**Case Study - Predicting Consumer Tastes with Big Data at Gap**

**Problem Statement & Overview**

The clothing retail industry is a prime example of competition and dynamic strategy. It constantly undergoes transformation and the players in the market need to harness the capabilities of modern technology while preserving the touch of human creativity. A major player in this market is Gap Inc which was face to face with some serious challenges under the leadership of Art Peck. Gap was in the middle of declining sales and market share, a problem it had been battling since the early 2000s. The situation now was further complicated by an exponential growth in ecommerce as a convenient retail shopping option, and with the entry of fast fashion players into the market.

In an attempt to remedy the situation, Peck decided to fire Creative Directors of all three brands (Gap, Old Navy and Banana Republic), and to bring in a completely data driven approach to the design, manufacturing and distribution processes (Product 3.0). The objective was to reverse declining sales and gain market power in the quarters to follow.

The goal of this analysis was to measure the outcomes of Product 3.0, and to gauge if Peck’s decision was correct or not in helping the company, and the three brands individually, achieve their desired results in the market. We analyzed the given case study, developed metrics to assess the success of the strategy, collected data to test our hypotheses and formulated suggestions for a company like Gap to leverage big data and gain a competitive advantage in the market.

**Key Objectives & Findings**

* ***Defining Success for Gap*** - Product 3.0 was tasked with reversing the decline in sales and a decline in market share. Net sales and income remained largely stagnant between 2015-19, with an average net sales of 4.07 billion in 2019 3.95 billion in 2015. Gap was able to gain market share in the short run with Product 3.0 indicating that the strategy was partially effective.
* ***Data Driven Decisions*** *-* Product 3.0 enabled Gap to significantly speed up their operations, which in turn allowed them to capitalize on short-term trends. This helped them boost their sales and market share in the short term. And Peck’s focus on improving the consumer experience for online users using big data also led to an increase in the share of online sales. But the focus on short-term trends impacted long term goals of rebuilding their brand image, which ultimately caused sales to stagnate and the gained market share was lost.
* ***Old Navy v/s Gap v/s Banana Republic*** *-* Product 3.0 did not consider the difference in nature of the three brands. This was one of the major reasons for its failure in improving sales. While a mass appeal brand like Old Navy was able to benefit from fast-fashion trends, brands Gap and Banana Republic, whose brand identity was not served by pursuing fast-fashion trends, performed much worse and gained almost no benefit from the strategy.
* ***Web Data : A Source of Competitive Advantage*** *-* Identifying, accessing and utilizing data from the internet - ecommerce reviews, social media trends, prices of competitors, etc. can all be credible sources of competitive advantage.

**Strategic Suggestions**

* ***Balancing Science and Art*** *-* The problem with product 3.0 was that it tried to replace human intuition entirely with data, instead of having both of them complement each other. A better alternative would have been to use the data to identify pain points in their processes and as a source of inspiration for colors and silhouettes, and retain the intuition of a creative director to help build a unique brand image for all three brands.
* ***Leverage Web Data & Tools*** *-* Being aware of and using the data on the internet - consumer portals, social media, market analysis tools etc, will help Gap gauge their performance in real time and enable them to course-correct proactively. This in addition to a strong ecommerce presence can help them move up in market share.

**Conclusion**

Gap needs to try finding the balance between the Science (data driven approach) and the Art (human creativity and foresight) to effectively utilize the strengths of all three of their brands which serve different demographics and have similar yet distinct identities. While a data driven approach works for discount driven fast fashion brands like Old Navy, both Gap and Banana Republic require a more careful curation of their collections to cultivate a strong and unique brand image. Gap has all the right resources and ideas to improve their current market position, they require the right vision and implementation to turn it into fruition.