

'We actually started during the crisis in 1996. Every time there is a down, there will be an up.'

- Charles & Keith managing director Charles Wong



YEN MENG JIN

Expanding its footprint

Charles Wong is positive about the prospects of Enterprise Award winner Charles & Keith despite the downturn, reports **EMILYN YAP**

HIS line of chic and affordable women's footwear cheered countless female shoppers but the same could hardly be said about their accompanying boyfriends a few years ago.

"When we first started Charles & Keith, we saw a lot of men waiting outside the stores for their girlfriends," said managing director, Charles Wong. This got the shoe company wondering if there was a way to also reel male shoppers in - with a new men's footwear line.

That was the start of Charles & Keith's foray into men's footwear and accessories. It launched Pedro in 2005 and locates its outlets close to the Charles & Keith ones so that couples would be able to shop for shoes at the same time.

Of course, Pedro did not come about merely to cater to bored boyfriends. Charles & Keith had noticed that comfortable yet affordable men's footwear was lacking in the local market.

"We designed a lot of shoes for a lot of customers but we couldn't wear them," quipped Mr Wong, referring to the days when the company only oversaw the Charles & Keith line. He had been buying shoes overseas for himself and several friends and the company eventually decided to start a separate brand of footwear for men here.

Pedro is just one result of Charles & Keith's various expansion plans. In just 13 years since 1996, Mr Wong together with his brother and chief designer Keith Wong have built Charles & Keith into a household name in Singapore.

From a humble shoe shop in Amara Shopping Centre, the company now has 177 boutiques across 21 countries in Asia, the Middle East and Eastern Europe - 160 under the Charles & Keith brand and 17 under Pedro. It also has a production capacity of over five million units of shoes and accessories.

Reflecting the growth, Charles & Keith's sales revenue has been increasing steadily from \$56 million in 2006 to \$80 million in 2007 and \$97 million last year.

Adding to its list of achievements, the company clinched the Enterprise Award this year. The award is given out as part of the Singapore Business Awards organised by *The Business Times* and DHL.

Mr Wong credits the win to Charles & Keith's dynamic and talented team of employees who hail from various countries and educational backgrounds.

"We give our colleagues a lot of

Milestones: Charles & Keith

1996	<ul style="list-style-type: none"> Opened first concept store in Amara Shopping Centre, Singapore 	2006	<ul style="list-style-type: none"> Celebrated 10th year of operations. Moved into the Charles & Keith building in Singapore. Established stores in Pakistan, Thailand and East Malaysia. Pedro ventured into Indonesia and the Philippines.
1997	<ul style="list-style-type: none"> Expanded store network in Singapore Established first overseas concept store in Indonesia. Recruited six factories dedicated to producing Charles & Keith products. 	2007	<ul style="list-style-type: none"> Expanded into Iran, Vietnam, Jordan and Turkey. Launched the Signature Label line in Singapore and Indonesia. Launched the Charles & Keith shades and belts collection. Pedro expanded into Egypt and Dubai and launched its belts collection. Pedro launched its bag and belt collections.
2000	<ul style="list-style-type: none"> Began network distribution in Taiwan. 	2008	<ul style="list-style-type: none"> Expanded into Cyprus and West Malaysia. Established the Signature Label outlet in Dubai. Pedro expanded into West Malaysia and set up outlet in Singapore Changi Airport. Pedro launched its tie and wallet collections and a women's line, Pedro Woman.
2001	<ul style="list-style-type: none"> Began distribution in Japan and Thailand. Established concept store in the Philippines. 	2009	<ul style="list-style-type: none"> Expanded into Latvia. Established the Signature Label outlet in the Philippines.
2002	<ul style="list-style-type: none"> Established concept store in Australia. Began distribution in Mauritius. 		
2003	<ul style="list-style-type: none"> Began distribution in Brunei and Myanmar. Started production for other European brands. 		
2004	<ul style="list-style-type: none"> Established store in Singapore Changi Airport. Set up online store. Established store in Dubai. Began distribution in Turkey, New Zealand and Greece. Launched the Charles & Keith bag collection. 		
2005	<ul style="list-style-type: none"> Established concept store in Egypt. Expanded across the Gulf region with 12 outlets. Launched the Pedro line of men's footwear and accessories. 		

flexibility to do their work," he explained. "Because we are in the fashion and creativity business, we want them to have ownership and willingness to try new ideas and to learn from experience. Over the years, they have grown together with the company."

Of key importance are the 70 designers who monitor fashion trends and come up with more than 700 shoe designs yearly, or 15 to 20 new ones every week. The designers also have to conduct market research of various regions to understand the cultures and customise products to differing needs.

"Take for instance, in the winter season of Middle Eastern and European countries, we do offer our boots collection," said Mr Wong. "In Asian countries, Charles & Keith offers a wide variety of flats and sandals all year."

Not just for shoes, a lot of thought goes into the designs for other matching accessories such as bags, belts and sunglasses. The company comes up with another 300 designs every year for these products. "We do not rule out the possibility of further expanding our product range in the near future," said Mr Wong.

And Charles & Keith will continue

to offer consumers value through product innovation during the downturn, rather than reduce prices on its products. "The last six months have been challenging" and "we do notice that most people are tightening their spending", Mr Wong observed.

But business is still meeting expectations, he added. "The fashion business will not be drastically affected as consumers like to stay in trend both in good and bad times."

In fact, he believes that the affordability of Charles & Keith shoes - priced from US\$25 to US\$50 - could draw more consumers. One pair of shoes in a high-end boutique could pay for two or more pairs of shoes at Charles & Keith and shoppers "may be surprised at the savings they get", he said.

The market downturn will also not stop Charles & Keith from pursuing its aim of setting up 500 stores by 2012 - 400 for Charles & Keith and 100 for Pedro. It has another three years to add 324 outlets globally.

"We will continue to work on our planned goals, which include expansion in Singapore and overseas namely Latvia, Greece, Russia and Morocco," said Mr Wong. The company will also focus on carving out a greater market share for existing business overseas, he added.

In fact, there could be more room to grow during a slowdown, he pointed out. "Businesses that are not doing well will be consolidated. I think we stand an even higher chance to expand."

While growth could be tricky during tough times, it is not like the Wong brothers to take the easy way out. That was a reason behind the decision to launch a men's footwear line under a different Pedro brand.

"We didn't want to have a success that rides on another brand, Charles & Keith," Mr Wong said. "So it was a big test for the company... We wanted to start something new from scratch like how we started Charles & Keith. It is actually more challenging for us to grow Pedro as a separate brand."

The company also established a Signature Label line in 2007 for more luxurious ladies footwear, with prices ranging from US\$40 to US\$80.

Of course, growing overseas relies on having good business partners, Mr Wong highlighted. "There are a lot of enquiries for us to expand to a lot of new countries but we want to make sure that we find the right partners."



Price points

CHARLES & KEITH	US\$
Footwear	25 - 50
Handbags	15 - 50
Belts	15 - 30
Sunglasses	20 - 40

PEDRO (FOR MEN)	US\$
Formal & dress footwear	55 - 95
Smart casual & sports footwear	45 - 65
Sandals	30 - 45
Bags	70 - 100
Belts	40 - 55



ready handles well-known clothing brands such as Zara, Massimo Dutti, Nine West and Miss Selfridge. Another partner in the Philippines, Suyen Corp, also handles brands such as Aldo and The Face Shop.

An expanding company will need more staff and Charles & Keith plans to increase headcount from 317 to over 520 by 2012. The firm places emphasis on training and career development and there is no better time than during a market slowdown to ramp up these initiatives, said Mr Wong. Priorities were different during the good times, when "everyday we're thinking about growing", he said.

"During this downturn, we will take the opportunity to invest in people development and in training our retail staff," he said, adding that the company is working with government agencies such as the Singapore Workforce Development Agency and Spring Singapore on training programmes.

"Our retail staff are the pillars of our business. We need to assist and equip them with the necessary skills to prepare them for the eventual upturn."

On the whole, Mr Wong remains optimistic about riding through the market downturn. "We actually started during the crisis in 1996," he said. "Every time there is a 'down', there will be an 'up'."