

LUXE GETS LOWER

WOMEN'S : Faced with a surging euro, more small high-end designers are considering cutting their price points to increase their business. << By Michelle Baran

After more than two years of a soaring euro and declining dollar, high-end designers are now faced with some serious business decisions about how and where they make their collections — and at what price.

With no clear end in sight to when the dollar will gain strength against the euro — and also the British pound, which has rocketed even higher than the 12-country currency — smaller vendors are especially feeling the burn.

Whether cautiously experimenting with lower price points, holding out on shrinking margins or raising prices, the euro has forced creatives to ask themselves how they can keep selling shoes at prices that buyers — and consequently, American consumers — can keep up with.

"The dollar [has been] falling out of bed," said London-based Georgina Goodman. "That means that our shoes are being priced higher than we would hope in the U.S. This, in turn, affects sell-through with our clients and, in our view, our clients' problem is very much our problem."

"We're all here in the same boat," agreed American designer George Mang, who launched his signature collection three seasons ago alongside a bridge line, George by George Mang, which he discontinued to focus on his eponymous label. "When I launched my collection, the euro was \$1.18 and now look at it. We're hedging the dollar."

Indeed, with the euro now valued at \$1.34, some designers are taking the plunge into lower price points, either within their existing collections or with bridge lines that offer buyers more reasonable options.

For fall '05, at least four top-tier, independent designers have had to find ways to cut prices, including Goodman, Jane Brown, Terry de Havilland (see "European Eye," page 15) and Lindsay Perry.

For instance, Los Angeles-based Perry said she explored other regions of Italy to find less-expensive manufacturers. To that end, Perry has begun working with a factory in the country's Le Marche region that will allow her to create styles with the same signature looks at a lower cost. Perry said she has added about 40 styles for fall that will retail for \$175 to \$200, although she plans to continue producing about 15 styles out of her original factory in Tuscany that will retail from \$200 to \$280.

"Because of the euro and business, it was just necessary," said Perry, who noted that retailers, including existing client Nordstrom, just can't keep up with inflating prices.

The issue has become a competitive concern as well. "At first, I figured everyone was in the same position, so I didn't really see what the issue was," Perry said. "But then I just got realistic about it and started seeing that you could actually get really great stuff done in a different area that's just as good."

For the first time since launching in 2001, Georgina Goodman will offer a group of shoes in the \$240 to \$370 price range, in addition to her existing collection of \$450 to \$750 shoes. "I started looking for a factory that already worked with moccasins in the area of Spain [Alicante] where we already make shoes," she said of her new moccasin designs. "We then decided to give it a go, and it worked."



From top: Georgina Goodman's lower-priced fall boots retail from \$320 to \$370; Lindsay Perry's \$190 Amanda pump.

