

Astute Solutions. As an agent, why do you believe that they had a positive impact?

3. What are the benefits of having all product information visible to all fields of a company in an organized, central location? What are the risks?
4. What can Unilever's agents do to become more engaged with their customers through social CRM?

## Abercrombie & Fitch Centralizes and Expands

Abercrombie & Fitch is an international clothing retailer that learned the importance of efficient data management when expanding internationally. Because of the lower promotional costs and higher profits, international expansion was attractive to A&F. After launching their international strategy in Canada and the U.K. in 2006 and 2007, respectively, A&F could see further international growth on the horizon. However, it knew its data management was not capable of handling the level of growth that was expected.

A&F's financial visibility of merchandising was dismal. A&F managers were using spreadsheets of data to plan future merchandise levels, making any conclusions as to whether they were over- or under-buying merchandise virtually inconceivable. Floor space layouts were designed based on merchandise allocations assigned by merchandising managers. If the merchandise allocation was inaccurate or became delayed, the floor space had to be redesigned because the merchandise that was planned to go on display was not at the store in time. Store managers began to overstock merchandise to prevent these occurrences. All merchandise was shipped to the A&F distribution base in Columbus, Ohio and stayed there until it was called upon by an individual store. This made it difficult to efficiently restock inventory in overseas locations. The previously stated flaws in A&F's merchandising system and adjoining distribution system were too great to sustain the international growth they wanted to pursue.

To support the data influx that comes with international growth like A&F experienced, they needed an open operating platform and integrated point-of-sale (POS) infrastructure in order to keep the closest eye on transactional data. For an international retail company, the data accessible today is used to make decisions that have impacts far into the future. Without the appropriate data at the appropriate time, the wrong decisions can easily be made and the

company can suffer severe consequences. A&F chose to install the Oracle Retail Merchandising system in its headquarters in Columbus, Ohio. Transactional data from all store locations, domestic and international, is centrally managed there. A&F also implemented changes to the front lines. They used Oracle's Retail Point-of-Sale Software System (ORPOS) to collect real-time data from their 1,100 store locations across the globe. Each store was connected to a regional database that manages up to 30 stores. With all data visible to headquarters in Ohio, A&F's merchandising managers had all the information they needed to make educated decisions, in one location. Transactional data from all departments including supply chain, inventory management, and POS processing are now all visible on an international scale.

Since installing the platform, inventory order accuracy has increased from 94 percent to 100 percent. Additionally, A&F's international stores have brought in close to \$1 billion in sales.

Air shipments have decreased from 25 percent of all shipments to only 8 percent, a huge expense savings. A&F's software gives them a real-time view of transactions occurring in stores globally. The new POS software provides benefits for many different departments of the company including inventory management and logistics, and store managers who need access to this information can plan future merchandising levels. If store managers have accurate merchandise levels, they can design the most effective floor layouts without worrying about having to change the layout at the last minute. A&F saves money by not overstocking and does not lose sales due to under-stocking. The improved data management software adds predictive value to A&F and also allows it to use data to draw conclusions on purchasing patterns that determine future merchandise levels.

**Source:** Amato-McCoy, D. (2012). Mobility 101. *Chain Store Age*, 88(3), 24.

### Thinking About the Case

1. Why is it important for a company that operates internationally to have centrally located information visible to multiple departments?
2. What are the challenges a global clothing retailer faces in regards to maintaining proper inventory levels?
3. How did efficient transactional data management lead to a decrease in air shipment costs of A&F?