

# [H in china was between 42 and 108](https://assignbuster.com/h-in-china-was-between-42-and-108/)

[Business](https://assignbuster.com/essay-subjects/business/), [Marketing](https://assignbuster.com/essay-subjects/business/marketing/)

H&M entered into China in 2007, a year late thanits rival Inditex (Zara). H&M’sl strategy to enter the market at a later stage was made in order to beable to assess the success of other retailers before establishing l its brand there. Thiswas l because ofthe potential differences in ltastes, sizes, marketing and advertising possibilities between China l and Western Europerequired careful investigation before making the decision l on how to enter the newmarket. By l enteringin China later than its competitors, H had the opportunity to makepost-market studies related to its competitors’ success and failure in thetarget country. H&M expanded into China by applying the existingstrategies that were used in its global l markets. The retailers made few significant changes toits strategy. They were related to price, icon style collaboration and whatsocial networks the company used to promote its products and brand.

H&M waswell received in lthe Chinese market and its performance was much higher than previouslyanticipated by the company. lH&M’s year-on-year sales increased between 2007 and 2014 and the growthtarget of opening new shops with an annual rate of 10-15 percent was easilyobtained. The actual rate of store openings in China was between 42 and 108percent during the same period. The reason that H chose to follow, to a largeextent, the same strategy was mostly to leverage economies of scale in thelarge Chinese market. H’sdecision to launch in China was based on the reasoning that the spending powerof the masses was steadily increasing as a significant amount of people weremoving from the low-income segment to the middle-income segment. It also assessedthat fashion had become an increasingly important part of Chinese society andit allowed for increased individuality and possibility to express oneself throughclothing.  H&M’s previous CEO said thatChina had the potential to become H’s biggest market and l stated that H&Mcould use the experience gained in the different, l yet similar, market such as USA, where thecompany had established in 2000. It was also stated that the amount of productssourced from China was likely to increase with growing sales and an increase indemand in the local market lwould make China an increasingly important location for H&M’s productionand sales