

CHAPTER I

INTRODUCTION

1.1 Background

A complex interaction of consumer tastes, technical advances, and global economic conditions has transformed the fashion retail industry in recent years. The sector grew 4.5% from 2017 to 2021 (Statista,2022). E-commerce, sustainability, and social media's influence on consumer behavior are driving this increase. Fashion retail giant H&M is embracing these trends.

H&M has remained a worldwide fashion powerhouse by adhering to its basic values of innovation, customer-centricity, and flexibility in a fast-changing retail market. H&M's success is driven by its revolutionary fast-fashion business approach, which has altered the industry by offering trendy and affordable products to a wide spectrum of customers worldwide. H&M, with over 5,000 stores in 72 countries, has capitalized on the growing demand for trendy, affordable clothes (Business Insider, 2019). Modern aesthetics and European inspiration are included in the company's vast range of garments for men, women, teens, and children. By anticipating customer tastes and fashion trends, H&M has become a pioneer. It refreshes its collections to match customers' changing tastes.

H&M combines traditional advertising, sales promotions, and digital marketing to boost its global brand visibility and complement its product offerings. H&M boosts brand awareness and audience interaction across media by focusing marketing and partnering with influencers and celebrities. H&M has actively incorporated these trends to improve consumer experience and stay competitive as the fashion industry emphasizes sustainability and digital innovation. H&M wants to redefine retail and meet the needs of intelligent modern customers by using sustainable practices and digital technology like artificial intelligence and augmented reality. The company's success depends on its robust e-commerce infrastructure, which improves its physical stores by providing customers with easy product selection and convenient delivery options.

Hennes & Mauritz AB, better known as H&M, is a world-renowned fast-fashion brand with a vast retail footprint and innovative advertising campaigns. Its worldwide reach enables it to serve a wide range of customers and quickly respond to shifting fashion trends, guaranteeing a steady supply of trendy, budget-friendly apparel. Notably, H&M has improved its standing among eco-conscious customers because to its emphasis on sustainability and the incorporation of eco-friendly methods across its supply chain. H&M is well-positioned to continue its dominance and lead innovation in the dynamic fashion retail sector thanks to its strategic marketing and partnerships.

Table 1.1
Brand Value of the Leading 10 Apparel Brands Worldwide in 2023

Number	Brand	US Dollars
1	Nike	74,890
2	Shein	24,250
3	Zara	18,395
4	Lululemon	16,563
5	Uniqlo	12,101
6	Adidas	11,896
7	H&M	4,408
8	Anta	3,160
9	Li Ning	3,065
10	Puma	2,982

Source : Statista (2024)

Zara and Uniqlo are H&M's largest fashion rivals. Their initiatives set them apart from H&M and others. Statista 2024 shows that Zara and Uniqlo had greater brand value rankings than H&M in 2023, indicating that both competitors have significant apparel industry influence and pose a direct threat to H&M. Inditex-owned Zara brings new items frequently, following a fast-fashion concept. The 1,670 stores globally receive twice-weekly delivery. Zara adapts rapidly to new trends and thrives globally by listening to customers. Zara rivals H&M for customers by following trends and changing merchandise quickly. Japanese

clothing and retail company Uniqlo has expanded globally. Uniqlo stands out for quality and fabric innovation. HEATTECH, AIRism, and Ultra-Light Down show the company's dedication to attractive, functional gear. Uniqlo's price strategy reflects its quality, making it a good pick for sturdy wardrobe basics.

Zara and Uniqlo, which approach fast fashion differently, compete with H&M. Zara's ability to adapt to new trends and penetrate new markets and Uniqlo's focus on high-quality necessities and innovative materials have helped both companies prosper in fashion. H&M should be more careful when Zara and Uniqlo rate higher in brand value than it does since they are competing more fiercely. To be competitive in this market, the company may need to evaluate its business plan, reinforce its competitive advantages, and respond faster to consumer trends and preferences.

H&M, or Hennes & Mauritz AB, is a Swedish multinational fashion retailer that has garnered global recognition for its affordable yet stylish clothing, accessories, and home goods. Established in 1947 by Erling Persson, the company has since expanded from its humble beginnings as a single women's clothing store in Västerås, Sweden, to become one of the world's leading fashion retailers with a presence in over 74 markets worldwide. Operating under a fast-fashion business model, H&M designs its products in-house and collaborates with a vast network of suppliers and manufacturers to swiftly bring fashionable clothing collections to market at accessible price points. With thousands of physical retail locations and a robust e-commerce platform, H&M caters to a diverse customer base spanning men, women, teenagers, and children. The company's product offerings range from casual basics to formal wear, encompassing apparel, footwear, lingerie, swimwear, and accessories.

In recent years, H&M has made significant strides in promoting sustainability and ethical practices throughout its operations and supply chain. Initiatives such as the Conscious Collection, which features clothing made from organic and recycled materials, highlight the company's commitment to environmental stewardship. H&M's marketing strategy often revolves around strategic collaborations with designers, celebrities, and influencers, leveraging digital channels and social media platforms to engage with its audience and promote

its brand image. With a strong emphasis on corporate social responsibility and a dedication to sustainable practices, H&M continues to uphold its position as a prominent player in the global fashion industry.

Social media platforms and channels allow the exchange of information, profiles, assumptions, observations, insights, and media material. It helps diverse global groups communicate and engage. This changing environment allows fashion companies to better engage with customers. They may share brand stories, showcase new collections, and get real-time feedback.

In conclusion, social media helps fashion companies connect with their customers, establish brand loyalty, and innovate. It has changed how fashion is promoted, consumed, and experienced, bringing new interconnectedness and innovation to the industry (Cohen and Heidi, 2012). Brand visibility and awareness are key drivers of social media growth. Fashion brands may reach a large audience with visually appealing content on these channels to promote their latest collections, campaigns, and brand aesthetics. Brands may increase brand recognition and reach by strategically curating their social media feeds with engaging photographs, videos, and stories.

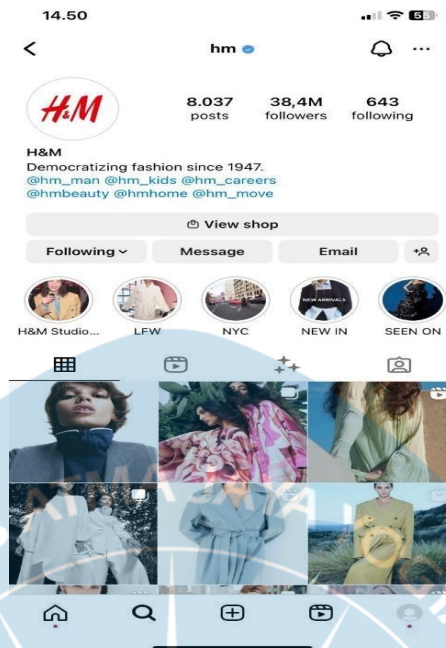
Table 1.2
Most Used social Media Platform Worldwide in 2023

Rank	Platform	Active Users (Billion)
1	Facebook	3.030
2	YouTube	2.491
3	WhatsApp	2.000
4	Instagram	2.000
5	WeChat	1.327
6	TikTok	1.218
7	FB Messenger	1.036
8	Telegram	800
9	Snapchat	750
10	Douyin	743
11	Kuaishou	673
12	X (Twitter)	666
13	Sina Weibo	599
14	QQ	571
15	Pinterest	465

Source : Data Reportal, eMarketer (2024)

Based on table above, in 2023 Facebook continued to reign as the leading social network globally, boasting a staggering 3.03 billion active users worldwide. Following closely behind are YouTube, WhatsApp, and Instagram, each with over 2 billion active users, solidifying their positions as major players in the realm of social media. YouTube's vast collection of video content appeals to a diverse audience, while WhatsApp's instant messaging platform facilitates communication across borders. Instagram's focus on visual storytelling resonates strongly, particularly among younger demographics. Additionally, WeChat and TikTok have amassed 1 billion or more users, with WeChat's multifunctional services finding popularity in China and TikTok's short-form video format captivating audiences worldwide. Facebook Messenger, with its standalone messaging app, also commands a significant user base of 1 billion or more, further cementing Facebook's dominance and affirming its status as the most used social media platform worldwide.

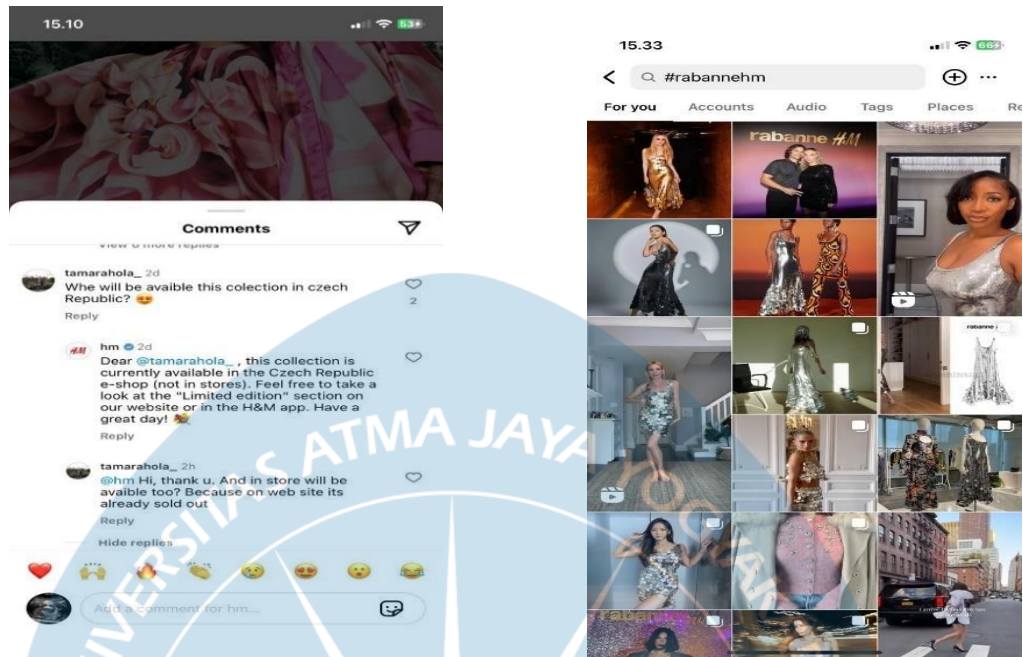
Instagram has helped H&M's social media marketing build brand equity and consumer response. Fashion companies like H&M use social media to engage with customers and grow their global brand. For H&M, Instagram boosts brand awareness, audience engagement, and consumer response. More than 130 million Instagram users view shopping posts monthly. Instagram's impact on brand equity and consumer engagement is huge for fashion businesses like H&M (Social Pilot, 2024). H&M uses Instagram's visual nature to showcase its latest collections, marketing, and brand aesthetics, reaching millions of potential shoppers and building brand loyalty. Instagram's focus on high-quality images and videos allows H&M to create visually appealing feeds, Stories, and Reels that boost brand awareness and product appeal.



Source : Instagram Page of H&M (accessed on 15 March 2024)

Figure 1.1 Instagram Official Account of H&M

The use of Instagram marketing by H&M has resulted in a significant and varied impact on the relationship between the brand and the consumer. By Instagram, H&M may be able to achieve success in the fashion industry in the digital age by increasing brand visibility, audience engagement, and consumer response. For instance, if a fan asks about the fabric that was used in a garment that was posted on Instagram, the social media team at H&M provides thorough advise and invites followers to browse the company's website for further clothing options. Customer satisfaction, trust, brand affinity, and loyalty are all increased because of this seamless integration of customer service and interaction, which ultimately results in long-term connections with that consumer.



Source : Instagram Comment Section of H&M (accessed on 15 March 2024)

Figure 1.2 Instagram Official Account of H&M

Along with these techniques, H&M uses unique hashtags in its marketing to increase brand engagement and community involvement through user-generated content. H&M intends to motivate its enormous online following to share their personal experiences and contribute to the brand's story through their unique hashtags. In the highly anticipated H&M-Paco Rabanne collaboration, fans used the hashtag #RabanneHM to show off their unique style statements with the items. H&M and Paco Rabanne's social media marketing partnership is a great example of how to boost brand awareness and customer engagement. These partnerships combine H&M and Paco Rabanne's storied history, drawing media and fashion industry attention. Media coverage and social media buzz around the collaboration highlighted H&M's brand values and creativity, increasing its effect and visibility.

Beginning with entertainment, H&M successfully engages its audience on social media with intriguing and visually appealing material (Stollfuß, S. 2020). The brand releases breathtaking photos of photo shoots and influencer and celebrity

collaborations to promote its current fashion lines. H&M engages its followers with bright photos, witty descriptions, and interactive components like polls and quizzes.

Interaction, H&M actively promotes meaningful social media participation and debate (Godey, et al., 2016). The brand regularly reacts to followers' comments, questions, and messages, building community and dialogue. H&M also runs interactive campaigns, challenges, and user-generated content to get fans involved and share their experiences, which boosts engagement and strengthens the brand-consumer relationship.

H&M incorporates current fashion and cultural trends into its social media content strategy (Khan, 2022). The brand often features stylish and fashionable clothing to match the zeitgeist and seasonal patterns. By working with fashion influencers and celebrities, H&M boosts its trendiness and appeal, catering to their audience's changing tastes.

H&M also customizes its social media content and interactions to fit its broad audience (Seo & Park, 2018). H&M tailors' content, ads, and promotions to user behavior and demographics using data. The brand also supports user-generated content, allowing fans to express their individual styles and preferences and promote inclusivity.

Finally, H&M uses social media to leverage Word-of-Mouth (WOM) marketing (Godey, et al., 2016). The brand increases brand advocacy and organic buzz around its products and campaigns by encouraging satisfied consumers to share their positive experiences and endorsements. Strategic partnerships with influencers and brand ambassadors boost H&M's credibility and organic growth and community building.

In summary, H&M uses Entertainment, Interaction, Trendiness, Customization, and WOM marketing to create a dynamic and immersive social media presence that connects with its audience, builds brand loyalty, and builds a vibrant community of advocates and follow.

This research on H&M identifies several notable research gaps when compared to the main journal, highlighting differences that are crucial for understanding the unique contributions of study.

Firstly, the main journal analyzes three distinct brands—Outfitters, Khaadi, and Junaid Jamshed. This broader scope allows for comparative insights across different brands and their marketing strategies, providing a general overview of brand engagement and awareness across multiple contexts. In contrast, this research focuses exclusively on H&M. By narrowing the scope to a single brand, can delve deeper into the specific marketing tactics and brand strategies employed by H&M, offering a more detailed and nuanced analysis of how H&M engages with its target audience. This focused approach allows for a more thorough examination of H&M's brand presence, consumer perception, and marketing effectiveness.

Secondly, the main journal investigates the use of social media websites in general. This broad approach encompasses a variety of platforms, providing a wide-ranging understanding of how different social media websites contribute to brand marketing. However, it may dilute the specific impact and unique features of each platform. In contrast, this research concentrates solely on Instagram. Recognizing Instagram's unique features and significant role in contemporary digital marketing, this study aims to provide deeper insights into how H&M utilizes this platform to engage with its audience. By focusing on Instagram, it can explore the platform-specific strategies H&M employs, such as visual content, influencer partnerships, and interactive features, and how these strategies contribute to brand awareness and customer engagement.

Lastly, there is a significant difference in the criteria for selecting respondents. The main journal includes social media users who follow the brands on various websites. This approach may capture a wide range of user engagement levels, from casual followers to highly engaged fans. However, this research employs more specific criteria, targeting respondents who are actual customers of H&M and who also follow the brand on Instagram. This dual criterion ensures that the respondents are not only aware of H&M but are also actively engaged with the brand on a platform central to this study. This targeted approach is likely to yield more relevant data on how H&M's Instagram presence influences customer engagement, brand loyalty, and purchasing decisions.

By focusing on a single brand, a specific social media platform, and a targeted respondent group, this research addresses gaps in the existing literature and provides detailed, actionable insights. These differences underscore the value of your study in understanding the dynamics of H&M's brand awareness and engagement strategies on Instagram, contributing to a more specialized and focused body of knowledge in the field of digital marketing.



1.2 Problem Statement

1. Does Social Media Marketing Efforts (SMME) have positive and significant effect on brand equity of H&M?
2. Does brand equity have positive and significant effect on consumer response of H&M?
3. Does consumer response have positive and significant effect on Social Media Marketing Efforts (SMME) of H&M?
4. Does brand equity mediate the influence between Social Media Marketing Efforts (SMME) toward consumer response of H&M?

1.3 Research Objective

1. To analyze the effect of Social Media Marketing Efforts (SMME) on brand equity of H&M.
2. To analyze the effect of brand equity on consumer response of H&M.
3. To analyze the effect between consumer response to Social Media Marketing Efforts (SMME) of H&M.
4. To analyze the influence between brand equity to Social Media Marketing Efforts (SMME) toward consumer response of H&M.

1.4 Research Benefits

1. Theoretical Benefits

By exploring the contribution of social media marketing efforts to brand equity, this research will enrich understanding of the role of social media platforms in shaping brand awareness, quality perception, and brand association. Furthermore, by identifying differences in customer response to different social media marketing strategies, this research will contribute insight into the strategies that are most effective in influencing customer engagement. In addition, establishing a correlation between the effectiveness of social media campaigns and customer satisfaction and loyalty will provide a deeper understanding of how brand interactions on

social media affect brand relationships with customers. Finally, this research will contribute to the development of theories about how consumer attitudes, beliefs, and preferences towards brands evolve in the context of social media, opening the door to a better understanding of how social media's influence shapes brand perceptions and preferences.

2. Practical Benefits

With a deeper understanding of the contribution of social media marketing efforts to brand equity and customer response, H&M can optimize their marketing strategies on social media platforms to increase brand awareness, customer engagement, and consumer loyalty. Furthermore, by knowing which strategies are most effective in influencing customer response, H&M can allocate their resources efficiently to achieve desired results. What is more, by knowing the correlation between customer satisfaction and loyalty and the effectiveness of social media campaigns, H&M can focus on the most impactful efforts in strengthening their relationships with consumers. Finally, by understanding how consumer attitudes, beliefs, and preferences towards brands evolve in the context of social media, H&M can design more relevant and leveraged marketing strategies to meet the needs and expectations of their consumers.

1.5 Research Systematics

CHAPTER I : INTRODUCTION

This first chapter outlines the background behind this research. Through in-depth explanations, readers will gain a better understanding of the context and urgency of the research carried out. Contains an introduction such as background, problem statement, research objectives, research benefits, and research systematics.

CHAPTER II : LITERATURE REVIEW

The second chapter, will explain in detail the basic theories that form the basis for the research to be carried out. By referring to the conceptual framework that has been prepared, readers will be brought to understand the relationship between the concepts that are the focus of research. Contains literature review related to

definitions, sources and theories about research variables, table of previous research, hypothesis development, and research frameworks.

CHAPTER III : RESEARCH METHODOLOGY

This third chapter describes the methods used in conducting research, including the scope of research, sampling procedures, data collection techniques, and testing of instruments applied. In addition, this chapter also details the process of analyzing the data used in the research. Contains research methodology such as types of research in the form of objects, subjects, location of research, as well as populations and samples, data collection methods, operational definitions, measurements data, and methods of analysis data.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

The fourth chapter, will present the results obtained from the research that has been done, which will then be analyzed in depth. Discussions related to research objectives will also be presented to provide a more thorough understanding of the findings obtained. Contains data analysis and discussion such as result of descriptive statistics, data analysis results, and discussion.

CHAPTER V : CLOSING

This last chapter contains a summary of the conclusions of the results of the research that has been done, accompanied by relevant suggestions for future research development. Thus, readers will be given a comprehensive overview of the implications of the research findings as well as the direction that can be taken for future research. Contains closing such as conclusions, managerial implications, research weaknesses, future research suggestions, and bibliography.