
A Study on the Sales of H&M Before and After COVID-19 Outbreak

¹Bhavya Asija and ^{2*}Dr. Shevata Singhal

¹Sushant School of Business, Ansal University, Gurugram

^{2*}Associate Professor, Sushant School of Business, Ansal University, Gurugram

*shevata.mgmt@gmail.com, bhavyaasija12345@gmail.com

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ABSTRACT

This study looks at the subtleties of the effect of COVID-19 on the sales of H&M. The main objective of this examination is to comprehend what is there in the future for our very much developed retail clothing brands. This examination additionally incorporates an analysis of the trend equations of the sales and profits of one of these brands i.e. H&M. This analysis has done with the assistance of line graphs. Information was gathered from different sources, for example, websites, articles, and respective applications. The analysis shows that because of the lockdown the stores were not operating but even after the lockdown ends, it will be exceptionally hard for the retail garments brands to build up a similar degree of dependability.

Keywords: COVID-19, H&M, Sales, Apparel, Brand, Myntra

1. INTRODUCTION

The apparel retail market sector comprises of the offer of all men's wear, ladies' wear, and newborn child's wear. The men's wear portion comprises of the retail offer of external and undergarments for men and young men. The ladies' wear retail showcase comprises of the retail offer everything being equal's and young ladies' pieces of clothing including dresses, suits and covers, coats, tops, shirts, skirts, clothing, and so forth. The newborn children wear retail showcase portion incorporates pieces of clothing for infants between the ages of 0-2 years. In another distinction from major worldwide markets, a lot of the men's design showcase is considerably higher than that of ladies. Even though the hole is decreasing, and by 2022, the two a lot of the absolute style showcase is probably going to be 39% each. Remembering India's socioeconomics, wherein practically 28% of the populace is beneath 15 years old (325 – 350 million), it is nothing unexpected that children represent almost 20% of the all-out style advertise in 2017 and their offer will expand possibly to 22% by 2022.

H&M Hennes and Mauritz AB is a Sweden-based organization actively present in the attire business. It works under such brand names, as H&M, H&M Home, COS, Monki, Weekday, Cheap Monday, and Other Stories. It is occupied with the structure, production, and promotion of garments things and related adornments. The Company's items contain garments, including innerwear and sportswear, for men, ladies, youngsters, and adolescents, and just as

additional items, footwear, and home materials. The Company offers its items in many marked stores spread across more than 40 markets. Furthermore, the Company offers on the web and list sales in India, Sweden, Norway, Denmark, Finland, the Netherlands, Germany, Austria, and the United Kingdom, among others (AB, 2020).

2. BRAND'S SALES AND PROFITS INSIGHT

H&M's quick style doesn't appear to back off in India. For the year finished 30 November 2019, the nearby arm of Swedish style retailer Hennes and Mauritz (H&M)— known for its affordable and trendy fashion —posted a 43% hop in sales contacting almost Rs1,500 crore, even as it opened fewer stores in the market and actuated online sales through Myntra. Certainly, H&M Group that runs different brands, for example, COS, Monki, H&M Home, among others, follows a December to November monetary year.

In March 2018, the organization even ventured into internet business sales in India to arrive at a more extensive market, following other quick style retailers, for example, Zara and Forever 21 that sell on the web. A year ago it reported designs to dispatch on Flipkart-possessed style site Myntra. In 2019, H&M opened 8 stores in India, lower than what it included 2018 when it opened 12 new stores in Delhi, which is the consequence of brought down profits of the organization (Livemint, 2020).

3. BRAND'S SALES TREND ANALYSIS

H&M sales are expanding each year at a decent pace as compared to the other two brands and the reason of that expansion is because H&M is a brand that gives popular fashionable clothes at an affordable rate as compared to other brands like Zara who requests extremely high costs. whereas H&M's main aim is to give popular and great quality products at moderate costs to their customers. it posted a 43% jump in deals touching almost Rs1,500 crore, even as it opened fewer stores in the market and enacted online sales through Myntra.

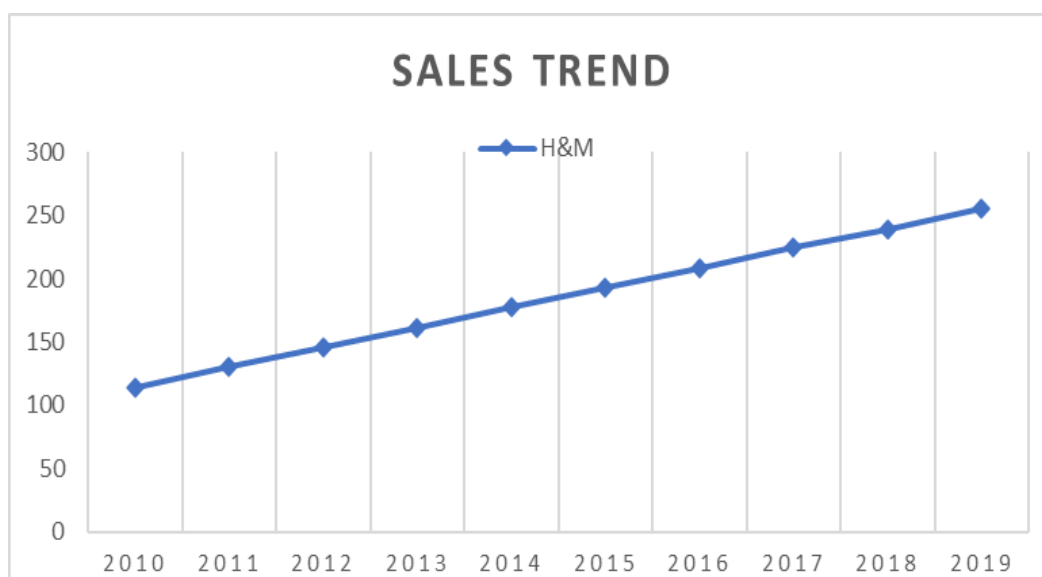


Figure 1. Sales Trend of H&M in India from 2010-2019

Reasons in light of which there is a decent pace of increase in sales are:

- ❖ H&M launched their online exclusive stores and a collaboration with Myntra, which helped them to reach to a broader category of their targeted audience.
- ❖ H&M is giving good occasional sales and utilizing an appropriate mix of their sales and promotion strategies.
- ❖ H&M continues chipping away at its fashion updating idea which is different from other competitive brands. Also, some of the coordinated efforts are with an Indian designer SabyaSachi and not only him there are various designers of various nations with whom H&M is having a collaboration, which gives an edge to the brand over other brands.

4. BRAND'S PROFITS TRENDS ANALYSIS

As we are aware H&M is a brand that gives popular fashionable clothes so in its underlying years it caught the market and it came in the second position after Zara. H&M appreciated great profits at first however in the long run, profits began falling. A brand like Madame which was never H&M's competitor had much more profits than H&M, which was an eye-opener for the brand. Their sales were expanding yet their profits were diminishing. In the wake of understanding the circumstance profoundly, they chose to launch their online platform which was their web-based shopping application and on Myntra.

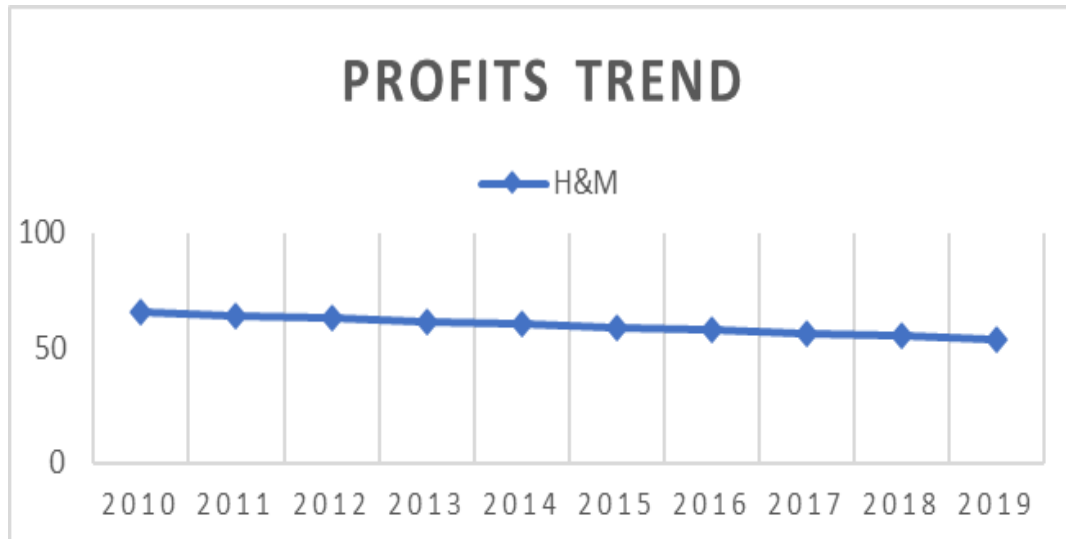


Figure 2. Profit Trend of H&M in India from 2010-2019

Reasons for the diminishing profits are:

- ❖ The main reason was slowing footfall at its core-brand stores in the face of digitalization of the sector, mounting competition, and not responding quickly enough to demand swings.

- ❖ H&M's heavy investment in logistics, the integration of stores and online, and a review of its stores and brands to get back on track have been squeezing profits.
- ❖ A report shows that with every new collaboration and nearness on online stages H&M is expecting a better than average climb in their profits in 2020-2021.

5. IMPACT OF COVID-19 ON BRAND'S SALES AND PROFITS

H&M's net sales have expanded somewhat for the primary quarter of 2020 when contrasted with the primary quarter of 2019, however just in those zones where there was no lockdown or there was very little of pandemic demolition. Indeed, even online sales got expanded by 48% in SEK and by 44% in nearby local currencies. The organization's change in work style has a decent impact which is appeared by the multiplied profits.

The spread of the Novel Coronavirus has influenced the brand's sales altogether. Starting at 31 March, a sum of 3,778 out of 5,065 stores were shut. Net sales in March 2020 diminished by 46 percent in neighborhood monetary forms contrasted and March 2019. Since mid-March, the entirety of the stores have been shut in a few of the world's biggest markets. In any case, Online sales in March 2020 expanded by 17 percent in local currencies forms as Digital sales diverts stay open in 47 of the 51 online markets.

H&M Group quoted *"The strong improvement in profit in the first quarter shows that customers appreciate our assortment and that our transformation work is having a good effect"*(GROUP, 2020).

6. CONCLUSION

H&M is working hard on improving customer service and as we all are aware that this is an era of digital marketing, people are shifting to online shopping. H&M, who is a new player in the online market is giving the best of experience to their costumers and even working on improving it every year. This is the main reason why H&M dint go out of business even after they were facing great falls in their profits. Their fighting spirit and the optimistic approach to keep the business alive and providing the best of experience at the most affordable price have helped them to stay in business and even today H&M is on 2nd after Zara in trendy fashionable clothes retailing service.

A few initiatives which are taken by H&M to give the best of experience to their customers are:

- ❖ Visual Search- This is accessible in 29 markets and uses picture acknowledgment to assist clients with moving legitimately to buy by making proposals dependent on pictures that the client has taken or been inspired by.
- ❖ Scan and Buy is accessible in every one of the 47 online markets. The client scans the QR code on a thing in-store to find the size and all they need online.
- ❖ Find in Store is presently accessible in 18 markets. This lets clients utilize their versatile to find a thing they have seen online in the correct size and at the correct store. More markets will be included in the coming years.

- ❖ In-Store-Mode is accessible in Sweden, Denmark, UK, and Ireland. This helps show clients which things are in the store they are at present in just as online. To be propelled in more markets in 2019.
- ❖ Click and Collect is accessible in 7 markets where clients can get the items purchased online in-store. A further 10 or so advertises are made arrangements for the coming years.
- ❖ Online returns in the store are accessible in 15 markets. Continued turn out of this administration has made arrangements for a few additional business sectors in the coming years.

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