

H in china was
between 42 and 108

Business, Marketing



H&M entered into China in 2007, a year late than its rival Inditex (Zara). H&M's strategy to enter the market at a later stage was made in order to be able to assess the success of other retailers before establishing its brand there. This was because of the potential differences in tastes, sizes, marketing and advertising possibilities between China and Western Europe required careful investigation before making the decision on how to enter the new market. By entering in China later than its competitors, H had the opportunity to make post-market studies related to its competitors' success and failure in the target country. H&M expanded into China by applying the existing strategies that were used in its global markets. The retailers made few significant changes to its strategy. They were related to price, icon style collaboration and what social networks the company used to promote its products and brand.

H&M was well received in the Chinese market and its performance was much higher than previously anticipated by the company. H&M's year-on-year sales increased between 2007 and 2014 and the growth target of opening new shops with an annual rate of 10-15 percent was easily obtained. The actual rate of store openings in China was between 42 and 108 percent during the same period. The reason that H chose to follow, to a large extent, the same strategy was mostly to leverage economies of scale in the large Chinese market. H's decision to launch in China was based on the reasoning that the spending power of the masses was steadily increasing as a significant amount of people were moving from the low-income segment to the middle-income segment. It also assessed that fashion had become an increasingly important part of Chinese society and it allowed for increased

individuality and possibility to express oneself through clothing. H&M's previous CEO said that China had the potential to become H's biggest market and I stated that H&M could use the experience gained in the different, I yet similar, market such as USA, where the company had established in 2000. It was also stated that the amount of products sourced from China was likely to increase with growing sales and an increase in demand in the local market. It would make China an increasingly important location for H&M's production and sales.