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WWD FRIDAY

Beauty

Expanding Reality

NEW YORK — Liz Claiborne Inc. is adding to its Realities. The firm, which unveiled a scent with the name in 1990 — then launched an apparel line with the name this spring — is also using the Realities banner for a juice due out in late August. It will be the first product to be launched under the Realities Cosmetics Co. nameplate. Industry sources estimated that the scent could do \$18 million at retail or more during its first year on counter. For more, see page 8.



LVMH Bullish for '04 After Biggest Sales Gain in Five Quarters

By Miles Socha

PARIS — Luxury just keeps getting stronger.

Gaining momentum in an improving climate for luxury, LVMH Moët Hennessy Louis

Vuitton cited organic sales growth of 10 percent in the first quarter of 2004, its best showing in the past

Luxe Sector Shines Amid Strong March Comp-Store Sales. Page 2.

five quarters.

The French luxury giant on Thursday reported consolidated sales of 2.85 billion euros, or \$3.57 billion, a 1.7 percent increase versus

See **LVMH**, Page 14

Retail Roars in March, Especially Luxe

By Jennifer Weitzman and Ross Tucker

NEW YORK — Easier year-over-year comparisons along with ongoing demand for luxury goods allowed retailers to deliver robust same-store sales for March.

As a result, comps at high-end department store chains shattered analysts' expectations. Moderate department stores weren't left out of the mix, either, as lower inventories and full-priced selling had most besting expectations.

In turn, the Goldman Sachs Retail Comparable-Store Sales Index showed a 6.8 percent gain in March, which compares with a 7 percent increase in February.

Of the retailers tracked by WWD, the specialty store segment showed an average comp sales gain of 6.2 percent, down from February's 10.4 increase, while department stores and mass merchants were neck and neck with gains of 8 percent and 8.2 percent, respectively. In February, department stores averaged a 7.9 percent gain while mass merchants posted a 6.3 percent increase.

Janet Hoffman, a partner with Accenture's retail practice, said this is an exciting time at retail. "We absolutely had some breakthrough results."

In particular, Hoffman said she was impressed with the high-end results, noting the strong in-



Saks Fifth Avenue Enterprises steamed ahead with a 20.6 percent gain in comparable-store sales.

creases at Neiman Marcus Group, which gained 25.7 percent, and Nordstrom's, which gained 15.9 percent. "Quite frankly, I have been tracking this professionally for five years and I haven't seen a 25 percent comp increase," Hoffman said.

Continued on page 4

DuPont Trims Invista Price by \$200M

By Scott Malone

NEW YORK — Invista's 18,000 employees have three more weeks to figure out what to do with their DuPont business cards and stationery.

The Wilmington, Del.-based chemical giant, which is selling its Invista fibers unit to Koch Industries Inc., said Thursday it had agreed to cut the purchase price on the deal by \$200 million and that the sale would close April 30.

A spokeswoman for Wichita, Kan.-based Koch confirmed the revision in the purchase price to \$4.2 billion and the new closing date. Recently, the companies had said the deal would close by June 30.

The \$4.2 billion includes the assumption of some debt, as well as joint-venture and equity interests.

A DuPont spokesman said a lot of variables went into the decision to revalue the unit, which last year had \$6.9 billion in sales and recorded an after-tax operating loss of \$1.34 billion — a number that included \$1.37 billion in writeoffs related to the pending sale.

"It was an extremely complex agreement that involved not only the sale of the assets, but we had to develop site-sharing agreements, suppliers' contracts and a number of other things," the spokesman said. "At the end of the day, this suits the interests of both parties."

The Koch spokesman said the earlier closing date was not a concession offered for the lower price.

"We have for a few weeks been internally citing April 30 as a working date," she said. "It just

looks like the critical mass is enough achieved that we can tick off all the right buttons by then."

The companies have already received approval from antitrust review bodies in the U.S. and European Union for the merger.

Koch plans to merge Invista with its KoSa polyester fibers unit after the deal closes. According to Moody's Investors Service, together the two operations had \$8.4 billion in revenues last year, an amount that would make the combined business the world's largest fiber enterprise.

Invista's apparel operations are to remain in the general Wilmington area after the deal closes, though executives said they may move to nearby locations in southern New Jersey or eastern Pennsylvania. Bill Ghitis is to continue as president of Invista apparel fibers.

CFDA/Vogue Fund Enlists Barneys, Kellwood

By Eric Wilson

NEW YORK — Barneys New York and Kellwood Co. have signed on to become corporate underwriters of the Council of Fashion Designers of America/Vogue Fashion Fund, which has just reached the halfway point in its \$5 million capital campaign.

The fund was established last September, with a \$1 million contribution from Vogue, to offer financial assistance and business mentoring to emerging designers selected through an annual contest. More than 140 designers have submitted preliminary applications to be considered for the first award, the recipient of which will be announced in September. The deadline for preliminary applications is April 16.

The CFDA and Vogue are continuing to solicit underwriters for the fund, which requires a minimum pledge of \$500,000, said Peter Arnold, executive director of the CFDA, who detailed some changes in the format of the first

award. In its first year, the award will be presented to one designer, rather than two — and the amount granted will be up to \$200,000.

"We felt that it was best for the first time out to focus on one designer," said Arnold, noting that, as the annual project develops, more designers will be considered.

Representatives from Kellwood and Barneys also have been appointed to the selection committee that will review applicants and select the recipient of this year's award. Narciso Rodriguez, Robert Duffy, president of Marc Jacobs, and representatives of Vogue and the CFDA also will participate on the committee, Arnold said.

"When Anna Wintour approached us about this, it took us less than 24 hours to decide we wanted to be involved," said Howard Socol, chairman, president and chief executive officer of Barneys. "It's the heritage of Barneys to nurture and bring on young talent in our store, and we couldn't think of anything that

fits into our DNA more than this. We're into it with all of our heart and soul."

The selection committee, which will begin to meet in May, will choose roughly 100 finalists, who then will be asked to submit a more formal application. The ultimate winner will receive the cash prize, as well as structured business mentoring from a team of fashion industry professionals. Socol said he, executive vice president Judy Collinson and fashion director Julie Gilhart will each participate in the mentoring aspect of the award.

Preliminary applications, which can be obtained from the CFDA or at cfda.com, must be completed and postmarked by April 16, including a 350-word biographical statement and affirmation of the designer's eligibility. Requirements include that the designer's business be based in the U.S., be at least two years old, have a professional staff and demonstrable talent through editorial coverage and retail orders.

WWD FRIDAY

Beauty

GENERAL

- 6** BEAUTY: The Italian beauty industry has been hurt by recession in Western Europe, currency fluctuations and weak demand at home.
- 8** Liz Claiborne Inc. launched a better apparel line called Realities for spring and now its beauty division is rolling out a Realities women's scent.
- 1** With the climate for luxury goods gaining ground, LVMH cited organic sales growth of 10 percent in the first quarter, its best showing in five quarters.
- 2** The registers rang long and loud in March, as retailers across the country faced easier year-over-year, same-store sales comparisons.
- 2** DuPont has agreed to cut the price of selling its Invista unit to Koch Industries by \$200 million to \$4.2 billion and set a closing date of April 30.
- 2** Barneys New York and Kellwood Co. have signed on as underwriters of the CFDA/Vogue Fashion Fund, which is halfway to its \$5 million goal.
- 16** SUZY: Getting down to a fighting weight...A Catherine Zeta-Jones springtime in Wales...Runaway bunny and get married.

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In Brief

• **QUESTROM'S SLIGHT GAIN:** Allen Questrom, chairman and chief executive of J.C. Penney Co. Inc., saw his salary remain flat in fiscal 2003 at \$1.35 million compared with 2002 figures. But he did receive a 3.4 percent gain in bonus money, which came in at almost \$2.03 million for 2003. According to the company's proxy statement, which was filed on Thursday with the Securities and Exchange Commission, his five-year employment agreement signed in 2000 provided for an initial annual base salary of \$1.25 million. The agreement provides for possible annual increases, with the current base at \$1.35 million. The proxy also said that when his performance goals are exceeded, he may be awarded up to 200 percent of his base salary. Questrom's 2003 bonus represented 150 percent of his annual base salary.

• **REEBOK ACQUISITION:** Reebok International Ltd. said Thursday it will acquire all the outstanding shares of The Hockey Co. Holdings Inc., a hockey apparel and equipment company based in Montreal, for \$16.01 a share in cash. Most of the shares are being bought from Wellspring Capital Management, Hockey Co.'s largest shareholder, with 3.3 million shares. The equity value of the proposed transaction is about \$204 million, plus the assumption of \$125 million in debt. Reebok said. The Hockey Co. has sales of about \$240 million, owns a number of brand names and has licensing agreements with the National Hockey League and other leagues. Canadian dollars are converted to the U.S. dollar at current exchange.

• **EVERLAST EXPANSION:** Everlast continues to expand its business on the international front. The active apparel and sporting goods company said it has entered into an agreement with Image & Craft Planning Co. to launch Everlast products in South Korea. The merchandise will hit stores in the fall and will be available at sporting goods retailers, athletic shoe stores and department stores, the company said.

• **SILVER HIRE:** Francois Baufume, a former president of Christian Dior and Kenzo, has resurfaced as executive chairman of French luxury silversmith Christofle. Baufume, 59, who most recently was chairman of Italian fabric mill Ratti, succeeded Maurizio Borletti, who left the firm after a capital increase at Christofle's parent, Luxury Brand Development. Baufume's appointment coincided with the hiring of Nicolas Abboud to the post of chief executive officer. Christofle said Abboud will assist Baufume.

Frink to Be Nominated for Commerce Post

By Kristi Ellis

WASHINGTON — The Bush administration said Thursday it plans to nominate an executive of a California carpet and rug manufacturer as its new manufacturing chief at the Commerce Department.

Al Frink, co-founder and executive vice president of Fabrica International, a carpet and rug manufacturer based in Santa Ana, Calif., is the second nominee for the position of assistant secretary of manufacturing & services.

The administration's top pick, Anthony Raimondo, chief executive officer of Behlen Mfg. Co., Columbus, Neb., withdrew his nomination last month over criticism that his agricultural equipment and building systems company laid off U.S. workers and shifted business to China.

"Al's extensive background as a manufacturer makes him a great candidate to serve because he has walked in their shoes and knows firsthand the barriers that are challenging American manufacturers," Commerce Secretary Donald Evans said at a town hall meeting in Mt. Vernon, Ohio.

The Bush administration has come under fire from the presumptive Democratic presidential nominee, Sen. John Kerry (D., Mass.), and other

lawmakers for its handling of the economy and job-loss record, and the debate is only becoming more heated as the election approaches.

If confirmed by Congress, Frink will take on the monumental task of carrying out the administration's initiatives for creating jobs and increasing competitiveness against the backdrop of some of the heaviest job losses in the manufacturing sector in decades. Frink also would oversee the implementation of recommendations in Commerce's recently released manufacturing report, which contained recommendations on how to resuscitate U.S. manufacturing.

The report drew criticism from domestic textile and fiber firms, which lost 54,500 jobs last year. The textile and apparel industries combined have lost 339,100 jobs since President Bush took office in January 2001, according to Labor Department figures.

Domestic textile groups claimed the report failed to offer any meaningful initiatives on trade and, in particular, trade with China, which they claim has devastated their businesses. Importers, on the other hand, claimed the report established a much-needed agenda and put in place structural elements designed to keep U.S. manufacturers competitive.

Fashion Scoops

BEAUTY IN WAITING: Is **Charlize Theron** the next beautiful actress to jump on the beauty bandwagon? Sources indicate Dior is close to inking an agreement with the recent Oscar winner to be the new face of its J'Adore fragrance. Dior executives in Paris could not be reached at press time on Thursday, but it would fit in with the latest beauty trend of signing big names. First came Chanel and **Nicole Kidman**, then Tommy Hilfinger and **Beyoncé** and then Calvin Klein signed **Scarlett Johansson**.



Charlize Theron

COOL CITY: **Peter Saville**, Britain's influential graphic designer-art director, has just taken on an unusual makeover job: creative director for the city of Manchester. Ostensibly, Saville, who last year had a retrospective of his work at London's Design Museum, will be charged with rebranding the city and giving it a hip visual identity. "I will be looking at my hometown and figuring out where it can be better," said Saville. Though London-based now, Saville is a founder of Factory Records and best known for the album covers he designed for Joy Division and New Order while growing up in the northern industrial city. Recently, he has created a line of men's knitwear for London's Clements Ribeiro label and later this year an exhibit dedicated to his work will open in Dijon, France. Saville has also done art direction for such houses as Givenchy, Stella McCartney and Yohji Yamamoto.

LOUIS, LOUIS: As Louis Vuitton marks its 150th anniversary this year, French journalist **Stephanie Bonvicini** just published a book retracing the brand's storied history from the birth of its eponymous founder in 1821 to the present. "Louis Vuitton: A French Saga," published in Paris by Fayard, documents historic events in the house's past, including the baggage it made for the French emperor's wife, Eugenie, its conquest of the U.S. market and the Vuitton family's much-criticized relationship with the collaborationist Vichy government in World War II. Among the other touchy subjects the unauthorized book examines is luxury mogul **Bernard Arnault's** hostile ousting in the late 1980s of then-Vuitton chairman Henry Racamier, who had married into the Vuitton family and engineered the brand's early global growth.

Change Order of the Day at Parsons

By Eric Wilson

NEW YORK — A year after facing a near revolt over ongoing curriculum changes at Parsons School of Design, the fashion department is changing the jury process of its senior thesis program to better illuminate to students why some of their work will be showcased before industry heavyweights at an annual benefit, and some will not.

Parsons is also planning several updates of the benefit, which this year will honor 1984 alum Marc Jacobs with an award presented by Oscar-winning director and Jacobs muse Sofia Coppola on May 10. These include a change of venue to the Chelsea Piers and the introduction of a senior project in which students worked with the creative team of Ducati to produce a collection inspired by the motorcycle company.

While the event draws a heavy-hitting crowd of designers and Seventh Avenue executives, raising on average between \$1.5 million and \$2 million for the school, Parsons has not yet received assurances from potential sponsors to make sure it will reach that target this year.

Under the new curriculum, the fashion design department of Parsons, a division of New School University, has limited the number of senior thesis collections that are shown during its annual benefit and named a "designer of the year." Students had also previously designed one look in their senior year under direction from a faculty member, but now must develop a collection independently. The changes led to resentment by students whose work never appeared in the show; last year, several seniors issued a press release charging the faculty with depriving them of that opportunity and with behaving in an underhanded manner, and many stopped going to classes.

Timothy M. Gunn, a 20-year faculty member and chair of the department for the past four years, defended the changes as a necessary step to restore the luster of a fashion education at Parsons, which has turned out five generations of designers and is its largest discipline, representing a quarter of its enrollment. While he is critical of the university's regard for the fashion department with-

in the ranks of its nine departments, he said that with the arrival of a new dean, New Yorker architecture critic Paul Goldberger, there is reasonable expectation that attitude will change as the department approaches its 100th anniversary in 2006.

Among the plans for the fashion department, Parsons will introduce a master's degree in design in 2006. There are also talks of augmenting its staff with visiting faculty from fashion schools around the world.

Beginning next week, Parsons will start the jury process of senior theses under a new format designed to remove the anonymity of the professional critique. In the

past, a group of about 200 designers, editors and buyers served as jurors who graded the student works during day-long seminars, while another panel of Parsons alumni handed out Golden Thimble awards, which had a more significant impact on who was selected for the fashion show. This year, each senior will present his or her thesis personally to a panel made up of four to six people from the industry who will be able to ask questions and discuss the merits of the individual works.

Of the 100 seniors in the class of 2004, 14 collections will be selected for the benefit show.

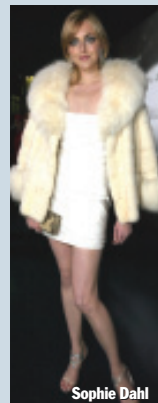
Gunn pointed out that voluntary special projects were also introduced last year and that participants are guaranteed that their work in such classes will be exhibited at the benefit. This year's offerings include the Ducati project, another sponsored by the Italian Trade Commission and possibly a third with Saga Furs.

Myrienne Gaeta, public relations manager for Ducati, said the company became involved with Parsons as part of its own efforts to develop Ducati as fashion lifestyle brand. David Gross, creative director of Ducati Motorbikes, is working with students to come up with apparel and accessories inspired by its motorcycles.

The ITC project, headed by Carmela Spinelli Schaufler, associate chair of the department, requires students to design pieces that are inspired by Italian architecture or an Italian architect. Working with ITC, about 16 Italian mills donated bolts of silk and wool for the course.



A student sketch from the Ducati special project at Parsons.



Sophie Dahl



Jeremy Irons and Monica Bellucci

SKY HIGH: Talk about your high-flying fashion party, complete with two needle-nosed Concorde jets parked on the dance floor. That's how Cartier feted the 100th anniversary of its Santos wristwatch Wednesday night, hosting a lavish dinner at Paris' Le Bourget airport. Celebrity guests, some of whom jetted in for the occasion, included **Monica Bellucci**, **Jeremy Irons**, **Jean Reno**, **Lord Frederick Windsor**, **Sir Terence Conran**, **Sophie Dahl**, **Marc Newson** and, intriguingly, cerebral novelist **Paolo Coelho**. "I love these planes," offered Irons, who has just wrapped shooting director **Ridley Scott's** "Kingdom of Heaven" and "The Merchant of Venice" opposite **Al Pacino**. "I used to do quite a bit of flying myself. But it's too small in England to make it worth the while. If I ever moved to Hollywood I'm sure I'd take it up again." While Irons may be staying put for the moment, Cartier certainly isn't. It has three other parties scheduled to mark the anniversary of the Santos, including gatherings in New York and Tokyo next month and an event in Rio de Janeiro in June.

TASTE IN SPADES: When someone like style crusader **Kate Spade** writes a book on manners, it sets a certain standard for her party guests. "I brought Kate some Magnolia [Bakery] cupcakes," **Cynthia Rowley** offered immediately upon her arrival at the party Wednesday night to celebrate the launch of Spade's trio of books — "Style," "Manners" and "Occasions," being released next week by Simon & Schuster. Everything from the subtle nuances of a well-made umbrella to what to do when the chocolate soufflé falls is addressed with signature Spade flair.

The party, co-hosted by In Style, was held at the National Arts Club in the Tilden Mansion in New York's Gramercy Park, which at first left Spade feeling a bit unnerved. "When **Robin [Marino]**, president of Kate Spade and I walked in for the first time, she said, 'It looks like 'The Shining,'" Spade said of the grand manor. "I said, 'Perfect, we'll fit right in.'"

While Stanley Kubrick's 1980 horror flick may not be the first film one would free-associate with Spade, after an NAC governor "pinned" her as an honorary member, she did fit right in. Fellow NAC member **Kenneth Jay Lane** toasted Spade and, when razzed by a friend for rarely drinking or dining at the club, he responded, "I have a good cook."



The Kate Spade books.

Exchange Rates Pull Clarins Sales Down

PARIS — Groupe Clarins reported its consolidated net sales fell 2.8 percent to \$259.7 million at current exchange rates, or 215 million euros, in the first quarter of 2004.

The firm, whose organic growth was 2.3 percent in the period, said sales were "in line" with the budget. "However, the translation of sales by foreign subsidiaries was adversely affected by the strong euro," Clarins explained in a statement.

By activity, the company's beauty branch registered sales of \$178.7 million, or 148 million euros, flat versus the same year-ago period. The company's fragrance division generated sales of \$80.9 million, or 67 million euros, down 8.5 per-

cent year-on-year. At constant exchange rates, the percentage changes for the activities were an increase of 4.2 percent and a decrease of 1.4 percent, respectively.

By geographic zone, Clarins' sales in Europe were \$165.5 million, or 137 million euros, down 2.8 percent; North America, \$58.1 million, or 48.1 million euros, down 5.4 percent; Asia, \$21.3 million, or 17.6 million euros, up 11.4 percent, and "other countries," \$14.9 million, or 12.3 million euros, down 9 percent.

For this year, Clarins said it maintains a 5 percent growth forecast for company sales at constant exchange rates.

Retailers Revel in March Madness

Continued from page 2

Hoffman said she believes the real contributor to the success at luxury is the customer focus and scientific approach those companies have toward their business operations. "[Those retailers] are very rigorous in their customer-centric approach and have been over the past year to 18 months," Hoffman said.

Asked if she thought the increased hostilities in Iraq would deter luxury customers from their spending habits, Hoffman said she didn't think the recent events would have a significant impact, adding that she expects to see sales over the next several months to continue to be strong.

Hoffman also noted the sharp sales gains at department stores in March. She said March results were a change for the positive for the sector; adding that retailers such as Federated Department Stores, May Department Stores and J.C. Penney showed good growth. "Was March a lucky stick? Or are department stores beginning to get control of the consumer and their products?" Hoffman wondered.

In a research report, Smith Barney retail analyst Deborah Weinswig described department stores as "the stars" of the retail group for the month. Weinswig noted that lower inventories made consumers more willing to pay full price for certain items. "We also believe that the resurgence of career apparel [for both men and women] provided a lift to the average transaction size."

continued Weinswig.

The lone disappointment in the department store category was Kohl's, which posted a small decline after management had projected an increase of between 2 and 4 percent. A.G. Edwards analyst Robert Buchanan said in a research report that the results were "an anemic showing and a bad omen." Edwards downgraded the stock to "hold." Buchanan's report finished questioning "management's incessant optimism with regard to near-term results."

For the mass retailers, results were once again significantly improved, with Wal-Mart and Target posting results at the high-end of, or better than, management's guidance. However, apparel sales contributed little to higher comps.

"I have been tracking this professionally for five years and I haven't seen a 25 percent comp increase."

— Janet Hoffman, Accenture

Wal-Mart counted food, electronics and paper goods among its strongest sellers while at Target, entertainment, stationery, shoes and toys led the way.

Overall, Hoffman and other analysts said the improved economy is driving consumers to spend, noting the recent decline in unemployment and the continued strength in home sales are some telltale signs of the better conditions.

As expected, spring fashion at specialty blossomed in March.

"Everyone did better, everyone just about raised guidance," Dorothy Lakner, a specialty retail analyst with CIBC World Markets, said, noting the results look as strong as they were in February, which is especially pleasing since March is a more important month in terms of volume.

Helping to drive sales at specialty is the differentiated fashion in stores as well as color, especially pinks, yellows and lime greens.

"All of a sudden people want it [color] and are willing to spend," Lakner said.

In addition to the strong color trends, consumers are buying into skirts and dresses, which are a new spring trend this year,

noted A&F's numbers reflected the firm's lack of advertising for its spring clearance event, which was also smaller than last year's.

The teen scene remains strong, Greenberger said, as more teens are finding more jobs available this year compared to last year, putting more money in their wallets and putting them in a better position to spend on the new fashion trends like skirts, the feminine clothing and anything with color.

J.P. Morgan analyst Brian J. Tunick offered a glass-half-empty view of the month's results in his March comparable-

store sales preview. "Looking at the upcoming comparisons, we wonder whether these will be the best comps that we see all year, and if investors begin to reduce some of their retail exposure," said Tunick.

On top of tougher comparison going forward, said Tunick, retailers and their customers will be faced with a tougher macroeconomic environment in the second half of the year. "The threat of rising interest rates after a very strong jobs report and the lack of additional tax cuts could put a damper on sentiment," said Tunick.

MARCH SAME-STORE SALES

Figures represent percent change of year-over-year same-store sales

	March '04 % of Change	February '04 % of Change	January '04 % of Change	December '03 % of Change
DEPARTMENT STORES				
Bon-Ton	(1.7)	0.4	(5.0)	(1.9)
Dillard's	3.0	2.0	2.0	(4.0)
Federated	6.8	9.0	5.5	1.2
Gottschalks	11.2	2.3	8.6	0.6
Kohl's	(0.9)	6.6	0.3	(1.2)
Marshall Field's	9.9	6.5	4.3	(0.3)
May Co.	10.1	2.6	5.3	1.1
Mervyn's	0.8	1.4	(3.5)	(7.3)
Neiman Marcus	25.7	24.4	12.8	14.8
Nordstrom	15.9	8.8	8.7	9.1
J.C. Penney (dept. stores)	11.4	12.1	6.4	4.3
Saks Dept. Store Group	1.9	8.0	3.3	2.9
Saks Fifth Ave. Enterprises	20.6	25.2	10.9	9.6
Sears Roebuck (U.S. stores)	0.1	1.1	4.6	(0.8)
Stage Stores	5.5	8.0	2.1	1.2
Average	8.0	7.9	4.4	2.0
SPECIALTY CHAINS				
Abercrombie & Fitch	(1.0)	1.0	2.0	(13.0)
Aeropostale	14.2	26.4	17.7	5.7
American Eagle (U.S. stores)	7.6	15.2	0.6	(6.1)
Ann Taylor	12.0	15.3	3.7	26.2
Banana Republic	25.0	30.0	(1.0)	10.0
Bebe	20.5	24.2	4.8	7.0
Buckle	14.2	10.8	0.5	4.8
Cache	12.0	18.0	10.0	3.0
Cato	(1.0)	(2.0)	(8.0)	0.0
Charming Shoppes	4.0	8.0	(3.0)	4.0
Chico's FAS	18.9	28.0	19.5	24.3
Christopher & Banks	(7.0)	(7.0)	(15.0)	(7.0)
Claire's	10.0	15.0	10.0	6.0
Deb Shops	(5.2)	12.7	5.0	(7.0)
Dress Barn	9.0	5.0	5.0	(1.0)
Gap (U.S. stores)	5.0	6.0	6.0	0.0
Goody's Family Clothing	0.3	14.4	(1.6)	0.5
Guess	13.8	14.8	9.5	13.1
Hot Topic	3.9	7.6	4.7	10.1
Limited Brands	15.0	5.0	23.0	6.0
Mothers Work	(6.3)	7.8	2.0	(5.4)
Old Navy	11.0	16.0	3.0	2.0
Pacific Sunwear	12.4	14.1	12.4	12.0
Talbots	1.1	5.8	(11.8)	(3.8)
United Retail	(4.0)	1.0	(5.0)	2.0
Walgreens	12.6	11.8	9.1	13.3
Wet Seal	(21.1)	(12.5)	(21.4)	(7.3)
Wilson's	(2.6)	(0.8)	(0.8)	(6.8)
Average	6.2	10.4	2.9	3.3
MASS MERCHANTS				
Retail Ventures	4.1	10.5	(1.2)	3.0
Ross Stores	7.0	0.0	4.0	4.0
Shopko	5.2	2.0	3.2	(2.1)
Stein Mart	18.4	7.6	5.7	3.5
Target (discount stores)	7.8	8.0	5.1	5.6
TJX	9.0	10.0	2.0	4.0
Wal-Mart (discount stores)	5.6	6.0	5.3	3.9
Average	8.2	6.3	3.4	3.1
Tally:				
Up	40	45	38	32
Flat	0	1	0	2
Down	10	4	12	16
Total	50	50	50	50

SOURCE: COMPANY REPORTS
PARENTHESES INDICATE DECLINES



Nordstrom posted a robust 15.9 percent comp sales gain in March.

compared with past spring flings with capri and cropped pants.

Overall, The Gap and Pacific Sunwear continued to deliver solid results on top of strong results in March of 2003.

At Gap Inc., Lakner described Old Navy's performance as "unbelievable," as the more value-oriented division of Gap Inc. delivered an 11 percent comp gain this March, on top of a 17 percent comp last March. Lakner said Banana Republic was a stand-out. "They are just ahead with so much color and fashion."

Pacific Sunwear told Wall Street that Carl W. Womack, senior vice president and chief financial officer, would retire later this year. Womack "plans to remain in his current role with the company until his successor has been selected and retained in order to ensure a smooth transition," the firm said in a statement.

Kimberly Greenberger, a specialty retailer analyst with Lehman Brothers, said the numbers were better than both estimates and consensus, pretty much across the board. However, she noted there was a slight deceleration in sales in March from February, partly due to the blizzard impact in February 2003. According to her index of 37 specialty stores, sales grew 7.2 percent in March, down from 9.3 percent in February.

"The overall numbers were fantastic, with upside on both the sales line and earnings, helped by a terrific margin performance," Greenberger said. "Consumers clearly have more cash to spend with the tax cuts and refunds they are getting this spring, fueling consumer optimism."

Also helping retailers to report improved year-over-year results in March, especially during week three of the month, was the start of the Iraqi war on March 19 when consumers spent most of their time in front of the television and not at the mall.

Greenberger said Hot Topic and Abercrombie & Fitch came in softer than expected. She said Hot Topic's numbers were driven by softness in its women's division, reflecting weak results in women's bottoms and tanks. She

Fragrance, fragrance, fragrance...



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The Beauty Report



Paolo De Cesare of Procter & Gamble Co.



The action at P&G's confab.



Antonella Pascale, marketing director of Selectiva.



Massimo Cappini and Roberto Martone of ITF SpA.

Cosmoprof: Italy at a Crossroads

BOLOGNA, Italy — The Italian beauty industry, which in years past has been a powerful export engine, is sputtering.

The recession that has gripped the major economies of Western Europe is painfully felt in Italy; the combination of the weak dollar and the strong euro has made exporting problematic. Meanwhile, demand has evaporated at home. Discounting prices by as much as 30 percent has become a commonplace reality of doing business for local beauty retailers.

These were among the themes that surfaced at the four-day Cosmoprof beauty trade show, which ended Monday. According to Unipro, the Italian association of cosmetics industries, exports fell by 2.2 percent in value to \$2.18 billion, or 1.8 billion euros, last year, while the overall Italian cosmetics industry grew by 2.2 percent to a total volume of \$8.65 billion, or 7.15 billion euros. Dollar figures have been converted from the euro at current exchange rates.

The Cosmoprof fair did a bit better. Show organizers said the attendee turnout for this year's session was up 10 percent to 137,500 visitors. The number of international visitors jumped 30 percent to 30,326. Laura Zaccagnini, general director of Sogecos, the organizer of Cosmoprof, said that, in recent times, the industry has been preoccupied with issues such as the war in Iraq and SARS, so this year's trade show offered an opportunity to take stock. "We need to reconnect and see where we are," she said.

Probably the segment showing the brightest promise and the most striking growth in 2003 is the herbalist shop channel, which jumped 7.7 percent even though the market segment is tiny at \$289.2 million, or 239 million euros.

"Our world has gone natural," said Antonio Argentieri, managing director of Lerbolario, the Italian market leader in natural cosmetics. He also heads the natural cosmetics association of Unipro.

Indeed, many companies have jumped on the natural product bandwagon. "I can't remember any launch like this before," said Paolo Bevegni, director of Micys Company SpA's international division, referring to the launch of Miss Milkie, Pupa's 10-stockkeeping-unit bath and body line based on dairy products.

Selectiva, which began with a fruit-flavored line of bath and body products, called Aquolina, and youth-driven fragrance Pink Sugar, is now launching two new sub-brands. Aquolina Yogurt is a line of bath and body products containing yogurt proteins and lactic acids packaged in food-like containers. Aquolina Viso, a 40-unit facial skin care line aimed at the teen market, contains fruit and water extracts.

A division of the Paglieri Group, Selectiva tripled its income in three years to \$13.3 million, or 11 million euros, in 2003.

Atkinsons, which was one of the pioneers in the popular skin care market with the distinctively packaged I Coloniali brand, is launching Spirit of the Amazon, a line of bath and body products touting indigenous ingredients. It also is introducing Seeds For Hair, a nine-sku line created with seeds of different plants that are purported to solve specific problems. Atkinsons also is reinvigorating its Bizarre color cosmetics line, dating from the Seventies. Aimed at a young urban market, the line, which is only sold in Italy at 700 points of sale, has rung up prelaunch sales of \$3.6 million, or 3 million euros, which the firm ultimately aims to double. Bizarre is midpriced, with a lipstick retailing for \$13.30, or 11 euros, and a nail polish for \$8.50, or 7 euros.

Such an accessibly priced line fills a need in Italy, according to Nicholas Wilkinson, managing director of Cosmopolitan Cosmetics SpA, which acquired the Atkinsons line from Unilever. Cosmopolitan, the beauty arm of Wella AG, is in turn owned by Procter & Gamble.

"Consumer confidence in Italy is the lowest in Europe," he said. "With inflation and perceived inflation, people are convinced they can't afford to buy."

Wilkinson said the greatest problem is in the upscale selective fragrance market. He quoted Abacus tracking firm as saying that the high-end fragrance market inside Italy has shrunk by 20 percent in units sold over the last 24 months.

These statistics buttress Wilkinson's strategy of building his personal care segment and midpriced hip color brand.

Korres, another accessibly priced plant-based personal care line, was showcasing a new line of products based on the ingredient mastiha, found on the island of Chios in the company's native Greece.

Everyday ingredients such as strawberry jam and whisky were the inspiration behind Saledo's line of bath and body items. The three-year-old Milan-based firm, which rang up sales of \$7.9 million, or 6.5 million euros, last year, aims to more than double its turnover

Selectiva's trendsetting line.



Pupa's dairy inspiration.



by yearend with the launch of a range of gourmet-inspired fragrances and personal care products.

Natural products have a new home in Rinascente department store's flagship in Milan. One of the fresher additions to the cosmetics department is an expansive corner for niche and natural brands underscored by a large Lush counter. It was developed under the direction of beauty buyer Simone Destefanis.

Also expanding its scope as a natural retailer is Brazilian brand Natura, with its range of products featuring ingredients culled from the Brazilian rain forest. The brand is set to open a store in Paris' Saint-

Germain des Prés neighborhood by yearend that will carry the Natura Ekos line. Since Natura is a direct retailer in Brazil, the boutique is a new concept that will allow the company to build consumer awareness for its brand. Executives also said it will need to test the new venture before deciding on further rollouts.

One company that has bucked the negative trend with a spectacular growth trajectory is Collistar. The Italian brand racked up sales of \$83.2 million, or 68.8 million euros, last year, up from \$27.5 million, or 22.7 million euros, in 1996. Moreover, 17 percent of last year's 21.2 percent growth rate occurred inside of beleaguered Italy.

Antonella Calcaterra, the brand's export manager, attributed much of the brand's success to its affordable price positioning.

"We didn't change our distribution — we gained more and more market share among the selective brands because we are less expensive," she said.

The blur between mass and class segments is personified by Milan's most prestigious perfumer, Augusto Mazzolari, who was singled out for special recognition by the Accademia del Profumo at Cosmoprof Friday night. In an effort to make high-end perfumeries accessible to budget-conscious shoppers, Mazzolari has opened 11 Olimpia Beauté Mazzolari perfumeries adjacent to Esselunga hypermarkets, a number that he expects to grow to 40 in 2007.

"It's our new future," Mazzolari said.

New selling policies are also key at department store Coin, said Francesco Pane, director of the chain's Milan flagship. The chain's strategy of offering customers a 20 percent discount coupled with money-off coupons for other departments helped its beauty business grow 5 percent in 2003 to reach \$56.9 million, or 47 million euros.

— Stephanie Epiro and Brid Costello

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Learning to Cope With a Shifting Market

BOLOGNA, Italy — A s perhaps an indication of the shifting, unstable nature of the Italian market, rumors were swirling at Cosmoprof about future ownership of the Versace beauty business and the licenses of Helmut Lang and Dolce & Gabbana. Also at the time of the conference, Lanvin announced it is considering licensing out its beauty business.

Although there are reports that Versace is fiscally challenged and is interested in licensing its beauty operation, Ferdinando Silva Coronel, president of Versace's beauty arm, Giver Profumi, said speculation is unfounded and there are no talks going on.

"We don't see any change," he said while appearing at Cosmoprof to talk up his as-yet-unnamed high-end women's fragrance to be introduced in the fall.

However, sources close to the company said Versace executives have decided that with a turnover of \$115.8 million, or 96 million euros, its beauty business is severely underdeveloped and would be better served by a licensing approach. According to these sources, executives would like to see the division, which is only marginally profitable, grow to three times its present size.

In tandem with Cosmoprof, Procter & Gamble was running a symposium for beauty editors, highlighting products it is launching in the Italian market this year, including Oil of Olay Regenerist, new shampoo technology for Pantene and its Baldessarini fragrance.

"We want to say we are one year old and we think we have taken the right steps — we acquired 75 percent of Wella, the Valentino license and in October, November and December of last year, P&G Beauté became the biggest business for P&G after making \$4.5 billion in the quarter," said Paolo De Cesare, president of global prestige beauty and skin care at P&G. "We kept our promise," he added, referring to a dinner P&G staged at last year's Cosmoprof declaring the advent of P&G Beauté.

While P&G executives were mum on speculation about its Helmut Lang license, the fashion house on Wednesday confirmed the license has not been renewed and the two companies have gone their separate ways. De Cesare said last week that, aside from Helmut Lang, P&G is looking at opportunities. "We're happy to be on the receiving end," he said.

Werner Baldessarini, the former chairman and longtime creative force behind the Hugo Boss label, appeared at the event, along with the fashion house's spokesman, Charles Schumann. Baldessarini said the inspiration for the brand's signature fragrance came from his youth during the hippie days of the counterculture when vials of patchouli were fixtures of street life.

"I remember the hippie times and the patchouli flower and now, in these tough times, maybe it's good to go back to the hippie times," Baldessarini said, adding that much of his inspiration also comes from dreams. "Dreams are always pushing you; reality doesn't push you, it stops you."

One company following the strategy of survival through aggression is Guaber. Fresh from signing a fragrance license with Italian men's wear fashion house Canali, Roberto Venini, Guaber's managing director, inked beauty deals with Italian sportswear company, called Australian, and Italian men's magazine MAX. This came on the heels of last year's acquisitions of beauty licenses for GAS jeans and Lamborghini.

The company's product focus for this year is clearly male-centric — it will introduce a fragrance and men's skin care line in partnership with MAX magazine, while pressing ahead with plans for men's launches for GAS jeans, Canali and Neopolitan tailor Antonio Fusco. Guaber also plans to launch a line of personal care under the Australian brand with the kangaroo symbol. Venini is also banking on innovation as a chief selling point for today's skeptical Italian consumer. The company has also conceived a body care line called Thermae Romanae based on herbal ingredients used

by Romans 2,000 years ago and inspired by Pompeii mosaics.

Venini echoed other executives in saying retailers are clearly in destocking mode with the rate of sell-in even more depressed than the rate of sell-through. He noted this is the second year in a row retailers are taking in less than they are selling.

"You have to do more to balance a declining market situation," he said.

Also on a roll is Roberto Martone at ITF, who is on the verge of launching Just Cavalli scents for men and women. Also in the pipeline is a masterbrand for GF Ferré, a men's fragrance for Romeo Gigli, a women's scent for Gai Mattiolo and the launches in Italy this summer of Ferragamo's Incanto for men and a women's fragrance for Emanuel Ungaro.

Martone intends to shape the Cavalli business into a complete lifestyle brand. At the show, ITF displayed a prototype of a collection of Cavalli home fragrances set for an October launch. The firm also plans to add a color cosmetics line in 2006. Such developments will come on the heels of a great year for the brand — its Roberto Cavalli Man fragrance scooped the Accademia awards for best men's fragrance, advertising and packaging.

On the women's side, Chanel's Chance won the best women's launch award, while Bulgari Omnia picked up the prize for best packaging for a women's scent.

In five years, ITF, with its ICR manufacturing and distribution division, aims to reach wholesale turnover volume of \$302.1 million, or 250 million euros.

That level would put ITF in a league with EuroItalia, which is viewed as one of Italy's major fragrance success stories. Company president Giovanni Sgariboldi received a lifetime achievement award at the Accademia event, and his Dolce & Gabbana Sicily fragrance nabbed the award for best advertising for a women's launch. EuroItalia's immediate goal is to launch a Moschino fragrance called Moschino Couture! later this year. EuroItalia executives refused to comment on the Dolce & Gabbana rumors. Speculation has swirled around the question of the future of the designer beauty license, which reportedly will expire sometime in 2006. Sources say that L'Oréal and P&G are vying to snatch the brand from EuroItalia.

One license that has already changed hands is Ferrari. It was given up by Satinine and went to Morris and its parent Henkel last year. Satinine has hit upon a strategy of focusing on wholly owned brands in addition to distribution deals within Italy. For instance, two years ago the company acquired the Luciano Soprani fashion brand.

"We prefer not to invest in licenses because you have no future," said Mario Usellini, vice president and chief executive officer of Satinine.

After the success of former prima ballerina Carla Fracci's first fragrance, the company will introduce Giselle, an Oriental scent with vanilla notes created by Pierre Bourdon of Fragrance Resources. Luciano Soprani Donna, a fresh floral with white flower notes concocted by International Flavors and Fragrances, will bow worldwide in September.

Meanwhile at Morris, plans are under way to rev up the Ferrari image with a scent that will move away from Formula 1 racing to a GT ownership positioning.

Also shifting gears is Cosmoprof itself. The 37-year-old Bologna fair, which has offshoots in Brazil, North America, Russia and Asia, is undergoing a metamorphosis that will more logically define professional and retail wings of beauty. With the addition of a 107,640-square-foot exhibition hall, Sogecos, the show's organizer, expects to have more flexibility in laying out the entire fair. The layout will also offer individual exhibition areas for brands looking for enhanced identity.

"For the first time after many years, we are given the chance to redesign the entire trade show concept," said Laura Zaccagnini, general director of Sogecos.

— Stephanie Epiro and Brid Costello



Perfumer Augusto Mazzolari and Ferdinando Silva Coronel of Versace's Giver Profumi.



Charles Schumann and Werner Baldessarini promoting their men's fragrance.



Nicholas Wilkinson with his Bizarre angels.



Paolo Bevegini of Pupa.

Guaber's Roberto Venini.



Mario Usellini of Satinine and EuroItalia's Giovanni Sgariboldi at Accademia del Profumo.



Antonio Argentieri of L'erbolario.

Dario Ferrari of Intercos.

PHOTOS BY DANIELE MASTRI

Intercos Embarks on China Strategy

MILAN — Dario Ferrari is impressed with China.

The Intercos president managed to build a 150,000-square-foot plant in Suzhou Industrial Park, near Shanghai, in only six months last year.

"The speed there is unbelievable," Ferrari said, "Even though 2003 has not been the best year we didn't stop investing and China will complete our strategy."

The strategy Ferrari believes will drive company turnover is shipping bulk product made in Italy and the U.S. directly to the new factory in China to be filled and packed.

The plan allows Intercos to hold on to its "Made in Italy" distinction. The new plant is located in a duty-free area, Ferrari noted, so

he doesn't have to pay import taxes, making the finished product easier to export.

The new factory in China and another 370,000-square-foot pencil, lipstick and powder factory built on the company's home turf of Agrate Brianza, just outside of Milan, were part of a five-year budget that included major investment.

Injected into the plan was Ferrari's sale of 40 percent of the company last year to enable acquisitions. He speculated that the type of acquisitions he might be interested in could include a nail lacquer business.

"The recession is working for us, our competitors stopped investing in factories and research and they will have lost two years where we will have more capacity and production."

Recognized as Cosmoprof's creative cornerstone, Intercos also decided to pull out its major exhibition at Bologna's fair and presented their new trends for the second straight year inside the company headquarters outside Milan.

"It's difficult to create in Bologna for four days what we can create here for five months," said Ferrari.

This year the company's presentation was based on the theme "Beauty Can Save the World." Standout products included customized cushion-covered compacts sporting highly textured packaging materials, micron fine powder and emulsions with a 50 percent water base.

Meanwhile, in New York, Achim Ruehleman, executive director of sales for Intercos, noted the company has entered into an exclusive licensing agreement with Elite Models to develop a full color line.

— S.E.

The Beauty Report

A Dose of Reality for Claiborne

NEW YORK — Liz Claiborne Inc. is facing a number of new Realities.

The firm's latest fragrance owes its name to a previous Claiborne scent that was launched in 1990, then discontinued domestically in 1998. For spring, Claiborne launched a better apparel line under the Realities name and the company's beauty division is gearing up to launch a cosmetics firm called Realities Cosmetics Co., whose first project will be the Realities women's scent. And there's more. As reported, Claiborne also plans to add more categories this fall with the Realities nameplate, including handbags and jewelry and possibly men's wear. As well, a men's Realities scent is currently slated for a 2005 launch.

The women's scent shares only a name with the original fragrance, said Art Spiro, president of Liz Claiborne Cosmetics, noting that the first juice relied heavily on bergamot, sage, jasmine, sandalwood and vanilla. "This is a completely new project," he emphasized, calling it a "lush floral."

This launch marks the first time in recent history that the company has chosen to launch a scent individually, rather than as part of a masterbrand concept. "Launching this way allows us to focus all of our energies on making this scent the biggest success we possibly can," said Spiro. "When you're doing two scents at once, your attentions can get a little divided — and while our men's business had been outperforming the market, we hadn't been making the inroads into the women's business that we know this company is capable of."

The company chose to revive an older name chiefly because of its resonance with consumers, said David Hirschler, vice president of marketing, adding that the name tested particularly well with the scent's primary (25- to 49-year-olds) and secondary (18- to 24-year-olds) age targets.

"We had a lot of equity in this name for a number of reasons," Hirschler said. "Life these days is particularly hectic, particularly if you're in your 20s, 30s and 40s. There are so many demands on your time, and everyone is attempting to find balance. The name acknowledges that."

That positioning is also strongly backed up in the brand's print advertising, photographed by Bill

Miles. The campaign, still in development, is very lifestyle-oriented, said Hirschler. A cause-related marketing campaign is also likely to surface at some point this year, he said.

The juice, by Jean-Marc Chaillan, Pascal Gaurnin and Laurent Le Guernec of International Flavors and Fragrances — the oil house that did the first Realities — has top notes of white ginger, bergamot, magic lantern orchid and mirror orchid; middle notes of white syringa, pink lace peony, orange flower, cyclamen, living hydroponic gardenia and Persian violet, and a dry-down of sandalwood, white woods, vanilla, cashmere, moss and musk. The blush-pink-tinted juice is contained within a clear, heavy-glass bottle. Two sizes of eau de parfum sprays will be offered: a 1.7-oz. size for \$42.50 and a 3.4-oz. size for \$52. A 0.5-oz. perfume spray will be available for \$75.

Rather than releasing a full complement of ancillaries, the team kept the scent's extensions very focused. "We only wanted ancillaries with benefits," said Hirschler, noting that the lineup includes a lotion with Pro-Vitamin B5 and vitamin E, \$35 for 6.7 oz.; a hand cream with shea butter, \$20 for 4.2 oz., and a shower gel, \$25 for 6.7 oz.

The new Realities will be rolled out in Claiborne's 2,200 U.S. department and specialty store doors in late August, noted Sue Hochman, vice president of sales. National print advertising breaks in a variety of September fashion, beauty and lifestyle magazines, including O and Real Simple.

Sampling will also be a strong focus, as will "in-store theater," said Hirschler. In-store, the scent will be sampled on both standard blotters and on silk-fee pieces that resemble orchid leaves; dramming units will dispense the body lotion. Altogether, more than 50 million scented impressions are expected.

While none of the executives would comment on projected sales or advertising spending, industry sources estimate that Realities would do upwards of \$18 million at retail in its first year on counter and that about \$16 million would be spent on advertising and promotion.

— Julie Naughton



Art Spiro

Pierre Cardin Has a Revelation

PARIS — Pierre Cardin is set to launch a new men's fragrance targeting the young set.

The French fashion brand and its European beauty license holder, Coty Inc., will introduce the scent, called Revelation, in Europe this month.

Like Cardin's designs, the fragrance is meant to be a code-breaker. Take its distribution: The scent will be sold in selective and mass-market channels.

"The accessibility of luxury is a permanent credo of Pierre Cardin," said Florence Rollet, managing director at Coty France.

Cardin's other scents, which include Choc and Rose for women and Pierre Cardin Pour Monsieur and Enigme for men, are sold only in mass stores.

Revelation targets thirtysomething urban males — a demographic slightly younger than Cardin's existing men's scent users, who are generally aged 35 to 50, explained Muriel Pauli, marketing director at Coty France.

While Coty executives would not discuss numbers, industry sources estimate the new scent will generate between \$1.8 million and \$2.4 million in retail sales during its first year in France.

Revelation's bottle was created by Cardin and Thierry de Bachmakoff, of Aesthete design agency. The flask-shaped, brown flacon features an oval metal spray device. The scent's outer packaging is

also brown with silver-colored accents.

The juice, concocted by Mane's Daniel Moliere, is fresh, spicy and woody. Its top notes include star anise, wild mint, lemon, birch tree, pink grapefruit and mandarin rind. Teak, incense, white jasmine, basil and sage are at the heart. The fragrance's base features notes of white musk, solar musk, ebony, palissander wood, sandal and amber.

The eau de toilette will be available in a 50-ml. spray at mass chains, where it will retail at \$23 at current exchange rates, or 18.95 euros. A 200-ml. deodorant spray will also be available in mass stores for \$7.11, or 5.85 euros.

In selective distribution, the fragrance will be sold as 30- and 75-ml. eau de toilette sprays that will sell for \$23 and \$36.40, or 18.95 euros and 29.95 euros, respectively.

Revelation will bow in France, Spain, Germany, the U.K. and Benelux and Eastern European countries this month.

A single-page print advertising campaign, shot by Allistair Taylor Young, will break starting in May. It features model Jean Lucca Cerruti. The TV campaign, which is to kick off in France in June, was also directed by Taylor Young and shows Cerruti sketching what turns out to

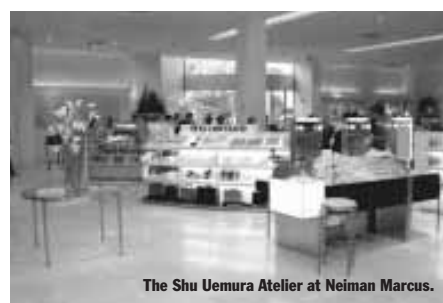
be the Revelation bottle.

Sampling for the new scent will include postcards and two million Sophisticate samples.

— Brid Costello



Pierre Cardin's Revelation.



The Shu Uemura Atelier at Neiman Marcus.

Shu Uemura Opens Neiman's Space

By Rose Apodaca Jones

BEVERLY HILLS — At the first sight of the new Shu Uemura Atelier at the Neiman Marcus flagship here, there's an otherworldly sense of lightness, no doubt because of the cool white light emanating from all of that snowy opaline glass.

Among the sedate rectangular blond wood and glass cases filled with other cosmetic brands at this Wilshire Boulevard institution, the Shu Uemura area looks like it dropped in from a future dimension. Or it's some modern art installation. Even the wood is different — an ebony-stained oak butcher block of stacked, skiny drawers is part of the vanity station. And the glossy, white laminated counter near the register contains a sink with running water smack-dab at the center of the selling floor.

The glowing white display oval, punctuated by the brand's brightly colored products, along with a smaller one stocked with its Depsea skin care line, are part of the four components making up the 275-square-foot Atelier that the company founder christened Wednesday night before some 150 devotees.

"I feel this is a fresh start for the brand," Uemura told the consumers and makeup artists. Among them was Gina Brooks, who will be using the brand exclusively for Madonna's upcoming world tour, including several products she is custom-creating in collaboration with the brand.

The Atelier is a blueprint for future selling areas as the brand repositions itself as part of parent company L'Oréal's strategic plans, said Chris Salgado, just named Shu Uemura's general manager — although he's been instrumental in the new direction as senior vice president for nearly three years. "Neiman's was very supportive, and really very visionary in allowing Shu Uemura to go the limit in terms of expressing the brand," he noted.

Edgar Huber, president of the luxury products division for L'Oréal USA, and in town just for the event, agreed. "I love it. This is truly the rebirth of Shu Uemura. It's strategically very important for us."

And strategically well placed on the first-level floor. Immediately visible from both entrance sides of the retailer, it sits at the base of an escalator. Three artists and two sales associates, who've undergone an intense one-week training camp, make up the onsite team.

Four open components allow customers to reach out and touch everything. The glowing oval "art theater" stocks color cosmetics, tools and, on the bottom shelf, the cosmetics boxes — including the limited-edition cases Uemura signed for customers Wednesday. The "skin care theater" highlights the Depsea Therapy line, which Neiman Marcus carries exclusively. The skin care counseling station "really bumps up the customer-service level," Salgado boasted. And the Color Playground is a modern version of the vanity station and refers to Uemura's Hollywood career, prompted after tending to Shirley MacLaine on the Japanese set of 1962's "My Geisha."

Giving credit to his new general manager, Uemura said: "Chris is somebody who knows about space, who understands people's emotions — and that is very, very important to selling cosmetics."

During the event, two models in ethereal gowns were painted by artists from the Tokyo team in a "performance" that involved applying the new Paradis line of colors with all the flair of a magician. Audience members watched while sampling dumplings and sushi.

The next Atelier will open at the Neiman Marcus in Houston in October.



A bright display at the Atelier.

Brooks Jumps to 4th in Drugstore Ranks

NEW YORK — When Michel Coutu, president and chief executive officer of the Jean Coutu Group USA Inc. walks into meetings at next week's National Association of Chain Drug Stores Annual Meeting in Scottsdale, Ariz., he'll gain a whole new level of respect.

While Jean Coutu's Brooks Pharmacy chain of 330 stores has always commanded attention from the supplier community, the chain suddenly got more powerful when it was propelled from the eighth largest drugstore operation to the fourth following Monday's announcement that the Jean Coutu Group of Quebec had acquired 1,539 former Eckerd drugstores. Jean Coutu snared the Eckerd stores in 13 Northeast and Mid-Atlantic states and the Florida headquarters for \$2.38 billion.

CVS snapped up the remaining 1,260 stores and support facilities in Texas, Florida and several Southern states for \$2.15 billion from J.C. Penney, which unloaded the ailing drug chain for a total of more than \$4.5 billion.

J.C. Penney put the operation on the auction block last year, citing a desire to direct its efforts into department store retailing. Nine stores in Colorado will close because they didn't fit the strategies of either of the buyers, according to Penney's spokeswoman Christi Byrd Smith.

With the additional stores, CVS gains the crown as the largest drug chain by store count with more than 5,000 doors, surpassing Walgreens' 4,336 units. CVS is no stranger to digesting large operations. The chain grew by acquisition in 1997 when it purchased Reveo D.S. and its 2,600 units.

And, even though Jean Coutu assimilated 80 Osco drugstores it bought in 2001 from Albertson's, this is a mammoth move for the Warwick, R.I.-based chain. "This [acquisition] was four years in the making," said François J. Coutu, president and ceo of the Jean Coutu Group, in a conference call Monday. "We were looking for an acquisition that would allow us to pursue growth at an attractive price for our shareholders. The Eckerd drugstores were exactly what we were looking for." The deal gives Brooks the number-one or number-two market share in 60 percent of its markets.

The stores Brooks purchased are generally considered to slightly outperform Eckerd's Southern units. Brooks also purchased Eckerd's headquarters in Largo, Fla., despite the fact its closest store is in Georgia. According to François Coutu, the company will continue to operate the Florida headquarters for "a period of time." According to personnel at Eckerd headquarters, Michel



Tom Ryan



Michel Coutu

Critical Mass By Faye Brookman

Coutu flew to Florida to address employees and answer questions. Many are meeting with both CVS and Brooks to discuss future employment.

CVS purchased the mail-order pharmacy business and will license the Eckerd name from Brooks for the immediate future. For now, Brooks will continue to fly the Eckerd banner over the stores. In many of the markets, Eckerd represents a strong retail brand, despite the fact the stores had been faltering.

Brooks feels it can improve Eckerd's performance by boosting front-end sales, gross margins and sales per store and improving in-stock positions. During the past few years, Eckerd has fallen into low inventories on hot items.

The store footprints are similar — about 11,000 square feet. But, Brooks squeezes out average sales of \$600 per square foot where Eckerd's is currently closer to \$500 in sales per square foot. According to Michel Coutu, the concept and offering in Brooks and Eckerd is "similar in size and depth."

There is virtually no overlap in store locations and Michel Coutu said no

stores would be closed.

While many areas of Eckerd's operations need tweaking, beauty should require less effort. "I think of any of the departments at Eckerd, beauty will require less work in the transition," observed Wendy Liebmann, president of WSL Strategic Retail in New York.

From a beauty standpoint, Brooks and Eckerd are a nice fit. Eckerd has always had large and attractive beauty departments. In the late Seventies and early Eighties, the beauty business was nurtured by the late Ruth Wolfgang, then considered one of the best in the business. Since many of the stores were in Florida and served a mature population, Wolfgang was able to strike deals with manufacturers such as Elizabeth Arden, which at that time did not sell to drugstore chains. Eckerd was renowned for its well-trained cosmeticians.

In recent years, under the talented eye of Kathy Steirly, the beauty department has benefited from the launch of Mira private label cosmetics and an easy-to-shop universal fixturing program. "Kathy and her team have done a lot under challenging circumstances," said Liebmann.

Brooks is also highly regarded in beauty. The chain was the first U.S. retailer to import European skin care to the drugstore world. Brooks now operates six Derma Skincare Centers featuring L'Oréal's Vichy, Avène and Dermablend. Interestingly, the only other U.S. drug chain retailer also installing upscale skin care boutiques is CVS. The Eckerd stores purchased by both should present opportunities for upscale skin care growth. "There is a high concentration of dermatologists in Texas and Florida," added Liebmann.

During the phone conference announcing the deal, Michel Coutu said Brooks would boost the emphasis on health and beauty care, including cosmetics, at the acquired Eckerd stores. He said it would take six months to see Brooks' influence on seasonal merchandise and 12 months for Brooks to institute its best practices philosophies. A part of that will be a "first to market" strategy that could prove instrumental in building beauty sales.

Although candy will be an emphasis, management hopes to ease off on the presentation of consumables at Eckerd. The mix Brooks envisions should lead to higher gross margins, the team said.

Beauty manufacturers welcomed both deals. Vince Colonna, vice president of sales and marketing at Puig Fragrances, is pleased to see a smaller chain achieve megastatus. "It is good to

have another player and it is difficult when the customer base continues to shrink," he said. For Grant Berry, president of Intermark Cosmetics, the acquisition could help his chain extend its new distribution with CVS.

Few experts see problems for CVS in integrating Eckerd. However, even CVS president and chief executive Tom Ryan commented this week on how challenged Eckerd has been over the past few years. And, analysts point out that one problem Eckerd had was with its locations, which some term inadequate. CVS said it would take 18 months to two years and up to \$350,000 per store in renovations to lift the performance of Eckerd stores. Still, CVS has shown it can handily revamp acquired chains. A few more eyebrows, however, have been raised over Brooks' capabilities to assume the Eckerd stores.

"It is a big challenge. They have good people, but it will be a chore. I think it will be interesting to see who gets first dibs on the good people at Eckerd," added Liebmann. But for now, both Ryan and Coutu will represent dramatically more buying power as they walk the tents and attend the soirees at NACDS.

They'll be just one of 2,200 industry retail and manufacturer executives expected to attend NACDS' Annual Meeting to be held this year from April 17-21 at the Phoenixian Hotel in Scottsdale. Top of mind will be ways to reinvigorate front-end departments, including beauty. Special session speakers include historian Michael Beschloss, documentary filmmaker Ken Burns, business guru Jason Jennings, public opinion strategist Bill McInturff and corporate strategy expert Michael Treacy. Naomi Judd will be a featured luncheon speaker and the closing entertainment will be provided by jazz singer Diana Krall.

Celebrity makeup artist Scott Barnes, who launched an eponymous color cosmetics collection on QVC April 4, enjoyed a stellar debut on the television shopping channel, nearly tripling initial sales expectations. The line, which bowed during what was originally scheduled to be a one-hour broadcast, sold out within 45 minutes, according to QVC, racking up sales of 26,000 units. With an average price point of about \$34, sales volume amounted to roughly \$884,000 — or a little less than \$20,000 a minute. Featured items included Scott Barnes' Canvas Kit, Chic Palette and Body Bling. Other highlighted kits were, IlluminEye, Lip Service, Maximum Mascara Duo, Glow and Falsettos Lash.

Coty Delivers a Seasonal Adidas Scent

NEW YORK — Coty Beauty hopes to spark some excitement in the sleepy mass fragrance category this summer.

In a rare move, the company is offering a limited-edition seasonal scent under its successful Adidas franchise.

Coty is the sole beauty licensee for Adidas. Adidas spends some \$100 million a year in the U.S. to promote the athletic brand, while Coty, separately, spends another \$20 million to support the fragrance and personal care business, according to John Galantic, president of Coty Beauty. At last count, Coty's worldwide Adidas business was in the area of \$300 million retail. The company has said it anticipates growing Adidas into a \$350 million retail brand.

While it had offered products under the Adidas license for several years internationally, Coty introduced its first Adidas product in the U.S. in 1999 with the Adidas Moves for Him scent, followed by Adidas Moves for Her in 2000. Since then, the respective fragrances have remained among the best sellers at mass. "Together, Moves for Him and Moves for Her are among the top two masterbrands in all of mass," said Galantic. The Adidas franchise has further been expanded in the U.S. with Adrenaline, a men's scent, and both men's and women's toiletries. This fall,

Coty will unleash a major new women's scent under the Adidas banner.

But to bring some immediate fun to the category, Coty is offering Adidas Moves Fresh for Him and Adidas Moves Fresh for Her beginning this spring through Labor Day. Galantic said Coty was inspired to do so after looking at successful seasonal fragrance launches in the prestige market. For Adidas, he said, we decided to "take what is already a young target and do a fresh addition that is perfect for summer and which adds some newness and fun and excitement to the brand at a time of year when category sales tend to be slower."

Fresh for Him blends spicy, green top notes of sage, bergamot and ozonic, with warm woods, vanilla and tonka bean. Fresh for Her features top notes of tangerine and sweet pea, with middle notes of primrose, orchid and freesia. It is finished with a base note described by Coty as "sun-warmed skin." Retail prices range from \$8 for a body lotion or deodorant to \$23 for a 1.7-oz. eau de toilette. Moves Fresh will be supported with print advertising. Galantic declined to comment, but sources predict Fresh could ring up sales of \$5 million this summer.

— Laura Klepacki

Adidas Moves Fresh for Him and Adidas Moves Fresh for Her.



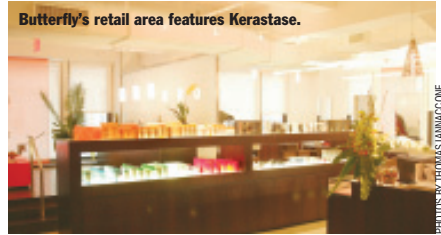
The HBA Report



Butterfly's reception area.



The Studio's Koi pond.



Butterfly's retail area features Kerastase.

PHOTOS BY THOMAS IANACCONE

A Winged Beauty Opens Downtown

By Andrea Nagel

NEW YORK — Few women will argue that Manhattan salons, on a whole, are cramped for space. Even some of the more prestigious ones, which dot 57th Street and Fifth Avenue, perform waxing services in rooms no bigger than a closet. Others tuck manicure and pedicure services in rooms that, due to their lack of windows and air circulation, couldn't have been anything but former storage areas.

Enter Butterfly Studio, a name chosen to serve as a metaphor for the change its clients will undergo after experiencing any number of its myriad services. But, since today's Butterfly boasts a roomy 4,000 square feet and loft-like ceilings, its name could easily be correlated with a place to simply spread one's wings. An earlier version wasn't quite as roomy.

Butterfly's owner, Kattia Solano, was born in Costa Rica and moved to the U.S. when she was five years old. After training in New Jersey, and subsequently working at the DePasquale salon there for six years, Solano landed an assistant job at Frédéric Fekkai. After earning a stylist position, Solano jumped to John Barrett for the next four years. It was there where she met a client who would reshape her professional career: Frédéric Besson.

Besson serves as general manager for Kerastase, the luxury hair care brand under the L'Oréal Professionnel umbrella. The contact came in handy when in 2001, Solano was ready to open her own place located on 15 East 39th Street and make it a Kerastase-only salon, meaning all products used and sold there would be under the Kerastase brand.

Three years profits from that salon, in part due to sales of Kerastase and a very loyal client base, helped Solano finance the new, two-month old space located on 149 Fifth Avenue.

Solano wanted a boutique-lounge feel for the loft space, quite a change from the cozy, at-home feel of her former locale. To achieve this she hired architect Robert D. Henry of New York to craft much of Butterfly's interior, which combines stainless-steel countertops with wenge-wood furniture and cabinetry, and features a modern retail area, cylinder-shaped dressing rooms made of orange suede, and a Koi pond and reflective pool along one window.

White walls accented by splashes of orange add some color to the concrete floors

and muted chocolate ultrasuede chairs, which were chosen by Solano, who forewent a designer to decorate the space herself.

"That was fun. I just brought a lot of my ideas to the table and just played."

Butterfly offers hair styling and coloring services, as well as waxing and nail treatments and makeup services. The waxing room may take some clients by surprise, seeing that it's the size of a small Manhattan bedroom and has a large window to provide natural light for accurate tweezing. A meticulously designed nail station proves it was far from an afterthought, with a raised bench for comfortable pedicures.

A retail area showcases the entire Kerastase line, as well as several items by Japanese brand Magic Move, a soy-based styling line that Solano said gives hair texture. Belts by Below the Belt and jewelry by Lynnette Santin Lerner are also available.

But perhaps the most exciting feature of the salon has yet to open: The L'Oréal Professionnel Color Bar and Kerastase Institute.

By the end of May, Butterfly will host the East Coast's first Kerastase Institute, a private room designed for hair and scalp analysis and treatments, which will be combined with scalp and shoulder massage. The L'Oréal Color Bar will feature all L'Oréal color products in a consumer-friendly area, complete with color swatches, so clients can better visualize their end color results.

Sales from the Institute, as well as increased overall salon services volume, will help Solano pay her rent, which costs three times that of the previous salon. But Solano warns that Butterfly will never have a factory feel.

"I don't need to fill up every station. We want each client to get the best service," Solano said.

Prices at Butterfly range from \$100 to \$200 for a haircut and from \$100 to \$300 for highlighting and color.

Aside from Besson, who remains a loyal client, Solano said several influences led to her finally achieving her dream.

She credits her days at Fekkai as a great place to learn how to operate a salon. "He taught me so much about the business," she said of Fekkai.

Michel Aleman, a Fekkai editorial stylist, was her creative inspiration. "He is the nicest, sweetest man who does the most creative work. Sometimes there are a lot of egos in our industry. He has zero ego."

Wella Dissidents Press P&G

BERLIN — Wella's minority shareholders are back in action, demanding that a resolution pressing for damages against Procter & Gamble be introduced at the Wella annual general meeting, to be held May 13.

The resolution would call for the annual general meeting to appoint a special representative who would be charged with enforcing a claim for damages against P&G on behalf of Wella. It is expected that an independent Frankfurt-based lawyer would take on this role.

The minority shareholders argue that P&G, which acquired almost 100 percent of voting shares and 80 percent of share capital last year, has not adhered to German law that requires P&G desist from competing commercially with Wella in the absence of a Domination Agreement. P&G would not be able to vote on the resolution at the annual meeting.

Stephen Aulsebrook, co-chairman of Close Brothers Corporate Finance Ltd., which made the demand on behalf of the minority shareholders, said the basic premise of this action "is to protect the rights of minority shareholders. P&G is behaving as if it owns 100 percent of [Wella], which it doesn't. There are 1 billion euros worth of shares still out there."

Minority shareholders have been advised, he continued, that, "in the absence of a Domination Agreement, P&G is legally precluded from competing against Wella. Of course, the reality is that P&G has been competing since day one. Obliging Wella to seek damages for this breach is one way for the minority shareholders to protect the value of their 20 percent stake in the company — unless and until P&G accepts the necessity of a Domination Agreement."

P&G has long maintained that such a Domination Agreement is not required.

On Feb. 17, minority shareholders requested the courts appoint special auditors to examine the circumstances of P&G's acquisition of a controlling stake in Wella. On March 4, they also filed an application with the courts to declare the licensing agreement between Wella and P&G unlawful. Both actions are pending and are not connected with the resolution demand.

Although Aulsebrook noted that German law gives shareholders holding more than 500,000 shares of a company the right to demand the inclusion of an additional resolution at the meeting, he said he expects Wella "to try every possible means to have the resolution not included." But one way or the other, he concluded, "it's going to be quite an interesting meeting May 13th."

— Melissa Drier

Givaudan Sales Rise 2.4 Percent

GENEVA — Swiss flavors and fragrance supplier Givaudan posted first-quarter 2004 sales of \$548.3 million at current exchange rates, or 701.6 million Swiss francs, up 2.4 percent year-on-year.

In local currencies, sales registered a 4.1 percent rise in the period ending March 31.

Excluding sales of discontinued fragrance ingredients, Givaudan's business grew 4.9 percent in Swiss francs and 6.7 percent in local currencies.

The firm's fragrance division rang up sales of \$217.6 million, or 278.4 million Swiss francs, up 4.2 percent in the quarter versus the same year-ago period. In local currencies, the branch's business posted a 5.9 percent uptick.

Givaudan said its fine fragrance division boasted a double-digit increase in local currencies thanks to the launch of some prestige scents. It also noted its consumer products branch showed gains.

The company's fragrance ingredients division's sales in the quarter "developed in line with Givaudan's objective to focus on

proprietary specialties, which showed double-digit growth," the company said in a statement. "However, overall sales declined due to discontinued sales of commodity ingredients, which in the first quarter of 2003 had accounted for 18 million Swiss francs [\$14.1 million]."

In other company news, Givaudan is showcasing its scent savoir-faire in a CD-ROM called Perspectives, destined for the company's clients.

The CD-ROM is divided into six parts, which are connected electronically through hyperlinks. The sections include "horizons," which gives an overview of women's and men's scents; "chronology," which provides a look at fragrances from 1889 to the present; "olfactory architecture," which outlines scent families; "trendsetters," which highlights eaux that kicked off fragrance movements; "genealogies," which offers a study of scents' lineage, and "paths to the future," which presents a glimpse of what's to come.

— Jennifer Weil

Ales Groupe Profits Grow 6.5% in 2003

PARIS — France's Ales Groupe posted first-quarter 2004 sales of \$50.9 million at current exchange rates, or 42.2 million euros, up 10.2 percent year-on-year. The firm, whose brands include Lierac, Phyto and Caron, registered sales in 2003 of \$158.6 million, or 131.4 million euros, a 0.1 percent rise versus 2002. At constant exchange rates, Ales Groupe's sales would have grown 2.9 percent. The company's profits last year increased 6.5 percent to \$9.1 million, or 7.5 million euros. Ales Groupe's turnover was affected by the weak dollar and a reduction of its Korean distributor's activity, the firm said.

— Brid Costello

Media/Advertising

France Goes Shopping Mad

By Katya Foreman

PARIS — Shopping is a word that needs no translation into French — as a new crop of Lucky-like magazines here attests. Two new specialist titles have joined the fray since last year's launch of the midmarket bimonthly title Shopping by Prisma Press, which sells an average of 200,000 copies per issue.

"We live in an age where shopping has become a leisure activity in its own right," said Monique Majerowicz, publisher of Marie Claire, the group behind the bimonthly Mods magazine that first hit newsstands last month. "There has been such a huge evolution of products, labels and outlets that women need guidance about and a helping hand — a bit like preparing for a trip somewhere."

Primarily a High Street-friendly fashion guide, Mods packs in beauty and fashion tips — such as how to choose the right underwear — and comes equipped with a page of stickers to slap on to favorite looks, similar to the American Lucky's Post-it-like notes. The debut issue of Mods sold roughly 170,000 copies.

Meanwhile, in its second issue, the thrice-yearly BAG (an acronym for Beautiful Address Guide) bills itself as a high-end hunter of cool Parisian shopping spots. "The French magazine market is becoming more and more specialized," reasoned Gaël Duval, BAG's founder and publisher. "Competition is tough at the moment, but it was the right time to market it because nobody else had responded to that demand."

With a cover that folds out to form bag handles, the glossy features store openings, trends, fashion spreads and boutique maps alongside profiles on hip French fashion personalities. BAG sold 44 percent of its first issue to hit newsstands, or approximately 20,000 copies.

However, some question the long-term prospects for the category. "I see it as an opportunistic strategy to surf the trend for consumerism," observed Laurence Bernheim, director of studies for women's press at Interdèco, the sales arm of Hachette Filipacchi Media. "But to center on something so specific will never work as well as a traditional magazine formula. What women want is the right alchemy of features, fashion, psychology and sex-oriented articles — or simply things that make them laugh. And that will always sell better in the long run."



"Bag" is the latest shopping magazine in France.



PHOTO BY LAURENT FOLCHER



Michelle Bernstein tours with the red chili peppers.

Simon Cooks Up a Tour

NEW YORK — The Simon Property Group is cooking up a storm.

In another marketing tack, Simon has organized a chefs tour with cooking demonstrations and food and wine seminars at several of its malls.

The tour starts at the Town Center in Boca Raton, Fla., on April 17, among Simon's most productive properties, and proceeds to cover about 20 markets coast-to-coast. It concludes at the Northgate Mall in Seattle on Aug. 28.

Last year, Simon, the nation's largest shopping center developer, staged a massive teen marketing program, Simon D'Tour Live, covering two dozen malls and integrating concerts, contests, games, scholarships and prizes. The road show was supported by several corporate sponsors and retailers. Simon also organized the Simon Kidgits Club, a membership club for children involving programs revolving around education, toys, nutrition and a newsletter. The company is planning other marketing events, including some that could involve physical fitness or holidays.

Headlining the "Simon Super Chefs Live!" tour will be celebrity chefs Curtis Aikens, Lidia Bastianich, Alton Brown, Mary Ann Esposito, Sara Moulton, Jacques Pepin, Michelle Bernstein and Martin Yan. The tours will be hosted by Bill Boggs.

Each event is free and culminates with a "cook-off" presented by Oster Products, at which two local food aficionados will serve as sous chefs to the professionals. The chefs tour is being geared to promote good cooking and good eating, as well as making the mall experience more fun.

Simon Super Chefs Live! is the developer's newest proprietary program targeting a specific demographic, in this case men and women ages 25-54. The marketing strategies are organized by Simon Brand Ventures, founded in 1997, which works to build partnerships with brands that sell in the malls, and build customer loyalty. Simon, a real estate investment trust, owns or has interests in about 240 properties.

— David Moyn

MEMO PAD

CHARGE IT: It's no secret that, as First Lady, Jacqueline Kennedy's designer wardrobe was the center of much

discussion. But Sally Bedell Smith claims in her new book, "Grace and Power: The Private World of the Kennedy White House," that Kennedy's indulgences caused rifts between the randy president and his fine-boned wife. Her \$40,000 department store bills resulted in one in 1962 at a dinner with Ben Bradlee and his then-wife, Tony, according to an excerpt of the book in Vanity Fair's May issue.

A passage quotes Tony Bradlee as saying, "She didn't shop all the time, but whatever she got was expensive, and Jack thought so, too."

Reached by phone Thursday, Tony Bradlee said, "That sounds as though it could be true. I haven't read the book."

According to Smith, Kennedy complained that his wife's spending habits had gotten out of hand. In 1962, her spending was said to have climbed \$121,461 — a 15 percent jump compared with the previous year — and well above JFK's annual presidential salary of \$100,000, all of which he gave to charities.

His father, Joe Kennedy, was charitable in another direction, footing the bill for the First Lady's Oleg Cassini dresses. During a phone interview Thursday, Cassini, who whipped up 300 ensembles during the 1,000 days of Camelot, said, "He did pay the bills. Reluctantly, but he did."

But Cassini scoffed at Smith's suggestion that the First Lady bought European clothes through her sister Lee Radziwill, who was then living in London, and a few other "clothing scouts." "The fact is when I went to Paris, I went to some couture houses and bought

two Balenciaga dresses for her. She never wore them, though I bought the ugliest dresses to impress her with how good I was."

Cassini said the First Couple's squabbling was overblown in the Vanity Fair excerpt. But he did recall JFK balking at his wife's interest in a \$1,600 Givenchy gown for a state visit to Paris. "Jackie thought it was a political gesture and it would be good p.r. The president was unnerved and thought the price was huge and hoped she was not entertaining the idea. It was a legitimate gesture from Jackie, who had that kind of sensitivity." Read — she got the dress. — Rosemary Feitelberg

DEMURE YOUTH: Abercrombie & Fitch is covering up.

No, it isn't about the new retail concept the firm is keeping tightly wrapped. Rather, the youth retailer has begun mailing the reincarnation of its infamously sexy A&F Quarterly magazine, now called Youth.

After taking the heat for its pictures of scantily clad models, A&F is still keeping it natural, but this time skipping the nudity. The 60-page publication features black-and-white photos of young people communing with nature, partying, creating performance art and brooding into space. The scenes are similar to the old catalogue, but now the fashion layouts will feature clothes.

A&F cut the cord on its quarterly in December after years of publishing nude photography and sex advice, which triggered protests.

"Mike [Jeffries] decided it was time to retire the A&F

Quarterly in December and although the Quarterly was very important to the positioning of the brand, it was time for a change in our marketing emphasis," a company spokesman said. "The primary focus continues to be in-store, but the new photo essay Young is our lifestyle direct mail piece. It is young, fun, sexy and represents aspirational college life. It is very Abercrombie. We love it." — Jennifer Weitzman



The cover of Oh!a!

OOH-LA-LA: A new French version of Oh!a! magazine, previously Spanish-owned and operated, arrived on newsstands this week, reigniting a war among weekly "people" magazines in France. Hachette Filipacchi, which also owns Paris Match, purchased Oh!a! last year to capitalize on a category that has been growing swiftly, thanks partly to the multiplication of TV reality shows. Last year, more than three million copies of people magazines were sold in France, a growth rate of 8.2 percent. The 100-page debut of the relaunched Oh!a! features larger photos and a more upscale design than the previous incarnation. In fact, Oh!a! closely resembles Paris Match. Meanwhile, Prisma Press, publisher of Voici and Gala, says it welcomes the competition and has no worries,

given the dynamism of the market. Nevertheless, Oh!a! poached Gala's artistic director for its new launch. For its first issue, the magazine features Clothilde and Emmanuel-Philibert de Savoie on the cover with an introductory cover price of \$1.85, or 1.50 euros. The initial circulation is 140,000 copies. — Chantal Goupil

The Chains Go Marching In

NEW YORK — The Brooklyn Heights neighborhood here, known for its historic brownstone buildings, scenic promenade and family-friendly atmosphere, is fast becoming a high-profile shopping district as well.

While low rents and available commercial space in some areas of Brooklyn such as Williamsburg and DUMBO have attracted small boutiques, art galleries, local designers and new restaurants, Brooklyn Heights is luring big-name national chains.

MAC Cosmetics, Aerosoles and Design Within Reach have opened recently on the main shopping thoroughfare, Montague Street, joining existing chains such as Banana Republic, Nine West and Gap.

"National retailers are recognizing the strength of the market in Brooklyn Heights," said Barry Fishbach, executive vice president of Robert Futterman & Associates, who has brokered deals in the neighborhood for the last 10 years. "This is an established and well-known neighborhood and companies want to be there."

Bill Ross, a local real estate agent and president of the Montague Street Business Improvement District, said: "There's a lot of competition for the available space. We've seen tremendous interest from national chains, especially in the fashion arena."

Ross said commercial rents are now about \$100 a square foot per year and average about \$15,000 a month for many stores, a price that's often out of reach for small and locally owned businesses.

Most of the retail property is located on the street level of brownstones with the bulk of the buildings still privately owned. In addition to fashion firms, chains such as Verizon and Subway have also set up shop on Montague Street in recent months. Other national retailers include Rite-Aid, Sprint and Starbucks.

Located just over the Brooklyn Bridge, Brooklyn Heights has long attracted city dwellers who want to be close to Manhattan but crave a more peaceful environment. There are now about 23,000 residents, and the average per capita income is \$61,000, according to information from the Brooklyn Heights Association, a neighborhood advocacy group. The area also houses federal and state courts and is easily accessible by a number of subway lines.

"Stores benefit from a residential population as well as an office population," noted Ross, who said there has been a steady build-up of stores in the area over the last 10 years.

The shifting retail landscape is drawing ire from some residents who want to maintain the existing character of the neighborhood. It's a familiar sentiment, which bubbles over when communities find themselves under siege by nationals.

A number of smaller merchants have been priced out of the area and some locals are upset with the new mix of stores. Several locally owned businesses have closed recently, including a photo store, art gallery and Mexican restaurant. A record store and another locally owned eatery are closing soon.

The Brooklyn Heights Association recently released a position paper outlining its views on the neighborhood's changing retail character. "The BHA is concerned by the lack of variety on our commercial streets," the group stated. The paper said Montague Street is underserved by stores for children and teens, athletic apparel, fine gifts and men's clothing. At the same time, the BHA said the neighborhood is "already well served by certain retail operations, and strongly discourages" more of these stores from opening on Montague Street: optical, drugstores, quick-service food, dry cleaners, beauty salons, spas and banks.

"There is a special sense of place here and a village-like mentality," said Judy Stanton, executive director of the BHA. "People are upset by the economic pressure that results in a national chain being more likely to afford the escalating rents than a local retailer. We are not anti-chain. We just want to make sure we have the right retail balance and variety."

Some longtime local merchants, having experienced other shifts in the neighborhood, are adapting to the new challenges. Tango, a fashion-forward women's apparel and accessories store on Montague Street, opened in the neighborhood more than 30 years ago, at a time when there were no chains on the street. Owner Michael Mastriano, who has lived in Brooklyn his entire life, said he has watched the developments with mixed emotions.

"I am not really in favor of chains, but with the chains comes more street traffic," he said. "MAC has been doing great in the neighborhood and the MAC customers are similar to the customers in my store."

Tango is one of the few stores in the Heights and surrounding areas that sells a variety of trendy and designer brands under one roof. The 2,000-square-foot boutique carries denim, contemporary, bridge and better offerings from Diane von Furstenberg, Max Mara, Tahari and Theory, among others, as well as accessories and footwear from labels such as Rafe, Kooba, Kate Spade, Cole Haan and Sigerson Morrison.

Mastriano, who owns the building that houses his store, places an emphasis on service, requiring at least three sales people to be on the floor at all times. He buys merchandise, oversees the staff and designs the store's windows. He's also grooming his children, 19-year-old Jessica and 24-year-old Joseph, to take over the business.

While he plans to keep his store in its location, Mastriano leased an area on the second floor of his building to real estate firm Citi Habitats, in a space formerly used for inventory.

"What's different about a small retailer like myself is if I see garbage on the street near my store, I pick it up," he said. "The chains don't do that."

— Melanie Kletter



Brooklyn Heights has attracted a number of chain stores, such as Aerosoles, above, MAC Cosmetics and Nine West, below.

Storefront



Tango and its owner, Michael Mastriano, above, with his children, Jessica and Joseph.

PHOTOS BY WYLE ECKEN

Italy Fights to Keep 'Made in Italy' Label

By Luisa Zargani

MILAN — Fashion lovers around the world have over the years come to identify products bearing the Made in Italy label with quality, luxury and design.

But just as Americans have had to adjust to a new European currency, they might have to come to terms with a new label, Made in Europe, endorsed by the European Community. Currently, there is no country of origin label required on garments in Europe. But according to a regulation now under discussion, European nations will be obliged to state origin of production on their imported and exported items, just as it is required in the U.S. and Japan. A controversy has arisen over whether to state the specific country, or to use the more general Made in Europe.

Industrialists and fashion designers, with the help of the Italian Chamber of Fashion, are asking the European Community to add the specific country of production to the label. For some,

the label? After all, Germany has its cars, France its wines, Italy its fashion. We should enhance our best assets," he said.

Vittorio Missoni, marketing director and sales manager of the family-owned company, concurred.

"The Made in Italy label is our privilege, we should maintain it," said Missoni. "Italy means quality, well-made and good taste."

Missoni noted that foreign clients, from the Far East especially, specifically ask for the Made in Italy tag and are willing to pay more for it. "That's why Italy's symbols are copied all over the world," he said. He pointed out that Italian production is especially significant for high-end products, but not as important for diffusion and secondary lines in fashion or in the mass market, where looks, appearance or brand are less important. "Nobody cares where Coca-Cola comes from, but you expect champagne to be French," he said.

to her belief in product integrity. "This business cannot only be about the bottom line," she said, noting it's up to store owners to educate their customers.

Although most agree that in fashion, Italy is associated with positive qualities, many point out that the Made in Italy label alone is no longer enough to be competitive. "I think we should mention Italy on the label, but we can't hide behind it. This is no longer fundamental or strategic for our sector," said Paolo Gerani, creative director of Iceberg and executive vice president of Gilmar, which produces that brand.

Franco Pené, chairman of Gibó, the manufacturer of collections for Viktor & Rolf, Hussein Chalayan, Antonio Berardi and Paul Smith, among others, and its own Gibo line, said that, as an Italian, he obviously defends the Made in Italy concept, but that the brand is increasingly becoming the real guarantee, as a consequence of the world's economic globalization. "A Ferrari [car] remains a Ferrari, wherever the

“Italy has a creativity that goes back to Michelangelo...can you imagine the Sistine Chapel tagged ‘Made in Europe?’”

— Janet Brown

this request is made even more pressing by the fact that 10 more countries are joining the European Community in May. Among these, Lithuania, Poland, the Czech Republic, Hungary and Estonia are low-cost manufacturing countries already competing with Italian artisans and the country's production base.

Many Italians view the Made in Europe label on products coming from Eastern Europe as a sure way to lose more market share.

The Italian fashion industry, including textiles, clothing, leather goods and footwear, reported sales of \$84.23 billion (68.04 billion euros at current exchange) in 2003 and expects sales of \$88.02 billion (71.1 billion euros) in 2004, according to the Italian Chamber of Fashion. Of this figure, exports totalled \$46.73 billion (37.75 billion euros), and imports \$27.14 billion (21.92 billion).

Some observers say the loss of the Made in Italy label will deprive Italian products of an added asset, a sort of quality endorsement. Others believe the brand is a guarantee of the product's integrity and quality and consider the debate over the labeling obsolete in light of the industry's globalization and the inevitable outsourcing of production, a consequence of Italy's high labor costs.

"While the designer label should guarantee its quality, customers are entitled to being correctly informed, so I applaud the new regulation, with compulsory labeling," said Massimo Ferretti, chairman of Aeffe, the luxury goods group that produces and distributes lines for Alberta Ferretti, Moschino, Narciso Rodriguez, Jean Paul Gaultier and Pollini. "However, since it doesn't cost more to have more information, why should we do away with the specific country on

Luciano Barbera is a firm believer in the tradition and value of Italian-made fabrics and is currently engaged in a battle to create a DOC label. That stands for "d'origine controllata," or "control of origin," and it guarantees the origin of a product. It's found on such products as oil, wine and parmesan cheese. "This would guarantee a superior quality and a product wholly made in Italy, with traceable steps of production," said Barbera.

Franco Bruccoleri, chief executive of Capucci Corp., who relaunched the fabled Capucci brand last year, also values the DOC label, in particular when it comes to fabrics. "The Made in Italy label qualifies and elevates a product, and it should be maintained, and the price should be proportioned to the quality," said Bruccoleri, although he believes the final customer is "not really interested" in these details.

"I don't and cannot agree with a watered-down Made in Europe label," said Janet Brown, owner of the eponymous store in Port Washington, N.Y. "Italy has a creativity that goes back to Michelangelo...can you imagine the Sistine Chapel tagged Made in Europe?" quipped Brown.

She added that each country has a "fabulous history" and is a staunch believer in provenance and essence of the brand. "Remember all those artisans clapping on stage at the Missoni show last fall [celebrating the company's 50th anniversary]? There is pride and honor in that work, and doing away with the Made in Italy label would mitigate and suffocate all that value," she said. "So many luxury brands cannot conglomerate for such... mashed potatoes."

Brown attributed her trips around the world looking for the best jacket or the most perfect coat

components come from," said Pené. While acknowledging Italy's know-how, Pené said "it will not last forever" — hindered by strong competition, a lack of generational continuity and production structures that are not growing. "Know-how is connected to [physical labor] and human resources. More and more artisans left their work over the years for industrial companies," he said. "It is wrong to think that all that is made in Italy is quality and expensive, and that all the rest is discredited."

He cited the ever-evolving skills and craftsmanship of Chinese workers and suppliers.

"Just because it's made in Italy doesn't mean it's well done," echoed Missoni.

Matteo Marzotto, chief operating officer of Valentino, and a scion of the historical Marzotto textile and clothing empire, said the Italian textile and apparel structure is more complete compared with others around the world, but that it is losing competitiveness. "While in favor of a Made in Italy label for transparency, I'm sure this does not guarantee more sales," said Marzotto.

With a history of 200 years in fashion and surviving dramatic social and political changes, Marzotto has in recent years focused on its clothing business and, in particular, on the designer labels it controls, the Hugo Boss and Valentino brands. Over the years, to be competitive, it has moved part of its production to Lithuania, Turkey, the Czech Republic, Tunisia and elsewhere. "The brand is a guarantee — in other sectors, the brand is more than enough...look at Sony, for example: Nobody cares where [its products] are produced," Marzotto said. "We will be more credible and reliable when we are competitive."

Tonino Perina, chairman and



“The Made in Italy label is our privilege, we should maintain it. Italy means quality, well-made and good taste.”

— Vittorio Missoni

chief executive of IT Holding, which controls the Gianfranco Ferré, Romeo Gigli and Malo businesses, among others, said he finds "this debate obsolete and a false problem. Consumers want more quality at competitive prices."

In fashion, the designer's signature or the brand is increasingly "the most important thing" for a customer, according to Carlo Teichner, managing director of the Teichner boutique in Rome. "We are so used to products that are made around the world, and China's production, for example, has so improved," he said. Teichner said that 10 years ago, there was more attention to details and materials or the quality that made an outfit more noble. "Now there are customers who prefer a plush sweatshirt because it feels as pleasant and as warm as a cashmere sweater," he said.

Teichner conceded, however, that the Made in Italy label has more appeal to foreign customers. "Italians don't really care and there is some confusion between manufacture and design," he said. Teichner noted that the Italian provenance is more important when a customer is looking for a tailored suit, especially for men, or long-lasting items, such as coats, where the fit and the cut are more valued. "But the majority of our sales come from impulse shopping and pure

of the moment desire — and in that case, the designer's label is more important [than country of origin]," he said.

Linda Dresner, owner of stores in New York and Birmingham, Mich., believes this issue was more important 10 or 15 years ago. "In truth, I don't think customers think about [provenance] now and don't see it as vitally important," said Dresner, who thinks her customers are used to European goods, and believe the brand's identity determines the quality. "We must adjust to changes, just as we did with the euro, and expect more Continental products — customers will adjust unless there is a backlash in quality. In the end, they want what they want."

On the other side of the issue, Roberto Cavalli, for one, believes that having made an effort for a united Europe, "it seems logical to have a Made in Europe label."

In any case, Mario Boselli, president of the Italian Chamber of Fashion, said a lot is at stake, as countries such as Italy and France "have more need to communicate" through a specific label. "I'm confident a more detailed label will prevail," he said, "as people are increasingly conscious of ethical and moral values and social and ecological dumping — otherwise why wouldn't one want transparency? What would the explanation be?"

LVMH Bullish Following Strong Start

Continued from page one

the year-ago period, when sales stood at 2.8 billion euros, or \$3.01 billion. Dollar figures are converted from euros at the average exchange rate.

The results bested consensus expectations and the firm goosed its outlook by forecasting a "significant increase" in operating income for 2004. Previously, LVMH had been more reserved, calling for a "tangible" increase. LVMH does not report income on a quarterly basis, but only at the half-year and year-end stages.

"We are more confident in our forecast. It is good news for us, and for the market," Patrick Houel, LVMH's chief financial officer, said during a conference call to discuss the results. "We had a very good start to the year and we are much more optimistic than we were in December."

All five operating divisions reported underlying growth, reflecting a "more favorable economic and monetary environment," improving tourism and expanding economies in the U.S. and Asia. For example, LVMH sales were up 19 percent in the U.S. in local currency.

Goldman Sachs analyst Jacques-Franck Dossin said the figures imply a very strong March, with like-for-like sales for the group advancing about 15 percent, above what the company suggested was a 7 percent pace in the first two months.

Dossin said very good performances in the wines and spirits and watches and jewelry divisions were the main surprises, with the latter boding well for Swatch and Compagnie Financière Richemont.

Led by a double-digit increase at its cash-cow brand, Louis Vuitton, sales in the fashion and leather goods division totaled \$1.3 billion, or 1.07 billion euros, flat in reported terms, but up 7 percent when the impact of currency and a changed group structure were stripped out. HSBC in Paris estimates Louis Vuitton's sales growth at 13 to 14 percent in the quarter.

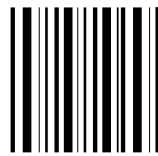
New products created by Vuitton creative director Marc Jacobs, such as the Theda bag, along with Giant Damier luggage, made a "hugely successful debut" in the three months ended March 31, LVMH said.

Vuitton's performance varied by region. In the U.S., where the world's largest Vuitton store bowed in February at Fifth Avenue and 57th Street in New York, sales were up more than 50 percent, with the Manhattan unit alone pulling in more than \$1 million per week. By contrast, sales in Japan were flat, due to lower domestic sales there — reflecting an uptick in Asian travel — and the fact that several of Vuitton's competitors likely benefited from higher sales ahead of announced price increases.



Bernard Arnault

LVMH cited strong sales of Louis Vuitton's "Theda" handbag, below, and Giant Damier luggage, far left.



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But Houel said the period was "atypical" for the country and that "we think it will be a good year for Louis Vuitton in Japan."

During the conference call, it became clear that Donna Karan was a major drain on the fashion and leather goods division in the quarter, due to store closures and the loss of revenues from the European jeanswear business, which is now licensed. In total, Karan revenues were down about 30 percent in dollar terms.

LVMH said it expects some further declines at Karan for the balance of the year and didn't rule out more store closures, but stressed that cuts were focused on "unprofitable" sales and would not affect earnings in the division for the full year.

During the conference call, Houel noted Celine, Berluti, Marc Jacobs and Pucci continued to show positive sales growth. The four companies were deemed businesses with strong potential by the group when it announced its fourth-quarter and year-end results in March. The performance of other brands in the division — ranging from Givenchy and Christian Lacroix to Loewe — was described as satisfactory.

Several analysts expressed disappointment with the performance of LVMH's largest division, fashion and leather goods, also sensing in the figures a hit from Fendi, which is still in a significant investment phase.

Strong sales of makeup, particularly in China and Japan, headlined an 8 percent gain in organic sales of the perfumes and cosmetics division. In reported terms, sales slipped 2.7 percent to \$575.6 million, or 473 million euros. LVMH said Guerlain sustained its momentum, boosted by the new perfume L'Instant, while emerging brands BeneFit and Fresh posted double-digit gains.

The picture continued to improve in the selective retail division, with a rebound in Asian tourism benefiting DFS and innovations at Sephora accelerating that company's progress. Sales in the division inched up 1.5 percent in reported terms to \$920.1 million, or 756 million euros, with organic growth standing at 11 percent.

LVMH said sales at Sephora in the U.S. were up more than 20 percent on a like-for-like basis in the quarter, with Europe up around 6 percent. Revenues at sephora.com, which recently expanded to Canada, were up more than 50 percent, LVMH noted.

The watch and jewelry division logged the strongest improvement of the group, up 16.5 percent in reported terms to \$137.5 million, or 113 million euros, or 30 percent organic growth. LVMH said the rebound began last summer and was led in the quarter by double-digit gains at Tag Heuer and Zenith.

Wines and spirits showed effervescence in the U.S., U.K. and Japan, with champagne leading the 10.8 percent reported growth to \$548.9 million, or 451 million euros, a 19 percent organic gain. LVMH also highlighted strong sales of cognac in the U.S., Russia and Asia.

Shares of LVMH, which have been gaining steadily as the luxury sector rebounds from the impact of the Iraq war and the SARS outbreak last year, went down 1.4 percent on Thursday to close at \$73.51, or 60.40 euros, on the Paris Bourse.

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STAR

By Aileen Mehle

eye Let's see now. **Russell Crowe**, having just turned 40, has told his friends that he feels it's really a fresh beginning for him. His new movie, "Cinderella Man" — it's about boxing — is now shooting in Canada and Crowe says he's in the best shape of his life. "I have crossed the threshold of becoming 40 weighing less than I did at 30." Congratulations, mate.

On the other hand, **Tom Cruise**, who turns 42 on July 3, has put himself on a strict diet for his next movie, "Mission Impossible 3." The inside word is that Tommy has gained a few pounds since he made "The Last Samurai" and has been advised to unload, but fast. Tom is in Eastern Europe right now checking out locations for the new movie and staying in luxury suites in five-star hotels, where the chefs are given lists of what he can and cannot eat, along with instructions on how to prepare a low-fat, low-calorie cuisine. While stopping at The Four Seasons Hotel at Berlin, Tom was joined by his ex-girlfriend **Penélope Cruz**. No weight problems there.

Catherine Zeta-Jones has memories of her childhood on her mind. She has talked her parents out of selling the home she grew up in, in Wales. But now her mother and father are moving into a new \$1.5 million house their famous and rich daughter bought for them nearby. The original plan was to sell the old house, but Catherine just couldn't bear the idea of giving it up and she can certainly afford not to. Catherine and her husband, **Michael Douglas**, have also built their own house in Mumbles, Wales, close by — love that name Mumbles — and are planning on visiting there this spring with their two little children when the meadows are full of flowers. Tra-la.

Catherine has decided to go for Oscar gold again with a serious role that will also bring her back to her Welsh roots, but in a very different way. She is negotiating to star in a movie based on the life and death of the notorious Welsh nightclub manageress, Ruth Ellis, who, in 1955, was the last woman to be hanged in Britain after being found guilty of gunning down her boyfriend — a story already told in the



BRAGA AND TEKANAWA BY WIREIMAGE

Catherine Zeta-Jones

1985 film "Dance with a Stranger," starring **Miranda Richardson** and **Rupert Everett**. Tra-la.

Next week, **Sonia Braga**, **Narciso Rodriguez** and **Kasper** will head to Chez Es Saada for dinner to celebrate The Bronx Museum of the Arts' Brazilian exhibition, "Tropicalia," given by the show's curator, **Carlos Basualdo**, and art collector **Michele Klein**. Also expected to do the samba and sample the exotic South American fare are **Tama Janowitz** and **Gracia d'Annunzio**, the granddaughter of the notorious poet and playwright, Gabriele d'Annunzio, who had big, fat flings with the famous actresses **Eleonora Duse** and **Sarah Bernhardt** in Paris during the early 1900s. It's how granddaddy kept busy between poems.

The noted interior designers **Bunny Williams** and **John Rosselli** were quietly and secretly married at their perfectly turned-out house in Connecticut last weekend with just their nearest and dearest on hand. Bunny and John have lived together for eons and their friends are just as thrilled over the wedding as Bunny and John are. The marriage was all anybody could talk about at the party that **Howard Slatkin**, another designer to the rich and richer, gave at his treasure-laden abode on Fifth Avenue to kick off The New York Botanical Gardens' Antique Garden Furniture Preview Party & Collectors' Plant Sale at the garden on May 29. **Susan Burke**, **Muffy Miller**, **Kathy Moore** and **Calvert Moore** are the co-chairs and a percentage of all sales will be given to the garden over the next year.

Gregory Long, the president of the garden, asked

Bunny if she was planning on changing her name — Bunny and John just giggled — while **Mario Buatta**, **Laura Slatkin**, **Phillip Baloun** and **Deeda Blair** looked on.

Deeda and her husband, **Bill Blair**, are moving from Washington to New York, and Deeda is working with Howard Slatkin on the interior of her new East Side apartment, the one with stunning views of the river everywhere you look. Leave it to Deeda. When the guests left, they received silver potagers holding a Slatkin & Co. lavender candle, lavender being so tomorrow.



Dame Kiri Te Kanawa

● **Dame Kiri Te Kanawa**, the beautiful soprano of legend and lore, celebrated her 60th birthday in London at a white-tie evening, of course, with guests including **The Princess Royal** and **Princess Alexandra** arriving in their very best gowns and jewels. You will be thrilled to learn that the New Zealand-born Kiri is living life to the fullest and spends half the year in England not only because she sings at Covent Garden, but because she loves country life and sports, especially shooting. "I am quite a good shot," she brags. "Besides clay pigeons, I like to go pheasant shooting with my friend, **Jackie Stewart**, who agrees that I'm good with a gun." Maybe this dame should try on the role of **Annie Oakley** in "Annie Get Your Gun."

Like millions of blushing brides everywhere, **Kate Beckinsale** is busy planning her May wedding with her mum. She will walk down the aisle in California with her movie director fiancé, **Len Weisman**, and she is planning a special role for her four-year-old daughter, **Lily**, with Kate's former partner, actor **Michael Sheen**. Lily is choosing her dress for Mum's wedding but she's a bit nervous because she's been given the job of throwing rose petals, "and is worried she won't do it properly," says Kate, who is not nervous a bit. Not long after the

wedding, she will attend the premiere of her movie, **Martin Scorsese's** "The Aviator," in which she plays **Avia Gardner** opposite **Leonardo DiCaprio** as **Howard Hughes**.

● **Clarissa** and **Edgar Bronfman Jr.** and **Violaine** and **John Bernbach** are giving a party at Asprey in New York on April 14 to kick off The Leukemia and Lymphoma Society's Bill Bernbach Memorial Dinner, to be held at The Plaza on May 12. **Arianna** and **Dixon Boardman**, **Valesca Guerrand-Hermes**, **Mario Buccellati** and **Christine** and **Stephen Schwarzman** have all promised to be at Asprey for the fun. A private concert by violinist **Joshua Bell** will be auctioned off at The Plaza gala, which will honor **Martin Sorrell**, the famous ad man. **Cindy Crawford**, who is on the organization's board, is among the luminaries who have been invited to see **Les Oiseaux du Paradis**, an aerial ballet act from Montreal, which will be performed in the ballroom after dinner. Everyone is hoping that **Cindy** will be there along with the kiddies.



Sonia Braga