

Hits & Misses: Fashioning a winning strategy

Marketing through blogs helps clothing retailer thrive.

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Athelia Woolley took a leap of faith when, as a graduate student studying social work at Columbia University in 2007, she followed her inner fashionista and co-founded the vintage-style dress company Shabby Apple. Armed with little more than her own pencil sketches, she had nine dresses made at a California factory and put them up for sale on the company's website. Women responded immediately, perhaps owing to the fact that most of the sleek but conservative frocks retail for less than \$100. "We keep our prices affordable by using cotton/poly blends," said Ms. Woolley.

It looks like Ms. Woolley's instincts were on the money. With the hit AMC show *Mad Men* helping to spark interest in retro looks, the company, which sells only through its own Internet site, now generates a profitable \$1.4 million in annual sales. Its line has grown to include swimsuits, accessories, jewelry and children's wear. Ms. Woolley, who does most of the designing, shares her Manhattan office with 12 sales and marketing employees. Manufacturing her designs in Guatemala, she ships to a warehouse in Utah, where she has 12 workers.

HIT

Wanting to keep a tight rein on the purse strings, Ms. Woolley forsook traditional advertising and PR. Instead, she relied on bloggers like the *Nie Nie Dialogues* and other "mommy" bloggers to spread kind words, sending some of them dress samples to get their attention.

"Blogging worked better because it is more powerful than traditional advertising," says Ms. Woolley. She notes that she earned \$3,000 from 20 sales after getting more than 12,000 click-throughs on *Mormon* in Manhattan, a fashion, culture and lifestyle blog. In contrast, Google Analytics showed she got only 98 click-throughs from online editorial mentions on *Lucky* magazine's website in the last six months of 2009, and none of those clicks converted to sales, says Ms. Woolley.

MISS

Less than two years into her business partnership, Ms. Woolley wanted to part ways with her co-founder. While at first both women were available to work full-time, her former partner needed to scale back. But breaking up was not easy, leading the pair to hire a business broker to value the business for them. Ms. Woolley paid an undisclosed sum to keep control of Shabby Apple—and learned it is critical to have a legally drawn buy-sell agreement when a business is a partnership. Also known as a buyout agreement, this type of binding arrangement is almost like a premarital agreement between co-owners of a business. It governs what happens if one leaves the business or dies.

Fortunately for Ms. Woolley, the company emerged from the breakup in good enough shape for it to donate 5% of its net sales to support working women in India. It partners with Unitus, a nonprofit that stimulates economic growth in developing countries. Shabby Apple's founder may have veered a long way from social work, but she hasn't lost her desire to give back.