

Module 1

Find your niche in the market.

Topic 4

What channel is best for you?

Lesson 1

Deciding which market (countries) you want to launch in.

Lesson 2

Channels explained. (B2B/wholesale, B2C/DTC/marketplace/dropshipping)

Lesson 3

DTC vs wholesale pro's and con's.

Lesson 4

The benefits of using wholesale channels.

Lesson 5

How to choose which channel is right for you. (perception vs brand)

Lesson 6

Summarising all lessons within this step with a case study.

Project work

Make a decision and choose what channel you will launch on?



New Lesson.

Deciding which market (countries) you want to launch in.



What channel is best for you?



When deciding which market to launch in, you need to consider:

- The market perception vs your brand's.
- Does the market value quality or price?
- Is there demand and need for your product?
- What is the fashionability of that market?
 - Masculine or feminine?
 - Individuals or followers?
- Is the market digitally mature or not?
- Which markets are up and coming? Ones to invest in now?

Also ask yourself:

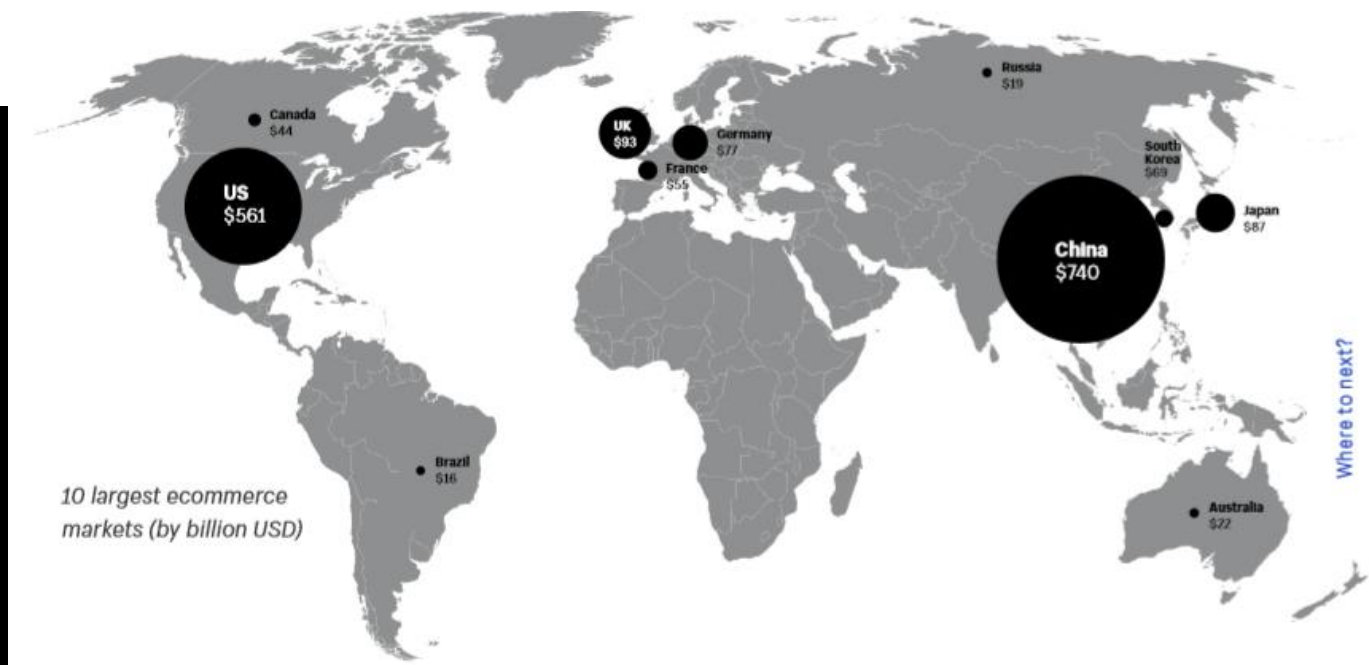
- What are your shipping capabilities?
- Where did you envisage launching your brand?



What channel is best for you?

Before expanding internationally, it's crucial to understand your potential target markets, including how digitally mature and how business-friendly they are.

- To decide which markets to target, start wide then narrow your focus.
- A continent may not be the right approach so break it down country by country .



<https://enterprise.plus.shopify.com/rs/932-KRM-548/images/global-ecommerce-guide.pdf>



What channel is best for you?

You could look at penetration.

Online shopping penetration by country illustrates what percentage of the population has purchased goods or services online.

The graph shows the global markets with the highest online shopping penetration rate in 2017
([statista.com](https://www.statista.com))



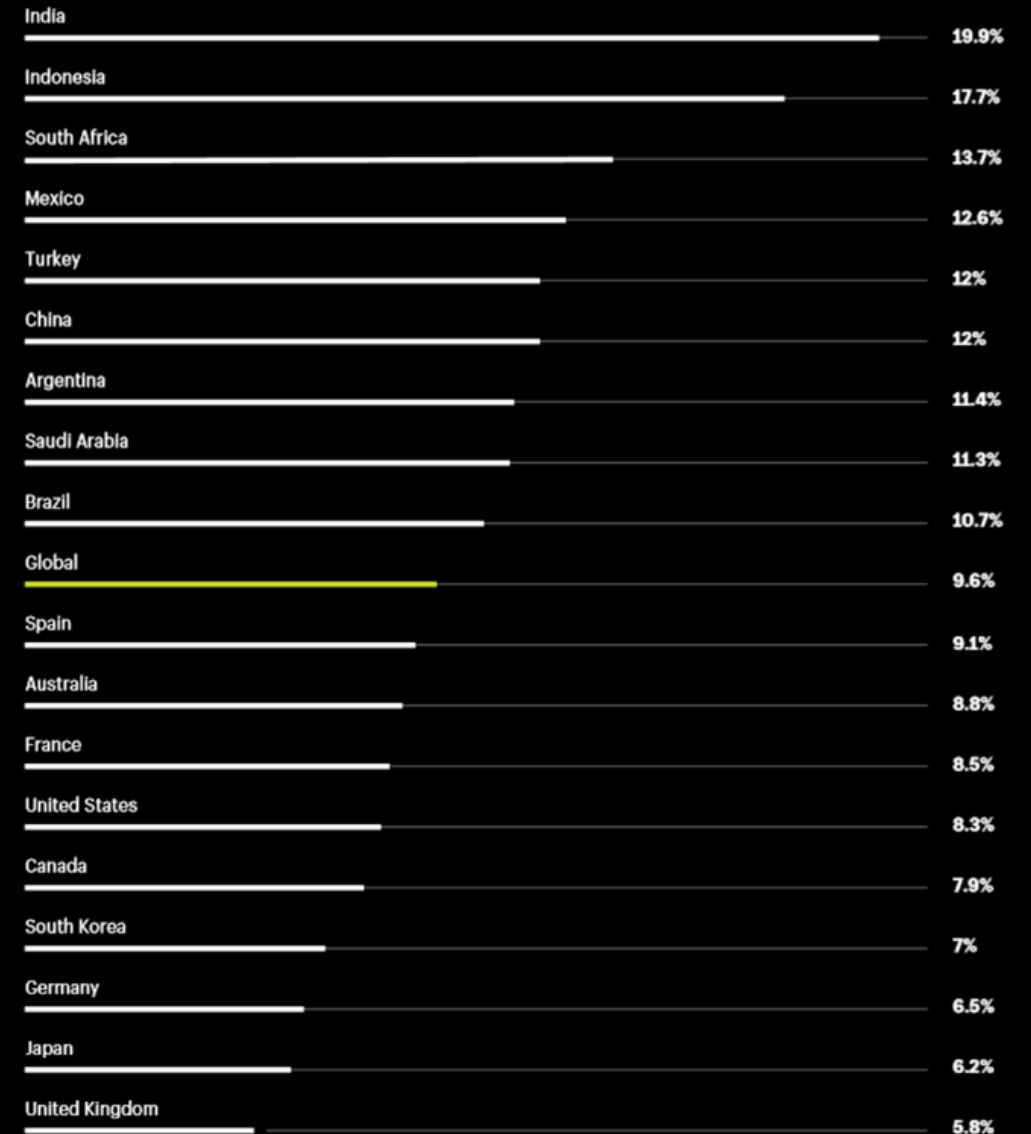


What channel is best for you?

You could look at compound annual growth rate.

The compound annual growth rate for ecommerce sales by country indicates online purchasing momentum.

Forecasted compound annual growth rate from 2018 to 2022 ([statista.com](https://www.statista.com))





What channel is best for you?



Initially your focus should only be on which market, which country or countries you want to launch in.

To help you answer these questions and stay informed about the industry try my favourite news sources:

- <https://www.retaildive.com/>
- <https://www.forbes.com/>
- <https://www.businessoffashion.com/>
- <https://qz.com/>
- <https://hbr.org/>
- <https://www.insideretail.com.au/>
- <https://www.linkedin.com/>

I would encourage you to sign up to the above newsletters and start reading and researching about which market is right for you.



New Lesson.

Channels explained. (B2B/wholesale,
B2C/DTC/marketplace/dropshipping)



What channel is best for you?

It is really important that you understand the language used in fashion.

Operating models can be called by numerous different names, but could have similar meanings!

- With a greater understanding you can make informed decisions.
- Also when engaging in new business it is important that you understand what the other person is talking about!





What channel is best for you?

B2B.

- Stands for business to business, it means a business selling their product/services to another business.
- The most common version in fashion is wholesale.
- B2B transactions can also be made at trade fairs as well as on ecommerce platforms.
- This terms isn't frequently used in fashion, but it is in ecommerce.

Wholesale.

- Wholesale means that a business buys goods in large quantities directly from manufacturers or distributors, warehouses them, and resells them to other businesses.
- In fashion, ecommerce platforms buy brands' stock then sells directly through their platform.
 - Most deals are sale no return, meaning the brand sell their stock outright with no liability / sell-thru.

B2C.

- Stands for business to consumer, it means a business selling their product directly to their customer, there is no middle man.
- Within fashion this means the brand selling their product via their own website, or through a marketplace.
 - The difference between B2B – B2C is the brand keep all the control. They ship it, they deal with customer service. The stock remains yours.



What channel is best for you?

DTC.

- Stands for direct to consumer and has the exact same meaning as B2C.
- This is an expression used more commonly in fashion. Fashion brands tend to either focus on wholesale or DTC are their primary methods.
- DTC channels can be a brand's own website or a 3rd party channel like Instagram or eBay.

Marketplace.

- An online marketplace is a website or app that facilitates shopping from many different sources.
- The operator of the marketplace does not own any inventory, their business is to present other people's inventory to a user and facilitate a transaction.
- A key lesson to learn is that some platforms offer both wholesale and marketplace, so be clear when you engage in new business that you state your preferred operating model from day 1.
- Platforms that only offer marketplace are: eBay, Amazon, The Market, Alibaba, Etsy, Catch etc

Dropshipping.

- Dropshipping is a marketplace fulfilment method where a platform doesn't keep the products it sells in stock. Instead, when a platform sells the product using the dropshipping model, the brand is notified of the purchase and has to ship to directly to the customer.



New Lesson.

DTC vs wholesale pro's and
con's.



What channel is best for you?

“Don’t just sell online; engage your customers digitally end-to-end. The bottom line is that companies must engage the entire organization to prepare for an omnichannel world.”

<https://www.mckinsey.com/featured-insights/asia-pacific/how-chinese-consumers-are-changing-shopping-habits-in-response-to-covid-19>





What channel is best for you?

It is really important that you know the pro's and con's of both operating models so that you can make an informed decision.

- A lot of brands choose to operate DTC and wholesale side by side.
- Remember you don't have to pick only one operating method. You just have to pick the right one for you!





What channel is best for you?

DTC – own transactional website.

Pro's:

- ✓ Complete control on everything you do.
 - Pricing.
 - Markdown events.
 - The items you list.
- ✓ Complete control over brand identity.
- ✓ You control you own customer service.
- ✓ Target customer base.
- ✓ Freedom to design what specifically suits your brand.
- ✓ Opportunity to keep operating costs low, if you control all operations locally.
- ✓ Opportunity to be profitable as you control the cost price and sell price.

Wholesale.

Pro's:

- ✓ Increased order volume.
 - The opportunity to lower the cost price.
- ✓ Free marketing.
- ✓ Grow brand awareness.
- ✓ Learn about a new market and its customers before investing in your own infrastructure.
- ✓ Speed to consumer.
- ✓ You are in control of who you sell too.
- ✓ You are in control/can try to ensure a minimum. order quantity (MOQ) & cost price is met.
- ✓ Once you gain one account it is easier to gain others.
- ✓ Sale no return. Removing the ownership.
- ✓ Opportunity to run exclusives.
- ✓ Feedback from market experts.



What channel is best for you?

DTC – own transactional website.

Con's:

- X You have pay for marketing and advertising.
- X A lot of hard work, as the success of DTC is built on the back of having a large customer base.
- X High competition.
- X Free delivery and returns is expected.
- X Next day delivery is expected as standard.
- X Consumers expect a highly functional website.
 - Good customer journey.
 - Seamless transaction.

Wholesale.

Con's:

- X Retaining brand identity.
- X No pricing control (RRP)
- X To work with the larger accounts you need to be an established brand. For example 100K insta followers.
- X Up-front costs, payment normally doesn't come for 90 days after shipment.
- X Really to succeed in wholesale and make money, you need to be selling high quantity.
- X Dependant on your geographic location, it is hard to trade and react to good sellers.
- X Competing against yourself.
- X Business operations, for example being registered for VAT in Europe etc
- X Fees can be charged for different issues.
 - Late stock, broken cartons, wrong labels etc.



What channel is best for you?

Choosing DTC really is 2020 hottest trend. Here are some reasons why.

Jon MacDonald, president of **conversion consulting company The Good**, lists the reasons why:

- Shoppers enjoy personally interacting with companies and establishing a connection.
- Buying directly eliminates the risk of buying counterfeit goods.
- Customers have access to full product lines, not just what retailers choose to carry.
- Information is up to date and accurate.
- The brand is more likely to “do the right thing” if there is an issue that needs to be resolved.’





New Lesson.

The benefits of using wholesale channels.



What channel is best for you?

‘Consumers expect to spend more via online and social channels than through offline channels in the light of the Covid-19 outbreak.’

<https://www.mckinsey.com/>

‘who needs to buy everything under one roof when amazon is the new “everything store” and specialist retailers are only a click away?’

<https://www.businessoffashion.com/articles/professional/a-fashion-world-without-department-stores>

ANTICIPATION OF SHOPPING HABITS ACROSS DIFFERENT CHANNELS IN APRIL 2020, WESTERN EUROPE AND THE US

PERCENT OF RESPONDENTS





What channel is best for you?

The most powerful benefit of using wholesale is it's ability to making you a global brand.

3rd party platforms focused on wholesale are the biggest power houses in ecommerce.

- Zalando
- ASOS
- Revolve, Nordstrom etc
- Amazon when it offers wholesale...

As a start-up brand, you are never going to be able to reach these global audiences by yourself or even within 10 years of business. The exposure benefits are huge!

Through using wholesale, you can choose to focus only on overseas markets, leaving your DTC to focus on local. This way there is less cross-over.





What channel is best for you?



Wholesale gives you the opportunity to try new ideas. For example:

- You could create an exclusive 'European' collection.
- You can collaborate with the buyers and create market specific items.
- You have the creative freedom to create a side brand if you wish.

I encourage brands to see wholesale as a huge opportunity. However it requires as much work and effort as your main business (DTC).

A final benefit is it doesn't cost to set it up!

It really is a quick and easy way to test a market before investing in your own infrastructure.



What channel is best for you?

You need 3rd party platforms to help you grow & become a global brand.

You're never going to bigger then ASOS, so use them to help you to grow!



What channel is best for you?



“Shares in Zalando, Europe's biggest online-only fashion retailer, jumped 11 percent to a new record high after it said it expects full-year sales growth of 10-20 percent. RBC analyst Sherri Malek said the fact Zalando had added 39 percent more new customers in April was "evidence of the accelerated consumer shift from offline to online". In contrast, H&M, the world's second-biggest fashion retailer, said local currency sales had tumbled 57 percent in the March 1-May 6 period, while online sales grew almost a third.”

<https://www.businessoffashion.com/articles/news-analysis/brands-see-an-uptick-in-online-sales-during-the-covid-19-crisis>



New Lesson.

How to choose which channel is right for you.
(perception vs brand)



What channel is best for you?

Refer back to your brand perceptual map to remind you of your position in the industry vs your competitors.

- Does your brand perceive value in quality or price?





What channel is best for you?



Factors to consider are:

- What are your strengths and personality as a brand?
- What is your brand's identity both business and product?
- Are your values aligned? Values can cover:
 - Sustainability.
 - Charity work, giving back to the community.
- Will working with this platform harm your brands reputation?
- Is your pricing aligned?
- What are the consumer traits in that market?
 - Fashion forward?
 - Price conscious?

Ask yourself:

Would your product look right on their page?

- Visualise your product amongst the competitions and decide if it's right.



What channel is best for you?

Young affordable fashion platforms.

asos

ZALORA
ASIA'S LEADING ONLINE FASHION DESTINATION

نومنتشي
NAMSHI

★ macy's

Lulus

Zappos
POWERED by SERVICE®

REVOLVE

ABOUT YOU®

N

N - A
K - D



What channel is best for you?

Mid-tier fashion for the family platforms.



JOHN
LEWIS
& PARTNERS



zalando

shopbop

THE ICONIC

next

Neiman Marcus

NORDSTROM



What channel is best for you?

High-end fashion platforms.

The Harrods logo, featuring the word 'Harrods' in a gold-colored script font on a dark green rectangular background.

SSENSE

MATCHES FASHION

FARFETCH

NET-A-PORTER

The Selfridges & Co logo, featuring the text 'SELFRIDGES & CO' in a gold-colored serif font on a yellow rectangular background.

bloomingdale's



What channel is best for you?

Remember you are only deciding what channel to launch on!

- In the next year if you decide to use wholesale as a growth method, you can refer back to this lesson again.
- For now you need to select the right channel either DTC or wholesale or both in which to launch on.

Keep notes of the methodology used in your workbook.





What channel is best for you?

**Your global customers are right around
the corner**

\$4.8T

Expected global ecommerce sales by 2021

2.1B+

Shoppers expected to buy goods and services

<https://enterprise.plus.shopify.com/rs/932-KRM-548/images/global-ecommerce-guide.pdf>



New Lesson.

Summarising all lessons within this step with a case study.



What channel is best for you?

RAQ

The brand I have used throughout the competitor analysis is RAQ.

➤ <https://raqapparel.com/>

Facts you need to know about RAQ.

- RAQ is an Australian swimwear brand for the fuller bust women.
- RAQ are looking to expand into the UK/EU market.
- RAQ are interested in exploring new product categories.





What channel is best for you?



Firstly what do we know about RAQ?

- They are selling online in Australia through DTC channels:
 - Own website.
 - Instagram.
- Marketplace channels:
 - Brava Lingerie.
 - Storm in a cup.

They are interested in launching in the UK/EU. So what channel suits the brand's perception?

Brand facts and perception:

- ❖ RAQ is a young fashion brand with a playful appeal.
- ❖ Their fashion is high and it is important to the brand to find a platform that mirrors this.
- ❖ They sell swimwear only for the bigger bust.
- ❖ It is affordable fashion. Entry – mid price range.
- ❖ They are not sustainable.

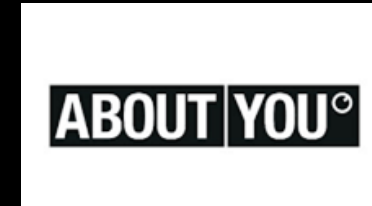


What channel is best for you?

The platforms in the UK I would select are:



The platforms in Europe I would select are:





Project work.

Make a decision and choose which channel you will launch on?



Stop!

I would encourage you now to stop, think, and decide which channel is right for you?

- The main focus is deciding which channel/s you will launch on, as this will inform future decisions.
- Document your decision in your business plan and keep your notes safe in your workbook.

