Sustainable Fast Fashion:
Business Case of H&M

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EXECUTIVE SUMMARY

Sustainability is significantly important to the fashion business because of consumers' growing awareness of the environment. When a fashion company aims to promote sustainability, the main link is to develop a sustainable circular system. This chapter contributes understanding of how a historical fashion company has managed to evolve over time by implementing circular technology that can give it a competitive advantage in the market. The authors firstly describe the structure of H&M, the value it distributes in the market, and the future goals it has set for itself. Next, they introduce the methodology by which the company has managed to make its circular model impact on its performance, giving an overview of the relationship the company has with its stakeholders and consumers. Furthermore, based on secondary data and analysis, they learn how the Swedish fast fashion company has built its sustainable strength by developing eco-friendly materials, monitoring sustainable production, reducing carbon emissions in distribution, and promoting circular fashion.

INTRODUCTION

As reported by Forbes, "fast fashion is the idea of moving large volumes of merchandise from the design table to the showroom shelves in the shortest possible time."

It's a business model that makes speed its strong point, according to a clothing supply chain model that aims to respond quickly to the latest fashion trends by frequently updating clothing products, with new styles being introduced frequently. Leading Fast Fashion retailers offer precisely low-cost collections that mimic current luxury fashion trends, satisfying customers' insatiable demand for novelty. In this way, companies have transformed themselves to meet the needs of modern consumption, which has evolved to an impulsive purchase of fashion. The production of Fast Fashion companies is essentially based on two logics, the pull logic, which allows to activate the production since the actual needs of the market and the Just in Time logic, which allows to minimize stocks, producing only what is expected to sell in a very short time or that has already been sold. The combination of these two logics guarantees the speed that is the defining element of this business model.

Among the leaders of fast fashion, a dominant position is undoubtedly held by the Swedish company H&M, acronym of Hannes & Mauritz, founded by Erling Persson in 1947. H&M has a distinct business model in that, it does not produce its products in-house but outsources its production to more than 900 independent suppliers around the world, mainly in Europe and Asia. H&M's critical factor, unlike other fast fashion players, is not the poor quality of its products and/or their durability, but rather the environmental and social impact of its production and distribution. It is precisely on these issues that the company's new business strategies are based, and which we will examine in detail in this work.

H&M's commitment in this direction, as we will see later, is considerable. In fact, the company is a member and sponsor of the Global Fashion Agenda to promote sustainable fashion, a member of the 60 brands that signed the Fashion Pact, with the aim of making fashion more environmentally sustainable, and it is also the creator and sponsor of the Global Change Awards, also created to reward sustainable ideas in the fashion industry.

The company, making sustainability one of its pillars, offers its customers the opportunity to participate in a circular process where all stakeholders are involved. Thanks to the conscious line, to the recycling of used clothes and to its sustainable choices, it turns out to be a good model to emulate in the