MERCHANDISING

THE INTERSECTION OF DIGITAL TECHNOLOGY AND FASHION

Image:Excertpt from 2023 Merchandising Scholar Megan Lenzi's Case Study

CONTENTS

Image: <u>WWD</u> and AlixPartners provide a self-assessment for retailers diving into AI.

MERCHANDISING

How can fashion brands and retailers use big data and digital technology to advance their assortment goals?

2024/2025 CASE STUDY
PROMPT

The right product in the right place at the right time can be a more challenging goal than it sounds. Managing an assortment requires continual adjustment as consumer preferences change, inflation rises, the economy faces a potential-but-not-yet-real recession, and "uncertainty" is forever in the air. However, according to Groysburg et al. (2022), "Buyers are better informed than ever, with access to a wide range of online resources that help them evaluate products."

Fashion brands are leaning on the integration of big data and digitally-driven resources to support merchant's decisionmaking, improving their assortment mix, filling gaps in the product offering, and maximizing stock-to-sales potential. According to Emily Reasor (2022), McKinsey & Company's Senior Partner responsible for Retail and Growth, "[F]orwardlooking companies have shown that data and analytics can help them become more precise in their efforts, as well as more effective in managing inventory surplus, value perception and margins." For instance, merchandisers lean on past performance to inform future decisions. With the growth of big data and information accessibility, brands can use data analysis and modeling to make more informed product decisions (Gaddamadugu, 2023). Brands are increasingly using data in trend forecasts as well. Brands prioritize insights from forecasting organizations to ensure they have the right trends and appropriate inventory levels within their assortment. Increasingly, forecasting agencies such as Edited, WGSN, and Heuritech are using digital technologies like machine learning, web-crawlers, and AI to maximize recommendations based on data. With the integration of AI-driven digital technology, brands are able to get a more accurate picture of trends and product demands. It is expected that merchants will increasingly rely on data-based and digitally-driven resources, such as forecasting resources using AI or machine learning, to support a variety of assortment decisions including pricing and product mix.

The NorthFace utilized IBM Watson for early integration of AI into their assortment management. Source: Modev; Outside Insight

EXAMPLES OF BIG DATA AND DIGITAL TECHNOLOGY IN MERCHANDISING

- Brands and retailers are using data with various digitally-driven resources to optimize their merchandise assortment before the season starts.

    - Companies such as PVH and Abercrombie & Fitch both lean on Edited to connect their company data with external market data to optimize assortments, pricing, and promotions.

    - Brands including Adidas and Louis Vuitton partner use forecasting agency Hueritech to get data-based trend recommendations for their buying strategies. Hueritech uses machine learning to analyze 3 million social media images daily, recognizing apparel details that are important to brands.

- Fashion brands/retailers are using predictive and generative AI to optimize their trend predictions and inventory management.

    - North Face has used IBM Watson (2019), an AI engine, to predict the next big trend and the most relevant styles, colors and size ratios and improve their ecommerce assortments (Khandelwal et al., 2021).

    - Fuse Inventory uses AI-driven inventory tracking to forecast price fluctuations, order quantities, promotions and product launches as well as market outliers such as natural disasters and pandemic (Hickman, 2023).

AI-NLP powered search

We use Natural Language Processing (NLP) & Artificial Intelligence (AI) for deeply understanding user's intent
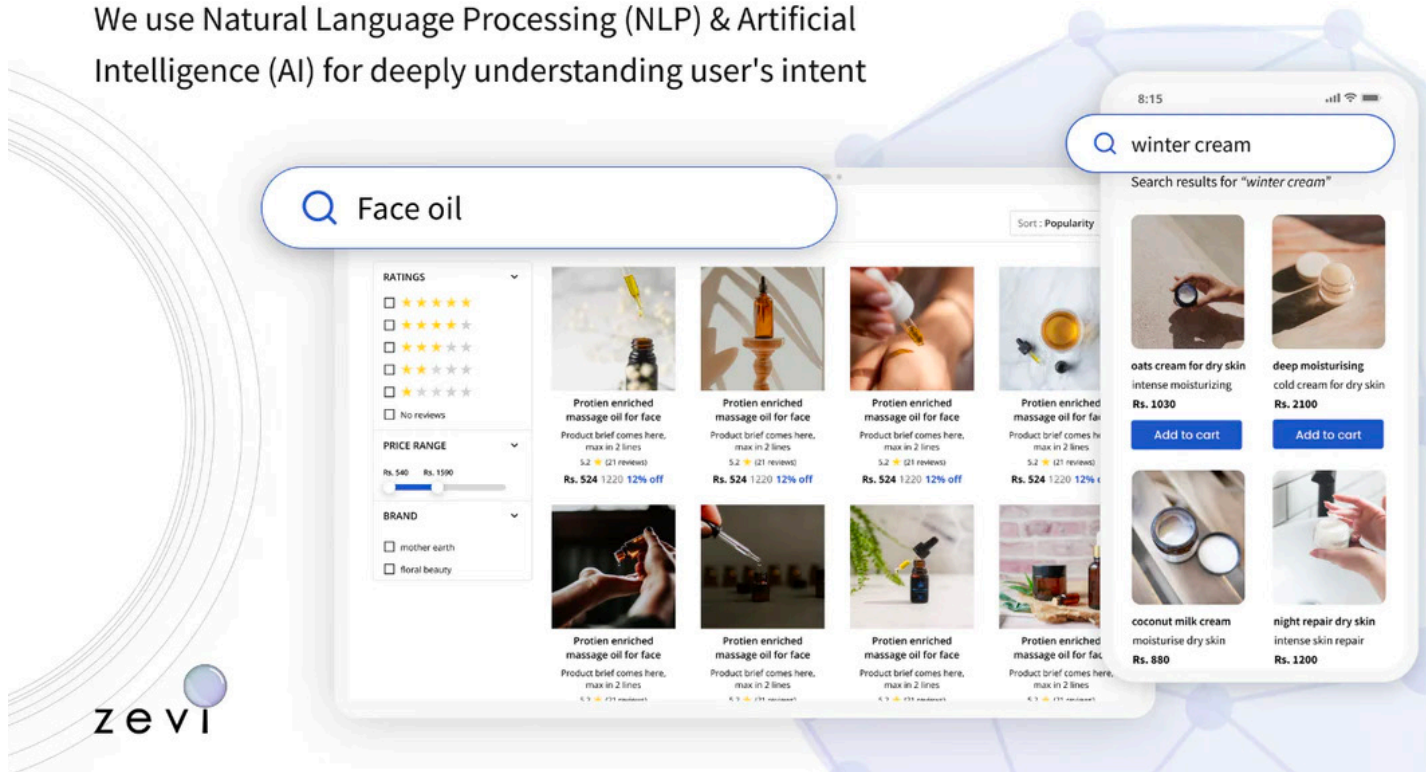
YOUR ROLE

You are the Chief Merchant for an existing brand/ retailer of your choice. As Chief Merchant, it is your responsibility to establish your mix of product, determine the channels of distribution, and establish the proper assortment across all channels. You are responsible for curating the product mix that best meets your customer's needs. You use data to inform your product choices, driving a balance of the right product in the right place at the right time. You are currently tasked with integrating additional data and digitally-driven resources to improve your brand/retailer's assortment decisions.

OBJECTIVE

Curate a new product assortment maximized by data and digital technology

Your objective is to create a product assortment for an existing brand/retailer. The brand/retailer that you select should be generally well-known. The brand that you chose must be a fashion apparel, accessories, footwear, home, beauty, or health & wellness brand. It is suggested that you choose a company that is publicly traded so that information regarding the company is easily accessible.

Alongside your proposed assortment, address how you will maximize your assortment through the use of big data and/or digitally-driven resources. You may consider how big data, web crawlers, machine learning, predictive AI, and/or generative AI could be used to improve your decisions. Consider if there are existing resources you can utilize as support for your product planning and management. You must curate your merchandise assortment to launch with the support of data and digital technology. Further, address how your approach will advance the brand/retailer's product assortment. Your merchandise assortment should engage the customer and must apply to one or more specific channels, such as physical retail (i.e., brick and mortar, pop-up stores, etc.) or e-commerce (i.e., online, m-commerce, social commerce). You must address if the product you propose will be available only on selected channels or across all of the brand/retailer's channels.

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CASE STUDY REQUIREMENTS
& *CHECK LIST*

SUBMISSION FORMAT

Case studies should be submitted as a **17-21 page slide deck** including title, appendices, and references. The slide deck should be in landscape orientation, with slides sized for on-screen show 4:3 or 16:9 display (approx. 10" x 7.5").

Submission files can be created in any software of the applicant's choosing, such as PowerPoint, Keynote, Adobe InDesign, Illustrator etc. However, **all cases must be submitted in a flat PDF format** without video or sound.

REQUIRED SECTIONS

Section 1: General Introduction *(2-3 Slides)*

☐ **Title Slide.** *Must be the first page/slide of the deck.* Include: title, case study discipline (Merchandising), and one sentence summary of your assortment concept. Do NOT include any identifying information (name, school, etc.).

☐ **Executive Summary.** Cover all components of your case study to provide the essence of your case study without the fine details in paragraph format, no longer than 350 words.

☐ **Table of Contents.** *Optional.* Outline sections of your case study.
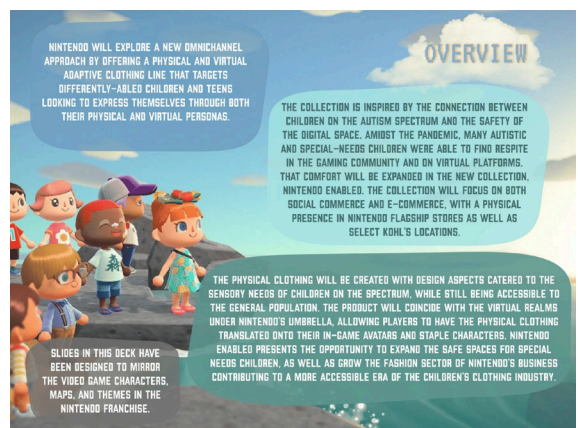
Above: Example of Section 1: General Introduction; 2023 FSF Chairman's Award recipient Clay Lute

Section 2: Establish Your Brand *(2-3 Slides)*

☐ **Brand Comparison.** Share a brief comparison of two brands that you have researched.

    ☐ One of the brands should be the brand/retailer you select for your concept.

    ☐ Include aInclude a comparison of current digital technology and/or data strategies used (if they have been implemented and information is available).

☐ **Chosen Brand/Retailer Introduction.** Building on your brand comparison, introduce your chosen brand.

    ☐ Include an overview of your brand/retailer's strengths, weaknesses, opportunities, and threats.

    ☐ Address how your chosen brand would benefit from a new merchandise strategy that incorporates data and digital technology. You may also choose to emphasize opportunities within the product offering.
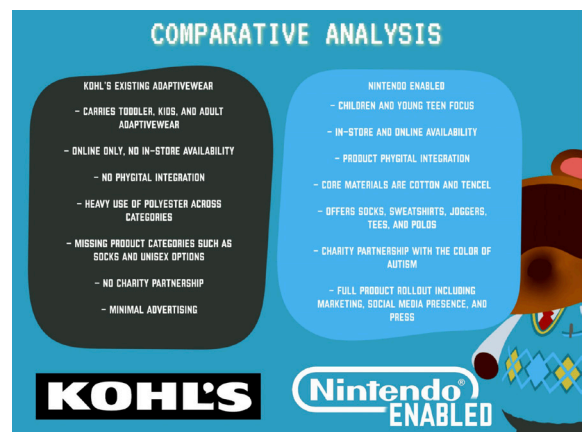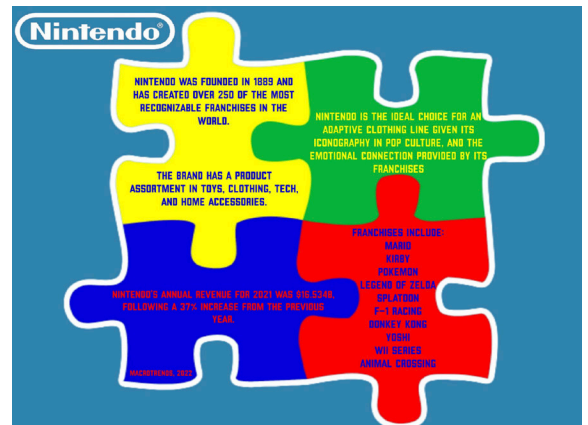
Above: Example of Section 2: Establish Your Brand; 2023 FSF Chairman's Award recipient Clay Lute
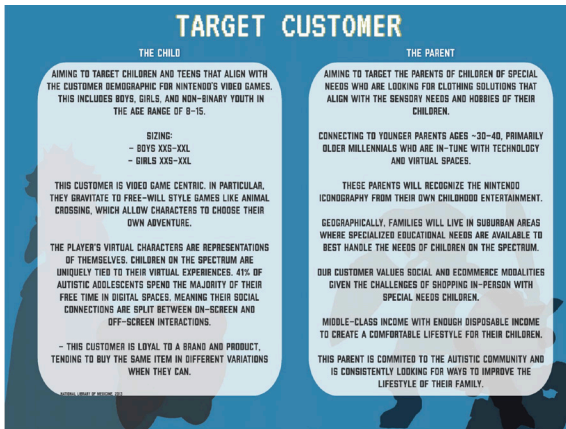
Section 3: Research *(3-4 Slides)*

Summarize key findings from your research regarding the evolving fashion industry and merchandising opportunities relating to big data and digital technology.

☐ **Technology Research.** Address evolving digital technology and data trends that are important to your brand/retailer and merchandising.

    ☐ Identify leading trends that can be utilized to support assortment and/or for your brand/retailer.

☐ **Industry Research.** Summarize key findings from your research regarding the evolving fashion industry. You may address competitor activities, technology advances in adjacent industries, or assortment and merchandising strategies.

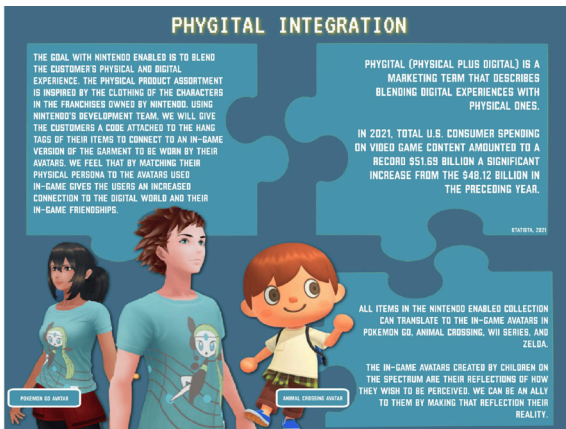*Above: Example of Section 3: Research, 2023 FSF Chairman's Award recipient Clay Lute*

Above: Example of Section 3: Research; 2023 FSF Chairman's Award recipient Clay Lute

Section 3: Research *(continued)*

☐ **Consumer Research.** Summarize findings from consumer research and identify the target customer segment(s) you hope to attract.

    ☐ Describe your target customer bearing in mind your brand's current market positioning and competitive advantages.

    ☐ Illustrate what motivates the customer segment and what is the best way to appeal to them given lifestyles, behaviors, and attitudes.

☐ **Impact.** Demonstrate how this research highlights a gap and/or an opportunity for your chosen brand/retailer. This should tie together the research about the brand/retailer's market, consumer, and digital or data support opportunities.

Above: Example of Section 4: Support for Merchandise Assortment, 2023 FSF Chairman's Award recipient Clay Lute

Section 4: Big Data and Digital Technology Merchandising Support *(1-2 Slides)*

☐ **Big Data and Digital Technology.** Introduce how you will use big data and/or digital technology resources to support your merchandise strategy and how it addresses opportunities for your chosen brand/retailer.

    ☐ Explain how your product mix aligns with the proposed strategy and why you have selected this type of merchandise.

    ☐ Address the support strategy's suitability to your chosen brand, the product assortment, and the integration into the business.

Section 5: Brand Merchandising *(1-2 Slides)*

☐ **Assortment Plan.** Develop the initial product assortment including a SKU plan, your target retail price, COGS, and markup.

☐ **6-Month Plan.** Connect your assortment plan to a 6-month sales plan detailing projected monthly sales, receipts, markdowns, gross margin, and inventory turnover.

  ☐ You may use the template provided or a template provided by your educator or mentor.

  ☐ In addition to presenting your sales plan, be sure to explain your method and key figures used. Also explain any assumptions made within your sales plan. You may utilize the appendix to provide further details of your analysis if needed.

Section 6: Planning & Allocation *(1-2 Slides)*

☐ **Launch Plan.** Outline your initial merchandise launch plan, explain when and how your product will be available to consumers. This may be on a single channel or across channels.

  ☐ You may also consider wholesale, retail, and/or direct-to-consumer.

☐ **Distribution Plan.** Develop a distribution plan for the chosen brand/retailer's various channels, such as in-store and e-commerce channels. If relevant and applicable, you may propose an omni-channel strategy.

  ☐ Propose a percentage allocated to the channels and explain your reasoning for the inventory investment by channel.

  ☐ Address how your assortment will be distributed to maximize sales and customer engagement.

    ☐ Encompass all channels proposed in your launch plan.

    ☐ Consider factors such as timing and product origin.

Above: Example of Section 5: Brand Merchandising & Section 6: Planning & Allocation, 2023 FSF Chairman's Award recipient Clay Lute

Above: Example of Section 7: Visual Merchandising; 2023 FSF Scholar Sabrina Martinez

Above: Example of Section 8: Future Growth; 2023 FSF Chairman's Award recipient Clay Lute

Section 7: Visual Merchandising *(1 Slide)*

☐ **Visual Guidelines.** Create a visual merchandising (VM) aesthetic to align with your merchandising strategy.

  ☐ Present visual guidelines to properly execute the visual strategy. This may be a mock-up of the store or e-commerce interface, a planogram, or a visual merchandising directive.

  ☐ If relevant, consider the visual merchandising nuances for channels considering the proposed digital technology or data insights, how may the VM vary?

Section 8: Future Growth *(1-2 Slides)*

☐ **Growth Plans.** Outline your plans to scale your big data and digital technology-backed merchandising strategy if it is successful.

  ☐ Consider how you might address the evolving desires of customers while maintaining a focus on the product assortment.

  ☐ For example, consider additional services, products, or technologies you might wish to integrate in the future.

Section 9: Conclusion & References *(2-4 Slides)*

Use the final slides for your conclusion, bibliography, and any footnotes.

☐ **Conclusion.** Your conclusion should be your final statement expressing the importance and relevance of your idea for the brand you have selected and the industry. This may utilize a traditional recap approach, touching on key points, or you may utilize creative storytelling to instill understanding and importance.

☐ **References.** All text references should be properly formatted using a format such as APA, Harvard, or Chicago style. Images may be cited with the source name listed under the image on each page, such as "Vogue" or "WWD". Alternatively, image citations may be provided in a separate list with web addresses only.

Section 10: Appendix *(No more than 5 slides)*

Optional. Use the appendix to present additional, supplemental ideas that support your project concept.

Above: Example of Section 9: Conclusion; 2023 FSF Chairman's Award recipient Clay Lute
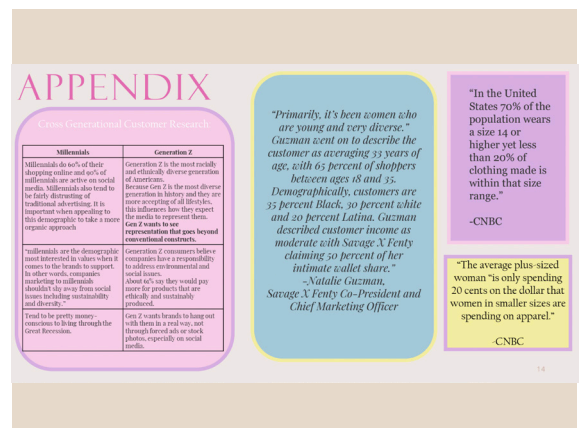
Above: Example of Section 10: Appendix; 2023 FSF Scholar Sabrina Martinez

COMPETITION GENERAL GUIDELINES

FORMATTING

Do not include your name or college/ university affiliation on the title page or anywhere in the case study as the review process is anonymous.

No specific font or format will be enforced. You are encouraged to utilize visuals throughout your presentation. It is advisable to not overload each slide with information, and to keep your presentation concise and to the point: each slide should take no more than 1-2 minutes to absorb by the reader.

Do not exceed the page limit. Ensure your content connects from section to section to tell the story you are trying to convey. This is the first time judges will be exposed to your case study and they should be able to fully interpret your intended plans.

All references should be included within a references/bibliography page at the end of your slide deck or annotated in footnotes visible within the slide. Do not use hyperlinks in a footnote as the content cannot be accessed once the case study is uploaded.

Be sure to proofread your case study. Points will be deducted for not following format directions, as well as for grammar and spelling errors.

ELIGIBILITY

• **You must be a full-time sophomore, junior, or senior.**
• **You must be graduating no earlier than Spring 2025.**
• **You must demonstrate a desire to pursue a career in fashion.**
• **To receive on-campus support, you must be enrolled in an FSF member school.**

AI DISCLOSURE

You may use AI programs (e.g. ChatGPT) for brainstorming and help in generating ideas. However, note that the material generated by these programs may be inaccurate, incomplete, or otherwise problematic. You may not submit any work generated by an AI program as your own. If you include material generated by an AI program, it should be properly cited like any other reference material.

VIRGIL ABLOH'S™ "POST-MODERN" SCHOLARSHIP

The mission of the Virgil Abloh™ "Post-Modern" Scholarship Fund is to foster equity and inclusion within the fashion industry by providing scholarships to students of academic promise of Black, African American, or African descent. Mr. Abloh named the fund "Post-Modern" to represent that recipients will not only receive funds, but will also be given access to vital career support services and mentoring.

REQUIRED DOCUMENTS

1. Completed FSF Case Study

2. Current Resume

3. Current Unofficial Transcription

4. ***New for 2025*** Prepare an (approximately) 90 second video containing your responses to the following prompts:

   - Explain why you have decided to select your case study discipline.

   - Tell us about your interest in the fashion industry and career aspirations.

   - Tell us about your background and any experiences that make your situation unique.

5. Required for all applicants: Please submit a 250-word maximum written response identifying the top five Named Scholarships you're most interested in applying for, and why.

   - *IN ADDITION: If you are an **international student** only:* Submit a 250-word maximum response to address the following question:

     - As an international student, what would it mean to you to become an FSF Scholarship recipient?

   - *IN ADDITION: If you are a **Virgil Abloh™ "Post-Modern" Scholarship applicant** (see previous page):* Submit a 250-word maximum response to the following question:

     - Please explain why Virgil Abloh's™ "Post-Modern" Scholarship mission is important to you. What would like the team carrying on Virgil's mission to know about you? We encourage you to tell us about relevant personal and fashion-related experiences.
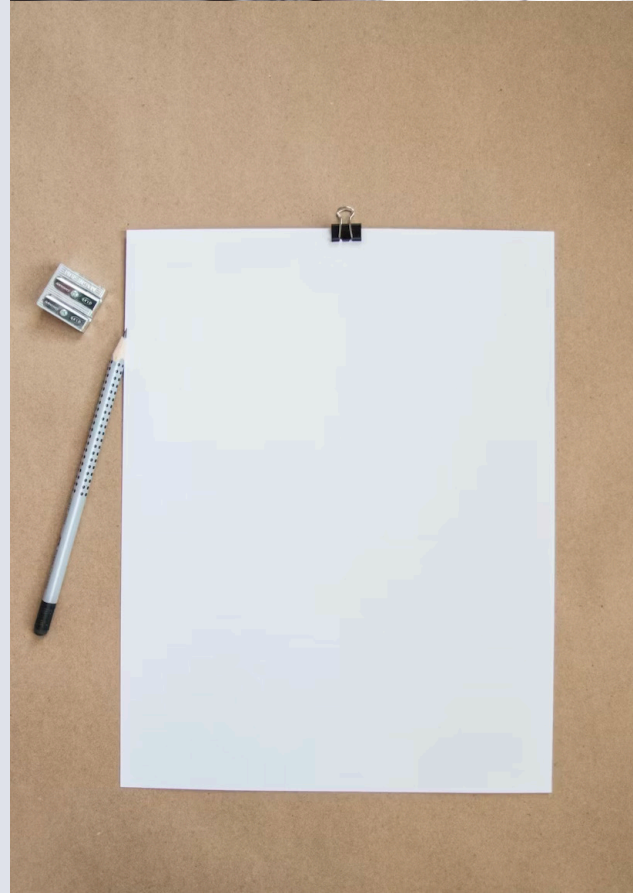
JUDGING CRITERIA

Your case will be reviewed by industry professionals including the FSF Board of Governors, FSF Mentors, and FSF Alumni.

Creativity & Feasibility (20%)

- Is the applicant's idea unique, inspiring, and innovative?
- Is the applicant's idea well-thought-out and conceivably executable?
- Is the applicant's idea clearly connected to the selected brand?

Research & Development (20%)

- Has the applicant researched the selected brand, demonstrated depth of knowledge of the company's activities and competitive positioning as relevant to the presented concept?
- Has the applicant conducted thorough research regarding the retail landscape and the attitudes, behaviors, and lifestyle traits of the intended consumer?

Collection Presentation (40%)

- Has the applicant presented their concept development in a manner that is clear and supports the final collection design?
- Has the applicant presented a final collection that conveys a strong presentation of design and is fitting to the intended concept?
- Has the applicant presented technical design details (through tech sheets) that are easy to understand and show how to execute the concept?

Clarity (15%)

- Does the scholar clearly and consistently tell their story, aligning direction from executive summary, through core content, and into the conclusion?
- Does the applicant's case follow logical development and a clear structure; is it easy to follow and summarize?
- Did the applicant clearly complete each portion of their prompt?

Format (5%)

- Did the applicant use correct grammar and spelling?
- Did the applicant include a title page with one sentence to summarize the case?
- Was the applicant's name and school kept anonymous?

TIMELINE

Deadline and Announcement of Competition Results

February 1, 2024

Wizehive, the digital platform used for FSF case study submissions will open. Your FSF faculty member will provide you with the Wizehive link. Complete the Applicant Profile on Wizehive to participate in **FSF Summer Scholar Series** which will run from **June – August 2024** (see details on next page).

October 14, 2024

Submit all required materials on Wizehive **BEFORE 8:59 AM Pacific Time (11:59 AM Eastern Time)** to avoid any issues with submission. **The Wizehive portal will close PROMPTLY at 9:00 AM Pacific Time (12:00 PM Eastern Time)**. Be sure to allow sufficient time to upload all required documents (i.e., case study, resume, unofficial transcript, video) – the Wizehive submission portal will close automatically at the scheduled time even if an upload is still in progress. If all documents are not fully uploaded, your submission will not be received by the FSF. Please contact Katie Simone, FSF Program Manager, at Ksimone@fashionscholarshipfund.org who will help rectify any submissions that are incomplete.

You will receive a Confirmation of Submission to your Wizehive homepage that your submission process was completed.

Mid-December 2024

The Scholarship competition results will be announced in mid-December. Results will be sent to the FSF faculty member at your school. Your FSF faculty member will share the results with you. If you are applying from a school without an FSF Educator, you will be contacted by the FSF team to be notified of the results. Additionally, results will be posted to the FSF website. Following the announcement of results, you will receive a Welcome Letter from the FSF.

SUPPORTING MATERIALS

Additional resources are available for all case study tracks in the **FSF Student Resources Dropbox** folder.

Attend the Summer Scholar Series

This program consists of workforce preparedness courses and master classes from industry experts on relevant topics and current challenges of the industry. We equip Scholars, Scholar Applicants, and Alumni for their future internships or full-time job opportunities.

Ready to Get Started?

To start your research, reference the following articles.

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