

Herbalife Nutrition Drives Customer Satisfaction and Brand Awareness through Local Sales Centers

CASE STUDY 2017

CURA RESOURCE GROUP

CURA RESOURCE GROUP HELPS GLOBAL NUTRITION COMPANY HERBALIFE BUILD, STAFF, AND OPERATE 9 SALES CENTERS IN THE U.S. AND PUERTO RICO.

In 2008, Herbalife International of America began working with Cura Resource Group to build, operate, and manage local sales centers in Herbalife's most valuable, highest-volume markets.

Cura started by gathering and reviewing sales data to pinpoint where business was strongest and where new facilities would have the most impact. The first three locations opened in New York, Chicago, and Northern California almost a decade ago – and new locations have opened almost every year since. Today, Cura successfully operates Herbalife sales centers in nine locations in the U.S., including Puerto Rico.

Executive Summary

Herbalife is a \$4.5 billion global nutrition company with more than 8,000 employees worldwide. It sells quality nutrition, weight-management, energy and fitness, and personal-care products exclusively through dedicated independent Herbalife distributors in more than 90 countries.

For distributors, time is money. That's why Herbalife turned to Cura Resource Group to expand its local distribution channels in the U.S. and Puerto Rico. Local sales centers make it faster and easier for Herbalife distributors to get the products they want, when they want them. Local sales centers built and managed by Cura offer:

- Same-day access to the fastest moving products
- Ability to service the cash customer
- Improved local presence through brick and mortar and brand awareness
- Shorter waiting times, fewer customer complaints, and greater overall customer satisfaction

Challenge

Improve customer experience with easier access to inventory.

Herbalife is a global nutrition company that changes people's lives by helping them achieve a healthy, active life and the opportunity for financial success. It sells various product lines through a large national distributor network.

Herbalife has adopted an infrastructure and operating philosophy that follows and supports the way its independent distributors do business. The company recognized early on that distributors want to spend their time working with clients, not managing their inventory of nutritional supplements and energy products. And they don't want to wait for products to be shipped from distant distribution centers before they can fill customer orders. For these independent distributors, time is money.

Traditional distribution centers are efficient for a manufacturer, but are not always convenient for local distributors. In contrast, brick-and-mortar sales centers with walk-in services can offer easy pickup and returns, flexible payment options, and multi-lingual customer service.

Traditional Distribution Center*		Local Presence in Top Metro Areas
At least 1 Day to Pick 	Pick-Up	 Same Day Pickup
3 Day Average to Deliver 	Delivery	 Skip Zone Next Day Delivery
Long Returns Process 	Returns	 Same Day Returns and Dispositions (Main DC/Manufacturer or Return to Stock)
No Cash Accepted 	Payment	 Cash Accepted
Virtual Customer Service 	Customer Service	 In Person Customer Service (Spanish- and English-Speaking)
No Local Branding 	Local Branding	 Local Branding and Presence
Bad Addresses and Undeliverable 	Deliverability	 Less Chance of Problems
Stolen Packages and Charge Backs 	Losses	 Small Chance of Chargebacks

* Example based on traditional distribution network without local walk-in pick-up centers. Figure does not represent Herbalife Nutrition Network.

Solution

Local pick-up centers bring products closer to home.

“We knew it was important for our distributors not to spend a lot of time getting product, either traveling or waiting for delivery,” says Tim Waters, Americas Vice President - Finance & Member Operations at Herbalife.

The solution was to supplement major distribution hubs with local pick-up centers to fulfill distributors’ orders closer to home. Convenient in-market locations are fast, easy and efficient; they allow distributors to order frequently and in smaller quantities, which improves their cash flow and reduces cash outlays for bulk shipments.

“Our number one goal is to help distributors manage their cash flow,” explains Waters. “A local pick-up facility makes it easy to replenish specific products in a timely fashion, which helps to keep inventory costs under control.”

Sales centers are also a good strategic fit for Herbalife’s high-touch corporate culture. Herbalife distributors work directly with their clients and see themselves as mentors, offering education and support through the entire health and weight-loss journey.

The company sponsors frequent sporting events to build community and to motivate fans of its products to stick with their fitness regime. Local pick-up centers provide another physical location where distributors congregate to host and attend training sessions, share success

stories, and learn about new products and promotions. “We believe in gatherings to bring our customers and their customers together,” says Waters. “We’re selling results, not product.”

Cura Resource Group: An ideal partner.

According to Waters, Herbalife chose Cura Resource Group to build, staff and operate its local pick-up centers because they know distribution, they know retail, and they know his business.

“Cura is a service provider. We still own the inventory, but they are in the business of fulfillment. They can be nimble and build out locations much quicker than we can. They meet our requirements. We add the new location to our inventory models and manage the inventory flow accordingly. It can take as little as three to six months from start to finish to get a center up and running.”

Cura was created to fulfill the needs of direct-sales businesses wanting a brick-and-mortar presence in a market, but that don't necessarily have the resources or interest in developing and managing real estate. Cura manages every aspect of the build-out – from mapping and planning to licensing and permitting. For Herbalife, Cura does all the up-front legwork, recommends optimal locations, signs the leases, hires the employees, and even recommends store fixture options.

Once the doors open, Cura helps promote the local pick-up facility and deals directly with Herbalife customers. A Cura representative in Los Angeles works closely with Herbalife’s North America operations, sales & marketing, customer service, and inventory management teams to make sure the customer experience is consistent and meets standards across all sales center locations.

“We give them brand standards, and they build out to our specs,” says Waters. “Our field marketing teams work hand in hand with Cura to provide world-class service. Cura is always quick to make changes or fixes we ask for.”

Cura’s value to Herbalife extends beyond location management to strategy. “Cura brings us ideas all the time,” says Waters. “Some we’ve implemented, including expansion ideas. That’s added value.”

Local presence provides real benefits.

Local pick-up centers fit beautifully into Herbalife’s overall distribution strategy. The company uses a mix of large central warehouse locations to complement its network of local sales centers. Cura facilities are always in areas with the heaviest concentration of local distributors to make product easily accessible.

Cura locations have the ability to process in-store transactions with cash or credit cards, fulfill phone orders, and provide “click-and-collect” online ordering with in-store pickup. (Puerto Rico also offers an intra-island “pick, pack and ship” solution.) They also handle customer returns. In addition, each site has a community conference area with valuable branded information about the company, new products, and ideas to help distributors grow their own businesses.

Herbalife and Cura work together to continuously measure and maintain ideal service levels at each location. Sales center managers track waiting times, incoming customer phone calls, and customer service indexes.

“We’re monitoring customer satisfaction all the time,” says Waters. “We also track how products are ordered. If we notice that a lot of independent distributors are choosing shipping (which takes longer and is less convenient), we will ask Cura to run a local campaign reminding them to take advantage of the sales centers. We’ve seen a sizable shift in independent distributors choosing to drop by instead of ordering for home delivery. We’re confident that they’re being provided with excellent personalized service at the pick-up location.”

Cura Resource Group provides important benefits for Herbalife that are directly tied to their local pick-up centers, including:

- Turn-key expansion options
- Professional branded presence in communities where distributors live and work
- Access to the local work force and local market intelligence

“Our overall goal is to make transactions for our independent distributors as easy possible, not to tie up their time or their cash getting the inventory they need for their own businesses,” Waters concludes. “Cura Resource Group has years of experience in fulfillment, and they’re talking to our customers every day. They react quickly, listen to customer needs, have a customer mentality, and know distribution.”

About Cura Resource Group

Cura Resource Group is a full-service supply chain firm with expertise in building and managing local sales centers. Our firm facilitates expansion into physical locations without the traditional investment in real estate and location development. By providing a local pick-up option for customers, we enable our clients to address costly delivery problems and capitalize on missed opportunities in major urban markets.



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