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The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

Amsterdam Fashion Institute

Bachelors Thesis

“The H&M Designer Collaborations Have Inspired Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?”

An Explanatory Study Concerning the Future Development of the H&M Designer Collaborations

May 10, 2010.

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Executive Summary

The purpose of this study has been to research the past and future development within fashion co-branding and H&M designer collaborations. Co-branding has become a common strategy within the fashion industry and the query is whether the phenomenon has reached its peak or not. H&M has been in the fore-front of designer collaborations since 2004 and analyzing the future possibilities is necessary to see how the trend movement can develop.

Combining desk research and qualitative research proved to be an effective way to interpret the past, present and future developments of co-branding. It was evident when creating an open online facebook forum where the members could express their opinion concerning the designer collaborations and fill in a questionnaire that there was a large interest in the subject. Visiting H&M shops in Stockholm throughout the Sonia Rykiel collaboration launch as well as interviewing Margareta van den Bosch was very helpful to fully understand the hype and the excitement concerning to the co-branding phenomenon.

The research proved that there is still a large interest in the phenomenon but there are a few matters that the consumers would like to have improved. There are several more ways H&M could develop their co-branding strategy focusing on other levels of the phenomenon. The H&M collaborations have affected the fashion field creating the trend “massluxe” as well as blurring the fashion level boundaries and as a result other trend movements have begun.

H&M should continue to explore the co-branding strategy but counting on that the fashion consumer is restless and disloyal and the strategy constantly needs to be improved. Constantly considering the critical success factors as well as analyzing the strengths, weaknesses, opportunities and threats H&M will remain a strong innovator in fashion.

Reconsidering who and which type of celebrities to collaborate with could be one way of developing the strategy further. Adding sustainable materials in the collaboration collections is a current topic. Surprising the consumer offering the designer to create something never tried before seems to be an efficient way to increase the publicity and the innovation level is
yet again improved. Maintaining the co-branding phenomenon offering a broad range of products from different lines makes it possible to reinvent the strategy and it will therefore, if maneuvered carefully, have a bright future ahead.
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1. Introduction

The H&M Designer Collaborations have been a big success and publicity magnet since 2004. It transformed the fashion industry and the high-end market proving that fast-fashion retailers could accomplish to offer high quality and design to an affordable price. Becoming more acceptable throughout the years attracting celebrities, new customers and various designers the trend may now be facing its peak and is a constant element in the H&M branding and design strategy. The collections, as well as he designers chosen, have had a broad variety. It is from now on a bigger challenge surprising and attracting the customer since guest designer strategy has to continue to trigger them to come back for more. Margareta van den Bosch, creative advisor at H&M, together with her design team and the marketing and communications departments has an interesting future ahead developing the co-branding fashion strategy further.

This report will first describe the phenomenon co-branding and the past developments that lead to H&M applying the idea. Further on, it will discuss H&M’s experiences and how the collaborations have continuously affected the fashion field. Based on the H&M experiences, a strategy advice plan is set up with crucial matters should be considered when adopting the strategy in the future. To conclude, future possibilities will be analyzed.
2. Abstract

Title: The H&M Designer Collaborations Have Inspired Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

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Key Words: Co-Branding, Designer Collaborations, Massluxe.

Thesis Purpose:
The purpose of this study has been to research the past and future development within fashion co-branding and designer collaborations. How far can brands, with focus on H&M, develop these types of collaborations and does it involve a future development? Is the customer already satisfied or is it demanding more products? In order to respond to this question the risks and benefits of the collaborations have been analyzed as well as the response throughout the process from consumers, media and the designer himself. Since H&M has employed the strategy since 2004 and it has been popular ever since the research will analyze whether H&M should continue to develop the trend further or not since the peak may decline.

Research Methodology:
Field Research: Interview with H&M Creative Advisor Margareta van den Bosch, visit in H&M stores during Sonia Rykiel and Jimmy Choo collection releases.
Desk Research: Magazine articles, theses and books.
Qualitative Research: Questionnaire, Facebook group, focus group.
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Empirical data: Interviews with Margareta van den Bosch, focus group and questionnaire analysis.

3. Abbreviations and Appendices

3.1 List of Abbreviations

B2B    Business to Business
CEO    Chief executive Officer
Eco    Ecological
E.g.   Exempli Gratia
Et al.  Et alteri/ and others
FAA    Fashion Against Aids
H&M    Hennes & Mauritz
Ibid    Ibidem/ in the same place
L.O.G.G Label of Graded Goods
MTV    Music Television
p.     page
PR     Public Relations
SEK    Swedish krona
U.S.   United States
3.2 List of Appendices

Appendix A: Focus group questions.

Appendix B: Discussion guideline when interviewing Margareta van den Bosch.

Appendix C: H&M designer collaboration questionnaire.

Appendix D: Recommendations Summary.

4. Limitations

The thesis will merely focus on strict high-end fashion designer collaborations for H&M and therefore not mention the past celebrity collaborations for H&M. Nevertheless, the successes achieved through collaborating with Madonna and Kylie Minogue as well as textile design brand Marimekko should not be forgotten. H&M’s new product line, H&M Home, has clear potential to apply co-branding, although in this thesis there was no possibility to highlight the subject.

The Fashion Against Aids campaign and other charity projects would be an interesting field to research further, however, this thesis mainly focuses on the designer collaborations. The H&M home interior line is a new extension of H&M but it is not discussed or analyzed thoroughly in this thesis. The collections have included several interesting show pieces that would be interesting to put more focus on, although this thesis will only describe the collections shortly. The designers and their history which lead to the H&M collaborations is a large subject, this thesis mentions it briefly.

There are several legal issues that must be considered in the co-branding strategy but could not be included in this report. H&M makes use of different branding strategies depending on the purpose of the campaign although focus throughout this thesis will be on the designer collaborations and co-branding strategy. Furthermore, focus will be put on fashion collaborations and not other B2B alliances. This thesis is written from a student perspective and not from an H&M internal perspective, because of code of ethics agreements, no internal information or methods can be mentioned. The report is based solely on externally available information.
5. Defining Co-Branding

It is essential to have knowledge about the co-branding background history and how it has developed in order to fully understand why a strategy such as co-branding would be an appropriate method for H&M as well as why they should continue with it. The chapter will give an overall definition of co-branding and analyze different past, present and future cases involving both high-end and low-end brands.

5.1 Levels of Co-Branding

Before analyzing the phenomenon’s future it is important to be aware of the type of designer alliances H&M has entered into as well as being aware of what co-branding involves. Blackett & Boad explains;’’Co-branding is a form of co-operation between two or more brands with significant customer recognition, in which the participants’ brand names are retained. It is usually of medium to long term duration and the net value creation potential is too low to justify setting up a new brand and/or a legal joint venture’’.1

The idea of co-branding is frequently used in the fashion industry and has been practiced long before H&M began to employ the strategy. The trend spread quickly in the 1990’s but already throughout the eighties some co-branding collaborations had emerged.2 The original Nike alliance in 1984 with the professional basketball player Michael Jordan resulted in a tremendous success and boosted both parties popularity. H&M has taken advantage of this type of strategy when making use of the celebrity endorsement strategy. “The rationale behind these strategies is that a famous person can draw attention to a brand, by virtue of the inferences that consumers make based on the knowledge they have about the famous person” .3

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2 Gummesson (2002)
3 Keller (2008), p. 305
The former traditional H&M Christmas lingerie campaigns signed top-models such as Elle McPherson (1990), Cindy Crawford (1991) Anna Nicole Smith (1993) which resulted in the same type of worldwide hype and media attention throughout a decade as the designer collaboration movement would later on.4 “H&M was considering a new type of marketing and design approach, the underwear campaigns received some negative feedback from the media and the customers and the designer collaborations was a good replacement” argues Margareta van den Bosch. Most companies have explored co-branding one time or another, but few have realized its full potential.5 H&M is a good example of how to fully take advantage of the co-branding strategy.

The general idea of co-branding to pair two brands together in a marketing context. It is not quite clear, whether it can be used in other jointures such as short sponsorship activities as well. The term is in this case used when two brands (H&M and high-end designer) joins together for a short term partnership.6 The reasons for these collaborations are mainly to

4 Tungate (2005), p. 47
5 Nunes et al. (2003)
increase brand awareness and profitability and will result in an overall synergy between the brand and designer\(^7\). The consumers’ attitude and the brand values influence each partner’s brand and this will cause a so-called spillover effect.\(^8\)

Before beginning to search for the perfect partner the brand must fully explore the four main types of co-branding; promotional/sponsorship co-branding, ingredient co-branding, value chain co-branding, and supplier-retailer co-branding.\(^9\) Each one is different and the alternative chosen will depend on the risks the company is willing to seize. H&M is currently sponsoring Malin Baryard-Jonson and Peder Frediksson, both active and professional horseriders. H&M states on its website that “Peder and Malin are painstaking and single-minded in their pursuit of excellence. As such they are two superb role models for their fans all over the world in the only Olympic sport in which men and women compete on equal terms”.\(^10\) These H&M collaborations are considered sponsorship co-branding. Peder and Malin may not be the typical fashion style icons but represents what H&M wants to stand for in form of being a role model striving to achieve the best possible outcome and learn from defeats and mistakes.

Malin Baryard\(^11\)

The second level is ingredient co-branding which is a line extension of an already existing product.\(^12\) “It creates brand equity for materials, components, or parts that are necessarily contained within other branded products”.\(^13\) As a fashion industry example, Gore-Tex’s water

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\(^7\) Doshi (2006)

\(^8\) Keller (2008), p. 294.

\(^9\) Nunes et al. (2003)

\(^10\) H&M.com Sponsors (2010-02-17)

\(^11\) Ibid

\(^12\) Keller (2008), p. 294.

\(^13\) Ibid, p. 298.
resistant fibres are an essential ingredient for the brand equity. H&M has applied this when adding organic ingredients in an eco-certified beauty product line.

H&M’s exclusive designer collaborations fits into the third level which is value-chain co-branding, also called alliance co-branding. The purpose of value-chain co-branding is to create a better, broader offering through cooperation and is according to Blackett & Boad “a short-term arrangement between two well established consumer brands, for generating extra publicity and sales through combining the attraction of both brands”. These alliances usually involve well-established brands from a different type of market, in this case high-end luxury designer and fast-fashion retailer generally offering products that do not compete against each other.

Innovation-based co-branding is the fourth and highest level of co-branding where the partners create entirely new offerings to increase new customer and corporate value. This type of cooperation involves long-term commitment and the rewards and risks are often higher than the lower co-branding levels.

To conclude; co-branding can, if dealt with correctly, play an essential part when it comes to brand building and activation. Each alliance will develop differently depending on the brands involved, the strategy, the time span, the intention of the campaign, and complexity of the organisation behind it. H&M has made sure that the collaborations are varied; “It’s necessary to offer a different style of guest designer for every collaboration, it’s evident that every designer has something that is particular for his/her design, H&M would like to offer this to the customers” continues van den Bosch to explain.

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14 Ibid
16 Blackett & Boad (1999)
17 Ibid
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<table>
<thead>
<tr>
<th>Level</th>
<th>CO-BRANDING</th>
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<tbody>
<tr>
<td>Level 4</td>
<td>Innovation Co-Branding</td>
</tr>
<tr>
<td></td>
<td>To develop new, common products with an increased customer's value.</td>
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<tr>
<td>Level 3</td>
<td>Value-chain Co-branding</td>
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<td></td>
<td>To combine brands to increase the customer's brand perception.</td>
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<tr>
<td>Level 2</td>
<td>Ingredient Co-Branding</td>
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<td></td>
<td>Make use of another product's qualities to improve your own.</td>
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<tr>
<td>Level 1</td>
<td>Promotional Co-Branding</td>
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<td></td>
<td>Involves sponsorship and events that customers should relate to your brand.</td>
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The figure shows the level of involvement of each type of co-branding strategy. (Nunes et al. 2003)

5.2 Cases and Statement Pieces

The co-branding success stories have been numerous but sometimes affected by a few failures. The brands making use of the collaboration phenomenon have the opportunity to learn from each other in order to avoid the similar mistakes in the future. H&M learned from the luxury brands when implementing the alliance strategy.

Successful designer/brand collaborations examples are for example the Gucci collaboration with Tom Ford and Marc Jacobs eye-catching designs for Louis Vuitton. These prestigious designers seem to turn everything they create into gold. Evidently, every brand is looking for this tremendous trend effect that has been a result of the collaborations. Tom Ford became the creative director of Gucci in 1994 when the brand was re-launched integrating its traditional designs with innovation. Engaging photographer Mario Testino to create a reaction through provocative ads stated that Tom Ford truly brought Gucci to new breaking grounds. Proving that a conservative fashion house such as Gucci would dare to provoke caused many brands to follow.

20 Gucci.com (2010)
21 Craven (2008)
Yet another important collaboration following Gucci was when French fashion house Louis Vuitton’s decided to sign Marc Jacobs as their artistic director in 1998. Jacobs convinced Louis Vuitton that adding Stephen Sprouse’s art on the bags brought street credibility and style to the old-fashioned brand and the It-bags were a fact. The collaboration was a huge success and since then the Louis Vuitton collaborations have continued with other artists such as Takashi Murakami and Richard Prince.\textsuperscript{23}

\begin{itemize}
  \item \textit{Stephen Sprouse, 2001}\textsuperscript{24}
  \item \textit{Takashi Murakami, 2002}\textsuperscript{25}
  \item \textit{Richard Prince, 2008}\textsuperscript{26}
\end{itemize}

\textsuperscript{22} Mitchell (2009)
\textsuperscript{23} Ibid
\textsuperscript{24} Coolchicstylefashion.com (2009)
\textsuperscript{25} Szántó (2008)
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On the contrary, a devastating high-end fashion collaboration to take notice of is the partnership between Emanuel Ungaro and actress Lindsay Lohan. Supposedly working as an artistic advisor for the brand resulted in affecting the Ungaro image awfully. “I’m furious but there isn’t a thing I can do. I have absolutely no link with that house,” added Ungaro shortly after the fashion show. The multi-year contract worth millions was an attempt to add youth to the brand but was laughed at and called a “deadly collision” by most fashion magazines. After one collection, Lohan was no longer involved in the collaboration anymore.

The lower-end fashion market, U.S. retailer Target has made good use of the co-branding strategy. In 1999, designer and architect Michael Graves was asked to create a new line of co-branded products which resulted in a significant value generator for both partners. Many successful collaborations have followed since then engaging designers Alexander McQueen, Anna Sui, Isaac Mizrahi, and the latest one to follow is luxury designer Jean Paul Gaultier. One of the differences between the H&M collaborations and Target’s is that Target so far only focuses on women’s styles.

26 Style.com (2007)
27 Mikelbank (2009)
28 Odell (2009)
29 Cartner-Morley (2010)
30 Getty Images, Odell (2009)
32 Haver (2010)
The fashion collaborations never end to surprise when footwear brand UGG Australia, usually known for their furry and flat-footed mid-calf boots, collaborates with glamorous stiletto brand Jimmy Choo. Tamara Melon states that; “We are delighted to have created a special capsule that captures the best of both brands- the legendary comfort of UGG with the spirit of Jimmy Choo”. When five different pairs of “Chuggs” at the price range from $595-795 will enter the market it can either be a success or huge failure and definitely cause publicity.

The UGG/ Jimmy Choo collaboration, 2010, can be hard to imagine beforehand, this is a Stylehop.com guess.
Looking at the past, it is evident that brands get inspired from each other. Co-branding will always be newsworthy since more designers and companies enter the fashion industry daily. It is already been employed for decades and throughout the decades people have asked if it has reached its peak, but the peak is constant. Since fashion is ever-changing, co-branding will continue to develop as well.

5.3 Are the Designer Collaborations Considered Fast Fashion or Luxury?

There are many requirements before a product can be called luxury but overall the main factors are quality above quantity, service level, rarity and the price level which makes it unattainable for the masses to purchase. The opposite of luxury, according to some critics, would be fast fashion for the masses. H&M’s main idea is fashion at the best quality, for the best price and lets the customer demand guide what should be available in the stores.

Before the designer and brand collaborations, there was still a clear border between the different concepts. Kapferer et al. worries about stretching beyond luxury stating; “It is necessary to separate what is brand stretching, which is legitimate, and what is stretching beyond luxury, which is often very dangerous”. Many luxury brands are still doubtful concerning the impact the brand image would face if they would collaborate vertically with a lower-end brand.

When fashion is democratic it’s not luxury anymore. The collaborations have created massluxe products, something the market hasn’t been familiar with before. On the other hand, studies completed by Danzinger (2005) show that consumers do not associate luxury with rarity. In fact, there would be hardly any luxury market today without the relative democratization of luxury.

36 Kapferer (2009) p. 139
37 Ibid p.155
38 Ibid
H&M blurred the boundaries when they adopted the same strategy as the luxury brand had done for so many years, hiring glamorous star designers, which used to separate the luxury brand from a high-street one.\(^{39}\) Since the border between luxury and fast-fashion became weak, and they both fulfilled a customer’s dream, then what was the difference? Evidently the price tags and perhaps the quality but the result was that exclusivity could be offered to an affordable price.

When a luxury brand or a celebrity designer is ready to develop styles for the masses the innovators and early adopters have already worn it and can feel at peace with handing the trend over to the followers. The Karl Lagerfeld collection, released in about 500 stores in 2004, was meant to last for several weeks, but most of the garments were sold out at the end of the day. The styles offered were at its trend peak, easy to sell, and the majority were eager to purchase them.

At the end, the high-end fashion designers are competing and looking for new, potential customers and Susanne Becker states that; “Companies have to differentiate themselves on a daily basis and co-operations are one really important means to do so”.\(^{40}\) The inflexible luxury brands that do not give the customers a chance may even lose the competition and as a result

\(^{39}\) Tungate (2005) p.58
\(^{40}\) Dorozala & Kohlbrenner (2008) pp.63
end up with empty, but prestigious shops. As a result, the opportunity to contract other high-end designers will be more trouble-free and increase the opportunities for H&M to continue the designer collaborations. Considering the vertical development of luxury, it will result in a larger acceptance for collaborations in the future and nothing will be impossible.

5.4 Summary
The external critique of the lingerie campaigns made H&M consider new ways of attracting its customers and the co-branding strategy was applied. Looking at the four different collaboration levels, H&M already practices three of them; this will be discussed further in the end chapter. The fourth one is yet not explored which offers opportunities in the future. The brands seem to have several ways to develop the co-branding strategy, and one idea generates another. What seems impossible today may be common practice tomorrow. Luxury and fast-fashion companies inspire each other and there is a need for both, they are not in direct competition with each other and they can help to reach new, potential customers through new alliances.
6. H&M and Co-Branding

It is interesting to analyze why H&M, which was already successful and spoken about before, decided to implement the co-branding strategy. Understanding why the strategy had a positive outcome when several risks are involved makes H&M an interesting company to learn from. Looking at the past and present developments and how it has affected the fashion field one can, as a result, try to understand what the future will generate.

6.1 H&M Company History

H&M was established in 1947 by Erling Persson in a town called Västerås in Sweden. In the beginning of 2010, the company is present in 37 countries, has about 2000 stores and employs some 74 000 people. There is always something new happening in the H&M stores, aiming to keep them inviting, exciting and surprising which makes the consumers come back for more. The success formula has involved major campaigns such as celebrity- and designer collaborations as well as charity campaigns (e.g. Fashion Against Aids) complemented by smaller campaigns.

The product range is divided into several concepts including women’s, men’s and children’s wear as well as a home interior line. Essential issues for H&M are their corporate responsibilities and how to meet the social and environmental obligations in order to continue to reach profitability and growth. H&M’s main idea is to bring the customer fashion and quality at the best price. According to Forbes.com, H&M is ranked in place 561 of the world’s largest public companies in 2009 with a turnover of 118 billion SEK.

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41 H&M.com, Facts about H&M (2010-02-12)
42 Ibid
43 H&M.com, Press Release (2009-05-05)
44 H&M.com, Corporate Responsibility (2010-02-13)
45 H&M.com, Facts about H&M (2010-02-12)
6.2 H&M Designer Collaboration History; Its Successes and Failures

H&M has collaborated with guest designers on eight occasions since 2004 until spring 2010. All of them have incredibly different backgrounds, ages, and experience in the fashion field. The first one selected was the German designer Karl Lagerfeld up to the most recent one, French designer Sonia Rykiel.

The collections are usually released in about 200 selected stores worldwide. Previous exclusive collections have included Stella McCartney (2005), Viktor & Rolf (2006), Roberto Cavalli (2007), Rei Kawakubo, Comme des Garçons (2008), Matthew Williamson (s/s 2009), Jimmy Choo (fall 2009).47 Taking a closer look on their specific techniques may give the idea of why H&M believed they suited the target group’s demands. H&M has been a step ahead with its “wish list” and has made sure to create a demand. As a result, whoever designer that is put before “for H&M” seems to quickly be the most newsworthy designer.

The Karl Lagerfeld for H&M collection offered a 30 piece fall collection. Before that, he had collaborated with the brands Fendi, Chloé, Chanel as well launching his own label “Karl Lagerfeld”.48 Karl Lagerfeld was visible throughout most of the marketing campaign of the “Lagerfeld for H&M” collection. In the TV-commercial he gives the “Lagerfeld feel” of the collaboration when he gives the explanation about the collection being cheaply priced: “Cheap? What a depressing word, it’s all about taste, if you are cheap, well, nothing helps”.

Being able to keep the old conservative style of the brands and adding his own, modernized, style is something Lagerfeld is a specialist at.49 It was probably one of the reasons to why H&M considered him to be an impeccable partner when deciding to request collaboration with the fashion designer icon. The “Lagerfeld for H&M” collection, consisting of black and white classical Lagerfeld styles, was sold out within hours of the release.50 The company profits rose with 22% for the last quarter of 2004 and it was an evident fact that the designer

47 Hart (2009)
48 Fashion Forum (2010-03-01)
49 Sizemore (2006)
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Collaborations were profitable and here to stay. On the contrary, there have been some pitfalls throughout the collaborations. Karl Lagerfeld was surprised by the range of larger sizes as well as that the collection sold out too quickly. "The incomprehensible decisions of the management in Stockholm have taken away any desire to do it again. They did not make the clothes in sufficient quantities. I find it embarrassing that H&M let down so many people... I don't think that is very kind, especially for people in small towns and countries in Eastern Europe. It is snobbery created by anti-snobbery” states Lagerfeld to British Vogue. Concerning the plus sizes issue he commented; "What I designed was fashion for slender and slim people, that was the original idea". Lagerfeld’s comments were quite contradicting coming from a high-end designer, but it obviously taught H&M to communicate clearer in the upcoming collaborations.

The next to collaborate with H&M in 2005 was Stella McCartney, a British designer, offering a 40 piece women’s fall collection in 400 H&M shops. She launched her own label in partnership with the Gucci group in April 2001 aiming for a loyal investor that considered her label a “high potential for long-term growth". According to H&M, the collaboration collection theme was feminine, sensual, and cool. Comparing McCartney to Lagerfeld it is evident that there are several differences. A woman, rather new in the fashion world was...
requested to design for H&M that season. McCartney design approach is mixing luxury with every-day garments; “To me, the way forward is a totally couture sequined cape with a pair of jeans or an incredible evening gown with a denim jacket, mixing luxury with non-luxury.”

Stella McCartney shared the same ideas as H&M’s corporate social responsibility policy.

The collaboration was negatively affected by super model Kate Moss’s drug scandal and the £1 million advertisements shoot by famous photographer Mario Sorrenti was to no use. H&M selected Mariacarla Boscono as their campaign face instead explaining that “the models portrayed in our advertisements should be healthy and wholesome. H&M actively chooses not to work with models that are too young or too thin or models suffering from eating disorders or drug or alcohol abuse”.

The diagram below shows the Google searches of both H&M and Kate Moss, with Ms. Moss having the red line. At point B of the red line H&M stated in a press release that they had ended the contract with Kate Moss. The “Kate Moss effect” was lost but the collection gained extra publicity because of the scandal, although the advertisement could have been more exciting.

Kate Moss (red/ bottom line) vs. H&M (blue/top line) Google searches.

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55 Ibid
56 StellaMcCartney.com (2009)
57 Alexander (2005)
58 Hopkins (2005)
59 Berglund (2009)
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The Dutch duo Viktor Horsting och Rolf Snoeren were the third H&M partners in 2006. They founded their own company, “Viktor & Rolf”, in 1993 and began to create their avant garde collections realizing their success formula in collaborating together. The H&M collection, available in 250 stores offered 35 women pieces including a wedding dress and 25 men’s pieces. The collections theme was love and modern couture and the duo aspired to be ironic about their similar looks and therefore marry the same woman together. These type of co-branding alliances have been called “brand marriages” and it is therefore an additional ironic twist to the Viktor & Rolf for H&M campaign communicating multiple messages. They therefore created a wedding dress as part of their H&M collection offering a love statement piece and the bride married them claiming “I love you two, too”. Viktor and Rolf explains; “This collection is a celebration of a unique bond between two perhaps unlikely partners. Struck by love is materialized in the use of the heart and arrow motif.” Style pieces are worth adding in a collection because it generates publicity and states the concept clearer although one may not earn money on it since the mark-up will not be enough. It was a bright initiative to have a clearer theme on the collection, since Viktor & Rolf were not as well-known as their precursors an additional tactic had to be implemented.


60 Woolnough (2010)
61 H&M.com Press Release (2006-09-14)
62 Fashionwindows.com (2006)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

Viktor & Rolf show piece for H&M campaign, fall 2006.

Roberto Cavalli, the fourth on the list, is a true fashion giant offering a whole range of brands; Roberto Cavalli, Just Cavalli, Roberto Cavalli Class. As the first and so far only Italian designer to join the H&M brand marriage era Roberto Cavalli created the ultimate party collection for H&M. Using animal prints, pearls, sequences, and dresses in either minimum or maximum length made the collection outstanding containing its 25 women’s pieces and 20 men’s pieces. The 2007 seasonal collaboration turned into a big, glamorous never-ending party.

Celebrity endorsement is something essential to Cavalli; Spice girls, Shakira, Sting, David Beckham, Jennifer Lopez, Halle Berry, Alicia Keys and many other style-conscious celebrities have been dressed by this Italian fashion icon. Margareta van den Bosch described Cavalli as a “maximalista”, creating more extravagant and Latin inspired designs. It was different and necessary for H&M to offer these types of styles as a contrast to the previous designer collaborations.

63 Fashion-Forum.org
64 Youtube.com (2007)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

may not have suited the masses as the other collaborations. Some customers thought the garments were difficult to purchase if they were above a size 40 but it represented Cavalli’s style in a explicit way.

Yet another surprising collaboration was with Japanese designer Rei Kawakubo and her brand Comme des Garçons, launched in 1973. She entered the western market in 1981, causing a chock with her “hiroshima chic” collection with unfamiliar tailoring and merely dark colors. She is nowadays also a member of the Chambre Syndicale du Pret-a-Porter. Choosing Comme des Garçons as the collaborating brand was a bright strategy since H&M opened its first Tokyo shop in 2008. The collaboration could be seen as more risky having Kawakubo as a non-commercial designer until then known for her extravagant silhouette designs. It was one of the most courageous collections so far, but definitely brought the collaborations to a new level. While witnessing the launch, Rei Kawakubos comments; “The first reaction from the customers is beyond our expectations. Comme des Garçons’ spirit

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65 Lohmann (2010)
66 Ibid
67 Krebs, J (2007) * Governing body that decides who is considered a couturier.
68 Potratz (2008)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

together with H&M’s commercial sense seems to work very well”.\textsuperscript{69} Having a designer such as Kuwakabo giving its approval is a true success for H&M. She is known for her critical eye and sparing of positive comments. Nevertheless, the collection was sold out and Kawakubo had reached the masses as never before.\textsuperscript{70}

After the Japanese influences H&M decided to request British designer Matthew Williamson that had founded his own brand in 1997, together with partner Joseph Velosa.\textsuperscript{71} Williamson got the opportunity to design two women’s spring/summer lines released on separate occasions as well as a men’s line. First release was only women’s clothes, second was a men’s line together with a women’s beach collection.\textsuperscript{72} The Williamson for H&M collection was colorful and ethnci with his extraordinary peacock patterns with special focus on materials.\textsuperscript{73}

Williamson brought back his styles with a new edge when creating the H&M collection; "I wanted to create a strong urban collection fused with the brand's signature symbols and
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shapes. It's been fascinating to search back through my archives to isolate the most iconic pieces, and then rework them for H&M", he explains. The Williamson for H&M collection was the broadest so far, undoubtedly reaching out to the masses and a perfect way to show what a summer collaboration collection could offer. When H&M launched a collection with multiple release dates as well as a summer collection they developed something new for the future. Because of the positive response from the consumers, the collaborations would from now on be released twice a year.

Matthew Williamson for H&M, first line released together with men’s collection.

The brand, Jimmy Choo, describing themselves as a “complete luxury lifestyle accessory brand” was launched in 1996 when accessory editor at British Vogue, Tamara Mellon, approached couture shoemaker Jimmy Choo. The first Jimmy Choo boutique opened 1998 in New York and gained international fame thanks to the TV-show “Sex and the City.” When H&M requested Jimmy Choo to collaborate with them the idea of creating a clothing line seemed attractive and the opportunity to buy Jimmy Choo garments was a first time experience for the customers. Ms. Mellon is considered a fashion conscious and innovating

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74 Bumpus (2009)
75 JimmyChoo.com
76 ClassicTVQuotes.com
77 H&M.com Press Release (2009-10-22)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

woman, and it was therefore a strategic choice when asking her to for the first time offer the customers garments. “Mellon’s business savvy is well-documented: She was among the first to bring designer shoes to the red carpet at a time when dressing celebrities was still a new concept” comments Interview magazine Johnson-Hill reporter in an interview. 78

The H&M collection theme was sophisticated, glamorous, urban, trendy and represented the brand well. The high-end shoe maker Jimmy Choo is no longer within the company and the brand itself may want to expand their product range in order to offer their customer’s something new, H&M gave them the opportunity to try a new strategy. 79 Some consumers, especially fashion bloggers, questioned this move; “It seems odd for a brand which solely produces women’s accessories to be able to conjure up a women’s RTW collection and men’s accessories and RTW for H&M”. 80

Parisian designer Sonia Rykiel, together with her daughter and partner Natalie Rykiel, was the first French designer to collaborate with H&M. Rykiel is called the “Queen of Knitwear”, famous for her high-quality sweaters in distinctive colors and striped pattern. 81 Since 1964, The House of Rykiel has always been influenced by French femininity and sensuality that H&M managed to reiterate. Sonia Rykiel pour H&M offered two lines for the company; a girls and women’s collection. A lingerie collection was in the stores for the Christmas season and knitwear collection for the spring. The collection launch invited the fashion industry to an

78 Johnson-Hill (2010)
79 H&M.com Press Release (2009-06-17)
80 Haspical (2009)
81 Ibid
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extraordinary fashion show at the Grand Palais in Paris which included a band followed with geese, bicycles, swings, a gigantic horse head and the Eiffel tower caught the attention of the fashion industry and world press.  
The Rykiel pour H&M offered everyday clothing that could be worn by the majority of the women and the contrast from Jimmy Choo glamour was necessary. It was a nice step to develop a children’s line, something that hopefully can continue in the future.

Sonia Rykiel pour H&M campaigns 09/10.

Although H&M is selling a designer experience rather than a high-quality collection the quality matters has been discussed in the majority of the collections. Newspaper The Independent quoted the phenomenon well when a customer stated “it’s definitely H&M quality, but in Stella style”.

Several negative comments were posted online such as "I walked out with a cute dress that turned into a pile of buttons and thread after two weeks."
The quality of the collaboration collections have been improved since then and have not been discussed in the later alliances.

Another issue throughout the collaborations has been consumers purchasing products and selling them online at trade websites offering the exclusive H&M products for an increased price. This can hopefully be prevented with the new purchasing system where consumers are only allowed to buy a certain amount of products at one time and enter at a specific moment depending on position in the queue. The customers will exit the shop with the correct sizes and keep the products for themselves.

Each limited collection launch has created massive media coverage and “the attention they receive strengthens our brand as an international fashion company” comments Kristina Stenvinkel, Head of Communications at H&M. The co-branding concept may have been applied for a long-term, nevertheless, the various designers enhance the strategy and the trend development is therefore continuous.

H&M is annually involved in several collaborations and charity campaigns; Fashion Against Aids is one of them. This will be discussed further in chapter 9.

6.3 Hennes & Mauritz’s Motive When Adopting the Co-Branding Strategy

H&M constant aim is to attract new customers and inspire them in the shop and when the Lagerfeld collection was release it was obvious that the co-branding strategy had the potential to do so.

The fashion blogs and newspapers reported that the collection sold out almost immediately—which was not a surprise, since the hype around these designer collections for H&M has consistently drawn tremendous public interest. The crew behind these collaborations is lead by Margareta van den Bosch, creative advisor for H&M, and each collection takes about 9

85 Dorozala & Kohlbrenner (2008)
86 H&M.com Press Information (2010-03-03)
87 Nudd (2008)
months to prepare. The designer collaborations put H&M on the forefront of fashion and excluded themselves from its competitors. “There is a hunger for designer gear at main street prices. For the foreseeable future, I think it brings H&M a lot” argues Anne Critchlow, Société Générale SA analyst.

It is easy to believe that it was the design department that came up with the collaboration idea to begin with, but H&M was linked up with freelance art director Donald Schneider that knew Lagerfeld through Vogue Magazine. The request was sent out and Lagerfeld accepted it. H&M made sure to strike a balance between exclusivity and availability which had not happened to that extent before in the fashion industry. “We wanted to prove that design and quality doesn’t have to cost more than most people can afford, naturally we do this all the time with the great H&M design team, but it’s exciting to work with one of the most high profile fashion designers in the world. We feel it’s like a gift to our customers” says van den Bosch in an H&M press release.

The co-branding effect increases the customer benefits when it is possible for the H&M target consumers to buy fashion they usually could not afford. The two different brands get the opportunity to communicate with the other brand’s consumers, which can result in a shortcut to new markets. The collaborations are considered a strategic alliance where the primary goal of the partnership is to leverage the felt of affinity, goodwill, and brand name strength of both partners so as to enhance relational market behavior in existing or new market segments.

“Gaining new customers is ‘core’. Within the last ten years, co-operations have definitely gained in significance, companies started to understand the potential of co-operations. Marketing co-operations have become an established marketing instrument” analyzes Susanne Becker, co-operation manager at marketing bureau Noshokaty, Döring and Thun.

88 Kinnander (2009)
89 Ibid
90 Tungate (2005) pp.48
91 H&M Press Release (2009-04-17)
92 Blackett & Boad (1999)
93 Dorozala & Kohlbrenner (2008)
According to Blackett and Boad it would be difficult for one brand to reach the same result by itself and the collaborations usually leads to higher sales figures and increased publicity for both, a successful synergy has been created.94 “It’s somehow a pity we cannot reach the same type of publicity effect when using our in-house designers, H&M has a lot of talent that should be exposed as well” comments van den Bosch.

What the guest designer collaborations do is increasing brand awareness and if the shopping experience is positive for the newly gained customers they will continue to come back for more within other lines of the stores. Co-branding is attractive for its ability to quickly transfer the stature, imagery and approbation of one brand to another.95 H&M customers have discovered and approved the luxury market designer and the luxury market designer has discovered H&M’s potentiality.

Overall, fashion brands have proven to be particularly eligible for co-branding because of their trend-oriented nature.96 The fashion consumers constantly desire to update their style and be surprised and satisfied. The co-branding strategy makes both partners gain competences they did not possess before and they can meet the requirements of the fashion-conscious customers. Brand alliances have proven to be an excellent alternative for H&M and it results in several benefits; it attracts new customers, it boosts sales, it strengthens the brand identity, and it enhances the customer value since it gives the customers a new, exciting experience. It would be difficult to find a strategy that would be just as effective.

6.4 How Have the H&M Design Collaborations Affected the Fashion Field?

The trend “massluxe” offers “massclusivity” to the chain store consumers. There are several reasons to why this trend movement developed throughout the decade. According to trendwatching.com, H&M would be considered a “Mass Class” brand since the company democratizes luxury offering “quality consumer goods and services at ever decreasing

94 Blackett & Boad (1999)
95 Nunes et al. (2003)
96 Dorozala & Kohlbrenner (2008)
prices”. Combining H&M’s democratic image and idea about fashion with the exclusivity of a high-end designer collection will result in ultimate massclusivity collaborations.

“Fashion King Karl Lagerfeld is a mega-hit for the masses from Manhattan to Milan” states New York Daily Times in November 2004. Since the Lagerfeld collaboration nothing has been the same in the fashion industry and co-branding has developed in a way that no one would have predicted. The H&M designer alliances have affected the fashion industry in more than one way. There has been a shift of ideas within the industry and the massclusivity trend has developed because of a long-time flirtation between high street and haute couture.

When the luxury brands experienced fading sale figures as well as a common change of thought of fashion not having to be expensive the designers were not loyal to one brand anymore, and not even to the same price range. CEO of The Beanstalk group, considered one of the world’s leading licensing agency, says it is quite obvious that a designer can bring his (or her) line downstairs without negatively impact the brand’s integrity, authenticity and credibility. Having seen the results of previous successful designer collaborations the trend developed and more designers dared to take the step downwards.

The customers have therefore the possibility to mix exclusive styles with retail chain styles from H&M at the same time. The idea of style and fashion has changed and has turned more democratic than before combining high-end with low-end pieces. Thanks to H&M and other retail-chains Tungate states that “The era of slavish brand worship is over”. The new “posh” could be embodied no matter which socioeconomic status the customers were from.

The expression “More Dash than Cash” had affected the fashion scene ever since the end of the 1970’s but was now seen in a new perspective. The British Vogue magazine had long claimed that “style didn’t need to be dictated by their bank account”. Budget fashionistas are fulfilling their demand for affordable luxury garments when the H&M collaborations releases.

Spokesman for H&M, Jörgen Andersson, explains that H&M is going upmarket because of

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97 Trendwatching.com
98 Tungate (2005) pp.39
99 Ibid pp.47
100 Ibid pp.58
101 Newman (2007)
102 Tungate (2005) pp.40
103 Ibid
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the new era of massclusivity. The customer is in focus as always and H&M does not dictate style, they offer the styles the customer demand. “As soon as tastes changes, we change with them”.  

The international fashion magazines and daily newspapers began to write about the phenomenon as never before. It therefore additionally affects the way a company can gain free publicity. The hype around the collaborations caused media attention when luxurious designers proved they could make commercial, everyday designs and H&M showed that they could create tailored suits and glamour and therefore gained credibility. 

H&M Jörgen Andersson comments that “You can dress from head to toe in Gucci if you like - that proves you are rich, but it doesn’t prove you have taste. Because of this, style will no longer merely concern high-end pieces, but about discovering your own individual style that shows which neo-tribe you would like to affiliate yourself with.

Some designers, that may not want to enter the co-branding alliance trend, can choose to create line extensions of their own brand. These secondary lines have their own advantages. Nevertheless, these types of lines will never achieve the same high visibility and promotion as the designer alliances.

Fashion is a factory that manufactures desire and the desire for new fashion trends will increase and consequently requires fast-fashion action that only chain stores can offer.

“Retail fashion chains introduce new items not only on a seasonal, or almost weekly basis, but in addition they collaborate with designers, celebrities or brands to provide additional lines that are very attractive, to increase store traffic and eventually generate sales” states Becker.

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104 Tungate (2005) pp.47
105 Ibid pp.41
106 Ibid pp.45
107 Ibid pp.7
108 Dorozala & Kohlbrenner (2008)
As a result, the fashion industry has enormous pressure to innovate and speed up the creational process. The appearance of the stores are just as important as the quality and current fashion level of the garments, and gaining in importance each season since H&M wants improve the visual merchandising to offer an enhanced shopping experience.\textsuperscript{109} Amazing looking visual merchandising is therefore not only the luxury brands secret weapon anymore but is commonly used in fast-fashion chains as well, especially when the brand collaborations emerged into the stores. Since the designer collaborations caused a larger demand for affordable, trendy and luxurious products the fashion industry has been affected for eternity.

6.5 Consumer Response

The crucial matter for H&M is to satisfy the consumer and knowing what the future demand will obtain. “In this work it is incredibly important to understand what customers want – from the idea, through the creation of a new product to the customer buying it” explains the H&M website.\textsuperscript{110} Consumer response concerning the H&M designer collaborations is therefore a significant research matter in order to investigate whether there is a future for the phenomenon or not. The data represented is qualitative and will give an indication of the dominant feelings of the designer collaborations.\textsuperscript{111} The research is based on interviews, a focus group, video clips, and a final survey that has been answered by 60 people from different parts of the world constructed especially for this thesis. Combining the answers will conclude what the overall impression of the co-branding strategy is for the past, present and the future development. Survey questionns are available in appendix C.

Defining the H&M target groups is a complex task and one must look at each concept in order to analyze them. H&M can satisfy every consumer’s style demand and lifestyle affiliation since they have labels such as L.O.G.G. which has more of a basic and everyday concept for the more mature or conservative consumer and H&M Trend that, on the other hand, offers the absolute latest fashion trends for the more fashion conscious consumer. Offering a children’s,
men’s, a “Big is Beautiful” and home line as well as maternity wear collection completes the range of possible garments offered. Basically, when looking at the different categories of innovativeness in section 5.3, H&M can fulfil the demand of the innovators to the late majority and even the laggards can find some left over pieces for their taste.

The research gathered states that the typical designer collaboration consumer is a combination of the trend, everyday and modern classic consumer, depending on which designer that is selected. Being fashion conscious and believing in the democracy of fashion is evident for this consumer. She/he already has some high-end designer pieces but prioritizes style above labels and believes H&M can offer this. It is therefore worth fighting for the limited H&M pieces. However, H&M introduces the designers for the masses as well. The past designers that have collaborated with H&M do not have their collections available in all the H&M markets and therefore appeals to new consumers as well. Some keywords expressed in the research when describing themselves were; urban, modern and fashion conscious. They considered themselves loyal H&M customers and saw the collaborations as an extra “treat” and a highlight of the year. The age range is broad; where the younger consumers had Cavalli and Jimmy Choo as their favourites. The older target group mentioned Sonia Rykiel and and Stella McCartney as the most appreciated collections. Adding the consumer responses together, the Lagerfeld was the most appreciated one. The ones storming the shops are the younger crowd, ready to storm the shops for the most fashionable pieces.

The consumers line up several hours before the shops open hoping they will be able to grab what they have been spotting in the advertisements the past month. “I’m going to try to buy the whole collection” states a teenage girl with a Jimmy Choo for H&M shop bracelet around her wrist.112 When H&M released the Jimmy Choo collection in 2009 a new queue system was created with decided hours of shopping depending on the consumer’s queue position. The earlier you arrived, the bigger chance you would enter as the first one in the store.

112 Youtube.com (2009)
There have been complaints concerning the chaos for the collection launches and the consumer responded positively on the new line system. Several consumers have asked to “make it more accessible” when asking what to improve on the collection launches. “These collaborations are so limited that you have to be a real fashion freak to be able to buy something. But I can understand that it’s one of the points that makes those collaborations so attractive” analyzes an American student living in Chicago.

About 60% of the customers asked visit the H&M shops once a week to twice a month and except H&M they also follow brands such as Mango, River Island, American Apparel, Top Shop, Zara, COS and vintage shops. For the most part, the H&M consumers are looking for affordable fashion since a majority (90%) believes it is important to follow fashion trends and update their closet regularly. When asked how much they spend on shopping each month, it rarely expands the € 200 border. “I want to buy a lot of clothes so I can create the exact outfit I’m aiming for” explains a focus group member. “I have the choice to buy a complete, new outfit from H&M or a Prada blazer” she continues.

The collaborations phenomenon is something every person asked have an opinion about, since it is hard to avoid the commercials and the hype in every city where H&M is located. “I feel like H&M has a great eye for which designer the market is ready for before we even know it” says a focus group member, “I tend to find out more about the designer thanks to H&M and because of that I will go back again for the next collaboration”. When discussing the best collaboration the opinions are different. Many customers still wears the older collaboration pieces at present time because “It’s still stylish, trendy, and classic look which can be worn everyday and for partying” argues one of the respondents, a good receipt that the quality and fit is just as reliable as the current fashion level.

An overall agreement is that the collaborations must feel exclusive, and although it is annoying, it would not feel right if the limited products would still hang in the shop a week after. “I would suggest that H&M would continue to keep it very limited, if it’s sold out it’s a good sign, having clothes from the collaboration that is later on discount give the impression that it failed” claims one customer. “We want to fight over the luxury products, it should not
be too available because then it doesn’t feel special” agrees the focus group. “It’s never fun if you walk around the city and you see everybody wearing it, then it doesn’t give the exclusive feel the collaborations should have and the idea is lost…I would rather not have something I was planning on buying than being able to get it the next week, then we think it’s out of fashion” concludes the group. “Although I would never queue in the morning to get a specific item, I want to achieve the shopping happiness of seeing the garments there if it’s still in stock, if there are too many pieces on the rack, I would probably consider why it was still hanging there” states another respondent.

Discussing what should be improved in the future many think the service level could be higher and that the stores should be neater. “Some people go to H&M the first time during the collaborations, and if their impression is bad, they would probably not return” argues an American customer, mentioning that the service level is very important in the United States, even in the fast-fashion retail chains.

A majority of the people asked believed there was a future of the H&M Design Collaborations, “The concept can work again and again!” writes an excited customer. The critique received concerning the collaborations were mainly about the crowds and the mess in the stores throughout the launching day. “I could not handle it, I curled up in a corner” says one of the male respondents, and asked for a separate date for the men’s collection releases. “The collaborations is a great way for H&M to get out there, especially in the markets they still want to enter…” analyzes a designer, continuing “If they are able to keep the same quality and trend level although there have been triple collaborations in 2009 , it will work in the future as well”. An overall impression through collecting the data was a decreased demand and interest for sustainable materials. “It would be amazing if trendy fashion and sustainable materials could merge together, that will probably be a natural outcome in the future…” argues a customer asked. The consumers are ready to pay slightly more if they receive something trendy and exclusive and it would be a bonus if it is environmentally friendly as well. The men asked for more focus on their collections, many of them were happy with the Williamson men’s collection but said they were not aware of them until entering the shops.
The majorities of the consumers relies on the H&M expertise and have a hard time guessing what the future will bring them. “H&M makes me crave for the pieces before they enter the store like no other brand does” explains a focus group member. H&M has therefore many opportunities to decide what should be current in the future market since the brand is incredibly well-established. A minority is tired of the phenomenon, some fashion bloggers criticize the strategy; “The limited-edition designer collaboration is a formula that is getting a little tired. Target still does it, H&M does it, Uniqlo does it, and now JCPenney does it...”

So the main issue would be the exclude H&M from the rest.

To conclude, most consumers are still craving for more co-branded products, if the exclusivity level is maintained. Although there are complaints about the crowded stores throughout the launch date, the consumers do not want garments that are still available after some days, because they may not have a high-fashion level in the eyes of the other customers. The new queuing system is very appreciated and fair and should be arranged similarly in the future. As a result, the consumers are hoping the service level can be improved since the staff will have more time selling the products. A few negative answers have been received, but overall, these respondents were negative regarding the fashion field as a whole, and could therefore not be taken into account in this research.

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Matthew Williamson collection release, 2009

113 Strawn (2009)
114 Bohan (2009)
6.6 Summary

Co-branding suits H&M perfectly because of their desire to innovate and explore new possibilities. The strategy will always have a possibility to develop depending on who the brand collaborates with and what products they decide to offer. The unexpected occurrences make the strategy unpredictable and therefore exciting for the press, consumers and nevertheless, the company. Since H&M is an international company they can make use of the alliances collaborating with a designer for the desired market. Evidently, the co-branding strategy should continue to be applied because of its ever-changing capabilities and because of the immense demand for new products.

7. Maintaining a Successful Co-Branding Strategy Based on the H&M Experiences

H&M has been successful throughout its designer collaborations because of cautious planning and preparations and considering the correct matters before applying the strategy. This chapter will discuss the issues that should be paid attention to in order to uphold the thriving co-branding peak in the future.

7.1 What to Consider Before Collaborating

The overall goal for the allies involved in co-branding is of course to strengthen its position in the fashion industry explains H&M creative director, Jan Nord. The goals for both partners will be clearly communicated and compromised since in H&M’s collaboration cases, the companies have completely different type of markets. On the other hand, both parts should have the equal potential of commercial benefits.

The difficult part is to set up a solid basis that more or less ensures the success. Most designers and brands limit their options only choosing companies that share complementary values. H&M has since 2004 been the rule breaker that blurred the class boundaries of

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115 Serrander & Wärnåker (1005)
116 Doshi (2006)
117 McKee (2009)
fashion. Keller argues that brands need to ask themselves a number of questions before collaborating:

- What capabilities do we not have? By asking this, the company will have a clue what it could complement in its assortment.
- What resource restraints do we face? The risks as well as the opportunities must be taken into account beforehand. The collaboration should feel realistic enough to complete. E.g. launching a sustainable collaboration collection could encounter resource issues.
- What growth goals or revenue needs do we have? Stating the financial goals together with the marketing and promotion goals will give a clear view of what the company is aiming for.
- Is it a profitable business venture? Profitability can be measured economically but publicity wise as well. Clearly stating in financial budgets and plans what the company is aiming for sets clear goals.
- Does it help to maintain or strengthen brand equity? A fashion collaboration should never weaken the brand equity. Make sure it is something different than before.
- Is there any possible risk of dilution of brand equity? If so, the parties need to put in action to prevent this to happen, in form of selecting appropriate marketing strategies. A marketing campaign that communicates exclusivity and strengthens the designer’s image could be one of many solutions.

In contrast to Keller, brand management expert Jan-Noël Kapferer et al. are pessimistic to brand stretching as well as co-branding. Kapferer argues that the respect for the brand identity is essential, there is too much tendency of turning towards fashion democracy, hoping to reach more clients and increase sales. The luxury brand will obviously face a trade-off and should be aware of and willing to seize that risk. Taking precaution and clearly stating in legal contracts how the H&M and designer’s brand name and identities can be applied together, the trade-off effects can be avoided.

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118 Keller (2008) pp.296
119 Kapferer (2009) p.147
120 Nunes et al. (2003)
7.2 How Does H&M Select the Guest Designer?

Rather than simply selecting a designer as a face outwards it has to be combined with being a good role-model. When collaborating with a trustworthy and influential designer, the brand becomes trustworthy as well in the consumers eyes. The lifestyle of the designer will automatically be connected with the brand and must therefore be taken into account.

There are many requirements set up prior to the creational process. According to Jörgen Andersson, H&M’s global marketing director, the first requirement is that the designer is well-known worldwide. Since H&M is an international company the designer should be more or less admired in each market. Secondly, the designer should be a style icon in order to have a clear and easily communicated concept.

Designer Karl Lagerfeld was a good choice when introducing the collaboration strategy since he was a celebrity designer that had several prestigious projects behind him. Jan Nord, creative director at H&M comments that Lagerfeld is a “graphical image of himself” and his looks and image are strongly related to his designs. Because of this, there would be no confusion that Lagerfeld was no more than a temporary designer for H&M.

An additional reason to why Lagerfeld was contacted was to re-invent and strengthen the customers’ brand association and make it more fun, exciting, inviting and especially creative. H&M offers the designer the opportunity to experiment with new designs that may not have been possible in the high-end market, and even reminisce the old designs created throughout his/her career.

Kristina Stenvinkel, H&M’s head of communication, describes the selection of the designer as a process between the design-, marketing-, and communications department where she mentions the “wish list for the future”, where suggestions of high-end designers that suits the

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121 Roberts (2009)
122 Ibid
123 Serrander & Wärnåker (2005)
124 Ibid
125 Ibid
126 Serrander & Wärnåker (2005)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

present trends.\textsuperscript{127} “The team goes over the possible alternatives together before selecting the actual designer” comments van den Bosch.

“The designer has to be newsworthy. And the company needs to structure a program with a big bang-and continuity for 12 months. Only repetition builds awareness” claims Patricia Pao, founder of New York-based fashion consultancy The Pao principle.\textsuperscript{128} H&M may not have long-term commitment to the designers but the co-branding strategy has been implemented for a long term.

The design department, lead by creative advisor Margareta van den Bosch is in close connection with the designer all through the creational design part. When launching the collection, Van den Bosch usually compliments the designers mentioning their strengths. “Her designs are modern and cool yet classic and wearable. We have long admired her sense of tailoring and femininity. Consumer research further confirmed the strong appeal of her brand. We are looking forward to bringing our customers this unique collaboration” states van den Bosch prior to the Stella McCartney collection release.\textsuperscript{129} According to van den Bosch, there are few issues when beginning to collaborate with the designers, some of them are pickier at times but overall they are open for suggestions and appreciate the feedback and assistance they receive from H&M.

Van den Bosch knows how to perfectly time the collection launch of the specific designer thanks to her great knowledge of the H&M target group. Pao explains “A company needs to find another brand or person who has parallel brand attributes. This means cultivating an awareness of the desired audience”.\textsuperscript{130} H&M will, through the promotion and the media attention, make the consumers desire the products.

\textsuperscript{127} Dorozala & Kohlbrenner (2008)  
\textsuperscript{128} Reena (2007)  
\textsuperscript{129} H&M.com Press Release (2005-05-11)  
\textsuperscript{130} Reena (2007)
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To ensure the success of the designer collaboration the brand should select a partner that shares the same values, objectives and has the same ideas of what the final product should result in. Selecting a role-model and style icon that is newsworthy at the same time could be difficult and the choices are therefore somewhat limited. The collaboration should add value to the brand and both parts need to stand behind the co-branding choice. As a consequence, the collaborations will turn into actual win-win situations resulting in immense media response and financial rewards.

131 Stefansson (2009)
7.3 Critical Success Factors for the Present and the Future

According to critical success factors\(^{132}\), one can analyze the seven key areas when deciding whether the strategy or the organization is developing successfully or not. The seven areas that must be maintained and analyzed in order to determine successes and whether to continue or not are:

1. **Training and education:**

   H&M has a well educated and experienced team behind every task accomplished. The staff is consistently trained internally by H&M. The high-end designers and the team behind them will always get the assistance needed when collaborating with H&M. The strategy is about learning from each other and combining knowledge for positive future results.

2. **Quality data and reporting:**

   Analyzing both qualitative and quantitative data is necessary before beginning to collaborate and throughout as well as afterwards; this should be completed from both sides in order to be aware of the opportunities and threats as well as discovering whether the co-branding peak is declining or not.

3. **Management commitment, customer satisfaction:**

   Throughout the process, it is essential to have committed managements from both sides that support the strategy and is not afraid of the risks involved. I addition, follow-up of the customer satisfaction is necessary to determine whether the collaboration was a success or not. Engaging management creates a network platform for future possibilities. Concerning consumer response, please see upcoming chapter.

\(^{132}\) Rapidbi.com
4. **Staff Orientation:**

Hiring personnel that is prepared for future expansion and has the knowledge required is an important matter to keep in mind. Maintaining healthy work conditions and evaluating internal competence is essential.

5. **Role of the quality department:**

Not only offering the most current fashion but reaching good quality levels is essential as well. The quality offered throughout the collaborations is extraordinary considering the price levels. The strategy would not continue to succeed without good products.

6. **Communication to improve quality:**

Each collection has improved in quality. The H&M collaborations have not received minor quality critique lately thanks to its urge to improve.

The communication and marketing departments have improved their way of working as well, causing a PR hype that makes the collections irresistible for the fashion conscious consumer.

7. **Continuous improvement:**

Developing the strategy further is something H&M does frequently and this is the main concern. Offering Jimmy Choo to design garments is one example. This will be discussed further in the end chapter.

The design team led by Margareta van den Bosch and Ann-Sofie Johansson together with the marketing and communications department guarantees that there is a great variety between the collaborations; at least one of the collaborations should appeal to each customer. The seven key factors mentioned above have constantly been improving and more successes could therefore be expected.
7.4 What Are the Risks and Possibilities in Co-Branding?

One can think that co-branding mainly has positive effects but without maneuvering it tactically there are many risks involved. One risk is that both parts are relying on the other brand’s equity and this can, in some cases, make the brands look secondary. Top management co-operation and organizational collaboration is necessary and both partners have to consider the risk and the return in beforehand. As a matter of fact, every possibility could turn into a risk.

The designers’ recent acceptations of fast fashion retail-chain collaborations are probably because of a few reasons; increased sales for the main designer label, large marketing budgets, increased awareness of celebrity designer, and the payment received. One of the main ideas behind every co-operation is of course the increased sales revenue for both partners. If the project guidelines are followed the brands will gain new customers thanks to the introduction to new target groups and markets, in H&M’s case the luxury market, in the designers case the mass market.

The collaborations can rapidly transfer stature, imagery and approbation of one brand to another. It can shortly improve almost every aspect of the marketing funnel, from brand loyalty to customer awareness. In addition, H&M improves its credibility when developing high quality and exclusive garments. The company proves that with a higher budget they are able to create exclusive garments. The high-end luxury designer accesses a new financing source when they generally have a more limited advertising budget than the fast-fashion chain. The designer will reach out to the masses in a way not possible before. The joint advertising will cause increased coverage and exposure for the collaborations as well as quick consumer response that is rare in other branding strategies.

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133 McKee (2009)  
134 Doshi (2006)  
135 Doshi (2006)  
136 Nunes et al. (2003)  
137 Ibid  
139 Doshi (2006)
When more designers have an optimistic view on collaborating with H&M it is more likely that the next designer on the “wish-list” will give a positive response on the collaboration request. Evidently, this is opportunity gained for H&M when they will have a broader selection of designers to approach in the future.

Co-branding is more common than ever in the fashion world, perhaps because of the current economic recession which results in consumer spending constraints. The brands as well as the consumers must evaluate their expenditures and the first thing to cut down on is usually luxury goods. The designers have therefore no choice than to decrease the luxury label’s prices, launch sub-labels or collaborate downwards. This involves several risks as well.

Nunes et al. believe that there are two main categories to take into account when dealing with co-branding: Dilution and devaluation matters.\(^{140}\) Dilution occurs when the meaning of the brand is lost to the consumers, usually because of overexposure.\(^{141}\) Many high-end designers therefore avoid the collaborations since they are afraid extensive attention could damage their core label. According to the Luxury Institute survey, many luxury brands collaborating with lower-end brands lose their exclusive image.\(^{142}\)

Devaluation can occur if one of the partner’s corporate values changes. If either partner doesn’t possess sufficient credibility in the market it can negatively affect the other part.\(^ {143}\) As an example, the designer’s lifestyle and image can affect the brand poorly. The brand should make sure that the designer celebrity’s effect on the brand does not overrule the brand’s identity, so that the consumer only remembers the designer and not the collaboration purpose nor the brand.\(^ {144}\)

H&M wanted the Karl Lagerfeld collection to be democratic, inviting, creative and fun, but an issue could have been what he actually represented. Lagerfeld symbolizes a shallow high-end...
fashion world. Having issues with producing big size clothing and is as far from fashion democracy as possible, not wanting to offer the garments to the common customer.

Keller argues that “the potential disadvantages of co-branding are the risks and lack of control that arise from becoming aligned with another brand in the minds of the consumers. Consumer expectations about the level of involvement and commitment with co-brands are likely to be high. Unsatisfactory performance thus could be negative repercussions for both (or all) brands”. Looking at the past experiences H&M is aware of these facts before entering the collaborations and handles the occurrences well when making sure that the brand does not get devalued.

The co-branding partners ought to meet each other half way and be equally aware of the risks, and not be greedy. If the expectations are too high and the attitude is nonchalant the collaborations may result in failure. Short-term deals are always risky since the time is limited and the effects must occur immediately.

A long term risk for H&M is that they have put themselves in the co-branding file and it could be complicated to exit the collaboration strategy. Gauray Doshi points out that “It becomes difficult to dismantle co-brand and even more difficult to reestablish the brand alone”. The next branding strategy will have to be superior to the present one. On the contrary, the multiple H&M concepts sell well on a constant basis and the brand is solid by itself.

It is obvious that the collaborations generate an increased sales flow, not only for the limited collection, but for other shop sections as well. If the choice of designer is made sensibly, the brand will gain consumers, publicity and added brand value as a result. If the co-branding strategy is dealt with professionally and cautiously the risks can be avoided and both partners can enjoy the opportunities that will follow.

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146 Doshi (2006)
147 Ibid
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7.4.1 H&M Designer Collaboration SWOT

<table>
<thead>
<tr>
<th>Internal</th>
<th></th>
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<tbody>
<tr>
<td>Strengths</td>
<td>Weaknesses</td>
</tr>
<tr>
<td>1. Strategy adopted for a decade.</td>
<td>1. Strategy has been adopted for almost a decade.</td>
</tr>
<tr>
<td>2. Experienced advisor with team.</td>
<td>2. Only a certain segment of the consumers gets the majority of the collaboration pieces.</td>
</tr>
<tr>
<td>3. Company has large influential factor in industry.</td>
<td>3. Most focus on women’s line although men’s line has been available several times.</td>
</tr>
<tr>
<td>4. Extensive knowledge of target group.</td>
<td>4. Limited resources if replacing fabrics with sustainable ones.</td>
</tr>
<tr>
<td>5. In-house expertise.</td>
<td></td>
</tr>
<tr>
<td>6. H&amp;M methods concerning pricing, supply chain, and overall working methods.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>External</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>1. Increased sales revenue.</td>
<td>1. Brand values are lost; DILUTION.</td>
</tr>
<tr>
<td>2. Increased brand equity.</td>
<td>2. Media exposure in form of bad publicity.</td>
</tr>
<tr>
<td>3. Increased brand loyalty &amp; customer awareness.</td>
<td>3. Brand credibility doubts; DEVALUATION.</td>
</tr>
<tr>
<td>4. Attract and enter new markets resulting in more customers.</td>
<td>4. Compromises with celebrities.</td>
</tr>
<tr>
<td>5. Increased current/high fashion credibility.</td>
<td>5. Co-branding going out of fashion.</td>
</tr>
<tr>
<td>7. Attract new potential high-end designer for the future.</td>
<td>7. Possible scandals.</td>
</tr>
<tr>
<td>8. Recession resulting in lower shopping budget.</td>
<td>8. Too many companies adopting the co-branding strategy. Competitors.</td>
</tr>
<tr>
<td>9. Co-Branding strategy can develop in several ways.</td>
<td>9. Difficulty finding appropriate partners.</td>
</tr>
<tr>
<td>10. For additional info; see chapter 9.</td>
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### 7.4.2 Collaborating Designer SWOT

<table>
<thead>
<tr>
<th>Internal</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Less knowledge in certain areas.</strong></td>
</tr>
<tr>
<td>1. Fashion icon status.</td>
<td>2. In-house critique from employees.</td>
</tr>
<tr>
<td>2. Large fashion industry knowledge.</td>
<td>3. Designer label not as influential as H&amp;M's, possible underdog situation.</td>
</tr>
<tr>
<td>3. Professional designer with strong label.</td>
<td></td>
</tr>
<tr>
<td>4. High credibility in fashion industry.</td>
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<table>
<thead>
<tr>
<th>External</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Overexposure: DILUTION.</strong></td>
</tr>
<tr>
<td>1. Increased sales revenue.</td>
<td>2. Brand credibility doubts: DEVALUATION.</td>
</tr>
<tr>
<td>2. Increased brand equity.</td>
<td>3. Lack of control, PR and marketing wise.</td>
</tr>
<tr>
<td>3. Reach out to the masses and gains new customers.</td>
<td>4. Compromising with large retail-chain.</td>
</tr>
<tr>
<td>4. Large marketing budget available.</td>
<td></td>
</tr>
<tr>
<td>5. More democratic image, appealing to masses.</td>
<td></td>
</tr>
<tr>
<td>6. A generous sum of money from retail chain.</td>
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</tbody>
</table>
7.5 Summary

By treating each jointure with caution will make all parts involved in the co-branding process prepared to take action for both good and bad feedback from media and consumers. Every possibility could turn into a risk which makes the strategy a difficult task to maneuver. When dealing with co-branding one should plan ahead, select the right partner, consider the success factors and be aware of the risks and possibilities. A well prepared synergy is a solid base for a promising future.

8. H&M Communications and Marketing Strategy throughout the Collaborations

The designer collaborations offer exclusive products for an accessible price. The company growth target of new stores is 10-15% annually, as well as boosting sales in existing stores. H&M controls and have developed several methods when applying the collaborations strategy. This assists the company to expand and leave an impression in new markets. Analyzing the marketing mix as well as the communications strategy gives an impression of what has to be continuously improved and dealt with correctly in order to expand and carry on the co-branding strategy.

8.1 Extended Marketing Mix Overview

**Product:** The products, in this case the garments in the collection, are carefully selected in order to create complete and various outfits. A guest designer collection has around 20-50 pieces depending on what H&M and the designer is aiming for as an end result. Whether the end result should be only a women’s-, men’s or children’s line also affects the number of articles in the collection. The product process is a long procedure between the two partners where pieces can be added and removed until both parts are satisfied. Some garments are so called “show-pieces” which adds attention to the collection and the high-end designer skills. Each piece should fill its function, making the collections broader could be an interesting option to satisfy more consumers.

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148 H&M Annual Report 2009
Price: The guest designer collections are slightly more expensive than the usual H&M collections. The Cavalli and Jimmy Choo lines had the overall highest prices so far but the usual reason for this is because of the more exclusive materials. If the garments are more expensive, H&M will have to lower the quantity since fewer consumers will be able to afford it and almost certainly needs to be decreased in order to suit the market. Evidently, psychological pricing such as adopting an effective price-point perspective, is a constant element throughout most H&M lines. For example; € 19.95 instead of € 20 and so on. A future price aspect that is already somewhat in use would be to truly vary the price points so everybody could buy something.

Place: H&M has tried different approaches when selecting in which stores the alliance collections should be present. The Madonna collaboration was available in most stores since it had a broader selection of garments and appealed to a majority of the target group. After all, it seems that H&M will continue to offer their high-end designer collaborations in 200 selected stores. These stores are usually located in the capitals and main-cities around the world since that is where the largest demand is present and where the fashion trends develop. Perhaps a broader selection of stores will be a current issue in the future as the shop expansion continues. Increasing the online sales and offering more pieces would decrease the shop hysteria, something to develop further in the future.

Promotion: This will be further explained in 8.2 concerning H&M’s communications strategy.

Personnel: It is evident that there is an increased need for staff when launching a new guest designer collaboration. This is because of the amount of customers being present at the shops at the same time. The release days are very intense since the products must be present until sold out, the guidelines given by the management must be followed and the service level should be as good as possible. The working environment has been hectic in the past because of the large demand for specific garments and the new queuing system allowing customers in at separate times has improved the conditions for the staff as well as for the consumers.
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**Process:** The process from production to in-shop delivery is a complex matter involving the head office and its certain areas within (buying, design, patternmakers, communications, marketing), suppliers, production offices, logistics department and many more. H&M is known for its well-arranged supply chain and can therefore manage such a multifaceted launch as the guest collections. The timing of having all the products available at a specific date in selected stores requires extensive planning and communication to all different levels, usually it is not as date focused as when releasing these types of lines. The shop launch is of course central since that is when the concept and the end product is represented. H&M has developed sufficient methods in order to meet the deadlines where different teams are aware of its specific responsibilities. The methods are improved each season based on previous experiences.

**Physical Evidence:** The internal as well as the external visual merchandising have been given guidelines from the visual merchandising team. The selected stores involved will follow these guidelines communicated to make sure the concept is communicated correctly. The staff will wear specific clothing so it will be easy to find a staff member to ask for assistance. It should be easy to find the specific guest designer area and the interior is therefore adjusted to suit the collaboration concept. Bags, hangtags and hangers with the specific H&M logo are specially designed for the collection and movie clips and advertisement is present in the shops to achieve the ultimate collaboration experience.
8.2 H&M Designer Collaboration Communications Strategy

When deciding to collaborate with a guest designer the communications strategy applied is more extended than usual. The communication towards the different markets begins with a press release where H&M reveals who the future guest designer will be and why. Both the designer as well as H&M representative will comment on the essential news.

The press release will create a worldwide media buzz and H&M will take the opportunity to promote the collection making additional statements such as “The Rykiel woman has no specific age- she is an incredibly strong, self-confident woman that lives her life exactly the way she want it”. What H&M executes for each collection line is to strongly state what lifestyle the customer is supposed to wish for and will automatically retrieve this when buying the collection pieces. When the consumer desires to affiliate themselves to that specific lifestyle the demand increases. As an example, Matthew Williamson stated that the “glamorous jet-set traveller” had inspired his collection. The H&M website is a great tool when launching a collection and communicating to the consumers.

To boost the media and customer attention H&M makes use of billboards, full page advertisements in local newspapers and fashion magazines, internet ads and TV commercials. The guest designers have sometimes taken part in the advertisements; this is of course to prefer if the intention is to promote the designer as well as H&M. When Karl Lagerfeld stated that “It’s all about taste, if you are cheap, well, nothing helps” the idea behind the collaboration was clearly communicated in a way that only Lagerfeld could manage to do. After all, the strategy is to be seen everywhere to make people be aware of the release date that must attract the fashion conscious consumers.

Although the strategy seems modern and not cost conscious marketing wise as H&M claims they are at times, the post-modern influences are being applied elsewhere. The website brings

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the shopping experience combining music created by the website visitors and three-dimensional models that can be dressed as the consumers desires. The symbol of certain H&M campaigns, Fashion Against Aids, has been sprayed on the sidewalks in the bigger cities. The fashion bloggers continue the promotion together with media and the hype is evident. H&M has a huge help from social media networks and blogs when creating a commercial hype of the designer collaboration. H&M borrows the collection pieces to the fashion bloggers so that they can analyze them and make their own comments, it that way, H&M marketers involve the customers and encourages any kind of feedback. The buzz develops twice as quick when social media becomes involved and reaches out to places where advertising is not present.

The extravagant launching parties of the guest designer’s collection usually occurs a couple of weeks before the collection release. The theme of the collection strengthens and H&M acquires the opportunity to invite the fashion industry elite and press from all over the world. This causes an immense hype and demand for the products. Margareta van den Bosch and the designer pose together, to show that both partners stand behind the collaboration.

The celebrities invited, in this case Jean-Paul Gaultier at the Rykiel release, will make a positive statement saying “I love Sonia Rykiel, and I love the association with H&M. Sonia Rykiel is like a revolution in fashion. She makes sexy clothes, but ones that are very modern, cool and feminine. She’s super-clever and super-talented and I have big, big admiration for her”. The combination of celebrity, media and fashionista response will result in a “big bang” marketing wise when the actual collection release occurs.

The aftermath of collaboration evaluation is just as complex as the preparations. Extensive marketing research is completed and the media coverage is analysed to make a final summary whether it was profitable or not. The H&M co-branding collaborations should be seen as a long- strategy and therefore be evaluated as such. The effect the collaborations have on H&M’s brand equity is tremendous since the brand is nowadays truly imaged as a fashion

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154 H&M Press release (2009-12-02)
forward brand. It is difficult to know what the brand would have been without the guest designers. The collaborations value is, as a result, hard to only judge merely figure wise.

8.3 Summary

H&M has applied, controlled and developed the seven matters in the extended marketing mix since the beginning and is therefore aware of how important they are in order to communicate the collaboration concept clearly. Not hesitating to invite its consumers and press to create a marketing hype together is something H&M always succeeds with. It is interesting to discover how H&M have developed methods in an impeccable way and is therefore a role model within its field. Evaluating and developing these departments further will make the co-branding strategy applicable in the future as well.

9 What Does the Future Hold for the Designer Collaborations?

9.1 Findings

H&M, with its 2000 shops and 700 independent suppliers can affect the fashion industry in many ways and have already, but there are still areas to cover.

Chapter 5 explained the four levels of co-branding; innovation, value-chain, ingredient and promotional co-branding and H&M has so far explored three of these levels. The fourth level left is the innovation co-branding, this will be discussed in 9.2. The third level, value-chain co-branding, where the H&M alliances fit in, could be taken to yet another level.

An interesting development was when the Fashion Against Aids campaign was released in spring 2010, where 25% of the sales go to HIV/AIDS awareness projects, combining the collection with both garments and equipment. Sleeping bags and tents were new elements in the Fashion Against Aids collection adding value and clarity to the festival lifestyle. This could be accomplished thanks to the H&M Home line.
Another interesting matter that belongs to the value-chain co-branding was when Jimmy Choo got the chance to create garments. A company such as H&M that already has the staff available in form of designers, buyers, and patternmakers can easily assist the luxury brand to expand their assortment for the H&M collection.

Level two of co-branding involves adding a new ingredient to the product, such as adding organic cotton instead of regular cotton. When the “Garden Collection” launched in spring 2010 H&M proved to the world that affordable, sustainable and fashionable could be put together throughout a whole collection. “Sustainable fashion can be high fashion” argues Catarina Midby, Trend Coordinator at H&M. The collection was created for two main reasons; to add focus on the in-house designers and to show the possibilities with sustainable materials. “Respecting the environment is important both for us and for our customers. That’s why we are already using sustainable materials in our goods - and why we are testing new ones all the time” comments H&M on their website. H&M Sustainable Report 2009 communicates that the organic cotton target needs to increase by 50% every year based on previous year’s consumption.

An additional way for H&M to expand the ingredient co-branding level was to develop skincare products with certified organic ingredients. “It felt like a natural step, since we’ve

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155 H&M.com “Garden Collection”
156 H&M.com “Sustainable Materials”
157 H&M Sustainability Report 2009
worked with organic cotton garments for a few seasons now. There’s also a strong demand from our customers for organics, and I hope they will be as excited as I am about the new products,” says Ann-Sofie Johansson, H&M’s head of design.\(^\text{158}\) The consumer interest for sustainable products have matured and may be ready to purchase these products in reality.

The level 1 of co-branding involves promotional co-branding. H&M is today sponsoring horseback riders Malin Baryard-Jonson and Peder Fredrikson. Malin entered the partnership in 1996, Peder in 2003. It seems that the development on this level has stopped and that H&M has put it aside for the time being.

Chapter 5 also proves that although the co-branding strategy has been applied for almost two decades there appear to always be another way of developing it. The newsworthiness depends on the designers chosen and the products offered, there will always be a new designer to add to the “wish list” and there are therefore many possibilities in the future.

The consumer research in section 6.5 supports the customers’ interest in sustainability. The collaborations are expected by the consumers and considered highlights of the year. H&M has re-innovated the strategy in several ways. Offering multiple collections from the same designer and products not usually designed by the designer are some new ways it has developed. Based on the consumer feedback, it would be erroneous to end the collaborations.

In addition, social media is playing an important role for the H&M target group. Throughout the research, the majority of the H&M consumers have opinions and wishes that they are eager to communicate. Since H&M already has about 2 million active members on one of their Facebook community it could be an easy way to reach out and communicate with the customers.\(^\text{159}\)

The desk research performed throughout this report, especially when analyzing the media and blogs, shows that there is surprisingly little negative critique concerning the collaborations.

\(^{158}\) H&M.com Press Release (2010-02-23)
\(^{159}\) Facebook.com (2010) H&M group
Some journalists, in e.g. Businessweek\textsuperscript{160}, question the future development basing the doubts on the constant development that may be taken too far. On the other hand, it keeps on surprising the customers and the trend will continue to be at its peak. Criticism usually comes from competitors and can for that reason not be taken too seriously, especially when the strategy is copied later on. A recent research performed by magazine Nöjesguiden\textsuperscript{161} proves that the fashion bloggers are rarely negative when commenting on fashion, 0.5-7\% of the fashion blogs involves pessimism, being afraid of not receiving the next fashion samples or event invitations. H&M seems to satisfy the majority of the people, which is of course a proof of professionalism and good judgement.

Looking at qualitative research there is still an interest in the collection pieces from old collections, since the show pieces are becoming collector’s items. One way of responding to that feedback will be discussed in 9.2.

The idea of offering current fashion to an affordable price seem to never go out of fashion, and combining it with immense marketing make the collections irresistible. H&M has applied the collaborations strategy when entering new markets and it has been an exceptional method of increasing publicity and sales. It would be difficult to find a similar strategy when aiming to attract new customers in an effective way.

Chapter 6 continues to prove that massluxe is here to stay because it constantly affects the fashion industry and recieves positive future predicitions by fashion industry analysts. Fashion involves individuality and it is now acceptable to mix high- and low end pieces. H&M should seize the possibilities to influence the industry in the future as well.

Chapter 7 discusses the advantages of co-branding, not to forget, each one of them could turn into a risk. The longer H&M applies the collaborations, the easier it will be to attract more designers willing to collaborate. They receive a chance to reminisce and experiment with their designs and acquire new consumers and world-wide publicity. Since there are many designers willing to ally themselves with H&M, there are large possibilities in the future. At the same

\textsuperscript{160} Reena (2007)
\textsuperscript{161} Amiri (2010)
time, H&M gains credibility in the fashion scene proving continuously that they are in the forefront of fashion.

Sharing strengths and possibilities between H&M and the designer will be beneficial to both parties. New capabilities and knowledge is shared that otherwise would not transpire. The partners involved will develop and reach new levels when collaborating, and the future products will have an even higher quality based on the input from the forerunning collaborations.

According to chapter 7, co-branding generates; brand loyalty, increased sales revenue and brand equity, and H&M gains fashion credibility. Because of H&M’s large influential factor the brand can affect the customer and create a demand for products. This is because they have an extensive knowledge of their target group and their work methods have proven to be successful since the company’s beginning.

Chapter 8 shows how well manoeuvred the H&M collaborations are. The three departments involved (product, marketing, communication) truly question and improve themselves seasonally. H&M will always push the strategy a step further to keep it exciting and inviting and as long as the interest is created the future will be bright.

The findings confirm that there are yet many possibilities to explore before leaving the co-branding strategy behind. As an H&M customer one can never guess what the next step will be, and H&M could well move from strength to strength as long as the company has continues to be it innovative in the co-branding field.
9.2 Recommendations

One can imagine that it will be crucial to continue to attract consumers such as the guest designer collaborations have for many years. Keeping the publicity aspect in mind but at the same time thinking ahead it is necessary to consider how the co-branding phenomenon could actually develop in the future.

As mentioned in the previous segment, the level four, innovation co-branding, is the one level H&M has not applied yet. This level requires a long-term commitment since entirely new offerings will enter the shops for a longer period of time. Since H&M is already offering their own beauty product line, it could be interesting to discover more collaboration possibilities within this field adding a high-end beauty product line and at the same time taking the opportunity to expand the beauty section in additional markets. H&M seems to be ready to develop completely new products when launching their Home concept shops, offering home interior for an affordable price and new ideas and concepts will most likely continue to develop. If applying the fourth level of co-branding H&M will probably have to look at other brands but the fashion brands. It is not likely to have a long-term commitment and collection line with another brand or designer offering clothing.

Up until now, H&M has collaborated with designers, brands, artists, and illustrators applying the value-chain level. Yet an unexplored field is to collaborate with a socialite, editor, actor or model that represents what H&M would like to communicate. An interesting style icon to collaborate with would for example be Fashion Director at Paris Vogue Magazine, Emanuelle Alt. She is known for her classy and impeccable style and has a lot of credibility in the industry. Having her cooperating with the H&M Trend department would be an interesting combination. In the future, the H&M collaborations can be narrowed to different in-house concepts, for example: for H&M Trend, L.O.G.G, Everyday, Divided and so on to put more focus on the different departments.
Having Paris Vogue in collaboration with H&M would truly challenge the co-branding strategy and reach a new level. Since the high-end fashion group of people is slightly against fast-fashion it would be an interesting goal to become appreciated in those circles.

With H&M expanding their lines they have the possibility to offer whole concept collections including garments, interior design, accessories, and beauty products. An example would be the guy’s necessity kit for the FAA campaign including; a comb, small towel, condoms, a shower gel, a pair of boxers and fake tattoos. A simple concept bag that sums up the whole collection could not make it more clear what the collection aimed to communicate.

Another way to recommend would be to challenge the designers to create something never created before. A Sonia Rykiel men’s line would for example definitely create something innovative and unexpected. Having accessory designers creating clothes and vice versa will definitely surprise and excite the consumers since it has never been offered before.

162 Schuman (2006)
A definite recommendation that every part involved would agree with (press, consumers and H&M) would be to focus on adding sustainable materials in the collaborations as well. The company has gained an immense knowledge concerning sustainability in a way that is not possible for other companies. The recent developments in this field have made it possible and should at least be given a try in the future.

In order to continue to develop the third value-chain level, H&M has to continue to innovate and stand out from the crowd. Continuing to aim for the high-end designers that no one would have guessed would collaborate is essential. Using the co-branding strategy to enter new markets is a very efficient way to cause the attention desired.

The first level of co-branding, the promotional part, seems to have been forgotten for a while. It is hard to understand, although having read the H&M explanation, why the two horseback riders would add something to the H&M concept. One option could be to add celebrities to the sponsor group, choosing to collaborate with new, up and coming, celebrities that that target group could affiliate themselves with. Or to end the old sponsor contracts completely. Another could be to, for example, sponsor certain events. Arranging design competitions between fashion design or buyer graduates is definitely something that suits the H&M image. “It’s important to focus on the new and young designers as well” van den Bosch points out. “Offering scholarships and internships to promising students is something that we would like to continue with, they are the future of fashion…” she continues. She has been involved as a judge at many designer competitions and states that adding more focus on the in-house designers as well as the newly graduates is an important issue and should therefore be applied more actively in the future.

As mentioned in the previous segment social media plays an important part for most H&M customers. Recommending H&M to continue to increase and open up for social networks would be a natural step in the future. Receiving feedback concerning collections, not only looking at the sale figures but getting a direct explanation to sales results could be useful for the future.
Researched proved a large interest in the old collection items. A possibility would be to offer a shop where H&M vintage pieces can be swapped or purchased. These shops should be located in the main cities where the collections have been offered before and would give the consumers a second possibility to find the garments they were looking for. Because of the increasing amount of H&M collaborations there would definitely be enough garments around the world to fill a shop in each capital where H&M is present. H&M would of course have the responsibility for these vintage shops to make sure the quality standard is maintained.

Since there is a future for the designer collaborations, one must take the SWOT into account. H&M must avoid dilution and devaluation. That is where the communications and marketing departments have the larger challenges ahead. H&M cannot solely count on the collaborations but must preserve the H&M brand value. This can be avoided when adding focus on other in-house campaigns as well. Keeping the collaborations to twice a year is a good middle way not to exaggerate the phenomenon. Devaluation can be avoided if choosing appropriate collaboration partners but the risk is not one of H&M’s main concerns; it is one of the world’s most well-known brands.

Yet another recommendation would be to balance the collaborations adding more focus on the men’s and children’s lines. Perhaps launching a men’s or children’s collaboration line by itself could be in interesting development. Margareta van den Bosch was recently awarded the most influential person of men’s fashion 2010 in Sweden by Swedish men’s fashion magazine King. This is only a small fraction and receipt of how H&M has influenced the men’s and women’s fashion and opens up for new possibilities. Since H&M is expanding with at least 200 shops in 2010 the company should increase the number of shops where the collaboration collections are available in the future. Appendix D offers a recommendations overview.

Basically, H&M has to continue to be daring and at the same time listen and gain large knowledge about their consumers to make sure the collaboration phenomenon develops in a positive way. Grasping the opportunities and minimize the threats is be a secure future success formula.

163 Magnusson (2010)
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

9.3 Conclusion

H&M applied the co-branding strategy in 2004 and has since spring 2010 collaborated eight times with different high-end designers; Karl Lagerfeld, Stella McCartney, Viktor & Rolf, Roberto Cavalli, Comme des Garçons (Rei Kawakubo), Matthew Williamson, Jimmy Choo (Tamara Mellon) and Sonia Rykiel. The company’s main purpose to begin with was to offer its customers something new and exciting yet affordable.

The H&M guest designer collections, available in about 200 shops worldwide, sell out almost immediately. Both partners involved receive the chance attract new consumers and the luxury designer becomes more well-known, the collaborations work as a short-cut to new markets. The H&M collaborations have invented the expression “massluxe” when offering luxurious products to the masses. There are some negative critics arguing against the fashion collaboration movement. They are blaming H&M to decreasing the designers’ brand value.

The selection of the designer is a complex procedure. The guest designer should be a news-worthy, well-known, style icon with an easily communicated concept. One can think collaborating with an extraordinary celebrity designer could be difficult and it is therefore important that the partners share the same values, objectives and have the same ideas of what the final product should result in.

As in every trend development, there have been a few downfalls. H&M has had a few having to cancel a contract with top model Kate Moss and dealing with Karl Lagerfeld’s size worries. Overall, there are some concerns to take into account since every opportunity can turn into a risk. Being aware of that the collaborating brands will experience a spill-over effect in form of brand meaning transfer is one of the largest issues.

The way the designer is being represented is a huge task to be responsible of since most of them will gain followers and publicity as never before. Communicating the concept on the H&M website, billboards, TV-commercials and through the H&M website are some ways to create the hype around the collection launch.
H&M has still not explored every possibility within the co-branding levels. Collaborating with different celebrities known for their fashion sense as well as letting the designers create something they are not familiar with is an interesting approach. Focusing on developing exclusive yet sustainable materials for the collaborations is necessary to meet the consumer’s demands for more eco-friendly products. Making sure to update the H&M sponsorship program seems necessary in order to excite the consumers, the last contract signed was in 2003. According to extensive research performed throughout this report, there is still a large demand for co-branded products and the strategy can therefore continue to be applied in the future. The co-branding strategy has countless and innovative ways to develop before the phenomenon expires.
The H&M Designer Collaborations Have Inspired the Consumers and the Fashion Industry at Large in the Past, but Does the Phenomenon Have a Future as Well?

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Appendix

Appendix A

Focus group questions:

The focus group, consisting of 4 female respondents, was familiar with the H&M designer collaborations and is regular H&M customers. The discussion took place March 6, 2009 between 18:00-21:00 hours in Stockholm, Sweden. There were 6 main questions asked, with sub-questions added afterwards.

1. Describe what you think is special about the H&M Designer Collaborations?
   a. Does it give you an exclusive feel?
   b. Is it really luxury?

2. Which one was your favorite collaboration?
   a. Why?
   b. What did you buy?
   c. How was the quality?

3. Do you consider yourself part of the H&M designer collaboration customer?
   a. How would you describe your lifestyle?
   b. What kind of styles are you looking for when purchasing?

4. Do you keep track of the collection release dates?
   a. Do you enjoy the launch day in the stores?
   b. If not, what could be done differently?

5. Is there anything you would like to improve concerning the H&M designer collaborations?

6. Would you like the collaborations to continue in the future?
   a. Why?
   b. How do you think it will develop?
   c. What would you like to shop in the future?
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Appendix B

Discussion guideline for Margareta van den Bosch:

- What was the idea to begin with when collaborating with Lagerfeld in 2004? Did you and your team expect this immense reaction that H&M experienced?

- I’m writing about the creative process when creating the collection, and how the designers has increased its star status in the fashion field the past decade…how do you deal with and compromise with such eccentric personalities? (Cultural differences, compromises and ultimatums?)

- Is there a so called “wish-list” or how do you select a high-end designer that suits the current fashion market?

- How far in advance do you have to begin preparing the collaboration in order to meet your deadline? How do you balance the collection with new vs. iconic pieces from the designer?

- How is your design team constructed? Do you have a group of people that works with you continuously?

- Of all the collaborations you have worked with, do you have a collection that you are specifically satisfied with? (Which one and why?)

- What I am trying to analyze as an end conclusion of my thesis is how far one can develop the co-branding strategy, is it something that can be re-invented, does the phenomenon have a future as well? (It seems like the consumers are demanding more even after 3 designer collaborations in 2009)
Appendix C: Designer Collaboration Questionnaire

1. Gender
2. Age
3. Profession
4. Nationality
5. How often do you visit an H&M shop?
6. Are there any other stores where you shop clothes?
7. What is your average monthly budget when shopping clothes?
8. Do you buy more basic or trendy garments or do you mix them together?
9. What’s your favorite brand?
10. What do you think is the most important when buying clothes?
11. Have you ever purchased anything at the designer collaborations? (If not, skip to question 18)
12. Which one was your favorite collaboration?
13. Why?
14. What did you buy?
15. Are you still wearing it today? Why/why not?
16. Do you keep track of when H&M releases its exclusive collection lines?
17. Do you go the first day of the collection release or after some days? Skip to question 20.
18. Why have you decided not to buy anything from the H&M designer collaborations?
19. What can make you go and have a look at the next designer collaboration?
20. Do you believe the idea of designer collaborations will keep you interested of shopping exclusive products in the future?
21. What would make you go to the H&M stores more often?
22. What do you think the future holds for H&M designer collaborations? Anything that would make you more interested in the brand?
Appendix D:

**Recommendations Summary**

**Chapter 5: Defining Co-Branding**

**Levels of Co-Branding:**
- Explore all the levels fully and do not be afraid to try new approaches.

  **Cases and Statement Pieces**
  - Take the opportunity to learn and become inspired by others but stand out from the rest and be the innovator.

**Are the Collaborations Fast Fashion or Luxury?:**
- Since massluxe is becoming more accepted among high-end designers H&M will have more opportunities in the future. Approach the impossible and take advantage of matured trends.

**Chapter 6: H&M and Co-Branding**

**H&M Designer Collaboration History, Its Successes and Failures:**
- Continue to vary the collaborations, the products and the price levels in order to attract different types of consumers.
- Be prepared for the unexpected and remember to clearly communicate with the alliance partner.
- The alliance partner should be well-known in the fashion industry and be a style-icon.
- Make use of a collection theme and add statement pieces.
- Capture the typical style of the designer; take advantage of his/her past collections.
- Give the designer the opportunity to explore and create new product ranges.
- Make use of the star status of the designer when entering a new market.

**Hennes & Mauritz's Motive When Adopting the Co-Branding Strategy:**
- Remember the core message; Fashion and quality at the best price.
Engage in new type of collaborations; narrow them to H&M departments e.g. “For H&M Trend”.

Create the same hype around in-house collections. The Garden Collection was a good beginning.

Throughout the launch, the rest of the shop must feel painstaking as well. It is a crucial to make the consumers come back.

How Have the H&M Design Collaborations Affected the Fashion Field?:

- The collaborations are massluxe but should not be too available.
- Continue to make sure you affect the consumers and surprise them, they are not loyal and desire should be created.
- Innovate and dare to try new styles in smaller quantity. The more commercial pieces can stand for the larger quantities.
- Make sure that is it sold out and not hanging in the stores for a longer period, in that case, transfer quantities to other H&M shops.

Consumer Response:

- Control shop line throughout the launches.
- The consumers are price sensitive; be aware of the price levels.
- Promote the products far in advance; it builds the demand.
- Quality and fit is just as important as the styles offered, there is a sensitive balance between price/quality priorities.
- Employ social media networks for feedback.
- Focus on men’s and children’s collections as well.
- It is important with sustainable materials in future collaborations.
- Complete concepts such as the FAA collection is appreciated, continue to develop whole lifestyle sets.
- Develop the online website and offer more quantity.
Chapter 7: Maintaining a Successful Co-Branding Strategy Based on the H&M Experiences.

What to Consider Before Collaborating:
- How is H&M different from previous collaborations? Avoid similar designers straight after each other.
- State the goals and the visions clearly to avoid time consuming mistakes.

How does H&M Select the Guest Designer?
- The collaborating designer has to be newsworthy, a style-icon, well-known in the fashion industry, and a role-model.
- Select a designer based on the markets H&M want to attract.
- Be aware of which target group or segment the brand aims to attract.

Critical Success Factors for the Present and the Future:
- Put future focus on quality and offering good products.
- Constantly train and educate the staff available.
- Perform qualitative and quantitative research before, throughout, and after the collaboration.
- The collaborations should suit H&M’s corporate culture.
- Continuous improvements are key factors for future successes.

Chapter 8: H&M Communications and Marketing Strategy throughout the Collaborations

Extended Marketing Mix Overview:
- Offer a broad range of product in order to have high and low price points.
- Consider increasing the amount of collaboration shops as H&M expands.
- Develop new promotion ways; most likely through the H&M website and social media.

H&M Designer Collaboration Communications Strategy:
- It is important to promote the collection, mixing the old commercial ways with new ones.
The launching parties should continue to be extravagant, the consumers feel attracted to the exclusiveness.

Release press releases far ahead, according to research, the consumers enjoy the waiting process and that is when the hype develops.