



Cue Clothing Co sharpens its act

Sue Mitchell *Senior Reporter*

May 7, 2016 — 12.15am



Rod Levis bounds up the stairs to Cue Clothing Co's rooftop garden with the energy of a man half his 73 years and surveys the Surry Hills skyline.

The inner-Sydney suburb was once home to hundreds of apparel manufacturers, but most have been replaced by apartments, boutique hotels, cafes and restaurants. Only a few labels – mainly importers, wholesalers and online retailers – survive.

Cue is a rare beast. Still wholly owned by the Levis family, Cue has survived 48 years, through two recessions, tariff reductions, a flood of cheap Asian imports and invasion by global fast-fashion retailers, and is the last major fashion house still manufacturing most of its products in Australia.



Cue Clothing chairman Rod Levis says times are a'changing. **Michelle Mossop**

Levis wants to keep it that way, but acknowledges that changes must be made if the company is to survive another 48 years.

Cue's sales have almost doubled over the last ten years, rising from \$150 million in 2006 to almost \$300 million in 2015, and online revenues have risen about 127 per cent, generating sales equivalent to four top stores.

RELATED QUOTES

But same-store sales slipped almost 1 per cent in 2015 and the company has been discounting more often to boost traffic in its 230-odd stand-alone stores and

concessions.

"We're holding our own very well – the big international chains haven't really harmed us," Levis told the *AFR* Weekend. "But we'd be stupid to think they haven't made a dent."

Sales have been erratic - up 21 per cent one week, down 2 per cent the next - and Levis believes the company, which prides itself on low staff turnover and the longevity of its management and design teams, can benefit from some outside retail expertise.

Levis has poached a senior retailer from David Jones – retail operations brand manager Benjamin Webster – as general manager retail at Cue, starting next month.

"Benjamin's brief is to normalise our performance – there are too many highs and too many lows," Levis said.

"The big global chains have forced local retailers to lift their game. They're taking hundreds of millions of dollars out of the country, so we all have to sharpen our act."

Cue differentiates itself from the competition by using fabrics sourced from top mills in Europe and traditional design processes, with a focus on fit and cutting-edge style.

Most of the production is outsourced to 15 Australian clothing manufacturers, 10 of whom have been working for the company for 20 years.

Local manufacturing and small production runs enable Cue to put new designs into stores within three to five weeks, with between 35 and 40 new styles added each week, giving Cue fans good reason to shop regularly.

But flexibility and speed to market come at a price. Cue's prices are higher than those at global chains such as Zara and H&M and local labels who source from overseas, including David Lawrence, Saba and Country Road.

Cue occupies a niche between high-street fast fashion and high-end designer wear.

"It doesn't suit everyone," said Levis, who started in the rag trade by selling Beatles T-shirts with his wife in 1968.

"We don't have products that can be thrown on easily. So staff have to know the product and know how to sell to customers," he said.

Levis is tweaking the group's store footprint – moving his Bourke Street, Melbourne store to Collins Lane for example - and his relationships with the major department stores.

For the last few decades, Cue has been exclusive to Myer and sister brand Veronika Maine exclusive to David Jones.

The takeover of David Jones by South African retailer Woolworths and the subsequent expansion of Woolworths' Country Road Group and private label brands has prompted Levis to open about 15 Veronika Maine concessions in Myer this month and to close a similar number of Veronika Maine concessions in David Jones.

"Our competitor is now in David Jones so why wouldn't Veronika Maine be in both department stores?" Levis said.

Like David Jones, Myer has also been adding new local and international brands to its portfolio under CEO Richard Umbers' turnaround plan, but Cue remains the top-selling apparel brand in Myer and Levis is determined to protect his position.

"Myer has been so good to us ... we're still the top-selling brand in Myer," he said. "But when you're number one you have to work harder to maintain that."

"As part of New Myer, we're bringing in brands that inspire and attract our fashion forward customers.

Myer's chief merchandise and marketing officer, Daniel Bracken, says Cue continues to be a popular and in-demand brand in Myer stores and performs strongly across its portfolio.

"Welcoming Veronika Maine to our womenswear offer adds further momentum to our wanted brands strategy," said Bracken.

Levis also hopes to open Dion Lee concessions in David Jones after acquiring a stake in the young designer's label three years ago and opening five stand-alone Dion Lee stores.

Levis has been approached in the past by large overseas buyers and private equity players, but would rather pass the baton onto his son, Justin, and daughter Melanie, rather than sell out or take the company public. He has no immediate plans to retire and says he feels younger than his 73 years.

"It's a balance between youth and experience – you must have both," he said.



License article

TOPICS [Fashion retail](#) [Myer](#)

Sue Mitchell is a senior companies reporter and writes about retail, consumer products and fast moving consumer goods. *Connect with Sue on [Twitter](#). Email Sue at suemitchell@afrc.com*
