



# Marketing strategy of lifestyle clothing brands- H&M and Zara

*Prisha Anandpara*

*Student, BBA, Atlas Skilltech University,*

*Kanika Bachani*

*Student, BBA, Atlas Skilltech University,*

*Suzy Paladiya*

*Student, BBA, Atlas Skilltech University,  
Mumbai*

*Khanak Bodra*

*Student, BBA, Atlas Skilltech University,  
Mumbai*

*Dr. Varsha Agarwal*

*Associate Professor, BBA, Atlas Skilltech University  
Mumbai*

## ABSTRACT

Businesses compete successfully in the apparel sector by utilizing several business models. Two extremes in the clothing market are H&M and ZARA. ZARA's business plan mostly emphasizes in-house production, while H&M's business model primarily emphasizes outsourcing.

The issue is that current theories by themselves are unable to explain why two firms competing in the same setting under the same circumstances select different business models. Given that the complementary aspects are based on traits shared by H&M and ZARA, our analysis is applicable to these two companies. If other businesses can identify their unique selling point, they can utilize the value of complementarities.

*Keywords: Business model, Business plan, Unique selling point*

## INTRODUCTION

Lifestyle marketing (*Esselstrom, 2020*) is a marketing technique that positions the product or service to possess ideals, aspirations, and aesthetics that the target audience identifies with. In layman's terms, it means that brands marketed in this way are a way of life for their audience. They are immersive, encapsulate their customers' ideas or values, and fit seamlessly into the consumer's life.

H&M, also known as Hennes and Mauritz (*Parietti, 2022*), is one of the most recognizable brands in the fashion industry and was founded in 1947. The company has expanded significantly over the last few years, having opened 4167 stores worldwide, while Zara, a company owned by Inditex and its flagship brand, was founded in 1975 and has 2001 stores worldwide as of June 2022. However, Zara's ownership of key supply chain processes allows for faster product turnover, allowing it to create a product and have it in shops a month later.

H&M primarily focuses on offering high quality clothing based on the latest trends (*Arangarajan, 2022*) to its consumers and to attract more consumers and keep the existing consumers H&M adopts a good promotional strategy of attracting consumers and keeping the existing ones by setting lower prices on the products and sometimes also providing discounts to them

While on the other hand Zara (*Almero, 2022*) offers a higher price for its quality clothing in comparison to H&M and it offers a selective profile of a professional and trendy look both, and their main focus is to develop better quality clothes

In this generation consumers demands always shift from one point to another, due to a certain change in taste and fashion, such as in the clothing industry companies like Zara and H&M to know what's trending, (*Jain et al., 2017*) and hence Zara values speed and responsiveness to the latest fashion trends and uses vertical integration, whereas H&M uses dual supply chain management and has two design procedures, long term collection planning and real-time design based on latest trends, to gain market share faster while remaining flexible in the eyes of the customer.

According to the most recent annual report of Trent Lt, Spain's Inditex, which owns luxury clothing brand Zara, reported a net profit of Rs 148.76 crore and revenue of Rs 1,815 crore for the financial year that ended on March 31, 2022.

## REVIEW OF LITERATURE

ZARA has become one of the most prosperous fashion companies. Its business has been steadily growing all around the world. In recent years, it also started operating stores in India. The achievement depends on a variety of things. The market demands a far more quick reaction from the supply chain's partners and organizations. Raw material selection must be made in advance. It is also the most important element of the agile supply chain. In the fashion industry, where businesses compete constantly, the demand for new skills is growing with time. Speed is the one remedy that reacts quickly to unforeseen variations in demand. (*Saraswat, 2018*) The manner in which it involves its clients and offers them a chance to shop. The "involvement" aspect affects the client's buying habits, attitude toward the company both during and after a purchase. ZARA's price approach, design philosophy, and

rapid business response times are also important. Influences how consumers make purchases. ZARA's internationalization-driven growth has also significantly contributed to its success on a global scale. ZARA has meticulously executed its process of internationalization by making the appropriate entry approach for each global marketplace.

To strengthen its relationship with customers and spur more foot traffic to its stores, Zara is thinking about implementing loyalty programmes. Additionally, the business is putting a lot of effort into enhancing its logistics system, which is crucial to its success in the apparel sector (*Euro monitor International, 2009*). Zara caters to the Euro-chic clientele, who prefers quicker turnaround times for more stylish clothing. Zara makes less apparel, hence there is a very limited quantity of their products. Zara depends less on advertising and more on a store's location to draw customers. Compared to its rivals, who spend about 3.5 percent on advertising, the company only spends 3 percent of sales on it. Instead than spending extra money enticing customers into the store, Zara is more concerned with locating the precise retail location that best suits the brand (*Dutta, 2002*)

In order to promote the newest collection, H&M is currently promoting to its customers through a mobile marketing campaign. Customers who use this mobile marketing technique get SMS vouchers and mobile banner ads on important portals and media websites. To promote this plan of action and its affiliated ad network Adiento, H&M uses Mobiento. Swedish consumers were the target audience for this ad.

H&M started using this medium in 2006 and has since developed numerous campaigns to reach a variety of consumers. The major objectives of this marketing strategy are to increase H&M Club membership and promote the newest seasonal trends for that particular season. Customers can enroll by visiting the website and providing their mobile number (*Butcher, 2009*).

## RESEARCH OBJECTIVE

- The study analyzes the characteristics of the different marketing strategies produced by H&M and Zara.
- This study can be used as a reference to develop and improve the vegan fashion market, the materials, design, development and marketing to create social value.
- A cyclical economy was used in the process of resource selection.
- Product consumption indicates the importance of consumer participation.

## STATEMENT OF PROBLEM

The problem is that current theories by themselves cannot explain why two organizations that are engaged in direct competition in the same market under identical conditions choose to implement dissimilar business strategies. Profit suffered as a result of the H&M brand's physical stores' slow sales development. This is partially due to the industry's ongoing change, in which an increasing number of transactions are being made online, but the group's online share hasn't been able to fully compensate for the drop in in-store foot traffic. Zara has never employed traditional media advertising as part of its marketing strategy. As a result, it is unable to reach the full

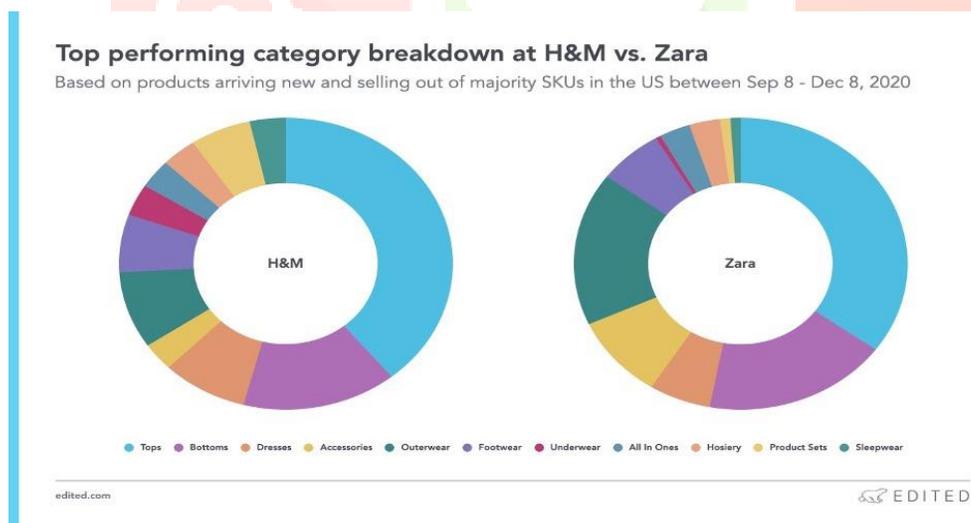
market.

## RESEARCH METHODOLOGY

This is a descriptive research study. Secondary data was gathered intensively by researching various sources such as articles and reviews from network sites. By analyzing both firms' sales graphs and assessing the top goods sold by both brands, graphs were utilized and analysed to see the trend in the performance of Zara and H&M. Because the data has been made public on several websites, the graphs and statistics displayed on those websites may not be accurate. Various data was found from journals from different publications, from news articles, and many other websites.

## ANALYSIS AND DISCUSSION

The marketing strategies for the two companies could not be more dissimilar, with H&M's emails frequently combining offers for men, women, and children to create a family-oriented offer. Zara, in comparison, sends emails that are more age- and gender-specific and directive. At each brand, different products are desired by various consumer groups. We can drill down on recent product introductions that sold out of the bulk of their SKUs within the last three months using the EDITED Assortment tool, revealing the most recent best-performing products by brand. The prominent items are tops and bottoms, and further investigation indicates that there was a high demand for sweaters, T-shirts, and sweatshirts. But shirts only account for 14% of tops sold out at Zara and fewer than 10% at H&M, indicating consumers are less interested in buying shirts.

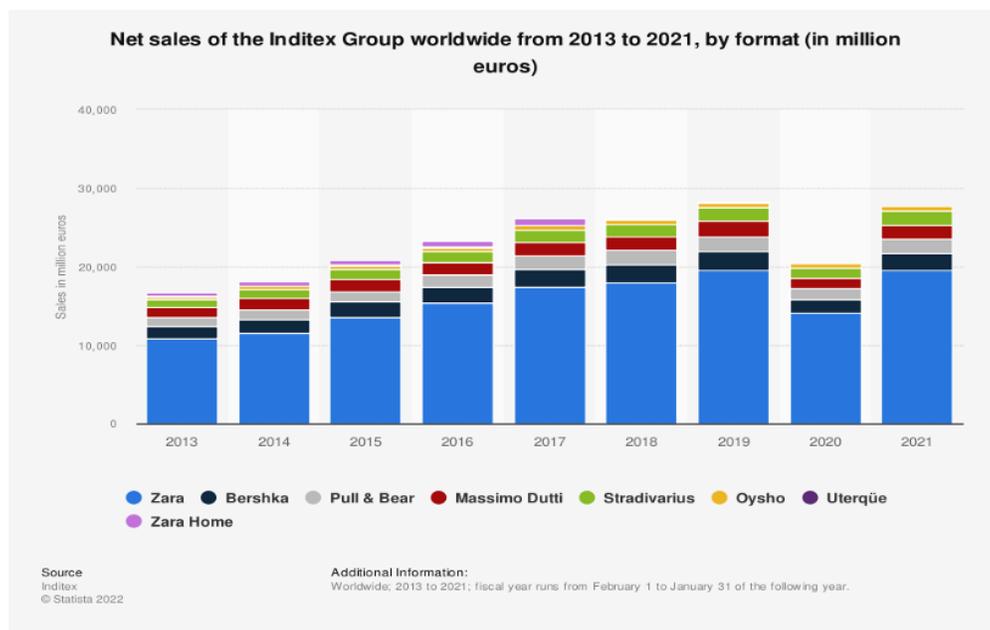


40% of respondents said they go shopping once a month, while 34% said they go twice to three times. 17% of respondents attend more than three times per month, and 9% go frequently.

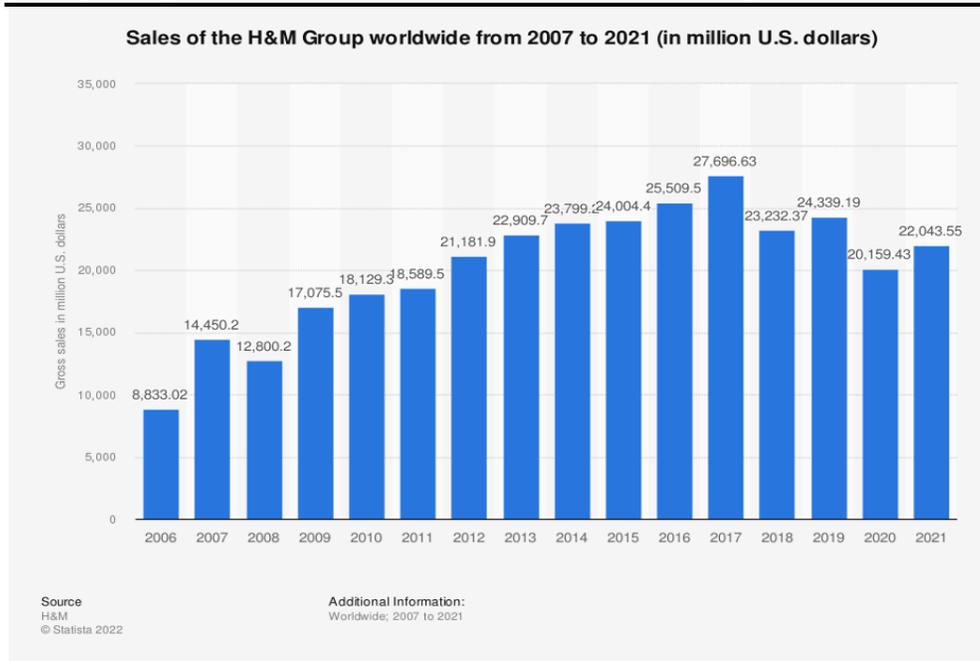
According to respondents, Zara offers clothing that leans more toward stylish attire. Quality is the second factor. Then, one after another, come the other parameters. We can infer from this that Zara products frequently create stylish items in accordance with current trends.

66% of respondents said they shop at stores in shopping centers or high streets. 18% of consumers and 26% of flagship stores purchase products online. For the most part, shopping malls and major cities in India are where Zara opens its stores in order to draw large crowds and increase its visibility and accessibility.

According to the research and interpretation of this study, it has been shown that Zara has become extremely popular among fashion enthusiasts and has established a demand for its products. It has also been found that Zara is effective at responding to the shifting needs of the consumer. The brand's unique selling proposition is its ability to offer the newest and most luxurious clothing at competitive costs. However, when we look at the fashion trends that the business follows, consumers of all genders and age groups have diverse perceptions of ZARA. The investigation shows that Zara is successful in offering its clients chic and current merchandise.



Furthermore, regarding the quality of products Zara has successfully attained positive responses on this parameter on the other hand Zara is unable to cater to its pricing strategies among the consumers. Its key marketing strategy is based on affordability, exclusivity, differentiation and experience. Moreover, the brand relies heavily on word of mouth advertising more than anything as it offers differentiating features in its offerings as a result it is quite popular.



## CONCLUSION

In conclusion, as businesses, Zara and H&M have a lot of internal and external work to do. Both businesses will need to change some of the elements they have already developed to be where they are today in order to be fully established as brands. In some parts of the world, both brands are well-known, and they have developed a distinct brand identity. Each business will need to compromise and modify in order to continue growing, increasing consumer exposure to fashion brands. Due to its effective advertising and extensive clothing selection, H&M has already established a high brand recognition in the United States.

Implementing the marketing strategy we have developed could help the business reach more customers and maintain its position as a leading, stylish business. Zara needs to make a lot of adjustments in order to stand out on the American market. Both businesses have strong brand identities; they only require a different method of introduction to make customers aware of them. Both clothing brands have the potential to grow and succeed in the United States.

## LIMITATIONS OF THE STUDY

Since H&M and ZARA operate in the apparel sector, this is the subject of our dissertation. A lot of primary research could have been carried out by distributing questionnaires and through those responses it can be interpreted that consumers prefer which brand and why and what influences them to purchase from that brand consistently.

When we talk about the business models of H&M and ZARA, it highlights that H&M prioritizes outsourcing while ZARA prioritizes in-house production. Various secondary research has been used to carry out the statistical data, the values may not be accurate.

## REFERENCES

- 1) Esselstrom, M. (2020) *Lifestyle marketing: What it means and how to do it*, Branding, Web Design and Digital Marketing Agency. Available at: <https://savyagency.com/lifestyle-marketing/#:~:text=Lifestyle%20marketing%20is%20a%20marketing,of%20life%20for%20their%20audience>. (Accessed: November 8, 2022).
- 2) Parietti, M. (2022) *H&M vs. Zara vs. Uniqlo: What's the difference?*, Investopedia. Available at: <https://www.investopedia.com/articles/markets/120215/hm-vs-zara-vs-uniqlo-comparing-business-models.asp> (Accessed: November 8, 2022).
- 3) Arangarajan, A. (2022) *H&M marketing strategy - how H&M became the second largest global clothing retailer*, StartupTalky. Available at: <https://startuptalky.com/h-m-marketing-strategy/> (Accessed: November 8, 2022).
- 4) Almero, K. (2022) *Zara vs H&M-which is the better brand?*, ClothedUp. Available at: <https://clothedup.com/zara-vs-hm/> (Accessed: November 8, 2022).
- 5) Ltd, A.A. (2022) *Marketing problems and issues faced by Zara Marketing Essay*, UK Essays. Available at: <https://www.ukessays.com/essays/marketing/marketing-problems-and-issues-faced-by-zara-marketing-essay.php> (Accessed: November 8, 2022).
- 6) Ha, J. (2021) *Digitalcommons@university of Nebraska - lincoln*. Available at: <https://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1368&context=honorsthesis> (Accessed: November 8, 2022).
- 7) Saraswat, S. (2018) *Strategies V/s consumer perception of brand Zara - India - IITM janakpuri*. Available at: [https://www.iitmjanakpuri.com/iitmjournal/data/2018\\_Vol9\\_No2\\_it7.pdf](https://www.iitmjanakpuri.com/iitmjournal/data/2018_Vol9_No2_it7.pdf) (Accessed: November 8, 2022).
- 8) Major, J.S. (2022) *Fashion industry*, Encyclopædia Britannica. Available at: <https://www.britannica.com/art/fashion-industry> (Accessed: November 8, 2022).

- 9) Kingston, R. (2022) *Zara marketing strategy - the world's top fashion retailer*, AVADA Commerce Blog. AVADA Commerce. Available at: <https://blog.avada.io/resources/zara-marketing-strategy.html> (Accessed: November 9, 2022).
- 10) Saraswat, S. (2018) *Strategies V/s consumer perception of brand Zara - India - IITM janakpuri*. Available at: [https://www.iitmjanakpuri.com/iitmjournal/data/2018\\_Vol9\\_No2\\_it7.pdf](https://www.iitmjanakpuri.com/iitmjournal/data/2018_Vol9_No2_it7.pdf) (Accessed: November 8, 2022).
- 11) Arangarajan, A. (2022) *H&M marketing strategy - how H&M became the second largest global clothing retailer*, StartupTalky. StartupTalky. Available at: <https://startuptalky.com/h-m-marketing-strategy/> (Accessed: November 9, 2022).
- 12) Deslandes, M. (2022) *Zara and H&M: How do these two retail giants differ?*, FashionNetwork.com. Available at: <https://www.fashionnetwork.com/news/Zara-and-h-m-how-do-these-two-retail-giants-differ-,1377156.html> (Accessed: November 11, 2022).
- 13) Crossely, I. (2017) *H&M overtakes Zara to become India's fastest growing international fashion brand*, FashionNetwork.com. Available at: <https://in.fashionnetwork.com/news/h-m-overtakes-zara-to-become-india-s-fastest-growing-international-fashion-brand,897685.html> (Accessed: November 11, 2022).
- 14) Tyler, J. (2018) *We visited H&M and Zara to see which was a better fast-fashion store - and the winner was clear for a key reason*, Business Insider. Available at: <https://www.businessinsider.in/retail/we-visited-hm-and-zara-to-see-which-was-a-better-fast-fashion-store-and-the-winner-was-clear-for-a-key-reason/articleshow/64125413.cms> (Accessed: November 11, 2022).
- 15) N, M. (2014) *H&M vs Zara*, prezi.com. Available at: <https://prezi.com/z2nb-qb4iogi/hm-vs-zara/> (Accessed: November 11, 2022).