

Flying Tiger Copenhagen

Meeting customer demand **profitably across 800+ stores** with Nextail

Impact at a glance for Flying Tiger Copenhagen
in the UK & Ireland

+10%

increased revenue
YoY

+15%

increase in
average unit price

-1.2

week reduction
in coverage

Who is Flying Tiger Copenhagen?

Variety retailer **Flying Tiger Copenhagen** traces its story back to a flea market stall in Denmark. The first brick-and-mortar store opened in 1988, its name originating from the fact that items originally cost 10 Kroner - pronounced the same as the Danish word for "Tiger". Today, the variety retailer continues delighting customers in over 27 countries worldwide with super-curated products and the ever-present philosophy that "a richer life doesn't cost a fortune".

nextail



Why Nextail?

+ Efficient scaling: Transitioning from wholesale to centrally-led merchandising operations

In 2020, Flying Tiger Copenhagen began searching for a merchandise planning partner to help reduce operational complexity to enable growth. The variety retailer's unique product assortment includes a vast array of items: home, kitchen, hobby and party, to toys, electronics and gadgets, food, and accessories.

Serving a variety of demographics, products are refreshed monthly, 53% of which are seasonal alongside approximately 1,400 fixed products. Such assortment complexity mixed with traditional merchandising methods and market-led approaches were leading to excess inventory and missed sales.

Flying Tiger Copenhagen's goals were to:

- **Simplify inventory decision-making**, freeing up working capital by avoiding human error and lowering in-store and warehouse stock levels
- **Gain visibility and control over inventory** through centrally-led, automated merchandising processes, able to scale the business into new markets and channels.

The Danish variety retailer knew they could achieve the operational excellence they needed to simplify and scale the business through the power of AI automation and data-driven decision making. Flying Tiger Copenhagen selected Nextail as key partner for this transformation, embarking on an initial roll-out of Nextail solutions in the UK and in Ireland 2021. By mid-2023, this partnership had expanded across the entirety of the variety retailer's European owned-and-operated store network.

"Implementing centrally-led, automated retail processes frees up working capital to enable the aggressive growth of our global footprint, bringing more happiness to more customers with our unique business model and delivering on our customer promise that a 'richer life doesn't cost a fortune'. Nextail is the key, critical unlock technology."

Mike Smith, Chief Commercial Officer, Flying Tiger Copenhagen

Impact

+ Better sell-through from intelligent allocation and automated replenishment

With Nextail, Flying Tiger Copenhagen was able to allocate to and replenish stores in a more integrated way with insights feeding into one holistic trading behavior. For example, instead of pushing out the majority of products to stores who would focus on executing and selling, they were able to allocate a smaller percentage of products and replenish dynamically, enabling more flexibility throughout the season, faster sales growth and fewer end-of-season leftovers.

One year after roll-out, Flying Tiger Copenhagen achieved a **10.3% increase in revenue**, a **1.2 week coverage reduction**, and a **15.5% increase in average unit price** as a result of more accurate, data-driven merchandise planning. And versus other markets not yet working with Nextail, UK and Ireland stores achieved **20% higher sales**.

Results

+ Taking control of seasonal campaign products through automated replenishment

The impact of data-driven decision making and automation is also pronounced during pivotal seasonal campaigns. With fully automated replenishment, Flying Tiger Copenhagen store managers **have gained back at least an hour per day** which they can dedicate to tasks such as analyzing stock, sprucing up stores, and trading - all while resting assured that Nextail will replenish the stock that had the highest potential of selling in each store.

“Merchandise planning has taken a huge leap forward in the UK & Ireland, to enable the right stock, right place, right time. We now have the group’s first auto replenishment system Nextail in place that enables the store managers to focus on their team, the store merchandising and the customers’ needs instead of spending time in offices ordering stock. The intelligent software adapts quickly to individual store trends and demand. The obvious benefit for an organization of our scale is the reduction in cash tied up in stock in the wrong stores, with intelligent auto replenishment we achieve a much more productive sell through of each of our campaigns.”

Michael Burke, Managing Director of Flying Tiger Copenhagen - UK & Ireland*



In the first Halloween campaign using Nextail, the variety retailer witnessed a remarkable **44% increase in sales** compared to the previous year and a **14 pp reduction in stockouts**. The Christmas 2022 campaign also saw a significant **25% sales increase** while **reducing stockouts by 4 pp** compared to the prior year. Moreover, the collaboration helped Flying Tiger Copenhagen **reduce stockouts from 45% to 17%** in its top performing stores. Not only were the YoY improvements in the UK and Ireland stunning, they ultimately contributed to the fact that globally, these two campaigns topped previous sales results across the group.

"With Nextail automated replenishment, we're able to drive more of what's working and where in real time, creating agility and quick results. In the end, that means top stores are getting more of the right products and growing sales much more rapidly than ever before."

Mike Smith Chief Commercial Officer, Flying Tiger Copenhagen

+ Organization-wide change management enables the path forward for operational transformation

Flying Tiger Copenhagen has achieved the remarkable **transformation from a market-led wholesale business to an integrated, omnichannel retailer**. Today, for example, merchandising teams can make more informed decisions by taking real-time analytics from the digital side of the business to understand purchasing behavior and determine where to eke out margins or lower prices before product hits shelves in stores. The ability to support these decisions and feed them into one holistic trading behavior is a very powerful capability for the variety retailer.

To manage such an integral change to familiar and traditional ways of working, the variety retailer took an active approach to educating teams across the business on the power of AI-driven allocation and replenishment optimization. The result: Managing Directors were excited for the operational scalability that would allow the business to grow, commercial teams were pleased to be adopting digitally-driven decision making, and store managers were happy to automate manual tasks such as orders.

Today, the Flying Tiger Copenhagen partnership now covers the entirety of the variety retailer's approximately 820 European owned-and-operated stores.

"We are fundamentally changing the way we do business towards a more digitally enabled, automated world. Nextail is a complete and utter change culturally, responsibility-wise, and relies on "trust" in automation and advanced tech to deliver financial results. That change curve is immense! The team is responding well, and the results speak for themselves."

Mike Smith Chief Commercial Officer, Flying Tiger Copenhagen

Want to learn how you can **transform your core merchandise planning processes with Nextail?** Get in touch.



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