

DOUBLE-DIGIT SALES INCREASE WITH ASSORTMENT PLANNING

VALUE OPPORTUNITIES

- *Improve the management of assortments in the points of sale*

TXT E-SOLUTIONS RESPONSE

- *Assortment Planning*

RESULTS

- *Double-digit increase in sales and in retailer floor space for VF collections*
- *Greater visibility on the Supply Chain and responsiveness to sales statistics*
- *Reduction in end-of-season remainders and stock maintenance costs*
- *Management support in decisions regarding promotions, discount policies, clothing/store allocation, special product launches*

Corporate Profile

VF Europe bvba is the European associate of the VF Corporation www.vfc.com, top ranking clothing producer in the world and leader in jeanswear, underwear, sportswear, work clothing and backpacks. Quoted on Wall Street, the group boasts a turnover of 6 billion dollars, including more than 800 million from European sales. Amongst its main brands are Lee, Wrangler, Vanity Fair, JanSport, Eastpak, The North Face, Lee Sport and Red Kap.

Supply Chain Context

Its growing presence on global markets and its increase in sales volume have presented new

challenges for the group as it faces a constant rise in dynamism in the fashion industry. Until just a few years ago, there were two collections (autumn-winter and spring-summer), while VF now controls up to six collections a year. Its product line renewal is continuous.

But what are the critical points? On one hand, increasingly shorter product life cycles translate into the need for constant updating of production processes and supply ratios. On the other, it becomes fundamental to understand exactly what happens in the point of sale, so as to avoid contrasts between "old" and new lines in the shop and to better satisfy the customer, whose tastes and demands are in constant evolution. While in the past the problem was limited to delivering the order three months in advance, today the sequential producer-distributor logic is no longer a winning solution. Producer attention also shifts to the retail level: it is important to seize, interpret and satisfy ever more rapidly the needs and tastes of the end user. It is with these objectives that VF Europe, always careful to offer the best possible level of service to its customers, has launched the "Jeanswear Retail Partnership Initiative". This strategic initiative,

which today includes the Lee, Wrangler and HIS brands of the jeans sector, entails the direct involvement of VF Europe in the management of the spaces (shop-in-shop) inside the points of sale of major European retailers.

VF's Challenge

Before the launching of the initiative, VF Europe offered the line to the retailer, who decided which articles were to be presented in the 20 sq.m. in Berlin or the 100 sq.m. in Munich. Now, VF proposes the shop-in-shop assortments, collaborating with retailers in defining sales objectives. The complexity of the planning is evident: 3 product lines and hundreds of spaces to manage inside shops spread across several European countries. As they obviously have different types of locations (assortment planning for a shop in the city centre is different from that for a shop in the suburbs) and different amounts of floor space, they also have different assortment capacities. In support of this complex planning activity, VF Europe decided to adopt a software solution developed around this new business methodology. The solution chosen was Assortment Planning.

Why TXT?

VF Europe decided to select TXT for its ability to guarantee a facilitated implementation in just a few months and for the ease with which its standard software can be integrated and maintained.

The consolidated success of TXT in the industry was also an important factor, together with its capacity to offer a solution covering the entire value chain of the fashion industry, from both the production side and the retailer side. The solution that VF sought was not the same as that which a retailer might require: VF has a very long Supply Chain, from the shop-in-shop right up to the production plant. Therefore, the ability of TXT to control and integrate retail and production processes represented a key factor in the decision.

The Solution

The Assortment Planning solution, strongly integrated with the JBA ERP system, controls the Wrangler, HIS and Lee jeans lines (12,000 colours and approx. 150 sizes)

in 300 points of sale in several European countries. It is all supported by just one central server. Running after just three months of implementation, the solution will soon be extended to more than 1000 points of sale across Europe.

The module functions include:

- balanced and unique assortment planning for shops to satisfy strategic objectives for both the products and the points of sale;
- definition of optimum open-to-buy plans;
- planning of inventories and marketing events;
- constant monitoring, review and updating of in-season and post-season forecasts for both high-rotation articles and seasonal campaigns.

The solution, which offers the user 1250 indicators and 270 screens, allows immediate best-seller and slow-seller identification, assisting VF Europe in decisions relating to promotions, discount policy, clothing/store allocation and special product launches.

The results

VF Europe has achieved a double-digit increase in sales and retailer-designated floor space for its collections. Implementation of the solution has also contributed to:

- reducing stock maintenance costs and end-of-season remainders;
- further improving the responsiveness to sales statistics along the entire Supply Chain.

Satisfaction with the results achieved has opened the door to a new project phase, with implementation in the near future of the Demand Planning forecasting module of TXT. It is VF Europe's hope that this will allow for better control of stock and remainders due to lack of an inventory. Furthermore, via advanced collaborative forecasting techniques, the solution will allow better integration of processing functions (local, central and finance forecaster), correlating forecasting activity with budget definition.

“By adopting Assortment Planning, we have achieved a double-digit increase in sales and retailer-designated floor space for our collections. User feedback is very positive. The solution is efficient and easy-to-use.”

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