

Fashion. Beauty. Business.

AUG
2016
No. 1

WWD

BLOOMING DESERT

Despite some challenges, the Middle East continues to be a fertile ground for retail development.

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PRIVATE EQUITY TURF WARS

Sycamore and Golden Gate are vying for the future of the American mall – and it's personal.

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GREAT ESCAPES

Designers recall the fun and whimsy of accessories destined for vacation – whether in reality or spirit.

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POWER SHIFT

THE BLOGGER WILL SEE YOU NOW

Digital influencers have become the beauty world's most in-demand authorities – and they're reaping the financial rewards.



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For more information visit: almaryahcentral.ae



The Features

The Blogger Will See You Now

48 Beauty brands are spending millions to tap into the loyal followings of the industry's latest authorities: digital influencers.

Great Escapes

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Mugler's calf leather bag.

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Malls Rising in the Desert

Despite some challenges, the Middle East remains fertile ground for retail expansion.

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The Rio Olympics aren't just a sports showcase. They're also a chance for fashion and activewear brands to prove their prowess.



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Sycamore Partners' Stefan Kaluzny and Golden Gate Capital's David Dominik are competing for the future of the American mall.



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Jewelry store expansions are taking place even as luxury sales slow globally, with Paris facing particular strife.



Lucky Charm 28
Embellished pendants on necklaces, cuff bracelets and statement rings are growing trends in men's jewelry.

PLUS: Briefs: Fashion, beauty, accessories, retail, markets, men's;
Model Call: Katrin Thormann; **Trend:** Western accessories;
Face Time: Sandra Horbach of The Carlyle Group;
Data Points: Swimwear trends; **They Are Wearing:** Lollapalooza style.

Illustration by Jack Hughes

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Berluti, Hublot Part Limited-Edition T

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Best



Lisa Frank is baiting its original 90s fans back with a new clothing line.

@rachelantonoff
Designer



Chloe G. Moretz nailed her appearance at the Democratic National Convention.

@chloegmoretz
Actress



Kim Jones is enjoying the dog days of summer after the fashion week frenzy.

@mrkimjones
Designer

Worst



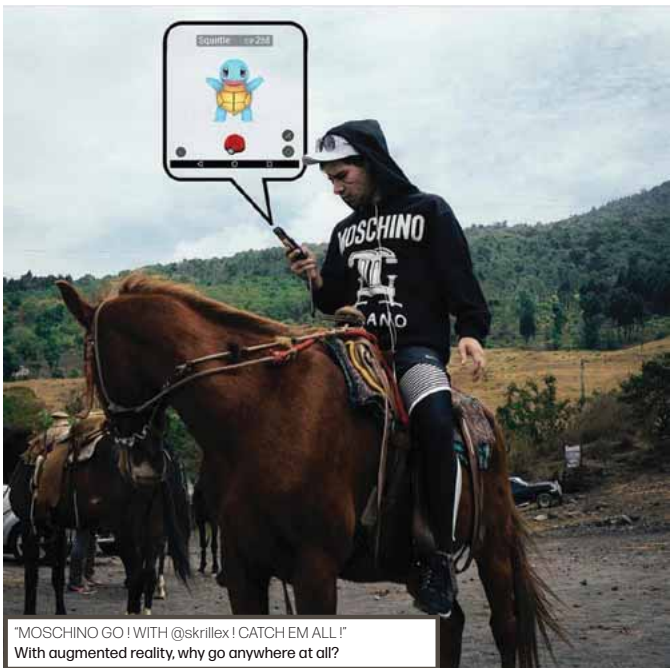
"It's getting hot in here 🌞"
Feeling the summer slump?

@kenzo
Brand



Body not included.

@louboutinworld
Footwear brand



"MOSCHINO GO! WITH @skrillex! CATCH EM ALL!"
With augmented reality, why go anywhere at all?

@itsjeremyscott
Designer

Trending

#OLYMPICS: Rio Olympic fever heats up before Friday's opening ceremony.

@RalphLauren
Morning cheer: @CarsonDaly, @SheinelleJones, @CliffMeidl unveil #TeamUSA Opening Ceremony uniforms for Rio

@RyanLochte
New look... Here We Go #Rio #2016 thanks @jennjonesatl #turnup

@dsquared2
Brought home the first gold for Canada, the most stylish country!!!

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MODEL LIFE

@lilycole
Model



STYLE SHAPER

@robzangardi
Stylist



FASHION EYE

@roopal_patel
Fashion Director, Saks Fifth Avenue

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"Not since Mr. Klein himself was at the company has it been led by one creative visionary, and I am confident that this decision will drive the Calvin Klein brand and have a significant impact on its future."
— Steve Shiffman, ceo, Calvin Klein, on confirming Raf Simons as creative director

THE ESSENTIALIST

TOP 10 STORIES OF THE WEEK



"We were heavily impacted by tourism flows. We did see some growth in local markets, but this was clearly not enough in Paris to compensate for the drop in tourists."
— SIDNEY TOLEDANO, DIOR

1 G-III Buys Donna Karan

LVMH Moët Hennessy Louis Vuitton at long last ended its relationship with Donna Karan, selling the business to G-III Apparel for \$650 million. As for other disposals, the conglomerate firmly denied it intends to sell its remaining American fashion brand, Marc Jacobs.

2 Tourism Drop Hits Dior Profits

Speaking of LVMH, Christian Dior Couture, the group's parent, cited a slowdown in tourism as first-half profits decreased 30 percent. LVMH itself posted an increase in revenues, while Europe's other top luxury player, Kering, saw profits up 9.9 percent.

3 Securing the Future

Giorgio Armani has established the Giorgio Armani Foundation, which — while aiming to fund social projects — also ensures that his \$3 billion fashion group will live on.

4 Buying Becca

The beauty world's buying frenzy rolled on, with Becca Cosmetics sold to Castanea Partners and Main Post Partners in a deal worth an estimated \$200 million. Becca is said to be on pace for \$80 million in sales this year, up from \$40 million in 2015.

5 UA: Spreading Its Wings

Under Armour revealed plans to launch a new brand this fall, Under Armour Sportswear. The athletic apparel-maker also entered into a partnership with Kohl's to sport a major presence at the middle-market chain.

6 Tough Talk on TPP

The industry expressed concern following tough stances on trade from the presidential candidates. While Hillary Clinton was not as vocal in her DNC speech against free trade as her opponent Donald Trump was at the RNC, she is on record as being against the Trans-Pacific Partnership trade deal and said nothing to suggest that has changed.



"We don't believe that Under Armour technology should be exclusively for on the field, we don't see it as an either/or thing. UAS is forged from the field and built for life."
— KEVIN PLANK, UNDER ARMOUR

7 Through the Tiffany Lens

Tiffany became the first luxury brand to purchase a Snapchat lens allowing users to employ a Tiffany-created filter featuring the jeweler's blue and white hearts.

8 Haider to Berluti?

Haider Ackermann is said to be close to inking a deal with men's wear brand Berluti. Ackermann is to succeed Alessandro Sartori, who earlier moved to Ermenegildo Zegna.

9 Indian Merger

Flipkart subsidiary Myntra acquired Jabong for \$70 million in a deal that consolidates two of the biggest players in India's rapidly growing online fashion space.

10 Halle Berry, Louboutin Team for Saks

Saks Fifth Avenue said Halle Berry would front the 18th edition of its Key to the Cure campaign to benefit cancer research. Christian Louboutin designed a limited-edition T-shirt for the initiative.

"We live in a social culture of 'like,' but for Tiffany & Co., 'like' is not enough."
— DIANA HONG, TIFFANY & CO.



"We live in a social culture of 'like,' but for Tiffany & Co., 'like' is not enough."
— DIANA HONG, TIFFANY & CO.

AGENDA

Let

The

Games

Begin



Ibtihaj Muhammad

This world champion fencer, who hails from Maplewood, N.J., will be the first American woman to compete in her hijab at the Olympics. In Rio de Janeiro, she will be wearing her own line, Louella, which is a modest fashion label she founded in 2014.

The Rio Olympics aren't just a showcase of athletic prowess. They're also a chance for fashion and activewear brands to strut their stuff.

By ROSEMARY FEITELBERG

W

hile the Rio Olympics will be a glorification of athletic achievement, they also will be a major branding opportunity for the companies that clothe and sponsor the competitors.

More than 10,500 athletes will be vying for medals in 28 sports at the Games, which begin Friday and end Aug. 21. Critics have been chattering for months about how Zika, terrorism, crime, toxic waters and even the upkeep of the Olympic Village may affect the event. The fact that Rio's acting governor Francisco Dornelles declared a state of emergency due to the state's finances did not quell the buzz.

During the 2012 Games, soccer was the most popular sport based on Twitter mentions and Puma-sponsored sprinter Usain Bolt was the most discussed athlete, according to a Topend Sports study. Nike is the official team supplier of Team USA, and Polo Ralph Lauren will dress the American athletes in navy blazers. Given Rio's one-hour time difference with Eastern Standard Time, NBC expects the Summer Games to be the most viewed live coverage ever. Snapchat and BuzzFeed are helping out with NBC's onslaught of coverage across 11 platforms. The aim is to break the record of the 217 million-person viewership of the 2012 London Olympics. Adriana Lima will be helping to keep viewers tuned in as an NBC Universal correspondent through Aug. 10.

With the world watching, brands and corporations are willing to shell out millions in sponsorship deals. NBC, which plunked down \$7.75 billion for Olympic rights through 2032, has lined up \$1.1 billion in advertising. For a four-year block, United States Olympic Committee sponsorships run upward of \$20 million and the International Olympic Committee is said to rake in \$200 million a year from partnerships. Omega is one of 12 IOC partners, which include Atos, Bridgestone, Dow, GE, McDonald's, Panasonic, P&G, Samsung, Toyota, Visa and Coca-Cola, the only company to have sponsored each Olympics since 1928. More affordable ties can be fastened by sponsoring athletic federations or individual sports in the way that BMW is sponsoring USA Golf for Rio.

Olympic sponsorships often boil down to "mutual exploitation," with the USOC trying to ▶

Will Claye

The two-time American track-and-field medalist is the first athlete to partner with FL2, the men's active line under the Fabletics umbrella. Claye will be wearing FL2 for the Summer Olympics and has worked with the brand on a seven-piece capsule collection that was released in July.



Missy Franklin

The five-time Olympic medal-winning swimmer will be wearing Speedo when she competes in Rio de Janeiro this summer. She will also have her own line with the brand, which will be out for fall. She will swim in the 200 freestyle and 200 backstroke at the Games.



Franklin photograph by Juan Valls/Ubamandaport/Photo/REX/Shutterstock; Piqué by Mesut Özil/REX/Shutterstock; Durant by Marco Jose Sanchez/AP/REX/Shutterstock; Ozil by James Show/REX/Shutterstock; Santos by Bagu Blanco/REX/Shutterstock; Nadal by Mike Frey/REX/Shutterstock; Ronaldo by Carlos Trechler/REX/Shutterstock; Bolt by Nils Jørgensen/REX/Shutterstock; Neymar by Nils Jørgensen/REX/Shutterstock

Friendly Competition

Leading Olympic-bound athletes on Facebook and Twitter.

1



Neymar, Brazil soccer player, 58.4 million on Facebook, 23.7 million on Twitter

2



Ronaldinho Gaúcho, Brazil soccer player, 34.5 million on Facebook, 13.5 million on Twitter

3



Mesut Özil, Germany soccer player, 31 million on Facebook, 12.5 million on Twitter

4



Sachin Tendulkar (former India cricket player, special ambassador to Rio) 27.3 million on Facebook, 11.8 million on Twitter

5



Andrés Iniesta, Spain soccer player, 26.4 million on Facebook, 13 million on Twitter

6



Gerard Piqué, Spain soccer player, 18.9 million on Facebook, 13 million on Twitter

7



Luis Suárez, Uruguay soccer captain, 17.5 million on Facebook, 7.04 million on Twitter

8



Usain Bolt, Jamaica runner, 17.3 million on Facebook, 4.03 million on Twitter

9



Rafael Nadal, Spain tennis player, 14.6 million on Facebook, 10.6 million on Twitter

10



Kevin Durant, U.S. basketball player, 10.3 million on Facebook, 14.6 million on Twitter

get the most amount of money from its sponsors, and sponsors trying to get as many rights as they can for as little money as they can, according to Syracuse University professor of Sport Management Richard Burton. New-to-the-Olympics sports like golf and seven-person rugby may not be a windfall for viewers, but swimming (especially 22-time medal winner Michael Phelps, Missy Franklin and Katie Ledecky) and women’s gymnastics (in particular U.S. gymnast Simone Biles, a multiple gold medal hopeful) are always big draws. Serena Williams (a Nike-sponsored athlete) will also be a major attraction, he said.

Nor is it only athletic brands that are tapping into the Games. Giorgio Armani will dress the Italian team in the EA7 Emporio Armani brand; Polo Ralph Lauren will clothe the U.S. athletes for Friday’s Opening Ceremony, and Stella McCartney designed the Team Great Britain uniforms via her deal with Adidas.

Armani said of his EA7 connection, “To be present at international events of such import is without doubt an opportunity for visibility. The investment is proportional to the media exposure and the opportunity to catch the attention and ‘speak’ to a large and diverse public.”

Bjørn Gulden, chief executive officer of Usain Bolt sponsor Puma – which has seen its sales soar on Bolt’s successes – said, “The commercial direct effect of the Olympics is difficult to measure because people do not buy replicas for the Olympics.” (He was referring to the team shirts that are sold during soccer tournaments, for example.) “For us, it’s a platform to show the brand with good design-driven product, to market your athletes and that Puma looks good in the eyes of billions of spectators. That’s how I see the Olympics.”

The Games are a virtual arms race when it comes to activewear companies and the technologies they develop for the event. This time, there are the added challenges of the Zika virus and Rio’s polluted waters to contend with. Nobitech has developed Skintex MRIII Technology, the only

EPA-approved apparel treatment that repels the mosquito that may carry the Zika virus.

To help decathlete Ashton Eaton beat the heat and recover faster between the 10 events, the Nike Sports Research Lab has created a cooling hood that covers the head, face and neck. With designer Masha Ma’s assistance, ANTA Sports Products Ltd. created a Champion Dragon outfit using DuPont Sorona renewably sourced fiber for China’s delegation. For last week’s unveiling, ANTA teamed with Samsung for a virtual reality experience to make attendees feel as though they were in Rio’s Olympic Stadium.

Nike sponsors or supplies products to 40-plus National Organizing Committees including long-standing partnerships with the U.S., Brazil, Kenya and Estonia. The brand also has ties to such sports federations as China Track & Field. In addition, Nike will provide support for leading athletes like Neymar; Serena Williams; runners Shelly-Ann Fraser-Pryce, Allyson Felix, Mo Farah and Dafne Schippers, and pole vaulter Renaud

Lavillenie. Overall, it will support leading athletes in nearly 20 sports. Nike declined to pinpoint its investment in the Games, but its global marketing effort in Rio is in sync with its aim to reach \$50 billion in annual sales by fiscal-year 2020.

Nike’s competitors also are busy. Under Armour has several key athlete endorsements at the upcoming Games, including superswimmer Michael Phelps, soccer Gold Medalist Kelley O’Hara, sprinter Natasha Hastings and British tennis great Andy Murray, who just won Wimbledon for the second time. The best known of these athletes is arguably Phelps, the most decorated Olympic athlete of all time, who already has a net worth estimated at around \$55 million. In partnership with Aqua Sphere, a swimming equipment brand, he has the MP brand of swimwear, goggles and equipment. His return from retirement, coupled with his new squeaky-clean image, fiancée Nicole Johnson and Baby Boomer sets him up to significantly increase his exposure even if he fails to medal again this time around.

No slacker in the net worth department, Murray’s wealth is estimated at \$38 million.

The Baltimore-based Under Armour will outfit more than 225 Olympic hopefuls in 19 sports ranging from archery, field hockey and basketball to golf, triathlon and wrestling. The company has sponsorship deals with seven national governing bodies: USA Gymnastics, USA Boxing, Canada rugby, Switzerland and Netherlands beach volleyball, New Zealand kayak and canoe and Hungary kayak and canoe.

Li Ning has a new deal with the Indian Olympic Association for tracksuits, along with training and match kits; Peak Sport has supply/support contracts with Olympic teams from New Zealand, Ukraine, Slovenia, Cyprus, Jordan, Lebanon, Palestine, Nigeria, Egypt and Algeria, and Hermès is supplying saddles to Brazil’s show-jumping team. While not official sponsors, Uniqlo will be represented by Novak Djokovic and Mizuno will sponsor 14 national federations in Japan and it will support the U.S. volleyball team, among others. Adidas will support athletes, federations and national Olympic committees with products. In addition to Team GB, Adidas will be outfitting the teams from Germany, Australia, Trinidad and Tobago, Ethiopia and Hungary.

Speedo USA provides year-round support for 12 top athletes including Missy Franklin, Ryan Lochte, Nathan Adrian and Conor Dwyer – all of whom will compete in Fastskin suits, Speedo swim caps and goggles. In the U.S., there is a Speedo FIT campaign highlighting the brand’s total-body aquatic fitness program that includes TV and digital advertising, as well as social media support ►

The Business Of Winning At the Games

With many Olympic athletes supporting themselves by scraping together prize money, sponsor contracts and part-time jobs, winning a gold medal in Rio de Janeiro can be a real career launcher. Only half of the U.S. track-and-field team, who are ranked in the top 10 of their respective events,

earn more than \$15,000 a year. And the U.S. Olympic team only provides health insurance and stipends to a limited number of competitors. Unlike in other countries, American Olympians don’t receive any direct government funding. But at least there is one consolation: U.S. gold medalists will earn \$25,000 each, which is better than the zero that Team Great Britain awards its gold medal winners.



Here, a look at the countries that give the highest bonuses to gold medalists – even though most competitors aren’t paid for their efforts.

- 1. Azerbaijan \$510,000
- 2. Kazakhstan \$200,000
- 3. Thailand \$314,000 (over a 20-year period)
- 4. Philippines \$237,000 (over a 20-year period)
- 5. Kyrgyzstan \$200,000
- 6. Latvia \$190,000
- 7. Italy \$180,000
- 8. Uzbekistan, Belarus and Ukraine each pay \$150,000
- 9. Russia \$135,000
- 10. Australia \$126,000

By the Numbers

\$4.1B

The estimated cost of the Games, which is about 16 times higher than the original projection.

32

The number of venues for the Games, plus five soccer fields.

12,000

The number of torchbearers in the Olympic Torch Relay – from Greece to Rio de Janeiro in the two months leading up to the Games.

20,000

The number of media in Rio de Janeiro for the Games.

90,000

The workforce for the Games.

One million

The number of English lessons available for local volunteers and service providers such as taxi drivers.

across Speedo USA's owned channels.

To crack down on athletes touting their non-Olympic sponsors during the Games, the IOC will enforce Rule 40. So while U.S. gymnastics captain Aly Raisman will compete in Under Armour, she won't be tweeting her thanks to her sponsor Reebok while wearing her Under Armour-mandated uniform.

From July 27 through Aug. 24, Rio-bound athletes must abide by Rule 40, a policy to protect Olympic sponsors, by not advertising, tweeting or posting about their non-Olympic sponsors in any way. Some, like New Balance-sponsored runner Emma Coburn, tweeted her thanks on July 26. "#Rule40 starts tomorrow so I won't be able to say Thank You to my sponsor. THANK YOU FOR EVERYTHING @newbalance."

In a 2,000-word post earlier this year about Rule 40, Oiselle founder Sally Bergesen said she asked a USOC representative, "If ALL businesses are subject to the 'pretend the Olympics aren't happening' guidelines, and he confirmed it. Nothing can be said, referenced, celebrated. The repercussion? The USOC may contact you directly to remove your post, or could send you a cease-and-desist letter, threatening legal action."

Other brands have found alternatives, including Lafayette 148, which will suit up some of NBC's female talent with the help of stylist Amy Acton while Hardwick will dress the male talent in the studio. And Nike will dress NBC-ers on location at the sporting venues.

Then there are those fashion firms looking even further ahead. As one of the official sponsors of Paris' bid for the 2024 Summer Olympics, LVMH Moët Hennessy Louis Vuitton will join the Paris 2024 delegation which will be on site throughout the Games at Club France. There, at the Sociedade Hípica Brasileira, a press conference is set for Aug. 5. The Paris 2024 delegation will be dressed by Kenzo. ■

Ryan Lochte

Lochte, who turns 32 on Wednesday just before the Games begin, is wearing Speedo to compete in his fourth Olympics this year. The swimmer, who has 11 career medals – seven of them individual – will swim the 200 individual medley at the Rio de Janeiro Games.



Photographed on location at Equinox Gym in New York. Upper West Side

Briefs: Fashion, Beauty & Accessories



ACCESSORIES

Taking It Slow

● Having to flee her home in Beirut in 1984 during the Lebanese Civil War made Celine Seman Vernon take a broader view of what "home" means. Her

internationally minded, environmental Slow Factory label of accessories uses imagery of globalism, exploration and the human race. There is a waiting list of 1,000 for her NASA Hubble scarves, which use archival

satellite photos and are named Tarantula Nebula and Globular Cluster. All natural fabrics are used and the collection is sustainably produced in a factory in Como, Italy.

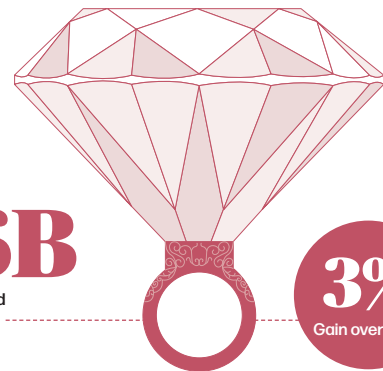
The designer works from an atelier in the Williamsburg section of Brooklyn, N.Y., and she recently opened a store on Woodpoint Road in Brooklyn so she can share her ideology with shoppers. In addition, 10 percent of sales of Slow Factory goods are donated to the nonprofit American Near East Refugee Aid, which helps refugees in Palestine, Lebanon and elsewhere in the Middle East. Vernon really talks the talk – she's started the "We Are Slow" podcast with sustainability writer Nadine Farag. – ROSEMARY FEITELBERG

STAT

Jewelry Sales Sparkle

\$316B

Estimated sales of fine and costume jewelry in 2016.



3%
Gain over 2015

SOURCE: EUROMONITOR INTERNATIONAL

RETAIL

Spreading Out in Milan

● Clan Upstairs, the multi-brand store founded by Fabio Bisogno in 1990 in the heart of arty Brera, Italy, district, has inaugurated a second floor, as well as a bar – which welcomes its guests from morning to 10 p.m.

Café Clan, located on the first floor of the 6,458-square-foot boutique, serves a range of beverages, including original cocktails prepared by a Brazilian bartender using fresh fruits and exotic spices.

Along with the bar, Clan Upstairs' first level also hosts the collections of a range of niche men's brands, such as Paolo Pecora, Paltò, L.B.M.,



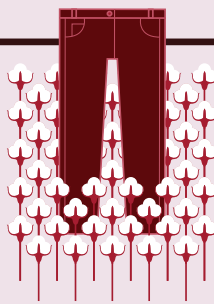
Fabio Bisogno

Maison Flaneur, Care Label, Orciani, Sartori Gold and Preventi, as well as a selection of women's pieces, including Closed and Dondup items.

The new second floor is dedicated to women with a wide selection

of ready-to-wear and accessories firms spanning from Citizens of Humanity to Cedric Charlier, Oscar Tiye, Philosophy, Moschino Boutique.

Bisogno said he expects to close 2016 up 20 percent in sales. – ALESSANDRA TURRA



DENIM

Moving Toward Better Cotton

● Gap Inc., which recently joined the Better Cotton Initiative, is taking the organization's and its own commitment to improving cotton farming practices around the world seriously. In the first half of 2016, Gap said it sourced 441,000 pounds of Better Cotton – enough to make 250,000 pairs of jeans. The company said it plans to continue to increase sourcing of Better Cotton, which is part of its overall sustainability strategy.

BCI aims to have five million Better Cotton farmers producing 8.2 million metric tons of Better Cotton by 2020, which would represent around 30 percent of global cotton production.

– ARTHUR FRIEDMAN



Erin Fetherston

HOME DECOR

Fetherston's Nest

● Erin Fetherston is cementing her roots in California with a home decor and furniture collaboration with interior designer Tammy Price. Raised in Oakland, Calif., and educated at the University of California, Berkeley, the designer returned to the West Coast after more than a decade of studying fashion in Paris and establishing her namesake women's clothing label in New York. She now lives in a Paul Williams-designed home at the foot of the Hollywood Hills with her husband and five-month-old son. A call to Price to create pieces for her traditional five-bedroom abode led to a 50-piece collection, called Erin Fetherston x Fragments Identity, made by Price's company in Westlake

Village, Calif. Available in late August at Domino.com, Fetherston's e-commerce site, and Consort Design in Los Angeles, the offerings adhere to a style that Fetherston dubbed "earthy elegance." In addition to a plethora of pillows that can be propped on a couch or used as a dog bed, the line includes a macramé-inspired hammock, child's rocking chair crafted from African mudcloth and alderwood, pom-pom-trimmed blankets and ottomans that double as storage bins or plush coffee tables. In contrast to her feminine, whimsical clothing designs, the black-and-cream palette excludes an inkling of pink. "There's a special balance to strike – a relaxed, organic feel with a touch of polish," she said.

– KHANH T.L. TRAN

ONE COMPLETE THOUGHT

"If you look at pure earnings, as many investors are forced to do, they'd say 'not a great investment.' But if you look at potential and you have vision, it's an amazing acquisition."

Morris Goldfarb, CEO of G-III Apparel Group Ltd., on his company's \$650 million acquisition of Donna Karan International





- 1 Marc Jacobs' calf hair and leather boot.
2 Eddie Borgo's plated silver and gold earrings and brooch with hand-cut crystals.
3 Hayward's leather and gray snakeskin clutch.

Trend: Best of the West

By ROXANNE ROBINSON

Cowboys and the Wild Wild West are perennial fashion favorites. For resort, designers gave the theme another comeback. Dennis Hopper's time in Taos, New Mexico – he settled there after filming “Easy Rider” and pursued painting, sculpture and photography – was the inspiration for his daughter Marin Hopper's classic metal minaudière clutch covered in python on one side and tooled leather on the other. Marc Jacobs revisited the early Eighties in his resort collection by bringing back the popular crossover western bootie. And Eddie Borgo may have referenced the Seventies disco era for his star-motif earrings, but they could just as easily be a take on the Texas sheriff's badge.

Model Call: Katrin Thormann

● German model Katrin Thormann was known as the “tall skinny girl” in her native Kiel before she was discovered in Berlin as a teenager. In 2008, she scored back-to-back Vogue Italia covers shot by Steven Meisel. Eight years later, after a brief hiatus from modeling – and with dozens of campaigns and editorials to her credit – Thormann is busier than ever. She also landed a runway spot in Balmain's fall men's show. “I'd never walked a men's show before,” Thormann said. “It was much easier, much more relaxed.”

By KRISTI GARCED Photograph by CHRIS MIGGELS

Can you recall your first major job?

When I was in high school, I did some minor jobs and test shoots, but nothing too special. Then, I did a shoot in London for Dazed & Confused. That was the start of my career. I got the cover and it was so exciting. It came out right when I was done with high school. I came to New York and did the whole round of shows...first New York, then London, Milan, Paris. I think I was 20 at the time. I started working a lot in New York and became friends with a girl who I'd seen in all of the shows, Iris Strubegger. We rented an apartment together and she's still my best friend.

I still love the first shoot I did with Steven Meisel – the one for Italian Vogue. It was right in the beginning of my career. We were on the beach, and it was kind of like a movie set.

After a whirlwind couple of years, you took a hiatus from modeling.

I moved back to Germany after three years in New York. I just felt like I needed something else. I studied literature and history. I'm still doing it, but now I'm back in New York and I do everything online and go back to Germany for the exams. I want to finish my degree, but I'm a little slow with it. Whenever I have time, I study.

It was good to stop [modeling] for a little bit. When I came back, I could appreciate it so much more.

What have you learned about yourself through your experiences?

I think it has made me more aware of my

body and how I look. And also, it gave me a lot more confidence. In the beginning, when I started, I was very insecure about everything. I didn't know the business and I didn't understand what was going on. But modeling made me feel better about myself.

What do you do in your spare time?

What I really like to do is try different fitness classes – my favorite class is Nicole Winhoffer's [NW Method]. It's so much fun. She has such good energy. I take classes at NYU, too – I just took a drawing class.

What do you hope to accomplish?

What's most important for me is school. I want to try different things and figure out exactly where my interests are. That helps with modeling, too. The more things I do, and the more interested I am in other things, the more I can bring to my work.

Age:
28
Height:
5'11"
Hair:
Blonde
Eyes:
Blue
Hometown:
Kiel, Germany
Agency:
Supreme Management
Instagram:
@katrinthormann



Sycamore And Golden Gate Square Off

Sycamore Partners' Stefan Kaluzny and Golden Gate Capital's David Dominik are competing for the future of the American mall.

By EVAN CLARK

Meet the new retail rivals – two mega-billion dollar private equity players battling it out with what could be the future of the American mall in the balance. ¶ Sycamore Partners' Stefan Kaluzny and Golden Gate Capital's David Dominik used to be on the same side, collaborating for more than a decade and cutting deals at Golden Gate. Now they're working separately and grabbing hold of major pieces of the mall landscape. ¶ The mall is a fitting forum for the two to square off. It has always been a proving ground – the place where competitors go to fight for the hearts, minds and dollars of consumers and where teenagers have gone to see, be seen and, on occasion, settle their differences.

But with e-commerce grabbing so much of the growth and the “B” and “C” malls on retail's second tier suffering traffic declines, the scene has been set for the two deep-pocketed competitors, both of whom are not afraid of sharp elbows or chasing value where others see retail wreckage.

Kaluzny – known for his piercing intelligence but at times equally piercing bluntness – has a bachelor's in history from Yale University and an MBA from Harvard Business School. He consulted at private equity biggie Bain & Co. and cofounded grocery concept Delray Farms Inc. before joining Golden Gate Capital in 2000.

There he led the effort to build the firm's consumer portfolio, with investments in companies such as Rocket Dog Brands, Express, J. Jill Group, Eddie Bauer, Zale and others.

His plan, according to sources, was to go big and acquire a portfolio of retailers that all together would give Golden Gate enough scale and oomph to negotiate better deals with third parties, including mall owners.

But the retail portfolio he built at Golden Gate,

while sizable, didn't afford Kaluzny the commanding position he dreamed of so, in 2011 he abruptly struck out on his own, taking another colleague, Peter Morrow, with him to form Sycamore.

After leaving, Kaluzny stayed on the boards of Golden Gate investments for a time, including Zale, which sources described as an awkward situation that helped ratchet up the tension between him and his former colleagues, including Dominik.

Kaluzny was also working to build a team with at least some familiar faces as he headed back out onto the dealmaking scene.

“He took some people, he's taken more people over the years, which always alienates the old firm and in doing so, I think he probably upset them,” said one private equity executive. “They compete for opportunities with each other.”

Others have seen the back and forth on associates as in line with the general give and take between funds operating in the same industry.

Out on his own, Kaluzny started by spending an undisclosed amount to acquire 51 percent of what was then Limited Brands' apparel sourcing

business, now called MGF Sourcing. He then moved on and became perhaps the most aggressive acquirer to retail.

Sycamore's approach to retail dealmaking is a relatively straightforward brand of private equity value investing: Take a struggling company that Wall Street had lost faith in and swoop in to buy it on the cheap in a largely debt-financed acquisition.

But where many private equity companies have dabbled, buying a retailer here or there and flipping it after a few years, Kaluzny had a broader vision and in rapid succession bought The Talbots Inc., Hot Topic Inc., Jones Apparel Group, Dollar Express, EMP and Belk Inc.

Sycamore also invested in and lent to Aéropostale Inc. and bought the intellectual property of Coldwater Creek Inc., which was in bankruptcy and counted Golden Gate among creditors.

All together, Kaluzny has forked out a total of at least \$6.5 billion in cash and debt for his string of deals. (As brands came in, some left: Kurt Geiger, Stuart Weitzman and Jones New York were subsequently spun off for more than \$950 million.)

This vast collection of stores is helping Kaluzny realize his vision of building a retail empire of scale that can gain negotiating leverage. Many of the brands have some of their collections made by Sycamore's own MGF Sourcing, which sources said Kaluzny also uses as a selling point as he courts even more deals.

But not all of this has gone smoothly, MGF has come under the spotlight in the case of Aéropostale. The two cut a sourcing deal that gave the retailer a capital boost, but things went south, MGF delayed shipment of goods and the retailer filed for Chapter 11. Aéropostale sued and the two parties will meet in court Aug. 15.

For Sycamore, the final test of success might be what happens to the retailers it owns over time and, if they're sold again, for how much.

The private equity source noted, “Stefan has been hugely successful since launching, [but] the jury's still out as to what this looks like in the end.”

As Sycamore went on its growth tear, Golden Gate also kicked into high gear in retail, which bankers in the space attributed to Dominik's desire to prove to the market that the Golden Gate retail franchise hadn't walked out the door with Kaluzny. ►

Channel by REX/Shutterstock; Schiapparelli and Wachner by AP Photo; Beene by Dierlhammer, Frank; Fairchild courtesy of Fairchild Archive; Lagerfeld by Niviere/Villard/SIPA; REX/Shutterstock; Laurent by ANL/REX/Shutterstock; Arnault by Dominique Maitre; De Sole by Billy Farrell/BFA/REX/Shutterstock; Under by Dave Yoder; Bertelli by Carlo Borriehci; Klein by Stephen Lovekin; Armani by Steve Bisgrove/REX/Shutterstock; Wintour by Marion Curtis/Starpix/REX/Shutterstock; Dolce & Gabbana by Steve Fichner; The World by Universal History Archive/REX/Shutterstock

A comparison image featuring two men. On the left is Karl Lagerfeld, with white hair and dark sunglasses, wearing a dark suit and a light blue shirt. On the right is a younger man with dark hair and glasses, wearing a dark suit, a white shirt, and a patterned tie. A diagonal white line separates the two portraits, with a white circle containing the text 'VS' in the center.

GEOFFREY BEENE

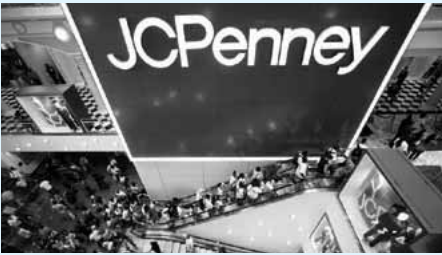


A comparison of two men, Bernard Arnault and another man, with a 'VS' label between them. Bernard Arnault is on the left, wearing a dark suit and tie, with a red background. The other man is on the right, wearing a dark suit and bow tie, with a black background. A white circle with 'VS' is in the center.

A comparison image. On the left, two men in dark suits and white shirts are shown against a dark red background. The man on the left is smiling, while the man on the right is looking directly at the camera. A white circle with the text 'VS' is positioned between them. A diagonal white line separates this from the right side, which shows a view of the Earth from space, centered on North America.

20 AUGUST 2016, No. 1 WWD.COM

Briefs: Retail & Markets



TAKING THE CHAIR

Ellison Adds Chairman Title

● For Marvin Ellison, it's been an auspicious Year One as chief executive officer of J.C. Penney Co. Inc. The fit feels right. The turnaround is progressing, and Ellison is advancing strategies in home goods, large sizes, private brands and Sephora – in essence, playing up J.C. Penney's strengths and moving into some new merchandising territory. Ellison was rewarded with the additional title of chairman, reflecting a traditional retail management setup where one individual holds both the ceo and chairman titles. "This is a strong



endorsement for Marvin's performance," said Gene S. Manheim, managing director of Herbert Mines Associates. "They didn't have to give it to him as a carrot to get him to join the company. Linking the chairman and ceo roles is still the go-to combination when someone is performing well and when a company is going through a turnaround or new strategy, if a board is happy. It gives the troops a high level of confidence that everybody is on the same page." A company with a ceo-

chairman "needs to have a strong lead independent director," which J.C. Penney has with Ron Tysoe, a longtime retailer, Manheim said.

As chairman, Ellison will have a stronger voice in the boardroom – he was already a board member – and new procedural responsibilities.

"I don't think it really changes the dynamic in the boardroom as it relates to strategy," Manheim added.

Ellison, who once worked part time as a security guard at Target, rose up the ranks of Home Depot, ultimately becoming executive vice president of U.S. stores. He joined J.C. Penney as president in November 2014, before becoming ceo in August 2015.

Retail analyst Walter Loeb believes Ellison connects with his associates and customers, having grown up in a family who shopped at the store.

J.C. Penney has the potential to show renewed vigor this year," Loeb said.

— DAVID MOIN



CUTTING AND RUNNING

Greenlight Capital Takes Macy's Loss

● David Einhorn's Greenlight Capital started off the year with a stake in Macy's Inc., noting that the company was a takeover candidate and ripe pickings for a potential joint purchase by a private equity firm and a real estate trust. But no such combination presented itself and the department store's profit outlook has also dimmed, dashing Greenlight's hopes that the company would have easier comparisons this fall. Einhorn bought in at an average price of \$45.69 and sold at \$32.08.

PURCHASE PRICE

ONE COMPLETE THOUGHT
"It is not for sale. It is an idea that never crossed our mind. We believe in the positioning of Marc Jacobs. Obviously, it doesn't come easily, but we believe in the long-term value of the brand and we'll stick to it and we'll develop it and we'll make it a success."

Jean-Jacques Guiony, LVMH Moët Hennessy Louis Vuitton, on why Marc Jacobs will not go the way of Donna Karan



CLICKING

Barneys Courts Silicon Valley

● Part of Goldman Sachs' pitch for selling Richard Perry's stake in Barneys New York is the luxe retailer's digital chops. The question is whether the hoodie-loving Silicon Valley crowd will make the connection.



BRANDED

Burberry's Rap Battle

● Now that modern digital life has turned into one unending branding exercise – with crafted tweets, posts and snaps all culminating in a consistent message – old-school names are starting to step up and protect their turf. Burberry sued rapper Perry Moise for trademark infringement, alleging that his alter ego, Burberry Perry, was damaging its brand. The company has its own music ventures with the likes of John Epstein and Sir Elton John and doesn't want to be associated with Moise's profane flow. Shortly after the suit was filed, Moise tweeted: "I am no longer Burberry Perry."

J.C. Penney photograph by Mary Altavilla/AP Images; Einhorn by Gregory Pace/BEI/BEI; Shutterstock Guiony by AP Images

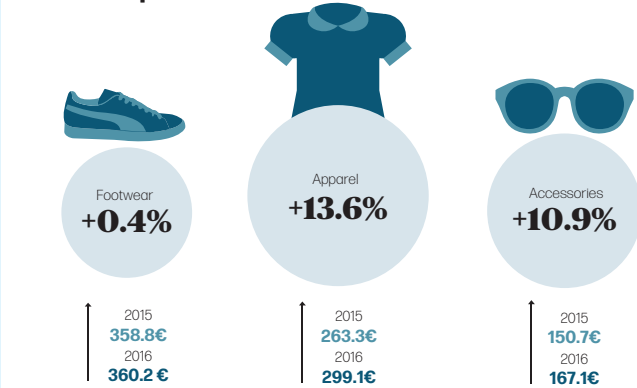
SPORTING

Kylie Jenner And Rihanna Rev Up Puma

● The Euro 2016 soccer tournament and strong demand for its women's lines fronted by Rihanna and Kylie Jenner are helping to push Puma ahead.



Second-Quarter Sales Snapshot*



\$55M

The amount Gildan Activewear agreed to pay for Peds Legwear, which it described as a "marketer of quality foot apparel and legwear."

Facetime With... Sandra Horbach

Cohead of U.S. Buyout at The Carlyle Group

● Sandra Horbach just got a big job: cohead of the U.S. buyout team at The Carlyle Group, the private equity giant with \$176 billion under management. ¶Until her promotion last week, she was head of the consumer and retail team at Carlyle and had a hand in the firm's investments in Philosophy (sold to Coty Inc.), Beats Electronics (sold to Apple Inc.) and Vogue International (sold to Johnson & Johnson).¶Last month's \$3.3 billion Vogue deal was the first in what's become a minirush of beauty deals across the industry, with L'Oréal agreeing to buy IT Cosmetics for \$1.2 billion and Unilever agreeing to buy Dollar Shave Club for \$1 billion.¶WWD reached the graduate of Stanford University and Wellesley College to talk about her new gig and the ever-changing market. — EVAN CLARK

Congrats on your new job. This makes you one of the most senior women in private equity just as Hillary Clinton takes on the mantle of the Democratic nominee for president. What's the state of the glass ceiling?

There's still a glass ceiling if you just look at the number of women in senior positions. We also talk about there being a sticky floor, because you can't always get up and be on your way. But we're making progress and Hillary's nomination was inspirational. Whether you agree with her politics or not, just being a woman running for president for one of the major parties in the United States is amazing.

We've seen a number of beauty deals – Vogue, Dollar Shave Club, IT Cosmetics – in recent weeks. Donna Karan is also trading hands. But there's been more activity in beauty than fashion. Why is that?

Beauty is a great business, much more recession-resistant, less cyclical, less subject to fashion changes and style changes. Beauty is a very consistent business, it's a growth category and does well in good times and bad and usually it has good margins, good cash flows. We love beauty.

Is there something that's pushing buyers to be especially active right now?

A lack of growth in a lot of the traditional [consumer packaged goods] companies, and so they're looking for growth. Financing is very cheap, there's lots of capital, and these companies are being rewarded when they make acquisitions, even when they're paying very high multiples.

"There's still a glass ceiling if you just look at the number of women in senior positions. We also talk about there being a sticky floor, because you can't always get up and be on your way."



Photograph by JOSHUA SCOTT



GRAFF
 17 Place Vendôme,
 75001 Paris

Gems Shine In Tough Times

Jewelry store expansions are taking place even as luxury sales slow globally, with Paris facing particular strife.

By JOELLE DIDERICH

It seems not a month goes by in Paris without another jewelry store opening.

Since April alone, Graff, Repossi, Zolotas, Nuun and Goossens have unveiled stand-alone boutiques, while Tasaki and Alexandre Reza inaugurated in-store shops within the reopened Ritz Paris hotel in June.

This rapid expansion is taking place against the backdrop of a global slowdown in luxury sales, with Paris particularly hard-hit as visitor numbers have fallen in the wake of terrorist attacks, high-profile strikes and the city's wettest spring in 150 years.

Global luxury-jewelry sales are expected to post a compound annual growth rate of 3.1 percent between 2015 and 2020, down from 3.8 percent between 2010 and 2015, according to the latest forecast from market research firm Euromonitor International.

It sees overall revenues growing to 38.7 billion

euros, or \$42.9 billion, in 2020 from 33.3 billion euros, or \$37 billion, in 2015. France was the world's third-largest market for luxury jewelry last year after the U.S. and Japan, with sales of 1.6 billion euros, or \$1.78 billion.

Johanna Kolerski-Bezerra, lead analyst for beauty and fashion at Euromonitor, said it has revised its forecast downward for France and will likely do so again this year.

"In France, 2016 is a catastrophic year," she said. "French people are down in the dumps and there are fewer tourists coming to do their luxury shopping."

Yet despite the challenges, few leading jewelry brands can afford to not have a presence in the French capital.

François Graff, chief executive officer of Graff, said it has long been on the lookout for the right location for its first French store. "When we received a phone call about the opportunity for a Graff boutique on Place Vendôme, it took just a few minutes to say yes," he said. "Place Vendôme is one of the most famous jewelry destinations in the world."

To mark the opening of the boutique, designed by Peter Marino in the style of an 18th-century French palace, the London-based jeweler unveiled a 105.07-carat D flawless pear-shaped diamond it christened the Graff Vendôme. A second Paris location is planned for 2017.

Toshikazu Tajima, president and ceo of Tasaki, said having its first European store at the Ritz was a strategic move as the brand, known for its pearl and diamond jewelry, seeks to grow its business outside of Asia.

"In Paris, you have twice-a-year prêt-à-porter collections and haute couture collections, all the top journalists gathered – and not just journalists, the heads of the department store chains from the

"The more, the merrier. I think we all inspire each other."

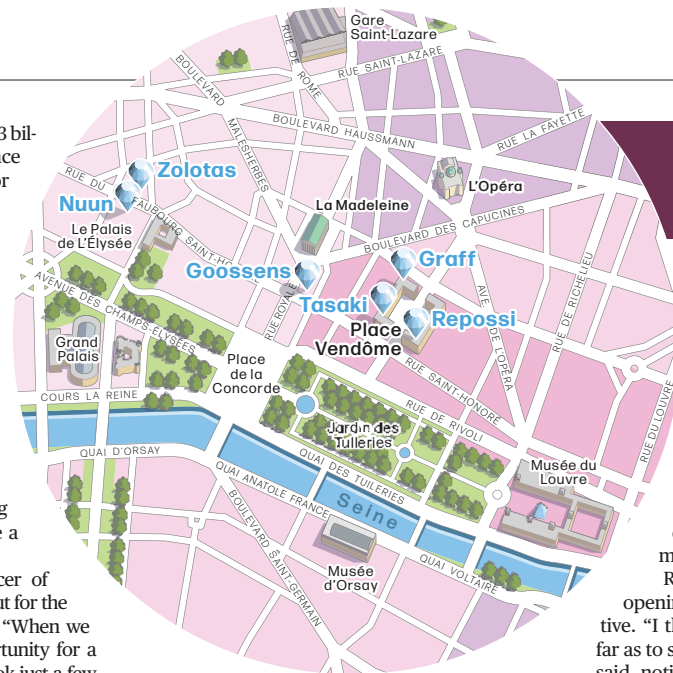
Nourah AlFaisal, Nuun

States and elsewhere, so we could have a good presentation to those people four times a year, which is very strong," he explained. "We could also have good access to top-end potential consumers from the world, which will make it easy for us to go into various markets in the future."

The Japanese jeweler has launched a Ritz Paris par Tasaki high-jewelry line, which is sold exclusively at the Paris hotel and at its Ginza flagship in Tokyo.

Nourah AlFaisal had planned to open the first boutique for her high-jewelry brand Nuun in her native Saudi Arabia, but similarly seized the opportunity when a space became available on Rue du Faubourg Saint-Honoré, across the road from the Bristol hotel. She does not see the competition as a negative.

"The more, the merrier. I think we all inspire each other," she said. "In design in general, I think it's fantastic to have a general feeling of a Renaissance."



THE PLACE TO BE

High-end jewelry brands that have opened stores in Paris since April.

rather disappointing performance of watches, I see many players reinvesting a lot of effort and energy into nourishing this second pillar."

McKinsey expects branded jewelry to account for 30 to 40 percent of overall jewelry sales in 2020, up from 20 percent in 2014. It believes leading brands will focus on opening their own stores, as it gives them more control over their brands, closer contact with consumers and higher margin potential.

Remy nonetheless believes the slew of openings in Paris should be put into perspective. "I think it's a coincidence. I wouldn't go so far as to say there's a jewelry bubble in Paris," she said, noting that with French customers spending steadily less on luxury goods, the stores were aimed mainly at raising visibility and serving an international clientele. "The challenge some of our clients face today is that there's a lot of volatility and it's hard to predict the flows and revenues of a point of sale, because purchases are sporadic and traffic is low, even though the average basket is very high."

She recommended that brands envision physical locations as part of an "ecosystem" that includes a strong Web presence designed to draw traffic into stores and establish a dialogue with customers. "The point of sale is only an entry point. For a meaningful purchase like jewelry, there are many points of contact," Remy noted.

Eric Briones, director of strategic planning at advertising agency Publicis Et Nous and author of "Generation Y and Luxury," said this holds particularly true for Millennials, who are revolutionizing the traditional codes of the luxury sector. "The old luxury approach doesn't work. You have to come across as an attractive and welcoming ►



TASAKI
 15 Place Vendôme,
 75001 Paris

community. When you cross the threshold of a high-jewelry store, you enter a world that is overwhelming, whereas Millennials fundamentally demand participatory luxury experiences, in the sense that they want to be treated as an equal.”

Briones recommended making the interior design of the store light and welcoming, and hiring sales associates that Millennials view less as authorities, and more as peers and influencers. He also suggested using pop-up stores, whether physical or online, to capture new customers.

“You have to leave Place Vendôme to find them, knowing that they are not necessarily in the traditional jewelry haunts. In short, when you go to Place Vendôme, you don’t see a swarm of Millennials,” he remarked.

This generation of jewelry buyers is already giving rise to innovative new retail models. A case in point is French brand Gemmyo, which began five years ago as an online retailer and opened a physical showroom in Paris last year.

“We did it in response to demand from our customers,” said Pauline Laigneau, cofounder and chief marketing officer of Gemmyo. “Most of them were telling us the jewelry looked so much better in real life than on the site, but there were also many others who didn’t feel comfortable ordering items without trying them on, even though we offer free returns.”

Gemmyo ships worldwide, and once even sent an engagement ring to a scientist stationed in the Antarctic, Laigneau said. “We are trying to get used to the fact that today, people have very different paths to purchase,” she said, adding that the brand expects to open more showrooms in France.

Meanwhile, diamond certification authority HRD



REPOSSI
6 Place Vendôme, 75001 Paris

NUUN
71 Rue du Faubourg
Saint-Honoré, 75008 Paris

Antwerp has partnered with Galeries du Diamant to open its first certified flagship in Paris. The clinically white space allows customers to select their own diamond and have it mounted on a standard 18-karat white gold ring within a couple of hours.

The idea is especially popular with tourists – most of them Chinese – who make up 80 percent of the store’s customers, according to owner Charles Ziegler. “The concept is gaining acceptance. The Internet helps us, too, because it’s making diamonds better known, which means people are much more selective,” he said.

Peter Macken, ceo of HRD Antwerp, said the idea of the flagship was to educate people about diamonds.

“We wanted to do it in Paris because this is such a renowned place for diamonds and jewelry and luxury,” he said. “For tourists who come to visit Paris, [especially] Chinese or Americans, the fact that we are from Antwerp and we are part of a longtime diamond heritage there is also very important.”

Benjamin Comar, international director of Chanel Fine Jewelry, said the influx of entrants was testimony to the lasting appeal of Paris as the epicenter of fine jewelry.

“The segment is flourishing,” he said. “In my opinion, the difficulties that Paris is experiencing are temporary. Paris will always remain the city of luxury.”

“I think it’s a good thing that jewelry stores are opening. It’s a very dynamic market, and it’s dynamic because there is demand. People are drawn to what is dynamic, and it makes it challenging. It pushes us to produce increasingly creative and different pieces. Competition is healthy.” ■



Repossi photograph by Dominique Maitre

Data Points

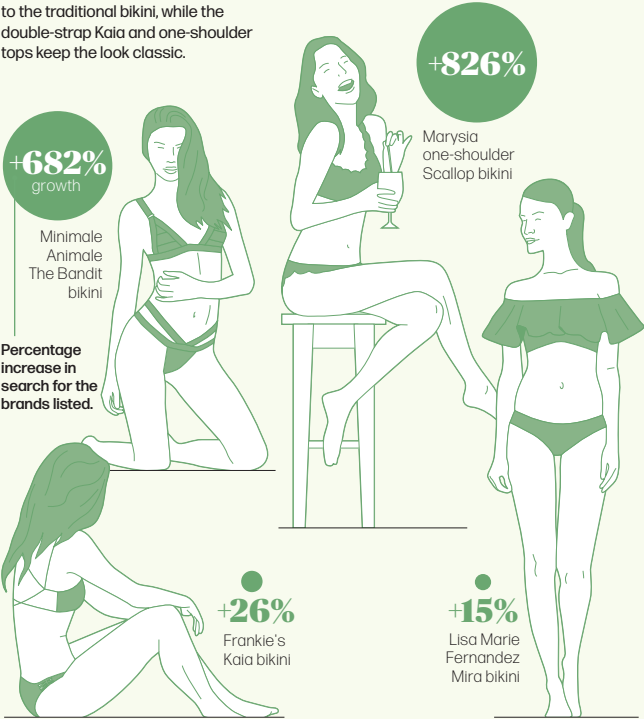
Beach/Resort Wear

By VICKI M. YOUNG Infographic by CARLOS MONTEIRO

As temperatures heat up, consumers look to the beach for relief. And what are they wearing there? We decided to find out. The data listed is from digital shopping platform Shopstyle, which is compiled from all shopper activity from multiple sources, including search activity and shopper traffic to specific brands, categories and products. The data below tracks monthly sequential trends for June over May, the latest data available. According to Shopstyle, the platform tracks more than 18 million products across 14,000 brands.

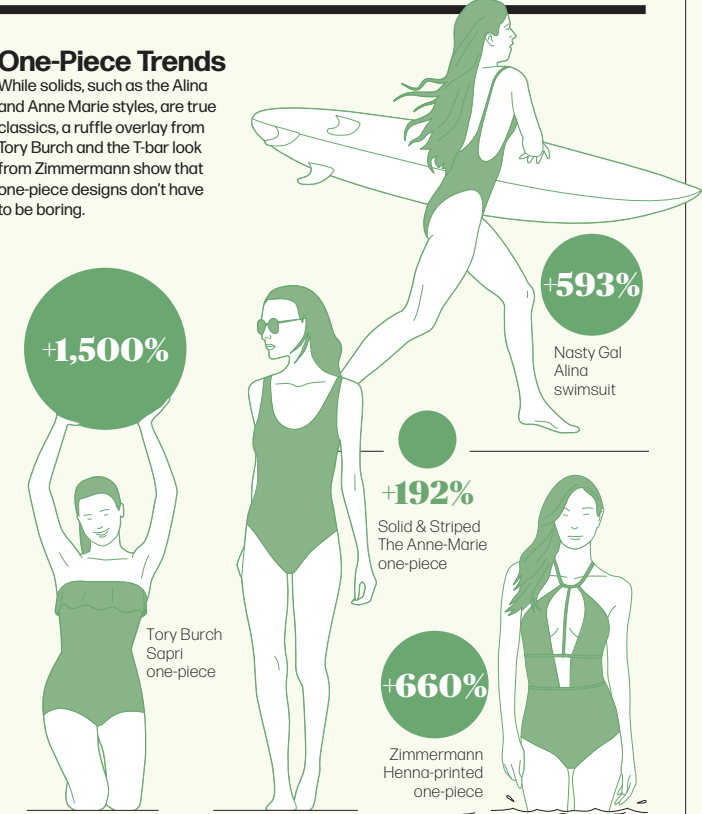
Two-Piece Trends

Ruffles and mesh add an edge to the traditional bikini, while the double-strap Kaia and one-shoulder tops keep the look classic.



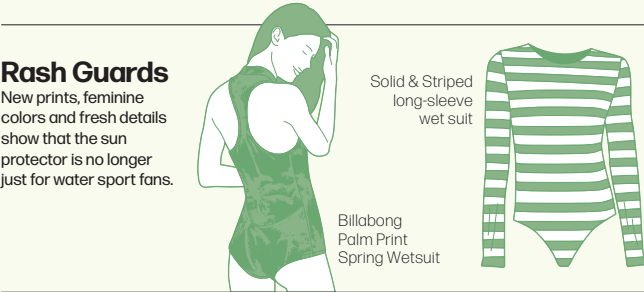
One-Piece Trends

While solids, such as the Alina and Anne Marie styles, are true classics, a ruffle overlay from Tory Burch and the T-bar look from Zimmermann show that one-piece designs don't have to be boring.



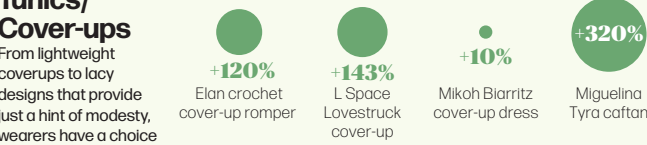
Rash Guards

New prints, feminine colors and fresh details show that the sun protector is no longer just for water sport fans.



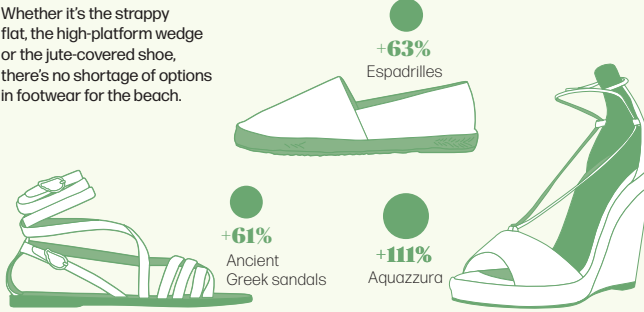
Tunics/ Cover-ups

From lightweight coverups to lacy designs that provide just a hint of modesty, wearers have a choice of options.



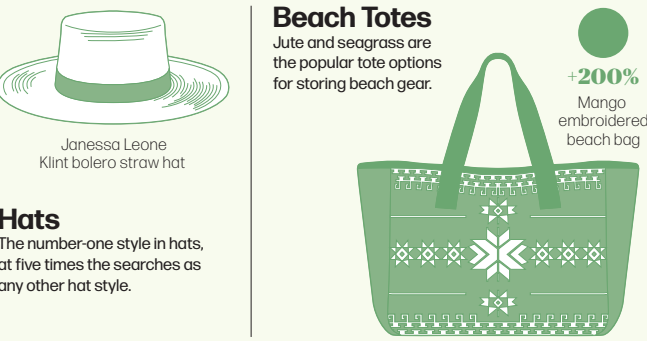
Footwear

Whether it's the strappy flat, the high-platform wedge or the jute-covered shoe, there's no shortage of options in footwear for the beach.



Beach Totes

Jute and seagrass are the popular tote options for storing beach gear.



Hats

The number-one style in hats, at five times the searches as any other hat style.



M

Lucky Charm

Embellished pendants on necklaces, cuff bracelets and statement rings are growing trends in men's jewelry.

By ALEX BADIA

Grooming by Hiro Yonemoto at Atelier Model, Leo Bruno at Ford Models Market editor: Luis Compuzana Fashion assistant: Victor Vaughns

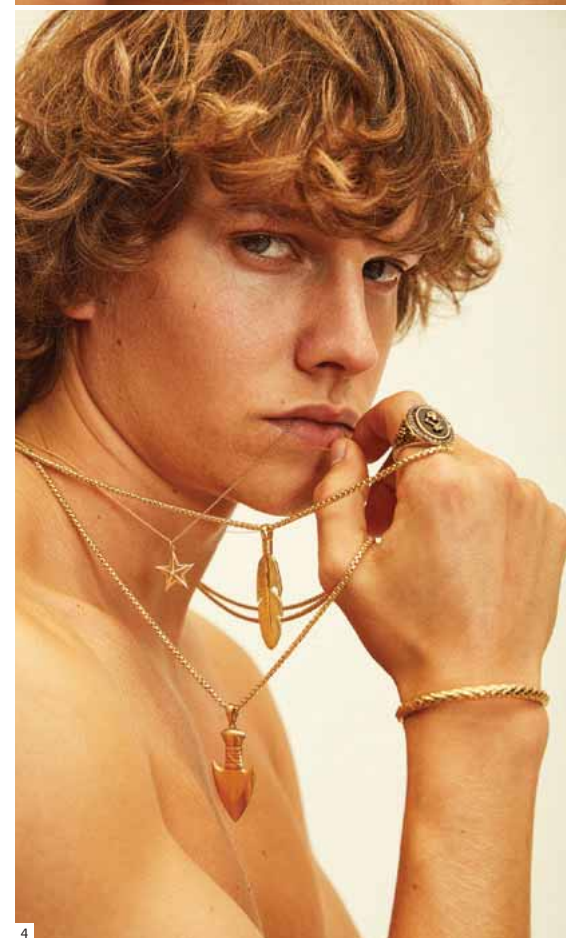
OPPOSITE PAGE:
Clockwise: Jennifer Fisher's gold chain-link cuff, Miansai's brass layered cuff bracelet and Degs & Sal's gold Spartan necklace.

1. John Hardy's gold and silver signet ring with bonded gold, Degs & Sal's gold feather ring, Jennifer Fisher's gold cigar band ring, David Yurman's 18-karat gold cuff, Walters Faith's diamond I.D. bar necklace in 18-karat rose gold and 18-karat white gold with white diamonds, Julian's necklace with diamond hexagon pendant in sterling silver and Eddie Borgo's silver large Pyramid cuff.

2. Alexander McQueen's Logo ring, Degs & Sal's gold flat top ring, Jennifer Fisher's brass men's oval I.D. ring, Jennifer Zeuner Jewelry's gold vermeil Sheila ring, Degs & Sal's silver stealth cuff, Vita Fede's Mini Titan 24-karat rose gold-plated and onyx stone bracelet, Eddie Borgo's spike pendant necklace, George Frost's "The World Is Yours" revolving necklace, Dior Homme's metal palladium-finish necklace, Dean Harris' 18-karat gold "tag" pendant necklace and Pyrrha's Vanity talisman sterling silver necklace.

3. Degs & Sal's gold knot cuff, 1-100's 14-karat gold cuff, Degs & Sal's sterling silver 24-karat gold-plated cuff, Gamin's brass and buckskin leather cuff, APC's Marc chain brass bracelet, Gucci's tiger head ring in metal with aged gold finish, Ron Hami's sterling silver and Tiger's Eye men's signet ring, Jennifer Zeuner Jewelry's gold vermeil Sheila ring, Alexander McQueen's skull coin ring, Degs & Sal's gold arrowhead ring and gold flat-top ring and Page Sargisson's 18-karat gold rings.

4. Alexander McQueen's Skull & Cross Bone ring, Degs & Sal's gold knot cuff, gold arrowhead and gold feather necklaces, and Dean Harris' 18-karat gold star pendant with white diamonds on 14-karat gold necklace.



Briefs: Men’s



Q&A

Hozier’s Style On and Off Stage

● Better known by his stage name Hozier, Andrew Hozier-Byrne was recently in London for the premiere of “The Legend of Tarzan,” where the Irish musician, singer and songwriter wrote “Better Love” for the soundtrack. Hozier-Byrne, who was recently named the face of the fall campaign for John Varvatos, is working on his next album. WWD caught up with him to talk about fashion and his style on and off stage. – LORELEI MARFIL

What was the experience like working on the John Varvatos campaign?

I’ve always been fairly simple with my dress and fashion. A lot of high fashion stuff is somewhat beyond me. So it was a bit of an honor because he’s worked with Jimmy Page and Iggy Pop [in the past].

Who are your style icons?

I have a few. Paul Weller was somebody I’ve always loved. I refer to him sometimes as a “Mod-father” for he’s kind of keeping up the Mod style a little bit. There’s no other way of putting it, he’s just cool.

How would you describe your style?

I’ve always been quite functional in the kind of stuff that I wear. If it’s not practical and comfortable, I tend to stay away from it. Over the last few years I’ve worn a lot of simple stuff like plaid shirts and denim, stuff that’s durable and maybe timeless as well.

What do you wear on and off stage?

To be honest, very much the same. I’ve fallen into a habit of just wearing jeans and boots or maybe jeans and sneakers, and a plaid shirt or a jacket.

Are there any particular brands that you tend to wear or do you have a favorite look in your closet?

I think we ended up with a lot of Levi’s stuff. I think it’s a real road thing. I remember looking around and literally nearly every member of my crew was wearing Levi’s. It’s just durable and reliable. And I’ve been a big admirer of John Varvatos’ work even before we got to work together. I have a few pairs of shoes of his. But also Converse – there were always the Cons when I was growing up.

LEGENDS

John Lennon Lives On

● John Lennon will be commemorated with a line of men’s wear that will launch at Toronto Men’s Fashion Week this month.

Caulfeild Apparel Group acquired the license to produce the John Lennon Signature Collection from Lennon’s widow, Yoko Ono. The line is inspired by the former Beatle’s personal style and includes wovens, trousers, leathers and graphic Ts with a subtle Sixties vibe that has been modernized. The neck yoke also features a multicolored, embroidered John Lennon self-portrait.

The collection will bow with a runway show on Aug. 20 at the Mattamy Athletic Centre in Toronto.

– JEAN E. PALMIERI



AMERICAN HERITAGE

Filson Celebrates Smokey Bear

● Smokey Bear may be more than 70 years old, but the mascot of the U.S. Forest Service still keeps up with the times. Not only does he have a cell phone and a dedicated web site, he’s now got his own capsule collection, too.

Filson, which produced uniforms for the USFS on and off from the Forties through the Seventies, has unveiled a limited-edition collection that recognizes the longstanding partnership. Smokey, dressed in his Wranglers and trademark ranger hat, visited Rockefeller Center

in Manhattan earlier this week to unveil the line, which includes a watch, a water bottle, a wool blanket made in collaboration with Pendleton, a T-shirt and a ball cap.

Prices range from \$18 for the water bottle to \$1,000 for the watch, which comes with a certificate of authenticity, a book on Smokey, and a bandana.

To celebrate his 72nd birthday on Aug. 9, Mr. Bear will make a personal appearance at Filson’s New York store on Great Jones Street to pose for photos and offer tips on how to prevent forest fires – just as he’s been doing for the last seven decades. – J.E.P.

EXECUTIVE CHANGES

Italy’s Revolving Door

“Fashion For Dummies?”

A version of the popular yellow how-to would come in handy to keep up with Italy’s recent corporate shake-ups.

At the end of July, Gian Giacomo Ferraris – who led Versace as its chief executive officer until May, when he suddenly exited and was succeeded by Alexander McQueen’s ceo Jonathan Akeroyd – was tapped to succeed Renato Semerari as ceo at the Roberto Cavalli group. At the same time, Francesco Trapani will leave his role as president of the Florence-based company in September. A former Bulgari executive, Trapani was chairman of LVMH Moët Hennessy Louis Vuitton’s watches and jewelry division after the French luxury group acquired the Italian jewelry brand and left in 2014 to join Clessidra. There, he spearheaded the acquisition of Roberto Cavalli. His departure was expected



following Italmobiliare’s acquisition of the private equity fund in May.

Trapani is also Clessidra’s chairman and will leave that role in the second half of September. Carlo Pesenti, one of the owners of the investment group Italmobiliare, is widely expected to become chairman of Clessidra.

Doors were also revolving at storied men’s brands that are now controlled by deep-pocketed firms based in the Middle East. Paolo Roviera, who was leading Pal Zileri’s revamp under the ownership of Qatar-based Mayhoola Group, decamped to Cornelianni, which in June was sold to private equity company Investcorp, based in Bahrain. – LUISA ZARGANI



Lennon photograph by ITV/REX/Shutterstock

THE GLOBAL BUSINESS OF RETAIL

Abrams Global and the globalization of retailers’ physical footprint

ANDREA (BILLS) ABRAMS has returned to advising retailers on their growth plans with Abrams Global. Andrea is a 23-year retail and real estate veteran, focusing on development, merchandising and repositioning retail real estate, and incubation and expansion of new and established retail brands internationally.

After many years at US REIT GGP working on International transactions and development, merchandising and asset management of mixed-use town centers, Andrea led the US activities of two prominent UK retail agencies in recent years, primarily focusing on the expansion and growth of European brands to the Americas. Today, Abrams Global works with retailers from various parts of the World to help them with expansion strategies to new regions and countries by providing regional strategic planning, partner sourcing and real estate roll-out services.

.....
Retailers growing Globally: Who, What, Where?

European retailers dominated cross-border retailer activity in recent years, accounting for almost 60% of new market entrants globally, and while almost half of Europe, Middle East and Africa (EMEA) brands targeted Europe in 2015, there was also an increased interest in expansion into North America from all regions, as strong upward trends in consumer indicators attracted retailers who were looking at longer-term growth prospects.

Abrams Global is very active in the Americas, EMEA and Asia. Cross-border trade is expected to account for 20% of e-commerce by 2017, and we find that many retailers consider expanding internationally as a low, calculable risk that offers a consistent and high return on investment, provided they choose the right partners and expansion platform. Our team specializes in partner sourcing and exploration of diverse expansion models.

.....

The retail landlord connection

Our team also works closely with prominent retail property owners in all regions to enhance their merchandising strategies and outreach to new International retailers and brands. By doing so, we maintain close relationships with the demand generators in each region and can better establish a connection between brands, operators and real estate.

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ABRAMS GLOBAL

FASHION & RETAIL SERVICES

www.abramsglobal.com

andrea@abramsglobal.com

What sets your company apart from other advisors?

We are not a real estate or brokerage practice. Real estate is part of what we work with and we partner with best in class brokers in each market for the right space solutions. We are strategic advisors and our goal is to develop a plan that is unique for each client. We start by examining the extent to which a retailer can expand in a certain region, including sometimes in their own home market, and sometimes explore parallel strategies, such as searching for JV partners, franchisees or licensees, wholesale distribution and digital platforms, as well as corporate store rollouts.

For retailers and brands looking to grow by expanding their physical footprint outside their home country, we start by looking at the brand and corporate DNA and creating a plan that is going to align with their financial goals. Even with a recognizable brand name, companies must adapt to local consumer habits and find a distribution platform that ensures optimal delivery to local customers. It is not only about selecting the right real estate but also about reaching the right customers.

Most importantly, we believe in strategic partnerships and believe that our clients are better served when we combine our expertise with others who can compliment our services. We don’t have a big practice with a lot of overhead. When clients hire us, they work with me and with the principals of the firms I partner with.

What markets are you most active in and what do you see happening in the year ahead?

MENA and Latin America are very active for us. The UAE’s retail sector is predicted to grow at an average rate of about 5% by 2017, despite concerns related to fallen oil prices. Euromonitor recently reported that retail spending in the Emirates is on track to increase this year to over \$50 billion. Like in most markets, the increasing presence of global brands in the country’s shopping malls has pushed costs up and rental prices are increasing, so it is important for retailers to work with advisors that can expose them to the current market as well as to the future of the market.

Mexico and certain parts of South America are very strong growth markets at the moment. We are very active throughout Latin America, but Mexico, Colombia, Chile and Peru have become big focus markets. We not only help International retailers enter these markets, but we are also working with local brands expanding to other countries within the region, to the US and EMEA. In both regions the approach is similar. A proper expansion plan must take into account the changing economics of the real estate business, the changing circumstances of various partners to ensure they will be able to be the best ambassadors for the brand, and a general



understanding of what the brand’s multichannel growth plan will look like in the region and how it will relate to the brand’s growth and message at home.

Who do you partner with for these markets?

Abrams Global has an exclusive strategic partnership with Lizan

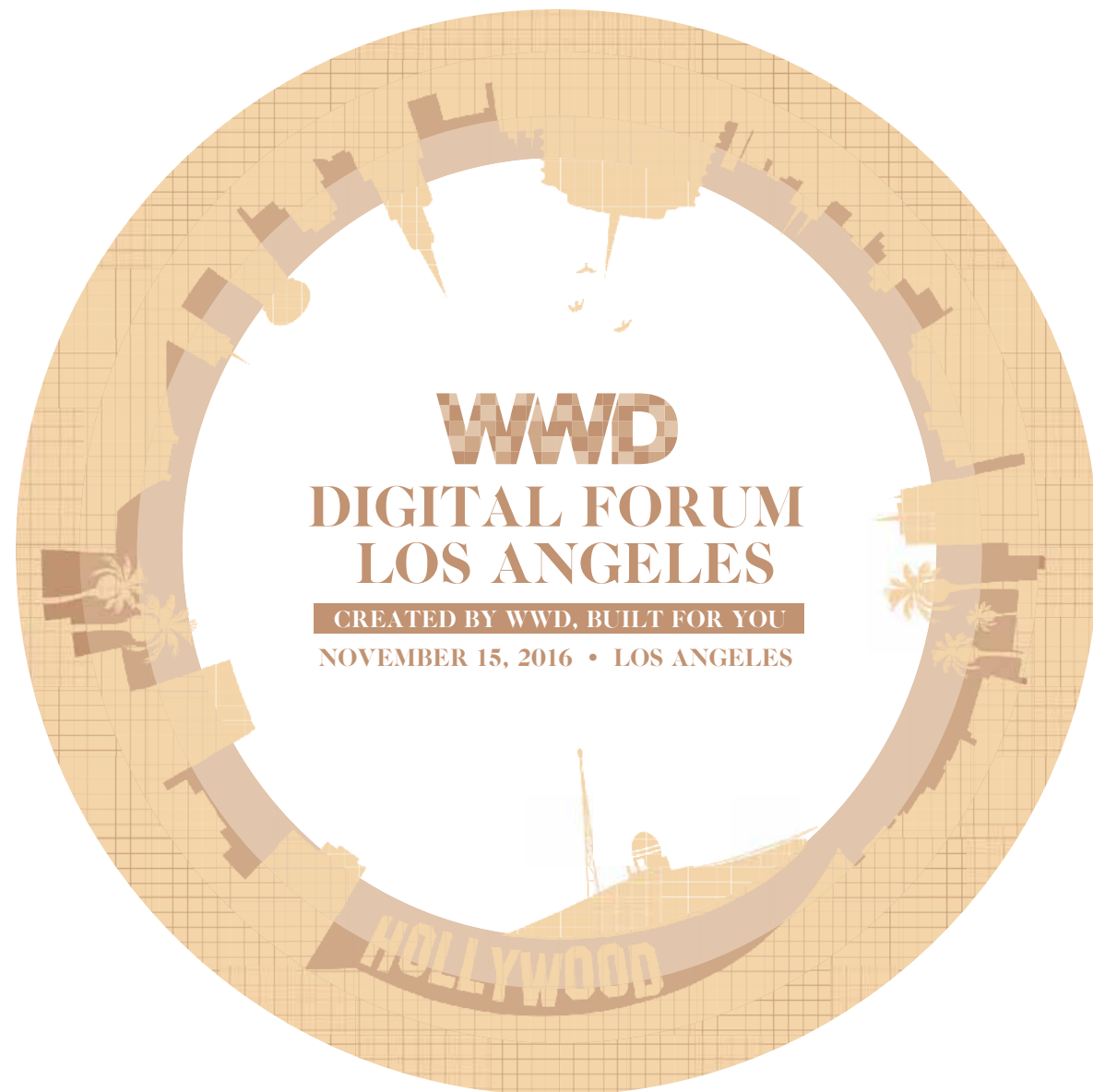
Retail Advisors for expansion strategies for retailers in Latin America, MENA and Asia. Jorge Lizan is an industry leader with extraordinary connections. As vice president of business development for ICSC he created conferences such as RECon Latin America and co-founded ICSC’s Hispanic Markets Initiative. His background in franchising is a great compliment to our services. Jorge and I come from different but very complimentary industry experiences. We were introduced by a mutual friend and former client and Global industry leader. There is no better endorsement than a happy client!

How can a foreign retailer tackle the US market?

The US is large and complex. I tell clients that considering a plan for the US is like looking at a region with several countries and cultural preferences. I am currently working with Etam Groupe (www.etamdeveloppement.com) from France for example, advising the company on different entry strategies for the US. I admire companies that carefully consider the impact of their physical footprint beyond the immediate financial returns. The way in which you roll out stores in a new market like the US has an inevitable impact on the business as a whole, and I am lucky to be able to work with industry leaders like Jose Gomez of Etam, who understand that every choice big or small, matters.

What about incubation of new brands, retailers and distribution platforms with a Global focus?

This is a great area of interest for me. As the world becomes smaller, and consumers aspire to own unique merchandise from various parts of the World, the internet has become the leader in distributing such products to new frontiers. Some retailers in the US are capitalizing on this desire for exclusive and unique products by bringing the merchandise to a physical store, where you can shop in an environment that is as much about the experience as it is about the products. It is the answer for shoppers who are tired of a commoditized retail experience. My client, David Chines of US concept store Copious Row (www.copiousrow.com), has mastered this experience. His Sag Harbor, NY and Greenwich, CT stores are designed to make the customer enjoy the experience of hunting for a unique product, carefully curated by David.



Greg Pulsifer
VF CORPORATION



Gregg Renfrew
BEAUTYCOUNTER



Marissa Tarleton
RETAILMENOT



Chris Thorne
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Is Money Ruining the Hamptons? Creatives weigh in on changes within the onetime artists' haven.

JUL 30 The Hamptons, a one-time respite for humble artists and writers, flexed its wealth last weekend at the Super Saturday and The Watermill Center events — raising millions for their respective causes.

Nowhere was the income divide clearer than at Robert Wilson's Watermill Center benefit, where many guests were rattled by the East End's still-escalating affluence. "We tend to avoid the Hamptons-proper," said Suno codesigner Max Osterweis, with stylist Kate Foley in tow. "It's been a while [since this was a place for creatives]," he said.

"Artists can't afford to be anywhere near this place anymore, nor can a writer — the real estate is beyond and that's really sad. It's become a billionaire's playground and in many ways it's ruining the Hamptons — everything costs a fortune and people are rudier every summer. It's very frustrating for those of us who have been living out here a long time," said

Southampton resident Fern Mallis.

The Watermill Center benefit — a social circuit mainstay that sees art scions gallivanting through installations within the property's woods — auctioned works by Nan Goldin and Francesco Clemente to raise funds for its operations, including an annual residency program. The organization sold the most tickets ever for the event, and raised \$2 million in the process. But while the fund-raising was a hit, the event itself started out on a downer when the night's purported main act — likely the reason for its success — withdrew from the lineup.

Kanye West was scheduled to perform, but issued a statement with Wilson saying that the temperamental artist had postponed his participation until next year. That might have caused a stampede of cancellations except for one thing: The tickets, which started at \$650 each, were nonrefundable.

In West's absence, it was up to the event's collaborator, ▶

Guests, including Tracy Stern (pictured) at the \$650 minimum-ticketed event were encouraged to adhere to a dress code of "colorful disruption."

Photographs by DAVID HUNT



Donna Karan and granddaughter Stefania de Felice, with Rodney Yee.



Stacy Engman



Nadya Tolokonnikova



Fern Mallis



Ja Rule

the anonymous arts collective The Bruce High Quality Foundation, to provide the evening's air of mystery. On the music front, organizers were able to quickly corral a rap replacement: 2004's most-celebrated hip-hop act, Ja Rule, who staged an impromptu late-night performance. "I'm an old-school Hamptonite from back in the day of Diddy's white parties," the artist, born Jeffrey Atkins, told WWD during cocktail hour, during which artists and benefactors mingled under a tent, collectively evading the rain.

But when the clock turned 8 p.m., an upstairs-downstairs dichotomy struck. While benefactors filed into a tent to hobnob over a lavish dinner, art fabricators and fellows were left to dawdle for hours, the only sustenance a communal bowl of couscous, leftovers from the main dinner.

Seeking more natural entertainment, many decamped for the woods to smoke weed.

"Rich artists can afford it here, but also these artist residents are here [at Watermill] from all over the world to study, exchange ideas, have sex — it must be fun," pro-misconduct author Jay McInerney said while surveying the scene.

Earlier in the day, at the annual Super Saturday shopping event, nannies loaded children onto a rusted Ferris wheel while mothers bum-rushed to buy marked down

fashion merchandise. The event was held at arts center Nova's Ark Project, but the property's sculptures went largely unnoticed amid the commercial frenzy.

While the shoppers scurried through the end of July blanket of humidity, designers like Jill Stuart and Donna Karan had other business on their minds as New York Fashion Week approaches, questioning the entire industry system.

"I'm starting to get into the pinch of fashion week in the first week of August," Stuart said. "I am considering see-now-buy-now, it's a great idea. I think people want to buy right off the runway."

Karan, a cohort of the event — now in its 19th year benefiting ovarian cancer — said, "The fact that we show at a time with social media, customers are bored and confused and don't know what to buy — it's really a mess if you ask me."

She declined to comment on last week's sale of her former company by LVMH Moët Hennessy Louis Vuitton to apparel group G-III for \$650 million. But at Watermill, DKNY codesigner and Public School cofounder Maxwell Osborne said he has yet to meet with G-III executives since he's been out of town. But he was toeing the party line nonetheless: "We are really excited about the whole movement — it's one of those things that just happens." ■

— MISTY WHITE SIDELL



The Watermill Center's summer residents.



Maxwell Osborne



Kate Foley and Max Osterweis

Report Card



Summertime Fine

Margot keeps her look lively while promoting "Suicide Squad" as Flo Rida swims with the sharks, unfortunately.



- ✓ The slick, simple ponytail is about the only part of this outfit that makes sense.
- ✓ Yes, you have abs of envy, but the cropping on this flesh-toned hooded sweatshirt is just bizarre and feels out of place for steamy midday Manhattan. Sweater weather is coming soon enough — in the meantime, might we suggest a sundress?
- ✓ The pointed black ankle boots would work much better in cooler months; the bulky bag is out of proportion.

C-

Gigi Hadid



- ✓ Glossy full hair and a heavy eye are Perry signatures for a reason; she looks spot-on pop star. The bling around her ears is a bit tired and competes with the neckpiece and sheen from the gown.
- ✓ She may be wearing a glittering full-length body stocking of a dress, but all things considered this is a relatively tame look for her. She brought a heavy dose of glam to the DNC, and it's surprisingly patriotic.

B+

Katy Perry



- ✓ This clean skin, red lip, wispy chignon combo may be the best yet of her "Suicide Squad" press tour.
- ✓ The off-the-shoulder trend has been everywhere this summer, but Robbie's striped, black-and-white version elevates the look. The exposed shoulder, fitted waist and full, draped skirt are figure-flattering yet easy, and the drama in the bell sleeve adds playfulness.
- ✓ A simple ankle strap heel appropriately lets the dress take the lead.

A

Margot Robbie



- ✓ Middle-part bangs can be tricky to make work, but Hahn's are wind-swept to natural perfection. That said, it's time for a trim: Her ends are looking stringy.
- ✓ Hats off for her red carpet risk — it's at least a departure from step and repeat safeties — but this doesn't quite land. The embroidered ivory fabric looks stiff and more closely resembles a wall tapestry than an evening gown.

B-

Kathryn Hahn



- ✓ Damon has become America's version of James Bond on the big screen, but on the red carpet, this outfit is far from that of a sleek killer. His workout regime and healthy living have paid off, though, and at 45, he has no wrinkles and looks much younger.
- ✓ The three-piece black suit doesn't seem to fit him properly. The five-button vest does nothing to elongate his torso and makes him appear too top-heavy. Lose the vest and shorten the sleeves.

B-

Matt Damon



- ✓ Over the years, Obama has upped his fashion game and by now, his sartorial choices are right on point. His traditional strong shoulder, notch-lapel blazer is cut to allow movement but still maintains a slender silhouette.
- ✓ His choice of a light blue micro-patterned silk tie enhances his image as an in-control yet calm leader, and the shade works well with the navy suit.

A-

President Obama



- ✓ The former president got in shape several years ago and has managed to keep off the weight, making him look better in clothes without casting him as gaunt.
- ✓ The royal blue suit and complementary tie work well with his eyes and instill a sense of vibrancy rather than just the look of a staid politician. The soft shoulder and relaxed fit — coupled with his white hair — make him appear more approachable than ever.

B+

Bill Clinton



- ✓ One thing's for sure: He has a nicely shaped head for a shaved look and the aviators give him a cool retro feel.
- But that's where it stops. From the oversize earring to the metallic moon boots, this ensemble is a mess.
- ✓ It's already bad enough that they've done four "Sharknado" movies, but to put it on a T-shirt is just plain depressing.

D

Flo Rida



MAJLS RISING IN THE DESERT

Saudi Arabia, long an underserved market in retail, will see many new projects come online in the next five years.

By RITU UPADHYAY

Boasting the largest population in the Gulf at 30 million people, 70 percent of whom are under the age of 30, Saudi Arabia's retail market has long been seen as an untapped gold mine for developers and brands.

The country has one of the fastest-growing retail sectors in the world, increasing 11 percent annually with consumer spending up 18 percent, year-over-year, in 2015, according to Arabian Centers, one of the biggest mall operators in the kingdom. And now the government is viewing retail as a pillar to help diversify the economy away from its dependence on oil. As part of its Vision 2030 plan, the government revealed a goal to add a million jobs in the sector in the next decade.

Driving this boom is the development of retail infrastructure across the country. Riyadh is expected to add 6.1 million square feet of gross leasable space by next year, while Jeddah is set to complete 4.1 million square feet, according to Jones Lang LaSalle.

"There is a need to modernize the offering, and an opportunity to create ideal destina- ►

tions that currently are not available,” said Andrew Williamson, head of retail for Middle East and North Africa at Jones Lang LaSalle. In the absence of cinemas and other entertainment venues, malls in Saudi Arabia are not just about shopping. They serve a much bigger recreation function than in other markets.

Arabian Centers plans 12 new shopping centers in the next five years; it already operates 17 in the country. Developers are creating new formats. Raj Real Estate is building a 1.5 million-square-foot open-air lifestyle center called Riyadh Walk, similar to The Grove in Los Angeles.

Dubai-based developer Majid Al Futtaim said this year it will invest \$3.7 billion in Saudi Arabia to develop two landmark shopping malls in the country’s capital, Riyadh. Majid Al Futtaim is known to be a pioneer in creating retail entertainment destinations, having developed Dubai’s first megamall, Mall of the Emirates, which helped establish the emirate as a retail tourism hub.

While there might seem to be a glut of malls coming to market, Williamson believes this will not result in an oversupply. “There is major brand interest to expand. Developers understand that brands will pay rent in projects that deliver what the consumers are seeking, and until now in Saudi they have been underserved in quality, breadth of retail offering, retail experience, food and beverage offering and entertainment. Consumers have witnessed the retail successes in the region’s other cities and want this at home, too.”

Williamson added that the projects coming on line have been well-thought-through in terms

of design. “Everything – from parking considerations, tenant mix, even down to the quality of the toilets – has been planned carefully.”

Mall of Saudi, set to begin construction by mid-2017, will be the kingdom’s largest mall with 3.2 million square feet of shops, restaurants and entertainment zones, including the first indoor ski slope in Saudi Arabia. It will also host a number of luxury international fashion brands entering the market for the first time. Set to be complete in 2022, the entire project will cover a land area of 9.6 million square feet, including a hotel and serviced apartments.

In east Riyadh, Majid Al Futtaim unveiled plans to build another large-scale project, City Center Ishbiliyah. It will cover more than 1 million square feet of gross leasable area and feature 250 stores, a 100,000-square-foot Carrefour hypermarket, a food court and an entertainment complex inclusive of Magic Planet kids’ amusement park.

The plethora of new developments will likely push rents up in popular malls. Average rents in Riyadh increased by 2 percent to \$756 a square meter (about \$70 a square foot) last year, according to JLL. In Jeddah, rents increased by 10 percent to \$797 a square meter (about \$74 a square foot) during the same period. Rental rates in the new Riyadh Park Mall, which is expected

“There is a need to modernize the offering, and an opportunity to create ideal destinations that currently are not available.”

Andrew Williamson,
Jones Lang LaSalle

to open at the end of this year, are forecast to range from \$720 to \$1,333 a square meter, or \$67 to \$124 a square foot. Vacancy rates have dropped to 8 percent from 11 percent in Riyadh, while in Jeddah, they increased slightly as tenants moved to newer malls.

Retailers are also eager to enter the market. In addition to the malls, Majid Al Futtaim also operates retail ventures in the kingdom. The company plans to expand the retail offering in Saudi with brands not before seen in the kingdom.

“Everyone wants to come to Dubai now, but when we started, that wasn’t the case,” said Ahmed Galal Ismail, chief executive officer of Majid Al Futtaim Ventures, who oversees fashion, food and beverage, and leisure concepts. “We have to bear in mind, Saudi is underrepresented. Dubai is a \$19 billion retail market and Saudi is 10 to 12 times that in terms of retail potential.”

Ismail is also looking to bring a new department store concept into the region as a retail operator. The store would be an anchor in the Majid Al Futtaim malls, potentially in Saudi Arabia and rolled out throughout the Middle East region. He said the developer would like to partner with an existing department store to create a very customer-centric experience, bringing brand offerings that don’t exist yet in the region. ■



Open for Business – But Tread Carefully

In June, Saudi Arabia’s cabinet approved measures to open its retail sector to direct investment by foreigners, allowing companies doing trade in the kingdom to wholly own their businesses. But many companies might not jump at the opportunity to go into a notoriously complicated market alone.

Mortimer Singer, chief executive officer of Marvin Traub Associates, has worked with American retailers and brands like Bloomingdale’s and Macy’s to bring them to the Middle East.

“There’s no denying that Saudi is a huge part, if not the

linchpin, of the whole GCC [Gulf Cooperation Council] retailing economy,” he said. “But I would still advise my clients planning to go in that they need to have a [local] partner. Navigating Saudi is not a simple proposition. There are significant cultural, not to mention political, questions, not just to answer but to solve with some level of certainty. Partners help with access to clients, the right tastemakers. It’s like having a built-in accelerator.”

Sacoor Bros., a lifestyle brand founded in Lisbon in 1989 and known primarily for tailored suits, has seen significant growth in Dubai, where it operates independently. This year, however, the company revealed a franchise partnership with Majid Al Futtaim Fashion to open 25 stores in Saudi Arabia over the next five years.

“They are the key to success in our regional expansion, supporting us with opening stores, and making introductions in a new country,” said Malik Sacoor, chairman and ceo of Sacoor Bros.

Majid Al Futtaim has had a significant presence in Saudi Arabia for more than 11 years through its Carrefour business, operating 12 hypermarkets and four supermarkets with more than 2,500 employees.

“We see the recent announcement on foreign ownership as a great move for both customers and the retail industry because it introduces more choice and competition in a market that is relatively unrepresented and underserved when it comes to international retailers, especially department stores,” said Ahmed Galal Ismail, ceo of Majid Al Futtaim Ventures. “While some international retailers may consider entering Saudi alone, most would consider regional partners who have a proven presence and retail history in Saudi. Our experience has shown that having an established local presence with deep understanding of the market, culture and regulations takes years, and we’ve invested in the necessary infrastructure

and logistics as a must to make our fashion business operations efficient and successful. That’s why brands like Sacoor and Abercrombie & Fitch have chosen us to roll out their brands in [the kingdom].”

MAF will open an A&F in Saudi Arabia in the second half of 2017. “We expect there to be strong demand for our brands in these new markets,” said Arthur Martinez, executive chairman of Abercrombie & Fitch Co., noting the developer will allow A&F to expand its presence in the region.

Another critical component of having a partner is the ability to access the right real estate for stores. Andrea Abrams of Abrams Global advises clients on partnerships and retail expansions in new markets. She said that besides cultural understanding, partners can bring access to critical real estate locations. “There is a unique situation in the Middle East, where retailers are also mall operators. That’s a little

different from the U.K. or U.S., where it is very separate. And finding the right retail space can make or break your project.”

Vic Annels, director of the U.K. Trade and Investment Office in Saudi Arabia, which seeks to promote investment from British companies in the country, said, “This is a country with size and scale, and they like to shop. The biggest decision you will ever make isn’t coming to Saudi, but how are you going to enter the market and who you will enter with.”

Annels cautioned that finding the right partner is critical. “If you fall out with a partner in Saudi Arabia, it can take six to seven years to resolve legal disputes.”

—RITU UPADHYAY

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THE ABU DHABI EXPERIENCE

When the first Macy's outside of the U.S. opens in Abu Dhabi next year, it promises to be a distinctly different venture.

By RITU UPADHYAY

This Macy's will be unlike any other," said Ken Himmel, comanaging partner of Gulf Related, the developer behind Al Maryah Central, which will feature Macy's as one of its anchor tenants. The department store will be entering the market in a franchise partnership with the Al Tayer Group, who also brought Bloomingdale's overseas for the first time in Dubai. "Khalid Al Tayer and his team have been planning this for three years with us. They have a willingness to invest the money, pick innovative designers and build in elements like cutting-edge technology which have to be planned well in advance. This department store is all about the experience."

Creating an experience is what Himmel's projects are centered upon. Al Maryah Central is being developed as a mixed-use development reminiscent of other projects he has undertaken in the U.S., including Hudson Yards and the Time Warner Center. But he believes this project will have its own unique identity. "Every single project is bespoke. There is no such thing as a model and prototype," explained Himmel.

Al Maryah Central features several distinct districts, lush open-air parks and playgrounds, a premium waterfront promenade lined with restaurants, five-star hotels including Rosewood Abu Dhabi and Four Seasons Abu Dhabi and residential towers. It will also seamlessly link to The Galleria, a luxury mall also developed by Gulf Related, which opened in 2013. Together they offer more than 2 million square feet of retail space and 400 stores, including anchors Macy's as well as a second Bloomingdale's location in the United Arab Emirates.

"In the Middle East, the experience of shopping for luxury usually works best in an environment where you're not in a frenzied high traffic experience. We have painstakingly put together and crafted our project, so if you are going to shop luxury, there will be a different experience altogether." But he said, there will also be high-street zones for those who seek a more buzzy environment.

Aside from creating a unique experience, a second major component to the success of a project is the location. Al Maryah Central sits at the center of the larger Al Maryah Island development, located in the center of Abu Dhabi, a natural archipelago. The island is slated to be home to the city's new financial center called Abu Dhabi Market Square, as well as an outpost of the renowned Cleveland Clinic medical center.

AL MARYAH CENTRAL

OPENING DATE:
2018

NUMBER OF STORES:
400

SQUARE FEET:
1.8M

NUMBER OF PARKING SPACES:
6,000

ANCHORS:
Macy's (first outside of the U.S.) and Bloomingdale's

While Abu Dhabi has an older generation of malls, this project is set to transform the emirate's retail landscape, which has been historically underserved compared to its glitzier neighbor, Dubai. Retail spending in the UAE is forecast to increase by 7 percent to \$53.7 billion during this year, according to projections from Euromonitor International. This has led to a sustained demand for retail space across the UAE. And as the well-known malls in Dubai continue to have long wait lists, Abu Dhabi is an increasingly attractive point of entry.

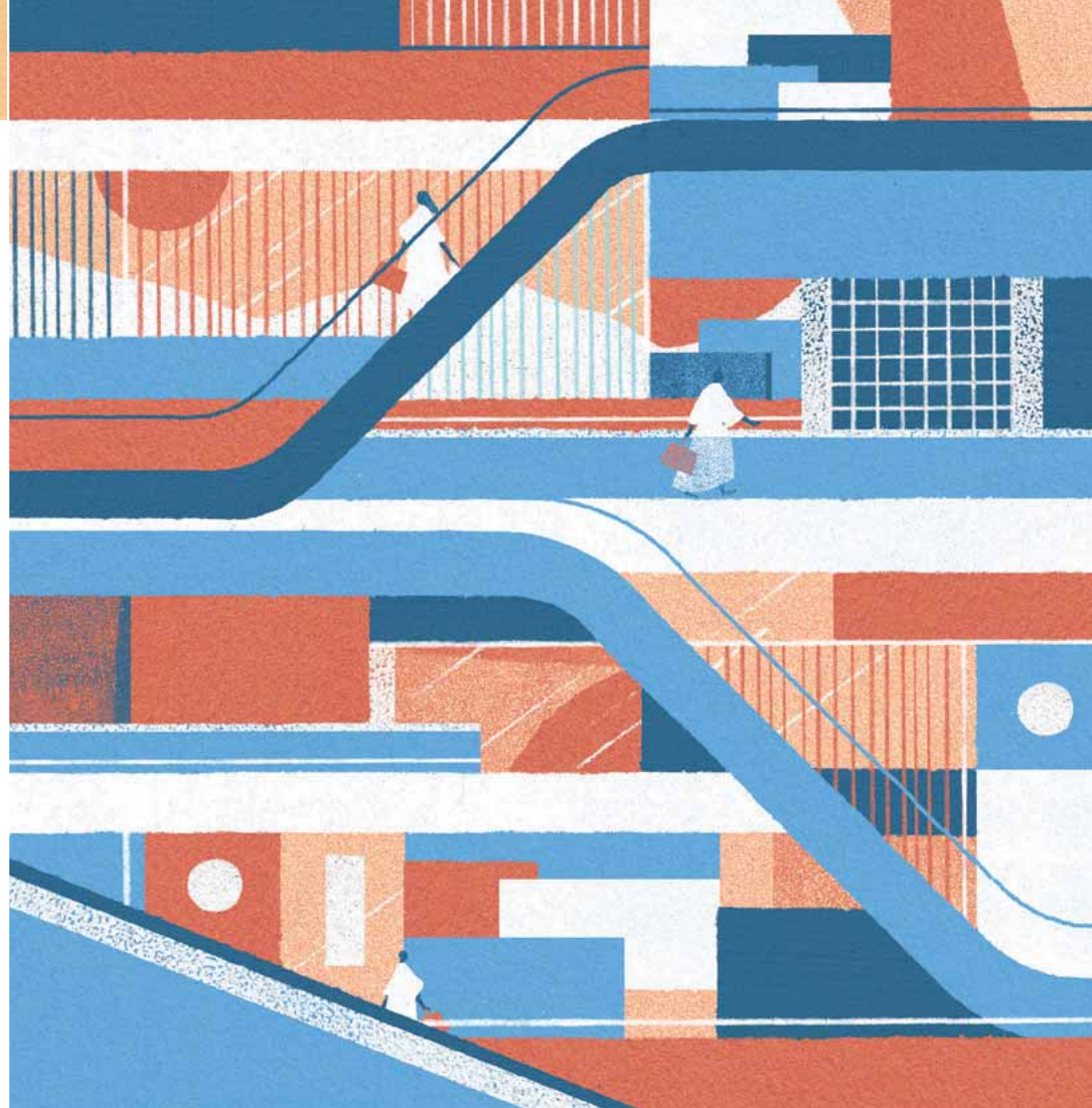
Abu Dhabi, however, is a different type of customer than Dubai, according to Kevin Ryan, chief executive officer of Gulf Related. "Thirty to 45 percent of mall traffic comes from tourists in Dubai. Ours will be 5 to 10 percent tourist and 90 percent local residents."

Although it only represents a small portion of projected mall visitors, the tourism sector, which has long been outshined by Dubai, is offering a lot of promise with the development of several cultural and entertainment offerings as well as a new airport, which should help stimulate visitor numbers. Projects in development include a \$1 billion Warner Bros. theme park scheduled to open in 2018 as well as the \$650 million Louvre Abu Dhabi slated to open at the end of this year. In the first quarter of this year, Abu Dhabi's hotels saw guest numbers increase by 11 percent according to the Abu Dhabi Tourism and Culture Authority.

Despite a slump in oil prices, the retail outlook for Abu Dhabi and Dubai, UAE, remains positive on the long term. Both cities have ranked among the top 17 of the most active cities for shopping center development, according to CBRE's latest Global Shopping Centre Development report.

Retail rents in Abu Dhabi have remained stable and vacancy rates within its major shopping malls is low. Average store rents in well-located malls on Abu Dhabi Island were steady at \$820 per square meter, while average store rents in off-island locations remained unchanged at \$500 per square meter, according to Jones Lang Lasalle.

Real estate advisory firm CBRE reported that occupancy rates for major malls in Abu Dhabi stood at more than 95 percent. According to Daniel Parry, commercial managing director for Al Maryah Central, 55 percent of the project's space has already been spoken for and they expect that number to increase to 75 percent by the end of the year. ■



DUBAI MALLS EXPAND SPACE, SERVICES

By RITU UPADHYAY

Dubai retail is home to the second-greatest number of international brands behind London, according to CBRE's 2016 "How Global Is the Business of Retail?" report. Fifty-seven percent of international retailers have a presence in the emirates, trailing only London at 57.9 percent.

The demand for retail real estate has made wait lists long in Dubai's most sought after locations such as Mall of the Emirates and Dubai Mall. Emaar Malls, operator of high-end retail facilities including the Dubai Mall – its flagship asset, which has been the most visited shopping mall worldwide for four years – reported an 11.2 percent rise in second-quarter net profit last week.

Emaar is expanding The Dubai Mall's Fashion Avenue area by a million square feet to deliver an additional 600,000 square feet of gross leasable area.

Malls in the region, including Mall of the Emirates, operated by Majid Al Futtaim, are working toward incorporating more technology into the experience with services like purchase and delivery that the mall would run for its retailers.

Ahmed Ismail, chief executive officer of Majid Al Futtaim Ventures, oversees several of the group's businesses, including fashion retail, leisure and entertainment, cinemas, financial services and facilities management of malls. "We are in the business of creating great experiences. It's important for us to invest in technology to improve customer journeys. We are studying big data and small data to track and improve on everything from where to park to what to order to where to shop." ■



Qatar's Construction Boom

As Qatar prepares to host the 2022 FIFA World Cup, more than \$200 million is being spent on infrastructure projects across the country. The construction boom is partially in anticipation of the international sporting event, but also in line with the country's Vision 2030 development plan to diversify its economy. Exports of petroleum and liquefied natural gas account for 70 percent of government revenues and 60 percent of gross domestic product. The sharp fall in oil prices in 2015 – to a 12-year low – affected the country greatly, with GDP per capita contracting by 14.6 percent in 2015. But Qatar remains resilient. With its continued economic diversification away from oil and a focus on tourism, GDP growth between 2016 and 2020 is expected to be 5.2 percent, according to BMI Research.

The country's retail structure is benefiting, as well, as consumer confidence remains high. In its annual country risk report, BMI asserts: "We project household spending to grow by 6.8 percent in 2016, accelerating by 8.2 percent in 2017. The opening of four major shopping centers will attract greater spending from Qataris and wealthy expats, as Doha begins to rival Dubai for regional dominance in retail supply and infrastructure."

Doha, the country's capital, is witnessing a transformation of its retail sector with around 12 million square meters gross leasable area expected to be available over the next three years alone as the country ramps up its modernization.

Doha Festival City, due to open late this year, is also set to become the largest mall in the country, featuring around 550 retail shops, including the country's first Harvey Nichols department store and more than 100 food and beverage outlets. The mixed-used scheme will combine retail with leisure, dining, entertainment and hospitality. The mall will include Doha's first snow park, the region's first Angry Birds indoor/outdoor theme park as well as a theme park dedicated to the rapidly growing "gaming" community.

The most talked about infrastructure development is happening just north of the capital, where an entirely new city spanning 38 square kilometers, called Lusail, has been meticulously master-planned. The seaside mini metropolis will be the focal point of the World Cup, hosting the main stadium for opening and closing ceremonies as well as the influx of tourists and spectators expected, with more than 22 hotels under construction.

It will also be home to a new mall, Place Vendôme. Reminiscent of the famous high-end shopping street in Paris, Rue de la Paix, the project stands out from others in the region with its European-inspired architecture. The \$125 billion mixed-use development set to be completed in early 2018 will offer 1 million square meters of retail and entertainment space, including a canal running through it directly from the sea and an open plaza with cafés and restaurants overlooking the water.

The mall will be fully operational far ahead of the World Cup. Sean Kelly, project director of Place Vendôme, said the event was not the main driver for developing the mall.

"The World Cup is the milestone, but it's not the finish. It will mark the beginning of Lusail being the place to be in Qatar." Lusail is expected to have 450,000 residents and visitors. It will be made up of 19 distinct residential, commercial, mixed-use and entertainment districts in addition to two golf courses, luxury hotels and four exclusive islands. "Of course, the World Cup is fantastic for us. The legacy that it will leave behind, like the amazing infrastructure, from the bridges to metro to water taxi stations, cannot be rivaled."

— RITU UPADHYAY

MEGA CENTER IN THE MIDDLE EAST

Cairo's first superregional mall ushers in a new era of retail in Egypt.

By RITU UPADHYAY

Come September, the ancient pyramids of Giza will be getting a new neighbor: the country's largest shopping center, Mall of Egypt.

The 1.8 million-square-foot megamall, a \$686 million investment, will have more than 350 shops; an indoor ski slope and snow park; a state-of-the-art, 21-screen VOX Cinemas complex; a family entertainment center called Magic Planet, and indoor and outdoor restaurants and cafés. It's the same type of all-encompassing, "city-within-a-mall" model Dubai-based developer Majid Al Futtaim created in Dubai with Mall of the Emirates, which promises to be a game-changer for the traditional souk and high-street style of retailing in the country.

Megamalls are common in the Gulf states, especially the United Arab Emirates, but projects of this scale have not been seen in Egypt, which, after the mall's opening, will be home to Africa's only man-made snow park. "There is a forward mind-set that drives a lot of the futuristic thinking on how great moments can be created for our audience," said Robert Welanetz, chief executive officer of Majid Al Futtaim Properties. "We don't have handcuffs on aspiration, therefore really interesting projects get delivered. Here you find an interesting confluence of offerings within en-

closed mall settings, from leisure and entertainment to basic needs."

Developers are banking on the long-term economic prospects in Egypt to drive the move of Dubai-style megamall retailing into other parts of the Middle East. "When we enter markets, we are looking at ones that are scalable in size and population," said Welanetz. "Egypt stacks up very well. If you consider its population is 90 million-plus and retail spending will increase 90 percent, it all sets up well for retailing. It's a market of prime opportunity and not overdelivered."

By 2018, more than 72 percent of households in Egypt are expected to be in the middle-income bracket, which represents the key demographic for increased future household spending. The rapidly growing population is forecast to drive a robust increase in spending over the coming five years, averaging gains of 6.3 percent annually between 2016 and 2020.

According to Jorge Lizan of Lizan Retail Advisors, who works with clients looking at entering

"If you consider [Egypt's] population is 90 million-plus and retail spending will increase 90 percent, it all sets up well for retailing."

Robert Welanetz
Majid Al Futtaim Properties

markets like the Middle East, "There is a rising middle class in Egypt that is very aspirational. They know international brands. They go to Dubai and Europe, and they want to have the brands in their home country."

Despite Egypt's vast potential, there are speed bumps looming in its path. There has been a protracted slump in the tourism sector, as well as high unemployment and inflation. According to the Egyptian Ministry of Tourism, total tourist traffic fell by one million last year. Tourism spend amounted to just \$500 million, down from \$1.5 billion during the same period last year. Inflation is fluctuating between 9 and 11 percent, which will suppress purchasing power.

But still, the Mall of Egypt is expected to bring in a rush of international retailers with longer time horizons. "What we have been experiencing is the retailers and international brands are following developers," said Lizan. "[Al Futtaim] is developing the mall, and all the retail platforms from the region, like Alshaya and Alhokair, are supporting them. International brands will go

together. Brands don't make the decision to go specifically into only Egypt...but are part of larger retail platforms across the region."

Mall of Egypt is not the country's first large-scale mall, but it is the biggest to date. City Stars, Cairo Festival City and Mall of Arabia are considered top-tier, "grade-A" malls. According to Colliers International, the average rental rates across Cairo's shopping malls range between \$625 a square meter and \$1,190 a square meter. Grade-A shopping malls are said to be operating close to full occupancy.

The retail market is considered undersupplied by approximately 14 million square feet and an additional supply of 6.5 million square feet is expected to come online over the next five years. The market is still expected to be undersupplied by 10.8 million square feet in 2020. With consumers between the ages of 20 and 39 years old representing 47 percent of the population, the demand for new brands coming into the market and for prime retail spaces should remain high. ■

OPENING
DATE:
September
2016

NUMBER OF
STORES:
350

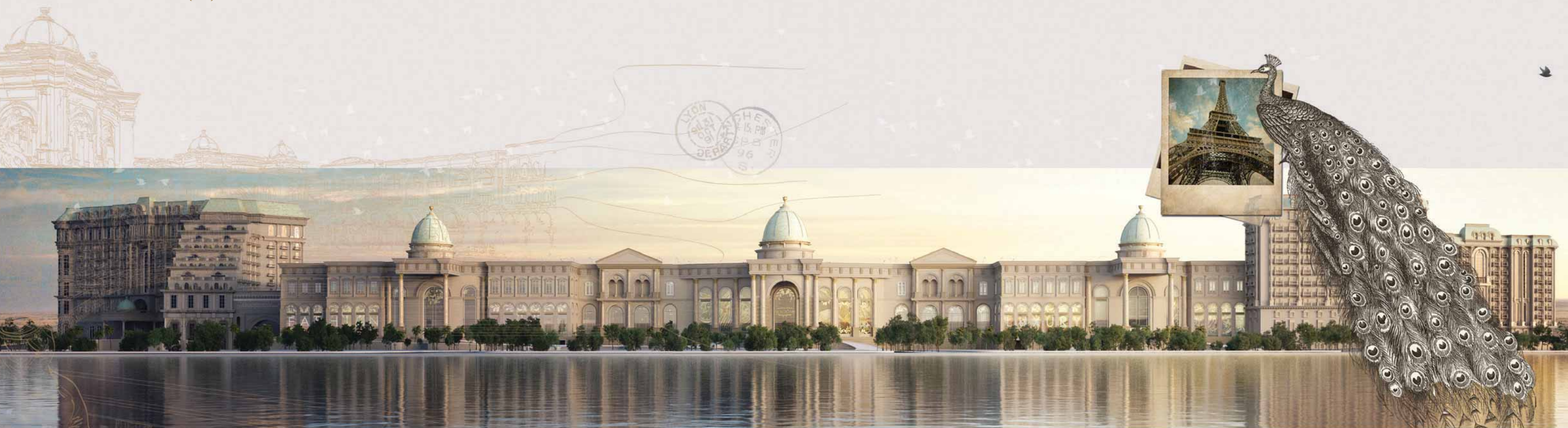
SQUARE
FEET:
1.8M

NUMBER OF
PARKING
SPACES:
6,500

POPULATION
OF TRADING
AREA:
7.75M

ANCHORS:
Carrefour,
VOX Cinemas,
Ski Egypt

PLACE
VENDÔME



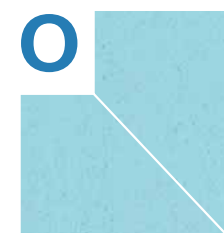
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IRAN'S BURGEONING OPPORTUNITY

As sanctions have eased and brands look to enter Iran, real estate developers hasten to create the right retail infrastructure.

By RITU UPADHYAY



ran's growing elite class – Millennials frolicking in pools, wearing the latest designer clothing, partying and driving fancy cars.

For a segment of Iranians, this is the life they know. Three decades of sanctions didn't quell the country's hunger for luxury and international goods.

"Consumers are tech-savvy, lead a modern lifestyle and are well-traveled," said Parham Gohari, partner at Frontier Partners, a Dubai-based advisory firm working with clients entering Iran. "They buy international brands abroad, especially in the UAE and Turkey, so there is strong brand knowledge and affinity. And it's not just the elite."

Retailers are poised to harness the possibilities. By the time sanctions were lifted last January, Sephora had leaked plans it would be entering the market with seven stores. European high-street brands like Mango, Promod, Zara and Massimo Dutti have already been operating in the market.

The numbers point to a potential bonanza. With an estimated population of 80 million – half of whom are under age 25 – Iran has the second-largest economy in the Middle East after Saudi Arabia. According to the World Bank, the country is expected to outperform the rest of the Middle East and North Africa region in gross domestic product growth over the next few years, reaching a rate of 6 percent in 2018. Coupled with the fact it has a large, educated middle class, the market is ripe for entry.

"The retail community has been very inquisitive about Iran for a long time in anticipation of the changes," said retail consultant Andrea Abrams of Abrams Global. "There is great desire to see more access to that customer which can translate into a huge new potential market for the retail industry. Who will do it first? It's a question of economics, finding the right partner and logistics. It will take a few pioneers to make big investments and people will follow."

One of the biggest challenges is the lack of retail infrastructure.

"There is a shortage of quality real estate and limited infrastructure until these projects come online," said Gohari.

POPULATION:

80M
growing at 1.3% annually

ADULT LITERACY:

85%

MEDIAN AGE:

28

URBANIZATION:

71%

SHOPPING MALLS under development:

400

GDP GROWTH IN 2016:

5.8%

That will change soon, though. Gohari estimates there are more than 400 malls under development in Iran, with 70 in Tehran alone. "There is a megaboom in mall development across the country. This represents a significant shift from traditional high-street retail channels and a huge push into modern retailing," he added.

One of the biggest projects is the \$22 billion Iran Mall. Situated between the two urban centers of Tehran and Karaj, it is expected to serve a population of more than 16 million when it opens in 2018. Modeled after the Dubai Mall, the Iran Mall will exceed 18 million square feet of built-up space, making it the largest project in the Middle East. The development is meant to be a mini city, with a huge hypermarket, a 200,000-square-foot exhibition space, a lake equipped for light and music shows as well as an ice skating rink. Retailers like Carrefour and Ikea are said to be coming into the project.

This will not be the first megamall in Iran. Isfahan City Center is a popular destination located in Isfahan, a five-hour drive from Tehran. At just over 5 million square feet, it's the second-largest shopping mall in the Middle East, after the 12 million-square-foot Dubai Mall. The sprawling complex has more than 750 stores, a hypermarket, five-star hotel and an entertainment center with seven cinema screens and a fair complex.

North Tehran has also seen a plethora of smaller malls under construction. These include Sam Center, Palladium and Kourosh Mall. But Gohari said there has not been a cohesive brand placement strategy for these developments.

The strategy is somewhat different for high-end labels. As more luxury brands enter the market, they are not going into malls, which mostly cater to the country's huge middle class. In February, Roberto Cavalli became a pioneer among luxury brands to enter Iran, opening a 3,780-square-foot, two-level boutique in Tehran's up-market Zafaraniyeh neighborhood. The store was decorated in typical Cavalli style with lavish, light-reflecting quartzite floors mixed with crystal dust and dark brown pony-hair carpets. Located at 1 Alef North Street, the store could be a harbinger of more luxury retailers coming to the area.

According to Renato Semerari, ceo of Roberto Cavalli Group, "We believe Iran, the region's second nation in terms of GDP, with its 80 million consumers, is destined to become a very interesting market for luxury products and we are happy to have been among the first brands in the sector to open a store in Teheran. We started the first contacts with the local partner with which we opened the store two years ago, but after the end of the embargo, we accelerated the process. We had faith in the country and its growth prospects."

“There is a megaboom in mall development across [Iran]. This represents a significant shift from traditional high-street retail channels and a huge push into modern retailing.”

Parham Gohari, Frontier Partners

Since February, after the inauguration of the boutique, we've been registering strong traffic in the store and for the time being the performance in terms of sales is above our expectations. I must say, then, that these first months have been a really positive surprise. If women's wear is performing in line with our expectations, the success of the men's collections and the home collection is beyond our best forecasts.

I must say the men's segment is the real surprise: we did not expect such an enthusiastic reaction to the men's clothing and shoes. We believe Iran represents a big market and this is one reason that prompted us to be one of the first brands to be directly present with its own store to make sure Cavalli had a competitive advantage in the country."

Mehdi Firouzan, one franchiser who brought Cavalli to Iran, told Italian press he hoped to turn the area into the "Via Montenapoleone" of Tehran, referring to Milan's luxury street. They might be well on their way. A Versace boutique opened in the same area in April, around the time when Italian Prime Minister Matteo

Renzi made a two-day visit to the country with a delegation of business leaders to increase trade between Italy and Iran. An agreement between the national textiles and fashion association Sistema Moda Italia, which represents Italy's \$59 billion apparel sector, and its Iranian counterpart, the Tehran Garment Union, will make it easier for Italian companies to obtain the licenses required to operate in Iran.

Not all brands are rushing in. European companies have fewer restrictions on their entry, but American firms are cautiously eyeing the market as it is unknown what type of trade will be legal. Gohari said the bottom line, for now, is that "primary sanctions are still in effect for U.S. citizens, American companies and any individual or entity in the U.S."

He also warned that doing business in Iran is not easy. High tax structures mean finances are not transparent. "After 30 years of sanctions, there is a culture of secrecy in Iran," said Gohari. "Companies have different sets of financial books and it's often hard to understand who owners of entities really are." ■



THE BLOGGER WILL SEE YOU NOW

Beauty brands are spending millions to tap into the loyal followings of the industry's latest authorities: digital influencers.

By RACHEL STRUGATZ
Illustration by JACK HUGHES

In early June, Arielle Charnas of Something Navy posted about the Peter Thomas Roth Rose Stem Cell Bio-Repair Gel Mask on her Snapchat story. Then the frenzy happened: Within 24 hours after her story went live, the post was responsible for the sale of 502 masks, or \$17,565 worth of product. Do the math: that's equal to \$123,000 in sales in a week, \$527,000 in a month or almost \$6.4 million in a year.

Nor was that a one-off. An Yves Saint Laurent Mascara Volume Effet Faux Cils Shocking in Deep Black that Charnas snapped about in July moved 422 units in 24 hours, driving \$13,500 in sales. That means she could sell \$95,000 worth of mascara in a week, \$405,000 in a month or \$4.9 million in a year.

It's not only beauty she has that impact on.

Last week, Charnas hosted a public appearance at activewear retailer Bandier in New York's Flatiron District to toast her collaboration with Koral: Something Navy x Koral. She expected a few hundred people – at most – to show up on the steamy evening in late July. Instead, 1,000 of her fans snaked around Fifth Avenue – some flying in from as far away as Toronto to meet the 29-year-old influencer.

What fashion or beauty editor can draw that kind of crowd?

Welcome to the new influencers: digital natives who post, snap and tweet to their hundreds of thousands or even millions of followers – who then rush out and buy the products they recommend. Gone are the days when women took their beauty tips mainly from fashion and beauty magazines. In the digital age, those titles – and their editors – are quickly becoming almost irrelevant, not only to consumers but to the brands themselves.

While the brands are reluctant to admit it, their actions speak volumes. Take Coty Inc., the fragrance licensee for Marc Jacobs. The beauty giant hosted its press event for the designer's new fragrance, Divine Decadence, on July 21 at

the Ace United Artists Theatre in downtown Los Angeles. The event was only a few weeks before the fragrance hits counters – timed to enable influencers to build buzz online about the scent and drive consumers to rush out and buy it. Coty flew in influencers from China to Canada for the party, said Lori Singer, group vice president of global marketing at Coty.

The launch showed how rapidly power has shifted in the beauty world. A year earlier, Coty held a similar event for the original Decadence, but that one occurred in May to coincide with long-lead magazines' publishing schedules for September issues.

For decades, editors and magazines were the be all and end all in beauty. Readers pored over pages to find out what products they needed to buy and ads were ●●●

aplenty. But then came social media – as well as bloggers, then vloggers and now the new buzzword “digital influencers” – and writers-for-hire, and suddenly magazine editors had a new peer.

Over the past several years, the bloggers once seen as “pretend journalists” have overtaken the beauty editors – not to mention the magazines they work for as more and more beauty brands switch the majority of their ad spending to social media sites. Perhaps annoying for the beauty editors who see themselves as true journalists, the influencers are being paid megabucks to voice their opinions – a reported seven figures in the case of 22-year-old blogger Kristina Bazan and L’Oréal.

Even more upsetting for beauty editors: The credibility of a blogger versus a beauty journalist does not seem to be an issue to consumers seeking information wherever they can find it. In their view, their favorite bloggers and digital influencers are as credible as a magazine – maybe even more so. Bloggers’ followers trust them, said nearly every person interviewed for this story, and as long as sponsored posts are clearly labeled as such, an influencer’s individuality and authentic voice allows them to connect to readers in a way that magazines are struggling to do.

“The new celebrities are the social influencers, and quite honestly some make more money than the people who get Emmy Awards,” said John Demsey, executive group president at Estée Lauder Cos. Inc. “If you can deliver an audience and prove that someone can buy your product, you can get paid. As long as that works it will continue to blossom.”

As a result, several brands at Estée Lauder Cos. have undergone significant shifts in budgets, with a larger-than-ever portion allotted to digital strategy, from paid search to content to influencer activations. Estée Lauder has significantly cut back on its traditional media spend to focus on digital, and Smashbox walked away from traditional print media altogether two-and-a-half years ago.

The shift has fashion and beauty titles scrambling to adjust to the new reality. Allure’s founding editor of 24 years, Linda Wells, was pushed out late last year in favor of a younger, more digital-savvy editor in chief and the staff has been readjusted to add writers with more online experience. It’s a change being seen across the media landscape as titles rush to try to rescue whatever beauty ads they have left – and hopefully add more, since industry leaders such as L’Oréal and Estée Lauder were long among the largest print advertisers.

Michelle Lee, the former editor of Nylon who was named editor in chief of Allure in November, told WWD that although there was some “animosity” toward influencers as a group when they started to gain popularity, she took a different approach. Allure works in tandem with these “great voices,” and has coproduced content with Life With Me’s Marianna Hewitt and Style Me Grasie’s Grasie Mercedes.

For Lee beauty influencers and traditional beauty editors are complimentary, and one doesn’t cancel out the other. Beauty editors spend their days in the market, reporting and researching. She likened it to an “apples and oranges” comparison, but believes both can “play in the sandbox together.”

“They themselves help to identify and set trends,” Lee said of editors, drawing a stark contrast to influencers, whose level of opinion and experimentation enable them to connect with audiences on a more personal level.

“The rigorous reporting and research plus fact-checking behind what an Allure editor says is completely different from a personal, singular opinion that an influencer offers. That’s not to take away from the power that either of them have. They’re just different,” Lee said.

Opinions differ on whether it’s only a matter of time before beauty titles are supplanted by digital influencers

THE MASTER CLASS

THE
INFLUENCERS
WHO WERE
AMONG THE
FIRST TO
ENTER THE
BLOGOSPHERE’S
MILLION-DOLLAR
CLUB.



Chiara Ferragni
Instagram: @chiaraFerragni
6.3 million followers
Ferragni, of the most well-known influencers in the world, has a namesake footwear collection that’s become a multimillion dollar brand.

Aimee Song
Instagram: @songofstyle
3.7 million followers
Song was named Laura Mercier’s brand ambassador and the brand’s first digital influencer this spring, reportedly being paid over \$500,000 for her new role.



Camila Coelho
Instagram: @camilacoelho
4.6 million followers
YouTube: @MakeUpByCamila
2.7 million followers
Brazilian-born Coelho has both Portuguese and English YouTube channels.



Kristina Bazan
Instagram: @kristinabazan
2.4 million followers
Bazan reportedly signed a seven-figure contract with L’Oréal last year, making it the largest influencer deal to date.



Julie Sariñana
Instagram: @sincerelyjules
3.8 million followers
Sariñana’s Los Angeles vibe and picturesque travel photos resonate with her almost four million fans.

or a happy stasis will be reached in a new digital-first media reality.

Demsey insisted that a handful of heritage beauty brands – i.e., those aimed at an older consumer – still depend heavily on magazines and tried-and-true TV spots to speak to the majority of their consumers. Take the case of Clinique, he said, whose average customer starts at age 45 and is a “traditional” shopper who buys in-store and likes her gift with purchase.

Estée Lauder is another megabrand that relies on traditional advertising channels, per Demsey – but at the end of 2014 decided to use Kendall Jenner to reach the Millennial customer who it’s long had difficulty connecting with. The decision to use the then-19-year-old was met with skepticism given the brand is targeted at women more than two to three times her age. Estée Lauder’s reasoning for using Kim Kardashian’s kid sister was a simple one of numbers: Jenner has more than 62 million Instagram followers (at the time the partnership was revealed she had around 16 million).

This wasn’t the first time the beauty brand has tried to tap into the social media frenzy to reach Millennials. In 2012, the brand signed Cupcakes and Cashmere’s Emily Schuman to a long-term deal – reportedly for six figures. It was one of the first big money beauty deals for a blogger – and also one of the first long-term ones. But clearly, Estée Lauder needed more firepower, hence calling on Jenner.

“Look, the decision about Kendall was very significant and fundamental in terms of the evolution of the brand from traditional media to new media. She was 18 [before the deal was announced],” said Jane Hudis, group president at Estée Lauder Cos.

She added that the company has had to change its organization to adapt to the digital landscape.

“We have shifted our resources and focus and energy to the digital and social media evolution in fundamental ways,” Hudis confirmed. “Other sources of media are important, but the mission is to be in close contact with and posting and connecting with an ever-growing base of consumers in the digital and social media world.”

Estée Lauder isn’t alone. Lancôme is another example of a brand that sees editors and bloggers on an even playing field.

“They’ve [digital influencers] become the next generation of beauty content editors. They don’t work for Condé Nast or Hearst. We treat them with an equal importance as we do our editors, and we know that the info they’re posting is extremely valuable,” said Stacy Mackler, vice president, public relations and communications at Lancôme.

Mackler drew a clear distinction in the way the L’Oréal-owned brand works with its influencers, explaining that the company comes at it from a p.r. and marketing perspective. The bulk of its work with the influencer set is of the unpaid variety, meaning the company doesn’t pay bloggers to post about a particular product or launch. She likened the approach to the one the brand takes with editors, which includes programs like sending product and creative materials surrounding launches.

“When we take an editor on a press trip or if we take a digital influencer, it’s the same idea. It’s to engage them with the brand,” Mackler said.

Then, hopefully, the editor will decide to feature the product in the pages of their magazine, and the blogger will put it on their Instagram feed, which was the case when Lancôme invited Brazilian YouTube star Camila Coelho to Paris to attend an event and to visit the Lancôme Institute in May.

Mackler clarified that although the entirety of Coelho’s press trip was paid for by Lancôme (as it would be for a beauty editor from a top fashion magazine) – about a \$20,000 expense including flights and lodging – the

“We treat them with an equal importance as we do our editors, and we know that the info they’re posting is extremely valuable.”

Stacy Mackler,
Lancôme

vlogger was not paid to go on the trip. The goal was that she would document her experience via social media – which she did – and expose her following of millions to the French beauty house.

But there is a difference in the way Lancôme treats editors and bloggers. While it didn’t pay Coelho to fly to Paris and write about the trip, it did pay her on the marketing side – reportedly \$10,000 – to host an event at a Sephora store in New York last month. This type of compensation – as well as paying influencers to post on Instagram for a product launch – is what Mackler likened to “buying an ad in a magazine.”

“An ad is wonderful, but sometimes when a consumer reads something or hears something from a friend [editor or blogger] it’s more organic, it’s more impactful. Consumers are savvy to advertising. That company paid to put that there,” Mackler said.

She sees no distinction between a story in a magazine and a paid post by a blogger, pointing out there’s “always a transaction,” and said bloggers and editors have credibility with their followers. The difference is that while beauty editors are known to make sure they have credits in their titles from advertisers, they aren’t being paid directly by a brand to write about it, while a blogger might be. And while Coelho wasn’t paid to blog about her trip to Paris, she clearly knew that another \$10,000 was on the line depending on what she did write or post about.

The reality, though, is that the consumer doesn’t seem to care. Even looking at it from the perspective of beauty brands and the Instagram videos they post to their own social media channels – views and engagement pale in comparison to content created and published by an influencer, be it a paid post or not.

According to Karen Robinovitz, cofounder of influencer management firm Digital Brand Architects, brand videos on Instagram aren’t reaching the level of an influencer or it’s very rare they do. This is why brands need influencers.

“Dollars always follow eyeballs. If eyeballs are going to live online that’s where all the dollars will go,” said Robinovitz, who works with digital talent including Charnas, Coelho, Aimee Song, Chriselle Lim and Julia Engel.

She noted that, for the first time, digital budgets will usurp television in 2017, as reported by eMarketer in March.

Robinovitz declined to name specific brands that are moving their marketing and advertising spend from traditional media to digital holistically, but she said more and more of her conversations with brands and agencies reflect this.

But influencers aren’t just bloggers anymore; they are individuals who, depending on the channel, share and detail much (if not most) of their lives via YouTube, Instagram and increasingly Snapchat. Charnas said the latter is becoming the most powerful vehicle in connecting with her followers.

“We’re pretty much documenting everything and every move – I don’t think any editor or journalist puts everything out there like we do,” Charnas said, drawing the distinction that she’s not a journalist, nor is she trying to be. “It’s definitely completely different; I don’t know if it’s something you can define [yet].”

When she posts videos on Instagram they can get 200,000-plus views, and her Facebook Live chats reach more than a million people. As for tracking sales coming from her Snapchat posts, Charnas uses two-month-old Emoticode, an app created by PopSugar Inc. chief executive officer Brian Sugar that allows bloggers and brands to link to products in Snapchat stories that followers can screenshot and purchase later.

The success of influencers such as Charnas – namely their ability to breed loyal, engaged fans – has ●●●



THE CHALLENGERS

THESE 10 INFLUENCERS ARE HITTING IT BIG, INKING DEALS WITH THE BIGGEST BRANDS IN THE WORLD.



Arielle Charnas
Instagram: @somethingnavy
900,000 followers
Charnas has appeared in nationwide TV spots for TRESemmé.



Sazan Hendrix
Instagram: @sazanhendrix
624,000 followers
YouTube: sazanbarzani
205,000 subscribers
The L.A.-based blogger and YouTuber has engagement rates nearly double that of peers with similar followings.



Negin Mirsalehi
Instagram: @negin_mirsalehi
3.2 million followers
Mirsalehi has taken her signature waist-length hair and created Gisou, a honey-infused hair oil, derived from bees in her family's bee garden.



Amanda Steele
Instagram: @amandasteel
2.7 million followers
YouTube: MakeupbyMandy24
2.9 million subscribers
Steele is just 17 years old and has already partnered with Maybelline, L'Oréal, Neutrogena, Covergirl and Benefit.



Paola Alberdi
Instagram: @blankitinerary
413,000 followers
The Mexican, American and Spanish influencer's travel posts have amassed almost half a million Instagram followers.



Amber Fillerup Clark
Instagram: @amberfillerup
1.2 million followers
Fillerup Clark's Barefoot Blonde blog and Instagram account gets the most likes when posts feature her two young children, Atticus and Rosie.



Alexis Ren
Instagram: @alexisren
5.9 million followers
A single Instagram post from Ren can garner nearly half-a-million likes.



Julia Engel
Instagram: @juliahengel
942,000 followers
San Francisco-based Engel's Gal Meets Glam is heavy on pastel pink and picture perfect landscapes, flowers and outfit shots.



Victoria Magrath
Instagram: inthefrow
708,000 followers
YouTube: inthefrow
494,000 subscribers
U.K.-based Magrath is a travel and lifestyle blogger who's known for her ever-changing hair color (it was purple for three years and she dyed it silvery gray in the spring).



Luanna Perez-Garreaud
Instagram: @luanna90
2.1 million followers
The Peru-born blogger of Le Happy has vibrant red hair and engagement rates considerably higher than other influencers with followings in the millions.

caused the scope of work enlisted by beauty brands to shift dramatically. They have gone from paying these individuals a flat fee to post a product on Instagram to integrating them into global advertising campaigns.

"It's become really passé for a blogger to just hold up a product on Instagram. Today's audience is smart. They don't like being sold to like that," said Claire Collins Maysh, group talent manager at social media talent agency Gleam Futures, adding that savvy brands think of bloggers not as celebrities, but as creative directors.

L'Oréal Paris, for instance, has experienced a seismic shift in the way it's allotting its p.r. and marketing dollars. According to a person close to the company who requested anonymity, 70 percent of the budget given to one of the p.r. firms enlisted by L'Oréal goes toward influencers, with just 30 percent relegated to traditional, editorial placement. L'Oréal Paris declined to comment.

Another beauty brand, founded in the Nineties, has reportedly discovered the only thing "moving the needle" for them is YouTube and influencers, according to a longtime beauty p.r. executive. "They don't work with magazines or web sites anymore, only influencers," she said, declining to name the company.

Brands are in unison about the way they identify the online talent they wish to work with.

Candace Craig Bulishak, chief marketing officer at Tarte Cosmetics, said the company identifies influencers for potential relationships with a few key metrics. The type of content they share with followers is taken into account, as well as the actual number of followers and engagement rates.

"At this stage of the game, the campaigns are mostly successful. There was a period of trial and error that we lived through [in the very beginning]....It's been a bumpy ride for sure," said Jennifer Powell, head of Next Model Management's influencer division. She declined to give specific examples.

Most importantly, it's not about sheer numbers anymore. The allure of a million-plus followers has been replaced by engagement.

James Nord, cofounder of blogger directory Fohr Card, agreed. He's observed that as the industry has matured, the criteria by which brands select influencers has gotten "more robust."

"Brands now look for a mixture of total reach, strong engagement and good growth, but more than that, you have to look at those growth and engagement numbers in relation to influencers of similar size. Engagement rates

vary greatly as follower count changes and there is no one-size-fits-all when it comes to 'good numbers,'" Nord said.

He added that luxury brands, in addition to collaborating with the "very best" influencers, are eager to partner with relatively unknown up and comers. Nord said an arms race for new talent amongst luxury brands has formed as firms look to "discover" influencers and talent before a competitor does. It's partially economic: tapping talent on the rise means they are less expensive to hire.

Yann Joffredo, vice president of global cosmetics at L'Oréal Paris, said the biggest shift in terms of marketing is less about budget and more "the way we work that has evolved."

He said for the U.S. business, digital is at the core – from the way the team launches product to the collaborations it has with bloggers, including the newly formed L'Oréal League. Last month, the brand revealed it signed 15 digital influencers to take part in a yearlong program under which each will create content and promote L'Oréal Paris across their social channels. This is the brand's largest scale influencer partnership to date, and a departure from the previous one-off campaigns with influencers. Per Federal Trade Commission guidelines, all content generated by influencers that is sponsored must be labeled as such.

"This [digital] is no longer 'a nice to have'; this comes first and is at the heart of our strategy," Joffredo said. He noted that as the official makeup brand for the Cannes Film Festival, 80 global influencers helped garner double the social media coverage of last year, which was a record one for L'Oréal.

He said ROI is determined in three areas: reach and impressions; engagement, and conversions. He declined to give a dollar amount for sales driven by an influencer.

As for which are the most forward-thinking brands when it comes to digital strategy, experts agree that L'Oréal, Pantene and TRESemmé lead the pack. The three have all integrated influencers into their overall marketing efforts, allowing these individuals to connect with their fans on cross-channel.

Pantene and TRESemmé, for example, have leveraged digital talent across media platforms. The Blonde Salad's Chiara Ferragni appears in TV commercials for Pantene in Italy, Spain and Portugal that have been airing since February, while Charnas is in commercials for TRESemmé in the U.S. Ferragni also signed a yearlong deal with Pantene for 2016 as a global ambassador with the option to renew for 2017.

"Blogger engagement used to happen only in the digital

world, but now it inspires a full integrated communication plan which can be leveraged on the consistency of a genuine story. That's the upcoming way of doing marketing," said Alessio Sanzogni, group general manager of Chiara Ferragni, Theblondesalad.com and Chiara Ferragni Collection.

Robinovitz said several bloggers she manages have inked deals with TRESemmé, in varying capacities.

"Their approach is very layered. They're working with influencers obviously in television commercials to organic feeling branded content on influencer channels and through retailers like Target as well as through digital media buys like Who What Wear," she explained.

The company is creating the online version of the 360-plan, per Robinovitz, who said the hair-care firm weaves influencers throughout all of the destinations the brand and consumer touch globally, from social media to TV.

For the influencer, signing such deals is clearly lucrative – although it can result in limitations. Charnas, for example, whose deal with TRESemmé recently ended, said she was hesitant about signing a similar deal with another brand in the same space. It indicates she's aware that her following might view it as "selling out" if she suddenly were to recommend a competitive brand to TRESemmé.

This line of thinking is less applicable to one-off partnerships, though, where an influencer could do a sponsored post with Dior one week and another with La Mer the next.

As for L'Oréal, which has inked some of the largest influencer deals from an absolute dollar amount and the volume of talent it works with, it has primarily kept its digital influencers, well, online. This will soon change, though, as Bazan, who signed a reported seven-figure contract last year, has a commercial coming out in the U.K. in the coming weeks as well as a print ad.

And in what could be the next step in the beauty brand/blogger relationship, L'Oréal is launching products developed by Bazan. A beauty kit she worked on that will come out during Paris Fashion Week in September that contains lipstick, nail polish, eye shadow, eyeliner and a lip pencil.

The Los Angeles-based blogger said she was originally signed as an online ambassador for L'Oréal Paris in fall 2015, but after her content from Paris Fashion Week was "some of the most liked," her contract was renegotiated.

"They knew from the beginning that my hope was not to be stuck in the Internet bubble and that I could bring much more to the brand than digital. My contract definitely changed and my fee got readjusted to a regular contract like the other girls," Bazan said, declining to give a dollar

“The new celebrities are the social influencers, and quite honestly some make more money than the people who get Emmy Awards.”

John Demsey,
Estée Lauder Cos. Inc.

amount. During the Cannes Film Festival, she posted photos on Instagram with her "@lorealmakeup fam," which included Doutzen Kroes, Natasha Poly and Karlie Kloss as well as another image of her with "stunning L'Oréalistas before hitting the red carpet" Julianne Moore, Eva Longoria and Naomi Watts.

According to sources, Bazan's contract was seven figures to start when she was signed as an online ambassador. Her contract slightly lifted when the terms changed to include print and TV spots and a transition into a traditional ambassadorship.

She insisted that working exclusively with L'Oréal hasn't held her back in any way in terms of her social media following and praised the relationship for being "transparent" and "respectful."

"It feels really good to be loyal to someone instead of working with 50 different brands who all want something from you. A lot of them don't want to pay and it's shady sometimes," Bazan said. Perhaps working with a handful of beauty companies might make her more objective, but Bazan doesn't seem too concerned.

Even while she's an ambassador for L'Oréal, she can still work with non-L'Oréal brands on fragrance projects. In the past year, she created content for Dior and Thierry Mugler fragrances, the latter of which was said to be about a \$200,000 deal. Clarins Fragrance Group, which holds the license for Mugler's fragrances, couldn't be reached for comment.

While it may appear the beauty world is suddenly filled with long-term deals with bloggers, Bazan's agreement is still far from the norm – and not all of them are six- or seven-figure contracts. Still, even a short-term partnership can be pretty lucrative.

Olay did a onetime partnership with VivaLuxury surrounding the Grammys earlier this year that was said to be in the mid-five figures. Maybelline reportedly pays influencers anywhere from the mid to high-five figures for one-off projects, which could be a weeklong engagement over an event such as fashion week.

"If you do 10 of those a year, you're golden," a source said.

So for both the brands and the bloggers, it all comes down to numbers. The beauty companies want the social media following and paying for it, while the social media stars are leveraging their audience and getting rich. It's no wonder that the online world is flooded with beauty bloggers. At last count, there were thousands – and more arrive every day. ■

Charnas photograph by Joe Schidhorn/BFA/REX/Shutterstock; Hendrix by Nancy Gomez/BFA/REX/Shutterstock; Mirsalehi by David X Prutting/BFA/REX/Shutterstock; Steele by Neil Rasmus/BFA/REX/Shutterstock; Alberdi by Madison McGow/BFA/REX/Shutterstock; Ren by Kelly Toub/BFA/REX/Shutterstock; Engel by Angelo Pham/BFA/REX/Shutterstock; Magrath by Silvio Oseny/REX/Shutterstock

Resort has morphed from getaway clothes for a privileged few into a significant retail season packed with wardrobe staples, but designers haven't forgotten the whimsical mood of accessories destined for vacation. Pairing fun, cheeky handbags with the season's favorite chunky-heeled sandals is a recipe for a good time.

Photographs by **BRYAN EDWARDS** Styled by **ROXANNE ROBINSON**
Prop Styling by **ELYSE REMENOWSKY**

GREAT ESCAPES



Michael Kors' leather bag.

OPPOSITE:
Chanel's wood and metal bag and Bionda Castana's raffia and suede sandal.





Fendi's calf leather bag
and Isabel Marant's
leather sandal.

OPPOSITE:
Dior's leather bag.



Maison Margiela's
leather bag
and Pierre Hardy's
leather sandals.



Gucci's leather bag and
Gabriela Hearst's
leather and wood mule.

OPPOSITE:
Edie Parker's straw and
suede basket bag.



Rupert Sanderson's
suede, leather
and python sandal
and Sophie Hulme's
leather bag.

OPPOSITE:
Louis Vuitton's
calf leather bag.





THEY ARE WEARING

LOLLAPALOOZA

As the 25th anniversary edition of Lollapalooza wrapped over the weekend in Chicago's Grant Park, the four-day music festival reflected an eclectic fashion vibe.

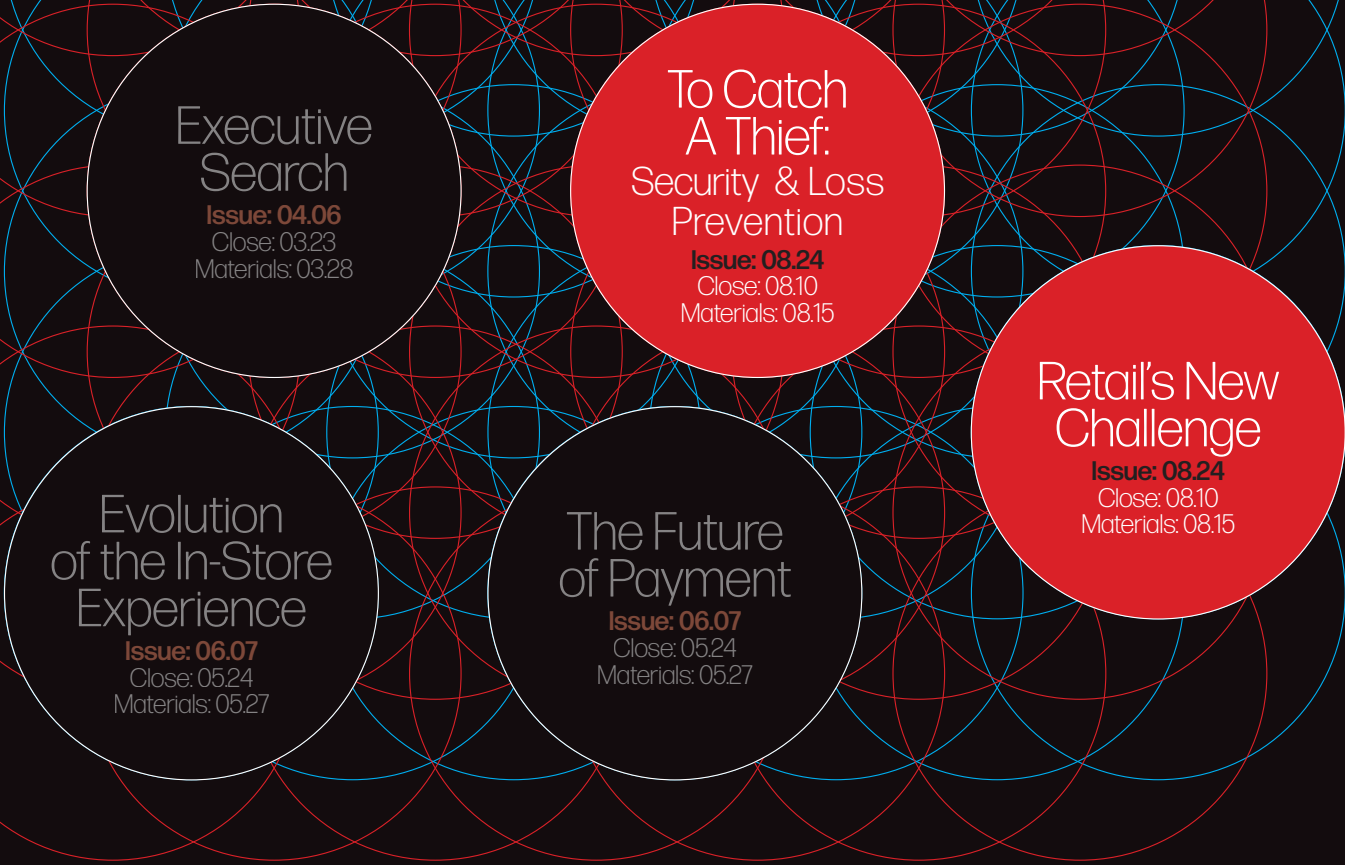


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Bridget Foley's Diary

Fashion in Transition

Equality. Even at its apex, it was a myth. The equality of American fashion with its European counterparts, that is. The recent sale of Donna Karan International by LVMH to G-III Apparel Group symbolizes the inability of American fashion as an entity to attain parity with its older, more storied European brethren, particularly at the luxury level. Whether Raf Simons' long-awaited arrival at Calvin Klein, confirmed on Tuesday, can stifle that perception remains to be seen.

Both events, along with Peter Copping's abrupt departure from Oscar de la Renta two weeks ago, come at a time of, if not disarray, then major reevaluation among purveyors of American luxury. That DKI no longer has a designer-level presence after LVMH Moët Hennessy Louis Vuitton's suspension of the founder's signature label speaks to the tumult. The triptych will make for an unusual spring collections season, as three of the great names of American fashion will show under strange circumstances.

PVH's decision to show Calvin Klein in a presentation is particularly odd. The future of the brand started anew on Tuesday: why muddy the editorial message with a one-season team effort?

DKNY's Dao-Yi Chow and Maxwell Osborne may feel in a precarious position as they work on the collection. G-III has not yet defined their future with the brand beyond the transition, (nor, for that matter, that of chief executive officer Caroline Brown).

Oscar de la Renta will stage a runway show at the Morgan Library, like Calvin, a designer-less entrée on the schedule.

What's going on? Luxury in general is challenged as brands deal with declining consumer interest, too much competition for consumer attention from within and outside the industry and the issue of relevancy in the face of our increasingly casual lifestyle. In addition, there has been a gradual but clear shift in global perception, back to the days when American designers were looked upon as also-rans by Europeans. After the G-III sale, Marc Jacobs and Edun are now the last of LVMH's U.S.-based fashion holdings. While Kering owns a minority share of the still-nascent Altuzarra brand, last year, it couldn't part ways fast enough with Alexander Wang at Balenciaga. And it's not just the European money guys. While he's social media magic in the U.S. and Asia, Wang's American cool factor didn't translate to meaningful buzz in Paris, even in a vacuum, let alone compared with that of his successor, Demna Gvasalia.

Many U.S. houses are engaged in essential self-study, a sea change starting at the top. In November, Stefan Larsson took over as ceo of Ralph Lauren, by any quantifiable measure, the most successful company in the history of American fashion and one of the most successful in the



world. His "Way Forward" plan, revealed in June, includes reassessing current retail, speeding the supply chain and about 1,000 layoffs – all moves driven by a stagnant stock price and Larsson's vaguely articulated assessment that the company has strayed from its core. While his promotion of Valerie Hermann – with the company since 2014 – to global brand president for luxury, women's collections and accessories, suggests a shoring up of the vast empire's luxury end, his new hires have swung decidedly populist: Fredrik Hjalmers, corporate senior vice president of global expansion and business development, hails from H&M, where Larsson also worked; Jeffrey Kuster, group president for the Americas, was most recently at HSN, and Bill Campbell, corporate senior vice president of global supply chain, joined from Amazon. Furthermore, the decision to switch the spring fashion show from 10 a.m. on the final day of the New York season to 8:30 the night before seems like a deliberate play for "cool crowd" attention, and antithetical to Lauren's long-held adherence to refinement over frenzy.

Despite Francisco Costa's impressive runway work, Calvin Klein long ago diverted focus from the luxury business years ago in favor of a commodity-driven ethos. It's one with which the new owner of the Donna Karan and DKNY brands is well familiar; G-III produces Calvin Klein's dresses, sportswear and performance. One assumes from Simons' hire his expansive range of responsibilities and his reported contract of up to \$20 million,

that PVH has recommitted to developing the brand's long-dormant designer business. Marshaling Simons' creative clout is but one step in what could prove a challenging process for a brand that does a gangbusters business in good-looking cheap clothes. Just because an editorial credit reads "Calvin Klein Collection" rather than "Calvin Klein" doesn't mean the difference registers with consumers. And unlike the contemporary arena that has some consumer crossover with luxury, the consumers for \$150 dresses and those for luxury fashion are completely separate – which could prove an advantage. Either way, if Simons opens big with an Alessandro Michele-like splash, it may not matter. But Michele's exquisite clothes are the Gucci bait, and accessories – both standard fare and fashion – the bulk of the business.

As for Oscar, that company is now a brand with no designer and no core accessories business to speak of, one built on the highly personal connection its devoted clientele felt with its beloved founder. Copping seemed like a near-perfect choice to succeed de la Renta. Obviously, it didn't work. Where does ceo Alex Bolen take the company now?

A limited roster makes up the rest of New York's luxury component. Sans fanfare, Carolina Herrera has emerged as the standard bearer of American tony chic, her businesses thriving on the strength of the fragrances and CH line. Michael Kors is a phenomenon, and his blockbuster IPO an inspiration to every aspiring designer. Jacobs remains steadfast in his belief in the power of pure creativity. The restructuring of his business under ceo Sebastian Suhl is ongoing, with Bernard Arnault's declared desire for an IPO a work in progress. After the DKI sale, Arnault put speculation to rest when he said the Jacobs business is not on the block. Another dedicated creative showman: Thom Browne.

Narciso Rodriguez has done some of his best work in recent years; ditto Derek Lam. Vera Wang is bravely experimental. Jack McCollough and Lazaro Hernandez create beautiful work in the face of rumored challenges to their Proenza Schouler business, while Rodarte's Kate and Laura Mulleavy adhere to their offbeat artfulness as they struggle with commercial viability. Joseph Altuzarra and Jason Wu play to different sophisticated customer bases.

Individually, some of these designers are capable of those rare moments of fashion awe. In aggregate, they can deliver impressive high-end fashion. But it's not resonating with the power it once had, and the proverbial fashion conversation more often than not bypasses New York. After years of endless marketing and promotion, American fashion is flailing in terms of prestige. At least, that's one way to look at it. Another is that American fashion may be returning to its roots as the wellspring of commodity chic. Whom did everyone talk about last season? Jacobs' stunning show was an outlier. Otherwise, it was all about Kanye West and Rihanna, two glossy, nondesigner marketers who get the value of tricked-out staging and how to work (work, work, work, work, work) a sweatshirt to maximum effect. ■



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