

**BUSINESS DAY**

Lands' End, Post Sears, Replaces Its Chief

By **RACHEL ABRAMS** FEB. 2, 2015

Lands' End announced on Monday that it would replace its chief executive with the president of the high-end Italian fashion label Dolce & Gabbana, offering clues about the classic American brand's new direction months after it separated from the Sears Holding Corporation.

Federica Marchionni, who has served as president for a little more than three years at Dolce & Gabbana, will replace Edgar Huber, who has been at the helm of Lands' End as chief executive for roughly three years, as well.

In a statement announcing the appointment, Ms. Marchionni said she looked forward to expanding Lands' End "into new markets and channels over time while remaining true to the brand's core values and customer base."

Founded in 1963, Lands' End built its business off catalogs, and became known as a reliable source for traditional, basic clothing by the time Sears bought the retailer in 2002 for \$1.9 billion.

But over the years, Sears began to lose out to other brick-and-mortar competitors like Walmart and Target, as well as newer online businesses like Amazon.com. Faced with slumping sales, the company began shaving off assets, and announced that it would spin off Lands' End in 2013. It completed that separation in April.

"With the successful completion of the spinoff of Lands' End from Sears Holdings Corporation, I have accomplished what I came to achieve at Lands' End and I look forward to the company's success in the future," Mr. Huber said in a statement announcing his departure.

Some retail experts say that Lands' End could not separate itself entirely

from its owner's troubles. Shares of the company rose about 80 percent during 2014 before falling in January after Lands' End said it expected earnings to be down 20 percent in the fourth quarter.

"I think Lands' End, at a point of time before they became part of Sears, had a very clear and distinctive role and a very clear and distinctive customer base," said Steven Frumkin, the dean of the Baker School of Business and Technology at the Fashion Institute of Technology. "I'm not sure that they merchandised and positioned themselves well in the marketplace to have an identity separate and apart from the problems with the Sears empire."

If you bought an item from Lands' End recently, you probably did so in Sears. At the beginning of last year, 274 Lands' End shops were inside the retail giant, while Lands' End operated just 16 of its own stores.

"It'll be really interesting to see if they open brick and mortar stores in malls or outlet centers," said Alex Fuhrman, a senior research analyst with the research and investment banking firm Craig-Hallum. "I do think that that is somewhere that the company might go in the next few years."

Mr. Fuhrman predicted that it would cost Lands' End about \$25 million to \$30 million to open 50 stores in the next three years.

The retailer reported a little over \$100 million in cash and cash equivalents in its most recent quarterly filing.

The company wants to expand internationally, where countries including Canada, France, Germany and Japan generated 17.5 percent of revenue in 2013, according to the most recent annual report.

The appointment of Ms. Marchionni could also signal an increased focus on fashion as a means of distinguishing Lands' End from some of its more mainstream competitors, like L.L. Bean.

On Monday, the company repeated its commitment to becoming a "global lifestyle brand," one that could reach new international markets with more than just clothing.

Having more offerings, like fragrances, jewelry and other accessories, can also help retailers weather the arbitrary trends of the fashion business.

"I think what a lot of clothing retailers have found is that they need to

have all these other lifestyle products,” said Denise Lee Yohn, a branding consultant and the author of “What Great Brands Do.” “I wonder if this is Lands’ End’s play to kind of move in that direction.”

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