

FORRESTER®

The Total Economic Impact™ Of Stylitics

Cost Savings And Business Benefits
Enabled By Stylitics

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Executive Summary

In the highly competitive retail space, retailers and brands face higher customer acquisition costs and increased margin pressure. Organizations must deliver inspiring experiences to shoppers while also managing costs and improving efficiency. Technology partners like Stylitics drive results across a growing list of verticals including apparel, footwear, accessories, home goods and more with automated solutions across the purchase journey that improve sales, increase profits, and save employees' time.

Stylitics provides a seamless solution to a question long plaguing the apparel, footwear, accessories, and homewares e-commerce space: How can retailers create and deploy bundling and outfitting recommendations at scale? While recognizing that outfitting and bundling on product detail pages (PDPs) help improve customer engagement, boost conversion rates, and increase average order value (AOV) for shoppers, many have struggled to scale manual efforts or develop their own automated solutions. Stylitics' core AI Bundling, Visual Shopping, and 1:1 Shopping solutions leverage intelligent automation to provide styling at scale. Beyond outfitting, organizations partnered with Stylitics see cascading benefits as Stylitics expands the scope of their offerings.

Stylitics commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Stylitics.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Stylitics on their organizations.

Increase in conversion rate:

15%



KEY STATISTICS



Return on investment (ROI)
563%



Net present value (NPV)
\$3.60M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Stylitics. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a retail apparel and fashion organization with 20,000 stock-keeping units (SKUs) and revenue of \$500 million per year. This study focuses specifically on the fashion and apparel space, though Forrester recognizes that Stylitics also drives value for retailers in the homewares space and other verticals.

Prior to using Stylitics, the interviewees manually outfitted 5% to 10% of their catalogs. Some had explored building automated solutions but found the resources required prohibitive. Similarly, while retailers stated that providing outfitting experiences was a goal, doing so with the entire catalog — using manual and time-consuming processes — was unrealistic.

After the investment in Stylitics, interviewees were able to style 100% of their catalog without adding staff or labor hours. More importantly, Stylitics delivered incremental profit by reducing costs, adding versatility, increasing conversion, and raising AOV.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increase in conversion rate by 15% and AOV by 10%.** Stylitics drives increases in conversion rate and AOV for the composite organization by inspiring customers and demonstrating the versatility of products. Shoppers see the value of a piece in the many ways it can be used and styled. Stylitics also introduces shoppers to more of the catalog, encouraging shoppers to spend more time on site and add additional items to their cart. This increase in customer engagement is especially critical for retailers, as shoppers are increasingly landing directly on product pages from external links and missing brand messaging on the home and category pages. By Year 3, Stylitics drives \$2.5 million in increased profit for the composite.
- **Time savings of 98% on outfitting efforts.** Stylitics automates the outfitting process for the entirety of the composite organization's catalog. Merchandisers receive 98% of the time they previously spent on outfitting back to focus on higher-value efforts. In total, this outfitting automation saves the composite \$790,000 by Year 3.
- **More than \$900,000 in cost savings in image processing.** The composite organization sees significant time savings for graphic designers by automating the manual image processing and editing that had previously gone into outfitting efforts. Graphic designers can refocus on other

“Stylitics was able to solve the operational issues that, internally, we couldn’t get past. They are able to style brand-appropriate outfits in a timely manner and at scale.”

VP of product in UX, retail apparel

initiatives, saving the composite \$940,000 by Year 3.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Communicates and strengthens brand.** Stylitics allows the composite organization to communicate brand identity through styling across the entire site. Instead of relying on images from photo shoots, normally available for a small percentage of SKUs, Stylitics is able to “bring brand to life” through outfitting across the full catalog. Stylitics also allows brands to serve a more diverse audience through outfitting variety.
- **Further aligns e-commerce with organizational strategy and campaigns.** Stylitics provides an agile experience for digital merchandisers. They can update style guidelines to align with strategic pushes, such as highlighting lots of denim during a denim event or pushing new full-priced products. Stylitics can also assist with attracting customers to additional catalog offerings — for example, one interviewee was a shoe retailer expanding into the apparel space. Outfitting apparel with their footwear raised awareness of other products and inspired shoppers to expand beyond their original buying intent.

- **Improves customer experience.** Stylitics improves customer experience for the composite by making it easy to find matching pieces, get inspired by a variety of outfits, and navigate galleries and photo-shoot looks while shopping. Previously, customers struggled to shop because landing page images or promotional content didn't always make it clear where to find items of interest.
- **Serves as a technology partner.** Stylitics capabilities extend beyond the core AI Bundling PDP feature it is most known for. Like many Stylitics' customers, the composite organization starts with the core outfitting feature. However, the composite quickly scales up usage to include Stylitics' other capabilities such as Mix and Match, Shop the Model, and Featured Shops. Stylitics is seen as a technology partner for the future and not merely an outfitting solution.
- **Provides data and analytics.** Stylitics also provides valuable data and insights to the composite. For example, with Stylitics, merchandisers can see what outfits are resonating most with shoppers and gain valuable insight into their shoppers' perspectives and preferences.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Stylitics subscription cost.** Stylitics provides its AI Bundling capabilities as well as additional add-on features (implemented in Years 2 and 3) for a total cost of \$613,000 over three years.
- **Implementation and training.** Stylitics works with the composite to deploy and integrate its products with existing infrastructure. Merchandisers also participate in brief trainings to get familiar with Stylitics. The total cost associated with implementation and training is \$7,400.
- **Styling guidelines and algorithm training.** The most time-consuming part of the Stylitics deployment requires merchandisers to set up guidelines and teach the Stylitics algorithm their outfitting preferences. Once everything is up and running, upkeep is minimal. Tweaks are typically only required when merchandisers want to make seasonal or campaign specific changes to guidelines. Over the three-year period, this costs the composite \$20,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$4.24 million over three years versus costs of \$640,000, adding up to a net present value (NPV) of \$3.60 million and an ROI of 563%.

“Stylitics is a great example of digital testing and innovation. There are experiences out there that we could never think about five years ago. ... Now we see what [Stylitics] can do and how our customers enjoy it, and it benefits their experience.”

Head of digital product, retail apparel



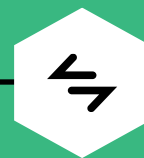
ROI
563%



BENEFITS PV
\$4.24M



NPV
\$3.60M



PAYBACK
<6 months

Benefits (Three-Year)

Profit growth from increase in CR and AOV
with Stylitics

\$2.5M

Time savings in outfitting

\$790.0K

Time savings in image processing

\$940.0K

“The value is being able to inspire and create head-to-toe outfits that are relevant to our customers without the overhead and operational burden that it would take for us to do something internally. With Stylitics, we’re able to create different inspirational experiences to shop head to toe at the right touchpoints for customers.”

— VP of digital operations, retail apparel

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Stylitics.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Stylitics can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Stylitics and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Stylitics.

Stylitics reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Stylitics provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed Stylitics stakeholders and Forrester analysts to gather data relative to Stylitics.



INTERVIEWS

Interviewed four representatives at organizations using Stylitics to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.



CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Stylitics Customer Journey

■ Drivers leading to the Stylitics investment

Interviews			
Role	Industry	Region	Revenue
Head of digital product	Retail apparel	Headquartered in UK	\$450 million
VP of digital operations	Retail apparel	Headquartered in US	\$10.5 billion
VP of site merchandising	Retail apparel	Headquartered in US	\$725 million
VP of product in UX	Retail apparel	Headquartered in US	\$2.3 billion

KEY CHALLENGES

Prior to working with Stylitics, interviewees' outfitting capabilities were limited to what could be achieved manually. Typically, digital merchandisers put together outfits manually for a small portion of SKUs (usually less than 10%). Other interviewees reported no outfitting efforts at all — for many SKUs, this meant the only image on the PDP would be a flat shot of the item. Interviewees emphasized that outfitting had long been a goal. However, labor, capital, and technology limitations made the vision unattainable. Interviewees struggled with common challenges, including:

- **Manual, cross-team effort required for outfitting.** Before Stylitics, digital merchandisers manually outfitted a small percentage of the total catalog. Beyond the digital merchandisers who selected and uploaded looks, graphic designers, photographers, and IT were also involved. The VP of product in UX described the effort required: "It was a lot of time investment. It involved operational teams and others from merchandising to photography. It was a cross-team effort to get it done." The highly manual nature of the work meant outfitting was relegated to a small percentage of SKUs.

"We've always been talking about how to show the versatility of our products at scale. ... Outfitting has always been a part of the conversation, but there's no way we'd have enough manpower to outfit all of our products."

Head of digital product, retail apparel

Some interviewees attempted to create their own automation capabilities. The VP of digital operations described their organization's foray into outfitting automation. They said, "We quickly realized it would be a lot more resources and IT development than we were willing or able to take on."

Interviewees lacked the time and staff to style more of the catalog themselves, and they also lacked the resources and budget to shoot more on-model outfit options for each SKU. As a result,

demonstrating product versatility to inspire shoppers took a back seat to other digital efforts.

- **Difficulty showing versatility at scale.** With limited outfitting capabilities across their digital portfolios, merchandisers relied on more traditional means of inspiring shoppers, such as model shoots. Though effective, the cost and time constraints of photo shoots meant that on average, 70% of SKUs had no styling options. The head of digital product described this challenge: “We will never stop doing [photo shoots], but we will never be able to do it for every single item. We would never get the benefits without something automated.”
- **Limited shelf life for outfitting options, reducing effectiveness and customer experience.** Merchandising teams lacked the time needed to constantly update styled outfits on the website as inventory changed. The head of digital product stated: “We just shoot it for the photography or put it up there. ... After that, we wouldn’t control stock or anything. If it’s not in stock, the customer wouldn’t be able to buy the full look.”

“I think the issue was scalability. ... We did have some outfitting, and it was great ... but it wasn’t on every PDP across the site. That was the scalability issue — how do we do it at scale and keep up?”

VP of product in UX, retail apparel

INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- **Inspire, engage, and convert customers by demonstrating product value and versatility at scale.** Stylitics drove value for the interviewees by making outfitting attainable across the breadth of their product portfolio. With multiple style options for each SKU, Stylitics not only demonstrated the adaptability of items but also connected customers to different product areas and increased conversions and AOV. The head of digital product explained, “Stylitics helps the customer see how well items outfit, and it actually shows the customer products they may not have seen as well.”
- **Repurpose merchandisers and design teams to higher-value work.** The head of digital product described the mentality of their earlier outfitting efforts, “Our goal was just to get something on [the PDPs].” Digital merchandisers spent valuable time throwing together outfits instead of focusing on higher-value and more strategic initiatives. Busy graphic designers also spent significant time editing images for outfits. Interviewees wanted a solution that could complement the work of merchandisers and designers by removing the task of outfitting and freeing up their time to do other important work to merchandise and display products.
- **Be a technology partner for the future.** Though organizations saw outfitting as a worthy investment on its own, interviewees also shared excitement about opportunities with Stylitics for the future. The interviewees operate in competitive spaces; by partnering with Stylitics, they see an opportunity to get in on the ground floor on technology developments that will be differentiators in the future. The VP of digital operations stated: “Outfitting is obviously important, but at this time in the industry it’s

pretty table stakes. I think it's all going to be about the innovation that Stylitics continues to deliver, and that's what we're excited about."

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite: A global apparel retailer with \$500 million in revenue, the composite organization manually outfits about 5% of its catalog before adopting Stylitics. Its leaders recognize the importance of outfitting, but they lack the workforce and resources necessary to style more SKUs. Outfitting work is performed by digital merchandisers and graphic designers.

Deployment characteristics. The composite organization begins its relationship with Stylitics with the AI Bundling solution. With Stylitics, it brings styling capabilities to the breadth of its catalog. After seeing initial successes with Stylitics, the composite gradually expands to add additional products such as Shop the Model, Mix and Match, Triggered Email, and Featured Shops in subsequent years.

Key Assumptions

- **\$500 million annual revenue**
- **Global**
- **20,000 SKUs**
- **Previously manually outfitted 5% of catalog**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Profit growth from increase in CR and AOV with Stylitics	\$879,648	\$1,015,993	\$1,163,774	\$3,059,415	\$2,513,704
Btr	Time savings in outfitting	\$317,679	\$317,679	\$317,679	\$953,036	\$790,020
Ctr	Time savings in image processing	\$378,000	\$378,000	\$378,000	\$1,134,000	\$940,030
Total benefits (risk-adjusted)		\$1,575,327	\$1,711,672	\$1,859,453	\$5,146,451	\$4,243,754

PROFIT GROWTH FROM INCREASE IN CR AND AOV WITH STYLITICS

Evidence and data. With Stylitics, interviewees introduced intelligent automation to outfitting, bringing customized styling options to PDPs across their catalogs. With Stylitics, the percentage of SKUs with outfitting options jumped from 5% to 10% to near 100% for the interviewees' organizations. By showcasing different ways items could be styled and introducing shoppers to other available products, Stylitics drove revenue by increasing conversion rate and AOV.

“People are going to buy their favorite sneaker, but we saw them adding up. We saw increases in UPT [units per transaction], conversion, and AOV when Stylitics was present. For us, it’s really driving those incremental wins and additional value.”

VP of digital operations, retail apparel

When evaluating Stylitics, the interviewees' organizations performed rigorous A/B testing to measure impact on conversion and AOV. Through this testing, the interviewees saw that:

- Stylitics made justifying purchases easier for shoppers by demonstrating the versatility of outfits. Shoppers could easily see the many ways pieces can be styled and worn. The head of digital product stated: “We have to justify our price point, and one of the ways we do this is demonstrating versatility. Customers see this product can be styled in many ways, so it’s worth purchasing. We saw a revenue per visitor uplift from more units of product being bought.”
- Stylitics also introduced shoppers to a variety of other products. With shoppers' growing engagement on social channels, they increasingly land directly on PDPs, bypassing retailer home pages and much of their brand messaging and only being exposed to a small subset of products. By showcasing a variety of full outfits, Stylitics provides an easy gateway to explore more products. The VP of product in UX noted, “Customers are increasingly coming to the PDP more than the home page, so we use Stylitics to represent more of our collection on the PDP in a meaningful way.”

- Additionally, Stylitics outfits are always populated with in-stock items, making it easy for shoppers to see items they like and add them to their cart. The VP of site merchandising explained, “When you sell out of something and you need new recommendations, Stylitics can build probably 100 extra outfits with an editorial look and feel should we need them to.”

Modeling and assumptions. Based on the interviewees’ experiences, Forrester assumes the following about the composite organization:

- The number of monthly site visits grows year over year by 5%.
- In Year 1, Stylitics is rolled out across PDPs. Half of online shoppers buy directly from PDPs, equating to 50% of site visitors being exposed to Stylitics. This number grows in Years 2 and 3 as the composite adds additional Stylitics products, increasing exposure.
- The average operating margin of the composite organization is 5.5%.

- Average operating margin, which can depend on factors such as industry, geography, and competitive landscape.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.5 million.

Increase in AOV:

15%



Risks. Forrester recognizes that these results may not be representative of all experiences. The actual profit growth realized by an organization may vary depending on:

- Average conversion rate and AOV of an organization.
- Volume of site traffic.

Profit Growth From Increase In CR And AOV With Stylitics					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Monthly site visits	Composite	7,000,000	7,350,000	7,717,500
A2	Average percentage of shoppers who will be exposed to Stylitics during purchase	Composite	50%	55%	60%
A3	Average conversion rate before Stylitics	Composite	2.3%	2.3%	2.3%
A4	Average order value (AOV) before Stylitics	Composite	\$80	\$80	\$80
A5	Average annual e-commerce revenue exposure points before Stylitics	$A1 \cdot A2 \cdot A3 \cdot A4 \cdot 12$	\$77,280,000	\$89,258,400	\$102,241,440
A6	Increase in conversion rate with Stylitics on PDPs	Interviews	15%	15%	15%
A7	Increase in AOV with Stylitics	Interviews	10%	10%	10%
A8	Conversion rate with Stylitics	$A3 \cdot (1 + A6)$	2.60%	2.60%	2.60%
A9	AOV with Stylitics	$A4 \cdot (1 + A7)$	\$88	\$88	\$88
A10	Average annual revenue with Stylitics on PDPs	$A1 \cdot A2 \cdot A8 \cdot A9 \cdot 12$	\$96,096,000	\$110,990,880	\$127,135,008
A11	Revenue uplift	A10-A5	\$18,816,000	\$21,732,480	\$24,893,568
A12	Average operating margin	Composite	5.5%	5.5%	5.5%
At	Profit growth from increase in CR and AOV with Stylitics	$A11 \cdot A12$	\$1,034,880	\$1,195,286	\$1,369,146
	Risk adjustment	↓15%			
Atr	Profit growth from increase in CR and AOV with Stylitics (risk-adjusted)		\$879,648	\$1,015,993	\$1,163,774
Three-year total: \$3,059,415			Three-year present value: \$2,513,704		

TIME SAVINGS IN OUTFITTING

Evidence and data. By automating outfitting, the interviewees' organizations reported significant time savings for digital merchandisers. Instead of building a small number of outfits by hand, merchandisers simply created styling guidelines and let Stylitics do the work. Merchandisers could check and approve thousands of styles for the full catalog in a fraction of the time it previously took them to outfit. They could instead focus their time on higher-value tasks such as branding, content strategy, product positioning work, and more. Stylitics' intelligent algorithm kept styles on-brand and allowed merchandisers to easily dictate and update outfit guidelines to align with larger strategic objectives. Stylitics augmented and extended the work of merchandisers — allowing the merchandising team to inform and approve styling for the entire catalog without adding staff.

- The head of digital product described the previous manual process: "Where we didn't have an outfit from a photo shoot, we'd manually go in to put outfits. ... For example, we'd go, 'OK, let's get for every girl's dress a shoe, some tights, and a cardigan,' and then just upload it. During our A/B test, we saw a reduction by 50 [person]-days in outfitting."
- The VP of product in UX stated, "Our team cannot spend the time to come up with these outfits, and we realized if we wanted to make

outfitting big on our site, we had to outsource the work of creating outfits."

The interviewee continued: "It's one thing our teams don't have to stress about. We get a lot more outfits now because before, we only had the one styled outfit for a few CCs [color choices], and now we get three outfits per CC, which is a big difference."

- The VP of digital operations, estimating their savings, said, "As our catalog has grown, we estimate we've been able to avoid hiring another associate merchandiser."

Modeling and assumptions. Based on the interviewees' experiences, Forrester assumes the following about the composite organization:

- The composite has a SKU count of 20,000.
- In the prior state, merchandisers outfitted 5% of the catalog and provided two outfit options for each selected SKU.
- It takes a merchandiser 20 minutes to generate and upload one style.
- The average fully burdened hourly salary of a digital merchandiser is \$45.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit may vary depending on:

- Volume of SKUs styled manually before adoption of Stylitics.
- Time necessary to generate and upload outfitting options.
- Average fully burdened salary of digital merchandisers.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$790,000.

Time savings in outfitting with Stylitics:

98%



Time Savings In Outfitting					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total SKUs	Composite	20,000	20,000	20,000
B2	Percentage of catalog manually styled per month before Stylitics	Composite	5%	5%	5%
B3	Styled items	B1*B2	1,000	1,000	1,000
B4	Styles per item	Composite	2	2	2
B5	Manually created styles on site per month before Stylitics	B3*B4	2,000	2,000	2,000
B6	Time needed for site merchandiser to create style (minutes)	Interviews	20	20	20
B7	Monthly time needed for site merchandisers to style (hours)	B5*B6/60	667	667	667
B8	Annual time needed for styling (hours)	B7*12	8,004	8,004	8,004
B9	Percentage time savings with Stylitics	Interviews	98%	98%	98%
B10	Average fully burdened hourly salary of digital merchandiser	TEI standard	\$45	\$45	\$45
Bt	Time savings in outfitting	B8*B9*B10	\$352,976	\$352,976	\$352,976
	Risk adjustment	↓10%			
Btr	Time savings in outfitting (risk-adjusted)		\$317,679	\$317,679	\$317,679
Three-year total: \$953,036			Three-year present value: \$790,020		

TIME SAVINGS IN IMAGE PROCESSING

Evidence and data. Stylitics' automation also generated time savings for graphic designers at the interviewees' organizations. By seamlessly creating styled outfits and directly populating them on PDP pages, Stylitics removed much of the image-editing work previously done by graphic designers.

Interviewees' organizations also took advantage of Stylitics' ability to pull lay-down images ready for styles straight from model shots. Graphic designers were freed up to focus on other, higher-value initiatives for their firms, and in some cases, Stylitics even allowed organizations to avoid hiring additional designers as their catalogs grew.

The VP of digital operations described their organization's experience: "Stylitics alters and changes our photography as well. A large component of the benefits they bring is their ability to create lay-down images from model photographs. For us, it's freed up one graphic designer."

Modeling and assumptions. Based on the interviewees' experiences, Forrester assumes the following about the composite organization:

- Each styled outfit includes three images, on average.
- It takes one graphic designer 10 minutes to process each image for outfitting.
- The average hourly fully burdened salary of a graphic designer is \$35.

Risks. Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- Number of images processed for styling.
- Time it takes for one graphic designer to edit an image.
- Average fully burdened salary of a graphic designer.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$940,000.

“The major operational efficiency benefit has been reducing the amount of image editing and work that had to be done before.”

VP of digital operations, retail apparel

Time Savings In Image Processing					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Manually created styles on site before Stylistics per month	B5	2,000	2,000	2,000
C2	Average images per style	Composite	3	3	3
C3	Total images processed monthly for outfitting before Stylistics	$C1 \times C2$	6,000	6,000	6,000
C4	Time spent to process each image for outfitting before Stylistics (minutes)	Composite	10	10	10
C5	Monthly time to process images for outfitting before Stylistics (hours)	$C3 \times C4 / 60$	1,000	1,000	1,000
C6	Average fully burdened hourly salary of graphic designer	TEI standard	\$35	\$35	\$35
C7	Time savings for image processing with Stylistics	Composite	100%	100%	100%
Ct	Time savings in image processing	$C5 \times C6 \times C7 \times 12$	\$420,000	\$420,000	\$420,000
	Risk adjustment	↓10%			
Ctr	Time savings in image processing (risk-adjusted)		\$378,000	\$378,000	\$378,000
Three-year total: \$1,134,000			Three-year present value: \$940,030		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Communicates and strengthens the brand.** Interviewees' organizations highlighted Stylitics' ability to support their brands in new ways. This had different meanings for different organizations, depending on their specific messaging objectives.
 - **Known for outfitting.** The VP of product in UX explained: "We're really known for our outfitting. A lot of our editorial work and the way we talk about brand is head-to-toe looks. ... Stylitics shows the customer more than just a visual of the one item and brings this part of our brand to the forefront at all touchpoints."

“StyLitics is core to representing our brand and going beyond the item to give outfits a place and space on the PDP. This drives more page views, interaction, and engagement. We want to be known for our outfits; StyLitics is the technology that brings those outfits to life at scale.”

VP of product in UX, retail apparel

- **Known for empowering diverse customers.** The VP of site merchandising stated: "Our customers love us because we help them stay on trend and feel relevant to the marketplace. We have a range of offerings that helps shoppers feel

fashionable without feeling ashamed. Stylitics helps customers see what we offer beyond just what you see in photography. It allows us to reach a diverse customer in style choice and deliver on our values to them."

- **Further aligns e-commerce with organizational strategy and goals.** With Stylitics, interviewees reported that merchandising teams could easily roll out initiatives to support larger organizational strategic goals and initiatives. Stylitics offered teams the agility to influence outfitting and styles to reflect larger organizational objectives.
 - The head of digital product shared this example: "We use Stylitics to influence outfits to align with campaigns. For example, if we're doing a big push on denim and we have lots of new denim shapes, we'll have Stylitics make sure there is at least one outfit with denim in it for every top. It really supports our push on denim because someone might come in looking for tops and not even be thinking about denim. We really believe in Stylitics' ability to influence outfits to support our campaigns or the products we really believe in."
 - The VP of digital operations also discussed the strategic significance of Stylitics: "We are primarily a sneaker company, but one of our biggest priorities is apparel growth. We wanted to figure out how to better bundle an outfit with our shoes and inspire apparel growth within our website. We did some testing prior and saw the success of outfitting. Stylitics made it an operational reality."
- **Improves customer experience.** Interviewees emphasized Stylitics' ability to deliver an

improved customer experience by inspiring customers and making shopping seamless.

- The VP of digital operations stated: “We used to display a whole bunch of products, and then we’d send the customer to a grid and be like, ‘Good luck finding the product you were interested in!’ Now, customers can go and engage and directly get to a PDP at the click of a button or finger. Stylitics not only inspires customers but [also] makes it really easy for them to shop.”

“We’re definitely looking at what the possibilities are for either our store associates or being able to showcase inspirational content on store screens.”

VP of digital operations, retail apparel

- The head of digital product also viewed customer experience as an important driver for partnering with Stylitics. During A/B testing, their organization specifically asked for customer perceptions of Stylitics compared to alternatives. They said, “Customers overwhelmingly preferred the look and feel of Stylitics.”
- **Offers technology partnership.** Another key theme the interviewees communicated was the significance of partnering with Stylitics for the future. Though they originally contracted with Stylitics’ for its outfitting capabilities, interviewees saw significant growth opportunities. They expressed excitement about the ongoing growth of the platform’s capabilities and about continuing

to work with Stylitics to operationalize more of their long-term goals.

- The head of digital product shared of one of their long-term ideas: “This idea has been around for ages, but we’ve never been able to execute it properly. ... With Stylitics, we see it’s possible. We’re really excited because it’s something we’ve wanted to do for so long.”
- The VP of digital operations also shared enthusiasm about the future. They shared, “We’re excited about where Stylitics is going, especially with the personalization piece that you layer on top of recommendation capabilities to make really one-to-one personalized experiences.”
- **Provides data and insights.** Stylitics also delivers data and insights on customer preferences and interactions with Stylitics. The VP of product in UX noted: “Stylitics sends the top 10 looks that were clicked into for each of our brands. That is super-interesting to us: Out of all the different outfits shown, which ones are getting the most clicks? This is something for our merchants and provides interesting data on which outfits are resonating the most.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Stylitics and later realize additional uses and business opportunities, including:

- **In-store applications.** Interviewees universally saw opportunity to expand Stylitics beyond the digital sphere and into brick-and-mortar applications. The VP of digital merchandising described this potential application: “If stores can utilize what Stylitics has in creating true shoppable content that shows styling cues and

looks almost like lookbook versions, I think that's going to be highly beneficial for stores."

- **Personalization.** Interviewees expressed excitement about Stylitics' future direction — specifically, its personalization capabilities. The VP of digital operations noted: "When we can personalize the experience to customers, I think that's going to be really impactful. Those types of things are going to be much harder for companies to develop internally. We want to be partnered with a third party who's really good at it to win."
- **Beyond apparel.** Stylitics' technology is effective beyond the fashion and apparel space. Retailers can leverage Stylitics to bundle and style items across categories through similar themes or trends and goals. For example, Stylitics easily transfers to home goods, and can style rooms and homeware on PDPs for goods from furniture to kitchen accessories. Another example is sporting goods: Stylitics can bundle sets based on a sport or activity. Regardless of vertical, Stylitics helps to inspire and convert shoppers.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“Stylitics has helped bring our lookbooks to life. It’s made it possible for us to bring more inspirational content to our customers and to then make that content really shoppable.”

VP of digital operations, retail apparel

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Annual subscription cost	\$0	\$198,000	\$258,500	\$291,500	\$748,000	\$612,645
Etr	Implementation and training	\$7,409	\$0	\$0	\$0	\$7,409	\$7,409
Ftr	Styling guidelines and algorithm training	\$8,910	\$4,455	\$4,554	\$4,653	\$22,572	\$20,220
Total costs (risk-adjusted)		\$16,319	\$202,455	\$263,054	\$296,153	\$777,981	\$640,274

ANNUAL SUBSCRIPTION COST

Evidence and data. Interviewees paid an annual fee to Stylitics for the use of the core AI Bundling solution as well as additional modules. Typically, interviewees started their Stylitics deployment with basic outfitting features and gradually added products year over year as they recognized the value of Stylitics. The cost can vary based on SKU count and the complexity of the deployment.

Modeling and assumptions. Based on the interviewees' experiences, Forrester assumes the following about the composite organization:

- In Year 1, the composite organization deploys AI Bundling across the full catalog.
- In Year 2, the composite organization adds one optional programming module to expand its use of Stylitics. It repeats this process to add another in Year 3.
- Pricing may vary. Please contact Stylitics directly for additional details.

Risks. Forrester recognizes that these results may not be representative of all experiences. The exact annual cost paid to Stylitics will vary depending on:

- Number of SKUs covered by Stylitics.

- Complexity of the deployment such as required integrations.
- The degree of customization needed/desired by the retailer.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$613,000.

Annual Subscription Cost						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Annual subscription cost	Composite	\$0	\$180,000	\$235,000	\$265,000
Dt	Annual subscription cost	D1	\$0	\$180,000	\$235,000	\$265,000
	Risk adjustment	↑10%				
Dtr	Annual subscription cost (risk-adjusted)		\$0	\$198,000	\$258,500	\$291,500
Three-year total: \$748,000			Three-year present value: \$612,645			

IMPLEMENTATION AND TRAINING

Evidence and data. Interviewees reported a straightforward and seamless implementation process, including training. Interviewees described needing one to two developers to get Stylitics up and running with their existing tech stack. Once established, Stylitics handled much of the work to get their capabilities online. Merchandising teams also completed short training sessions to familiarize themselves with the software and its capabilities.

Modeling and assumptions. Based on the interviewees' experiences, Forrester assumes the following about the composite organization:

- The composite requires one developer working approximately two weeks at 50% capacity to integrate Stylitics.
- Once set up, merchandisers complete one 1-hour training to get comfortable with the solution and its capabilities.

Risks. Forrester recognizes that these results may not be representative of all experiences. The time spent on implantation and training at an organization will vary depending on:

- Complexity of the integration.
- Size of the team required for setup and deployment of Stylitics.
- Number of merchandisers to be trained on Stylitics.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$7,400.

“Stylitics owns the majority of the implementation and development work on their end. It was a faster-moving implementation than a lot of third-party retailers.”

VP of digital operations, retail apparel

Implementation And Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Developer time spent on implementation (hours)	Composite	75			
E2	Average fully burdened hourly salary for a developer	TEI standard	\$88			
E3	Subtotal: Total cost of developer involvement in Stylitics implementation	E1*E2	\$6,600			
E4	Merchandisers trained on the Stylitics platform	Composite	3			
E5	Average fully burdened hourly salary for a digital merchandiser	TEI standard	\$45			
E6	Subtotal: Total cost of merchandiser training	E4*E5	\$135			
Et	Implementation and training	E3+E6	\$6,735	\$0	\$0	\$0
	Risk adjustment	↑10%				
Etr	Implementation and training (risk-adjusted)		\$7,409	\$0	\$0	\$0
Three-year total: \$7,409			Three-year present value: \$7,409			

STYLING GUIDELINES AND ALGORITHM TRAINING

Evidence and data. Interviewees shared that the most important and time-consuming part of setting up and maintaining Stylitics was training the outfitting algorithm and periodically updating the rules. Initially, merchandising teams refined the styling guidelines and worked with the Stylitics team to ensure that outfits meet the brand’s image, style, and quality requirements. Once styling guidelines were confirmed, the workload dramatically decreased. Interviewees reported meeting biweekly or monthly with Stylitics to make ad hoc updates based on seasonal or strategic objectives.

- The VP of product UX shared, “One challenge was tweaking the guidelines to things the merchandisers wouldn’t have thought to put in the guidelines, but [that] they do live by when they’re styling.”
- The VP of site merchandising stated: “Maintaining Stylitics is pretty straightforward. Our teams meet monthly to discuss and make updates.”

Modeling and assumptions. Based on the interviewees’ experiences, Forrester assumes the following about the composite organization:

- A team of three merchandisers spends three weeks at 50% capacity working on training the algorithm and tweaking guidelines as needed.
- Once Stylitics can outfit to the team’s satisfaction, the lift decreases significantly. In the ensuing years, the merchandising team for about 30 minutes meets once a month to discuss and make any necessary changes.

Risks. Forrester recognizes that these results may not be representative of all experiences. The time spent creating styling guidelines and algorithm training can vary based on:

- The complexity and quantity of styling guidelines and objectives.
- The size of the merchandising team.
- The number of times styling guidelines need to be updated and to what degree.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$20,000.

“A lot of the effort is in setting up the styling ... but then once it’s successful and it’s set up, we really just let it go.”

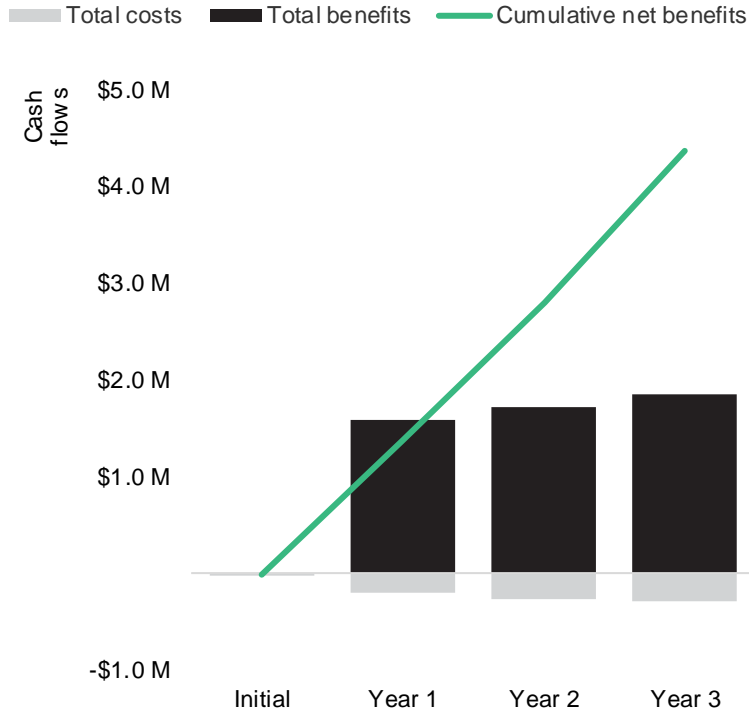
Head of digital product, retail apparel

Styling Guidelines And Algorithm Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Digital merchandisers involved in styling guidelines and algorithm training	Composite	3	3	3	3
F2	Hours spent on styling guidelines and algorithm training	Composite	60	30	30	30
F3	Average fully burdened hourly salary for a digital merchandiser	E5	\$45	\$45	\$46	\$47
Ft	Styling guidelines and algorithm training	F1*F2*F3	\$8,100	\$4,050	\$4,140	\$4,230
	Risk adjustment	↑10%				
Ftr	Styling guidelines and algorithm training (risk-adjusted)		\$8,910	\$4,455	\$4,554	\$4,653
Three-year total: \$22,572			Three-year present value: \$20,220			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$16,319)	(\$202,455)	(\$263,054)	(\$296,153)	(\$777,981)	(\$640,274)
Total benefits	\$0	\$1,575,327	\$1,711,672	\$1,859,453	\$5,146,451	\$4,243,754
Net benefits	(\$16,319)	\$1,372,872	\$1,448,618	\$1,563,300	\$4,368,471	\$3,603,480
ROI						563%
Payback period						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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