

N Brown Group: Democratising fashion



Image: UNP for InternetRetailing

Having successfully transitioned to online retailing in the UK, former fashion catalogue N Brown Group is setting its sights on growth at home and overseas. CEO *Angela Spindler* spoke to Emma Herrod about the company's transformation and future plans.

A move to the SAP Hybris platform from an in-house developed ecommerce platform is helping Manchester-based N Brown Group in its plans to expand in the UK and overseas. SAP Hybris was chosen to give the retailer a single responsive platform which can be optimised for natural search and the ability

to add plug and play functionality such as Monetate, RichRelevance and dressipi.

While many readers will know of the company's pureplay Figleaves brand, this is only a very small part of the £922.2m revenue retail group. JD Williams, which accounts for a third of the business, sells contemporary

fashion aimed at the 45-65-year-old female ‘midster’ age group. This does about 75% of its business online, up from 35% five years ago.

Simply Be sells plus-sized fashion which, as Angela Spindler, CEO of N Brown Group, explains, is tailored to fit each size perfectly rather than being designed to one size and then scaled. This offers a more contemporary look and has a younger target audience – along with a mobile-first approach to digital – than JD Williams. More than 95% of this business is online, and mobile “continues to grow apace”. Spindler explains that everything learnt from Simply Be is being applied to JD Williams, since JD Williams’ shoppers are following the same online wave of shopping behaviour as Simply Be but at a later time, a process that’s a “tried and tested way of achieving online transformation”.

Menswear brand Jacamo completes the company’s line-up of three “power brands”. A further seven brands complete the portfolio of fashion which is designed to be accessible, affordable, relevant and enjoyable. “We aim to democratise fashion,” she says, being relevant and enjoyable to groups of customers that are underserved by the rest of the fashion industry – those who are older or larger. In effect, N Brown Group comprises niche retail brands all with a differentiated purpose but with a USP which is based on fit.

INTERNATIONAL OPPORTUNITY

High and Mighty, its larger menswear brand, has moved onto the SAP Hybris platform in the UK, as has the SimplyBe.com site for the US market. It is this latter brand that is pioneering the move into the US as, surprisingly, plus-sized fashion is under represented in the US. “The market opportunity in the US is 6 or 7 times the opportunity in the UK,” Spindler says. The company saw 21% growth in the US during the second half of its financial year.

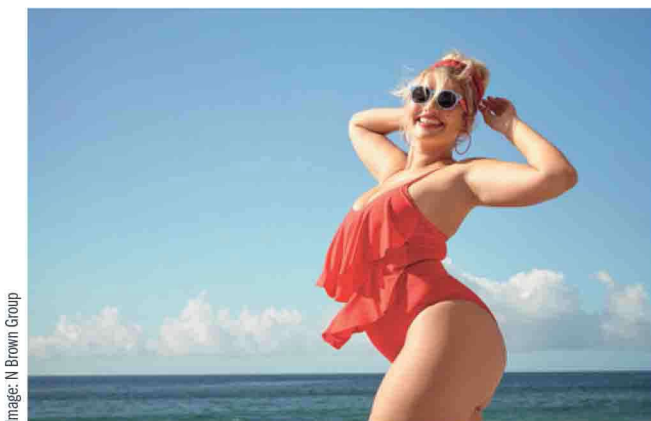


Image: N Brown Group

▲ SimplyBe.com is the first N Brown Group brand to migrate onto the SAP Hybris platform for a launch into the US

Like other retailers that have moved from a catalogue background, N Brown Group also has an in-house credit facility for customers. This is evolving and being modernised alongside the retail business, and the two aspects of the company will be brought together in the

N BROWN GROUP IN FIGURES

N Brown Group reported revenue of £922.2m for the full year to 3 March 2018, an increase of 3.2% on 2017’s figure. EBITDA was also up at £118.6m for the year.

Product revenue from power brand JD Williams came in at £163.4m, a rise of 3.2% over 2017 with Jacamo reporting a 5.1% increase to £66.6m. It was Simply Be that reported the “standout performance” seeing product revenue increase by 16.3% over the previous year to £132.8m.

Online revenue was up 10% year-on-year with online revenue from the three power brands increasing 17%. Online penetration now stands at 73%, a 4ppts rise.

Spindler explains that the conversion rate, which stands at 5.3%, is amongst the highest in the industry. It has been dropping though as the amount of mobile traffic increases. However, overall traffic is up as is the number of customers checking out. “As traffic goes up, the percentage conversion goes down but absolute converted customers goes up,” she says.

future. A move to IBM Cloud is enabling it to deliver new Oracle applications which will unify financial and retail processes. The loan book currently stands at £600m.

This overhaul of the credit offering is one of the reasons why the US site is heading the move to the Hybris platform. In the US, N Brown Group works with a third party, white label credit company Alliance Data Services, so both aspects didn’t have to move onto Hybris at the same time, explains Spindler. The US site also excludes homewares and gifts, so there’s no need to integrate with the third party suppliers used for these product categories in the UK. Orders are fulfilled direct from the UK.

There are plans to move the next brand to the new platform in the second half of this financial year, once the full functionality of the site has been developed. About 90% of the functionality has been developed so far, according to Spindler.

The company has had to restart its marketing in the US since its original idea to buy lists attracted too many traditional shoppers who weren’t converting rather than online-savvy customers wanting contemporary fashion. Its approach is now more akin to younger pureplays, engaging bloggers, micro-influencers and affiliates, and this is working better, explains Spindler. “Plus size is a rich territory for us,” she adds. “We are rebasing and almost restarting with the confidence now that we have an online proposition that is very competitive and we have a right to win.”

N Brown Group has also implemented Global Ship Anywhere. Since February 2016, this has seen it partner with Global-e to overlay the main UK site with localised delivery and payments options. This extends the group’s offering to 16 international markets. “More than half of these orders have come from Australia,” says Spindler.

It has therefore set its sights on Australia as the next international market. Former cricketer Freddie Flintoff is brand ambassador for N Brown Group’s menswear brand Jacamo and Spindler believes that he will attract a strong following after winning the Australian version of ‘I’m A Celebrity... Get Me out Of Here!’.

She explains that a full launch with a localised site on SAP Hybris won't happen until the technology and operations have proved themselves in the US.

TARGETING

The company is not completely forgetting its catalogue heritage and is using its CRM strengths from its mail order days to enhance the new 'data as key' philosophy of today's retail industry. "Data is the new oil," says Spindler. "We have data to die for," she adds, since that's how catalogue businesses operate, explaining that "it's about asking your data the right questions".

It now has to utilise that data and it is doing this through online personalisation with plans to move to AI-run hyper-personalisation using information from more variables and data points, drilling in to more variables to create the customer marketing action chain and the product selections that support that for the customer. "The more efficient you can become around [hitting the right target], the more you will have to spend because you will get a better return on your investment. You may do less but everything you do will be more effective," she says.

Spindler sees the multiple brands as a business strength, since it helps the group to target specific customer groups with relevant, differentiated brands that are the best fit. It has reduced the number of brands it offers, migrating customers from 46 to the ten targeted brands. Many have been migrated to JD Williams.

She admits that some of these migrations have been more successful than others because shoppers who may fit a behavioural profile such as shopping on mobile have resisted a move from 'classic' clothing brands when offered the same products styled in a more contemporary way.

For example, she says its migration of around 200,000 customers from the Fifty Plus brand to JD Williams was left to last so "we could take the learnings from other migrations". These Fifty Plus customers shopped online but preferred a more classic look. Marketing aimed at them has been given a more classic look and feel online via personalisation, enabled by Monetate, which gives them a website and product that better suits their preferences.

JD Williams has 140 years' worth of data to draw on. It started out with paper catalogues and orders being taken

over the telephone and via post. Its supply chain was set up to deliver individual items to a customer at home. Spindler says she thinks the move to online is in some ways harder for a catalogue businesses than it is for a bricks-and-mortar retailer. Yes, product is sent out individually rather than by the pallet load, but stock is bought in only twice a year – once for the spring/summer season and again for autumn/winter. After a catalogue went to print that was it. No more changes until the following season.

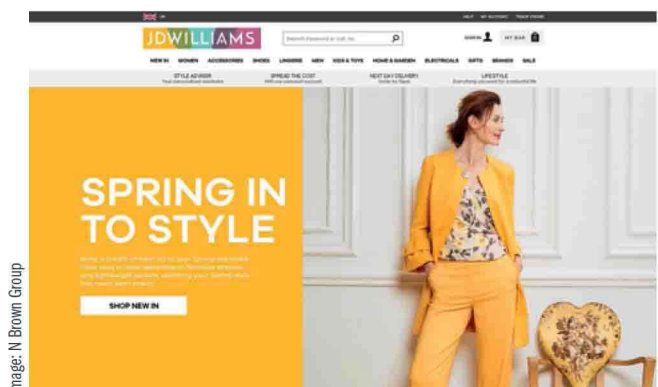
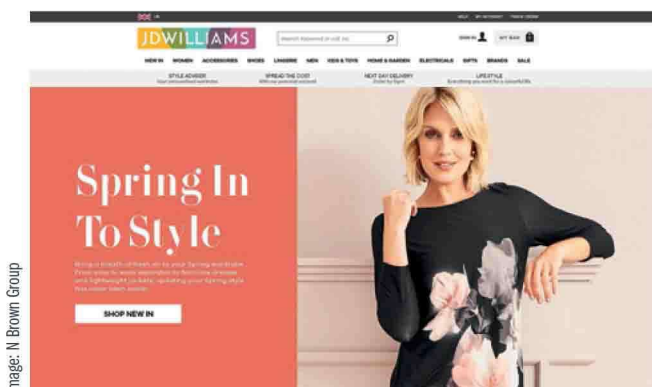
“If you try to design transformation to move from A to B, the chances of you failing are much higher than if you are iterative, have a rolling plan and when things are developed and ready to go you test them and then launch them”

"An online retail business in almost every respect and process is different to a catalogue company," she says, and it's "all to do with how we think about product. Online businesses are introducing newness to customers whether that's through new promotions, resequencing or new products".

She explains that long seasons allow for very limited in-season flexibility. "Catalogue businesses work on extremely long lead times, present the product in print so there's little you can do to change that." By contrast, online product can be introduced daily and content can be differentiated almost hourly.

BUILDING IN FLEXIBILITY

N Brown Group has changed to a model that is more flexible through its supply chain and trading capability, all enabled by technology, she explains, with the shopping vehicle being the web. Lead times on new collections have reduced from around 20 weeks to 3, although she points out that they are not usually produced in such a short time. Stock repeats can be carried out in 7 days due to process improvement and more near sourcing with product coming from the UK and Europe.



▲ Sometimes shoppers may show the same behaviour but product needs to be styled differently as the migration from Fifty Plus to JD Williams has shown



Image: N Brown Group

▲ N Brown Group plans to expand its Jacamo brand internationally

This speed has necessitated business restructuring and reskilling; an in-house design function is now responsible for the company's products rather than being inspired or dictated by suppliers. The increased speed also means that products are more on trend.

Stock management has changed, too, with a flexible supply chain enabling a continuous flow of product rather than everything being bought into the business in 2 large tranches to coincide with catalogue seasons. "There have been equal amounts of change all over the business," says Spindler, and this stretches across all areas with digital marketers, technology developers, merchandising, designers and online capabilities all being bought into the Manchester headquarters.

She adds that this is all part of the group's vision to transform the business into an "online retailer that is globally loved, experts in fashion that fits and flatters. We've worked on developing our capability on all three of those areas." Being globally recognised for fit, she explains, "is important to all customers in fashion but particularly to our customers".

The company has worked towards this vision through a process of continuous change, working on a number of changes in isolation which can be brought together. Spindler says this way of managing change is more akin to agile working with a squad mentality. "It's an efficient way to work when you are trying to drive a significant amount of change. If you try to design the whole thing and then move from A to B, the chances of you failing are much higher than if you are iterative, have a rolling plan, and

when things are developed and ready to go you test them and then launch them. In aggregate, it adds up to a very big transformation but it feels more manageable. It's also a good way of managing risk. The result is transformational but the approach has been continual change."

“ Spindler's vision was to transform the business into an online retailer that was globally loved, experts in fashion that fits and flatters ”

Transformation doesn't happen overnight, though, and it isn't as simple as moving from A to B, she explains. It is a mix of overall vision and an ongoing process of change management and capex prioritisation so that the work that will achieve the biggest returns is prioritised. "This typically means prioritising things that improve things for the customers," she says. "We don't expect that to slow down any time soon. It used to be said of retail that if you stop innovating you go backwards but now it's more a case of if you slow down you're going backwards. We've bought into that and set ourselves up to keep that pace of change going."

She adds that the transformation is "typically technology enabled but it's led by customers and how they are shopping and how their expectations of service is increasing".



▲ The Group's vision is to be experts in fashion that fits and flatters

“You have to decide now more than ever where you deserve to win with customers and you have to invest in that,” she says. She expands by saying that this could be through service proposition, product, price or a unique combination of all three. “What sets N Brown Group apart is choice and the expertise we have in fit.”

Spindler explains that the brands also have to be relevant to the ways in which customers are shopping – such as offering a delivery subscription, loyalty scheme for Simply Be and dressipi style preferences to tailor the content shown to customers – and its financial credit product, and then to be economically viable and make money. “Getting it right for customers typically translates into economies of scale and cash,” she says.

It is this customer loyalty which has been tested at N Brown Group since it started offering shoppers the option to pay outside of the confines of the traditional catalogue-style credit account. “Gaining the loyalty of these cash customers [who pay with a debit or credit card and don’t have a personal account] is harder,” says Spindler.

“The profitability and loyalty of our cash customers is an important indicator to us that we are getting our retail proposition right,” she adds. “The financial services proposition enables us to think about the business slightly differently if we choose to. It’s not why we exist but it does keep customers shopping and enables them to shop and encourages them to shop in a positive way because they have the ability to spread the costs and pay in a way that suits their budget.”

SKILLS

Core areas of the business including supply chain, product sourcing, photographic studio and IT is syndicated across all of the N Brown Group brands. Marketing is undertaken by brand but individual products could be offered by a number of brands. The product team prepares a brief on how products – such as a pair of jeans offered to customers by JD Williams and by Simply Be – could be styled differently. “There is up to 50% overlap of product,” says Spindler.

The group is increasingly developing systems in house, such as the latest mobile app for JD Williams which is rated

STORES

As part of N Brown Group's focus on becoming a global online retailer the company announced on 14 June that it is undertaking a review of its store estate. It currently operates 20 stores under the brands of High & Mighty and joint Jacamo & Simply Be.

The company says that footfall continues to be “disappointing” and although it has achieved significant cost efficiencies, it is entering into a consultation with store colleagues to consider closing the stores ahead of lease expiry. In FY18 these stores generated £15m revenue (2% of Group revenue) and an EBITDA loss of £3m. We anticipate that the consultation process will be completed around the time of our half year results in October.

Should the decision be taken to close all 20 stores, the company anticipates an exceptional cost of £18m to £22m, of which approximately half will be in cash.

Around 240 retail jobs are at risk of redundancy, with 15 head office jobs and 35 distribution roles at Duke Mill in Shaw impacted.

4.8 out of 5 in the app store. This was developed by a cross-functional “squad”.

Adam Warne, previously of AO.com, has been bought in as CIO to build the in-house technology capability and to reduce the retailer’s reliance on third parties “but not remove it”. Spindler explains: “It’s a mistake to say that we’re going to do everything in-house versus outsourcing everything. It depends on what you are working on and what you are trying to achieve.”

Spindler believes that having its headquarters in Manchester rather than London is an advantage since it can recruit from a local pool of talent through its graduate programme and apprenticeships, bringing people into the business and training them. “It’s competitive given the number of very progressive online retailers; there is a rich source of talent,” she says.

This pool of talent comes from across the region with other pureplays in the area including Boohoo, Missguided, The Hut Group and Shop Direct as well as grocers Asda and Morrisons.

Looking to the future, N Brown Group is aiming to strengthen its brands in the UK market, continue its overseas expansion and grow through partnerships with marketplaces. To date, curated ranges are being offered on Zalando, Amazon, Asos, The Iconic (in Australia), Lamoda (in Russia) and Namshi (in the Middle East). Spindler says the group has around 25,000 lines on a site but these are curated to around 250 products on partner sites.

As well as Warne, Spindler has hired Alyson Fadil from Missguided, to the board as Chief People Officer. The group’s board is now completely different to when Spindler joined the company as members have “self-selected” to leave and she has been able to hand pick replacements. These include analytics expert and founder of Figleaves Michael Ross, who has joined as a non-executive director.

N Brown Group is set up for a digital future with a new platform and board appointments. Its programme of change will allow it to capitalise on its ability to target niche groups of customers in the UK and overseas before the rest of the fashion market truly embraces inclusivity. 🌈