MIS782: Value of Information

Assignment-2

Prepare a business case

Group Number: 78

Mission:

GAP is a brand-builder. "We create emotional connections with customers around the world through inspiring product design, unique store experiences and compelling marketing." Its goal is to simply make it easy for customers to express their personal style throughout their life.

Vision:

GAP hoped that effective Web initiative could let the company solidify its brand, improve customer relationships, serve markets that could not support a store and cut costs. The company also believed that going online would attract new customers and steal market share from competitors.

Objectives:

- Accelerate Digital & Customer Experience
- Rationalization of non-performing brick-and-mortar shops
- Increase profitability & revenues
- Improve Customer satisfaction
- Driving Productivity

SWOT Analysis:

Strengths:

- A broad network of stores
- Developed control of the manufacturing process
- Attractive employer brand
- Good creative designer
- Store multi-brand portfolio
- Highly recognise the brand name
- Online store
- Effectively use of inventory system
- Gap has a wide quantity of clothes that would cover all customers.

Weakness:

- Low profitability
- Low attraction to generation Y
- Poor effects of investments

- Decreasing sales
- Decreasing margin
- Low efficiency comparing to competitors
- Competition between group brands
- Limited marketing

Opportunity:

- Generation Y are not brand loyal
- Brand extension (Gap kids, gap baby)
- International market
- Invest more in advertisement
- Good profit margins

Threats:

- Possibly negative publicity
- Loss of key staff
- Loss of financial banking
- Slow target growth
- Market and culture differences
- Low market entry cost

Alternative and their analysis:

Alternative 1: Extending their analytics capability within their house & develop the analytic capability as a decentralized one

The incorporation of data analytics to gain insight into apparel trends and customer preferences is a highly feasible project for the firm. There is also a strong commitment to analytics from the top management. The retail industry is no longer about selling products through physical stores but it is about selling experiences seamlessly across all the Omni-channel platforms delivering a truly integrated, seamless shopping experience. Analytics will help the retailer in value to every point in retail value chain which includes knowing your consumer gaining meaningful insights into customer preferences, cost decisions, pricing, marketing, merchandising, supply chain and operations & turn into actionable insights for smarter decision making. There is an opportunity for the Gap Inc. to become a major in analytics.

Within the gap company, we need to extend the analytic capabilities within the company. I suggest they need to buy some analytics software modules from

third party companies like IBM, Google or any specialized analytics companies like sumo logic, mu sigma etc. But within the company, I wanted to have 2-3 analytics people in each department. Because Gap Inc. is a large organization and collects lots of each data in each segment they may need to create they might be better of the decentralized one as each team is an expert of their departments and can suggest best methods. Each analytics team will expertize in its own decision. Specialized people in each department can help in making the variously sophisticated decision and can answer a different range of the question. For example, the marketing analytics man is more focused on the IT analytics man because they wanted to be the specific trends of the apparel they wanted to come in the market. The use of data analytics can be costly as it involves a team of data scientists who are provided with loads of data from various outlets which sometimes do cost money to the company. The systems and tools required to decipher the information are costly at the expense ranging from very little to even millions of dollars. We have a competitive advantage because of their customer satisfaction and retention insights from their established customer information data lakes.

Invest more in the Social Media Analytics, Sentiment analysis, text mining, and related technologies. All these technologies will become very popular in the retail industry because nowadays, the customers have increasingly expressed their desires, thoughts, preferences and frustrations online. Social media is the easiest to use, widely available and cost-effective among the customer sentiment outlets. What the customers are saying and how they feel about the products they're offering is very much important. Microblogging has become important communication tool. For example, twitter we can see the classification of the polarity of the tweets that whether it is positive, negative or neutral. Using social media, it's now possible for retailers companies to understand the sentiment of their customers in real time, finding out how they feel about the products on store shelves, store layouts and commercials. Furthermore, sentiment analysis can tell businesses how deeply customers feel about products, as well as which features are responsible for those feelings. It is easier to implement analytics on social platforms with platforms like Facebook offering its own inbuilt analytics. The metrics (likes, comments, shares, views) are also easy to decipher and we get answers faster. Which in turn helps the retailer to take actions to build loyalty? Text mining solutions are used to identify patterns and trends in brand affinity, product preferences, consumption

patterns and more. In conclusion, the gap should focus more on investing these technologies.

As we find in the case study of the gap, the president, art peck is interested in both the pull mode and push modes of the information. The question he is in interested in like where I need to open our next shop? Why am I losing our customers? Why am I losing revenue? Why is the customer not coming to us? And many more. I am pulling the information from data. Besides that, he is also interested in finding patterns, surprising, results that are hidden in the data, outliers, inconsistencies, etc. Exploring this will uncover the data and make some insights, uncover patterns. The range of sophisticated, fine-tuning of the product, very specific Relative strengths, Surprise discovery and fix it and give more opportunity. By using the analytics we get more insight likes who are my customers? How many people enter my stores, How are shoppers behaving while in the store, How does my staff contribute to store success, How are my stores performing against key performance indicators (KPIs)? Besides that, it will also help in consumer analytics, cost analytics, pricing decisions, merchandising strategies, supply chain analytics also helping to increase their revenue by associate analytics.

Data analysis gives a direction to the design and implementation of fashion which was not seen before and as such the free flow of fashion is not very much incorporated in this framework which risks the capability of fashion innovation and trendsetting capabilities as data would limit the products to the research acquired and not an idea which is out of the box.

Zara Comparison:

One of the main competitors of the Gap Inc. is the Zara. Zara's model is based on fast fashion. The main idea is to stock the merchandise with the latest trends in the fashion industry as soon as possible. Zara invests in "smart" retail like the Internet of Things (IOT) like radio frequency identification (RFID) tags, user interface, Wi-Fi-based sensors, and even merchandising displays screens can be used to track shopper and product movements as well as collect behaviour insights and data from product sales. RFID tag with each product can track from warehouse to stores. Using all this information helps in design, precise inventory management & with the distribution. By using this analytics capability we are getting more information about when the item is replenishing, customer needs also receive constant feedback. The best thing about the Zara doesn't sell items at discounts as it doesn't overdo the manufacturing process. The best thing is

that they have the lowest inventory levels all the years & make new 10,000 designs every year.

I think the gap is in more in the experienced level of the capabilities and they need to make their organization move more towards the transformed stage to get some competitive edge or advantage over other retailers. Why I am saying that gap is in the experienced state not in the aspirational state because they are using his own official data website, even they are taking help of google analytics, and google trends, besides they are sending an e-mail with custom promotional strategies, geo-sniffing and many more. So, they know what the power of the big data is. The major challenges that are coming in implementing analytics are that they lack technical capabilities, accessibility of data as well as lack of understanding how to leverage analytics skill. Any retail company will face these problems as they are not the technology company. But, I think that the Gap Inc. is the first mover in the fashion market where the market constantly changes over the time. This gives some type of advantage to the Gap Company. They have developed some skills for analysing data, but they have some limited capabilities to share it on a wide scale. For reaching the transformed stage they need to build analytic capability within their organization.

Big Data is at the centre of the new economics for GAP whereby new fashion trends and analysis is done using customer feedback in order to enhance the product relatability and demand.

The incorporation of data analytics within the company to gain insight into apparel trends and customer preferences is a highly feasible project for the firm.

Alternative 2: Building information asymmetry over other retailers companies by using these 4 dimensions.

Majorly of the GAP stores are in the United States, and Canada so if they want to become the global leader in retail all over the world then they need to explore the international market. For comprehending the customer's requirements across different countries and launch products according to the customer's requirements, there are two ways to achieve it. First, open a physical store or collaborate/merger with some established Retail Company in that country. The first solution is not feasible as it is very costly. If you can't beat them then approach would be by making alliances with the partner organizations or shake the hands with the competitors/collaborations competitors/collaborations that have access to a broader domain. The best solution for the Gap Inc. can link up

with the e-commerce website of that particular country that in turn will increase international coverage and can boost up their revenues & profits. Linking with the e-commerce platforms will give the Gap Inc. three benefits. They are:-

1-Getting the local consumer tastes of that country.

2-Selling their own original product without investing a lot

3-Getting the data from these e-commerce websites.

By analysing this the Gap Inc. can also rationalize the store in that country. When you hear the investor's talk, I found that Art Peck is saying that physical stores are one of the greatest revenue for them. By implementing this idea would be recommended.

By partnering with the third-party companies, we will get a lot of data on searching, user base locations. Recommendations appear when visiting the website because of:

- Recommendation engines
- Click-through data
- Market-basket analysis (customer segmentation)
- Availability and profitability of various products
- Shopper purchasing history

This information will help in building information asymmetry for the Gap.

For building these 4 dimensions we need to first do a prerequisite: -

Reliable:

I assume that the information that we get from the third-party is reliable as we gone through the agreement procedure before joining with them. So, these companies cannot breach this agreement.

Relevance:

We are looking the right variable data as their data consists of local consumers. Data is being manipulated by multiple firms in order to achieve the same thing, competitive advantage, the ability to manipulate the data and understand underlying meaningful business prospects, customer demand and fashion trends can enable GAP to stay ahead of the pack by cost-effective production, selling and marketing ventures.

Representative:

We are taking the adequate sampling as these data do not compromise on one country or website but many different countries/websites.

We can improve the analytics capabilities/information source by adding the values to one of these sources of dimension or combination of them.

Depth:

Better data will lead to better more accurate insights so it will be useful to send out surveys to loyal customer asking them to fill out a survey for GAP where they can be asked to respond to questions regarding what might be considered useful insight into the mind of the customer by offering small shopping discount vouchers in return for their captured responses to the survey. Getting current trends, we can also use google analytics & google trends, even if you wanted to gather more information as a resource then you need to follow goods newspapers, reading habits-as it will not change suddenly, marketing etc. Every country needs a different type of marketing and advertisement. For example, if you wanted to open a store in Japan, then you need to make the advertisement in the local language rather than English, as one study suggests that local Japanese people prefer local language over English as they are more able to connect with the brand. The combination of any of them will help in building information capabilities as a resource.

Breadth:

For breadth of the data, you need to start partnering with the other companies so to get more data. Besides there are some companies that also sell their data, we could also take help of that company. According to Google Play Gap Inc. - has been downloaded by 100,000+ users and all other brands of Gap have been downloaded by 50,000+ both in google play & iTunes give them a very useful information about the consumer behaviour whether they like the app, whether user is happy with the interface, fixing bugs in the app, where the app is most downloaded and many more such information. Access to more granular information could generate a competitive advantage for a business. By partnering with Amazon and other data selling companies will give you both breadth and depth. In the gap wanted to get a competitive advantage in the market, then both breadth and depth are important for them.

Scope:

They have a number of businesses that sit under the one brand, all collecting the same sort of information across the whole set of entities. That would provide some good breadth of data, but if they actually used all of that data to make the connections with how their customers shopped across all of the entities like Old Navy, intermix, banana republic to develop a more composite understanding of their customers, that would be a good example of the much better scope of data, and therefore more valuable. In fashion, AI has the ability to help brands and retailers with predictive forecasting, capacity planning and merchandising. According to 2017 findings by McKinsey & Company, an AI-based approach could reduce forecasting errors by up to 50 percent, while overall inventory reductions of 20 to 50 percent are feasible. An accurate prediction of demand (Fashion Trend & No. of Potential Customers) will have a definite impact on sales. Moreover, the cost of the entire operation will be brought down thereby increasing the profit margin.

Time:

By partnering with the other companies you would get the real-time data, besides we also get the historical data. When you check their websites, they are giving GAP gift card or the loyalty card where they get more customer information.

Use of Artificial Intelligence (AI) will help Gap to generate precise product search results, enhancements in their product and display virtual storefronts tailored to individual shoppers, based on their unique characteristics and preferences. These days the notion of a 'virtual store' experience is highly popular. For example, Westfield mall used headsets to showcase the latest fashion collection to customers. The other apparel company is North Face that is investing heavily in virtual reality, they transported their customers to Yosemite National Park as that will enhance their storytelling around a life of endless exploration.

1-Feasibility

Economic:

Yes, we can afford this analytics module as there are lots of supplier or the companies that are willing to share these analytics module.

Technical feasibility:

Yes, we have enough information to gather technical resources.

2-Benefits

Tangible benefits

Savings:

- Carry cost of inventory reduced through improved inventory management
- Waste reduction through better procurement and material management
- Reduced labour costs due to improved scheduling and reduction in overtime
- Resource savings through reduced duplication of processes and rework
- Resource savings due to automation of tasks

Income:

- Increased sales through improved production throughput
- Increased throughput from better scheduling of labour, equipment and sub-contracting operations
- The accuracy of inventory counts results in increased sales

Intangible benefits:

- More accurate planning and forecasting
- Improved financial controls
- Increased employee/customer satisfaction
- Improved management of assets
- Standardised processes and procedures
- Improved legal and regulatory compliance

3-Costs

Direct Cost

- Develop or installation of the software
- Outside Consultant fees
- To procure new IT devices, server and also license for installation.
- Hardware (gadgets, network servers, PC peripherals etc.), software development package (consultation & application), legal fee.

Ongoing cost

- Fixed Cost-Electricity, gas, cleaning bill, water bill, and salary of an employee
- Variable Cost-Training of the employees

- To have upgrade software and also training new staff.
- Maintenance of equipment and software upgrades.

Indirect Cost

- Training of users, time spent reviewing completed document for accuracy and completeness
- To have renewal license renewal, support fees, training
- Hardware-software down times.
- Change management, it software improvements or upgrades to meet new system.

Cultural process in the Gap Inc.:

When you open the careers page of the Gap Inc. website you will see that first heading is related towards innovation and growth. The main catalyst that driving their business is technology. After seeing the culture video of the gap, we found that they are very supportive towards the new technology and they are investing heavily in big data, mobile, cloud, Omnichannel, and e-commerce. They are open for growth & innovation. The employee that is working in the company they are developing something new, they challenged themselves, the employee liked working in the team, and the environment is quite supportive towards this digital change. Besides this, they are doing good work for the society like believing in fair wages, equal pay in gender and more towards corporate social responsibility (CSR). In conclusion, they are very supportive towards the technology.

Values & norms in the Gap Inc.:

When you read the article on their official website about technology & digital, they are now focusing to make the transition from a cash-based system to digital payments by 2020. The Gap Inc. also joining companies, alliances governments, and international organizations that helping him to make the smooth transition from cash to digital payments in order to reduce poverty and drive inclusive growth. Even they do business with those supplier factories that already provide digital payments methods, such as online transfers to bank accounts or mobile wallets. Make the system more transparent & efficient.

Undoubtedly, in the present time, the investment in IT portfolio is a great need for Gap and should focus mainly on infrastructural, implementation and the application part. In infrastructural we generally take care for an association data

innovation, framework administration, basic administration of fundamental activity segments, for example, documents, agreements, information, HR, and outside contacts etc. In the implementation part, we see spending plan, risk administration & mitigation, the vital arrangement of bids and tender-which supplier we need to select, alongside with institutionalization of strategy, standards and plans. In the application, we will see the result based on the strategies that we have applied. According to the IT portfolio, the actual status of each product (budget, time, sales...) should be clearly mentioned and list all of the existing and new products should be well maintained in order to maintain Gap's mission. One thing that the gap should not forget before investing in IT portfolio is that in order to diminish the overall cost of IT, we don't reduce our IT quality, standards and procedures. The anticipated aftereffect of this disregard will lead to excessive cost and neglected the gap's mission and vision and due to this, they incur a heavy loss. For example, if we buy one service from the IT Company, but after some time we find that we are not getting useful information, or there may not enough IT technical people or, sometimes there might be an overestimation of cost or maybe underestimation of the cost that will lead to failure in the project.

Planning for future implementation:

By investing in an analytic module, Gap Inc. will advance an enterprise vision for the digital technology that will enable them a global leader in the market. It is a long-term project. This investment will be made over a period of at least 3-5 years depending on costs, funding availability and staff capacity to implement modules.

Both of the alternatives that we have defined in our case study is working fine for the GAP company to develop more analytic capabilities besides having the existing one. If the cost is not the problem for the Gap then they need to consider our alternative 1. But in the long-term Gap Inc. will get a definitely competitive advantage over to the other retail companies. If the cost factor is a problem for the Gap Inc. then they need to focus on our second alternative as this alternative will save you a lot of money in that. The company will become a global leader by investing a less amount of the money. Choosing which alternative is best to depend on the number of factors, constraints in the company which is quite changing very fast. From our group, we reach the conclusion that we need to invest in alternative2.

Managing Risk:

- Insufficient budget
- The solution purchased is inadequate
- Staff resistance to change
- Prolonged disruption to business operations
- Financial Risk: Analytic module can be costly to implement and require expensive additional modules or customizations.
- Limited IT resource
- Long Implementation of IT
- Low user adoption because the system is too complicated
- Low reliability of operations
- Negotiating with the e-commerce companies or buying software modules
- Difficulty in finding the experienced person in analytics
- Cost blow out

Risk	Importance	Mitigation Actions	Ownership
Insufficient budget	High	Develop some strategy where we can minimize the loss, close down the loss business, layoff employee, cut down the extravagant cost	Chief financial officer(CFO)
Cost blow out	High	Formalize project management reporting arrangements with weekly monitoring spend	Project Manager
The solution	High	Hire the experienced	Chief Technical Officer(CTO)

purchased is inadequate		consultant	
Limited IT resource	Medium	Hire some resources from the market	Chief Technical Officer(CTO)
Difficulty in finding the experienced person in analytics	Medium	Get the HR manager to hire some technical people or take help from some consultancy company	HR Manager
Staff resistance to change	Medium	Involve staff in developing business requirements for the new system	HR Manager, CEO
Negotiating with the e-commerce companies or buying software modules	High	Send the experienced person or send some experienced executive person from the company. If extreme case send CEO or vice-president of the company	CTO, CEO, Chairman
Low reliability of operations	Low	Organize some fun-related activities	HR manager

Implementation plan:

This is a very important phase where our strategies are implemented. Here a brief overview of that:

Implementation plan for Alternative2:

Phase 1: Brainstorm ideas with the top executive members of the Gap Inc. & see which country we need to focus on the business (2-months)

- Brainstorm the idea
- Finalize the country
- Collect relevant documents for the selected country like how e-commerce market is there, governmental policy, environmental policy, labour policy & present a report with all necessary details (i.e. Business plan)
- Then once again brainstorm with the members, stakeholders and discuss if the company see some profit/revenue in that country or not
- Select the e-commerce company for a specific company and talk with them

Phase 2: Formation of an agreement (1-month)
- Draft documents according to the conversation
- Complete legal procedure for the formation of the document
- Send the proposal for the e-commerce company.
- Send some members for negotiating the agreement with e-commerce company
- Finalization of the contract

Phase 3: Start selling your inventory on their website (6-month to 2-years)

- Check whether the implementation is going in accordance with the agreement or not
- What are the benefits/problems that we are facing with this collaboration or mergers?
- Getting a data from that e-commerce website

Phase 4: Implementation of the future plan (1-month)

- whether to remain in the collaboration/merger or go independently in that country
- modify financial target for sales, change the profit

- track result
- forecast any improvement

Implementation plan for Alternative1:

Phase 1: Hire the analytic consultant to discuss the setup for the analytic capability within the company (1-month)

Phase 2: Formation of the agreement (1-month)

Phase 3: Invite the tender, bids from different IT companies to provide the analytic module (1-month)

Phase 4: Select the vendor and finalize the contract (1-month)

Phase 5: Implementation of the analytic modules within the company (4-6 month)

Phase 6: Hiring the analyst people for the specific department (2-month)

- Marketing analyst, financial analyst, data analyst
- Assign work to the HR manager

Phase 7: Develop Training (4-month)

- Training for the employees

Phase 8: Start using analytic module/software within the company (1-year to 3-year)

Phase 9: Track results (2-month)

- forecast where we can improve
- sales, customer value, and employee turnover to establish
- Business results targets for the next year

Phase 10: Modify financial targets for sales on (1-month)

- an ongoing basis

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Group Contribution Form:

MIS782: VALUE OF INFORMATION
Assessment 2: Group member contribution form

Each group is asked to print and sign their name and state what proportion of the work they contributed to the overall presentation.

	NAME (PRINT)	STUDENT ID	% EFFORT CONTRIBUTION	SIGNATURE
1	Shantanu Gupta	218200234	40	
2	Rohan Qureshi	218046223	20	
3	Swaran Singh Dhillon	218153886	20	Swaran Singh
4	Suksham Dahiya	218039892	20	

Please state your Group Number[1] : _____78_____

If every member of the group contributes equally, the figure entered in the '% Effort Contribution' column above should be 33% (in a 3-member group). If your group has two members, then the figure would be 50% etc. This page should be printed and signed by each member of the group, scanned and added at the end of the business case report.

Individual marks for the assignment may be based on an adjusted group mark, where the adjustment is based on any value below an equal share value. In this case, the Unit Chair may seek additional information from the group.

_____

[1] Your group number was be emailed to you together with a list of group members. Contact http://fuch@deakin.edu.au if you have not received this information.