



# BevMo!

## BevMo! Uncorks Replenishment Success and Continues to Forge a Path for Growth with JustEnough

### Industry

Specialty Retail

### Challenges

BevMo! understands what products and brands appeal most to its loyal customer base at every location. But rapid growth coupled with an outdated inventory management system was negatively affecting the retailer's ability to provide optimal localized assortments and product orders at the store level.

### Solution

- JustEnough Replenishment

### Results

- 30 percent reduction in time spent on replenishment
- Avoided having to increase the number of specialists needed to manage BevMo!'s forecasting and replenishment process – despite rapid growth
- Improved demand forecasting and inventory management capabilities
- Enhanced customer shopping experience with greater focus on promotional and holiday periods

Whether you're looking for a vintage wine or a specific brand of vodka, chances are that Beverages & More (BevMo!) will have it. Wine, beer and spirits aficionados who live in major metropolitan areas in California and Arizona have been frequenting the shelves at BevMo! for their favorite alcoholic and non-alcoholic beverages since the doors opened at its first location in 1994.

Growth is nothing new to the retailer. In fact, BevMo! has opened 30 stores in the last three years. Today, BevMo! operates 110 stores, 51 of which are located in Northern California, 49 in Southern California and 10 in Arizona. Each location is approximately 10,000 square feet in size and carries approximately 12,000 individual SKUs. In addition to a wide variety of wine, beer and spirits, the specialty beverage retailer offers

its customers "go together" products that include corkscrews, bar accessories, glassware, cigars and snacks and food items.

### Letting Go of the Shotgun Approach

BevMo! takes pride in understanding what products and brands appeal most to its loyal customer base at every location. For example, the retailer knows its San Diego-based stores need to stock more craft beers on their shelves, while stores in other locations should offer shoppers a more domestic-heavy selection. But rapid growth coupled with an outdated inventory management system was negatively affecting BevMo!'s ability to provide optimal localized assortments and product orders at the store level.

"We were growing really fast and wanted to continue to do so," said Carrie Smith, BevMo!'s senior vice president of planning and strategy. "We set our sights on finding a solution that could help us be more exact in determining what to send to each store based on what customers were shopping for while at the same time improving inventory turns. Before, we relied on the min/max system in

After selecting JustEnough Replenishment in late summer, BevMo! targeted November 1 of that same year as the go-live date. The solution was successfully implemented in just eight weeks. After completing the testing and training phases, JustEnough Replenishment was up and running by the 10th week – and right in time for the start of the holiday season.

**“ You’d think at the rate we’re expanding that we would have been forced to add on to our team. But that’s not the case – we still have just eight specialists. Much of that is due to the efficiencies we’ve gained through the use of JustEnough.”**

Carrie Smith, senior vice president of planning and strategy, BevMo!

which every store was treated very similarly based on volume level in terms of the product mix they received. The goal was to put a solution in place that could help us maintain a high service level while reducing our overall inventory investment and not increasing associate workload."

Getting rid of its "shotgun" approach and putting a solution in place that could provide accurate forecasts and recommended orders was also a top priority for BevMo!.

"We wanted a replenishment system that could recommend a reasonable quantity of product at the store/SKU level that was specific to each market, as opposed to the shotgun approach we'd been taking. That only led to lost sales and inventory levels that were way too high," said Matt Lobdell, BevMo!'s planning and inventory manager.

### **Bringing New Technology on Board in Just 8 Weeks**

After an extensive evaluation of other software providers, BevMo! zeroed in on JustEnough's Replenishment solution.

"The ideal solution for BevMo! had to offer best-in-class capabilities, as well as integrate with our existing enterprise resource planning (ERP) system. Additionally, our users needed to be trained to use the system within a very short timeframe," Smith added. "That's why we really liked JustEnough's Replenishment solution. Not only does its functionality allow us to get more granular in regards to how we replenish to individual stores, but its graphical user interface is very simple to use and understand. If you can run Microsoft Excel, you can run JustEnough."

"Initially, we leveraged JustEnough in our spirits category," Smith explained. "That January, we rolled it out across all of our product categories. Since then, we have opened 10 new BevMo! stores. When you compare inventory levels in those stores to some of our older stores, it's staggering to see the difference. Inventory levels are significantly lower in our newer stores and the improvement in inventory utilization this year compared to last year is material."

### **Leveraging Demand to Replenish Product**

JustEnough Replenishment provides BevMo! with a forward-looking, time-phased ordering plan that considers both the demand forecast and the current inventory plan. It then suggests the most cost-effective ordering pattern to achieve BevMo!'s targeted service levels.

Using JustEnough's Supersession functionality gives BevMo! the ability to generate a forecast for items that don't have sales history by linking new products to the sales history for similar existing products.

"The Supersession tool has made one of the biggest differences. Before, using the min/max system, we loaded every store nearly the same regardless of their sales potential. It's great now that we can actually see the forecasted sales based on the Supersession, and then load to that," Smith explained.

### **Achieving a 30% Reduction in Time Spent on Replenishment**

Even though BevMo! is growing at galactic speeds, the company has not had to increase the number



of allocation specialists needed to manage its forecasting and replenishment process.

"You'd think at the rate we're expanding that we would have been forced to add on to our team," Smith said. "But that's not the case – we still have just eight specialists. Much of that is due to the efficiencies we've gained through the use of JustEnough."

BevMo! has made some changes in regards to how the team operates, however. Before bringing JustEnough's replenishment product on board, the company divided its allocation workload by department. Today, responsibilities are segmented at a district level – a change that has ultimately helped its allocation specialists spend 30 percent less time on replenishment, according to Elizabeth Bandur, BevMo!'s planning and allocation manager.

"We used to have three people dedicated entirely to wine, while two others managed nothing but spirits," Bandur said. "That's completely different now – our associates handle all product categories for one or two districts each. With JustEnough they can see all of the products in a similar manner, bring up multiple categories and run replenishment on them at once."

## Making More Time to Better Serve Customers

BevMo! continues to seek ways to improve operational efficiency and performance without taking the focus away from providing excellent customer service. The retailer's dedication to providing an unmatched shopping experience has not gone

unrecognized: in 2008, the beverage giant received the 2008 Lifetime Achievement Award from The Tasting Panel Magazine. The award shed light on BevMo!'s impressive past, present and bright future.

For Smith and her team, that means finding solutions that help better serve BevMo! customers.

"We look new solutions like JustEnough's that can help us work smarter, not harder," Smith added. "JustEnough Replenishment not only tracks normal safety-stock levels and sales and customer service targets. It can anticipate. With JustEnough we can spend more time working on key promotional or holiday periods, which make all the difference to our customers. That's been incredibly beneficial."



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### About JustEnough

Founded in 1994, JustEnough is a global leader in Demand Management solutions. JustEnough services more than 500 of the world's leading brands including Allocation and Replenishment of inventory at **Kenneth Cole**, Merchandise and Assortment Planning at **Levi Strauss**, Sales Forecasting at **Kraft Foods**, Inventory Planning for **IDS Group (Li & Fung)** and **Nissan**, and Mobile Sales Force Automation at **SAB Miller**, **Cadbury** and **Heineken**.

**OnCloud**, **OnSite** and **OnMobile**, JustEnough's Demand Management solutions help retailers, distributors and brand owners to forecast their customer demand, plan their assortments, allocations and inventory, shape their demand and then execute on those plans. JustEnough is headquartered in the United States with offices worldwide. Learn more at [www.justenough.com](http://www.justenough.com).