7 Reasons Why IoT Matters to Retail, Apparel, and Footwear Product Leaders

by Steve Riordan and Chad Markle

Too many product leaders in retail, footwear and apparel today lack a real understanding of what the Internet of Things (IoT) or the Internet of Everything (IoE) phenomenon means to them. It is too easy for these leaders to assume the appropriate time and attention for IoT rests with their colleagues in store operations, seamless commerce (previously called omni-channel) and marketing. However, it is just as important for product leaders to understand, interpret and act on IoT. It is OK to be skeptical, but is not OK to lack an informed opinion. As the most recent CES show highlighted, IoT for product development is already here and viable.

Here are seven reasons product development leaders need to pay more attention to IoT:

1. It is Inevitable for Your Core Assortment

At some point, virtually all product, including footwear, apparel and accessories will have some role in the smart connected product world. While performance apparel/footwear/accessories (i.e. athleisure) leads the way, most other merchandise will eventually have a smart, connected role. This role may be quite active or simply passive. From an active standpoint, softlines merchandise is already starting to play a key role in health and wellness by connecting information about patterns for eating, sleeping and fitness to help consumers live healthier lives. We should also expect that softlines merchandise will eventually be able to track and communicate usage information, such as fit, washing durability, color fastness, etc., to better inform quality decisions in the product development process. For products like footwear, the technology could sense and communicate obsolescence, possibly based on sole thickness, and trigger the need for replacement. From a more passive standpoint, softlines products may only provide simple identification information for use in inventory management and replenishment, as well as security from theft – a simpler, less expensive alternative to RFID.
Finally, information could be stored inexpensively in the article of clothing to provide country of origin and care instructions on labels via a scanable logo or simple storage chip.

2. You Will Have to Uncomfortably Extend Beyond Your Core Assortment

The core apparel and footwear assortment will quickly come to rely on related merchandise to provide the extended network required to generate value to consumers for smart connected products. For example, apparel with the ability to track biometrics will need to be linked to smart phones, smart watches or other devices in order to share the information the garment may be tracking. By bundling core assortment and extended assortment merchandise, leaders are creating differentiated offerings via the IoT capabilities. As a result, product development leaders will need to broaden the scope of their products to be designed and developed for categories in which they have little expertise. Leaders will need to either develop greater in-house expertise or partner with other companies (or both) in order to bring an integrated offering to market.

3. Your PLM Application and Data Will Be Important

Most often, product lifecycle management (PLM) systems are the first point in which the company captures and establishes product information files. The PLM system is frequently the system of origination for information needed to feed into other systems, such as merchandising and e-commerce applications. Going forward, it is highly likely that PLM will be the system of origination, or even the system of record, for product information used throughout a complex IoT network across the supply chain, stores, mobile commerce, etc. Product development leaders will need to have their PLM house in order, with a contemporary PLM solution that provides a reliable, accessible, single source of the truth for product information. In addition, product leaders will have to play a greater role in governing and managing data sets that are more frequently relied upon across the company. They must take responsibility of the data, to be sure it is clean, accurate and dynamically maintained, and that it is strategically applied.

4. Your Smart Connected Stores Will Be Rich with Consumer Insights

Your colleagues with responsibility for stores, e-commerce, mobile commerce, digital marketing, etc. are likely well down the path with smart connected store initiatives, connecting traditional applications and data sources with non-traditional sources of structured and unstructured data from smart phones, beacons, security devices, and RFID tags. These types of initiatives have the potential to yield incredible consumer insights about every aspect of your brands and products.

5. Your Smart Connected Supply Chain Will Move Your Product More Quickly

Your colleagues with responsibility for supply chain (from textile and finished goods factories through to fulfillment centers and stores) are also likely well down the path with smart connected supply chain initiatives. They are likely connecting tracking applications with devices to provide insights from structured and unstructured information, originating from both internal sources and information provided by other external companies. This network of information will enable you to create ways to speed up your product development lifecycle time by skipping unnecessary steps, flagging issues early in the process, segmenting products for sourcing and transportation purposes and more. It is highly likely that you will have a higher degree of interdependency and even integration between product development and supply chain than you have ever had in the past.
6. Proven IoT Innovators Are Working with Your Competitors

Softlines companies, with dedicated product innovation leaders and/or dedicated product innovation functions, centers and/or labs, have already been working with tech companies (both emerging start-ups and established players), academic innovation labs, emerging product vendors and other innovators for months and perhaps years. Frequently, they meet in innovation forums to exchange ideas and eventually pursue strategic experiments via an open innovation process between two or more companies. These innovation leaders are both quick to take on a strategic experiment and quick to drop an idea that lacks real merit. Your most innovative, direct or indirect competitors may already have a jump start on you.

7. You and Your Team Will Need to Become Techies

Product leaders and their team members will need to develop at least a strong, working knowledge of the technologies surrounding IoT, and preferably deep competence in these technologies. In order to make wise design and development decisions that contemplate IoT, product leaders need to be able to separate between hype and the practical application of these technologies. What will they cost? How should they be incorporated into product design? What types of investments in product will our consumers reward us for? How do we maintain quality standards with the technologies? Robin Thurston, Chief Digital Officer of Under Armour, was recently quoted contemplating, “Are we a performance wear company that leverages technology or a technology company that makes performance wear?” He concluded that Under Armour is moving toward the latter. Closer to home, deep competence for you and your team is also important for career development (and protection), as well as for effective succession planning.

Retail, footwear and apparel product leaders should be doing more to engage in IoT.

At a minimum, every retail product leader should be at least doing the following:

- **Learn** – Actively learn more about IoT, the underlying technologies and the business implications. Dedicate time to articles, blogs, podcasts – any relevant sources to gain a deeper, working understanding of the topic. Meet with firms in the IoT innovation community to learn more about their products and insights about the market. Finally, meet with your colleagues in supply chain, store operations, omni-channel and marketing to learn about their thinking and initiatives.

- **Develop a Point of View** – Based on your more detailed working understanding, develop your own point of view. What is real and not real from a product perspective? How will IoT play out and over what time period? Who are the likely winners from a technology and services perspective? What will my competitors likely do?

- **Set Strategy/Direction** – Set direction for you and your team. Develop a strategy for interpreting and pursuing IoT. Will you be a leader, a fast follower or a slow follower? What inherent advantages do you have that you can exploit? How will you make money over the long term in IoT? What are the risks and obstacles you will likely face? How will you engage your company to pursue your strategy?

IoT is an incredibly uncomfortable topic for many retail, footwear and apparel product leaders, whose experience to date would surely not have adequately prepared them for this phenomenon. However, those leaders that are ready and willing to step well out of their comfort zone and move forward will surely help their own companies while also advancing their own careers.
Examples of Smart, Connected RFA Products

Retail Innovation Shout Out: Belty Good Vibes Wellness Belt

Retail Innovation Shout Out: Intel and Oakley Introduce Digital-Coaching Eyewear

Retail Innovation Shout Out: Ringly Brings Fashion to Wearable Technology

Retail Innovation Shout Out: Adidas miCoach Provides A Personalized Workout

Retail Innovation Shout Out: Pants that Charge your Cell Phone

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