

WWD

Fashion. Beauty. Business.

Digital Sustainability

Prada chairman Carlo Mazzi talks risk and reward.

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The Luxe Side Of Social

A look inside Facebook's luxury division.

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Going With Your Gut

New York & Co.'s Gregory Scott on the brand's transformation.

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TIED AND DYED

LOEFFLER RANDALL

Vivid colors – from primary to neon – enliven all manner of contemporary accessories for spring, from bags and shoes to rope bracelets. *For more on the trend, see pages 12 to 13.*

PHOTOGRAPH BY COREY OLSEN

BUSINESS

Can John Mehas Save Victoria's Secret?

- The intimates giant announces a new ceo and its latest earnings amid a flurry of public relations nightmares.

BY KELLIE ELL

Victoria's Secret is struggling to remain the intimates retailer of choice.

In an attempt to revive the brand, the lingerie company has named John Mehas the new chief executive officer, confirming an earlier report by WWD. Mehas, who is replacing former lingerie exec Jan Singer, will begin the new gig in early 2019. Singer resigned unexpectedly last week after just two years on the job.

Mehas, a seasoned retail exec, served as president of Tory Burch for two years and was ceo and president of Club Monaco, a Polo Ralph Lauren brand, before that.

"John is an outstanding retail merchant and we could not be more excited for him to lead Victoria's Secret Lingerie to a new phase of success," Leslie Wexner, chairman and ceo of L Brands, said in a statement Monday. "Our number-one priority is improving performance at Victoria's Secret Lingerie and Pink. In doing so, our leaders are coming in with a fresh perspective and looking at everything...our marketing, brand positioning, internal talent, real estate portfolio and cost structure....I am confident that, under John's leadership, Victoria's Secret Lingerie, the world's leading lingerie brand, will continue to be a powerhouse and will deliver products and experiences that resonate with

women around the globe."

Still, shares of L Brands, parent company to Victoria's Secret, closed down 2.1 percent to \$34.55 on Monday and continued to fall more than 4 percent in after-hours trading.

During the third quarter, which ended Nov. 3, 2018, Wexner said the company made "some tough decisions" in an effort to improve business. Those decisions include shutting down Henri Bendel and exploring other options for its smaller intimates company, La Senza.

L Brands has been steadily losing market share in recent years as companies like American Eagle Outfitters' aerie and Lively, brands that emphasize inclusivity, are growing in popularity. Company shares are down about 40 percent for the year.

Comparable sales at Victoria's Secret, both in-store and online, fell 2 percent during the quarter – on top of a 4 percent decline in the same period last year. Net sales slipped 0.7 percent to \$1.53 billion in the third quarter.

Meanwhile, income in all of L Brands was only a third of last year's figure at \$103 million, compared with \$319 million a year ago. In fact, all of the company's growth comes from its Bath & Body Works business.

In addition, the company has



John Mehas

grappled with numerous public errors in judgment recently. Earlier this month, in a move that analysts called "tone deaf," the annual fashion show returned to New York, complete with scantily-clad waifs gracing the runway. The same day, Ed Razek, chief marketing officer for L Brands, told Vogue magazine that the brand didn't have any interest in plus-size or transsexual models. The comments sparked a backlash and forced the company to apologize on Instagram.

Over the weekend, founder of rival intimates company ThirdLove Heidi Zak took out a full-page ad in The New York Times, written as an open letter, criticizing Victoria's Secret and Razek's comments.

"Your show may be a 'fantasy,' but we live in reality," Zak wrote. "Our reality is that women wear bras in real life as they go to work, breastfeed their children, play sports, care for ailing parents and serve their country....It's time to stop telling women what makes them sexy – let us decide."

Before that, Victoria's Secret eliminated its swimwear category, a potentially lucrative category for the brand. And then there was the fan-favorite catalogue that disappeared around the same time. Amid all this, the seemingly stubborn company has not closed a single Victoria's Secret store; a move that seems bizarre for even the most successful brands as more and more retail shifts online.

"This is a company that needs change," said Ike Boruchow, a Wells Fargo analyst. "The investment community needs to see change. They need to know that management isn't going to sit on its hands anymore."

BUSINESS

Brett's Severance Revealed; Makes His Case on LinkedIn

- J. Crew announced the exec's departure on Saturday, after just over a year as ceo.

BY DAVID MOIN

J. Crew Group is making chief executive officer Jim Brett's departure a little less painful for the executive.

Brett is getting a rich severance, including \$1.25 million over the next 18 months, which is an amount equal to what was his base salary; a cash bonus payment of \$2,812,500, over a period of 18 months, and another bonus of \$750,000, representing what was unpaid from his signing bonus.

He's also getting an additional 18 months of service credit with respect to time-vesting management equity that was granted to him.

After bolstering West Elm, the furniture retailer, Brett joined J. Crew 15 months ago on a mission to turn around the J. Crew Group, specifically the long struggling J. Crew brand.

The company said Saturday that a "mutual agreement" was reached by the board and Brett, but sources said Brett was forced out.

The J. Crew brand has been struggling

for three years, grappling fashion misses, pricing issues and management changes. Not long ago, it restructured its debt to make it more manageable.

To offset difficulties at the J. Crew brand, the corporation has been growing its successful denim-based Madewell division and it recently started the Mercantile lower-priced division. Also, third-party brands are being added to the assortment.

But sources told WWD that Brett's fall relaunch of the J. Crew brand lacked sufficient verve. There have also been reports that Brett's idea to start another brand wasn't liked by the board. Tensions between Brett and his new guard and the old guard at J. Crew are also said to have been a factor in his departure, with board members worried about more defections from the company.

On Monday, Brett took the unusual step of pleading his case on LinkedIn, writing, "I suggest you shop the site and the current holiday collection. You will find really differentiated and sophisticated product that creates a compelling brand narrative. You will find upgraded quality, accessible price points and style, all while still feeling iconic to J. Crew."

Arguing against those who say his relaunch of J. Crew was a flop, Brett said on LinkedIn that his strategy was to be "inclusive...having more fits, more sizes, and bigger ranges of beautiful color. And showing the products worn by a much more diverse group of people – a truer reflection of the diversity of our country. It's not about watered-down

product and mass merchandising – a point that has been misrepresented in several articles and posts....it was never about cheapening the core J. Crew brand, it was about introducing Mercantile products that are accessible to a broader range of customers."

He also put in a plug for his record at West Elm, writing, "I always talk about how happy it makes me to see that West Elm has continued to grow and thrive after I've left. That means that we built a solid foundation and a great team. Now, I was there for a very long time and obviously I was only at J. Crew for a year and a half. But I think the team is great, the products are looking great, and I only hope for continued success for the company. The differences that led to my departure existed between a very small group of people – and this happens all of the time in corporate America. Just remember that the soul of the company has never been about any individual – it comes from the 10,000+ field and corporate associates that come to work every day with the intention to better serve the customer."

Brett claimed to have "contributed in some way to the future success of the company" though others would disagree. He went on, as if delivering a state of the industry speech, about the future of retail, the consumer, how change can be scary, building communities and a host of politically correct topics like diversity and sustainability.

As reported, while the company searches for a new ceo, Brett's responsibilities will be assumed by an office of the ceo comprised of Michael Nicholson, president and chief operating officer; Adam Brotman, president and chief experience officer; Lynda Markoe, chief administrative officer, and Libby Wadle, president of Madewell.

BUSINESS

Urban Outfitters Charges On, Doubles Down With Tmall

- The company is taking its brands to Alibaba's main platform following its Singles' Day success.

BY EVAN CLARK

"The tailwinds continue to blow."

So said Richard Hayne, chairman and chief executive officer of Urban Outfitters Inc., who has been pointing to stronger consumer trends for at least 18 months and reported Monday that his company posted big third-quarter gains on the back of a "vigorous U.S. economy, record consumer confidence, ultra-low unemployment and a changing fashion silhouette."

The firm's revenue rose 9 percent to \$973.5 million for the three months ended Oct. 31 as comparable sales rose 8 percent with double-digit e-commerce gains and "positive" sales in its stores. All of the firm's brands, channels and geographies posted gains. By division, the firm's Anthropologie Group's net sales rose 9.4 percent to \$385 million, Urban Outfitters gained 7.2 percent to \$379.2 million and Free People advanced 12 percent to \$202.2 million.

That all led to a 71.9 percent increase in third-quarter income to \$77.5 million, or 70 cents a diluted share.

And Hayne told analysts on a conference call that there was plenty more growth ahead in e-commerce, international markets, wholesale and from the firm's smaller concepts, such as garden concept Terrain.

E-commerce remains the company's largest opportunity, the ceo said, and already accounts for about 40 percent of the retail segment's business.

And the business is taking a very international flair.

"Singles' day is the biggest one-day sales event in the world," Hayne said. "And this year the Urban brand achieved the number-one apparel brand on Tmall Global. As you may know, global is Tmall's smaller platform, for brands that don't carry inventory in the country. We're told Tmall Classic, their larger platform, generates approximately 10 times greater customer demand than global. Thus, we plan to launch all three brands on Tmall Classic next year."

But that doesn't mean the retailer is forgetting its roots. The firm plans to open 10 to 20 new stores across all of its bands in Europe in each of the next two years.



The Urban Outfitters Paris store.



MAGIC

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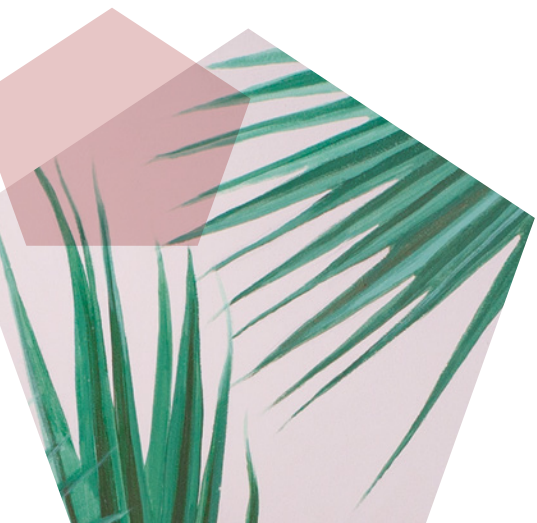
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EXCLUSIVE

Prada Chairman on Digital Sustainability, Risks, Opportunities

● Carlo Mazzi shares his perspectives ahead of the second “Shaping a Future” event to be held in Milan today.

BY LUISA ZARGANI

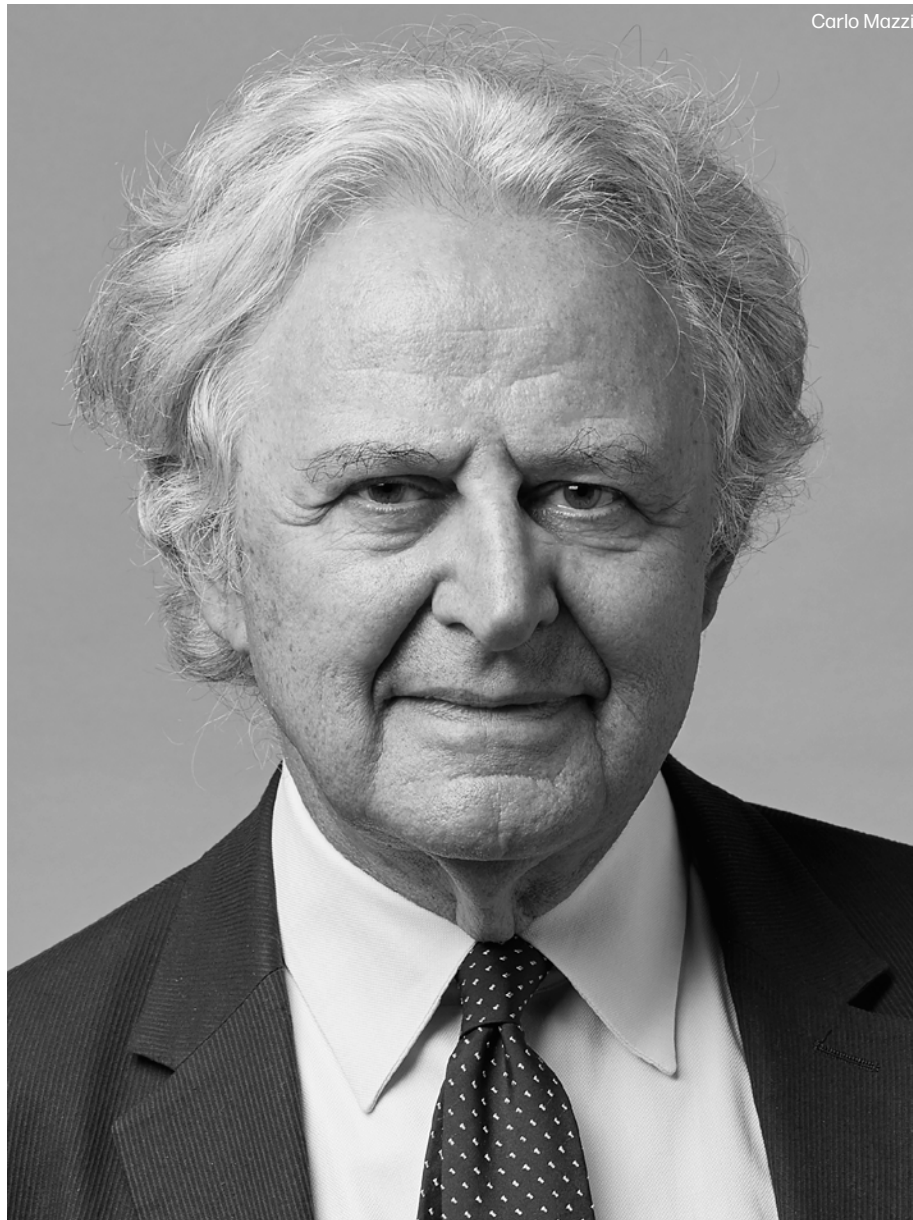
MILAN – Is the Internet the new Wild West? Digital platforms offer countless opportunities but there are risks that need to be taken into consideration as regulations on several fronts are few and far between. Prada chairman Carlo Mazzi exclusively talked with WWD about the group’s approach to all things digital ahead of the second “Shaping a Future” event to be held in Milan on Nov. 20, exploring the relationship between sustainability and digital innovation, and once again in a partnership with The Schools of Management of Politecnico di Milano and the Yale Center for Customer Insights. Miuccia Prada and her husband Patrizio Bertelli, who share the chief executive officer title, have been vocal about research into more ecological materials and investing in sustainable industrial complexes surrounded by greenery and vineyards. Choosing his words carefully and conveying his personal interest in the subject matter, Mazzi here joins the conversation, one that revolves around the topic of the event, “Shaping a Sustainable Digital Future.” The relationship with the customer has become ever more central and the chairman explains how Prada is focusing on building and developing it, but, in the end, he underscores that, despite the technological innovation and the changes in the industry, product and quality are what the customer comes back to.

WWD: What prompted Prada to focus on sustainability with a dedicated event?

Carlo Mazzi: As a public company in Hong Kong, it is mandatory to pay adequate attention to sustainability. That said, it could just be a formal rule, but beyond that, there are reasons, subjective, of an ethical nature and driven by the world outside. Consumers are developing a different sensibility compared with the past, and today the theme of sustainability, in all its very different forms, is a fundamental principle, especially for the new generations but also for the older ones. Subjective and objective needs to converge, because, even if someone were so selfish to not think about sustainability, to stay on the market, they would have to respect the consumers and their demands.

WWD: What has sustainability meant for Prada so far?

C.M.: As a company, we pay attention to waste, to saving energy and recycling. In terms of land preservation, please allow me to say we are leaders. The large majority of our plants are set up on recovered old industrial areas trying to improve the location and when we’ve built new sites, we’ve worked thinking of the quality of the workplace and of the integration of the buildings into the landscape on top of everything. Consider [Prada’s plant in Tuscany] Valvigna as an example. We’ve paid attention to sustainability in terms of the respect of people, gender, rights, age, and so on – we employ more women than men... We’ve contributed to the development of the company and its shareholders not only in financial terms but also culturally.



Carlo Mazzi

Here, too, I believe we have done a lot and, again, because it’s fundamental for ourselves. Fondazione Prada has always been conceived as more than a sponsorship; a way to study, learn and update our cultural sensibility as society and style evolve.

WWD: Why did you choose to focus on digital sustainability for this cultural appointment?

C.M.: We must and want to dedicate attention and resources to the theme in general and this is shared by the Prada board of directors. It’s important to reflect on sustainability and the best way to do that is to talk about it. It can be done in private among friends after dinner or in public stimulating a debate, and this is the way we want to proceed, so last year we decided to involve Yale and the Politecnico. As the saying goes, try to talk with someone better than you, otherwise it doesn’t help. That’s why we looked to some of the best universities.

WWD: What was the feedback you received after the first conference?

C.M.: It was positive, and based on this we decided to continue and hold a second edition, trying to find a different subject matter but linked to our work.

WWD: Could you give us a preview of the event?

C.M.: There will be two round tables and one keynote speech with Nicholas Negroponte [chairman emeritus, MIT Media Lab], so a person of great relevance but also very “simpatico” and communicative.

The theme is digitalization and sustainability, consistency and risks, or conflicts, to better put it. It’s a subject that regards our sector because all brands are revolutionizing the relationship with customers – it’s a theme that is very much of the moment.

On the one side there is the digital revolution, which is negatively affecting many companies, but at the same time it also offers enormous possibilities, creating new activities and stimuli to the economy. On the other hand, we see the risks and problems that are connected to this revolution. Privacy is an example, but more complex is the question, how much is digitalization a tool to manipulate people? We are not talking only about criminal acts, frauds or a negative influence on young people, that is also a problem. But there are problems that are geopolitical. Digitalization is responsible for the destruction of confidence in the institutions. It can be revolutionizing or traumatic, it can build consensus that is extremely demagogic and it can lead to manipulation.

With the concept of “post-truth,” you question the concept of truth. This is a phenomenon that has not been invented by the Internet but one that through the Internet is largely applicable.

Today, with digital tools, the concept of trust goes beyond the institutions. It’s a great risk, and it’s a problem connected to this phase of transition as there are no rules yet to regulate this tool that is so powerful. As an example, think of the Wild West, it was an opportunity to discover new territories, but there were

no rules. I am not saying we have to shut down the Internet, it’s a great territory open and rich, but it requires an effort of cultural evolution and to find new rules to manage it and to avoid the biggest risks.

Everything stems from this new attitude of the customer, this new relationship of trust. Who did the customer trust in the past? The salesperson or the store owner, who would make suggestions and talk about the quality and the materials. Today customers have skipped this step, they look on the Internet, they see a lot of things, they compare information, sometimes they get confused, like those who go to the doctor [after having checked their symptoms online]. And then they go to the suppliers – that’s us. We have to take note of this and be part of this kind of language and attitude and also convert our collaborators. They must be more open-minded, have a more thorough knowledge of the products and their use, of what maybe once was not as relevant. We must work very hard to seize and be in charge of the systems, to better understand the customer, and how different that customer is, start a new dialogue with this new language.

WWD: The company and Patrizio Bertelli himself have admitted there has been a delay in selling online compared to a number of luxury competitors and some problems in identifying the brand’s customers.

C.M.: We started late but we are recovering. Luxury in general was late – the reason? Snobbism, because the industry felt depositary of the style, of the privileged relationship with customers and there was an objective and key problem, which was that of the locations. Luxurious stores, sophisticated and trained salespeople were essential and to transfer the exclusivity of a store to the Internet and a small screen, which did not differentiate a store on Via Montenapoleone from one on Corso Buenos Aires [a popular mass market shopping street in Milan] was difficult. There were prejudices but this uncertainty turned out to be useless and wrong, because the new customer, independently of wealth and social status is interested in the Internet in the same way, so it’s a matter of understanding how to be online without diminishing one’s offer.

E-commerce is perhaps not as important as in other sectors but as a stand-alone way to create a relationship with customers, it is very important.

WWD: What are the biggest risks connected to the Internet and the digital tools?

C.M.: The risk is to use it in ways that are not correct and not efficient. We have to integrate this tool, which allows us to elaborate a lot of data, with the right training of our employees – there is no standard way to train our workers. There is still a lot to do.

WWD: Miuccia Prada and Patrizio’s son Lorenzo Bertelli has been appointed head of digital for the group, so this is quite a signal of the channel’s relevance for the company, isn’t it?

C.M.: The fact that a resource, who is so important for us, the son who intends to be part of the company with a long-term and significant involvement, is dedicated to this sector as his first task, is noteworthy because we consider this the most important factor in this moment, but we should not forget that the product is the basis of loyalty. It’s not only about digital communication; loyalty passes through quality and product, otherwise the customer won’t come back.

BUSINESS

Target Reveals Cyber Monday Deals

- During this competitive season, retailers rush to announce deals first.

BY SHARON EDELSON

With **Black Friday** three days away, Target Corp. today revealed its Cyber Monday deals, a sign of how competitive the holiday season is shaping up to be.

Cyber Monday 2017 was the biggest online shopping day in the U.S. with \$6.6 billion in sales. Retailers such as Macy's and Walmart Inc. last week raised their fourth-quarter earnings forecasts, indicating that the 2018 holiday season will be strong for at least some retailers.

Walmart is expected to eclipse Apple with 4 percent of total online spending in 2018, moving to third place in the rankings, according to eMarketer, which pegs Amazon's share at 48 percent of total e-commerce spending. While Walmart and Amazon continue to battle over online groceries — an area where the Bentonville, Ark.-based behemoth has made some headway — Target has been developing private apparel and home brands.

Walmart's web site said, "Cyber Monday's Coming Soon. In the meantime, check out these other deals you'll love," with offers for Black Friday.

Target on Cyber Monday, Nov. 26, will reprise its one-day sale with 15 percent off hundreds of thousands of items on target.com, including regular-priced and sale items.

The Minneapolis-based retailer will offer weeklong deals beginning on Sunday. Offers include a Swagtron Metro Hoverboard with LED lights, \$150, a \$79.99 savings; Philips Analog 4-quart Air Fryer, \$99.99, \$100 in savings; iRobot Roomba 960 vacuum, \$449.99, \$250 savings, and 15 percent off all KidKraft dollhouses and kitchens.

There will be daily category specials during Cyber Week. For example, on Nov. 25, all apparel and accessories for women, men and kids will be "buy one, get one at 60 percent off." On Nov. 26, in addition to the buy one, get one 60 percent off apparel offer, hundreds of thousands of items on target.com will be reduced an extra 15 percent. On Nov. 27, Target's exclusive home brands, including

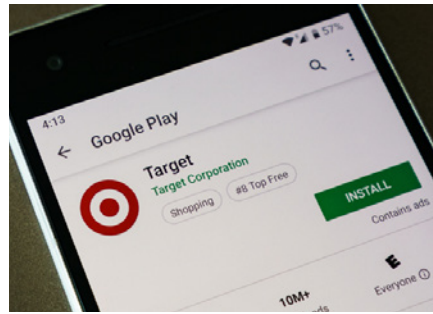
Threshold, Project 62, Made by Design, Hearth & Hand with Magnolia and more, will be discounted 30 percent; Nov. 27 to Dec. 1, discounts of 30 percent on indoor rugs, bar stools and media stands; Nov. 28, a free \$10 Target gift card for spending \$40 on personal care or beauty products, and Nov. 29, discounts across electronics.

Retail experts have said holiday 2018 will be won on convenience as well as product assortment and prices. Target for the first time on Cyber Monday is offering same-day delivery with Shipt, the last-mile delivery service it acquired for \$550 million in December 2017. The service is available nationwide to millions of consumers in hundreds of markets.

Target is also offering free two-day shipping with no minimum order requirement. Other options include delivery from store and Target Restock, a replenishment program for household basics. Amazon recently said it would offer free shipping in the U.S. with no minimum order, and removed the Prime membership requirement.

Target launched a gift ideas hub, with suggestions for him, her, kids, pets, teachers, coworkers and white elephant. Gifts for women can be fine-tuned further with categories such as style and beauty, spa night, coffee lovers and new moms. For the latter, a Spa 210 Ultrasonic Cool Mist Aromatherapy Essential Oil Diffuser by TrueGuardian, \$44.99, was suggested.

Mark Tritton, executive vice president and chief merchandising officer of Target, said, "Each day throughout Cyber Week guests will find new sales and our lowest prices of the season, and on Cyber Monday, we're giving them a chance to save even more with an extra 15 percent off hundreds of thousands of items, including top gifts, on target.com."



BUSINESS

David's Bridal Plans Exit From Bankruptcy

- Exit financing is in place, and the plan is for unsecured trade vendor claims to be paid in full.

BY VICKI M. YOUNG

Bankrupt David's Bridal Inc. plans to exit bankruptcy proceedings by mid-January, keep all stores in operation and make good on its debts to unsecured trade creditors.

The company and three affiliates filed a voluntary Chapter 11 petition for bankruptcy court protection on Monday in a bankruptcy court in Delaware. Because the filing was a pre-packaged bankruptcy, the bridal retailer also filed with the court a plan of reorganization and disclosure statement. It expects to exit bankruptcy proceedings by Jan. 14, and has in place exit financing of between \$40 million and \$60 million.

In a statement filed by Joan Hilson, executive vice president and chief financial and operating officer, she said the current plan of reorganization has the company paying trade vendor claims in full. Noteholders are part of the agreed upon workout agreement that reduced the company's debt to \$343 million, upon exit from bankruptcy, from a prepetition total indebtedness of \$777 million.

Tim Hynes, an analyst at Debtwire, said, "Based on projections, the \$343 million is a reasonable amount of debt." He noted that since David's Bridal was a financial reorganization and didn't have anything to do with restructuring its operations — the issue was the retailer's inability to refinance its term loan — he expects the bankruptcy process should "move along fairly quickly." Hynes also noted that the case is also somewhat rare since the retailer is also not closing any stores, another factor that will help to move the process along faster.

The largest unsecured creditor is the Wilmington Trust Co. based in Guilford, Conn., the trustee of the 7.75 percent senior note due 2020, at \$270 million. The top fashion trade vendors are Ignite, New York, N.Y., \$791,500, and Alex Apparel Group Inc., New York, N.Y., \$733,038.

According to Hilson, adjusted earnings



before interest, taxes, depreciation and amortization was \$83 million for the fiscal year ended Dec. 31, 2017, and \$77.7 million for the first nine months of 2018. The majority of stores have "profitable four-wall EBITDA." Hilson said the company has "only [experienced a] model loss of market share." The tipping point was the amount of debt, most of which was slated to mature within the next 12 months.

The retailer's financial over-leveraging was due to debt from a leveraged buyout. A 70.6 percent stake in David's Bridal was acquired by Clayton, Dubilier & Rice in October 2012, with Leonard Green & Partners retaining a minority interest of 24.2 percent. Leonard Green affiliates acquired the company in 2007 from Federated Department Stores. The bridal retailer became part of Federated's portfolio after Federated acquired May Department Stores Co. May acquired David's Bridal in 2000, and before that the bridal retailer was a publicly listed company on the New York Stock Exchange. It completed its initial public offering in 1999.

David's Bridal employs 9,260 people, of which 2,260 are full time. It has 311 stores, including 296 locations across 49 states, 11 stores in Canada, four in the U.K. and two franchised stores in Mexico. All stores are leased, except for two stores in New Jersey and Virginia.

Hilson said revenue comes from the davidsbridal.com site and at more than 300 brick-and-mortar retail locations, alteration services at retail locations, franchising arrangements and partnership programs with other companies, as well as wedding services programs.

BUSINESS

JD.com Continues to Grow

- Both top and bottom lines improved during the quarter, but investors fear larger macro headwinds.

BY KELLIE ELL

JD.com is growing — and changing — fast, but it still might not be moving quick enough for some on Wall Street.

The company reported third-quarter earnings Monday with total revenue of 104.8 billion Chinese yuan for the quarter ending Sept. 30. That's about \$15 billion, or an increased of 25.1 percent year-over-year. Income tripled, to 3 billion yuan from 1 billion yuan.

"We are pleased to report solid results for the third quarter, with our core JD Mall business driving consistent growth under its highly experienced management team," said Richard Liu,

chairman and chief executive officer of JD. "Our 'Retail as a Service' strategy is also gaining traction as we provide a wide range of partners with innovative retail infrastructure solutions."

The company's approach and its growth clearly has made some believers. MKM Partners rated the stock a buy and set a price target of \$41 — nearly double the current price.

Yet some investors aren't so certain. The stock fell more than 6 percent during Monday's morning trading session, to less than \$22 a share. The Chinese economy has been slowing lately, putting more pressure on JD. And some market watchers are concerned JD is slipping as it continues to fight for online shoppers against its giant e-commerce competitor, Alibaba.

During a conference call with analysts, JD executives talked about this year's heavy investments into the business,

including warehousing build-outs and IT infrastructure, which are expected to pay off next year.

JD is China's second largest e-commerce company behind Alibaba — and although the two are in the midst of a pitched battle for market share, JD is clearly willing to jump into an idea that works, including Singles' Day, the shopping festival started by Alibaba that has become something like Black Friday in China.

JD rang up 159.8 billion yuan, or \$23 billion, in sales on Singles' Day this year.

Throughout the quarter, JD continued to attract more brands, including L'Occitane de Provence, House 99 and Hera, the South Korean beauty brand, as well as fashion labels Salvatore Ferragamo and Furla. Names such as John Galiano, Buccellati and Shang Xia can now be found on JD's Toplife, the company's luxury platform.

And in August, Walmart and JD partnered to invest \$500 million in Dada-JD Daojia, a Chinese online delivery company.

"In a nutshell, next year, we will grow

much higher than the investor average and we will improve on our gross profit and also net profit," said Xuande Huang, JD's chief financial officer, during the call.

Revenue growth in the quarter was also at its slowest since the company went public in 2014. The top line expansion was impacted by sales of large ticket electronics and appliances during the quarter.

And the September arrest of JD's founder and chairman Liu Qiangdong in Minneapolis over suspicions of sexual assault — charges he denied — also hasn't done much to tame investors fears.

Still, the seemingly unwavering enthusiasm among Chinese consumers might be too strong to cause lasting problems to JD.

"Until there are either events that improve sentiment or confirm fears, company-specific factors will matter little for the stocks," according to an analysis from MKM Partners.

JD expects fourth-quarter revenue to grow at a rate of 18 to 23 percent, outstripping the pace from a year earlier.

BUSINESS

Greg Scott on Saving NY&Co. And the Power of Celebrities

● The ceo rings the opening bell of the stock market today, telegraphing New York & Co.'s new business model.

BY DAVID MOIN

Gregory J. Scott, chief executive officer of New York & Company Inc., has a flair for the unexpected.

At meetings with field leaders and senior management, "It's like if I want to get people excited, I do a headstand on stage. It's my out-of-the-box moment. I can do headstands and handstands," Scott said.

He dyed his hair bright blonde and let his beard grow to do a segment for the reality TV show "Undercover Boss" and had some rocky times at Bebe Stores during the course of two stints, first as head of merchandising and then, following Arden B where he was president, he rejoined Bebe as ceo at the age of 40. He was ceo for five years until 2009 when he got fired despite the company reporting an 8 cent profit that quarter. As a buyer at Macy's and Ann Taylor, he amazed colleagues with some outsized orders on styles his gut told him to gamble on.

"My first bet was on a Charter Club interlock knit turtleneck for Macy's West in the late Eighties. Everybody was buying like 10,000 or 15,000 units. I said we're going to buy 50,000 units of that turtleneck, and Macy's East and Macy's South thought my boss and I were crazy. The divisions were very competitive. They didn't want you to win. But that knit turtleneck sold like crazy. It sold out. It was so successful, it gave us the confidence to buy a lot of polos the next season."

When he joined New York & Co. initially as president and six months later becoming ceo in February 2011, he continued his appearances on Home Shopping Network, selling a sportswear line he developed after leaving Bebe in 2009.

"People in the company didn't know me yet and said 'Who is this weirdo? They saw me on HSN and said, 'That's our boss??'"

Today, Scott has another out-of-the-box moment. He's ringing the opening bell on the New York Stock Exchange, to broadcast the renaming of the corporation from New York & Co. to RTW Retailwinds, which became effective Monday. The name change signals the corporation's reinvention from a monobrand to a multibrand "lifestyle" retail platform. The stock price closed Monday at \$3.50 and has gone from a high of \$5.55 to a low of \$1.96 in the past 52 weeks.

"We are looking at what the other opportunities are outside of New York & Co.," Scott said.

A priority is Fashion to Figure, the \$20 million plus-size online and brick-and-mortar retailer, founded by the grandsons of the late Lena Bryant of Lane Bryant and purchased out of bankruptcy by New York & Co. in November 2017.

"Could that business be \$150 million to \$200 million – yes," Scott said. "The question is how fast can we ramp up the digital and how fast can we ramp up the brick-and-mortar," from the current

11 stores. "We've never been strong at plus-sizes. I don't think we could do it [effectively] without Fashion to Figure." The division has tapped actress and singer Danielle Brooks as its first "brand ambassador" celebrity tie-in, beginning this holiday season.

Last August, the company struck a multiprong, multiyear agreement with Kate Hudson. The "Almost Famous" and "How to Lose a Guy in 10 Days" actress will serve as ambassador of New York & Co.'s \$225 million Soho Jeans business, and a Kate Hudson ready-to-wear brand, yet unnamed, will be developed.

"With Kate Hudson, what's different is that the line won't say 'exclusively sold at New York & Co.," unlike New York & Co.'s Eva Mendes dress collection and Gabrielle Union's collection, Scott explained. The Kate Hudson line will be sold on her own site, the New York & Co. web site, at New York & Co. stores, and additionally, "our hope is her site creates a demand with other consumers so we could possibly wholesale the collection and open pop-up stores as well," Scott said.

New York & Co. started selling an exclusive collection by actress Union in August 2017. She's also the brand ambassador for the company's wear-to-work 7th Avenue subbrand, and with juggling filming a new TV series and being a new mom, "there is opportunity in athleticwear and streetwear. That's a big part of her life," Scott said. "Today she's just sportswear. We probably could never do active without someone who has credibility. In active we have none," though the closest the company comes is selling loungewear, which represents 8 percent or 9 percent of the company's total volume.

After more than three decades in the industry, the 55-year-old Scott still finds it fun.

"I always knew I loved retail," Scott said during a wide-ranging interview at New York & Co. headquarters on West 34th Street in Manhattan.

As a student at UCLA in the Kennedy School of Government, Scott, a native of Napa, Calif., originally wanted to be a lawyer. "I found out I needed to make money first to get into law school. I worked at the UCLA book store, became the manager, and just always loved the art of selling and art of merchandising."

When Macy's recruiters visited the campus, Scott interviewed for the training program, joined Macy's West, and moved to San Francisco. "What I thought was going to be two years with Macy's turned out to be nine. Macy's training program was genius. If you were inquisitive, you worked hard, they promoted you really quickly. You started out as a trainee, rose to department manager, assistant buyer, group manager, buyer. You were always learning and I loved that. Growing up in Southern California, Macy's was always the premiere store." His first job was in the trim-a-home department. "I had to decorate 18 stores for Christmas."

Scott later became Macy's West's buyer for the Charter Club private brand, often



Greg Scott

visiting the corporate division at 11 Penn Plaza in New York. "I learned product development, how to make the garment, how to cost the garment, how to develop the product, which was very fortuitous as I moved on through my career. If I was just buying off people's lines, I don't know if I would have the ability" to advance.

After Macy's West, Scott moved to New York, worked for Henri Bendel for a year, and joined Ann Taylor when Sally Frame was ceo, Joe Gromek was head of merchandising and Kay Krill ran sportswear.

"These were very important people. That's been a big part of my story. I've always had amazing people to learn from."

"Ann Taylor was really my first venture into specialty. It allowed me to understand the benefit of going direct. In those days, specialty was on fire. If Ann Taylor didn't have a 10 comp, it was bad. You could create product and the consumer loved almost everything you made. Those were the heydays of specialty retail. Department stores were like, eh, and specialty retailing was coming up. You could do no wrong. It was a super fun time in retail. There was not a lot of consumer intelligence."

"Today, the customer tells us what she wants. The amount of consumer data that we have today give us so much more intelligence. The speed of intelligence we are getting from digital is making it thrilling again. You can absolutely get early reads about what is selling, get back into the pipeline much faster than before."

At Macy's, he learned he had "an innate talent for picking product – figuring out what was going to sell. I still believe that talent is innate. [But] it can be developed. It can be trained. It can be honed," Scott said. "But to have that innate talent makes it much more thrilling. I love stores. I love selling and seeing things sell. My favorite thing is knowing what's going to be the best thing every woman wants and being able to buy it at a great cost, market it, put it in a store and be in there and watch people shop."

When he decided to quit Ann Taylor to



Gabrielle Union

join Bebe, Frame called him into her office. “She said, ‘You should leave, not because I don’t want you but because you are going to understand the Bebe customer more than anybody I know.’ She knew I always pushed the envelope on fashion,” and she even created a “hybrid” department for Scott to bring products to the business that weren’t being developed in-house. “I was in the market. Nobody was doing this. I said guys, this is a big opportunity, and Sally said ‘I understand, but is it for the brand?’ She created ATX. I became the merchant. I didn’t work through internal design. I went to the market,” including Laundry, to supplement Ann Taylor’s familiar wear-to-work and casual offerings.

Now at the vertically structured New York & Co., Scott will encourage his teams to utilize the market and as a source of product it represents around 10 percent of the business.

As far as picking products and placing those big bets, “I’m making less of them,” said Scott, explaining a major difference in responsibility from his buyer years. “I’ve got great teams running merchandising and planning and allocation, but I still love the thrill of it. I always say to people, if you put 15 dresses up on a wall, for some reason, one dress pops off that wall for me. It’s like 3-D. It’s like you look at the wall and see nothing else but that dress, which becomes a focal point for the next season. That’s the innate piece.

“I don’t know if you can teach the 3-D piece. But I know you can teach people how to assort, how to buy, how to allocate, how to run a business correctly, how to chase bestsellers. How you move it through the organization. You can do all of that. The one thing I’m sure about, even 33 years later, is that you can’t teach how to pick the

number-one product. There is a lot of art and a lot of gut to that, but you can totally teach how to make it a big idea.”

Last year, New York & Co. turned profitable, reporting net income of \$5.7 million, from a 2016 loss of \$17.3 million. Comparable sales rose 1 percent; total sales were \$926.9 million. For the third and fourth quarters this year, the company expects comparable sales to increase in the low single-digit range, leading to improvements in operating results.

In 2010, New York & Co., which in 1995 was renamed from Lerner New York, “the brand to most people meant nothing,” acknowledged Scott, though there were still some loyal shoppers.

“When I came here, my first meeting was Q2 2010 and the cfo said we are going to lose \$50 million this quarter and we only have \$20 million in cash. All my research did not tell me that was happening.”

Then, after pre-releasing the dismal results, Scott recalls his first investors’ meeting for New York & Co. “An investor looks at me and says, ‘This sucks. This is horrific. Why do you even exist?’ I didn’t have an answer to that. But you better believe in the next five months I got an answer – that we exist to make women look good and feel great and because we have a place in their lives.”

From the depths of 2010, Scott traces the company’s salvation to four key reasons:

- **Investments.** A patient investor, John Howard of Irving Capital Place, which owns 49 percent of the company and has money made off the business. Irving Capital bought into New York & Co. in 2002 from L Brands. It went public in 2004. “John has had the business for a very long time,” Scott said. “Because of his patience, his love of his business, his love of the customer, we have been able to move forward. If he had gotten out, this thing could have fallen apart.”

- **A new leasing strategy.** “We stopped doing 10-year leases because we couldn’t spend the money on building stores. When a lease came up, there were two choices – close a store or renegotiate for one or two years. Over time, we closed 150 stores. We kept a lot of stores opened with little to no capital and today 70 percent of our real estate is on one- and two-year deals. This allowed us to over time reduce our store costs significantly, renegotiate every lease and have a flexible real estate strategy with two-year deals or less. Last year, we opened 10 or 12 stores, this year 10 or 11 will open. We are taking over [some former] Bebe stores, which is kind of sad.”

- **Technology.** “The biggest thing was three Christmases ago, we turned on order-online, ship-from-store. It grew our online business 100 percent that year. We never knew what real demand was. When I came here we did \$35 million [3 percent]



Eva Mendes

online. We were still collecting phone numbers, not e-mail. We used to send a postcard every week. Fast forward, online is in excess of 30 percent of our business.” In addition, POS was overhauled and last year stores became mobile-enabled. “We were investing capital on technology even when weren’t doing amazingly.”

- **Celebrity.** “I will give Grace Nichols [non-executive chairman and a former head of Victoria’s Secret] credit for saying we need something to give us that amplification so celebrity could be that something. And from Day One, I was saying it’s Eva Mendes. She scores incredibly high for style, beauty and for people liking her. Along with technology and the store piece, Eva Mendes saved this company. We signed Eva Mendes in 2013 but we started talking about Eva

in 2010. It took a very long time to land our first celebrity. Eva gave us a shot. We will continue to grow Eva, Gabrielle and Kate. We still believe 7th Avenue, a \$250 million subbrand and Soho Jeans a \$200 million subbrand, have great opportunity to gain [more] awareness and grow. New York & Co. is really the operating company of all these great brands that you can find nowhere else.

“Am I picking the styles now? No. But never question that I still influence on major big ideas,” Scott said. “The company, John Howard, Grace Nichols, they wanted a merchant ceo. They wanted someone who understood the consumer, who understood the product for the consumer. They want to always make sure I have still have the ability to influence product direction.” ■

Quotables From Greg Scott

On Manny Mashouf, founder of Bebe: “At my first meeting with Manny, he sits me down and says, ‘I want to talk about triangles, what each point of the triangle means and how that influences your life, my life and fashion.’ For the next two hours, I talked to Manny about triangles. I thought, ‘Oh my gosh, what did I get into?’ There was a point to discussing triangles but I can’t remember what it was...It was my first time I worked with an entrepreneur, a founder. The art of negotiation with Manny was always a big deal. He was all about knowing every single detail of

everything in the business and how to negotiate the best price possible. When you work with a founder, they want to know how much you’re spending for a paper clip. I learned how to construct a store, pick real estate, manufacture a shopping bag. That benefited me in a huge way. It allowed me to understand a P&L [profit and loss] and affect every line item. You had to know the cost sheet inside and out. I learned about the brand and how to keep in your lane. We were sexy before sexy was sexy, our customer was suiting with a sexy appeal; Rose McGowan was our celebrity at the time. We started with 40 stores, doing \$40 million. When I left we had 320 stores, doing \$800 million. Manny had crazy visions that were dead on. He needed someone to take that vision and apply it to reality. Manny would

say things like suiting is dead when it was lion’s share of the business. So we buy jeans, and he was so right, the suiting trend was dying, jeans and a jacket were starting to happen.”

On his worst day at work: “It was when New York & Co. stock dropped 40 percent in one day. We had an unbelievably horrible quarter. The stock in the after hours was down 20 percent. The next day it was down 40 percent. I had never seen anything like that. We went to \$1.50. Everybody thought we were going bankrupt and that we were not doing what we promised. How was I going to get the morale of the company up? How am I going to get people to believe in the story? And how are we going to make some changes quickly? The second worst day was

getting fired from Bebe. I was never fired before. It was 2009, the world was coming off the Lehman debacle and the board and Manny decided they could do it better. We still made eight cents that quarter.”

On the best day: “You know what? Getting fired from Bebe was the best thing that ever happened to me. I had a time of my life. I still had a lot of energy and passion. I took a year off, got to figure out what I really wanted in life, spend time with my family and ski. I did a lot of introspection and I was smarter when I got this job.”

On takeaways from the infamous Ron Johnson playbook at J.C. Penney: “A couple of things helped our business a lot. Ron was all about ‘February is about Valentine’s

Day.’ August is about getting the kids ready for back-to-school and it’s mom’s last few days on the beach and she’s not thinking about what to wear for fall. So we’ve made Valentine’s Day more important and it has worked. We’ve made St. Patrick’s Day an event and it’s worked. June used to be all about sale. Now we bring in a collection of the bestsellers of spring that customers can buy in fresh, new colors and prints, not on sale, and they’re the best things we do all summer...The second thing, was on pricing and promotion. He wasn’t wrong. The only thing I would say is our research tells us [shoppers] actually like the coupon game. She likes things on a sale. But we had nothing in our business that showed her the actual price she was paying. Everything was a coupon. Everything was

40 percent or 50 percent off. So we created ‘New York Deals’ with, for example, an item listed at \$48 and reduced to the everyday low price of \$29. She is seeing that value. We added that to our assortment. It’s improved conversions and sales.”

On the weather: “I don’t let anyone talk about the weather. When you had a bad quarter, it’s tough. I never think it is the environment. It’s always hot somewhere and always cold somewhere. Granted, weather can influence business, but I don’t want to use that as the excuse. The excuse is maybe we should have more wear-now assortments. Maybe August isn’t about pre-transition anymore and it’s still summer. I won’t let anyone say the word ‘fall’ until after Labor Day.”

— DAVID MOIN

DIGITAL DOWNLOAD

Doubling Down on Luxury At Facebook and Instagram

SINCE MORIN OLUWOLE LAUNCHED THE SOCIAL MEDIA GIANT'S LUXURY UNIT IN PARIS IN 2015, BRANDS HAVE LINED UP TO TEST NEW FUNCTIONALITIES. BY JOELLE DIDERICH

PARIS – The days when luxury brands were reluctant to adopt social media strategies seem far away indeed, yet it was only four years ago that Morin Oluwole moved to France to spearhead Facebook's luxury division.

Since joining the social media giant in 2006, the Stanford graduate has seen the company grow from a staff of 150 to almost 30,000. Her unit, meanwhile, has expanded from two people initially to a network of support teams across the United States, United Kingdom, Italy, United Arab Emirates, Japan, South Korea and Hong Kong.

As Facebook and Instagram have added new functionalities – amid a steady stream of controversy and scandal at the parent company – the platforms' collaborations with luxury brands have bloomed: Louis Vuitton was the first house to use Instagram Stories, shooting exclusive video content to launch its spring 2017 men's collection, while Dior was the earliest to adopt Facebook Stories after it launched in March 2017.

The statistics suggest luxury brands are wise to engage with their customer base on Facebook, which counts 2.2 billion monthly active users worldwide, and Instagram, which has 1 billion. Luxury consumers have almost twice more followers and like three times more content than the average Instagram user, Oluwole points out.

"They're on the platform every single day, seven times a week, connecting about 14 times a day – that's an average," she said. "The lesson here from the brand perspective is, if a brand is thinking about posting once a week and thinks that they're reaching their consumers, they're reaching just 1 percent of the time that the consumer spends on our platform, just because they're so active."

A case in point is Bottega Veneta. In the midst of a complex turnaround, the maker of Intrecciato handbags ran a series of ads on Facebook and Instagram in April in a bid to boost brand awareness, attract new potential customers and increase sales conversions. Thanks to a combination of video ads, photo ads in carousel format and dynamic ads developed with Facebook marketing partner SocialCode, the Kering-owned brand registered a 68 percent incremental lift in sales online and in-store, and a doubling in incremental return on ad spend.

It's just one of the examples of how high-end brands are leveraging the power of social media. In an interview with WWD, Oluwole talks about using mobile phones to drive customers to stores, who gets to eyeball online data, and how Facebook deleted 1.3 billion fake accounts in the space of six months.

WWD: How did you come to launch Facebook's luxury division?

Morin Oluwole: I've worked across both product and engineering as well as, now, sales and business in our HQ in California and New York, before moving to Paris four years ago.

This was the first time that the company had chosen to create the global hub of business for a particular business outside of the U.S. So you have here in Paris my team and myself who lead the global luxury



Morin Oluwole

"Our focus is not to be too pushy, too commercial, but to really help brands tell their story in a creative way and an immersive way."

vertical and our global luxury partnerships. We work with the biggest groups and, of course, the biggest houses around the world to develop their communication, media and content strategies on Facebook and Instagram.

Even though the brands either produce their own content or work with agencies, we guide them on how to develop the best mobile-optimized content for our platforms, Facebook and Instagram; media strategies, how to reach the consumers that are most pertinent to them, normally high-net-worth consumers; how to also measure impact of their media investments on both their online sales in-store and overall brand development – all that aligned with innovation as well.

We do so with a core marketing team, as well as with cross-functional teams, support teams that we call "creative shop," so they work on creative aspects, marketing sciences. They work on measurement and making sure that we can measure impact and ROI for brand investments on our platform. The third key team is what we call "solutions engineering," so they really help us with the technical back end, because some of this work is actually quite technical, and making sure that campaigns are activated, running properly.

WWD: When you look at Instagram now, it seems like everyone is on there. When you started four years ago, was it still quite hard to convince luxury brands this was a necessary strategy?

M.O.: Yes, because we hadn't been present in front of them, so the challenge was helping them understand what to do and why it was important: helping them understand that luxury consumers are on Facebook and Instagram, helping them understand that we can drive business results, helping them understand they have to rethink – that doesn't mean create specifically, but rethink – the way they create content for the mobile experience.

I don't think today that there is a hesitation to be present on digital. I think that there is a potential misunderstanding, or even lack of understanding, on how to do it and how to be best at it, and how to make sure it drives both brand impact and business impact. That's where we come in.

WWD: A key challenge for luxury brands is to be close to their consumers on their smartphones while retaining an aspirational quality. In the four years since you've established the practice, what's been the change that has most marked you?

M.O.: I would say the eagerness to innovate. Brands [were initially] hesitant to really be in this world, but I think that that's shifted quite a bit over the past few years. And again, it has a lot to do with helping brands understand and feel comfortable about how they can best communicate on our platforms and how to create the imagery that creates desire, without necessarily cheapening the value of the brand.

There's this desire to innovate and to be first in market, first to test, but that is built on a base of trust. Would we have been able to do that four years ago? Not necessarily. So there's trust, there's a deeper understanding of our platforms, deeper understanding of their consumers on our platforms, and deeper understanding of the value that we bring to their brand image, notably.

WWD: Does this mean they actually believe in the platform enough that they think the risk of failure is fairly low?

M.O.: Well, there's two things. They believe in the platform, and also we have taken the time to understand what their needs are and to minimize risk where possible.

We needed to have a separate team to have a different approach for luxury. You couldn't talk to luxury the same way you talk to consumer packaged goods or other sectors. It really has to have an intimate understanding of the savoir faire and heritage, and the way that luxury brands communicate, and respect that, to be able to also propose then the right opportunities to innovate and test.

WWD: How do you see influencer marketing evolving?

M.O.: We're just at the beginning of our integration into this branded content world. I say that because we essentially took a bit of a back seat prior to this year, in that we saw that brands are having these communications and relationships with these content creators and we knew it was happening on our platform, but our goal was not to be the intermediary, to be an agency, or to create links between brands and consumers.

Our focus is on creating an experience that is very authentic for the consumer on our platform, but of course, we've observed how this has evolved over time. Where we stand now is to make sure that we foster an environment that is authentic, meaning we want consumers to be able to see content that is original, that is relevant to them. We want to focus on integrity, meaning we want to stop bad actors, potential fake accounts, fake likes, many potential deceptive behaviors on our platforms. We want to create additional transparency, be able to give more visibility to brands to understand, if they work with a content creator, what is the reach?

We think it's important to be able to build tools that give that transparency, because that doesn't really exist in this world of influencer marketing.

How do we measure what that impact is for the brand, either in terms of brand equity or in terms of sales? I don't have much to say on that aspect now because we really are at the beginning of that conversation, but again, authenticity, integrity, transparency and ►

measurement are what we see as our role in how we can support this world. And so, what kinds of creators are going to be more present tomorrow versus today? I really strongly believe: those who are the most authentic.

WWD: When did Facebook intensify its crackdown on fake followers?

M.O.: Our efforts have always focused on really preventing the number of bad actors and fake accounts on our platforms. Certainly in the past two years or so, we've devoted even more resources to safety and well-being on our platform. Just to give a bit of context or to quantify that: in terms of the teams that work on safety and well-being on our platforms, we had about 10,000 teams about 18 months ago, and our focus is to have 20,000 in 2019.

And if I want to be even more specific on fake accounts, from October 2017 to March 2018 this year, we deleted 1.3 billion fake accounts – just think about that scale.

It's ongoing work, and most of these accounts are deleted before people even see them, at the point of creation, because they use bots and animation to create these fake accounts, and so we literally catch them with our spam, integrity and security systems.

WWD: What have been some of your notable successes in recent months in terms of campaigns by luxury brands on Facebook and Instagram?

M.O.: A key focus has been not just on innovation, but also on driving business results.

We ran up a test with Louis Vuitton over the summer to be able to have the opportunity for people to discover products in the Stories

feature. Historically, the shopping feature was limited to feed and limited to images. And so they tested shopping on Instagram Stories, which was video.

Stories is really where we're focusing efforts and we're seeing that consumers are spending more time – even up to half of their time on Instagram.

The reason why we're focusing on the shopping experience is that we see that Instagram is a very strong tool for discovery. People discover products on Instagram. We started getting anecdotal feedback from our clients that people would come in-store to showcase a picture on Instagram saying, 'I want this purse, I want this dress.' So we wanted to create a way for consumers to know that, 'O.K., if I see an image on Instagram, how do I translate it to the brand and where can I find it?' And so that's why we've created these shopping features that create that link. You can't purchase on the platform, so it's not about purchasing on Instagram: it's really about discovery, and how the consumers either find the products that interest them or similar products.

On the business aspect, we are very keenly focused on how we can support and notably measure drive-to-store impact.

A key partner with whom we ran a test is Bottega Veneta in the U.S., where they integrated their customer relationship management (CRM) consumer database.

We showed a set of ads to consumers on Facebook and Instagram. When you purchase in-store, you provide your information: e-mail address or phone number. We are able to use a system – that's encrypted, of course – that matches the e-mail or phone number to one's account on Facebook to showcase that when consumers see an ad on a platform,

that can translate to in-store visits. That's how we're able to match the people who saw ads and who went in-store.

How we can drive sales online is really key and really important, and what kind of formats really drive that desire for the brand, at the same time, to purchase. Cartier is one of our key partners that worked on a new launch of a feature called Collections that was on Facebook. We worked with them on their Valentine's Day 2017 campaign and they were beta testers for the Collections functionality. What is Collections? It allows you to essentially see an image or video and then also see a product catalog.

This notion of "brandformance": Here you have the brand message and the performance by seeing the products and pricing. This is really what we're aiming to work on and develop with our partners, because our focus is not to be too pushy, too commercial, but to really help brands tell their story in a creative way and an immersive way.

WWD: What are the big projects and challenges you're looking forward to in the next 12 to 24 months?

M.O.: I would say the two keywords are innovation and value. Innovation is that we continue to work with our partners and ensure that luxury – especially given the creative, visual nature of luxury – is a leading sector to help us drive innovation on Facebook and Instagram. When I say innovations, it's what are the new ways in which content can be shared and communicated on our platforms? Tomorrow, even starting today, we're going to be working on augmented reality and virtual reality experiences. We have brands that are already testing this and exploring what this means for their interactivity and helping consumers connect with their brand. Dior Couture tested their new collection of sunglasses. Chanel tested their new collection of sunglasses as well.

You are essentially able to have the experience here where you can try on the product.

WWD: Are there any mistakes or failures that have helped you learn about what you shouldn't be doing on the platform?

M.O.: For me, personally, yes. But from the brand experience, I think we take the time to really look at how we launch products on our platform and what this means for the consumer experience, because what we don't want to do is to be disruptive in a way that we create more work for our consumers.

When we launch new products, new features, we test them beforehand even before brands test them. So we have consumer focus groups that test these functionalities.

It's a fine line, because when we test with brands, we are pushing them to test the unknown, but we also have confidence that our goal is to build for a better experience. And we take very seriously brand input and feedback. For example, the Collections example that I mentioned, that functionality was built for all sectors. We found that fashion and luxury sectors were really big users of that, but for luxury in particular, we found that showcasing the price was not necessarily a preferred tactic, because it's either sticker shock or the prices are quite elevated. We worked with Gucci, for example, who shared feedback that for luxury, it needs to be possible to have this functionality without the price. Our engineering teams listened, and they evolved and changed the product so there's an option to utilize Collections without showcasing the price.

WWD: What would be an example of a functionality where you're creating

more work for me as a consumer?

M.O.: I would relate that to our approach to time spent on the platform, specifically on Facebook. Because our focus historically has been to maximize, if you will, the time that consumers spend on our platforms.

Since the beginning of the year, we are very much focused on creating a more relevant experience for consumers. What does this mean?

We are going to make a shift in terms of content in the news feed to focus more on content shown from friends and family, versus content shown from media and publishers. That is a very tactical strategic decision that the company took to make sure that the time spent on the platform is time well spent, not just maximize amount of time spent. And we did that with the knowledge that that could mean that people spend less time on Facebook or that the time spent doesn't grow, but we are focusing on measuring metrics on what we call 'cares about users.' They're metrics that help us determine what's the sentiment behind the consumer experience, versus focusing only on quantitative metrics, like number of minutes spent per day.

WWD: How does the launch of IGTV play into this?

M.O.: It's a functionality that we launched in June of this year to give the opportunity to creators to develop long-form content.

We want to cater for all kinds of experiences, because at different points in your day, you could be in the subway, where you could just watch 10-second Stories, or before bed, where you have more time to watch more long-form content. IGTV is an opportunity for creators to develop authentic content that's built for the mobile experience.

It's still very much in its infancy, but our focus here is to ensure that people are able to get the content that is most adapted to them, to their experience, and that they also feel as though they can get a richer, more immersive message from the brands.

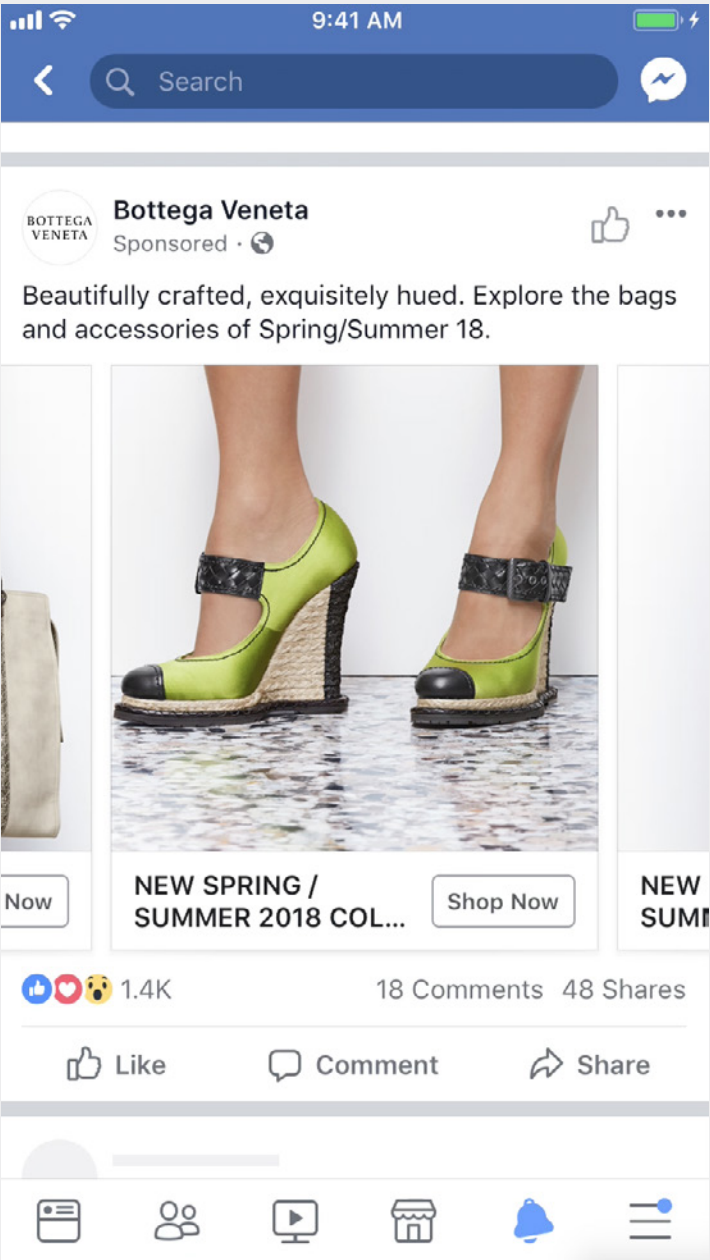
WWD: What other evolutions are you focused on?

M.O.: We're going to evolve and really build up the Instagram shopping experience across the platform. The first piece that we developed was Instagram shopping for the news feed, where you can discover products; Instagram shopping for Stories, that we've tested, and we're also looking to think about what that looks like in the explorer tab. Because the explorer tab is really this kind of unexplored, ironically, area where people can discover new content that is relevant for them or relevant for their experience.

It used to be a little bit of a dead page, if you will, it didn't really showcase much, and we turned it very much into an active space.

WWD: What is interesting from the media sector's point of view is that Instagram is providing a platform for emerging voices in fashion who are not tied to advertising budgets and have greater freedom of expression.

M.O.: Exactly, and I think that's the aspect that scared the houses a little. We kind of came in and said, how do we make sure that we don't lose the message that we want to communicate, that we still maintain this one-to-many point of view which, quite honestly, is really a bit of an archaic way of thinking about things, for thinking about communication? But our focus is to respect the sector. We're not here to disrupt the sector, but to respect them and think about and share what it means to communicate in this new world. ■



A Bottega Veneta ad on Facebook.



A rendering of Cartier's future storefront at Hudson Yards in New York.

BUSINESS

Cartier Shifts Gaze West to Hudson Yards

● The venerable jewelry house sets sights on new customers.

BY SHARON EDELSON

Cartier is taking a walk on the West Side.

As part of a shifting distribution strategy, the luxury jeweler on Dec. 24 will close its two-year-old temporary location at 767 Fifth Avenue and 58th Street, in anticipation of opening a 4,669-square-foot unit at the Shops & Restaurants at Hudson Yards in the spring, when the Neiman Marcus-anchored shopping center is slated to bow.

Mercedes Abramo, president and chief executive officer of Cartier North America, said the Paris-based brand will be one of two ground-floor tenants – the other, being Watches of Switzerland – with an exterior facade on the building. “It’s a prime location,” Abramo said. “It will be quite a mixture of our luxury peers.”

The Shops & Restaurants at Hudson Yards, with nearly 720,000 square feet of gross leasable space spread across six floors, has signed leases with luxury brands such as Van Cleef & Arpels, Piaget, Patek Philippe and Rolex, among others. Hudson Yards, located between 30th and 34th streets, and 10th and 12th avenues,

is “a nice mix of luxury and new interests and other retail concepts that don’t have a store in New York yet,” Abramo said. “[The Related Companies, developer of the \$25 billion mixed-use project] has the ability to pull together all of those elements.”

The Hudson Yards unit will carry Cartier’s entire range, from signature jewelry collections such as Love, Trinity de Cartier, Juste un Clou and Panthère de Cartier to engagement and bridal jewelry and high jewelry. Also on offer will be iconic timepieces such as Tank, Santos de Cartier, Drive de Cartier, Panthère de Cartier, and a variety of leather goods and fragrances.

“We always have at the opening a selection of high jewelry and our unique creations,” Abramo said. “Depending on the reaction of clients, we’ll adjust and shift our merchandising. We’ll see what resonates with them. The mansion has four floors, so it will always have more product. Between Hudson Yards and the mansion, we’ll service every client profile.”

Unrelated to Hudson Yards, Cartier, a subsidiary of Compagnie Financière Richemont SA, recently exited Saks Fifth Avenue’s Manhattan flagship, where it operated a leased space. The

luxury jeweler on Oct. 4 filed a lawsuit in local New York court against Saks, part of Hudson’s Bay Co., claiming the retailer’s \$250 million remodel and a related attempt to end years early a five-year lease for a retail space within its flagship is damaging its business. Cartier is seeking at least \$40 million in damages. Saks two days later filed a countersuit against Cartier.

“The decision to go to Hudson Yards has been a couple years in the making,” Abramo said. “Hudson Yards was always in our mind in terms of planning to open a store on the West Side. It’s not connected to Saks. The Saks closing was an unplanned situation for us. We had been committed to Saks through 2021.” Abramo declined further comment, saying only that the issue is an active legal matter.

Of the decision to become part of Hudson Yards, Abramo said, “Cartier has always been about being curious and pioneering and top-of-mind with our clients, with our beautiful creations and locating boutiques where they shop, live, work and play. The Hudson Yards environment and development has been very inspiring to us. We’re inventing in a new destination. We’ve been watching

the whole West Side evolve over the years, along with the north end of the High Line.”

Cartier’s new location will be more modern than some existing Cartier units. “The exterior facade allows us to do something different. The store will be a bit more bold and contemporary and inviting,” Abramo said, adding, “Our store design is evolving to be more experiential. Boutiques will have a local touch. Since we’re in an arts community, we’ll find ways to incorporate art and the artistic mind-set. Cartier has been a pioneer in promoting the arts through the Fondation Cartier pour l’art contemporain. Curiosity and originality is inherent in our design.”

Abramo said The Shed at Hudson Yards, a new center for artistic invention, is of interest to Cartier. “It will be a showcase for emerging artists and will have indoor and outdoor concert series. We’re thinking about the future and how to involve the Shed with the foundation.

Hudson Yards is part of the evolution of Manhattan’s retail landscape, and Abramo is keeping an eye out for other opportunities. “When we opened the mansion 100 years ago, this was a one-location city,” she said. “It’s all about staying close to our clients. Once Hudson Yards is open, we’ll understand and evaluate our retail needs. We’re always open to looking at more stores, but we have no plans to discuss at this time.”

ACCESSORIES

Victoria Beckham Taps Marchon for Global Eyewear License

● The new sunglasses and optical frames will debut for fall 2019.

BY SAMANTHA CONTI

LONDON – Who does the woman famous for her sunglasses trust with a major eyewear license? Marchon.

Victoria Beckham Ltd. and Marchon Eyewear Inc. have inked a long-term, global licensing agreement for eyewear, with the retail rollout starting in the fall of 2019.

Beckham had already been doing eyewear in-house, and Marchon principals said the idea is to build and expand upon the existing business and aesthetic, with optical frames and sunglasses that will retail between \$250 and \$500.

Nicola Zotta, who is president and chief executive officer of Marchon, said the eyewear company was already starting from a strong base. “The glasses are already doing very well, so this won’t be a revolution. It’s a great start,” she said, describing Beckham’s aesthetic as modern and fresh.

He said that while the Marchon teams were still at work on the new collection, the plan is to expand the distribution of Victoria Beckham optical, and to create special fits for certain markets including the Asian one. He said there were innovations in the pipeline, too, such as lens treatments. The collection is being developed in Italy.

Asked how involved Beckham would be, Zotta called her “the soul of the company,” and said she’d be taking part in every step. He added that he was wowed by the brand’s

ability to connect with a younger customer.

The collection will launch with 40 styles, each with about five stockkeeping units. The new line is set to be sold globally in select department stores, specialty stores, and premium sun and optical retailers, as well as in Victoria Beckham retail locations and online at victoriabeckham.com.

“Our organization is immensely proud to be collaborating with Victoria and her team. We believe that the Victoria Beckham brand is on the rise and quickly becoming one of the most influential in the industry,” said Zotta.

Paolo Riva, ceo of Victoria Beckham Ltd., who had previously worked with Marchon before joining Victoria Beckham, said the new partnership comes at an exciting time, “as we work towards reaching our global potential and expanding the brand following a series of strategic partnerships and appointments since our new shareholders NEO Investment Partners.

“Eyewear is synonymous with our founder and this license will allow us to scale our presence in the eyewear retail market and capitalize on Marchon’s technical innovation, expertise in product development and global distribution network,



Victoria Beckham

while continuing to offer our customers a product that they can feel empowered in, and excited by.”

Marchon, one of the world’s largest high-end eyewear manufacturers and distributors, works with brands including Calvin Klein, Chloé, Diane von Furstenberg, Etro, Karl Lagerfeld, Marni and Nike.



Shoppers at a FLFL-operated Central department store in India.

BUSINESS

India's Festive Season: A Boon for Retailers

- E-commerce giants Flipkart and Amazon saw exponential growth, but brick-and-mortar retailers performed strongly as well.

BY MAYU SAINI

NEW DELHI, India – India's festival season saw strong growth across all categories of retail, both online and at brick-and-mortar stores.

E-commerce companies broke all previous records, and sales were up in high double digits over the last year for retailers across India during the almost six-week period, which includes the festivals of Dusshera and Diwali.

Diwali marks the new year day in the Hindu calendar and is also known as the Festival of Lights.

Analysts estimated that the festive period generates almost 30 percent of retailers' annual revenues. India's \$750 billion retail industry has been growing in double digits, but has seen a slowdown over the last two years due to the introduction of a goods and service tax in July 2017, and an abrupt demonetization policy in November 2016.

Collating results of the highly anticipated five-day sale that is held each year by e-commerce companies Flipkart and Amazon, consulting firm RedSeer said that there was 64 percent year-on-year growth over the same time period last year, with sales of both companies exceeding \$2.3 billion, versus \$1.4 billion last year.

This was due to a number of reasons. According to RedSeer, these included the growth of shoppers from smaller cities, more people coming online, higher awareness of sales and a higher participation by banks and credit card firms to offer schemes along with the discounts and the building of loyalty programs.

Popular and recognizable to customers now are Flipkart's Big Billion Day sale (which ran October 10 to 14), and Amazon's Great Indian Festival (October 10 to 15), marked by a blitz of discounting and a time when both companies generate revenues but burn cash at the same time (due to the deep discounts to draw customers in). The sale period was followed by other special offers for the ongoing festive season, and a war of words as both companies claimed to have outdone the other in terms of capturing market share.

Industry analysts backed Flipkart's

claims of being the leader by far in this season's sales.

Both companies said that electronics was their biggest sales segment, followed by fashion.

Flipkart broke past all existing records to set new benchmarks for the retail industry, with gross merchandise value sales growing 80 percent over last year, and units almost doubling on a year-over-year basis. Traffic on Flipkart grew by 60 percent over 2017, while transacting customers rose 62 percent. "We are clear leaders in smartphones, fashion and home products. We don't see any relevant competition this festive season. We have a share of at least 75 to 80 percent this time," said Kalyan Krishnamurthy, chief executive officer of Flipkart.

Earlier this year, Walmart Inc. acquired a 77 percent stake in Flipkart with an investment of \$16 billion.

But Amazon has been claiming a winning share of the market as well.

"The great Indian festival 2018 was our biggest celebration ever with more than half of online Indian shoppers choosing to buy on Amazon.in, making it the most visited and transacted marketplace in India," said Amit Agarwal, country head, Amazon India. Fashion emerged as the biggest category in terms of units sold and new customers acquired, with 63 percent of orders coming from Tier 2 and Tier 3 cities.

Amazon Fashion had its biggest celebration ever, the company noted, clocking a 2.2 times jump over the first wave of the Great Indian Festival in 2017. Women's shoes saw a 4.25 times jump over last year and top brands grew exponentially. W for Woman jumped nine times; Bata, 14 times; Clarks at 12 times; Pepe Jeans spiked 13 times; Casio grew 11 times; Puma, eight times; Titan, nine times, and Shoppers Stop brand spiked 8 times over their usual daily business, the company said. Jewelry saw a jump of 3 times.

In terms of beauty sales, which grew four times over last year, makeup products grew by over 4 times with Kajals and lipsticks being big sellers, daily care essentials like shampoos and conditioners saw a five times jump in sales and, with the winter season setting in, body lotions saw a six times growth led by Vaseline and Nivea. International fragrance sales were up by five times.

"Sales in the first 36 hours nearly surpassed the entire first wave last year and the event exceeded our most aggressive plans across all categories," said Agarwal.

Surprisingly, brick-and-mortar retailers were not drowned out by the noise and energy of online sales and held their own this festive season.

William Bissel, vice chairman of retail group Fabindia, told WWD that sales were up 13 to 14 percent over the last festive season, "although the exact estimate is a challenge because of the changing calendar time of the festive season, which is set by the lunar calendar. While it was on October 19 last year, it fell to November 7 this year. The sales period is approximately one month earlier to a few days after," he explained.

"I think last year was a subdued year for everyone following the implementation of the goods and service tax, and the earlier demonetization," he said, indicating that this time all the cities performed reasonably well.

Bissel said that there had also been a shift in the real growth categories, with fusion and Western wear being among the top sellers. "Traditional is also doing well with, double-digit growth," he said, adding that stores across the country saw growth in business, which was also fueled by the large format Experience centers that the retailer has been opening.

Department store chain Shoppers Stop, which has 83 stores in 36 cities, saw a brisk business nationwide as well. "Overall, our revenues have increased by a healthy 7.4 percent adjusted to the new accounting system and goods and service tax in the second quarter of financial year 2019 versus last year, despite Diwali and Puja shifting by a month this year," said Rajiv Suri, managing director and ceo of Shoppers. "With a view to ease shopping and make Shoppers Stop's fashion collections available to maximum customers, we scaled our Click & Collect service to more than 50 stores and expanded our fulfillment center base to 37 stores in addition to the four existing district centers. With this combined effort, Shoppers Stop has been able to serve over more than 25,000 pin codes in India," he said.

Talking about the changing consumer, he said they were "looking for fresh fashion and latest merchandise during the festive season rather than old discounted inventory." A nationwide campaign, "Wardrobe Refresh," had offers from more than 400 brands. "Our beauty range, women's shoes, handbags, ethnic wear, accessories, fragrances, decor and luggage have performed exceptionally well during the festive period," he said.

Other brick-and-mortar retailers that have achieved scale across India reiterated the fact that consumers had not given up on traditional retail.

Sadashiv Nayak, ceo of Future Retail Ltd., which has 80 Big Bazaar and 800 Easy Day stores across 160 locations in the country, said that the Big Bazaar group had an approximate 20 percent growth over last Diwali. "In the fashion space, there was a lot of traction in the ladies ethnic wear and the kids' wear categories," he said, adding that with efficient vendor management and careful stocking of goods across the retail store formats, the prices were reduced by 4 to 5 percent, giving customers more affordable options.

As FabIndia's Bissel pointed out, there was certainly a clarity of growth this festive season.

"It is clear that the retail landscape is changing – the consumer sentiment is high, there is much deep discounting going on by e-commerce companies and there is a shift in the way retail works. The huge increase that you see for e-commerce players of 25 to 30 percent is not just higher growth – the economy is growing about 7 percent – but the seismic shift from smaller retailers is being picked up by e-commerce, from unorganized sector to the organized sector," he said.

BUSINESS

11 Honoré to Open Pop-in

- The Curated NYC pop-in will feature an array of styles in sizes 12 to 24 from several designers.

BY LISA LOCKWOOD

Size-inclusive luxury e-commerce site 11 Honoré will open a pop-in space within The Curated NYC, the multibrand boutique curated by Christian Siriano.

The Curated NYC, at 5 West 54th Street, includes luxury women's wear, ready-to-wear, accessories, fragrances, vintage home decor and gifts.

The 11 Honoré's pop-in will be open from Nov. 30 to Dec. 30 and will feature an array of styles in sizes 12 to 24 from designers such as Brandon Maxwell, La Ligne, Prabal Gurung, Sally LaPointe, Victor Glemaud and Zac Posen, in addition to others on the platform. Customers will also have the option to order custom Christian Siriano pieces, as well as other styles available on 11 Honoré.

Patrick Herning, founder of 11 Honoré, said, "There is truly no better brand alignment than Christian Siriano's The Curated for our first extended pop-in. With New York being our largest market coupled with historical event data showing us that our customer average order value triples when we engage with her in real life, there is tremendous momentum and excitement around this retail launch."

Herning said 11 Honoré has had a lot of success with trunk shows around the country. "The duration of those events does not typically exceed a three-hour window. With this type of extended residency and more robust programming and storytelling capabilities, we are able to engage with our customer in a more authentic and meaningful way," he said.

He also believes the pop-in experience could signal a need for his own store.

"The data that we receive from the 11 Honoré pop-in at The Curated will further validate our hypothesis that a more permanent retail strategy is on the horizon. Most likely, sooner than we think," he added.



Patrick Herning



A look from House of Fluff that will be offered at the 11 Honoré pop-in.

HUE TUBE

All kinds of accessories are broadcasting bright colors for spring.

PHOTOGRAPHS BY COREY OLSEN
PROP STYLIST: MELISSA STAMMER



Sandro's sneakers,
Pared Eyewear's
sunglasses and
Lacoste's watch.



Marc Fisher LTD's sandals and Furla's candy bag.

In Focus: Business Insights

TEXTILES

Texworld Returns to N.Y.

- Texworld USA's winter edition will take place at the Jacob K. Javits Center on Jan. 21 to 23.

BY TRACEY GREENSTEIN

Textile sourcing event Texworld USA will soon return to New York for its winter edition with a refined focus on sustainability, according to show organizers. The event will take place at the Javits Convention Center on Jan. 21 to 23, showcasing previews for upcoming spring 2019/2020 “colors and textures.”

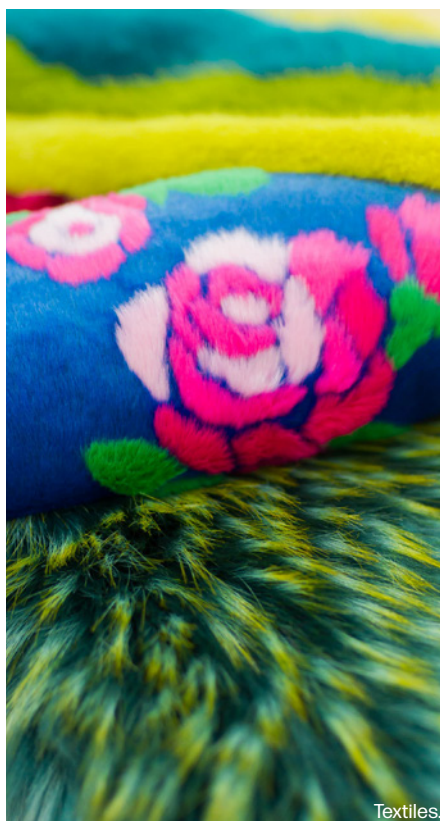
Texworld unites industry experts, designers, fabric buyers, merchandisers and sourcing professionals with manufacturers and global suppliers, including fabric, trims and accessory suppliers. Its product selection will feature over 16 categories, including knits, functional fabrics and denim at “reasonable” prices, show organizers said. And Texworld's Local Loft will return for its winter edition, which features domestic and local suppliers that focus “on low minimums.”

The event's education component includes a trend showcase and assortment of complimentary educational sessions that cover chemical-free dyeing processes, effects from tariffs and China's take on sustainable solutions, among other subjects, in addition to a revamped lineup of Textile Talks and Explore the Floor discussions centered on topics such as technology and fabric innovation. Also of note is Texworld's educational Seminar Series, organized by Lenzing Fibers, which will feature various sessions hosted by industry

experts. Tricia Carey, Lenzing Fiber's director of global business development, said, “During this time in which the apparel industry faces many sourcing challenges, we look forward to a robust Texworld USA supporting alternatives and solutions for the market. The Lenzing Innovation Seminar Series includes topics ranging from sustainability, trends and sourcing. For the direct-to-consumer (DTC) businesses seeking flexible suppliers, Lenzing has recommendations for sourcing fabrics with Tencel Lyocell and Modal.”

And Apparel Sourcing USA, one of the few events in North America that focuses on sourcing finished apparel, contract manufacturing and private label development, is co-located with Texworld USA and will also underscore sustainability as its “spotlight” across its 21 product groups. Apparel Sourcing USA is a long-term joint venture partnership between Germany's Messe Frankfurt and China's CCPIT-Tex (Sub-Council of Textile Industry), show organizers noted.

Jennifer Bacon, show director, fashion and apparel, said Texworld's exhibitors “now more than ever know the importance of speed to market as well having the ability to supply eco-friendly sourcing options to retain and obtain buyers. Manufacturers are starting to see this as a requirement and not just an option due to increased global concerns about business practices. Though sustainability seems like a ‘buzz’ word in the apparel industry and few brands have made serious commitments, the question is becoming who will get ahead of the game or be left behind. As



Textiles.

trade fair organizers, we are addressing this market change by spotlighting this topic in our upcoming winter edition of Texworld USA. Our educational platform will provide a prospective from countries, retail brands and industry experts practicing sustainable, conscious ways of apparel sourcing. Our featured Resource Row will give our attendees tools for fabric recycling, ethical fashion education, fair trade and more.”

ONLINE

Study: Global Online Shopping Adoption Has Peaked

- The Pitney Bowes survey polled more than 13,000 consumers and more than 650 retailers.



Online shopping.

E-commerce adoption by consumers has reached its peak – but they are shopping online more frequently, according to the latest Pitney Bowes global e-commerce study that revealed a decline in global, online cross-border shopping for most countries except the U.S. and Japan.

The survey, which polled more than 650 retailers and more than 13,000 consumers, also found that, on average, most consumers (about 60 percent) are shopping at online marketplaces such as Amazon, Tmall or eBay. The rest are buying goods online at a retailer or brand site such as macys.com, walmart.com or apple.com.

Regarding consumer behavior, the survey revealed that 91 percent of consumers abandon online shopping carts when shipping is not free or fast enough. Authors of the report said while expectations for “fast and free are becoming more and more demanding,” 95 percent of respondents “consider two-day free shipping ‘acceptable,’ only 47 percent consider it ‘fast.’”

Some additional takeaways from the study include that 90 percent of online shoppers in the U.S. “say they have, or will hurt a retailer's brand in response to a bad post-purchase experience, ranging from sharing their frustrations on social media to never purchasing from the offending site again,” researchers said.

The report showed the prominence and importance of subscription boxes. More than half of the Millennials polled “are now enrolled in at least one subscription box” and the researchers said this is expected to grow “11 percent by next year.”

“Rather than search for a product themselves, consumers can rely on brands to come to the table and curate products on their behalf, creating a new opportunity for retailers to generate awareness in their brand,” Pitney Bowes stated.

Regarding cross-border transactions, the adoption rate of U.S. consumers shopping globally increased 2 percent year-over-year. In Japan, the rate rose 3 percent. But all other countries showed declines.

The study found that high shipping costs and slow delivery times were the top reasons for cart abandonment of cross-border shoppers. —ARTHUR ZACZKIEWICZ

TECHNOLOGY

Dosh Card-Linked App Offers Cash Back

- Trending as the number-one shopping app on the Apple Store, Dosh aims to put the money back into consumer pockets.

BY KALEY ROSHITSH

“**Easy money**” — that's the aim of Dosh, a cash-back app trending last week on the Apple store as the number-one shopping app, even beating out the Amazon shopping app, which landed in second place.

Dosh is a “card-linked offer” provider that works by securely linking a customer's credit card, be it American Express, MasterCard, or Visa, to their everyday spending and back to their wallets.

Dosh is trending today as the number-one shopping app on the Apple Store.

Nothing new here, Millennials and Gen Zers have shown an affinity for app usage. According to Dosh's loyalty survey, more than 60 percent of Millennials and Gen Zers have directly linked their bank accounts to

apps “purely for the use of shopping” and 69 percent of Millennials and 68 percent of Gen Z shoppers “frequently purchase items on their smartphones.”

With card-linked apps, users get cash back automatically on their everyday spending — perhaps saving up for high-value goods down the line, rather than waiting to accumulate points or coupons, which often sit unredeemed if a lengthy redemption process exists.

For consumers, the ability to “save on what they want to do and need to do” is how Dosh provides a service, said Brad Brodigan, president and chief operating officer of Dosh, in an interview with WWD.

Working with retail partners such as Forever 21, Payless, Sephora and World Market — Brodigan states how the value for Dosh partner retailers lies in propagating more purchases and repeat customers.

With a firsthand knowledge in payment processing and hosting from his five years at PayPal, Brodigan believes the value of Dosh lies in connecting consumers to missed cash opportunities “connecting billions of dollars to millions



Cashback through “card-linked” offers.

of consumers.”

And making this connection seamless with “real-time data” and transaction matching, the money is there — more than 37 million in cash back was allotted to Dosh subscribers.

As to the benefits for retailers and direct-to-consumer brands, Brodigan sees card-linked offers as “the next generation of performance-based advertisements, especially for brick-and-mortar retailers.”

With the consumer need for experience and human connection as a prevailing motive for in-store shopping, Dosh sees an opportunity to drive in-store transactions, stimulate new consumer loyalty and optimize average order value on a performance basis. Already seeing a 92 percent user retention rate with their cashback offering, the card-link offer may serve as a valued link between retailers and consumer loyalty.



FAIRCHILD
LIVE



2019 CALENDAR OF EVENTS

WWD Digital Beauty Forum	FEBRUARY 13 NYC
WWD Men's Wear Summit	MARCH 27 NYC
WWD Retail 2030 Forum: The New Store Experience	APRIL NYC
Footwear News CEO Summit	MAY 5-7 MIAMI
WWD Beauty Summit	JUNE 4-5 NYC
WWD Digital Forum: New York	SEPTEMBER 18 NYC
WWD Apparel & Retail CEO Summit	OCTOBER 29-30 NYC
WWD Digital Forum: Los Angeles	NOVEMBER LA
WWD BeautyVest	NOVEMBER

REQUEST INFORMATION



It Might Be Time for Leila George To Quit Her Waitressing Job

The daughter of actors Vincent D'Onofrio and Greta Scacchi was raised out of the spotlight and, at 26, is just now ready for Hollywood.

BY LEIGH NORDSTROM PHOTOGRAPH BY LEXIE MORELAND

On paper, Leila George should've been the leading starlet of a soapy teen drama years ago. She's Hollywood offspring (daughter of actors Vincent D'Onofrio and Greta Scacchi), she's gossip mag fodder (see this summer's Daily Mail photos from her beach vacay with Sean Penn) and, when she strolls up at the Roxy Hotel in downtown New York in an ab-baring crop top and flared white jeans, clearly possesses a natural self-confidence that makes you instantly want to know her story.

But the life of a scion hasn't interested George, who, at 26, only recently gave into a longtime interest in acting and decided to pursue it slowly, on her own terms, and while supporting herself as a waitress out in Los Angeles.

Despite an upbringing from two industry figures, George is far from a Hollywood princess, and she still maintains the rather adorable innocence of an up-and-comer, before all the media training seeps in.

When asked the reason for her trip to New York, she's immediately humble. "I'm here to promote my movie 'Mortal Engines.' Not my movie," she says, momentarily embarrassed. "That was super obnoxious."

She's just completed her first Comic Con for the film, and the experience gave her her first taste of Hollywood culture shock.

"I've never done that kind of thing before where I'm walking out on stage and people are excited to see me and then we're doing all the panels where we like do our signatures.

And it's so new to me that my signature changed like five times throughout the day," she says. "So, like, everyone has a poster with a different signature."

That, and the craze of Comic Con, is a bit different from the life she's hopping back to in L.A.

"I'm thinking, 'This is really weird because I'm now going to get on a flight to go back to L.A. where I'm still waitressing four days a week,'" she says. "I'm here one minute and then the next minute I'm gonna be like, 'Hi! How

are you doing, what do you want to eat today?'"

George was born in Sydney, raised near Brighton, U.K., purposefully out of the film industry's spotlight – save for some time on the Chelsea Piers set of "Law and Order," which her father was on for a decade.

"My mom moved us there when I was one; she grew up in the same area," she says of the Brighton area. "It was kind of like a little nest to raise me in. She's an actress, too; at that time, she was quite a public figure.

She wanted to protect me from that and raise me away from everything. I spent my childhood building huts out of sticks and riding my bike with my neighbor down to the woods with saws to cut down trees."

Naturally, she resisted acting in retaliation against following in her parents' footsteps, until she finally gave in.

"Because of my parents, people would always ask me if that's what I was going to do. Maybe out of embarrassment or feeling annoyed that it was

expected, I would just be like, 'No, no!'" she says. "And I always thought I was going to direct instead – because then I could boss my parents around."

She was studying film at the Sydney Film School, and when it came time to apply to directing programs for university, she found herself stuck, unmotivated. "I remember sitting in this tiny shoebox room that I had in Sydney on Bondi Beach and I called my dad. He said, 'What are you afraid of most in the world?' And I said, 'Acting.' And he said, 'I think that's what you need to do.'"

She says she was intimidated by her parents' success in the industry and was afraid she wouldn't be able to measure up, but knowing that her father was right, enrolled at the Strasberg Institute in New York. "And that was it. It was kind of, like, 'I guess this is what I'm doing now,'" she says.

She moved out to L.A. roughly four years ago, which is where she is based now, auditioning and waitressing on the side as a newly opened rooftop bar in

Santa Monica called Éléphante.

"So that's why I sound like a rescue dog or something," she says of her accent. "I feel like it used to be this strange mix between English and Australian, but my dad's born and raised in Brooklyn, so I've had him in my ear all my life. Waitressing in America, people don't understand what I'm saying. So I'll add Rs to things just to not have to explain my whole life story at every table I go to."

"Mortal Engines" is her first big project. Following, she will be seen in "The Kid," which is her father's directorial debut and which stars Chris Pratt and Ethan Hawke. George says she's moving at a slower pace than some of her peers because she's "picky" and wants to choose projects consciously.

"At the moment, while I don't have any kids or family to support, I would rather work in a restaurant and support myself that way than do s---ty jobs that I don't believe in," she says. "So I've been holding out to do the good things. Hopefully it pays off. We'll see."

**"[My dad] said,
'What are you afraid of
most in the world?'
And I said, 'Acting.'
And he said, 'I think that's
what you need to do.'"**

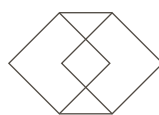
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Fashion Scoops



A look from Celine.

For the Boys

The Paris men's calendar just gained another heavy hitter: Celine will stage a show in January, mere months after creative director Hedi Slimane launched its men's wear division during a coed show on Sept. 28, a spokeswoman for the brand said on Monday.

This follows the decision by

Givenchy to switch back to the men's wear fashion calendar for the fall 2019 with a presentation on Jan. 16, as reported.

Celine is in talks with the Fédération de la Haute Couture et de la Mode on an exact date for its display, which could also include a handful of women's designs, though no decision has been taken, the spokeswoman said.

The move comes at a time when a growing number of brands are opting to present women's and men's wear at the same time. Maison Margiela staged its first coed show this season, while brands including Stella McCartney, Balenciaga, Haider Ackermann and Sonia Rykiel featured models of both sexes on the catwalk.

French conglomerate LVMH Moët Hennessy Louis Vuitton is making a high-profile push into the booming men's wear market with the launch of the category at Celine, an increased focus on men's at Givenchy, as well as the appointment of new designers at the helm of Louis Vuitton, Dior and Berluti in the last year.

— JOELLE DIDERICH

Romestain Joins Galeries Lafayette

Galeries Lafayette Group has appointed former Lancel chief executive officer Marianne Romestain as head of a newly created buying and merchandising department responsible for ready-to-wear,



Marianne Romestain

accessories and beauty for the Galeries Lafayette and BHV Marais department store chains, effective immediately.

Romestain, who has 25 years of experience in management, consulting, marketing and communication for companies including Fast Retailing and Cartier, is charged with developing the retailer's offer to support its digital transformation, strengthening brand partnerships and boosting its private label offer.

"She will work closely with the company's other departments to offer customers a global, differentiating and omnichannel fashion range," the group said in a statement.

Romestain reports to Nicolas Houzé, ceo of Galeries Lafayette and BHV Marais, and is a member of the executive committee. The executive had been chairwoman and ceo of Lancel since 2014, and prior to that was ceo of the Gérard Darel Group from 2011 to 2013. — J.D.

Beauty Chief

The NPD Group has a new head of its U.S. beauty division — Lori Monaco.

Monaco was most recently president of the firm's fashion footwear, accessories and luxury divisions. At her new role as president of U.S. beauty, Monaco will be responsible for overseeing NPD's portfolio of beauty services and product offerings.

She has been with NPD since 2003, working across fashion, footwear, accessories, food, beverage and packaged goods. At NPD, she helped spearhead the firm's tracking of watches

and jewelry.

"Lori's passion and enthusiasm resonates not only within the NPD organization, but makes her a highly respected and well-known presence in the industries she touches. As we look to take our beauty business to the next level, Lori's expertise will allow us to partner with clients in new and different ways, and identify additional opportunities to help grow their businesses," said Joanne Sackett, president of NPD's Softlines sector.

"Exciting changes are under way in the beauty space — an industry which, in many ways, is setting a precedent for others. I am thrilled to be part of the industry during this critical moment in its evolution, and leading a talented NPD team with the data assets and industry expertise to guide our clients during this competitive, yet opportunistic time," said Monaco.

Sarah Bloch is assuming the role of commercial lead for NPD's fashion footwear and accessories practices. She has been with NPD for three years, and has more than 16 years of experience in the footwear industry. — ALLISON COLLINS

Memo Pad

Goop Tube

There's no stopping the growth of Gwyneth Paltrow's Goop.

The high-end, love-it-or-hate-it lifestyle brand that Paltrow started just over a decade ago as a list of her favorite things and places for inquiring friends has had a busy year. With an additional \$50 million in Series C funding, Goop has gone international and pushed further into traditional retail, expanded its own brand, which is set to make up at least half of the company's e-commerce revenue, launched a podcast and taken back control of its quarterly magazine from Condé Nast.

Next up is TV. Sources tell WWD that Goop is in talks with Netflix to shoot and stream a series based on the brand's core theme of "wellness" — a focus that has put both Goop and Paltrow, the company's chief executive officer, under the microscope. There

have been countless internet takedowns of Goop's advice and products and it recently settled with the California Food, Drug and Medical Device Task Force over some product claims it published, but there's no arguing that wellness consumerism has done little but grow in recent years, with no signs of a slowdown.

A Netflix spokeswoman declined to comment on talks or an impending deal, as did a spokeswoman for Goop.

But mockery and watchdog concerns can't sideline the brand's ambitious growth and derision seems to only embolden it — it's even starting to absorb the inevitable criticism into its marketing. The recent launch of its annual gift guide included a section for "the ridiculous but awesome" — with suggestions ranging from 24-karat gold rolling papers to an electric yacht to renting out a small Spanish town

— teasing "Be honest: This is why you're here in the first place."

The financials of the potential deal are unclear, but Paltrow has been developing the show for more than a year, telling The Hollywood Reporter last September that she was working with a production company to get a series pitch together. Paltrow is also speculated to star in the show, which is said to be shaping up to be a series looking at wellness and homeopathic traditions in different cultures. But nothing is yet final, sources said, not even the prospective deal with Netflix. And Paltrow's involvement could turn out to be more like the Goop podcast, sources said, which is often hosted by chief content officer Elise Loehnen.

Netflix is more of a content producer than ever, and over the past year has cut mega-deals with producer/creators like Shonda Rhimes and Ryan Murphy, who's creative partner Brad Falchuk just married Paltrow. The platform has worked recently with media brands and notable people on shows, like Vox and the Obamas, which are reportedly developing a nonfiction series, an area Netflix has become a go-to for.

Goop also has a knack for incorporating third-party branding into its retail, editorial and e-commerce businesses, which offsets cost and drives revenue for both parties, something that could well continue in a TV show. More interesting to Netflix is likely the brand's built-in audience — live wellness summits featuring Paltrow and other celebrities have sold out, as have Goop's vitamins, and many of those fans would likely watch a Goop series based on the brand's wellness position.

And many more would likely tune in as well, if only to hate-watch. — KALI HAYS

Katzeff To CNE

Condé Nast has hired online video executive Oren Katzeff to run its entertainment division.

Katzeff is joining Condé from Tastemade, a Millennial-focused online platform that makes and distributes videos on cooking, food and travel, where he was global head of programming for five years. He's taking up the title of president of Condé Nast Entertainment, previously held by Dawn Ostroff, who in June left Condé for Spotify. The position also includes oversight of CNE's TV and film business, which has previously included work with Netflix, Vice and Amazon.

"We had incredible interest in this role from highly accomplished candidates with backgrounds ranging from traditional television and film to digital pure plays, but Oren stood out because of his unique insight, ability to create addictive content, and innovative operational expertise," Condé's chief executive officer, Bob Sauerberg, wrote in a memo on the hiring.

Sauerberg, to whom Katzeff will report, added that he sees Katzeff as "the future of our video business."

When Ostroff left six months ago, Sauerberg stressed CNE and video as key to the company's future and noted that the division generates more than 1 billion unique video views per month. The company currently creates about 5,000 videos a year.

Katzeff does seem to have a background tailor-made for Condé's ambitions around video — the company's main area of investment and growth as it shifts from being a print publisher of magazines to



Gucci's "World (The Price of Love)" book.

a digital publisher for the Internet. Katzeff led video for Tastemade, which only launched in 2012 and boasts 250 million active monthly viewers with 3 billion video views per month, and where he executive produced a number of shows for Facebook Watch. Prior to Tastemade, he led marketing for ZEFR, which mainly trades in movie trailers and clips, and held various executive or management positions at humor site Cracked and Yahoo! Media.

Katzeff, who starts at Condé in two weeks, said he's "excited to lead the team at such an inflection point for CNE's growing video business." — K.H.

photography, Parr shot models sporting Gucci attire and passersby around Cannes, on the French Riviera. In particular, most images are set at the local InterContinental Carlton Cannes hotel and beach club, where talents posed holding ice cream and inflatable beach toys.

With 1,000 copies available, "World (The Price of Love)" will be distributed by London-based independent publisher Idea and will retail at \$60 starting from Nov. 29, when it will be officially launched at the Gucci Garden in Florence with a special book-signing event with Parr. In addition to the Florence unit, the tome will also be available at the newly opened Gucci Wooster Bookstore in New York, select stores worldwide and on Idea's e-commerce.

Founded in 2009 by Angela Hill and David Owen, Idea already distributed Gucci's former limited-edition publications "Disturbia" by Peter Schlesinger, "Hortus Sanitatis" by Derek Ridgers and "Epiphany" by Ari Marcopoulos. — SANDRA SALIBIAN



Gwyneth Paltrow at the recent opening of a Goop pop-up.