Linking Product Development to the Customer: Crowdsourcing, Collaborative Design and Other Innovative Tactics
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For years retailers have spent inordinate amounts of time and money trying to improve the efficiency of their internal operations; aligning their Design, Development, Sourcing, Merchandising, and Supply Chain teams. Some have now expanded these efforts to also collaborate with their trading partners. They share product designs, work from a common time and action calendar, and track production milestones to unearth potential problems before they affect product delivery. These are all worthy pursuits, and those retailers that do them more effectively than others have more responsive and effective operations.

But what about the top of the retail supply chain? What capabilities are there to tap into the minds of the consumer to make sure retailers are making the right product? All of this effort to make the product correctly and to deliver it more quickly only to find out that they may have made the wrong style in the wrong color at the wrong price point. How do companies ensure their products will hit the mark? To best determine what customers want to buy or their motives behind purchasing decisions, retailers must create vehicles to capture the voice of the customer.
So how does a retailer marry its product design activities with the constantly evolving desires of its consumers?

Although there is no prescriptive way of doing this and ensuring alignment, the following are five increasingly innovative and effective tactics retailers can and should pursue to bridge the gap between their design team and their customers:

- Customer surveys, focus groups and employee feedback
- Product Reviews
- Social Media Monitoring
- Collaborative Design Feedback
- Crowdsourcing
Customer surveys, focus groups and employee feedback

Post transaction surveys and focus groups, though not very sexy and innovative, can still provide valuable insight into the customers’ buying behavior and their perception of your brand.

The trick here is to not alienate the customer by intruding but rather finding an appropriate means to connect and get their feedback. For example, a tween-focused retailer could capture customers’ cell phone numbers and send a text with a link to a survey site. Collecting comments from customer service representatives and sales associates also remains a viable method for understanding what your customers may not be telling you directly.

Although it is often logistically difficult to execute, some companies have tackled this challenge by providing systematic ways for these valuable resources to “brain dump” what they have seen and heard into a central repository for review by design and merchandising. Newer methods of incorporating customer feedback into the product design process, as described later in this point of view, may prove more interesting and engaging to your customers, but a simple survey or input from a store associate who just engaged with a customer can still be quite effective at uncovering a customer’s likes and dislikes.

Real World RETAILING: Online retailer ASOS, sends out a simple follow-up survey email after a purchase is made. Using this tool, ASOS can collect valuable information about its own branded apparel as well as others, regarding construction, fit and style.
Product Reviews

After their initial introduction to e-commerce by Amazon.com, product reviews have become ubiquitous in the digital world. As reported in Business Week, “some 70% of Americans say they consult product reviews or consumer ratings before making a purchase.” These product reviews can provide retailers with valuable information that can be directly incorporated into the product development process.

While it may seem risky to solicit uncensored public commentary, retailers need to embrace this new reality and provide an open forum for customers to rave or vent about their brands. After all, if customers cannot comment on a retailer’s own e-commerce or mobile site, they will just do it somewhere else, and a golden opportunity for a company to directly connect with their customer will have been lost. Retailers can build product review capabilities in-house or get started more quickly by outsourcing the entire function to a company like Bazaarvoice that seamlessly integrates into any website and provides detailed reporting and data analysis. The key here is for a retailer to monitor the reviews, actively address any complaints, and incorporate the feedback into future product assortments. A retailer may be unable to make changes to anything other than fast track items for the current season, but they will be able to utilize the information to influence the design direction of future seasons.

Real World RETAILING:
Nordstrom monitors the product reviews on its website and passes sizing feedback along to its vendors so that manufacturing or quality assurance processes can be audited.
Social Media Monitoring

Product reviews, surveys and focus groups provide retailers with an in depth source of direct customer feedback from controlled interactions, but what about all of the other discussions about a retailer’s brand that customers engage in with friends and family (and increasingly strangers)? It used to be that a company lacked any vehicle for ascertaining the content of these discussions, but with the rapid rise of social media, retailers can now “eavesdrop” on their customers’ conversations. For example, Google alerts can be easily set up to track the appearance of any desired string of text, and social media monitoring services offer even more robust insight. Companies like Radian6, Collective Intellect and Lithium track mentions of a company across millions of data sources including not only social networks but also news sites, blogs, forums, videos and photos. They provide analytics that enable a retailer to “hear” not only who is talking about their brand but also the tone and sentiment of the conversations.

This information can drive a deeper understanding of why certain products hit or miss and can guide the development of future assortments. It can also be used in the initial stages of product design to identify customer needs that are not being met. Unilever, for example, employed social media monitoring to help it generate the initial concepts for a new fragrance of Axe body spray.

Retailers who continue to rely solely on direct collection of customer feedback risk missing the majority of the discussions taking place about their brand. Social media monitoring represents a critical new source of insights retailers can leverage to connect product development with their customers. But the use of social media should not be limited to monitoring; social media’s real power comes from enabling customer collaboration.
Collaborative Design Feedback

Customer feedback regarding prior seasons’ assortments represents an excellent source of information to guide a current season’s designs, but new technologies are now making it possible to easily and affordably incorporate customers’ input into the pre-season product development process. Companies like Wet Seal are utilizing Facebook and other social media sites to post inspiration pieces, CAD drawings or sketches of potential styles, color palettes, etc. and soliciting feedback from customers on the proposed line. Retailers can open this up to the general public, just their “fans” or further control the process by inviting only those customers whose opinions they deem to be the most valuable or promoting the activity as an exclusive perk for their best customers. Consider the case of Vitaminwater’s introduction of “connect” in 2010. Through a “flavor creator” application on Facebook, the company presented its customers with options for the new flavor and then let them vote for their favorite, help determine the benefits messaging and provide suggested designs for the label. Companies can even take advantage of new video streaming technology like Ustream to create live broadcasts showcasing their designs and receive immediate feedback from the participants through the chat functionality. Victoria’s Secret has been an early adopter of this technology, creating opportunities for its customers to interact directly with its famous models. Through this process, the customer essentially becomes a part of the design team, but the retailer maintains control over their level of influence. This collaborative approach enables a retailer to build a greater connection with its customer base, create a more relevant assortment and reduce its risk of manufacturing the wrong products.

Real World RETAILING:

To manage the launch of a new fragrance in the Axe grooming brand, Unilever brought a group of young adults together to help develop Twist. They were briefed about the brand and asked their thought about the idea of “freshness.” The result was to develop a fragrance that transforms throughout the day. The concept was validated with the online community, strongly tying into the product’s projected demographics, optimized by Axe consumers from the UK, US, Argentina and the Philippines. This co-created product was launched globally.
Crowdsourcing – Your Customer is Your Designer!

Instead of just incorporating direct or indirect feedback into the product development process, imagine if customers provided a retailer with designs of what they wanted to see and wear. That is how bold retailers are crowdsourcing. In this model, the retailer retains the decision-making authority for what it ultimately produces, but its customers serve as the source of potential concepts. Threadless.com, a t-shirt retailer and crowdsourcing pioneer, accepts submissions from would-be t-shirt designers and puts them out for a public vote. It then manufacturers the most popular designs and rewards the artists with cash prizes and store credit. Customers can even pre-order the winning designs, providing Threadless with valuable insight into the appropriate quantities and sizes to produce. While few retailers will go so far as to hand over their entire design function to their customers, this form of crowdsourcing represents an intriguing tactic to explore as one component of a retailer’s product development process.

Real World RETAILING: Department store Bergdorf Goodman launched a Facebook contest called “Fendi Frenzy: The Color Challenge” to crowdsource the design of the next Fendi 2Bag. Facebook fans of the retailers were instructed to create their own designs using a predetermined palette of colors to customize the bag’s upper and lower sections, handle, and ID tag. “Designers” had until a certain date to submit as many creations as they wanted. Next, fans and friends voted on all submitted color variations. The top five fan-selected color combinations with the most votes will be reviewed by Fendi’s design team to determine a winner. The winner will receive his or her own designed Fendi 2Bag and Fendi will produce the winning bag, which will be available exclusively at Bergdorf Goodman and bergdorfgoodman.com in the fall.
Final Word

Technological advancements are now making it possible for retailers to finally gain a deeper understanding of who their customers are and what they want. Attitudes are also shifting, with new generations shunning privacy concerns and expecting to be engaged in active dialogue with their favorite brands. Retailers who adapt and begin to incorporate these five tactics for involving their customers in the product development process are likely to reap the benefits of fresh and appealing assortments, increased margins from fewer markdowns, and better inventory turns. More importantly, these retailers will have strengthened the linkage with their customers, enhancing loyalty and lifetime value.
The Parker Avery Group

The Parker Avery Group is a boutique strategy and management consulting firm that is a trusted advisor to leading retail brands. We combine practical industry experience with proven consulting methodology to deliver measurable results. We specialize in merchandising, supply chain and the omnichannel business model, integrating customer insights and the digital retail experience with strategy and operational improvements. Parker Avery helps clients develop enhanced business strategies, design improved processes and execute global business models.

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