Ralph Lauren Corporation Description

Ralph Lauren Corporation is a global leader in the design, marketing and distribution of premium lifestyle products in four categories: apparel, home, accessories and fragrances. For more than 50 years, Ralph Lauren's reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. The Company's brand names, which include Ralph Lauren, Ralph Lauren Collection, Ralph Lauren Purple Label, Double RL, Polo Ralph Lauren, Lauren Ralph Lauren, Polo Ralph Lauren Children, Denim & Supply Ralph Lauren, Chaps and Club Monaco among others, constitute one of the world's most widely recognized families of consumer brands. They are known for the clothing, marketing and distribution of premium lifestyle products in four categories: apparel, home, accessories and fragrances. The Company's brand names, which include Polo Ralph Lauren, Ralph Lauren Collection, Lauren Ralph Lauren, Double RL, Ralph Lauren Childrenswear, Denim & Supply Ralph Lauren, Chaps and Club Monaco, constitute one of the world's most widely recognized families of consumer brands. Ralph Lauren Corporation is an American, publicly traded holding company headquartered in New York City.

Ralph Lauren Corporation began with the 1967 founding of the Polo Ralph Lauren company by American designer Ralph Lauren. The Company ended Fiscal 2016 with 493 directly operated stores: 144 Ralph Lauren stores, 77 Club Monaco stores and 272 Polo factory stores. The Company also operated 583 concession shop locations worldwide at the end of the year. In addition to Company-operated locations, international licensing partners operated 93 Ralph Lauren stores and 42 dedicated shops, as well as 133 Club Monaco stores and shops at the end of Fiscal 2016. Ralph Lauren operates its representative flagship stores in New York City on Madison Avenue – for menswear in the former Rhinelander Mansion, and for womenswear and home in another structure, across the street, which opened in 2010. The company also manages flagships, for retailing Ralph Lauren collections, in Chicago, Manhasset, Greenwich (USA), London, Milan, Tokyo, Moscow and Paris. Ralph Lauren Corporation’s business model is characterized by tremendous diversity across distribution channels, merchandise categories and geographies. The Company’s key competitive advantages are concentrated in inspiration and design; product development; product merchandising; supply chain and logistics; advertising and marketing; and unparalleled in-store customer experiences. These many areas of leadership are complemented by a disciplined operational management that has supported strong financial results and shareholder value creation over the long term. As we look to the future, Ralph Lauren’s key strategic growth objectives are centered on allocating our strong cash flows to high ROI activities

Competitive Analysis

Ralph Lauren Corporation is galloping at a faster clip than when its namesake founder first entered the arena over 45 years ago. With golden mallet brands such as Polo by Ralph Lauren, Chaps, RRL, Club Monaco, and RLX Ralph Lauren, the company designs and markets apparel and accessories, home furnishings, and fragrances. Its collections are available at more than 13,500 retail locations worldwide, including many upscale and mid-tier department stores (Macy's contributes 25% to RL's wholesale revenue). It operates 490-plus Ralph Lauren and Club Monaco retail stores worldwide as well as 580-plus concession-based shops-within-shops and 10 e-commerce sites. American style icon and founder Lauren is stepping down as CEO. Polo Ralph Lauren's revenues topped $4.98 billion in fiscal 2016. In response to the poor economic conditions in the United States and European economies, RL has cut costs and inventories in order to prevent markdowns that would only decrease its net profits. Due to remnants of the 2014 Financial Crisis, Ralph Lauren had a sluggish start to fiscal 2016 but steadily improved performance throughout the fiscal year. In the Holiday Season-driven fourth quarter, the retailer posted a 157% diluted EPS improvement from Q4 fiscal 2014, which drove the annual diluted EPS to improve by 18% compared to fiscal 2014. Ralph Lauren had slightly weaker net sales in fiscal 2016 ($4.795 billion) than fiscal 2014 ($4.823 billion), but was able to have stronger net income in fiscal 2016 ($479.5 million) than fiscal 2013 ($406.0 million). Ralph Lauren was able to improve profitability by cutting costs and increasing its European presence. In addition, Ralph Lauren strengthened its fashion accessories business, as it opened stores and created product lines in handbags, watches, and footwear. Quarterly highlights are shown below.

- Ralph Lauren reported Q2 2016 earnings of $1.75 cents per share, which outperformed analyst estimates of $1.32 cents per share.
- Same store sales dropped 6% in Q2 which was an improvement over the two previous quarters, when they dropped by 13.9% and 9%
- Ralph Lauren has net sales of $1.2 billion in Q3 compared to $105 million in Q3 FY 2015
- In Q4, Ralph Lauren posted $1.29 billion in net sales – a 9% increase compared to Q4 Fiscal Year 2015. The increase was driven by strong Holiday season retail performance, as Ralph Lauren had $554.3 million in retail sales – a 31.4% increase compared to retail sales in Q4 fiscal year 2015
- Ralph Lauren projects a low double-digit increase in revenue for fiscal 2017 as well as high single digit increase in comparable store sales for Q1 fiscal 2017 so far.

Ralph Lauren reported that its first quarter revenues 13% to $1.2 billion. Its net income increased 57% from $77 million of last year's Q1 to $121 million. Operating income also rose 49% to $174 million. This favorable performance is due to double digit growth in wholesale sales (11% increase from the same period last year) and retail sales (16% increase) as well as increased profitability in channels of distribution. During this period, Ralph Lauren also opened 8 and closed 5 directly operated freestanding stores. RL reported that its second quarter revenues grew 11% to $1.5 billion compared to the same period a year ago. Its net income also increased 15% to $205 million while operating income rose 25% to $307 million. Net revenues increased 11% to $1.5 billion due to higher global wholesale and retail sales. During this period, it opened two flagship stores, introduced a new line of Lauren handbags, and launched its first international digital flagship in the UK. For FY2017 Q3, Ralph Lauren expects revenue to increase by a high percentage rate. Ralph Lauren reported net income for the quarter increased 51% to $168 million compared to Q3 of FY2016. This resulted in $1.72 earnings per diluted share which beat analysts' estimates of $1.28 per share. Third quarter revenues also grew 24% to $1.5 billion while comparable store sales increased by 15%. Wholesale sales increased 21% while retail sales increased by 29% compared to the same period a year ago. The Board announced an increase in the regular quarterly cash dividend to $0.20 per share from $0.10 per share. The company also authorized a $250 million stock repurchase program, reflecting its confidence in the company's future prospects.

Competitors list:

As a result of Ralph Lauren's wide range of brands, it faces competition in every price point from discount to luxury.

Ralph Lauren Brand	Competitors
Men's Purple & Black Label	Giorgio Armani, Hugo Boss, Faconnable
Ralph Lauren Collection & Women's Black Label	Donna Karan, Giorgio Armani, Calvin Klein, Hermes
Blue Label (Men's & Women's)	DKNY, Michael kors, Calvin Klein
Polo By Ralph Lauren	Lacoste, Nautica, Armani Exchange, DKNY, Michael Kors, IZOD, Kenneth Cole Production, Van Heusen
Lauren by Ralph Lauren	Liz Claiborne, DKNY, Michael kors
RLX	Prada Sport
Polo Golf & Polo Tennis	Nike, Reebok, Adidas
Club Monaco	Banana Republic, Zara, Reiss, Theory, AX
Home Decor, Bath & Bedding	Hotel Collection, Calvin Klein, Charter club

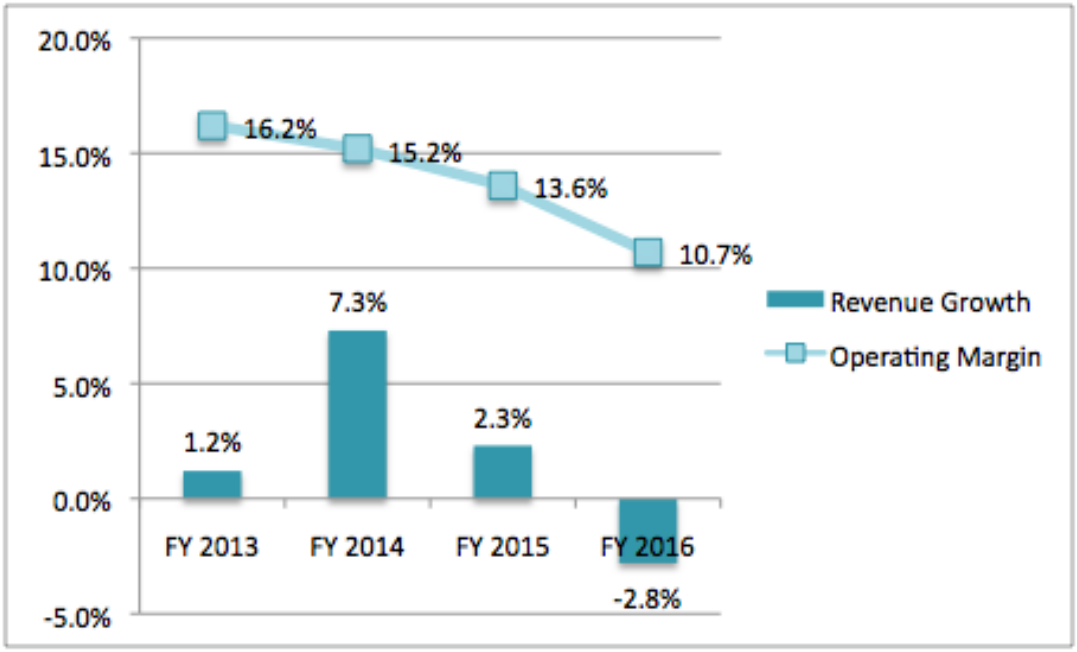
Data Warehouse Strategy

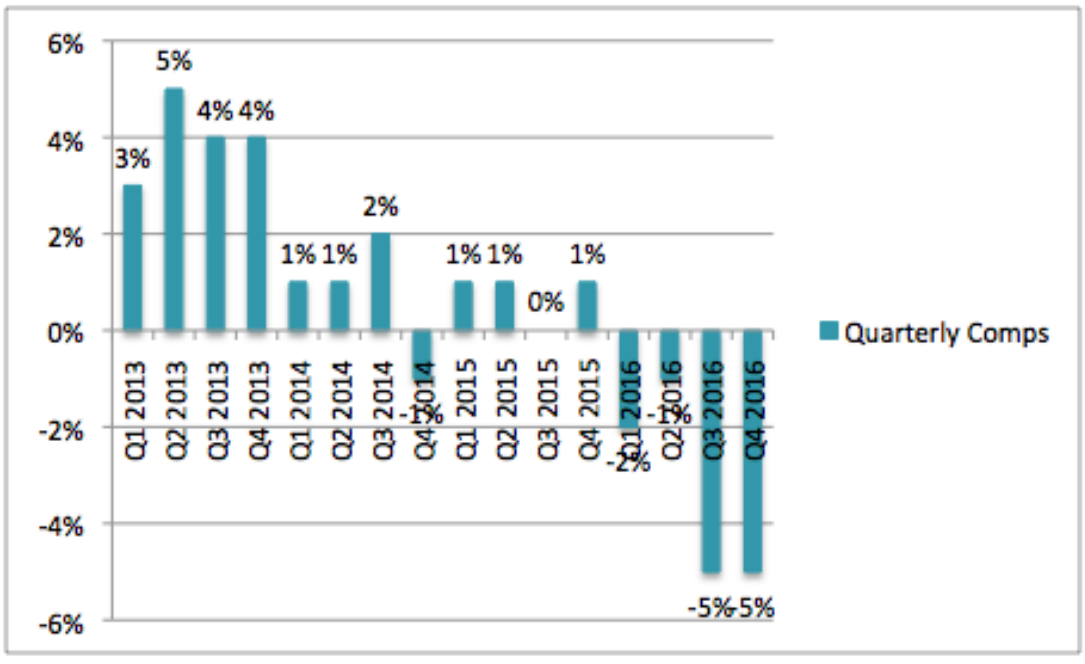
We have used Kimball's method to design our data warehouse architecture. We have chosen this method out of several reasons mentioned below:

- First, the data marts are created for different business process like sales, human resource, Customer relations etc. This provides a thin view and understanding into the organizational data and as the requirement grew we combined all these data marts into one single atomic data warehouse.
- Kimball method is much less complex than Inmon's as it has only a single atomic repository of all the logical data marts which the user can directly access to run reports and analytics unlike Inmon's method where users have access only to data marts and the data is brought into data marts from the enterprise wide data warehouse. So with the simple design perspective Kimball is preferable.
- Kimball's method is also preferred because of less time and less cost of implementation

Business Problems

Ralph Lauren's performance in recent quarters has been quite poor. This has prompted the company to develop a transformation plan, which would involve building a Data Warehouse to manage the inventory more efficiently, closure of unproductive stores, reduction in the workforce, and shorter production cycles.



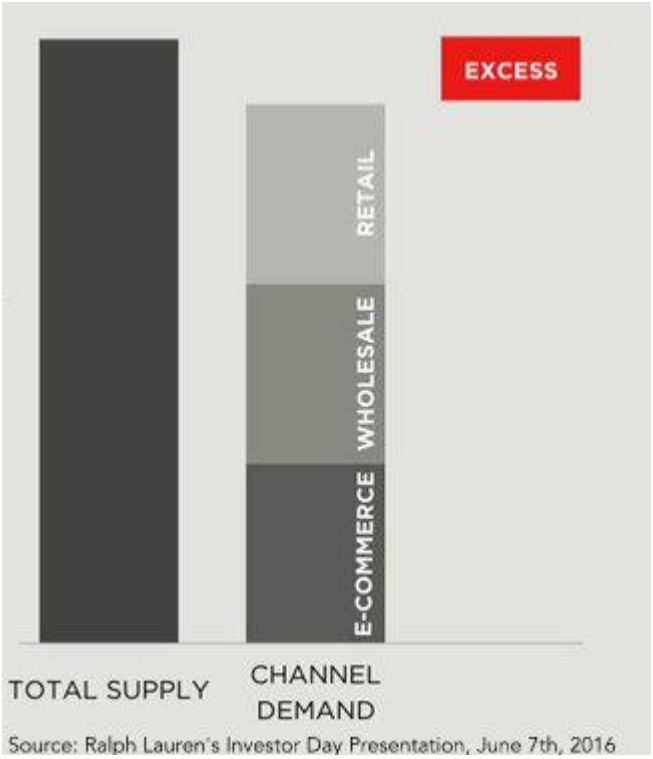


The company has been facing a number of challenges with regard to its operating model due to lack of proper data management.

Inventory Management

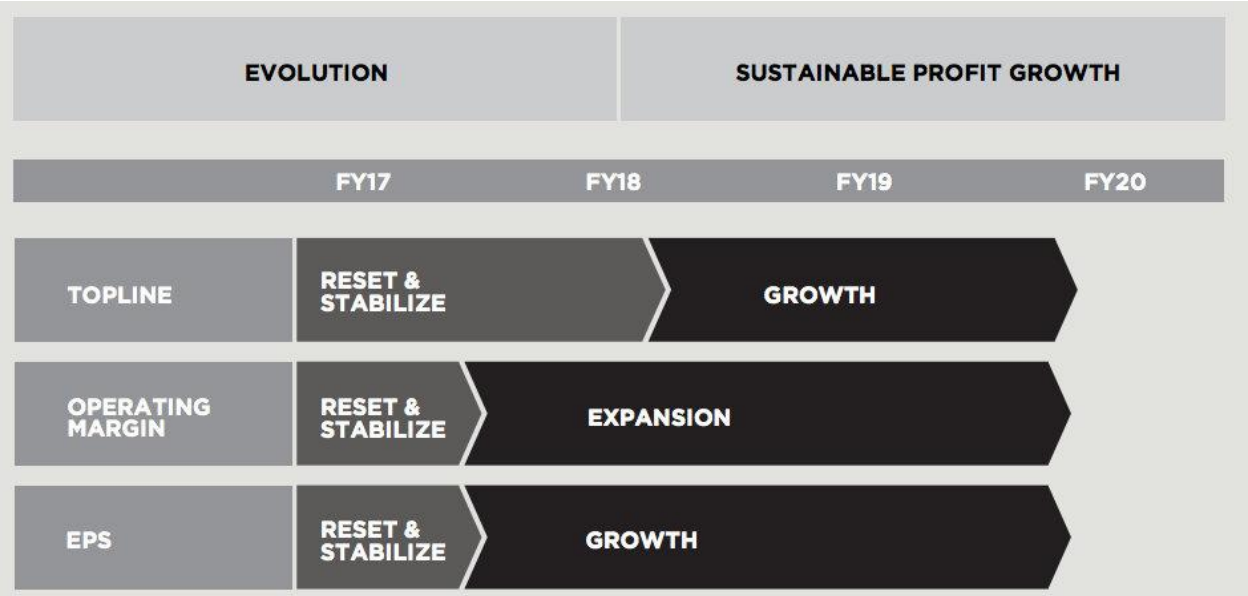
Due to lack of proper data management the inventory management has been a big task. Ralph Lauren faced excess inventory problems last quarter due to the same. Long lead times would result in a mismatch of supply and demand. The lead times are an average of 15 months.

- There is also an absence of centralized inventory control and optimization.
- Excess inventory has driven up discounting and transfers to outlet and off-price stores.
- This has resulted in an inventory growth of 26% in the last three years, while the growth in sales in this period has only been 7%.



Reduce the production time by six months, from 15 months currently to 9 months, with an 8 week test pipeline. The supply chain will also be more demand driven in order to cut down on the inventory. This will help in reducing the transfer of full-price inventory into discounted and value channels. Ralph Lauren is also taking steps to right-size its cost structure by stripping out three layers of management (from today's 9 to 6), terminating

1,000 jobs, closing over 50 stores, and trimming SG&A costs that are not driving profitable sales growth.



Source: Ralph Lauren's Investor Day Presentation, June 7th, 2016

Finding Customers

A consumer-facing business usually needs to be as close to as many of those customers as possible. If you don't know who are your customers exactly, get to know those of a competitor.Visually study who comes in and out, taking note of age, gender, how they're dressed and what they drive. Use these as proxies for income. Then find out how far they're willing to travel to shop—called the store's trade area—using research databases and sophisticated computer analysis of neighborhood demographics. This data, from analytical System can tell you how many people with demographics you seek—how old they are, their education and income, their shopping habits, and more —live in the neighborhood. These digital tools also report how much consumers there spend on a specific product or service, and also how these characteristics have changed over time.

Customer History

Ralph Lauren's current database does not accommodate historical data of its customer's. This loss of information is fatal as it consists of analytical value which can be used for target marketing resulting in increase in sales. Customer history data can also be used to introduce customer loyalty program offering more discounts and deals to frequent customers.

Where to open new Branch

Early on, the store network strategy was simple; the retailer opened stores in markets with high catalog and online sales. All stores are profitable, but some significantly outperform

others. A deeper dive into its business intelligence (BI) data revealed why, resulting in a new framework for determining where to open stores.

The company now has to take steps to improve their data storage, management and analytics. First step in making so is to update the operational database system to analytical system. Having dimensions that provide more analytical value to them so that data retrieval is made easy. The historical data is preserved so that it is used to make predictions for the future and planning accordingly. Ralph Lauren is attempting to improve operating margins and EPS by FY 2018, and return to profitable sales growth by FY 2019. 90% of the world's data was created in the past two years and managing, keeping safe and extracting insights from the ever-increasing amounts of data your company produces needs to be in the hands of a qualified professional who can help you get the most return from that data.

Business Analytic Questions

- Which Branch buys and consumes which specific product for a particular region, so as to find which is the most popular product for that region?

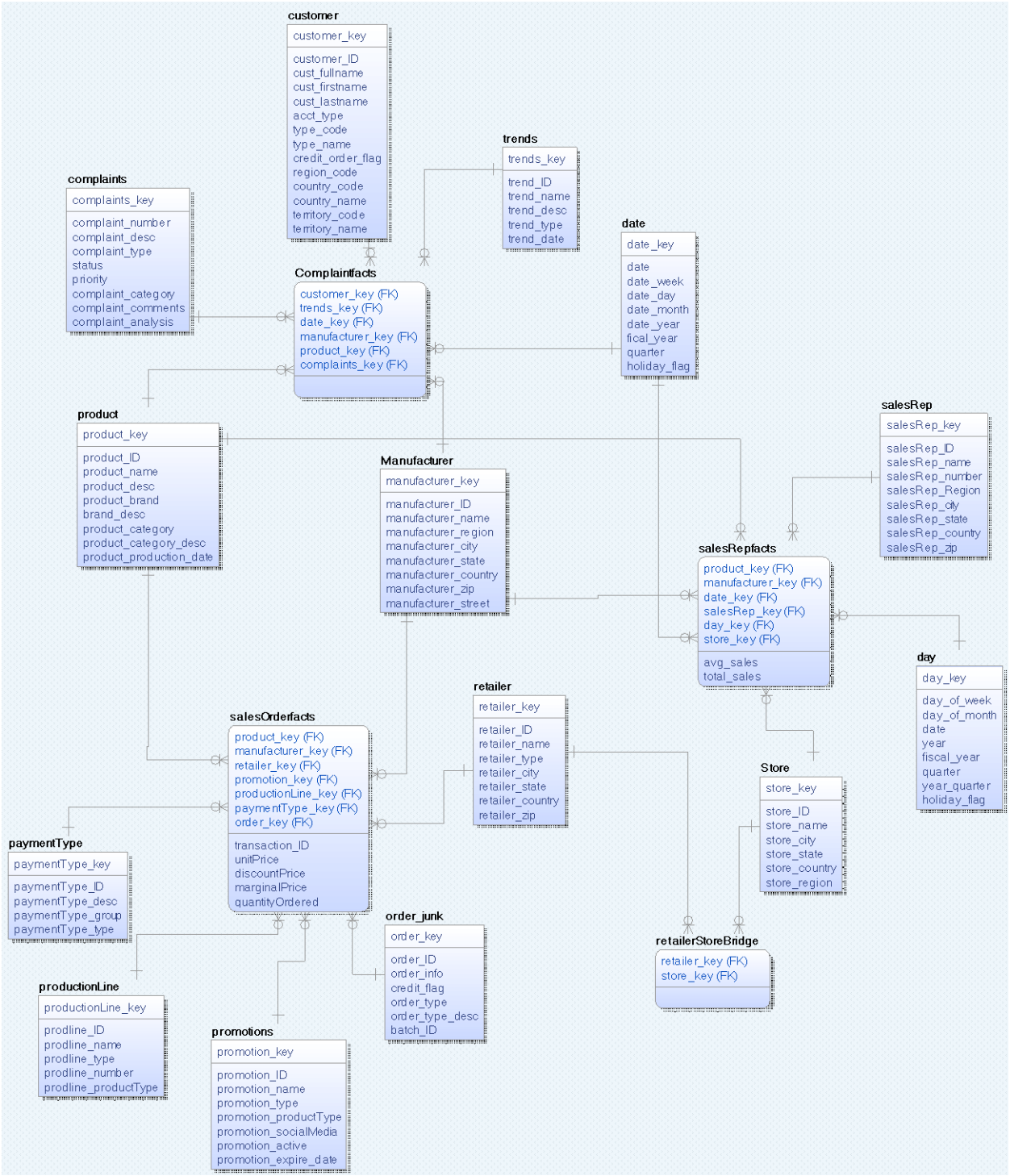
- Which was the most purchased product in each of the states and what revenue that product generated?

- Which trend is most popular around the national holidays in America?

- The company want to know how many complaints or inquiry were logged against a particular product?

- Track the salesrep who has brought maximum number of sales and the revenue generated for a particular product.

Data Model



The designed data warehouse contains the customer relationship and sales domain.
So the data warehouse hold data all the data of organization from different business process/modules out of which we have depicted Sales and Customer relationship module.

There are 3 star schemas with the following fact tables :

- SalesOrderFacts
- ComplaintsFacts
- SalesRepFacts

SalesOrderFacts

Data: SalesOrderFact stores information of product and transaction like, regular price of a product, discounted, net and marginal price of a product. It also stores the transaction and order quantity information.

Grain: Total quantity sold and sales price of a specific product to a specific retailer manufactured on a specific production line of particular plant on a selected date.

Additive facts: Regular price, discounted price, net unit price, marginal price, total quantity ordered.

ComplaintFacts (Factless Fact table)

Data: It doesn't have its own attributes, but stores the foreign key information of all the other dimension to keep them logically connected.

Grain: It can be used to calculate the number of complaints recorded for a specific complaint type and category against a particular product

Additive/Non additive facts: No facts

SalesRepFact

Data: This fact table stores the total and average sales for each salesrep who is working for Ralph Lauren as a relationship manager for a particular store.

Grain: It can be used to calculate the total sales revenue brought for the business by the salesrep for a particular product in a specific region. So the dimension used can be salesrep, product and store.

Additive facts: Average sales and total sales.

Dimensions:

Complaints:

- Stores the complaints logged by customers. These can be categorized between inquiry, quality-complaint, non-quality complaint, compliment, comment and spam.
- Affinity Dimension.
- Type 2 change.
- Its highly browsable dimension. Complaints of different types can be grouped together to find out how many complaints or inquiries are logged.

Customer:

- Stores the customer or account information. It can be business or a person accounts.
- Affinity dimension
- Type 2 change

- Highly browsable dimension. Different accounts or customers can be grouped together under region to find out which regions has the most customers logging complaints.

Trend

- Records the cases which are becoming the trends.
- Affinity dimension
- Highly browsable dimension as it can be used to find out what type of cases are becoming trends and are more critical to solve on priority.
- Type 2 change.

Product:

- It stores all the data of products, its brand and its category. Along with the important measurements like production date.
- Affinity dimension
- Type 2 change
- Highly browsable dimension as it can be directly queried to find out different product of a different brands and category.
- Conformed between all the three stars: Complaints facts, Sales rep facts and SalesOrder Facts. Serves as a shared dimension for all of the three stars.

Manufacturer:

- It stores the plant information where the products are manufactured.
- Affinity dimension
- Shared dimension between ComplaintFacts and SalesOrderFacts

Order (Junk Dimension):

- Stores unrelated information about order, batch/lot and various flags.
- Junk dimension

Retailer:

- Contains retailer's information along with region
- Affinity dimension
- Highly browsable dimension as it can be used to find out which retailer is in which region.

Store:

- It contains the data about all the stores which are related to particular retailer.
- Affinity Dimension
- Highly Browsable
- Conformed rollup between SalesOrderFact and SalesRepFacts.

- A retailer can have multiple stores across different regions so connected via a bridge (RetailerStoreBridge)

Promotion:

- Stores all the information about promotions like type of promotion, promotion code.
- Affinity dimension
- Highly browsable
- Has two attributes namely: Active and expiration dates which stores the timeframe in case of any change and the most recent value is logged.
- In case we need to change from time-stamped to type 3 change we can remove these three attributes and add current value and previous value attribute.

ProductionLine:

- Stores production line information where the product is manufactured.
- Affinity dimension
- Highly Browsable

PaymentType:

- Stores data related to the mode of payment
- Affinity dimension

SalesRep:

- Keeps data related to the sales rep.
- Affinity dimension
- Highly browsable

Date Dimension:

- Each fact table has its own rich date dimension, which stores the dates related to the facts.
- Affinity dimension

RetailerStoreBridge:

- A retailer can have multiple stores across different regions so connected via a bridge (RetailerStoreBridge)

Business Problems:

Problem: Which Branch buys and consumes which specific product for a particular region, so as to find which is the most popular product for that region?
Solution: The fact table grain gives the total quantity ordered for each retailer from specific region. So that the company can manufacture that product more for that particular retailer and find out which is the most popular product in a region.

Problem: Which was the most purchased product in each of the states and what revenue that product generated?
Solution: The fact Table grain gives the total price of a particular product bought by the retailers across each state. So the company can increase or decrease the production of the product as per the state demands.

Problem: Which trend is most popular around the national holidays in America?
Solution: The quantity ordered fact along with date and product dimension gives the most purchased product & trend on or around a particular holiday.

Problem: The company wants to know how many complaints or inquiry were logged against a particular product
Solution: The join of complaints and product dimension to the ComplaintFacts table can easily give the solution to this problem that how many complaints of different type were logged against product. So the company can improve or focus more on that product.

Problem: Track the salesrep who has brought maximum number of sales and the revenue generated for a particular product.
Solution: The join of salesrep and product to the SalesRepFacts fact table give the solution for this problem and lists down the salesrep as per the highest revenue generated by them for a particular product.