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Storm clouds are gathering, but the experience of recent years shows how the fashion industry may ride out the challenges ahead. In 2022, the industry again showed its resilience, almost equaling the record economic profit of 2021, the McKinsey Global Fashion Index shows. Echoing the pattern of the previous year, the luxury sector outperformed, with a 36 percent rise in economic profit that offset weakness in other segments. Yet even the non-luxury sector was ahead of its long-term average. Strong margin performance meant the industry in 2022 achieved more than double the economic profit than in all years between 2011 and 2020, except for one.In 2023, the industry faced challenges that were both persistent and deepening. On a regional basis, Europe and the United States saw slow growth throughout the year, while China initially strong performance faded in the second half. Though the luxury segment initially fared well, it too began to feel the effects of weaker demand in the latter part of the year, leading to slowing sales and uneven performance. Looking toward 2024, the most prominent sentiment among fashion industry leaders is uncertainty, reflecting the prospect of subdued economic growth, persistent inflation, and weak consumer confidence. Against this backdrop, businesses will be challenged to identify pockets of value and unlock new drivers of performance.According to McKinsey's analysis of fashion forecasts, the global industry will post top-line growth of 2 to 4 percent in 2024 (exhibit), with regional and country-level variations. Once again, the luxury segment is expected to generate the biggest share of economic profit. However, even there, companies will be challenged by the tough economic environment. The segment is forecast to grow globally by 3 to 5 percent, compared with 5 to 7 percent in 2023, as concerns rein in spending after a relatively weak 2023. European and Chinese growth is set to slow, while US growth is expected to pick up after a relatively weak 2023, reflecting the slightly more optimistic outlook there.Beyond luxury, growth of 2 to 4 percent is predicted for the year ahead, in line with the probable outcome in 2023. The European market will likely expand by just 1 to 3 percent, compared with 5 percent in the first half of 2023 and 1 to 3 percent in the second half. Slumping consumer confidence and declining household savings are expected to be the most probable causes of restrained spending. In the United States, non-luxury sector growth of 0 to 2 percent is forecast. And China is expected to be similarly challenged amid 4 to 6 percent growth, which is a slight uptick from the end of 2023 but slow when considered on a historical basis. These are just some of the findings from The State of Fashion 2024, published by the Business of Fashion (BoF) and McKinsey. The eighth report in the annual series discusses the major themes shaping the fashion economy and assesses the industry's potential responses. Reflecting in-depth research and many conversations with industry leaders, it reveals the key trends that could shape the fashion landscape in the year ahead. Uncertainty in the face of headwindsWith conflicts in Europe and the Middle East and strained international relations elsewhere, geopolitics is the number-one concern for fashion industry executives going into 2024, followed by economic volatility and inflation. Some 62 percent of executives in this survey, conducted in September, cite geopolitical instability as the top risk to growth. Economic volatility is cited by 55 percent and inflation is mentioned by 51 percent (compared with 78 percent last year). The global average headline rate of inflation is predicted to moderate to 5.8 percentstill high on a historical basisfrom 6.9 percent in 2023. Against a challenging economic backdrop, executive views of the industrys prospects are more divided than in any year since the launch of the BoFMcKinsey Executive Survey in 2017. While 26 percent of survey respondents say they expect conditions to improve year on year, 37 percent see them remaining the same and 38 percent think they will worsen.Uncertainty within the industry reflects the broader economic situation, albeit with regional divergence. Going into 2024, pressure on household incomes is expected to dampen demand for apparel and prompt trading down across categories. Still, there are geographic outliers that may offer comfort. One is India, where consumer confidence hit a four-year high in September 2023. India-based executives are more optimistic than those in Western countries, with 85 percent of respondents to McKinsey Global Economics Intelligence surveysaying that conditions have improved in the past six months. Chinas economy is facing challenges, but the countrys consumers show a higher intent to shop for fashion in 2024 than consumers in both the United States and Europe.Ten themes for 2024To prepare for challenges and be alert to opportunities, leading fashion companies will likely prioritize contingency planning for the coming year. A key theme will be companies keeping a firm grip on costs and inventories while driving growth by precisely managing prices. Brands and suppliers can expect an increasingly competitive environment. But they will also have opportunities, with consumers discovering new styles, tastes, and prioritiesall presenting routes to value creation. As previously done, this years report highlights ten emerging themes that will be high on leadership agendas. Global economy: Fragmented future. In 2024, the global economic outlook will continue to be unsettled, as financial, geopolitical, and other challenges weigh on consumer confidence. Fashion markets in China, Europe, and the United States will likely face headwinds, some of which reflect individual regional dynamics. Suppliers, brands, and retailers may need to bolster contingency planning and manage for uncertainty. Climate urgency. The frequency and intensity of extreme weather-related events in 2023 mean the climate crisis is an even more urgent priority than in previous years. With physical and transition risks rising across continents, the industry must not delay in tackling emissions and building resilience into supply chains. Consumer shifts: Vacation mode. Consumers are gearing up for the biggest year of travel since before the pandemic. But a shift in values means expectations are evolving, even as shopping remains a priority. Brands and retailers should refresh distribution and category strategies to reflect the new reality. The new face of influence. Its time for brand marketers to update their influencer playbooks, as a new guard of creative personalities wins fans. Working with opinion leaders in 2024 will require a different type of partnership, an emphasis on video, and a willingness to loosen the reins on creative control. Outdoors reinvented. Technical outdoor clothing and gorpcore are in demand as consumers embrace healthier lifestyles. In 2024, more outdoor brands are expected to launch lifestyle collections. At the same time, lifestyle brands will likely embed technical elements into collections, blurring the lines between functionality and style. Fashion system: Generative AIs creative crossroads. After generative AIs (gen AI) breakout year in 2023, more use cases are emerging across the industry. Capturing value will require fashion players to look beyond automation and explore gen AIs potential to enhance the work of human creatives. Fast fashions power play. Fast-fashion competition is set to be fiercer than ever. Challengers, led by Shein and Temu, are bringing new tactics on price, customer experience, and speed. Success for disruptors and incumbents could hinge on adapting to new consumer preferences while navigating the regulatory agenda. All eyes on brand. Brand marketing is expected to be back in the spotlight as the fashion industry manages a switch away from performance marketing. Brands may benefit from forging emotional connections with consumers as marketers rewrite playbooks to emphasise long-term brand building. Sustainability rules. The era of fashion industry self-regulation is drawing to a close. Across jurisdictions, new rules will have significant effects on both consumers and fashion players. Brands and manufacturers may consider revamping business models to align with the changes ahead. Bullwhip snaps back. Shifts in consumer demand have created a bullwhip effect, by which order volatility reverberates unpredictably through supply chains. Suppliers will likely face pressure as brands and retailers focus on transparency and strategic partnerships. Looking aheadAs the industry continues to be challenged by geopolitical and economic headwinds, fashion leaders in 2024 will look to strike a careful balance between managing uncertainty and seizing opportunities. With cost-saving tactics mostly exhausted, companies may focus on growing sales, underpinned by new pricing and promotion strategies. Across the industry, net intent to raise prices is more than 50 percent, according to the BoFMcKinsey Executive Survey. At the same time, reduced cost pressures could provide a potential boost to performance.As climate change brings increasingly extreme weather events and global temperatures rise, the coming year is likely to mark a heightened industry focus on environmental, social, and governance issues. Our survey shows that the topic is seen as both the number-one priority and number-one challenge for industry executives. The most successful companies will find a balance between sustainability initiatives, risk management, and commercial imperatives in an uncertain world. consumer discretionary spend will be weighted toward trusted categories and brands. Hard luxury goodsjewelry, watches, and leatherwill likely be in demand, reflecting their potential investment value in tough economic times. Consumers are expected to travel more and continue spending more time outdoors. And they prefer emotional connections and authenticity over celebrity endorsements.All told, executives are bracing for a strategically complex year ahead. To counter uncertainty, leading companies will prepare for a range of outcomes. The most successful will become more resilient, better equipped to manage the challenges, and ready to accelerate when the storm clouds begin to clear.The fashion industry stands at a pivotal moment. From sustainability to sourcing, compliance to circularity, the sector is being shaped by increasingly complex forces. Brands and suppliers alike are under growing pressure to navigate shifting regulations, rising consumer expectations, and evolving technologies.In this context, data becomes a compass.essential tool for decision-making.This report curates the most up-to-date 2025 fashion statistics, analyzing insights across sustainability, technology, connectivity, and business. Whether you're scaling a brand, running your own business or managing a mill, these numbers reveal the realities and opportunities ahead.To guide you through this analysis, we'll follow World Collective's Ecosystem pillars: Sustainability, Technology and Industry Connectivity. Keep reading to find outFashions Sustainability Metrics: Hard Truths That Should Drive Real ChangeEnvironmental ImpactAccording to the UN Alliance for Sustainable Fashion, the fashion industry is responsible for around 10% of global carbon emissions, surpassing international flights and maritime shipping combined.Estimates from Earth.org suggest that producing a single cotton shirt requires over 2,700 liters of water. Meanwhile, textile production uses 79 trillion liters of water per year.As reported by the IUCN, synthetic fabrics release 500,000 tons of microplastics annually, polluting marine ecosystems and water supplies.Additionally, 92 million tons of textile waste end up in landfills each year, based on figures from the Ellen MacArthur Foundation.Chemical Usage and Plastic PollutionPhoto: A man walks through colored rainwater past a dyeing factory in Shyampur in June 2018. Its waste is dumped into the Buriganga river in Dhaka, Bangladesh. Ihy Allison Joyce/Getty Images)UNEPs 2024 report on textile chemicals states that more than 15,000 chemicals are used in textile manufacturingmany of which are unregulated.HECs Global Textile Sustainability Brief estimates that 11% of global plastic waste is caused by textiles, and only 8% of fibers in 2023 came from recycled sources.This shows that plastic reliance and chemical risk remain some of fashions biggest liabilitiesit also areas ripe for innovation Social Impact and Labor ConcernsThe fashion industry employs over 430 million people globally, according to the International Labour Organization (ILO).However, reports from the Clean Clothes Campaign (2025) show that many workers in major production regions earn below living wages and face unsafe conditions, despite decades of pressure on major brands.As noted in the 2024 Fashion Transparency Index, no major brand has yet achieved full supply chain traceabilitya benchmark increasingly expected by regulators and consumers alike.Greenwashing and Consumer TrustGreenwashing persists. According to the European Commissions Green Claims Directive, 59% of sustainability claims made by brands in 2024 were either vague, misleading, or unverifiable.McKinseys State of Fashion 2025 report adds that only 18% of fashion executives rank sustainability as a top-three riskdespite increased scrutiny from investors, consumers, and regulators.Yet 73% of Gen Z consumers say they would pay more for genuinely sustainable goods (First Insight & Wharton Report 2024), showing that trust is becoming a brands most valuable currency.Growth of Sustainable MarketsAs forecasted by Coherent Market Insights, the global sustainable fashion market is expected to grow from $12.46 billion in 2024 to $53.37 billion by 2032, with a compound annual growth rate (CAGR) of 23.1%.Fashions Network Effect: Accelerating Impact Through ConnectivityBusiness Collaborations and PartnershipsIt is important to kick-off this section by highlighting that inter-brand collaborations are up by 35% year-over-year, particularly in sustainable innovation, capsule collections, and joint circularity efforts.Co-branded initiativesbetween brands and mills, brands and NGOs, or even competitorsare emerging as a scalable model for both impact and marketing reach. An amazing example of this is the collaboration between Ethical Fashion Initiative, CABES Artisans and Karl Lagerfeld.Photo sourced from @ethicalfashion's Instagram profile.Emergence of Connected EcosystemsDigital sourcing platforms and collaborative networks are increasing industry connectivity, enabling suppliers, brands, and certifiers to streamline product development.As reported by Vogue Business, new sourcing ecosystems have led to a 60% increase in intercontinental mill-brand collaborations, especially between Asia, Europe, and the Americas.Technological AdvancementsInnovation in Fashion TechnologyAccording to El Pas and The Business of Fashion, 2025 is the year when Digital Product Passports (DPPs) begin moving from pilot to implementation in Europe.Other major innovations:3D sampling is now used in 70% of mass-market production design.AI-assisted design is projected to reduce time-to-market by 33% across mid-size brands. Vogue Business Tech Outlook 2025These tools are transforming not just how fashion is madebut how fast it moves. But are we sure we are also working in the smartest way? Well, we guess that's indeed another bigger discussion, but let's keep going with our data overview.Want to get inspired? Watch "7 Game-Changing Fashion Tech Startup Pitches | PI Apparel"Fashion-tech continues to be a dynamic intersection of innovation and investment within the industry. While precise investment figures for 2024 are still being finalized, industry analysts confirm that capital flowing into the sector remains significantdriven by rising demand for digital transformation, automation, new regulations and customer personalization.As reported by Vogue Business, their Funding Tracker highlights notable investments in the fashion and beauty sectors, including companies focusing on sustainable materials and tech-driven solutions. For instance, lab-grown leather startups have garnered attention, with investments aiming to scale production and meet industry demand.Startups operating at the intersection of artificial intelligence, augmented reality, and community-driven commerce are particularly well-positioned. AI is being utilized for various applications, from forecasting demand (e.g. Heuritech) and managing inventory to streamlining design iterations and personalizing marketing campaigns. Meanwhile, AR and digital try-on technologies are transforming the consumer experienceboth online and in-store. As stated by The Modems in their article on 30 US-Based Fashion Tech Startups to watch in 2025 showcases companies leading in sustainability, AI, and digital fashion innovation. These startups are reshaping how consumers shop, wear, and recycle clothes, emphasizing the industry's shift towards more agile and adaptive models.But the critical question remains: How can we effectively scale these technologies across the widest possible range of fashion industry stakeholders and supply chain partners?Business LandscapePerformance of Major Fashion CompaniesUniformMarket reports the global apparel market is now worth $1.84 trillion, accounting for 1.63% of global GDP.As per McKinseys 2025 fashion outlook, top-performing brands are those embracing traceability, digital integration, and resilience planning.For instance, Patagonia, Eileen Fisher, and H&M Group continue to lead on DPP integration and scope 3 emissions disclosures.Role of Small and Medium Enterprises (SMEs)According to Bizplanr and the IFC, SMEs represent over 90% of fashion businesses globally but receive less than 20% of total industry investment.Challenges they face:Inconsistent access to certified suppliersLimited tech adoptionLow bargaining power with global buyersDespite this, SMEs contribute enormous innovation and cultural capitaland remain critical to the industrys future.Numbers Dont LieBut Are You Listening?2025 fashion statistics underscore one truth: the industry is undergoing deep, systemic transformation.From regulatory changes to real-time traceability, from startup disruption to compliance-led growththe fashion sector must rethink how it sources, produces, and trades.Data reveals that the most resilient and innovative players are those investing not just in product but in infrastructure: traceability tools, supplier partnerships, ecosystem connectivity, and digital transparency.In a global landscape shaped by ESG pressure, nearshoring trends, and rising tariffs, data isnt just for reportsits your strategy.Why This MattersAt World Collective, we believe a better fashion industry is not only possibleits already underway.Our digital ecosystem is designed to support this shift: connecting verified suppliers and certified materials to brands of all sizes through one streamlined, traceable, and scalable infrastructure.We bring together the tools that data demands.Certified, low-impact textilesReal-time traceability toolsRegulatory-aligned sourcingMarketplace + partner ecosystemCircularity Programs and education built-inWere building what fashion needs nextbecause if the numbers show anything, its that change is the only constant.Keep Informed: Dive deep into industry insights on our blog. The fashion industry is known for its constant state of evolution. In 2025, fashion industry trends are being shaped by a new era of style, sustainability and technology. Shifting consumer priorities and global challenges are reshaping the way designers, marketers and retail buyers approach their craft. Staying competitive in such a dynamic environment requires more than creativity it demands a nuanced understanding of emerging trends backed by data and actionable strategies. In this report, well explore everything from sustainable materials to personalized shopping experiences and the rise of fashion in the metaverse, demonstrating how you can embrace the changes and lead the charge. Consumer behavior is not just a response to industry offerings its a driving force shaping the trends themselves. In 2025, sustainability, personalization and ethics are no longer nice-to-haves theyre expectations. Understanding these consumer drivers is the key to staying competitive. By aligning with the motivations behind todays most significant trends, you can forge stronger connections with your customers and enjoy long-term success in an increasingly conscious market. Here are a few important consumer motivators to consider when determining which trends are worth pursuing and which arent: Sustainability and transparency: As much as fashion represents our identity, it also has the power to shape our future. A new wave of conscious consumers are increasingly motivated by the environmental and social impact of their purchases. This fuels the demand for sustainable materials, circular fashion models and eco-friendly initiatives. As a result, brands are embracing these practices as a standard rather than a differentiator. Personalization: Consumers expect tailored experiences that reflect their individuality and unique style. Technology like AI and data analytics are enabling customized interactions at scale, driving everything from personalized recommendations to bespoke product designs to create deeper emotional connections with people. Ethical practices and consumer values: More and more consumers favor brands that support ethical sourcing, fair labor practices and inclusivity. They actively seek out companies with transparent supply chains and values that align with their own, holding businesses accountable for their impact on workers and communities. The fashion industry is becoming driven by creativity, advancements in technology and shifting consumer priorities. These sustainability, inclusivity and digital innovation are reshaping how brands create, market and sell their products. These shifts reflect deeper movements toward ethical responsibility, enhanced customer engagement and the integration of cutting-edge tools. Below, we explore the most impactful fashion industry trends defining 2025. Sustainability has evolved from a niche concern to a defining priority across the fashion industry. Brands that prioritize eco-friendly practices and circular fashion models such as sourcing organic and biodegradable materials or launching take-back programs and resale platforms resonate with consumers. This is particularly true among millennial and Gen Z shoppers, where 44% say environmental impact is an important factor when making purchasing decisions. Its not hard to see why when you consider that the fashion industry produces 92 million tons of textile waste annually, 87% of which winds up in landfills. Waste reduction, recycling programs and creating eco-friendly lines are tried and tested initiatives we expect to see more of in the future. These practices can improve your businesss image, foster loyalty and minimize environmental impact. Artificial intelligence is revolutionizing the way designers create, offering tools that enhance creativity and streamline the design process. AI-driven design platforms allow designers to generate new patterns, experiment with fabric combinations and predict trends with speed and accuracy. These tools use machine learning algorithms to analyze vast amounts of data, including past collections, consumer preferences, and global fashion trends, to inform design decisions in real time. With AI poised to add as much as $275 billion in profits to the industry by 2026, its clear that businesses are increasingly confident in the techs ability to design, market, sell, forecast and manage their brands. As the technology evolves, AIs role in fashion design will likely expand to include more complex processes, from supply chain optimization to production planning. Stay ahead of fashion industry trendsGain real-time insights into shifting consumer preferences and emerging market trends with Attests market analysis tools.Start your analysis DTC models address one of fashions biggest challenges: overproduction. With this model, brands move away from forecast-driven mass production and instead opt for smaller, on-demand batches to suit specific customer tastes. The concept behind DTC is businesses bypass intermediaries such as wholesalers and brick-and-mortar stores to sell directly to consumers. This allows you to offer a more personalized shopping experience while maintaining control over pricing, branding and customer relationships. Its not just small fashion brands that the DTC model applies to bigger outlets can benefit, too. Consider Nikes Nike By You customization program, which spurs customer engagement by allowing people to design their own shoes. Social media has made DTC fashion increasingly accessible. Fashion retailers are implementing marketing strategies like Instagram Shops, influencer marketing and targeted digital advertising to engage directly with their audiences. By reaching customers directly, they build loyal communities and drive sales without relying on traditional retail networks. This shift has been further accelerated by the growth of eCommerce and changing consumer expectations for convenience and immediacy. Inclusivity and diversity are essential components of modern brand identity. Consumers are increasingly drawn to brands that celebrate a wide range of body types, ethnicities, genders and cultural backgrounds. They expect these values to be reflected in both product offerings and brand messaging. Brands are responding by expanding size ranges, using diverse models in campaigns, and designing collections that represent consumers needs and preferences. For example, gender-fluid fashion is hitting the mainstream. More brands now offer versatile silhouettes, neutral colors and androgynous styles that arent restricted by traditional gender norms. Adaptive and disability-inclusive clothing are also creating new avenues for creative expression in the industry. This shift helps promote acceptance, celebrates individuality and ensures that everyone can participate in fashion, regardless of their physical disabilities. The fast fashion industry, once notorious for its focus on speed and low costs, is undergoing a critical transformation as consumers demand greater transparency and ethical practices from brands. As awareness grows around issues like sweatshop labor, exploitative wages and environmental degradation, fashion companies are being pressured to rethink their production methods and operate ethically. In 2025, consumers expect fair labor practices, sustainable sourcing and cruelty-free production methods. This includes ensuring workers are paid fair wages, providing safe working conditions and reducing harmful environmental impacts through eco-friendly manufacturing processes. With the market size for ethical fashion expected to grow to $12.05 billion in 2028 at a CAGR of 8.1%, theres no sign of this shift slowing down. Consumers are also demanding greater visibility into the origins of their clothing. Expect to see more fashion businesses turn towards blockchain technology to provide a secure record of a products journey from source to sale. Digital product creation (DPC) is transforming how fashion brands design, prototype and produce their collections. Using advanced digital tools, such as 3D modeling, virtual sampling and augmented reality, designers can create detailed digital representations of their products before committing to physical production. This reduces the time and costs associated with traditional sample-making. Research shows that digital design can cut material waste by up to 70% and reduce carbon emissions from sampling by 30%. DPC also offers greater flexibility and accuracy in design. Because designers can tweak and perfect designs in a virtual space, it ensures the final product aligns with their vision and meets market demands. Besides that, digital samples can be easily shared with manufacturers, retailers and consumers, accelerating feedback loops and streamlining the production process. On the consumer end, tools like Googles virtual try-on feature and companies like DressX are making digital fashion a central part of the retail experience in 2025. This trend allows businesses to virtually create, test and showcase garments to customers without the need for physical clothing. Sustainable and cost-effective, this trend appeals to eco-conscious, tech-savvy consumers who value convenience, personalization and innovation. Studies show virtual try-on technology can boost sales by up to 30% while lowering return rates by 20%. Virtual fashion is emerging as an avant-garde trend in 2025. This style where digital clothing exists strictly online is powered by social media, gaming and the metaverse. It gives fashion houses new ways to push consumers and showcase their collections in digital spaces. Its not just a fad, either. Luxury fashion houses Gucci, Louis Vuitton and Prada have all ventured into the digital realm. Businesses taking part in this trend are exploring digital-only clothing, avatars and virtual runways as part of their marketing and sales strategies. Their virtual garments are often designed to be worn in online environments, offering consumers a way to experiment with style without the limitations of physical fashion. Key audiences for this novel trend include gamers, virtual influencers, tech-savvy Gen Z consumers and luxury clients who are active in virtual worlds. This trend also introduces new revenue streams through digital fashion items and NFTs (non-fungible tokens), allowing brands to monetize virtual products in a way that mirrors the physical fashion market. The combination of shopping and entertainment shoppertainment is a trending market strategy thats all about improving customer experiences. Poised to become a trillion-dollar opportunity over the next decade, the idea is to transform the traditional transactional nature of shopping into a dynamic event. Storytelling, live demonstrations and interactive elements take center stage, making the shopping process more fun, immersive, and emotionally engaging. Live commerce, a core aspect of shoppertainment, involves real time online selling events. Brands showcase products through live streams, often hosted by influencers or brand representatives. These sessions allow people to interact with hosts, ask questions and make purchases instantly. Its both convenient and entertaining as a retail experience. Personalization helps brands create more tailored and engaging experiences for their customers. With studies indicating that 73% of consumers expect brands to recognize their personal tastes and preferences, its a bandwagon that all industry leaders should be on. Advancements in data analytics, AI and machine learning mean that companies have the tools to offer individualized product recommendations, style suggestions and even customized designs based on consumer preferences and behaviors. This level of personalization enhances the shopping experience and helps build stronger emotional connections with customers. For example, many brands are using personalized emails, curated shopping experiences and virtual styling assistants to deliver highly relevant content that resonates with individual shoppers. You also get tools like 3D body scanning and AI-powered fit recommendations that ensure customers receive garments to suit their size and style preferences. This reduces returns and has a notable effect on increasing customer satisfaction. Personalized shopping experiences like these lead to repeat purchases. Shoppers are 56% more likely to return to brands that deliver tailored experiences. In 2025, expect to see a blend of style with functionality and technological innovation. These advancements enable clothing and accessories to perform beyond their traditional roles. For example, smart fabrics, such as textiles embedded with sensors or conductive materials, are being used to create garments that monitor health metrics, improve athletic performance and even charge electronic devices. Similarly, wearable tech like designer smartwatches and medical wearables are featuring more in peoples daily wardrobes, seamlessly integrating technology into personal style. Studies show that 27.2% of the US population is projected to be leaning into wearable tech in 2025. The largest share of the market goes to headwear and eyewear which is expected to see a CAGR of 14.3% from 20222030 while wellness and fitness wearables come in second with a CAGR of 10.7% through the forecast period. So far, weve learned that fashion industry trends are being shaped by a combination of evolving consumer values, technological advancements, and a growing focus on sustainability. Brands that adapt to these changes while staying true to their core values are sure to thrive in this evolving landscape. Lets look at some actionable insights that your business can take to stay at the forefront of the industry in 2025: Find sustainable solutions: Sustainable fashion is no longer niche. To attract a loyal client base that values ethical fashion, showcase your sustainability initiatives by sharing measurable results in your marketing campaigns and across social media. Try shifting to eco-friendly packaging and bio-based materials, which offer exciting alternatives to conventional fabrics. Brands that use more circular fashion systems such as recycling and upcycling not only show a willingness to reduce their carbon footprint but also enhance their brand image. Tech-driven fashion: From AI-driven design processes to 3D modeling and wearables, technology is revolutionizing the fashion industry.To get in on this action, take actions like implementing recommendation engines to boost product discoverability and customer interactions. You can also adopt virtual try-on technologies and use AI-powered tools to automate your marketing campaigns. Cultural shifts and social movements: Fashion trends are influenced by global social movements. In 2025, look no further than inclusivity, diversity and cultural awareness as some of the strongest social concerns. Catering to representation means inclusive sizing, adaptive clothing and greater accessibility. Align with these movements by embracing more progressive views of gender identity and self-expression throughout your offerings. The fashion industry is a dynamic, highly responsive market, driven by consumers constantly evolving tastes and preferences. Staying ahead of the curve requires a combination of real-time data and insights into consumer behavior. For clearer market perspectives, look to Attests Market analysis platform. Attests forecasting methodology empowers businesses with live data from over 150+ million consumers across 59 countries. We utilize state-of-the-art machine learning algorithms that instantly respond to emerging trends and shifting consumer tastes. Plus, our easy-to-use dashboard provides clear visuals for tracking changes in consumer sentiment. This approach combines the data-driven precision of analytics with qualitative insights to deliver forecasts that are both reliable and actionable! Shape the future of fashionUncover the data behind consumer behavior and make strategic decisions that drive your business forward.Get started today The future of fashion is being defined by the fusion of innovation, purpose and personalization. Trends such as AI-driven design, virtual fashion, and ethical practices are not just fleeting ideas but foundational shifts in how the industry operates and evolves. Staying ahead in this dynamic environment requires not only creativity and adaptability but also a deep understanding of the market and its driving forces. Take advantage of Attests powerful market analysis to gain critical insights into consumer behavior, emerging trends and competitive positioning. Whether youre refining a product line, exploring new markets or testing the appeal of innovative designs, Attest provides the data and clarity you need to make informed, strategic decisions. Book a demo today. The Clothing Industry Outlook shows an analysis of an industry balancing both innovation and tradition, influenced by sustainability and technology. It sheds light on how evolving consumer values and emerging technologies are creating new directions. The report explores the growing trends such as eco-conscious fabrics and smart textiles altering fashion standards. It also provides insights and firmographic data that analyze the shaping the future of the apparel market. This report was last updated in July 2024.This industry report serves as a reference for stakeholders within the industry, investors, policymakers, and economic analysts, providing a snapshot of the industrys health to map its trajectory for innovation and growth in the coming years.StartUs Insights Clothing Industry Report 2024This report is created using data obtained from the Big Data and AI-powered StartUs Insights Discovery Platform, covering more than 4.7 million global companies, as well as 20K+ technologies and emerging trends. We also analyzed a sample of 6000+ clothing companies to derive five examples from emerging clothing industry trends.Industry Growth Overview: The clothing report indicates a marginal decrease in annual growth of -0.76% with 313000+ companies listed.Manpower & Employment Growth: Despite market fluctuations, the industry has added over 856000 new jobs to its global workforce of 17.7 million.Patents & Grants: The sector continues to innovate with over 68000 patents and 2592 grants, highlighting a consistent focus on research and development.Global Footprint: Its influence spans major hubs in the US, India, UK, Germany, and Canada, including major cities such as New York City, London, Los Angeles, Mumbai, and Melbourne.Investment Landscape: The industry sees an average investment value of USD 28 million per round, with participation from over 12000 investors and over 410000 funding rounds.Top Investors: Notable investors include Manpower & Employment Growth, as well as Mapower & Employment Growth.are at the forefront with significant investments totaling USD 9 billion. among five across companies.Startup Ecosystem: It highlights startups such as The New Black (AI for Clothing Design), MIRRARME (Virtual Try On), Chaininitaly (Supply Chain Transparency), Apparel Robotics (Autonomous Clothing Manufacturing), and Solena Materials (Sustainable Fibers).Recommendations for Stakeholders: Support investment in sustainability and smart technologies, leverage emerging markets, and foster innovation through strategic partnerships to steer the industrys future.Explore the Data-driven Clothing Industry Report for 2024The Clothing Industry Outlook Report 2024 uses data from the Discovery Platform and encapsulates the key metrics that underline the sectors dynamic growth and innovation. It shows a minor decrease of 0.76% in industry growth over the past year. Our database comprises 313000 clothing companies, with a total of 60000+ clothing startups listed. The global manpower stands at 17.7 million, and there were over 856000 new jobs added in the last year.The United States, India, the United Kingdom, Germany, and Canada are recognized as major country hubs, acting as the industrys centers of activity and innovation. City hubs such as New York City, London, Los Angeles, Mumbai, and Melbourne are also significant nodes for clothing business and innovation. The industry holds over 68000 patents and has received 2592 grants, indicating a consistent focus on R&D and intellectual property.What data is used to create this clothing industry report?Based on the data provided by our Discovery Platform, we observe that the clothing industry ranks among the top 5% in the following categories relative to all 20K topics in our database. These categories provide a comprehensive overview of the industry and inform the short-term future direction of the industry.News Coverage & Publications: The clothing industry has been the subject of over 38000 publications in the past year.Funding Rounds: Our database has more than 41000 funding rounds, with an average investment of USD 28 million per round.Patents: The sector owns over 130K patents, highlighting its focus on innovation and creativity.Grants: It received 2592 grants, demonstrating support for research and development within the sector.A Snapshot of the Global Clothing IndustryThe clothing industry is a significant part of the global economy, with a considerable workforce of 17.7 million people. This workforce is evolving and expanding with an addition of 856K new employees in the past year. Further, the industry is home to a number of companies operating within it, amounting to 313K.Explore the Clothing IndustryWith an average investment value of USD 28 million per round, the clothing industry draws significant capital and also reflects investor confidence in its growth potential and profitability. The participation of over 12000 investors demonstrates a wide base of support and interest. Further, the completion of more than 41000 funding rounds showcases the competition and the ongoing hunt for the next big innovation.Moreover, the investment in over 10000 companies reveals the depth and diversity of the industry. These businesses range from startup ventures focusing on sustainable fashion to established brands exploring the limits of technology and design.Who is Investing in the Clothing Industry?The clothing industry has benefited from the investment efforts of numerous companies, collectively exceeding USD 9 billion. Heres the list of top investors:Tiger Global Management, investing in 34 companies with a total of USD 2.2 billion, demonstrates its dedication to growth and innovation within the sector.SoftBank Vision Fund has invested a total of USD 1.1 billion across 13 companies, showing its confidence in the industrys potential to disrupt and lead.Kohlberg Kravis Roberts has invested USD 882 million in 6 companies, emphasizing its strategic focus on high-potential opportunities.General Atlantic has channeled USD 856 million into 19 companies, reflecting its belief in the sectors continuous growth.Lone Pine Capital, with investments of USD 764 million in 5 companies, highlights the value they place on innovative enterprises. Accel has invested USD 749 million across 37 companies, indicating a broad and deep commitment to supporting promising startups.Tencents strategic investments total USD 704 million in 10 companies, showing its focus on the intersection of technology and fashion.L Catterton has committed USD 704 million to 23 companies, demonstrating its expertise in identifying and scaling high-growth ventures.Temasek Holdings, with a focus on sustainable and innovative models, invested USD 699 million in 7 companies.Lastly, DI Capital Partners has invested USD 656 million in 6 companies.Explore Firmographic Data for All Clothing Industry TrendsThe Sustainable Clothing trend is making progress in the fashion industry, as shown by the presence of 1000+ companies committed to environmentally friendly practices. These companies collectively employ 39K+ individuals, with an addition of 3K+ new employees in the last year. The annual trend growth rate of 7.15% highlights the rising consumer demand for sustainable fashion options.Microfibre technology, with 3000+ companies identified, has a considerable presence in the clothing industry, employing 261K individuals. The sector has added 12K+ new employees over the past year, reflecting steady growth with an annual trend growth rate of 0.78%. This trend underscores the materials popularity due to its durability, versatility, and efficiency in performance wear and everyday clothing.Smart Fabrics integrate technology into textiles to enhance functionality, such as through health monitoring, temperature regulation, and improved physical performance. It encompasses a smaller, niche market with 125 companies identified. These companies collectively employ 12K+ individuals, with 300+ new employees joining the sector in the last year, reflecting targeted growth with an annual growth rate of 5.20%.5 Top Examples from 6000+ Innovative Clothing StartupsThe five innovative startups showcased below are picked based on data including the trend they operate within and their relevance, founding year, funding status, and more. Book a demo to find promising startups, emerging trends, or industry data specific to your companys needs and objectives.The New Black leverages AI for Clothing DesignFrench startup The New Black develops AI tools to improve fashion design. The platform generates a variety of design ideas and explores different design variations. It visualizes designs in 3D and refines any potential design issues. The startups platform also provides a creator panel to foster collaboration among designers. It enhances creativity and efficiency, streamlining the design process. Further, the platform supports trend analysis, enabling the startup to stay ahead with current fashion norms.MIRRARME provides Virtual Try-On TechnologyAustralian startup MIRRARME provides a Virtual Try-On (VTO) solution for online fashion retailers. This solution employs augmented reality and 3D mapping to offer a more engaging and realistic experience. The platform creates a 3D representation using AI, which is then verified by experts. The startups VTO solution transforms 2D clothing images into 3D virtual garments using cloth animation. It then enables customers to visualize how a garment would appear on their body. The process, which takes a few seconds, results in a 3D avatar wearing the selected item of clothing.Chaininitaly improves Supply Chain TransparencyItalian startup Chaininitaly develops a platform that uses blockchain to enhance transparency and traceability in supply chains. The platform provides real-time tracking of products from production to delivery. It determines the degree of Italianness of a product and provides certification, offering reliable and objective information. The startups technology is useful in various industries, including the clothing industry, where it verifies the authenticity of products. Further, Chaininitalys solution encourages ethical sourcing and manufacturing practices.Apparel Robotics develops Autonomous Clothing Manufacturing SolutionsUS startup Apparel Robotics develops solutions for handling deformable objects with robots for improving clothing manufacturing. Its hardware includes grippers and end-effectors that are specifically designed for handling flexible materials. Further, it uses machine learning and computer vision tools to assist in accurately perceiving and manipulating fabric-like materials.Apparel Robotics caters to a variety of industries, including apparel, textiles, aerospace, automotive, and healthcare.Solena Materials creates Sustainable FibersUK startup Solena Materials develops a biomaterials platform that designs proteins to produce sustainable fibers. These fibers are derived from non-oil sources and are biodegradable. The development of these custom materials is supported by computational design, machine learning, and automation. The startup focuses on creating sustainable materials while maintaining fabric performance. Its technology applies to various sectors, including fashion apparel and medical textiles. Through its solutions, Solena Materials reduces the environmental footprint of the fashion industry.Gain Comprehensive Insights into Clothing Trends, Startups, or TechnologiesThe clothing industry report shows a sector crafting a future where sustainability and technology are core principles. Trends like microfiber innovation and up-cycling practices represent the industrys dedication to a more environmentally conscious and adaptable future. The industrys path suggests an ongoing mix of integration, with consumers demanding products that blend fashion with functionality, combining high-tech, signifying a period of mindful creation and consumption. Get in touch to explore all 6000+ clothing companies quickly.The fashion industry has demonstrated remarkable resilience amidst persistent challenges such as global economic instability, climate change, and a shortage of skilled labour in tech and AI sectors. These challenges present significant opportunities for those well-prepared and strategically positioned to capitalise on an anticipated economic rebound by mid-2025. However, the performance gap between luxury and non-luxury fashion has widened, with luxury brands outperforming benchmark indexes while non-luxury lags, making private equity investors increasingly cautious about investments in highly trend-dependent non-luxury fashion. The fashion industry must navigate the complexities of climate change, as extreme weather events could threaten $65 billion in apparel exports and nearly a million jobs in key fashion-producing countries by 2030. Fashion executives are prioritising economic uncertainty, geopolitical tensions, and inflation over climate risks for 2024. To address these vulnerabilities, the industry needs to implement both short-term and long-term strategies to tackle climate challenges, including flexible sourcing strategies, operational shifts, and capital investments to enhance climate resilience and reduce environmental impact. In June 2023, the United Nations issued a report urging fashion brands to report on their environmental impact. The report, titled "The Sustainable Fashion Communication Playbook," emphasised the role of marketing in perpetuating cycles of overproduction and excessive consumerism. It highlighted the need for brands, including signatories to the UN Fashion Charter, to align their communications with sustainability goals, moving away from messages that promote overconsumption. The playbook outlines strategies for brands to combat greenwashing, promote circular solutions like resale and rental, and shift consumer aspirations towards sustainable lifestyles. It also calls for greater accountability within businesses and advocacy for policy changes that support sustainable consumption practices. In recent years, the third generation of fast-fashion companies, exemplified by Shein and Temu, has radically reshaped consumer behavior. A substantial portion of U.S. (40%) and UK (26%) consumers have shopped using these providers in the past year alone. Their success hinges on innovative operational models that prioritise speed and affordability. These include agile manufacture-to-consumer supply chains and data-driven product design, enabling rapid turnover of trendy styles at ultra-low prices. Looking ahead to 2024, however, they face mounting challenges. Factors face mounting challenges, particularly around sustainability and ethical practices, pose significant hurdles. Despite their popularity, criticisms regarding environmental impact and labour practices loom large. Moreover, legislative scrutiny in key markets like the U.S. and EU threatens to reshape trade dynamics, potentially undermining the advantages these companies have leveraged, such as minimal import taxes on individual orders. The fashion industry has faced significant supply chain disruptions, exacerbated by demand volatility. Upstream suppliers, previously operating at full capacity in 2021, saw utilisation drop to 30-40% in 2023. This trend is expected to persist, with 73% of chief procurement officers foreseeing ongoing challenges from demand fluctuations. Textile factories are expected to see capacity improvements starting in the first half of 2024. The "bullwhip effect" has magnified these issues, amplifying changes in consumer demand across the supply chain and leading to overcompensation in production cuts and layoffs. This turmoil has particularly affected smaller manufacturers, with closures reported in Pakistan and apparel hubs in countries like Sri Lanka and Vietnam. The resulting worker displacement and humanitarian crises underscore the need for sustainable industry resilience and ethical supply chain practices moving forward. The anticipated resurgence in global travel to pre-pandemic levels by 2024 offers significant opportunities for the fashion industry. With a substantial portion of consumers planning to shop for fashion while traveling, fashion brands can capitalise on increased spending. The rise in remote and hybrid work has led to more "workation" trips, opening new travel locations. The return of Chinese tourists, who prioritise luxury experiences over shopping, necessitates elevated in-store experiences and integration with digital ecosystems. Fashion brands should enhance retail experiences in key international hubs and adapt product assortments to reflect updated tastes, balancing the needs of Chinese shoppers with other key demographics for inclusive and targeted experiences. The outdoor apparel and footwear sectors are rapidly growing and showing increased potential compared to other fashion product sectors, evolving towards everyday wear, emphasising the fusion of style and utility in 2024. As consumer interest in outdoor activities like hiking and camping soars globally, brands are diversifying their offerings and competition intensifies across price categories. While the gorpcore trend declines, a shift towards "quiet outdoor" fashion is anticipated, marked by minimalist designs and technical fabrics. Luxury brands are increasingly integrating outdoor elements into their permanent collections, while technical brands like On and Salomon expand their appeal beyond traditional outdoor enthusiasts to fashion-forward consumers. This dynamic landscape calls for brands to innovate, balance utility with fashion appeal, and differentiate themselves amidst growing market convergence. The fashion influencer landscape is also undergoing significant transformation, characterised by a 30% year-on-year decline in Instagram engagement rates and diminished post reach. Consumers, fatigued by sponsored content, are turning away from traditional influencer marketing, with 68% expressing dissatisfaction and 65% reducing their reliance on fashion influencers. TikTok has emerged as a preferred platform, with 3% of U.S. adults spending nearly 56 minutes daily compared to 30 minutes on Instagram, reflecting its appeal for more authentic content. Influencers emphasising authenticity and relatability are gaining traction, with Gen-Z favoring TikTok for influencer content over YouTube and Instagram. In the upcoming years, brand marketing is set to regain prominence in the fashion industry, marking a shift away from the dominance of performance marketing. As consumer preferences evolve and data privacy regulations tighten, brands are expected to prioritise strategies that connect with their audiences through compelling storytelling. A significant majority of fashion executives, 71%, plan to increase investments in brand marketing activities in 2024, contrasting with 46% intending to boost spending on performance marketing. The strategic pivot underscores a broader industry trend towards fostering enduring brand affinity amid rising costs and regulatory challenges. To succeed in this new landscape, brands are rethinking their marketing strategies to emphasize authenticity and long-term engagement over immediate sales metrics. Examples like Hugo Boss's targeted rebranding efforts and collaborations by New Balance highlight how brands are leveraging storytelling and partnerships to resonate more deeply with consumers. The shift towards immersive retail experiences and cross-industry collaborations further illustrates the industry's move towards creating memorable brand interactions that extend beyond traditional marketing channels. From a technological perspective, Generative AI (gen AI) is rapidly reshaping the fashion industry by offering transformative pipelines and diverse use cases. McKinsey highlights its potential to contribute up to a quarter of the industry's value through applications in design and product development, yet current adoption remains relatively low at 28% among fashion executives. Despite this gap, gen AI is already proving invaluable in enhancing online shopping experiences and streamlining creative processes. Brands like Ganni and Casablanca are pioneering its use in

runway shows and marketing campaigns, demonstrating its ability to accelerate design iterations and bolster creative output. Investment in gen AI startups soared to \$14.1 billion in the first half of 2023, underlining its strategic importance for fashion businesses. Tools such as AiDA and Cala exemplify its capacity to automate design tasks, generate fashion templates, and facilitate rapid prototyping. Beyond operational efficiencies, gen AI enables hyper-personalization in customer interactions and empowers brands to scale creativity effectively. As fashion companies navigate challenges like bias and IP protection, strategic adoption of gen AI promises not only cost efficiencies but also significant competitive advantages in a rapidly evolving market landscape. Since 2022, the fashion industry showed resilience primarily driven by the luxury segment's ability to raise prices effectively, offsetting challenges in other segments. Economic profit (EP) stabilized near 2021 levels despite macroeconomic uncertainties such as geopolitical tensions, inflation, and fluctuating consumer confidence. The luxury sector, dominated by major players like LVMH, demonstrated significant profit generation through pricing strategies. Meanwhile, mid-market and value/discount segments struggled, with some even experiencing declines in EP. The industry saw a polarisation in profitability, with a small number of "Super Winners" capturing the majority of economic profit. These top companies, particularly in luxury and sportswear, outperformed others due to their strong margin performance and strategic market positioning. Despite challenges, including high inventory levels and supply chain disruptions, luxury brands maintained high margins and revenue growth. While luxury segments are expected to sustain profitability, other segments may face further challenges, potentially widening the gap between industry leaders and struggling companies. The luxury fashion industry is poised for continued growth in the coming years. Revenues are anticipated to increase by 3.6% in 2025, reaching \$120.1 billion. Forecasts indicate subsequent annual growth rates of 3.3% in 2026 and 3% in 2027, pushing total revenues to \$124.1 billion and \$127.8 billion, respectively. By 2028, the industry is projected to reach \$131.7 billion following a 3.1% annual increase. The challenges Consumer confidence remains fragile in key markets, economic slowdowns across major commercial economies such as the U.S., Europe, and China. The climate crisis is a significant concern, with extreme weather events in 2023 anticipated to continue or worsen in 2024. Potential losses due to climate impacts on apparel exports could reach \$65 billion by 2030. These impacts will affect not only the fashion industry but multiple manufacturing industries. Regulations in the E.U. and U.S. will push brands to drastically cut down greenhouse gases, emissions, and wasteful practices. Businesses are scheduled to push more capital towards sustainable business models that conserve and protect natural resources. The opportunities Generative AI is seen as a major growth lever, with 73% of executives prioritising it for 2024, despite a talent gap. Innovation through AI, particularly generative AI, is crucial for enhancing creativity and operational efficiency. Marketing strategies are shifting from performance to brand marketing, with a focus on authenticity and relatability through influencers. Brands are looking for unique influencers with fresh perspectives, as opposed to ultra-polished and well seasoned influencers. The return of travel to pre-pandemic levels is expected to boost demand for fashion, especially outdoor wear.Sustainability and climate action remain high on the agenda, with 12% of executives viewing it as both a top opportunity and challenge. Brand-building and differentiation will be key to attracting consumers in a competitive market. Focusing business strategy away from trend-based fashion, toward long term brand value is also of high importance to executives. Key industry insights By 2023, the industry faced deepening challenges, with slow growth in Europe and the U.S., and deceleration in China. Global GDP growth is set to slow to 2.9 percent in 2024, down from 3 percent in 2023 and 3.5 percent in 2022. In the third quarter of 2023, net intent to purchase apparel was 7 percent in China, negative 25 in the US and negative 29 in Europe. High savings rates in China contrast with depleted savings in the U.S. and Europe post-pandemic, affecting spending capacity. Emerging Asia provides potential growth spots, with Indias investment activity, domestic demand and developing infrastructure making it a promising market for fashion. Markets like the Middle East are seen as promising for growth and investment. Luxury initially performed well but faced a decline in consumer interest by mid-2023. For 2024, executives anticipate expected retail sales growth between 2% and 4%, with the luxury sector taking the lead in performance growth. Non-luxury fashion is expected to grow steadily, with variations across regions: Europe (1%-3%), U.S. (0%-2%), and China (4%-6%). Luxury fashion growth is projected to slow globally, with regional growth rates varying: Europe (3%-5%), U.S. (2%-4%), and China (4%-6%). Investment landscape Scaling non-luxury fashion for IPOs remains challenging due to concerns about long-term value creation, high valuations, debt financing difficulties, and pressure on discretionary consumer categories. Investors now prioritise brands with iconic, timeless designs to mitigate "fashion risk," leading private equity firms to focus on luxury brands, sportswear, wellness, outdoor gear, modern jewellery, and intimates. High-demand AI job roles in fashion industries AI Data Scientist/Engineer: develops and refines AI algorithms to analyse fashion trends and consumer data, ensuring models are accurate and effective for predicting market demands. Creative Technologist: combines fashion design with technical expertise to innovate AI-driven solutions, creating and refining product prototypes using AI tools and technologies. AI Product Manager: leads the development and implementation of AI-powered fashion products, collaborating with teams to define features, prioritise tasks, and align products with business goals. Fashion Data Analyst: analyses consumer behaviour and market data to provide insights for fashion brands, using AI tools to forecast demand, optimise inventory, and enhance personalised customer experiences. AI Ethics and Compliance Specialist: ensures ethical use of AI in fashion, addressing issues such as data privacy and bias, collaborating with legal teams and regulators to maintain industry standards. Digital Content Creator: uses AI for content generation, including product descriptions, marketing copy, and visual content creation such as AI-generated imagery and virtual fashion try-ons, enhancing digital storytelling. User Experience (UX) Designer: designs intuitive interfaces and experiences for AI-powered fashion applications, conducting user research, creating prototypes, and optimising usability for consumers and internal users. AI Implementation Specialist: manages deployment and integration of AI solutions in fashion systems, collaborating with IT teams to ensure smooth implementation, testing, training, and support for end-users. Final take-aways Several key insights emerge from our analysis. Revenue growth is expected to stem more from price adjustments than from increased sales volumes, prompting brands to carefully balance pricing strategies to retain price-sensitive consumers. Effective inventory management remains critical amid fluctuating demand dynamics. Suppliers may encounter intensified competition and price pressures due to weak demand and surplus capacity. Building collaborative relationships between brands and suppliers is pivotal to navigating price competitiveness and cost control effectively. Additionally, brands must remain attentive to evolving consumer trends while cautiously approaching products reliant on fast fashion cycles. Recent regulatory shifts in sustainability practices and waste reduction, particularly in regions like Europe and the U.S., further underscore the need for vigilant strategic adaptation. Further reading The State of Fashion 2024 report | McKinseyLegislation is coming for fashions supply chains. Are you ready? | Vogue BusinessThe State of Fashion 2024: Riding Out the Storm | BoFThe future of fast fashion | The EconomistGlobal Luxury Fashion Industry: 2018 to 2028 | Oberlo At Pyou, we believe that successfully navigating an ever-evolving industry like fashion requires a steadfast commitment to innovation, sustainability, and a deep understanding of market dynamics. As highlighted in McKinseys The State of Fashion 2025 report [2], the fashion sector faces a critical juncture, with challenges like economic uncertainty, shifting consumer behavior, and the imperative for sustainability. These insights reinforce our values of adaptability, excellence, and collaboration, driving us to closely monitor key sectors such as fashion. By staying informed and proactive, we strive to transform challenges into opportunities, shaping a future where creativity and responsibility coexist seamlessly.State of Fashion 2025: Economic Outlook and Market TrendsBy 2025, the global fashion industry is expected to see low single-digit growth, reflecting an economic slowdown and subdued consumer confidence[6]. Surprisingly, for the first time since 2010, non-luxury segments will drive profit growth, marking a significant shift in the sectors profit drivers[5].Geographic dynamics are undergoing major changes:Europe could benefit from easing inflation and a boost in tourism[1].The United States will see steady contributions from high-net-worth consumers[6].In Asia, emerging markets like India, Japan, and Korea are gaining importance, while China continues to struggle economically post-pandemic[1].Shifts in Consumer BehaviourRecent inflation has made consumers increasingly price-sensitive, altering spending priorities and fuelling the growing popularity of dupes affordable equivalents of luxury or exclusive goods[1]. This trend is expected to become even more pronounced by 2025[3].An often-overlooked demographic, the Silver Generation (over 50s), represents a significant opportunity. Controlling 72% of wealth in the US and becoming increasingly tech-savvy, this group challenges long-held assumptions about age and aspirations in fashion[4].Innovation and TechnologyThe integration of technology into fashion will give rise to smart garments, with the global market expected to reach \$5.3 billion by 2024. Smart clothing is expected to expand beyond fitness and health monitoring, including innovations like temperature-regulating fabrics and augmented reality capabilities[3].Artificial intelligence (AI) is transforming the industry, with over 50% of fashion executives considering it a key tool for enhancing product discovery by 2025. AI-based tools are enabling brands to improve product discovery, personalise customer experiences, and optimise supply chains[6].Sustainability and Social ResponsibilityDespite economic challenges, sustainability remains a key trend. Fashion brands will increasingly focus on practices like recycling, upcycling, and using biodegradable materials. Innovations like lab-grown fabrics and eco-friendly dyes will become mainstream, reducing the industrys carbon footprint[3]. The insights shared in McKinseys The State of Fashion 2025 report underscore the transformative shifts shaping the industryfrom economic slowdowns to technological innovation and sustainability imperatives. At Pyou, we are guided by a vision of fostering growth and inclusivity, while embracing these changes with resilience and purpose. Our commitment to tracking industry trends, particularly in pivotal sectors like fashion, ensures that we can support solutions that reflect our core values of progress and sustainability. Together, we can meet the demands of a changing world, creating a thriving and responsible future for the fashion industry and beyond. Sources[1] McKinsey & Nike: The State of Fashion Manufacturing in 2025 2] The State of Fashion 2025: Challenges at every turn | McKinsey 3) Opportunities in the Fashion Industry for 2025 Fashinnovation 4] I Read 150+ Pages of A BoF-McKinsey Report So You Dont Have To 5] The State of Fashion 2025: Challenges at Every Turn | BoF 6] State of Fashion 2025: Trends, data, and strategic insights 7] Key insights from McKinseys The State of Fashion 2025 K3 8] 2025 Fashion Trends: Top 10 Forecasted Key Trends Heuritech 9] Top Consumer Fashion Trends for 2025 Pure London 10] The Trends Set to Define 2025 Fashion | Who What Wear In 2024, global sales of apparel and footwear are set to experience moderate growth of approximately 2% in constant terms, and expected to recover to pre-pandemic levels by late 2025/early 2026. The impact of inflation remains persistent and will translate into cautious discretionary spending levels as the baseline forecast global inflation remains above central banks targets, meaninghigh interest rates are likely to stay and will continue squeezing consumers disposable incomes.Supply-side price pressures are also expected to continue in 2024After the pandemic revealed the limits and risks of global fashion supply chains with an overreliance on China, the all-time high inflation seen since 2022 has worsened the situation. Not only have brands and retailers felt the pressure of the increasing cost of goods sold (COGS), but they have also refrained from passing all these costs to consumers whose budgets are being squeezed. Even if the COGS somewhat normalised in the last quarter of 2023, the security crisis in the Red Sea is further disrupting supply chains and inflation as the costs of international shipments rise.In the short term, this poses another pricing conundrum for fashion players, which have already had to contend with costs rising much quicker than the amount they can pass on within consumer pricing. In the longer term, geopolitical tensions will further drive supply chain shifts, which have accelerated since the pandemic. Seeking new pockets of growth India, China and the US will be top contributors to global sales, but there is also a growing number of international players seeking to invest in new pockets of growth in Southeast Asia, such as Thailand and Indonesia; Latin America, including Mexico and Brazil; and in the Middle East and African regions, such as the United Arab Emirates and Saudi Arabia, to boost their revenue prospects and diversify their geographic portfolios.In terms of categories, sportswear and childrenswear are set to outperform the wider industry. The demand for sportswear is expected to benefit from the 2024 Paris Olympics in the short term, but over the forecast period, it will largely be driven by thegrowing wellness focus and appeal of sports aesthetics in the APAC region. On the other hand, childrenswear is set to grow globally due to favourable sociodemographic factors in the APAC, Middle East and Africa and Latin American regions.Current economic headwinds increase the appeal of durability, quality and versatilityAs market conditions are toughening, there is likely to be market polarisation, making it particularly difficult for brands with a mid-price positioning. However, consumers being more careful with their fashion spending in general does not only mean buying cheaper but, rather, buying the best they can afford. Increasing a products lifespan and circularity credentials is all the more important since the regulation is also changing, with the EU Strategy for Sustainable Textile and the Californias Climate Corporate Data Accountability and Climate-Related Financial Risk Acts passed in October 2023.Hyper localisation, personalisation and GenAI to deliver emotional connectionsWith 32% global sales of apparel and footwear taking place online, the digital transformation continues, albeit at a slower pace than during the pandemic. However, consumers demand the best of both worlds, and delivering a convenient, personalised experience can help win their favour in a saturated digital environment. GenAI and technology can help boost conversion rates and reduce returns by delivering these personal experiences due to offering a more fluid or visual shopping experience, such as the Google Virtual Try-On tool or instant product recommendations, including by Indian ecommerce giant Myntra, which is integrating ChatGPT as part of its platforms.Another winning strategy is that of hyper localisation. This involves tailoring ones in-store experience and digital content or developing special collaborations or product mixes to align with key events to help deliver emotional connections. They can achieve this by combining international brand power with the cultural nuances, languages and preferences of regional or domestic consumers. To conclude, the fashion environment remains extremely challenging for fashion players in 2024, but there are pockets of growth and companies able to demonstrate and communicate their value to consumers through tailored product offerings and services will fare better than others. In this quest, it will be critical to invest in the right technology that can support more localised and personalised offerings.To learn more about winning strategies in this market environment, read our briefing.Competitor Strategies in Apparel and Footwear. Although hard to predict, even in the best of times, the fashion industry is in for a particularly tumultuous and uncertain 2025. A long-feared cyclical slowdown has arrived. Consumers, affected by the recent period of high inflation, are increasingly price sensitive. There is also the surprising rise of dupes, the acceleration of climate change, and the continued reshuffling of global trade. Regional differences, which came into focus in 2024, will become even starker in the coming year. In short, the negative environment predicted by many in the fashion industry this time a year ago has now materialized. There is still growth to be found, but economic uncertainty, geographic disparities, as well as shifting customer behavior and preferences mean seizing it will require navigating a maze of compounding challenges at every turn. Consequently, 2025 is likely to be a time of reckoning for many brands.Sluggish growth continuesJudged purely by the top line, the fashion industrys outlook for 2025 appears to be a continuation of the sluggishness seen in 2024: revenue growth is expected to stabilize in the low single digits (exhibit). While luxury has led in value creation in recent years, the McKinsey Global Fashion Index forecasts that in 2024 , it is nonluxury that will drive the entirety of the increase in economic profit for the first time since 2010 (excluding the COVID-19 pandemic).Fashion leaders polled in our annual BoFMcKinsey State of Fashion Executive Survey were just as pessimistic as last year. Just 20 percent expect improvements in consumer sentiment in 2025, while 39 percent see industry conditions worsening.The geographic drivers of revenue and economic profit are also undergoing historic shifts. In particular, the industry will benefit from falling inflation and increased tourism in Europe, the resilience of high-net-worth individuals in the United States, and new growth engines in Asia (to counteract uncertainty around consumer spending in China, which is still recovering from the pandemic). China will remain the regions center of gravity, but as the country is increasingly prioritizing value. This impulse is also driving expansion of the resale and off-price segments. Brands that do not wish to play in these categories must demonstrate to customers why their products are worth the premium price. One way to achieve this is by improving the shopping experience. Consumers are returning to in-store shopping at prepandemic levels across much of the world, but retailers need to remind shoppers what they love about the in-store experience. That starts with well-trained staff who are empowered to assist and inspire customers.In the shift back to physical retail, pure-play luxury marketplaces have struggled. This coming year may see mass online marketplaces experience similar disruption; most have seen their share prices plummet from pandemic highs and have struggled to find an answer to falling demand and rising customer acquisition costs.Smart e-commerce players are focusing on new paths for product discovery. Shoppers who were once dazzled by the seemingly endless selection available at many online retailers now bemoan the difficulty of finding what they want. AI-powered curation, content, and search can help customers discover brands and products more effectivelyand feel more inclined to make a purchase.Brands are also reevaluating which consumer cohorts to pursue. While the fashion industry has historically prioritized younger shoppers, the silver generation of over-50 customers is growing as a proportion of the overall populationand fashion spending. In 2025, brands will benefit from courting these oft-overlooked customers.Not all brands are equally adept at making these pivots. Often, it is newer, challenger brands, unburdened by historic conceptions about products, stores, and customers that are coming out on top. This is especially true in the sportswear category, where incumbents are competing with a wave of smaller, but more innovative players that are rapidly capturing market share. Next year, ongoing shifts in global trade must also be monitored and anticipated for their impact on sourcing. Retailers will accelerate their reconfiguration of supply chains to prioritize nearshoring and manufacturing in geopolitically aligned countries.These supply chains will need to become more agile, with companies making efforts to reduce excess inventory and minimize the risk of shortfalls. Margin pressures, as well as pressures from governments around the world to reduce emissions and fashion waste, will drive advances in inventory management. New technology will aid these efforts.Finally, the climate crisis will remain a potent force across fashion supply chains and in driving consumer behavior. Even though shoppers have proven less willing than hoped to pay extra for planet-friendly products, making the business case for sustainability less obvious to executives among other competing priorities, the mounting cost of climate change, and government action to combat it, mean sustainability must remain at the top of the agenda. Those who choose to approach sustainability with a long-term mindset even while battling short-term problems will be rewarded with more efficient business operations and a competitive advantage.Leaders who move quickly to identify the bright spots, whether they are geographic, demographic, or technological, will be primed for success, but only if theyre able to evolve. The old playbook is now obsolete; the industry will need a new formula for differentiation and growth. 1. The Rise of Vertical IntegrationEnd-to-end vertical integration has emerged as a vital strategy for garment manufacturers, seeing factory owners expanding into realms traditionally outside their purview such as textile production, knitting, and dyeing. The core motivation behind this shift is simply meeting the increasingly crunched buyer timelines.Owning more stages of the supply chain enhances control over production and reduces lead times. It enables agility in responding to market changes and customer demands, ensuring capital investment and a reevaluation of traditional business models. It often involves exploring new areas, requiring fresh expertise and workforce adjustments.Despite these challenges, the benefitsenhanced efficiency, superior quality control, and heightened competitivenessare considerable. Businesses adept at making this transition may gain a notable edge, providing quicker and more responsive services to clients.2. Consolidation: The Survival of the FittestConsolidation by way of mergers, acquisitions and so on will beanother big thingfortheapparel supply chain 2024-25. Several big firms could be seen narrowing their supplier base. This shift towards working with fewer but larger full-service supplierswillreshape the landscape.For top-performing manufacturers, especially those highly rated on vendor scorecards, this presents substantial growth opportunities. But for smaller firms, the low growth, high cost, and low margins era could be painful. They would need to develop strategic partnerships to survive. Everyone from retailers to manufacturerswill be looking for economies of scale to help counteract rising operating costs.In such anenvironment, those who can adept by scaling up operations, investing in technology, or finding niche marketsmay be the ones to thrive. However, the message is clear: agility and digital savviness are not just desirable attributes but essential for survival.3. Sustainability: A Regulatory and Ethical ImperativeWe all know that sustainability is no longer a buzzword. Legislation is coming for fashion supply chains. Its a regulatory and ethical imperative. Legislation like EuropesCorporate Sustainability Reporting Directive,Ecodesign Criteria for Consumer Textilesand theNew York State Fashion Sustainability and Social Accountability Actexemplify this shift.Manufacturers, especially in the EU and US (or exporting to these markets), face stringent regulations driving them towards sustainable practices. These laws cover not only environmental protection but also fair labor, ethical sourcing and greenwashing. The industrys challenge lies in adapting manufacturing processes to be eco-friendly while maintaining transparency and ethical practices in the supply chain.Adopting these changes requires both effort and investment, such as overhauling production methods, sourcing sustainable materials, and investing in eco-friendly technologies. Brands are expected to demonstrate sustainability at every supply chain stage.Despite the hurdles, this shift offers opportunities like appealing to consumers who value sustainability, accessing new markets, and building differentiated brands. The journey towards sustainability, while challenging, opens doors to innovative and responsible business practices.4. Geographic Dispersion and New Manufacturing HubsThe global fashion manufacturing map is changing. Manufacturers, especially from traditional hubs like India, are expanding their operations into new regions such as Africa, Middle East, Turkey and Latin America. This move aims to overcome geographical limitations and capitalize on benefits like lower labor costs, access to raw materials, and proximity to consumer markets in Europe, the UK, and the Americas.This geographical diversification is partly a strategic response to the supply chain disruptions of the pandemic and ongoing geopolitical tensions. By spreading their manufacturing bases, fashion brands seek to reduce reliance on traditional hubs, and move towards nearshoring and reshoring that promises more resilience and faster turnaround times.Managing these widespread operations effectively will be crucial, requiring advancedcloud platformsfor complex logistics and supply chain management across varied locations. As brands adapt to these changes, their success in the global fashion market will hinge on swiftly adjusting to new manufacturing scenarios while maintaining efficiency and quality.5. Automation: The New WorkforceAutomation will bring a seismic shift in manufacturing, with robots and AI-powered machines increasingly taking over tasks like cutting, sewing, finishing and evenfolding. This shift, driven by the desire to enhance efficiency, accuracy, and consistency and to reduce labor costs, offers businesses a way to meet the demands of a fast-moving market more effectively.However, the move towards automation also raises important questions about the future of our workforce. As machines take on more tasks traditionally performed by humans, how will the role of skilled labor evolve in this future? This change calls for a revised workforce strategy, emphasizing reskilling and upskilling across various roles, from designers and technical teams to factory workers and managers, enabling them to effectively collaborate with and harness these new technologies.While automation undoubtedly brings many benefits, it also underscores the need for a balanced approach that considers both technological advancement and the human element of our industry.6. Fiscal Agility: Balancing the BooksAs we navigate the choppy waters of the coming years, a crucial theme for fashion businesses will be the astute management of costs and inventories, coupled with strategic pricing. This approach transcends mere expense control; its about leveraging financial tools for agility in a market marked by intense competition and changing consumer preferences. Utilizing financial analytics and forecasting tools will be crucial for informed decision-making that balances cost-efficiency with growth opportunities.In this environment, understanding and responding to consumer shifts in styles, tastes, and prioritiesis essential. Brands and suppliers that skillfully adapt to these changes, usingmodern financial and accounting toolsto refine their strategies, will not only survive but also prosper. The ability to dynamically adjust pricing based on market trends and consumer data, while efficiently managing inventories to minimize waste and optimize sales, will set apart leaders in this competitive field.Embracing sophisticated financial management tools has become a strategic advantage. This fiscal agility will allow manufacturers to capitalize on new trends, adapt to market shifts, and create value in a landscape where consumer preferences are evolving every day.7. Mass Customization: The Personal TouchMass customization is transforming the way we think about fashion production driven by consumers increasing demand for personalized and customized clothing that aligns with their unique style, preferences, and current trends.Manufacturers are now compelled to provide customization options, from made-to-measure garments to online design tools. This shift demands greater flexibility and adaptability in production processes, with technologies like 3D prototyping and printing becoming crucial for meeting individual customer needs.In fact, the rise of Direct-to-Consumer (DTC) brands underscores the growing importance of made for you in fashion. DTC brands are disrupting the traditional retail model by offering more personalized experiences and customization options, often through online platforms.For the manufacturers, this trend represents a significant opportunity to collaborate with DTC brands, adapting their operational processes to meet the demands of a market that values uniqueness and personalization. However, it also challenges suppliers to rethink production models, moving away from mass production to more agile and responsive manufacturing setups.8. Transparency and Traceability: The Conscious ConsumerTransparency and traceabilitycould together have been THE words of the year 2023 in the fashion dictionary, if there was one. Todays eco-conscious consumer wants to know the origins and ethical credentials of their clothing. This demand for transparency is pushing brands, and thus their manufacturers, to expose their supply chains to scrutiny. Ensuring fair wages, safe working conditions, and ethical sourcing of materials is becoming a baseline expectation.Implementing systems for transparency and traceability can be complex and resource intensive. It requires us to track and report on every stage of the manufacturing process, often necessitating investments in new technologies and systems. Theres a lot of work to be done. Fashion RevolutionsFashion Transparency Index 2023found that 70 out of 250 brands (28%) still score in the 0-10% range.However, this investment is not without its rewards. Increasing transparency will help build greater trust and loyalty with both the buyers and the end consumers. In an industry often criticized for its opacity, taking the lead on transparency can be a powerful differentiator.9. Digital Transformation: Beyond the BuzzwordDigital transformation in the fashion industry is fundamentally shifting in how we operate and innovate. For manufacturers, it means embracing technologies like modern supply chain management platforms, 3D designs, AI-driven machinery and on-demand production. While brands need to leverage the rightproduct lifecycle managementsystems, marketing automation, e-commerce, and consumer analytics tools.The path to digital transformation is not one-size-fits-all. Each companys journey will be unique, influenced by its own challenges, goals, and existing IT landscape. While some might focus on gaining clarity and insights from business data, others may want to integrate AI into production planning.The key is to develop a tailored digital transformation strategy that aligns with your business objectives is to work with a digitalization partner that understands your business and your industry. Want some help?Book a session with a fashion-tech consultant from WFX.Implementing digital solutions requires configuring solution and the to ensure your team effectively utilize the new tools. And the potential benefits are the fruits of a tree that keeps on giving. Digitalization helps you streamline operations, reduce wastage, enhance product quality, and respond more quickly to market changes. They also provide an opportunity to collaborate closely with buyers and partners, with more transparency and flexibility.10. Generative AI: The New Frontier in Fashion InnovationWe just cant talk about the future without talking about Generative Artificial Intelligence (Gen AI). Surrounded by significant buzz in 2023, Gen AI is beginning to seeexperimental applicationsby fashion companies like Levis Strauss, Zegna and Kering. McKinsey predicts it could add up to\$275 billioninto the apparel, fashion and luxury sectors profits in the next five years.Gen AIs broad applicability across the fashion value chainfrom design and production to marketing and customer engagementmakes it a particularly exciting area of exploration. Companies are looking to scale up use cases where Gen AI has shown clear performance benefits. This trend marks a shift towards more intelligent, data-driven approaches in fashion manufacturing and retail, offering opportunities for increased efficiency, creativity, and personalization.As companies begin to scale their use cases, were likely to witness big changes in how fashion is conceived, created, and consumed. And with the tech itself continuously evolving, Gen AIs potential to transform various aspects of the fashion industry is immense, making it a key area to watch in the coming years.

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