

Licensed Boutiques



SWAROVSKI

DEAR POTENTIAL LICENSEE,

Over the last few years, Swarovski has been enjoying a greater presence in major cities throughout the country. Boutiques exclusively selling Swarovski products are continuing to grow with the ever-increasing popularity of the Swarovski brand itself. As the brand grows, so too do the opportunities and successes of newly opened, well-managed Swarovski Boutiques.

Many of these boutiques are run by independent owners. In the United States, the growth in opportunities for Swarovski premium boutiques is on the brink of explosion and has the potential to take the brand to unprecedented levels. Swarovski can now pride itself on being the leading fashion jewelry retailer in the country. Moreover, it is at the forefront of trends in the home, the bridal industry and in collectibles.

In line with such growth, Swarovski is pursuing a strategy to open more new independent Licensed Boutiques. These boutiques – along with Swarovski's own – are the key ambassadors for our brand. If you would like to be your own boss, but can still appreciate the security that a strong and established brand like Swarovski can give you, a Licensed Boutique could be just right for you.

In the following pages, we would like to present to you the Swarovski Licensed Boutique Concept. If you like the idea of becoming our Licensee, we look forward to speaking with you.

Yours sincerely,

Jim Fox
Director, Licensed Boutiques

CONTENT

VISION

<i>Awakening emotions with crystal</i>	8
<i>Success with a strong brand</i>	11
<i>Successful expansion</i>	12
<i>Independent, yet strongly supported</i>	14

CONCEPT

<i>A collaborative venture</i>	18
Licensee Commitments	19
You as a Licensee	20
Your Licensed Boutique	20
<i>Success can be measured</i>	22
Your sales potential	23
Your investment	23
Your profit	23
<i>Product Assortment</i>	24
<i>Sound support</i>	26
A strong brand	27
Individual support	27

CONTACT	28
---------------	----

VISION

<i>Awakening emotions with crystal</i>	8
<i>Success with a strong brand</i>	11
<i>Successful expansion</i>	12
<i>Independent, yet strongly supported</i> ..	14

Awakening emotions with crystal

CUSTOMERS CAN BE WON OVER IN VARIOUS WAYS. ONE VERY IMPORTANT WAY IS TO APPEAL TO THEIR REASON WITH THE QUALITY OF YOUR PRODUCT. ANOTHER APPROACH, WHICH IS JUST AS IMPORTANT AND SUCCESSFUL, IS TO WIN CUSTOMERS' HEARTS BY ENCHANTING THEM AND AWAKENING THEIR ENTHUSIASM. SOMETIMES THIS IS NOT PARTICULARLY DIFFICULT. CRYSTAL ATTRACTS THE ATTENTION OF PEOPLE; THEY STOP AND LOOK AND THEY ENTER. THE SPARKLE AND SPECIAL BRILLIANCE OF THE JEWELRY AND CRYSTAL OBJECTS PLAYS ITS PART – AS DOES THE SWAROVSKI BRAND.

Swarovski has always stood for the beauty of cut crystal. Our customers appreciate the quality of our products, the good advice we provide and our comprehensive service. They love the sparkle of crystal, its variety and the numerous new products. But above all, they love the magic that Swarovski crystal radiates and which is characteristic of the atmosphere in a Swarovski Licensed Boutique.

For customers, a visit to a Licensed Boutique is an excursion into the world of Swarovski. It is to be immersed in the luxury of the moment. Each item of jewelry and each crystal object calls this to mind.

More than 100 years ago Daniel Swarovski had a dream: he wanted to create perfect crystals with an absolutely precise cut. He realized this dream by inventing the crystal-cutting machine, which he patented in 1892. In 1895 he left Bohemia with his family and settled in Wattens in the Tyrolean hills of Austria, where there was enough waterpower to drive the machinery. Here he was also safe from being copied by the major competitors in Bohemia. He established the firm of Swarovski, which today is the leading manufacturer of cut crystal and fashion jewelry worldwide.



SWAROVSKI



Success with a strong brand

THROUGHOUT THE WORLD, THE SWAROVSKI BRAND IS SYNONYMOUS WITH CRYSTAL. SWAROVSKI IS AT HOME IN JEWELRY OR DECORATIVE OBJECTS, FASHION OR INTERIOR DESIGN, LIGHTING AND FURNITURE AND IN ARCHITECTURE – WHEREVER CRYSTAL ENCHANTS PEOPLE.

More than 25,000 employees are committed to our brand, ensuring satisfied customers and constantly rising sales figures – reaching 3.8 billion dollars in 2012. In more than 40 countries, our distribution companies support Swarovski Boutiques and Licensed Boutiques, which sell Swarovski jewelry and other items directly to end customers. Apart from crystal, its biggest business sector, the Swarovski Group also includes the Swarovski Optik (binoculars, optical equipment) and Tyrolit (grinding tools) divisions.

Swarovski is known for innovation and technical perfection, as well as for the variety, unrivalled brilliance and highest quality of its products. In short, business partners and consumers around the world have the greatest trust and confidence in our company. They feel not only the power and magic of crystal, but also the reliability of our brand. Such a reassuring feeling means a great deal to all our customers!

Some people are so captivated by Swarovski crystal that they want to have a particularly close bond with our brand and become members of the Swarovski Crystal Society, a global community of crystal enthusiasts. Today, more than 400,000 people belong to this community of crystal lovers, making this one of the largest consumer clubs in the world – a guaranteed built-in customer base!



Successful expansion

SWAROVSKI BROUGHT ITS FIRST CRYSTAL OBJECTS AND ITS FIRST OWN JEWELRY COLLECTION ONTO THE MARKET IN THE 1970's. NEVERTHELESS, IT TOOK A WHILE BEFORE THE TIME WAS RIGHT TO OPEN THE EXCLUSIVE SWAROVSKI BOUTIQUES WITH THEIR CHARACTERISTIC BLUE-AND-RED SHOP DESIGN.

At first, consumers could only buy Swarovski products in shops that sold other brands. With the opening in 1998 of the first Swarovski Boutique in Berlin, Germany, customers could immerse themselves completely in the world of Swarovski. By the end of 2012, there were over 240 Swarovski Boutiques in the United States alone and more than 2,300 worldwide.

In addition to our own Swarovski Boutiques, another sales channel has also proven to be extremely successful: the Swarovski Licensed Boutique. From the outside, these appear no different from a Swarovski Boutique: the shop design, the range of products, the quality of advice and service – in short, the whole shopping experience – is the same. The difference, however, is that a Licensed Boutique is run by an independent Licensee. You, for example! Your customers will enjoy coming into your Licensed Boutique just as much as they do a Swarovski Boutique. You benefit fully from the image and strength of the Swarovski brand – as well as from our support and experience.

The first Swarovski Licensed Boutique opened at the end of 2001 in Aachen, Germany. Today there are more than 800 such boutiques worldwide exclusively selling Swarovski products.

Timeline

1895 Daniel Swarovski establishes the company.

1976 The original crystal mouse comes onto the market: for the first time Swarovski offers products for end consumers – a new era begins.

1977 Swarovski develops its first jewelry collection.

1987 The Swarovski Crystal Society is formed; today it unites more than 400,000 crystal lovers in more than 30 countries.

1995 To mark the 100th anniversary of the company, Crystal Worlds opens in Wattens, a magical wonderland reflecting all aspects of crystals, designed by the artist André Heller. Since then, more than 7 million visitors have been able to experience, with all their senses, the magic of crystal.

1998 The first Swarovski Boutiques are opened in Berlin, London, Paris, Amsterdam and Buenos Aires utilizing the same shop design throughout the world.

2001 The first independent Swarovski Licensed Boutique opens in Germany – a new sales channel is created.

2004 To further strengthen the image and appearance of the Swarovski brand for the end consumer, an integrated marketing concept is introduced: advertising, communication, visual merchandising and product design are closely harmonized.

2008 The first Swarovski Licensed Boutique opens in the United States.





*Independent, yet
strongly supported*

AS A LICENSEE OF SWAROVSKI AND OWNER OF YOUR OWN LICENSED BOUTIQUE, YOU ARE INDEPENDENT. YOU ARE RESPONSIBLE FOR YOUR BOUTIQUE, YOUR RANGE OF PRODUCTS AND, OF COURSE, FOR YOUR STAFF.

The great thing, though, is that you not only start with a strong brand right from the outset, but you also have our full support. Swarovski regularly invites all Licensed Boutique owners to a joint exchange of information and experience. On these occasions, the latest product collections are presented, information is provided about strategic developments, and various subjects relating to day-to-day business are discussed.

In addition, we will help you to plan and design your Licensed Boutique. We will support you with our marketing materials, visual elements and extensive sales training. Swarovski's communication programs and point-of-purchase (POP) materials are globally coordinated, allowing you to take maximum advantage of this synergy. The stronger the Swarovski brand becomes, the stronger your boutique will be – and vice versa.

Security and independence go hand in hand with your Licensed Boutique.



A Licensee Testimonial

“Calabrini, LLC has been operating a Swarovski licensed boutique since February 2009 . . . opening a second location in April 2009 and a third in April 2011.

Our expansion and commitment to the Swarovski brand is due to the successful integration of quality product, strategic marketing and category placement. Our operation has sustained double-digit growth since inception. This is due in large part to the support received from Swarovski. Swarovski North America has provided expert guidance in merchandising, staff-training, inventory management and customer service. Calabrini, LLC has been in the retail business for 12 years and exclusively operates franchises or licensed boutiques of multiple brands. The support we have received from Swarovski North America is astounding.

It is Calabrini, LLC's belief that Swarovski will continue to grow organically within the US market. The price category qualifies it as an affordable luxury product and the uniqueness of the fashion-forward design dominates the competition. Regarding competition, Swarovski has a clear majority of the market-share within the crystal category.”

Matthew F. Arcella
Managing Partner
Calabrini, LLC

CONCEPT

<i>A collaborative venture</i>	18
<i>Success can be measured</i>	22
<i>Product Assortment</i>	24
<i>Sound support</i>	26
<i>Contact</i>	28

A collaborative venture



Licensee Commitments

What awaits you once you decide to become a Licensee of Swarovski and open a Licensed Boutique – and what do we expect from you? Take a quick look here first. Then you can review the details on the following pages.

WHAT WE OFFER YOU:

PROVEN RETAIL CONCEPT

Hundreds of Licensed Boutiques have proven that our retail concept functions in a wide range of countries and cities. The critical elements are careful location selection, our distinctive shop design concept, an individually tailored product range, our integrated marketing concept, and the friendly and professional service provided by your staff.

Based on years of experience, we have defined required standards in all these areas, and we will support and advise you in their implementation.

ESTABLISHED BRAND

The Swarovski brand is a key factor for your success and ours. We reinforce our successful brand status with targeted and coordinated marketing, public relations and communication activities at international, national and regional levels.

INDIVIDUAL SUPPORT FROM SWAROVSKI

Our experienced team will advise and support you in the planning and implementation process, as well as in ongoing business activities. Proven tools, such as mystery shopping and specific training, will help you and your staff provide an exemplary shopping experience for our customers.

WHAT WE EXPECT FROM YOU:

ENTHUSIASM AND RETAIL EXPERIENCE

Your enthusiasm for the brand and for the Swarovski products, as well as your experience in the retail sector, will lay the foundation for this mutually beneficial relationship.

ENTREPRENEURSHIP AND RISK

Being in business means weighing the risks and addressing them in a managed way, as well as working hard to be successful and constantly improving.

INITIAL INVESTMENT

You will make the initial investment of the store build-out. Also, you will be required to invest approximately \$80,000 - \$120,000 for your opening store order. Sound financing and sufficient equity capital are therefore basic requirements.

You as a Licensee

A Swarovski Licensed Boutique is a very special business. You are independent and, at the same time, you represent the Swarovski brand, since your Licensed Boutique does not differ externally from a Swarovski Boutique. You stand out by virtue of a number of factors:

You have a business mind, you like to take responsibility for your boutique and your staff, and you already have experience in retailing. The Swarovski Licensed Boutique concept appeals to you with its excellent combination of security and independence. And, naturally, you are enthusiastic about fashion jewelry and crystal – as well as the Swarovski brand – and want to share this with your customers.

Building on a sound financial basis, you aim to lay a solid foundation for success as a Licensee of Swarovski.

Your Licensed Boutique

The location of your Licensed Boutique, its surroundings, the size of the store window and the size of the Licensed Boutique itself are key factors in determining the sales potential of your Licensed Boutique. Moreover, all these factors have to be in harmony with the Swarovski brand. We will therefore look at your location in detail with you and check whether it is really suitable for your Licensed Boutique. From our many years of retail experience, we know what is really needed:

THE LOCATION

- Highly frequented locations on main shopping streets and in malls
- In the vicinity of brands positioned in the medium to upper retail segment

STORE TYPE

- In-line store or kiosk concept
- 500 - 800 square feet required for an in-line store
- 150 - 200 square feet required for a kiosk (Casino and Airport only)
- Suitable office and storage space must also be included

Mall



Kings Plaza Shopping Center
Opened August 2012

Casino



Agua Caliente Resort Spa
Opened November 2012

Airport



Baltimore-Washington International Airport
Opened August 2012



Final floorplan and 3D image of a typical Swarovski Licensed Boutique

ARCHITECTURE AND FIXTURES OF YOUR LICENSED BOUTIQUE

How should you divide up the sales area in your Licensed Boutique so that every square foot is used optimally? Which fixtures and equipment are most suitable? We will help plan the store design, including placement of all necessary store fixtures, furniture, display cases and visual elements.

Success can be measured



Your sales potential

What is the sales potential of your Licensed Boutique? This is one of the most important questions for you as a business owner – and for us as the brand owner – because it is our stated aim for you to be successful with your Licensed Boutique! Hundreds of licensees worldwide have already proven that the sales potential of our Licensed Boutique Concept with our innovative Swarovski products is very attractive. It is up to you to determine the sales potential of your store through thorough research on the ideal location, strong traffic patterns and appropriate demographics. As the sales potential depends to a very large extent on these factors, we cannot quote any exact figures. However, before you make the final decision on your Licensed Boutique, we will discuss your sales potential with you, based on sales data of existing stores with similar traffic and demographics.

Your investment

As a business owner you will also be faced with a number of investments and, therefore a certain amount of risk with the opening of your Licensed Boutique.

The exact amount of investment required for your store build-out will depend on the size and retail design standards of the store.

Additional funds will be required to acquire the initial stock of products and to ensure that you have adequate operating capital. This investment will depend on the sales potential of your Licensed Boutique.

Your profit

Your profitability will depend on several factors, including the favorability of lease terms, optimization of store personnel and close management of operating costs.

Product Assortment



Product Assortment

Swarovski's trademarks are continuous innovation, trend research, creativity and the perfection of its products. The guiding principle of the founder, Daniel Swarovski, was "To constantly improve on what is good". This philosophy is deeply ingrained in us and is reflected today in the unique variety of our products.

Our range of products encompasses the two product groups **Jewelry & Fashion Accessories** and **Crystal Objects & Home Decor**:

The Jewelry & Fashion Accessories range includes distinctive items of jewelry, watches and various accessories – from belts and evening bags to key fobs – all embellished with Swarovski crystal.

The Crystal Objects & Home Decor range includes a broad selection of crystal items and gifts for special occasions, along with luxurious accessories for the home.

Initial product assortments are based on our knowledge gained from successfully operating over 240 of our own Swarovski stores. We will determine the initial product assortment and product order based on your annual sales targets, product turn goals and display space within your store.

You can get an overview of our product range by visiting one of our Swarovski Boutiques or Licensed Boutiques, or by visiting our web site: www.swarovski.com.

Sound support



A strong brand

Swarovski attaches a great deal of importance to the careful handling of the Swarovski brand. We will therefore give you strong support and ensure that all marketing and PR, as well as visual merchandising and POP activities, are optimally harmonized.

MARKETING

In line with Swarovski's worldwide marketing strategy, we will develop national marketing campaigns and POP activities that will benefit your Licensed Boutique. Our retail calendar serves as a guide for all campaigns and provides you with a promotional overview throughout the year.

Additional local marketing activities are possible, but must be authorized in advance by Swarovski.

PR AND COMMUNICATION

Our all-encompassing communication activities support optimal brand management. This includes our extensive corporate communication and worldwide PR activities, as well as image campaigns for specific products.

VISUAL MERCHANDISING

Our store opening leader will spend quality time onsite before your store opening. He/she will guide you in proper visual merchandising and also provide you and your team with comprehensive training.

After the opening it will be your responsibility to ensure that the appearance of your Licensed Boutique is in keeping with the Swarovski standards. Where necessary, our district manager will support you as much as possible during the implementation phases of the various campaigns so you can meet this challenge. We will also supply you at all times with up-to-date communication and POP materials to support the various Swarovski marketing campaigns.

Individual support

As a Licensed Boutique you will be advised and supported by competent Swarovski staff.

TRAINING PROGRAM

A competent and informed team is very important for your Licensed Boutique because it is the only way to meet the high standards of advice and service demanded by your customers. We therefore offer individual and regular training programs – for you as well as for your staff.

MYSTERY SHOPPING

Mystery shopping serves the purpose of continually optimizing and improving the quality of advice and sales, while also ensuring that all Swarovski Boutiques and Swarovski Licensed Boutiques have the same appearance. Mystery shoppers will visit your Licensed Boutique – as well as our own boutiques – from time to time and will check key aspects defined by Swarovski (i.e. sales consultant dialogue, the sales presentation, the window display and the display cases).

CONTACT

HAVE WE PIQUED YOUR INTEREST?

If you can see yourself opening a Licensed Boutique, get in touch with us by email! We will be pleased to provide you with more detail and discuss the next steps with you.

SWAROVSKI NORTH AMERICA LIMITED

Licensed Boutiques

One Kenney Drive

Cranston, RI 02920-4400

Email: licensedboutique.inquiries@swarovski.com

You can find additional information about Swarovski and the Swarovski Licensed Boutique Concept at WWW.SWAROVSKI.COM and WWW.SWAROVSKI.COM/RETAILPARTNER

All the information provided reflects the status at the time of printing in August 2013. Subject to changes.

