

Chief Marketing & Sales Officer Forum

Interview: How Gilt Groupe used big data, mobile, and social media to reinvent shopping

Gilt Groupe, a global fashion flash retailer, provides instant insider access to today's top designer labels and has grown to a half billion in sales since its founding. Co-founder Alexis Maybank, author of *By Invitation Only: How we Built Gilt and Changed the Way Millions Shop*, talks about how they did it

Using big data to get to 1-on-1

“Now we have almost five years of data on most of our members and customers, so we're able to do more nuanced marketing and communication. Within a single minute at noon everyday, there are over 3000 versions of our message that go out to customers, based on what they shop for, what they like, even what sizes they wear. It's tailored, one-to-one communication with the customer.

The data is central. We're on the cutting edge of using data to inform our marketing and to create the most personalized e-communication possible to the customer, so that each member essentially has a different email they receive. The same is true of the onsite experience when they're shopping. We might prioritize certain sales for them to see first, based on their preferences. You might not have expressed an interest in kids apparel or in a specific brand, so we'll show you something else first.

On the engineering front, it means that you're hiring statisticians and data engineers who are really good at building algorithms to take advantage of this information. And then you couple that with our photography and our copy teams, and you find a segment of customers who have specific lifestyle or life stage interests, and you figure out the language and imagery that would most appeal to them. And when you do that, to the customer it feels like, “Wow, every time I come to Gilt they know me.” That personalized experience is our goal.

We also tie in outside demographic data. It also gives us ideas for whole new categories we should consider. We recently launched into gourmet food and wine, so we were able to tell who was most likely

to be interested in these categories. Who had subscriptions to Gourmet magazine or a high affinity to wine? We can pull demographic, psychographic and other transactional information in segments of categories through internal data and external sources.”

Using the cloud for flexible scale

“We do more than 65 percent of our sales from noon eastern to about 1:30 p.m. every single day. And just from the standpoint of scaling the business, that’s really challenging, because it means that even from our early stages, we were building a business that for about an hour and a half, two hours a day, was the size of Amazon. And the rest of the day we were a small startup. So that puts tremendous pressure on our website. On the engineering side we had to have the equivalent hardware capacity or server capacity of an Amazon for that 90 minute period.

To escape from having to make huge investments in hardware and still be able to scale for these peak loads, we turned to cloud computing early. We also had to rethink customer support for the same reason. We got most of our inbound email and calls in 90 minutes. So how do you staff for that? We expanded the staff around that time block and opened offices overseas as well.”

Our new shopper is the mobile shopper

“Today, 30 percent of our traffic is coming over a mobile device – mostly iPhones, iPads, Apple devices. On weekends, we watch nearly a quarter of our revenue move through mobile devices too.

So that was a big change we didn’t anticipate. Those were people who were basically responding to the time-based nature of our selling. They’re jumping on the site from the sidelines of the soccer game on the weekend or from a meeting during the week. One of our top shoppers is a leading defibrillator implant surgeon. And she pops out for five minutes from the operating room, makes a purchase on her iphone, and pops back in.

We’ve seen mobile devices become incredibly important to us as a revenue stream. It’s changed the way people are viewing and experiencing our site. We’ve had to make the photography even higher quality, because you can zoom in dramatically on an iPad, more so than on a desktop. But also, you showcase items differently on mobile devices.”

Shopping for influencers

“We added a million customers in a year. To do that we had to look very quickly at what I call the different tribes online, people who have expressed interest in very specific categories. We looked at networks differently online and offline. Online was incredibly important to our rapid, rapid growth.

We were able to quickly identify people online who had micro interests in, say, Marc Jacobs handbags or in hotels in the north of Ibiza, or whatever it might be. There’re whole groups and communities that come together over these topics. Apparel, fashion items, designer brands, these are elements that people naturally talk about and have a huge affinity for.

And so we were able to tie into all these communities online, whether it was through blogs, through people who had followings on Twitter, Facebook, other social networks, and just identify them really quickly. We used the social web very early on to spur our growth and to find these mavens who were hand raisers in very specific design or fashion areas who could reach out to an audience quickly.

Once we found them we were able to offer a very compelling proposition: access to an invitation only site that offered designer goods at prices up to 70 percent off retail. In addition, we rewarded them for inviting friends who shopped.”

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