

## BEAUTY BEAT

# Essence Panel Explores Beauty Purchasing

AFRICAN-AMERICAN WOMEN ARE VIBRANT SHOPPERS OF PRESTIGE BEAUTY BRANDS, but their biggest challenge is finding products that are effective and effectively marketed toward them. Such points were revealed last week at Essence's Smart Beauty panel, which discussed the African-American woman's shopping experience in the prestige beauty market.

Essence beauty and cover director Mikki Taylor led a discussion on the findings with celebrity makeup artist Sam Fine, dermatologist Rosemarie Ingleton and Candace Corlett, president of WSL Strategic Retail, at a breakfast at the Mandarin Oriental in Manhattan.

African-American women spend \$7.5 billion annually on beauty products, but shell out 80 percent more money on cosmetics and twice as much on skin care products than the general market, according to the research. That difference comes as African-American women sample many more products to find the ones that are most effective on their skin.

"She spends a lot, but there's little satisfaction. What keeps us buying is the hope that this product will do what it's supposed to do," said Fine.

The type of beauty goods she's searching for, according to the findings, are brands she trusts, that reflect her personal style and offer high-quality ingredients. She's also more likely to buy products from aspirational labels — Chanel lipsticks and Versace perfume, for example — than brands that are associated with celebrities.

Nevertheless, Fine said she believes African-American women are looking for affirmations of their own beauty through seeing spokespersons or models of color in ad campaigns for beauty products. One area that was void of faces of color were antiaging products, according to Fine.

"There's no face of aging in the African-American community," said Fine. "There's Sharon Stone and Christie Brinkley, but no one who's African-American."

Essence has rolled out four installments of its Smart Beauty research. Smart Beauty's first session in 2004 discussed the spending power of African-American women, while the following year, Smart Beauty II: "Counter Intelligence" addressed the retail experience. In 2006, Smart Beauty III: "Speak to Me" focused on language and messaging in marketing to the African-American consumer.

— Stephanie D. Smith



Mikki Taylor, Sam Fine, Candace Corlett and Rosemarie Ingleton.

## Alliance Boots Registers Profit

LONDON — Health and beauty retailer and pharmaceuticals wholesaler Alliance Boots on Monday reported net profits for the year ended March 31 of 101 million British pounds, or \$173.9 million at average exchange, up from 10 million pounds, or \$17.2 million a year ago.

Trading profits, which the firm defines as profit from operations before exceptional items, amortization of customer relationships and brands, and share of post-tax earnings of associates and joint ventures, rose 11.6 percent to 953 million pounds, or \$1.64 billion. The privately owned company, which owns the Boots pharmacy chain, said revenues grew 15.5 percent on-year to 20.5 billion pounds, or \$35.29 billion.

Alliance Boots' health-and-beauty division, which incorporates retail sales of prescription and over-the-counter drugs through its pharmacies as well as beauty products, reported revenues that were up by 4.4 percent to 7.15 billion pounds, or \$12.31 billion. In the U.K., beauty and toiletries sales hit 2.06 billion pounds, or \$3.54 billion, an increase of 0.4 percent over the prior year.

"Growth in toiletries [was] partially offset by lower sales of cosmetics and fragrances," the company stated. "No. 7, our cosmetics and skin care brand, maintained its market-leading position in the U.K."

Alliance Boots said in January it generated a pretax cost savings target set at the time of Alliance UniChem and Boots Group's merger of 100 million pounds, or \$172.2 million, 18 months ahead of schedule. "We are fully committed to the development and growth of Alliance Boots and believe that we are on track to become the world's leading pharmacy-led health and beauty group," stated Stefano Pessina, Alliance Boots' executive chairman.

— Brid Costello

## Nabi Named Managing Director at Lancôme

LONDON — Youssef Nabi has been named Lancôme's new managing director, a L'Oréal spokesman confirmed Monday. Nabi replaces Odile Roujol, who is to take on other yet-to-be-announced responsibilities within the group. As reported, Nabi has been replaced by Vianney Derville in L'Oréal Paris' top post.

## MEMO PAD

**ON THE ROAD AGAIN:** Hearst Magazines is trying to get personal to slow the advertising downturn.

Cathie Black, president, and Michael Clinton have personally hit the road on a 10-city tour, armed with a new, one-hour presentation that offers a more customized approach to advertising at Hearst titles. Meanwhile, the latest Media Industry Newsletter data showed double-digit ad declines. Clinton, executive vice president and chief marketing officer/publishing director, said brainstorming for the new plan began two years ago during a meeting in New Orleans, and the results are now showing up in magazines from brands such as Intel, Pantene and Dior Beauty.

Dior Beauty, for example, recently selected five Hearst titles to advertise in, including Marie Claire, Seventeen and O, The Oprah Magazine. All three are read by different audiences so the brand's ad design, from text to images, varies in each. The variations can be dealt with in-house at Hearst since everything is processed digitally. "There have been iterations of this before, but it's never been done to this extent before," Clinton claimed, declining to discuss pricing.

He added that most business functions at Hearst will soon be done digitally, from billing to PDF tear sheets. Almost a quarter of all subscriptions are coming from Hearst Web sites now and that number spiked to 48 percent for the new Food Network Magazine, which he refers to as the "new launch model." That new model also includes shorter production cycles (starting with Cosmopolitan and rolling out across the portfolio by yearend) to allow last-minute ads as companies buy closer to deadline; leaner staffs, and having just one associate publisher (so far, Veranda and the Food Network Magazine each only have one). "We have to adapt to a changing world," said Clinton.

In 2007, Hearst produced 415 pages of advertising in-house, and in 2008, almost 600 pages, or 22 programs, were published. This year, 16 programs have been completed, with three more about to close at press time. — Amy Wicks

## Haspel Inks Two New Licenses

By Brenner Thomas

OLD-SCHOOL SUIT LABEL HASPEL HAS BEGUN TO EXPAND ITS product universe with the addition of two licensed categories.

Haspel, best known as the creators of the seersucker suit, detailed the separate agreements with Excalibur, a division of AW Chang Corp., which will design and manufacture men's dress shirts and neckwear for the brand.

Haspel ties and pocket squares will hit department stores this fall; dress shirts will follow for spring 2010.

"How thrilled my grandfather would be to see us expand the Haspel brand into exciting new categories," Laurie Haspel Aronson, president of Haspel, told WWD exclusively.

The announcement marks the first deals for Haspel Worldwide, a holding group Haspel Aronson, owner of the brand's trademarks, formed with Jim Ammeen of Neema Clothing and branding firm Graj + Gustavsen to transform Haspel

— largely regarded as a seasonal suit maker — into an American lifestyle brand with multiple categories and tiers of distribution. Haspel Worldwide was created last summer in conjunction with the brand's 100th anniversary.

Ammeen, who had previously worked with Haspel as the maker of its tailored clothing, has led the charge to line up licenses. While the first deals are slightly behind schedule — plans initially called for new product by spring 2009 — Haspel Aronson, who also runs a thriving firearm wholesaler, said the pace of new deals should accelerate.

"Having these licenses under our belt will help the market realize we are not just a suit company," she said. "We're in talks with other business now; things will start to pick up now."

Haspel Aronson did not detail what additional licenses could be finalized this year, but original plans called for sportswear as well as a contemporary tailored clothing collection.

"Haspel is an iconic American brand whose legacy of landmark innovation and unique brand equity easily translates to other retail categories," said Simon Graj, founding partner of G + G, which has an ownership stake in Haspel Worldwide.

Haspel has approximately 500 points of sale in the U.S., including Macy's and Nordstrom.

The brand's furnishings partner Excalibur is best known as the licensee of Nicole Miller neckwear.



A look from Haspel's tailored clothing collection.

## Arcandor, Metro Merger Denied

By Melissa Drier

BERLIN — Speculation is again heating up that Germany's two main department store chains, Karstadt and Kaufhof, are heading toward a merger.

Karstadt, a division of the financially strained Arcandor Group, operates 120 doors in Germany with a workforce of about 30,000. The Metro Group's 113 Galeria Kaufhof department stores in Germany employ about 25,000.

Although Metro said Monday that "no merger negotiations with Arcandor are taking place," a company spokesman confirmed that Metro chief executive officer Eckhard Cordes sent a letter to the German economics minister regarding Karstadt. Metro further noted it is open to talks with both Arcandor and the government "with the objective of finding economically feasible solutions for the Karstadt department store locations."

This is not the first time the prospect of one huge consolidated German department store group has captured headlines here, but the current speculation has been spurred by Arcandor's increasingly precarious financial footing.

As reported, the embattled department store, catalogue and travel group is seeking federal loan guarantees of 650 million euros, or \$884 million, by mid-June to secure its survival. Arcandor needs a further 250 million euros, or \$340 million, in financing this year, as well as an additional 900 million euros, or \$1.22 billion, over the next five years to carry out a radical restructuring program.

While observers have argued that the German government would be loathe to endanger the group's 50,000 jobs in an election year, press reports suggest Arcandor's request for guarantees is meeting with growing resistance. The Metro Group has already said it opposes any state aid for Arcandor for regulative and competitive reasons.

A merger of the two groups into what is being called Deutsche Warenhaus AG, or German Department Store Inc., would result in neighboring Karstadt-Kaufhof stores in many key cities. Many of Karstadt's stores are unprofitable, and observers predict that only about 150 of the consolidated 247 houses would be operable in the long run.

A spokesman for Arcandor was not available for comment Monday, but has been quoted as saying Arcandor spies several hurdles to a possible merger, including federal antitrust approval for what would effectively create a German department store monopoly.