The Liberation of Design represents a shift of power in ownership of the design process, and an opportunity for retailers to innovate and improve their merchandise and product development processes to ensure they are bringing the best design ideas to market.

In the original whitepaper on this topic, we recommended that retailers embrace the Liberation of Design as an opportunity to use consumer input to enhance their overall design and product development process, including business aspects such as pricing and planning. Retailers who do so effectively are able to shorten their development and testing cycles, increase forecast accuracy, and increase their margins. Technology company First Insight innovatively uses consumer input early on and throughout the product development process to help retailers win. As an expert on using consumers to enhance new product development, we interviewed First Insight CMO Jim Shea for his take on the Liberation of Design.

Q. What’s your view on the Liberation of Design, and how do you see it impacting the retail and apparel industry?

Designing new products is certainly still an art, but it is also a business. According to a Gartner study in early 2011, “50 percent of new product launches fail”1. Brands and retailers are acutely aware of this fact, and as such, are focused on ways to reduce this risk and introduce more winners to the marketplace. In the old model of merchandising and product development, brands dictated to consumers what they wanted, because the assumption was that consumers didn’t know. Today however, brands and manufacturers are recognizing that consumers know what they want, and that they can provide valuable input to the design process.

Even the most fashion forward brands are now looking to consumers for input into this process, and as such are experiencing the “shift” that you describe as the Liberation of Design. Look at Fashion Week for example, which is now a more public event than ever. The runway shows are streamed in real time and online voting is available for designers to receive instantaneous feedback on their styles. This type of immediate feedback loop is crucial to retailers, because it is the consumers who will ultimately vote on new products with their wallets. Consumers want to be involved, and retailers and brands that want to grow need to recognize that their input is both valuable and essential.

1 Link Product Development, Marketing and Supply Chain for a Commercialization Framework That Improves New Product Launch Success. Authors: Suleski, Janet; Kohler, Jan; Burkett, Michael Document #: G00236145 (31-Aug-2012), Page 1.
Q. What advice can you give retailers and brands on how to best listen to their consumers?

1. Understand that consumers know what they want, and they want to give feedback and provide value.

2. Don’t presuppose that you should only listen to the people who are the ultimate customers of the product you are designing. This may sound counterintuitive, but let’s say you’re designing a baby stroller. The logical step would be to seek out new moms as your target source of consumer input. But you’d be completely missing out on consumers like the new grandfather who has spent months researching strollers for his daughter’s first baby. Cast a wide, yet intelligent, net.

3. Start early. Don’t assume your customers can’t evaluate a new trend early on, even in the sketch phase of product development. The pharmaceutical industry has a slogan to “fail fast.” They want to eliminate losing drug compounds quickly so they don’t continue to incur the cost of testing and development. In retail, we are not so dissimilar. Developing new products of any kind builds up cost pools, and the faster you can eliminate a losing product, the better.

4. Remember that this process does not replace the merchant. They are still the most valuable source to identify trends and concepts. Using predictive consumer input just gives them confidence to buy deeper on a winner or avoid a losing product, and provides internal groups a common language to make the line review process much more objective and effective.

Q. Many retailers are using analytics, big data and social media to try to better understand their consumers. But sometimes this results in an overwhelming amount of data. How can retailers weed out what and who is important?

I like to say that data is everywhere, data is ubiquitous, but insights are rare. How do you find the nugget that will move the needle? You focus on the right people when it comes to looking at consumer data. You need to filter consumer input based on who truly understands the category, rather than weighting all consumer responses equally, as is often done in traditional market research.

Timing is also a crucial aspect. What you mostly see in terms of data that retailers use, is historical or point of sale data. They sift through this for insights and send it off to marketing to make a targeted offer to a select consumer audience based on past purchasing habits, or sales of similar products. Instead, companies should test the new product while it is still in development, to provide the retailer with forward looking data before the product ever hits the floor.
Q. What are other innovative ways that retailers can use consumer input to drive merchandising innovation?

The way you win in retail is with great exclusive products, at the right price, for the right customer. Having this ideal combination can also help retailers get out of the price war. One way that retailers are innovatively achieving this ideal combination is through online consumer engagements, such as games, that test their products while they are still in development. Consumers are able to engage with these games via social media sites, and through this interaction, retailers can gather detailed data on product and price evaluation, as well as what attributes of a product best resonate with consumers. Using a predictive model to analyze this data provides information on which products are winners and losers, and how to price the winners for maximum value.

Q. How does this differ from traditional models of looking at the consumer?

Traditional market research involves going out and casting a wide net and getting thousands of responses to be statistically significant, and then weighting each response equally. But the response is not always equal! Responses must be filtered in real time based on which consumers the retailer should be listening to, which makes the data much more predictive.

Historical uses of consumer data have also been a “one shot at a time” model, such as surveys and focus groups. It’s more effective to test products at multiple points throughout a product’s lifecycle, and much earlier than traditional research. Vera Bradley, for example, started testing at 16 months out with CAD designs in the development of their new line of baby products which was launched earlier this year. Many successful companies also test again just prior to launch to get trending performance data before the product ever hits the shelves.

Q. How do you see the Liberation of Design continuing to impact retailers in the future?

Data has been used everywhere else in retail, and applying data and science to the merchandising and design process is really the last frontier. Overall we will continue to see this shift in the industry. If you look at the schools now, merchandising and design students are being taught new technology and they enjoy using it. I think over the next 10 years we’ll see an even faster adoption of technology in the design and product development process.

Keep in mind however that technology is really an instrument on the dashboard. The merchant has to know the trends and what is happening in the industry and what products to even test. They are the ones flying the plane, and the creativity aspect must continue to come from there. Technology can give them a forward view of consumer demand and the confidence that they have selected the right products and have priced them correctly.