**Charming Charlie: a jewel of a chain**

By TANYA RUTLEDGE, FOR THE CHRONICLE | December 2, 2011

While some graduate students might use their professors' office hours to beg for a better grade or extra credit, [Charlie Chanaratsopon](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22Charlie+Chanaratsopon%22) was using his time to launch a business.

Chanaratsopon, who at age 33 leads one of the fastest-growing specialty retailers in the country, simultaneously earned his MBA from [Columbia University](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22Columbia+University%22) in New York and started Houston-based [Charming Charlie](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22Charming+Charlie%22). The chain has grown to 178 stores in 33 states in just seven years, essentially doubling its store count each year.

Chanaratsopon would often bounce ideas off his professors to get tips for the company, which was founded in 2004 and employs more than 5,000 people across the country, including more than 600 locally.

"I really used it as a sounding board for the business," he said.

Chanaratsopon, who has a background in finance and real estate, got the idea for the jewelry and accessories retail chain after "walking the malls" to get ideas about what shoppers wanted.

Using excess inventory from his family's jewelry manufacturing business, he started Charming Charlie with a store on Harwin Drive.

"I knew I didn't want to be in the apparel business because it was so competitive," Chanaratsopon said. "With accessories and jewelry, there was so much unmet demand."

And although growth came fast, he said he was never afraid to tweak the concept based on customer feedback.

***Setting it apart***

It was only after opening store No. 7 that Charming Charlie adopted the format that now defines it in the industry - grouping the merchandise by color, rather than by category.

[Richard Jaffe](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22Richard+Jaffe%22), a retail analyst with [StifelNicolaus Research](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22StifelNicolaus+Research%22), said Charming Charlie's color groupings have helped set it apart in the ultra-competitive retail market.

"Their merchandise is laid out in a very straightforward, easy-to-understand format that tells color stories," Jaffe said. "They are almost like vignettes that are driven by color."

But both Jaffe and Charming Charlie customer [Lara Bell](http://www.chron.com/?controllerName=search&action=search&channel=business&search=1&inlineLink=1&query=%22Lara+Bell%22) said the primary attractions are the affordable prices, especially in an economy where shoppers are looking for bargains.

***'The biggest draw'***

Charming Charlie's merchandise is typically priced from $4.97 to $49.97, with many of its earrings and watches ringing up at $14.97.

"For me, the price is the biggest draw," said Bell, who visits the Bunker Hill store - one of 10 in the Houston area - at least three times a week and never leaves without purchasing something.

"I don't want to drop $40 on a pair of earrings that I might only wear once or twice. They have their pulse on what shoppers want."

Indeed, Jaffe said one of the main things that shoppers want is to be able to affordably accessorize clothing they already own.

"The consumer is interested in dressing from her own closet right now. Not in buying clothes, but in buying accessories that don't cost as much but can refresh a whole outfit," he said. "The demand is out there, and retailers like Francesca's and Charming Charlie are capitalizing on that."

Jaffe's firm also follows Houston-based Francesca's Holdings Corp., which operates accessories and jewelry boutiques across the country and recently undertook a successful IPO.

Charming Charlie is profitable, Chanaratsopon said, though he won't disclose revenue figures. He did say he expects another shot in the arm from the company's website, launched two weeks ago.

And while Chanaratsopon credits his well-planned business "playbook" for a portion of the company's growth, he admits to a little bit of luck and timing.

***Prime spots***

When the company started in 2004, bank loans and credit for expansion were easy to come by. As the recession took hold and the real estate market took a hit, Charming Charlie was able to ramp up expansion since prime retail spots were easier to find and cheaper to secure.

"We were in a position to take a lot of those spots that the national guys didn't take at the time because not a lot of them were growing," he said.

There has been chatter about an IPO for Charming Charlie, but Chanaratsopon would only say that it could be a possibility.

"Our focus is on growing the business, and as we look at different ways of accessing capital, we could look at the stock market," he said. "If it's a great thing at the time, then we'll do it."

http://www.chron.com/business/article/Charming-Charlie-a-jewel-of-a-chain-2341504.php