

LEVEL 7 ASSESSMENT SPECIFICATION

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Executive Summary

H&M Group, a leading global fashion retailer, is implementing a strategic program in Hong Kong to enhance its market presence and cater to evolving consumer needs. The plan includes consolidating physical stores to maintain a flagship location, which will showcase the full product range and provide an engaging shopping experience. Besides, H&M aims to strengthen its online platform by investing e-commerce features such as personalized recommendations and virtual fitting rooms, appealing to the growing trend of online shopping among younger consumers. Targeting marketing campaigns leveraging social media and influencer partnerships will promote both the flagship store and the online shopping experience. H&M always emphasize sustainability initiatives, highlight eco-friendly practices to attract environmentally conscious customers. Employee training will focus on creative and sustainability education, ensuring staff can be align with H&M's values. To achieve the strategies, H&M need to focus on the customer feedback through surveys and focus groups. Enhance customer engagement, enhance brand loyalty, solidify H&M's competitive position in Hong Kong's dynamic fashion market. H&M still has significant growth potential in sustainability and innovation and needs to continue its effort to drive progress.

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1. Introduction H&M Group

H&M group, founded by Erling Persson in 1947 with a single female fashion store in Sweden, has evolved into a global fashion retailer. The company rebranded as H&M in 1974 and embraced marketing innovations. Rapid international growth followed, with an online presence starting in 1998. H&M has launched multiple brands, including COS and ARKET, and focuses on sustainability initiatives (H&M group, 2024). Now, H&M operates in over 75 markets worldwide, with nearly 60 offering online sales (H&M group, 2024).

1.1.1 Study of objective, focus and coverage

This time we will aim to an in-depth look at H&M vision, mission and values to see how to influence its strategies choices. H&M operates globally, but this report is focus on Hong Kong region. While H&M offers home products alongside its apparel items including in ladies, men and kids, this report is focus on fashion and apparel. This report will explore H&M's mission, vision, and values, followed by an analysis using PESTEL tools and Porter's Five Forces framework. We will examine H&M's value chain and utilize the Balanced Scorecard for a comprehensive assessment. Based on these analytical tools, we will discuss and conclude these strategies at both the corporate and business levels.

1.1.2 Study of important

Analyzing H&M's apparel strategies can provide valuable insights for other companies, helping them enhance their contributions and leverage specialized benefits.

1.2 H&M's vision, mission and values

In the competitive landscape of the fashion industry in Hong Kong, strategic direction is critical for success and sustainability. This report examines H&M, leading player in the casual wear sector, focusing on its vision, mission, and values (VMV), industry competitiveness, value chain analysis, and strategic effectiveness specifically within

Hong Kong market. James Tallant emphasizes that VMV elements are essential for organizations aiming to establish clear market differentiation. These components shape an organization's identity and provide a framework for strategic objectives and stakeholder communication. The statement reads, "To lead the change towards circular and renewable fashion while being a fair and equal company" (H&M group, 2014). H&M plans a sustainable fashion future where everyone can enjoy clothing without compromising environmental and social standards. Started as "Our mission is to offer fashion and quality at the best price" (H&M group, 2024). To offer fashion and quality at the best price in a sustainable manner. H&M values sustainability, inclusivity, and innovation, resonating with the environmentally conscious consumers in Hong Kong.

2. H&M causal wear in Hong Kong

By using the macro-environment and micro-environment analysis are essential components of strategic management, helping organizations assess their environment and capabilities. External analysis examines factors outside the organization that can impact its performance and strategic direction like using PESTEL and Porter's Five Forces.

2.1 PESTEL analysis of H&M in Hong Kong

A PESTEL analysis is an external environment analysis tool. A PESTEL analysis assesses the political, economic, social, technological, environmental, and legal factors impacting H&M (Johnson, Schols & Whittington, 2006). In this report, specific focus on the economic, social, technological factors that influence H&M's operations.

2.1.1 Economic factors (E)

H&M operations in Hong Kong are positively influenced by several economic factors. The economy is on a recovery path following the impacts of the COVID-19 pandemic, leading to an increase in consumer spending in the retail section (HKSAR, 2024).

2.1.1 Figure of Annual report of H&M in 2023

Cont. Note 3. Segment Reporting

	2023	2022
Asia and Oceania		
External net sales	29,941	29,385
Operating profit	890	689
Operating margin, %	3.0	2.3
Assets excluding tax assets and internal receivables	10,973	13,269
Liabilities excluding tax liabilities and internal liabilities	3,488	3,354
Investments	486	385
Depreciation, amortisation and write-downs	1,092	1,393

(H&M group , 2023)

According to the annual report of H&M in 2023, although the latest fiscal year was profitable, H&M has taken corresponding actions in response to the global economic downturn. At the beginning of 2021, H&M had 13 stores. In 2024, 3 stores in Taikoo Shing, Diamond Hill, and Sha Tin have closed. If the Megabox store also shuts down, there will only be three remaining locations. This means that in just over three years, nearly 80% of their stores, or 10 stores, have closed (HK01, 2024). Additionally, the high disposable income levels among consumers in Hong Kong may encourage spending on fashion and luxury goods, creating a favorable market for H&M's offerings. However, many consumers are more inclined to spend in mainland China (BBC news, 2024).

2.1.2 Social factors (S)

As society increasingly prioritizes environmental sustainability, H&M is committed to the concept of lasting sustainability. The rise of green consumerism drives expectations for the clothing industry to adopt new technologies and innovative practices. Hong Kong is becoming a hub for sustainable fashion, highlighted by the collaboration between the Hong Kong Research Institute of Textiles and Apparel (HKRITA) and the H&M Foundation. They developed the green machine, which recycles cotton and polyester from blended fabrics. Following its success, a \$100 million investment will support further sustainable technology development, including textiles that absorb carbon dioxide and biodegradable dye solutions (HKTDC, 2024).

2.1.3 Technological factors (T)

Influencers are increasingly significant in e-commerce, leveraging their large social media followings to effectively promote brands and engage with target consumers. Clothing manufacturers and designers can gather consumer data from various channels, such as social media, websites, digital ads, physical stores, and customer service centers, allowing them to better understand consumer preferences and rapidly respond to changing fashion trends. However, H&M's approach in Hong Kong has limitations. While the pandemic has accelerated online shopping habits, H&M lacks dedicated

Instagram and Facebook accounts for the Hong Kong region. This absence of localized social media limits their ability to engage directly with Hong Kong customers and understand their style preferences, including the recent trends in Y2K and gender-neutral fashion. If using an Asian model and targeting younger audiences will make it easier for consumers to see how the clothes can match their personal style. As a result, H&M seems miss opportunities to tailor their offerings to local trends and engage more effectively with their audience. Additionally, H&M's online shopping platform only provides product care information and descriptions, lacking the option for customers to virtually try on items , which limits the shopping experience. Moreover, the website currently only accepts Mastercard or Visa card, so it should offer more payment options to make purchasing more convenient for a wider range of customers (H&M, 2024).

2.1.4 Concluding comments

Strategy is employed to capture the opportunities and minimize the risks. H&M has the potential to become a leader in sustainable fashion. However, it is essential to effectively control costs, as sustainable fashion often require higher costs. Next, rental prices in Hong Kong relatively high, which may hinder achieving a balanced return. Therefore, H&M should shift towards online shopping. The company can enhance its online presence by investing additional resources in its online store and social media platforms to boost sales. By utilizing innovative technologies such as virtual fitting rooms, visual search, and AI chatbots, etc. Collaborating with influencers to wear H&M clothing by using Instagram Reels, YouTube shorts and TikTok, also featuring their photos outside physical stores can also attract attention and drive engagement. These can be improve the sales. Furthermore, offering different of payment options, including WeChat Pay and PayMe, etc. is essential to meet customer preferences. These are all opportunities that technology has brought to H&M.

Besides, H&M faces significant threats like fierce competition from various rivals, particularly Chinese brands like SHIEN. SHIEN rapidly increased its market share in fast fashion sector from 13% to 28% to become the market leader (HK01, 2021). Rising operational costs in Hong Kong , such as labor and rent, present challenges to

profitability. Understanding consumer demographics and effectively positioning products to attract target audiences is crucial. Additionally, economic downturns can substantially impact H&M's sales, making it essential for the company to navigate these challenges proactively. The limited online experience, particularly the lack of features like virtual try-ons and diverse payment options, can deter potential customers, ultimately affecting overall sales and customer satisfaction.

3. Porter's Five Forces Analysis of the casual wear industry in Hong Kong

Micheal Porter's Five Forces Framework provides valuable insights into the competitive landscape of Hong Kong 's casual wear industry (Magretta J,2012).

3.1 Threat of New Entrants

The threat of new entrants is assessed as moderate. The causal wear market features relatively low entry barriers, making it easier for new brands to enter. Factors like online retailing and social media marketing lower the costs of establishing a brand. However, established players like H&M enjoy a strong reputation, customer loyalty, and economies of scale, creating significant challenges for newcomers. These advantages grant established brands better pricing power, extensive distribution networks, and established supply chains, making it difficult for new entrants to compete effectively.

3.2 Bargaining power of suppliers

In term of the bargaining power of suppliers, the assessment is low. The casual wear industry consists of numerous suppliers providing a wide range of materials and products. This abundance diminishes individual suppliers' bargaining power , allowing brands like H&M to easily switch suppliers or negotiate favorable terms. Many suppliers are eager to partner with large retailers, seeking access to their expansive market reach, which further reduces their leverage. This competitive supplier landscape enables H&M and similar brands to maintain favorable pricing and quality standards.

3.3 Bargaining power of customers

The bargaining power of buyers is assessed as high. Consumers in Hong Kong are well-informed and have access to a multitude of alternatives, including various local such as G2000, Giordano, Bossini and international brand such as Zara, SHEIN, Uniqlo. This abundance of choice makes buyers price-sensitive and raises their expectations

regarding quality and sustainability. As the trend toward ethical fashion grows, consumers are increasingly likely to support brands that align with their values, further empowering them in negotiations. Brand that fails to meet these expectations risk losing customers to competitors who do.

3.4 Threat of substitutes

Regarding the threat of substitute products, the assessment is high. The casual wear market faces significant competition from substitutes., particularly fast fashion brands, fashion retailers and online retailers. Consumers can easily find similar styles at different price, making it essential for brands to differentiate themselves through quality, design, and customer experience. The rise of e-commerce has expanded the availability of alternatives, allowing consumers to shop from various brands without region limitations. This ongoing threat of substitutes pressures casual wear brands to innovate and offer unique products to retain customer interest.

3.5 Industrial rivalry

Finally, the industry rivalry is characterized as high. The casual wear industry in Hong Kong features strong competition among major players like Zara, Uniqlo, SHIEN and local retailers. Our location is close to China, people enjoy shopping on Taobao for its fast delivery and low prices. Also, this rivalry drives continuous innovation, with brands frequently updating collections and introducing new styles to attract consumers. Price wars arise as brands compete to deliver attractive value propositions while also trying to maintain profitability. The intense rivalry necessitates that companies invest in marketing, research and development, and customer engagement strategies to distinguish themselves in a crowded market.

3.6 Concluding comments

In summary, the casual wear industry in Hong Kong is shaped by moderate threats from new entrants, low supplier power, high buyer power, significant threats from substitutes, and intense industry rivalry. For companies like H&M, understanding these forces is

crucial for developing effective strategies to maintain a competitive edge and respond to the evolving market dynamics. Overall profitability of the casual wear industry in Hong Kong is influenced by several key factors identified in Porter's Five Forces analysis. The moderate threat of new entrants and low supplier power create a relatively favorable environment for established brands like H&M, allowing them to maintain competitive pricing and profitability. However, the high bargaining power of buyers and significant threat of substitutes present challenges that can pressure margins. Intense industry rivalry further complicates profitability, as brands must continually innovate and invest in marketing to differentiate themselves. While these factors create a competitive landscape, companies that effectively respond to customer demands for quality, sustainability, and unique offerings may still achieve significant profitability.

4. Internal strategic analysis of H&M

Mirco-environment refers to the internal environment of the company such as resources, capabilities, and human resources. These factors are related to the enterprise and directly affect the marketing strategy (Kotler & Keller, 2016). Internal analysis focuses on the organization's internal environment, assessing its resources, capabilities, and overall performance.

4.1 Resources

H&M operates for retail stores in Hong Kong, including a flagship in Causeway Bay, and contains e-commerce platform to meet the growing demand for online shopping. Standard delivery times range from 2 to 5 working days, with all orders shipped from Malaysia. H&M promotes a value-driven culture, offering perks like staff discounts and wellness benefits, while encouraging individuality and personal growth. The company emphasizes diversity and inclusion, actively seeking candidates from various backgrounds. Additionally, H&M sources sustainably from over 20 markets, ensuring competitive pricing and high-quality standards (H&M group, 2024).

4.2 Capabilities

H&M capabilities in Hong Kong are important for staying competitive in the fashion retail industry. The company has a strong supply chain, with efficient logistics and flexible sourcing that allow for quick delivery and high-quality products. H&M's online shopping platforms makes it easy for customers to shop, supported by digital marketing. The brand is also dedicated to sustainability, using eco-friendly practices and creating products that appeal to environmentally conscious shoppers. H&M aims to focus on customer engagement by providing personalized service and loyalty programs to encourage repeat business. Additionally, its diverse workforce and investment in employee training help foster creativity and innovation, allowing H&M to change in retail fashion environment.

4.3 The Boston Consulting Group (BCG) Matrix

BCG is primarily considered an internal strategic tool. It helps assess a company's market position and performance across different business areas. It categorizes products into four quadrants: stars, cash cows, question marks, and dogs (Cadle J,2016).

The BCG Matrix is a management tool used to stars: H&M currently excels in the women's apparel market, showing strong sales performance and significant growth potential, making it a star product.

Cash cow: H&M has become a preferred brand for many consumers in the women's apparel market. This segment generates stable cash flow and consistent profits, acting as a cash flow for the company.

Question marks: In other product areas, such as men's apparel, H&M faces challenges and uncertainty about growth and market share, categorizing this segment as a question mark.

4.4 H&M Value Chain

The purpose of the value chain is to provide a comprehensive framework for analyzing how value is created and delivered within an organization. By understanding and optimizing each component, companies can enhance their competitiveness, respond effectively to market demands, and achieve sustainable growth (Hughes B, 2008).

Table 4.4 Recent H&M value chain

Primary activities	Inbound Logistics: -Sustainable Sourcing: H&M emphasizes sustainable materials, including organic cotton and recycled fabrics, to match consumer demand for eco-friendly products. -Supplier Relationships: H&M has a strong network of suppliers, ensuring a steady flow of materials and fabrics necessary for production.
	Operations: -Quality Control: The brand implements strict quality control measures to maintain high standards in its products by using centralized distribution centers. -Design and Production: H&M employs a fashion retail model, rapidly designing and producing new collections to respond to current trends.
	Outbound Logistics: -Distribution Centers: H&M utilizes centralized distribution centers to efficiently delivery process to stores and customers. -E-commerce developed: H&M has its online shopping platform to handle orders and ship directly to consumers in Hong Kong.
	Marketing and Sales: -Brand Positioning: H&M's fashion and quality at the best price in a sustainable way. -Social Media Engagement: H&M uses social media platforms and KOL marketing to promote its products and connect with consumers. -Promotions and Discounts: Regular sales and promotions to increase sales.

	Service: -Customer Support: H&M provides customer service through various channels, including chatboxes, online support and in-store assistance. -Feedback Mechanisms: H&M collects customer feedback to improve service delivery and product offerings.
Support activities	Technology Development: -E-commerce Innovations: H&M invests in technologies like AI for personalized shopping experiences and data analytics for inventory management. -Sustainable Technology: Innovations use raw materials to commitment to sustainability.
	Human Resource Management: Training and Development: includes the full range of activities and people required to plan, design, source, process and manufacture, transport, sell, use, reuse and recycle our products. The operations is the part of value chain that includes activities carried out by H&M employees across our offices, stores and distribution centres in multicultural environment.
	Firm infrastructure: -Management systems, efficient logistics, and a strong focus on sustainability and employee development, all designed to support its operational efficiency and strategic objectives in the fashion retail industry.
	Procurment: -Strategic procurement process to source high-quality, sustainable materials from a diverse range of suppliers, ensuring efficient operations and alignment with its commitment to sustainable fashion.

Construction by writer

According to table 4.4 Recent H&M value chain, H&M value chain analysis shown several strengths and weakness across its various activities. In inbound logistics, the company benefits from a strong network of suppliers, particularly in sourcing sustainable materials, which enhances its brand reputation. However, a sudden disruption in the procurement of these sustainable materials could significantly impact its operations. In terms of operations, H&M is known for its fast production cycles and trendy designs, instilling confidence in its ability to meet consumer demands quickly.

Yet, this speed can make it challenging to achieve environmental sustainability goals effectively. When examining outbound logistics, H&M utilizes centralized distribution to reduce costs and improve efficiency in delivering products. However, the large scale of its operations may lead to delays, potentially increasing costs and affecting customer satisfaction. In marketing and sales, H&M positions itself as a provider of fashionable and quality products. However, positioning needs to be regularly adjusted, as price-sensitive consumers can easily compare others and even find similar styles on platforms like Taobao. Therefore, it is essential to build customers loyalty , not only loyalty of price. Also, need to build trust in the quality of the clothing. This ensures that the brand maintains its position and is not easily replaced. Regarding customer service, H&M offers multiple channels for feedback, such as customer service platforms, which enable the brand to gather valuable consumer insights. However, physical stores seems lack of services such as personalized styling advice or do not provide experiences that exceed customer expectations. In technology development, investments enhance operational efficiency and streamline processes, but these advancements can also increase costs, requiring employees to adapt to new systems and applications. Finally, in human resource management, H&M multicultural workforce encourages creativity, and comprehensive training programs enhance productivity. However, while managing a diverse workplace presents challenges in meeting varied expectations and communication styles may increase employee turnover which will raise training costs and impact organization stability.

5. Assess Corporate level strategies and Business level strategies

Accessing corporate and business level strategies are essential to ensure alignment with organization goals, optimize resource allocation, enhance competitive advantage, and adapt to changing market conditions for sustainable growth (Todorov, 2018).

5.1 H&M Recent Corporate level strategy

Corporate level strategies outline an organization's overall direction, focusing on resource allocation, diversification and long-term objectives to enhance overall corporate performance and value (Paul& Cadle, 2010).

5.1.1 H&M's Sustainability Initiatives

H&M places sustainability at the core of its corporate strategy, employing a self-interest change strategy to engage its workforce and address individual concerns. This approach highlights the personal benefits of sustainability initiatives, such as enhanced job security and alignment with broader societal values, developing a sense of ownership among employees. Key sustainability plans include sourcing sustainable materials, reducing carbon wastes, and promoting recycling and circular fashion. By setting up these plans not only as corporate goals but also as opportunities for employees to contribute to meaningful change, H&M effectively communicates the personal advantages of embracing sustainability. This includes improved working conditions and opportunities for innovation. By emphasizing how these changes can benefit employees personally, H&M aims to gain buy-in and reduce resistance to change. This strategy encourages employees to see their roles as integral to the company's mission of becoming a leader in sustainable fashion, appealing to environmentally conscious consumers.

5.1.2 H&M Retrenchment Strategy

On 10 of March 2007, H&M made a significant move by opening its first Asian store on Queen's Road in Hong Kong. This flagship store is 3500 square meters across four

floors, was strategically positioned in a high-traffic area known for attracting tourists and fashion enthusiasts alike (Cosmopolitan, 2014). The location not only enhanced H&M's brand visibility but also symbolized the company's commitment to expanding its presence in the Chinese market. The launch day generated immense excitement, many customers queuing for hours to be among the first to experience H&M's offerings. To celebrate this milestone, H&M introduced a limited collection of trench coats designed by Madonna, a collaboration that generated significant buzz. Notably, this collection was released in China two weeks ahead of the global launch, further emphasizing H&M's strategy of prioritizing the Chinese market. In parallel, H&M continues to engage in strategic partnerships and collaborations, which play a crucial role in navigating the current retail environment. Collaborations with renowned designers, celebrities, and sustainability organizations enhance brand perception and expand market reach. However, as the retail landscape evolved, H&M faced various challenges that prompted a shift in strategy. It has recently implemented a retrenchment strategy, which involves reducing its size or diversity to refocus resources on areas where it can be competitive. This approach is typically adopted when a company encounters financial difficulties, such as declining sales and increasing operational costs. H&M is facing these financial challenges, the retrenchment strategy could manifest in several ways. First, the company might consider reducing its workforce to streamline operations and cut costs. This decision, while difficult, is often necessary to enhance financial stability and improve profitability. Additionally, H&M could choose to close unprofitable stores that are not meeting performance expectations. By eliminating these locations, the company can concentrate its efforts on more successful stores, ensuring that resources are allocated effectively. Another aspect of the retrenchment strategy involves divesting non-core assets. H&M may evaluate its portfolio and identify divisions or product lines that do not align with its primary focus on fashion and sustainability. Selling or closing these non-essential operations allows the company to concentrate on its core business, ultimately strengthening its market position. It reflects a proactive approach to navigating a rapidly changing retail environment. By prioritizing efficiency and profitability, H&M aims to emerge from challenges stronger.

and more focused on its long-term goals.

5.1.3 Diversification of Product Lines at H&M

H&M has strategically diversified its product offerings to enhance its market presence and appeal to a wider audience. Initially focused on clothing for women, men, and children, the company has expanded its portfolio to include home goods, marketing a significant step in its growth strategy. This related diversification allows H&M to cater to various market segments and capitalize on emerging consumer trends (U lifestyle, 2015).

5.2 H&M Recent Business level strategies

Business level strategies focus on how a company competes in a specific market, emphasizing differentiation, cost leadership and customer engagement to achieve a sustainable competitive advantage (Paul & Cadle, 2010).

5.2.1 Differentiation

This strategy involves H&M offering unique products and services that differentiate it from competitors, enabling the brand to charge a premium price for select collections. A key aspect of this differentiation is H&M's collaboration with high-profile designers, which results in exclusive collections that significantly enhance the brand's appeal. Additionally, H&M cultivates strong brand loyalty through its trendy designs and consistent quality, ensuring that customers return for their fashionable offerings. The brand also prioritizes innovation by regularly updating its collections to reflect current fashion trends, which helps maintain its unique position in the market and keeps customers engaged. Reflecting on H&M's history, nearly every collaboration has generated significant buzz. Notable partnerships include Stella McCartney in 2005, Jimmy Choo in 2009, Versace in 2011, Marni in 2012, Maison Martin Margiela and Isabel Marant in 2013, Balmain in 2015, Erdem in 2017, Moschino in 2018, Giambattista Valli in 2020, and Simone Rocha in 2021. Each of these collaborations has not only captured the public's attention but also reinforced H&M's reputation for

making high fashion accessible too. In 2023, H&M collaborated with designer Mugler (Vogue,2023). Reflecting the influence of Korean trends on the overall fashion landscape. To further enhance this connection, H&M also partnered with a Korean designer Rok Hwang to create a collection, showcasing their commitment to staying ahead of contemporary fashion trends (Vogue Taiwan,2024). The brand strategically in the market segment that bridges affordable prices and luxury, it may have trouble clearly defining its place in a market filled with very cheap options. This lack of clarity can weaken its appeal, making it hard to distinguish itself between low-cost and luxury products. This positioning risks creating a “stuck in the middle” scenario, lacking clear differentiation.

5.2.2 Low-cost strategy

One of H&M core strategies is cost leadership, positioning the brand as the lowest cost producer in the fashion retail industry. By capitalizing on economies of scale, H&M achieves significant reductions in per-unit costs through large-scale production. This efficiency is further enhanced by streamlined supply chain processes that minimize waste and optimize overall operational effectiveness. Furthermore, H&M implements strict cost control measures, including meticulous budgeting and expense management, which enable the company to offer lower prices than its competitors, thereby appealing to price-sensitive consumers.

5.2.3 Innovation

Recently, H&M has made headlines in Hong Kong by launching a new sustainability initiative aimed at reducing its environmental impact. The brand announced a new collection made from recycled materials, reflecting its commitment to sustainable fashion. Additionally, H&M has been actively engaging with local communities through pop-up event that promote eco-friendly practices like the “Close the Loop” program, aimed at promoting circular fashion. H&M aims to create a more sustainable fashion industry by promoting recycling, reducing waste, and fostering a circular economy (HKBT,2024). H&M focuses on continuous innovations to improve its

products and services, ensuring it remains competitive. The brand invests in research and development for sustainable materials and practices, appealing to environmentally conscious consumers. “Alternative materials are key to for us to reach our goal of using only recycled or sustainably sourced materials by 2030. However, many of the materials we need do not exist today or are not available at a big enough scale . We need to speed up development and that’s what we’re here to do”, days Mattias Bodin, Circular Innovation Lab Lead (H&M group, 2024). H&M’s agile processes allow for rapid adaption to changing fashion trends and consumer feedback, enabling the refinement of its offerings. Additionally, the company fosters a culture of creativity that encourages the generation of new ideas, resulting in unique and appealing fashion collections.

5.3 Evaluation of Corporate level strategies and Business level strategies effectiveness using Balanced Scorecard framework

5.3.1 Financial Perspective

Corporate level strategy: Emphasizes sustainability to enhance brand image and attract eco-conscious consumers, though it faces challenges in Hong Kong. Continuous evaluation of profitability is crucial as the brand closes unprofitable stores and divests non-core assets.

Business level strategy: H&M maintains low prices for broad appeal while managing store reductions globally, now operating 4325 stores in 68 regions, including 4 in Hong Kong (HKET,2024).

5.3.2 Customer Perspective

Corporate level strategy: Emphasize customer engagement, loyalty , and a unique shopping experience, with a strong sustainability commitment appealing to eco-conscious consumers. However, sustainability commitment do not significantly influenced consumer perception in Hong Kong. To improve brand loyalty, H&M should enhance local engagement strategies, ensuring global efforts resonate effectively in the region.

Business level strategy: H&M working with famous designers like Mugler and Rokh to create limited edition collections that appeal to fashion lovers. While these collaborations drive more visits and online activity, services like online returns and fast order processing do not create a memorable shopping experience. To improve customer satisfaction, H&M should focus on enhancing experiences both online and in stores. Using features like voting, Q&A, and challenges on Instagram and Threads can boost engagement and help build a stronger community connection.

5.5.3 Learning & Growth Perspective

Corporate level strategy: Employee engagement and training is H&M emphasizes sustainability initiatives to foster a workplace culture where employees feel empowered to contribute to meaningful change. Training programs focused on sustainability practices help employees understand their roles within the company's mission, enhancing job satisfaction and retention. This alignment with corporate values strengthens employee engagement and loyalty.

Business level strategy: H&M focus on innovation encourages teams to explore new ideas and materials. This commitment drives product development and positions H&M as a leader in sustainable fashion. Incorporating feedback loops from customers and employees facilitates continuous improvement, enabling the company to stay ahead in the competitive market. However, it may be more challenging to implement this in Hong Kong, as the concept of sustainability is not well integrated into the local education system. As a result, employees might struggle to adapt to the company's values and may not be able to fully embrace them in practice.

5.3.4 Internal Business Perspective

Corporate level strategy: Streamlining operations can lead to more efficient internal processes, allowing H&M to focus resources on high-performing areas and online platform. This may result in a more agile response to market demands.

Business level strategy: H&M Circular Innovation Lab is a proactive approach to developing sustainable materials and practices, fostering internal capabilities that

support its sustainability goals. However, this seems not good for Hong Kong fashion vibe. The correct positioning should focus on making high quality but affordable clothing accessible to consumers. Nowadays, shoppers prioritize style and comfort, and H&M may not fully meet these consumer needs. Additionally, the target demographic is primarily young people who used to online shopping. Therefore, H&M should emphasize increasing sales through social media and online platforms. For example, hosting an online fashion store, designing a personalized tee, partnering with trendy influencers, sponsoring an artist would be more effective. Gen Y and Gen Z are drawn to social media, and follow their favorite idols can create buzz and excitement. This engagement can encourage them to spend on purchases.

6. Conclusion

Evaluating H&M's strategies through consonance, consistency, advantage, and feasibility reveals that the company is well-positioned to meet market trends while leveraging its resources. H&M's commitment to sustainability aligns with consumer demand for eco-friendly products, and employee engagement fosters creativity. Its integrated approach ensures all efforts work toward common goals, enhancing brand coherence. The brand's strong market presence and unique collaborations provide a competitive edge, focusing on affordability without sacrificing quality. H&M's operational flexibility and commitment to continuous improvement enable effective adaptation to changing conditions, positioning the brand for sustained growth in the fashion industry.

7. Other recommendation

Although H&M's direction is fair, there are two areas where improvements can lead to better returns. To improve H&M's marketing and Human Resource Management (HRM) strategies, several recommendations can be implemented. In marketing, enhancing digital marketing through data analytic and social media, strengthening sustainability messaging, ensuring an omni-channel experience, and increasing community engagement are key. For HRM, investing in employee development programs, establishing diversity and inclusion initiatives, creating robust employee feedback mechanisms, and developing performance recognition programs will enhance engagement and motivation. By focusing on these areas, H&M can strengthen its brand presence and foster a positive workplace culture, ultimately driving sustainable growth in the competitive fashion industry.

8. Contingency plans

To enhance revenue in Hong Kong, H&M should implement a contingency plan focusing on optimizing store formats and online presence. This includes closing most regular stores and maintaining the flagship location that offers the full product range, fostering customer loyalty. The strategy also emphasizes developing a strong online store with features like personalized recommendations and virtual try-ons to engage a boarder audience. Integrated marketing campaigns utilizing social media and influencer partnership will drive traffic to both platforms. Lastly, consider to design the flagship store to reflect current trends will enhance the shopping experience, reinforcing brand loyalty and encouraging repeat visits.

9. Implementation Program

H&M's implementation program in Hong Kong centers on market presence and meeting consumer needs. The company plans consolidate its physical stores, maintaining a flagship location that offers a full range of products and an engaging shopping experience. Concurrently, H&M have to upgrade its e-commerce platform with personalized recommendations and virtual fitting rooms, appealing to online shopping trend, especially among young consumers. Marketing efforts will apply social media and influencer partnerships, while sustainability initiatives will attract Eco-conscious customers. Employee training will emphasize customer service and sustainability, supported by feedback from surveys and focus groups to foster brand loyalty.

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Appendix

2.1.1 Figure of Annual report of H&M in 2023

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