

Voice of Customer Analytics and 3D Product Creation:

Maximize your investments
by leveraging them together

Kalypso - Will Yester, Danny Oviedo, Sarah Higgins, Malika Virk, Steve Riordan

First Insight - Greg Petro, Jim Shea, Gretchen Jezerc, Charlie Holmes, Sarah Efremenko

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Digital Transformation with VoC and 3D

Over the past several years, retailers and brands have experienced seismic industry changes impacting product creation teams: fierce new competitors, a rapid acceleration of direct-to-consumer business models, increased consumer expectations for personalization and sustainability, and massive supply chain disruptions – just to name a few. Exciting, new digital technologies promise to help brands and retailers to stay competitive in this rapidly changing landscape. **Voice of Customer (VoC) Analytics and Digital Product Creation (DPC)** in particular are driving tremendous value when successfully implemented, but too often these complementary capabilities are disconnected. VoC and DPC are great, but together, they are even better.

The use of VoC analytics in the retail, footwear and apparel industry continues to prove to be a highly valuable capability. VoC analytics incorporate customer feedback on products to improve product success and decision-making around product design, marketing, product selection and price points. This capability has demonstrated a measurable ability to improve decision-making, hasten speed to market and increase sell-through with fewer markdowns leading to increased revenues and gross margins. As a result, companies across the industry are investing to implement and scale this capability across their organizations.

At the same time, companies are investing to scale DPC initiatives after an unprecedented year of remote work forced teams to make product decisions based on what they saw on a screen instead of a physical sample.

Line and product review sessions that were previously held with physical product and teams together in the same room were conducted as video meetings. Digital Line Review capabilities provide a unique solution for remote reviews, presenting a logical template that supports productive and accurate reviews, even when teams can't be together. This allows brands and retailers to present item and line recommendations with confidence, leading to win-win decisions for increased revenues and margins.

To break down these two siloed capabilities, retailers and brand leaders should develop a cross-functional view of **the digital thread** and a point-of-view about how the landscape of new digital technologies can be connected to generate greater value across discover, create, make and sell activities. **This digital thread** will need to be enabled by a robust technology and data infrastructure to better support the new connected enterprise by seamlessly integrating tools and data into enhanced processes.

Because the teams responsible for VoC analytics are often different from the teams responsible for 3D design and development, many initiatives end up disconnected and leave potential value on the table. Of course, VoC can be conducted using traditional 2D illustrations or images of physical samples, but leveraging 3D designs and photorealistic renders allows customers to understand the product intent and end-state more clearly.

Combining VoC with DPC results in accurate, insightful and actionable feedback for retailers and brands – leading to an optimized product line earlier in the process, without a physical sample.

What is the Digital Thread?

The digital thread is a seamless flow of data that connects business processes, systems, products, and equipment across the value chain to drive significant value.

Industry Challenges

Rising Production Costs

Product costs continue to rise due to the increased costs of raw goods and transportation. This puts pressure on leaders to make smarter product decisions earlier in the process so they can minimize line volatility and late season changes. Leveraging consumer feedback tied to a 3D workflow in the development cycle can decrease pressure from these costs. Digital design and development reduces the number of physical samples required, which saves raw material costs, labor, time and transportation. Photorealistic renderings generated from the 3D design files can then be tested with VoC analytics to make better consumer-driven decisions, especially for style selection, pricing and quantity.

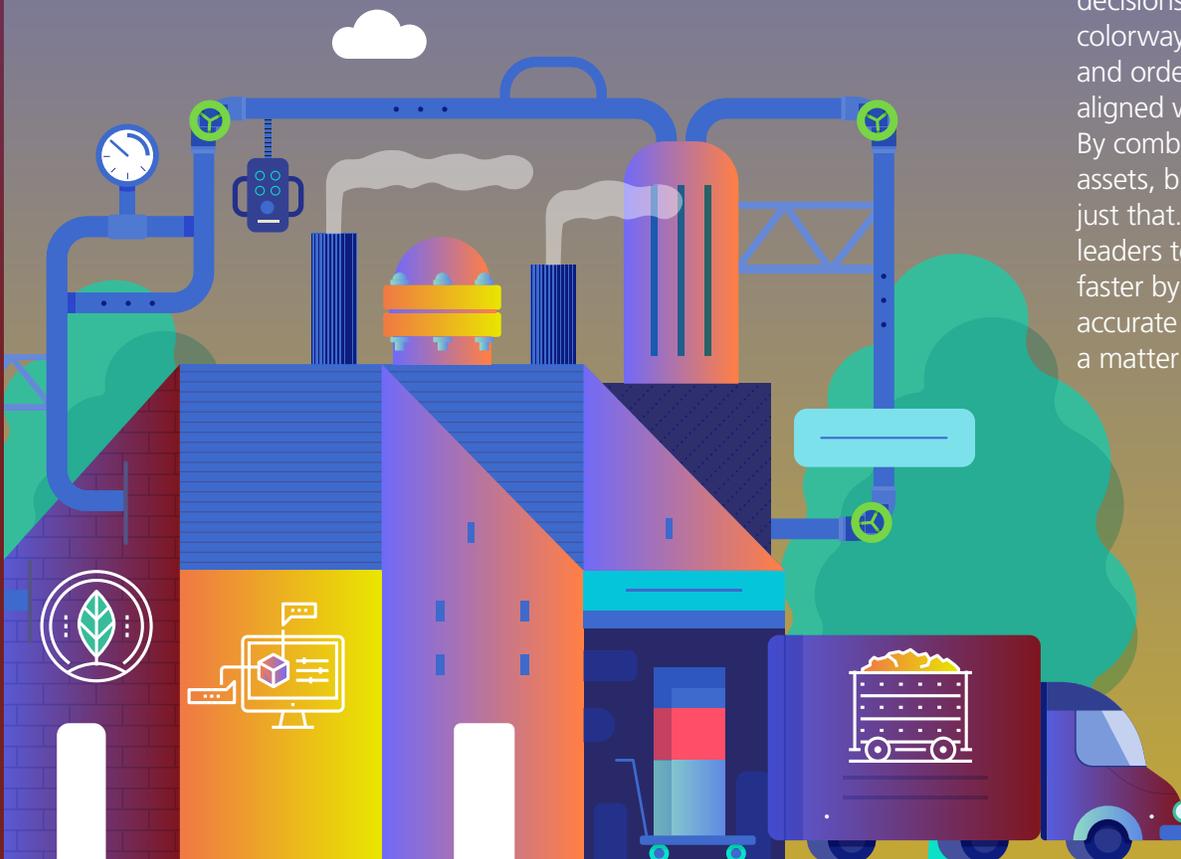
Sustainability Expectations

By reducing the amount of raw materials used and samples made, companies are not only saving on cost, but also furthering sustainability efforts. Consumers today demand sustainability, transparency and traceability. Fewer samples made means less water wastage and a smaller carbon footprint from producing and shipping those samples. The use of VoC analytics with 3D assets furthers sustainability efforts by also reducing the risk of committing to unnecessary inventory that will eventually end up in a landfill. Better decision-making means increased sales and less waste impacting the planet.

Diversifying Production

With the fluctuating costs of labor, raw materials and transportation across the globe, companies need to widen their sourcing and manufacturing strategies. While this helps to lower costs, it can make the design and development process more challenging. To create efficient global operations, companies must be able to design digitally and gather consumer feedback virtually. When vendors understand design intent, they can provide accurate costing and a right-first-time physical sample that is guaranteed to be adopted.

Brands are seeking ways of creating their product as close to market as possible so that product-related decisions regarding style and colorway selection, product pricing and order quantities are better aligned with consumer demand. By combining VoC analytics with 3D assets, brands and retailers can do just that. This combination enables leaders to make better decisions faster by providing them direct and accurate consumer preference data in a matter of days rather than weeks.



Opportunities to succeed

By leveraging both VoC and DPC, companies can optimize decisions and touchpoints throughout their product creation processes.



Concept

VoC and DPC can be leveraged by teams as early as the concepting phase. Color and art teams can immediately get feedback from customers on color and trend direction. Design teams can gather customer reactions to more fashion-forward styles or uncertain or risky design elements.



Design

During the design phase, teams can use customers' style feedback to iterate on design concepts more quickly, allowing designers to present preferred design options backed by real customer sentiment to both merchants and leadership.



Assortment Planning

Merchants can make better, more informed decisions by testing design options ahead of final line adoption and incorporating style and colorway insights to identify potential top and bottom performers. In addition, VoC can provide guidance on pricing and buy depth to maximize revenue, and qualitative feedback on features to highlight what will drive purchasing.



Marketing

Marketing teams can test imagery, messaging and campaigns to better understand what will best capture customer attention and quickly iterate based on direct feedback. They can also reuse renderings for advertisement purposes by simply swapping out products on images, saving the teams time and money in creating physical advertisement samples.

Making the Case for Adoption

Although there are many opportunities for how and when to leverage VoC and DPC to improve the product, many companies do face obstacles in adoption. Two of the most common pitfalls to adoption are justifying an investment in these technologies and lack of executive sponsorship.

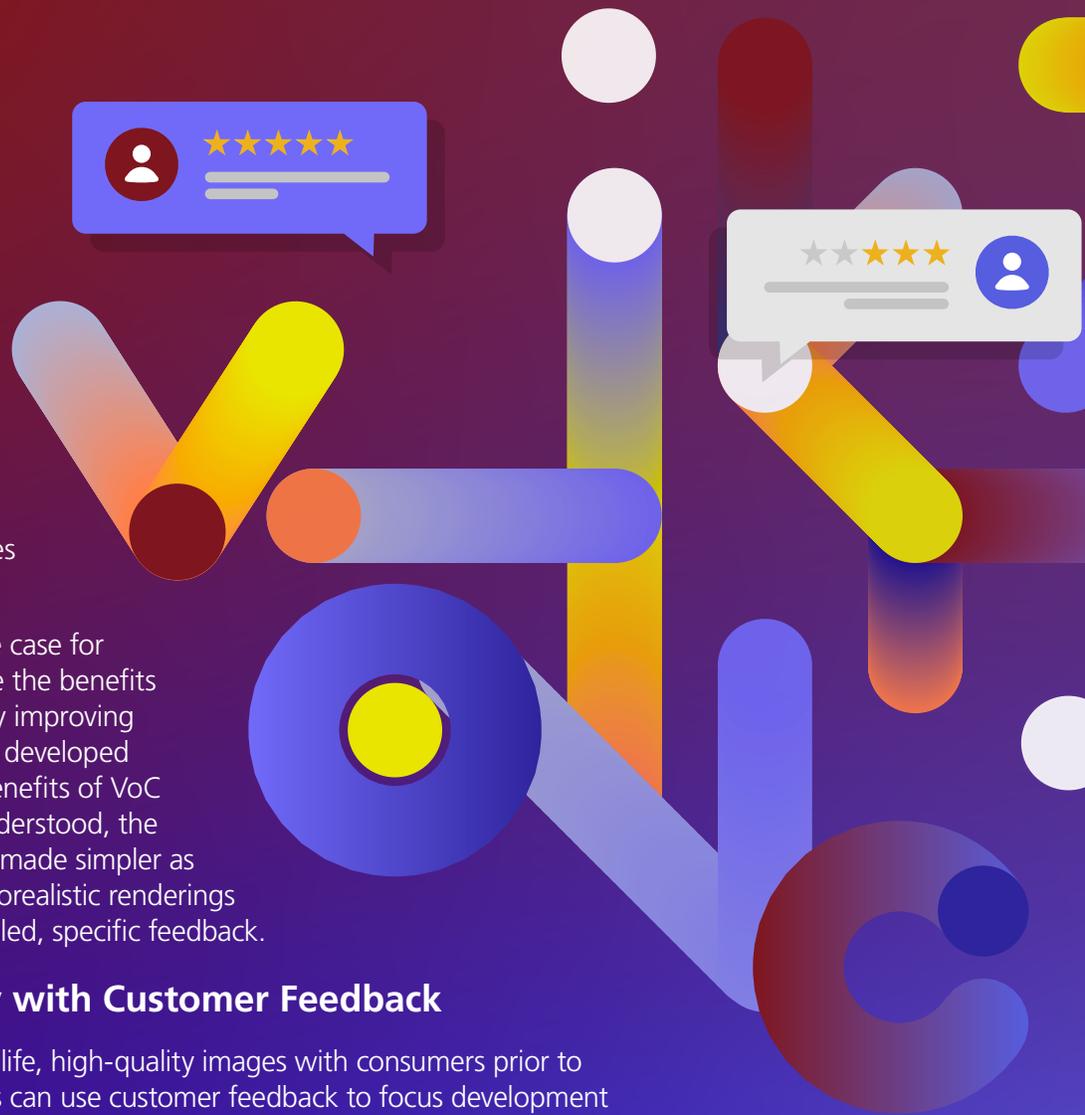
VoC can be used to help make the case for DPC. VoC can quickly demonstrate the benefits of customer feedback and input by improving sell-through and the ratio of styles developed versus styles adopted. Once the benefits of VoC as a standalone investment are understood, the case for adopting 3D tools can be made simpler as testing customer insight with photorealistic renderings has proven to generate more detailed, specific feedback.

Saving Time and Money with Customer Feedback

Additionally, By leveraging true-to-life, high-quality images with consumers prior to creating proto samples, companies can use customer feedback to focus development efforts on designs with the highest potential. This allows teams to drop styles earlier in the process, reducing the time and money spent on them. Focusing on specific designs with detailed feedback boosts productivity. By leveraging 3D assets, brands can incorporate this feedback faster and decide whether to test customer sentiment again closer to launch.

Getting to ROI More Quickly

Using the combination of 3D renderings and VoC allows companies to generate ROI faster than if they were taken on individually, which can help escalate the imperative for VoC and DPC. Both capabilities can be used as gateway capabilities to set companies up for more advanced digital use cases by quickly demonstrating the value of digital to both the company and customer. While both capabilities are impressive on their own, together they can help companies get closer to an ideal product development state.



Benefits throughout the Product Life Cycle

VoC can be used at any stage of the end-to-end product life cycle process, and the more mature your capability is, the bigger the benefit. DPC is not needed to run VoC analytics, but there are significant benefits once high-fidelity 3D models are introduced to your VoC process.

STAGE 1

Physical Product Sample Photos for Adoption & Buy Decisions

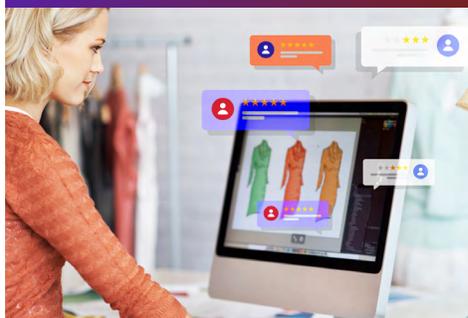


VoC is leveraged at the end of the process using photos of physical sample product to inform adoption/buy decisions. Product photos work well for customer feedback since they represent the product with high-fidelity. This allows product and merchant leaders to make wise product selection and pricing decisions at the end of the process.

However, photo studios need greater capacity to take on the photography of all overdevelopment. This makes it very difficult to scale, which leads to companies minimizing the amount of product they can test. At this late stage, teams will not have the time to iterate on customer feedback, limiting the benefits of VoC analytics to only influence adoption/buy decisions.

STAGE 2

Sketches and Artwork for Feedback & Iterations on Designs Pre-Adoption

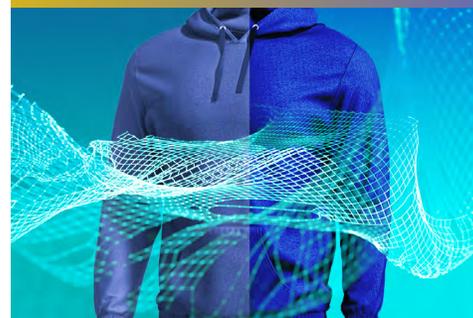


VoC is used earlier in the process leveraging sketches and artwork in the surveys. This allows designers time to react to customer feedback and iterate on their styles. Teams can be empowered to leverage the feedback to select the styles and limit the number of physical samples ordered to those that test well with a higher likelihood of adoption.

While tests using black and white sketches (especially tests with artwork applied) provide good directional design feedback, it can be difficult for customers to fully visualize the final product. This can make the price/valuation feedback less useful than when using sample photos or 3D renderings.

STAGE 3

3D Photoreal Assets for High-quality Feedback & Iterations on Designs as early as Concept Review



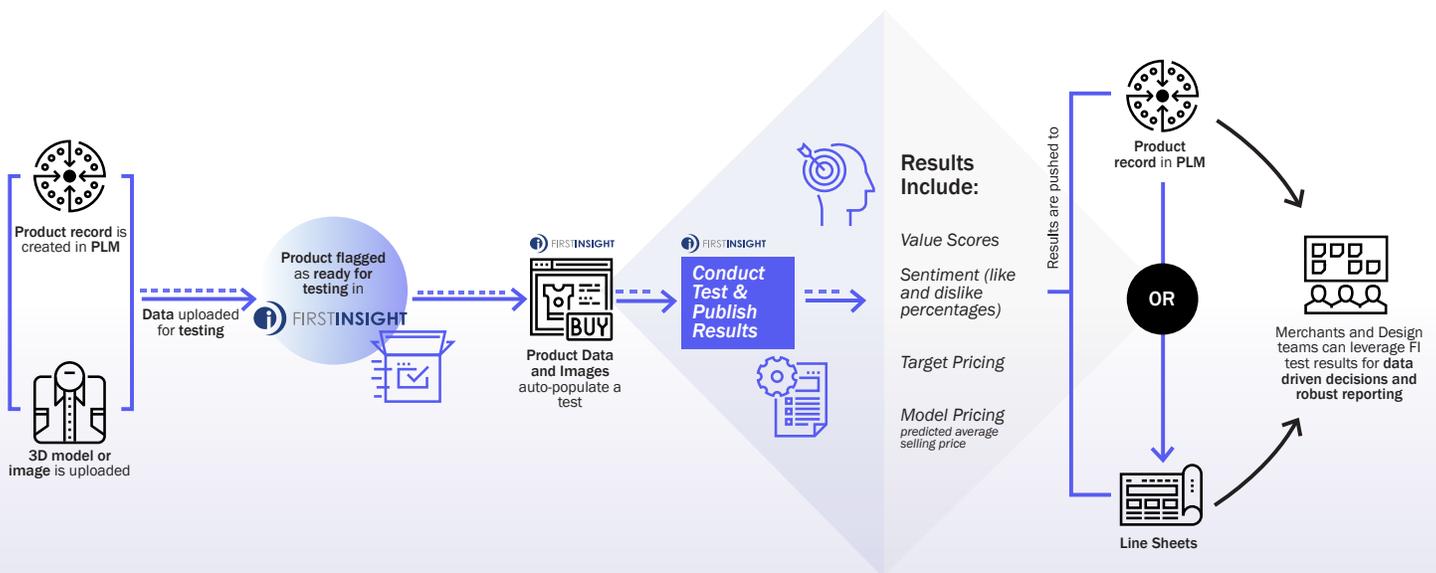
For the most mature companies, VoC is used even earlier in the process; potentially as early as concept testing by leveraging 3D assets. The ability to start testing this early in the process gives product teams multiple opportunities to iterate based on direct customer feedback. And by leveraging 3D photoreal assets, customers are able to better understand what the product will look like making it easy for them to critique the designs and provide more useful feedback.

Testing in photo-real 3D earlier on enables cross functional teams to get high-quality, customer-driven feedback all before a physical sample is ever made. These 3D renderings can be used to test multiple product inputs throughout the product lifecycle including artwork applied to styles, the look and drape of new materials, early drafts of styles and even potential marketing materials like laydowns or full outfits.

Improving Process and DataFlow with Integrations

Kalypso worked with First Insight to prove out a streamlined process through integrations between First Insights' platform, PLM, and 3D platforms. With these integrations, the manual effort associated with gathering product data and images to set up VoC digital product testing is eliminated.

By integrating 3D with a PLM solution, companies can keep current 3D models and images updated in the product records within PLM. This saves designers the time spent reuploading images any time they make an update to their 3D model. More advanced integrations can also enable the ability to track product development progress, including whether a design is finalized or ready for review, by pushing through an update to the style status.



Once the product record is created in PLM and a 3D model or image is uploaded, the data exists to run a First Insight test. By integrating First Insight with a PLM solution, products can be flagged as ready for testing. Once products are flagged, the First Insight platform will pull in all the product data and images needed to auto-populate a test. After running the test and receiving results, a two-way integration pushes First Insight test results including value scores, sentiment (like and dislike percentages), and target and model pricing directly into the product record in PLM or line sheets.

Merchants and design teams can create more robust reporting by incorporating these findings into milestone meetings to drive better data-driven decisions.

Adoption of new technologies and capabilities is often a barrier to the successful implementation of a program. Teams are more likely to embrace these VoC testing if more tedious aspects of the process, such as the collection of product data and product images, are simplified through automation and integration.

Success Stories from the Industry

The benefits of both VoC and DPC analytics are noteworthy individually, but paired together, these capabilities allow companies to gather insightful feedback from realistic renderings that can be implemented throughout the product development lifecycle.

Kalypso's Annual Digital Product Creation Maturity Assessment found that Voice of Customer Analytics and 3D Product Design had the highest average current maturity in use cases related to discovering and creating with digital. This finding indicates that companies are betting on Voice of Customer Analytics and 3D Product Design as high-potential investment opportunities. Many retailers have spoken about their investment in both capabilities – here are a few examples!

WOLVERINE WORLDWIDE | W

Wolverine Worldwide's Director of Consumer Insights, Lindsey Goodman, stated that the company has the potential to shorten its product development calendar by at least 40% and to reduce physical samples by up to 70% by leveraging customer-driven analytics and digital style testing.

KOHL'S

American department store chain Kohl's puts the consumer at the beginning, middle and end of everything they do and every investment they make. As a consumer-led retailer, they're constantly looking for better ways to serve the consumer and service her and her family's needs. Leaning into predictive analytics and digital product testing allows their merchants, planners and marketers to be more proactive than reactive to increase engagement and attract new consumers.

Dan Plas, Senior Vice President – Digital & Ecommerce at Kohl's stated that anytime you can embed a higher level of certainty into what you as a wholesale partner are providing to a retailer, there's added benefit and higher levels of confidence. First Insight's Voice-of-the-Customer solution helps wholesalers tailor predictive analytics to specific consumers by leveraging informed data and analytics. Not only does predictive analytics benefit the business, it also has the potential to improve the retailer/wholesaler relationship.

MARKS & SPENCER

Last November, London-based multinational retailer, Marks & Spencer announced that it is partnering with both Optitex and First Insight to test 3D imagery with its customers. Marks & Spencer has previously worked with First Insight to test design, buying and pricing decisions through First Insight's consumer-driven predictive analytics platform. Marks & Spencer is now pivoting to leveraging Optitex's 3D designs to "better understand their customer, increase speed to market, support digital workflows, create sustainable sampling processes and reduce waste."

When the partnership was announced, First Insight's CEO, Greg Petro, drew attention to the need for fewer touchpoints along the product development timeline. This has become especially imperative over the past year as the world has faced many uncertainties. By enabling 3D Product Design and VoC analytics through Optitex and First Insight, Marks & Spencer is setting itself up to reap many benefits of the digital transformation process including eliminating the number of physical touchpoints and improving overall product development sustainability and efficacy. Optitex's VP of Products, Amit Ben-Shaffer reiterated the enhanced benefits of testing with 3D imagery rather than static 2D imagery. He highlighted that 3D renderings are more accurate representations of the end garments, allowing customers to provide more helpful and specific feedback.

Marks and Spencer has already started reaping the benefits of its transition to testing with 3D imagery from Optitex rather than using traditional 2D CADs. The company has seen a 12 percent higher sell-through on First Insight tested products versus untested products, increased VoC test completion rates and a 50% increase in the number of comments from respondents. The feedback from respondents has also proven to be more actionable, providing detailed product feedback to development teams.

Getting started

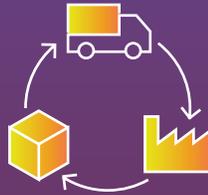
Understanding the potential impact and benefits that VoC and DPC can generate for your business is the first step of transforming the product development process, which is outlining the company's unique journey vision. A journey vision considers where the company currently stands and uses that information to map out key milestones that will get the company to its ideal visionary state.

The important things to remember when getting started:



Create a journey vision:

Consider where your company currently stands and map out key milestones that will get the company to its ideal visionary state.



Develop an overall product development process:

Without an overall process, it is difficult to scale and track those small-scale efforts cross-functionally and throughout the business.



Utilize Holistic, Cross-Functional Collaboration:

Internal and external collaboration can help with organizational change management, as new technologies and processes are implemented throughout the business.

To begin implementing VoC and DPC and realizing their benefits, senior product leaders must establish the objectives and justification for the program that are specific to their organization and compelling to internal stakeholders. Current VoC and DPC capabilities need to be measured. Understanding gaps and how to fill them is essential. This can be communicated through a clear vision, strategy, business case and roadmap. Simple, measurable metrics need to be identified to quantify the value the program is generating. For the program to be successful, the vision must consider the needs and aspirations of all stakeholders that will be involved in the transformation.

About Kalypso

Kalypso is a professional services firm helping clients discover, create and make better products with digital.

We provide consulting, digital, technology, business process management and managed services across the innovation value chain.

We work with our industrial high tech clients throughout the product development lifecycle - from commercial and engineering to manufacturing and end-of-life - to enable a digital enterprise with integrated data that delivers innovative products and solutions.

About First Insight

First Insight is one of the world's leading Experience Management (XM) platforms that empowers companies to significantly incorporate the Voice of the Customer into the design, pricing, planning and marketing of products and service offerings. Through the use of online consumer engagement tools, the First Insight platform gathers real-time consumer data and applies predictive analytic models to create actionable insights to power decisions which drive measurable value. Customers include some of the world's leading vertically integrated brands, sporting goods companies, department stores, consumer products companies, mass merchant retailers and wholesalers.

For more information, please contact:

Will Yester

Director
will.yester@kalypso.com

Steve Riordan

Global Director,
Consumer & Life Sciences
steve.riordan@kalypso.com

Greg Petro

CEO
greg.petro@firstinsight.com

Jim Shea

Chief Commercial Officer
jim.shea@firstinsight.com

Danny Oviedo

Senior Manager
danny.oviedo@kalypso.com

Malika Virk

Consultant
malika.virk@kalypso.com

Gretchen Jezerc

SVP of Marketing
gretchen.jezerc@firstinsight.com

Charlie Holmes

Global Vice President –
Retail Industry Solutions
charlie.holmes@firstinsight.com

Sarah Higgs

Consultant
sarah.higgenso@kalypso.com

Daniela Gallegos

Senior Designer
daniela.gallegos@kalypso.com

Sarah Efremenko

Senior Marketing Manager
sarah.efremenko@firstinsight.com