

TWO DECADES OF DONNA KARAN/SEC. II

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WWD MONDAY

Accessories/Innerwear/Legwear

White Hot

NEW YORK — Nothing says resort like powdery sand, swaying palm trees and racy lace. At least that's the way Edward Wilkerson saw it on his trip to Parrot Cay Island in Turks and Caicos. To wit, he filled his Lafayette 148 collection with pristine whites, tropical colors and plenty of sexy swimwear. Here, a cotton and Lycra spandex swimsuit and peekaboo cotton skirt.

Modesty Blazes Anew: Lingerie's Demure Ads Signal Changing Mood

By Karyn Monget

NEW YORK — Fashion's new modest mood is being signaled by none other than that sexiest of products — lingerie.

Executives from the intimate apparel, advertising and marketing fields believe lingerie offers a litmus test to developments in media censorship and could be further evidence of a change taking hold throughout fashion and entertainment after years of a no-holds-barred approach to sexually charged imagery. An ultraconservative environment — impacted by the Iraq war, terrorism, unemployment and the

See **A New**, Page 12



PPR Nears 100 Percent of Gucci

By Amanda Kaiser

MILAN — Pinault-Printemps-Redoute said it has control of 99.39 percent of Gucci and is starting a court-mandated buy-out procedure to get 100 percent of the Italian fashion house.

As of April 30, PPR held 99.23 percent of Gucci following the original month-long tender offer at a price of \$85.52 per share. Dutch law forced PPR to extend the offer through May 20. During that secondary period, PPR snapped up another 1.13 million Gucci shares, or 1.09 percent of the firm, lifting its stake, on an adjusted basis, to 99.39 percent.

As noted, completion of the deal will result in PPR paying a total of \$9 billion for all of Gucci's shares.

PPR noted it had to make some adjustments to calculate the final 99.39 figure. In some cases, PPR said it never received shares it was expecting in initial tabulations. Also, as reported, Italian stock market regulator Consob blocked the PPR offer in Italy for technical reasons — one of which was that PPR didn't

offer documentation in Italian.

PPR said it will now begin a compulsory buyout procedure. It will seek a court order forcing all remaining shareholders to tender their shares to PPR. This squeeze-out will also apply to any shareholders living in Italy, PPR said.

On April 30, the New York Stock Exchange suspended Gucci shares from trading.

Gucci is expected to become a wholly owned subsidiary of PPR. At the beginning of the offer, financial markets considered a Gucci delisting to be a fait accompli, given that PPR would assume full management control and that Gucci's supervisory board and two major banks deemed the offer fair and advised minority shareholders to accept it.

Gucci's independent directors — Adrian Bellamy, Aureliano Benedetti, Reto Domeniconi and Karel Vuursteen — resigned from the supervisory board on May 12 following completion of the first phase of the offer. Serge Weinberg, PPR chief executive, who also resigned from the board, became Gucci's interim president, pending the arrival of Robert

Polet on July 1, Gucci said.

Meanwhile, investment bank Goldman Sachs last week downgraded its stock rating on PPR from "neutral" to "underperform," saying the group's current stock value fails to account for doubts raised by Ford and De Sole's departures.

"In our view, [recent Gucci] departures could potentially pose a challenge to management continuity and transition, which could make it more difficult for the new creative team to operate efficiently within an organization that would need to redefine some of its key management roles," wrote analyst Richard Chamberlain and Jacques-Franck Dossin in the Goldman's report.

The bank also said PPR's electrical components subsidiary, Rexel, which PPR has said it wants to sell by year-end, presents an additional burden on the share price.

"We believe there remains a risk that PPR cannot find a buyer [for Rexel]," Goldman Sachs said.

— With contributions from Robert Murphy, Paris

May Co. Mum on Field's at Annual

By Kristi Ellis

RICHMOND, Va. — May Department Stores Co. is repositioning itself on multiple fronts as it continues to slim down its inventory and broaden its customer base, said Gene Kahn, chairman and chief executive officer, at the firm's annual meeting here Friday.

That plan is likely to include a bid for Marshall Field's, though Kahn wouldn't confirm speculation about May's interest. "I really will not comment on that," Kahn told a handful of reporters after the meeting.

Analysts have widely speculated that May and Federated Department Stores Co. will engage in a bidding war for Target Corp.'s Marshall Field's stores, which observers have estimated could go for more than \$2 billion.

Kahn, sporting a gray pinstriped suit and a silver-and-gray dotted tie, opted not to read from his remarks, which were circulated after the short, seven-minute meeting at the Jefferson Hotel, a historic, opulent hotel founded in 1895 that literally pays homage to the movie classic "Gone With the Wind." The decision left some of the 10 shareholders who attended the meeting a little puzzled, but they didn't ask a single question about the performance of the St. Louis-based operator of the

Hecht's, Lord & Taylor and Filene's, among other nameplates.

In his remarks, Kahn emphasized the firm's new initiatives, which involve aggressively pursuing higher-priced lines, eliminating duplication in merchandise offerings, a goal of increasing "proprietary merchandise" by 20 percent of overall revenues and increasing sales of nonapparel gift items, such as Apple iPods, DVD/home theater units and satellite radio gear.

"From upscale fragrances and prestige skin care products, from status names in ladies' handbags and suits, to designer dress shirts and men's modern sportswear collections, better lines were some of our strongest performers in 2003," Kahn said in the written statement. "This year, new better resources and offerings are bringing even more newness, fashion and excitement to our stores."

May introduced Lauren Ralph Lauren, Calvin Klein and Jones Signature in women's better sportswear this spring and plans to launch Michael by Michael Kors in women's and men's apparel and in handbags this fall, he said. "The customer is definitely responding to luxury, and fashion is showing little price resistance," Kahn said in the statement. "This is revitalizing department stores, and our goal is to attract this customer to capture a larger share of

the better business."

Two of the strongest growth segments in women's are the better and moderate components.

Within those segments, tailored looks and color — particularly all shades of pink and technicolor brights — are driving the business, Kahn said.

"There is obviously, both with the female and male customers, more a return to dressy," he added at the press session. "The more tailored looks are really the big driver of business."

These segments, combined with sales of accessories and tailored looks, produced only modest results in the first quarter, however. May posted an increase in first-quarter sales of 3.1 percent, to \$2.96 billion from \$2.87 billion a year ago, while comparable-store sales rose 1.7 percent. Net income grew 5.6 percent in the first quarter to \$76 million, or 24 cents a diluted share, from \$72 million, or 23 cents, a year ago.

Kahn said he picked Richmond as the site of the company's 95th annual meeting to showcase the newest Hecht's store at Short Pump Town Center, which features the latest prototype design and layout for its department stores. The design provides more room for apparel and accessories, wider aisles and products grouped by age or lifestyle.

"The store is performing very well," Kahn said.

May plans to roll out the concept with its \$600 million capital expenditure plan this year, which includes opening eight department stores and remodeling or expanding 12 others, according to Kahn. The Bridal Group plans to open 30 David's Bridal stores this year, 20 After Hours stores and two Priscilla of Boston stores.

Also, May plans to expand its branding campaign and to "build on the animation theme with additional attention-grabbing commercials that feature animated mannequins," Kahn said.

WWD MONDAY

Accessories/Innerwear/Legwear
GENERAL

- 1 INNERWEAR: With a new conservatism sweeping the country, some innerwear makers are toning down the sex factor in their advertising.
- 2 Pinault-Printemps-Redoute, which has 99.4 percent of Gucci, has begun the process of getting 100 percent.
- 4 EYE: Giorgio Armani's grand nautical entrance at Cannes...the multifaceted Mia Maestro, a star on the rise.
- 6 FASHION: From brooches to earrings, when it comes to accessories it's easy being green this season.

WWD MILESTONES: Donna Karan at 20, Section II, and Jewelry & Watches, a special report, Section III, appear in this issue.

Classified Advertisements18-19

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COMING THIS WEEK

- TUESDAY:** PLMA's World of Private Label, Amsterdam (through Wednesday). Gottschalks reports first-quarter sales and earnings.
- WEDNESDAY:** Polo Ralph Lauren Corp. reports fourth-quarter and full-year sales and earnings.
- THURSDAY:** Chico's reports first-quarter sales and earnings.

In Brief

- **DRESSING UP:** Dress For Success, a not-for-profit group that helps low-income women enter the workforce, will get some assistance tonight and for the next two evenings from August Max, Bobbi Brown Cosmetics and editors and fashion stylists from publications such as O, The Oprah Magazine, Marie Claire, and Self. The editors and stylists will help DFS clients put together work-ready outfits at the August Max store on Third Avenue and 42nd Street, while makeup artists from Bobbi Brown give makeovers. A percentage of the store's regular sales during the event, which runs 6-8 p.m. each night, will be donated to DFS, with a guarantee of \$5,000. In addition to August Max, the store has offerings from Casual Corner and Petite Sophisticate. All three brands are owned by Retail Brand Alliance.
- **GUMSHOES:** Finish Line Inc. sued Foot Locker Corp. for corporate espionage last week, the Associated Press reported Friday. In a lawsuit filed with the U.S. District Court in Indianapolis, Finish Line alleged that Foot Locker recruited its managers and corporate officers to gain access to proprietary information regarding the company's sales, profitability and business plans for individual stores, AP said.
- **STERLING SNAGS ZEGNA SEARCH:** Ermenegildo Zegna has hired Sterling International, a Paris-based executive recruitment firm, to conduct the search for Richard Cohen's replacement. As reported, Cohen will step down as president and chief executive officer of Zegna's USA division at the end of the year.
- **MACY'S DRAMA:** An alleged shoplifter at Macy's Herald Square attempted suicide with a noose he made out of his shoelaces on Saturday while in a holding cell at the store. According to Elina Kazan, director of publicity at Macy's, the alleged thief, David Gonzalez, tried to steal more than \$400 worth of apparel from the store when surveillance cameras caught him. "No force was used," Kazan said on Sunday. "We were following procedure and waited for police to arrive. This is an ongoing police investigation at this point."



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Armani's Casa on the High Seas



CANNES — Giorgio Armani made a grand entrance at the film festival on Thursday, cruising into the city aboard his one-year-old, 163-foot yacht, Mariù, named after his mother. Within a few hours of docking, the designer exchanged his nautical stripes for a tuxedo and headed to the annual AmFar benefit, which he co-hosted. But his visit wasn't strictly social. He designed the costumes for the highly anticipated closing film "De-Lovely," the Cole Porter biopic starring

Giorgio Armani



PHOTOS BY STEPHANE FEUGERE



A room on Armani's yacht.

Kevin Kline and Ashley Judd. In honor of the cast, he threw a sunset cocktail party on Friday aboard Mariù. Between his engagements, he spoke with WWD about life aboard his 30-foot wide floating sanctuary, which boasts four floors, 12 crew members, six staterooms, a screening room, and an outdoor Jacuzzi.

— Marcy Medina

WWD: You've always loved the sea, so why did you wait until now to buy a yacht?

Giorgio Armani: I never really had the time to think about it seriously. For years I rented big boats, including Mike Ovitz's. In each one, there was always something that was not quite right. They were too much, too over the top. Finally, the day came when I said, 'OK, I'm going to buy my own.' I had experimented enough.

WWD: Did you design Mariù from scratch?

GA: I bought the shell of the boat, so I didn't have anything to do with the outside. I just enclosed the back deck for privacy, and I made the windows and portholes rectangular instead of round. The idea was to make a

big sailing boat and luxe it up. The interior design was dictated largely by what I had done for Armani Casa. If you want to be trite, it was my way of showing what I know how to do.

WWD: What are the most important design elements?

GA: I didn't want to see any difference between the outside and the inside of the boat, so I used teak on the outside as well as the inside. I also designed an interior staircase. On most boats, you have to go outside and around to get upstairs.

WWD: What is your favorite part?

GA: The best part of the boat is where everybody is. At the end of the day we always meet in the main (second) floor living room. I also love my cabin. When I come here, I want to enjoy the boat, the sea, and the company of

people. I also like to watch films in the afternoon.

WWD: It looks as though owning a yacht inspired your current collection with all its nautical details.

GA: It was a coincidence, but probably subconsciously it did. It was as if I was waiting to christen the boat with that collection.

WWD: What should one wear on this boat?

GA: Something casual, easy. I've never done glamorous evening dress on my boat. It doesn't make sense, you know? I like to wear a navy T-shirt and shorts, or navy pants with some stretch. The crew wears the gray T-shirts, shorts and sunglasses I designed for them.

WWD: What will your guests never find onboard Mariù?

GA: Flowers and checkers.

Maestro's Encore

CANNES — Sitting in the shaded garden of the Hotel Residéal, Mia Maestro is the picture of serenity in a white eyelet Chloé dress and gold Tod's flats. The 26-year-old Argentinean actress had small roles in two well-received Spanish language films at the festival, which wrapped yesterday — "La Nina Santa" ("The Holy Girl") and "The Motorcycle Diaries," a film about Che Guevara. While she's taken part in the glitz and glamour of the red carpet, showing up in her French favorites Givenchy, Dior and Chanel, Maestro actually has had time to unwind and enjoy her week on the Riviera.

“I'm used to an audience caring about my films, not my life.”

— Mia Maestro

U.S. audiences might already know the actress from "Frida," in which she played the painter's younger sister or, more recently, from a continuing guest role on "Alias" as Jennifer Garner's mysterious half-sister, Nadia. However, she's already a favorite with art-house filmgoers. After nailing her first audition to snag a key role in 1998's "Tango," directed by Carlos Saura, Maestro got a taste of success and glamour early on. (That film was nominated for an Oscar and a Golden Globe.) "It was so nice to do all of those glamorous events at the beginning of my career and sort of get them out of the way," Maestro says. "Because now I don't find myself wondering, 'Am I going to the Oscars?"

Mia Maestro



Am I going to Cannes?"

Maestro's poise is also derived from her urbane upbringing in Buenos Aires. Her father, a businessman, and her mother, a former economist and math logic professor, took her to films almost nightly. "My parents are cinephiles and my sister is 10 years older than me, so I was always treated as an adult. I could see movies that were not meant for me when I was, like, nine."

By the time she got to audition for Saura, a major director in Argentina, at age 19, she'd already seen (and practically memorized) all of his films. Not that she had her heart set on acting. Maestro earned a bachelor's degree in literature and also had intensive voice training. "I really thought I was going to be a writer and then a singer. Instead I started working right away at a theater company and acting just chose me."

These days, she's quickly morphing from art house beauty to mainstream star. "Alias" is my first time on TV and I'm already recognizing it's a completely different world. Everybody watches it, but I'm used to an audience caring about my films, not my life." Working out of L.A., which she now calls home, does have its pluses. "I come home every day to my dog and I get to fish and scuba dive," Maestro says.

After her post-Cannes holiday in Provence, she'll begin rehearsals in New York for a theatrical tribute to Hans Christian Andersen that will be produced in Copenhagen in 2005. She'll play the mechanical songbird in the tale "The Chinese Emperor" where she'll get to show off her vocal talent. She's also just wrapped "Kidnapped," an American suspense thriller co-starring Ruben Blades.

Reflecting on her impending stardom, Maestro adds, "I hope people aren't disappointed. I think my life is pretty boring. It's pretty scandal-free."

— M.M.



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The Green Light



NEW YORK — With apologies to Kermit the Frog, it is easy being green. Accessories designers are proving just how wonderful it can be, especially when the grassy shade adds a splash of vibrant color to earrings, necklaces and the season's "It" piece, the brooch.

Center: A.V. Max's plated pewter and German lucite cameo at Yvette Fry. Clockwise from top: Linda Levison's Swarovski crystal and goldplated brass spider brooch at Yvette Fry; Illuminata's Austrian crystal and metal dragonfly pin at Fragments; Echo of the Dreamer's tourmaline, peridot, pearl and sterling brooch; Alexia Crawford's crystal and bronzeplated brooch; Leslie Danzis' Swarovski crystal and silverplated bow pin at D.P. Accessories; Agatha's enamel and crystal butterfly pin at Marie Saeki, and Jose and Maria Barrera's Austrian crystal and gunmetalplated pewter leaf brooch.



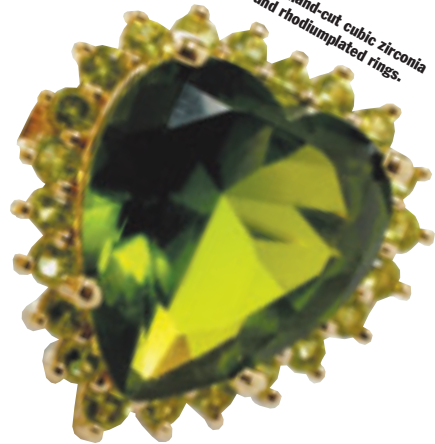
Marissa Perry's rings in sterling silver, olive quartz and 18-karat gold; sterling silver and synthetic peridot, and sterling silver and olive quartz.



Dian Malouf's handblown glass and silver necklace and handblown glass, sterling silver and 14-karat gold ring, at clasp, at Notanonymus.



Marlyn Schiff's sterling silver and olive jade earrings.



Noir's hand-cut cubic zirconia and rhodiumplated rings.



Mimi Golzer's gold vermeil, blue and green quartz, blue topaz and olive jade necklace at Pure Accessories.

Federated CEO Lundgren Likes What He Sees in Marshall Field's

By Shelly Reese

CINCINNATI — Federated likes a lot about what it sees in the Marshall Field's chain, said Terry Lundgren, Federated's chairman, president and chief executive officer.

"It's a great company," Lundgren said at Federated's annual shareholders meeting here Friday. "I've admired them for a long time."

The two retailers share similarities in store size, customer service and the quality of merchandise, though "we walk away from 90 percent of the ones [acquisitions] we look at," he said. "It has to just make a lot of sense for us and be right. It has to make sense for our employees, our shareholders and our customers."

Target officially put up for sale both its Mervyn's and Marshall Field's divisions in March. Federated is not interested in Mervyn's stores, Lundgren said.

Federated this month reported one of its strongest quarters in a decade, with same-store sales up 6.9 percent. Federated also raised its same-store sales expectations for fiscal 2004 to between 3 and 4 percent.

Lundgren attributed Federated's strong showing to several factors: a four-point program to enhance the overall shopping experience, improve its merchandise mix, simplify pricing and hone marketing strategies.

He was less sure about the impact of a strengthening economy on Federated's strong performance. "It's improving, but it's very fickle," Lundgren said. "To look at the financial markets you wouldn't know we have a strengthened economy."

The fashion-conscious consumer may deserve the most credit of all for Federated's windfall. "The fashion customer is back following a period of drought," he said.

During the past three years,

a national recession had induced consumers to rein in their purse strings. But the current crop of bright, fresh fashions is encouraging shoppers to loosen their grip as the economy grows.

"Fashion is an optional purchase, and I think customers traded down over the last couple of years," Lundgren said. "Today, when consumers are looking for fashion, it's just not in their closet" and they're being forced to head for the mall.

Lundgren cited a repositioned Charter Club ready-to-wear line, private brand initiatives such as Tasso Elba, I.N.C. and Alfani, and new collections from Jones New York Signature, Lauren by Ralph Lauren, Calvin Klein and a soon-to-be-introduced collection from Michael Kors as reflections of that fashion-orientation.

The deflationary apparel environment of the past several years is similarly pushing the move toward better, more fashion-focused brands because consumers can purchase better-quality merchandise without spending more, he said.

Although basic apparel items have been selling well at Federated, as at other stores, Lundgren sees fashion as the force behind the recent upturn in performance. "Fashion's back not just for us, but some of the other better stores are doing well," he said. In keeping with that trend, Federated has been scaling back its moderate lines, emphasizing better sportswear and focusing on private label and exclusive brands. It will continue to do so.

A handful of humorous new TV spots showcased at the meeting underscored the optimism of Lundgren and Federated. The four spots, which support Macy's recently launched Way to Shop campaign, were aired in Atlanta, Boston, San Diego and Cincinnati last quarter. More ads are in the works and will be rolled out to additional markets on a division-by-division basis starting this summer.

Study: No Incentives for Wal-Mart

By Joanna Ramey

WASHINGTON — A union-backed study being released today asserts that municipalities and states should be barred from giving financial incentives to fund the "breakneck" expansion of Wal-Mart Stores Inc. According to the report, the retail giant has benefitted from \$1 billion in municipal incentives given to help 240 projects since 1980.

An advance copy of the report was provided to WWD by its author, the Washington-based nonprofit group Good Jobs First. The organization advocates public policies that support jobs that pay wages high enough to allow workers to afford life's necessities. The report, which Good Jobs said "was funded in large part by the United Food and Commercial Workers International Union," is the latest negative critique of the effect the Bentonville, Ark.-based retailer has on communities.

For Wal-Mart's part, vice president for government affairs Bob McAdam said Friday that government money has played a role in only "a handful" of the 300 stores it opens a year.

The 3,586-store retailer, which is the nation's largest private employer, reported net profits of \$9.05 billion on \$256.33 billion in sales in its fiscal year ended Jan. 31.

The UFCW has been locked with Wal-Mart in a battle over organizing its 1.2 million workers. The union, like Good Jobs, criticizes the retailer for paying low wages.

Good Jobs argued in the 64-page report that the only rationale for Wal-Mart receiving financial incentives would be for locating stores and distribution centers in low-income neighborhoods where there are added costs for success and merchants are needed. Otherwise, the group concludes, Wal-Mart or its developers can easily afford to pay for construction and land costs.

"A lot of the subsidy deals were in situations where Wal-Mart was building a supercenter to replace an existing discount store," said Philip Matterna, research director for Good Jobs, in an interview. "It's not as though they are close to the bone here — \$9 billion [in profits] is pretty healthy."

States and municipalities routinely use incentives such as land deals, property tax breaks, corporate income tax credits and free water and sewer lines to encourage businesses to locate within their borders. In return, governments expand their tax base and create local jobs.

Good Jobs acknowledged its survey isn't an exhaustive look at the topic. Its data primarily came from newspaper accounts, a source Good Jobs said it was forced to rely on due to a dearth of public data on the tax incentives.

However, the report said, "it is safe to assume that there have been many more subsidies that did not come to our attention." It's referencing a Wal-Mart representative who was quoted in the Dubuque, Iowa, Telegraph Herald as saying it is "common" for the retailer to ask for subsidies in one-third of the chain's retail projects.

In defense of Wal-Mart, McAdam said of the 300 U.S. stores the retailer opens each year: "There is

Shopping for Subsidies:

How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth



The cover of a study being released today by Good Jobs First.

about a handful where [financial incentives are] part of the equation." He said he didn't know of a tally of incentives Wal-Mart has received.

"We're like any other business," McAdam said. "We return a much greater value to the community in which we locate, and that offsets what initial [financial] support we may get from those communities."

To bolster its argument about Wal-Mart being able to expand without taxpayer assistance, the report cited a 1998 case in Chula Vista, Calif., in which a local court denied the retailer a \$1.9 million municipal incentive package and the chain built a store anyway. McAdam said he wasn't familiar with the Chula Vista case.

Wal-Mart's expansion has run into opposition in some U.S. communities in recent years. Voters in Inglewood, Calif., in April voted down an attempt by the retailer to open a store there. The company also has run into trouble in Chicago. According to the Chicago Tribune, city aldermen put off until Wednesday a vote on a proposed zoning change that would allow Wal-Mart to open two stores, on the city's west and south sides. Also on Sunday, reports were circulating that Wal-Mart is hitting Manatee County, Florida with a lawsuit because many residents will not negotiate their opposition to putting a supercenter on 30 acres in Bradenton, Fla.

Activists who oppose Wal-Mart's expansion argue that its low prices and hourly wages may take a toll on local merchants and wage rates.

Mindy Moretti, spokeswoman for the National Association of Counties, said that questions regarding what, if any, local incentives are offered to Wal-Mart are handled "on a case-by-case basis."

Lauder Wins Big at CEW Awards

NEW YORK — The memory of Estée Lauder was certainly present at the Waldorf-Astoria Friday, as the company she founded swept the ceremony at the Cosmetics Executive Women's annual beauty awards — taking home 11 L'Oréal statues out of the 24 contested product categories.

After opening the afternoon with a tribute to the late cosmetics titan, the atmosphere turned jovial as Kyan Douglas of "Queer Eye for the Straight Guy" took the stage for hosting duties. The event was rife with laughter with the antics of Douglas and his co-star Carson Kressley, who served as a presenter.

Douglas put the ceremony on a light-hearted course from the beginning, when he swept over to plant a lip lock — à la Halle Berry and Adrien Brody — on Joan Lasker of ColorMetrics, who was presented the Entering Beauty Award.

Later, Kressley expressed his fondness for Estée Lauder's Fabrice Weber — whom he called a "hottie" and warmly embraced when he approached the podium to claim an award for Aramis Life for

men's scents priced \$24 and over. MAC, Origins, Estée Lauder and Clinique were brands from The Estée Lauder Cos. that took home awards.

CEW chairperson Robin Burns noted that when the awards were first held 10 years ago, there were 35 entries. For the 2003 awards that number grew to 320, representing 140 companies.

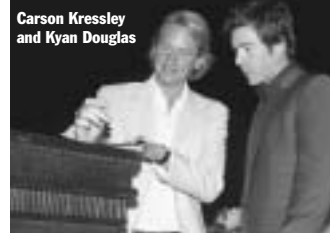
Origins took the award for bath and body product, \$12.50 and over, with its Incredible Spreadable Scrub Ginger body smoother; for the under-\$12.50 segment, Schick Wilkinson Sword won with its Schick Intuition razor.

In facial skin care, Clinique's Take the Day Off Face & Eye Cleansing Towelettes won for cleanser/toner, \$10 and over; and in the under-\$10 segment it was Dove Face Cleansing Pillows. For eye treatments, \$20 and over, it was Origins No Puffery Cooling Mask. In the mask, peel and scrub category, \$15 and over, Estée Lauder Idealist Micro-D Deep Thermal Refinisher was the top

vote-getter. For the under-\$15 segment, Neutrogena's Hydrating Facial Cloth Mask took the honors. For moisturizers, \$20 and over, it was Clinique RepairWear Day SPF 15 Intensive Cream, and for products under \$20, Olay's Regenerist Enhancing Lotion with UV Protection won. Also in skin care, there were awards for problem-solving products. In the \$25-and-over category,

Avon took the award for its Anew Clinical Line and Wrinkle Corrector, while MAC's Tinted Lip Conditioner won in the under-\$25 group.

For the makeup segment, Estée Lauder took home the prize for the eye product, \$12.50 and over; for MagnaScopic Maximum Volume Mascara; the under-\$12.50 prize went to MAC for Fibre Rich Lash. Face product, \$15 and over; was won by Benefit Cosmetics Dandelion, and Del Laboratories took the award in the under-\$15 segment for Sally Hansen Healing Beauty Fast and Flawless Airbrush Makeup. For the lip product, \$12.50 and over; it was Chanel's Lèvres Lumière Intense Glossier



Carson Kressley and Kyan Douglas

Extreme, and in \$12.50 and under; it was Kiehl's Lip Balm SPF 15 Hue 30G.

For the women's scent, \$24 and over, Estée Lauder won with Beyond Paradise, while Avon's Mark brand won in the under-\$24 segment with Mark Garden Blu Lotion Glow Stick.

There were also awards for the hair care and coloring category. For products \$15 and over, L'Oréal Couleur Experte took home the prize, while Revlon's High Dimension Color Accents Highlighting Kit won for \$15 and under.

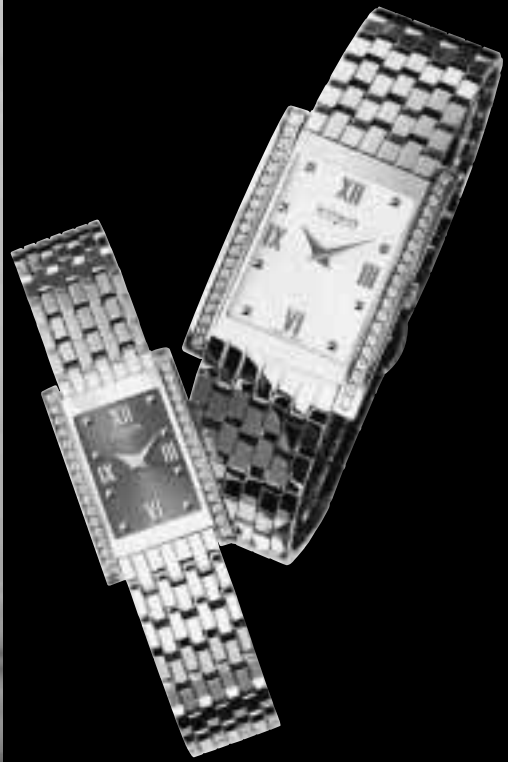
Finally, there was an award for sun products, \$15 and over, which went to Estée Lauder's Go Tan Towelettes.

— Laura Klepacki and Julie Naughton

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Accessories Report

Ferragamo's New Path

By Alessandra Ilari

ROME — The Ferragamos are out to become more competitive.

The family, which also owns Ungaro, has mapped out a medium-term growth plan that revolves around new key executives in design and production who are being given more authority than ever; a stepped-up retail expansion program, and greater design unity between Ferragamo's ready-to-wear and accessories collections.

The last category is still Ferragamo's cornerstone, a fact highlighted by the breakdown of the company's \$591 million consolidated sales in 2003: the 10,000 pairs of men's and women's shoes produced daily generated 38.9 percent of sales, while bags and small leathergoods accounted for 25.1 percent; men's and women's rtw contributed 16 percent of sales, and eyewear, perfume, royalties and Ungaro made up the balance. Dollar figures are converted from euros at average exchange.

"We're never satisfied," said Ferruccio Ferragamo, chief executive officer of the luxury goods house, in an interview. "We're ambitious and eager for new chal-



Ferruccio Ferragamo

lenges. We want to keep running but we want to run in the right direction."

Ferragamo dismissed a multibrand strategy or far-flung diversification as possible growth areas. "Our focus is to consolidate all our categories, such as product, distribution and retail operations," he said.

As reported, over the past seven months Ferragamo has created three new executive posts: Hervé Martin joined as product general manager in September, while Nathalie Gervais and Fulvio Zendrini arrived in March as creative director and head of international communications, respectively.

"The boom of fashion houses diversi-

fyng with accessories has resulted in a fiercer competition and a consequent loss of market share for Ferragamo, which is why we felt the need to implement our team," said Ferragamo.

Attracting a marquee name to design the company's rtw clearly didn't fit the bill, Ferragamo said, because the idea is to push the accessories rather than suffocate them for the sake of the apparel.

Armando Branchini, vice president at fashion consultancy Intercorporate, said Ferragamo relies on a solid and serious product that will only be boosted by the company's new vision for the future. "This optimistic strategy shows that the Ferragamos have their feet on the floor. It makes the company more competitive and further elevates the product's awareness," Branchini said, referring to the new executive additions.

A chief executive at an Italian head-hunting firm, who requested anonymity, was both optimistic and perplexed by the new appointees. "On one hand, the choice to invest in new people denotes an opening to the future. On the other, the governance model is unclear because the family maintains a strong foothold in key deci-



Giovanna Gentile Ferragamo

sions, which makes me think that some of the roles could overlap," she said.

A fashion insider said it's important for the family to concede the new hires the freedom in which to operate. "In the past, what happened was that there was a good relationship between the family and the new executives in the beginning but after a while, the marriage became shaky because the family still wanted total control," said the source.

The search for the replacement of Graeme Black, the women's rtw designer who left in mid-April when his contract expired, is yet to be completed.

Giovanna Gentile Ferragamo, vice president of Salvatore Ferragamo Italia,

said it was first necessary to reorganize the internal design department to guarantee continuity and uniformity. "It's better for everyone to have one point of reference. It was important for us to update with a more incisive and creative product," she said.

The new design team will imbue the collections with more verve and edge, a move made years ago by many of Ferragamo's competitors, such as Prada and Gucci.

"We want to broaden our clientele but we're a lifestyle brand more than an age target," said Ferragamo. "We want to update that lifestyle and make it more appealing to a younger clientele without tweaking our characteristics."

As a result, the Ferragamos have dissolved the "image committee," in which all the family members participated to coordinate the product's image across the board. "We want to focus on the product and raise its awareness to the consumer. It will take time, though, to see the results at retail," Ferragamo said.

A retail expansion that spans from directly operated stores to store corners is still a worthy investment, according to Ferragamo, who is channeling a hefty chunk of the company's annual \$46 million investment budget to the opening of 66 points of sales this year, including 15 freestanding shops, both directly owned and franchised.

By year-end, Ferragamo will have a total of 494 sales points worldwide, a 15 percent increase over 2003.

Ferragamo is also trying to fix the fact that numerous looks on the runway don't actually make it into the stores. "We're working to make sure that we calibrate the right number of runway exits to avoid running into manufacturing difficulties or ending up with extra stock," said Ferragamo.

Asia and the Far East make up the lion's share of sales with 46.2 percent, while Europe and the U.S. each represent a 26 percent slice of the pie.

Ferragamo noted that after a shaky 2003, this year is already looking rosier with upbeat signals coming from Asia — namely China, where the internal flow of seven million tourists stimulated retail sales, especially in Hong Kong — and from the U.S.

"Encouraging signals are coming from the U.S. where the low dollar has boosted domestic consumption," said Ferragamo. He added that in the first quarter of 2004, the firm's U.S. retail operations registered a 30 percent increase compared with the same period last year. "It confirms the brand's strength and our consumers' faith," noted Ferragamo.

As for new markets, Ferragamo admit-



A fall Ferragamo runway look.

PHOTOS BY KHEPRI STUDIO, RUNWAY PHOTO BY GIOVANNI GIANNINI

ted the company lags behind its competitors in exploring new areas other than Russia. But it is looking into production facilities in China — where the company already has 39 stores with six more opening this year — to avoid missing out on future opportunities.

As for the copious third generation of Ferragamos — 23 nieces and nephews — the family has voted for the entrance of only three members: James Ferragamo, merchandising manager; Diego di San Giuliano, who is charge of the developing women's footwear, and Angelica Visconti, who is still training in various departments.

They are the children of Ferruccio Ferragamo, Fiamma di San Giuliano and Fulvia Ferragamo, respectively.

Ferragamo continues to bypass the licensing route, preferring to produce everything in-house, including the fragrances and watches, launched last November, which are designed and distributed out of Florence but assembled in Switzerland.

Only the eyewear is licensed to Luxottica for technical purposes. "We're conservative when it comes to licenses because it's still the best way to have total control and safeguard quality," said Ferragamo.

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Mido: It's in the Details

By Amanda Kaiser

MILAN — Minimalism is out — at least when it comes to eyewear. Manufacturers at Mido were trying to lure buyers with bright colors; big, crystal-studded logos, and oversized plastic frames. Their move toward more fashionable styling is attracting interest: Data from the fair's organizers showed a 46 percent jump in visitors for this year's three-day fair compared with the four-day edition last year. The exhibition, held at the Milan fairgrounds, ran May 7-9.

Eyewear executives were upbeat about rising demand. Roberto Vedovotto, chief executive of Saffilo, said prospects for 2004 are looking bright. Although the European market is still sluggish, he said the U.S. was doing well and Asia is particularly strong.

"After SARS, Japanese customers and tourists around the world are starting to travel," he said. Silvio Vecelio Reane, the ceo of IT Holding's eyewear unit, Allison, said, "Based on the orders and indications of interest we have so far, I think we'll end this year with growth that's at a much higher rate than the 40 percent posted in the first quarter."

Mirroring trends at Vision Expo, which took place in March in New York, eyewear makers took advantage of plastic's versatility by layering and meshing different colors together, engraving it with lasers and, above all, turning to the runway for inspiration.

"For women's fashion eyewear, there's a lot of attention to brands, to luxury and to large shapes," said Maurizio Marcolin, who oversees the style and licensing activities for Marcolin, the company that produces for the likes of Dolce & Gabbana and Roberto Cavalli. "We are using a lot of rhinestones and semiprecious stones, but not in an over-the-top way that is vulgar," he said.

Giorgio Armani — who last year switched camps to Saffilo from Luxottica and single-handedly initiated a game of musical chairs for manufacturers and brands — drew on the nautical theme of his spring-summer collection, placing small anchors on his frames. Emporio Armani's offerings resembled goggles in hues such as aquamarine and plum.

Prada played with bicolor and tortoiseshell combinations, creating tie-dye effects to match the recent trend in its apparel collection. Miu Miu frames were more square and girly, in tones such as bubble-gum pink and tangerine. Versace went Old Hollywood with oversized round lenses in black, tortoiseshell or opaque gray, and sporty with shield styles in cherry and lime green. Both Prada and Versace recently joined the Luxottica fold.

"There's a demand for color, even if at the end of the day, black is sold the most," noted Gualtiero Coppe, vice president of Allison U.S.A. He added that new licenses like Cerruti, John Richmond and Vivienne Westwood boosted the company's first-quarter sales in the U.S. by 50 percent.

Cheery and summery accents abounded. Dolce & Gabbana used floral-print fabrics in some of its frames; Ferragamo wove straw flowers into the stems of its frames, and Valentino and Stella McCartney both chose butterflies to flutter about their lenses.

On a more sporty note, Alexander McQueen, a new entry on the eyewear scene, unveiled aviator shapes, some with wood trim.

FINDINGS



Versace's Diva sunglasses.

DIVA IN THE SUN: Donatella Versace knows a thing or two about movie stars and sunbathers, so launching sunglasses for the Cannes Film Festival seemed like a natural move. The two new rectangular and oversize sunglasses styles are called Diva and Hero, and are fit for screen legends — particularly those looking to hide the scars of recent plastic surgery around their eyes.

Diva comes in such colors as brown and gray with a gold- or silver-colored Medusa on the arms, but the most striking is a black version with white arms and a silver Medusa. Hero, meanwhile, is available in black, dark tortoiseshell and light brown, and features half-Medusas and the designer's gothic script initials on the arms.

"The Cannes Film Festival is the perfect setting to launch Diva and Hero," said Versace. "Large, dark shades are the ubiquitous accessory here...and if there's a film festival renowned for the enduring presence of the diva, it's this one!"

COLOR ME PUNCTUAL: Matthew Williamson is getting into the watch business — but just for a minute. Williamson, along with industrial designer Karim Rashid and contemporary artist Dave Kinsey, will create up to four styles for Timex's limited-edition XFactor collection. The watches will hit high-end retail stores for the holiday season.

In addition, the Middlebury, Conn.-based watch manufacturer is hosting a competition in honor of its 150th

anniversary. Called "Timex 2154: The Future of Time," the contest will be open to students and young professionals who will conceptualize watches and timekeeping for the next century and a half. Winning entries will go on display at the Timex Museum in Waterbury, Conn.

PEDRE MOVES: Pedre Watch Co. relocated to 10,000-square-foot digs at 48 West 38th Street, an increase in space of 45 percent to accommodate its expanded staff and new products. Pedre is currently located at 29 West 35th Street. The company's private label business, in particular, has been growing, and the company makes watches for such stores as Coldwater Creek, J. Jill and Chico's.



Colette Malouf's diamond and gold ring.

FINE LINE: It's clear how much the accessories business has changed in the past 15 years when a designer who started with the hair scrunchie is now dabbling in diamonds. Colette Malouf, who was known during the Eighties for her hair accessories, is unveiling her first fine jewelry collection for fall.

The 18-karat gold and diamond pieces follow a similar nature-inspired aesthetic as her sterling silver collection, which she launched a year and a half ago. Bib necklaces shaped like branches and linked with diamonds go for \$1,500 wholesale, while gold cuff earrings are \$345.



Matthew Williamson for Timex XFactor

PHOTOS BY KEPRIN STUDIO



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Isabella Fiore

Innerwear Report

A New Modern Sensuality

Continued from page one

economy — has marketers rethinking the tone and message of their ad campaigns.

In the last four months, three controversial events have triggered the turnaround: Janet Jackson's infamous "wardrobe malfunction" at the Super Bowl, federal regulators fining Clear Channel Communications \$495,000 for sexually explicit materials on the Howard Stern Show and the abrupt decision by Victoria's Secret to drop its "Sexiest Night on TV" fashion show.

Part of the reason — 25 percent — Victoria's Secret decided to cancel its annual catwalk show was due to the "environment," beginning with Jackson's breast-baring incident and Stern's radio shocker, a Victoria's Secret spokesman said in April. Officials at Victoria's Secret could not be reached Friday, but the \$3.8 billion lingerie specialist is said to be considering a tamer, less vampish image for the fall season.

A kinder, gentler atmosphere already is pervading Victoria's Secret. A current TV ad features a weather-beaten-looking Bob Dylan and a young woman swathed in romantic-looking lingerie in a dream-like palazzo setting, as "Love Sick," a track from Dylan's latest CD, "Time Out of Mind," plays.

Labeled an emotional buy, lingerie is an apparel category that is particularly vulnerable when it comes to the sensitivity level of consumers and how the product and message are conveyed and perceived. And there's a fine line between sweet and dainty and blatantly sexy or sexually suggestive images that verge on soft porn.

Registering the mood of the moment, Robert Thompson, professor of Pop Culture at the Newhouse School of Public Communications at Syracuse University, said, "The Janet Jackson event totally penetrated the culture and blew away much more important stories for several weeks — even the presidential campaign. First, it was an issue of bad press, the kind of bad press the Abercrombie & Fitch catalogue got.

"After that Super Bowl event, decency groups were attempting to connect it with something anti-American. And the big companies were thinking we don't need bad press, so let's wait until this all dies down. It's kind of like big sister and little brother did something bad, and mom and dad are mad. So, I'll just behave myself for a little while until it goes away," said Thompson.

Regarding the fate of the Victoria's Secret TV show, Thompson observed, "CBS figured out the Victoria's

JLo Lingerie by Jennifer Lopez at Warnaco renders underwear in a soft, flirtatious way.



Hilary Swank epitomizes a romantic look in the new Calvin Klein Sensual Support shapers.



Secret show wasn't the hit it could have been, and not worth the effort to put an hour-long underwear commercial on the air.

"We might be moving toward a period of change. To an extent, it's the self-righteous groups that make lingerie sexy, and it's become a ridiculous fetish game," continued Thompson. "The animal kingdom has to be laughing at this as they go through their mating rituals. It's all about the puritanism, the fear of going over the line, the fear of being naughty. And yet, this is the energy that drives lingerie in the first place. The day the Planned Parenthood Association complains about the Victoria's Secret show is the day we don't need lingerie anymore."

From a manufacturer's perspective, Ray Nadeau, president of Sara Lee Intimate Apparel, observed, "What you want to do is present your brand with the

Representing modern sensuality is Natori Black Label's signature embroidered lace bra and panties.



best foot forward. You want it to be stylized, fashion-forward and have a sense of humor. There's an important distinction from being overtly sexy like the Victoria's Secret ads. But they are looking at changing it slightly."

Despite the pressure from federal agencies, some lingerie companies such as La Perla, which specializes in sensual, luxe lingerie, and Agent Provocateur, which dwells on blatantly sexy fare, are sticking to their guns. Gianluca Flore, chief executive officer of La Perla USA, the American unit of Bologna, Italy-based Gruppo La Perla, said, "First of all, we are a quality luxury brand. For La Perla, it's not a question of being sexy, it's freedom of expression, it's to create a piece of art."

Joseph Corre, a partner of London-based Agent Provocateur, put it this way: "Agent Provocateur has never and will never bow to puritan pressure. We do see the current climate and cancellation of the Victoria's Secret show as an opportunity for us to really show people the difference in quality that Agent Provocateur represents and push the boundaries much further in our U.S. marketing."

Debra McGuire, the 10-year wardrobe designer for the TV series, "Friends," as well as the upcoming summer movie, "Anchor Man," with Will Farrell, said the modesty question is a "huge issue" for the upcoming TV fall season.

"I hope there won't be a lot of constraints. After all, I'm the one responsible for revealing stomachs and showing explicit clothing [lingerie] on 'Friends.' But a lot of constraints are being put on TV companies, and a lot of shows could be pulled because they are too sexually explicit," said McGuire. "It was so radical when [Detective Andy] Sipowicz's derriere was exposed on 'NYPD Blue.' But that was a while ago. I think we are going backward."

Some in the lingerie industry disagree, saying the imagery in upcoming ad campaigns is more contemporary, with a sensual rather than sexual quality. For example, the visuals for an ad campaign for Natori lingerie represent a modern, liberated woman, said Josie Natori, ceo of the Natori Co.

"It celebrates women, and it's something I guard very jealously," said Natori. "It's about being feminine and sensual, not about being a slut."

Natori's new ad campaign for fall 2004 was launched this month at the 57th-annual Cannes Film Festival on large screens that also run trailers and celebrity interviews.

Addressing the ultraconservative environment, Anne DiGiovanna, vice president of marketing at The Warnaco Group, noted, "We were not influenced at all by recent events when planning our advertising campaigns for Lejaby Rose and JLo Lingerie by Jennifer Lopez. As always, our first priority was to create an ad campaign which best supported the brand positioning. Neither brand is about provocative sexuality for shock value, but more about a woman's ability to draw confidence from feeling sexy — even if it's just for herself."

Calvin Klein Underwear ads featuring Christy Turlington startled a no-holds-barred trend in the Nineties.



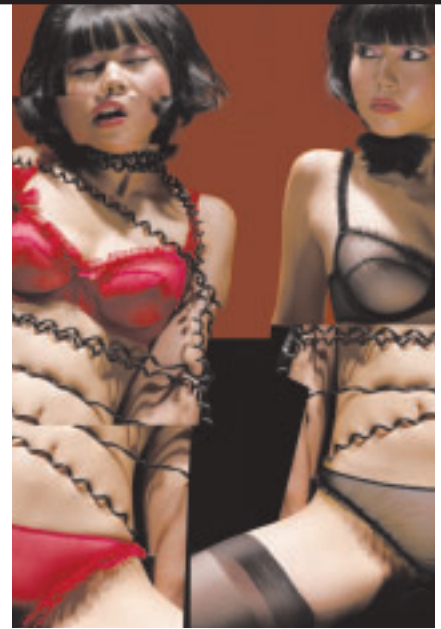
IMAGES COURTESY OF THE ADVERTISING ARCHIVES. COPYRIGHT CALVIN KLEIN

Victoria's Secret strutted overt sexuality in its last TV fashion show in November.





An in-your-face store visual by La Perla greets passersby on Madison Avenue.



Agent Provocateur refuses to "bow to puritan pressure" in this bondage-lingerie scenario.

Ads that shock readers are nothing new. Abercrombie & Fitch's now-defunct Quarterly — which triggered protests for its overt nudity and has since morphed into a cleaned-up catalogue — previously showed images such as a nude model reclining atop a horse. Numerous publications banned Candie's ads with Jenny McCarthy sitting on a toilet and, of course, there were the notorious Calvin Klein Jeans ads that some felt bordered on child pornography and got Klein in hot water with the Justice Department. But the controversy sold a lot of product in 1995, as did seminuade ads in the Nineties featuring Christy Turlington in Calvin Klein Underwear.

However, the mood of the nation has changed dramatically in an era of horrific news events and an entertainment brand culture increasingly filled with graphic images of violence and sex. Marketers at a number of companies are reassessing the strength and viability of intimate apparel brands, as well as their message to consumers.

David Lipman, chairman and creative director of Lipman, the New York ad agency, said, "Sensitivities are high and I think [the U.S. is] in a very strange period of time right now with the Iraq war. It's a sad commentary when there is outrage over a wardrobe malfunction, yet showing a beheading is OK. A lot of special precautions are being taken by companies right now, but six months or one year from now, people will again start to take chances. Let's face it, sex sells. It won't go away."

Charles DeCaro, creative director of Laspata/DeCaro, a full-service advertising and marketing agency here, said, "There's sexuality and there's sexuality, and what separates it is a fine line of taste. There's a different mind-set now, it has to be something a woman can emotionally connect with. Ads with a lot of cleavage have

been done. I think modesty doesn't play a part in this at all. It's reality, it's about feeling good about yourself. That's how we approached Maidenform's 'I Dreamed...' ads, with emotions spoken on a page."

There could also be a case of déjà vu, and the U.S. market could take a cue from the French and the Brits. In 2001, the economy in France was weak and unemployment rampant. The French government lambasted some of Europe's biggest fashion houses — Emanuel Ungaro, Christian Dior and Sisley — for portraying women in porno-chic ads. But designers such as John Galiano quickly toned it down,

opting for chic, romantic images that ranged from formal portraiture to cinematic storyboards. In 2003, British men's magazines and tabloids — known for full-page topless beauties — were forced to rethink their approach to sex in the face of an increasingly difficult market.

Marc Gobé, author of "Emotional Branding" and president of DesGrippes Gobé, a brand consulting firm here, said, "What's happening now demonstrates the beginning of a new era. The sexy over-the-top images are not satisfying audiences as much as they used to. People are saying they've been there, seen it and it's time to move on. People have more oppressing issues on their minds — the war, the economy, terrorism — and I think they long for humor, escape and fun."

This idea fits in with Sara Lee's plans to capitalize on the strength of stylized humor in a new marketing campaign for Wonderbra this fall.

"Wonderbra's all about cleavage and push-up [bras], but clearly how you photograph it, incorporate the copy lines and present it suggests the taste level. It's all about how you do it with a taste level to make it more palatable for consumers at large," said Nadeau.

Asked if the new Wonderbra ads will be tamer than

“The sexy over-the-top images are not satisfying audiences as much as they used to. People are saying they’ve been there, seen it and it’s time to move on.”

— Marc Gobé, DesGrippes Gobé



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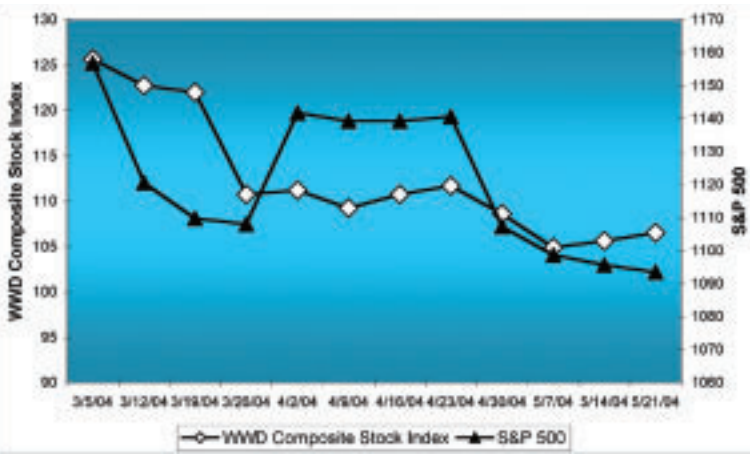


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52-Week		P/E	Sales (000's)	Amt	
High	Low			Last	Change
Retailers					
36.38	23.07	15.6	73250	34.33	-0.52
25.24	12.72	23.8	43497	25.16	1.66
47.15	22.18	15.8	63378	40.63	0.28
24.33	10.41	26.6	5089	19.41	0.09
5.97	0.76	-	3138	2.03	-0.48
17.95	3.99	8.8	2128	10.85	0.84
22.50	15.56	16.6	4657	18.00	0.34
35.44	8.54	20.4	2452	26.49	-1.07
25.50	17.05	14.1	5743	21.22	1.84
19.29	8.65	24.3	7032	17.51	0.25
8.29	4.09	15.5	113406	8.12	1.29
47.60	19.39	33.7	46947	39.41	0.38
32.85	13.46	21.1	19229	24.06	1.75
41.34	25.50	17.9	97857	39.86	-0.32
27.01	17.58	23.8	256	23.53	0.68
19.61	12.73	41.4	66448	19.28	1.84
23.40	15.61	19.6	82838	18.20	0.50
18.72	12.20	48.7	4141	16.47	0.45
44.13	26.51	18.8	85505	29.51	1.38
55.06	30.44	11.4	105305	47.05	0.71
23.47	16.32	19.6	259354	22.58	0.69
14.80	5.85	16.0	12330	11.62	0.11
6.48	1.35	22.7	544	5.01	-0.37
19.58	3.86	45.3	4832	14.62	0.37
10.00	0.01	-	101	2.45	-0.05
32.30	16.13	20.3	92818	21.05	0.86
36.77	15.57	22.1	224294	34.86	2.84
50.10	14.25	-	97179	49.11	4.81
65.44	39.59	25.3	162615	44.79	1.22
21.65	13.49	13.6	116410	19.30	-0.58
36.48	20.25	19.3	77923	28.52	0.15
37.87	19.72	8.8	500	20.36	-1.01
59.70	32.26	14.3	8361	50.56	1.85
41.25	17.06	20.9	74490	39.90	3.63
25.78	13.51	18.6	80437	21.26	0.66
8.60	1.90	-	2779	6.96	0.14
32.86	19.43	16.4	209305	24.86	-1.74
17.92	8.85	21.7	56033	14.39	0.16
56.06	26.95	3.4	71481	37.98	0.16
17.23	11.02	9.9	12386	13.36	0.03
42.01	21.80	11.4	13669	37.50	1.45
14.52	5.00	42.8	9639	14.16	0.31
8.25	6.20	-	327	8.25	0.53
38.65	26.35	16.8	23906	32.99	-0.21
46.81	32.56	20.3	182888	43.21	-0.21
26.12	17.39	17.4	132906	24.41	0.58
50.69	15.51	30.9	32630	47.31	0.74
37.42	28.80	17.4	139110	33.83	0.23
61.31	50.50	25.9	434491	55.09	0.03
12.99	5.05	-	25098	5.75	-0.09
10.15	1.95	-	7181	2.69	0.14
62.60	34.06	13.7	17225	52.84	-1.11
Vendors					
48.20	32.99	31.0	15179	45.63	-0.58
85.85	58.10	27.9	61727	85.31	0.92
27.41	16.70	31.8	1432	23.55	0.27
24.75	15.67	13.5	412	23.00	-0.24
45.45	22.04	32.5	68586	40.10	-1.14
59.39	44.85	16.9	9936	53.17	0.42
34.48	21.44	14.2	618	27.80	-0.51
23.94	10.83	-	6667	22.35	0.06
47.09	32.60	28.9	49325	44.34	-0.81
25.97	13.30	14.9	17318	23.00	-0.22
12.00	5.95	6.9	248	8.45	0.35
38.40	29.18	17.0	17882	35.35	0.60
33.36	6.78	26.5	4573	22.30	-0.34
39.74	27.60	15.3	49880	36.70	0.05
43.60	27.91	14.9	7327	40.87	0.75
37.39	18.55	19.0	3224	32.49	0.20
38.90	32.00	12.6	40546	33.26	-0.96
6.90	3.40	14.9	1469	4.13	-0.20
32.50	19.46	16.4	1437	30.98	1.21
78.56	49.60	20.0	67937	67.48	-0.21
2.65	1.54	-	51	1.92	-0.10
47.50	18.33	20.6	3790	37.34	0.78
29.95	18.25	14.2	862	25.07	0.34
19.95	12.65	-	8095	18.49	1.67
37.05	23.05	17.5	16931	33.10	1.10
23.41	14.70	18.6	24572	21.39	0.87
42.95	29.95	12.9	58402	34.69	0.06
46.56	27.76	18.0	6980	41.69	0.29
3.93	2.05	-	25811	2.99	-0.01
21.15	15.43	13.1	5543	16.25	0.17
4.76	1.51	-	1131	1.95	-0.05
18.25	7.63	-	16609	15.00	0.27
8.59	0.90	-	5116	2.09	-0.16
21.02	10.61	-	28949	19.70	0.05

WWD Composite Stock Index vs. S&P 500



SOURCE: DATA NETWORKS, STANDARD & POOR'S

Stocks Eke Out Gain for Week

NEW YORK — Although a drop in the barrel price of oil below \$40 lifted stocks Friday, there was barely enough strength in the rally to buoy stock prices for the week.

As a result, the **WWD Composite Stock Index** squeezed by with a 0.8 percent gain, rising to 106.53 at Friday's close from 105.64 the prior week. The S&P 500 wrapped up the week down 0.2 percent to 1,093.56 from 1,095.66.

Meanwhile, the likelihood of higher interest rates and the reality of higher gas prices are contributing to an increas-

ingly negative view of apparel stocks.

Merrill Lynch analyst Virginia Genereux on Thursday released a research note, entitled "Brand Apparel: Stepping Back," in which she lowered her opinions of **Tommy Hilfiger**, **Liz Claiborne** and **Jones Apparel Group** to "neutral" from "buy."

In addition to the interest rate-gas price combination, she noted that "retail sales weakened slightly in April and our contacts indicate that May sales are so far only fair." Genereux maintained her

"buy" rating on **Polo Ralph Lauren**, a firm whose earnings growth "is poised to accelerate to a midteens rate for the next few years."

The Merrill Lynch analyst allowed that, "while there is something of a resurgent apparel fashion cycle, this may not accrue to the benefit of the big traditional apparel vendors the way it has in the past. Department stores' recent success with smaller, more exclusive brands in the women's better zone — brands such as Calvin Klein and H Tommy Hilfiger — means that they are likely to allocate additional shelf space to these smaller brands next year, at the expense of larger, more established lines."

Shares of Liz Claiborne ended the week down 2.8 percent at \$33.26 while Tommy Hilfiger closed Friday at \$15, which is up 1.8 percent for the week.

Jones Apparel closed Friday at \$36.70, up 0.1 percent from the prior week, while Polo Ralph Lauren wrapped up at \$33.10, up 3.4 percent.

— **Arnold J. Karr** and **Arthur Zaczekiewicz**

WWD Stock Market Index

Composite:	Retailers:	Vendors:
106.53	104.70	115.97
↑ 0.89	↑ 0.95	↑ 0.43

Index base of 100 is keyed to closing prices of Dec. 31, 2002.

Biggest Percentage Changes For Week Ending May 21

Gainers	Close	Change
Charming Shoppes	8.12	18.89
Kmart	49.11	10.86
Dillard's	19.28	10.55
Nordstrom	39.90	10.01
PVH	18.49	9.93
Losers	Close	Change
Bluefly	2.03	-19.12
Tropical Sprtswr	2.09	-7.11
Gottschalks	5.01	-6.88
Ross Stores	24.86	-6.54
Novel Denim	1.92	-4.95

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Meet The PROs

Private Bank

HBC Eyes Zucker's Growing Stake

By Vicki M. Young

NEW YORK — An American industrialist still hasn't completed plans for his investment in Hudson's Bay Co., but he is moving closer to what may be a possible takeover play for the Canadian retailer.

As reported by WWD in December, Jerry Zucker, chairman of Nova Scotia-based Maple Leaf Heritage Investments, has gradually increased his stock holdings in Hudson's Bay, or HBC. As of April 21, that stake now represents 18.1 percent of HBC's outstanding shares.

With a stake that high, there are continuing questions about what Zucker might do next. Does he just hold on to what he's got? Or will he buy more shares? If so, then a takeover maneuver appears to be the more likely scenario.

Anyone owning more than a 20 percent stake is required to make an offer to all other shareholders, according to a story that ran in *The New York Times* last Wednesday. The story attributed the requirement to an HBC poison pill, an anti-takeover defense.

Not so fast, according to Zucker's representative in the U.S., who pointed out that no decision has been made about the HBC investment. But if one were to be considered, the poison pill would be merely a minor obstacle.

Robert Johnston, vice president for strategic planning at the InterTech Group Inc., Zucker's firm in the U.S. based in North Charleston, S.C., noted that under Canadian securities regulations one "cannot acquire more than a 20 percent [stake] through the open market transaction without tendering for all shares."

He also noted an exemption for when such deals are accomplished through privately negotiated transactions. And while poison pills usually make life difficult for the potential raider, Johnston doesn't see them as an effective blocking mechanism in Canada.

"In the case of HBC, if triggered, it would dilute [the value held by] existing shareholders. But Canadian poison pills tend not to hold up in court. If we were to launch a tender offer, the [HBC] poison pill would be a stalling tactic, but it would be vitiated under Canadian law if the [court considers the] bid fair to all shareholders," he said.

Of course, Johnston repeated, Zucker hasn't decided what he wants to do. "We are considering all options. We may buy more stock, sell or tender for all outstanding shares. We are patient investors.... There are no deadlines, and we continue to watch the situation," he emphasized.

Johnston said the company is not planning any major announcement at HBC's annual meeting on May 28.

"We're not going to upstage the board," he said.

Johnston confirmed that management at the two firms have had ongoing conversations, describing them as "cordial." He said that Zucker's preference is for a "friendly transaction. One thing we try to get across is that we are very supportive of the company and supportive of the management team. We like their strategy, and we are good corpo-

rate partners in our other [strategic alliances.] We are not a Yankee raider."

Insiders at HBC might not necessarily view Zucker as their friend. A source close to the retailer said that the chain, which celebrated its 334th birthday on May 2, very much wants to remain independent, with existing management in control of the retailer's own destiny. The source also said that HBC management is likely to put up a fight should there be a tender offer in the works.

One source familiar with HBC's operations said that a spe-

cial committee was set up to review its options with regard to the Zucker share acquisitions, and a contact at Zucker's operations said that the committee was likely formed sometime after April 21 when Zucker's holdings hit the 18.1 percent mark.

Rob Moore, vice president for communications at HBC, said, "A possible takeover is one of four or five options Zucker outlined to us since December."

He noted that the company is reviewing how best to preserve shareholder interests. He added that the final decision regarding

whether a takeover is approved, should that be the case, is one for HBC shareholders. As for the special committee, Moore declined comment about "that level of detailing in terms of what the board has planned."

Moore did say that the retailer and management are "taking into account what our obligations should be to be prepared for any eventuality."

According to Johnston, analysts have been far too focused on competition with Wal-Mart and same-store sales growth, and he lamented how they are missing the big picture where HBC is concerned.

"This company has cash flow of between \$350 million to \$450 million [Canadian] on an EBIT-

DA [earnings before interest, taxes, depreciation and appreciation] basis. Hudson's Bay is focused on profitability and the bottom line, and is not out to impress anybody," Johnston said. In U.S. currency this equates to \$255 million to \$320 million at current exchange rates.

He added that another impressive move has been how HBC is differentiating itself from other Canadian retailers.

"The refurbished Zeller's stores in the new format are like what Target is in the U.S. Zeller's with its new stores is bringing in new product, and is more innovative. We have visited the new Zeller's stores and we have been very impressed," Johnston said.

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New School Favors Karan With Honorary Doctorate



Donna Karan greets the academic procession.

NEW YORK — As Donna Karan slipped into a black gown trimmed with velvet stripes, then clamped a mortarboard to her head on Friday afternoon in preparation to receive an honorary doctorate in fine arts from New School University, the first thing she thought of was how much better that gown would look with pockets, or maybe if it was six inches shorter.

"I just felt like I have to add something to it, you know?" she said, hamming it up for the paparazzi gathered at a reception in the Club Room at Madison Square Garden here.

"What's wrong with you?" she teased one of them, who laughed. "I'm a doctor! Or I'm about to be."

Karan is arguably the most famous student ever to drop out of Parsons School of Design — now a division of the New School — and go on to become a successful designer. (Karan's career is profiled in a Milestone supplement in this issue.) After struggling with her studies, Karan left Parsons in 1968 to work for Anne Klein, but it was not until she started her own business in 1984 that the designer completed the necessary credits for a bachelor's degree, conferred by Parsons in 1987.

"For the girl who failed draping class, this is really something," Karan said. "I had to go to summer school. I was told I'd never be a designer. I was told I should give it up and try something else. Now I'm a doctor."

Karan was one of six recipients of honorary degrees at the New School's commencement, staged at the Theater at Madison Square Garden for the eight divisions of the university with 2,383 graduating students. Theodore Sorensen, the former special counsel to John F. Kennedy; pianist and composer William Bolcom; artist Chuck Close; choreographer Katherine Dunham, and Peter G. Peterson, chairman of The Blackstone Group, also received degrees.

After discussing the fashion origins of the cap and gown at some length with New School University president Bob Kerrey — Kerrey told her they're Arabic — Karan gave a warm embrace to James Lipton, who is the outgoing dean of the New School's Actor's Studio and host of "Inside the Actor's Studio" on PBS, and announced she had helped facilitate the recent appearance of her friend Barbra Streisand on his program.

"I've always felt I'm kind of like a doctor anyway," Karan said. "I'm always walking up and down the halls of my offices and asking everyone if they're OK."

Chuck Close, whose honorary doctorate was also designated in the fine arts, had a different take on the honor.

"I've always said, 'Why don't they give me a doctorate in gynecology?'" he said. "That would be more useful."

— Eric Wilson

Stephen Sprouse Remembered For His Art, Music and Fashion

NEW YORK — Halloween was his favorite holiday and to Stephen Sprouse, drawing was his favorite sport.

"I first realized Steve's talent when we were kids and he told me he could draw a star without lifting his pen off the paper," said Bradford Sprouse, Stephen's younger brother, also noting his brother's constant creativity with who can make the best Halloween costume. "I didn't believe he could do it, but sure enough, he proved me wrong. He drew a perfect, five-point star without lifting his pen. I was impressed."

Little did he know at the time that the same star he drew as a child would become one of Sprouse's most recognizable pieces of art — incorporated in so many of his designs.

Model Kate Moss and designer Anna Sui were among the more than 100 family members, friends and fans of the late artist — who died at the age of 50 of heart failure on March 4 — who gathered for a memorial service at Boylan Studios here on Friday evening. Stories of days passed were shared by 10 people who were close to Stephen throughout the course of his life, among them Stephen's mother, Joanne Sprouse; brother Bradford; niece Ashley and fashion icon Polly Mellen, who worked with Sprouse on several occasions.

"I could go on forever telling stories of Stephen's life, but

today I am here to thank you — his New York family," addressed Joanne Sprouse, dressed not in all black, but in a neon pink dress, one of Sprouse's signature colors. She and her family traveled from their home in northern Michigan for the service. "As I sat with Bradford at the kitchen table on March 4, all I could think of was that Stephen was alone in New York, without his family. And then the phone started ringing and it was all of you. I soon realized that Stephen didn't just have friends in New York, but he had his family. You were his family for 13 years."

Sprouse certainly made his mark on the art and music worlds and almost by accident, on the fashion industry as well. "I want to make this work, so I can support my videos and music," he told WWD in February 1984. "I got an electric guitar with my first sequin dress payment."

Landing an internship with Bill Blass at the age of 14, Sprouse was Halston's right-hand man by the age of 18. He made a major mark on the design house when the designer let Sprouse cut long dresses into minis right before a fashion show in 1974. By 1983, he opened his own fashion business with a \$1.4 million loan from his family. Combining downtown art with uptown chic, Sprouse made quite the impact with his brightly colored, graffiti-

ti-printed, Sixties-inspired miniskirts. The next year, he won a CFDA award for "his energy and use of intense color."

It was a quick run, as he went out of business in 1985.

But that was, by no means, the end of Sprouse's career. He kept busy by designing album covers, serving as a creative consultant to the Rock and Roll Hall of Fame in Cleveland. He also gained the rights to use Andy Warhol's work for apparel, designing a collection for Barneys New York and, in 1997, rejoining New York Fashion Week for a couple of seasons with a signature collection manufactured and distributed by Staff International.

But that was nothing compared to the buzz he started when he partnered with Louis Vuitton in 2000 to create a line of limited-edition handbags in collaboration with Marc Jacobs. In 2002, Target introduced Sprouse-designed wares with an Americana theme — everything from swimsuits to skateboards to dinner napkins — heavy on stars and stripes. As Sprouse said at the launch: "I really like high fashion and mass [merchandise] and in a funny way, they're similar. You can have a lot of freedom at the expensive level and also at the teenage level because they look good in everything. It's the middle ground I'm not that interested in."

— Julie Greenberg

Fashion Scoops

BYE-BYE TO KENI'S CLOSET: Due to the end of his lease and the doubling of his rent, **Ken Valenti** is moving out of his Garment District showroom, Keni Valenti Retro-Couture. Valenti has long been a source of high-end and hard-to-find vintage clothes for stylists and editors of every stripe, including **Lori Goldstein**, **Katie Grand** and **Patti Wilson**. He will be finding another space in the neighborhood, but has yet to sign a new lease.

In the meantime, vintage hounds will be keen to know Valenti is offering half the stock of his overflowing digs up for sale to the public. The sale runs June 14-20 and will be held in a studio on the eighth floor of his soon-to-be former building at 247 West 30th Street. Along with his huge

cache of Halston will be frocks from Azzedine Alaïa, Gucci, Rudi Gernreich, Giorgio Sant'Angelo, Chanel, Christian Dior and even Elsa Schiaparelli. "I'm overflowing with merchandise," said Valenti. "I have 20,000 articles of clothing. And tens of thousands of accessories." And for the celebrity and supermodel-obsessed, Valenti also points out that many of the dresses have previously been worn by the likes of **Kate Moss**, **Gisele Bündchen**, **Chloë Sevigny** and **Jennifer Lopez**.

AN ITEM NOT ABOUT MADONNA: Just kidding. **Madonna's** "Re-Invention" tour opens in Los Angeles today and there's so much fashion in it that even more details keep pouring forth. The latest entrée into the fray is Banana Republic, which has

contributed 50 T-shirts custom-made to Madonna's specifications — reprising the "Italians Do It Better" silk-screened logo last seen on the Material Girl in the 1986 video for "Papa Don't Preach." When she sings "Papa" on tour, Madonna is said to be throwing the Banana renditions to a lucky audience member at each performance.

STARSTRUCK: Celebrities are notorious for making the most of freebies, but not so for **Trudie Styler** and **Callista Flockhart**. They recently ponied up the cash for Pamela Roland dresses. Styler ordered a body-hugging, cleavage-enhancing white jersey dress through a personal shopper and Flockhart tapped her stylist for the designer's "Hepburn" dress in black silk taffeta. The company received Styler's check last week, said **Pamella DeVos**, president and designer. "It's really nice when they will actually pay," she said.



New School trustee Sheila Johnson with Randolph Swearer, dean of Parsons School of Design.



Chuck Close and his daughter, Georgia Close.

Invista Cuts Jobs in Tenn., N.Y.

NEW YORK — Invista, the former DuPont unit acquired by Koch Industries Inc. on April 30, cut 25 percent of the jobs at a nylon and spandex plant in Chattanooga, Tenn., last week and trimmed workers at its New York offices, the company said.

Invista said in a statement that it would reduce the workforce at Chattanooga but did not specify the number. More than 175 people were laid off, according to the Atlanta Journal-Constitution and thechattanooga.com.

An Invista spokeswoman declined to comment. The company is evaluating all its facilities for job reductions and Chattanooga was not targeted, she said.

Executives at rival fiber firms, who asked not to

be identified, said Invista also fired more than half its 30 New York staffers. Another Invista spokeswoman said a majority of the workers were contract employees, not permanent staffers. She declined to comment on the specific number of people affected. "We will still have a strong Invista apparel presence in New York," the spokeswoman said.

Since the \$4.2 billion sale closed, Invista and officials of Koch, based in Wichita, Kan., have declined to discuss how many people the business employs. Before the sale, DuPont officials put Invista's worldwide head count at 18,000. Invista officials have said that one of Koch's initial priorities for the business is cost cutting.

— Scott Malone

‘Tis the season
to look totally glam.



PHOTO BY DAVID TURNER

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 This position at our New York office requires a Bachelor's degree, preferably in Apparel Manufacturing Development along with 23+ years experience in apparel costing, knowledge of pattern development, and garment construction/manufacturing is required, preferably in intimate apparel. Effective communication skills and attention to detail is also essential. CSD certification preferred.

We offer an attractive salary and benefits program. For prompt, confidential consideration, please submit detailed resume indicating salary history/expectations to: Sears Low Inflation Apparel, Attn: Human Resources, Dept.: 300 Madison Avenue, 6th floor, New York, NY 10017; Email: Angela_Games@sears.com Fax: (212) 850-3484.

Sara Lee SARA LEE INTIMATE APPAREL
 An Operating Division of
 Vallet
 www.vallet.com
 No phone calls please
 Equal Opportunity/Affirmative Action Employer

CHRISTOS
 BRIDAL DESIGNER'S ASSISTANT
 Seeking experienced and creative design professional for all phases of design. Proven skills could lead to designing oppty. Drape from sketch through first pattern. Lace knowledge preferred. Must be highly motivated, organized and have an eye for detail.
 Fax resume to 212-921-0127

FREE COUNTRY

DATA ENTRY / CLERICAL
 Fast paced Outerwear company in Midtown, seeking detail-oriented person with strong computer skills and ability to multi-task.
 Please email resumes to: info@freescountry.com or fax 212-719-2051

DATA PROCESSING ANALYST
 Leading spswr mfr seeks well-organized individual with strong computer skills & knowledge of order entry, allocation, and inventory control. 3 yrs experience in garment center is a MUST.
 Fax resumes to 212-268-4920

DESIGN
Assistant Designer
 Uptown Manhattan based doll Mfr. has immediate opening. Must have fashion background with experience in pattern making and sketching.
 Fax: Design 917-645-1026 or E-mail: hr@alexndoll.com

DESIGNER - 3+ yrs designing Ladies/Girls' sweats Lie cartoon chamee back packs/handbags/MAC exp nec. \$65-75K Les Richards Agcy - Call (212) 221-0870

Designer \$65-85K Current exp. in girls 7-14 denim-based spswr. Must hang w/ LEI, Mudd, etc but w/ Abercrombie & Fitch + Hollister looks Creative. Call 973-564-9236 Agcy

Designer \$70-90K Current exp. in jr. casual wear required. Must hang w/ with Abercrombie & Fitch + Hollister looks Creative. Call 973-564-9236 Agcy

Designer \$80-100K Current exp. in private label cut & sewn knits & sweaters. Fashion vision of Ernie James, Cold Water Creek, Christopher Banks etc. Call 973-564-9236 Agcy

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DESIGNER
 Growing Baby Gift, Layette, and Apparel Co. seeks a P/T, In-House, Designer, preferably with experience in the baby industry. Familiarity with licenses important. Please Fax or E-mail resumes to: 212 725 2703 / bbkidd@aol.com

Designer/Handbags to 65k+
 Jr. Bags/Designer Look
 Great oppty to bring your excel. creative design skills to this mjr. Accessory Co. Work on well known branded/licensed bag/access. line, geared for the Jr. mkt. w/ an Urban designer look (dept store). Req: strong Illust/Photoshop skills & detailed handsketching, with 3+ years related accessory experience.
 E-mail resume: churke@cburke.com (Fax) 212-725-7116 (Tel) 212-481-1941

Designer/Handbags to 70K+
 Contemporary
 For Mjr Accessory. Assist Art Dir. in developing fashion forward bags/accessories for Dept Store level branded mkt. Oppty to work on new lines. Req: strong Illust/Photoshop skills along with detailed hand sketching. Design school grad with 3+ years related accessory experience.
 E-mail resume: churke@cburke.com (Fax) 212-725-7116 (Tel) 212-481-1941

DESIGNER-HANDBAG
 Two very large & trendy accessory companies seek experienced Handbag Designers. Must have licensing & mass market experience. Salary \$75-80K. Call Carla 212-947-3399 x12, Fax 201-394-1186 or e-mail: cdeberr@karlyn.com
KARLYN FASHION RECRUITERS

Designer/Merch/to 125k+ HANDBAGS/ACCESSORIES
 Head Designer needed for fashion forward, branded, Jr. Div of mjr Accessory Co. Req: 8+ yrs design exp (Handbags/Access) ability to develop/merch lines, head design team, trend forecasting, Asian travel, strong 'hands on' design skills, Adobe Illust. E-mail resumes: churke@cburke.com (Fax) 212-725-7116 (Tel) 212-481-1941

DESIGNER/PRIVATE LABEL
 Top accessories manufacturer seeking creative, fashion forward designer with 5-7 years design/development experience. Must be knowledgeable about technicals, specs and materials. Excellent opportunity with an exciting growing company. Competitive compensation package. Please fax resume: Elise.Edinger@maxdeather.com (646) 674-0967 or email elcidenberg@maxdeather.com

DESIGNERS IMMED
FREELANCE (JEWELRY)
 Haskell Jewels/Miriam Haskell/J Lo Growing trend jewelry company seeks innovative Freelance Jewelry Designers w/ technical drawing and bead manipulating skills. Work in-house or off site. Please fax resume to: (212) 764-6026 or Email: jeanzone@haskelljewels.com
NAME FIRM PRESTIGE
sspielman@winstonstaffing.com

marquee billing
 call your word classified rep for introductory rates & lower rates.
1.800.423.3314

Li&Fung USA
 Help Wanted

LOGISTICS MANAGER
 Co. seeks a candidate that has logistic exp. with specialty stores. Will need to liaison between customer, log dept. & buying agent. Must have 5 yrs. exp. in specialty store logistics for all aspects of inbound freight to delivery of merchandise to customer. Need to have high sense of urgency, computer literate, excellent communication skills. Please send resume to: (646) 366-0164

DESIGNERS IMMED
OUTER/KIDS \$60'S
GIRLS 7-14 \$60K
GRAPHICS \$45K
jrentner@winstonstaffing.com

DESIGNERS IMMED
PVT LABEL-MISSY \$90K
KNITS \$60K
TECHNICAL \$45K
fgellis@winstonstaffing.com

Designers - Sleepwear
 High profile women's wear co. seeks (2) sleepwear designers for our high end sleepwear experience. 85K-115K. For immediate interview, call 646-723-3202 / HiFashionCareers@aol.com.

Designer to \$100K Current exp. contemporary JR cut & sewn tops, private label required. Strong knowledge of cut & sewn fabric. Fashion forward look. Call 973-564-9236 Jara Agcy

Designer w/m to \$100K
 Collection, European cutting edge. Jennifer *Just Mgmt* 800-544-5878
Jennifer@justmgmt.com

Freelance Fashion Designer
 Leading glove and hat manufacturer is seeking an experienced apparel accessories designer to create / develop new and exciting design ideas for our full line of products from knitwear to ski, from men's and ladies to children's and teens. Illustration/Photoshop a must. Qualified candidates should forward their resumes: **Aquarius, Ltd.**
 Attn. Rhonda, 3205 S Kingshighway, St. Louis, MO 63139
 Email: Rhonda@aquariustd.com
 Fax: (314) 664-4482

GENERAL MANAGER
 Leading Designer Jewelry Company seeking dynamic professional for key position to oversee divisions including sales, operations, & production. Incredible opportunity for work in a dynamic environment. Please fax resume with salary requirements: (212) 673-6618

Calvin Klein Jeans
GRAPHIC ARTIST - KIDS
 Growing team at Calvin Klein Girls seeks Graphic Artist. Experience designing tops a must & ability to create graphics for artwork.
ASSISTANT DESIGNER
 Flat sketching/detailed tech packages. Ability to multi-task and work with Head Designer. Both positions require Illustrator /Photoshop proficiency. Must be team players & very detail oriented. Excellent opportunities with great benefits. Please fax resume to: (212) 967-9292 attn: Donna

GRAPHIC ARTIST
 Large apparel company is looking for three talented Graphic Artists with experience in womens, infant/toddler/baby, and girls. Individuals should be skilled with prints and embellishments. Must know Photoshop and Illustrator.
 Fax resume to 212-239-2766
 Graphic Designer to \$60K. Current exp 2-3 years in Photoshop/Illustrator. Create prints. Spot prints. Coordinate all art. Secaucus NJ area. Call 973-564-9236 Agcy

Help Wanted

CAROLEE

Carolee, the premier designer of prestige jewelry and accessories has an exciting position based in Greenwich, CT:

MANAGER, VISUAL PRESENTATION

- In this highly creative role, you will:
- Develop and implement visual direction for window/store interiors
- Partner with merchandising to establish visual calendar and floor set merchandise content for retail stores
- Design displays, signs and graphics

- Experience should include:
- 5+ years in visual merchandising in a multi-chain specialty store environment
 - Strong computer skills including Quark Express and Photoshop

We offer bonus opportunity every 6 months, a comprehensive benefits package including 401(k) and pension plans and a generous merchandise discount.

SUBMIT RESUME AND SALARY REQUIREMENTS TO:
Carolee, Attn: Recruiter; 19 East Elm Street, Greenwich, CT 06830; Fax 860-741-3171; Email: hr@carolee.com EOE

Help Wanted

Help Wanted

Help Wanted

Help Wanted

Help Wanted

MICHAEL KORS ACCOUNT EXECUTIVE-COLLECTION

Michael Kors (USA), Inc is seeking an Account Executive to be responsible for our Specialty Store accounts.

Major Responsibilities, but not limited to:
Sample organization-controlling and monitoring merchandise for trunk shows, windows and public relations; Construct and maintain seasonal line lists; Maintain RTV and RA information; Track selling by style each week; Assist all accounts with merchandise needs and requests; Enter orders for accounts; Follow-up on store special orders; 50% travel required

Job Qualifications:
College degree; 3-5 yrs in retail/sales environment & wholesale experience; Proficient in Excel
Email resume & cover letter specifying salary requirements to: humanresources@michaelkors.com / fax: 646-354-4747
We are an Equal Opportunity Employer. M/D/F/V

OXFORD INDUSTRIES

We are Lanier Clothes, a division of Oxford Industries. We are seeking a **Merchandiser** for the Lanier Trouser Group. Responsibilities include merchandising branded as well as private label trousers. The candidate should have strong merchandising and selling skills. Be part of a dynamic tailored clothing company. New York based. Great benefits.

Send us your resume and salary requirements to:
salesposition@lanierclothes.com
or PO Box 54600 Atlanta, GA 30308
Attn: Lanier HR

RETAIL Prestige French Fashions
Operations Mgr/Retail exp 80K+
Store Mgrs/Manhattan & Westchester 53K+
Shwrm Mgr/Hi-end furniture/access 48K+
Asst Store Mgr/Madison Ave 45K+
FAX: 212-481-4066 ibs@ibsn.net

Sales Assistant \$45-50K 1-2 yrs. exp assisting sales mgr. Showroom presentations, follow-up on shipping goods to accounts, retail link w/ Walmart helpful not nec. Mitcon co. Call 973-564-9236 Jara Agcy

Samplehand

Very exp'd only. Blouses in satin, Georgettes, Cut, sew first fit samples. English a must. Call 212-768-7322.

Baby Toys

Senior Production Mgr Sourcing Division

Leading childrenswear company is seeking a highly motivated, detail-oriented indiv to work in our Sourcing Division. The candidate should have min 3 years exp in production thru sourcing. The candidate will maintain & handle vendor costing, line plans, style, fabric, & trim tracking, and seasonal status reports. The candidate will standardize & approve raw material options. Daily communication with vendors. Responsible for maintaining sample lines. Office skills required include a working knowl of AS400, Microsoft Word & Excel.

Please e-mail your resume: holt@babytoys.com
fax: 212-643-2626. No calls. EOE.

Tech Designer...\$60-\$70K Current exp. in denim bottoms. Patternmaking knowledge. Exp in Illustrator + Excel. 1407 Broadway. Call 973-564-9236 Jara Agcy

Tech Designer...\$60K...DOE
Major MT importer of knits/sweaters has immed. openings for Tech Designers. Must have 3-5 years of knit exp. Cut & sew knit tops. Must have good fashion sense & flair. CAD is a major plus. Able to do sketching. Other position avail for Sales, fabric & trim tracking, etc.

Asst Tech Designer...\$45-\$50K
For top childrenswear co. Evaluate first samples through production. Spec. grading and fitting & sewing knowledge. Exp. with Wal-Mart and Target. Childrenswear background nec. 2-5+ yrs. Exp

Assistant Designer...\$35K-\$45K
For successful activewear/co. Must have 2-4 yrs. exp. Photoshop 6 and Illustrator 9 or 10. Excel a plus. Fashion Design Degree req. Must have exp in activewear or sportswear and in children's or menswear. Know design, design and be able to get out to sampling. Production status overseas. Approve strikeouts and prints under head designer.

Both are great companies with excellent benefits. Contact Ms. Hardy at: 212-878-2000 Fax: 212-949-3928 or email: resume@seguesearch.com

Tech Designer to \$70K Current exp. in women's or men's outerwear required. Send tech packages to far east. Computerized. 7th ave at 38th St. Call 973-564-9236 Jara Fashion Agcy

Tech Designer to \$75K Current exp. in full fashion sweaters. Embellishments, beads, embroideries. Tech sketching + specs. Call 973-564-9236 Jara Agcy

Technical Designer

Childrenswear company seeks experienced Technical Designer with kids background. Must have knowledge of flat sketching, grading, and garment construction. Must be detail oriented and have good communication skills. Good salary and benefits.
Fax resume to 212-239-2766.

Technical Designer

Ladies mfr. seeks exp'd tech w/ strong knowledge of garment construction fit, grading from development thru production. Must be hardworking, detail oriented & focused on getting the job done! Must have min of 5-10 yrs exp w/ excel. Pls fax resume to: (212) 358-9287

TEXTILES

Int'l Textile Co. specializing in Novelty and Printed fabrics is looking for Sales Representation in the New York, Dallas and California markets. We are looking for associates who are calling on both domestic & offshore mfrs. With our unique & strong fashion collections, the potential for success is certain. Please contact: Mr. Allan Rabinovitch or arabinovitch@georgecourey.com

SALESHELP WANTED
Sales Help Wanted

ACCESSORY SALES REP
Major int'l of winter and spring/summer accessories seeks Reps with well established relationships at mid-tier and department stores for LA, Dallas, New England, Chicago and Atlanta. Please send resume to Daniel at: 212-819-1912

Judith Ripka Companies Seeking the Best in Class!!!
Unique opportunity to join a team of Sales Pros at a flagship Madison Ave, Short Hills, NJ East Hills, LI, locations 3+ years of luxury sales exp. req'd. with polished presentation/exceptional communication skills and proven track record. Strong client following a must. Excellent benefits package & high income earning potential available. Cosmetic or fashion exp. is a +++++ Please send resumes: Attn: Theresa @ Fax: (212) 244-4560

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SALESPERSON WANTED!
Well established importer of children's headwear & accessories company seeks salesperson with product knowledge to run full sales office. Company is well established, reputable and well known in the accessory industry by its major chains. Great opportunity for the right person. Please respond to: david544@yahoo.com

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Help Wanted

Pepe Jeans ACCESSORIES DIVISION SALES MANAGER

Excellent opportunity for indiv w/ min 5 years exp handbag/belt sales. E-mail aprlim@mldon.org Fax 212-947-4439

RAMPAGE HANDBAGS

Seeking Account Executive to manage trendy private label division. Minimum 5 years experience required. Established relationships with major department and specialty stores a must. Exhibit superior leadership and communication skills. Competitive package. Fax resume with salary requirements to: 212-244-5897/ Attn: VP

Retail Store Manager

Upscale retail packaging store seeks Store Manager to be responsible for achievement of sales and profit plans as well as maintaining strong customer service standards through leading by example with a positive energy. Sales Managers assure their areas are merchandised to maximize sales through utilizing their own merchandising abilities along with some company guidelines. They will maintain superior customer service as well as managing staff. Medical and profit sharing plans are offered. Bonus based on volume of sales. Annual Salary is 40 to 50K depending on qualifications and exp. This position requires some prior retail management experience preferably in either a Department Store or Specialty store setting. Email resume and Salary requirements to: beigm@aol.com

Rocawear ACCESSORIES DIVISION ACCOUNT EXECUTIVE

Detail-oriented, self-motivated individual to handle large specialty store accounts in our NY showroom. E-mail aprlim@mldon.org Fax 212-947-4439

SALES/ACCOUNT EXECUTIVE

LAI, a high-end accessory company seeks exp'd Account Executive with 3-5 years wholesale background. Established account following with dept & specialty stores a plus. Strong attention to detail & accuracy a must. Must be willing to travel & develop new business. Please fax resume w/ cover letter & salary requirements to: (212) 245-2038

SALES EXECUTIVE

Established R-T-W Co looking for exp'd, aggressive Sales Executive. Must have proven track record. Ref. a must. Fax resume to 212-302-5259.

SALES EXECUTIVE

Est'd importer of novelty sweaters/knits seeks exp'd pr w/ strong dept/specialty chain contacts to cultivate new and maintain existing accounts. Positive energy and strong follow-up a must. Call or fax resume to Lisa Cheung at Tel: 212-302-5744/Fax: 212-302-8399 email: lisaemin@aol.com

Sales Manager Chereskin Studio

Women's and Men's Better Sportswear Collection
Our company is growing. Seeking 2 aggressive sales managers for Women's & Men's division. Ideal candidates have department store background, relationships w/ retailers, and a major understanding of better sportswear collection. Exp w/ merchandising, sales promotion, budgeting & customer service a must. We offer a very competitive salary and benefits program. Fax resumes to 212-775-9755 Attn: Howard

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Help Wanted

BUILT NY

Senior Accessories Account Executive

Built NY, a consumer products & accessories brand, is looking for an Accessories Account Executive to join our sales team. Responsible for closing key accounts. Requires 3-7 yrs in whole sale sales. Must have established relationships with a combination of specialty chains & dept store executives within housewares & gift items (exp. in wine, home accessories, or travel products a plus). www.builtny.com

Please forward resume & salary requirements to: jobs@builtny.com resume in body of email (no attachments, no calls)

Showroom Sales

Mens sportswear co. seeks sales person with YM background and 3+ yrs exp for showroom sales. Great working environ., excellent salary & benefits. Room for growth. Please fax resume 212-268-3963

Showroom Sales

We are seeking an energetic, effervescent individual to work with existing accounts in our showroom in 1466 Broadway. In addition to being personable, individual must be dedicated and organized. We specialize in apparel and accessories. Please e-mail resume including salary requirements to: ebarry@newworldsales.com

VP of Sales

Major established Company seeks sales professional with department store (Dillard's, J.C. Penney, Federated) background in kids. Must have account relationship, be results oriented and have excellent communication and organizational skills. Three years minimum experience required. Excellent salary and benefits. Fax resume to 212-239-2766

SALESHELP WANTED

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Sales Help Wanted

GET RESULTS! PHONE YOUR TOLL FREE HOW TO ANSWER BOX NUMBER AIDS
(800) 423-3314 or (212) 630-4610
FAX (212) 630-4634
WWD.COM

COOPERATION WITH:
We are seeking a highly motivated individual to join our fashion jewelry team. The candidate will have a design/product development background in fashion jewelry and should have a basic understanding of the white metal process. Reporting to the Director of Design, this person must have excellent communication skills and will correspond with domestic and overseas manufacturers on a daily basis. The ability to prioritize and manage many projects simultaneously in a fast paced environment is a key requirement. Please e-mail resume and salary history to: resume@joanrivers.com

Product Development Manager
Joan Rivers Worldwide
We are seeking a creative, organized and detail-oriented individual to join our fashion jewelry team. The candidate will have a design/product development background in fashion jewelry and should have a basic understanding of the white metal process. Reporting to the Director of Design, this person must have excellent communication skills and will correspond with domestic and overseas manufacturers on a daily basis. The ability to prioritize and manage many projects simultaneously in a fast paced environment is a key requirement. Please e-mail resume and salary history to: resume@joanrivers.com

Production Assistant
Leading belt & leather accessories mfr. is seeking a Prod'n Asst. for our Nassau County/Fox Rockway location. Duties will include tracking & following prod'n schedules, communicating with overseas vendors etc. Should be familiar with spec sheets & purchase orders. Candidate must be a self starter with at least 2 yrs. exp. be highly organized & detail oriented, have strong pc and excellent communication skills. Benefits plus 401(k) Plan. Please fax resume & cover letter to: (718) 471-5707

PRODUCTION INTERN
Large apparel company is looking for an intern to work in a production department. Individual should be detail oriented and have excellent computer skills. Great opportunity for those who are flexible.
Call Diane at 212-239-0023, ext. 6029.

Production Manager
Bridge suite house needs EXP person w/ability to follow prototype from fit to end product. Know of MS Word & Excel is a must. Fax res. to: 212-689-5359

Product Manager
Handbag co. seeks mgr. to oversee all phases of overseas production. Must have minimum 5 yrs. exp. dealing with Italy. Will communicate daily with factories, preparing p.o.s and follow up. Must be computer literate, have strong communication and negotiation skills, extensive sourcing & import + custom regulations experience. Exp. in leather goods, man-made materials and technical construction knowledge a must. All resumes will be kept confidential. Please send resumes to: Box#M 1058
c/o Fashion Publications
7 West 34th Street, 4th Fl
New York, NY 10001

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WWD Milestones

DONNA AT 20

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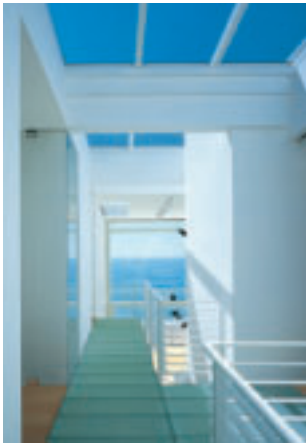
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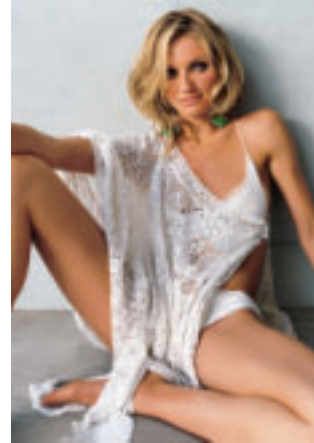
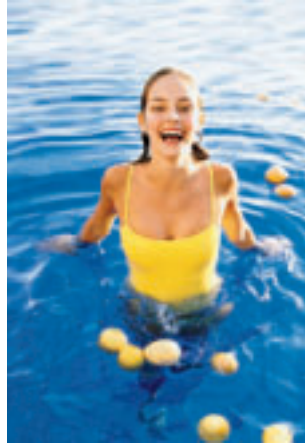


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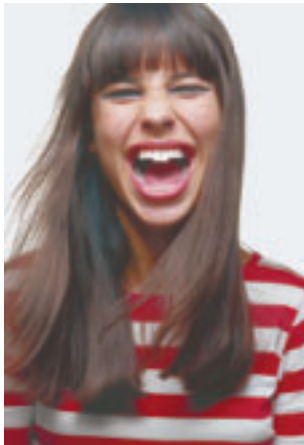
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WWD MILESTONES

DONNA AT 20

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Donna Karan in her office last week. Second-year students at Parsons School of Design with Karan next to Louis Dell'Olivo in 1968.



ON THE COVER: The montage is a collection of two decades worth of photos, clippings and other mementos that take up an entire wall in the office of DKJ executive vice president of global marketing and communications Patti Cohen, right, at 550 Seventh Avenue. Photos by George Chinsee.

THE
JOURNEY
OF A
WOMAN
20 YEARS OF DONNA KARAN

Thank you Donna
for your inspiration, vision and leadership.

FROM ALL OF US AT DONNA KARAN COSMETICS

WWD MILESTONES

A DONNA STATE OF MIND

Projections and reflections on transformation from the quintessential urbane New York designer.

By Eric Wilson

THE NUMBER TWO HOLDS UNUSUAL sway over Donna Karan. She was born on Oct. 2, had two husbands, has two runway shows every year, has two distinct moods — either outgoing to the point of abandon or deeply introspective — has befriended two rocks on her beach in East Hampton, and, since she was presented with a copy of the Zohar (the ancient text of Kabbalah teachings), has had two experiences she describes as jolts of intense energy unexpectedly rushing through her body, “like, whoa.”

“Two usually comes up for me a lot,” said Karan, over a recent raw-foods lunch in her office to discuss the 20th anniversary of her departure from Anne Klein and the founding of her namesake company — the two main jobs she’s had in her life. “Two plus zero is two. Twenty is two 10s, and 10, in numerology, means a new beginning. So this means two new beginnings.”

One would imagine that two comes up quite often in most people’s lives, although common folks might not wish to assign reverence to such coincidences. Donna Karan, however, is not common. To describe herself, she frequently uses the word “visceral,” which is apt on two levels: She has an aura of profound meditative spirituality that rivals the Dalai Lama, yet there is also something very blood-and-guts about the brassy girl from Long Island, raised with Seventh Avenue coursing through her veins and the lingo of a true garmento cursing from her tongue. She is who she is — spiritual, crude, tactile, loving, emotive, funny, exploring, collaborative, challenging, sensitive, yawping, endearing, comforting, maddening and oh, so visceral. She is a run-on sentence with no end in sight. Sitting at a desk, she picked at her salad. “I love my salad,” she said, then picked at herself from the inside out.

“I am who I am,” she said. “That is the one thing I’ve learned about myself. I could go 10 million different ways. I always like cashmere. I always like jersey. I always like leather. I am about cashmere, comfort, leather, skin-on-skin, sexy, body, draping, art, fantasy. I am constantly inspired.”

In an instant, her mind raced ahead along another tangent, filled with excitement and ideas, and her mouth followed: “Last night, I was sitting in a class and thinking, I have got to call Women’s Wear Daily, because I am dying for you to do a poll of consumers and ask them when they like to have their fall clothes delivered. I have gotten to the point that I have got to be proactive instead of reactive. If we are designers designing for consumers, where’s the disconnect? I know I’m the only one who talks this way, but I’ll say it until I’m deaf, dumb and blue in the face.”

And then to a darker place, surprising and scary for all its possibilities, but not really out of character. “I can’t wear black right now, and that’s interesting. I’m having a real black problem right now. I don’t know how to say this, other than to say I’m not in a New York state of mind right now, and that’s a problem. I came back to New York and it was really scary to me.”

That is a problem for a designer whose name is synonymous with black cashmere. She even named a fragrance after her signature fabric when her licensee told her she couldn’t call it Chaos. It’s also a problem for a designer who calls her collection Donna Karan New York and her secondary line DKNY, who takes inspiration from Central Park at night, taxi cabs and the Brooklyn Bridge when the sky clears after a long rain. But it’s not such a problem that anyone should be running for the hills, because Karan is a designer who thrives on a challenge, and sometimes it seems that she likes

“I wonder, am I too old? Have I lost it? Am I not cool anymore? I think I’m totally cool.”

— Donna Karan

to set mental roadblocks for herself just to see how long it takes for her to leap over them.

“I’m being challenged,” she said. “This industry challenges me every day, and I challenge it. Or at least I try to.”

Some of the remarks made by Karan, who is 55, make it sound like she’s about ready to walk away from the fashion industry altogether, but, then again, she’s been saying these things for 10 years. A few days after this interview, Karan was concerned that her mood that afternoon was perhaps “too intense,” she said, riding in her limousine to a Council of Fashion Designers of America party for young designers, whose energy and prospects she finds inspiring. “I’m feeling much more up, much more positive,” she said. “For me, this is a moment that is really light. I’m having a hard time making 20 a mark — it’s not like I’m retiring. It’s like having a birthday, and 20 seems so young to me. I know it’s really thirtysomething [including her tenure at Anne Klein], but I don’t like to tell people that, because then I won’t get a young guy.”

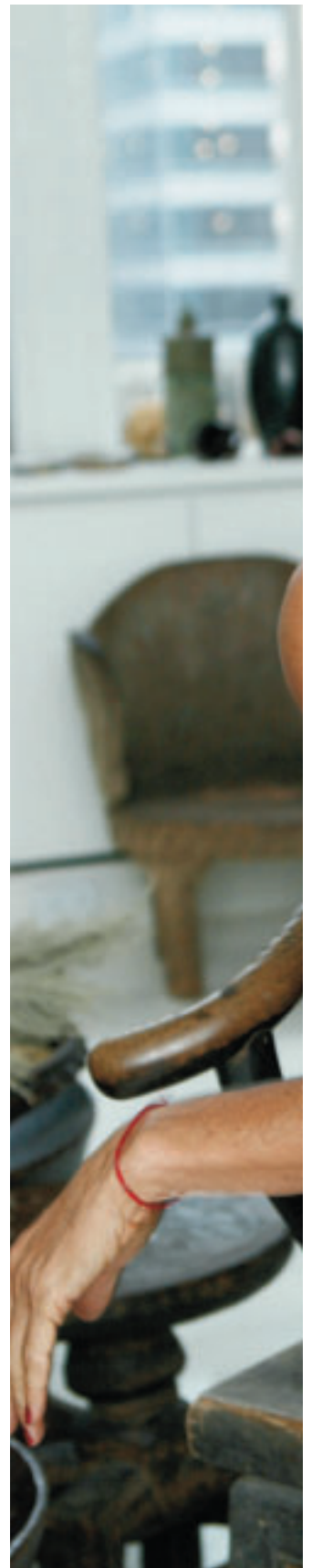
The 20th anniversary of the founding of Donna Karan International will bring the requisite celebrations, including a lifetime achievement award for the designer from

the CFDA at its Fashion Awards on June 7, an honorary PhD from her alma mater, Parsons School of Design, and a coffee-table book from Assouline filled with images from Karan’s ad campaigns, inspirations, coverage and collections over the past two decades. This milestone, however, comes at a challenging time for Karan, whose fashion empire has been in a state of retreat for the past few years, with overall sales of products bearing the Donna Karan and DKNY stable of trademarks having dropped by more than 30 percent from their peak of roughly \$1 billion in 2000. Terrorism and war have taken a toll, as have corporate-wide restructuring efforts put into place by LVMH to undo some of the complicated licensing arrangements made under Karan’s five-year stretch as a publicly traded firm.

There was talk shortly after the acquisition of her company by LVMH Moët Hennessy Louis Vuitton in 2001 that the conglomerate was trying to push her out of the picture, but she wouldn’t go. Even in her darkest hours, when her husband Stephan Weiss was dying of cancer, but after she had just received a fat check from the conglomerate that made her enormously wealthy, it never crossed her mind that she would actually leave. There have also been persistent rumors, and insistent denials, that LVMH wouldn’t mind selling the house if it could recoup its sizable investment in a deal that to many analysts has become its albatross because of its steep price — \$687 million, including an additional \$43.8 million payment made to the designer in January — and the previously undetected problems at Donna Karan. For now, that looks like a cross LVMH will go on bearing.

Karan still cites the collaborative nature of her design process — working with artists, designers and fabric mills directly — as her greatest inspiration, something she couldn’t live without. But the job has only gotten tougher over the years, answering to Wall Street and then operating as a division of a French luxury conglomerate. “The pace has gotten parallel to inhuman,” she said.

Working with LVMH, she said, has been far different from what she expected, and different still from her experience as the namesake of a public company. Then, the company was headed by John Idol, who built up her licensing business to generate enough revenue that would offset licensing royalties paid directly to the designer, who owned her trademarks through a separate company. DK1 went public in June 1996 at \$24 a share, but the stock had fallen to less than \$10 prior to LVMH’s first tender offer in December 2000.





Donna Karan
in her Seventh
Avenue office
last week.

LVMH, which negotiated its deal over the course of a few months, acquired both the trademarks and the devalued Donna Karan stock without having fully understood the financial situation at Donna Karan and its dependence on off-price sales. Its first chief executive appointment, Pino Brusone, clashed with the designer, leading to the naming of another LVMH executive, Fred Wilson, a year later. Wilson made a fast impression on the designer, winning her over with his plans to restructure the business and making a number of key executive changes that have made its collection sales healthier. He was recruited to the helm of Saks Fifth Avenue Enterprises last year, and replaced at DK1 by Jeffrey M. Aronsson, who was at Marc Jacobs.

As for the additional payment LVMH made to the designer this year, Karan seemed nonplussed, saying it was all part of the deal that Weiss had worked out, "completing the cycle."

"They've been very good partners," Karan said. "There is still a lot to be done and I'd still like a lot more. The key is where do you invest and spend. This company is going to survive on every level — I believe in this company. They have purchased an amazing trademark. They bought New York. It wasn't Donna Karan as far as I was concerned. They bought a piece of New York. It's part of the landscape."

There is also a perception, felt by the designer herself, that her recent collections have not captivated the fashion world as they once did, when her concept of a system of dressing from a basis of "seven easy pieces" became a cherished uniform for the modern working woman.

"I wonder, am I too old? Have I lost it? Am I not cool anymore?" Karan asked. "I think I'm totally cool."

There is little chance Karan would give up a battle without a fight, "No" being an answer she has not yet, nor is likely ever, to accept. It is indicative of the image of the urban warrior she has crafted on the runway that rather than approaching this anniversary as a moment to reflect on what has been lost, Karan is charging ahead as if it really does signify "a new beginning," using that expression as a tag line in her fall ad campaign, in which the actress Cate Blanchett appears noticeably pregnant. One does not need to go searching for metaphors in Karan's life. They just tend to turn up, and sometimes even conveniently demonstrate the stretch qualities of her designs that can disguise a multitude of sins.

As Karan noted, 20 represents two new beginnings. She couldn't put her finger on what that meant, exactly, but as her conversation bounced among the birth of her granddaughter, her wanderlust and her hopes to meet a new romantic interest, then to her plans to energize the company with a new look, it was obvious that Karan was talking about personal as well as professional new beginnings — and transformation.

"I'm a little bored," she said, then reconsidered. "No, not bored. I'm not bored with designing, but I do feel there is a whole other world out there that I don't want to miss. I think something has to happen. We're ready for a new thing, and I think I might want to start something new, like a hotel or a spa. Then I say, 'Why? What do I want to do that for?' I'm a little concerned about starting something new again. I've never taken time for myself. I really am in a transformational time. It's a reflective time. This has given me the opportunity to reflect."

One thing she is seriously considering is dedicating more time to teaching, most likely at Parsons.

"I really do think as I look to the future that the priority for me is to make a difference in other peoples' lives," she said. "I'm feeling like I am beginning again. I have a new source of energy."

Many years ago, Karan was in such a reflective moment as she was sitting on the rock beach outside her summer retreat in East Hampton. She had reached a place in her life where everything just seemed to fit

Continued on page 12

WWD MILESTONES

A DONNA STATE OF MIND

Continued from page 11

into place. She was with the love of her life, Weiss, the man who helped turn her dreams into a megabrand with his keen instinct for business and flamed her passion with his own creative side as a ponytailed artist. She had an undeniable bond with her daughter, Gabby Karan (by her first husband, Mark Karan). Gabby's dark good looks, easy laughter and mannerisms mirrored those of Donna. And the business was flourishing — not the little niche collection Karan had once envisioned designing as the clothes she would wear herself, but a rival to Calvin Klein and Ralph Lauren at the helm of American fashion.

"I thought, 'I have everything,'" Karan recalled. "I had my family, I had my business — all the things you check when you go down the checklist of what you want in life, and I still felt something was missing. It wasn't the connection to all of them, it was a connection with myself. I was so connected to the business that it was hard for me to separate me from the company. When I first started coming to the office, I opened up all the mail on everybody's desks because it said, 'Donna Karan.' Why was everybody getting mail with my name on it? Well who am I? I still feel like this company is mine today. Is it LVMH's? Not emotionally."

Karan was accustomed to the chaos of Seventh Avenue as the daughter of Gabby Faske, a suit maker with offices on West 38th Street. She went to school at Parsons, but dropped out in her second year to work for Anne Klein, where she stayed 16 years before launching her own business (with the exception of a nine-month stint at Patti Cappalli). She had hoped to start the Donna Karan label as a small division of Anne Klein. "That was my dream, just for me and my friends," Karan said. "I wanted to sell two stores — Bergdorf's and Neiman's, and that was it. I just needed a place where I could design some clothes for myself. I wouldn't have had to put so much effort into it." Instead, a disagreement with management led Karan to start her own firm, with an investment from Anne Klein's owner, Takihyo Co.

Chaos was part of the daily routine, working for the notoriously difficult Anne Klein, and then stepping into her shoes unexpectedly when Klein died in 1974, a week after Gabby was born. Designing Anne Klein with Louis Dell'Olivo, building Anne Klein II, starting her own company and then DKNY — from that moment to sitting at the beach in East Hampton passed by in what seemed to Karan like an instant. It dawned on her, as she was staring at a peculiar rock shaped like a baked potato, that to her it was calm that seemed most like chaos.

"I wondered, how does this rock stay still?" she recalled. "I looked at this rock for hours, and I came back every weekend and I would say, 'Hello,' to the rock. I wrote it a poem. The rock and I became best friends."

Eight weeks later, the rock disappeared. "I panicked," Karan said. "What is this trying to tell me?"

One can only imagine whatever happened to that rock, whether it was kicked aside or just tired of hearing about Karan's frustration with early deliveries and smashed itself into grains of sand. Nevertheless, Karan's reaction to its loss was emblematic of her approach to life — when that rock wouldn't listen, she found a bigger one and started talking to it. When fabric mills told her they couldn't make a certain stitch, she told them to build a new machine. When Wall Street lost interest in her stock, she secretly negotiated a pact with LVMH.

Perhaps it is because Karan weaves her personal misfortunes into her collections and wears her Eastern spirituality on her sleeve — she openly discusses chanting for hours with monks and her attraction to Buddhism and Hinduism — that the highs and lows of her career and life seem to correspond so neatly to yin and yang.

"Not to get too spiritual, however, there is no pleasure without pain," she said. "There is no success without failure. There is no good without bad. Those are just the natural laws of life. I can't explain it. I'm fascinated with the metaphysical world. I'm fascinated with touch. I'm fascinated with energy. I know I have amazing energy coming out of my hands. All we are energy. The whole metaphysical world has always fascinated me. The energy of a room, the energy with people, when you feel it in your heart, when you feel stabbed in the back, when you break your leg and the signs that it tells you.

"Why is it I live life and death at the same time?" she continued. "Anne Klein dies, and my daughter is born the same week. That's pretty heavy. My mother

dies the day of a show. My husband dies the day of a show. I've had a lot of death around me in my life. You can't help but ask those questions."

Karan's fascination with nature and mysticism has at times alienated the designer from her following, especially when the connection to her fashion is so literal that it is expressed by a tribal soundtrack at her shows or shilling the power of crystals at her stores. For this, she has taken a lot of flack, criticism she said has been unfair. "I was sensing a need, coming from a different place, and I just want people to be happy," she said. "It was all the static. Let's be one."

Surprisingly, Karan said her exploration of different faiths was probably a reaction to her Jewish upbringing, which she never embraced.

"I am Jewish — I was born with temples all around me," she said. "That's my dark side. It's hard to go back to your upbringing."

Karan is now wearing a red string bracelet as a student of the Kabbalah, a religion based on the mystical teachings of Judaism, which she worships along with Madonna, Demi Moore, Ashton Kutcher and Sandra Bernhard. She has attended services at the Kabbalah Centre in Beverly Hills and also went to its Passover celebration in Miami this year, the first time she has ever celebrated that holiday, she said. Although the Kabbalah Centre has been the subject of criticism and investigation over its correlation of advanced spiritual enlightenment to the amount of financial donations made by its members, Karan said the Kabbalah has had a real impact on her life, even though she was skeptical.

"People kept asking me to meet their Kabbalah teachers, but I didn't have the time, and I don't want to do anything just to do it," Karan said. "I was much more into Buddhism and Hinduism. I am very Easternly driven. The whole idea of Kabbalah, I wasn't sure I could handle it. I don't deal with the intellectual stuff. And then, all these things sort of happened."

The first time she got a serious thought was when one of her closest friends, Lynn Kohlman, who was a vice president and fashion design director at the company until 2000, was getting treatments for breast cancer. Karan had been introduced to a rabbi who specialized in the Kabbalah and invited him to meet with Kohlman. As they were talking, Karan said she experienced something like a jolt of energy that permeated her entire body. After that, she began to study the Zohar, the sacred poetic text that Kabbalah enthusiasts are encouraged to acquire, while Kohlman's health has been improving.

Her second such experience happened in February, the night before her fall collection was to be shown.

"I was scared to death," Karan said. "I got there and the runway was taxi-cab yellow, the brightest yellow you can imagine. I almost had a heart attack. And I had chosen the color. When I looked at it in one light, it was one thing, but this was another. So I go to the Zohar and the same energetic experience happened as when I was standing next to the Rabbi in Lynn's house. I felt like nothing could affect me. Nothing. I was totally right there, it was like a force that went right through my body; and all I did was run my hand over a page — the first sentence — so the whole experience is something I am exploring now, whether that makes any sense. When you feel energy, that means you are connected to your higher self. I'm interested in spirituality, so why wouldn't I be interested in Kabbalah? Kabbalah stands for chaos."

In many aspects of her personal life, Karan is ready to explore again. In June 2001, shortly after selling the company to LVMH, Weiss died after a long battle with cancer, during which the chaos of her life seemed to spiral out of control. Now she is traveling for pleasure, finding a new appreciation for Los Angeles, building a home in Parrot Cay in Turks and Caicos, British West Indies, and planning vacations this year in Tibet, Bali and Africa. It is one of her immediate goals to bring the world's attention to the impact Weiss had on her life and his skill as an artist. On June 10, she will host a ceremony in his honor at Hudson River Park at Charles Street, a block from the West Village studio where Weiss worked on his sculptures. One of his works, a 9-foot-tall bronze sculpture of an apple, will be installed in the park.

Karan is close to Weiss' children from his previous marriage and many grandchildren, and now has one of her own through Gabby, who gave birth last year to Stefania Andrea De Felice, another Karan clone. She just took the family to Disneyland, then jetted off to try



PHOTO BY DAVID TURNER

“I’m a little concerned about starting something new again. I’ve never taken time for myself. I really am in a transformational time.... This has given me the opportunity to reflect.”

— Donna Karan

paragliding for the first time — all this from a woman who shattered her knee two years ago when she jumped in skis from a helicopter in Sun Valley, Idaho.

"And I'd like to date," Karan added. "I don't want people to be afraid of me. They have this preconceived notion of me, of gobble, gobble, goo."

What she is looking for: "Somebody who is young, hot, raw, artistic, um, definitely artistic, whatever artistic means, who likes to travel, who is young — it'd be cool if he liked to do yoga — family-oriented, somebody still exploring life (although I don't think I want somebody just starting off), likes boat trips, skis, boats, loves nature, motorcycles, to be out there, likes to drive cross-country on a bike, go up the coast, casually hippie, body and body work, likes to laugh, have fun, get stoned, who is not afraid, who can make me laugh. Viggo Mortensen."

On the professional side, Karan also sees a new beginning in her three-year-old relationship with LVMH, one that has proven to be much more challenging just when she is beginning to enjoy the easiness of her personal adventures. Isn't that how yin and yang work? At the office, Karan faces constant frustrations, with LVMH, with retailers and with her fellow designers who want to push show dates back even earlier each season — and that's probably good because it challenges her to keep working to prove her point of view is still valid.

For her fall collection, Karan took a long and rare look back at her career, and conceded to the pressure of all those customers and colleagues who asked her when she would bring back the pieces that made her famous, the crisp white bodysuit with a black cashmere wrap skirt, evening gowns with the shoulders cut out, heavy silver from Robert Lee Morris and alligator-skin accessories. Now, she feels it is time for something new.

"If I see my shoulder one more time, even I'm going to get bored," Karan said. "But I understand why the shoulder is important. I'm still working on how to make women feel thinner. I'm still looking for what works inside a dress and how to make the perfect last in a shoe. I'm trying to find what can I do to make a new look, but after 20 years, I'm still fascinated with the shoulder. What is 20? Twenty is a baby. Twenty-year-olds are just about to set off on their own. I do feel like there's a new beginning here. I really do feel that everything is transforming. I'm ready to start something with a new look."

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WWD MILESTONES

THEN AND NOW

Where the company has been, and where it's headed.

By Lisa Lockwood

WHAT STARTED AS THE DREAM OF A TAILOR'S DAUGHTER ON LONG ISLAND, wove its way through the design studios of Anne Klein and navigated the choppy waters of Wall Street and Seventh Avenue, has grown to become a \$1 billion-plus symbol of urban sophistication and the wardrobe of choice for professional women.

The Donna Karan International phenomenon erupted in the Eighties, sought fortunes in the public arena in the Nineties and was ultimately purchased by LVMH Moët Hennessy Louis Vuitton in 2001. Through it all, Donna Karan persevered as one of the most influential fashion designers of the late 20th century and remains a major force in the industry today, with a company that generates roughly \$1.4 billion in retail sales worldwide, including licensees.

When handpicked at the age of 25 to succeed Anne Klein as head designer of Anne Klein & Co. following the designer's death in 1974, Karan proved she not only had formidable design skills, but could handle the pressure of the fast-paced fashion world. But after a decade designing for Anne Klein with Louis Dell'Olivo, Karan struck out on her own in 1984 — in what she characterized as one of her toughest decisions — forming the Donna Karan Co.

Backed by Takiho Co., a Japanese textile-apparel conglomerate that owned Anne Klein, Karan and her husband, the late Stephan Weiss, had a 50 percent stake in the firm, while partners Tomio Taki, president of Takiho, and Frank Mori, principal in Takiho and chief executive and part-owner of Klein, owned the remaining half.

In her first interview announcing her new business in 1984, Karan told WWD, "It will be a very personalized statement by me. Not that Anne Klein had not been, but Anne Klein has been a cooperative effort between Louis [Dell'Olivo] and myself. Louis and I were Anne Klein. Donna Karan will be something different."

And that it was.

Based on "seven easy pieces," Karan invented a wardrobe for the professional working woman. Designing clothes that looked good on tall, statuesque women like herself, Karan put the emphasis on comfort, fit and sex appeal, and designed clothes to enhance women's figures. It all began with the bodysuit that snapped under the crotch, and Karan designed clothes that draped, wrapped or tied around it.

Like many female designers, most of her ideas came from her own needs.

Within 12 months, Karan had a commercial — and critically acclaimed — success on her hands. Her collection sold out faster than many other designers, and when she would do a personal appearance, she would create a frenzy in the dressing rooms, going in there with customers and showing them how to wear her clothes. From the outset, Karan sold her sportswear to stores such as Saks Fifth Avenue, Bloomingdale's, I. Magnin and Bergdorf Goodman. In fact, in a story in the New York Times Magazine on May 4, 1986, Bergdorf's reported that Karan's line

had the highest sales per square foot of any designer in the store.

Although things didn't always run smoothly at Donna Karan — complaints of late shipments were routine — the business continued on a hot streak and grew in many ways. Karan accessorized her sportswear with jewelry from Robert Lee Morris, and added categories such as hosiery, accessories, footwear, eyewear, beauty, intimates, men's wear, men's accessories and home, as well as DKNY clothing, jeans, footwear, accessories, eyewear, hosiery, kids', home and men's.

Establishing Karan's international presence has always been viewed as a major opportunity for DK, and over the years, the company opened freestanding Donna Karan New York stores in Manhattan; Costa Mesa, Calif.; London, and Tokyo, as well as 28 DKNY stores in such cities as Manhattan; Beverly Hills; Short Hills, N.J.; Cherry Creek, Colo.; Boston; King of Prussia, Pa.; Costa Mesa, Calif.; London; Manchester, England, and Tokyo.

Innovative and dramatic ad campaigns over the years, featuring such stars as

Iman, Demi Moore, Bruce Willis, Jeremy Irons, Milla Jovovich and Cate Blanchett, as well as those featuring Manhattan skylines and scenes, helped solidify Karan's image as the designer who understood women's lifestyles and their wardrobing needs. But while Karan had a clear understanding of women's necessities, she was less savvy about Wall Street's demands.

In 1993, Karan planned to take the company public, but in November of that year, decided to postpone it because company officials believed the timing wasn't right.

In a 1994 interview, Weiss, who shared the CEO responsibilities with Karan from 1993 to 1995, denied there were problems in the house of Karan, saying, "We have grown at an incredible rate. What we're doing now is trying to solidify our growth and make sure everything sticks."

Speculation had been fueled by late shipments of the collection; the postponement of the IPO; numerous layoffs; closing the firm's children's business; sales declines in the once-powerhouse DKNY women's business, and increased friction among partners Taki and Mori, and Weiss and Karan. Taki and Mori had reportedly wanted to cash out of the business through the IPO, which was postponed indefinitely because earnings at the time were "below plan," and the company thought it wouldn't realize its full value in the public market.

Observers attributed some of Karan's problems to expanding too quickly. Weiss noted at the time, "When we started the business, we were sitting on a runaway horse. My experience was to pull back the reins."

Some observers believed the beauty business, which was developed in-house in 1992, had been a drain on the firm's finances and that it might have put less stress on the bottom line had it been licensed to a fragrance expert — which it ultimately was, to the Estée Lauder Cos.

In 1996, Karan decided to test the waters again. The firm filed for an IPO in 1996

Continued on page 16



Stephan Weiss and Donna Karan on the day the stock went public in June 1996.

CURRENT STATE OF AFFAIRS

By Eric Wilson and Robert Murphy

"THE FASHION BUSINESS IS LIKE A ROLLER COASTER," said Donna Karan. "We get on, and we're in for a ride."

Few designer's companies have experienced peaks and valleys quite like the business trajectory of Donna Karan International. From the moment 20 years ago when her train left the station, it's been a bumpy ride with mountainous climbs, hairpin turns and quite a few unexpected loops. A snapshot of this instant would place the business somewhere near the end of a dark tunnel, approaching a new beginning, but not knowing just what to expect on the other side.

The past three years have been a tumultuous period, since LVMH Moët Hennessy Louis Vuitton acquired the company in a deal with the designer and public shareholders of Donna Karan stock. From the moment a deal was announced in December 2000, reports of friction between Karan and LVMH executives have clouded the successes of the companies in improving the economic situation at the house, where sales have declined considerably, but profitability and the quality of full-price business have improved.

The challenges of that integration have also led to persistent speculation that LVMH has tried to sell the company, but has not been able to attract a comparable bid to the grand total paid for Karan's assets: \$687 million (\$400 million for the

trademarks, \$243 million to stockholders and another \$43.8 million to the designer this year to increase its stake to 98 percent from 89 percent). Despite those rumors, LVMH maintains that its commitment to Donna Karan remains steadfast.

"Donna Karan is a great brand with a lot of growth potential that we are investing in and actively bringing up to speed," said LVMH chairman Bernard Arnault. "It's one of the 'big three' in the U.S. It has a very dynamic future."

Asked if LVMH considered selling Karan, Arnault replied, "We aren't interested in selling."

On both sides of the equation, there appears to be a renewed commitment to rebuilding the Karan empire, which was damaged by its tenure as a public company and the rough handover to LVMH. Transitioning from John Idol, who was chief executive of DK until the sale to LVMH, to Pino Brusone, to Fred Wilson and then to Jeffrey M. Aronsson last year, the company has had its share of management shake-ups, although the succession of Wilson to Aronsson was somewhat more organic, their being close friends.

"My executive management has moved around a bit," Karan conceded. "They can't keep up with me."

In its most recent quarterly report in April, LVMH noted that Donna Karan revenues were down about 30 percent in dollar terms due to store closures and the loss of sales from

Continued on page 16



CEO's past and present: Fred Wilson, Donna Karan and Jeffrey M. Aronsson.

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FOR 20 YEARS

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LIZ CLAIBORNE INC

WWD MILESTONES

THEN AND NOW

Continued from page 14

that was expected to raise between \$230 million and \$265 million. This marked a healthy increase over Karan's aborted IPO in 1993, which sought to raise \$215 million. Karan and Weiss got \$58 million from the proceeds, as did partners Taki and Mori.

Karan's stock was offered to the public at \$24 a share in June 1996. In its first day of trading, Karan soared to 30 1/8, based largely on expectations for the brand. That remained the historic high for the stock, which traded as low as \$4.25 on Dec. 5, 2000.

The day the firm went public, Karan, dressed head-to-toe in a black Donna Karan outfit, went down to Wall Street and rang the bell to start the day's trading session. A black-and-white Donna Karan flag hung over the street.

For the most part, the stock took a pounding throughout its five years on the New York Stock Exchange. Many shareholders, initially optimistic about Karan's prospects, ended up losing a lot of money in the stock.

Nearly a year after the company went public, John Idol succeeded the designer as ceo. Several days later, longtime president and chief operating officer Stephen Ruzow abruptly left the firm.

In Idol's first interview at the helm, he said he hoped the company would be back in the black in 1998. There would be a 15 percent reduction in the workforce, the consolidation of operating divisions to six from 13 and the costs to license its jeans and beauty businesses. Idol admitted that there had been delivery and quality issues, and said he was taking steps to fix that. He also said he planned to increase the number of company stores and licensed divisions.

Idol's plan was revealed the day after he announced a major licensing deal with Liz Claiborne Inc. for jeanswear and activewear that emphasized the firm's commitment to licensing, a strategy Karan largely spurned in the past. The financial community had been eager to see Karan license the jeanswear business, viewing it as a real opportunity for steady income and another way of reducing costs. Idol characterized the firm's performance in 1997 as "both disappointing and unacceptable."

Despite the company's losses, Karan and Weiss received \$17.6 million in royalties for 1997. Their huge financial gains would remain a habitual sore point for stockholders. In a somewhat unusual and very lucrative deal, relative to the rest of the apparel industry, Karan and Weiss received royalty payments through their wholly owned company, Gabrielle Studio, which controlled the rights to various Donna Karan trademarks. The Gabrielle Studio agreement provided for annual royalties of 1.75 percent of the first \$250 million in sales, plus 2.5 percent of the next \$500 million, plus 3 percent of the next \$750 million, plus 3.5 percent of all sales over \$1.5 billion. So while stockholders lost significantly on Karan stock, the designer and Weiss made considerable profits.

It was Weiss' idea to sell Karan's company to LVMH, a deal that was first announced in December 2000 and was expected to turn Karan into a global luxury goods player. On an acquisition binge, LVMH was to acquire Gabrielle Studio, which was owned by Karan and Weiss, for \$450 million. However, as an incentive to get the DK1 deal done quickly, Karan and Weiss agreed to reduce the price of Gabrielle Studio by \$50 million, if the DK1 acquisition was completed by June. The deal was done by April 12, 2001, and consequently, LVMH paid \$400 million for Gabrielle Studio and \$243 million for DK1. Again, Karan and Weiss received a financial windfall.

When LVMH first announced it was acquiring DK1, the company was hit by at



Corey Weiss, Gabby Karan, Lisa Weiss Keyes and Donna Karan in 2002, sitting in the "Apple" sculpture created by Karan's late husband — and Corey and Lisa's father — Stephan Weiss.

least two shareholder lawsuits seeking class-action status and charging that the acquisition price was too low. The final deal represented a premium of 26 percent over the \$8.50 price initially proposed by LVMH.

With the sale complete, Karan continued as chief designer and retained her creative leadership in the combined entity. Karan and Weiss agreed to exchange a significant portion of their DK1 shares for, and intended to purchase 14.3 percent of, the new entity, with LVMH owning the balance. LVMH planned to continue to operate DK1 as an autonomous lifestyle company in the LVMH Fashion Group. A completed deal with LVMH ended the difficult, often strained relationship between Karan and Wall Street.

"The fashion industry is not by quarter," a relieved Karan said. "To this day, I don't think I've deviated from Day One, what I'd like the company to be. Sometimes to accomplish those goals, you don't fit into a quarterly plan."

In June 2001, just two months after the deal closed, Weiss, then vice chairman and a director of DK1, died of lung cancer.

Karan has said the deal never would have happened had it not been for her husband. "He had a vision when we started Donna Karan. He created this. Stephan definitely steered the ship on this."

Observers believe Weiss showed exceptional savvy in the way he set up Karan's firm. "Stephan Weiss was a very unusual man and very creative. He had an intellect and a creative force working in him," said Harry Bernard, executive vice president and chief marketing officer at Colton Bernard, the San Francisco consulting firm. "He was one of those rare people who had an incredibly elevated vision with his feet planted firmly on the ground. And, he was quite shrewd."

"Gabrielle Studio was almost like a cross between a trust fund and a holding company. It was unusual, in the way it was structured," Bernard added, noting, even when Karan's firm was public, and shareholders lost a lot of money, Karan profited enormously. "They [Karan and Weiss] were lucky and astute."

Allan Ellinger, senior managing partner of MMG, an apparel consulting firm, however, pointed out that it's not that unusual for a designer firm to set up a separate holding company precisely to protect the trademark. "Very often, a bank wants a company to pledge its assets, such as inventory and receivables, and typically they ask for your trademarks," he said. "To protect your trademark, you set up a separate company. When the company went public, it wasn't dealt with at the time, and Donna's income was not driven by the company's profitability."

Despite having its financial problems over the years, Ellinger believes that the launch of Donna Karan in 1984 was "the last great designer introduction."

Interviewed last year, Karan described the Donna Karan brand and its DKNY counterpart as having grown larger than she could have imagined when she started the company with her late husband.

"It's a picture that's much larger than me," she said, "but the potential here is humongous. I don't think in any way, shape or form it has reached its potential."

CURRENT STATE OF AFFAIRS

Continued from page 14

the European jeanswear business, which is now licensed. Sales of overall merchandise are believed to be at about \$700 million now, including licensed collections, hit by a number of factors in recent years including terrorism and war, as well as restructuring efforts that have pulled Donna Karan branded products out of undesirable sales channels. A research note published this month by Antoine Belge, luxury analyst at HSBC in Paris, described Donna Karan as "barely" profitable in 2003.

Despite these circumstances, there is a sense within the company that a turnaround is in sight. Aronsson has made a concerted effort to promote a positive atmosphere for the many employees who have expressed concerns about reports of hostility with LVMH.

"In the midst of all this, it's gratifying and exciting to see people rallying toward common goals," Aronsson said. "Our turnaround is about embracing our customers one at a time, and building our successes on top of one another."

Aronsson reported that Donna Karan is at least making plan in many of its retail accounts for the first time in four years as a result of restructurings initiated by his predecessor, which he continues to carry out, such as improving its rate of making on-time deliveries, widening the assortment to better fit the stores' needs and offering transseasonal collections. This is a point that retailers would not argue.

Robert Burke, vice president and senior fashion director of Bergdorf Goodman, said, "Our business has been solid with Donna Karan, and we find that

the merchandising has been very focused. They have made a concerted effort to have a line that is easy for the merchants to buy, and more important, easier for the customer to put together and understand."

Fred Wilson was ceo of Donna Karan for 18 months before being recruited to Saks Fifth Avenue Enterprises, where he now oversees one of Karan's largest retail customers for the designer collection. From his new vantage, Wilson said he believes the company is on the right track.

"They have been for some time, just keep it coming," Wilson said. "Donna is one of the most creative people on the planet Earth. Her ability to design and create is spectacular. She is also very level-headed and has a very good sense of how business works. She is a great partner."

Every step the firm makes to clean up its image and distribution, however, is seen by analysts as more evidence that LVMH is preparing a sale of DK1. Antoine Colonna, luxury analyst at Merrill Lynch in Paris, said LVMH is likely to sell Donna Karan and noted, "I don't think they would want to keep it for the long term if they get offers for it. In any case, they want to make it clean so potential bidders will be interested."

One issue that has continued to dog the conglomerate in regards to Karan is what some retail observers have labeled a lack of due diligence prior to its acquisition of her trademarks, a deal that was worked out quietly to avoid a potential bidding war with other interested suitors at a heady time for acquisitions, when cost was secondary and there weren't many established designer lines up for grabs. But this is a point

of some debate among analysts and also one of only many issues relating to the integration of the business.

HSBC's Belge said at the time LVMH bought Donna Karan, he did not believe LVMH had overpaid. In retrospect, however, he said it could be argued the French group did not do due diligence. "At that period, many [luxury] groups were making acquisitions rapidly without enough due diligence. [LVMH] underestimated the work that had to be done at Donna Karan." Belge said Karan "didn't exactly fit" in LVMH's luxury portfolio.

Colonna said he believes LVMH got a "good deal" for Karan. Yet he said the acquisition also showed LVMH's limitations in trying to build an American brand on the same model the luxury group had employed for its European brands, which is to say the utilization of European sourcing and production as well as directly controlled distribution.

"It was the end of the perception that [LVMH executives] could use the European recipe for an American brand," Colonna said. "Today, the dream has been replaced by pragmatism."

Both LVMH and Donna Karan appear to be making the best of the situation by trying to build the brand. The company has repositioned DKNY with finer fabrics that have caused the line to nearly double in price at retail, while both the collection and DKNY lines have introduced a stronger assortment of accessories, Aronsson noted.

"This has all been a process of rediscovery of who and what we are and getting back to our roots," Aronsson said. "We are getting back in touch with what made this company great. We are resecuring a great foundation upon which to build. That, in a way, is a great metaphor for what Donna Karan does — creating a foundation for a system of dressing, starting with a bodysuit and adding can't-miss fashion."



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WWD MILESTONES

DONNA BY DESIGN

Donna Karan on the streets of New York with two models, fall '87.



DONNA KARAN, QUITE SIMPLY, GETS MODERN WOMEN. AFTER ALL, she's balanced motherhood and marriage with having her name on the head honcho's office door for 20 years, all the while staying true to her singular creative vision. Of course, she knows what women want and need to get them through the day stylishly without looking like a victim, without compromising chic for comfort.

"I see my customer as I see myself — a woman who doesn't have time to shop, a mother, a traveler, perhaps a company owner," she told WWD in 1984, while still at Anne Klein. "I will design only clothes and accessories that I myself would wear." And since breaking out on her own a year later, she's stuck to that philosophy.

Karan made cashmere her staple — grand swathes of it, wrapped or flung easily over a shoulder; in a minimal palette of neutrals and blacks to reflect her introspective, spiritual self. She injected an urbane chic into sporty clothes where others fell prey to unrealistic, trendy bells and whistles. Yet, too, she worked glamour — always in a cosmopolitan mood of long, sensual gowns. What started as the famous "seven easy pieces" has blossomed into a lifestyle look, a wardrobe for the modern woman, whether she's storming down Fifth Avenue, picking up the kids or swinging off to yoga class.

Here, highlights from the first 20 years of Donna Karan.

— Nandini D'Souza



Donna Karan
Fall '99



Spring '03



Spring '91

ALL PHOTOS FROM WWD ARCHIVES



Fall '04



Spring '02

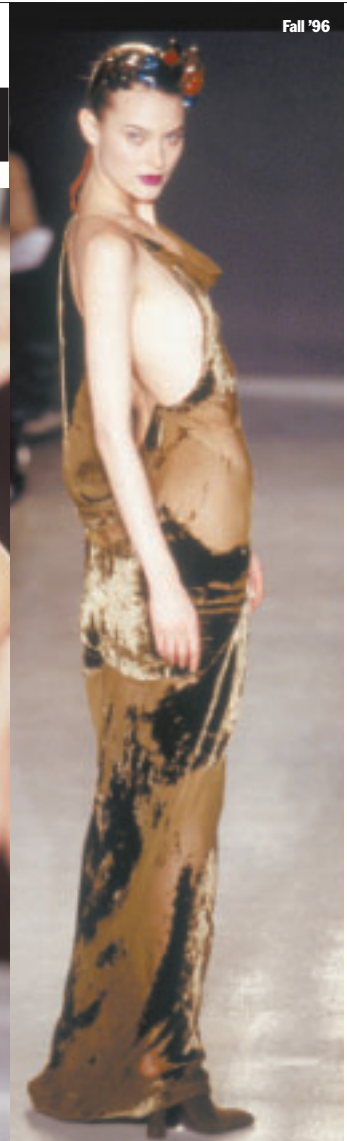


Fall '94

SECTION II

WWD MILESTONES

BY DESIGN



LOUIS VUITTON

salutes

DONNA KARAN

on their 20th anniversary

SECTION II

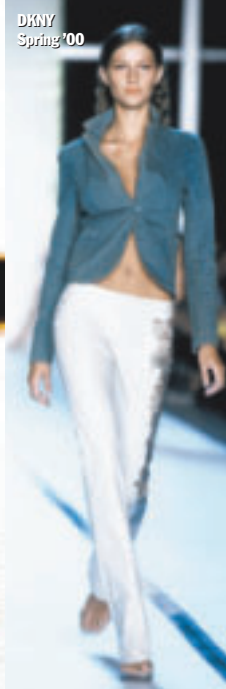
W W D M I L E S T O N E S



DKNY
Fall '98



Fall '01



DKNY
Spring '00



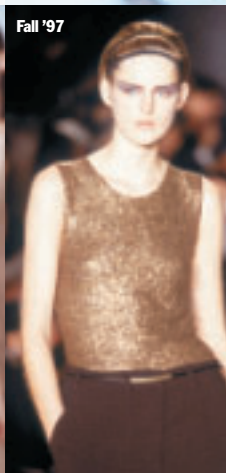
Spring '03



Fall '96



Spring '95



Fall '97



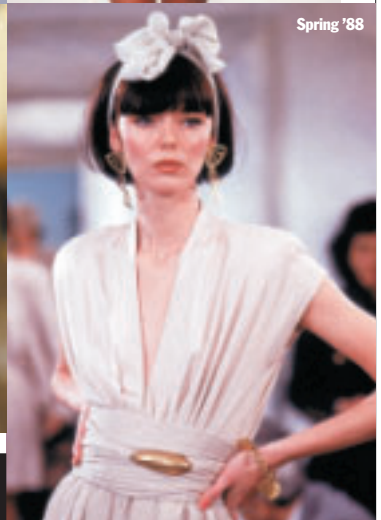
Spring '98



DKNY
Fall '94



Spring '97



Spring '88

BY DESIGN



FOSSIL CONGRATULATES DONNA KARAN ON 20 YEARS!



SECTION II

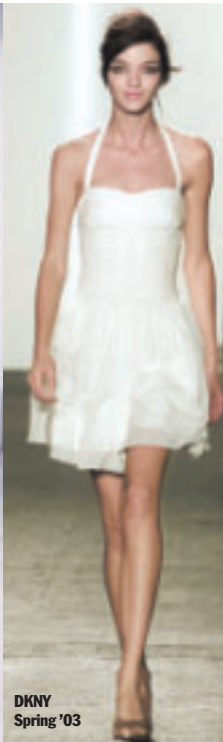
WWD MILESTONES



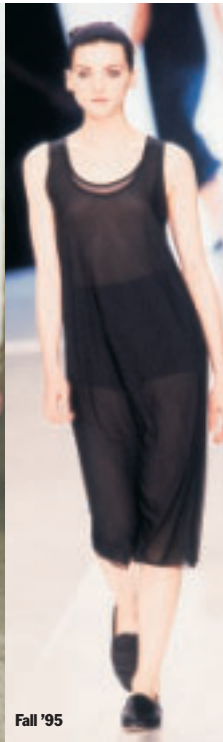
Spring '97



Fall '98



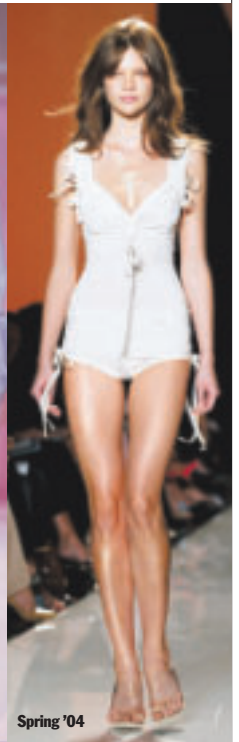
DKNY
Spring '03



Fall '95



DKNY
Spring '99



Spring '04

BY DESIGN



Spring '92



Fall '94



Fall '87



DKNY
Spring '98



Spring '86



Fall '88



Spring '91



Fall '03



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SECTION II

WWD MILESTONES



Spring '00



Fall '93



Spring '96



From her first collection, fall '85.



Fall '86



Spring '94



DKNY Spring '98



Spring '91

BY DESIGN

[congratulations to Donna Karan on 20 years of style]

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It has been an honor doing business with you and seeing your company grow over the past 20 years. Your polished, sophisticated designs and attention to every detail help our customers look and feel flawless. We wish you continued success and look forward to working together for years to come.

WWD MILESTONES

EASY DOES IT

Seven easy pieces started the Karan cavalcade going. Here's why the concept was revolutionary.

By Meenal Mistry

ASKING PEOPLE TO LIST DONNA KARAN'S "SEVEN EASY PIECES" IS A BIT like asking for the Eight Wonders of the World or even the Seven Dwarfs — they always seem to miss one or two, or throw one in that doesn't belong. Of course, everyone remembers the bodysuit. Few forget the wrap skirt or the strong-shouldered blazer. But when it comes to pinning down the rest of the seven components, things get hazy.

The confusion is cleared up (somewhat) by Dawn Mello, who introduced Karan's first collection in 1985 at Bergdorf Goodman and explains that there really is no right answer. "The fact is that Donna was insistent on having seven easy pieces and that's all she wanted in the boutique. But it was seven that turned out to be 70," Mello recalled, laughing heartily at the memory. "Donna loved designing. So after she finished the seven, she just kept on designing. When the clothes came in, we had to redesign the whole shop."

The idea of the seven easy pieces was born in Karan's first collection, which bowed in May 1985 to a lengthy standing ovation and glowing reviews. WWD called it "New York fashion at its most sophisticated" and "a collection that's close to perfection." Karan's concept was to speak directly to women's needs and to solve their problems through a system of dressing that merged the professional and the sensual into a chic, comfortable package. At its core was the bodysuit that snapped under the crotch and stayed put. Over that went the rest: tailored pants, a wrap skirt, a tailored jacket, wrapped cashmere knits, a robe-like coat and an eveningwear piece — all in luxurious fabrics, and able to be worn in countless combinations. Black tights and sleek matte gold jewelry from Robert Lee Morris completed the look.

"It really reinforced the modern concept of interchangeable separates dressing," said FIT's chief curator Valerie Steele. "Donna would never claim to have invented it, but she took it to a new level. Claire McCardell had done interchangeable separates, but that was more playwear. This was very soigné, very sophisticated."

But it wasn't only Karan's mix-and-match system that was revolutionary. She also freed women from constructed, zip-up-the-back clothing. "This was the time frame when most of the clothes were very structured, tailored suits," said Kal Ruttenstein, senior vice president of fashion direction at Bloomingdale's, where the collection was also sold. "These clothes moved with a woman when she walked. It was all about getting in and out of limos and going to the airport and board meetings. You could go anywhere with your seven easy pieces."

In addition to selling the collection, Mello herself was a fan. "I wore nothing else in those days," she said. "And customers just loved it. It had a wonderful look to it. She was encouraging women to feel good about their bodies."

Although the actual seven easy pieces in their somewhat literal form lasted only a couple of years, the concept of it is a thread that the designer has woven through many subsequent collections. She practically credits them with the success of the company in the diary she wrote for the September 1996 issue of Vogue detailing her three-week tour to drum up interest for her IPO. On Day One she writes, "Instead of bar charts and graphs, I'll show my seven easy pieces, the idea that clothing solves problems."

And besides a slide show, Karan gives a lesson demonstrating (on herself) how garments like her wrap-and-tie skirt are revolutionary for women. In Karan's characteristic self-revelatory style, on Day Eleven she writes, "A major realization: My system of dressing works. I've been wearing the seven easy pieces two-and-a-half weeks without change through 20 cities, worldwide — yet my luggage is so light."

Today, the pieces have a solid foothold in fashion history. Steele featured a look in FIT's 1997 show, "Fifty Years of Fashion," documenting important moments from Dior's New Look onward. In 2003, Karan even referenced herself for the fall collection that revived the fluid wool jersey, wrapped silhouettes and general urbanity of her early days, albeit with a fresh take. And although vintage dealers, like Keni Valenti, don't usually get requests for it, they are still bullish on it. "It was amazing," says Valenti. "All that wrapping! It was so fresh and modern." He does admit that designers who venture up to his showroom on "inspiration" trips make a point of studying its construction.



Three out of seven: bodysuit, wrap skirt, robe-like coat.

Decades owner Cameron Silver even makes the case for a return of the seven. "I seriously think if she brought it back and updated those pieces, it would be genius," he says. "She could put it all in a little travel bag. Women would totally buy it."

"That's what people buy — those basic pieces," he adds. "I have my favorite underwear and Levi's that I buy two and three at a time. At the end of the day, those great basics are hard to find."



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WWD MILESTONES

WEEKEND WARRIOR

DKNY was always intended to stand on its own.

By Julee Greenberg

IT WAS A PERFECTLY CLEAR DAY IN SEPTEMBER 1988 WHEN DKNY WAS BORN. THE streets of Manhattan were blanketed by Donna Karan's new brand, as taxi drivers, messengers and paperboys wore T-shirts bearing the new logo. The sky over Seventh Avenue was clear — and it's a good thing, because it cost the company \$5,000 to write the DKNY logo in the sky.

The first DKNY presentation was made in the designer's showroom in a gallery-like setting, as models stood on raised platforms wearing such ensembles as the navy blazer paired with baggy jeans and the denim signature bodysuit with classic trousers. This launch was the beginning of something big, and everyone knew it.

"It was like nothing I had ever seen, literally everyone — retailers, customers, editors — everyone was so excited about this line. I was there for six-and-a-half years, and it was one of the most exciting times in my career," said Denise Seegal, who was executive vice president of sales and marketing for DKNY at the time of its launch. Today, she is president and chief executive of Sweetface Fashions, the master licensor for JLo by Jennifer Lopez, but at DKNY, she was largely responsible for the brand's initial success. "These were clothes that were missing from the customers' lives. They had their work clothes, but they didn't have the perfect pair of jeans that fit so well into their lifestyle."

The excitement, said Patti Cohen, executive vice president of global marketing and communications for Donna Karan, was generated by a new brand of clothes to fit the lifestyle of a busy, young New York woman and according to her, the brand has always been based on the items that Karan herself thought were AWOL from her own closet.

"Donna couldn't find jeans that fit her right," Cohen recalled. "And [her daughter] Gabby was also always borrowing her clothes at the time, so she saw this as an opportunity to start a new brand. From the start, DKNY was to be a completely separate brand from Donna Karan. It is not a watered-down version of collection."

That is why, to this day, the company holds separate runway shows for Donna Karan and for DKNY — to keep their identities independent. And while DKNY launched as a full line of casual clothes to include jeans, basic T-shirts, jackets, dresses and blazers, today the DKNY line is more defined and segmented into categories like DKNY Active, DKNY Jeans, DKNY Juniors and City DKNY, all of which are now licensed to Liz Claiborne Inc. Seegal left Donna Karan to take a new post at Claiborne and brought the DKNY license with her, to take advantage of Claiborne's expertise and infrastructure in better-priced markets.

The brand has remained true to its roots, revolving around the white T-shirt. Karan predicted the first season would bring in \$45 million in wholesale volume. Today, sources estimate retail sales of Donna Karan International to be approximately \$700 million, with about 75 percent of that volume, or \$525 million, coming from DKNY.

"I wanted to do what was missing," Karan told WWD just before the launch of DKNY. "I wanted the perfect jeans, the perfect leather bomber jacket — clothes that my customer needed for her total lifestyle."

After launching in Manhattan the company took the city on the road and launched in markets including Los Angeles, Dallas and Chicago.

"We had events in seven major U.S. cities and brought New York on the road," Cohen remembered. "We held events and had hot dog carts and popcorn machines. DKNY represented the energy and spirit of New York — it was fast, fun and real. It fit a broad range of lifestyles and we wanted every city to feel that energy."

DKNY launched at a time when these types of clothes were needed to reenergize the bridge arena. Seegal added there really was no other brand doing this.

"Donna was so into it and involved in every part of the line. She loved going into the stores and talking to the customers," Seegal laughed. "I remember at one store event, when we were launching the men's line, she walked up to this man who was dressed conservatively in a pressed shirt and khakis. Somehow, she convinced this man to buy a pareo. A pareo — a skirt for a man. And she convinced him to buy it. It was the funniest thing. His girlfriend just stood there with her mouth open. But that's how much Donna believed in her product."

While the pareo didn't exactly take off as a big men's wear trend, DKNY was thriving. "The stores wanted this line like you wouldn't believe," Seegal said. "But we were really careful to keep a hold on the distribution. We knew what we were able to ship, so we didn't let ourselves get in over our heads. We launched with Saks Fifth Avenue and from there we went

Continued on page 32



DKNY launches in September 1988.

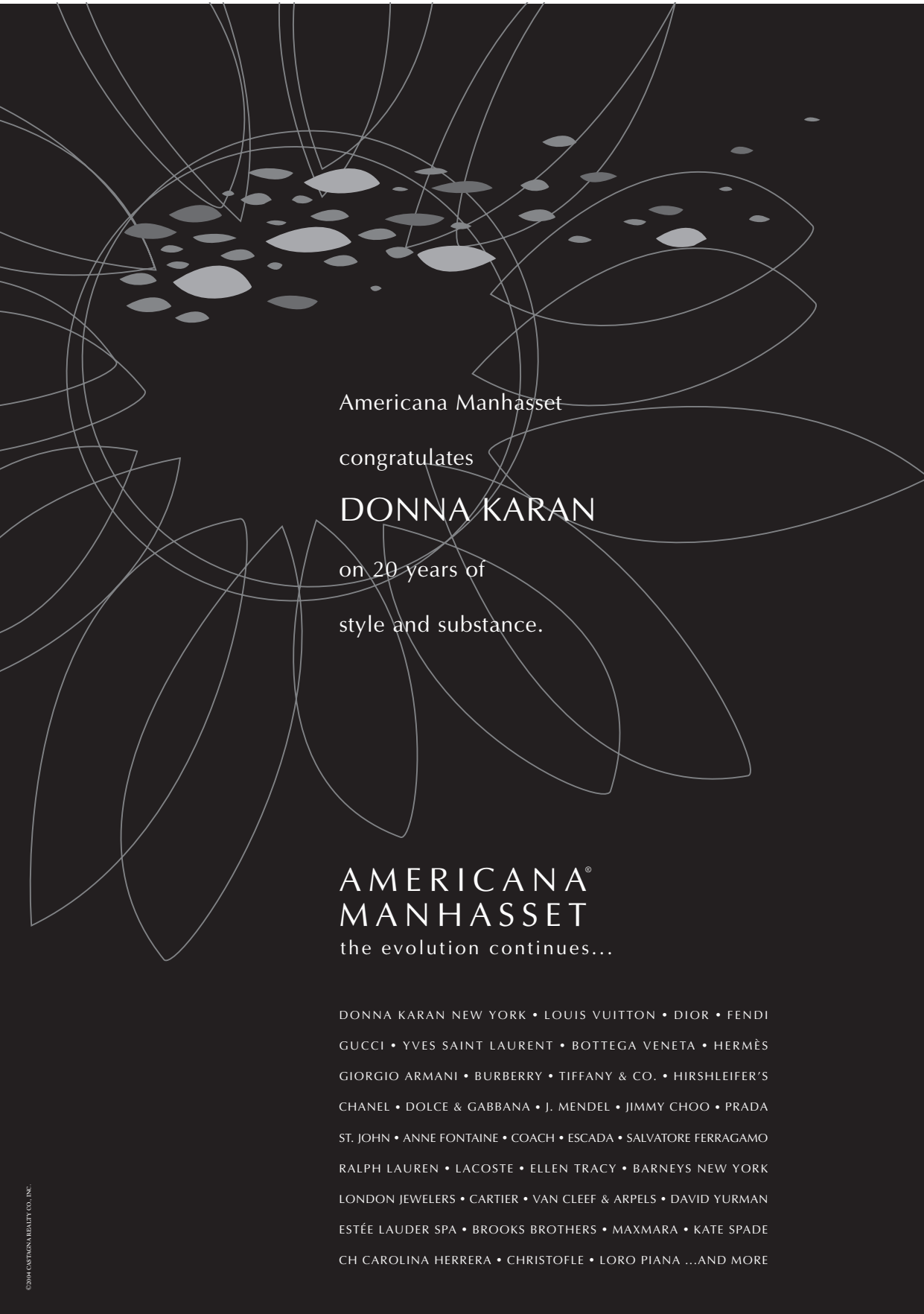


DKNY Jeans was launched in 1990. Today it is licensed to Liz Claiborne Inc.

DONNA KARAN

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WWD MILESTONES

A MAN'S WORLD



DKNY MEN'S SPORTSWEAR IS BACK TO WHERE IT started — outfitting men in modern fashion with a Donna Karan flair.

Mary Wang, president of DKNY, said the launch of the secondary collection's men's sportswear in 1993 helped shift the men's business toward a lifestyle orientation rather than one focused on classification.

"If you look at the business today, modern men's lifestyle is just beginning to take hold and dominate," she said. "Before, it was strictly commodity-driven."

DKNY conjures not a single item, but a style of dressing for men, she continued.

"As in all our lines, we've gone through a lot of changes," said Wang. "We're now at the root of what our business has been."

Wang helped start the DKNY business when she joined Donna Karan International in 1989, serving as vice president of merchandising until 1994. She was president of DKNY women's from 1995 to 1998, when she left to become president of Emanuel, the Ungaro bridge line. Wang returned to her current role at DK in 2002. She said DKNY men's, under various leadership, has at times been more commodity-driven or taken with chasing other brands, such as Banana Republic or J. Crew.

Now in about 150 stores domestically as well as doors in Europe and Asia, the line has returned to its original modern lifestyle positioning, she said.

"We're just going to be DKNY," said Wang. "We don't need to be anything else."

Karan, speaking to WWD's sister publication DNR in December 1992 about DKNY's first summer looks for men, said the line would be multipurpose and carry a spirit of ease.

"It's playtime and a guy is doing sports, whether sporting at the bar — hunting women — or whatever. It's the essence of men, being a free spirit," she said.

Looks for that first summer, which was actually the second season for DKNY men's, included a high tech/gear theme, with boating items featuring multiple pockets and colors like

industrial orange. There were also cleaner looks, including denim overalls and shorts and terry sport coats in white.

The line evolved through the years. In summer 1998, for instance, the firm said it had slashed prices of DKNY men's by up to 35 percent as a way to stimulate sales.

In 2001, new DK owners LVMH Moët Hennessy Louis Vuitton moved to lessen DKNY's reliance on department stores, as well as to reconfigure distribution to try to reduce sales of the brand to off-pricers like T.J. Maxx.

Donna Karan's Men's Collection, positioned above DKNY men's on the price scale, was launched in 1992 and more or less wound down in 2003. It is now being reevaluated.

"It's sad to see that Donna Karan men's no longer exists," said Stephen Ruzow, who joined the company in 1989 and was president and chief operating officer. "It's a shame, because I think it can — and hopefully under the ownership of LVMH will — get back to its glory days."

Ruzow is now president of women's wear at Kellwood Co. The men's line was introduced the same way many things were at the company.

"It stated out as Donna sending models down the runway," said Ruzow, adding that the business, at its peak, brought in nearly \$100 million in sales.

"Donna was very involved in the fit of men's suits," said Ruzow. "She was always looking to dress her husband."

The suits, he said, used plenty of women's wear fabrics, like crepe and stretch crepe, and had a European styling to the shoulders.

The collection "was responsible for introducing a very European feeling from an American designer," said Ruzow.

Commenting on the pullback when it was first reported in 2002, Karan in a statement said: "We have made a significant contribution to the industry and how creative businessmen dress today. Sometimes you are forced to take stock in order to reassess. This requires a strategic plan and some focused strengthening. This is certainly not an easy road, but a necessary one. More than ever, I am deeply committed to men's wear — its discipline continues to inspire all that I do."

— Evan Clark

WEEKEND WARRIOR

Continued from page 30

into select doors. We only launched in 320 doors."

Today, DKNY is sold in department and specialty retailers across the country, and while it has expanded into several categories outfitting several customer lifestyles, the brand faces competition as never before. At the time of its launch, DKNY dominated the bridge area in department stores. Today, the label competes with such brands as Theory and Elie Tahari, but it also faces competition in other arenas — DKNY Jeans competes in the junior area with Guess, Polo Jeans and Tommy Jeans and DKNY Active competes with Nike, Adidas and Puma.

"As a trendspotter, I see that Theory has become the new DKNY in some ways," said Marian Salzman, executive vice president and chief strategy officer of Euro RSCG Worldwide. "There are so many brands out there now competing for the same consumer."

But that doesn't mean DKNY is past its prime.

"I thought that Banana Republic was dead and it just had its best quarter. I thought that J.Crew was finished and its merchandise looks better than I've ever seen it," she said. "I think



that's what's so exciting about it. Donna can be that way too — get a new young designer in there, or maybe Gabby can get more involved. I just think that the brand has become too accessible to too many people. When you do that, it's easy to lose your brand in the mix."

But Karan believes that her DKNY brand is doing just fine the way it is.

"DKNY is like Coca Cola. Everyone knows it, yet look how many people still crave it," Karan said, "because it never fails to satisfy an awful lot of people all of the time. That is how I have always wanted DKNY to be — familiar but never boring."

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WWD MILESTONES

A BEAUTIFUL MIND

Donna Karan's beauty business, now a \$55 million enterprise, was largely a product of Stephan Weiss' passion.

By Pete Born

TO THE ESTEE LAUDER COS., DONNA KARAN IS A MARKETING WELLSPRING.

"If you look at the brand and its values, Donna has a very strong point of view on everything," said Veronique Gabai-Pinsky, senior vice president and general manager of Lauder's Designer Fragrance Division. "She has a vision of life that will allow the brand to expand way beyond where it is today. The potential is amazing."

Karan signed a licensing deal with Lauder in 1997 after five years of building her own beauty company, a formative period that was meteoric at first, highly innovative and somewhat controversial.

Lauder is now preparing two fragrance launches under the Donna Karan and DKNY banners, and this is just the beginning. As Gabai-Pinsky explained, the game

plan calls for dramatic growth: "We do believe that we can develop the brand very steadily and double our sales within the next three years."

She added that achieving "critical mass" would give the Karan brand the legitimacy and credibility in the eyes of retailers and consumers alike, which would create a platform and open doors to further product development, emboldened by the designer's eclectic interests.

Karan launched her beauty company in

1992 with a signature fragrance that featured an unusually artistic bottle that was designed by her husband, vice chairman Stephan Weiss, who was also a sculptor. Weiss, who died in 2001, was the driving business force behind the venture, according to Jane Terker, the beauty company's president. "He made it happen. It was his passion," she said.

The initial fragrance and all the rest of the products — the line included 46 principal stockkeeping units by the time it was acquired by Lauder — represented a personal execution by Karan herself. For his part, Weiss "created packaging that looked like custom-made pieces of art. It was a wonderful collaboration between husband and wife," Terker added.

Judging from reports from retailers, the brand's packaging looked striking and beautiful to some consumers, but simply confused and perplexed others.

Ironically, what emerged as the champion of the brand, Cashmere Mist, was born out of Karan's belief that instead of resorting to the industry practice of layering, the products should smell different. Some of the accords from the original fragrances were used as a jumping-off point to create a scent for body products, which in themselves achieved a higher proportion of sales than is the industry norm. That scent was later launched on its own as Cashmere Mist, which remains in the top five in U.S. department stores.

In the short term, Lauder will mark the 10-year anniversary of the Cashmere Mist women's fragrance with a more intense, more sensual version, called Pure Cashmere Eau de Parfum, which will bow in August with updated advertising. Under the DKNY brand, the company will launch a women's scent in the fall. An international launch is planned for next spring.

Gabai-Pinsky noted that the business is founded on the two brands. Donna Karan, "the iconic and timeless" brand, forms much of the U.S. business. DKNY, which she described as "in the moment," is strong overseas. The former represents the soul and passion of the designer's vision, she added, while the latter is a bit livelier and younger.

By building upon both pillars, Lauder hopes to create mass in terms of image and point-of-sale presence "to develop a cathedral for the brand, so people can feel the essence and spirit of Donna," Gabai-Pinsky noted.

According to NPD Beauty, a division of the consumer marketing firm NPD, sales of all Donna Karan fragrance and beauty products in American department stores alone amounted to \$55 million at retail for 2003. Of that, \$46 million, or 84 percent, was generated by Cashmere Mist.

Lauder does not discuss numbers, but industry sources estimate that if Lauder hit its three-year target, the Karan business could grow to as much as \$150 million, with U.S. and international volumes combined.

Karan decided to license the beauty company after investors in her publicly held company became restive under the financial burden of the start-up. Industry sources estimated that Karan invested \$15 million to \$20 million in the beauty company and eventually losses were narrowed to near break-even. One source estimated that the firm was finally losing \$1 million or \$1.5 million a year on sales of slightly over \$40 million.

Terker, who described her tenure there as "an amazing, incredible once-in-a-lifetime experience," said the beauty unit was challenged by the fact that it was part of an apparel company that then went public, thus depriving it of the necessary funding to do product sampling and make other moves needed to build critical mass. "The whole reason the company did not succeed was a lack of resources," Terker said. Asked what could have been done differently, she replied, "I would have gone outside for investment."



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WWD MILESTONES

COMPLETING THE CIRCLE

Donna Karan's accessories give personality to her collections.

By Marc Karimzadeh

DONNA KARAN IS REALLY AN ACCESSORIES DESIGNER WHO ALSO HAPPENS to dabble in apparel. Perhaps that's the most common misconception among consumers, and it's one that both mystifies and amuses the designer.

"People always come up to me and say, 'You make the best tights,'" she told WWD in February. "But then I always have to remind them, I make clothing, too."

Other than the much-touted hosiery collection with Sara Lee, Karan has arguably not had the kind of accessories impact of some of her European contemporaries, but the category, nevertheless, has been a crucial ingredient in her "total concept" look from Day One.

WWD's first Donna Karan cover in April 1985 pictured a model in a black wool jersey tunic and a matching jersey slim skirt. A timeless outfit, it became a chic fashion statement of its time with a bold gold belt, chunky gold bangles and a black hat.

Over the past 20 years, Karan has become as well known for her black bodysuits as she did for her bold black sunglasses, wide crocodile belts, crocodile-skin day bags, organic-shaped gold bangles and, of course, those ubiquitous black opaques — in other words, a New Yorker's complete wardrobe.

"For me, accessories was the most important aspect of what I considered was a basic group of black outfits," Karan said. "These clothes become the background to how she personalizes the clothes. The foundation is the clothing, accessories is the fashion."

Because Karan always insisted that retailers sell all of her categories in one location, in an in-store shop, accessories were always part of the mix. Bergdorf Goodman was the first to embrace this philosophy wholeheartedly.

"When we launched her collection at Bergdorf's, she insisted that we have all categories of merchandise in this shop," recalled Dawn Mello, who was the president of Bergdorf's at the time. "She wanted shoes, handbags, hosiery in one place. The space was very small...Just to try to create the appropriate selling situation was quite a challenge, but we did it and it worked."

Mello particularly praised the hosiery for its texture and fit, and said that legions of women rushed to Bergdorf's to meet the designer when she visited.



Two heavily accessorized looks from Karan's fall 1987 collection (left and top right). Karan often collaborated with Robert Lee Morris for gold belts. Here, a look from fall 1989.

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"When the hosiery was introduced [in 1987], I remember Donna taking her pantyhose off and giving it to customers so that they could try it on and get the overall effect of her head-to-toe design," Mello said. "It just wasn't about the clothes, it was about the total presentation. It was something so fresh and so accepted by customers."

Robert Lee Morris started designing jewelry with Karan in 1983 at Anne Klein, and the relationship continued well into the designer's signature career. Morris made jewelry and hardware for her belts and bags, as well as zipper pulls. Most iconic, perhaps, was the sea-buckle belt, which Morris designed in the late Eighties, and the body pin, which offered a solution to Karan's fluid designs.

Morris explained, "I watched her trying to find a way to keep that famous stretch jersey wrap and tie skirt together, so I created the body pin, which was this curved sculpted gold pin that echoed the knotting and wrapping of her collection."

Accessories also played a key role at DKNY, where the launch collection featured sneakers, baseball caps and men's ties worn as belt pulls; rubberized leather handbags, totes and duffels, and pins in whimsical shapes such as manhole covers, planes, people and fire hydrants.

However, the company's focus on getting DKNY off the ground shifted the attention away from the main collection's accessories business and, in 1998, Karan decided to close the accessories division.

"At the time, we were putting all of our energy into DKNY and, as a result, Donna Karan accessories took a hit," Karan told WWD in 2000. "I just wasn't happy with the designs and felt it was better to halt the collection and come back to it later with a more focused eye."

In 2000, she relaunched the collection with distribution intended for freestanding Donna Karan stores and limited specialty stores. The real push, however, will begin this fall under the auspices of accessories powerhouse and DKV parent LVMH Moët Hennessy Louis Vuitton. The plan is to make accessories into a significant business, accounting for at least 45 percent of Karan's total net sales in five years.

In her runway presentation for fall, the designer boosted the presence of accessories by showcasing several handbags, fur collars, jersey gloves, blown-glass dress fastenings by contemporary glass artist William Morris (no relation to Robert Lee) and fur shrugs.

In addition, the company is bringing back signature belts that were created in a collaboration with Robert Lee Morris, including the conch, the slice, the lock and the circle belt.

"I started with the bodysuit and whatever you add to it gives you personality," Karan said. "These accessories become the way that you personalize the clothes."

What makes a statement?

A 20 year partnership
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SECTION II

WWD MILESTONES

EVERY PICTURE TELLS A STORY

The company's marketing campaigns are an extension of the designer, and that's what makes them work.

By Jeff Bercovici

THE PEOPLE CHARGED WITH CREATING ADVERTISING for Donna Karan International have never had to look far for inspiration.

Season after season for the past two decades, the animating spirit behind the company's marketing message has been Karan herself — her life, her travels, her passions, her personal relationships and her deep attachment to the city she calls home. Perhaps more than any other designer, she has cultivated an emotional connection with her customers, encouraging them to think of her stylish yet accessible persona as synonymous with her products.

"So many people now talk about emotion in communications and advertising," said Trey Laird, president and executive director of Laird+Partners, which handles all advertising for DK. "Donna's been talking about that for 20 years. The emotion is so much more important to her than the clothes."

The company's marketing strategy first took shape under the direction of Peter Arnell, a former architect who ran a print design firm in SoHo along with partner Ted Bickford. In 1983, Arnell was introduced to Karan by Bergdorf Goodman president Dawn Mello, a mutual friend. "I had never been so excited by a dialogue in my life," recalled Arnell of the meeting. "I felt like I had met the woman version of Peter Arnell — excitable, optimistic, naive, knowing how to listen." When he showed her the logo he had created for her new company, "Donna started crying," he said.

A 1986 Collection ad featured one of Stephan Weiss' grandchildren.



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Besides crafting the logo, Arnell designed the blueprint for the company's personality-driven marketing approach. His ambition, he said, was "to hold up a mirror to her and basically angle it toward her."

But before introducing his main character, the stage had to be set. Arnell eschewed images of models and clothing for a period of one year, focusing instead on scenes of New York shot by Denis Piels. "I knew it was probably more important to show where, as a company, we were coming from than what we make," he said. "We were basically grabbing the culture of the greatest place on earth and we were going to harness it and present it as our own."

Arnell's decision to show no products was also inspired by the famous photo of the riderless horse in John F. Kennedy's funeral procession, an image that impressed on him the power of absence. "What's not there is what's important," he said. "What's not there, people desire." Over time, he would return to this approach — for instance, creating an eight-page gatefold ad that showed no hose to promoted the fall 1987 launch of Donna Karan's hosiery line.

When the time came to put
Continued on page 40



Demi Moore and Bruce Willis in a 1996 campaign shot by Peter Lindbergh.



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SECTION II

WWD MILESTONES

EVERY PICTURE TELLS A STORY

Continued from page 39

a person into the picture, the person selected was model Rosemary McGrotha. Dark-haired and relatively full-figured, as fashion models go, she was depicted in the fall 1986 campaign riding around town in the back of a limousine, boarding an airplane laden with bags or dressing herself in a messy bedroom with a baby nearby. The idea was to create images that would reflect Karan's own glamorous but hectic life, said Patti Cohen, DK1's executive vice president of global marketing and communications.

So successful were the ads at channeling Karan, said Cohen, "a lot of people thought Rosemary was Donna." McGrotha also starred in 1992's spring campaign as a female presidential candidate — an idea that came to Karan in a middle-of-the-night epiphany. Not surprisingly, Karan mentions the presidential ads when asked about her favorite campaigns.

The next major phase in the company's evolution came with the 1989 launch of DKNY, Karan's more affordable weekend line. The most famous piece of DKNY advertising is Arnell's mural, at the intersection of Broadway and Houston Street, featuring the logo and New York skyline. It remains in place 15 years after it went up.

In 1994, Karan took her company's advertising in-house, saying that the Arnell Group had become too expensive. She hired Laird, formerly an employee of Arnell's, to be creative services director. (Laird started his own agency in March 2002, signing Donna Karan International as his first client.)

Laird's fall 1994 campaign for DKNY represented a significant break with the brand's past, most notably in its use of abundant, vivid color. The campaign, shot by Peter Arnell, looked at New York through the eyes of a younger person — a place of exuberant energy and possibility. "If the Collection was Donna in the limo or in this amazing apartment on Central Park West, then DKNY was out in the streets, interacting with the city," explained Laird. One image, a young man in a suit inline skating down a busy avenue, was inspired by the late John F. Kennedy Jr.'s commuting habits.

In another departure, McGrotha, until then the exclusive face of the Donna Karan Collection, was joined in the fall 1994 campaign by other women including Linda Evangelista, Isabella Rossellini and Benedetta Barzini, an Italian journalist. Since then, a number of other celebrities have been featured in the company's advertising, including Bruce Willis and



Jeremy Irons in 2001 (above) and Cate Blanchett in 2003.



DKNY ads revealed in New York cityscapes.

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Demi Moore, Jeremy Irons and Gary Oldman. Most recently, ads have featured actress Cate Blanchett, who was signed to a three-season deal. A pregnant Blanchett will star in the fall 2004 campaign, whose theme of rebirth corresponds to the company's 20th anniversary.

Meanwhile, DKJ has been developing new channels for its marketing communications. In spring 2001, it published the first issue of *Woman to Woman*, a magazine sent to selected customers and distributed through stores. Karan uses the semiannual publication to communicate with readers about the latest developments in her life, from her travels in Southeast Asia, to the marriage of her daughter, Gabby, to the death of her husband, Stephan Weiss, in 2001. Though it might seem strange for such a powerful person to share these intimate details of her life, it's perfectly in character, said Laird. "Everything that's personal with Donna is open. She's never hidden anything about her."

"What's going on in my life affects my state of mind — I think that's part of the creative process," said Karan. "I don't separate church from state."

More recently, DKNY has tapped the power of film with two shorts, "New York Stories" and "Road Stories." The films, which were distributed on CD-ROM and made available on the DKNY.com Web site, mark the culmination of Karan's long-standing interest in using advertising to tell a story. "She always responds to stories," said Laird. "She loves cinematic pictures that aren't just fashion poses."

"For me, it's always about the cinematic," agreed Karan.

But Karan's advertising has not always lived up to the uniqueness of her vision, said Marc Gobé, president of brand design consultancy Desgrippes Gobé. "If you look at some of the recent advertising and take the name out," he said, "you can't differentiate one from the other."

Rosemary McGrotha in 1992's "Presidential" campaign.



Gobé added, however, that the films mark a return to form for a brand with a history of distinctive, high-impact campaigns. "This is very innovative," he said. "They're using print advertising to lead people to the Web, where they can view film and videos about the brand. It's a powerful way of engaging with people."

There are certain limitations involved in creating advertising for a brand that is so intimately bound with the identity of its founder, acknowledges Laird. "Whenever we've moved away from a personal connection to Donna's

life and gotten too much into the fashion of the season, those are the times it hasn't felt right to me," he said. At the same time, however, when ads are rooted in the emotions and experiences of a real woman — particularly a woman as vibrant and expressive as Karan — the potential exists for words and images to take on a power that ordinary advertising could never achieve. "It's not made up. It's not something that was created on a whim," said Laird. "It is telling a story that's very true. It's her life, her inspiration."

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WWD MILESTONES

A STORE OF ONE'S OWN

Donna Karan creates the showcases for her collections by breaking some rules.

By Anamaria Wilson

DONNA KARAN LIKES TO TAKE A HANDS-ON approach.

That runs from draping sumptuous matte jersey over a woman's form, running a hand over a Balinese teak table or cozing in for a chat on a massive stone chair sculpted by Japanese artist Izumi Masatoshi in the garden of her Madison Avenue Collection store. Yet for a woman whose name is as synonymous with bodysuits as it is with spirituality, creating Zen-like retail environs hasn't come easy.

In a world in which minions are dispatched to take care of daunting or tedious tasks, Karan is not one to leave others to sweat the small stuff, or the big stuff. Instead, she pours over blueprints, makes rapid-fire suggestions and obsesses about the details — down to which scent she wants to permeate her stores.

In short, Donna Karan's serenity is hard-won.

"The thing about working with Donna is that you always get a very honest and very visceral reaction to things," said architect Dominic Kozerski of Bonetti Kozerski, who helped realize the Donna Karan Collection stores, DKNY stores, as well as Karan's apartment overlooking Central Park and her East Hampton, N.Y., home. "The challenge is to read correctly that reaction. Usually it pushes you to next the level."

That next level manifested itself in Karan's Madison Avenue Collection store, which is situated in a three-story Carrere & Hastings brownstone built in 1852. The 10,600-square-foot space opened in August 2001 and is a play on



Donna Karan in the garden of her Madison Avenue Collection store in 2001.

light and dark with rooms of white, accented with sleek and rough touches — like a liquid black bench by architect Zaha Hadid, burnished brass pieces, slabs of wood, ebony granite and roughhewn limestone. One of the store's major draws, however, lies in the back courtyard, which was made into a garden replete with a black granite wading pool and the aforementioned stone chairs.

"There were several iterations leading up to this store," said Trey Laird, president and executive director of Laird+Partners, who was Karan's executive vice president and corporate creative director at the time of the store's opening. "I think that what Donna always wanted to capture was a sense of sensuality and warmth. So much of architecture and fashion, for fashion designers, especially in the last decade, has had more of a cold sensibility, kind of an austerity. And sometimes it is quite beautiful and really impactful, obviously that being the point, but it was not really her."

To properly capture Karan's oversized personality and exacting demands, Kozerski and his colleagues began building mock-ups of the stores they were planning in warehouses using old theater techniques to show Karan how the stores would look and feel.

They used stretch fabric scrims and made models of a little corner of the store so they could test things like hang-bar height, the relationship of a table to a wall and how merchandise would space out.

"With Donna being such a great retailer, it was always such a lesson in store design," said Kozerski. "Where you thought something had to be a particular

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The Collection store on Madison.

way because that was the rule of design, Donna would approach it from a very sculptural or merchant or practical and moneymaking approach — she'd always take a different tack and spin the idea in such a way that it became a richer one."

To that end, traditional store setups were pushed aside, and instead of filling the ground floor with the bulk of the collection, the space was merchandised with the majority of the women's collection featured upstairs, as a way to lure shoppers further into the store.

"The ground floor is very much centered around the garden and that approach is about bringing a residential concept into a store, and I think that was some-



DKNY's vibrant Madison Avenue home.

thing quite fresh," said Kozerski.

For her DKNY stores — of which there are two in New York, one on Madison Avenue and one in SoHo, both opened before the Collection store — Karan's vision was different.

"Donna wanted the DKNY store to be interactive and fun," explained Laird, of the Madison Avenue shop. "Not just like 'here are these sweaters.' She wanted it to be a little bit more of a futuristic version of a flea market."

"I had this obsession," Karan told WWD at the time. "I wanted to walk in and see every color. All of a sudden, my eye had shifted. When your eye shifts, your eye shifts. I said, 'Let there be color in flowers,

sweaters and furniture.'"

And there was. The 16,000-square-foot store, which opened in August 1999, was an exercise in nervy urban grit with a glass facade, concrete floors, steel and mirrors blasted with bright shots of color. Additionally, the store housed myriad colorful home items like lamps, vases and pillows, as well as notepads.

Yet Karan also wanted the energy and vibrance of New York City to come into the store. This effect was accomplished with a mirrored wall that allowed the bustling traffic of taxis and buses to be reflected into the space.

"When we opened that store, it immediately became a reference point for many other stores," said Kozerski. "We saw that white box with the constantly changing interior proliferate across many brands."

The DKNY store in SoHo opened in August 2001, just before the Madison Avenue Collection store. Yet this time, Karan opted for a rustic, urban warmth with exposed brick, a skylight, wooden timbers, a mobile of birch logs — all offsetting the sumptuous bed situated in the middle. There are now 28 DKNY stores around the world and four Donna Karan New York units.

"The important thing about working with Donna is the level of involvement she takes," said Kozerski. "Each of her suggestions is always some very strong gut feeling. It's probably one of the most enjoyable things about working with her and one of the most challenging, because the gut is the hardest experience to make tangible."

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WWD MILESTONES

FRIENDS OF DONNA

A collection of another kind — Donna and some buddies, and a few thoughts from her peers.



Karl Lagerfeld: "Only 20 years of success...I cannot imagine the New York fashion scene without her. She is strong enough for another 20 years of success (with her new haircut). I think she is the most important American woman fashion designer after Claire McCardell."

Marc Jacobs: "Black cashmere."

Michael Kors: "She is sort of New York fashion incarnate. I interviewed with her when I was 19, but I never went to work for her. She is the quintessential New York woman. She's fascinating and funny, smart as a whip and remarkably talented. She changed New York fashion and convinced everyone that sportswear could be something more than just a blazer."

Donatella Versace: "I have enormous admiration and respect for Donna. What she has built is an amazing achievement. Her talents as a designer and business woman, as well as being a wife, mother and grandmother, are extraordinary. The fact she can continually stay true to her personal vision and remain at the helm of a global empire is inspiring to me. She is a powerful, strong and incredible individual — I should really dress her!"

Nicole Miller: "What I like about Donna is that every time I talk to her, she seems so obsessed with whatever she's talking about. She leaves no stone unturned, and I thought that her last collection was really great. She always pushes the envelope. When I talk to her, it's always an obsession. I can see her as one of those designers who stays up every night working on a collection until it's perfect."

Zac Posen: "She took huge risks. What we need to do now is what

Congratulations
Donna

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she did in her time period. She rocked feminism and fashion. She respected women and their bodies. I love her old jumpsuits. One of the first things I remember seeing as a fashion look when I was growing up was one of her pieces. That was a dress with the cutout shoulder in black. That was the first identifiable designer piece I can remember."

Francisco Costa, Calvin Klein: "It's a good time for her. She is an icon of American fashion. It's a good recognition of everything she's done."

Pamela Dennis: "I have in my basement archives a cashmere sarong skirt. It's pilling, of course, because I wore it so much, with a white, crisp body shirt. I remember that being the uniform of the Eighties. White with black. Everyone was enamored with her wearable clothes, and still looking smart and classy, but also feminine. She's always been a master of that, and the business decisions she's made in her life are something to applaud. Coupled with her keen sense of style and her knowledge of women — it takes more than talent to make it — she's got it all."

Christopher Bailey, Burberry: "Donna for me is one of the great American icons of design. I was fortunate to meet her whilst I was studying in London at the Royal College of Art. Her passion, enthusiasm and integrity for her craft completely seduced me, and I spent several years working for her in New York. Every time I see Donna, I am reminded of how great those years were, her enormous talent and her warm, loving character."

Roland Mouret: "She was the first woman designer after Chanel who had a vision of clothes as not just an outfit, but recognizing there was a world around the woman who she designs for. And she looks amazing. Time has not touched her. She's the American Chanel, the first one I remember as a woman designer

who challenged and created a lifestyle around a woman."
Christian Lacroix: "For me, Donna Karan belongs to a tradition of American women designers such as Claire McCardell, who are alone able to marry sophistication and modernity, allure and practicality, American sportswear with a little je ne sais quoi European touch. She created something with her style of wrapping forms around the body, while using herself to design and sell her style, between streetwear and vintage, linked with loads of naturalism, energy and determination."



Karl Lagerfeld's sketch of essential Donna.

Gianfranco Ferré: "Donna Karan's style is the expression of the cool, easy and metropolitan soul of the American style, always in a strong, sensual and feminine way. And the facts show how interesting and successful this mix is."

Cathy Hardwick: "She calls me her landlady because she rented my house in Water Island for years. She is the most humorous person I know. Very earthy, and unpretentious for all her success. I do think it's time she should have her Lifetime Achievement [Award]. She is fabulous. Donna's a princess. I remember at Water Island, my housekeeper Lulu went with the house, and the housekeeper loved her. Stephan loved the housekeeper, too, and always said, 'I should have married Lulu. She can cook.'"

Stephen Ruzov: "It was an incredibly exciting place to be. Donna's Donna, she's unique. It's a very different environment, working in such a creative atmosphere, from working in a normal company. I worked from 8 a.m. to 8 p.m. and she worked from 8 p.m. to 8 a.m."

Jules "Julie" Stern: "There's a lot of sameness between the way Anne Klein was dealing with things and the way Donna deals with things. Anne didn't know anything about money and Donna is the same way — not that she doesn't know how to

make money, but as far as numbers are concerned. She's just an engine that keeps going. She also doesn't know deadlines and schedules — those were our biggest fights."

Mary Wang: "I was really taken aback that Donna Karan herself wanted to meet with me and just be sure I was someone whose personality and manner would get along with the company that she was building. The phenomenon of DKNY at retail was matched by Donna's exuberance internally. Even though it was very hectic and frenetic, it was always a positive energy because the business was so good."

Louis Dell'Olio: "At Anne Klein, we made fluffy chenille sweaters and Donna was wearing one at a shrink appointment and smoking a cigarette. She dropped an ash on it and it went up in flames. She came into work and said, 'Louis, you are not going to believe what happened.'"

"Barbra Streisand wanted one and we told her we couldn't sell it to her. Barbra being Barbra, she insisted she have one and went into the [company] president's office. She signed something that said she wouldn't sue the company if she went up in flames. The end of the story was Barbra got what she wanted and the president said, 'That's not the point. We don't want to see you go up in flames.'"

"One summer in the Eighties, the Queen of England visited Bloomingdale's and certain designers were invited to stand in the department near their clothes. Donna and I took the subway because we didn't want to get stuck in traffic and Donna didn't want to get wrinkled. There was Donna in her white linen suit, white hat and white gloves."

Frank Mori, president and ceo of Takihyo: "When Donna was nearing the end of her [Anne Klein] contract, Donna and Louis wanted to put her name or their names on the Anne Klein label. We worked with [the late] Charlie Ballon. After many months of investigating that, we knew we were not getting anywhere. We decided we'll put up the money to start Donna Karan, but we were not going to put her name on the Anne Klein label. This story has been changed so many times. We fired her on a Wednesday or Thursday and the following Tuesday we met and formed the Donna Karan Co."

**Congratulations
 Donna Karan
 on 20 incredible
 years!**

**Anderson
 Lithograph**

**Happy
 20th Anniversary,
 Donna!**



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WWD MILESTONES

SHE SAID, SHE SAID

The designer muses about business, insecurities and getting chic throughout the years.

"Fashion is not a glamorous profession. What can really be glamorous about a rag you put between your legs? Fashion's a business." — **1974**

"Too many designers design for impact instead of reality — that's why SA is in trouble. Look how many Coty winners are going down. You see them failing right and left. A Coty award is not the ultimate; it's simply recognition of a job well done. I'd like to win one so long as it didn't interfere with business. After all, you're only a Coty winner for an hour." — **1974**

"What do I know? My husband [Mark Karan] and I are plain, simple people — the most expensive thing we own is the \$350 tuxedo he bought for Versailles. We live in the suburbs, for God's sake.

Oh yeah, I want to get myself together, you know, get très chic. Like, I'd never met a Catholic until I got to Parson's — that's the kind of Jewish neighborhood I grew up in. Or like the time when we arrived at the hotel in Paris for Versailles; there were hundreds of police and I thought they were for us because we were Americans — what I didn't realize was that the president of Libya was arriving, too.

"And at Versailles, we were invited to a ball, and I figured a ball means dancing, right? So I practiced up on my dancing and then nobody danced. It was weird. But then, I'm from Lawrence, Long Island, so what do I know? That's why I'm going to get chic." — **1974**

"Many of the male designers just create fantasy — just costumes, nothing you can really wear. You have to try on the clothes to know how they work — I bet some of those boys go behind the rack and try on their collections. They must!" — **1974**

"I see my customer as I see myself — a woman who doesn't have time to shop, a mother, a traveler, perhaps a company owner. I will design only clothes and accessories that I myself would wear." — **1984**

"I knew that some day I'd go out on my own, which is why I never wanted my name on another's label." — **1984**

"I'm still scared, but I don't understand it at all...I just wanted a few friends to wear it." — **1985, about the success of the first collection.**

"I have a plan that's all worked out. I've just got to hold back so I don't blow it." — **1985**

"Your whole closet isn't and shouldn't be full of expensive clothes. Great pizza is still great pizza." — **1985**

"All you do is go out of your mind, and every day you have to be ready to change everything." — **1986**

"Last fall [for the first solo collection], I designed with myself in mind. I did not anticipate the varying ages,

bodies and tastes of the women who would buy my clothes — from a Diane Sawyer to a Patti LaBelle. Would you believe 50 percent of my customers are 5 feet 4 inches and under?" — **1986**

"Accessories are so terribly important. The right cuff link, the right eyeglasses, the right handbag. A woman needs it all, so I figured, why not do it all?" — **1986**

"I am dying to do a great pair of jeans and other weekend styles." — **1988, announcing the formation of DKNY.**

"People who know me, know that I hate makeup. I like jeans. I like T-shirts. I like blazers. I like to roll around in my sweats, my Lycra pants, my oversize shirts, my cashmere sweaters. I get home at night, I put on my leotard, my skirt, my shawl. And I'm in heaven." — **1989**

"I'd want to cause a shift in the men's business. Men need a system, a way of putting it all together." — **1990, before launching her men's wear.**

"I've always lived in a leotard and tights. I quickly discovered that making a bra is like nuclear science." — **1992, launching intimates.**

"For me, it's all about the body and it starts there." — **1992, launching fragrance.**



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on your

20th ANNIVERSARY



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Donna Karan at 25.

"He's a natural nose. I listened in on an extension when an astrologer told him so." — **1992, about her husband, Stephan Weiss, when preparing the fragrance.**

"Everyone's looking for what's wrong with fashion, and it was really bothering me. It was all tits, busts and vulgarity — Barbie Doll-ish. Is this what women want? I saw it happening in my own company and it scared me to death. True femininity is gentle, not aggressive." — **1995**

"Who wears high heels every day? Is that modern? You can't get anywhere." — **1995**

"I'm, you know, in this whole discovery mode — meditation, spirituality, fasting, this whole thing, right? But one day we went into town and suddenly this other human being comes out. We thought about going out to

dinner, but one woman said, 'We can only go if we talk without gossip.' I said, 'I better fast, then.' There's no way I could go to this restaurant and not gossip. You take me out of the context and I'm dead." — **1995**

"After all, if you don't have the right shoe and the right handbag, you don't have anything." — **1996, discussing DKNY Accessories.**

"No, I'm not your typical ceo — far from it. But to take a company from zero to \$700 million says something about how we operate. Do we do it by the straight and narrow? Of course not. We cut on the bias." — **1997**

"I had been a ceo for 10 years, yet nothing in my experience prepared me for the challenge of going public. Like having a baby, it doesn't matter how much advice you

get, how much reading you do — until you go through it yourself, you have no idea what's coming." — **1997**

"My modus operandi is that you have to be able to sleep wherever you can sit. The futon way of life does make sense, where a bed is a bed, a couch and a banquette...In New York, where do you find an apartment with a bedroom, anyway?" — **2000, launching her home collection.**

"I defy anybody to go into a store right now and find a towel that works." — **2000**

"There's so many of the designers here I want to work for. When I saw Dries Van Noten, I had a coronary attack. I'd like to experience other areas of design. I've always said I'd love to design Jean Paul Gaultier. MAC, I'll do makeup. Calvin [Tsao], if you need an assistant in your studio. Fred [Wilson], if you find you need a replacement as the ceo of my company, I'm available...As a woman, I'd like to see a woman standing here next year running for president. Of course, I'm available to do that as well." — **2003, at a Fashion Group International benefit.**

"This company has been through so much, from going public to getting bought by LVMH, that I think it's just the drama of the whole industry, but Fred got it under control. What every designer desires most is a partner in crime, somebody who gets you and can be your partner. You can have a dream, but you need someone there who can stand behind you and guide you. The search for Fred's replacement stopped at [candidate] number one. The search began and ended when Jeffrey [Aronsson] and I met." — **2003**

"It's all about perception. Everybody loves New York. I don't see anybody moving to France or Italy, so why do they all live here if they don't love it? I love Central Park, I love all the lights and the movies and the theater. I love the view!" — **2003**

"TO ME, THE FUTURE IS ALL ABOUT PERSONAL STYLE, NOT DESIGNER DICTATES. MY ROLE IS TO OFFER WOMEN THE FREEDOM AND TOOLS TO PULL IT TOGETHER IN A COMPLETELY MODERN, SEXY WAY... BECAUSE THAT IS WHAT GREAT STYLE IS ALL ABOUT."

DONNA KARAN

DONNA KARAN
NEW YORK

CONGRATULATIONS ON
20 YEARS
OF GREAT STYLE

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CONGRATULATIONS
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FROM YOUR FRIENDS AT CHF INDUSTRIES
AND
DONNA KARAN HOME.

WWD Jewelry & Watches

Section III



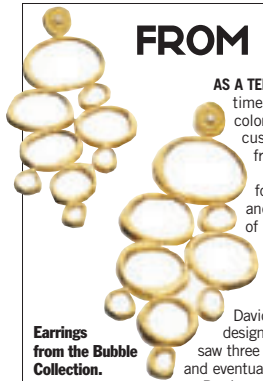
NATURAL SELECTION

Darling buds aren't just for May. They translate year-round in bright jeweled bouquets. Here, Van Cleef and Arpels' brooch and matching earring in 18-karat white gold and diamonds surrounded by rubellites, with Stefan Hafner's 18-karat white gold, diamond, ruby and sapphire ring and 18-karat white gold, diamond and sapphire earring.

JEWELRY & WATCHES

SCENE

FROM ROCKS TO RICHES



Earrings from the Bubble Collection.

AS A TEEN IN PARIS, CATHERINE M. ZADEH WOULD USE HER FREE time holed up in a *chambre de bonnes* dabbling with oil colors on canvases. She also painted on silk, making cushions and scarves that she began to sell to her friends and neighbors.

Nowadays, Zadeh, 42, has given up her Paris home for a Manhattan address and has traded her canvases and silks for stones. After creating a successful collection of men's cuff links, she has now turned her attention to women's jewelry, which she will present at the Designer Atelier of the Couture Jewellery Collection & Conference in Phoenix, Ariz., Saturday, May 29.

Zadeh started making jewelry when her husband, David, a loose diamond trader, encouraged her to create designs for herself that he could manufacture. A male friend saw three self-made stackable rings, then asked her for cuff links and eventually encouraged her to start a men's jewelry collection.

But it wasn't until recently that she decided to give women's jewelry a go. "My kids were big enough, and I could put more time into my business," she said.

Zadeh uses 18-karat green gold and encrusts the metal with small, delicate diamonds rather than common settings. "It gives a brilliance to the jewelry without making it too overwhelming," she said. "It glitters, but not in a gaudy way."

The women's jewelry includes the Bubble Collection, which features 18-karat green gold handcrafted circles assembled into earrings and necklaces. The group is priced at retail from \$800 for 18-karat earrings to \$18,000 for a necklace encrusted with bigger diamonds.

Zadeh also designs women's belts with candy-colored crocodile straps and jewelry buckles — some of which draw from the Bubble group. The belts retail for around \$1,000.

"I get inspired by everything — by nature, texture, architecture...everything that is around us," she said.

The line already has been picked up by Reinhold Jewelers in San Juan, Puerto Rico, and Sabbia at the Ritz Carlton Hotel in Key Biscayne, Fla., and sales projections for the women's collection are about \$500,000.

— Marc Karimzadeh



Catherine Zadeh

ZADEH PORTRAIT BY KEITH KLEINER, JEWELRY PHOTO BY DOUG ROSA

DRESSED TO THRILL

COURTNEY PLUMB'S JEWELRY COULD EASILY OUTFIT THE fashionable and fun-loving heroine of the latest romantic comedy. But a protagonist in a psychological thriller? A fan is a fan, however, and when actress Robin Tunney walked onto the set of her latest film wearing one of Plumb's necklaces, the costume designer immediately ordered more for the film.

The moment was a gratifying one for the former marketing manager for Banana Republic who started designing her collection of precious and semiprecious jewelry two years ago.

The move to jewelry designer was inevitable. Plumb, who is based in Chicago and goes by the nickname CoCo, said she used to play scavenger in her mom's jewelry box as a child. Her hunts — and finds — were an early indicator to the philosophy Plumb developed as an adult. "I truly believe in dressing around your accessories and letting your style show through that," Plumb declared.

Within the line of earrings and necklaces dripping in white sapphires, smoky quartz and pink tourmaline, a pair of leaf-motif earrings with sleeping beauty turquoise stones that sit in cascading gold leaves has been a bestseller.

"Everyone's doing the long chandelier earrings, so I had to think what would make me stand out," Plumb said. "And I am a huge outdoors person."

For now, the line, which wholesales from \$100 to \$975, is carried at specialty stores around Chicago and in Newport, R.I. But Plumb would love to expand her distribution into department stores like Barneys New York. The line has annual sales of \$200,000.

As for opening her own boutique, she said that can wait. She knows both the highs and lows of retail management and would prefer to stick with the singular designer role.

"Right now, I'm happy," she said, "but who knows."

— Emily Holt



Here and below, CoCo Plumb earrings.



PHOTOS BY GEORGE CHINISE

PICTURE PERFECT

SUSAN SONTAG ONCE WROTE THAT "TO photograph is to confer importance," and that's likely the case with "Cathy Waterman Classics," an artful photograph folio of the designer's most popular jewelry looks.

Cathy Waterman plans to self-publish the book this fall, and the spiritually inclined designer describes the project, which has taken several years, foremost as a labor of gratitude.

"I wanted to somehow thank my customers for their support over the years and acknowledge that they are the ones who created these 'classics,'" Waterman explained. "That was the genesis of the book."

"Cathy Waterman Classics" was shot in color by John Patrick Salisbury, a West Coast photographer known for portraits as well as a moody black-and-white art series of his two cousins.

The designer, who makes few personal appearances, revealed her plans for the 9-inch-square coffee-table book while in Dallas for a May trunk show at Ylang-Ylang, her exclusive account in Texas.

Over lunch, Waterman said she originally envisioned a "Steichen-like book" and asked Salisbury to shoot the jewelry in black and white.

"My husband looked at the pictures and said, 'You don't get that *ahh* feeling that you get from your jewelry,' and he was right," she said. "We reshot it in color, and it's very beautiful. There's not much copy because it's not about me, it's about the work."

The book will feature styles that have become signatures since she began her business in 1989 when "I discovered I could draw." So expect to see Waterman's organic flower earrings, tassels, vine and leaf motifs as well as the "child" charm necklace and others.

Though she hasn't yet settled on a publisher, Waterman expects the volume will be sold through stores that carry her jewelry, a relatively short list that includes Barneys New York, Neiman Marcus and such specialty stores as Twist in Portland, Ore.

As for her biennial appearance at Ylang-Ylang, the trunk show tallied more than \$200,000 in sales and orders. Top sellers were her newest styles mixing platinum and diamonds with round and cabochon beads of angel skin coral, a rare coral whose hue ranges from pale pink to soft peach. "I've been looking for light angel skin coral for a long time, and I was told it didn't exist," she said. "It's the color of the inside of a baby's ear."

— Holly Haber



Cathy Waterman

PHOTOS BY GEORGE MARCO HEINSON



Cathy Waterman's kunzite, gold, platinum and diamond earrings.

AN ELEGANT SOIREE

ONCE STRICTLY APART, THE FASHION AND FINE JEWELRY AND watch worlds are on a collision course that is creating some dazzling synergies. Case in point: Concord's new Soiree watch comes inside a limited-edition, crystal-adorned black Judith Leiber evening bag. The design is exclusive to Concord, with the bag's clasp mirroring Soiree's rectangular, tonneau or oval case designs.

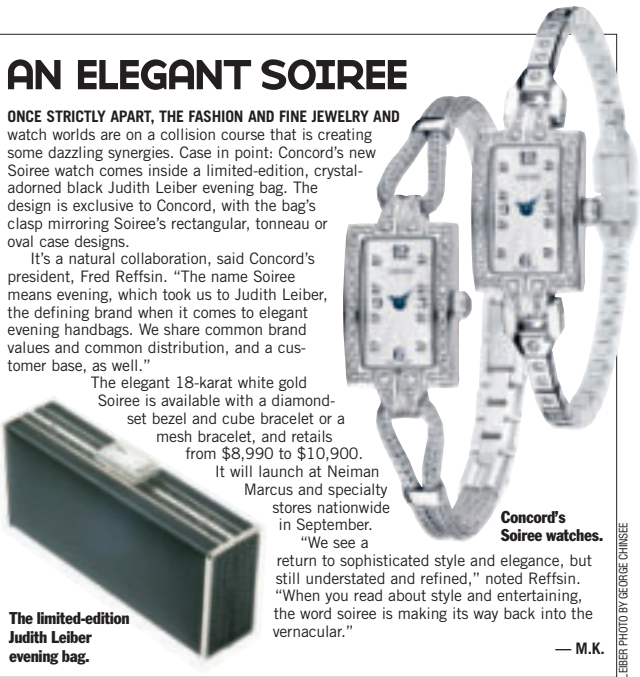
It's a natural collaboration, said Concord's president, Fred Reffsin. "The name Soiree means evening, which took us to Judith Leiber, the defining brand when it comes to elegant evening handbags. We share common brand values and common distribution, and a customer base, as well."

The elegant 18-karat white gold Soiree is available with a diamond-set bezel and cube bracelet or a mesh bracelet, and retails from \$8,990 to \$10,900.

It will launch at Neiman Marcus and specialty stores nationwide in September.

"We see a return to sophisticated style and elegance, but still understated and refined," noted Reffsin. "When you read about style and entertaining, the word soiree is making its way back into the vernacular."

— M.K.



The limited-edition Judith Leiber evening bag.

Concord's Soiree watches.

LEIBER PHOTO BY GEORGE CHINISE

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SECTION III

JEWELRY & WATCHES

SCENE

ANNIVERSARY JEWELS

DE GRISOGONO, THE GENEVA-BASED JEWELRY AND WATCH BRAND, is celebrating its 10th anniversary this year, and it's come a long way, thanks to its enterprising and imaginative founder Fawaz Gruosi.

Gruosi, who was born in Damascus, Syria, always gravitated to bling. As a teenager, he moved to Florence to work around jewelry studios and went on to hone his jewelry-making skills at Harry Winston and Bulgari. But it was only a decade ago that Gruosi decided to strike out on his own.

"I got fed up working for other companies and not believing in the product," he recalled. "I told myself that it was now or never. I had so many ideas."

But his most strikingly original one came when he was thumbing through a jewelry book and spotted a peculiar and then unfashionable stone: a gigantic black diamond.

"Black diamonds were thought to be ugly," explained Gruosi. "But I knew that black jewelry could be beautiful."

After all, Gruosi knew that black was the staple in any fashionable woman's wardrobe. "Almost every woman in fashion has a little black dress," he said. "At that time, black was everywhere. Armani was doing black. And Coco Chanel loved black. Black is sophisticated, sexy and mysterious."

His gutsy creations paid off. Soon the rich and famous were queuing at his door. Gruosi branched out, experimenting with stingray (before many of his competitors) and introducing a line of bold, oversized watches with an average price tag of \$12,000.

Today, he operates boutiques in Geneva, Gstaad, London, Paris, Porto Cervo, Rome and Saint Moritz, with franchise operations in Moscow, Kuwait and Hong Kong. Gruosi, 51, will mark De Grisogono's 10th birthday this fall by opening his first store in the United States, at 824 Madison Avenue, on the southwest corner of 69th Street.

De Grisogono had revenues of about \$53 million last year. Despite his rapid success, Gruosi said he wants to retain the "couture" quality and size of his business. "I will only open another two shops and maybe



Fawaz Gruosi



A De Grisogono choker.

another 10 franchise stores," he said. "You have to stay exclusive."

Indeed, Gruosi's creations are exactly that. His opulent, one-of-a-kind baubles, which mix a modern, graphic touch with Gruosi's love of the past, can run into the millions of dollars.

"Our difference is in the detail," he said. "We have very tight settings and details that don't always show, but that always make the difference in the quality of the jewels."

And who is his client? "A woman who works and who can wear the jewelry in the day without being too dramatic," he explained. "It's not only to look rich, but something that can be worn with jeans. I design for strong women."

Gruosi should know what he's talking about. His wife of eight years is Caroline Scheufele, vice president and creative director of Chopard, which is owned by Switzerland's Scheufele family. Two years ago, Chopard acquired a 49 percent stake in De Grisogono to finance expansion.

"I'm working with my enemy," quipped Gruosi. "We're the only couple in the entire business who are married and competitors."

— Robert Murphy

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"To create something special, you have to reach for the stars," declared Swarovski. And with XILION — its new Rose Hotfix featuring a perfect cut — it offers jewelry and textile makers "a shine that is out of this world."

The new, unique cut, with alternating facets of different sizes and specially designed table face, allows perfect refraction and intense light distribution, it reported. "This is what gives the XILION Rose its inimitable brilliance."

Available in a range of sizes, colors and effects, the XILION Rose — like all Swarovski crystal products — offers unlimited possibilities:

"A crystal can only be as perfect as its geometry," and Swarovski's unparalleled cutting technology "lets the cut reflect as much light as possible." XILION's complex geometry creates crystal with a multi-layer cut and perfectly matched faceting on crown and pavilion, giving it special depth. Products include the original XILION Rose, XILION Chaton with revolutionary foiling, and semi-finished products also featuring the XILION cut.

The XILION Chaton and Rose are the most important innovations Swarovski has released in years, it declared: "The new, previously impossible-to-manufacture cut is the next generation of crystal, a natural evolution in the constant search to produce crystal that is brighter, more reflective and more luxurious."

The XILION Rose Hotfix can be applied with a heat press, SCAD™ (Swarovski Crystal Application Device), ultrasonic device or stone setting machine and does not affect a garment's care, it reported.

Since introducing Hotfix technology in 1975, Swarovski has continued to set new standards, with the adhesive and wash-resistant XILION Rose Hotfix guaranteeing easy processing.

Swarovski's revolutionary Hotfix Technology offers excellent adhesion and cuts application times by up to two-thirds, increasing efficiency of the entire production process.

The XILION Rose Hotfix is applied from a temperature of 250° F (120° C) and upwards, and can be easily used on sensitive and innovative materials without causing damage or discoloration.

Unveiled to the world at Paris Fashion Week in Ungaro's Fall/Winter 2004 collection, French couture and ready to wear houses already are looking to make XILION the star of their 2005 shows.

With Mick Jagger on deck, and inspiration from 18th-century paintings and Marie Antoinette, Ungaro designer Gianbattista Valli used the XILION crystal to give the collection a futuristic, glamorous sparkle. ■

Swarovski's Trend Cosmos to Sparkle in Hong Kong

Swarovski will bring its forecast for Spring/Summer 2005 trends to Asia's Fashion Jewelry and Accessories Fair, June 24-27, 2004, at the Hong Kong Convention and Exhibition Center.

Spotlighting Swarovski's latest themes — Tribal Energy, Natural Rhythm, Land of Illusion, Cool Sophistication and Poetic Light — Trend Cosmos 2005 will offer visitors new sensations as they wander through five rooms of colors, shapes, materials and innovations like fragrances and sounds.

Showcasing products by top Asian, American and European designers created exclusively for the event — all featuring the magic of Swarovski crystals — the exhibition was created by Cultural Sushi, a global agency focusing on links between Europe and Asia that specializes in trend forecasting and graphic design.

Jewelry at Trend Cosmos 2005 will be by some of the world's leading jewelry designers, like Karen Curtis, Iisli, Dara Young, Divine Dogs, Liz Palacios, Ana R. Checa of the U.S., Edith Brabata and Vanessa Arrequei Davalos of Mexico, and Amity, Italina, Silvester Ribbon — Maggie Jamas, Yi Mei, Adreani, and Metalfior. ■

Swarovski's Trend Cosmos for Asia's Fashion Jewelry and Accessory Fair in Hong Kong, June 24-27, 2004.

For further information, visit:
www.business.swarovski.com or contact:

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Creative Solutions in Fashion: A Family Affair

In Wattens, Austria, Swarovski is more than just the producer of the finest crystal in the world.

It is a legacy, with a century-old history, heritage, design prowess and creative spirit that differentiate it from any competitors.

And for Markus Langes-Swarovski — the 30-year-old great-great grandson of founder Daniel Swarovski who joined the firm in 2002 as Head of Communications and Branding — "It has become my passion," he declared.

"Working for this company presents such great opportunity. The integration of the manufacturing process, the retail division, and the economic side of the business is fascinating."

For generations, Swarovski has infused the industry with new creativity, making innovation and originality a constant agenda.

Holding a deep respect for its history and devotion to its growth and development, Markus has major plans for Swarovski's future: "My great-great grandfather's crystal production invention really created a new market at that time. The whole idea of cut crystal, not as an imitation but as a creative material in its own right, was revolutionary, and we continue to innovate in this tradition today."

With a history of working with the world's most celebrated designers — like Coco Chanel, Elsa Schiaparelli, and Christian Dior — "It is very important to us to keep this collaborative spirit alive," Markus stressed.

"There are very few books on the history of fashion jewelry that do not mention Daniel Swarovski," he noted. "(Today), we work with a wide variety of important designers on individual solutions. We can create special stones, special cuts, and even special meshes to a designer's personal specification. We see our role as amplifying the creativity of our customers. That is why we call ourselves a partner for creative solutions in fashion."

With innumerable resources, Swarovski sparks designers' creativity through its trends briefings, twice-annual Innovations

Collections, and worldwide Creative Service Centers. The company also underwrites fashion shows of young designers and sponsors an award at the annual CFDA Awards.

Perhaps the greatest challenge for each member of the Swarovski "family" is, "If you have a history of innovation, you always have an obligation to constantly innovate."

"We could probably be more relaxed, see what is going on in the market; but we are in a leadership position and feel it is our responsibility to maintain our reputation for innovation."

With newness and originality foremost in mind, Swarovski set new milestones with its revolutionary XILION crystal and the CRYSTALLIZED™ WITH SWAROVSKI® Quality Branding Label.

"I believe that XILION, through its beauty and technical superiority, is an innovation that will initiate a new quality threshold in the whole industry," he reported, adding the new label sets "a quality standard which our customers can incorporate on their product."

"What (the label) means is that they decided to go for the best crystal components available to them, and that they are celebrating that association with their product." ■

JEWELRY & WATCHES

FASHION FINDS FINE

Once strictly apart, fashion and fine jewelry are melding into one with these three designer launches.

NEW OBSESSION

MARRYING CALVIN KLEIN'S MODERN

and clean philosophy with the often ornate tendencies of jewelry seems an impossible proposition. But the house is clearly up for the challenge.

CK Calvin Klein jewelry, which started rolling out in some countries this month with licensee Swatch Group AG, features clean lines and an abundance of sensually curved metal surfaces for a sexy but simple design aesthetic.

"We wanted to do something casual, something easy to wear that's fun and emotional," said Nadja Zerunian, a designer at Calvin Klein who worked on the jewelry.

The collection consists of up to 40 pieces, and Zerunian said the company deliberately stuck to stainless steel as the core metal.

"We chose stainless steel conscientiously because many people are allergic to silver," Zerunian said. "In terms of production, precision was really important. The pieces are sleek and so precise, and because they are so highly polished, they have a soft, tactile feeling when you touch them."

There are four groups — Yoyo, Precious, Ellipse and Liquid — comprised of rings, bracelets, necklaces, earrings, cuff links and pins, some set with diamonds. The jewelry retails from \$60 to \$400.

The line will be distributed to 60 countries in three phases, hitting select U.S. department and specialty stores in time for holiday selling. The company did not disclose sales projections.

"Jewelry represents a significant opportunity for Calvin Klein Inc.," said Tom Murry, president and chief operating officer of CKI. "Jewelry is the logical next step based on the success of our watch collection and our successful relationship with Swatch Group Ltd."

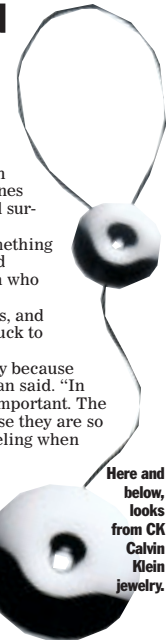
Swatch Group has been making CK watches since 1997.

"These agreements represent a long-term commitment, positioning the brand for success within both the watch and jewelry categories," said Arlette E. Emch, president of CK Watch Co. Ltd.

The launch will be supported by a print advertising campaign for which Glen Luchford was the photographer. The ads are expected to break in the United States this fall, but the media buy has not been finalized yet.

The images are dreamy and ethereal in nature and show model Natalia Vodianova half-immersed in water, her face and jewelry reflected on the water's still surface. "The feel of the jewelry campaign is moody and warm and romantic, but it's still sexy, which is in keeping with the perspective of the things we do here," said Kim Vernon, senior vice president of global advertising and communications for CKI.

"[Natalia] being alone, and her beautiful skin with the jewelry against it, highlights the jewelry and still shows the beauty of [her]. Neither really overwhelms the other."



Here and below, looks from CK Calvin Klein jewelry.



An ad featuring Natalia Vodianova and CK Calvin Klein jewelry from the new campaign.

— Marc Karimzadeh

CHARM SCHOOL

WHO NEEDS A WATCH STRAP?

At least that's what Burberry is thinking with the recent release of its charm bracelet watch. Part of the signature watch collection, the charm bracelet watch is in silver and features 10 dangling Britain-inspired charms, plus the watch itself, which has a champagne dial and ruby cabochon crown.

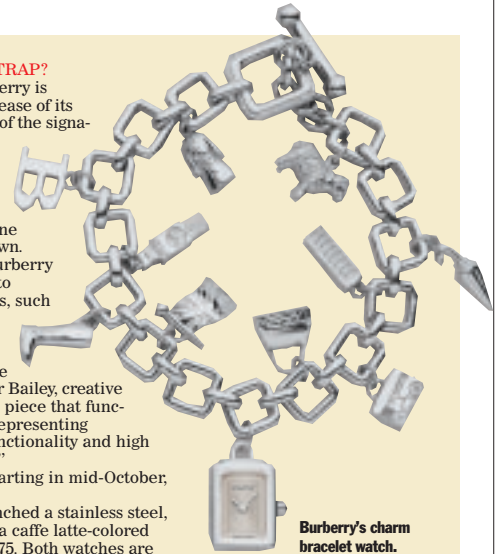
"The idea behind the Burberry charm bracelet watch was to express all the British icons, such as Big Ben, the London buses, the Burberry trench coat and an umbrella, with a whimsical, feminine piece of jewelry," said Christopher Bailey, creative director of Burberry. "It's a piece that functions as a Swiss-made watch — representing Burberry's British heritage of functionality and high quality — with a touch of humor."

The watch will be in stores starting in mid-October, and will retail for \$450.

In addition, Burberry has launched a stainless steel, check-inspired logo bangle, with a cafe latte-colored watch dial. That will retail for \$275. Both watches are made by Fossil, Burberry's watch licensee. The cases are stamped with the Burberry Equestrian Knight, and each bears a unique serial number.

Burberry's charm bracelet watch.

— Samantha Conti



IT'S A WRAP

FOR YEARS, DIANE VON FURSTENBERG'S WRAP dresses were all a woman needed to feel instantly and easily chic. But let's face it, a few diamonds couldn't hurt either.

Now, with the launch of the Diane von Furstenberg by H. Stern collection, those diamonds will be Diane von Furstenberg-designed, too. She has been trying to lure the Rio de Janeiro-based jeweler into a partnership for years, and in April, von Furstenberg finally got executives to sign on the dotted line.

The two brands do share a customer base. "We make jewelry for the powerful, independent, modern woman who buys for herself a few times a year," said Andrea Hansen, director of marketing for H. Stern. Purchasing a \$3,000 ring may be a stretch from a \$300 dress, but keep in mind von Furstenberg's best clients buy in bulk.

It's likely the partnership will bring a new customer to H. Stern — a younger one who perhaps wouldn't have sought out the brand before. However, they insist that's not their overriding motivation. Rather it's about keeping the design team fresh and continuing to move the brand forward.

"The search for inspiration in a totally unrelated area is nothing new at H. Stern," Hansen said. "It's in the company's blood." In the past, Catherine Deneuve and Brazilian musician Carlinhos Brown have been muses to H. Stern.

But whereas past artists have brought more abstract inspiration to the table, von Furstenberg came armed with concrete ideas. "Having collected jewelry all these years has made me quite an expert," she said via e-mail. Her private coffers, with her antique and Indian finds, inspired the debut collection, which will bow for fall.

Roberto Stern, president and chief designer of H. Stern, incorporated 18-karat yellow gold, diamonds and other precious stones to create the line and based it on the different stages of von Furstenberg's varied life — as business woman, Studio 54 socialite and matriarch. Or as the woman herself said it, "All that I am and that other women get inspired by."

Full production and design details have yet to be finalized for the 50-piece collection. Items will retail from \$600 to \$30,000.

The collection will hit H. Stern's New York flagship in October. Next spring, the line will be brought to H. Stern's 160 stores in 12 countries, and von Furstenberg will hold trunk shows in her own boutiques.

Personal appearances are not a bad idea. How else would she be able to impart her philosophy to customers? "Jewelry should fascinate, be ornate and bring good luck," she said. Here's hoping.

— Emily Holt



A sketch of an 18-karat gold earring with rubies, citrines, beryls and pink tourmalines.



A sketch of an 18-karat gold link earring with faceted crystal and diamonds.




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SECTION III

JEWELRY & WATCHES

THE BIG BLING

Venerable fine jewelers are getting fresh with urban style to attract a new fashion-forward customer.

By Emily Holt

BEFORE MARY J. BLIGE, BEYONCE KNOWLES AND EVEN P DIDDY STARTED sporting flashy jewelry in their videos and at award shows, diamonds were considered by many to be a divorcee's best friend. Now, however, diamonds are hipper than ever, thanks to an urban-led revolution that has some staid jewelers standing up and dancing to a different beat.

Connecting with the youth culture is exactly why venerable diamond giant M. Fabrikant & Sons chose to partner with Def Jam Records founder Russell Simmons and his wife Kimora Lee to form the Simmons Jewelry Co. "This whole youth cultural movement that is hip-hop, it's aspirational," Kimora Lee, the company's creative director, told WWD in March. "I think the young people pinpoint what they want. They like the way Kimora Lee Simmons is moving around or Jay-Z or Beyoncé, and they want what [these celebrities] got."

The Simmons' deal with the century-old house is predicted to bring in \$20 million in sales by the end of 2005 and, more important, attract a hipper customer that M. Fabrikant has yet to reach.

"If you go to a traditional jewelry store, it's very conservative. It's not young, not trendy. It's not about high fashion," said Scott Rauch, president of Simmons Jewelry Co.

Which is where Kimora Lee comes in. Her BabyPhat collection, which retails from \$500 to \$1,000, includes diamond logo pendants and oversized hoop earrings. Heavyweight pieces such as a pink topaz ring with pavé diamonds are included in her signature Kimora Lee Simmons line, which retails from \$5,000 to more than \$1 million.

"I'm kind of an over-the-top girl," Simmons explained. "My pieces tend to be a little larger, with a little weight to them."

Crown jewelers Garrard, meanwhile, brought in some rock royalty of their own when they signed Jade Jagger as creative director in 2001, a distinct move to attract the fashion-forward crowd. Her pistol pendants did the trick and gave the fine jeweler, which industry sources estimate had a volume of \$5.4 million last year, the edge it needed to be preferred by the hip set, without alienating the loyal clientele.

"The parameters of what is considered fine jewelry are constantly widening," Jagger said. "I love the fact that more avant-garde designs, which are a little edgier, are being made in precious stones and metals. I think it's important that jewelry is incorporated into street style instead of being on the periphery." Indeed, Garrard's first ad campaign under Jagger's direction featured rapper Missy Elliott.

Not every jeweler, however, is willing to revamp its image to attract the urban-influenced crowd. Still, old-guard houses like Graff, Van Cleef & Arpels and Harry Winston suggest that the few fashion-led pieces they carry each season do play into this trend because fashion these days is so influenced by the urban culture.

"You have to stay with it; you don't want to be perceived as an old-world type of company," said Graff's U.S. president Henri Barguidjian. "You want to be perceived as being on top of fashion." The London-based company's Bullseye and Gypsy earrings, he said, were fashion-driven pieces that appealed to younger customers.

Peter Webster, partner in Roberto Coin, also admitted that the young urban customer is on the firm's radar. "It's not a market we've set ourselves out to attack," he said, "but it's a market we're very much aware of. [We] keep it in mind when we're launching new products, and putting a slant on that does cross the boundaries [of our customer base]."

This year, the Italian jewelry house included a set of diamond dog tags in its collection. Webster claimed the pieces, similar to those commonly seen on athletes and actors like Will Smith, were intended to attract interest in the brand, not to appeal to an urban customer. However, based on the strong response to the tags, more designs like them are set to be unveiled at the JCK Show in Las Vegas. Webster declined to hint at what the pieces would look like.

British jeweler Stephen Webster, best known for his sharp diamond pendants, agrees that as fashion is increasingly influenced by what people are wearing on the street, so it goes with fine jewelry.

"The urban community is instrumental in directing young people toward jewelry as an important accessory," he explained. "You don't just pick up the



Garrard Superstyle yellow gold and enamel pendants.



Baby Phat diamond and pink topaz earrings.



Roberto Coin diamond and sapphire dog tags.

Stephen Webster cuff in pink sapphires and diamonds, with rose quartz and black moonstone.

sneaker, the cap and jeans [that a celebrity's wearing]. It's the whole thing." But what can be communicated in terms of style can be lost in translation when it comes to price.

"You have teenagers saying, 'I want that ring like Pink [has].' Well, that ring is \$8,000," he said. As such, Webster, while still finding great success with his edgy diamond and stone collection, has started to include sterling silver in his work. He hired a young designer to create a silver collection priced between \$120 and \$300 — "or the price of very, very expensive jeans," he said, equating it with a purchase the customer understands.

In the end, New York-based Jacob Arabo, who worked with Faith Evans and the Notorious B.I.G. for many years in anonymity before becoming *the* jeweler urban fashionistas run to, said the best way to attract the urban dollar is not just through design and price, but by truly understanding the market. The jeweler, who is opening a new store on 57th Street in New York, said, "What's different about the young hip-hop customer is their taste tends to reflect their art form and is representative of their culture." In other words, start watching MTV.

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JEWELRY & WATCHES



ROMANTIC NOTIONS

The time is always right for a little romance, especially when wrapped up in a sparkling package of beautiful pastel gems and ornate settings.



Tahitian pearl and 18-karat yellow gold necklace by Prince Dimitri, exclusively designed for Assael International.

From top: Cathy Waterman's platinum, morganite and diamond ring; Erica Courtney's platinum, kunzite and diamond ring.

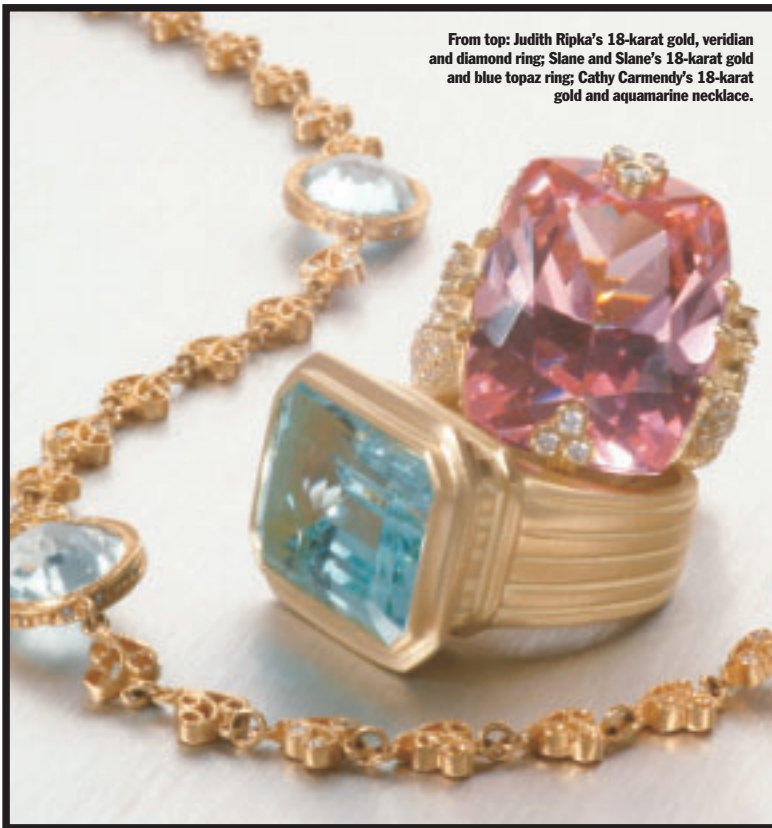
ON OPPOSITE PAGE:
Vera Wang's platinum, 18-karat green gold, morganite and tourmaline ring; Christian Tse's 18-karat white and rose gold and diamond butterfly brooch.

JEWELRY & WATCHES

ROMANTIC NOTIONS



Laura Munder's 18-karat blackened yellow gold, pink pearl and diamond earrings.



From top: Judith Ripka's 18-karat gold, veridian and diamond ring; Slane and Slane's 18-karat gold and diamond ring; Slane and Slane's 18-karat gold and blue topaz ring; Cathy Carmendy's 18-karat gold and aquamarine necklace.



Daniel K.'s platinum and diamond brooch, above; Barry Kroner's 18-karat white gold, aquamarine and diamond ring.



David Yurman's pearl necklace with sterling silver and diamond clasp; Dior Fine Jewelry's 18-karat white gold, morganite and aquamarine ring.



H. Stern's 18-karat noble gold, crystal and diamond earrings.

JEWELRY & WATCHES

RARE OPPORTUNITIES

Watch makers and fine jewelers are going custom to suit a new shopper.

By Marc Karimzadeh

FOR CENTURIES, WATCH MAKERS and fine jewelers have designed one-of-a-kind pieces for royalty and nobility. And while this trend continues at the high end, this year custom-order programs are being revisited, and it's no longer just for kings and queens.

Companies such as Cartier, Piaget, Movado and Judith Ripka, among others, are creating pieces that are limited in production and can be personalized for that one-of-a-kind aura.

"There's something in the over-commercialization of the shopping experience," said designer David Yurman. "Probably the most important element of shopping in luxury is for a customer to find something that looks a little different and special and new, and if you can extend that to unique, well, how special is it when there's only one?"

For Cartier's new limited-edition rose gold Santos-Dumont watch, for example, clients choose the dial from three graphic variations. The dial is then mounted onto the watch and it takes less than a month for the watch to be delivered to the client. There are only 80 dials for each of the three versions worldwide. The retail price is \$9,500.

"It's part of Cartier's DNA. We have always been here to listen to our client's needs," said Stanislas de Quercize, president and chief executive officer of Cartier in North America.

De Quercize added that while custom orders are typically more common in fine jewelry, Cartier can customize any watch, as long as it remains within Cartier's design aesthetic. In fact, next month, Cartier is hosting an event at its Manhasset, N.Y., boutique and for the occasion, a Cartier designer from France will be flown in to help special clients personalize their purchases.

"This is a place where you want to feel unique," de Quercize said. "Louis Cartier said he wants every client to walk away from the boutique three inches taller, because they have been treated as royalty, and that's what we want to create for clients."



Cartier's Santos-Dumont watch, with these three dials to choose from.



Judith Ripka's Lola ring.

Piaget, meanwhile, is launching a new made-to-order concept in its Limestone collection as part of its 130th anniversary this year. This September, Piaget boutiques in New York and Palm Beach and Bal Harbour, Fla., each will receive a box featuring a loose, plain bezel; a pavé-diamond bezel; six different dials in colors from turquoise to onyx, fire opal, pink, white and meteorite, and six different straps.

Clients can easily move around the dials and straps to create their personal favorite, in essence, creating their watch from 72 variations. Once they have made their choices, Piaget will deliver the complete watch within four weeks. The custom-made watch retails from \$12,000 for a nondiamond bezel to \$26,000 for the all-pavé bezel.

"What we encounter more and more is the demand for customized, personalized, unique creations," said Thomas Van der Kallen, president of Piaget North America. "People now like to design their own piece, which goes with their wardrobe and their jewelry."

Watch lovers will stumble across a similar concept at Movado's 20 boutiques. Next month, Movado's Museum Automatic watch will be available as a made-to-order piece.

"The whole importance of individuality with consumers is growing," said Mary Leach, senior vice president of marketing at Movado. "You see it in different categories, from bike aficionados who

want to put together their own bicycle to people who want to personalize their chinos. So we came up with a way to do that in our boutiques."

Customers can walk into any Movado boutique, choose from seven dials, including a white and a silver dial, and pick from 20 straps, from alligator to lizard and patent leather. The price starts from \$850. Movado developed a special display case with four drawers featuring the various options.

"Consumers are much more sophisticated and retailers understand that and come to the table with something the consumer wants," Leach said.

Jeweler Judith Ripka has been making special pieces for clients for more than a decade, but this spring, the company offered the made-to-order Lola ring. Those interested in the Lola will face a bevy of choices from which to pick in order to create their perfect ring. Among them are the 18-karat gold, which is offered in white or yellow gold, and the stone, which can be a milky aqua cabochon, fire opal, peridot, garnet, green amethyst or cognac quartz. The Lola ring ranges at retail from \$3,100 to \$7,800, and it is available at Ripka's nine boutiques.

"People want to be a bit more playful with jewelry and more personal," said Janice Winter, president at Judith Ripka. "The world today is just an influx of everything. There is so much available and so many options. The customer today is looking for a shopping experience, looking for a way to connect in a more emotional way, perhaps with themselves. It's also fun....It's jewelry."



Piaget's made-to-order watch kit.



Movado's special display case.





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SECTION III

JEWELRY & WATCHES

MERRITT BADGE

Shreve, Crump & Low's new president is setting out to polish up the staid jeweler.

By Katherine Bowers

MERRITT MAYHER, THE FIRST WOMAN PRESIDENT of 208-year-old Boston jeweler Shreve, Crump & Low, likes to poke fun at the "startling innovations" she has introduced to this retailer, which is so encrusted with history that a thank-you note from America's 23rd president, Benjamin Harrison, hangs in an upstairs office.

"Oh, we've done radical things like install customer seating — much appreciated — and, my favorite, gotten our first full-length mirror," Mayher joked on a recent tour through the jeweler's refurbished flagship on Boylston Street.

All kidding aside, the mirrors — mere sheets of silvered glass — serve well to help sell the more pricey metals and gemstones to an affluent female customer.

It is that woman's desires and bank account that Mayher, 41, is obsessing over as she polishes off the venerable grime of Shreve and sister company Schwarzschild Jewelers, a three-store Richmond, Va., firm, which is 107 years old.

Both jewelers are owned by Montreal-based Tyringham Investments Ltd., a private investment vehicle for the Birks family. The group acquired Schwarzschild in the late Eighties for an undisclosed sum, then picked up Shreve for \$4 million in 1992 when a consortium of independent retailers dissolved its holdings. The jewelers are the only retail business Tyringham owns.

Last April, Tyringham's president, Thomas Gillespie, recruited Mayher, then vice president for category management at Tiffany & Co., and charged her with freshening up the stores and kick-starting sales, which had slumped post-9/11.

"There had been some tough times and [merchandise] had gotten too safe, too understated," she said.

And although the company doesn't disclose revenues, preliminary results are good, with sales up versus last year at both jewelers, according to Mayher.

She's gotten things purring again by exiting

sluggish categories such as antique furniture; opening new locations, and selectively making new hires, including appointing Catherine Hewett, a former Tiffany store manager, as director of stores. Most important, she's brought in fashion-forward lines that give Shreve more versatility and diversity in servicing customers.

"There was no stable, strategic plan articulated to employees so they sold whatever they felt like selling," said Kenneth Glassman, a former securities analyst now conducting independent research on the jewelry industry. He added that now Mayher's strategy "focuses on the sweet spot — married females, aged 45 to 60, who are the heart of the jewelry market. Roughly 65 to 70 percent of all jewelry purchases are initiated by women in that age range."

Mayher believes both Richmond and Boston are ripe for this sexier, more fluid sensibility. Affluent suburbs are mushrooming around Richmond, and Boston is no longer an insular "Brahmin" town, but a city of bioengineers, doctors, professors and technocrats who move here from all corners of the globe.

Mayher, however, is aiming for "an evolution" that won't shock "the pearls crowd" — her nickname for the loyal patrons in both cities who've bought triple-strand ropes, gold locket and diamond-and-sapphire engagement rings at both jewelers for generations.

To that end, at both chains, she's emphasizing color — an important trend percolating throughout the design world — and repositioning yellow gold as a fashion statement rather than a ubiquitous basic.

Last fall, she introduced to Shreve Laura Gibson's colorful, rock-candy-like designs, which took off. Acknowledging the mod moment in fashion, Mayher also brought in Baccarat's luminous glass pendants and Pianegonda's sculptural silver collection, including a stunning foot-long waterfall necklace of loops.

Two lines that have emerged as star performers include David Yurman, whose sales are up in the high single-digits versus last year, and Cartier, whose sales of Cartier watches doubled in the same period, giving Mayher the leverage to score exclusive, limited-edition merchandise such as the \$30,000 pave-diamond Déclaration.

Exclusive designs and distinctive fashions are two ways Mayher can fend off both mass market and high-end competition.



Merritt Mayher

PHOTOS BY ERIC ANTONIOU



The refurbished interior of Shreve, Crump & Low's Boylston Street flagship store.

With Costco Wholesale Club, Wal-Mart and others making a killing on bargain-priced diamonds, upscale firms are increasingly scrambling to justify their premium price tags. Plus, in Boston, Shreve is literally ringed by similarly venerable jewelers such as Dorfman Jewelers; Cartier, and Lux, Bond & Green, who are all jockeying for the same customer.

That's the reason Mayher keeps the current zeitgeist firmly in mind.

"It's crucial to consider even important jewelry in the context of the casual nature of the American lifestyle," she explained. "No one wants to feel like they're wearing the crown jewels."

Which isn't to say Mayher — a Williams College grad, Red Sox fan and owner of a Beacon Hill condo she's barely spent a night in — is opposed to purveying rocks in Queen Elizabeth's league.

She flaunted a \$225,000 30-carat Burmese sapphire ring, rimmed with 11 carats worth of diamonds, at a recent fund-raiser held here.

"I will sell this," she vowed, wiggling her ruby red fingernails to make the gem flash.

While her ruby red nails didn't find her sapphire buyer the night of the fund-raiser, Mayher did, unknowingly, collect compliments from several regular patrons.

"She's shaken off the WASPy-ness a little bit," said Boston socialite Kim Kozol with approval, surveying the floor with a champagne flute in hand.

Now that the red end is looking good, the next step is to get things spotless behind the scenes.

Mayher is looking to create greater efficiency by centralizing inventory in one database across the somewhat piecemeal operation, which consists of Schwarzschild's three doors (with a fourth to open in September at the Short Pump Town Center in Richmond), the 9,000-square-foot Shreve flagship in downtown Boston and a 5,000-square-foot unit at The Mall at Chestnut Hill in Chestnut Hill, Mass.

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JEWELRY & WATCHES

CITY OF SPARKLERS

Milan is experiencing a mini jewelry renaissance as four boutiques make their way to town.

By Alessandra Ilari

IT'S SPRINGTIME IN MILAN AND THE city is aglitter.

That's because jewelers Chantecler, Lucifer Vir Honestus, Balocchi Preziosi and Valente have recently opened or are scheduled to soon unveil stores here.

The freestanding boutiques will serve myriad purposes, from strengthening customer relationships to boosting the firms' images, raising overall brand awareness and bringing a bit of bling to the city's shopping scene.

Chantecler, for example, whose clients have included Ingrid Bergman, Grace Kelly and Jackie O, already has stores in Capri and Cortina d'Ampezzo, a tony ski resort in the Dolomites. However, they wanted to move to Milan to target a more international clientele, according to Costanza Eprea, the creative director at Chantecler, a family business based in Capri.

"We have a very direct and confidential relationship with our clients. We like to give advice, and if we need to discourage a lady without a swan neck from buying a heavy choker, we will," said Eprea, adding that it takes some clients up to six hours to make their final decision on a jewel.

The Chantecler store opened last December on the central Via Santo Spirito and features midnight-blue carpeting, glass and steel fixtures and walls painted to appear like wood with a gold sheen. Retail prices



Balocchi Preziosi

range from \$240 for a white gold bell-shaped trinket to \$200,000 for a 40-carat diamond choker with pink "Conchi" pearls, which is beautifully displayed draped on an antique sedan chair.

Contrasting elements highlight the first Lucifer Vir Honestus store, which is filled with the funky collection designed by Luna Scamuzzi, an architect-turned-jewelry designer.

The tiny store, tucked away inside an old courtyard off the trendy Corso Como, fuses rustic tradition with modern design and features brick vaults, crystal and wrought iron tables, wooden

mirrors and resin floors. Spotted glass reliquaries draw attention to Scamuzzi's bold shapes, including a silver ring for \$120 and a white gold necklace encrusted with precious stones and diamonds that sells for \$24,000. "I'm so pleased with the location. Corso Como has lots of trendy apparel stores that attract a varied and cool clientele," said Scamuzzi.

When Livia Balocchi, the owner of Balocchi Preziosi, was looking for bigger office space, she seized the opportunity to enlarge with adjacent store space, too. "We said why not. A shop would be a reference point for the jewelry



Lucifer Vir Honestus

stores that carry our line and for our final consumers," said Balocchi, adding that a custom-made program is also available.

Located on Via Brera, Milan's answer to SoHo, the airy store features cream marble floors, banana yellow leather sofas, bitter-chocolate brown leather tables and wenge showcases, which display the bold looks that include a gold ring that sells for \$1,000 and aquamarine and diamond rings that sell for \$12,000.

Clients walking out of the new chichi Park Hyatt hotel, just behind the Duomo cathedral, will be easily distracted by the new Valente store, set to open at the beginning of June. The store was conceived to please all five senses. The gray stone floors are imbued with perfumed wax; chocolate trays are scattered here and there; soft music is in the background, and, of course, there will be exquisite jewels to be seen and touched.



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