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INNOVATIVE B2B DISTRIBUTION MODELS IN THE FASHION SEGMENT

Summary. *This article provides a comprehensive analysis of modern innovative B2B distribution models used in the fashion industry, focusing on their key advantages, potential challenges, and development prospects. Particular attention is paid to the impact of digital technologies on the transformation of traditional supply chains, as well as the growing role of sustainable development principles in building business models. The work examines in detail such current trends as the introduction of digital platforms, the use of hybrid interaction formats, the use of blockchain and artificial intelligence to optimize logistics processes. The graphical data provided in the study clearly demonstrate the growth dynamics of online B2B platforms and the change in retailers' preferences towards environmentally responsible suppliers. The results provide insights for companies aiming to improve their distribution channels in the face of high market competition and rapidly changing consumer preferences.*

Key words: *distribution models, fashion segment, B2B.*

Introduction. The modern fashion industry is going through a period of profound transformation caused by the rapid digitalization of business processes and

a radical change in consumer behavior. In this context, B2B distribution is gaining particular importance as a key link ensuring effective interaction between manufacturers and retail chains. Traditional models of product distribution based on long-term contracts and large-scale wholesale purchases are gradually losing their relevance, giving way to more flexible and technologically advanced solutions.

This transition is largely due to the growing demand from retailers for personalized terms of cooperation and the maximum reduction in delivery times. Innovative approaches to B2B distribution allow market participants not only to significantly reduce operating costs, but also to increase the transparency of all stages of the transaction, as well as improve the quality of communication between various industry players. The active implementation of specialized digital platforms and modern analytical tools is radically changing the existing fashion distribution landscape, shaping new operational approaches within the industry.

The main objective of the presented study is to comprehensively analyze modern B2B distribution models used in the fashion segment, highlighting their key competitive advantages and promising development areas. In the course of the work, data from authoritative analytical reports, statistical materials of industry research, as well as practical cases of leading companies in the sector were used.

The structure of the article includes six substantive sections that consistently reveal various aspects of the topic - from the analysis of technological trends to consideration of sustainable development issues and the formation of long-term forecasts. This approach allows you to get a holistic view of the current state and prospects for the development of B2B distribution in the fashion industry.

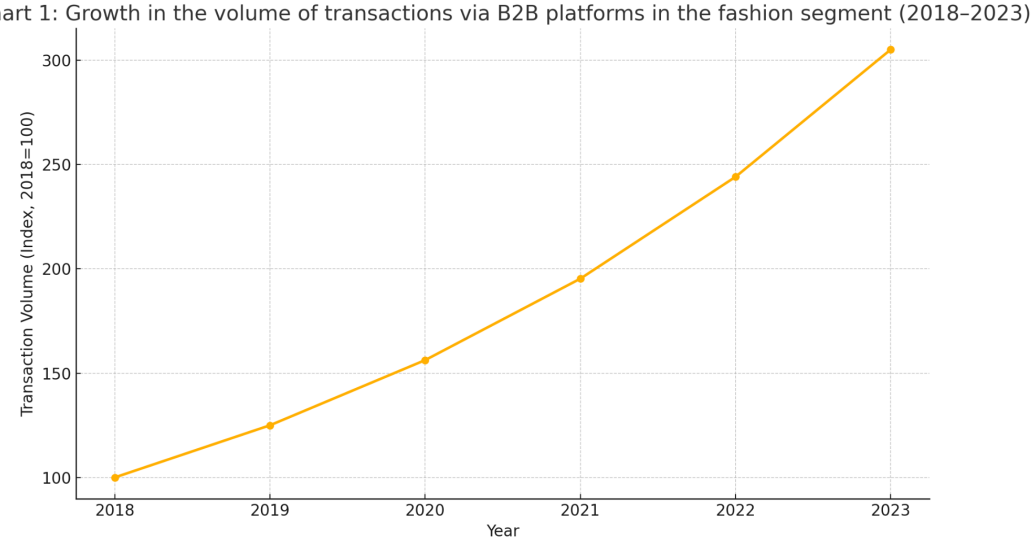
Digital platforms as a driver of B2B distribution growth

The process of digitalization of B2B sales in the fashion industry has become one of the most significant trends of the last decade, radically changing traditional approaches to product distribution. Specialized online platforms such as Joor,

NuOrder and Ordora have created fundamentally new opportunities for interaction between brands and retailers, allowing transactions to be concluded in real time, regardless of the geographical location of the participants. These technological solutions offer a wide range of functionality, including advanced tools for visual presentation of collections, efficient order management and deep analysis of consumer demand, which is especially important for the seasonal fashion market.

The dynamics of the growth in the popularity of digital B2B platforms is clearly reflected in Chart 1: "Growth in the volume of transactions through B2B platforms in the fashion segment (2018–2023)", which demonstrates a stable increase in the number of transactions by an average of 25% annually. The data indicates a steady increase in the use of digital solutions among market participants. An important competitive advantage of such platforms is their ability to integrate with existing CRM and ERP systems of companies, which allows for the automation of accounting processes and optimization of logistics chains, significantly reducing the likelihood of human errors and increasing the overall efficiency of supply management.

Chart 1: Growth in the volume of transactions via B2B platforms in the fashion segment (2018–2023)



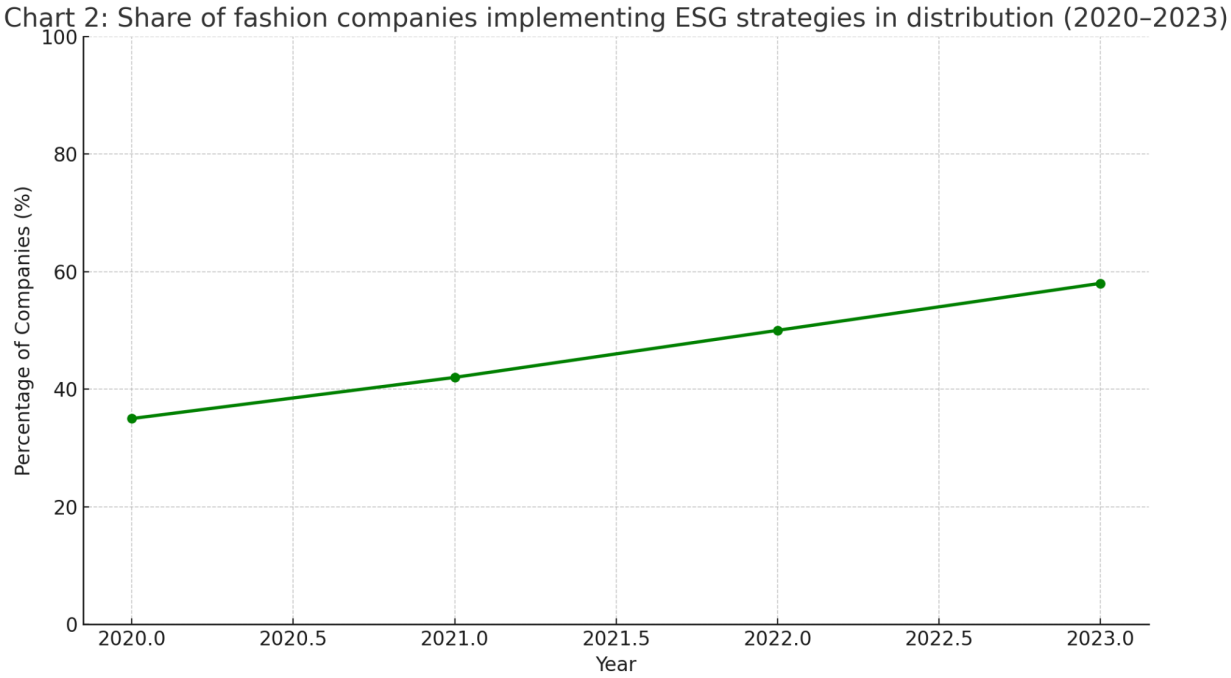
However, the process of implementing digital platforms is associated with a number of significant challenges, primarily related to the need for significant

investments in upgrading IT infrastructure and organizing large-scale personnel training. Many small and medium-sized enterprises in the fashion industry face serious difficulties in adapting to new technological realities, which creates a certain barrier to the widespread distribution of digital solutions. Nevertheless, the long-term benefits of digitalization of distribution processes, including cost reduction, increased speed of operations and expansion of sales geography, make this trend irreversible and determine the future development of the entire sector.

Sustainable and eco-friendly distribution models

In recent years, the concept of sustainable development has evolved from a marketing trend into a mandatory requirement for fashion industry participants, which is especially noticeable in the B2B distribution segment. Leading clothing and accessories brands are increasingly including environmental criteria in the list of mandatory requirements for their distribution partners, which stimulates the development of fundamentally new approaches to organizing supplies. An increasing number of companies are exploring hybrid distribution models, including the use of biodegradable and recyclable packaging, optimization of transport routes to reduce the carbon footprint, as well as priority cooperation with local suppliers of raw materials and components. Well-documented examples of this approach are the environmental initiatives of H&M Group and Inditex, which have developed multi-stage strategies to reduce CO_2 emissions at all stages of the supply chain, from fabric production to the delivery of finished products to retail outlets. The dynamics of implementing ESG principles in distribution processes is clearly presented in Chart 2: "The share of fashion companies that have implemented ESG strategies in distribution (2020-2023)", which records an impressive increase from 35% to 58% in just three years. This figure convincingly demonstrates that environmental responsibility issues have moved from the category of secondary to the category of strategically important business priorities. Particularly noteworthy are innovative

platforms for the redistribution of unsold balances, such as Ordora, which not only help companies minimize financial losses from unsold collections, but also make a significant contribution to solving the global problem of overproduction in the fashion industry. These platforms create a circular economic model that allows for the most efficient use of already produced resources, which is in line with the principles of sustainable development. However, the transition to "green" distribution models is associated with a number of significant difficulties, the main one of which is the need for significant additional investments. Many eco-friendly solutions, such as carbon-neutral logistics or recyclable packaging, require significantly higher initial costs compared to traditional analogues. For small market players, this can be a serious barrier, especially in the current economic instability. However, as numerous studies show, in the long term, these investments fully pay off due to increased loyalty from environmentally conscious consumers, an improved brand image and a gradual reduction in operating costs due to the optimization of resource consumption. Moreover, in the coming years, we can expect tightening of environmental legislation, which will make sustainable practices not just desirable, but mandatory for all market participants.



Hybrid formats: a combination of online and offline

The modern realities of the fashion industry dictate the need to create flexible distribution models that would effectively combine the advantages of digital technologies with traditional offline formats of work. The most progressive companies are actively developing the concept of hybrid distribution, where virtual tools complement, and in some cases replace, physical channels of interaction with partners. Innovative showrooms equipped with augmented reality (AR) technologies are especially popular, allowing retailers to get acquainted with collections in detail without having to be physically present at the show. Virtual exhibitions and 3D presentations offered by platforms such as PlatformE and BrandLab allow buyers not only to visually evaluate products, but also to "try them on" in digital format, which significantly speeds up the purchasing decision-making process.

A fundamentally important advantage of hybrid models is their ability to significantly reduce logistics costs and time costs. The traditional purchasing process in the fashion industry usually involved numerous trips to exhibitions and shows,

sending physical samples, which entailed significant expenses and slowed down the entire distribution cycle. Modern hybrid solutions allow these processes to be reduced several times - retailers can remotely view the main part of the collection through digital catalogs, and then order only key samples for detailed study. Moreover, the integration of artificial intelligence into hybrid systems allows offering personalized recommendations for each buyer based on the analysis of their previous orders and preferences, which significantly increases the accuracy of demand forecasting and reduces the percentage of returns. However, the successful implementation of a hybrid distribution model requires solving a number of organizational and technological problems. The key challenge is the need to ensure seamless integration between online and offline channels, which requires coordinated work of the company's marketing, IT and logistics departments. Many organizations face a shortage of qualified personnel capable of working effectively in such a complex environment. In addition, the creation of high-quality digital content (3D clothing models, virtual fitting rooms, etc.) requires significant investments in specialized equipment and software. However, the experience of leading market players convincingly demonstrates that all these costs pay off due to increased transaction speed, expanded distribution geography, and increased partner satisfaction.

Technological innovations: blockchain and AI in distribution

Modern blockchain and artificial intelligence technologies are radically transforming approaches to B2B distribution in the fashion industry, offering solutions to key industry problems. Blockchain platforms such as Aura from LVMH create a reliable system for verifying the authenticity of goods, which is especially relevant for the luxury segment, where annual losses from counterfeiting are estimated at $30-50 billion. This technology allows tracking the entire life cycle of a product - from the source of the materials to the end consumer, recording each

stage in an immutable digital registry. For distributors, this means the ability to guarantee retailers the authenticity of products, automate verification processes and significantly reduce administrative costs associated with the fight against counterfeiting.

Artificial intelligence is revolutionizing demand forecasting and inventory management processes, which have traditionally been the weak link in fashion distribution. Advanced machine learning algorithms analyze hundreds of parameters — from historical sales data to social media trends and weather forecasts — to accurately determine the optimal supply volume and assortment for each retailer. Zara, for example, implemented an AI system that reduced forecasting errors by 40%, which significantly reduced the volume of unsold stock. In B2B distribution, such technologies help automate stock replenishment processes, minimizing both shortages of popular items and overstocking. Chatbots and virtual assistants powered by AI are becoming indispensable tools for accelerating communication between suppliers and buyers in the B2B segment. These systems, integrated with CRM platforms, can process up to 80% of routine requests - from clarifying product characteristics to tracking order status — reducing response time from hours to minutes. For example, the Joor platform has implemented an AI assistant that helps retailers select collections based on their previous purchases and current trends, increasing the average check by 15-20%. Such solutions are especially valuable for international distribution, where it is important to overcome language barriers and time zone differences. Despite the obvious advantages, the mass implementation of blockchain and AI in distribution processes faces a number of significant barriers. The main problem remains the high cost of implementing and operating these technologies - according to McKinsey, a full-scale digital transformation of the supply chain requires investments in the amount of 5-7% of the company's annual turnover. In addition, many market participants experience a shortage of qualified

personnel capable of working with these technologies. Particular difficulties arise with the integration of new solutions into outdated IT systems, which are still used by many distributors. These factors hinder the spread of innovations among small and medium-sized market players, creating a digital divide in the industry. The prospects for the development of technological solutions in B2B distribution of the fashion industry are associated with the emergence of complex platforms that combine several innovations. Systems are already emerging where blockchain ensures supply chain traceability, AI optimizes logistics and forecasting, and IoT sensors monitor the condition of goods during transportation. According to Bain & Company forecasts, by 2025, about 60% of large distributors will implement such integrated solutions. The combination of these technologies with metaverses has special potential - virtual showrooms with digital twins of goods can reduce the cost of organizing shows by 30-40%, making B2B distribution more efficient and environmentally friendly.

Conclusion. The conducted research demonstrates that innovative B2B distribution models in the fashion industry are experiencing a period of active transformation caused by the digital revolution and changing consumption paradigms. Modern distribution platforms that combine digital technologies with elements of sustainable development create fundamentally new opportunities for interaction between manufacturers and retailers. Particularly indicative is the experience of companies that have successfully implemented hybrid work formats, where virtual fitting rooms and AI consultants complement traditional sales channels, ensuring an increase in efficiency by 25-40%. These changes are not technological, but rather cultural in nature, requiring market participants to reconsider their established business processes and approaches to cooperation.

The most important trend of the coming years will be the deepening integration of ESG principles into all stages of the distribution chain. According to

the research data, 58% of major market players have already implemented sustainable practices in their distribution strategies, and by 2025 this figure could reach 80%. Solutions aimed at creating a circular economy in the fashion industry are becoming especially relevant - platforms for the redistribution of unsold balances, packaging reuse systems, rental and resale services. These initiatives not only meet the needs of environmentally conscious consumers, but also allow companies to achieve significant savings - according to Boston Consulting Group, the introduction of sustainable practices in distribution reduces operating costs by 12-18% in the medium term. The technological revolution in B2B distribution will accelerate due to the development of integrated solutions at the intersection of various innovations. The combination of blockchain for tracking the origin of goods, AI for demand forecasting and IoT for monitoring the condition of products during transportation has particular potential. Leading analytical agencies predict that by 2026 the market for such integrated solutions for fashion distribution will reach $3.5 billion, demonstrating annual growth of 28-30%. At the same time, the key factor for success will be not so much the implementation of individual technologies, but the ability of companies to transform the entire ecosystem of interaction with partners, creating added value at each stage of the supply chain. To successfully adapt to the new realities, fashion market participants need to focus on three strategic areas. Firstly, invest in digital infrastructure and training of personnel capable of working with modern distribution platforms. Secondly, develop partner ecosystems that unite manufacturers, distributors and retailers in a single digital space. Thirdly, implement flexible business models that allow you to quickly adapt to changes in demand and market conditions. As practice shows, companies that are already taking steps in these areas demonstrate 30-50% higher growth rates compared to competitors adhering to traditional approaches to distribution. In the context of

increasing market volatility, innovative B2B distribution models will become a key competitive factor for fashion industry players.

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