

TotalRetail

When Science Collides With Retail: Giving the Public What They Want

By Greg Petro for Total Retail
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The fashion times are a-changin'. New products have an estimated failure rate of 50 percent, costing over \$400 billion each year collecting dust on store shelves. With that kind of risk involved, a systematic assessment of consumer preferences should be par for the course. However, retailers are constantly struggling to determine what styles consumers are going to buy.

Enter the fashion critics and gurus. With their connection to popular publications, these individuals have long held sway over the public's attraction to and demand for fashion and style. Retailers have also been at their mercy, at least when it comes to predicting what consumers will really buy. Times have changed, however. Consumers have more say and power than ever before. Social media now serves as a platform for loud and opinionated consumer voices. Retailers must not only listen, but respond as well. Otherwise, they'll just hear the sound of moths shuffling in clothing racks, not potential customers.

How to Listen

Decades ago, if a retailer wanted to know more about consumer preferences, it would visit stores and talk to customers, conduct in-store testing, and possibly run focus groups. Now, with hundreds of stores and styles that change every month, these tactics are no longer practical — nor are they reliably predictive of what will sell. They've largely been replaced by a new set of ways for consumers to give their input and for retailers to listen and learn.

Today, one of the most powerful methods of listening to gain insight into expected consumer buying behavior is through crowdsourced data. This can take place in a variety of ways. One approach is to look at conversations users are already having on various social channels such as Twitter or Facebook. Social data is a great repository of consumer sentiment; however, the problem lies in the fact that this information can be difficult to quantify in terms of tone, value and influence — not to mention it's quite sizable. The answer is to create a context for consumers to provide pointed feedback that can easily be structured

and translated into real strategies regarding timing, pricing and offerings.

When retailers use predictive analytics, consumers can weigh in on specific products and share their thoughts on everything from design to price. Their feedback is gleaned through games and surveys, with benchmarks set that help identify tastemakers and the winning (or losing) products they select. Engaging with consumers in this way streamlines the process and elicits more genuine input. Predictive analytics enable marketers to use data to anticipate customer preferences and needs, deliver a more personalized experience, and increase growth across the board.

This type of approach is crucial because, as a recent [HRC Advisory report](#) found, retailers aren't leveraging customer data in a structured way. Only 9 percent of retailers studied have a systematic approach to using data as part of their merchandise buying and planning processes.

How to Respond

Once retailers have data that's

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structured and predictive, they can begin to implement strategies that go beyond a shot in the dark. The first and most obvious way retailers can use this data is by giving people what they want — i.e., making sure the products they're interested in are actually on shelves.

Once product orders are placed, retailers can get into more personalization for customers. Pricing based on segmenting your customer base can better help in setting up targeted sales. For example, if customers of a certain demographic or psychographic profile won't make a purchase unless the product is discounted 15 percent to 20 percent, then give them what they want to nudge them to buy. If another group will buy the same product regardless of price, then there's no need to offer a discount and potentially leave money on the table.

This personalized approach goes beyond pricing. Once you have predictive data, you can connect with your marketing team to improve email campaigns, signage and tone across various channels (online, social, in-store),

leading to a better customer experience that will generate more purchases and awareness.

Give the Power to the People

As Farla Efros, executive vice president and COO of HRC Advisory, noted recently, “retailers need to recognize there has been a meaningful shift in power towards the consumer resulting from today's numerous ways of purchasing and much increased price transparency.”

It's obvious that this is one of the most vocal and transparent consumer generations in history. Now retailers need to make their own offerings more personalized and vocal. Data is the key to giving them that voice.