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South

North

East

West

source: iStock

Global & Local Supply Chain of **H&M**: An Analysis

Where does your H&M clothing supplier come from?

H&M, a global fashion giant, weaves a complex and dynamic tapestry across its key markets, each contributing uniquely to its supply chain and consumer engagement. This analysis specifically focuses on three pivotal regions: Sweden, the brand's country of origin and foundational market; the United States (USA), a critical consumer landscape boasting the highest number of H&M stores globally (509 stores in total as of Statista 2024); and Indonesia, a significant player in the global garment manufacturing sector, ranking among the top-6 textile producing countries based on Worldwide Textile Output in 2019, and also the author's home country.

By examining clothing data from their websites, we gain a clearer picture of the brand's intricate global strategy, revealing distinct inventory distributions, dominant supplier networks, nuanced pricing dynamics, and the paradoxical role of Indonesia as both a key production hub for export and a market with surprisingly low local sourcing. It is important to note that this analysis is an independent work, conducted without any external support or affiliation.



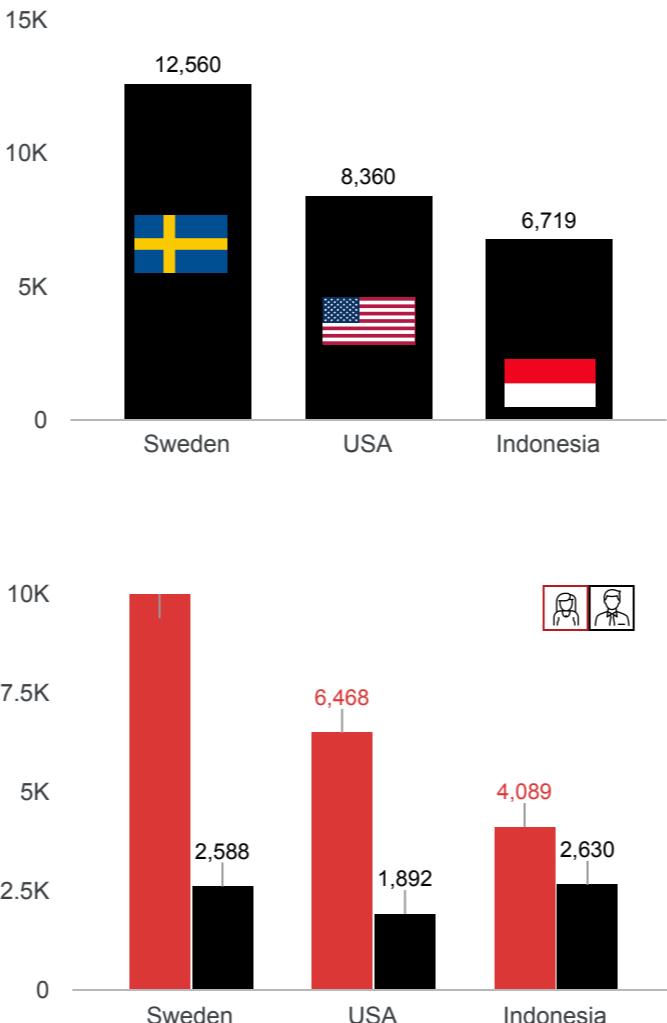
Brief Introduction: Sweden's **H&M** Catalog Supremacy with 45.44% of All Clothing Items Across Three Regions

Sweden, H&M's country of origin, leads the pack with a notable 12,560 clothing items.

The distribution of H&M clothing items across these three regions reveals Sweden's surprising lead with 12,560 items or 45.44% of total items from the US, Sweden, and Indonesia, **likely due to its role as the comprehensive home market**, showcasing the brand's deepest catalog. Despite having the largest amount of stores, the vast US market follows with 8,360 items (30.25%). Meanwhile Indonesia, ranks third with 6,719 items (24.31%), suggesting a more tailored or developing distribution for its local consumer base. This distinct pattern highlights H&M's varied inventory strategies and market depths globally.

The consistent dominance of Ladies' clothing across all three regions

A clear global emphasis on Ladies' wear consistently outnumbers Men's wear across all three markets. Sweden leads with the largest Ladies' collection, comprising 79.39% of its total items (9,972 items). The USA follows with 77.37% (6,468 items), and Indonesia with 60.86% (4,089 items). Conversely, the Men's wear distribution reveals a different pattern: Indonesia leads with 2,630 items, closely followed by Sweden at 2,588 items, with the USA showing the lowest Men's count at 1,892 items.

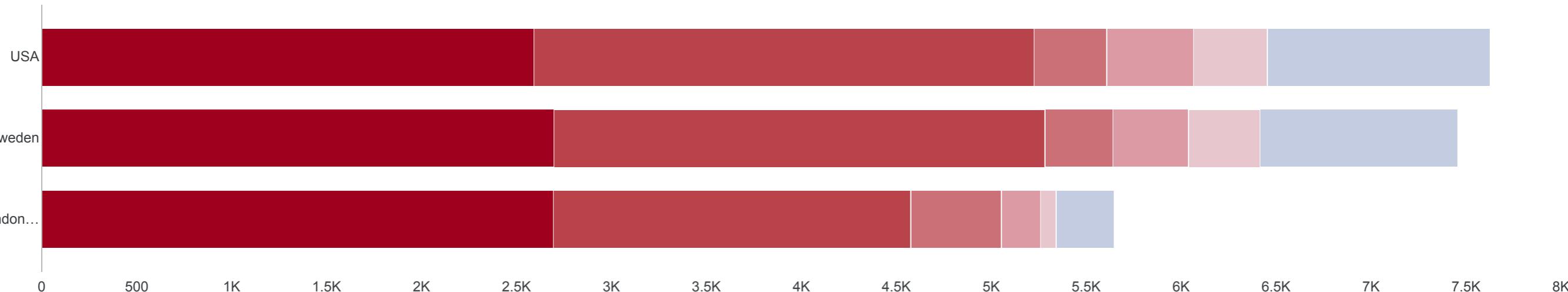


Beyond these regional inventory variations and gender-specific distributions, a deeper dive into H&M's supplier information reveals the intricate network of its global supply chain.



China (29.96%) and Bangladesh (25.70%) Dominate **H&M's** Global Supplier Network. While Indonesia's Contribution Remains Low

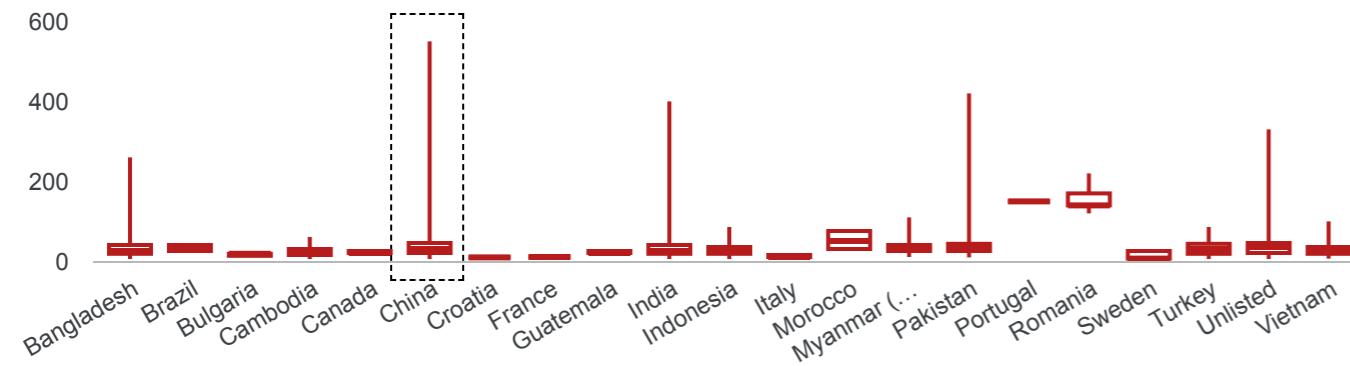
China Bangladesh India Indonesia Myanmar (Burma) Others



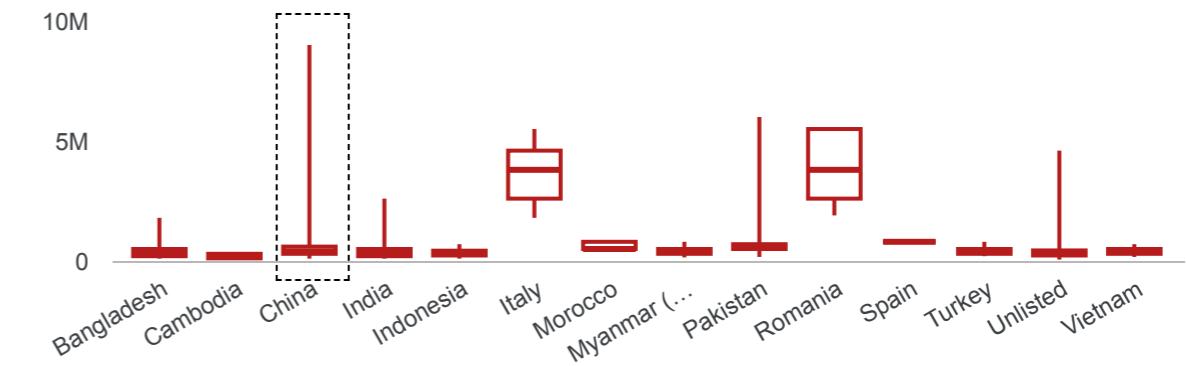
China and Bangladesh consistently emerge as the dominant primary suppliers, highlighting their crucial role as global manufacturing hubs for H&M with 29.96% and 25.70% of total items across Sweden, US, and Indonesia. China contributes a significant volume to each region—21.8% for Sweden (2,697 items), 31.3% for USA (2,591 items), and 40.1% for Indonesia(2,694 items), closely rivaled by Bangladesh with 20.9% for Sweden (2,586 items), 31.8% for USA (2,634 items), and 28% for Indonesia(1,883 items). This underscores H&M's deep reliance on these two nations for its extensive clothing production.

Unfortunately, despite its robust textile industry and significant global output, **Indonesia does not feature as a prominent supplier in H&M's global supply chain**. This is particularly striking given its position as a major garment manufacturing country. While H&M products are distributed within Indonesia, a substantial portion of these goods are sourced from other global manufacturing hubs like China and Bangladesh (Further details on Slide 5)

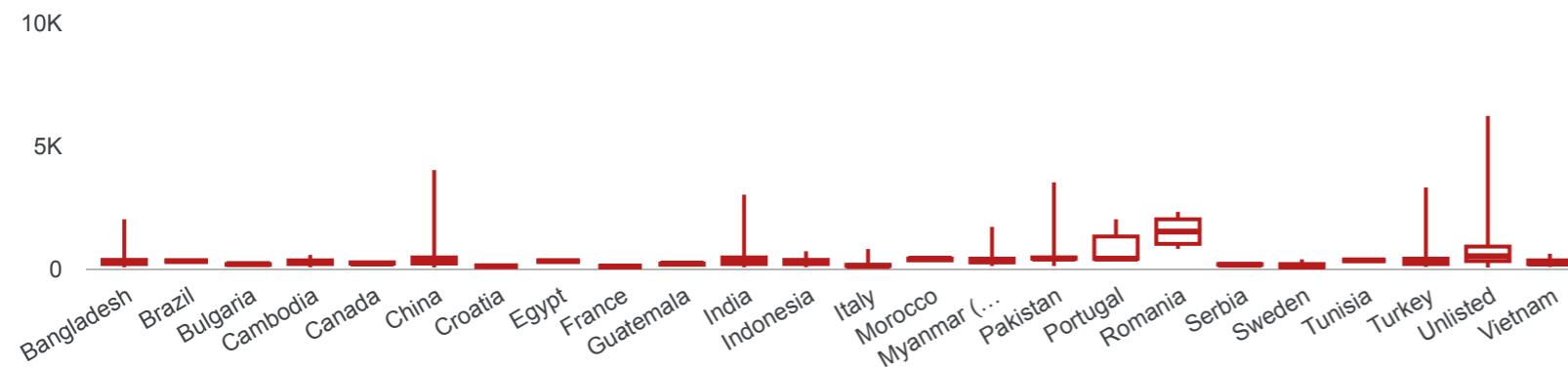
H&M Clothing Price Distribution by Supplier Country in USA (USD)



H&M Clothing Price Distribution by Supplier Country in Indonesia (IDR)



H&M Clothing Price Distribution by Supplier Country in Sweden (SEK)



China: H&M's Top Supplier for High-Priced Items in the US (Up to \$550 USD) and Indonesia (Up to 9 Million IDR)

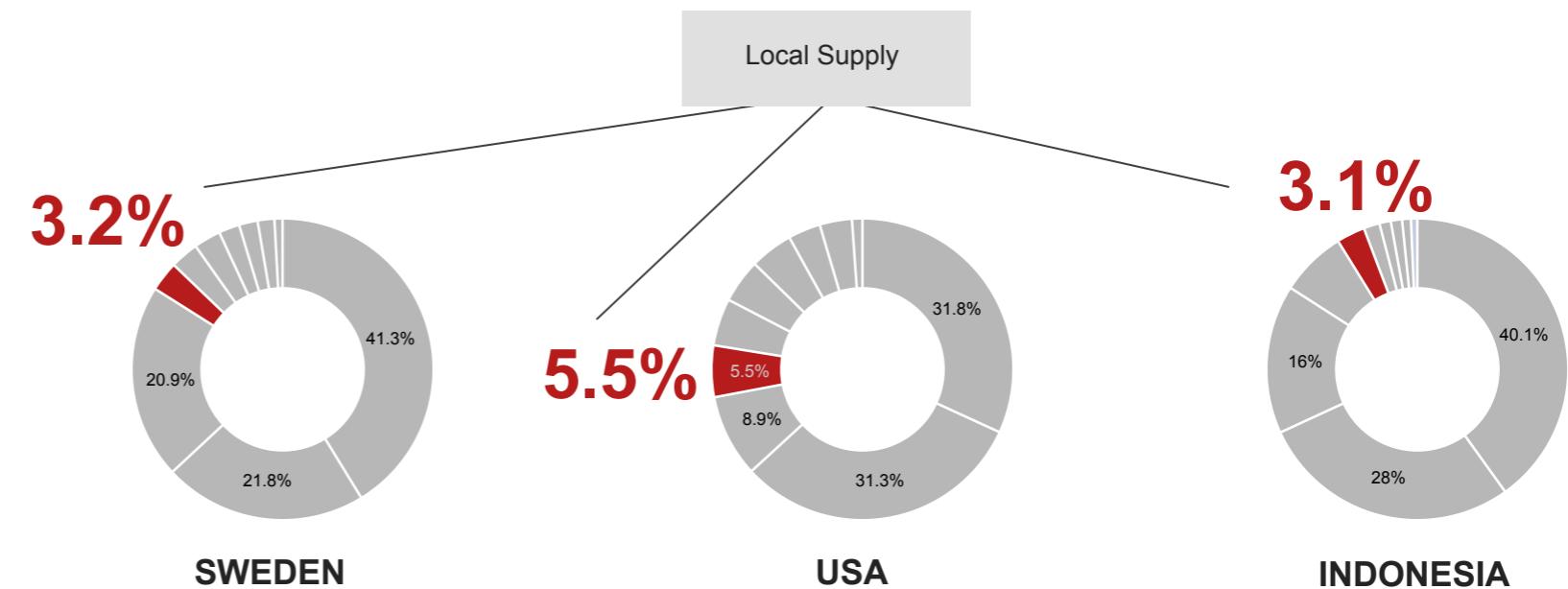
China — consistently exhibits extremely high price outliers in the US and Indonesia markets. For example, in Indonesia, a clothing item from China almost reached 9 million IDR, while in the USA, prices for Chinese-sourced items approached \$550 USD. Interestingly, in the Indonesian market, clothing from Italy and Romania also consistently recorded prices near 5 million IDR. Their taller box plots further suggest a more even distribution of higher values within their interquartile range. In Sweden, however, the most expensive product, exceeding 7,000 SEK, originates from an unknown supplier (tagged as "Unlisted"). Conversely, countries such as Cambodia, Vietnam, and Indonesia consistently display lower median prices with narrow price ranges across all markets. This pattern indicates that clothing from these suppliers is generally cheap, or at least more affordable compared to others.

Local Value Creation Challenges for Indonesian Suppliers

The particularly striking revelation that Indonesia, a major **H&M** market with 66 stores (according to H&M Indonesia), sources a mere only 3.1% directly from itself for its domestic consumer market



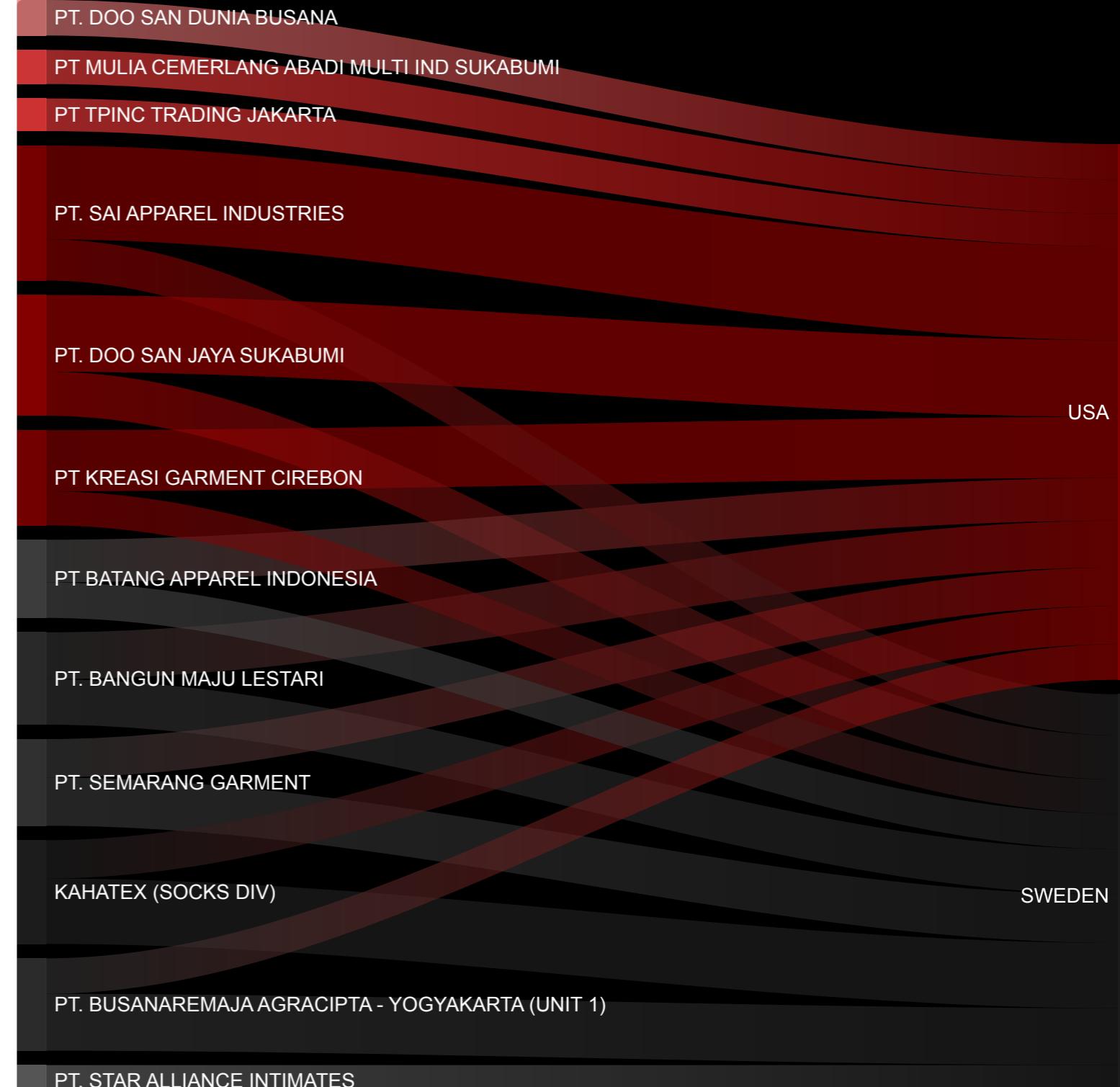
The striking revelation that a mere 3.1% of H&M's clothing for the Indonesian market is sourced directly from Indonesia itself presents a significant paradox and invites critical scrutiny. Despite Indonesia's prominent status as a major textile producer, it seems inactively producing garments for global distribution in H&M manufacturing hub, this figure exposes a profound disconnect between local production capabilities and domestic market supply. This predominantly export-oriented model for Indonesian manufacturing implies a missed opportunity for the local economy to capture additional value through internal consumption, as goods are seemingly shipped out only for other imported items to be shipped back in. Furthermore, such a strategy raises questions about the brand's commitment to reducing its carbon footprint through localized supply chains and its alignment with broader sustainability narratives (read: <https://hmgroup.com/sustainability>), as it necessitates extensive global shipping even for a market where significant production already occurs. This highlights a critical challenge for H&M in fostering truly integrated and locally beneficial supply ecosystems, rather than merely utilizing regions as isolated production points.



H&M's Indonesian Supply Chain: Potential Amidst Labor Allegations, Featuring Top US Exporter PT Sai Apparel Industries with 14.63% contribution

Although Indonesia as supplier doesn't have a huge number in H&M's global supply chain, it's still demonstrate significant untapped potential to increase their market share particularly for key export markets like the USA and Sweden. Analysis of the top-performing Indonesian factories reveals distinct market specializations: companies such as PT Sai Apparel Industries and PT Doo San Jaya Sukabumi exhibit a notably stronger presence in the US market with 14.63% and 11.79% contribution, suggesting a strategic emphasis or larger production capacity allocated to this region. Conversely, suppliers like Kahatex (Socks Div) and PT. Busanaremaja Agracipta clearly have larger influence in the Swedish market with 11.56% and 10.05% contribution, possibly driven by product specialization (e.g., socks) or a strong alignment with European market demands. It is important to note that specific factory-level data for the Indonesian domestic market was not available for this analysis.

However, the promising outlook for Indonesian suppliers is overshadowed by serious concerns regarding labor practices within the supply chain. For instance, PT Sai Apparel Industries, a garment factory based in Grobogan, Central Java, faces allegations of systemic wage theft and forced labor (Indoprogress.com, Ichsan, 2023). These alleged violations include factory management reportedly marking employees as "absent" on national holidays, resulting in unauthorized wage reductions. Furthermore, workers were routinely compelled to work extended hours ("jam molor") beyond their standard shifts without receiving appropriate compensation. Preliminary estimates suggest that the total losses incurred by employees due to unpaid overtime and incorrect wage calculations could amount to billions of Indonesian Rupiah when extrapolated across all affected workers, highlighting severe non-compliance with labor laws at this company.





source: H&M Group



source: H&M at Lincoln Road Florida by H&M.



source: PT Sai Apparel Industry

Untapped Potential and Ethical Challenges: A Conclusion

H&M's global operations reveal a nuanced strategy across its key markets in Sweden, USA, and Indonesia. While Sweden, as the home market, maintains the deepest catalog, the US, despite its vast store count, exhibits a more tailored inventory. **Indonesia, a significant manufacturing hub, surprisingly shows a limited direct supply to its domestic market, highlighting a predominantly export-oriented model.** This disconnect raises questions about H&M's commitment to localized supply chains and its broader sustainability goals.

Despite Indonesia's robust textile production capabilities, the minimal direct sourcing for its domestic market represents a significant missed opportunity for local value capture and raises concerns about the environmental impact of extensive global shipping. **While Indonesian suppliers show untapped potential in export markets like the US and Sweden, this promise is marred by serious allegations of labor malpractices**, for instance, wage theft and forced labor at factories like PT Sai Apparel Industries. This highlights a critical challenge for H&M in reconciling its global growth with ethical sourcing and sustainable practices.