



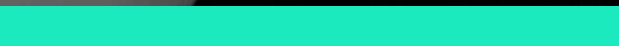
RANGEROOM

**Connect,
Collaborate
& Trade.**

WHITE PAPER

Collections with Confidence:

The Need for New Ways of Working in Buying & Merchandising



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Technology has transformed business-to-consumer relationships.

More than a decade ago, the introduction of e-commerce threw much of the apparel industry – along with most other retail sectors – into disarray. And in the initial scramble to reclaim customer loyalty, retailers turned to technology, trying to secure a future for a physical shopping experience that some assumed might disappear entirely. Today, that gloomy proclamation has been proven false, but nevertheless retailers (and vertically integrated brands) rely more than ever on technology to deliver the omni-channel experience that consumers expect – a level of retail excellence consistent across online, mobile, and bricks and mortar.

The same level of technology-driven disruption is not, however, present in all processes beyond the shop floor. Production teams have been looked after with digital innovation within PLM systems.

While the industry has implemented sweeping reforms to product design and development tools, and while the customer experience at the point of sale has changed considerably, the processes by which retailers source products and assemble them into effective collections have remained relatively static.

As an example, it is now common for retailers to operate their own technology incubators, and for department stores to invest heavily in digital innovation for B2C purposes. Successful British retailer John Lewis, for instance, is believed to dedicate around half of its capital expenditure budget to pursuing technological advances for both consumer-facing and operational applications. The results of this investment are apparent in everything from click-and-collect inventory management systems and smart Point of Sale solutions, to augmented reality experiences, smart home showcases, and quirky in-store attractions.

For businesses pursuing this approach, these are long-term investment strategies and, often, multi-year rollouts. Technology is becoming established as the cornerstone of an entirely new kind of retail built for the future - a time when consumer demand changes in a heartbeat, and instant gratification is expected at every touchpoint a shopper might conceivably have with the business, online and off.



Playing catch-up.

Changes to the frontend retail experience are only part of the puzzle. At the same time it revolutionised how shoppers become aware of and purchase fashion and footwear, the internet also altered the opposite flow of information. The ways that consumers articulate their demand for more variety, better prices, new styles, new colourways, new iterations, and new product categories have both diversified and accelerated, and broadly speaking the industry's business-to-business processes have not kept pace.

This is perhaps because investment in potentially disruptive innovations, and a willingness to pursue new ways of working, are not present in B2B situations the way they are in B2C equivalents. Buying and merchandising, for example, are still overwhelmingly handled in very traditional, time-consuming ways: intercontinental buying trips, fabric fairs, supplier audits, and meetings between headquarters teams and satellite offices or agents. And the channels that buyers and merchandisers use to gather consumer intelligence, find inspiration, identify upcoming trends, and collaborate with one another are becoming outdated.

“I think the pace at which the fashion industry needs to work, combined with the instant gratification we are treated to as online shoppers, means that the traditional buying trip or ready to wear fair is feeling dated,” says Fiona Lambert, a senior retail executive in the fashion and home industries, who previously served as Vice President of Asda’s own brand design and development.

“As our customers need constant newness, so do buyers, and I think it’s the right time to challenge the status quo and bring something new to the buying and merchandising processes.”

Fiona Lambert

A senior retail executive

The limited lifespan that Lambert alludes to is not just theoretical. The long-established catwalk calendar is already being challenged; a growing number of high end brands have instead staked a claim to a “see now, buy now model,” building instantly-shoppable shows and eliminating what they believe is an artificial delay between runway and retail.

The “Listening” model.

Historically, the span of time between the exhibition of styles and the moment they become available to buy has been essential to the buying and merchandising process, as designers and manufacturers race to show products - usually in person - to retail customers in the hope of the products' reaching stores quick enough to capitalise on a trend. Eliminating that window will have a significant impact on the speed with which the mass market is able to track and translate trends from the higher end of fashion, and make them relevant to their own consumers.

But that impact is also representative of a broader change in the industry, as retail transitions from what might be referred to as a “talking” model, to something new.

Even in an online world, it is still considered the norm for buyers and merchandisers to travel the globe to collect inspiration, source products, build their collections from the styles available within a small pool of audited suppliers, and then attempt to position and promote this vision to consumers. As Lambert suggests, though, the emphasis for retailers today is shifting the same way it has for runway designers; rather than anticipating demand months ahead of time, the goal is now to identify an opportunity, create newness, and deliver it into consumers' hands without delay. Achieving this goal requires levels of insight and immediacy that the traditional process of getting on a plane, building a collection on instinct, and promoting it afterwards cannot attain.

Retail as a whole, then, is moving to a “listening” model, and its buyers and merchandisers need to follow suit - bypassing intermediaries and time-sapping travel, and going straight to the consumer, building an understanding of what he or she really wants in the moment.

Luckily, catwalk shows are not the only source of this data: trend creation, once the preserve of haute couturiers and select magazine editors, is now a democratised concept. In a world where intuitive e-commerce tools allow virtually any designer to create a storefront, and free publishing platforms have given rise to a new generation of style commentators, the influence of the consumer on the trend creation process has become more pronounced than ever before.



“Catwalk shows still have relevance, but today they reach consumers only after being filtered into Instagram celebrity edits.”

Kerrie Owen

Buying Director of womenswear e-tail success story Missguided.

“The runway’s role in directly affecting consumer behaviour has been overtaken by social media personalities and street stylists, who have a massive influence on spending patterns and the emergence of trends,” she continues. “Being present and having a personality that’s consistent across these (as well as more traditional channels) is the way for retailers to build loyalty amongst fashion followers – conveying the message that their designers and buyers understand the latest trends, and have the confidence to define new ones.”

Market performance supports Owen's conclusions: fast fashion is thriving¹ on its ability to fulfil that expectation of newness, with fresh styles hitting stores every fortnight. And less responsive retailers and brands are paying the price, with sales of slower retail businesses hitting a slump². Consumers, sales figures suggest, want more frequent collections, more complete collections, and more competitively priced collections. And the fast fashion model succeeds on reacting to that demand near-instantaneously, providing shoppers with more of what they want, when they want it.

But replicating that success elsewhere in the market is not easy. Monitoring the huge variety of social media channels that consumers use to communicate their desires is a more intensive, farther-reaching, and more time-critical job than ever before. And with the pace of change in consumer demand quickening with each sales cycle - at the same time as lead times and margins are being squeezed - the impact of a buyer or merchandiser making the wrong decision can be devastating.

1. www.forbes.com/sites/walterloeb/2015/03/30/zara-leads-in-fast-fashion/%2525233603899a61d7

2. www.csmonitor.com/Business/2015/0616/Gap-to-close-175-stores-as-Zara-H-M-steal-customers

Iterative range planning.

The goal of effective range planning is therefore to assemble concepts into cohesive collections that fulfil both creative and commercial objectives, and meet consumer expectations. The merchandiser aims to sell as much of the collection as possible without markdowns, getting the right assortments into the right stores, and achieving a healthy margin on every component. The buyer, on the other hand, is more concerned with delivering the best choice of the chicest products. For both, the temptation is currently to play it safe.

Striking the right balance between these desires is where the real work of buying and merchandising lies, and today much of it is conducted in iterative, in-person meetings and on the aforementioned buying trips and trade fairs - all of which occupy precious time, placing teams under considerable pressure. A retailer who takes too long to deliver their collections to market will fall behind the trend they were targeting. One who rushes will risk misidentifying consumer desires, arriving at a less than optimal product mix, or sacrificing either retail price or margin to fill a style gap at short notice.

And this is all before the chosen components of a given collection are manufactured; the collection planning process runs on samples rather than production-ready styles, and these often go through multiple alterations before entering mass production.

As a result, merchandisers and buyers must maintain increasingly close, collaborative relationships with their suppliers, since their ability to respond to consumer demands hinges on both effective buying processes and the agility of the extended supply chain.

“Fashion has always been about predicting and reacting to demand, but increasingly the emphasis has switched to the latter,” says Kerrie Owen. “Retailers in particular need to keep a finger firmly fixed on the pulse of emerging trends, and they need to be able to respond to them more quickly than ever before, with the right mix of products at the right price.”

The need to collaborate.

The typical retailer to supplier relationship, however, is not sufficiently flexible to respond at the speed the market demands. Materials and capacity are usually booked far in advance of the time that trends and quantities become concrete, with little opportunity to alter arrangements when market forces change. In these instances, it can become necessary for a retailer to find an emergency supply chain partner – one who may fall short of its standards of corporate social responsibility, or whose quality is unproven. And for these suppliers, pressured by emerging manufacturing territories and rising wages, margins are likely to already be extremely tight – leading to the potential for unauthorised subcontracting. In essence, traditional buying and merchandising runs counter to the reality of the modern fashion market – it is slow, disconnected, and lacks the social, collaborative element that would

bring B2B processes in line with B2C expectations. The blame, however, is not with the buyers or merchandisers themselves, but with legacy tools and technologies that are unsuited to the demands of modern fashion.

“I’m seeing a lot of technology-driven innovation in other market sectors, which has prompted me to think about where apparel is falling behind,” says Touker Suleyman, fashion entrepreneur, investor, and one of five multi-millionaire panellists on the BBC television show *Dragons’ Den*. “Trading on the high street is perhaps the hardest it’s ever been, and the consequences of committing to the wrong buying decisions are making internal teams extremely nervous. Manufacturer margins, too, are getting tighter every year.”

It is here that new technologies, focused on reinventing these B2B processes, can help to not just optimise existing methods, but deliver entirely new ways of working – just as they have in B2C applications, as Suleyman explains. “I want to see some real innovation in the apparel industry. I want to see technology empower those buying teams to get over their fears and focus on fashion credibility – delivering collections with confidence.”

“I want to see new solutions level the competitive playing field, so that the supply base doesn’t feel so vulnerable, and isn’t so constantly squeezed on price. And I want to see tools that help startups and smaller businesses to not just save time and money, but to become the big brands of tomorrow.”

Touker Suleyman

Fashion Entrepreneur and Dragon

The 'post-ego' approach.

RangeRoom, the virtual showroom network connecting the fashion industry, is designed to deliver on that vision - which is one our founders have shared since they left senior roles in product design and development. Aligning the twin forces of consumer demand and supply chain agility,

RangeRoom allows suppliers, buyers, merchandisers and designers to sidestep traditional processes, and to connect, collaborate and trade in a single social space.

For buyers and merchandisers, RangeRoom offers a simple, visually-gearred library of trend-acute products. All provided by pre-audited manufacturers and suppliers. All curated by our team of industry experts. By eliminating the time traditionally occupied by buying trips and quality and compliance audits, RangeRoom allows buyers to take action on what they see occurring in the market, bringing sampling and sourcing processes as close as possible to the bleeding edge of consumer demand and delivery.

RangeRoom also bridges social collaboration - the sharing of collection concepts within teams and communities - with real business, allowing buyers and merchandisers to request and track samples, check supplier audit histories, and commission orders.

For suppliers, RangeRoom is a visual showcase for their products. Upcoming features delivering marketing and intelligence tools will allow manufacturers and agents to track the performance of samples and product ranges over time, in the open market.

The democratisation of trade enabled through technology and the growing value of an ethical, sustainable and transparent supply base will continue to have a positive effect. Retailers have to adopt a ‘post-ego’ approach and realise the value of elevating their partners to share in future successes.

For everyone, RangeRoom is intended to be a transformative force, bringing technological innovation beyond the shop floor and into the real beating heart of fashion retail. A place where buyers, merchandisers and suppliers can come together on a level playing field to plan ranges and collections that will sell. Collections with confidence.

We are working to add exciting brands, retailers, and suppliers to our community every week. Join them in helping us shape new ways of working by connecting at:

rangeroom.com



Get Connected.

Contact our sales team to start your free trial today.
support@rangeroom.com

For more information please visit
www.rangeroom.com