

# 'Underselling Competitors': The Ace for Steve & Barry's University Sportswear

With competition snowballing, retailers have started demanding tighter margins. To improve the bottom-line and keeping the interest of the consumers in front, Steve & Barry's University Sportswear is one such company who are providing fashion at the minimal required cost.

Most people tend to have a similar reaction the first time they walk into a Steve & Barry's store: a little shocked, a little surprised. From jeans to wool jackets to running shoes, consumers can purchase anything from as low as \$ 8.98 or less. It is an approach that has led some retail insiders to term it 'Old Navy On Steroids.' But that's just business as usual at Steve & Barry's.

Never before in retail history has any retailer successfully offered their customers a combination of the extremely low prices, the highest quality, private label merchandise, upscale surroundings and the friendliest service. In fact, Steve & Barry's strategy has transformed this former licensed college apparel retailer into a potential major mall apparel player. Shopping at a Steve & Barry's outlet offer shoppers two to ten times less price for the same quality clothing that is purchased at competing department stores. "Our concept appeals to the masses, we draw everyone," said Andy Dicker, Executive VP at NY-based Steve & Barry's University Sportswear.

The 'lowest price' sales was the key focus of the company's management as they were well aware of the fact that consumers have many places to choose to shop from. Neither did the company compromise on the mass appeal products. The philosophy of the conglomerate is not just talk about 'we want business' but also creates viable shopping option for fast moving merchandise.



Entrance of a Steve & Barry's store - the complete shopping experience

Steve & Barry's have a major design and management facility in Bombay, India, and source from about 25 countries in order to find high quality at low cost.

The low price concept that has driven the company to the way of success, has garnered raves from industry analysts, who note that in a sea of specialty retailers, Steve & Barry's is in a league of its own extreme-value apparel. "This store has tremendous opportunity to grow," said Howard Davidowitz, Chairman, Davidowitz & Associates, a retail consulting and investment banking firm with headquarters in New York City. "And it's not another 'me too' store selling Liz Claiborne off-price. Their merchandise can't be found anywhere else."

Andy says his company appeals to value-oriented consumers of all ages, backgrounds and income levels. "Steve & Barry's University Sportswear is America's best clothing store

with stores throughout the country including mall megastores and stores located on prestigious college campuses," says Andy. Steve and Barry's has branched out and carry selection of the highest quality, most popular items of men's, women's and kid's wear at its more than 65 stores in 16 states across the US. Steve & Barry's location has entire departments of jeans, khakis, nylon pants, tear-away pants, sweat pants, footwear, heavyweight hooded sweatshirts, shorts, jackets, T-shirts, baby doll shirts and polo shirts.

Some wax eloquently about what they consider Steve & Barry's distinctive qualities. "This concept is very different from other retailers," noted Davidowitz. "They have got a fashion and marketing edge and a very strong value message." Steve & Barry's has romanced an entire look - though being a specialty store, it has made a unique impression.

Today, Steve & Barry's sits on the cusp of explosive growth, with a just single lease for its first Manhattan location and plans to double the number of stores over the next year. Given the pace at which they are adding new stores, another industry source estimated the company could reach sales of \$ 1 bn in 2006. It is a potential multi-billion dollar company that is depending on its ability to execute 'low-price' concept. The company is focusing on malls and hopes to branch out into lifestyle centres and power

Steve & Barry's strategy has transformed this former licensed college apparel retailer into a potential major mall apparel player. Shopping at a Steve & Barry's outlet offer shoppers two to ten times less price for the same quality clothing that is purchased at competing department stores

centres as well. Steve & Barry's is prepared to occupy anchor spaces (units of 100,000 square feet or larger) in malls that traditionally pay discounted rents because they draw customers to the shopping centre. Their stores are clustered far from the astronomical rents of the New York metropolitan area.

The chain broadened its appeal by expanding into non-licensed casual apparel, mainly for men; later it added women's and children's apparel too. Presently 80% of the retailer's sales come from non-licensed merchandise jeans, sweaters, jackets, pajamas, footwear and accessories. But it continues to carry the hip university-logo sportswear it was first known for. All the merchandise is private label.