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Rewired retail: Winning the fluid future of fashion

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The six forces

What capabilities will fashion brands need to build to keep pace? Learn how companies can evolve their engagement strategies, technology investments, and organizational models to stay relevant—and take the lead into 2030.
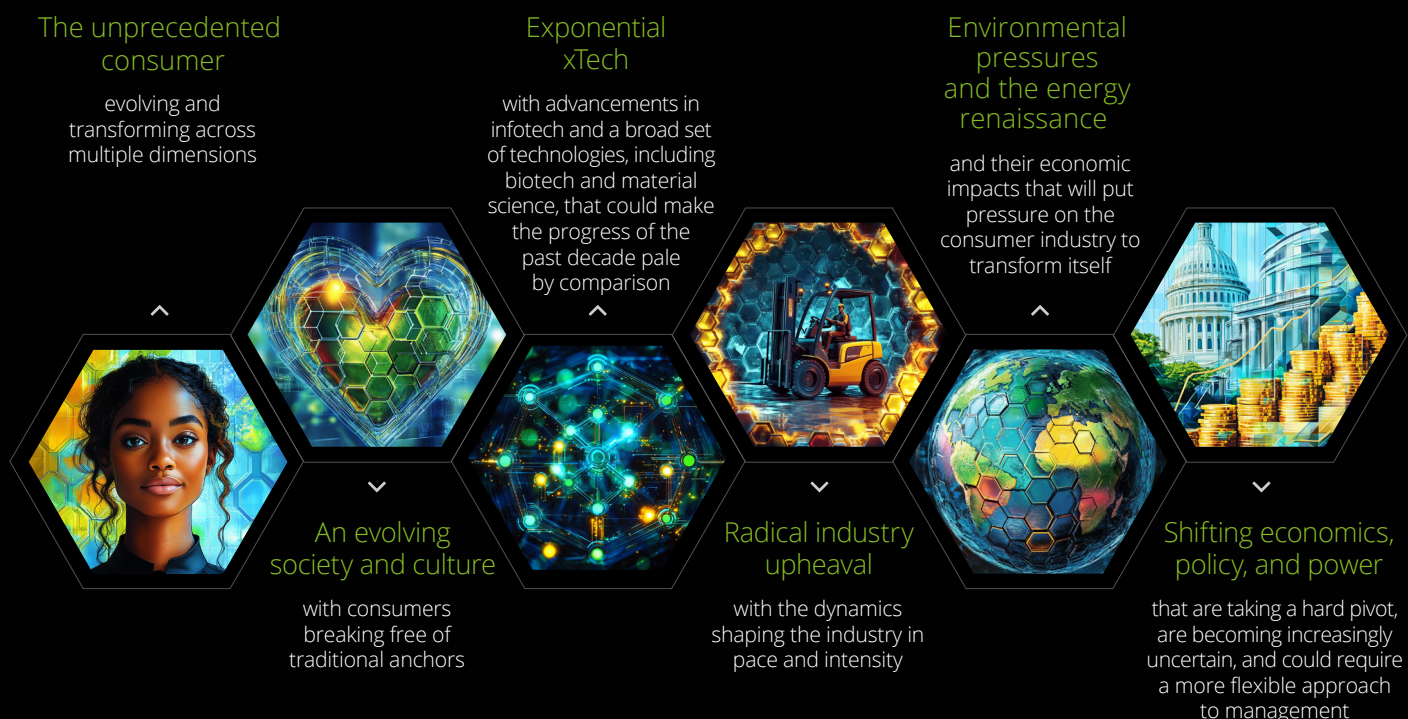
In Deloitte's *Six forces shaping the future of the consumer industry*, we examine how six converging forces—economic realignment, technological acceleration, geopolitical volatility, demographic shifts, climate pressure, and culture's algorithmic remix—are fundamentally reshaping the consumer industry and rewriting the rules of fashion retail in real time.[1] Even legacy brands must adapt to stay relevant, as fashion and luxury is evolving at an unprecedented pace—a shift further explored in Deloitte's Future of fashion and luxury. At their intersection stands a new shopper: Gen Z and Gen Alpha.

We envision a near-future where these digitally native consumers flow fluidly from a TikTok trend to a voice-activated checkout, expecting hyper-personalized experiences that travel with them across platforms, not channels. Yet, many brands still bolt digital onto stores instead of architecting behavior-led ecosystems.

In the next era of fashion engagement, AI agents, ambient interfaces, and predictive engines knit together every touchpoint fluidly: online, offline, and everywhere in between.

Delivering on that promise demands clean data, connected teams, and pathways that flex in the moment while staying unmistakably on-brand. The upside is tangible: Companies already mastering next-gen engagement are growing revenue on average 179% faster than their peers.[2]

Figure 1. The six forces

The unprecedented consumer

evolving and transforming across multiple dimensions

An evolving society and culture

with consumers breaking free of traditional anchors

Exponential xTech

with advancements in infotech and a broad set of technologies, including biotech and material science, that could make the progress of the past decade pale by comparison

Radical industry upheaval

with the dynamics shaping the industry in pace and intensity

Environmental pressures and the energy renaissance

and their economic impacts that will put pressure on the consumer industry to transform itself

Shifting economics, policy, and power

that are taking a hard pivot, are becoming increasingly uncertain, and could require a more flexible approach to management

Rise of the next-gen consumer

Gen Z and Gen Alpha aren't just the future; they are already reshaping the global economy. Gen Z alone comprises more than 20% of North American[3] (more than 68 million people) and 25% of the global population (nearly 2 billion people). Spending power is also on track to surpass baby boomers, reaching $12.6 trillion in the next five years.[4]

As Gen Alpha emerges and becomes more prevalent, these generations are not just collectively larger than their predecessors; they are actively redefining what it means to be a consumer, and brands must adapt now to stay relevant. At the same time, the erosion of the US middle class and a 9% decline in apparel's share of wallet[5] among younger consumers are accelerating the rise of a barbell economy, where spending bifurcates toward premium and discount tiers.[6]

To compete for share of wallet in this polarized landscape, fashion brands must work harder to earn relevance and capture spend, redefining value, pricing, and assortment while targeting micro-segments with greater precision and intent.

How Gen Z and Gen Alpha shop

The way Gen Z and Gen Alpha shop looks radically different from past generations. Their identities are deeply intertwined with their digital environments, driving a profound shift in how they define influence and shape brand relevance. More diverse in every dimension, including race, gender, orientation, and values, they are expressive, fluid, and hyper-connected.[7] More than digital natives, they are becoming digital architects shaping trends and influencing what sells. Far from passive consumers, they co-create style on TikTok, shaping trends through user-generated content, and amplify brands with every share. Their influence is generally fast, participatory, and increasingly central to how culture and commerce move. More than 50% of Gen Z prefer creators over celebrities,[8] and their path to purchase is no longer linear but rather instantaneous, fueled by a constant discovery loop on social platforms.

Commerce for these generations is ambient and embedded seamlessly into daily life. Globally, Gen Z is 29% more likely to make same-day purchases via social platforms,[9] and over half expect consistent experiences across mobile, online, and in-store touchpoints with a willingness to pay more for a better experience.[10] Brand loyalty is built through participation, not just promotion: Consumers want to be part of the process, not just on the receiving end of it. Co-creation through user-generated content outperforms traditional media sevenfold with 42% of Gen Z saying they have influenced others' buying decisions.[11]

What is emerging is not just a shift in marketing; it is a new paradigm. The traditional funnel has fractured.

This new fashion engagement ecosystem is fully fluid, nonlinear, and decentralized, shaped by platforms, creators, and algorithms, not owned by channels alone.
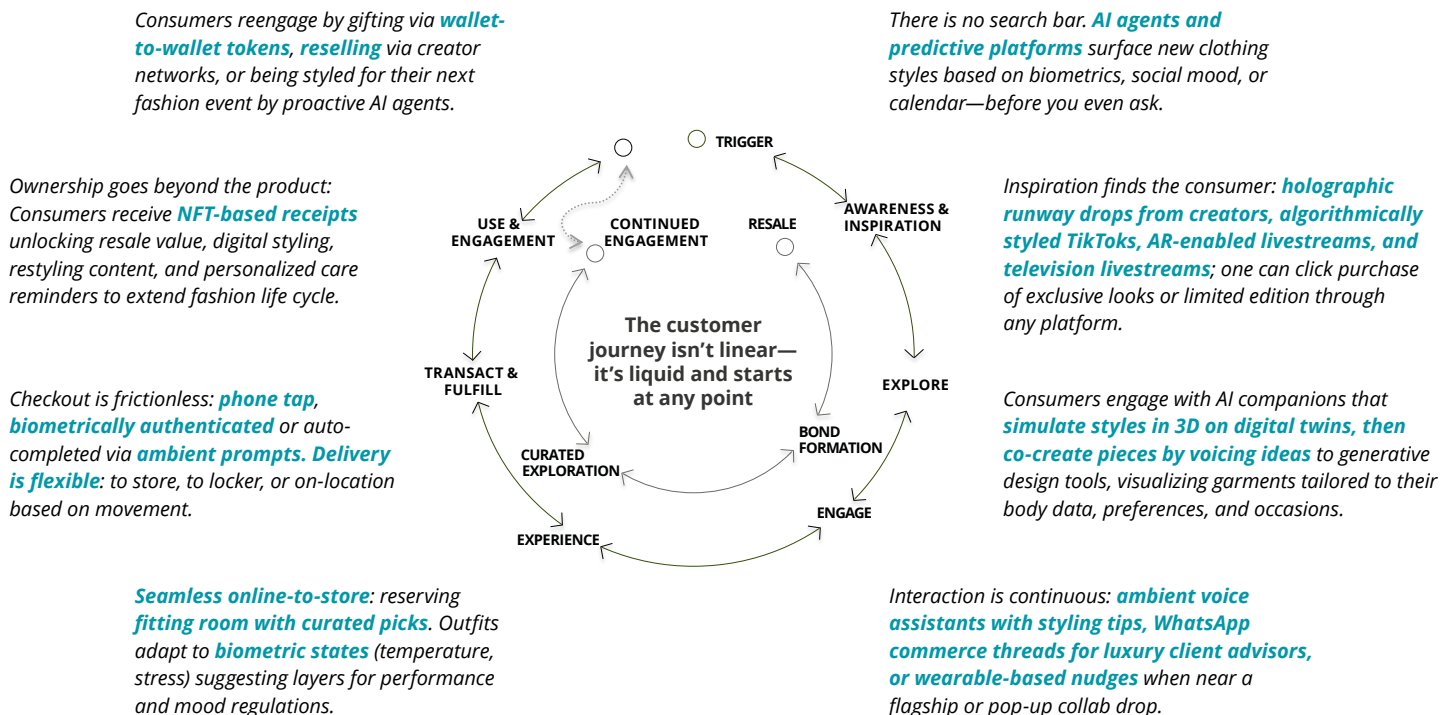
How brands can stay relevant

To stay relevant, brands should stop designing channel-specific journeys and start architecting living ecosystems that respond to context, behavior, and culture (figure 2).

Figure 2. 2030 (Illustrative): The fluid fashion ecosystem of Gen Z and Gen Alpha

The future fashion ecosystem for Gen Z and Gen Alpha is dynamic with consumers fluidly entering through discovery, co-creation, and community. While illustrative, the actual ecosystem will vary based on consumer micro-segments and retail models (mass, specialty, department, or luxury), requiring brands to design not for a linear path but for a living ecosystem.

ILLUSTRATIVE CUSTOMER JOURNEY

Consumers reengage by gifting via *wallet-to-wallet tokens*, *reselling* via creator networks, or being styled for their next fashion event by proactive AI agents.

There is no search bar. *AI agents and predictive platforms* surface new clothing styles based on biometrics, social mood, or calendar—before you even ask.

Ownership goes beyond the product: Consumers receive *NFT-based receipts* unlocking resale value, digital styling, restyling content, and personalized care reminders to extend fashion life cycle.

Inspiration finds the consumer: *holographic runway drops from creators, algorithmically styled TikToks, AR-enabled livestreams, and television livestreams*; one can click purchase of exclusive looks or limited edition through any platform.

Checkout is frictionless: *phone tap*, *biometrically authenticated* or auto-completed via *ambient prompts. Delivery is flexible*: to store, to locker, or on-location based on movement.

Consumers engage with AI companions that *simulate styles in 3D on digital twins, then co-create pieces by voicing ideas* to generative design tools, visualizing garments tailored to their body data, preferences, and occasions.

Seamless online-to-store: reserving *fitting room with curated picks*. Outfits adapt to *biometric states* (temperature, stress) suggesting layers for performance and mood regulations.

Interaction is continuous: *ambient voice assistants with styling tips, WhatsApp commerce threads for luxury client advisors, or wearable-based nudges* when near a flagship or pop-up collab drop.

TRIGGER

USE & ENGAGEMENT

CONTINUED ENGAGEMENT

RESALE

AWARENESS & INSPIRATION

The customer journey isn't linear— it's liquid and starts at any point

EXPLORE

TRANSACT & FULFILL

BOND FORMATION
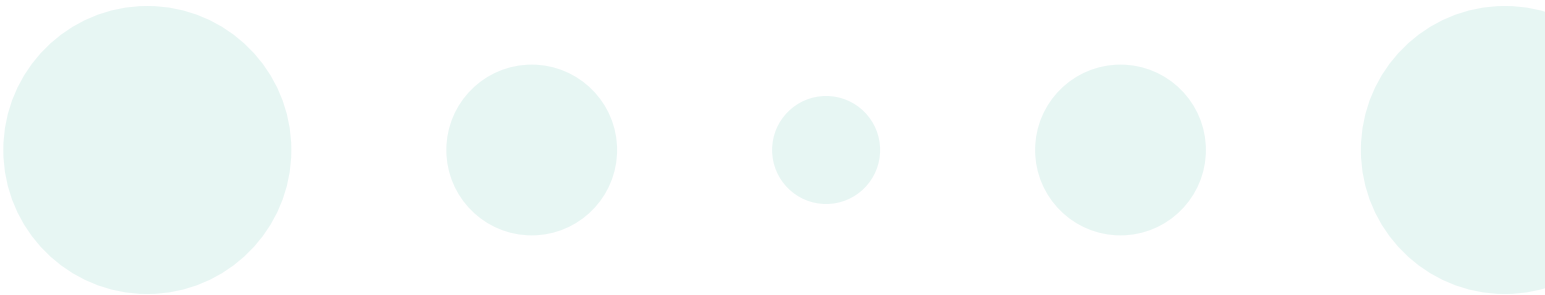
CURATED EXPLORATION

ENGAGE

EXPERIENCE

Winning in omnichannel today means knowing which pathways to prioritize for your segment (figure 3). Mass and department retailers succeed by optimizing the core: search, browse, transact, and fulfill. Their value formula is predicated on speed, convenience, and consistent post-purchase service. Specialty retailers go deeper by prioritizing community engagement, personalization, and ongoing interaction that builds affinity over time. Luxury brands, by contrast, thrive not through functional excellence but with emotional resonance. They build brand affinity and deep emotional connection by focusing on inspiration, curation, and validation.

In these moments, exclusivity, storytelling, and identity alignment drive loyalty and transcend the purchase itself. In this nonlinear ecosystem, one pathway doesn't fit all. Success hinges on identifying which pathways to prioritize for priority customer micro-segments and designing adaptive experiences that evolve with their behaviors and needs.

Figure 3. Omnichannel value formulas by fashion segment

Success in omnichannel depends on identifying the right value formula for target customers and investing in experiences that evolve with their needs and expectations. Each retail segment has a distinct focus that informs where they prioritize to deepen engagement and loyalty with consumers.

Retail segment	**Mass and department** *Optimize for speed, scale, and simplicity*	**Specialty** *Blend personalization with operational performance*	**Luxury** *Design for intimacy, identity, and emotional connection*
Value formula	• Prioritize **search**, **browse**, **transact**, **fulfill**, and **post-purchase service** journey points • Focus on **speed**, **affordability**, and **convenience**	• Focus on **bond formation**, **omnichannel activation**, and **continued engagement** to deliver value • Prioritize **personalization**, **performance**, and **community**	• Key moments are **inspiration**, **selection and validation**, and **post-purchase** belonging • Emphasize **exclusivity**, **craftmanship**, and **emotional connection**

How Asia offers a glimpse into the future

While the cultural context differs, Asia offers North America a compelling glimpse into the future of next-gen retail. In 2024, live-stream commerce in Asia drove $104 billion in fashion revenue, compared to just $8 billion in the Americas.[12] Direct-to-consumer brands there translate social trends into real-time product drops, influencer-led discovery, and personalized interactions.

Emerging metrics like "dwell time" (i.e., amount of time spent) in luxury showrooms highlight a shift from transactions to experiences by inviting Gen Z into third spaces where community and commerce converge. This generation is 2.7 times more likely than previous ones to receive product recommendations from artificial intelligence (AI), and 70% of them express interest in AI shopping agents.[13] These aren't edge cases; they are signals of a rising global standard: immediate, immersive, creator-powered commerce that meets next-gen consumers on their terms.

Powering the new engagement ecosystem: The technologies and capabilities defining the future

To help fashion leaders understand how to navigate this new technological landscape, Deloitte has identified five strategic technology themes that reflect the top priorities for the next generation of consumers and will help drive the future of digital and omnichannel for fashion:

- **Intelligent experience and personalization:** Experiences should adapt in real time. Predictive systems, emotional awareness tools, and AI shopping agents (including agentic AI) shift personalization from passive suggestion to autonomous action.

- **Immersive and spatial commerce:** Shopping is becoming a visual, interactive experience. Augmented reality (AR) and virtual reality (VR), 3D displays, and spatial navigation tools, enhanced by next-gen smart glasses, are turning transactions into entertainment, exploration, and real-time personalization.

- **Sustainable and circular systems:** Conscious consumption is accelerating and shaping brand expectations. Digital product passports, resale platforms, and embedded care instructions extend life cycle value and reflect Gen Z and Gen Alpha values.

- **Unified commerce ecosystem and infrastructure:** Consumers expect retail to operate with speed, fluidity, and automation. Application programming interfaces, fulfillment intelligence, and Internet of Things (IoT) logistics enable flexible delivery, seamless checkout, and real-time availability.

- **Co-creation and community platforms:** Consumers want to participate, not just purchase. Creator storefronts, membership design tools, and digital loyalty tiers drive emotional connection and identity alignment.
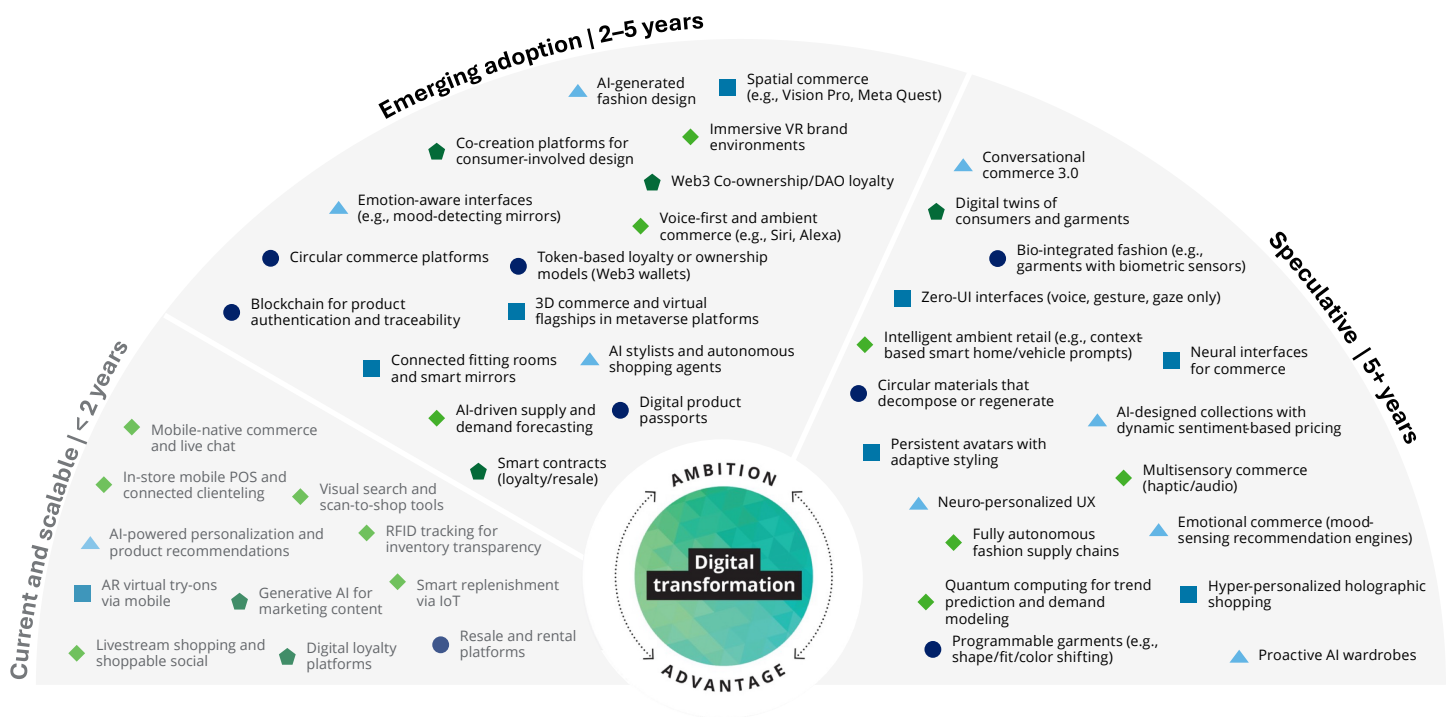
Investing in the right technologies

We have mapped technologies across three time horizons (figure 4): **current and scalable (<2 years), emerging adoption (2–5 years), and speculative (5+ years)**. While some are ready to scale today, others require more time and investments to fully develop and realize. However, all point toward a digitally fluid, consumer-shaped future.

Figure 4. Deloitte's Fashion technology horizons: Scalable, emerging, and speculative

Fashion brands face a rapidly expanding technology horizon that offers a growing set of options to power the future of omnichannel engagement. This visual maps technologies across five strategic themes and three investment horizons. Together, they represent the evolving portfolio brands must consider as they decide what to invest in, pilot, and/or watch.

Emerging adoption | 2–5 years

- AI-generated fashion design
- Spatial commerce (e.g., Vision Pro, Meta Quest)
- Immersive VR brand environments
- Co-creation platforms for consumer-involved design
- Web3 Co-ownership/DAO loyalty
- Emotion-aware interfaces (e.g., mood-detecting mirrors)
- Voice-first and ambient commerce (e.g., Siri, Alexa)
- Circular commerce platforms
- Token-based loyalty or ownership models (Web3 wallets)
- Blockchain for product authentication and traceability
- 3D commerce and virtual flagships in metaverse platforms
- Connected fitting rooms and smart mirrors
- AI stylists and autonomous shopping agents
- AI-driven supply and demand forecasting
- Digital product passports
- Smart contracts (loyalty/resale)

Speculative | 5+ years

- Conversational commerce 3.0
- Digital twins of consumers and garments
- Bio-integrated fashion (e.g., garments with biometric sensors)
- Zero-UI interfaces (voice, gesture, gaze only)
- Intelligent ambient retail (e.g., context-based smart home/vehicle prompts)
- Neural interfaces for commerce
- Circular materials that decompose or regenerate
- AI-designed collections with dynamic sentiment-based pricing
- Persistent avatars with adaptive styling
- Multisensory commerce (haptic/audio)
- Neuro-personalized UX
- Emotional commerce (mood-sensing recommendation engines)
- Fully autonomous fashion supply chains
- Hyper-personalized holographic shopping
- Quantum computing for trend prediction and demand modeling
- Programmable garments (e.g., shape/fit/color shifting)
- Proactive AI wardrobes

Current and scalable | < 2 years

- Mobile-native commerce and live chat
- In-store mobile POS and connected clienteling
- Visual search and scan-to-shop tools
- AI-powered personalization and product recommendations
- RFID tracking for inventory transparency
- AR virtual try-ons via mobile
- Generative AI for marketing content
- Smart replenishment via IoT
- Livestream shopping and shoppable social
- Digital loyalty platforms
- Resale and rental platforms

AMBITION

Digital transformation

ADVANTAGE

Technology themes

- ▲ Intelligent experience and personalization
- ◼ Immersive and spatial commerce
- ● Sustainable and circular systems
- ◆ Unified commerce ecosystem and infrastructure
- ⬟ Co-creation and community platforms

While the technology landscape is expanding, not all solutions will yield equal return on investment across retail segments. For example:

- A **mass or department** retailer focused on affordability and scale, will invest in **predictive fulfillment, intelligent automation, and price transparency**. By leveraging AI to anticipate demand and optimize inventory across regions, overstock can be reduced, enabling faster and most cost-efficient deliveries. Automation in warehousing and checkout will lower operational costs, leading to a seamless, low-friction customer experience that delivers value at speed and scale.

- **A specialty brand**, centered on identity and community, will lean into **loyalty gamification, agentic AI, and immersive retail experiences**. These enable shoppers to become brand advocates. Agentic AI stylists that remember a customer's preferences and curate personalized looks tied to upcoming product drops or in-store events drive brand affinity. Loyalty platforms can gamify engagement through rewards for sharing content, attending store-hosted creator sessions or participating in design polls. The outcome: stronger emotional connection and a community that drives organic growth.

- For **luxury**, the stakes are different: **intimacy, exclusivity, and heritage** come first—technology should elevate the brand, not dilute it. Personalized concierge services powered by AI, immersive digital storytelling that brings craftsmanship to life, or exclusive virtual showrooms are all tools to reinforce exclusivity and status. Luxury houses that use digital product passports not just for transparency, but to unlock curated services like access to legacy pieces and styling history can deepen the emotional value of every purchase.

Ultimately, leaders should align technology investments to their brand's customer expectations, engagement strategy, and operating model.

The winning brands won't chase trends; they will build digital advantage that reinforces their brand DNA. The path forward is not about more technology; it is about the right technology, matched to touchpoints that deliver relevance, resonance, and return.
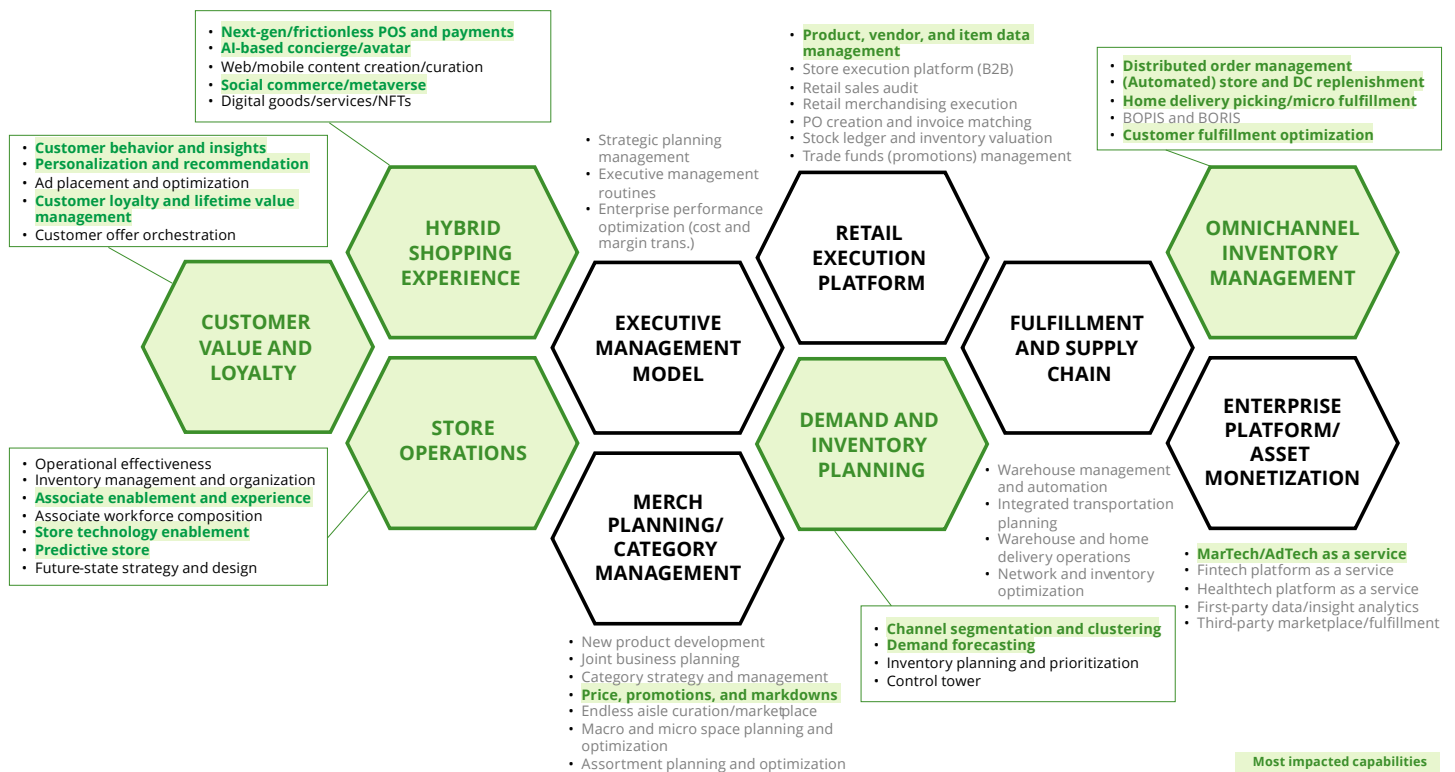
Evolving core retail capabilities

Investing in the right technologies is only part of the equation. To truly deliver on a next-gen engagement ecosystem, fashion brands must also evolve core retail capabilities (figure 5). These retail capabilities—from merchandising to loyalty, inventory to supply chain—must become more intelligent, more predictive, and more integrated.

Figure 5. Deloitte's fashion retail capability map

Successfully delivering next-generation engagement requires transformation beyond consumer-facing touchpoints. Behind the scenes, core retail functions must evolve to support the intelligence, speed, and personalization today's consumers expect. This capability map highlights the most critical functions across the retail value chain impacted by digital and omnichannel transformation. Capabilities shaded in green represent the areas of greatest impact, keeping in mind that each fashion brand may be at varying levels of maturity.

- **Next-gen/frictionless POS and payments**
- **AI-based concierge/avatar**
- Web/mobile content creation/curation
- **Social commerce/metaverse**
- Digital goods/services/NFTs

- **Customer behavior and insights**
- **Personalization and recommendation**
- Ad placement and optimization
- **Customer loyalty and lifetime value management**
- Customer offer orchestration

- Operational effectiveness
- Inventory management and organization
- **Associate enablement and experience**
- Associate workforce composition
- **Store technology enablement**
- **Predictive store**
- Future-state strategy and design

- Strategic planning management
- Executive management routines
- Enterprise performance optimization (cost and margin trans.)

- **Product, vendor, and item data management**
- Store execution platform (B2B)
- Retail sales audit
- Retail merchandising execution
- PO creation and invoice matching
- Stock ledger and inventory valuation
- Trade funds (promotions) management

- **Distributed order management**
- **(Automated) store and DC replenishment**
- **Home delivery picking/micro fulfillment**
- BOPIS and BORIS
- **Customer fulfillment optimization**

HYBRID SHOPPING EXPERIENCE

CUSTOMER VALUE AND LOYALTY

EXECUTIVE MANAGEMENT MODEL

RETAIL EXECUTION PLATFORM

OMNICHANNEL INVENTORY MANAGEMENT

STORE OPERATIONS

FULFILLMENT AND SUPPLY CHAIN

DEMAND AND INVENTORY PLANNING

MERCH PLANNING/ CATEGORY MANAGEMENT

ENTERPRISE PLATFORM/ ASSET MONETIZATION

- Warehouse management and automation
- Integrated transportation planning
- Warehouse and home delivery operations
- Network and inventory optimization

- **MarTech/AdTech as a service**
- Fintech platform as a service
- Healthtech platform as a service
- First-party data/insight analytics
- Third-party marketplace/fulfillment

- New product development
- Joint business planning
- Category strategy and management
- **Price, promotions, and markdowns**
- Endless aisle curation/marketplace
- Macro and micro space planning and optimization
- Assortment planning and optimization

- **Channel segmentation and clustering**
- **Demand forecasting**
- Inventory planning and prioritization
- Control tower

Most impacted capabilities

For example:

- **Customer value and loyalty:** As Gen Z and Gen Alpha redefine loyalty through emotional relevance and identity alignment, fashion brands should evolve from transactional programs to intelligent, relationship-based ecosystems. Traditional personalization should give way to AI-driven experiences where agentic shopping assistants proactively curate, adapt, and respond to customers' context and preferences. Loyalty platforms should gamify engagement beyond spend, rewarding behaviors like content creation, community participation, and advocacy. To enable this, brands need unified customer profiles, embedded analytics, and AI capabilities to power engagement ecosystems built on recognition and reciprocity, not just rewards.

- **Omnichannel inventory management:** Omnichannel is the backbone of the future fluid customer ecosystem, but meeting next-gen expectations demands precision, speed, and flexibility. Gen Z and Gen Alpha want to know what's available, where, and how fast they can get it. That means evolving from static inventory systems to predictive, AI-led fulfillment networks.

Distributed order management, real-time replenishment, and micro-fulfillment must come together to create seamless inventory visibility and agile fulfillment. Done right, this capability can not just power logistics but build trust and drive conversion.

- **Store operations:** As the role of physical stores shifts from transactional hubs to experiential brand touchpoints, store operations should evolve to support flexibility, intelligence, and human connection. Traditional models centered on static layouts and manual processes won't meet the expectations of Gen Z and Gen Alpha. Capabilities like predictive store management, associate enablement, and inventory organization must be reimagined with AI, IoT, and real-time data at the core. Smart fitting rooms, mobile-assisted selling, and modular layouts powered by shopper behavior insights will turn stores into dynamic environments that adapt to demand and mood. Empowered associates, armed with AI tools and contextual insights, will become experience-makers that bridge the gap between brand storytelling and operational efficiency.

Strategic imperatives for 2030: Future-proofing your business today

Next-gen consumers are rewriting the rules of engagement: moving faster, expecting more, and navigating across platforms with ease. They are not waiting for brands to catch up. With access to emerging tools like AI shopping assistants and AR-enabled experiences, they are already reshaping how they discover, decide, and buy. As these technologies scale, brands must evolve with them and build the capabilities to deliver intelligent, behavior-led experiences that adapt in real time or risk falling behind.

The fashion leaders of tomorrow won't be those who chase every trend but will likely be those who rewire their organizations to match the speed, complexity, and expectations of the modern consumer.

What can fashion companies do about this today to compete, and lead, into 2030 and beyond?

1. **Turn scattered data into strategic advantage**
   While businesses chase AI strategies, the real competitive edge starts with clean, connected data across systems, channels, and customer moments. To enable personalization and operational agility at scale with speed and precision, data must be actionable, accessible, and integrated across marketing, merchandising, service, supply chain, and more. Without it, predictive engagement and agile decision-making remain out of reach, and AI is just a shiny distraction. Start by mapping where your data lives, establishing a unified data layer and investing in customer and operational data that is in real time, reliable, and ready for activation.

   Ask yourself: Do we have the connected customer and operational data required to act in real time and deliver what truly matters, when it matters most?

2. **Design for not only channels, but also behavior**
   Tomorrow's customers move more fluidly than ever before, from creator content to smart checkout to resale, without thinking in steps or silos. Engagement ecosystems should reflect how people discover, decide, and buy across signals, platforms, and moments. Success means building adaptive engagement architectures that integrate AI agents, physical and digital touchpoints, and embedded commerce into a single, behavior-led ecosystem.

   Ask yourself: Are we designing ecosystems that follow real behavior, or simply updating the legacy paths we have always had?

3. **Think ecosystems, not silos**
   Loyalty, commerce, content, and community must work in concert; not compete for ownership. A customer does not see separate channels, teams, or systems; they just see the brand. To deliver that unified experience, brands need to operate as ecosystems, not silos. That means integrating tech stacks so data flows across touchpoints, aligning key performance indicators so teams are incentivized to collaborate, and building shared engagement ecosystems that reflect how consumers move. Making this real requires cross-functional squads, shared data access, and a single view of the customer that every team can act on.

   Ask yourself: Can a customer move through our brand without friction, or do we drop them at some of the handoffs?

4. **Don't chase hype: prioritize tech that serves your brand and customer**

    In a constant stream of new platforms and emerging technologies, the real challenge and opportunity is prioritizing the tools that align with your customers, brand, and business goals. Every technology investment should align with your brand's DNA, customers' expectations, and your business model. That means developing a technology evaluation framework grounded in return on investment, brand relevance, and scalability. Conduct more intentional pilots and investments with clear goals and metrics, and don't be afraid to walk away if they are not part of your value formula.

    Ask yourself: Does our technology elevate both experience and execution, or are we chasing novelty without clear payoff?

5. **Prepare for the impact of agentic AI**

    Autonomous and semi-autonomous AI agents are no longer speculative; they are already shaping how consumers discover, shop, and engage. From proactive shopping companions to embedded styling assistants, agentic AI is changing the speed, scale, and structure of customer interaction. Fashion brands should act now to assess where agentic AI fits in their model: how it can extend service, elevate loyalty, and drive conversion, before the experience is shaped by someone else.

    Ask yourself: Are we ready for a world where AI shops with or for our customers?

Are you building a future-ready brand—one that evolves with your consumer, anticipates what's next, and leads with purpose into 2030?

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