FASHION INDUSTRY

The AI-First Fashion Company

By Sebastian Bak, Roelant Kalthof, and Becca Schwartz

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This article and the accompanying slide deck are part of a series exploring how companies in specific industries can adopt the mindset, expertise, and ambition required to win in an AI-first world. For a similar perspective on department stores, see The AI-First Retail Company.

AI is reshaping how the fashion and luxury industry develops products and connects with consumers. In an industry built on creativity and brand identity, AI is becoming a catalyst for both.

The most successful brands will use AI to amplify their strengths, not just automate them. The best way for them to do that is to become AI-first by making AI and agents central to how they operate their businesses.

Why Now?

Four converging forces are creating momentum and urgency for fashion to go AI-first.

Consumers are already shopping with AI. Nearly two-thirds of US consumers have used AI tools when they shop. They use virtual stylists, personalized recommendations, and digital dressing rooms to shape what they buy. As AI platforms become the front door to discovery, fashion and luxury brands must find ways to remain visible, relevant, and distinctive.

Technology is enterprise-ready. AI models are faster, cheaper, and more capable than ever. For fashion brands, these tools can generate designs, recommend fabrics, predict demand, and support clienteling.

Competitors are investing aggressively. After a slow start, fashion companies are playing catch up. The retail and fashion industry has moved into the top three industries increasing their AI spending.

Talent is scarce. Forty percent of major retail and fashion companies have appointed senior AI executives. Slow movers will struggle to find leaders who can orchestrate teams of designers, data scientists, and digital agents.

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What's Next

AI is rewriting both sides of fashion: how consumers experience brands and how companies operate.

External: AI Redefines the Consumer Experience

AI platforms like ChatGPT, Google's AI Mode, and Perplexity recommend products and allow consumers to buy goods directly. Nearly half of consumers already trust AI-driven suggestions more than recommendations from friends.

Fashion brands face a strategic choice in how to engage with these new channels. Will they play the destination, evaluation, or hybrid game?

The Destination Game. Some companies can convince consumers to shop directly through their own channels, sidestepping AI platforms to protect their brand and margins. They win on uniqueness: emotional connection, distinctive design, and iconic experiences. Hermès, for example, stays off fashion marketplaces and relies on craftsmanship to draw consumers to their own channels.

The Evaluation Game. Others will integrate with AI platforms to gain reach. To be recommended by digital shopping agents, these brands must win on utility: by offering the best product fit, fastest delivery, or best price for a given need. Hanes, for example, sells on Amazon to expand its reach and attract brand-agnostic consumers.

The Hybrid Game. Brands can blend both strategies—meeting consumers on AI platforms while converting them to owned channels. They must decide which products, promotions, and experiences to put on AI platforms and which to keep exclusive to their own channel. Nike, for example, sells basic but not premium shoes on Amazon.

Regardless of the model, visibility on AI platforms will be essential. Leading brands are already investing in answer engine optimization so that chatbots and virtual advisors can understand, trust, and recommend their collections.

Internal: AI Agents Are Transforming Functions

Agents and AI are transforming functions across fashion—from merchandising and supply chain to marketing and store operations. Brands like Tiffany & Co support clienteling with AI-generated consumer summaries and recommendations, while Walmart's fashion division uses AI to sense trends and cut production time by up to 18 weeks.

AI-first fashion brands don't just automate tasks; they orchestrate decisions. The designer of the future will lead a team of AI agents: one forecasting trends, another generating design variations, another simulating fabrics and fits, and one optimizing assortment and pricing. The result: faster creation cycles, more responsive collections, and less waste.

In this agentic world, fashion and luxury companies will have to guard against products acquiring the same "AI look" or brands losing their cachet. The risk isn't automation but homogenization, reproducing the same designs over and over. Brands should ensure human craftsmanship remains central, while connecting AI to their unique consumer data and insights.

How to Become AI-First

Becoming AI-first isn't just about building AI; it's about transforming how work gets done. Most transformations fall short. Fashion and luxury companies can improve their odds by focusing on three moves drawn from early AI leaders.

Rewire the operating model. AI agents allow teams to make faster, more informed creative and commercial decisions. Organizations can move from siloed hierarchies to cross-functional, flatter teams. Designers, technologists, and data experts can collaborate in real time across design, merchandising, and marketing.

Change leadership behaviors. AI transformations are more likely to succeed when they are led from the top. Executives must make AI a strategic priority by showing through their words and actions that it is essential to the brand's future. Leaders should focus on a few high-value bets at a time and track tangible outcomes. They understand that success depends on people and change management—about 70% of the effort—not just technology.

Redirect technology spend. Leading companies are using AI to automate manual tasks such as reporting, documentation, and contract audits. They reinvest those savings into AI enablers: higher-quality data (the new fabric of fashion) and scalable AI infrastructure. The goal is not to spend more but smarter.

Fashion is entering an era when AI reshapes both imagination and execution. The AI-first fashion company will meet consumers not only in stores or on websites but inside AI platforms—while running faster, more adaptive, and more creative organizations behind the scenes.

Authors

Sebastian Bak

Managing Director & Partner
Los Angeles
✉

Roelant Kalthof

Managing Director & Partner
Silicon Valley - Bay Area
✉

Becca Schwartz

Principal
Seattle
✉

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