

Unlocking the True Potential of Long Tall Sally's Data

Long Tall Sally (LTS) provide the largest selection of clothes designed exclusively for tall women and is the number one brand for tall women in the UK. From the humble beginnings of a single shop, Judy Rich, Managing Director, has developed LTS into a formidable business, with 26 stores located throughout the UK, a transactional website, eight seasonal catalogues and the ability to ship ranges worldwide.

The Problem

Having started as the only serious player in the clothing market for tall women, LTS has seen ever increasing competition from the High Street. This, coupled with a far more demanding customer base, led the company to identify two major issues it needed to address in order to retain its position as the leading retailer for this segment:

- To improve its product availability on the shelves and within Mail Order, whilst reducing their overall stock holding at the same time.
- To have the ability to profile, segment and target their customer database to ensure optimum return on investment from each distribution channel.

Having identified their strategic objectives, the company turned to the existing operational systems for the answers. However, they quickly realised that not only did they not possess the required functionality, the very way they operated and held the company's data would make the task even more difficult. The problems were two fold:

Firstly, LTS operated their stock management from two very separate and disparate systems (one system dedicated to Stores, whilst another covered the Direct channels - catalogues and website). These two operational systems were not integrated and had no means of automatically linking data to provide a single generic view of sales and stock across the business.

To further complicate the situation, each system used different identification codes for the same products. The existing stock management process involved printing off paper based reports from each system once a week, then re-keying the data into Excel spreadsheets, together with future commitment (order) detail. This would require a minimum of one day's

additional work, before the data was in a format that could be reviewed. A lack of any real analytical tools also meant that the company was unable to manage stock other than at a top level.

Secondly, the company had no customer analytics capability - so were unable to profile, segment and target their customer base efficiently and effectively. Whilst possessing a rapidly growing database of over 300K customers, the company was unable to understand which customers were profitable and which were not or determine the optimum contact strategy for each channel. They were potentially risking wasting hundreds of thousands of pounds each year in over mailing customers, or losing vast sales opportunities by failing to mail them at the correct time.

Having acknowledged that they required an 'outside' solution, LTS investigated the options which were available to them, one of which was to replace the two separate operational systems with a purpose built system containing a data warehouse with an analytical reporting system built-in. However, they soon ascertained that a number of factors meant that this solution was going to be extremely prohibitive, namely cost, time (circa £750k - £1m, minimum of 1 year) and dedicated skilled resource. No system appeared ideally suited to providing both robust operational capability and detailed analytical capability, whilst remaining flexible to handle constant future changes.

Jeremy Wilson, Finance Director at LTS concurs

'replacing our existing systems would have been extremely expensive, not only financially but also in terms of business impact. The Alterian Solution from GB Group was implemented quickly with no detrimental impact to the business and for a fraction of the cost'.

Background

Long Tall Sally (LTS) provide the largest selection of clothes designed exclusively for tall women and is the number one brand for tall women in the UK. The company has 26 stores located throughout the UK, a transactional website, eight seasonal catalogues and the ability to ship ranges worldwide.

Scenario

LTS required a central data repository, with an analytical and reporting capability that would enable them to integrate and view all of their data, including product, sales, stock and customer information, at the touch of a button.

Solution

Using Alterian software, GB Group developed a user-friendly solution, which enables LTS to immediately access product, stock and sales information in an electronic format.

The provision of a Single Customer View (SCV) enables LTS to view a customer's relationship with all aspects of the company, regardless of channel and it also gives them the ability to view product information at individual SKU level.

Benefits

Expecting to see a 5% improvement in sales and a 2% improvement in gross margin within the first 12 months.

50% increase in Gross Demand within the Direct Channels.

The direct marketing cost/sales ratio has been reduced by just over 4%.

The ability to analyse individual channel and store sales/stock profiles means LTS now has the right amount of stock, in the right place, at the right time, therefore maximising sales potential and gross margin throughout the year.

Train-of-thought analysis has resulted in the development of 'true demand' profiles for individual product types and SKU's across all channels.

LONG TALL SALLY

About GB Group

GB Group offers a portfolio of customer intelligence products and services, to increase sales growth, profitability and effective investment. GB Group's services enable clients to run their businesses, in a more cost-effective manner. In turn, they enjoy significant competitive advantage through the identification of customer and market opportunities before their rivals.

"CPP have used this information to target their acquisition and renewal campaigns more effectively, seeing a great improvement in the renewal rate from the first few test campaigns."

Paula Widdowson -

Card Product Manager, CPP

"The improved data integrity has undoubtedly supported WH Smith's customer offer campaigns and their fantastic success."

Mark Bramwell - Business Systems Manager,
WH Smith

"GB Group has become one of the most capable and sophisticated high end customer database specialists in the UK. It is amongst the top performers in marketing database hosting, data provision and analysis services."

James Lawson - Editor, Database Marketing

Further information

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The Solution

LTS required a central data repository, with an analytical and reporting capability that would enable them to integrate and view all of their data, including product, sales, stock and customer information, at the touch of a button.

To address the problem, LTS approached database specialist GB Group, who introduced them to Alterian, a powerful analytical software solution, which had the capability of answering all aspects of the LTS brief.

Using the Alterian software, GB Group developed a user-friendly solution, which combined both the stock management systems and integrated the information so that LTS could immediately access product, stock and sales information in an electronic format. Additionally, the provision of a Single Customer View (SCV) enabled LTS to view a customer's relationship with all aspects of the company, regardless of channel and also gave them the ability to view product information at individual SKU level. The system was designed to be used by a number of departments within LTS, including Marketing, Buying, Merchandising Stock Control and Finance, thus the benefits have been experienced by the whole organisation.

'GB Group, using the Alterian technology, rapidly transformed operational data from disparate systems into one consolidated view of our business at all levels, which has not been possible before'.

The Benefits

GB Group has developed LTS a system, which now enables them to complete complex data queries in seconds rather than days. Using the Alterian software, LTS are now able to accurately profile their customers by distribution channel, profitability and buying behaviour. They have instant access to stock, product and sales information and are now able to run customised reports as and when they are required.

The Single Customer View provides LTS with a true picture of their entire business. They are able to profile customers and stores in order to segment and target them appropriately. LTS now have the ability to turn their customer data into unique customer intelligence, enabling them to further build upon their competitive advantage.

Since implementation in Autumn 2002, LTS has already seen significant benefits right across the business. As a result of analysis on the customer database LTS has developed a targeted, segmented approach to their mailings and has experienced a 50% increase in catalogue Gross Demand in Spring 2003 as a result.

This dramatic improvement in targeting has reduced their direct marketing cost/sales ratio by just over 4%. The next steps are to refine the segmentation and use the data to develop probability models, which will further improve the marketing cost/sales ratio. LTS are now in a position to determine which elements of the direct model they influence - increasing recruitment, maximising sales, minimising returns or maximising overall profitability.

To Finance Director Jeremy Wilson, Alterian has been music to his ears. 'It enables us to control the elements of our business - both in terms of optimising the profitability of our catalogue mailings - and enabling us to recruit or reactivate customers as and when required. We are now starting to look at targeting our web customers more accurately by analysing their online behaviour and purchases and then serving targeted relevant content to them whenever they visit the site. This coupled with targeted personalised emails should ensure that we can continue to drive down our marketing costs whilst increasing our sales, profitability and customer satisfaction'.

Indeed much of the Alterian project has been driven by Wilson who, with no training at all, started using the system and is now developing new, innovative ways of understanding the business and shaping its proposition going forward.

His analysis has enabled LTS to develop individual store profiles by size and style thus enabling them to align their initial stock allocations and replenishments far more accurately to their local customer base. Accurate stock management in stores and in the warehouse means the business has the right amount of stock, in the right place, at the right time, therefore maximising sales potential and gross product margin throughout the year.

He has also developed a model to understand the lost potential sales, due to stock shortages in specific products and sizes in an individual store. This not only aids immediate replenishment, but also improves accuracy of store stock requirements going forward.

In scoping the project LTS expected to see a 5% improvement in sales and a 2% improvement in gross margin within the first 12 months. 6 months in they are well on track to achieve their targets and see payback within the year.

Jeremy Wilson concludes, 'The GB Group and Alterian-based solution has transformed the way in which LTS operates. It has given new insight into customer purchasing and stock management, which is being used to drive the business forward'.