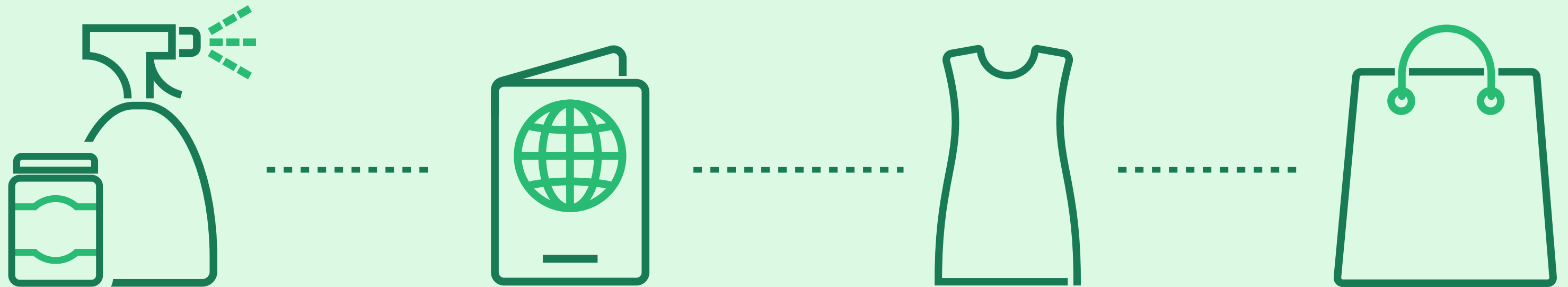


FASHION AND LUXURY

What the Data Tells Us About Digital Transformation, by Industry



The key findings for fashion and luxury companies

The overall digital transformation success rate for fashion and luxury is near the cross-sector average, but only 23% of companies have met or exceeded their target value, well below average for all sectors, and the number of companies that failed to create long-term change is 20% higher than average.

Priorities for the future include sales digitization, next-generation customer support and experience, and product design and development.

Fashion and luxury companies struggle most with deploying high-caliber talent, establishing agile governance mindset, and implementing business-led modular technology.

Leaders' priorities include e-commerce and sales acceleration; personalized and targeted product recommendation for smart sales; personalized and targeted campaigns for next-generation marketing; chatbots and interactive voice response and immersive in-store experience (metaverse, AR, and VR) in next-generation customer support; and design and personalized products and smart ID of design features in product development.

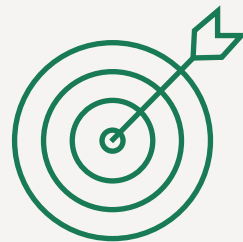
Three of the four digital transformation objectives are customer-facing: sales and market acceleration, digitizing the customer experience and journeys, and marketing and dynamic pricing.

More than three-quarters of fashion and luxury companies plan to increase investments in ESG (slightly below the cross-sector average), with the environment being the top priority (for example, RFID and blockchain for traceability, and demand forecasting for waste reduction).

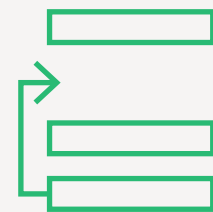
The data in more depth



**Rates of success
in digital
transformation**



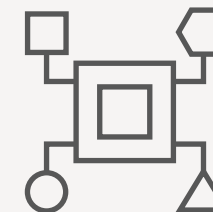
**Topics of focus for
fashion and luxury
companies**



**Top priorities for
the future**



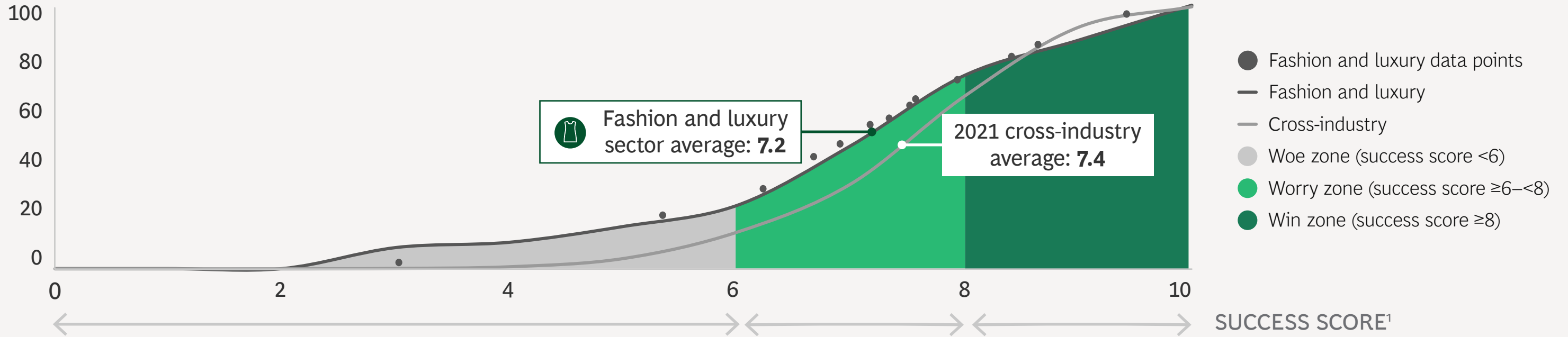
**The critical
human and
tech enablers**



**The role of ESG
in digital
transformation**

The number of fashion and luxury winners lags the cross-industry average by a third, and there are 20% more companies in the worry zone

CASES BELOW SUCCESS SCORE (%)



2021 BCG Global Digital Transformation Survey overall

13%

52%

35%

Fashion and luxury sector

15%

62%

23%

Limited value created (<50% of target); no sustainable change

Value created but total targets not met; limited long-term change

Target value met or exceeded; sustainable change created

1.2x companies in the worry zone compared with cross-industry average

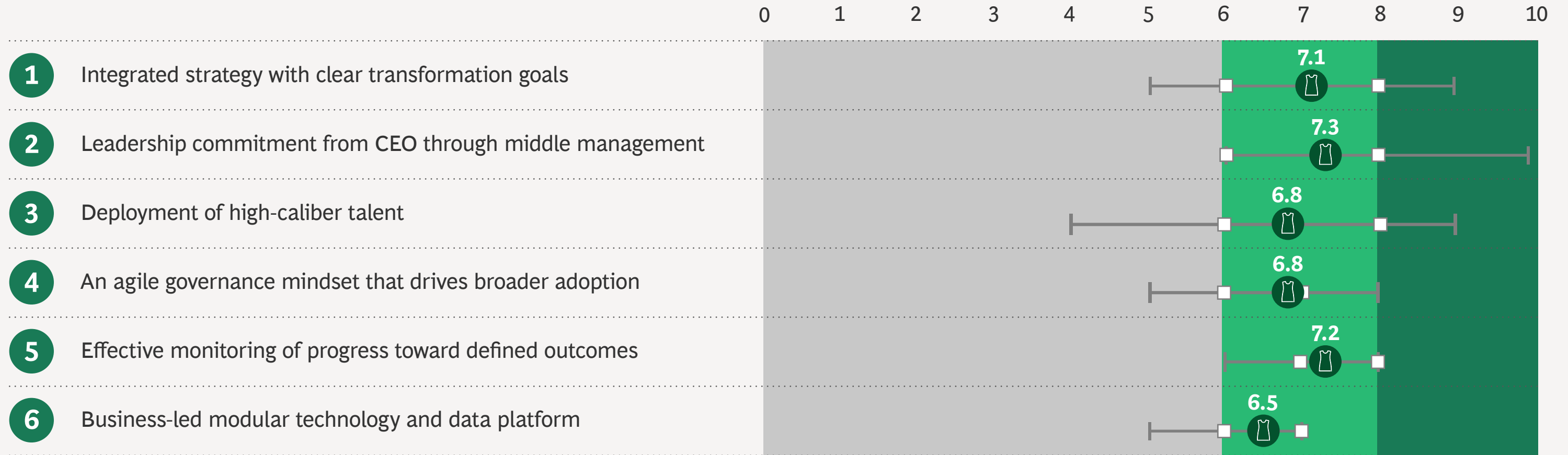
Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below.”

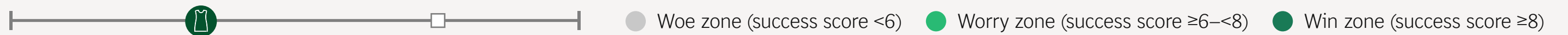
¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

Fashion and luxury companies struggle with deploying high-caliber talent, agile governance mindset, and business-led modular technology

DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS¹



Lower extreme Fashion and luxury average Upper or lower quartile Upper extreme



Source: 2021 BCG Global Digital Transformation Survey.

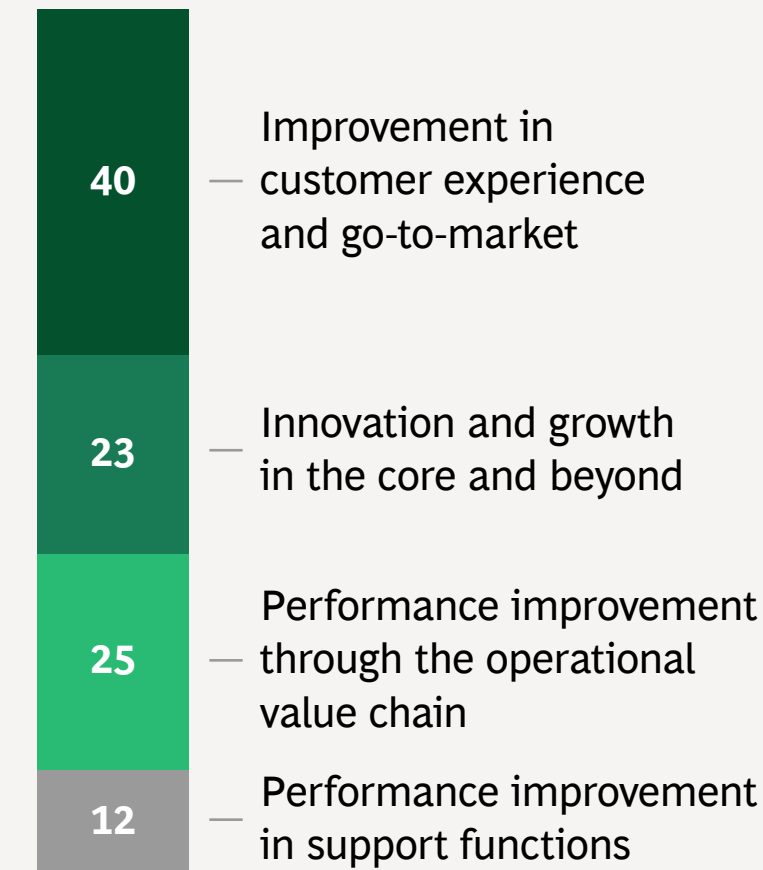
Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below.”

¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

The top transformation priorities for fashion and luxury companies include sales and market acceleration, customer experience, and business model innovation

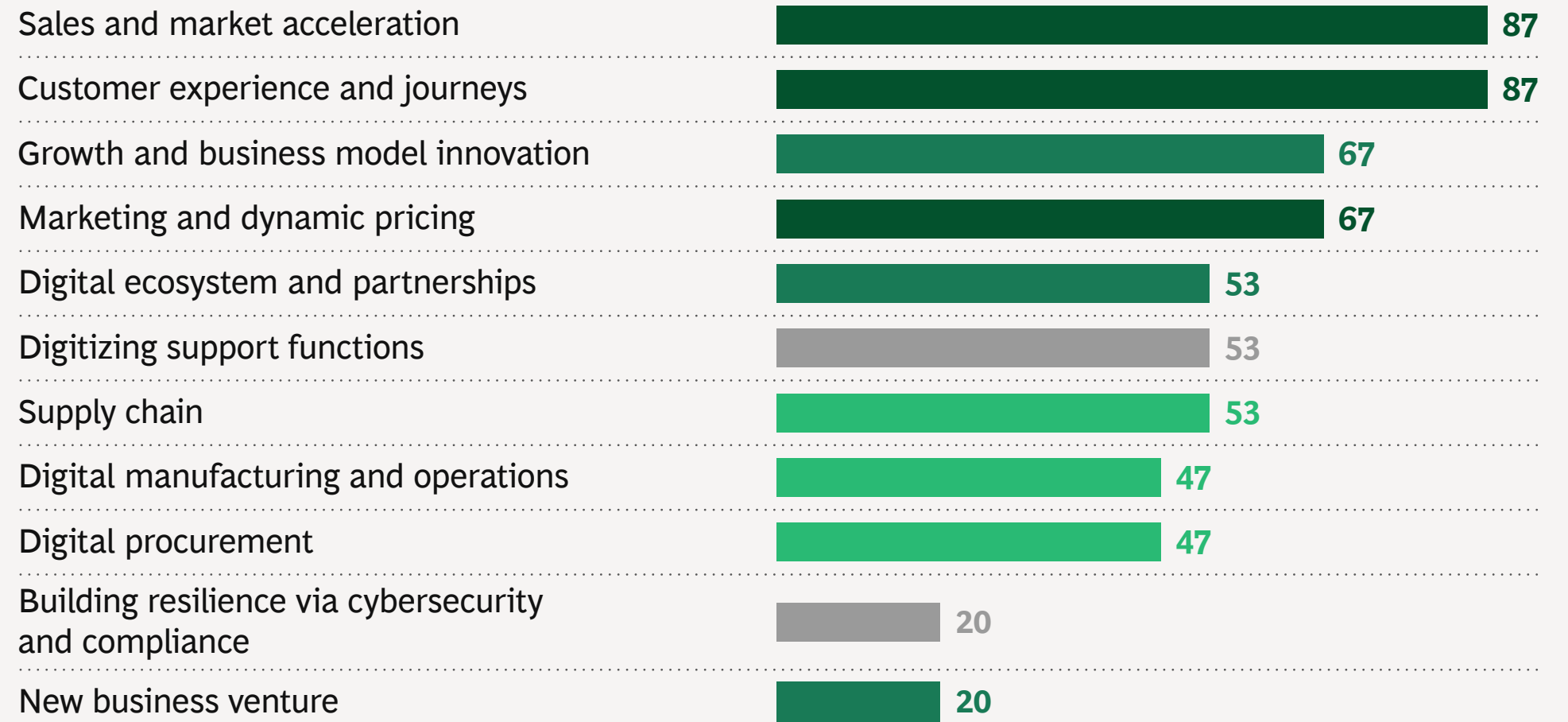
Strategic objectives

SHARE OF RESPONDENTS (%)



Scope of digital transformation¹

SHARE OF RESPONDENTS (%)

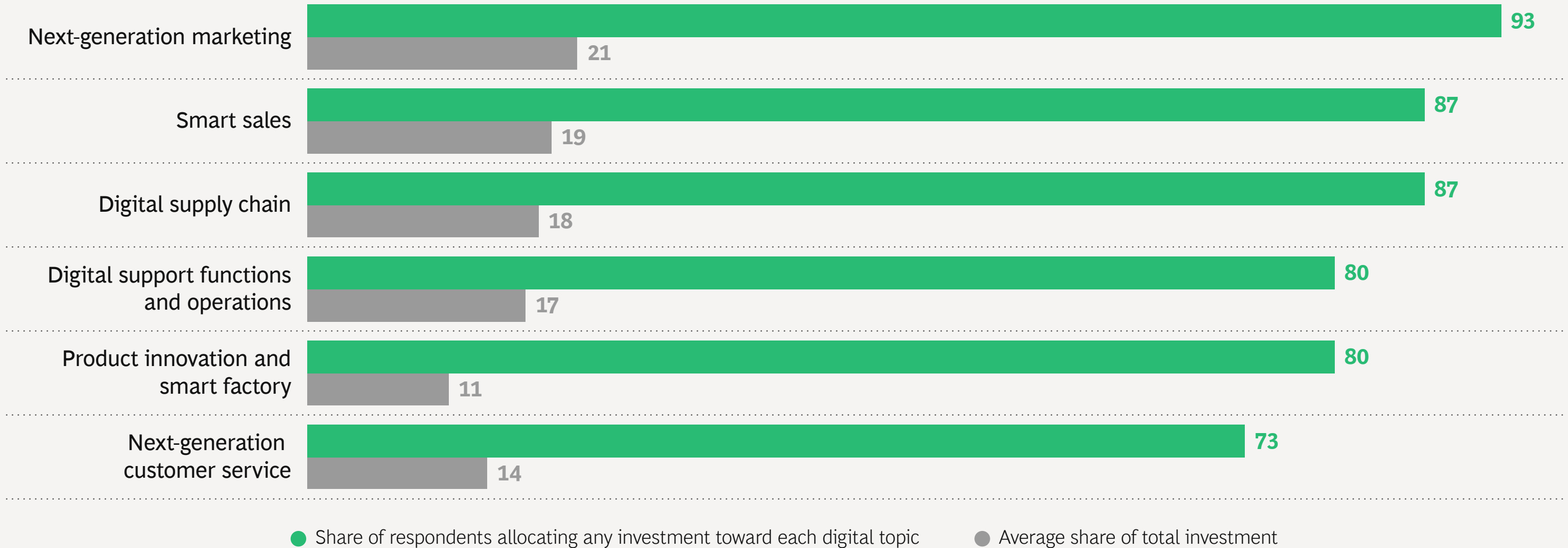


Source: 2021 BCG Global Digital Transformation Survey, n = 15.

¹Respondents were asked to select all priorities that applied.

Digitizing sales is a top priority going forward, as is next-generation customer support and experience

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

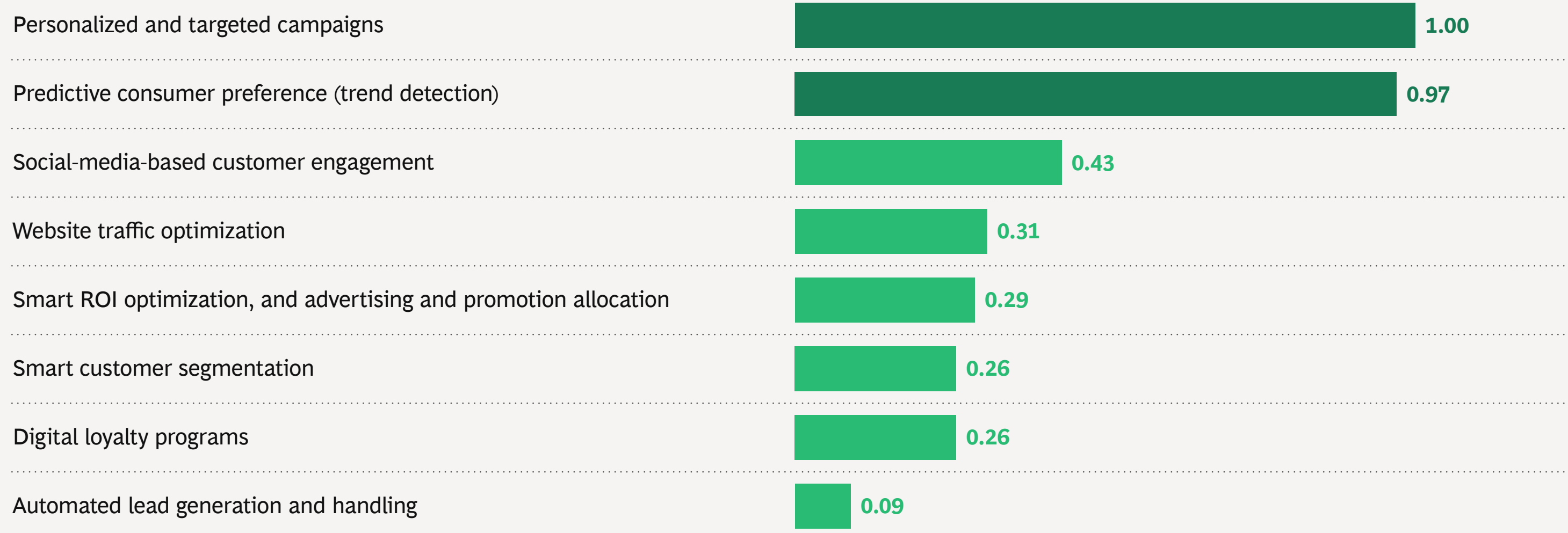


Source: 2021 BCG Global Digital Transformation Survey, n = 15.

¹For example, the uppermost pair of bars can be read as “93% of fashion and luxury respondents plan to invest in next-generation sales and marketing, allocating an average 21% of total digital investment.”

Fashion and luxury digital priorities: Next-generation marketing

Digital initiatives (bars indicate relative prioritization of initiatives)

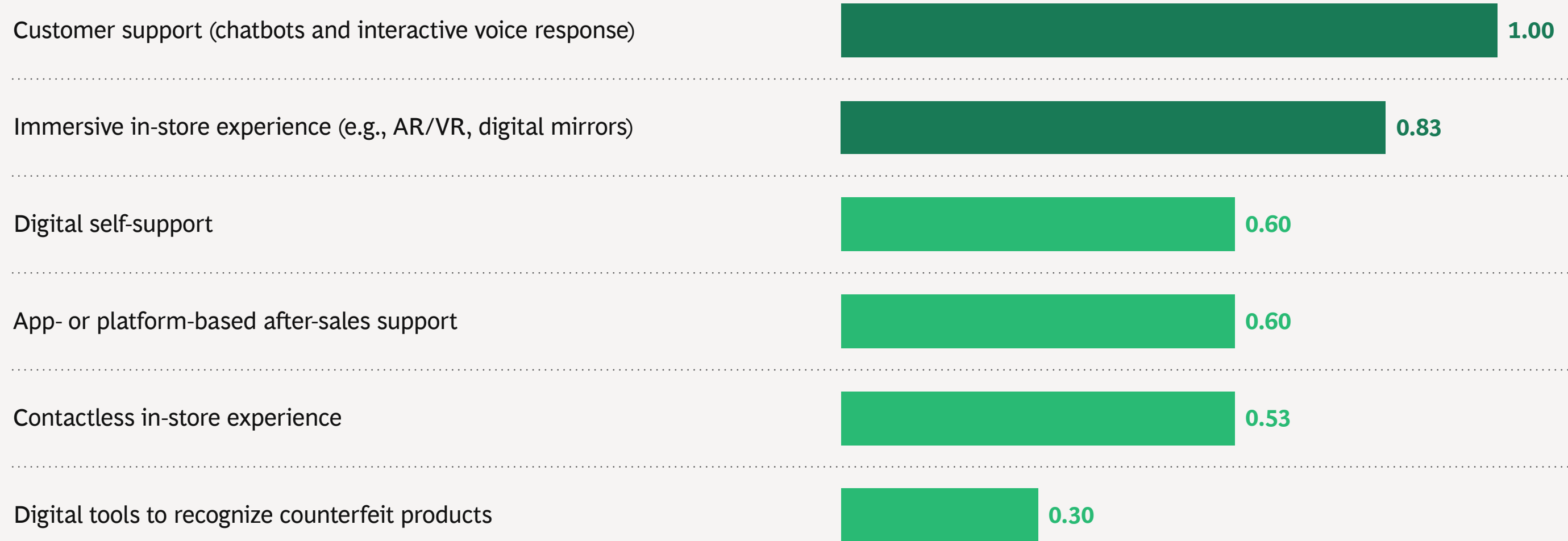


● Relative prioritization for all fashion and luxury companies

● Top priorities for win-zone companies

Fashion and luxury digital priorities: Next-generation customer support and experience

Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all fashion and luxury companies ● Top priorities for win-zone companies

Fashion and luxury digital priorities: Smart sales

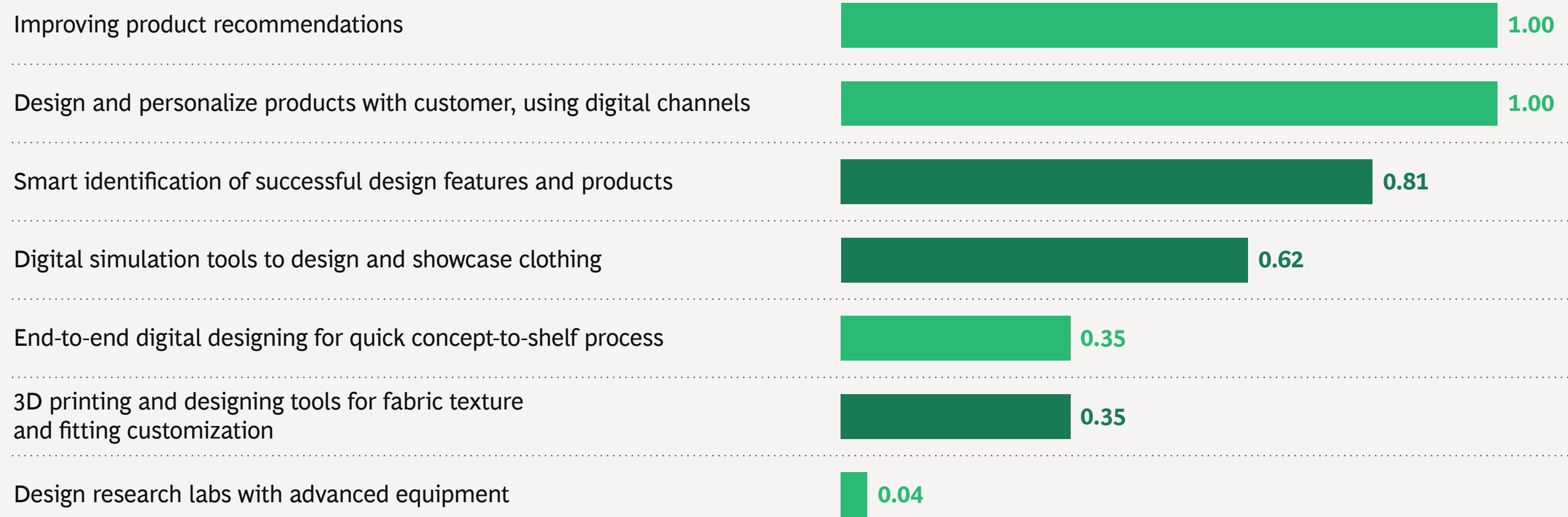
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all fashion and luxury companies ● Top priorities for win-zone companies

Fashion and luxury digital priorities: Product design and development

Digital initiatives (bars indicate relative prioritization of initiatives)

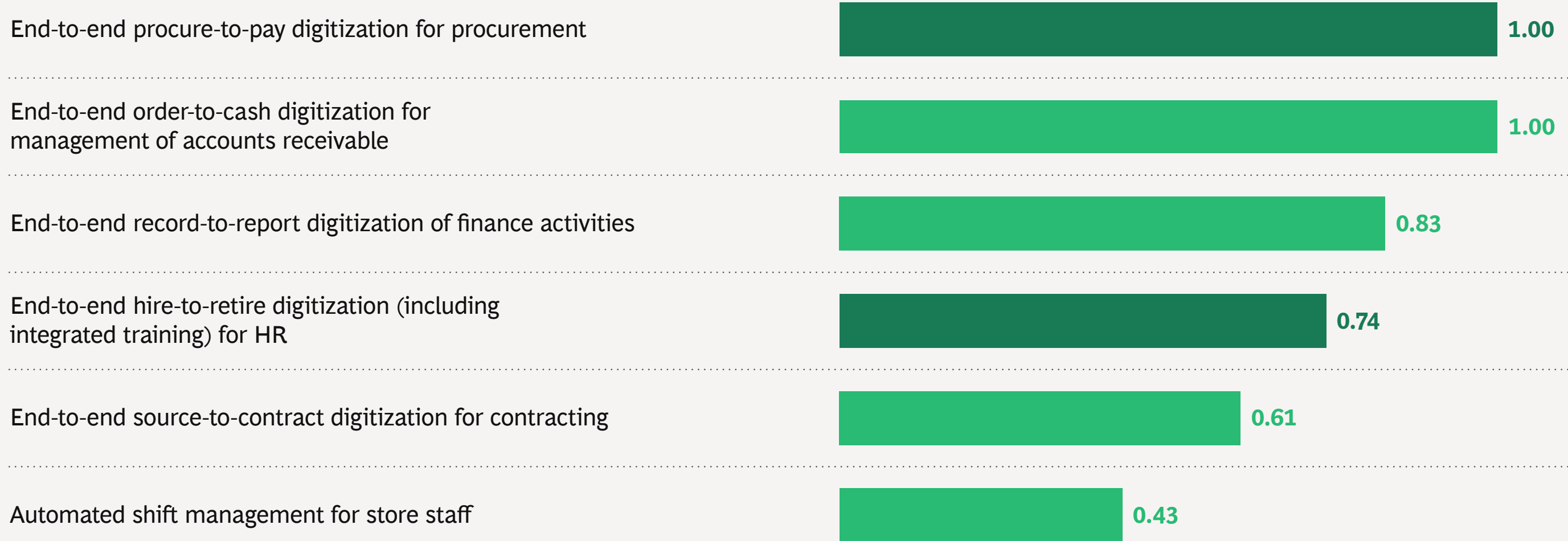


● Relative prioritization for all fashion and luxury companies

● Top priorities for win-zone companies

Fashion and luxury digital priorities: Digital support functions and operations

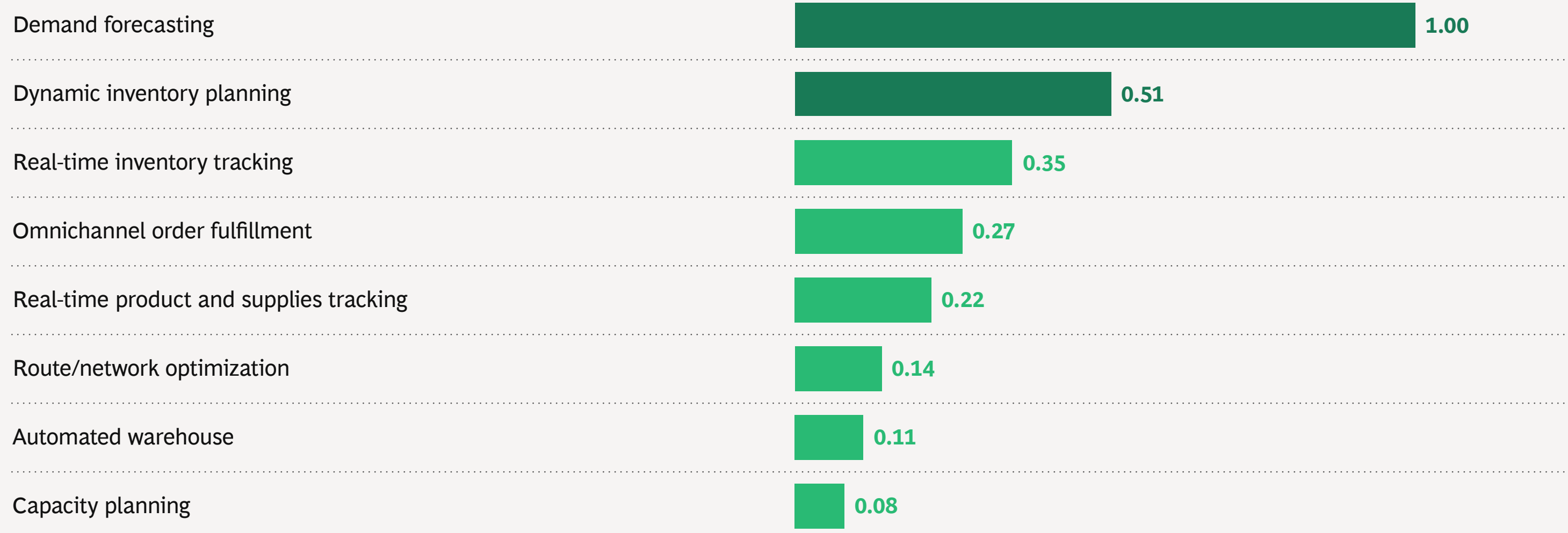
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all fashion and luxury companies ● Top priorities for win-zone companies

Fashion and luxury digital priorities: Digital supply chain

Digital initiatives (bars indicate relative prioritization of initiatives)

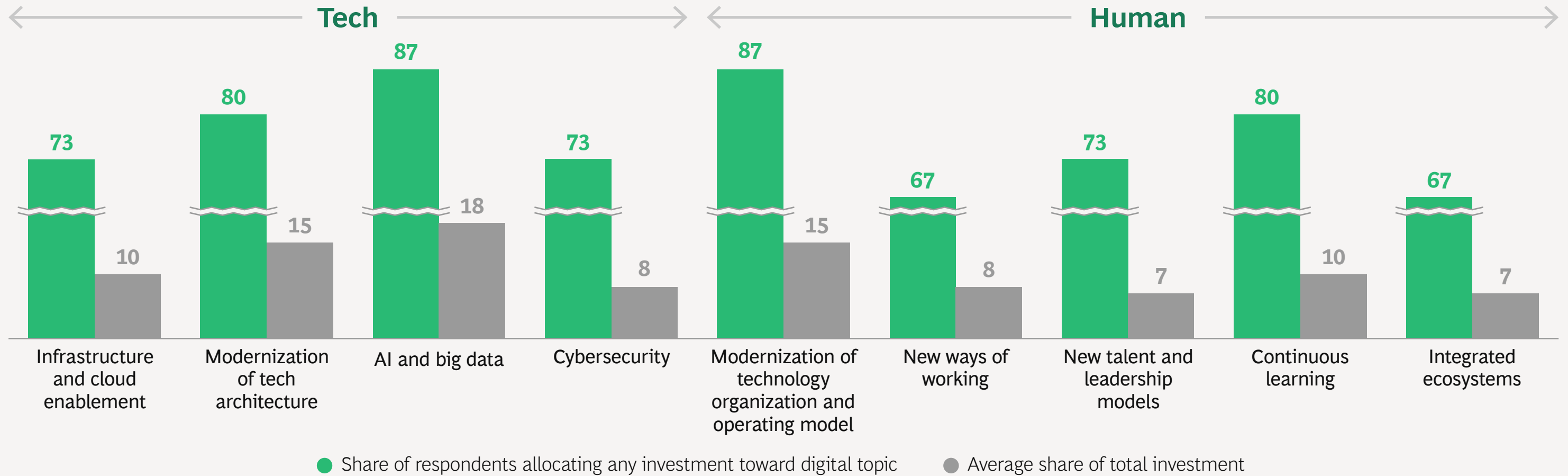


● Relative prioritization for all fashion and luxury companies ● Top priorities for win-zone companies

Fashion and luxury companies intend to invest across broad range of tech and human enablers

Eight out of ten fashion and luxury companies plan to invest in modernization of tech architecture, AI and big data, modernization of tech organization, and continuous learning, allocating about 58% of total enabler spending

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

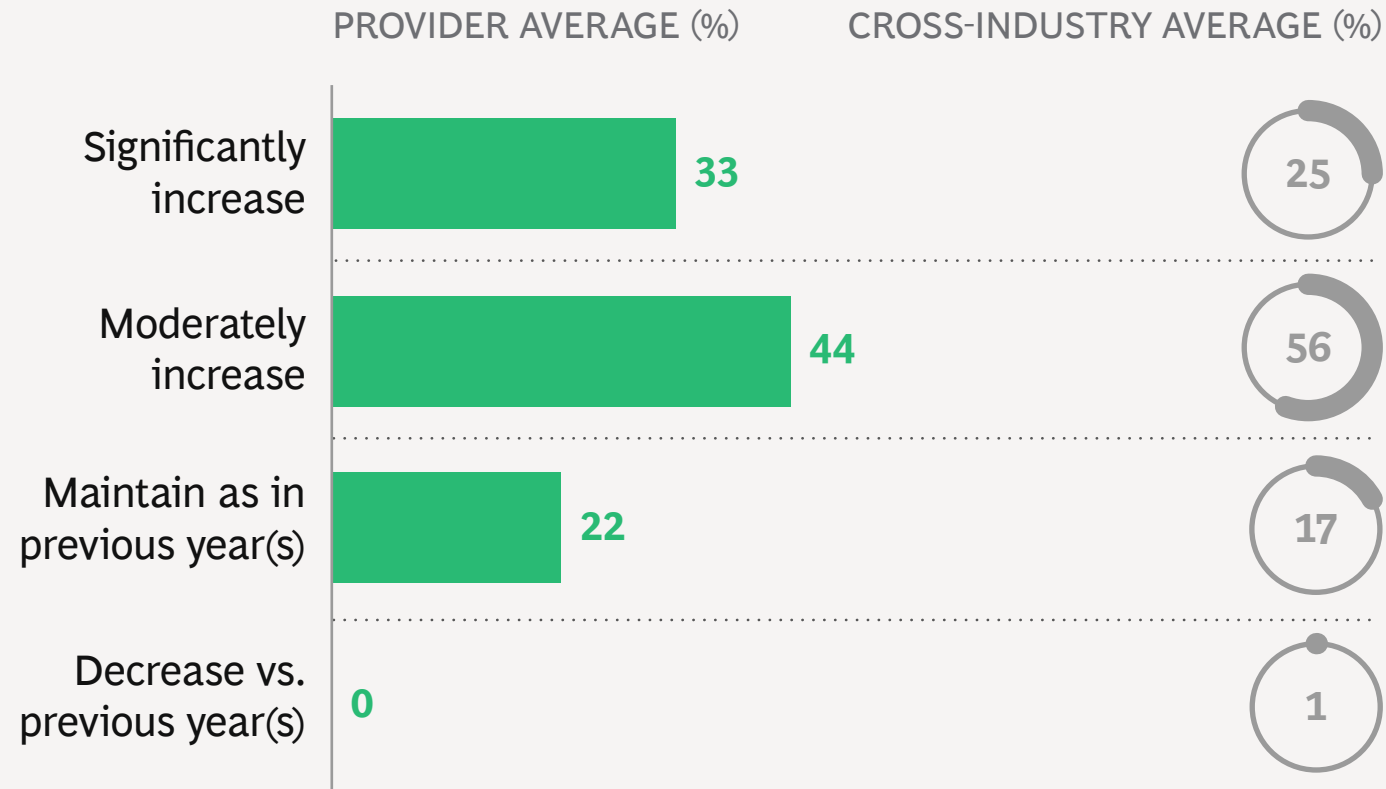


Source: 2021 BCG Global Digital Transformation Survey, n = 15.

¹For example, the leftmost pair of bars can be read as “73% of fashion and luxury respondents plan to invest in Infrastructure and cloud enablement, allocating an average 10% of their total digital enablers spending.”

77% of fashion and luxury companies plan to invest more in ESG, slightly below the cross-sector average

Share of respondents planning to increase/decrease/maintain investment toward ESG in coming years



Source: 2021 BCG Global Digital Transformation Survey, n =15.

... with the strongest emphasis on E

Leading digital initiatives being prioritized to support E, S, and G goals



If you would like to discuss this topic, please contact one of the authors:



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