

Live and let buy: Pitney Bowes and James Bond help Billy Reid grow international sales.

Client profile

Billy Reid

billyreid.com

- Luxury clothing company, operating 12 stores across the United States
- Also sells to up-market boutiques and department stores, including Nordstrom
- Founder Billy Reid named 2012 Menswear Designer of the Year by the Council of Fashion Designers of America

Billy Reid

Blockbuster creates demand for designer coat

In the summer of 2012, stills from *Skyfall* — the 25th James Bond film and the fourth starring Daniel Craig — were leaked in the United Kingdom. Some of these images pictured Agent 007 wearing a navy blue peacoat. Fans communicating on the [Absolutely James Bond](#) message board pegged the double-breasted coat, made of 100 percent Italian wool accented with horn buttons and leather, as a Billy Reid creation. One fan emailed Graham Heard, then Billy Reid's ecommerce director, to inquire about availability.

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—Graham Heard, former ecommerce director

Business challenge

"We have always felt that growing our brand globally is a critical part of our overall ecommerce strategy. When we sit down and think about our brand potential, the international marketplace is a huge part of that. And the Pitney Bowes solution is our conduit to that market."

—K.P. McNeill, chief executive officer

Heard knew that the coat came from a prior season, and that only a few still floated around the Billy Reid warehouse. So he posted a note to the Absolutely James Bond message board, suggesting that the designer might be willing to manufacture a few more peacoats if any fans wanted them. By the next day he had 160 requests, primarily from Western Europe.

A few months earlier, fulfilling this volume would have been a significant problem.

Billy Reid is an American designer of luxury apparel. The company has a strong following among affluent, fashion-savvy consumers — in *Skyfall*, James Bond wore the \$695 peacoat on the advice of star Daniel Craig, who owns one himself. But at the time, the company had only a very limited ability to sell internationally. Until the summer of 2012, Billy Reid had used a well-known parcel delivery service for fulfillment of international orders. Delivery was expensive, often adding an additional \$150 to the price of Billy Reid's luxury goods. This expense caused many would-be buyers to abandon their carts.

Even worse, at the point of purchase, international customers had no clear view of the tariffs and other taxes owed. As a result, they were sometimes unpleasantly surprised to learn of additional fees required upon delivery. What's more, only

a handful of customers could guess when those deliveries would actually show up. While the parcel carrier could account for the time it would take to deliver an item into the customer's country, it could not always accurately predict how long it would take for that item to clear customs.

Because of these issues, "We really couldn't pursue any international business opportunities," said K.P. McNeill, Billy Reid chief executive office. "Ultimately, we didn't have the capability to do it in a meaningful way." In fact, the company's foreign sales were hovering just above zero percent of overall sales when it started receiving international requests for the peacoat.



The navy blue Billy Reid peacoat worn by James Bond in *Skyfall*.

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Solution

A few months before the *Skyfall* leak, Billy Reid had deployed the Pitney Bowes Global Ecommerce software and logistics solution to accommodate the needs of international buyers. This software clarifies the fully-landed costs of international delivery, including country-specific duties and taxes. It also lowers shipping costs and manages logistics — tracking packages from point of purchase through home delivery.

This is how it works.

First, the ecommerce solution analyzes the merchant's catalog to determine which products are eligible for international shipping, and aids retailers in suppressing offers for goods that cannot be transported to the buyer's country. When a foreign buyer makes a purchase, Pitney Bowes provides complete delivery costs, calculated in the customer's home currency. These costs, which are guaranteed by Pitney Bowes, include shipping, handling, duties and other fees. The customer can see these costs in the cart before hitting the "buy" button.

Items purchased are then sent to a Pitney Bowes delivery hub for processing. There, Pitney Bowes labels packages, classifies items according to standardized international systems, and completes the paperwork necessary for export compliance — including appending classification numbers to each item. Pitney Bowes also readies objects for scanning by the export nation's transportation security agency and provides customs support. Packages are delivered to the customer by Pitney Bowes agents or via regional carriers with which the company contracts. Customers can track their packages from point of purchase to doorstep delivery.

Benefits

Billy Reid immediately began seeing benefits from its ecommerce solution. First, Pitney Bowes offered lower shipping rates than what the company's previous international carrier had charged, and also placed fewer restrictions on the delivery of large and expensive goods. Second, the Pitney Bowes solution freed Billy Reid employees from the arduous task of completing different customs forms for every country the designer shipped to.

Third, the transparency and accuracy of costs associated with international delivery provided by the Pitney Bowes ecommerce solution helped improved relations with international customers. Consumers appreciated seeing a guaranteed cost for delivery, duties and other expenses up front, before making their purchases. The accuracy of the tax rates listed also stopped unwarranted concerns from some buyers that Billy Reid inflated tax rates to increase its own profits. Pitney Bowes algorithms confirmed that the Value Added Tax for luxury items imported into the United Kingdom really is 20 percent.

But the value of the Pitney Bowes Global Ecommerce solution became absolutely clear when orders for the peacoats started pouring in. In response to initial customer demand from the Absolutely James Bond discussion board, Billy Reid produced 120 new peacoats. It wasn't enough. "By the time we had placed the order with the factory for fabric and manufacturing, we had already sold out with pre-orders," Heard said. "So we manufactured another 400." But the orders kept coming. It took the company a year to satisfy consumer demand.

Technology used

- Pitney Bowes Global Ecommerce solutions

"Without the Pitney Bowes solution, Billy Reid would not have been able to meet the firestorm of demand for these coats, because the demand was generated by the international community. They were the ones who made the coat go viral," Heard said. "We would have tried to fulfill international orders, but it would have been an operational nightmare. The shipping costs would have been exorbitant for a lot of customers. We would have had people abandoning the coats in their carts because of that. In addition, we would have had to complete each label and every form for customs documentation. And in the end, people would have refused deliveries because of unexpected duties and other costs.

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To date, the Pitney Bowes Global Ecommerce solution has helped Billy Reid deliver more than 1,000 peacoats overseas, contributing to the more than \$2 million in peacoat sales the company has rung up via both wholesale and retail channels. In fact, during the height of the peacoat craze, the solution helped Billy Reid's international sales skyrocket from just above zero percent to more than 10 percent of overall sales. And McNeill sees room for increased international growth in the future.

"We have always felt that growing our brand globally is a critical part of our overall ecommerce strategy," McNeill said. "When we sit down and think about our brand potential, the international marketplace is a huge part of that. And the Pitney Bowes solution is our conduit to that market."



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