H&M:
Boycott of Xinjiang Cotton Sparks Outrage in China

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EXECUTIVE SUMMARY

On March 24, 2021, following the Better Cotton Institute (BCI) claims about unethical cotton production in the Xinjiang province in China, H&M published a statement on its official website, causing heated discussions among Chinese netizens. According to the statement, H&M declared to not cooperate with any garment manufacturing factories located in Xinjiang, nor to use raw materials from the region due to BCI allegations of forced labor and religious discrimination against the ethnic minorities in the Xinjiang Uyghur Autonomous Region. After that, Chinese consumers began to boycott H&M causing various e-commerce platforms to remove H&M-related products, as well as several offline stores in China to close. As a result, H&M's sales in China fell sharply in that quarter, and the brand has had difficulties regaining the trust of Chinese consumers.

BRAND BACKGROUND

H&M (*History,* 2021) is a clothing brand founded by Erling Persson in Sweden in 1947. Before 1947, Erling Persson was a salesman in Westeros, and it was an accidental trip that led him to create this brand that he did not expect. At that time, he was on the other side of the Atlantic in the United States and saw that although the price of clothing in the local clothing store was very low, it was able to achieve a considerable turnover. Therefore, Persson realized that small profits but quick turnover were indeed a good idea. When he returned to Sweden, he opened Hennes, a women's clothing store, imitating the practice of American clothing stores. After the business of Hennes quickly became prosperous, the scale was also increasing. It acquired a store called Mauritz Widforss in 1968, the main business of which is to provide customers with hunting supplies. And it was the acquisition of Mauritz Widforss that changed

Hennes' store name to Hennes & Mauritz (H&M) and has continued to use it to this day, and the store's clothing also began to increase the men's collection.

H&M Values

At the H&M Group, they are guided by shared values. They create an open and down-to-earth culture where they can work together to be the best at what matters most to its consumers and their future. There are seven main values proposed by H&M (*Our way,* 2022), respectively, being one team, being entrepreneurs, believing in people, being cost-conscious, being straightforward and open-minded, making constant improvements, and keeping it simple. These values are regarded as a support to strengthen them and used in their everyday work, which contributes to a workplace with a short decision path. Everyone can rely on each other's knowledge and abilities, and everyone can collaborate quickly.

H&M Global Development History

In 1974, H&M was listed on the Stockholm Stock Exchange, and in 1976, the first store outside Scandinavia opened in London, UK. After that, from 1980 to 2000, H&M started to expand its global business. It opened up new markets, including Germany, Netherlands, France and Spain, with Sweden becoming H&M's first online market. In 2000, H&M opened its first US store on Fifth Avenue in New York successfully. In 2004, H&M began collaborating with senior designers around the world, such as the famous fashion icon Karl Lagerfeld for the first designer collaboration. And the subsequent designer collaborations include Stella McCartney, Viktor and Rolf, Madonna, Roberto Cavalli, Comme des Garcons, Matthew Williamson, Jimmy Choo, Sonia Rykiel and Lanvin.

In 2007, the first store in Asia was opened in Hong Kong and Shanghai. In the same year, Until 2010, the H&M family was growing with new brands, such as Monki, Weekday, Cheap Monday and H&M HOME. H&M opened its first store in the southern hemisphere in Chile. An apparel collection program was launched, making it the first fashion company to collect used textiles in stores worldwide for reuse and recycling.

In 2015, the Global Change award was initiated by the H&M Foundation, the aim of which is to make fashion circular and sustainable. H&M continued developing its new market, including South Africa and India, and also explored its new online market. Between 2016 and 2017, H&M put more investments in tech and digital to meet the rapidly changing customer behavior and future demands. The new sustainability goals were built, including using only recyclable or other sustainably sourced materials by 2030 and building climate-friendly value chains by 2040. Meanwhile, the integration of digital and physical sales channels continues in more than 50 markets as H&M launches its online presence.

The Covid-19 pandemic has struck, with profound effects on people around the world and significant challenges for the company. Many stores are temporarily closed. But its digital channels remain open. Digitalization is accelerating as people move online, which, coupled with increased environmental awareness, puts it in a good position. New sustainability goals are built, including 2025 climate and recycling waypoints.

Gradually, H&M developed from a single store to a globally famous brand with a total of 4455 stores around the world (*Markets and Expansion,* 2022).

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