

Less is the new more: The state of fashion in 2021

In this interview, McKinsey senior partner Achim Berg discusses how consumers in 2021 want fewer things and more clarity—and why digital is the future of retail.



With record-low economic profits in 2020, the fashion industry was hit especially hard by the COVID-19 crisis. As the pandemic continues, 2021 will likely bring further volatility as shoppers buy far less (but buy more frequently online), restrictions on travel continue, and consumers scrutinize the way brands treat their workers and the environment. McKinsey's Justine Jablonska recently spoke with senior partner Achim Berg about why and how the industry themes accelerated by the pandemic will continue to evolve in 2021. The following is an edited version of their conversation.

Fashion retail: A digital future

Digital is the clear winner in retail, and probably the only winner that we saw in 2020. We expect that to continue. We've seen increases of 30 percent, 50 percent, depending on the category and the geography. Digital is clearly the future. But the industry as a whole will not be able to go back to 2019 levels without a recovery of physical stores.

Physical stores: Curation and experiences

Before COVID-19, the buying experience was a very important element of shopping for clothes. The reality for most developed markets is that people's wardrobes are full. I think very few people really need something. But they want. They want shopping. They want the experience of browsing. It's part of the exploration. It's part of the curation that retailers provide. And we are lacking that at the moment. I hope that it will come back, and that experience shopping, flagship stores—the full multichannel experience—will make a big difference and lead to a surge in physical retail.

Diminished return: The new reality

The reality is that we are consuming—and I'm using the word "consuming" deliberately—less clothing and footwear than we used to, because we are lacking the opportunity in many regions to buy it in physical stores. But we're also lacking the opportunities and the occasions to dress up. So we're consuming less, and we're consuming differently from the way we used to.

"Diminished return" describes the new reality. I think we were all happy to leave 2020 behind us. We all have high expectations for the new year. But it was already predictable when we wrote the *State of Fashion 2021* report that 2021 is not a return to prepandemic levels. The reality is, the pandemic is still around. It will impact our life in 2021.

Travel: Still diminished

In most places, we will not recover to 2019 levels. But once we've passed through the pandemic, I'm hoping for the Roaring Twenties. I think we will all celebrate and party. We will make up for the weddings and concerts we've missed. And fashion will play a role. Shopping and experience shopping will be an important component as well.

Less is more: Less overproduction, more sustainability

"Less is more" is a realization that many brands and retailers had. Obviously, consumers are buying less. And a lot of brands had a very broad offering: in many different categories, split across brands and subbrands, split over many, many seasons and many, many drops. The reality is that the consumer currently wants less. The consumer also wants more clarity. Brands are trying to achieve that.

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On the other hand, it's difficult to predict when you need what and where. As a result, brands have started to rethink their offerings. They've started to rethink what they need to bring to consumers. And that means less—less collections, less drops, less SKUs in general—because that's not only easier to predict but also more sustainable for the industry and the planet.

Social justice: Momentum for change

Social justice is a very important topic for the industry, and we feel that it is increasingly important in 2021. We've come a long way, but there's still a lot to do. Working conditions are very different along the value chain and need to be generally improved. The impact of the COVID-19 crisis also has hit a lot of the emerging markets—producers and their employees. The industry has realized that they need to take responsibility for that.

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