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On the Brink of Being Sold, C. Wonder Revival Strategy Emerging

By David Moyn



Though the deal isn't quite done to buy C. Wonder, a strategy for reviving the brand by the future owners is already coming to light.

The brand was dormant until last week when Xcel Brands Inc. entered into a definitive agreement to purchase the C. Wonder trademarks, related designs and other intellectual properties from Burch Acquisition LLC.

According to sources, Xcel has decided to relaunch C. Wonder in spring 2016 on QVC. Xcel is also considering putting up C. Wonder stores. How soon or how many could not be determined.

As far as the collection, sources said it will be close in character and composition to the former collection, and that it will include apparel, accessories, home and children's. "It will be better pricing, value-oriented," said one source.

In addition, Brad Goreski, the 37-year-old celebrity stylist and co-host on E!'s "Fashion Police," will be the spokesperson for C. Wonder appearing on QVC.

Sources indicated that Xcel is expected to close the deal for C. Wonder before the end of July.

Xcel officials were not available for comment last week, but they are expected to be more forthcoming about their C. Wonder plans after the transaction closes.

C. Wonder's revival will fit into the business marketing model at Xcel, which was founded by Robert W. D'Loren in 2011. Xcel owns the Isaac Mizrahi, Judith Ripka and H by Halston brands and sells them on QVC. Xcel also designs and manages the Liz Claiborne New York brand. Xcel engages in the design, licensing, marketing and direct-to-consumer sales of the brands, while QVC handles the manufacturing. C. Wonder will be based at Xcel's offices in New York on 10th Avenue, the source said.

C. Wonder, which was founded by J. Christopher Burch in 2011, sold an inexpensive, colorful and sometimes kitschy array of women's clothing, footwear, jewelry, accessories, housewares, home decor and gift-type products. The business expanded rapidly throughout the U.S., eventually opening 32 stores.

In 2013, Burch sold a 10 percent stake in the chain to Fidelity Investments for \$35 million, funds that were used to help fuel its growth. Burch at one time spoke of opening hundreds of C. Wonder stores worldwide and last year signed a deal to open units in the Middle East.

But the expansion proved too fast and last January the retailer laid off its employees, filed Chapter 11 and eventually closed its stores. Burch Acquisition, controlled by Burch, purchased the C. Wonder brand after it went bankrupt to redevelop the business. Some said C. Wonder, the first time around, was a case of doing too much too soon. On one occasion, Burch said the company's five-year plan was to open 250 to 300 stores in 50 countries.

The label was a point of legal contention between Burch and his ex-wife Tory Burch, who claimed the C. Wonder concept was too similar to her brand in terms of its product and store design. The couple started the Tory Burch company in 2003 and divorced in 2007. They ultimately settled the legal claims.