



Here and Motivating Change
Combatting the Impact of Fast Fashion

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Fast fashion is a term used in the retail industry to describe the transition of trends from the catwalk to retail outlets. The phenomenon, which can turn luxury fashion wear into everyday items to meet a broader consumer base in a matter of days, is causing a stir in the media for its connection to sustainability and labor issues. While the extent of benefits and drawbacks of fast fashion are debated due to the novelty of the trend, brands must remain cautious of pursuing such practices. In our report, we will explore the extent to which a brand, specifically H&M, must be transparent to the public about its association with the adverse effects of fast fashion and ways in which it can control the narrative and become a sustainability and ethical leader. We have chosen to target millennials, as H&M's audience is largely 15 to 25-year-olds, who tend to favor "brands with prosocial messages, sustainable manufacturing methods and ethical business standards," suggesting they may not ignore the issues of fast fashion (Landrum; Shannon).

Preliminary Research

H&M originated as a small shop in Västerås, Sweden in 1947. After traveling to America, founder Erling Persson was inspired by large retailers to introduce reasonably priced, mass-produced apparel to the Swedish market, which consisted mostly of privately owned shops. The label operated under the name Hennes, Swedish for hers, and exclusively sold women's clothing until 1968 when it acquired men's brand Mauritz Widforss and became Hennes & Mauritz. In 1975, H&M became a publicly traded company and has remained the most successful company on the Swedish stock market ever since.

In 2016, H&M retained its position as one of the world's largest apparel companies, exhibiting a 1% value share of global apparel, which positions it ahead of its key rival Inditex, Zara's parent company (Euromonitor). However, the company's growth recently slowed. In the latest financial year, ending November 30, 2016, net sales were \$26.7 billion, showing a 6%

growth, down from 19% growth in the previous fiscal year. After the decline, H&M rephrased its growth target for 2017 by shifting its focus from store-based expansion to internet retailing.

As an industry leader, H&M operates more than 4,500 stores in 69 countries and 43 online markets, and outsources its production to 1,900 independent factories. Although a clothing company, H&M prioritizes sustainability, as evident through its vision which states: “to use our size and scale to lead the change towards circular and renewable fashion while being a fair and equal company.” Since 1947, the company has remained under the management of the Persson family and continues to function on the two main business foundations set in place by Erling Persson: self-financing as well as strategic timing and placement. Keeping these principles as his top priorities while expanding H&M into a global empire, Erling inspired steady growth and financial stability that remain characteristic of the company 70 years later.

H&M's CURRENT INITIATIVES: H&M has taken action to address sustainability and ethical concerns that have emerged as a result of its association with fast fashion. On the website of its parent company, H&M Group, it details its efforts in those spaces and provides information to customers about how to be a sustainable clothing consumer (“Care For Your Clothes”). The company discusses its efforts to ensure high standards for working conditions by having team members present in factory locations (*H&M Group: Sustainability*). However, most of this material is not actively promoted to the public and its location on the corporate website, rather than the store website, makes it difficult for shoppers to find.

H&M also has a website dedicated to its annual Sustainability Report, which includes statistics on the company’s manufacturing practices. However, the report received criticism declaring it “hides the unsustainable reality of fast fashion” (Bain). While the claims may be valid, the site itself a solid representation of H&M’s dedication to making changes. The site

includes H&M's Sustainability Commitment, which proclaims, "We are convinced sustainability is a natural part of being a successful business and we always strive to act in an ethical, transparent and responsible way and expect our business partners to do the same." The statement aligns with millennial's demand for transparency, but according to our focus groups discussed later on, it remains unknown to this target audience.

One of H&M's big steps toward accountability came in 2012 when it released an article praising the Sustainable Apparel Coalition's new Higg-Index. The Coalition, which consists of one-third of the global apparel and footwear industry, created the index of online tools to allow companies to "evaluate sustainability performance on product level...to analyze and quantify the sustainability impacts of their products from the raw material until it reaches stores" ("Sustainable Apparel Coalition"). H&M uses the index for two of its supplier factories and asserted that "We are now looking forward to score and benchmark more and more of our products, helping us further improve them." However, last year *The Guardian* exposed the downfalls of the new invention, including the fact that the results are not yet public and "...most coalition members have been slow to use the index, and there's no evidence they are reducing – not merely reporting – their impact" (Gunther).

H&M incorporated a focus on sustainability into leadership beginning with CEO Karl-Johan Persson expressing H&M's vision "to lead the change towards circular and renewable fashion while being a fair and equal company," on the report page. In addition, the company added a Head of Sustainability position. H&M has the mindset and structure to make sustainable changes, but has yet to properly publicize to consumers.

SWOT Analysis

STRENGTHS (INTERNAL): Some of H&M's most widely recognized strengths are its low prices, which cater to a vast audience, and its ability to provide consumers with a large range of current styles. H&M's strong celebrity and corporate partnerships such as its long-term relationship with Disney and Coachella, and its most recent collection with The Weeknd and Justin Bieber, helped the company build a network of loyal customers around the globe. The retailer's reputation for corporate social responsibility and track record for financial and geographic growth consistently merit favorable media coverage. As mentioned above, current CEO Karl-Johan Persson has made significant efforts to place sustainable fashion high in H&M's priorities. For his efforts, he received The Swedish Association for Sustainable Business' Award for Sustainable Leadership in 2016. This award, along with the success of the H&M Foundation, a non-profit that drives "long lasting positive change by investing in people, communities and innovative ideas," has played a significant role in establishing H&M's brand image (*H&M Group*). Along with this business model comes an obligation to address sustainability and ethical sourcing, which H&M Group does to some extent on its website. The company shares that it signed The Accord on Fire and Building Safety in Bangladesh after a factory fire killed over 1,100 people in 2013 (Lancianese). In addition, H&M places "Green Conscious Choice" tags on pieces made of 100% organic cotton and the company releases its annual "Conscious Exclusive Collection," a high-end line employing sustainable materials (*H&M Group*).

WEAKNESSES (INTERNAL): The need for the aforementioned collection reveals that the company struggles to maintain sustainable practices while mass-producing cheap clothing in quick cycles. *Fashionista* calls H&M's high-end collection "Greenwashing," portraying an eco-

friendly image the company cannot fulfill. The message of sustainability is rarely in front of the public in stores or advertisements, suggesting it is difficult for a company of its size to truly follow through with lofty sustainability goals. Due to a lack of internal production facilities, the company must rely on outsourced production, which commonly creates distribution, quality, environmental and humanitarian problems that H&M's corporate team does not have a perfect way of monitoring. Similarly, the brand's mission to keep low prices lowers the quality of its products, thereby driving away key consumer groups. The fast fashion business model creates a reliance on trends set by luxury brands, which results in the lack of a signature style and makes it difficult for the brand to plan product releases in advance. In short, H&M is not creating trends, but simply following them (Marketing 91).

OPPORTUNITIES (EXTERNAL): As H&M continues to expand, it has the opportunity to tap into the rapidly growing market in Eastern Asia. Another expanding sector, the online marketplace offers equally as promising benefits and could help H&M increase global sales. Concentrating efforts on this increasingly popular forum rather than generating more physical stores may prove to be more profitable. Similarly, the growth of social media advertising can help increase the global reach of ad campaigns and solidify a favorable brand image in the minds of a younger demographic early on. Consumers are becoming more brand-conscious, suggesting that H&M can capitalize on criticism regarding sustainability by improving its practices.

THREATS (EXTERNAL): As resources in expanding markets become more readily available, it is easier for smaller retailers to take a portion of the market away from larger companies. Industry trends have seen an influx of specialized retailers entering the market with products from handcrafted goods to vintage and repurposed clothing, as anti-fast fashion sentiments spread from documentaries like *The True Cost*. Media spreads the word, with outlets

such as *The Guardian* discussing the “moral whiplash” felt by the viewers (Siegle). One of the greatest threats to H&M is that of the fast fashion bubble popping. Fashion trends are emerging at an accelerated rate with the help of social media pushing the latest trends at a swift rate. As consumers encounter trends sooner, the lifespan of a product "in-fashion" decreases. The clothing industry may pick up too much speed, forcing some companies to inevitably fall behind. Another outcome of fast fashion is that consumers gain a heightened awareness of the adverse effects of fast fashion and boycott companies who engage in such practices (Euromonitor). If media attention on fast fashion continues to rise, it may compromise H&M's long-term branding. Not only does H&M's outsourced production raise concerns about the dangers of fast fashion, but also it is likely to affect the company's financial success as labor costs in Asia continue to rise. Competitors like Zara do not face this, as they operate vertically integrated businesses, controlling designers, factory workers and store managers throughout the production process.

Competitors

According to *Hoovers*, H&M's direct competitors include Forever 21, Zara and Gap. As of 2015, H&M led in market share of apparel brands worldwide at 1.5%, with Zara at 1% and Gap at 0.4% (“Top Apparel Brands”). Annual sales in the billions are \$21.75 for H&M, \$24.94 for Inditex (Zara), \$15.52 for Gap and \$3.70 for Forever 21. The market capitalization in the billions is \$335.48 for H&M, \$51.31 for Inditex and \$10.16 for Gap (Yahoo! Finance). Forever 21 does not have a market capitalization, as it is a privately traded company. Although competitors mention sustainability on their corporate websites, H&M Group places it most prominently in its mission. Therefore, H&M has the potential to position itself as a sustainability leader if it takes proper actions.

The Issue

One of the most important issues facing H&M is the trend to move away from fast fashion toward more environmentally and socially conscious alternatives, as consumer awareness of fast fashion increases. A report completed in October 2016 by the Cambodian NGO Center for Alliance of Labor & Human Rights and Future In Our Hands revealed that one of H&M's "platinum" suppliers was not providing workers with living wages ("Can H&M Set a New Standard"). The negative impacts fast fashion practices have on the planet are also enormous, including the creation of 16.22 million tons of waste (Gordon). H&M creates 26% of its clothes out of sustainable materials, which is a good step, but not nearly enough to avoid the repercussions of a fast fashion giant. According to the "Dirty Side of the Garment Industry," the World Bank proclaims that 30 of the 72 toxic elements released during textile production cannot be resolved through purification. Because mainstream media focuses on H&M as a leader in rapid clothing production rather than its developing sustainable practices, the brand may lose customers due to sustainability concerns. Over 50% of millennials surveyed in 2016 identified as activists. As this demographic becomes increasingly aware of fashion trends, likely through social media, members may turn to stores they do not associate with labor abuse or environmental harm. H&M needs to pay attention to this issue and adjust its communication tactics to craft a favorable brand image to millennials.

Many luxury brands that inspire loyal followers outwardly denounce the basic principles of fast fashion. In "To Copy or Not to Copy," Tedmond Wong discusses how companies swiftly copy runway designs, which "deprive[s] original designers of profits and design firm creativity." Designer Rebecca Minkoff asserts that fast fashion causes "the biggest waste in the industry" (Gallagher). The sentiment is contributing to a movement toward quality over quantity and slow

fashion, described in “The Motivational Drivers of Fast Fashion Avoidance” as being “related to anti-consumption, business ethics, sustainability, pro-environmentalism, and valuing local economics and labor.” *Bloomberg Quint* reminds retailers that fast fashion is not for everyone (Halzack). Young consumers who adore Instagram influencers often prefer branded items over generic clothing that do not provide symbolic status. In *Forbes*’ words, “Logomania is back,” which may lead consumers away from H&M (Samaha).

Objectives

BUSINESS OBJECTIVES:

- Report higher Q4 sales growth than Zara and Forever 21 in 2018
- Increase sales to the millennial and generation z audiences by 8% by the end of Q4 2018
- Enhance overall customer satisfaction by 10% by Q4 2018 as measured through online reviews and post-purchase surveys incentivized with discounts

PR OBJECTIVES:

- Informational: (1) Raise awareness among millennials about H&M’s existing efforts to promote sustainability, through features in 20+ online news sites by Q4 2018; (2) Separate H&M from negative opinions about fast fashion production methods by having a maximum of 5% negativity, if any, across media coverage by the end of Q4 2018
- Motivational: Build a favorable brand image for H&M in the eyes of millennial shoppers by Q4 2018 by increasing engagement on social media surrounding the company’s efforts by 25%
- Behavioral: (1) Inspire 15 fashion and activist media outlets to produce pieces highlighting H&M’s sustainable business and production practices throughout Q4 2018; (2) Secure more than 75% positive media coverage in Q4 2018; (3) Encourage more

millennial shoppers to participate in H&M's sustainability efforts in 2018, aiming for a 30% increase in participation by this age group by Q4 2018

RESEARCH OBJECTIVES:

- Determine the degree to which millennial shoppers take humanitarian and sustainability concerns into account when choosing where to spend their money
- Assess the success of H&M's current efforts to promote sustainability

Hypothesis

H&M is aware of its reputation and generated a mission towards sustainability stating: "Sustainable fashion is a long-term way of looking at style for seasons to come. At the H&M group, we want to make sure to always stay ahead of trends and offer our customers fashion and quality at the best price, in a sustainable way" (*H&M Group*). This mission, however inspiring it may sound, appears contradictory. It references sustainable fashion as a long-term idea while discussing remaining ahead of trends, which are short-lived. We found early on in our research that H&M's sustainability tactics are insufficient. We conducted further research to uncover the proper approach to tackle H&M's corporate responsibility issues, with the underlying assumption that consumers care about the issues. The purpose was to explore the millennial awareness of fast fashion and determine issues they care most about to ensure the objectives are correctly placed.

After conducting preliminary secondary research, we hypothesized that millennials' knowledge of fast fashion issues affects their purchases. Thus, a campaign to raise awareness of H&M's efforts to combat environmental pollution and labor issues could help the company secure a reputation as a leader in sustainable activism, which could promote sales and expedite expansion. H&M's competitors, Zara and Forever 21, make a significant footprint as well, but

fail to address it with customers; therefore H&M could differentiate itself by becoming a pioneer in setting environmental and labor standards. With primary research, we hoped to confirm our hypothesis that increased transparency in the marketing of H&M's efforts, especially relative to the silence of competitors, would lead to positive consumer sentiment and an increase in sales.

Survey Process and Results

Following our research objectives, we created a survey to determine the extent to which millennials are aware of fast fashion and how it affects their purchasing decisions. We surveyed 302 participants by distributing the survey on social media platforms. The majority of the participants were female; however, we investigated the data and found that the gender imbalance did not affect the results of the survey. Of the millennial participants, 37.35% claim to have no familiarity with the term "fast fashion" (Appendix D). However, when asked about familiarity "with the environmental and ethical issues around clothing production," that percentage shrunk to 7.66% (Appendix E). The results imply that the public is conscious of the negative effects of fast fashion whether or not they are aware of the term. This allows H&M to control the narrative surrounding fast fashion, rather than combat negative sentiment associated with the term.

50.87% of participants claim that fast fashion negatively affects their views of companies; however, 55.9% agree that they would be more likely to shop at a fast fashion store if the company changed its policies (Appendix F). Therefore, association with fast fashion does not necessarily have the long-term detrimental effect that we predicted. In fact, 77.53% claim that factors other than fast fashion influence their decisions while shopping. Participants were asked to elaborate on which factors deter them from specific retailers; the results are shown below:

- 85.3% state poor quality of products
- 75.4% state high prices

- 69.0% state negative brand reputation
- 50% state connection with poor working conditions
- 38.4% state connection with practices that damage the environment
- 36.2% state ineffective corporate social responsibility

(Appendix G)

Based upon the survey results, we determined that the public's biggest concern are factors that affect them – product quality, price and association with a brand with a bad reputation; therefore, we must ensure that H&M addresses these factors. The results also indicate that H&M's association with fast fashion is not necessarily a deciding factor in millennials' purchasing decisions. This is beneficial to see, as it shows that an eco-friendly campaign strategy is an opportunity to proactively develop, rather than a means to reactively neutralize sentiment.

Focus Group Process and Results

We conducted focus groups to gain a deeper understanding of millennial sentiment by asking more pointed questions on what might sway the perception of fast fashion and how H&M can successfully lessen its connection to negative practices. We held two focus groups to ensure that we heard from a greater number of individuals and had the chance to compare the groups. Holding two groups permitted us to explore the possibility that the conversations could have been affected by confounding variables, detailed later on. While there were important similarities in the results, they were also different in a number of ways. The below report is separated by topics and themes that proved to be most prominent across the discussions.

AWARENESS OF FAST FASHION: A majority of the members of both groups had not heard of the term fast fashion or were only vaguely familiar. While this was slightly surprising, they were more familiar with the negative ethical and sustainable effects of fast fashion, similar to the survey results. Another response that was largely shared by both groups was that they do not actively think about issues of fast fashion while they are shopping. When asked if they think their purchases would be affected as they learn more about fast fashion's impact, a majority said

no. Many discussed how their financial situations, especially as college students, would not allow them to avoid shopping at cheap chic retailers. A member of the first group proclaimed that she would not shop at these companies if she did not have to worry about spending money.

FAST FASHION EFFECTS: Overall both groups were more concerned with ethical issues than ones related to sustainability. A number of participants in the second group expressed how, as shopping and wearing clothes is a social, public-facing activity, they tend to think more about the human stories behind the manufacturing process. They mentioned that the issues are intertwined, but still agreed that human issues feel more impactful than environmental ones because they can visualize how workers are affected through low wages and living conditions.

SENTIMENT OF H&M: The second group was strongly against cheap chic retailers, and specifically disliked H&M. The members of this group did not feel this way primarily because of H&M's negative fast fashion impacts, but for its bad quality and overwhelming in-store experience. A majority of people expressed that they saw Zara as more quality, fashionable and desirable than H&M. While members of the first group said that one of their main motivations to go to H&M is when they need a specific piece of clothing for a low price, members of the second group seemed to express that this situation would be the only time they would ever step foot in the store. Because the second group did not seem to shop at H&M, it mostly agreed that if H&M were to take action to improve its practices, it would not largely affect their shopping habits. Participants would likely continue to shop elsewhere and go into H&M whenever they had specific needs as described above. However, there were some members from the second group that said that they would like if H&M took more action, but they stayed relatively quiet, as they may have been intimidated by more vocal members.

SUSPICION TOWARD MARKETING: Another feeling that was shared across the second group, but did not appear much in the first group, was a strong suspicion toward marketing. Members of the second group voiced how they assume marketers have ulterior motives and do not speak truthfully, leading them to be skeptical of H&M's efforts surrounding sustainability and ethical practices. People made statements such as, "How do we know if a company is actually acting upon its statements?" and they found it difficult to believe that H&M would make real changes. A member of the second group avowed that, "If they do not change their leadership team, it will not seem very likely that there are actual changes," suggesting that H&M has to put high effort into not only making changes, but genuinely proving them as well.

RESPONSES TO CURRENT CAMPAIGNS: A majority of both groups had not heard of the campaigns that H&M had conducted to improve practices, suggesting that its sustainable messaging is not landing. Both groups had similar reactions when we described various campaigns. For example, they had a negative response to H&M's current tactic of creating its annual Conscious Exclusive Collection. Participants made assertions such as, "If I want to buy something nice and expensive, I am not going to buy it at H&M". They agreed it was a "noble idea," but did not fit with the reason they like to shop there: low prices. Therefore, the company may want to reconsider this line.

The two groups had highly differing feelings on the Green Conscious Choice Tags. Any positive reactions that may have come from the second group were halted by one of the members who expressed her frustration over her experience with the tags. She detailed how she found out at the H&M check-out counter that her purchase was more expensive than she thought because she had accidentally picked up a piece with one of the tags. When other members heard that there was a significant price difference with the tag, they mostly moved to giving a negative

evaluation of the idea, reiterating the sentiment above that they do not want to pay high prices. On the contrary, the first group really liked the idea of the tags, and easily agreed that if presented with two similar pieces, one with the tag and one without, they would most definitely choose the one with the tag. However, the price difference did not come into this conversation.

When presented with H&M's initiative in which consumers are invited to bring in old clothes to recycle at an H&M store to receive a discount, both groups again responded differently. The first group very much liked the idea because they felt it was a tangible way that they could see that H&M was actually acting sustainably and a chance for consumers to feel good about getting involved in fighting fast fashion issues. However, the second group's response was led by a couple of members who asserted that H&M is pretending as if it is doing something positive, when really the company is giving out discounts so it can pull more people into buying clothes. It is possible that there were participants that shop at H&M and even like the brand, but due to self-presentation and social desirability bias, they did not want to say anything that would lead them to be seen unfavorably. Even if these factors were not at play and the whole second focus group was against the campaign, the fact that the first group was so receptive suggests that it may be worth H&M improving and continuing the program. *Nielsen* revealed that nearly 75% of millennials are "willing to pay extra for sustainable offerings," which is up from 50% a year before and also supports the idea that H&M should continue this campaign.

DESIRE FOR TRANSPARENCY: One of the most significant findings across both focus groups was the desire for transparency from H&M about sustainability and ethical practices. Participants said that they would feel better about shopping at H&M if it were to communicate its efforts to improve actions. While the second group did not seem to feel as strongly, the first group firmly agreed that this would serve as a point of differentiation for H&M as compared to

Forever 21 and Zara. Earlier in the first group's conversation, the consensus was that people did not have a preference for one cheap chic retailer over another. Therefore, if H&M positioned itself as a pioneer in publicly addressing the issues of fast fashion, the company could set itself apart from competitors. H&M's parent company, H&M Group, has begun taking steps in the direction of sustainability and transparency with its new brand ARKET, which offers classic pieces for a higher price than H&M. On ARKET'S website, consumers can see where each piece of clothing was made. While providing the location does not give information about the working conditions, it is a progressive idea that can be expanded and ideally brought to H&M.

Unless H&M were to change its operations and business model, it is not likely going to win on quality, and thus it is important to connect to consumers in a different, but significant way. Emotional processing of content can create more long-lasting connections as compared to cognitive processing. Thus, H&M should focus on transparency about issues of fast fashion, as they are often ones to which people feel a more affective connection, which could be transferred to their attitudes toward the brand. Some may disagree that H&M should bring focus to a negative area that it is critiqued for; however, if the company does not address the issues, someone else will. Two-sided communication, which includes both positive and negative aspects of a brand and how it is working on the latter, can portray the brand as honest and authentic.

In-depth Interview Report

To gain insight from experts in the fashion field, we conducted two separate in-depth interviews. The first was with Celine Semaan, Founder and Creative Director of The Slow Factory, a sustainable clothing manufacturer "where each collection tells a greater story about human rights and environmental awareness" with a supply chain that "is 100% clean and fair trade." The company also considers itself a fashion tech lab based on the mindset that companies

must “make things that last and mend them with care.” Our second interviewee was Alison Trope, a Clinical Professor in the USC Annenberg School for Communication and Journalism, and the Director of Undergraduate Studies for the School of Communication. Alison and Celine’s responses showed similar central perspectives and shed light on our data.

Both interviewees explained why a large portion of our participants in our focus groups said that fast fashion issues would not largely influence their purchase decisions. Alison discussed how millennials “have only grown up with fast fashion,” and thus must learn “how to hold onto [their] clothes longer.” Celine discussed our “disposable culture,” in which many people buy cheap clothing to wear only once before tossing it aside. According to a study of 1,500 women above 16 years of age, 33% of women consider clothing ‘old’ after only wearing it three times (Pithers). Celine attributes this to a desire for “immediate satisfaction” that comes with cheap, easy and quick purchases. She discusses how we are in a culture of consumption where we feel smart and special for finding a deal, when really that low price indicates that the cost fell on the back of a worker likely under inhumane living conditions. She suggests that we must fundamentally “change the way we approach clothing.”

One of the principal takeaways from the interviews was that companies must immediately address and alter the effects that fast fashion is having on the planet. When discussing the challenge of tackling the multifaceted monster that is fast fashion, Celine acknowledged that although the issues are intertwined, “the environment is the number one focus and with the environment comes human rights.” Alison dissected H&M’s aforementioned recycling initiative by questioning: What sort of garments can be brought? Are bins at every store? She also considered the issue of “how [the company] would measure impact.” Although she expressed concern over how long the Higg Index was taking to become fully operational, she

said it would make her more trusting once companies begin to use it. She proclaimed that answering these questions in the meantime would allow H&M to have a greater impact in making a change not only in its footprint, but also in customer sentiment.

To achieve authenticity, Alison declared that the recycling initiative must be increasingly publicized and integrated into the in-store experience by educating employees on the campaign so they can suggest it to customers. Rather than having images of models on the walls, Alison suggests messaging about this initiative, how to be sustainable and how H&M is playing its part. If improved, it is smart for H&M to pursue the campaign because it is already in place and was well-received by our focus groups. More importantly, it addresses Celine's assertion that environmental issues must be addressed now.

Without these aforementioned changes, many millennials view H&M's recycling as "greenwashing," as concluded from our focus groups. Many see the retailer as putting on a façade of sustainability by announcing the initiative, but not disseminating the details clearly enough to follow through. Celine stated that a company cannot be sustainable if it has profits at heart. H&M places a high focus on sustainability; however, the company must take tangible action rather than simply plastering positive statements across its corporate website and sprinkling it in advertising. Alison commented that the recycling campaign does not come off as selfless, as consumers likely assume that the pieces are repurposed for H&M clothes. While this is a good step, it is helping H&M's bottom line, which could taint perceptions of the initiative. H&M must include actions that do not help itself, so it can authentically illustrate its mission toward sustainability.

Celine lamented the amount of money H&M pours into "flashy marketing campaigns," rather than having an actual impact. She brings up Patagonia as a golden example of a brand that

has put sustainability at the heart and is genuinely carrying out and caring about the measures. The company does not advertise much about its actions, but rather saves those resources for its efforts. Celine believes we need to learn to “demand change” as brands like Patagonia do and Alison suggests that we are, as fast fashion retailers are being criticized more often. Therefore, H&M should be ahead of the curve on this issue.

Conclusions and Solutions

Although the issue of fast fashion does not appear as prominently of a threat as we had hypothesized, we believe H&M should implement initiatives to distinguish itself as a socially responsible clothing retailer. According to the surveys conducted, as the millennial generation becomes more socially and ethically conscious, it is imperative that measures are taken to separate H&M from competitors by placing the retailer at the forefront of change. After evaluating the results of our primary research, identifying key issues and evaluating campaign strategies that would appeal to millennial audiences, we suggest a campaign that aims to inform audiences of H&M’s efforts towards sustainable practices, to motivate the consumer to favor H&M above other fashion retailers and to garner interest of media outlets, securing coverage that can help persuade consumers to choose H&M.

Our solution is to deliver the core message: **“H&M: Here and Motivating Change.”** This slogan presents H&M as a leader who is actively present in the sustainability and social responsibility space, with the hope of bringing the fashion industry toward positive change. To further this message, campaigns rooted in transparency as well as increased digital and in-person visibility of H&M’s sustainable practices should be implemented in the next fiscal quarter. The PR strategy will be to inform consumers of H&M’s changes, which will utilize tactics such as outreach to traditional media, content creation, in-store activations and online media kits.

To achieve **transparency**, **visibility** and in turn, **trust**, we suggest the following.

1. On the main website where consumers purchase clothing, H&M should include a link that is accessible and visible through a graphic to its end-of-year sustainability report to be released in January 2018. The sustainability report should reiterate H&M's commitment to improvement, recounting highlights from past years and emphasizing its [“Climate Positive Value Chain by 2040”](#) plan, which outlines its supplier methods and locations, and emphasizes its change and commitment to improving working conditions.
2. To establish greater awareness, announcements of these practices should be pitched to the press. H&M should create a press kit that pulls together the highlights of its sustainability report, focusing on future improved practices. This kit should then be distributed to both mass media outlets and media outlets focused on discussing sustainability and human rights for millennial audiences. Suggestions would be AJ+, Mashable, BuzzFeed, Mic, Vox and ELLE.
3. H&M should create multimedia content to pitch to millennial-focused news sites (NowThis, AJ+, Mic, Teen Vogue, Refinery29 and BuzzFeed). These would be thought leadership pieces about how fast fashion can and must change to be more sustainable and socially responsible. These should feature existing data points about H&M's practices as well as an interview with Head of Sustainability at H&M, Anna Gedda.
4. In store, following the release of the sustainability report detailed above, there should be a visual display that highlights the report results. H&M should team up with local artists to create the display from recycled fabrics and dyes, and highlight key points of the sustainability report. The displays will appear in store windows, creating distinct visual

draws that distinguish H&M from other surrounding competitors. They will be accompanied by a sign with QR codes to direct consumers to the sustainability site.

5. Along with the sustainability report, in the stores there should be tags attached to each piece of clothing made of biodegradable paper or recycled textiles that highlight the process of making the product. For example, if H&M is selling a white t-shirt, the tag could double as a small brochure, outlining how and where the piece was made as well as how it came to the store and into the consumer's hands. The tag would also show instructions on how best to care for the garment, giving the piece the potential for a more sustainable life cycle. The same QR Code, as referenced above, would be on the tag to direct the consumer to the website, emphasizing more of H&M's sustainable practices.
6. Per our interviews, in which the urgency of taking environmental action was emphasized, we believe that H&M should improve and revitalize its clothing recycling program. In return for recycling old denim, customers could receive a 20% discount or an allotted amount of spending money per number of items recycled in the store. However, to address the critiques of the campaign and the want for transparency found in our primary research, H&M must place bins more prominently, ensure that they are universally available across its stores and provide information regarding the end destination of the recycled clothing.

To be competitive in this era of social change in the eyes of millennials, brands must align with values and follow through with action to support their beliefs. With these aforementioned strategies and tactics for our campaign "Here and Motivating Change," we believe that H&M can satisfy millennial demand for transparency, and continue a step further to

becoming a pioneer in addressing the impacts of fast fashion, inspiring the industry as a whole to do the same.

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Appendix A

In-Depth Interview Question Guide

1. How prevalent do you think public awareness of fast fashion is?
 - a. What about among millennials specifically?
 - b. Is it increasing? Do you expect it to increase in the near future?
2. Do you think knowledge of fast fashion's negative effects in the sustainability and ethical arena actively impact people's purchase decisions?
3. In your opinion, what is the most significant fast fashion issue? Or the one that you believe needs the most immediate attention?
 - a. Can this issue be realistically addressed by fast fashion retailers?
4. H&M says that it is doing a lot to fight fast fashion effects, do you think it truly is? Are the company's actions making a significant difference?
 - a. Are H&M's actions differentiating it from competitors, such as Forever 21 and Zara?
5. According to our focus groups, no one really heard of H&M's initiatives, how can the company better publicize its efforts?
 - a. What would be some of the best ways/channels/campaigns to connect with consumers?
 - b. Which of H&M's current campaigns do you think is most successful (in authenticity, impact and publicity)?
 - i. Green Conscious Choice Tags, Recycling Bins in Stores, Conscious Exclusive Collection
6. How does a company avoid "Greenwashing" suspicion and prove that it is truly making changes?
 - a. (Our focus groups were very skeptical of marketers, believing they almost always have ulterior motives.)
7. Is the fast fashion model going to continue for a while?
 - a. Do you see widespread adoption of slow fashion in the next couple of years?
 - b. Will companies like H&M need to eventually change their models?

Appendix B

Focus Group Guide

About CBMC Research

Founded in September of 2017, CBMC Research consists of a group of undergraduate students each pursuing a Bachelor of Arts in Public Relations at the University of Southern California's Annenberg School for Communication and Journalism. The students focus their work in the area of corporate social responsibility, conducting research regarding consumer sentiment and trends to help companies discover ways in which they could improve in this space.

The H&M Project

This focus group is held for a project with H&M, in which the researchers are looking into millennial awareness of fast fashion and whether this knowledge impacts their purchase decisions.

About H&M

H&M was founded in 1947 in Sweden by Erling Person with the desire to bring consumers a wide range of affordable merchandise. Now with 4,500 stores in 69 countries and 43 online markets, the company is a leading retailer, offering people around the world with quality, reasonably-priced clothing that aligns with the style of the moment.

Welcome

- Introduce moderator and assistant
- Our topic is fast fashion and its effects
- The results will be used for our project for PR 463, a PR research class
- You were selected because we want to get millennials thoughts on these topics

Guidelines

- No right or wrong answers, only differing points of view
- We are audio recording, one person speaking at a time
- We are on a first name basis
- You do not need to agree with others, but you must listen respectfully as others share their views
- Rules for cellular phones
 - We ask that you turn off your phones. If you cannot and if you must respond to a call, please do so as quietly as possible and rejoin us as quickly as you can.
- My role as moderator will be to guide the discussion
- You are encouraged to talk to each other

Introductions

- Everyone please go around and say their name, major, where they are from and favorite clothing store
- Open conversation with very comfortable, open topics such as shopping
 - When, where, why, how often, with who
 - Discuss drivers of shopping - wanting to go with your friends, needing to buy an outfit for a specific occasion, keeping up with trends
 - Dive into more detailed conversation about if they follow influencers, read fashion magazines, etcetera.
 - Are they persuaded by these sources to buy certain things or keep up in any way (connects with the idea of fast fashion and always needing to immediately be on top of the hot new trend)

Phase 1: Fast Fashion - Awareness

- Have you heard of fast fashion?
- Those who have not - what do you think it means?
- Those who sort of have - what do you think about it?
- Those who are very familiar - explain it in their own words?

Phase 2: Fast Fashion - Negative Impact

- Ask the group what they think fast fashion could impact?
- After that conversation has wrapped up, present visuals (photos, infographics, some data) on fast fashion's impact
- Attempt to have individuals identify which problems they think are the most pressing

Phase 3: Fast Fashion - Affecting Purchase

- For those who do know about fast fashion, does it affect your purchase decisions?
- For those who now know about it, will it affect your purchase decisions?
- Discuss the ideal vs. reality
 - Would you like it to affect your purchase decisions but perhaps guess that it may not?
 - What are some reason that it may not?
 - Still love the clothes
 - Easy
 - Financial situation (be careful, as this is a sensitive subject)
 - Discuss in the context of being college students
 - Many of us do not have the choice to shop at more expensive non-fast fashion stores

Phase 4: Fast Fashion - What Can Companies Do About It?

- Open it up without suggesting any solutions

- Then guide the conversation by narrowing in on specific brands
- Ask them how they view one over another (Zara, Forever 21, H&M)

Phase 5: Fast Fashion - What Can H&M Do?

- Ask about their sentiment toward H&M
 - What do they think of the brand? Do they like the clothes?
- Do they think that H&M can successfully combat the negative impact fast fashion may be having or may have on the brand?
 - Specific suggestions?
- Moderators explain some of the initiatives that H&M is already doing and gain a sense of what the participants think
 - Perhaps have the group highlight their favorite
 - Discuss best ways for H&M to reach participants (Which social media outlets? Online publications? Etcetera?)

Campaign Ideas

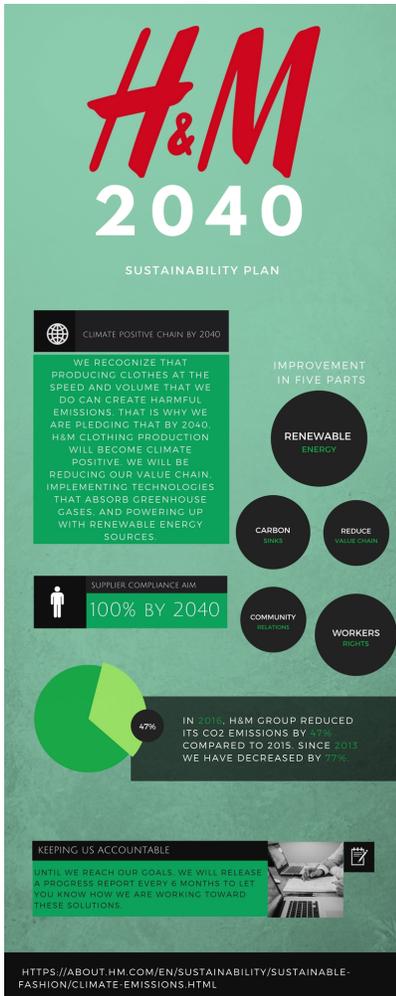
- Bring in your garments to recycle at H&M stores.
 - “We believe fashion is far too precious to end up in landfills. That is why in 2013, we launched our garment collecting initiative worldwide. You can drop off your unwanted garments - no matter what brand and what condition - in all our H&M stores across the globe. Several of our other brands also offer garment collecting.”
- % of purchase goes to combatting pollution (of air, water, etcetera)
- Partnership
 - Labor rights
 - Water Conservation Organization:
<https://www.conservation.org/what/Pages/fresh-water.aspx>
- Luxury Exclusive Collection - sustainable high-end line → add a celebrity component?
- Green Conscious Choice
- Matching donation?

Conclusion

- End with an “All Things Considered Question” - perhaps: if you had a moment to say your main thoughts on the fast fashion issue, what would you say?
- Thank everyone for coming
- Reassure confidentiality and anonymity of responses
- Provide a contact in case they are interested in seeing the final data and report

Appendix C

Campaign Materials



To the left: Infographic used to convey H&M 2040, Climate Positive Value Chain plan. This will be included on the front page of the H&M Website, as well as on electronic billboards in stores, citing progress every 6 months.

Below: Graphic introducing H&M 2040 to be distributed in stores (using real recycled fabrics and inks), near art installations and informational displays about sustainability initiatives.



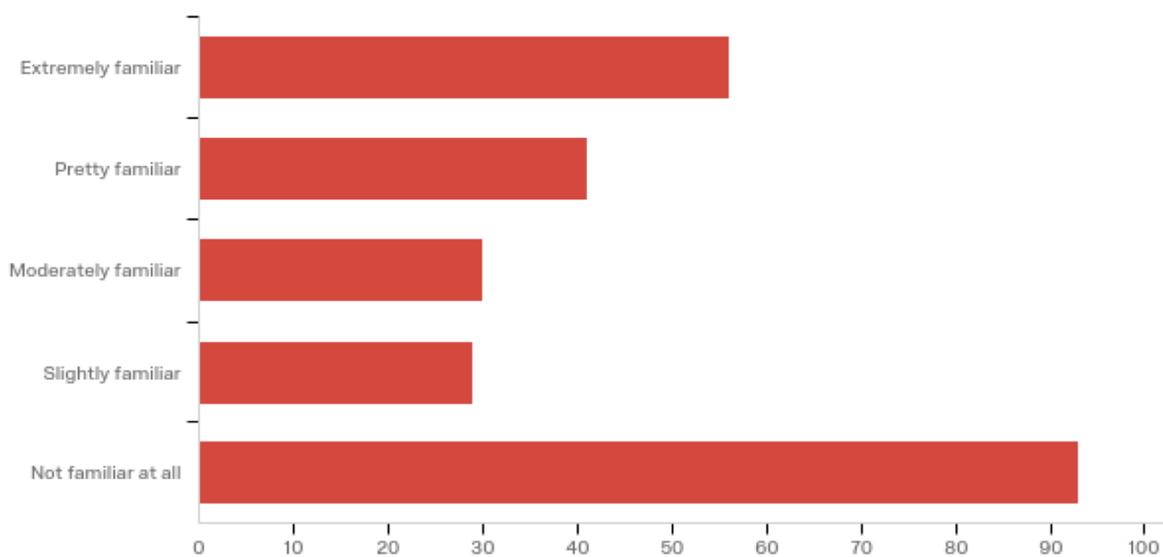
Appendix D

Default Report

Shopping and Sustainability - 10/15/17

November 26th 2017, 12:47 pm MST

Q4 - How familiar are you with the term "fast fashion"?



#	Answer	%	Count
1	Extremely familiar	22.49%	56
3	Moderately familiar	12.05%	30
5	Not familiar at all	37.35%	93
2	Pretty familiar	16.47%	41
4	Slightly familiar	11.65%	29

	Total	100%	249
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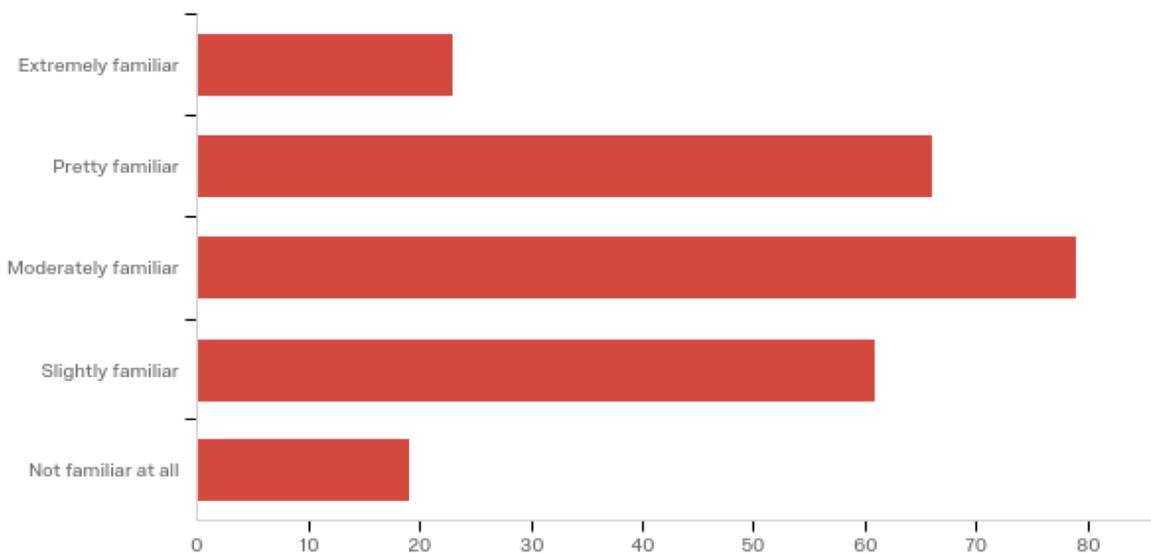
Appendix E

Default Report

Shopping and Sustainability - 10/15/17

November 26th 2017, 12:53 pm MST

Q17 - How familiar are you with the environmental and ethical issues around clothing production?



#	Answer	%	Count
1	Extremely familiar	9.27%	23
2	Pretty familiar	26.61%	66
3	Moderately familiar	31.85%	79
4	Slightly familiar	24.60%	61
5	Not familiar at all	7.66%	19
	Total	100%	248

Appendix F

#	Field	Very much agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Very much disagree	Total
1	Issues of fast fashion negatively affect my view of fashion retailing companies.	10.87% 25	40.00% 92	34.78% 80	10.43% 24	3.91% 9	230
2	I would be more likely to shop at "cheap chic" retailers if they made more changes to fight fast fashion effects.	21.40% 49	34.50% 79	26.64% 61	13.10% 30	4.37% 10	229
3	My purchase decisions are made by factors other than social issues.	35.24% 80	42.29% 96	16.74% 38	4.85% 11	0.88% 2	227

Showing Rows: 1 - 3 Of 3

Appendix G



To the left: Infographic used to depict key data points through the survey conducted. This details the results for the question: What factors influence your clothing purchasing decisions?

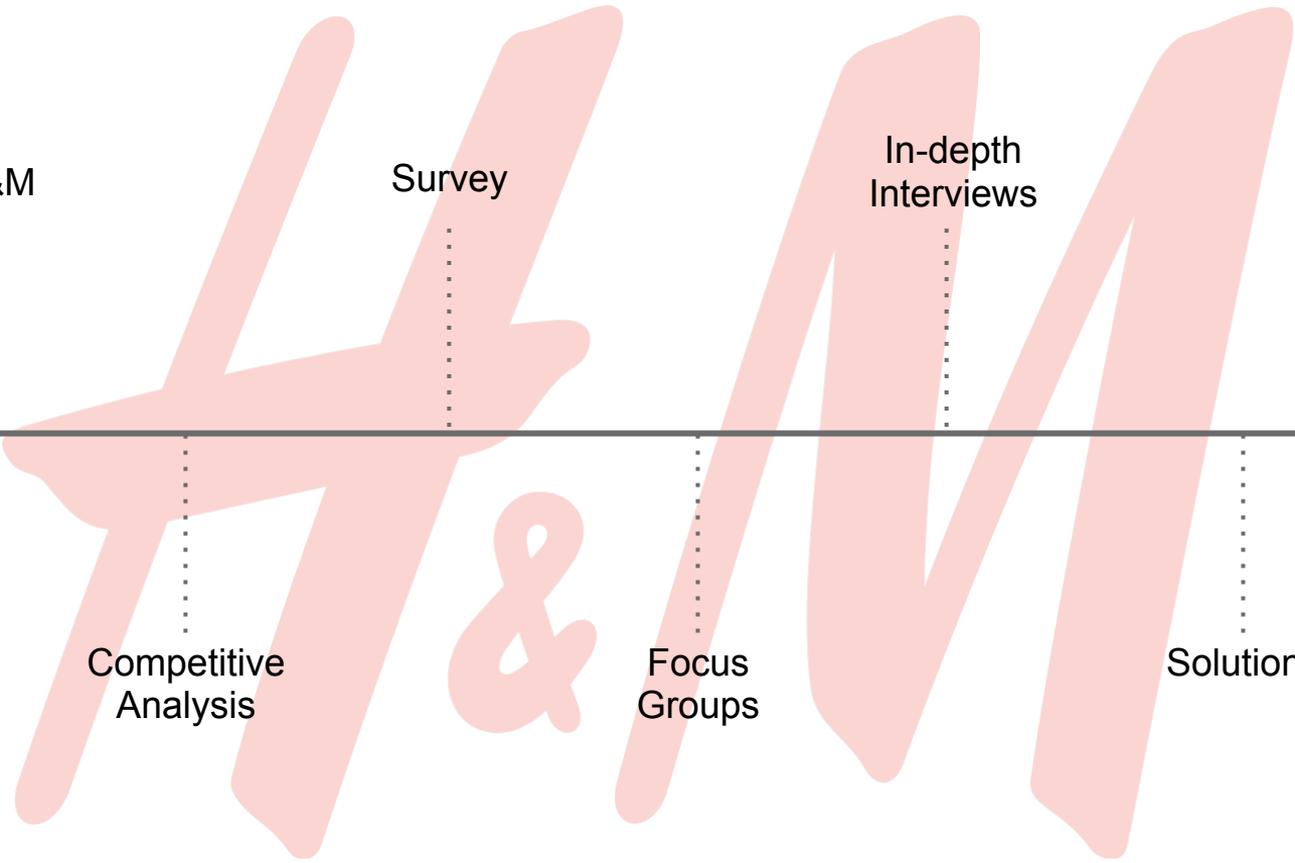
Appendix H

Below: A visual representation of the H&M for Change slogan: Here & Motivating Change.



H&M and Fast Fashion





About H&M

Survey

In-depth
Interviews

Competitive
Analysis

Focus
Groups

Solutions





“The H&M group is one of the world’s leading fashion companies – with the brands H&M and H&M Home, COS, & Other Stories, Monki, Weekday Cheap Monday and ARKET. Each with its own unique identity, all our brands are united by a passion for fashion and quality and the drive to dress customers in a sustainable way.”

- *History*

- 1947- Erling Persson opens “Hennes” in Västerås, Sweden
- 1968- Acquires men’s retailer Mauritz Widforss, “H&M”
- 1975- IPO on the Swedish stock market
- 2016- 1% value share of global apparel

- *Statistics*

- 4,5000 stores
- 69 countries
- 43 online markets
- 1,900 independent factories contributing to outsourced production



- **96%** of the electricity used in 2016 came from renewable sources
- Reduced greenhouse gas emissions by **47%** in 2016
- Business creates **1.6 million** jobs in the textile industry
- Stores have collected more than **55,000** tons of clothing for reuse and recycling since 2013
- Current CEO Karl-Johannes Persson awarded The Swedish Association for Sustainable Business awarded for Sustainable Leadership in 2016
- Sustainability.hm.com



- Wide range of products and brands
- Strong celebrity and corporate partnerships
- Global brand recognition
- CEO recognized for sustainability
- H&M foundation
- Sustainability focus

- Nature of fast fashion
- Failure to communicate sustainability efforts
- Lack of control due from outsourced production
- Low price sacrifices quality
- Brand identity struggle

- Growing eastern asian market
- Growing online marketplace
- Rise of the global economy
- Growth of social media
- (Resulting) Tentative public eye in front of which to display sustainability efforts

- Global economy working in favor of smaller retailers
- Negative media surrounding fast fashion
- Increased levels of social awareness
- Competitors operate vertically integrated businesses

Business Objectives:

- Report higher Q1 sales growth than Zara and Forever 21 in 2018
- Increase sales to the Millennial and Generation Z audiences by 8% by the end of Q2 2018
- Enhance overall customer satisfaction by 10% by Q2 2018

PR Objectives:

- Informational: (1) Raise awareness about H&M's existing efforts to promote sustainability by Q1 2018; (2) Separate H&M from negative opinions about fast fashion production methods by the end of Q1 2018
- Motivational: Build a favorable brand image for H&M in the eyes of millennial shoppers by Q1 2018
- Behavioral: (1) Inspire media outlets to produce pieces highlighting H&M's sustainable business and production practices throughout Q1 2018; (2) Secure more than 75% positive media coverage in Q1 2018; (3) Encourage more millennial shoppers to participate in H&M's sustainability efforts in 2018

Research Objectives:

- Determine the degree to which shoppers take humanitarian and sustainability concerns into account when choosing where to spend their money
- Identify the target audience most concerned with ethical and sustainable production methods
- Assess the success of H&M's current efforts to promote sustainability
- Identify competitors that have successfully secured reputations for sustainable practices

❑ Environmental Issues

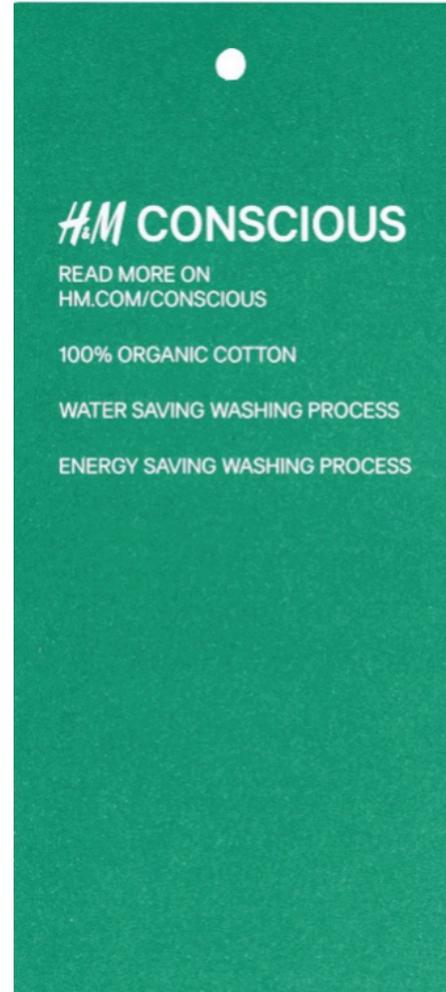
- ❑ 16.22 million tons of clothing waste
- ❑ 30 of 72 toxic elements not resolved through purification

❑ Labor Issues

- ❑ Child labor
- ❑ Below living wages → poverty
- ❑ Bad factory conditions



- ❑ Recycling bins at stores
- ❑ Green Conscious Choice tags
- ❑ Conscious Exclusive Collection
- ❑ Sustainability tab on H&M Group website
- ❑ Annual Sustainability Report
- ❑ Sustainable Apparel Coalition's Higg Index



- ❑ 50% of Millennials identify as activists
- ❑ Millennials favor “brands with prosocial messages, sustainable manufacturing methods and ethical business standards” (*Forbes*).



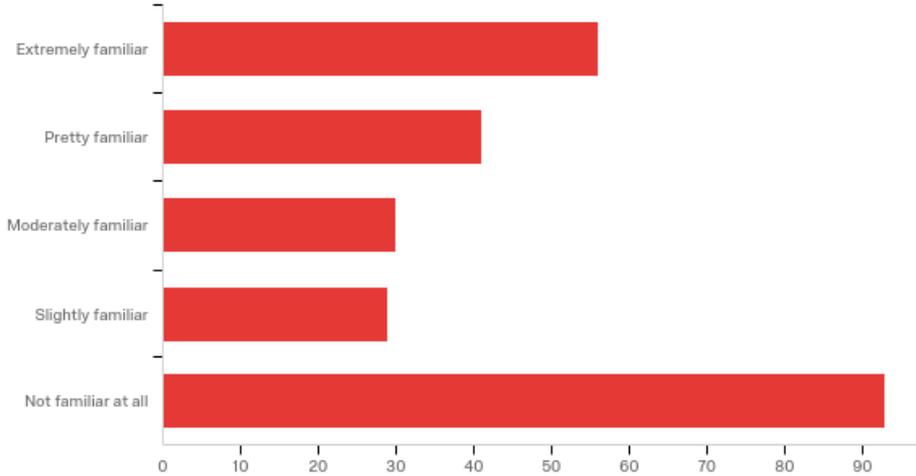
We hypothesized that Millennials' knowledge of **fast fashion issues would affect their purchases** and thus a campaign to **raise awareness about H&M's efforts** to combat the environmental pollution and labor disputes associated with fast fashion could help the company secure a **reputation as a leader in sustainable activism** that would promote sales and expedite expansion. We predicted that **increased transparency** in the marketing of H&M's efforts to fight fast fashion effects, especially relative to the silence of competitors, would lead to **positive consumer sentiment and an increase in sales.**

Goal: To determine how consumers are motivated or demotivated to purchase clothing to most effectively target millennials

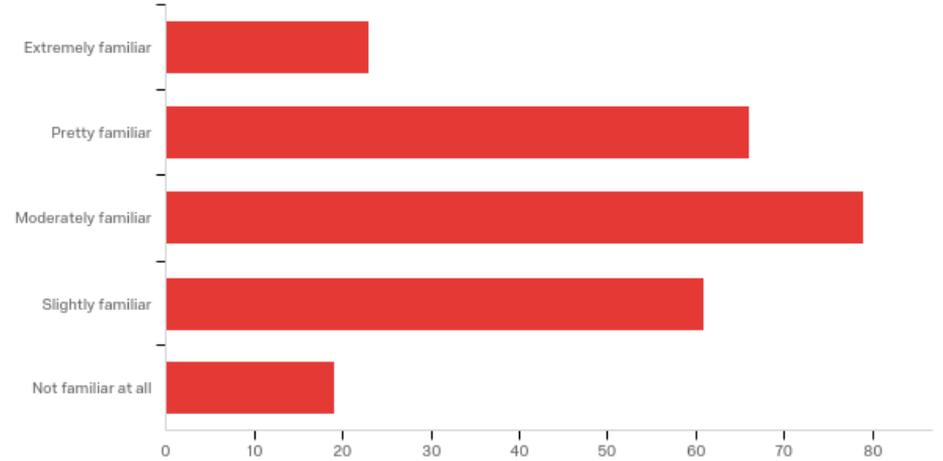
- ❑ Focus on fast-fashion retailers
- ❑ Distributed through social media
 - ❑ 302 respondents
 - ❑ Millennials
 - ❑ Majority female



How familiar are you with the term "fast fashion"?



How familiar are you with the environmental and ethical issues around clothing production?



Factors that influence millennials
purchasing decisions:



85%

Poor quality of products



75%

High prices



69%

Negative brand reputation



50%

Poor working conditions



38%

Practices that damage the environment



36%

Ineffective corporate social responsibility

- ❑ Same moderators
- ❑ Note taker and audio recording
- ❑ Provided dinner
- ❑ Varying question types
- ❑ Held two groups (7 and 10 people)
- ❑ Accounting for group variables
- ❑ **Fast fashion → impact on purchase → attitude toward campaigns**



Group One:

- Mostly positive or neutral view of H&M
- Receptive of H&M's campaigns
- Action would differentiate H&M



Group Two:

- Saw H&M as low quality
- Preference for Zara
- Would not be largely affected by campaigns



- ❑ **Desire for Transparency**
- ❑ Shop at H&M (and other fast fashion retailers) with a specific clothing need
- ❑ Care most about ethical issues
- ❑ Fast fashion does not currently largely affect purchase decisions
- ❑ YET, they want tangible action and specific results
- ❑ Recycling campaign most well-received



❑ Celine Semaan

- ❑ Director's Fellow at MIT's Media Lab
- ❑ Founder and Creative Director of Slow Factory:

“where each collection tells a greater story about human rights and environmental awareness, supporting the work of a partner NGO” with a supply chain that “is 100% clean and fair trade”



❑ Alison Trope

- ❑ Director of Undergraduate Studies for the University of Southern California's Annenberg School for Communication
- ❑ Clinical Professor at the USC Annenberg School for Communication and Journalism



- ❑ **Emphasis on immediate need to help environment**
- ❑ Recycling
- ❑ “Disposable Culture”
- ❑ Need for clear reporting of impact of campaigns



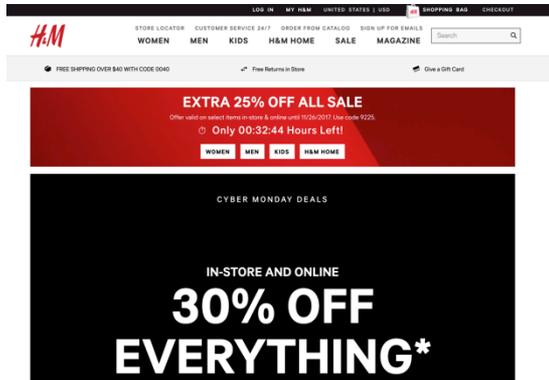
Source: *Celine Semaan; The Telegraph*

*H*ere & *M*otivating change

- ❑ Seek change to stand out from competitors as pioneer in sustainable, fast fashion.
- ❑ Millennials, and media coverage indicates this issue poses a legitimate threat to the H&M brand reputation
- ❑ Implement a campaign focusing on **transparency, visibility, and trust.**



- ❑ Increased transparency and visibility in H&M current initiatives
- ❑ Main website Transparency
- ❑ Outreach to millennial focused sites
- ❑ Multimedia press materials



H&M 2040

SUSTAINABILITY PLAN



CLIMATE POSITIVE CHAIN BY 2040

WE RECOGNIZE THAT PRODUCING CLOTHES AT THE SPEED AND VOLUME THAT WE DO CAN CREATE HARMFUL EMISSIONS. THAT IS WHY WE ARE PLEDGING THAT BY 2040, H&M CLOTHING PRODUCTION WILL BECOME CLIMATE POSITIVE. WE WILL BE REDUCING OUR VALUE CHAIN, IMPLEMENTING TECHNOLOGIES THAT ABSORB GREENHOUSE GASES, AND POWERING UP WITH RENEWABLE ENERGY SOURCES.

IMPROVEMENT IN FIVE PARTS

RENEWABLE ENERGY

CARBON SINKS

REDUCE VALUE CHAIN

COMMUNITY RELATIONS

WORKERS RIGHTS



SUPPLIER COMPLIANCE AIM

100% BY 2040



IN 2016, H&M GROUP REDUCED ITS CO₂ EMISSIONS BY 47% COMPARED TO 2015. SINCE 2015, WE HAVE DECREASED BY 77%.

KEEPING US ACCOUNTABLE

UNTIL WE REACH OUR GOALS, WE WILL RELEASE A PROGRESS REPORT EVERY 6 MONTHS TO LET YOU KNOW HOW WE ARE WORKING TOWARD THESE SOLUTIONS.



- ❑ In-Store experiential design
- ❑ Sustainable fashion to art installation
- ❑ Transparent tagging
- ❑ Improve clothing recycling program



	Items with these washing symbols are normally delicate and should be washed by hand for best results.
	NOT suitable for machine washing. Go no further unless you really like destroying your clothes.
	Yes, this item can be machine washed BUT the number shown on the washing label is the maximum °C you should use.
	These care label symbols indicate that a garment is suitable for professional dry cleaning only. In other words, machine wash at your peril.



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