AI Risks

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AI Risks & Opportunities Analysis Report

Marks and Spencer

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Sector: Retail - Apparel & Fashion

Overall Score	AI Opportunity	Total AI Risk
31/50	9/10	18/40

3-Year Risk	5-Year Risk	7-Year Risk	10-Year Risk
3/10	4/10	5/10	6/10

Marks and Spencer Company Summary

Marks & Spencer Group plc (M&S) is a leading British multinational retailer headquartered in London, offering own-brand products across food, clothing, homeware, beauty, and financial services; in fiscal year ending March28,2026, the company achieved group sales of approximately 17.37billion and employs around 63,000 people globally, holding a strong market position in UK retail.

AI Risks Retail - Apparel & Fashion Sector Opportunity Overview

AI can improve merchandising, trend sensing, inventory planning, dynamic pricing, and personalised recommendations. Generative AI accelerates product photography variants, copy, and creative testing, improving marketing efficiency for online and in-store.

Marks and Spencer AI Opportunity - Next 3 Years

M&S has unusually clear near-term leverage points for AI-driven personalisation and automation at scale, with evidence of customer-facing AI already being deployed. In April 2026 it relaunched Sparks with "AI and data capabilities" including machine learning, and signalled "advanced generative AI models" to further personalise offers and rewards. (corporate.marksandspencer.com) This directly maps to sector opportunities in personalised recommendations, marketing efficiency, and faster test-and-learn cycles across digital channels.

On the operating model side, M&S reports rolling out Microsoft Copilot tools to store managers and support centre colleagues to automate routine work such as rota building, shift-pattern management, and sales data analysis. (corporate.marksandspencer.com) That combination (customer personalisation + colleague productivity tooling) increases the probability of measurable benefits within the next three years (labour productivity, improved in-stock, better promo effectiveness) without requiring a radical business model change.

M&S is also investing heavily in logistics automation that can strengthen availability and reduce cost-to-serve, which is foundational for better inventory planning and omnichannel fulfilment. It announced a 340m "automated" food NDC (opening 2029) featuring automated pallet cranes, high-speed shuttle systems, and hands-free picking. (corporate.marksandspencer.com) While the opening date is beyond the 3-year window, the investment program and adjacent supply-chain modernisation work can still yield nearer-term process standardisation, data quality improvements, and automation pilots-especially when paired with its broader technology transformation roadmap. (corporate.marksandspencer.com)

AI Risks Retail - Apparel & Fashion Sector Risk & Resilience Overview

Over 3-5 years, brands face pressure from AI-optimised competitors and platform-driven discovery. By 7-10 years, AI agents reshape shopping and reduce switching costs; resilience relies on brand equity, supply chain agility, and community-driven differentiation.

Marks and Spencer AI Risk Assessment

3-year resilience looks comparatively strong for an apparel-led retailer because M&S is actively reinforcing the two main buffers against AI-enabled competition: (1) first-party customer data and direct relationships (via Sparks), and (2) execution capability via technology-enabled operations. The 2026 annual report story explicitly frames AI as a practical tool for cost reduction, better decisions, and improved customer experiences, including Copilot deployment to store managers. (corporate.marksandspencer.com) These moves should help M&S defend near-term performance against competitors using AI for faster merchandising decisions and more efficient digital marketing.

By 5 years, disruption risk increases as AI-optimised rivals and platforms reduce differentiation in discovery, pricing, and content production. M&S's defence will rely on whether it can turn Sparks personalisation into sustained share-of-wallet (not just campaign uplift) and whether its planning and supply-chain systems can translate demand signals into faster, more accurate availability (reducing markdown risk and lost sales). The company's stated step-up in disciplined investment-e.g., fashion planning platform, logistics systems, and M&S.com improvements-supports this trajectory, but execution risk remains meaningful because competitors can replicate many AI capabilities quickly. (corporate.marksandspencer.com)

Across 7-10 years, the sector faces structural pressure from AI agents and automated product/content pipelines that lower switching costs and make "good enough" fashion discovery more commoditised. M&S has some longer-run resilience advantages-large-scale distribution automation investment and a strong direct customer relationship layer (Sparks)-but those are not permanent moats if AI agents increasingly intermediate shopping decisions or if platform ecosystems control the demand funnel. M&S's resilience therefore likely trends downward over the longer horizon unless it continues to compound proprietary data advantages, brand trust, and supply chain agility faster than AI-driven competitors can erode them. (corporate.marksandspencer.com)