

Fashion Retailer Forever 21 Goes on Expansion Rampage

FOREVER 21 Inc., the domestic queen of cheap, fast fashions, is expanding its empire.

The company has bought 44 Rampage store locations from San Diego-based **Charlotte Russe Holding Inc.** for \$14 million. The deal comes after Los Angeles-based Forever 21 nearly doubled its store base last year by adding 150 Gadzooks stores.

In total, Forever 21 now operates almost 400 stores across the country. And Larry Meyer, the company's chief financial officer, indicated that it might not be done targeting other companies' assets to grow its retail presence.

"If things come up in the right malls, we will sometimes look at acquisitions," he said.

Forever 21 is quickly adjusting the recently acquired Rampage stores to its corporate model. The company has begun converting several of the stores to Forever 21 locations,



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Forever 21's trendy duds, but can't quite carry them off. Already, other companies have

although a new concept will be introduced at some of the Rampage stores.

Meyer did not disclose the name of the new concept. He did say, "We will have a different sort of women's wear," adding the concept is intended to attract both new and existing customers.

One possibility: the new concept could aim at an older customer that's drawn to Forever 21's trendy duds, but can't quite carry them off. Already, other companies have

jumped into the retail mix with offerings — **Gap Inc.**'s is Forth & Towne — that promise fashionable fare for women who've left their club-hopping days behind.

Elizabeth Pierce, an analyst with Sanders Morris Harris, suggested that stores that skew older could be a good fit for Forever 21. But she warned there would be considerable challenges executing such a concept, because making the content appealing to consumers is difficult.

"Do we need a sophisticated career-going look? What is the promotional strategy? If we are going to be priced under our peers, but we still want to be positioned above the teens, what (prices) do we want?" are a few of the questions Forever 21 will be forced to address, she said.

In general, Pierce said that Forever 21 picked up the Rampage units to diversify their operations. The units had been a drag on Charlotte Russe, which took a \$22.5 million non-

cash impairment charge to write down their value as of the end of March. The company previously revealed it was "evaluating strategic alternatives" for the Rampage stores.

Forever 21 has been branching out from its core business with accessory-heavy For Love 21 stores and a foray into men's clothing, which Meyer said the company started selling in May. These ventures could distinguish Forever 21 in the retail landscape as it becomes more crowded. Among the imports wading into U.S. waters with a take on inexpensive, stylish clothing is Swedish juggernaut **H&M Hennes & Mauritz**.

Forever 21 is expecting to open a 40,000-square-foot department store-like location in Pasadena later this month. For the year, the company is projecting more than \$1 billion in sales, up from \$925 million last year.

Fudge Fantasies

What's better than curling up in a cozy hotel room with a handful of fudge?

If you are **Momma Reiner's Fudge LLC**, there's nothing better. The Pacific Palisades-based company has started peddling its chocolate goodies to hotel companies, signing a deal to put its products on the pillows in the Renaissance Montura Hotel's guest rooms near the Los Angeles International Airport.

Momma Reiner's owner Kimberly Reiner was approached by Montura. The hotel was looking to bring in local products and thought her fudge fit the bill.

"They really were searching high and low for something that was distinctly Los Angeles," she said. "When they came to me, we had the same concept. It was a seaside fudge."

The hotel business, which also includes fudge for banquets, meetings and conferences, has helped Momma Reiner double its business since last year. And she expects growth from hotels to continue, with the company currently in "preliminary discussions with several luxury high-end and boutique hotels in Los Angeles."

Reiner, who worked as an attorney before establishing the fudge company in 2004, isn't depending solely on hotels. Her products currently sell at Black Ink, a stationary store in Pacific Palisades, and she wants to be stocked at more retail stores. She pulled back from that area while concentrating on the hospitality sector. She's also pushing forward with a deal to make the fudge available in catalogs.

Reiner has bolstered her production capacity by securing enough space in a confection factory to churn out fudge for the Montura, any new hotels that might come along, and retail stores.

Reiner believes her fudge will have a fighting chance against the swelling batch of entrants. "What I am seeing is a lot of chocolate that is coming from all these international companies," she said. "You can pick up a piece of fudge, and it makes you think of your childhood. I think the international chocolate is the opposite."

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Sweetness: Momma Reiner's Fudge.



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