SUIT SUPPLY

- Founded in 2000, Dutch omni-channel fashion brand Suitsupply aims to persuade men to buy suits online.
- The company has rapidly expanded internationally.
- It competes in the midmarket on price, but in the high-end market on quality.
SUITSUPPLY

COMPANY BACKGROUND

Source: Suitsupply

Fokke de Jong founded Suitsupply, a men’s formalwear brand, in the Netherlands in 2000. According to Drapers, the omni-channel menswear brand’s mission is to convince customers to buy suits online. De Jong started the business from his university bedroom, and today Suitsupply is shipping to 180 markets worldwide. The company tests most of its potential markets online first before expanding into them with physical stores.

The company’s ethos lies in a fast and effective formula, combining craftsmanship and flair with an attainable price bracket.

According to The Wall Street Journal, Suitsupply is able to keep its prices low by selecting store locations off the main shopping streets and by controlling design and distribution. In a blind test by the publication, industry experts ranked six men’s suits (from Armani, Suitsupply, J.Crew, H&M, Hart Schaffner Marx and Target), and Suitsupply tied for first place with Armani—experts said the Dutch brand’s $614 suit matched the $3,625 Armani suit in quality.

Suitsupply’s advertising is designed to appeal to modern young professionals who work hard and play hard. Some of the advertising campaigns have been criticized for being sexist. In 2010, Suitsupply was told to remove posters in its windows at the Westfield London Shopping Centre after some customers complained about the “erotic” ads, according to the BBC.

The Dutch formalwear retailer has witnessed rapid international expansion in recent years:

- Privately owned Suitsupply’s revenue grew by 38%, to €125 million (US$166 million) in 2014 (latest), according to S&P Capital IQ. That year, the company’s gross margin stood at 57.3% and its EBIT margin was 3.8%.
The company has 62 stores internationally, and has plans to open six more (as of January 28, 2016, according to the website).

Suitsupply has localized websites in 14 languages and ships to 180 countries.

The company received the Golden Omnichannel Award at the 2015 European E-commerce Awards.

Suit prices on the UK website range from £259 to £779 (US$370 to US$1,115).

Currently, Suitsupply does not offer multibuy deals, unlike several of its competitors.

**BUSINESS MODEL**

The clue is in the name: Suitsupply offers a wide selection of suits to choose from. Suits come in classic, contemporary and formal fits and are made from some of the finest fabrics on the market. Because many men might be prejudiced against buying a suit online without trying it on first, Suitsupply is investing in familiarizing customers with its sizes and fabrics. In the US, the company has launched a home try-on service through which the customer can order up to three suits, pay for only one and send back the other two for free.
Other than suits, the company offers a wide range of formalwear, including a selection of shirts, trousers and knitwear, and accessories that range from ties to cufflinks.

With the company's shirt configurator, customers can design their formal shirts by selecting the fabric, fit, collar and cuff, and optional initials. The cost for a shirt is £99 (US$141), and the delivery time is four to five weeks, with free shipping. Suitsupply offers free returns for all products, including customized shirts.

According to Drapers, a similar suit configurator is planned.

Source: Suitsupply

In fall/winter 2015, Suitsupply introduced a range of leisurewear that includes sweatpants and sneakers.

Source: Suitsupply
SUITSUPPLY VS. RIVALS
Below, we compare a few European and American men’s formalwear retailers.

Brooks Brothers

Brooks Brothers was established in New York in 1818. Today, the company offers formal clothing for men, women and children.

• Total revenues in 2014 were $1.2 billion, up from the previous year, according to Forbes.

• Brooks Brothers has more than 200 stores in the US and Canada, and more than 130 locations internationally.

• Suit (jacket and trousers) prices on the US website range from $698 to $2,500.

• The company offers multibuy deals, such as buy two for $1,699 when the price for one is $1,298.

• In the US and Canada, standard delivery takes three to seven business days with a standard shipping charge.

• For purchases over $250, Brooks Brothers offers one year of free two-day shipping with ShopRunner.

• If a customer wishes to get a suit altered, Brooks Brothers advises he visit a local store, but it does offer alterations on suits ordered online. Delivery will take an additional two weeks for alterations and personalizations and four to five weeks for custom suits. Altered or customized items cannot be returned or exchanged.

Source: Brooks Brothers
MEN’S WEARHOUSE®

The first Men’s Wearhouse store opened in Houston, Texas, in 1973. The company has since acquired men’s clothing retailers such as Jos. A. Bank and Moores.

- In fiscal year 2015, total revenues were $3.3 billion; Men’s Wearhouse and Moores sales increased, while Jos. A. Bank sales declined.
- The company has more than 1,750 stores internationally.
- Prices for Men’s Wearhouse owned brands and other branded suits range from $199 to $799.
- The company offers free shipping on orders over $99.
- Clothing with an online tailoring option may be returned within 90 days of purchase.
- The retailer offers a variety of deals, including multibuy discounts.
- Men’s Wearhouse offers tuxedo rental at more than 900 stores in the US.

Source: Men’s Wearhouse
Moss Bros. was founded in London in 1851. Today, the company sells its own branded clothing as well as established formalwear brands such as French Connection, Calvin Klein, Ted Baker and Cerruti.

- In fiscal year 2015, Moss Bros. Group posted revenues of £126 million (US$206 million), with comps up 5.5%.
- The company has more than 135 stores in the UK and two international stores.
- Prices for Moss Bros. and other branded suits range from £90 to £699 (US$129 to US$1,000).
- The retailer offers 20% discounts for students and multibuy offers.
- Moss Bros. offers free UK delivery and returns on orders of £50 (US$72) or more.
- Bespoke service is available at only 25 stores.
- Hiring service is available in the UK.
British formalwear brand Hawes & Curtis was founded in 1913 in London.

- The company’s total revenue in 2014 was £26.7 million (US$44.0 million), with a CAGR of 5.6% between 2009 and 2014, according to S&P Capital IQ.
- Hawes & Curtis has 24 stores in the UK, one in Germany and one in Dubai. It ships to more than 70 countries.
- Suit prices range from £199 to £399 (US$285 to US$571).
- The retailer offers seasonal discounts and mix-and-match promotions.
- Returns are free for all UK customers, but altered garments are nonrefundable.

Source: Hawes & Curtis
Italian high-end fashion group Armani was founded by Giorgio Armani.

- Full-year 2015 revenues for Giorgio Armani were €2.6 billion (US$2.9 billion), up 3.7% year over year, according to Reuters.
- The company has more than 2,700 stores globally.
- Emporio Armani suits in the fall/winter 2015 collection on the UK website are priced from £890 to £1,150 (US$1,274 to US$1,646).
- Armani offers no multibuy discounts.
- The standard delivery charge for online orders made in the UK is £6.50 (US$9.30).
- Currently, the company offers made-to-measure services only in selected stores in 21 countries.

Source: Armani
KEY TAKEAWAYS

Suitsupply is a young company compared with the likes of Brooks Brothers and Moss Bros., both of which have been selling formalwear for generations. Customers have welcomed the formalwear brand, though, and it has entered a number of new markets and enjoyed double-digit revenue growth in recent years.

Suitsupply is in the midrange of formalwear brands in terms of price, but in terms of quality, it ranks alongside its high-end rivals, as evidenced by a blind test where it tied with Armani for first place.

While it is not yet certain that made-to-measure apparel ordered online will become the norm in the fashion industry, Suitsupply’s shirt configurator service is a good example of how clothing can be made personal with only a few clicks. Customers usually want to try on formalwear, suits in particular, before making a purchase, not only because these clothes are more of an investment with a higher price point, but also because the fit is crucial. To address these barriers, Suitsupply is working to launch a similar configurator service for suits.

Currently, most formalwear brands offer made-to-measure and bespoke services in-store only because it is challenging to process returns when customers are dissatisfied and because the tailoring process is lengthy. Accordingly, online bespoke ordering will likely not replace in-store made-to-measure services in the near future. However, we believe more companies will start testing bespoke and personalized services for garments bought online and that, if they are able to minimize returns on customized products, there is potential for more “online tailors” to enter the market.
Deborah Weinswig, CPA
Executive Director—Head of Global Retail & Technology
Fung Business Intelligence Centre
New York: 917.655.6790
Hong Kong: 852 6119 1779
China: 86 186 1420 3016
deborahweinswig@fung1937.com

Filippo Battaini
filippobattaini@fung1937.com

Marie Driscoll, CFA
mariedriscoll@fung1937.com

John Harmon, CFA
johnharmon@fung1937.com

Aragorn Ho
aragornho@fung1937.com

John Mercer
johnmercer@fung1937.com

Shoshana Pollack
shoshanapollack@fung1937.com

Kiril Popov
kirilpopov@fung1937.com

Jing Wang
jingwang@fung1937.com

Steven Winnick
stevenwinnick@fung1937.com

HONG KONG:
10th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 2470

NEW YORK:
1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

LONDON:
242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

FBICGROUP.COM