

Customer Case Study

How Dick's Sporting Goods uses data to make its products stand out



FIRSTINSIGHT



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Dick's Sporting Goods has been working with First Insight, a customer centric merchandising platform, for three years to improve its designing, buying, and pricing decisions through First Insight's predictive analytics platform.

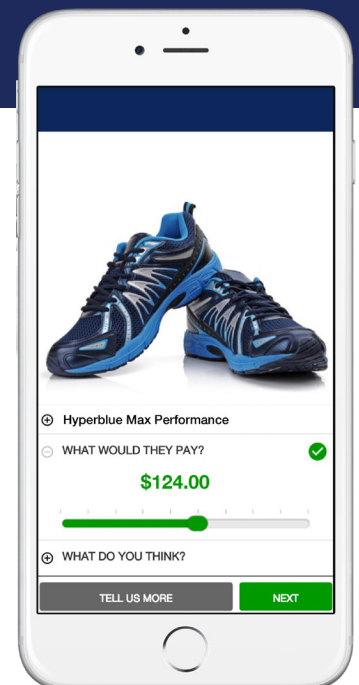
And the two companies have now announced a multiyear expansion of their partnership, allowing Dick's to continue to use consumer data to improve its product development and merchandising processes.

Business Insider Intelligence spoke with First Insight president and CEO Greg Petro to learn about the challenge that drew Dick's to consumer-driven predictive analytics, the strategy behind First Insight's approach, and takeaways for all types of retailers.

Challenge

Dick's wanted to successfully differentiate its product offerings to lure consumers away from competitors. The retailer's goal was for both its private labels and branded merchandise to win shoppers' favor, but the industry average for new product success rate is below 40%, Petro said, making it difficult for Dick's to build a selection that would make it stand out to shoppers.

Creating an attractive product assortment is of growing importance for many retailers as Amazon adds more products and brands, and becomes many consumers' go-to shopping destination. This is particularly relevant for sporting goods retailers because Amazon has launched its own activewear private labels and raked in an estimated \$6.5 billion in sports and outdoor sales in the US in 2017, up 15% year-over-year (YoY), according to a report from One Click Retail sent to Business Insider Intelligence.





Strategy

The retailer incorporated First Insight's analytics on consumers' sentiments to inform its designing, pricing, and buying decisions to make its selection more appealing. First Insight collects consumer data on shoppers' demographic information, their scores on product appeal as well as how much they would pay for products (see below), and additional comments through email, social media, and the retailer's site.

The data is then run through the firm's predictive analytics models to give Dick's unique insight into what consumers want, which informs the retailer's product development process for private labels, buying decisions for branded goods, and pricing strategy for all products.

Result

First Insight's models have helped Dick's better its product assortment and pricing, leading to the multiyear extension of the partnership. While we were unable to speak about First Insight's performance with Dick's specifically, Petro noted First Insight has increased partners' new product success rate by between 30% and 100%. And working with First Insight has been "a critical element" in Dick's success over the least three years, Dick's SVP of Merchandise Planning Will Swisher said in a press release. And considering Dick's has elected to extend its partnership with First Insight, it appears to be satisfied with the results of the initiative so far.

Impact

This partnership shows how integrating consumer data and analytics in merchandising decisions can help retailers build enticing product selections. As retailers scramble to find ways to avoid falling into Amazon's shadow, the likes of Target and Walmart have turned to private labels and new branded products to compete. Using data on consumers' sentiments can help stakeholders maximize the performance of their product development and merchandising strategies. And retailers must make use of consumer data to keep up with Amazon — the Seattle-based e-tailer has a tremendous amount of consumer data at its disposal, and uses data from its marketplace to develop its own private label strategy.