

Ever-profitable, Edina-based Evereve bucks retail odds by betting on moms, career women

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Evereve may not have the name recognition of J. Crew, Limited or Ann Taylor, but in an age when its competitors are struggling, the Edina-based retailer is pushing an unprecedented and aggressive expansion of the brand.

The 15-year-old company, with 85 locations in 26 states, is free of debt and has had annual sales increases of more than 20% for most of the decade, more than twice the retail average.

“Everyone is saying retail is terrible, but that’s not been our experience,” said Mike Tamte, who founded Evereve with his wife, Megan. “From day one we made a decision that we were going to run our business the old-fashioned way by earning profits. Every single year we’ve earned profitable cash flow.”

Sales this year are expected to be \$147 million.

The parent companies of both J. Crew and Ann Taylor have had leadership shake-ups after disappointing results, which have become commonplace in the mid-price mall store space. In contrast, Evereve will open seven stores by late fall and nearly a dozen in 2020. It also is

boosting its marketing budget from \$2 million to \$7 million.

"We've spent the last 14 years building our customer experience, really working with our culture, our values, and getting product assortment nailed," Megan Tamte said. "It's the perfect time to tell our story."

Evereve, the Edina-based women's fashion retailer, is in the middle of a large expansion.

On the surface Evereve's tale seems classically Minnesotan — a bit old-fashioned and somewhat sentimental. When Megan Tamte, 45, talks about the company she envisioned and created, it's one "built with heart." Those words are highlighted in its print and digital advertising as well as a pink neon sign that greets employees and visitors at the office elevator.



"We've done a lot of study on the science of joy and service. Serving others is a key component to joy," she said.

Evereve also launched its first catalogs this year at a time when other retailers are eliminating them.

Yet the retailer's fastest-growing segment is digital. Five years ago, online sales contributed 3% of total sales. Last year it grew to nearly a quarter — and the retailer is known for using social media in a way that drives sales.

"Retail success isn't digital or physical," said [Carol Spieckerman](#), a national retail consultant and strategist. "Now it's all of the above — digital, print, social media, brick and mortar. You want to be in front of your customers in many ways."

She said the catalog, while at first glance might seem like a throwback, puts equal focus on digital and brick and mortar.

Mike Tamte, 48, also said the catalog was strategic. And it was buoyed by industry veterans the Tamtes selected to both invest in Evereve and advise them — Gordon Segal, co-founder of Crate & Barrel, and the Lewis family that owns 350 River Island stores in the U.K.

"Digital-advertising formats are crowded, and a good old-fashioned paper catalog is now the new disruptive vehicle to get a person's attention," Mike said. "A catalog is a better way to communicate our brand than a digital ad."

About 300,000 catalogs went out in March and May — and have had an immediate payoff. Year-over-year transaction growth doubled after the first catalog was mailed and stayed put until the next catalog dropped. Response to the May catalog, coupled with a sitewide sale, crashed Evereve's website on Mother's Day.

"It was a terrible day," Mike Tamte said, "But we extended the sale on the Monday after Mother's Day and had the first \$1 million day in our history."

Evereve plans to send catalogs to 700,000 households next year.

The Tamtes decided to open their own store in part because Megan, as a young mom, had a humbling experience with a salesperson who wasn't in tune with her life as a mother. She resolved to create family-friendly stores where moms could try on contemporary, casual clothes where kids had designated play spaces and sales women understood the demands placed on young mothers.

They called the store Hot Mama and focused on busy moms who still wanted to be fashionable. The plan worked flawlessly, even after the name change to Evereve in 2014.

But then came 2017. Revenue increased by 15% instead of the usual 20% to 30%, and the company brought in a brand strategist for answers.

"What we learned is that women and moms have evolved," Megan Tamte said. "The narrative we were telling was no longer as relevant to modern women, so we reframed our story a bit."

Women wanted less focus on being addressed as a mom and more on being a woman. The new summer catalog, for example, offers a childless focus on women only.

"They realize that their customer is a multifaceted woman," said Wendy Liebmann, chief executive of the consulting firm [WSL Strategic Retail](#). "They recognize that a mom may have her kids with her when she shops Evereve, so they create a space for them, but they still make her feel like a grown-up whether she's a mom, an executive or out with the girls. It's a challenge to recognize all those facets, but they have a deeper understanding of her crazy life."



One of the ways the retailer has pushed the new customer focus is in the digital space, carving a niche that surpasses many larger retailers. Last year, the company added several digital initiatives as part the expanded marketing push, which leveraged the power of social media.

Like many brands, Evereve uses independent fashion and lifestyle influencers such as Beth Chappo and Hollie Woodward, who each have more than 100,000 Instagram followers. But the retailer also has each of its stores recruit three local ambassadors who have between 2,000 and 10,000 followers.

The biggest sales spikes have come from using employees for live selling on Facebook Live and Instagram Stories. In both cases, Evereve employees talk about fashion and apparel in the company's home office or Minnetonka studio.

"When we let the customer into our world so they can see behind the scenes, it's a very powerful selling tool and relationship builder," said Megan Tamte.

Evereve's fashion director, vice president of merchandising and director of styling all have contributed daily videos. It's all part of customers connecting to the Evereve "family," Mike Tamte said.

"The corporate office already had the ingredients to make good videos — the fashions, women, makeup, interesting backdrops, selfie mirrors and good lighting — why not?" asked Megan Tamte.

Evereve has more than 132,000 followers on Instagram and 121,000 on Facebook — which Hope Schoen, social media manager for [It Crowd Marketing](#) in Dallas, describes as "incredible" considering its somewhat older demographic of women ages 30 to 50.

The in-house videos alone generated more than \$1 million in sales in the last year.

"They're ahead of the curve, hitting all the marks," Schoen said. "They're doing videos, giveaways and capitalizing on holidays. They know their age group."

Evereve isn't alone in its success as a women's retailer, said Beth Perro-Jarvis of [Ginger Consulting](#) in Minneapolis. "Lululemon and Athleta have now become a lifestyle that expands well beyond what you wear when you work out," she said. "Zara, H&M and even Mango serve a surprisingly broad range of women's needs, but there is almost no service."

While Evereve has kept growing, some of its strategies have hit bumps. Take TrendSend, Evereve's version of the more popular Stitch Fix monthly subscription service. It started strong and then softened. Year-to-date, sales are flat but showing improvement.

In 2018, Mike Tamte decided to pull back on the number of new stores after slower sales growth in 2017.

Megan Tamte wondered if the dip was a hiccup or trend. They wanted six solid months of double-digit, same-store sales increases before adding more stores, which the company delivered.

"In hindsight, I wish we hadn't slowed our brick-and-mortar expansion," Mike Tamte said. "We could have grown stores and digital sales at the same time, but investing in digital is easier and you can grow faster in digital."

The Tamtes' goal is to reach 300 to 500 stores within 20 years while remaining debt-free.

They often hear that their clothes are expensive. The average item sells for \$65, and temporary markdowns are rare. The sale that contributed to the website crash on Mother's Day wasn't a 40% off everything like Banana Republic or the Loft might do on Black Friday — it was 10% off.

"We don't do a lot of sales," Mike Tamte said. "Too many retailers train customers to buy on sale. With our level of customer service, most of our customers are OK with paying regular price."

Evereve isn't trying to be all things to all customers, but it works for its carefully defined customer. "With all the doomsday talk about physical retail, you assume companies like Evereve don't exist," said Spieckerman. "They have a great story to tell."