



Case Study 1: H&M's Product Personalization and AI

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Background

H&M implemented a feature in its mobile app that uses AI-powered personalization to enhance the user experience by offering curated product suggestions based on browsing history, preferences, and popular trends.



Feature Impact: KPI Metrics:

- **Feature Adoption Rate:** The feature led to a higher percentage of active users interacting with personalized recommendations, increasing adoption rates.
- **Revenue per User (ARPU):** The tailored suggestions boosted the ARPU, with users more likely to make higher-value purchases when shown products aligned with their preferences.
- **Customer Retention Rate:** Personalized experiences increased retention by creating a unique shopping journey for each customer, reducing bounce rates.



H&M has effectively integrated artificial intelligence (AI) to enhance personalization and optimize inventory management. Here are some notable case studies:

Personalized In-Store Experiences: SOURCES

H&M utilized AI to analyze customer purchase histories, demographics, and regional sales patterns. This data-driven approach enabled the company to tailor product assortments for individual stores, ensuring that each location's inventory and merchandising aligned with local customer preferences. This strategy improved customer satisfaction and boosted sales.

AI-Driven Design Tools: SOURCE

H&M's Creator Studio introduced an AI-powered tool that allows users to generate custom clothing designs using text prompts. This innovation empowers customers to become designers, creating personalized apparel that aligns with their unique styles. The AI-generated designs are produced using sustainable materials, reflecting H&M's commitment to eco-friendly practices.

Medium

Inventory Optimization: SOURCE

To address challenges in stock management, H&M implemented AI to analyze returns, receipts, and loyalty card data. This analysis facilitated more precise tailoring of merchandise to each store, enhancing inventory efficiency and reducing overstocking or stockouts.

These initiatives demonstrate H&M's commitment to leveraging AI for personalized customer experiences and operational efficiency.





Results

What makes our clothing unique?

H&M's AI-driven recommendation engine increased sales, improved user retention, and contributed to higher user engagement metrics by providing a tailored shopping experience. The initiative also lowered the bounce rate by keeping users engaged with relevant product suggestions.

MarketKey Takeaways:

- AI and machine learning algorithms play a crucial role in creating personalized shopping experiences that drive conversions.
- Real-time data processing and customer insights can significantly enhance product relevance.
- Integrating AI with customer preferences leads to stronger engagement and higher retention.



These case studies highlight how AI-powered tools in fashion and retail have a substantial impact on engagement, conversion, and customer loyalty metrics. By focusing on personalized experiences, brands like L'Oréal and H&M are successfully using AI to improve both customer satisfaction and revenue.