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A fashion advertisement for Philipp Plein. The central figure is a woman with long, straight blonde hair, wearing a black cowboy hat with a wide brim and a band of gold studs. She is also wearing a black leather jacket covered in gold studs, with a high collar and a zipper. The background is a blurred indoor setting, possibly a studio or a store, with other people and equipment visible. The lighting is bright and focused on the model.

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Karen Katz



Joseph Altuzarra

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**2014 WWD APPAREL & RETAIL CEO SUMMIT**

# revolution

**NEW YORK — THE FASHION AND RETAIL LANDSCAPE IS CHANGING SO RAPIDLY THAT AT TIMES IT SEEMS EXECUTIVES NEVER HAVE A CHANCE TO CATCH THEIR BREATHS. BUT INDUSTRY LEADERS GATHERED AT THE PIERRE HOTEL HERE MONDAY DISCUSSED HOW TO COPE AND ADAPT — OR AT LEAST TRY TO — WITH THOSE CHANGES, INCLUDING THE BALANCE OF ART AND COMMERCE IN FASHION; THE MELDING OF E-COMMERCE AND BRICK-AND-MORTAR; THE CONTINUED EXPLOSION OF ACTIVEWEAR IN THE WOMEN'S SECTOR, AND SUCH NEW TECHNOLOGIES AS WEARABLES. FOR MORE, SEE PAGES 8 TO 14.**

“There has to be a willingness to accept failure, and celebrate both small and large victories.”

— **Karen Katz**

“Starting your own company and understanding how you survive in this environment and thrive demands an understanding of both the art and the commerce of the company.”

— **Joseph Altuzarra**

“I think the trouble that we're having in the industry is self-inflicted. Many of us are not keeping up with the customer.”

— **Glen Senk**

“We believe the most powerful formula in retail today is dominance in both channels, online and in-store, in businesses that work together seamlessly.”

— **Richard Baker**

“We are in the first pitch of the first inning in terms of vertical brand-building.”

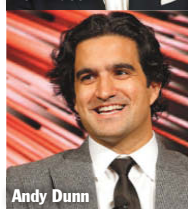
— **Andy Dunn**

“We're taking data and iterating it and not being afraid of what the consequence will be.”

— **Jennifer Hyman**



Ron Frasch



Andy Dunn



Steve Holmes



Francis Bitonti



Satya Twena



Suzanne Lee



Sarah Quinlan



Yancey Strickler



Glen Senk



Richard Baker



Jennifer Hyman



Qing Wu



Maria Pinto

PHOTOS BY JOHN AQUINO AND GEORGE CHINSEE

# Macy's to Open in Abu Dhabi

By DAVID MOIN

MACY'S, a holdout on the international scene, has finally decided to open an overseas store, which will be in Abu Dhabi, WWD has learned.

Macy's will open a 205,000-square-foot, four-level store at Al Maryah Central, described as a "super-regional shopping destination" under development on Al Maryah Island in Abu Dhabi.

A 230,000-square-foot Bloomingdale's will also open in Al Maryah Central, marking that retailer's second overseas store. The first opened in Dubai in 2010.

Bloomingdale's and Macy's, both divisions of the \$28 billion Macy's Inc., plan to open their Abu Dhabi locations in 2018. They will be operated under license by Al Tayer Group, which already operates the licensed Bloomingdale's store in Dubai.

Macy's international plans confirm a WWD report earlier this year that Macy's and Bloomingdale's were headed to Abu Dhabi.

Further international expansion for Macy's seems likely, in light of recent reports on executives visiting the Middle East and China for partners and real estate opportunities. "Whether there will be additional stores depends on whether we have success here in Abu Dhabi. Based on what we know, we feel confident," Terry Lundgren, the chairman and chief executive officer of Macy's Inc. told WWD.

"We are continuing to study various international markets and to better understand how customers worldwide shop in stores, online and via mobile," Lundgren added. "While macys.com and bloomingdales.com have been selling online in about 100 nations since 2011, we are especially interested in the omnichannel dynamics of worldwide markets, and the role that physical stores play in that equation."

Lundgren wouldn't comment on plans for China, which he has visited several times to consider putting up a Macy's store, but he did discuss Canada, which he discounted as a destination. "We concluded it wasn't the right strategy," in large part due to the relative small population there and few cities



A rendering of Macy's on Al Maryah Island in Abu Dhabi.

in Abu Dhabi was also based on Bloomingdale's track record in Dubai. That store is among the top five most productive stores in the Bloomingdale's chain, with only the 59th Street flagship; Aventura, Fla.; South Coast Plaza, Calif., and San Francisco stores more productive.

Macy's online does a minimal volume overseas, impacted by duties and taxes that are tacked on. Yet Lundgren said, "The Web site is very valuable for our international tourist business," since their online visits inform their visits to the stores in the U.S. Macy's also wholesales its private brands to certain retailers, including some overseas.

While many U.S. retailers have opened stores in many countries, Macy's is a Johnny-come-lately, though it's more difficult for a department store to expand internationally than it is for specialty stores, considering the real estate requirements and complexity of the business model.

"If you are going to go international, you need to be sure you have the right partner. I have become very comfortable with Al Tayer," Lundgren said. "They are excellent partners. It doesn't mean we will have this [licensing] model elsewhere should we choose to open in other countries." It could go either way, Lundgren suggested.

He said Macy's will assist Al Tayer in what to buy for the store and how to execute the merchandising, and that it is too early to discuss what goods will be sold, other than fashion and home goods. It's possible some locally relevant product, not sold at Macy's in the U.S., gets sold in Abu Dhabi. Macy's and Bloomingdale's will be the sole anchor tenants in the mall.

Al Tayer Group, based in Dubai, is involved in several sectors, including automotive, contracting, distribution, retail and services, in 12 countries. The group represents more than 600 brands, including Ferrari, Ford, Land Rover, Jaguar, Alexander McQueen, Boucheron, Bottega Veneta, Coach, Dolce & Gabbana, Emilio Pucci, Giorgio Armani and Jimmy Choo.

Al Tayer is also responsible for opening and operating the largest Harvey Nichols outside the U.K. as well as the first Bloomingdale's stores outside the U.S. The group's portfolio includes Gap, Banana Republic and Crate and Barrel, and ventures with Bulgari, Gucci and Prada.

Mortimer Singer, CEO of Marvin Traub Associates, acted as an adviser to Al Tayer Group and Gulf Related. "The UAE has become one of the main focal points of global retailing. There are two billion people within a six-hour plane ride of the UAE. The potential for business has been underestimated. The Dubai Mall does about \$1,000 a foot across 5 million square feet. It's massive business. Stores that open in the UAE tend to be within the highest performers worldwide; right up there with stores in New York, Hong Kong and London," he said.

Said Khalid Al Tayer, CEO of retail for the Al Tayer Group: "Al Maryah Central provides an ideal home for these landmark introductions, forming one of many significant developments under way in Abu Dhabi over the coming years, which serve to strengthen its position as a cultural, commercial and tourism leader."

Dr. Karim El Solh, CEO of Gulf Capital and co-managing partner of Gulf Related, commented, "Located at the center of Al Maryah Island, and acting as a meeting point for old and new Abu Dhabi, Al Maryah Central will be naturally integrated into the heart of the community."

## THE BRIEFING BOX IN TODAY'S WWD

Lauren Brown is the subject of WWD's Model Call. For more, see WWD.com.



**Gucci** chief executive officer Patrizio di Marco said the Italian luxury giant is on the right track in terms of its repositioning efforts. **PAGE 4**

**Pitti Uomo** continues its tradition of mixing emerging designers with established brands. **PAGE 4**

**Paul Poiret** is poised to be the next marquee brand revival with the owner of the Poiret trademarks planning to sell them via an online auction process. **PAGE 6**

**VF Corp.** outlined goals and addressed challenges in its global supply chain in the launch of its first sustainability and responsibility report and platform Monday. **PAGE 7**

**St. John Knits** said Monday that Bernd Beetz will become interim chief executive officer upon the departure of current CEO Geoffroy van Raemdonck. **PAGE 16**

**Armand Hadida**, founder of L'Éclairer, a French chain of specialty stores, is setting up his first U.S. outpost in March. **PAGE 16**

**Bottega Veneta** has opened a 2,500-square-foot store at 310 Boylston Street in The Heritage on the Garden in Boston's historic Back Bay district. **PAGE 16**

**The grass** is definitely not greener on Manhattan's Avenue B than it is in Tudor City, but that is where Michael George has planted its new shop. **PAGE 18**

**Hearst Magazines International** is shifting its gaze to digital, adding three new roles to the business side. **PAGE 19**

**Restructuring** at Condé Nast continues, with the company homing in on its digital and media teams. **PAGE 19**

**Sidney Toledano** has been elected to the board of trustees of the Solomon R. Guggenheim Foundation. **PAGE 19**

ON WWD.COM

**MODEL CALL:** Australian model Lauren Brown, who had her breakout runway season in February and March of 2010, is poised to make a comeback. For more, see **WWD.com**.

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"We are especially interested in the omnichannel dynamics of worldwide markets."

— TERRY LUNDGREN, MACY'S INC.

that would work for Macy's. "It would just be more of a market share game as opposed to creating new opportunities," Lundgren said. Other retailers, including Saks Fifth Avenue and Nordstrom, are flocking to Canada.

In Abu Dhabi, Al Maryah Central is being developed by Gulf Related, a venture between Related Cos. and Gulf Capital. The 3.1-million-square-foot mixed-use development will include retail, cafés and restaurants, entertainment options, a cinema, health club, luxury hotel and residential towers, with about 1.8 million square feet for retail, food and beverage. Construction is scheduled to commence before yearend, with an opening date set for March 2018. Last year, the 350,000-square-foot Galleria waterfront phase of the mixed-use complex, which houses luxury retail and restaurants, opened. It's all part of Abu Dhabi's sweeping master plan, calling for new infrastructure, an airport, cultural, medical and university facilities, including a Cleveland Clinic, which will be fully opened in the spring, and a campus for New York University, which has partially opened.

"Abu Dhabi historically has been a business center. It's evolving into a cultural center as well, and we're complementing with a mixed-use project," said Ken Himmel, co-managing partner of Gulf Related and president and CEO of the parent Related Urban.

Other retailers coming into the project include Zara, H&M and Apple, among other international brands, Himmel said.

"I just think Abu Dhabi is booming," Lundgren said, noting that the hospital, university and museum facilities are springing up close to the mixed-use development Macy's and Bloomingdale's are entering. "There is an already built-in consumer," Lundgren said. "We are going into the center of Abu Dhabi, which has been developed."

The decision to open Macy's and Bloomingdale's



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# Di Marco's Gucci 'A Work in Progress'

By AMANDA KAISER

TOKYO — Despite a disappointing set of third-quarter sales figures, Gucci chief executive officer Patrizio di Marco maintains that the Italian luxury giant is on the right track in terms of its repositioning efforts and is working to boost its competitive edge over rivals, both established and emerging.

"Gucci is still a work in progress," the executive said in an interview here as part of his trip to Japan to celebrate the 50th anniversary of the Italian's company's business in the country. Five years into his tenure at Gucci's helm, di Marco stressed the importance of interpreting the company's third-quarter sales drop within a difficult macroeconomic context that has hit the entire luxury goods industry and said that skeptics need to understand that the company's efforts to shift the focus of its more than \$4 billion-a-year business from entry-level logo products to higher-end goods takes time.

Citing a laundry list of volatile situations around the world, including the ongoing pro-democracy protests in Hong Kong, the threat of terrorist group ISIS, the Ukrainian crisis and China's economic slowdown, di Marco said it's a very challenging time to do business.

"We continue to do the things in the way we think they need to be done, but we are very much looking out the window to see what happens," he said, declining to give a fourth-quarter forecast or estimate of when Gucci's revenue will resume a growth trajectory. "The world is this way. Life is made up of ups and downs. If the analysts would also understand this as well, it would be better. But they don't understand. Their ups and downs are three months, 90 days."

Di Marco said it's "debatable" whether Gucci's repositioning is taking longer than originally anticipated given the shifting macroeconomic and geopolitical landscape over the past few years.

"Going back in time...Would I have liked to have done more [by now]? Yes, but because I always want to do more...I would have liked for things to have gone faster because that is the way I am. But honestly to say that it is has taken more time than we imagined, no," he said.

Gucci's third-quarter sales declined 1.6 percent to 851.0 million euros, its parent company Kering said Thursday. That represents an improvement over the first half of the year, when sales slid 3.2 percent in the first quarter and 5.7 percent in the second quarter.

Kering said third-quarter sales at

Gucci's own stores were in line with the second quarter. Di Marco said Gucci's top line suffered on a contraction of its wholesale business as the company shutters wholesale accounts and shifts its emphasis to direct retailing. Gucci does about 80



PHOTO BY YUNKE MIYAZAKI

percent of its business through its network of directly operated stores with wholesale accounting for the remaining 20 percent, a spokesman said. At the end of 2013, Gucci's retail network totaled 474 units. Direct stores accounted for just more than 70 percent of the business in 2009.

Meanwhile, di Marco said it takes time for consumer mind-sets to adjust to Gucci's shift to higher-end, more expensive products and for store sales staff to push higher-ticket items.

"The process can't happen overnight," he said, describing it as a "titanic" undertaking for a brand of Gucci's size.

Frida Giannini, Gucci's creative director and di Marco's partner in life, made a similar comment about the long-term nature of the repositioning process but she is encouraged by customer reception of her collections. She said her fall offering has seen "excellent" results and she has received similarly positive feedback on her cruise collection so far.

"This process is very slow...losing the customers you had before, finding other ones. Overall these are undertakings that obviously can take time," Giannini said.

Di Marco said Gucci is facing an increasingly competitive environment as new brands emerge. "It's fundamental to

be an established name but it can also be a weak point in certain circumstances," he said, adding that the competitiveness of markets will only increase as they mature.

"The whole world, sooner or later, will be what we call a mature market. Mature, but the size of these pies are enormous, so you have to be better than the others," he said.

One market where di Marco said Gucci needs to step up its efforts in reaching customers is in China, where it is one of the biggest luxury players with 66 stores at the end of last year. Gucci's third-quarter sales in Asia Pacific fell 5 percent but disruptions of the Hong Kong protests also played a role in the brand's performance.

"If it's difficult to make a change in mind-set, if it's difficult to talk about working with clients, if it's difficult to really implement the so-called art of selling in mature market, a more-evolved market, think about how difficult this can be in a market like China," he said.

Di Marco said the extremely high turnover rate for store staff in China is a complicating matter. Skilled sales people are in such high demand that it's common for luxury goods companies to poach one another's staff. The executive said a brand is lucky if its annual staff turnover is between 10 and 15 percent each year but that still means training 150 to 200 people each year.

Life is made up of ups and downs. If the analysts would also understand this as well, it would be better...Their ups and downs are three months, 90 days.

— PATRIZIO DI MARCO

"Just considering this fact alone, inevitably you understand the reason we are having...difficulties in China," di Marco said.

Di Marco brushed aside suggestions that Gucci might be overexposed in China with too many stores. He said the brand has to keep up with the country's fast-changing dynamics in terms of trans-

portation links and the ups and downs of neighborhoods and real estate developments rather than think about store counts in sheer numeric terms.

"Now it has become a trend to say that if you have 30 stores, it's the right number. If you have 60, it's the wrong number...so by the same token one has to say why are there brands like us and [Louis] Vuitton and Chanel that have more than 100 sales points in America?" he said. "Am I wrong or is China the first country in the world in terms of GDP [growth]?"

Gucci has also seen some managerial changes in China over the past couple years. On Thursday, it revealed that former Gucci Taiwan general manager Merinda Yeung is taking over as president of Greater China. She succeeds former Estée Lauder executive Carol Shen, who left earlier this year after working in that role for less than 18 months.

Di Marco said these personnel changes were not at the root of Gucci's China problems but they also did not help the situation. He said he is confident about Yeung, whose résumé includes experience at both Chanel and Louis Vuitton. Her first priorities are to improve sales techniques, liaising with clients and investing in staff training, di Marco said.

"Can she turn things around overnight? If there is a miracle, yes...[but] I generally give people time, the right amount of time to be able to do their job," he said.

Relatively speaking, Japan is faring better for Gucci. Third-quarter sales at Gucci's directly operated stores in Japan rose 7 percent. While April's sales-tax hike did impact sales, di Marco said Gucci fared much better than its competitors. He said he's still unsure how a second tax increase — a jump from 8 percent to 10 percent — planned for next year will play out.

"It's a very psychological discussion. There you need to be good at getting into the minds of consumers and nobody is. It could be that the second hike is less dramatic than the first," he said. "Maybe with the second, people are more used to it. I don't know. Maybe not."

One thing di Marco and Giannini seem to be getting used to are recurring rumors that the duo might be leaving Gucci. Both of them reiterated their denials that they plan to go anywhere soon — at least of their own volition.

"Honestly, I don't know what else to say in that it's a rumor that started a while ago. Honestly, what is the reason why? Because we have seen a slowdown in sales?" he said. "On the basis of just [financial results] there are companies that should be changing [management] every three minutes."

## Marni Men's Returns to Runway at Pitti Uomo

By PAULINA SZMYDKE

PARIS — Pitti Uomo continues its tradition of mixing emerging designers with established brands.

Marni will be the guest men's wear brand at the next edition of the international men's wear trade show slated for Jan. 13 to 16 in Florence.

Having recently celebrated its 20th anniversary, Marni, helmed by Consuelo Castiglioni, is to present an exclusive fashion show at the bellwether fair showcasing its men's looks for fall 2015.

It will be its first men's show since 2009, when the format was changed to a presentation.

Collection re-sees will be held in Milan following the show in Florence.

"Pitti Uomo has always celebrated the avant-garde and

experimentation — elements which coincide with my work with the men's wear collection," Castiglioni told WWD, citing the interpretation of "true men's wear staples through functionality and classicism, combined with contrasting elements and unexpected details," as her goal.

Raffaello Napoleone, chief executive officer of Pitti Immagine, called Marni "one of the undisputed leaders on the international fashion scene."

"We have always admired the creativity, elegance and nonconformity that distinguish its style. In Florence, men's clothing will be at the fulcrum of the project," he said.

Pitti Uomo has been defending its territory against London Collections: Men, which has been extended from a three-day to a four-day event for January, but will not overlap

with the Florentine fair following long negotiations between the British Fashion Council and Pitti Immagine, which last season chartered an airplane to help speed up the arrival of international buyers attending the London shows.

Also joining the trade show's roster is Hood by Air, arguably the most closely watched street label of the moment. The New York-based brand designed by Shayne Oliver is to produce "a special event" at Pitti Immagine, the organizers said on Monday.

It is not yet known whether the event will feature men's or women's fashion, or possibly both.

"Multidisciplinary research, roots firmly anchored in black culture, and the unexpected aspects of certain solutions are all reflected in their fashion shows where performance, music and

product define each other. We know that there will be some beautiful chemistry when they meet a city like Florence," said Lapo Cianchi, the fair's events manager.

Among the fair's other happenings will be a live performance starring Tilda Swinton, written and directed by Olivier Saillard. Following "The Impossible Wardrobe" (2012) and "Eternity Dress" (2013), the actress and the director of Paris' Palais Galliera are to stage "Cloakroom," their third theatrical piece inspired by the world of fashion. It is scheduled to premier between Nov. 22 and 29 in Paris.

Brands that previously showcased their collec-



▲ Marni will present an exclusive show at the trade fair.

tions as guests during the trade show's four-day run included Z Zegna, Kenzo, Kolor, Diesel Black Gold and Valentino.



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# Poiret Trademarks Up for Auction Online

By MILES SOCHA

PARIS — Paul Poiret is poised to be the next marquee brand revival.

And in a 21st-century twist on luxury M&A, the current owner of the Poiret trademarks plans to sell them via an online auction process that kicks off today.

The development propels an under-the-radar process from lobby bars and boardrooms to the realm of downloadable non-disclosure agreements.

While online auctions of intellectual property assets are routine, “the unusual side here is that the process is meant to allow the successful bidder to relaunch and develop the brand as a business. This is not for collectors,” said Pierre Mallevays, managing director of London-based Savigny Partners, the boutique M&A firm spearheading the process.

Calling Poiret a “very special asset” bound to attract interest from a wide spectrum of potential bidders, Mallevays said the online approach “would give everyone potentially interested the chance to participate.”

Normally, the seller of a brand identifies the likely pool of buyers — typically those with the structure and synergies to properly deploy such a brand — and contacts them “in a more corporate manner,” Mallevays allowed. Here, almost anyone with the means can join and “very little due diligence will be required so that bidders will be in a position to offer binding bids toward the end of the process and close the deal.”

He declined to predict how much the brand might fetch, but sources estimated it could attract bids in the midsingle-digit millions.

Poiret now belongs to Luvanis SA, a company under the stewardship of French



An illustration of Paul Poiret by Adrien Barrère.

entrepreneur Arnaud de Lummen, who has carved out a business awakening dormant brands. He reintroduced Vionnet ready-to-wear in 2006, later off-loading the trademarks, and famously sold Moynat, a prestigious 19th-century trunk maker, to Groupe Arnault, which recently unveiled a product collaboration with “Happy” singer Pharrell Williams.

“In my experience, sleeping beauties usually appeal to luxury leaders or entrepreneurs who have experience in managing

brands, but Paul Poiret is so well-known it could attract lesser-known investors out of the blue, including from developing markets,” de Lummen told WWD.

Luvanis, registered in Luxembourg, holds a cache of historic names including Mainbocher, storied footwear brand Herbert Levine and 19th-century trunk maker Au Départ. De Lummen has also been closely involved in the revival of Philadelphia trunk and bag specialist Belber, with the first collection expected imminently. He noted he is in advanced talks to relaunch Levine with an Italian producer and a Middle East investment fund.

Although Poiret products have been absent from the market for more than 80 years, de Lummen is convinced it has the legitimacy to become a global lifestyle brand.

He called Poiret’s aesthetic a “pervasive influence in fashion” and the designer a figure who was larger-than-life and with many artistic, business and social pursuits.

“In terms of notoriety, today’s closest equivalent to Paul Poiret would be Karl Lagerfeld,” de Lummen said. “Paul Poiret is much more than a style or a couture label. He established lifestyle branding and lived it fully himself.”

Dubbed the “King of Fashion” between 1904 and 1924, the French designer was known for embracing Orientalism and bringing strident color, harem pants, kimono coats and hobble skirts into fashion. Son of a Parisian cloth merchant, he sold sketches to couturiers and started his career at Doucet and Worth before launching his own house.

After the World War I, he refused to change his exotic approach and faded from the fashion scene. He died in 1944 after years of poverty and illness.

Yet his oeuvre has a following among fashion cognoscenti. Azzedine Alaïa organized a retrospective and auction in Paris in 2005, and The Costume

al plan for Poiret based on his experience relaunching Vionnet, and even had a designer in mind.

“Personally, my dream would have been for John Galliano to be the designer,” he said, referring to the British fashion maverick who recently joined Maison Martin Margiela as creative director after sitting on the sidelines for three years following his ouster from Dior and his signature fashion house.

“However, we eventually decided to limit our role in this preliminary state of the revival and to now identify the right partner or investor who will lead the relaunch,” he said.

Mallevays said potential bidders for Poiret must come forward and be vetted by Nov. 14. Approved bidders are given a password allowing them access to an “online data room” containing details about the trademarks and archival materials.

The deadline for initial bids is Nov. 28, with a transaction expected to close before the end of 2014.



A Poiret illustration by Georges Lepape.

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Paul Poiret

Institute at The Metropolitan Museum of Art mounted an exhibition in 2007, tracing the importance of Poiret’s wife and coconspirator Denise during the designer’s creative peak in the 1910s.

De Lummen describes his quest to acquire the trademark “a real headache” and something of a “Mexican standoff” as owners were scattered in many countries, some with overlapping rights, and none initially willing to sell.

He made a breakthrough in Japan, acquiring the rights there, and then prevailed in other regions via a mix of acquisitions, settlements and trademark procedures that wound up earlier this year. Assets for sale include domain names, archive catalogs, memoirs, monographs, illustrations and other memorabilia, but no vintage garments.

De Lummen noted he crafted a reviv-

An outright sale is the most likely outcome, according to Mallevays. But given that de Lummen’s ultimate goal is a successful relaunch, he “may very well consider other proposals including joint ventures or offers to license the brand with an option to purchase.”

He noted that Luvanis has set a reserve price and “will happily keep Poiret if it is not met.”

Once initial bids are received, the process moves offline, so it’s not an automated auction typical on sites like eBay, Mallevays said.

Still, he said very little due diligence would be required since de Lummen has spent years and considerable investment to ensure the brand is fully protected, with no risk of third parties seeking to register competing rights.

Asked if online M&A could become more common, Mallevays said, “it can only really be applied if none or very little due diligence is required, that is, for IP assets such as trademarks as opposed to ongoing, trading businesses.”

Like many designers, Poiret lost the rights to his name in 1924 when he sold his fashion house to investors, only to find himself pushed out five years later. The house closed in 1930, with the name resurfacing briefly when Printemps and Liberty commissioned special collections in 1932 and 1933, de Lummen said.

While some might argue reviving heritage names is risky, de Lummen is convinced that luxury brands need patrimony and a compelling brand narrative to make it in a crowded marketplace.

“Poiret is celebrated everywhere as the first true superstar fashion designer,” he said, pointing to frequent Poiret mentions in fashion magazines, art books, major exhibitions and even digital archives, which are harnessing the power of the Internet to popularize historic designers. “The fashion world is getting more and more addicted to its own past.”



# VF Sustainability Report Details Plan of Action

By KRISTI ELLIS

WASHINGTON — VF Corp. outlined ambitious goals and addressed significant challenges in its global supply chain in the launch of its first sustainability and responsibility report and platform on Monday.

The report and platform on its corporate Web site establishes a single, comprehensive source on VF's companywide efforts to reduce its carbon footprint and environmental impact, and improve and strengthen workers' rights and conditions in its massive global supply chain. Displayed prominently on VF's homepage, the initiative encompasses a broad set of VF's programs and goals, from auditing more than 1,800 foreign factories in 60 countries to reducing its greenhouse gas emissions by 5 percent by the end of 2015 and helping 4,000 cotton farmers produce 1 million metric tons of sustainable cotton through the Better Cotton Initiative.

"VF's first sustainability and responsibility report highlights the work we are doing across our business platforms and brands to responsibly manage our business," Eric Wiseman, VF's chairman, president and chief executive officer, wrote in a letter released with the report. "This includes our careful use of resources such as energy, materials and water. It also includes some of the groundbreaking initiatives our brands are leading in sustainable product development — work that is shaping the future of the apparel and footwear industry."

Among the challenges the company addresses in this new platform, which aligns all its initiatives across brands, is improving working conditions and workers' rights in its vast supply chain. VF has 20,000 employees in 32 owned-manufacturing facilities, representing 30 percent of its production, around the globe, and monitors and audits working conditions at all factories where its brands and licensees source production.

The company said it conducted 1,848 audits of VF-authorized factories last year. The company said it refused to do business with 13 percent of existing or proposed factories that were not able to meet their initial corrective action plans or meet its basic requirements. More than 1,800 suppliers were accepted or classified as "developmental."

Among the negative findings were 3 percent of factories that were noncompliant based on harassment and discrimination, 3 percent failed for issues related to forced labor, 2.5 percent failed for issues related to "juvenile" labor and 1 percent were non-compliant for failing to uphold freedom of association and collective bargaining rights. VF also reported one death of a worker as a result of chemical exposure combined with heat exhaustion, stating that the worker suffered from health issues that contributed to his reaction to the conditions. The factory was not held liable for the fatality.

VF also put a spotlight on Bangladesh, which has been trying to implement reforms in the wake of two tragedies that claimed the lives of more than

1,240 garment workers. The company has invested \$17 million toward the health and safety of Bangladesh workers through factory upgrades and qualified supplier loans to provide financial support for workers impacted by factory inspections.

"We are incredibly dedicated to ensuring that workers in Bangladesh [and throughout the supply chain] have a safe working environment," Letitia Webster, senior director of global corporate sustainability, said in an interview. "You see our work across many countries dedicated to ensuring workers have safe workplaces where they are respected and treated fairly."

On the sustainability front,

98 percent of VF's primary energy sources come from fossil fuels and the firm spends \$125 million annually on energy, fuel and business travel worldwide. The company said it will pursue strategies to reduce its carbon footprint, including reducing greenhouse gas emissions by 5 percent by the end of next year from a 2009 baseline — a reduction equivalent to preventing 1.7 million gallons of gasoline combustion.

"This is despite anticipated revenue growth of 40 percent in the same time period and the addition of approximately 400 more owned facilities," VF said.

Under the sustainability pillar, VF touted a new pilot

project dubbed Chem-IQ launched in 2013 in partnership with University of Leeds in England and University of Massachusetts Lowell in the

program assists VF's pool of foreign textile contractors in eliminating the worst chemicals from the production processes, using the Restricted Substances List as its base. The program was rolled out at select factories in Turkey, Mexico and Los Angeles in 2013 and expanded to all factory locations in China this year.

"So far, we have screened more than 1,000 chemicals from 102 factories and successfully removed 68 tons of non-preferred chemicals from our supply chain," the report said.

VF said it expects to have Chem-IQ fully in place at all of its tier-one factories, globally, by the end of 2015.

## 1,848

NUMBER OF VF-AUTHORIZED  
 FACTORIES AUDITED LAST YEAR.

U.S. with the backing of the Natural Resources Defense Council Modern Testing Services, a global network of chemical laboratories. The pro-

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 has acquired <b>tarte</b> high-performance naturals Ohana & Co. advised Kose	 has acquired <b>ANNICK GOUTAL</b> PARIS Ohana & Co. advised AmorePacific	 has acquired a minority interest in <b>ASSOULINE</b> Ohana & Co. advised Assoulone	 has acquired <i>France Cocco</i> Ohana & Co. advised France Cocco	 has made an investment in <b>J. MENDEL</b> Ohana & Co. advised J. Mendel
 has acquired <b>ANDRES SARDA</b> Ohana & Co. advised Van de Velde	 has acquired the fragrance business of <b>Van Cleef &amp; Arpels</b> Ohana & Co. advised Inter Parfums	 Strategic review Ohana & Co. advised Lanvin	 has acquired <b>DIPTYQUE</b> Ohana & Co. advised Diptyque	 has sold its interest in <b>cwf</b> Children Worldwide Fashion (Burberry, Marc Jacobs, Chloé) Ohana & Co. advised Sun City

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## WWD CEO SUMMIT

# Honing Sights on a Moving Target

Industry leaders gathered at The Pierre hotel in Manhattan to discuss how to succeed in a rapidly changing retail environment. They touched on topics from the balance of art and commerce in fashion and the melding of e-commerce and brick and mortar to the continued explosion of activewear. PHOTOS BY GEORGE CHINSEE AND JOHN AQUINO

## KAREN KATZ, NEIMAN MARCUS GROUP

More so than any of her predecessors, Karen Katz, the president and chief executive officer of the Neiman Marcus Group, is grappling with change at the luxury chain—and it's been coming on strong.

There's new ownership, more debt on the books, recently overhauled management and merchant teams, international ventures and a flurry of technologies to streamline the customer experience in stores and online, whether that's personalizing the Web site or ordering online and picking up the order at a store. And what about dealing with those sinister data breaches impacting many retailers?

"Driving change today is faster and harder than ever and it has gotten very complex," Katz said at the WWD CEO Summit.

"You have to set audacious goals for your team and push them hard to stay focused on those goals. At the same time, you have to adjust and readjust and adjust again, crafting the strategy as you are moving toward those goals."

Katz' theme on the day was how the 107-year-old Neiman Marcus Group stays modern and relevant through change, innovation and risk-taking, and what any CEO must think about to manage it all. "Are you doing change just for change sake? How will all these changes affect the customer experience?" she asked rhetorically.

She recalled a managers' meeting in Dallas, where the \$5 billion NMG is based, where she laid out a five-year vision to the team and "a reboot of our strategies." There, she showed a film clip of a speeding freight train "to illustrate that you either had to get on board this freight train that was coming on quickly or you needed to jump off out of its way. It was a really clear message that things were going to be changing....Even a brand with impeccable heritage, like Neiman Marcus and Bergdorf Goodman, has to change and keep up with the times." Yet it also must be "grounded in the promise to offer customers well-edited product and serve them in a welcoming and gracious environment."

A year ago, NMG was sold to Ares Management and the Canada Pension Plan Investment Board for \$6 billion, lifting the retailer's long-term debt to more than \$4.5 billion. Asked about the added pressures that come with higher debt, Katz said, "I love talking about the debt on our balance sheet on a Monday morning," then turned serious, saying, "We had been owned by private equity firms for eight years and it was time for us to make a change in our ownership." Neiman's could have gone public or opt for another sale to private equity. "We did have a choice," she said, adding private equity was chosen.

"We know how to run a company with a lot of debt on the balance sheet," Katz said. "Not everybody is up for this challenge but our team kind of understands what it takes to have to make \$260 million in interest payments every year because of that \$4.5 billion in debt. But in many ways, I believe being a private company in this day and time is actually better than being publicly traded. We've had an amazing first year with [Ares and CPPIB]. We needed to find equity owners who understand the great brands that we manage and we needed people who were willing to give us capital. We are pretty delighted with our ownership structure right now and feeling very good about the future in spite of the \$4.5 billion in debt on our balance sheet."

Katz was also asked about the deci-



Driving change today is faster and harder than ever and it has gotten very complex.

— KAREN KATZ, NEIMAN MARCUS GROUP

sion to open Neiman Marcus at Hudson Yards, which is being developed on the far West Side of Manhattan. "This was obviously a big decision for us," she said. "We really had no intention of coming to New York City. We don't need to be in New York City. We have the best department in the world in New York City," meaning Bergdorf Goodman, on the corner of Fifth Avenue and 58th Street.

When Katz and her team met with Steve Ross and Ken Himmel of The Related Cos., developer of Hudson Yards,

"We were all kind of skeptical, but it's a very, very, very compelling vision. Over time, Hudson Yards will bring a new epicenter to New York....It will really allow us to attract a very different customer than we have at Bergdorf Goodman. We didn't look anywhere else," in Manhattan. "It wasn't a matter of choosing one place over another."

During the last holiday season, Neiman's was hit by a data breach. "We were one of the first," Katz noted. "It was really a terrible, terrible situation. The most important thing for us is making sure our customers are protected." She acknowledged that "we did some things wrong in terms of leading to the data breach, but the first thing we did and most important thing we did was to reach out to all our customers and make sure they knew their interests were our number-one priority through the data breach. We are very, very lucky we have the kind of customers we have. They have a lot of confidence in us. They knew we would figure out how to fix the problem, and I believe our systems are much, much more secure today. We are very vigilant today

and I think unfortunately, this is an ongoing situation with many other retailers."

In a much different ongoing situation, Neiman's has been in discussions with designer brands about leased shops, also known as concessions. American retailers have increasingly been embracing what's largely been a European business model. Historically, Neiman's has held firm against it, with a couple of exceptions, one being Louis Vuitton. "We have pretty strong opinions about doing leased shops and concessions in our Neiman Marcus stores," Katz said. "We believe our most important priority is having an amazing customer experience for every customer who walks in one of our doors or clicks into one of our Web sites. Our philosophy is, leased and concession models interrupt how you truly service a customer around the store, and that's what it's all about."

"We don't have millions and millions of customers, so each and every customer is extremely important to us and the relationship we develop with each customer is done by making sure they have an extraordinary experience when they are in our stores or on our Web sites. Leased departments interrupt the flow of that relationship because in many ways, you have to hand the people over. Times are changing. Some brands that we have done business with for many decades have different thoughts about the way they want to do business and so there are always ongoing discussions with them about it."

Addressing the summit's theme of Revolution/Evolution, Katz, who was wearing a Valentino butterfly print jacket (the butterfly always appears in some form on Neiman's magalogues) listed several Neiman's innovations since it was founded, from the "his and her" Christmas gifts to being the first retailer to offer a loyalty program, known as InCircle, and adapting paper gift certificates into electronic gift cards. She also said Neiman's was among the first to offer affluent women ready-to-wear off the rack. "Innovation is not at all a stranger to us," she said.

Here are some of Katz's other thoughts on change and leadership:

- "Create an environment that fosters change and innovation. Second, figure out how to drive change deep into the organization. That's not always easy."
- "There has to be a willingness to accept failure, and celebrate both small and large victories."
- "Leadership is about creating and selling a vision and inspiring a team to go execute on that vision. The responsibility of a leader is to create this cocoon, if you will, that nurtures change and innovation."
- "Have a willingness to push your team, but you also have to have a willingness to have your team push back on you and push you out of your comfort zone. It can be very uncomfortable and very scary, but in my mind, you have to run toward that discomfort, not away from it."
- "You have to show some measure of patience. At the same time, as fast as things are moving, you have to show a sense of urgency."
- "When risk is controlled and you do it in a test-and-learn environment, you can minimize risk."
- "There is no embarrassment in failure."
- "There is great responsibility that comes with change and innovation. We always have to keep the customer in focus and make sure we are responding to the way they are changing their shopping habits."

— DAVID MOIN





**JOSEPH ALTUZARRA AND KARIS DURMER, ALTUZARRA**

On the subject of art and commerce, often a touchy topic between the creative and business sides of a luxury fashion enterprise, Joseph Altuzarra and his chief executive officer Karis Durmer share the same big-picture perspective: "This is not

studied art history at the ultra-intellectual liberal arts school Swarthmore College. "I realized in college that fashion was a real industry and that it was something that you could actually make a living from," said Altuzarra, who learned design on the job, working at Marc Jacobs and Proenza Schouler

mate can impact your business," said Altuzarra. "As a whole, a lot of the designers of my generation have started their own companies, and starting your own company and understanding how you survive in this environment and thrive demands an understanding of both the art and the commerce of the company."

For her part, Durmer's career began in investment banking and media business development, breaking into fashion in her early 30s when she was in business school, which was a challenge. "For a long time, if you didn't grow up in one of the verticals — merchandising or sales — you really didn't have an entryway [into fashion]," she said. "Now people have realized that different points of view and skill sets can help a company grow. That being said, I think for someone to make that transition and do it successfully you have to have a real passion for product first and foremost."

Altuzarra and Durmer were introduced by Shirley Cook, ceo of Proenza Schouler, and have been working together for four years. From the beginning, Altuzarra has had a specific vision of the woman he wants to dress, the brand he wants to build for her. Anchor silhouettes are the slim pencil skirt with a severe slit up the thigh and sensual takes on men's shirting. Carine Roitfeld is constantly cited as his muse

and ideal customer, "someone who is in her late 50s or early 60s and still wants to be sexy and seductive...she doesn't want to stop being a sexual being or woman. That was always very much the model."

Roitfeld, along with the rest of the retail and editorial elite, has reciprocated Altuzarra's admiration from Day One. Yet despite the instant swell of support, Altuzarra and Durmer have resisted rapid expansion, taking a slower, more calculated approach than many other companies in the market. Altuzarra does not have its own store or e-commerce. Social media is strictly controlled. Even the concept of pre-collections, which most designer labels can't get into soon enough, were added in 2012 for resort, 2014 for pre-fall. Accessories — shoes launched for resort and handbags are forthcoming for fall 2015 — have only been developed since Kering took a 40 percent stake in the company in September 2013.

Asked how the partnership with Kering has affected the company, Altuzarra and Durmer had no criticism. He praised Kering's "hands-off" approach, as well as the manufacturing resources it's provided, new factories, etc. As for Durmer, "[Kering] came to Altuzarra because they thought we were doing a great job building the business, so they let us continue to do it our way... Joseph and I came from non-

traditional backgrounds so this is the first time we're doing a lot of things. Now we have someone to use as a sounding board and point us in the direction of resources. They've done it umpteen times before."

Surely there have been some challenges in the quest for a peaceful union of art and commerce? "Spring/summer '12 Neoprene pants," said Durmer. "Joseph really felt it."

"There were cone tops on dresses and not very flattering materials," said Altuzarra. "We as a company are very open to taking risks and making mistakes because we have this very pragmatic, slow-and-steady approach."

Not to be left out of the business plan is the idea of emotion, that elusive ingredient that compels a customer toward the brand. "We're not making corrugated cardboard and I'm fairly certain most people that come into a retail store to buy Altuzarra are already dressed," said Durmer. "We need to build desire. That's what Joseph does every single day with his team."

To that point, they believe the role of the runway is more important than ever. Durmer noted that it's easy to argue the opposite — all the tools and technology exist to make the transactions

Now people have realized that different points of view and skill sets can help a company grow.

— KARIS DURMER

As a whole, a lot of the designers of my generation have started their own companies, and starting your own company and understanding how you survive in this environment and thrive demands an understanding of both the art and the commerce of the company.

— JOSEPH ALTUZARRA

art for art's sake," said Durmer during a conversation at the summit. "But, on the other hand, it's not purely a commercial endeavor, so that tension is why we love to do it."

To some extent, their holistic philosophy toward the business of fashion is owed to their respective unconventional paths into the industry. Altuzarra did not attend fashion school but

before eventually moving back to Paris, where he grew up, to work with Riccardo Tisci at Givenchy. He launched his own label in 2008 just as the market crashed, something which has also heavily weighted his — and many of his peers', who went into business around the same time — approach to his job. "There is a greater understanding of economics and how the financial cli-

necessary to make a retail business happen. "If you're a brand of our age, it [the runway] puts you on a platform with other brands. People can come and see Joseph's vision for Altuzarra. It's the only environment we have to do that. We don't have a physical store or space. That's our moment. Also, for the industry as a whole, you have a month where the world is watching all the creative genius that comes out. That's amazing for the industry. Collectively, everybody benefits from that moment."

Altuzarra also noted that they're still a company of limited resource in terms of cash and people. "We don't advertise so the runway is our only big marketing expense," he said. "It also allows our retail partners and editors to understand what Altuzarra is about, to create an atmosphere."

Both designer and ceo realize that for now Altuzarra is still very much a small fashion-insider brand. The goal is to grow the business in a considered way, by leveraging partnerships. Thus, the design collaboration with Target earlier this year. Asked if it there was any backlash to a luxury designer partnering with a mass brand, Durmer said, "We were able to generate three billion media impressions [through Target]. That's a number that is impossible to achieve for a brand our age, based on our resources." — JESSICA IREDALE





**RICHARD BAKER, HUDSON'S BAY CO.** Hudson's Bay Co. still has an appetite for acquisitions.

One year to the day after purchasing Saks Fifth Avenue for \$2.4 billion, Richard Baker, governor and chief executive officer of the Toronto-based retailer, said the quickest way to grow is by purchasing a complementary retail business.

"We're in no rush to buy anything, we have plenty on our plate right now," he said. But "we've proven growth through [mergers and acquisitions] works."

Baker said he believes the "synergies" that are created — the company is on track to save \$100 million a year by merging the operations of its three retail businesses — is "one of the most effective ways for us to grow today and it brings us so much opportunity to drive efficiencies. It allows us to create value where others can't. This value can then be reinvested into our core retail business."

The company has owned Lord & Taylor since 2006 and Hudson's Bay since 2008 and now operates a business with more than \$8 billion in annual top-line sales. "We're a super-charged strategic buyer," he said.

But acquisition is just one way to expand, Baker said. Driving digital growth is also a major opportunity, he said, along with expanding the Saks Off 5th business, bringing Saks full-line and Off 5th stores to Canada, and investing in the existing store base to better serve the customer. Capitalizing on the strength of the company's real estate portfolio is also a strategic advantage, he said.

Hudson's Bay Co. is based on "three business lines." The first is the "foundation" of the company, its retail business. "Second,

our mergers and acquisitions that support our growth strategy, and third, our real estate holdings and expertise that are a great sense of value and financial flexibility. The combination of these three business lines create what we believe is the winning, innovative business model of the future for retail companies."

Baker related a story about a visit to Bentonville, Ark., about 25 years ago when he was given a store tour by Wal-Mart founder Sam Walton, who asked him: "Richard, do you know who the boss is?" Baker smiled and said, "Yes, Mr. Walton, it's you." But Walton shook his head and shot Baker down. "The boss is the customer and if you don't make that customer happy every single day, that customer is going to fire you. It's a perspective that's really stuck with me to today."

Baker took that lesson to heart and has tried to inject that philosophy throughout his company. "Like at Wal-Mart, at Hudson's Bay Co., our customer is the boss and there's never been a time when the boss has never expected so much," he said.

That's even more true today when shopping choices are so plentiful.

Baker said Hudson's Bay Co. is working to connect its brick-and-mortar and digital channels in order to better serve customers' needs. "Your customer is shopping across channels," he said. "And we have to keep those customers shopping with us. The only way to win is by connecting these two channels."

"We believe the most powerful formula in retail today is dominance in both channels, online and in-store, in businesses that work together seamlessly. It takes systems, process and discipline, lots and lots of discipline,

but without a doubt, it's the best way to serve the boss — the customer — and represents the most important competitive advantage over online-only players."

He said digital is a "huge area of focus for us," and the Web "already influences the majority of in-store sales. Our digital sites draw more traffic than

magic of a store." People still like to go shopping and experience the social aspects of the experience. He said he recently accompanied his 15-year-old daughter to a Lord & Taylor in Connecticut to go shoe shopping. "Being in a department store, it's all about women's shoes," he said. "It was like

"We're in no rush to buy anything, we have plenty on our plate right now. But we've proven growth through [mergers and acquisitions] works."

— RICHARD BAKER, HUDSON'S BAY CO.

all our brick-and-mortar stores put together. We are hyper-focused on growing this business."

Baker projected that digital will represent 20 percent of the company's business within the next four years. And one way to reach that number is by luring the digital-only customer to visit a store. This, he projected, can lead to "10 times the spend" of just a digital purchase.

"Customers are shopping across multiple channels: luxury, department store and off-price," he said. "Whether she's buying a pair of Steve Madden shoes at Hudson's Bay, a Michael Michael Kors handbag at Lord & Taylor or a spectacular Fendi fur at Saks, our strategy is to keep these customers shopping with us, no matter what they're shopping for."

Even so, Baker said the "demise of the department store has been greatly exaggerated, and there's nothing like the

experience, an off-price experience, either online or in store," he said, given Hudson's Bay Co.'s breadth of portfolio. "We will be the most diversified pure-play retailer in North America."

Baker added that "the Lord & Taylor customer will treat herself to a luxury item at least once a year. Our job is to make sure when she crosses formats, she does it with Saks." Similarly, the goal is to convert the shopper who seeks out promotional pricing at the full-line Saks stores or Lord & Taylor into a Saks Off 5th shopper. "We think the best way to win in this environment is to give our customers choices. Operating in a variety of formats allows this to happen."

More customers will be given that choice as Baker rolls out his plan to expand the off-price division and bring Saks stores to Canada. Those were two of the primary reasons Baker was so interested in buying Saks when it became available. "It allowed us to enter the global luxury market as a major force. We knew luxury was a space we wanted to be in and acquiring Saks was the most efficient way. And we loved the real estate," he said, "especially that big, beautiful building on Fifth Avenue."

Baker, whose background is in real estate, said, "Retail and real estate are perfect partners," and the company's "portfolio is a great source of value." He said all told, Hudson's Bay has 15 million square feet of property in North America, which can be a cash cow.

He pointed to Target Corp.'s \$1.85 billion acquisition of 189 Zeller's leases — the off-price arm of Hudson's Bay in Canada — as proof of the value of real estate. "And the public market consistently underestimates the value of the assets," he said. "It also frees up capital to be redeployed to further our overall strategy."

Baker has also committed to reinvesting \$2 billion in cash over the next five years to upgrade the stores and systems of his portfolio. That money, he said, will come from the "free cash flow" that is generated as a public company.

He said the company will also "substantially roll out" the number of Off 5th stores and "selectively roll out" new Saks Fifth Avenue and Lord & Taylor stores as it continues to invest in online initiatives, making the existing stores more productive and "periodically" making some "large-scale acquisitions." Baker said those can come from North America or internationally. "We look at department stores and businesses throughout the world that would fit in well," he said.

In response to a question from the audience, Baker also explained the thinking behind the opening of a full-line Saks store at Brookfield Place in lower Manhattan. He said the "energy and vibrancy" of the area and "the mass of people down there is unbelievable. We think we have a customer down there and we look at that zone as [equivalent to] the market area of Boston."

The area is so ripe for business, he said, that the company is also planning to add an Off 5th a few blocks away near the Century 21 flagship.

— JEAN E. PALMIERI



**GLEN SENK, FRONT ROW PARTNERS AND RON FRASCH, CASTANEA PARTNERS**

Innovative ideas that have traction and scaleability are what initially grabs the attention of investors.

But what constitutes innovation is where the decision-making process becomes an art form. Helping two private equity firms to identify those opportunities are Glen Senk, chairman and chief executive officer of Front Row Partners, which is partnering with Berkshire Partners, and Ron Frasc, operating partner at Castanea Partners. Both Senk and Frasc were participants in "Roundtable Discussion: Taking a Stake." And both Senk and Frasc lend merchandising perspectives to private equity's financial teams: Senk is the former chief executive officer of David Yurman and Urban Outfitters Inc., while Frasc was president and chief merchandising officer at Saks Fifth Avenue until its sale to Hudson's Bay, as well as the former CEO and president at Bergdorf Goodman.

According to Senk, "What I'm doing is an evolution. I really don't see myself as a private equity guy. I see myself as a mentor and I'm working with a private equity guy. I'm working in partnership with them."

that has accepted it," as well as a proven strategy and the type of management that allows for thinking into the future.

While neither one described in words what constitutes innovation specifically, both are equally adept at the visceral instinct of knowing what a compelling idea is when they see it. Senk described it as merchandising that evokes an emotional response, the kind that gets the heart beating and provides a feeling of energy in the air. He recalled a call he made to Berkshire a few years ago when he told them to take a look at Tory Burch before she even opened stores. "I think she's the next Ralph [Lauren]," he said.

Frasc, after years of working in retail, said, "You develop a sixth sense over the years." Seeing the product, reading the people and hearing their vision about their company is the "art side" that merchants bring to the table.

To be sure, there are also other factors that can impact the decision to invest. While size matters, that too can depend on how fast and how far a brand can grow.

"Size does matter," said Frasc, who noted that Castanea just closed on a \$600 million to \$700



Glen Senk and Ron Frasc

trouble that we're having in the industry is self-inflicted. Many of us are not keeping up with the customer. The newbies are..."

Frasc noted that it's difficult for a big, public retailer to try to right a multibillion dollar company, something a private company such as Castanea doesn't have to worry about. "But I think there's a need on the private equity side to provide great mentoring and great knowledge to the young, developing firms," Frasc said.

While both are looking in the same places for opportunity here and overseas, they each bring something different to the table for companies looking for an investment partner where negotiations over a deal can be as short as six weeks or far longer, whether a courting period is required or an opportunity that's for further down the road.

Castanea once owned Neiman Marcus Group for 18 years before selling the business to private equity firms. According to Frasc, that ownership means the founders of the firm realize that retail is a capital-intensive business. "We're engaged. We're not just people who write a check and stop by every three months," he said, adding that Castanea is looking for opportunities in the aspirational fashion space.

Senk touted Berkshire's \$11 billion of currently committed capital or employed capital, and how since the fund's inception in 1986, the average annualized return is just less than 30 percent. "It's not about them, but

about the companies they invest in," he explained, noting that an investment could be a minority or majority position, with no definitive time frame for holding the investment. "Their investment is tailored to what the company wants, not what [Berkshire] wants," Senk said. Front Row, which is targeting consumer goods firms, brings to the table Berkshire's financial investment, and Senk's "been there, done that background [who] knows what an organization that does \$25 million or \$50 million should look like, and then what a \$100 million business should look like."

Both seem to be enjoying their roles as they evolve their careers.

"I honestly haven't had any bad days," Frasc said, noting "so this is like heaven." He said what makes it great is that every day he's meeting people with "tremendous vision and goals," although he's told some that their business is too small for Castanea and even suggested to a few that maybe they should look for some other direction for their business.

Senk said, "I haven't had more fun in my life." While the first few months of the launch of Front Row meant longer hours than he expected, Senk said, "I'm having a blast."

According to Senk, the take-away regarding the one thing a company seeking private investment should know is to have a "defensible idea. Don't go seeking an investment based on a product, but have a compelling vision, something that truly connects with the customer. Something

that's unique, scaleable and that can be profitable. Button it up and do your best to sell it."

For Frasc, companies "have to get to a certain size. At least get to level one of your business, whatever that might be. Have a vision for what is going to take you to level two and maybe have a little proof of that....Everyone in ready-to-wear thinks the future is handbags and shoes and direct to consumer....Just because you can design ready-to-wear doesn't mean the consumer will give you permission to design other categories." Frasc emphasized that "great brands, as they think about their future, need to think about tailoring to what they're great at, to what their passion is."

As for what to be alert to, Senk cautioned that a big surprise for him is how many people stall at a certain level and how they need to stand out instead. "Stop benchmarking yourself to mediocrity. Don't use someone else's playbook. Use your own playbook," Senk said. For Frasc, he compared joining forces with private equity as "getting married. You have a partner you're going to be living with every day. You better like that partner. You better trust the partner, but most importantly, you better like the person....We work with people we want to work with [and that] we like working with. We're not going to make a selection of an investment of a firm where we don't like the people. It's just not going to happen."

— VICKI M. YOUNG

“Just because you can design ready-to-wear doesn't mean the consumer will give you permission to design other categories.”

— RON FRASCH, CASTANEA PARTNERS

He explained what he's "trying to do is identify talent, which is really what I've been doing my whole entire career, and support them and help them."

In identifying talent, Senk spoke about "people with amazing, compelling ideas," where it doesn't mean a product but "someone with tremendous vision, someone with something that's going to transcend for several seasons, [as well as] a proven economic model [and great leaders who have] drive, curiosity, are forward-thinking, and lastly, people we have synergies with."

Frasc says he's looking for "creators and innovators. You can have great management, but what we need are great ideas people." He's looking in particular for "people who have broken through with a concept or idea and have a consumer base

million fund, and that the mathematics of the business requires the private equity firm to give back \$1.2 billion (for the return on the investment). "We can't tie ourselves up with a lot of small businesses, but that doesn't mean Castanea should ignore the small, talented firms that have the ability to grow into bigger businesses tomorrow," he explained.

For Senk, the minimum investment is \$25 million, although that can hit as high as \$500 million or more.

Senk has a reason for specifically focusing on people and their ideas. "It is a time of tremendous change, but with change comes opportunity....[I want to] identify the people who recognize this and to support them and help them achieve their vision....I don't think the economy is so tough. I think the

like suede. "It's soft, robust, flexible...naturally combustible and naturally fire- and water-proof," she noted.

"What if we could make leather as lightweight and transparent as a butterfly's wing?... What if we could make a fabric that has the dynamic responsiveness to your body or our surroundings of a chameleon?" she wondered aloud.

"Around the world today," she said, "scientists are actually looking at producing a new generation of materials which seek to not mimic nature using synthetics, but to actually harvest living cells to divine and fabricate materials for us that are newly synthesized natural materials.

"And they're using living cells, living organisms to produce those materials, so bacteria, yeast, algae, fungi and even animal cells" are all components of the toolbox.

Biocouture was among a number of companies commissioned by Selfridges department store for its Festival of Innovation earlier this year. It presented products derived from, among other nontraditional sources of apparel and textiles, bacteria and worm excreta.

"Doesn't sound too appealing, does it?" she asked the audience, adding that silk is essentially the waste product of a silkworm.

Likewise, the idea of apparel products derived from cellulose is well within the traditional

experience of apparel merchandisers, but she offered a photo of a skirt made from cellulose derived from microbes, rather than an agricultural product.

Her brave new world of textile technology also allows for the possibility of leather based on an animal's genetic make-up, but produced without the slaughter of or even injury to an animal.

"Animal cells could fuel the luxury industry of the future," she said.

Among the ancillary benefits of innovations in bio-manufacturing, she noted, will be a decreased toll on the planet and its animal inhabitants, and a higher-tech approach to sustainability.

— ARNOLD J. KARR



**SUZANNE LEE, BIOCOUTURE LTD.**

Suzanne Lee doesn't just foresee a future in which "the frontier of fashion will be where designer jeans meet designer genes" and "white-coated workers combine with white-coated scientists" to produce the latest in luxury apparel derived from microbes, the root systems of mushrooms and even cells borrowed from animals.

As founder and president of Biocouture, she's already at work on such ideas and, as she demonstrated for guests, she has samples to show for it.

Lee supplied photos of a knitted mesh dress produced from mycelium, part of the root system of a mushroom and endowed with properties not un-



**JENNIFER HYMAN, RENT THE RUNWAY & ANDY DUNN, BONOBOS**

Two brands born on the Internet — Bonobos and Rent the Runway — have turned to physical retail to expand their businesses.

Jennifer Hyman, cofounder and chief executive officer of Rent the Runway, said that New York — which comprised 15 percent of the business — saw a doubling in conversion after a brick-and-mortar store was opened there.

"That was significant," Hyman said, noting that everything she and cofounder Jennifer Fleiss do is based on an "MVP model of testing," from opening the first retail space in the company's New York City headquarters to forming a partnership with Henri Bendel to opening the store on West 18th Street. It took just one month for the latter to become a reality — from the time Fleiss found the space on 18th Street in August to the day doors opened for business on Sept. 3. During the first six months of this year, Hyman said that renttherunway.com has rented the equivalent of \$300 million in retail value of dresses and accessories. She predicted that this amount will reach about \$600 million by the end of 2014 — not including the Unlimited business that rolled out this summer.

"That's how quickly we want to open things....We're taking data and iterating it and not being afraid of what the consequence will be. Often people paralyze themselves with too much strategy and not enough execution," Hyman said, crediting speed to the fact that Rent the Runway is a technology company first.

Bonobos founder and ceo Andy Dunn, who was on a panel with Hyman moderated by WWD deputy managing editor Evan Clark, said that although technology is an important facet to



Andy Dunn and Jennifer Hyman

Bonobos, it's not the most important thing the company does.

"We had this battle early on. Was this a tech company or a retail company?" Dunn asked, adding that Bonobos used to have a brand office in New York and a technology office on the West Coast. At the core, he called the company a "merchant" — one that's been maniacal about updating fit for the American guy, as well as providing the optimal customer-service experience, both online and off.

Both executives lauded mobile and online for helping to reinvent the store experience by making it more personal than it's ever been. For instance, associates at Rent the Runway stores are privy to consumer information such as past rentals, products she's loved on the site, as well as height, chest size and weight.

Dunn called being able to "merchandise to the individual" — versus merchandising to a

specific region or city — one of the benefits to being an e-commerce company at the core and a retail operation at the fringe. Originally, Bonobos' brick-and-mortar Guideshops were placed on the second stories of buildings, but foot traffic exploded once they were moved down to the ground floors. Doors began to see a population made of two-thirds new customers and one-third returning customers — when the exact opposite holds true for the Web site, which is largely a repeat-customer business.

Hyman agreed. After a consumer books a one-on-one appointment at a Rent the Runway location, a stylist uses personalization algorithms and behavior to select options that the client will like. Clients can go straight to the dressing room upon arrival.

"We dedicated about 65 percent of the square footage to the dressing room experience. People will walk out of the

dressing room transformed. We want that to be front and center," she said.

Hyman pointed out that more than 70 percent of U.S. families are headed by women, with 49 percent single-parent households. "She is busy, which is why Amazon does so well," she added. "Stores have to distinguish themselves and give her a reason to walk in. Convenience."

Her advice was for retailers to follow Amazon and Zara to see where the market is headed. "The customer is 28 years old with an income of \$100,000 and she's never walked into a department store because Zara looks so good," Hyman said.

Like Rent the Runway, free-standing doors have also become integral to Bonobos, which already has 10 Guideshops and plans to open an additional 30 in the next two years. "We are in the first pitch of the first inning in terms of vertical brand building," he said.

Ironically, Dunn started his business online in 2007 because he wanted to offer a level of customer service that wasn't found in-store. But he wound up venturing into retail — by accident — and now boasts among the highest net promoter scores (a tool that measures customer satisfaction). That score now is higher than the score of his Web site.

"People want to still touch and feel and try on clothes — duh," he said of the brand's first accidental store, which was just two fitting rooms in the lobby. It became a place where e-commerce transactions started to occur, and thus the first Guideshop was born. The reimagined retail experience emphasized customer service, with the product sent to the customer later.

Dunn admitted that it's been a longer ride — investment and profitability wise — than he would have guessed.

"It's been humbling how much capital is required to build a great e-commerce business," Dunn said, reminiscing back to 2007 when he "started small. I raised \$750,000 and I said to an early investor, 'Do you think we'll ever raise money again?'"

He soon realized he wouldn't be able to turn a profit on his less-than-a-million in funding, discovering that an enormous amount of infrastructure goes into building an e-commerce brand. Customer service is a mandatory investment — including free shipping and returns — as is marketing, which adds up when building a vertical brand from scratch online.

Another irony of the business for Dunn is that the Guideshops have actually proven to be significant moneymakers and "great standalone enterprises." It's actually been harder to turn a profit on the e-commerce portion of a company than it has been for freestanding doors.

Bonobos has raised more than \$127 million to date over the course of seven rounds of funding. The latest round, a \$55 million Series D that closed in July, included participants like Accel Partners, Nordstrom, Coppel Capital and Lightspeed Venture Partners.

Dunn pointed to successful e-commerce brands like Zulily or Diapers.com — noting that they've each raised \$50 million to \$100 million-plus to get to scale.

"It takes a decade and it takes a lot of capital. I think that's a good thing," he said, adding that means brick-and-mortar retailers then have a chance to close the gap and catch up. He contrasted this to the music and film industries, which were caught off guard by the downloadable music trend and still have not figured out how to compete.

— RACHEL STRUGATZ

**TREVOR EDWARDS, NIKE**

As part of its aim to bolster women's sales from \$5 billion to \$7 billion in the next two years, Nike will continue to play up the experiential with female consumers.

That was the word from Nike Brand president Trevor Edwards. Knowing that powerful ads will no longer cut it with tech-savvy shoppers, the Beaverton, Ore.-based company is focused on real-life tie-ins that will resonate with fitness-minded women.

live workouts around the world.

Edwards noted that by bringing this movement to life through its own stores as well as retail partners like Macy's Inc., the company was extending an invitation to women to participate in fitness. To that end, the Nike women's marathon sells out its 25,000 slots within an hour of opening registration, he said.

Through its social network, Nike has 65 million women who connect with the brand every



largest sports and lifestyle businesses around the world today."

"The future for us is really about providing women with a seamless opportunity to have great products, great services and great experiences," said Edwards, adding that the company remains committed to servicing consumers individually, which has been a priority since the company was founded more than 40 years ago.

Asked if Nike faced pushback from female athletes or women's groups in the wake of the National Football League's recent domestic violence issues with Ray Rice and Adrian Peterson, Edwards said, "It starts off for us in a very basic way. We think domestic violence and

abuse of children is absolutely abhorrent, so there's no tolerance for that. That is absolutely our position. As we were working with the NFL, they recognized that they actually did not deal with it as perfectly as they could and we know that. At the same time, one of the things we recognized as a brand is that sports and athletes have this amazing ability to inspire us at the same time. Whenever we have these issues, we take them on a case-by-case basis...and that is how we worked our way through it."

Nike no longer works with Rice and Peterson was suspended by Nike.

As for whether the sneaker giant expects a seat at the table as the NFL tries to correct its

image problem with women, Edwards said, "We expressed our view very strongly to the NFL. They admitted they had not handled the situation well and they don't have a clear process within their organization to manage their way through it. Our ceo, Mark Parker, was recently asked a similar question and he was very open about how we cannot tolerate domestic violence or any of these issues that are not only serious for sports but also for society at large."

Regarding the increasing number of non-athletic brands getting into the "ath-leisure" market, Edwards said, "We don't think it's a trend. We think it's a cultural shift. Sports and fitness have become a part of life. And many others have seen the opportunity to do that. And I do believe that competition is a good thing because it keeps you very focused. We do believe that there are few brands that are able to connect with her in the way we can — the ability to give her innovative products that allow her to be better. At the same time, we give her great services to invite her to the participation of sport. If you go into our stores, we have running clubs and training clubs where women actually participate with the brand. We believe we really have a complete offering for someone who is actually participating in this lifestyle."

— ROSEMARY FEITELBERG

"The future for us is really about providing women with a seamless opportunity to have great products, great services and great experiences."

— TREVOR EDWARDS, NIKE

To encourage training at any hour, the brand has created a workout routine app. Launched in 2011, Nike Training Club, a workout app for women, is available in 17 languages with 100 workouts defined for different goals and now 800,000 workouts and 200,000 programs are committed to each month. In addition, two million workouts have been completed at the company's

day and 18 million people have downloaded the Nike women's training application. Those sorts of connections to consumers should help fuel growth for the brand in the women's category, according to Edwards. Nike aims to grow its women's business to \$7 billion in sales in the next two years, he said.

That growth will only enhance what he described as "the



**DR. QING WU, GOOGLE**

In his role as senior economist at Google, Dr. Qing Wu uncovers economic and consumer behavior from search trends.

Prior to joining Google nine years ago, Wu was recruited to the Gap, where he said he was impressed with the beautiful people in the building. "It's such a different crowd that I am used to. I joined the Gap and missed the IPO of Google. Lesson learned," he said.

Over the past nine years, Wu has been monitoring, understanding and discovering what's driving Google's search trends. He was the one who coined the phrase, "Google as the barometer of the world."

Take Valentine's Day, for example. He pointed out that women's searches peaked around Feb. 13 (women are shoppers and planners), while men's (who shop at the last minute) peaked on Feb. 14.

He asked the audience if they remembered the first thing they ever bought online. People in the audience called out "books" and "music," and then "airline tickets" and "cameras." Wu said the percentage of queries related to air travel and consumer electronics have been declining the last few years because these sectors are maturing "and you can't find travel agencies anymore." The percentage of apparel queries peaked between 2010 and 2012. "There was an acceleration of e-commerce for apparel a few years

ago...but in the last year and a half, it's actually plateaued. It didn't go further up," he said. Now people are using mobile a lot more and using apps more, but Google can't measure the app query search. "Everybody's talking about e-commerce and the multidevice world," he said. Now, you have mobile, tablets (that are used mostly in the night), and desktop. "They can shop and research anytime. Google has made a lot of effort in the past few years offering cross-device solutions," he said.

During the key shopping season between Black Friday and Cyber Monday in 2013, mobile search exceeded desktop, said Wu. On Cyber Monday, people returned to work and shopped from their office and desktop, and desktop was greater than mobile. "What's going to happen this year? I don't know yet. But there's a clear sign that mobile usage is accelerating," he said.

Search also becomes heightened around the holiday season. Google is able to see huge search spikes on Black Friday and Cyber Monday. "I think this is due to merchants giving a lot of discounts online, and the online shopping experience is a lot better than it used to be, the return policies are better, and there's free shipping," said Wu. He said countries such as China, Brazil and the U.K. are also creating key shopping days to have shopping sprees for consumers.

Wu said searches vary by seasonality. Often manufacturers release clothing at the same time all over the country because localization is very difficult. But if you search leather jackets, for example, you'll find that in Texas, leather jackets will dip in the summer but peak in December. In New York, leather jackets have two peaks: in March and October. In California, leather jackets peak in December, which makes it more similar to Texas. This should give manufacturers ideas on when to release fall season and winter season clothes because weather patterns are so different, he said.

Wu also was surprised to learn that fashion trends don't necessarily start in New York or Los Angeles. In a search for maxiskirts, he found that the trend actually started in Utah, and then spread out across the Midwest and Northeast, before spreading all over the country. Cropped tops and high-waisted shorts started in Texas and Florida.

He believes data can help tell the right story and can help retailers with seasonality, merchandising, inventory planning, store planning and localization.

It even reveals big national trends. Case in point: Among the top 10 most-searched Halloween costumes this year? "Frozen" dominated everything," he said.

— LISA LOCKWOOD



Yancey Strickler, Maria Pinto and Satya Twena.

**YANCEY STRICKLER, KICKSTARTER, SATYA TWENA, SATYA TWENA FINE MILLINERY, MARIA PINTO, M2057 BY MARIA PINTO**

There's a power-to-the-people movement happening when it comes to funding new ideas in fashion.

Designers have long turned to friends and family to bootstrap a first collection or a new direction, but thanks to Kickstarter, that pool of "friends" is much larger, more digital and on something of a mission.

People looking for funding on Kickstarter post videos explaining what they're up to and promising something in return; for instance, a look from a forthcoming line. The project is only funded if the full amount requested is raised.

To hear the five-and-a-half-year-old Web site's chief executive officer Yancey Strickler tell it, people who fund projects are looking for a better world (in addition

to the chance to get in on the ground floor of something new).

"A good idea is just a good idea," Strickler said. "This is a place where people can come with ideas... [and] people are excited about them because they think they're cool. [Backers] are not trying to make a buck for themselves. The motivations are very different. It's not about financial upside, it's about creating a richer, more diverse world."

Despite all its tech savvy, the platform also harkens back to the past.

"It's a direct commerce happening between creators and their audiences and something that's very close to the patronage systems that were so prevalent around the 17th and 18th centuries," Strickler said.

To date, there have been about 75,000 successfully funded projects that have collectively raised more than \$1.3 billion

from around the world. A total of 2,179 fashion projects have been funded with 551,724 pledges.

Strickler pulled back the curtain on some of his platform's operations during a panel discussion with executives at two companies that have both received funding on Kickstarter: Satya Twena, CEO of Satya Twena Fine Millinery, and Maria Pinto, founder and creative director of M2057 by Maria Pinto. Leading the conversation was WWD senior fashion features editor Marc Karimzadeh.

Twena started making hats four years ago when her mother found herself in sudden need during cancer treatment. But the business ultimately needed some funds.

"When my factory went under, I had maybe two weeks to figure out what I was doing, so I turned to Kickstarter and saved one of Manhattan's last hat factories," Twena said.

People who funded Twena's dream had the chance to tour the factory and see the process up close. She has raised more than \$250,000 this year on Kickstarter. But it wasn't necessarily easy, nor is the platform right for all funding needs.

"Creating a Kickstarter campaign, it's not something that everybody should do," Twena said. "You have to have a compelling story. You have to have a growing group of people who believe in what you do.... It's a great platform if you're ready to tell a story. But it really does take a lot of energy, it's not, you put your video up there and immediately have people supporting your campaign."

She stressed the importance of having a plan to get people to support you and how to get exposure in the press.

"It can be the biggest asset for your business," she said.

Although Twena likened her success on Kickstarter to having proof of concept for her ideas, she said retailers have been slow to engage.

Yancey was confident that stores would come around.

"Give that time," he said. "Just wait for people to catch up. I think this is the way things are really being made. In the

end, this is where retailers are looking for what's next."

Pinto raised more than \$270,000 in 45 days for her dress line, gaining 600 customers and ultimately shipping 1,200 pieces. She said like-minded backers for her project were "basically preordering dresses."

"It's about consumer consciousness," Pinto said. "People want to know what's happening, why are you doing this? I think more and more that plays into what they're buying."

For instance, Pinto's collection is waste-free, with leftover material donated to schools.

**"[Backers] are not trying to make a buck for themselves. It's about creating a richer, more diverse world."**

— YANCEY STRICKLER  
ON KICKSTARTER

This isn't the first foray into fashion for Pinto, who's had a line since 1991 and sold to Neiman Marcus and elsewhere.

She has both an affinity for the fashion industry and a desire to see a new way of doing things.

"I want to respect those institutions, I want to respect the whole fashion industry," Pinto said. "But I think there's something that we're all still figuring out. And that's why I think it was an amazing opportunity to do Kickstarter."

The platform's already had some major hits.

The virtual reality firm Oculus Rift got its start on Kickstarter and was bought by Facebook. The price tag? Two billion dollars. A fashion line could be next.

— EVAN CLARK



## STEVE HOLMES, INTEL AND FRANCIS BITONTI, FRANCIS BITONTI STUDIO

Borrowing a familiar phrase, Steve Holmes, vice president of Intel's new devices group and general manager of the smart devices team, said, "We believe that it takes a village to make really compelling products. It's about creating a new ecosystem. We strongly believe in partnerships."

Holmes invited the fashion industry to join Intel in tapping into the potential of wearable technology, which, by 2017, is expected to be a 278-million-unit industry, according to analysts.

For that to happen, there will have to be a lot of advancements in technology. "There's going to be a huge effort and a number of new partnerships and new ideas to get the devices into the hands of consumers all over the world," Holmes said, adding that for wearables to become important to consumers, "they have to become objects of desire. That's why Intel is so interested in working with the fashion industry."

One innovation that's allowed Intel to create wearables is the incredible shrinking processor. Computers have gone from desktop to briefcase to smartphones, which put the processing power into consumers' pockets. Intel has miniaturized the processor so much that it can fit one billion transistors on the head of a pin. "Intel is working to create pieces that are a lot more digestible for our partners," Holmes said. "Edison is a good example. It's a computer that's a little bigger than a postage stamp. It uses very little power, has built-in Wi-Fi and Bluetooth connectivity and can be incorporated into any wearable product."

Cloud connectivity has made advances in wearables possible, Holmes said. "Access to these services and the ability to do processing and store huge amounts of data is what separates the wearables of today and smart devices of today from the embedded systems of decades ago."

Holmes discussed My Intelligent Communication Accessory, Intel's partnership with Opening Ceremony and Barneys New York, "because it portends what the future of wearables can be. Most of us think of wearables as companions to the phone. MICA actually has built-in 3G connectivity, can talk to the clouds through a partnership with AT&T and allows you to get your SMS messages and send them and also get notifications. It was designed in collaboration with Opening Ceremony with an eye toward its customers. What's also interesting about it to me is that it's a piece of fashion, first."

MICA, which will be sold at Barneys for holiday, comes in two models: one pearl and the other with lapis lazuli. Ayse Ildeniz, vice president of business development and strategy for Intel's new devices group, who worked on the project, told WWD prior to the summit that "Opening

Ceremony wanted the product to be metal. But a cell phone or radio doesn't work inside a metal case. We decided it would look like a metal case and have the feel of the metal case, but it's 18-karat gold-plated. The first design was more rectangular and thicker. Opening Ceremony said it had to be rounder and thinner. It's been a humongous learning curve."

"We loved what it stood for: the semiprecious stones on top and the wrapping [wrist band] made of water-snake skin," said Umberto Leon, cofounder of Opening Ceremony. "We knew we had to leave the metal factor. We loved the symmetry of the dots of semiprecious jewels and the water snake to add the hint of luxury. It's how we design clothing and how we design shoes. It's very instinctual."

Holmes said Intel will be partnering with Milk Studios, through Muzse, its invite-only lab that will gather artists, sports figures and musicians to create an



environment where they can experiment with Intel engineers.

"Wearables will bring a unique value proposition," he said. "It's about intimacy, immediacy and persistence." The intimacy of the device being close to the body allows it to pick up things such as a heartbeat or perspiration level. A Bluetooth headset that whispers in the wearer's ear or a pair of glasses that gives them a message represent immediacy, Holmes said. Persistence is getting a continuous record of your activity, like a Nike Fuel Band.

"There's certainly technical problems, such as battery life," said Holmes of the challenges facing wearables in general. "Some of those are being addressed. We're looking at harvesting energy from body temperature or making batteries that have much longer lifetimes."

## SARAH QUINLAN, MASTERCARD ADVISORS

Investments in e-commerce are allowing department stores to blunt the effects of a sharp move away from shopping in the channel.

Sarah Quinlan, senior vice president of market insights for MasterCard Advisors, cited statistics from the company's SpendingPulse consumer buying data for September showing a 4.8 percent decline in sales in U.S. department stores. However, with a 10.3 percent increase in their e-commerce sales, department-store sales for the month — combining the figures for online and off-line — were down 2.7 percent.

"We don't like shopping in department stores at all," Quinlan said. "It's been the worst category for the entire year...The physical bricks-and-mortar experience of the department store is not something people wish to pay for."

Brick-and-mortar department-store sales have been down every month of the year except for April, when they rose 0.7 percent, while e-commerce sales attributable to those stores have risen every month since December, highlighted by a 33.7 percent jump during the final month of last year and the countdown to and immediate aftermath of Christmas.



"The things that we wear don't have to be passive. They can actively engage in the environment around them."

— STEVE HOLMES, INTEL

Intel is testing Edison and 3-D printing. A smart dress developed in collaboration with Dutch designer Anouk Wipprecht picks up brain waves and heart rate and is sensitive to the proximity of other people. It can light up and tell people to go away or entice them to come closer. "The things that we wear don't have to be passive," Holmes said. "They can actively engage in the environment around them."

In a separate speech, Francis Bitonti, founder of the studio that bears his name, called 3-D printing and the technology behind it a production breakthrough. "Something new is happening and we're at a point where language can make things," he said, adding that "3-D printing is driven by computer language. This is going to dramatically change the way we relate to physical matter, the design process and distribution. It's going to change the way we think of physical goods."

Bitonti showed an intricate drawing on a screen and said, "This was not made by a person. It was made by an algorithm. What's behind it is just a simple set of on-and-off decisions. It appears to have intelligence — there are structures coming together and coming apart. We can use these systems to create form."

Bitonti showed another slide of an algorithm that's usually used to simulate bird flight. "We're using it here to conform to a body scan of one of our

models," he said. "Just changing a few parameters of that same algorithm could produce something incredibly different. These are intelligent systems. This isn't CAD as you know it."

The next visual was of a dress Bitonti made with a group of students using the same algorithm. "It's all using desktop printers," he said. "These are all things you can produce at home for less than \$400. The dress is made of a biodegradable corn-based polymer."

An image showed Dita Von Teese wearing a dress created by Bitonti. "This is the dress I'm most well-known for," he said. "It's not a couture garment. Everybody thinks it's a couture garment." The dress, which was 3-D-printed, has 3,000 articulated unique joints and is covered with 12,000 crystals. It was assembled from 12 moving parts. "It moves and drapes like fabric," Bitonti said. "It's chain mail, 16 micron resolution. That resolution is improving daily."

Bitonti pondered the implications of all the technology. "If materials do become digital and they're so easily transported, what does that mean for an object, especially a luxury product?" he said. "What happens to that heirloom watch? What happens to the consumer? Is the consumer going to have to play a really active role in production now? Consumption, my guess, is not a passive thing anymore."

— SHARON EDELSON



and apparel firms, encouraging them to be more creative and practical in their pursuit of customers and sales.

Year-over-year sales of apparel in September were up 2.1 percent, an improvement over the 0.5 percent increase in August but well below April's 6.8 percent increase, the highest mark of the calendar year. With a weak sales trend and prices not heading upward, U.S. apparel marketers are confronted with virtually "no pricing power," she noted.

"We buy apparel twice a year," Quinlan said. "We buy in April and we buy in October if the weather has turned. There was virtually no back-to-school in apparel this year whatsoever."

Although apparel purchases by women aged 18 to 35 have improved slightly in October — rising 4.2 percent after just a 1 percent advance in the second quarter of the year — she noted that Millennials in general have "no money" and are "not spending."

"If you want to market to Millennials, why don't you market to me?" the mother of a female Millennial asked the audience with just a drop of sarcasm. "We have money and we feel sorry for these children — I have no idea why. And we spend on them." — ARNOLD J. KARR



Shanghai Tang  
on the runway.

# Event-Laden Week Concludes in Shanghai

By CASEY HALL

SHANGHAI — Shanghai Fashion Week wound down Thursday after eight days of shows from Chinese designers and numerous events from major international brands, simultaneously held as part of the Shanghai International Designer Showcase.

The start of the week coincided with the one-year anniversary of Shanghai's Lane Crawford department store, as well as the launch of Zac Posen's capsule collection for local retailer Five Plus, and flagship openings for Pringle of Scotland and Shang Xia, the China-focused offshoot of Hermès.

The biggest name making an appearance in the Shanghai Fashion Week tents at Taiping Lake Park in Shanghai's high-end shopping and lifestyle enclave of Xintiandi was Alberta Ferretti, who repeated the shows for her spring and latest bridal collections, and unveiled a capsule line of evening gowns designed especially for the occasion, all modeled by a parade of Chinese models in front of 700 attendees.

According to Ferretti, the major appeal of Shanghai Fashion Week for her was the opportunity to further connect with Chinese customers, who have become a more regular feature in her boutiques around the world.

"Now, more than five or 10 years ago, Shanghai is starting to be a focus of this kind of global fashion world. Shanghai Fashion Week and China Fashion Week are becoming an important way to reach such a large market, not just China, but also East Asia and the world," Ferretti said.

"Chinese women are traveling often and are more and more interested in fashion and the luxury brands; this makes now the right time, and I think it will be even more important in the future to have an increased presence here."

For Ferretti, as well as fellow Italian designer Giambattista Valli, showing as part of Shanghai Fashion Week was about the opportunity to connect to and learn about the market here, which is increasingly open to buying luxury brands that offer something high-end and unique, but haven't yet been embraced by the masses.

Valli spent several days meeting with clients at Lane Crawford, introducing his Giamba line and exhibiting the Giambattista Valli couture archives, before restaging his latest couture show at the Shanghai Exhibition Center — an imposing Soviet-style building on the downtown shopping street, Nanjing West Road.

"It was extremely interesting because fashion isn't always

about meeting the customers, so it's been a great experience for me to be in touch with these women and to understand them, to share, to explain, to listen and to digest," Valli said backstage. "I think Shanghai now is like New York 20 years back, it's new and arty and exciting and energetic. We need that. We need the energy, the enthusiasm of the people. The vision of customers here is so new."

Though he says he does a "nice business" in China, particularly in Hong Kong, Valli — like Ferretti — is looking for continued growth, both in China and among Chinese consumers shopping elsewhere.

More established players in China, including Ermenegildo Zegna and Hong Kong-based Shanghai Tang, also took the opportunity to hold events in conjunction with Shanghai Fashion Week.

Zegna has been in China since 1991 and has recently faced stiff competition from new players in the men's market, at the same time as the Chinese government's crackdown on corruption and conspicuous consumption has hit the men's market — which was more reliant on the practice of exchanging gifts to maintain good "guanxi," or relationships, among business and government associates — harder than its female equivalent.

As part of the mission to regain ground in China, head designer Stefano Pilati helmed a film project, called "A Rose Reborn," in collaboration with South Korean director Chan-wook Park, and featuring Daniel Wu, which had its world premiere in Shanghai on Wednesday night.

"I think a brand like Zegna and its presence in China shows that a Western brand can truly empathize with contemporary Chinese culture. We don't want to seduce them to be like us. The message [of the film] is the opposite," Pilati explained, adding that their presence at Shanghai Fashion Week was more about timing than a deliberate strategy.

"To be honest with you, as far as I'm concerned, it just so happened that we were ready to show the movie and it's Shanghai Fashion Week. My awareness of Shanghai Fashion Week is not that much."

The brand's chairman, Paolo Zegna, however, was a little more generous in his estimation of Shanghai



Nicole  
Kidman at  
Shanghai  
Tang.



Paolo Zegna

Fashion Week as an increasingly important destination for international players. "Shanghai Fashion Week is an event we like very much. China needs to be on the table for every brand and every business that wants to progress in the future. If you are in this world, then Shanghai Fashion Week is one of these occasions," he said.

On the same night as Zegna's film premiere, Shanghai Tang celebrated its 20th anniversary with a runway show and party on the extensive grounds of the Okura Garden Hotel, an Art Deco landmark.

Academy Award winner Nicole Kidman sat front-row for the show, which featured China's top models Liu Wen and Du Juan, who also walked for Ferretti and Valli earlier in the week.

According to Shanghai Tang's chairman, Raphael le Masne de Chermont, the idea for the event came about after discussions with fashion week organizing committees around Asia, who bemoaned the lack of international press attention allocated to design coming out of the region.

The three-part runway show from Shanghai Tang included the launch of their China Fashion Chic initiative, featuring two capsule collections from Chinese designers Masha Ma and Wang Peiyi. Though the concept made its debut in conjunction with Shanghai Fashion Week, de Chermont hopes to help the profile of modern Chinese design by taking it outside of China.

"Rather than trying to create something that only happens here, I want to take China Fashion chic to London, New York, Paris fashion weeks," he said. "Instead of having journalists coming here now, it's better that we go to the West and, as we build a critical mass, there will be more Chinese designers and perhaps eventually there will be the interest internationally, then [the West] will start looking at this part of the world."

Timothy Parent, founder of local design agency China Fashion Collective and the man behind the Chinese People Do You Style blog, is a veteran of 11 Shanghai Fashion Weeks, as well as a past attendee at Beijing's China Fashion Week and new player, Fashion Now, which launched in Beijing last year and just wrapped its second incarnation on Oct. 12.

He agrees that Shanghai seems the Chinese city most likely to build a high-level fashion week, though he has seen progress among the standard of local designers showing at Shanghai Fashion Week stagnate in recent seasons.

"Over the past few years, I haven't really seen a lot of big changes. There are always one or two standout shows, a couple more quite good shows, and the rest is quite mediocre," he said, of the local offerings. "They're not doing enough to raise the standard and the consistency, so that it's similar to international fashion weeks."

Standouts among the Chinese designers showing this week included longtime Shanghai Fashion Week favorite Ji Cheng, London-based Haizhen Wang, as well as the ethereal Ban Xiao Xue and newcomers CJ Yao and Yi Ran Tian.

Xiaolei Lu, vice secretary general of the Shanghai Fashion Week committee, is the venerable elder stateswoman of the event and, not surprisingly, is positive about its future. She explains Shanghai Fashion Week's mission as promoting Chinese designers, with the help of a few international names to help increase the event's profile internationally.

"Our aim is to help young, emerging talent. But at the same time, we want to promote fashion in a more international way, to a more international standard and we need international brands to help us to do that," she said. "Shanghai is the most fashionable city in China, and throughout the history of its development, it has accepted the most international influence. So I think this means Shanghai can lead the trends for China, but also I think for the world."



A look from  
Giambattista  
Valli.



A look from  
Yi Ran Tian.



A style from  
CJ Yao.

FOR MORE, SEE  
WWD.com/  
fashion-news.



## Beetz Interim CEO at St. John

By WWD STAFF

ST. JOHN KNITS INC. is changing management.

The fashion house Monday said Bernd Beetz will assume the role of interim chief executive officer on the departure of current ceo Geoffroy van Raemdonck, who is leaving Nov. 6. Beetz currently is executive chairman of St. John.

All operations will continue to report to the current merchandising and operations teams reporting to Beetz. A fulltime ceo will be sought.

St. John gave no reasons for van Raemdonck's departure. He joined the Irvine, Calif.-based fashion house

in July 2013 from Louis Vuitton, where he was president, South Europe, based in Milan.

At the same time, Beetz invested in St. John, as did Chinese company Fosun International. Vestar Capital Partners continues to be the majority investor.

"We have made tremendous progress to further strengthen this iconic brand, and on behalf of the board, wish Geoffrey the best in his future endeavors," said Beetz. He added St. John remains well capitalized as the management team continues to expand the brand globally.

Beetz previously was ceo of Coty Inc. and prior to that ran the beauty and fragrance division of LVMH Moët Hennessy Louis Vuitton.

## New Line, Positioning for Rodriguez

By MARC KARIMZADEH

NEW YORK — Robert Rodriguez is moving from designer to better.

This Tuesday, One Jeanswear Group, a division of Nine West Holdings Inc., will unveil Robert Rodriguez as a better sportswear brand, with plans for a February launch for spring. The collection is designed by an in-house team; the name-sake designer, who had spearheaded the brand for more than a decade, exited earlier this year when Sycamore Partners acquired The Jones Group. Jones added the Robert Rodriguez Collection to its portfolio in 2010.

"I knew that there is a white space in the better department," said Jack Gross, chief executive officer of One Jeanswear Group, of the decision to reposition the line. He cited opportunity in the "upper part of better and lower part of contemporary."

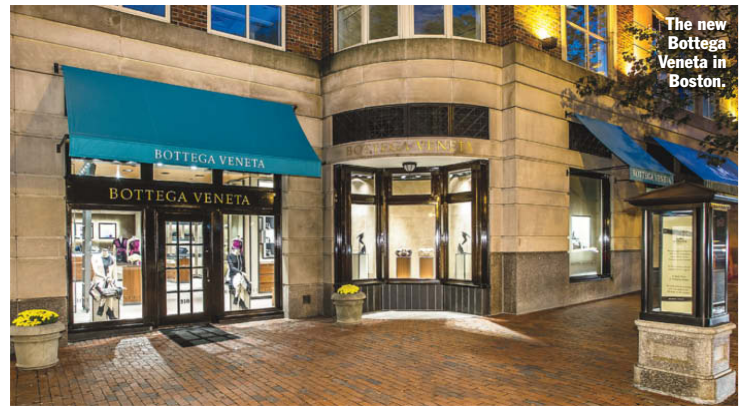
"I was looking for a brand that I thought would sit well within that space and met with a number of prospective brands," he added. "I thought Robert Rodriguez was a perfect brand to go

into that space because it had designer cachet. It could be a backbone for that area that I think is going to be the next big boom area."

The better Robert Rodriguez label will be available to department and specialty stores, with suggested retail prices from \$59 to \$189. Gross declined to disclose sales projections, but said, "We are going to be in about 100 doors in all better department stores. Most people in the business want big orders and commitments as quickly as possible. I want a controlled launch, with a strong and big footprint in a limited number of stores to create a very strong presence for the brand."

The line will launch with sportswear and the plan is to expand into a fuller lifestyle concept for fall 2015 with jeanswear and an "athleisure component," as Gross put it. "Once we see the momentum, we also plan to expand it into footwear, handbags, accessories and intimate apparel." These categories, he added, will be licensed.

One Jeanswear Group's portfolio also includes brands such as Gloria Vanderbilt, i.e.i., Bandolino, Energie and Code Bleu.



The new Bottega Veneta in Boston.

## Bottega Veneta Opens in Boston

By SHARON EDELSON

BOTTEGA VENETA has opened a 2,500-square-foot store at 310 Boylston Street in The Heritage on the Garden in Boston's historic Back Bay district. The condominium, which is across from the city's public garden, also houses retailers such as Escada, Christofle, Hermès, Anne Fontaine, St. John and Exhale Spa.

The Bottega Veneta unit will offer ready-to-wear, shoes, accessories, eyewear, jewelry and fragrance for men and women, as well as handbags for women and bags for men. "I'm delighted to finally be opening a boutique in Boston, a city of such history and culture," said Tomas Maier, Bottega Veneta creative director. "The Back Bay neighborhood has a certain charm and intimacy that we were drawn to, and once the right space became available, the opportunity was there. We're confident this new boutique offers the perfect ambience for those who live in and visit Boston to immerse themselves in the collections and experience our superlative service."

Maier designed the store concept, with its walnut tables and handcrafted vitrines, ultrasuede-covered walls, furniture upholstered in mohair and door

handles sheathed in leather. Vertical window louvers are made from palm wood and steel, display counters have slide-out billiard-cloth presentation pads and carpets are custom-dyed New Zealand wool. A quiet, sensuous palette of matte neutrals and earth tones gives the store a sense of privacy and sophistication. "As Bottega Veneta continues to grow, our aim is to maintain an organic yet constant development path, based on a very well-balanced plan in terms of both geographic expansion and investment, in order to reinforce overall brand awareness, regional balance and ultimately provide the best possible luxury retail experience," said Marco Bizzarri, president of Bottega Veneta and chief executive officer of Kering's luxury couture and leather goods division.

"Until now, Bottega Veneta only had a boutique in Natick and we have been looking to expand our presence with a location in Boston for some time."

To celebrate the opening of the store, Bottega Veneta sponsored the opening of an exhibition of Italian Renaissance sculpture at the Isabella Stewart Gardner museum, which runs through Jan. 19. The exhibition features 45 sculptors' drawings with select sculptures by Donatello, Michelangelo and Cellini.

## L'Eclaireur Set to Open First U.S. Store in L.A.

By PAULINA SZMYDKE

PARIS — Armand Hadida is taking a leap across the pond.

The founder of L'Eclaireur, a French chain of specialty stores Hadida created with his wife Martine more than 30 years ago, is setting up his first U.S. outpost in March.

The three-story building at 450 Robertson Boulevard in Los Angeles' design district will be the retailer's only brick-and-mortar unit outside of France, following the closing of a Japan unit in 2010 triggered by irreconcilable differences with its local partner.

"I've been holding out on this since 1981, when it was first proposed to me, but back then I had to say I didn't know the U.S. market or its retail culture," Hadida said, noting that today, 30 percent of his clientele is American.

Never mind the Californians' widespread predilection for jeans and T-shirts, said Hadida, whose long-term vision led him to become the first multibrand retailer to introduce Oscar de la Renta to the French market at a time when local monobrand stores set the tone.

"Our customer is very niche. The U.S. is our largest market online. Let's not kid ourselves: In the U.S., we find possibilities that no longer exist in France," he observed.

In Paris, where L'Eclaireur operates seven locations, no boutique resembles



Armand Hadida

PHOTO BY DOMINIQUE MANTRE

the other, and the L.A. venue is expected to build on that tradition. "The customer is king today. He is not only highly solicited, but extremely well informed. He has no obligation to stick to his usual list of addresses, if these do not evolve. And so the offer in L.A. will be different because it needs to be different," he said.

Apart from a handpicked selection of women's and men's brands, which

Hadida was reluctant to reveal, the retailer will also offer custom in-store software, already in place at its Paris venues, which allows customers to scan L'Eclaireur's total stock, including brands such as Sacai, Bottega Veneta, Paul Harnden, Dries Van Noten, Greg Lauren, Haider Ackermann and Junya Watanabe, in search of a desired item, which will then be duly delivered.

"The idea is to create a bridge between our boutique's heritage, which is a multibrand concept and our e-business," explained the Frenchman, praising the advantages on both sides. "Territorial exclusivity is hereby finished; it reduces

The third floor is to be used for private events. "We are in Hollywood here; I don't need to tell you how tough it is to find a venue for a larger group of people," he noted, adding that his daughter Meryl, who has served as assistant buyer at the family chain, would be in charge of managing the new unit.

Hadida said he is expanding because it's the only way to grow in today's retail environment, and because he refuses to stand still. "I'm telling you, there is no [financial] crisis. It's a crisis induced by the absence of ideas and innovation. We have to move forward at the same speed as the world of technology," he said, not-

"I've been holding out on this since 1981, when it was first proposed to me, but back then I had to say I didn't know the U.S. market or its retail culture."

— ARMAND HADIDA, L'ECLAIREUR

inventory risks and gets rid of what I call the 'cancer of retail,' that is sales."

Italian architect Vincenzo de Cotiis is to design the 6,460-square-foot boutique in a building previously occupied by a florist and the David Jones brand. It will be "neither a boutique nor a gallery, but something different," asserted Hadida, suggesting a mix of lifestyle, art, design and fashion.

ing: "Our sales are increasing vis-à-vis our record years."

The concept store in West Hollywood is not the retailer's only U.S. venture. Hadida, who is also the artistic director of the Tranoi trade show in Paris, told WWD the fair's first New York edition is slated to kick off in 2015.

The fair is to run from Feb. 21 through 23 at the Tunnel, a former nightclub.



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Jessie J performing.

# Taking It to Tokyo

GUCCI MOVED INTO Tokyo's storied sumo stadium Saturday night to celebrate the 50th anniversary of its Japan business with a gala dinner benefitting the National Federation of UNESCO Associations.



Emi Takei

The event, which featured performances by English singer **Jessie J** as well as a high-school choir from Tokyo, drew some of Gucci's top customers as well as Japanese celebrities such as former soccer star and fashion party fixture **Hidetoshi Nakata** and actress-singer **Emi Takei**. Other highlights of the evening included a video message from reigning sumo champ **Hakuho Sho** and a dinner menu drawing on the culinary traditions of both Japan and Italy featuring sea bream sashimi and ravioli with black truffles.

The following day, Gucci creative director **Frida Giannini** and chief executive **Patrizio di Marco** traveled to Sendai, one of the areas hit hardest by the 2011 tsunami. In 2012, Gucci and UNESCO created a scholarship

program to support students in the Iwate, Miyagi and Fukushima prefectures and Giannini and di Marco visited with students taking part in the program.

Making her first trip to Japan in five years, Giannini said she had enjoyed reacquainting herself with the country and its culture, engaging in some people watching, vintage shopping and bookstore browsing around the city. Among her observations, she said the city seems more "open" than her previous visits, including her first trip to Japan 12 years ago.

"Japanese women, for example, that before were a bit more conservative...are all more relaxed in the way they dress; they risk more than they did a few years ago," she said during an interview at the Park Hyatt Saturday

afternoon. "We see this also a bit in our sales in this market. Before, there was a bit of resistance on anything that was too fashion-y. Instead now it seems, based on what I have been able to observe at least by touring around, there is a desire to be a bit more trendy in a matter of speaking."

Like it has for countless other designers, Japan has served as an inspiration source for Giannini's creative work. During her 2009 trip to Japan, she met with a 103-year-old kimono artisan and Kabuki costumer and took numerous pictures of various obis — the belts that hold kimonos together. Those photos served as the starting point for a patchwork jacket she did for her Seventies-influenced spring collection.

Having heard that Japanese people often express distaste

FOR MORE PHOTOS, SEE  
**WWD.com/eye.**

for Western designers appropriating Japanese motifs, she said she was a little nervous

to discuss this print with local editors but their reactions pleasantly surprised her.

"There was this enthusiasm every time I took out this Japanese print so this was a surprise for me," said the designer, clad in a ruffled leather shirt and slim pants. "Probably they saw that this was a reinterpretation in a casual style."

Similarly, the fruits of this trip might appear in future collections.

"Every trip is an experience, so it's good to steal with your eyes...seeing the people that walk down the street for me is always the best

experience in Tokyo," she said. "There is really a studied approach to their look that for me is absolutely fascinating."

Elsewhere, Giannini said she picked up a couple of vintage Gucci bags in Tokyo — including a small flap bag and a sack style — to add to the company's archive.

"So many things were made over the years that there are still items circulating that are not in the archive," she said. "So when I find them, I always buy them."

— AMANDA KAISER



Hidetoshi Nakata and Frida Giannini

## Avenue B Blooms

THE GRASS is definitely not greener on Avenue B than it is in Tudor City, but that is where Michael George has planted its new shop.

Eight months after the death of floral designer Michael George, his wife Lisa has found a downtown address for the company that bears his name. With location no longer being the be-all, end-all, George knew that such clients as Alexander Wang, Barneys New York, Ralph Lauren, Gucci, Prada, Ferragamo, Vera Wang and Yves Saint Laurent are only an e-mail or speed dial away. Most will never step foot in the relatively sparse space where the five-person team weave in and out of each other's way with ease. During a recent visit, amidst the faint sent of pitch-perfect roses, staffers joked about their new neighborhood's contrasting sounds — after-school laughter, the Good Humor ice cream truck's music, foul-mouthed passers-by and battling spouses. In search of a 10-year lease, George said the rat-a-tat block between East 12th and 13th Streets was a unanimous vote after 15 years in Tudor City. "We asked ourselves, 'Where do we want to be?'" And we found this neighborhood," she said. "We wanted to be in a place with great coffee."

B-Cup, Ninth Street Espresso and Raul's Candy Store (a neighborhood bodega since 1976) can provide the much-needed caffeine blasts for George and her employees who wheel out 30 floral deliveries each day and 60 during fashion week. (More than 1,000 roses were carted off to various editors compliments of Michael Kors, Calvin Klein Inc. and others.) A gargantuan

gift of 250 long-stem "Pink Floyd" roses for a new mother from an undisclosed designer rested on the shop's counter last month. At-home holiday tree-trimming is another tough-to-top service.

Known for monolithic sculptural displays, Michael George amassed an enviable portfolio in the freewheeling Eighties with clients like the Rainbow Room, Lutèce, Mr. Chow and Ian Schrager's hotels. Lisa George recalled working on Steve Wynn's recent opening of the \$1.8 billion Bellagio in 1998. "We came as a four-person staff with scissors in hands. It was a weeklong

production working with the 75-person inhouse floral crew and using four refrigerated trucks.

It was an only-in-Vegas event. There were floor-to-ceiling Caravaggio pictures projected onto the walls and Cirque du Soleil performers escorted guests to their seats. The floral budget was a quarter-million and we wound up saving them money. They gave us a very large fee just to bring our knives and show up."

In the wake of the 2008 economic fallout, floral design has gone more pure, simple and organic, true to such prestigious



Inside Michael George's Avenue B store.



Lisa George

accounts as Eleven Madison Park. George pointed to The High Line's Piet Oudolf gardens as a source of inspiration. Office manager Tom Fagan knows A-list celebrities' out-of-town aliases and bouquet styles inside out, as well as designers' DNA. No-fall white is the first and only choice for Kors and Calvin Klein Inc., as well as the person. (It is also the

color of choice for actor John Lithgow who is known to send opening-night bouquets. His costar Glenn Close in Edward Albee's "A Delicate Balance," is presumably next in line to get one, when their show opens Nov. 20.) Vera Wang, another fan of all-white arrangements, has added purple and fuchsia to the mix to reflect her most recent runway show, Fagan said. "Designers are pretty consistent. It's a brand and a label." Lisa George added.

Working as a Betsey Johnson publicist in the early Nineties, George, who had studied landscape design, was eager to pursue that path. She started interning for the floral designer, thanks to an introduction from their mutual friend Christian Francis Roth. "The minute I met him it was effortless communication. I just got him. He was an old hippie, the perfect rough-around-the-edges sweet [kind of] kid that I grew up with in New York City," she said of her

late husband. "But then he had this elegant fashion side, which I got, too."

Now she is only to glance at her arms to be reminded of him — her thistle and wildflowers tattoos used ink made from his ashes. His photo and a vase with his ashes are displayed in the back room where the staff practice such "Michaelisms" as "Don't fight with the flowers. Every flower has a place, every flower has a space."

Lead designer Gaudencio Contreras, who was Michael George's protégé, is more than content arranging flowers for the cut-throat world of fashion. He said, "You're never angry working in a flower shop. Every day you walk in and smile."

— ROSEMARY FEITELBERG





# FASHION SCOOPS

## TOLEDANO, CONSTANT BOARDER:

**Sidney Toledano** has been elected to the board of trustees of the Solomon R. Guggenheim Foundation. Toledano's dance card is seemingly never full as his other posts include being president and chief executive officer of Christian Dior Couture; ceo and board member of Holding Christian Dior SA, and board member of Fendi International SA. He's also a board member of the Institut Français de la Mode and the Comité Colbert, where he is also president of the Public Authorities Commission. He's on the management committee of the Chambre Syndicale de la Haute Couture and on the executive board of the Fédération Française de la Couture and president of the Chambre Syndicale de la Mode Masculine.

For the past two years, Dior has sponsored the Guggenheim International Gala in New York.

— JESSICA IREDALE

**PROJECT PILÉ:** "Maybe I owe more to L.A. than people know," said **Benjamin Millepied**. The choreographer is more well known these days as Mr. **Natalie Portman**, but he's also the founder of L.A. Dance Project and on Saturday night, the company staged a performance at the recently restored The Theatre at Ace Hotel.

As Millepied stood on a stage that was once part of the United Artists movie theater, he described how he got into dancing.

"Eventually I started to dance and because I lived in some small town in France, it wasn't live performances that I



Natalie Portman in Dior and Benjamin Millepied in Yves Saint Laurent.

could see, it was movies. It was the movies of Fred Astaire, of Gene Kelly, of Busby Berkeley," he said. "It was those dance films that actually drew me to deciding to become a dancer."

Portman, who met Millepied while filming her Oscar-winning "Black Swan," was in the audience herself. She arrived an hour earlier without fuss or fanfare in a demure look by Dior and snacked on popcorn from the concession stand.

"It's great to get to be reminded how incredible your husband is," she said. "And the dancers are incredible....I come into rehearsals regularly, but

it's so different seeing it live on stage. I feel very lucky to have this be part of my life."

After intermission, Millepied previewed his latest, a piece set to **Philip Glass**' score for the 1985 cult film "Mishima: A Life in Four Chapters," and received a standing ovation.

**Laura Mulleavy, James and Kimberly**

**MAKING THE CUT:** Hennes & Mauritz AB has selected a short list of 24 aspiring designers from 37 fashion schools worldwide for the fourth edition of its annual H&M Design Award, due to be revealed in January. Only eight will make it through to the next round, showing their collections to an international jury headed by **Ann-Sofie Johansson**, H&M's creative head of design, in London in November.

The winner will walk away with a collaboration with the Swedish high-street retailer, a show at Stockholm Fashion Week, a cash prize of 50,000 euros, or \$63,300 at current exchange, and a mentorship.

The 24 semifinalists are **Clara Jungman Malmquist, Laure Severac, Magdalena Brozda, Sarah Effenberger, Simone Schmidt, Adrian, Elin Mänttinen, Juyan Zhou, Francesca Reberschegg, Hiroshi Shintani, In Seo, Yumiko Sei, Yoon-Chan Chung, Yiyu Chen, Andreas Ekelöf, Leonard Kocic, Charlotte Knowles, Graham Fan, James Kelly,**

**Janni Turtiainen, Katherine Roberts-Wood, Fiona O'Neil, Andrea Jiawei Li, Peter Do and Ximon Lee.**

The capsule collection by this year's winner, **Eddy Anemian**, went on sale in select H&M stores worldwide last week.

— JOELLE DIDERICH

## PHILADELPHIA STORY:

**Nicole Miller** has unveiled a signature dress for the Philadelphia 76ers' Sixers Dancers 2014-15 season. The designer said the hook-up works well with the tag line for her latest ad campaign: "You don't have to wear a suit to feel strong."

Miller liked that the Sixers' dancers are different ages, and come from such diverse backgrounds as finance, medicine and education. Her fully functional jersey frock was unveiled in her Philadelphia boutique earlier this week but the Sixers' official NBA season won't tip off until Thursday.

— ROSEMARY FEITELBERG

**BOOKISH TYPE:** Five years after selling the art collection he assembled together with Yves Saint Laurent, **Pierre Bergé** is casting off his personal library for auction in a series of sales, starting in December 2015. The collection, boasting more than 1,000 manuscripts and books from the 15th to the 20th centuries, will be the subject of seven thematic sales at Paris' auction house Hôtel Drouot. A selection of lots from the first sale is to go on display in fall 2015 in New York, London, Geneva and Moscow.



Nicole Miller's design for the Philadelphia 76ers' dancers.

The auction is to be led by Pierre Bergé & Associés in conjunction with Sotheby's auction house, assisted by experts **Stéphane Clavreuil, Benoît Forgeot and Michel Scognamiglio.**

Bergé began his time in Paris as a dealer in antiquarian books. His life was threaded with literary and artistic companionships, starting with Jean Giono, Jean Cocteau and Bernard Buffet before his encounter with Yves Saint Laurent.

The first sale will include 100 literary works spanning 600 years, including works in their original languages by Leo Tolstoy, Fyodor Dostoyevsky, William Shakespeare, James Joyce, Edgar Allan Poe, Walt Whitman and Gertrude Stein. The collection also includes the first edition of "Treasure Island" dating back to 1883 sent by Robert Louis Stevenson to his friend William Ernest Henley. The catalogue is due out Sept. 15, 2015.

— LAURE GUILBAULT

## A NEW COOPER UNION:

**Ralph Rucci** will be doing the honors for this fall's installment of the Cooper Hewitt Smithsonian

Design Museum's Design by Hand series. The designer's Nov. 4 keynote lecture, which will feature a discussion with deputy director **Brooke Hodge**, will be held in the museum's Great Hall. Attendees will be among the first to check out the Upper East Side museum's \$91 million renovations before its Dec. 12 reopening. There will be a series of workshops for all ages emphasizing the role of hand craftsmanship in design at the Cooper Hewitt Design Center on Central Park North.

Rucci, who won the museum's National Design Award for fashion in 2008, is headlining the third round of the Design by Hand program, which is sponsored by Van Cleef & Arpels.

The museum's director **Caroline Baumann** said, "It is empowering for the participants to explore how they might apply their individual, personal approach to the creative process. We are greatly honored to welcome Ralph Rucci, National Design Award winner, and his design team to Cooper Hewitt for what promises to be an inspiring week of programs for all ages."

— R.F.



Semifinalists of the H&M Design Award with Ann-Sofie Johansson, H&M's creative head of design.



PHOTOS BY CHARLI LUNG

## MEMO PAD

**MORE HEARST DIGITAL:** Hearst Magazines International is shifting its gaze to digital, adding three new roles to the business side.

The publisher said it has appointed **Emily Jipson** as vice president of product, **Melinda Lee** as vice president of content and audience development, and **Bernardo Chávez** as vice president of technology.

All three executives will report to chief digital officer of Hearst Magazines International, **Gary Ellis**.

In her new role, Jipson, Yahoo Finance's former head of global product management,

will develop and manage HMI's global digital products portfolio, including Web sites, mobile and ad products, digital editions and apps.

A former manager of Getty Images' music division, Lee will oversee the creation and distribution of digital content in order to grow HMI's Web and mobile products.

**Chávez**, who comes from Condé Nast, where he worked as director of engineering, is charged with planning, designing, developing and managing HMI's digital platform applications and services.

"To maximize reach to consumers around the world, HMI has intensified its focus on digital innovation and growth,

and the collective intuition, leadership and experience of our new hires is key to accelerating our strategy," Ellis offered. — ALEXANDRA STEIGRAD

## MORE MOVES AT CONDÉ:

Restructuring at Condé Nast continues, with the company homing in on its digital and media teams.

Under **Edward Menichesi**, chief marketing officer and president of the Media Group, the company is restructuring its digital sales group.

Two weeks ago, the firm laid off more than 50 in his group. Now, the Media group adds **Lisa Valentino**, who will expand her role as chief revenue officer at Condé Nast Entertainment to

lead digital sales for the Media division. Valentino, who will report to both CNE president **Dawn Ostroff** and Menichesi, will partner with senior vice president of sales strategy **Josh Stinchcomb**. Stinchcomb oversees brand-related efforts, including advertising and revenue partnerships.

The firm also said it appointed **Fred Santarpia** for the newly created role of executive president and chief digital officer. The former executive vice president and chief digital officer of CNE is in charge of building and executing the company's "enterprise-wide strategy" across digital, mobile and emerging platforms, the company said Monday.

A new general manager of digital video will be named shortly by Ostroff.

"Demand for premium digital content has never been greater," said Santarpia. "I look forward to expanding the scope and depth of Condé Nast's digital experiences to take advantage of the current opportunity and the trends in the marketplace."

Santarpia, who helped launch 14 channels on video hub The Scene, came to Condé Nast two years earlier from Vevo, where he served as general manager.

The changes in structure mean **Joe Simon**, chief technology officer, is out, the company said. — A.S.

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