AGILE RETAIL AT ITS FINEST:
River Island transforms its core merchandising processes with Nextail

ABOUT RIVER ISLAND	NEXTAIL SOLUTIONS	IMPACT AT A GLANCE	
• **Founded:** 1948 • **HQ:** London • **Revenues:** £920 mil (Dec, '18) • **Web:** riverisland.com	• Replenishment • First Allocation • Business Intelligence • Store App	**On numbers** • 23.7% drop in stockouts • 28.3% decrease in lost sales opportunities	**On processes & teams** • Agile, data-driven inventory management • Increased team agility and coordination • Less manual work and reporting

RIVER ISLAND: A UK FAST FASHION LEGEND

With a history that goes back more than 65 years, River Island is a well-known fashion retailer, popular for its stylish, affordable apparel. River Island embarked in an ambitious digital transformation ahead of many other long-standing retailers, and has since become a **pioneer at the forefront of innovation and technology.**

River Island recognized early on that traditional approaches to core business processes, such as merchandising, were becoming too inflexible and static to keep up with evolving customer demands. What's more, River Island needed to find a way to increase sales, improve sell-through and increase profitability.

Thus, River Island knew they would need to become agile and data-driven in order to provide great customer experiences and remain an industry leader.

CHALLENGES AND OPPORTUNITIES FOR CHANGE

River Island decided to leverage data and advanced technologies to improve the merchandise environment and empower their teams.

A data-driven approach to inventory management

In order to meet quickly shifting customer demand, River Island realized they'd have to anticipate it. Thus, they **aimed to improve the efficiency of their forecasting and inventory management decisions at SKU/Store granularity level.**

The goal was to **increase product availability while maintaining healthy coverage levels** across their network. By reducing the initial allocation to stores, they would gain more warehouse stock flexibility. The consequences of not doing so (e.g. misplaced stock, higher transport costs, markdowns) would only become more detrimental over time.

By being able to **capture seasonality changes** and store-level specific demand, they would also be able to benefit from additional opportunities during promotions and major sales events.

Increase organizational efficiencies

As the challenges of fashion retailing grew over time, River Island's merchandising teams and their responsibilities began to lose a clear structure. More than 150 team members were responsible for multiple aspects of merchandising (e.g. buy, allocation, replenishments, supplier management, store operations, etc.), and no unified view of information led to duplication and inventory management inefficiencies.

This lack of alignment also created an overabundance of reporting needs and a heavy workload. River Island wanted to unify, streamline, and automate core processes so that teams could work more efficiently and dedicate time to more profitable tasks.

THE PROJECT

Why River Island chose Nextail

In early 2019, River Island chose Nextail as their technology partner for two very specific reasons: a shared agile retail philosophy and the fashion expertise embedded into Nextail solutions.

On the one hand, both organizations share the same vision: True digital transformation requires **ingraining data science and technology into the core of the business to increase efficiencies and provide a seamless customer experience across channels.**

On the other hand, due to Nextail's unique fashion DNA, both **teams and technology were innately aligned on industry-specific needs,** so there was no need to custom fit solutions.

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> *At River Island, we saw the opportunity to future-proof our core merchandising processes in a way that fits with the overall transformation we've made across the business. We were eager to partner with Nextail to use data in a way we never had before, helping us to become more agile in our decision-making in order to benefit our customers."*
>
> *Susanne Robbins, River Island Supply Chain Director*

Agile implementation and collaboration

River Island and Nextail formed a strong collaboration and feedback approach that enabled a speedy yet thorough implementation. And since the Nextail implementation process itself is out of the box, River Island's team of over 150 members received detailed training to become proficient Nextail users. Just six months after kick-off, River Island was able to work with Nextail in all of its departments.

FAST, CLEAR IMPACT

On the numbers

Agile, data-driven inventory management
River Island quickly saw the benefits of automated, data-driven merchandising decisions through Nextail. Increased data processing capabilities mean that **River Island can predict demand at a hyper-local level no matter the store or channel.**

AI automation and advanced analytics allow River Island to leverage predictive demand forecasting. Now they can **quickly and efficiently prioritize stock across channels** for allocation and replenishment (including link lines!) based on where they have a higher likelihood of being sold, instead of relying on over-generalized clustering and aggregation.

Understanding demand at such a level means that River Island can reduce initial allocations to stores, thus they gain flexibility in stock placements later in the product life cycle.

Additionally, fresh, granular data collection and processing also makes it possible for River Island to capture and manage recurrent events like promotions and major sales events. This information helps them measure their ongoing and ultimate success in order to improve promotional activity in the future.

Lower stockouts and fewer lost sales
Shortly after implementing Nextail, River Island's **stockouts dropped by 23.7%** for continuity products, while maintaining healthy coverage levels. Additionally, River Island achieved a **28.3% drop in lost sales.**

Additionally, River Island r**educed in-store stock coverage of fast fashion products while reducing stockouts by 10.9%.** As a result, River Island was able to **reduce lost sales by 14.8%.**

By reducing lost sales opportunities while maintaining coverage at healthy and even lowered levels, River Island has been able to increase sales and achieve better sell-out ratios.

On processes and teams

River Island achieved organizational efficiencies by automating processes and decision-making.

Increased team agility and coordination
Benefiting from a unified view of information and business metrics, River Island created a centralized Distribution Hub in which a reduced number of members from the Merchandising team have become experts of distribution tasks, reducing organization complexity.

With clearer, more aligned efforts across teams and roles, **River Island has gained more efficient decision-making and team agility.**

Merchandisers have also gained more time to carry out strategic planning and new tasks. Unique smart reports have helped them quickly identify for instance bestsellers or review stockouts in order to spot areas that need attention.

BENEFIT SPOTLIGHT
Reducing manual work - Link lines

When identical products have different references, they're difficult and time-consuming to manage and can lead to unnecessary discounting, double stocking or even replenishing. Additionally at store level, this would create inefficiencies and additional manual work.

Today, the process is entirely automated with Nextail. All River Island has to do is link the references in the system. Nextail then collects previous sales and stock information, assigns them to the new one, and carries out automatic replenishments.

> **Using the Top Products page I can quickly see my bestsellers and review stockouts. Allows me to find areas in need of improvement quickly."**
>
> *Charlotte Inge, River Island Senior Allocator*

BENEFIT SPOTLIGHT
Empowered store staff - Store App

River Island uses Nextail to align central decision-making with in-store execution, significantly increasing sales. It also helps free up time for store staff that was being eaten up by manual, low-value-added tasks or hindered by a lack of information.

For example, they can identify best-selling products or those with lower sales performance, and even check store stock levels by simply scanning a product's barcode. With the time they are able to save on these tasks, they can dedicate more time to better serving customers.
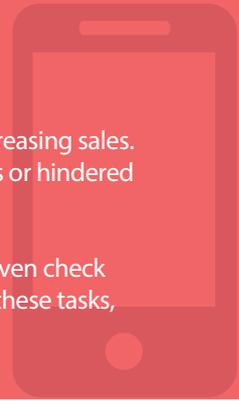
> *"Nextail combined with our commercial knowledge on product, really allows us to be an industry leading function and really drive the way."*
>
> *Kirsty Lyddon, River Island Head of Merchandising*

The partnership continues

As River Island and Nextail continue to work together, their relationship has grown stronger. The fast fashion retailer has now rolled out three Nextail solutions (i.e. First Allocation, Replenishment, and Business Intelligence) in addition to the Store App, which has been rolled out to all of River Island locations across the UK.

In an industry that continues to demand more and more data-enabled agility, River Island and Nextail continue to find new ways to work together toward the new retail of the future.

ABOUT

nextail

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

NEXTAIL 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

WORLD ECONOMIC FORUM	RWRC DISCOVERY 50	BUSINESS INSIDER
Technology Pioneer	Top 50 Global Retail-Tech Startup	Top 15 European AI Startup

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