The need for speed: Capturing today's fashion consumer

Top performers are using data analytics and consumer insights to stay ahead of the pack.

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Being on trend no longer guarantees sales and profit-ability in the fashion sector. In minutes, consumers can spot, own, and share a trend on social media, from any corner of the globe. As a result, hits can sell out rapidly, while misses do not move, even with heavy discounting.

The traditional product-development model is too slow. How do fashion brands outpace competitors? When we looked at differences between top and bottom performers, we found that top performers routinely use consumer insights very early in the product-design process and can have products ready for purchase in weeks, not months.

But established brands have great difficulty doing either well. This needs to change, as up-and-coming brands are breaking the rules and resetting consumer expectations.

Winners take all

Fashion has become a winners-take-all business, where size or heritage matters little. Over the past decade, the vast majority of fashion companies have battled to barely break even, while the top 20 percent have delivered all of the industry's economic profit. What accounts for their success? They are more diversified and can weather category, channel, and consumer changes. They also operate core functions

Exhibit 1

Companies are trying to adapt.

Company commitment to improving speed to market and supply-chain efficiencies, % of respondents

Highest priority	17
Top priority	47
Important	34
Not a priority	— 2
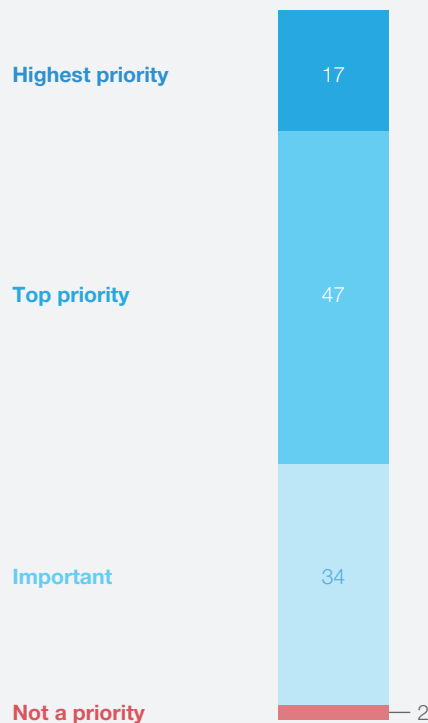
Importance of consumer insights and analytics in decision making across company functions, % of respondents[1]

Extremely important	44
Very important	36
Important	12
Somewhat important	— 2
Not important	5
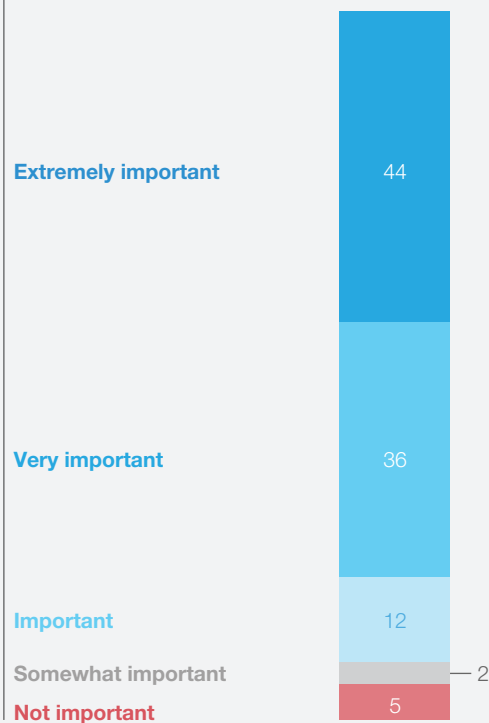
[1] Figures may not sum to 100%, because of rounding.

Source: Expert interviews; press search; *Women's Wear Daily* C-suite speed to market and consumer insights survey (n = 59)

better than their peers. Our survey research, conducted with *Women's Wear Daily* (WWD), found two other striking differences:

- Top performers use data analytics when developing concepts and planning lines—the heart of the creative process. Underperforming companies tap data much later in the process, only after they have developed the product.

- Top performers make speed to market a top priority and get faster and faster. Top-performing companies can deliver product to market in less than six to eight weeks. The typical lead time in the industry is more than 40 weeks— far too long to stay ahead of consumers (Exhibit 1).

Understanding versus action

Most fashion companies understand the need for speed and data-based decision making. Almost two-thirds of survey respondents said improving speed to market was the highest priority or a top priority for their company. Likewise, 80 percent of the companies surveyed said that generating consumer insights was important to them. But few are taking advantage of the broad insights across their business, and many rely on a single source of insight, such as sell-through data or product rankings.

Top-performing fashion companies have adopted a more sophisticated model based on understanding what the consumer wants. This model allows them to incorporate what has been selling and respond quickly to what is generating early sales.

The next-generation model should be based on anticipating what the consumer wants. Powered by predictive analytics and artificial intelligence, this model would proceed from design to delivery in close to real time.

Divining what the consumer wants

Companies often complain that they are stuffed with data but starved for insights. Fashion companies can tap the following online data sources to deepen their understanding of what the consumer wants (Exhibit 2):

Exhibit 2   Key insights can be gleaned from web searches.

Search data
Top performers capture real-time insights from the web. They look at what consumers research online. Are searches for bomber jackets trending? How are searches for bomber jackets trending on the top performers' own websites?

Social media
Retailers can also use advanced visual-recognition tools to identify styles and colors trending on social-media sites. If a merchant recognizes that the number of "likes" and comments about the jackets on social media keep increasing year after year, there may be an opportunity.

Competitor scans
In addition to the quantity of bomber jackets, the merchant needs to know which styles to produce. The company could use web-scraping to look at competitors' offerings by price point. How broad an assortment does the merchant have by price point in comparison?

Product ratings
The merchant could also aggregate product ratings for bomber jackets by their color, pattern, and trim. These data might indicate, say, that solid colors are rated more highly than either metallic ones or print versions. How do the highest consumer ratings compare with the specific products in the merchant's assortment?

- Search data. Top performers collect and analyze consumer research. They explore what topics are trending on major search engines and track the search rankings on peers' websites.

- Social media. Retailers can use advanced visual-recognition tools to identify styles and colors trending on social-media sites.

- Competitor scans. These scans provide a view of product choice in the market, by attribute and price. Heavy weighting in certain areas signals an opportunity for a brand.

- Product ratings. Aggregate product ratings by attribute, price, and style—either from the merchant's own site or from retailers' sites—can provide insight into what is trending with a specific type of consumer.

Digitally native companies lead the pack in harnessing the power of these sources. These companies have digital platforms and teams of data scientists equipped to optimize a different model. Ultimately, these companies have less to lose. The broader fashion industry needs to follow their lead or continue to see recurring losses.

Building a faster, more flexible supply chain
Winners have significantly reduced time to market, but they also recognize that not every product requires a speedy supply chain. Leading fashion companies have divided their product lines into the following supply-chain segments, based on sales predictability:

- Long cycle for basics. Long lead times of six months or more are acceptable for basics and never-out-of-stock items. Optimized sourcing gets the best value for money on these products.

- Shorter cycle for the core seasonal collection. Retailers can use advanced visual-recognition tools to identify styles and colors trending on social-media sites.

- Express cycle for new in-season products. An even shorter cycle of three to six weeks from design to delivery allows brands to inject novelty or innovation within a single season.

- Read-and-react model for new and untested products. Close monitoring of these items during the season (for example, for trending prints and colors) ensures fast replenishment of top sellers and easier cancellation of slow movers.

- Test model for the riskiest products. Launching virtual or small test batches of a sharply trending item provides insight into the consumer response before committing fully to a product.

Getting agile to get going
Digitization of concept, design, and sampling can cut many weeks from the typical process, which is often slowed by multiple handoffs and overdevelopment. While a digitized model may not be comfortable for designers and merchants, it needs to become the new way of working in fashion.

To get started, we suggest taking a page from the book of agile technology development. Completely upending a well-oiled process is daunting and often meets resistance. The agile model launches a new process by doing and refining, rather than mapping and rewiring.

Companies make rapid progress by putting a top team in charge and demonstrating that they can design and deliver at speed in a single season. Their energy and success should inspire the organization

to find a repeatable process that is lightning fast to market and steeped in consumer insights. ■

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