

A photograph of two men in a clothing store. The man on the left is wearing a light blue denim shirt and dark blue jeans. The man on the right is wearing a green button-down shirt and dark blue jeans, and is holding a pair of blue jeans. In the background, there are mannequins, a table with various items, and a display case in the foreground containing several hats.

HOW APPAREL DISTRIBUTORS GROW AND THRIVE IN A CHANGING INDUSTRY

For more information contact Protelo at 916-235-8601 or visit www.proteloinc.com

TABLE OF CONTENTS

Introduction

Page 3

1 Changing Purchasing Behavior

Page 4

2 Crossover Business Models

Page 5

3 Achieving Omnichannel Success with a Unified Foundation

Page 6

4 NetSuite: A Perfect Fit for Apparel Distribution

Page 8

Case Study Toad&Co Pursues Rapid Omnichannel Growth

Page 9



Grab a seat and enjoy.
Read Time: 9 minutes

HOW APPAREL DISTRIBUTORS GROW AND THRIVE IN A CHANGING INDUSTRY

The wholesale distributor landscape is changing rapidly in the apparel and footwear industries. Retail buyer purchasing behaviors, crossover business models and direct-to-consumer (D2C) sales are fueling this transformation. The rise of “fast fashion” and demand for ethical sustainability in the apparel value chain further complicate business for distributors.

Apparel and footwear wholesalers need to adapt to these waves of change if they want to survive and prosper. Despite the challenges, apparel distributors have huge opportunities for growth and expansion. Read on to learn why rethinking business strategies and utilizing the right tools is essential for your distribution company to innovate in a fast-changing industry.

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CHANGING PURCHASING BEHAVIOR

Whether you sell directly to consumers or strictly through traditional B2B channels, your wholesale apparel business is bound to feel the effects of what's happening in the retail market. Demanding consumers expect a seamless omnichannel experience across digital and physical touchpoints, while online purchasing drains brick-and-mortar revenue. These changes reverberate back to how your retail buyers place orders.

Historically, retailers attended tradeshow and booked orders onsite several months in advance of a shipment of goods. This gave cut-and-sew manufacturers, which make goods to order, a fairly accurate way to plan demand for the season ahead. But with the increasing speed at which consumers demand product, the safety net of pre-booked orders isn't what it used to be.

Your retail buyers still attend and place orders at tradeshow, but most of your sales are likely to take place via email, on the road or

on your B2B website. Just like consumers, retail buyers expect accurate information on demand over multiple channels, from viewing your merchandise and pricing to tracking their orders and history with you.

Do you have the technology to support this change? As it is, many apparel distributors that rely on emails, paper printouts, Excel and standalone business applications are hard-pressed to meet buyer demands for speed and transparency. They also struggle in forecasting demand and in tracking leads for new and repeat business, all while bearing high costs of inefficient manual work.

If you don't have adequate tools to flexibly adapt to changes in purchasing behavior, you're missing out on huge revenue opportunities.

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Chapter 2

CROSSOVER BUSINESS MODELS

The crossover business model has evolved over many years as manufacturers, wholesale distributors and retailers alike diversify in pursuit of higher margins and new streams of revenue.

Distributors and manufacturers are branching out into direct-to-consumer sales spearheaded by ecommerce, while some distributors are launching light manufacturing operations and even their own branded product lines. Retailers, meanwhile, are rolling out private label products and asserting more control over the sourcing, production, distribution and sales lifecycle.

This crossover business model is a threat to many traditional wholesalers—but it also opens new opportunities. To minimize disintermediation, savvy apparel and footwear wholesalers are looking to a crossover business model to expand market reach, capture new revenue and increase margins.

Unfortunately, it isn't as simple as launching an online D2C store or opening a physical store. The crossover business model can be

complex, with distributors housing inventory in separate silos for direct-to-consumer sales and traditional retail buyer sales. And they may have separate systems for managing D2C and B2B customers, and handling those orders.

Multiply that complexity across multiple channels and you find yourself in a tangle of customer, inventory, order and financial data across all touchpoints. That makes it difficult to accelerate lead times, optimize inventory and orders, and reorient key processes around the customer.

“Shortening lead times requires major changes to the traditional business model and supply chain, and a shift in focus to a customer-centric mode. Laggards face increased fashion risk and excess inventory if they fail to match customer demand.”¹

McKinsey & Co.

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¹ The State of Fashion 2018, McKinsey & Co.

ACHIEVING OMNICHANNEL SUCCESS WITH A UNIFIED FOUNDATION

Apparel distributors typically juggle several business applications and multiple spreadsheets in an attempt to manage an increasingly complex business. That inevitably means poor efficiency and limited visibility into customers, inventory and financials.

Decisions are too often made based on guesswork, not data, while slow and manual processes introduce delay even as the market demands more speed and precision than ever before. Such a siloed approach is no longer sustainable, especially given the disruptive forces reshaping the industry.

Innovative apparel distributors are instead turning to a unified cloud-based platform with integrated business processes that enhance data access, efficiency and transparency. The ideal platform should cover all core business functions, from inventory management to financials and reporting.

Inventory management. Apparel inventory is typically seasonal in nature. Variables such as trending colors and styles play an important role in the cost of producing, holding and

moving the inventory. Your company must be able to report on and analyze such variables to make informed decisions. Furthermore, companies need real-time visibility of inventory levels across the business.

For instance, when an item sells online, via a third-party marketplace, at a tradeshow or in a physical store, that inventory should be immediately removed and accounted for to prevent stock-outs. With real-time inventory visibility and multi-location inventory capabilities, you'll improve relationships across all your stakeholders. You'll also open up cash flow by improving stock turns and reducing markdowns.

Order management. Fulfilling orders quickly and accurately is imperative in running a successful omnichannel business. Apparel wholesalers, manufacturers and retailers alike need the ability to manage and track orders across the entire supply chain to ensure they're delivering on customer promises and shipping most efficiently.

Automating your order promising, allocation, orchestration and execution lets you speed processes, reduce costs and delight

customers with the “perfect order.” A unified platform can also support order fulfillment with integrated warehouse management system (WMS) capabilities for multi-location inventory, integrated barcoding, pick and pack, cycle counting and more.

Ecommerce. Apparel distributors can’t afford to rely on clunky, first-generation ecommerce sites. Today’s best B2B storefronts feature mobile-friendly responsive design and consumer-like functionality on par with top retail sites. It should also deliver a B2B portal for retail buyers to approve quotes, make payments, view order status and credit terms, track history, assign authorized users, and more.

An ecommerce site should also display real-time inventory data to avoid out-of-stock delays in fulfillment. An ecommerce site that natively integrates with inventory management, financials and CRM within a unified platform ensures up-to-the-minute inventory data while streamlining processes across the end-to-end value chain.

Customer Relationship Management. To round out the commitment to customers, a CRM tool is essential for viewing customer purchase history across channels, building loyalty and return business, and sending personalized and targeted campaigns. Your sales team can quickly and accurately follow up with customers and provide suggested upsells, open up customer cases and support tickets, and use the system as a prospecting tool for finding new business.

Financials and reporting. Lastly, a robust financial and reporting tool is essential to any omnichannel business. The ability to drill down from the General Ledger to the line-item transaction level allows complete visibility into the business. Discover what’s selling, what’s being returned, ensure quality control and determine profitability at the buyer, style or item level. Real-time data and insights are essential to spotting weaknesses and opportunities that boost margins.

NETSUITE: A PERFECT FIT FOR APPAREL DISTRIBUTION

To keep up with the ever-changing consumer demands and other market forces, apparel and footwear distributors need a system that provides clear visibility and new efficiencies across the organization. They need a system that enables them to prepare to address challenges and capitalize on opportunities on the road ahead.

NetSuite equips apparel distributors with a unified cloud platform to achieve omnichannel success, improve profitability, streamline workflows and remain a contender in a volatile market. NetSuite delivers all the capabilities required to service multiple customer types across channels, with integrated ERP/financials, inventory and order management, ecommerce, point-of-sale and marketing.

With hundreds of customers throughout the apparel and footwear market, and thousands of wholesale distribution customers, NetSuite is uniquely positioned to help your business thrive. Our dedicated Apparel, Footwear and Accessories (AFA) team and AFA solutions are purpose-built to solve the unique challenges of the wholesale, manufacturing and retail apparel industry.

Transformational Results

In a study by SL Associates, wholesale distribution companies reported remarkable improvements in key performance metrics after switching to NetSuite.

Actionable Business Insights	+ 50% to 80%
Gross Margin Performance	+ 1% to 5%
Revenue Performance	+ 2% to 10%
Inventory Cost	- 20% to 30%
Obsolete Inventory Carrying Cost	- 20% to 40%
Customer Backorders	- 60% to 80%
IT Resource Costs	- 50% to 75%
Disaster Recovery Costs	- 50% to 75%



TOAD&CO PURSUES RAPID OMNICHANNEL GROWTH

Toad&Co, an apparel retailer with two brick-and-mortar stores, an ecommerce site and a catalog, also functions as a B2B business, selling products through third-party retailers. Managing this crossover omnichannel business was difficult and costly in Toad's legacy environment.

To meet goals of doubling its business in the next three years and opening 20 Toad&Co branded stores with wholesale partners, Toad&Co has adopted NetSuite for ERP, ecommerce and point of sale. Today, Toad&Co can better manage inventory across its B2B and B2C channels while gaining new speed and visibility into financial management and reporting.

“We're bought into the omnichannel idea—we believe that's the future. The 360-degree view of the customer, seamless interaction with the brand, single source of data—all the good stuff NetSuite offers is what we're looking for.”

Kelly Milazzo, VP of Operations, Toad&Co

ORACLE® NETSUITE

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