


STRIDING TO SUCCESS

GLADYS CHUNG  After LVMH's private equity arm bought a stake in Charles & Keith, the home-grown shoe chain now expands at a rate of 100 shops a year

Once a month, Mr Charles Wong, the co-founder and chief executive of shoe retailer Charles & Keith Group of Companies, takes the midnight flight to Singapore from Shanghai.

Upon arrival, he attends back-to-back meetings – often in the eight-storey steel-and-glass Charles & Keith head office in Upper Paya Lebar, then takes the last flight out within the same day.

So squeezing in a 30-minute interview with the elusive Mr Wong is something of a feat, especially since he stopped granting face-to-face interviews to the media here about two years ago.

Soft-spoken and reticent, the 38-year-old bachelor says he is simply too busy for interviews. Urban's request for one involved weeks of to-ing and fro-ing with his public relations team.

His monthly whirlwind visit is a reflection of the breakneck speed at which Charles & Keith has been expanding, especially since L Capital Asia, a private equity arm of luxury goods group Louis Vuitton Moët Hennessy (LVMH), acquired a 20 per cent stake in it for more than \$30 million in 2010.

Mr Wong moved to China about two years ago to oversee his business operations there. "China is an important market for us, where I can expand the business very quickly," he explains. "We have 22 stores there now and there will be 50 by the end of the year and a total of more than 100 two years from now."

His younger brother, Keith, 36, is the chief operating officer; he helms the creative side of the business and is based in Singapore.

The two opened the first Charles & Keith store in Amara Hotel in 1996, and it quickly made its name for offering affordable European-inspired footwear that catered to Asian sizes.

Ten years later, they set up Pedro, which started out as a men's footwear brand but now stocks a premium line of women's shoes too.

Granted, Charles & Keith was already a success before L Capital Asia came a-courting.

Two years ago, the company was worth \$150 million, with 203 stores in 27 markets, mainly in Asia and the Middle East under its Charles & Keith and Pedro brands.

But the partnership turbocharged its expansion.

Today, it has more than 300 stores in 33 markets, mainly in the Asia Pacific, Eastern Europe and Middle Eastern regions, from South Korea to South Africa. It declined to give figures on how much the company is worth currently.

Last year, it also launched an online store, which currently ships to 56 markets.

By next year, customers from another eight to 10 markets can shop at its online store. These include Bangladesh, where it does not yet have a presence; and countries such as Malaysia and Vietnam, where it has franchisees.

Charles & Keith now opens 100 stores a year worldwide, up from about 50 a year in 2010.

"On our own, we would have been able to open 100 stores a year eventually too. But with L Capital Asia, we are able to launch 100 better stores," says Mr Wong.

Case in point: More than a year ago, L Capital Asia helped Charles & Keith to secure a shop of at least 2,000 sq ft in the centre of the main podium of the famous Dubai Mall – one of the world's largest. The store now accounts for 25 per cent of the brand's sales in Dubai, says Mr Ravi Thakran, managing partner of L Capital Asia (see facing page).

"A key location in a key mall is paramount to success," he says. Charles & Keith also gets to tap on the expertise and experience of the staff at L Capital Asia.

For instance, Ms Emmanuelle Mace, the director of special



Charles & Keith co-founder Charles Wong has seen the home-grown shoe retailer grow from one store at Amara Shopping Centre in 1996 to more than 300 stores in 33 markets today. He plans to open more than 100 in China in two years' time.

projects at L Capital Asia, is working with the brand on product innovation and creativity, as well as e-commerce marketing. She was formerly the Asia-Pacific regional manager of Marc Jacobs and Asia-Pacific duty-free manager for Lanvin Couture.

Mr Uday Mehra, managing director of operations at L Capital Asia, advises Charles & Keith on supply chain management and global franchise systems. He has held senior management roles at Nike and was previously the Asia-Pacific vice-president of Tommy Hilfeger.

L Capital Asia is also helping the brand to find new partners in Australia, Japan, Poland and Russia.

That Charles & Keith would take up L Capital Asia's offer when it came knocking in 2009 might seem like a no-brainer. But it took almost a year before the home-grown retailer signed on the dotted line.

"We were too busy growing the company on our own and did not know what else others could offer," says Mr Wong. "We were also prudent when running the business and did not need any extra funds."

But eventually, he was convinced that L Capital Asia could "add value to the company with knowledge transfer and different perspectives on how to grow the business faster and more efficiently".

He was especially impressed with the global success of Sephora, the multi-brand cosmetics chain owned by LVMH.

The luxury conglomerate's connections with the landlords in China, which could help Charles & Keith secure better rates, also helped to seal the deal.

Mr Thakran sums up the dynamics between himself and the Wong brothers: "We are like friends, pushing the wall together with one agenda, which is to take the brand to another level."

Mr Wong adds: "In the past, the only other person I discussed the business with was Keith, and now we have Ravi, who gives us a broader perspective."

WINDS OF CHANGE

Charles & Keith might have started out offering affordable shoes that fit Asian feet and tastes. But these days, it caters to an international market with transient trends and different preferences.

For example, the women in South Korea and China prefer more colourful shoes; those in the Middle East like theirs with plenty of embellishments and wedges for extra height; and Singapore women love open-toed heels and flats.

Come fall and winter months, covered shoes and boots are a must for markets such as China and South Korea.

"It's a challenge to bring the right products to the stores at the right time," says Mr Wong. "L Capital has helped us to strategise the product line-up."

Mostly made of synthetic materials, shoes from the regular collection are priced from \$36 to \$90.

In 2007, the Charles & Keith Signature Label, a premium line, was introduced. Priced from \$50 to \$130, the range of mostly sky-high heels comes in more elaborate designs and is usually made of more luxe materials, such as kid suede and calf leather.

In the past, the brand was constantly churning out different designs while repeating the popular ones. These days, it streamlines its product offerings based on demand, while improving on the best-selling designs.

With L Capital Asia's expertise, Charles & Keith is also able to speed up the processes in its supply chain.

"We are constantly trying to shorten the production period, say, from 90 days to 45 days, so that we can offer customers on-trend designs," says Mr Wong.

Naturally, the brand takes its cues from what is shown on the runways in fashion capitals.

"Our main goal is to be fashionable these days," he adds.

In response to how some of its shoes and accessories are strikingly similar to those from luxury brands, he says: "There are about a hundred people on the creative team; they come from five countries – Singapore, Malaysia, China, France and America."

"They get their inspiration from many sources, such as different brands and history. Fashion is so fast moving. Everyone gets his inspiration from somewhere else."

Mr Thakran adds: "Ever since we started working together, we've focused on introducing discipline in bringing creativity and innovation to the company. Charles & Keith has already added new design talent for the same purpose."

Besides being able to ride on the expertise of LVMH and L Capital Asia in the retail industry, the union gives Charles & Keith's branding a boost too.

"The biggest benefit to Charles & Keith is the international recognition that the stake represents," says Associate Professor Seshan Ramaswami of marketing education at Singapore Management University.

"To know that an international luxury goods expert's private equity arm has faith in you is a great certificate of sorts."

gladys@sph.com.sg



PHOTOS: CHARLES & KEITH
 With its expansion to countries such as China and South Korea, Charles & Keith now produces collections for fall and winter, which include covered shoes and boots.

