

elastic **SURF INDUSTRY REVOLUTIONIZES B2B ECOMMERCE**

Brands and Retailers Lead Transition
to More Standardized and Sustainable
Wholesale Purchasing

Success for both brands and retailers depends largely on their ability to successfully adapt to uncertain and changing market conditions. By pursuing a streamlined and sustainable wholesale purchasing process with their retail partners, manufacturers are not only reducing costs but are able to preserve or enhance revenue through a more strategic and environmentally sustainable approach to commercial sales. No other market sector exemplifies this ability more than the surf industry as leading brands and retailers are setting a trend toward B2B ecommerce standardization that is likely to spread across multiple manufacturing verticals.

This case study overviews how surf brands and retailers are finding success through B2B ecommerce standardization based on the following four factors:

- **Industry Leadership**
Endorsement of B2B digital merchandising by surf industry trade group SIMA.
- **Retailer Adoption**
Providing a digital merchandising platform based on retailer needs.
- **Cost Savings/Sustainability**
Process efficiency and sustainability through print free B2B sales.
- **Sales Revenue**
A more strategic approach to preserving and growing sales revenue.

“The challenges created by changing and uncertain market conditions requires that both brands and retailers become more efficient and strategic relative to their B2B sales and purchasing processes,” said Josh Reddin, CEO, PlumRiver Technologies. “Through their leadership in adopting next generation digital merchandising technology, the surf industry is perhaps the most progressive in demonstrating how to achieve greater efficiency, profitability and sustainability via a more standardized and streamlined approach to wholesale ecommerce.”

PlumRiver
Technologies

Josh Reddin
CEO
Plum River Technologies



(Surf Industry Leadership)

The rapid adoption by leading brands of a more streamlined approach to B2B ecommerce is being driven in large part by the bold leadership of the industry's leading trade group. Under their mantra of “reducing and eliminating” the Surf Industry Manufacturers Association (SIMA), through its Business Sustainability Alliance working group, has endorsed the use of digital merchandising technology through a partnership with PlumRiver Technologies’ utilizing their Elastic Suite B2B ecommerce platform.

“When considering the need for greater sales process efficiency in response to growing marketplace challenges, we as an industry cannot continue following a business-as-usual path,” said Sean Smith, Executive Director, SIMA. “Taking on this challenge and helping both brands and retailers make this transition to more cost effective and environmentally friendly B2B ecommerce is directly aligned with the values and vision of surf manufacturers, retailers and consumers.”



Sean Smith
Executive Director
SIMA

Surf industry manufacturers and retailers have responded to the SIMA call and are collectively driving the evolution from traditional business practices to a more sustainable and profitable buyer/supplier wholesale purchasing process. Brands that are fully on board and in the process of rolling out to their retailers an enhanced B2B digital merchandising platform include: Billabong, Hurley, Jetty, Olukai, O'Neill, Quiksilver, RCVA, RipCurl, Roxy, Vans, Volcom, Vonzipper, Xcel and more.

The digital merchandising revolution underway in the surf industry is extraordinary in that it covers virtually the entire sector, from the largest manufacturers like Volcom, Quiksilver and Hurley to smaller niche and specialty brands. While these larger brands are leading the trend and have paved the way for broad retailer adoption of B2B ecommerce technology, their efforts and strong support of the SIMA initiative have benefitted the industry at large. This also speaks to the scalability of digital merchandising solutions in their ability to flexibly adapt to the needs of both large and small brands, but yet provide a consistent and more standardized wholesale purchasing experience for retailers.





The marketplace challenges retailers are confronting is accelerating the trend toward more efficient and cost effective B2B processes. Retailers need a simpler, cost-effective and more standardized process for acquiring inventory that seamlessly interfaces with their in-store merchandising. Brands that respond by providing their retail partners with a more efficient and collaborative digital merchandising experience can help lead and define this evolution to a more streamlined wholesale purchasing process desired by retailers. The dynamic change currently underway is strengthening and deepening brand-to-retailer relationships with a purchasing solution that can be prioritized for buyer preferences.

By serving their retailers with a simpler and more standardized approach to B2B ecommerce, manufacturers are better positioned for addressing the challenges of a changing marketplace and benefit from stronger brand value that flows all the way through to retail customers. This is accomplished by enhanced management of the entire product lifecycle. This includes a higher level of brand-to-retailer collaboration from product inception and development, wholesale purchasing, in-store merchandising and into the hands of the consumer. A B2B ecommerce platform with rich digital merchandising capability serves as the central platform for strategically managing this process. And retailers are taking notice of the benefits as the most progressive shops begin to embrace and fully utilize the technology.

For example, leading Southern California retailer Huntington Surf & Sport (HSS) has transitioned away from printed product catalogs and the traditional paper-based wholesale purchasing process with multiple brand suppliers. HSS is now fully vested in the latest B2B ecommerce technology with a strong preference for buying from brands that have done the same. The key benefits of the change to digital merchandising have been in saving both time and resources due to enhanced process efficiency, and by following a much more strategic approach to both inventory acquisition and in-store merchandising more aligned with the preferences of their retail customers.

The flexibility of digital product assortment planning across the many brands carried at HSS allows merchandising managers to easily create the “look” they desire for in-store merchandise displays in advance of making seasonal buys, something that was very difficult if not impossible to do with traditional merchandising methods. With real-time digital product catalogs that are not printed months in advance, seasonal buying has become much more strategic with the ability to purchase closer to the actual season when the products will be introduced. This provides the ability to adjust wholesale purchasing to more closely align with trending consumer preferences.



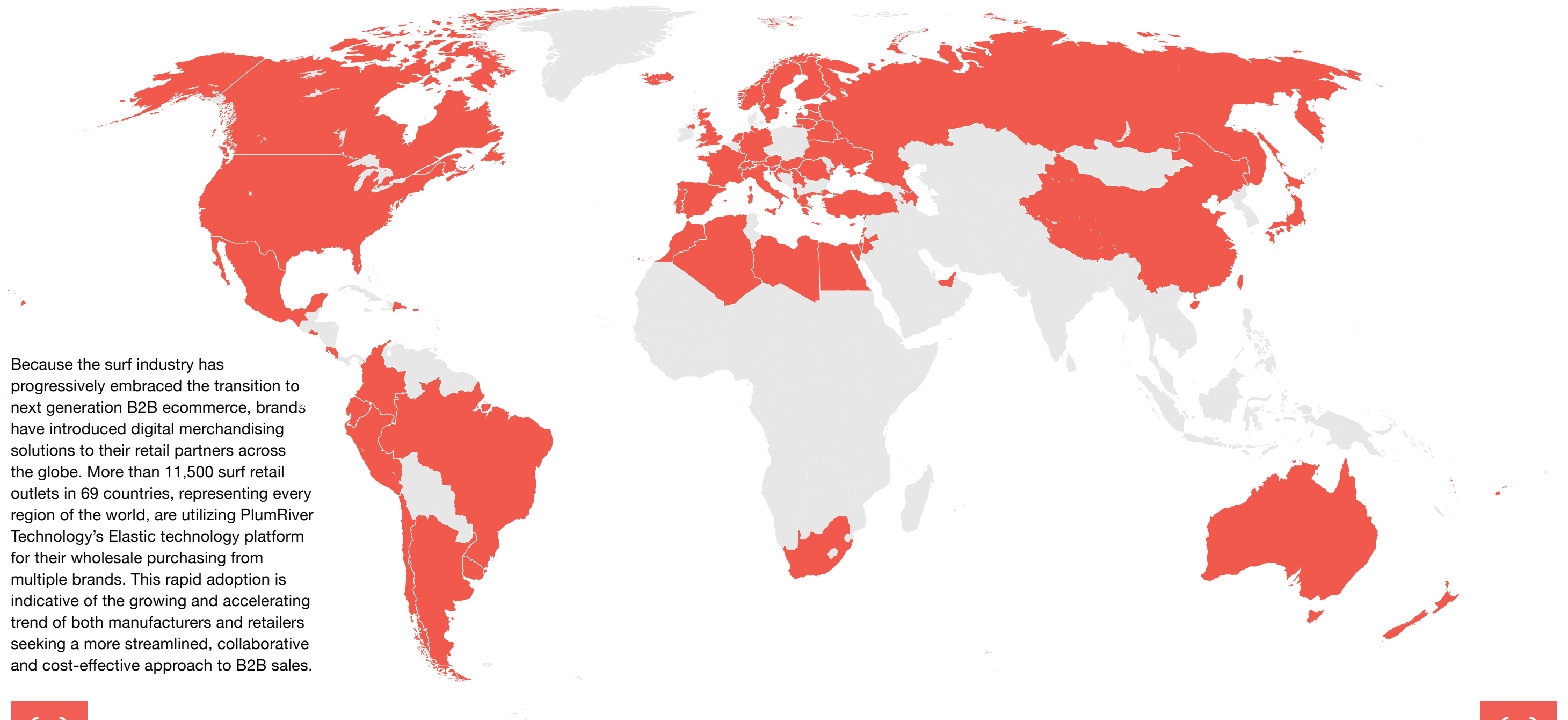
The background image shows the exterior of a Huntington Surf & Sport store at night. The store's name is visible in large letters above the entrance. To the right, there is a Volcom logo. In front of the store, there is a statue of a person holding a surfboard. The ground is paved with large, light-colored tiles. The overall scene is dimly lit, with some interior lights visible through the glass doors.

“The move to digital merchandising has really improved our wholesale purchasing process and made the buying experience much more collaborative with the many surf-related brands we work with,” said Samantha Hernandez, Director of Women’s Buying, Huntington Surf & Sport. “This transition is not only saving us time and resources but is making it easier for us to more seamlessly align our product curation with seasonal trends and the preferences of our retail customers.”

Samantha Hernandez
Director of Women’s Buying
Huntington Surf & Sport

HSS is also benefitting from a much more collaborative relationship with the many surf brands they feature. As a result, they are interacting with their suppliers on a much higher level of efficiency than before. Time and resources dedicated to both the initial purchase and the reorder process have been cut dramatically. This allows merchandising managers to focus on bringing even greater value directly to their customers relative to the array of brands and product lines featured in the store. Also, the sustainability of a print-free B2B purchasing process aligns strongly with the core values of HSS and their customers as the company pursues environmentally responsible business practices.

More than 11,500 surf retail outlets in 69 countries.



Because the surf industry has progressively embraced the transition to next generation B2B ecommerce, brands have introduced digital merchandising solutions to their retail partners across the globe. More than 11,500 surf retail outlets in 69 countries, representing every region of the world, are utilizing PlumRiver Technology's Elastic technology platform for their wholesale purchasing from multiple brands. This rapid adoption is indicative of the growing and accelerating trend of both manufacturers and retailers seeking a more streamlined, collaborative and cost-effective approach to B2B sales.

Surf industry market research firm ActionWatch also sees the migration of surf brands and retailers to a more streamlined and standardized approach to B2B ecommerce as a positive response to challenging marketplace conditions. According to estimates from ActionWatch, retailers are rapidly adopting next generation digital merchandising solutions as the technology is rolled out by surf industry brands. This is especially true among certain global regions. For example, surf brands in Australia on the Elastic platform alone made up more than 60% of the 2019 core surf shop sales volume based on estimates from the ActionWatch Oz panel. Estimates from the US ActionWatch panel show a 36% and growing sales volume share for the brands that utilize Elastic.

While consumer support of local and specialty retail has actually been strengthening within the current market environment, according to ActionWatch, the organization says that retailers can collectively help the surf industry better respond to shifting consumer trends by more actively sharing sales data with brands. The transition to a more data rich B2B sales process, along with the accompanying technology adoption, is expected to help make improvements on this front.

“We are seeing a tremendous acceleration in the number of brands and retailers that are recognizing the need to have standardized point-of-sale information at their fingertips to support their decision-making in a highly volatile marketplace,” said Patrik Schmidle, President, ActionWatch. “Many of the brands that have adopted the Elastic B2B ecommerce solution also use the ActionWatch platform to inform their go to market processes. In addition, many retailers are recognizing that sharing sales data back with the brands ultimately benefits their bottom line. Among many other things reinforced by challenging business conditions is the need for collaboration, especially digitally, so brands and retailers can successfully navigate the ever-changing market environment.”



Patrik Schmidle
President
ActionWatch



Surf brands that are making the transition to digital merchandising are realizing measurable cost savings through elimination of printed product catalogs. Printing B2B sales materials is a significant line item in the sales and marketing budgets of leading manufacturers that can now be eliminated entirely. Both brands and retailers also benefit from the efficiency-driven costs savings of a much more strategic, streamlined and paperless wholesale purchasing process.

Cost savings associated with the B2B sales process is taking on added importance in the current economic and marketplace environment. Through the vision and leadership of SIMA, the surf industry is making a collective effort to bring both economic and sustainability benefits to brands and retailers. And the impact is significant. SIMA member brands collectively spend an estimated \$1.95 million annually on both printing and shipping product catalogs. Eliminating this cost provides a direct positive impact to the marketing and sales budgets of manufacturers.

In addition to the cost savings, the positive environmental and sustainability impact is significant and is among the highest priorities for SIMA and its Business Sustainability Alliance. Collectively the industry is eliminating an estimated 177,000 product catalogs that average 143 double-sided pages each. The measurable positive impact of eliminating these high-end color catalogs reaches many aspects of the environment while helping improve the health of our planet.

Next generation B2B ecommerce and digital merchandising technology also helps surf brands reduce costs in multiple other ways across the entire commercial sales processes. Addressing inefficiencies and generating measurable cost savings in manufacturers' budgets for B2B sales, marketing and customer service is a major benefit of the transition.

Overall cost savings are achieved by:

- Eliminating printed sales and marketing materials
- Creating more accurate orders and reorders
- Enhancing human resource optimization
- Improving speed to market
- Streamlining inventory management
- Providing integrated online payment functionality
- Reducing product sample portfolios

These process efficiency benefits can reduce the combined sales, marketing and customer service budgets of manufacturers by an average of 10.3%. Cost savings in this case are represented as the average sales, marketing and customer service budget reductions experienced by manufacturers using the Elastic platform. The potential to fully realize this level of efficiency-driven cost savings requires 100% implementation of the solution and completely deploying the technology across all aspects of the B2B sales process as well as the marketing and customer service functions.

Tangible Cost Savings and Sustainability Benefits

SIMA Eliminating **177,000** Catalogs with **143** Doubled Sided Pages



Prevents **5,980,000 pounds**
of **CO2**, equivalent to

543
cars/year



Saves **7,350,000 gallons** of
water, equivalent to

5,300
clothes washers/year



Saves **1,060 U.S. short**
tons, made from about

6,370
trees



Saves **7,750 million**
BTUs, equivalent to

9,220
residential refrigerators



Prevents **376,000 pounds of solid**
waste, equivalent to

85,700
people generating solid waste daily



Eliminated an est. **177,000** product catalogs
resulting in

\$1.95M
in budgets saved

Data Sourced from The Environmental Paper Network



Challenging marketplace conditions and an uncertain sales environment is requiring both brands and retailers to become much more strategic in both preserving and potentially growing sales revenue. Entrenched reliance on traditional sales methods in the face of a changing market creates risk and can be a significant drag on sales while limiting potential revenue growth. By transitioning to next-generation B2B ecommerce and digital merchandising solutions, both buyers and suppliers can seek to preserve and sales revenue by:

- Implementing a 100% digital merchandising solution
- Utilizing assortment planning tools
- Creating sales compelling B2B sales promotions
- Conducting more strategic sales planning
- Managing complex pricing incentives and sales programs
- Incorporating history-driven selling methods
- Creating segmented sales capability
- Enhancing product sales presentations
- Increasing client acquisition and retention

A photograph of a beach scene featuring a wooden rack holding several surfboards. A thatched umbrella is positioned over the rack. The word "Summary" is written in a large, white, stylized font, enclosed in large parentheses, over the image.

(Summary)

Next generation B2B ecommerce technology is helping both brands and retailers successfully adapt to uncertain and changing market conditions. The surf industry is leading the migration of manufacturers to a more standardized and streamlined approach to wholesale merchandising with their retailers and is setting a trend that is likely to spread across multiple verticals.

In summary, the key factors driving this evolution in B2B ecommerce include:

- Industry leadership by the Surf Industry Manufacturers Association (SIMA) and their Business Sustainability Alliance to endorse the use of next generation digital merchandising technology.
- Retailer adoption of B2B ecommerce technology based on more strategic wholesale purchasing, in-store merchandising and greater brand value that flows through to the end consumer.
- Sustainability through the positive environmental impact of transitioning to digital product catalogs and print free B2B sales.
- Cost savings generated by a more efficient and streamlined wholesale purchasing process between brands and retailers.
- Preserving and growing revenue via a more strategic approach to B2B sales in response to uncertain and changing market conditions.

For more information on SIMA's Sustainability Alliance, please visit: <https://sima.com/sustainability-alliance/>

elastic



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Elastic Suite from PlumRiver
Technologies, please visit:
elasticsuite.com