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Data Is Always in Style: 7 Ways Analytics Drive Fast Fashion

Anil Kaul

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The fast-fashion trend is completely disrupting the apparel industry, using speed and price to overturn decades of tradition in a sector that has long relied on a product development life cycle of approximately 12-18 months. Brands like Zara, H&M and Forever 21 are eating the lunch of more established apparel chains like Gap by getting fresh, affordable products in front of consumers quickly and turning inventory over two or three times faster than traditional retailers.

Because fast fashion is a personal statement, many fast-fashion customers are interested in owning footwear that complements whatever they are wearing without the need to replace their footwear as often. For that reason – and to assure fashionistas that one or two pairs of shoes can go with many different looks – footwear retailers and vendors need a clear handle on fast fashion and an understanding of the rapid analytics involved in serving customers with new expectations.

Since the cost of entry is relatively low for new competitors and the rewards of success high, the fast-fashion market is expected to continue to grow rapidly. Business owners who adopt a fast-fashion strategy must operate at a different scale and speed to compete effectively, consistently providing customers with a selection of trendy clothing while driving rapid inventory turnover. Success depends on delivering the right product at the right place and time.

So how can companies ensure success in such a dynamic environment? Analytics are the key for inventory management, merchandise allocation and replenishment. Analytics are also essential to understanding consumer buying behavior and developing targeted products and promotional strategies. Here are seven key roles analytics play in the fast-fashion sector:

1. Predictive analytics allow retailers to identify hot trends. In fast fashion, retailers must move quickly to make decisions about tracking, stocking and replenishing SKUs. By tracking how frequently a particular item moves from shelf to shopping cart, company executives can map trends that are prevailing in the market. Putting this information against the number of visitors to a store shows whether or not items are a "must have."

2. Analytics enable greater operational efficiencies. Business owners need a reliable way to map store inventory and measure operational efficiencies. With advanced analytics, retailers can consistently order the correct quantity of SKUs for stores, adjusting merchandise to meet local store demand and shifting existing inventory to accommodate higher volume at other store locations.

3. Analytics-powered location targeting can improve in-store sales. Location targeting is a relatively new phenomenon that can be adopted by retailers to refine appeals to potential customers in the store. An analytics-centered approach helps businesses assess when customers stop going to a particular store and start going elsewhere. It also provides signals to help retailers identify other changes in consumer shopping patterns.

4. Sales data can shed light on buying trends. Analyzing sales data can give retailers insight into emerging purchasing trends, such as items that are purchased together, and other buying patterns that occur periodically or at predictable intervals. Sales data isn't as useful for determining consumer demand and providing insight on new product pricing, but thorough analysis can yield information that can assist retailers with purchasing patterns.

5. Analytics can identify customer needs and preferences. By analyzing shoppers' buying behaviors, customer service history, response to promotions and social conversations, retailers can gain insight into each individual's needs and preferences. This can help fast-fashion retailers tweak promotions at the customer level and make marketing campaigns significantly more focused and targeted.

6. Retailers can more accurately predict product hits with analytics. Analytics allows retailers to feed their ideas on a variety of product factors – such as cut, color and pricing – into an algorithm that uses sentiment analysis to predict if the ideas will be a hit. It's not 100% foolproof (nothing is), but it can give retailers a leg up on competitors when they can predict sales potential and trending fashion.

7. Analytics can enable agility. With the right approach to analytics, retailers can react more quickly to counter moves by competitors, respond to market shifts and address macro-environmental factors. Analytics also empower retailers to recognize early signals of increasing demand and slow-downs in sales. In addition, analytics can help retailers allocate SKUs to stores where demand is emerging, and price items to maximize gross margins.

Fast fashion isn't a passing fad like platform sneakers. It's not even just a strong trend with near-infinite staying power, such as the little black dress. Fast fashion is nothing short of a disruptive force in the apparel industry, and companies that don't take heed of its power to disrupt the way companies connect customers with clothing will continue to

take a hit to their bottom line.

So how do retailers get access to the data and analytics they need to successfully handle the fast-fashion phenomenon? Outside consultants and agencies can provide market research, but it typically takes a month or two – or even longer – to complete a study, and outside expertise of that type is usually expensive. Companies can use free online survey tools to gather data, but these tools may be overly simplistic, particularly since so much is riding on the outcome. An intelligent analytics platform can be the answer. With access to an analytics platform that enables robust testing and helps marketers bridge the gap between data and insight, fast-fashion retailers can translate information into action.

At its core, fast fashion is about cutting the product development life cycle down to size, so that designers can get their creations into customer shopping carts (in stores and online) that much more quickly. It's of a piece with the accelerated pace of business in other sectors. And for retailers who successfully master the analytics that can help them identify and act on fashion trends, fast fashion can be the key to success with 21st century fashionistas. ■

Anil Kaul is CEO and co-founder of Absolutdata, which applies advanced analytics to help companies make sound decisions. Among Absolutdata's clients are Accenture, Infosys, Kraft Foods, Pfizer and Mitsubishi. The company's headquarters is in San Francisco, with offices in London, Singapore, Dubai and Bangalore.