Jeffree Star & 80 Influencers 'Drop' Products Via Killer Merch and Acumatica Cloud ERP

Flash Sales Require Integrated ERP with Sophisticated Distribution to Quickly Ship Tens of Thousands of Orders

OVERVIEW

YouTube Influencer Jeffree Star, now with more than 16 million followers, launched a cosmetics company in 2014. He then partnered with Killer Merch, a distribution company founded to provide services and online stores for bands, comedians, and other influencer brands' orders. The two companies ran on QuickBooks, which they quickly outgrew. Jeffree Star Cosmetics (JSC) and Killer Merch each deployed Acumatica Cloud ERP gaining real-time visibility into inventory, royalty obligations, and critical data while also streamlining both companies' operations and providing seamless connections to Shopify.

KEY RESULTS

- Gained a connected, cloud-based ERP platform, facilitating more efficient operations, increasing client base and revenues
- Obtained native Shopify Connector, seamlessly connecting 80-plus stores to Easy Post and Acumatica, saving time and making Killer Merch more efficient
- Provided robust distribution and warehouse management platform efficiently handling millions of products
- Acquired a solid, connected financial management platform, enabling financial audits and real-time reporting
- Reduced shipping times from 6 to 10 days down to 1 or 2, while reducing customer service staffing needs from 16 to 4, eliminating overtime and saving money
- Accessed data transparency from purchase to shipping all the way through to the returns
- Achieved real-time inventory visibility and flexibility to adjust orders instantly, reducing errors and saving time
- Increased transparency of royalty obligations and critical operational and sales data, gaining accurate cash flow while providing royalties reporting in real-time rather than 7 days later
- Automated SKU item generation with product matrix, reducing manual input time from a day to an hour
- Improved customer satisfaction with faster shipment times and better access to purchase history, gaining cross-sell and upsell opportunities that increased revenues
- Streamlined customer communications and overall experience, cementing fan loyalty, increasing repeat purchases

CHALLENGES

Social media and e-commerce have changed the way many people shop. Products are no longer announced through a press release or a press conference. Instead, they are "dropped" online.

New product drops are marquee events with count-down clocks, limited editions of customized goods, bonuses, collaborations between influencers and brands, and an addictive cycle of continuous new releases. Drops aren't new but technology has elevated the concept. Influencers deploy suspense and exclusivity, inducing a mad rush to buy, with most fans using smartphones to make purchases.

Popular YouTube influencer Jeffree Star, with his Jeffree Star Cosmetics brand, is arguably one of the sales strategy pioneers. A sister company, Killer Merch, is the backbone that makes the back-end magic happen for more than 80 other influencers, bands, MMA fighters, and comedians as it spins up and supports online pop-up sales and stores.

Company
Killer Merch and
Jeffree Star Cosmetics
www.killermerch.com and
jeffreestarcosmetics.com

Industry
Distribution and eCommerce:
Cosmetics, apparel, and other merchandise for 80 brands, musicians, comedians, and athletes

Number of Employees
Approx. 150 full time employees

Location Chatsworth, CA

Products
Acumatica Retail Edition with:

- Native Integration with Shopify Connector
- Advanced Financial Management with Project Accounting
- Inventory Control
- WMS
- MRP
- Acumatica Premier Support
- Dataself
- Velixo
- Biz-Tech Asana Connector
- Avalara for Sales Tax Automation
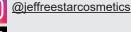
Customer Social Sharing Details
Killer Merch:

[f] @killermerchstore

[Instagram] @killermerch

[X] @killermerch

Jeffree Star Cosmetics:

[f] @jeffreestar

[Instagram] @jeffreestarcosmetics

[X] @jeffreestarcos

[YouTube] @jeffreestar

[TikTok] @jeffreestarcosmetics

While those stores can process tens of thousands of orders today, the picture was bleak before the two firms implemented Acumatica Cloud ERP's Retail and Distribution Editions.

In 2014, Jeffree Star, Mark Bubb (who came from the music industry), Jeff Cohen, and team began Killer Merch using tools many startups adopt: QuickBooks for accounting, Shopify as its e-commerce store, and ShipStation for distribution.

Ran on QuickBooks

Jeffree Star recognized he could offer his millions of followers more than just advice and had begun making and selling cosmetics. He sourced products from overseas and assembled them in the company's CA office, which included a 3,200-square-foot warehouse filled with folding tables.

Recognizing that other influencers would need similar merchandising, production, and distribution support, Killer Merch, began offering its back-office services to brands and bands wanting to offer fans branded apparel and other merchandise from the same office. Killer Merch creates and runs online stores, supplies retail stores, and handles tour merchandise for concerts as well as live and virtual events, among a whole host of other brand management and promotional services.

While the disconnected software trio worked in the beginning, they cratered just eight months later when Jeffree Star's meteoric rise led to tens of thousands of orders within hours and crashed the systems. That's because when orders came in, Killer Merch had to manually move the information from Shopify to ShipStation. When items were shipped, information from ShipStation was then typed back into QuickBooks.

The disconnected systems couldn't provide visibility into inventory (which they had to keep on multiple spreadsheets), operations, or key data, which hampered decision-making, caused delays and was error-prone. The companies operated on a cash basis. Revenues and cost of goods sold (COGS), were not booked in the same period, says Jenni Arant, Chief Strategy Officer of JSC and Executive Vice President of Killer Merch.

Initially, Killer Merch simply sold merchandise for all influencers from one Shopify store. It took at least a week for someone to manually acquire the data to sort out various royalty payments, which made it difficult to predict cash flow or update its influencer clientele in a timely manner.

When Jeffree Star launched his first products, 30,000 customers sold out his three lipsticks within minutes. A later drop saw 300,000 orders within a few days, which overloaded the system and started key executives on a path for a better platform, better processes, and more efficient operations.

"We were doing a couple of hundred orders a day that turned into a couple of thousand orders a day that turned into tens of thousands of orders a day—in an eight-month period," says Bubb, Co-Owner, and Chief Operating Officer. "All of a sudden, we needed a bigger warehouse, we needed more people, and we had to move fast. In tandem, Killer Merch was also gaining more clients."

Tens of Thousands of Orders in Minutes

Flooded with orders, it took six to 10 days just to ship out the product, which was unacceptable for customers used to Amazon's speedy delivery and instant gratification. Even worse, the disconnected systems led to numerous errors.

"One of the biggest problems was we were still a DIY kind of punk rock mindset shipping facility," Bubb says. "We were shipping 18 hours a day and it was tough to make sure things were going out right. Even Jeffree would spend 10 hours a day out on the line shipping in those early days, as well as myself and our whole team."

When huge orders came in, we "had to shut everything down, import all the orders into the system, stop customer service, and stop everything they were doing," says Taylor Dunlop, Senior Business Analyst.

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>
> – Mark Bubb,
> Co-Owner and Chief Operating Officer,
> Killer Merch

Shipping Delays Led to Customer Satisfaction Issues

Everything halted because after importing Shopify order data into ShipStation, it took 12 hours to manually print orders so they could be picked, packed, and shipped, Dunlop says. They didn't use bar codes. No changes could be made once the orders were printed, so customer service could not change orders or update addresses. Without the ability to make real-time changes to orders, returns quickly piled up.

Calls from unhappy customers came in, and influencers wanting updates on their "drops" were frustrated with a lack of information, even days after their events. "Nothing was working," Bubb says.

The large volumes were "a problem for Shopify, a problem for PayPal, and a problem for almost any program we used in any aspect of the business because they just couldn't handle the volume. Keep in mind, that these sales weren't just products you stuffed into a manila envelope," he adds.

"Everything is individually wrapped," Bubb continues. "There's special paper and packaging and boxes and postcards and free gifts. It's something where we want everyone to have an experience, a premium product. There's a lot of labor, a lot of man hours on all fronts."

SOLUTION

System Overhaul

To ease order input, Bubb decided that every Killer Merch client needed their own Shopify site. Then his team looked for a way to automate manual tasks and be more efficient. They wanted to connect Shopify, ShipStation, and other software they used into a single platform, one that could handle inventory and provide data insights they desperately needed.

Killer Merch evaluated several ERPs, but even the concept of an ERP was daunting, Bubb says. "We met with a variety of options in one week and at that time, it was tough for us to wrap our heads around. We were so in the weeds just trying to get things done."

Many employees were young and had not worked with an ERP before. Many didn't understand the concept or why it was needed, says Arant, who joined Killer Merch after working for the technology partner that deployed Acumatica. Others, like Taylor Dunlop, an analyst, had worked with Oracle NetSuite and Sage, which she was reluctant to endorse.

After meeting several vendors and seeing demos, the Killer Merch team discussed their options. "Acumatica was the one that seemed to make the most sense. It seemed like we would be able to integrate (third-party applications) and get what we wanted the quickest," Bubb says.

"A really big feather in Acumatica's cap is that they were able to understand what we were trying to do (integrate some 80 Shopify sites to facilitate drops) and accomplish it in a world that didn't really exist four years before," he adds.

Investing in Acumatica was a risk for a small company like Killer Merch, Bubb says. "It was a gamble for us. You hear plenty of horror stories of other companies and programs being put in and they spend two years and then abandon the software. So, having the assistance of Acumatica, having the reps that worked in-house with us and helped teach everybody, they made sure our investment wasn't going to be a black hole, which I'm thankful for."

Connected eCommerce and Distribution

JSC and Killer Merch chose Acumatica because the cloud-based platform easily connects with applications like Shopify, ShipStation, and the project management application Asana. It has robust distribution, e-commerce, and inventory functionality. Acumatica, through its Project Accounting module, easily handles royalty accounting, includes in-depth reporting and personalized dashboards, and offers data visibility into every aspect of operations, which makes decision-making much easier.

Acumatica's native integration into Shopify allows Killer Merch to manage its back office within Acumatica's ERP while creating an exceptional customer experience on the Shopify front end. The seamless synchronization between the two systems increases efficiency by syncing products, customers, inventory availability, sales orders, and fulfillment information in real time. That means merchants like Killer Merch don't have to worry about selling an item on Shopify only to find out it had been sold or allocated hours earlier to someone else or hire a third party to code a connection between the two business solutions.

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BENEFITS

Single Platform Handling Millions of Orders

Killer Merch now has a single source of truth in a cloud-based platform that connects all its third-party applications, including more than 80 Shopify stores. The company obtains critical data instantly, which shaved a week off royalty reporting, and increased cash flow. Killer Merch also boosted revenue by tapping into customer information including purchase history, which allowed it to easily cross-sell and upsell products. Killer Merch did not have this data visibility previously.

"Access to data is the winning factor," says Nakuma Scott, Vice President of Technology. "We're now able to put together budgets and forecasts and make wise financial decisions because we have data available to do that."

Most importantly, Killer Merch can easily handle a crush of orders flooding multiple Shopify sites and keep fans happy. "At the peak one week, we had 700,000 orders," Bubb says. "Thankfully Acumatica was already in place."

Faster Shipping Times, Ease of Order Modification

Killer Merch now operates in five warehouses totaling about 200,000 square feet. Orders flow into Acumatica from Shopify sites in real-time and are processed by a dedicated team after they are notified using Acumatica about what to pick and pack. Administrative and other employee teams no longer work overtime to help ship orders.

Customer service, now a team of four, down from 16, can modify or cancel orders instantly, and that information flows to the warehouse automatically so the shipping team can pick additional items or cancel a package. "Now we aren't canceling a thousand orders because something wasn't calculated or one product had an error," says Dunlop.

Real-Time, Synced Inventory

Killer Merch previously relied on physical hand counts and spreadsheets for inventory counts, Bubb says. Now incoming products are scanned into inventory and instantly visible in Acumatica. "We have millions of units floating around, with components coming in from various countries to meet up with cosmetics and we actually have a visual at all times and that's been a game changer for production," he says.

With accurate inventory counts and material requirements planning (MRP) functionality, Killer Merch can better plan when it needs to reorder stock accurately rather than tying up cash with too much inventory or fielding complaints when items go out of stock.

Data-Driven Decisions

Executives no longer work from intuition. They know which items are profitable because they have dashboards with information upon which to make wise decisions. "Just being on the same page with information has helped," Bubb says. "What's working? What's not working? Where are we making a profit? Those metrics are something both companies didn't have access to. It was 'Let's make a black hoodie because we like black hoodies.' Well, are they making us any money? We didn't know."

"We were just willing our way towards making money as opposed to making smart decisions."

Those smart decisions allow them to better counsel new influencers, brands, and bands looking to cash in on their names and understand what items may sell better.

"We're constantly launching new brands and when you have this client that has this wild idea like 'I want to sell this neon green sweatshirt' or something like that, and we can look at the data and say 'Okay, we had a client with the same request and the neon green didn't sell,'" Dunlop says. "We now have the data to back that up."

Full Customer View Increases Sales

Killer Merch now has easy access to customer data, such as purchase history, that it didn't have before.

"We're able to make well-advised suggestions targeted to the customer to drive revenue," says Scott. "We're able to get data from Acumatica, Shopify, our marketing system, and our shopping cart system, and combine it in one place to get a better picture of what a customer looks like."

Armed with that information, he says, "We can see that they might have two out of three items in a collection, we can see the third item is in stock, and we can offer that item. In QuickBooks, we didn't have anything like that."

Having data like that is priceless.

"Even Jeffree—when we go through the numbers for the new skincare products—said, 'Wow this is so powerful. It's amazing to see the cleanser doing this versus the moisturizer. People are trying these new products.'" Arant says. "We love those kinds of metrics. That information wasn't possible before."

Improved Customer Service & Customer Satisfaction

With Acumatica, Killer Merch gained the opportunity to be proactive with end customers, which was a game changer, Bubb says. Keeping fans and brands informed goes a long way toward fostering goodwill and future orders while avoiding possible social media backlash.

"Being able to be transparent with them, knowing where their product or order is, or if something needs to be changed, we're creating a better experience," Bubb says. "And if customers are happy, I'm doing what I'm supposed to be doing. We're able to use Acumatica to be proactive with the customer."

With two successful Acumatica deployments on the books, Killer Merch is extending the connected ERP platform to an additional merchandising firm, Absolute Merch, and considering adopting it for additional distribution companies or warehouse locations as they spin up new sites for new bands, brands, comedians, or athletes.

"We've come to rely on Acumatica to run the whole company," says Arant. "It's cool to see how far we have come and that we don't have to make guesses anymore. We can make decisions based on the information in front of us in Acumatica."