Hunkemöller's Strategic Growth Supported Through New Allocation and Replenishment Technology

she·ro

/ˈshirō/

noun

plural noun: sheroes

1. *a career-driven young woman who is health and beauty conscious, as well as a follower of fashion and lover of lingerie.*

"a Hunkemöller shero"

The Shero is a muse, a character created out of everything Hunkemöller knows about its target market. Creating an emotional connection with this demographic is at the heart of everything Hunkemöller does.

This leading European lingerie brand creates that experience for its "Sheroes" all over the world, every day, by offering passionate service and sexy products in an inspiring and fun environment.

What began as a single shop for corsets in Amsterdam in 1886 has grown to an international brand today, selling lingerie, swimwear and nightwear in more than 900 stores in 19 countries. Hunkemöller currently has a strategic vision to grow to 1,300 stores in the next five years, while striving for omni-channel excellence so that a Shero can shop whenever and however she wants.

Critical to maintaining a world-class customer experience is ensuring Hunkemoller's carefully curated assortment is available and well-presented across the company's growing portfolio. Hunkemoller is already well known for its omni-channel expertise, but the retailer recognized room for improvement in allocation and replenishment in order to enable superior service for its Sheroes.

Ensuring product availability and moving away from manual processes

To support global expansion, Hunkemöller expects to double its sales volumes, and the company needed a new best-in-class solution to better optimize inventory.

Hunkemöller's allocation and replenishment teams knew they needed to enhance and improve their already well-established processes in order to execute the company's ambitious plans for international growth. Rolling out new store openings, creating new channels and establishing a presence in new countries would all require innovative ideas and new ways of working, so that Hunkemöller could deliver the same quality of dedicated customer service they had previously.

More than 30% of Hunkemöller's products are considered winning, "never out of stock" lines. These lines have consistently had excellent availability, but the teams needed a way to reduce inventory levels. The goal was rebalancing the distribution of these continuity products across more geographies, channels and locations, while continuing to maintain availability. The new solution would need to allow for the refinement of initial allocations to make better use of replenishment stock to where it is most demanded by the customer.

"Every aspect of design is thoughtfully considered by our in-house team," said Nick Bailey, global merchandising, planning and distribution director, Hunkemöller. "With that in mind, it was time to reconsider our capabilities in the allocation and replenishment of those carefully designed products, ensuring availability in the right stores to increase full-price sales. We knew that the way we've managed our processes previously was not going to serve our long-term goals, and we needed to look to new and innovative approaches."

The company also wanted to achieve the growth without additional headcount, as doubling store count would necessitate the hiring of more allocators if Hunkemöller was to continue with the way things were.
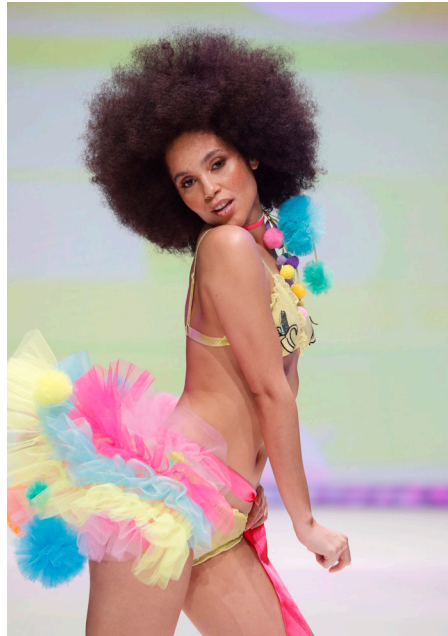
Executive buy-in and implementation with country-specific desires in mind

Hunkemöller recognized technology would be a key driver in delivering on its vision, and for that reason sought the expertise of Columbus Consulting, a world-renowned practice of experts in planning and allocation. Columbus Consulting supported the project in three ways. First, aiding Hunkemöller in defining the business case to present to its board of directors. Then, leading the vendor selection process, and lastly, supporting the implementation of the chosen solution to ensure success.

Logility Voyager Solutions™ was selected as the solution of choice to be presented to Hunkemöller's leadership, who gave the green light to move forward with implementation.

Generally, the hardest, most "mission critical" part of any new technology implementation is data integration. Hunkemöller's unique challenge is the sheer volume of product line data with individual SKUs – a single bra style could have up to 57 different sizes. Additionally, Hunkemöller packs a lot into the boxes that are received at the central

distribution center, and country-specific pre-packs come into the warehouse before being cross-stocked back out into the stores. This requires tailored assortments, since each country has specific product preferences and lingerie tastes that have to be considered in allocation and replenishment.

Providing product that inspires, right where it needs to be

The newly implemented allocation and replenishment solution is already delivering.

"By working with Columbus Consulting, we found an allocation and replenishment partner that came alongside us to further improve our omni-channel capabilities," said Bailey. "The expertise of their team is unmatched – any software delivery has bumps along the way, but Columbus Consulting helped us to make timely and informed decisions to keep the project moving. Their partnership throughout this process has been hugely beneficial."

Leveraging its data, Hunkemöller is equipped to make better, more customer-focused decisions by automating many of its allocation and replenishment processes. The new process gives Hunkemöller the flexibility to adjust stock levels per store at the product and attribute level, replenishing and reserving inventory each day to prioritize each store's requirements.

"The new approach is working very well for us, which is exciting to see," said Bailey. "The cultural fit of the entire project team was key to the success of this project, and we look forward to the continued relationship as we build on the allocation engine for added features."

One benefit of the new system is the potential for new connections and functionalities, all within the same solution. Immediate next steps for Hunkemöller, supported by Columbus Consulting, are to implement features for forecasting future purchasing requirements as the retailer continues to innovate.

As so often happens with retail IT initiatives, the hard work is often invisible to the customer, but the results of this effort aren't hidden from view.

The Sheroes that Hunkemöller has worked so hard to build a relationship with can be satisfied that the allocation and replenishment team they never see are now making sure product is exactly where it needs to be the next time a Shero needs inspiration.

In Summary:

- Already recognized as an industry-leading omni-channel retailer, Hunkemöller identified room for improvement in its allocation and replenishment processes. The company is consistently raising the bar in service to the customer, and it needed new technology to support that.

- Data integration was the most challenging part of the implementation, with the sheer volume of product line data and individual SKUs and country-specific lingerie preferences to account for.

- Hunkemöller is now more accurately positioning inventory and has enabled better customer service. The retailer will continue its partnership with Columbus Consulting to improve forecasting and purchasing requirements, making sure that availability is even better than the accuracy it has achieved thus far.

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