

Fashion & Luxury Intelligence Report

Isrid



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Fashion & Luxury Industry Outlook



Fashion & luxury industry outlook

New Worlds

The central theme of this Winter Edition 2022 Fashion & Luxury Intelligence report is New Worlds, in which I will share summaries of the major 2022 trend reports. Overall, my Fashion & Luxury Intelligence Reports are designed as an invitation to reflect on your business, your values and the way you create sustainable actions on your products, your business eco-system and your talent pool. Attention to these subjects will create and grow relevance for your brand's business and also how to attract and involve future consumers and employees.

The global fashion industry has faced exceptionally challenging conditions. But after nearly two years of disruption, the industry is beginning to find its feet again. The market environment, however, will remain complex with new challenges to address. Industry leaders have to continue making bold moves in digital, taking action on environmental and social priorities and focusing more sharply on diversity, equity and inclusion. However, there's reason to be concerned around slow progress in these areas and coupled with all-time high job vacancies, brands will need to work hard to attract and retain talent in the year ahead. CEO's will need to ensure they are acting in the interests of all stakeholders — including customers, employees, contractors, investors and wider society. This is why included a section 'The 2022 CEO Agenda' in this report.

New Leadership Table

Isrid Agency will launch a Leadership Table later this year to support and inspire fashion leaders in considering their options, to reflect on lessons learned and to keep their companies - and themselves! - aligned with an ever-shifting playing field. Those of us who are business leaders want success, and self-reflective environments can lead to the creativity, energy and motivation that we need for that success.

Digital and sustainability will offer fashion's biggest opportunities for growth.

While reading and researching the reports and predictions on 2022, I chose to name this edition of the report 'New Worlds' because a lot of 'the new' is like a space, an energy filled with new dynamics. The Fashion and Luxury Industry and especially their leaders need to investigate and connect with these new worlds in order to understand them.

One new world is the metaverse, a returning subject in my reports. As consumers spend more time online and the hype around the metaverse continues to cascade into virtual goods, fashion

leaders will have to unlock new ways of engaging with high-value younger cohorts. To capture untapped value streams, players should explore the potential of non-fungible tokens (NFT's), gaming and virtual fashion — all of which offer fresh routes to creativity, community-building and commerce.

Then, there's the world of Gen-Z. From a demand perspective, younger cohorts such as this Gen-Z are predicted to demonstrate the strongest appetite for leisure spend (including fashion, dining out, travel, entertainment and electronics) Fashion is one of the top three categories on which they seek to splurge or treat themselves.

Another world that is growing new perspectives on commerce and connecting with consumers is the world of social media and social shopping. Fashion fans are increasingly seeking long-form content on their favorite brands' heritage and craftsmanship as fashion and luxury brands become **cultural institutions and curators**.

And what to think about the new talent world? Companies that rely on brand appeal or the allure of fashion to attract and retain talent will need to raise their game as competition from both within and outside the industry intensifies, leading to more vacancies next year. Reconsider your priorities and refresh your talent strategies for an increasingly flexible, diverse and digitized workplace.



Fashion & luxury industry outlook

The 10 Fashion Industry themes for 2022

1. Uneven Recovery

Recovery from Covid-19-related economic shocks will be uneven across consumer markets and sourcing regions, as countries with strong healthcare systems and economic resilience outperform. In this patchy environment, fashion players with international footprints will need to look at investment decisions, reassessing local conditions regularly while mitigating for market-specific risks.

2. Logistics Gridlock

The fashion industry is reliant on an intricate web of global supply chains that are seeing unprecedented levels of pressure and disruption. With rising logistic costs and shortages of many kinds, companies must rethink their sourcing strategies while implementing cutting-edge supply chain management, and building in greater flexibility to keep products flowing with customer demand in the year ahead.

3. Domestic Luxuries

Travel has traditionally been a key driver of luxury spending, but international tourism is not expected to fully recover until between 2023 and 2024. To capture the shift in shopping patterns set to shape the year ahead, luxury players should engage more deeply with domestic consumers, rebalance

their global retail footprints and duty-free networks and invest in clienteling for local e-commerce channels.

4. Wardrobe Reboot

After focusing on the likes of loungewear and sportswear for nearly two years, consumers will reallocate wallet share to other categories as demand for newness coincides with more social freedoms outside the home. To anticipate these nuanced and sometimes paradoxical preferences, brands should lean more on data-driven product development, adjusting their inventory mix accordingly to ensure that assortments resonate with consumers adjusting to new lifestyles.

5. Metaverse Mindset

As consumers spend more time online and the hype around the metaverse continues to cascade into virtual goods, next excellence fashion leaders will unlock new ways of engaging with high-value younger cohorts. To capture untapped value streams, players should explore the potential of non-fungible tokens (NFT's) , gaming and virtual fashion — all of which offer fresh routes to creativity, community-building and commerce.

6. Social Shopping

Social commerce is experiencing a surge in engagement from brands, consumers and investors alike as new functionality and growing user comfort with the channel unlocks opportunities for seamless shopping experiences from discovery to checkout. Brands should invest

in tailored in-app purchase journeys and test opportunities in technologies such as livestreaming and augmented reality try-on.

7. Circular Textiles

One of the most important levers that the fashion industry can pull to reduce its environmental impact is closed-loop recycling, a system which is now starting to be rolled out at scale, promising to limit the production of virgin raw materials and decrease textile waste. As these technologies mature, companies will need to embed them into the design phase of product development while lopting large-scale collection processes.

Companies must refresh their talent strategies for an increasingly flexible, diverse and digitized workplace.

8. Product Passports

In order to boost authentication, transparency and sustainability, brands are using a portfolio of technologies to store and share product information with both consumers and partners. To get the most from these digital 'product passports,' which can help brands tackle counterfeiting,

differentiate themselves and build loyalty by enhancing consumer trust, businesses must coalesce around common standards and engage with pilot projects at scale.

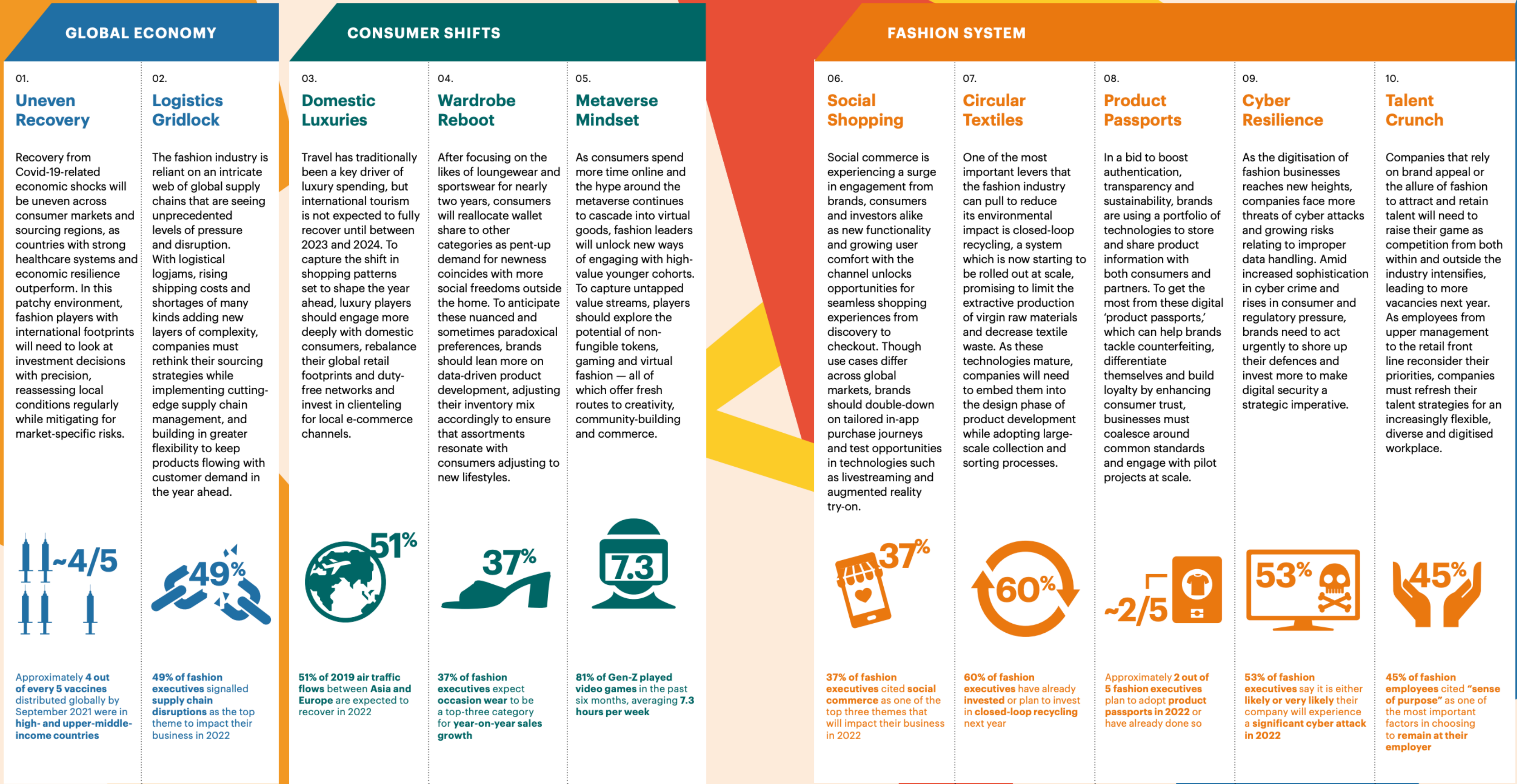
9. Cyber Resilience

As the digitization of fashion businesses reaches new heights, companies face more threats of cyber attacks and growing risks relating to improper data handling. Amid increased sophistication in cyber crime and rises in consumer and regulatory pressure, brands need to act urgently to shore up their defences and invest more to make digital security a strategic imperative.

10. Talent Crunch.

Companies that rely on brand appeal or the allure of fashion to attract and retain talent will need to raise their game as competition from both within and outside the industry intensifies, leading to more vacancies next year. As all employees, from upper management to the retail front-line reconsider their priorities, companies must refresh their talent strategies for an increasingly flexible, diverse and digitized workplace.

Fashion & luxury industry outlook



Fashion & luxury industry outlook



[Must see video](#)

Source: **The Economist**

Fashion & luxury industry outlook

Reflecting scenarios for career and business coaching

The practice of adapting to new worlds and change is an extremely powerful one, but it can be uncomfortable. It takes vulnerability, bravery, space, commitment and time. *“Knowing yourself is the beginning of all wisdom”*. What defines you as a person or leader? What defines your unique competences and what defines the heart of your business? It’s amazing how little we might actually know about ourselves or our unique story and that’s because we’ve never asked. Understanding what your values are – the principles that underpin you as a unique human being – can help you get on the right track and importantly stay on it. Having a clear picture of your core values can also help you create an authentic CV, to see what’s important, what’s worth your time and what isn’t, and ultimately give you a sense of purpose.

For professional teams, wanting to follow up on the ‘New World’ theme, Isrid offers career and business collection tracks to (re) connect you with your core values and how to communicate and execute them.

[Visit Isrid Academy](#)

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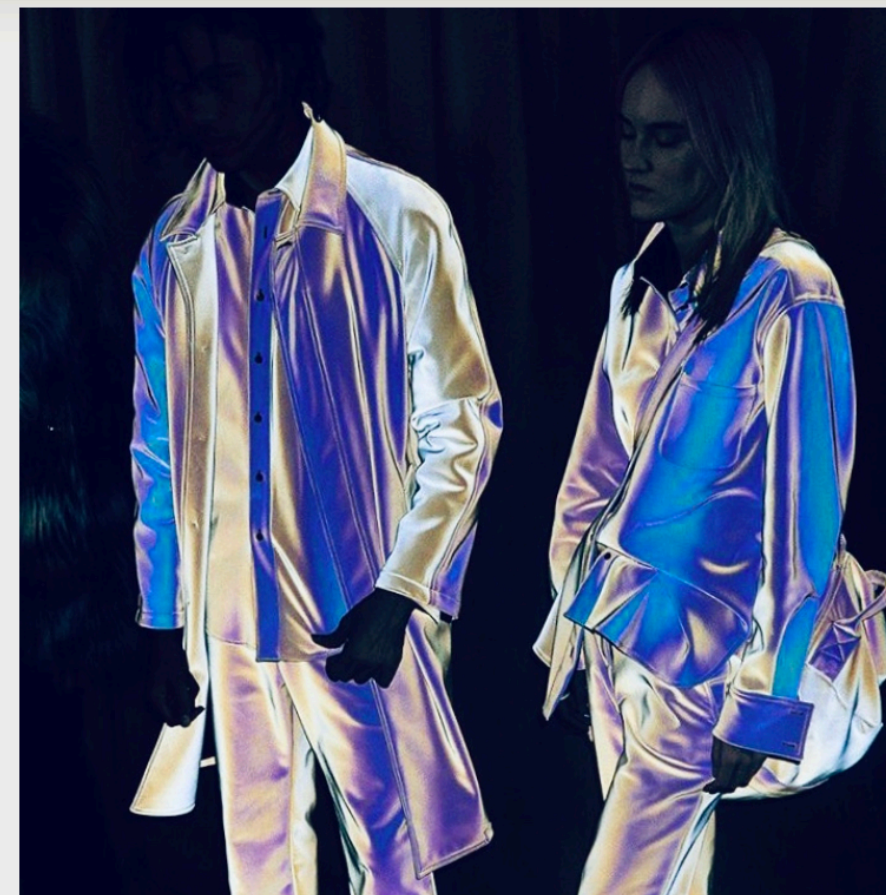
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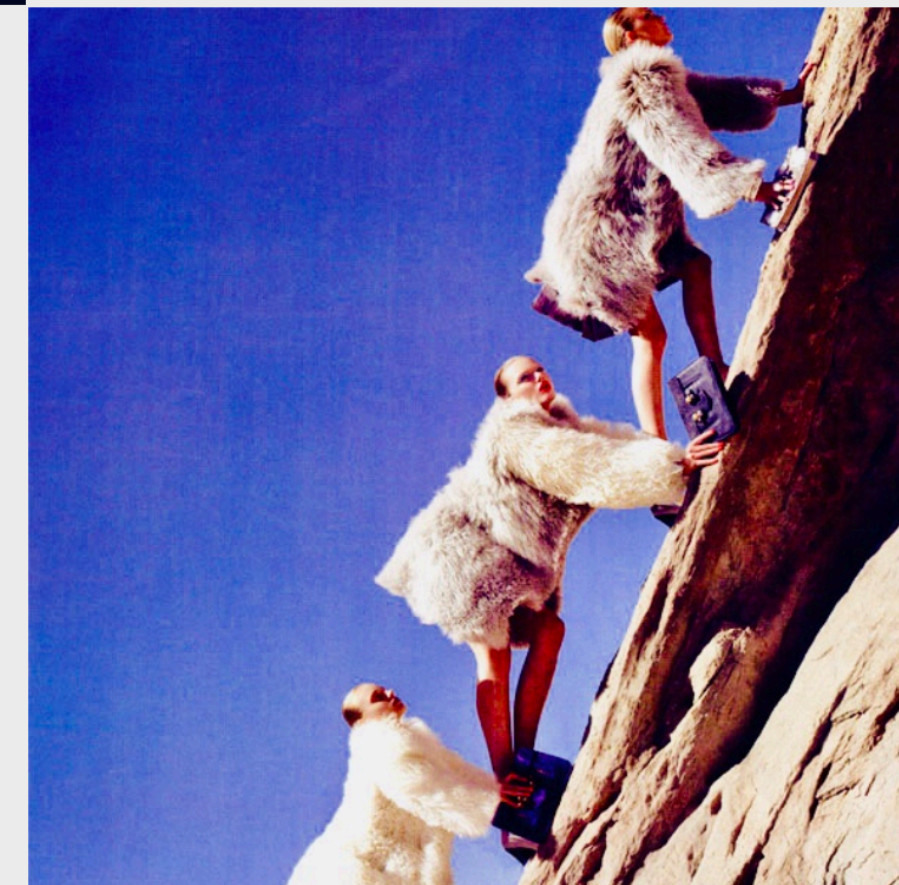
What’s happening in the fashion and luxury business? What will happen in five years from now? Are your people ready for the future?

Isrid Business Collection provides a range of courses and programs to raise the bar in the industry and to keep you ahead of the trends, rather than following them.



fashion and luxury intelligence report

How to keep up with the constantly shifting and emerging technology trends that impact your job or company. Here’s your solution. Every quarter: **The Fashion & Luxury Intelligence Report**. Curated by Isrid, with the latest existing business trends, fashion-tech innovation and marketing intelligence.



career collection

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Isrid Career Collection is designed to launch your future and to empower you on your path.

Business strategy



Business strategy

The 2022 CEO Agenda

The past year challenged global structures, especially regarding necessary rapid environmental progress and the lack of secure social protection schemes: COVID-19 hit the industry unprecedentedly, demanding real-time actions and long-term sight. Industry players had to shift focus on job re-creation and the fair distribution of risks and profits along the value chain.

Fashion leaders are urged to focus their efforts on diversity, equity and inclusivity along the value chain to positively contribute to a just society and communities globally.

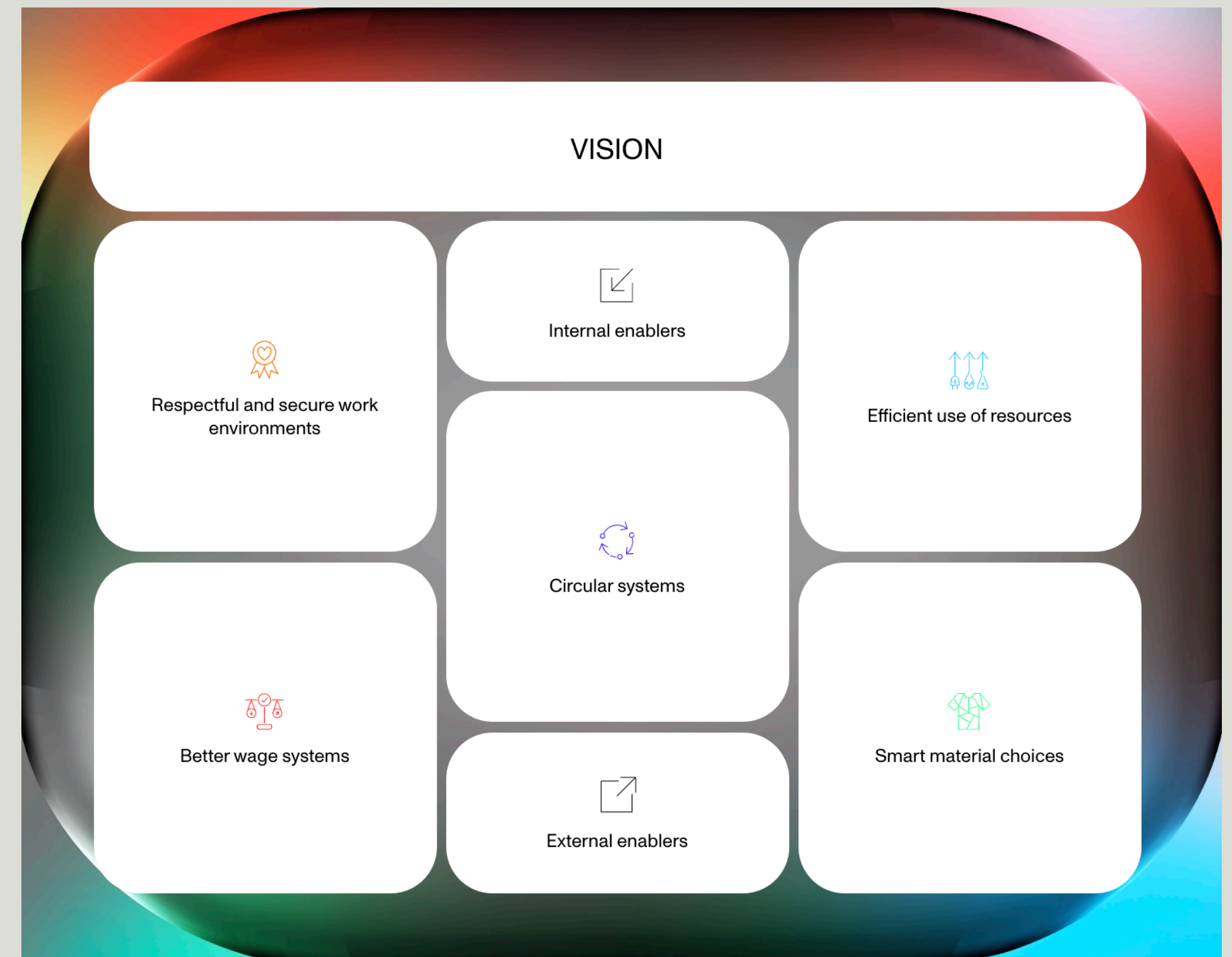
When picturing a post-pandemic fashion industry, it is not built from scratch but inspired by existing tools and technologies that will move from ideation to reality and from pilots to wide-scale adoption. Some shifts such as production to

demand, increased product lifetime values, a less season-dependent design and product flow, textile-to-textile recycling or resale will be accelerated, while long-known best practices such as collaborative partnerships between all stakeholders in the value chain may become building blocks of business operations. Placing value-driven practices at the core of business will enhance capabilities for change management, allowing headway in the transformation of potential financial, social and environmental risks into untapped business opportunities and points of engagement with suppliers, customers and the investment community.

Together, we must work towards a thriving industry that creates prosperity for all people and communities by working within planetary boundaries, reversing its impact on climate change and protecting biodiversity.

On the next page I share more insights plus an overview of internal and external enablers to fuel your CEO top priorities.

CEO Top Priorities



Business strategy

Enablers

The outlined priorities represent opportunities for fashion brands to set targeted strategies and take critical action to achieve the vision and are grounded on a number of internal and external enablers that are catalysts for successful implementation. While internal enablers outline the foundations that need to be in place internally to support businesses working towards ambitious sustainability strategies, external enablers call for collaborative action, bearing in mind that the challenges of our time are too complex to tackle alone.

Bear in mind that the challenges of our time are too complex to tackle alone.

Internal Enablers

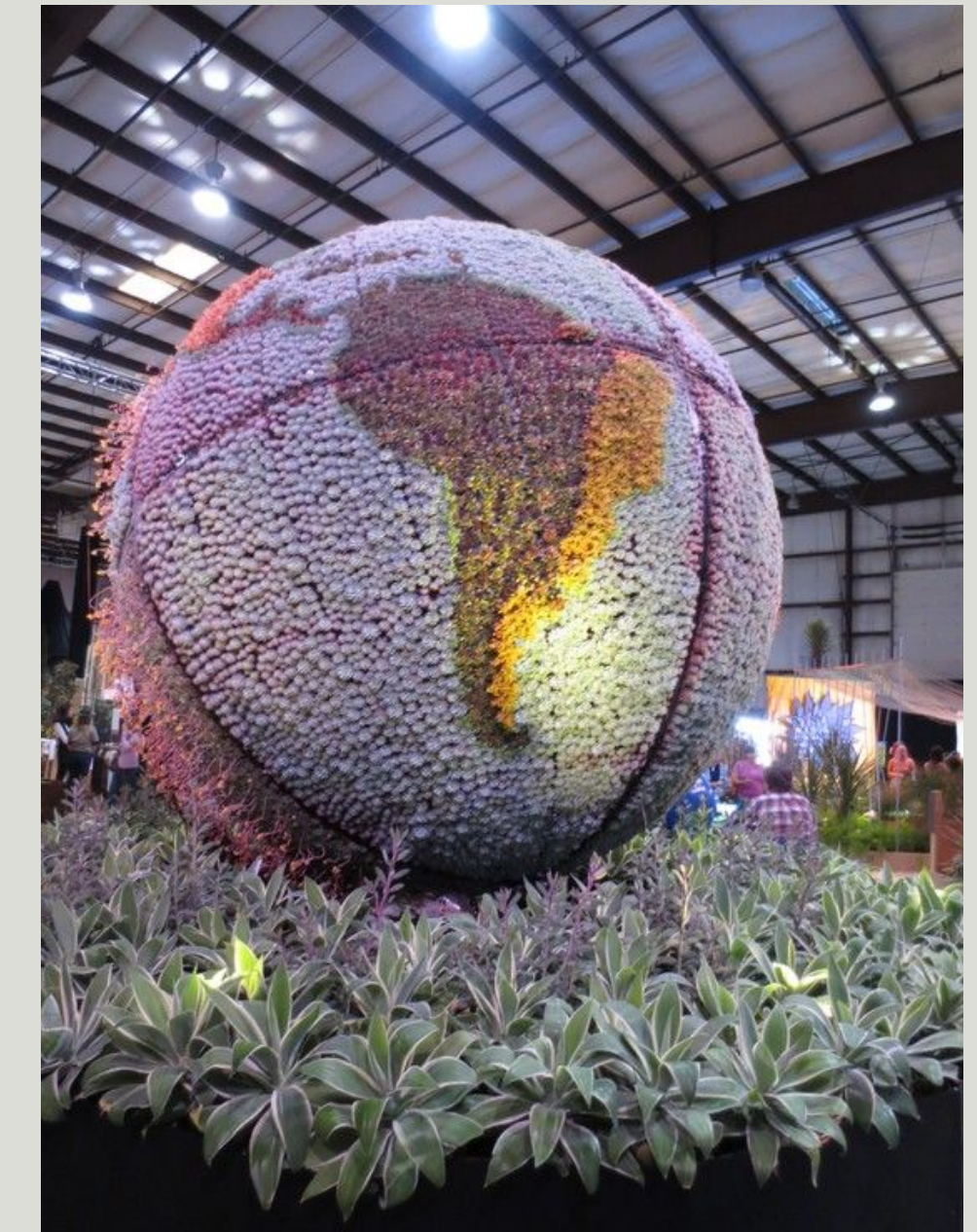
- **Business model innovation** refers to the development of novel concepts and to the evolution of individual business models and prevalent systems in the fashion industry alike.

The pandemic shed light on the global supply pipeline and, due to lockdowns, online sales spiked to the equivalent of six years of growth in only eight months, incentivizing the industry to foster innovative solutions and champion current best practices. At the same time, it is estimated that it will take at least two years for industry revenues to recover to 2019 levels - at the earliest in Q3 2022. Innovative business models can be a driving force to reassess the cadence of the fashion system and the value of fashion by provoking a cross-industry transition in fashion's seasonality and by extending lifespan and lifetime value of garments through, e.g., reuse, resale or rental models.

- **Digitalization** concerns the incorporation of digital technologies into business practices to enable heightened traceability and real-time understanding of processes in the value chain. In the past year, the industry's digital transformation was accelerated due to COVID-19 with e.g., the increased use of digital showrooms and samples. However, the extent of that transformation is currently unknown and efforts on the development of digital infrastructures and programs to transition workforces are needed, while the effects of digitalization on environmental pollution are yet to be fully grasped. Another aspect to be aware of in a more and more digitized economy is the ownership and processing of data.

- Supportive governance is dependent on leadership qualities as well as the knowledge and sensitivity of top management to achieve lasting change. Supportive governance is based on setting up internal structures that allow decision-making and taking bold and immediate action without compromising on sustainability ambitions, targets or long-term visions. This governance approach can incentivize responsible behavior at the organizational level. An integral part of a supportive governance structure is treating partners with respect in order to deliver systemic change.

- **Traceability** is a prerequisite for identifying and improving the environmental, social and financial risks as well as opportunities in fashion production, which helps to create a baseline for planning and target setting. It is a catalyst for fashion brands and manufacturers to identify and manage opportunities to implement sustainable practices and to assess risks to biodiversity, climate and human wellbeing. Additionally, traceability is a necessity in the shift to a circular fashion system, providing visibility into the down and upstream activities of the value chain.



Business strategy

Call for collaborative action as the challenges of our time are too complex to tackle alone.

External Enablers

- **Consumer Engagement** Can be driven by a variety of stakeholders with the aim to raise awareness, educate and engage with citizens. Effective engagement relies on recognising and tapping into changes in consumer behaviour and demands that can be hard to grasp, are ever-changing and do not always translate into actions.
- **Equal Partnerships** Allow mutual target setting, co-investing in innovation, capacity building and sharing financial incentives between fashion brands and suppliers. Companies have an opportunity to jointly invest in long-term business strategies with their supply chain partners to safeguard and respect human rights.

- **Innovative Solutions** Can play a major role in shifting towards sustainable business practices. Whereas innovation is easily connected with technological advances, such as in chemical recycling, there is potential to learn and innovate by gaining a deeper understanding of ecological processes captured by nature-based innovation such as biomimicry.

- **Investor Incentives** Can support industry players to unlock solutions and innovations at scale. To bring the necessary innovations to scale, fashion brands, value chain partners, investors and others need to step up to establish the conditions that accelerate innovation.

- **NGO's and Media** are vital in educating the wider public and raising awareness of risks and opportunities by disseminating knowledge on sustainable development in the fashion industry in a digestible and engaging manner. Media outlets and NGOs have the power to both shine light on pitfalls of industry players and to highlight best practices, key learnings and positive change makers for informed and solution-driven decisions.

- **Legislation and Policies** If developed constructively and pragmatically, can level the playing field for fashion industry players by establishing a system of accountability and incentivising companies, suppliers and citizens toward more informed, responsible and long-term decisions.

[Download the Global Fashion Agenda](#)



Fashion Tech Trendy



Fashion - Tech Trendy

Digital technology to boost sales

For the next generation of luxury consumers, the customer experience is crucial. Brands are turning to digital technology to boost their sales. To engage with these customers of the future, brands are experimenting with digital technology. Some are using augmented reality (AR) to enhance 'in real life' (IRL) experiences. Other are entering the metaverse with gaming, digital avatars and virtual goods enabled by non-fungible tokens (NFTs).

With 90% of Gen Z classifying themselves as gamers, it's no wonder luxury brands are looking to innovative digital tech as a clear way to connect with an audience that holds big spending power. Seeking a seamless and personalized online and offline retail journey, the new generation of fashion and luxury consumers are focused on experience.

Five trends that will shape the fashion and luxury commerce in 2022 and beyond.

1. **NFTs**

I have made a stage for NFT's in my previous reports, however in my daily conversations with leadership and talent, I do feel that this is not yet an area that is top of mind. But the NFT market is sky rocketing and in 2022 you have to start exploring this. Have you come across the virtual sneaker that made over \$3m (£2.2m) in sales in just 5 minutes, or the NFT artwork that fetched \$69.3m in an online auction at Christie's? Welcome to the world of NFTs, one of this year's biggest success stories. **NFTs are virtual products that are stored on blockchain and auctioned off.**

2. **Gaming**

Gaming has become a major marketing opportunity for luxury brands over the past year, offering a rapidly growing channel to engage with younger, international, digitally native consumers. The trend is set to continue into 2022 and beyond, with many of the big fashion houses leading the way.



Image by Raconteurs

Consumers are moving seamlessly between this idea of one's digital self and their physical lives.

Fashion - Tech Trendy

3. Augmented reality

AR technology allows brands to superimpose digital content over a real-world environment. For multichannel luxury retailers, it's a great way to help bridge the gap between the digital and physical, elevating the overall shopping experience. New AR technology in store, such as smart mirrors, allows customers to interact with luxury products and rapidly gather relevant information such as price, components, or origin.

4. Artificial Intelligence.

The ultimate luxury experience is completely tailored to the individual. There's no better way to do this than by using artificial intelligence (AI). Data-driven innovation will allow fashion and luxury consumers to feel seen and heard, explains Singh. For example, AI could pair a shopper with their perfect product, or use 'deepfake' techniques to create personalized messages, opening a direct dialogue with consumers - conform local privacy regulation.

5. Cryptocurrencies

Especially luxury brands are beginning to offer new cryptocurrency payment systems, such as Bitcoin, Ethereum and Litecoin. It's part of an effort to meet the demands of young, international shoppers. In addition to offering new payment methods, cryptocurrencies can be used to connect with and reward fan communities. The payment options are also trickling down to the high street. In November, womenswear retailer LK Bennett

announced a payment partnership with LSE-listed fintech company Mode, which enables customers to make instant payments online and be rewarded in Bitcoin.

Some examples :-)

Burberry launched an NFT collection in digital multiplayer game Blankos Block Party in partnership with Mythical Games. The digital collection marked the first time that customers could authentically own something from the brand that wasn't physical. Its digital vinyl toy, Sharky B, sold out in a record time of less than 30 seconds, while a Burberry jetpack sold out in under two minutes.

Only last month, Prada X Adidas launched an NFT art project that enables fans to contribute to a large-scale digital artwork and earn some money for their involvement. Fans will be able to register with a digital wallet to create and mint NFTs by submitting a photograph, using a filter designed by the digital artist Lieberman. The project will then choose 3,000 contributors who will also own IP rights to their individual NFTs and be able to take part in the drop later that week."



Image by Burberry

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McKinsey / BOF | The state of fashion 2021
The Business of Fashion | Professional
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Fashion-Tech Alliance
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Dept Agency
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Who is Isrid? And what can she do for you?

Isrid is a trendwatcher, talent developer and global talent finder specialized in the fashion and luxury business, also providing a series of courses and master classes to raise the bar in the industry.

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