

BEST AND WORST IN MEDIA/SECTION II

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▲ Calvin Klein's Obsession Night masterbrand. Page 9.

WWD FRIDAY

Beauty

Boom Time

NEW YORK — CoverGirl is all grown up. P&G's leading makeup brand is launching its first antiage product, Advanced Radiance Compact Foundation, with the hopes of meeting the needs of Baby Boomer customers. The line, which industry sources said could generate \$25 million its first year on shelves, will be supported by former CoverGirl Christie Brinkley. For more, see page 10.



As Estée Lauder Net Rises 6%, Firm Cuts Outlook for Year

By Amy S. Choi

NEW YORK — Disappointments in fragrances and seasonal items hit the Estée Lauder Cos. Inc.'s first-quarter results, but the beauty giant remains optimistic, thanks to

Tom Ford and China.

For the three months ended March 31, Estée Lauder's net earnings rose 6 percent to \$106.2 million, or 46 cents a diluted share, from \$98.3 million, or 42 cents, in the

prior year. Sales climbed 8 percent to \$1.54 billion from \$1.42 billion.

Excluding the benefits of currency exchange, net sales rose 6 percent.

The results were well below

See **Estée**, Page 16

Robust Sales at Gucci Drive PPR

By Robert Murphy

PARIS — PPR said Thursday that lusty demand for Gucci shoes and bags, especially the Flora line, lifted the French luxury and retail groups' revenues in the first quarter.

Sales of leather goods at Gucci bounded more than 25 percent, propelling sales at the Italian company up 14.2 percent to 429.9 million euros, or \$564.2 million at average exchange.

Overall, PPR's luxury division reported sales were up 10 percent to 711.5 million euros, or \$933.8 million, the latest indication of a robust environment for Europe's key luxury players.

Earlier this week, Switzerland's Compagnie Financière Richemont reported a 10.1 percent hike in sales for its fiscal year ended March 31. Meanwhile, LVMH Moët Hennessy Louis Vuitton said its first-quarter sales improved 9.8 percent.

The gains at PPR's luxury division helped offset mild increases at its retail arm, such as the Printemps department store chain and the Redcats catalogue business, which were stalled by weak consumer spending in France and elsewhere in Europe.

PPR said its sales in the three months through March 31 improved 2.2 percent to 4.11 billion euros, or \$5.39 billion, from 4.02 billion euros, or \$5.27 billion, a year ago, largely in line with analysts' consensus expectations.

PPR's stock fell 1.6 percent to close Thursday at 75.60 euros, or \$97.52 at current exchange, in trading on the Paris Bourse.

"It's a satisfying performance in a difficult environment," said François-Henri Pinault of the results, speaking on his first conference call to analysts and reporters since taking over as PPR's chief executive from Serge Weinberg last month.

Though Pinault trumpeted the stellar leather goods sales at the Gucci brand, he reported lackluster sales of clothing — including at most of the division's other labels, which also include Yves Saint Laurent, Stella McCartney, Alexander McQueen and Balenciaga.

He called the flat ready-to-wear sales endemic to the industry, and said he hoped for a pickup later this year.

At the money-losing Yves Saint Laurent house, sales dropped 3.6 percent to 39 million euros, or \$51.2 million at average exchange, marred by logistical problems and meager wholesale orders from retailers. Pinault said retailers had taken a "cautious" attitude in ordering YSL since they had "poor sales in the past."

But he heralded designer Stefano Pilati's first collection for the Paris label as an "important" first step in relaunching the brand.

He said the logistical snafus that hurt YSL by



Gucci's Flora bags.

causing late deliveries had been resolved. Pinault said new YSL president Valerie Herrmann was working on implementing merchandising strategies to lift the house out of the red.

Sales of YSL leather goods improved 9.1 percent, while sales of women's clothing gained 11.5 percent in the quarter.

YSL sales increased 3.9 percent in Japan, 6 percent in the rest of Asia and 2.4 percent in Europe. They were flat in the U.S.

YSL Beauté's sales gained only 0.9 percent due to a "difficult" fragrance market, Pinault said. YSL Beauté's sales in the period tallied 140.6 million euros, or \$184.5 million.

Sales rocketed 46.7 percent to 32.6 million euros, or \$42.8 million, at Bottega Veneta. Pinault said the brand was "moving rapidly to reach the 200 million euro goal in annual sales" that Gucci Group chief executive Robert Polet set in December as part of a wide-ranging strategy presentation.

Bottega Veneta performed well across all regions: up 40.7 percent in North America; up 49.7 percent in Europe; up 60.6 percent in Japan, and up 67.7 percent in the rest of Asia.

Among Gucci Group's "other" brands, which sales rose 9.8 percent to 69.4 million euros, or \$91.1 million, Pinault singled out "good activity" at Balenciaga, Alexander McQueen and Boucheron.

He said there was room for improvement at Sergio Rossi, where Isabelle Guichot, formerly president of rival luxury conglomerate Richemont's Van Cleef & Arpels and Lancel businesses, was recently named president.

Meanwhile, in PPR's other retail activities, sales increased 0.7 percent to 3.4 billion euros, or \$4.46 billion, affected by weak consumer spending in France and elsewhere in Europe.

Sales at the Printemps department stores slipped 1.4 percent and sales at the Redcats catalogue moved up 1.3 percent.

PPR's other retail operations include the Fnac book and music chain and the CFAO African trading operation.

Neiman's Winner Might Be in Wings

By Vicki M. Young

NEW YORK — Bids for The Neiman Marcus Group are due today, and an announcement of the winning bid could come as soon as Monday.

As reported, bids are expected from two partnerships, Kohlberg Kravis Roberts & Co. and Bain Capital Partners are up against Thomas H. Lee Partners and The Blackstone Group.

A final price tag remains unclear, but would-be owners are expected to submit bids in the range of \$110 to \$113 a share, according to financial sources familiar with the bidding.

Meanwhile, shares of Neiman Marcus on Thursday fell \$1.92 to close at \$98.20 in trading on the New York Stock Exchange. The closing price on Wednesday was \$100.12, which was the first time the stock hit the \$100 mark.

Some fund investors were spooked by the decline Thursday, speculating that perhaps the high-yield markets — a source of debt financing — were tightening, and that maybe bids for Neiman's might not reach \$105.

The concern was sparked by a story in Thursday's edition of the Financial Times on the acquisition of U.S. data storage group SunGard, and how investment banks financing the deal

are struggling to find buyers for the debt. The March 28 deal for SunGard involved a consortia of seven private equity groups and, at \$11.3 billion, represents the largest leveraged buyout since the Eighties. Many tracking the LBO sector consider SunGard to be the poster child for future deals.

However, the high-yield market remains the main driver of LBOs, and if the loans in the SunGard deal are not sold, that could crimp expectations about future LBO transactions, particularly if it looks as if investors aren't willing to take on the risk. Financial sources said on Thursday that credit spreads have been widening, suggesting the market could be softening. And such a scenario would leave the bankers involved in SunGard with huge exposure.

But one key difference is that a deal for Neiman Marcus, at perhaps nearly \$5.5 billion, is not likely to be as leveraged as the one for SunGard, said financial sources not connected with the bidding for the retailer, but who are familiar with how LBO deals are structured.

One investment source not connected with the Neiman Marcus deal said bankers structuring a bid would have already considered the possibility of a weakened market.

WWD FRIDAY

Beauty

GENERAL

- 1 Estée Lauder delivered higher quarterly sales and earnings, but results were below forecasts.
- 2 Lusty demand for Gucci shoes and bags gave a boost to first-quarter revenues at PPR.
- 6 SUZY: Designing for the dogs... A piercing slight from Brosnan... Cannes don't for Madonna.
- 16 Robert Wichser was named president and chief executive officer of Sean John, reporting directly to Sean "P Diddy" Combs, founder and chairman.

Media In Depth, a Section II, is included in this issue.

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Quote of the Week

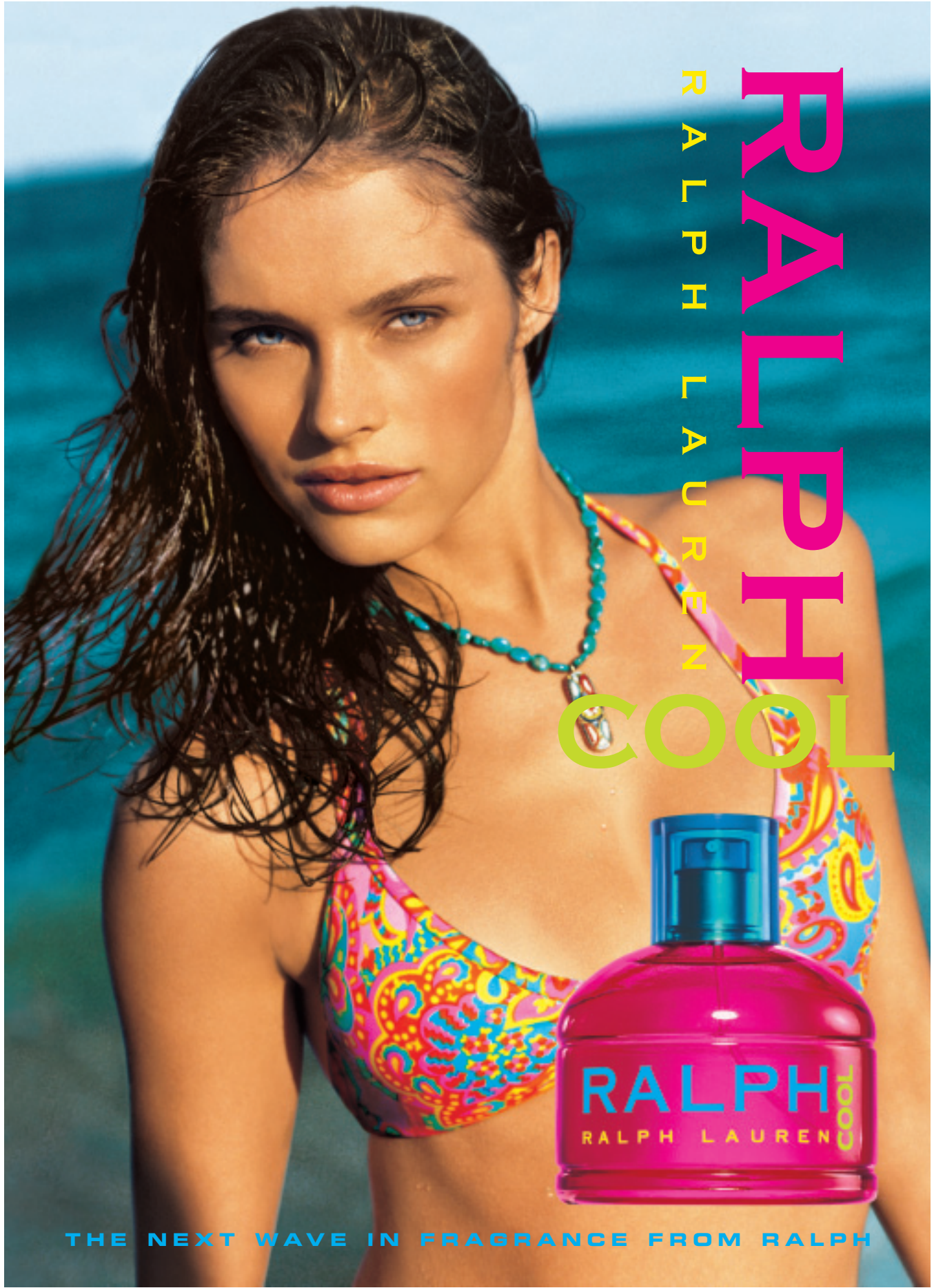
"Customers care about a satisfying shopping experience as much as they do about product."

— Paul Pressler, president and chief executive officer, Gap Inc.

In Brief

• **SPLITS FROM TWO:** Bebe Stores Inc. and Delta Apparel Inc. each announced stock splits Thursday. Bebe's board approved a three-for-two split, whereby each share of common stock will be converted into 1.5 shares at the close of business May 23. New shares will be issued June 3, and after the split, Bebe will have 90.7 million shares outstanding. The company said it will increase its authorized number of shares of common stock to 135 million from 90 million at the time of the split. Shares of Bebe closed at \$32.65, down 2.5 percent Thursday on the Nasdaq. Meanwhile, Delta Apparel's board approved a two-for-one stock split, which will increase its outstanding shares to 8.4 million from 4.2 million. The split will take place on May 18 with new shares being issued on May 31. Authorized shares of the company's common stock will increase to 15 million from 7.5 million. Shares of Delta Apparel ended at \$30.45 Thursday, up 0.1 percent, in New York Stock Exchange trading.

• **EMPORIO'S SOUTHERN EXPOSURE:** Emporio Armani opened its first Florida boutique Wednesday. Located in the Bal Harbour Shops in Bal Harbour, the store is about 2,500 square feet on one floor. Giorgio Armani designed the store in collaboration with New York-based architectural firm Janson Goldstein LLP following the image of newly opened stores in Houston, Cannes and Forte dei Marmi, Italy. The floors and walls are made of beige tatami material that adds light and contrast to the chocolate brown wenge wood panels and displays. A large wall projection of the spring-summer Emporio Armani collections dominates the entrance. The boutique carries women's and men's wear, including underwear, eveningwear, sportswear, the A/J Armani Jeans collection, eyewear, watches, jewelry, footwear, accessories and gift items. Currently there are 133 Emporio Armani shops worldwide.



RALPH LAUREN
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THE NEXT WAVE IN FRAGRANCE FROM RALPH

A Tête-à-Tête With Karl and Coco

By Marc Karimzadeh

NEW YORK — The Chanel exhibition, which officially opens at the Metropolitan Museum of Art next Thursday, isn't a retrospective. Instead, it offers a glimpse of the creative dialogue between the French house's two icons, founder Gabrielle "Coco" Chanel, who died in 1971, and Karl Lagerfeld, who joined the house in 1983.

Take, for instance, juxtaposed quotes from both that pepper the exhibition space and only serve to exemplify the duo's kindred spirit.

"When one reads Chanel's and Karl's quotes, there is the same kind of astute and acerbic quality to them," explained Harold Koda, curator of the Costume Institute, on a walk-through Thursday afternoon. "Sometimes they disagree, but that is the nature of strong personalities."

The show features 23 LeCorbusier-like modules. Twenty display clothing vignettes and three are devoted to video installations, from camellias to abstract images of Marilyn Monroe holding onto a Chanel No.5 perfume bottle. These cubic modules are placed progressively in a grid, though they do not adhere to a chronological order. Displayed vignettes mix pieces designed by Chanel and Lagerfeld, and are arranged by themes such as silks, sequins and ribbons.

"We wanted to make a statement that this exhibit is not a retrospective, but it is

A vignette of silk dresses.



◀ Chanel's 1992 tank top and tulle skirt.



A camellia video installation.

really intended to be a conversation with the present and the past," Koda said.

Lagerfeld, for his part, balks at the term retrospective, and he is a harsh critic of self-congratulation. Instead, he said the key message from the exhibition is the longevity of the French fashion house, for which he has been designing successfully for more than 20 years.

The Chanel exhibit is situated in a space usually reserved for temporary exhibits on the museum's ground floor rather than in the lower-ground Costume Institute space. Koda put the exhibit together with Chanel; Lagerfeld; associate curator Andrew Bolton; creative consultant Olivier Saillard, a curator for the Musée de la Mode et du Textile in Paris, and Marie Maillard, who did the video installations. It is sponsored by Chanel and Condé Nast Publications and runs May 5-Aug. 7.

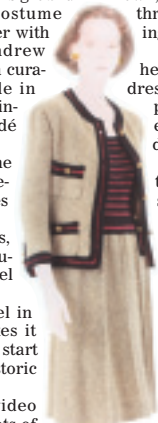
Chanel famously liberated women from the stiffness of corsets by inventing sporting-specific clothes and eventually jackets, blouses and sailor shirts.

The show, which showcases up to 65 pieces, opens with Karl Lagerfeld's 1996 gold lace couture gown, which is inspired by a dress Chanel wore in a 1937 photograph by Cecil Beaton.

"Karl, most of the time, interprets Chanel in an irreverent way, but sometimes he evokes it with reverence," Koda said. "We wanted to start the exhibit off with something that said historic Chanel but that was done by Karl."

The room-like module is backed by a video display, for which Maillard took detailed shots of the dress and transformed them into a pattern, which is then manipulated to unveil the image of Chanel.

"That establishes our premise," Koda explained. "We didn't want to do a traditional retrospective. So much of what she designed responds to contemporary ideas of fashion. We felt it would almost not be exotic enough, but



A Chanel day suit circa 1960.

by adding Karl's work, there is a poignancy that makes the past more potent."

Koda and Bolton culled most of the looks from the the Chanel and Metropolitan Museum archives, though some were borrowed from Chanel customers and other institutions. The curators made an effort to position the modules in a way to give them exponential meaning. For instance, a room featuring Chanel's seaside looks, such as the silk dress with matching coat, and Lagerfeld's looks referencing neoprene wet suits faces a vitrine of Chanel products concerned with women's active lifestyles, from tanning gels to weekend creams. There are also areas devoted to accessories and fine jewelry. One vitrine, which features signature quilted Chanel handbags, faces another showcasing how the bag has influenced other categories, such as a quilted moon boot or sandals made with the handbag's signature gold and leather chains.

"I found editing the largest challenge," Bolton said. "As curators, there were so many pieces to choose from. We didn't want a retrospective, but a conceptual exhibit. The visitor will hopefully walk away thinking, 'My goodness, I can't believe these dresses are from the Twenties.' I think they will be surprised."

The catalogue sure is full of surprises, too. Leave it to Lagerfeld to elevate the exhibition catalogue to the level of couture, but with only two "petits mains," his own, to do all the work. "I put myself in a job that took three weeks, and I had to get up at four in the morning to do it," Lagerfeld quipped.

That job involved hand-painting and coloring heads, faces and limbs to give static photos of the dresses on forms some personality, life and sense of period. (The Met forbids clothes in its collection ever to be worn. "Curators cannot party in museum dresses," Lagerfeld quipped.)

"Dresses are about the woman at the time when they were worn, not just old material," he says, describing his renderings as "a poetic evocation of the women of the period."

For Lagerfeld, it meant working for hours with a multistep procedure loosely known as "algraphy." While computers were employed to achieve the ultimate effect, the delicate shading of color Lagerfeld achieved, using eye makeup powders and tiny sponges, could only be achieved with human hands.

Lagerfeld matched hairstyles and makeup to the vintage look of each dress, occasionally drawing inspiration from real women associated with the house over the years. Flipping through the catalogue, one can divine the presence of the Duchess of Windsor, the models Audrey Marnay and Stella Tennant — and Mademoiselle herself.

Even the colors of some of the fabrics were refreshed and brightened as Lagerfeld is no great fan of "a bunch of old clothes," to use a refrain of his from 2000 when he had a dispute with the Met over a planned Chanel exhibition.



A 1995 Chanel day ensemble, pictured in the catalogue.



Black ribbon dresses on display at the Met.

Lagerfeld admits he's hardly enamored of every look in the exhibition, especially some boxy suits from the Fifties in sizes too large for a man now accustomed to the stick-to-the-ribs tailoring of his friend, Hedi Slimane, designer of Dior Homme. Asked to identify his favorite look, he points to a stunning cocktail dress in blue silk crepe with long silk fringe from 1926.

The exhibit ends with a module of Lagerfeld dresses inspired by coromandel screens in Chanel's apartment. "We wanted to reemphasize the dialogue between Karl and Chanel," Bolton said.

— With contributions from Miles Socha, Paris

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For the Dogs ● A Piercing Slight ● Cannes Don't

SOFA

By Aileen Mehle

eye One of the delights of New York's nightly round of money-raisers is watching **Diane Sawyer** run a gala as the mistress of ceremonies. Deft is the word for Diane. She always looks like the millions of dollars she helps summon up for the cause, and when she gets up on the podium, she talks to the crowd as though they were all her best friends — easy, breezy. Diane gave one of her stellar performances at the International Sephardic Education Society Benefit at the Waldorf, a party for 650, where a dazzling **Sir Elton John** brought down the house and **François Curiel**, Christie's deputy international chairman and generally regarded as the auctioneer's auctioneer, sold four lots of various programs, awarding college scholarships to promising young Israeli students in need. He is another star at what he does. The ISEF scholarships were founded by one of the world's eminent philanthropists, the late billionaire Edmond Safra, whose widow, **Lily**, the chairman of the gala, has carried the torch to a remarkable degree. She is also the head of ISEF's honorary committee, which includes such worthies as **Dr. Neil Rudenstine**, the former head of Harvard University; New York District Attorney **Robert Morgenthau**; **Dr. and Mrs. Henry Kissinger**; **Sir John and Lady Bond**, and **Lord Rothschild**. Lily underwrote the evening at the Waldorf and among her supporters dressing up the room were **Evelyn and Leonard Lauder**, **Linda Wachner**, **David Furnish**, **Robert Higdon**, Lily's daughter, **Adriana Elia**, and, last but not least, ISEF president **Nina Weiner** in ropes and ropes of ropes of pearls.

Lily's next project is a great dinner on May 26 at the Library of Congress in Washington celebrating the dedication of the Edmond Safra Family Lodge at the National Institutes of Health. This is a large, comfortable house built and donated by Lily on the grounds of the NIH to house the families of cancer patients at NIH who are in need of a place to stay nearby.

The Museum of Modern Art's Party in the Garden will take place on June 7. Not only will this be the first party in the garden since the museum has moved back to its home



Famke Janssen



Reese Witherspoon



Helena Christensen

on West 53rd Street, but it will be honoring its chairman emeritus, **David Rockefeller**, and celebrating his 90th birthday. This is especially fitting as David was present at the founding of the museum in 1929 and was born on the site that is now named in memory of his mother; the recently restored and enlarged Abby Aldrich Rockefeller Sculpture Garden. There is no one who has done more for the museum and, while he was about it, no one has done more for the city of New York. Bravo, David Rockefeller and happy birthday.

Arianna Boardman, that beautiful thing, slipped into her sleeveless red satin Prada cocktail dress and a Van Cleef & Arpels ruby necklace, a gift from her husband, **Dixon Boardman**, to go to the ASPCA's Bergh Ball last week, and **Cynthia Lufkin** wore a pink silk number layered with sheer Victorian lace by Nicole Miller. The ladies were there to check out the doghouses designed by **Oscar de la Renta**, **Zac Posen**, **Lilly Pulitzer**, **Isaac Mizrahi** and **Betsey Johnson**, which were auctioned off for \$20,000, bringing the night's take to \$500,000. That's dog lovers for you.

Here's what **Pierce Brosnan** has to say on his desperate days working with **Teri Hatcher**, who played Paris Carver to his James Bond in "Tomorrow Never Dies," in 1997: "I got very upset with her, she was always keeping me waiting for hours and I must admit I let slip a few words which weren't very nice." Who's sorry now?

Brad Pitt has pulled out of "The Watchman," a comedy set to start shooting later this year, to go on a bonding trip with his brother. Brad's just back from another bonding trip in Africa with **Angelina Jolie**, as the world knows. The two Pitt boys will drive their motorcycles around the country, perhaps in an attempt to dodge Brad's romantic turmoil. But don't be on the lookout for Brad and Angelina on the Interstate or at your local Motel 6.

Reese Witherspoon, glamorous in plunging black, with her handsome husband, **Ryan Phillippe**, dressed to match in black tie, did their absolute best to dispel those naughty rumors about trouble in their marriage at the premiere of Ryan's new movie, "Crash," in Los Angeles. The golden couple went so far as to embrace passionately on the red carpet to the delight of the paparazzi and the chagrin of the tabloids that have them on the rocks. Phillippe is preparing to play the lead in Oscar Wilde's "Dorian Gray" with model **Eva Herzigova**. Stay tuned.

Madonna's new documentary, entitled "Re-Invented Process" and about her recent tour, has been rejected by

the Cannes Film Festival, which starts May 11. But she can console herself by knowing she will do the voice of a character in "Puss 'n Boots," the spin-off of "Shrek 2." I can wait if you Cannes. Did I say that?

Halle Berry, in the spirit of generosity, has donated two of her dresses to her alma mater, Cleveland's Bedford High School, for its spring benefit. One is the white Versace halter dress she wore to the premiere of the movie "Lackawanna Blues," and the other is a knee-length print that she wore on the cover of *Ebony* last year. It will be interesting to note just who will fit into those two little frocks.

Hugh Grant bought a \$7 million love nest in Barbados to share with his beloved, the sexy heiress **Jemima Khan**. Hugh hasn't officially proposed to Jem and she's not yet wearing a ring, but someone said he has been looking for the perfect rock to put an end to his life as a bachelor. That's rock as in diamond.

Prince Harry has returned to England to get ready for his stint at Sandhurst, which begins in early May. As we all know, he just spent a week with his girlfriend, **Chelsy Davy**, the 19-year-old daughter of a Zimbabwean millionaire, on a safari vacation in Botswana, where they stayed in everything from a \$40-a-night room to a \$2,000-a-night suite. Harry says their favorite nights were spent eating around a campfire and sleeping under the stars. Uh-huh.

Famke Janssen is inviting her friends to Soho House next week to a screening of her favorite film, "Le Souffle au Coeur" ("Murmur of the Heart") by Louis Malle, as part of the Grand Classics Film Series. Among those expected are **Cornelia Guest**, **Emilia and Pepe Fanjul** and their daughter, **Emilia Fanjul Pfeiffer**; **Anne Hathaway**; **Lola and Stella Schnabel**, and **Helena Christensen**. The night is underwritten by the designer Hugo Boss and *The Week* magazine.

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Lancôme Signs Face for New Scent

Daria Werbowy



NEW YORK — Lancôme has signed Daria Werbowy as its newest model in preparation for the company's new women's fragrance launch later this year.

Werbowy, a Ukrainian-born Canadian, has been signed to a multiyear, global deal to represent the Lancôme brand. Her first assignment will be to represent a new scent that will launch first in Europe by yearend and in the U.S. in early 2006. Executives declined to give further details concerning the fragrance.

But while Werbowy's first ad campaign for Lancôme will be the new fragrance, Marc Dubrulle, chief executive officer of Lancôme International, emphasized that she will be used for "a number of different projects."

"We have been looking for the perfect girl, and we have really been charmed by Daria," said Dubrulle in a phone interview from Paris Wednesday. "She has incredible charisma and charm and is very sweet, smart and generous. She has become a muse for the best photographers, and she walked on more than 55 catwalks in 2004 — she has amazing awareness globally. We have very extensive plans for her."

Those plans, said Dubrulle, include ads for color cosmetics, skin care and body care. The brand is likely to produce TV and cinema advertising with Werbowy in addition to print adver-

tising, he added. "Daria expresses the modernity of the Lancôme brand, and she is not just a face for the fragrance — she is an ambassador for the brand." Dubrulle emphasized that Werbowy is an addition to the brand's team; she is not replacing any of the brand's existing spokeswomen.

"Daria is captivating and versatile, and can express very different emotions," agreed Odile Roujol, deputy general manager of Lancôme International, adding that Werbowy's versatility and global appeal make her "a perfect partner for Lancôme" in all of the beauty categories in which the brand operates.

Werbowy has important fans Stateside, too. "Lancôme is a brand whose faces are not merely images but true ambassadors," stated Edgar Huber, president of the Luxury Products Division of L'Oréal USA. "Daria has a rare blend of presence, allure and natural elegance, and our collaboration has all the hallmarks of an enormous success for the brand."

In addition to Werbowy's magazine editorial work, which includes a recent cover of WWD's sister publication W magazine, she has also appeared in advertising campaigns for Prada and Gucci and is scheduled to appear in Chanel apparel advertising this fall.

— Julie Naughton

Matthew Williamson Set to Launch First Signature Fragrance

By Ellen Burney

LONDON — When Matthew Williamson decided to launch his first signature fragrance, his thoughts washed up on an exotic beach.

"I wanted the central, overriding note to be reminiscent of the sexy oiliness of a girl's warm skin after a day of sunbathing," said Williamson, who regularly takes his inspiration from the hot shores of India, Ibiza and Morocco.

Matthew Williamson Fragrance, with its white floral notes, will launch in the U.K. in May and hit counters in the U.S., Hong Kong, Australia and Canada in September.

The designer said during an interview at his flag-

ship here that he told the perfumer, Clement Gavarry of International Flavors and Fragrances, to "imagine the sort of scent Jade Jagger and Helena Christensen would wear — and take it from there."

Gavarry said Williamson fell in love with Indian jasmine sambac. "From there we built a fragrance exploring the facets of the jasmine flower in completely different ways," said Gavarry.

Top notes include bergamot, lime, neroli, tagete, ginger and cinnamon oils, a warm sand accord and schinus molle. The middle notes are jasmine sambac, orris concrete, ylang ylang java oil, magnolia flower oil, rose, gardenia and living heliotrope. The drydown is from labdanum resin, sandalwood oil, vanilla, olibanum resin, benzoin resin, patchouli heart and sensual musk.

"It reflects my personality and characteristics but it embodies the true essence of the brand; sexy, feminine and uplifting," said Williamson, who plans to wear it himself. (He currently wears Avignon by Comme des Garçons). "I wanted it to be a contemporary and modern fragrance that would also be timeless as a classic."

Williamson designed the rectangular, clear glass bottle with the help of Henri Monclin of Ateliers Dinand. The block-like bottle has a pink tinge to it, and a clear, cube-shaped lid. The bottle was inspired by the showpiece glass tank at the back of Williamson's London store.

The collection includes eau de parfum in two sizes, 50 ml. for \$80, or 42 pounds, and 100 ml. for \$105, or 55 pounds. There will also be a 200 ml. body cream for \$76, or 40 pounds, and 100 ml. bath oil for \$61, or 32 pounds. Juniper Brand Development, the British company that owns the license, expects U.K. retail sales to reach \$9.6 million, or 5 million pounds at current exchange, in the first year.

In the U.K., the designer's flagship and Harvey Nichols will carry the fragrance exclusively for five weeks. In July, it will roll out to an additional 450 doors in the U.K., including Selfridges, Harrods, House of Fraser, Debenhams and John Lewis.

In September, the scent will launch internationally. In the U.S., it will be in around 100 doors. It will also roll out in Canada, Australia and Hong Kong. By early 2006, the scent will launch across Asia.



Matthew Williamson's fragrance ad.

The ad campaign was shot by Robert Jaso and styled by Bay Garnett, and breaks in the July issues of British magazines including Vogue, Elle, Glamour, Harpers & Queen, POP and The Sunday Times Style magazine. The ads come in both single-page and double-page spread versions.

The star of the campaign is a little-known model called Portia Freeman, which is surprising considering Matthew Williamson relies heavily on celebrities such as Madonna, Kate Moss and Kelis to promote the brand. "I wanted freshness," said Williamson. "I didn't want it to be about the girl, I wanted it to be about the fragrance."

The ads will also be featured on subways and buses in the U.K. Juniper said it plans to spend \$750,000 on advertising in the first year. The company also plans to issue a limited-edition scented bracelet to promote the brand at Harvey Nichols in the U.K.

Williamson has flirted with fragrance in the past. In 2002, he collaborated with London perfumer Lyn Harris on a limited-edition eau de parfum.

"I dipped my toe in last time, but I knew nothing about fragrance," said Williamson, adding that this time he dove straight in. "I was much more clued-up and involved on every level every step of the way, from packaging to production to advertising."

Fragrance is just one part of Williamson's burgeoning business. Next week Williamson will be in New York scouting for spaces for a Manhattan flagship, which he plans to open within the next 18 months.

"As the business grows, life is getting harder by the day," he said. But the rewards are worth the effort. "The London store has done fantastically well. It's been phenomenal," said Williamson who just celebrated the first anniversary of his Bruton Street store.



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Calvin Klein's New Obsession: Night

NEW YORK — Updating classic fragrances is becoming a full-blown Obsession for Calvin Klein Cosmetics.

The classic Obsession masterbrand, first launched in 1985, has a new sibling — Obsession Night, a flanker duo.

"We created Obsession Night to infuse some newness into a legendary brand," said Kim Vernon, senior vice president of global advertising and communications for Calvin Klein Inc., which licenses the name to Unilever Cosmetics International. "Obsession always represented provocation, sensuality and a sense of mystery. It was very important to maintain those elements while refreshing the images to reach a younger target."

It's an effort that the brand has undertaken periodically, launching scents such as Sheer Obsession in 2001, noted Laura Klauberg, senior vice president of global marketing for Unilever Cosmetics International.

The Obsession Night women's juice has top notes of bergamot, bitter orange, mandarin, white flowers and angelica root; a heart of gardenia, rose, muguet and night-blooming jasmine, and a drydown of amber, labdanum, sandalwood, cashmere woods, tonka and vanilla. The women's lineup comprises four stockkeeping units: eaux de parfums in 1.7-oz. and 3.4-oz. sizes, \$45 and \$60, respectively; a 6.7-oz. shimmering body wash, \$27.50, and a 6.7-oz. body lotion, \$36.

The men's scent has top notes of pear, silver armoise and cardamom; middle notes of Tuscan black suede, nutmeg and musks, and a drydown of vetiver, patchouli and vanilla. Five sku's for men will be available: eaux de toilette in 2.5-oz. and 4-oz. sizes, \$40 and \$52, respectively; a 4-oz. aftershave, \$34; a 6.7-oz. body wash, \$18.50, and a 2.6-oz. deodorant, \$14.

The brand did a soft launch of the Obsession Night men's scent in February in the U.S. and is rolling out the women's scent here and abroad in August; the men's juice will also bow globally in August. Both scents were developed by Givaudan, which also produced the original Obsession, and will be carried in about 2,200 department and specialty stores in the U.S.

Both scents will be supported by a national print advertising campaign with multiple images shot by Mario Sorrenti, said Lori Singer, vice president of global marketing for Calvin Klein Cosmetics. Men's advertising breaks in June magazines, while women's advertising breaks in August. Like the controversial Calvin Klein ads which have come before it, this campaign isn't afraid to make waves, with both a nude male model and nude female model featured.

Executives declined to comment on projected sales or advertising, although industry sources estimated that the masterbrand could do \$20 million to \$25 million at retail, globally, in its first year on counter and that about \$5 million to \$10 million



The Obsession Night for Men ad.

would be spent on advertising and promotion.

Earlier this month, the brand also launched CK One Summer, a limited-edition scent that will be available through the end of August. Top notes are of juicy tangerine and pineapple, with a heart of frangipani and a drydown of hot sand accord. Four sku's are being produced: a 3.4-oz. eau de toilette, \$38; a 6.7-oz. cooling body gel, \$15; a 6.7-oz. body wash, \$15, and a 6.7-oz. body moisturizer, \$20.

But the brand has more surprises in store for the fall, promised executives. A new scent masterbrand concept for the Calvin Klein Cosmetics franchise is said to be coming this fall, although executives declined to give any details.

— Julie Naughton

Benefit Gets Body Conscious

NEW YORK — Having increased its sales by 25 percent in the U.S. alone last year, Benefit Cosmetics is watching its figure with the launch of its Wonderbod collection in June.

Featuring several "cheeky" new products, Jiggle Gel, Jiffy Tan, Bum Deal and Wonder Mitt, Wonderbod is the company's first line aimed at solving specific body issues. "[Our customers] really wanted something that would help them to hide, firm and conceal



Products from the Wonderbod line.

those extra vanity pounds," said Jean Ford, co-founder of Benefit.

And the company seems to be growing with its customer base as well. Benefit chief executive officer Diane Miles attributed the significant growth of the 10-year-old brand mainly to constant product development and innovation. "It's a combination of the products being intriguing and fun along with innovation," she said.

While neither Miles nor Ford would comment on sales figures, industry sources expect the four products to bring in between \$5 million and \$7 million in first-year retail sales. The products will be available in Benefit's full distribution of 350 doors in the U.S.

Jiggle Gel, a \$26 slimming product, is designed to produce a cooling, slimming feel on the skin, according to Ford, while Jiffy Tan is a \$24 tinted body lotion. Bum Deal, a \$24 sugar scrub, contains red currant extracts, which help to stimulate and improve circulation, according to Ford.

In addition, the company will launch Wonder Mitt, a \$14 exfoliating cleansing mitt. Each product is emblazoned with an "Invisi-Girdle Technology" seal that features a picture of a vintage-inspired undergarment; a nod, it seems, to the degree of levity the company maintains in all of its products, even those aimed at such a touchy subject as body issues: "Invisi-Girdle Technology is about jiggle and fun," said Ford.

Keeping things honest and "fun," said Miles, marks the difference between slimming products from Benefit and other similar products on the market. "These products feel good and they do have an effectiveness, but they don't overpromise," she said.

In addition, the company has two more body-conscious products under the Wonderbod umbrella in the works, most likely for late spring 2006. But for now, Ford is happy with keeping the lineup streamlined. "Three products plus [the Wonder Mitt] is just enough for now," she said. "It's like having a boyfriend — how can you date more than three guys at once?"

— Bryn Kenny

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The Beauty Report

Wexler to Launch Skin Care in BBW

By Andrea Nagel

NEW YORK — Patricia Wexler is getting hitched.

No, her marriage of 33 years hasn't dissolved, but the superfamous dermatologist is partnering with Bath & Body Works on a new line of skin care products that will send her down the aisle — a store aisle, that is.

"I was always the bridesmaid, never the bride," said Wexler, referring to her former skin care product collaborations for designers Donna Karan and Calvin Klein. She also worked on Almay's Kinetin skin care product line.

When and whether Wexler would join the league of dermatologists who already offer their own product line in the retail marketplace — N.V. Perricone, Dennis Gross, Howard Murad and Katie Rodan and Kathy Fields, to name just a few — has always been a topic of conversation in beauty circles. But she's not a procrastinator, Wexler asserts, she was simply waiting for the right technology and the right retail partnership before saying, "I do."

"I wasn't going to launch my product line until I felt I could partner with people who had my vision. This was going to be my last hurrah," she said.

Neil Fiske, BBW's chief executive officer, is excited about the partnership, which was months in the making.

"Nevertheless, it was a long courtship before our marriage, on both sides, because we were all so focused on raising the bar for technology, competitive differentiation and quality. So we announce this partnership with a great deal of pride and excitement. As the team has worked to develop this brand under Pat's guidance, we have come to view this launch as a pivotal point in BBW's transformation into a world-class beauty destination, and are investing in it accordingly," Fiske said.

Wexler is excited about the mass line, of which she'll be fully in charge, from formula to finish, includ-



Dr. Patricia Wexler

PHOTO BY LONALEBERMAN

ing marketing and product copy. The items in her line, which is still in development, use three patented technologies, addressing, but not limited to, antiaging. The line will be carved into categories "based on the things she sees every day" in her Manhattan dermatology office. The line is scheduled to debut in September.

Wexler, who always uses either an SPF 45 or 60 when she goes outside, and who is partial to Dove and Cetaphil products, is considered by many as a "derma-

toLOGIST to the stars." But choosing to distribute her line in the mass market as opposed to prestige outlets was an easy decision for her.

"The truth is, millions of people cannot afford the technology that's at the dermatologist's office. A peel, a treatment and then topical products adds up. That's why I love the mass market," Wexler said.

But how will Wexler's line compete against the sea of competitors already established in the retail arena?

Camille McDonald, executive vice president of BBW, said, "We've put together a dream team of internal and external associates to help develop all aspects of this brand, to make it both a step apart and a cut above its competitors. Pat Wexler is the single strongest reason that we are achieving this goal. She is a visible, hardworking leader for our team, whose specific vision about great skin care, and about marketing to women, has not changed from the beginning. In particular, her knowledge, talent and passion for excellence will be seen in the products themselves. First, her involvement in the skin care research sector led us to select the right proprietary technologies. And second, our formulations are truly amazing as a result of her personal direction and attention to detail. Altogether, everyone on the team is recognizing this project as one of the highlights of their careers, and that's because of Pat."

Aside from her coup of joining the retail world, Wexler is most excited about getting close to a broader range of people who can benefit from her skin expertise. While she won't be meeting with the purchasers of her products one-on-one — save for some personal appearances that may help promote the line — Wexler has devised a way to get her message across to customers without actually meeting them: Copy on boxes will reflect how Wexler speaks to her patients in the office.

"They are really getting me," Wexler said of those who will purchase her new line.

CoverGirl Grows Up With First Antiage Foundation

NEW YORK — CoverGirl is looking more like a woman as of late.

The brand, which generally targets those a bit too young to be experiencing wrinkles, is the latest to offer an antiage foundation. Arriving in stores beginning in late August is Advanced Radiance, a new line that dips into parent company Procter & Gamble's technology barrel by injecting patented Olay antiaging technology into formulas. The new line, which consists of 15 different shades, will be promoted by former CoverGirl spokeswoman Christie Brinkley, as reported in these pages on April 15.

While Advanced Radiance is the first CoverGirl item to tap into Olay technology — and the first cosmetics antiage item for the beauty behemoth — it's far from the first of its kind.

Revlon's Age Defying makeup brand, which launched in 1994, got a facelift in January with new packaging, as well as a new face makeup collection, Age Defying with Botafirm, designed to help fight the signs of aging within two weeks of use. L'Oréal offers Visible Lift Line Minimizing Makeup, which launched in 1998, and Visible Lift Firming, which launched this year.

CoverGirl currently makes 15 different foundations and has been the market leader in the category since 2002, when it outpaced Revlon. And it is the leading foundation brand, according to Information Resources Inc., with more than \$136 million in sales for the most recent 52-week period ended March 5. Its leading item, CoverGirl Clean Foundation, tops the charts with \$23.4 million in sales for the period. Revlon, which claims to hold the top spot in the small but growing antiage face makeup category, is the second-largest maker of foundations with \$88 million in sales and has the number-three foundation brand, Age Defying, with \$21 million. L'Oréal ranks third in terms of foundation sales with \$74 million, and has the second-best-selling foundation, True Match, with \$22 million in sales.

Anne Martin, vice president of global cosmetics and beauty marketing, P&G, would not comment on Advanced Radiance's projected sales, but industry sources estimate that the line of 15 foundations could generate \$25 million in its first year on shelves. Advertising spending could reach more than \$10 million, these sources added, which includes TV and print ads.

While CoverGirl traditionally targets a younger customer, P&G said that with Brinkley as Advanced Radiance's face, the Baby Boomer who grew up with her as their CoverGirl would likely be the target for the new line.

The merging of CoverGirl and Olay to create the "ultimate" product is a first for P&G's cosmetics business, but not for the company. Recall P&G's newest version of Secret Platinum deodorant, which touts Olay's healing conditioners to address underarm sensitivity, which launched last year.

The marriage of cosmetics and skin care seemed natural, too, especially after consumers said they would be eager to sample a product that could offer them both a beauty item from their trusted CoverGirl brand, as well as advanced science from Olay.

Martin said everything the company does starts with the consumer, whom it considers boss.

"The consumer was very clear that there are a big chunk of [women] that are aging gracefully and would really love a top brand like CoverGirl to help them look, and continue to look, easy, breezy, beautiful," Martin said, quoting the brand's slogan. "Once the consumer idea was born the technology soon followed," she added.

Advanced Radiance, which was said to be effective on wrinkles after three weeks of use, was designed to work in three phases. The first phase, or resting phase, is when the foundation is delivered to the skin. During the weakening phase, the next phase, the water droplets with the foundation break down and are applied to the skin. The final phase, the energizing phase, is when VitaNiacin is delivered to the skin.

Products will retail for \$9.99 and will be supported by the ads, as well as a mini Web site that can be reached by logging onto covergirl.com. In-store displays will help lure customers to the cosmetics wall, where clear trays filled with the compacts will be joined by photos of Brinkley.

Plans for Advanced Research include expanding to other products, Martin said, but she would not elaborate. It seems natural, however, said industry sources, that by grabbing Brinkley as a spokeswoman, color cosmetics are sure to follow.

— A.N.



Christie Brinkley will be the face of Advanced Radiance.

Beauty Sales Up 9% at P&G

NEW YORK — Procter & Gamble Co. posted a 12.6 percent increase in fiscal third-quarter profits, easily beating analysts' estimates, helped by solid sales in each of its three main product categories.

Cincinnati-based P&G earned \$1.7 billion, or 63 cents a diluted share, in the three months ended March 31, ahead of analysts' expectations for earnings of 61 cents. Comparatively, P&G earned \$1.5 billion, or 55 cents, a year ago.

The company's beauty care segment had sales totaling \$4.9 billion, up 9 percent from a year ago, driven in part by its Olay, Hugo Boss and Pantene brands. P&G's health, baby and family care unit saw sales rise 14 percent to \$5.05 billion, and sales in its household care division were up 8 percent to \$4.6 billion. Net earnings increased 23 percent to \$701 million driven by robust volume growth, the impact of the company's increased ownership of the China operation and the impact of the domination and profit transfer agreement with Wella. Quarterly net revenues were \$14.3 billion, up 9.7 percent from last year's \$13.03 billion.

— Meredith Derby

Revlon Revival Gets Midterm Report Card

NEW YORK — Three years into Revlon's turnaround strategy, the company has begun to prove naysayers — particularly those on Wall Street — wrong about the health of the beauty giant.

On a recent Friday afternoon, Revlon president and chief executive officer Jack Stahl grabbed a 16-month-old issue of WWD Beauty Biz, opened it to a four-page article on Revlon and read out loud a highlighted section. The passage was a gloomy prediction from Deutsche Bank analyst George Chalhoub, who stated Revlon would likely run out of cash by mid- to late 2004.

Stahl eagerly pointed out that, rather than go belly up, Revlon ended 2004 with \$379 million in liquidity. In fairness to the analyst, Chalhoub had made that forecast based on the company's fundamentals prior to a cash infusion by billionaire financier Ronald Perelman. Chalhoub now believes the company, given its liquidity, is in a much stronger position.

Revlon's progress has not gone unnoticed. Analysts still point to aggressive margins and a heavy debt load as critical issues, but many industry observers have begun to ease up on the company. During an earnings call in March, several went so far as to congratulate Revlon on its fourth-quarter results — the company's first profitable quarter in six years.

Now, more than halfway into its five-year turnaround plan, Stahl deems Revlon ready for aggressive growth. The company has set the stage for a comeback by fixing its most glaring setbacks. Strained relationships with retailers have been mended; outdated packaging, formulas and colors have been replaced, and a newly minted product development process is now in place. Add to that Revlon's strengthened balance sheet and the company seems poised for better days ahead.

"They have demonstrated tremendous improvement in terms of cost savings and buying practices," noted Karen Miller, managing director of Bear Stearns. She added, "We expect this year to be more profitable because the company is introducing new products, as opposed to the lackluster last year."

Indeed, Revlon has started to move past the point of diminishing returns. In 2003, Stahl and Revlon's executive vice president and chief financial officer, Thomas McGuire, engineered a major capital restructuring of the company, taking its debt from \$1.9 billion at the end of 2003 to \$1.3 billion at the end of last year. As Wall Street had hoped, Revlon converted \$800 million worth of debt into equity in March last year, which promptly reduced its debt by a third. It then refinanced its remaining debt. Currently, it has roughly \$327 million in debts due in 2008, \$310 million due in 2011 and \$700 million in a long-term loan. The company is also expected to use \$110 million from an equity offering to pay down debt.

The challenge now is managing that debt while cranking out new products. "We are investing and deleveraging at the same time," noted Stahl. Paying down debt may be paramount, but when it comes to innovation, Stahl emphasized, "We're not missing any investment opportunities."

"Looking at the past few quarters, they've made great progress," said Bill Chappell, an analyst with SunTrust Robinson Humphrey Capital Markets. "The recapitalization of their balance sheet gives them flexibility to reinvest in the brands and eventually generate enough free cash flow to be profitable. What really remains is to rebuild the brand name and rebuild trust with the retailers. And that's not something that will happen overnight," he added.

But retailers always have been among Revlon's biggest cheerleaders. A healthy Revlon translates into buoyant mass market beauty sales. While most buyers think Revlon still has many obstacles to overcome, they also report Revlon is the strongest it has been in years.

"Revlon is becoming one of the success stories in the industry," said Mark Griffin, president and ceo of Lewis Drugs. "Jack [Stahl] and his team have done a good job to jump-start the resurgence of Revlon." He singled out Revlon's efforts to tie together advertising with in-store support materials — the 360-degree marketing — with bolstering sales.



Ad visual for Revlon Age Defying With Botafirm. Product below.



While retailers nod to Revlon's steely determination to stabilize the company, some have grown antsy waiting for the beauty giant to bring out the heavy artillery: new products. Besides revamped core products, Revlon had nothing new to show at the recent interview, although Stahl indicated that an aggressive rollout is in the offing.

The beauty firm slowed the pace of product introductions last year as it worked to establish a cross-functional product development system. The overhauled R&D process, which took 18 months to correct, is led by the marketing department and includes key members of the management team, such as cfo McGuire.

In the absence of blockbuster introductions, Revlon's market share slipped from 16.4 percent in 2003 to 15.8 percent in 2004, according to data from ACNielsen. Almay's share followed suit, dipping from 5.8 percent in 2003 to 5.6 percent in 2004.

Several retailers reacted to the pull-back by trimming Revlon's display space; however, the company expects to earn back that space with an accelerated launch schedule this year, said Stephanie Klein Peponis, Revlon's executive vice president, chief marketing officer. New products still require 24-month lead time, but the company said it is more nimble in executing within the confines of that cycle. More ideas are getting absorbed into the process, noted Stahl.

"It took Revlon longer than I would expect to streamline the R&D process, but the results so far are encouraging," said Lehman Brothers analyst Ilias Papazachariou.

The company already has mapped out 2006 launches, earmarked concepts for 2007 and begun hashing out ideas for 2008.

Products born out of the overhauled system began to hit the market in January. To create the bulk of this year's lineup, Revlon revamped existing franchises such as SuperLustrous Lipstick and Age Defying With Botafirm.

For instance, Revlon used its 10-year-old face makeup franchise Age Defying as a springboard to create a broader antiage makeup collection. That said, Revlon reformulated existing Age Defying products with the wrinkle-fighting ingredient Botafirm; added new additions, such as a Light Makeup formula, and retired its black packaging in favor of red. Revlon then trumpeted those efforts by hiring actress Susan Sarandon to be the face of Age Defying With Botafirm, along with Julianne Moore. Since its launch in January, industry sources estimate Age Defying With Botafirm has generated more than \$44 million in retail sales. "This was a breakout introduction," declared Stahl.

Other 2005 introductions, such as ColorStay 12-Hour Eye Shadow and Fabulash Mascara, also are delivering impressive results. According to Information Resources Inc., which excludes Wal-Mart, ColorStay eye shadow rang up nearly \$3 million in retail sales, while Fabulash did more than \$1 million since hitting the market in January.

With its new products — albeit a limited assortment — gaining ground, and a more robust launch cycle next year, Revlon's advertising campaign will begin to call out product benefits, which were virtually unheralded in last year's "Bellissimo" campaign. To reinforce its "confident, sexy" positioning, the ads continue to magnify the glamour of celebrity spokesmodels. And with a marketing team-driven R&D system, Revlon's TV, print, online and in-store ads now reflect the same images concurrently.

"This year will be a rebound year," said Papazachariou of Lehman Brothers, adding: "They gained some traction in lipsticks and in eye care, but we need to see whether they will be able to sustain the share gains they made."

Retail buyers are pleased with the strides they've seen thus far. A buyer for a top drugstore chain said her Revlon sales are up, in many cases beyond competitors. A major discount store retailer praised Revlon for getting back to its core competencies. "Revlon is doing things that are healthier in the long run. So many manufacturers are running after what is new. But, if what is new doesn't take off, you are stuck," she said.

A handful of retailers noted that one challenge for Revlon is offsetting a rash of buy-one-get-one-free deals from 2004. "While I know they need to buy market share, it is very difficult to justify year-to-year results against BOGOS," said one mass merchant.

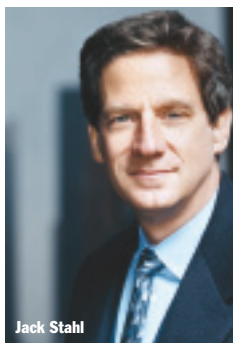
Sales of mass market color cosmetics have been down across the board.

Small chains still feel a little left out as Revlon tries to solidify its position from the top chains down to smaller operators. Sally Yanke at Medic Drug — a regional player — said her chain still must wait for big launches to trickle down to their stores. "Revlon is still Revlon," she said, referring to the fact that she often hears of new initiatives well after the megachains. Buyers said only a handful of retailers have been privy to two major launches that Revlon has in the works.

Revlon has been pleased with initial efforts to make Almay easier to shop. "This should be a fun category to shop; it isn't medical devices," said Peponis. The company plans to relaunch Almay, retailers report, with some new categories designed to make it a one-stop shop for thirtysomething women. Almay Intense I-Color, a three-piece eye makeup collection that bowed last fall, kicked off the easy-to-buy strategy that buyers said will be carried forward in a revamp of Almay. "We are finding the women are buying all three items," said Peponis. The three-piece collection illustrates Revlon's ability to build sales in the cosmetics category, noted Stahl.

At the other end of the spectrum, buyers said Revlon also is working on an additional line targeting mature women — 50 plus. This line would be more sophisticated and require a more educated consumer. It could fit nicely with retailer plans to add beauty advisers back into stores. While new items would merely replace the existing Almay, industry experts question where space will come from to accommodate the line for mature women. "Retailers are looking to cut space given to cosmetics, not add to it," said industry consultant Allan Mottus. "Cosmetics right now is not healthy. Most lines just cannibalize sales from another. What Revlon needs to do is more advertising to get the business going again," he added. Drugstore chain sources expect the new initiatives will be in place for 2006, along with the launch of a new fragrance. "A key part of the Revlon story is that the company doesn't need to steal market share from Procter & Gamble or L'Oréal for its turnaround to work," said Chappell of SunTrust, adding: "It just needs to compete at the same level of productivity. If they expand their market share, that's gravy."

— Molly Prior, Faye Brookman and Amy S. Choi



Jack Stahl

The Birth of Pashah



Pancho Soekoro

NEW YORK — While standing in the heart of his seven-month-old salon, Pashah, hairstylist Pancho Soekoro confessed he is still getting used to the idea that the Madison Avenue spot is, well, his. His modesty may restrain him from boasting, but Soekoro's stamp is everywhere, extending from the sleek shampoo troughs (that he designed and has a 10-year-old sketch to prove it) to the dressing-room curtains, which he sewed himself.

Pashah, smack in the "salon and spa district" of Manhattan, occupies the penthouse of the Emporio Armani store at 601 Madison Avenue, but gives off a downtown vibe. The loft-like space mixes stark white walls with walnut paneling, offset by ivory leather furniture. A skylight and an outdoor terrace fill the 3,500-square-foot space with natural light.

This month, Soekoro unveiled his most ambitious project against the backdrop of his Midtown salon: Pashah's exclusive hair care collection.

Soekoro spent the last eight years formulating the 15-item collection. In the early days, he'd mix Kiehl's with Phyto to create customized styling products. While building his career at salons such as Frédéric Fekkai, Warren-Tricomi and Pierre Michelle, his product line simmered on the back burner: Soekoro credits Fekkai, known for his own eponymous collection, for teaching him about ingredients.

Now armed with a chemist and a business partner, Sam Arasteh, Soekoro brought his idea to fruition. Aside from the name, which means "royalty" in ancient Turkish, the line pays homage to Soekoro's Indonesian roots. For instance, the logo is a simple illustration of two bamboo stalks, and products are named with Indonesian words for their use (Salah, the name of Pashah's volumizing spray, means "to rise").

To ensure his clients apply styling products evenly, Soekoro housed each of them in spray bottles. The assortment includes products such as Nayla shine spray, Tumbuha spray gel, Cara Texturizing Cream and Bersih Daily Shampoo, a low-detergent formula. Many of his products, which range in price from \$17 to \$22, are infused with natural extracts and vitamins. For instance, Pashah's straightening glaze, Datar, is made of natural extracts, kiwi, henna and vitamins A and E. Soekoro is already hinting at creating a signature Pashah fragrance, and plans to introduce hand and body care products this fall.

Arasteh, Soekoro's former client who traded Wall Street for the salon business, said he expects the product line to generate first-year sales of between \$150,000 and \$200,000.

Soekoro and his staff of 20 have been using Pashah products since the salon opened in the fall. As of this month, the products are available for sale in the salon's retail space, and their Indonesian positioning is reflected throughout the space. This spring, the outdoor terrace will be transformed into an aromatherapy garden of rosemary and lavender with 30-foot bamboo hedges. Soekoro ultimately wanted to create a space where his clients could relax, sip on some wine and enjoy themselves.

— Molly Prior

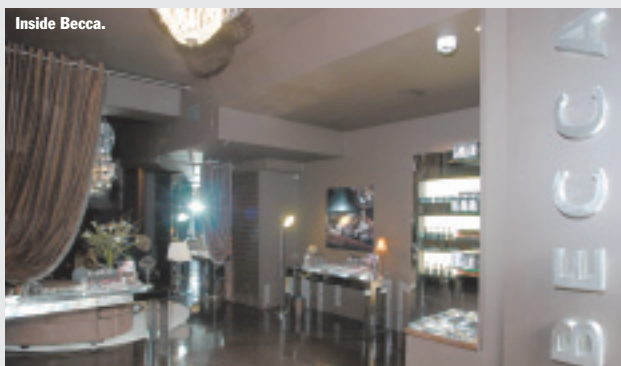


Select items from Pashah.

Pashah's penthouse salon.



PHOTOS BY THOMAS MANACONNE



Becca Opens Makeup Haven

By Samantha Conti

LONDON — The Australian makeup brand Becca has just opened its first stand-alone store, a hideaway for makeup lovers who want to play, get pampered or just take a break with a glass of champagne and a plate of chocolates.

The store, at 191a Pelham Street in South Kensington's high-end Brompton Cross shopping hub, is designed like a boudoir with beaded curtains, suede furniture, chocolate walls, crystal chandeliers and product-packed makeup displays.

In addition to makeup appointments and a private VIP room, the boutique offers full nail treatments and quick touch-ups, washes and blow-dries, and sells the full range of Becca cosmetics.

Co-founder Rebecca Morrice Williams has also introduced some beauty products and accessories from Australia including Kailis Pearls jewelry; Ginger & Smart bags and accessories; Kusco-Murphy hair products and Christina Fitzgerald nail products. She eventually aims to sell selected items of lingerie and clothing at the boutique.

"We truly want to look after, and connect with, the customer," said Steven Schapera, chief executive officer and co-founder of Becca with Williams. Schapera said he sees the boutique as everything from a preparty venue on a big night out to a quick-fix for harried shoppers.

"Girls and their friends can pick up some oysters from Bibendum down the street, and then come here, drink champagne, and get made up before their night out," said Schapera. "On Saturdays, we expect mums to come with their kids. The husbands can sit and read the paper and have a drink."

Schapera and Williams both stressed during a recent interview at the boutique that they wanted to get away from the minimal, clinical style of so many beauty centers, which is why they've given the store an intimate, sensual feel.

They also stressed the boutique is not a day spa, but a quicker fix for those in need of pampering. "We want people to come and lounge around on the sofa, try the products and have a drink. Our sales people don't work on commission so there's no pressure to buy. But we feel like if you hang out here, you can't help but buy," said Schapera.

He added: "We felt like this was a retailing opportunity that wasn't being exploited. And it's not for everybody. It's for a very thin slice of the market." Prices start at 20 pounds (\$38) for a 15 to 20 minute makeup touch-up.

The 1,400-square-foot boutique is on three levels. The principal product, lounge and makeup areas are on the street level. The second level down is the private, VIP area. From there, a flight of stairs leads down to another lounge area that Williams and Schapera plan to use for private parties and events.

The business partners plan to open some seven stores in the long term. They expect the next one, which will likely be in New York, Los Angeles or Sydney, to open in about two years' time. The U.S. generates the lion's share of Becca's sales — between 50 and 60 percent. Sales points in the U.S. include Bergdorf Goodman, Nordstrom, Sephora and about 20 independent retailers. Worldwide, the brand sells at 70 different locations in 15 countries.

Becca, which debuted in the fall of 2001, specializes in foundations and foundation-based products that generate more than 50 percent of sales. Schapera declined to give annual sales figures for the brand, but industry sources estimated that they top \$20 million globally.

Alberto-Culver 2Q Profit Up 20.9%

By Meredith Derby

NEW YORK — Personal care products manufacturer and distributor Alberto-Culver Co. on Thursday reported a 20.9 percent gain in second-quarter profits, helped by a nearly 8 percent rise in revenues, while profits in the first half of the fiscal year more than doubled.

The company said, however, that because it plans to invest aggressively in its brands and businesses this year and next, near-term profits could moderate.

For the three months ended March 31, the Melrose Park, Ill.-based company earned \$49.1 million, or 53 cents a diluted share, compared with \$40.6 million, or 44 cents, a year ago. Results in the latest quarter included a noncash charge due to changes in

the way the company accounts for store leases, reducing earnings per share by 2 cents.

Excluding a noncash charge related to the company's conversion to one class of common stock in the first quarter of fiscal year 2004, earnings in the quarter were up 12.1 percent to \$51.4 million, or 55 cents, falling short of analysts' expectations for 57 cents. On the same basis, earnings in the year-ago period totaled \$45.9 million, or 50 cents. Alberto-Culver converted its common stock to a single class in November 2003.

Sales for the current quarter totaled \$884.1 million, up 7.9 percent, from \$819.3 million in the prior year. By segment, sales in the global consumer products division were up 10.8 percent to \$330.2 million, while in

the beauty supply distribution segment, which includes Sally Beauty Supply and the company's beauty systems group, sales increased 6.1 percent to \$560.5 million.

"Led by the continued strength of TRESemmé and the introduction of Alberto VO5 and St. Ives offerings at home and abroad, the company's consumer products group sustained its strong sales growth," said Howard B. Bernick, president and chief executive officer of Alberto-Culver, in a statement.

He added, however, that the company's beauty systems group "is having a challenging year due to a loss of sales and [a] sales force disruption resulting from certain full-service product line distribution changes in the U.S."

In first half of the year, Alberto-Culver said net profits jumped 132.7 percent to \$98.5 million, or \$1.06 a diluted share, versus \$42.3 million, or 46 cents, in the comparable period. Revenues in the six months rose 9.3 percent to \$1.73 billion from \$1.58 billion.

New Owner and New Plans At California Market Center

By Nola Sarkisian-Miller

LOS ANGELES — Jamison Properties Inc., the private company that is expected to complete a \$135 million purchase of the California Market Center by today, faces challenges such as filling vacant showrooms, meeting the needs of tenants and building a management team to run the cornerstone of the Los Angeles fashion industry.

The two million-square-foot complex at Olympic and Main streets, which employs about 90 people, draws an estimated 92,000 visitors a year. The property houses 900 tenants in showrooms that offer women's, children's and men's apparel along with textiles, accessories, gifts and home-accent products. The 13-story building is the main site for the five fashion markets, four gift and home markets and two textile shows.

"It's key that the person who buys the California Market Center realizes it's not a real estate play but a business," said Mark Tarczynski, first vice president of CB Richard Ellis in Los Angeles.

Jamison purchased the complex from Hertz Investment Group and London-based DMG World Media. Hertz bought the property in 2000 from Equitable Life Assurance Co. for about \$90 million. DMG came aboard as an owner in 2003. Their legacy includes changing the name of the center from the CaliforniaMart and converting about one-third of the space to gift showrooms.

"We have a great opportunity here, a building with great history and a landmark to the apparel industry," said the market center's new general manager, John Kim. "We want to expand on that."

The immediate goal is a smooth transition, Kim said. That involves restructuring the executive team — about a dozen people have departed or soon will, including Cecil Strickland, executive director of retail relations; Mary Hill, executive director of special events; Lorelynn Eaves, vice president of marketing; Jennifer Uner, executive director of advertising and communications, and general manager Paul Lentz.

Some tenants questioned the ability of Jamison's staff, which is new to the industry, to successfully manage the market center.

"They have to go through a major learning curve at our expense," said Hal Kaltman, president of the Textile Association of Los Angeles and a tenant.

David Lee, a medical doctor and the proprietor of Jamison, which owns about 60 office and medical buildings in Los Angeles, declined to comment.

But Kim said his team already has spent about three months operating from makeshift offices. "We've been doing our due diligence," he said.

The new management group is to include Ben Lee, who will oversee leasing and Jamison's West L.A. portfolio; Joanne Lee, coordinator of marketing activities, and Eugene Kim (no relation to John), head of operations.

John Kim said he will retain Jackie Riggs as the marketing and communications manager and Charles Snyder to oversee the gift showroom business. In addition, Yvette Beltran will be trade show manager and Deirdre Mendoza, director of public relations, will work as an independent contractor.

"We won't be so compartmentalized in our management approach," Kim said. "We're looking for a more coordinated effort."

An example of that strategy is maintaining a collaborative spirit between the gift and apparel showrooms. Kim said there are more crossover promotional opportunities between the categories, citing



John Kim, general manager of the California Market Center.

the growth of retailers such as Anthropologie. The team's biggest challenge may be accommodating the needs of its different constituencies.

"There are a lot of requirements with each apparel category, as well as the general requirements of the building, and we're hoping to unify those efforts into one need," Kim said.

Categories flush with opportunity are the men's and children's floors, Kim said. The younger men's market in the surf, skate and snowboarding community is generating the most buzz in Southern California. The market center has dedicated a floor to urban lines as well as a section for streetwear labels, yielding mixed results. Puma signed in January to occupy a 3,500-square-foot corporate showroom on the fourth floor. Oakley has also expressed interest in opening a corporate showroom.

Kim said another way to boost occupancy is targeting designers by expanding showrooms to mix sales and studio space. The Cooper Design Space has had success with its similar model in the last two years. Perhaps even more important than attracting new business is stabilizing the old. Some showroom owners said they worry that the building's clout would be diluted by a change in merchandising of the floors or a broader tenant mix.

Anchors on the popular contemporary floor, such as showroom owners Stacey Rhoads, Ginny Wong and Christine Simek, moved to the New Mart across Ninth Street and others have relocated to the Cooper and Gerry buildings. Theresa Matthew, a 12-year veteran of the market center who represents Single and Hale Bob, among other lines, is negotiating to switch to the New Mart.

Topping the list of tenant concerns is the marketing budget that affects the industry's four core buildings. While the buildings typically participate in the fashion markets, the market center shoulders much of the burden of paying for marketing and promotion, a reason it charges about 20 percent more in rent.

Kim said he would maintain the marketing budget for needs such as seeking new cobranding opportunities. He also plans to talk to design companies about changes to the building facade — focusing less on banners and more on branding.

The market center has received votes of confidence from tenants who have renewed leases. Stacy Keyes, owner of a showroom for 15 years, expanded to a new 1,400-square-foot space in the popular B wing on the fifth floor.

"It's a leap of faith," she said. "My business is incredible and I'd be a fool to go to another building."

CITA Takes on China With Safeguard Review

By Evan Clark

WASHINGTON — An interagency U.S. government panel on Thursday agreed to consider requests to impose safeguard quotas on seven categories of imported Chinese textiles and apparel.

The decision by the Committee for the Implementation of Textile Agreements was the second victory in as many days for domestic manufacturers, who argue that restrictions on China would stem the loss of U.S. manufacturing jobs.

The safeguard measure, which China agreed to when it joined the World Trade Organization in 2001, allows one-year restrictions to be placed on categories of imported textiles and apparel that were freed of quotas on Jan. 1. The safeguard restrictions may be renewed through 2008.

For the next 30 days, CITA, which has officials from the departments of Commerce, Labor, Treasury and State and the U.S. Trade Representative, will accept public comment on the requests. It will then have 60 days to decide whether to impose the safeguards, which could take effect as soon as a decision is made.

The American Manufacturing Trade Action Coalition, the National Council of Textile Organizations, the National Textile Association and the union UNITE HERE petitioned CITA to begin the safeguard review.

“[Safeguards are] not going to solve all our problems, but [are] going to buy some people some time.”

— Karl Spilhaus, National Textile Association

Missy Branson, senior vice president of the National Council of Textile Organizations, said safeguards would help protect domestic producers, which have closed 18 plants and cut 17,000 jobs since quotas were eliminated.

"We obviously are looking for as expedited a time line as possible for government action," she said.

The move came the day after a federal appeals court decided to lift an injunction holding up the review of other safeguard requests made last year based on the threat of market disruption.

Karl Spilhaus, president of the National Textile Association, said his group plans more petitions. But he acknowledged that safeguard quotas would provide limited relief to the ailing domestic textile industry.

"It's not going to solve all our problems, but it's going to buy some people some time to reposition themselves and so forth," said Spilhaus.

Julia Hughes, vice president of international trade for the U.S. Association of Importers of Textiles and Apparel, said: "We're disappointed they accepted all of the cases. There were several of the cases that we thought were not as strong."

Among these are sweaters made of cotton or man-made fibers, which are already produced overseas for the most part and hence have little U.S. manufacturing base to disrupt.

"We support the safeguard provision and we think it should be used sparingly," she said. "If the reason to do this is you're worried about the job losses or the competitiveness of U.S. manufacturers, unfortunately we haven't seen that these actions help the U.S. industry."

Polo Names Head of Factory Stores

NEW YORK — Polo Ralph Lauren Corp. promoted Susie McCabe to president of Polo Ralph Lauren Factory Stores.

She replaces Ken Pilot, who left his post as president of Factory Stores and retail concept development at Polo last February to join American Eagle Outfitters as president of its as-yet-unnamed new retail division.

McCabe joined the company as divisional planning director in 1997. In 2001, she rose to

vice president of merchandise planning and distribution for the Factory Stores division. Two years later, she became vice president of business planning and development for Polo's Retail Group. Earlier, McCabe was vice president of Factory Outlets, Europe.

In her new role, she will oversee Polo's 144 Factory Stores worldwide, reporting to Jeff Sherman, president and chief operating officer of the Polo Retail Group.

Barry Gersten

*In loving memory of a true friend,
 You will always be missed.*

Bob Klein
 Alan Cohen
 And all your friends at Star City

Media/Advertising

MEMO PAD

THE NAPKIN THIEF:

Condé Nast is apparently trying to save the world, one napkin at a time.

Last week, several cafeteria-goers at 4 Times Square noticed something unusual at the condiment counter. Instead of the high-quality, heavy paper dinner napkins usually stacked neatly near the registers, there were black metal dispensers, filled with what appeared to be cheap paper napkins "one might find at a deli."

The development was of particular interest since, from time to time, a sign had appeared next to the expensive napkins, directing patrons to please "only take two." This sign, and others, had fueled speculation within the building about a possible rash of napkin hoarding. Then in January, the intrigue heightened as one employee, apparently unable to keep his secret any longer, posted a message on the suggestions board located just outside of the cafeteria entrance. "I confess! I am the napkin thief!" he wrote, signing only his first name.

When the new dispensers were unveiled, some Condé Nast employees naturally assumed the napkin thief had finally ruined things for everyone. So imagine their surprise when they found the old, fancy napkins had miraculously returned this week.

"Just like that, they were back," said one cafeteria regular in hushed tones. "You almost wondered, 'Who said something?'"

Apparently no one. Someone from Restaurant Associates, which operates the cafeteria, revealed that the napkin switch was only temporary. "For Earth Day [April 22], we used recycled napkins," she said. "We had some left over the next day, so we used them again. A lot of businesses were trying to have Earth Day celebrations around Times Square. And in other locations [for Restaurant Associates], I've always done something for Earth Day." (Condé Nast and WWD are

both owned by Advance Publications Inc.)

As for the elusive "napkin thief," a Condé Nast spokeswoman said, "To the best of my knowledge, there is no quote unquote napkin thief.... We do try different products and ways of distribution from time to time. But for the moment, we are continuing with the [napkins] we have been using all along." — **Sara James**

WOMAN ON THE GO: Among the job requirements for a fashion magazine publisher is a willingness to travel — and that doesn't just mean sales calls. For **Nina Lawrence**, being named vice president and publisher of W and W Jewelry meant moving offices for the second time in four months, with another move scheduled for later this year, when W relocates to 750 Third Avenue. "I just keep moving and unloading paper as I go," Lawrence, previously publisher of the Fairchild Bridal Group, said the other night during a party at the Four Seasons to celebrate her appointment. "I'm going to be a lean, mean, non-pack-rat machine." Guests at the party included **Elie Tahari**, **Dennis Basso**, **Hermès** president **Robert Chavez** and **Valentino** president **Graziano di Boni**. W, like WWD, is part of Fairchild Publications.



Nina Lawrence and Elie Tahari

PHOTO BY STEVE ECHNER

— **Jeff Bercovici**

MANY A SLIP TWIXT CUP AND LIP: There's probably not a tremendous degree of overlap between people who read Seventeen and fans of the New York Post's gossip column,

Page Six, but anyone who does read both might have noticed something odd recently. In her May editor's letter, Seventeen editor in chief **Atoosa Rubenstein** recounts the story of her first brush with binge drinking, concluding, "Today, I don't touch alcohol. Why?... I realized my future was too important for me to give up the controls."

Flash back to February, when Page Six reported that Rubenstein, attending the launch party for Armani's Blackcode fragrance, hollered loudly during a friend's speech and stumbled around "after apparently having a few drinks at the bar." Strange behavior for someone who doesn't touch alcohol, no?

Asked about the discrepancy, Rubenstein stood by her claim, saying she gave up drinking altogether after being diagnosed with a liver condition three months ago. "That letter was written pretty much when I found out from my doctor that I can't even touch it," she said. Even before that, she said, she was never much of a drinker, preferring Shirley Temples to booze. She acknowledged, however, that she may have downed a glass of wine or two at the Armani party. Or not. "I don't want to tell you, 'Oh my God, I absolutely didn't have a drink.' I don't even think I was drinking. I just don't want to say I wasn't."

In either case, she continued, her behavior was the product of individuality, not intoxication. "I don't need to be drunk to hoot and holler for a friend at a party," she said. "Anybody who knows me knows I'm sort of wacky that way." As for the Post's claim that Rubenstein "teetered into her seat," she had an answer for that one, too. "What they neglected to mention was that the seat was a cushion on the ground and I wear 5-inch heels." — **J.B.**



Atoosa Rubenstein

Claiborne Earnings Up, Shares Fall 7.4%

By Ross Tucker

NEW YORK — Wall Street hammered shares of Liz Claiborne Inc. because of second-quarter guidance that was below analysts' expectations even though the company reported rising sales and earnings for the first quarter.

Analysts had anticipated earnings of about 50 cents per share in the second quarter, but company executives estimated earnings at 46 cents to 48 cents per share.

Shares of Liz Claiborne fell 7.4 percent to close at \$35.87 in New York Stock Exchange trading.

For the three months ended April 2, the New York-based apparel and accessories giant reported an earnings gain of 3.9 percent to \$71.4 million, or 65 cents a diluted share, in line with Wall Street analysts' consensus estimate. Sales for the quarter rose 9.9 percent to \$1.21 billion from \$1.1 billion. The company earned \$68.8 million, or 62 cents, in the same period a year ago.

However, a research report from Lizbeth Dunn, an analyst with Prudential Equity Group, said investors may have expected the company to outperform those first-quarter numbers. In addition, all three major stock indices were hit hard on Thursday, and by mid-afternoon Liz Claiborne shares had declined as much as 8 percent.

Paul Charron, Liz Claiborne's chairman and chief executive officer, said during the company conference call that uncertainty caused by retail mergers, along with higher fuel prices, rising interest rates and concerns about inflation were cutting into consumer spending in the moderate channel. The key to surviving the turmoil is diversification, he said.

First-quarter results "[confirmed] our ability to more than offset shortfalls in some brands with gains in others, even in reasonably turbulent times," Charron said.

Sales of wholesale apparel, which is the company's largest segment and includes Juicy Couture, DKNY jeans and Lucky Brand, increased 4.5 percent to \$809.6

million. The wholesale nonapparel segment posted the largest gains, rising 23.1 percent to \$136.7 million from \$111 million. The strong results stemmed primarily from the Juicy Couture accessories business and gains at Monet and Villager jewelry, and Crazy Horse and First Issue handbags.

Retail sales increased 8.4 percent to \$255.5 million from \$208 million, propelled by double-digit comparable-store sales gains at Lucky Brand and Mexx Europe, as well as the addition of 18 new Sigrid Olsen stores.

While the company's core Liz Claiborne brand continues to report falling sales, Charron said, "Companies like ours will have to proceed very gingerly to avoid getting hung out to dry by well-meaning but distracted merchants who may not be in total control of their own destinies."

Charron said the company was committed to exploring acquisitions that would further diversify its portfolio.

"There will be combinations and conversations about combinations," he said. "For lots of reasons, you should assume Liz Claiborne will be in the midst of these discussions."

Charron acknowledged that the core Liz Claiborne brand would continue to struggle as it had during the first quarter, with net sales slipping 9.2 percent. Management now expects the brand to post a sales decline in the midteens for the year, which is attributed to increased competition and uncertainty over how Federated's acquisition of May department stores will shake out. "We have concluded that when we get the space, attention and presentation we deserve, Liz apparel performs," Charron said, adding that retail customers were "quite conservative with their buying plans."

Analysts remain optimistic about the company's future. Goldman Sachs' Margaret Mager in a report previewing earnings, said, "We also recommend that investors trade out of [Jones] and into [Claiborne] as we believe [Claiborne] is better positioned to respond to challenges in the current retail environment should they arise."



Liz Claiborne opened 18 Sigrid Olsen units in the last 12 months.

USTR Logjam Ending?

By Kristi Ellis

WASHINGTON — The fight over the nomination of Rep. Rob Portman (R., Ohio) as the next U.S. Trade Representative appeared to be coming to a head.

Senate Majority Leader Bill Frist (R., Tenn.), trying to circumvent an effort to block balloting on Portman's nomination in the full Senate, filed a motion for cloture Wednesday that could force a vote. Cloture is the only procedure by which the Senate may decide to place a time limit on consideration of a bill or nomination.

The vote on cloture was slated for today. The measure, which requires 60 supporters to pass, would restrict the debate on Portman to 30 hours.

Portman, President Bush's nominee to be the nation's next trade chief, has been waiting for a vote since Sen. Evan Bayh (D., Ind.) placed a hold on his nomination. Bayh is seeking assurances from Republican leaders that they will schedule a vote on a bill he cosponsored that would penalize China and other nonmarket economies for subsidizing exports.

Bayh on Wednesday attached his bill, the Stopping Overseas Subsidies Act, to transportation legislation being debated in the Senate. The Senate leadership had not scheduled a vote on that bill at press time.

A spokesman for Bayh said the senator was in discussions with Republican leaders and others and "looking for ways to resolve the issue," although he would not identify possible resolutions.

"Senator Bayh is looking for action on the China trade issue," the spokesman said. "This has never been about Portman. We should get Portman confirmed and Congress needs to take action on China's unfair trade practices. These two are not mutually exclusive."

Late Thursday sources said the Senate leadership and Bayh were close to working out a deal in which the Senate would take up his bill at a later date. If that deal is reached, it would clear the way for a vote on Portman.



STILL TO COME IN 2005: TRAVEL 5/15, 9/25, 11/20 WOMEN'S FASHION 8/28 MEN'S FASHION 9/18 DESIGN 10/9 LIVING 11/6 HOLIDAY 12/4

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Estée Lauder Profits Up 6%

Continued from page one

consensus analysts' estimates for earnings of 51 cents a share. The company also revised its full-year earnings per share estimate downward to a range of \$1.87 to \$1.90 from a range of \$1.88 to \$1.93. Wall Street reacted negatively to the first-quarter numbers and earnings revision, sending Lauder's shares down by 8.8 percent to \$37.76 on Thursday.

"I am pleased with our continued strong sales performance this quarter, but at the same time, I'm disappointed that our sales growth came in lower than we expected," said William Lauder, president and chief executive officer of the company, in a conference call to investors.

During the first quarter, makeup was the star. The segment generated \$628.2 million in net sales, an increase of 5 percent in local currencies. Product launches included Estée Lauder's Tender Blush, Pure Pops Brush-on Color, Ideal Matte Refinishing Makeup and AeroMatte UltraLuminous Pressed Powder. Clinique's Superbalanced Compact Makeup SPF 20 and Colour Surge Eye Shadow also contributed to sales growth.

Sales of skin care products rose 6 percent in local currencies to \$608.2 million in the quarter. Again, new products drove sales, especially Estée Lauder's Re-Nutriv and Perfectionist lines.

Fragrance, though it still made significant sales gains, was one of the problem areas of the quarter, the company said. Sales rose 11 percent in local currencies, to \$228.7 million. DKNY Be Delicious and Be Delicious Men, True Star from Tommy Hilfger, Happy To Be from Clinique and Lauder Beyond Paradise Men performed especially well; however, Beyond Paradise did not attract the return customers the company expected.

"There is a weakness in the entire category," said William Lauder. "There are three primary regions for which the fragrance business is significant: Europe, travel retail and North America. It's not insignificant to see the channel shift in existing distribution and prestige fragrance in Europe and North America.

"At the end of the day, strong brands will drive growth," Lauder continued. "Our



"I'm disappointed that our sales growth came in lower than we expected."

— William Lauder

strategy is to diversify our distribution into new channels, and lessen the overall reliance on department stores and perfumeries...which will certainly help us weather the changes with our core department store and perfumery customers."

Lauder was referring to the impending merger of the company's two largest customers, Federated Department Stores and May Department Stores Co.

But the company has a more evolved strategy than just tweaking its distribution. Lauder is expecting its recently announced venture with former Gucci designer Tom Ford to help modernize and invigorate the Estée Lauder brand.

"Our first and foremost goal is to activate the core passionate beauty consumers, for whom Estée Lauder is one of their key passions and they are very aware of who Tom Ford is," said Lauder. "The secondary objective is to pull along those who will follow those who are core beauty consumers."

In other words, the expectation is that Ford will create as much excitement for Estée Lauder with his Tom Ford for Estée Lauder line and his stand-alone beauty collection as he did during his 10 years at Gucci.

"We are confident that a brand of this size, and of this strong a following, and with its authority in leadership in so many different categories, still has significant share and still generates on an industry basis, a relatively outsized return on investment compared to its peer competitors," said Lauder of the overall Estée Lauder brand. "We still expect this brand to continue to be successful."

He expects success on other fronts, too. In addition to investing in new design talent, Estée Lauder is focused on emerging markets. It nearly doubled its business in China this quarter, for example, and is "building its

infrastructure" there, said Lauder. The company expects India will be a growth market soon, as well. In the Asia Pacific region, net sales grew 2 percent in local currency to \$197.4 million.

The Americas, where the company had \$844.6 million in net sales, still leads Estée Lauder's regions in terms of sales volume. In Europe, the Middle East and Africa, net sales rose 6 percent in local currency to \$496.2 million.

In the nine months ended March 31, profits climbed 25.3 percent to \$339.5 million, or \$1.48 a share, from \$271 million, or \$1.17 a share, in the prior year on sales that increased 9.2 percent to \$4.79 billion from \$4.38 billion.

Body Shop Net Up 19%, Expansion Set

NEW YORK — As operating profits soared 19 percent on a 5 percent sales gain for its year-end period, The Body Shop International PLC said its store base will expand by 120 this year while the firm also upgrades existing stores.

For the year-end period, preliminary operating profits for the London-based company came in at \$66.8 million, on sales of 708.7 million pounds, or \$1.31 billion. Comparable-store sales gained 2 percent for the year. Dollar figures are at the average exchange rate.

Adrian Bellamy, executive chairman of the beauty company, said the firm opened 38 new shops last year. The company completed an image upgrade of the total brand, Bellamy explained. He said that based on the success of the upgrade, 120 stores will open this year while 130 existing stores will be upgraded to the new look. The up-

grade also includes a new presentation on makeup, which the firm will roll out to all of its 2,045 stores, Bellamy said.

"We're putting a tremendous amount of effort in makeup right at the moment," Bellamy said, adding that the "reformulation of makeup will probably take 18 months" to complete.

Regarding The Body Shop At Home, Bellamy said to expect an expansion of this business to additional countries. "Germany is one example, and many others that have potential for the party planning business," he said. Sales at The Body Shop At Home grew 31 percent for the year to 46.9 million pounds, or \$86.6 million.

The e-commerce business, which launched on this side of the Atlantic in September, has been "terribly successful, exceeding expectation," Bellamy said. The

firm will start an e-commerce initiative in the U.K. sometime over the next year.

By region, the firm said expansion plans this year include Russia and Jordan. "We're just finalizing agreements on that at the moment, and doing some very serious studies on the possibility of opening in China, India, South America, Eastern Europe and in Egypt," Bellamy said. "The new markets are very important. Some of the developing countries in Asia have responded extremely well to our brand. We expect the big opportunities to be Russia this year, and next year, subject to our research, China, India and South America would be the big, long-term opportunities."

In the sales report, the firm said the Americas region posted flat comps. In the U.S., same-store sales grew 1 percent.

— Amy S. Choi

Sean John Taps Robert Wichser As Pres., CEO

By Lauren DeCarlo

NEW YORK — Robert Wichser has been named president and chief executive officer of Sean John, titles that were previously held by Sean "P Diddy" Combs, founder and chairman.

"The brand name is incredibly strong and has a loyal customer," Wichser said Thursday. "Sean is incredibly energized about women's and it's an amazing opportunity for us. I think we have a foundation for a really strong women's team with Wendy [Chivian, senior vice president of Sean John women's apparel] and Jenny [La Fata, vice president of design for Sean John women's apparel]."

Wichser will be responsible for all aspects of operations, merchandising, design, sales, marketing, licensing and manufacturing for the Sean John line. He begins Monday and reports to Combs.

"In a relatively short time, the men's business has grown into a \$450 million retail business," said Wichser. "Our goal is to further evolve the brand from an urban brand to a full lifestyle brand."

Wichser has more than 30 years of experience in the apparel business. Most recently, he was president and ceo of JA Apparel Corp., a post he held for 12 years. In 2003, Joseph Abboud filed a lawsuit against Wichser personally, accusing him of breach of fiduciary duty, common law fraud and tortious interference with his contract. Legal actions were withdrawn last year.

Earlier, Wichser was president and ceo of Crystal Brands Women's Apparel Group, which includes Evan Picone, Evan Picone Dress and Evan Picone Sport. Wichser also served as president of the women's knitwear division of Warnaco, where he was responsible for brands such as Hathaway for Women, Geoffrey Beene and Pringle of Scotland.

Wichser joins the Sean John team just two weeks after Jenny La Fata was hired to lead the women's design team. The Sean John women's collection will be in stores for holiday 2005.

Obituary

Barry Gersten, Textiles Executive

NEW YORK — Barry Gersten, a textiles executive, died of a stroke Tuesday at Manhattan's Mount Sinai Medical Center, said his wife, Carole. He was 60.

Since 1984, Gersten had been a partner in Sykel Enterprises, a New York fabric importer, said Sy Garfinkel, his partner. He previously owned Centennial Fabrics, a converter, for about two decades.

Gersten was named the man of the year in 1988 by the American Committee for the Shaare Zedek

Medical Center in Jerusalem in honor of his charitable activities. In 1986, the former Fabric Salesmen Association named him salesman of the year.

Garfinkel described him as "not a big talker, but people knew to ask him for advice...he did help put a lot of people together."

In addition to his wife, Gersten is survived by a brother, David; a sister, Janice; a son, Jeffrey; a daughter, Debbie Hartstein, and a granddaughter, Sari.

In Memory of our beloved Friend, Mentor
and Business Associate

Barry Gersten

His will live on in our hearts and minds and never be forgotten.

Sy Garfinkel and the Sykel Family

WWD BEAUTYBIZ



PHOTOS BY BRUNO GAGET, STEPHEN SULLIVAN AND GEORGE CHINSEE

June Issue

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Designing a Commune

By Rose Apodaca

LOS ANGELES — When Claudia Poccia, senior vice president and general manager of Stila, looked to boost the beauty brand's overall image, she ventured outside parent company Estée Lauder. But she had a tall order: a single agency that could do printed materials, product packaging and in-store interiors while maintaining a delicate balance between Stila's past and future.

"The brand is so iconically visual," Poccia noted. "We had to ensure we had the right team that understood the brand's natural evolution while staying true to its DNA, to our core audience."

Enter Commune. The design collective is led by four fashion and arts veterans, each with a fat Rolodex of equally creative friends — artisans, art directors, publicists, event planners — keen on moonlighting on new opportunities.

California-bred siblings Pam and Ramin Shamshiri have provided production design and project management, respectively, for clients as disparate as Nike, Lexus, Tommy Hilffiger, Philip Morris Co., Spike Jonze, Kohl's and the Bronx Zoo. As an interior designer, Pam Shamshiri has worked with architects Frank Gehry and Ray and Finn Kappe.

Steven Johanknecht's 17-year-long résumé includes stints at Banana Republic, Donna Karan and Barneys New York as head of retail design, and directing interior projects for Studio Sofield, Peter Marino and Andreé Putman. He's also consulted for Gucci, Jil Stuart, Bergdorf Goodman and Jeffrey, among others.

His friend and Commune co-worker, Roman Alonso, is another New York expat, whom Johanknecht has known since their days at

Barneys. After years as director of publicity for the retailer, then for Isaac Mizrahi, Alonso entered the art book arena as co-publisher and co-editor of Greybull Publishing.

Johanknecht and Alonso were there when Stila launched at Barneys, and that bode in their favor, admitted Poccia. "What I loved most is they didn't come in saying we're going to change everything. They showed a respect for the brand and a spirit to really collaborate. Yes, we're part of a large company. But we're a small brand."

The name, Alonso noted, "is not about hippies. It's about a commune in the Bauhaus sense, a collective of like-minded, creative people that will only grow." With a nod and a wink, the creative ensemble brandishes black T-shirts emblazoned with the word "communists," provocatively tweaking the widely held notion of the word.

The chance to collaborate on projects both behemoth and boutique is what brings them together. For the cult denim shop Hollywood Trading Company, Commune blended the Wild West with high-tech. For the restaurant and bar Ammo, it managed to retain the vibe so loved by the likes of Maggie Gyllenhaal and local film editors when it was overhauled.

So impressed with the new look of his neighborhood haunt, Ammo, Quiksilver vice president of creative Steve Jones recently invited Commune to reimagine the trade show presence of the surf giant's junior power brand, Roxy.

And for something totally different, Commune is designing the furnishings for a major luxe residential-hotel project in Los Angeles and Palm Springs.

On The Drawing Board

SPACE ACE: "Barbarella" fans are sure to enjoy Pierre Cardin's furniture. Celebrating some 40 years of his "Jetsons"-worthy designs, the couturier is showcasing about 150 pieces of his furniture in an exhibit at Concept 2 in Saint-Ouen on the outskirts of Paris, running through July.

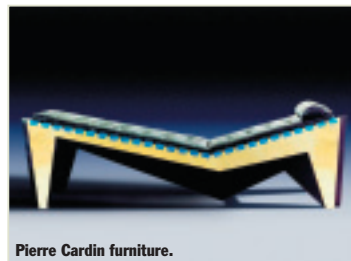
"When I look at the pieces, I think of buildings," said Cardin as he toured his geometrical fabrications, from circular desks to oblong commodes and chairs. "If I could stretch them and put them all together, they'd make the most spectacular cityscape."

He gestured to pieces from an "organic" sofa resembling a psychedelic tree to a console television that looks like the control panel of a spacecraft.

"I've always thought that I worked like an architect," said the 82-year-old Cardin, known for having amassed more than 800 licenses for everything from towels to olive oil.

Of the pieces on display, many are done in lacquered treatments. "No one was doing that when I started [in the Seventies]," Cardin noted. He said his favorite is a commode he designed with two interlocking doors he described as "very sensual."

He added, "At home I've all types of furniture, from all different periods. My pieces require a lot of space. And they're very expensive. One piece can cost 50,000 euros [\$65,000]. Who's going to pay that?"



Pierre Cardin furniture.



A Mallet-Stevens design for Paul Poiret.

Paul Poiret and the Villa Noailles in the Riviera town of Hyères, for Surrealist muse Marie-Laure de Noailles.

BUILDING BLOCKS: A favorite of the French fashion set in the Twenties, Robert Mallet-Stevens, the late modernist architect, decorator and furniture designer, is getting his first major retrospective in France. This week the Pompidou museum in Paris inaugurated "Robert Mallet-Stevens, Architecte 1886-1945," an extensive exhibition that runs through Aug. 29. Mallet-Stevens famously designed a Cubist chateau for couturier

Design

MUSEUM QUALITY: Visitors now can find trendy and fashionable objects in the gift shops at France's national museums. After tapping Christian Lacroix and Jacques Garcia to design objects exclusively for their boutiques, the museums asked French industrial designer Hervé Van der Straeten to create a jewelry collection. The Louvre Museum Boutique and the Bercy Village Musée & Compagnie Boutique are among the four museum stores carrying his creations. His hammered brass jewelry retails from \$78 for a ring to \$442 for a necklace.



Hervé Van der Straeten's jewelry.



A rendering of Jim Hodges' "Look and See."

for video projections. AKAirways founder Anakin Koenig is consulting with M.I.T.'s MediaLab about inflatable design. "Bubbles make people happy."

The May 19 shindig will also feature a light show by Joshua White and visual artist Gary Panter. White's work for Jimi Hendrix and Janis Joplin helped establish him as a light show pioneer. Contemporary artist Leo Villareal will offer his own interpretation of a light show, mixing visuals, music, new technology and inflatables. Fred Tomaselli has whipped up a psychedelic print for the party, which is being headed up by Imitation of Christ's Tara Subkoff and Creative Time's executive director Anne Pasternak.

More concrete will be the nine-ton sculpture to be unwrapped May 9 by Creative Time, a nonprofit group that promotes public art. Designed by Jim Hodges, "Look and See" looks like a warped camouflage curtain and will stand in the plaza in front of the Ritz Carlton in Battery Park until November.

YOUNG AT ART: Collecting art without much wealth or knowledge isn't such a reach, according to the AAF Contemporary Art Fair's organizers. In fact, they have formed a young collectors group to prove the point. On tap for the first get-together on May 9 is a walk-through of Columbia University's School of the Visual Arts M.F.A.'s thesis exhibition with curator Jeffrey Uslip.



The AAF is courting the young. Here, a painting to be sold at the fall show.

The AAF's director Helen Allen said they decided to lend a helping hand after many show attendees inquired about learning more. "We want to introduce people to contemporary art who are not necessarily in-the-know," she said.

Later this year newbies can sample guided tours of the Artists Space in SoHo and Chelsea galleries. They also score free tours at the AAF in October.

Guo-Qiang Sees No Pot of Gold

NEW YORK — Apparently, no one ever told the artist Cai Guo-Qiang not to play with fireworks, considering his upcoming project.

Under his orchestration, more than 2,000 smoke shells filled with black dye will sail into the air forming several arches of black smoke stretching across the skyline of Valencia, Spain, on May 22. Dark as it might seem, he has chosen the ominous time of high noon to pay homage to the victims of explosive attacks and to illustrate the heightened threat under which we now live.

Commissioned by the Institut Valencia d'Art Modern, "Black Rainbow: Explosion Project for Valencia" will be set off in three stages over Valencia River Park. The Spanish company Pirofantasia is providing the customized pyrotechnics. The first black rainbow will arc as if it were being drawn in the sky. The second rainbow will fan across the sky from one end to the other. Then, three rainbows will be set off consecutively, capping off the 60-second display.

Once he wraps up his work as the curator of the China Pavilion at this year's Venice Biennial, which gets under way on June 12, Guo-Qiang will cast black rainbows above Edinburgh on July 29 and above Beijing some time next year.

Those who can't hop a flight to Europe next month can check out the East Village-based artist's work at the Massachusetts Museum of Contemporary Art in North Adams, Mass., through October. There won't be any fireworks in "Inopportune," but there are nine cars suspended in midair and showered with neon lights.

— Rosemary Feitelberg



Cai Guo-Qiang's black rainbow.

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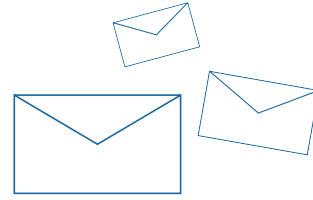
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WWDBeautyNews

Welcome
Last year the drugstore industry was forever altered by the acquisition of Eckerd by both CVS and Brooks Pharmacy. What do changes such as major acquisitions mean for the beauty business in chain stores? Who is the next target? What are the products that are going to lead a turnaround in beauty sales? Who are the movers and shakers? You'll find thoughts and analysis on issues that impact your business every week in this new service that will be delivered to you online from the editors at WWD. WWDBeauty will help you cut through the clutter and get the news you need to survive.
— Faye Brookman, editor

Issues and Analysis
The Beauty of Acquisitions
When CVS and Brooks Pharmacy each snapped up chunks of Eckerd Drug last year, the entire chain drugstore universe was altered. Brooks shot from being a regional player to its place as a star among the largest drug chains. With the buy, CVS soared to the number one position for drugstores.
In past years, drug chains have hit obstacles while digesting newly acquired stores. Rite Aid, for example, faced huge challenges when attempting to fit much larger PayLess stores into its footprint. Walgreens vowed to limit acquisitions after a bout of buying in the 1980s of chains such as MediMart which it then found hard to incorporate into its portfolio.
Many eyebrows were raised when the small Brooks tackled buying Eckerd. Did the chain have the manpower and finances? At that time, Michel Couto, president and chief executive officer promised the chain was up to the task. Now as he prepares to go to the National Association of Chain Drug Stores Annual Meeting in Palm Beach, he confirms to WWDBeauty that all is on track. "We have proven we were ready for this acquisition," he said. Key to Brooks success at absorbing the Eckerd units was the hiring of Marti Bentley from Duane Reade to help position Brooks as a power in beauty.
CVS is also getting an A-plus for its consolidation of the Eckerd stores it purchased. Both deals resulted in windfalls for several beauty firms. Those successful at Eckerd got a chance at the brass ring – slots in CVS. Others who were growing at Brooks expanded shelf space soon after the ink dried on the deal.

People, Places and Things
Q and A with Meijer's Larry Zigerelli
Few executives have the vantage point of Larry Zigerelli, the newly minted president of Meijer. Zigerelli was a key executive at Procter & Gamble before jumping to the other side of the table as an executive vice president at CVS. WWDBeauty posed three crucial questions to Zigerelli.

Product Spotlight:
Retailers are seeing stars... star scents that is. Chains such as Wal-Mart to Walgreens are star struck over the scents slated to launch including Curious by Britney Spears, Shania from Silestone, Celine Belong, Curve Wave and True Star from Hilfiger/Beyonce.
Revlon isn't talking, but retailers are about new innovation finally coming from what some might argue is the most valued brand name in drugstores. Buyers say Revlon is retailing Aimy to be an easy-to-shop line for 30 something's on the go. For mature women, watch for a line of slightly more sophisticated products for those 50-plus.



PHOTOS BY STEPHEN SULLIVAN, GEORGE CHINSEE AND THOMAS MINACONE

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SECTION II

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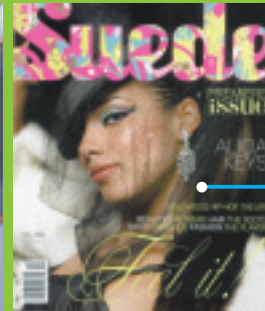
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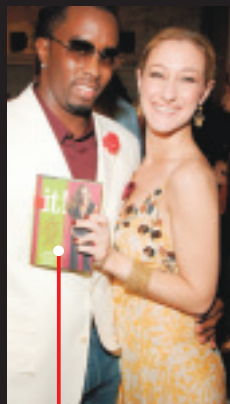
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Pile On

And the Worst

Catfight



Book



Launch



Ed Note



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MEDIA IN DEPTH

The True Cost of a Lower Cover Price

By Jeff Bercovici

NEW YORK — Charge less for something and you will sell more units.

That's hardly a revolutionary concept in business, but for some reason it has fired the imaginations of publishers in a big way in recent months. Time Inc. and Hachette Filipacchi Media introduced new women's service magazines last fall, All You and For Me, priced at \$1.47 and \$1.45, respectively. Hearst and Gruner + Jahr have their own low-priced women's titles in development. And two new celebrity-focused titles, TV Guide's Inside TV and American Media's Celebrity Living, made their debuts last week, both priced at less than \$2. Even in the copycat world of magazine publishing, this constitutes an extraordinary example of flock mentality.

What's behind this sudden explosion of cheap reads? The answer begins with Bauer Publishing, the Englewood Cliffs, N.J.-based publisher of magazines such as Woman's World, First For Women and Twist. In

and Woman's Day both cost 99 cents on the newsstand. By 2004, they were selling at \$2.50. Moreover, the average cover price of audited magazines went from \$2.80 in 2000 to \$3.40 in 2004 — an increase of 21.4 percent. According to circulation analyst John Harrington, by last year, "Bauer was the only one that still had magazines under \$2, and most of them were doing well. Some of the other publishers took a look and said, 'We may have pushed by this price barrier too quickly.'"

It's clear from the soaring circulation of In Touch and its new sister title, Life & Style Weekly, that Bauer's strategy has been working for them. It's less clear whether, and how, it will work for other publishers, some of whom have very different cost structures and rely on newsstand revenue to partially offset losses incurred from subscription marketing. "It's not the answer for everyone," said Pasetsky. "I would wonder, are the companies that are based on subscriptions — are they set up to actually support a lower newsstand price?"

Time Inc.'s thinking in setting the All You price at \$1.47 is to make it attractive to women who weren't previously buying magazines, said Steve Sachs, vice president of consumer marketing for the People Group. "These lower-price magazines are attracting a new and different audience to the category," said Sachs.

"It's not a huge, considered purchase," added All You's publisher Diane Oshin. "It's affordable enough that it just goes in the basket."

It's no coincidence that All You is currently distributed exclusively through Wal-Mart, a growing force in magazines that currently accounts for roughly 12 percent of all single-copy sales. John Hartig, Hearst's senior vice president of consumer marketing, believes the retailer "has trained everybody to be an everyday low-price shopper. It's cool to be shopping for deals."

But consumer sensitivity to cover price is hardly an iron law; rather, it seems to vary from one situation to the next. In the celebrity weekly category, it is by no means the primary factor driving buying decisions, said Pasetsky. "A lot of it comes down to the cover story. The loyalty is to the person we're featuring, not to the magazine." Certainly, People, despite competing directly or indirectly with several low-price weeklies, doesn't seem to be suffering from price pressure: Despite an increase in price, to \$3.49 from \$3.29, it still posted a 1.7 percent increase in average newsstand sales, to 1.5 million, in second-half 2004.

Meanwhile, in the teen category, publishers are still figuring out what an extra 50 cents or a dollar means to their readers. Elle Girl lowered its price to \$1.99 from \$2.99 at the end of 2004, apparently to better compete with Teen Vogue. The latter, however, is raising its cover price to \$2.50 from \$1.99 as of its June-July issue — despite a 29.8 percent drop in newsstand sales in the second half of last year to 233,875. "The issue is [that] we have overdelivered in terms of total bonus circulation," including subscriptions, said Teen Vogue publisher Gina Sanders.

Price pressure from the teen titles appears to have contributed to Jane magazine's decision to cut its price to \$1.99 from \$3.50 in January, only six months after increasing it to \$3.50 from \$2.99. Jane's publisher at the time, Eva Dillon, said the idea was to encourage sampling of the magazine, thereby driving up subscription sales, and, ultimately, ad revenue. (Jane and Teen Vogue are both units of Advance Publications Inc., parent of WWD.)

Hearst has been conducting its own price experiment with Shop Etc., selling the new shopping magazine at \$1.99, \$2.99 and \$3.49 in different parts of the country. "I'm very encouraged to tell you that price is not an issue at this magazine," Hartig claimed. "It's selling as well or better at \$3.49 than it is at \$1.99."

Several publishers argued that the merits of higher cover prices go beyond the extra revenues they generate. "If you sell your product at 30 or 50 percent less than everyone else, you will entice a certain number of consumers based on price, sure," said Seventeen publisher Jayne Jamison. "But, ultimately, I don't think it's something that will reinforce brand equity. You can't build a brand by discounting."

Even Sachs, whose company publishes All You, agreed: "Price is not only what's charged. It's also a signal about the quality of the product."

Moreover, some advertisers regard it as an indicator of the reader's affluence. While publishers of expensive magazines understandably encourage this thinking, the correlation between a magazine's cover price and the wealth of its readers, while real, is not especially strong. According to MRI, readers of Better Homes & Gardens, which sells for \$3.50, have a median household income of \$58,500, compared with \$54,500 for First For Women, which costs \$1.99.

Russell Denson, chief executive of Gruner + Jahr, believes price is, at bottom, "a function of the product you're selling." He divides the new crop of women's magazines into two groups: "quieter magazines" — titles such as Real Simple and O, The Oprah Magazine, which can afford to charge a premium price — and "quicker magazines" — titles like All You, For Me and, presumably, whatever low-price offering G+J is incubating. "With these 'quicker' magazines, you get it, you look at it, you throw it away," he said. "It's akin to the disposable razor. That's sort of the implication of them. Nobody gets The New Yorker and throws it away."



On the lowdown: In Touch costs \$1.99, Celebrity Living \$1.89 and All You just \$1.47.

October 2002, Bauer launched In Touch. A weekly celebrity gossip magazine, it offered little readers couldn't find in People or Us Weekly — except a cover price of \$1.99, versus \$3.29 for its competitors. Within two years, In Touch had amassed an average circulation of more than 1 million, 97 percent of it coming through single-copy sales, according to Bauer vice president Mark Pasetsky. (People still sells about 50 percent more copies on the newsstand, while Us and Star both lead In Touch in total circulation, thanks to larger subscriber bases.) Meanwhile, Woman's World, which costs \$1.49, sells more units a week than any other U.S. title.

"Any other company that's smart would look at what this company is doing and try to emulate that in some way," said Pasetsky.

But Bauer's strategy wouldn't have been nearly so effective had other publishers not set the stage for it with aggressive price hikes. In 1994, Family Circle

Steve Sachs, vice president of consumer marketing for the People Group, that depends on "what's the universe of buyers and how many magazines can survive to sell to that universe. Can it be six or seven? That seems high to me. Can it be more than one? Yeah, probably."

A number of celebrity titles are part of a related trend toward charging less than \$2 at retail. (See above story.) Interestingly, however, the second half of last year also saw an increase in the number of magazines that raised their cover prices. According to Harrington, 124 instituted hikes, versus 98 in the first half of the year.

One other development that could have a huge impact on magazine retailing is the expected arrival in the U.S. of new men's weeklies such as those currently dominating the market in the U.K. Time Inc., which publishes Nuts in Britain, is exploring the concept here, and Hearst has reportedly hired former Maxim editor Keith Blanchard to create

something similar. Could men's weeklies be the next big wave? "The thing that works against it is the [women's] weeklies here sell primarily in supermarkets, and the shoppers in supermarkets are primarily women," said Harrington. "But that's the conventional wisdom. At some point, it's wrong."

SUBSCRIPTION: While British magazines acquire most of their circulation through single-copy sales, the American magazine industry is subscription-driven, and that poses its own set of problems.

Those problems went on display in January when Gruner + Jahr USA Publishing announced that several of its magazines would miss rate base after auditors disqualified portions of its subscription files. G+J blamed the incident on a single subscription-sales agent, Publishers Communications Systems, but a number of consumer marketing executives say it is not the only agent to employ questionable practices.

Now the Audit Bureau of Circulations is scrutinizing circulation statements more closely and so are advertisers, according to Michael Clinton, executive vice president and publishing director at Hearst.

One bit of good news has to do with the Federal Trade Commission's Do-Not-Call registry, which many consumer marketers feared would put a damper on telemarketing, an increasingly important source of subscription sales. According to circulation analyst Dan Capell: "It has not had the kind of negative impact we thought it would have."

A number of new magazines are skirting the problem entirely by building their readerships through controlled, rather than paid, circulation. Vitals, Absolute and Trader Monthly are a few of the newer titles touting controlled circulation as a way to reach a more select demographic. But it remains to be seen to what extent advertisers will embrace the idea of magazines for which readers don't pay.

CIRCULATION SNAPSHOT

NEWSSTAND: After falling for years, unit sales of magazines at retail actually rose in 2004, by three-quarters of a percent, according to an analysis by John Harrington, publisher of the New Single Copy Newsletter. And if you've been through a supermarket checkout in the past 12 months, it's obvious why: the explosion in celebrity weeklies, led by People, Us Weekly, In Touch and Star Magazine. According to Star publisher Michelle Myers, one out of every five retail dollars spent on audited magazines in the second half of last year, or 20 percent, went to one of these four titles, up from 17 percent in 2003.

With new entries hitting the market almost on a monthly basis, the question being asked now is: When will the category reach its high-water mark? "We'll probably be challenged with that sometime this year," predicted Us publisher Victoria Lasdon Rose.

And then what? In the view of



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MEDIA IN DEPTH

Advertising: Getting the Lay of the Land

What publishers are saying about the trends and categories that matter. **By Jeff Bercovici**

By Jeff Bercovici

NEW YORK — Over the past decade, magazine ad spending followed a simple, recognizable pattern: a prolonged boom, followed by a steep downturn and a gradual, tentative recovery. But now that publishers at last find themselves back on firmer ground, the landscape is less familiar.

In contrast to the boom-and-bust years, when spending advanced and retreated more or less across the board, the print ad economy of mid-2005 is more complex and variegated, marked by both pockets of solid growth (watches and jewelry, men's grooming, entertainment) and patches of softness (European fashion, American automotive, pharmaceutical).

On balance, magazine ad spending growth has slowed somewhat from its pace in the final three months of 2004, when pages increased 7.1 percent and reported revenue jumped 14.1 percent, according to the Publishers Information Bureau. (PIB revenue figures don't reflect discounts, and thus are considered less reliable than page tallies.) In the first quarter of this year, pages were up a more modest 1.2 percent, while revenue rose 9.4 percent.

The good news is the tempo is starting to pick up again, said Michael Clinton, executive vice president, chief marketing officer and publishing director for Hearst Magazines. "The year started out slowly, but it's been a fairly robust second quarter," he said. "There are more campaigns, more ad dollars, more people committed to print than in the previous year."

"I would say we're looking at a year that has some bright spots and definitely a few weaker spots," said Chris Mitchell, publisher of Details. "The general perception is that last year was a more robust ad market."

The best way to make sense of the confusing ad picture is by focusing on a handful of consumer, business and economic trends that are driving spending. Of these, perhaps the most significant is what's happening with television. As the reach of the big networks dwindles and viewers increasingly use digital technology to avoid seeing commercials, makers of entertainment programming have shown greater willingness to weave sponsors' marketing messages into the fabric of their shows.

Publishers have mixed reactions to this. On one hand, ad zappers and audience shrinkage give them leverage to lure dollars away from TV. Peter King Hunsinger, publisher of GQ, said he has seen new business from what he calls "Super Bowl advertisers" such as Pepsi and Anheuser-Busch. "We have an audience of five million readers," he said. "As TV continues to fragment, that's a bigger and bigger number."

The downside is that, as advertisers have grown used to seeing their brands worked into sitcom plots and reality TV contests, they've started to demand the same from magazines. "We are hearing more and more of our clients talk about

product integration," said Playboy publisher Diane Silberstein.

"The agencies are being more and more hard-lined about our unwillingness to play at this high-stakes game," agreed Us Weekly publisher Victoria Lasdon Rose.

Publishers who don't want to compromise their editorial integrity can point to stringent guidelines set by the American Society of Magazine Editors, which forbid, among other things, the use of brand names on the cover to promote deals or contests. But these rules seem to be losing some of their force. Earlier this year, Atoosa Rubenstein, editor in chief of Seventeen, let her ASME membership lapse rather than risk censure for putting brand names on the cover. Shop Etc., a new Hearst title, also features brands on the cover; editor in chief Mandi Norwood is not an ASME member.

Seventeen publisher Jayne Jamison insisted the magazine's decision was not driven by advertiser pressure. "The idea of featuring brands and stores where kids shop is what's really driving our newsstand growth," she said, adding that the magazine does not plan to meld editorial and advertising content. "I feel like the aditorial is the answer for advertisers who want to integrate products."

Wherever publishers choose to draw the line, such efforts by advertisers reflect a chance for magazines to bring in new revenue, said Rose. "A lot of this funding [for product placement and branded entertainment] is outside the traditional media budget."

But even in their traditional media buys, advertisers are showing renewed interest in "impact units" that go beyond the usual ad page or spread, say publishers. "For the last few years, it's been simply 'Maintain a presence and sell product,'" said In Style's Lynette Harrison. "There seems to be more of an openness now to really making a splash."

"Everybody wants the completely disruptive unit that stops the reader dead in his tracks," said Maxim group publisher Rob Gregory. "Marketers today expect as much creativity from magazines as they do from their agencies."

Another shift some publishers have detected in advertisers' thinking is a heightened interest in circulation quality. A spate of scandals involving both the magazine and newspaper industries over the past year has made media buyers acutely aware that a "subscriber" does not necessarily equal a reader. "I find you go into so many meetings now and [the clients] want to make sure that you're clean and a vital brand," said Jack Essig, publisher of Men's Health.

"Companies are starting to embrace more of the qualitative aspects of their buy," added Jill Seelig, publisher of O, The Oprah Magazine. "They're looking at reader relationship, reader involvement, wantedness, connectivity, all of those things."

Another trend key to understanding the ad market is the remarkable dynamism of the luxury sector, with companies like Coach and LVMH Moët Hennessy Louis Vuitton issuing strong earnings reports in recent weeks. "I'm going to go out on a limb and say the end of last year's luxury economy was the best it's ever been in the history of the United States," said Town & Country publisher Jim Taylor. "A brand's suc-



Clockwise from top left: Diane Silberstein, Kristine Welker, Rob Gregory, Lynette Harrison, Victoria Lasdon Rose, Paul Caine, Jim Taylor and Carol Smith.

An "impact unit" from Rolling Stone that comprises ads for two different brands.



cess right now is very much predicated on how much they have captivated the top 20 percent of consumers."

But the mass end of the spectrum continues to thrive as well, at least in fashion and retail. That leaves everything in between. "I think the big concern is, 'Where is that middle market right now?'" said Silberstein. Carol Smith, publishing director of the Elle Group, agreed. "People are either buying it from Wal-Mart or they're buying it from Bergdorf."

The luxury boom is widely seen as being driven not only by the affluent but by middle-income consumers who are "trading up," in the phrase coined by the 2003 book of that name and frequently cited by publishers. Jason Lundy, executive director of marketing and strategic planning at Harper's Bazaar, attributes the rise in sales of products such as high-end watches to a better-informed customer base. "People's desire for quality has gone up so much," he said. "They've become much more astute about why brands are good, what goes into the making of something."

Marketers, too, are becoming more educated — particularly about the importance of tailoring their pitches to female consumers. Publishers for a number of women's magazines noted that automotive, technology, financial and spirits advertisers are all devoting more of their budgets to women's titles. "These are categories that didn't speak aggressively to women in the past," said Redbook publisher Mary Morgan. Allure's Nancy Berger noted that Best Buy recently went so far as to open a spa, called EQ-Life, in one of its stores in an attempt to attract more female shoppers.

Looking forward into the second half, publishers are neither exuberant nor gloomy, expecting to see more of the same rather than a spending surge like the one they experienced in late 2003. "It's going to be a dogfight, but I think there's going to be enough business out there," said Rolling Stone publisher Steven DeLuca. "As a whole, I bet the industry will finish up 2.5 to 3 percent [in pages]."

"We've been in a recession, whether it's formally a recession or not, for so many years, that our clients are reticent to tell us that things are good," said Us Weekly's Rose. "Their spending shows that guarded optimism."

Here's a look at what's going on in some individual categories:

FASHION: The big story here is the effect the weak dollar is having on spending by European, particularly Italian, fashion houses, whose goods have become increasingly expensive in the U.S. "I believe we're all looking at the same thing: Can we hold on to our European fashion business with what's happening with the euro?" said Elle's Smith. "Our European fashion business is growing, but it continues to be affected by the exchange," agreed In Style's Harrison.

The conversion problem is compounding another issue American publishers face, which is competition from media outlets in emerging markets. "The problem with the Italian companies is they've continued to put money against Asia and Russia, and it takes away money from the U.S. market," said Men's Journal publisher Carlos Lamadrid.

American fashion spending is somewhat less vexed, though still something of a mixed bag. While business overall is up, introductions among women's bridge and better lines are off from last year, said Elle's Smith. On the men's side, however, "you have a lot of brand growth in the better and midtier department store lines," said Details' Mitchell. "The retail community is obviously not going gangbusters right now, but I do expect that to pick up in the second half because of an influx of new brands," added Complex publisher Rich Antonello. Youth-oriented retailers, meanwhile, are spending heavily, resulting in strong gains in apparel and acces-

sories for the teen titles.

Where the "trading up" phenomenon is truly manifesting itself is in accessories. Virtually every publisher cited jewelry and watches as a fast-growing part of their business. "Consumers can't afford the \$2,000 jacket, but they sure can afford the little Prada bag or the Christian Dior wallet," said Smith. In fact, following on the heels of W, which publishes W Jewelry, Elle is introducing a newsstand-only accessories spin-off in September.

Overall ad pages for apparel and accessories were up 3.6 percent in the first three months of 2005, according to PIB. Retail pages were up 1.3 percent.

BEAUTY: Ad pages for toiletries and cosmetics were down 4.1 percent in the first quarter, and the biggest reason for that was a sharp decrease in print spending by L'Oréal. "You can't make up that much business," said Smith.

"Beauty companies have been choosing magazines outside of what has been core to them in the past," said Allure's Berger (while noting that her own beauty pages are up this year). Within beauty, skin care and hair care-hair treatments are driving growth, while fragrance "is still sort of crawling its way back," said In Style's Harrison. "The fragrance business has been a challenge for many marketers over the last couple of years," added Glamour publisher William Wackermann. One exception: "A lot of these celebrity fragrance launches have had big bucks behind them," said Berger.

Men's grooming continues to come into its own as an ad category — so much so that Allure will publish a magazine-within-a-magazine in its December issue devoted to the topic. "I know people have been talking for years about a men's skin care boom, but I'm finally starting to see a real pulse there," said Best Life publisher Mary Murcko. "The drugstore brands are really starting to get into the idea of skin care for men," added Rolling Stone's DeLuca.

AUTOMOTIVE: Solid spending by Asian and European automakers hasn't been enough to offset large cutbacks by struggling American companies, resulting in a 2.6 percent decline in ad pages in the first quarter. "We're all sort of licking our wounds and looking to other categories to make up the losses in automotive," said Details' Mitchell. "Domestic auto is killing everybody," added People publisher Paul Caine. "The problems there are beyond advertising."

SHELTER: Despite a flurry of new shelter books, including Domino and O At Home, home furnishings spending has been surprisingly weak, falling 5.6 percent in the first quarter. "There's a softness in the home category," said Shop Etc. publisher Cynthia Lewis. "There are too many shelter books out there," added Town & Country's Taylor. "You would think the advertising would be there in support, but it's not."

PHARMACEUTICALS: Safety concerns, particularly in the wake of studies linking Vioxx to heart disease, have drugmakers playing it safe by curbing their marketing. Pages for the category were down 4.1 percent. "It's not an industry that's necessarily challenged, but everyone's moving a little slower because of these issues," said People's Caine.

SPIRITS: Cable continues to drain away liquor advertising, once largely the preserve of magazines. "I'll be curious to see if this is a long- or short-term trend," said Esquire publisher Kevin O'Malley. "Cable can't do what we in print do for them beyond the pages of the magazine," in terms of events and added-value programs.

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MEDIA IN DEPTH

The Good, the Bad and

By Sara James and Jeff Bercovici

Round numbers are so overrated — just look at any magazine cover line lately. Sticking to that trend, WWD decided to poll 103 people in the media industry to ask them about 11 different events from the last 16 months. Here, an imprecise, totally anonymous (naturally), but hopefully democratic, look at the best and worst of all of 2004 and the first 119 days of 2005. The poll, via e-mail, was of everyone from editors in chief down to assistant editors. Winners in each category had a clear plurality of votes. Give or take.



LAUNCH

Best: Apparently, voters are a self-promoting lot. The results in this category almost had to be thrown out when virtually everyone who voted for "best launch" dropped the name of a publication they were affiliated with. Said one writer, whose work has been featured in Best Life: "[Best Life] is a magazine that has not only dared to take on established brands — Esquire, GQ, Men's Journal — in a very competitive niche of men's magazines, it has come out of the womb an instant competitor." Presumably, the embarrassment set in right after he hit "send."

Final tally: After discarding all the self-promotions, the winner was — surprise — Suede. Though it received only a handful of votes, there clearly was no nepotism factor since everyone who worked on the magazine was unceremoniously laid off by Essence or Time Inc. when Suede folded after only three issues. But how could a wacky "design soup" of a magazine that actually took fashion-obsessed minority women seriously go unrecognized?

Worst: Fortunately, the hive mind was way more candid — and unbiased — about what it didn't like. The resurrected Life magazine was "downright upsetting." Votes also flooded in for new or newly reconfigured sections of The New York Times, like T: The New York Times Style Magazine and Thursday Styles, or, as some people like to call them, "blatant ad receptacles." Also mentioned were Cargo, Sync and Best Life, which one editor deemed "a worrisome triptych of the American male." Shop Etc. was cited for its "terrible title, terrible design, even terrible shoes, which is hard to do." And Jane, which was technically just a redesign, became a write-in candidate thanks to comments such as, "Such a different (and lesser) beast since it abandoned some of the winning Jane staples for more luxury and shopping."

Final tally: All You. One pollee summed up the low-priced rag best when he said, "Here's an inspired idea [from Time Inc.]: Let's put out a magazine for the people we imagine shop at Wal-Mart — overweight, single moms without a high school education....Typical of New York-glossy myopia and snobbery."

CATFIGHT

Best: What a year (and four months) it was for all-out brawls and snippy exchanges. From the widely published stories about former New York Times Baghdad bureau chief Susan Sachs allegedly ratting



Jon Stewart

out her correspondents, Dexter Filkins and John Burns, for reportedly cheating on their wives to Zell Miller's cartoonish top-blowing on "Hardball with Chris Matthews," the scent of blood was often wafting off of newsprint or through the airwaves. The New York Post and the New York Daily News traded below-the-belt jabs over circulation troubles and gossip scoops. Lynne Cheney called presidential hopeful John Kerry "not a good man" after he "outed" her daughter, Mary, who was already openly living as a lesbian. And publicist Leslee Dart fled PMK/HBH after she and longtime partner Pat Kingsley fought their "bloody power struggle," according to Defamer.com, taking with her clients such as Harvey Weinstein, Mike Nichols, Brian Grazer and Tom Hanks.

Final tally: Nothing trumps a little mudslinging on air. When Jon Stewart took to task the hosts of "Crossfire" for looking "to Comedy Central for their cues on integrity," calling conservative pinup Tucker Carlson out on his bow tie in the process, many a liberal viewer got their jollies. Said one poll-taker: "Stewart said what we all want to say to Tucker [Carlson] and to CNN." A news producer added pragmatically, "Real vitriol equals great TV."

Worst: "Is there such a thing as a worst catfight?" one cheeky media watcher asked. The answer is yes, when it comes to Ann Coulter vs. just about anyone she's come to blows with in the last year and change. "Who cares?" said one person. "She's just awful!" and "Boring!" were the notes from others. The "overhyped catfight of the 'Desperate Housewives' cast on the Vanity Fair cover shoot," was also noted as a worst, as were the e-mail screeds that passed back and forth between public relations flack Doug Dechert and gossip reporter Ian Spiegelman last year. Spiegelman was subsequently let go from Page Six because of the on-line chest-thrusting.

Final tally: It was Nikki Finke's rant against Graydon Carter during Oscar season that received the most votes. "Turn in your copy on time, Nikki, and we'll take you more seriously," one voter said inexplicably. Another added, "While there was an element of truth [to what she wrote about Carter in L.A. Weekly], it was a paragraph's worth. She was clearly not invited to the [Vanity Fair Oscar] parties, hence an entire column."

PILE ON

Best: Star Jones' flagrant publicity efforts before, during, after, between, around and on top of her wedding to Al Reynolds — and the media ire that ensued — earned her several mentions for "best pile on." Male escort-cum-conservative reporter for Talon News James Guckert/Jeff Gannon also got his share of nods from those surveyed. But the incident that incited the best dog pile in our poll-taker's humble opinions was "Insider" host Pat O'Brien's randy messages on the voice mail of one his "unfortunate" colleagues. The sexually explicit recordings landed on the Internet, which in turn landed O'Brien in rehab. Said one person of the "riveting fiasco": "More, please."

Worst: CBS anchor Dan Rather and former "60 Minutes" producer Mary Mapes were pitied for the public drubbing that followed "memogate." "As if it

was really her fault," one person surveyed said of Mapes. Marc Jacobs' delayed collection during the fall 2005 shows in New York also was cited as a pile on that should not have been. But the biggest sympathy vote went to William Morris head Dave Wirtschafter, who lost clients — and face — in the wake of Tad Friend's page-turner of a profile in The New Yorker earlier this year. One writer said, "The dude just told it like it is...Hate the game, not the player."

EDITOR'S LETTER

Best: "So bad it's good" scored votes in the ed note category, where one voter cited Anna Wintour's recent call to the fashion industry — in her shape issue, no less — to lead the charge in fighting obesity. As for Jane Pratt's stream-of-consciousness musings on her editor's page, one voter said: "If you were trapped in an elevator with her and she rambled on like this, you'd want to shove a shoe in her mouth. But hey, confined to a few hundred words, it's car-wreck-a-riffic."

Final tally: The tell-all takes the prize. Dan Peres of Details was lauded, specifically for his self-deprecating mentions of weight gain and loss of virginity.



Dan Peres



Atoosa Rubenstein

Worst: Glenda Bailey's "absurd shopping tips" in Harper's Bazaar were singled out.

Final tally: Another tie. "Jim Nelson's notes are the smartest, most entertaining notes out there," wrote one voter, and as such, GQ's editor in chief might have landed in the best column, if only his lighthearted, Republican-baiting missives didn't turn off as many readers as they tickled. "His letters read like the old Paul Rudnick spoof in Premiere," opined a critic. "I think he actually used the word 'gobsmacked' once." There's also that little matter of his endless rotation of head shots, some shot by the magazine's top photographers, which one voter singled out for "unprecedented fiduciary irresponsibility."

Perhaps it was inevitable that Atoosa Rubenstein would fail to find favor with our voters, since everyone voted was at least several years older than Seventeen's target demographic. One ballot read, "Someone needs to call her on the 'one of you' persona she's based entirely on her body hair. I swear, count the mentions over a year."

BOOK BY A MEDIA PERSON

Best: It would have been easy to fill this category entirely with books by and about employees of The New York Times. There was Maureen Dowd's "Bush World," a collection of her columns; former executive editor Joseph Lelyveld's memoir, "Omaha Blues"; former executive editor Howell Raines' book-length post-mortem in the Atlantic Monthly; "Hard News," Seth Mnookin's account of the Raines era at the Times; "The Underminer," a piece of comic fiction by Times TV critic Virginia Heffernan and her co-author, Mike Albo, and "Rebels on the Backlot," Times Hollywood correspondent Sharon Waxman's look at maverick directors, which was panned by the Times. And we haven't even gotten to reporter Alan Feuer's forthcoming and already controversial book, "Over There," his fuzzy account of the few weeks he spent in an Iraqi war zone.

Final tally: The New Yorker reporter-at-large James



Pat O'Brien



And the Downright Ugly

Stewart's "DisneyWar," was the critical favorite. "You try cracking on [Michael] Eisner and [Michael] Ovitz," said one person who was surveyed. Our voters also agreed with the reading public by giving the popular vote to "America: The Book," by Jon Stewart and the writers of "The Daily Show."



Sean Combs and Paula Froelich

Worst: It was an even split. Paula Froelich's "It! 9 Secrets of the Rich and Famous That'll Take You To the Top," an extended blurb of a book that was immediately eclipsed by its own promotional orgy, elicited an all-around "ugh." "If that book becomes a bestseller, I'm quitting the business," said one editor. Froelich's book shares the (dis)honor with "The Abs Diet," the bestseller by Men's Health editor in chief David Zincenko. As one voter surmised, "Do sit-ups. Eat less. Cash check."

MEA CULPA

Best: Photoshopped got at least two magazines into trouble in the last 16 months. Newsweek claimed readers would know its doctored Martha Stewart cover was a "photo illustration." And Bonnie Fuller changed the color of Demi Moore's gown on the cover of Star to make it look like a wedding dress, then explained she had done it "to better represent the theme." Meanwhile, Jessica Cutler said she thought her private blog about sleeping with Washington power players would stay private. It didn't, but she got a book deal and a Playboy spread out of it.

Final tally: Fuller gets the brush-off award. One voter called Fuller's alterations "the ultimate display of narcissism — admitting that her reality counts more than actual reality," while another said, "So outlandishly inappropriate, it's worth admiration."

Worst: Meanwhile, a trio of backpedallers were chastised for their lousy excuses. For starters, voters didn't buy Harper's editor Lewis Lapham dismissing his premarital write-up of the Republican convention as a "rhetorical invention." Conservative columnist Armstrong Williams' acceptance of ad money from the Department of Education's "No Child Left Behind" program also was considered "inexcusable," in spite of Armstrong's open letter of apology. And after Graydon Carter, speaking to WWD earlier this year, blamed a run of poor newsstand sales on three consecutive covers featuring men, voters responded by pointing out that, "over the years, men have been all over that cover. Remember Matthew McConaughey rocking the house?"

Final tally: Carter's fuzzy newsstand math was the least forgivable sin, particularly since he's likely to be shrugging his shoulders with the opposite excuse later this year. Early scan data for Vanity Fair's March Hollywood issue — which features several actresses on the cover and is typically a strong seller, and scan data for the April issue, with three Eastern European supermodels in white swimsuits — indicates that those covers haven't exactly blown off newsstands, either.

COMEBACK

Best: Still popular the second, third — or is it fourth? — time around with at least a few voters was Radar editor in chief Maer Roshan. "He came back two years younger!" one poll-taker said, referring to a recent story



Martha Stewart

in The New York Times that put Roshan, 37, at age 35.

Final tally: It was a tie between fresh-from-the-penitentiary domestic goddess Martha Stewart and the president and chief executive officer of Stewart's company, Omnimedia, Susan Lyne, who joined last fall. Voters said of Lyne, who greenlit "Desperate Housewives" as president of ABC, but was fired before the show aired and became a hit: "Smarts and nice wins the race." Stewart, meanwhile, was mentioned "because she looked so hot at the ASMEs" and because of the fashion statement she made as she left Alderson prison. "That crackhead poncho was awesome," said someone surveyed.

Worst: While Bob Guccione's resurfacing scored a few votes, and several respondents begrudged Martha Stewart's return — "Our books were so much fatter without her," one editor sighed — the worst comeback of the year clearly belonged to Lizzie Grubman. "With the launch of 'Power Girls,'" said one voter, "she single-handedly proved that peroxide causes brain damage."

MAGAZINE COVER

Best: Class, sass and, well, a-- ruled when it came to covers this — and last — year. Photographer Irving Penn rarely agrees to shoot covers, which is perhaps why his austere image of Nicole Kidman for Vogue was a favorite with several people asked. Scarlett Johansson steaming up Esquire was also a clear favorite, as were the twin covers of barely legal Lindsay Lohan on W and GQ. Playboy's "Real Desperate Housewives" also grabbed some attention. And so did "Vanity Fair Does Maxim" as one repplier put it, referring to Vanity Fair's trio of Eastern European models on the April cover.

Final tally: It was a Star cover that provoked the most emotional responses. Of its ill-timed issue, "Brad and Jen Back On! It's Baby Time!" which broke the week the couple split, one voter said, "They gave a sorrowful America hope! If only for a day!"



Worst: Covers that voters could have done without were W's "Asexual Revolution" with androgynous models, and "Goldie Hawn, looking younger than Kate Hudson on Bazaar." Voters also said, "New York has had some doozies." But it was Melania Knauss on the cover of Vogue that had them asking, "Et tu, Anna?" of Wintour's decision to jump on the Trump bandwagon. In Style also was noted for "running Melania on its weddings issue so long after Vogue, which itself was bad."

BRAND EXTENSION

Best: Perhaps this category should have been called "most anticipated brand extension," as many votes that came in were for projects that haven't even rolled out yet. Men's Vogue got some nods, as did Martha Stewart's forthcoming "Apprentice"-like reality show. Same goes for Seventeen's still-in-the-planning-stages reality show with MTV, Vitals Women, the female-targeted extension of Vitals, was cited by vot-

ers who said, "talk about cart before the horse." And while at the time it came out, copies of New York magazine's Republican National Convention Daily seemed scarce, apparently some people were able to get their hands on it, as it also scored some votes.

Worst: Impossible to call: Maxim's line of bedding and Us Weekly's "Brad & Jen" similarly received votes as both best and worst brand extension, though scales tipped both toward worst.

LOWBROW READ

Best-Worst: The only thing that's clear about lowbrow is that people haven't tired of it yet, though they are conflicted about their habits. Gawker.com came up time and again in the polls as the "best way to get a daily dose of gossip." Each of the celebrity weeklies appeared on both best and worst lists, making it a four-way tie for best-worst between Us, Star, People and In Touch. The National Enquirer, "always ahead of the rest of them," got one lone mention as a best, while someone else hated the "free morning dailies" that litter trains and subway stations in New York. But it was a magazine editor in chief who had the line of the week when he said, "In Touch is best, because it makes me feel dirty after, and People is worst, because it makes me feel sad after."

LIFESTYLE PORN

Best: From The New York Times real estate section to the New York Observer — "still the only place that really reports these things and finds genuine trends" — the papers topped the list of publications that voters went to for the purpose of snooping on the wealthy. Absolute got mentions in both the best and worst columns for its "paper stock-as-foreplay" philosophy, as did Vanity Fair, New York and Departures. Trailing the print publications was patrickmcmullan.com, which one voter liked because "anything with actual text is out."

Worst: While Quest and Avenue provoked the response, "What's hot about colostomy bags?" and New York magazine was out of favor with some "for not admitting it's about the rich," "anything spawned by Jason Binn" got the most votes, specifically, Hamptons magazine and Gotham.

BACK PAGE

Best: Multiple votes on best closer came in for Teen Vogue's "My Room" and the Proust Questionnaire in Vanity Fair, which one voter called, "The perfect marriage of format and wrangling muscle." GQ's open letter was deemed "brilliant and never fails to make me laugh so hard I cry and double over," while The New Yorker's newly instituted cartoon contest was "clever" to some and "uncharacteristically lazy" to others.

Final tally: Elle's *cherchez la femme* Q&A's with Andrew Goldman — "good, quick, funny and so often men, which I always like in a women's magazine."

Worst: Unlike the mixed bag of results that came in for so many of the other categories listed here, one back page was universally panned. There were, in fact, too many votes to count, slamming Details' "Gay or..." feature. "Gay or...painfully tired?" one editor in chief said. Another editor even nominated the page for "worst mea culpa," saying: "They apologized for 'Gay or Asian' and then they've continued to run that column month after month since."



MEDIA IN DEPTH

The Terry McDonell Mentoring Program

By Sara James

NEW YORK — In the publishing world, there are certain editors who are known for their ability to attract and retain talent. And then there's Terry McDonell, who redefines the concept of mentoring. At least five current editors in chief learned the business under him, while his own son, Nick, just completed his second novel before graduating from college. (Grove Atlantic will publish "The Third Brother" in September.) Those facts alone validate McDonell's ability to develop stars, but there's a more telling barometer: his track record with former assistants.

That list includes Naomi Nista, who is now running the photo department at Real Simple; Jenny Comita, senior editor at W; Jenny Rubinfeld Levin, Harper's

Bazaar's fashion news editor; Heather Shimokawa, Best Life's fashion editor, and Sarah Robbins, a reporter for Glamour. There is also Kate Lee, an assistant to a literary agent at ICM, who signed the first Gawker writer, Elizabeth Spiers, as a client and had a "Talk of the Town" piece written about her in The New Yorker last May. Even Dave Kalstein, who only worked as McDonell's assistant for "48 hours" at Us Weekly, is due to publish his first novel, "Prodigy," with St. Martin's Press next spring. His agent? Kate Lee. (W, Glamour and The New Yorker are, like WWD, part of Advance Publications Inc.)

"The idea was to hire the smartest people you can find out of school," said McDonell, giving most of the credit for the talent cluster to his assistants. "They all hired each other to replace themselves. And they weren't total slaves. Everyone got their own coffee." And his favorites also wore skirts.

Naomi Nista, photography editor, Real Simple

McDonell Tenure: 10 months at Men's Journal

He says: She was terrific, but she had a very hard job. And she was, like, 11 at the time, just out of school. We had this idea we were going to do these Men's Journal design collections....At the end of that issue, Naomi recognized that she had a gift to put the right picture with the right object. And she had a gift for choosing the right selection of pictures to represent a story. Now, she's a rocket ship.

She says: I graduated with a journalism degree from Syracuse, and thought I wanted to be a text editor. He said, "I think maybe you're more of a visual person." He's definitely been a key person in my New York experience so far. When you're working for him, he throws challenges your way that, when you're young, can seem scary and daunting. He'll be pushing you along in the right direction and you won't even realize it.



Heather Shimokawa, fashion editor, Best Life

Tenure: One year at Us Weekly

He says: Heather was extremely ambitious and already grounded in fashion, so she could step right up and get things done, writing captions, whatever we asked her to do. She was a very connected young woman, who had her own Rolodex when she walked in the door.

She says: Terry was never dull. I think I learned to constantly reevaluate my interests and pay attention to the details [from him]. He was also a very generous boss — respectful, challenging and extremely supportive. When I started working, I thought I wanted to be a writer. As it turned out, I fell in love with photography and fashion. It was unexpected, but something about Terry taught you to be prepared for the unexpected.

Jenny Comita, senior editor, W

Tenure: Two years at Men's Journal, one year at Us Weekly

He says: She was a great strategic thinker, ambitious and a very funny woman. She was a good writer right away, with lots of ideas. The two Jennys [Comita and Rubinfeld] were turning out as many pages as any two or three people at the magazine.

She says: I definitely, at least once a week, thank my lucky stars to have had that job. To not know a single person in the business and to end up working with him — it was like going to journalism grad school and getting paid. He knows everybody in publishing. There's so much goodwill toward him in this industry, it was easy to work for him. Which is not to say he's a pussycat.



Sarah Robbins, reporter, Glamour

Tenure: Three months interning at Men's Journal; three months assisting at Us Weekly

He says: Sarah was smart and fast and worked for me for about 20 minutes. It was clear from the first day she had a future in magazines.

She says: I feel that I owe him a lot because he was willing to give me a shot before I graduated. I studied with [Pulitzer Prize-winning author] Richard Ford in college, and [he and McDonell] are friends. When I met Terry, I was 19 and interning at Men's Journal. He's totally inspired. And he really took me seriously as a writer and a person. He gave me my first byline, and that meant a lot to me as a 19-year-old.

Jenny Rubinfeld Levin, fashion news editor, Harper's Bazaar

Tenure: One-and-a-half years at Us Weekly

He says: A terrific, natural writer, with a great work ethic and enormous style. She and Jenny Comita once put on little black dresses and walked into the Michael Douglas-Catherine Zeta-Jones wedding as guests [for an Us Weekly story], and they both looked so classy, everyone thought they belonged there.

She says: As assistants, we were given opportunities to develop our writing skills, and we were encouraged to contribute to the magazine as a whole. [From Terry] I learned that writing 50 words on a movie premiere can often take as much skill as writing a 1,000-word essay.



Dave Kalstein, screenwriter and author

Tenure: 48 hours at Us Weekly

He says: Dave had his mind in a couple of different camps about what he wanted to do. He was very imaginative, and good with story angles. He was very well-connected when he walked through the door, so he knew who the players were, particularly in the rock 'n' roll world.

He says: I was Terry McDonell's assistant for literally 48 hours before he "transferred" me to someone else's desk. I can't imagine what I did wrong. I don't think Terry was used to an assistant who didn't wear a skirt to work. Which suited me just fine, because I was neither partial to being an assistant nor to wearing skirts. He was a refreshing throwback to old-school editors. He was gruff. Terse. Abrupt. I learned that life occasionally forces even the wisest and proudest of men to undergo a trial beneath their dignity. I don't think Terry ever wanted to be sorting through paparazzi photos of Cameron Diaz pumping gas, but he took it like a man. And destiny rewarded him with the Sports Illustrated gig.



Kate Lee, assistant to a literary agent, ICM

Tenure: One-and-a-half years at Us Weekly

He says: The only problem Kate had was deciding what she wanted to do. She could have done anything. She was a good writer and could have gone that route. I think that her decision to become an agent speaks to a maturity she had. She was so fast, such a fast study.

She says: He's the best editor I've ever seen. I do a lot of editing in my job now, so that's been very helpful. [He was] firm, definite in his needs, opinions and likes-dislikes, and fair in what he asked from his assistants. He didn't expect [us] to just answer his phone but wanted [us] to start writing for the magazine as soon as possible. He'd also ask my opinion about things, which I don't think I expected at first. [I learned] not to waver from your first instinct or from what you believe. And the value of discretion; No one else needs to know your business.



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MEDIA IN DEPTH

Anatomy of a Magazine Cover

What does it take to produce a magazine cover? Well, start with \$100,000. Considering the many expenditures involved, that's almost a minimum budget for creating a memorable image. From the basics of a studio photo shoot to the extravagant requests celebrities often make on location, here's a look at what's behind those coy smiles on the newsstand. **By Sara James**

BOOKING CELEBRITIES

In the earliest stages of planning a magazine issue, a special projects or entertainment editor will approach a potential cover subject. This initial outreach typically happens two to eight months before the shoot, though major stars are often sought out for covers more than a year in advance.

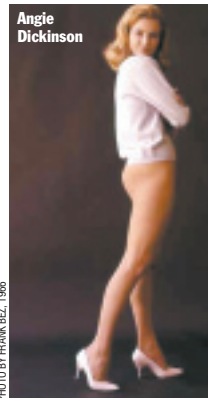
"We approached [the Olsen twins] a year and a half before the shoot," said Allure editor in chief Linda Wells, of her May 2004 cover. "Everyone thought I was crazy at the time because they were still doing tween movies. But we pegged it to their 18th birthday, and it ended up being one of our bestsellers."

"It depends how much competition there is over them and their project," said Teen Vogue editor in chief Amy Astley. "For peace of mind, I like to have covers booked a little ahead.... But a lot of [celebrities] like to leave their options open now, so it's hard."

Once the celebrity has signed on, the star's publicist and the magazine then haggle over various contract riders. These are additional requests made by the star and might include, but are not limited to, the type of transportation and accommodations provided by the magazine, what kind of motor home will be available if the shoot is on location, extra space for the star's privacy, the names of hair and makeup artists the star would prefer to use, specific food requests for catering and stipulations that publicists and/or bodyguards be brought to the shoot at the magazine's expense.

"Usually, it's not just a diva-esque request," Wells said diplomatically. "There might be an awkward history [with a stylist or a writer], or there's been some violation of trust." However, she added, "Sometimes we've had celebrities ask for their own hair and makeup people.... When we've bent the rules and acquiesced, it usually hasn't yielded the best results."

Since top hair and makeup people can charge upward of 10 times the standard editorial rate of \$200 to \$250 per day, upgrading can be an expensive request to indulge. However, when a star insists on bringing in his or her own team, the studio behind the project the celebrity is promoting will sometimes step in to defray costs.



Angie Dickinson
PHOTO BY FRANK KEZ, 1966



Britney Spears on the November 2003 cover of Esquire.
PHOTO BY JAMES WHITE

INSPIRATION

Shortly after the cover is booked, someone from the magazine talks to the celebrity or the celebrity's publicist about the direction of the shoot. Photographers are discussed, as are styles of clothing and locations that might be used. If the celebrity favors certain designers or has a cosmetics contract, those relationships are disclosed. Also discussed are styles and designers the star prefers not to wear, angles at which he or she prefers not to be shot and body parts he or she does not want shown. Independently, the editor in chief and art and/or photo directors will meet to discuss what they want from the cover image.

"We look to see what's been done before, all the covers [the celebrity has] done, who's photographed them. Are they comfortable posing in front of the camera? Are they comfortable moving their bodies?" said Laurie Kratochvil, the photo director of In Style. "We look at our last few covers. Have we done a tight headshot? Have we done a full body?... For a while, we were doing very much a head and shoulder thing, which got a little boring." Now, celebrities appear on In Style's mostly white backgrounds shot over the shoulder, in the "crouching starlet" pose or just sitting on the floor.

Then a photographer is booked. Most magazines have a select group they use for covers. At some titles, the photographers are on contract and are paid a flat fee for their work — anywhere from five to seven figures annually. Other companies simply have a verbal understanding with their photographers and pay them on a daily and/or per-page basis.

High-profile photographers often have a great deal of say in creating the cover image, and they also have their own sources of inspiration. Just as fashion designers consult vintage stores like What Comes Around Goes Around, and chefs frequent Bonnie Slotnick's cookbook shop, many photographers look to Gallagher's Fashion and Design magazine archive in Manhattan's East Village for ideas. The influence of images past is sometimes barely perceptible. In other cases, such as in Esquire's November 1993 cover with Britney Spears, which re-created a classic 1966 Angie Dickinson pose, the photographer makes an overt homage.

"Nothing ever dies in fashion," said Michael Gallagher, magazine archive owner. "It just comes back around. Art directors are the worst — they copy too much sometimes. But when it works, it works. Why not re-create something beautiful and put your own spin on it?"



Liya Kebede on the May cover of Vogue.

MODEL COVERS

Should the publication so choose — or should, say, a celebrity cancel at the last minute — a model might be booked for the cover instead. Models are reserved anywhere from a few months in advance to just days before the shoot. The going rate for editorial work is \$225 a day plus 10 percent to the model's agency — even for supermodels such as Daria Werbowy, Karolina Kurkova and Liya Kebede, who is currently on the May cover of Vogue.

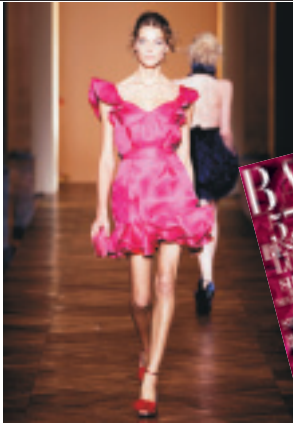
"[Editorial work] is not going to pay the same rate as selling jewelry or cosmetics [in an advertising campaign]," said Ivan Bart, senior vice president of IMG Models. "But doing covers leads to other opportunities.... In the same way that Julianne Moore does a magazine cover to promote a film, models are on covers to promote their interests, too."

LOGISTICS

About a month before the shoot, a photo editor from the magazine reserves a studio space — usually Milk or Pier 59 in New York or SmashBox or Quixote in Los Angeles — or hires an outside producer to begin scouting and coordinating locations.

"When the editor or photographer comes to me, there'll generally be an overall idea of where the shoot should be, what the clothes are and who the subject is," said Victoria Brynner, an executive producer with Stardust Visions, a production company based in Los Angeles. "We'll scout locations and post our pictures on a Web site, so that everybody — the photographer, the editor, the stylist — has a chance to take a look and decide which location is most appropriate."

Prop stylists, hair and makeup people, a manicurist and a caterer are put on hold, as are any other extras that might be used — say, the lions that appeared with Drew Barrymore in the April Vogue cover shoot. The photo editor or independent producer also books all necessary travel arrangements, accommodations and limousine services. A few days before the shoot, call sheets are sent out to everyone who will be attending, and anyone at the magazine who might need to reach someone on set.



A look from Yves Saint Laurent and the same dress on the cover of Harper's Bazaar.



THE CLOTHES

Shortly after the direction is established, the fashion editor and stylist working on the story begin assembling inspiration boards of runway shots and photos. At least three weeks before the shoot, market editors begin calling in clothes and accessories for consideration. A run-through is scheduled, and more clothes are called in if necessary. Once the looks have been picked, all items are sent to the location. If the clothes have to fly, they are usually accompanied by a stylist's assistant. Since celebrities are typically not sample size, there will often be a fitting the day before so that clothes can be altered to fit the cover subject's frame. If that doesn't work, often designers will offer clothes straight from the racks of their stores.

THE SHOOT

The photographer and crew are usually the first to arrive and set up. If a set needs to be built, it's constructed.

The caterers get there to set up for breakfast and lunch.

"I think there are a lot of misconceptions about photo shoots and models and celebrities," said Pam D'Orazio, who owns Palma in the West Village and caters many magazine shoots in New York. "People think they don't eat dessert — they love dessert." And some love it so much they make special requests. One star's manager is known for calling ahead and asking for specific dessert recipes. If there are any leftovers, he's apparently not shy about taking them home.

Hair and makeup people come in an hour or two before the celebrity, who is the last person to arrive on set. While most celebrities have cars in Los Angeles, and many have homes just blocks from the two major studios in New York, few stars offer to get themselves to and from a shoot. Notable exceptions are Julianne Moore, who has been known to walk to locations in New York, and Jennifer Aniston, who frequently drives herself to shoots in Los Angeles. (Uma Thurman, on the other hand, reportedly prefers to be chauffeured, even if it's just a few blocks.)

If the shoot is not in New York or Los Angeles, chances are everyone has to be flown to the location. A-list celebrities, top photographers and top editors and stylists are almost always flown first class. B-list stars, assistants, hair and makeup people and publicists fly coach and must upgrade on their own. While most magazines will only make commercial flight arrangements, there have been instances where celebrities have requested and gotten private jet and helicopter flights to "save time" on a cover shoot.

LAYING OUT THE COVER

Within a week, contact sheets from the photographer arrive at the magazine. Film is picked by the art and photo departments and the editor in chief. A print order is made and the retouching and color correcting process begins, which can take up to two weeks. Most magazines and photographers use Box Studios in New York. Simultaneously, an editor in chief and other editors at the magazine generate cover lines, while the art department uses scans from the original contact sheets to mock up versions of the cover. While stars often ask for photo approval, it's rarely ever granted. However, many celebrities and models are able to see polaroids during the shoot and can make objections if something looks off to them then.



The May W cover and the call sheet from the shoot.

COVER TESTING

Once the editor in chief has narrowed down the possibilities, two to five potential covers are tested, typically by an outside vendor using an e-mail survey. The vendor sends an e-mail blast to people who are asked to rate cover lines and images. Within 48 hours, the editor in chief receives the results of the test and makes his or her final decisions about which image and cover lines to use for the issue.

While some editors argue cover testing limits the creative process, its devotees say the opposite is true. Astley ended up going with a riskier cover choice for the June issue of Teen Vogue in part because of cover tests. "We had lots of different options that were all fairly conventional, with [cover subject Lindsay Lohan] just sitting there," said Astley. "We thought here at the magazine that



Left, the final version of Teen Vogue's June cover, right, an also-ran.

the image with her eyes closed was fun and different, but we didn't know if it would work. The feedback we got [from kids through testing] just helped us follow our convictions."

THE COVER SHIPS

Once the cover has been finalized, the image is sent to the printing plant — typically located in some far off, glamorous locale like Baraboo, Wisc., or Dyersburg, Tenn. — in an electronic file, along with a color proof. Depending on the magazine, someone from production may go with the magazine to the plant. It takes roughly two weeks to print and bind the issue. Within seven days after the issue is bound, magazines arrive on newsstands and in subscribers' mailboxes. And then, of course, the process begins all over again.

THE GOING RATE

Studio
\$1,000-\$1,500/day + \$500/hr after 10 hours

Photographer
(not on contract) \$500/day + \$1,000/page inside + \$2,500/cover image

Stylist
\$250-\$500/day

Hair
\$200-\$250/day

Makeup
\$200-\$250/day

Manicurist
\$150/day

Caterer
\$40-\$60/head for breakfast and lunch

Location
\$2,000-\$18,000/day

Motor home
\$1,000/day

On site producer
\$350-\$600/day

Production assistants
\$175-\$275 each/day

Props
\$2,000-\$5,000/day (furniture, cars, motorcycles, planes)

Prop stylist
\$250-\$500/day

Vintage Car
\$700-\$1,000/day

Standard animals
\$500-\$1,000/day

Exotic animals
\$1,500-\$2,500/day

Studio services
\$500-\$1,000 (in the case of a celeb who's not sample size, clothes are bought to fit)

Expendables
\$500-\$1,500 (food tables, tents, heaters, walkie talkies, furniture pads, clothing racks)

Permits
\$45-\$2,000/day

Parking
\$500-\$1,500/day

Models
\$225 each/day + 10 percent to agency

Limousine service
\$45-\$100/hour + gratuity

Helicopter
\$1,450/hour for flight time + \$100 landing fee at each helipad + \$200/hour wait time

Private plane
\$50,000 (L.A. to Mexico)-
\$150,000 (New York to Europe)

Contact sheets
\$35-\$50/sheet

CDs with digital images
\$25-\$100/CD

Actual prints
\$25/print

Retouching
\$2,000/image

Cover testing
\$10,000

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From left: Cathy Waterman 22k gold, coral and diamond cuff at Barneys New York, Sharon Abouf 22k gold, ruby and diamond cuff at Sharon Abouf New York, Nancy Chapman 24k gold and rose-cut diamond cuff at Maxfield Los Angeles. Photo by Doug Rosa. Styled by Brooke Magnaldi.