

## Boutique sells pricey jeans, plans expansion

*by Jennifer Davies*

Jeans, beer and a pool table hardly sound like a unique concept, since that could describe just about any dive bar in town.

But there's nothing low-end or common about the L.A. Fairchild Denim Bar in Cardiff, Calif., where patrons can sample draft beer and play a game of pool while shopping for the latest and most expensive brands of denim from Hudson to Rock & Republic to J Brand.

**DENIM SERVED** - Laura Fairchild, who opened L.A. Fairchild Denim Bar in Cardiff, Calif., in 2005, will become the chief merchandising officer as the company aims to expand. CNS Photo by Crissy Pascual. Started in 2005 by Laura Ann Fairchild, the small boutique in northern San Diego County with a saloon feel has seen its fortunes rise along with the demand for pricey, designer denim. The entire denim business grew to \$15.8 billion in 2006, and it is estimated that premium denim now accounts for about 5 percent of the market.

Now Fairchild, with "significant" financial backing from Gateway computer co-founder Ted Waitt, will open several new stores throughout Southern California.

Fairchild said Waitt, who moved Gateway to San Diego in 1998, had been to the shop and liked the concept. His decision to invest, she said, was the result of a "couple-year conversation."

Aside from the beer and games, Fairchild said what sets the store apart from competitors is its level of service.

At L.A. Fairchild, a customer might come in and tell a salesperson what kind of style jean she wants - skinny, boot cut, flare, trousers - and also highlights her particular issues with fit, such as having a small waist but

wide hips.

The salesperson, called a bartender at L.A. Fairchild, will select several different pairs for a customer to try on and will continue to select different brands until the customer finds one that works for her figure.

"It can be an extremely frustrating experience," Fairchild said of buying jeans. "We don't want anyone to leave with a bad taste in their mouth."

William Parker, the newly appointed CEO of L.A. Fairchild Denim, said the target demographic for the store is men and women between the ages of 30 and 50, as they will appreciate the high level of customer service.

"We want it to be distinctive," Parker said of the budding retail chain. "We are appealing to grown-ups, not to kids."

Despite L.A. Fairchild's special concept, there are questions about whether the demand for premium denim can handle another retail entrant. Premium denim sales have already begun to slow, as there has been a shakeout among the number of brands being offered.

Unlike just a couple of years ago, when a new, hot brand seemed to emerge weekly and prices climbed as high as \$400, there are now just a handful of well-known brands and prices have moderated to the \$150 to \$175 range.

"We are seeing a slowdown in denim, but denim doesn't go away. The denim market has just shifted," said Janine Blain, West Coast director for The Doneger Group, which tracks consumer trends for retailers.

According to market research firm NPD, sales in premium denim rose 45 percent for men and 24 percent for women in 2007.

Blain added that the shakeout in denim brands has been good for the overall business, as the premium companies with the most staying power have remained and added to their business. True Religion, for instance, expects its sales in 2007 to climb to \$167 million from \$102.6 million in 2006.

But the new Denim Bars will not only be competing with department stores that have long carried multiple brands and dozens of styles, but also with branded stores by such well-known names as True Religion and 7 for All Mankind. Both are launching their own stores that will carry not only jeans but shirts, bags and accessories.

For instance, 7 for All Mankind, which helped create the high-priced jean craze when it launched in 2000, was purchased in 2007 by VF Corp. for \$775 million and is slated to expand with its own line of retail shops. It hopes to open more than 100 stores worldwide in the next five years. True Religion plans to have some 33 stores opened by the end of 2008.

Fairchild, who got her start working for an upscale boutique in Los Angeles, said she still thinks her denim bar concept will have a competitive advantage. For starters, it will offer variety that the branded stores just can't match - some 15 denim brands. In addition, the Denim Bars, which will be around 2,000 square feet, will stock an assortment of men's and women's tops as well as some dresses.

Fairchild, who under the new company organization will be the chief merchandising officer, said her new role will focus on editing down the selection to highlight the most established brands while still offering some emerging brands to further differentiate the stores.

"We'll always be known for having a little bit of the treasure-hunting vibe and the hard-to-find brands," she said.

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