Summary of Practicum with Mainstream Swimwear
Written by Professor Catherine Geib, Associate Professor Fashion Business Management

TOPIC OF STUDY

"How Online Retailing and new Business Models are changing the way Fashion Manufacturers do business with Retailers in the marketplace."

Mainstream Industry Executives who collaborated in the Practicum

Jim Post – Divisional President Mainstream Swimwear Inc.
Kat Nguyen – Chief Retail Analyst
Sandra Davidoff- VP Marketing and Social Media
Paula Morse- VP Product Development and Sales Magic Suit
Alicia Green – VP Sales executive Amazon
Jay Feigenbaum- VP International Sales

This practicum was so beneficial to updating my knowledge base on on-line retailing. I had the opportunity to work with a variety of departments and levels of business from the Divisional President to the Marketing VP, the retail analyst, the International sales VP and more. Each executive holds a different expertise and was able to discuss their experiences and current business practices with digital retailing. As we are working to update our curriculum in Fashion Business Management I will be using the knowledge gained during my practicum to help write new courses for the associate's degree program. I will summarize a few of the key takeaways from my work with Mainstream swimwear.

Drop shipping – This is a practice that is becoming especially popular with on-line retailers. They are not purchasing the merchandise from the manufacturer with this practice. Instead when the customer buys the product on-line from the retailer than the manufacturer ships direct and is paid. This practice has many pros and of course many cons. The most significant pro to the retailer and manufacturer is breath of assortment. It allows the retailer to carry a much larger assortment without having to commit to the goods. Direct- buyer seller model – examples Alibaba, Amazon, Zappos.

Map pricing policy - minimum price retail price that you can advertise the goods at **including website prices.** Policy set by company's brands to make sure that online prices match. Without this policy you can get oversaturation of the market and price wars. This could ultimately put brands out of business. The manufacturers who are megabrands can enforce map pricing. An example of this is Nike. They are now doing business with Amazon. They could have Amazon sign a Map –pricing agreement not to reduce prices below a set level. If map pricing becomes common practice, we might have to rethink the antitrust laws.

Marketplaces- are the new on-line retailer. Everyone wants to do this to compete with Amazon. Or is selling on Amazons marketplace. It can be a combination of multi-channel sellers going thru one portal (Amazon) but points of distribution can be different. Target has also started an on-line marketplace. (Think of it as a giant flea market on-line where multiple sellers can gather under one roof)

Example 1. Nordstrom's traditional buyer who also does ecommerce gets the biggest discount which is different than drop ship which does not get discount.

Example 2. Zappos sells on Amazon marketplace. This gives them more exposure to the customer. Even though they have their own website they will use a 3rd party marketplace to get exposure and sell additional or varied product. Still traditionally they will buy the goods for their website but run as a marketplace on Amazon. Note: In traditional on-line retailing If the ecommerce runs out than they can ship from the store not in a market place as I have seen.

RFID is a locator chip in a garment that makes it easy to find. RFID technology is being added to the hangtag of garment so it can be found in a retail brick and Mortar store. This is being done so stores can fulfill on-line orders and maximize sales of units that are already purchased.

Price Matching – Nordstrom's has adopted a policy that if they see a lower price on line they will markdown their online merchandise to match to lower price. Nordstrom actually has staff that police the internet web sites to find lower prices. This has many implications to gross margin and vendor relationships.

Financials- On-line retailing has altered many of the metrics that has traditionally been in place between manufacturers and retailers. Especially with Amazon Marketplace and drop shipping to the customer. 1. Gross margins are being challenged as retailers ask for different discounts to the cost of goods for the different types of buying i.e.: marketplace, dropship vs. traditionally owning the goods.

2.Gross and Net sales figures are having huge discrepancies, in particular markets such as swimwear and Dresses where **Free shipping and Free returns** has caused the consumer to buy online try on at home and return the rest to the brick and mortar store who never owned the goods originally. **This is creating a huge markdown cadence and eroding the gross margin.**

3. Although there are big opportunities to sell on-line retailers the metrics can be challenging.

This practicum has unfortunately just opened my eyes to how much more I have to learn. It has also shown me that the rules in many cases are just being written and so are the laws governing on-line businesses. I am going to work with other types of manufacturers this Fall to further my education of on-line, digital and Omni- retailing. I am thankful to FIT and Mainstream for the opportunity to update my skills and open my eyes to what many are calling “The Wild West of Retailing”.