

# Analysis of Brand Marketing Strategy under the Background of Digital Media--Case Study of H&M Company

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**Abstract.** With the continuous development of the Internet and digital media, digital media has emerged as a new form of media, combining digital technology with traditional media to provide a richer and more diverse way of information dissemination. This paper takes the global famous brand H&M Company as an example, it comes up with the advantages and disadvantages of its brand marketing strategy in the era of digital media by using business tools 4P (Product, Price, Promotion, Place), SWOT (Strength, Weakness, Opportunity, Treat), and other business theories, and finally summarizes the main pain points of its sales performance compared with the past, this report also proposes feasible plans to provide ideas and references for the future marketing strategy of the brand. As technology advances and consumer behaviors change, the lessons from this case study remain relevant, emphasizing the necessity of adaptability, creativity, and customer-centricity in the arena of digital brand marketing.

**Keywords:** brand marketing strategy, digital media, 4P theory, SWOT.

## 1. Introduction

With the continuous development of Internet technology and digital technology, digital media has emerged as a new form of media, combining digital technology with traditional media to provide a richer and more diverse way of information dissemination. It is digital, interactive and personalized. The emergence of digital media not only changes the way people get information, but also has a great impact on People's Daily life. Under the background of digital media, the battlefield of enterprise brand marketing diversion is transformed from traditional marketing to digital marketing. So digital media should be understand. In fact, it exists all the time around us, through websites, social media, mobile apps and other media marketing activities, such as SEO, SMM and so on. Therefore, each brand needs to make marketing strategies to keep pace with the times to comply with the general trend of the development of The Times. These characteristics of digital media make the connection between customers and brands more close, not only that, but also the competition between brands of the same type is increasingly fierce. Different brands will have different marketing strategies. At present, most brands have realized the importance of digital media for brand marketing, and have also made some breakthrough progress, such as enabling customers to grow grass products by themselves through the publicity of online red bloggers on social platforms. However, the development of digital media is getting faster and faster, some brands are still using the old marketing methods, the results are not good, and the operating costs of offline stores are overloaded. Therefore, brands need to make use of the characteristics of digital media to plan more perfect marketing strategies and increase the stickiness between customers in order to stand out in the same type of brands.

Taking H&M Company as an example, this paper first introduces the current operating situation of H&M Company, then specifically analyzes the advantages and disadvantages of its brand marketing strategy in the era of digital media by using 4P, SWOT and other theories, and finally summarizes the main pain points of its sales performance compared with the past, and proposes feasible plans to provide ideas and references for the future marketing strategy of the brand.

## **2. H&M Company Overview and Development Status**

### **2.1. Introduction of H&M Company**

H&M is headquartered in Stockholm, Sweden, and has its roots in Hennes, a women's clothing store opened by Persson in 1947. In 1968, he acquired the outdoor brand Mauritz Widforss and the business was renamed H&M. The company continued to expand in Europe, starting online sales in 1998 and entering China in 2007. As of 2022, H&M has 4,465 stores worldwide and net sales of SEK 223.55 billion [1]. Net profit plunged 68 percent to 3.567 billion kronor. H&M has a clothing and cosmetics business aimed at younger customers. The company divides its clothing into three categories: basics, seasonal trends and fashion trends, which it calls the "fashion triangle." H&M production is outsourced, divided into two lines: an "efficient supply chain" in Asia, with a share of 60%, supplying regular and children's wear, and a "rapid response supply chain" in Europe, with a share of 40%, producing low-volume fashion. The company works with third parties to transport, tracking the whole process through the supplier management platform. It takes 3 weeks from design to market. H&M is good at cross-border marketing, the company invites famous stars, famous models to endorse, and well-known luxury designers to strengthen the "fashion" attribute of the brand [2].

### **2.2. H&M Evolution in Digital Marketing**

H&M as one of top-branded fast fashion clothing store, H&M is exploring actively and adapting the digital market continuously. In 2017, amidst the burgeoning popularity of digital retail, H&M's CEO Karl-Johan Persson, conceded that the company had not modified its supply chain in line with the evolving digital landscape, and hence H&M unable to respond as rapidly as the change in customer preferences. This predicament resulted in high inventory levels and huge markdowns to clear excess stock, ultimately leading to a decline in H&M's revenue during that period. In the next few years, H&M heavily invested in digital infrastructure and took omni-channel strategy to integrate the digital and physical worlds. Those series of actions make H&M's online sales already accounted for 25-30% of its total sales volume.

### **2.3. Positioning**

H&M's brand positioning centers around accessibility, affordability, and fashion-forwardness. The company is known for offering trendy and stylish clothing that is affordable and accessible to a wide range of consumers. H&M prides itself on staying up-to-date with the latest fashion trends and quickly delivering them to the market. Additionally, they emphasize inclusivity and offer diverse clothing lines for various age groups and styles, positioning themselves as a brand that provides "fashion for all." In recent years, H&M has also made efforts to position itself as a sustainable and responsible fashion brand, although there has been some debate regarding the extent of their sustainability initiatives and moral controversy. Overall, H&M aims to provide fashionable clothing that is both budget-friendly and inclusive, appealing to a broad customer base.

## **3. SWOT Analysis of H&M Brand**

### **3.1. Strengths**

#### **3.1.1 Variety of Products**

H&M has a wide variety of products, including various categories such as clothing, accessories, and home decor. This expansive array of offerings positions H&M favorably to address a broad spectrum of customer segments, including men, women, and children, spanning various age groups and fashion tastes. By presenting a comprehensive assortment of products, H&M guarantees that consumers have the convenience of accessing a one-stop shopping destination, where they can readily find all their desired items, thereby enhancing the available choices for consumers while shopping online [3].

### 3.1.2 Competitive Pricing

H&M is committed to being the most sustainable fashion retailer by utilising the flexibility and cost-effectiveness of the fast fashion model to deliver high quality products at lower prices. Compared to other competitors (eg. ZARA), H&M has advantages in its prices, H&M's apparel for adults spans from \$2.99 to \$299 and are sometimes discounted by nearly 50%, while Zara's pricing ranges from \$5.90 to \$599. This puts the average price point for apparel at H&M at \$32.28 vs. \$54.13 at Zara, which gives H&M an outstanding price advantage in similar products, especially in the context of digital retailer, where it is more convenient for consumers to compare prices between products and H&M still has a big advantage on it [4].

### 3.1.3 Strong Online Channels

In the era of digitalization, firms that adeptly embrace and harness the internet gain a substantial competitive edge. H&M boasts a robust online footprint, encompassing a sizable following on various digital platforms. In addition to its official website, the company leverages third-party online platforms to broaden its reach among digital consumers, channeling this presence to stimulate e-commerce sales. Consumers can make online shopping through H&M official platform, and also use different third-party platforms in different countries and regions, such as Taobao and Amazon.

### 3.1.4 Efficient Supply Chain

H&M maintains a vast network of suppliers and production facilities across the world. This extensive network allows them to source materials and manufacture products in different regions, leveraging the strengths of each location in terms of cost, quality, and speed. H&M presents its detailed supply chain information on the official website, it has a robust supply chain management system, H&M owns over 605 commercial product suppliers who manufacture products for them in over 1183 tier 1 factories in Europe, Asia and Africa. While China and Bangladesh are the largest production markets for clothing, and the European Union is the largest production market for its beauty assortment. Wide supply chains make H&M to meet different customer groups' demands promptly, and effectively manage inventory levels to avoid overstock or shortages [5].

## 3.2. Weaknesses

### 3.2.1. Uncompatible business models

H&M, as a typical fast fashion brand, has the distinctive characteristics of trendy design, fast launch of new models and so on. It is undeniable that H M was indeed a great success in the past, but in recent years, with the continuous development of digital media, e-commerce business model has been continuously impacted, revenue and profit have fluctuated, and some stores have been closed. In fact, H&M also started to involve e-commerce very early on, but only as a supplement, it has proved difficult for enterprises to integrate and grow with another model after relying on one model successfully [2].

### 3.2.2. Product incidents continue

In the North American and European markets, the new marketing coordinate of "Diversity and Inclusion" has become more and more noticeable in recent years, and "Diversity and Inclusion" seems to have become the new "marketing code". But in 2018, HM launched a children's shirt with the slogan "Coolest Monkey in the Jungle" and enlisted a young black boy to be the model. The practice angered the public overseas and was criticized as racist, leading to a severe backlash on social media and a nearly 20% drop in sales during the quarter.

In addition, H&M also received criticism for its deceptive environmental marketing tactics, which became known as "Greenwashing." HM uses such marketing strategies to create the impression that their products are environmentally friendly, which may contain misleading or even exaggerated claims. It is so frustrating when companies use greenwashing to try to make themselves look good. Brands need real solutions to the environmental problems facing the world, not just marketing gimmicks.

### 3.2.3. Insufficient brand operation capability

With the continuous development of digital media, brands need to carry out more comprehensive marketing on digital media, which is not a small challenge to the operation ability of brands.

**Table 1** Comparison table of the number of fans of H&M and ZARA on various social platforms

BRAND NAME	TikTok	RED BOOKLET	tmall
H&M	35000RMB	27000RMB	14.505 million RMB
ZARA	1.245 million RMB	91000RMB	23.890 million RMB

Table1 Data source: Enterprise public data collation

According to the above table 1, it is not difficult to see that H&M has huge problems in the operation of social media. Compared with ZARA, the number and activity of fans on its social platform are not optimistic. Not only that, the latest update date of H&M WeChat official public number is September 8, 2023, 298 days have passed since the last update. Moreover, through horizontal comparison with the public accounts of similar brands, the quality of the tweets of the official WeChat public accounts has obvious shortcomings. Today, with the continuous development of digital media, social media is the largest source of information accepted by the public, and brands should maintain their consistent tonality to attract and narrow the distance between consumers.

## 3.3. Opportunities

### 3.3.1 E-commerce growth

The rapid expansion of the online retail sector and consumers increasingly favor the convenience and accessibility of online shopping for their fashion needs presents a substantial opportunity for H&M to leverage this trend by bolstering its e-commerce capabilities. By refining its website and mobile apps, and providing a seamless digital shopping experience, H&M can extend its reach beyond the confines of its network of brick-and-mortar shops to a wider customer base. Implementing effective online marketing strategies, tailored product recommendations and user-friendly interfaces can further increase customer engagement and stimulate the sales [3]. Moreover, it is necessary for H&M ensure that the order processing is simple and deliveries are made on time, thus increasing customer satisfaction in the digital space.

### 3.3.2 Expanses in emerging markets

Digital retailer is a good opportunity for H&M to expanse in emerging markets, H&M can focus on countries with growing scales of online shopping and increasing disposable income [3]. Consumers in those countries can always better adapt to H&M's fast-fashion model and are seeking for a more affordable, discounted and trendy options. H&M can tailor its product offerings and marketing strategies to effectively cater to these emerging markets, by analyzing the consumer preferences in target markets. This will not only enable H&M diversify its revenue streams but also reduce the dependence on existing markets.

### 3.3.3 Sustainability initiatives

E-commerce is also part of H&M's sustainability strategies, it can help the company through special hard times, such as during the pandemics large number of offline shops have closed, H&M temporarily closed many of its physical stores and rapidly expanded its e-commerce capabilities and online presence. Their efforts to improve the online shopping experience and integrate it with their physical stores have helped them reach a wider audience. It helps H&M to pull through the frustration stage and survive sustainably.

## 3.4. Threats

### 3.4.1 Out of fashion

With the continuous development of The Times, the scenery of "fast fashion" brands such as H&M is not like the past, people are no longer pursuing the so-called "trend" and "fashion", more, people

are willing to pursue their own real love, comfortable goods. The trend of fashion may change all the time, but only the truly good quality products will gain the lasting love of consumers.

### **3.4.2 The new retail**

The exploration of new retail models takes time to prove whether they are effective. Although H&M has been in contact with e-commerce channels in the early years, it has not made much progress in this regard, and the exploration of this model needs time to confirm its success [6].

### **3.4.3 Increased costs for offline stores**

With the continuous development of electronic commerce, more and more consumers choose to buy directly online or view goods in offline physical stores and buy online. Sales at offline stores gradually decline, for the six-month period, the report published by H&M for January-June 2023, selling and administrative expenses increased by 6 percent in SEK compared with the same period last year [7]. At present, the company is also accelerating the development of work programs to control costs and efficiency.

### **3.4.4 Lagging offline consumption experience**

Taking Chinese consumers as an example, the new speed of offline physical stores is lagging behind that of the new speed of the official website of H&M. And now more and more consumers are willing to buy on the official website and flagship store, which is more convenient and more advanced. Therefore, this is also one of the reasons for the decline in profits of offline stores.

## **3.5. SWOT Strategy Summary**

### **3.5.1 SO—Dominance reinforcement**

H&M makes full use of the advantages of various products and competitive prices, and actively expand into emerging markets to expand their market share.

With the growth of e-commerce, H&M makes full use of the existing sales channels and increase the sales proportion of e-commerce channels.

The continuous development of online sales has put forward high requirements on the speed of supply and delivery of goods, and H&M's efficient supply chain can help it cope with this challenge.

### **3.5.2 OW—Disadvantage improvement**

Brands should actively seek strategies for online and offline omni-channel development, and overcome the problems of poor management faced by offline stores by improving in-store digital experience.

H&M solves the problem of slow growth of “pure play” e-commerce by improving physical presence

### **3.5.3 ST—Differentiated competition**

H&M makes use of its own design advantages and brand advantages to innovate and launch new products that are more fashionable and more in line with market demand.

H&M actively expands more comprehensive e-commerce channels, and develop a "new retail" model different from other brands.

### **3.5.4 TW—Tactical evasion**

H&M ensures product quality and carefully choose product marketing strategies.

H&M improves the external business model to avoid the failure of both online and offline channels.

H&M adjusts the internal management mode to improve the operating efficiency of the company.

## 4. Suggestions for the Future Development of H&M

### 4.1. Improvements in H&M Products

To bolster its position in the highly competitive fashion industry, H&M should adopt a multifaceted approach including products sustainability, quality control, and design innovation. Firstly, H&M should expand and promote its sustainable and eco-friendly product offerings, responding to the increasing consumer demand for environmentally conscious fashion. This entails investing in innovative sustainable materials and prominently showcasing these products both in physical stores and online. Secondly, H&M must address quality-related concerns by implementing rigorous quality control measures across its supply chain, aiming to reduce product return rates and consequently enhance overall customer satisfaction. Lastly, to differentiate itself from similar products and mitigate copyright infringement accusations, H&M should prioritize design and style innovation. Collaborating with emerging designers to create distinctive, fashion-forward series of products catering to diverse tastes should be a key strategy. This approach should prioritize originality and quality to foster brand loyalty and secure a stronger market position for H&M [8].

### 4.2. Pricing Strategies

**Bundle Pricing:** Create value bundles by grouping related products together at a lower total price than if purchased separately. For example, offer discounts when customers buy matching outfits or seasonal clothing sets.

**Value-Based Pricing:** Align pricing with the perceived value of the products. Highlight the quality, sustainability, and uniqueness of H&M's offerings to justify slightly higher prices for certain items while keeping staple items competitively priced.

**Dynamic Pricing:** Implement dynamic pricing strategies that adjust prices in real-time based on factors such as demand, inventory levels, and customer behavior. This approach optimizes profitability and minimizes excess inventory.

**Segmented Pricing:** Tailor prices to specific customer segments or demographics. Offer student discounts, loyalty program benefits, or special pricing for certain age groups to attract and retain different customer groups.

**Premium Pricing:** For exclusive or designer collaborations, H&M can implement premium pricing to capitalize on the perceived value and exclusivity of these collections.

**Seasonal Pricing:** Adjust pricing based on seasonal trends and demand. Offer competitive pricing on seasonal items during peak seasons and clearance sales during off-seasons.

**Competitor-Based Pricing:** Monitor and benchmark prices against key competitors in the fast fashion industry. Adjust prices to remain competitive while offering unique value [8,9].

### 4.3. Improve Brand Channel Development

According to H&M's report for the period January-June 2023, Net sales in the six-month period increased by 9 percent to SEK 112,488 m (103,670) [7]. In local currencies the increase was 1 percent. Sales in the physical stores increased in the six-month period despite there being around 300 fewer stores than in the previous year. Around 30 percent of sales are online. It can be seen that online sales channels play an increasingly important role in H&M's sales process.

H&M needs to expand more network channels. On September 8, 2023, H&M Jingdong official flagship store was officially opened. At this point, H&M has settled in Tmall, Jingdong and other leading enterprises in China's e-commerce industry. But at the same time, the sales channel of TikTok is always closed for H&M. Given that other competitive brands such as ZARA have entered TikTok and established its flagship store and achieved good sales performance, H&M should start to expand this crucial online channel.

Open up online and offline sales channels. Expansion is taking place with a focus on omnichannel sales. Customers want to be able to shop and be inspired where, when and how they choose -in the stores, on the brands' own websites, on digital marketplaces and on social media. The optimisation

of the store portfolio is continuing in parallel, meeting customers' needs in interaction with the digital channels.

Emphasize the role of social platforms. H&M has long established WeChat public accounts and Red Booklet accounts for itself, but it is a pity that H&M did not realize that such social platforms are crucial to sales. Such platforms may not directly increase sales, but to a large extent, they can significantly affect customer perception of product quality and price [10]. On such social platforms, customers can express their suggestions or likes for products at will, and consumers will be more sensitive to capture whether a product is worth buying. When a product is praised, it will be translated into sales.

Accelerate the improvement of supply chain efficiency. Supply chain efficiency is a crucial part of "new retail", in such a rapid development of digital media environment, offline stores are no longer the terminal of sales, but a node in the entire sales path [2]. The brand can judge the feasibility of the product according to the customer information received by the store, and then help the company better match the price of the product and the company's inventory, so as to alleviate the company's inventory pressure.

#### **4.4. Improve Brand Promotion**

In the past, the advertising promotion of clothing brands mainly focused on online and offline advertising of traditional media, such as some newspapers, magazines or TV ads, etc., but in the era of digital media, the promotion methods of these traditional media appear to be a little old-fashioned [11].

Cooperate with Internet celebrity bloggers for promotion. Take TikTok for example, this social media with huge traffic is a good opportunity that every brand should not miss. Bloggers can make fans love this product through various forms such as wearing and recommending good things, so as to achieve the effect of product marketing and brand promotion.

Develop innovative brand marketing strategies that suit H&M. For some special festivals or themes to carry out marketing planning, the purpose is to promote their own brand concept, so as to obtain profits. The most important purpose of brand promotion activities is how to make their own brand stand out in a crowd of similar brands [12]. At the same time, HM is also in urgent need of improving its marketing quality and innovation. Taking H&M's WeChat public account as an example, the content published by it is cluttered, the layout is not fashionable enough, and the quality is not high, which is easy to make the audience bored. Not only that, its marketing content is also lack of innovation, blindly limited to the stacking of new product push information, and did not firmly grasp the connection between current events and the brand.

## **5. Conclusion**

The research topic of this essay is to analyze the business marketing strategy in the context of digital media, this research takes the global famous brand H&M as an example, and through SWOT and 4P analysis, it comes up with the advantages and disadvantages of H&M in the context in the evolution. Moreover, this research has explored the challenges and opportunities presented by the digital media environment, emphasizing the need for adaptability and responsiveness in an ever-changing landscape. H&M's ability to stay relevant and innovative in the digital age underscores the importance of continuous adaptation and a customer oriented approach. One of limitations is the reliance on publicly available data, which may not provide a complete picture of H&M's marketing strategies. Access to proprietary or internal data could yield more accurate and detailed insights into the company's digital marketing practices. Future research could explore avenues for collecting first hand data through questionnaire survey, interviews and focus groups, or gaining access to such data through partnerships or collaborations with the industry.

In conclusion, H&M's brand marketing approach provides useful insights for marketers and businesses seeking to survive in the ever-changing digital media world. As technology advances and

consumer behaviors change, the lessons from this case study remain relevant, emphasizing the necessity of adaptability, creativity, and customer-centricity in the arena of digital brand marketing.

The beneficiaries of this paper are not only the H&M brand, but also all those enterprises who are making digital transformation in retail and enabling e-commerce in the digital age, or those who are preparing to start a business. The ranges of business strategies made by H&M, and the strengths, weaknesses it has already revealed or may generate in the future have reference values.

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