

## U.S. Retailers Borrow Something Blue

*— A Beloved European Brand Goes High Profile in the United States —*

September 30, 2003 – Seattle, WA – For the first time in the United States, a prominent Danish clothing company launches concept stores to carry its full men's and women's collections. With its stronghold on the high-end European clothing market, Blue Willi's has realized an astounding **20 to 40 percent growth** annually in each of the past five years. To satisfy increasing demand for its products here in the United States, Blue Willi's sets a new standard in upscale specialty stores, with two high-visibility locations in the Seattle metro and three in the Midwest – Minneapolis, Kansas City (November 2003) and Des Moines (2004). Although Blue Willi's has been available in very limited supply in the U.S. for six years, the company now offers its entire line of distinctive clothing to be sold in the mass marketplace through license arrangement by astute retail store owners.

### The Stores

“For me, opening a Blue Willi's store was just the next step,” says Des Moines retailer, Kathy Dunbar, who has carried select Blue Willi's apparel in her own store for five years. “Our customers just kept wanting more of the collections,” says Dunbar. “They will be thrilled to learn we're opening a Blue Willi's store to carry the entire men's and women's clothing lines.”

Dunbar's customers are not alone. Since Blue Willi's clothing emerged onto the U.S. boutique scene, it's developed a robust following – partially due to the unfilled demand for casually elegant clothing. Fans of Blue Willi's apparel sometimes travel two to three hours to see the newest collections. Making the concept store opportunity even more attractive, retailers have the benefit of exclusivity, as Blue Willi's is sold only through a select group of boutiques nationwide and the new concept stores, which are being considered in several markets throughout the U.S.

Although Blue Willi's store-in-store displays are profitable for boutique owners, demand is outweighing space and supply. To address this, Troels Engholm, president of Blue Willi's USA, says the company is looking to partner with upscale clothing retailers who recognize the value of selling Blue Willi's apparel. “Our new distribution strategy for the United States involves launching specialty concept stores that are either privately owned and licensed or corporately owned. We're seeking additional retail partners to offer our lines as a part of their stores, as well,” Engholm says. “But we think our shop-in-shop retailers will see the demand and the profits of selling Blue Willi's apparel will justify launching their own Blue Willi's concept stores.”

Blue Willi's offers retailers unprecedented support and is ramping up for a U.S. marketing push to drive the right

traffic into its new concept stores. “Blue Willi’s has been great to work with,” says Dunbar. “They stand behind their products with the highest attention to detail – everything from the stunning store fixtures imported from Denmark, to overseas training, to the retailer representatives who keep us informed about what’s on the horizon.”

### The Clothing

Every Blue Willi’s piece is handcrafted of the finest fibers. The company uses natural materials in its collections – including cotton, flax, silk and wool. Many of the clothing colors are either inherent to the fabrics or are colored with premium natural dyes in Blue Willi’s exclusive, patented indigo dyeing process. Blue Willi’s classic, relaxed apparel is quickly becoming the informal look of choice for those with a refined sense of style. Each collection includes a full line of casual wear and denim fashions in rich complementing palettes, rooted in – what else? – cool blue hues.

Pre-washed and pre-shrunk, every piece of Blue Willi’s apparel is machine washable and dryable – thus the company’s notable positioning, “Wear them, rough them up, wash them, dry them ... then start all over again.”

The clean lines and durability of Blue Willi’s clothing is especially appreciated by the increasing market of 30- to 80-year-old males and females with the means and preference for sophisticated, lasting casual wear. Blue Willi’s apparel is designed to get more beautiful as it mellows with age, so it tends to be the first clothing people will want to wear ... and the last clothing they’ll wear-out.

### The Company

Blue Willi’s was founded over forty years ago by Jens Marius Willi Thomassen. The label’s concept was simple: to design and manufacture high-quality, timeless, durable clothes in which to look and feel great. The clothing is made in Denmark and has expanded its distribution to **25 countries worldwide**, all while remaining true to its mission. Blue Willi’s uses time-tested, patented production methods to produce its superior men’s and women’s casual apparel. Offering classic appeal and immaculate tailoring, new Spring/Summer and Fall/Winter collections are released each year – each carefully designed piece delivering stand-out style for both men and women. The company is a privately held, family-owned business with meticulous dedication to upholding its customer promise – “A life more pleasant.”

## Blue Willi's: Spreading From Seattle

By Kristin Young

LOS ANGELES — There's nothing willy-nilly about Blue Willi's U.S. retail push.

After testing two stores in Seattle for a year, executives at the eight-year-old Danish updated misses' line see 13 stores in the U.S. by the end of the year. Two units have recently opened, one in Minneapolis on Aug. 28 and another in Leawood, Kansas, near Kansas City, on Oct. 22. Another shop is slated to open in Des Moines, Iowa, early next year and negotiations for six more sites are in the works.

Troels Engholm, president of the company's American operations, said Blue Willi's stores are actively being pursued by mall developers, but the sweet spot is doing business with established small specialty store owners that already carry the line. "I'm the new kid on the block," he said. "Our new distribution strategy for the U.S. involves launching specialty concept stores that are either privately owned and licensed or corporately owned. We're also seeking additional retail partners to offer our lines as part of their stores.

"The rate and speed of this rollout hinges upon the adoption rate of our existing retailers."

Blue Willi's is better known in other corners of the world with 20 corporate-owned and licensed stores as well as distribution to retailers in 25 countries. The company's U.S. presence up to now has rested with 250 small specialty stores, 80 of which operate Blue Willi's in-store shops.

The clean Scandinavian knit and denim collection that claims to get better with wear and tear is developing a following among American women, ages 30 to 80. Staples include natural fabrics like cotton, flax, silk and wool, dyed in cool indigo blues that come prewashed and preshrunk. Pants generally retail from \$139 to \$275, shirts are tagged between \$140 to \$160 and sweaters are \$225.

"They really go in the washing machine and dryer, whatever the temperature," said Mimi Kahn, owner of Macke's Sweaters in Sausalito, Calif. "We haven't been able to ruin them."

"The quality shines through," echoed Sharon Applegarth, who operates a Blue Willi's in-store shop within The Carved Horse in San Juan Capistrano, Calif. "It's our predominant line," she said, noting it accounts for about 20 percent of her vendor mix.

Kathy Dunbar, owner of Kathy's in Des Moines and licensee for the 1,400-square-foot Blue Willi's unit there, projects first-year sales of \$600,000. "Having worked with them for five years, I know they're fastidious about their product and their word is good as gold," she said. "I don't have qualms about opening the store." Dunbar took her cue from Kathy's where 25 percent of the product is Blue Willi's. Her own closet is stocked with the label. "It's amazing, my customers want more of it. It's definitely a lifestyle," she said.

Engholm declined to reveal volume for the privately held company but said it has seen between 20 and 40 percent growth in each of the past five years. Analysts estimate the Seattle stores, ranging from 1,200 to 1,400 square feet in size, take in, on average, \$580 per square foot, or roughly between \$700,000 and \$800,000 apiece annually. If they prove to be typical performers, the company could see sales from its 13 U.S. stores exceeding \$9 million by the end of next year.



Blue Willi's sees 13 U.S. stores by year-end.



A unit in Minneapolis that opened in August.