

H&M Bets Big on Brazil & India as U.S./Europe Weaken

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H&M has noted that consumer spending in its core markets—Europe and the United States—is weakening. Tariffs in the U.S. and falling consumer confidence are impacting demand. The company expects possibly cautious sales in the fourth quarter in those mature geographies.

New Focus

Therefore, CEO Daniel Erver says the retailer is turning to emerging markets for growth. H&M identifies Brazil and India as particularly promising. Latin America more generally is also being targeted.

What Expansion Looks Like

In Brazil, H&M opened its first store in São Paulo in August. By end-November, two more stores will open there. Four additional stores are planned for 2026, including one in Rio de Janeiro.

Meanwhile, in India, the premium segment brand **Cos** (a H&M sister brand) will launch its first store in Delhi in Q4 of this year. The move reflects a strategy to enter high-potential, under-penetrated markets.

Strategy Shifts

H&M has reduced its global store count significantly since the peak at end-2019. By the end of the last month, it had ~4,118 stores, the lowest level since mid-2016. The brand plans to close about **200 stores in 2025**, mostly in mature markets.

At the same time, it is investing in flagship stores in high-profile retail districts like Paris' Le Marais and Shanghai's Huaihai Road.

Challenges & Uncertainties

Analysts, including from Danske Bank, caution that it remains unclear how quickly the Brazil expansion will translate into better financial performance. Also, while demand in India and Latin America seems promising, infrastructure, supply chain issues, and cost pressures may present obstacles.

Moreover, with tariff-driven price increases in the U.S., consumers might be more sensitive to costs globally. Thus, H&M needs to balance expansion with maintaining affordable price points.

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