

Pursuits

H&M Is Closing the Most Stores in Two Decades

By Niklas Magnusson

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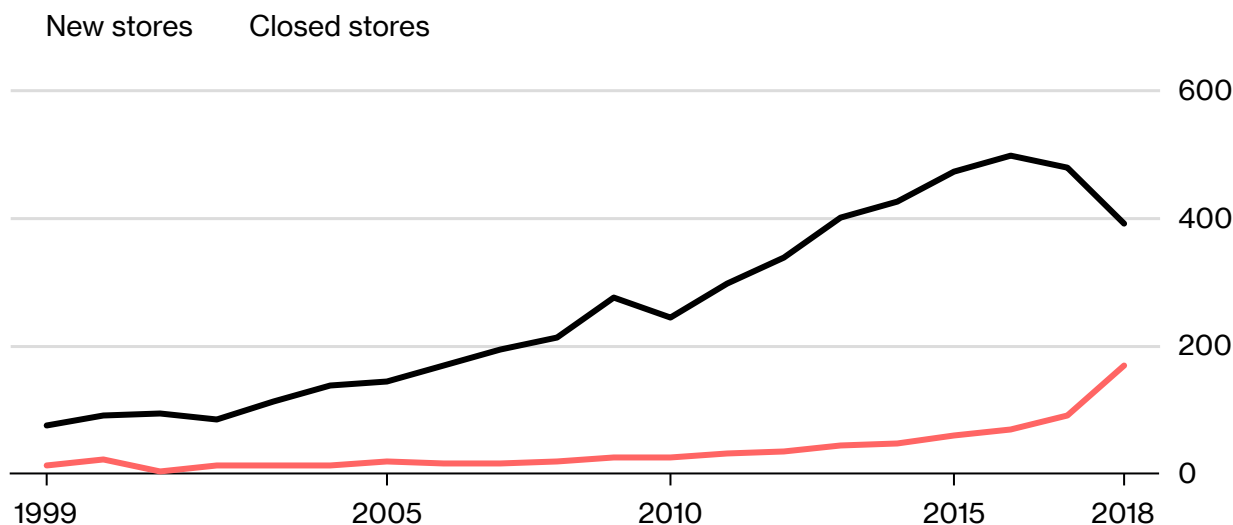
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The number of store closures by Hennes & Mauritz AB will surge to the highest level in at least two decades this year as the Swedish fashion giant tries to adapt to a new digital world where customers abandon physical stores and increasingly shop online.

In 2018, the clothing retailer expects to close 170 shops and open a total of 390 new ones, the biggest number of store closures since at least 1998.

Closing Stores

Number of projected H&M store closures in 2018 is the highest since at least 1998



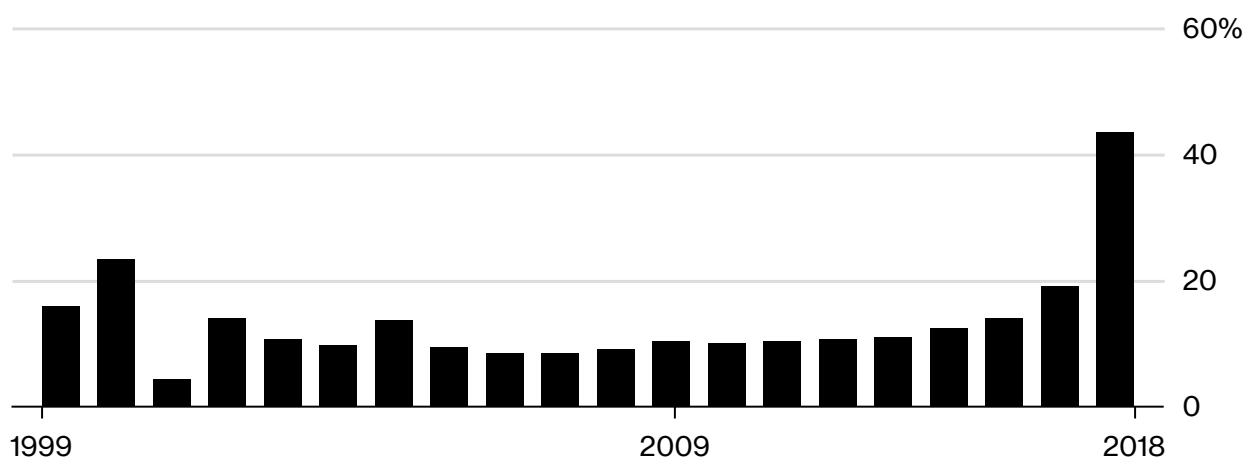
Source: H&M financial reports

That's equivalent to a ratio between closures and new stores of 44 percent, meaning H&M will close 44 stores for every 100 it opens. In 2017, that ratio was just 19 percent. Between 1999 and 2017, the average was only 12 percent.

Trend Shift

The number of H&M store closures as a percentage of store openings is surging

Ratio between the number of store closures and the number of new stores

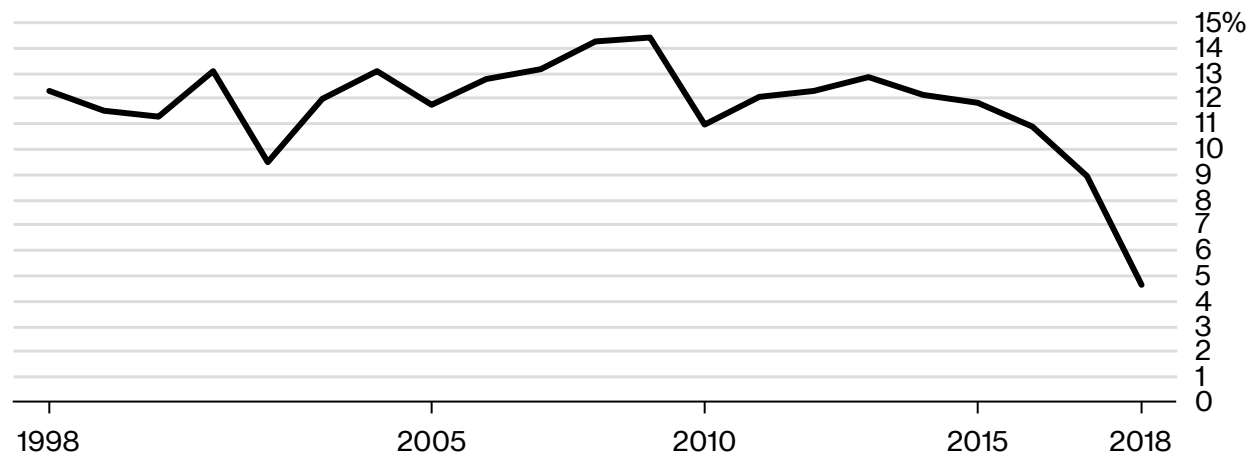


Source: Bloomberg calculations based on H&M data in financial reports

The store closures mean H&M's net shop additions will drop to just 220 this year, the lowest level since 2010. The pace of store growth will slow to just 4.6 percent in 2018, from an average of 12 percent between 1999 and 2017.

Slowing Growth

Pace of H&M store openings likely to drop to lowest level since at least 1997 next year



Source: Bloomberg calculations based on H&M store data

Investors earlier on Wednesday gave a thumbs-down to H&M’s turnaround plan that included the store closures and the creation of a new brand to sell marked-down clothing. The shares slumped as much as 9.9 percent.

In this article

HMB

HENNES & MAURI-B

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