The H&M group reaches customers around the world

We are integrating our physical stores and digital channels to give customers an easy, inspiring and convenient shopping experience no matter where, when and how they shop. The combination of a strong digital presence and stores globally gives the H&M group a unique proximity to customers.
With a global presence and several unique brands, the H&M group makes fashion and design accessible to people the world over. Regardless of where, when and how customers want to shop, our brands will always be there for them. As increased digitalisation in society is creating new consumer behaviours, the H&M group is evolving at a faster pace in response to changes in customers’ expectations and shopping habits. Digital and physical channels are being integrated more and more; new technology and automated processes are enabling improvements throughout the value chain – from product development to how we interact with customers – and opportunities are arising to expand in new ways. The H&M group is growing both online and through new stores and digital marketplaces.

RAPID ONLINE EXPANSION
In the 2016/2017 financial year H&M’s online store opened in eight new markets – Turkey, Taiwan, Hong Kong, Macau, Singapore, Malaysia, Cyprus and the Philippines – and in December Kuwait was added via franchise, making e-commerce available in 44 of H&M’s total 69 markets. During the year H&M also opened physical stores in five new markets: Kazakhstan, Colombia, Iceland, Vietnam and Georgia. The reception has been very positive in all the new markets.

The group’s other brands are also reaching more and more customers. COS expanded in 2017 into Malaysia, Slovenia and, via franchise, into Israel and Qatar, as well as online into South Korea. & Other Stories also opened in South Korea, becoming the brand’s first market in Asia, and via franchise in the United Arab Emirates and Qatar. Weekday had a very positive reception for its first stores in the UK and France, both of which are among the 18 markets in which Weekday already trades online. The Monki and H&M Home brands also opened in new markets.

ARKET – A NEW BRAND IN 2017
Developing and launching new brands is part of the H&M group’s global growth strategy. In August 2017 ARKET was launched, a modern marketplace offering timeless products for men, women and children as well as for the home. ARKET opened its first store on Regent Street in London and also opened online in 18 European markets. Since then more stores have been added, including in Copenhagen, Brussels and Munich. Most ARKET stores also have a café based on the New Nordic Kitchen with an emphasis on quality, natural ingredients and wellbeing.
The H&M group is growing both online and through new stores and digital market-places.”

OMNI-CHANNEL FOR A SEAMLESS SHOPPING EXPERIENCE
In 2017 the H&M group opened 388 new stores net. In total, there are around 4,700 stores, the majority of which are H&M stores – meeting places where H&M greets customers every day. By integrating physical stores with digital platforms, the aim is to create an easy, inspiring and convenient shopping experience for customers. The aim is for customers to be able to move freely between the various channels and choose whether they want to shop and experience the offering in store, online or for example via social media. The omni-channel strategy benefits the entire H&M group, and over time will enable all the brands to offer a seamless shopping experience across the channels.

IMAGE SEARCH FINDS FAVOURITE STYLES
The mobile is central to shopping, being inspired by and sharing fashion. H&M’s mobile app has various features that contribute to a seamless experience. Image Search is a tool that helps customers move directly from inspiration to purchase. Powered by image recognition technology, it uses self-learning algorithms to recognise styles from the user’s own photos or from downloaded images, for example from social media. Based on the images, the customer is given recommendations of similar products that can be bought directly in the app. Image Search was launched in spring 2017 and is available in around 15 markets. The feature has been well received and roll-out to more countries is planned.

RELEVANT AND PERSONAL
My Style and #HMXME are examples of tools that are both available in nearly all H&M’s online markets, providing inspiration through visual content – including from social media. My Style is a partly personalised image feed in which products in H&M’s images can be bought directly in the app. H&M has over 24 million followers on Instagram and the users are highly engaged. With #HMXME, H&M invites customers to share their own fashion stories from Instagram while also providing an easy way to buy the items in the images. Solutions for shopping directly in social media are being tested in parallel.

Mobiles also allow store employees to give customers greater service, for example by being able to help customers find the garments they are looking for quickly, in stores or online. The H&M app also has a scan-and-buy function which allows customers to scan an item
in store themselves and buy it directly in the app if the colour or size they want is not available in the store.

ROLL-OUT OF RFID
RFID (Radio Frequency Identification) technology means items with a digital price tag can be located quickly, always providing precise information on an item’s availability. The technology, which uses radio waves to transmit information, also makes the work involved in stocktaking and product handling quick and easy – freeing up time for staff to spend with customers. In the longer term, RFID can contribute to an even better customer experience. Following successful tests in Denmark, among other places, roll-out of RFID to more European markets is planned in 2018, followed by a gradual roll-out globally.

MOBILE PAYMENT SOLUTIONS
Paying by mobile helps make the shopping experience easier. This is possible in around half of the H&M group’s stores, with continued roll-out planned. Online, too, payment needs to be easy and secure. For example, many H&M customers choose the option to order the garments, try them on at home and then pay.

SMOOTH DELIVERIES AND RETURNS
As boundaries between the digital and physical world continue to blur, the stores’ proximity to customers is important to meet the demand for fast and flexible services. Click-and-collect allows customers to pick up in store products that they have ordered online. The service is available in many H&M stores in the UK, with the aim of offering this option in more countries. The option of returning goods ordered online to any H&M store is already offered in 14 markets.

We also aim to cut the standard delivery time for online purchases. H&M is expanding the number of markets offering next-day delivery and in certain countries is also offering time-slot deliveries.

ENHANCED CUSTOMER EXPERIENCE IN STORE
To boost the customer experience H&M is also testing various new store concepts; among other things, new technology is being used to adapt the product range and the way the products are presented to local customers’ preferences. Adding new services also invites customers to spend more time in the stores. H&M’s café It’s Pleat in Stockholm and the partnership with the Flax & Kale restaurant in Barcelona are examples of initiatives launched in 2017.
SHOPPING EXPERIENCE AND EXPANSION

Monki in Metropolis, Moscow.
EXPANSION IN 2018
The H&M group is continuing to expand, in both traditional and new ways. New online markets in 2018 will include India, Saudi Arabia and the United Arab Emirates. The plan for the future is to offer e-commerce in all H&M store markets as well as in other markets. In China, one of H&M’s biggest markets, both H&M and H&M Home will be opening on Tmall in spring 2018. As the world’s biggest e-commerce platform, Tmall will be an important complement to existing channels and make both H&M and H&M Home even more accessible in China. Monki is already on Tmall and there are also far advanced discussions concerning the launch of other H&M group brands on Tmall.

The potential for more physical stores remains good in many regions and countries. For full-year 2018 approximately 390 new stores are planned to open, with a primary focus for H&M on emerging markets. In 2018 the first H&M stores in Uruguay and Ukraine will open, for example.

In parallel with new stores being established in various parts of the world there is a need to optimise the existing store portfolio, to ensure that the store network is adapted to customers’ needs and shopping patterns in each market. Approximately 170 store closures are planned, which is part of the intensified store optimisation being carried out that also includes rebuilds, renegotiation and adjustment of store space. The net addition of new stores in 2018 will thus be around 220.

Most of the new stores in 2018 will be H&M stores, of which 45 will have H&M Home shop-in-shops, while approximately 95 stores will consist of the brands COS, & Other Stories, Monki, Weekday, ARKET and Afound. Standalone H&M Home stores are also planned to open in 2018.

AFOUND – AN INNOVATIVE MARKETPLACE
Afound, which will be the H&M group’s ninth brand, will be an off-price marketplace offering a carefully selected, broad and diverse range of attractively discounted products from well-known quality fashion and lifestyle brands for women and men, from external brands as well as the H&M group. With a big focus on styling and inspiring presentation, as well as offerings from brands in different price segments, Afound will offer a new and engaging shopping experience. Afound’s marketplace will be launched in 2018, initially in Sweden, both online and through physical stores.