



Gilt Groupe Turns Data Analytics Into Flash Sales

You added a million new customers in one year. You're growing revenues at a 20 percent clip. And you only have to work hard during lunchtime. But you don't sell Big Macs or waffle fries.

So you're not McDonalds or Chick-fil-A.

You're Gilt Groupe, a fashion flash retailer selling top designer labels to a global clientele shopping at lunch, while eating Big Macs or waffle fries. Co-founder Alexis Maybank shared with McKinsey Co. how Gilt does it using big data in the cloud, salted with a little social media and mobile reach.

Gilt's runway

Gilt has been collecting customer data for almost five years, then pushing it to statisticians and data engineers that build algorithms to segment buyer behavior. In turn, digital creatives spin the data into personalized "e-communications" - full of customized language and imagery - arriving in customer in-boxes at precisely high noon.

Gilt stalks you at lunch already knowing you'll order Donna Karan and Dolce & Gabbana.

The cloud sells clothes

"We do more than 65 percent of our sales from noon eastern to about 1:30 p.m. every single day," Maybank told McKinsey.

Gilt was an early adopter of the cloud. Starting a flash sale business meant operating at peak loads for short periods of time, requiring huge investments in hardware and servers remaining idle most of the day. Gilt's website was under a lot of pressure, too.

During the startup phase, Maybank intimated the in-house IT plan wasn't working. "We were building a business that for about an hour and a half, two hours a day, was the size of Amazon." The cloud allowed Gilt to scale and navigate traffic at peak loads, while improving customer service.

Designer analytics

Gilt is a members-only site offering approximately 30 unique sales each day. Members receive automated suggestions featuring a constantly changing inventory of luxury brands based on past purchases.

Gilt's software analyzes each customer click, or, site links to preferred styles, sizes, brands or colors, and applies predictive analytics to create a more one-on-one shopping experience. Meanwhile, the same modeling and segmentation techniques siphon customer data for cross-sell opportunities across Gilt vertical markets. For example, Gilt tracks women shopping for men, or men shopping for the house. Conversion rates soar.

Sale windows close in 36 to 48 hours, but stragglers are targeted and given an exclusive second chance. Leaving no suit or scarf unturned allows Gilt to turn over inventory an industry busting eight to 10 times a year.

Big data is fashionable

Beyond internal transactional and demographic information, Gilt culls data from blogs, Facebook, Twitter and other social networks. Community discussions reveal micro interests and brand preferences.

The outbound result is sharp, fast, and cooked to taste.

Gilt unleashes 3,000 tailored messages each day. And iPads and iPhones can match pace. 30 percent of Gilt's traffic comes from mobile devices. Evidence, according to Maybank, customers shop during weekend soccer games and company meetings.

And probably a few drive-thrus.