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Style -- Accessories: Designers Eye 'It' Shades --- With handbag prices sky-high, makers push sunglasses as entry-level luxuries

By Rachel Dodes

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When Elizabeth Gryska got a Saks Fifth Avenue gift card, she intended to use it to buy a high-end handbag. But the \$600 card she received from her stepmother wouldn't cover half the price of a Chanel bag she coveted. So she bought a different Chanel accessory: sunglasses.

"When I wear them, they make me feel like I have money to spend," says Ms. Gryska, a 23-year old New York publishing assistant, of her brown, oversized sunglasses with interlocking C's at the temples. Compared to the \$1,000-plus handbags, the shades were a bargain at \$350.

Now that starter accessories like handbags have become so expensive, sunglasses are emerging as the new entry-level luxury item. To gain a foothold in the growing eyewear market, makers are competing to differentiate their products by using rarer materials, such as buffalo horn and wood, and complicated inlaying techniques. Some are adapting details from their "It" handbags for the eyewear consumer: Fendi has large buckle details on the sides of its new \$295 "B Buckle" shades that mimic the buckles on its \$1,500-and-up "B Bag." Louis Vuitton sunglasses have gold hinges reminiscent of the locks on the company's leather goods.

In the latest sign of how the priciest designer sunglasses are reshaping the market, Italy's Luxottica Group SpA plans to introduce a chain of stores focusing on luxury shades in the next year, according to three people familiar with the company's plans. The stores will be called Ilori, these people said.

Luxottica, the world's biggest maker of eyewear, currently sells glasses through its LensCrafters and Sunglass Hut chains. The 1,500 Sunglass Hut stores are also being renovated to look more like fashion boutiques than sporty shops geared toward men.

Globally, the market for \$150-and-up eyewear is growing at double-digit rates, compared with single-digit growth rates for the eyewear market as a whole, says James Hurley, an analyst at Telsey Advisory Group. That's because glasses are a particularly aspirational purchase: they are worn prominently, and they "say something about who you are and what image you are trying to portray," he says.

Trends in sunglasses tend to move slower than in the apparel and accessories markets. "It is not quite like the handbag market, where there's an 'It' bag or shape," says Pierre Keyser, chief executive of Luxury Optical Holdings, a one-year-old company that owns 39 specialized optical boutiques in the U.S. "It is not that dramatic."

What's in: Oversized frames continue to be popular, although this season makers will be adding some subtle differences, such as big frames that have been slightly squared off on the sides, or aviators that are more streamlined. White plastic frames are also gaining traction. At the top of the luxury market, many consumers are moving away from heavily logo-ed styles and toward shades with subtle details, such as laser-cut designs, or lightweight materials like horn, ebony and wood. The Los Angeles brand Chrome Hearts designs handmade frames out of silver and stainless steel that retail for \$495 to upwards of \$10,000.

Up until a decade ago, sunglasses were mainly viewed as a functional item, not a branded fashion accessory. That changed when European brands, following the lead of Giorgio Armani, began entering into lucrative licensing deals with Italian manufacturers such as Luxottica and Safilo, which offer the labels a set percentage on sales and no inventory risk. In the past two years, labels including Polo Ralph Lauren and Tiffany & Co. have inked licensing deals with Luxottica, and Marc Jacobs has signed with Safilo, another big maker.

Celebrities such as Mary-Kate Olsen and Nicole Richie also raised sunglasses' profile as a coveted luxury item. In the pages of gossip magazines they are often shown wearing huge glasses to hide from the paparazzi. Victoria Beckham even has her own line of upscale sunglasses, DVB, which sell for around \$300.

Stylist Rachel Zoe, whose clients have included big-sunglasses wearers such as Mischa Barton and Cameron Diaz, says sunglasses are tangible to a wide swath of the population because "you don't have to have a certain body type or shoe size" to wear them.

Despite the myriad of labels shoppers see, most sunglasses are produced by just a handful of companies via licensing deals with brands. The labels usually have eyewear designers in house (some also collaborate with the licensee's design team) and farm out the manufacturing and distribution in exchange for a set royalty on sales, usually in the 8%-10% range, according to industry experts.

Luxottica currently makes sunglasses for more than 20 brand names, including Chanel, Dolce & Gabbana, Prada and its own Ray-Ban label. Safilo, the No. 2 maker by revenue, produces sunglasses for around 30 brands, including Yves Saint Laurent, Dior and Giorgio Armani. Besides distributing to department stores, Luxottica and Safilo also own growing networks of optical boutiques.

Mr. Keyser of Luxury Optical Holdings, formerly the head of Cartier's optical division, says luxury labels are now introducing higher-priced styles and streamlining distribution to avoid diluting their brands. In the U.S., the average price of sunglasses in the \$30-and-above category jumped 10% last year, to \$88.75, according to VisionWatch, the annual survey conducted by Jobson Research and the Vision Council of America.

At Morgenthal Frederics, a chain of eyewear stores in New York and Boston owned by Luxury Optical Holdings, sales of \$1,000-and-up shades carved by hand from real buffalo horn have quadrupled in each of the past two years, causing the company to produce buffalo-horn analogues for all of its 80 plastic models. "People are willing to pay more for the lighter feel of horn," says Jeff Press, director of product development and design for Luxury Optical Holdings.

Luxottica was surprised to discover that Japanese consumers were willing to spend more than \$20,000 for a pair of super-luxe customized frames. When former Gucci designer Tom Ford entered the eyewear market last year, many styles in the line were nearly \$400.

Yet, many shades still cost less than other products with luxury brand labels, which is why consumers are absorbing the price increases. "Truth be told, I would have paid more," says Melissa Sweet, a bridalwear designer in New York who shelled out almost \$400 for a pair of Tom Ford glasses because, she says, they fit her face perfectly.

It's going to take more than the right fit to convince Emily Miller to splurge on designer sunglasses again. The Washington, D.C., attorney recently spent \$250 for a pair of Fendi shades after a saleswoman at Nordstrom convinced her they were a great deal compared to a similar pair of \$400 Chanel. "Good sales technique by her," Ms. Miller says. "I lost them before I even got the credit-card bill."