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VF Corporation Increases Profitability and Stays Ahead of the Competition with Alteryx

CHALLENGE
VF Corporation wanted to improve corporate profitability, support retail expansion, and maximize the performance of the company's more than 100,000 SKUs at more than 10,000 retail locations.

SOLUTION
VF Corporation uses Alteryx to appropriately match products to consumers and specific stores based on simultaneous analysis of POS data and demographic information.

RESULTS
- **Deeper Insights:** Improved sales and reduced merchandise mark-down and return rates with more effective planning and by moving inventory to the right locations at the right time

- **Hours vs. Weeks:** Reduced some data analysis processes from several weeks to just two days and others from a full day to a couple of hours

- **Intuitive Workflow:** Gained more precise control over inventory as well as improved retail site selection with predictive and spatial analysis in a single analytic workflow

Introduction

A highly diversified, branded lifestyle apparel, footwear, and related products company, VF Corporation serves consumers worldwide through 35 brands and multiple distribution channels. The company's brands span five distinct areas—outdoor and action sports, jeanswear, imagewear, sportswear, and contemporary brands—and include such well-known brand names as The North Face, Nautica, JanSport, Lee, Wrangler, Majestic, Splendid, and Vans. With sales of $10.9 billion in 2012, the company is focused on attaining sustainable, long-term growth driven by continuous product innovation, as well as through geographic expansion via its wholesale partners, its owned retail stores, and targeted acquisitions.

"In retail, knowing your target markets and consumers' wants, needs, and lifestyles is a critical determinant of profitability and success," says Pat Garvey, Director of Retail Floor Space Management Services (RFSM) at VF Corporation. "But with 10,000 retailer locations and more than 100,000 SKU's across all our brands, connecting the dots between our inventory levels and our retailers' product requirements is no easy feat."

Situation

In 2009, Garvey's RFSM organization assumed responsibility for the company's customer relationship management (CRM) efforts with its retailers. While the company already had an internal CRM database, it also needed to correlate and analyze this data along with huge volumes of data from a number of other disparate internal and external sources. Recalls Garvey, "We needed to pull all the available, relevant information together in order to get the right products to our retailers at the right time—no matter where the retailer was located."

And that meant crunching large sums of data very quickly, Garvey notes, but the company's existing solution was not scalable or reliable enough for a company the size of VF Corporation. "We never knew if we were going to hit the maximum number of records allowed. Sometimes it would simply stop running, impacting our inventory replenishment efforts—and our relationship with our retailers," says Garvey.

What's more, the company's existing solution did not allow VF Corporation to include spatial information, which was becoming increasingly important to the company and its retail expansion efforts. "Determining the right location for a new retail store requires more than just looking at a map; you want to know the target household demographics in a specific radius as well as the competitive situation," notes Garvey. "We were completely hamstrung with our existing solution."

Solution

Armed with three key selection criteria—the ability to integrate disparate data sources, including spatial information, the scalability to handle tens or even hundreds of thousands of data records, and the speed to analyze this vast amount of data quickly—Garvey and his team evaluated several competing solutions. "Once we looked at *Alteryx Analytics*, there was no contest. Alteryx was uniquely able to meet all three of our key requirements and we did not see another tool that was as versatile as Alteryx," says Garvey.

"Initially, we used Alteryx to support trade area development for our wholesale accounts, so that we could determine which customers were shopping in which stores and make related decisions about product placement," comments Garvey. "It was immediately obvious that we could use Alteryx to compile, cleanse, and analyze all of our consumer data (e.g., consumer lifestyle information, demographics, consumer research, web site registration information, sales rebates, coupons, etc.) and our retail store information (e.g., point of sale data (POS), store trade areas, etc.) to improve overall profitability and our relationship with our customers."

What's more, VF Corporation was able to include spatial information with Alteryx, to aid in the decision-making process for new and proposed retail store locations. Notes Garvey, "Not only can we make more strategic decisions about where to open a new store, but also we can use Alteryx to help our planners and category managers place the right merchandise in those stores, even before the store opens its doors."

Results

Garvey is unequivocal in his support for Alteryx. "Alteryx made an immediate business impact by accelerating our ability to analyze sales by category, style, and size for each defined market and cross-reference this information against inventories, market demographics, and customer drive times," says Garvey. "With Alteryx, we can more effectively plan and move inventory into the right locations at the right time, improving sales and reducing merchandise mark-down and return rates."

Garvey sees the results of VF Corporation's use of Alteryx every Monday. "With Alteryx, we bring in data first thing Monday morning and our replenishment managers and category managers can make significant changes—if necessary—to our inventory availability. Alteryx gives us more precise control of our inventory, ensuring a better level of sales and therefore profitability for our retailers."

Another benefit of using Alteryx, Garvey says, is the speed with which his data analysts can collect, blend, and analyze data for important business decisions. "Alteryx has taken many internal processes and reduced some from several man-weeks to just two days and others from a full day to a couple of hours," comments Garvey. "For a business of our size, that time savings translates to a huge competitive advantage and tangible improvements in profitability."

The benefits that the RFSM team has realized by using strategic analytics have been noted by other parts of the business. Alteryx is now used by planners and category managers to identify the ideal locations for new store locations, and determine merchandise stocking levels in new stores, in some cases up to six months in advance. With this level of analytics sophistication, VF Corporation can realign existing inventory levels and optimize its product offerings at the style and color level.

"Not only has Alteryx allowed us to hire fewer people, but it has also enabled the very talented employees that we already have to go through the data and make the proper business decisions," concludes Garvey.

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