



Brian Harkin for The Wall Street Journal

Fashion designer Tory Burch says the economic downturn has forced her to edit products more carefully and be ready to increase or decrease shipments at shorter notice, depending on what's a hot seller and what isn't.

Steering a Young Label in Lean Times

BY VANESSA O'CONNELL

Clothing designer Tory Burch for the first time next week is joining other big labels to unveil her new spring looks in the tents at Bryant Park, the official venue of New York Fashion Week.

Her small but growing business, with sales topping \$200 million a year, is part of a category known as contemporary—an assortment that includes casual but edgy looks and feminine dresses.

The past year has been among the most turbulent for the fashion industry, which has been hit by plunging consumer demand and tight credit. The 43-year-old Ms. Burch has kept the company growing, but it took almost a year to land a needed new investor. In late July, she sold a minority stake to Tresalia Capital, a private-equity group run by an heiress to the Grupo Modelo Mexican beer empire.

Ms. Burch, who operates 20 boutiques and sells to 450 retail locations, such as Saks Fifth Avenue and Neiman Marcus, tries to keep prices in the low- to mid-tier of the designer range. Printed silk dresses are priced around \$400. Ballet-style flat shoes are less than \$200.

After working in public relations for Ralph Lauren and Vera Wang, Ms. Burch launched her first store in New York in 2004 with her then-husband, venture capitalist Christopher Burch, who remains co-chairman. In an interview, she discussed how she's arranged to quickly adjust to shopper demand, and why her latest store is an off-price outlet.

WSJ: What moves paid off for you this year?

Ms. Burch: Costs are something we have always been really conscious of. That's working to our advantage right now.

I worked out of my apartment for the first two years.

Then we went to one room with about 40 employees.

WSJ: How has the downturn affected your plans?

Ms. Burch: The day we opened our first store [in 2004], we basically sold through our inventory, which was a very exciting thing.

We have definitely grown quickly in five years. But it has been strategic and thought out. So we have been through cycles, but the economic downturn is the most challenging one we have seen. It has always been this rapid growth. We are still growing. But it is a little more careful.

WSJ: What would you have done differently this year?

Ms. Burch: We just opened a second outlet store [in San Marcos, Texas], which would have been great earlier.

We want to be careful with an outlet business. We want to be *Please turn to page B6*

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able to have a place to put our excess product. But it's not something that we intend to market in a big way.

We now have 20 free-standing stores. We definitely have inventory [when the season ends] and we are ready to get rid of it. We also want to merchandise it, and make it look like our brand. We don't want just random pieces in different places. For me it is more interesting to have it in an environment that we are controlling.

WSJ: How are you dealing with the declining spending overall by shoppers?

Ms. Burch: This whole downturn of the economy has made me a better a designer and our team better designers as well. It has made us be really more selective with what we are putting in our stores.

One way that we have been able to focus our lines and edit our products more carefully is by strategically using our deliveries [to stores from our factories]. We make about 11 deliveries a year, so we are able to get in and out of things very quickly. If something is working, we are able to produce it faster. If not, we are able to get out of it faster.

Our e-commerce business has been a big focus for us. The Web is a great way to really get our brand across in the way that we want to.

We are continuing to expand, as I say, carefully and strategically. We are getting better rents. That's positive for now. We are focusing more on accessories as well. Our footwear business is great. It is fantastic and really holding up. And now we are finding that our handbag business is really performing. I think there's a big opportunity in our costume jewelry.

WSJ: Have retailers pushed you to lower prices or produce more less-expensive items?

Ms. Burch: I don't feel retailers are necessarily pushing us. But I think they can always suggest different things they would like to see. Our price point was pretty accessible to begin with.

I am looking at trying to do things in a less expensive way. But I am trying to make things more exclusive as well, which happen to be more expensive. We have ballet flat for \$195. That's a great price point. We have our blue jeans at \$125. But then we have a leather jacket that's \$795. And that's selling really well.

WSJ: What styles do American

women want now?

Ms. Burch: Shoppers want more special items. It's not all about basics anymore. Although people want the versatility of things they can wear things season after season. They want clothing that can be worn from day to evening. They are shopping, but more carefully. And what they buy, they are putting a lot more thought into. They really want to feel that they are getting value in what they are buying.

WSJ: Where's do you see future opportunity?

Ms. Burch: We're growing in Asia. We just launched in Japan a few months ago with a shop-in-shop with Isetan. They told us we were their No.1 brand launch, which is very exciting. We are opening a store in Ginza in November—our first free-standing store internationally.

We will be going to the Philippines and Korea in the next year, with our own stores. I feel that Asia can be as big as our U.S. business, if not bigger, as we grow consecutively.

We wanted to grow in Europe eventually and we opened an office in Milan about a year and a half ago, a sales office.

WSJ: You'll be unveiling your spring collection at the tents in Bryant Park for the first time next week. Why now?

Ms. Burch: One, it was convenience. We've always done our presentations in art galleries. We've been creative in finding different spaces. But there's a lot of coming and going. Getting in an elevator, it was confusing. We had one year where a lot of people got stuck in the elevator. It was not a good thing.

It's also our getting down to business a little bit more. It will be shorter—only an hour versus two hours in the past. The cost of being in the tents is actually a little less expensive than some of the other spots we used.

The event is still not a runway show. It's a presentation. I like the casualness of it—editors being able to come and go, and retailers really seeing the clothes up close. We have never been able to afford a runway show. And the models are little less expensive that we are using this year.

A Look at Tory Burch LLC



A studded satchel for fall, at \$595

2007
\$115 MILLION

2009
More than **\$200** MILLION

Estimated annual sales

Tory Burch

- Age: 43
- Has forthcoming cameo, as herself, on 'Gossip Girl.'
- Divorced Chris Burch in 2006. Current beau: Warner Music executive Lyor Cohen.

Quick snapshot of designer

WSJ.com

ONLINE TODAY: Watch a video with Tory Burch and see photos of her collections at WSJ.com/Fashion.