Apparel

Let the Consumers Talk: How Retailers and Brands Can Capitalize on Product Intelligence the 21st Century Way

By Nancy Gendimenico for Upstart Business Journal
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Consumers want it all — the right product and price, convenience, and mobile access everywhere. Given rapid technology changes, retailers that utilize the abundance of consumer and shopping data available and understand how to turn the findings into timely actions will win. Gone are the days when assessing purchase trends was limited to analyzing retailer's POS/EDI reports. Or for brands to gather the aforementioned retailer reports, take significant time and staff to analyze and model data from disparate systems, only to end up with an out-of-date report. Microsoft is one technology leader supplying software systems that are a boon to consumer packaged goods and basic apparel items running on replenishment.

But what about product planning in fashion apparel and footwear for upcoming seasons? When it comes to developing new collections and getting the goods in store, lead times run from six to 18 months. How can brands and retailers plan their product assortments well in advance with confidence? Product ratings online are helpful but only for existing assortments. To plan upcoming seasons, savvy companies are taking the lead by letting their consumers talk — in detail. By asking their consumers the right questions and on the right platform, companies can determine how best to shape future assortments and pricing, capitalize on key items, and mitigate markdowns on poor sellers.

"Data is ubiquitous, insights are rare"
Focus groups are one way to learn about consumer preferences for a men's underwear design or an athletic shoe. Footwear brands such as Red Wing, Nike and New Balance go a step further and invest in wear testing. Shoe testers are required to meet certain criteria such as having a regular fitness routine and a willingness to keep records of their wearing experience over several months. Feedback is then provided online, allowing R&D and design teams to analyze the testers' comments and examine the worn shoes. Indeed, New Balance's new tag line, #always in beta, exemplifies the brand's emphasis on evolving and improving its footwear.

First Insight, a Pennsylvania based company specializing in predictive analytics, also helps retailers decide what product to carry by asking their customers for feedback ahead of the buying season. Its research process allows retailers to solve two big problems — having the wrong product and the wrong prices. Specialty retailers including The Limited and Athleta, among

1

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others, can assess their customers' input and feedback before launching new products through tailored digital surveys and algorithms that crunch the data. The survey results don't rely solely on historical data; they also allow retailers to determine how best to optimize future assortments and pricing.

Pricing is a science unto itself. Amazon has leapt above competitors because of its sophisticated methods to make price changes as dictated by sales trends. Though the consumer attitude of "always looking for a sale" prevails and fast fashion brands and discounters have eroded apparel price points, retailers can uncover and correct instances where they are actually underpricing certain items with First

Insights help. "Data is ubiquitous, insights are rare," according to CEO Greg

Petro, as quoted in a recent WWD article.

Building loyal consumers through community feedback

Canadian Tire, a Toronto based automotive and hard goods retailer, has invested in a community of 15,000 product testers. The retailer was overwhelmed with responses in its call for testers on Twitter two years ago. Tested products, ranging from tires to small appliances to fitness equipment, are highlighted with a link on Canadian Tire's website. Highly rated items receive Canadian Tire's Tested for Life in Canada seal of approval. Profiles of testers as real people are featured on the Canadian Tire website, Facebook and Twitter. By getting input, the retailer makes needed product improvements, markets its rating system as a point of differentiation, and encourages customer loyalty.

Fashion brands have also found ways to incorporate consumer feedback before product assortments are finalized. Warby Parker, known for its stylish prescription eyewear at a fraction of the price of big brands, brings in select customers to its showrooms to try on frames under consideration for a new collection.

Everlane, an e-tailer of well-priced luxury basics including cashmere sweaters, silk dresses and Italian footwear has also developed a strong community based on its product sourcing transparency. Everlane previews upcoming items on their website, via email and social media with a pre-order option and a wait list for sold out styles. By posting images of an upcoming collection of wool coats, for example, on Instagram and Snapchat, Everlane can garner "likes" and purchase interest.

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Threadless.com has taken crowd sourcing to a new level by asking its community of artists to supply and vote on tee shirt designs. The winning art is applied to tees, phone covers and home items and sold on Threadless.com. Creators can receive cash prizes, a portion of sales for designs that are sold and even enough money and recognition to start up their own design businesses.

And given the all-important digital presence for brands and retailers, L2, a New York City research firm, helps member brands in fashion, beauty, travel, and consumer packaged goods benchmark their progress. Co-founders Scott Galloway and Maureen Mullen developed a scoring algorithm that diagnoses a brand's strengths and weaknesses relative to their peers'. Their analysis is made across 800 data points including websites, e-commerce, digital marketing, mobile, and social media. The rankings range from "genius" to "challenged" in terms of digital competence. Among the services L2 provides to its member brands are road maps for expansion and ways to strengthen their digital scorecards.

For companies with limited budgets, Survey Monkey will design surveys and find the right audience on Twitter and Facebook. Google Consumer surveys are a starting point for a burgeoning apparel brand to find out if there's interest in its concept. Whether a company is a start-up or an established player, it's a matter of knowing what to ask and then letting the consumer talk. Smart brands will be sure to listen.