Men's apparel: H&M sells formal and informal men's apparel. The range includes shirts, suits, trousers, jeans and outerwear.

Children's clothes: H&M has trendy, age-appropriate clothes for newborns and toddlers.

Fashion accessories: H&M sells bags, shoes, jewellery, belts, caps, and more.

Cosmetics and Beauty: H&M sells cosmetics, skincare, perfumes, and body care.

IV. H&M STRATEGIC ANALYSIS

H&M, a worldwide fashion and design corporation, leads fast fashion with sophisticated marketing and retail mix initiatives. This section discusses H&M's positioning, marketing mix(Product, Price, Place, Promotion), retail mix, item offers, store displays, and customer services using pertinent literature and theoretical ideas.

Positioning:

According to Kotler and Keller's "customer value proposition," H&M sells somewhat high- quality, fashion-forward clothes at low costs (Kotler & Keller, 2016). Fast fashion, where trends are quickly converted from runway to shop, fits Porter's differentiating approach (Porter,1985). Under the Triple Bottom Line principle, H&M prioritises economic, social, and environmental sustainability (Elkington, 1997).

Marketing Mix:

Product: H&M's varied product selection fits Ansoff's product-market matrix, extending into

current markets with new items (Ansoff, 1957). Their rapid fashion strategy capitalises on "time-based competition" by Stalk and Hout (1990) and market responsiveness.

Price: H&M's pricing strategy uses economies of scale like Porter's cost leadership (Porter, 1985). The resource-based view (RBV) of strategic management exploits unique resources by outsourcing to nations with cheaper labour costs (Barney, 1991).

Place: H&M's worldwide presence follows Levitt's "globalisation" (Levitt, 1983), adapting items to different markets while preserving basic characteristics. Direct distribution streamlines the supply chain to lower costs, like Bensaou and Anderson (2000)'s disintermediation.

Promotion: H&M uses advertising, personal selling, and sales promotion like Kotler (Kotler & Keller, 2016). Fashion designers help Aaker's "brand personality" (Aaker, 1997), improving brand image and appeal.

3. Retail Mix:

Store Location: The strategic placements of H&M stores match consumer behaviour theories. Locations in metro areas take advantage of urbanites' increased discretionary income and fashion awareness (Kotler & Keller, 2016).

Goods: Ailawadi et al. (2003)'s "category management" idea informs H&M's broad product strategy, which meets client wants inside a single shop.

Store Display: H&M's shop displays use visual marketing to captivate customers (McKeever, 2008). The worldwide display standards mimic centralised shop design and layout (Dunne & Lusch, 2005).

Service: H&M's customer service follows Heskett et al.'s (1994) "service-profit chain" of staff satisfaction, service quality, customer satisfaction, and company success.

CONCLUSION

Strategic environment, market segmentation, targeting, and positioning of H&M are examined in this case study. Innovation, broad consumer targeting, and key collaborations are highlighted. H&M targets middle-class millennial and Gen Z women with apparel, accessories, and cosmetic items. The study underlines H&M's fast-fashion leadership and well-designed marketing and retail mix.

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