



Off-Price *Retailing*

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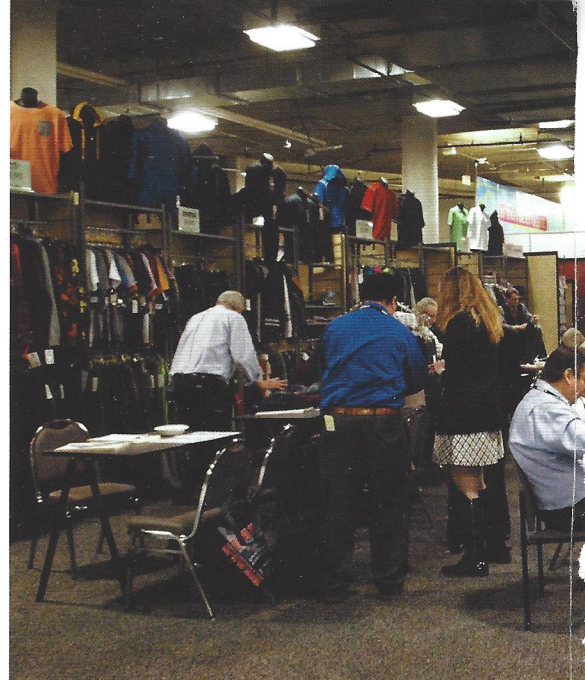
OP Business

BRAND NAMES

Branded apparel items have always been a desired commodity by consumers. There are incredible money-making opportunities for retailers carrying the right item at the right price. There is also a litany of things to consider when sourcing brands. Be it licensing and releases, or pin pointing companies that carry the level of brand you're seeking, there's much to think about when writing an order. You can benefit from buying brands through the off-price channel. Various off-price experts weigh in.

Brand Levels

There's a difference between A-Brands, B-Brands, and C-Brands. A-Brands meaning, Tommy Hilfiger, Nautica, Ralph Lauren, those types of brands, top shelf. A-Brands are highly recognizable, often not discounted, not found very often in any off-price venues. B-Brands would be those popular brands that you recognize that are potentially at Kohl's and Penney's. There's some lap over between A and B, and the industry even uses B+ or A- from time to time in describing what those brands actually are. Then of course C-Brands are brands that maybe a retailer has developed. Some of them can even turn out to be a B-Brand. A C-Brand is something that somebody puts on a garment. Maybe they found it overseas and they have a house brand. We do that all the time at Bermo with our C-Brands; one of which is Outback Rider, another one is Island Joe. When you just put everyone in brand names, it's different. An A-Brand can be dealt with differently than a B-Brand and a C-Brand. —Ed Bernard, owner of Bermo



The Brand Advantage

The main advantage of selling name brands is the recognition of the products and popularity of some brands. The more recognizable a brand is, the easier it is to sell. There are some labels out there, that when they are at the top of the market place they sell themselves. Also, by selling name brands, it allows you to keep up with the fashion trends without having to project the market trends and gamble with your production. You're basically trusting the knowledge of the name brand companies and using their expertise to know the trends — Brandon Cooperman, D&L Apparel, Ltd.

There are always closeouts to be found in branded merchandise and retailers are always hunting for the big deals. —Leon Schneider, Planet Sox

Brand name (recognizable labels) are definitely something I look for when shopping the OFFPRICE Show, however I like to mix in private label merchandise to keep my selection unique. If I do purchase brand name, I want to ensure its first quality, as quality in my opinion, is more important than the label (as most name brand pieces are blacklined or cut label anyways.) A couple of seasons ago we scored some 511 Tactical clothing at the off price show and that was fantastic! We continue to search for that brand as well as brands like Free People, Banana Republic, and other labels that aren't readily available in our area. —Tev, Creative Director, Bargain Barn Inc. (Valparaiso, Ind.)

Importance of Releases & Licenses

Having releases for some of those brands is absolutely critical. It's a critical component to what goes on in the brand and label business. —Ed Bernard, Bermo

There are higher licensing fees for some branded merchandise, as well as import costs and other landing fees. Another reason, to be straight forward, that name brand companies know they can charge a higher price for the logo or the name on the item. Some off branded products may be made of the same materials / same style, but the name and logo on the product drives the price up. These name brand companies have a lot of expenses in R&D, along with engineers to create new fabrics and advertising campaigns, which all add into the cost of the product. —Lee Cooperman, D&L Apparel, Ltd.

Depending on the brand, licensors are more than happy to show off their names, and in today's world, suppliers are searching for top branded merchandise everyday to add to their lines. —Leon Schneider, Planet Sox



Brand vs. The Item vs. Quality vs. Cost

Buyers need to take into consideration that a brand name alone doesn't make for a quality item. In fact, sometimes, a certain item might sell better if it's NOT branded.

Use the jogger because it is a perfect example: Joggers are made in all kinds of different fabrics. One of the fabrics being French Terry, as opposed to fleece that are made from 100% polyester. Most of the people in the industry know that 100% polyester, while it looks good before you wash it, once you wash it a couple times, it can look like a piece of garbage. It's not going to last long. You're talking about a fashion item, but it's not a long-term type of an item but it's just going to hang in your closet because it won't look good. But that's the nature of the fashion business. –Ed Bernard, Bermo

Yes (we look for brand names at OFFPRICE), but mostly looking for quality bargain buys. –Susan Treece, Manager-Retail Shops (St. Louis, MO)

There are always those retailers that pride themselves on carry name brand merchandise and will only do that. But at the same time, there are customers

that are more cost conscious and don't want to pay the prices that comes with name brands. These customers may go for a fashion look that may resemble something a branded company makes. The interest in branded merchandise also varies with the trends in the market place. For example, when denims are popular there will always be the top 3-5 denim companies that people look for, but at the same time, there will be off branded denims that look to compete by producing the same trends. –Brandon Cooperman, D&L Apparel Ltd.

Brands are not that important as style and fits. –Arther, Buyer, Beacons (San Antonio, TX)

Sourcing Brands via the off-price channel

There are several major benefits for a retailer purchasing branded apparel through (off-price) markets. For one, they are getting recognizable, established brands at reduced prices. Having branded merchandise in a retail store at off-price prices allows the small independent retailer to compete and survive with the big box stores. This also allows retailers in smaller towns to acquire branded names that stores in larger markets may be carrying. –Lee Cooperman, D&L Apparel, Ltd.

Consumers are more branded conscious and would rather spend the extra dollars. Some retailers are only looking for branded merchandise –Leon Schneider, Planet Sox

I think we have a lot more branded items than we're given credit for. I think a lot of people think we're just a bunch of budget stuff, and not really brands. But we carry brands. – Ed Bernard, Bermo

Other Tips on How and Where to Source Brands

I use the internet for goods such as Hanes, dearfoam, etc. – Susan Treece, Manager, Retail Shops (St. Louis, MO)

They just have to shop. It's critical that the retailer shops the show from the front to the back, or from the back to the front and digs in. –Ed Bernard, Bermo

We are in the menswear business, with a focus on tailored clothing and the sportswear that goes along with a tailored clothing customer. We occasionally find a few gems at the show - sometimes branded, othertimes, not. We have to filter out womens and kids, then the low end. Walk several miles between the few guys that really talk to us and hope to find something great. This last show included buys from WiseBuys, Aquarius belts, and a cashmere scarf guy in the cash and carry section. We cannot count on OffPrice show vendors for consistency and brands (although that would be nice), we have to see our branded guys at MR, Project, or their offices. –David Elkus, Buyer, Baron's Clothes Inc. (Farmington Hills, MI)

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