

Fashion Blues Turn Rosy 10.14.2009

Last summer, boutiques along New York City's trendiest streets were humming along as usual, minus one distinctive tone: the din of cash registers. "I was getting the traffic but not making any money; everyone was just window shopping," says Erin Whelan, the owner of Clarabella, a specialty accessories store, at the time on the Lower East Side.

To give her business a lift, Whelan organized private events for her customers, participated in group sample sales and in neighborhood networking events. She even reduced her stock of designer duds and began accepting consignment items to lure shoppers with less costly merchandise. Yet after an initial boost, the strategies "weren't motivating sales like they had initially," says Whelan, who finally shut Clarabella down in August.



Erin Whelan, the owner of Clarabella, a specialty accessories store in New York.

Whelan is just one of many entrepreneurs who called it quits since the downturn set in full force last year. (Since last September, 91,225 businesses filed for bankruptcy protection,

according to Automated Access to Court Electronic Records, an Oklahoma City-based bankruptcy data and management company.) But the recession has by no means killed off all specialty stores, fashion designers or stylists. Many independent owners in the fashion sector are taking the opportunity to rethink and retool their companies to reflect today's shoppers' buying habits and needs.

Emmett McCarthy, a designer who has appeared on Bravo's "Project Runway," owns EMC2, a clothing boutique in New York's Nolita neighborhood. When business slowed last year, McCarthy considered selling his line at high-end department stores and specialty boutiques, but was dissuaded by the risks like slow orders or partnering with stores that then faltered or closed. Instead, McCarthy decided to reach out to his international clientele who shop online and revamp his web site. He is working now to include foreign language translations and an e-commerce option.

Michelle Madhok, the founder of SHEfinds, a site that tracks shopping deals, took a different approach to surviving the downturn. When her advertisers started fleeing, Madhok began looking around for new opportunities. She noticed the spread of sample sale web sites like [Gilt Groupe](#) and Rue La La which appealed to shoppers

looking for high-end fashion at lower prices. Taking their cue, Madhok began pumping out more deal-oriented content rather than "it" bags. She also started a new weekly newsletter featuring the sample sales and created a page on SHEfinds.com dedicated to them.

Buck Ennis



Fashion designer Kathlin Argiro is connecting with women's groups and nonprofits to boost sales. (Photo by Buck Ennis)

Fashion designer Kathlin Argiro Madhok's pitch worked. Sample sale advertisers are now filling the advertising slots abandoned by boutiques and specialty stores, she says. In addition to helping boost revenues, these advertisements are welcomed by readers, Madhok says. "It is something that the reader is excited about... everyone

wants a deal," she says.

Other entrepreneurs, like fashion designer Kathlin Argiro, are simply being smarter about with whom they associate. Although she used to host "shopping & champagne" parties prior to the downturn, she has begun casting a wider net. "I'm a rabid networker," says Argiro who has recently begun partnering with women's groups and nonprofit organizations to help boost sales. "It's like viral PR," she says. "My name gets blasted out to their promo list and we send out Facebook and Twitter invites."

Not only are more guests showing up these days, they're paying an entry fee, says Argiro. Although she donates a portion of the event's proceeds to charity, she puts the rest toward covering the event's costs. Meanwhile, Argiro has noticed that charging actually boosts attendance, which means more opportunities to sell dresses, she says. "When people pay for something, they show up," says Argiro. So in addition to adding some extra revenue, Argiro is solidifying her guest list. "It's a win-win," she says.

By DIANA RANSOM