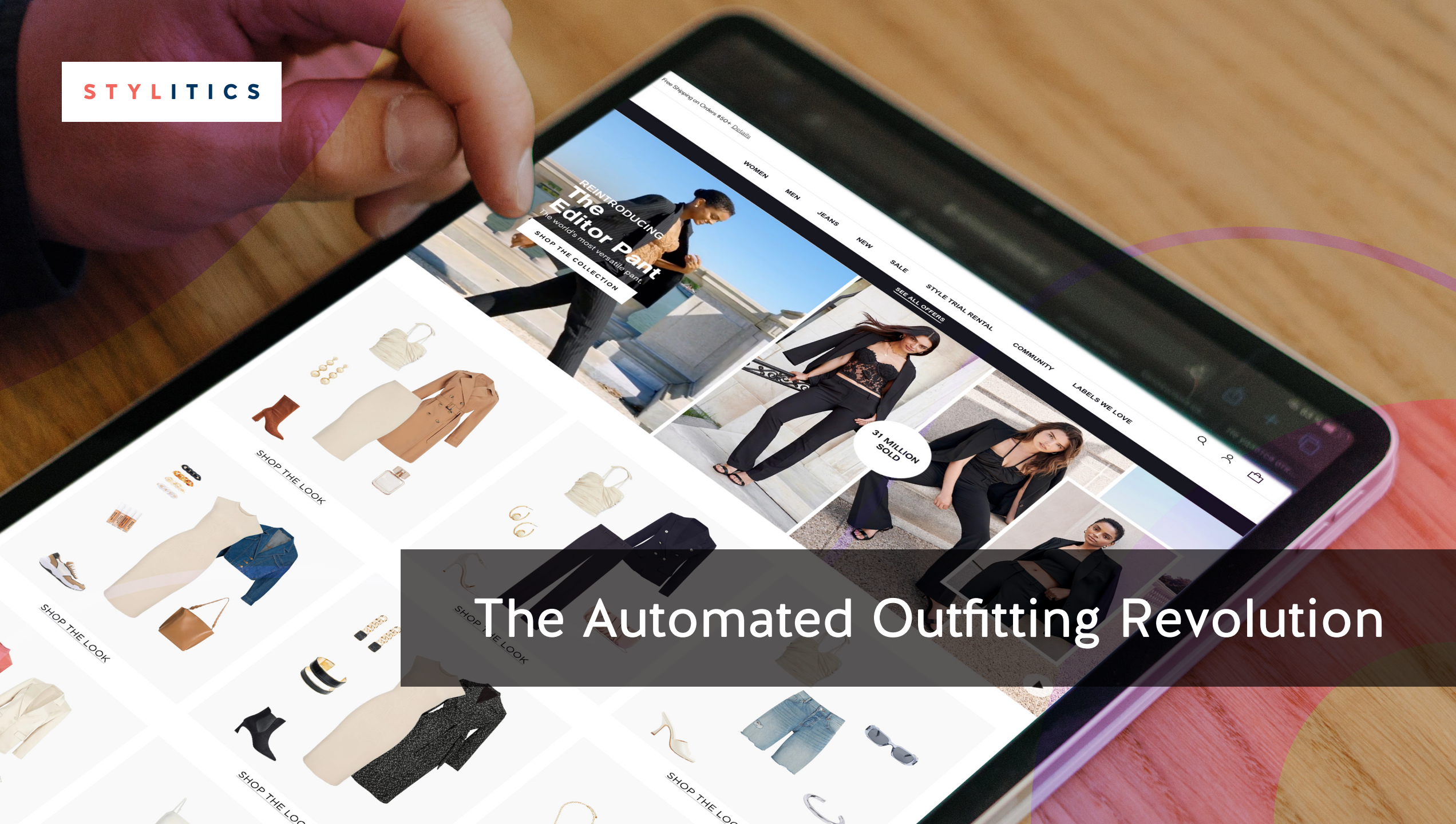


STYLITICS



# The Automated Outfitting Revolution

# SITUATION: THE 2022 – 2023 PERFECT STORM

In 2022, retail has seen an increasingly challenging shopper climate, with the threat of recession, record inflation, and inventory imbalances all impacting their engagement. As a result, shoppers have become increasingly value-conscious, looking for ways to save money throughout the 2022 holiday season and into 2023. NPD in fact reports that an estimated 29% of consumers expect to lower spending levels during the 2022 holiday shopping season.<sup>1</sup>

Coupled with residual post-pandemic brand loyalty disruption, as reported by McKinsey,<sup>2</sup> retailers are faced with a complex problem – how to satisfy the needs of increasing value-centric shoppers, while delivering personalized and differentiated e-commerce experiences as economic volatility and skittish equity markets risk future revenue, earnings and company valuation.

One of the conventional ways to align with value-centric shopper sentiment while managing inventory imbalances is to apply large-scale discounting, as evidenced by recent retail earnings.<sup>3</sup> For retailers in multiple categories, this exacerbates the risk of 2022 and 2023 margin compression in an attempt to ride out the “perfect storm” of lower spending levels, excessive inventory, inflation, and heightened volatility in brand loyalty.

**29%**

Consumers who expect to spend less this holiday season

**50%**

Consumers who will break brand loyalty when facing shortages

**63.7**

Average days in inventory—up from 57.4 one year ago



## THE AUTOMATED OUTFITTING REVOLUTION

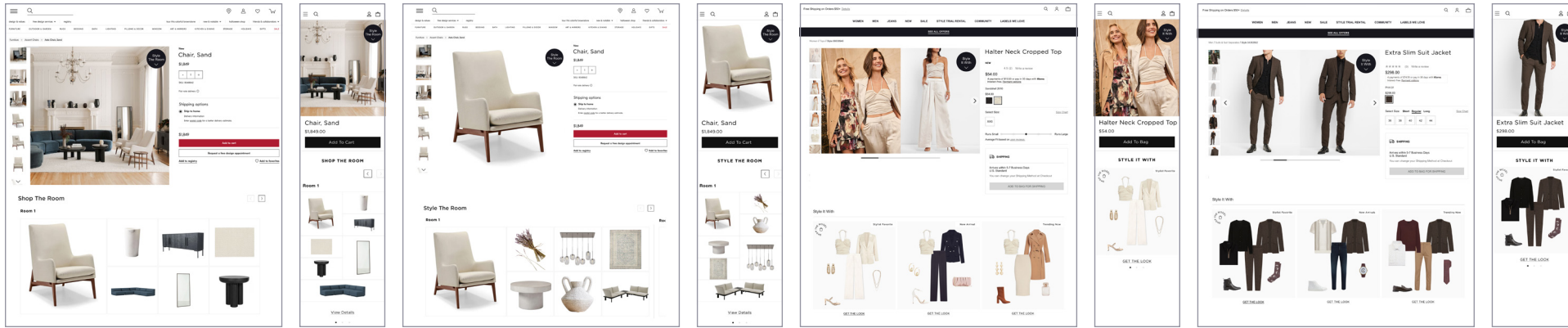
Outfitting in itself is not a new concept. Dating back to the early days of physical and print-based catalog shopping in stores such as Sears and Montgomery Wards, retailers have sought to train store associates and merchandising teams to help consumers mix and match key products together as a means of brand differentiation, category discovery, and product recommendation.

As the industry adopted e-commerce, much of this high-touch personalization and accessorizing was lost as the “broad and wide” notions of online shopping “flattened” the shopper’s experience and eroded differentiation, even as the scope and breadth of products grew dramatically with the accelerated sophistication of sourcing and offshoring.

Stylitics is the category leader in a new class of enterprise SaaS that enables retailers to recapture the opportunity to bundle, outfit and style at a scale never before experienced in online commerce. Through the advent of enterprise-scale SaaS, 2-way commerce data integration, and artificial intelligence, retailers can now merchandise and bundle across the entirety of their product catalog, leveraging category expertise and closed-loop results data to ensure dramatic improvements in both the cost and conversion of large-scale eCommerce programs.

By leveraging tech platform innovation with retail category expertise, hundreds of retailers have discovered a new means to achieve cost, margin, growth, and conversion improvements via an automated digital outfitting platform. As consumers continually expect more and more value add from brands, retailers can now answer the bell, deliver an inspirational shopper experience, preserve product margins, and dramatically improve key revenue and conversion metrics across the entire shopper journey.

*As the industry adopted e-commerce, much of this high-touch personalization and accessorizing was lost...*



*Stylitics impacts the entire shopper journey, dramatically improving the key KPIs and goals of multiple teams*

## CATEGORY LEADING RETAILERS ARE NAVIGATING THE “PERFECT STORM”

Stylitics’ automated outfitting and bundling enable nearly 200 category leaders to navigate the challenges of a fickle and uncertain shopping climate. The platform delivers demonstrable improvements in cost savings and revenue enrichment across marketing, merchandising, eCommerce, loyalty, and technology teams, evidenced by a renewal rate of approximately 95%. In the pages ahead, we describe how Stylitics helps major retailers achieve this breakthrough value.

### LOWER RECURRING OPERATIONAL COSTS

Stylitics’ unique platform automates everyday merchandising tasks to lower operating costs while concurrently increasing the reach and scale of digital merchandising and bundling.

### MAINTAIN UNIT MARGINS

Promotes and populates bundles by anchoring on high-margin, versatile products. Lowers and dynamically rebalances SKUs based on inventory levels – applying smarter mix and match across the entire product catalog. Due to automation and AI, Stylitics allows you to execute this strategy across a ~10X larger scope of inventory.

### REVENUE, REVENUE, REVENUE

Enables a long-term e-commerce merchandising platform infrastructure that improves ROAS, AOV, UPT, cart recovery, and significantly increases conversion efficiency. Stylitics ensures that retail leaders can lower the cost of acquisition and uncover incremental revenue at every point in the shopper’s journey.

### ENABLE A MORE AGILE BUNDLING STRATEGY

By enabling a massive increase of variety without hardcoding bundles and ensembles, cross-selling strategies can rapidly adapt to unpredictable or unforeseen shopper behavior. By aligning live, promoted outfits with near real-time shopper data, AI algorithms and strategies can respond significantly faster than utilizing conventional deployment and hard-coded methods.

# LOWER RUN RATE COSTS WITH AUTOMATED INVENTORY OPTIMIZATION



Best-in-class automated outfitting and bundling utilize advanced AI, integration, and cross-retailer intelligence to dramatically lower run-rate costs while increasing the scale of digital merchandising. Stylitics meets this challenge through a number of proprietary and essential capabilities. Stylitics, on average, helps brands achieve a \$15M savings on operational costs alone. These capabilities include:



## IMPACT

The ability to dynamically assemble ultra-high fidelity photography for bundled product presentation, all aligned with the brand's merchandising strategies and brand policies.



## AUTOMATION

An ability to directly integrate with the product catalog, extending the reach and scale of automated outfitting. This expanded coverage extends the program's leverage to under-leveraged product categories.



## INVENTORY

Integration with out-of-stock inventory business rules, allowing smarter bundles that might combine overstock items with high-value SKUs. This also enables concurrent monitoring of inventory levels, and can dynamically substitute key outfit elements to avoid stock outs and shopper frustration, all while maintaining outfit variety.



## REACH

Auto deployment of new visual bundling & outfitting experiences into the different marketing, product, and merchandising touch points such as e-mails, social and influencer properties, product detail pages, and checkout.

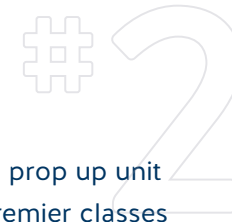


## SCALE

Constant analysis of the impact different outfitting strategies have on key cost, inventory, and discounting KPIs.

While there are numerous other ways in which Stylitics impacts the modern retail cost model, each implementation can be tuned to optimize one or more key parameters, critical in uncertain times.

# IMPROVE PRODUCT MARGINS BY USING THE “3 V’S”

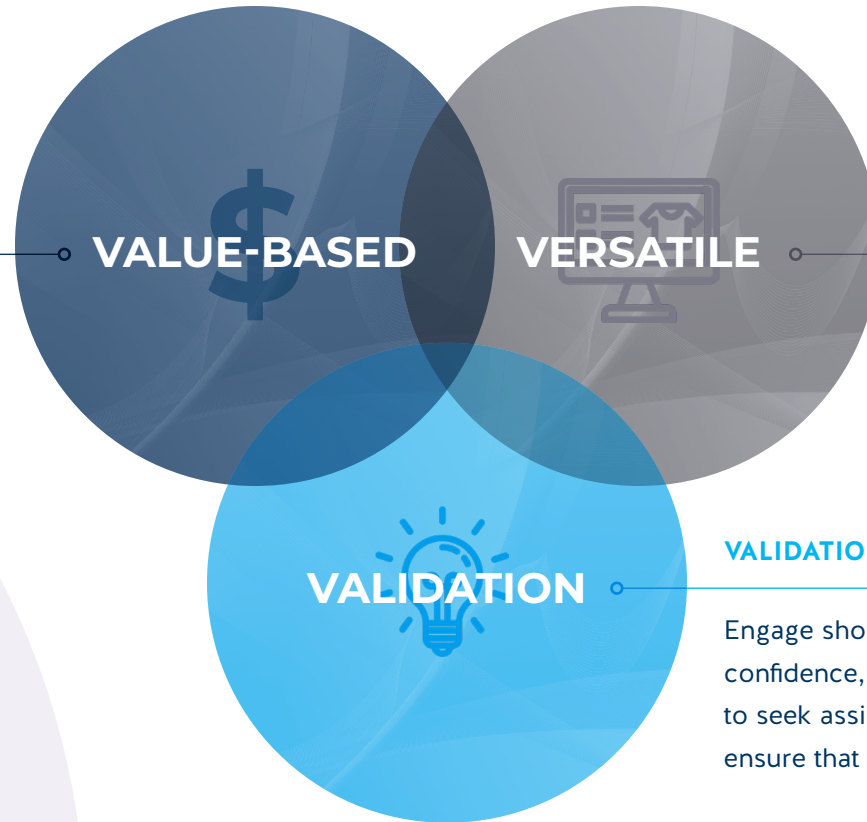


As retailers face the looming pressure of margin compression in the near future, utilizing automated outfitting can be a critical strategy to prop up unit margins and extend the leverage and value of your popular goods. All of this takes place with segmented programs for both value and premier classes of shoppers. Teams across categories may apply multiple mitigation strategies to margin challenges, such as discounting, staff cuts, renegotiation of near-term supplier agreements, and raising prices on premium products.

**TECHNOLOGY-DRIVEN OUTFITTING STRATEGIES ADD AN ADDITIONAL LEVER TO IMPROVE THE WAY THAT BOTH HIGH-VALUE AND LOW-MARGIN SKUS ARE PROMOTED:**

## VALUE-BASED OUTFITTING STRATEGY

Enable promotion of bundles that emphasize value and a low cost per wear for the shopper. As a simple example, promote bundles that suggest a product that aligns with other previously purchased products. Align products with high gross margins as having better value on a cost-per-use basis or bundle them with high inventory or lower-cost SKUs.



## VERSATILE PRODUCT POSITIONING

Promote items that are easy to outfit for different social and business scenarios in order to drive utility and help the shopper enjoy more wear or application of any single product.

## VALIDATION AND SHOPPER INSPIRATION

Engage shoppers with messages which verify that their product choices deliver confidence, inspiration, and alignment with their persona. As consumers continue to seek assistance, accessories, and suggestions for different looks, retailers can ensure that outfits also complement the shoppers' recent purchase history.

# DRAMATIC IMPROVEMENTS IN REVENUE, CONVERSION, AND LOYALTY



While today's uncertain economic climate mandates a rebalance of initiatives toward cost control and efficiency, many forward-thinking retailers are leveraging automated outfitting to maintain the balance of expense management and margin retention, with "growth-centric" and efficiency metrics. Although overall shopper sentiment is under duress, continued focus on improving the conversion rate, revenue, share of wallet, loyalty, and engagement continues to be top of mind:

## MARKETING

Teams can deliver a higher volume and quality of inspirational outfitting content, uncovering millions in untapped revenue. By presenting an increased volume of persona-aligned bundles, marketing teams see dramatic conversion and engagement improvements across the entire shopper experience. Measured via A/B testing, adding optimized outfitting has led to improvements in productivity & conversion as measured by ROAS, open and click-through rates and conversion.

## eCOMMERCE

Category-leading retailers are extending the reach, scope, and placement of automated outfitting across 1st and 3rd party points of product browsing, checkout, and purchase. This enables commerce teams to drive up the value each shopper brings to the retailer, while concurrently improving the shopper experience. The bottom line is the delivery of a two-fold impact on the measured performance of the digital experience and huge impacts on metrics such as AOV, UPT, add-to-cart, and abandoned cart recovery.

## MERCHANDISING

Automated outfitting drives SKU-based inventory optimization to drastically reduce outfit-level stock-outs and rebalance volumes. There are also huge gains in the outfitting coverage of the product catalog, all while mitigating staff burnout. By monitoring key inventory metrics and applying strategic bundling across low and high-margin products, additional inventory optimization is achieved.

## LOYALTY AND CUSTOMER EXPERIENCE

With Stylitics, brands can differentiate by delivering inspirational bundling across a converged and consistent shopper experience. This aligns the online experience with physical channels, improving longer-term share of wallet and cross-category shopper engagement. Stylitics can also show specific new outfits that align with existing purchases, reinforcing purchase value and versatility.

SPECIALTY FASHION  
APPAREL

53%

IMPROVEMENT  
IN EMAIL AOV

MULTI-BRAND  
RETAILERS

35%

INCREASE  
IN UPT

FOOTWEAR &  
SPORTSWEAR

265%

IMPROVEMENT IN CTR  
FROM DISPLAY ADS

HOME  
GOODS

33%

INCREASE IN ADD  
TO CART FROM PDPS

# HOW AND WHERE IT WORKS



**DEPLOYED AS AN EMBEDDED SNIPPET** – Stylitics enables fast and flexible deployment without the rigidity, time, and costs of complex coding. This flexible, “off-code” process enables teams to rapidly deploy, edit and modify outfitting strategies or out-of-stock items with minimal disruption to the run time code of websites and other channels.

Stylitics professional services and digital styling expertise helps retailers progress on their automated outfitting journey. Stylitics provides an on-demand team of experts to ensure that clients can expand their level of sophistication and strategy over time, thereby improving the ROI of the platform. Multi-faceted expertise is available as a white glove service to assist in various activities, from technical implementation to digital styling strategy, deployment, and operational consulting.

Stylitics integrates with key portions of your existing tech stack and social platforms across categories such as email service providers, social media networks, display ads and retargeting, and omnichannel platforms. Stylitics creates multiple pre-curated integrations to facilitate cross-channel deployment.

Promotionally agnostic, Stylitics is deployable in multiple shopper experience locations including browsers, mobile, display, and retargeting ads and within large-scale and targeted triggered email.

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## STYLITICS

Stylitics is the leading visual outfitting and styling solution for global retailers in more than 30 countries. Stylitics' powerful combination of algorithms, trend data, and automated expertise delivers millions of on-brand outfit recommendations across e-commerce, email, advertising, in-store, and in social channels to create more engaging shopping experiences. Headquartered in New York City, Stylitics works with top fashion, apparel, accessories, and home furnishings brands, including Express, Macy's, Kohl's, Revolve, and others, to engage more than 100 million shoppers with its technology and content each day.

For more information, visit [Stylitics.com](https://www.stylitics.com).

<sup>1</sup> <https://www.npd.com/news/press-releases/2022/29-of-consumers-cite-finances-and-economy-as-reasons-for-spending-less-during-the-holidays-reports-npd>

<sup>2</sup> <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/winning-in-loyalty>

<sup>3</sup> <https://www.wsj.com/articles/retailers-face-pressure-to-offer-discounts-while-battling-inflation-11663932601>