

H&M outpaces its slower rivals

By [Colleen Goko](#)

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Swedish fashion chain H&M continued its winning streak in SA, growing interim sales 32% in rand terms. This far outpaced the growth of domestic players such as Mr Price Group, Edcon and TFG. H&M's performance suggests it also did better than foreign competitor Cotton On of Australia, which may close some of its stores in the country.



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However, with only 11 stores, H&M has one of the smaller footprints among the international competition; Cotton On has 200 stores.

The slowdown in consumer spending as well as political uncertainty hurt local retail results. Mr Price Group reported a drop in retail sales of 0.5% in the year to April 1 2017, while comparable store sales fell 3.6%. For the 52 weeks to March, Edcon's group sales fell 6.7% to R25bn.

Most retailers indicated that they would be more cautious in their approach to opening new stores. H&M has said it planned to open another five stores in SA before the end of 2017.

The JSE's general retailers index has declined 15% over the past year. Independent analyst Syd Vianello said the retail picture was unlikely to improve in the near term as consumers in all brackets were taking strain.

Commenting on H&M's group results, CEO Karl-Johan Persson said fashion retail was going through a period of extensive change because of increased digitalisation. In the six months to May, H&M group sales rose 9%.

"Customer behaviour and expectations are changing at an ever-increasing pace, with a greater and greater share of sales taking place online. This shift brings great opportunities for the group," said Persson.

"We are in a strong position, with well-known global brands suited to both physical stores and online sales. We are financially strong and can invest at the pace required," he said.

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