

Fashion logistics in 2025 and beyond

5 industry developments for fashion
companies operating in Europe.



2025 will be a make-or-break year for fashion logistics

Will your brand adapt or get left behind?

The fashion industry is facing unprecedented challenges. In a recent survey, 39% of fashion executives expect industry conditions to worsen in 2025 (*McKinsey*). Only 20% foresee improvements. Many industry experts feel it could be the toughest year in decades. But it's a mistake to view this as simply a "rough patch". It's a fundamental shift.

Every link in the supply chain is feeling the strain of rising costs, disrupted shipping, and more demanding consumers. People want items delivered faster than ever and will find an alternative if you don't deliver.

For these reasons, the rulebook isn't just being rewritten – it's being torn up. Geopolitical tensions, unpredictable supply, and new sustainability laws are reshaping fashion supply chains from top to bottom.

But it's not all doom and gloom. The most adaptable and innovative brands have a golden opportunity to stand out from the crowd in this new era. That's why we've put together this brief guide to help you anticipate the main challenges ahead and how to tackle them.



#1 Geopolitics

Geopolitical tensions and shipping delays

Trade conflicts and disruptions are delaying shipments and driving up freight costs. Most brands opt to absorb the expense or pass it on, both of which squeeze margins.

IMPACT ON FASHION COMPANIES

Late stock disrupts seasonal collections, while stockpiling adds costly risks. Many brands end up discounting before they've even had a chance to sell at full price.

- ▶ Unrest in the Red Sea has extended transit times for European retailers sourcing from Asia with 39%.
- ▶ As of late 2024, China-Europe air freight prices were **elevated at almost \$5.00 per kilogram**.
- ▶ Inventory shortages leading to **stockouts or delayed product launches**.

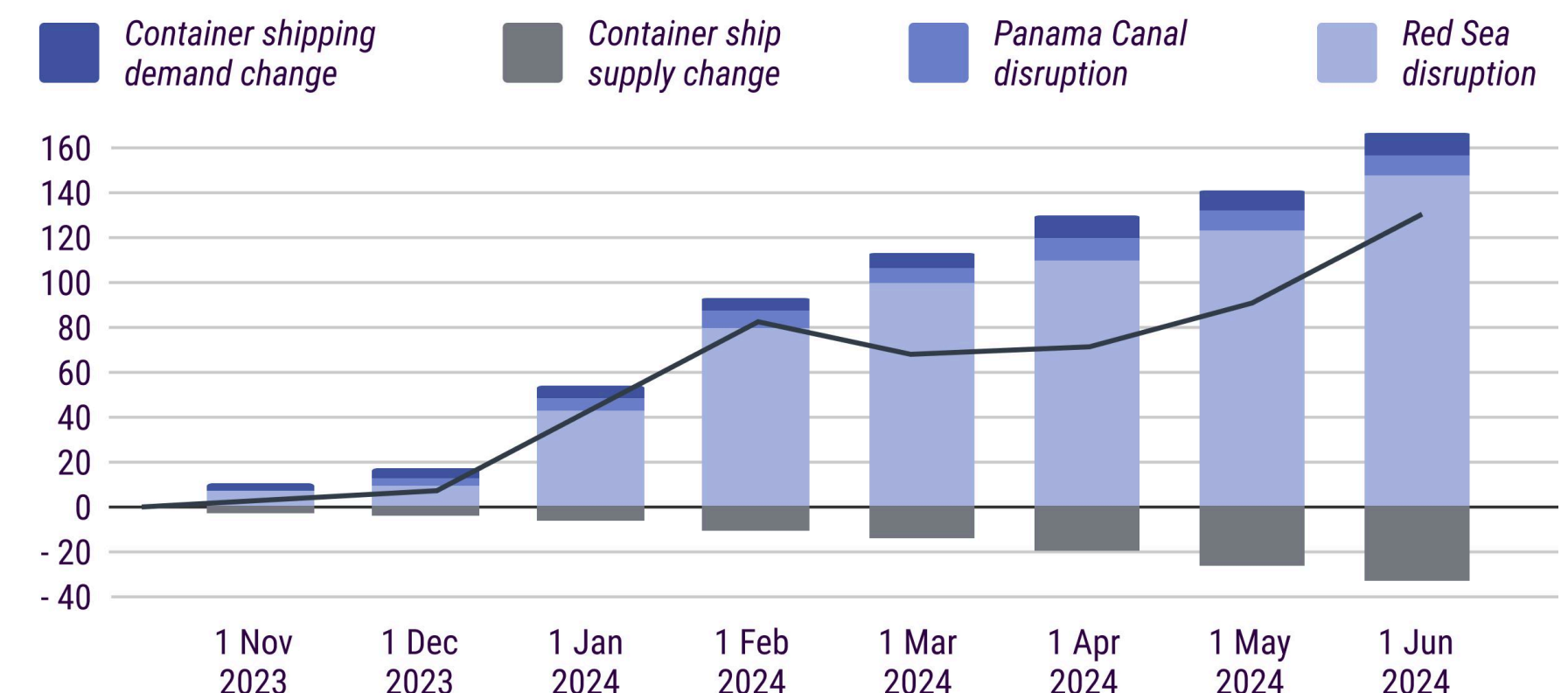
References

1. <https://unctad.org/publication/review-maritime-transport-2024>
2. <https://www.voguebusiness.com/story/sustainability/whats-in-store-for-fashions-supply-chain-in-2025>

*“The fashion and luxury goods supply chain in 2025 faces **various uncertainties** due to **unresolved tariff issues, geopolitical tensions, climate change, and evolving sustainability regulations.**”*

~Vogue business

China containerised freight index and breakdown



Source: <https://unctad.org/publication/review-maritime-transport-2024>

#2 Real time tracking

Track your inventory in real-time

You can follow stock movements as they happen instead of relying on outdated reports. Our MX Connect portal gives you complete visibility of inventory, orders, and returns.

IMPACT ON FASHION COMPANIES

Better tracking leads to fewer stockouts and reduced holding costs. It also means returns get processed faster which minimises lost revenue.

- ▶ Companies adopting real-time inventory systems have seen a **15% reduction in holding costs**.
- ▶ Retailers utilising real-time tracking report a **10% increase in product availability**, leading to higher sales and loyalty.
- ▶ Real-time tracking systems can **improve inventory accuracy by up to 90%**, minimising discrepancies between recorded and actual stock levels.

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2. <https://www.emizainc.com/real-time-inventory-tracking-for-fashion-and-retail-enhancing-accuracy-and-availability/>
3. <https://www.suuchi.com/the-importance-of-real-time-inventory-management-in-the-fashion-industry/>

*"By providing accurate, up-to-date information about stock levels, real-time inventory management systems can help fashion businesses **optimize their supply chain operations**, respond more quickly to market trends, and ultimately, **enhance their overall performance**."*

~ Suuchi Ramesh (Suuchi Inc.)

Inventory accuracy for fashion brands



Source: <https://rfid.averydennison.com/en/home/news-insights/insights/apparel-beyond-the-shelves-the-true-value-of-inventory-accuracy-for-retailers.html>

#3 Delivery expectations

Fast and sustainable delivery

Modern customers expect same-day processing and fast delivery, while also looking for sustainable options. Eco-friendly last-mile solutions are a “must” for brands these days.

HOW EXPECTATIONS HAVE CHANGED

In 2025, rapid fulfillment is a non-negotiable. Modexpress allows for last minute orders and changes until one hour before last-mile pick up.

- ▶ Approximately **78% of millennials** are willing to pay extra for sustainable fashion brands.
- ▶ 48% of consumers **prioritise faster delivery services**, reflecting the growing expectation for expedited shipping.
- ▶ Retailers that have implemented personalised delivery options have seen a **10% to 15% increase in conversion rates** and a **20% higher customer-satisfaction rate**.

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2. <https://ecommercedb.com/insights/ecommerce-delivery-expectations-2023-speed-beats-price/4635>
3. <https://www.mckinsey.com/industries/retail/our-insights/personalizing-the-customer-experience-driving-differentiation-in-retail>
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"The consumer psyche is changing fast. Technology leaders such as Amazon, Deliveroo, Netflix, and Uber Technologies have raised customer expectations of speed and convenience. Through its Prime offering, Amazon has created an expectation that delivery should be next day, or even same day."

~ McKinsey

'I have used sustainable delivery options'

Results of a survey by VML for the The Future Shopper 2024 edition.

2021

34%

2022

43%

2023

46%

2024

49%

Source: <https://www.vml.com/insight/the-future-shopper-2024-has-landed>

#4 Reverse logistics

Emphasis on reverse logistics

Customers expect fast refunds these days. Modexpress prioritises restoring goods to “A” status with rapid inspection, grading, and item repair.

WHY REVERSE LOGISTICS ARE ESSENTIAL

Reverse logistics means quicker refunds, less complaints, and less waste, making it a great way to gain a sustainable competitive advantage.

▶ During the 2024 holiday season, the fashion industry faced a significant increase in merchandise returns, with over **850,000 items returned in just 15 days**, amounting to **\$113.96 million globally**.

▶ The fashion industry experiences significant return rates, especially in e-commerce. In 2022, the UK faced returns costing **£7 billion**, resulting in **750,000 tonnes of CO₂ emissions**. In the US, returns reached **\$743 billion**, accounting for **14.6% of all purchases**.

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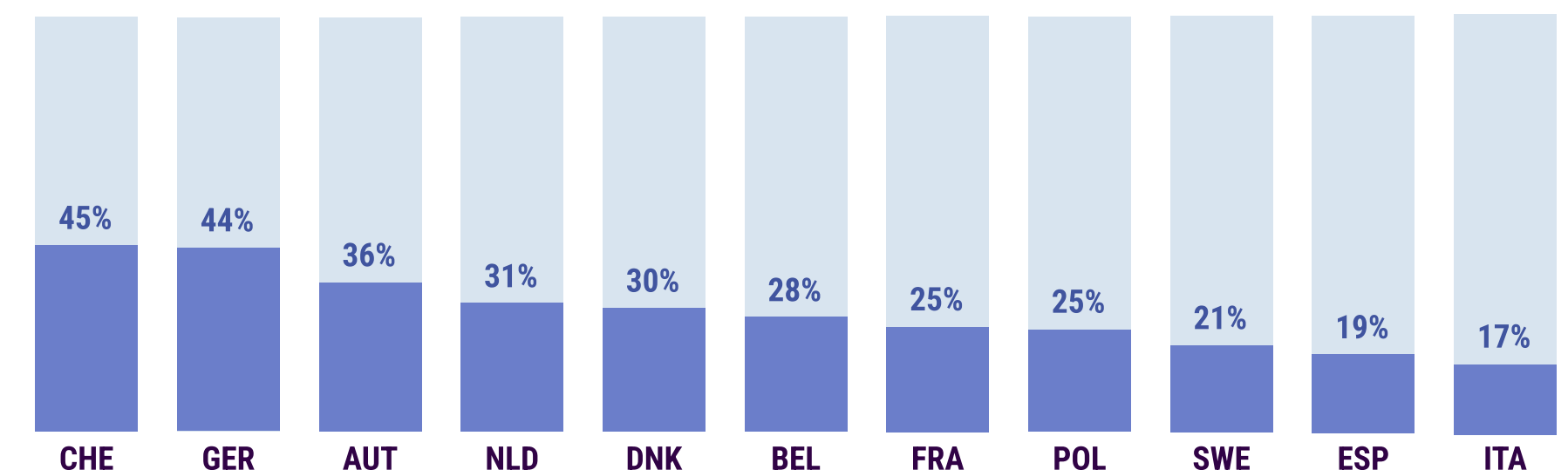
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2. <https://www.voguebusiness.com/story/consumers/reimagining-returns-for-a-circular-future>
3. <https://www.maersk.com/insights/resilience/2024/09/05/why-the-future-of-fashion-must-include-reverse-logistics>

“The fashion industry is facing **increasing pressure from consumers and regulators** to adopt sustainable practices. Reverse logistics plays a crucial role in enabling circular fashion systems, allowing companies to **manage returns efficiently and reduce environmental impact**.”

~ Maersk

Share of online fashion purchases that get returned in Europe per country

An overview of eCommerce fashion return rates in different European countries.



Source: <https://www.statista.com/statistics/1385697/fashion-online-return-rates-by-country-europe/>

#5 Circular fashion

Circular fashion logistics

Circular fashion is growing fast. If you repair and recondition items quickly and to a high standard, you can resell them at full price.

WHY THIS TREND CAN NOT BE IGNORED

Sustainability and profitability go hand in hand. A circular approach to fashion logistics is a win-win, as you save money and boost your brand reputation at the same time.

- ▶ The circular fashion market has experienced significant growth, expanding from \$5.48 billion in 2023 to \$5.98 billion globally in 2024.
- ▶ In the UK, the circular fashion sector comprises over 4,000 companies, generating £28 billion in revenue and employing nearly 120,000 people.

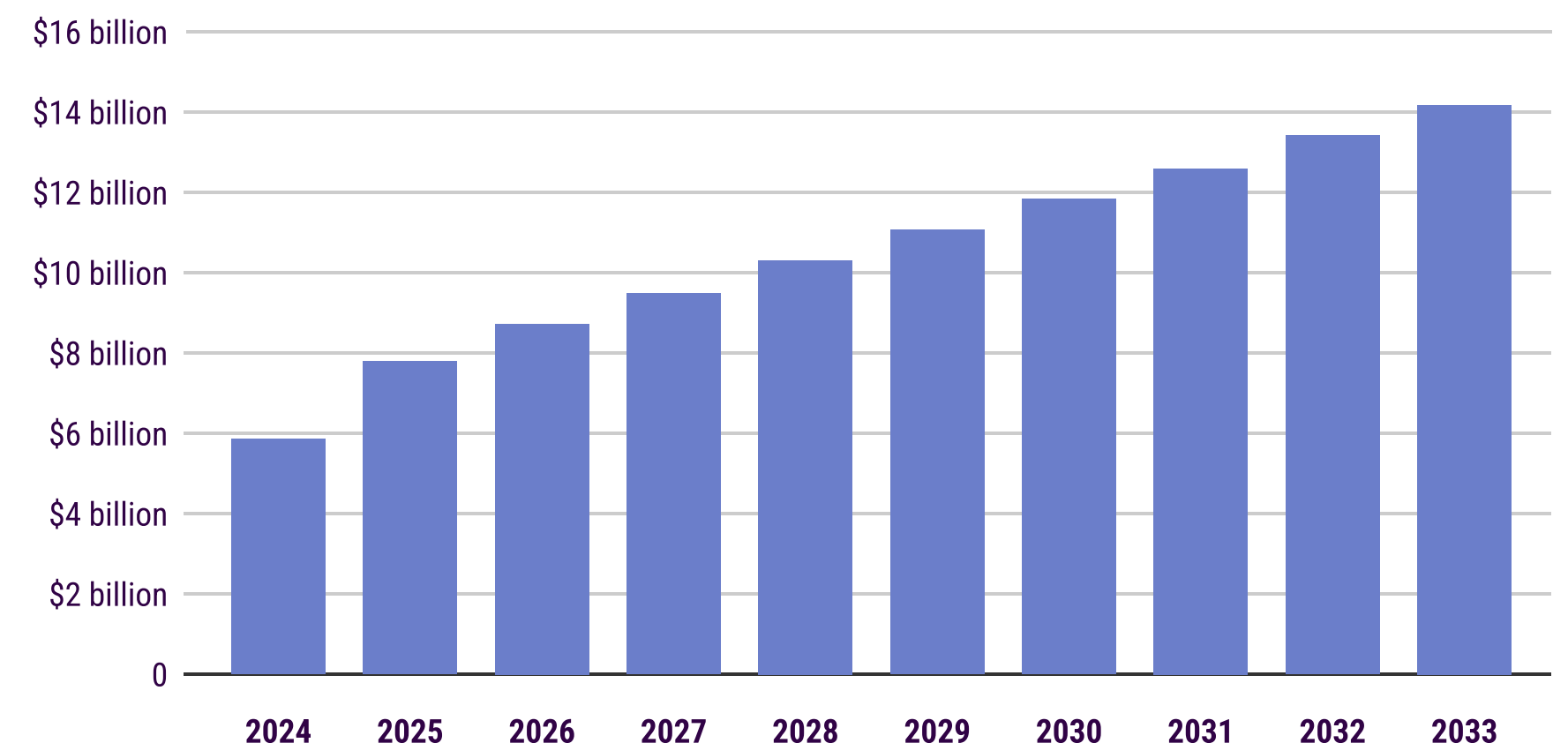
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3. <https://www.thescottishsun.co.uk/money/14204251/brits-clothing-average-second-hand/>

*"Replacing this linear business model with a circular design one would help recapture more than **\$500 billion** in industry losses every year and still mitigate negative environmental impacts."*

~McKinsey

Circular fashion market size projection



Source: <https://www.custommarketinsights.com/report/circular-fashion-market/>

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