






# OUR CUSTOMERS

*Customers have always been at the centre of Inditex's business model. Technology is a key tool for adapting this model to customers' new approach to the world of fashion. With it, we are able to provide an integrated and sustainable experience, and a unique relationship.*

**Photo:** A customer at our Zara SoHo store in New York.

SDG	TARGETS	INDITEX'S CONTRIBUTION
	12.8	At Inditex, we provide our customers with the information needed to foster a responsible consumption model. This applies to both our brick-and-mortar and online stores since the aim of our integrated store model is to maintain ongoing dialogue with customers in order to meet their needs. In 2018, our customer service centres received 30 million enquiries with a level of service of 94%.

 More information on pages 294 and 295 of this Annual Report.

R&D INDICATORS – OUR CUSTOMERS		
	Inditex researches and develops technology to assist customer decision-making and improve their shopping experience, paving the way for a single, integrated and obstacle-free relationship between the stores and the online platform. In turn, the ability to provide excellent customer service is underpinned by its research into and development of analytical technology and tools designed to enhance its logistics, transportation and distribution processes.	
	 More information about our R&D projects on page 57 of this Annual Report.	
	<b>Investment earmarked to R&amp;D</b>	€ 114,620,597

Inditex has engaged an independent study to identify and measure the R&D effort in each of the Group's areas. The results are reported on in the various chapters outlining Our Priorities and are expressed in terms of investment (in euros) and the key projects carried out. The overall results of the study as well as an explanation of the assessment and the criteria used, is available in the "Sustainability, in figures" chapter.

 More information on pages 292 and 293 of this Annual Report.

## Customers, at the centre of our business model

Customers have always been at the centre of Inditex's business model; our business activity revolves around them. We have built and developed technologically an industrial model based on their constant needs and expectations, both in terms of our products and their shopping experience.

On the one hand, the life cycle of our creations, from when they are designed to when they are made, is quick. This agility would not be possible without the integration and flexibility that characterize all the phases of our value chain: design, production, logistics and distribution and sale at stores and online.

The human factor is what makes a difference when it comes to achieving this goal. The more than 170,000

people who work at Inditex are involved in identifying customers' needs and preferences. We listen, and our response can be seen in our products, as well as in the evolution of the customer experience when customers connect with our brands, regardless of their preferred channel or specific need.

In this regard, technology is a key tool for adapting this model to the customers' new approach to the world of fashion, in order to provide an integrated and sustainable experience and to have a unique relationship. That is why in recent years we have invested over 2 billion euros on technological innovation, applied to the different steps of our value chain always aiming for a customer service model that allows us to build a unique and long-term relationship.



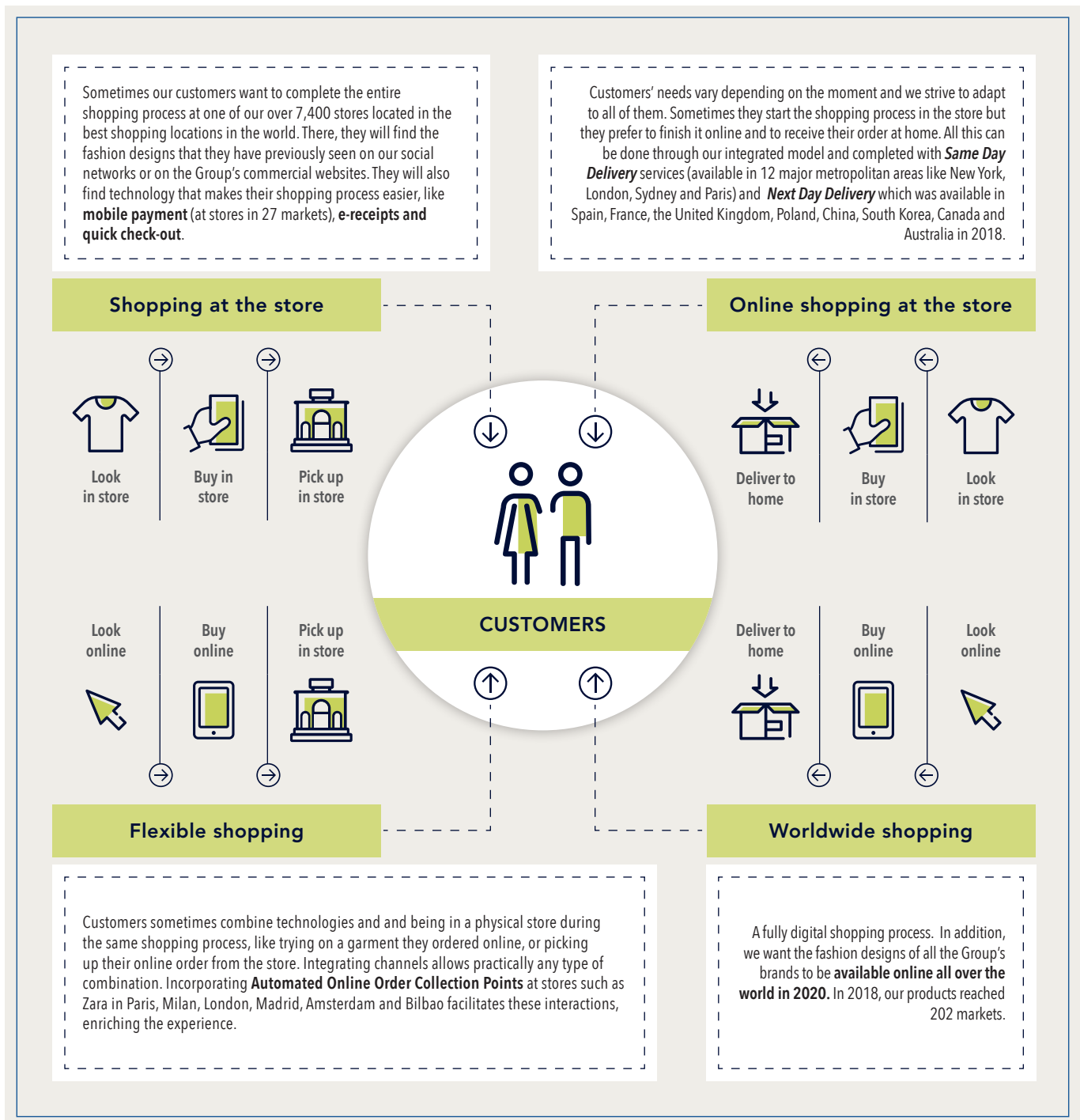
# 1. Shopping, a singular and integrated act

Our customers' preferences evolve and we evolve with them thanks to our business model that keeps them at the centre of our business activity. We have always adapted our fashion designs to their tastes and preferences, and we have developed our customer relations to make sure it always meets their expectations.

By listening to each customer, we have learned that their relationship with our brands is not static. It varies depending on the moment and circumstances, which

determines how they interact with us. That is why our investment in technology—over 2 billion in the last 6 years—has helped to integrate stores and online so that the shopping process sheds any type of inflexibility.

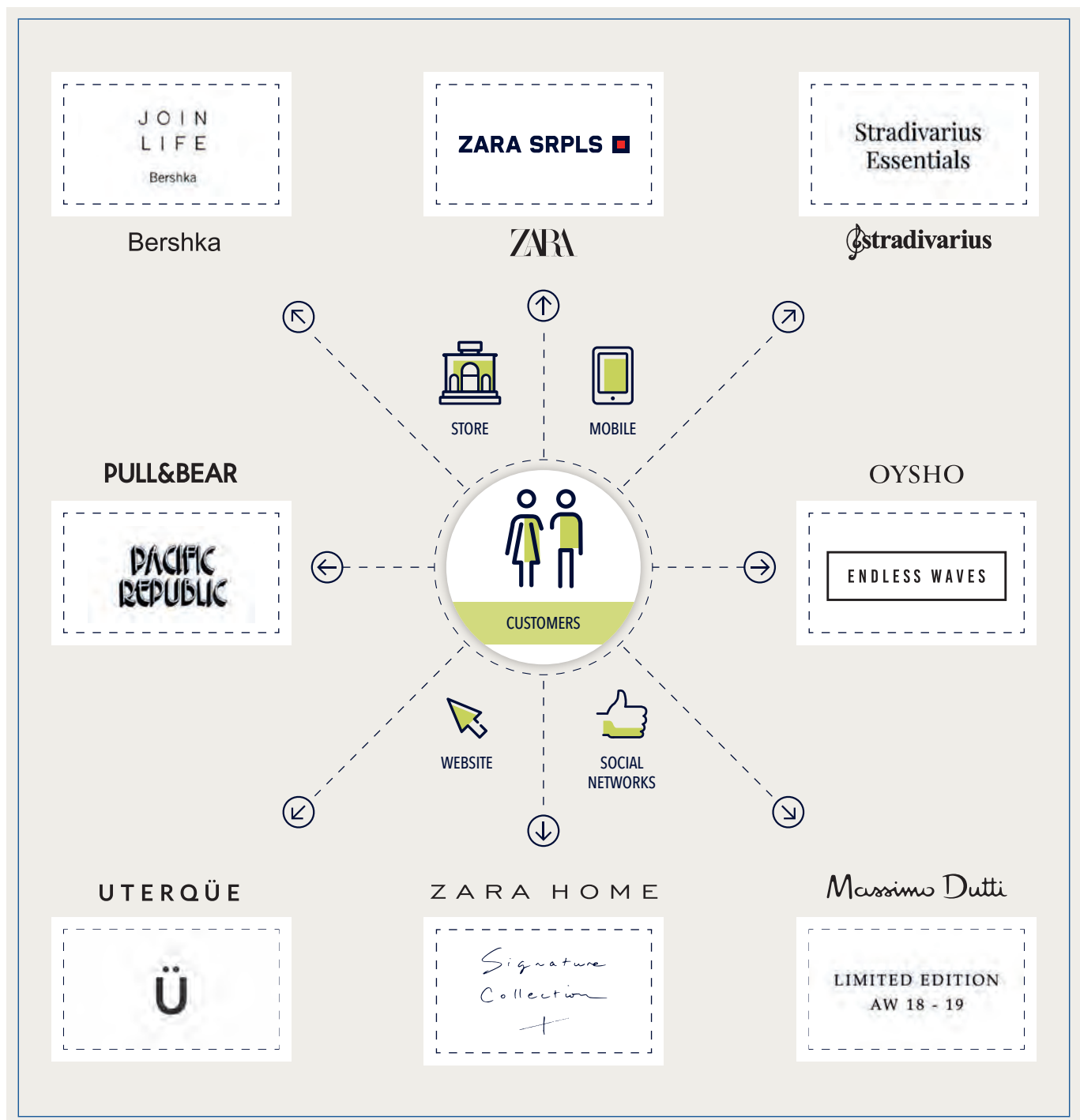
We want to guarantee a unique relationship with our brand, equivalent to the sum of all the possible experiences the customer wants to establish to interact with us through the channel that he or she prefers.



## 2. Listening and responding

Our organisation and industrial model revolves around customers who look for the latest fashion trends and constantly provide us with their feedback. Thanks to our high level of creative capacity and lots of flexibility when it comes to production, we transform that information into new items that are introduced in our collections twice a week. Our teams present these new items in the most

visual and attractive way possible by using numerous tools; including the arrangements in stores, window displays located in the best shopping areas, the banners of each brand's websites and apps and the editorials and social media posts that combine innovation and creativity. In 2018, 373 editorial pieces were launched from all the Group's brands.



### 3. Creating experiences

Our stores have over 250,000 cutting-edge technological devices including iPods, iPads, PDAs, TGTs, interactive screens and large videowall formats, among others. We have been incorporating this technology with the principal goal of ensuring our customers have an integrated experience, multiplying their opportunities to have a relationship with our brands and contributing

to the continuation of processes that began away from our stores.

What's more, incorporating technology in all areas of the Company has allowed for other innovations, such as integrated inventory management in-store and online. This goal, which has already been reached for Zara,



ZARA VITTORIO EMANUELE (MILAN)

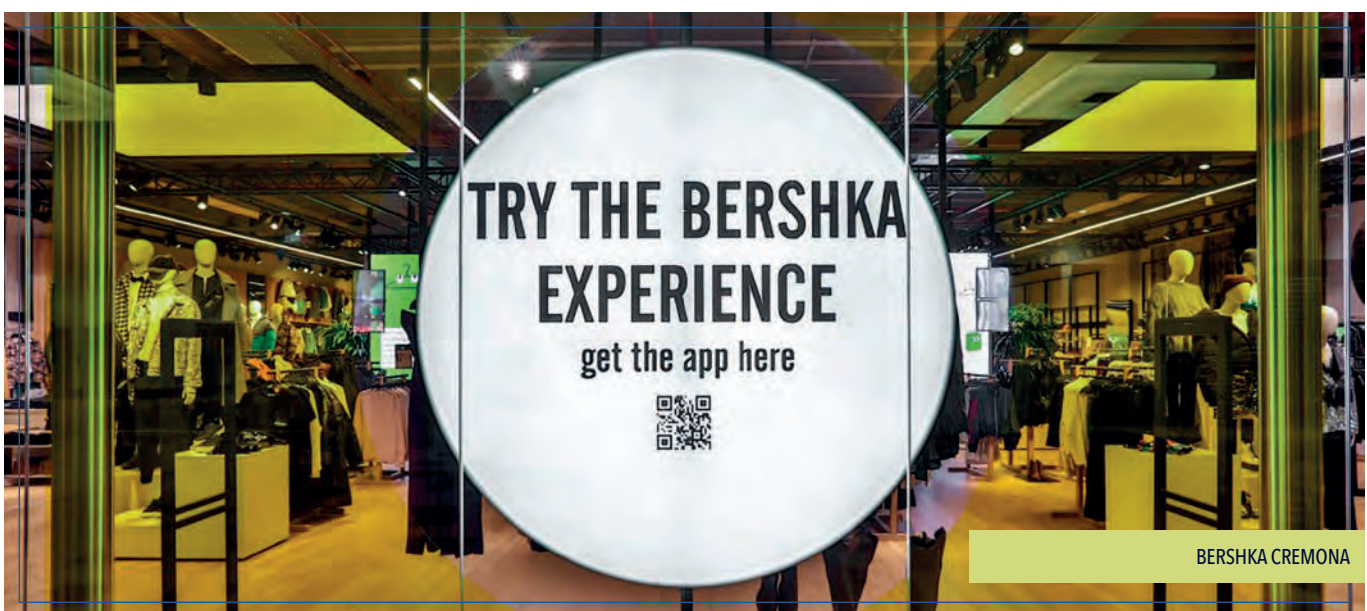
After a major expansion and refurbishment, the iconic flagship store reopened its doors with the latest technologies and the new online section which incorporates Automated Order Collection Points. During the work, a pop-up store was available to customers for online orders, an innovative temporary concept.

Massimo Dutti and Uterqüe and is in progress for the rest of the brands, provides customers with more products to choose with instant availability, regardless of whether they are in a store warehouse or online. The availability of stock is also optimized by assigning products to the channel with the highest probability of sale.

The innovations also allow us to create temporary or innovative experiences such as incorporating virtual reality in the presentation of Zara Studio's collections in our over 100 stores around the world; creating pop-up stores for online orders such as those in Milan, Roppongi Hills in Tokyo and Stratford in London; and incorporating the Bershka Experience at the flagship store in Cremona.



ZaraAR was the brand's first experience with augmented reality. At over 100 stores around the world, customers were able to bring models to life through three experiences based on the Studio collection launched in select stores. The models came to life on the devices by pointing them towards the QR codes located on the window displays, registers and counters in these stores.



Bershka launched the first integrated store Bershka Experience in Cremona, Italy. Customers can interact with the store in a traditional way but also using an app that lets them scan items in the store itself, reserve dressing rooms and receive the selected items there. It also has a Social Corner so that customers can have their photo taken or record videos and share them on social networks.



## 4. A long-term relationship

Our customers must feel unique and listened to. We must give them a voice and more importantly, we must respond to them and provide personalized (when appropriate) solutions as quickly as possible.

Currently, we collect multichannel feedback, incorporating our customers' ideas and concerns that are expressed through email, telephone, surveys, group activities, the website itself, Whatsapp and social networks—where we already have 143 million followers—in our business decisions.

During each interaction, we try to foster long-term relationships with our customers through three key goals: conversation, trust and personalized contact.

### 4.1. Conversation

To foster a high-quality relationship with customers, understanding their preferences is a must. Through innovative tools like ON Academy and using virtual reality apps, we provide our store and customer service staff training on the products, store processes, our customer focus, respecting diversity and inclusion. In 2018, this programme was expanded to 11 markets, reaching 105,000 employees.

 More information on page 74 of this Annual Report.

### 4.2. Trust

We assign the highest priority to the protection of our customers' personal data, including privacy by design and by default in our processes.

As a guarantee of our commitment to information security, we have the ISO 27001 certificate, the international standard for information security, as well as the security accreditation of PCI DSS payment methods (Payment Card Industry - Data Security Standard).

During fiscal year 2018, we have continued to favour transparency and information on the use of our customers' personal data, aligning our policies and procedures regarding privacy and data protection to the new requirements and rights included in the General Data Protection Regulation of the European Union (GDPR).

In this sense, the Group carries out a continuous improvement of its information security management model and data protection and privacy, through the work of the Departments of Information Security and Data Protection and Privacy, as well as the Security Committee and the Data Protection Officer (DPO) of the Group.

Over 143 millions followers on social media.

#### | Principle social networks of each brand

<b>Zara</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Twitter</b>	<b>Weitao</b>	<b>Others</b>	<b>TOTAL</b>
	26.000.000	30.600.000	1.800.000	1.400.000	16.000.000	4.500.000	<b>80.332.862</b>
<b>Pull&amp;Bear</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Twitter</b>	<b>Weibo</b>	<b>Others</b>	<b>Total</b>
	6.900.000	5.200.000	249.000	370.000	104.000	296.000	<b>13.119.563</b>
<b>Massimo Dutti</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Twitter</b>	<b>Pinterest</b>	<b>Others</b>	<b>Total</b>
	4.200.000	1.700.000	231.000	78.700	51.000	78.400	<b>6.339.127</b>
<b>Bershka</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Vkontakte</b>	<b>TM Br Hub</b>	<b>Others</b>	<b>Total</b>
	11.200.000	6.600.000	263.000	213.000	755.000	754.000	<b>19.785.000</b>
<b>Stradivarius</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Vkontakte</b>	<b>Pinterest</b>	<b>Others</b>	<b>Total</b>
	5.600.000	5.200.000	113.000	74.000	60.000	149.000	<b>5.513.209</b>
<b>Oysho</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Vkontakte</b>	<b>Weibo</b>	<b>Others</b>	<b>Total</b>
	3.300.000	1.800.000	101.000	50.000	113.000	8.300	<b>11.055.299</b>
<b>Zara Home</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Twitter</b>	<b>Pinterest</b>	<b>Others</b>	<b>Total</b>
	2.200.000	4.300.000	63.000	82.000	113.000	97.200	<b>6.855.287</b>
<b>Uterqüe</b>	<b>Facebook</b>	<b>Instagram</b>	<b>WeChat</b>	<b>Twitter</b>	<b>Weibo</b>	<b>Others</b>	<b>Total</b>
	468.000	304.000	7.000	19.000	9.000	586	<b>807.000</b>

## 4.3. Contact

Our digital channels connect us with our clients daily. In 2018, we were contacted 30 million times with an average of 94% in level of satisfaction of service. We work to communicate mainly through private instead of mass channels, which is why last year we launched Whatsapp as a new communication channel in the United Kingdom, Ireland and Spain.

### | Response to our customers in 2018

	No. of Contacts	Level of service	Complaints sheets
Zara	19,320,000	96%	3,355
Pull&Bear	3,033,792	94%	508
Massimo Dutti	1,366,782	89%	325
Bershka	1,874,696	85%	481
Stradivarius	1,511,405	97%	430
Oysho	922,297	80%	266
Zara Home	905,907	92%	134
Uterqüe	97,864	93%	35
<b>TOTAL</b>	<b>29,032,743</b>	<b>94%</b>	<b>5,534</b>

### R&D IMPROVING THE CUSTOMER EXPERIENCE



#### PROJECTS UNDERTAKEN IN 2018



#### CUSTOMER COMMUNICATION

##### New services in the Zara app

The Zara app is one of the ways we reach out to our customers. The new location-aware services added last year use geolocation technology to let customers know in which store they can receive their orders the fastest and to automatically notify them of the availability of products in their online shopping baskets as soon as the items arrive at a store.



#### PRODUCT AVAILABILITY

##### Demand prediction model

We are analysing each brand's sales using algorithms and machine learning technology to enhance the supply of new products. Moreover, the system is self-reinforcing, by generating demand-side information that can be used to adapt and expand production going forward.

#### PRODUCTION AND STORE EFFICIENCY



##### Use of automated guided vehicles (AGVs)

AGVs comprise an autonomous transportation system for the transfer of garments within our store warehouses. They move on the basis of floor markers and avoids having to put up rails, thus accelerating the time taken to deliver products to customers and reducing damage to the items in the process. The AGV system is also improving in-store garment traceability via its remote connection system.

##### Checkout management model

In order to improve the shopping experience during the payment process, we are using a number of statistical models to determine the optimum number of checkouts that need to be bin operation to keep queues and wait times within the defined quality parameters.