The owners of Zara (Inditex) and H&M (H&M Group) are the world's two biggest players in fashion retail, and as such are under intense scrutiny as the market undergoes changes accelerated by the health crisis. By dissecting the fashion assortment sold online by these two fashion giants, analyst Retviews by Lectra reveals similar trends, but also different strategies.

The main difference in their offerings is the selling prices. Due to supply chain related difficulties (materials, transport, etc.), many brands are passing these price increases on to their customers. From August to December 2021, H&M saw its average price per item increase by 13% (from €24 to €27), while Zara, whose positioning is slightly higher than that of its rival, recorded a jump of 23% (with an average price rising from €31 to €38).
In addition to the difficulties caused by the pandemic, it seems that Zara’s elevated prices are also due to its increasing higher quality, since the garments are therefore made with more expensive materials. The premium products offered by the Spanish retail chain, which launched the ‘Zara Origins’ collection last year, now represent 4.8% of its product portfolio, compared to 4.1% a year ago, an increase of 17%. H&M's premium offerings, on the other hand, have increased by only 2%, reaching 5.6% of the total assortment.

Zara’s major advance in this niche is also reflected in the selling prices of its premium items, which have increased by 19% at Zara in the span of one year, reaching an average of €60 per premium item (a difference of +83% compared to its main line). The average price of a more premium product increased by only 3.2% at H&M, reaching €66 (+173% compared to the average price of the main line, set at €24).
Now let's dive into the fibers. What are the materials most used by the two brands in their overall assortment? They are cotton (32% at Zara and 30% at H&M) and polyester (31.6% at H&M, and 23% at Zara), which are both well ahead of other textiles, such as viscose (around 10% for both), nylon, elastane or wool (only 1 to 2% of the supply).

In the niche of high-end materials, Retviews by Lectra noted a 44% jump in one year of the presence of cashmere in Zara’s e-commerce product offering, and +29% at H&M, despite these knitwear items representing less than 1% of the overall offer. Similarly, leather (which represents 4% of Zara’s offer and 0.8% at H&M), made a small breakthrough, from +16% at Zara to +32% at H&M.
When it comes to markdowns, products made from these higher-quality materials are discounted less. This is especially the case at H&M, which discounts around 7% of these items (compared to 22% for other products), while Zara discounts 19% of pieces made with premium materials, compared to 23% for the rest of its products.

In terms of their eco-labeled products (which are included in the main range and in specific lines), H&M appears to be a little further ahead than Zara: the former has 21% of its items labeled 'Conscious', while the latter has 16% of products stamped by its 'Join Life' label.

"Will this be enough to stay ahead of the competition, or do these retailers need to make bigger changes to leave the negative connotation of 'fast fashion' behind?" the analyst wondered.

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