



# Future of fashion and luxury

**A perspective based on Deloitte's  
The Future of the Consumer Industry research**

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# Designing the future

Fashion and luxury brands exemplify timeless design and aesthetics. Beyond their visible symbolic value, there's the emotional appeal that sustains relationships to the brand—sometimes across generations. But in today's rapidly changing consumer landscape, even well-established brands have to adapt the formula to remain relevant.

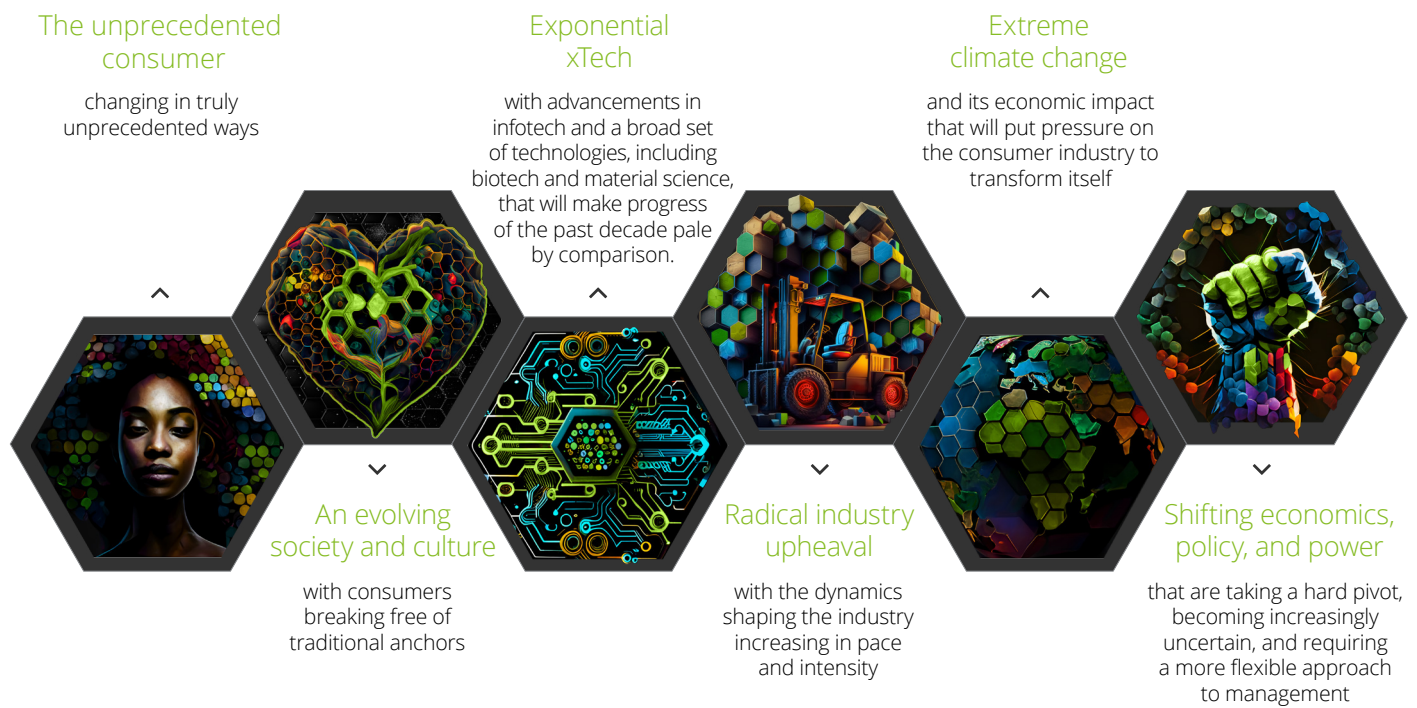
Distinct purposes at play—preserving heritage and brand appeal on one side, encouraging renewal and rejuvenation on the other—can pose a meaningful challenge to fashion and luxury. There is an ever-growing list of competing brands, purchasing channels, service models, and platforms. There are new ways to build relationships with consumers. Algorithms populate our screens with style suggestions and recommendations. And increasingly, influence has become a dialogue driven by content creators—amplifying trends around the globe at breakneck speeds. With these conditions on the rise, fashion and luxury brands must balance the need for immediate action with longer-term business model choices to engender future success.

Deloitte has recognized the complexity, speed, and convergence of these economic and social factors and their impact on the fashion and luxury industry. We have established and continue to invest in

a formalized ongoing effort focused on understanding the future of the global consumer, the forces reshaping culture and society, and shifting geopolitics and policy, as well as technological advancements and their impacts on fashion and luxury.

This undertaking has culminated in the identification of six forces (figure 1), in many cases representing unprecedented changes that are not only reshaping all consumer-facing companies, but also revealing how the fashion and luxury industry is evolving at an unprecedented pace.

Figure 1. Six forces shaping the consumer industry



While the [six forces](#) span a broad range of challenges that consumer-facing companies will likely need to confront in the coming years, these forces represent an initial wave of transformation for fashion and luxury brands. This emerging phase is already driving change—and creating a unique set of issues that are shaping the future of fashion and luxury for industry leaders to contemplate.

To thrive under these conditions, fashion and luxury companies need a robust understanding of these dimensions:

- **Issues:** The ways in which the six forces are manifesting today and creating a set of challenges presently confronting businesses.
- **Strategic imperatives:** The decisive actions that will allow businesses to successfully navigate the issues they're facing today and position them to thrive in the markets of tomorrow.

# Fashion and luxury: Under pressure to adapt

The fashion and luxury industry are contending with a mosaic of micro markets, each influenced and inspired in different ways. Driven by forces such as growing income inequality and the democratizing influence of technology, the industry is faced with a splintering of consumer segments—each with its own distinct set of values, identity, and purchasing behaviors.

## Fragmentation is the new normal

This fragmentation is evident across the entire industry landscape, as consumer segments emerge with distinct cultural drivers and aspirations. This new reality likely demands a radical shift in how brands approach consumers and go to market. Amid this fragmentation, the challenge is balancing cultural relevancy and variation with the exclusivity and scarcity that define luxury brands.

To align with emerging consumer values, fashion and luxury brands need to consider how to evolve to address new areas of demand, such as resale and consignment, as well as how to navigate a much more complex and fragmented channel landscape. For brands rooted in legacy and identity, this shift is not simply about adaptation; it's about translating their essence into new contexts, offerings, and platforms without diluting their allure.

## Fluidity of trend

Refashioned dress codes have transformed every imaginable setting, from the workplace to the airport lounge. The once-rigid boundaries that defined categories and occasions are giving way to a more fluid approach to self-expression and lifestyle. The challenge for brands is to navigate this marketplace fluidity—to be faster to set trend while staying true to craft and quality.

Getting this right is crucial for brands seeking to appeal to the emerging new-to-luxury consumer segments, who seem increasingly resistant to traditional labels and categorization. The convergence of timeless style and fast-moving, culturally relevant trends requires more agile approaches to product development, collaborations, and partnerships, leveraging new technologies to achieve authenticity with relevancy.

## The declining dominance of the West

The traditional centers of fashion and luxury are facing a formidable challenge: the rise of emerging micro markets with their own distinct aesthetic preferences and influences. As regions like India, Southeast Asia, and sub-Saharan Africa gain economic prominence, their impact on global fashion and luxury is becoming undeniable. These regions are evolving with distinct sensibilities and cultural narratives, reshaping global style and challenging Western brands to adapt thoughtfully.

For Western luxury houses, this polycentric world calls for more than expansion; it demands a deeper shift in perspective. This includes business models that can handle more complex ecosystems of collaboration and channels, with operating models that harness and amplify inspiration, from East to West, South to North. Success in a fashion world with additional centers of influence requires new hubs, processes, and talent to enable faster, easier collaboration with local designers and tastemakers while also establishing governing structures and ways of working to preserve the brand equity and uphold the scarcity and aspiration integral to luxury.

## Navigating the complexity of influence

Today's fashion and luxury trends emerge from a diverse, dynamic ecosystem of influence. These influencers amplify their reach through the fast-paced world of digital platforms that go viral, shaping style in real time. The potential impact? A whirlwind of niche aesthetics and rapidly evolving fashion cycles that redefine traditional business practices, from seasonality to demand generation to distribution. This represents a fundamental shift that challenges the longevity that has long anchored luxury brands.

Brands can no longer rely on linear, historical, or top-down approaches when forecasting and planning demand and supply. Complexity of influence also requires rethinking product design and marketing spend allocation, as well as approaches to loyalty and service.



### Technology is transforming the business model

Digital innovation is reshaping every aspect of the fashion and luxury value chain. The identification of predictive signals and advancements in automation will dramatically improve the efficiency and accuracy of business operations, from product design to planning to logistics and delivery. At the same time, the transformative potential of Generative AI is already starting to change both the creative process and the customer experience, while advancements in material science are driving breakthrough in quality, sustainability, and functionality. These new technologies not only affect the way fashion and luxury organizations operate, but also consumer priorities and how consumers spend more broadly, creating a greater urgency for brands to embrace the digital revolution.

The reasoning is clear: Consumers are increasingly demanding transparency and accountability.

Consumers increasingly expect fashion and luxury leaders to be the stewards of natural beauty and cultural legacy by embracing an elevated vision of sustainability—a position that reflects an ethos anchored in the art of preservation, where every decision, from sourcing to production, reflects a respect for both quality and the planet.

Adopting sustainable practices requires a holistic approach, encompassing everything from ethical sourcing and responsible production to waste reduction and circular business models.

### Climate change is no longer a future threat; it's a present reality

As climate impact becomes more evident, brands should consider sustainability an intrinsic part of their identity—a commitment that transcends trends and aligns with the very essence of luxury.



# Strategic imperatives for a complex future

Companies are far from powerless against the forces shaping the future of fashion and luxury. While leaders should manage operations on a quarterly basis, they should also prepare for a longer horizon.

We have identified a set of strategic imperatives fashion and luxury executives need to understand to position their company for competitive advantage in a new and more complex future.



## Curate iconic lifestyle experiences across the life cycle

As traditional market segments are rapidly dissolving into micro markets with differing expectations of brands and brand value, fashion and luxury companies need to adapt their go-to-market model. Delivering distinctive and connected experiences to inspire, acquire new consumers, and grow life cycle value in a future that is more complex requires:

- Signal-driven insight to navigate the complexity of influence and enable spend efficiencies.
- Contextually and culturally relevant engagement and offerings, with targeting and tailoring enabled by new technologies.
- Frictionless commerce to provide elevated, seamless experiences across emerging and traditional channels and platforms.
- A relationship and service approach that evolves with the customer as needs and values shift over time.



## Unlock new growth horizons

Fashion and luxury leaders should embrace new consumer populations and identify where and how to adapt strategic priorities to capture new sources of growth, while staying true to brand heritage and equity. This calls for:

- Understanding evolving demographics and preferences of diverse consumer groups to refine strategic choices on consumer segment and geographic priorities, including how to optimally allocate resources and investments to capture new audiences.
- Assessing new business opportunities—from resale to service—to address a more diverse set of values and preferences and deepen loyalty across the consumer life cycle.
- Exploring innovative omnichannel retail formats to redefine how and where consumers experience the brand without compromising the brand value proposition.
- Expanding strategic ecosystem partnerships to tap into new technology platforms and capabilities, such as innovation and AI.



## Move at the speed of culture

As trends emerge, evolve, and disappear at warp speed, fashion and luxury brands should maintain a sense of urgency when bringing new ideas to market. This includes product development cycles, marketing campaigns, and service innovation, requiring new ways of working, including:

- Adopting advanced digital tools, such as 3D printing, virtual prototyping, or Generative AI, allowing brands to streamline the design process, reduce lead times, and create opportunities for bespoke offerings.
- Integrating predictive algorithms and decisioning into creative processes to help identify emerging trends and cultural shifts in real time, enabling brands to be more agile across the value chain.
- Cultivating a culture of commercial and service innovation, as the customer experience becomes an even greater part of the value proposition.



### Optimize across human and machine

AI is already beginning to change the way consumer businesses operate. Fashion and luxury brands can harness the power of new technologies beyond improved efficiency, optimizing across human and machine to accelerate work and do more with less, by:

- Harmonizing human creativity with AI's predictive power to redefine design, from trend forecasting to pattern generation and material selection.
- Harnessing the power of GenAI to accelerate marketing processes, from content generation to copywriting.
- Leveraging advanced algorithms to move more quickly to deliver curated, contextually relevant experiences at scale.



### Lead a movement of purpose-driven fashion

Fashion and luxury brands are uniquely positioned to be the vanguard of responsibility by embedding sustainability, ethical practices, and social impact into the core of the brand and ways of working. Brands can accomplish this by:

- Making social impact an expression of value and aspiration, enabling brands to appeal to new segments of consumers who expect brands to be culturally and contextually relevant, outspoken, inclusive, and sustainable.
- Ensuring fair labor practices and safe working conditions throughout the supply chain, demonstrating the industry's commitment to quality and ethical production.
- Prioritizing circular economy principles, such as designing for durability, repairability, and recyclability, allowing brands to reduce waste and extend the life cycle of products.

Through these efforts, luxury can position itself not only as a symbol of aspiration but also a force for good, embodying values that resonate with conscientious consumer segments.



### Fuel breakthrough precision and efficiency

To successfully compete as the future gets more complex—with increased market and channel fragmentation and new technologies that reshape the business model—fashion and luxury companies should operate with much greater precision to deliver the operational accuracy and efficiency needed to be competitive. This may require redefining the core business process and accelerating the adoption of predictive tools and automation into organizations' culture by:

- Integrating predictive analytics and forecasting models in assortment planning, demand, and supply planning and inventory management to improve accuracy of decision-making and enable agility to react to consumer, channel, or supply trends.
- Automating repetitive tasks and processes, such as customer service inquiries, data analysis, and reporting for efficiency, while also reducing the need for manual intervention.
- Using breakthrough technologies such as digital ID or blockchain to both validate a unique product's authenticity and track product lifecycle through the supply chain.



# Fashion's role in an evolving society

Fashion and luxury companies put society's collective expression, creativity, and values on display. How they reflect our changing cultures and respond to the world's biggest sustainability challenges demonstrate the influence of the industry. Consumers not only look to brands for inspiration, but also leadership on these complex issues. If the fashion and luxury industry intends to create a prosperous future for its employees, customers, society, and the planet, industry leaders should ask themselves the following questions:

"Fashion and luxury face a new frontier. In this sector of creators, brands can lean into their legacy, respect their traditional anchors, and look for fresh ways to connect with a rapidly changing consumer."

—Kasey Lobaugh, Chief Futurist US Consumer Industry

- In a world where trends emerge and disappear at lightning speed, do we have the ability to change course quickly enough? Can our operating model move at the speed of culture?
- Can we adapt our products, experiences, and marketing strategies to resonate with diverse cultural nuances, consumer values, and preferences?
- Are we fully leveraging the transformative potential of technology to amplify brand expression, enhance customer experiences, and unlock operation precision?
- How will we establish predictive capabilities that not only anticipate trends but also optimize decision-making across our value chain, from product development to supply chain and planning and inventory management?
- Will our brand face reputational damage and declining trust from consumers who demand greater accountability and ethical practices?
- As AI continues to become a part of everyday life, how can we ensure consumer trust in our brand—from quality/craft to brand experience and service—ensuring brand authenticity while meeting growth aspirations?



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