

ESTÉE LAUDER TOMMY HILF

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BECCA Too Faced

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FREDERIC MALLE FAB SERIES

MICHAEL KORS Michael Kors

LAMER Jo Malone

DKNY Bumble and Bumble

MAC BATH & BODY

Ermenegildo Zegna Aveda

TOMMY HILF TOMMY HILF

AERIN GLAMGLOW

aramis Deodorant

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COMPANIES
CORPORATE
SALES

LAST CHANCE

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WHAT IS LAST CHANCE?

Last Chance is the Corporate Sales version of a clearance section. It consists of both aging and slow moving inventory determined by both the store teams and the planning & replenishment team.

Last Chance is an important initiative that helps the company to exhaust excess inventory, and to reduce destruction.

Last Chance inventory typically accounts for around 15-20% of total net sales in TCCS.

The Last Chance initiative has reduced destruction significantly since its launch in 2019, proving how successful the program is and how successful it can be.

WHAT IS LAST CHANCE?

Last Chance

- ❖ Cadence: Monthly
 - ❖ Inventory Selection: Store Teams
 - ❖ Consists of: Aging Merchandise
-

Centrally Managed Last Chance

- ❖ Cadence: Quarterly
- ❖ Inventory Selection: Planning & Replenishment
- ❖ Consists of: Slow Moving & High Excess items

GOALS

FY22 GOALS

- ❖ Our FY22 Last Chance goal is to decrease destruction of expired product by 30% over FY21.
- ❖ Our FY22 Last Chance stretch goal was to decrease destruction of expired product by 50% over FY21. –unfortunately we have missed our stretch goal, so our new stretch goal has been moved to a 40% decrease over LY.
 - ❖ To meet the new stretch goal, we need to expire out no more than 97K units in Q4. This equates to about 693 units per store.

**Our overall goal as always should be to get to no destruction of expired product. Any product deployed into our stores should be sold before it has a chance to reach it's expiration.*

ACTUALS

FYTD ACTUALS

- ❖ In Q1 we decreased destruction of expired product by **70%** over LY.
 - ❖ In Q2 we decreased destruction of expired product by **31.3%** over LY.
 - ❖ In Q3 we increased destruction of expired product by **4.49%** over LY.
 - ❖ FYTD we have decreased destruction of expired product by **36.2%** over LY.
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**Our overall goal as always should be to get to no destruction of expired product. Any product deployed into our stores should be sold before it has a chance to reach it's expiration.*

ACTUALS

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
51821	CCS-Company Store GM	(24,429)
50637	CCS-Waialele	(19,604)
50806	CCS-Round Rock	(17,088)
50616	CCS-Livermore	(16,764)
50613	CCS-Cincinnati	(14,090)
50681	CCS-Montreal	(14,019)
50809	CCS-Seattle	(13,333)
50867	CCS-Wrentham	(13,060)
50855	CCS-Tannersville	(12,301)
50683	CCS-Edmonton	(12,156)
50886	CCS-Elenton	(11,828)
50883	CCS-Lee	(11,523)
51820	CCS-Company Store Ruland	(10,920)
50812	CCS-Franklin Mills	(10,120)
50848	CCS-Leesburg	(10,055)
50615	CCS-Merrimack	(9,500)
50881	CCS-Foley	(9,458)
50864	CCS-Cabazon	(9,395)
50877	CCS-Clinton	(9,300)
50897	CCS-Philadelphia	(9,210)
50836	CCS-Woodburn	(9,194)
50684	CCS-Ottawa	(8,896)
50654	CCS-Riverwalk	(8,860)
51823	CCS-Company Store Bristol	(8,666)
50633	CCS-Jersey Gardens	(8,619)

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
50873	CCS-Kittery	(8,612)
50863	CCS-Freeport	(8,501)
50857	CCS-Carlsbad	(8,315)
50682	CCS-Vancouver	(8,263)
50833	CCS-Concord	(8,062)
50846	CCS-Osage Beach	(8,000)
50620	CCS-Foxwoods	(7,986)
50604	CCS-Orlando Prime	(7,881)
50854	CCS-Riverhead	(7,819)
50619	CCS-Jackson	(7,811)
50624	CCS-Clarksburg	(7,734)
50808	CCS-Aurora Farms Premium Outlets	(7,631)
50638	CCS-Gaffney Outlet Market Place WH	(7,593)
50837	CCS-Camarillo	(7,534)
50641	CCS-Potomac Mills	(7,498)
50680	CCS-Toronto	(7,484)
50610	CCS-Deer Park	(7,443)
50878	CCS-Waterloo WH	(7,354)
50859	CCS-Grove City	(7,275)
50621	CCS-National Harbor	(7,234)
50815	CCS-Orlando	(7,214)
50851	CCS-Hilton Head	(7,182)
50835	CCS-Lancaster	(7,138)
50618	CCS-Las Vegas South	(6,869)
50894	CCS-Castle Rock	(6,862)

ACTUALS

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
50889	CCS-Napa	(6,763)
50685	CCS-Cookstown	(6,707)
50627	CCS-Niagara Falls	(6,651)
50819	CCS-Vacaville	(6,587)
50647	CCS-Great Mall	(6,581)
50605	CCS-Houston Premium Outlets	(6,449)
50839	CCS-Allen	(6,427)
50817	CCS-Chicago Premium Outlets	(6,396)
50866	CCS-Edinburgh	(6,273)
50834	CCS-Albertville	(6,228)
50856	CCS-Kansas City	(6,174)
50876	CCS-Williamsburg	(6,115)
50840	CCS-San Marcos	(6,046)
50622	CCS-Charlotte	(6,009)
50628	CCS-Arundel Mills	(6,002)
50648	CCS-Florida Keys Outlet Marketplace WH	(5,947)
50631	CCS-Tampa Premium Outlets	(5,919)
51678	CCS-Company Store Markham	(5,901)
50818	CCS-St Augustine Outlet Center	(5,850)
50653	CCS-Palm Beach	(5,817)
50875	CCS-Branson	(5,815)
50831	CCS-Naples	(5,762)
50636	CCS-Ontario Mills	(5,735)
50825	CCS-Orange	(5,734)
50626	CCS-Gloucester Premium Outlets	(5,642)

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
50896	CCS-Pittsburgh	(5,632)
51804	CCS-Employee Store Ruland	(5,578)
50816	CCS-Las Vegas North	(5,570)
50607	CCS-Tinton Falls	(5,470)
50893	CCS-North Charleston	(5,412)
50888	CCS-Silverthorne	(5,329)
50882	CCS-Rehoboth Beach	(5,232)
50646	CCS-Barstow	(5,171)
50887	CCS-Destin	(4,905)
50639	CCS-Tilton WH	(4,901)
50632	CCS-Sawgrass Mills	(4,842)
50612	CCS-Mebane	(4,839)
50635	CCS-Citadel	(4,680)
50642	CCS-Columbus Outlet Center	(4,637)
50832	CCS-Park City	(4,531)
50623	CCS-Eagan	(4,340)
50630	CCS-Tucson Premium Outlets	(4,291)
50874	CCS-Woodbury	(4,206)
50811	CCS-Queenstown	(4,161)
50884	CCS-Dawsonville	(4,136)
50651	CCS-Denver	(3,953)
50853	CCS-Kenosha	(3,941)
50661	CCS-Des Moines WH	(3,849)
50650	CCS-Oklahoma City	(3,632)
50657	CCS-Folsom	(3,583)

ACTUALS

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
50686	CCS-Niagara Canada	(3,569)
50629	CCS-Great Lakes Crossing	(3,505)
50656	CCS-Grapevine Mills	(3,496)
50617	CCS-Phoenix Premium Outlets	(3,409)
50807	CCS-Johnson Creek Premium Outlets	(3,368)
50644	CCS-Tejon	(3,139)
50662	CCS-Riverhead WH	(3,031)
50645	CCS-Westgate Glendale	(2,981)
50810	CCS-San Ysidro	(2,822)
50895	CCS-Myrtle Beach	(2,777)
50847	CCS-Birch Run	(2,711)
50665	CCS-Bluegrass	(2,580)
50664	CCS-Geneva Commons	(2,455)
50879	CCS-Pigeon Forge	(2,425)
50667	CCS-Gran Plaza	(2,359)
50660	CCS-Grand Rapids WH	(2,245)
50634	CCS-Atlanta	(2,110)
50655	CCS-Katy Mills	(1,955)
50652	CCS-St Louis	(1,819)
50865	CCS-Hagerstown	(1,628)
50669	CCS-Southaven WH	(1,547)
50858	CCS-Gilroy	(1,502)
50658	CCS-Daytona Beach WH	(1,430)
50640	CCS-Liberty Village WH	(1,379)
50663	CCS-Stamford	(1,146)

FSS PMM Store ID	FSS PMM Store DESC	FSS Expires Quantity
50674	CCS-El Paso	(929)
50659	CCS-Locust Grove WH	(664)
50705	CCS-BRISTOL ECOM	(490)
51679	CCS-Employee Store Markham	(310)
51803	CCS-Employee Store GM	(240)
50673	CCS-Gonzales	(209)
50668	CCS-Dolphin Mall	(60)
50670	CCS-Commerce WH	(24)
50671	CCS-Howell WH	(11)
50704	CCS-SETTLERS GREEN WH	(1)
50672	CCS-Nebraska Crossing	0
50677	CCS-LIGHTHOUSE PLACE WH	0
51675	CCS-COMPANY STORE 23RD STEET	0

ACTUALS

IMPORTANT TO NOTE:

- ❖ Employee stores should not have any destruction of expired product. Please ensure when you have aging merchandise in the employee store that you transfer it to the Company store and add it to Last Chance to avoid destruction.
- ❖ We are aware that operational struggles in Q3 may have resulted in the increase in destruction avoidance that we are seeing. With that being said, we will need to make major strides in Q4 to make up for this.
- ❖ To meet the new stretch goal we should aim to expire out less than 97K units or about 693 units per store.
- ❖ To meet our goal we should aim to expire out less than 250K units or about 1,785 units per store

**Our overall goal as always should be to get to no destruction of expired product. Any product deployed into our stores should be sold before it has a chance to reach it's expiration.*

Q4 CHANGES:

- ❖ To mitigate our Q3 results. We are making the following changes to Last Chance for Q4.
 - ❖ All Last Chance INCLUDING Luxury and Core will ring at 75% for regular outlet and 80% for warehouse.
 - ❖ All Last Chance INCLUDING Luxury and Core will be added to Last Chance 4 months out from product off counter date.
- ❖ You will only need to submit one list of last chance skus

WE HEARD YOUR LAST CHANCE FEEDBACK

Last Chance will once again automatically discount.

IMPROVED SUBMISSION PROCESS

You will be submitting aging last chance via Xstore suspended transactions.

AUTOMATIC DISCOUNTS

Automatic discounts provide decreased transaction times.

AGING MERCHANDISE COMPLIANCE

Aging merchandise compliance will be reviewed regularly.

CENTRALLY MANAGED

Centrally Managed lists will still be provided quarterly and will ring automatically in Xstore.

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FREDERIC MALLE LAB
SERIES

MICHAEL KORS smashbox

LA MER JO MALONE
LONDON Dr.Jay

DKNY Bumble and bumble

MAC BOBBI BROWN

Ermenegildo Zegna Aveda

TOMMY HILFINGER LELAND

AERIN GLAMGLOW

aramis DONNA KARAN

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NEW PROCESS

SUBMISSION PROCESS

- ❖ You will continue submitting your aging last chance list via a suspended transaction in Xstore.
 - ❖ One transaction for all Last Chance skus
- ❖ You do not need to submit receipts via Estee Central.
- ❖ You do not need to submit transaction information (ie. Time, discount, etc.) via Estee Central.
- ❖ You will need to open an Estee Central issue when an item needs to be removed from Last Chance.

SCANNING PROCESS

- ❖ All last chance discounts will ring automatically in Xstore
- ❖ If your discount is not ringing properly, use the Last Chance manual discount and submit an incident report after completing the transaction. Please also submit an issue in Estee Central so that we can resolve.
 - ❖ Compliance metrics will be reviewed regularly.

MERCHANDISING PROCESS

- ❖ You should still follow typical merchandising for Last Chance.
- ❖ We should no longer be stickering and/or dotting product.

**Remove any skus from the last chance section of your store when they meet their off counter date. Once a product meets it's OCD please follow normal process in removing from your inventory using the expired reason code and sending product back to the PALC. Be sure to use the correct reason code (expired not damaged) when removing from your inventory. Compliance metrics are reviewed regularly.*

NEW PROCESS

INTERNAL

SUBMISSION PROCESS

- ❖ You will no longer need to submit skus manually via an Estee Central form
- ❖ Add all items (including Luxury and Core) to last chance **four** months out from product off counter date
- ❖ A Last Chance submission task will be sent via Estee Central monthly.
 - ❖ In an Xstore transaction, scan all aging merchandise that should be discounted at 75%/80%
 - ❖ Add the customer named First Name: 'Last Chance', and Last Name: 'Seventy Five Eighty'
 - ❖ Suspend the transaction and retain the printed receipt
 - ❖ Confirm that you have completed this process via Estee Central
- ❖ Create a Last Chance binder to retain your monthly Aging receipts
 - ❖ Separate the binder by month
 - ❖ In each month, store your Aging receipt and Corporate Clearance list
 - ❖ Retain this documentation on a rolling 12-month basis

NEW PROCESS

INTERNAL

LAST CHANCE REMOVAL PROCESS

- ❖ When an item needs to be removed from your aging last chance, submit an issue via Estee Central under Last Chance category.
- ❖ Once the product has been removed from aging last chance, you can re-add any non-aging merchandise back to your sales floor at the regular in store discount.

MERCHANDISING

INTERNAL

FRONT OF HOUSE

- ❖ Typically, Last Chance should take up 2-3 bays in a regular TCCS store, and 4-5 in Warehouse stores.
- ❖ Section should consist of both Centrally Managed Last Chance items, and aging merchandise determined by the Last Chance process and batch code guide.
- ❖ Aging inventory should be mixed in with your Centrally Managed Last Chance, the customer should not be able to differentiate between the two types of products within the section.
- ❖ Placed towards the back of the store and near the Cashwrap if possible. This will force customers to walk through the full store journey in order to get to the Last Chance section.
- ❖ Proper Last Chance signage should be displayed so that customer's know of the additional discount.
- ❖ Last chance testers should be priced with both the MSRP and discounted price. (This is a temporary solution until we have price kiosks and dual pricing in store).
- ❖ **You should no longer be stickering and/or dotting any product in store**

**If the Centrally Managed Last Chance list is larger than usual, the operations team will instruct you to keep some items within the brand sections and create a shelves for brand last chance items. This will ensure Last Chance does not exceed the typical bay layout and does not make the store look too clearance heavy.*



MERCHANDISING

INTERNAL

BACK OF HOUSE

- ❖ Keep shelves organized by brand, by category (Fragrance, Skincare, Makeup, etc.), and by SKU.
- ❖ The bottom shelf of each brand section should be held specifically for SKUs that are currently part of the last chance sale, but units that are not aging.
 - ❖ Shelf should be clearly labelled as Last Chance non-aging.
 - ❖ When you add items to the last chance section, if you have the same product on your sales floor that are not aging you will remove it from the sales floor and add it to this bottom shelf until the last chance merchandise sells through.
 - ❖ All store associates should know that these items are not to be touched for restocking shelves until the last chance merchandise has sold through.
 - ❖ You can rubber band and/or box these units together and label them so you know what they are and not to touch them.
 - ❖ Once you sell through the aging merchandise you can then go to the bottom shelf and add those non-aging products back to your sales floor at the regular in store discount.
- ❖ Stores should have a last chance section that is clearly labelled in their back of house with saleable last chance items. This section should be organized by batch code to ensure efficiency.

MERCHANDISING

INTERNAL

BACK OF HOUSE

- ❖ All stock should be organized by expiration. Items that are closest to expiration should be at the front of the shelf and newer stock should be further towards the back of the shelf.
 - ❖ Example, if you have a shelf of *Origins Drink Up Intensive Masks* already in your stockroom and you receive a new carton of those same items, the masks in your stockroom should be the first out on the sales floor, not the new carton.
- ❖ As new shipments come in, you should note their expiration dates, and immediately label them in the back of house to keep your last chance process running smoothly.

MERCHANDISING

BACK OF HOUSE



BEST PRACTICES

STORE ASSIGNMENTS

- *Assign everyone in the store to sections to ensure all products are checked for aging merchandise.
- *Assign someone to removing all non-aging merchandise off the sales floor until the aging merchandise has sold through.

PROCESS

- *When creating your last chance lists, scan each item into the register then suspend transaction, print it out. Ensure you are completing these suspended transactions on the correct date assigned in Estee Central.

ORGANIZATION

- *Keep a binder with a tab for each month. Within each month's tab, you should keep the suspended transaction receipt for your 75%/80% off skus.
- *Keep these receipts for a rolling 12 months.*

LABELING

- *Label back of house with expiration dates, and as shipments come in label them so you stay up to date.

REMOVALS

- *Submit any removal requests through Estee Central via Last Chance category. Once removal has been confirmed you may add back any non-aging to your sales floor at the regular in store discount.

OTHER

- *During monthly process, remove all products to dust and clean shelves.
- *Last Chance should be positioned as normal sale items. *(Product life and shelf life are not the same & products can still be used after their off-counter date)*
- *Last Chance should be a driver for additional products added to customer's baskets

- Q&A

