

Star Maker

Despite a full-blown recession, John Varvatos is cranking up the volume with a new lower-priced footwear line, global brand expansion and a renewed Converse partnership.

By JOCELYN ANDERSON

NEW YORK — John Varvatos isn't letting the economy keep him down.

While many companies are scaling back, Varvatos is launching a footwear collection under his bridge line, Star USA, for fall '09.

"With the way the world is today, you need to offer a large variety of what I call 'entry into your brand,'" Varvatos told *Footwear News* in an exclusive interview at his Star USA showroom in New York. "You can't have your nose turned up and think it only can be [high-priced] because even those guys who were buying there may not be buying there right now."

Varvatos said he wanted to create designer shoes with a "younger, funkier edge" at an affordable price. For the 44-SKU debut, retail prices are \$225 to \$345, with spring '10 prices slated to start at \$165 for sandals and other sockless styles. The shoes will be made in the Far East, using Italian leathers and then hand finished.

Varvatos' Collection footwear accounts for more than 20 percent of his company's total revenue, and he estimated shoes to be one of the fastest-growing categories in the business. In fact, he expects Star USA to outpace Collection footwear within two years. Barneys and Neiman Marcus have already picked it up, and it also will be available in specialty stores and the nine John Varvatos locations across the U.S.

As the company, part of VF Corp., looks ahead to its 10th anniversary next year, global expansion tops the agenda. In January, Varvatos opened a European headquarters in Milan and moved his runway show there from New York. "[The switch] was a big move," he said. "We know that's a bigger stage in menswear than New York."

Closer to home, the designer in 2008 bowed three stores, including a much-ballyhooed location in the former CBGB music club on Manhattan's Bowery, where music still reigns supreme and concerts are a frequent event.

Varvatos also is continuing his much-hyped Converse collaboration, which has helped him attract more attention globally. "Between Collection, Star USA and Converse, it's a lot," he said. "But it's my passion."

Varvatos also is continuing his much-hyped Converse collaboration, which has helped him attract more attention globally. "Between Collection, Star USA and Converse, it's a lot," he said. "But it's my passion."



John Varvatos photographed for FN in the Star USA showroom in New York.

ful product out there, but overall, and especially when you get to this kind of [lower] price range, it's commercialized. The [motto] we use here is "put more love in the shoes." We see our prototypes and say, "You've got to give it more love." And I don't see that much love out there in \$200-to-\$340 shoes.

FN: How much do you watch your footwear competitors?

JV: We're aware. We'd be dumb if we weren't aware of what's going on. But we look to competitors only to see that we're not doing something that's already out there. We never look to anybody for what's out there. We really talk about what's good for us. We're not really concerned about the competition.

FN: How involved are you in the design?

JV: I'm in the studio 30, 40 hours a week. It's a huge part of what I do. And shoes are one part of that. Until two years ago, we really didn't have a full-time shoe person. I was pretty much doing a lot of the heart and soul of it. Now we have a little team, but [design] is something I spend a lot of time with — footwear especially.

FN: Is the Star USA footwear customer different from the Collection customer?

JV: There's definitely a different customer. In some cases, there will probably be crossover. In our own stores, we carry all the products that we [produce], between Collection, Star

USA and even my Converse products. We make it easy for guys to shop because guys don't really like to go to 52 different places. And their lifestyle is about mixing all that stuff together. To some, one boot will be a throwaway, and to another, it's an entrance into our brand.

FN: You've said you don't expect Star USA to cannibalize your other footwear. Why not?

JV: First of all, it has a different point of view than Collection. It's not just cheaper product. Otherwise, we wouldn't carry it in our store. We carry all this in one environment, and it automatically shows that each brand has its own

FN: Why is footwear such an important category for you?

JV: I'm kind of a shoe junkie. It started when I was a kid. I had no money growing up, but I always had an inordinate amount of shoes. And I love leathers and the whole art of making shoes and the whole finishing process. I've always had an affinity for vintage. For me, it's about how you keep that whole thing alive and not make it look like it was just manufactured.

FN: Is there too much sameness in shoes?

JV: Most of the industry is much more commercialized, there's no doubt about it. There's definitely some beauti-



personality. If not, you're duplicative and you almost look stupid if you're just doing cheaper versions. Every one of [the brands] stands on its own.

FN: Did you find that more buyers were looking for lower-priced items for fall?

JV: Yes, [they were looking for value]. Even Neiman Marcus, who we've been doing a great Collection business with, saw a huge amount of value for their customer, not just because of the price but because they thought they were great shoes with a designer point of view that had a lot of value. Every one is looking for more value today.

FN: Overall, how well are shoes doing compared with other categories?

JV: At the luxury end, it's tough everywhere. I'd be lying if I said anything different. In our own stores, shoes are performing quite well. But in the marketplace, the shoe business is tough right now. We have a lot of great specialty stores where we do business. They will tell you there aren't as many customers coming into the stores right now. In our own stores, our average sale was bigger in March 2009 than it was in March 2008, but we have fewer customers, as well. Except for the Bowery store, which is an anomaly. It just keeps going like nothing's ever happened over there. But is footwear doing better than other products? In the luxury sector, I'm not sure. Most of the business is tough.

FN: What do you need to do to succeed in the luxury market these days?

JV: You need to differentiate yourself from everybody else. You need to have your own handwriting and personality. Just to be another person doing expensive, luxurious product is not enough. The thing I'm most proud of in our ninth year is that we've created our own personality for the brand. When I read reviews or articles about the company and people say "it's very Varvatos," to me, that's what most people struggle for: creating their own brand identity or personality.

FN: You've done some women's products in the past. Would you ever venture back into the market?

JV: We talk about it all the time. Part of me is super-intrigued by it and really wants to

From left: John Varvatos Star USA boots, dress shoes and casual laceups.

do it. Then there's part of me today that says our success has been by really focusing on what we do well, expanding it, making it better every season and

not taking our eyes off it like so many brands do, trying to do too many different things. We have to try to be the best in our area, and we're very good at men's. It's fun doing the women's product, there's no doubt about it. It's definitely a possibility, but it's not going to happen in the next 24 months. Originally, I was thinking maybe 2010, but [we have to] make the Star USA footwear business much better.

FN: Why has Converse been such a good match for you?

JV: Since 2002, it's been a great relationship personally and a great collaboration for us. It's added a top to their pyramid for everything they do. It's completely different from what we do here, so it's another avenue for me. It's like a writer who writes nonfiction and all of a sudden decides to do fiction. And Converse was always a part of my life as I grew up. The earliest memories are [of being] 4 or 5 years old, playing T-ball, wearing those black Converse high-top sneakers. I've never gone through a time in my life without having Converse in my closet.



FN: Do you expect to continue the relationship for a while?

JV: I love working on it, and we just re-upped [the contract]. For what started as a one-year, two-season, limited-edition thing, it's turned into something that's important to both of us. People come in every season looking for it. We are in 40-something countries with Converse. Our apparel is probably in 24 countries. So there are people I meet who say they were first introduced to us in Converse.

FN: Do they give you guidelines?

JV: They don't filter anything we do, but you have to be respectful of it. The reason we got hooked up was that they saw my respect for the past, for vintage. I'm very respectful of what they built with the Chuck Taylor brand and the Jack Purcell brand. I want to make it interesting and new for the 21st century, but I also want to make it something that feels like it lives in the history of Converse. They have an archive, and we've become an important part of that archive. We've created a couple of products over there that have be-

Continued on page 21



>> Music Man

John Varvatos loves to rock.

Case in point: his decision to open one of his stores in the former location of seminal rock club CBGB, where he holds concerts and sells vinyl records, procured entirely by him. His personal collection consists of about 6,000 records and even more CDs.

"Music is a huge stimulus for what I do," said Varvatos. "I'm really into being a sponge for music, constantly looking for new music."

So it may not be surprising that the designer is adding rock jockey to his list of accomplishments. Earlier this month, he began hosting a monthly radio show, "Born in Detroit," for Sirius Satellite's Faction channel.

Varvatos, with *Spin* magazine and Island Records, also recently launched a talent search called "Free the Noise" for the next big rock band. In September, the winners will get a recording contract and appear in the next John Varvatos Star USA ad campaign.

Footwear News asked Varvatos about some of his greatest musical moments.

Best concert:

Led Zeppelin in 1972. I've probably been to 3,000 or 4,000 concerts in my life. I was in high school [then]. It was one of my first concerts, and it was one of those mind-blowing experiences.

I wish I'd seen ...

Jimi Hendrix. No doubt about it. He was the master.

Most exciting new band:

I call them our friends, the Kings of Leon. It's been exciting to watch them, since we've known them for a few years, to grow into a known band.

Musicians I'd like to work with:

Robert Plant. He came to us about working with [him] for the Grammy Awards. Then, Jimmy Page — who, other than Jimi Hendrix, is the biggest guitar god in the world — did a photo shoot with our clothes in the U.K.

Biggest musical secret:

I'm a big jazz lover. And I kind of like funk music. I'm not a big Britney Spears [fan]. But on weekends, as much as I'm a rocker, in the morning I listen to jazz. I've become super-passionate and addicted to it. << **J.A.**

Continued from page 9

come some of the biggest-selling shoes in Converse history, like the laceless sneaker. We started that whole thing, and so many people do versions of it today.

FN: What do you think of the brands that are doing Converse-like products now?

JV: The market's flooded with that. But for me, that's a turn-on. When I stop seeing the knock-offs out there, that means we're not doing interesting things. Sometimes it pisses me off, but most of the time, [I just think] we've got to keep it moving, keep it interesting.

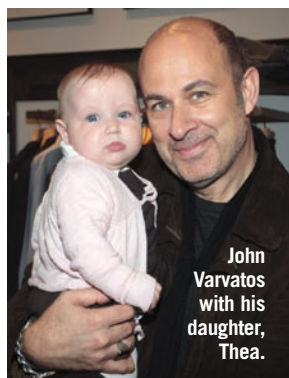
FN: How has the economy changed the way you operate?

JV: When you look at new opportunities, new launches, you have to look at them with all the risk involved. A year ago, risk wasn't as big an issue. We were growing at 35 percent a year and now we're saying, "Is it risky?" We're still doing new things for the business, but that's probably the biggest difference. We were opening four or five stores a year, and this year, we only have one

store on the plate. There are a lot of unknowns in the marketplace right now.

FN: How much is the company growing today?

JV: Globally, we grew our business in Europe by 23 percent [for fall bookings]. Even in the U.S., we had an increase of 6 percent. When you think that most people were down from last year, we're still growing. Our only question with everything that happens in the market is credit with people and people not paying their bills. But most of it we're working our way through. And there are people who have been super-supportive of us from day one who have credit issues. Even if we've been told not to ship to them, we are going to do it. And those are some of the big names out there.



John
Varvatos
with his
daughter,
Thea.

FN: Are there plans to bow another store like the Bowery?

JV: We have one in the works right now. We can't say where it is, but there will be another one opening this year. Everything about [the Bowery store] is my baby, and it's very credible — between the concerts we do there and the way

the store is merchandised and the whole history that's there — so as we take it to other places, we want to make sure the credibility factor [is there]. We have to do something really unique when we go to Los Angeles or Austin.

FN: Any plans to set up an e-commerce site soon?

JV: I don't have a timetable exactly, but it could be as early as this fall. But if it doesn't happen for fall, it will happen for spring '10. We actually think footwear could be one of the biggest opportunities because there are a lot of guys who live in Denver or Portland, Ore., or Dallas who don't have the exposure to the breadth of shoes we carry.

FN: When you aren't busy at work, what do you like to do?

JV: I have a eight-and-a-half-month-old daughter, and I'm loving every minute of it. I have two grown children in their early 20s. When the prospect of having another baby was on the table, I didn't really embrace it all that well, but since we've had the baby, it's the most wonderful thing that's ever happened to me. I look forward to every moment with her and my wife. And I have a little house upstate. That's my other passion. It's away from things; it's not the Hamptons. I love hanging with my friends and listening to rock 'n' roll.