



Executive  
Perspectives

# AI-First Companies Win the Future

Fashion and Luxury

*November 2025*

## Introduction

We meet often with CEOs to discuss AI—a topic that is both captivating *and* rapidly changing. After working with over 2,000 clients in more than two years, we are sharing our most recent lessons in a new series designed to help CEOs navigate AI.

With most sectors going through major shifts, the focus in 2025 has been on how to leverage predictive, generative, and agentic AI to fully transform organizations and create new sources of competitive advantage.

In this edition, we discuss the role of AI in shaping the future of fashion.

We address key questions on the minds of fashion executives:

- Is now the right time to invest in AI or should I wait?
- What are the AI deployments that actually unlock value?
- How do I get started, and how do I get this right?

**This document is a guide for fashion executives to cut through the hype around AI and understand what creates value now and in the future.**

**In this BCG  
Executive Perspective,  
we articulate the vision  
and value of the future  
of fashion with AI**



# Executive summary | Future of fashion, driven by AI

## WHY NOW

is the right time to act

- **AI is enterprise-ready:** Agents now reason, act, and automate entire workflows
- **Consumers already shop with AI:** Opting out is not a possibility; brands must meet consumers where they are
- **Competitors are investing:** Leaders are accelerating spending in AI and seeing tangible returns
- **Top AI talent is scarce:** Early movers can attract better talent than laggards can

## WHAT

value is AI delivering in fashion

- **Integrate with agents:** Brands must decide strategically whether and how to show up
- **Launch owned agents:** Brands that have launched AI-enabled experiences see 5%–15% conversion gains
- **Reshape functions:** Leading brands reshape core and support functions for speed, quality, and cost gains

## HOW

to transform into an AI-first organization

- **Rewire the operating model:** Agentic AI is forcing companies to rethink the operating model with flatter hierarchies, autonomous agent decision making, and cross-functional teams that bridge tech and business
- **Adjust leadership style:** Lead with bold ambition and prioritize a few big bets at a time; create accountability and focus on change management to unlock tangible and sustained results
- **Redirect tech spending:** AI can unlock tech efficiencies, which can partially fund investment in AI enablers



# WHY NOW is the right time to act

AI



## AI is enterprise-ready

Agents now reason, act, and automate entire workflows

## Consumers already shop with AI and agents

Brands must meet consumers where they are

## Competitors are investing

Leaders are accelerating spending in AI and seeing returns

## Top AI talent is scarce

Early movers can attract better talent than laggards can

# Four forces make AI a strategic imperative in fashion



## Tech

AI models are cheaper, more accurate, faster, and easier to deploy than a year ago

**10x**

improvement in cost of use for a given level of AI<sup>1</sup>



## Consumers

AI is redefining how consumers discover, evaluate, and purchase products

**60%**

of US consumers used AI to shop<sup>2</sup>



## Competitors

Leading brands are already deploying AI to reshape functions and consumer journeys

**64%**

of Fortune 500 brands mentioned AI in earnings calls and reports<sup>3</sup>



## Talent

The battle for AI talent requires rapid adaptation of organizations, operating models, and compensation

**40%**

of brands have added AI leadership roles<sup>4</sup>

1. Sam Altman (February 2025). 2. Build for Future BCG Survey (2025, N = 1,233 across NAMR, EMESA, APAC); UVA Darden research. 3. Mentions of AI topics in 2025 Q1 earnings calls and reports. 4. LinkedIn Talent Insights. Source: BCG analysis.



# Tech | AI technology is accelerating, increasing opportunities

## In the past five years

AI **laid the foundation** for smarter decisions and more productive teams

**Prediction and simulation models matured**—improving revenue management, pricing, supply chains, and marketing

**GenAI boosted productivity** across the board, accelerating content creation, planning, and decisions

## In the past 12 months

The **shift from tools to agents has begun**—entire workflows are now being automated

AI agents started **orchestrating end-to-end processes**, not just tasks

Synthetic content creation (e.g., video, voice) became **indistinguishable from human output**, disrupting creative models

## In the next three years

Tools will continue to evolve; competitive advantage comes from **an adaptive mindset**

**AI reasoning engines** will tackle complex business strategy, forecasting, and innovation

**Physical AI will upend cost structures** in supply chains, fulfillment, and in-store operations

**Agentic AI will dominate** how consumers discover, evaluate, and buy

# Consumers | Consumers have started to use agents to shop



## Consumers are shifting their behavior

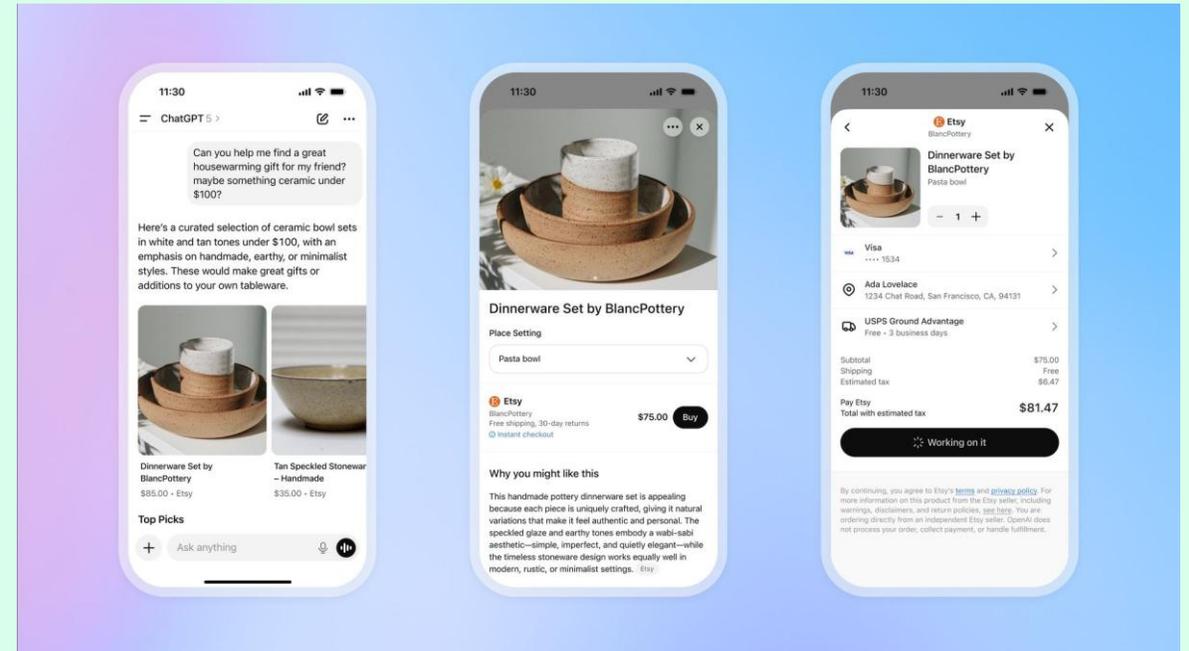
**77%** Used ChatGPT as a search engine

**60%** Used AI for part of shopping journey

## Agents are driving traffic and engagement

**4,700%** Surge in GenAI-sourced traffic

**8%** Higher engagement from users from agentic sources



## Examples

### OpenAI

ChatGPT now supports Instant Checkout and third-party apps

### Perplexity

Launched “Buy with Pro”, which assists with checkout

### Google Shopping

Adding AI product recommendations

Sources: Adobe Express N = 1,000 US consumers and marketers, 2025; Adobe Analytics N = 5,000 US consumers, 2025; BCG analysis.



# Competitors | Brands are rapidly accelerating AI spending

## From lagging other industries in AI investment...<sup>1</sup>

Difference in respondents increasing and decreasing spending (%)<sup>3</sup>

Health care	38%
Media	37%
Finance	36%
Tech	35%
Energy	31%
<b>Fashion and retail</b>	<b>26%</b>
Education	18%
Industrial goods	17%
Professional services	14%

## ...to being in the top three raising spending<sup>2</sup>

Difference in respondents increasing and decreasing spending (%)<sup>3</sup>

Tech	58%
Finance	51%
<b>Fashion and retail</b>	<b>47%</b>
Health care	46%
Industrial goods	45%
Media	42%
Energy	41%
Professional services	38%
Education	36%

1. 2023 H1 AI investment. 2. 2024 H2 AI investment. 3. Percentages are the net respondents spending change (percentage calculated by percent of respondents increasing spending minus percent of respondents decreasing spending).

Question: Please select the top three products where you expect your company to have the largest spending increases/decreases (in terms of percentage) in the next 12 months.

Sources: BCG and GLG IT Buyer Pulse Check 6.0 (August 2023), N = 368; BCG IT Buyer Pulse Check 8.0 (December 2024), N = 602.



# Talent | Leaders are battling for top AI talent in the C-suite



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## The Rise of the Chief AI Officer: Bridging Business and Tech from 2025 to 2030



**Hussein M. Dajani - CCXP**

Dad | CMO | CCXO | Certified CAIO | Driving Excellence in CX, Digital Transformation & Marketing | Results-Driven Strategist | Lead with...

April 27, 2025

The Chief Artificial Intelligence Officer (CAIO) is fast becoming the newest member of the C-suite. In fact, nearly half of FTSE 100 companies now have a dedicated CAIO or equivalent leadership role for AI. This surge reflects a global

[Link to article](#)



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By [Berber Jin](#) and [Kevin Hagey](#) and [Ben Cohen](#)

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# WHAT value is AI delivering in fashion

Note: AI-generated image.

## Shoppers increasingly use agents

Brands must decide whether and how to show up to win in this rapidly growing channel

## Leading brands are launching owned agents

A more personalized experience leads to 5%–15% gains in conversion

## AI is reshaping core and support functions

Agentic AI drives radical gains in speed, quality, and cost across most functions

# Agents disrupt brands on two fronts



## External: Enhance the customer experience

### Agents are intensifying battle to own customer relationships

- **60%** of consumers already use AI and agents to shop
- **46%** of consumers trust AI recommendations more than friends' advice
- OpenAI integrated checkout directly in ChatGPT



### Act early to shape how your brand appears to agents

- Third-party agents: Decide whether and how to play, ensuring visibility, brand voice, and accuracy
- Owned agents: Improve customer experience to increase conversion and basket size



## Internal: Transform functions

### Leading companies are using agents to transform

- **Faster:** e.g., 40% faster development of marketing content
- **Leaner:** e.g., 30%–50% reduction in marketing production cost
- **Better:** e.g., 10% higher click-through rates



### Redesign core and support workflows around agents

- Decide functions to prioritize
- Transform end to end: Introduce AI/agents and adjust organization and operating model for higher speed, autonomy, and productivity

Sources: University of Virginia Darden School of Business study of US consumers (June 2025, [link](#)); BCG experience.  
Note: AI-generated images.

# Agents disrupt brands on two fronts

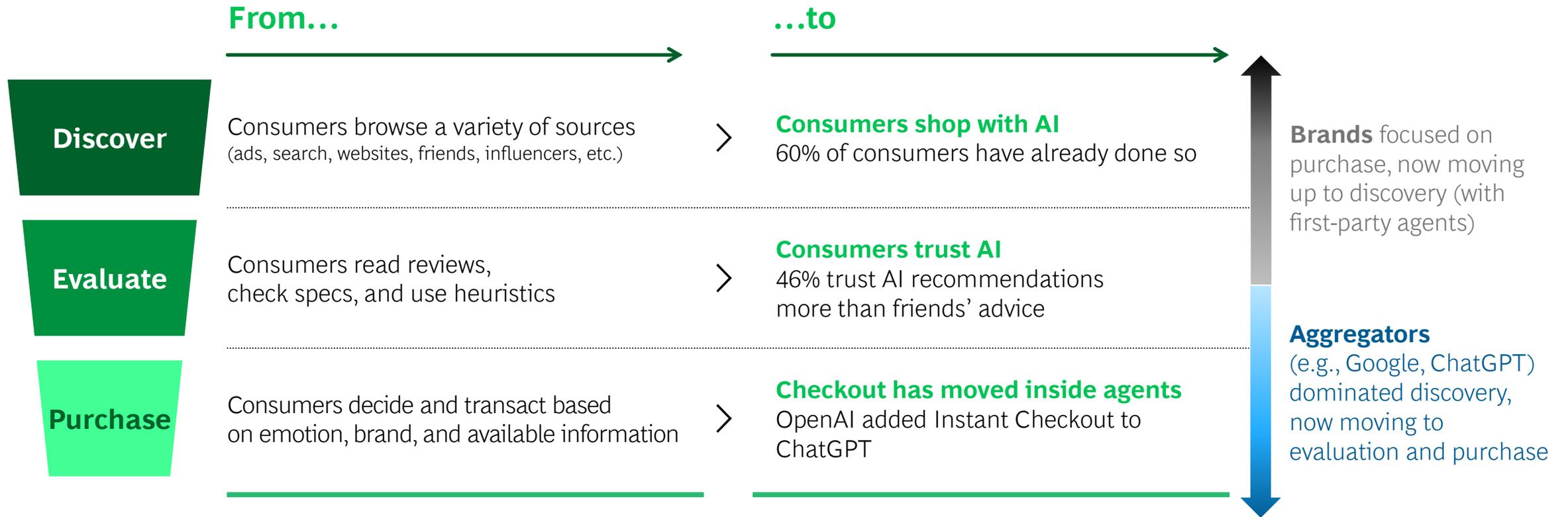


**External: Enhance the customer experience**



**Internal: transform functions**

# AI agents are already reshaping how consumers shop



“ For every company, AI agents will be their most important digital interface, as important as their website or mobile app. ”  
– Bret Taylor, Facebook former CTO, Salesforce former Co-CEO, OpenAI Chairman, and Shopify Board Member

# Brands should follow best practices to interact with agents, such as ChatGPT

## Be strategic

### Decide whether and how to play on third-party agents

#### Destination game:

Drive customers to owned channels to protect margins and brand

#### Evaluation game:

Get recommended by agents to partake in growing channel and attract new customers

*Deep dive follows*

## Be visible

### Invest in answer engine optimization (AEO)

Publish high-quality and authoritative content

Use clear and semantically rich language (e.g., FAQs, summaries)

Optimize presence on LLM sources (e.g., Reddit, Quora, Wikipedia, review sites)

Test AI search ads (in future)

## Be accurate

### Control what agents say about you

Structure PDPs for agent consumption

Participate in open-source protocols (e.g., ACP<sup>1</sup>) so data is up-to-date and shared on your terms

Build ChatGPT apps to surface products directly in user queries

1. Agentic Commerce Protocol by OpenAI.  
Source: BCG analysis.

# Patterns emerge from strategic responses to prior disruptions

## Prior disruption

Online travel agencies  
(e.g., Booking, Expedia)

Fashion marketplaces  
(e.g., Amazon,  
Net-A-Porter)

Digital ad platforms  
(e.g., Meta, Google)

Example responses

## Destination game

Aman

Not on OTAs, given  
unique inventory

LVMH

Not on Amazon,  
given premium  
product and cachet

New  
York  
Times

Behind paywall,  
given quality  
content

**Win by differentiation,  
not distribution**

## Hybrid game

Marriott

On OTAs, but  
no loyalty points

Nike

Basics on Amazon,  
hero SKUs on  
own site

VOGUE

Some free  
content, rest  
behind paywall

**Attract from platform,  
convert to own channel**

## Evaluation game

Small  
hotels

OTAs as primary  
sales channel

Hanes

Amazon as main  
driver of growth

Reuters

Licenses content  
to Facebook

**Partake in growing  
channel, win on utility**

# Choosing your game starts with knowing your edge in an agentic world

## Destination game

Convince customers to shop direct (vs. researching)

### Win with uniqueness: “Consumers want YOU”

- **Brand:** Emotional connection (e.g., Nike)
- **Price:** Undisputed price leader (e.g., Shein)
- **Exclusivity:** Collabs and drops (e.g., adidas and Prada)
- **Quality:** Superior craftsmanship (e.g., Hermès)
- **Assortment:** Unique and trendy SKUs (e.g., Zara)
- **Loyalty:** Repeat purchases (e.g., Nordy Club)
- **Experience:** Immersive flagships (e.g., LVMH) or treasure-hunt destinations (e.g., T.J.Maxx)

## Evaluation game

Get recommended by agents

### Win with utility: “Consumers want IT”

- **Price:** Accessible luxury or premium mass (e.g., Uniqlo)
- **Visibility:** Integration with agents (e.g., Shopify, Vuori)
- **Product fit:** Number one on a specific attribute (warmth, sustainability, washability, etc.)
- **Subscription:** Wardrobe services (e.g., Rent the Runway)
- **Speed:** Store proximity for pickup (e.g., Kohl’s)



- **Location:** Location is an eroding convenience, but stores remain critical for brand awareness
- **Expertise:** Agents handle transactional advice; human value shifts to emotional storytelling and service

- **Location:** Stores are an eroding convenience, but can be leveraged to meet urgent needs
- **Scale:** Cannot beat an agent’s infinite aisle

# Brands also launch their own agents to drive conversion

## Brands are launching first-party agents

1. **Act as personal shoppers** based on true consumer need
2. **Personalize final selection** based on live inputs and cues
3. **Suggest potential add-ons**
4. **Support postpurchase**, resolving issues and questions

## Impact

### Conversion

**+5%–15%**

Lift in purchase rate

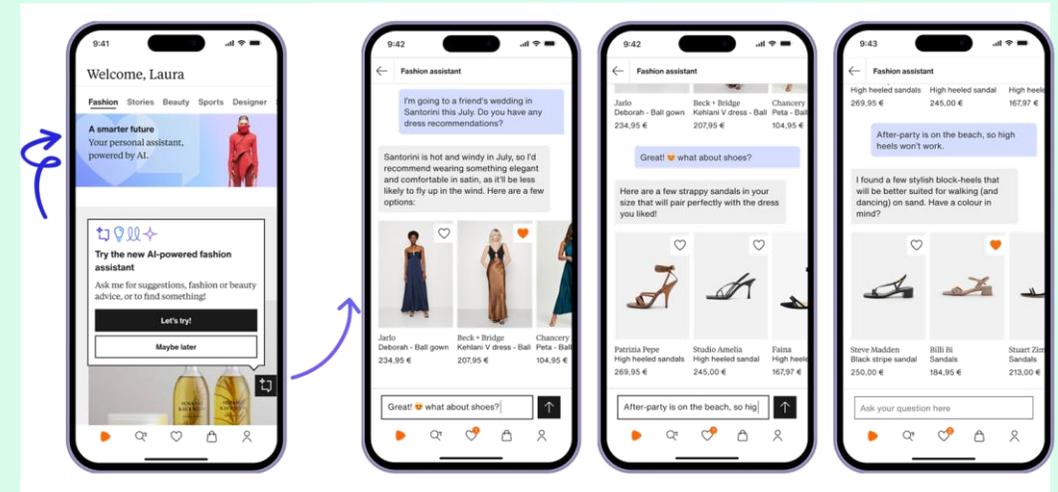
### Engagement

**4x–8x**

More high-intent behaviors  
(e.g., checkout starts)<sup>1</sup>

1. Behaviors correlated to conversion include add-to-cart events, product page views with high intent, starting checkout, email, or text sign-ups, and more.  
Sources: BCG analysis; Zalando public disclosures.

## Examples



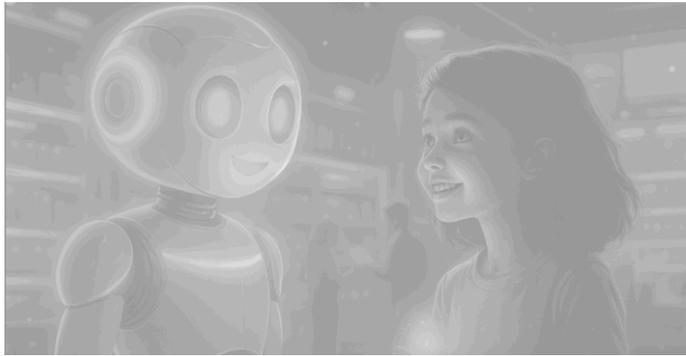
### Zalando

Personalized suggestions  
given dialogue, purchase  
history, and local trends

### L'Oréal

Beauty Genius delivers  
AI-powered routines,  
recommendations, and  
education based on user  
needs and L'Oréal's  
proprietary knowledge

# Agents disrupt brands on two fronts



External: enhanced customer experience



Internal: Transform functions

# Agents and AI are transforming core functions end to end

Radical gains in speed, quality, and cost

	1. Merchandising →			2. Supply chain →		3. Marketing →		4. Stores →				
	<b>Product design</b>		<b>Assortment and space</b>		<b>Pricing and value</b>							
	<ul style="list-style-type: none"> <li>Cocreate products with AI ideation tools</li> <li>Generate and iterate concepts rapidly</li> </ul>		<ul style="list-style-type: none"> <li>Localize and rationalize SKUs based on marginal productivity</li> <li>Optimize space and automate planogram design</li> </ul>		<ul style="list-style-type: none"> <li>Optimize prices and promotional calendars</li> <li>Drive perception, not just P&amp;L impact</li> <li>Dynamically react to competitors</li> </ul>		<ul style="list-style-type: none"> <li>Forecast demand, including external signals (weather, live events, etc.)</li> <li>Optimize replenishing, labor &amp; asset allocation</li> <li>Flag vendor risks proactively</li> </ul>		<ul style="list-style-type: none"> <li>Rapidly design and test creative</li> <li>Adjust creative and spending based on live performance</li> </ul>		<ul style="list-style-type: none"> <li>Support clienteling with personalized recommendations</li> <li>Automate employee screening and hiring</li> <li>Dynamically generate schedules and shifts</li> </ul>	
<b>Speed</b>	<b>50%</b>	Faster time to market	<b>10x</b>	Faster assorting	<b>50x</b>	More dynamic pricing	<b>60%</b>	Faster simulations	<b>3x</b>	Campaign speed	<b>25%</b>	Time saved on manual tasks
<b>Quality</b>	<b>25%</b>	More consistent production	<b>10x</b>	More localized planograms	<b>10%</b>	Improved value perception	<b>2%–5%</b>	Stockout reduction	<b>3x</b>	ROI on campaigns	<b>30%</b>	Improved employee satisfaction
<b>Cost</b>	<b>30%</b>	Sampling cost reduction	<b>3%–6%</b>	Gross profit lift	<b>3%–5%</b>	Gross profit lift	<b>5%–10%</b>	Inventory holding costs reduction	<b>15%</b>	People and agency spending efficiency	<b>5%–10%</b>	Labor costs reduction

Source: BCG project experience.

# AI is also improving the effectiveness of support functions



## Customer support

Resolves >90% of issues autonomously

Classifies issues and recommends next-best actions

Escalates to a human when needed



## Inventory operations

Automates robotics and operator workflows

Optimizes inventory across locations

Predicts supply gaps and overstock in real time



## Finance

Detects fraud and anomalies instantly

Automates forecasting and variance analysis

Recommends financial actions based on goals



## IT

Powers internal support desks

Auto-completes code, test logic, and documentation

Routes tech issues to the right owner, fast



## HR

Recruits, screens, and schedules interviews

Coaches employees with personalized training

Automates onboarding and performance feedback



## Legal

Summarizes contracts and highlights risks

Translates legalese to plain English

Drafts baseline agreements



## General productivity

Summarizes meetings, drives actions

Searches internal and external content, answer questions

Organizes workstreams across tools and teams



# 30% increased productivity

# Example | Designer of the future is an orchestrator of agents

## Trend and inspiration agent

- Scans runway shows, social media, and searches to identify rising aesthetics and materials
- Suggests design prompts, mood boards, and sketches

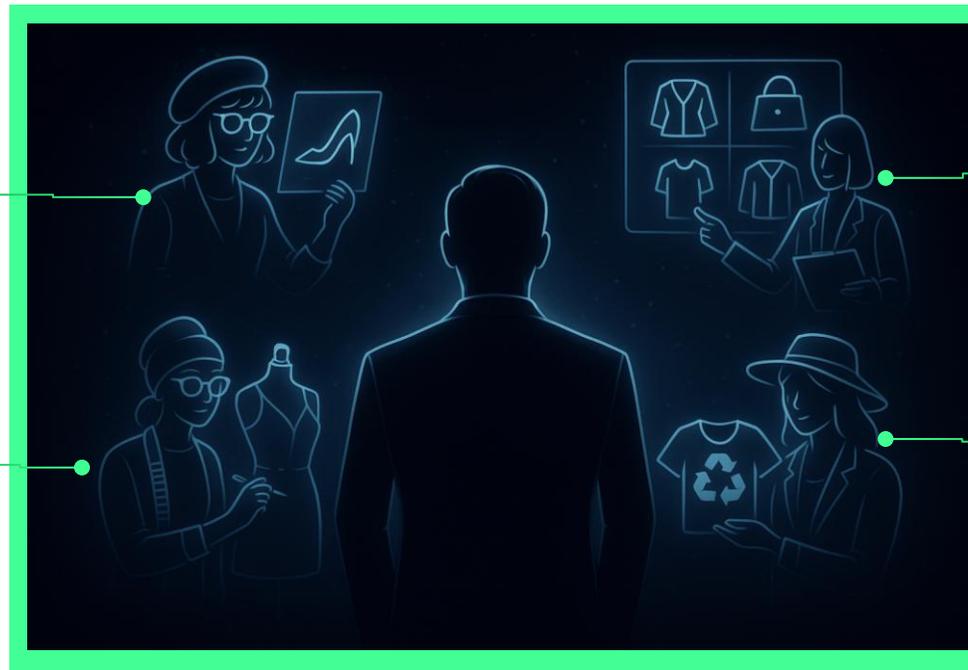
**WALMART** AI trend-sensing tool shortens production timeline by 18 weeks

## Concept-prototyping agent

- Generates digital concepts, tech packs, and fabric simulations
- Runs virtual sampling and fit testing, reducing need for physical prototypes

**PERRY ELLIS** AI design tool reduces number of physical samples by 50%

## PRODUCT DESIGNER OF THE FUTURE



ILLUSTRATIVE, NOT COMPREHENSIVE

## Collection planning agent

- Simulates consumer demand and assortment mix across regions and channels
- Forecasts sell-through, adjusting quantities to minimize waste

**Zalando** AI demand forecasting reduced prediction errors by 20 percentage points

## Sustainability agent

- Evaluates designs against material, supplier, and circularity targets
- Recommends alternative fabrics, local sourcing, or recycled inputs

**STELLA McCARTNEY** AI impact assessment tool enables more than 90% responsible sourcing

# AI and product creativity are a critical battleground for fashion

## Opportunities

- **Faster ideation:** Generate concepts in hours (vs. weeks)
- **Trend alignment:** Scan runways, social, etc., to adapt
- **Hyperpersonalization:** Create drops for microsegments
- **Newness:** Iterate faster to shorten seasons
- **Efficiency:** Reduce sampling costs by 20%–30%

## Risks

- **Sameness:** AI over-reliance risks homogenization, “AI look”
- **Exclusivity erosion:** Tool ubiquity diminishes design cachet
- **IP issues:** Legal disputes address mimicry, copycats, etc.
- **Artistic tension:** Delicate balance between craftsmanship & AI
- **Dilution:** Fast design can diminish brand voice and heritage

## Strategic imperatives

### Protect

Safeguard brand, exclusivity, and authenticity from homogenization; ensure craftsmanship remains central

### Accelerate

Use AI to compress design cycles and scale idea generation

### Augment

Empower teams to cocreate with richer consumer insights and trend scans:  
Humans set the vision,  
agents expand the canvas

# Example | Store experience of the future is enhanced by agents

## STORE OF THE FUTURE

### Clienteling support agent

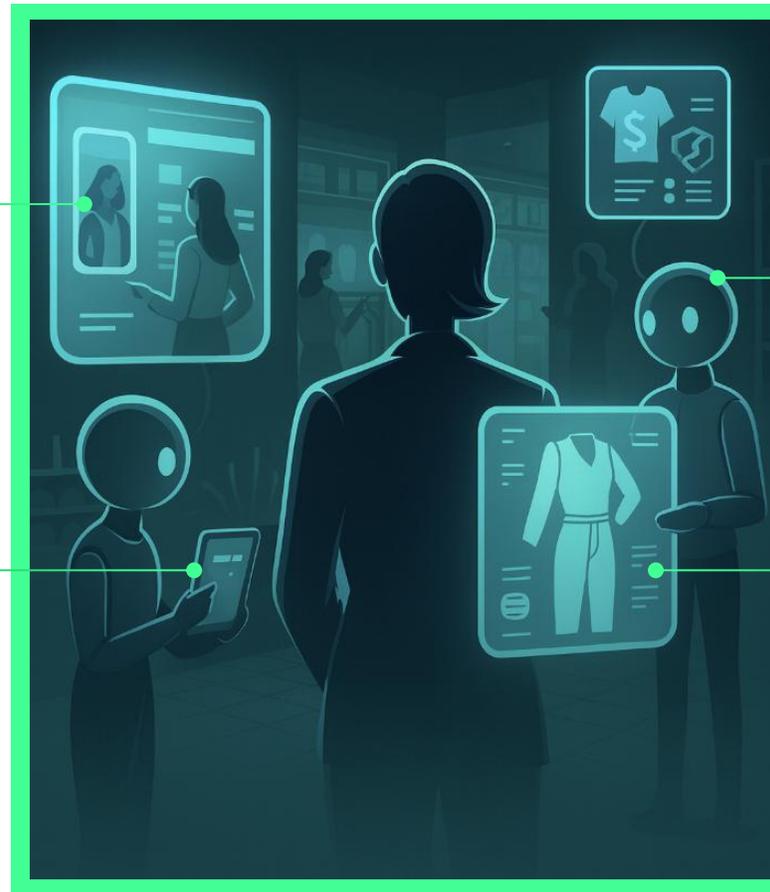
- Enables store associates with AI-driven consumer profiles, preferences, and purchase histories
- Suggests next-best actions

TIFFANY & CO. AI agent summarizes prior customer interactions to create personalized messages

### Customer styling agent

- Self-help for consumers, recommending personalized offers, styling tips, or product pairings

RALPH LAUREN “Ask Ralph” AI assistant offers personalized styling and shopping guidance



### Hiring agent

- Screens candidates
- Assesses candidate fit
- Runs interviews

BURLINGTON AI hiring tool increases candidate quality, reducing interview volume by 50%

### Scheduling agent

- Matches staffing levels and roles to peak traffic and VIP appointments
- Suggests task lists for associates

SANDRO AI workforce tool reduced time spent on scheduling by 50%

ILLUSTRATIVE, NOT COMPREHENSIVE



# HOW to transform into an AI-first organization



## Rewire the op model

Flatten hierarchies and shift work to agents, bridging tech and business

## Adjust leadership style

Prioritize a few big bets, create accountability, and focus on change management

## Redirect tech spending

Use AI to streamline legacy tech and direct investment to AI enablers

# Agents are causing a shift in the operating model

From...



**Specialist roles** with deep expertise



**Function-led hierarchies**  
with layers of approval



Decisions via **meetings and reporting**



**Siloed IT teams** supporting the business



Tech investments **driven by CTO and CIO**

...to

**Fewer roles with broader scopes,**  
with AI filling in knowledge gaps

**Flat organizations** where humans ideate  
and steer, while agents execute

**Real-time decisions** by agents  
with human oversight

**Embedded AI teams** across IT and business

AI roadmap owned strategically by  
**full executive leadership team**

# Five behaviors for senior leaders to drive AI impact



## Lead with bold AI ambition

- Make AI a top-three CEO priority, tied to strategic vision
- Overcommunicate so sponsorship is unmistakable



## Do less, reap more

- Focus the organization on two or three high-impact bets at a time
- Reinvest gains to create a self-funding roadmap



## Create accountability

- Track the value of AI for productivity, product quality, brand equity, and employee and customer satisfaction



## Invest in people and reshape workflows

- Success is 10% AI models, 20% data and technology, and 70% change of organization and operating model



## Model experimentation and learning

- Demonstrate usage: be an AI leader, not an AI cheerleader
- Invest in upskilling at scale

# AI unlocks tech efficiencies, which can partially fund AI investments



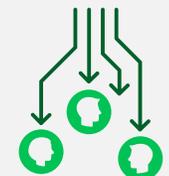
## Use AI to reap efficiencies



**Free up engineering capacity** by using AI to handle coding and upgrading legacy tech



**Automate manual tasks** (e.g., reporting) and routine work to cut waste



**Improve IT buying process** to increase agility (e.g., RFPs, spending negotiation, contract audits)



## Reinvest to support AI



**Pursue an LLM-agnostic approach** given rapidly changing capabilities and cost curves in AI technologies



**Buy where possible, build for strategic advantage**



**Invest in foundational enablers**—high-quality data and APIs, AI infrastructure to host agents, etc.



**BCG**