

VCS Chief Merchandising Officer Carey Filer

Store Level

Where Retail Allocation Meets The Customer Experience



Filer

Providing branded items at a value is a core strength that has helped drive sales growth year after year

in PatriotStores. For 2018, Veterans Canteen Service (VCS) Chief Merchandising Officer (CMO) Carey Filer and his team are also implementing a more analytical approach to merchandising efficiency that will allow them to rotate even more newness and variety into the assortment. But even with all the modern retailing bells and whistles now at VCS's disposal, Filer emphasizes that store-level staff are still difference-makers in the customer experience.

On sales plans for fiscal 2018 ...

Carey Filer: VCS fiscal 2017 year-to-date retail sales through December are an incredible 4.0 percent over the prior year. This provides a unique challenge in planning fiscal 2018; however, we do see opportunities in certain categories of business to drive sales in the upcoming year.

The overall goal is a 2.5-percent sales increase in fiscal 2018. Both men's and ladies' footwear continue to trend well, and we are projecting a 3.0-percent sales increase in 2018 driven by the active category.

Better4U healthy food products have been very successful, particularly in the snacks category, which is planned up 3.5 percent. The beverage and grocery business will drive sales as well, which is planned up 3.0 percent. Providing our customers branded products at a value price and continually rotating new assortments through a variety of sales promotions will drive both excitement and sales for 2018.

On new programs and strategies ...

Filer: In 2018, VCS will execute new retail allocation standards and processes. These new strate-

gies will optimize in-store inventory levels to drive sales, and increase margin and store performance for the organization through the formulation and execution of effective allocation processes.

The specifics of the program include the refinement of distributions of store assortments based on volume rank, climate, seasonality, sizing and demographics. We will dive deeper into analyzing business performance at a store/item level to determine opportunities and challenges, and then course correct future distributions to better serve our customers.

Over the course of 2018, we are projecting this enhanced distribution model will result in a significant reduction in markdown rates as well as increases in sales and margins.

On "Key Basic Everyday" products ...

Filer: The VCS Basic Replenishment Program consists of over 60 planograms assigned by store in the Planogram Matrix. Each store has a designated planogram assortment based on its customer needs, square footage and sales volume. This merchandise is systematically reviewed and replenished weekly to enable just-in-time (JIT) inventory flow to minimize inventories and maximize customer service and sales.

This program was very successful in 2017, generating average weekly sales of \$1.65 million, and we are projecting over \$85 million in annual sales.

There are many layers involved to ensure that these basic products flow through the system in a timely manner. The buying team does an incredible job of working with our suppliers to maintain top-selling SKUs within their respective categories to keep the planogram assortments fresh and appealing to our customers. The replenishment team analyzes Min/Max levels by SKU, planogram, and location to ensure we are maximizing inventory levels on our top sellers and keeping our stores in stock.

And, of course, it is essential that our store associates provide input into their local best-selling items and categories as well as executing timely receiving and stocking.

For the VCS to continue its strong sales in fiscal 2018, all PatriotStores, including the Baltimore, Md., facility, must be able to provide input to headquarters about their local best-selling items.

Of the \$85 million in sales, our top categories represent roughly 80 percent of sales to include:

Consumables; Health and Beauty Care (HBC); Over-the-Counter (OTC) products; Giftware; Fragrances and Men's Basics. As we move forward into 2018, we'll continue to focus on these key categories to drive sales increases.

On generating footsteps ...

Filer: Communication is the key to ensure Field Operations and Retail Operations stay on the same page with regards to strategies, upcoming promotions, and opportunities to drive sales.

Weekly operations calls with all canteen managers and all Central Office divisions provide an avenue to focus on priorities, as well as providing a forum for communication. In addition to the calls, weekly bulletins are sent to the field to communicate processes, strategies and clarify questions.

At the end of the day, customer engagement and enhancing the VCS customer experience at the store level is what generates traffic. It comes down to the store management and associates who provide excellent customer service and execution of VCS programs, which allows us to continue to provide the benefit to our Veterans and VA employees.

On VCS's outlook for 2018 ...

Filer: The exciting news for VCS in 2018 is the announcement that VCS has partnered with GovX to introduce an e-commerce platform for Veterans enrolled in VA Healthcare, their family members and VA employees (see *E and C News 1/18*).

This online shopping platform — which is scheduled to launch in the fall of 2018 — will feature top brand names in apparel and accessories, Made in USA, and Veteran-owned merchandise. This program will greatly expand our product mix and provide our customers who can't visit their local VA medical centers the convenience of online shopping from their homes.

Most importantly, it will enhance our Veterans benefits — proceeds from VCS sales go directly back to Veteran programs such as Adaptive Sport Rehabilitation Games; homeless Veterans; women Veterans; Veterans Crisis Line; Fisher House; disaster relief, and much more.

—E and C NEWS



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