

## Stitch Fix Combines High Tech And High Touch To Transform Retail

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Science and fashion. Data and style. Usually these dynamics are at opposite ends of the spectrum and often at odds with each other. But [Stitch Fix](#), a start up founded in 2011 by a Harvard Business School student, combines high tech and high touch into a super-personalized experience that is transforming shopping. But more than that, Stitch Fix is changing the nature of fashion buying and the future of retail leadership.

Stitch Fix sends its customers boxes of clothing selected through a combination of big data and personal stylists. When a customer signs up for the service, she completes an extensive profile that covers her preferences in style, fit, and price, along with sizing and body type information. A sophisticated algorithm uses that data to generate a recommended product list for her, which is in turn used by a Stitch Fix employee, a “stylist,” to handpick five products to send to her. The stylist includes in the shipment a personal note and a description of each item and tips on how to assemble an outfit and wear them.

The service is the ideal solution for women who don't want to or don't have the time to shop for themselves. As Chief Operating Officer [Julie Bornstein](#) explained to me in an interview, "Most of retail is developed for people who love to shop, but a lot of people would rather do something else with their time or they don't feel they're great at it and there's so much inefficiency in the [shopping] process." At the same time, though, Stitch Fix recognizes the value in "the idea that someone could get to know you and be able to provide you with a service that's fun and effortless and gets better over time." So Stitch Fix is designed to deliver true personal shopping at scale.

What do you think of the style below?

Love it



By combining the power of more than 50 data scientists and more than 2,000 stylists, Stitch Fix is transforming the experience of shopping for women's clothing. It provides personalization — customers can keep all the items in a shipment or return any or all of them and provide reasons for returns. That data is added into her profile and increases the ability of an algorithm and the stylist to predict the items she will like in the future. Moreover, customers are invited to provide input of any kind and length about the products they like and are encouraged to use Pinterest boards to express their preferences, so the stylists can make the best selections for them personally. An algorithm is also responsible for assigning the best stylist for each customer in the first place.

Stitch Fix also offers choice — customers specify what types of items they want to receive and the price range they want to pay. And more importantly, customers indicate if they want regular shipments at timing intervals that they specify or if they'd prefer to use the service on-demand. As such, the company enjoys higher customer retention rates than subscription-based retailers — over 80% of customers visit the site within 90 days for a second order, and a third spend 50% of their clothing wallet share with Stitch Fix.

And it offers simplicity — customers provide their payment information once during the sign-up process and billing is handled automatically when they keep or return items. Plus a pre-addressed and postage paid shipping envelope is included in every shipment which makes returns easy.

By addressing the limitations and solving many of the problems of the traditional retail shopping experience — whether brick-and-mortar or digital — Stitch Fix is living up to the "Fix" in its name. But the company's is transforming retail in other important ways as well. Take the nature of fashion buying.

Buyers at women's clothing companies traditionally operate by instinct and intuition — spotting trends and selecting items based on their years of experience. The buyers at Stitch Fix have a lot more data about what their customers want which can help them make better decisions. They also use the data to develop private label product and work

with brands to create exclusive items. "It takes a certain type of person who is excited about using data to help them make decisions," Julie told me. "People have to love to learn new ways of thinking and appreciate the ability to add data into their thought process that they weren't able to in the past."

Also, unlike other specialty retailers that focus on products that appeal to a specific type of customer, Stitch Fix accommodates a wider range of customers and must have products that fit their personal preferences. So its buyers are sourcing a much broader range of products, styles, and price points, while managing their inventories carefully — a challenge that would be nearly impossible without the wealth of customer data and predictive analytics. Retail buying is becoming as much of a science as it is an art.

Perhaps the most significant transformation that Stitch Fix is leading is the future retail leadership. No longer is it enough for retailers to have experienced merchants or store operators at the helm of their companies. They need people like [Eric Colson](#), who, after spending nearly six years at Netflix working on its recommendation engine, was hired by Stitch Fix as its Chief Algorithms Officer. Julie's prior experience includes heading up digital at Sephora, where she quadrupled that company's e-commerce business and developed the industry's leading loyalty program.

Julie explained it best, saying, "The CEOs of retail today drive the company's ability to move into the future and evolve...Those with traditional experience don't necessarily have the mindset that is needed for thinking about the future. [Retail leadership needs a] skill set that understands the digital landscape and how that intersects with the physical retail landscape, how to measure and use data differently, how to build technology and attract that talent, and how to think about the brand across multiple dimensions." The leadership team at Stitch Fix exemplifies this new mentality.

With multiple industry sources projecting that the company will generate more than \$200 million in revenue this year, it's clear Stitch Fix is leading a retail transformation.

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