

Back to Basics

Venerable catalog retailer Coldwater Creek goes back to its roots

by SANDY SMITH

Coldwater Creek once seemed destined to join the leagues of great retail stories, this one enhanced with a touch of western appeal. The company was founded in 1984 when two New Yorkers fell in love with the Northwest, moved there and opened a catalog business.

By 2014 Coldwater Creek had nearly 400 stores and outlet locations. Then it crashed spectacularly, shuttering its bricks-and-mortar locations. It seemed that the lure of the west was over.

But a couple of retail executives rode in, determined to ensure that the Coldwater Creek story didn't end there. It would mean returning to its roots — even though times had changed dramatically.

"Everyone here on the team is very respectful of what the founders had built. People were sad to see this brand go away," says Brenda Koskinen, president and chief merchandising officer. "We're hearing from the customer who is just head-over-heels happy that it's back. She likes the specialty store experience, an assortment that is well-edited, has a focus, is unique."

Coldwater Creek "was known for great service," she says. "If you get that right, the customer is going to come back and love you to pieces. That's what we're working on, getting all those things right."

TURNAROUND POTENTIAL

Private equity firm Sycamore Partners, with holdings that include Talbot's, Aéropostale and Jones New York, purchased Coldwater Creek's assets at a bankruptcy auction in 2014. Koskinen, formerly at Talbot's, Blair and Orchard Brands, was brought in; David Walde, also from

Blair and Orchard, was named CEO. Both were intrigued by the turnaround potential.

Walde was drawn by the "opportunity to really start from scratch and build business from a great brand that we thought we could make great again," he says.

"I felt I knew what had gone wrong from a merchandising point of view and a creative point of view," Koskinen says. "When 2014 came, they had really gotten away from what they had built the brand on to begin with."

The first step was to win back that once-passionate Coldwater Creek shopper, who had seen the brand change and morph before crashing.

"We did suffer some of the backlash from customers [who felt they] had been kind of taken one way and then another," Koskinen says. "There was a very loyal following and people were very unhappy with what had happened with this brand. We just needed to correct the course that the brand should take and let the product speak for what the brand should be."

That meant a return to the catalog's creative clothing presentations and strong storytelling component. "That's what Coldwater's legacy is," Walde says. "Instead of using models, the customer can imagine herself in these beautiful clothes. Letting the customer see in her imagination how great she'll look and feel in these clothes is an important aspect of connecting the customer and the brand."



Boho Flower Necklace
If the out-of-the-ordinary captures your fancy, this is the necklace to wear — or give. A patchwork of bold floral medallions and vibrant beads make a uniquely feminine statement. 23" with 3" extender. Mixed metals, acrylic, glass. Imported.
90394 \$39.95



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A. The Great White Shirt
There's a new look circling in the sea of classic white shirts, with a flattering curved hem and a fresh modern attitude. Fluid shape complements leggings or slim pants; a quite contemporary present! Three-quarter sleeves, relaxed fit; hits low hip. Cotton/spandex poplin. Machine wash. Imported. 12010
Misses XS-S-M-L-XL (about 26" length at center back) \$79.95
Petites PS-PM-PL-PXL (24") \$79.95
Women's 1X-2X-3X (28") \$89.95

Hearth and Home Throw
A welcome gift for everyone on your list, we think you might like one (or two), too! Buttery-soft woven chenille in three marvelous marled hues... these throws feel like a dream and look fabulous. Generous 50" x 60". Acrylic/polyester. Hand wash. Imported.
90580 \$59.95

Once Coldwater Creek relaunched its catalog in March 2015, online sales increased **400-500 percent**.

From a marketing standpoint, Coldwater Creek doesn't define the customer by age or size, but rather by look and lifestyle, Koskinen says.

"If you go back to 1984 — and we have a lot of printed catalogs in our archives — they made their pages look like a store window," she says. "They told a story of coordinated items. That was taking the industry by storm back in the 1990s, when Coldwater Creek started gaining a lot of traction. They built their brand on it and they did it better than anybody else."

Then there was getting the merchandising mix right. "The products that they're gravitating to have really delighted us," Koskinen says. "We always put in a mix of things that are a little ... more interesting. They pose a degree of risk to the business, but some of those items have been best-sellers."

CAPTURING OPPORTUNITY

Coldwater Creek isn't planning a return to retail stores, focusing instead on growing online through judiciously

relaxed, refined, ready to delight...
MERINO MIX

B, C. Merino Mix Boyfriend Sweaters
 We've always loved to borrow from him... now we have our own! We've captured that relaxed, lived-in look and feel and styled these with feminine panache in our exclusive supremely soft Merino wool blend. Mid-weight fine-gauge jersey knit; tunic length hits below hip. Merino wool/acrylic. Machine wash. Imported. (Camisole #30000 at coldwatercreek.com.)

Misses XS-S-M-L-XL (about 28" length)	Petties PS-PM-PL-PXL (26")	Women's 1X-2X-3X (30")
20144 B. Pullover \$59.95	20144 B. Pullover \$59.95	20144 B. Pullover \$69.95
20143 C. Cardigan \$69.95	20143 C. Cardigan \$69.95	20143 C. Cardigan \$79.95

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marketing and mailing catalogs.

"Online is really important to extending ... and continuing to promote the brand. It's a very important source

of new customers," Walde says, pointing out that once Coldwater Creek relaunched its catalog in March 2015, online sales increased 400-500 percent.

"The reality of it is, the catalog drives most of the success."

Online does have its strengths; with a catalog, there's no way of knowing what a customer considered, much less have an opportunity to entice her again.

"There are all sorts of opportunities to remind them that they left things in

their cart," Walde says. "That leads to increased conversions, so the digital marketing is focused on extending the reach of the brand, bringing new customers to the brand and improving the conversion."

Coldwater Creek will still be catalog-first, he says: The company mailed 30 million catalogs in the fourth quarter.

"As we capture opportunity that is in front of us in the direct channel, we're not ruling out anything. It was a billion-dollar business, with \$400 million of direct sales and \$600 million of retail sales.

"There is the potential for there to be a big business out there beyond direct, but for the foreseeable future, we're focused on direct." **STORES**

Sandy Smith grew up working in her family's grocery store, where the only handheld was a pricemarker with labels.