

THERE'S NO BUSINESS LIKE SHOE BUSINESS

10,000 luxury shoes on a single floor lift sales to lofty heights at **Saks Fifth Avenue's** New York flagship By Vanessa Groce



If the shoe fits, give it its own zip code. That's the big idea behind Saks Fifth Avenue's gargantuan new luxury shoe department—a virtual Imelda Marcos-style paradise that sweeps across the entire eighth floor of Saks' midtown Manhattan flagship. It is a space so vast, in fact, that the United States Postal Service has even awarded it an official zip code (10022-SHOE).

The zip code may be a public relations coup whose purpose is purely promotional. But the 10,000 square feet of selling space devoted entirely to shoes—one of Saks' most profitable categories—is a merchandising masterstroke. The new space is more than twice the amount that Saks formerly devoted to shoes at its New York store, and there's little doubt about its ability to attract new customers and boost sales. Women's accessories director Beth Kanfer, in fact, confidently predicts it will yield a double-digit increase in shoe sales next year.

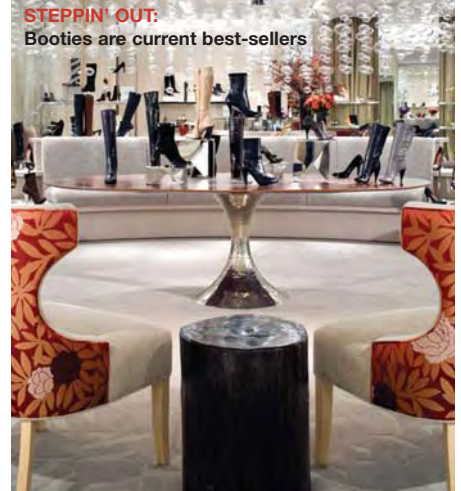
That's possible. New York is, after all, a city filled with Imelda wannabes—i.e., footwear connoisseurs (including both locals and tourists) who've been flocking to the new department since it launched in August with a special live broadcast on NBC's "Today" show. Awaiting those eager shoppers are up to 1,500 pairs of shoes on tables grouped according to designer (about 50 brands in all). Joining such familiar upscale brands such as Jimmy Choo, Christian Louboutin, Chanel and Gucci are hip newer labels like Jonathan Kelsey, Nicole Brundage and Gianvito Rossi. Retail prices start at approximately \$200, and skyrocket up to almost \$4,000.

An express elevator whisks customers directly to the eighth floor shoe department—where, in addition to a VIP room for private shopping (for shoes and everything else),

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there's spacious seating in a living room atmosphere, a shoe repair service center and a Charbonnel et Walker chocolate café.

Best-selling shoes this past fall have included the shoe bootie, as well as high heels and patent leather in general, says Saks' group senior vice president/GMM Jennifer de Winter. Thus far, she adds, the shoe department's sales have exceeded



STEPPIN' OUT:
Booties are current best-sellers

For the third quarter of 2007, Saks reported that profits more than tripled—due in part to the barrage of new customers at 10022-SHOE

the store's expectations, at least in part because it has attracted new customers. For the third quarter of last year, Saks reported that profits more than tripled—not only on account of tourist spending, but also, a barrage of shoppers at 10022-SHOE.

Accessories account for approximately 25 percent of Saks Incorporated's sales, Ron Frasch, president and chief merchandising officer, told financial analysts recently. Chairman and CEO Stephen Sadove added that women's shoes and handbags stand out as "robust" categories, boosting sales in the most recent quarter by 13 percent—a gain that helped offset narrowing (but persistently problematic) net losses for Saks over the past several years. Despite profitability woes, however, the company's 54 Saks stores in 25 states (plus two doors in the Middle East) accounted for the bulk of Saks Incorporated's \$2.9 billion in revenues last year, with some help from catalog and online sales.

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In addition to shoes and handbags, the next most popular accessories items are sunglasses, jewelry and belts, says Kanfer. Best-sellers this fall have included softly structured handbags, belts (wide as well as skinny silhouettes) and bangle



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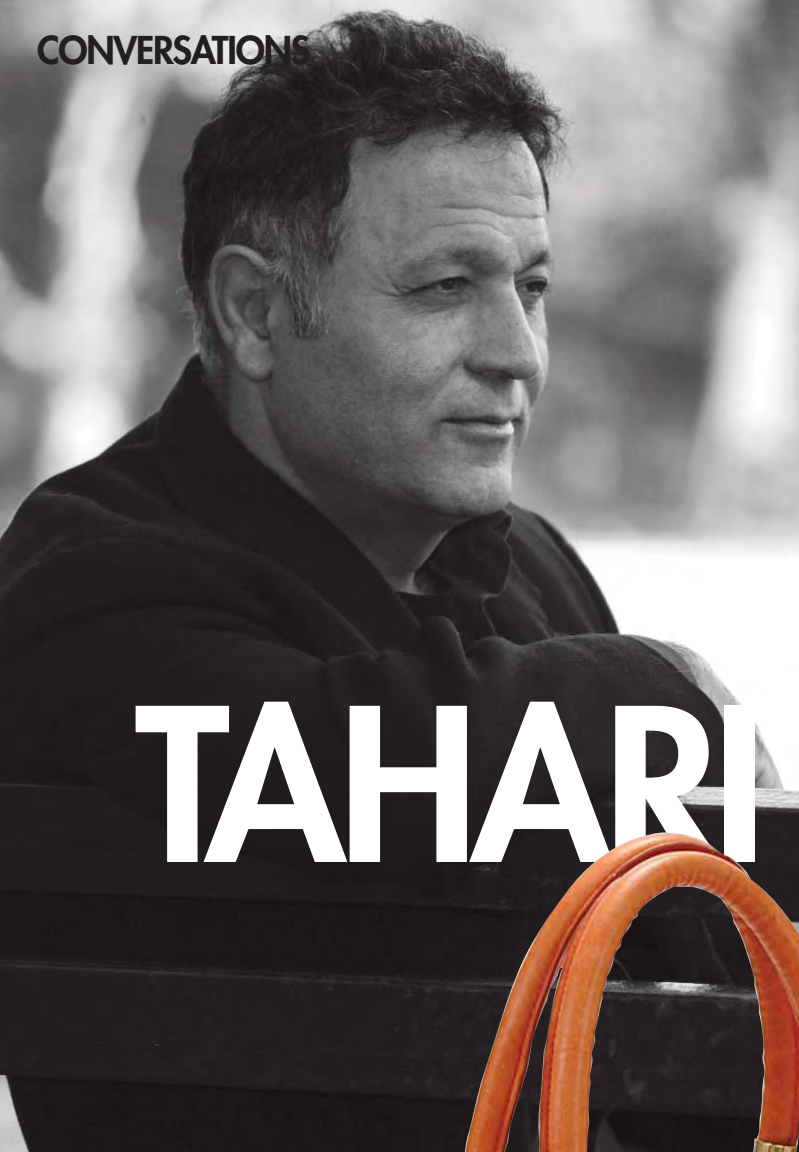
—BETH KANFER,
WOMEN'S ACCESSORIES DIRECTOR

bracelets. Saks recently expanded its mainfloor handbag area, adding new brands such as Kotur in the special-occasion category.

Since Saks merchandises all of its brands by lifestyle and double-exposes accessories in its ready-to-wear and contemporary areas whenever possible, the store is looking to expand its mainfloor space for accessories even further. For spring, key themes in handbags will include shoulder silhouettes, followed by bangles and oversized but shorter-length necklaces, says de Winter.

For each accessories classification, Saks offers a comprehensive brand lineup—all carefully edited for each of its national markets. “We focus on pillar brands, while also identifying trends and developing new designers,” says Kanfer. Trends translate directly to sales at Saks, whose customers she describes as “ageless and fashion-conscious” with a “money-is-no-object” mindset. They are also less loyal to brands and more focused on the season’s most-talked-about accessories, she says. “Our customers are constantly updating their accessories, so we need to be the leader in trend items.”

Catering to money-is-no-object shoppers with an unparalleled shoe emporium, Saks is certainly a leader. And on her next trip to New York, it’s a must-see for Imelda. ●



Known as 'the architect of fashion,' designer **Elie Tahari** expands his empire with a new line of handbags
 By Vanessa Groce

TAHARI TALKS

Elie Tahari (above) recently launched a diffusion line, Tahari Handbags. Below, a bold color statement from the Spring '09 line.



"Great architects create spaces that are very much in tune with the wind, the sun, the light, the air and the seasons. Clothing should be no different," says designer Elie Tahari. In fact, if he weren't already in fashion, Tahari might well have become an architect—given his affinity for clean lines and an understated approach.

Since founding his namesake company in 1973, Tahari has established a \$500 million empire spanning five continents (including more than 600 stores in the United States, plus five freestanding boutiques). Here, he discusses his expansion from apparel to accessories—most recently, with a new diffusion line, Tahari Handbags, which is produced by Accessory Network.

You're very well known for a distinctly architectural approach to apparel, with understated, clean-lined collections. How did you decide to add handbags?

In 2006, we launched Elie Tahari Accessories in our collection stores, because designing handbags was the natural next step to create a full look. Today, accessories are such an important component to a woman's style. Handbags can be just as much of a statement as a great dress or fabulous blouse. I'm excited to launch Tahari Handbags, our diffusion line >

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SPRING FORWARD

Top and bottom:
Chic new styles from Tahari Handbags.
Center:
A vibrant floral look from Elie Tahari's recent runway show.



for Spring '09. It's on trend and stylish, and now available to more customers at affordable prices.

How will your apparel aesthetic influence your handbag designs?

I design handbags with the same aesthetic as I do with my apparel collections: I pay close attention to details, shapes, silhouettes and fabrics.

How would you describe the Elie Tahari customer? And the Tahari customer?

The Elie Tahari Collection customer is sophisticated, sexy and confident. Similarly, the Tahari customer is feminine and stylish. She shops for quality products at great value.

You already offer a shoe collection. Which other accessories classifications do you plan to add in the future?

We're looking at all classifications that make sense for the brand, and the best time to add them. We look forward to creating an Elie Tahari lifestyle brand.

Besides your presence in upscale department and specialty stores, you also operate freestanding Elie Tahari Collection boutiques (in Soho, East Hampton, Las Vegas, Boston, Atlanta and Boca Raton) and an e-tail division (Elietahari.com). Will you open more signature stores in coming seasons?

We are opening a new Elie Tahari Collection store in Bal Harbour, Florida, this fall.

For Spring '09, what's the focus of your handbags (in terms of silhouettes, colors, materials and embellishments)?

I applied specific design elements from sculpture and art to the shoes and handbags. I was also inspired by vintage jewelry, and incorporated jeweled embellishments to add glamour and femininity to the collection. For the Spring 2009 Tahari Handbags, we were heavily influenced by the Elie Tahari Collection. The Tahari handbags come in an assortment of sizes and shapes, from large shoppers, hobos and totes to small pouchettes and clutches. We incorporated hints of our apparel details throughout the collection, including ruching, pleating and ruffles. And colors such as burnt orange, clover green and mustard yellow really 'pop' on the salesfloor. With materials such as soft nappa leathers, nylon, canvas and croco, we paid close attention to detail, textures and interesting embellishments. Some styles even have detachable shoulder straps and double-zipper detailing—which are not only functional and sporty, but chic as well!

What are your goals for the brand during the next five years?

I want to introduce the Elie Tahari brand to more customers around the globe. We just launched the Elie Tahari Collection in Harvey Nichols and Selfridges in London, and we plan to open in Asia and Middle East in the near future.

Your wife, Rory, has helped you expand your company tremendously. How does she help inspire your collections?

Rory is the best-dressed woman I know! Her look influences my designs every day.

What do you enjoy most about your career?

I love to see strong, confident women wearing my designs!



WHAT'S IN STORE: Tory Burch will open eight more signature stores this year

TORY'S PARTY

Winner of the Accessories Council's Best Brand Launch award, designer **Tory Burch** has plenty of reasons to celebrate *By Vanessa Groce*

Even before her "Oprah" interview, she was already a celebrity of sorts. A fixture of Park Avenue society, she launched her eponymous lifestyle collection and flagship boutique in New York in 2004, has been profiled extensively in *Vanity Fair*, and—if that weren't enough to make hers a household name at fashionable addresses—she recently dated champion cyclist Lance Armstrong.

Indeed, Tony Burch's "Oprah" appearance translated into millions of hits on her website. Her styles are sophisticated yet affordable (handbags and shoes range from approximately \$175 to \$695), with a 1960s and '70s-style twist and influences that are both bohemian and ethnically derived. Having debuted her brand four years ago (following fashion publicity positions at Ralph Lauren and Vera Wang), she has expanded from her eponymous boutique on Manhattan's Lower East Side to 10 stores (with eight more opening this year). That's in addition to placements at Bergdorf Goodman, Neiman Marcus and Saks Fifth Avenue, plus 200 specialty stores across the country.

Beyond her signature graphic-print tunics and chic sequined dresses, accessories are increasingly stealing the spotlight for Tory Burch. Her signature double-T disk logo has made her footwear ubiquitous (and widely imitated)—particularly the beloved "Reva" flat, named after her mother. And her other accessories are catching on just as fast. Following her 2005 "Rising Star" award from the Fashion Group International, she recently took Best Brand Launch honors from the Accessories Council. Here, Burch talks about her aesthetic inspirations, plans for her brand, and the power of accessories.

In creating a total look, how important are accessories to your collective brand?

Accessories are an essential part of our brand—we launched a small line of shoes and handbags with the first

RISING STAR: Burch's popular double-T logo (right) steals the spotlight



CONVERSATIONS

ready-to-wear collection. They're a great way for women to express their individual style, and put a unique twist on a simple outfit. Changing one's shoes and handbag is also an easy way to take an outfit from day into evening.

Your Spring 2008 collection includes handbags (ranging from clutches to dome-shaped satchels and raffia totes) as well as Grecian-style sandals. What other accessories are you focusing on for the season?

Our resin clutch is one of my favorites—it has a vintage feel, and works well from day to evening. Our patent slingback wedges with tassel detailing at the toe are also important for spring—I love them in gray patent with yellow trim. We also added a great new flat that's somewhere in between a sneaker and a ballerina silhouette.

Which accessories classifications would you like to add in the future? Sunwear, scarves, leathergoods and hair accessories (headbands in particular) would seem to be natural expansions for your brand, as would fragrance and home décor.

I'd love to add eyewear, a home line and fragrance. We created an exclusive retail line of gift-giving pieces for the holiday season, and I'm really excited about it! Along with key chains, travel wallets, luggage tags and cosmetic cases, it includes slippers, gloves, hats, scarves, dog sweaters and travel blankets.

How would you describe your customer?

I design for the woman who wants chic, easy pieces that will complement her lifestyle. I love the fact that women of all ages wear our shoes and handbags—my mother wears them, as do my stepdaughters.

Besides your presence in upscale department and specialty stores, you now have 10 signature stores from New York to Los Angeles—with eight more opening this year. Would you ever consider opening an accessories-only store?

One of the Las Vegas stores will have a bigger focus on accessories than our other Tory Burch boutiques.

We're thrilled about our success in shoes and handbags, and we'll make them a larger part of our total retail experience as we continue to expand.

How will you expand your distribution? Would you consider adding a diffusion or even more upscale line, for example?

For now, we're focused on growing our handbag collection. I want to expand slowly so that we can stay true to our original vision, and keep giving our customers what they want.

Who or what inspires your aesthetic vision?

Many aspects come from my childhood. My parents are my biggest inspiration: They have a classic American sensibility in the way they dress, and I definitely incorporate that into my designs. I can remember as a little girl watching my mother get ready for an evening out, and thinking she was the

most glamorous and chic woman I'd ever seen. I feel the same way when I look at her now.

What will be some of the key themes for your Fall 2008 collection?

We're focusing on new ways of incorporating our signature hardware into our designs, and experimenting with layering. In handbags, the clutch silhouette will be key.

What do you enjoy most about your career?

Design is an incredible creative outlet. I have such a sense of accomplishment in watching a concept for a handbag or shoe going from a simple sketch all the way to the final product. ●



SPRING FORWARD: A metallic tote, vibrant casual footwear and chic clutches

