

Past JETRO Client

Vera Bradley, Inc. Brings Color to Japan

May 2012 — When Barbara Bradley Baekgaard and Patricia R. Miller started Vera Bradley, Inc. in 1982 in Fort Wayne, Indiana, the idea was to create luggage that would appeal to female travelers. Thirty

years later, Vera Bradley has become a fashion leader, with women all over the world carrying their colorful quilted cotton handbags, luggage and accessories. Much less expensive than high-end luxury bags, Vera Bradley is an “affordable indulgence.” Today the company employs more than 2,000 people and is publicly traded on the NASDAQ Stock Market.



Why Go To Japan?

In 2009, Vera Bradley’s management team decided the time was right to expand internationally. After considering different countries around the world, a tentative decision was made to go to Japan. Sachin Shah, Vera Bradley’s Senior Director of Strategic Initiatives, explained the company’s reasoning,

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“We found that the Vera Bradley brand resonated with Japanese consumers. Vera Bradley opened a store in the Ala Moana shopping mall in Honolulu, Hawaii, where 70% of the customers are Asian tourists, many from Japan. Japanese consumers are very sophisticated and are the trendsetters in Asia, so we were pleased

with the enthusiasm for Vera Bradley. Japan is still the world’s 3rd largest consumer market and very condensed. Japan was a market that we wanted to be in.”

As Vera Bradley began to get more interested in Japan, senior managers at the company spoke to friends and colleagues at other companies that had made similar moves into Japan. The company hired a marketing consultant to advise them on Japan and Asia. Vera Bradley also contacted JETRO to inquire about assistance from the Japanese government.

First Contact with JETRO

In October 2009, Mr. Shah met with the business development team at JETRO Chicago. During this first meeting, Mr. Shah introduced Vera Bradley and explained the company’s interest in Japan. In turn, the JETRO staff provided background information on Japan’s business culture, retail environment, sales trends and consumer patterns, as well as an explanation of JETRO’s services for foreign companies expanding into Japan.

In January 2010, Vera Bradley made their first trip to Japan to conduct market research and learn more about Japan's retail sector. The delegation included the Chief Executive Officer, the Vice President of Sales and the Senior Director of Marketing. The group had extensive meetings with JETRO's retail advisor Naoki Nomura and spoke with a number of different department stores and retailers. During that first trip, Vera Bradley also conducted extensive market research to understand Japanese consumer habits and preferences. They wanted to know what Japanese women look for when they go shopping, what features attracts them to a product. JETRO staff led Vera Bradley's representatives on shopping

tours in Ginza, Shinjuku, Shibuya and Omotesando. JETRO also provided space for the company to hold meetings at the Tokyo Invest Japan Business Support Center (IBSC) and provided introductions to advertising companies and a fashion/retail consultant.

Over the next year, Vera Bradley's executive team made repeated trips to Japan. These trips included representatives from the Product Development Team, Operations, Merchandising, Finance, Sales & Marketing and IT departments. As their efforts progressed, the company came up with a 2-phase strategy for entering Japan: Phase 1 would be a soft launch, designed to introduce the Vera Bradley brand to both partners and consumers in Japan; Phase 2 would be the establishment of permanent retail outlets in Japan.

Launching in Japan with Confidence

Rather than licensing their brand or working with a trading company like some foreign retailers, Vera Bradley decided to go to Japan on their own. "Brand consistency and quality are very important to us. JETRO helped us understand our options and gave us the confidence to open distribution in a brand-right way," said Mr. Shah. While this allowed the company to control their own destiny, it also required them to form strong partnerships with service providers like a public relations firm, a third-party logistics provider, an advertising company, an accounting firm and a customer service company. Vera Bradley recognized the important role these companies would play in their success in Japan. Selecting these partners and building these relationships was a key part of Phase 1.

TIMELINE	
1982	Friends Barbara Bradley Baekgaard and Patricia R Miller start Vera Bradley in Fort Wayne, Indiana with purpose of supplying feminine luggage.
2007	Vera Bradley opens its first company-owned store.
2009 (Oct)	Vera Bradley has its first meeting with JETRO in Chicago.
2010 (Jan)	Vera Bradley executives travel to Japan for the first time to conduct market research.
2010 (Oct)	Vera Bradley begins to be publicly traded on the Nasdaq under the symbol VRA.
2011 (Jan)	Vera Bradley Japan KK is established.
2011 (Apr)	Vera Bradley opens its first pop-up store at the Shinjuku Isetan department store.
2012 (Mar)	Vera Bradley opens its first Japanese stores in Yokohama and Tokyo.

Once their strategic partners were in place, the focus was on building brand awareness. To get people interested in Vera Bradley, the company ran several advertorials in Japanese fashion and shopping magazines. The company cultivated relationships with influential fashion magazine editors as well as style bloggers. The outreach effort would also include temporary pop-up stores in major department stores around Japan. These temporary stores would allow consumers to see Vera Bradley's merchandise first-hand, to appreciate the attention to detail and feel the soft fabrics for themselves.

In early 2011, preparations were underway for Vera Bradley's first pop-up store, which was scheduled for two weeks in the spring. The temporary boutique would be on the 6th floor of the fashionable Isetan department store in Shinjuku. Vera Bradley was fortunate to find a buyer at the department store that believed in their product and was willing to take a chance on a relatively unknown company. Then on March 11, 2011, The Great East Japan Earthquake struck.



Vera Bradley's new store at Marui
Yokohama opened March 10, 2012

As Japan dealt with the aftermath of the earthquake and tsunami, Vera Bradley was unsure how to proceed. Some within the company did not think it was appropriate to move forward at that time and argued for postponing the first pop-up store. Vera Bradley's management team reached out to JETRO and other partners in Japan to get their input. Perhaps most importantly, they consulted with the buyer at Isetan who they were working with. "He understood our concerns," said Mr. Shah, "but he said that Isetan hoped we would move forward. Store traffic was down dramatically after March 11th and the management at Isetan hoped that the Vera Bradley pop-up might bring customers back to the store." After careful consideration, Vera Bradley decided to move forward with their planned pop-up store at Isetan Shinjuku as scheduled. A large marketing event was postponed until later in the year, but Vera Bradley recognized the

significance of moving forward in the face of adversity.

Vera Bradley's first pop-up store in Japan was a big event. It was their first opportunity for Japanese consumers to buy the Vera Bradley brand in Japan. While it was a temporary installation, Vera Bradley's merchandising team had very specific requirements for the space. Most importantly, the space had to look just like Vera Bradley's company-owned stores in the US, with their distinctive furniture and décor. No expense was spared. With just a short window of time to install the fixtures and set up the sales space inside Isetan, the Vera Bradley team worked through the night. When the time

came to officially open the doors, the Vera Bradley team was greeted with a line of shoppers eager to be the first to buy the colorful bags. The crowds continued during the pop-up store's short run, with sales far exceeding both Vera Bradley and Isetan's expectations.

Over the next 12 months, Vera Bradley staged 10 additional pop-up stores throughout Japan, with similar results. Japanese consumers are now connecting with the brand and recognizing its quality and value. Importantly, customers are coming back, turning up at different pop-up stores. The patterns



Vera Bradley Weekender bag
in Rosy Posies pattern

and fabrics are upbeat, cheerful and fresh: they make people happy. "Vera Bradley customers often talk about their emotional connection with our brand," said Mr. Shah. "Our mission statement is 'to be a girl's best friend.' We try to live up to that in every way."

As Vera Bradley moves forward in 2012, the company will move into Phase 2 of their expansion plans, opening permanent stores in Japan. The first two stores opened in March in Marui Yokohama and Marui Shibuya. Locations in Odakyu Shinjuku and Marui Yurakucho opened in April and May, with more openings to follow. As their brand recognition grows, Vera Bradley expects that more consumers will shop on their Japanese website. Moving forward, the company hopes to open its first company-owned store in Japan within the next 18 months.

Looking back, Mr. Shah said one of the biggest challenges for Vera Bradley was connecting with the right partners in Japan. As a company founded by two friends, Vera Bradley has a very unique corporate culture. It was important for Vera Bradley to find partners in Japan that

understood who they were and what they are all about. Mastering the vagaries of Japan's unique culture was also a challenge, but one that they were able to overcome. "We learned patience in Japan. It's so important to take the time to build lasting relationships. Things take time to percolate," Mr. Shah remarked. He added that when this project started, "We didn't know what we didn't know. JETRO was a great sounding board for us and a distinctive partner."

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Japan Company Profile

Japan Company:	Vera Bradley Japan, K.K.
Established:	January 2011
Employees:	39 (as of May 2012)
Business:	Retailer of women's luggage, handbags and accessories
Location:	Minato-ku, Tokyo
Store Location:	Marui Yokohama, Marui Shibuya, Odakyu Shinjuku, and Marui Yurakucho
Website:	www.verabradley.co.jp
Parent company:	Vera Bradley, Inc. (Fort Wayne, Indiana, USA)
Website:	www.verabradley.com

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