

WWD

Fashion. Beauty. Business.



Overseas Boost

SMCP saw sales climb 11.9 percent in the quarter on the back of strong international growth.

Page 2



Bicentennial Beat

Brooks Brothers celebrated its 200th anniversary with a concert and party at Lincoln Center.

Page 13



Fulvia Visconti Ferragamo Dies

The creative director of silk accessories at the fashion house was 67.

Page 3



New Act

While still an in-demand model, Oriol Elcacho is taking on a brand ambassador role for B Corner, a new luxury men's clothing brand with softness and swagger in equal measure. *For more on the project and its founders, Jaime de Marichalar, Goyo Fernández and Federico Zanolla, see pages 4 and 5.*

PHOTOGRAPH BY MARK MANN

BEAUTY

Mass Players Strategize Growth

- The message from this year's National Association of Chain Drug Stores annual meeting was that new approaches are needed to revive a slumbering beauty business.

BY FAYE BROOKMAN

Mass beauty has a growth problem.

While prestige beauty is expanding by 6 percent a year, mass is flat, according to Nielsen data. That is the reality the industry confronted at the National Association of Chain Drug Stores annual meeting, which wrapped up earlier this week at The Breakers Hotel in Palm Beach. Top retail and brand executives hammered out strategies to rebuild beauty sales during meetings

CONTINUED ON PAGE 7

BUSINESS

Takashi Murakami Strikes Again

- The artist, whose previous fashion tie-ins have been highly successful, appeared at Uniqlo's Midtown flagship to promote his T-shirt collection for UT.

BY SHARON EDELSON

NEW YORK — Takashi Murakami has proven his affinity for decorating merch. There was his wildly successful collaboration with former Louis Vuitton creative director Marc Jacobs where the artist covered handbags with cherries and other signature graphics. He also turned his paintbox on limited-edition Vans, Visvim Kiefer Hi-Suede sneakers and Supreme skate decks.

Murakami on Thursday turned up at Uniqlo's Fifth Avenue flagship on the corner of 53rd Street to promote his latest tie-in, a UT collection of T-shirts featuring his art for Doraemon, a Japanese manga series that first introduced in 1969. Murakami's artwork, "Anna koto iina dekitara iina," was created for the Doraemon exhibition at Tokyo's Mori Arts Center Gallery in Roppongi last November, and incorporated into

CONTINUED ON PAGE 6

Mass Players Strategize Growth

CONTINUED FROM PAGE 1

held poolside, but there was a palpable feeling that neither party is satisfied with the status quo.

“This is a pivotal year for the industry. The pace of consumer change and the demand for transparency in beauty is revolutionary,” said Shannon Curtin, senior vice president of North America Consumer Beauty at Coty. “Offline sales growth will come from the combination of sales, profit and experience per linear foot. In the future, experience and value consistency will drive trip frequency in a retailer’s ecosystem.”

From a consumer brand perspective, she added, “The brands with the highest growth potential in the future will have a combination of transparency, purpose, consumer connectivity and the ability to deliver unparalleled omni-experiences.”

Agreeing that change had accelerated over the past year, Alex Gourlay, the co-chief operating officer of Walgreens Boots Alliance and president of Walgreen Co. (and also outgoing NACDS chairman), said that retail needs to help expose consumers to the wide choices and products offered by the drugstore industry. Picking up his cue, incoming NACDS chairman Mark Panzer, senior vice president, pharmacy, health and wellness at Albertsons Cos., said retailers need to harness the power of the “better tools, better data and better analytical skill” to keep up with the rapidly evolving retail environment.

Speed hasn’t always been endemic to the mass market. But during the meeting, retailers and manufacturers pledged to act with newfound alacrity. In beauty, that means moving faster to stock products with healthier ingredients, wider shade ranges for consumers of all complexions and breakthrough innovation versus me-too versions of prestige launches. In-store environments also need a facelift, including implementation of technology in the beauty aisles such as a mirror Coty just revealed at a Paris Bourjois boutique. Once a customer picks up a lipstick, the mirror registers it for virtual experimentation.

“Elevation of the shopping experience is a main theme,” said Stefano Curti, global president of Markwins Beauty Brands. That will be achieved, he said, through technology and better design with a goal to allow the staff more time to interact with



Ashley Graham at Revlon's party.

shoppers versus stocking shelves.

Reflecting the movement to be in more in sync with contemporary shoppers was evident from the start of the NACDS gathering. As usual, Revlon kicked off the weekend with a cocktail party touting its Live Boldly campaign headlined by ambassador Ashley Graham. “I was told I was never going to have a beauty campaign because of my size,” said the model. “Revlon changed the game and they are about being authentic, about diversity and creating change. They challenged the beauty industry to look beyond the norms.”

Additionally, two initiatives incorporating inclusivity made headlines at NACDS. They were:

New Voices Fund: Sundial Brands and Unilever officially launched the \$100 million New Voices Fund to help emerging brands, especially those developed by women of color. “We wouldn’t be standing here today if we hadn’t gotten the access and opportunity,” said Richelieu Dennis, Sundial Brands founder and chief executive officer. About 10 to 12 companies are currently being funded or are at the seed stage as part of the New Voice Fund with “some pretty

interesting things,” said Dennis. He noted that Ulta Beauty and Emerson are among the key players interested in partnering with the fund. According to Sundial, women of color secure an average of \$36,000 in venture capital funds; more than \$1.3 million of funding on average goes to male run firms. Two female entrepreneurs who had benefitted from the initiative, Beatrice Feliu Espada, the founder of the Honey Pot, a natural feminine care brand now sold in Target, and Melissa Butler, the creator of the Lip Bar, a vegan, cruelty-free and wide shade range of cosmetics, discussed how New Voices has helped them overcome obstacles.

WE: After discussions at industry events, a coalition of female executives formed an organization called WE based on three pillars: advancing women’s voices in the industry; shaping the next generation through mentorship, access and conversation, and enhancing health and wellness. The cornerstone is to provide resources for women working in the industry, but there can also be benefits reflected in the retail environment from more female leadership.

The next generation of shoppers, who are

often young and multicultural, is exactly the audience mass marketers need to attract, attendees interviewed by WWD said. Major chains such as Target, CVS, Walmart and Walgreens are accomplishing the goal with smaller and nimble niche brands, along with exclusives created just for them.

Target just added eight multicultural lines to select stores, Walgreens Boots Alliance has youthful brands including Sleek Makeup and CYO in many doors and Walmart is going all in on items only found in its beauty departments. Among those right now are a Vitamin C Brightening Facial Oil Stick from Physicians Formula. Walmart also has added NYX Professional Makeup to 1,000 of its stores. The future, experts said, will involve more exclusives from brands created just for specific retailers along with efforts to offer forms of personalization. That puts further strain on heritage brands who are already struggling to keep up with emerging indies.

“A number of the retailers, especially drug and Target, are expanding their offering of these [emerging brands] in order to differentiate themselves, and that’s putting

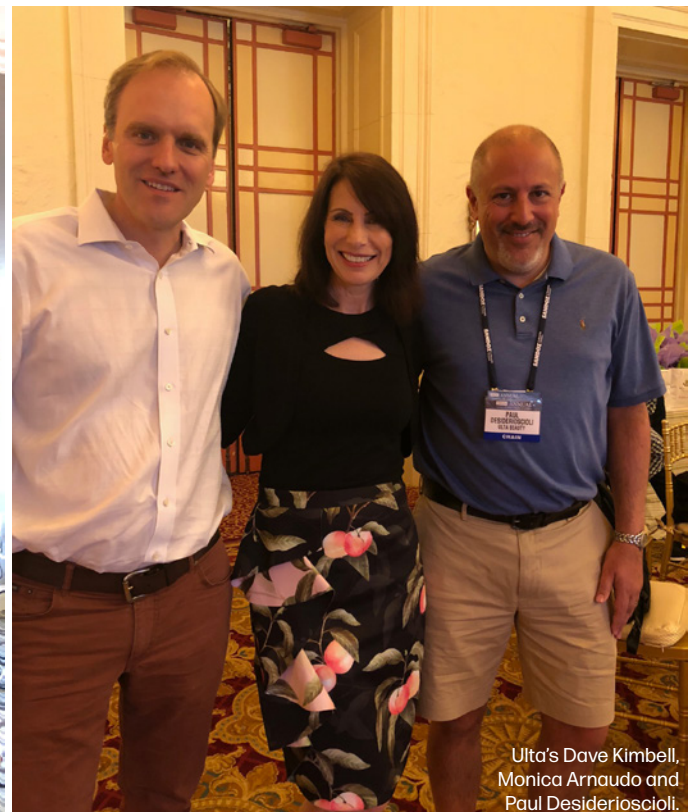
CONTINUED ON PAGE 8



Coty's Shannon Curtin.



Timothy Kaiser, Stefano Curti and Eric Weeks of Markwins.



Ulta's Dave Kimbell, Monica Arnaudo and Paul Desiderioscioli.



Ingrid Jackel and Geri Lieberman of Yes To.



Melissa Butler of The Lip Bar.



Shawn Townzen and Jody Pinson of Walmart.



Norman de Greve from CVS.

CONTINUED FROM PAGE 7

a lot of pressure on the big brands,” said Wendy Liebmann, the founder and ceo of WSL Strategic Retail. But she added that larger brands are trying their best to be more innovative, often acquiring smaller brands as in the case of Unilever and L’Oréal. “But still, it’s tough for the big heritage brands that still dominate the wall.”

Retailers noted they see flickers of improvement from efforts of the established cosmetics brands to be more inclusive with more modern messages such as Cover Girl’s “I Am What I Make Up,” campaign. Branded manufacturers also discussed how private labels are eroding their share and stealing their space. That point was elevated by news Walgreens just launched a pilot program that lowers stock-keeping unit count by at least 20 percent. The good news, as noted by Walgreens’ executives, was that cosmetics are not as impacted as other areas in the store. Other chatter at the cabanas was how to generate greater traffic, especially in drugstores.

With global sales estimated to be approaching \$1 billion, Markwins Beauty Brands believes it has a formula to drive

shoppers. The company can act like a nimble indie, yet has the resources, especially in manufacturing of a mega-player. Under the leadership of Curti, who assumed the role as global president at Markwins Beauty Brands three months ago, the company has a multipronged approach to accelerating mass-market volume including a new internal incubation program that is working on at least four launches. That adds to its existing lineup that is clicking on all cylinders. “Last year, Wet ‘n’ Wild was one of the, if not the, fastest-growing cosmetics brands in the United States, growing at 15 to 16 times the rate of the market. Physicians Formula has become the number-one brand recommended by allergist,” Curti said. New packaging is in the plans for the line, along with leveraging the success of its Rosé All Day Oil-Free Serum to build out a broader lineup. Curti added the marketing budget has been quadrupled for the brand including digital, social and print. Black Radiance, he noted, is a leader in the ethnic cosmetic market. The portfolio is rounded out by the Smackers franchise that is getting a modern overhaul and is expected to get a boost from the closing of Toys “R” Us as shoppers look for outlets stocking youthful

beauty products.

Other news from NACDS included:

- Yes To has its eyes on gaining additional placement in stores and has a pipeline brimming with innovation spreading into body- and hair-care categories slated to debut in the fall. Company chairman Ingrid Jackel also talked up the appeal of single-dose masks as an entry point to court younger consumers.
- Maesa is developing more proprietary launches for a variety of retailers. “Everybody is interested in proprietary brands,” said Julien Saada, ceo and cofounder of Maesa. One area primed for growth, he said, is the value channel where the company is getting requests to create lines that can be available day in and day out, rather than just offering closeouts from national lines.
- Natural, plant-based feminine care is a thing, according to the Honey Pot founder Beatrice Feliu Espada. After struggling with an infection, she formulated a natural alternative now sold in Whole Foods and most recently hit 1,000 Target stores. “I want to be the next Sundial,” she said.
- Oral care is part of the beauty business, too, according to Craig Dubitsky,

the founder of Hello. The company now offers an Activated Charcoal Flouride-Free whitening toothpaste with fresh mint and coconut oil, two ingredients commonly used in beauty.

• Bricks-and-mortar isn’t going away, especially for beauty. That thought was hammered home by journalist Peggy Noonan, the keynote on the opening business day. “People want to go into a store to shop. It is human. The Internet can’t touch you or tell you that you look lovely in that dress.”

• The NACDS’ Retail Advisory Board can be valuable to building beauty sales, according to NACDS president and ceo Steven C. Anderson. Of note, he said, the association has a wealth of information on Millennials and Generation Z.

• Health care has no boundaries, according to Candace Corlett, president of WSL Strategic Retail. “Shoppers want everything they buy to help them be healthier with higher energy – from their beauty and bottled water to their vacations and vitamins. They really like their busy lives, and they understand wellness, but they want short cuts, quick fixes, easy everything. That’s what the competitive advantage is today.”

BEAUTY

Hair Story Extends New Wash and Styling Lineups

- The business expects to do \$16 million in sales for 2018.

BY ALLISON COLLINS

Hair Story is about to debut its largest product expansion.

The business, which garnered a following for its hair cleanser New Wash, is rolling out two new versions and several styling products in its biggest series of product launches.

New Wash lives in a new category of hair cleanser, according to Hair Story chairman and chief executive officer Eli Halliwell, and is formulated with a different type of amphiphilic molecule that aims to cleanse hair without stripping it. After scrubbing with New Wash, fatty chains are left attached to the hair, but oil and dirt are not, according to Halliwell.

“The same substance that does the cleansing does the conditioning,” Halliwell said. “That’s part of the magic, but it turns out it’s not magic, it’s just very simple chemistry.”

The two new New Washes – Deep and Rich – target customers who either rarely wash their hair or those with greasier hair who wash every day, according to Halliwell.

Rich is targeted toward people who want more moisture, Halliwell said. “It cleans less and conditions more,” he said, because the water-loving side of the product’s core amphiphilic molecule is weaker and more fatty chains stay with the hair instead of being washed away. Deep, aimed at those who wash more frequently or have trouble veering away from traditional shampoo, works the other way around, with molecules that are more strongly pulled away by water. The product is easier to distribute on the hair and scalp, and easier to rinse, Halliwell said.

On the styling end of the spectrum, Hair Story is launching three new stylers on July 1. They are Lift, \$38, a styling mist; Wax, \$34, and Powder, \$36, a translucent powder similar to dry shampoo.

The styling product launch came because of demands from Hair Story’s salon partners, Halliwell said. “When they’re doing certain people’s hair, the need to have a wax, or they need a product that’s going to give them some lift – they need a powder, a dry shampoo,” he noted.

Hair Story is primarily sold through about 700 salon partners that can buy an opening order kit for as little as \$115. Hair Story works with those salons and stylists



New Wash Hair Story

had gone and created a business with the New Wash formulation, which Halliwell essentially acquired to form the current company, he explained.

Hair Story’s new launches are expected to double the size of the business by the end of 2018, according to Halliwell – bringing sales to around \$16 million. Right now, the business is backed by a group of individual investors (including Gordon, who has since left the business) with deep pockets, and Halliwell is explicitly clear that the company’s planned trajectory (it is already profitable) doesn’t include looking to new investors or going public, and is more about geographic expansion and finding its “peeps.”

The business is in the process of having a site that works in local language and local currency in 22 countries within the next six months. “The goal really is to create a brand for like-minded people...and it’s going to be some portion of every population in the world,” Halliwell said. “The goal is not to dominate any distribution or geography, I just want to find our peeps, you know, and if we find them and deliver them a good product and we can sustain our business and deliver some returns to our investors, I think everyone should be happy.”

to make sure that if their clients come purchase from the brand online – its only other point of distribution – they get the same margin (25 percent) as if they sold the product themselves, Halliwell said.

That salon-centric model is what got Halliwell, who was with Bumble and bumble in the early Aughts, back into the hair category (he’d gone into finance). Bumble and bumble founder Michael Gordon and several other former Bumble employees