

H&M

REBRAND

"REBRAND H&M
BACK TO ITS
SCANDINAVIAN
ROOTS WHILST
TARGETTING
GENERATION Z &
MILLENNIALS"

GROUP 14

STRATEGIC BRAND DEVELOPMENT REPORT

MARCH 2023

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EXECUTIVE SUMMARY

Through a thorough situational analysis (Smith, 2011) of H&M four key brand issues have been identified. In order to remedy these issues H&M must adopt the recommendation of a 'rebrand' in order to stay competitive in a crowded industry. The future of fast fashion is uncertain, therefore rebranding will allow H&M to differentiate themselves on factors such as quality and design, not just price (Porter, 1980) appealing to the lucrative market that is generation z and millenials.

BRAND ISSUES



Unimaginative Shopping Experience



Poor Product Offering

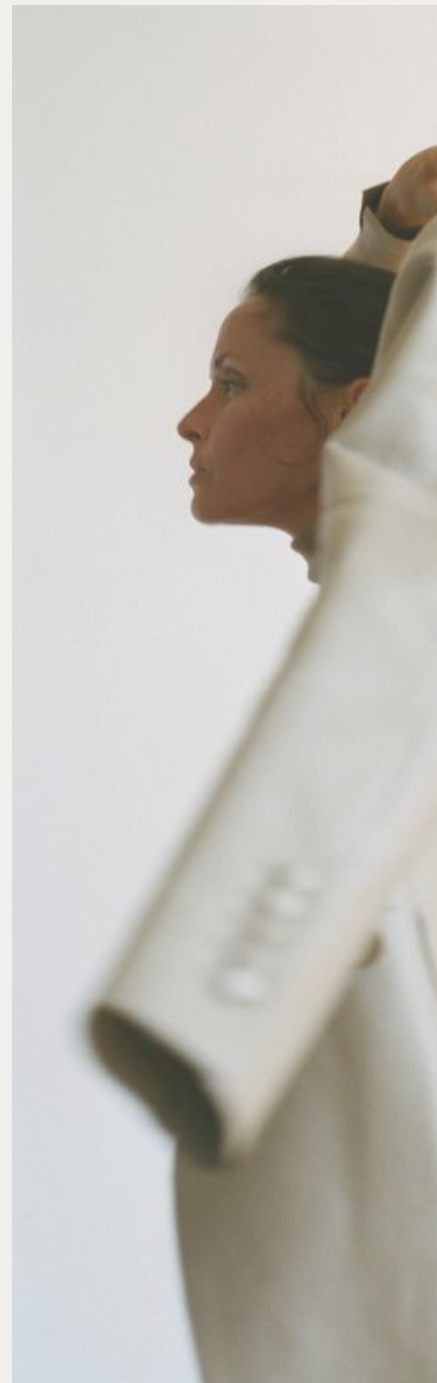


Lack of strategic Direction



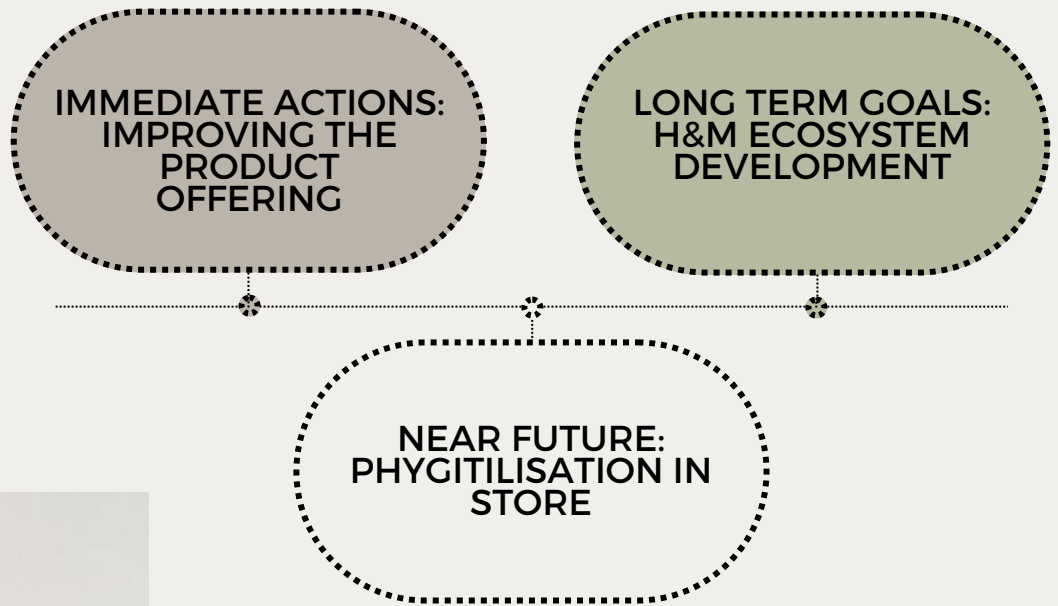
Negative Consumer Brand Perception

"REBRAND
BACK
SCANDI
ROOTS
TARGET
GENERATION
MILLENNIALS"



ND H&M
TO ITS
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RECOMMENDATIONS TIMELINE



RECOMMENDATIONS

"A H&M REBRAND"

In Store Phygitalisation

Improved Product Offering

Scandinavian Brand Direction

Develop a H&M ecosystem

KEY WORDS

Scandinavian

Sustainable

Phygital Experience

DEVELOP A H&M ECOSYSTEM

The Hennes & Mauritz Members Club

To support the H&M rebrand it has been recommended that H&M develop an **'ecosystem'**, serving as a one-stop shop for consumer's multi-faceted needs (Sakal and Probst, 2019). Not only will this allow the brand to diversify away from fast fashion, spreading risk as the brand transitions to a more sustainable model, it will also build **positive brand equity** and **loyalty** amongst its millennial and Generation Z consumers as they begin to demand more than just apparel.

This aims to remedy elements of all the brand issues identified in the strategic brand's development report (2023), but mainly it will **improve** the **negative consumer perception** of the brand and contribute to the development of a **clear brand** direction. More specifically the rebrand of H&M will include the conceptualisation of a brand extension in to the hospitality industry; **the Hennes and Mauritz Members Club**.



CONCEPT OBJECTIVES & VISUALISATION

The Hennes & Mauritz Members Club is aimed at the same target market as H&M's core business in the hope the club will build on the brand's personality, breathing new life and soul into the brand, and as a result improving customer perception.

The Hennes & Mauritz club has been designed to give a space for its customers to relax and be part of a community, taking time out of their day to live a hygge lifestyle.

OBJECTIVES

01

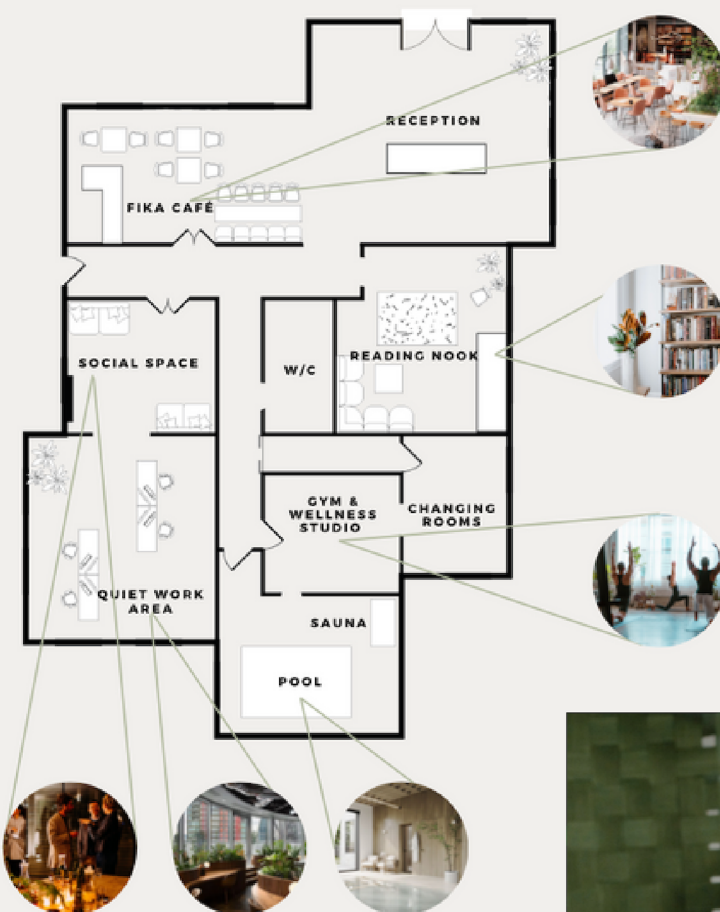
Successfully launch the Hennes & Mauritz Members Club in London and become profitable within six months

02

Create a community of like-minded individuals, both online and in person with 500,000 Instagram followers, 850,000 TikTok Views and 10,000 in-person sign-ups within the first year

03

Develop a flexible space and demonstrate it can be used by both customers and H&M within the first year



Adobe Illustrator has been used to create a visual representation of the Hennes & Mauritz Floor Plan & all of the facilities it has to offer, along with a membership book which offers more details about these facilities



RENTAL

THE PROPOSED CONCEPT CONSISTS OF DEVELOPING A NEW AND IMPROVED RENTAL OFFERING FOR H&M.

CONCEPT & RESEARCH

- It will focus on improving the **quality** of designs with the aim of **durability and longevity**. This is to reduce environmental impact and improve the business's **sustainability credentials**.
- Rental allows consumers to experience these improved products at a fraction of the cost allowing products can continue to be **accessible** to H&M's current consumer base (Laudien et al., 2023).
- A range for SS24 has been conceptualised to help visualise this and shall be available both **in-store and through digital platforms**.
- Consumers will also have the opportunity to **purchase** the rental products if they wish, allowing them to **'try before they buy'**. This helps consumers when making purchasing decisions for higher value items. This should **increase sales** of these items.
- Globally, the revenue of the fashion **rental market is expected to grow** tremendously to **7.5 billion U.S. dollars by 2026** (Smith, 2022). Making this a huge business opportunity for H&M to capitalise on.

STRATEGIC
OBJECTIVES

RENTAL AS A
CIRCULAR
BUSINESS
MODEL

IMPROVE
PRODUCT
QUALITY AND
LONGEVITY

BETTER SERVE
THE CUSTOMER

REDUCE
OVERCONSUMP
TION

INCREASE
SUSTAINABILITY
CREDENTIALS

VISUALISATION



100% BCI
Cotton

SS24 RENTAL RANGE



Certified
European
Grown Linen

Recycled
Polypropylene

JUSTIFICATION

Improving on H&M's current rental offering is an appropriate **vertical brand extension** as it is in line with H&M's overarching business concept, which is to **offer affordable, trend-driven fashion in a sustainable way** (Forbes, 2022). Currently, the H&M brand has many unsustainable attributes attached to it due to the fast fashion business model it employs. Rental boosts sustainable outcomes by dealing with the two key emerging challenges for retailers: to **reduce waste** and to **increase customer satisfaction with less material consumption** (Armstrong and Lang, 2014) (Gyde & McNeill, 2021). Furthermore the growth and profits in the current rental market highlights the **business opportunity for H&M**.

Hennes & Mauritz

Talla Cross

CONSCIOUS COLLECTION

Bridesmaid



To support the **Scandinavian re-root**, H&M will launch a new range in its **conscious collection**, aimed at bolstering its **sustainability credentials**. This forthcoming collection, releasing in **SS24**, will comprise **eco-friendly bridesmaid dresses**. Analysis has revealed there is a gap in the market for reasonably priced and sustainable alternatives.

Research shows consumers are looking for **lower price point dresses**, particularly within the **bridal segment** (McMurray, 2022). This interest in cost-effective apparel is thought to reflect broader economic challenges, such as **inflation pressures** increasing cost prices. Consequently, H&M's new collection is being conceptualised with an emphasis on **durability and longevity** to encourage **re-wear** and to extend the **product life cycle**. Additionally, the dresses have been designed to suit a broad range of **body types**, underscoring an **inclusive** approach to fashion. The strategy to offer affordable but stylish clothing options is assured to appeal to the retailers' current customer base as well as a broader range of **environmentally conscious consumers**.

THE TREND

PROTECT AND CONNECT

The bridesmaid dresses for SS24 will be influenced by the WGSN trend of **'Protect and Connect'** (Yiannakou & Maggioni, 2022), which prioritises **community** and focuses on products that offer a sense of **well-being**. The trend features simple and natural materials with **comforting textures** and **warm colours**. **'Emotional minimalism'** is a micro trend under 'Protect and Connect', with the concept of **relaxed silhouettes**. The use of **recyclable materials** such as GOTs cotton and linen ensures easier **end-of-life circulation**. This trend builds on AW23 and is ideal for **transitional spring** and **high-summer** designs, with the bridesmaid collection dropping at the **end of April**.

RECOMMENDATIONS



Scandinavian route

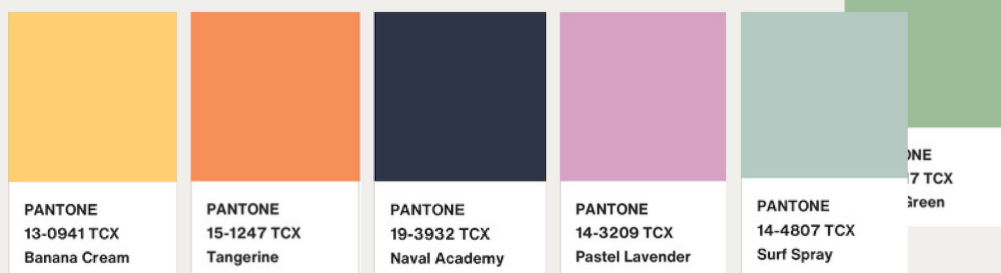
Bring H&M back to its Scandinavian roots, especially with the rise of Scandinavian minimalism amongst Gen Z (Street, 2023). Sustainability falls within this category because the culture in Scandinavia is based on a no-waste, slow-living model (Burton, 2018).



Improved product offering

Improve the quality of garments; this was reflected in the consumer survey with 35.2% confirming they would shop at H&M more if the quality improved, even if the price went up (Strategic Brand Development Report, 2023).

COLOUR PALETTE



SS24

STEPS TO BUILD THE STRATEGY

(Pulled from the process model)

TREND TRANSLATION

FABRIC

100% Recycled Polyester

The trend is based upon protecting people and the environment, therefore the collection is made from sustainably certified materials such as 100% polyester. This differentiation is important as other competitors do not use ethical fabrics. Aspirational and directional shop offer guidance for sustainably sourced materials.

COLOUR

Yellow, Orange, Navy, Lavender, Sage

The colour palette is pulled from the Protect and Connect trend and is versatile by including a seasonless shade of navy. The green from the trend was softened to make it more wearable for bridesmaid dresses. Having a range that appears unified ensures a cohesive in-store environment.

DETAILS

Bows and Buttons

Functionality was a significant feature within the predicted trend. This is subtly represented through the utilisation of bows and buttons to offer added support and variation.

SILHOUETTES

Slits and Maxi length

Features from the directional shop such as extreme leg slits and dramatic sleeves have been adapted to provide commercial versions to suit a wider range of body shapes while maintaining on trend. Maxi silhouettes are promoted within the emotional minimalism aspect of the trend.

01 RESEARCH

- Trend research
- Comparative and aspirational shop
- Consumer and brand research

02 DEVELOPMENT

- Trend translation
- Development of silhouettes
- Fabric and detail selection

03 DESIGN

- CADs
- Technical packs
- Garment sampling

04 RANGE FINALISATION

- Analysis and review

H&M X GANNI

PROJECT PROPOSAL

The COVID-19 pandemic and economic recession have caused consumers to prioritize **sustainability** and trans-seasonal fashion, leaving their trend driven consumption habits in the past, and leaving the **future of fast fashion uncertain**.

H&M has struggled to maintain its appeal to consumers due to uninspiring collections, bland stores, and **greenwashing** legal controversies. Group 14, 2023 proposes a rebranding strategy for H&M that includes improving the brand's sustainability credentials and realigning the brand with its **Scandinavian** roots. This project suggests H&M **collaborate** with Ganni, a Scandi-cool brand with a commitment to sustainability, to create **leather alternative handbags** and accessories. The target consumer of **Gen Z** are the most **sustainably conscious** generation thus far (Rambabu, et., al) so it is hoped that this collaboration will appeal to them in regards to exclusivity and sustainability.

The collaboration will be supported by a **global advertising campaign** primarily on **social media platforms**, utilising influencers aiming to reposition H&M as a sustainable and authentic Scandinavian brand that connects with its target consumer.

57%

OF UK CONSUMERS
VIEW SUSTAINABILITY
AS IMPORTANT WHEN
BUYING FASHION
(Mintel, 2022)

9.3 MILLION

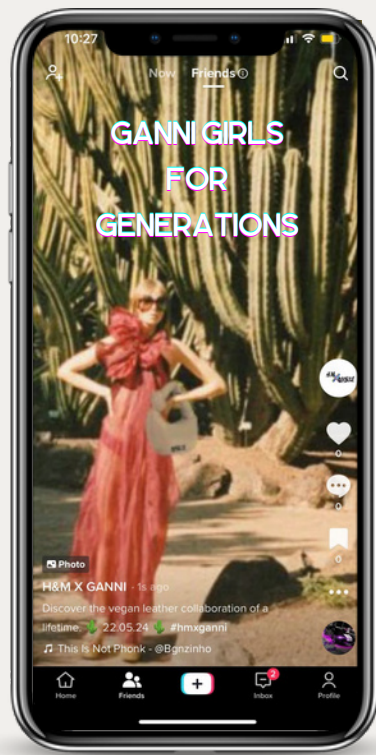
SOCIAL MEDIA
IMPRESSIONS FOR THE
TERM 'VEGAN FASHION'
(Vogue, 2019)

3 HOURS

SPENT BY GEN Z ON
SOCIAL MEDIA PER DAY
(Statista, 2022)



EMMA CHAMBERLAIN WILL BE ONE OF THE INFLUENCERS IN THE CAMPAIGN. EMMA HAS PREVIOUSLY WORKED WITH GANNI BEFORE LABELLED A 'GANNI GIRL' BY THE BRAND



EXAMPLE OF TIKTOK CONTENT. ADVERTISING CAMPAIGN WILL USE GREEN IMAGERY TO HELP CONVEY THE SUSTAINABLE ELEMENT TO THIS COLLABORATION

PROJECT AIMS

Create a collaboration between H&M and Ganni, that utilises the resources Ganni already has, to build a vegan leather accessories collection.

Establish a global marketing campaign consisting of both traditional and non traditional forms of media. However, a primary focus on Tiktok and Instagram due to the time spent by the target consumer on such sites

Re-establish a positive brand equity through the sustainable, Scandinavian core of the collaboration, which will be well received by the fashion industry and the public.

STRATEGIC JUSTIFICATION & ANALYSIS

Collaborations only make up a small percentage of overall sales at H&M. However, the **marketing benefit** of this strategic decision is invaluable, in terms of **boosting brand perception**, and **driving footfall** to retail stores (Business of Fashion, 2015).

Collaborations are mutually beneficial relationships, if the partnerships are executed correctly, it can **increase brand awareness** and **aid competitive advantage** for those involved (Kim, et al., 2014).

Collaborations are not new to H&M, and Ganni will bring authenticity, a commitment to sustainability, and a fresh approach to **Scandinavian** style.

Luxury - mass market collaborations, provide the average consumer the opportunity to purchase pieces from a brand they may not usually be able to afford, **driving sales** and **generating a marketing 'buzz'** around the H&M brand. For the luxury retailer, collaborations develop a point of entry to a new demographic of consumers and drives brand awareness of smaller and more affordable items such as perfume (Pressdee, 2019).

Having the collection constructed of **leather alternatives** like pineapple leaves and cacti waste will create an air of **novelty and exclusivity**, as there is no mass market retailer offering this type of product. Exclusivity is one of the fundamental elements of a successful collaboration (Alexander & Contreras, 2016). The collaboration also capitalises on the sustainability benefits leather alternatives can offer.

The promotional campaign will use both **traditional** and **non-traditional forms of media**, with a focus on social media platforms like **Tiktok** and **Instagram**. Carefully selected **social media influencers** will be used to effectively convey the campaign to the target market and **influence consumer decision-making** (Smith & Took, 2020). Whilst billboards and magazine advertisements will help increase campaign awareness to industry and further consumer awareness.

AIDING THE REDIRECTION



IMPROVED PRODUCT OFFERING

A sustainable, luxury collaboration tailored towards building a capsule wardrobe



SCANDI HERITAGE

Both H&M & Ganni share Scandinavian heritage, of which the collaboration will draw inspiration.



TARGET MARKET

Capture Gen Z, through a strategic marketing campaign & product design

WGSN lists Cowboy boots in their Trend Forecast for SS24. Linking nicely to the construction of the boots from Ohoskin (Cactus & orange waste)



EXPERIENTIAL POP-UP STORE

Hennes & Mauritz

LAGOM HOUSE

It was concluded that the global expansion of H&M had caused it to lose sight of its **Scandinavian roots**, which if regrasped would help secure a more **defined identity** for the brand, thus providing a point of difference. As well as re-connecting with its Scandinavian heritage, it was also suggested that the brand focused on providing a more **innovative store experience**, in order to form deeper connections with its consumers. Finally, the report noted that in order to be profitable in the becoming world of the **eco conscious consumer** (Hackenberg, 2021), H&M must strive to be more transparent with their sustainability efforts and move towards the **circular economy model** (Adamkiewicz et al, 2022).

In order for H&M to pursue the above recommendations, an **experiential pop-up store concept** will be launched. The pop up will explore the **Swedish concept of Lagom** and will promote the **pre-order purchase model**, to shift H&M's current association with overconsumption, to a more sustainable way of purchasing.

Hennes & Mauritz

STORE CONCEPT

01

PROMOTE
SUSTAINABILITY

02

ENCAPUSLATE
CONCEPT OF LAGOM

03

CREATE AN EMOTIONAL
CONNECTION THROUGH
EXPERIENTIAL PURCHASING

04

ENCOURAGE CREATION OF
CAPSULE WARDROBE

05

GENERATE
BRAND LOYALTY



'LAGOM'

NEITHER EXCESSIVE NOR SPARSE, BUT LOOKING,
FEELING AND BEING IN PERFECT BALANCE

The consumer map follows rooms 1 through 10, with the layout ensuring the shoppers enter every room in order to persuade the **Gruen effect**. The Gruen effect is a theory that when shoppers are enticed by their surroundings they will unconsciously **shop more than they had intended to** (Hardwick, 2015), and a **fixed path store design** strongly enforces this, by making consumers visit every part of the store.

Room 1 encourages shoppers to **donate their old clothes for recycling** in the spirit of **Lagom**, making room for any new items acquired in the pop up.

All products in rooms 3 through 8 (the purchase zone) will be **labelled with barcodes**, which shoppers can scan with iPads to add them to their virtual shopping basket. Shoppers are able to add as many items to this basket as they like and when they leave the purchase zone and enter the **playroom**, they will be able to **customise** the items in their basket.

MOBILE APP AND AR DEVELOPMENT



UNIMAGINATIVE IN-STORE ENVIRONMENT

Following the comprehensive brand research of H&M, multiple brand issues were highlighted for consideration within the strategic development proposal. One main issue that was highlighted was the **unimaginative in-store environment**.

Therefore, to support the H&M rebrand, it is suggested that H&M develop a **new mobile application** with interactive **AR features** to create a seamless **omnichannel** retail experience. The AR features will be integrated across the store and mobile app to assist with the **purchase making** decision, as well as create a more **dynamic** and **memorable** experience for the consumer. With careful execution, this strategy will have the potential to overcome any negative perceptions of H&M's current in-store environment and return H&M to the **influenial** brand they once were.

STRATEGIC OBJECTIVES

1

BOOST BRAND ENGAGEMENT

2

ENHANCE CUSTOMER EXPERIENCE

3

INCREASE BRAND LOYALTY

4

CREATE A MORE CIRCULAR BUSINESS MODEL

Technology has revolutionised the way retailers interact with customers, enabling them to create immersive and memorable experiences that drive positive purchasing behavior (Islam, 2020).

RESEARCH AND CONTEXT

GLOBAL TRENDS

**PHYGITALISATION
EXPERIENCE
OMNICHANNEL**

**HEDONIC
ENTERTAINMENT
ESCAPISM**

CONSUMER VALUES

CONSUMER AND MARKET RESERACH

- APP USAGE HIGHEST AMONGST **GEN Z & MILLENNIALS**
- CONSUMERS SEEK MORE **IMMERSIVE** AND **PERSONALISED EXPERIENCES** WITH BRANDS
- **COVID-19** HAS INCREASED CONSUMER NEEDS FOR **TECHNOLOGY** AND HAS PUT A BIG EMPHASIS ON **NON-PRODUCT SPENDING**
- THE FUTURE OF **FAST FASHION** IS UNCERTAIN BUT **OMNICHANNEL** RETAIL STRATEGIES WILL BE THE SAFEST AND MOST VIABLE OPTION FOR RETAILERS.
- **£84 BILLION WAS SPENT GLOBALLY ON EXPERIENTIAL MARKETING** IN 2020

CONVERSION RATES ON APPS ARE

3X

HIGHER COMPARED TO WEBSITE SALES (SHARMA, 2021)

KEY TAKEAWAYS

1

Important to implement innovative technologies e.g 3D bodyscan, Augmented Reality, Virtual Reality Try On

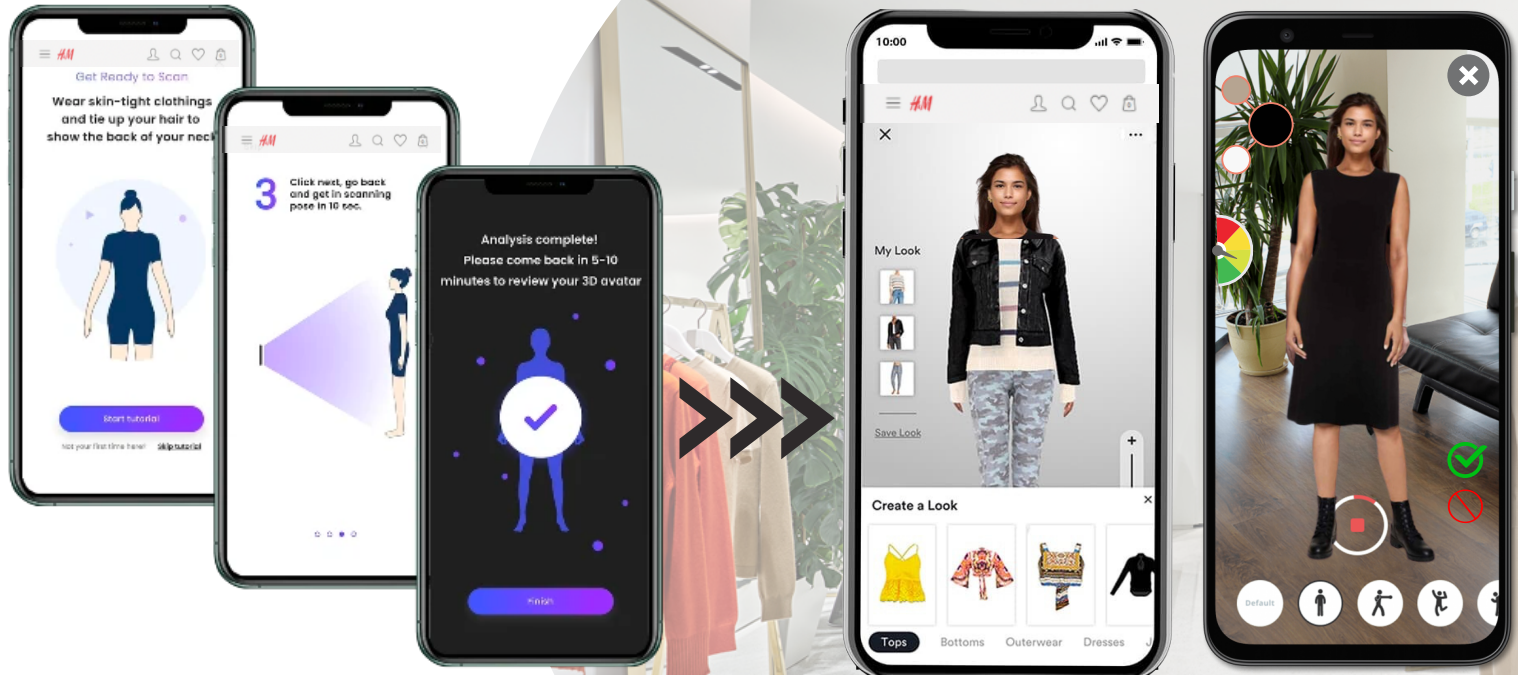
2

Use consumer data to offer recommendations based on consumer tastes, preferences and measurements

3

Blend the online and off-line shopping experience to create a seamless omnichannel shopping journey

CONCEPT VISUALISATION



- Using AR, H&M will build a 3D model of the customer by taking a series of measurements by scanning the body using the smartphone camera on the app.
- A digital avatar will be created on the app. The avatar can be customised to match the customer's body shape using the 3D body scan.

- By analysing the customer's measurements, H&M can recommend products that are the right size and best fit for the customer's body type.
- H&M will also implement a virtual try-on feature in the app to try on clothes virtually.

JUSTIFICATION

This experiential retail concept is an effective proposal for H&M to follow as it encompasses two defined strategic themes 'phygitalisation' and 'sustainability' whilst also pushing the brand to match expectations of the present day market that desire immersive and entertaining experiences.

Due to numerous store closures already this year and from conducting primary research, it is evident that stores are almost empty at multiple times of the day so are in need of revival. The customer journey has been described as 'boring' and the decor is outdated.

A successful mobile app will act as a pivotal platform for H&M to re-engage with their Gen Z and Millennial audience. Developing interactive AR features will also create a holistic omnichannel shopping experience that will result in the outcomes on the right thus being a justifiable proposal for H&M.



COMMERCIAL INSIGHT

118%

INCREASE IN CASHFLOW BY 2030 FOR FASHION BRANDS THAT IMPLEMENT AR (MCKINSEY, 2022)

62%

OF CONSUMERS ARE INTERESTED IN USING A SIZING TOOL WHEN BUYING CLOTHES (MINTEL, 2021)

72%

OF CONSUMERS DESCRIBED THE H&M SHOPPING EXPERIENCE AS UNINSPIRING

PRIMARY RESEARCH

44%

OF CONSUMERS DESCRIBED THE H&M IN-STORE ENVIRONMENT AS 'BLAND'

HENNES *H&M* MAURITZ
