ISDS 415

Decision Support & Business Intelligence Systems

Big Data – GAP Analysis

By

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Spring 2018

1. **Why is Gap doing poorly in 2017?**

   Gap is depending on big data to predict customer taste which is a difficult task because machine learning can understand trends and patterns, but it cannot understand feeling or emotions which are linked to the buying habits of any customer. Although using big data is beneficial for the company but with-it creativity is important and that cannot be achieved through an algorithm. Gap has been declining in sales by 2% in Q4 of 2016 and using the same methods to increase sales and create new designs with Big Data is leading to Gap doing poorly in 2017.

2. **Was Peck correct in firing his creative directors and replacing them with a big data-driven creative process? Why or Why not?**

   No, Peck should have bought in big data driven creative process but partly. Replacing the creative directors was a wrong decision, instead Peck could have initiate the big data process but with it worked with creative directors. In other words, a good strategy would be to implement both the processes simultaneously i.e. working with big data as well as the creative directors. Replacing the whole process of selecting designs which has contributed towards Gap's growth comparing to when it started reflects poor decision making by Peck. Using a hybrid process and then observing the output received and hiring or firing creative directors accordingly would have been a good strategy.

3. **What do you predict will happen to Gap Inc.'s sales going forward as a result of this decision? How will it affect each of its brands' equity?**

   Looking at the current scenario and understanding how big data is contributing towards Gap's growth it can be observed that if the same strategy is followed then sales are going to decline. Gap should bring back the creative directors and work with big data to get the best outcome and use that analysis towards increasing sales. The brand equity will be affected equally for all brands because the same model is followed for each and every one of them.

4. **Does the big data approach work for all three of Gap Inc.'s primary brands: Old Navy, Gap and Banana Republic? Why or Why not? Which brands are better/worse served by this strategy? Why?**

The big data approach does work for all three primary brands but the problem in sales is due to lack of creativity which big data cannot provide accurately. Overall there is a decline in sales of Gap which is affected by Old Navy and Banana Republic as well. Currently the strategy is working well for Old Navy comparing the sales and it is the worst for Gap so going with a hybrid strategy and bringing back the creative directors and using the big data approach simultaneously would possibly lead to increase in sales.

5. **Should Peck allow Gap Inc.'s brands to be sold on Amazon? Why or Why not? What Opportunities and Challenges does this plan present? If Gap sells through Amazon, should the company be a wholesaler or a third party seller? Why?**

Gap should sell through Amazon because the company uses various strategies and big data to create a positive experience for the customer and the supplier. There is good opportunity by selling with Amazon as it can lead to increase in sales specially when Gap sells directly through Amazon because the number of loyal customers are high with Amazon and since the company is close to achieving its aim of being the most customer centric company in the world, customers buy from Amazon with their eyes closed. This could really lead to increase in sales for Gap and may even increase customer loyalty for the brand.

There are many challenges for Gap in the process. By selling on Amazon customers get to compare with other competitors while buying online which can be a disadvantage and may affect brand recognition. Also, the other thing would be to adhere with amazon's policy of selling online i.e. Gap will have to depend on Amazon's sales and marketing strategies to sell its product or work in sync with Amazon's policies to sell its product. In addition to this, being a third-party seller can be beneficial, but a major obstacle would be that many a time people try and

avoid buying from third party because there are problem while returning and refunds. In conclusion there are several opportunities and challenges for Gap which can be beneficial for the company in long run.

6. **What is your assessment of Product 3.)? How would you improve it?**

The process followed by Peck may lead to increase in sales considering the process is modified on a long-term basis. Since adopting big data is a process which requires continuous and aggressive improvements and to improve the process as whole the best practice would be introduce creative directors again with the use of big data also.

7. **Would you change other elements of the marketing mix to address Peck's problems? Which ones and how?**

The current elements are effective so there is no need to change the marketing mix but there can be some modifications which can be determined after creative directors are introduced again. With this there are possibilities that products can be marketed in a better way.

8. **For which purposes is big data/predictive analytics more or less useful in marketing? As we move into a world filled with more data, what is the role of art versus science in marketing? Under which conditions should "science" rule and what conditions should "art" rule?**

Big data/Predictive analytics can be used for marketing in for any business. In fact, in today's time we see it being used in every field. Art and science go hand in hand. There can be a big debate over this but to sum it up, it can be said that art cannot get into science and science can try to get art, but perfection is very difficult to achieve. Science will rule when we are selling tangible things and art will always conquer over science in case of intangible things but there can be exceptions in both the cases.