

Denim Report

IK Retail Building New DNA in U.S.

By Beth Wilson

IK RETAIL GROUP, LED BY IRAKLIS Karabassis, who helped grow Benetton in the U.S., is rolling out a new retail concept, denim-based DNA 2050 with stores in New York, Chicago and Tysons Galleria in McLean, Va.

In addition to those locations, DNA 2050 is to launch another women's and men's boutique in downtown Chicago, possibly this year. It continues to scout for a second site in New York and retail space in Atlanta and in Washington D.C.'s Georgetown section.

"DNA 2050 came about as we recognized a gap in the contemporary market for quality, trendy concepts for men and women in a multibrand environment that does not encourage customers to look alike as clones," Karabassis said.

Its first Chicago store, DNA's largest at 2,800 square feet, is on North Halsted Street in the Lincoln Park neighborhood near



The DNA 2050 boutique in Chicago is its largest at 2,800 square feet.



In the Chicago store, which features a denim wall and evokes a modern, minimalist vibe, prices range from a \$70 J. Lindeberg for William Rast T-shirt to a \$1,600 Just Cavalli leather

jacket, as well as \$175 to \$220 jersey dresses by SportMax Code. The denim selection includes Seven For All Mankind, Levi's, Anlo, Diesel and Rich & Skinny, among other brands.

Gamero forecast sales for the Chicago store from its opening in late July to July 2009 at \$2 million.

Washington, D.C.-based IK Retail Group, meanwhile, continues to do what it initially did for Benetton, assuming the role of partner with European brands to grow in the U.S., counting both G-Star Raw and Max Mara as partners. The company negotiates real estate, trains staff and invests in the U.S. expansion, Karabassis said.

Karabassis, who sold the Benetton stores he owned as a franchisee back to Benetton corporate this spring, owns DNA 2050 and three restaurants in the Washington area.

Barneys Co-Op, Club Monaco and True Religion. The boutique features a G-Star Raw shop-in-shop (IK Retail Group is also helping the Dutch denim brand expand its U.S. presence) as well as fashions from SportMax Code, J. Lindeberg for William Rast and John Varvatos for Converse.

"The concept is denim at its core, but it's not a denim store," said Mauricio Gamero, brand manager for DNA 2050, who added that store sizes average 1,500 to 2,000 square feet.

The company's name, DNA 2050, is intended to connote evolution and longevity — a customer who is a step ahead of others and who has an individualistic spirit.

"You can combine the clothes in your own way," Gamero said. "How you wear it and put it together, it's your DNA."

Sourcing Shift, Sales Lift Joe's Jeans

By Ross Tucker

STRONG SALES AND A MOVE TO OFFSHORE sourcing boosted Joe's Jeans Inc. to major earnings gains in the third quarter.

The Los Angeles-based premium denim label said earnings vaulted to \$2.2 million, or 4 cents a diluted share for the three months ended Aug. 31, compared with \$913,000, or 2 cents, in the same period a year ago.

"We are pleased with the progress we made this quarter and we look forward to capitalizing on our position in the marketplace for 2009," said Marc Crossman, president and chief executive officer.

Sales in the period rose 16.2 percent to \$18.2 million from \$15.7 million, with growth across the company's women's, men's, international and children's businesses.

Hamish Sandhu, chief financial officer, said women's sales at domestic department stores gained 24 percent during the quarter.

"We're not seeing canceled orders," Crossman said of the department store channel. "They're clearly ordering closer to the vest. When you look at premium denim as a whole within the department store, it's obviously a bright spot."

However, he acknowledged that what qualified as a bright spot in this retail environment could mean business was down 5 percent or flat.

Gains among department stores were partly offset by declining orders from the company's specialty store customers, many of which have been forced to reduce inventories or have gone out of

business because of the difficult economic environment. Crossman added that specialty stores' denim businesses were adversely affected by the heavy promotional activity of department stores during the summer months.

Results also were driven by a shift from domestic sourcing to lower-cost facilities in Mexico and Morocco. Sandhu said 86 percent of all product shipped was manufactured outside the U.S., compared with 79 percent in the previous quarter.

For the nine months through August, earnings spiked to \$5.1 million, or 9 cents, compared with \$1.2 million, or 3 cents, for the same period a year ago. Sales rose 15 percent to \$51.4 million from \$44.7 million.

Joe's is looking to expand its company-owned retail network. Last week, the company opened its first store, in Chicago's Bucktown neighborhood. Crossman said the company is on track to open three more units by the end of the year. A second store is to launch in the last week of this month at Woodbury Commons in Woodbury, N.Y.

Crossman said Joe's will be able to achieve single-digit growth during the fourth quarter and will introduce a revamped core women's range to kick-start the new year.

"You have to be a lot more creative to pull away from being a basic five-pocket, so that runs the gamut on everything you can do with the jeans," he said.

More emphasis is being put on details such as hand-stitching, embellishments and distressed looks. Management hopes its more mature customer will remain willing to pay for premium products.



LOS ANGELES
spring '09

Reality Check

Lauren Conrad: Her personal style is beloved by legions of girls, thanks to her hit MTV show "The Hills" and plenty of coverage in the tabloids, and looks in that tastefully pretty vein are just what the 22-year-old sent out for spring. While the collection was far from groundbreaking, the abstract floral and dotted print dresses in simple shapes, some trimmed with bands of shredded silk, will probably do what's intended — sell.

PHOTOS BY GIOVANNI GANNONI

more from the shows...



Crispin & Basilio

Ed Hardy

Viridis Luxe

Beach Bunny Swimwear

Crispin & Basilio: With a minimalist touch, designer Donny Barrios sent out a concise, sophisticated collection of silk crepe cocktail dresses and separates in a clean, neutral palette.

Viridis Luxe: Presentation is everything, and designer Hala Bahmet's recycled hardware accessories gave her collection of ruffled and shirred organic tops and dresses some street cred.

Ed Hardy: Unapologetic about his penchant for excess — more tattoo prints, more embellishment, more than 75 licenses at last count — designer Christian Audigier's signature hoodies and T-shirts were layered with abandon over barely-there swimwear and flashy denim.

Beach Bunny Swimwear: The Playmates sitting in the front row could cause quite a poolside stir in Angela Chittenden's racy metallic or lingerie-like bikinis and cover-ups.