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Intro to ITWS – Section 1 Case 2 – Big Data Writeup

The question relevant to this case study is: “Was Peck correct in firing his creative directors and replacing them with a big data-driven creative process?” The important context in this question is that Peck refers to Art Peck, the newly appointed CEO of Gap, who made a decision to replace designers – the high-level, almost celebrity-like employees who traditionally inspire the choice in style and “look” for a company – with a decentralized data driven process.

Because this question deals with the fashion industry, arguments can be fairly anecdotical and based on subjective opinions. Data is nice where you can find it, but because Art Peck’s appointment was fairly recent, it’s hard to say exactly what kind of impact he’s having on the company. But in short, my answer is no. While big data is certainly a useful tool in offering recommendations to existing customers and can help in predicting trends, Peck’s decision to completely remove the human element from the creative design process seemed a bit extreme. There are several problems with his approach.

The first problem deals with what it means to be a fashion outlet. Does an outlet adapt to whatever is currently trendy – simply copying the looks of its rivals to reflect the current times – or does it add its unique take / spin on clothing to establish a signature look or brand that will keep customers loyal? The answer is not so clear cut and largely subjective, but many are of the opinion that a strategy closer to the latter option is preferable. While analyzing the lack of improvement in sales with the implementation of Peck’s new strategy, one news organization argued that Gap has deeper issues -- that it “has been trapped for years in a limbo with no clear creative vision whatsoever” and that it’s clothes have been “have been terminally forgettable and lacking any distinct identity” (Bain, 2016). I have to agree with the conclusion of this author. Without any defining characteristics, consumers will tend to overlook the brand in favor of something catering to a certain “look” that they’re going for.

The second and most obvious problem with Peck’s decision and is that big data, especially about the volatile and subjective fashion industry, is hard to analyze. Trends come and go in no clearly discernable pattern and people looking to wear something different tend to avoid “popular” trends – occasionally leading to an inverse effect between popularity and sales. Additionally, the case study concludes that current research tends to find that consumer preferences are often influenced by a countless number of factors and are thus “constructed rather than revealed” (Israeli & Avery, 2018). This data problem is also illustrated in another research paper on the subject. It finds that systems that make decisions based off consumer behavior will always be subject to the “cold start” problem – the problem that arises when such a system is first developed and has a limited amount of information to work with. There are no past successes and failures to work off of, so the first few iterations of the prediction algorithm will be like shooting in the dark (Jain et al, 2017). Taken all together, this means that whatever prediction algorithms Gap is now using will inevitably be imperfect and thus no better than relying on the judgement of a human creative director.

A third problem has to do with perception. Such a radical change in direction for a company, especially one that involves firing lots of people in high level positions, can make others wary of the company’s future. While this may not impact sales directly, it can create uncertainty and doubt in the minds of investors and shareholders. “Gap investors should ask Mr. Peck tough questions about what he is looking for in the next leader for the Gap brand, and how he plans to make sure that person can succeed” said one businesses writer who previously described GAP’s senior ranks as a “revolving door” (Halzack, 2018).

There are certainly things to be gained from implementing big data analysis to operations. As the case discusses, lots of apparel shopping is now done online, so tracking consumer taste in existing products and sending targeted, personable advertising and recommendations is an effective strategy, the future of retail, and something competitors are already implementing (Israeli & Avery, 2018). Peck’s ideas to digitize inventories, expand distribution channels through merchants like Amazon, and implement more data-driven systems to help get existing products off the shelves are commendable but removing creative directors completely seems like too radical an approach.

Peck is right in that creative directors do have a lot of power rested in their hands. In the worst outlook, the “hunches” of one person is a lot of base the direction of a company on, but it’s those same “hunches” that give a brand a distinctive style that will attract consumers in the first place. Perhaps Peck could have added more creative types in the decision making process and perhaps augmented their opinions with the best predictions a big data driven algorithm can muster, but completely removing the human element strips away any sense of brand identity and leads to a generic, boring look for the company.

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