

WWD FRIDAY

Beauty

Hands-On Haute

PARIS — Cool catsuits, rich furs and haute tailoring — those were some of the elements of Jean Paul Gaultier's stellar fall couture collection.

Mix a soupçon of Surrealism with a dose of swashbuckling fashion audacity, and you have the mood. There were bold fur stoles, rich-looking bodysuits and even a dramatic, asymmetric crocodile coat. Here, one example of Gaultier's terrific tailoring: a belted leather jacket with surreal attached gloves, worn with a tight skirt. For more on the season, see pages 6 and 7.



Fragrance Deluge Brightens Prestige Beauty's Gloss for Fall

NEW YORK — The global beauty industry sees a glimmer of hope for fall.

Despite depressed sales early in the year, consumer confidence seems to be steadying, financial markets are firming and the Asian SARS panic is

easing. Top executives are feeling less anxious about the second half,

For More Beauty Forecasts, See Pages 11-13.

although no one expects to be dancing in the street on Christmas Day.

"I do feel better about the U.S. market for the second half," said Fred Langhammer, president and chief executive officer of Estée Lauder Cos. He sees particular

See **Bright**, Page 8

Slimane Renews With Dior for 3 Years

By Miles Socha

PARIS — Hedi Slimane, having energized Christian Dior men's wear with his sleek, modernist designs, is set to redefine its men's fragrances and cosmetics, too.

On Thursday, Christian Dior said it renewed Slimane's contract as artistic director of Dior Homme for three additional years, while also adding responsibility for new perfumes as well as such Dior scents as Eau Sauvage, Fahrenheit, Dune for Men and Jules.

Getting down to business right away, Slimane boarded a jet Thursday bound for New York to shoot the new campaign for Higher Energy, the new brother to the Dior men's fragrance, Higher Dior, which he helped steward in 2001, choosing the

column-like bottle and dramatic black-and-white advertising.

He could not be reached for comment, but in a statement he said, "It's fantastic. I'm really happy about this, given my attachment to the house of Dior and the Dior Homme project."

Signing the contract squelches speculation that Slimane might exit the house, since negotiations to renew it were said to be prickly, as reported.

"Not only is he staying, he has more responsibilities," said Sidney Toledano, president of Christian Dior. "Everybody is very happy."

As Toledano pilots the fast-growing Dior fashion house toward its goal of \$1 billion in volume by 2006 or 2007, Slimane's fashions and image direction are considered key ingredients. The

men's wear business, which is believed to have grown more than 40 percent last year, is now wholesaled to some 150 multibrand stores worldwide. And Dior Homme is gaining more space in its growing network of freestanding stores, now numbering 150.

Toledano noted four developments slated to bow before the end of the year: a 2,000-square-foot men's store adjacent to the Dior boutique on 57th Street in New York; a men's and women's unit on Rue Royale in Paris; a men's floor in the Dior flagship rising on Ometesando in Tokyo, and a Dior Homme in-store shop at Le Bon Marche department store, owned by LVMH Moët Hennessy Louis Vuitton, a sister company to Christian Dior SA, parent of Christian Dior

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Beauty

GENERAL

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June Sales: Volume Mixed, Inventories Down

By Jennifer Weitzman and Evan Clark

NEW YORK — Clearance sales and clearer skies allowed retailers to conclude June with unspectacular sales results but leaner inventory levels.

Results for the month were generally slightly above or in line with expectations as companies enjoyed successful June clearance sales, driven by warmer weather and pent-up demand for summer merchandise.

As a result, many retailers said they are entering July with cleaner inventory levels compared with the start of June, clearing the way for fall deliveries.

"Price drove sales and the ability to manage price efficiently made the difference between good and great retailers," Richard Jaffe, a retail analyst with UBS,

said. "There was a manifest of retailers handling themselves well in a tough environment."

Among the best pieces of news, he noted, was Gap's ability to drive units without giving up too much on the margin. Gap Inc.'s comparable-store sales rose 10 percent.

Dana Telsey, an analyst with Bear, Stearns, pointed out that sales gains were strong enough for most retailers to offset the impact of higher markdown rates. "We estimate there was around a 200 basis point acceleration in sales from the first half of the month to the second," she said.

"Business [in June] reflected summer clearance events, and advertising was useful in some instances to drive the business."

Still, while some retail companies were able to drive sales through aggressive promotions,

others, like Kohl's and Limited Brands, required a more aggressive stance to come out of the quarter clean, cutting into margins and jeopardizing second-quarter earnings. In fact, Kohl's cut its earnings estimate for the quarter, which concludes at the end of July, to between 30 cents and 32 cents, down from its May forecast of 38 cents to 42 cents.

"The second quarter is going to be tough," George Strachan, broadlines analyst with Goldman Sachs, said. "Margins are under pressure."

According to the Goldman Sachs comp index, overall sales rose 1.9 percent in June, an increase from the 1.5 percent in May, but off from the 4.5 percent increase of June 2002. Discounts led the pack, increasing 3.3 percent last month, followed by a

Continued on page 14

Cavalli Rejects Plea Bargain In Italian Trial for Tax Fraud

MILAN — Prosecutors offered Roberto Cavalli a plea bargain carrying a sentence of two years in prison if the designer admits to charges of tax fraud, but Cavalli's lawyer said his client will reject the offer and prove his innocence.

Cavalli's attorney, Alessandro Traversi, recounting the events that transpired in a Florence courtroom Thursday, said the defense has no intention of accepting the plea bargain and plans to reject the offer at the trial's next installment on Dec. 2.

"We don't accept this proposal and we will proceed with the testimony," he said in a phone interview.

Prosecutors, the judge handling the case and Cavalli could not be reached for further comment. The designer was not present at Thursday's court hearing, as he was attending a store opening in Sardinia.

As reported, Italy's tax authorities claim Cavalli evaded fiscal responsibilities by booking roughly \$2.95 million (in local currency, 5 billion lire) in charges to renovate his luxurious Tuscan home as corporate expenses for the fis-



Roberto Cavalli

cal years 1996 through 2000.

Lire figures were converted to euros at a fixed rate, and dollar figures are converted from euros at current exchange.

Cavalli's attorneys defend the renovations as valid company expenses because the designer's lifestyle is intricately linked to his image, and consequently the success of his fashion house.

Cavalli's defense boasts a long list of celebrities who are willing to testify on the designer's behalf, including Cindy Crawford and Lenny Kravitz. But they can only take the stand after the prosecution presents its case.

— Amanda Kaiser

Yvonne Chahine Resigns Post At Stella McCartney

PARIS — Yvonne Chahine has resigned as Stella McCartney's president of North American operations, WWD has learned.

A spokeswoman for Gucci Group, which owns 50 percent of McCartney's fashion house, confirmed Chahine's exit, but noted she would consult on the business through October.

A successor will not be named. Chahine's responsibilities will be assumed by James Seuss, chief executive of the London-based design house, the spokeswoman added.

Chahine joined Bergdorf Goodman in June 2002 from Bergdorf Goodman, where she was vice president and divisional merchandise manager of women's designer collections. Prior to that, she was at Barneys New York.

McCartney operates one retail store in the U.S.: a 4,000-square-foot flagship that opened last September at 429 West 14th St. She also has a 10,000-square-foot flagship in London and plans to launch her first fragrance this fall.

In Brief

• **PPR BONDS:** Pinault-Printemps-Redoute announced Thursday its successful launch of a \$853.4 million eurobond maturing on Jan. 23, 2009. Dollar figures have been converted from the euro at current exchange rates, as PPR's bond was priced at 750 million euros. PPR said in a statement that the demand, more than twice the amount set at the offer, allowed the company to increase the initial amount from \$569 million, or 500 million euros, while optimizing the terms and conditions of the operation with a coupon, at 5 percent, inferior to the initial estimate. "This strong demand reflects investor confidence in the PPR Group, which reinforces its financial strength by lengthening its debt maturity and by diversifying its financing," the group said in the statement.

• **ANOTHER RITE AID PLEA:** Philip Markovitz, former vice president of store development at Rite Aid Corp., on Thursday pled guilty to one count of conspiracy to obstruct justice in connection with his admission of lying to Federal Bureau of Investigation agents about when he received a lucrative severance letter from former chief executive Martin Grass. Grass, who pled guilty to conspiracy last month in connection with his role in the accounting fraud scandal at the pharmaceutical chain, has admitted to creating illegal, backdated letters approving severance packages. Markovitz, who faces a maximum of five years imprisonment, was not among the four individuals who were indicted last year. Three of them, including Grass, have entered guilty pleas. The remaining individual, Franklin Brown, who was vice chairman, has until Monday to decide whether to plead guilty or face a trial on 35 criminal charges.

• **LABOR PAINS:** A Democratic move in the House to quash Bush administration plans to overhaul federal rules about who qualifies for overtime pay was narrowly defeated Thursday in the GOP-controlled body. The 213-210 vote was a victory for retailers, who largely support the overtime changes, which the Labor Department estimates would make 1.3 million new workers eligible for overtime and eliminate the extra pay for 644,000 qualified workers. Organized labor estimates 8 million workers will lose overtime under the Bush rules, expected to go into effect early next year.

WWD Stock Market Index for July 10

Composite: 110.48 ↓ -0.68	Broadline Stores: 110.64 ↓ -0.84	Softline Stores: 108.90 ↓ -0.50
Vendors: 110.17 ↓ -0.30	Textiles: 119.42 ↓ -2.62	Index base of 100 is keyed to closing prices of Dec. 31, 2002.

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SHIRAZ

By Aileen Mehle



In Wednesday's column, you read here how the **Prince of Wales'** guests at his royal dinner at Windsor Castle swept through gorgeous, immense, towering-ceilinged, gilt-paneled, priceless furnished drawing rooms and dining rooms on their way to the Grand Reception Room where Prince Charles and **Camilla Parker Bowles** were waiting to greet them with smiling faces, easy charm, lots of champagne and no pomp. When I say Grand Reception Room, I mean grand beyond measure — great, glittering chandeliers; dripping crystal; gold leaf gleaming from lofty ceilings and walls, and marble, marble everywhere. George IV once intended this room to be a ballroom — this is, after all, a castle. Now, **Queen Elizabeth** uses it to greet her guests before state banquets. At the entrance stands a huge malachite and gold urn given to Queen Victoria by Czar Nicholas. It is one of the largest outside Russia, as it should be when you consider the kind of legend Victoria was.

What next, after all this, you think. What next? What next is an even more magnificent room, Saint George's Hall, in gothic marble and one of the most historic rooms in the castle, with vaulted ceilings reaching to the sky and where, for six centuries, the coats of arms of the Knights of the Garter have decorated the walls. This is where the guests were seated for dinner at an enormously long table where, stretching down the center from one end to the other, an exquisite garden of freshly growing tiny wildflowers blossomed and 20-foot white birch trees towered overhead. At each setting, a menu, handpainted with flowers and vines, announced what would be served — asparagus with smoked salmon, roast fillet of beef and Pear William ice cream with lavender shortbread and a pear crisp accompanied by fine wines, including Hygrove Rose, named after Prince Charles' country house. **Steven Rockefeller**, not really ready for all that vintage grape, asked for a beer to go with his beef — and he got it! There will always be an England, but there will also always be an America, and an American.



Amanda Hearst



Rose Marie Bravo



Camilla Parker Bowles

After dinner, the guests descended the grand staircase to The Quadrangle where, marching up and down and around on the vast green lawns, the Royal Marines gave a heart-stirring performance of British and American airs and marches, with the walls of Windsor Castle silhouetted in the background, where

flaming torches blazed. Yes, there will always be an England.

And here is who was there: **Ezra** and **Cecile Zilkha** (in a yellow chiffon off-the-shoulder Madame Grès); **Deborah Norville** and **Karl Wellner**; Washington media and banking tycoon **Joe Allbritton** and his wife, **Barby**, their son, **Dr. Robert Allbritton** (seated on Camilla's left at dinner), and his wife, **Elena**; **Pauline Pitt**; **Hilary Geary** in lime paillettes with **Wilbur Ross**; **Astrid** and **Kip Forbes**; **Nicola** and **Robert Wilson**; **Joan Rivers**; from California, **Betsy Bloomingdale**, **Marion Jorgenson** and **Erlenne Sprague**; **Rose Marie Bravo**, the pride of Burberry in black and white; **Denise Hale**, the pride of San Francisco, in a purple brocade jacket straight from India; **Robert** and **Blaine Trump**, in a long black silk skirt and a black and white silk off-the-shoulder blouse, bought at 4 o'clock that afternoon at Bellville Sassoon; **George Farias** (seated on Camilla's right), **Patricia Hearst Shaw** and **Bernard Shaw**; **Anne Hearst** with her beautiful young daughter, **Amanda**; **Genevieve**, and **Frederick Ryan**; **Chris** and **Robin Donahoe**; **Mary** and **Mandell Ourisman**, of the Washington Ourismans; **Nada** and **Nemir Kırdar**; **Ambassador Earl Phillips** and **Sallie Phillips** and on and on into the night. If that wasn't a dazzling night to remember, there never will be one.

Let us leave Windsor Castle in England until next week when we return to regale you with tales of the Prince of Wales' other supremely elegant dinner at his other residence, Clarence House; advertising genius **Mary Lawrence**'s breathtaking London apartment; **Lord (Jacob) Rothschild**'s chess dinner at Somerset House, and **Sir Elton John**'s White Tie and Tiara celebrity-studded ball at his English Country estate, this before it's time for Sir Elton to give another White Tie and Tiara 'do. So many parties, so little space. Oh, and all about **Nancy Reagan** and the festivities surrounding the commissioning of the aircraft carrier U.S.S. Ronald Reagan in Norfolk tomorrow.

Meanwhile, in another part of the forest, **Anna Getty**, the beautiful daughter of **Gisela Getty** and **Jean Paul Getty III**, the granddaughter of the late J. Paul Getty Jr. and a great-granddaughter of America's first billionaire, J. Paul Getty, is marrying cinematographer **Gregory Pruss** on Aug. 8 in Fiesole, Italy, at the Villa di Maiano with parties night and day for 350 guests. Anna was in New York this week for the final fitting of her romantic and extravagant Maggie Norris wedding gown, made to measure and mirror every inch of her lovely figure. The gown is being kept under wraps and is so top secret that Maggie is creating a special muslin bag so that Anna can hand-carry it personally aboard the plane for her big day. Who's going to tell, the pilot?

Lauren Bush, **President Bush**'s niece, is in London, studying fashion at Central Saint Martins College of Art and Design, the fashion school where would-be designers cut their teeth. She also found time to dip her pretty little toes into the London social swim, Wimbledon, Ascot and a house party at the home of her friend, **David de Rothschild**, the handsome 25-year-old son of **Sir Evelyn de Rothschild** and his former wife, the American-born **Victoria Schott**. Lauren and David have been quietly getting to know each other for the past couple of years, and what better way to do that than seeing the family's stately home. It's called Ascott House and was built in 1873 on 90 acres of another stately home, Mentmore. The extraordinary house contains the family's remarkable collection of art, furniture and Chinese ceramics. The beautiful gardens are open to the public, and David gave Lauren a guided tour from top to bottom. And

Lauren, an Elite model, is due back in New York next week to take acting lessons before she returns to Princeton for the fall semester. Lauren and her younger sister, **Ashley**, will be featured in an "In the Jeans" layout in the August issue of *Glamour* — and if all this isn't glam enough for you, it's glam enough for them.

Dems Back UNITE In Cintas Campaign

By Kristi Ellis

WASHINGTON — Two powerful unions have joined forces with House lawmakers in an effort to push Cintas Corp., the nation's leading supplier of commercial uniforms and laundry services, to sign an agreement that would allow its employees to organize without holding an election.

UNITE and the International Brotherhood of Teamsters unveiled a letter signed by 90 Democratic and one Independent congressional lawmakers and sent to Robert Kohlhepp, chief executive officer of Cintas, at a joint news conference on Capitol Hill Wednesday.

The two labor groups formed their first alliance ever last month to organize 17,000 Cintas laundry employees and truck drivers. They want to accomplish this through what is called a card-check neutrality agreement, in which employees merely sign cards accepting a union without holding an election, and a company agrees to recognize the cards.

"The laundry workers at Cintas don't make a living wage, are paid poverty-level wages and two-thirds don't have health care," charged Bruce Raynor, president of UNITE. "They all get discriminated against or crushed when they attempt to organize."

James P. Hoffa, president of the Teamsters who also attended the news conference, said he is concerned about the rights of truck drivers.

"What is wrong with this picture is that you can't exercise your first amendment right to talk about organizing without the threat of being fired," Hoffa said. "We understand this is a big job. We understand we are

fighting a \$1 billion bully that will do anything to keep us out, but we are going to do whatever it takes to win this battle."

In the letter, the members of Congress said: "It is our belief that employees cannot freely exercise their right to join a union in an environment where employers are coercing or trying to sway employee opinion."

It is unclear what kind of political lift the letter will get, since it was signed strictly by Democrats in a GOP-controlled Congress.

UNITE has alleged that Cintas has violated labor laws in several instances, including firing workers who supported unionization, and has filed charges with the National Labor Relations Board. Cintas has denied all of the allegations leveled against it by the unions and maintained Wednesday it will never sign a card-check agreement.

"We steadfastly support employee choice and will never surrender our employees' right to an election — that is through deals with unions called 'card-check neutrality,'" Kohlhepp said in a statement. "Such deals only circumvent the government-supervised process and rob individuals of their rights to free elections."

A UNITE official claimed, however, that the card-check agreement must be verified by an arbitrator or community leader.

Of the 27,000 workers employed by Cintas, approximately 700 already belong to unions, according to the spokesman. Cintas operates 300 facilities nationwide.

The spokesman said Cintas has contributed more than \$100 million to a profit sharing and 401K plan over the past 10 years and offers its employees six different health insurance plans.

Bush Trade Plans Draw Fire

By Joanna Ramey

WASHINGTON — House Democrats put U.S. Trade Representative Robert Zoellick on the defensive Thursday about Bush administration trade policies during a hearing about free-trade agreements that Chile and Singapore recently signed with the U.S.

These FTAs are the first to be completed during the Bush administration and are expected to sail through Congress as early as this month. However, Democrats

continuing agriculture subsidies, including cotton.

"[You call this] the Bush administration's reinvigoration of America's drive for free trade?" questioned Matsui, quoting from a Thursday opinion column penned by Zoellick and published in the Wall Street Journal. "When did the reinvigoration occur?"

Zoellick shot back with a list of Bush trade accomplishments, like helping to launch the Doha Round of World Trade Organization trade talks. He defended the Singapore FTA as

plates for future FTAs.

In negotiations with five Central American countries and in the broader FTA, the U.S. is advocating a yarn-forward rule of origin for apparel. The same rule is used in the Chile and Singapore pacts, much to the delight of U.S. textile producers since apparel receiving duty-free treatment has to be made from U.S. yarn and fabric. Importers are advocating broad exceptions be negotiated to the rule of origin allowing for textiles from other countries.

Democrats questioned the Bush administration's progress in pursuing its ambitious trade agenda, whether the U.S. industry is being consulted enough during negotiations and to what extent the Chile and Singapore pacts will be used as models for more than a dozen other agreements being pursued.

on the Ways and Means Committee questioned the Bush administration's progress in pursuing its ambitious trade agenda, whether the U.S. industry is being consulted enough during negotiations and to what extent the Chile and Singapore pacts will be used as models for more than a dozen other agreements being pursued.

Rep. Robert Matsui (D., Calif.), an advocate in his party for expanding trade, was the most pointed in questioning the administration's policies. Matsui cited as anti-free trade the Bush administration's recent "highly restrictive textile and apparel agreement" curbing Vietnam's surging imports into the U.S., its endorsing of legislation last year requiring Caribbean Basin-made apparel be dyed and finished in the U.S. in order to receive duty-free breaks — part of a political payback for GOP textile-state lawmakers — and support of legislation two years ago

being significant despite the country's size, since it's the 12th largest U.S. trading partner, with \$40 billion in two-way trade last year, and the free-trade pact is the first inked by the U.S. with an Asian country.

As far as Chile, a tiny trading partner, is concerned, Zoellick noted its economy is one of the fastest growing in the world and "our efforts with Chile are sending very important messages to Latin America, [where a Central American FTA and a Free Trade Area of the Americas pact are in the works]."

For retailers and other apparel importers in the U.S., as well as domestic textile producers, neither the Chile nor Singapore pacts are expected to translate into much business because they aren't large apparel producers. However, both the competing interests of importer and domestic apparel and textile makers are eyeing the agreements as potential tem-

After questioning by Rep. Sander Levin (D., Mich.) about whether Chile and Singapore would be Bush FTA templates, Zoellick said the pacts will act as "models," but that each negotiation is different. "It's also a question of what we can negotiate with our trading partners," Zoellick said.

Responding to Rep. Jim McDermott's (D., Wash.) drubbing about what he said is administration "secrecy" toward trade negotiations and not consulting with U.S. industry officials who aren't appointed trade advisers, Zoellick said, "We are reaching out all the time."

Despite all the rancor, Ways and Means, on a voice vote, signaled approval for both pacts.

Later, at a hearing before the Senate Finance Committee on Chile and Singapore, Zoellick received a much warmer reception. The panel, which doesn't have to formally endorse the pacts under Trade Promotion Authority rules, did so anyway by voice vote.

Obituary

Hanne Merriman, 61 Ex-Garfinckel's President

NEW YORK — Hanne Merriman, former president of Garfinckel's, the defunct Washington, D.C.-based department stores, died of breast cancer on July 4 at Sibley Memorial Hospital in Washington. She was 61.

Merriman headed Garfinckel's from 1981 to 1987. She began her career at the company in a junior sales position for the misses' dress department. She rose to become a buyer, divisional manager, executive vice president and ultimately president.

While at the helm, Merriman opened stores and expanded the mail-order business. But later, in an uncertain economy, Garfinckel's faced decreasing profits and declared bankruptcy in 1990.

Before leaving in 1987, Merriman and a management buyout group made an unsuccessful bid for Garfinckel's, which was then owned by Canadian developer Robert Campeau of Campeau Corp.

Dorothy Roberts, chairman of Echo Design Group, a business associate and close friend of Merriman's, said that "she

was really one of the premier retailers in the country."

Merriman held other executive posts, including president of Honeybee Inc., a New York-based apparel retailer. In the early Nineties, she was president of Nan Duskin Inc., an upscale women's retailer in Philadelphia, and most recently had been working as a consultant.

In the mid-Eighties, Merriman had become a board member with various companies. J. Patrick Spainhour, chairman and chief executive of Ann Taylor Stores, outlined her integrity, honesty, straightforwardness and willingness to help and be involved in any way she possibly could. "Hanne had been a remarkably helpful board member," he said. "She was just a pristine person that I very much liked, personally as well as from a business perspective."

Merriman is survived by her husband, Richard; her mother, Marie Nielsen; a stepdaughter, Wendy S. Merriman; two brothers, Carl Gelder and Jorgen Nielsen, and a sister, Birgit Campbell.

Hedi Slimane to Continue With Dior Homme

Continued from page 2
Couture and LVMH.

"And there are more on the way in 2004 and 2005," Toledano assured. He cited "strong growth" of Dior men's wear in the first quarter that outpaced the house, which includes couture, women's ready-to-wear and accessories by John Galliano and fine jewelry by Victoire de Castellane. Revenues in the period vaulted 19 percent to \$135.5 million, as reported.

One of men's wear's biggest stars, Slimane burst onto the scene with his sharply tailored, often androgynous designs for Yves Saint Laurent Rive Gauche. He signed on with Dior in June 2000 after being courted heavily by Prada Group and Gucci, which had offered him a signature fashion house.

It could not be learned if Slimane's new contract stipulates the eventual launch of a Hedi Slimane women's line, long an ambition of the French designer. Under his old contract, he was allowed to produce about 10 percent of his collection in small sizes for his female fans, who include Linda Evangelista, Nicole Kidman, Charlotte Rampling and Jeanne Moreau.

But the deal clearly satisfies Slimane's desire to better unify Dior's men's image. As reported, the designer was said to be unhappy with recent ads for Eau Sauvage in France that featured a variety of men lit in a stark style, but without Slimane's penchant for unconventional masculinity. His runway shows feature marching armies of slender young men, cast from the streets of Berlin and Paris.

Claude Martinez, president and chief executive of Parfums Christian Dior, already a \$1 billion business, said he welcomed the chance to work with Slimane and indicated "we have very important projects to develop together."

The launch of Higher Energy is slated for mid-September worldwide, targeting young, cosmopolitan men.

Dior already has a top-ranked men's scent, Fahrenheit, which was launched in 1988 and has earned an international following. But its other big men's seller, Eau Sauvage, is a more regional scent, ringing up sales primarily in Mediterranean countries.

— With contributions from Jennifer Weil



A Dior Homme look for spring 2004.

Confident Visions a

The couture shows came to a close with one of the top presentations of the season, Jean Paul Gaultier's stunning blend of beautiful tailoring with dramatic, often audacious, shapes and styles. Meanwhile, Ralph Rucci mixed a touch of the sporty with the grand for Chado and added his favorite artistic details.

Jean Paul Gaultier: Jean Paul Gaultier's finale said it all: Haute couture needs a foundation, one that requires exquisite craftsmanship and technical acumen, yes, but also a whole lot more. Real couture demands brilliance of thought and the passion to translate that thought into remarkable clothes. The finale of Gaultier's fall show featured his entire lineup of models stripped down to their foundations, not the expected bras and panties, but skintight hooded catsuits with one foot in a sci-fi movie and the other on a speed-skating rink. Each one fit as perfectly as that proverbial second skin, yet, despite the sameness of silhouette, each looked unique — black lace, white satin embroidered with brilliant chinoiserie flowers, studded black leather — capturing moods from provocateur to elegance to S&M. Gaultier started with a single idea, with it anchoring countless other ideas, while referencing surrealism and a bit of Cocteau romance. The result was a fabulous, far-flung collection that brought its audience to the edge of delirium. (No, that tingle wasn't just heatstroke.)

On top of the catsuits, Gaultier layered more of that remarkable haute tailoring — a putty-toned suit with a huge bow perched on one hip, a chic belted red leather jacket with surreal attached gloves hugging the hips, a violet velvet suit with a peplum upturned ingeniously into pockets. Along the way, he wowed with one flourish after another. For example, cutting a high-drama crocodile coat asymmetrically so that the tail descended one side, barely disguising the shape of the animal. In fact, along with the primary mission of turning out stellar clothes, Gaultier seemed to be working a boyish subplot: trying to irritate the PETA people. He used fur lavishly and with unbridled audacity — for huge, colorful stoles; his "Confusion" coat in net embroidered with swirls of multicolored mink, and even fluffy Mongolian lamb sleeves on a filmy pink evening dress.

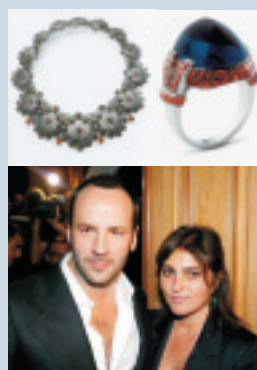
Such contrast of textures ran throughout, especially in soft Art Deco-inspired evening pieces over often-heavy bodysuits. The dresses came draped, cutaway and lavishly embroidered, and looked utterly gentle. Less than gentle, however, was Gaultier's amazing corseted coquette number cocooned in fox. His model made her way down the runway, shedding various fur pieces until she stood in a leather corset and silk skirt. As she turned away, one saw that her catsuit was laced all the way up the back to create the perfect spine. Talk about a collection with backbone.

Ralph Rucci Chado: Fashion has diverse constituencies, often with very different opinions and needs. The chasm between the joy Ralph Rucci's work elicits from his retail customers and the vibe the clothes give off in an editorial runway context is vast, and one not easily breached. We live in a youth-oriented society and work in a youth-oriented industry in which it's often assumed that, regardless of her age, the fashion customer wants to look young. But then along comes a designer whose clothes are anything but, and retailers swear he's a major hit with the Ladies Who Spend. Yet the allure still seems elusive, and the clothes, heavy in weight and in spirit.

Still, from the Ralph Rucci Chado Haute Couture collection he showed on Thursday, one could extract a glimmer of what has those retailers raving. The designer relaxed his hand just a bit, approaching fall with a sportier attitude. Which is not to say he went breezy; these clothes are still as humor-free as Sister Superior on lunch duty. But Rucci scaled back some of the pomp and proportions, with appealing results, especially in short, graceful dresses. And about his pale gray coat and skirt, one could even invoke the y-word: young. Rucci, however, still loves a grand gesture, and he delivered plenty, not only in size — a sable sweater, an oversized parka — but in detail, infusing his fabrics with all kinds of artistic treatments. A favorite for fall: complicated panels of leather embroidery. By night, the gestures are larger still, in a number of big gowns and surprisingly loud treatments — hand-bleached duchesse satin like an overgrown pony print; stringy ostrich fringe on an otherwise lovely dress. Conversely, when Rucci pared down with a black velvet panel-front gown and a lovely ombréd gray silk, he achieved true elegance.



ROCK THE HOUSE: More than 18,000 spectacular roses wilted in the summer heat along with hundreds of revelers on the sweaty dance floor as Boucheron feted its latest collection of jewelry on Wednesday night. Gucci Group creative director Tom Ford stopped by to inspect the jewels, as did Margherita Missoni, Sheik Majed Al-Sabah and Fendi creative director Silvia Venturini. But it was also a 110th birthday party for Boucheron's flagship on a prime corner of Place Vendôme, where Boucheron creative director Solange Azagury-Partridge held court. Her rallying cry that fine jewelry shouldn't be too serious, formal or grand is underscored by the name of the collection: Not Bourgeois. "The idea is to



Clockwise from top left: Selections from Boucheron's new collection; Margherita Missoni; Tom Ford and Solange Azagury-Partridge

be liberated and free with jewelry, not stash it in a safe," she explained.

The 60 one-of-a-kind pieces draw on Europe's rich and sometimes twisted history, from bracelets resembling Elizabethan neck ruffs to a thin choker of rubies: an allusion to aristocrats who would wear red ribbon on their throats to show their sympathy with intimates who had been guillotined. There are more playful pieces, too, including a series of rings based on animals — frogs clutching orbs, a starfish curling a tendril. Another group features human figures, mostly women with long hair, curled into rings, bracelets and pendants. One bracelet is literally an overstretched hand offering a diamond — not a bad birthday present.

nd Grand Gestures



Jean Paul Gaultier



Ralph Rucci Chado



Ralph Rucci Chado

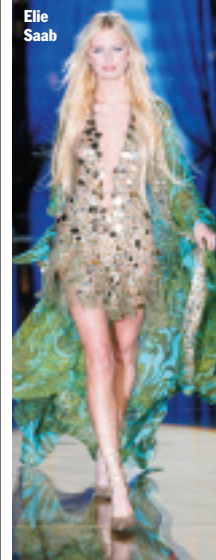


Jean Paul Gaultier



Ralph Rucci Chado

Dramatic Developments



Elie Saab



Grimaldi Giardina

PARIS — Extravagance and opulence, spiced with a dash of the exotic or the fantastical, marked the efforts of two out-of-town houses that helped end the fall haute couture week here.

Beirut-based **Elie Saab** seems to have his mind set on one thing — channeling the red-carpet glamour that the stars crave. After all, dressing such actresses as Halle Berry and Elizabeth Hurley has helped put him on the fashion map. For fall, he showed more of his familiar floaty, flimsy chiffon dresses, decorated with brilliant sequins, small coins or fringe. Slits sneaked high up the thigh, necklines plunged to the navel and see-through trains snaked in back. Slashed muslin trousers billowed open, while ornate embroidery shone on skimpy diaphanous tops. Saab may not be reinventing the wheel, but his exuberant style definitely has a place in Hollywood.

Meanwhile, Italian couturiers Antonio Grimaldi and Sylvio Giardina, known together as **Grimaldi Giardina**, presented their first couture show this season. The duo, who were inspired by "Alice in Wonderland," started with a richly embroidered top with tassels paired with short peach knickers. Black lace trousers featured cargo pockets, while statuesque white sequined evening gowns were loaded up with tulle.

When a model appeared in a blood-red dress with a heart embroidered at the bust, the show's fairy-tale theme seemed to jell. But unfortunately, the collection itself — despite good individual pieces such as a peach cowl-necked gown with kimono sleeves — never did.

Fashion Scoops



James Galanos

TAKING COVER: Retired design great **James Galanos** recently lamented in these columns that "fashion is geared only to young people today. All I see is Levi's and bare bellies." Well, there were none of those at **Ralph Rucci's** Chado couture show on Thursday, where Galanos turned up in the front row to applaud. "I just met him less than a year ago," he said of Rucci. "I have a great admiration for him. He has great style and taste. The clients, they need him."

A-MUSING: **Loulou de la Falaise**, the former Yves Saint Laurent muse and collaborator who launched her signature line and Paris boutique four months ago, is coming to America. Bergdorf Goodman struck a deal to carry her collection exclusively in the U.S., beginning next spring, with a trunk show and personal appearance planned for this fall. "Not everyone has to have a runway show," said **Robert Burke**, Bergdorf's vice president and senior fashion director. "I was so impressed." He noted that de la Falaise's collection and jewelry would be housed near such collections as Valentino, Oscar de la Renta and Bill Blass.

DOLL FACE: Barbie's fashion makeover is going dramatically upscale. For years, the poor girl could only get **Bob Mackie** to design her gowns, but come September, Mattel plans to introduce a simple beaded gray gown designed by **Giorgio Armani**. The dress was inspired by one of the gowns



Armani Barbie

featured in his touring exhibition, although Barbie's version only costs \$134.99. But Armani is hardly selling out — the designer said he would turn over his royalties from sales of the Armani Barbie to YouthAIDS and Room to Grow.

AN OPEN BOOK: **Queen Elizabeth** has chosen **William Shawcross** to write the official biography of the late Elizabeth, the Queen Mother. Shawcross is a former Sunday Times foreign correspondent and son of **Hartley Shawcross**, the chief British prosecutor at the Nuremberg war trials. The news should come as no surprise: William Shawcross wrote the very flattering television series and book "Queen and Country" to mark the Golden Jubilee last year. He has also written biographies of Rupert Murdoch, the Shah of Iran and Alexander Dubcek.

Beauty Gains Courage for Second Half

Continued from page one

bright spots in color cosmetics, treatment and hair care, but the fragrance market remains weak, despite plans for about 50 launches worldwide. Overall, Langhammer pointed out that for the last 13 weeks, the prestige market in the U.S. has markedly outperformed mass beauty in terms of color and skin care.

Looking at the rest of the world, Langhammer said Japan remains difficult, but Asia shows signs of coming back. He doesn't expect travel retail to rebound fully until the first half of next year. Europe continues to be soft, primarily due to the weakness in core markets of Germany, France and the Benelux countries. The southern circuit — including Spain, Italy and Greece — is doing well, as is the U.K.

L'Oréal, the world's largest beauty firm, remains bullish on its yearend results after reporting on Thursday a 3.2 percent decline in first-half sales to \$8.1 billion. But on a like-for-like basis, sales rose 7.1 percent. L'Oréal's confidence is based on expectations of moderating exchange rates and sustained organic sales growth. Yearend income, excluding extraordinary items, is expected to grow at a double-digit pace.

"Thanks to these extremely encouraging figures, obtained in the most difficult conditions, L'Oréal should be able to achieve its traditional objective of like-for-like sales growth of between 7 and 9 percent per annum," said Lindsay Owen-Jones, chairman and ceo, in a statement.

"Despite the overall sluggishness of the market, our business has performed well this year," said Bernd Beetz, ceo of Coty Inc. "We have had solid market growth in both the mass and selective divisions, which makes us very optimistic for the second half. We are especially encouraged by the success of our launches earlier this year, including Davidoff Echo, Celine Dion Parfums, Adidas Adrenaline, Rimmel's Sheer Brilliance Lipstick and Mary-Kate and Ashley fragrances, and we have strong expectations for the launches planned later this fall."

"Clearly, there's a real fragility in the marketplace, because of the economy, tourism, world tensions and many other factors," said Arie Kopelman, Chanel's president and chief operating officer in New York. "Deep discounts in other product categories could also really hurt the beauty category in the fourth quarter. Although we feel we're in a good position for the second half, the real turnaround, we think, will come in 2004."

That said, Kopelman added, there are bright spots in Chanel's business. Color cosmetics and skin care saw some softness in the first quarter, both then saw strong gains in the second quarter, he said. Kopelman is especially bullish on scent. "We're up over 20 percent in fragrance," he said.

In color cosmetics, gains in the second quarter were led by the eye category, he said. "Lips, which had been soft in the first quarter, are also going up, led by a gloss business that is up 37 percent year-to-date," he said. And skin care saw strong increases in the second quarter, led by Ultra Correction Eye, Kopelman said.

"I think that it's going to pick up in the second half," said Robin Burns, president and ceo of The Limited's Intimate Beauty Corp. and its Aura Science and Victoria's Secret Beauty divisions. Burns attributed this to a rise in consumer confidence, plus stock market gains and low interest rates that are beginning to have a small effect on people's attitudes about shopping. However, she added, "none of these things is so vastly improved that I think we're going to see a surge, but I do think that we're beginning to see it already in our own business and it will continue into second half."

Burns noted that Victoria's Secret Beauty posted double-digit positive comps in June and expects July to be strong with the launch of Breathless. Burns expects the company's "momentum to continue into the fall season" with the launch of a second men's fragrance and a strong holiday program. "Industry-wise, we're thinking it's going to be mid- to low-single digits, but for our own business we're expecting our growth to be in the high-single digits and that's on top of double-digit growth last year," noted Burns.

Bernard Potier, president and ceo of Christian Dior's U.S. operations, is counting on a revitalized Dior beauty lineup to continue strong sales gains that the brand has already seen this year, driven by a "rebalancing" of its beauty portfolio. By yearend, the company will have repackaged all of its color cosmetics and skin care, as well as launched a slew of new products — including a men's fragrance that Potier expects to generate serious buzz.

"One of the advantages we see with newness is that it drives consumers to the counter, where we then have



Lindsay Owen-Jones



Fred Langhammer



Robin Burns



Bernd Beetz



Arie Kopelman



Bernard Potier

the opportunity to introduce them to our existing products," said Potier. "That way, we drive both new products and we also drive existing business. And we look for opportunities to cross-sell."

Added Potier, "Newness allows us to get the buzz going, and it then has a cascade effect on the rest of the business. Also, when you have newness, you don't sleep — you're always looking for new strategies and opportunities. That's a state of mind that is especially critical in the current economic climate." In fact, he said, it's important to remember that newness doesn't just have to mean products coming to counter. "Newness, to a consumer, can be something classic that they haven't seen before," he said, noting that it's important for retailers to partner with brands to get that message across to consumers.

Potier expects growth in fragrance, skin care and color cosmetics in the second half, citing gains in the first half. "In color, we were up 6 percent in the first half, where the overall market was flat, to cite one example," he said. "I think we'll beat those numbers in the second half."

Potier is also a strong advocate of spending to promote existing products, noting that the company continues to strongly support all of its first-half launches. "New items shouldn't be supported for the first three months, then left out on their own," he said.

Camille McDonald, president and ceo of the New York-based Parfums Givenchy and Guerlain Inc., sees a strengthening of confidence. With that, coupled with a continued onslaught of women's fragrance introductions for fall, McDonald thinks it will be easier to anniversary last fall's women's introductions. But the men's category will be tough, due to the relative lack of launches this year. As a result, McDonald predicts a 3 to 5 percent increase in the women's category and a drop in men's, leaving the entire business flat. That would be an improvement over spring, considering that the fragrance category was running decreases through May.

Perhaps McDonald's greatest source of hope comes from the belief that during the past two years, "we all have become better business people," both manufacturers and retailers, when it comes to strategizing, planning, forecasting and inventory control.

"As everyone in the industry knows, the fragrance industry has had a tough 2003," said Hilary Dart, president of Calvin Klein Cosmetics. "However, we believe we will start seeing a turnaround, even if it is slight this fall. As the fragrance category continues to be a challenge, our focus will remain on the consumer in 2003 by continuing our innovation. It's about exploring new territories with existing fragrances and adding

newness and value to attract consumers."

Classics are a key part of that strategy, said Dart. "Classic fragrances continue to be relevant to consumers and our strategy of limited editions has worked for our classic fragrances," she said. "It helps the parent brand by attracting new and lapsed users. It's all about creating excitement without a major launch. These initiatives add newness and excitement to the brands, while also reaching a new, broader audience."

"At Unilever Prestige, the focus is on the Vera Wang brand which has been the 'shining star' of our portfolio this year," said Laura Lee Miller, president of Unilever Prestige. "We have had a very successful first half with Vera Wang in the U.S. — we achieved a number 11 ranking in NPD for May and retail sales are 50 percent ahead of 2002 through June."

The Vera Wang brand expanded into London in March with an exclusive launch at Harrods, but Miller emphasized the plan is to go slowly internationally. Turning to fall, Miller said, "We realize that the fall season will be highly competitive with launch activity and we are committed to holding our position at retail. The bevy of launches this fall will bring customers into the stores... This is where they make their final decisions. Now is a time when a brand needs to emotionally connect with consumers."

"When I first saw the April results, I said, 'Maybe this will [last] a week or two,' but I've seen sustained improvement through April, May and June," said Joseph Horowitz, president and ceo of Clarins Group USA. "[Though] the industry in total has not been all that rosier, it has gotten better. The prestige marketplace as a whole might show a couple of points of growth before the year is out.

"[Clarins] has been better," he added. "For the last 2 1/2 months, I have seen a significant improvement trend across all of our brands to the point where it's actually pleasing at the moment because we're starting to see double-digit [gains] in some of our brands — and we haven't seen that type of trend in a very long time."

Clarins Group's U.S. arm could end the year with mid- to high-single digit improvements, according to industry estimates. "We have a lot of exciting newness and the marketplace is saying newness is better than oldness — the new stuff is moving and the old stuff is going backwards very fast," said Horowitz.

"I am optimistic," said Donald J. Loftus, president and ceo of Cosmopolitan Cosmetics USA Inc. "Every year I can't imagine it being worse than last year," he added, half jokingly. Nevertheless, "based on the trends we're seeing now, I think fall is going to be fine."

Loftus believes industry-wide gains could reach the

Continued on page 13



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The Beauty Report

Lancôme's Rules of Attraction

PARIS — Lancôme is banking on its new fragrance, Attraction, to draw women to the fragrance bar this fall.

The scent, due to start rolling out here in October, comes at a pivotal time for the L'Oréal-owned brand. "Our key challenge today is fragrance," explained Guillaume de Lesquen, deputy managing director at Lancôme. "We have experienced very [substantial] growth in makeup and skin care, and now we must strongly develop Lancôme's fragrance business in Europe and the U.S."

Today, of Lancôme's total business, fragrance sales comprise about 18 percent, with skin care and makeup ringing up about 40 percent each. The ultimate goal, said de Lesquen, is for fragrance to generate 25 percent of Lancôme's sales within the next two years.

The launch of Attraction is also meant to confirm Lancôme as an "expert perfumer," he added.

While company executives refused to discuss estimates for Attraction, industry sources believe the fragrance could generate \$56.7 million (50 million euros) in retail sales during its first 12 months.

Attraction is meant to bring a sensual component to Lancôme's women's fragrance lineup, which also includes Trésor — with a more romantic and tender positioning — and Miracle — which has a more spiritual bent, explained Guillaume Gellusseau, Lancôme's international marketing director.

Attraction is described by de Lesquen as

Lancôme's Attraction.



"more carnal." "That makes it different [from other Lancôme scents] in terms of positioning and target," he said.

When it comes to publicity for Attraction, Lancôme decided to feature a man with a woman — the first time a male's so apparent in the brand's advertising for a feminine scent.

"We decided to tell the story of a couple and the vibrancy and desire at the heart of a loving encounter," said Gellusseau.

In another first, Lancôme is using model Reka Ebergenyi as a face for the single- and double-page Attraction print ads, which

were shot by Alistair Taylor Young and produced by Air Ebergenyi is pictured with Rory Marshall sharing an attraction-filled encounter: There is also a film for the fragrance, which will be aired on TV in 15-, 20-, 25- and 30-second takes.

The ads will break at launch, which is October for Europe and European travel retail. Other global markets, including the U.S., are slated to get the scent in the first quarter of 2004.

Attraction's juice also is described as an encounter — of iris and patchouli — by its perfumer, Givaudan's Daniela Andrier. Additional notes in the fragrance include white flowers, vanilla, cedar and light amber.

Attraction's round bottle, created by designer and architect Christian Biecher, is meant to reflect the curves of a woman's body. Concentric circles are engraved into the glass around its neck, and the flacon is topped with a rounded gold cap.

The bottle comes in a white and gold outer carton with a hologram finish.

The eau de parfum will come in 100-ml., 50-ml. and 30-ml. spray bottles, which will be priced at \$96, \$68 and \$44 (85 euros, 60 euros and 39 euros), respectively. There also will be a 200-ml. body milk for \$42 (37 euros) at launch, plus additional ancillaries that will bow six months later.

Dollar figures have been converted from the euro at current exchange rates and are for France.

— Brid Costello

Estée Lauder's Finishing Touch

NEW YORK — With its new Idealist Micro-D Deep Thermal Refinisher and Idealist Skin Refinisher.

"Microdermabrasion is the second most requested skin care service," said Daniel Anness, vice president of marketing, North America, for Estée Lauder. "It made sense for us to develop a product that served that need for our consumers. And it's also considerably cheaper — a typical microdermabrasion session in a doctor's office or spa costs \$150, while our product is \$45." Anness estimates that the Lauder item contains enough product for 25 to 30 uses.

Janet Cook, president of Estée Lauder North America, noted that Micro-D product also serves another important function — expanding Lauder's already considerable reach in the repair category. "The Estée Lauder brand accounts for 41 percent of the repair category right now, and we believe that this product will further expand our business there," she said. "This is a unique item with a huge opportunity."

The product, designed to be used twice per week, is intended to address fine lines and dull skin, noted Daniel Maes, vice president of research and development for Estée Lauder Worldwide. "Most skin refining products and procedures use one type of crystal or bead, but the key to this product is our TripleSphere Refinishing System," noted Maes. The proprietary technology incorporates microcrystalline spheres, large, soft spheres that are intended to help skin shed large, dry flakes; bamboo, medium-sized beads which are intended to minimize the appearance of pores, and micronized jade, which is intended to provide a deep polishing action to perfect the look of the skin.

The three-pronged refinishing system is teamed with another proprietary ingredient incorporating calcium chloride. "When the product is massaged onto the skin, it heats up and helps to detoxify pores by dislodging the sebum, thereby insuring maximum effectiveness," said Maes.

According to Marjorie Lau, vice president of global skin care marketing for Estée Lauder, the product is designed to be used in conjunction with the brand's existing Idealist Skin Refinisher product. "The two have a synergistic effect," she noted, adding that a massage technique has been developed for use in conjunction with the new product.

Micro-D will retail for \$45 for 2.5 oz. It will be available at Lauder's 2,000 North American department and specialty store doors and on estelauder.com in August. While none of the executives would comment on sales projections or advertising budgets, industry sources estimated that Micro-D would do about \$15 million at retail in its first year on counter and that about \$2.5 million would be spent to promote it.

National advertising, with the tag line, "Your ideal skin — no appointment necessary," breaks in September magazines. The brand also is planning to distribute more than 500,000 samples of the product, noted Anness.

— Julie Naughton

Idealist Micro-D Deep Thermal Refinisher and Idealist Skin Refinisher.



Origins Scrubs Up

NEW YORK — Origins' popular Salt Scrub is rubbing off into a new product line this fall.

Two new items — Incredible Spreadable Ginger Body Smoother and Incredible Spreadable Sea Salt Body Smoother — will bow this August. Both were developed based on the success of the original Origins Salt Scrub, which launched in 1995, said Lynne Greene, global president of Origins.

"Our original Salt Scrub has been such a success that it made sense to expand — and even improve upon — the franchise," said Greene, who noted that the updated formulas are designed to be less messy than the original — the new formula is emulsified, while the original is a mix-it-yourself proposition. The popular original, however, will stay in the line, she emphasized. "This way, you have a choice," she said.

Both new products feature white and brown sugars, intended to buff roughness away; Dead Sea salts to brighten skin, and olive and jojoba oils to hydrate skin. The Sea Salt version is scented with mint and orange, while the Ginger version, naturally, is scented with ginger, in addition to lemon, lime and bergamot.

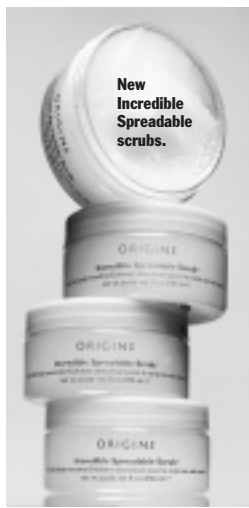
Both new scrubs retail for \$25 for an 8-oz. jar. They will be available in Origins' 500 U.S. doors, including

Origins' 120 free-standing retail stores and 380 department store doors, as well as on origins.com and Gloss.com. Globally, the products will roll out later this fall. Europe will get them in October of this year, while they'll go to Asia in spring 2004.

While Greene wouldn't comment on projected sales, industry sources estimated that the scrubs would do upward of \$7 million at retail in their first year on counter.

Co-op advertising, as well as more than 100,000 samples, are planned for these products at launch, said Greene.

— J.N.



TOP NOTES

SEPHORA SWAP: Sephora, the LVMH Moët Hennessy Louis Vuitton-owned perfumery chain, announced Thursday it will take over the activities of Poland's oldest selective perfumery chain, Empik — including its nine shops — in return for a minority stake in Sephora Polska, Sephora's Polish subsidiary. Other terms of the deal were not disclosed. Sephora said in a statement that it "is completing its geographical presence in Poland, principally in major town centers." As a result of the agreement with Empik, Sephora now controls 40 stores in Poland.

NEW NOMINATION: Patricia Paquetier has been appointed the new chief of Helena Rubinstein. She will take on the position while maintaining her role as the international brand president of L'Oréal's Prestige and Collections International. As reported, Philippe Villemus, formerly Helena Rubinstein's international general manager, left L'Oréal last month. Turck-Paquetier will integrate Helena Rubinstein into PCI, which also develops the beauty brands Giorgio Armani, Cacharel, Viktor & Rolf, Paloma Picasso and Guy Laroche. Until now, Helena Rubinstein had been part of L'Oréal's general luxury products division. "This new organization will permit the accelerated growth of a prestigious brand, which has had great international successes with star skin care products such as Prodigy and Collagenist or the Stellars lipstick, and for which a general manager will be named in the next few weeks," said Gilles Weil, president of L'Oréal's luxury products division, in a statement.

GOOD HAIR DAY: Ralph Lauren Fragrances will launch four hair care products within its Ralph fragrance brand, a move that's considered the L'Oréal USA-owned brand's first incursion into the hair care category. The quartet, called Ralph Good Hair Day, includes three shampoos and a conditioner, which feature names like Dish the Dirt and Knot Now, Knot Ever. Each 8.5-oz. item is priced at \$12.50 and the line is expected to reach 2,200 department stores in August. Two styling aids, called Saved By the Gel and Get Hold of Yourself hairspray, will join the line in the spring — at which time an international rollout is slated to occur.

RACE FOR KIEHL'S: Kiehl's is sponsoring a race from Death Valley, Calif. to the portals of Mt. Whitney from July 22-24 — and not only is the brand sponsoring it, but longtime employee Christopher Bergland will be one of the participants. Tied to the Kiehl's Badwater Ultra Marathon is the launch of Kiehl's Vital Sun Protection line, which each racer will wear on his or her two-day and two-night trek through the desert.

NAUTICA'S WIN: You could call it a slam-dunk: Washington Wizards player Juan Dixon teamed up with Unilever Prestige's Nautica fragrance brand and Hecht's at the Washington, D.C.-area Bowie Town Center last month. The appearance, promoting the Nautical Competition fragrance, generated sales of more than \$12,000 during the Father's Day weekend.

Beauty Looks to Second Half for Revival

NEW YORK — The mass beauty market is shrugging off the first half.

The painful fact that sales across nearly every cosmetics category were down for the first six months for the first time in years is not dampening spirits for the latter half of the year. Manufacturers across the board said they are expecting a brighter fall and winter.

For one, Joseph Campinell, president of L'Oréal Consumer Products Group, speaking industrywide, downplayed the negative numbers promulgated by data firms Information Resources Inc. and ACNielsen, pointing out that neither contain Wal-Mart data. With Wal-Mart, Campinell contends sales were softer than normal, "maybe at worst flat or up a point or two" depending on the category. According to IRI, retail sales of face makeup was down 5.2 percent in the first quarter, while lip color slipped 0.3 percent and eye makeup was flat.

But to strengthen business overall, Campinell said, "We have had several meetings with retailers over the last few weeks and everyone is looking for ways to improve business." Campinell has detected a shift in attitude among industry executives since the NACDS Annual meeting in April. "It was almost like a resignation that times were tough and now they are talking a more positive game."

For its part, L'Oréal will stress in-store activities, and the company also will not pull back on its advertising plans. Said Campinell: "We will be as competitive and aggressive as we have to be."

A key launch for L'Oréal will be the rollout this month of its new anti-age skin cream, Wrinkle De-Crease, which Carol Hamilton, president of the L'Oréal Paris division, predicts will become its number one stockkeeping unit.

With all the focus on skin care, there is a sense the category is not reaching its potential. Total category sales were up a modest 2.1 percent for the 52 weeks ended April 22, according to IRI. In a test of a new merchandising approach, one retailer increased store sales 40 percent, according to L'Oréal, a participant in the effort. "It is the growth category of the future and penetration is modest compared to other categories," commented Campinell.

Procter & Gamble also will continue to invest in its brands.

"As for the category, it's been fairly flat for the first half and it's always hard to predict the future," remarked Marc Pritchard, vice president, global cosmetics and personal care, for Procter & Gamble. "But what I can say is that Cover Girl and Max Factor will continue to invest and work with our retailers to drive growth."

Cover Girl, noted Pritchard, "is in the midst of 12 consecutive quarters of growth." Both Cover Girl and Max Factor have been boosted by the success of long-wearing lip color items. Max Factor news for this year includes Stretch and Separate mascara, while Cover Girl is emphasizing its Multiplying mascara and a new eye shadow collection. Meanwhile, Cover Girl AquaSmooth foundation has helped shore up the brand's leading position in the face segment.

Karen Fondu, general manager, Maybelline-Garnier, is optimistic about the second half of 2003. Maybelline-

Garnier's new initiatives, she said, coupled with the company's momentum to date, positions it for a strong back half. "The sense we get from our retailers is that early July results are positive. I look forward to a favorable second half," Fondu said.

Revlon, too, is looking at innovation in its existing brands to help drive sales.

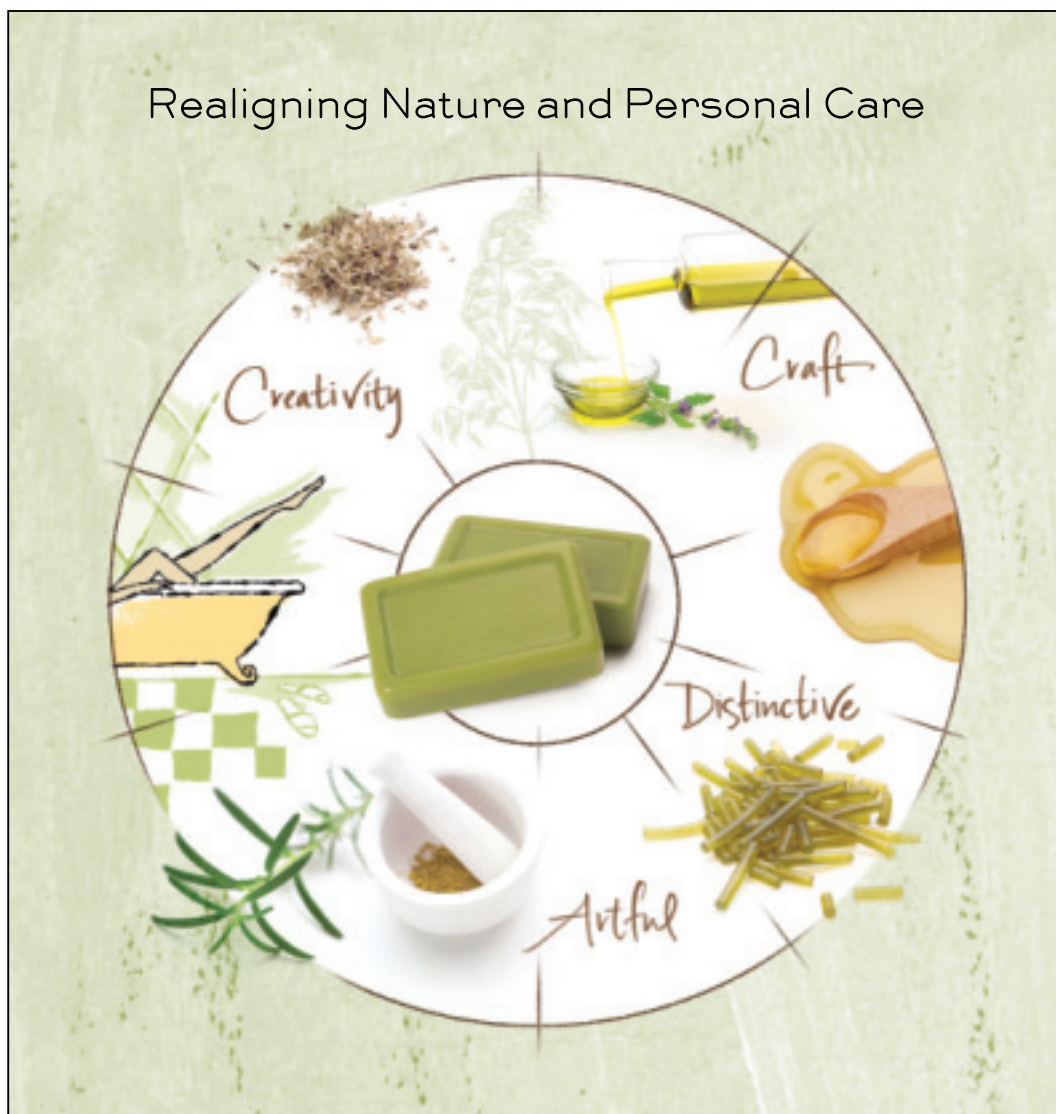
"As we have said, our growth plan includes reenergizing the Revlon and Almay brands through innovation in product development and creative marketing programs," said Debra Leipman-Yale, executive vice president and chief marketing officer of Revlon. "Clearly, the category has been soft over the past several months, but we believe that the categories in which we compete will begin to see favorable momentum for second half. Notwithstanding this softness, based on ACNielsen data, we have increased our mar-

ket share for our Revlon and Almay brands."

Meanwhile, Ingrid Jackel, vice president of marketing at Physicians Formula, one of the few brands to buck the down trend in color cosmetics and post double-digit increases, said she thinks the market as a whole will make a comeback. It will likely be a conservative gain, but Jackel anticipates growth of three to five percent. In particular she expects a recent spike in sales of cosmetics kits to continue. And to keep its own sales going, which are now up 34 percent over last year, Physicians Formula will be offering more value-oriented promotions including gift-with-purchase offers.

Bill George, senior vice president of Markwins International, expects an even stronger second half, especially since the company is now producing products with AM products, such as Wet 'n' Wild. "We think

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TWINCRAFT SOAP

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The Beauty Report

Regis' Formats Meet Many Needs

NEW YORK — The fickle nature of today's shoppers can fluster a merchant.

Not so Regis Corporation.

A market leader in the hybrid salon-retail business, Regis has diversified its portfolio to get to shoppers no matter where they are. "We realized in the mid-1990s that the mall environment was getting more difficult and we saw we had to grow outside of malls," said Paul D. Finkelstein, president of Regis Corporation, based in Minneapolis.

Regis, with annual sales exceeding \$3 billion, has managed to excel in both salon and retail operations. In many cases, the company acquired its diverse businesses. Finkelstein said future growth would be driven by acquisitions, new stores and same-store sales expansion. The firm expects 3 to 4 percent of its growth to come from buying existing businesses, 5 to 6 percent from new stores and another 3 to 4 percent from same-store growth.

With more than 9,300 salons in varying locations, Regis Corporation doesn't flinch if shoppers stray from one channel to another. Regis has a huge reach. Mall shoppers are familiar with Regis properties such as MasterCuts and Trade Secrets. Regis, realizing the growing allure of discount stores, inked a deal with Wal-Mart and now has SmartStyle salons in more than 1,300 Wal-Mart units. Its Supercuts has a big presence in strip malls. Regis also owns Vidal Sassoon and Jean Louis David, two prominent salon names.

And now, Regis is branching into lifestyle and power shopping centers with plans to open more warehouse-size units. It already owns Beauty Warehouse, a three-store operation. It has now opened three additional

units, dubbed Beauty Express, based on the concept. The stores are between 2,500 square feet and 6,000 square feet, with 11,000 stockkeeping units. In lifestyle centers, shoppers can drive right up to the door of the merchant rather than strolling long mall corridors.

The largest retail portion of the Regis portfolio is the 538-unit Trade Secrets, which produces 80 percent of its sales from retail and 20 percent from salon services. According to Norma Knudsen, chief operating officer of Trade Secrets, the format is producing comparable-store sales gains of 6 to 9 percent this year versus last.

Trade Secrets is also taking advantage of consumer demand for salon products by remodeling existing units with a fresh look. The new prototype features white wash wood and a much more open environment for retail items. "The look is more feminine and we see an immediate bump in sales when we remodel," said Knudsen. The goal was to make the unit more "consumer friendly" instead of intimidating shoppers who might not understand the store is for all consumers, not just salon operators.

The cash wrap area has been moved from the front of the store to the back so shoppers see the wide array of professional products. The mix includes well-known salon brands such as Paul Mitchell, OPI nail care and Sebastian, as well as the firm's private label. The average consumer buys almost three items per trip, Knudsen said.

The first-to-market strategy is one key to success that Trade Secrets has when pitted against mass merchants, including supermarkets, who have added many of the same professional salon hair care names that Trade Secrets carries. More and more women want salon hair and beauty products and if Finkelstein has his way, more will understand the importance of buying from a salon versus a mass door.

Finkelstein heads up the Beauty Industry Fund, a group with the sole purpose of cutting diversion of salon hair care products. The fund recently created a TV spot suggesting that hair care bought outside of salons could be phony. According to statistics provided by Finkelstein, retail sales of professional product in unauthorized channels increased by 45 percent during 2002 versus 2001.

As drugstores and other retailers continue to beef up professional lines to grab former department store shoppers, chances are there will be more and more competition from salon stores anxious for the same shopper.

Critical Mass
By Faye Brookman

Trade Secrets salon area.



Trade Secrets store.

The customer is a "beauty junkie" who must have new items first, said Knudsen. She said Trade Secrets launches 25 to 30 new items per month. "Our customer has to have it first."

Trade Secret units are about 1,100 square feet and carry about 5,000 skus. "[The warehouse stores] offer us a place to test things that we can then take to Trade Secrets," said Knudsen.



Carol Hamilton



Stephanie Hayano



Debra Leipman-Yale



Marc Pritchard



Joseph Campinell



Ingrid Jackel

Promotions to Drive Beauty Sales

Continued from page 11

retailers are looking for products like ours to drive shoppers into our stores," George said, adding that the company is revamping Black Radiance.

Teen cosmetics, however, are not expected to have a comeback season, where sales have been faltering — Target is expected to trim its lineup to one brand.

Still, Lotta Luv, a newcomer to the youth market, is positive about the second half of the year. "A combination of new licenses, strong sell-throughs at retail and new customers are feeding our growth," said Steph Fogelson, president. "We anticipate our business on comparable doors with increases by 50 percent, new customers will add on approximately 20 percent and new licenses will increase our business by approximately 20 percent."

And Beauty Beat [formerly Worldwide Cosmetics] is expecting growth of 25 percent, driven predominantly by skin care. Michael Eckert, executive vice president, retail sales, also predicts Marbella eye and lip pens sales will rise 5 percent and Savina nail products will increase 10 percent.

The hair care category is void of product launches for the last half of the year, leaving in-store promotions and advertising campaigns from heavy spenders, such as John Frieda, Garnier and Dove, to drive sales during the period. Despite a slew of

new launches, most notably by Unilever and Garnier, hair care sales for the first six months of 2003 were \$1.7 billion, down 1.4 percent from the same period last year. Sales figures exclude Wal-Mart. Of that number, hair color sales were down 3.6 percent; shampoo sales slipped 0.6 percent, conditioner sales fell 1.7 percent and sales of styling aids decreased 0.2 percent.

Jerry Dowell, a leading industry consultant, said the retail chains he deals with — CVS, Rite Aid and Eckerd — are disappointed that the last six months of 2003 will be absent of any new significant hair care launches.

"I don't know if I remember a time that nothing new was coming from Unilever, L'Oréal, Procter & Gamble and Clairol. That's a strong theme," remarked Dowell.

Andrew Gross, vice president, brand development and marketing, hair and oral care, for Unilever predicts the coming months will reveal a strengthening in market trends, mirroring the overall recovery in the economy, and agreed that driving trial through in-store promotions will be paramount to manufacturer success.

The bath category isn't doing much better — and retailers are threatening to cut shelf space if sales don't pick up.

"Since the category is declining in the mass market, we know from retailers that there is pressure for cutting back space in

the category," said Stephanie Hayano, divisional vice president of the mass market arm of Wella, maker of the Yardley bath brand.

According to IRI, all bath additives (which excludes body washes and bar soaps) were down 9 percent in dollar sales to \$101.5 million, and down 11 percent in units sales to 37.3 million for the 52 weeks ended May 18, excluding Wal-Mart.

Declines in bath emerged in mid-2001 after a five-year growth spurt. The category continues to suffer for a number of reasons, such as market saturation, polarization and specialty bath's failure to compete with upscale offerings at value prices, according to manufacturers.

Michael Piff, executive vice president of global sales and marketing for Minnetonka Brands, a value brand manufacturer, pointed to sales of the company's Village Naturals Spa line as an example; the brand's sales are up 6 percent for the 52-week period. Specialty bath's leading brands, Calgon and Healing Garden, however, are both down for the most recent six months, 16 percent and 6.4 percent, respectively, according to IRI.

On the flip side, Wella's Hayano said, innovative bath lines still have some thunder, namely Yardley's new Apothary line, "proving that if you have something new and different, there is an opportunity for growth. Innovation is the watchword."

Marie-Anne Aymerich, vice president, brand development and marketing, at Dove Skin Global, said the personal wash category is growing slightly with body

wash leading most of the growth. More and more consumers are trading in the bar for body wash, she said, and added benefits are helping drive the category's premium pricing.

Looking forward, Piff forecasts similar sales decreases for the balance of the calendar year, with "margins for both retailers and suppliers challenging." Consumers are expected to continue their quest for value-priced products into the holiday time frame, putting pressure on products priced above \$10. The battle between national brands and lower-priced imports and private label gift sets will heat up for the holiday season, too. Piff also touched on the possibility that shelf space in the category "will shrink further before it expands again," particularly since Sarah Michaels, once the category's leading specialty bath brand, filed for bankruptcy earlier this year. Wella's Hayano said manufacturers, including the company's Yardley brand, are currently "jockeying for Sarah Michaels' space," but noted the very real possibility of it being allocated to other growth categories within mass stores.

Anastasia Ayala, senior vice president of global fragrances for Coty, believes the industry should brace itself for a seismic change in bath merchandising next year. "We have commoditized the category," Ayala said. In turn, Coty "is in the midst of a big project for bath," which ultimately will "create new [bath] environments" in mass stores.

— Laura Klepacki, Andrea M.G. Nagel, Faye Brookman and Kristen Van Hoesen

Beauty Hopes on the Rise

Continued from page 8
high-single-digit range. According to industry estimates, Cosmopolitan's U.S. arm is currently running up about twice that, or between 15 and 20 percent, across all brands. These first-half gains, coupled with major second-half launches within three of the company's biggest brands — Escada, Burberry and Gucci — have the potential to double the company's business, according to projections by industry sources.

"We're having incredible success with Escada, Burberry and Gucci," said Loftus. "My feeling is that if we are doing this well with existing fragrances and the [current] trends are great, the fall launches, which are blockbuster, should be huge."

"Tough business times make people smarter," he remarked. "You have to be more demanding that what you're doing is working for you." This means ensuring retailers have the right stock, he noted, and being careful where one spends co-operative and national advertising dollars.

Loftus' main concern about the second half is what tack retailers will ultimately take. "There's always a tendency to lock the back doors after October results come back and the third quarter is disappointing — we deal with that every year. I just hope retailers don't buy so tight that we can't react to the customers."

Prestige beauty executives in Europe also are finding some things to be upbeat about for the remainder of 2003.

There's a belief that a spate of new product launches could well give a lift to otherwise flagging businesses. They also think certain key markets are showing signs of recovery. "The second half will be good," stated Philippe Benacin, president of Inter Parfums SA. "We're optimistic."

Inter Parfums Inc. has raised its full-year profit forecast to between \$11.6 million and \$11.8 million, a 23 to 26 percent improvement over last year's earnings of \$9.4 million. The New York-based beauty manufacturer had previously expected full-year net income of \$11 million. The earnings revision is based on better-than-expected full-year sales, which, if the dollar remains at current levels, are now forecasted at \$165 million to \$168 million, 27 to 29 percent better than last year's sales of \$130.4 million. Previously, Inter Parfums had forecasted sales of \$150 million. The company owns 77 percent of Paris-based Inter Parfums SA, and the French firm's results are consolidated accordingly.

The introduction of new scents, such as Burberry Brit, should provide momentum to Inter Parfums SA's revenues, according to the company, which is expected to close 2003 with an 11 percent sales uptick year-on-year.

"The only growth driver today is new products," maintained Lancaster Group Worldwide's senior vice president of commercial Patrick de Lambilly, which closed its year ended June 30 with double-digit growth on a like-for-like basis.

Some markets in North America, the Middle East and South America are picking up. "I think the market that will recover fastest is the U.S.," said Dario Ferrari, ceo of the Milan-based Intercos.

"The Arab countries are working very well," continued Ferdinando Silva Coronel, managing director at Giver Profumi, which is forecasting 3 percent sales growth for 2003. Some Asian markets are showing some signs of recovery, as well.

Some firms, like Maurer + Wirtz, experienced only a light fallout from the SARS scare. "In some areas, we already feel a positive change and are optimistic about the fourth quarter," said the company's international sales director, Gottfried Weiergraber. "We think we can make up the slack."



Hilary Dart



Joseph Horowitz



Donald Loftus



Laura Lee Miller

However, SARS did push back the company's Chinese expansion plans. "But it's just a delay, not a real setback," qualified Weiergraber.

For Beiersdorf, on the other hand, a spokesman said: "There's been no visible change in our Asian business. First there's sell-in, then sell-out, [so] if there was to be an effect, it would be felt a bit later. But luckily, SARS didn't materialize into a huge problem, as feared." Yet, with so many unexpected events in the recent past and today's instability, numerous executives say it's impossible to make firm predictions. "I don't make any forecasts at this stage," said Remy Gomez, president of Beauté Prestige International. "I think the name of the game is unpredictability."

Meanwhile, another French beauty executive said he doesn't expect the country's fine fragrance market, which is practically flat in value terms and down by 2 to 3 percent in units, to change in the near term.

However, other segments continue to show promise. Among them:

- Prestige beauty products in the low-to-mid price range, according to Paolo Bevegni, director of Micys Co.'s international division.
- Seasonal makeup offerings, said Angela Creasy, perfumery buyer at Liberty department store in the U.K. "Women now are really into updating their looks," she explained.
- The tween and teen markets, according to Intercos' Ferrari. "We have been asked to develop some simple products: mascara, glitter, lip glosses — mostly for the Asian market," he explained. "If tweens learn to use lip gloss at age eight, they will continue using color through their teens and [onward]."
- Men's and antiage skin care, according to Roberto Venini, director of Guaber Group.

Such approaches to product teamed with creativity may be the recipe required to boost the beauty industry. But Gabriele Pungersheg, president of European Designer Fragrances at Unilever Cosmetics International, says the market really needs to be cleansed of irrelevant products and attract customers in unexpected ways.

— WWD Global Beauty Staff

SNIPPETS

STORE BUZZ: Burt's Bees is opening a store and showroom within its factory space in Durham, N.C. While plans are still in concept form — store square footage has not been determined — Roxanne Quimby, the company's president, said the store would open some time next year. The idea for a store and showroom was driven by Burt's Bees' frequent plant tours by school groups, clubs and tourists. "We thought it would be a good idea to offer products for sale after people finished their factory tour," Quimby said, adding that the store will also provide an opportunity to experiment with merchandising, point-of-purchase display and promotional ideas. The store will most likely be designed by the firm's in-house art department, and will likely be a one-of-a-kind. When asked whether the store would serve as a prototype for future locations, Quimby said, "Definitely not. We don't think we are retailers."

NEW BLOOD: Mary Albanese has been named director of creative and communications at Zotos International, reporting to Richard Stella, vice president of marketing and communications. Albanese's responsibilities include directing all creative services for Zotos and ISO marketing, sales and education programs, as well as public relations duties. Most recently, Albanese served as communications director for Wella Professional. She replaces Dina Elliot, who left the company. Also in Zotos news, Julie Maginn has been named vice president of marketing for Joico. Maginn will oversee all marketing activities for Joico's hair care, hair color and texture products and will report to Robert Seidl, president and chief executive officer of Zotos. Maginn most recently served as vice president of marketing for Matrix.

ROOM TO GROW: Extracts, the trade show for aromatherapy, fragrance and personal care, has outgrown Exhibit Hall A, the building adjacent to the Jacob Javits Convention Center and is holding its fall show in Hall 1C, within the center's main building. The 14th semiannual event, scheduled for Sept. 19 to Sept. 22, will continue its on-site spa and feature nearly 200 exhibitors from around the world.

GETTING THE WORD OUT: Colomer USA has launched an extensive outdoor advertising campaign to better target its multicultural customer. Buses, billboards and subways in New York, Detroit, Chicago, Atlanta, Los Angeles, Philadelphia, New Orleans, Memphis, Houston and Washington D.C. now feature the ethnic beauty company's message to support its Revlon Realistic relaxer systems and Crème de Nature permanent hair color line. An outdoor campaign is scheduled for Miami, New York, Philadelphia, Chicago and Orlando this month.

NEW LOOK: Katherine Frank Creative Inc. has been contracted to create a new cohesive design image for The Wella Corp., including the Wella, Sebastian and Graham Webb brands. New graphics, banners and signage are part of the effort. Tammy Marinis will lead the program for the Lombard, Ill.-based creative group.

FIT FOR A DUCHESS: The Waldorf-Astoria has opened Plus One Spa, a 4,000-square-foot space on the hotel's 19th floor. Specialty beauty treatments, such as The Chocolate Pansy, a chocolate sugar exfoliation followed by a milk and honey cocoon wrap, have been designed exclusively for the spa. In addition to treatments for men and women, the spa also offers private showers, personal fitness training, yoga classes and nutritional counseling. Plus One Spa uses the Naturopathica botanical skin and body line of products.

The advertisement features a blue background with three main sections. The first section, labeled 'fixtures', shows various display stands and shelving units. The second section, labeled 'store environments', shows a complete retail display setup. The third section, labeled 'displays', shows product displays on shelves. To the right is the 'BIG PRODUCTION' logo in a blue circle, with the website 'www.bigproductionnyc.com' and phone number '212.239.4330' below it.

Promotions Clear Space for B-T-S

Continued from page 2

3.1 percent gain at specialty stores and a dip of 2.3 percent at department stores.

However, inventories, a point of major concern going into the month, needed to be reduced and that particular mission was accomplished, paving the way for clean stocks and allowing stores to gear up for the vital back-to-school season.

There were a number of bright spots in June, including luxury stores like Neiman Marcus (up 10.3 percent), specialty stores like Chico's FAS (up 16.5 percent), and teen stores like Pacific Sunwear of California (13.4 percent). More moderate department stores registered declines or more modest increases.

While retail analysts were pleased with the stores' solid performances in June, they said consumer response to early fall shipments in July would be a key indicator for the second half.

However, Dorothy Lakner, an analyst with CIBC World Markets, which wrapped up its consumer conference in Boston, said she doesn't believe the retail environment has gotten better, noting she heard more caution than optimism from retailers presenting at the conference. "There was no sense of a lifting of everyone's spirits or that the consumer is back," Lakner said. "There are still issues with mall traffic."

On the other hand, some believe there is a renewed sense of optimism not seen in awhile and retailers are positioned well for the second half.

Steven Skinner, a partner in the retail industry group at Accenture, said he is feeling more upbeat about retailers' outlooks for the second half than he did about the first half. While momentum is building, he said, "we are not in the area of clear sailing."

SPECIALTY STORES

Gap Inc.'s turnaround continued in June, as it reported a 10 percent advance in overall comps, in line with expectations. Old Navy was strongest, with an 11 percent comp gain, but Gap and Banana Republic were ahead 8 percent and 7 percent, respectively.

The company said markdown and promotional activity last month allowed it to reduce its inventory more than expected. It now expects inventory per square foot to increase in the low- to mid-teens by the end of next month, a lower projection than previously issued.

At **Limited Brands**, total comps

rose 5 percent, above expectations, but higher markdowns, mostly at Express, dropped margins down from last year's levels and below expectations. Apparel comps increased 3 percent. LB inventories ended the month up 2 percent, while apparel inventories ended the month down 11 percent. Promotions helped most units report comps that were higher than expected. Victoria's Secret was up 7 percent; Bath & Body Works was up 3 percent, and Express up 5 percent, while Limited stores comps were flat.

The firm noted June clearance sales were very successful for all its businesses and the summer carryover of apparel inventory is below targeted levels.

Bebe Stores ended June up 3.3 percent, with each week positive. The contemporary specialty firm also notched up its earnings expectations for the fourth quarter, to between 11 and 13 cents a share, from a prior projection of 6 to 9 cents. In June, Bebe sold about 11 percent more units per average store, while the average retail price slipped 8 percent.

In teen retailing, **Abercrombie & Fitch** said its June comps decreased 5 percent, reflecting its summer clearance events. The company said because it was less promotional earlier in the quarter, it was able to take a somewhat more aggressive approach to its annual June sale event, which helped to offset weak business the first two weeks as well as help improve its seasonal carry-over position. Women's comps were slightly negative but continued to be better than men's. Hollister continued its strong performance, reporting double-digit comp gains.

Gadzooks' comps fell 1.6 percent as the company reported a successful liquidation of its men's merchandise in advance of the conversion to a girls-only concept that was completed on July 6. Continuing its recent struggles, **Wet Seal's** comps deteriorated 21.5 percent. **American Eagle Outfitters** said Wednesday that its comps stumbled 5.3 percent.

Chico's FAS 16.5 percent increase proved to be the anomaly, as **Ann Taylor** tracked down 0.2 percent, with AT stores down 2.5 percent and Loft up 2.1 percent; **Talbots** was off 0.9 percent and **Charming Shoppes** fell 3 percent.

DEPARTMENT STORES

Kohl's Corp., undergoing a minor fall from grace in recent months, saw same-store sales dip 2.4 percent in June. "We have been very aggressive in pricing

all quarter to clear our seasonal merchandise and be appropriately positioned for back-to-school in August," said chairman and ceo Larry Montgomery.

Accordingly, the retailer reduced its second-quarter profit expectations to a range of 30 to 32 cents a share, whereas Wall Street had expected 39 cents.

Federated Department Stores' comparable-store sales slid 2 percent for the month, at the low end of its projected 1 to 2 percent drop. The corporate parent of Macy's and Bloomingdale's, among others, is looking for July to comp down 1 to 2 percent.

June comps dropped 5.9 percent at **May Department Stores**, whose nameplates include Lord & Taylor and Filene's.

J.C. Penney Co.'s department store comps inched up 0.1 percent in June, on strengthening sales later in the month. July comps for the division are planned for flat to up slightly. Second-quarter operating losses for the company are slated to equal the year-ago deficit of 5 cents a share, before charges. Analysts had been looking for a lesser loss of 2 cents per share for the current quarter.

Sears, Roebuck & Co.'s overall comps dropped 1.8 percent for June, though total apparel came in with a flat result. Within the category, women's comps up in the low-single digits, while men's fell in the low-single digits. Chairman and ceo Alan Lacy, in a statement, noted, "A stronger promotional stance contributed to improved trends in apparel." The retailer anticipates an overall same-store sales drop in the low-single digits for July.

Dillard's Inc. posted a 6 percent comp decrease for the month. **Saks Inc.** declined 1.8 percent with a 3.7 percent drop at its department stores and a 1.1 percent rise at Saks Fifth Avenue.

Same-store sales at **Nordstrom Inc.** rose 1.9 percent. The comp leader in the luxury realm, though, was **Neiman Marcus Group** with a 10.3 percent rise.

MASS MERCHANTS

Wal-Mart Stores registered a 2.7 percent comparable-store sales rise in June, within the firm's 2 to 4 percent guidance.

The discount store division comped up 2.4 percent and was outpaced by Sam's Club, which managed a 4.1 percent increase.

"More seasonally correct temperatures helped to move summer items such as apparel and air conditioners," said a spokeswoman on a recorded

call. "Inventories are still above our goal of growing at half the rate of sales, but the warm weather is helping to bring it back closer to our goal."

For July, the retailer is again looking for an overall comp gain of 2 to 4 percent, though it's leaning toward the upper end of that range considering current momentum.

Target Corp.'s same-store sales climbed 0.8 percent with a 2.4 percent rise at the discount stores, a 1.9 percent dip at Marshall Field's and a belly flop at Mervyn's, which posted a 12.7 percent decline.

The firm's discount store unit hit its goal of a 1 to 3 percent comp rise, although the rest of the firm was expected to fare somewhat better than it did as it

was projected to register comps just 0.5 to 1 percent below the Target division's mark.

"Given the significance of this month's contribution to our second-quarter earnings performance, we now expect our most likely EPS outcome in the quarter to be 39 to 40 cents," said chairman and chief executive Bob Ulrich in a statement. Analysts already had the firm pegged at 40 cents.

In the off-price world, **TJX Cos.** posted a 2 percent comp increase, but trimmed its second-quarter profit expectations slightly to 23 to 24 cents a share.

Ross Stores' same-store sales were off 2 percent for the month. **ShopKo Stores** comped down 1.5 percent in June while **Stein Mart** posted a 4.9 percent drop.

JUNE SAME-STORE SALES

	JUNE 2003 % of Change	MAY 2003 % of Change	JUNE 2002 % of Change
DEPARTMENT STORES			
Bon-Ton	1.1	(0.9)	5.3
Dillard's	(6.0)	(7.0)	2.0
Elder-Beerman	1.3	1.5	(3.1)
Federated	(2.0)	(0.8)	(0.4)
Gottschalks	(1.2)	3.4	4.3
Kohl's	(2.4)	0.1	14.8
Marshall Field's	(1.9)	(0.1)	(2.0)
May Co.	(5.9)	(3.9)	(1.4)
Mervyn's	(12.7)	(10.0)	(0.1)
Neiman Marcus	10.3	5.2	1.7
Nordstrom	1.9	3.4	3.2
J.C. Penney (dept. stores)	0.1	3.2	(0.3)
Saks Dept. Store Group	(3.7)	(0.2)	4.6
Saks Fifth Ave. Enterprises	1.1	(3.5)	(3.6)
Sears Roebuck (U.S. stores)	(1.8)	(1.9)	(3.8)
Stage Stores	(3.1)	(6.6)	8.9
SPECIALTY CHAINS			
Abercrombie & Fitch	(5.0)	(7.0)	(5.0)
Aeropostale	8.7	(1.5)	11.8
American Eagle (U.S. stores)	(5.3)	1.1	(3.2)
Ann Taylor	(0.2)	9.4	(1.2)
Banana Republic	7.0	2.0	(6.0)
Bebe	3.3	4.2	(3.9)
Cache	12.0	4.0	10.0
Cato	(6.0)	(7.0)	3.0
Charming Shoppes	(3.0)	(3.0)	5.0
Chico's FAS	16.5	11.7	15.0
Christopher & Banks	2.0	1.0	13.0
Claire's	4.0	7.0	5.0
Deb Shops	(11.7)	(6.2)	6.3
Dress Barn	(7.0)	0.0	4.0
Gadzooks	(1.6)	5.1	1.4
Gap (U.S. stores)	8.0	8.0	(7.0)
Goody's Family Clothing	2.5	3.5	(1.9)
Hot Topic	3.5	3.2	2.1
Limited Brands	5.0	1.0	5.0
Mothers Work	(0.6)	4.7	6.3
Old Navy	11.0	13.0	(4.0)
Pacific Sunwear	13.4	13.2	10.5
Talbots	(0.9)	(5.0)	(8.7)
United Retail	(12.0)	(9.0)	6.0
Wet Seal	(21.5)	(25.0)	5.6
Wilsons	(1.4)	(5.2)	(12.3)
MASS MERCHANTS			
Factory 2-U Stores	3.0	2.0	(6.3)
Ross Stores	(2.0)	0.0	12.0
ShopKo	(1.5)	(3.1)	2.5
Stein Mart	(4.9)	(6.5)	2.5
Target (discount stores)	2.4	4.6	6.1
TJX	2.0	3.0	3.0
Value City	(0.2)	3.2	(3.9)
Wal-Mart (discount stores)	2.4	2.1	8.7
Tally:			
Up	23	27	30
Flat	0	2	0
Down	27	21	20
Total	50	50	50

SOURCE: COMPANY REPORTS
PARENTHESES INDICATE DECLINES

NRF Sees Growth Doubling in Second Half

WASHINGTON — The National Retail Federation is forecasting a 4.5 percent growth in total sales for general merchandise, apparel, home furnishings, electronics, appliance, sporting goods, hobby, book and music stores, collectively known as GAFFS, in the second half of 2003, up from 2.2 percent growth in the first half.

GAFFS sales are expected to increase 3.5 percent for the year.

"Now that the Iraq conflict has ended, we are all waiting for the economy to show increased vigor," NRF chief economist Rosalind Wells said in a statement Thursday.

"Though there will be lingering economic problems, retailers can expect solid, steady growth in the second half of the year," when the economy and retail sales will be helped by lower energy prices, a rebound in the equity markets and the lowest interest rates since the Fifties.

Mortgage refinancing will provide consumers with additional disposable income, which is likely to be plowed back into spending on the home. Also, the recent passage of the \$350 billion tax cut package will almost certainly lift economic growth, adding almost 1 percentage point to real dis-

posable income for the year.

Several retail sectors, including home goods, appear to be poised for solid growth in the second half, Wells said. "Also, pent-up demand for apparel, provided weather and styles cooperate, should increase sales of clothing and accessories," she said.

First-quarter GAFFS sales rose a modest 1.4 percent. Second-quarter sales are estimated to have increased 3 percent, third-quarter sales are projected at a 4.3 percent increase and fourth-quarter sales are estimated to increase 4.7 percent.

— David Moyn



Terry Biviano's flowing style.

PHOTOS BY ALEXANDROS



Models jump into Sydney Harbour after the Tsubi show.

Australian Fashion's Big Splash

By Patty Huntington

SYDNEY — Swimwear and splashy — literally — presentations saved the day in Sydney.

With a dozen internationals pulling out at the last minute, SARS took some of the attendance bite out of the recent spring 2003-2004 Mercedes Australian Fashion Week showcase. But a sparkling new show venue and some high-energy presentations kept buyers' minds off the disease.

While organizers did not have final figures at press time, they estimated this year's attendance could be up 25 percent over May 2002's 15,000 figure. The main increase is expected to come from the domestic retail sector, with this year's new free registration boosting the domestic buyer database by 400 percent, said organizers. Even with the no-shows, international attendance, totaling 160, was on par with 2002.

More than 40 delegates turned out from SARS hot spots of Hong Kong, Singapore, Taiwan and Canada. And that made some locals twitchy.

A spokeswoman for the Hong Kong Trade Development Council delegation said, "We have asked the Hong Kong delegates to bring face masks. If it makes people more comfortable to go to their stands, then they'll do it."

Keen to allay fears and avoid a similar situation to the one that occurred at April's Baselworld, the Watch & Jewellery Show in Basel, Switzerland — where 300 Hong Kong delegates were banned at the last minute by Swiss health authorities — the HKTDC conducted rigorous health checks prior to departure and immediately after arrival. Apparently, there were no significant problems, because the HK delegation managed its image problem and recorded its best sales and publicity ever in Sydney, according to the trade group, doubling sales from the last spring-summer event it attended in May 2001.

"The Hong Kong show was a really nice surprise — I wasn't expecting it," said Villa Moda buyer David Cheung, who bought Spy's kaleidoscopic silk devore separates, as well as Pacino Wan and Dorian Ho. Cheung also restocked on Akira, Easton Pearson, Kerry Grima, Anthony Kendal, Lisa Ho, Aurelio Costarella and Tsubi, a hot denim-urban brand.

Taiwan's Far Eastern Department Stores group, first-timers at the MAFW, were hopeful, despite a 60 percent SARS-related sales slump. FEDS buyers were in Sydney scouting talent for a contemporary fashion area rolling out initially to two key FEDS stores in January. According to FEDS' agent Jenifer Zacka, the group will buy a half-dozen Australian contemporary resources, including Alannah Hill, Wayne by Wayne Cooper, Tsubi and Bondi Beach Bags Co., and is also looking at Akira and Easton Pearson for its expanding designer area.

Also in town was Hong Kong's Lane Crawford. Although experiencing a 50 percent sales slump at the time, contemporary women's wear buyer Sarah Lam said the company was trying to "be optimistic" about

the coming seasons. By press time, sales were back up by 40 percent, Lam noted, the result of promotional activities like parties and fashion shows designed to bring customers back into the stores.

According to Lam, Lane Crawford matched its MAFW spring 2002-2003 budget this season — said to be about \$330,000 — and will return for MAFW fall 2004 in Melbourne.

U.S. dollar figures are converted from Australian dollars at current exchange.

Although Lane Crawford buys Easton Pearson, most of Lam's Sydney budget was spent on swim brands such as Seafolly, Jets and Tigerlily.

"I think swimwear is one of the strongest categories in the market," added Lam, noting that 70 percent of the retailer's expanding swimwear department now hails from Australia.

And to spotlight the growing importance of Australian swimwear, MAFW provided a spectacular new backdrop in Circular Quay. The organizers signed a three-year deal with the Sydney Ports Corp. to take over the harbor-hugging Overseas Passenger Terminal, which overlooks the Sydney Opera House.

An international cruise terminal that still berths 80 cruise liners a year, the building received a makeover in 2001 costing \$14.5 million, with another \$13.2 million pumped into fitouts by tenants, including four restaurants and numerous bars.

And while the old Fox Studios Australia site boasted only one private MAFW bar — the always-hopping Bar Bazaar — at least five private bars popped up in the new facilities. "I thought it was very cruisy — a much more relaxed environment in which to write business," said Colette Garnsey, group general manager apparel, cosmetics and marketing for David Jones — which turned the Cruise Bar into its own VIP courtesy lounge each night. Although Garnsey declined to give figures, she said her budget was up on last spring, that she picked up several new resources and foresees "considerable growth" in her Australian designer business.

Then there was Tsubi's floating gin palace: a glass-bottom boat that cruised the harbor, doubling as showroom by day and dance party by night. Tsubi acolytes grooved to DJ Paul Sevigny — brother of Chloë Sevigny, whose friend Tara Subkoff just happened to be in town at the time working on costumes with the Sydney Dance Co.

For the finale of Tsubi's fashion parade, the company dispatched its models, dressed in the brand's merchandise over the side of the boat and into Sydney Harbour, right in front of the Opera House. Any internationals could have been forgiven for thinking the Olympics were still in town.

"Unbelievable — I mean there's nothing like it, except maybe having a catwalk across the Eiffel Tower — the backdrop provided a really theatrical, dramatic way to look at things," said Ruth Ann Lockhart, divisional director of designer apparel for Canada's Holt Renfrew. Here for the first time this year on a research trip,



Swimwear, like this suit from Zimmermann, is increasingly important in Australian fashion.

Lockhart says she surprised herself by leaving with a handful of collections: Zambesi, Easton Pearson, Zimmermann, Natasha and Sass & Bide. According to Lockhart, the SARS impact on Holt Renfrew's business was nowhere like that experienced in Asia. "We're seeing minimum single-digit increases on last year — but we had hoped for more."

MAFW has grown considerably since its 1996 inception, when it showcased 33 designers in 17 collection shows and 18 exhibitors. This year's event had 63 designers participating in 36 collection shows, 137 exhibitors in an area called The Source, and 69 designers also participating in designer open-day showrooms.

Some attendees said the downside to the new venue was the "upstairs-downstairs" layout of the exhibition space.

Where MAFW's old 54,000-square-foot space created a buzzing fulcrum for the entire event, through which all delegates were obliged to walk to access shows, the awkward design over two levels and poor signage this year created an overall impression that the 37,600-square-foot area dubbed The Source was in fact only half that size. Organizers said the layout was more efficient, but not all exhibitors were convinced.

Bondi Beach Bags Co., an accessories firm, said sales were 60 to 70 percent down from last year, blaming poor traffic in the upstairs portion.

However, upstairs exhibitors who reported strong sales included a Trade New Zealand delegation, Paris Mode accessories and Rebecca Taylor, a New York-based New Zealander.

Although some of the week's highlights — Tina Kalivas, Willow lingerie and Sandra Thom — were tiny shows on shoestring budgets, just around the harbor's edge, the new Tony Assness-produced Wharf 3 shows offered elaborate productions.

Costing about \$528,000, the Wharf 3 venture was financed in part by Westfield Australia as a marketing exercise to promote its new Westfield Bondi Junction retail complex. The first stage opens in November.

An existing mall in Sydney's affluent eastern suburbs, Westfield Bondi Junction embraces David Jones and Myer Grace Bros. outlets and will embody Westfield's first flagship "black label" concept. Refurbished at a cost of just under \$400 million, it will boast a more contemporary design and more upmarket retail mix than other Westfields, with such tenants as Mecca Cosmetics, Georg Jensen, Escada, Paul & Joe, Burberry, Zimmermann, MARCS and Wayne Cooper. The latter three received show funding as a leasing sweetener.

And while not all the Wharf 3 shows suited the behemoth venue, some productions — notably those of Wayne Cooper and Terry Biviano — dominated much of the week's publicity.

"I loved the shows that were there, Terry Biviano and Kerry Grima were amazing," said Saks Fifth Avenue's market director, Colleen Sherin.

"They were pretty spectacular" echoed Holt Renfrew's Lockhart. "I thought [the event] was very world class, professionally handled and right up there with Milan, Paris and New York. I've been in this business for 20 years and do the circuit, and apart from the absence of the [top models], the paparazzi and Anna Wintour, the collections created the impression that Australia is not backwater for fashion."

Coming Up Daisies



A vignette at the girl's store.

WESTWOOD, N.J. — "I love it, I love it," squealed Julia, age 5 3/4, waxing enthusiastic about an outfit she was trying to convince her mother to buy for her. "Take the tags off. I'll wear it forever."

The elated cries came from a dressing room at Daisy & Lilly: A Girl's Best Friend on a recent afternoon.

Girls seem to get excited about what they find at the 2,000-square-foot store housed in a renovated Victorian home on Center Avenue, a semi-residential street in this affluent Bergen County community.

With its four-foot-high mural of Daisy and Lilly (two Jack Russell terriers) painted on polystyrene tiles to look like stone frescos and the real Daisy lounging in the window seat; merchandise such as watering-can-shaped handbags, and kits for making everything from memory books to embellished jeans, it's clear that the store was conceived just for them.

It's one of the few places to find dressy dresses and casual clothes in sizes 4 to 6X and 7 to 16 that's accepted by both girls and their moms. In the fall, the first Daisy & Lilly will add juniors because its customers, many in the 10-to-12-year-old range, are growing up.

By popular demand, owners Digna Rodriguez-Poulton and Simon Poulton in March opened Daisy & Lilly Grown-Up across the street for the mothers of the origi-

Storefront

nal store's clientele, who begged for clothes with a similar sensibility in their own size range.

You won't find overtly sexed-up styles such as see-through blouses or belly shirts at the first Daisy & Lilly, or its older sibling, for that matter. Rodriguez-Poulton isn't a fan of the Britney Spears school of fashion.

"I'm worried about the message we as a society are sending girls," she explains. "There's a difference between fashion and trendy, inappropriate things. A lot of times when girls wear things like that they feel very self-conscious. It invites attention that they're not emotionally equipped to deal with."

"Girls all aspire to be older," she adds. "We want them to be older with a taste level."

The couple have no children, except for Daisy, Poulton says. They are expecting Lilly as soon as they can get a Jack Russell puppy. "We've sort of adopted everyone else's kids," he adds.

At the Grown-Up store, "We don't pander to the women who go to the gym, wear a size 0 and want the grooviest, trendiest thing," says Poulton. "Lines like Fibers, and Supply and Demand, have a more womanly fit. They're not the Juicy Couture fit."

"Young moms want to dress nice but look functional," says Rodriguez-Poulton, who calls the store's style "car-pool chic," adding, "Women want casual things, but this woman is more conscious of her age and doesn't want to look ridiculous."

In addition to Milly, Trina Turk, Cynthia Steffe, Three Dots, Single and XCVI Wearables, Daisy & Lilly Grown-Up carries FRx Clothing jeans, noted for their contoured waistband, which hugs the small of the back.

The two Daisy & Lillys opened under difficult circumstances. The girl's store's scheduled opening on Sept. 11, 2001 was delayed until November. "We had all this back-to-school merchandise in our home," says Poulton. "Amid this global horror, we dug our way out of a hole." Meanwhile, the women's store had the Iraq War and six weeks of rain in May and June to contend with.

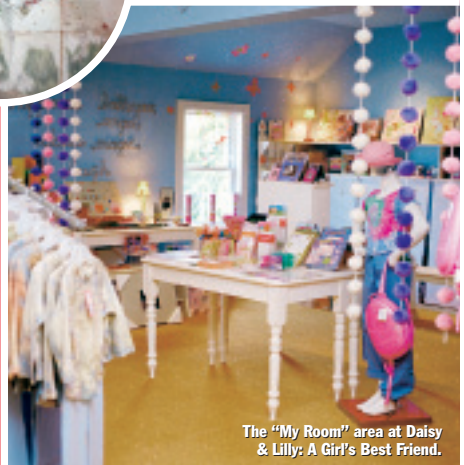
Nonetheless, the girl's store hit its first year mark of \$500,000 in sales and the women's unit is expected to do the same in its first year.

Both stores have a unique decor. Rodriguez-Poulton has a sharp eye for design and merchandising.

The first floor of the girls' store, where party dresses



Above: Two styles from Grown-Up; right, the tile mural; Simon Poulton, Digna Rodriguez-Poulton and Lilly.



The "My Room" area at Daisy & Lilly: A Girl's Best Friend.

and dressier separates from Betsey Johnson for Girls and Monkey Wear, and accessories are located, is painted the soothing shade of Benjamin Moore Blue 795. Prices range from \$60 to \$180 for a dress.

The upstairs, painted in Sherwin Williams' American Cheese, features Hollywood and Tractor jeans, Un Deux Trois and other casual fare, priced from \$25 to \$60. The couple will also produce a Daisy & Lilly collection.

An area called "My Room" is filled with gifts, books and Hello Kitty and Choco Cat products and decorated with a bead curtain made of oversized pompoms; crystals hanging from ribbons, plaques with legends such as Ballerina and Happiness, and paint-by-numbers canvases.

Grown-Up, housed in a 2,000-square-foot renovated colonial, has exotic red walls accented with the same shade of American Cheese paint, black and white floor tiles, Modigliani reproductions hanging on the walls and a white cashwrap with black detailing.

The couple is well aware of the dearth of apparel specialty store concepts and plans to open additional stores or franchise their two models. "We absolutely want to open more stores," says Rodriguez-Poulton, "but it has to stay small because it has to be special."

Plus, she and Poulton like the flexibility of owning

their own business. "When we have to take markdowns, we take markdowns," Poulton says. "We don't have to go into a meeting."

Poulton and Rodriguez met in the late Eighties. Poulton, who had been vice president of production at Willie Wear, switched gears to computer-aided design. In 1989, Rodriguez, who was director of product development at Chau, was in the market for a CAD system and turned his company. "I never bought the product," she says, "but I found a husband."

After they were married, they both went on to other jobs, Rodriguez working for Viacom where she opened the company's store and learned about branding and intellectual property, and then Nickelodeon, which was her first contact with children.

The couple admits that they opened Daisy & Lilly because they believe mainstream apparel retailing lost its luster. "I grew up at a time when Bloomingdale's was India," she says.

But why focus on girls? "I just like girls so much," she explains. "They're so open and experimental. Also I don't think I've ever grown up. I guess it's a case of arrested development."

— Sharon Edelson

Media/Advertising

Cate Blanchett was photographed by Mikael Jansson for Donna Karan's fall Collection ads.



Cate Stars in Karan Production

By Lisa Lockwood

NEW YORK — "I wouldn't call her a classic beauty. She's beyond a classic beauty. She has an identity, an intelligence and a soul to me," said Donna Karan of Cate Blanchett.

Karan is clearly tickled about her newest campaign model, who will star for three seasons in her Collection ads, beginning this fall.

"She's as beautiful in person as on the screen," said Karan, who went shopping with Blanchett after the shoot. Karan wasn't on the set during the two-day photo session because it didn't fit into her schedule.

"I don't go on shoots," said the designer.

"If she did, we'd still be shooting fall 1988," quipped Trey Laird, president and executive creative director of Laird & Partners, Karan's ad agency.

In developing her fall campaign, Karan had such movies as "Blade Runner" and "The Matrix" in mind. She wanted to portray a modern, urban scene with futuristic overtones. "We wanted it sexual, organic, industrial and body-conscious at the same time," said Karan. Furthermore, she said, "We wanted to show a woman on the go. She's got power and she's modern."

Although they wanted to do the shoot in New York, Blanchett was completing a Ron Howard movie, "The Missing," in Santa Fe, so they decided to meet in Los Angeles. Mikael Jansson photographed Blanchett in an airport hangar at the Santa Monica Airport, in a car and in an abandoned printing factory in downtown L.A.

"That's my favorite shot," said Karan, pointing to a photo of Blanchett in the designer's black jersey "goddess" gown, accessorized by a Robert Lee Morris silver keyhole. The 34-year-old Australian actress looks striking in such looks as Karan's black jumpsuit and cashmere jersey top; sequin scoopneck flirty dress; matte jersey dress with leather ties, and metallic bouclé jacket and bandage skirt.

Armed with a fall media budget that's 10 percent larger than last year, Karan has produced a 24-page onsert that will be polybagged with the September W. Eight-page portfolios will run in Vogue and Vanity Fair; and four-page units will appear in Harper's Bazaar, The New York Times Magazine and Fashions of the Times. A gatefold also will run in V. Spreads and singles will appear in Town & Country, Departures and Harpers & Queen in the U.K.

Karan officials declined to reveal the fall budget. However, in the second half of 2002, Karan spent \$3.2 million on media for Donna Karan women's and men's collections and licensed Karan products, excluding fragrances, according to TNS Media Intelligence/CMR.



MEMO PAD

ON THE HUNT: Since the ouster of Tom Rogers as chief executive officer of Primedia in May, many believed the position would go to Charles McCurdy, the company's president who was tapped as interim ceo.

A well-liked executive within its publishing arm, there was hope throughout much of the magazine industry that Primedia might make McCurdy permanent top dog.

That remains a serious possibility. Nevertheless, KKR, the leveraged buyout firm that controls the voting share of Primedia, appears to be searching far and wide, meeting with a slew of candidates who might be available for the job.

As far as outside contenders go, the name being heard most frequently in publishing circles is Michael Pepe, the former chief executive of Time Inc. International, who left the company this spring. One source, however, called a future with Primedia "old news." Michael Perlis, who ran the tech publisher Ziff-Davis during the dot-com era, is another name making the rounds.

Primedia — through its headhunter Spencer Stuart — also contacted Kelly Conlin, the former ceo of the technology trade publisher IDG, but two sources believe talks broke off. Another distant possibility, according to sources, is Douglas Peabody, the former president of Wieder Publications.

So why has it taken three months

and why does there continue to be little sign that the company is about to make an announcement?

Primedia, sources say, represents a challenge for headhunters, not simply because of its poor financial performance but because it has idiosyncratic qualities that are not typical of most magazine companies. For one, it is a public company in an industry that — with the exception of Time Inc. — is dominated by privately held publishing entities such as the Hearst Corp. and Advance Publications, owner of Condé Nast and Fairchild, WWD's parent company. Very few executives with publishing experience have an understanding of shareholder relations and Wall Street, sources said. Second, Primedia's ownership of About.com puts a premium on executives who know about technology as well. Third is strategic. Does KKR honcho Henry Kravis want to liquidate the company or restructure it?

"I think he doesn't know," said a source inside the company who requested anonymity. "Will they sell New York? Probably, they're essentially taking the temperature now and they're not convinced they can get the right amount of money. You just get the incredible sense in this company that there is no leadership."

"There is no attachment on Kravis' part to this title," said a second source. "It is a question of who to sell to and at what price."

Primedia had no comment.

— Jacob Bernstein and Greg Lindsay

NEW MANAGEMENT: Advertisers that have a bone to pick with YM over the magazine's circulation woes might have a tougher time finding someone to complain to. (Of course, there's always Dan Brewster.) The publishing team responsible is gone — publisher Laura McEwen bolted to Reader's Digest, and one associate publisher, Lauren Jay, is going with her in a similar capacity. New publisher Joan Sheridan dispatched the other, Richard Skeen, just days after taking over. But in case she's tempted to blame her predecessors if any new circulation woes come to light, a Gruner + Jahr USA spokeswoman says the magazine will continue to award make-good pages to advertisers anytime it misses its rate base (which was six times in 2001).

Meanwhile, G+J USA has been busy hiring instead of firing over at its other problem child, the boom-time bible Fast Company. Now worth a fraction of the whopping \$342.5 million G+J paid for it in 2000, the magazine is getting a full editorial makeover courtesy of new editor John Byrne. And while it originally made its mark as a New Age-y manual for workaholics, the team he's hired is decidedly old school. New executive editor Mark Vamos hails from SmartMoney.com; managing editor Lynn Moloney, who's written for Vanity Fair, among others; new San Francisco bureau chief Carleen Hawn arrived from Forbes, and the new art director, Dean Markadakis, has brought a few designers with him from PC Magazine. — G.L.

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OFFICE MANAGER / RECEPTIONIST

Growing French cosmetics company seeks experienced Office Manager for NY HQ. Must be responsible, detail-oriented, self starter. College degree required. Employee benefits administration experience helpful. Email resume to: resumes@bourjois.com

RECEPTIONIST

Fast paced busy showroom seeks an articulate, self-motivated, energetic person w/ computer exp & order entry. Fax resume: Phyllis 212-382-2549

SALES HELP WANTED

Sales Help Wanted

HONGDOU NEW YORK INC
National Sales Manager & Salesperson

Chinese apparel import company seeks National Sales Manager and Salesperson for NYC showroom. The candidates will be responsible for selling formal & casual wear & should have strong contacts with department stores & chain stores.

Please fax your resume to:
212-354-5728 or e-mail hongdouny@chituma.com www.hongdoutrade.com

Gar Jean

SALES MANAGER

Exciting opportunity available in our East Coast Showroom. Responsibilities include managing sales of men's and women's collections within major department stores and specialty stores in the Northeast; developing new business, conducting in-store seminars; and managing junior salesperson. BA/BS, min 5+ years exp, and excellent analytical/communication skills required. Established relationships with major department stores preferred.

Please fax resume and salary history to:
(212) 830-8223. EOE M/F

Account Executive

Fast-growing designer jewelry co. seeks experienced Salespeople to launch an exciting new product line for national luxury RTW brand.

An accessory background with Account Management in major department, signature & specialty stores preferred. Must be able to aggressively introduce, develop & maintain in-store awareness for existing account list. Positions will be based in New York City, Atlanta and Dallas. Moderate travel is required. Qualified candidates should Fax or E-mail their resumes to: 813-792-1051
Sales@beadzedusa.com

Professional Sales Person

Young Co. seeks Pro for Missy/Moderate Market. Experience & contacts a MUST! Please Call or Fax resume to Chip at: Tel: 212-840-0096 / Fax: 212-840-0377

DIRECTOR

MARKETING AND SALES

Garden Botanika -- a natural beauty care specialty brand -- is looking for an experienced health & beauty executive to manage the growth & retail expansion of the Garden Botanika line. Successful candidates will have a proven track record in health and beauty marketing for specialty brands, and possess strong business development and leadership skills. Experience in wholesale specialty beauty retailing is required. Direct selling background (catalog, Internet, TV) is a plus. MBA preferred. This position is located in Redmond WA. Interested applicants may send their resumes to:
Schroeder & Tremayne, Inc.
8500 Valcour Avenue
St. Louis, Missouri 63123
E-mail: inbox@startmycareer.com

SALES EXECUTIVE / MERCHANDISER

Denim MFR seeks exp'd, hardworking, aggressive sales exec in L.A/NY. Must have denim exp, strong organizational skills and be self-motivated.
Fax resume to 626-338-7658

SALES EXECUTIVE

Successful women's knitwear firm seeks executive with proven record. Please fax resume to: (212) 921-5042

Sr. Sales/Mgmt.
Joseph

High-end fashion boutique requires experienced Sales Associates. Managerial position / promotion possible. Must be professional, self-motivated & outgoing, with a modern sense of style. Please Fax or E-mail resumes to: 212-274-1142 / MKajoseph@aol.com

LINES

Lines Offered

POSITIONS WANTED

Positions Wanted Agencies

Italian Mfr. of Men's and Ladies' Knitwear READY FASHION

Seeking experienced agents with chain store and catalogue contacts for distribution throughout the U.S.

Please reply directly to:
MAGLIFICIO LIVIA SRL
Via Mameli 278, 21044 Cavaria (VA) Italy
Tel: 011-390-331-217112
Fax: 011-390-331-218370
E-mail: home@livia.it

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