Guess boosts full-price sell-through by 5pp with fully automated, AI replenishment

Impact at a glance:

▲ **5pp**	▲ **7%**	▼ **7.5%**
full-price sell-through increase	avg. weighted selling price increase	lower coverage

Who is GUESS Inc. ?

An iconic global fashion brand that offers contemporary apparel, denim, handbags, watches, eyewear, footwear and more for men and women, generating over €2.8BN in annual revenue.

In business for over 40 years, Guess directly operates +1,000 retail stores across Europe, the Americas and Asia with partners and distributors operating an additional 551 retail stores worldwide.
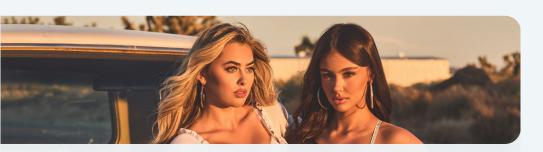
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GUESS®
U.S.A.
WASHED JEANS
?

Why Nextail?

➕ AI & demand-driven decisions infused with fashion expertise

Guess prides itself on continually evolving to meet the changing needs of the industry while maintaining a commitment to quality and style.

To keep their in-season merchandise planning and execution aligned with the brand's high standards, **Guess chose Nextail over industry-agnostic vendors** due to its AI-driven, bottom-up demand forecasting methodology, specifically designed for fashion retail.

The backstory

➕ Rigid rules & inflexibility led to stock-outs and missed sales opportunities

The 40+ year old fashion brand, celebrated for its iconic style and distinct designs, sought an in-season planning and execution solution that could adapt more flexibly to growing business complexities and customer demand throughout the season.

Guess typically allocated 80% of stock at the start of the season, leading to **early warehouse shortages** and **limited ability to respond to changing customer demand**, since their previous technology followed a simple "sell one, send one" logic and rigid store clustering.

And more often than not, Guess teams were weighed down by **repetitive, manual adjustments to inventory forecasts** in attempt to adjust to changes in demand.

These challenges led to **stockouts** and missed **sales opportunities**.

With Nextail, Guess could take a smarter, automated approach to forecasting demand, supporting their commitment delivering exceptional customer experiences while optimizing inventory investments and driving sustainable growth.

The implementation

➕ 6 months from kick-off to go-live

Once the Guess and Nextail partnership was formalized, both teams quickly got to work. They collaborated not only in implementing Nextail's solutions but also on the necessary mindset shifts and ways of working essential to leveraging transformative technology.

With Nextail's expertise in fashion retail and its algorithms specifically designed to meet the unique needs of fashion companies, the implementation process was swift and seamless.

Unlike larger, industry-agnostic solutions, Nextail was ready to support Guess from day one. As a result, it took just **6 months to go live with Nextail replenishment across the entire EMEA region.**

> "Key to our decision to partner with Nextail was the extensive fashion expertise integrated into their tech and team. We embrace disruptive technology and wanted to ensure solutions were purpose-built from the start, avoiding the pitfalls of a generic system that might deliver subpar results for an iconic fashion brand like Guess committed to meeting the demands of our loyal customers at all times."
>
> **JULIEN JACOTEY**   HEAD OF PLANNING & ALLOCATION

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The impact

➕ Operational efficiency translated into business results

With Nextail, Guess has successfully moved beyond the limitations of traditional merchandising methods, targeting each SKU to the point of sale where it's most likely to sell. This strategy enables them to keep more inventory in the warehouse for strategic distribution all season, enhancing product availability and boosting sell-through rates.

Guess with previous technology

✗ 80-90% of stock initially allocated, leaving very little in the warehouse to react to changing in-season demand.

✗ Ineffective warehouse/DC scarcity management, leading to high stock-out levels in top-selling products.

✗ Inflexible and over-generalized store clusters, sacrificing specificity and granularity.

✗ High levels of store coverage, requiring high working capital.

✗ High end-of-season inventory, leading to undesirable discounting.

Guess with Nextail

✓ 50-60% of stock sent out in initial allocations, more warehouse stock available for later.

✓ Intelligent, data-driven inventory management decisions resulting in **5pp higher full-price sell-through**.

✓ Granular, meritocratic approach at SKU-Store-Day level to better meet customer preferences.

✓ **7.5% less coverage**, potentially reducing working capital by €2-4M.

✓ Less excess inventory thanks to better availability and sell-through rates.

> "Working with Nextail has empowered us to dedicate our energy to what really matters - the art of the fashion business and upholding the powerful Guess brand. We've both improved the availability of our offering to customers and have driven remarkable business results through better flexibility and data-driven and automated inventory decisions. The best part is these processes can grow at scale as the size and scope of Guess grows and diversifies."

DANIEL BOTEY VP OF GLOBAL INVENTORY MANAGEMENT

The Guess x Nextail partnership was awarded best "AI Innovation" at the Retail Tech Innovation Awards.

2024 RTIH WINNER

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