

LEVEL 7 ASSESSMENT SPECIFICATION

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Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Study Objective

This report shows the strategic direction based on Vision, Mission, and Values from Hennes & Mauritz AB (H&M Group). Although there are different brands under H&M Group, namely, H&M, H&M Home, H&M Move, COS, Weekday, MONKI, ARKET, AFOUD (H&M Group, 2024). This study will take the H&M brand as the discussed item. This page will examine and assess the result of the success or failure of using H&M Group strategy in Hong Kong's H&M.

After evaluating the external and internal factors affecting the fast fashion industry in Hong Kong, the trends appear favorable for revenue generation. The analysis also offers recommendations regarding the current value chain within the H&M Group and proposes ways for the group to leverage its strengths in the Hong Kong market.

In summary, this report recommends incorporating a combination strategy and a comprehensive strategic approach throughout the corporate and business tiers to strengthen the organization's strategic planning structure. By combining these strategies, H&M Group can achieve a balanced alignment between short-term aspirations and long-range goals, optimize the allocation of resources, and skillfully adapt to shifting market dynamics, thereby fostering lasting expansion and a competitive advantage for H&M Hong Kong.

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1. Overview of Hennes & Mauritz AB (H&M Group)

Hennes & Mauritz AB (H&M Group) is a multinational clothing retail company, specializing in the fast fashion sector, and the headquarters is located in Sweden, H&M Group was listed on the Stockholm Stock Exchange in 1974 (H&M Group, 2024a).

In 1947, the first store was opened in Sweden by Eeling Persson, which was called Hennes Store. As the founder of H&M Group, Eeling Persson had a vision 'Make great fashion available and affordable to everyone and do this in the right way' (H&M Group, 2024a).

In 2023, H&M group had over 4,300 stores globally, which covered The Nordics, Europe (Western, Eastern, Southern), North & South America, Asia, Oceania and Africa. The net sales reached USD 22.72 billion in 2023, which increased 18.63%, compared to 2021 (H&M Group, 2024).

There are different brands under H&M Group, namely, H&M, H&M Home, H&M Move, COS, Weekday, MONKI, ARKET, AFOUD (H&M Group, 2024), the products are produced by itself, and including clothing, accessories, footwear, beauty items, home textiles for both gender and wide range of age group (kids, teenager, and adult) (Beynon, 2022).

According to H&M Group (2024b), sustainability will be an important target. First of all, H&M group established a second hand and recycle platform for unwanted garments and textiles with Remondis, which is called Looper in 2023. Secondly, H&M group targets to reduce 50% of greenhouse gas emissions by 2023.

In 2020, H&M Group announced that the business will close 170 stores globally, and the group will be more focused on ecommerce (Dimsumdaily Hong Kong, 2020). By 2023, H&M Group owns 60 online markets in 78 markets (H&M Group, 2024).

1.1 Vision, Mission, and Values

Vision, Mission and Values (VMV) are the principal elements to guide H&M Group strategy, culture and operation.

1.1.1 Vision

According to Ghauri, Hanell and Elg (2023), the vision of H&M pays more attention to sustainability and social responsibility, which is 'to lead the change towards circular and renewable fashion while being a fair and equal company.' H&M Group tries to promote advocacy of eco-conscious initiatives and inclusivity; it wants to influence the green direction from its own business to the entire fast fashion industry.

1.1.2 Mission

The mission statement was adapted from the founder, Eeling Persson; the vision of H&M group is 'to offer fashion and quality at the best price.'(Lussier, 2019). Democratizing fashion is the main objective in H&M Group, it wants to provide high quality fashion with an affordable price to all customers.

1.1.3 Values

According to the H&M Group (2024c), it seems that "we are guided by shared values. They are part of who we are, what we stand for and how we act". It has 6 sub-values to support, refer to Diagram 1.0.

Diagram 1.0: Values of H&M Group



Contributed by the writer

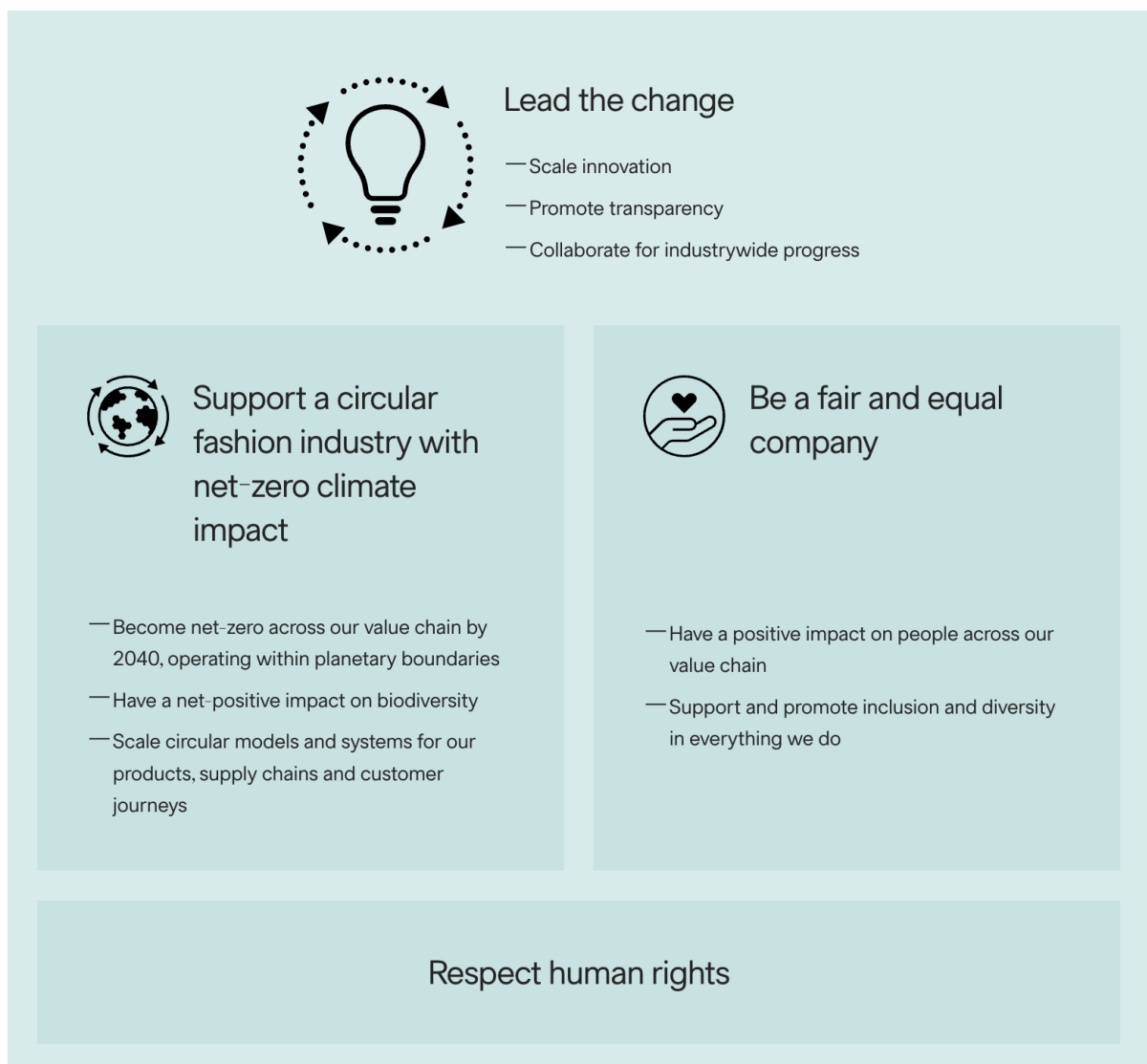
1.2 Strategic Direction and Existing Strategic Direction

This section analyzes the degree of alignment between ideally strategic direction and actual existing direction. The strategic direction is a long term plan to achieve its objectives.

1.2.1 Strategic Direction

H&M Group (2024d) states 4 key points of its vision and strategy, which is related to transformation, sustainability to the environment, a fair and equal company, and protection of human rights (refer to Diagram 2.0).

Diagram 2.0: Four Key Points of H&M Group Vision and Strategy



Source: H&M Group, 2024d

1.2.2 Existing Strategic Direction

The founder and main owners from H&M Group, has established an internal non-profit foundation which is called H&M Foundation, and this foundation has raised more than USD 160 millions from them. Two main targets for this foundation is focusing on the socially inclusive and environmentally friendly textile industry, which covers climate, water and oceans, land and biodiversity, resource use, and social impact (H&M Group, 2024e).

1.2.2.1 Lead the Changes

H&M Group built Circular Innovation Lab supports different stages of innovations. It starts from an early stage to transform fashion, which can reduce the negative impacts from the textile industry to the earth (H&M Group, 2024e).

The group also applies artificial intelligence (AI) & tech of data tracking, comparing, and design model, to reach the sustainability goals.

1.2.2.2 Support a Circular Fashion Industry with Net-zero Climate Impact

According to H&M Group (2023), the group co-operate with the member of the Global Fashion in renewable electricity, an offshore wind farm in Bangladesh (Clancy, 2024).

The H&M Group also initiated a financing programme with DBS Bank, this programme is focusing on energy efficiency and decarbonisation, the members of H&M Group's supply chain can be involved (ESG News, 2023).

1.2.2.3 Be a Fair and Equal Company

At the end of 2023, there were 177 nationalities in H&M Group, whose workforce are located in different regions; the group plans to offer all employees with the standard minimum of annual leaves, and paid parental leave in 2026 Q4.

Except for the employees, the H&M Group also supports the supplier's worker, which meets the requirements of the International Labour Organization; with fair compensation and benefits under a safe and secure workplace.

1.2.2.4 Respect Human Right

As one of the leading textile companies, the H&M Group has a strong network of value chain, the suppliers are located globally, through the sustainability plans which can reduce the environmental risks to the human, such as clean water resources, land rights and livelihoods.

1.3 Evaluate the degree of Alignment Strategic Direction with Vision, Mission, and Values

In conclusion, H&M effectively aligns its strategic direction with vision, mission, and values. The consistency assists various levels of the group to execute decisions, by ensuring that every initiative aligns with long-term goals.

2. Situation Analysis of Hong Kong's H&M

Hong Kong is one of the internal financial center around the world (Hong Kong Monetary Authority, 2024). The 4 main segmentation of Gross Domestic Product (GDP) is financial services, tourism, trading and logistics, and professional service and other producer service, instead of manufacturing (Census and Statistics Department, The Government of the Hong Kong Special Administrative Region, 2023).

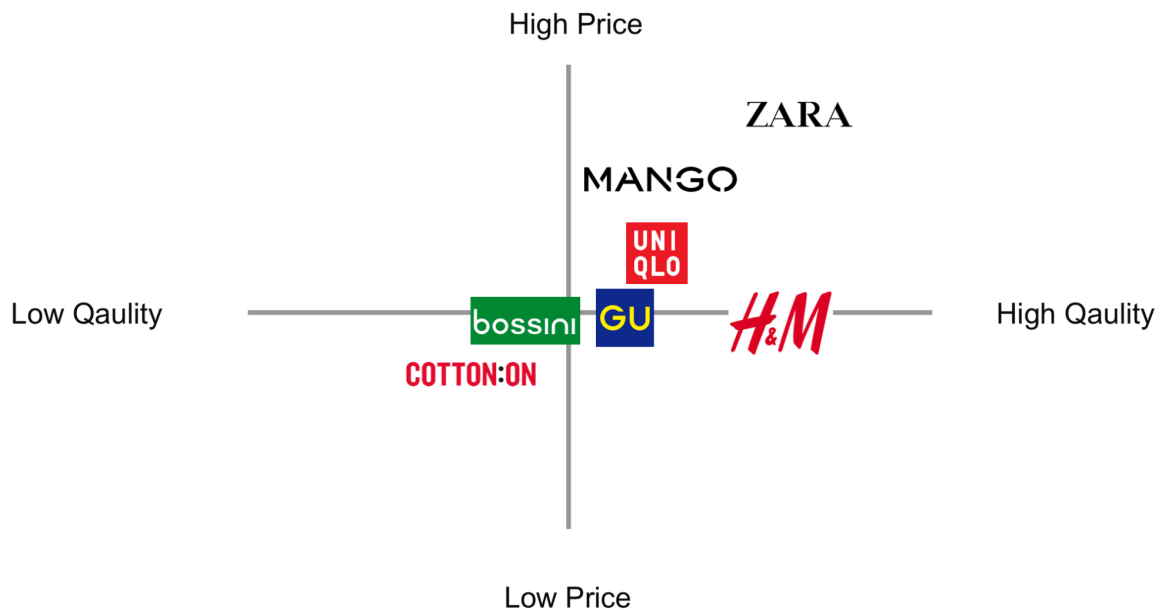
In 2023, H&M Group Hong Kong was cut-down 15% of position, compared to 2022 (H&M Group, 2024). As the selected brand, H&M, is facing different challenges due to the economic downtime; H&M only has 4 stores in Q4 2024 (H&M, 2024f). H&M was down approximately 66%, compared to 2012 (Michael, 2012).

2.1 Overall Fast-fashion Industry Market in Hong Kong

Fast fashion represents acceptable quality apparel with less production time, compared to the traditional fashion industry, which is able to follow the current trend rapidly, and sells the products at rock bottom prices (Glennon, 2021).

The revenue of Hong Kong's fashion market of Hong Kong is forecasted to reach USD 2.31 billions in 2023, and the compound annual growth rate (CAGR) is projected to demonstrate as 10.18%, between 2024 to 2029, the revenue is anticipated to reach USD 2.75 billion in 2029 (Statista, 2024). H&M Hong Kong is facing direct competitors, namely, Zara and Uniqlo, and indirect competitors, like G2000, Bossin, Giordano, and other omnichannel brands such as TaoBao.

Diagram 2.0: Positioning Map of Hong Kong's Fast Fashion Industry



Contributed by the writer

2.2 Identify the Macro Environments Using PESTEL Analysis

Aim to figure out the external environment of Hong Kong's H&M, this section implements a well known framework to cover different factors, including political, economic, social, technology, environmental, and legal (Rahman, 2023). Three aspects will be analyzed in this section, namely, Social, Economic, and Political.

2.2.1 Social Factors

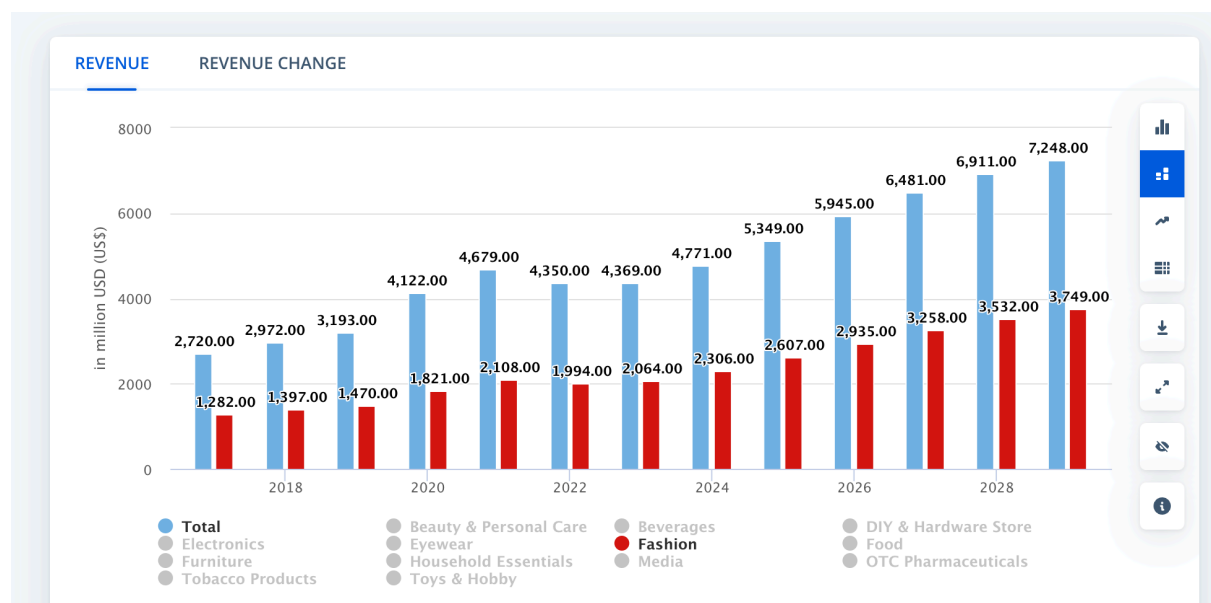
According to a report from Uniform Market, females are the largest consumers in the fast fashion section, and male section is located at second level (Cardona, 2024). In Hong Kong, over 95% of the total population spends 6 hours in the internet for personal business (Yeung, 2024).

Online shopping is a trend in the Hong Kong market, over 45% of the population 15 years old or above have the experience of online shopping, it increased 11% from 2018 to 2023 (Census and Statistics Department, The Government of the Hong Kong Special Administrative Region, 2024).

A search by Statista (2024) stated that the online market is projected to achieve USD 4,771 millions in 2024, and the amount will reach USD 7,240 millions in 2029. In 2023, 75% of the customers purchased online orders via social media (Hong Kong Business, 2024). Social media platforms are the best tools to influence a target group.

Green purchase intention is part of the sustainable behavior consumption (Xiao, Long and Lioa, 2024). According to research from Statista (2023), approximately 58% of 3,252 interviewees were willing to pay a premium for sustainable and environmentally friendly products in Hong Kong.

Diagram 4.0: Willingness to pay more for sustainably made or environmentally friendly products among consumers in Hong Kong as of December 2023



Source: Statsita, 2023

2.2.2 Economic Factors

According to the Census and Statistics Department, The Government of the Hong Kong Special Administrative Region (2024a), the record of the clothes section decreased 18.8% in May 2024, compared to the same period of 2023. Chen (2024) reported that the empty stores in the core districts of Hong Kong hit the highest rate in 42 months, at 11.7% of the empty rate. The rent has dropped 66% from the highest (Chen, 2024a).

The future economy of HKSAR is unfavorable, KPMG China (2024) reported that HKSAR projects a total consolidated deficit of HKD 48,100 millions (USD 6,190 million) for the fiscal year for 2024 to 2025.

During the economic downturn, the consumer behavior is expected to change, consumers will minimize the cost-of-living and reduce unnecessary spending (Pantano and Willems, 2022). Their purchase mainly fulfills daily living requirements and basic needs, rather than purchasing luxury items and designer clothes.

2.2.3 Political Factors

HKSAR does not have value-added tax (VAT) or sales tax for the clothes section, which provides a favorable element to the fashion stores. However, the government has a tax scheme for corporations, which is 8.25% profits to HK\$ 2 millions, and 16.5% based on the rest profit (GovHK, 2024).

In contrast to the European Union, HKSAR does not have regulations to protect environmental impacts from fashion or fast-fashion; in 2023, HKSAR launched a community program with local organizations, called the Community Used Clothes Recycling Bank Scheme (The Government of the Hong Kong Special Administrative Region Press Release, 2024).

2.2.4 Remarks on the Macro Environment

Overall situation economy situation is not positive in Hong Kong, however, the financial elements provide a lot of opportunities to H&M Hong Kong (refer to Table 1.0).

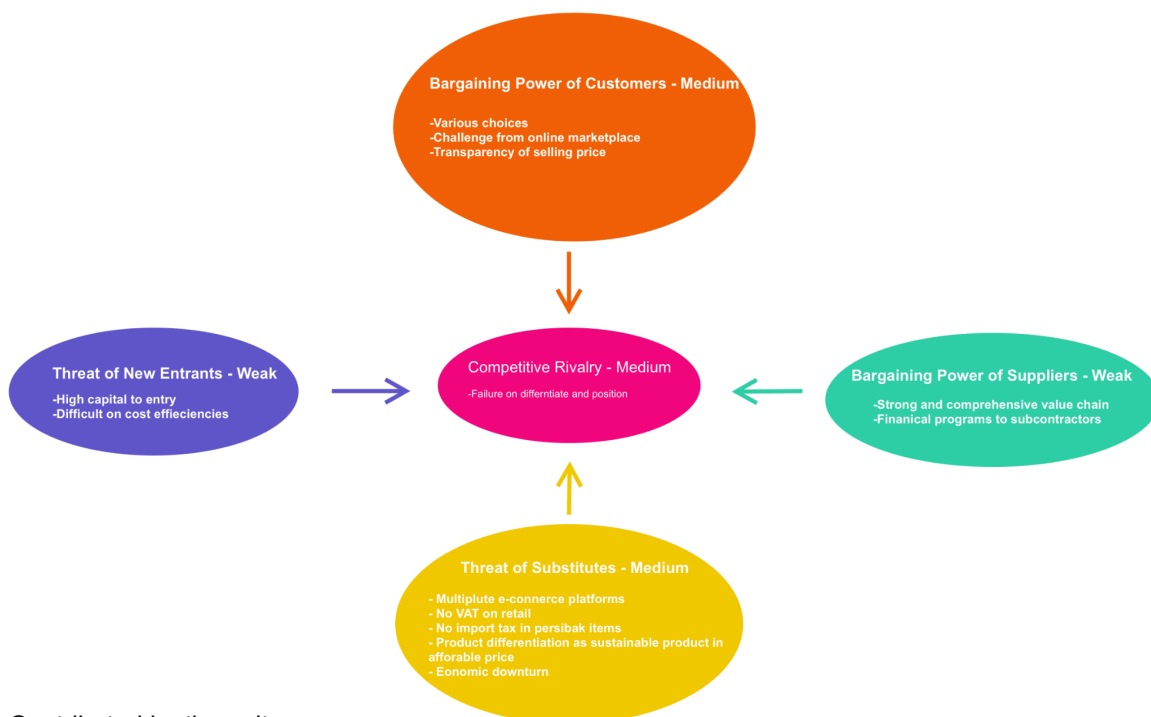
High rental cost is always a key element to operating business in Hong Kong, however, the unfavorable financial situation provides an excellent opportunity for H&M to expand its business. As one of the leaders of fast fashion brands - Mango, it plans to return to Hong Kong, it rents 19,000 square feet in Central, which is the main business and financial district in Hong Kong; and the rent dropped 60% in 2024 (Retail in Asia , 2024).

Table 1.0: Threats & Opportunity Matrix (TOM) for H&M Hong Kong		
	Threats	Opportunities
Short Term *Less than 6 months	P: Lacking Regulation in Environment of Textile Impact	E: Changing Purchase Hobby
Long Term *More than 6 months	E: Economic Downtime	S: Trend of Online Shopping E: High Empty Rate of Stores E: Lower Cost for Rental P: Free Tax of clothes purchase P: Low Corporation Tax P: Schedule of Clothes Recycling
Remarks: P = Political, E = Economic, S = Social		
Contributed by the writer		

2.3 Utilizing Michael Porter's Five Forces Within the Macro Environment

Through Micheal Porter's Five Forces to analyze the profitability of the fast-fashion industry for H&M Hong Kong. Diagram 4.0 indicates the impacts by different aspects.

Diagram 4.0: Michael Porter's Five Forces for H&M Hong Kong



2.3.1 Bargaining Power of Customers - Medium

According to Figure 2.0, there are lots of choices for the consumer in Hong Kong, the other brands provide similar selling prices, different quality and style. Due to the online shopping trends of the consumer, H&M Hong Kong is facing the challenge from other online marketplace, namely, Zalora, TaoBao, HKTV Mall. The transparency of the price market creates the price sensitivity of the target customer. Less of the competitors has promoted its commitments or demonstrated its afford of providing sustainable apparel, specially in the fast fashion market.

2.3.2 Bargaining Power of Supplier - Weak

The H&M Group has a strong and comprehensive value chain, the operation cost (for production) is easy to manage. The suppliers are located globally, each type of vendor has a specific role in the value chain, they are easy to replace. Moreover, H&M Group has different programs with the suppliers, for example, the group establishes a 8 year financial program with DBS bank called 'Green Loan', and the amount is USD 543 millions (H&M Group, 2023).

2.3.3 Threat of Substitutes - Medium

The market size of fast fashion is limited in Hong Kong, there are local boutiques , eshop, giant e-commerce platforms (such as TaoBao, and Zalora) to offer a wide range of substitute items to the consumers. HKSAR does not have VAT on retail items, and import tax on personal items (McLoone, 2024).

In contrast to other substitutes, H&M Hong Kong tries to establish a product differentiation, providing sustainable products with an affordable selling price; however, the brand image does not differentiate among the competitors.

During the economic downtime, the consumer is more sensitive to pricing. Although H&M Hong Kong aims to provide affordable items to its consumers, it will have other lower-priced substitutes that could influence the market segmentation of H&M Hong Kong.

2.3.4 Competitive Rivalry - Medium

The sales and marketing strategy represent a weakness of H&M Hong Kong, current strategies fail to differentiate and position its brand positioning to other competitors. Referring to Figure 2.0, the competition exhibits a high level of competitiveness in Hong Kong's fast fashion market.

2.3.5 Threat of New Entrants - Weak

Although fast fashion is a high barrier to entry, it has capital challenges for production, distribution, promotion, and even set-up a supply chain. The benefit of the fast fashion industry is based on the scale of economies in the whole flow, starting from production to product selling, the new entrants are difficult to fulfill their cost efficiencies, instead of multinational corporations.

2.4 Concluding Comments

According to the above section, this report finds that H&M Hong Kong has the potential to maintain the leading position, and generate extra sales volume.

Table 1.0: Overall Profitability Analysis based on Michael Porter's Five Forces		
Competitive Forces	Magnitude	Impact on Profitability
Bargaining Power of Customers	Moderate	Postive
Bargaining Power of Suppliers	Low	Positive
Threat of Substitutes	Moderate	Positive
Threat of New Entrants	Morderate	Postives
Competitive Rivalry	Morderate	Postive
Overall Profitability	Moderate	Profitability
Contributed by the writer		

H&M Hong Kong has a strong product differentiation in the fast fashion market, and strives to offer affordable apparel which aligns the price consciousness in Hong Kong's market.

Nevertheless, H&M Hong Kong does not emphasize its strengths, it should enhance the connection with the customer by using 'Rapid Growth Strategy', special in market expansion (youth).

By investing resources in online marketing to adapt to evolving retails trends, and encourage membership registration, H&M Hong Kong can showcase with its feature products, communicate brand message (vision, mission, values) to the target user; using AI technology to analyze user data as monitor action, and revise the marketing plans.

3. A Critical Evaluation of H&M Value Chain

As a global fast-fashion leader, the value chain applies to all regions and districts. The value chain is customized with strategy with H&M Group, by implementing its commitment to provide sustainability apparels, being a fair and equal company.

In the following diagram, it discusses the value chain by 2 categories, namely Primary Activities, and Support Activities (reference), from product development to distribution.

3.1 H&M Value Chain Analysis

The H&M Group is defined as a series of interconnected activities to its business and operation to deliver a valuable and high quality product to its customer, including business operations, supply chain management, and customer engagement strategies.

3.1.1 Primary Activities

Understanding the following fundamental activities is crucial for analyzing how H&M Group generates values throughout its operations, ultimately enhancing customer satisfaction and maximizing profitability.

3.1.1.1 Inbound Logistics

H&M Group has coordinated with suppliers globally, materials are the main position in the fashion industry such as product development, packaging, and the growth environment (H&M Group, 2024). H&M Group always selects the appropriate materials, whether recycled or sustainable; aim to fulfill its mission to make a positive impact on the community, climate, and water (H&M Group, 2024).

3.1.1.2 Operations

The H&M Group delegates over 90% of its production, the group has its own operational department, responsible for overseeing production, logistics, and distribution. According to Adegeest (2024), the European Union required enterprises to pay the import tax on garments, which import from other regions, such as Asia.

Fortunately, the manufacturer partners are not only in Asia, and Africa but also Europe, the group can be flexible to allocate its resources, leading to reduced production cost. In response to an uncontrollable factor, such as an extreme weather event, the group has contingency plans to temporarily move production to alternative suppliers in low-risk districts (H&M Group, 2024).

3.1.1.3 Outbound Logistics

H&M Group operates a global logistic system with its major warehouses as smart buildings. Additionally, the logistics and distribution system integrates with AI technology to enhance forecasting, and allocation resources efficiently (Nikopoulos and Epifano, 2023).

At the consumer level, the H&M Group provides flexibility preference to its customers, allowing them to select their preferred delivery methods, not limited to the traditional delivery, also including bicycle delivery, by foot, or other electric vehicles(H&M Group, 2024).

3.1.1.4 Marketing & Sales

H&M Group is focusing on omni-channel, the group is integrating with eshop and physical stores increasingly, to enhance the user and shopping experience (H&M Group, 2024f).

3.1.1.5 Service

Integration of digital stores and traditional shops has a strong impact on customer experience. Beyond the standard return policy to fulfill customer satisfaction, the group implements visual search to offer styling recommendations and suggestions, based on the provided picture from the client. (H&M Group, 2024)

3.1.2 Supporting Activities

The success of H&M Group is not attributed to its primary activities, but also relies on its supporting activities; those activities from the foundation of the company's operation, providing necessary infrastructure, and resources.

3.1.2.1 Firm Infrastructure

Beyond the regulation, the H&M Group has a strategy and policy to respect the rights of employees and suppliers, down to the vendors' workforce, topics covering fair job, inclusion and diversity, community rights, corporate governance (H&M Group, 2024).

The group establishes policies and guidelines for data protection, and compliance with the requirement of the EU General Data Protection Regulation, and adapts the policies into specific regions. In the cybersecurity field, the H&M group continuously enhances the system and procedures for its internal and suppliers (H&M Group, 2024).

The H&M Group issued a green bond for 8 years, improving the social and environmental impact during the production, including green building, renewable energy, energy efficiency, management of sustainable water and wastewater (H&M Group, 2024).

3.1.2.2 Human Resource Management

H&M Group provided regular training and awareness to the stakeholders, covering ethical and technology. The board member also requested to attend training meetings with the senior management of the various brands and its functions (H&M Group, 2024).

Permanent or contract based employees are involved in the same program, based on the length of employment; this program applies for all positional and salary levels, but local regulations are the highest priority (H&M Group, 2024). The group has aligned the principles with the International Labour Organization, aims to offer workplace safety, and reasonable employee benefits schema (H&M Group, 2024).

3.1.2.3 Technology Development

The H&M group is not only applying technology in logistics and distribution, but also applying AI technology to enhance customer shopping experience as visual search. Opening an online store in the new market which assists the group to reduce the risk of investment, example of Albania; the online store implemented a membership system, and loyalty program at H&M database.

3.1.2.4 Procurement

The raw material is an crucial role in fast fashion industry, the sources will be influenced by the climate, cost and sustainable may be affect; the H&M group has various sub-contractors in the global, the group has the strong bargaining power to adhering its mission and vision, also maintaining the production cost healthy.

3.2 Strengths and Weaknesses in H&M's Value Chain

Following the previous section, Table 2.0 demonstrates the strengths and weaknesses for each activity. This report will assess 4 key aspects of the value chain, namely efficiency, cost, quality, and customer satisfaction.

Table 2.0: Analyze the Strengths and Weaknesses in Primary Activities		
Primary Activites		
	Strengths	Weaknesses
Inbound Logistics	-Strong system of supply chain	-Effort to maintain the suppliers
Operations	-Flexibility and scalability in production	-Higher production cost due to outsourcing
Outbound Logistics	-Stable global logistic system -Provide positive customer experience	-Extra resource of allocation delivery in special conditions
Marketing & Sales	-Omni-chaneel of promotion	-Effort of align online and offline campaigns
Service	-Excellent customer support	-Investment of the AI technology, and data protection

3.2.1 Efficiency - Favorable

The H&M Group has a strong network with supplier, logistics and distribution systems which assist the group to have prompt response to the fashion trends, and provide flexibility to allocate materials and stocks to the appropriate markets/ districts at the right time.

Implementing technology to enhance existing flow and procedures, the group can achieve more accurate forecasts for the material sourcing and production, benefits to its capital.

3.2.2 Cost - Neutral

Costly to maintain the relationship with the sub-contractor in different aspects, human right, wage schema, environment sustainability, and various training. Nevertheless, those activities align with the group's mission and vision.

According to the trend of technology, data privacy is a crucial element for operating an international business, the H&M Group allocated resources to build policy and department to enforce the policies internally and externally. The prevention can avoid a significant number of cybersecurity lawsuits; Table 3.0 displays the estimated settlement cost for the lawsuit from the public. (Chatterjee, 2021).

Table 3.0: Showcase Financial Loss Due to Data Protection Failure		
Name of Company	Incident	Estimated Financial Cost USD in Million
Adobe	October 2013	> 1.2
British Airways	September 2018	230
Marriott	November 2018	12,500
Target	December 2013	28.5
Contributed by the writer		

3.2.3 Quality - Neutral

The neutral concepts of fast fashion offer acceptable quality to the consumers, the H&M Group aligns with its strategy plan of sourcing sustainable materials, and green way of production. Through this way to provide sustainable products to the customer.

3.2.4 Customer Satisfaction - Neutral

The H&M Group established a reliable logistic and distribution system, the customer experienced the speed of delivery. The group is making significant efforts to present a sustainable brand image to the public, while also establishing loyalty programs and membership globally.

3.3 Recommendation for Improvement in Hong Kong Market

The value chain can align with the strategic plan of the H&M group; however, the supporting activities can not be leveraged for the weakness of primary activities, particularly in the Hong Kong market.

The subsequent Table 4.0 summarizes the strategic plans of H&M Hong Kong, evaluating by 4 key elements, Consistency, Consonance, Advantage and Feasibility.

Table 4.0: Strategy Evaluation Criteria of H&M Hong Kong		
	Result	Critical Factors
Consistency	Failure	-The marketing campaigns are not highlight the sustainability efforts of H&M
Consonance	Netural	-The affordable price align with the changing of consumer behavior -Lacking executive to integrating omni-channel
Advantage	Failure	-Weak brand image of product differentiates as sustainability, among from the existing compeitors
Feasibiliy	Netural	-Avoid the operation challenge of reducing physical stores

Considering the economic conditions and the social impact, H&M Hong Kong should blend strategies of Middle-of-the-road, five generic competitive, but also focusing on market development.

Product and Brand differentiation are well established in various regions and districts, instead of Hong Kong. Therefore, it is necessary to allocate external resources in promotions to enforce differentiation within the Hong Kong market.

Due to the affordable rental rates in Hong Kong, the group ought to expand the physical store with Flagship concept, to create experience differentiation; additionally, it should promote the AI styling suggestion system of technological differentiation.

4. Balanced Scorecard

By utilizing this strategic performance management tool, the tool provides a comprehensive view of H&M Hong Kong's performance, across 4 perspectives: Financial, Customer, Internal Process, and Learning & Growth (refer to Table 5.0).

According to H&M Group (2024), the annual report does not include the specific financial data for the Hong Kong market. Comparing the number of stores, the H&M Hong Kong has reduced its footprint; in 2023, the average of employees was reduced 12.35%, compared to 2023; which exhibits less market segmentation.

Reducing the number of employees and downsizing stores may demoralize, potentially providing diminished service quality to the consumer. Additionally, shopping experience can be enhanced by the in-store experience with visually appealing.

Without reinforcing the salary and benefit schema, H&M Hong Kong can foster open communication with employees to all levels, encouraging them to provide suggestions and improvement of existing management.

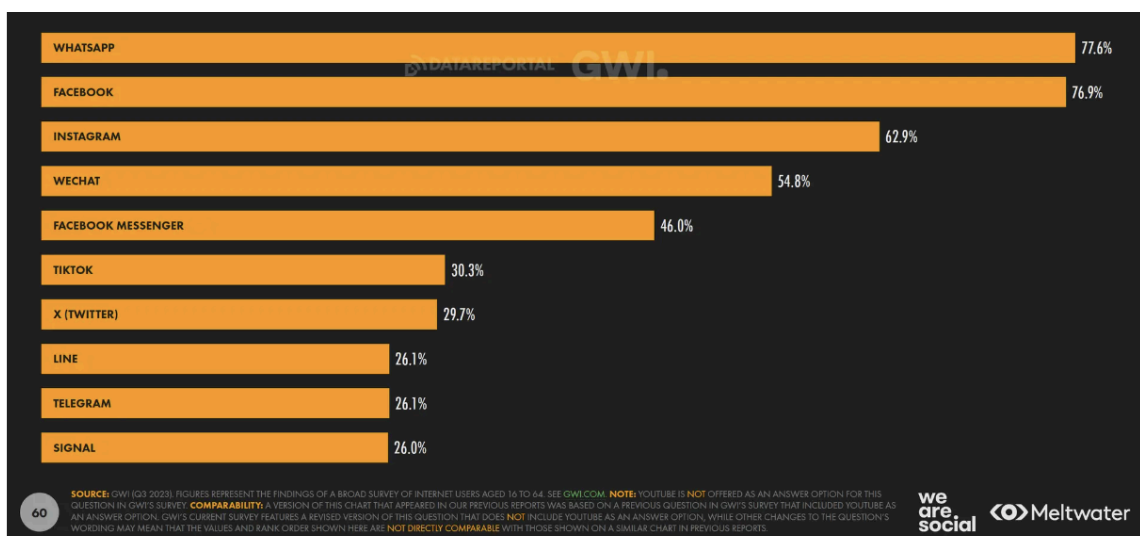
H&M Hong Kong should open multi-channel for customer engagement, including in-store interaction (AI styling system), an online platform combining digital store to social media. Offering additional approaches from H&M Hong Kong to the target customer, address the needs and trends of those consumers promptly.

5. Recommendation

Compared to other districts, the brand image of H&M Hong Kong is less strong, and lacks distinct product differentiation. The group should allocate resources in Sales and Marketing to promote its unique selling point, providing sustainable clothing at affordable pricing.

Due to the economic downturn, the price differentiation will be one of the selling points to Hong Kong's market by using digital channels to promote. According to Chen (2024), the top 3 of most used social media platforms are WhatsApp, Facebook, Instagram. H&M Hong Kong sought to implement an automation system utilizing a Whatsapp ChatBot with AI capabilities across its existing omni-channel, to robust the sales volume in digital channels.

Diagram 6.0: Most Used Social Media Platforms in Hong Kong in 2024 January



Source: Chen, 2024

H&M Hong Kong could expand Flag Store to enforce the user experience, brand engagement, employees' morale, seamlessly integrating with omni-channel, by combining physical and digital domain, it can generate sales and offer enhanced shopping experience for the customer across various touchpoints, such as Instagram, Facebook, Youtube.

6. Implementation

This implementation plan will concentrate on 2 aspects: corporate levels and business level. The corporate level involves decisions on the overall scope and direction of H&M Hong Kong. As a multinational corporation, H&M Hong Kong operates various sections, should maintain the combination strategy. This report recommends to enforce differentiation of cost and product, market penetration in Omnichannel.

According to the Combination Strategy, down to the business level, the employee should focus on strategies that assist H&M Hong Kong to achieve competitive advantage. Using multiple strategies can assist H&M Hong Kong differentiate itself from competitors, offering a unique and value proposition to attract customers (Drohan, 2023).

The purpose of this plan aims to outline the comprehensive strategic approach with product differentiation, brand differentiation, customer service differentiation, channel differentiation, with the objective of establishing a distinctive brand image in Hong Kong, and increasing the sales volume. Moreover, the importance of implementing a comprehensive strategic approach focuses on long-term success by establishing a strong organization foundation to adjust to changing market's conditions and changes, to achieve the mission and vision of the company (Hill and Schilling, 2023).

Regarding Table 6.0, it outlines the goals for H&M Hong Kong for 2025, the implementation plan can be evaluated by the balanced scorecard with captioned goals and indicators.

Table 4.0: Goals Set by of H&M Hong Kong for 2025				
	Objectives	Goals	Indicators	Initiatives
Financial	To increase sales	Increase 20% in net seals	Financial Statement	Negotiate with the supplier (landlord)
Customer	Build a strong brand image of sustainable and affordable price	Product Differentiation	Percentage of new membership	Enforce marketing promotions
Internal Process	Product delivery time	Delivery product 2 days after place order	POS system	Coordinate with multiple local courier channel
Learning and Growth	Increase sales on digital channel	Increase 20% of the online visits within a month	Number of visit of the platform	Recruiting digital supporting team
Contribution by the writer				

6.1 Gantt Chart

This gantt chart represents the timeline of various tasks for the suggested actions, aiming to align the strategic goals while improving operational efficiency.

Table 4.0: FlagStore Set-up for H&M Hong Kong

Tr	Task	Start date	End date	Working Days	Tr	Party-in-charge
	Define Corporate Goals	1/1/2025	1/11/2025	10		Executives Team
	Establish Team	1/12/2025	1/27/2025	15		Executives Team
	Allocation Resource and Budgeting	1/12/2025	1/27/2025	15		Executive Team, Financial Team
	Recruitment of Team	1/28/2025	2/27/2025	30		Human Resource Team
	Rent of Flagstore	1/28/2025	3/14/2025	45		Sales and Marketing, Admin Team
	Store Planning	3/10/2025	4/9/2025	30		Sales and Marketing Team
	Decoration	4/10/2025	4/30/2025	20		Sales and Marketing Team
	Recruitment of Frontline Staffs	3/10/2025	4/9/2025	30		Human Resource Team
	Training of New Staffs	4/10/2025	4/12/2025	2		Human Resource Team
	Grand-opening	4/13/2025	4/13/2025	0		Sales and Marketing Team

Table 5.0: FlagStore Set-up for H&M Hong Kong

Tr	Task	Start date	End date	Working Days	Tr	Party-in-charge
	Define Corporate Goals	1/1/2025	1/11/2025	10		Executives Team
	Allocation Resource and Budgeting	1/12/2025	1/27/2025	15		Executive Team, Financial Team
	Confirmation of the Promotional Plan and Schedule	1/28/2025	2/17/2025	20		Executives Team, Sales and Marketing Team
	Preparation Social Media Channels (Whatsapp, Facebook, Instagram Youtube)	2/18/2025	3/5/2025	15		Sales and Marketing Team , IT Team
	Implementation of Social Channels to Existing Omni-channel	3/10/2025	3/30/2025	20		Sales and Marketing Team , IT Team
	Testing	3/31/2025	4/10/2025	10		Sales and Marketing Team , IT Team
	Product Launch to Omni-channel	4/11/2025	4/13/2025	2		IT Team
	Q1 Promotion - Content Preparation and Approval	3/6/2025	3/16/2025	10		Sales and Marketing Team
	Q1 Promotion - Launch	3/17/2025	3/19/2025	2		Sales and Marketing Team
	Q1 Promotion - Monitor	3/20/2025	3/30/2025	10		Sales and Marketing Team
	Q1 Promotion - Evaluation and Address for Q2 Promotion	3/24/2025	3/29/2025	5		Sales and Marketing Team
	Q2 Promotion - Content Preparation and Approval	3/30/2025	4/9/2025	10		Sales and Marketing Team
	Q2 Promotion - Launch	4/10/2025	4/12/2025	2		Sales and Marketing Team
	Q2 Promotion - Monitor	4/13/2025	4/23/2025	10		Sales and Marketing Team
	Q2 Promotion - Evaluation and Address for Q2-3 Promotion	4/24/2025	4/29/2025	5		Sales and Marketing Team
	Survey for Brand Differentiation (Digital Form in Physical Store and Digital Store)	4/30/2025	5/10/2025	10		Sales and Marketing Team , IT Team
	Q2 -2 Promotion - Content Preparation and Approval	5/11/2025	5/21/2025	10		Sales and Marketing Team
	Q2 -2Promotion - Launch	5/22/2025	5/24/2025	2		Sales and Marketing Team
	Q2 -2 Promotion - Monitor	5/25/2025	6/4/2025	10		Sales and Marketing Team
	Q2 -2 Promotion - Evaluation and Address for Q2-3 Promotion	6/5/2025	6/10/2025	5		Sales and Marketing Team
	Q2 -2 Promotion - Content Preparation and Approval	6/11/2025	6/21/2025	10		Sales and Marketing Team
	Q2 -2Promotion - Launch	6/22/2025	6/24/2025	2		Sales and Marketing Team
	Q2 -2 Promotion - Monitor	6/25/2025	7/5/2025	10		Sales and Marketing Team
	Q2 -2 Promotion - Evaluation and Address for Q2-3 Promotion	7/6/2025	7/11/2025	5		Sales and Marketing Team
	Q2 -2 Promotion - Content Preparation and Approval	7/12/2025	7/22/2025	10		Sales and Marketing Team
	Q2 -2Promotion - Launch	7/23/2025	7/25/2025	2		Sales and Marketing Team
	Q2 -2 Promotion - Monitor	7/26/2025	8/5/2025	10		Sales and Marketing Team
	Q2 -2 Promotion - Evaluation and Address for Q2-3 Promotion	8/6/2025	8/11/2025	5		Sales and Marketing Team

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