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Before February, it might have taken a microscope to find fashionable eyewear maker Oliver Peoples Inc.'s products in Iacon specialty sunglass stores.

The Beverly Hills-based company's namesake brand was sold in only five of the chain's 100-plus locations, and its street sunglass brand Mosley Tribes wasn't in any. After February, Oliver Peoples is getting star treatment: both brands' glasses are front and center in at least 45 Iacon locations and the number is growing.

What changed? Foothill Ranch-based Oakley Inc. swooped up Oliver Peoples for nearly \$56 million and put it into Oakley's expanding portfolio of eyewear manufacturers and retail outlets; that includes the Iacon stores, where Oakley's began pushing the Oliver Peoples brands.

"They are motivated to sell it more because they are company brands," said Larry Leight, Oliver Peoples' chief executive. "We get to put it wherever we want. We get to control the displays."

Certainly, tying suppliers to retailers isn't new – it's a business practice as old as farmers opening their own stands. And it has been a mainstay of mainstream eyewear, with Luxottica Group SpA being the elephant of the mass market. Retailers Sunglass Hut, LensCrafters and Pearle Vision, and recognizable eyewear brands such as Donna Karan, Prada and Ray-Ban, are all under Luxottica's umbrella.

But until recently, the luxury eyewear sector has largely been the purview of independent retailers, including specialized optical stores, and a select group of manufacturers that often designed their own artsy spectacles. Now, corporate concentration is creeping into the sector in ways reminiscent of its mass counterpart.

Following the Oliver Peoples purchase, Oakley bought OSA Holding Inc., a 14-unit retailer that has Optical Shop of Aspen locations in Los Angeles and Santa Monica, for an undisclosed amount. It's also looking to add to Oliver Peoples' five shops.

And Oakley isn't the only luxury player. Los Angeles-based retailer Optical Fashion Center Inc. was bought last month by New York-based private equity firm Circle Peak Capital LLC as part of a deal to create a 25-unit chain under Luxury Optical Holdings Co. Pierre Keyser, a former executive at Compagnie Financière Richemont SA, the company behind such upscale brands as Louis Vuitton and Cartier, has been installed as Luxury Optical's chief executive.

"You have somebody starting to apply the principles of consolidation to the more luxury boutique end of the market, which is an interesting concept," said Marge Axelrad, editorial director of trade publication Vision Monday. "It still is yet to be proven if operating it is going to work."

Independent life

Consolidation has been gradually cascading down through the various tiers in the eyewear industry for a decade or so, becoming more pronounced in the last few years. In 2004, Luxottica purchased Cole National, which gave it Pearle Vision and Sears Optical. At the same time, Wal-Mart Stores Inc.'s role in the eyewear market has ballooned. The retailer leases out some of its eyewear departments to third-party operators and runs others itself.

That has put pricing pressure on a luxury sector in which small businesses have been the norm, forcing independent stores to compete with large, cost efficient chains. Meanwhile, eyewear brands once exclusive to smaller specialty shops have filtered into mass outlets.

“Worst thing you can face is an angry customer saying, ‘I spent \$300 for Chanel I could have bought somewhere else for \$275,’ ” said Sheila Vance, chief executive of L.A. eyewear manufacturer and retailer Sam Vaziri Vance Inc., better known as Sama Eyewear. “If something is available to everybody, you can’t put (just) any price on it.”

Still, the conditions are not completely dire for independent retailers. According to data provided by Axelrad, 60 percent of eye exams in this country are still performed at independent locations. These independents have another reason to hang around: as baby boomers age, their reliance on corrective lens and glasses is not going to let up.

And market factors that have driven larger players into the industry also are a boon to independents. Demand has never been higher. The vision care products and services market totaled \$26.3 billion in 2005, up from \$25 billion in 2004, according to VisionWatch, a study conducted by Jobson/VCA. Sunglasses have been particularly hot: Leight said shoppers are rushing to stores to seek out the latest Oliver Peoples sunglasses worn by Paris Hilton or Mary J. Blige.

For Circle Peak Capital, towering interest in luxury eyewear was the main draw. “Today, sunglasses or fashionable eyewear has become much more of a staple in a fashion repertoire as represented in movies, commercials and ads as well as for the everyday average person,” said R. Adam Smith, a managing partner.

Future fallout

Exactly how the changes will shake out in the luxury eyewear sector remains to be seen.

Right now, Axelrad said consumers shouldn’t notice too many differences. At Luxury Optical Holdings’ stores, Keyser said the regional nameplates are sticking around. At Oliver Peoples, Leight said merchandise packaging is getting spiffed up and products are entering more outlets, but the designs that have appealed to customers aren’t disappearing.

Still, there are worries about homogenization of goods in the luxury eyewear sector. If customers were to visit several shops in this city, Vance said that they’d encounter similar merchandise. And Barbara McReynolds, president of L.A.-based eyewear maker and retailer l.a.Eyeworks Inc. fears the luxury consolidation could lead to more sameness.

“If the others that we are talking about fall into the category of the Wal-Mart syndrome, then we should all be concerned,” said McReynolds, referring to those companies that have been consolidating. “We don’t want to be seeing the same uniform 10 years from now.”

With retailers often indistinguishable, eyewear stores that peddle alternative merchandise can gain a following. Keyser emphasized that carrying exclusive styles is crucial for Luxury Optical to be noticed in the retail crowd. “The consumers, particularly in this segment, don’t want to look like someone else. You want to have product that you can’t get anywhere else,” he said.

Independent manufacturers are also realizing the benefits of being a unique retailer by entering the retail space themselves. Vance said the economics are trending more in that direction. At Sama’s retail location in St. Louis, her company makes more money than it does supplying to all her retail customers throughout the Midwest. She plans to grow her retail operations to 10 stores from six by the end of 2007.

“If you can open one store and gross as much as you can do wholesale, why wouldn’t you do that?” she asked. “I hear it constantly from designers that are very successful that they are planning to open their own stores.”

However, wholesale suppliers building their own stores could face a backlash from their retail customers. Keyser has warned suppliers that opening stores would be a “double-edged sword” because Luxury Optical would “react negatively” to the competition.

The bulk of luxury eyewear retail expansion is more likely to come from chains such as Luxury Optical and Oakley-owned stores. But consolidation in the luxury sector isn't expected to continue at the rate seen of late: there simply aren't that many retailers and manufacturers to buy up.

"It is not an unlimited amount of deals that can be made," said Axelrad. "We can see more, but I don't think it is a big tidal wave of acquisitions."