FASHION BUSINESS BLUEPRINT

THE STATE OF FASHION 2026

WHAT IT GOT RIGHT - 8 MONTHS LATER

They predicted fashion in 2026. Here is what actually happened.

FBB AUDIT METHOD

PREDICTION -> EVIDENCE -> VERDICT -> COMPLICATION -> BUSINESS BLUEPRINT

MASTER AUDIT / WHITE PAPER v01

Research cut-off: 10 August 2026
Prepared as a research base for Fashion Business Blueprint documentaries, case studies and founder frameworks.

Executive Note

The earlier audit was directionally strong, but it was not yet thorough enough to function as an archival master white paper. It identified the right ten themes and several strong examples, but a video-development reference needs a more disciplined evidence ledger, explicit source hierarchy, caveats around causality, clear standards for changing a verdict, and enough examples that future scripts can select rather than stretch one anecdote too far.

This document therefore treats The State of Fashion 2026 as a set of testable directional propositions. It first reconstructs what BoF and McKinsey actually argued, then compares those arguments with evidence available through 10 August 2026. It does not assume that a forecast is proven merely because one company appears to fit it; nor does it treat a weak quarter as proof that a structural thesis failed. The aim is to separate signal, noise and unfinished evidence.

EDITORIAL PRINCIPLE

The purpose is not to decide whether BoF and McKinsey were "right" in a simplistic sense. The purpose is to identify which forces are genuinely reshaping fashion, where the forecast was too neat, and what founders should do differently because of it.

Master conclusion in one sentence

2026 is not killing fashion. It is removing the shortcuts.

Across trade, AI, pricing, luxury, resale, jewellery and operating models, the same pattern repeats: low-cost sourcing alone is weaker, scale alone is weaker, price increases alone are weaker, attention alone is weaker, and even a famous brand or creative reset is not enough without product value and operating execution. The winners are increasingly businesses that combine distinctive product, credible value, operational efficiency, customer ownership, multiple demand engines and cultural relevance.

Methodology and Evidence Standard

- Original forecast source: the user-provided 143-page BoF-McKinsey State of Fashion 2026 report, cross-checked against McKinsey’s public report landing page.
- Current-state cut-off: 10 August 2026. Evidence after this date is intentionally excluded from the verdicts in this version.
- Primary evidence preference: company financial results, investor-relations releases and company disclosures. Secondary evidence is used where private-company data or industry context requires reporting, with Reuters and major fashion-business publications preferred.
- Causality rule: a correlation or management claim is not treated as proof of causality. For example, Chanel’s reported growth is consistent with creative renewal, but the public evidence does not isolate the precise contribution of Matthieu Blazy from geography, product cycle, pricing, store expansion or comparison effects.
- Forecast-horizon rule: predictions extending to 2027, 2028 or 2030 cannot be "proven" in August 2026. The verdict refers to whether the direction is materially visible now.
- Founder-translation rule: recommendations are translated into small-brand decisions only when the economic mechanism survives the scale change. Conglomerate capital allocation is not copied literally into a start-up context.

Verdict definitions

VERDICT	MEANING
MATERIALISING	Meaningful evidence already moves in the predicted direction. The trend does not need to be complete.
PARTLY RIGHT	Core mechanism is visible, but adoption, scale, economics or causality is more mixed than the prediction implies.

TOO EARLY	The forecast depends on full-year or multi-year evidence that is not yet available.
NOT PLAYING OUT AS EXPECTED	Available evidence materially contradicts the expected direction.

Research Map

Audit Scorecard

AREA	ORIGINAL DIRECTION	VERDICT	AUGUST 2026 READ
Macro context	Low growth; cautious consumer; volatile trade	TOO EARLY	Directional evidence is consistent, but the full-year forecast cannot yet be scored.
01 Tariff Turbulence	Tariffs reshape sourcing, pricing and margins	MATERIALISING	Tariff pressure is visible in company margins and supply-chain decisions; policy reversals make the path even messier.
02 Workforce Rewired	AI changes roles, skills and workflows	PARTLY RIGHT	Process redesign and automation are visible; industry-wide workforce transformation is not yet measurable.
03 The AI Shopper	AI becomes a discovery and commerce layer	MATERIALISING	AI referral traffic, retailer optimisation and agent strategy have moved from theory to operating priority.
04 Jewellery Sparkles	Jewellery outperforms clothing and soft luxury	MATERIALISING	Richemont, LVMH and Kering all show unusually strong jewellery growth.
05 Smart Frames	AI eyewear moves toward breakout adoption	PARTLY RIGHT	Growth is real and fast, but still concentrated and the long-run margin structure is not yet proven.

AREA	ORIGINAL DIRECTION	VERDICT	AUGUST 2026 READ
06 The Wellbeing Era	Wellbeing reshapes identity, spend and brand ecosystems	PARTLY RIGHT	Strong in active/lifestyle and beauty adjacencies; too broad to call an industry-wide fashion reset yet.
07 Efficiency Unlocked	Margin, inventory and productivity become strategic weapons	MATERIALISING	Inditex, H&M, Zalando, Kering and Nike all show variants of this shift.
08 Resale Sprint	Secondhand outgrows first-hand and expands	MATERIALISING	Marketplace economics and consumer adoption continue to strengthen; brand-led models are more uneven.
09 The Elevation Game	Mid-market and value brands move upmarket	MATERIALISING	Zara, Gap, COS, Aritzia and others are visibly competing on design, quality and experience.
10 Luxury Recalibrated	Luxury must move beyond price-led growth	MATERIALISING	Creative/product resets are visible, but results remain uneven and the recalibration is far from complete.

Macro Context: A Difficult Road Ahead

THEY PREDICTED X

The report expected the global fashion industry to post another year of low single-digit growth, with consumer confidence, geopolitical instability and disrupted trade flows constraining demand. It also expected a highly polarised market in which pockets of opportunity would coexist with broad caution. In the executive survey, 46 percent expected industry conditions to worsen while 25 percent expected improvement; 78 percent cited consumer confidence and appetite to spend among the greatest risks to growth.

EVIDENCE NOW

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Inditex Q1 2026: sales +5.8% reported and +8.8% constant currency; gross margin 61.2%, +67 bps. [OUT1]	Strong operators can still compound in a slow market.	One company cannot establish the global growth rate.
H&M H1 2026: local-currency sales -1%; gross margin improved to 53.8% from 52.3%. [OUT2]	Low sales growth can coexist with better economics.	H&M is still in a specific transformation cycle.
Under Armour August 2026: annual revenue outlook reduced; North America quarterly revenue -9%. [OUT3]	Demand remains fragile for weaker propositions.	Turnaround-specific weakness is not equivalent to industry-wide weakness.

The clearest signal is dispersion. The same consumer environment is producing very different results: Inditex can grow and expand gross margin, H&M can improve profitability despite soft sales, and Under Armour can deteriorate. That pattern is consistent with a low-growth market in which execution, brand relevance and product newness increasingly determine share gains.

The broader FBB interpretation is therefore more useful than a single market-growth number: 2026 appears to be a redistribution year. When the market no longer provides a rising tide, companies have to create their own growth through product, proposition and productivity.

> **FBB READ**
>
> *Slow markets do not eliminate growth. They expose who actually has a growth engine.*

VERDICT

TOO EARLY for the full-year growth forecast. Directionally, however, the report looks credible: growth is subdued, consumer behaviour is selective, and company-level performance is unusually polarised.

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026
[OUT1] Inditex - First Quarter 2026 Results
[OUT2] H&M Group - Six-month Report 2026
[OUT3] Reuters - Under Armour forecasts steeper annual sales decline

THEME 01

TARIFF TURBULENCE

The forecast was right about pressure - but reality shows that supply-chain resilience is much more than changing countries.

✓ MATERIALISING

THEY PREDICTED X

BoF and McKinsey argued that US trade policy would redraw fashion sourcing maps, raise input costs and force brands to use a mix of price increases, sourcing shifts, SKU simplification, supplier negotiations and logistics optimisation. The report's survey showed 55 percent of executives expecting to increase prices in response to tariffs, while 35 percent planned to shift production toward countries with more favourable trade arrangements.

THE PREDICTION

Tariffs would move from a policy headline into the economics of product, sourcing and margin.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 01: Tariff Turbulence, approximately pp. 20-29. The report frames trade disruption as one of the two most important issues shaping 2026 and presents a menu of responses across pricing, sourcing, logistics, assortment and cost sharing.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Nike fiscal Q3 2026: gross margin fell 130 bps to 40.2%, with higher North American tariffs cited as the primary driver. [TAR1]	Tariffs showed up directly in reported gross margin.	Nike also had channel, discount and turnaround effects.
Nike fiscal Q4: the expected recovery of IEEPA tariffs added about $986m and roughly 900 bps to quarterly gross margin. [TAR4]	Tariff policy can reverse reported economics as quickly as it damages them.	The refund is unusual and should not be mistaken for underlying product improvement.
Shein scaled back its Vietnam experiment and shifted emphasis back toward China after costs, tariffs and local capability made Vietnam less advantageous. [TAR2]	Geographic diversification can fail when the replacement ecosystem lacks speed, labour fit or supplier density.	Shein's ultra-fast model is unusually demanding and not representative of every brand.
AAFA's live tariff calendar in August 2026 shows continuing changes across trade partners and product categories. [TAR3]	Trade policy remains an operating variable, not a settled assumption.	Specific rates and legal authority can change rapidly; scripts must be rechecked before publication.

Nike is especially useful because it demonstrates both sides of the mechanism. Earlier in fiscal 2026, tariffs compressed gross margin; by the fourth quarter, a court-driven recovery of IEEPA tariffs reversed much of that effect in reported numbers. For a brand operator, this is the point: trade policy can distort year-on-year margin comparison in ways that have little to do with product desirability or execution.

The Shein case adds a second layer. The simplistic diversification story is "China risk rises, so move production elsewhere." But fast fashion depends on an ecosystem - suppliers, materials, trims, labour, product development, logistics, digital integration and response speed. Moving the sewing line without recreating the ecosystem can increase total landed cost and reduce agility. That makes supply-chain architecture a capability problem, not merely a country-selection problem.

WHERE THEY WERE RIGHT

Tariffs materially affected company margins and sourcing decisions.

Brands are using the same mix of levers the report anticipated: pricing, sourcing, assortment, logistics and cost control.

The report correctly treated trade disruption as a strategic operating issue rather than a temporary news cycle.

WHERE REALITY BECAME MORE COMPLICATED

Policy reversals can create large one-time accounting effects that obscure underlying performance.

A lower-tariff country is not automatically a lower-cost or more resilient production system.

Diversification can duplicate complexity and working capital if suppliers are added without clear capability logic.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Do not measure supplier risk by unit cost alone. Measure dependency by total capability.

For an independent label, the right question is not simply “Where can I manufacture cheaper?” It is “What capability does this supplier ecosystem give me, and what happens if I lose it?” A second supplier only reduces risk if it can actually reproduce the critical materials, quality, lead time and minimums that make the hero product work.

A founder-level supply-chain stress test should track: percentage of gross profit dependent on the top factory; unique materials or trims with one source; sample-to-bulk lead time; minimum-order flexibility; defect/rework rates; payment terms; tariff exposure; and the cost of switching. The risk number is not the factory price. It is the economic damage if the factory becomes unavailable.

WHAT WOULD CHANGE THE VERDICT?

US tariff schedules and legal challenges through Q4 2026.

Whether large brands permanently move sourcing or only create tactical capacity outside China.

Evidence on consumer price elasticity after tariff-linked price increases.

Whether brands reduce SKU complexity to protect margins or simply pass costs through.

BEST STANDALONE VIDEO QUESTION

Is fashion really leaving China - or discovering that a supply chain is harder to replace than a factory?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[TAR1] NIKE - Fiscal 2026 Third Quarter Results

[TAR2] Reuters - Shein finds there is no place like China after Vietnam experiment

[TAR3] American Apparel & Footwear Association - Fashion Tariffs 101

[TAR4] NIKE - Fiscal 2026 Fourth Quarter and Full Year Results

[TAR5] Vogue - What to Know About the New US Tariffs

THEME 02

WORKFORCE REWIRED

AI is changing tasks and structures, but the industry-wide job transformation is still early and easy to overstate.

≈ PARTLY RIGHT

THEY PREDICTED X

The report predicted that technology would reorganise fashion work: some positions would become AI-centric, new roles would emerge, and companies would have to pair technology investment with reskilling and change management. It cited 92 percent of organisations planning to increase generative-AI investment while only 1 percent described deployment as mature.

THE PREDICTION

The real AI shift would be organisational: redesign processes, redesign roles, and retrain talent.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 02: Workforce Rewired, approximately pp. 31-37. The section explicitly warns against function-specific pilots and calls for AI to become a strategic, board-level operating priority supported by talent and culture change.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Nike announced 775 US distribution-centre job cuts while saying it was accelerating advanced technology and automation. [WF1]	Automation is already changing the labour needs of physical fashion operations.	The cuts also reflect overcapacity and turnaround needs; automation is not the only cause.
Nike later announced roughly 1,400 additional job cuts in a broader efficiency push. [WF2]	Organisational simplification is accelerating alongside technology investment.	Again, weak sales and restructuring are important confounders.
Nike is simultaneously recruiting a Generative AI Lead Designer with creative-technology and tool-building skills. [WF3]	The labour shift is not only job destruction; new hybrid design/AI roles are emerging.	One job posting is directional evidence, not workforce-scale proof.
Zalando says its AI content platform cut production time by >95% and costs by ~90% for participating workflows; its customer assistant is also evolving. [WF4]	AI is moving from experimentation into measurable operating redesign.	These are company-reported benefits and highly digital workflows.

The strongest evidence is not the headline layoff count. It is the simultaneous appearance of two opposite labour signals: routine or process-heavy roles are being automated or consolidated, while companies are hiring people who can bridge creative practice, product design, data and AI tooling. That is exactly what “workforce rewired” should look like if it is real.

However, it would be irresponsible to claim that AI is already the dominant cause of fashion-industry layoffs. Nike is also in a turnaround, and its workforce changes reflect sales pressure, distribution overbuild and organisational complexity. The proper verdict therefore stays below “fully materialising.” The process is visible; the industry-wide labour effect is not yet cleanly measurable.

WHERE THEY WERE RIGHT

- AI is increasingly embedded in core workflows rather than isolated content experiments.
- Hybrid roles that combine creative judgment and technical tooling are emerging.
- Change management and workforce redesign appear as important as software choice.

WHERE REALITY BECAME MORE COMPLICATED

- Layoffs are multi-causal; attributing all reductions to AI would overstate the evidence.

- The fastest gains are currently in digitised workflows such as content production, not necessarily atelier, merchandising or product judgment.
- Efficiency gains do not automatically translate into better products or stronger brands.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Automate what creates friction. Protect what creates taste.

A founder should not begin with “Which AI tools should I buy?” Start with a workflow map. Identify repetitive work, handoffs, duplicated data entry, content bottlenecks, slow forecasting and operational errors. Those are the best automation candidates.

Then explicitly identify the tasks that create differentiation: product taste, silhouette judgment, material selection, brand voice, customer insight, negotiation and creative direction. The strategic objective is not maximum automation. It is reallocating scarce human attention toward the decisions customers actually value.

WHAT WOULD CHANGE THE VERDICT?

- Fashion-specific employment data separating automation from general restructuring.
- Whether AI-native roles spread beyond technology teams into design, merchandising and buying.
- Whether companies reinvest time/cost savings into creative and customer-facing capabilities.
- Evidence of productivity gains after pilots scale across the whole organisation.

BEST STANDALONE VIDEO QUESTION

AI Is Not Replacing Fashion. It Is Rewriting the Fashion Job.

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026
[WF1] Reuters - Nike cuts 775 jobs to speed automation
[WF2] Reuters - Nike to cut around 1,400 jobs
[WF3] Nike Careers - Generative AI Lead Designer
[WF4] Zalando - Q2 2026 Results

THEME 03

THE AI SHOPPER

One of the report's strongest calls: AI is becoming a new discovery layer between brands and consumers.

✓ MATERIALISING

THEY PREDICTED X

The report argued that AI would increasingly mediate how consumers search for, compare and eventually purchase fashion. Brands would have to make product information legible to AI systems, build an agentic-commerce strategy, budget for AI visibility and preserve storytelling for human shoppers. It also projected that agentic commerce could become a multi-trillion-dollar market by 2030 under moderate adoption assumptions.

THE PREDICTION

Fashion discovery would shift from search engines and feeds toward AI-mediated recommendation and, eventually, agentic transactions.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 03: The AI Shopper, approximately pp. 39-49. The report cites rapid growth in shopping-related AI searches and explicitly recommends balancing GEO/AI visibility with SEO, structured product data and human storytelling.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Reuters, 7 Aug 2026: Walmart, Ulta, Wayfair and other retailers are adapting content for ChatGPT/Gemini-driven shopping traffic while trying to retain checkout and customer data. [AI1]	AI visibility is becoming a real customer-acquisition and channel strategy.	Retailer traffic remains smaller than traditional channels; the model is still forming.
Adobe data reported by Reuters in June: AI-referred retail traffic rose 138% YoY in May; AI-referred visitors converted 54% better and spent 53% more time on sites. [AI2]	AI-originated traffic is not only growing; it can arrive with unusually high intent.	This is retail-wide US data, not fashion-only.
Zalando says high-value interactions with its assistant rose 63% from January to June 2026, alongside deeper visual search and web search. [WF4]	Fashion-native AI discovery is already moving toward richer, ongoing assistance.	Engagement growth does not reveal the full revenue attribution.

The most important development is that AI shopping is becoming a channel-power question. Retailers want to be recommended by an AI interface, but they do not want that interface to own the transaction, the loyalty relationship or the customer data. That is structurally similar to earlier tensions with Google, social platforms and marketplaces, but potentially more consequential because the AI layer can compare alternatives before the shopper even visits a brand website.

This is why the report's "AI SEO" language understates the long-term strategic issue. If an agent controls the shortlist, then the competition shifts upstream: product attributes, delivery, availability, price, reviews, brand authority and structured data may determine whether the brand enters consideration at all. The fashion business is not merely optimising a page for discovery; it may be negotiating with a new gatekeeper.

WHERE THEY WERE RIGHT

- AI-originated shopping traffic is growing quickly.
- Retailers are actively restructuring content and digital infrastructure for AI discovery.
- Customer-data ownership and channel economics are already strategic concerns.

WHERE REALITY BECAME MORE COMPLICATED

- The dominant monetisation model between AI platforms and retailers is not settled.
- AI traffic is high-intent but still small relative to total retail traffic.
- Luxury has a special challenge: machine comparability can flatten emotional, service and scarcity dimensions that luxury relies on.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Machine-readable product. Human-desirable brand.

Independent brands should improve structured product information now: precise product names, materials, fit, care, dimensions, colour, availability, delivery, returns, price and use cases. This improves both search and machine interpretation.

But the response cannot be to turn the brand into a spreadsheet. AI can compare attributes; the human still chooses meaning. The long-term advantage is a catalogue that machines can confidently understand attached to a brand that humans actively desire.

WHAT WOULD CHANGE THE VERDICT?

- Share of retail traffic and conversion attributable to AI referrals in H2 2026.
- Whether AI assistants start handling checkout directly again at scale.
- How brands measure visibility inside AI answers and recommendations.
- Whether paid placement or preferred integrations emerge as a material new acquisition cost.

BEST STANDALONE VIDEO QUESTION

What Happens When AI Decides Which Fashion Brands You See?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026
[AI1] Reuters - Retailers tap AI shopping traffic but fight to keep customer data
[AI2] Reuters - AI-referred US shoppers browse longer, spend more per visit
[WF4] Zalando - Q2 2026 Results

THEME 04

JEWELLERY SPARKLES

The report's clearest category call is showing up directly in luxury earnings.

✓ MATERIALISING

THEY PREDICTED X

The report predicted that jewellery would substantially outperform clothing in unit growth, supported by self-purchasing, self-expression, perceived longevity and store-of-value behaviour in some markets. It projected 4.1 percent annual unit growth between 2025 and 2028 - roughly four times clothing - while also noting the growing role of men, genderless design and lab-grown stones.

THE PREDICTION

In a weak fashion cycle, jewellery would remain a disproportionately strong demand engine.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 04: Jewellery Sparkles, approximately pp. 51-60. The report explicitly links jewellery demand to permanence, self-gifting, identity and the relative value problem created by sharp price increases in handbags and ready-to-wear.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Richemont Q1 FY27: group sales +20% constant currency; Jewellery Maisons +24%, reaching €4.732bn in the quarter. [JEW1]	The category is producing exceptional growth at the largest specialist luxury player.	Richemont is unusually concentrated in jewellery, so it benefits disproportionately.
LVMH H1 2026: Watches & Jewelry organic revenue +9%; Q2 +11%; recurring operating profit +9%. [JEW2]	Jewellery is one of LVMH's strongest offsets while Fashion & Leather Goods remains softer.	Watches and jewellery are combined; brand-level detail is limited.
Kering H1 2026: Kering Jewelry +20% comparable; DOR sales +28%. [JEW3]	The strength extends beyond Richemont and LVMH.	Kering Jewelry is a smaller business and its operating margin is still developing.
The report itself identified Chinese spending shifts from inflated soft luxury toward hard luxury and store-of-value logic. [SOF]	The category story is partly about the value equation, not merely fashion cycle.	Consumer motives vary by region and cannot be reduced to investment alone.

The cross-company consistency matters. Richemont, LVMH and Kering have different brand portfolios, yet all three are reporting unusually strong jewellery growth. That makes this much more persuasive than a single-house success story.

The deeper question is why. Jewellery combines several forms of value that consumers can articulate: precious material, craft, symbolism, gifting, self-purchase, perceived permanence and, for some pieces, secondary-market value. In a period when luxury consumers are questioning repeated price increases in handbags and ready-to-wear, that clearer value equation may be strategically important. It is still an inference, not proven causality, and should be framed that way in video scripts.

WHERE THEY WERE RIGHT

- Jewellery is materially outperforming many soft-luxury categories.
- The strength is visible across multiple luxury groups, not just one specialist.
- Self-purchase, icon lines and regional demand appear to support the category's resilience.

WHERE REALITY BECAME MORE COMPLICATED

- Strong branded jewellery does not mean the entire diamond or gemstone value chain is equally strong.
- High gold and precious-material costs can pressure margins even when demand grows.
- The "investment" narrative applies unevenly; many branded pieces are bought for identity and emotion rather than financial return.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

When customers question price, categories with legible value gain power.

The founder lesson is not “launch jewellery because jewellery is growing.” The lesson is to understand why a category can communicate value more clearly than another. Product architecture should make the customer understand what they are paying for: material, craft, function, longevity, emotional meaning or identity.

If a brand extends into jewellery, it should anchor the category in existing brand codes, exactly as the report recommends. Random category expansion weakens positioning; a well-connected extension can create a second demand engine with different purchase occasions and risk characteristics.

WHAT WOULD CHANGE THE VERDICT?

- Whether jewellery growth remains double-digit into H2 as comparisons become harder.
- Margin performance as gold and precious-material input costs remain elevated.
- Whether fashion houses expand jewellery more aggressively and whether that dilutes specialist advantage.
- The split between branded jewellery strength and natural-diamond industry pressure.

BEST STANDALONE VIDEO QUESTION

Why Is Jewellery Winning While Fashion Struggles?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[JEW1] Richemont - Q1 FY27 sales, quarter ended 30 June 2026

[JEW2] LVMH - 2026 First-Half Results

[JEW3] Kering - 2026 First-Half Results

THEME 05

SMART FRAMES

The product is breaking through, but the category remains concentrated and the economics are not yet settled.

≈ PARTLY RIGHT

THEY PREDICTED X

The report predicted that smart eyewear would emerge as a leading format within fast-growing wearables, helped by multi-modal AI, improved design and partnerships between technology companies and fashion/eyewear specialists. It projected the category could exceed $30 billion by 2030 and cited Ray-Ban Meta as evidence that design-first integration was solving earlier adoption failures.

THE PREDICTION

Smart glasses would finally work when technology learned to fit inside fashion - not when fashion was forced to wear technology.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 05: Smart Frames, approximately pp. 63-72. The chapter stresses fashion-tech partnerships, design discipline, personalisation and the advantage of eyewear players with existing manufacturing and distribution capabilities.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
EssilorLuxottica H1/Q2 2026: group revenue grew strongly and AI glasses were highlighted as a major contributor; Q2 AI-glasses revenue growth was reported at 24%. [FR1]	Demand is substantial enough to affect the performance of the world's largest eyewear company.	The category is heavily concentrated in one ecosystem and brand family.
EssilorLuxottica Q1 2026: revenue +10.8%, supported by AI glasses and Ray-Ban. [FR2]	Momentum continued into 2026 rather than fading after novelty.	This still does not establish mass adoption across the wider eyewear market.
The report identified Google partnerships with Kering Eyewear, Gentle Monster and Warby Parker as part of the next wave. [SOF]	The partnership model is spreading across fashion and tech.	Many announced products remain future launches; commercial success is unproven.

The forecast is directionally convincing. Ray-Ban Meta has moved smart glasses beyond the “tech demo” phase and into a product that can be sold through fashion and optical distribution. The design-first thesis also matters: a wearable succeeds only if consumers are willing to wear it when the technology is not the point.

But the verdict remains “partly right” because the category is still unusually concentrated. One strong platform can create the appearance of an industry-wide breakout before competing ecosystems have demonstrated demand. Long-run economics also matter: smart eyewear brings hardware complexity, faster obsolescence, software dependence, returns and potentially lower margin than conventional premium frames. High growth is not automatically a high-quality business.

WHERE THEY WERE RIGHT

- Consumer adoption is moving beyond early novelty for Ray-Ban/Meta products.
- Fashion-tech partnerships are becoming the dominant route to market.
- Design and brand equity appear central to adoption, validating the report's framing.

WHERE REALITY BECAME MORE COMPLICATED

- The category remains concentrated in a small number of platforms.
- Hardware/software cycles can conflict with fashion's durability and luxury positioning.
- Margin, service, upgrade and data-ownership economics are less mature than unit-growth narratives imply.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

A high-growth category is not automatically a high-quality business.

Before entering a new technology category, a founder should separate five questions: Is demand growing? Can our brand credibly play? Do we control enough of the experience? What capital and service complexity does the product create? And does the gross-margin structure remain attractive after returns, defects, warranty and obsolescence?

The deeper lesson is partnership design. Smaller fashion brands rarely need to build core technology. They need to know which capability should stay distinctive in-house and which capability can be borrowed from a specialist without surrendering the brand experience.

WHAT WOULD CHANGE THE VERDICT?

- Commercial performance of new Google/Kering and other announced ecosystems.
- Repeat purchase and upgrade behaviour beyond first-wave enthusiasts.
- Return rates, warranty costs and margin disclosure for AI eyewear.
- Whether luxury brands treat connected eyewear as tech accessories or long-life luxury objects.

BEST STANDALONE VIDEO QUESTION

Smart Glasses Finally Work. But Is This a Fashion Business or a Tech Business?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026
[FR1] EssilorLuxottica - Q2/H1 2026 Results
[FR2] EssilorLuxottica - Q1 2026 Revenue

THEME 06

THE WELLBEING ERA

The identity shift is visible, especially in active lifestyle and beauty - but "wellbeing" is not a universal fashion strategy.

≈ PARTLY RIGHT

THEY PREDICTED X

The report argued that wellbeing was becoming central to how consumers allocate time, money and identity. It expected fashion brands to respond through communities, third spaces, services and adjacent categories, while warning that integration had to feel authentic to the brand. The report cited 84 percent of US consumers and 94 percent of Chinese consumers calling wellness an important day-to-day priority, and 51 percent saying they would maintain or increase wellness spending even if discretionary income fell.

THE PREDICTION

The next brand ecosystem would compete not only for wardrobe spend, but for lifestyle, community and emotional relevance.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 06: The Wellbeing Era, approximately pp. 75-81. The chapter combines spending data with a cultural thesis: consumers are tiring of constant attention-grabbing novelty and responding to communities and brands that align more deeply with identity.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Alo's 2026 European expansion combines retail, wellness centres, resort activations and community-led experiences. [WB2]	A premium activewear brand is explicitly building a lifestyle ecosystem rather than a store network alone.	Alo is naturally adjacent to wellness; it is not proof for conventional fashion brands.
lululemon's 2026 Community Wellbeing cohort spans 80 organisations across 17 markets as part of a $100m commitment. [WB1]	Wellbeing remains embedded in brand platform and community strategy.	This is impact/community evidence more than direct revenue evidence.
Reuters: in China, affluent consumers show stronger planned spending on prestige beauty than leather goods; skincare is framed as self-care and lower-ticket luxury. [WB3]	Discretionary spending can migrate toward self-care categories when high-ticket goods feel harder to justify.	Beauty is adjacent to fashion and luxury, not identical to the report's wellbeing thesis.

The strongest evidence appears where the brand proposition already overlaps with movement, beauty, hospitality or self-care. Alo can build a wellness centre without confusing the customer because wellbeing is already implicit in the product. Lululemon can organise wellbeing grants and community programmes for the same reason. The pattern becomes weaker when extrapolated to fashion brands with no natural permission to enter the space.

This makes the report's own caveat the most useful part of the theme: a company must decide whether wellbeing sits at the core or periphery of its identity. Trend participation without brand permission produces category tourism, not strategic adjacency.

WHERE THEY WERE RIGHT

Wellbeing and self-care remain resilient areas of consumer attention and spending.

Community and physical/digital third spaces are becoming meaningful brand touchpoints.

The trend is especially visible in activewear, premium lifestyle and beauty.

WHERE REALITY BECAME MORE COMPLICATED

The evidence is not strong enough to call wellbeing a universal fashion-business transformation.

Community initiatives can create cultural value without clear short-term revenue attribution.

- Brands risk diluting identity when they enter wellness because it is fashionable rather than because customers already grant them permission.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Adjacency must strengthen the core - not merely chase a growing market.

A founder should map “brand permission” before entering any adjacent category. Ask: What do customers already believe we are good at? Which part of their life do we credibly own? What new product or experience extends that belief rather than requiring a new identity?

The right expansion can deepen frequency and community. The wrong one creates operating complexity and a blurry proposition. Wellbeing is therefore less a category recommendation than a test of strategic coherence.

WHAT WOULD CHANGE THE VERDICT?

- Whether lifestyle/wellness activations translate into measurable retention and customer lifetime value.
- Growth of fashion-led hospitality, clubs and beauty/wellness adjacencies beyond activewear.
- Consumer discretionary-spend allocation between goods, travel, beauty and health through H2.
- Signs of “wellness washing” or consumer fatigue with forced brand participation.

BEST STANDALONE VIDEO QUESTION

Why Fashion Brands Want to Become Wellness Brands - And Why Most Shouldn’t.

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[WB1] lululemon - 2026 Community Wellbeing Cohort

[WB2] Vogue - Alo International CEO on the brand’s 2026 European expansion

[WB3] Reuters - Prestige beauty outpaces high-end bags in China

THEME 07

EFFICIENCY UNLOCKED

The industry is shifting from growth-at-any-cost toward productive growth: margin, inventory and capital efficiency matter again.

✓ MATERIALISING

THEY PREDICTED X

The report argued that old profit levers - scale, low-cost sourcing and tactical promotion - were losing power. It expected companies to focus on sourcing costs, pricing, inventory, cash and technology-enabled productivity, then reinvest the savings into customer-facing differentiation. It noted that up to 90 percent of transformative AI projects were still stuck at pilot stage, making organisational execution the bottleneck.

THE PREDICTION

Efficiency would become a strategic growth capability, not merely a cost-cutting programme.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 07: Efficiency Unlocked, approximately pp. 83-92. The chapter highlights record-high inventory days, pressure on sourcing and pricing, and the potential for AI/digital tools to create double-digit sourcing-cost reductions in advanced operating models.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Inditex Q1 2026: constant-currency sales +8.8%; gross margin +67 bps; operating expenses tightly controlled. [EFF1]	Growth and margin can improve together when the operating system is strong.	Inditex is a best-in-class outlier, not an average benchmark.
H&M H1 2026: local-currency sales -1%, but gross margin rose to 53.8% from 52.3%; operating profit excluding one-offs +14%. [EFF2]	Economic improvement can come from operational discipline even before strong top-line recovery.	Currency and restructuring effects require care when comparing periods.
Zalando Q2 2026: AI content platform reports >95% faster production and ~90% lower costs; B2B margin reached 12.2%. [EFF3]	Digital efficiency is becoming monetisable capability, not only internal tooling.	Company-reported productivity gains apply to selected workflows.
Kering H1 2026: 84 net store closures in the semester; recurring operating margin improved 40 bps despite only +1% comparable group revenue. [EFF4]	Luxury is actively resizing distribution and protecting economics while demand rebuilds.	Asset sales and portfolio actions also affect cash metrics.

The theme is materialising in several different business models. Inditex represents operating excellence with growth. H&M represents margin recovery under softer demand. Zalando represents technology becoming both an efficiency tool and a B2B product. Kering represents the painful version: shrinking the store base and cost structure while attempting to restore brand demand.

The common mechanism is productive growth. Revenue quality increasingly depends on how much inventory, discounting, acquisition spend, store capacity and working capital are required to create it. This is a major shift from the post-pandemic growth mindset in which top-line expansion often hid operational waste.

WHERE THEY WERE RIGHT

- Margin, cash and inventory are clearly back at the centre of management attention.
- Technology is beginning to produce measurable workflow savings.
- Companies are simplifying store networks, assortments and operating structures.

WHERE REALITY BECAME MORE COMPLICATED

- Cost cutting can damage desirability if it removes the capabilities customers value.
- AI efficiency claims often come from narrow workflows and may not survive enterprise-scale rollout.
- A higher margin in one period can reflect mix, currency, tariff refunds or restructuring, so underlying operating improvement must be isolated carefully.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Efficiency is freeing resources from what customers do not value so you can invest in what they do.

Independent brands should maintain a small operating dashboard: gross margin by SKU, markdown rate, inventory turns, return rate, customer acquisition cost, repeat purchase, contribution margin by channel, cash conversion cycle and supplier lead time. Revenue without these metrics can hide a fragile business.

The founder should then ask where complexity is not earning its keep. Too many SKUs, too many factories, too many low-volume colourways, weak channels and manual content operations can consume cash without improving the proposition. Simplification is strategic when it increases the resources available for hero products and customer experience.

WHAT WOULD CHANGE THE VERDICT?

- Inventory days and markdown rates through holiday 2026.
- Whether AI pilots move into sourcing, demand planning and merchandising at scale.
- Whether margin improvement is reinvested into product and brand rather than used only to defend earnings.
- The durability of Kering and H&M margin gains if demand remains soft.

BEST STANDALONE VIDEO QUESTION

Fashion's New Growth Strategy Is Not More Sales. It Is Better Economics.

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[EFF1] Inditex - First Quarter 2026 Results

[EFF2] H&M Group - Six-month Report 2026

[EFF3] Zalando - Q2 2026 Results

[EFF4] Kering - 2026 First-Half Results

THEME 08

RESALE SPRINT

Secondhand keeps gaining scale - but marketplace success is clearer than the case for every brand running its own resale programme.

✓ MATERIALISING

THEY PREDICTED X

The report predicted the secondhand fashion and luxury market would grow two to three times faster than first-hand through 2027, with nearly 60 percent of global consumers likely to shop resale in 2026. It expected marketplaces and brand-led programmes to grow, and argued that resale could reinforce perceptions of durability, capture new customers and create loyalty loops.

THE PREDICTION

Resale would become both a value channel and a brand-equity signal.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 08: Resale Sprint, approximately pp. 95-106. The chapter emphasises the scale of online marketplaces, China's growing resale market, category-specific resale value and the expansion of brand-led programmes.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
ThredUp 2026 Resale Report: global secondhand apparel projected to reach $393bn by 2030, growing about 2x faster than overall apparel. [RES1]	The structural growth thesis remains intact beyond the original report horizon.	ThredUp is an industry participant; its market sizing should be treated as commissioned industry research.
Vinted 2025 results, published Apr 2026: GMV +47% to €10.8bn; revenue €1.1bn; net profit €62m. [RES2][RES3]	Marketplace scale and consumer liquidity continue to grow rapidly.	Profit fell versus prior year as Vinted invested; growth is not costless.
Vinted launched in Australia in July 2026 and rapidly gained traction. [RES4]	The model is geographically portable and still expanding.	Early app popularity does not prove long-term unit economics in Australia.
Report data show watches, jewellery, bags and durable outerwear holding particular resale appeal. [SOF]	Secondary-market strength is category-specific and linked to perceived durability and value retention.	Resale price appreciation is not guaranteed and is highly product-specific.

The marketplace side of the thesis is clearly materialising. Vinted's scale and ThredUp's updated market forecast show that secondhand is not a temporary sustainability niche. It is an increasingly normal part of apparel discovery and value-seeking behaviour.

The more nuanced question is brand-led resale. A marketplace benefits from enormous cross-brand liquidity. A single brand needs sufficient installed product base, authentication, reverse logistics and customer demand to make a proprietary programme work. That means the report is stronger on the structural resale trend than on the universal attractiveness of direct brand participation.

WHERE THEY WERE RIGHT

- Secondhand continues to grow faster than broader apparel.
- Large resale marketplaces are achieving meaningful scale and revenue.
- Consumers increasingly use resale for both value and access to premium/luxury goods.

WHERE REALITY BECAME MORE COMPLICATED

- Marketplace economics do not automatically transfer to small brand-owned resale programmes.
- Resale can expose weak product durability or low secondary-market desirability as easily as it can create a halo.

- Sustainability claims should not be assumed; shipping, returns and accelerated consumption can complicate the environmental story.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Your resale market is an external audit of whether customers think your product deserves a second life.

Founders do not need to launch a resale platform to learn from resale. Track which products appear secondhand, how quickly they sell, what price they retain, and which designs become collectible. That information can feed product development, durability standards, archive strategy and pricing.

For brands with sufficient scale, a resale partnership can be a customer-acquisition and loyalty tool. But the business case should start with product longevity and customer behaviour, not sustainability theatre.

WHAT WOULD CHANGE THE VERDICT?

- Vinted profitability as geographic and category expansion continues.
- Brand-led resale economics: authentication, logistics, take rate and customer acquisition.
- Whether resale becomes a larger source of fashion discovery through AI and search.
- Secondary-market performance of current hero products and luxury icons.

BEST STANDALONE VIDEO QUESTION

Resale Is Becoming Fashion’s Truth Serum: Which Products Still Matter After the First Sale?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[RES1] ThredUp - 2026 Resale Market and Consumer Trend Report

[RES2] Vinted - 2025 Financial Results published April 2026

[RES3] Reuters - Vinted reports 38% jump in revenue

[RES4] The Guardian - Vinted launches in Australia

THEME 09

THE ELEVATION GAME

The middle of the market is moving upward at the same moment luxury is being forced to justify its prices.

✓ MATERIALISING

THEY PREDICTED X

The report argued that value, mid-market and affordable-luxury brands would move upmarket to escape ultra-low-cost competition and capture aspirational consumers priced out of traditional luxury. It identified three pillars of elevation: price architecture, better product, and a more premium brand experience. Quality was the strongest stated driver of premium perception, followed by brand story.

THE PREDICTION

The fight would move from "who is cheapest?" toward "who gives the clearest reason to pay more?"

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 09: The Elevation Game, approximately pp. 109-119. The report documents reductions in low-price SKU shares at some value players and recommends premium halo products, improved materials, disciplined pricing, cultural marketing and elevated retail experiences.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Zara signed John Galliano to a two-year creative collaboration focused on re-authoring Zara archive pieces. [EL1]	A mass retailer is importing high-fashion authorship and design authority in a sustained, not one-off, format.	The commercial performance of the first collection is not yet available at the cut-off date.
Gap calls GapStudio its "highest expression of creativity and craftsmanship," using Zac Posen and the Met Gala to elevate the white T-shirt and brand symbolism. [EL2]	Mass-market brands are deliberately building halo layers above the core assortment.	Halo events do not prove broad assortment elevation or profitability.
COS Spring/Summer 2026 explicitly markets an "enduring vision of everyday luxury" built on material intelligence, craft and meticulous execution. [EL3]	Premium positioning is becoming explicit in product language and brand experience.	Brand messaging is evidence of intent, not alone of customer willingness to pay.
Aritzia fiscal Q4 2026: net revenue +32.6%; comparable sales +27.7%; gross margin +90 bps. [EL4]	A premium mid-market proposition can generate both growth and improving economics.	Aritzia has unique US expansion momentum and should not be treated as the whole mid-market.
Inditex Q1 2026: constant-currency sales +8.8% with gross margin expansion. [EL5]	The strongest scale operator continues to grow while investing in product, stores and brand authority.	Inditex includes multiple concepts and the results are not Zara-only.

This is one of the most strategically important themes because it collides directly with luxury recalibration. Zara, Gap and COS are not trying to become Hermès. They are trying to move the customer's reference point upward: better design, better cultural authority, better materials, stronger stores, fewer "cheap" cues and more halo products.

At the same time, luxury has moved prices so far upward that aspirational consumers are re-evaluating value. That creates a contested middle. The consumer comparing a €250 coat, a €700 premium coat and a €3,500 luxury coat is not only comparing labels; they are comparing material, design, experience, status and emotional meaning. The mid-market does not need to become luxury to steal occasions from luxury.

WHERE THEY WERE RIGHT

Brands are explicitly using halo product, designer authority, better materials and elevated campaigns to move upward.

Several premium mid-market companies are showing strong commercial results.

The aspiration gap created by luxury price inflation is becoming a strategic opportunity.

WHERE REALITY BECAME MORE COMPLICATED

Elevation without product improvement becomes price inflation, not premiumisation.

Designer collaborations can create attention without changing the everyday assortment.

Moving upward can alienate core customers if good/better/best architecture is poorly managed.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Price can signal elevation. It cannot manufacture it.

For a founder, the sequence is product authority -> perceived quality -> experience -> cultural credibility -> pricing power. Starting with the price and hoping the customer infers prestige is the wrong order.

A useful product pyramid contains a clear core, a profitable step-up layer and a small number of halo products that create authority. The halo should make the core more desirable, not trap cash in inventory that exists only for image.

WHAT WOULD CHANGE THE VERDICT?

Commercial reception of the first Galliano x Zara collection from September 2026.

Whether GapStudio halo activity lifts full-price demand in Gap’s core assortment.

Price/mix changes at H&M, COS, Zara and Uniqlo.

Whether aspirational luxury customers migrate toward premium mid-market in measurable numbers.

BEST STANDALONE VIDEO QUESTION

Why Zara, Gap and COS Are Starting to Behave More Like Luxury Brands.

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026

[EL1] Reuters - Zara launches two-year collaboration with John Galliano

[EL2] Gap Inc. - GapStudio custom design at the 2026 Met Gala

[EL3] COS - Spring/Summer 2026 Womenswear

[EL4] Aritzia - Fourth Quarter and Fiscal 2026 Results

[EL5] Inditex - First Quarter 2026 Results

THEME 10

LUXURY RECALIBRATED

Luxury is trying to rebuild the value equation. Creativity is helping some houses, but the reset is uneven and far from complete.

✓ MATERIALISING

THEY PREDICTED X

The report argued that luxury's reliance on price-led growth had reached its limits. Brands would have to rebuild trust and desirability through creativity, craftsmanship, product quality, client experience and more coherent storytelling. It noted that nine of the largest 15 luxury brands had appointed new creative directors in the preceding year and identified quality/craftsmanship as the strongest factor that could make high-net-worth customers spend more.

THE PREDICTION

The next luxury growth cycle would have to be earned through value and desire, not simply extracted through price.

ORIGINAL REPORT BASIS

State of Fashion 2026, Theme 10: Luxury Recalibrated, approximately pp. 121-127. The report stresses translating creative energy into commercial impact through merchandising, marketing and stores; rebuilding trust across the value chain; and strengthening clienteling and service.

HERE IS WHAT THE EVIDENCE NOW SHOWS

EVIDENCE	WHAT IT SHOWS	LIMIT / CAUTION
Chanel H1 2026: comparable revenue reportedly +16%, according to Bloomberg reporting cited by Reuters, with new Matthieu Blazy collections identified as a major driver. [LUX1]	Creative/product renewal can coincide with material commercial acceleration.	Chanel is private; the 16% figure is reported, not a public audited company disclosure, and causality cannot be isolated.
LVMH H1 2026: group organic +2%; Fashion & Leather Goods -1% for H1 but +1% in Q2; Watches & Jewelry +9%; Selective Retailing +5%. [LUX2]	Luxury recovery is uneven by category and portfolio; fashion can lag while other demand engines grow.	Group categories combine multiple maisons and hide individual brand economics.
Kering H1 2026: group +1% comparable; Gucci -5% H1 but -2% Q2 with a 7-point sequential DOR improvement; Kering Jewelry +20%. [LUX3]	A group can start improving before its largest house fully returns to growth; creative attention is not the same as repaired economics.	Kering's asset transactions and cost actions complicate headline cash comparisons.
Burberry Q1 FY27: comparable retail sales +5%; growth across womenswear, menswear, accessories and childrenswear, anchored by outerwear. [LUX4]	A product-led turnaround can broaden beyond a single category when brand codes are re-centred.	One quarter is not proof of a completed turnaround.
China: Reuters reports 37% of affluent consumers planning more prestige-beauty spend versus 4% for leather goods in cited research. [LUX5]	Aspirational luxury spend is shifting toward categories with lower absolute tickets and a clearer self-care/value proposition.	China is only one market, and the statistic reflects intent rather than realised annual spend.

The most important fact is not that "luxury is back." It is that different versions of luxury are recovering at very different speeds. Jewellery is strong. Sephora remains strong. Chanel's reported fashion rebound is unusually strong. LVMH's Fashion & Leather Goods has only just returned to modest Q2 organic growth. Gucci is still declining, although at a slower rate. Burberry is showing early product-led recovery. This is exactly what a recalibration should look like: uneven, house-specific and dependent on execution.

The creative-director wave therefore needs a stricter business test. A debut can restore attention in a season. The business is repaired only when attention turns into full-price product demand, demand persists after campaign heat fades, the right products reach stores at the right depth, customers return, and margin improves. The State of Fashion report itself makes this point when it says creative energy must be aligned with marketing, merchandising and store concepts.

WHERE THEY WERE RIGHT

- Price-led luxury growth has visibly reached a limit in several important customer segments.
- Creative resets are influencing demand at houses such as Chanel and, more tentatively, Dior, Gucci and Burberry.
- Quality, craft, product and experience are again central to management narratives and consumer value discussions.
- Category divergence - especially jewellery versus soft luxury - confirms that “luxury demand” is not one homogeneous cycle.

WHERE REALITY BECAME MORE COMPLICATED

- A new creative director is not a business model. Creative heat can fail to convert into profitable repeat demand.
- The strongest current example, Chanel, relies on reported private-company figures and should be presented with sourcing caveats.
- Luxury’s value problem differs by region, customer tier and category; the aspirational customer is under more pressure than top-end wealth.
- Portfolio structure matters: a group with multiple strong categories can absorb a fashion slowdown better than a house or group concentrated in one engine.

FBB BUSINESS BLUEPRINT

FOUNDER TRANSLATION

Creative direction can restart desire. It cannot repair an economic model by itself.

For founders, desirability must be connected to an operating chain: attention -> consideration -> full-price purchase -> repeat purchase -> gross profit -> cash. If a creative moment stops at attention, it is marketing success rather than business recovery.

The founder should also track the gap between price and perceived value. When prices rise, the product, service, story or scarcity mechanism has to rise with them. If the customer cannot explain why the product is worth more, the brand is consuming pricing power rather than building it.

WHAT WOULD CHANGE THE VERDICT?

- H2 sell-through for new Dior, Gucci, Chanel, Burberry and other creative resets.
- Whether full-price growth broadens across regions and customer cohorts.
- Margin recovery after cost actions and currency/tariff effects are normalised.
- Aspirational-customer behaviour in China, the US and Europe.
- Whether jewellery/beauty strength persists while leather goods recover.

BEST STANDALONE VIDEO QUESTION

Luxury’s Great Reset: Is Creativity Actually Fixing the Business?

EVIDENCE REFERENCES

[SOF] BoF & McKinsey, The State of Fashion 2026
[LUX1] Reuters - Chanel first-half sales outperform rivals, Bloomberg reports
[LUX2] LVMH - 2026 First-Half Results
[LUX3] Kering - 2026 First-Half Results
[LUX4] Burberry - First Quarter Trading Update, July 2026
[LUX5] Reuters - Prestige beauty outpaces high-end bags in China
[LUX6] Reuters - Chanel returns to growth as Blazy designs win new shoppers

Cross-Theme Synthesis: The Forecast Was More Connected Than It Looked

The ten chapters read like separate trends, but the 2026 evidence suggests that several are actually parts of the same structural conflict. Treating them separately is useful for reporting; connecting them is where the FBB thesis becomes stronger.

01 ELEVATION GAME X LUXURY RECALIBRATED

Mid-market brands are moving up on product, design and experience at exactly the moment luxury is being forced to re-justify extreme price levels. This creates a fight over the aspirational customer, not two unrelated trends.

FBB SYNTHESIS

The strategic battleground is value perception: who gives the customer the clearest reason to pay more?

02 AI SHOPPER X CUSTOMER OWNERSHIP

AI discovery appears at first to be a marketing issue. In practice it is becoming a distribution-power issue: the platform that creates the shortlist can shape comparison, traffic and potentially checkout.

FBB SYNTHESIS

A brand needs machine legibility without surrendering the customer relationship.

03 TARIFFS X EFFICIENCY

Tariffs increase costs and uncertainty; efficiency tools are the response. But the Shein example shows that cost optimisation cannot be separated from ecosystem capability.

FBB SYNTHESIS

Resilience is a system design problem, not a country list.

04 JEWELLERY X RESALE X VALUE

Jewellery strength and resale growth both reward products that customers perceive as durable, meaningful or capable of retaining value.

FBB SYNTHESIS

The 2026 consumer is not simply trading down; many are reallocating toward categories where value is easier to explain.

05 WORKFORCE X AI SHOPPER X EFFICIENCY

The same AI stack changes internal work, customer discovery and operating economics. These are not separate technology stories.

FBB SYNTHESIS

The competitive advantage may come from redesigning the organisation around AI while protecting human taste and brand meaning.

The FBB 11th Lens: Resilience Architecture

The report talks extensively about resilience, but it does not make concentration architecture one of the ten headline themes. The Kering-versus-LVMH work suggests that this deserves to sit above the entire audit as an additional FBB lens.

FBB ADDITION

A brand can understand every 2026 trend correctly and still fail if one product, supplier, channel, region, customer cohort or creative engine carries too much of the economics.

Resilience architecture asks how many independent ways a company has to keep creating gross profit when one engine weakens. This is not random diversification. It is deliberate reduction of single-point failure while preserving brand coherence.

- Product concentration: share of gross profit from the top hero SKU or franchise.
- Supplier concentration: share of production or critical materials dependent on one factory or geography.
- Channel concentration: share of contribution margin dependent on one marketplace, wholesale account, paid platform or store cluster.
- Customer concentration: dependence on one cohort, region or price-sensitive acquisition source.
- Creative concentration: dependence on one aesthetic code or one creative moment without an adjacent demand engine.
- Portfolio concentration: at group scale, dependence on one house or category for most operating profit.

This lens also connects several report themes. Tariffs reveal supplier concentration. The AI Shopper reveals channel concentration. Jewellery reveals category diversification. Resale tests product longevity. Luxury Recalibrated reveals creative and customer concentration. Efficiency Unlocked reveals how much fixed cost sits behind each engine.

What The State of Fashion 2026 Got Most Right

1. AI MOVED FROM TOOL TO INFRASTRUCTURE

The report correctly saw that AI's most consequential effect would not be image generation. It is becoming part of work design, discovery, content operations, customer acquisition and commerce infrastructure.

2. LUXURY'S PROBLEM BECAME A VALUE PROBLEM

The evidence does not show consumers abandoning premium spending altogether. It shows consumers becoming more selective about which categories and propositions deserve premium prices.

3. THE MIDDLE OF FASHION MATTERS AGAIN

Zara, Gap, COS, Aritzia and other players are competing on design authority, product quality and experience - areas luxury once treated as structurally safer territory.

4. OPERATIONAL ARCHITECTURE IS BECOMING VISIBLE AGAIN

Tariffs, inventory, margins and AI efficiency are forcing fashion companies to confront the economics underneath the brand story.

Where The Report Understated Reality

THE ELEVATION GAME AND LUXURY RECALIBRATED ARE ONE BATTLE

The report presents them separately. In practice they collide over the aspirational customer and the right to charge a premium.

AI SHOPPING IS A CHANNEL-POWER STORY

Optimising for AI visibility is only the first step. The larger question is who owns the shortlist, checkout, customer data and repeat relationship.

SUPPLY-CHAIN DIVERSIFICATION IS HARDER THAN ADDING COUNTRIES

Industrial ecosystems cannot be duplicated by spreadsheet. Capability density, speed and supplier networks matter.

JEWELLERY MAY BE SIGNALLING A DEEPER VALUE SHIFT

Strong hard-luxury growth versus softer handbags suggests consumers may be rewarding categories with clearer material, emotional and longevity value. This remains a hypothesis to test, not a proven causal conclusion.

PORTFOLIO ARCHITECTURE SHOULD BE A HEADLINE RESILIENCE THEME

Kering versus LVMH shows that even correct strategic choices can be overwhelmed by concentrated economic dependence.

The Master FBB Thesis

[redacted]

Cheap sourcing is no longer enough. Scale is no longer enough. Raising prices is no longer enough. A famous logo is no longer enough. A viral campaign is no longer enough. A new creative director is no longer enough. Being visible on Google may soon no longer be enough. And one enormous bestseller is definitely not enough.

The businesses gaining strength increasingly combine distinctive product + credible value + operational efficiency + multiple demand engines + customer ownership + cultural relevance. The key word is “combine.” A company can be excellent at one dimension and still remain fragile if the rest of the system is weak.

Founder Framework: Prediction -> Evidence -> Business Blueprint

1. BUILD A REASON TO CHOOSE

In a slow market, category growth will not save an undifferentiated proposition. Product and brand distinction must be visible enough to win share.

2. MAKE VALUE LEGIBLE

If price rises, quality, material, design, service, scarcity or meaning must rise with it. The customer should be able to explain the premium.

3. PROTECT THE HERO - THEN REDUCE DEPENDENCE

Use focus to create recognition, then build adjacent demand engines before one product, supplier or channel becomes existential.

4. DESIGN THE OPERATING SYSTEM

Track margin, inventory, returns, CAC, repeat rate, lead time and cash. Remove complexity that does not create customer value.

5. BECOME MACHINE-READABLE WITHOUT BECOMING GENERIC

Structure product information for AI discovery while strengthening the emotional brand cues machines cannot replace.

6. EXPAND ONLY WHERE THE BRAND HAS PERMISSION

Jewellery, resale, wellness or tech are not opportunities simply because their markets are growing. The adjacency should reinforce existing brand codes.

Editorial Series Map

The master audit should become the source document for a hub-and-spoke video franchise. The overview establishes the scoreboard; the deep dives investigate the most consequential collisions without repeating the whole report.

ROLE	WORKING TITLE	LENGTH	RESEARCH JOB
HUB	They Predicted Fashion in 2026. Here's What Actually Happened.	15-22 min	Audit all ten themes quickly; introduce verdict system; end on "2026 is removing the shortcuts."
DEEP DIVE 1	Luxury's Great Reset: Is Creativity Actually Fixing the Business?	20-30 min	Luxury Recalibrated + jewellery + aspirational-customer value equation + creative-to-commercial conversion.
DEEP DIVE 2	Why Zara, Gap and COS Are Starting to Behave More Like Luxury Brands	18-25 min	Elevation Game + aspirational customer + product pyramids + pricing power.
DEEP DIVE 3	What Happens When AI Decides Which Fashion Brands You See?	18-25 min	AI Shopper + customer ownership + GEO/SEO + machine-readable catalogue.
DEEP DIVE 4	Why Jewellery Is Winning While Fashion Struggles	18-25 min	Jewellery growth + value perception + permanence + branded versus commodity economics.
DEEP DIVE 5	Fashion's New Operating System: Tariffs, Inventory and AI	18-25 min	Tariff Turbulence + Efficiency Unlocked + Workforce Rewired.
OPTIONAL	Resale Is Fashion's Truth Serum	15-20 min	Secondary-market value as an external audit of product durability and desirability.

Evidence that should be rechecked immediately before each upload

- Latest company quarter/half-year figures and any restatements.
- Tariff rules and legal status: this is the most unstable section of the audit.
- Commercial performance of the Galliano x Zara launch after September 2026.
- New AI shopping integrations, paid placement models or checkout arrangements.
- H2 luxury sell-through for new creative-director collections.
- Jewellery growth as comparisons become harder and precious-metal costs move.
- Any updated resale-market sizing or Vinted/ThredUp financial disclosures.

Claims Discipline: What We Can Say vs. What We Should Not Overclaim

STATUS	CLAIM	WHY
SAFE	"Jewellery is materially outperforming many soft-luxury categories in current 2026 results."	Supported by Richemont, LVMH and Kering.
CAUTION	"Jewellery is winning because consumers see it as a better investment."	Plausible and partly supported by survey/value evidence, but not proven as the sole cause.

SAFE	“AI shopping traffic is growing quickly and retailers are adapting for AI discovery.”	Supported by Reuters/Adobe and retailer behaviour.
CAUTION	“AI will replace Google for fashion shopping.”	Not supported. Traditional search still dominates.
SAFE	“Chanel’s comparable H1 2026 revenue was reported by Bloomberg/Reuters at about +16%.”	Use “reported” because Chanel is private and has not publicly issued an H1 release.
CAUTION	“Matthieu Blazy caused Chanel’s entire 16% growth.”	Too causal. His collections are associated with the rebound, but multiple variables contribute.
SAFE	“Zara’s Galliano partnership is an elevation signal.”	The multi-season creative collaboration clearly imports high-fashion authorship.
CAUTION	“Galliano has already lifted Zara sales.”	Not testable before the first collection launches.
SAFE	“Tariffs affected Nike’s reported gross margin.”	Explicitly disclosed by Nike.
CAUTION	“Fashion is leaving China.”	The Shein example shows the opposite can happen; the sourcing map is more complex.

September-December 2026 Watchlist

LUXURY RECALIBRATED

Full-price sell-through, repeat demand and margin from new creative collections; Chanel confirmation if available; Gucci return-to-growth timing; Burberry breadth.

ELEVATION

Galliano x Zara launch reception, pricing, sell-through and whether it changes Zara’s broader assortment; GapStudio conversion into core-product demand.

AI SHOPPER

AI referral share, conversion, new retailer integrations, paid placement models, ownership of checkout and customer data.

JEWELLERY

Q3/Q4 growth at Richemont/LVMH/Kering; gold-cost pressure; brand extensions by fashion houses.

SMART FRAMES

New product launches, competitor adoption, unit economics, warranty/service data and partnership announcements.

TARIFFS

Legal status, new rates and sourcing shifts; price increases and refund effects.

EFFICIENCY

Inventory days, markdowns, cost savings, AI pilot-to-scale conversion and whether savings fund product/brand investment.

RESALE

Vinted/ThredUp growth and profitability; brand-led resale adoption; AI-driven secondhand discovery.

Reference Library

The references below are intentionally preserved as a working research library. For video production, reopen the live source and recheck the current number before recording narration. Sources marked as company/IR releases are primary evidence; Reuters and other major publications are used for private-company information, industry context and cross-company reporting.

Original report page map

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Working Research Note

This document is designed to be updated rather than treated as finished truth. Several State of Fashion predictions run through 2027-2030, and several 2026 business stories are still in the first half of their evidence cycle. The strongest workflow is to preserve this white paper as the master thesis, then append one dated evidence update before each deep-dive script.

FINAL RESEARCH RULE

Use the report as the benchmark. Use live evidence as the test. Use Fashion Business Blueprint to explain the business mechanism.