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# WWD WEDNESDAY

Sportswear

## Boy Meets Purl

**What's in a blanket? Plenty, if you're former Ksubi exec Greg Chait. His new line, The Elder Statesman, launched earlier this year, was inspired by a throw he received eight years ago. The collection has now grown to include a whole range of cashmere knits, such as the hoodie and blankets here. For more on Chait and on knits, see pages 4 and 5.**



COMPLIMENTS OF WWD



## A Devil in the Details: Accessories Hurting, From Jewelry to Bags

**By Sophia Chabbott and Caroline Tell**  
The rules of the game have changed in accessories.  
The category that has consistently outperformed all others in the last decade has come down to earth, unable to buck the economic storm

of the recession and its impact on the consumer psyche.  
Handbags succumbed early on when high-end stores such as Saks Fifth Avenue, Bergdorf Goodman, Neiman Marcus and Bloomingdale's offered steep discounts even before Thanksgiving to induce customers to

snap up bags from Balenciaga, Yves Saint Laurent and Pierre Hardy at less than half price.  
The "It" bag? Not this year.  
And fine jewelry and watches, which have previously resisted economic ebbs and flows for their gift-giving clout  
*See After, Page 10*

PHOTO BY TALAYA CORTIÑO; MODEL: KARRIE/FRUMP; HAIR AND MAKEUP BY VANESSA EYEWAL AT PETRA ALEXANDRA; STYLED BY MAYTE ALLENDE



# After Strong Run, Accessories Slide

Continued from page one

and intrinsic value, are still plentiful on Christmas Eve.

"When the rest of the store is 75 percent off, why would anyone want to buy full-priced fine jewelry?" said a retail executive, who asked not to be identified. "It's been a tough season for jewelry."

In a bid to drive sales, Saks this month offered a sale on several of its fine jewelry brands — a rarity in the world of gold, diamonds and pearls.

The unanswered question is whether this year marks a fundamental shift in the category.

But as unemployment rises, lower stock prices gyrate and spending and credit are squeezed tighter, 1,140 jewelry businesses have closed this year and bankruptcies are up 18.6 percent in the jewelry retail sector, according to the Jewelers Board of Trade, a credit and collections bureau. Among those that liquidated were Whitehall Jewellers Inc., Friedman's Inc. and Crescent Jewelers.

As if that wasn't bad enough, there is speculation among jewelers that the upheaval on Wall Street, including the Bernard Madoff scandal, is already forcing customers to return merchandise valued in the six-figure range.

This month, jewelry retailer Finlay Enterprises Inc., which runs leased jewelry departments in stores across the U.S., said in a filing with the Securities and Exchange Commission that its lenders are performing another review that could further impact the firm's borrowing capacity. If the company can't improve its liquidity, Finlay said it might have to "significantly curtail our operations or pursue other available options."

Zale Corp., seeking to save more than \$65 million a year, said it planned to cut more than 200 jobs and close 105 stores. Zale had a 0.7 percent dip in comparable-store sales in fiscal 2008.

Diamond jewelry retailer Kwiat has had a "very challenging" second half of the year after a robust first half, said Greg Kwiat, chief financial officer.

The sale of diamond engagement rings and wedding bands, however, has withstood a decline, but Kwiat said it's hard to imagine any scenario for 2009 that does not continue to pose challenges.

"Consumers are likely to remain cautious and wait for sustained signs that the economy is beginning to recover before making discretionary spending decisions," he said. "At Kwiat, we are taking a conservative approach and focusing on our strengths in engagement rings and wedding bands."

Nina Segal, founder of jewelry boutique Nina at Fred Segal in Santa Monica, Calif., sees customers scaling down their purchases.

"We are not getting the big hits," she said. "We are not getting people dropping \$1,500 or \$2,000. A big gift is \$500."

Even when they open their wallets, Segal said customers are careful about what they buy and often ask about the materials used in the pieces.

"If something looks too expensive, they probably won't really bother," she said. "People are questioning the value of what they are getting for their dollar more."

Jewelry lines that customers believe provide value are outshining the competition. Segal singled out Disney Couture, Liquid Metal and Nash, which Segal makes with Ashleigh Cohen, as standouts because they give customers the ability to get desirable pieces for \$200 or less.

Orly Haroni-Ohebsion, owner of Moondance Jewelry Gallery in Santa Monica, Calif., and Miriam Fleming, owner of Miriam Claudette Jewelry & Accessories in West Hollywood, Calif., stressed that price point variety was critical this holiday shopping season. Haroni-Ohebsion said she's brought in items priced as low as \$10 for the first time.

"People are holding back; it doesn't seem like Christmas at all," said Haroni-Ohebsion. "We are in a very good area where people are not losing their jobs and their homes, but there is a feeling of 'How can I indulge in luxury when people are having a hard time?'"

With customers troubled by macroeconomic issues, jewelry that conveys meaning to its wearers is finding an audience. For example, Sydney Ewan's pieces with hamsas (hands) are top picks at Miriam Claudette and Moondance, which is also finding success with the lines

Blee Inara, Lena Wald and Pilgrim.

"People are really going for something that is uplifting," Fleming said.

In addition to pieces with meaning, styles that are versatile are gaining traction. Haroni-Ohebsion pointed out that Chan Luu pieces priced around \$200 that can be worn as single long necklaces, double necklaces or wrist wraps are popular.

Anjanette Clisura, president and co-creative director of Diamond in the Rough, the fine jewelry brand sold at Bergdorf's and Connecticut's Mitchells of Westport and Richards of Greenwich, had a challenging fall, but a productive holiday toward the end of December.

"Higher-priced items are doing well," said Clisura, who has been traveling doing trunk shows at stores.

The company has sold some important pieces from its Astra collection that features multicolored rough diamonds with prices that start at \$19,000 and climb to \$125,000.

Brian Bolke, co-owner of Forty Five Ten in Dallas, said jewelry prices have softened.

"A lot of women pick out their own present and they are being a little bit more sensitive about what they're asking for," Bolke said. "We've done really well in the \$1,500 to \$2,500 range when it used to be \$3,000 to \$4,000."

Bestsellers include organic and ethnic-inspired looks by The Woods, and Kimberly McDonald's gold, diamond and natural quartz styles. Forty Five Ten has also sold dozens of 14-karat gold and semiprecious earrings priced below \$200 by Melissa Joy Manning.

"It's simple but lovely and appropriate, and it doesn't induce sticker shock," Bolke said.

Ken Downing, senior vice president and fashion director at Neiman's, said, "Customers continue to be enthusiastic about the statement jewelry trend of the season. Berry and smoky colored stones have been popular in necklaces, cuffs and oversize earrings. Distinctive and unique continues to be important with our customers in the world of fine watches and precious jewels."

Leathergoods and accessories brands are weathering the financial storm by providing product with accessible prices.

"For the 2008 holiday season, Cole Haan has focused on building the brand as a gift-giving destination," said ceo Jim Seuss. "In addition to an assortment of handbags, footwear and outerwear, Cole Haan has a wide range of luxurious giftables, many under \$100. Key items this season include gifts for entertaining at home, items for the consummate traveler and pet friendly keepsakes."

One of Schifter + Partners' tactics has been to draw consumers in at every level of the market. The firm's L.A.M.B., Harajuku Lovers and Jill Stuart handbags brands cover a spectrum of price points and distribution outlets, including Macy's, Neiman's, Shopbop.com and Intermix, reaching a broad range of consumers.

"The retail environment undoubtedly has been challenging in the fourth quarter, but we have made plans with both our L.A.M.B. and Harajuku Lovers brands in key accounts, and online retailers have been particularly strong," said chairman and ceo Tim Schifter. "Our price points and assortments are very competitive, our designs are highly differentiated from the competition, and our brands are resonating with the consumer on many levels. You need it all to compete in this environment."

Schifter cited leather satchels and totes from L.A.M.B.'s Music collection as strong holiday sellers, as well as its new Donington collection. He is also pushing targeted in-store events, special window displays and other retailer-focused activities to draw attention to his brands.

After opening accessories-based stores in Florida, Ohio and California, Henri Bendel is pushing its own branded products in striving to become an international brand. Ann Watson, Bendel's vice president and fashion director, said accessories featuring Bendel's signature brown and white stripes is faring well, most notably the bangle at \$68.

At the upscale Ikram store in Chicago's Gold Coast neighborhood, accessories have been a strong seller for the holidays with



Diamond in the Rough earrings.



Bag from L.A.M.B.'s Music collection.



City guidebooks by Cole Haan.





# In Downturn

Disney Couture's necklace and bracelet.



“Consumers are likely to remain cautious and wait for sustained signs that the economy is beginning to recover before making discretionary spending decisions.”

— Greg Kwiat, Kwiat



A ring from Melissa Joy Manning.

jewelry in particular possessing an emotional draw for clients. “They feel like they’re buying something special, something that’s going to be lifelong,” owner Ikram Goldman said. Goldman said dainty earrings and necklaces from Alexandra Rivera and hammered gold pieces with inlaid diamonds from Darlene DeSedle have gotten attention from shoppers, along with costume jewelry, including a \$300 rhinestone and chain bracelet from Fenton by Dana Lorenz. Clients are also buying \$240 leopard and zebra print makeup bags from Lambertson Truex, along with the line’s colorful \$200 canvas bags, which Goldman has reordered after some women bought multiples. Regarding customers’ moods, Goldman said, “They’re respectful of what’s going on in the world. They know it’s not a good or stable time in the country. Is it stopping them from shopping for what they really want? No, but they are more cautious.” Since customers are trading down and buying fewer items, Jerry Kohl, founder and president of Brighton Accessories, a City of Industry, Calif.-based accessories wholesaler and retailer that sells to 5,000 stores in the U.S. and has 130 of its own, said boutiques must bring in more customers to get the cash registers humming. He outlined programs that Brighton is suggesting to help its wholesale customers, including giveaway programs and events marketed toward local clientele, without resorting to deep discounts. “In sales, most of the stores were down 10 to 20 percent,” Kohl said. “I much rather be down 10 to 20 percent at full price than 10 to 20 percent at [a discounted] price. I don’t think they are going to be up no matter what they do.” Fraser Ross, who owns the Kitson chain and opened a store on Melrose Avenue in Los Angeles on Friday, said despite poor sales in apparel, traffic last weekend was better than on Black Friday. “Clothing is just tanking altogether, except for single-item driven lines, like leggings or a boyfriend sweater,” he said. “Scarves and gifts are carrying us again.”

— With contributions from R.B., Beth Wilson, Anne Riley-Katz and Holly Haber

# Michael Beaudry Opens L.A. Boutique

By Rachel Brown

**BEVERLY HILLS** — Michael Beaudry’s evolution from diamond cutter to jewelry designer to budding lifestyle brand architect reached a new milestone this month with the opening of his first flagship here.

Beaudry, who owns his namesake brand, settled on the 800-square-foot space at the Montage Beverly Hills hotel after searching the last few years for the right spot in the area. The store is the first of what he hopes to be a network of five to six Beaudry salons in the next three years.

“The opportunity to be located in the Montage was one that I couldn’t resist,” Beaudry said. “We wanted something that was destination, that was prestigious but not necessarily on Rodeo [Drive]. Having it be not so accessible has a cachet that works for us.”

He estimated the store would generate \$5 million to \$10 million in first-year revenues, although he cautioned projections are difficult given the economic climate. Beaudry has sought the help of Alexander L. Cappello, managing director of Santa Monica, Calif.-based Cappello Capital Corp., to assist in financing his growth plan for the brand and seeking potential strategic partnerships. “While capital is difficult to raise now, there are companies interested in taking market share and risk,” he said.

The Beverly Hills unit is a stage for the expanding Beaudry brand, which launched timepieces ranging from \$60,000 to \$195,000 in April and home goods ranging from \$2,000 to several hundred thousand dollars this month, coinciding with the opening of the store. Almost everything in the store is for sale, from the \$25,000 inlaid 17th-century Maltese stone floor centerpiece to the French silk light sconces that range from \$2,000 to \$16,000.

Designed by Beaudry in what he called a “romantic grandeur” style, the space is separated into three sections — a foyer, gallery and library — purposely referencing home layouts to give it a residential sensibility. The store has white walls, walnut and stone flooring, mahogany ceilings, upright jewelry cases in antique white with accents evoking jewelry filigree, and horizontal jewelry cases of Burlwood recalling Beaudry’s jewelry boxes.

“We wanted it to be dreamy and luxurious, without going too far over the top,” Beaudry said. “We want it to be as detailed and as luxurious as the jewelry.”

Beaudry, whose family history in Los Angeles

can be traced to the 1840s, followed his uncle Raymond’s footsteps into diamond cutting and opened a factory in downtown Los Angeles in the mid-Eighties. In the early Nineties, he began importing and exporting stones before trying his hand at jewelry design in the late Nineties.

“I started seeing my stones going into settings that were not very interesting, not very secure or both,” he said. “I started to think, Why not innovate a little bit and create mountings that were inter-



The store’s interior.

PHOTOGRAPH AND STORE PHOTOS BY TYLER BOYE

Michael Beaudry in his Beverly Hills boutique.



Diamond earrings from Michael Beaudry.

esting and more artistic and sculptural like a diamond is sculptural?”

As Beaudry’s design skills matured, he moved beyond the rings for which he initially became known. In the store, the jewelry selection is largely grouped into three categories: the opening price point Beatique collection mostly from \$2,500 to \$20,000, the Signature collection from \$15,000 to \$30,000 and the Couture collection that runs into the several millions of dollars.

Beaudry, 42, views his brand as developing into a lifestyle resource that’s embodied by him and his wife Laura, whom he met five years ago when she came to work at Beaudry and who now is the face of the brand’s ads.

Before this year, Beaudry said the brand, which sells to 38 Neiman Marcus stores and 40 independent retailers, was experiencing year-over-year growth in excess of 25 percent.

“We would like to get back on track to that growth plan,” he said. “We don’t necessarily expect to do that business right away. The growth plan has to have a reasonable leash for the time it takes to gain momentum.”

# Kimberly McDonald’s Animal Approach

By Sophia Chabbott

**KIMBERLY MCDONALD PRIDES** herself on incorporating nature into her fine jewelry designs, and now she’s giving back to it.

The Manhattan-based designer has begun an initiative to help animals on the endangered species list. This month, she launched the Ursus Maritimus Collection — earrings, pendants, rings and the like that incorporates her signature geodes with diamonds to help raise awareness for polar bears. Ursus Maritimus is the Latin name for the animal.

McDonald uses gold, diamonds and white geodes to evoke the ice caves in which the animals rest. Small pavé diamond-covered polar bears are set into the geodes for an earthy yet glamorous look.

Ten percent of each piece sold will go to the nonprofit organization Conservation International in its efforts to preserve the environment, in turn benefitting the polar bears. McDonald



A piece from Kimberly McDonald’s Ursus Maritimus collection.

marked the new collection with a party also attended by the collection’s ambassador, actress and animal lover Sophia Bush. Prices range from \$5,000 to \$15,000 at retail, and the line has been picked up by Bergdorf Goodman, Neiman Marcus, Forty-Five Ten in Dallas and Browns of London.

“I have always been concerned with the plight of animals caused by what we as people have done to the environment,” said Bush, a client of McDonald’s. “It is an exciting way for me to give my time and support to an organization that strives to safeguard our environment and vulnerable species like the polar bear.”

McDonald said buzz is growing on the collection. “It’s been a crazy holiday for everyone, but we’ve sold several pieces,” she said.

Next, the designer will launch a collection inspired by sea turtles, which will be endorsed by another celebrity. There are plans to do a line to benefit an animal each year through The Nature Conservancy.