

Ensuring That Customers Have the

VCS Chief Merchandising Officer Carey Filer

Best Experience Possible Each Day

Starting his Veterans Canteen Service (VCS) career in 2007 as a buyer after a long civilian retail career, Chief Merchandising Officer (CMO) Carey Filer has witnessed the canteen service's transformation into a 21st-century retail organization first hand as he moved up the ladder from that position to his present status. The transformation continues into 2019. In this exclusive interview, Filer talks about many facets of the VCS's current operation, including driving sales and earnings.

E and C News: As you open fiscal 2019, what are some of the challenges that you face as you strive to generate solid sales during the new fiscal year?

Carey Filer: Consistent year-over-year sales growth is the goal for any organization, and while we had a very successful 2018, there are still opportunities to drive additional revenue in the upcoming year.

One challenge would be the increased sales penetration of our women's apparel and footwear businesses. Last year, we grew our total women's business by an increase of 10.3 percent, and we have set another aggressive sales plan at a sales increase of 9.8 percent for this year.

Historically, our men's business has been much larger than the women's business, based on our customer base. 2019 will be the first year that we have planned these businesses

equally, based on business trends and customer demand.

E and C News: What are the strategies and techniques that you will employ in reaching these sales goals throughout the new fiscal year?

Filer: One of our strategies is to refine our apparel and footwear assortments to meet the needs of VCS's customer base by location. To implement this, we have taken market trips to identify new and existing vendors, and provide new brands and merchandise assortments that align with customer demand by PatriotStore location.

We piloted the new brands and merchandise through test orders at key PatriotStore locations last fall. The strategy proved to be incredibly successful, with much-higher-than-average sell-throughs and great customer reaction to the new product mix.

As we fully implement this program this fiscal year, the goal is to have increased sales, increased turn rates, and increased gross margins, while reducing markdowns and average inventories for both men's and women's apparel.



Filer

E and C News: What must the stores themselves do to work in synergy with headquarters and generate excitement on a local level?

Filer: VCS PatriotStores do an exceptional job of ensuring that our customers have the best experience possible each day. At the local level, their singular focus is to be an "experience maker" for our Veterans, their families and VA employees.

Everything we do is to enhance the quality of life for our Veterans. As new strategies and initiatives are developed at the Central Office (CO), PatriotStores are excited to execute those programs to create a great experience for their customers. As the boots on the ground, our PatriotStore associates are encouraged and motivated to push our mission forward in delivering excellent service to the best customers in the world — our nation's Veterans, and those who provide for their care.

E and C News: Do you have any new programs in place, or soon to be in place, that you can tell us about that you believe will help you reach your sales goals?

Filer: A program that will play a key role in sales growth this year is our new Sports Logo Merchandising program. This new program will capitalize on team-branded opportunities that will drive additional revenue for VCS.

We are currently assessing top sports teams by zip code and cross referencing those teams with our PatriotStore locations to ensure we are giving our customers merchandise and apparel that relate to their "home team." The success of this initiative will be the right teams in the right PatriotStores at the right time.

Our buying team is working closely with our suppliers to launch the program this fall, with an emphasis on NFL and NCAA merchandise.

As the program develops, we will expand into other sports in both apparel and hardline cat-



An aisle of food items at the Durham, N.C., PatriotStore.



The Aurora, Colo., PatriotStore exemplifies the modern PatriotStore experience, with a sleeker look and easier-to-navigate store sections.

VCS PHOTOS



The Aurora, Colo., PatriotStore "pushes the mission forward" by providing excellent service to its customers.



The VCS is looking to increase the sales penetration of its women's apparel business during 2019, including at this Durham, N.C., PatriotStore.

egories, as well as offering additional products available on ShopVCS.com.

E and C News: *What has been the impact of e-commerce on your sales projections? Has it thus far lived up to all the expectations?*

Filer: ShopVCS.com launched in November of 2018 and has been incredibly successful. In the first three months of the site being active, the sales volume represented a 204-percent increase in sales over our legacy 1-800 Special Order Call Center numbers.

Veterans enrolled in VA healthcare, their family members, and VA employees are enjoying the benefit of shopping online for top brand names in apparel and accessories, "Made in USA," and Veteran-owned merchandise.

VCS customers can also shop online for sports and concert tickets, as well as travel, knowing that a portion of each purchase is given back to the Veteran community in support of numerous VA programs.

Overall, ShopVCS.com has exceeded our sales projections and expectations, and we are looking forward to growing our online assortments.

E and C News: *A year from now, where do you hope to be sales-wise?*

Filer: We hope to see a 3.1-percent growth in overall retail sales compared to 2018. Our key categories for growth are: Military Logo and Sports Licensed Merchandise (an increase of 14.7 percent); women's (an increase of 9.8 percent); and consumables (an increase of 2.4 percent).

E and C News: *Programs based on collaborating with current partners on planning, forecasting and replenishment, aimed at streamlining the supply chain to provide maximum benefit to your customers, are recently much in the news. Does VCS focus on or find special value in such programs? If so, how do they work for you?*

Filer: In the last year, VCS stood up an Inventory Management and Logistics Division to focus on alloca-

tion, replenishment and overall inventory management.

This new division, in collaboration with Retail Operations, is working closely with our suppliers to ensure the supply chain is able to meet VCS's replenishment needs. Partnership with suppliers plays a critical

role to ensure they maximize fill rates for our orders so we continue to provide the best possible "customer experience."

The Inventory Management team is closely monitoring supplier fill rates so we can quickly identify issues and opportunities for improvement. Past performance may or may not be a lead indicator for future performance, so forecasting growth, while taking into consideration missed opportunities, is one way the team is working to improve processes with suppliers. —E and C NEWS

'Everything we do is to enhance the quality of life for our Veterans. ... As the boots on the ground, our PatriotStore associates are encouraged and motivated to push our mission forward in delivering excellent service to the best customers in the world — our nation's Veterans, and those who provide for their care.'

— Veterans Canteen Service CMO **Carey Filer**