

Retail

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Xcel Brands, Isaac Mizrahi and QVC: Partners For Success



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Xcel Brands is the parent company for the Isaac Mizrahi, Judith Ripka and Liz Claiborne New York brands. I had the opportunity to chat with Xcel Brands' Chairman of the Board and CEO Robert D'Loren last week and learned a lot about the company and its partnership with QVC. We spent most of our time focusing specifically on the Isaac Mizrahi brand, which Xcel has owned for the past two years.

Most people I know think of Isaac Mizrahi as a clothing designer and judge on TV's Project Runway All-stars. My own first memory of him was as one of the original "cheap chic" designers that helped drive [Target](#) TGT +0.17%'s glory days of fashion in the early 2000's. Prior, he was a high-end fashion designer. Once he moved away from high end fashion, circumstance and fortune put him in the position to bring a design ethos to the masses.

Mr. D'Loren described Mr. Mizrahi's legacy well: he is the designer that

oversaw the ***democratization of style***. Certainly with his role on Project Runway All-Stars and appearances on QVC he continues that legacy. Since selling his business to Xcel Brands, Mr. Mizrahi has been able to spend more time curating the product assortment and less time actually designing it himself. More and more he is the face and the ethos of the brand while Xcel manages both day-to-day operations and finding the right vendors to make the Mizrahi product. Xcel Brands itself is a hidden dynamo. The company strongly positions itself as an “omni-channel” leader – meaning it reaches customers across any media they choose to interact with: TV, stores, online, social media...wherever the customer goes, Xcel Brands is ready to meet them. Certainly the data is compelling:

- *Isaac Mizrahi Live on QVC reaches 99 Million households in the US and 14 Million in Canada*
- *Isaac recently launched an e-commerce site, announced it to the world on QVC, and within moments, over 1,000 new visitors came to the site*
- *Since partnering with Xcel Brands, Isaac’s QVC score has gone from a 2.5 to a 4.5 out of 5*

How has it moved so quickly and done so much? According to Mr. D’Loren, it’s much more about product than it is about math. The analytics support the art form, rather than driving the entire business.

This is something I have generally been paying close attention to. While my background is solidly in technology, I've also seen what happens when a company forgets about the intangible art of designing and selecting the right product. It breaks an unspoken promise to the consumer: the Brand promise.

Mr. D'Loren has been a brand manager for a long time. He has owned thirty-two brands, of which seven were retailers. He has produced everything from home furnishings to couture. His President and Chief Operating Officer, Joe Falco is the "product guy" or as he would be called in the industry, the head merchant. They work in the same office, face-to-face doing complimentary work. Mr. D'Loren is responsible for the overall look. His philosophy is simple "Shopping should be joyful." And too often, it just isn't. With every brand it takes on, Xcel asks itself "What is the brand's ideal? What is its highest purpose?" That's how they came to recognize Mr. Mizrahi as the 'style democratization' guy. He was the first designer to say you could wear a \$1,500 jacket with \$50 pants. The key is apparently in matching up high and low end merchandise to their best effect.

The earliest public example of this mixed-metaphor ethos was Sharon Stone at the 1996 Oscars. She wore a [Gap](#) GPS +1.44% turtleneck over an Armani velvet coat and Valentino slacks. Designer dresses come and go, yet a quick search on "Sharon Stone gap turtleneck Oscars" will reveal many web sites citing the look as one of the top-ten of all time. She did it again in 1998, wearing her husband's

white shirt with a long skirt designed by [Vera Wang](#). Mr. Mizrahi did not oversee those looks, but he certainly spotted the trend and popularized it. Once the brand ideal is established, everything is built around it: from messaging and collateral to stores to web sites, to the clothes themselves. Mr. D'Loren believes it's critical to embed honesty, transparency and into the corporate culture. The way messaging and collateral is delivered depends on the target customer base. As Mr. D'Loren explained, Millennials want to 'get behind the ropes'. They're not so much fans of traditional marketing. Rather, they prefer streaming media. This extends beyond just the QVC TV show itself, but to supporting messaging as well.

Traditional marketing still plays a role, mostly with the brand's older demographic groups. This appears to be a coming trend. In fact, my own company, RSR Research, has found in our research that while traditional mass marketing still dominates, retailers are starting to move away from it, towards more personalized approaches. This likely is a function of Baby Boomers moving out of their prime discretionary spending years and Millennials rising up to become the next mammoth market.

Retailers and brand managers might take a strong lesson from the parting comments Mr. D'Loren made to me.

When I asked him about branding he replied, "What does a brand really mean? It means Trust. Whatever your value proposition or promise is, you have to deliver."

QVC has been a partner in fulfilling its own and Isaac Mizrahi's brand promise. Their numbers speak for themselves. I received a long and impressive list from the company's public relations firm, but the one that stuck with me was this one: **of all QVC's sales, 90% are from repeat customers.** How many retailers can say the same?

As I look at a list of retailers who struggle today, I wish they could hang those words in the hallways of their home offices and back rooms of their stores. We've become very focused on branding in the retail industry. The explosion of information and selling channels allows a retailer to drive home a branding message daily. But stores, web sites and most importantly, product is where they are meant to fulfill that promise. Doing so is a prescription for success.

Not doing so...well, at best, it's a bad idea. Over the long haul, it's a prescription for failure.

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