

DEBRA NET HAPPY WITH 2012 RESULTS

“Our range is our one of our big strong points.”

EXCLUSIVE *The Hungarian wholesaler Debra Net starts into the new year with a lot of energy and enthusiasm. In 2012, managing director Zoltan Body and his team achieved significant growth, and they feel up to all the challenges the future may hold. This confidence is well-founded; after all, Debra Net has a highly-motivated team and a new inventory management system, not to mention the company's great flexibility and the steadily growing product range that is continuously adapted to stay abreast of the trends on the market. With such a rock-solid foundation, Zoltan hopes to achieve growth between 25 and 30 per cent once again, just like he did in the past five years. EAN talked with Debra Net's managing director about this streak, but also about his company, the wholesale business, and the Eastern European market.*



Can look back at a very successful year 2012: Zoltan Body, managing director of Debra Net

Zoltan, would I be wrong to say that 2012 was a successful year full of growth for your company Debra Net?

Zoltan Body: I don't know what makes you think so, but apparently, there's been a fly on the wall of our office ... You're right, we had significant growth indeed. We've never had such a year before, with each month bringing record turnovers.

What, would you say, are the pillars of your success?

Zoltan: This is very difficult to explain. For me, my most important pillar is my wife, Erika, who is able to produce incredible results and never falters in her commitment. She is worth her weight in gold, not only as a wife, but also as colleague. I can really call myself a lucky man. Of course, all of our colleagues also do everything to make this company successful. And last but not least, we have a great and effective team. With people like that, it is easy to be successful.

What were the highlights of 2012, and where there any moments you'd best like to forget?

Zoltan: Both, highlights and lowlights, have to do our new system (ERP). One of the outstanding highlights was when one day we got such a huge order that our system crashed and froze up. I like such kind of problems! The worst experiences are also connected to this system, when we realized serious faults. But we have eliminated pretty much all faults now; it all starts to work out well, but a few issues still need to be fixed.

Looking back, which products were in particularly high demand in 2012? What are your top-sellers?

Zoltan: Everyone is asking me this question, but I don't think there is a clear answer to it. We certainly have a TOP-list on our website, but we sold our products in 26 countries last year, to all kinds of clients, and the demands differ greatly from consumer to consumer. So I see a mixed picture here. It is quite telling that we sold 11.600 different kinds of products.

This is really a lot. Not everybody has such a broad range?

Zoltan: You are right. As far as I'm aware, we have the widest assortment in Europe. But our complete range is even bigger than that. We have 22-23.000 different types of products in our assortment. 20-30% of that is being changed up each year, while we keep the most successful 5000-6000 products in stock at all times, and we always have great quantities to be able to supply all our clients. The rest of the products are only purchased based on orders, and in most cases, our clients don't have to wait for their products for long.

How is it possible to handle and refresh so much information?

Zoltan: In the last couple of years, we have invested a lot of money in developing our informatics and logistics system. Now, it is beginning to pay off. Our database is updated every minute, and we get shipments from many manufacturers each week. So everybody can get what they want as quickly and as easily as possible. At the same time, very good filters facilitate searches on the website. At first glance, it might seem complicated, but you get a feeling for it in no time, and then you can find anything you want very quickly. We are currently still working on the improvements in our estimated delivery information (ETA) system.

What is your stance on the breaking up of the traditional supply chain of producer-wholesaler-retailer? In your opinion, what are the advantages of a classic distributor/wholesale – retailer supply chain?

Zoltan: Of course, there have been many changes in the market, but I am sure that the efforts of the manufacturers to supply retailers directly will prove unviable. Some of them have already realised that it is no good, others apparently need a little longer to see it. Nowadays, new manufacturers pop up on the scene almost every day, and in all parts of the world. Even wholesalers can have a hard time always keeping their eyes open and staying on the lookout, maintaining contacts with hundreds of partners, organising transport, providing service to their clients in so many countries and in so many languages etc. Maybe the bigger retailers or shop-chains manage to pull that off somehow, but given the workload that represents, they won't have

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The Debra Net building from the bird's eye view

energy left to management their stores effectively. Not to mention the fact that a wholesaler can definitely compete with the manufacturer. We offer the same conditions, bigger quantities, better prices, and lower shipping costs. The other thing is that manufacturing, wholesale, and retail are each separate segments of the market. If someone wants to offer professional service outside of his own field of expertise, I recommend an old Hungarian proverb „A szuster maradjon a kaptafánál” (“Cobbler, stick to your last!” – meaning that everyone should do what they are best at).

Has the business structure of Debra Net changed a lot over the course of the past few years?

Zoltan: It did not really change, but it adapts to the growing and changing demand of the consumers. We definitely maintain the family business character of the company. Now, there are 25 people working in this company, and only recently, we added a young and helpful lady to our the sales department.

Being a wholesaler, what is your opinion on the current situation in the erotic market?

Zoltan: It is not ideal, but it never was, and it never will be easy. Luckily, we can adapt to the changing circumstances quickly.

What do you have on your agenda for 2013? Will Debra Net continue to strive for growth and expansion?

Zoltan: We definitely do not want to limit our growth, but it is also important to keep it on a healthy level. Each of



The Debra Net sales department: Csera, who is in charge of domestic sales

the last 5 years, we have managed to main a yearly growth of 25-30%, and we do not want to change this in the future.

Are there plans for significant changes in the overall strategy or the business philosophy of Debra Net?

Zoltan: As long as it works well, there would be no point in changing it. When the demand on the market changes, we will think about it, but not right now.

Are you going to continue to focus on a broad, well-balanced product range with lots of well-known brands in 2013?

Zoltan: Of course. Our range is one of our big strong points.

Which new products and product lines can the market be looking forward to in the new year?

Zoltan: It is always hard to tell these things in advance. Of course, we are currently negotiating with several companies, but the manufacturers we are currently working with are all going to launch new products onto the market. In general, we can say that each year, we expand our assortment by at least 3000 new products. We always try to purchase the latest products on the market as soon as possible.

You know the erotic market in Eastern Europe extremely well. Currently, many European countries are smitten with a major crisis. What is the situation in Eastern Europe?



The Debra Net sales department: Enci & Enikő, who are in charge of international sales

What can you tell us about the consumer climate in these markets?

Zoltan: We haven't escaped the crisis here; there is a storm brewing. That said, you can always find customers who have the demand and the money for these products. Finding them and reaching out to them is mostly the task of the retailers. There are a few retailers, who have decided to take the bull by the horns, and they have been very clever, finding these customers, but there are a few, who step on the breaks and remain stuck in their old ways and cry. Of course, that does not do them any good. That's why we try to help our partners by sharing our experiences. There are many who listen to us, but there are also some who do not.

Many companies have set their sights on the Eastern European market because it is still relatively "fresh" and not as saturated as other markets. But how much potential do these countries really hold?

Zoltan: In the long run, it is a huge potential, but in many aspects, it is special. Many times it is even hard for us to understand, but those who do not live here, who are not involved in it, will find it very difficult to grasp. Lot of people tried it already, but with very little success. Yet, that door swings both ways, and we have a hard time understanding the way of thinking of other countries sometimes.

In your opinion, what are the biggest challenges the Eastern European market has yet to resolve before it can realise its full potential?

Zoltan: Let's keep that a secret. 