



FIRST LOOK: J. CREW'S START-UP – MADEWELL 1937

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Madewell 1937 started as a work wear company and was acquired by J. Crew approximately 5 years ago as CEO Mickey Drexel's vision for a "modern vintage" store under a large brand that has a boutique essence. However, after visiting the new Soho boutique, I'm not convinced that this brand can differentiate itself from an Anthropologie or even J. Crew itself. While the dj booth on the second floor was a nice touch to the overall laid back and friendly environment of the store, the clothing was a little too similar to Anthropologie, with prices in the same range.

I asked Marketing Director Gigi Guerra (formerly of Lucky magazine) if she was worried about cannibalizing the J. Crew brand, and she stated that while the yellow cardigan on the rack is similar to something you could find in J. Crew, Madewell is all about how you style it, whether it be with the pastel colored skinny jeans on the first floor and the \$48 scarves hanging all over the store or with your own mix of other pieces. There are no gimmicks, no logo, and the brand is "not too luxury but good quality." Madewell only carries women's wear, and the customer is ageless, into trend, color, and fashion, and a self-assured dresser.

The Soho location is their seventh store, as they have been testing markets all over the U.S. in mostly mall environments. They are growing organically with no large advertising campaign, instead relying on word of mouth and in store events to promote the brand. This summer they will leverage the J. Crew experience with the launch of their e-commerce site, but this seems to be the only synergy they are really utilizing. As a start-up within J. Crew, Madewell has its own strategists and design team and maintains that it is completely separate from J. Crew.

In summary, I really didn't see anything that was new or different from what's already out there, so it should be interesting to follow how the brand will differentiate itself and how it will affect the J. Crew stock price. While most startups have a high failure rate, I find it difficult to believe that this one could fail under the leadership of Drexel and the backing of the J. Crew brand.