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WWD TUESDAY

Ready-to-Wear/Textiles

Under Amour

Chez Dior, love of fashion begins with the underpinnings. In his fall couture outing for the house, John Galliano showed a beautiful, high-drama collection built on intricate corsetry. Here, his new take on the Bar jacket, worn over tony skivvies. For more on the season, see pages 4 to 8.

Retail's New Discipline: Keep Inventories Lean And Do More With Less

By Vicki M. Young and Jean E. Palmieri

WITH A NEW LEVEL OF DISCIPLINE tied to the times, retailers are hoping to eke out more profit with a lot less inventory.

Inventory levels at many chains are down 15 percent or more from a year ago, but instead of simply going on the defensive against stock gluts and consequent markdowns, stores quickly are learning to make their existing inventories more productive, bringing merchandise into stores closer to when it's needed and being more selective in what they buy and replenish based on actual sales results.

While adapted to stave off the worst sales downturn of their lifetimes, these new mandates are expected to serve retail executives well once spending begins to recover.

"What you want to do is make sure inventories

See **Less**, Page 18



Crunch Time at Lacroix

By Miles Socha

PARIS — It's coming down to the wire for Christian Lacroix.

Employees were informed Friday of a restructuring plan that could see the workforce cut to 12 from 124, effectively reducing the 22-year-old fashion house to a licensing operation, WWD has learned.

Workers were told layoffs could be avoided only if a buyer emerged for the troubled firm, which sought court protection from its creditors in May, caught between an expensive upscaling drive and a steep fall in orders amid the economic crisis.

Nicolas Topiol, Lacroix's chief executive officer, said Monday letters of intent were expected this week and offers would be invited until the end of July. He declined to identify possible suitors or comment on the likelihood of a transaction.

"The alternative is a liquidation, and that's what nobody wants," he said.

The restructuring plan, if activated by the current owner, Florida's Falic Group, would see only a handful of employees kept on board to manage Lacroix's licensing pacts, which include men's tailored clothing with Sadev, men's shirts and knitwear with Rousseau, wedding dresses with Rosa Clara and Mantero for scarves. A perfume pact with Paris-based Inter Parfums SA is set to expire next year.

However, "if an offer comes in and it changes the number of people that would be included in the plan, we can change," Topiol said.

The restructuring plan was disclosed only days ahead of Lacroix's winter couture show, slated for today at the Arts Decoratifs here.

Sources said the show is being mounted on a shoestring budget, with most suppliers donating their services in support of the acclaimed couturier, whose baroque creations include his famous "pouf" skirt and landed him a cameo on the British series "Absolutely Fabulous."

Model fees must be paid in France, and a source said Lacroix himself, as well as others, are chipping in for today's show, which the couturier touted as a defiant act in the face of obstacles.

In an interview last month, the designer said he had a duty to feed the atelier's sketches and keep the talented hands of seamstresses busy.

"They want to fight," Lacroix said. "They are very strong. You know French women and the Resistance. The best way to fight would be to do a beautiful collection."

Topiol said the fate of the winter couture collection depended on finding a buyer for the company. If Lacroix has orders in hand, production would not start until September in any case.

Christian Lacroix SNC filed for court protection from its creditors in May, reflecting the vulnerability of wholesale-dependent brands amid the sharp downturn in luxury spending.

Losses at Lacroix ballooned to about 10 million euros, or \$14 million at current exchange, on revenues that have shriveled to an estimated 30 million euros, or \$42 million. Orders for the fall-winter season sank 35 percent.

It is believed the voluntary petition, the U.S. equivalent of Chapter 11, has attracted several potential suitors for one of France's most famous couture names. Last year, Falic Group began searching for potential investors to help accelerate the fashion company's expansion and capitalize on the brand's recent repositioning as a pure luxury play.

Hailing from the southern French city of Arles and drawing on the region's rich gypsy and Provençal traditions, Lacroix burst onto the international fashion scene in the Eighties as the designer of Jean Patou. Bernard Arnault, chairman and ceo of LVMH Moët Hennessy Louis Vuitton, set up a couture house just for him in 1987, electrifying the Paris high-fashion scene and landing the designer on the cover of Time magazine.

However, after a revolving door of executives, a failed perfume attempt and what Lacroix lamented as lackluster development of his house, LVMH sold the company in 2005 to the Falics, best known for their Duty Free Americas chain. Falic Group had also purchased Hard Candy and Urban Decay from the French conglomerate.

Meanwhile, Lacroix, 58, has continued to expand his design oeuvre, with projects for opera costumes, movie theaters, set designs, signature hotels and even tramways for French cities.



Christian Lacroix



A fall look from Christian Lacroix.

WWD TUESDAY

Ready-to-Wear/Textiles

FASHION

4 John Galiano displayed glorious tailoring, curvaceous dresses and gowns of extravagant color, texture, structure and embellishment for Dior.

6 It's couture week in Paris, and fine jewelry houses think that's a perfect time to unveil their newest temptations.

GENERAL

1 With a new level of discipline tied to the tough economic times, retailers are hoping to eke out more profit with a lot less inventory.

3 Guess Inc. kicked off its Fourth of July celebration on Friday with the reopening of its SoHo flagship that emphasizes its new international flair.

3 After five years, Giambattista Valli has ended its licensing agreement with Gilmar Group to sign with Mariella Burani Fashion Group.

10 **TEXTILES:** Organizers of upcoming New York textile shows are counting on pent-up demand and better economic news to buoy buyers' spirits.

12 President Obama's focus on health care and energy legislation could curtail major trade initiatives, but some measures might see action.

16 **RTW:** Companies are using first-rate service, customized designs and sharper prices to keep them afloat during the economic downturn.

20 Launching for fall, Life/After/Denim tweaks military uniforms and prep-school wardrobes to offer serviceable sartorialism with moderate prices.



Dior Joaillerie

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DAILY QUOTE

“Selling out is a good thing.”

— Stephen I. Sadove, chairman and chief executive officer of Saks Inc., on lower inventories. Page one.

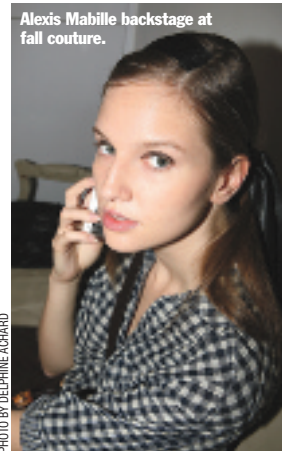


PHOTO BY DELPHINE ACHARD

TODAY ON WWD.COM

- Coverage of couture week in Paris, including reviews, full runs of show, backstage images, front-row coverage and Fashion Scoops
- More images from accessories collections: Roger Vivier, Dior, Boucheron, Chanel, Bulgari, Cartier and Van Cleef & Arpels
- Additional images of the set at the Dior couture show
- More images from the Guess flagship in Soho

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Guess Opens Revamped SoHo Flagship

By Ross Tucker

NEW YORK — Guess Inc. is making a statement in SoHo. The Los Angeles-based denim and contemporary label kicked off its Fourth of July celebration a bit early with the reopening on Friday of its store at 537 Broadway here, which the company sees as a model for units worldwide with a renewed focus on denim.

Carlos Alberini, president and chief operating officer of Guess Inc., said the 12-year-old store was due for a redesign.

"We felt that with all the international tourists you get and the high traffic in that area of Manhattan, we wanted the brand to be represented consistently with a flagship feel," he said. "We thought the time was right and the design is representative of our international look."

The unit, which closed five months ago, has been reconfigured and enlarged.

The overall square footage was increased to 8,700 square feet from 6,100 square feet by moving the stock room and some offices to the basement. The reclaimed space is now occupied by fitting rooms along the back of the building facing Mercer Street, taking advantage of natural light. Guess sought to use the building's prewar design elements by melding them with new details to create a distinct look. The original brick has been given a gold wash, and a new black tin ceiling was added. The accessories and footwear area features gold brick walls, mirrored columns and black chandeliers.

denim heritage. As part of that effort, management hopes to take advantage of shifting consumer spending habits by tailoring its denim assortment to those shoppers looking for greater value from premium denim.

Guess will increase the percentage of denim in company stores to 40 percent from 30 percent, space that will be freed up as the company replaces tailored jackets, pants and skirts, as well as fancy shirts and dresses. However, dresses will still appear in holiday collections. The company's focus is now on a midtier price zone between \$108 and \$148, which co-founder Paul Marciano believes will enable Guess to grab market share from other labels.

"We feel denim is in the roots of our brand and our company, so it is very well represented," said Alberini, pointing to the creation of a denim wall.

Denim represents about 40 percent of the store's apparel assortment and accounts for some 30 percent of sales, he said.

Guess' first-quarter earnings fell 31.9 percent to \$32.5 million compared with the same period a year ago. Revenues for the three months ended May 2 declined 9.8 percent to \$441.2 million, as sales dropped 10 percent to \$419.1 million. North American retail sales slid 2 percent to \$207.6 million.

Although Alberini declined to disclose the cost of the redesign, he said: "As with every company last year, with the crisis, we looked at all the projects we had outstanding. This was one of those key, high-priority projects for us... We feel that times are difficult, yet our company con-

Valli Signs Licensing Deal With Burani Fashion Group

By Alessandra Ilari

MILAN — After a five-year run, Giambattista Valli has ended its licensing agreement with Gilmar Group to sign with Mariella Burani Fashion Group.

The upcoming spring collection will be the last produced by Gilmar before the production and distribution for fall 2010 is handed over to Burani under a five-year agreement.

The Paris-based Valli was courted by Burani and views the new partnership as necessary to grow the brand. He said key points are to raise awareness

of the label and to make the offering more eclectic by boosting the accessories and costume jewelry segments.

By broadening the ready-to-wear collections, Valli hopes to open new regions and shops-in-shops.

Both Valli and Andrea Burani, director of product, sales and marketing at Burani Fashion Group want to consolidate top-performing markets such as Europe and the U.S. while conquering new ones, including the Middle and Far East, Russia and India.

Sources estimate the Valli label will reach sales of 20 million euros, or \$28 million at current exchange rates, next year.

Andrea Burani said the firm approached Valli because of a belief in the potential of small niche brands like the designer's. "We consider Valli one of the most interesting luxury designers today," Burani said. "I'm convinced that the economic and financial tsunami has weeded out many companies more orientated towards marketing, so I believe in a return of quality and substance."

For his part, Valli said the deal will allow him to "develop the brand without compromising my artistic or financial independence, which remains at the base of my entrepreneurial vision."

In retail, Burani expects to bump up the current number of multibrand stores to 300 from 220 in the next three years.

Valli struck out on his own in 2004 after a long design career at Emanuel Ungaro. Leaving behind Ungaro's characterizing colors and prints, Valli's signature line targets stylish young jet-setters and exudes an understated and timeless elegance that spotlights craftsmanship.

He also signed with fur specialist Ciwifurs SpA to make luxurious and innovative outerwear.

Valli's clients include Queen Rania of Jordan, Charlize Theron, Mischa Barton, Tilda Swinton, Penélope Cruz, Samantha Boardman and Alba Clemente.

Regarding Gilmar, Valli said he "shall not forget who was the first to believe in my work, marrying my project and supporting my challenge."



PHOTO BY KATE BARRY



Inside the redesigned Guess store.

For more views of the store, see WWD.com.

PHOTOS BY KYLE EISENSEN

Alberini said the layout helps the brand make stronger statements along product categories, particularly in denim, accessories and footwear. The footwear area has been enlarged to include seating for customers to try on product, and accessories are centrally located instead of being distributed throughout the space.

"It's much easier to really look at the overall merchandising that is being offered when it's being done in one particular area, rather than going through the whole selling floor," Alberini said.

Denim is also getting emphasis as part of a broader corporate strategy. This spring, the company said it would look to turn consumers' attention back to Guess'

continues to do well and our capital structure is strong."

Guess will celebrate the reopening on July 22 with an evening event hosted by actress Michelle Trachtenberg to benefit Oxfam America.

Other stores will get similar investments, including locations in Milan and Florence. Guess operated 429 retail sites in the U.S. and Canada as of May 2, and the SoHo store will serve as the blueprint for the 81 stores the company intends to open outside North America during the remainder of the fiscal year.

"We are opening many stores in many parts of the world, and this concept is exactly what represents that new look for us," Alberini said.

HSBC's Gloomy Outlook for Luxury

By Andrew Roberts

MILAN — Although the worst might be over for the fashion and luxury goods industry, top executives at most listed companies in the sector feel far from out of the woods, according to a new HSBC report.

And HSBC analysts see a long and difficult road ahead.

"We draw the conclusion that the current downturn may differ from the previous crises, which did not last long and were followed by steep recoveries," wrote HSBC analysts Antoine Belge, Erwan Rambourg and Sophie Dargnies after meeting the leaders of most luxury firms in their coverage.

The analysts offer a more sober outlook for the sector than many of their peers. European luxury stocks have gained 22 percent so far this year compared with a 3 percent gain for the Eurotop 300 and consensus expect-

tations in the market are for a v-shaped recovery from the fourth quarter, according to the report.

"We are less optimistic," they wrote. "We argue that the luxury industry may face a period of flat or limited growth in 2010 [and even maybe 2011] as several of the drivers of the hyper-growth of 2005-2008 are likely to have disappeared for a while."

Belge, Rambourg and Dargnies said the Asian crisis in 1998, the Sept. 11, 2001, attacks and the SARS epidemic in 2003, had a short negative impact on luxury goods demand, mostly because fewer people were traveling.

"We believe the current environment differs from these external shocks as we feel there is a need for a 'structural re-set' of certain segments of the luxury industry," they wrote, citing watches in particular, which were mostly driven by mix-price enhancement rather than volume growth.

For this reason they argued hard luxury like watches and jewelry remained the most at risk, adding that consumers would be far less likely to respond to huge average price increases going forward. Less vulnerable was soft luxury and in particular leather goods, where a sizeable portion of products are at more accessible price points, they wrote.

Despite management anticipating a gradual improvement through 2009 as the psychological barriers to luxury consumption, such as fear and guilt, wane and the effects of destocking on wholesale-led businesses soften, the analysts added: "What strikes us is that luxury companies still do not seem to have a clear picture of how their consumers' behavior has changed. Very little in-depth consumer analysis appears to have been conducted... which leads us to believe that management's visibility remains pretty low."

The analysts upgraded Luxottica Group SpA to "overweight" from "neutral" and Tod's SpA to "neutral" from "underweight," and downgraded Christian Dior SA to "neutral" from "overweight" and Hermès International to "underweight" from "neutral."



French Un-dressing

The fall couture collections began in Paris on Monday with Alexis Mabille's dreamy chic styles and Dior's haute dishabille.

Christian Dior: Everyone knows John Galliano is a brilliant designer and showman. But savvy social chronicler, as well? Just maybe. Without question, he knows how to gauge and exploit the current zeitgeist in his fanciful work. Sometimes that means going all-out, over-the-top iconoclastic. And sometimes, times like right now, it means shining a light on that which is beautiful, aspirational and true to one's core. Now, the man who has famously translated "Matrix" aggression and tragic homelessness into important haute extravaganzas finds such deliberate edge too harsh for the moment.

"In this economic climate, I want to focus on the established codes of Dior: the Bar jacket, the panther, the lily of the valley," Galliano said of his approach for Christian Dior this fall. That platform translated into a collection both controversy-free and superb in its own right.

Galliano showed in the meandering salons of the house's Avenue Montaigne headquarters. Whether or not intended to lessen production costs, the move fed perfectly into his theme — *C'est la fièvre de la cabine!* — inspired by Monsieur Dior's favorite models of yore. To wit, a Sunday afternoon visit to Galliano's ever-changing studio there revealed its appointments du jour: huge photographs of those women at their high-haute best, all killer stares and impossible bodily

angles. "It's to inspire the little ones, to help them feel what they're wearing," he said of the girls who would walk his show. "Some of them are 16."

His girls proved more than up to the task, deftly flaunting the designer's glorious tailoring, curvaceous dresses and explosive gowns, each an extravagance of color, texture, structure, embellishment...and of skill — a point Galliano made with no small level of artistic flourish. "It all begins with the corset," he said. He thus sent out models wearing dresses worked in various transparencies, or seemingly caught in states of undress — jacket sans skirt, enormous ball skirt sans bodice. It was, he quipped, as if the girls weren't ready, and someone said, "Just go!" This allowed him to show off the craft of couture-building via the most intricate, exquisite undies imaginable — hand-made bras, corsets, girdles, garters, tap shorts, stockings — and to provide the kind of rich theater that is now as core to the house as the Bar jacket. Atop the corsetry: inventively molded and decorated takes on that iconic item; lean, your-slip-is-showing dresses, and volume galore, in a fab embroidered coat; short, crisp crinolines and dream-sequence evening stunners. As for color, it was gleeful — fuchsia, yellow, purple, orange — made all the more vibrant when played against underpinnings in black or blush tones. What a revelation.

couture/fall '09
PARIS



Behind the Scenes

PARIS — As delivery vans lined up outside and everyone from models to firemen was directed to various floors, Monday looked like moving day at the house of Dior.

But it wasn't. Instead, the couture show was coming home.

"The whole company is working," declared Sidney Toledano, president and chief executive officer of Christian Dior, as he surveyed the scene: a gray runway weaving through the salons, lined with 260 gray chairs and dotted with imposing floral displays.

Logistical preparations began on Wednesday, said Catherine Riviere, director of fashion and prestige activities and the *chef d'orchestre* of Monday's show. "The models will have their makeup done in the accessories bureau, [the changing room] is where we hold our management meetings and the technical space is a showroom. That's Delphine Arnault's office," she said, pointing to a sealed-off door.

In the downstairs hallway, workers stapled gray carpet onto the low runway, while journalists were given a glimpse of the musty, two-story wooden-paneled "cabine" where models dressed in Christian Dior's time, which has been unchanged for more than 60 years. But in the Grand Salon, all that's been altered since the founder's days is the lighting. "So many designers worked here," Toledano said. "Saint Laurent, Bohan, Pierre Cardin, Ferré. If these walls could talk — they've heard a lot of things and they've seen some very beautiful dresses."

In the top-floor ateliers, a team of seamstresses (who hadn't slept all night) deftly put the finishing touches on clothes that would be swished downstairs — elaborately packed as usual. "We don't have the panic of, 'The truck's about to leave!' It's one less stress," said Madame Monique, the head of the studio.

Downstairs, set designer Michael Howells peeled away the odd faded petal from among some 4,000 roses.

"John [Galliano] had said, 'More Dior than Dior,' so we looked at some of the classic flowers that Dior used; roses, hydrangeas and palms," he said. "One of the things you'll notice is the shadows the flowers create: Shadows appear in some of John's favorite photos of the salon. They're as important as the flowers."

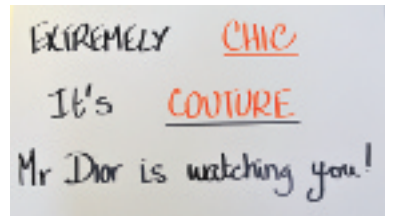
Alexandre de Betak, who produced his first show for Dior when Galliano first presented collections in the salons 10 years ago, likewise pored over old photos. "What I did was to look at the way the audience used to look," he said. "The audience here is as visible as the models." That proximity allows guests to hear the clothes move and see all the fabric details. "The focus is on the design, but also on the making, which is a big part of what couture is about," de Betak said.

With 500 guests at two shows, the audience is — surprisingly — smaller than those Mr. Dior once welcomed. "At that time, the security was not the same," Toledano said. "Nobody's going to sit on the stairs, though that would be fun. I would love that."

So would Mr. Dior, whose presence was evident in words of advice on a message board to models: "Mr. Dior is watching you!" it proclaimed. "They have a sense of humor," said model Sasha Pivovarov with a laugh when she spotted it. "We all feel the spirit of Mr. Dior."

"It keeps us motivated," said milliner Stephen Jones. "I just walked past photographs of Marlene Dietrich and Rita Hayworth, who were sitting here, and I'm walking up the stairs carrying my hats."

— Ellen Groves



Placing the Dior logo. Above: Backstage advice to models.



PHOTOS BY STEPHANE FEUGERE

For more
couture
images and
backstage
coverage, see
WWD.com.

PHOTOS BY GIOVANNI RUONONI

A Fine Moment

IT'S COUTURE WEEK IN PARIS, AND FINE

jewelry houses think that's a perfect time to unveil their newest temptations, many inspired by nature or their own archives.

California dreaming in Place Vendôme? Van Cleef & Arpels sure is for its latest fine jewelry collection, a charming, retro-chic homage to the great outdoors of America's West Coast. Chanel Jewelry stayed closer to home, showcasing its collection on a luxury "Lego"

replica of Place Vendôme, built from 150,000 Perspex bricks. The concept chimed with the house's collection of light, modern, wearable riffs on house motifs, including bows, ribbons, tweed and the sun. Also looking back, Bulgari presented its new Serpenti line of articulated snake bracelets, rings and watches, inspired by Seventies archive pieces. Meanwhile, Cartier's Secrets et Merveilles (Secrets and Wonders) collection explored four themes — peacocks, snakes, diamonds and pearls.



Cartier's bracelet of fine strands of pearls with a stunning centerpiece — a 159.65-carat yellow sapphire engraved with a flower.



Van Cleef & Arpels' sunset clip features a double-sided 100.11-carat Ethiopian opal with sapphires and diamonds.



A bracelet from Bulgari's Serpenti line in pink and white gold, diamonds and sapphires.

Dior Doyenne

LEAVE IT TO VICTOIRE DE CASTELLANE, DESIGNER OF DIOR Joaillerie, to turn the macabre into the magnificent.

"I liked this idea of discovering the tombs of kings and queens who had been laid to rest for an age, and in the end, what remains? Their jewelry," mused de Castellane, whose latest fine jewelry collection — marking her 10th anniversary at the house — features 20 skulls adorned in resplendent, Baroque diamond finery.

The heads will be unveiled in a pitch black salon at the Dior headquarters here today, appearing and vanishing like ghosts.

Skulls have been a frequent leitmotif for de Castellane, starting with her La Fiancée du Vampire collection in 2001 that was celebrated with a ghoulish party at the Ritz Hotel timed to coincide with the opening of Dior's Place Vendôme flagship.

For her latest interpretations, the designer tamed her gung-ho colorist heart and set herself a new challenge: a collection based on white diamonds. Three-dimensional skulls were carved from ornamental stones such as chrysolite (used in the Middle Ages for religious ornaments) and jade (once cherished by queens for its reputed healing virtues) and then dressed in dazzling collars and crowns in a variety of styles, from a laurel wreath or Elizabethan ruff to the ceremonial necklaces of the maharajas.

Diamonds in myriad cuts create fabriclike textures, applied to lacelike platinum weaves. Movement comes from articulated necklaces and free diamond beads edging collars like dewdrops. Based on royal couples, 10 king skulls come as pendants, while 10 queens adorn rings.

De Castellane is the first to admit that the opulent collection is uncharacteristically "serious." Indeed, having carved out her niche as the Peter Pan of the Place Vendôme, the playful designer likes to summon her inner little girl when at the drawing board, conjuring jewels that remind her of her childhood. Think the small daisy and butterfly rings from the Dorette collection in 2006, or the teeny coral cherry earrings and rings in de Castellane's 2000 Mini Milly line.

While she's not keen on birthdays or anniversaries, the jeweler concedes that her milestone at Dior is a sweet achievement, considering the fact that her appointment



"Roi de Charoite" pendant in platinum, white gold, charoite and diamonds.

in 1998 raised eyebrows on the Place Vendôme — with her unconventional approach to jewelry design and her star appeal. (She was a big personality on the Paris fashion scene, as a close collaborator of Karl Lagerfeld at Chanel for 14 years and designer of the house's costume jewelry.)

For her Dior collections, which start with a story and not the stones, de Castellane likes to think outside of the classic jewelry box. Since gold exists in limited colors, for instance, the designer recently chose to lacquer the material in neon hues or shades normally found on Fifties automobiles. "If nature doesn't bring it to me, I'll move around it," she said. "Looking back, those elements I brought to the jewelry sector that were considered shocking and provocative in the beginning are classics and basics for me. I don't feel like a jeweler. I'm still the same girl making jewelry, only with precious materials."

De Castellane described integrating the Dior signatures into her collections as an organic process. "Dior is the base. The rest is me," she said. "I like the idea of using a code one season, putting it to sleep for awhile," she noted, gesturing to her "Dior gray" office walls scattered with vibrant butterflies on pins.

Asked to list her career achievements, de Castellane singled out "the world's smallest and biggest rings," referring to the Mimioui chain ring in 2001 and the giant knuckle dusters from the Les Incroyables et Merveilleuses collection of 1999. The designer also likes to think that she's brought a certain showmanship to jewelry, which is

traditionally displayed on fuddy-duddy busts. Her concepts have ranged from placing jewels in cots like newborn babies to a virtual presentation on the Second Life Web site in 2007 for her psychedelic Belladone Island collection. The pieces sold out within a week of going online.

Similarly, certain pieces from the designer's latest spooky collection already have sold. "I have a very serious relationship with this collection. It's a love story," said de Castellane. "And I always like to accompany the story to the end."

— Katya Foreman



A white gold and diamond ribbon brooch by Chanel Jewelry.



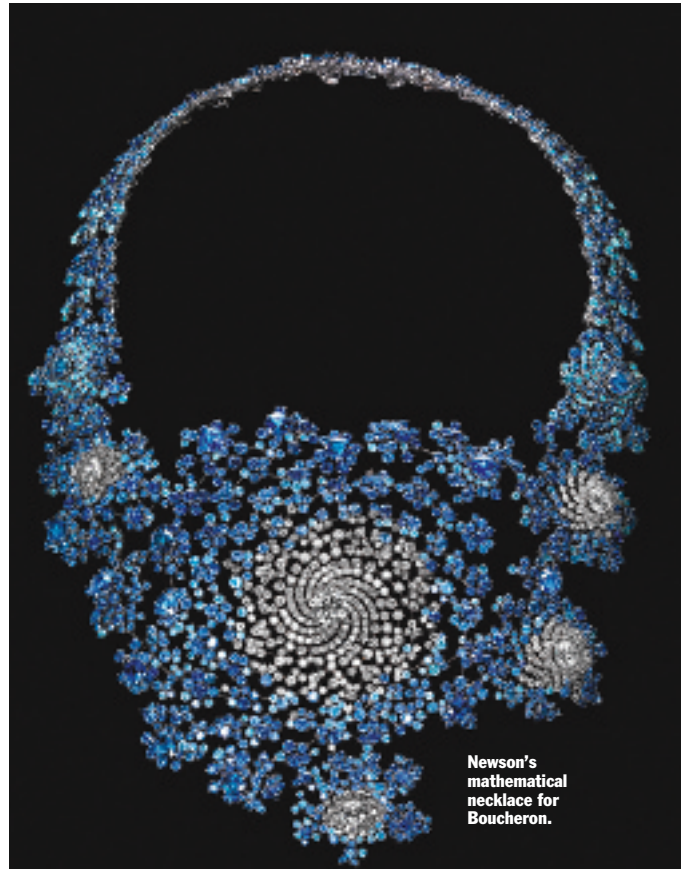
Chanel's luxury "Lego" replica of Place Vendôme.



Victoire de Castellane at Dior.



A "Reine de Quartzie" ring in platinum, pink quartz, diamonds and fine pearls.



Newson's mathematical necklace for Boucheron.

Boucheron Bauble

WITH THE DESIGN OF ASTRIUM'S SPACE PLANE ALREADY on his curriculum vitae (and a seat saved on its first tourist flight), industrial designer Marc Newson — reputed to be a bit of a space nut — stayed true to form with his latest endeavor, an out-of-this-world high jewelry piece for Boucheron. The mesmerizing necklace, unveiled Monday at the house's Place Vendôme flagship, resembles a galaxy comprised of "intentionally chaotic" raised clusters of diamonds and sapphires in nuanced shades, with a large diamond whorl at its center. About 2,000 pavé stones were used in the piece, some measuring a teeny 1.7 mm and mounted on invisible three-prong settings, which give the impression of floating. Diamonds weighing from 0.84 to 2.5 carats sit at the heart of each of the sapphire whirlpools.

Channeling cerebral-chic, the work was actually inspired by mathematics, specifically the Julia Set (a fractal related to the Mandelbrot Set), which even Newson had a hard time explaining. "It's a naturally occurring formation that occurs everywhere, in the trees, in the sky, in the arrangements of the seeds in a sunflower's head," said the designer, whipping out his iPhone to pull a pictorial representation. "I could zoom in forever and it would never stop — it's infinite," he said of the fractal, which indeed resembled the Boucheron necklace suspended next to him in a Space Age globe.



Marc Newson at the Boucheron headquarters.

NEWSON PHOTO BY DOMINIQUE MATHRE

CHANEL PHOTOS BY DOMINIQUE MATHRE

Alexis Mabille



MABILLE, ROLLAND PHOTOS BY GIOVANNI GIANNONI; VIVIER BY DOMINIQUE WATRE

Alexis Mabille: This hot young French designer can do girly or glamorous — and it all looks like a dream. Dressing gowns, lace-trimmed handkerchiefs and antique bedsheets were among the elements Mabille summoned from his childhood memories of linen closets to create a chic collection that woke up his audience at the start of Paris couture week. Mabille has a very Gallic sensibility, and he evoked French maids with his eyelet-edged gauze dresses and vintage Yves Saint Laurent in his pajamalike smokings and a black evening column that revealed touches of flesh in between pert black bows. But he also has a young and fresh sportswear sensibility all his own, rendering an oversize T-shirt dress in layers of cloud-blue organza and edging it with pastel organza petals. Mabille eased up on his bow-motif fetish and introduced ostrich plumes, which sprouted on the ends of ribbons and finished off a “jogging-style” evening column. Talk about a sophisticated sleepwalker.

couture/fall '09

PARIS

Alexis Mabille



Stéphane Rolland



Stéphane Rolland: Those who have followed Stéphane Rolland's career know that he gravitates to obvious glamour with plenty of artsy embellishment. This season saw Rolland playing to his usual target with ultradramatic confections and an onslaught of architecturally derived decorative flourishes. His program notes cited contemporary furniture designer Karim Rashid and sculptor Richard Serra as inspirations, which translated into wavelike pleating on sinuous gowns or pebble-like cutout appliqué patterns dappled across flannel dresses. Rolland added further texture with tubes of fabric placed to create geometric patterns and crystal beading that brought to mind a spaceship's electrical circuitry. His silhouettes ranged from jackets with angular shoulders to dresses with geometric cutouts à la Pierre Cardin, and others with flowing diaphanous trains, not always the most original of fare, to be sure.



The Piu Piu Piu evening clutch (left) and a tortoiseshell-inspired minaudière (above).

Roger Vivier: Everybody knows Roger Vivier is all about shoes. But taking a momentary side step, the focus of this fall couture collection — save two “perfect stilettos” — is on bags. And creative director Bruno Frisoni treats them as design objects. One hardback black crocodile and silver clutch masquerades as a book, for instance, while art objects include a bijou tortoiseshell-inspired minaudière in gilded crocodile and silver-plated gold, decorated with agate stones and a faceted garnet closure.

“You can place them on a shelf, dress them up or undress them, hide your love letters in

them,” offered Frisoni of the beautifully crafted collection that also includes a range of Lesage-embroidered clutches with elaborate jackets that peel off to reveal sober day bags. The line brims with luxurious details: Two stylized gold-plated silver birds form the clasp of the house's showpiece, its Piu Piu Piu evening clutch, which sports a grand spray of black feathers, while speckles of gold-leaf paint adorn a classic black crocodile bag. Adding a fantasy note, one mesh evening pouch wears a tangle of feathers and charms. Said Frisoni, “It's like a net that's been trawled through a mermaid's dressing room.”

FASHION SCOOPS



Nora Arnezeder
Marion Cotillard

GRAY MATTER: The Dior couture show on Monday couldn't possibly start until the arrival of the house's face, **Marion Cotillard**. The Oscar-winning actress said she is working in a film by French director **François Cluzon**, but won't have time to take any summer vacation once filming wraps. "After that, I will be back in L.A. to work with **Leonardo DiCaprio** in a film directed by **Christopher Nolan**," she said. Fellow French actress **Nora Arnezeder**, instead, will be heading to Bali in August to take a break from recording a music album, before her appearance in an advertising campaign in September to launch *Idylle*, a new fragrance for women by Guerlain.

Clotilde Courau, the actress wife of **Emmanuel Philibert de Savoie**, is also looking forward to her summer break. "I am taking a vacation in Umbria, in central Italy, with my family," she said.

Meanwhile, Japanese percussionist **Nobu Saito** and actress and singer **Mari Natsuki**, both in Paris for Japan Expo, said they're planning to join forces at the fair next year. "We have a rock band: *Gibier du Mari*," Natsuki explained. And the costumes are all figured out.

"Manga," pronounced Saito.

LADIES NIGHT: Count on Giorgio Armani to wrangle some heavy hitters for his couture show. **Cate Blanchett**, **Isabelle Huppert**, **Megan Fox** and **Emmanuelle Béart** are among VIPs expected in the front row at his Armani Privé show today.

AMERICAN REVOLUTION: The British Fashion Council is ramping up its efforts to lure American buyers and editors to London Fashion Week — and get them spending on British labels. The BFC, which is celebrating its 25th anniversary, has hired the American public relations company *People's Revolution* to drive increased traffic to London, WWD has learned.



Loulou de la Falaise with **Oscar de la Renta**.

The BFC also has been on a mission to draw British designers back to the capital for LFW, which runs from Sept. 18 to 22. So far, labels including Burberry, Matthew Williamson, Pringle, Jonathan Saunders and Jasmine de Milo are returning to London to show.

SUMMER RETREAD: Talbots has gotten another shout-out from **Michelle Obama**. The First Lady, who wore Talbots' rose print silk dress on the cover of the May issue of *Essence*, sported the dress again for a long flight to Moscow Sunday. (She actually changed for her arrival into a peach Narciso Rodriguez dress). Talbots sold 3,000 of the rose print dress after Obama wore it on the *Essence* cover. The dress, which arrived in stores in April, was originally \$169. There are still some dresses left at Talbots' stores and on its Web site, but after the wave of spring markdowns, it's now available for \$89.99.

Meanwhile, J. Crew is planning a rush for a few of the items worn in Moscow the next day by **Malia** and **Sasha Obama**. Malia, 11, exited Air Force One decked in a J. Crew tan silk taffeta trench (\$298) with black satin ballet flats (\$98). Her sister, eight, wore a matching Crewcuts crushed wool trench (\$169.99) and a pair of printed navy ballet flats (\$108). But, as if one pair of ballet flats each just wasn't enough, the girls also were spotted boarding the plane in Washington with Malia wearing her \$98 satin flats while Sasha chose the crackle-metallic flats for \$108.

President Obama, with the First Lady in Narciso Rodriguez and daughters Malia in J. Crew and Sasha in Crewcuts.



GLASS ACT: "I lived in Paris for many years so it's always, in a sense, a feeling of coming home," said **Oscar de la Renta**, who drew crowds to L'Éclairer's Rue Boissy d'Anglas store Monday night on a fly-by visit to present his resort collection. Models paraded pieces from the line, including ruffled cotton shirts and embroidered bustier dresses, as de la Renta hobnobbed with guests. Sipping a glass of Champagne, **Loulou de la Falaise**, who designs de la Renta's jewelry, presented a special couture jewelry line as an exclusive to the store. The 13-piece collection, which includes one-of-a-kind earrings, necklaces and bracelets

crafted from colored glass and semiprecious stones, was inspired by Charles Baudelaire's "Les Fleurs du Mal," after which it is named.

"I love flowers, but thought it would be nice to do them a bit more twisted, darker and sensual, using techniques that are pretty but difficult to achieve," said de la Falaise.

COUTURE ROOKIE: New to the Paris couture circuit, Lebanese designer **Rabih Kayrouz** will stage a presentation July 8 at his new Paris showroom-cum-studio, based in a former theater that, in 1953, presented the world premiere of Samuel Beckett's "Waiting for Godot." Kayrouz, who trained at Christian Dior and Chanel, opened his couture atelier in 1997 in Beirut. "At the time, the country was being rebuilt and all of my friends — architects, painters and filmmakers — were coming back," he said, adding that he aims to host exhibitions by a number of Lebanese artists in his new Paris digs. Exploring a shadow and light theme, Kayrouz's couture collection plays on architectural volumes that envelop the body using airy fabrics, such as *dégradé* crepes, silk organza and gauze. Certain looks, such as a white mohair wedding dress, come edged with white feathers to give a halo effect.

BOOK CLUB: On the eve of his couture show on Wednesday, **Frank Sorbier** will sign copies of a new book he art directed to accompany the 10-year retrospective of his work on display at the Musée des Tissus in Lyon, France. "It's all about finding new ways of expression," said Sorbier, who presented his last two couture collections online and via film. "Couture defends a kind of culture that is particular to Paris. It's the last bastion of a certain independence of spirit." Sorbier's presentation will take place in Paris' storied Harcourt photo studios, and the signing will occur at the L'Écume des Pages bookstore in Saint Germain des Prés.

CHANNELING COLETTE: "Chéri" fans should head to the Galerie Mary Beyer glove store in Paris, where "Homage to Colette" pays tribute to the French novelist and former Palais Royal resident. The exhibition includes photos by **Anne Garde** taken in the author's home just after her possessions were removed and showing ghostly traces of Colette's belongings, such as the marks on walls left by her paintings. A display of a limited edition line of diamond-studded lockets by Edouard Pascaud, called "Precious Tales," features portraits of Colette and her cat and pooch (Bâton and Toby), as well as unique guipure lace jewelry pieces and gloves by Beyer.

THREE'S A CHARM: A trio of French actresses, including **Bérénice Bejo**, adorned the front row of **Stéphane Rolland's** couture show on Monday. **Emmanuelle Béart** was enraptured. "He's someone who has guts," she said, referring to the couturier's sculpturelike dresses.

French-Moroccan actress and singer **Sofia Essaidi** took a break from her busy schedule to attend the show. Essaidi is touring with the musical "Cleopatre" and also is filming a new movie. "I am also working on an album that will be released next year," she said.



A Roberto Cavalli cocktail dress.

BY APPOINTMENT: Roberto Cavalli is launching a made-to-measure service for clients who want that certain cocktail, evening or wedding dress in tune with the spirit of the Italian fashion house. Called Roberto Cavalli Saint-Honoré, the service will offer entirely handmade dresses in a special private space above the Rue Saint-Honoré store. No more than 35 dresses are to be produced each year, with prices starting at 30,000 euros, or \$41,950, for a cocktail dress. **Roberto Cavalli's** wife, **Eva**, held a press conference in Paris Monday and stressed that the collection isn't the start of a couture collection, but an extension of a service the house has been offering for red-carpet and other relevant events. "Clients who want a special outfit from Cavalli now will know that they can obtain it," she said.

LAYOFFS AT SELFRIDGES: Selfridges might be getting a boost from its centenary celebrations and from a weaker pound, but it's clearly not immune to the economic downturn. The store has laid off 13 of its 400-strong head office staff, including communications director **Christine Watts**, who joined in 2005. Her responsibilities have been assumed by **Sally Scott**, Selfridges' marketing director. "This consultation was introduced to ensure Selfridges continues to be strong and efficient," a Selfridges spokesman said. "This is an ongoing business goal." According to a source, more layoffs may be in the pipeline. The store declined comment.

CASA NUOVA: **Dan** and **Dean Caten** are on the move. The twin designers behind Dsquared reportedly have purchased an old electricity building in Milan for the brand's new headquarters. Located north of the city center, the sprawling 5,380-square-foot historic palazzo is set to house Dsquared's creative and marketing teams as well as a catwalk space. The Caten brothers won't have to wait long for fashion-friendly neighbors — Milan-based designer **Neil Barrett** also is said to be relocating his label in the same area later this year.

ARNEZEDER AND COTILLARD PHOTOS BY STEPHANIE FELBERGE; DE LA RENTA BY DOMINIQUE MATE; OBAMA'S BY HARZEL GAMBRIER

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Textile & Trade Report

N.Y. Textile Shows Face Downbeat Climate

By Ross Tucker

NEW YORK — Organizers of next week's international textile shows here were counting on pent-up demand and a lull in the barrage of negative economic reports to help buoy buyers' spirits.

Instead, the bad news has picked up and will be fresh in buyers' minds as they hunt for fabrics that can give them the most value for their buck.

Key economic indicators for June didn't paint a picture of the U.S. economy being on the upswing. The unemployment rate hit a 26-year high at 9.5 percent and more jobs, 467,000, were lost during the month than expected.

The disclosure sent retail shares falling, along with the overall stock market, and brought the total number of jobs lost since the beginning of the recession to 6.5 million. In a research note released Thursday, Citigroup broadlines retail analyst Deborah Weinswig cited several factors that kept consumers out of stores in June.

"Rising unemployment, lower consumer confidence, and the cycling of last year's tax rebate checks weighed on sales, and a cool and wet start to the month gave consumers an excuse to stay home," Weinswig said in a report.

California alone represents the world's eighth largest economy and is in a financial meltdown. The Golden State has started issuing IOUs and is facing a budget deficit of at least \$26 billion. Its unemployment rate surged to 11.5 percent in May, the highest level in more than 30 years.

Weak economic conditions have already taken a heavy toll on textile shows around the world, with winter editions seeing declines in the number of exhibitors and attendees. As a result, buyers will have fewer shows and exhibitors to survey next week.

Trend-leading *Première Vision Preview* will anchor the week's events at the Metropolitan Pavilion July 15 to 16, along with *Texworld USA* at the Jacob K. Javits Convention Center July 14 to 16. They will be joined by *Kingpins*, the boutique show targeting the premium denim segment that will take place at *Skyline Studios* July 14 and 15.

Prefab: The *Supima Premium Fabric Show* won't return to New York for the summer session, opting to show once a year during January market week.

“We’re not waiting around because we think it’s going to get better next year. I will be happy if it’s this way next year.”

— Andrew Olah, Olah Inc.

“The January shows focus on spring-summer, and that really is the strongest season for Supima in terms of lighter-weight fabrics and the types of fabrics that are being marketed at that time,” said Buxton Midyette, marketing director for Supima. “That’s where we want to channel and focus our energy.”

Alexandra d’Archangelo, marketing manager of textile shows for *Texworld USA* organizer Messe Frankfurt, said the upcoming show is looking better than the February edition. The struggling economy combined with a scheduling conflict at the convention center forced the show to take place two weeks later than the other shows and ultimately led to an almost 40 percent decline in exhibitors to 96 in February. D’Archangelo said the number of exhibitors registered for next week’s show is at 140.

“Something that we have seen is everybody wanting to work leaner, with shorter turnaround times,” said d’Archangelo. “Having items in stock will be a very good selling point. People also seem to be straddling the seasons, partially because they’re shopping late. Buyers will be interested in spring-summer, as well as fall-winter, even though all the show will be billing collections for fall.”

Buyers will also be looking for fabrics that can be used across seasons, she added. Multipurpose fabrics that have a number of selling features catch buyers’ eyes in trying times.

The show’s organizers have also added a dedicated area to showcase denim mills. The area will feature 10 mills, including Firemount Textiles, RS Denim Ltd., S.M. Denim Mills and Xingtai Blue Diamond Dyeing & Weaving Co. A denim trends seminar hosted by trend forecasting firm MPDClick will be at 3 p.m. on July 14.

Jacques Brunel, *Première Vision*’s general manager and international director, said the number of exhibitors at *Première Vision Preview* is expected to be around 100, representing a 10 percent decline from last year’s edition. Brunel believes the July shows will serve as a barometer for the apparel industry.

“We will discover the real situation of this new environment,” Brunel said. “We are preparing the first collections for after the crisis, collections that will be hitting stores in September 2010.”

Brunel conceded that doing business in this environment will be difficult, but ultimately he has confidence in the power of creative product and the purchasing power of U.S. buyers. Maintaining a presence in the market must be a priority for mills.

“The one condition to survive the crisis in the U.S. is to stay in the market,” he said.

The July edition of *Première Vision Preview* will be the 19th and the January show will mark the show’s 10th anniversary.

Kingpins, sponsored by Dow XLA, has expanded to 23 exhibitors, including Orta Anadolu, Kurabo, Tavex, Cone Denim, Denimatrix and FesslerUSA.

Andrew Olah, chief executive officer of Olah Inc., a U.S. agent for foreign contract manufacturers and textile and hardware vendors targeting denim designers who is also the show’s organizer, said his goal has been to make *Kingpins* a supply chain show, as well as a fabric event.

“We wanted garment factories from each global zone,” Olah said. “There’s a serious attempt to have a global sourcing show.”

Olah has seen the number of exhibitors and attendees steadily grow over the years, although he has no desire to carry more than 25 exhibitors. He’s also not expecting a significant rebound in the business soon.

“I’m acting as if this is the way it’s going to be from now on,” he said. “We’re not waiting around because we think it’s going to get better next year. I will be happy if it’s this way next year.”

The week after the shows, a newcomer will enter the New York scene. The *SpinExpo* yarn fair will take place at the Metropolitan Pavilion July 20 to 22 and in-



Texworld USA has added an area dedicated to denim mills.



Première Vision Preview is expecting 100 exhibitors.

tends to present buyers with some of the world's best spinners. A Shanghai version of the show has been under way for seven years.

Karine Van Tassel, the show's director, said buyers are looking for clear direction in the market.

“Hanging fabric like shiny laundry in a trend area is not what they need,” Van Tassel said. “Buyers need clear information on what they can do with the material they buy.”

With yarns, in particular, Van Tassel said buyers need to see how it functions as a fabric and a garment. Exhibitors will have examples on hand. The show will also feature four trend areas, including spring and summer fashion, home and accessories yarns and an area dedicated to sustainable practices.

SpinExpo will host 75 exhibitors from 15 countries. Van Tassel said more than 350 people had preregistered and she expected about 3,000 to attend.



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Textiles & Trade

Presidential Priorities Leave Trade Agenda in Limbo

By Kristi Ellis

WASHINGTON — The Obama administration has put major trade initiatives on the back burner because of the congressional battle over health care reform and energy and climate change legislation.

As President Obama spends political capital on those priorities, the administration has turned the trade policy focus toward enforcement of existing pacts and World Trade Organization rules.

Last month, the government filed its first WTO case against China over export restraints on raw materials that the U.S. charges provide an unfair advantage to Chinese industries and limits access and raises costs for countries importing the goods.

Most trade experts expect Obama will approve some antidumping and countervailing duty cases, which could have implications for the apparel and textile industry.

"The atmosphere in Congress is very hostile to trade," said David Spooner, an assistant secretary of commerce for import administration under President George W. Bush. "Meanwhile, the administration has big fish to fry, like health care and climate change, and...is very reluctant to alienate swing votes on things like health care reform to pass trade agreements."

The President's overall trade policy framework remains a work in progress. U.S. Trade Representative Ron Kirk, the point man on global commerce, said last month that Obama plans to outline a new trade game plan in the "near future." The lack of specifics has been another factor in delaying measures on Capitol Hill.

Obama took a tough stance on trade during the presidential campaign, singling out the unfair trade practices of China and urging the protection of U.S. workers and industries hit hard. But he has tempered his stance since taking office, balancing his emphasis on enforcement with warnings against protectionism while citing the benefits of more liberalized trade regulations.

By contrast, Bush's aggressive free trade agenda included negotiating several bilateral deals and focusing less on enforcement, although the U.S. did file some WTO cases during his two terms and imposed quotas on Chinese imports.



President Obama



Ron Kirk

PHOTO BY ALEX HUNTER/GETTY IMAGES
PHOTO BY TIM SLONAN/AP/GETTY IMAGES




While action on key trade legislation faces long odds, Congress is likely to decide the fate of a Pakistan aid bill that establishes duty free manufacturing zones in the war-torn border region with Afghanistan. The House approved a broad aid bill that includes the Reconstruction Opportunity Zone program. But a Senate-passed bill does not include the item, so the two bills will have to be reconciled in conference committee. Importers have been lobbying for an expansion of the zones to include more apparel products and more flexibility in where they can be located.

Currently, the zones do not allow key apparel categories to qualify for duty free treatment, and they would be situated in a dangerous area hundreds of miles from established manufacturing hubs in Pakistan.


"The one piece of legislation that is most likely to move is one that is part trade but mainly national-security oriented and that is the ROZ legislation," said Julia Hughes, senior vice president of trade for the U.S. Association of Importers of Textiles & Apparel. "It is the only piece of [trade] legislation that President Obama has spoken about and says he supports action on this year, and we think that is pretty important."

Industry officials also expect trade enforcement legislation to gain momentum. House Ways & Means Chairman Charles Rangel has introduced a bill that would strengthen enforcement, and a group of 106 House lawmakers recently introduced the so-called TRADE Act, which would mandate a onetime review of







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WTO Warns Protectionism on the Rise

By John Zarocostas

GENEVA — Textiles and apparel, along with motor vehicles and parts, iron and steel, and chemical products, have been the manufactured goods most affected by new protectionist measures, such as tariff hikes and antidumping investigations, during the second quarter.

A report compiled by World Trade Organization director-general Pascal Lamy said the number of trade-restricting or -distorting measures announced from March 1 through June 19 "exceeds" the number of trade-opening measures "by a factor of more than two."

Lamy said the leading trading powers, or G20, which includes the U.S., China, India, Argentina, Brazil, Germany, the U.K. and Japan, have failed to live up to commitments not to impose restrictive measures that distort global trade.

"To date, the WTO has not been informed by any G20 member that it has rectified any measure," said Lamy, adding there is no indication of governments "unwinding or removing the measures that were taken early on in the crisis."

The list of measures identified in the textiles and apparel sector included the initiation of antidumping investigations by Argentina on imports of denim from China, by Brazil on imports of synthetic fibers from China, by Turkey on imports of polyester staple fiber from China and on imports of woven fabrics of synthetic yarn from Malaysia.

Other measures initiated in the last few months include the increase in value-added tax rebates on exports of textiles and apparel and new export subsidies by India to cotton farmers, the report said. India has also initiated an antidumping investigation on circular weaving machines from China.

The WTO said the impact of the economic

crisis on world cotton-mill use is expected to cause a 27 percent drop in cotton trade to 6.1 million tons and production to dip 10 percent to 23.7 million tons.

Lamy attended the G20 crisis summit in London this year during which political leaders, including President Obama, said they would "refrain from raising new barriers to investment or to trade in goods and services, imposing new restrictions or implementing WTO-inconsistent measures to stimulate exports."

World Bank president Robert Zoellick, in a letter to G8 leaders ahead of their annual summit that begins in L'Aquila, Italy, on Wednesday, warned that imposing restrictive trade measures "could easily spin out of control as unemployment rises and national officials react defensively to the 'beggar thy neighbor' policies of another country."

The best antidote is a strong "offense" of lowering and limiting barriers, Zoellick said.

Dominique Strauss-Kahn, managing director of the International Monetary Fund, told a WTO forum here on Monday "financial protectionism," such as imposing mandatory domestic lending conditions on banks that have received government assistance, also is a growing problem.

Lamy projected global trade volume would decline 10 percent this year, compared with a 9 percent decline the WTO forecast in March.

"Exports of developed economies are now forecast to fall this year by roughly 14 percent," Lamy said. "The decline for developing economies is expected to be about 7 percent."

Lamy said the longer domestic banking subsidies remain in place "the more they will distort market-based production and investment decisions globally, the greater will be the threat of chronic trade distortions developing, and the more difficult it will be to correct those distortions."

existing trade agreements by the General Accountability Office that would need to be completed before new trade negotiations were launched or Congress considers pending trade deals. The TRADE Act also would establish standards to protect workers, establish new standards for the President's trade promotion authority and allow Congress to set "readiness" criteria to select future negotiating partners and objectives.

"Things that are enforcement oriented in nature will have an easier time of it in Congress," said Cass Johnson, president of the National Council of Textile Organizations.

Regarding longer-term issues, the House Ways & Means and Senate Finance Committee staffs have been reviewing trade-preference programs for a potential reform bill, as well as a possible Customs-reauthorization bill. It is unclear whether either initiative will move this year.

A program to promote economic growth in the developing world by providing preferential duty free entry for about 4,800 products from 131 countries and territories and a trade preference program for the Andean region are expiring at the end of the year. Some industry officials see this as an opportunity for a broader reform of four regional trade-preference programs that provide broad duty free benefits to developing countries in Africa, the Caribbean and the Andean region.

"One of the things we're looking at is whether the programs would be better if we tried harmonization across them," said a Ways & Means Committee aide for the Democratic majority, who requested anonymity. "Some of the proposals presented to us include things like creating one program for all lesser-developed countries and one program to encompass developing countries."

Retailers and apparel importers have led a coordinated effort to streamline the preference programs, create a uniform rule of origin and eliminate duties on more products from more countries.

"I think we can see a situation where a lot of energy gets focused on trade-preference reform," said Stephen Lamar, executive vice president of the American Apparel & Footwear Association. "I think there is potential, but it's unclear that all of the trade leaders in Congress have embraced a common vision on how trade reform moves forward with content and a timetable."

Two bills that have been reintroduced — one to provide duty free access to all the least-developed countries, including for the first time Bangladesh, Cambodia and Sri Lanka, and another that would eliminate duties on apparel imports from 15 least-developed countries are "on the table," the Ways & Means aide said. However, the aide said the committee will seek to strike a balance that does not "hurt countries that are already-existing [preference program] beneficiaries."

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Textiles & Trade

Regional Trade Pacts Get Industry Support

By Liza Casabona

WASHINGTON — Apparel executives believe regional trade deals maintain their promise as a model for international trade relations, despite some data raising questions about the benefits.

Sourcing executives and trade experts said regional accords such as the Central American Free Trade Agreement and the North American Free Trade Agreement should be a key part of U.S. strategy because they deliver more benefits than bilateral pacts and are more manageable than larger multilateral agreements like the stalled Doha Round of global trade talks.

Doha has been delayed by a range of complex issues: from African countries and Brazil demanding cuts in U.S. cotton subsidies to the U.S. seeking a deeper reduction in duties on agriculture and food products from Europe, to Western nations urging better market access to China and India.

The regional agreements give "large American retail and wholesale operations...the opportunity to look not just at a small-to-medium-sized country" but to a far wider area, said Jeff Streader, senior vice president of global sourcing for Guess Inc.

Companies can consider the range of skill sets and capabilities of the entire region in evaluating where to set up a supply chain, he said.

The flexibility of a regional trade agreement makes the model preferable to a bilateral one, but there are some unintended consequences, said Mark Jaeger, senior vice president and general counsel for Jockey International.

"Every regional or bilateral trade deal brings with it a food fight between the impacted industries," Jaeger said. "A lot of political capital is spent in negotiating each trade agreement."

The chance to have one deal, like Doha, instead of many regional pacts is preferable, experts said. However, getting the support of scores of nations for a

multilateral agreement is challenging, to say the least. The Doha talks began in 2001.

"Regional deals make sense....They include more countries, have a bigger economic impact [than the bilateral model] and they bring the region together," said Mickey Kantor, who was U.S. Trade Representative for President Bill Clinton from 1993 to 1996.

But there is not unanimity that regional agreements are beneficial.

"We would certainly argue that these trade agreements have not lived up to their promises," said Thea Lee, policy director at the AFL-CIO. "I'm not sure that free trade agreements are the most useful form of economic engagement between two countries."

Data shows some erosion of production in the existing free trade areas. In 2008, the U.S. imported \$7.9 billion worth of textiles and apparel from the CAFTA region, according to statistics from the Commerce Department's Office of Textiles & Apparel. In 2005, the year before CAFTA benefits were phased in, the U.S. imported \$9.3 billion of textiles and apparel.

CAFTA has been slow to be fully implemented, creating frustrations for companies that might have shifted some sourcing to Central America and it is early to evaluate the accord's impact, executives said.

Textile and apparel imports from the NAFTA region fell to \$8.1 billion in 2008 from \$11.3 billion in 1998, the most extensive data provided by the Office of Textiles & Apparel. NAFTA was initially deemed a success when imports increased after implementation in 1994, but low-cost competition in the apparel and textile sectors from Asia has eroded the region's market.

Global forces triggered by the recession make recent trade figures difficult to interpret, but textile and apparel imports from the two largest regional trading areas were falling even before the downturn.

"Right now, people are so focused on finding the cheapest price that they're willing to sacrifice speed



Protesters in Honduras.

PHOTO BY JORGES CABRERA A. LATIN CONTENT/GETTY IMAGES

to market," said Carol Hochman, chairwoman of the American Apparel & Footwear Association and president and chief executive officer of Triumph Apparel Corp.

For critical replenishment needs, Central America is still attractive, Hochman said.

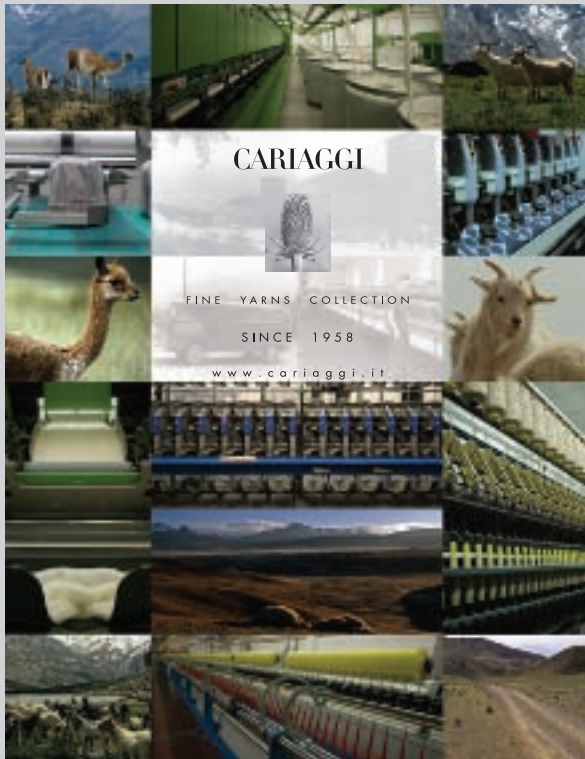
Industry experts said they expect the CAFTA region to rebound when global trade recovers from the recession.

"Until this year when everything fell off a cliff, CAFTA was going pretty well," said Cass Johnson, president of the National Council of Textile Organizations.

The evolving political upheaval in Honduras, a CAFTA member, illustrates the benefits and the risks of regional trade agreements. Last month, a military coup deposed President Manuel Zelaya, creating civil unrest and concern for companies doing business there.

Guess' Streader said if Honduras only had a bilateral agreement with the U.S. and the coup threatened the operation of the ports and factories in the country, production would be "crippled." Shifting manufacturing to another part of the world like Asia would be difficult, but within the CAFTA region there is flexibility to adjust the supply chain, he said.

However, the situation in Honduras also illustrates the risks of manufacturing in volatile regions. Zelaya had not been allowed back into the country at press time and there was continued unrest in the capital city of Tegucigalpa. The potential for disruptions to the apparel supply chain hasn't abated.



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Yacobian on Turning Visitors Into Buyers

By David Moyn

WHEN CONSULTANT TONI YACOBIAN VISITS A selling floor, she sees the good and the bad.

"This doesn't look like a recession," said Yacobian, scoping a shoe area in a Manhattan department store bustling with shoppers one recent afternoon. But with a turn of her head, she spots a problem. "Look — that woman is carrying three pairs of shoes and those two guys don't see it. No one even offers to help," she said, referring to the seemingly oblivious sales associates.

Next, Yacobian visits a fashion specialty store and instructs her colleague Sally Allen to peruse the racks and appear frustrated at not finding her size. As she inspects garment after garment, Allen eases closer to a sales associate, who is folding and hanging clothes. "She didn't even turn to Sally," Yacobian observed. "Her job is to 'fluff and puff.' To merchandise, merchandise, merchandise." But with the associate's single-minded focus, Yacobian suggests, a potential transaction is overlooked.

Yacobian's store tour is designed to illustrate what she considers to be one of the industry's great failings — untapped consumer traffic. In their efforts to cope with the recession, she contends, retailers have applied the scalpel to personnel, prices and costs, and scrutinized all assets, except perhaps their most important one — the customers who enter their stores.

The Yacobian Group LLC, a 20-year-old Maynard, Mass.-based consulting practice with a reputation in training to motivate retail staffs and devising operating models to improve the customer experience, has begun offering retailers a new system called CIMS, or Customer Interaction Management Operating System. "It's like an X-ray into the in-store experience to see where it is not being properly delivered, and then it provides a means to set clear goals, from individual sales people right up to the chief executive, to increase productivity from existing traffic," explained Yacobian, the ceo of Yacobian Group.

CIMS, she added, is an integrated approach encompassing:

- Patented software that tracks stores and associates hourly and measures the rate they convert shoppers to buyers and the size of transactions.
- Setting new goals based on historical sales data and algorithms.
- A curriculum to train associates in selling and engaging customers. Techniques such as keeping associates moving on the floor, not stationary, i.e. restocking and tidying merchandise and giving "pass-by" greetings to shoppers to see if they need help or create an open-

ing for a second approach later.

- Empowering store managers to become business drivers by providing them with tools to analyze business opportunities and develop staff.

- Traffic counters to monitor stores for peak shopping periods and lulls to adjust staffing.

In addition, CIMS uses a metric coined by Yacobian called "return on visits," or ROV. It's defined as the conversion rate multiplied by the dollars per transaction (basket size) and is an alternative to metrics retailers



The Yacobian Group says it can enable retailers to embrace store traffic and raise productivity.

“In this era of difficult business and declining traffic, what percentage of shoppers are converted to buyers and how much they spend is a very important tool for management.”

— Marvin Traub, Marvin Traub Associates

generally use. "ROV brings everybody together — marketing, merchants, store operations — so they no longer operate like silos," Yacobian said.

"For many years, people have looked at sales per square foot," said Marvin Traub of Marvin Traub Associates, which has a partnership with Yacobian to roll out CIMS to retailers. "In this era of difficult business and declining traffic, what percentage of shoppers are converted to buyers and how much they spend is a very important tool for management. It's about applying

e-commerce metrics to the brick-and-mortar channel."

For example, if two similar-sized stores in a chain generate similar sales volumes but one gets twice as many visitors, the store with the greater traffic needs to increase its ROV, Traub explained. "Goal setting based on the track record is hugely important."

By having a record of each associate's contribution in terms of their ROV, "it helps me identify a developmental approach to people," said David Butler, general manager at Rochester Big & Tall, a division of Casual Male, which utilizes CIMS. Lord & Taylor and Delia's are also CIMS clients.

Yacobian and Traub said they hope to sign more retailers on to CIMS and are in negotiations. According to Yacobian, it takes about six weeks to install the software, and results can be seen within three months. However, the CIMS program is not cheap, making it challenging to get retailers on board, particularly these days when they are concentrating on cutting cost. Costs depend on the size of the retailer and include a deployment fee and a licensing fee for the technology. Yacobian said pricing options can be arranged, and retailers can phase in some or all of the elements of CIMS to make it more affordable.

Casual Male said the increased sales productivity stemming from CIMS offset the investment in about four months. Casual Male also said aside from increasing productivity, CIMS can change how personnel work. "The district management role has shifted from policing and compliance with visual standards and taking markdowns, to being more engaged in the store, coaching and mentoring sales productivity activity," observed Dennis Herreich, Casual Male's chief operating officer and chief financial officer. "That's one of the keys of the program."

"It's a matter of putting systems and processes around the in-store experience," explained Christopher Lanning, president of Yacobian and a former executive vice president and director of stores at Victoria's Secret, where he had extensive experience with similar store performance systems. "Stores have been scientific in the supply chain, but very little has been done on disciplines to insure consistent in-store experience across all the stores," Lanning said. "CIMS is designed to reduce variability in performance across stores and focus on how to capture the millions of people leaving stores empty-handed. Eighteen to 25 percent of those entering a store are actually buying. That means almost 70 percent leave without buying. The highest return on investment in your portfolio is your customer in the store."

MEMO PAD



An ad from Bottega Veneta.

DOWN IN THE VALLEY: Yes, it's been bad and, yes, it can get worse. ZenithOptimedia has revised downward its forecasted declines for global ad spending for 2009. The research agency now projects spending will be off for the year by 8.5 percent, not the 6.9 percent it projected in April, compared with 2008. The first quarter came in below previous forecasts but, on a somewhat hopeful note, the spending slide during the second quarter happened at a slower pace than the first.

The agency predicts a mild global recovery of 1.6 percent in 2010; however, North American advertising is expected to shrink a further 2.4 percent.

On a more positive note, "paid search advertising" will continue to evolve upward: ZenithOptimedia suggests that Internet advertising will grow by 10.1 percent globally in 2009, ahead of its previous prediction of 8.6 percent. By 2011, Internet advertising is expected to account for 15.1 percent of all ad expenditures, from 10.5 percent in 2008.

In newspapers, the message continues to be grim. Ad spending is expected to fall by 14.7 percent, but in the near term, magazines face an even tougher time, with spending predicted to fall 16.7 percent, due in large part to formerly free-spending luxury advertisers who have cut back more severely than most others. By 2011, ZenithOptimedia said magazine advertising will rebound, returning to 1.5 percent growth while newspaper advertising is expected to be down 22.7 percent from its peak in 2007, to \$101 billion. — Amy Wicks

PRINT IT: Forget new-media darlings. Bottega Veneta is a print believer — and newspaper print at that, contrary to media trends (see item, above). The luxury company has turned to Steven Meisel to shoot its fall-winter 2009 ad campaign and, for the first time, Bottega will aggressively advertise in newspapers globally starting in

September. Some titles include The New York Times, Wall Street Journal, London Times, Financial Times, International Herald Tribune and Yomiuri Shimbun. Single still-life shots of the brand's iconic handbag designs such as the Cabat, the Veneta or the Knot will run in the newspaper ads. The campaign, which was shot in New York in March, will break in magazines in August. As for the images, creative director Tomas Maier said, "I admire the intelligence that [Meisel] brings to fashion....He approaches clothes with an understanding of the women who wear them and an awareness of the cultural context in which fashion exists." — Luisa Zargani

EYE CANDY: Candie's is doing it again. The junior brand, owned by Iconix Brand Group Inc., has partnered with Britney Spears to be the face of the Kohl's exclusive Candie's label for a second season.

"The [spring] ads have been very well received, as she has such a huge fan base that has an extraordinary appetite for all things Britney," said Iconix's chief marketing officer, Dari Marder. "And we have seen her impact on the Candie's sales at Kohl's as well. It is all very, very positive."

The new ads, which will appear in time for back-to-school, will be distributed in print, online and in-store, as well as on a TV commercial for the first time. The commercial, which uses footage from Spears' new "Radar" video, features the singer decked in Candie's apparel, footwear, jewelry and accessories. Shot by director Dave Meyers, the commercial features the pop star becoming intrigued by a handsome player at a polo match who ultimately gets caught in her radar. It will hit later this summer.

The print ads will premiere in September issues of fashion, entertainment and lifestyle magazines. It was created by the Iconix in-house marketing team and shot by Matthew Rolston at a private estate in Santa Barbara, Calif. The estate, Marder said, was the perfect backdrop for the shoot since it had its own polo field and horse ranch. The ads showcase Spears, sprawled out on a pile of bright pink hay wearing some of Candie's key b-t-s looks.

In addition to magazines and online advertising, the new campaign will be integrated into Kohl's fall marketing vehicles, including national broadcast, outdoor billboards, circulars, in-store graphics, online, direct mail and e-mail blasts. — Julee Kaplan



Ready-to-Wear Report

Designers Forging Ahead With Ingenuity

FIRST-RATE SERVICE, CUSTOMIZED DESIGNS AND SHARPER PRICES are among the tactics ready-to-wear labels are putting into play in response to the economic downturn.

Stores such as Saks Fifth Avenue are requesting that designers offer a wider range of prices and more specialized styles, and designers are willing to oblige. Vera Wang, Lela Rose, J.Mendel, Maria Cornejo and others have repeatedly emphasized that now, more than ever, is the time to collaborate with retailers to determine exactly what they need, what is selling and what can be built upon.

In an effort to be more strategic, some designers, such as Cynthia Rowley and Unis' Eunice Lee, have been quick to dive into social media. Others, like Oscar de la Renta, continue to build their international presence. A multiregional distribution partnership with the Dubai-based Retail Arabia International is de la Renta's latest pursuit.

Fresh off the positive buzz generated by its guest designers, Lutz & Patmos has tapped Natalia Vodianova, who demonstrated her own creativity with a dress that can be worn in two drastically different ways.

A little ingenuity goes a long way in these sobering times. And many executives aren't banking on an elastic rebound by the economy.

Haresh Tharani, chief executive officer of Tharanco Group, which houses labels such as Poleci and Doo.Ri, among others, is not counting on consumers to soon abandon their tightened spending patterns.

"This is the way things will be for the near future," Tharani said. "Consumers only buy now when they absolutely need something. Shopping used to be a matter of passion. Now it's a combination of passion and need. We are planning our production so that it is more buy now, wear now."

Tharani expects the third quarter will be "a little difficult" because of consumer buying patterns, but fourth-quarter sales should be "pretty decent" with sales 3 to 5 percent higher than the same period last year. Overall, his company's annual sales should be flat compared with 2008, but Tharani is still on the lookout for acquisitions in the luxury and accessories sectors.

Speaking about the men's shows in Milan, Tom Murry, ceo of Calvin Klein Inc., was quoted as saying, "Our basic operating assumption is that the economy will remain this way for the next five years, and any upturn will be a surprise gift."

Executives are making adjustments. J.Mendel president Susan Sokol said the label's distribution has jumped to 60 stores from 19 by offering a broader-priced collection that includes more daywear, a new resort line, showing the collection during Paris Fashion Week, championing the brand with Bergdorf Goodman and collaborating with Subversive Jewelry's Justin Giunta, among other things. In addition, a J.Mendel boutique is to launch this month at Harrods, and the resort collection is being sold in Milan during the next two weeks.

"Gilles [Mendel] very much wants to make women feel beautiful in his clothes," Sokol said of the label's designer. "In these difficult times, that philosophy is even more valued than before."

— Rosemary Feitelberg



At retailers' requests, Vera Wang offered more color for resort.



Colors Brightening Up

IN CONTRAST WITH THE GRAY ECONOMIC forecast, this fall's color trends pop with a Smurflike blue, rain-slicker yellow and, perhaps more appropriately, a pink reminiscent of Pepto-Bismol.

Those robust hues may well carry over into spring, said Leslie Harrington, executive director of The Color Association, who helped the forecasting service select the season's 24-hue palette 18 months ago.

"At the time we were doing this forecast, we had no clue what was going to happen with Wall Street and everything else," she said. "Color does relay a sense of optimism. We have to think that things will get better. We all want to believe that. And color makes a difference in times of gloom and doom."

Bright yellow, or "Wellie" as The Color Association calls it, continues to be a dominant shade, and Harrington is curious to see how long that lasts. The staying power of a red-based purple, similar to the color of a fresh-picked red plum, is another question mark. In terms of colors that are emerging, mint would qualify, along with light khaki, deep army green and teal, known as "Avant Garden."

Six years shy of its 100th anniversary, The Color Association relies on a panel of eight to 10 "thought leaders" to present their respective picks for each season before the consolidation process results in a list of 24 colors. The group's members are affected by much more than where they cast their gaze. "All the conversations are on the economy and the environment, with the economy overshadowing the environment for the first time in more than seven years," Harrington said. "This is a big shift. In the past, we had little else to worry about. Now our plates are full of stuff to consume us."

— R.F.



Blake Lively wearing a key color.

PHOTO BY STEVE GRUBNER

Brands Tuning Into Social Media

LOOK FOR MORE DESIGNERS AND RETAILERS TO JUMP INTO SOCIAL MEDIA IN AN EFFORT to connect with customers, generate feedback and boost sales.

Oscar de la Renta, Rachel Roy and Cynthia Rowley are among the many brands that are bolstering their online presence by tweeting, blogging and updating their profiles. How this near-constant communication will pay off in terms of profits remains unclear, but some see the branding component as invaluable, especially for lesser-known designers.

"It means faster brand and name recognition," said Prabal Gurung, who launched a signature collection in February. "People become familiar with my work and name, which results eventually in sales."

He should know. After Demi Moore tweeted a picture of herself wearing a feathered dress designed by Gurung, some of her estimated 1.3 million Twitter followers immediately wanted to know who she was wearing. The actress complied, describing Gurung in another tweet as "a wonderful young designer to look out for."

Traffic at Gurung's Web site, Prabalgurung.com, doubled, as did the number of his Twitter followers and visitors to his Facebook fan page. "In a sea full of new designers and established ones, how is a designer to get any kind of exposure?" he said. "Thus, when a celebrity like Demi compliments me directly via Twitter, it changes the whole perception and attracts a different kind of audience."

Although social media has enormous potential, designers and retailers are still figuring out how best to use it. For the most part, large companies appear to be "pretty sophisticated" about using Twitter, blogs and other Internet tools to connect with consumers, particularly compared with first-time entrepreneurs, said Syl Tang, a trend tracker in fashion and travel whose hipguide.com has been running for 10 years. "You would think smaller designers would be attuned to getting publicity," Tang said. "But larger companies have a breadth of knowledge about marketing." She added that the smarter ones are hiring established writers to put their fashion posts in context.

Brands are moving beyond e-mail blasts, online advertising and sampling to try "anything local, trackable or that would turn into actual sales," she said. They are also catching on to the fact that influential consumers such as bloggers with loyal followings can sway shoppers as effectively — or even more effectively — as celebrities.

— R.F.



Demi Moore tweeted about this Prabal Gurung dress.



Designers are already vying for time slots for the September shows in Bryant Park.

Designers Ready to Get on With Their Shows

THE FOURTH OF JULY IS BARELY OVER, BUT MANY DESIGNERS ARE ALREADY POSITIONING for time slots for their September runway shows in New York.

There has been so much interest that show organizers are counting on the fall lineup to be even stronger compared with February in terms of the total number of presentations and shows. Although a few big names, such as Vera Wang, Donna Karan and Betsey Johnson, opted to show outside the Bryant Park tents, the winter turnout wound up being about the same as the September 2008 roster.

Commenting on the fall schedule, an IMG Fashion spokesman said, "It's the same craziness as usual. Designers are vying for time slots, despite people's expectations concerning the economy."

Actual dates and times for Bryant Park will start to be confirmed in mid-August, the spokesman said. It appears the roster of shows and presentations will be even longer than last season when there were 86 presentations and 159 shows across the city, said Ruth Finley, founder and publisher of the Fashion Calendar. More designers, especially younger ones, plan to host presentations. Finley has encouraged those planning presentations to block out 90-minute time slots so that attendees who also have runway shows in that time frame will be able to get to both events.

"There definitely will be more presentations," Finley said. "Most people who did presentations last time will be doing them again."

Despite the increased interest in presentations for September, there should still be 150 to 160 shows, which would lift this fall's total turnout well above last season's, Finley said.

— R.F.

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Less Can Be More: A L

Brooks Brothers sold out of some men's polo shirts for Father's Day.



For many retailers in this climate, selling out of an item is a good thing.



Saks is operating with much leaner inventory levels.

Continued from page one

are in line with the consumption trend," said Stephen I. Sadove, chairman and chief executive officer of Saks Inc.

That's a challenge for Saks, where same-store sales fell 26.6 percent in May following declines of 32 and 23.6 percent in April and March, respectively.

Receipts at Saks for the fall season will be down around 20 percent, a number that is "about the rate of consumption," he said. "We will be in a much leaner position, so we're expecting relatively large declines in inventories versus last year."

Sadove said the cuts will be "across the board" and will include both basics and fashion. "The art of this is a quest for balance," he said. "You can't cut drastically into one or the other."

Rick Darling, president of LF USA, noted many stores reacted quickly to the slowdown in consumer spending even before the second half of last year.

"Certain retailers in early 2008, at the first signs of consumer weakness, reacted earlier than others by bringing their levels of inventory down," he said. "Between the fourth quarter of 2008 and the first quarter of 2009, the average reduction in inventory levels was between 15 and 18 percent.

"We're also seeing a recognition among retailers that they can run the stores with less inventory and still be profitable. It's an adjustment in the thought processes.... That's the benefit of going through this tough business cycle. That's a good thing in the long term. There's a desire to run the stores on less inventory and turn it faster," Darling said.

There's also a sense that inventory levels are beginning to stabilize at retail. Stores seem to be on track with getting their stock levels in line with their sales.

Inventory-to-sales ratios compiled by the U.S. Census Bureau provide a clear indication of just how hard certain retailers have worked to keep their inventories in line with falling sales. In April, the last month for which figures are available, the ratio for all retailers grew to 1.54, up from 1.49 a year earlier. For clothing and accessories stores, the increase is nearly identical — 2.59 versus 2.55 last year — but, for department stores, the ratio dropped to 2.09 in April from 2.15 in the prior year.

During that April-to-April period, retail sales dropped 11.3 percent overall while those at apparel and department stores fell 7.5 and 6.2 percent, respectively. Overall inventories are down 8.5 percent during that stretch, while those at apparel and department stores declined 6 and 8.9 percent, respectively.

Many retailers seem resigned to the idea that the shipment faucet has been shut so firmly that they might even have to begin chasing merchandise. Terry Lundgren, chairman, president and ceo of Macy's Inc., hinted at that possibility in an interview early this year.

"We will get our inventories down very tight," he said. "We've all been scrambling to reduce orders. We will get to the point where we will be scrambling to increase orders. Inventories will be lean and that's a good way to make money, a good way to raise margins and a good way to improve sell-throughs."

Since retailers don't want to be caught off guard again, markdowns will become "more strategic, rather than rampant, to reduce inventories. There will be less of a panic and more of an orderly process," Lundgren said.

That may even result in empty shelves in some cases.

Lou Amendola, chief merchandising officer of Brooks Brothers, said inventories have been cut back so far that the chain actually had some popular items sell out for Father's Day: "It was like the old days. Hopefully we'll train customers to buy things quickly before they're gone."

Among the items that sold out were men's polos with contrasting colors on the collars, madras sport shirts and purple gingham shirts. He said that the goal for holiday is to continue to "keep inventories very lean" — so much so that consumers will be faced with a "scarcity."

Amendola said that inventories on basics such as white shirts or underwear are down 10 percent and the store is leaning more heavily on its suppliers to speed up replenishment. "We don't have to keep as many weeks of supply," he said.

In fashion goods, however, inventories at Brooks Bros. are down between 15 and 25 percent. "This allows us to have more open-to-buy available and keep our inventories fresh. We think that when customers see large quantities of the same items, they

think we'll still have it a month from now and prices will be reduced further," said Amendola. He explained that while one cannot disappoint on core basics, "it's OK to sell out of a purple shirt or an outerwear item."

"I think retailers and wholesalers are realizing that you can be more profitable but don't have to have more inventory," he concluded.

"Selling out is a good thing," said Saks' Sadove. "In the luxury market, it's all about exclusivity and limited supply." By having product disappear from store shelves, "the result will be better margins and fewer markdowns."

But, Sadove said, once again it's a balancing act between creating demand and not disappointing customers. "If you have too little merchandise, it won't feel like you're in business. And we still need to represent the trends and fashions that we want for the consumer, but we can't have too much."

He noted some stabilization since the "free fall" that began in September, but pointed out consumers are still seeking deals when they do hit the stores. "Things will recover, but people do respond to sales," he said.

Not every retailer has dropped inventories in the double-digit percentage range. Mindy Meads, president and chief merchandising officer at Aéropostale Inc., said, "Our inventories were down 4 percent in total and 13 percent per square foot at the end of the first quarter due to stronger sell-throughs. We are managing our inventory very closely and have been able to react to customer trends. We have been buying conservatively and remaining nimble using fabric contingencies and improved product flow strategies."

Aéropostale, however, has had atypical sales results — in May, April and March, its comparable-store sales grew 19, 20 and 3 percent, respectively.

Wesley Card, ceo of Jones Apparel Group Inc., noted in the company's first-quarter conference call on April 29, "Retailers continue to keep inventories in line through promotions and events, and we did the same thing in our own chain of retail outlets and regular price stores where we kept inventories very well controlled through the period."

Battling to move ahead in an environment that's been especially tough on his sector, jewelry designer Steven Lagos noted it's now necessary to be focused on productivity above all else. He explained that while stores in general are adjusting inventory levels downward and looking to prevent stock bloating wherever it might surface, it is paramount that retailers not "get caught with a lot of markdowns. That's very healthy in a macro sense. We see stores getting better at taking action and improving the merchandise mix."

It will have benefits in the long run, too. "It also means more pressure on the creativity [side] to deliver the right price-value proposition," Lagos said.

Still — citing centuries-old axioms about "not selling from an empty card" — some retailers have an almost genetic fear of being caught with low inventories.

Scott Collins, general merchandise manager of DTLR, the Baltimore-based urban chain, is keeping inventory levels steady. "You can't do any business if you don't have inventory," he said. "We're looking at everything very closely, but we're not going to run scared. [Even in these tough economic times,] we've seen our sales blossom when fresh goods come in. Our pipeline has to be fresh."

Collins said the privately held company, formerly known as Downtown Locker Room, posted a single-digit sales increase in 2008 and comps were up 10 percent in the first quarter of this year. May and June sales, however, haven't fared as well. June is down around 9 percent but was up against an 18 percent comparable-store sales gain in 2008, he said.

"Every time I look back and see the point where our business got better, it was when we stood our ground and didn't hide in a corner," he said.

DTLR has cut back on the number of new vendors it is adding, at least for the time being, and is leaning more heavily on its top suppliers to help boost business. "We always test new things, but right now we're working harder to fix the business with our existing brands," Collins said. "We know that to go from the laboratory to the place where they'll affect our business is a 12-month process. And we're not in that business today. So we're trying to reinvent and reposition certain brands so they either stop bleeding or flourish."

LF USA's Darling, whose firm sources for many vendors and retailers, said, "We now

“We will be in a much leaner position, so we’re expecting relatively large declines in inventories versus last year.”

— Stephen I. Sadove, Saks Inc.

eaner Mandate at Retail

see that those who adjusted their inventories earlier in 2008 were more comfortable in the first and second quarter of this year than those who began adjusting inventory levels after September 2008. They are the ones who are now beginning to increase their inventory levels, although it is still down about 5 to 10 percent from year-ago levels. They are chasing product that is working and selling."

Darling added that retailers are putting in more inventory in replenishment of both core and fashion merchandise. "There was this sense of a free fall from September to January, but we're not seeing the same feeling now. There has been some stabilization of business to a degree, and there have been good sell-throughs at retail. Retailers are chasing fashion goods that sell, and they don't want to be out of stock on basic items."

He expects an increase in inventory levels for holiday, at least in stronger performing categories such as fashion accessories and fashion apparel, where retailers will look to maximize results. "The real key will be not only preserving market share, but also getting customers into the store," Darling said.

Darling said great product and great new fashion, for the most part, are selling. "In almost every category, the reality is that customers are reacting to fashionable goods, not basics, and it's the fashion that is stimulating the customers and getting into the stores. Retailers need to give consumers a reason to buy," he noted.

Jeffrey B. Edelman, director of retail consumer advisory services at RSM McGladrey Inc. and a former retail analyst, cautioned one of the current problems with the sale mentality of the consumer is "she'll see something she likes and wait for it to go on sale. What happens is that by the time it goes on sale, it is no longer the size or color that she wants. Retailers have to wean the consumer off of looking for the price cuts."

Brooks Bros.' Amendola said getting customers out of the sale mentality "will take years. Customers have to get used to going in and seeing something is sold out. Then maybe next year, they won't wait as long."

Gary Wassner, president of Hilldun Factors, which specializes in working with designers and luxury goods, said inventory levels for the high end have fallen significantly since September. "When I talk to the retailers at the high end, we're talking about a 20 to 25 percent drop. They are cutting back on who they purchase from and the scope of how much," Wassner said.

Wassner added, "Retailers across the board have been asking my clients to lower their prices." He explained that retailers want to lower their costs when buying the goods, yet still sell quality luxury goods comparable to a year ago. The reduced prices will help the retailers' bottom lines, but it is too early to quantify what it will mean, by percentage, to their profitability, he noted.

Wassner pointed out that his vendor clients are making corresponding adjustments to cuts in orders, from cutting back on staff to reducing styles within a collection. "They're also not speculating on inventory levels. They used to anticipate reorders of a certain percentage, but now they are anticipating cancellation of a certain percentage," Wassner said.

And they are delaying receipts in many cases, he said: "Many retailers are asking for staggered deliveries. It used to be retailers couldn't wait until mid-June for fall goods, but now they are having merchandise shipped later and closer to season so they are not sitting in the stores. This is how people are buying now and it means there will be less to mark down later on. Our vendor clients had been trying to get the ship dates to change for a long time, but retailers had refused to accept it. Now this sea change in shipping is seen as a logical move in both good and bad times."

Retail consultant Walter Loeb of Loeb Associates said, "Retailers are planning very tightly. They are finding that they can now do 5 percent more with the stock they have on hand. If business continues to be even a little bit better than expected, that will drop to the bottom line and help a lot. It helps even more with lower inventories. I see retailers editing the merchandise and being more focused. They are eliminating peripheral merchandise. We are also seeing a new business model where they are asking for goods to be shipped closer to season for the consumer to buy when needed."

Loeb said every retailer is trying to have goods shipped from overseas in less time, and said J.C. Penney Co. Inc. has reduced overseas shipping to just 17 weeks. That's a drop from the former customary time frame of 52 weeks within the last year. Stores such as Zara, H&M and Forever 21 have shown that fast turnarounds are indeed possible.

Loeb sees all these changes as good news for the retailer. "The more the retailer can control its inventory, the greater is its ability to improve margins. There is a direct relationship between inventory controls and better sell-throughs, because those two factors help boost margins," he said.

"Our vendor clients had been trying to get the ship dates to change for a long time, but retailers had refused to accept it. Now this sea change in shipping is seen as a logical move in both good and bad times."

— Gary Wassner, Hilldun Factors



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China / Hong Kong / Taiwan:
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Mobile: (852) 6033 0482
e-mail: myiu@spinexpo.com

Central & South America:
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Life/After/Denim Offering Style at a Price

By Khanh T.L. Tran

LOS ANGELES — Men who need a wardrobe to wear after college can seek refuge in Life/After/Denim.

Launching this fall with more than 20 styles and nary a pair of blue jeans in sight, the Los Angeles label tweaks military uniforms and prep-school wardrobes to offer serviceable sartorialism with moderate prices.

Retail prices start at \$62 for short-sleeve woven shirts and \$78 for pants. Outerwear includes \$168 Melton wool military jackets, with the priciest reaching \$425 for motorbike jackets cut out of lambskin leather.

"We saw a marketplace for men's wear [that's] affordable and stylish," said Alexis Frey, co-founder of Life/After/Denim. "Affordable being the key word. We wanted to go into a price point that is friendly and approachable."

To offer even more bargains in these tough economic times, Life/After/Denim is simultaneously launching a lower-priced line that bears the same name but is represented by a black tag in contrast to the flagship's cream one. The styling for the offshoot reflects inspiration culled from the Sixties and Seventies, with less expensive fabrics and a brighter palette. Long-sleeve woven shirts in the diffusion line will retail for \$58, or almost a third less than the counterpart in the main lineup.

Urban Outfitters has already picked up the secondary line, while Nordstrom has signed on to carry both groupings. Other retailers that have placed orders for the main line include Planet Blue in Santa Monica, Calif., and Lisa Kline in Los Angeles, the company said.

"People are looking for value at this time," said Michael Choi, Life/After/Denim's other co-founder.

Indeed, value is the buzzword in fashion. Erik Hart added a men's diffusion line dubbed MG Black Label this fall as an alternative to his main label, Morphine Generation, which had lowered prices by 20 percent. At the mass level, Target and Hennes & Mauritz are offering budget-conscious fashion for men through collaborations with Loomstate and Matthew Williamson, respectively.

Life/After/Denim insisted that it's different because it emphasizes quality and classicism over fast fashion's trends. The \$78 chinos are available in two fits: slim with a 17-inch leg opening and straight that measures an inch wider. An \$88 French terry hoodie is updated with brown piping on the front placket hiding the front zipper. Red stripes spice up cardigans and pullover sweaters retailing for less than \$80.

What's more, Life/After/Denim will offer one reversible item each season. For fall, it's an \$88 reversible puffer vest covered in gray herringbone on one side and black-

WWD
Men's



Looks from Life/After/Denim, launching this fall.

and-white plaid on the other. The holiday collection will feature a yet-to-be-priced khaki will trench that turns inside out to reveal a workwear-inspired jacket of broken twill (even the sleeve belts are reversible).

While Frey and Choi are making their mark in the fashion business for the first time with the launch of Life/After/Denim, they are tapping into their families' decades-long experience in apparel manufacturing. Their fathers have been business partners for more than 30 years at CFL Enterprise, a Hong Kong-based trading company that produces apparel for brands ranging from American Eagle Outfitters and DKNY to J. Crew and Volcom through a network of factories in Asia.

After graduating from Vassar College, Frey entered the family business, learning about technical design, product development and fabrics. Choi, Life/After/Denim's sales director who defers to Frey for creative direction, had earned a Master's degree in public health from the University of Southern California before leaving health care to launch the line. With CFL manufacturing their garments, they project first-year sales to hit \$500,000.



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BEAUTY BEAT Bioderma Turns Eye Toward Italy

MILAN — Bioderma, the French skin and hair care brand, is making a push in Italy.

Created by pharmacist Jean Noel Thoral in 1985 in Lyon, the privately owned beauty company's sales swelled to 80 million euros, or \$117.6 million at average exchange, in 2008, and the assortment is distributed in 60 countries.

In Italy, Bioderma is distributed in 200 pharmacies, but the brand is hoping to double that figure by the end of the year, as well as increase its sales here from last year's figure of 3.8 million euros, or \$5.3 million, to 4.5 million euros, or \$6.3 million at current exchange.

To achieve that, the brand has appointed an Italian dermatologist to liaise with in-house experts who, in turn, explain Bioderma's products at new points of sale.

"We think it's a reasonable goal for the brand," said Marina Vernet, brand manager for Bioderma in Italy. "In Italy the pharmacy channel has come to be an important one for beauty."

Vernet said Bioderma has developed an Italian Web site. Interested consumers send an e-mail or complete a form online describing their skin condition, and the company responds by mailing out corresponding treatment product samples.

"Once consumers try our products they are prepared to seek them out and buy them," Vernet contended.

Bioderma, which comprises six lines aimed at specific skin problems, includes one dedicated to the hair and scalp. The beauty brand's star product is a makeup remover called Sensibio H2O. Lauded by makeup artists, the clear liquid, for sensitive skin, is often seen backstage at fashion shows.

In fall, Bioderma will launch White Objective, a four-item line of skin care products for discolored skin. The line is priced from 18 euros, or \$25.15, for a cleanser and 40 euros, or \$55.90, for a night serum.

"We chose a fall launch date because there will be many people returning from their summer holidays with problems with sunspots," said Vernet. Plus, "Italians love to use tanning beds."

Apart from Italy, Bioderma also has its sights set on expanding in other markets this year, after recently opening in Portugal, Romania and Switzerland.

Bioderma is also in talks with a distribution partner for the U.S. market.



Bioderma's Sensibio H2O.

—Stephanie Epiro



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Financial

Talks Intensify on Fate of Safilo

By Andrew Roberts

MILAN — The future of Italian eyewear firm Safilo Group SpA could be decided by the end of the month.

The debt-ridden company's majority shareholder, Only 3T SpA, met again Friday with private equity bidders Bain Capital and PAI Partners to further discuss a possible stake sale, sources said Monday.

"Talks are progressing well," a source said. "Both [funds] have submitted proposals that make sense. Bain's is the more industrial, while PAI's is more financial....A deal could come in the next three to four weeks."

More than 30 percent of the company is on the table, the sources said. The Tabacchi family controls 39.9 percent of Safilo via Only 3T.

Safilo, which has licenses with Giorgio Armani, Dior, Gucci and Valentino, among others, is seeking to strengthen its capital structure as declining demand and disproportionately large debts weigh on its balance sheet.

As of March 31, net debts totaled 617.7 million euros, or \$863.8 million at

current exchange. First quarter net profits fell 87 percent to 1.7 million euros, or \$2.2 million, after sales dropped 11.7 percent. As a result, the company has been forced to downsize some production facilities in Italy and Slovenia, as well as lay off more than 1,000 workers as consumers curb spending on high-end eyewear. Safilo needs a cash injection of at least 250 million euros, or \$349.6 million, according to analysts.

In addition, Standard & Poor's Ratings Services on Monday downgraded Safilo's long-term corporate credit rating to "SD" from "CC," after the manufacturer's lending banks agreed last week to postpone to the end of the year a loan payment due June 30 and waive the respective debt covenants.

Meanwhile, Safilo is under investigation by Italy's financial police for the alleged misuse of the Made in Italy label on products at least part manufactured in China, a company spokesman confirmed Monday. He gave no other details.

Safilo's share price declined 6.2 percent to 0.41 euros, or 57 cents, at the close of trading in Milan.

Former Saks Associate Sentenced in Theft Case

By Matthew Lynch

A FORMER TOP SAKS FIFTH AVENUE fine jewelry saleswoman was sentenced Monday to 90 days in jail and fined \$96,000 for stealing from the retailer.

A State Supreme Court jury in March convicted Cecille Villacorta, 52, of third-degree grand larceny and falsifying business records for improperly taking \$48,500 in commissions from the department store's flagship. After a two-week trial, she was acquitted of more serious accusations that she had handed out \$1.4 million in discounts to achieve those commissions.

Justice Gregory Carro said Villacorta's clean record before the Saks charges, and unblemished stints at luxury outlets such as Bergdorf Goodman and Cartier, did not justify the two-to-six-year prison term sought by prosecutors.

Addressing the court on behalf of Saks, director of customer service Andrea Robins said Villacorta's conduct was disgraceful and asked the judge to impose a harsh prison sentence.

"Theft is a serious crime," Robins said. "Its victims are every one of us: those who work in retail, those who invest in retail companies or in companies that do business with retailers and, most directly, those who shop and pay higher prices to compensate for losses resulting from theft."

During the trial, Manhattan assistant district attorney David Nasar said Villacorta built a loyal customer base on the improper discounts, which she

could only enter into Saks' computer system through deceit, thus boosting her bonuses.

Defense attorney Joseph Tacopina said Villacorta was a consistent top earner for Saks, generating \$27 million in revenues for the company during her eight years on the fine jewelry sales floor and only after Saks sought to implement cost cuts in 2005 did the luxury store accuse Villacorta of wrongdoing.

Villacorta, who wept during the hearing, said outside the courtroom that the outcome of the sentencing was "a victory." Carro also ordered her to serve five years probation and perform 100 hours of community service. She is to surrender on Aug. 10.

Tacopina said he would appeal the conviction. He added that another former Saks employee had been ready to testify that the company authorized her to use the same techniques as Villacorta, but that the district attorney's office promised to prosecute her if she did. Tacopina said he would raise the issue on appeal.

The Manhattan District Attorney's office declined to comment on the sentencing.

Police arrested Villacorta, a native of the Philippines, shortly after Saks discovered her distorted sales figures and fired her in early 2006. Prosecutors said Monday she could face deportation.

Villacorta has a civil suit pending against her former employer accusing the retailer of malicious prosecution.

IN BRIEF

• **NEIMAN'S NEW CMO:** The Neiman Marcus Group Inc. said Monday Wanda Gierhart has been named senior vice president, chief marketing officer. She reports to Karen Katz, president and chief executive officer of Neiman Marcus Stores and executive vice president of Neiman Marcus Group. Gierhart, who served as president and ceo of TravelSmith, starts her new post on Aug. 10. She will be responsible for marketing, market research, advertising, sales promotion and customer insight activities for Neiman Marcus Stores, Neiman Marcus Direct and Bergdorf Goodman.

• **LENZO TAPPED AT LIFESTYLE:** Sal Lenzo has been promoted to president of Lifestyle, a New York-based firm that designs and manufactures mannequins, forms, accessory displays, fixtures and decoratives. Lenzo was Lifestyle's vice president of creative marketing and sales. He succeeds Chuck Rosenthal, who continues as a partner in the company. Lenzo will focus on the acceleration of product development and new marketing strategies. He has been with Lifestyle about three years. Previously, he was a visual merchandiser at Saks Fifth Avenue and Burberry.

For full daily stock changes and more financial news, see WWD.com/business-news.

10 BEST PERFORMERS

DAILY		COMPANIES	P/E	VOLUME	AMT	
HIGH	LOW				LAST	%CHANGE
0.60	0.49	Charles & Colvard (CTHR)	-	31602	0.56	+12.50
1.44	1.28	Unifi (UFI)	-	208682	1.36	+11.48
9.88	9.09	Ramco-Gershenson (RPT)	11.9	120149	9.84	+7.07
4.99	4.62	Developers Diversified (DDR)	-	3931998	4.98	+6.41
4.00	3.51	Zale (ZLC)	-	804984	3.96	+5.32
17.84	16.30	Destination Maternity (DEST)	-	36400	17.29	+4.85
9.72	9.05	Kimco Realty (KIM)	16.7	8448162	9.72	+4.07
31.00	29.63	TJX Cos. (TJX)	14.5	5971934	30.90	+3.69
34.18	32.60	Regency Centers (REG)	21.1	1585563	34.16	+3.67
3.17	2.80	American Apparel (APP)	60.8	392778	3.15	+3.62

10 WORST PERFORMERS

DAILY		COMPANIES	P/E	VOLUME	AMT	
HIGH	LOW				LAST	%CHANGE
8.70	7.72	Stein Mart (SMRT)	-	515044	7.88	-10.35
0.43	0.39	Safilo * (SFL:MI)	-	3134787	0.41	-9.99
2.00	1.73	Casual Male (CMRG)	-	261563	1.79	-8.67
3.40	3.03	Bon-Ton (BONT)	-	50874	3.04	-7.88
54.50	54.50	French Connection * (FCCN:L)	-	1	54.50	-7.63
9.87	8.97	Home Shopping Network (HSNI)	-	495596	9.18	-7.46
7.50	7.01	Syms (SYMS)	-	18469	7.01	-6.28
4.79	4.38	Saks (SKS)	-	4168088	4.54	-6.20
2.76	2.52	Glimcher (GRT)	-	226244	2.60	-6.14
5.98	5.70	Benetton Group * (BEN:MI)	7.1	130154	5.72	-5.84

* Editor's note: European stocks are quoted in the currency of their principal exchanges. Shares on the London Stock Exchange are quoted in pence, Richemont and The Swatch Group are quoted in Swiss francs and Hennes & Mauritz is quoted in Swedish kronor. All other European stocks are in euros.

L.A. Fashion District Braces for Jackson Memorial

By Rachel Brown

THE DEATH OF MICHAEL JACKSON has boosted businesses selling commemorative apparel and accessories, but the turnout for his memorial Tuesday at the Staples Center in downtown Los Angeles could hamper business activity.

Authorities, who urged people to stay home and watch on television, were preparing for hundreds of thousands of Jackson fans, although just 17,500 ticket holders are expected to attend the 10 a.m. event. Streets surrounding the arena, and the adjacent Nokia Theatre near the city's Fashion District, will be closed.

"The California Market Center is anticipating some disruptions and increased traffic in the downtown area tomorrow as a result of the Michael Jackson tribute," said Deborah Levine, a spokeswoman for the showroom building. "We have informed our tenants of the various street closures and suggest they take alternate routes and remain patient as they navigate into work."

Rosie Ybarra, who is employed at the showroom complex Cooper Design Space, said Monday people were already

camping out in the area.

But Kent Smith, executive director of the Fashion District's Business Improvement District, anticipated the neighborhood would weather the event with a minimum of interference, as it did during a recent Lakers' NBA championship celebration that attracted some 100,000 people.

Firms are hoping continued interest in Jackson goods will have a significant impact on their bottom lines. At the San Mateo, Calif.-based Web site CafePress, selling user-produced merchandise, users have uploaded about 43,000 Jackson-related items since his death on June 25, and T-shirts priced at roughly \$22 are among the popular items.

EBay's listings of Jackson apparel, accessories and footwear jumped from 182 in the two weeks prior to his death to 8,111, said Karen Bard, a pop culture expert at eBay. The highest-priced item so far has been a beaded leather jacket that went for \$1,226 and garnered 27 bids.

"We are seeing traffic and sales from all over the world," said Amy Maniatis, CafePress' vice president of marketing. "In that respect, it is on the scale of the Obama outpouring."

Retooled Links of London Eyes U.S. Growth

By Sharon Edelson

WITH A NEW PRESIDENT FOR NORTH AMERICA, A repositioned product line and the relaunch of its Web site, Links of London is embarking on U.S. expansion.

The British brand plans to open flagships in select cities, and has forged a relationship with Bloomingdale's, where in-store Links shops are being unveiled. With a deep-pocketed parent — Athens-based Folli Follie Group — and lower-priced collections with items that can be worn in multiples, the company said it believes it can succeed during the recession.

Meanwhile, Links' big sister, Folli Follie, has its own growth agenda. With 250 directly owned and operated stores in Asia, Folli Follie hopes to ultimately open the same number of units in the U.S., said Kitty Koutsolioutsos, co-founder and creative director of the Folli Follie Group.

"In the near future, we will renovate the whole image of Folli Follie," Koutsolioutsos said. "We have the resources to make it happen."

Folli Follie and Links are complementary opposites with a yin-yang relationship.

"Folli Follie is strong in Asia and Links is strong in the West," said Andrew Marshall, managing director of Links of London. With worldwide sales last year of 100 million pounds, or \$163 million at current exchange, Links does a fraction of Folli Follie's 1 billion euros, or \$1.4 billion, in 500 points of sale.

"The U.S. is a very expensive place to do business, but it pays dividends in the end," Marshall said.

Founded in 1982 by Kitty Koutsolioutsos and her husband, Dimitris Koutsolioutsos, the group's influence over imports, exports and the Greek duty free industries extends to other countries and brands. In the Nineties, the Koutsolioutsos were granted exclusive duty free rights in Greece until 2048. The business is now fully privatized. Meanwhile, Folli Follie Group holds the license for Harley Davidson accessories and Converse in the Balkans. "Coach decided to enter Europe through the umbrella companies [Folli Follie Group] through Greece," Kitty Koutsolioutsos said. "Nike used the Balkans to open a new flagship."

In terms of the U.S., she said Folli Follie plans to renovate its Madison Avenue flagship, open one or two more stores in Manhattan and unveil a freestanding unit in Miami. No dates have been set.

Links will remodel its Madison Avenue flagship in August. Other freestanding units in Manhattan include 200 Park Avenue and 402 West Broadway in SoHo.

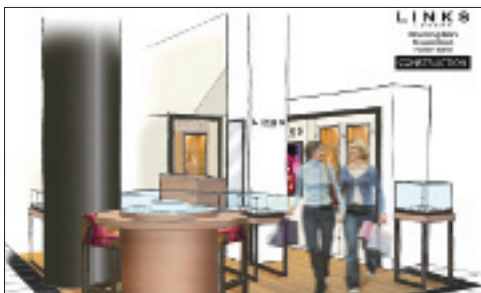
Paul Woods, president of Links of London in North America, said Links opened a wholesale account at Bloomingdale's 59th Street flagship in Manhattan, and unveiled in-store shops at Bloomingdale's units in San Diego and Newport Beach, Calif., and Paramus, N.J. "We're looking at a cluster strategy, establishing flagships and concessions in department stores and wholesale accounts," he said.

Links was "a bit sleepy," Marshall said, adding that the brand's image has been updated by creative director Elizabeth Galton, who joined the company a year ago and has designed collections whose goals are to catch the eye of younger customers. "She has brought a new direction and a new spirit," he said.

"The Links brand offers what is now an abused term — affordable luxury," Marshall said. "You can go to Links and get a gift for \$200 with all the connotations you would expect from a luxury brand."

Links jewelry leaves room for customization with charms, from \$70 for a sterling silver disc to \$1,100 for an 18-karat gold moon set with diamonds. The Links friendship bracelet and Sweetie collection are examples of Galton's playful aesthetic. Lanyard is hand-woven around sterling silver rods stacked side by side like dominos for the friendship bracelet (\$210). The Sweetie bracelet in sterling silver is \$220, the Sweetie watch with a stainless steel coiled bracelet and mother-of-pearl dial starts at \$580, while a stainless pavé diamond bracelet watch with a mother-of-pearl dial set with diamonds costs \$12,000.

"The formula is very simple," Marshall said. "We create products for international brand-savvy 28-year-olds. Why 28? Because women who are older wish they were 28 and women who are younger want to be 28."



A rendering of a Links of London shop-in-shop.

Isaora Updates Skiwear

MARC DANIELS LOVES THE OUTDOORS BUT felt the bright, oversize apparel that had become de rigueur for snowboarders looked a bit ridiculous off the slopes. So he set out to create an alternative — an upscale snowboard-inspired sportswear and outerwear collection for men and women that "captures the pulse of the street and the essence of snowboarding."

The line, Isaora, will launch for fall and has already lined up retail distribution that includes Paragon Sporting Goods in New York; Bodega in Boston; Roslyn in Chicago; The Gallerie in Aspen; Movers & Shakers and United Arrows in Japan; World Cup Sports in Alaska, and Excess in Chamonix, France.

"I spent the better part of my youth, like many first-generation snowboarders, entrenched in the antiestablishment culture," said Daniels, chief executive officer. "But now, having long since grown up and no longer convinced baggie is better or brighter is bolder, I imagined a brand, which would offer a more refined aesthetic while maintaining its core credibility."

Isaora blends elements of Japanese tailoring with athletic influences to create a sophisticated, technically driven line. "We made sure to integrate performance elements into every piece," Daniels said.

Key items include a microskin 650-fill down jacket; dual-tone double-insulated hooded jacket and chevron plaid slim-fit insulated shirt. For women, there are an oversize hooded sweatshirt with distinctive details such as elongated cuffs; tops with panel overlays, and jackets with adjustable internal shoulder straps for ease in layer removal. Wholesale prices range from \$100 to \$272.

— Jean E. Palmieri



A woman's look from Isaora.

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Miranda Lambert

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