

The JustBrand Ltd Story

FROM MALL KIOSKS TO MULTICHANNEL SUCCESS

by **Mike O'Brien**, Multichannel Merchant

It started out as two young men with a passion for selling winter outerwear, operating out of mall kiosks and fairs in the Philadelphia area in 2009. Now, JustBrand Ltd. is a thriving multichannel business growing at a healthy clip, adding major retail partners, getting love from CNN's Anderson Cooper and CNBC's "Squawk Box" and even closing a strategic brand acquisition in 2019.

But the path to get there wasn't always easy. It required some bumps and bruises along the way, learning from early mistakes and relying on trusted partners with the right experience and expertise on the technical and fulfillment side of things.

The Early Days

"We were open a few months of the year, renting the kiosks and doing cash-and-carry flea markets," said Justin Silverman, a co-founder of JustBrand Ltd. "But we got tired of all the work, the mall hours. We figured there must be a better way to sell online. So, we taught ourselves how to build TheWarmingStore.com on Yahoo from scratch. It was pretty rudimentary. At first, we were selling 10 SKUs of fleece hats and gloves made by my uncle's company."

In the first few months of the business, Justin and his cousin Brandon Singer, a co-founder of the business, latched onto Google Adwords as a primary traffic driver and growth engine. This was long before social media giants like Facebook and Snapchat had become a marketing force.



"Justin and Brandon were packing orders in the garage in the early days," said Justin's brother Zach Silverman, the third co-founder, who joined a bit later. "We did exactly what you'd expect from a growing startup, bouncing from warehouse to warehouse, not able to think four to five years in the future. Until 2015 we didn't even have an order system. It was like a pizza shop, yelling to the back and hearing, 'we're out of that.'"

The partners would also travel to trade shows and pitch brands and manufacturers of winter gear as wholesale accounts. But it was tough sledding at first without name recognition, Justin said.

"Now it's much easier for us to carry their stuff," he said. "But back then, it was one of the trickier parts of growing our business, getting people with an established brand and product to trust you to sell it online."

CONTINUED ON PAGE 2

FEATURED IN THIS REPORT



Page 2
**Lesson Learned in
Marketplace Expansion**



Page 3
**A Key, Synergistic
Acquisition**

Lessons Learned in Marketplace Expansion

Soon the partners branched out into marketplace selling, initially through Amazon and eBay. On Amazon in particular there were some early growing pains, as the company didn't yet have its own inventory management system, and stockouts led to occasional account suspensions. That was resolved in 2015 through a partnership with ChannelAdvisor, which gave JustBrand Ltd and its various sites (The Warming Store, My Cooling Store, Action Heat, Action Outfitter and Gerbing) a centralized catalog and inventory management.

"When your inventory data is not accurate and clean and live, you end up overselling, which led to suspensions due to fulfillment issues," Justin said. "Not having



our inventory information centralized and going to Amazon correctly was a problem as we were selling on our own sites as well."

Another learning experience, according to Zach, was sometimes overpromising to new wholesale partners.

"One thing I wish I had learned early on was to ask more simple questions," he said. "There was a lot I didn't understand, especially when it came to EDI (electronic data interchange, used to share product and transaction data between trading partners). That was the scariest word. I didn't understand what prospective partners were referring to, so I'd say, 'yes, we can do it.' I always had the approach of ready, fire, aim, just go for it and figure it out as we go. But I wish I had asked."

As the business matured, Zach said, he felt more comfortable asking questions in sales meetings. This not only endeared JustBrand to new buyers but allowed them to approach the next deal with a greater degree of confidence.

Growing Pains and a Valuable Partnership

JustBrand moved from leased location to leased location as they grew, combining office space, a retail store and a warehouse. They eventually opened a second leased facility just for order fulfillment and shipping, bringing in an experienced manager and trying a DIY approach. Then in 2016, the company hit a wall with peak season, especially the difficulty of quickly scaling operations up and down.

"For a company like ours, very product and marketing oriented, we didn't have any background in logistics and fulfillment, and it was hard as a management team to acquire that on the fly," Justin said. "About three years ago, the second warehouse just became a real hassle. There was an incredible need for more seasonal staffing, as winter gear is busiest in Q4. So, we hired and trained associates, only to have them for four to six months. It was a real HR headache."

That led the company on a search for a reliable 3PL partner that could accommodate the need to scale throughput and inventory as needed, and take all the back-end work off their hands. They chose One World Direct, transferring inventory and fulfillment to its facility in Wilmington, OH, one of three the company operates.

Justin said this enabled the company to shut down its leased fulfillment center. The company brought in temporary staff to do a cycle count and label, box and ship everything properly to One World Direct. The process took about a week.

Zach said of the 3PL search that JustBrand was looking for a company that could not only handle its fulfillment and operations smoothly and efficiently but also one that understood the specialized nature of its core product: Battery heated clothing that's very seasonal in nature.

"Until you actually find a partner, you sometimes add a vendor to help with one thing," he said. "When we found OWD it was a really good experience. They helped us with thinking big picture, how to get our data right so we can scale. That was definitely one of the biggest challenges. We had very bad data. When you're trying to scale or use tech partners, you can't do it without clean data. It took us a year to have proper UPC and SKUs information in the system."

Justin said One World Direct worked closely with his

company to make sure the setup and integration process ran smoothly, including EDI transmission of orders from their website to the 3PL.

"You need to understand how they're getting data and all the fulfillment requirements to ship your orders," he said. "Once the process is set up it can be pretty hands off. But we definitely had to make sure everything was set up properly. There were plenty of test orders and scenarios, making sure the order tracking worked properly and customers were getting what they ordered on a timely basis."

After verifying the customer and running a fraud check, JustBrand uses its own back end to transmit all the pertinent order information to One World Direct by EDI, including the SKU, quantity, shipping address and shipping method. Once the order is acknowledged and processed, the customer is sent the tracking information and their card is charged.

Major Retail Partnerships Bear Fruit

Having a reliable fulfillment partner in place has freed up JustBrand to more aggressively pursue its growth strategy, including adding valuable wholesale partners like Dick's Sporting Goods, Cabela's, Bass Pro Shop, Home Depot and QVC.

"Before we had only so much capacity for taking on projects," Justin said. "When the fulfillment piece is off your plate, it opens up capacity for growth. You're able to spend more energy finding distribution partners for your products, turning your attention to acquiring a new brand to help you grow."

A lot of work goes into each new retail relationship, and if you're worried about your own fulfillment it makes it that much more difficult. Without specialized staff handling EDI, inventory and invoicing, relationships can break down, Justin said. "If QVC for instance needs an order fulfilled you better get it done, or you're not a good partner and they won't allow you to sell your product on their site," he said. "Without the technical knowl-

edge and proficiency on staff, you'll definitely hit some roadblocks."

Zach said having had some success setting up new wholesale partnerships, JustBrand's management has gotten more comfortable reaching out to major players.

"We're not afraid of sales because we believe in the product," he said. "Battery heated clothing is a cool niche item, and a lot of people don't know it exists. So, we spend a lot of time explaining it because we're super enthused. When we're having a sales meeting it actually becomes an education session, with them asking us

a lot of questions, so it's not a hard pitch for us."

Manning Hughson, vice president of information technology for One World Direct, said his company strives to streamline the process of a brand's integration with new partners such as retailers and marketplaces, rather than taking a customized approach to each one.

"When you create capacity, you want to extend it to everyone," he said. "We continue to evolve what we provide so customers can market and sell through multiple marketplaces. The biggest challenge for brands is understanding how to do it. There's a lot of technology required and it can be difficult to understand. They're not tech pros. They love their products and have a passion for what they do, and it's not figuring out how to make all the bits connect. That's our job."

A Key, Synergistic Acquisition

Over the past five years, JustBrand has developed partnerships with Chinese manufacturers to create its own branded products. This has involved multiple trips there to work on product development and ensure strong quality control was in place.

"When we first started, we didn't know exactly what we were doing," Justin said. "We went on Alibaba to research trade partners in China, because it was a pretty easily accessible way for everyone to source products. It's significantly more sophisticated now. We have



developed amazing relationships with a handful of factories over the past four to five years in China. If you're going to manufacture overseas, relationships and trust are extremely important."

Until last year, all of JustBrand's manufacturing was done in China, when the company decided to acquire Gerbing. The inventor of the battery-powered clothing market way back in 1975, Gerbing is manufactured in



China, Vietnam and other countries. It was started by Charles Gerbing, who created a heated lining for motorcycle jackets worn by employees of his machine shop in Olympia, WA that could be plugged into a cycle's battery.

"When we realized The Warming Store was a platform to sell winter products on, we would go to trade shows and shop around for different products," Justin said. "At one show in 2013 we saw this brand, Gerbing, with battery-powered gloves. When I put them on, I thought, this is such a cool, functional product that kept you warmer than the fleece or Gor-Tex gloves we were selling. We onboarded the brand and realized there was an appetite for this category. We've added other brands since but Gerbing has been our bestseller year after year."

Fast forward to 2019, and an opportunity emerged to acquire Gerbing when the brand was struggling under the ownership of a private equity firm that bought it five years earlier.

"We always had a good relationship with the brand and the owners, so we jumped at the opportunity," Justin said. "We were already selling it and knew it had a good following. The brand also came with the best pro-

prietary technology in heated apparel and performance. By acquiring Gerbing we were able to absorb some of its heating technology to make our ActionE products better going forward. It made perfect sense."

The synergy of the Gerbing acquisition also helped cement The Warming Store as a niche destination for heated clothing in the minds of its loyal customers. Justin said while the site lists products from major brands like The North Face and Under Armor, the heated products sell at a ratio of 3 to 1.

"Having a passion for the products makes a big difference," he said of the natural fit of Gerbing and seeing the brand thrive after struggling for years. "We were able to buy a product with amazing heating technology and the performance is so good. It also allowed us to increase our margin as we weren't buying from the manufacturer, and it's one of the bestselling brands."

Given the current challenges of doing business in China, Justin said it's good to have a more diversified manufacturing base. "We enjoy working with our Chinese partners, but some things are out of our control, and we're a relatively small business," he said. "It would be irresponsible for us to not keep our eyes open. If we could make domestic production work that would be great, but in our research to find domestic capacity, we haven't had much luck yet."

Some Advice for Aspiring Brands

Zach said one key success factor is being honest and upfront with all your trading partners, and not over promising. He also stressed the importance of testing new things, tweaking where necessary and walking away where that made sense.

"For instance, we went really hard at eBay, but found it was a better outlet for our returned items than for direct to customer," he said. "Be super flexible, and also be kind. We found basic human qualities like that have enabled us to grow."

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