

Clarks Keeps One Step Ahead of the Seasons with Planalytics



Footwear retailer Clarks was established in 1825 and now has over 12,000 employees worldwide engaged in producing and selling shoes.

For a wearable fashion business, a key factor in maximising future sales and profitability and proactively managing markdown, is gaining a greater understanding of the effect that the weather has on sales.

The UK retail market is becoming increasingly competitive and nowhere more so than in footwear sales. Increased store operating costs, escalating energy costs, the imposition of the minimum wage and rising rents and rates are all squeezing margin. Added to this, the last few years have seen the additional pressure from competition with a sharp rise in the number of footwear sellers in the UK. Footwear retailers, like Clarks, are under pressure to improve efficiencies in everything they do — from sourcing to supply chain to delivery of goods into stores and to the operation of these stores themselves. For a wearable fashion business, a key factor in maximising future sales and profitability and proactively managing markdown, is gaining a greater understanding of the effect that the weather has on sales.

The Company

Footwear retailer Clarks was established in 1825 and now has over 12,000 employees worldwide engaged in producing and selling shoes. In the UK, the Clarks brand is available through over 1500 stockists including 500 company owned and franchised shops.

The Seasonal Challenge

Clarks has long been able to identify a correlation between sales and the weather — a sunny day can increase sales by up to 25% for instance and a warm May day will kick start sandal sales. However, in order to make key purchasing decisions well ahead of the new season and to manage markdown, Clarks required a reliable source of weather intelligence and a clearer idea of the effect the weather will

Planalytics Case Study

have on footwear sales throughout each season. Mike Metcalfe, Merchandise Director for Clarks explained, "We're sourcing more and more products from the Far East, where ordering on the factory today to receiving back into the warehouse can take between 12 and 16 weeks. With a summer season lasting 20-26 weeks, we don't have long to make re-ordering decisions — and every

and sales, but needed to be more proactive in our planning for the weather effect. We initially trialled a 3 month forecast with Planalytics during which time they demonstrated that they could achieve forecast accuracy of 70% of weeks or months in the right direction over the last year. Satisfied that this would meet our requirements, we moved on to 12 month forecasts. The team at Planalytics is a pleasure to

"A heads up on the likely weather pattern for the next 12 months can influence around 5% of our purchasing decisions."

"There are two main factors that affect the volume of sales of footwear – the range and the weather"

— Mike Metcalfe
Merchandising Director
Clarks

week of stock in the pipeline is a week of potential markdown. Since markdown is generally driven by lead times and poor weather, we identified a project to reduce the risk of markdown by gaining a greater understanding of what the weather has in store for us in the year ahead."

The Solution

Planalytics ensures that Clarks is well prepared for any potential risks from poor weather, and enables the retailer to make key purchasing and markdown decisions to protect margin.

Clarks receives weekly business weather intelligence on a rolling 52 week basis to ensure that they can spot weather trends well advance of each key season. Commenting on the decision to use Planalytics, Mike Metcalfe said, "We'd always been aware of the link between the weather

work with, very committed, very commercial and always willing to go the extra mile."

Benefits

Clarks uses Planalytics for medium and long term planning in order to maximise sales of weather-dependent items such as sandals, shoes and boots and to manage markdown. "We use

Short Term Planning

Clarks receives a weekly weather commentary from Planalytics which gives a rolling 52 week commentary on the weather trends for the upcoming 12 months. These commentaries will illustrate how much warmer, colder, wetter or drier the upcoming year will be compared with same period in the previous year. At the same time, using data collected from all its customers over many years, Planalytics provides intelligence on how the weather is likely to affect sales of weather sensitive items such as sandals, shoes and boots. Mike Metcalfe explains, "Our 3 month outlook from Planalytics helps us plan for stock disposal or promotional trading. For example, we might have planned our sale to start at Christmas and see that Planalytics are forecasting a long cold spell in January – we might therefore hold off the boot sale until well into January to sell through stock at full price."



Planalytics enables Clarks to make key purchasing and markdown decisions to protect margin.

Planalytics intelligence to guide our purchasing decisions and to give us a greater degree of confidence in our long term plans", said Mike Metcalfe.

Longer Term Planning

With long lead times for products, it's essential to know well in advance all the factors that are likely to affect

Planalytics Case Study

sales. Understanding that the weather is a key influencer, it's not enough to look at the previous summer's weather and sales figures since year on year the weather repeats itself less than 20% of the time. Plans based on last year will be fundamentally flawed. "Our business may decide to look for growth in sandal sales the following summer", explained Mike Metcalfe, "and Planalytics allows us to look ahead at the likely weather pattern to determine if the weather is likely to support our growth targets. If the forecast looks bad for sandals, we have plenty of time to increase our mix of transitional products such as the shoe and sports ranges."

Key Business Benefits

In the first year of working with the Planalytics team, Clarks was able to take two significant purchasing decisions as a result of their confidence in Planalytics business weather intelligence.

In early 2005, Planalytics accurately forecast that the 2005/6 winter would be colder than for many years. Mike Metcalfe explains, "In October 2005 we had some repurchasing decisions

wouldn't have made without the long range weather forecast. The decision paid big dividends and we were able to trade through January, February



The decision paid big dividends and we were able to trade through January, February and March on more boots than we would have done in previous years.

and March on more boots than we would have done in previous years."

He continued, "Similarly, May 2006 was predicted by Planalytics to be a good month weather wise. As a result of work we were carrying out in the warehouse, it was necessary to push some stock out earlier than normal. Confident now that May would be good for sandal sales, we pushed our summer stock out earlier and in greater quantities than we would normally do, and this too proved to be a great decision commercially."

It's not only the buying and merchandising team who see the benefits to be gained from having a greater understanding of how the

warehouse will plan for extra warehouse capacity, the marketing team have to plan when to launch the relevant windows and advertising and

stores generally need to be aware that staffing levels may have to increase to cope with increased sales.

"You can't control the weather, but you can certainly control how it affects your business", concluded Mike Metcalfe. There's not one retailer out there who would not gain a competitive advantage by understanding how his own range can be affected by changes in the weather." ●

The team at Planalytics is a pleasure to work with, very committed, very commercial and always willing to go the extra mile.

to make. We noted from the Planalytics information that January and February 2006 were likely to be cold and frosty and as a result we made some boot purchasing decisions to a level that we

weather impacts on retail sales. If the weather is likely to increase demand for products, many areas of the business need to plan for increased activity — the operations team in the

An essential solution
for every season

800.882.5881
www.planalytics.com

Planalytics, an essential solution for every season.

Was it the weather?

Or is something else going on with my business that I need to address?

How much was the weather?

And how much was promotion or competitive pricing?

How do I action the weather?

I know I'm impacted, what can I do about it now?

How do I plan for the weather?

And leverage Business Weather Intelligence to fully impact my company?

Weather happens, take advantage of it.

Planalytics is the global source for Business Weather Intelligence. Our solutions enable businesses in all industries to understand and optimize the impact that weather has on business performance. Our unique and industry-specific intelligence provides the required insight to effectively shape strategies, pinpoint opportunities and make profitable decisions.

The unparalleled Planalytics database and proprietary forecasting technologies form the Business Weather Intelligence Platform, generating DecisionTools™ that quantify and anticipate changes in the supply, demand, and pricing of products and services. Weather happens, take advantage of it. Start making better, more profitable decisions today!



1325 Morris Drive
Suite 201
Wayne, PA 19087
USA

phone 800.882.5881
fax 610.640.0147

100 Pall Mall
St James
London SW1Y 5HP
United Kingdom

phone +44 (0) 20 7321 3715
fax +44 (0) 20 7321 3880

www.planalytics.com