

CBR Airport Retail Powers Decisions With Celerant

A powerful data mining application helps this 41-store specialty retailer maintain its stock position in a tricky retail environment.

Debbie Cotterman, Inventory Manager at CBR Airport Retail (*Spirit of the Red Horse, Talie, Radio Road, Creative Kidstuff, ZOZO, regional gift stores*) wields her self-described “data geek” status like a powerful weapon against out-of-stocks. But then, managing inventory for a company that runs 41 stores comprising multiple banners and formats – all of them in airports – *requires* a few secret weapons. For starters, there are challenges inherent to managing inventory in an airport retail setting:

- Real estate is extremely expensive (up to 20% of sales) and stores are small (typically under 1,000 square feet), so it’s important to make full use of the sales floor. This leaves little or no space for on-site stock rooms.
- Customers are migrant. If an item they want is out-of-stock today, you can’t ask them to come back to pick it up tomorrow.
- Sales spikes and volume are hard to predict and forecast. Traffic and sales can peak or plummet unexpectedly depending on variables like flight schedules and weather.

These hallmarks of airport retailing require a JIT (just-in-time) approach to inventory. But for CBR, the challenge of running JIT is compounded by its myriad formats. For instance:

- Spirit of the Red Horse, perhaps the company’s best-known brand, sources merchandise from hundreds of small, Native American artisans. Many pieces of its inventory – and some of its best sellers – are unique, handmade pieces that CBR buys in limited quantities.
- Other CBR brands each require dramatically different approaches to procurement, inventory management, and merchandising, from jewelry (*Talie*) to toys (*Creative Kidstuff*) and clothing (*Radio Road*).

As CBR grew its store count considerably through the early part of the last decade, these challenges began to tax its inflexible legacy store and inventory management systems. The legacy system CBR used for replenishment produced standard reports, but these offered little in the way of the intelligence the company needed to understand and act on

the nuances of its sales patterns. Cotterman says the growth of its Radio Road banner was one of the catalysts that led CBR to search for a new solution. “Our old system was not designed for apparel sales, so getting item-level intelligence at the color and size level was problematic,” she says. “Data transfer was an overnight upload/download affair, and sales and replenishment reports were only available by the week or month.”

With CBR’s aging system, re-ordering and re-stocking the sales floors was a highly manual process. Each week the merchandising team pulled and printed weekly selling reports for each store and determined what needed to be ordered. These reports could easily be 40-50 pages per store. It took most of the week and reams of paper to work through them. Re-stocking the floor at the store level was just as time consuming. The store managers had to look through their sales floors each day, then cruise their stock-rooms to see find what needed filling in.



Data Mining Creates Replenishment, Order Agility

In 2006, CBR migrated its dated POS and merchandising software systems to Celerant Command Retail, giving the store manager the ability to pull sales and inventory reports at the store level and improving the re-stocking process.

In 2009 CBR and Cotterman tried something entirely different. The company moved the small back rooms of the 10 stores in the Minneapolis – St. Paul airport to warehouse space in the company headquarters. The warehouse staff used the same store-level reporting and scanned merchandise onto transfers, then trucked the items for re-stocking to the airport each morning. Seeing firsthand how manual this process remained, Cotterman began leveraging Data Focus, Celerant’s Data Mining tool, to pull the re-stock reports. “With data mining we can



“I’ve never been asked a question by a merchant or manager that I haven’t been able to find an answer for.”

-Debbie Cotterman, Inventory Manager, CBR Airport Retail

export the report directly to Excel, and then print only the lines we need. Then we can import from Excel into the transfer and eliminate all the scanning time,” she explains. This new approach cut several man-hours per day. As a result, stock gets to the selling floor earlier each day, maximizing sales.

The ability to aggregate and process live data was central to the decision to implement Celerant at CBR. “Our new system allows us to analyze sales by the hour and handle replenishment accordingly,” says Cotterman. “With so many variables impacting our store traffic and sales, when we experienced major fluctuations in the past it took us a long time to understand why. Now, we can analyze these quirks in near real time to better understand what caused them, how they effect our stock position, and how to address them.”

Savings Gained Through Flexible Systems

Because its merchandise sourcing efforts are so unique, CBR did require some small, but important customization. For instance, the company used to struggle with reorders from the aforementioned Native American Jewelry makers, because handcrafted jewelry often had no specific descriptors from the source, and as you might imagine, EDI (electronic data interchange) with those suppliers is not an option. Asking for another 80 “sterling silver and turquoise necklaces” isn’t specific enough when the store carries 15 or 20 different styles of merchandise that meet that description. “When we place an order with one of our Native American artisans, they might not remember what,

specifically, we bought last,” says Cotterman. “So, we needed the ability to place pictures on our purchase orders to illustrate what we wanted.”

Cotterman is quick to laud Celerant’s level of service, but it’s her newfound data access that excites her most. “In our old system, the reports were canned and inflexible; it was extremely difficult to learn anything from our data. You couldn’t even transfer data to Excel without a huge manual effort,” she says. “Now, we’re only limited by our imaginations. We can access any data and manipulate it any way we want to.” Store-to-store, SKU-to-SKU, and timeframe comparisons are easy to execute, and common tasks such as replenishment are conducted using rock-solid, real-time data. “In many of our concepts, a large percentage of stock is replenished weekly at the item level. We rely on our data mining tool to give us those replenishment reports based on what stores sold the week before, and we can transfer that data to the warehouse for picking and shipping without typing a thing.”

Cotterman says it now takes 11 people to handle merchandising and replenishment for all CBR banners, work that required a staff of 17 with the previous system. CBR has been able to reallocate the man hours it saved to more strategic work.

Cotterman and a couple of her staffers admit to having the Celerant Data Focus application pulled up on their PCs all day, every day. “When you can compare sales and inventory data by department, location in the store, day, week, or month, in real-time, it opens the door for executive analysis that helps you break it down and dig at it until you understand it and can address it,” says Cotterman. “With Celerant, I’ve never been asked a question by a merchant or manager that I haven’t been able to find an answer for.”

For more information on the Celerant Command Retail System, contact your Celerant representative or go to www.celerant.com.