

SPORTSWEAR NEWS

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#03\2006

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3,50 EURO
12 JANUARY 2006

Northern Stars

Canadian Designers at new heights

CANADA SPECIAL FALL/WINTER 2006/07

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FOR MORE THAN A DECADE, THROAT THREADS APPAREL AND ITS FOUNDER-PRESIDENT RUSS FEARON HAVE HELPED QUALITY FOREIGN BRANDS BUILD THEIR IMAGE – AND STRIKE GOLD – IN THE CANADIAN MARKETPLACE. **WORDS: CHRISTOPHER BLOMQUIST**

Back when he was a childhood friend of Chip and Pepper Foster, the now famous Canada-bred twins who produce their highly-successful Chip & Pepper line in Los Angeles, Russ Fearon never imagined that he and his two pals would one day be making a serious mark in the apparel business. Yet, despite their divergent career paths and approaches, that's exactly where they all ended up. Fearon, who began his career working with the colorful pair ("They needed someone who was a little more managerial than they were and that was me," he says) later went on to launch Throat Threads Apparel in 1993, a company that emphasized his more conservative approach to fashion – specifically neckties – and made them for the emerging more-casual workplace. Two years later, piggybacking on the success of his line, Fearon formed a partnership with renowned U.S. neckwear manufacturer

Superba to exclusively distribute and market its tie collections, including Tommy Hilfiger neckwear, in Canada. In the über-successful years that followed, Throat Threads took on Canadian distribution for Hilfiger's dress shirts, underwear, belts, leather goods, loungewear and sunglasses, later adding apparel from Victorinox Swiss Army Brands, Nat Nast, Façonnable and Chip & Pepper to its distribution stable. Today, this multimillion-dollar company based in Burlington, Ontario has been cited by *Profit* magazine numerous times as one of Canada's fastest-growing businesses. It offers a complete sales, marketing and distribution program for medium-to high-brands from outside Canada. Here, Fearon discusses with *SI News* Throat Threads' services, the secret of its success and the current character and state of Canada's fashion market.

What do you think are some of the country-specific challenges that foreign companies need to know about the Canadian market before they enter it?

Understanding that our market has a fairly significant European influence and that price points are important to success. Mapping out scientifically where you should be in the marketplace and mapping out which retailers you should be at and why. There's a saying that you can spend 15 minutes planning and five hours working or you can spend a half hour planning and two hours working. I see a lot of people come to Canada and truly not understand the retailers, the dynamics and the psychographics and they go to markets in the wrong places. [Help with] that is what we've provided; we have a very clear understanding of the relationship of all the things that make sense for bringing the product properly to Canada.

How do you think the Canadian marketplace differs from the U.S. marketplace?

Relatively speaking, we are dominated by more specialty stores. We have two major department stores: Sears and The Bay. And department stores were designed one-hundred-something years ago with a horse and buggy so you could go to one stop and shop and buy your dry goods and clothing. But what has happened in today's world is that we are so time-poor that we want to go into a microcosm of what our interest is and be provided with what we need by service levels. The department stores, relatively speaking, outside of those like Nordstrom, have failed. So what have they done to try to sustain their operations? Promote, promote, promote and try to do everything on price. Well, at the end of the day, the people who want to buy fashion aren't necessarily about price – and if they are, they're going to H&M. If you look at Canada vs. the U.S. there are a lot more specialty stores relative to the population base here than there are in U.S. There is this disproportionate amount of specialty stores and they need to have access to and be aware of these global brand opportunities. And they need to have a facilitation company like ours that can provide the marketing, the sales, the business intelligence, the delivery on time, the customer service, the ability to repeat through merchandise and all these other things that make for a successful business opportunity.

Are there other differences?

Another distinction is that we [Canadians] are a little more European-based in our flavor. [We like] a little more color and we are little bit more contemporary. You wouldn't see a lot of men wearing a blue shirt with a white collar. Anything that is very 'American' is typically not very successful in Canada.

Other than contact you, what would your advice be to foreign companies looking to enter Canada?

I would suggest a trip to Canada, first Toronto and potentially Montreal and Vancouver, but Toronto would be the first major place to get an

understanding of the lay of the land and the nuances of the Canadian market because it is a somewhat complex marketplace. It's very competitive, there are companies coming from the U.S. on a weekly basis – that are multibillion-dollar operations that can change the face of retail in a mall overnight so you've got to be aware of these things because they can blindside you. Like anything in life, if you're not there living and breathing something every day you're subject to lack of knowledge. With lack of knowledge you're subject to potential high risk – that's the bottom line.

What foreign brands do you think have done a good job growing their awareness, distribution and business in Canada?

I think Tommy Hilfiger has done a good job and Hugo Boss has done an amazing job.

And what homegrown brands do you respect business-wise?

DSquared. And Roots, for who they are, has done an amazing job. There are not a lot of them. There are other small designers niched out here and there but there are really not a lot. We're dominated by Europe and the United States is the reality.

How do you decide what brands are right for the Throat Threads stable?

I'm always looking to add long-term revenue opportunities for my end-user. I'm not too interested in short-term opportunities. Even though there are fads and trends, I think I serve my end-user, the retailer and my staff and my vendor partners better if we invest and leverage all the equity that this company has built in Canada. So if I can provide my customer, a retailer, an opportunity that potentially has a runway in front of it that we can't see the end of, then I think I'm delivering the best return on investment. Which is not to say that I'm going to necessarily or completely overlook fads or trends but it's not my major focus. Like Façonnable and Swiss Army – these types of things are big, huge long-term opportunities.

What are your impressions of the Canadian fashion scene in general?

I think it's alive and well but I think we're up against a lot. We have to export, like DSquared. Canada does have a great sort of mixture of interesting things going on. We have a very large American influence, we have a big European influence and we are fashion people. Especially the French – Quebec is very much into fashion. So we have a unique outlook on fashion and we've had some great fashion people come along. Just in general there's a lot of talent in Canada – look at the music industry. There's a huge amount of exports that are very successful music people. Without sounding too 'I am Canadian,' there's a large talent pool in Canada from many perspectives.

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