

RESETTING THE PLAYBOOK

How apparel retailers
can win on price in 2025



Most retailers still price on instinct, not insight, relying on Googled comps or default IMUs that follow cost, not value. That approach leaves margin exposed.

Prices have risen, but that's not the real story. The story is that most retailers don't know how to manage it. **The few who do** — by combining competitive data, assortment signals, and elasticity models — **are rewriting the playbook and breaking away.**

AlixPartners and EDITED™ partnered to analyze thousands of SKUs across the U.S. apparel market, revealing **three pricing pressure points**:

01 Reset of price floors

02 Divergent sensitivities by tier

03 Fragmented category tactics

01 Price floors are higher — instinct can't tell you how far to push

Entry prices are up +\$17 YoY*, but without tools, retailers risk overshooting volume or underpricing and giving away margin.

Some categories lifted more, but the baseline rose across apparel:

- **OCCASION & DURABLES (Dresses, Outerwear):** Shoppers absorbed higher prices in Dresses/Outerwear
- **COMMODITIES (Intimates, Swim):** Prices held flat; promotions carried the traffic

The floor is higher. Without intelligent pricing, margin slips away.

TODAY VS. TOMORROW

TODAY

Price floors **reset blindly**; gut instinct and IMU benchmarks risk overshooting and losing volume or underpricing and leaking margin.



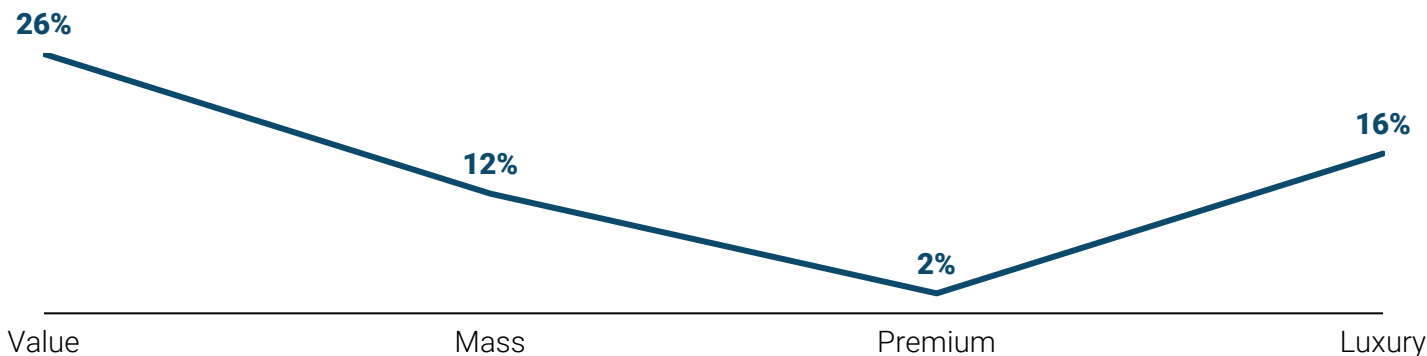
TOMORROW

AI-powered pricing engines — fueled by competitive data + elasticity modeling — reveal exactly how far you can push before demand breaks.

02 Tiers diverge — knowing your lane isn't enough

Elasticity isn't uniform. Without cross-tier signals, retailers miss risks and margin opportunities.

2024 VS. 2025 % US CHANGE IN AVERAGE PRICE BY RETAILER TIER



Source: Powered by EDITED; AlixPartners analysis



VALUE RETAILERS RAISED PRICES +26% (\$54 → \$67)

Value retailers reset aggressively to cover costs, risking shopper pushback without precision



LUXURY RETAILERS INCREASED +16% (\$828 → \$950)

Luxury brands reintroduced lower entry points, showing aspirational hikes went too far



MASS RETAILERS ROSE +12%

Mass formats raised prices sharply, squeezing margins and risking volume loss



PREMIUM RETAILERS MOVED JUST +2%

Premium retailers moved cautiously, but without visibility, that restraint may backfire

Tiers aren't silos. Cross-tier elasticity models show where to flex, where to hold.

TODAY VS. TOMORROW

TODAY

Retailers only see "their tier," missing how shifts in other tiers shape demand.



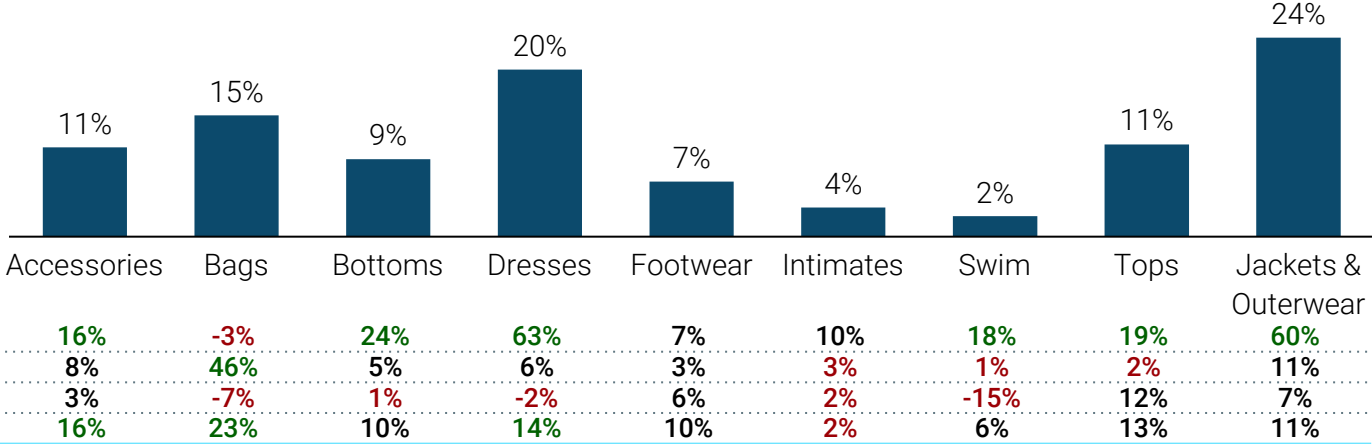
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Predictive pricing models reveal cross-tier signals, guiding whether to push, pull back, or rebalance assortment — turning hidden demand shifts into actionable margin opportunities.

03 Category moves misfire without visibility into demand

Categories shift differently. Only data-driven insight keeps pricing aligned with demand.

2024 VS. 2025 US % CHANGE IN AVERAGE PRICE BY CATEGORY & TIER



Source: Powered by EDITED; AlixPartners analysis



OUTERWEAR (+24%)

Value surged (+60%), while higher tiers moved modestly — showing how one tier can disproportionately drive resets



DRESSES (+20%)

Value up (+63%), Premium down (−2%) — divergent signals make category plays hard to calibrate

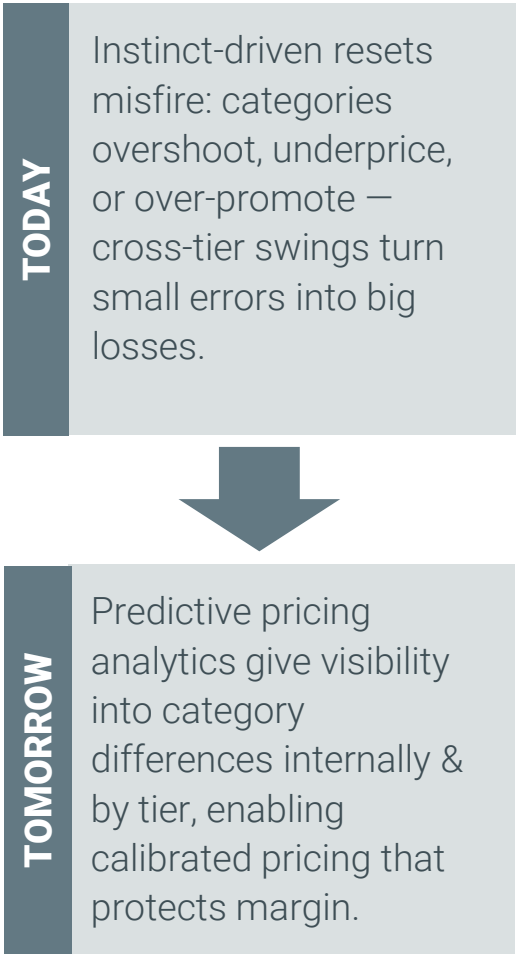


BAGS (+15%)

Mass (+46%) and Luxury (+23%) climbed, but Value fell (−3%) — cross-tier swings reveal volatility, not clear strategy

Blind playbooks risk margin; data-driven decisions keep categories in check.

TODAY VS. TOMORROW



Reset your pricing playbook before competitors lock in the margin advantage

Retailers can't afford instinct-driven pricing in 2025. Tariffs, rising costs, and shifting consumer behavior make the old playbook obsolete. What's needed is real-time retail intelligence plus disciplined execution to protect margins and capture growth.



See the competitive landscape clearly:

Benchmark assortments and price moves in real time to avoid blind spots.



Anticipate shocks before they hit margins:

Geo-specific risk modeling reduces volatility, unlocking major COGS improvement.



Calibrate prices with confidence:

Demand and promo engines set floors, promotions, and markdowns with precision.



Protect margin across the assortment:

Integrated forecasting ties pricing to inventory and category-level volatility.

**Pricing is no longer a backward-looking check.
It's a forward-looking engine for margin and growth
— but only for retailers willing to modernize.**

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