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UNCOVER INNOVATIONS THAT MATTER

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THE METAVERSE BECKONS

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Alan is the CTO for H&M Group and is responsible for the digital transformation and technology direction for the company on a global basis.

H&M Group is a family of brands and businesses driven by the desire to make great design available to everyone in a more sustainable way. H&M Group has around 4,702 stores in 76 markets and reported net sales of over $19 billion in 2021.

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What are the most significant innovations that you have seen in the fashion industry recently?

— There have been some great enhancements to the customer experience. We are piloting tech-enabled in-store shopping solutions to provide visitors with seamless payment options and personalised styling recommendations in our COS stores in the US. For example, at our COS store in Beverly Hills, California, fitting rooms are equipped with smart mirrors that recognise products brought into the room (e.g., item, size, and colour) with the possibility to offer personalised product and styling recommendations. When the customer requests an item through the mirror, the sales advisor locates the item and brings it to the customer's fitting room.[1]

H&M also opened its first-ever virtual showroom with the launch of the Cherish Waste Collection. Most of this is still a sandbox, I'd call it an extension of traditional advertising. Inside the virtual showroom, people can walk around, talk to other guests, and view the virtual collection. You can try clothing on your avatar. You can explore some things for fun, but it's almost got that video-game vibe. It will be interesting to see when this becomes part of day-to-day commerce.

Alan Boehme
CTO, H&M Group

1. H&M Group,"H&M Group explores tech-enabled shopping experiences in US stores", May 2022

There are also interesting innovations in the provenance and traceability of goods. The whole concept of smart contracts, guaranteeing traceability, is very important. If you want to deal with organics or recycled products, you need to be able to prove the lifecycle. Technology can help us keep up with the huge volume of information about consumers and supply chains and make real-time automated decisions on everything from product allocation to store merchandising.

How do you think the advent of the metaverse could change the fashion industry?

— The groundwork for the metaverse was laid during COVID-19. It spread from gaming into the fashion industry. All brands should take into consideration that our younger generation of consumers, the children, have already incorporated a lot of technical capabilities into their lives. The metaverse is already part of their day-to-day. So, we too will need to meet our customers where they are.

The metaverse will really take off when we understand what that means and how this influences what we buy. How easily people accept the metaverse will also depend on the interactive devices of the future; for example, the goggles are still a little clunky. But, as various interactive methods become available, there'll be greater adoption, and virtual will be an increasingly important complement to the omni experience.

"How easily people accept the Metaverse will depend a lot on the interactive devices of the future."

How would you visualise the industry five years from now?

— Web 3.0 is a reset moment for businesses and consumers alike and has the potential to change the way people express their lifestyles, interact with each other and shop. It will evolve much faster because everything can be done in virtual, simulated and physical worlds wherever the customer wants to be. Web 3.0 is the evolution towards a decentralised internet that is built on distributed technologies.

For example, Web 3.0 brings immersive experience in the form of the metaverse where you can aspire to assume the persona of anyone you want, in any virtual world. In addition, people will be able to reimagine and visualise themselves and share it with their friends to understand their friends' thoughts regarding their new look and try it out before buying.

"Web3 is a reset moment and has the potential to change the way people express their lifestyles."

The acceptance and use of the new technologies and creative content by the consumers will create new business and consumer interaction opportunities for organisations. This means companies will evolve into a mindset of operating anywhere, anytime and in any place and any space.

What is the innovation governance setup at H&M Group?

— You want to channel innovation, not govern it. I don't know any successful startup that governed what they were doing. They just had an idea that they were able to get people excited about.

At H&M Group, we look at different opportunities. We test, learn, and iterate to grow. We celebrate failure as much as we celebrate success, and we celebrate speed above everything else. This is channeling.

How do you scale innovation across the entire organisation?

— Labs are good to test and try, but the real innovation comes when you put it in the field, run real customers through it and potentially earn revenue. You get real feedback, understand the use case, and then scale it. Once you see it working, and have the support from your teams when they see, feel, and touch it, it'll scale naturally.

When you start seeing a repeatable pattern, you make your business case. Then, you just go. Successful innovation can't be imposed on people; it happens when people pull it towards themselves.

How is H&M Group approaching collaboration and open innovation?

— For us, collaboration and open innovation are crucial to build the most impactful ecosystem and to achieve our 2030 goals for people, the planet and growth, which are to double sales while at the same time halving our carbon footprint and exceeding profitability 10 percent over time.

To support our company goals, we place a lot of emphasis on collaboration with universities, startups and between our teams internally. We're constantly looking for new approaches to sustainable innovation. We bring creative minds together through competitions, hackathons, round tables etc. This helps us have diverse perspectives and do a lot of listening.

This isn't just about competitive advantage, we are here to grow in meaningful ways. The more we grow, the bigger the difference we can make for the industry.

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How are innovative circular business models like resale platforms, rental services and subscription services transforming H&M Group?

— The reality we continue to face is that we are living on a planet with limited resources, threatened by a climate crisis and increasing waste. The industry can't continue in the same way – to us it is clear that the way we produce and consume has to change. Currently, less than one percent of the material used to make clothing is recycled into new garments.

H&M Group has a big role to play as a global fashion retailer, and we have taken several steps in transforming our business to become circular and to reach our net-zero ambitions (Climate - H&M Group (hmgroup.com)). Technological innovations are crucial to enable circular business models.

For example, we are using existing clothing and textiles more, recirculating them through repair, reuse and remaking before increasing the recycling rate of used textiles.

Rental Services: We are offering customers the opportunity to rent occasional wear. Customers book an appointment in the store to view available garments. This is currently available in selected H&M stores in the Netherlands, Sweden and Germany.

Resell Services: We have also invested in Sellpy – a platform helping consumers buy and sell pre-owned items, thus giving these items a new life. We are offering this service to our customers in 24 markets at present.

Recycle Services: H&M's Looop machine is another good example of how tech, creativity and innovation help us engage with our customers in different ways. Bringing them closer to a textile recycling process that usually happens behind closed doors. H&M in Stockholm offers customers the possibility to transform their old clothing into new fashion favourites. The Looop visualises for customers how old textiles hold value.
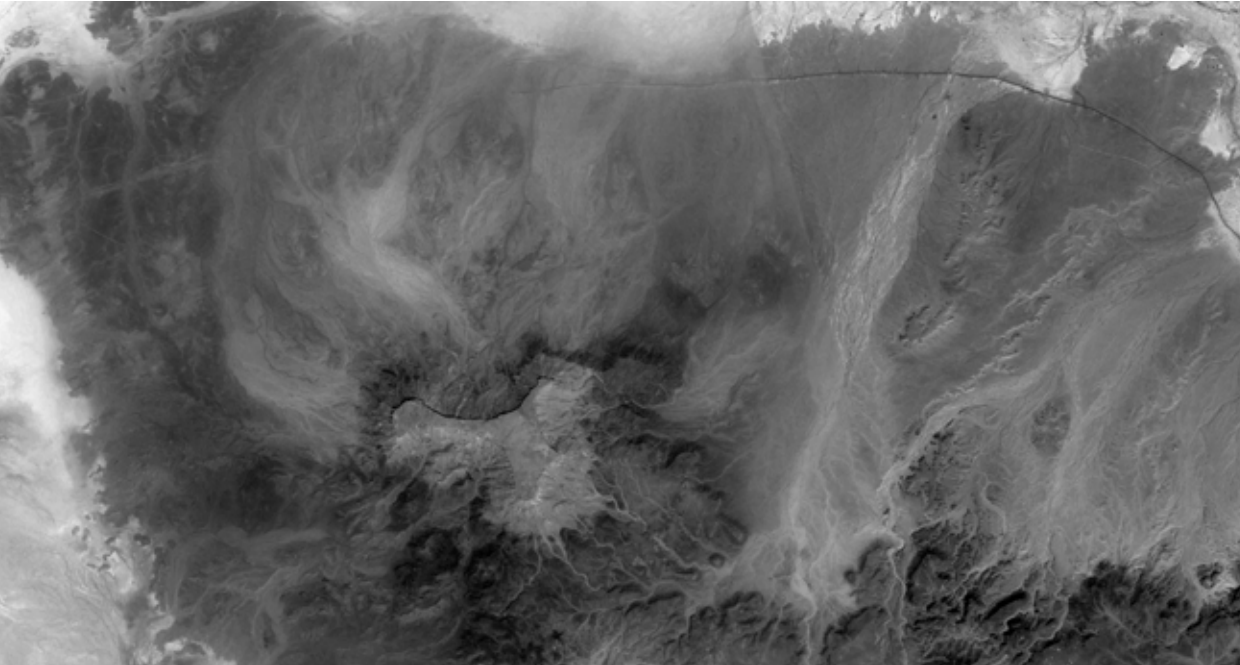
Which technology of the next five years do you think will have a lasting impact on our society?

Generally, I see, Quantum is going to change all kinds of things, from security to quantum for computers – just the ability to process things is mind-blowing. Miniaturisation fascinates me; I've seen a lot that will help the medical profession. The third thing is the speed at which communication technology is progressing. It's not even 5G anymore. We're now going beyond that, just the speed at which we can process things. I'd say it will not be one but many different technologies that will impact our society. A lot of technological discoveries will be made in the areas of sustainability that will have far-reaching impacts across industries, especially the fashion retail industry, people and the planet as a whole.

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