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Independent clothing retailers are feeling the impact of the economy's storm even more than the big chains

Fashioning their survival

By Donna Kato, Mercury News

Dec. 12—Santana Row fashion boutique Pink Stripes has been sweetly aggressive in its holiday promotions: It's offering customers baked treats and coffee as well as coupons and discounts for their immediate purchases — and future ones.



It's a tough time for small fashion boutiques. Christine Campbell, owner of Crimson Mim in downtown Los Altos, inspects the Christmas display in the window of her shop Wednesday.

Crimson Mim, a Los Altos boutique carrying desired designer shoes and apparel, has consistently kept in close touch with its Silicon Valley customers via e-mail alerts and a Facebook application. It's also matching department store discount prices when customers ask — and can prove — that they can get the same piece for less.

And Alta, a longtime San Jose clothing store that caters to professional women, is giving \$50 gift certificates to customers who spend \$200 or more.

Fashion retailers are weathering a tough year and independent clothing stores are feeling the storm even more severely, experts said. At a time when big chains like Neiman Marcus, Nordstrom and Saks have posted severe declines and discount retailers like Mervyns and Steve & Barry's are liquidating, many smaller boutiques are having to lower profits and find creative solutions just to survive through the holiday season.

"There's never been a time like this," said Robert Reedy, senior vice president of the consulting firm RMSA Retail Solution. "Through two recessions and a terrorist attack, nothing close to this has happened for the industry."

Reedy, who advises about 35 Silicon Valley and Bay Area fashion boutiques, said the dramatic and sudden change in consumer spending brought on by the mortgage and credit crisis caught many retailers by surprise, particularly those in the fashion business where orders are placed almost a year ahead of delivery and merchandise is seasonal and must move quickly.

"Everything converged to form a perfect storm of bad things for retailing," he said.

Larger chain stores can trim staff to cut costs, advertise deep discounts to drive foot traffic and move inventory, use clout to negotiate better wholesale prices, send back unsold merchandise to designers and vendors and implement lenient return policies. But smaller stores usually don't have those options. "There's no question the economy has played a role in what we do these days," said Tricia Santa Ines, owner of Pink Stripes, which opened at Santana Row in 2005.

Over the holidays, browsing customers are offered cookies and coffee. There's a bean bag toss game for coupons and ongoing promotions and sales. Known for its selection of dresses, the shop offers a "Dress of the Month" at a discount for one week, hoping the item sells out.

"We've had to be more creative in our marketing, and every week we're talking about what we can do next," Santa Ines said.



Campbell has slashed prices dramatically; a sign in front advertises a shoe sale.

Christine Campbell, who opened Crimson Mim in 2004 and carries such highend labels as 3.1 Phillip Lim, Burning Torch, Bettye Muller and Anyi Lu, said she started matching department store sale prices in September and keeps in constant contact with customers through e-mails and Facebook. "Our saving grace has been that we carry many things that are not available in other stores," Campbell said.

Stocking unique merchandise and having a personal relationship with customers are two of the best ways to outshine the chain stores, experts said. It's what sets a boutique apart from retail empires like Macy's or Wal-Mart. At a time of turmoil, customer loyalty can make a big difference in the long run. "As insane as it sounds, at this point it's not about revenue, it's about the relationship you have with your customers," said Marty Schwalbe, chief strategy officer of Engauge, a national agency with expertise in brand strategy, advertising and identity design.

Boutique customers might be looking for a good buy, but they are generally not driven by bargains, he said.