



aristocrazy

ARISTOCRAZY LOOKS AHEAD: THE POWER OF AGILE RETAIL FOR A FASTER POST-COVID-19 RECOVERY

ABOUT ARISTOCRAZY

- **Founded:** 2010
- **HQ:** Madrid, Spain
- **Web:** aristocrazy.com

NEXTAIL SOLUTIONS

- First Allocation
- Replenishments
- Store Transfers
- Business Intelligence
- Store Mobile App

IMPACT AT A GLANCE

- Faster post-COVID recovery
- Quick identification & response to demand changes across regions, stores, and channels
- Reduction of impact of distorted/missing data
- Ready to manage spikes in online channels

ARISTOCRAZY: TRADITION MINGLED WITH TRANSFORMATION

A young brand with a strong heritage

Aristocrazy was founded in 2010, as an accessible high-end jewellery brand blending traditional artisanship and modern styling. The brand embraces its heritage as part of the Suárez family of Spanish jewelers (Joyería Suárez) that goes back three generations. Today, Aristocrazy has nearly 100 points of sale located across five different countries: Spain, France, Mexico, Panama, and Andorra.

While remaining true to its traditional heritage, **the Aristocrazy brand simultaneously represents innovation, transformation, and evolution, as evidenced by its prioritization of digital transformation.**

A focus on the future of retail

Aristocrazy began its partnership with Nextail in 2018 in order to increase the efficiency and agility of its merchandising processes. After attempted roll-outs of solutions from previous providers proved too heavy and complicated, Aristocrazy chose Nextail due to its simple approach to complex operations and quick implementation time. **Within three months, Aristocrazy had rolled out Nextail across their entire store network.**

Due to the success of the first roll-out with the Replenishments solution, the brand has since strengthened its partnership with Nextail, going on to deploy additional solutions: First Allocation, Store Transfers, Business Intelligence, and the Store Manager App.

“

What I really liked about Nextail was that they kept it simple. And I think that's core to their philosophy, and what makes it such a great success in all honesty.”

SINEAD O'KEEFFE, ARISTOCRAZY PRODUCT MANAGER

ARISTOCRAZY, EQUIPPED WITH AGILITY, TAKES ON THE CHALLENGES OF COVID-19

In early 2020, retailers across the globe were suddenly forced to grapple with the unprecedented challenges set forth by the global COVID-19 health and economic pandemic. Lockdowns, store closures, remote work, and quickly shifting demand changes became the reality in a matter of days.

And even today, as the pandemic subsides and stores reopen, retailers are facing challenges such as distorted and missing data threatening to haunt future decision-making, uneven and shifting demand across the store networks, and the growing importance of online channels. But unlike other, less agile and efficient retailers, **Aristocrazy was able to tackle these challenges head on with Nextail**, leveraging fresh, granular data to turn challenges into opportunities.

Avoiding issues related to missing and distorted data

A major challenge provoked by the pandemic, and particularly associated lockdowns, has been that of missing and distorted data. Since retailers heavily rely on data to prepare for the future, unresolved gaps and anomalies can potentially skew demand forecasts and lead to negative business repercussions.

For its part, Aristocrazy's international network was being affected in different places and times, often being informed of store closures or reopenings with only 24 hours notice. However, since Nextail takes a bottom-up approach to data collection and processing, they were able to access real-time data on demand patterns and **make adjustments in order to mitigate gaps and distortions in their data.**

For example, Aristocrazy were able to capture demand patterns during the first days of the reopening of each store, placing more algorithmic weight on this more recent reality rather than on data from further back in the past.



BENEFIT SPOTLIGHT Preventing data distortion through “Store Closures”

Retailers can further ensure that data gaps and distortions won't negatively affect future demand calculations with the **“Store Closures”** functionality.

By configuring closing periods, retailers inform the system that a store will close for a specific period of time due to lockdowns or other factors. That way, when the store reopens, demand will be calculated without that period of time so it won't be considered as negative elasticity.

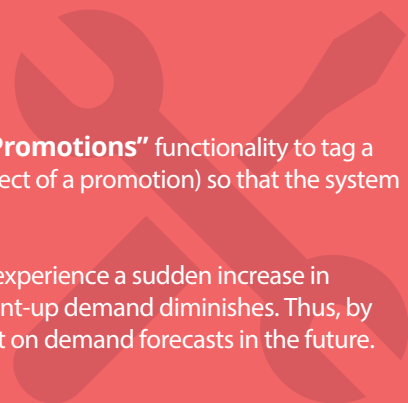
More specifically, when it came to stock movements throughout their network, Aristocrazy used Nextail functionalities such as the **Sales Threshold parameter**, which allowed them to place products in stores (or not!) based on the probability of sale, and **Blocks** to prevent certain movements from ever taking place. In this way, Aristocrazy had full control, even while operating on with volatile demand.



BENEFIT SPOTLIGHT Protecting future forecasts with "Promotions"

While actually an unintended benefit of this functionality, retailers can use the **"Promotions"** functionality to tag a period of time with an unusual increase or decrease in demand (similar to the effect of a promotion) so that the system will consider it an exception.

For example, as a region reopens after a period of lockdown, stores there might experience a sudden increase in demand for a period of time, though it will likely be temporary as the effect of pent-up demand diminishes. Thus, by "tagging" this period as if it were a promotion, retailers can "neutralize" this effect on demand forecasts in the future.



IDENTIFYING AND TAKING A TACTICAL APPROACH TO DEMAND SHIFTS

Throughout the pandemic, most retailers have also experienced shifts in demand across their store networks and channels, thus having to adjust the product availability and assortments to balance potentially drastic discrepancies in supply and demand.

Flagships and local stores and the need to rebalance hyper-locally

Since Nextail takes a bottom-up approach, solutions capture performance at the SKU-store level, informing retailers through continually updated smart reports such as **Top Products** and **Top Stores**. As such, when stores began to reopen, Aristocrazy observed that while their traditional flagship stores continued to generate the majority of sales, the recovery of those stores was slower than that of stores in smaller, medium-sized cities.

Through Nextail, replenishments and store transfers were automatically adjusted to avoid overstocking flagships and understocking secondary stores. Specifically, Aristocrazy implemented **store-to-store transfers** in which flagship stores "donated" stock to smaller stores, something that would have been unimaginable under normal circumstances.

What's more, these demand shifts are causing store profiles themselves to change in terms of product categories and assortments, highlighting the need to reduce and optimize complexity at the hyper-local level, something Aristocrazy has been doing even before the pandemic began.

Aristocrazy carries out two major store assortment overhauls per year, and their objective is to ensure that stores carry the best-selling items while keeping the process as dynamic and efficient as possible. To do so, the brand implements **Visual Merchandising rules** available in Nextail such as **Minimum Displays** and **Blocks** which make it possible to consider (or not) references on display in any given store within allocation and rebalancing calculations.

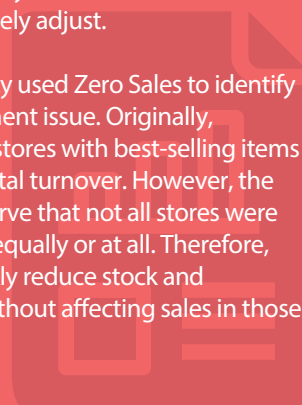
Aristocrazy also uses Store Transfers for sudden assortment changes in order to ensure that moving products fit in well with new assortments and to limit costs associated with bringing products back to the warehouse to be re-calculated in replenishment orders again, saving time and money.



BENEFIT SPOTLIGHT Improving assortment with the "Zero Sales" Report

"Zero Sales" is a smart report available in the Nextail BI that lists a retailer's best-selling products and the stores that have had zero or minimal sales of these products over the last 7 days. This can clue retailers into issues such as display and assortment factors that they can immediately adjust.

For example, Aristocrazy used Zero Sales to identify an unexpected assortment issue. Originally, Aristocrazy stocked all stores with best-selling items which made up 80% total turnover. However, the brand was able to observe that not all stores were selling these products equally or at all. Therefore, they were able to quickly reduce stock and assortment in stores without affecting sales in those stores.



Meeting spikes in demand on the online channel

In accordance with the brand's attitude toward embracing digital innovation, Aristocrazy began fast-tracking an omnichannel project to enable fulfillment across both offline and online channels. The project launched just ahead of Black Friday, in November 2020.

Being one of the first major sales events after initial lockdowns, combined with the effect of pent-up demand, online demand far surpassed the Aristocrazy's expectations. As a consequence, physical stores, still operating with a limited workforce, did not have the staffing capacity to prepare all of the orders coming through the new channel. Therefore, Aristocrazy used the **Store-to-Web** functionality of the Store Transfers solution to identify the best stores for sending the necessary references back to the central warehouse where orders could be prepared. Doing so allowed Aristocrazy to maintain order and delivery times with customers.

At present, all of Aristocrazy's omnichannel sales come from the online channel but are prepared in stores. Nexttail is able to pick up on this online demand in these stores, accounting for it in future calculations and ensuring that the necessary stock is located where it is most needed. As Aristocrazy completes a full roll-out of its omnichannel project, Nexttail will continue to support the brand by detecting omnichannel demand and considering it in store assortments.



BENEFIT SPOTLIGHT Store Transfer implementation tracking

Nexttail calculates the optimal transfer of products across a brand's network to capture as many full-price sales as possible. After Store Transfer requests are sent, central distribution is able to see which stores implemented the transfers and which did not.

Based on this information, Aristocrazy follows up with stores for feedback, especially from stores who have not implemented the requests. This type of feedback allows Aristocrazy to better track stores and to learn how their operations team can assist specific stores.

Preparing for the "new retail" future

Aristocrazy a success story in terms of being a retailer who was prepared for the many uncertainties and shifts provoked by the COVID-19 crisis. In fact, Aristocrazy was even able to open 12 new locations in the past year, using **store-to-store transfers** to move extra products from existing stores to new stores, often if they weren't fully available in the warehouse, and **grouping stores dynamically to create store-specific assortments** for these new stores.

With agility and increased efficiency, **Aristocrazy was not only able to speed up recovery, they are also best positioned for a drastically different retail industry in which retailers will need to take a fully data-driven approach to their core operations.** Looking ahead, Aristocrazy is continuing to investigate how Nexttail can further enable and support their omnichannel strategy in addition to supporting the brand's other core merchandising processes.

“

Using AI to achieve efficient stock levels has never been so easy and effective!”

SINEAD O'KEEFFE, ARISTOCRAZY PRODUCT MANAGER

ABOUT

nextail

Nexttail is a new-generation platform for fashion merchandising. Leveraging advanced analytics and AI, Nexttail empowers brands and retailers to sell more with less stock through hyper-local demand forecasting and agile process automation.

Nexttail exists to make the retail world a better, more sustainable place. We empower retailers to create better experiences while using fewer of the world's resources. To fulfil our vision, we have created a platform that delivers agile merchandising decisions.

Recognitions



Contact

 www.nextail.co
 info@nextail.co