Multinational apparel specialist retailer marketing essay

HM Hennes Mauritz AB HM or the group, founded in 1947 and headquartered in Stockholm, Sweden, is a multinational apparel specialist retailer and famous for its fast-fashion clothing for men, women, teenagers and children (Larenaudie, 2004). Besides the company's primary and eponymous chain, the group also operates through four independent brands: Collection of Style (COS), Monki, Weekday, and Cheap Monday (H&M, 2011a). Growing with the business concept to offer fashion and quality at the best price, by the end of 2011, the group has grown one of the largest global apparel retailers with presence in 43 markets and nearly 2500 stores (H&M, 2011a).

H&M operates within only a single segment: sale of clothing and cosmetics (MarketLine, 2012), which locates the company as a fast-fashion retailer in global apparel industry. High level of rivalry among competitors has been witnessed within the global apparel industry. And the fluctuating price of raw materials, unpredictability of fashion trends and increasing demand of real-time update from consumers also pose challenges towards fashion retailers. However, H&M, as one of the fast-fashion pioneers, has an outstanding and steady performance over the years.

There are various factors contributing to H&M's outstanding performance. Combined with the industry's key success factors, it is essential for a fashion retailer to balance cost efficiency with differentiation, have strong brand-consciousness and global expansion. Also, the continuously heated corporate social responsibility (CSR) issue remains the key to H&M's success.

Therefore, this dissertation aims to achieve three goals:

To analyse H&M's performance based on the global apparel retailing industry's key success factors

To competitively analyse H&M's position against its competitors, especially Zara (Inditex Group)

To reach recommendations for the company's future strategy

This chapter serves as a general overview of the paper and aims to help readers with the guideline of thoughts in the dissertation. Chapter Two discusses literature review and methodology. Chapter Three focuses on analysis of global apparel retailing industry with Five Forces Analysis, PESTLE Analysis and Key Success Factors of the industry. Chapter Four is the main analysis of H&M, starting based on four key success factors: cost efficiency; brand-consciousness; global expansion; and CSR, followed by competitive positioning of the company, financial analysis, SWOT analysis, and ending with recommendations. Chapter Five is the conclusion of the dissertation.

Due to personal limitation of knowledge and reach of resources, several parts of discussions in the dissertation could not be conducted in-depth. No dependable survey and data collections have been conducted due to personal limitation of time and financial support. The dissertation is mainly based on figures and data collected from second-hand resources.

Chapter 2: Literature Review and Methodology

Literature Review

This section serves as a theoretical support for the validity of the analysis of global apparel retailing industry in Chapter Three and analysis of H&M in Chapter Four.

Industry Analysis

The analysis of global apparel retailing industry is conducted with Five Forces Analysis (Chapter 3. 2), PESTLE Analysis (Chapter 3. 3) and Key Success Factors (Chapter 3. 4).

Five Forces Analysis – developed by Michael Porter – illustrates five factors determining the level of competition and profitability within an industry (Grant, 2010). The framework is widely used in industry analysis and is conducted by analysing five sources of competitive pressure: buyer power, supplier power, new entrants, substitutes, and rivalry (Grant, 2010) (see Figure 1).

Figure 1: Porter's Five Forces framework (Grant, 2010)

PESTLE Analysis is a framework to clarify and discuss the external macro-environment that affects an industry which stands for Political, Economic, Social, Technological, Legal, and Environmental factors (Nejati et al, 2008).

Key Success Factors of an industry is identified by analysing the factors that help a firm survive and thrive within the market environment (Grant, 2010). By analysing two main criteria – what do customers want and how does firm

survive competition – the shared key elements of customer desire and the nature of rivalry could be identified (Grant, 2010) (see Figure 2)

Figure 2: Identifying Key Success Factors (Grant, 2010)

Combining Five Forces Analysis with PESTLE Analysis, industry environment could be discussed in details in Chapter Three. After the analysis of industry environment, key success factors will be reached by the model to serve as the basis for company analysis in Chapter Four.

Marketing Mix

Marketing mix model, also known as the 4Ps, is the combination of Price, Product, Promotion and Place, adopted by companies to explore their unique selling points (McCarthy, 1960) (see Figure 3).

Figure 3: Marketing Mix – 4Ps (McCarthy, 1960)

By employing marketing mix model in Chapter 4. 2, the unique marketing combination of H&M has been analysed.

International Product Life Cycle Theory

The product life cycle (PLC) theory explains the basic development of products and motivations for international trade (Ajami & Goddard, 2006). The theory describes four discrete stages in a product life cycle: introduction, growth, maturity, and decline (Vernon, 1966) (see Figure 4).

Figure 4: Product Life Cycle Theory (Vernon, 1966)

The PLC theory has been widely adopted in analysis of international business and trade (Ajami & Goddard, 2006). In Chapter 4. 2 and Chapter 4. 4. 1, the theory has been used in explaining H&M's product and market select and entry in global expansion progress.

Uppsala Model

The Uppsala Model suggests that a company's global expansion is a gradual process reliant on market knowledge and incremental decisions (Johanson and Vahlne, 1977; Frynas & Mellahi, 2011). The theory is based on the assumption that firms expand globally with logical steps, based on the gathered information from foreign markets, which will lead to greater involvement of market commitment to more international business activities (Johanson and Vahlne, 1977; Frynas & Mellahi, 2011).

The model is based on two steps. First, when starting foreign market selection and entry, firms normally start expanding to neighbouring countries or countries with small psychic distance (Frynas & Mellahi, 2011). Then after gathering experiential market knowledge, the firm expand to foreign markets step by step (Frynas & Mellahi, 2011).

Figure 5: Uppsala Model (Frynas & Mellahi, 2011)

The Uppsala Model helps understand a company's choice and plan in international market selection and mode of entry. In Chapter 4. 4, Uppsala Model is employed to better illustrate the global expansion strategy of H&M.

Corporate Social Responsibility

The European Commission defines Corporate Social Responsibility as:

" A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission of the European Communities, 2001)

The importances of CSR has been analysed by Porter and Kramer (2006) as follows:

Figure 6: Importance of Corporate Social Responsibility (Porter and Kramer, 2006)

In Chapter 4. 5, the theory has been used to discuss and analyse H&M's involvement in CSR activities and its effects.

Market Positioning

A firm can achieve its competitive advantages in either of two methods: either it can supply an identical product or service at a lower cost or it can supply a product or service that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation (Grant, 2010), which defines two different approaches to achieve competitive advantages: cost leadership and differentiation.

Combining the two approaches with the firm's competitive scope – either industry-wide or single segment – Michael Porter has defined generic strategies as follows (Grant, 2010) (Figure 7):

Figure 7: Porter's Generic Strategies (Porter, 1980)

And a firm should focus on either one of the strategies above and avoid " stuck in the middle" (Porter, 1980).

By defining the firm's strategy of achieving competitive advantages, the firm could be positioned in the market. Market positioning is about where you are located in the marketplace, largely as judge by customers, compared to the rest (Piercy, 2009)

In Chapter 4. 6. 1, the market positioning theory has been used to analyse H&M's competitive positioning within the market and serve as basis to comparative analysis against its competitors.

Methodology

As to the methodology of this dissertation, phenomenological paradigm is adopted due to the explanatory and descriptive nature of the analysis. Qualitative approach is implemented in the dissertation for that quantitative method requires the collection and interpretation of abundant accurate primary data to make sure reaching reliable conclusions, while the analysis of H&M largely depends on secondary data and research group releases and third party opinions. Due to the limitation of my personal knowledge, further research might be needed for more accurate information to be acquired.

Chapter 3: Industry Analysis

H&M operates within only a single segment: sale of clothing and cosmetics (MarketLine, 2012), which locates the company as a fast-fashion retailer in global apparel industry. The following chapter examines the industry with an overview, Five Forces Analysis, PESTLE Analysis and then comes up with Key Success Factors of the industry.

3. 1 Industry Overview

The apparel retail industry consists of the sale of menswear, womenswear, childrenswear, clothing accessories, hosiery and footwear within the global market including North America, South America, Western Europe, Eastern Europe, MEA and Asia-Pacific (MarketLine, 2012).

Figure 8: Industry Overview of Global Apparel Industry (MarketLine, 2012)

The global clothing retailing industry has witnessed moderate growth in recent years. In FY2011, the total revenue of the industry had reached $1175. 4 billion, a 2. 7% growth between FY2007 and FY2011 (Figure). In all categorical segments, the womenswear segment remained most profitable in FY2011, representing 51. 1% of the total value of the industry (Euromonitor International, 2011).

Figure 9: Global Apparel Retail Industry Value; Global Apparel Retail Industry Geography Segmentation (MarketLine, 2012)

3. 2 Five Forces Analysis

As introduced in Chapter 2. 1. 1, the market will be analysed from five aspects: buyer power, supplier power, substitutes, new entrants and degree of rivalry. The analysis will take individual consumers as key buyers, manufacturers and wholesalers as key suppliers, and other retailers as players.

Figure 10: Forces driving competition in the global apparel retail industry (MarketLine, 2011)

3. 2. 1 Buyer Power

In global apparel retail industry, buyers are mostly individual consumers. As clothing has been recognised as symbols of fashion taste and social status, buyer power is weakened by design patterns and branding of a retailer (Bhardwaj and Fairhurst, 2010). However, the low switching costs of consumers strengthen buyer powers due to various choices on market. Furthermore, apparel retailers are at the end of the value chain. In a market where fashion trends change quickly and unpredictably, they have to offer buyers as demanded. This enhances buyer power. Overall, buyer power in this industry is assessed as moderate.

3. 2. 2 Supplier Power

Major suppliers in the industry are clothing manufacturers and wholesalers, which are normally small to medium sized firms (MarketLine, 2011). In most countries, the supplier sector is fragmented because of the absence of diversity among suppliers (MarketLine, 2011). And further fragmentation is made by the retailer's ability to outsource from foreign countries, especially from low-wage and labour-intensive regions such as China and India (Deloitte, 2011). However, the law of national minimum wage in some countries raises the labour power of suppliers. So overall, supplier power is assessed as moderate.

3. 2. 3 New Entrants

Moderate growth has been witnessed in global apparel industry, making less people attracted to the market. However, with low barriers to entry and low requirement to start up a business in the industry, there are high possibilities

for individuals to enter. And low switching costs for consumers and lack of variety in product differentiation in the market is beneficial for new entrants to compete. However, in some countries (e. g. the US) the market is majorly occupied by some large corporations from scale economies and strong buyer power (MarketLine, 2011). Regulation in the industry has remained little but recently corporate social responsibility issues have been heated among consumers (Idowu & Filho, 2008). These factors prove that new entrants are strong threats.

3. 2. 4 Substitutes

There are no substitutes for apparel. However, major substitute for retailing is to buy clothes directly from manufacturers (Zentes et al, 2011). This option is strengthened by the increase of online stores. Online shopping has been increasingly accepted by consumers (Peck et al, 2011). And by running online fashion stores, large amount of overhead could be avoided. There are still niche substitutes like home-made and couture clothing, or second-hand clothing (MarketLine, 2011). However, substitute threats are assessed as weak.

3. 2. 5 Degree of Rivalry

The global apparel clothing industry is considered as fragmented (Jones, 2006). There are large numbers of small size retailers with the same product differentiation. And with increasing number of retailers expanding products to accessories and other diversities, rivalry in the industry has been intensified. With a moderate growth and low requirement of market entry, a high degree of rivalry has been resulted.

In conclusion, the global apparel retailing industry is fragmented with moderate growth, weak threat from substitutes, moderate buyer power and supplier power. Low barrier to entry and low requirement for entrants have resulted in strong threats of new entrants and further led to high degree of rivalry.

3. 3 PESTLE Analysis

As discussed in Chapter 2. 1. 1, the macro-environment of the industry is analysed by PESTLE analysis regarding political, economic, social, technological, legal and environmental aspects (Grant, 2010).

Political

As for global apparel retailers, legislations vary among different countries and areas (Cobra, 2011). Every retailer in the industry must follow government regulations regarding goods and labour (Graham & Richardson, 1997). And the political stability is also crucial for fashion retailers as it would directly affect their sales situation and asset safety (Aspers, 2010).

Economic

For fashion apparel retailers, economic trends are crucial for their strong impacts on consumer behaviours and purchasing powers. For example, in 2011, the global economic recession had negative effects on fashion retailers (Euromonitor International, 2011). Because consumers with lower disposable income regard clothing as functional item, while with higher disposable income branding became important as a symbol of social status and fashion taste (MarketLine, 2012). Price fluctuation of raw materials – cotton price for

apparel retailers – has significant impacts on the industry (MarketLine, 2012). Interest rates also would affect sales and high interest rates lead to difficulties to trade overseas (Arnold, 2010). Moreover, currency situation is important as the exchange rate influences the value and trades of retailers (Browne, 2000).

Social

Increasing attentions from public have been focused on corporate social responsibilities (CSR) of apparel retailers, mainly regarding labour conditions, such as protection of workers' rights, maintaining safe working conditions, reasonable wage and no child labours (Idowu & Filho, 2008). Also, for global fashion retailers, cultural differences between counties are crucial due to different fashion trends, consumer behaviours, or local customs.

Technological

The development of technology has enabled global apparel retailers with e-commerce and international trade more effectively (Euromonitor, 2011). And with the implementation of high technology, supply chain has changed significantly with global outsourcing, real-time update, and continuous replenishment (Lopez and Fan, 2009). Moreover, online shopping has been increasingly accepted by consumers, which initiated a new channel for retailers to cut costs by less middlemen and no store rent (Peck et al, 2011).

Law

Global apparel retailers need to follow different government legislation regarding employment and production (Graham & Richardson, 1997). For

instance, in some countries, such as the UK, there is national minimum wage to protect employees' rights (Low Pay Commission, 2011). And tariffs from international trade are also important for international retailers to abide by.

Environmental

Environment protection has remained a heated issue among apparel retailing industry, especially issues like chemical restrictions and pollutions during production (Euromonitor International, 2011). It is also crucial for retailers to save energies and materials and reduce environmental impacts during product life cycle (PLC) (Chapter 2. 1. 3).

From the above analysis, global apparel industry largely depends on political stability, government legislation, high-technology, public relations. And fluctuating price of source remains a major challenge to apparel retailers.

3. 4 Key Success Factors

As introduced in Chapter 2. 1. 1, Key Success Factors of apparel retail industry is analysed with the Grant model by examining the demand and competition of the industry as following

Figure 11: Identifying Key Success Factors of Global Apparel Retailing Industry (Grant, 2010)

Therefore, from the analysis above, for a global apparel retailer, cost efficiency is one of the crucial factors for that low cost ensures profitability and efficiency indicates fast responding time to meet demand, allowing fashion and quality at the best price (H&M's business concept, H&M, 2011a).

Brand strategy also plays a key role in apparel retailer's success as it facilitates customer loyalty. Differentiation of style in fashion industry positions the company's competitiveness and brand image in the market. Global expansion strategy of an apparel retailer is also essential as choices of global markets and international strategy decide retailer's future development, global presence and even profitability (Deloitte, 2011). The continuously heated issue of corporate social responsibility also remains the key to company's brand image among public and future growth. It plays a vital role in company's success due to the heated social issue of environmental protection and labour conditions (Idowu & Filho, 2008)

In the following chapter, the company will be analysed starting based on key success factors to seek for unique interpretation of H&M's performance.

Chapter 4: Analysis of H&M

This Chapter is mainly focuses on analysis of H&M, starting by analysis based on four key success factors of the industry, followed by competitive positioning analysis, financial analysis, and SWOT analysis, and ended with recommendations.

4. 1 Operations Strategy

H&M's business concept is to offer fashion and quality and the best price (H&M, 2011a). To make sure the company follows the leading fashion trends, quality of designing and lead time of distribution are important (Slack et al, 2010). And the offer of best price needs to rely on the basis that cost from each stage has been minimised.

4. 1. 1 Reduction of Costs

Cost-consciousness at every stage remains the key to H&M's operations (ZavrÅ¡nik, 2007). To achieve the growth target with offering best price, H&M has a professional buying team (H&M, 2011a). The company arranges its buying activities according to decisions from design team (MarketLine, 2011). The buying team achieves lowest cost by purchasing in bulk with the right products from the right market (ZavrÅ¡nik, 2007).

With no factories itself, the company outsources its product manufacturing to approximately 700 suppliers, mostly in Asia and Europe (H&M, 2011a). The manufacturing locations are divided by the level of fashion-sensitiveness: the fashion-sensitive collections are normally manufactured within Europe to cut the lead time while the cost-sensitive and sustainable collections are produced in Asia to allow the lowest possible price and achieve economies of scale (H&M, 2011a).

Furthermore, H&M focuses on building long-term relationships with suppliers and manufacturers (H&M, 2011a). H&M does not own any factories (H&M, 2011a), so quality control over the whole process might be a problem. Due to fast responses to fashion trend, there is usually not enough time to perform detailed quality control. Therefore the company has been involved in accusation of poor quality. So, dependable suppliers could not only provide H&M with lowest price, but also ensure the quality of products from long-term cooperation and mutual understanding.

Moreover, as a fast-fashion retailer, H&M has lead time from weeks up to six months (H&M, 2011a), which is slower than its strongest competitor Zara

(Inditex Group) of maximum 14 days. However, faster responses indicate higher cost, H&M focuses on reduction of cost and achieves balance between fast-fashion and price, allowing averagely 30% – 50% lower price than Zara (Larenaudie, 2004)

4. 1. 2 Speed of Responses

H&M holds the point that the right lead time should be balanced between price, time and quality instead of pursuing merely short lead time (Euromonitor, 2012). However, as a fast-fashion retailer, quick responding to fashion trends, consumer demand and other market changes is still key for the company (Grant, 2010). The company achieves fast responses by integrating downstream and being efficient at every stage (H&M, 2011a).

H&M has a professional design team. The in-house design team, headquartered in Stockholm with over 150 internal designers, focuses on combining inspirations and information from multiple resources such as news, travelling, streetstyle and various exhibitions and catwalks (J. P. Morgan, 2012). This cross-functional designing could ensure the quick response to market change.

High technology has also been used by H&M to ensure the speed and efficiency of supply chain and enable changes could be made quickly enough and design agreement then could be fasten (Bruce and Daly, 2006). H&M has conducted top-class computerised design software and built common IT platform that enables quick information exchange between the process of designing, production and warehouse. The group set only limited stocking area in each store to keep maximum area for display. So the replenishment

needs to be backed up by effective distributions according to the daily sales. The immediate sales data communication serves as a strong basis for fast response and efficiency at every stage.

With this in-house design and outsourced production process, H&M claimed that their lead time could range from weeks to up to six months: fashion-conscious within weeks and sustainable and classics could be months (H&M, 2011a), achieving balance between price, quality and time.

4. 2 Marketing Mix Strategy

After analysing the cost and efficiency strategy of the company, marketing strategy will be analysed first with the company's unique marketing mix (Chapter 2. 1. 2).

Price

H&M makes effort to differentiate its brand image from other fast-fashion retailers with competitive low price (ZavrÅ¡nik, 2011). The company makes efforts to offer best possible price in spite of fluctuating costs of raw materials. However, the price range of H&M products varies according to designs, current interest rates, and tariffs (Larenaudie, 2004).

Product

Clothing is the main product for H&M. The company offers a wide range of designs for clothing, from classics to basics, to designs following the latest fashion trends. In addition, H&M expands product mix to make the most of sales opportunities, such as make-up and costume jewellery at competitive

prices, and home furnishings for young households (Euromonitor, 2011). Furthermore, as fashion trends intertwined (Steele, 2011), the new sustainable collection and classics collection enable a longer Product Life Cycle (Chapter 2. 1. 3) to maximise the design and avoid quick decline.

Promotion

Marketing promotion is crucial for apparel retailers to build the brand image (Cooklin, 2006). Various methods could be adopted, such as advertising, social media presence, personal selling, publicity, presentations (Cooklin, 2006). For H&M, inviting guest designers has been a major attraction to customers (Euromonitor International, 2011). Also, H&M has two major fashion seasons annually – spring season and autumn season, and two sales season – summer sales and the Christmas and New Year season (H&M, 2011a). The two sales seasons promote products and attracts more customer visits with even lower prices.

Place

H&M has strong global presence with over 2500 stores by the end of 2011 (MarketLine, 2011). However, the majority of H&M's store-based apparel sales come from Europe, with Germany contributing the most, followed by the UK and France (Euromonitor International, 2011). In addition, H&M has a growth target to increase the number of stores by 10% to 15% every year (H&M, 2011a). But the company does not own any store facilities. By renting store premises the company could achieve flexibility to the best level and make sure store locate at the best possible position. And the company has

leading distribution system enabling continuous replenishment based on real-time update sales data (Bruce and Daly, 2006).

4. 3 Brand and Multi-Channel Strategy

In the fashion retail industry, brand image is crucial in building customer loyalty (Bhardwaj and Fairhurst, 2010). H&M is the most important brand for the group and enjoys strong presence internationally. With only limited investment in advertisement on TV, H&M's collections with famous guest designers and celebrities have been the major hit to attract customers. From " Karl Lagerfeld for H&M" in 2004, " M by Madonna" in 2007, Jimmy Choo's shoes and bags in selected stores in 2009, to the exciting autumn hit " Versace for H&M" in 2011 and " Marni at H&M" in 2012, the guest collections fully showed attraction to customers, which interlink the price-conscious brand together with great design and quality (Euromonitor, 2011). As a mass-production fashion retailer, H&M could raise brand impacts globally by cooperation with celebrities and famous brands to create the feeling of " luxury" and " limit edition" for its own customers. By collaboration with H&M, luxurious brands could open up customer market with lower disposable income.

Figure 12: Images of H&M's Collections by Guest Designers and Celebrities (Versace, Madonna, Jimmy Choo) (H&M Annual Report)

In addition, H&M sells not only through store premises, but also over the internet and catalogue books, which with brand strategy, composes together H&M's multi-channel strategy.

H&M has made positive progress by promoting limited online sales globally allowing consumers in areas with no H&M stores to purchase online, which boosts global brand image for H&M and generates sales (MarketLine, 2011). The company also produces own online webzine – H&M Life, linking to its online stores and fashion items with latest trends (Euromonitor International, 2012).

Furthermore, H&M has successfully combined social media strategy to build up its brand and customer loyalty with Facebook page, twitter account, YouTube account and special online social hub (MarketLine, 2011). For example, H&M's Facebook page has competitive engagement rate of 2% (" likes", comments, share, etc.). And the presence of free smartphone app for its brand is available to keep customers update with new products and sales.

Figure 13: Images of H&M's Social Media Network: Facebook Page, Twitter Page and Youtube Page (H&M, 2012)

With the success of clothing, H&M further extend the product range to maximise sales opportunities by selling low cost make-up and jewellery and home furnishing (MarketLine, 2011).

Following Inditex, the group has transferred into multi-brand channels. Besides H&M, the group also has four independent brands, namely COS, Monki, Weekday and Cheap Monday, allowing the company expand its network further and avoiding saturation in European market (Euromonitor, 2011). However, these brands still only have limited presence globally.

4. 4 Domestic and Global Strategy

With a unique strategy and clear brand identity, a fashion retailer should then develop its global expansion for further growth. The global expansion strategy and process could be better illustrated with Uppsala Model theory (Chapter 2. 1. 4).

4. 4. 1 Market Selection and Entry

H&M, headquartered in Sweden, started expansion into neighbouring countries – Norway (1964) and Denmark (1967) (MarketLine, 2011), and followed by entering other countries and regions (Chapter 2. 1. 4) (Appendix 1). As introduced in Chapter 2, similar culture or shared borders could all reduce psychic distances between foreign customers and can encourage the company's global expansion (Ghemawat, 2001). Western Europe still witness H&M's majority of sales growth, which shows the effects of shorter psychic distances.

Following Uppsala model (Chapter 2. 1. 4), after gathering market knowledge and analysis of potential growth, the company entered global market by acquisitions and with greater levels of market commitment (Appendix 1). With an ambitious growth target of 10% to 15% increase in store numbers every year (H&M, 2011a), the company strategically selected global markets and made effort to expand globally step by step. Gradually, the brand established its global name among consumers.

However, the dominance of Western Europe leaves H&M reliant on this region (Euromonitor, 2011). Economic recession within the Eurozone could influence the sales directly, and saturation would limit H&M's further growth

potential. At the meantime, the apparel industry in other districts prospers, especially Latin America, with a forecast sales value growth of 25%, where H&M is absent (Euromonitor, 2011). Eastern Europe and Asia Pacific is also forecast with high sales value growing potential of 32% and 33% respectively (Euromonitor, 2011).

4. 4. 2 Domestic Strategy

After selection and entry into global market, H&M has witnessed strong global growth. Compared with international market, domestic market has moderate performance. However, headquartered in Sweden, H&M still possesses large portion of market share (Euromonitor, 2012).

The company's sales growth in Sweden remains steady (Figure 14). With strong purchasing power, consumers in Sweden tend to buy clothes for enjoyment over necessity. Most of sales were conducted in store purchasing over the past five years (Figure 1