

Pilgrim's

heady progress on the travel retail scene

In a rare interview, exclusively with The Moodie Report, the husband-and-wife team behind the boho-chic Danish jewellery company Pilgrim, Annemette Markvad and Thomas Rud Adamsen, reveal exactly what makes their brand tick. Mary Jane Pittilla went on a pilgrimage to their newly-expanded headquarters near Aarhus.



Editor's introduction: In 1983 husband-and-wife team Thomas Rud Adamsen and Annemette Markvad began selling jewellery "on the streets and at rock festivals", specialising in lines featuring turquoise stones.

Then came the big break. Pilgrim started selling black bracelets, similar to the ones pop diva Madonna was wearing at the time. "We sold millions of them, they were a big hit," recalls Adamsen. That was the first stepping stone in turning Pilgrim into the red-hot premium jewellery designer it is today.

Adamsen explains: "We started slowly as a trading company, buying in jewellery pieces from other people, but

it was a hard life [selling jewellery] at rock festivals and we eventually stopped that.

"About six years ago we decided to make our own design, and they were very popular. We made more and more to keep up with the demand." That demand has been one of the great stories of the jewellery industry.

In the beginning

Annemette Markvad: We were sitting at our apartment after selling lots of pieces at a fair with Thomas's brother Henrik and our friend and they said "We'd better make some more." "It was so funny. They're still with the company now [Henrik is Pilgrim's Managing Director

and in charge of the finance department.]

Thomas Rud Adamsen: We started off as Yin and Yang Jewellery but we weren't allowed to use the name.

Markvad: Pilgrim is all about seeking new things, new ways, new journeys. But we aren't religious people.

Competitive edge

Adamsen: We are a niche company with few competitors. We have more expensive competitors and cheaper competitors, but we seem to be the only mid-range designers. We're probably a bit higher than the middle market.

Company priorities

Adamsen: We have two priorities. First, the brand. We want to be a world-leading fashion jewellery company. Second – and an equal priority – is to create a workplace where we are all happy every day [An ultra-relaxed friendly working environment is created with an in-house staff canteen offering free lunches, fruit and Italian ice cream; free massages for staff; and many other benefits].

Markvad: We have a flat structure. No one is the boss here, there are no job titles. It is all teamwork. Everyone can speak up.

Company structure

Adamsen: Our headquarters are in Skandeborg, near Aarhus. We have two designers, Annemette and Birte Markvad, both based in Denmark.

We have a network of sales agents worldwide. Our UK staff are employed by the company. We will be setting up an office in China, in order to facilitate the growth we are seeing in Asia. We have also taken on a Sales Director, Jesper Lybeck Kristinsen, to co-ordinate the worldwide agents and hone the sales strategy.

Commercial growth

Adamsen: The company is jointly owned by Annemette and myself. Our gross profit in 2004 was Dkr65 million (US\$10.4 million). I believe this figure will double this year. In the past three years we have grown by +70% each year.

Pilgrim's travel retail odyssey

Pilgrim's travel retail presence is growing rapidly as new customers come onboard and more retailers take advantage of the firm's branded merchandising units.

Since 1 September new client British Airways has been carrying a necklace and a bracelet. "We've shipped out 1,300 pieces for the first month. They will carry them for four months and then choose something else," says Karina Lassen of Pilgrim's travel retail department.

Other newly-acquired inflight customers include Norwegian Airlines and Lufthansa, which has become Pilgrim's best airline for sales. "We've sold over 15,000 pieces in eight months, including 8,000 necklaces and 6,000 bracelets," enthuses Lassen.

"Our best airport stores include World Duty Free (WDF) at London Heathrow and Gatwick. We've seen a +100% uplift in WDF business this year from their four outlets. Nuance at Copenhagen is another good account, and Bahrain Duty Free has just doubled the space devoted to Pilgrim."

Turkey has been another success. Eight Turkish airports which cater for British tourists, including Bodrum, Marmaris, Istanbul, Kusadasi and Dalaman, stock Pilgrim products.

Pilgrim opened up new travel retail accounts in the USA in July. Customers include Alpha Retail at Orlando Sanford Airport; Starboard Cruise Services (15 ships); HMSHost at Seattle, Minneapolis and Atlanta Airports; Duty Free Americas at Chicago, New York and Washington airports; four northern border stores; and Dufry at Las Cabos and Puerto Vallarta in Mexico.

"Repeat orders are already coming in from the USA," says Lassen. "We've put together a complete merchandising unit of best-selling lines for the American market, so it's easier for the buyers. It means they can tailor it to their needs later."

The big focus now is on the Asian market, handled by Judith Hasson, who was recently made responsible for the company's duty free activities in the region. A shop-in-shop will begin trading at Kuala Lumpur International Airport in November 2005, majoring on the big, bold designs loved by Malaysians.

In Thailand, two Pilgrim outlets have begun trading at leading department store Central in Bangkok, with another two outlets planned this year. In South Korea a large corner at Seoul's Galleria is performing well. The Autumn 2005 collection has made an entrance at Shinsegae Department Store in Seoul, and a further two stores are scheduled for downtown South Korea this year.

China Airlines and Malaysia Airlines are leading the Asian inflight charge.



We moved to a new building three years ago. At that time we had about 15 people; today we have 120.

Markvad: Our company's growth is like a spiral. We have a good spiral. We have enough money and we have good people. We like to spoil the workers, and we just keep seeing the growth going up and up.

Travel retail

Adamsen: We saw demand from airports and airlines – they came to us, wanting to sell our products. Also ferries sailing in Scandinavia, particularly on the Denmark-Norway and Sweden-Finland routes.

Our first Cannes (TFWA World Exhibition) was in 2001. That gave us a big kick. Everyone in travel retail was so helpful, it was like a big family. They really wanted to see us succeed in the sector. Now all our business is done in Cannes.

Travel retail is definitely a shop window, it is good for our branding. We got a lot of e-mails from people saying they have seen our products onboard airlines and at airports. Some even want to open Pilgrim domestic stores.

Markvad: Travellers have a good vision, they are fashionable people, aware of trends.

Adamsen: In the US we began selling in airport shops, border shops and onboard cruise liners in July. We think this exposure will have a big effect on sales in the

domestic market when we finally enter that channel.

It is very important that travel retailers give the customers good service, and also that they use our branded merchandising units, so the customer can recognise one name from another. We have a graphics department creating in-store banners, bags, folders, etc. It is important that the merchandising is seen. I don't want to single out one particular retailer over another, though.

Pilgrim factfile

Headquarters: Skanderborg, near Aarhus (Denmark's second city)

Established: 1983 as a trading company; 1999 as a design company

Number of staff: 120

Number of designers: Two

Number of stores: Denmark (five); Paris (one, 40sq m); Dublin (one, 57sq m)

Gross profit 2004: DKr65 million (€9.5 million)

Travel retail team: Marianne Salomon, Karina Lassen, Annette Møller Andersen, Mette Rohrdanz Lyngsbo, plus three new recruits.

Product range: Full range of women's jewellery; men's jewellery, including cufflinks; sunglasses.

Travel retail currently makes up 7% of the company's total turnover. It is the fastest-growing department in the company. I think travel retail will make up more than 10% of our total turnover.

Travel retail is our sixth-biggest market; it represents as much turnover as the whole of France. An additional three staff are being employed in the travel retail department.

Cannes 2005: The Autumn collection

Markvad: Colour, as always, is very important. We have beautiful new colour combinations such as copper, brown and blue, burgundy and olive. Gold, brown and black are big, as is dark turquoise. A new thing we're doing is patina, which is a very difficult technique. We're also using a lot of enamel and stones. Symbols include keys, hearts, moose and bikes.

This season we have started giving the eight new collections a name, such as Funky Fungi, The Circle Line and Hearts & Keys.

Regional strengths

Adamsen: In the domestic market it is Scandinavia, followed by the UK and Germany. In travel retail, it is across Europe. The Far East is also doing fine as is the USA. Pilgrim has just signed up a new distributor in Fort Lauderdale, Florida.

Our focus is on Asia now. We have appointed Judith

Hasson to handle domestic and duty free sales in the region. We will open an office in China and a Danish couple we know will help with logistics out there.

Customers, collections and creativity

Markvad: There is a very wide base of core customers. That's part of our success. We know of very young girls, aged about 14, who put our jewellery on their wish-lists for their confirmation presents. Teenagers and mothers shop together in our stores, and even grandmothers can find something they like.

There are lots of colours in the range. Pilgrim is known for colour.

Adamsen: Our collection is huge – I don't know of any

Benita and Benny spread the Pilgrim message

Benita Mølgaard and Benny Vernström Thomsen are typical Pilgrim employees. They love their jobs with a pilgrim's passion.

"This is the greatest job I've ever had," enthuses Benita, who is in charge of quality control, overseeing the work of Pilgrim's suppliers in China. All Pilgrim jewellery is handmade in China to strict guidelines.

"It's important for me to have the feeling that I'm making a difference. Each time I visit China [every two months] I see things getting so much better. The Chinese want everything to be the best quality, and they want to go as far as we do," she says.

The downside of the job? "I don't like being a 'policeman' telling other people they aren't doing their job OK. The Chinese are so proud to be making our jewellery."

Meanwhile, globe-trotting Benny is responsible for choosing the right locations for Pilgrim's domestic stores, including the newly-opened outlets in Paris (measuring 40sq m) and Dublin (57sq m). "I look at the different neighbourhoods. I look at the people and the bags they're carrying. There has to be some sort of dynamism and street life in the area."

A consummate multi-tasker, Benny project-manages the retail openings, working closely with Pilgrim's in-house interior designer, contractors, shop manager and merchandisers. "The Dublin store opened on 28 July, and just a few days later the Paris shop opened on 1 August. That was hard work!" he laughs.



In Dublin's fair city: A 57sq m Pilgrim boutique has opened in the buzzing neighbourhood of Dundrum

other company with such a big collection. We offer big showpieces, mid-range items and cheaper pieces, to appeal to everyone. It's more commercial to do it that way.

Markvad: Creativity is important but it's just one part of the whole. Looking after customers is also important. If one of our saleswomen is angry, the customer knows it and won't come back.

It's important for our workers to make suggestions. For example, people in our packing department or the kitchen staff come up with ideas. They think and can be creative. They have lots of new ideas and we listen to them all. There is a lot of trust.

Diversification

While jewellery is Pilgrim's flagship offering, it has recently extended its portfolio to include sunglasses and men's jewellery.

Adamsen: I'm amazed at how many sunglasses we're selling. About 5% of our turnover now is from sunglasses.

Markvad: But there are no plans to launch further [new category] lines at this stage.

Expansion plans

Adamsen: Currently we have five Pilgrim-owned stores in Denmark, one in Dublin and one in Paris. We will be opening eight more within two years.

We have two Pilgrim outlets in Illum, the leading Danish department store in Copenhagen. In turnover terms they sell the most.

We would like to open a flagship store, which we would use for training so our shop managers can see how we do things. We are planning new franchise stores in Europe, which is a new thing for Pilgrim. We are also going to provide a big manual on how to run the stores at the start of 2006.

Markvad: There isn't really a budget for our stores; as long as the materials used are within reason. We have to achieve the right look – whatever it may cost.

Adamsen: We want to concentrate on supporting the wholesale business. The USA [domestic] market will have to wait. We want to build the brand, as this will help the wholesale side.

We want to open more branded corners in duty free. We have one opening at Kuala Lumpur International Airport this November. In January we will open a shop at Copenhagen Kastrup.

World Duty Free in the UK is increasing its space for Pilgrim and installing branded units. We are hoping to increase it to a corner [WDF carries Pilgrim jewellery at four outlets: London Heathrow, Gatwick, Edinburgh and Glasgow.]

Humanitarian focus

Markvad: We produce two pieces each year for Médecins Sans Frontières (MSF). The best friend of one of our staff members is a doctor with MSF and she asked if we could do something to help. We liked the concept. All profits from the €19 (US\$23) pieces go to the charity; we do all the design and production for free, and we decided that the retailers should not earn anything. Our models also give their time for free, and they are proud to do it.

The face of Pilgrim

Adamsen: We always choose someone who likes the spirit of Pilgrim, a girl who represents our thinking and attitudes.

Our new face for 2006 is Louise P – a Danish girl who is the eighth-most used model in the world. She is much younger than the others, but she has a very nice attitude. We met her at a music festival. She was playing the guitar and had a big smile. She was very Pilgrim. ■



Soft, ambient lighting and clear, co-ordinated merchandising are key characteristics of Pilgrim stores

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