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# WWD FRIDAY

Beauty



THE GLASS MENAGERIE

A special report on fragrance. Section II

## Tommy Tunes Up

The Tommy Hilfiger man is growing up. With his newest men's scent, simply called Hilfiger, the designer is targeting an older customer than he has in the past. Hilfiger, which will be launched exclusively at Macy's in September, could ring up first-year retail sales of \$50 million worldwide. For more, see page 4.

### Europe's Luxury Sector In Unfamiliar Territory As Investors Cool Off

By WWD Staff

PARIS — Europe's high-flying luxury sector is losing altitude as pessimism rises among investors.

Shares of PPR, Burberry and other high-end players fell Thursday as Deutsche Bank and Goldman Sachs lowered profit estimates and ratings.

In a report, Deutsche Bank analyst Jamie Isenwater forecast "a continued slowdown in global luxury demand in 2009," pegging organic growth for next year at 6 percent versus 7.1 percent for 2008, and cutting 2009 earnings-per-share forecasts by 8 percent on average.

"While there are obvious attractions

See **European**, Page 14



## Carlos Slim Boosts Saks Stake

Carlos Slim Helú is the second richest man in the world, but that doesn't mean he isn't a bargain shopper.

A trust controlled by the family of the Mexican billionaire took advantage of a low in Saks Inc.'s stock on Monday, snatching up another 2 million shares and building its stake in the luxe retailer to 15.4 million shares, according to a filing with the Securities and Exchange Commission.

That's a 10.9 percent piece of the company, given 140.8 million shares outstanding as of the end of the first quarter on May 3.

The Inmobiliaria trust bought up the shares at

prices ranging from \$9.45 to \$9.75.

Shares of Saks closed down 3.8 percent to \$9.40 on Thursday after the retail chain posted a 1.9 percent rise in comparable-store sales for June. Over the last 12 months, shares of the company have traded as high as \$23.05 and as low as \$9.42.

Helú, 68, whom Forbes magazine ranks behind investor Warren Buffett on its rich list, made his money in the telecom world and is worth an estimated \$60 billion.

A Saks spokeswoman did not return a call for comment.

— Evan Clark

## CFDA Calls for Action on Garment District

By Rosemary Feitelberg

Forty percent of the Manhattan Garment District's production base could vanish in the next three years, according to a new survey, and designers are being urged to press City Hall to preserve a stable and enforceable production core.

After two years of trying to hammer out a rezoning proposal with city officials, the Council of Fashion Designers of America and leaders of the Garment Industry Development Corp., which did the survey, sent a letter Thursday to the CFDA's 319 members calling on them "express a need for action" to the Bloomberg administration.

Mayor Michael Bloomberg's second term winds down in 18 months, which adds to the sense of urgency. CFDA executive director Steven Kolb said Thursday, "Unless something happens soon under his watch, we could see the whole thing unravel."

Kolb, who signed the letter along with the CFDA's general secretary, Yeohlee Teng, and GDIC executive director Fatiah Hosein, said, "No one imagines that the current zoning is right for 2008."

He is most interested in getting a proposal on the table to preserve manufacturing in the range of at least 250,000 to 350,000 square feet. There is roughly 800,000 square feet dedicated to apparel manufacturing in the Garment District's side streets.

Another option might be to set up "clusters" of production in Long Island City or Brooklyn where factory space is available and more affordable, provided there is a built-in transportation corridor like shuttle buses that would make it easy for apparel workers to get to and from the city, Kolb said.

"We need the city to come to us with a specific plan," whether that be "six to one," "one to one," [referring to potential ratios of square footage reductions], a conversion credit or some other concept," Kolb said.

"We wanted to make sure a good number of our members know what could happen and that they take action," he said. "Our side has been that there have been a lot of presentations and we have heard a lot of ideas, but we keep being told that we will hear something soon. We are not getting any specific plan in terms of what they want to do in the Garment District to protect production."

A spokesman for the Mayor's Office said Thursday, "We continue to actively pursue a plan to spur investment in the garment district and keep New York City the fashion capital of the world. A successful rezoning plan will balance the needs of the garment industry, the property owners and other developing businesses, and as soon as we achieve a consensus on what the right balance is, we will take a proposal forward."

## U.S. Targets Illegally Transshipped China Goods

By Liza Casabona and Kristi Ellis

WASHINGTON — The political climate surrounding imports from China intensified Thursday when U.S. trade officials announced fines and seizures for illegally transshipped goods.

U.S. officials said they will charge an additional \$80 million, or four million dozens, of apparel to China's 2006 and 2007 quota levels because of goods that were shipped to the U.S. from China, but were mislabeled with 11 different countries of origin. Transshipping usually occurs with the intention of sidestepping quotas and tariffs.

A joint announcement from U.S. Customs & Border Protection, the interagency committee for the Implementation of Textile Agreements and the U.S. Trade Representative said investigators had identified more than 1,000 cargo containers of transshipped apparel from China that entered the U.S. in 2006 and 2007. Some of the goods were seized and fines were levied against importers for product that had been distributed.

The investigation began midway through last year when Customs officials found evidence of transshipping and was then extended to include 2006, said Brian Fennessy, branch chief for textile policy in the Office of International Trade, a division of Customs.

The retroactive charges will not have an effect on 2008 quotas, trade officials said. But it adds to China's record of export improprieties and reveals a more accurate record of China's import growth. Ten apparel categories were involved, including cotton knit shirts and cotton trousers.

In the 12 months ended April 30, \$8.6 billion in apparel and textiles under quota was shipped into the U.S. from China, which represents almost 30 percent of all apparel imports. The total value of apparel imports to the U.S. was \$71.6 billion in 2006 and \$73.9 billion in 2007, according to the Commerce Department.

"It is crucial that we continue to give [Customs] the resources and tools necessary to battle against massive amounts of transshipped textiles that enter our country," said Rep. Robin Hayes (R., N.C.), whose state has been hit hard by textile industry job losses.

Hayes recently secured \$9.5 million in funding in a fiscal 2009 spending bill pending in the House to help Customs agents curb illegal textile transshipments from countries such as China.

The textile industry has made its top policy initiative either securing a legislative solution or getting help from the Bush administration to restrain imports from China and Vietnam, two of the biggest suppliers to the U.S. The three-year bilateral quota agreement with China that restricts 34 categories of apparel

and textile imports is set to expire at the end of the year.

A Vietnam apparel monitoring program, administered by the Commerce Department to evaluate whether goods are being sold in the U.S. below market value or the cost of manufacturing, known as dumping, will expire in mid-July.

"This huge amount of illegal activity demonstrates the need for the U.S. government to tightly monitor imports from China when quotas are removed on Jan. 1," said Cass Johnson, president, National Council of Textile Organizations.

A spokesman for the American Manufacturing Trade Action Coalition said, "After quotas from China expire, you still very much would want to keep the entire enforcement program in place."

Importers, who oppose an extension of the Vietnam program and inclusion of Chinese imports, said they were concerned the textile industry would use the announcement of transshipments as leverage for another year of monitoring Chinese and Vietnamese imports.

"The domestic textile industry will use anything they can to support restrictive regimes on China," said Stephen Lamar, executive vice president for the American Apparel & Footwear Association.

Laura Jones, executive director of the U.S. Association of Importers of Textiles and Apparel, said, "This is politics, pure and simple."

# WWD FRIDAY

Beauty

## GENERAL

- 1 Europe's high-flying luxury sector is losing altitude as pessimism rises among investors, evidenced by a drop in shares at PPR and Burberry.
- 4 BEAUTY: Tommy Hilffiger is turning the sophistication up a notch with the September introduction of a new signature men's scent called Hilffiger.
- 5 Coty Beauty is hoping to hit a high note where art, commerce and philanthropy harmonize with the La Voce Renée Fleming fragrance.
- 9 Retailers reported fairly upbeat June same-store sales, led by strong results from Wal-Mart, which forecast higher second-quarter profits.
- 11 Bath & Body Works is joining a growing field of U.S. retailers expanding internationally, announcing that six stores will open this fall in Canada.
- 12 The Indian government, under pressure from textile firms, abolished import duty on raw cotton to increase supply and decrease prices.
- 12 Bankrupt Steve & Barry's, with a lack of cash as it nears the back-to-school season, wants to make short work of a reorganization or sale.

Fragrance In Depth is included as a Section II in this issue.

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## Quote of the Week

"Temperate pragmatists are saying 'enough already' — we're drowning in our material excess and starting to feel guilty."

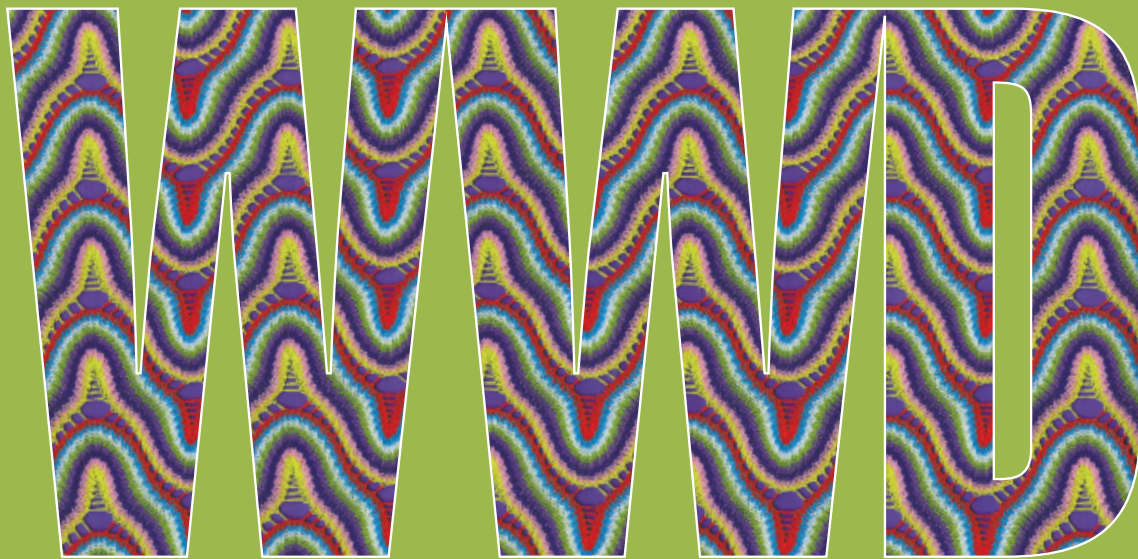
— Pamela Danziger, Unity Marketing president

## In Brief

● **ASPEZI JAPAN:** Italy's Alberto Aspesi & C. SpA has bought back the 80 percent stake in its Japanese subsidiary from local partners Fast Retailing Co. Ltd. and Mitsubishi Corp. for an undisclosed sum. "It was a consensual decision," said Luca Liberali, a partner at private equity firm Investitori Associati, which owns 50 percent of Aspesi. "We wanted more direct control over distribution in an important market. They had exhausted their interest in growing the business." Fast Retailing, whose other brands include Uniqlo, Comptoir des Cotonniers in France and One Zone in Japan, and Japanese trading house Mitsubishi had held 60 percent and 20 percent, respectively, of Aspesi Japan from 2005. Fast Retailing said it expected "minimal" impact from the sale on its consolidated results for the year ending in August 2008.

● **FRIEDMAN TO STERLING:** Barbara J. Friedman has joined Sterling International, the executive search firm, as a partner. Most recently she was president of corporate licensing for Liz Claiborne Inc. Earlier, she was president of licensing for Anne Klein, a division of Takihyo Co. She has also worked at such firms as Christian Dior, Chloé, J.C. Penney and Bloomingdale's. Friedman will be based at Sterling's New York office.

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## The Beauty Report

## Galliano's Romantic Vision



The outer carton for John Galliano's scent.

**PARIS** — What's easier to make: a couture dress or a signature fragrance?

According to John Galliano, who is introducing his debut scent some 20 years after launching his fashion brand, it's the latter.

"We had about 360 tests — more than for a couture collection," mused Galliano, adding he'd long wanted to create a fragrance bearing his name. "Any designer dreams of this day."

Galliano was involved with every step of the scent's development. The outer packaging, for instance, was inspired by his "love of collage. My life is a bit like a collage," said Galliano.

The British designer, who is also the couturier at Christian Dior, let his romantic vision run full throttle with the fragrance project, from scattering love letters throughout the room of its launch event to the multilayered references that figure in the final product. There's the artist Baldini; Galliano's frothy, bias-cut dresses; the powdery backstage at his fashion shows, and his childhood memories of freshly ironed shirts, to name a few.

"We were trying to capture the essence of the Galliano girl," he continued of the fragrance due out starting at end-September.

To explain his idea, Galliano made up inspiration boards.

"We started working in the same way that we work on a fashion collection," said Fabrizio Malverdi, executive director of John Galliano.

"John spoke of flowers, particularly of rose, peony, iris with its powdery side, violet and of transparency," continued Brigitte Wormser, vice president creation at Selective Beauty's luxury division, who added Galliano researched antique fragrance bottles, too.

He draped such flacons with actual fabrics and then made drawings of them. Galliano's bottle designs culled various influences.

The treatment of the bottle's neck, for instance, was inspired by collars appearing in his first fashion collection, Les Incroyables.

Wormser added that to re-create on the bottles a play of light on drapery found in Baldini's paintings, Galliano and the team used a technique allowing for a gradation from metallic color to an almost transparent hue. It is the first time such a process has been used in the fragrance industry, she said.

The John Galliano flacon is topped with a Gothic G and its outer box is designed to look like a book, reminiscent of travel tomes the designer makes following his fact-finding voyages undertaken before creating fashion collections.

"He always makes a book of research of everything inspirational he found during the voyage," said Malverdi. A face assembled in collage appearing on the John Galliano box, whose sides are lined to look like pages of a book, is model Guinevere Van Seenus'. The outer box's interior is printed with Galliano's signature gazette.

Perfumer Christine Nagel (most recently at Fragrance Resources but who was at Givaudan while creating John Galliano) and the designer concocted a modern floral aldehyde. Like Galliano, Nagel has strong childhood memories of the odor given off from freshly ironed fabrics, and found an overdose of aldehyde gave a good riff on that. Aldehyde serves as the main olfactive structure around which flower notes are built, plus others including amber and patchouli.

Advertising for the fragrance, which comes in single and double pages, was shot by Jean-Baptiste Mondino. For it, Van Seenus wears a specially created Galliano dress, while in a version destined for the Middle East she sports a Galliano-made jacket. The scent figures prominently in the ad whose tag line reads: "The number 1 fragrance from John Galliano."

The scent will be launched at the end of September in the U.K., through an exclusive with Harrods, and in Germany. On Oct. 11, it is to be introduced in France, exclusively at Sephora, and then a few days later in Switzerland. The launch in the rest of the world will take place in 2009. Distribution of the fragrance will be extremely tight — in only some 3,000 doors worldwide in the first 12 months, according to Jim Ragsdale, managing director of Selective Beauty's luxury division.

While Selective Beauty executives would not discuss sales projections, industry sources estimate the John Galliano scent will generate \$30 million at wholesale in its first year.

The line includes a 90-ml. eau de parfum spray for 100 euros, or \$158; a 60-ml. edp spray for 80 euros, or \$126, and a 40-ml. edp spray for 60 euros, or \$95. A 200-ml. body milk for 38 euros, or \$60, and a 200-ml. shower gel for 33 euros, or \$52, will be available at launch. A 150-ml. body scrub for 39 euros, or \$62, will come out sometime after the initial fragrance introduction.

— Jennifer Weil



The bottle for Galliano's first fragrance.

## Tommy Aims for New Man With Hilfiger Fragrance



Tommy Hilfiger and Veronique Gabai-Pinsky.

Tommy Hilfiger is turning the sophistication up a notch with the September introduction of a new signature men's scent, called Hilfiger.

The eau de toilette, which is set to be launched exclusively at Macy's, follows the February introduction of Dreaming Tommy Hilfiger, a feminine scent that was also positioned as more upscale than the designer's previous fragrances.

"This runs hand-in-hand with elevating the brand," Hilfiger said of the new men's scent in an interview. "The sophistication level is higher, it's more grown-up, more polished."

The designer added that because his upscale fashions in European specialty stores have been the strength of his collection, the U.S. fashion business was cleaned up, re-trenched and repositioned — and fragrance, along with a retail store opening strategy, has since followed suit.

"It's time to offer a new product for a slightly older customer and allow him to wear something day into evening — and launch it at a time when the brand is on the rise in terms of quality and renewed positioning," said Hilfiger.

Executives at his fragrance licensee, the Estée Lauder Cos. Inc., contend that Dreaming has helped rebuild brand equity and that the aim is to continue the momentum with the new Hilfiger scent. The executives refused to break out sales projections or budgets, but, clearly, a lot is riding on this launch. Industry sources estimate Hilfiger could generate first-year retail sales of \$50 million worldwide, of which \$10 million to \$12 million could be generated in the U.S.

"This is to capture older men in the fashion market and reestablish [the brand] in the men's world," Veronique Gabai-Pinsky, president of Lauder's Aramis and Designer Fragrances division, said of the new men's scent, which targets guys 25 to 40 years old.

"[Hilfiger] is more upgraded in age and psychographics," than the designer's original scent, a men's fragrance called Tommy, said Gabai-Pinsky, who added that the 1995 entry targeted guys 18 to 30 years old. "With [Hilfiger], we hope to have another strong pillar of the house."

The target consumer for the Hilfiger scent, "is the guy who can afford the toys," said Gabai-Pinsky, like expensive watches, cars, sunglasses and bikes.

In fact, a bike, specifically a Harley-Davidson, features prominently in a national print ad campaign for the fragrance, which was shot by photographer Greg Williams and features model Tommy Dunn. It is meant to depict a guy who has just left the office, hopped on his motorcycle and rode off through the desert — still wearing his suit.

"They keep a taste for adventure and the outdoors," Gabai-Pinsky said of the target audience, adding, "This is the closest we've gotten to the fashion image in [the fragrance] vision."

As part of an advertising and promotional campaign estimated by sources to be worth between \$7.5 million and \$9 million in the U.S., national print ads for Hilfiger are scheduled for the October issues of GQ, Details, Men's Health and Interview magazines. Also supporting the scent will be some 30 million scented impressions, in the form of scented strips, blow-ins and samples.

Additionally, TV and outdoor advertising is planned for the scent, depending on the market. For instance, a digital billboard is slated for New York's Times Square. Also, there will be a "push in digital communication," said Gabai-Pinsky, who cited planned Internet and social media efforts.

The Hilfiger scent will come in a heavy glass bottle with a square base and rounded shoulders. A brushed metal plate, which reads, "Hilfiger Est. 1985," will be affixed to the front of the bottle.

Launch plans call for the Hilfiger scent to be carried exclusively at 750 Macy's stores for three months beginning in September. Then, in October, Hilfiger is to be rolled out to 40 international markets. Distribution of the scent is then to be expanded in the U.S. in December, to 1,200 doors, including Bon-Ton and Gottschalks.

Hilfiger will be available in 1.7-oz. and 3.4-oz. versions in the U.S., for \$47 and \$59, respectively, which is more expensive than the original Tommy scent. A 3.4-oz. aftershave balm (\$47) will accompany the Hilfiger fragrance at launch. Internationally, a 1-oz. version of the scent, plus a body wash and deodorant spray, will be introduced.

Hilfiger, which is described as a dynamic fougere, was blended by Givaudan. The scent mixes top notes of bergamot, mandarin, pink grapefruit, juniper, rosemary and papaya; a heart of curcuma, mahogany wood, white tea rose and warm skin accord, and a drydown of suede, sandalwood, cistus, papaya, tonka and cashmere wood.

— Matthew W. Evans

HILFIGER PHOTO BY JOHN AQUINO



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# Coty's New Stage: The Metropolitan Opera

Coty Beauty is hoping to hit a high note where art, commerce and philanthropy all harmonize around a fragrance created with the high-octave image of one of the world's most famous opera stars, Renée Fleming.

Dubbed La Voce Renée Fleming, the project is highly unusual in that the proceeds from the sales will go to The Metropolitan Opera at New York's Lincoln Center. Neither Coty nor Fleming will make a profit, executives insist. Although the fragrance will be distributed in only a handful of exclusive locations — generally stores patronized by opera lovers — it is expected that the venture will generate at least \$500,000 at retail.

But money is only part of the appeal. "As a fragrance leader it's about creation and reaching out to the world of art to reinvigorate our capacity to create," said Bernd Beetz, Coty Inc.'s chief executive officer. "Celebrity is one part of it, but we approach it holistically from all angles whether its art or opera."

Peter Gelb, general manager of the Metropolitan Opera, felt that the project will only further his mission in trying to bring opera to mainstream culture.

"We're very happy Coty is supporting the MET not only financially but it also will help bring in a new audience," said Gelb. "Renée's fame transcends the core opera audience and I don't know many other stars who are famous enough to support such a campaign."

Gelb added, "This is part of our initiatives to regain the MET's position in culture. We don't expect to replace pop culture but think it could be more popular and be part of society and everyday life than has been in recent decades. Having a perfume that's publicly promoted and honoring one of opera's greatest stars is a step in the right direction."

Fleming will not only appear as the new face and "voice" of La Voce, but she will also be featured as the main face for the MET season as it celebrates its 125th anniversary this fall. The debut of the limited edition scent will coincide with the MET's Opening Night Gala on Sept. 22, where Fleming will appear in three acts from her most acclaimed opera roles in Verdi's "La Traviata," Massenet's "Manon" and Richard Strauss' "Capriccio."

In addition to being a high note in her career, the evening also promises to be somewhat of an Olympic fashion event. John Galiano, Karl Lagerfeld and Christian Lacroix will create her three gowns for the performance.

The fragrance project evolved from a relationship between Fleming and Beetz on one hand and also a close personal friendship between her and fragrance consultant Ann Gottlieb. They met several years ago at an Anne Klein shoot, where Annie Leibovitz photographed "prominent women." Fleming has been a strong supporter of Gottlieb and even performed at a Circle of Champions event when she was honored.

Fleming sees this as an opportunity to make opera more appealing to a wider audience.

"It's another way to get the message across that opera is accessible and glamorous and if you try it, you might like it," said Fleming. "The last time this was done was almost 100 years ago. Opera singers almost a century ago were the biggest pop stars in the world. Caruso was biggest seller of all and women had glamour that was unprecedented and they advertised not just fragrance but cigarettes — all kinds of different things."

She added, "People other than music journalists will say 'Oh wait there's a fragrance associated with her name, what else does she do?'" said Fleming. "This gives me a larger repertoire of interest."

Retailing for \$200 for a 1.7-ounce bottle, the fragrance will be launched in a select number of high-end retailers worldwide, in addition to the Metropolitan Opera Shop.

La Voce Renée Fleming is categorized as a "floriental" fragrance. Gottlieb worked with perfumer Carlos Benaim of International Flavors & Fragrances in creating the fragrance, which has top notes of passion fruit and white truffle; middle notes of jasmine and lily of the valley; and bottom notes of dark chocolate mousse and ebony wood.

Inspired by the MET's chandelier, the company designed a piece on the bottle in a way so that it can be taken off and worn as a brooch.

La Voce Renée Fleming will be supported by an advertising campaign, which will appear in Opera News, in addition to Playbill and MET brochures. The MET will also

launch a separate marketing initiative to target subscribers.

According to Steve Mormoris, senior vice president of global marketing for Coty Beauty, Coty initially debated whether or not to make the fragrance a commercial or philanthropic endeavor, but decided to make a cultural contribution to the opera world. "We wanted to do a cultural project that enhances our consumer's understanding of fragrance so we do not look at it as a profit generating project at all," said Mormoris. "This is not a licensing deal. We've signed all the communication that proceeds are donated to the MET."

Beetz added, "It's about shaking up the boundaries and educating our organization even more creatively, which will give us even more of an edge. It's daring in comparison to our competition and will help us do what we've been doing to lead innovation in the future."

At an interview in Fleming's Upper West Side penthouse apartment on Tuesday, Fleming let a little unknown fact slip out: Beetz spent his high school days in Germany as a violist in a baroque orchestra, performing works by Bach and Telemann.

"My music career was intense but short," admitted Beetz. "I grew up with music but by 18 I stopped it and took up other things, but my love for music and opera always stayed with me."

Beetz and Fleming both agreed there are many similarities between music and fragrance as an art form. To Beetz, the common link between opera and fragrance is the idea of perfection in terms of the overall production, where as for Fleming its about similarities in the terminology.

"In fragrance, you have to get everything right from the packaging to the positioning of the product, and the same perfectionist approach applies to opera," said Beetz.

Although Fleming was familiar with the words used to describe fragrance, when it came to hitting the right notes — in fragrance terms — she was unsure.

"When Ann talked about notes, pitches, harmonies and building chords, I got it from the start, but in terms of what I wanted [with ingredients], I didn't know what I liked but knew I didn't want something heavy, floral and old-fashioned," said Fleming.

Although she hesitated to elaborate — considering the stereotypical image that opera divas have when it comes to their affinity for food — Fleming said she found it easier to relate to food when choosing fragrance notes. While joking, "Please play down loving food," Fleming said that the one fragrance note in particular that she was drawn to was the white truffle accord.

Although Fleming is far from the cliché soprano diva and more like the girl-next-door from suburban Rochester in upstate New York, she admits that the high-strung caricatures do exist.

"There are lots of people who fit the bill and those like me, for whatever reason, just don't change and are very similar to what I was when they were 16," said Fleming. "The word 'diva' to me means two things — goddess on stage, which I really hope I am, and someone with horrible temperamental behavior off-stage."

Fleming isn't stopping with just her fragrance and MET engagements. She's scheduled for multiple performances during the Beijing Olympics. Her most recent album, entitled "Strauss: Four Last Songs," will also be released by Decca in the fall.

The most surprising honor of all will come next month when she is awarded Sweden's Polar Prize by the King of Sweden, Carl XVI Gustaf, along with Pink Floyd.

"I keep telling Pink Floyd we should do a performance together," said Fleming. "I love Pink Floyd — everything I know about them is from Tom Stoppard's play 'Rock 'n' Roll.'"

— Michelle Edgar



La Voce Renée Fleming



Renée Fleming with Bernd Beetz.

FLEMING PHOTO BY TALAW CENTER

## Malle Goes for 'Understated Sensuality' With Scent

Frédéric Malle held court in the Penthouse at Barneys New York's Madison Avenue flagship Tuesday evening to unveil his latest fragrance, a women's scent called Dans Tes Bras that's set to be launched in the fall.

The scent, whose name translates to "In Your Arms," is the second to be created by perfumer Maurice Roucel for the Editions de Parfums Frédéric Malle assortment.

Malle said he didn't want to do "a sequel" to Roucel's first Editions fragrance, a 2000 launch called Musc Ravageur, which Malle described as having an "extroverted sensuousness." Rather, for Dans Tes Bras, "We tried to portray an understated sensuality, a fragrance to mingle with the skin," said Malle. "We wanted to portray warm, salty skin."

For Dans Tes Bras, Roucel mixed top notes of bergamot, clove, violet and jasmine with a heart of sandalwood, patchouli, incense and cashmeran and a base of heliotrope and white musk.

The scent, which will come in a 100-ml. version for \$220 and a 50-ml. size for \$150, is the 18th Editions fragrance.

It will be launched exclusively at Barneys in late October.

Bettina O'Neill, the retailer's vice president and divisional merchandise manager for women's cosmetics and fragrances, noted that Editions is "our number-one fragrance brand." She added that the business is up by 50 percent to date and driving performance is the "quality and experience of the brand."

O'Neill said she expects Dans Tes Bras to be one of the brand's three top sellers, along with Musc Ravageur and Carnal Flower, a 2005 entry.

Internationally, Dans Tes Bras will be introduced at Holt Renfrew in Canada, and at Edition's 50 points of sale in Europe, including the firm's three freestanding stores in Paris. Malle also anticipates opening an in-store boutique at Liberty in London in October.

Industry sources estimate the scent could generate first-year retail sales of \$500,000 globally.

**"We tried to portray an understated sensuality, a fragrance to mingle with the skin."**

— Frédéric Malle



— M.W.E. Frédéric Malle's newest scent.

## The Beauty Report

## NACDS Delivers Innovation to Fuel

By Faye Brookman and Andrea Nagel

**SAN DIEGO** — Retailers were looking for quick-fix ideas to jolt sales during the second half of 2008 — while manufacturers hoped their new launches would fit the bill — as both parties met at the National Association of Chain Drug Stores Marketplace meeting here late last month.

Held from June 28 through July 2, the event drew 4,100 attendees and exhibitors, including 900 retail buyers and nearly 600 exhibiting companies. Many buyers cringed when asked about prospects for the second half of the year. But, trying to be optimistic, they said they have a few tricks up their sleeves. Most said they plan to entice shoppers who are trading down to mass outlets during tough economic times — with the intent of keeping them once times get better.

Sherry Saffert, for example, senior category manager for CVS, said her chain will add some impulse beauty items for the holiday. Jerry Kuske, executive vice president of merchandising, Rexall Pharma Plus, said he's trying to hop off the promotional treadmill and instead offer products to layer on sales. Even when consumers are penny-pinching, he said, they'll opt for a beauty luxury.

"We are not becoming more aggressive promotionally, but instead we are brainstorming [with vendors] to come up with unique ideas," said Kuske. Direct mail, e-mail and loyalty card initiatives seek to drive consumers into stores. Innovation, he added, continues to drive sales, with products such as Clairol's Perfect 10 at-home hair color. Kuske is also expecting a new 12-foot natural section to help drive sales in a retail climate he predicted that is "about to be extremely challenging."

Mass market cosmetics are up 2.3 percent for the 52-week period ended June 14, for drug, food and mass excluding Wal-Mart to \$2.78 billion, according to ACNielsen. Fragrances aren't faring as well. Women's dropped 4.9 percent to \$451 million while men's scents also tumbled 4.7 percent to \$141.8 million, according to the sales tracking firm.

Manufacturers seem to be kicking into overdrive to find new products to stimulate sales. One of the busiest exhibitors was Coty Inc., which was situated next to its recently acquired Del Cosmetics' booth. Next year, the company plans to integrate into one booth.

On the fragrance side, Coty has big plans for its new Tim McGraw fragrance, as well as Celine Dion's Inspiration. Although the mass market fragrance business is off, Michael Ferrara, Coty's senior vice president of marketing, said there is opportunity because of "leakage" from the prestige market. In fact, despite the rough market, Coty's overall sales are up 10 percent, and the firm has gained 3 percentage points of share in fragrance, which Ferrara feels will only expand with McGraw, Inspiration and the launch of All American Stetson, supported by Tom Brady. "This is a whole new Stetson, it isn't your dad's Stetson," he said.

Also on the horizon for the second half is the February introduction of Kimora from Kimora Lee Simmons, and Halle, a signature scent from Halle Berry in June, which has a very upscale bottle.

"We've got the products, the right celebrities. Now our number-one mission is to work on the in-store presentation," said Ferrara. "We have a window while mass stores attract shoppers in this economy to make an impact so they stay when they have more discretionary income. It's a critical time to make mass a sanctuary for her."

On Coty's cosmetics side, David Russell, vice president strategic and customer marketing, said the company is firmly behind all three cosmetics brands, namely Rimmel, Sally Hansen and NYC, as each reaches very different consumers. He compared the three brands operating simultaneously yet separately to L'Oréal's different marketing strategies for Lancôme, L'Oréal Paris and Maybelline New York. He added there are plans to leverage technology among the three brands.

Rimmel, for one, is focusing on building its Lasting Finish franchise, which was relaunched in the first half of 2008 with Lasting Finish Lipcolor. "We saw an opportunity to upgrade," said Russell, adding that Lasting Finish Foundation was launched at the same time.

Rimmel, Russell explained, does not devise tactical launches but instead picks points of interest and drives them. To that end, Rimmel Underground has been assimilated into Rimmel, as focus groups and consumers "did not get why it was different from Rimmel and why it was in two different places in the store," Russell said. However, some key pieces will remain tagged Rimmel Underground, but they will be merchandised

The NACDS show floor.



Yes to Carrots was a popular booth at NACDS.



Judy Wray and Kathy Delorenzo, Rite Aid.



Jackie Madsen, L'Oréal USA, with Kathy Steiry, Walgreens.



Jerry Kuske, Rexall Pharma Plus.

Bill Baxley, Kerr Drugs.

alongside other Rimmel items. "Eventually, we may pull the Rimmel Underground logo" but that remains to be decided, Russell said. He also pledged support for the myriad initiatives Del has in the pipeline. As of July 1, the company was officially merged into one organization with a mixture of both Del and Coty executives. Del's headquarters in Uniondale, N.Y., are set to close by the beginning of next year. Although retailers were pleased to hear about the plans, they did lament the departure of seasoned veterans from both companies, most notably Coty's Michaelene Roark, a 37-year veteran of the business.

Physicians Formula kept mum about its new product offerings, and said only that between 50 and 100 items are planned for 2009 across the firm's franchises, including Organic Wear and Mineral Wear. Ingrid Jackel, Physicians Formula's chief executive officer, said the new items would "infuse new technology in our core categories, which have been exciting retailers out of their sluggishness." She added that she's seeing the market — nervous about the second half and beyond — embrace one of two strategies: Heavy promotions with circulars and increased trade spending to compensate for lackluster traffic and increased product giveaways. "Strong brands will come out of the storm," said Jackel. "Short-lived strategies like these educate the consumer to always look for these types of deals. Innovation keeps consumers excited."

Although natural and organic were hot topics in educational sessions, there were fewer than expected natural launches, as a result of the confusion about proving an item's natural content.

Jane Cosmetics, however, did unveil its new efforts to follow up on the success of BePure minerals with a line called Aquacuticals. Several chains, such as Target and HEB, are expanding natural beauty sets, while as previously mentioned Rexall Canada is adding 12-foot natural sets to its assortment, so the category is poised for growth, suppliers said.

Alain Torcat of Excelsior Beauty is reaching out to stores to help them build special assortments of foreign beauty brands with a natural positioning. He said to expect to see a natural beauty set debut at Sephora Europe in the fall and in Boots stores in December. Torcat's past projects include developing Walgreens' European Beauty Collection, which is currently being refined and streamlined to better reflect what American consumers want. To that end, slimming body products will be cut. In the U.S., he is currently working with Meijer on adding a beauty adviser to its more upscale beauty assortment of 17 beauty brands. Torcat is also working with HEB on a beauty adviser for its many shelves of skin care, as well as the development of a massage natural program.

Natural care manufacturers included Giovanni Organics, which attended Marketplace touting its D:tox System, a line that uses activated charcoal, volcanic ash, acai and goji berry. D:tox includes a purifying body wash, a bar soap, an exfoliating body scrub and a replenishing body lotion. Products will retail for about \$9.95 each.

German-brand Lavera also exhibited, showing off its new antiage skin care line, Lavere. There are three ranges targeting three different age groups, those 25 and older, 35 and older and 45 and older. Item prices will range from \$60 to \$242.

Some chains took advantage of competitors' lapsed exclusive deals. Yes to Carrots, which had been sold as a drugstore exclusive at Walgreens, was the most talked about beauty booth at the show. When asked what was new, two Rite Aid executives directed a reporter to Yes to Carrots, where visitors were tasting carrot juice and learning of the firm's new additions, including Yes to Cucumbers, which targets normal to sensitive skin, and Yes to Tomatoes, which is formulated for combination and oily skin. The brand recently entered Duane Reade and Ulta, too.

Lumene, a former CVS exclusive, was also at Marketplace telling its story and planning expansion of its 8-foot sections into more Target and HEB stores. With its roots in Finland, Lumene has some innovative ingredients, as seen in its new Energizing Cocktail, a serum formulated to add radiance with cloudberry and cranberry extract, and Time Freeze, a cooling eye stick. The color portion of the brand, which is sold in CVS stores, is being compressed to focus on skin care.

Last year's big story, minerals, has died down. Although, there was one new vendor, Deluvia, showing its mineral selection called Demure. The company has had minerals available in specialty stores and hopes to get distribution in mass, especially stores such as CVS and Wal-Mart, the latter of which the firm said is strongly targeted to the upper-middle-class consumer. Deluvia said its products offer retailers a 50 percent margin as opposed to 30 percent, and a Demure minerals starter kit which retails for \$50 is now available. The Clearwater, Fla.-based company does not use fillers or parabens in its color mineral formulas and is planning a \$2 million ad campaign next year to help promote its products.

Markwins' senior vice president marketing, Shawn Haynes, described how the company has been slow to roll out Beauty Benefits, a mineral line with skin benefits. But said the effort is paying off as retailers "get" the concept. Direct mail, buy-one-get-one-free offers and mobile text programs are helping drive sales. A one-week regional program with HEB

# Growth in Second Half

used all three tactics earlier in the year and helped push the brand's sales up 18 percent, said Haynes. Mervyns and Sears, he added, is completely redoing their respective cosmetics assortment, and are getting into beauty "in a big way." Value brand Wet 'n' Wild, he said, is growing, due to the economy, while Soho branded cosmetics cases will now have removable fashionable pins for spring 2009. The brand is also branching into accessories, such as suntan lotion bags, tote bags and passport carriers.

Other brands showing their wares include Nature's

great value versus prestige alternatives," said Drosos. "Really, the costliest mistake a consumer can make is buying something that doesn't perform." New launches in the back half include Olay Definity Color Recapture, a tone-enhancing product that offers daily antiaging miniaturization and sheer coverage to even skin tone. Another is CoverGirl Blast Eye Enhancers Shadows in vibrant shades created by P&G's global creative director, Pat McGrath.

L'Oréal Paris is optimistic for the second half, too. Carol Hamilton, president of L'Oréal Paris, said that

Lavera's new antiage line, Lavere.



Giovanni's new D:tox line.



Therapy's Hot-flash Emergency Relief cooling gel, which recently released clinical studies showing that of those who tried the product designed to give relief to women suffering from hot flashes, 80 percent saw their hot flash intensity diminish; 51 percent said hot flash frequency had decreased; 94 percent agreed it was important that the product was hormone-free and all natural, and 83 percent said the items was effective.

Milani said that while the first half may have been tough for some, the company experienced increases, which it credited to its Runway Eyes eye shadows. Looking to drive sales in the slumping lip category, Milani is launching Lip Mixer, which has three layers of formulas in one tube: one with reflective pearls, one with shimmer and another with conditioner. Other new lip items include Glitzy Glamour Gloss, Buzz Worthy lip gloss and Pretty Pairs, which includes a mirror and a lipstick and lip gloss in one package. Big excitement at the brand centered around the \$7.99 Mineral Mousse Foundation, which dispenses the product via an airless pump.

Hair care didn't get much buzz at Marketplace, outside of the success retailers noted for Clairol's Perfect 10 hair color.

ACNielsen tracks hair care up 1.1 percent in sales to \$4.45 billion for latest 52 weeks ended June 14, excluding Wal-Mart. Within that is hair color, which is down 0.3 percent, while conditioners are up 3 percent and shampoos are up 0.4 percent.

However, Alberto-Culver Co. has two big launches planned for both its TRESemmé and Nexus brands in January 2009, but the firm's Tom Nestor, vice president of U.S. sales, would not elaborate. Nestor did have a slightly more optimistic outlook on hair care, saying that despite the economy he "doesn't expect spending patterns to change that much" and that vacations, gas purchases and dinners out would feel the pinch. "An extra \$4 to \$5 for skin or hair care isn't a big stretch," he said.

While many of beauty's small to mid-sized players continue to fuel the new-product pipeline, leading players L'Oréal and Procter & Gamble Co. are the companies everyone looks to drive innovation — and the companies that stand to take either the biggest hit or gain, depending on how one analyzes the customer, during an economic downturn.

Contacted after the show, Procter & Gamble's Gina Drosos, president, Global Personal Beauty, said P&G's beauty business is poised for growth despite higher commodity costs.

"While we have recently announced price increases in some of our products (driven by increasing commodity costs), our top performing mass products still offer

Milani's Minerals Mousse Foundation.



Hot-flash Emergency Relief cooling gel.



"whatever the economy, if you have innovation it sells because women want to try something new."

Two new L'Oréal items in skin care and three in cosmetics aim to lure consumers into mass. The most potent form of Revitalift's Antiwrinkle Concentrate is set to launch, called Advanced Revitalift Concentrate Clinical Action, which will be supported by major TV ads.

Under the Age Perfect Pro-Calcium, there is Age Perfect Pro-Calcium Radiance Perfector Sheer Tint Moisturizer, which is said to reduce age spots, provide sheer tint and stop new age spots from forming. The item will be supported by ads featuring L'Oréal spokesperson Diane Keaton. On the cosmetics side L'Oréal is launching the first Infallible Never Fail lip item in a stick, offering more forgiveness and creaminess, Hamilton said. From the Bare Naturele range, there will be a new mascara targeting the woman "who wants everything from a mascara, but who may not use it everyday," as well as a lip balm, "the fastest-growing segment in the lip category." The lip balm will offer 10 shades as well as lip balm benefits. HIP will also see a new lip balm, called Jelly Balm.

Maybelline-Garnier's Karen Fondu, president of the division, concurred that innovation in products and consumer communication "is key to driving a stronger second half" with an emphasis on value and innovation. "Despite heavy pricing activity in the marketplace, we will be offering new consumer values to drive trial...and encourage purchasing of multiple products building the retailer's market basket."

## SNIPPETS AT NACDS

**STYLE SCOUTS:** At the National Association of Chain Drug Stores, In Style magazine held its In Style Insiders' Most Wanted Awards at which style scouts judged what they thought were the latest and greatest trends on the Marketplace show floor. Five girls went from booth to booth seeking out cosmetics, hair and skin care standouts. Bottega Verde won the award for most wanted skin care, while Revlon's Beyond Natural Foundation won for cosmetics. Woodbridge Labs Psst! Instant Spray Shampoo received the hair care award. The most Buzzworthy award went to Yes to Carrots for its Deliciously Rich Body Butter. Lumiport's Dermastyle Rivelle received the best product innovation award for its antiaging handheld light-based device designed to boost collagen. And, Garnier won best packaging for its Nutritioniste Skin Renew Anti-Puff Eye Roller.

**NATURAL EXTENSION:** Alba Botanica and Jason Pure, Natural & Organic are expanding its offerings by launching new categories. This month, Alba Botanica is introducing Very Emollient Body Lotion self-tanners in medium and light bronzing shades. In August, Jason is rolling out a children's line called Jason Kids Only! The range is formulated with natural essential oils and extracts to protect, hydrate and soothe the skin. Items include a foaming hand soap, shampoo, bath gel and toothpaste.

**SPOT ON:** Lumiport is introducing a new DermaStyle light therapy device to treat acne. Retailing for \$149, the new device is more powerful than its previous products as it uses more light that helps eliminate bacteria in the skin, reducing blemishes and preventing future acne outbreaks. The new device treats a larger skin area so consumers don't have to address one blemish at a time. The battery-operated device also has a timer, which is set at five minutes for the treatment.

## Beauty Pros Identify Trends

By Faye Brookman

Eight trends will set the tone for beauty in the next year, according to In Style senior beauty editor Patricia Tortolani, and CVS senior category manager for beauty Sherry Saffert. The trends discussed were:

- **Statement Makeup:** High impact colors are making a big splash, such as blue eye shadow and yellow nail polish, Tortolani said. "And we are seeing the trends come runway to retail," added Saffert, who said that although CVS must gauge what is a trend and what has staying power, her chain is trying to have the latest looks in a timely fashion. "We want to have a collaborative effort in store with what consumers are seeing. We need to bring the message to life in our stores."

- **Luxe for Less:** If ever there was a trend right for drugstores, it is the concept of getting the latest looks on the cheap. Tortolani mentioned looks such as the new Jemma Kidd for Target and the new Natural Beauty by Carmindy. Saffert said that the makeup artist lines have been a big boost to mass since they have avenues to educate consumers on makeup application.

- **Be Your Own Pro:** In Style's Tortolani has noticed more women tackling at-home treatments ranging from laser hair removal to hair color. She cited products such as Clairol's Perfect 10 at-home hair color as feeding that trend. Saffert agreed that products such as that have been a boost to chains and that much has improved in making shade selection at the point of sale.

- **Makeup as Jewelry:** Upscale marketers have made jewelry into a fun beauty fashion accessory and Saffert said there are efforts for this holiday to carry that message to mass. "These are obviously short term, but they can drive sales," Saffert said.

- **Nailing It:** Bright colors are helping refuel the nail color category. Boosted by new color statements, the once stagnant nail color category is once again coming to life.

- **She's Come Undone:** Tortolani said messy updos continue to dictate hair styles and Saffert said that mass retailers are able to satisfy that demand with myriad hair accessories.

- **Embrace Curves:** Both speakers agreed that there is no longer one look for beauty and that women are learning to love their bodies — no matter what size.

- **Going Green:** The experts agreed that more consumers are looking for green, but Saffert noted that shoppers are confused and won't want to lose out on efficacy. "We have to be careful," she noted. Consumers, she added, are willing to pay more for organic, but they will expect high levels of performance, too.

## Trade Show Adds Spice to Image

Cosmoprof Worldwide Bologna is kicking off a new advertising and public relations campaign to help create a more beauty-centric, glamorous and global image of the beauty trade event.

To do this, Cosmoprof, which holds beauty shows across the world, will add a bit of sex appeal to its new imagery, and has created original, independent ads for each of its various trade shows, which are held in regions such as Shanghai, Hong Kong, Bologna, Rio de Janeiro and Las Vegas. The latter show kicks off July 13 at The Mandalay Bay Convention Center and runs until July 15. For example, ads for the Las Vegas show will have imagery incorporating the color green, which represents not only the current trend in eco-friendly products, but the power of money, which many equate to Las Vegas.

Ad agency Red Cell, which is based in Milan, wanted to make the ads focus on Cosmoprof's core ideology, which includes harmony, seduction and well-being. Newly appointed chief executive

officer of Cosmoprof parent SoGeCos, Aureliana De Sanctis, said each image will bear the new tag line, "Where are you going, beauty?" to help paint a picture of the places where Cosmoprof holds shows, places where beauty trends and products are most likely to emerge.

For its second year, the Las Vegas show will hold Discover Beauty — along with newcomer Discover Beauty Spa — during the three-day event, programs created to help make looking for the next big thing in beauty a bit easier for retailers and spa buyers. Here, only select brands are featured, and one-on-one prescheduled meetings have been arranged to guarantee face time with the industry's all important decision makers. The program will be located in the Cosmetic & Personal Care Pavilion within the trade show floor. About 710 manufacturers are expected to exhibit their wares with approximately 25,000 people attending overall.

— Andrea Nagel



An ad for Cosmoprof's Las Vegas show.

## SNIPPETS



Antonio Banderas with children for House of the Roses.

**BANDERAS BLUES:** Antonio Banderas celebrated the launch of his new fragrance — Blue Seduction for Women — with Puig USA and Broadway Cares/Equity Fights AIDS Thursday. There was a special performance by select members of the Tony Award Best Musical "In the Heights" and children benefiting from House of the Roses. Banderas and Didier Maine de Biran, general manager of Puig USA, announced that for every gift set of Blue Seduction for Women sold during the holiday season, Puig USA will donate \$1 to Broadway Cares. "I am committed to the arts so it is wonderful to have Broadway Cares/Equity Fights AIDS and 'In the Heights' as part of this launch and partnership," said Banderas. "I'm proud to partner with Broadway Cares/Equity Fights AIDS, which supports many organizations for children and at-risk youth with educational programs, as well as social service programs for people affected by HIV/AIDS."

**LITERARY SCENTS:** London-based fragrance expert Roja Dove has literally written the book on fragrance. Dubbed "The Essence of Perfume," the 288-page tome will hit bookstores in September. The hardback, which is illustrated with images of vintage bottles and iconic advertisements, explores the history and culture of scent from the ancient Egyptians' penchant for perfume to today's billion-dollar industry. It will be priced at 40 pounds, or \$79.20 at current exchange.

**MATTER OF FACT:** S-factor, TIGI's high-end hair care line, is launching four new items this month aimed at promoting hair health. There's Health Factor Sulfate Free Daily Dose Shampoo for \$24 and Daily Dose Conditioner for \$26, both of which use nettle, yucca and white ginger extracts to condition and revitalize hair, as well as horsetail and rosemary extracts to strengthen and promote healthy hair and scalp. S-factor is also introducing new Balance Boosters, which are four 0.85-oz tubes designed to be used with either the new Health Factor shampoo and conditioner or last year's Color Sassy shampoo and conditioner. Each tube contains two doses of a weekly deep conditioner and sells for \$34 for each set. The Health Factor Boosters contain shea butter, while the Color Sassy Boosters have sunflower seed extract to resist color fading.

**CANDY LAND:** Sephora and candy aficionado Dylan Lauren, founder of Dylan's Candy Bar, have created a bath and body collection inspired by confections, of course. Flavors include Coconut Bon Bon, Birthday Cake Batter, Chocolate Cupcake and Strawberry Licorice. The assortment, billed as 100 percent natural, includes Lip Saver, a scented balm for \$8 (or \$30 for a set of four), Body Smoothie Lotion for \$16, Candy Butter Cream for \$22, Ice Cream Sugar Scrub for \$20 and Soda Pop Shower Gel for \$16. Re-Treat will be available in Sephora and Dylan's Candy Bar this holiday.

**LAB TRIO:** Cosmeceutical skin care brand, 3Labs, plans to introduce three products this fall, all of which are formulated with Nano-Clair GY, billed as the first bioengineered growth-hormone-like product. The lineup includes the September introduction of Perfect Mask, a pack of six masks for \$120, and in November, the brightening formula Perfect Glow Complex for \$95 and M Cream for \$250, designed to lift skin and protect against pollutants. On the distribution front, 3Labs plans to expand its distribution to Turkey this fall and begin selling in Boyner and Beymen doors. Elsewhere around the globe, it will add Barneys New York, saks.com, Selfridges in the U.K., 61 doors in Germany, Harvey Nichols in Hong Kong and select stores in South Korea.

**JAFRA MOVE:** Frank Mineo, chief executive officer of Jafra Cosmetics International, has exited the direct-sales firm. Mineo, who became ceo last summer after a 13-year stint at Blyth-owned candles and accessories company PartyLite, told WWD a year ago that he would seek to enhance Westlake, Calif.-based Jafra's relevance to younger consumers and increase the brand's penetration in the U.S. But his efforts did not net substantial immediate revenue gains. Annual turnover at Jafra, which is owned by German direct-selling vacuum and kitchen company Vorwerk & Co., hit nearly \$593 million in 2007, up around 5 percent from slightly less than \$562 million in 2006, based on yearly euro-dollar exchange rate averages. Jafra has not announced who will replace Mineo as ceo.

## ROB | B Offers New Take on Nail Salons

By Rachel Brown

ROB|B, LACQUER BRAND OPI'S FIRST U.S. CONCEPT NAIL SALON, IS SET TO ERASE STEREOTYPES faster than old polish jobs when it opens this month in Studio City, Calif.

ROB|B co-owners and fraternity brothers Robbie Schaeffer, son of OPI founder George Schaeffer, and Daniel Schilleci, have made a conscious effort to counter the bad rap nail salons get for lacking cleanliness, privacy and environmental standards in their two-story 3,000-square-foot location.

With the help of Los Angeles architect Richard Best and interior designer Jessica Nakata of the L.A. firm The Black Door, eco-friendly materials were employed throughout, including in the steel frame, floors and sinks. Eight total manicure and pedicure stations downstairs are separated by partitions, and four rooms upstairs are restricted to enhance privacy. All boast individual sinks and flat-screen televisions.

"It has become a very costly build-out, but we wanted to create something that is above and beyond," said the 28-year-old Schaeffer. He estimated the purchase of the building on bustling Ventura Boulevard and construction came to \$3 million.



PHOTO BY THE EB BOVE

OPI's first U.S. nail salon, called ROB|B.

The 16 nail technicians hired by ROB|B endure four to six weeks of training at OPI. They follow a grooming protocol that kicks off with giving customers sanitizer-doused towels, and requires new nail files and tools cleaned to surgical-grade levels. "We want to bring that professionalism to the industry," said Nadine Galli, an OPI veteran.

If that wasn't enough, Schaeffer and Schilleci will personally handle nails. The former, who is the first in his family to become a certified nail technician, will sit behind a three-stool nail bar where walk-ins can get quick, waterless manicures for \$18. Other signature services are a \$30 essential manicure and \$40 essential pedicure for regular nail maintenance, a \$45 spa manicure and \$50 spa pedicure for additional pampering, and a \$65 ultimate manicure and \$70 ultimate pedicure with stone massages and paraffin treatments.

Schaeffer began envisioning ROB|B, which is controlled separately from OPI by an entity called ROB|B Salon Inc., six years ago, when he noticed major apparel makers jumping into the retail business. "We have seen all these massive brands opening stores, we should do the same," he said. "My father has built this amazing business. I have to find my own way, but I also love this business."

ROB|B's target customers are trendsetting women 18- to 45-years-old, but Schaeffer believes that up to 20 percent of the customer base will be men. The salon's design — dominated by a sea foam, tan and brown color palette, and punctuated by water features — is intended to have a unisex appeal. "The whole design is contemporary. It came from boutique hotels," said Schaeffer.

Schaeffer's goal is to generate \$2 million in revenues annually at the Studio City salon, about 25 percent coming from retail sales of OPI and Murad skin care products. Schaeffer expects to expand to a total of six ROB|B flagship locations in key U.S. cities within the next five to 10 years. Franchising is in the long-term plans, with three possible footprints ranging from a small stand-alone nail bar to a spacious full salon concept.

For both consumers and OPI distributors, Schaeffer believes ROB|B will be an exemplary presentation of OPI's complete product and service assortment, and the type of nail salon that ideally incorporates its professional brand message. "We want to raise the respect of the nail salon," he said. "I see so many high-end hair salons around the world. Why can't we be on that level?"



# Wall Street Wary After Stimulus Boosts June Sales

By Matthew Lynch

June comparable-store sales flexed some unexpected muscle, but the lift may be more of a short-term mirage created by economic stimulus checks and store promotions than revitalized consumers.

With the last of the government stimulus checks being mailed today, Wall Street was hardly sold on the idea of a turnaround as the Standard & Poor's Retail Index slid 3.2 percent even as the Dow Jones Industrial Average rose 0.7 percent. The S&P 500 was up 0.7 percent.

July is the last month most analysts expect to see any help from government checks, and some predict that investors and shareholders, many of whom saw the stimulus as the best hope for a retail uptick, could begin to shy further away from apparel retailers.

Along with the checks and mark-downs, comps may also have gotten a boost from warmer weather, Father's Day and the inclusion of two first-of-the-month paycheck cycles.

"June is probably the month where a lot of people had the checks in hand," said Deborah Weinswig, retail analyst at Citigroup. "There hasn't been as much demand destruction in discretionary spending because you had the checks."

Though the debate still rages about the effectiveness of the tax rebates, June comps suggest they had at least a short-term benefit.

"It's hard to ignore that we had five disappointing months and then we have a positive blip here," said Liz Pierce, retail analyst at Roth Capital Partners.

Analysts said the rebates were likely to have been used for value-driven purchases and the June comps tend to support that idea. Mass merchants and discounters continued to show positive comp-store sales, led by robust results from Wal-Mart Stores Inc., which included higher earnings expectations.

The world's largest retailer logged a 5.8 percent increase in same-store sales, not including gas, at its U.S. Wal-Mart and Sam's Club locations, leading it to raise second-quarter earnings estimates to a range of 82 to 84 cents a share. Costco Wholesale Corp. also saw a significant bump, logging a 9 percent comp rise, and BJ's Wholesale Club Inc.'s increased 8.3 percent.

But investors stayed away from even the biggest gainers in the mass sector, which averaged a 4.2 percent gain as a whole. Shares of Wal-Mart fell 0.8 percent to \$57.21 and Costco dropped 1.8 percent to \$70.86.

To be sure, the market's avoidance of the retail sector Thursday could be the product of larger economic trends continuing to take their toll on the average consumer's discretionary dollar.

"Portfolio managers are looking at the sector and realizing it's going to be a slow recovery," said Marie Driscoll, apparel retail analyst with S&P Equity Research. "With the stocks down, portfolio managers are looking and seeing that people are still going to be struggling for another 12 months."

With June in the rearview mirror, analysts said the battle for back-to-school business has begun and they're keeping a close eye on whether the discounters will continue to generate positive sales results in apparel during a season not usually associated with that tier of distribution. The mass merchants will have their work cut out for them.

"The discounters aren't traditionally thought of as back-to-school, so it's not necessarily a home run," Pierce said. "When it comes to back-to-school product, kids are particularly picky about what they put on their back. The specialty retailers are ready to take [the discounters] head on."

The b-t-s season will prove especially important to retailers looking to offset recent slips in the missy category. Stores catering to the mom set have been especially hard hit by the weakened economic environment of rising prices, job cuts and tighter credit. Chico's FAS Inc. reported a comps drop of 12.9 percent, while The Bon-Ton Stores Inc. included dress sales in the blame for its 6.5 percent slide.

"It's almost as if women have stopped buying clothing," said S&P Equity Research's Driscoll. "Women manage the household funds and they realize what the costs are. Traditionally, the first place you saw a slowdown was in men's but there's been such a focus in men's apparel in recent years."

The official start to summer and its accompanying promotions gave specialty retailers momentum.



Nordstrom guided second-quarter earnings estimates down to at or below the low end of its previous range, while Aeropostale reported a 12 percent jump in comps.

Aéropostale Inc. reported a 12 percent jump in comps. The brand's more value-conscious approach also helped to make it a winner, analysts said.

A solid assortment helped drive up comps by 16 percent at American Apparel Inc. and the Children's Place Retail Stores Inc., which gained 16 percent. Retailers with lackluster sales earlier in the spring continued to struggle, such as American Eagle Outfitters Inc., which slid 11 percent in June, and Gap Inc., which saw a company-wide 7 percent fall.

"June is for the most part a clearance month, so there wasn't much new assortment," said Howard Tubin, retail analyst at RBC Capital Partners. "Clearance sales, I think, certainly got consumers into the store. We finally saw some warm spring and summer weather across the country and that helped."

With the macroeconomic outlook still dreary, teen spending may be more promotion-driven than in recent years.

"The younger people are really attuned to the deals," said Jennifer Black, president of research firm Jennifer Black & Associates.

The importance of promotional spending was perhaps best demonstrated by Nordstrom Inc., which pushed a women's and children's promotion traditionally held in June into May. The department store chain reported an 18.6 slide in comps last month compared with a 2 percent gain in June 2007. It also guided second-quarter earnings estimates down to at or below the low end of its previous range of 65 to 70 cents a share. Nordstrom shares declined 8.7 percent to close at \$28.52.

Nordstrom was not alone. The clear loser in the June comp sweepstakes was the department store segment, which averaged a 4.3 percent decrease.

"The trickle-down theory suggests that some of their consumers could have gone down a level," said Pierce of Roth Capital Partners. "Maybe they don't want to put themselves in the position of being tempted, so they go to Wal-Mart or Target or Costco or the off-pricers. Consumers are looking for ways to stretch the dollar as far as it will go."

Even without the Nordstrom slide, the luxury sector looked flat at best. Neiman Marcus Inc. reported a 2.4 percent comp slip, while Saks Inc. posted a 1.9 percent increase.

In comparison, mass merchants averaged a 4.2 rise in comps and specialty stores were mostly flat, registering an average 0.8 percent gain. Of the 38 retailers tracked by WWD, The Buckle Inc. was the leader with its 28.9 percent rise. Shares of the company still closed at \$45, down 3.6 percent.

The off-pricers scored well, with The TJX Cos. Inc. up 5 percent on a same-store basis for the month

and Ross Stores Inc. up 8 percent.

As always, the turn of the b-t-s season will also provide an opportunity for stores to offer customers a new assortment, something that might drive more sales be it men or women lining up at the register.

"Hopefully a fashion trend emerges," said Brian Tunick, an analyst at J.P. Morgan. "People are talking about wide-leg denim; there's still some skinny denim, but it's the young men's business that's really driving apparel."

Of course a weaker retail environment might be stunting the creativity that inspires such trends. Though some analysts said that mall traffic is positive, with a portion of the population opting for "stay-cations" this summer and in search of ways to kill time, June's comps suggest that there aren't any must-have items catching the eyes of consumers.

"Because of the macroeconomic conditions, no retailer is really ready to go out on a limb with the fashion, especially in the moderate range," said Citigroup's Weinswig.

## JUNE SAME-STORE SALES

	JUNE		MAY		APRIL	
	2008	2007	2008	2008	2008	2008
	% Change		% Change		% Change	
<b>DEPARTMENT STORES</b>						
BON-TON	-6.5	-8.0	-9.9	-0.9		
DILLARD'S	-5.0	-1.0	-7.0	-4.0		
GOTTSCHALKS	-9.5	-4.3	-8.6	-3.9		
KOHL'S	2.3	-4.9	-7.2	3.5		
NEIMAN MARCUS	-2.4	6.4	0.2	-1.9		
NORDSTROM	-18.6	2.0	10.9	-3.8		
J.C. PENNEY	-2.4	-1.5	-4.4	-1.7		
SAKS	1.9	-5.6	-8.7	23.9		
STAGE STORES	1.2	1.4	0.1	-1.0		
AVERAGE:	-4.3	-1.7	-3.8	1.1		
<b>SPECIALTY CHAINS</b>						
ABERCROMBIE & FITCH	-3.0	2.0	-1.0	6.0		
AÉROPOSTALE	12.0	0.2	6.0	25.0		
AMERICAN EAGLE	-11.0	8.0	-9.0	2.0		
AMERICAN APPAREL	16.0	NA	24.0	27.0		
BANANA REPUBLIC	-5.0	6.0	-5.0	0.0		
BATH & BODY WORKS	-8.0	-4.0	-11.0	-8.0		
BUCKLE	28.9	13.3	34.7	34.0		
CACHE	6.0	1.0	5.0	-1.0		
CATO	4.0	0.0	2.0	5.0		
THE CHILDREN'S PLACE	16.0	-4.0	10.0	15.0		
CHICO'S FAS	-12.9	-7.3	-16.9	-15.5		
GAP (U.S. STORES)	-5.0	-9.0	-7.0	0.0		
HOT TOPIC	-0.3	-4.0	-0.2	-2.5		
MOTHERS WORK	0.8	-5.4	4.3	2.3		
OLD NAVY	-10.0	-7.0	-25.0	-12.0		
PACIFIC SUNWEAR	3.0	4.5	-3.0	4.0		
RITE AID	-0.4	0.7	1.3	0.5		
VICTORIA'S SECRET	-12.0	8.0	-4.0	-4.0		
WALGREENS	3.4	5.1	3.9	1.8		
WET SEAL	-2.9	0.7	-2.0	-1.9		
ZUMIEZ	-3.4	13.7	0.2	4.1		
AVERAGE:	0.8	1.1	0.3	3.9		
<b>MASS MERCHANTS</b>						
BJ'S WHOLESALE CLUB*	8.3	4.3	6.8	17.8		
COSTCO	9.0	5.0	7.0	7.0		
ROSS STORES	8.0	4.0	7.0	8.0		
STEIN MART	-7.7	-2.9	-12.4	3.2		
TARGET	0.4	3.3	-0.7	3.1		
TJX COS.	5.0	5.0	2.0	8.0		
WAL-MART (DISCOUNT STORES)*	6.1	1.6	4.0	2.6		
AVERAGE:	4.2	2.9	2.0	7.1		
<b>TALLY:</b>						
UP	18	20	21	21		
FLAT	0	1	2	2		
DOWN	19	13	13	13		
TOTAL	37	35	37	37		

\*Excludes fuel sales

SOURCE: COMPANY REPORTS

# Fashion Scoops

**MONEY CROWD:** France has a new billionaire at the top of its 2008 richest list. **Gérard Mulliez**, founder of retail giant Auchan, topped the latest annual ranking by the business magazine *Challenges*, which hit newsstands Thursday. He bumped **Bernard Arnault** from the top spot, but the luxury titan still got the cover, smiling broadly and flanked by his daughter, **Delphine**, and son, **Antoine**.

Mulliez's fortune has ballooned from 5.5 billion euros in 1996 to 21 billion euros in 2007. Besides Auchan hypermarkets, Mulliez's group has stakes in home-improvement retailer Leroy Merlin, sports chain Decathlon and catalogueur 3 Suisses. Arnault's fortune shed 18 percent to 18.31 billion euros from the 2007 *Challenges* ranking due to a drop in the value of shares of LVMH and Carrefour, of which he controls 47 percent and 5 percent, respectively.

L'Oréal founder **Liliane Bettencourt** and her family, with a fortune of 13.58 billion euros, held steady at number three. **Bertrand Puech** and the Hermès family, which control 72 percent of Hermès International, also held on at number six with a fortune estimated at 7.42 billion euros. **François Pinault** and family fell to seventh place from number four, with a fortune of 7.33 billion euros due to a drop in PPR's stock price. Also making the top 10, a jump from 16th place last year, is Chanel owner **Alain Wertheimer** and family, with a fortune of 5 billion euros.

**COCO NUTS:** As the camera rolls for "Coco avant Chanel" ("Coco before Chanel"), starring **Audrey Tautou**, Chanel muse **Anna Mouglalis** is the latest actress set to play the late designer in another Chanel film, this one centered on her love affair with Igor Stravinsky. Set in the period of 1913 to 1925, the work, believed to be titled "Chanel et Stravinsky, l'Histoire Secrete," which translates as "The Secret Story of Chanel and Stravinsky,"



Above: Bernard Arnault



Anna Mouglalis and Karl Lagerfeld

will begin filming in September, according to a source. **Jan Kounen** will direct, and "Casino Royale" baddie **Mads Mikkelsen** will play the role of Stravinsky. A Chanel spokeswoman confirmed the house will be opening its archive doors to the film's unnamed costumer, who will also be meeting with designer **Karl Lagerfeld** over the coming weeks.

**SUPER CAUSE:** **Alexandra Reeve**, daughter of the late Christopher, joined **Holly Dunlap** and a bevy of guests Tuesday night at Dunlap's Hollywood store in downtown New York. The cause: to support the Christopher and Dana Reeve foundation, which promotes the well-being of people living with spinal cord injuries and paralysis. "I'm studying for the bar exam, so I'm lucky I was even allowed out for a little while," said Reeve, clad in a coral and white Hollywood dress. "This is a great event because so many of these kind of accidents happen to people in their 20s, so it's important that we have this kind of demographic." The room was indeed filled with youngsters sipping Campari cocktails. Also on hand was the foundation's ambassador **Francesco Clark**, a former Harper's Bazaar editor and founder of Clark's Botanicals, who sustained a spinal cord injury in 2002. "I'm actually writing a book about the experience and it's really therapeutic," said Clark. "I used to write these three-page e-mails to my friends and finally one of them said, 'You should just write a book.'"



Alexandra Reeve

**IN THE PINK?:** Could a licensing venture extending Victoria Secret's collegiate-minded Pink brand arise even as Steve & Barry's, born of the college crowd, has filed for bankruptcy protection? It is indeed a possibility, according to **Michael S. Stone**, president and chief executive officer of The Beanstalk Group, a licensing agency and unit of Omnicom Group. "We're doing some exploratory work for the Victoria's Secret Pink brand," Stone said Wednesday, between bites of fried

clams and french fries and worries about bringing on an angioplasty with his lunchtime choices. While willing to profess his "love" for Pink and his belief that the brand has "really got it right" for its customer with Pink sportswear, sleepwear and accessories, among other things, Stone declined to reveal details.

The licensing executive, a 25-year industry veteran, did indicate it's less than rocket science to scope out new licenses, which are best aimed at groups of shoppers underserved in particular store settings. When Beanstalk licensed the Mary-Kate and Ashley Olsen names for youth apparel at Wal-Mart, for example, it stirred some excitement



The cast of "Hair" performed in the sweltering heat in the Meatpacking District Wednesday.

for teens shopping for fashion at discount stores. What Stone and company will look to avoid is another bomb like Olsen twins toothpaste. Though Mary-Kate's and Ashley's names meant something to youths, the ceo said, pairing their identities with toothpaste did not.

**HAIR-RAISING:** The gods must have been listening when the cast of "Hair" sang "Aquarius/Let the Sunshine In" Wednesday night, because the sky cleared up during their brief performance outside Theory's Meatpacking District store. Tie-dye-clad ushers directed fans to spread out on Ikea mats across Gansevoort Square for the free showcase, presented by the Theory Icon Project. And though the weather held up, the stifling heat came as something of a shock to the suede-, polyester- and — of course — wig-clad cast, who have been rehearsing indoors, with air-conditioning, before their July 22 opening at the open-air Delacorte Theater. Over tacos and frozen margaritas at Los Dados, star **Jonathan Groff** said, "Today was a big wake-up call — it was the first time we were in our wigs and costumes outside and it looked like we had all just taken a bath together when we got onstage. We're all going to lose about 20 pounds in water weight every performance."

**MOLTO MOTO:** Biker chic appears to be taking over Hollywood. This weekend, Ducati will introduce Motogiro, the quintessential Italian bike rally, to the U.S. with a five-day event traversing California's Monterey Peninsula. In order to give the event the requisite sizzle, organizers have invited celebrity fans such as **Keanu Reeves**, **Shia LaBeouf**, **Giovanni Ribisi**, **Jay Leno** and **Jason Lee** and added a fashion show on Saturday featuring designs by Luca Apuana Ducati, Vespa, Moto Guzzi, Axo and Alpinestars.

In addition, Italian brand Belstaff, which has a long history of dressing stars on- and offscreen (most recently, **Angelina Jolie** and **James McAvoy** in "Wanted"), will appear in what is expected to be the summer's biggest blockbuster, the Batman sequel "The Dark Knight." **Christian Bale's** character Bruce Wayne wears the Belstaff Dark Leather Blouson, a vintage-looking leather jacket with red stripes that reflects the house's motorcycling tradition. The jacket retails for \$1,250 and will be available at Barneys New York next week.

# Art With an Edge at Lord & Taylor

There's nothing like some graffiti in the windows to give a store an edge. At least, that's what Lord & Taylor executives were thinking Wednesday when **Tats Cru**, a group of five artists who wield aerosol cans instead of paint brushes, graffitied up the Fifth Avenue flagship's bank of windows. They created skyscrapers and streetscapes, and a lot of color to provide depth perception. As pedestrians and camera crews watched, the artists worked deftly, creating 14 murals on 15-foot-by-18-foot vinyl banners at a rate of about two an hour.

"Their colorful murals portray the free spirit of our city," said **LaVelle Olexa**, Lord & Taylor's senior vice president of public relations.

They also provide a vivid backdrop for the summery hoodies, jeans and layered looks from **Lucky**, **Free People**, **Betsey Johnson**, **Ed Hardy** and other labels that Lord & Taylor spotlights this season. The retailer has been working hard to shed a reputation as a store where your grandmother shops and has been building up contemporary offerings to develop a modern appeal for the family.

The company has become adventurous with its windows, having included sculptures by **Thomas Beale**, **Chakaia Booker** and **Manolo Valdes**, and the paintings of **Juan Genoves**, **Red Grooms**, **Thierry Despont**, **Richard Estes**, **Larry Rivers** and mainland China's **Gu Gan**, **Guo Jin**, **Liu Kuo-Sung** and **Yang Yangping**.

"We are constantly looking for new and innovative ways to promote fashion and art," said **Manoel Renha**, vice president of visual merchandising, fashion and special events. "I'm a true believer that fashion and art is a perfect marriage."

For one Father's Day, some vintage Stingrays once ended up in the windows.

The **Tats Cru** murals will be on display in the windows through July 27. The artists are **Wilfredo Feliciano**, **Hector Nazario**, **Sotero Ortiz** and the twins, **Raoul** and **David Perre**. Their street names are **Bio**, **Nicer**, **BG 183**, **How** and **Nosm**, respectively.

Graffiti typically conjures images of unsightly and unwanted lettering scrawled or painted on property and is often associated with vandalism. However, **Tats Cru** has helped transform graffiti into a legitimate form of art and expression. The group's work has been exhibited at the Smithsonian Institution and has adorned the walls of hospitals, museums, schools and businesses.

"We've been working together for over 12 years as a group," said **Bio**. "Each of us plays a different role. One guy does the background. One guy does the lettering. One guy does the portraits. It depends. But in the end, the actual product looks like it's been done by one individual. That's because we have been working together for so long."

— David Moyn



How (at right) and Nicer of Tats Cru paint murals, graffiti-style, in the Lord & Taylor windows.



PHOTOS BY KYLE ERICKSEN

# Bath & Body Works Entering Canada

By David Moyn

Bath & Body Works is joining the growing group of U.S. retailers expanding to other countries.

But the Limited Brands division is crossing borders cautiously, announcing Thursday that six stores will open this fall in Canada.

In the past couple of years, Saks Fifth Avenue, Abercrombie & Fitch Co. and Gap Inc. have opened stores abroad, and Macy's Inc. and Lord & Taylor recently disclosed they are considering overseas expansion. Bloomingdale's is planning a store in Dubai, sources have said.

Customers in Canada "have already expressed a tremendous interest in our products," said Leslie H. Wexner, chairman and chief executive officer of Limited Brands Inc. "Our acquisition of La Senza last year allows Canada to be our stepping stone into international expansion."

La Senza, the lingerie chain, has been helping BBW find locations in Canada, and will also help in the marketing of the stores. "Thanks to our years of Canadian retail experience, we understand the needs and desires of our Canadian consumers. With our experience and knowledge, we are perfectly positioned to introduce this brand into the marketplace," said Laurence Lewin, president and co-founder of La Senza.

A spokeswoman for Limited Brands said Thursday there is no projected number of openings in Canada.

"We want to get our feet wet in Canada first before we go anywhere else," the spokeswoman said.

The product lineup at BBW in Canada will be the same, with a few exceptions, she added. All of the store signature collections will be in the Canadian units, though some of the third party



In its first international move, Bath & Body Works is opening six stores in Canada this fall.

brands may not make it.

The stores will open in the Erin Mills Town Centre in Mississauga; the Fairview Mall in Toronto; Stone Road Mall in Guelph; West Edmonton Mall, Edmonton; White Oaks Mall in London, and in the Yorkdale Shopping Centre in Toronto. The openings will initially create about 250 full-time and part-time jobs.

Bath & Body Works is considered the world's largest specialty retailer of beauty and personal care items, operating more than 1,600 stores in the U.S.

# Hermès Rides Again

PARIS — Hermès International is getting back on the horse with three new French equestrian events.

The luxury goods firm said Thursday it would host its first Le Galop Hermès on Aug. 16 in Deauville, France. The news comes three months after Hermès walked away from the Prix de Diane, a major event on the social calendar for 26 years on the green lawns next to the racetrack in Chantilly.

Hermès said it would also sponsor R.I.D.E., a competition that was created in 2004 and unites several disciplines from the equestrian world: jumping, eventing and driving. R.I.D.E. takes place in Deauville Sept. 19 to 21.

Finally, Hermès said it would sponsor three prizes in the dressage competition Equita' Lyon, held from Oct. 29 to Nov. 2 in Lyon. In conjunction with the latter event, Hermès plans to mount an exhibition of horse photos by Koto Bololo.

# Valentino N.Y. Offices Grow

The Valentino Fashion Group is making its corporate New York digs considerably larger.

The company, which already has offices at 11 West 42nd Street on the 26th floor, has lined up a long-term lease for the building's top two floors.

The M Missoni showroom is housed on the 31st floor, and the men's wear showroom will take over the 32nd floor in time for next week's market. In addition to these floor additions, Valentino has extended its lease on the 26th floor beyond what was a 2011 expiration date.

The company's new setup is for more than 15 years. In total, Valentino now has 28,000 square feet — an increase of 6,000 square feet — in the midtown building. Elie Tahari previously occupied the top two floors.

Located across from Bryant Park, 11 West 42nd Street is home to Michael Kors, Martha Stewart Living Omnimedia Inc. and TV Guide Group, among others.

— Rosemary Feitelberg

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## Steve & Barry's Looks to Expedite Process

By Vicki M. Young

Bankrupt Steve & Barry's wants to make short work of a reorganization or sale, and lack of cash as it nears the important back-to-school season is a big reason.

The company, which filed for Chapter 11 protection on Wednesday, is seeking Manhattan bankruptcy court approval for an expedited hearing for an approval of procedures in connection with the sale of all or most of its assets.

The retailer wants a hearing on bidding procedures on July 16; an auction on July 29, and a hearing to approve any sale on July 31. Steve & Barry's said in court papers that business reasons support a timely resolution of the auction, citing fluctuation in revenue depending on the selling season. It said the b-t-s season that begins in early August is a significant selling period at retail, and holding a sale before the start of b-t-s sales is "critical to ensure that any inventory sale yields the highest and best re-

turn for all stakeholders."

Also critical, the retailer said, was that it entered Chapter 11 "with no unencumbered cash and no debtor-in-possession financing. Without any cash, the debtors cannot replenish their inventory and, therefore, the value of their business is declining on a daily basis."

The firm is operating with limited access to cash from sales of liquid assets while in bankruptcy, subject to liens of lenders General Electric Capital Corp. and PrenSB.

Court papers said that as of May 31, the Port Washington, N.Y.-based retailer of cheap, chic apparel, footwear and accessories had consolidated assets of \$693.5 million and liabilities of \$638 million.

Consolidated revenues for the 12 months ended May 31 were \$656.6 million, well below the figure of \$1 billion or more estimated by market sources before the filing. The company said it employs about 8,600 domestic employees and 1,100 internationally.

About 7,300 are part-time hourly workers and 1,300 are full-time employees. The company slashed 172 corporate and field positions on Wednesday.

In the court papers, Steve & Barry's said its retail locations serve "economically challenged areas that other retailers have abandoned because of household income levels, population trends or crime rates."

The company operated 276 stores in 39 states at the time of the filing.

During its expansion, the retailer diversified its business beyond licensed collegiate apparel and lifestyle brands to include private label casual apparel and accessories for men, women and children, and exclusive celebrity-branded lines of apparel, the best known of which are Bitten by Sarah Jessica Parker, and Starbury from Stephon Marbury. The company also has celebrity and media licensing arrangements with Amanda Bynes, Venus Williams and CBS Consumer Products.

## Turkey, Brazil Lead Textile Antidumping Actions

By John Zarocostas

GENEVA — Turkey and Brazil initiated the largest number of antidumping investigations against textile exports in the second half of 2007, targeting primarily China and other Asian nations, a World Trade Organization report said.

Out of 10 cases, Turkey initiated five antidumping actions, followed by three from Brazil and one each from the U.S. and Thailand. Turkey launched actions on imports of Chinese nylon textured yarn, polyester textured yarn, and three cases against imports of polyester textured yarn from Indonesia, Malaysia and Thailand.

Dumping occurs when an exporter sells goods abroad at a

lower price than in the country of origin or at below cost.

Brazil's actions targeted imports of synthetic blankets from China, and imports of jute yarn from Bangladesh and India. The action initiated by the U.S. was against imports of Chinese laminated woven sacks.

Overall, 14 WTO countries initiated 101 antidumping investigations. Machinery and equipment were the most targeted, with 23 investigations launched, followed by chemicals, 18 and textiles, 10. The highest number of antidumping investigations was reported by India, with 31, followed by the U.S., 24, and South Korea, 10. Chinese products were the most targeted, with 40 antidumping cases launched. Textile products from China

also featured in the four cases in which antidumping measures were imposed on textile products during the July-to-December period. Colombia imposed punitive duties on imports of Chinese table linen, bed linen and curtains, and India imposed punitive duties on imports of Chinese partially oriented yarn.

There were 58 cases of antidumping measures being imposed in the period. Chemical products were the most affected with 23 new measures reported, followed by machinery and equipment, 12, and textiles with the four actions. The largest number of antidumping measures applied was reported by India, with 16, followed by Brazil, eight, and China and the European Union, seven each.

## India Scraps Cotton Duty

By N. Vasuki Rao

BANGALORE, India — The Indian government, bowing to pressure from spinning mills and other textile companies, has abolished import duty on raw cotton to increase supplies and bring down domestic prices.

It also scrapped a 1 percent drawback, or rebate, to reduce the incentive for raw cotton exports.



Yarn and textile firms pressured India to abolish cotton duties.

The decision to end the 14 percent customs duty on raw cotton, announced late Wednesday, may result in higher imports from the U.S., Brazil and African nations, industry analysts said.

"This announcement will have a psychological impact and prices of cotton will come down," said D.K. Nair, secretary general of the Confederation of Indian Textile Industry.

Cotton prices have risen 40 percent since January, having a negative impact on the spinning industry and other sectors already reeling from the rupee's appreciation against the dollar. Analysts attributed the rise in prices to strong demand from China.

Indian cotton imports have been declining in recent years. In the fiscal year ending March 31, imports fell to 500,000 bales from 1.7 million bales four years ago. Imports in the 2007-2008 fiscal year are estimated at about 650,000 bales.

India's cotton production has been rising, but so have exports, reducing availability of the raw material to local mills. In 2006-2007, production was 27 million bales, but exports were 5.8 million bales. Exports reached 6.5 million bales in 2007-2008, with production going up to 31.5 million bales.

About 3,000 spinning mills in India closed for a day on Wednesday to demand scrapping of customs duty on raw cotton and a ban on its exports. Later, industry organizations welcomed the government decision.

Reports said the steep rise in cotton prices had forced at least 20 textile mills in the country to close, throwing 20,000 workers out of jobs.

### Obituary

## Replay Creative Head Sergio Arreghini, 48

By Luisa Zargani

MILAN — Sergio Arreghini, Replay's creative director, died of a heart attack on June 23, the company said Thursday. He was 48. Arreghini, who lived in Ponte di Piave, was in an ambulance en route to a hospital.

The late Claudio Buziol, president of Fashion Box Group, which produces the Replay denim and sportswear brand, appointed Arreghini designer of the experimental line We Are Replay in 2001. Last year, he was promoted to creative director of all the group's brands. Buziol died of a heart attack three years ago at the age of 47.

Born in 1960 in Pordenone, in northeastern Italy, Arreghini worked for Gruppo Finanziario Tessile in Turin until 1985, when he joined Benetton as product manager for its men's and women's collections. After 10 years, the designer moved to Belfe, where he was in charge of the active and jeanswear collections of the group, and later joined Stefanel as product and merchandising director.

As creative director at Replay, Arreghini was respectful of the brand's roots, often revisiting its original, historic designs with a contemporary edge. For fall 2008, the company launched its latest product in its Collectors line called Replay Maestro Denim: five-pocket jeans with leather details manually applied and dedicated to Buziol.

"There are 25 pieces inspired by the true American denim that charmed Claudio so much he decided to dedicate his life to this product," Arreghini said at the time.

In a statement, Replay praised Arreghini's "commitment, creativity and dedication to his work." Fashion Box said Arreghini's design team will continue to bring forward his work, adding that the "consolidated structure created over the years will surely allow the group to continue its expansion and development."

Arreghini is survived by his wife, Gloria; a daughter, Virginia; two sons, Rocco and Vittorio, his father and two brothers.

## Max&Co.'s Modern L.A. Space

MaxMara's new Max&Co. store in Los Angeles has settled into the Melrose Avenue retail hot spot.

The 2,000-square-foot space is near high-end designer boutiques like Oscar de la Renta, Carolina Herrera and Marc Jacobs. The store hosted an opening event last month to highlight the fall 2008 collection.

The diffusion line controlled by the MaxMara Fashion Group made its West Coast debut in 2003 in the Beverly Center.

MaxMara seems to like the California vibe. The company will open a Sportmax store on nearby Melrose Place in December. A popup Sportmax store opened on Rodeo Drive in June and will stay open until Sept. 30. The line is sold in the U.S. in 27 MaxMara boutiques. The MaxMara Rodeo Drive store will move to a new space on the same ritzy block this fall. A Marina Rinaldi store, the group's plus-size line, will also open in L.A. this fall.

"We're opening four stores in six months; no one can say we don't love L.A.," said MaxMara brand ambassador Nicola Maramotti the wife of owner Ignazio Maramotti. "We're dedicated to the market here, there's really a big need to fit a lot of different types of women."

The Max&Co. shop has 1,624 square feet of retail selling space and a clean modern look, featur-



Inside the new Max&Co.

ing large bleached tables, bleached oak shelving, freestanding fixtures and other area structures in Plexiglas and satin-finished aluminum, with some fixtures suspended from the ceiling.

Price points range from \$300 for a silk dress to about \$600 for wool winter coats.

About 250 square feet is designated for the line's accessory collection, and the area will have a decor its own: a lounge space with sofas and armchairs in talc-color leather.

Max&Co. has 424 stores in 40 countries, including Italy, Britain, France, Greece, Japan, Hong Kong and Australia.

— Anne Riley-Katz

# Margiela Goes Big



**PARIS** — You won't need a magnifying glass to examine these jewels.

Maison Martin Margiela's debut fine jewelry collection, in partnership with Italy's Damiani Group, is supersized, including necklaces composed of giant oval links, a pierced earring magnified to become a chunky ring and a signet ring up-sized to bracelet proportions.

The collection of 14 items is to arrive in November in 14 Margiela boutiques, along with a selection of fashion retailers, including Maxfield in Los Angeles, On Pedder in Hong Kong, 10 Corso Como in Milan, Exception in Madrid and Saba Song in Vienna.

Prices for the pieces — in yellow gold, pink gold and silver, with diamonds — will range from 700 euros to 39,500 euros, or about \$1,100 to \$61,800 at current exchange rates. The collection is being shown to retailers at Margiela's Paris showrooms.

Margiela plans to create one fine jewelry collection a year, said a spokesman for the Paris-based house.

Fine jewelry is the latest brand extension for the Belgian designer, whose business is majority owned by Renzo Rosso's Only the Brave Srl. Look for a new eyewear style for spring 2009 — and coming in fall 2009 is his first scent with beauty licensee L'Oréal.

— Miles Socha



Items from Martin Margiela's new fine jewelry collection with Damiani: A yellow gold signet bracelet; a silver and yellow gold pierced earring ring and a giant yellow gold chain necklace.

## MEMO PAD

**JAPAN MAN:** Hedi Slimane is in Tokyo shooting *Vogue Hommes Japan's* debut cover but his involvement with the new magazine doesn't end there. He is also serving as the magazine's male muse as it gears up for its Sept. 10 launch. "In the men's fashion world there was a big change from 2000 when Hedi Slimane started at Dior Homme. There was fashion before Hedi Slimane and there was fashion after Hedi Slimane," said Kazuhiro Saito, editor in chief of *Vogue Nippon* and the new men's spin-off. "There were those very skinny, boyish male models. That works for Japanese guys."

To wit, Slimane probably won't have to look far to generate his 20-page spread: a fashion shoot and a story probing the question, "Who is the Model Man?" On Monday night, Slimane will trade in his lens for turntables at Tokyo club Super Deluxe, where he is throwing a party with Dazed & Confused, another title he's helped shape.

Initially, *Vogue Hommes Japan* will publish twice a year and aims to boost its frequency over time. The book has a roster of bold-faced contributors including fashion director Nicola Formichetti, of Dazed & Confused, and art director Markus Kiersztan, who has collaborated with Nike, Yohji Yamamoto, Uniqlo and several others. Much of the magazine's regular staff and resources partially overlap with that of *Vogue Nippon*. [*Vogue Hommes Japan* and *Vogue Nippon* are published by Condé Nast International.]

Saito said he, Formichetti and Kiersztan are eager to develop a men's fashion magazine created by men, as opposed to France Sozzani's *L'Uomo Vogue* and Carine Roitfeld's *Vogue Hommes International*. "I spoke with Markus and Nicola and we agree these two magazines are very women-driven men's magazines," Saito said. Meanwhile, Condé Nast Japan is gearing up to launch *Glamour* this summer. The magazine will be a close cousin to the French version of the magazine with a varied and democratic approach to fashion, targeting the lucrative 25- to 30-year-old "office lady" demographic, according to editor in chief Sayumi Gunji. Lifestyle stories

on sex, dieting and dating will round out the offering.

"Office ladies have so much money... they are [such] active consumers in Japan," she said, noting the propensity for young Japanese women to accessorize their domestic brand workwear with designer handbags.

Glamour Japan is entering a crowded field of mass-market fashion mags including *AneCan*, *Oggi*, *Sweet and Glamorous*, where Gunji previously worked as fashion editor. Still, she thinks there is space for another title in the category especially since much of the competition focuses on tame, conservative workwear. "We want to combine every style into one magazine," she said. — Amanda Kaiser

**SAVING THE FORESTS:** The first half of 2008 had 291 magazine launches, down 75 from the same period a year ago, according to Samir Husni, chair of the journalism department at the University of Mississippi, who's also known as Mr. Magazine. But perhaps the most notable figure, Husni noted, was the sharp decline in regularly published magazines with a frequency of four or more per year. Last year, the first six months produced 132 new launches and this year, only 78 were counted. "It's the biggest drop since I started tracking this information, back in 1978," Husni pointed out. The biggest launch so far this year has been *Open Air Magazine*, a quarterly that runs in USA Today, said Husni. As for the remainder of the year, the *Wall Street Journal's* luxury play *WSJ*. will debut in September, and *Spry*, a health magazine that will have a circulation of nine million and run in mainly urban newspapers, is also launching in the fall from the Publishing Group of America. — Amy Wicks

**DECADENT DECO:** Aquascutum is sticking with its proven campaign faces, Gisele Bündchen and Jamie Dornan, for fall. The London-based label's latest ads were shot by Michael Thompson for the first time. And while in past campaigns for the label (this is the third) the duo have posed amid the storied surroundings of England's Cliveden — famously the backdrop to the Profumo affair — and against a landscape of sand dunes for spring, fall sees Bündchen and Dornan roam Eltham Palace, a Thirties Art Deco home just outside London. In other



Gisele Bündchen and Jamie Dornan in the Aquascutum campaign.

shots, they pose in an ultra-modern glass building overlooking St. Paul's Cathedral. In one image, Bündchen leans against a wood-paneled wall, wearing a camel Aquascutum trenchcoat called Athene, while in another she and Dornan stand on a futuristic escalator under florescent lights, wearing coats from Aquascutum Vintage, a line inspired by the label's 155-year history.

"The campaign reinforces our London heritage and firmly roots the brand in the U.K. I love the passionate electricity — power is such an aphrodisiac," said Kim Winsor, president and chief executive of Aquascutum. The ads are set to break in the September and October issues of magazines including *Vogue*, *British Vogue*, *British Harper's Bazaar*, *POP* and *French Vogue*. — Nina Jones

**BRITISH DEFECTOR:** Writer Robert Johnston has crossed enemy lines in the men's world. He's been appointed associate editor at *British GQ*, and most recently was executive style editor at *British Esquire*. He succeeds Charlie Porter, who recently joined *i-D* magazine as fashion features editor. "I am very excited to be joining the team at *GQ*. It is undoubtedly the market leader and...it is the only title I would have considered leaving *Esquire* for," Johnston said. "This is a real coup for us," added Dylan Jones, editor of *GQ*. "I have been an admirer of his for some time, and the whole team is looking forward to welcoming him to Condé Nast." In addition, the magazine announced that Jodie Harrison, previously *GQ's* style and grooming editor, has been promoted to executive style and grooming

editor at the title. Part of Harrison's new role will be to spearhead the launch of *GQ's* grooming awards, set to launch later this month. — N.J.

**CAFÉ SOCIETY:** Longchamp's latest ad campaign centers on the chemistry between a Brigitte Bardot-esque Kate Moss, who's notched six seasons working with the house, and the hip French actor Gaspard Ulliel. The black-and-white shots, taken by Mert Alas and Marcus Piggott on the terrace of Saint-Germain's Café de Flore, will run in leading fashion magazines from mid-August. These include *W*, *Vogue*, *Bazaar*, *Elle* and *T Magazine*. A making-of video will feature on Longchamp's Web site from July 15. — Katya Foreman



A still from Longchamp's fall ad campaign.

**NEW HIRE:** Briana Lesesne has been named beauty and fashion director of *Vanity Fair*, succeeding Shannon Reilly, who has left the magazine. Lesesne will move to *Vanity Fair* Aug. 4; she was most recently Eastern account director for *W* magazine. Prior to *W*, Lesesne spent nearly six years as *Allure's* beauty and health director.

— Stephanie D. Smith

**CORRECTIONS:** A Monday Memo Pad item incorrectly identified Keith Pollock, who left *Elle.com* as editor early last month. In a Thursday Memo Pad item, the title was incorrect for Mimma Viglezio, who is Gucci Group executive vice president, Global Communications.

# European Luxe Players Battered by Downgrades

Continued from page one

to the sector...visibility remains low and consensus forecasts too high," he wrote. "The industry faces considerable risks over the next years."

The investment firm downgraded Swatch and Luxottica, leaving no "buy" recommendations in the sector.

Also on Thursday, Goldman Sachs issued a report on European retail and downgraded seven stocks, including Burberry, PPR and Safilo. Compagnie Financière Richemont, Essilor and Puma are on its "conviction buy" list.

Rising inflation, declining purchasing power and weak consumer confidence are among the factors propelling the downturn. For 2008 and 2009, Deutsche Bank revised U.S. spending from 5 percent growth to 1 percent and Japanese domestic consumption to a 2 percent decline from 2 percent growth. Europe spending was trimmed from 2 percent growth to a 1 percent decline.

Hermès International was upgraded to "neutral" as takeover speculation continues to fan the stock price, while Richemont was upgraded, partly because of its high exposure to watches, Goldman's preferred market segment.

**“There’s concern that more mature markets in Europe will decline rapidly and that the market is thinking that it’s 2001 all over again.”**

— John Guy, MF Global

But most of the news was grim, with Goldman arguing that the operating environment for retail and luxury has become more challenging because of increased raw materials prices, sourcing cost inflation and trading down among consumers.

"We remain negative on the U.K. and expect further de-ratings in Europe," the Goldman report said.

Shares in PPR dropped 7.9 percent Thursday to close at 60.70 euros, or \$94.76 at current exchange, in trading on the Paris Bourse. LVMH shed 3.4 percent to 62.27 euros, or \$97.21.

In Milan, Benetton closed down 4.8 percent to 6.75 euros, or \$10.54; Bulgari fell 4.7 percent to 6.07 euros, or \$9.48; Luxottica decreased almost 3 percent to 14.36 euros, or \$22.42; Safilo dropped 4.1 percent to 1.27 euros, or \$1.98, and Tod's declined 3.84 percent to 32.07 euros, or \$50.06.

Goldman downgraded Benetton to neutral although the clothing retailer said Wednesday that preliminary estimates of first-half revenues indicated

growth of around 5 percent at constant exchange and confirmed its guidance for 2008.

Burberry saw its share price close down 6.2 percent to 403 pence, or \$7.96, on the London Stock Exchange Thursday. The British luxury goods brand will issue a first-quarter trading update next week.

Most of Europe's big luxury players will begin reporting second-quarter sales later this month.

But shares of the biggest players have been on a downward trajectory, a fact reflected in this year's ranking of France's richest families by Challenges magazine, which was released Thursday.

Bernard Arnault, chairman and chief executive of LVMH Moët Hennessy Louis Vuitton, slipped from the top slot to number two, largely because of weakness in the share prices of LVMH and Carrefour. François Pinault fell three spots to seventh place due to his 40 percent stake in PPR, whose share value has halved over the past year. (For related story, see Fashion Scoops on page 10.)

"We've seen a lot of movement today and over the course of the year because of greater uncertainty about spending power in more mature markets around

the globe," said John Guy, senior retail and luxury goods analyst at MF Global. "Italy, the U.K., Spain and Japan have already identified weaknesses."

Characterizing the market as "nervous," Guy said fundamental valuation metrics are largely overlooked in the face of negative momentum, and strong currency headwinds.

"There's a lack of visibility in the marketplace," he explained. "There's concern that more mature markets in Europe will decline rapidly and that the market is thinking that it's 2001 all over again. I don't think that's the case as luxury companies' regional exposure is very different today. We also don't have SARS [severe acute respiratory syndrome] or a new conflict to impact travel and tourism."

Guy noted companies with an "affordable" luxury positioning, such as Coach, Tiffany, Burberry and Tod's, could face a tough second half, "whereas other companies can continue to perform well in a tougher markets, like LVMH, Richemont and Hermès. Hermès, for example, is extremely exclusive and high end and its



The Paris Bourse.

PHOTO BY ROBERT HOLMES CORBIS

consumers will carry on spending, even if it's not to the same extent, the decline in sales will be relatively small."

Investor confidence in the so-called accessible luxury segment has even led some listed brands like Mariella Burani Fashion Group to consider going private.

The Italian group confirmed last week that the majority shareholder, the Burani family, plans to tender an offer via a special purpose vehicle for part or all of the outstanding stock, which could lead to a delisting from the Milan Stock Exchange's STAR segment for small companies. Mariella Burani fell 2.76 percent to 15.31 euros, or \$23.90, on Thursday.

HSBC downgraded Italy's Tod's to neutral last week on assumptions of the underperformance of its leather goods and a worsening economic outlook for the rest of the year.

HSBC believes Tod's will suffer as the climate hinders diversification, although Tod's, which reported an 8 percent gain in first-quarter operating profits following revenue growth across all brands, confirmed in May its forecast to achieve "good" growth in revenues and earnings come full year.

In an HSBC research report released Thursday, analysts Antoine Belge and Erwan Rambourg noted Hermès is the only stock it covers that has risen this year — on acquisition rumors. "But we believe it is the least likely to go," they wrote.

Calling its "uberresilience" unjustified, HSBC reiterated its "underweight" rating and a target price of 76 euros, or \$118.64. Shares in Hermès International closed down 3.1 percent to 89.94 euros,

or \$140.41.

In the meantime, retailers have also been sounding warning bells. Shares of Carrefour, the world's second-biggest retailer after Wal-Mart, skidded 8.6 percent in trading to close at 31.64 euros, or \$49.39, on the Paris Bourse Thursday. It was the biggest percentage loser in Europe in the day's trading.

Carrefour and Wal-Mart, along with investment fund TPG Capital, were planning to bid for control of the Russian retailer Lenta, a privately held chain of hypermarkets that is holding a tender for the sale of a controlling stake, Reuters reported, citing sources close to the sale.

Carrefour's second-quarter sales rose 6.7 percent at constant exchange, below analysts' expectations and in tandem with warnings about a floundering economy, demanding higher promotional activity to stimulate spending.

There were some bright spots in Thursday's reports, however. Deutsche Bank's Isenwater cited the robust nature of the luxury sector and noted that "the industry has never seen an annual sales decline, with plus 3 percent the worst recorded in 2002."

Isenwater also increased his forecasts in the fast-growing emerging markets of Russia and the Middle East, due to high oil prices. Deutsche Bank contends that "emerging markets' performance will be better than mature markets over the short and medium term."

In a separate development, Hedge fund Viking Global said it has upped its stake in Burberry from 12,583,400 shares to 15,258,400 shares, bringing its holding to 3.5 percent.

## Uniqlo Parent Fast Retailing Posts 26.8% Net Gain

By Koji Hirano

**TOKYO** — Fast Retailing Co. Ltd. posted higher profits and sales for the first nine months of the year, citing the success of Uniqlo's new advertising campaigns and emphasis on basic garments like cotton T-shirts and jeans.

Net profits rose 26.8 percent to 40.08 billion yen, or \$369.9 million, from 31.62 billion yen, or \$266.6 million, for the nine-month period ending May 31. Sales rose 11.4 percent to 458.11 billion yen, or \$423 billion, from 411.23 billion yen, or \$347 billion.

Dollar figures were converted from the yen at average exchange rates for the respective periods.

The company issued an upbeat forecast for the remainder of the fiscal year ending Aug. 31, projecting that operating profit will increase 23.4 percent to 80.1 billion yen, or \$746.4 million at current exchange, while revenues will grow 11.5 percent to 585.5 billion yen, or \$546 billion, on a consolidated basis.

Operating profit for the first nine months rose 27.7 percent to 75.78 billion yen, or \$699.4 million, from last

year's 59.32 billion yen, or \$500 million, thanks in part to increased profitability at Uniqlo in Japan. Same-store net sales increased 4.2 percent year-on-year in the third quarter from March to May. Fast Retailing attributed the growth to the market's appreciation of the chain's high-quality, functional material garments as well as better organized store displays and a new advertising campaign for bra tops and flattering bottoms.

"These were the first [attempts] for Uniqlo to appeal only to female customers through TV commercials and helped attract customers," said the firm. Uniqlo's store openings and closures were conducted roughly to plan with a net increase of 11 stores, boosting the total number to 741 direct-run stores as of May 31, 759 including franchise stores.

Uniqlo International posted a "slight profit" in the third quarter from March to May with net sales rising 71.8 percent, the company said. "Within the segment, business in the Asian region of China, Hong Kong and South Korea continues to expand favorably, and the financial balance at our U.S. operation has also im-

proved since the opening of our global flagship store in New York in November 2006," the company said.

Still, Fast Retailing did face tougher conditions for other brands in its portfolio, especially in Europe. "The developer of the casualwear Comptoir des Cotonniers brand in France and other parts of Europe failed to reach its sales target owing to the deteriorating consumption environment in Europe," the company said. "However, it still managed to generate a rise in both revenue and profit."

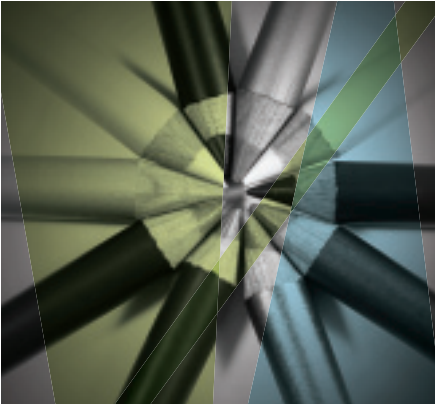
Meanwhile, Fast Retailing announced that it will merge three subsidiaries, G.U. Co. Ltd., Onezone Corp. and Viewcompany Co. Ltd., to better develop footwear and low-priced casual apparel categories. But the operation will be a costly one, generating extraordinary losses of 1.8 billion yen, or \$16.8 million, in the current fiscal year.

The firm also said it finalized the sale of a 60 percent stake in Aspesi Japan Co. Ltd. to Alberto Aspesi & C. SpA in Italy for an undisclosed price. The company said the sale would only have a "minimal" impact on full-year earnings.

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# WWD **Fragrance** In **Depth** SECTION II



## THE GLASS MENAGERIE

Fall's staggering number of fragrance launches could result in at least a small gain for the scent market in the second half of this year.

PHOTO BY GEORGE CHINISE; STYLED BY DANILLO MATZ



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## FRAGRANCE IN DEPTH

# Prestige Hopes High for Second Half

By Pete Born, Julie Naughton and Matthew W. Evans

After two years of falling sales, the U.S. fragrance business may eke out at least a small gain for the second half — fueled by a staggering number of new global product launches with equally staggering advertising budgets, particularly on the men's side.

"[The second half] has the potential to be positive," said Karen Grant, global industry analyst and vice president of beauty at The NPD Group. "There's so much activity and so much attention — all the big guns are coming out. It might be a positive fall for the first time in two years."

For 2006 and 2007, the prestige fragrance business finished each year at 1 percent down, with the total men's and women's business totalling \$2.94 billion for last year. In the two previous years — 2004 and 2005 — volume was ahead by 1 percent for each year.

"We're cautiously optimistic [for fall]," said Debbie Murtha, senior vice president of cosmetics at the Macy's Merchandising Group. "There's definitely more launches than last year and they have an opportunity to build on last year's success."

The trend this year has been strengthening, despite a disastrous first quarter in which U.S. department store sales were down 9 percent. Since then, the arrow has been pointing in the right direction. April was up 4 percent, compared to a 1 percent gain last year, and May was ahead by 3 percent, compared to a drop of 6 percent last year, according to NPD. Grant added that Mother's Day sales were also positive — by a margin of 3 or 4 percent — despite fewer spring launches. There were less than 90 spring launches this year versus more than 100 last year, Grant noted. She added that some men's launches from last year — Diesel's Fuel for Life, Usher He and Dolce & Gabbana's Light Blue Pour Homme — continued to show strength this year. In addition, the launches of Boss Pure and Ed Hardy broke into the top 20. On the women's side, the classics carried the season both in France and the U.S., Grant said.

But below the surface, the long-term prospects seem disquieting. Through NPD's consumer preference Fragrance Track survey, NPD has detected a worrying drop in usage. From 2006 to 2007, the number of women aged 18-24 saying they use fragrance dropped from 88 percent to 85 percent. Teen girls aged 13 to 17 showed a 6 percent drop from 81 percent to 75 percent in the same time period. In what Grant refers to as the "Axe effect," the number of teen boys using fragrance dropped from 81 percent in 2005 to 63 percent in 2006 and has since dropped to 60 percent.

"The future is at risk," Grant warned. "If we don't get people involved in the category, we will continue to see deterioration."

Grant urged the industry to find a way — whether it's an industry-wide advertising campaign, similar to the dairy lobby's successful Get Milk effort — to win over the younger generation and dramatically increase frequency of usage. "We've got to educate people," she said, "teach them to fall in love with fragrance. We can't keep living off the age 25 plus group. We've got to get the younger group excited by the category."

The issue has been made critical by the volatility of the business. Grant noted that average fragrance dies out at retail within 12 months, after peaking in two or three months, usually after the holidays. This compares with the old era, when fragrances were still doing well after five or six years. Now, fragrances that last that long are considered classics — a term that previously only applied to scents 15 to 20 years old. Grant noted that Dolce & Gabbana Light Blue and Chanel's Coco Mademoiselle, which both launched in 2001, now fit the "classic" designation.

The market has developed a quicksilver side, stoked by the constant blizzard of newness. These days, more fragrances are launched in one year than were introduced in the Seventies and Eighties combined, said Grant. And unit sales continue to spiral downward, she added, noting that nine million fewer units were sold in 2007 than in 2003, while dollar sales remained even.

The rebirth of the celebrity fragrance model did spark sales and draw young women to the fragrance counter for two solid years, Grant observed. In 2005, the celebrity fragrance category generated a sales increase of 22 percent overall. But that phenomenon has paled. The heyday of Jennifer Lopez, Britney Spears, Sarah Jessica Parker and Kimora Lee Simmons appeared to lose its luster in 2006, when there was an absence of launches by marquee



Estée Lauder's Sensuous.



Gwen Stefani's Harajuku Lovers quintet.



Versace's new men's scent.



Lancôme's Magnifique.



Mariah Carey's Luscious Pink.

names and the women's celebrity-fragrance category dropped 17 percent. The launch of Unforgivable by Sean John single-handedly saved the category by pulling the entire celebrity fragrance business up to a 13 percent gain. That one male fragrance was 30 percent of the entire celebrity business in 2006.

The following year, in 2007, Sean John and Usher combined to produce a 1 percent gain for men's celebrity scents. But the women's category dropped 5 percent, leaving the overall celebrity business with a 3 percent decline for 2007 on total sales of \$187 million. This meant that designer fragrances regained the momentum in fragrances.

One of the bright spots, however, is in fragrances priced over \$100. "That's where we are seeing double-digit growth," Grant said. She noted that in the dark days of last December, when women's fragrances under \$100 were down 12 percent, the over-\$100 group scored gains of more than 20 percent. These brands include the jewelry-based fragrances like Boucheron and Cartier, the fashion houses and classics — like the Chanel stable, Thierry Mugler's Angel and Guerlain's Shalimar and Viktor & Rolf's Flower Bomb.

Grant's conclusion is that the category has not lost its aspirational lure for many consumers. Quoting the results of Fragrance Track surveys, she reported, "Young women have said that they would wear a fragrance if it met their needs."

"Fragrance is a discretionary purchase, and particularly in this economy, we need to give consumers a reason to buy," agreed Howard Kreitzman, vice president of cosmetics and fragrances for Bloomingdale's, who added he's optimistic about his assortment in both the women's and men's categories.

"We have already exceeded considerable expectations for Estée Lauder's Sensuous [women's fragrance], and feel that the marketing plans we have will help us to sustain that business at very healthy

levels," Kreitzman said, adding that the retailer had a personal appearance Tuesday evening at its 59th Street flagship featuring the brand's spokesmodels Gwyneth Paltrow, Elizabeth Hurley, Carolyn Murphy and Hilary Rhoda. The appearance reportedly generated more than \$45,000 in retail sales in one hour.

John Demsey, group president of the Estée Lauder Cos. Inc., estimated that close to 1,000 people crowded onto the floor at Bloomingdale's. "Sensuous has been a hit since Day One, and it's really the first scent launch we've had since Pleasures which has had a halo effect over the whole brand," he said. "Beautiful is maintaining, Pleasures is holding up — everything is going very well. The concept of sensuality and beauty at every age is striking a nerve. If you have the right product, regardless of the economy, it will sell. And I think if there are three or four solid launches this fall, it will be great for the overall fragrance business."

Bloomingdale's Kreitzman added, "We also have very high expectations for Lancôme's new Magnifique, Ralph Lauren's Notorious, Vera Wang Look, Gwen Stefani's Harajuku Lovers [scent quintet with Coty] and Gaultier's MaDame." David Yurman's eponymous new scent is also high on Kreitzman's list. "We have a very well developed David Yurman jewelry business, and we believe the new scent will resonate with those customers and draw new ones," he said. Bloomingdale's will also unveil Lilly Pulitzer's fragrance trio and Annick Goutal's new scents this fall, he said.

On the men's side, Kreitzman said he has high hopes for Cartier's Roadster, Gucci by Gucci Pour Homme, Porsche Design, Zirh Icon and D&G The One for Men.

Murtha at Macy's pointed out that Estée Lauder's Sensuous and Lancôme's Magnifique women's scents will add strong animation to the category, while the launches on the fragrance bars form two powerful col-

Continued on page 4

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## FRAGRANCE IN DEPTH

# Flood of Launches Buoy Prestige Hopes

Continued from page 2

umns since they reside in rival camps — the celebrities versus the designers. She ticked off a long list of names led by Gwen Stefani's Harajuku Lovers, followed by Jessica Simpson's Fancy, Secret Obsession by Calvin Klein, Fairy Dust by Paris Hilton, Beckham Signature for Her and for Him, Inspire by Christina Aguilera, Prada's Infusion d'Iris, Ralph Lauren's Notorious and MaDame by Jean-Paul Gaultier, which Murtha described as a Macy's exclusive launch with an August ship date. Chanel will introduce Eau Premiere.

Macy's will also introduce Gucci by Gucci Pour Homme, Emporio Armani Diamonds for Men, Tommy Hilfger, Dior Homme Sport, Givenchy Pi Neo, Deseo for Him by Jennifer Lopez, Prada Infusion d'Homme, the new Versace men's fragrance, a new major fragrance by Sean John, a Rocawear scent, UR Usher for men and women, Lauren's Polo Modern Reserve, Mariah Carey Luscious Pink, Juicy Couture's Viva La Juicy, an Emporio Armani Diamonds Intense women's scent, Daisy Intense from Marc Jacobs, Dolce & Gabbana The One White Gold, Absolutely Irresistible Givenchy and Burberry Brit Sheer.

"The fragrance business has been difficult," said Jon Pollack, executive vice president and general merchandise manager at Belk Inc. Compared to this time last year, "it's been down single digits. But," he added, "it's not dissimilar to what we're experiencing throughout cosmetics and the total store business. Cosmetics and fragrance price points [are] luxury price points and with the amount of discounting and sale activity [taking place] in the rest of the store, that has an impact on high unit retail [prices in beauty]."

Pollack also attributed slowness in fragrance to less launch activity this spring as compared to last spring and last fall. "Newness and activity helps the whole category and this spring has been very quiet." In the past several years, the fragrance business "has been basically flat," said Pollack.

Still, there are bright spots, Pollack noted, including the recent Father's Day and Mother's Day selling periods. "We've been excited about our Armani, Ralph Lauren and Dolce & Gabbana businesses [in both men's and women's]," said Pollack, who added, "On the niche side, Ed Hardy has been a very pleasant surprise."

Pollack noted that final plans for the second half of the year are coming together "rather late" due to difficulty in the fragrance business during the last holiday season. "A lot of reassessing had to go on," he said. "We had to reapproach it from a vendor and a retailer perspective. We're spending a lot more time and energy on visual presentation and point-of-sale excitement."

Pollack said he is looking forward to including Estée Lauder's Sensuous this month, Ralph Lauren's Notorious next month and Lancôme's Magnifique in September. He added that he is looking for single-digit increases in the fragrance business for the Christmas season but tempered his optimism by

**“All the big guns are coming out. It might be a positive fall for the first time in two years.”**

— Karen Grant, The NP Group

noting that he is bracing for a "very difficult" third quarter. "It's a tale of two quarters," he said. "We are being very conservative around the third quarter, but I am optimistic about the fourth quarter and feel good about our strategies for December."

At Sephora, "newness is where we are focused, but we have [customers] who are faithful to mainstays at Sephora [like] Dolce & Gabbana, Stella McCartney and Chanel," said Allison Slater, the chain's vice president of retail marketing. "Some of our bestsellers remain these designer brands."

Other top performers include Daisy Marc Jacobs, Burberry's The Beat and Bulgari's Aqua Pour Homme Marine, noted Slater, who added that she is looking forward to upcoming launches at Sephora like Juicy Couture's Viva La Juicy, Stefani's Harajuku Lovers and Burberry Brit Sheer.

"And there are a lot of men's launches," said Slater, naming Dolce & Gabbana's The One for Men, Roastler by Cartier, Gucci by Gucci and Guerlain Homme.

In the past several years, Sephora's fragrance

business has been "strong," said Slater. Driving the business, she said, is customer loyalty as well as different sizes and types of fragrances, namely smaller spray bottles and roll-on scents, which allow customers to buy in to multiple brands at a lower cost.

Slater said the retailer is "bullish" for the fragrance business during the second half and is "optimistic" for the holiday selling period. She noted that Sephora will bring back its fragrance sampler set for holiday, which includes 10 sample-size scents and a voucher that can be redeemed for a full-size version of one of the fragrances in the set.

"Our fragrance business tends to be more niche oriented and specialized," said Ed Burstell, senior vice president and general merchandise manager for beauty, jewelry and accessories at Bergdorf Goodman. "At the end of the day, the celebrity fragrance genre doesn't really resonate with our customer. She comes here to discover something new."

"Our fragrance business has been good, but we have a different type of scent business [than most other retailers]," added Pat Saxby, vice president and divisional merchandise manager for cosmetics and fragrances at Bergdorf Goodman. "There's a lot out there, especially this year, but most of it we won't do. Our customer wants a luxe niche product, something she can't necessarily find easily elsewhere — so we have a highly edited selection of the highest-quality scents we can find."

Saxby said that front-runners for fall include Prada's Infusion d'Homme, Karl Lagerfeld's new scent (which will be unveiled in Paris on July 18), Tom Ford's upcoming White Patchouli and new offerings from Boucheron, Van Cleef & Arpels, Creed and By Kilian. "Also, Tom Ford's Private Blend lineup consistently does very, very well for us."

Looking to later in the season, Kreitzman said he's concerned about the way the calendar falls between Thanksgiving and Christmas. "There is one less shopping week between the two holidays this year, and that keeps me up at night," he said. "At Bloomingdale's, our business tends to be earlier rather than later, but my concern is that the shorter time means fewer shopping trips — and our customer is often buying one for herself, along with one for somebody else."

## Mass Fragrance Market Banks on Category Innovations

With the economy in a recession, beauty manufacturers are looking to find new ways to innovate in order to attract consumers to fragrance in mass channels of distribution.

The overall fragrance category in the mass category has declined, according to ACNielsen. For the 52-week period ended June 14 for drug, food and mass, excluding Wal-Mart Fragrances, women's fragrances declined 4.9 percent to \$451 million, while men's also decreased 4.7 percent to \$141.8 for colognes.

A number of manufacturers agreed that consumers have become more conscious in terms of their shopping patterns when purchasing fragrance. Executives said that they have found that customers are looking more to affordable fragrances when seeking luxury items to buy.

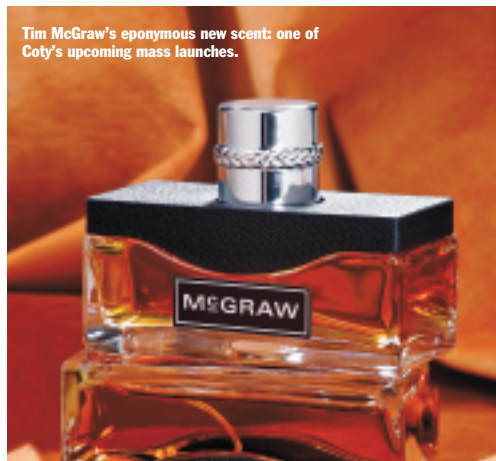
"Consumers are more careful when deciding where to spend money, but I feel the mass channel is positioned well in a tough economy," said Karen Huntoon, Elizabeth Arden's director of global marketing in fragrance. "It's about making sure consumers keep fragrance at the top of their minds and see it as a giftable item for holiday."

Huntoon added that the company is focusing on supporting the business heavily for the holiday season.

Selective Beauty, which works with United Colors of Benetton, Ferrari and Swiss Army fragrance brands, is looking to bring added value to consumers with new gift sets and limited edition packaging.

"We're looking to do deeper promotions to offer consumers stronger added value than the past," said Gregory Black, vice president of marketing at Selective Beauty. "It's about gifts with purchase that will get the product off the shelf and bring it to beauty aisles of mass retailers to draw attention."

According to Michael Ferrara, senior vice president of marketing at Coty Beauty, the company's sales are up about 10 percent. He added that Coty is looking to improve the in-store environment in terms of



Tim McGraw's eponymous new scent: one of Coty's upcoming mass launches.

Benetton's new women's scent.



purchasing fragrance to make it more "shoppable."

"It'll never be like the department store environment, but we can do something to bridge the two," said Ferrara. "Creating a more pleasurable environment will help transform the shopping experience."

Retailers agreed that the fragrance business is going through a tough period. Some retailers are holding off on purchases.

"We are doing more with trial sizes, which have a lower retail [price] and we are asking vendors to bring designer and celebrity names to us faster," said a retailer.

Sherry Saffert, category manager at CVS, said

she's pleased with the celebrity fragrance business in the store.

"We find our shoppers respond well to them and we hope to see more scents available to our stores," said Saffert.

Celebrity and designer fragrances still seems to be driving the business.

"We're continuing to see more prestigious celebrity fragrances driving the category, however, there's definitely an opportunity for lower-priced lifestyle brands," said Black.

— Michelle Edgar, with contributions from Faye Brookman

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## FRAGRANCE IN DEPTH

# Launches as Far as the Eye Can See

The adage that newness sells is top of mind for many fragrance marketers after a less-than-stellar start to the year. Brands are hoping to counter decreases felt in the U.S. fragrance market in the first quarter with a slew of launches during the second half. Here, a guide to the new crop. By Alissa Cherry



The Beckhams' scents.

## JULY

### Women's Launches

B-spot by Benefit, available at Benefit boutiques, benefitcosmetics.com, Macy's, Bloomingdale's, and then Sephora in August.

Covet Pure Bloom by Sarah Jessica Parker from Coty, available in U.S. department stores.

David Yurman by Clarins, available at David Yurman boutiques, followed by a fall rollout to Nordstrom, Bloomingdale's, Saks Fifth Avenue and Neiman Marcus.

Féerie by Van Cleef & Arpels from Inter Parfums, due out exclusively at Neiman Marcus at the end of July, in Harrods starting Aug. 4 and exclusively in Parfumeries Marionnaud in early August. The full global launch is in September.

Fig by Marc Jacobs from Coty, available exclusively at Nordstrom, followed by a nationwide rollout in August.

Gardenia by Marc Jacobs from Coty, available exclusively at Nordstrom followed by a nationwide rollout in August.

Geisha Blanche Eau de Parfum from Aroma M Perfumes, available at 50 doors.

Jeanne Lanvin by Lanvin, available in France in July, followed by a global rollout in September to 10,000 doors, including Saks Fifth Avenue in the U.S.

Lavender Joyful Mood Touch by L'Occitane.

Roses des 4 Reines Fragrance Touch by L'Occitane.

Sensuous by Estée Lauder, available at all Estée Lauder counters and esteelauder.com, available globally.

Waterford Lismore, available chainwide at Bloomingdale's.

### Men's Launches

Canali Black Diamond, available exclusively at Nordstrom, followed by a rollout to Saks Fifth Avenue and Bloomingdale's.

Carolina Herrera 212 Sexy Men, available at Sephora.

### Unisex

Lostmarc'h, available exclusively for six months at Luckyscent.com.

## AUGUST

### Women's Launches

Classic by Banana Republic from Inter Parfums, available at Banana Republic stores nationwide.

Cleopatra by Tocca, available at Sephora, Blue Mercury, Anthropologie, tocca.com and selected specialty stores.

Daisy by Marc Jacobs Eau de Parfum from Coty, available exclusively at Bloomingdale's, followed by a nationwide rollout in September to department stores.

Dsquared2 She Wood from ITF, available at Saks Fifth Avenue and Nordstrom.

Fancy by Jessica Simpson from Parlux, available at Macy's and Dillard's.

Florence by Tocca, available at Sephora, Blue Mercury, Anthropologie and tocca.com.

Jasmine Noir by Bulgari, available at Nordstrom, followed by a rollout in October to Bloomingdale's and then in November to Saks Fifth Avenue, Neiman Marcus and Sephora, limited global availability.

Kate by Kate Moss from Coty, available in limited distribution.

Love in Black by Creed, available exclusively at 59 Neiman Marcus doors and neimanmarcus.com, followed by a rollout to Saks Fifth Avenue, Bergdorf Goodman and five Holt Renfrew doors in Canada.

Luscious Pink by Mariah Carey from Elizabeth Arden, available at Macy's.

Magnifique by Lancôme from L'Oréal, available at Bloomingdale's, followed by a U.S. rollout in September, available in roughly 165 countries.

Nina by Nina Ricci Gold Edition from Puig, available at Macy's.

Ombre Rose by Jean-Charles Brosseau, available at Harrods.

Stella by Tocca, available at Sephora, Blue Mercury, Anthropologie, tocca.com.

U by Ungaro for Her from Avon, available at avon.com.

### Men's Launches

Dare by Adidas

Diamonds for Him by Emporio Armani from L'Oréal, available in the U.K. and Germany followed by a U.S. rollout in September.

Dior Homme Sport, launching exclusively at Sephora and sephora.com, available globally.

Dsquared2 He Wood from ITF, available exclusively at Saks Fifth Avenue followed by a rollout to Nordstrom.

Euphoria Men Intense by Calvin Klein from Coty, available at U.S. department stores.

McGraw by Tim McGraw from Coty, mass market doors.

Play and Play Intense by Givenchy, due out starting the end of August-early September in France, Belgium, Switzerland, Holland, the U.K., Russia, Greece and Kuwait.

Quiksilver from Inter Parfums, due out in August in the U.K., Spain, Italy, Norway and Sweden; in September in some Eastern European countries, most of Asia, except for Japan, and in October, Latin America.

U by Ungaro for Him from Avon, available at avon.com.

Versace Pour Homme from Euroitalia, available in 800 doors.

### Unisex

Prelude to Love by Kilian, available at Bergdorf Goodman, selected Saks Fifth Avenue doors, Aedes de Venustas, Apothia, saks.com, Bykilian.com and Luckyscent.com, followed by a rollout to the U.K., Holland, Canada, Belgium and Switzerland.

## SEPTEMBER

### Women's Launches

Absolutely Irresistible by Givenchy, available at Sephora and department stores.

Amethyst by Lalique, available at Neiman Marcus, Bergdorf Goodman and selected Saks Fifth Avenue doors.

B de Boucheron, due out internationally.

Beckham Signature for Her from Coty, available at 1,000 U.S. department store doors.

Blue Seduction by Antonio Banderas from Puig, available at drugstores and mass market retailers in the U.S.

Brigitte by Tocca, available at selected specialty stores.

Celebration by Esprit

Coach Legacy by Coach from the BeautyBank division of Estée Lauder, available at 287 Coach freestanding stores and coach.com.

Diane Brill from Diane Brill Cosmetics, available at 40 doors.

Fuel for Life Unlimited by Diesel from L'Oréal, due out in most of Europe, the Middle East and Asia.

Guerlain Insolence Eau de Parfum, available at Guerlain boutiques.

Harajuku Lovers by L.A.M.B. from Coty, available in department stores.

Hemisphere Sud for Women by Comptoir Sud Pacific.

Inspire by Christina Aguilera from P&G Prestige Products, available at department stores in the U.S., Canada, Latin America, Asia, Northern and Eastern Europe and the U.K.

John Galliano from Selective Beauty, due out at the end of September in the U.K. and Germany; Oct. 11 in France, and mid-October in Switzerland. The rest of the world, including the U.S., will get the scent in 2009.

Kenzo Winter Flowers by Kenzo, available at Sephora and Nordstrom.

La Voce by Renée Fleming from Coty, highly exclusive distribution.

Leau Beuce by Lubin, available at independent boutiques and major department stores in the U.K.

Ma Dame by Jean Paul Gaultier from Beauté Prestige International, available at Macy's, followed by a rollout to Sephora in December, available globally.

Miss by Miss Sixty

Notorious by Ralph Lauren from L'Oréal, available exclusively at Bloomingdale's followed by a rollout to 3,500 U.S. doors, available in 120 countries worldwide.

Pour Femme Winter Edition by Pierre Cardin.

Shimmering Touch by Chanel, available at chanel.com.

Secret Obsession by Calvin Klein from Coty, available in 2,200 department and specialty stores in the U.S.

Stephen Jones by Stephen Jones and Comme des Garçons Parfums, available in 500 doors in the U.S. and abroad.

Usher Limited for Women from Elizabeth Arden, available at Macy's.

Velvet Hour by Kate Moss from Coty, available in Western and Eastern Europe, the Far East, Middle East and Canada, with U.S. distribution to be announced.

Vivara Silver Edition by Emilio Pucci, available at specialty stores.

White Patchouli by Tom Ford Beauty from Estée Lauder, available for a one-month exclusive at Neiman Marcus and Saks Fifth Avenue, followed by a nationwide rollout to 400 specialty store doors and 2,300 doors globally.

### Men's Launches

9 IX Rocawear from Elizabeth Arden, available at department stores.

Beckham Signature for Him, available at department stores.

Celebration by Esprit from Coty.

Davidoff Adventure from Coty, available at department stores nationwide.

Deseo for Men by Jennifer Lopez from Coty, available at 2,000 department and specialty store doors.

Gucci by Gucci Pour Homme from P&G Prestige Products, available at Neiman Marcus followed by Saks Fifth Avenue, Bloomingdale's and Nordstrom, available globally.

Hilfiger from Estée Lauder, launching exclusively at Macy's, followed by a nationwide rollout in December to department stores.

Pour Homme by Pierre Cardin

Pure Formance by Aveda, available at Aveda salons, spas and stores.

Roadster by Cartier, available in all Cartier doors globally as well as all Bloomingdale's locations.

Playboy's Hollywood, Miami, Malibu and Vegas scents from Coty.

White by Lalique

Zirh Ikon by Zirh Holdings LLC, launching exclusively at Bloomingdale's followed by a nationwide rollout in October.

#### Women's and Men's Launches

Kapsule by Karl Lagerfeld from Coty: Light, Floriental and Woody, due out exclusively at Colette in France in late September. In November, it will be launched exclusively at Neiman Marcus in the U.S., also in Australia, Austria, the Benelux, Canada, China, Greece, Germany, India, Italy, Japan, the Middle East, Poland, Southeast Asia, Spain, Switzerland, the U.K. and travel retail.

#### Unisex

Amber Fetiche, Encens Flamboyant, Musc Nomade and Myrrhe Ardente by Annick Goutal Les Orientalistes, available at Nordstrom, Neiman Marcus, Bloomingdale's and Saks Fifth Avenue.

Musc Botanique by Strange Invisible Perfumes, available at 13 stores worldwide, including Barneys New York.

The Classics' Coeur de Fleur, Fleur Oriental, Citron Citron and Terre de Bois, launching exclusively at Saks Fifth Avenue.

Tuscan Soul by Ferragamo Parfums, launching exclusively at Neiman Marcus, Bergdorf Goodman and Ferragamo boutiques.

Un Jardin Après La Mousson by Hermès, currently at Saks Fifth Avenue and Hermès stores globally, followed by nationwide rollout in September.

#### OCTOBER

##### Women's Launches

Aerie Eau de Toilette by American Eagle, available at all American Eagle Outfitters and aerie freestanding stores.

Amber Ylang-Ylang by Estée Lauder, available at Saks Fifth Avenue, Neiman Marcus, Bergdorf Goodman, Holt Renfrew, Bloomingdale's and esteelauder.com.

Ancient Attar Pure-fume Spirit Spray by Aveda, available at Aveda salons, spas and stores.

Azzaro Couture from Clarins, available in the U.S. exclusively at Neiman Marcus, in Canada exclusively at Holt Renfrew and in France in Sephora's Champs-Élysées flagship and in the Azzaro boutique, 10 doors in Switzerland and 20 doors in the Middle East.

Bond Girl 007 by Avon, available via Avon representatives.

Chanel No.5 Eau Première, due out internationally on Oct. 10 and in France on Oct. 18.

Dans Tes Bras by Frédéric Malle, available at Barneys New York.

Diamonds Intense by Emporio Armani from L'Oréal, rolling out to the U.S., available globally.

Fairy Dust by Paris Hilton from Parlux, available at Macy's.

Iris Noir by Yves Rocher, available in 66 doors in Canada.

Jasmine Eau de Parfum by L'Occitane.

Les Elixers Charnels by Guerlain: Oriental Brulant, Chypre fatal and Courmand Coquin, available in Guerlain boutiques.

Nina Ricci L'Air du Temps 60th Anniversary Edition from Puig, available at Neiman Marcus.

##### Men's Launches

Guerlain Homme by Guerlain, available at Guerlain boutiques, Saks Fifth Avenue, Nordstrom and Neiman Marcus.

Kenneth Cole Black by Kenneth Cole in a limited edition bottle, available at department stores nationwide.

Kenzo Power by Kenzo, available at Bloomingdale's.

The Essence by Porsche Design, available at

Bloomingdale's and Porsche Design stores.

Verde Bosco by Isabella Imports, available at Barneys New York.

#### Unisex

Fleur de Liane by L'Artisan Parfumeur, available at Barneys New York, L'Artisan Parfumeur boutiques and artisanparfumeur.us/store.

Sweet Lime and Cedar Cologne by Jo Malone, available at Bergdorf Goodman, selected Saks Fifth Avenue stores, selected Neiman Marcus stores, Jo Malone stores, jomalone.com and exclusively at Holt Renfrew in Canada.

#### NOVEMBER

##### Women's Launches

J'adore L'absolu Solid Perfume by Dior, available at Saks Fifth Avenue, Neiman Marcus and Nordstrom.

Jil Sander Scent 79 for Women from Coty, available exclusively at Neiman Marcus.

##### Men's Launches

Jil Sander Scent 79 for Men from Coty, available exclusively at Neiman Marcus.

Look by Vera Wang from Coty, available in Saks Fifth Avenue, Bloomingdale's, Nordstrom, Lord & Taylor and Sephora.



Nina Ricci's L'Air du Temps anniversary edition.

# SMELL SUCCESS

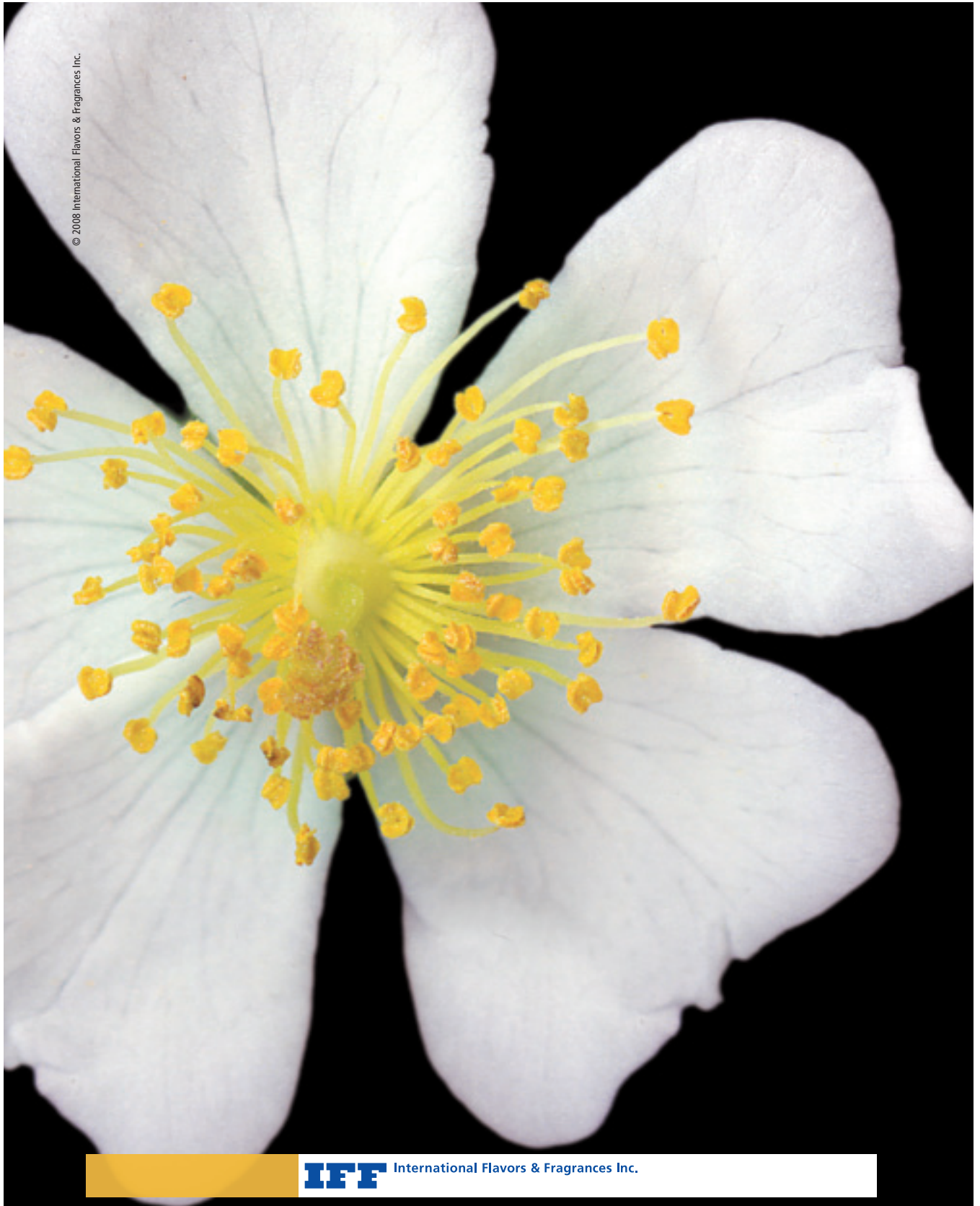
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We know that success comes from doing more, from knowing more, from going further. Which is why at every level of our business, we seek constantly to inspire more.

From innovative product concepts to enhanced delivery systems, Symrise offers the ingredients for success; for an idea of what that could mean for your business, visit us at

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