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Sea Island, Peter Millar: A union of opportunity

By John Steinbreder - August 22, 2005

When Sea Island Co., the famed historic resort off the coast of Georgia, recently acquired upstart apparel brand Peter Millar, more than a few eyebrows were raised.

The union appeared to be a reach since the distinctly different industries have little in common. The two principals, however, say the merger has created a bridge to the future for both.

For Peter Millar, which began as a cashmere sweater company only four years ago, the backing by Sea Island gives it the financing to fuel its fast growth - now mostly focused on high-end golf apparel.

For Sea Island, renowned for its Cloister Hotel and trio of courses, Peter Millar represents a separate, distinctive brand it can use to make forays not only into apparel, but new categories such as home furnishings.

Executives at both companies gush about the opportunities their partnership creates. But the deal may produce some complications.

Other apparel companies that do business with Sea Island, for example, might resent playing second fiddle to the resort's home brand. And some industry observers question whether competing resorts will support Peter Millar - knowing its parent is Sea Island, a major rival with which they compete fiercely to attract the same visitors.

But such issues hardly detract from the acquisition's upside, according to Scott Mahoney, chief executive of Peter Millar, which is pushing $10 million in annual sales. The former vice president of Polo Golf and Tennis at Ralph Lauren, Mahoney was the driving force behind the deal, which closed in June.

"I had gotten to know the people (Sea Island) through my work at Polo and could not think of a better strategic partner," he says. "They had the tradition and heritage that comes with an enterprise that has been around since 1928, and they had the financing."

Mahoney's pitch immediately made sense to Sea Island.

"We saw Peter Millar as a luxury goods manufacturer looking to expand its parameters, and in our view, that ran very parallel to what we wanted to do," says Eric Schneider, director of golf and retail operations for the resort, which generates roughly $200 million in annual revenues. "We are, and always have been, a lifestyle brand, and we are always looking for opportunities to reinforce that."

The move was certainly a big step for North Carolina-based Peter Millar, which gradually expanded into sportswear by selling shirts to resorts, pro shops and specialty retail stores across the United States.

"We stumbled onto some really good golf reps as we were opening retail accounts early on, and we found it fairly easy to go in that direction as well," says Chris Knott, who founded the apparel business with partners Greg Oakley and Chet Sikorsky, and still retains an equity position.

Today, golf represents nearly 70 percent of Peter Millar's sales, but its apparel lines are diverse, ranging from Egyptian cotton golf shirts ($75-$95) to neckwear ($75-$85) to cashmere outwear ($250-$450). The company sells its apparel in about 600 shops - an account base it soon plans to double. But it has no plans to enter department stores and instead will battle competitors such as Polo, Fairway & Greene and Bobby Jones at upscale resorts and pro shops.

Peter Millar - a fictitious persona created to represent a brand that connotes traditional luxury - has been selling to Sea Island almost since its inception. And its client list includes a host of other top pro shops as well.

"The company has done a very good job with its fabrics and colors, and their customer service is excellent," says Jim Langley, head professional of the Cypress Point Club in Pebble Beach.

Adds Jim Morris, the golf professional at the National Golf Links on Long Island: "Peter Millar has become one of our premier lines, and we have sold out of it twice this year."

But for Sea Island, the apparel brand means much more than just clothing.

"We could do Peter Millar home furnishings, which fits nicely with the real estate development we do down here, and also rustic outdoor apparel, again complementing the things that will happen with our Lodge at Cabin Bluff, where the emphasis is on hunting and the outdoors," Schneider says. "This is not only about golf or specialty men's attire. We see lots of growth opportunities."