

# **MGMT 590: Web Data Analytics**



## **Predicting Consumer Taste with Big Data at Gap:**

### **An Executive Summary**

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## **Introduction**

Gap is an American worldwide clothing and accessories retailer. Gap Inc. has five brands in the portfolio namely Gap, Old Navy, Banana Republic, Athleta and Intermix which are characterized by the casual American style.

## **Effectiveness of the Data-Driven Approach**

The analysis aims to assess Gap's former CEO Peck's decision to replace creative directors with a data-driven creative process at Gap. We examined Gap's financial reports from 2016 to 2023 to determine if this decision positively impacted sales and revenue. Additionally, we compared Gap's performance with a competitor, American Eagle, which retained a creative director. Gap's revenue declined while American Eagle's was comparatively stable, suggesting the importance of a human creative element alongside data-driven insights.

Media articles, such as The Wall Street Journal, criticized Peck's decision, highlighting Gap's stagnant sales compared to competitor Inditex's growth. Our analysis underscores the value of a balanced approach, combining creative directors with data-driven insights to foster innovation in product creation.

## **Data Sources and Analysis**

To comprehend the web's data sources in influencing creative processes, our research was divided into four categories: consumer sentiment, trending keywords, Amazon bestsellers, and trend forecasting tools. We analyzed conversations on Reddit and reviews from GAP, Old Navy, and competitor Macy's websites to generate a word cloud and gauge general sentiment. Google Trends helped us identify keywords related to Gap's website categories, revealing popular fabrics, colors, and clothing types over the past few years in the US.

Additionally, we examined Amazon's bestseller page, not only identifying top-selling items but also conducted regression analysis to determine factors contributing to an item's popularity, such as pattern, style, or color. We extracted keywords from product descriptions of these bestsellers to understand market trends. Lastly, we explored trend prediction websites like Trendstop and Promostyle, which offer consulting services to brands similar to GAP, offering insights for creative decision-making.

### **Applicability to Different Brands**

In assessing the use of the big data approach across Gap Inc.'s primary brands, we observed distinct characteristics for each brand. Gap boasts a strong online presence and a moderate pricing range, making it well-suited for a balance between data-driven pricing strategies and creative branding. Furthermore, Gap's presence on Amazon extends its reach.

Banana Republic, in contrast, caters to a niche and premium fashion market. Creative input remains crucial, especially considering its absence on Amazon may impact its customer base. Old Navy offers budget-friendly options, and customer decisions are heavily influenced by pricing and promotions. This positions data-driven pricing and promotion strategies as highly relevant.

To develop an effective data-driven creative strategy for these brands, it's essential to consider differences in products, pricing, target audience, and revenue. Gap stands to benefit significantly from a balance of big data strategy. For Banana Republic and Old Navy, a tailored approach that accounts for their unique characteristics is imperative.

### **Balancing Art and Science in Marketing**

Big data gives a lot of information about customers. This helps businesses make sure their marketing messages are going to the right people. This means they can save money by only

targeting people who are likely to be interested in their products. But as we use more data in marketing, there is a debate about the role of creativity. We believe that in marketing, "science" is more useful for customer segmentation, inventory planning, and prediction making. "Art" takes precedence in creative designing and storytelling. Even though data is helpful, there are still limitations such as regulatory concerns and insufficient data on niche products. So, the market still needs "art," and this is because customers connect with stories and emotions. So, while data can guide big decisions and plans, creativity is still needed to make ads, tell stories, and design products. In short, for marketing to work best today, businesses need to use both data and creativity.

### **Leveraging Web Data**

Marketing today is about blending creativity with data, and for companies under the Gap Inc. umbrella, like Gap, Banana Republic, and Old Navy, this balance is crucial. For the creative side, web data can show what's trending. Gap might use this to design collections that match their brand's feel. Banana Republic, being a more upscale brand, might focus on luxury trends, ensuring their designs are both unique and stylish. Old Navy, aiming for affordability, would look at what's popular and in-demand, ensuring they offer trendy yet budget-friendly options. On the data side, web insights show how people shop. This is useful for all three brands but in diverse ways. Gap can use this to refine their online shopping experience. Banana Republic, catering to a more luxury market, might focus on personalizing the shopping experience, making it feel exclusive. Old Navy, targeting value-for-money shoppers, would use this data to offer deals and promotions that customers would find hard to resist. Balancing art and science in marketing is crucial for Gap's success, and using web data can play a pivotal role in achieving this balance.