InfoCepts
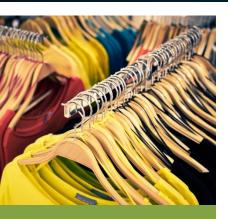
Maximizing Store Profitability for a Leading Luxury Goods Retailer

Summary

Our customer is a leading luxury goods retailer that leases spaces in its stores to leading global consumer brands. They wanted to understand profitability for each space within their store so that they could decide what brands to prioritize in placements. We offered them a solution that integrated their data from multiple data sources with IBM Datastage and created a customized sequence of execution for brand placement based on their specific business rules. The customer now has a precise view of profitability for each of its spaces and saves an average of 5,400 person hours per year of data integration and analysis efforts.

Industry
Luxury Goods Retail

Users
Senior Executives, Financial Planning and Analysis Team, Merchandising Team, Store Ops Team

Technologies
Datastage, Netezza, MicroStrategy

Team Size
11 InfoCeptians
9 Customer Associates

The Challenge

Our customer is a luxury goods retailer with shops at leading airports around the world. They wanted to monetize every bit of floor space in each location. To do this, a comprehensive spatial and financial analysis of their stores was needed. To achieve this objective, it was necessary to integrate the substantial amount of data for various brands and retail stores that was stored across multiple disparate systems and managed by functionally diverse and geographically separated teams. For ease of operation, it was necessary that the data was presented in a simple, easy to consume manner.

Essentially, the customer wanted a streamlined method of recording the incoming sales, operating profit, S, G & A (Selling, General and Administrative) expenses, the total cost of goods sold, etc. from their widely distributed shop locations to enable:

- Identification of high-performing and non-performing brands to assist Store and Merchandising Teams to take timely actions
- Measurement of overall business profitability by each brand across all locations and enhancement of the frequency and availability of the information for analysis
- Automation of the complex information-gathering process from multiple sources in an efficient, quick and error-free manner
- Application of business insights to enhance the existing budget and increase the effectiveness of CAPEX meetings
- Use of data about brand performance while negotiating with vendors

To sum up, our customer required a detailed profitability analysis for each space within their store.

The Solution

To fulfill our customer's requirements, we designed a dashboard that enabled our customer to make highly informed and profitable decisions. We accomplished this by ensuring that each floor space owned by them is accountable for financial performance and generation of profits. We delivered a customized solution by answering three major questions:

- Which brands to assign a bigger space and, conversely, which of them to demote to a multi-brand area?
- Which costs are reducing our customer's net profit?
- How can the customer use the profitability data during vendor negotiations?

Based on these questions and the requirements noted earlier, we simplified the customer's business decisions by customizing the dashboard to:

- Integrate the data on location per square feet and brand depreciation with the customer's data such as Sales, Gross Margin, Traffic, Labor Hours and Vendor Funded Labor Hours
- Synthesize Business Planning and Consolidation (BPC) cost and lease brand data with the customer's data warehouse.
- Enable the customer to create a set of rules for automatically computing spatial profitability.
- Uncover data quality issues in previous source files, including those on fixed assets, BPC and the floor plan.
- Create and deliver exception reports (for instances where the mapping system would not work) and multi-brand sales reports

The Results

We created a customized sequence of execution for brand placement using the customer's business rules. In addition to the improved dashboard, this proved to be one of the critical elements in delivering the customer with the following:

- Real-time, consistent and virtually effortless brand space reports- an innovative way to ensure profitability based on real data

- An enhanced dashboard that supersedes Microsoft Excel by providing additional perspectives when filtering data, offers better visualizations and presents a single view of information, all the while offering higher security

- A comprehensive report that goes beyond solving the customer's issues by providing exception reports, special case solutions and advice on how to integrate data with minimum effort in the future

Our custom-built dashboard offers a one-of-its-kind solution that provides spatial analyses and reports for individual locations within stores, referred to as the 'Box Profitability' feature. It saves an average of 5,400 person hours per year of data integration and analysis efforts.