

Sally Beauty Faces the Future with Blue Yonder

Result

● Increased insight into customer needs across channels

● More flexible, more profitable fulfillment

● Improved merchandising effectiveness

Understanding and meeting omni-channel needs

“Sally Beauty serves two customers: the consumer and the salon professional. They have very different purchasing behaviors. They don’t know what ‘omni-channel’ means, but they want speed and convenience. Demand planning from Blue Yonder enables us to meet every customer where and when they want to shop. We can create a broad network strategy that’s based on meeting very specific, granular customer needs.” — **Vice President, Solution Delivery**

Challenges

- Sally Beauty Holdings is a retailer and distributor of professional beauty supplies with 20,000 SKUs, 5,000 stores and annual revenues of over \$3.9 billion. It operates two business units: Sally Beauty Supply, aimed at consumers, and Beauty Systems Group, which targets professional stylists.
- The company was challenged to manage the complexity of demand planning, fulfillment execution and category management across these very different markets.
- To increase visibility, responsiveness and revenues — while also managing costs — Sally Beauty partnered with Blue Yonder on a large footprint of planning, execution and retail solutions.

Flexible fulfillment for a shifting landscape

“The pandemic demonstrated the need to be flexible. Consumer behaviors shifted overnight. Our buy online/pickup in store, or BOPIS, rate grew 30% very quickly. Blue Yonder supported rapid inventory movements, as well as flexible fulfillment capabilities like ship-from-store. Disruptions aren’t going away. But Blue Yonder helps us understand what levers to pull, what the implications are and what the outcomes will be.”

Making profitable cost-service trade-offs

“As e-commerce sales grew in 2020, we saw a dramatic increase in the number of split shipments where products were coming from both the DC and a store. We had to ask ourselves, does that make sense from a cost perspective? It’s very expensive to ship a \$1.99 bottle of nail polish. With Blue Yonder, we can strike the right balance between driving sales and protecting margins.”

The importance of accurate inventory positioning

“Blue Yonder helps us minimize costs and maximize service by understanding omni-channel demand and then having inventory positioned strategically. We can ensure we’re using the right nodes for storing and shipping products, looking at factors like labor, facility and delivery costs. Our Blue Yonder solution suite provides the foundation to measure and monitor the outcomes of different inventory strategies.”

Solution benefits

- Sally Beauty relies on Blue Yonder’s demand planning capabilities to consolidate and synchronize demand signals, as well as external variables, across two businesses and multiple sales channels. Prescriptive recommendations help Sally Beauty make more accurate decisions, from inventory staging to product assortments.
- Fulfillment planning capabilities from Blue Yonder help Sally Beauty make profitable, flexible decisions by considering channel- and market-specific demand signals, customer service targets, inventory locations, safety-stock policies and other constraints.
- Blue Yonder’s category management capabilities enable Sally Beauty to create intelligent, informed merchandising plans that drive revenue growth by leveraging customer insights, maximizing the selling space available and applying robust analytics.

Blue Yonder’s expertise

“Blue Yonder has provided Sally Beauty with a set of really nimble solutions that we can adjust as our outcomes become unfavorable. We know what levers we can pull to make some adjustments, we learn from a new set of configurations, and then we go forward from there. We don’t have to make one decision and live with it forever. If the pandemic has taught us anything, it’s that we’ve got to be nimble. And Blue Yonder has given us that agility.”

— Vice President, Solution Delivery