

WWD

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Seeing Red

J. Crew posts Q4 loss, vows action.

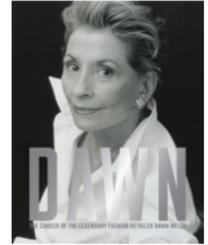
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Classic Motifs

Versace to stage exhibit featuring its Home collection.

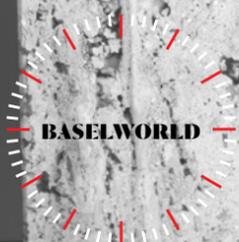
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One of a Kind

New book chronicles the life and career of Dawn Mello.

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FROM LEFT: Zenith's Chronomaster El Primero watch; Grand Seiko's watch; Zenith's Pilot Cronometro Tipo CP-2 Flyback; Hublot's Classic Fusion Titanium Green watch. Brioni cotton shirt; Cartier cuff links.

TIME ON MY HANDS

Mechanical wristwatches are rewinding to the elegance of yore, with classic and restrained designs that, ahem, stand the test of time. *For more from Baselworld, see pages 14 to 41.*

MARKET EDITORS: LUIS CAMPUZANO AND THOMAS WALLER FASHION ASSISTANT: VICTOR VAUGHNS JR.
STYLE DIRECTOR: ALEX BADIA PHOTOGRAPH BY CLAIRE BENOIST

BUSINESS

Hermès Banks on 'Workshop' Approach

As it prepares to cross the threshold of 6 billion euros in revenues this year, the French luxury brand touts its artisanal roots.

BY JOELLE DIDERICH

PARIS – Though few will admit it, many luxury brands rely on marketing teams to drive design. Some deploy huge advertising budgets to launch new products. Hermès International, on the other hand, is making the human touch its main selling point as it prepares to cross the threshold of 6 billion euros in revenues this year.

Hermès chief executive officer Axel Dumas on Wednesday underlined the importance of craftsmanship as the

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FASHION

What Should Be Tom Ford's Top CFDA Priorities?

Designers share views on New York Fashion Week, the CFDA Fashion Awards, NYFW: Men's, and programming.

BY LISA LOCKWOOD AND JEAN E. PALMIERI

Designers reacted positively Wednesday to the news that Tom Ford has been elected chairman of the CFDA – and had a lengthy “to do” list of the challenges he faces when he takes over in June.

While they praised the work Diane von Furstenberg has done over the last 13 years – working with Steven Kolb, chief executive officer of CFDA – to galvanize the American fashion industry, they say they are looking forward to Ford's tenure and what he'll do to bring a more global perspective to their businesses.

New York Fashion Week remains one of the thorniest issues on Ford's plate, and a few women's wear designers had ideas on how he could make changes to the semiannual event. NYFW: Men's presents another problem, and some believe it got off on the wrong foot. They are hoping Ford, who has a luxury men's business, in addition to women's, can improve the event and have some impact to help the men's business gain more respect.

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BUSINESS

J. Crew Posts Loss in Fourth Quarter

● A year of misguided strategies took its toll on the specialty retail group.

BY DAVID MOIN

Misguided strategies of the past year leading to inventory write-downs dragged the J. Crew Group to a net loss of \$74.4 million in the fourth quarter, compared with net income of \$34.7 million in the year-ago fourth quarter.

“The J. Crew brand delivered disappointing results in 2018 as many new strategies we deployed were ultimately not successful and negatively impacted our financial performance, while Madewell generated another year of record results, accelerating its path to becoming a \$1 billion global brand,” said Michael J. Nicholson, president and chief operating officer.

The company was beset by issues at the J. Crew brand, mainly a confusing subbrand strategy that was dropped, inventory increases and exaggerated marketing and overhead expenditures. “J. Crew tested a new vision and new strategies,” Nicholson said later during a conference call Wednesday. While the company obtained “a better understanding of what does and does not resonate with customers, many strategies were not successful.”

Not all of the new J. Crew strategies flopped. Nicholson cited as accomplishments the point-based loyalty program, growth in wholesaling, and a healthier inventory position entering 2019.

Total revenues in the fourth quarter ended Feb. 3 increased 3 percent to \$733.8 million. Comparable sales increased 9 percent following a decrease of 3 percent in the fourth quarter last year.

By division, J. Crew sales in the fourth quarter decreased 4 percent to



\$527.9 million. J. Crew comparable sales increased 6 percent following a decrease of 7 percent in the fourth quarter last year.

Madewell sales in the fourth quarter increased 16 percent to \$157.9 million. Madewell comparable sales increased 22 percent following an increase of 19 percent in the fourth quarter last year.

“Despite continued strong performance at Madewell, we believe our 2018 results do not reflect the opportunity inherent in the collective strength of our iconic brands,” Nicholson said. “Accordingly, we have taken immediate and decisive action to refocus our strategy and improve performance in 2019 with the goal of returning J. Crew to profitability and sustaining momentum at Madewell. Finally, we remain highly focused on managing inventory with increased discipline while aggressively optimizing expenses.”

Last November, ceo Jim Brett abruptly left the company after just 15 months into

his mission to turn around the business. The retailer said at the time that a “mutual agreement” was reached by the board and Brett, but others said Brett was forced out, that he had disagreements with the board over strategy, and that the quality of the merchandise and how the value of it was perceived by consumers had declined. The company is still searching for a new ceo.

Chris Benz was brought on as chief designer for the J. Crew brand. He’s known for a distinct and vivid approach to color, patterns and style that could work for J. Crew.

In other plans, the J. Crew catalogue will migrate to a “digital-first” model with personalized content, segmented offers and less reliance on mass promotions. J. Crew will close about 20 stores, after closing 34 last year.

Last quarter, gross margin decreased to 22.4 percent from 36.7 percent in the year-ago quarter. During the fourth

quarter of fiscal 2018, the company recorded a charge of \$39.3 million for expected losses on the disposition of excess merchandise inventories.

Selling, general and administrative expenses were \$227.7 million, or 31 percent of revenues, compared to \$252.1 million, or 35.4 percent of revenues in the fourth quarter last year. This year includes transformation, transaction and severance costs of \$10.8 million and a benefit of \$6.6 million related to the lease termination payment in connection with the corporate headquarters relocation. Last year includes transformation, transaction and severance costs of \$21.3 million.

Excluding these items, selling, general and administrative expenses were \$223.5 million, or 30.5 percent of revenues, compared to \$230.8 million, or 32.4 percent of revenues, in the fourth quarter last year.

Operating loss was \$64.2 million compared with an operating income of \$4.9 million in the fourth quarter last year. The fourth quarter this year reflects the impact of excess inventory write-downs. The fourth quarter last year reflects the impact of transformation costs.

Adjusted EBITDA loss was \$31.9 million compared with adjusted EBITDA of \$63.4 million in the fourth quarter last year.

For all of 2018, J. Crew Group had a net loss of \$120.1 million compared to a net loss of \$123.2 million in 2017. Adjusted EBITDA was \$112.8 million compared to \$225.9 million in the year prior.

Total revenues increased 5 percent to \$2.48 billion; comparable sales increased 6 percent. J. Crew sales decreased 4 percent to \$1.78 billion; comparable sales increased 2 percent. Madewell sales increased 26 percent to \$529 million; comparable sales increased 25 percent.

Gross margin decreased to 33.6 percent from 37.8 percent in 2017.

BUSINESS

Eurazeo Exits Moncler 1.4 Billion Euros Richer

● Virginie Morgon on how the private equity company helped push the luxury outerwear brand.

BY EVAN CLARK WITH CONTRIBUTIONS FROM ALEX WYNNE AND JENNIFER WEIL

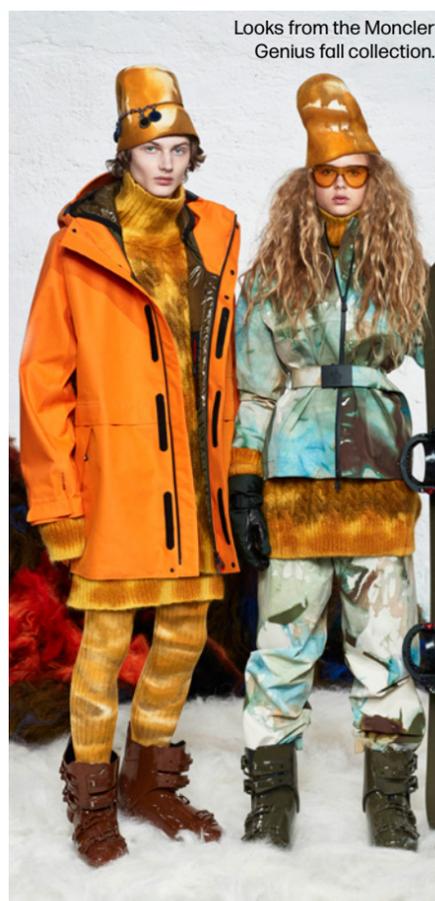
Copcats might be the scourge of fashion, but a little unwanted attention helped Remo Ruffini and Eurazeo, his now-former private equity partner in Moncler, rake in billions.

After eight years, Eurazeo said it has exited the last of its stake in the luxury outerwear brand, selling 4.8 percent of the company for 445 million euros. That’s more money than Eurazeo and its co-investors paid for 45 percent of the company in 2011, making for one of the most successful private equity investments in fashion in recent memory.

The spark – or at least part of it – came from copies of Moncler’s signature puffer.

Virginie Morgon, who is now chief executive officer of Eurazeo, told WWD that when she was first looking at the brand in 2009 and 2010, it was still relatively small but generating lots of interest from lookalike makers.

“I remember traveling in Shanghai and Beijing and noticing how many copies were made,” Morgon said. “I was intrigued.”



That intrigue ultimately led to a deal and a partnership that helped create the new category of luxury outerwear, where Moncler has added some fashion flair to what was once a utility-driven area.

But the process wasn’t always easy. “We were very concerned that the product range was so narrow,” Morgon said of the start. The brand also had fewer than 30 stores and nearly half of its sales came from Italy.

Morgon credited Ruffini as the “genius” behind the brand, but said she was there pushing the company.

“We certainly had a vision, which we pushed,” she said, noting Moncler was not just a “winter brand,” but a luxury brand.

The company added other styles to expand its range, including a light jacket and summer down, and also expanded into what Morgon called “hot cities” like Los Angeles, and gained momentum.

“It wasn’t always easy,” she said. “Let’s be clear, especially at the time of the IPO [in 2013] because your interests aren’t always aligned – ‘Who is selling? Who is keeping [their stake]? What’s your view of the business? Where is the company going?’”

But clearly, the partnership worked and Morgon said Ruffini, who was not available for comment Wednesday, asked her to stay on the company’s advisory board.

“The reason he asked me to stay – we’ve not been easy, but we’ve been right,” she said. “This is what you look for in partners. We’ve been difficult in a way, very disciplined and demanding, but we’ve been good partners.”

Morgon said Ruffini told her, “I need someone around me who knows the company and can tell me what he or she thinks, really.”

She said Ruffini has “big ambitions for the brand and what he does, but at the same time is conservative.”

“We opened on average 15 to 20 stores a year,” she said. “We could have opened way more than that, but we didn’t just want to open stores, we wanted to open a statement for the brand, a home.”

All told, the investment generated proceeds of 1.4 billion euros for Eurazeo and the association helped Moncler build a market capitalization of 9.2 billion euros and Ruffini a fortune that Forbes places at \$2.4 billion. (Shares of Moncler closed down 1.8 percent to 36.40 euros Wednesday.)

Now the trick is to find the next Moncler. Eurazeo, which has roughly 17 billion euros in assets under management, is a shareholder in Farfetch, Vestiaire Collective and, through its Eurazeo Brands division, Nest Fragrances, Pat McGrath Labs and Bandier.

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BUSINESS

Guess Earnings Fall Short of Expectations

● The retailer's latest set of results were unveiled by Carlos Alberini, who recently replaced Victor Herrero as ceo.

BY KATHRYN HOPKINS

Guess Inc.'s new chief executive officer has spoken publicly for the first time, detailing his growth plans for the retailer following a fourth-quarter earnings miss that sent its stock down in after-hours trading.

In a statement accompanying its latest results, Carlos Alberini declared he was "thrilled" to be part of the Guess family once again, but acknowledged that there are several areas that can be improved, which should result in operating margin growth over time.

"I intend to apply some key principles for shareholder value creation, including a disciplined approach to capital allocation and working capital management, careful product development and distribution, pursuing global initiatives to leverage and support our global business more effectively," he said, adding that he wants its denim business to reign once again.

The work needed to be done was highlighted by its earnings miss. Net

Jennifer Lopez in the Guess spring 2018 campaign.



earnings were \$23.2 million, or 28 cents per share, for the fourth quarter, up from 1 cent a year earlier. Adjusted earnings per share came in at 70 cents a share, below analysts' estimates of 75 cents and leading to a 13.5 percent drop in its stock to \$19.10 during after-hours trading. At \$837.1 million, net revenue beat the consensus for \$831 million.

Alberini was formerly Guess' president and chief operating officer between 2000 and 2010, but left to join Restoration Hardware as co-ceo until 2014 and later went on to be appointed chairman and ceo

of Lucky Brand. In January, Guess surprised the market when it poached him to replace Victor Herrero and it was revealed today that the latter was paid more than \$5 million in severance.

At the time of the ceo switch, the company also announced that cofounder Paul Marciano would remain as its creative chief despite being at the center of the sexual harassment storm that rocked the company last year.

This marked an about-turn from the summer when Marciano said he had

voluntarily recused himself as executive chairman and had started to pass his duties as chief creative officer over to Herrero in preparation for a Jan. 30 departure, although he would stay on the board.

His remaining on as chief creative officer will no doubt raise eyebrows as he was accused last year of sexual harassment by model and actress Kate Upton and others.

Guess subsequently set up a special committee to investigate these allegations and in June concluded that it would pay out \$500,000 in settlements to five individuals and that he would step down from his role of executive chairman. He remained on the board, but his brother, Maurice Marciano, was appointed chairman.

The firm stressed at the time that the settlements did not admit liability or fault and were done to avoid the cost of taking the matters to court.

During a call with analysts Wednesday evening, Alberini lavished Marciano with praise: "I think the world of Paul and have tremendous respect for him. He has incredible talents and a commitment to this company and to this brand that is unmatched," he said. "I believe we both have different skill sets that complement one another, and we plan to take full advantage of our combined strengths."

BUSINESS

Jeremy King Exits Walmart

● The chief technology officer resigns as the fight for e-commerce sales in the U.S. is heating up.

BY KELLIE ELL

Jeremy King, chief technology officer at Walmart, is leaving the company.

His last day will be March 29, according to an internal company memo distributed on Wednesday. King, who has been with the company for seven years, is going to another "non-competing company, which should be announced in the coming days," according to a Walmart representative.

The news comes as the big-box retailer continues to pour money into its

e-commerce business and improving its in-store experience in an effort to compete with rivals like Amazon.

Walmart has done a lot to shake its image of old-school brick-and-mortar retailer and is trying to re-brand itself as a digital e-commerce hub instead.

That includes buying Mountain View, Ca.-based tech start-up Kosmix for \$300 million and renaming it Walmart Labs in 2011. The Labs, a smaller organization with Walmart, now has more than 7,000 tech experts, along with behavioral scientists, working on the latest and greatest innovations in online shopping. More recently, the retailer also bought Jet.com and a series of digital native apparel businesses, including Bonobos and ModCloth.

"We're expanding our assortment, improving search, enhancing our website and executing better on the fundamentals such as product reviews, inventory mirroring and on-time delivery to accomplish this," Douglas McMillon, president and chief executive officer of Walmart, told analysts on a conference call last month. "We will continue to play offense and innovate as we shape the future of omni-retail."

King told WWD earlier this month that a major focus for Walmart's digital platform includes building out the online grocery business.

"We're really focusing on the omnichannel bridging the physical and digital parts and empowering the 1.1 million people in the U.S. with technology," King said.

So far, the plan is working. In 2018, sales at Walmart U.S.'s online platform grew roughly 40 percent year-over-year.

Even so, the competition remains stiff.

Earlier this month, Coresight Research released a report suggesting that Amazon has surpassed Walmart as the number-one retailer for apparel.

In the company memo, Greg Foran, president and ceo of Walmart's U.S. business, Marc Lore, president and ceo of the retailer's e-commerce business, described King as a leader who had "laser focus."

"He encouraged true omnichannel thinking and created a unified team of technologists, each focused on one customer," the memo stated.

King also helped create partnerships with technology companies, including Microsoft, Google and Nvidia during his tenure with the company.

Fiona Tan, senior vice president of customer technology, Walmart Labs, will help fill the gap until King's replacement is found.

BEAUTY

Why Amazon's Private Label Beauty Brand Matters

● The e-tailer unveiled Belei, its first dedicated private-label skin-care brand, on Wednesday.

BY ALLISON COLLINS

Amazon has launched private-label beauty, and U.S. retailers need to be paying attention.

Amazon's first private-label skin-care line, called Belei, has 12 stockkeeping units that hit all major trends: free-from, earth-friendly packaging and affordable price points, said Wendy Liebmann, chief executive officer at WSL Strategic Retail.

"They have ticked a lot of boxes in terms of hot trends," she noted. And while they may not have nailed it in terms of branding — Liebmann referred to the line as "generic" and compared it to Target's private-label

efforts 15 years ago — it's likely the hordes of shoppers that are already on Amazon will be willing to give it a go, she said.

She cautioned that for Belei to last it will need a distinct brand identity, plus the levels of in-house brand support found at places like Sephora or Boots.

"Can they do business? Of course they can, it's Amazon," Liebmann said. "The beauty world has become so fragmented and shoppers are so informed and smart about what's out there, and also willing to expand their interests and try new things. If I'm Ulta, if I'm Sephora, if I'm anybody who is selling beauty as a retailer, I'd be foolish not to pay attention."

It remains to be seen how successful Belei will be. The line launched on March 20, supported by coordinated press efforts and an event that influencer Olivia Culpo posted about on Instagram.

But according to Liebmann, even if this



Belei is Amazon's first private-label skin-care brand.

particular beauty project doesn't take off, Amazon is likely to try and try again — like it has in fashion. "If it's not this time, it's next time or the time after, and that's one trip that goes out of the skin-care aisle," she said.

Liebmann also noted that efforts around Belei are similar to Sephora's early-day private labeling. "When Sephora really struggled to get some of the big luxury brands to go there in the early days because the department stores said no.... Sephora decided not only would they have the LVMH brands, but they would incubate their own brands, and that's been a massive driver," Liebmann said.

Thus far, Amazon has had a hard time luring brands, especially high-end lines,

to its platform. Many of those lines have hesitated to partner with Amazon because of retailer conflicts, and concerns over control and data. Amazon has been able to lure some brands with the promise to shut down gray market sellers. Today, Amazon Luxury Beauty sells products from Sunday Riley, Oribe, BeautyBio and Burberry, and other brands. But some of the bigger brands, including all of the Estée Lauder Cos. Inc. lines, still do not sell directly on the platform.

"To date, Amazon uptake by prestige beauty brands has been insignificant, although we are hearing from more indie brands that exploring and distributing on Amazon has proven productive," Jefferies analyst Stephanie Wissink wrote in a note. "It's become increasingly competitive to get into places like Sephora and Ulta; as a byproduct, we expect Amazon to gain access to a growing number of small brands, [especially] those desiring to take back volume [and] control from marketplace sellers."

Wissink estimated that as Amazon develops in beauty, it could potentially scale up to 10 percent market share.

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BUSINESS

The Book on Dawn Mello, a Life of Luxury, Leadership and Encouraging Others

- The fashion exec has long exuded style, grace and wisdom throughout her career.

BY DAVID MOIN

Will there ever be another Dawn?

It's a question posed in "Dawn: The Career of the Legendary Fashion Retailer Dawn Mello" (Pointed Leaf Press), a biography about the former retail and fashion executive, written by John A. Tiffany, with a foreword by Tom Ford.

"One of the greatest lessons that I learned from her is never hire anyone you wouldn't want to have dinner with," writes Ford.

A rare blend of grace, power and vision, Mello had an uncanny knack for spotting and nurturing design talent, reviving brands to fashion prominence and succeeding in a male-dominated retail industry.

Largely through recollections of friends, colleagues and designers; excerpts from WWD, Vogue and The New York Times, and pages and pages of photos, the book chronicles Mello's biggest achievements — her teaming with Ira Neimark to re-engineer Bergdorf Goodman in the mid-Seventies through the Eighties into one of the world's most luxurious emporiums, and her helping to revive Gucci, along with Ford, in the Nineties.

Tiffany also exposes the untold side of Mello's career, how as she elevated BG and Gucci, she encouraged and nurtured Donna Karan, Michael Kors, Claude Montana, Azzedine Alaïa, Christian Lacroix, Ford and others before they achieved fashion stardom. She was also an adviser to Jo Malone, Linda Fargo and Joe Cicio, among others. It was Cicio, as well as Mello's assistant for 28 years, Myra Hackel, who gave Tiffany the idea to write Mello's biography.

At 86, Mello doesn't grant interviews any longer, but she's expected to attend Wednesday's book launch on the fourth floor of Bergdorf's. Tiffany, who did spend about 10 hours with Mello for the book, manages to capture the subject's alluring persona and detail the splashy fashion shows she staged at New York City landmarks like the Pulitzer Fountain, Studio 54 and Castle Clinton, while serving as fashion director of Bergdorf's and later its president. They were more like spectacles that helped Bergdorf's bond with top designers around the world, some defecting from Bloomingdale's, Saks Fifth Avenue, Bonwit Teller and Henri Bendel, and cement the store's image of luxury and exclusivity.

"She was re-creating couture shows bigger than they were in Paris," Tiffany told WWD. "She brought excitement to the city, introduced fashion in a whole new way and had a very big vision — and she didn't stop. So often in life, challenges derail people but they didn't derail Dawn Mello."

"Dawn was a kindred spirit and supportive of new ideas for celebrating designers and creating special promotions at Bergdorf's," Susie Butterfield, a former public relations executive at the store, recalls in the book. "Everything from pitching a circus tent for a Jean Paul Gaultier show on a lower Manhattan landfill that ultimately became Battery Park City to constructing a glass runway over the reflecting pool at the Prometheus Fountain at Rockefeller Center for showing a Giorgio Armani collection, she was always on board, ready to work out the complications."

Prior to Bergdorf's, Mello and Neimark were already a team. They worked together at the former B. Altman department store. In 1975, after Neimark was named chief executive officer of Bergdorf's, he tapped Mello to be his fashion director. "We'll build the store in your

image and he never went back on his word," Mello recalls in the book.

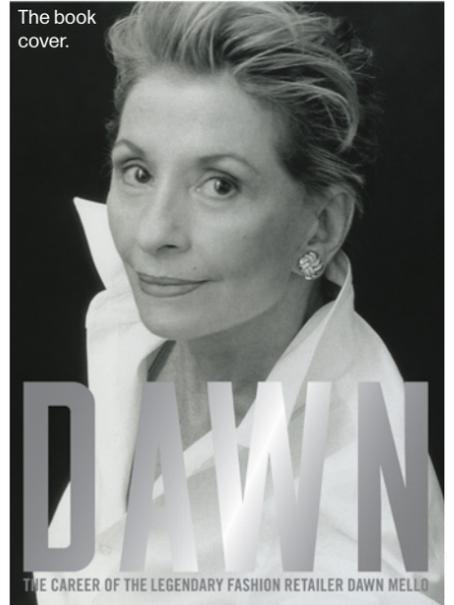
When Mello arrived at Bergdorf's, the store was a far cry from its current luxurious self. Bergdorf's didn't feature top designers, the styles were dowdy, nor was there anything remotely plush about the surroundings. In fact, the store didn't even have escalators.

The Neimark-Mello collaboration for reviving Bergdorf's, simply put, involved first convincing the Fendis to sell the store, as a hook to lure in other Italian fashion houses. Mello had the fashion aesthetic and identified the designers that BG should carry, and Neimark promised them the space and exposure they needed to sell in America, Tiffany writes. They worked so closely for years that they became "seamless and they often finished each other's sentences," as Tiffany writes.

The pair promised the Fendis and later other designers that they would build big shops inside BG that would be bolstered by Fifth Avenue window displays, advertising, fashion shows and celebratory dinners afterward. Mello's "brief," as the book suggests, was to transform Bergdorf's into a destination for designer fashion, the more exclusive, the better, with a point of view.

But there were plenty of rejections along the way, from Chanel and Gaultier to Bill Blass and Mollie Parnis. So Mello turned to Italy first, where she found "unknowns" like Fendi — the first in — and subsequently Gianfranco Ferré and Armani. Once the Italians were on board, the French followed, including Yves Saint Laurent and Montana. Their plan also involved renovations, upgrading the advertising, and in 1983, they installed escalators. It was considered such a momentous occasion that Neimark invited Carla Fendi to be the first to ride them.

When Mello joined Gucci in 1989 as creative director, the company was a mess, plagued by family squabbles, scandal, counterfeiting and excessive licensing. She had no intention of leaving Bergdorf's but Maurizio Gucci, who years later was shot to death by a hitman hired by his wife, convinced Mello she was the one to resurrect the business. She put together a design team, including recruiting Richard Lambertson; "scoured" the Gucci archives for ideas; connected with old Florentine artisans; toned down the look, and revamped the loafers. She also relocated the Gucci headquarters from Milan to Florence, and managed to warm



up what was initially an Italian workforce skeptical of an outsider from a different continent coming in with new ideas.

Among her most pivotal maneuvers was hiring Ford to design the Gucci ready-to-wear. His role rapidly expanded into men's wear, and when Mello left Gucci in 1994 and returned to Bergdorf's as its president, Ford filled her slot as Gucci's creative director.

In 1999, Mello left Bergdorf's and formed a consulting firm for the luxury market where, at one time, she had half of the top 20 of the world's luxury brands as clients. In 2006, Mello, along with financial executive Marty Wikstrom, created the Atelier Fund to invest in young and up-and-coming designers, including Adam Lippes and Mary Norton of Moo Roo.

Mello grew up in Lynn, Mass., the daughter of a Portuguese mechanic and a full-time homemaker. She knew early on that she was destined for a career in the big city, and that nearby Boston wasn't big enough for her. She once told French Vogue, "I always wished to work in a store. As a child, I had my lemonade stand."

Before entering retail, the six-foot tall Mello became a fashion model. She has been an avid skier, and she loved fly fishing, traveling, her pets and socializing with friends. But work and the people she influenced have been her life. "Dawn has spent decades bringing other people's stories to life, silently standing in the background while others took their bows," Tiffany writes. "The focus was always her work, never her own popularity."

"In business, Dawn has always had to be a formidable presence due to her standing as one of the first and only females in executive leadership at the time," Wikstrom says in the book. "However, with her creative talent she is self-effacing and incredibly encouraging, allowing designers to be themselves." She could be "an indomitable presence in the boardroom while being a nurturing force."

During his meetings with Mello, Tiffany said she talked much about her family and her pets and that she pulled out articles on Gucci and Bergdorf's spotlighting her work, while limiting the conversation about herself. She also spoke of the Christmas pillows Manolo Blahnik, among the designers she got close to, would make for her each year.

"Thanks to Dawn, Bergdorf's was our launch store," recalled Patti Cohen, former executive vice president at Donna Karan International, and Karan's long-time right-hand woman. "I saw a lot of Dawn at the time. You couldn't help but be in awe of her — Dawn combined elegance with power in such an effortless way, whether it was how quick and authoritative she was at meetings, to how beautifully she understood and wore the clothes. Yet she was warm and engaging, and the first to roll up her sleeves."



Dawn Mello gets a sneak preview of Ferré's fall collection in 1982.



Dawn Mello in 1975 when she joined Bergdorf Goodman.

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EYE

Versace to Stage Home Installation

● The collaborative effort with Andy Dixon and Sasha Bikoff will be held during Salone del Mobile at Versace's Milan palazzo in Via Gesù.

BY LUISA ZARGANI

MILAN – Versace is further leveraging recognizable symbols and prints from its fashion line and translating them into its latest Home collection, which will be presented with a special installation running April 10 to 14.

Staged at Versace's storied palazzo in Via Gesù here, the exhibit will be part of the Fuorisalone events held concurrently with the international furniture and design trade show Salone del Mobile.

On this occasion, Versace has collaborated with interior designer Sasha Bikoff and artist Andy Dixon. The furniture is all created by Versace.

Bikoff's eclectic touch – influenced by cities such as New York and Miami where she grew up, and everything from 18th-century French Rococo mixed with Sixties Space Age Modern, to Seventies French Modernism and Eighties Italian Memphis Milano – will forge the installation. The American interior designer has conceived sets drawing inspiration from Versace's fall 1994 campaign photographed by Richard Avedon, connecting the brand's fashion with its home line.

"I have always felt a deep connection to Versace as it embodies everything I believe in, a sense of fun and freedom to be daring," said Bikoff, adding that she has always been inspired by the brand. "Versace lives through color and pattern-breaking rules and promoting a sense of confidence and glamour, which is how I decorate."

Classic Versace motifs appear on a candy swirl-like carpet, while neon clouds and islands enhance the fantasy setting. In addition, Bikoff has created individual sets that showcase special reinterpretations of pieces from past Versace Home



An image of the Versace installation.

collections, with a playful reference to the brand's imagery and materials.

A key piece created by Dixon as part of his recent exhibition held in New York called "Look at This Stuff Isn't It Neat" will be revisited for Design Week and displayed at Versace's palazzo. This is a hand-painted, 9 by 7 foot Versace shirt. Working with the brand's men's wear design studio, the Canadian artist, who is based in Los Angeles, developed two new prints that mix elements of his own art in a Versace context, including a motif of the original shirt he created. Two of these shirt artworks will be displayed at Versace's palazzo along with the original, and two others will be shown in the label's store windows in Milan.

Versace's Pop Medusa chair.



In addition, Dixon will create custom wallpaper designs displayed in Via Gesù.

"I have always been drawn to Gianni and Donatella's work, especially the imagery used in patterns," said Dixon, whose influences range from Flemish still-life to vintage Playboy magazine spreads. "There are a lot of commonalities between Versace and my own work – how we both plunder culture and art history, collaging tropes into new ideas, playing within the space where high and low-brow kiss."

The exhibit will allow visitors to enter Versace's palazzo, which is not something that happens every day. A limited number of tickets will be issued to the public for each day of Design Week. For public access to the exhibit, additional details for registration will be released on Versace's Instagram account in late March.

The Versace Home collection, launched in 1992, spans from bedroom and dining to the living room and for the first time will also display an outdoor line called Jungle from the name of a print that was part of the spring 2000 collection, which that same year made news with the green gown with a tropical print worn by Jennifer Lopez at the Grammy Awards – sparking the launch of Google Images. The home line is crafted from grey teak wood and features outdoor high-tech

suede accents. The line comprises outdoor sofas, armchairs, a hanging bed, a sun bed, lanterns and a fire pit table.

Separately, the Pop Medusa chair is fit for both outdoors and indoors. Crafted from a durable polyethylene, it is weather resistant. With a bold sculptural Medusa motif in reverse and available in vibrant colors such as pink and yellow, it's hard to miss. The Pop Medusa chair is accompanied by a laminated glass cube that features a three-dimensional Medusa inside, which can be used as a stool, side or coffee table.

Other staple Versace symbols are seen in the Rhapsody line, which includes a sofa in a multicolored Baroque print tapestry-jacquard upholstery and pieces with leather bondage and metal Virtus (from the name of the Roman deity of bravery and strength) or safety-pin embellishments. There is also a Logomania line with geometric pieces featuring Versace's Nineties logo or three-dimensional metal Medusa embellishments, velvet details and ash wood with dark gloss legs.

There is one dedicated Versace Home flagship store in Milan's Via Borgospesso, but the collection is available in all Versace fashion boutiques, as well as at select retailers.

EXCLUSIVE

Fossil Stages Brand Exhibit and Reissues Past Models

● The display travels to Europe, Asia and the U.S. before taking root in its Texas headquarters.

BY MIMOSA SPENCER

BASEL, Switzerland – Drawing on its 35-year existence, Fossil is staging a brand exhibit and reissuing watch models from its past, doubling down on its retro roots.

Starting in May, and through the rest of the year, the label plans to release revisited editions of its most popular watches over the years, nearly one new model a month.

The plans come as watch brands struggle to adjust to the loss of business to Apple. The Fossil brand's parent, Fossil Group Inc., which also makes watches for labels including Kate Spade, Karl Lagerfeld and Tory Burch, in January sold

smartwatch intellectual property to Google for \$40 million, with plans to deepen its relationship with the tech giant to develop further projects together. The two companies have already worked together with WearOS devices.

"The relaunching of the Archival Series alongside this innovative retrospective is something that the brand has wanted to do for a long time," Steve Evans, executive vice

president of Fossil Group, said in a statement. Evans added that the move comes on the heels of last fall's relaunching of the Mood model, which he said was successful.

With the rise of online commerce multiplying offers for consumers, brands have to work harder to stand out from the crowd; striking a balance between keeping a strong brand identity while generating buzz with newness.

Fossil's retrospective is a mishmash of objects made by the brand or other things that provided inspiration including the Fossil tin, vintage sports references such as trophies and baseball mitts, a collection of old cameras, lots of logos, and a lunchbox designed by the brand.

The exhibit opens in Basel today, on the sidelines of the Baselworld show – the group is not an exhibitor – before taking to other European destinations, then heading to Asia and the U.S. before settling down at Fossil's Texas headquarters in Richardson.

In a bid to get closer to consumers, the label is launching a web site called The Collector's Club, an online shopping platform featuring reissues of past models, information about pop-up shops and early access to new watches.



Fossil exhibition.

LUXURY *REIMAGINED*

Gucci Versace Tiffany & Co.
Jeffrey Bottega Veneta Valentino
Saint Laurent



PHIPPS PLAZA

A SIMON CENTER

The Hermès store in Phuket.



Hermès Banks on 'Workshop' Approach

CONTINUED FROM PAGE 1

maker of Birkin bags and silk scarves reported a 15 percent rise in net profit last year on the back of strong demand for its products, especially among Chinese consumers.

The company hired 800 people, including 500 in France, to keep pace with the rise in activity, bringing its workforce close to 14,300 people. It has a series of new leather goods manufacturing plants under construction, with two sites set to open in 2020 and a third in 2021.

"We try to be a workshop," Dumas said at a press conference at the brand's headquarters here. "This is not the most widespread model, so it's essential for us to show that this model, which is slightly different, can also produce strong economic results."

It's also the reason why Hermès prefers to keep its endeavors in-house, whether it's the recent launch of its e-commerce site in China or the upcoming introduction of cosmetics and skin care beginning in 2020.

Noting that the brand does not have a marketing department – a point he hammered home repeatedly during the 80-minute presentation – Dumas said Hermès was not concerned with meeting the expectations of specific customers, such as Chinese Millennials, who are among the main drivers of its growth in Asia.

"Since we don't have a marketing department, we don't study these clients, whoever they may be, and we never design products for these clients," he said. "We don't do anything – we just wait."

The approach appears to be working. The brand's revenues in Asia-Pacific, excluding Japan, were up 13.7 percent at constant exchange rates last year, despite ongoing trade tensions. Dumas said the launch of its e-commerce site in China last October was so successful, Hermès ran out of stock.

Chinese consumers are snapping up shoes – the local web site touts men's sneakers including the Team, Stadium and Trail models – and gold bracelets, he said. Explaining the company's "if

we make it, they will buy it" attitude, he noted that 85 percent of Hermès products are made in France, and 85 percent sell overseas.

"I think it's important, despite our growth targets, despite our ambition, to keep this integrity of not having a marketing department," the executive said.

"We are here to invent what they will desire tomorrow, thanks to our creations, rather than satisfying their desires today. The job of the house is to make Parisian products to sell across the world, not to make products for specific categories of people," he insisted.

That includes accepting the possibility that some goods will not sell. "What makes the strength of a creative house is that we have the right to get it wrong," Dumas argued. "It's cheaper anyway to launch an artisanal product than an industrial one, and we never do a big global launch for a product with an ad campaign."

It remains to be seen whether that will also be true of the new beauty ranges, which are being developed in-house but will be manufactured by third-party suppliers, mainly in France and Italy. Dumas signaled that Hermès has big ambitions in the segment, which is why – unlike rival brands such as Saint Laurent or Gucci – it hasn't outsourced the running of the activity to a beauty giant like L'Oréal or Coty.

"It's quite exciting: It's a new activity, with all the risks that involves, so we will deploy it progressively, initially in our own stores mainly, in a limited distribution so that we can learn," he said.

"Obviously, we hope to have the biggest scope possible. We are trying to do it humbly and cautiously, because it's a big market that's already full of strong players, and therefore we have to find our place in it, because we hope to sell a product and not a brand," Dumas added.

"We have chosen to do it ourselves,

whether for fragrances or beauty, so we will necessarily have a learning curve and it will involve a certain risk. But on the other hand, if it works, we will reap all of the margin and results," he said.

Hermès posted a net profit of 1.4 billion euros last year, with sales rising 7.5 percent to 5.96 billion euros. At constant exchange rates, revenues were up 10.4 percent. "We see no change in trend," Dumas said of the year to date.

The executive said the brand did well across soft and hard luxury, noting that both iconic handbag styles, such as the Birkin, Kelly and Constance, and more recent models, including the Mosaïque and 24/24, helped drive a 9.4 percent rise in revenues at constant exchange rates in the leather goods and saddlery division.

Ready-to-wear did "marvelously" well, while watches rebounded and jewelry enjoyed strong demand. The brand even branched out into esoteric products such as a jukebox, surfboards, skateboards and rollerskates, while one of the first sales on its revamped U.S. e-commerce site was a 12-foot couch, Dumas reported.

Hermès plans to raise prices by an average of 3 percent to 3.5 percent this year, following an average increase of 1 percent in 2018. Prices are set to increase 5 percent to 6 percent in China and Japan, and 3 percent in the U.S., Hong Kong and Macau, said Eric du Halgouët, executive vice president finance at the house.

The luxury brand reiterated its "ambitious" goal for organic sales growth in the medium term, despite growing economic, geopolitical and monetary uncertainties around the world. Dumas noted that Hermès tries to have a balanced regional mix in order to spread any potential risks, such as the impact from Brexit.

In 2018, Asia-Pacific accounted for 36 percent of revenues; Europe, excluding France, for 19 percent; the

Americas, for 18 percent; France and Japan for 13 percent each, and other markets for one percent.

The company has seen a rise in tourist spending in London and Milan as travelers shun Paris due to the ongoing violent antigovernment demonstrations by the gilets jaunes, or yellow vests, protesters. Meanwhile, Hermès has stockpiled products in its U.K. stores ahead of Britain's possible withdrawal from the European Union.

"The most worrying thing is the global effect that Brexit will have on the U.K. economy," said Dumas, noting that if the promised benefits fail to materialize, British consumers could tighten their purse strings.

Hermès plans to keep splitting investments between traditional and emerging markets.

This month, the company unveiled stores in Orlando, Fla., and the Thai island of Phuket, and further openings are planned this year in New York's Meatpacking District; Xiamen, China, and Warsaw, Poland, among others. E-commerce will be rolled out to Japan by the end of the first half, to be followed by the rest of Asia.

Hermès said operating profit in 2018 increased 6.4 percent to 2 billion euros, with an operating margin of 34.3 percent, down from 34.6 percent the previous year, with the company citing "particularly healthy growth and good cost control."

The French luxury firm will propose a dividend of 4.55 euros a share at its general meeting on June 4, and has offered pay rises or bonuses to all its staff.

Asked whether he was concerned in the longer-term about a trend for people to consume less as part of an environmentally conscious approach, Dumas again returned to the concept of craftsmanship.

"I'm an Hermès fanatic, so I think we are part of the solution to the world's problems, not the cause. Faced with reducing consumption, I want to say: if there's one thing we do at Hermès, it's making products that stand the test of time," he said. "What could be better than a young girl coming to us with her grandmother's Kelly bag and asking us to repair it so she can use it?"

"What makes the strength of a creative house is that we have the right to get it wrong."

AXEL DUMAS, HERMÈS

MICHEL DYENS

Mergers and acquisitions in luxury and premium consumer brands



BOUCHERON
PARIS

Kering has acquired Boucheron
Boucheron was advised by Michel Dyens & Co.

LVMH
MOËT HENNESSY • LOUIS VUITTON



LVMH has acquired Hublot
LVMH was advised by Michel Dyens & Co.

**ESTÉE
LAUDER**

Kilian
PERFUME AS AN ART

Estée Lauder has acquired By Kilian
By Kilian was advised by Michel Dyens & Co.

Aber

**HARRY
WINSTON**

Aber has acquired Harry Winston
Harry Winston was advised by Michel Dyens & Co.

L'ORÉAL

essie

L'Oréal has acquired Essie
Essie was advised by Michel Dyens & Co.



GREY GOOSE

Bacardi has acquired Grey Goose
Grey Goose was advised by Michel Dyens & Co.



TIGI

Unilever has acquired Tigi
Tigi was advised by Michel Dyens & Co.

L'ORÉAL

Niely

L'Oréal has acquired Niely Cosméticos Group Brazil
Niely was advised by Michel Dyens & Co.

REVLON

**THE
COLOMER
GROUP**

Revlon has acquired The Colomer Group
CVC Capital Partners was advised by Michel Dyens & Co.

**ESTÉE
LAUDER**

Dr.Jart+
South Korea

Estée Lauder has purchased an interest in Dr.Jart+
Dr.Jart+ was advised by Michel Dyens & Co.



MOLTON BROWN
LONDON

Kao has acquired Molton Brown
Molton Brown was advised by Michel Dyens & Co.

P&G

NIOXIN

P&G has acquired Nioxin
Nioxin was advised by Michel Dyens & Co.

MEN'S

Paolo Martorano: The Millennial Bespoke Tailor



● The 27-year-old has set up his own shop on 57th Street after a decade working with Paul Stuart, Dunhill and Alan Flusser.

BY JEAN E. PALMIERI

Paolo Martorano is an old soul.

A self-professed nerd who would rather spend his free time researching the origins of bespoke clothing than go to a football game, Martorano has developed the skills of a true artisan but is only 27 years old.

The Bellmore, N.Y., native comes from a long line of tailors, four generations deep

on his father's side, and started learning the ropes when he was in high school, working as an apprentice for Alan Flusser.

"In grade school, for whatever reason, I was always worried about being underdressed," he said. "While browsing a bookstore in my early teens, I spied Alan Flusser's seminal 'Dressing the Man,' and it literally stopped me in my tracks. My parents couldn't understand my obsession and weren't about to give me the money to buy the book. So, I started researching the subject on the Internet, got my first job, and purchased the book with my first paycheck."

He moved on to Paul Stuart, where he helped quadruple the retailer's

made-to-measure and bespoke business during his seven-year stint. He then joined Dunhill as its bespoke/made-to-measure specialist for America. But in the fall of 2017, with the urging of several customers, he decided to branch out on his own and create Paolo Martorano Bespoke.

The first year was spent in a "very tiny office in an executive suite," he said. "I was actually scared to bring my customers there. But it was all about the product, not a beautiful, glamorous space."

His new space in an upscale residential/commercial building on 57th Street is a major step up. The building dates to 1908 and his showroom was once the apartment of Charlie Chaplin.

Martorano will be sharing the space with the luxury made-to-order/bespoke English shoe brand, Gaziano & Girling, which is opening its first U.S. flagship. The two companies will be hosting a grand-opening event tonight.

While hardly new, custom clothing has been gaining in popularity in recent years as everyone from Men's Wearhouse to Indochino create personalized suit options for customers.

But Martorano's process and aesthetic is much more intricate, blending the heritage of Savile Row with the bench-made tailoring techniques of Italy.

He uses "meticulous measurement, custom paper pattern and basted fitting" protocols to create bespoke garments that start at \$5,500 while bench-made suits start at \$7,500.

"Bench-made is our number-one seller," he said of the garments created from start to finish by one person, adding that his customers "enjoy the consistency" the process provides. But for every customer, the pattern is individual.

While he descends from Neopolitan tailors, he finds that aesthetic too casual for New York. Instead, his suits are a blend of American and English tailoring with a natural shoulder, slightly roped sleeve, high armhole and no drape in the chest. He's also a fan of a wide lapel buttonhole, the size of which he calculates by the width of the

wearer's shoulder.

"My favorite part of a jacket is the inside that no one sees," he said, pointing out the linings that are sewn in by hand.

Everything is made locally, allowing for a faster turnaround. Because of his decade-long experience working in New York City, Martorano has amassed a Rolodex of who he believes to be the best individual pattern makers, cutters and tailors in the area and he sought them out to work with him on his brand. So for a premium, he can deliver a bespoke suit in three weeks, but the usual turnaround is six to eight weeks.

And despite the price – which is comparable to high-end competitors such as Huntsman and Kiton – Martorano has been busy. "Last year I saw more than 200 people," he said. "I'm as busy as I was at a large flagship on Madison Avenue."

In addition to suits, he also offers custom sport coats and shirts as well as trousers, which he said are his "biggest category." They retail for around \$1,200.

Unlike many upscale custom brands, Martorano doesn't look down on the low-price custom suit makers, saying their fans may eventually become his customers, many of whom are young financial executives.

In fact, many of Martorano's customers are in their late 20s or early 30s and work in the wealth management business. "My best customer is 35 years old," he said. "I made 20 suits for him last year."

And his customers are loyal.

"Paolo's sophisticated eye rivals many of bespoke's most seasoned veterans. His attention to detail is unsurpassed," said J. Scot Tyson, managing director of CIBC Private Wealth Management.

Perhaps Tyson not only relates to Martorano's skill level but his young age and social media presence as well. Like other Millennials, he has embraced Instagram to promote his business and has already amassed a solid following of nearly 10,000 people.

"This business involves a lot of visualization, and Instagram is great for that," he said.

MEN'S

Beverly Hills Men's Suiting Veteran Jumps to Avedon

● There's still plenty of business to be had as an independent in men's suiting.

BY KARI HAMANAKA

Stuart Newmark, the longtime general manager of the now-shuttered men's retailer Carroll & Co., has created a new customization concept within existing retailer Avedon in Beverly Hills with the help of senior buyer and partner in the business Nancy Herrera.

Newmark, who served as general manager of Carroll & Co. for more than 30 years, teamed with Avedon owners Reza Shekarchian and Yasmine Farmanara on a lounge concept called Bespoke at Avedon. The deal merges his buying prowess with that of Shekarchian to merchandise the men's store.

Carroll & Co. began a store closing sale late last year, shuttering its doors for good after the Carroll family received an offer they couldn't refuse on the building the retailer occupied. Carroll & Co. had long been a mainstay in Beverly Hills, once frequented by high-profile A-listers such as Frank Sinatra, Cary Grant and Jack Lemmon.

Newmark, still seeing a demand for customization and luxury men's brands, spotted a hole in the market with Carroll &

Co.'s closure.

"It's still viable. We had a huge custom business, which is also a big part of what I'm doing here, along with carrying inventory similar to what we did there," said Newmark, who was hired in 1989 by Carroll & Co. founder Dick Carroll.

Carroll & Co., at the time of Newmark's hiring, had a section within its store geared toward the younger consumer. The business was stagnant at the time, but Newmark said he revived it and a year later was named the store's general manager.

The timing of Carroll & Co.'s closure worked with the shifts taking place at Avedon, which has been in business for more than 30 years. Avedon's owners, at the time, decided to phase out its women's business to focus solely on men's wear in the 3,000-square-foot space.

Newmark has seen plenty over the decades, making him adept at navigating the trends and the shifting business landscape.

Custom is now where the growth is, he noted. While men still wear suits, the ones coming to buy are those who don't mind waiting four to six weeks for something custom. Sport coats are less structured and softer, giving off a more casual look.

There's also the competition from a number of digitally native brands looking to offer suits to a younger consumer at a fraction of the price.



The exterior of Avedon in Beverly Hills.

"It eats into the pie in the sense that it makes it a little bit harder to get new customers," Newmark said. "A younger guy who is more prone to go online, who is more prone to research these things, who is not ready to spend \$1,000 and up on a suit, they'll either go to Men's Wearhouse or they'll look online. So, in that sense, it does affect business, whether it's start-ups or whether it's an online business. I'm amazed how many there are and I don't know how they survive. A lot of them have a lot of money behind them and, God bless them, but it's a different cup of tea here totally."

Consolidation in the industry will persist, Newmark said, noting how in the

past there used to be a dozen independent men's stores in Beverly Hills. Even as the segment contracts, Newmark and Avedon are banking that one-on-one, personalized service will continue to win people over.

"We offer all the services that are important in order for people to appreciate what you do and that's who we are," he said. "I learned that over the years from Dick Carroll primarily. He taught me a lot of the principles of the business, one of which is to know when to stop. In other words, to know when to say to a customer, 'That's not right. You don't need that.' This business is about developing relationships so people have confidence in what you do."

**Alessio Boschi | Alex Sepkus | ALOR | Anita Ko | Antonini
Arunashi | Assael | Bayco | Bell & Ross | Busatti | CADAR
Carolina Bucci | Crivelli | David Yurman | dinh van | Elie Top
Etho Maria | Fernando Jorge | FoundRae | Gismondi | Gumuchian
GURHAN | Hearts On Fire | Hermès | Irene Neuwirth | Jade Trau
Jacquie Aiche | John Hardy | Julez Bryant | Kwiat | Leo Pizzo
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COUTURE

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Suzanne Kalan | Sydney Evan | Sylva & Cie | TAG Heuer
Temple St. Clair | Todd Reed | TUDOR | Zenith | Zoë Chicco**

theCOUTUREshow.com

From left: Reservoir's Longbridge British Green watch.

Chanel's J12 in Black Highly-Resistant Ceramic and Steel watch.

Dunhill wool blazer; Brioni cotton shirt; Cartier cuff links.



REWIND

In a digital age, mechanical timepieces return to classic designs based on refinement, elegance and understatement. *For more on the trend, see pages 31 to 38.*

PHOTOGRAPH BY CLAIRE BENOIST

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STYLE DIRECTOR: ALEX BADIA

PRESENTED BY:

WWD Studios

RETAILERS
TO WATCH

London Jewelers
at The Americana
Manhasset.



A FAMILY AFFAIR

London Jewelers' deep roots in the community keep shoppers coming back, generation after generation.

Since its founding in 1926, Long Island-based London Jewelers has infused its business with a passion for fine jewelry and fine timepieces, but also for forging strong relationships with its clients – and the community.

For third-generation leaders Mark and Candy Udell, this means running a business that responds to market demands, and expanding when needed – but without sacrificing core beliefs. A top priority is maintaining a family-run retail environment. Of course, it's now a 200-member "family," but the Udells insist that staying true to their core values and traditions is the key to London Jewelers' success.

And just how essential is the relationship with clients and the community? "It's really of the utmost importance," explained Candy. "We know our clientele so well that they've become our friends. We share in their happiness, all their wonderful occasions. We watch their children grow up; we celebrate anniversaries, weddings, and graduations with them. It's critical especially in this day and age, with so much shopping being done online; the relationship aspect has gone missing – and this is what London Jewelers focuses on."

London Jewelers also has a special relationship with four-legged friends. The retailer offers a line of fine jewelry, dubbed "Our Cause for Paws," that donates proceeds to the non-profit Rescue Paw Foundation. To date, the charity has helped rescue more than 3,000 animals in the U.S. and abroad.

Regarding roots in the community, Mark said the business has "a very large base of loyal customers, which is really wonderful. In our Glen Cove store we still have customers that knew my parents [Mayer and Fran]," he noted. "Our company was founded in 1926 by my grandfather. My mother waited on them and they're still an important part of our original customer base. But that base has been growing over the years because their children and grandchildren have started shopping with us as well. Long Island is also changing rapidly. It's becoming much more international, but we are ready to adapt to changing desires of different clientele."

The retailer takes a 360-degree approach to meeting the demands of the customer. Mark and Candy said product offerings start at \$50 and go up to the several million dollar range. And it goes without saying that a high level of customer service is also a huge part of the London Jewelers ethos. The client comes

first, meaning the Udell family and every other employee of the company will go above and beyond to ensure the best possible client experience.

"We do everything in house," Candy said. "Repairs are done on premise, plus we offer everything from watchmaking to custom designs by our on-staff jewelers. We also offer appraisals. Bottom line: we're a full-service jewelry store so we're ready to tackle whatever anyone brings us."

At Basel, London Jewelers sends a full team which includes five family members. Mark and Candy's daughter Randi, son Scott, and nephew Zachary make up the fourth generation of the business and are all key players poised to take London Jewelers into the future. The show brings the team up to speed on the latest products and trends. But it's the Udells' visionary creative expertise that helps inform what to bring home to their selective New York clientele.

For Randi Udell-Alper, one overarching trend is the demand for personalized service coupled with product versatility. "Our clients have been coming in looking to add to their bracelet stacks, with the intention of being able to take it from day to night," she said. "We have so much variety under the London Jewelers umbrella and can curate it differently for each woman. Another hot trend currently is fun, eccentric colors through the use of enamel or ceramic, as well as monochromatic ombre or groupings of rainbow gemstones."

Randi continued, "What's old is new, with clients wanting to personalize existing pieces, is something we see often," she said. "Because we are a family-owned business, we can cater to our clients on another level. We can customize or alter anything they dream up. We can also

provide on-demand service with our London Calling concierge program. If someone needs a last-minute gift or jewelry to wear to an event that night, we can work with them to choose something and deliver it to their doorstep within hours."

Another key element of London Jewelers' merchandising approach is offering the world-renowned luxury brands consumers desire.

"From a business perspective, our focus has always been on developing and nurturing relationships with the best brands, from Rolex and Patek Philippe to Cartier, Van Cleef & Arpels, Audemars Piguet, Chanel and Bulgari," Zachary said. "The more we know and respect each other, the better benefits we both get from working together. And we can pass those benefits along to our clientele."

Zachary said interest in the retailer's Premier Pre-owned watches "has continued to grow — and I don't see it slowing down anytime soon. Customers are always looking for Rolex's iconic, timeless styles, including professional models, Offshore or Royal Oak from Audemars Piguet, and anything with complications by Patek Philippe, especially models with vintage styling," he said. "As long as there is a demand for luxury watches, there will be a demand for pre-owned versions of those styles."

London Jewelers also keeps a sharp eye on consumer behavior, responding with product changes and new concepts, too. The latter includes TWO by London, the brainchild of Scott Udell.

"When I reached my twenties, my friends were all starting to get engaged, but they weren't sure they could afford anything here," Scott said. "I knew we needed to design a space to be less intimidating for younger clients, more approachable,

“

We want to make sure we're stocking the trends people are responding to.”

SCOTT UDELL,

4TH GENERATION JEWELER,
LONDON JEWELERS

educational and hands-on. I put together a business model and pitched it to my parents, and they loved the idea. From that point on, we definitely saw a big jump in brand awareness from a younger audience. It's helped us familiarize them with what we have to offer and put us in the driver's seat to be part of their future joyous occasions; hopefully they come back to us when they need an anniversary gift or a push present, or when they're ready to make their first major watch or jewelry purchase."

About half of TWO by London's offerings are custom designs, "and we strive to maintain that balance," he said.

"We want to make sure we're stocking the trends people are responding to," Scott continued. "Right now that includes mix-and-match gold tones, very traditional solitaires, cushions, ovals and pears. Three-stone rings are also making a huge comeback, especially in radiant or emerald cuts with tapered baguettes or trapezoid side stones. We continue to adapt the TWO by London collection based on customer feedback and paying attention to the modifications that are being made. Compared to big box stores, we have so much more freedom and flexibility to design from scratch or make small modifications. And we can make it happen within any budget."

With extreme gratitude for their current success and strong faith in the London Jewelers brand moving forward, the Udell family hopes to take its business to the fifth generation. Candy confirmed, "As long as we stay relevant and remember that integrity, quality, and our close personal relationships with vendors, employees, and clients are paramount, we're confident we can continue to uphold the highest standards."



The Udell family.



The entrance of Baselworld flanked by LVMH brand stands, Rolex and Patek Philippe.

BASELWORLD PUT TO THE TEST

The show, which runs March 21 to 26 and has new management in place at organizer MCH Group, will move to April next year to follow SIHH.

BY MIMOSA SPENCER

The stakes are awfully high. Baselworld, the largest watch and jewelry show, kicks off this year's edition intent on survival as new management seeks to chart a future for the event.

Returning industry heavyweights include market leader Rolex; brands belonging to LVMH Moët Hennessy Louis Vuitton: Bulgari, Tag Heuer, Hublot and Zenith; Patek Philippe, and Chanel.

But this will be the first time the show takes place without Swatch Group and its vast stable of brands that includes Omega, Longines and Blancpain, following last year's bombshell announcement that the group would pull out of the fair – prompting a management reshuffle at the highest ranks of show organizer MCH Group.

Running March 21 to 26, this will be something of a transition year as the event moves to April in 2020 to follow on the heels of Geneva-based SIHH, a high-end fair dominated by labels from Compagnie Financière Richemont.

The coordinated calendar shift was one of the most notable moves since the arrival of Baselworld's new director, Michel Loris-Melikoff, and is meant to allow visitors from abroad to attend the events with just one trip to Switzerland – bulking up the numbers of each event by tapping into one another's attendee flows.

Both shows – along with the industry they represent – are struggling to adapt to the shifting landscape. Competition from smartwatches, notably the Apple watch, has challenged traditional players, particularly in the lower price ranges, and the rise of digital channels makes it easier for brands to communicate directly with consumers and retailers, casting doubt on the necessity of splashing out on lavish

trade fair events. Watch houses are known to pull out all the stops to draw visitors to their elaborate booths – three-stories high at Baselworld; with fountains, trees and even an airplane at SIHH – offering Champagne and access to celebrities or star athletes.

Baselworld's teams are under pressure to stem departures and bring exhibitor numbers back up – they dropped by nearly half last year to 650 – by finding ways to ensure relevance.

Management is betting on improved working conditions, more food and a fresh injection of showmanship – amusement for visitors, not to mention fodder for digital channels.

“The basic rule of the events activity is to create emotions...and we are bringing exactly this philosophy to Baselworld – surprise your guest, grab them through emotions,” Loris-Melikoff told WWD.

An events veteran formerly in charge of Switzerland's largest techno-parade, Loris-Melikoff was recruited last May to succeed Sylvie Ritter – who had held the position for 15 years – shortly before Swatch made its departure announcement, which came as a shock despite the rapidly shrinking exhibitor base.

Show critics say it has been slow to adapt to changes in the industry and, pushing up prices, favors the larger players – most of which sit prominently at the entrance of the vast exhibition halls.

Industry veteran Peter Stas, president of Frédérique Constant, a label he established with his wife Aletta Stas-Bax and later sold to Citizen, is an example of a defender of the smaller players, and has said that over the years, the fair concentrated too much on its largest exhibitors – the ones with deep

pockets – pushing them to make bigger and bigger stands. In his view, the system stifled smaller players while causing prices to spiral – until they reached unwieldy levels, too much even for big companies.

There is also the question of jacked-up hotel and restaurant prices – one of the first challenges tackled by Loris-Melikoff, who secured an agreement with a number of hotels in Basel to set maximum rates and this year is keeping them at the same levels as in 2018.

The challenge is ongoing, however, as shown by comments on March 14 from Swatch Group chief executive officer Nick Hayek, one of the industry's famously outspoken figures, which sent MCH Group shares down 3 percent at one point that day.

Asked about Baselworld taking place without Swatch, Hayek sounded a combative note. “They have to do without Swatch Group, we have never...needed Baselworld on the contrary – now I can work and I can talk to the consumers and know what they need,” said the Swatch chief, speaking at the company's annual results presentation at its freshly inaugurated futuristic headquarters in Bienne, Switzerland.

“I perfectly respect his decision – I was in contact with Nick Hayek several days ago – it's a decision that is his alone,” said Loris-Melikoff, speaking to WWD the following day.

The executive launched into his argument for grouping together.

“Now imagine if all the brands start to embark on their own road shows here and there – what I'm hearing from a lot of retailers is that they are saying, ‘Listen, guys, stop having events every two or three weeks – we need to work, to sell watches, we don't have time to attend all these road shows,’” he said.



Peter Stas

Movado is one company that has struck out on its own. It quit Baselworld two years ago and took its namesake label – and recently acquired Olivia Burton and Mvmt, along with the timepieces it makes for other brands, including Lacoste, Coach, Tommy Hilfiger and Ferrari – to its own event for clients at Davos, the Swiss mountain resort.

“We got tremendous positive feedback and how could you not with this beautiful setting behind us?” said ceo Efraim Grinberg in opening remarks at this year's event, held at the futuristic Intercontinental hotel with sweeping views of snow-covered mountains. A few journalists were also invited this year.

The ceo has said that the cost for Movado of holding its own event came to a small proportion of the fair expenses – around 20 percent – freeing funds to invest elsewhere. Speaking to WWD, he confirmed the same levels this year. ▶

EVER EVOLVING

Through storytelling and exclusives, Ben Bridge Jeweler creates luxury experiences that last a lifetime.

Fine jewelry and watches capture many of life's biggest moments. For Ben Bridge Jeweler, that jewelry is meant to be worn and enjoyed for life.

For more than a century, this family-run business has brought beauty and joy in to the lives of their customers as they mark the moments of their lives. Founded in 1912, Ben Bridge has 95 retail stores in 11 western states. The company is in its fifth generation with Lisa Bridge now serving as the president and chief executive officer.

Here, Lisa shares her perspective on what's behind the success of the retailer, how it differentiates itself in the market and what's driving consumer behavior.

WWD Studios: When did you take over as CEO and what changes are you making to keep Ben Bridge relevant in this dynamic market?

I stepped into the role of president of Ben Bridge in November of 2017 and became CEO as well in February 2019. We have been successful for 107 years because we have stayed very true to our core values but have changed to meet the needs of today's customers. We are in the midst of a great evolution of our business, we are focused on sharing and delivering a uniquely Ben Bridge experience.

I'm tremendously excited about our new store design that engages, entertains, and educates our customers. We incorporated storytelling elements showcasing how our jewelry is made from the tools and materials, to the people behind the scenes. We are creating fresh collections of jewelry that are exclusive and ever evolving. We want to share extraordinary pieces that inspire our customers.

To share our refreshed brand perspective we are developing our marketing and digital experience to match. With fresh branding elements, we are engaging a new customer and giving our longtime loyalists a reason to come back and visit.

WWD Studios: What are some of the brands and jewelry designers you showcase, and why?

Our team travels the world to select the very best brands, designers, and craftsmen, so we can offer a curated selection that our customers won't be able to find anywhere else. Additionally, we are proud to have long-term partners who understand our vision and help us to find the very best assortment for our stores. We have a few select international brands that are meaningful to our customer and have developed our own proprietary brands as well. In jewelry, we have Roberto Coin, Mikimoto, and David Yurman and in fine timepieces, we

have a wide assortment including Rolex, Cartier, TAG Heuer, Patek Philippe, and Breitling, among others.

Regarding our Ben Bridge exclusive collections, we just launched Bella Ponte, our engagement ring line. It is for the modern couple looking for a ring design that is elegant and infinitely customizable. Bella Ponte is the ring that can be personalized to ensure it is as unique as the love it symbolizes. To help couples who choose the custom route, we help them envision what their ring will become through hologram technology. Each finished piece comes with a story card with a QR code that shows the engagement ring through every step as it is made from the initial sketch to casting the mold to setting the diamonds.

They can even take home a simple device that attaches to a smartphone and will allow them to show their friends and family a tiny 3-D hologram of the ring they designed!

WWD Studios: How would you describe your style of merchandising and curation?

We have a world class buying team with years of experience and a fresh perspective. They keep their finger on the pulse of design and trends by traveling the world to find the very best. We source directly from more than 15 countries because each area specializes in different artisanal craftsmanship styles and types of jewelry. We like to travel because we see emerging trends before they land in the United States. We want to have unique, highly curated jewelry, so we look at what is popular across the world to select the very best in design and quality for our customers.

WWD Studios: Who is your target customer? And how would you describe their lifestyle?

Our goal is to have customers for life. We want to take care of them throughout their journey - for engagement, birthdays, anniversaries, and just because! To achieve this, we have to have long term relationships with our associates. We have incredible people who are knowledgeable, passionate, and have been a part of our family for a long time.

WWD Studios: What are some of the trends that you are seeing in the luxury market? What are consumers demanding?

Luxury consumers want jewelry that fits their lifestyle. They want jewelry and fine timepieces that they can wear every day, not just on special occasions. They want pieces that have a wonderful story, whether that is about heritage or craftsmanship. And they want jewelry that will stand the test of time both

from a quality perspective but because of timeless elegance.

Additionally, the experience is a critical element in the entire jewelry shopping experience. Our customer expects knowledgeable associates who can help them to select the perfect piece in a highly welcoming and engaging environment.

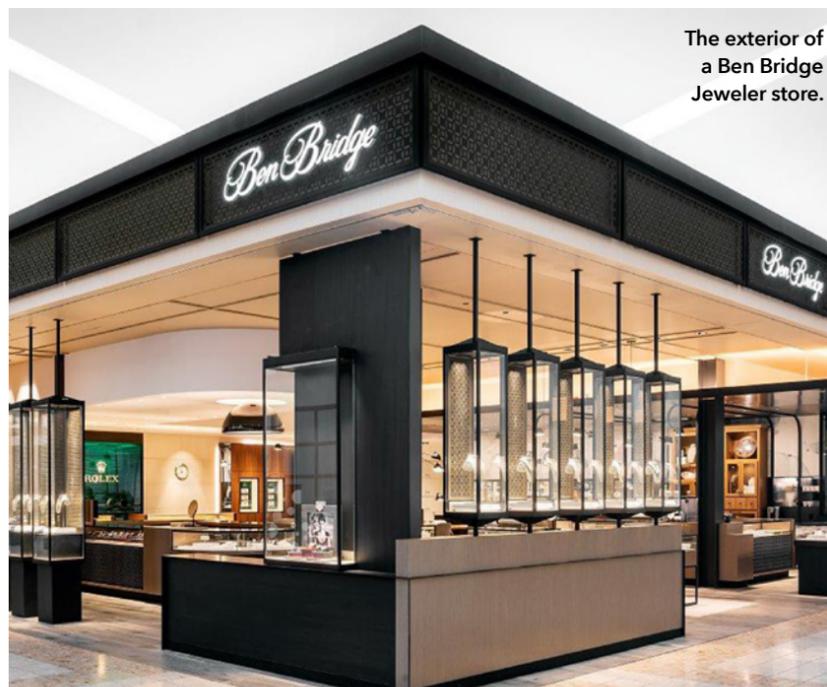
In addition to recently launching our latest store design that brings this to life, we are fortunate to have associates with a wealth of experience. In fact, we have more Certified Gemologists than anyone else. Our incredible associates help our customers select or create their dream piece of jewelry. As personalization is such a key today, having a team who can help make each piece special is critical.

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RETAILERS
TO WATCH

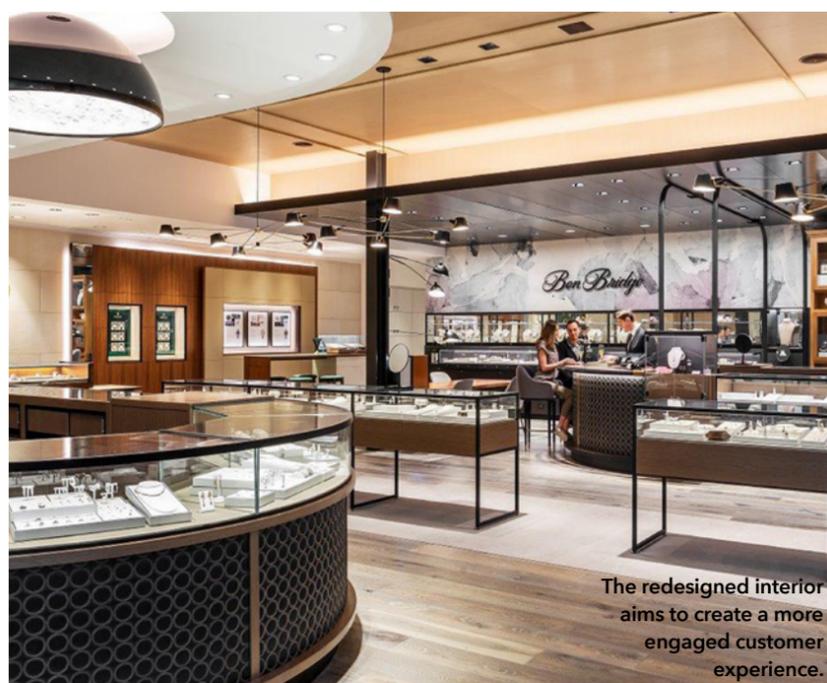
“

We have been successful for 107 years because we have stayed very true to our core values but have changed to meet the needs of today's customers.”

LISA BRIDGE,
CEO, BEN BRIDGE JEWELER



The exterior of a Ben Bridge Jeweler store.



The redesigned interior aims to create a more engaged customer experience.

“The basic rule of the events activity is to create emotions...and we are bringing exactly this philosophy to Baselworld – surprise your guest, grab them through emotions.”

—MICHEL LORIS-MELIKOFF,
BASELWORLD

“The same figures that we used last year are applicable and we continue to invest in our consumer-facing initiatives, like starting a digital center of excellence that is now up and running and has been yielding really strong results for us as a company,” he said. The company is upgrading a good deal of its online infrastructure – the web sites – as well as taking on projects related to data collection and analysis, along with improving digital marketing expertise, moves he expects will “yield a lot of results in the future.”

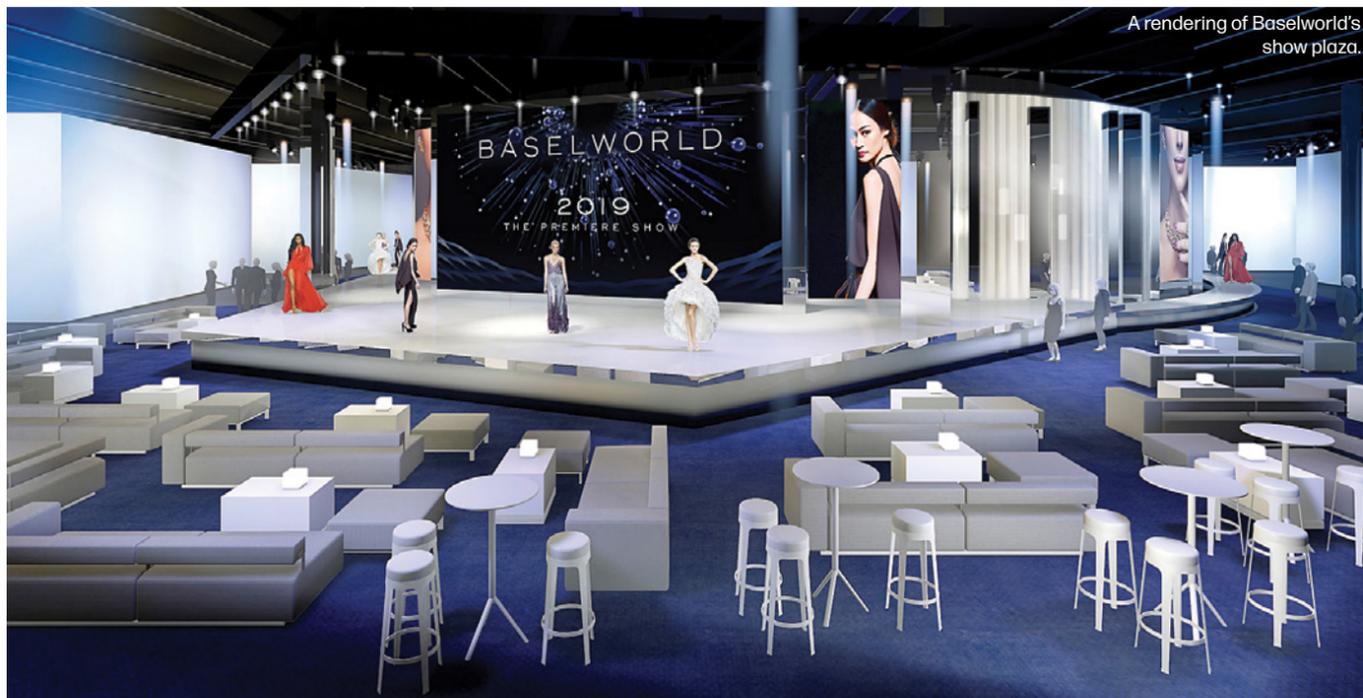
In a challenging environment for mall retailers, Grinberg has doubled up on efforts to improve the store experience.

“I have to work really closely with our retailers on their brick-and-mortar installations and making those feel like the 21st century,” he said, citing as examples screens that give information on the merchandise.

“To me, you have to create excitement at the point of sale and that’s one part of the omnichannel perspective,” added Grinberg.

In the last two years, Movado bought two private watch and accessory companies – Mvmt, a Los Angeles-based watch and accessories company founded and run by Millennials Jake Kassan and Kramer LaPlante, and London-based Olivia Burton.

“One reason that Mvmt and Olivia Burton were so exciting is that the level of content they were able to produce is at a different magnitude than what traditional watch companies are used to,” Grinberg said.



A rendering of Baselworld's show plaza.

Asked if he might reconsider the exit from Baselworld, Grinberg left the options open.

“I can’t say never, but I think we’re happy with what we’re doing right now. And I don’t see that changing for the short term,” he said.

“We have to see if our customers and our retailers are happy with what we’re doing, so far the feedback is that they’re happy,” he added.

The calendar switch, of course, may shift priorities for the label’s guests, as well as the possibility that such events could multiply.

“It is much more efficient to come for two or three days, and that’s what Mr. Biver had told me last year after Baselworld – that it’s much more efficient to have these meetings at a precise moment in a certain place, you can do 50, 60, 70, or more than a hundred meetings and if you had to do a trip for each one, you would be spending the entire year all over the planet,” said Loris-Malikoff, referring to Jean-Claude Biver, a respected industry leader.

Biver stepped down from his operational duties at LVMH’s watchmaking activity late last year, signaling another important generational change in the industry, even if



Outside the Baselworld show hall.

he has stayed on as non-executive president of the division. His successor, Stéphane Bianchi, who leads Tag Heuer with the ceo’s of Hublot and Zenith reporting to him, will be on hand at Baselworld.

“I believe that today, if you will, the future of Baselworld is to offer ideal conditions to everyone involved...we, as

organizers, need to take care of everyone involved in this community and offer them working conditions and to make their trip to Baselworld as pleasant as possible,” said Loris-Malikoff.

It may also come down to logistics. “In terms of efficiency, it’s best to come to one fair,” he said. ■

MOVADO INVESTMENT IN MVMT TAKES SHAPE

The group will include Mvmt in its Davos summit – giving the brand an expanded access to wholesale accounts. BY MISTY WHITE SIDELL

Movado’s \$200 million deal with Millennial watch brand Mvmt is beginning to take shape ahead of the company’s summit in Davos, Switzerland.

There, Mvmt founders Jake Kassan and Kramer LaPlante will present their brand in Switzerland for the first time. True to their disruptive nature, the direct-to-consumer minded entrepreneurs have built their business without ever attending the Baselworld trade fair. The company’s purchase by Movado – which is opting out of Baselworld for a second straight year to hold its Davos conference – means Mvmt will likely never appear on the Basel trade ground.

Mvmt was founded in 2013, with men’s watches largely priced at under \$200. The company has since expanded to offer women’s watches as well as sunglasses and accessories.

Last August, Movado revealed that it was moving to acquire Mvmt with \$100 million in initial payment as well as two future payments that could total an additional

\$100 million but are contingent on Mvmt’s performance. The sale was completed on Oct. 1.

Movado Group chief executive officer and chairman Efraim Grinberg said the company is now working on fully integrating Mvmt into its fold. “A lot of what you do in the first few months after buying a company is back office stuff. It’s the integration stuff that isn’t exactly sexy but ultimately, in the long-term, yields a significant benefit,” he said.

At Davos, Mvmt will face its greatest population of third-party retailers yet. While the brand was born as a direct-to-consumer, Internet-native operation, it has sold with limited distribution in Nordstrom stores.

Grinberg said expanding physical retail “is a big opportunity, but I think it’s going to be a very well-balanced company.”

“Our focus as a company has been to evolve into a true omnichannel company, which means having a brick-and-mortar business, wholesale accounts around the

world and driving our own e-commerce,” Grinberg added.

“For a brand that’s so heavily online-focused, we want to make sure we partner with the right people and continue to sell stories even through physical point-of-sale fixtures,” Kassan added. “We did a good job of that on social media and our web site. It’s important that with third parties that we continue to give a good shopping experience.”

Grinberg said retailers are looking for brands like Mvmt to integrate into their stores. “They are excited about [experiential fixtures], in the digital age they are trying to bring that kind of excitement into their stores.”

At Davos, Mvmt will present its latest collection, called Gritty Glow. Mvmt’s new watch designs are minimal with neon flourishes, while its sunglasses are rendered in day-glow fluorescents. Kassan and LaPlante will also address the Davos crowd to explain their brand’s premise.



A style from Mvmt’s new Gritty Glow collection, to be shown at Davos.

Grinberg declined to provide sales projections for the brand. At the time of its acquisition, Mvmt was clocking some \$71 million in annual sales. “Even though it’s been created for a younger consumer, I think it appeals to different generations. Everybody, even as they get older, wants to feel young. Here is a brand with excitement and accessibility – you can have fun with it as well. [The growth] could be substantial – it’s why we paid a lot of money for it,” Grinberg said.

PRESENTED BY:

WWD Studios

RETAILERS
TO WATCH



Interior of the store, which creates a full, luxury experience for shoppers.



Exterior of the Greenwich store.

TRUE LUXURY

Manfredi Jewels of Greenwich has created a haven for luxury shoppers.

For Manfredi Jewels, the focus is squarely on the client where the shopper can enjoy a combination of unparalleled selection coupled with uncompromising quality, in a boutique setting.

Here, owner Roberto Chiappelloni discusses what it takes to create a luxury experience as he and his staff cater to the demands of today's brand-savvy consumers of watches and fine jewelry.

WWD Studios: How did you get into the watch business?

Actually, it is as if the watch business had gotten into me. In the mid-1970's I began following my passion and love for collecting watches while the mechanical watch industry was on the verge of collapse because of the revolution in quartz (battery powered) movements. By the mid-1980s, mechanical watches were rebounding and I noticed that I was not alone in the appreciation of beautiful timepieces. It was then that I opened a small 700 square foot store on Greenwich Avenue in Greenwich, CT. What began as a small shop with just a few brands, grew over the next thirty years into a beautiful store with some 30 brands of magnificent watches, as well as an amazing selection of brand name and custom-created jewelry.

I believe that our carefully chosen watch selection represents a true history of timekeeping - from the oldest continuously operating brand in the world to the most contemporary highly coveted brands. To have these available to explore under one roof provides a unique experience for any watch enthusiast. Our jewelry collection includes beautiful name brand and independent designers as well as originals created in-house by our own master goldsmiths - all designed to enhance special moments and memories.

WWD Studios: What are some of the brands you carry?

Our Watches: Rolex, Bell & Ross, Blancpain, Breguet, Bulgari, Chopard, F.P.Journe, Fabergé, Franck Muller, Girard-Perregaux, Glashutte Original, Grand Seiko, Grönfeld, Hamilton, Harry Winston, Hermès, Jaquet Droz, Laurent



Roberto Chiappelloni, Owner of Manfredi Jewels

Ferrier, Longines, Maitres Du Temps, Montblanc, Omega, Parmigiani Fleurier, Ressence, Richard Mille, Sarpaneva, Seiko, Speake Marin, Ulysse Nardin, Urban Jurgensen, Urwerk, Vacheron Constantin, Voutilainen, Zenith.

Our Jewelry: A & Furst, A Link, Alex Šepkus, Anna Maria Cammilli, Antonini, Brumani, Bulgari, Carrera Y Carrera, Casato, Chopard, Doves, Estate Jewelry, Faberge, Facet Barcelona, Fope, Furrer Jacot, Gucci, Gurhan, Gregg Ruth, Gumuchian, Mastoloni, Monica Rich Kosan, Hearts On Fire, Lauren K, Leo Pizzo, Marco Bicego, Mariani, Manfredi Jewelry, Mattioli, Messika, Miseno, Monseo, New Italian Art, Pasquale Bruni, Roberto Coin, Shy Creation, Tacori, Temple St Clair.

Our watches and jewelry are showcased in our elegant, contemporary store. Clients are invited to sit and enjoy an espresso, prosecco, or sparkling water while savoring the shopping experience and enjoying the intimacy of being able to touch, feel and wear the pieces that inspire them - clearly an experience that is unattainable on the Internet. Comfort and luxury are key elements awaiting everyone who enters our Greenwich or New Canaan locations.

The fine quality and expert attention to service reflect the respect and prestige that our brands have earned as a result of their rich histories. We strive to not only bring this experience to our in-store clients,

but to utilize social media to enhance our marketing and share our enthusiasm and love of our products beyond our store.

The luxury experience cannot stop with our products. Because I believe that service is equally important, we have two watchmakers on staff, as well as jewelry designers and a master goldsmith. We keep our clients informed through every aspect of watch and jewelry repair in order to assure their total comfort and confidence in the service process.

At Manfredi Jewels, we seek to deliver a complete luxury experience to our clients, from purchasing the rarest in watches or jewelry down to finding a perfect new strap for a timepiece.

WWD Studios: How would you describe your merchandising approach?

We proudly showcase brands in an elegant, contemporary store that allows for a comfortable, relaxed shopping experience. We have a knowledgeable and friendly staff who have helped create an atmosphere where clients can learn about the newest watches or discover an heirloom treasure in our estate jewelry collection.

WWD Studios: Who is your typical customer? How would you describe them?

Our client base ranges from young couples looking for engagement rings or buying their first fine watches for each other... to sophisticated mavens as they expand their jewelry wardrobe...to passionate watch collectors from around the world whose collections we assist in curating.

We feel honored to be a part of the celebrations our clients shop for - many of those clients spanning generations. Having been in business for over 30 years, we could not exist without these cherished relationships.

WWD Studios: What are some of the consumer trends you're seeing? What do luxury shoppers demand?

Manfredi clients depend upon us for a unique selection, absolute integrity, dependable service including hand deliveries to their homes when needed, and a staff that will be there for them during and

even after business hours, as well as during and long after any sale is completed. Our clients are looking for something special that gives them personal pleasure. Because of all this, our clients recognize the value and advantage in the superior service and experience of shopping at Manfredi. We truly offer an unparalleled luxury experience.

WWD Studios: And superior customer service means having a relationship with them?

Yes, one-on-one service is very important, especially in building long-term relationships with our clients. We care deeply about helping our clients discover the perfect treasure that they will enjoy for years to come, and in many cases pass on to future generations. This one-on-one service is central to the luxury experience, which we've provided for over 30 years and hope to continue for many more.

“

We seek to deliver a complete luxury experience to our clients, from purchasing the rarest in watches or jewelry down to finding a perfect new strap for a timepiece.”

ROBERTO CHIAPPELLONI,
OWNER, MANFREDI JEWELS

BREITLING'S GEORGES KERN ON TRANSFORMATION, OWNERSHIP

The Swiss watch brand's ceo discusses changes he has instituted in the last 18 months, and the future of the industry.

BY HAIG SIMONIAN



When Georges Kern jumped ship in 2017 for Breitling, the watch world was stunned. Kern, flamboyant scion of a German jewelry family, had gained an international reputation as a marketing whiz. For 15 years, he had personified, with much razzmatazz and a heavy dose of Hollywood, the rise of the IWC brand owned by Compagnie Financière Richemont. Moving to an established, but slightly sleepy, rival sports watchmaker best known for chunky aviator's models seemed retrograde. Owned since 1979 by the reclusive Schneider family, relatively small and independent Breitling was overshadowed by behemoths like Rolex, IWC and Swatch Group's Omega, making it a perpetual takeover candidate.

Ultimately, Breitling's buyer wasn't another watchmaker, typifying an industry in rapid consolidation, but private equity. In its first foray into watchmaking, European group CVC Capital Partners coughed up a widely reported – and hefty – 800 million euros for an initial 80 percent, subsequently buying out the rest of the company.

Kern's move was all the more surprising as he had only recently been promoted to supervise all the Richemont group's watch brands. That lined him up alongside Jérôme Lambert as a future leader of the world's second-biggest luxury goods group, under the ever-watchful eye of executive chairman and core shareholder Johann Rupert.

The biggest incentive to join Breitling for Kern, whose career started at Kraft before progressing to watchmakers Tag Heuer and IWC, was the chance to own a stake – widely reported at 5 percent – with the opportunity for more on CVC's exit. Nevertheless, his move was perceived as risky, given the watch industry's cycles and vulnerability to everything from capricious Asian tourists to geopolitics in general. Exports of Swiss watches, the only industry data available, grew by 6.3 percent last year, but sales are still below their highs of 2013 to 2015.

Moreover, Breitling appeared becalmed. Production, which unusually for a Swiss watchmaker is public knowledge because all its watches are certified by an outside Swiss authority, was static at 150,000 to 160,000 pieces a year – and less in downturns. The group was highly dependent on the U.S., its single biggest market. And it was wholly absent in China, the main source of the sector's growth. While production had been modernized with a brand new factory at La Chaux-de-Fonds and a long-awaited in-house movement, prospects were not entirely rosy.

Since his arrival, Kern has overseen a transformation, with new products, marketing and a leap in employees from 700 to almost double that.

Just his new Zurich office symbolizes how things have changed at Breitling.



Georges Kern

Located on a redeveloped industrial site mixing traditional Swiss brickwork with contemporary office architecture, he sits cheek by jowl with Google's local headquarters, one of the tech group's biggest outside the U.S. It is all a far cry from Breitling's dowdy headquarters and assembly plant in rural Grenchen, some 90 minutes away.

"This is what we call our marketing offices," said a relaxed Kern, 54. "We needed a place to welcome new international staff, from New York, from Paris, wherever. They're not going to Grenchen. It's very convenient for me, too. I'm here one to two days a week, the same in Grenchen, and I'm traveling a lot as well. What we like here is the industrial feel. If you look at our boutiques now, it's all lofts and industrial style. The previous tenant was a reinsurer, and I've no clue why they rented this place."

Eighteen months into his tenure and on the eve of Baselworld, here Kern sits back and talks with WWD about what has changed and the watch industry in general.

WWD: How well did you know Breitling? Was it a major competitor to IWC?
Georges Kern: Funnily enough, when I was at Tag Heuer in the 1980s, we looked at Breitling very closely. We were very jealous about the Chronomat, and extremely jealous about their advertising campaign. There was a very funny

campaign in France. Later, there was regular mapping of our competitors, but I had no intimate knowledge about the brand. Breitling was always very strong in modern aviation, with the Avengers, the Chronomat, the Jet Team.

WWD: What surprised you most on joining?

G.K.: First, the manufacturing center in La Chaux-de-Fonds is one of the most modern I've ever seen. They invested very heavily. It's amazing. The brand was very profitable, very healthy financially. There were many positives.

What still strikes me today is the history. I didn't even know Breitling invested the wrist chronograph. Nobody knows, which is a bit of a problem that we're addressing. The watches were so beautiful, so versatile, so interesting. But in the recent past, Breitling had concentrated on the niche of a niche; these super modern, big, bulky, aviation watches. These, I discovered, were never the DNA or the history of the brand, which was always Air, Land and Sea (and not just aviation). Over the past 12 months, we've repositioned and said Breitling was always Air, Land and Sea. That's exactly where the brand came from. Navitimer; Chronomat; SuperOcean.

Not only did I discover a wide, deep, history of beautiful products, I also found – which I've never seen before – two completely different communities of

buyers and collectors. I had two extremes: we had the "recent past" community, loving those big watches; and the "Forties, Fifties, Sixties and Seventies lovers."

WWD: What were your priorities and how did you set about meeting them?

G.K.: There were three or four major issues. Number one was product. When you're in a super niche, it's hard to innovate. There were lots and lots of different variations of pilots' watches: Roman numerals, indexes, Arab numerals, with and without engravings, you name it. It had gone so crazy the collection was no longer "readable": there was no longer any clear image, it had all been blurred. Nobody understood anything. So the first thing we did, we segmented it in clear design codes, design elements.

There were two things we needed to do. We needed to go back into the more classic segment, where we weren't, but where the brand was in the past. Last year we relaunched the Premier, a line from the 1940s, which is more "sports elegant." It's a new segment applicable all over the world and a shift from big bulky watches.

Secondly on product, we've dramatically modernized the existing big bulky lines. It's about how to be contemporary in design. You can make very tasteful four-wheel drive SUVs. You can do something very stylish, still being big. But then you have to do a very nice convertible and a coupe. This is what we're doing. We're trying to improve the SUV design and launch coupes and convertibles in due course. You'll see a lot at Basel.

Already we'd launched new products; for example, our civil aviation watches. Back in the 1960s and 1970s, Breitling was the official watch supplier to all the civil airlines. In the 1970s, Breitling did a series of PanAm, TWA and Swissair watches. We relaunched then and there's been such enthusiasm you can't imagine. For the first time in years, celebrity and megastars are calling us and asking to get the watch. Apart from airlines, we've also redone the Curtiss Warhawk, a historic pilot's watch named after the famous U.S. World War II fighter plane. But the most important innovation has been Premier.

WWD: What about women's watches?

G.K.: Breitling was also always good in ladies' watches, but not in ladies' sports watches. People know much less about them today. But that's also something that's going to change, most probably next year.

WWD: What about marketing and advertising?

G.K.: Communication was our second problem as it was very outdated. All these blond girls waiting for the pilots. It wasn't even macho in a funny way. It was an outdated way, in a way that was very primitive. This has nothing to do with #MeToo. I personally thought it was awful. I'm changing things because I thought it was awful.

WWD: Does that explain the recruitment of so many "squads" in your advertising now?

G.K.: We come from aviation, and planes fly in squadrons. So I thought it would be fun to have a squadron of people. Secondly, I believe more in teams than ►

in individuals. Third, it's a very flexible campaign: you can have male, female, young, old, local, international. Fourthly, you can allocate a squad by product group; the SuperOcean is linked to the surfer squad; the more technical watches are linked, of course, to our explorers squad; our pilots' watches, with the Jet Team. So it's very easy to segment, in terms of message, to get the message through in a much more comprehensive way.

The last element, which is very important, just as with distinguishing our boutiques, we wanted to go into sports and activities the others don't have. We're not in Formula One; we're not in tennis or golf. We're in new sports or areas where the others aren't. We are in triathlon; we're in surfing; we have an explorer squad. We do stuff that's different, that people relate to more. It's more inclusive, it's much more relaxed. We want to be the cool and relaxed alternative to the more formal and traditional brands. That's why we've chosen these people, these squads, this boutique design, this photo shoot design and style. It's all part of an overall concept.

WWD: And the response?

G.K.: On social media, it's becoming a phenomenon. Everybody's a squad. Everybody's using squad. In a year, we were able to own that idea. I love it. No more single people. It's really squads. And they have to have a mission. The people we use are all authentic. When you look at the surfer squad, you might not know them, especially in Europe. Likewise our explorers. But the point is, when you check them out, you find they're all number one.

Now we're advertising with the world's longest-flying Curtiss Warhawk pilot. He's 93. He's been flying the plane for 60 years. The guy is a star now because he's authentic. Our Jet Team are real pilots. Bertrand Piccard is a real explorer; Kelly Slater is the best surfer in history. These are all successful, authentic people.

Of course we also have our film squad. But I have one particular reason, and that is China. If you want to build up China, you need to have an impactful film squad. Apart from Brad Pitt, Adam Driver and Charlize Theron, we have Daniel Wu. He's huge.

WWD: What about distribution?

G.K.: Our third huge problem was distribution. Some 60 or 65 percent of our sales were done through agents. The problem was, these people – they did their best and I love them all – they have different objectives. They are more short term, they don't own the brand, they have limited contracts, etc. In the past couple of months, we've bought out all the agents, which was a huge task, to control the market, the gray market, pricing, to be closer to our customers. When you invest, you need to know it's implemented the way you want.

WWD: How did the agents react?

G.K.: I'm not going to tell you the arguments I had. But I can either offer a big carrot up front [buying out an agent outright], or I can say, I'll keep you, and your team, and I'll give you a beautiful incentive depending on your growth, and, in addition, depending on our exit plan.... You can structure a deal beneficial to all parties. That's why it went so smoothly.

We've now bought out all the major markets except two, Austria and Eastern Europe, where we're extremely strong, and Scandinavia, where we're also very strong. But we just have no time, and no physical capacity to do them. We're now 1,300 or 1,400 people, coming from 700, so we need to digest this. We have deals, but just need to physically do them.

WWD: That sounds like plenty of challenges to start with. Was there anything else?



The World War II fighter plane the Curtiss Warhawk. BOTTOM LEFT: A Breitling Premier vintage ad from the Forties. BOTTOM RIGHT: An ad from the Sixties with the legendary Navitimer.



G.K.: The collection, communication and distribution were three fundamental issues. The ultimate one was that Breitling was not in Greater China, which is 50 percent of the market, because they were never interested in China. We have phenomenal potential in China, and we're growing strongly. The new generations there, the Millennials, they don't want to buy the watches their parents bought. There's the Internet, there's social media, they travel. They see how strong Breitling is. And tastes change. They want bigger watches. We can go very quickly. Things are moving very quickly.

WWD: Did you do this all at once, or in steps?

G.K.: When you've seen as many brands as I have in my life, and so many problems and mistakes, you walk into any brand and ask the 10 most important questions without any analysis. And you quickly, very quickly, understand where the issues are. That's called experience.

We did everything at the same time. We've been working a lot over the last months. But I have a very experienced

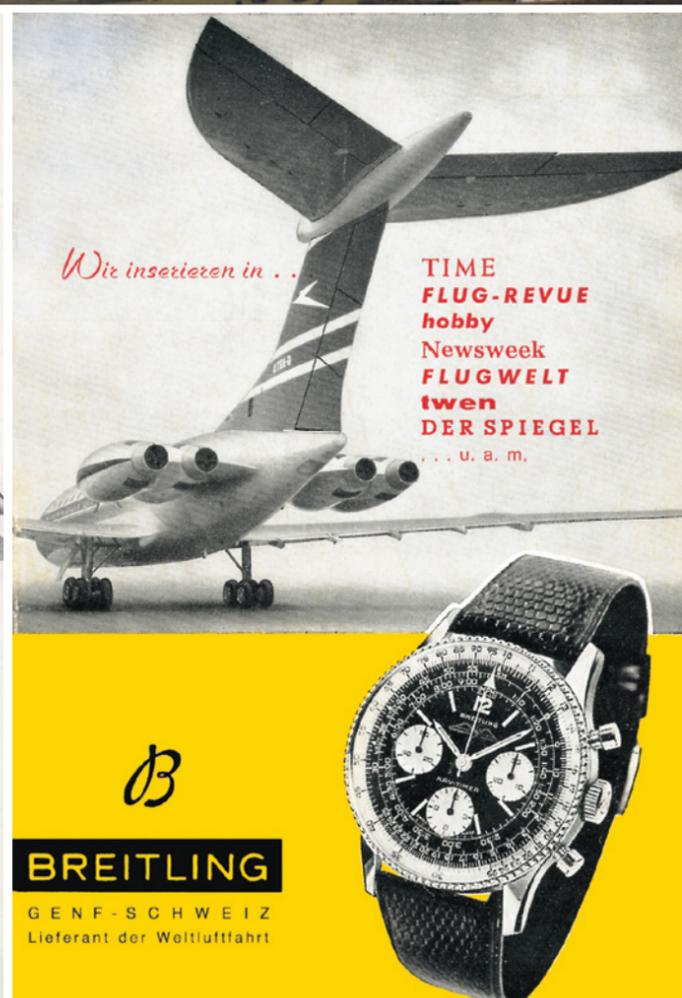
team, coming from basically the whole watch industry. From Audemars [Piguet], from Rolex, from Jaeger [LeCoultre], from Chopard. I have a melting pot of the whole industry. I got very good people and they're also shareholders, so it's all good.

I took people I knew. I haven't spent a dime on headhunting. We hired 30 to 40 managers and I knew them all. Everybody saw the opportunity. I always say, we're a huge start-up, with very old people. It's like a coach who prefers having an experienced team. You explain something on the board, and the guys know how to play.

WWD: So what is your management style? I've always known you as an individualist?

G.K.: Let's not be naïve: if you want to move quickly, you need experienced people. They're a little bit more expensive, but they have a sense of independence. I don't have time, especially with private equity, to go into too long discussions or explanations.

Where you're right is that I have a very clear vision of what I want to do, which I've obviously shared with everybody, and which has been enriched by their experience.



Coming from many brands, it was very good to listen to different perspectives. We very quickly agreed on a strategy on how to structure the collection, etc.

What I also did, for the first time in my life, I last year held a seminar with collectors, bloggers, I even made the mistake to invite some journalists. We had two or three groups of 25 people and we went through everything. The collection, the history, key messages, product design, everything. Not only we, as a management team, had an idea, but we presented it, and many things came out. And I adjusted many things. And this was really helpful.

WWD: That's all fine, and sounds very long term. But what about CVC's time horizon?

G.K.: You have to understand. I correct all the journalists on this. When people say, you have the pressure of shareholders, I say, I have the pressure of myself. My whole money is in this company. Neither does my management team need the pressure, because they have invested their money, too. I'm not talking about stock options here. I'm talking about money that was in ►



The Aviator 8 Curtiss Warhawk editions.

my account, and that's not in my account anymore. It's very different. Whatever we do, we all have to be aligned. Me, my team, some of my former agents. Discussions are very different than when you work in a big corporation. It's a totally different feeling. At a big group, if you're fired, you even get a check. If you're fired here, you lose your money. It's different.

WWD: What's been the impact on the brand?

G.K.: Being owned by private equity is the best thing that could happen to Breitling today. We can invest, we don't have burdens, we move incredibly fast. The only thing we've been asked to do is create value. Brand equity. The value of a brand when it's independent or in private equity isn't the dividends paid, like at a conventional group. The value in private equity is brand equity. It's very different. We're in an investment mode, a development mode. It's a totally different mood.

Eventually finding a buyer will be easy. Super easy. I don't know anybody who wouldn't like to buy Breitling. It's one of the best and strongest brands in the watch industry. I'm not worried at all. There's so much money in the market.

WWD: What is the group's performance? What's happened to production?

G.K.: The public figures are meaningless, because we've stopped all our quartz watches. We made huge quantities and I stopped it because I thought it would downgrade the brand. But even without quartz, we're still growing. Something like 160,000 to 170,000 pieces last year. We had a very good year; even though we've decreased distribution a lot. More automatics, which had a double impact on our turnover. And that came even through, when we took over the agents, we closed a lot to clean up the gray market. But we've opened more Breitling boutiques. Sales are much higher than suggested. But you have to note we also integrated our agents, so you have to distinguish between organic growth and integration growth. People don't always make that calculation. But it's going in the right direction.

WWD: Let's turn to the watch industry in general. Where do you stand on e-commerce versus brick-and-mortar?

G.K.: Breitling was never active online. We've now built a huge team. We've launched China, working with Alibaba, we've launched the U.S., we're now launching in Europe. In a couple of months, we'll be in e-commerce worldwide. We have a few deals with pure players, like Mr Porter. And we're present via many of our dealers, who have their own sites. We need to treat our clients

in a very omnichannel way. But that's no secret. Everybody's going that way.

For sure, in the industry, you'll have less and less wholesale and more and more retail. But this is more due to globalization that you can commute, that transport is easy, that people want to have buying experiences in big agglomerations.

WWD: How many Breitling stores are there now?

G.K.: We have roughly 90 boutiques, but most are external, with our partners. The boutiques, whether company-owned or with partners, generate about 25 percent of sales. E-commerce, by contrast, has just started.

As for the future of the industry, there are two things to consider. What is the long-term trend, and what about short-term cycles? Long term, I'm not worried at all. Digital watches are not an issue. Yes, we're in the same market, but it's like in the beverage market – you have water and Chateau Lafite. We are selling a Chateau Lafite. So the comparison is ridiculous. Everybody is saying Apple is selling more watches than the whole Swiss industry. But this comparison doesn't make sense. The beauty with the watch industry is we're not a commodity. This is the difference with the car industry. In the future you'll have autonomous driving, you'll go from A to B. Everything related to the feeling of sound, speed and smell: it's gone, it's become a commodity. High-end watches aren't a commodity. It's a piece of jewelry, it's a piece of emotion, it's memories, it's rewarding.

Nothing will change in the watch industry. You will have 300 million Chinese buying in the segment in a couple of years. The potential is phenomenal. Long-term, I'm very confident. In our lifetime, nothing will change. In our children's lifetime, nothing will change. Young kids, they all want watches. My son bought a vintage watch. So I'm not worried. Of course there will be short-term cycles, [but] what do you want me to do, jump out of the window? You have to deal with it.

WWD: And the future of trade fairs given what's happening at Basel and SIHH, the two premier shows?

G.K.: Traditionally, fairs were opportunities for us to sell. But we don't need that anymore. We're in daily contact with our clients, the Internet, etc. Secondly, you don't launch novelties by calendar year. We don't do this anymore. It's not in April or in January I have to launch watches.

We've changed our format, we now have summits in spring and fall all around the world. We want to launch the product from the catwalk to the stores. Our summits are like a Steve Jobs presentation.



The Caseback of the Aviator 8 B01 Chronograph 43 Curtiss Warhawk.



LEFT: The Breitling Airlines Swiss Air. RIGHT: Premier B01 Chronograph 42 watch with blue dial.

Huge screen. And in an hour, you're done. People don't wait. In the old days, the articles would come out in the monthly magazines, manufacturers said the watch would be available in September and actually it came out in January. Today, it's online. People go on your web site and say, "I can't see the price, I can't see the availability." So they say, "why do you present it if you cannot ship it?" So, if you don't need fairs to sell, because you sell anyway, what do you do at a fair? What's the aim? I think it could still be interesting as a communications platform.

WWD: Will you say a little more about the appeal of entrepreneurship and running your "own" company now?

G.K.: I had opportunities before, but it had to be the right opportunity. Now there was a train passing, and I jumped on it. But I was always very lucky when I was in the corporate world to have been dealing with people who gave me the liberty I wanted. I had people who trusted me, thank god.

I never really had a mentor. But I was lucky always to have people who were

smart and who believed in me at a very young age. Even at Kraft, I knew the ceo, even though I was nothing, a drop in the ocean. Likewise at Tag and at Richemont. I was always lucky to have very senior people who believed in me.

WWD: Is it different now with your own money invested?

G.K.: It would be terrible if I said, "yes!" That would mean in the past I was not professional or I was not performing! Of course, I was as professional before. But it's still different when you do it on your own. You think about the real consequences of your actions. It's not so much shareholders or no shareholders. It's more a matter of big or small. When you're in a big corporation, you have billions in cash. What is the impact of a mistake? You go home and you sleep. When you own a company that's smaller, you have to be sure yourself the cash is there, that everything works. It's a totally different feeling. The downside is you have no safety net. The advantage is that you move much more quickly. ■

BASELWORLD 2019

PRESENTED BY:

WWD Studios

BRANDS OF TIME

Unbreakable heritages, with futurism and innovation built into the designs, Baselworld 2019 challenges boundaries in watchmaking. Styles range from the avant-garde to the rugged, and materials are designed for impact – be it visual or physical.

TAG HEUER • HUBLLOT • G-SHOCK



PERFECT MOTION

*TAG Heuer is responsible for many of the great innovations of watchmaking history.
The new Autavia collection continues its adventurous story.*

TAG Heuer timepieces are designed for those who love challenges. The brand is enhanced by our unique communication techniques, based around sport, lifestyle and heritage, which express our DNA. Edouard Heuer founded his watchmaker's workshop in the Jura mountains of Switzerland in 1860, and over the years that followed, TAG Heuer has forged prestigious partnerships and worked with trendsetting ambassadors. Such collaborations have enabled the brand to continually evolve its open-minded philosophy and open-door culture.

Q&A

...with Mr. Guy Bové, Product Director of TAG Heuer

WWD Studios: What significance does Baselworld hold for TAG Heuer?

BaselWorld is an environment which brings together people who love watches, be they aficionados, journalists, retailers or the simply curious. It's the perfect place to display what we have accomplished over the years, and to showcase the best of what we are doing today.

WWD Studios: In three words, how would you describe your classic timepieces?

Avant-garde, exciting, strong.

WWD Studios: What key brand moments and underlying stories define your heritage?

There are so many of them! But the brand has achieved several notable firsts in technology. In 1887 we patented the oscillating pinion, which is still used in many chronograph movements today. The Mikrograph, invented in 1916, was able to measure time to the 1/100th of a second mechanically and precisely. The Dato 12 Carrera displays its date at 12 o'clock to highlight the fact that it was the first wristwatch to show the date via a date window instead of a hand. The Monaco was the first automatic chronograph on the market in 1969, and the Marcograph was the world's first chronograph with a tide level indicator. In sports, we backed Formula One driver Jo Siffert, as well as the Ferrari racing team, and that linked our vision to racing and motorsports. We have worked with many of the best sportspeople in the world to reflect our passion for forward thinking and action. Taglines like "Don't crack under pressure" and "Success is a mind game" reflect that.

WWD Studios: What techniques in TAG Heuer's manufacturing and design processes make it innovative and forward thinking?

We seek to provide the best customer experience possible with our

timepieces, and we work to perfect every aspect of our manufacturing to ensure longevity and reliability. In that sense, we are always innovating. Look inside our workshops, and you will find the only two machines in the world capable of producing our unique carbon hairspring, which combines mathematics, science and production technology. This innovation enables us to produce, in-house, a hairspring which solves many of the timing problems which have been around since the escapement was invented.

WWD Studios: What inspirations are revealed in TAG Heuer's latest product offerings?

We highlight the voyage from our earliest "Time of Trip" dashboard timer of 1911, via several generations of wristwatches, to our brand-new, permanent Tag Heuer Autavia collection. That expresses the idea of adventure, while ticking away perfectly accurately using our new Isograph technology. There's also a carbon-inspired Tourbillon, the Carrera Calibre Heuer 02 Tourbillon Nanograph. Our new Carrera 36mm ladies' models are strong, driven, and elegant, while the Tag Heuer Connected Golf Edition is the modern version of our golf watch, which has been a major theme for us over the past decades.

WWD Studios: What is the future of luxury timepieces?

Timepieces are more than a convenient way to tell the time, they are a projection of the wearer's personality, tastes, and aspirations. Luxury timepieces speak volumes about their owners and choosing the right watch is a ceremony of passion for many, and sometimes includes a little bout of soul-searching. Little wonder that luxury timepieces continue, and will continue, to play such a beautiful role as mementos of life's events, faithful companions, and symbols of the times.



TAG Heuer Autavia
WBE5112.EB0173
\$3,950



TAG Heuer Autavia
WBE5110.EB0173
\$3,950



TAG Heuer Autavia
WBE5112.FC8266
\$3,600

TAG Heuer Autavia
WBE5111.FC8267
\$3,500



BASELWORLD 2019

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WWD Studios

“
Timepieces
are more than
a convenient
way to tell the
time, they are
a projection of
the wearer’s
personality,
tastes, and
aspirations.”

GUY BOVÉ,
PRODUCT DIRECTOR OF
TAG HEUER



**TAG Heuer Autavia
WBE5112.FC8266**
42mm stainless steel
case, blue ceramic
bidirectional rotating
bezel, with new
in-house Isograph
hairspring on a brown
calfskin leather strap.
\$3,600

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PAST & PRESENT

Hublot's revolutionary approach to materials combines history with progress. The new Spirit of Big Bang Yellow Sapphire takes tradition into the future.

Hublot stands for "a different way to progress," say those who know this unique Swiss luxury watch company. When Hublot's chairman Jean-Claude Biver and CEO Ricardo Guadalupe took control of the brand in 2004, they began a success story in which the Big Bang, Classic Fusion, and MP Manufacture Pieces Collection have come to represent the symbols of a constantly evolving tradition. With revolutionary materials like its patented colored Texalium carbon fiber, and world-class collaborations with the likes of Ferrari, Hublot brings tradition into the future.

Q&A

WWD Studios: What significance does Baselworld hold for Hublot?

The Basel fair has lost its importance in terms of sales, but it has gained in importance because of its relationship with customers. After all, where else can I meet more than 200 people a day, shake their hands, look them in the eye, and talk to them for several minutes every day? In this time of electronic relationships, human contact takes on greater meaning and importance. Physically interacting with 1,000 people from four continents in five days in Basel is more important to me than just selling watches and making the numbers. Basel is also an important time for me to do press, because it allows me to meet journalists and share the latest watchmaking news.

WWD Studios: How does Hublot differentiate itself from other luxury timepieces in the market today, and how is it making use of its brand heritage?

By means of the "Art of Fusion". Combining two materials that do not coexist in nature is the driving idea at Hublot. Even the first Hublot models from 1980 combined gold cases with rubber straps – that was quite extravagant for that time. The "Art of Fusion" is successful because of its simplicity. This motto not only talks about the materials, but also

encompasses the combination of something more abstract: past and present, tradition and innovation.

WWD Studios: What does a visit to the Hublot workshop reveal about product craftsmanship?

Hublot invests a lot in research and development to create new and innovative materials such as Sapphire, Red Ceramic, or Magic Gold. The latter is the world's most scratch resistant 18K gold, and was developed by Hublot and the EPFL. Thanks to our "Art of Fusion" concept, we can create cutting-edge watches, and we have also established a very strong identity through our design. Moreover, we have our own movements, and that is an incomparable strength.

WWD Studios: What technical innovations and creativity underpin the latest collections from Hublot? What product features are notable?

Thanks to technology, and thanks to our engineers, we can create groundbreaking products such as the Big Bang Unico Red Magic, which has the first red bright ceramic in the world! Exclusively designed and produced in-house, this invention has been patented. It shows how Hublot continues to make strides in the research into materials.

WWD Studios: What is the future of luxury timepieces?

The future of watchmaking only exists through permanent innovation.



HUBLOT

Big Bang One Click
White Gold Paraiba
\$232,000



Big Bang Unico White
Ceramic 42mm
\$18,800



Big Bang Unico Blue
Magic
\$20,900



Classic Fusion
Tourbillon Orlinski
\$137,000

BASELWORLD 2019

PRESENTED BY:
WWD Studios

“

Thanks to our “Art of Fusion” concept, we can create cutting-edge watches, and we have also established a very strong identity through our design.”

HUBLOT



**Spirit of Big Bang
Yellow Sapphire**
With the Spirit of Big
Bang Yellow Sapphire,
Hublot introduces
a yellow-colored
sapphire for the first
time in the history of
watchmaking.

\$106,000

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TIME FOR ACTION

*The new G-Shock model features the new impact-resistant Carbon Core Guard structure.
It's the latest innovation to push the boundaries of watchmaking.*

A 10-year battery life, a 10-bar water resistance, and a 10-meter dropping shock resistance were the three requirements of the "Triple 10" concept that led to the development of the shock-resistant structure of G-Shock. The rugged shape and robust styling originated with an engineer's brief calling for an "unbreakable watch." Since its birth in 1983, G-Shock has overcome many challenges in a short time to go above and beyond what was originally envisaged. Each watch features "G-Shock Connected," which is Bluetooth connectivity to a dedicated app.

G-SHOCK

GGB100-1A3

- Carbon Core Guard Structure
- Mud Resist
- Quad Sensor

\$350



GWRB1000-1A1

- Carbon Core Guard Structure
- Rust Resist
- Triple G Resist
- Carbon Fiber Insert Band

\$800



MTGB1000RB-2

- Rainbow & Blue IP
- Core Guard Structure
- Carbon Reinforced Resin Case

\$1,000



MRGG2000GA-1A

- "yasuri-me" (rasp mark) finish
- Cobarion® Bezel
- Deep Violet ARC IP
- Recrystallized Ti Case

\$7,400



Q&A

WWD Studios: What significance does Baselworld hold for Casio/G-Shock?

Baselworld is very important for Casio, as it is for the entire watch industry. The numerous new watches which are announced here attract the interest of watch fans all over the world. We would also like to tell the world about Casio's production philosophy at Baselworld. The role that Baselworld has played in the watch industry is so impactful that we are honored to be able to participate every year.

WWD Studios: What "unbreakable" qualities define the brand DNA of Casio/G-Shock? How is this story told today?

Every Casio design has meaning, and for G-Shock, it all begins with our shock-resistant structure. Since 1983, its unbreakable identity has permeated the G-Shock line at every level, and we are continuously developing new functions and features like mud resistance, gravity resistance, and vibration resistance. To realize new designs, we use new and exciting materials which push the boundaries of watchmaking. From resin, to metal, to carbon fiber, we have evolved our shock-resistant structure, and therefore our unbreakable identity. This year at Baselworld, we will introduce "Carbon Core Guard" structure, an innovative shock resistant structure which uses carbon fiber material. Through continuous innovation around the concept of being unbreakable, we will continue to make waves well into the future.

WWD Studios: How do collaborations with Bodega and Gorillaz create interest? And what customer is the company targeting?

G-Shock watches are accepted by a wide range of age groups throughout the world. G-Shock fans are very

passionate about the product, and look forward to new releases the same way music fans look forward to new albums. The Bodega and Gorillaz collaborations demonstrate how we target both regional and global customers, and they show how our regional collaborations resonate globally, and how our global collaborations permeate regionally. Distribution is different, and the levels of production may vary, but we're still giving our G-Shock fans something fresh and exciting to add to their collections. As for first-time buyers, they will get something special to start their G-Shock collecting journey.

WWD Studios: What key inspirations underpin the latest collection? What are some notable product features?

The most remarkable product we will introduce at Baselworld is a new G-Shock that uses carbon as its case material. Carbon is the third material after resin and metal that our company has employed for the G-Shock case. Adopting this material has allowed the structure and design to greatly evolve. This new structure, named the "Carbon Core Guard" structure, is the next stage in the evolution of the impact-resistant structure which has been G-Shock's identity since we introduced it.

WWD Studios: What is the future of luxury timepieces?

Smart watches and wrist devices have changed the timepiece business, but I believe luxury watches will remain. Luxury watches are admired for their craftsmanship, and they make their owners proud. Casio's products offer perfection, they have emotional value, and they allow consumers to maintain their individuality. This is what makes standard watches different to smart watches. We continually challenge ourselves to create new and unique products.

BASELWORLD 2019

PRESENTED BY:

WWD Studios

“
To realize
new designs,
we use new
and exciting
materials
which push the
boundaries of
watchmaking.”

CASIO/G-SHOCK



GMWB5000V

- Black Aged IP
- Full Metal Shock Resist Structure
- DLC Coated Screw Back

\$1,000

TIMEX UNVEILS ECO-FRIENDLY BRAND

The Vincent Bérard brand will relaunch as a green label in September, while other watchmakers are leading the sustainable conversation. BY MARTINO CARRERA

MILAN – Luxury might have been on a sustainable journey for quite some time but watchmakers are believed to often lack in terms of eco-friendly and consciously transparent approaches to the business – including raw material sourcing, environmental footprints, sustainable strategies and due diligence.

According to a study conducted by nonprofit organization WWF's Switzerland bureau in partnership with Swiss consulting firm BHP Brugger & Partners, the 15 biggest Swiss watch companies' supply chains are "severely lacking transparency and comprehension of the origin of the raw materials and the processes and people involved."

Among the evaluated companies, Compagnie Financière Richemont SA-owned brands, particularly IWC, are the only ones that secured a score in the "ambitious" and "upper midfield" rankings of the survey, while others including Rolex, Swatch and Tissot lagged behind. As a predominantly aspirational industry, the WWF report pinpoints that "compliance-driven and risk-minimizing approaches alone are no longer sufficient to meet the expectations of various stakeholder groups like the public, consumers, investors and employees."

Switzerland-based Timex Luxury Division, part of U.S. Timex Group, is gearing up to unveil in September the first collection billed "with a green soul" under the Vincent Bérard luxury brand, one that it had acquired in 2005, shuttered in 2010 and it is now resurrecting with a green ethos.

"As our attention to sustainability and green economy has always been there, in our DNA, we thought that entering the traditional Swiss watchmaking [industry] required an asset, which Vincent Bérard was. It's the perfect fit: a [sustainable] watch brand keeping the heritage of the label as it had always been," Paolo Marai, chief executive officer of the Timex Luxury Division, told WWD. The founder of the company, who eased out of the brand, had been inspired by nature in his watchmaking process since the beginning and Marai noted the new course would continue that mandate.

"It's clearly a peculiar project and despite partner retailers wouldn't need a new label – we must be honest – the [Vincent Bérard] label boasts particular features, a different story to tell, which are assets for our retailers," Marai noted. "Every other part of the item has this green ethos...we believe it's a new way to present ourselves [as a company] although the product is quite classic in terms of design content. This is our spirit, doing something different and bring it on a bigger scale."

The collection comprises Swiss-made mechanical, self-winding watches, which avoids batteries and quartz crystals, "a reprehensible choice if you're doing a sustainable product," Marai explained. The company also incorporated upcycled materials including recycled steel for the watch's cases and a range of eco-friendly solutions for the interchangeable watchbands. They include straps crafted from recycled PET bottles, vegetable-tanned leather and the patented Neo

material made of thin layers of laser-etched wood sheets.

Emphasizing the label's eco-friendly commitment, each timepiece features a green rotor visible from the back of the see-through case, as well as a green hand, while Marai said packaging will be sustainable, too. In addition, Timex Luxury Division has partnered with the nonprofit organization Treedom pledging to support agroforestry projects around the world and to plant a tree for each sold item.

Priced at between 1,000 euros and 3,000 euros, Marai noted the Vincent Bérard label will leverage a "very commercial and competitive" positioning within the Swiss-made mechanical watches segment. The latter "has been suffering a lot in the past few years...so we think this is the best segment in which to play the game with a distinctive product." To wit, the first collection previewed with the company's distributors in January obtained positive feedbacks.

The dial of each Vincent Bérard eco-friendly timepiece features a green hand.

The dial of each Vincent Bérard eco-friendly timepiece features a green hand.

The label will be available through Timex Luxury Division's network of retailers covering 65 countries, as well as online on the brand's e-commerce and through a number of digital marketplaces. Marai stressed the importance of the "online driven strategy [which] will help establish a customer-centric communication," noting consumers in the U.S. and China are particularly into online purchases for the watch category.

Although other pure luxury players have embarked on a green journey, contemporary and premium contemporary watchmakers were the first to notice consumers' craving for an eco-friendly and ethical approach. Founded in Florence in 2009, the Italian WeWood is one such example, as it crafts its designs from natural wood free of toxic compounds, while also pledging to plant a tree in partnership with nonprofit associations such as American Forests and Trees for the Future for each sold item.

As upcycling has become the norm for many companies setting the green example, Stockholm-based Triwa has taken the practice a step further by crowd-funding through the Kickstarter platform a project in partnership with the nonprofit organization IM Swedish Development Partner. The latter retrieves illegal firearms from war-torn regions and melds them to obtain the usable Humanium Metal, which the watchmaker employs to craft a range of 34mm and 39mm watches. Part of the proceeds from the sale circles back to the regions where the firearms were originally collected in an effort to fulfill the United Nations Sustainable Development Goal 16: promote peaceful and inclusive societies for sustainable development.

Also, Danish watch brand Rec – established in 2014 by entrepreneurs Christian Felix Mygh and Jonathan Kamstrup – has been experimenting with repurposed metal components sourced from salvaged vehicles, including Mini Coopers, Porsche



A timepiece from the Vincent Bérard eco-friendly brand.



Emphasizing the label's eco-friendly commitment, each timepiece features a green rotor visible from the back of the see-through case, as well as a green hand.

911s and Ford Mustangs, as well as Spitfire aircrafts, to not only channel the recycling mandate into their watch collections – which retail at different price points under \$2,000 – but also as an aspirational storytelling.

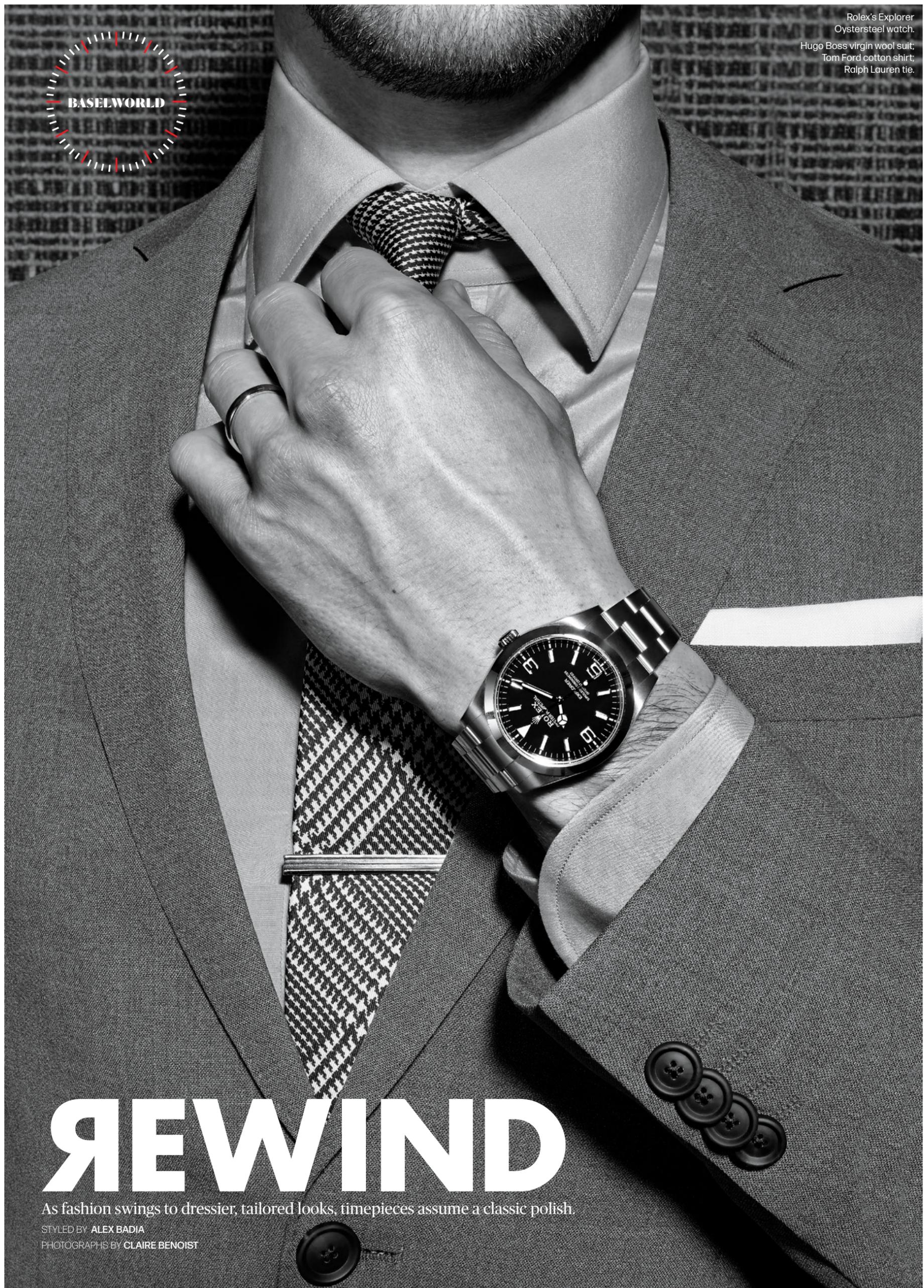
Established in 2005, Timex Luxury Division is also the watch licensing partner for fashion brands including Salvatore Ferragamo, Versace and Versus Versace and Marai underscored its licensing business model compels the company to commit to transparency. "We're already a very transparent, traceable company...because with important brands such as Ferragamo and Versace we must avoid being accused of nonethical processes, and also we're subject to constant audit of our suppliers," he explained, noting they are ready to disclose the division's sustainable efforts. (Timex Luxury Division was not assessed by the Swiss WWF study.) Triggered by Vincent Bérard's green ethos, the executive also observed that a more overtly eco-friendly approach could apply to and be channeled into licensed brands, too.

The division also recently signed licensing agreements for the design, development and distribution of the Teslar LLC and CT Scuderie brands, last October and last January, respectively. Along with Vincent Bérard – the only owned label within the division's portfolio – the new licenses are building up the company's range of non-fashion brands. "These three new projects will allow us to take a breather from the fashion world and go beyond just that with a second pillar – particularly with a company-owned brand," Marai explained. "We wanted to overcome this double dependency on nonproprietary brands, which are subject to fluctuations, and also design-wise to loosen our grip on fashion-driven labels," he added.

In 2018 the Timex Luxury Division represented 15 percent of Timex Group sales and Marai expects that to increase to 20 percent by 2020. Timex Group does not disclose sales figures. "We start to be significant for the group and we are also the profitable division as the name 'luxury' might suggest," he said.



The dial of each timepiece features a green hand.



Rolex's Explorer Oystersteel watch.
Hugo Boss virgin wool suit;
Tom Ford cotton shirt;
Ralph Lauren tie.

BASELWORLD

REWIND

As fashion swings to dressier, tailored looks, timepieces assume a classic polish.

STYLED BY ALEX BADIA
PHOTOGRAPHS BY CLAIRE BENOIST

WWD


From left: Gucci's G-Timeless Automatic in stainless steel with blue guilloché dial and interchangeable blue leather strap watch; Bell & Ross' BR S-92 Mat Grey watch, 39-mm. in diameter, with micro-blasted steel case.

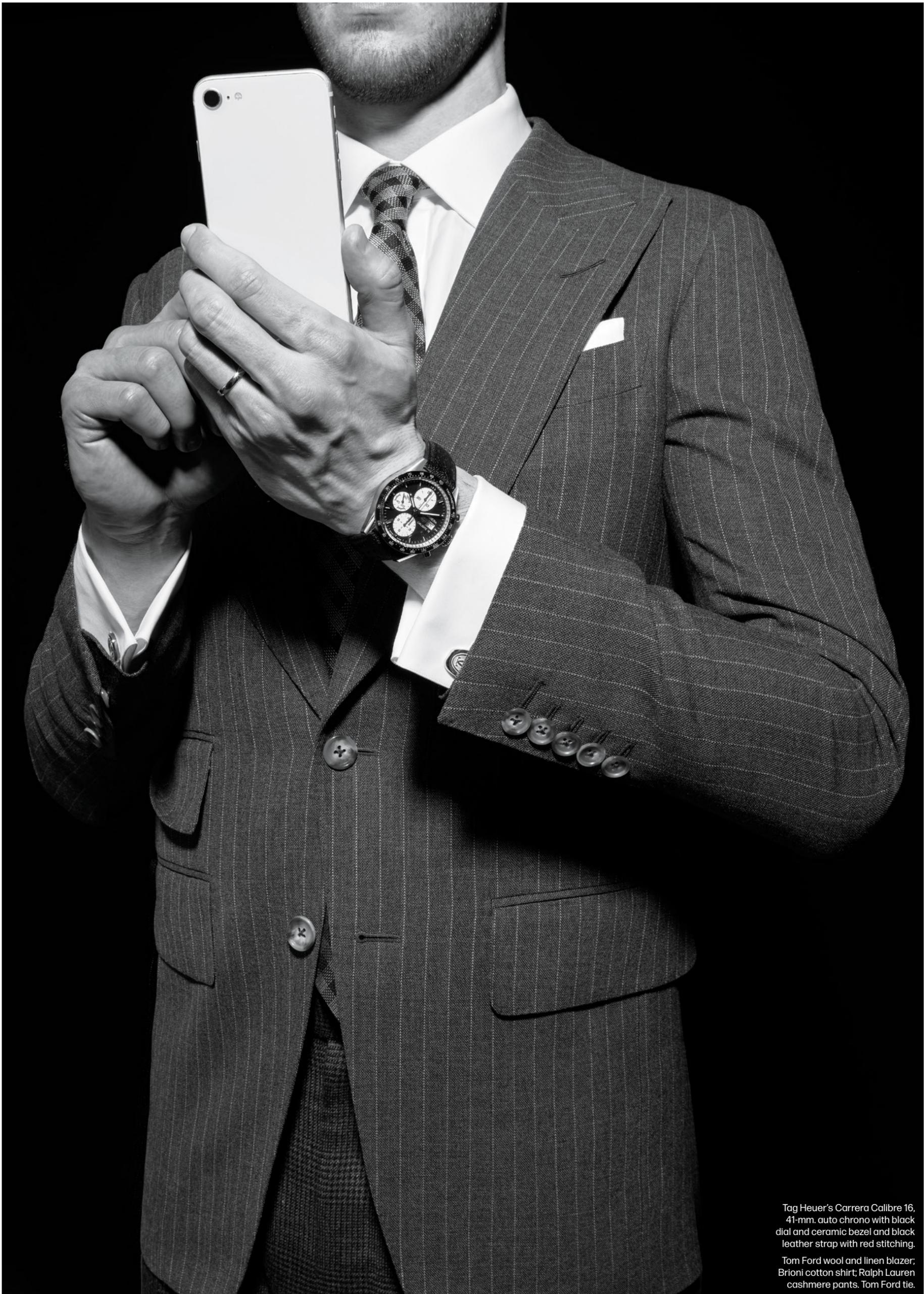
Tom Ford wool suit; Brioni cotton shirt; Cartier cuff links.



Bulova's Wilton Automatic Power Reserve watch.
Tom Ford wool suit; Brioni cotton shirt; Cartier cuff links; Thom Browne bag.



Breitling's Premier B01
Chronograph 42 watch.
Ralph Lauren cashmere suit;
Tom Ford cotton shirt and shoes.



Tag Heuer's Carrera Calibre 16, 41-mm. auto chrono with black dial and ceramic bezel and black leather strap with red stitching.
Tom Ford wool and linen blazer; Brioni cotton shirt; Ralph Lauren cashmere pants. Tom Ford tie.

WWD

Bulgari's Octo Roma watch.
Ralph Lauren cashmere suit;
Tom Ford cotton shirt;
Brioni umbrella.



Chopard's "L.U.C. Quattro" timepiece featuring a blue dial and platinum case watch.
Tom Ford wool and linen blazer, cotton shirt and tie.



Hublot's Classic Fusion
Racing Grey Chronograph
Titanium watch.

Ralph Lauren cashmere suit;
Tom Ford cotton shirt and shoes.

MARKET EDITORS: **LUIS CAMPUZANO AND THOMAS WALLER**
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FABRICS: **MOOD FABRICS**
MODEL: **NICK ROUNER AT PARTS MODELS**



BRIAN DUFFY ON THE MYSTIQUE OF ROLEX

Watches of Switzerland's chief executive officer knows that no one really needs a new watch, and that's the fun of it.

BY SAMANTHA CONTI

LONDON — Part history professor, part marketer — and all raconteur — Brian Duffy knows that no one needs another bit of bling strapped to their wrist. That's why he's overseeing double-digit growth at Watches of Switzerland Group, the largest prestige luxury watch and jewelry specialist in the U.K., and why he's colonizing the fragmented, underdeveloped U.S. market.

Duffy, a Glasgow, Scotland native, might also be leading Watches of Switzerland to an initial public offering in the not-so-distant future, but there's a lot to be done in the meantime.

From the Millennials' fixation with Rolexes, to customers' propensity to color-coordinate watch dials with outfits, to women's shifting desire from quartz to mechanical, and the role of The Reformation in watchmaking, Duffy speaks easily to the history, trends and dynamics of the watch market — and then some.

About three months ago, the Watches of Switzerland Group chief executive officer started a podcast series, interviewing guests such as Jean-Claude Biver of LVMH Moët Hennessy Louis Vuitton, François-Henry Bennahmias, ceo of Audemars Piguet, and George Bamford, founder of the Bamford Watch Department. Some 10,000 downloads later, he's feeling good — albeit skeptical — about the series' success.

"Probably nobody can understand my accent — and that's probably why they listen," he said with a smile.

Watches, Duffy would argue, are a lot more than luxury gadgets or indulgences for the few: "Everybody wants a watch — that's what we fundamentally believe — and however many you've got, you'll want another. You've just got to engage people in that passion," said Duffy from the polished boardroom above the 18,000-square-foot Regent Street flagship.

Having helped to build the retail group, which has been owned by the private equity firm Apollo Global Management for six years — and which is the U.K.'s largest retailer for Rolex, Patek Philippe, Cartier, Omega, Tag Heuer and Breitling — Duffy and his team have been training their eyes on the U.S. market.

In 2017, Watches of Switzerland purchased and began refurbishing the watch and jewelry retail chain Mayors in Florida, and has also shifted into expansion mode elsewhere. Last week it opened a 6,500-square-foot unit at Hudson Yards, and last year cut the ribbon on an 8,000-square-foot space in Manhattan's SoHo.

Watches of Switzerland's aim is to become the market leader for watches in the U.S., "and we're almost there, which kind of shows you how fragmented the market is," said Duffy, adding that

America is brimming with opportunity.

"Watches appeal to the American psyche as a status symbol, we call it a 'rational indulgence,' which means you're buying a product that contains value. It's not frivolous, it's not something that devalues as soon as you buy it. If you buy it wisely it actually can be an investment, so that appeals to the American psyche and a family heirloom appeals, too."

Duffy added there are other reasons why Watches of Switzerland is bullish on the market. "There is physically not enough retail around. There's no department store business to talk of, and luxury watches have no airport business. The biggest player today is Tourneau, which was recently acquired by the Bucherer Group, and it's a positive thing overall."

The online gray market has dented retail demand in the U.S., although brands have begun cracking down, making room for multibrand e-commerce in America, Duffy said.

In its home market of the U.K. Watches of Switzerland Group, known until last year as Aurum Ltd., has a broader, high-shine portfolio. It also owns the premium luxury jewelers Goldsmiths and Mappin & Webb, and boasts more than 130 outlets, including 13 dedicated mono-brand boutiques in partnership with Rolex, Tag Heuer, Omega and Breitling, and shops at Terminals 2, 3, 4 and 5 at Heathrow Airport. The company operates five online transactional web sites.

In the year ended April 29, 2018, Watches of Switzerland Group revenues rose 21.2 percent to 685.2 million pounds, while pretax profit rose 23.6 percent to 6.9 million pounds. Operating profit in the 12 months rose 35.4 percent to 37.1 million pounds.

There has been talk of an IPO in London, if and when Apollo decides to exit, and Duffy said he thinks the public markets would be a good home for Watches of Switzerland.

"We haven't confirmed anything, but I personally think public ownership would be good for a group like this, and I doubt it there is another private owner that's got the same kind of vision as Apollo," he said. A trade buyer such as LVMH or Kering would be tricky, however, given the breadth of brands that Watches of Switzerland sells and the conflicts of interest that could potentially arise.

Watches of Switzerland is the U.K.'s largest retailer for Rolex, Patek Philippe, Cartier, Omega, Tag Heuer and Breitling. This year, the company is marking its centenary as the first authorized dealer of Rolex.

Of late, the watch market has been challenging for the brands themselves, with watchmaking behemoths such as



"The whole nature of Swiss watches, of mechanical watches, actually appeals to a Millennial audience."

—BRIAN DUFFY, WATCHES OF SWITZERLAND GROUP

Richemont, parent of brands including Cartier, IWC and Van Cleef & Arpels, having to buy back inventory and adjust the output of its specialist watchmakers in response to a slowdown demand, in China in particular.

Although exports of Swiss watches posted robust increases for most of 2018, growth was rockier toward the end of the year, and into 2019. Duffy said that as a retailer entrenched in the dynamic U.K. market, Watches of Switzerland has been shielded from the geopolitical ups and downs that the brands are facing. Still, business remains challenging.

"It's never easy. You've got to keep getting better at what you're doing — constantly. Traffic to stores is down everywhere, so our answers to that is a wonderful CRM (customer relationship management) system and a real propensity to collect — it's addictive. Half of the people who are buying one watch are buying more than one. Therefore, when you have a customer who has bought a watch and enjoyed the experience and so on, then clearly it's a very lucrative audience to keep in touch with, and stimulate," he said.

Asked about some of the trends he's seeing, Duffy said the smart watch hasn't been trampling on traditional watch territory, and that Millennials like the idea of a Rolex.

"With regard to smart watches, only one percent of people who have a luxury watch and who have bought a smart watch regard one as a replacement of the other. Ninety-nine percent of people will wear them both, and have them for different purposes. The purpose of your smart watch is to know how you slept last night, or for medical information. There have always been much more efficient, cheaper ways of telling the time than an expensive watch or a mechanical watch. That hasn't changed."

He said the "big technology revolution" that happened in the watch industry was

the arrival of quartz in the Eighties.

"It decimated the industry, but then led the industry to redefine itself as luxury — and mechanical," said Duffy, adding that another trend he's seeing is women moving away from quartz watches to mechanical ones.

"That, to me, is interesting because you are rejecting an Eighties technology in favor of an 18th-century technology. It just demonstrates just how, as humans, we really appreciate craftsmanship."

He also talked about the power of Rolexes for a younger generation of consumers.

"The whole nature of Swiss watches, of mechanical watches, actually appeals to a Millennial audience. It lasts forever, so it's not disposable, it comes with stories and with intrigue from brands that have been around since the 18th century. It comes with the intrigue of mechanical things that people can look at and understand," he said.

Duffy ticks off a series of other trends — watches as fashion accessories, watches for dressing up or for dressing down — and it's clear that he has studied, and continues to study, his consumer — and that he wants to deliver for them, and keep them keen.

"I think good marketing people are born rather than made, and that you really have to be interested in what makes people tick. I often say the one big advantage I have is that I didn't come from a luxury environment at all. I grew up in the projects in Glasgow and [taking a look at luxury] I would ask myself 'What is going on here?'"

"Then you do get to understand why people want to spoil themselves, why they indulge in exclusivity, why they have an artistic appreciation for style and craftsmanship, and so on. You have to understand the different motivations for buying, and you have to believe in them. You also have to believe in brand and exclusivity and service and all of these things that really make the luxury market tick," he said.



A view of the Baselworld fair.

BASELWORLD'S IMPACT FELT IN THE SECONDARY WATCH MARKET

The Swiss trade show's product reveals can cause a run on a discontinued style or end up in the pre-owned space weeks after going on sale at retail. BY THOMAS WALLER

Baselworld is going through significant challenges, but one key aspect of the fair remains unchanged – brands that choose to exhibit, buttressed by industry behemoths Rolex and Patek Philippe, use it as a vehicle to unveil their latest product offerings and new tricked-out assortments. Once an event solely for retailers to place a year's worth of orders, now in the age of social media and e-commerce where six-figure watch sales have become normalized, the Swiss fair has also become a valuable marketing and public relations tool, and its messaging reverberates in the watch category's secondary market, where both start-ups and brick-and-mortar retailers vie for a share of the burgeoning pre-owned and vintage watch category.

"If you were to tell me four years ago that the brands would be having conversations about the pre-owned market, I'd have said you were crazy," said Hamilton Powell, chief executive officer and founder of the Atlanta-based watch e-tailer Crown & Caliber. "It used to be that the attitude about the pre-owned market was that it wasn't luxury."

Powell said a major turning point was Compagnie Financière Richemont's

purchase of Watchfinder.co.uk Ltd. "That was a major fissure," he said. "Now the brands are beginning to have a real different attitude to the pre-owned market."

"Today every collector I visit has a mix of modern and vintage watches," commented John Reardon, international head of watches at auction house Christie's. "It's an evolution I've seen in the last few years. Vintage and pre-owned collecting is becoming main stream and it is driven by social media, word of mouth and online sites. Honestly, the brands are the last to join the bandwagon."

He added, "It's a bit of a nuclear race, of everyone trying to get a piece of it, but I think of it as 'all the tides rising together' and it's educating and infecting more people with a passion for collecting."

Reardon, who came up the ranks at Patek Philippe before his current tenure, said pre-owned watch sales landed above \$100 million at the global auction house last year. Christie's not only uses the live auction model to generate sales in the category but, according to Reardon, the strongest growth stems from online sales as well as the auction house's private sales program.

"We've really seen a punctuated shift.

In the five years of selling online, last year we had an explosive growth. Really, more and more people are discovering it and more eyes mean more business," he explained, with the biggest share of sales being in the U.S., followed by the Middle East and Asia, adding that private sales program "is growing even faster, in terms of percentage, than online."

"We are more known," explained Powell of his attending the Swiss trade show, "and cast in a much more positive light."

The secondary market has been a focus at retailer Tourneau for decades, said Ira Melnitsky, ceo of the U.S.-based luxury watch retailer, which operates 28 stores worldwide, adding, "It is one of the core foundations of our company."

"Brands that have very strong fairs, it carries over into their existing inventory as well as their pre-owned market," said Michael Sandler, senior vice president, merchandising and strategic planning at Tourneau. "A brand that is hot for new launches tends to perform really strongly in the pre-owned segment. There is an absolute carry over effect that is established."

"One of the biggest drivers has been Instagram," said David Lee, general manager of watches at Stock X, a digital platform for the buying and selling of goods that is set up in a similar fashion to the stock market. The site was originally set up as a streetwear vertical in 2016 but launched a watch program in mid-2017. Lee, a former Tourneau executive, was brought on last June to help drive growth in the category.

Product reveals at the Swiss fair are closely guarded secrets until the opening day, but Lee sees a shift. "Using the strength of social media, now you see brands possibly hinting," he said "Rolex's last 15 Instagram posts have been Milgauss posts [a style discontinued in 1988 and brought back in 2007 with the latest style being introduced at Baselworld 2014]. Really for the first time, they are seeming to telegraph what they might show at the fair."

"But for some of the announcements,

it's more about what they discontinue versus then what they announce new," Lee explained. "There are rumors of Rolex discontinuing the Batman and the Hulk styles and that leads to an uptick in prices. Both are trading well over retail right now and if they were to announce a discontinuation, you would see an immediate surge in their pricing and sales."

While the fair showcases new styles that still won't show up at retail channels till mid-summer, Powell said Crown and Caliber can sometimes receive the new Baselworld styles on the site a few weeks after they have gone on sale at traditional retail channels. "Sometimes as soon as one to two weeks later," he said. "Maybe it was a gift, or they bought it and didn't really want it. So, in the secondary market, we really have to be prepared, as there won't be any historical sales data yet. So instead, we look at the last years, what was the deviation or retail from last year's product, what is the depreciation and appreciation to try to get some sense of what it will be this year."

Recently the watch industry has debated the relevancy of fair, but executives agreed that it was still an important and key part of the industry, albeit a changing one.

"I look at it as a way for the brands to have a massive platform – whether it's SIHH or Basel – to share their wares. Basel is so necessary for the industry; it creates deadlines for the whole manufacturing cycle that are entrenched in the industry, these deadlines, being a hard line when things must be shown at the fair," Reardon explained.

"For us as a retailer it's extremely valuable to go to one place and be able to compare and contrast approaches between brands," Melnitsky said. "It creates such a large amount of interest and buzz, if that were spread out throughout the year, you wouldn't get that same concentrated effect."

He added, "We step off the planes from Switzerland and the e-mails and texts start coming through. Right away, people are really excited about the new releases."

FINE JEWELERS OPEN UP TO THE LIFESTYLE OPPORTUNITY

Jewelers are branching out into fashion and lifestyle categories – like handbags and kitchen knives – to complement their jewelry ranges.

BY NATALIE THEODOSI

LONDON – In today's influencer-driven, digitized world, fine jewelers are starting to re-examine the idea of exclusivity: Facades of stores are opening up; pricing is more transparent in-store and online and, in Paris, jewelers are moving away from their historic homes on Place Vendôme and onto the more fashionable rue Saint Honoré. Brands across the board are opening up to new opportunities in fashion and lifestyle in particular.

Cartier is a prime example of the shift in industry dynamics. It had one of the most successful online pop-ups on Net-a-porter, selling a Panthere watch via WhatsApp two minutes after it was made available online and extending its partnership with Yoox Net-a-porter with a permanent collection last summer.

Its stores are also being revamped. The most recent reopening was on Bond Street here, with a new focus on customer events and a growing assortment of more accessibly priced fashion accessories, including eyewear and a new tote bag, Guirlande, in the brand's signature burgundy shade. The bag was launched during Paris Fashion Week last September, with a buzzy Instagram campaign that saw influencers from Susie Lau to Bryanboy and Aimee Song introduce it to the world through short, tongue-in-cheek videos.

The idea is to flex the brand's accessories muscle and to experiment with new ways of engaging customers, yet keep it niche with a small distribution.

"We want to engage our clients in different ways. We create young, vibrant environments that relate to our collections, but we're also happy to maintain brand traditions such as the Racing Awards and the Polo. You need to play on all fronts," said Cartier's U.K. managing director Laurent Feniou.

The tote bag launch strategy was a case in point: Feniou said the brand wants to create

momentum around bags in an elegant, sophisticated way. Despite using a mass channel such as Instagram to communicate, the bags are still "extremely exclusive," with limited inventory. They can only be purchased at the brand's three main flagships or "temples" – as he likes to call them – in London, New York and Paris.

Bulgari has also transitioned into the modern-day world, complementing its high-ticket jewelry with a colorful selection of Serpenti shoulder bags and leather accessories that have achieved 'It' status of their own and are worn by influencers galore.

"Today's most desirable brands are no longer untouchable gods or goddesses, but rather aspirational role models that you can approach and interact with. Social media and influencers are facilitating this proximity and activating a more personalized contact. Influencers are embodying the brand in a broader and more engaging context and we clearly see a younger clientele opting for our bags," said Bulgari chief executive officer Jean-Christophe Babin.

"These categories complement each other in terms of accessibility ladders into the brand, while our hotels work together with our flagships to let customers immerse themselves in contemporary luxury, which speaks both to Millennials and Gen X," he added.

Bulgari has also been making a point to start communicating about its fine jewelry offer in a more open way: "Oddly, fine jewelry is far more accessible than some of our large leather goods. A plain gold B.zero1 ring starts from \$1,200, which is less than an iPhone X, for instance. This is why we communicate through younger models or stars who resonate with younger clients, such as our new B.zero1 campaign with Bella Hadid and Kris Wu which was shot in Rome in a Renzo Piano contemporary auditorium," added Babin.

Japanese jeweler Tasaki, which has just opened a store on Bond Street here next to Givenchy, is keeping the focus on the jewelry, and adding a stronger fashion component to its collections, tapping Prabal Gurung as its artistic director. Even though he has no jewelry background, the brand is letting the designer experiment with less-conventional shapes and structures.

The brand has also collaborated with other young jewelers, including Thakoon and Melanie Georgacopoulos, who has spliced the Tasaki pearls in half to create a more edgy, fashion-forward element to the jeweler, which has a heritage in pearl farming since the Sixties.

"Tasaki's philosophy is that jewelry looks best when it's worn by women, not only in formal occasions but also incorporated with fashion. That's why we searched for designers who can bring this philosophy to life, and it happened to be fashion designers. They have been enhancing the potential of pearl and diamond design,"



The "Beasts Block" from Stephen Webster's new homeware collection for Harrod's.

said Tasaki ceo Tajima San.

Digital players such as Net-a-porter have been great facilitators of the shift by partnering with big heritage names such as Chopard, Buccellati and De Grisogono and presenting them on their sites through a more casual fashion lens.

Elizabeth von der Goltz, Net's global buying director, said apart from the shift from desktop to mobile and the growing trend of self-purchasing, one of the biggest game-changers in the jewelry world is that jewels are seen as fashion accessories more than collectors' items.

"We've seen that jewelry has now become an everyday purchase. The Net-a-porter woman is thinking of jewelry in a totally different way, buying it in the same way she would shoes or a handbag to fit with her existing wardrobe," said von der Goltz, pointing to a new way of purchasing jewelry, with digitally-savvy customers often buying a 16,000-pound watch with a 12-pound nail polish at the same time. This has allowed high-end brands to become more approachable, and address a new, younger audience that wouldn't necessarily have felt comfortable in the "typical jewelry salon setting" and have a closer interaction with fashion and beauty.

"The way we present all of our fine-jewelry brands is through our own fashion lens and point of view. When we launched Chopard, we created a 'Denim and Diamonds' campaign, styling all of their fine pieces with everyday denim, which proved hugely popular with our customers. Women are now seeing something their mother or grandmother might have worn, in a totally new, fashion-forward way," added von der Goltz.

At Browns, which has been taking a more niche approach with a focus on lesser-known, independent jewelry brands, customers have been reacting in a similar way.

Online sales have increased by about 85 percent, while customers visiting the retailer's South Molton Street boutique will often pick up a piece of fine jewelry alongside seasonal accessories.

"It's much like investing in a designer shoe or bag. Customers are wearing their jewelry every day as an accessory and the pieces are no longer kept as family heirlooms that are only worn on special occasions," said Tanika Wisdom, junior buyer at Browns, pointing to the success of Suzanne Kalan's scattered baguette diamonds, which are often worn by clients with simple jeans and T-shirts.

Some of the less traditional jewelers, who have had close ties with the fashion world from the get-go, might not have had to change their attitude or business methods in such fundamental ways, yet they are still looking at new ways to operate.

"When I designed my first ring, a woman at Bergdorf's bought it because it fit in with the clothes in her wardrobe, it was much

more of a question of style. I know it's hard to believe, but that didn't make much sense at the time," said Stephen Webster, who has now been looking farther than fashion, adding homeware to his offer, experimenting with cultured diamonds alongside Atelier Swarovski and telling the stories behind his collections through video content, produced by his daughter Amy.

"We were never traditional, but we were established and in this new world we had to re-think a lot of things. I now feel much more comfortable than, say, three or four years ago and being close to celebrating 25 years of the brand, we are now ready to start thinking about new chapters," said Webster. "I agree that jewelry is opening up to new opportunity, and we also want to look for other opportunity. But for me, I had to think, 'I'm a jeweler, so what can I make that requires the same set of skills and technique?'"

Webster answered his own question by making "jewels for the home," such as sculpted bronze "Beast" knives, hand-blown aquatic-themed glassware, a sterling silver tequila bar set presented in a bespoke Tanner Krolle leather case, cheese knives and Champagne flutes adorned with Tahitian pearls, all of which have drawn from Webster's background as a silversmith. The collection, alongside the brand's jewelry range, was presented in a new pop-up which opened at Bergdorf Goodman last week.

"Since opening, we've sold several sets of cheese knives and a tequila bar set and it's all been customers who are new to the brand. It will be interesting to see what kind of traction the space gets, but it's always interesting to reach new people and [with the homeware] you can appeal to a couple in a completely different way – someone who buys a pair of earrings from us can now have their knives looking 'Stephen Webster,'" added the designer.

Shaun Leane, the jeweler who created jewelry for the late Lee Alexander McQueen's runway shows and is part of The Leopards jewelry collective along with Webster, has had a similar experience.

Apart from broadening his jewelry offer with an online collection, and starting to talk to his customers directly, Leane has been extending his design skills to art installations and architectural commissions, including the design of the exterior metalwork of a residential building in London. These moves allow his customers not only to wear his jewelry, but "to live surrounded by the brand's designs," he said.

"Four years ago, I recognized that the industry was changing. I was a traditional goldsmith working with the Old Bond Street jewelers, and it was a closed world. Now, we can share our pieces from their initial design, through to the end piece, with our customers on social media. New mediums mean new rules to break," said Leane.



Net-a-porter x Chopard

What Should Be Tom Ford's Top CFDA Priorities?

CONTINUED FROM PAGE 1

Continuing the work the CFDA has started on diversity, sustainability, body image and other important issues remain paramount, they stressed.

But while the designers laid out the welcome mat, they had a lot to say about the tasks ahead for Ford:



PRABAL GURUNG

"To have Tom Ford helm the CFDA as a face and active player in crafting the future of American fashion is really exciting and impactful. He comes from such a strong background working with global brands and has done a wonderful job of building his own here in the U.S. Tom Ford has the ability to really empower American fashion on the global scale – I hope we can build more conversation and alignment and opportunity for U.S. designers in London, in Paris, and in newer markets like the Middle East.

"Likewise, American fashion has really been at the forefront of diversifying what the fashion industry looks like, on building a more inclusive community through visual representation and dialogue, and I'd like to see some of these values shared with and spread throughout Europe and beyond. He has the power and the sensibility to be able to bridge this gap, so I'm really hopeful and excited to see what the future holds."



NORMA KAMALI

"I think it's great [about Tom]. I think Diane did an amazing job for more years than she wanted to. I think a new perspective is always good, and reinventing at this time is not a bad idea. We're all very optimistic and it should be good.

"My fantasy is a two-pronged concept [to NYFW]. One is, we show our collections to the buyers and press in more intimate venues. Then, the Shed is a perfect place to do twice a year, a major knockout fashion show where everybody participates. There can be two shows a day, and industry have tickets, and outsiders have tickets. People get dressed up for it. The collections can go up on WWD, then you see the full line in showrooms or smaller venues. Every designer contributes a certain number of styles for what they're doing that season. It's a mega-mega-mega fashion show, a super event. That would be fun. We have the Shed now, it's a perfect venue for this. It would energize us to be in a different kind of venue and it would get a lot of people to see the shows. It's more inclusive and more democratic.

"Everybody is going through it [disruption], not just our industry. It's



Tom Ford

time for change and reinvention and not doing what we did before, because it's not working – none of it. I think Tom will be global, which is critical. I work with Asia and Europe all the time and we do FaceTime; there's a way to make it work. I'm sure he'll be available to come to New York periodically, and if he's not, he can FaceTime. He sees us, we see him. I don't think location is an issue anymore, it's just making sure we're moving in lots of interesting directions."

As far as current programming about issues such as diversity, she said, "Nothing is 100 percent. Our industry has more objectification of women and so does the beauty industry. It's a work in progress. All of our meetings have conversations about it. It's not something we're not talking about and not addressing. As an industry, fashion and beauty, and I'm guilty, too. I've made body image, fitness and health critical in my brand. We all realize that nothing is the same, and everybody has to be included, that means gender fluidity, and all those phrases that are in the conversation."



NICOLE MILLER

"Everybody's gung ho. Everybody thinks it's a good choice. Diane did a remarkable job and the CFDA now has all these seminars and workshops for fashion company employees. It's so great, the labs, there's so much going on these days. I think it's great to have someone who has international global presence. [Tom] clearly has that presence and those contacts."



REBECCA MINKOFF

"I think the more he can take a look at all the designers that belong and really figure out: how do you not just serve the 1 percent, and how do you make sure every designer gets the tools they need or access to mentors or resources or funding? We're all facing different challenges. How do you figure out programming that really ensures that all members feel they are getting a benefit of being a part of the membership? While the awards are critical, how do you make them a more inclusive experience so that you have more women and people of color being represented, not the same candidates? How do you make that an experience that uplifts and elevates designers that are maybe less in the headlines? It's time to take the awards and turn it on its head. It's not a popularity contest anymore, or some sort of list. There are so many talented designers, there are so many talented women and so many people of color that just don't get put on that list. It's a shame because it's the Council of Fashion Designers of America, and it's not being represented that way to me.

"We had a really great experience being back [at NYFW] for the first time in a year. It's not easy. Every designer needs different things. There isn't one formula that works now, like it did before. It's how do you create a fashion week or fashion experience so each person can play by their own rules and it's supported? I still feel very strongly about the buy-now-wear now. It's taking the temperature of what people showing really need and how best to support it. That would be a great place to start.

"I think the programming looks great, I've been remiss in not being able to take

advantage of it. But some of my staff have, and they found it helpful. It's a good start. How can you approach it so if you're working all day, how do I get away? Is it a webinar? If we're all working, how can we take advantage of it?

"He [Ford] is a very successful man who has a very successful company so I don't really feel qualified telling him what to do. I think a town hall with all the designers to hear us out, so it starts out with a place of listening [would be good]."



MARCUS WAINWRIGHT, RAG & BONE

"It's not for me to say what he should focus on. I don't know Tom Ford that well, but he's a guy with an opinion, for sure. He's going to know probably exactly what he wants to do. I don't think it will be a massive change in direction, but a change in leadership is something that will reinvigorate the CFDA board.

"His global perspective is probably going to be the way he thinks about it. The CFDA is obviously the Council of Fashion Designers of America, and they should focus on American fashion. There may be a more inclusive approach. American designers play an important role in global fashion, not just American fashion. I think the CFDA has had an amazing run under Diane. I think she's done a fantastic job reinvigorating the CFDA and opening it up to more designers, getting a lot more members on board, and it's become a much more powerful organization. Simultaneously, the world has changed in that timeframe. The way fashion works and the relevance of the ▶

fashion show versus Instagram. There's been a shift for sure, not just in America, but everywhere. He's a master of many things. He's a fantastic brand marketer. If he brings that to the CFDA, it will be a huge benefit. One thing I expect him to focus on is the global nature of American fashion."



ADAM LIPPES

"At first I was surprised, because frankly I didn't think of him as being part of the American fashion community, although I certainly know he's American. But giving it some thought, I love the fact that he has been a huge success, twice or maybe three times. He has designed and built brands here and in Europe. I think that gives a world dimension that we need here. I see how my business is doing internationally, which is incredibly, and he can really bring that to the CFDA. And he's a star. Everything about him is kind of a star. We should be led by a star."

"I haven't taken advantage of the programming. I talk to a lot of designers my age. We spend time together. Rosie [Assoulin], me, Jason [Wu], but not through the CFDA, but on our own. We talk about distribution and places we make things. We really have each others' backs. I feel very connected to the community, it's kind of on our own, not through the CFDA."

"I think the Shed will be an incredible part of Hudson Yards. I'm really excited to see it done. I show in my home in Brooklyn Heights. I like to show the clothes where they live. I also understand the needs of the editors and stores who are running around like chickens with their heads cut off. They come to you and their whole idea is when can they leave. If we can find a space that's inspiring on its own and is not just a tent thrown up and big air conditioning boxes outside, that people can customize and make into something that reflects their brand, I think it might really work again for us. And I would be excited to be part of that."



YOEHLIE TENG

"I think he has to motivate and engage the entire membership...it's very key that we're losing ground as far as our standing globally. He's a very savvy guy, so I'm sure he can figure it out. I think it's a great move, and that a new perspective is needed."



TOMMY HILFIGER

"I think Diane did an amazing job during her tenure at the CFDA. She will be a hard act to follow but if anyone can take

it to the next level, Tom Ford can. He's the perfect candidate with his great successes in fashion and entertainment."



STAN HERMAN

"It was the perfect time for him. He's not a grandstander and he's one of the major names, and he's interested. He's still based in California but that will add to the diversification of the CFDA. Diane was very happy with the choice. I'm proud that he was interested and I'm very proud he's in the line, which [besides himself] includes such designers as Bill Blass, Oscar de la Renta, Norman Norell and Perry Ellis."



KENNETH COLE

"I have always admired Tom's commitment to fashion and community. His experience, international perspective, and dedication to the industry make us fortunate to have him as the next CFDA chairman. I am looking forward to the strides I know he will make to further the global impact of American fashion. I know I speak on behalf of many when I thank Diane for her transformational oversight and dedication to the CFDA for the last 13 years."



STACEY BENDET, ALICE + OLIVIA

"Diane von Furstenberg has done an incredible job guiding the CFDA and the industry, with a vision through turbulent times of change. Tom will hopefully continue the incredible work she has done in addition to bringing excitement and innovation to the industry!"



NANETTE LEPORE

"I'm so excited to have Tom Ford as chairman of the CFDA; he brings a fresh dose of glamour to American fashion. More importantly, Tom is politically liberal and understands the divide in our country – I'm hoping he will approach his new role with the same compassion and understanding. There is a big disparity in the CFDA between people who have very large businesses and some

who have very small companies. With his kind of approach, he'll be able to understand all sides of what he's dealing with at the CFDA."



ROBERT GELLER

"I am very excited about the announcement. It is difficult for us to know what to expect from Tom. He is obviously very well-known as a designer and filmmaker, but it will be interesting to see what he will do as the head of the CFDA."

"Being a men's wear designer, I think that it is heartbreaking to see what has happened to New York as a fashion capital. I feel that in men's wear there was a real moment, around 2011-2012, that felt like the U.S. was producing this crop of interesting designers that had the potential of becoming something special. The CFDA took the initiative to create a men's week in New York City, and I believe that it was a good idea."

"Men's shows were on the women's schedule, months after the sales seasons in Europe had passed. We ended up either showing our collections to buyers months before the runway show, or being left with empty budgets from stores after our shows. NYFW: Men's became a venue-based event. The CFDA and their sponsors created a one-stop experience to house all types of designers from Siki Im to Joseph Abboud. It mixed the avant-garde with the hyper-commercial. I think this was to its detriment. Press and buyers who came in to see what this new men's week was all about saw a whole lot of brands that do not necessarily belong on the runway, got bored and never came back. Very quickly, designers decided to go to Paris, where they knew all of the important people in the industry would be."

"I believe that the effort by the CFDA was pure and good, but the individuality of the designer needs to be celebrated and fashion just really is not democratic in that way."

"I hope that Tom Ford will see this and find a way to support American designers in a way that will give them the freedom to create amazing and exciting shows, to attract the world to come back to New York City. It's New York City after all. It shouldn't be so hard to get people to come here."



JOSEPH ABBOUD

"It was time for a change. A new face with new ideas was needed for that role. Tom has a sense of men's wear and that's important. Men's wear doesn't get its due and has always been the stepchild, so having someone who knows there's validity in what we do is important."

"Steven Kolb is fair and thoughtful and I think they'll work well together. He brings a lot of value to the organization and is very supportive of young talent, and I hope Tom will be, too."

"But he needs to give an eye to men's

wear – men are half of the population – and not just focus on the celebrity of women's wear. I hope Tom speaks to the men's wear designers to get their ideas and perspectives as well."



TODD SNYDER

"I think it's a good thing. Diane was very involved and she's a legend. She sat in on meetings and her perspective was amazing. She was a celebrity and Tom brings that same level of celebrity to the role, but he has a different perspective."

"He has his own company, but he's also worked for someone else and having that experience can help everyone out."

"Diane doesn't have a men's line and Tom obviously does, so he can relate and it should help push ideas around. Whether there will be a separate men's week or not is a question mark but we don't just need an advocate. Everybody is loving Paris right now, and it's just not America's time right now. There are some real leaders in men's wear – Thom Browne and Virgil Abloh – but they're in Paris [at the shows], not here. Men's wear at the CFDA has always been considered a bit of a stepchild and hopefully having Tom will help change that."



NICK GRAHAM

"I'm very excited about Tom becoming the head of the CFDA. He's a global superstar and his experience and knowledge should be of enormous benefit to the membership. It's amazing what Diane achieved under her leadership, and I'm sure Tom will take the organization to another level entirely. American fashion needs to be taken more seriously around the world, and what better dressed and talented ambassador could we possibly have?"

"I first became a member of the CFDA in 1992, and it forever changed my career. It's an organization that does so much, and its constant evolution, is, like fashion, necessary."



ARIEL AND SHIMON OVADIA, OVADIA & SONS

"We feel that Tom Ford's appointment as chairman of the CFDA is a great step forward for American men's wear designers. Tom has succeeded on a global level in both men's wear and women's wear and has a lot of knowledge to share. We hope to see him pushing men's wear as a high priority." ■

WWD

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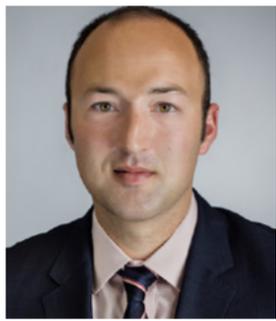
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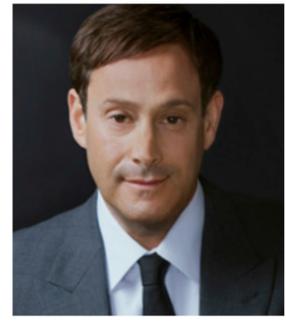
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In Focus: Education and Careers

BUSINESS

SCAD, L'Oréal Create Beauty and Fragrance Program

● Daniel Green, SCAD's chair of fashion marketing and management, discusses.

BY TRACEY GREENSTEIN

Gen Z is rising, and the up-and-coming demographic cohort that already boasts more than \$143 billion in buying power is steps ahead of the rest of us, thanks to their keen sense of marketing and self-branding, social media savvy, and unbridled ambition for success.

And now, higher education will reflect the changing tides. Universities such as Savannah College of Art and Design created the Business of Beauty and Fragrance, or BEAU, in partnership with L'Oréal, to offer niche specializations for students who already know what they want. Its program is primed for a market that is ready: The global cosmetic products market was valued at approximately \$532 billion in 2017 and may reach \$863 billion by 2024, according to data by Zion Market Research.

L'Oréal's participation makes its program wholly unique, as students will have hands-on, real-world experience without even leaving the classroom. Carol Hamilton, group president, luxe division, L'Oréal, told WWD, "We researched the very best art and design schools where we could find creative talent that will not only be enriched by collaboration, but also

want to work at L'Oréal. We found that at SCAD, and I look forward to continuing it for many years to come."

Here, Daniel Green, the SCAD chair of fashion marketing and management, talks to WWD about its beauty and fragrance program and the value of a specialized track in education.

WWD: What inspired SCAD to create a business-focused beauty and fragrance program?

Daniel Green: Our inspiration to create our BFA degree program of study in the Business of Beauty and Fragrance came from three sources. First, we recognized, in teaching a comprehensive approach to fashion marketing and brand building, the critical role played by beauty and fragrance products in creating brand identity, building long-term customer relationships and the achievement of financial goals. Second, as we began to work with beauty industry partners on collaborative projects, beauty industry leaders shared with us the need for a degree program like BEAU focused on preparing students to become the beauty and fragrance industry leaders, innovators and entrepreneurs of tomorrow. Third, our SCAD students as they selected areas of focus for the projects they were creating in class increasingly turned to projects addressing beauty and fragrance as they



were inspired by the level of innovation coming from these industries. The Business of Beauty and Fragrance degree is the latest example of SCAD's 40-year legacy in pioneering and innovative programs to help students' success in their future creative professions.

WWD: How is the curriculum differentiated from comparable beauty and fragrance programs in higher education?

D.G.: Our approach to creative education at SCAD is structured to engage the hearts, the hands and the minds of our students at all of our global campuses. They do not merely acquire an understanding of definitions and best practices but are challenged in a hands-on environment to do what the industry does and, in doing so, discover next practices. At SCAD we develop programs of study like BEAU through a model of direct collaboration with key industry partners. For the development of our curriculum for BEAU, we worked closely with our industry partner, L'Oréal, to structure the curriculum from foundation studies to the major course curriculum and electives. The degree program empowers our students with the training they need to step into key leadership roles for beauty and fragrance and guide brands through opportunities and challenges presented by the 21st century.

In addition to laying a foundation of knowledge for beauty and fragrance product development and marketing, our students are challenged to put to work the insights they gain to create their own comprehensive projects. These projects identify and address industry voids, new product launch opportunities and brand building. In this way, BEAU is a unique degree program with a career focus for training industry professionals, disrupters and entrepreneurs.

WWD: Would you say that coursework preparing students for niche, specialized careers is a growing trend?

D.G.: As careers in the marketplace have become increasingly specialized it only makes sense for educators like SCAD to provide students with the opportunity to prepare for niche or specialized careers. We must recognize that most students do not enter college with a clear focus on a specialized career choice. One of the real advantages of a SCAD education is the cross-disciplinary approach to our degree programs allowing student exploration of numerous creative endeavors. SCAD is a hands-on learning environment that allows our students to discover by doing where they belong in a specialized career marketplace. For example, our School of Fashion allows our students to explore all aspects of the fashion industry from fashion design to business management

to marketing and global brand building. Our BEAU degree program opens the door for our students to experience the world of beauty and fragrance as a career opportunity, [but] the curriculum has been structured so that students can explore this opportunity without finding themselves side-tracked to a one-way destination.

WWD: Are there any notable student trends in regard to technical skills, internships or tools for career preparation?

D.G.: At SCAD we recognize that marketing is no longer about features and benefits. Increasingly, marketing is about tapping into skills in visual storytelling to engage consumers with the aesthetics, the vision and the values that define the brand. Our students of fashion marketing are trained to develop professional skills in digital presentation techniques and the creation of digital marketing collateral (micro-movies, brand videos) to engage consumers with brands in ways that are compelling, entertaining and likely to build a community of loyal advocates. This coursework is a priority for our students entering the BEAU degree program given the importance of these practices to building share of market in the beauty and fragrance industries.

We also recognize the key role played by social media in providing a two-way street for engaging and interacting with consumers. We have incorporated training in social media management into our BEAU program of study and SCAD is now offering a new BFA degree program focused on social strategy and management. Internships play a key role in preparing SCAD students for professional careers while also providing excellent opportunities for network building. We encourage SCAD students to pursue internships in their areas of career interest and work closely with our industry partners to create opportunities for internships for our students.

WWD: What advice would you give to students selecting their major of choice?

D.G.: I would encourage students selecting their majors to see this as an opportunity to turn their passions into a degree and to turn a degree into a career. The choice of degree programs available to students has never been greater but this brings with it a need to do research and due diligence. Finding the major that is right for you may require exploring or auditing classes and scheduling meetings with faculty who are currently teaching in the discipline. Don't hesitate to consider a change of major if the work you are doing is not inspiring you or opening doors to an exciting career path. SCAD is about preparing creative students for professional careers and the choice of major is an important step in the journey of building creative careers.



SCAD students participating in its Beauty and Fragrance program.



Molly Gordon, Hollywood's New Comedic Darling

Currently on stage in "Alice by Heart," the actress has back-to-back breakouts this year with films "Booksmart" and "Good Boys." BY LEIGH NORDSTROM PHOTOGRAPH BY LEXIE MORELAND

In a recent performance of "Alice by Heart," the new musical inspired by Lewis Carroll's "Alice's Adventures in Wonderland," a prop wristwatch accidentally flew from the onstage actors' hands, clocking a woman in the audience in the throat (she was fine, rest assured).

The show's Alice, 23-year-old actress Molly Gordon, found herself a bit out of her depth as to how to proceed.

"I'm very new to doing this," Gordon says from the lobby of Off-Broadway's MCC Theater, home to "Alice by Heart," in her few hours of downtime. "It's very different than the film stuff that I've done. A lot of mistakes happen — and publicly — and you kind of have to learn to just not be hard on yourself and let it go."

A bit of quick thinking is not beyond Gordon, who is primed for a breakout 2019, between her stint on the New York stage and two buzzy comedies due this summer.

She grew up in Los Angeles, the daughter of filmmakers: Her mother, Jessie Nelson, wrote the scripts of movies like "I Am Sam" and "Because I Said So" and was the writer of the Broadway adaptation of the movie "Waitress." Her father, Bryan Gordon, has directed episodes for series such as "Curb Your Enthusiasm." Following in their footsteps was never a question for Gordon, who started in theater as a kid before moving to New York five years ago to

pursue acting professionally.

"Alice by Heart" — which opened a few weeks ago and hasn't exactly been loved by critics — has been part of her life since she was 15. Her mother is, incidentally, the director of the show, and co-wrote it with Steven Sater, the writer of "Spring Awakening."

"My mom and [Steven Sater] were writing an animated movie together and she said, 'Why

my mom on as a director and so it became this beautiful family affair," she says.

Her acting foundation is in comedy, with her most recent film role as Melissa McCarthy's daughter in last year's "Life of the Party." She diverted briefly, however, for a part on the drama "Animal Kingdom," which has run for three seasons on TNT.

"I love comedy more than anything. I grew up watching

and the Seth Rogen-produced "Good Boys," both of which premiered to buzz at SXSW.

"I think what I realized is I want to do everything, but I love to always go back to comedy," she says. "And I think we're in this time where the world is in a very f-ked-up place. So I love getting to do something that makes people laugh and feel happy. Because though I think it's beautiful to tell dramatic stories, I think right now we need a lot of laughter."

In "Booksmart," she plays opposite her real-life best friend Beanie Feldstein as the hot, mean high school girl who is both brainy and, self-proclaimed, quite talented at giving hand jobs.

"What I like about this movie is that it's not the stereotypes. Beanie also is kind of being mean to the girl that's mean to her, and she's judging the sexual girl. She's judging the band. Everyone's kind of judging each other, rather than it just being like one person is to blame," Gordon says.

"Good Boys," which Gordon calls "very funny and very inappropriate," is about three 11-year-old boys who get invited to a kissing party; Gordon plays their neighbor and is one of two main adult characters in the film.

"Both of the movies, they all feel like very real kids, even if it's a more of a broad comedy," she says. "They're not just 'the mean girl' or 'the smart girl.' It was a very fun summer. It was a lot of very funny stuff."

"...Though I think it's beautiful to tell dramatic stories, I think right now we need a lot of laughter."

don't you come see my daughter and her friends, [they're] doing a benefit and they're singing 'Spring Awakening' music," Gordon says.

Sater was intrigued enough by what he heard that he asked Gordon and her friends to workshop a new play he had written. "And then he brought

'SNL' and going to The Groundlings' shows in L.A. So that's kind of where I more saw myself going," Gordon says. "But then I got cast on this very dark show called 'Animal Kingdom,' which is the literal opposite."

She returns to form this year with Olivia Wilde's feature-length directorial debut, "Booksmart,"



Eyes On: Mandla Morris

The 13-year-old son of Stevie Wonder had a cameo in "A Star is Born" and has his sights set on fashion design.

BY LEIGH NORDSTROM

AGE: 13

HAILS FROM: Los Angeles

RÉSUMÉ: Morris is one of Stevie Wonder's sons; he had a small cameo in "A Star is Born" last year, and has plans to expand on acting and follow in his father's footsteps in the music industry.

WHY WE CARE: Morris was visiting a friend on the "A Star is Born" set just as the acting bug was kicking in, and caught the attention of Bradley Cooper.

"I guess he saw me doing something funny and then he was like 'Oh, yeah, we should have that in a movie.' I went there on a Thursday and they asked me to [come back] on Friday," Morris says.

Musically, he is hoping to have some tracks by the summer, and is going for a

Frank Ocean meets Jorja Smith sound.

"He definitely gives me some advice, that it's not going to be easy," he says of his father. "There's a little bit of pressure, having a dad with such a big name; people are going to be like 'Oh, now he's creating music.' It'll be all eyes on me."

His older brother, Kailand, made waves at the men's shows earlier this year, and Mandla says he wants to pursue fashion as well.

"Fashion is definitely an interest of mine," he says, adding that his designer mother was his introduction. "I got kind of into it from there, and now I'm starting to sketch designs and meet with Dior's Kim Jones."

As any 13-year-old does.

WWD

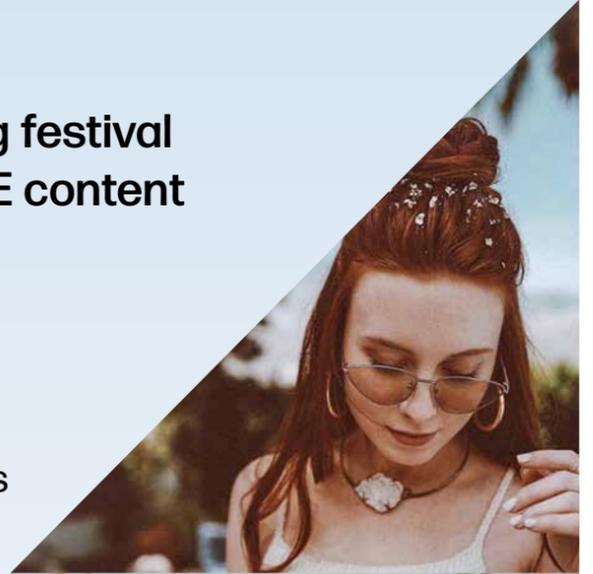
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Fashion Scoops

Circling The Kooples

Swiss retail group Maus Frères has entered into exclusive negotiations to purchase Paris-based contemporary label The Kooples, with a deal expected before the end of the first half.

The brand would join Maus Frères International Brands division, which includes Lacoste, Gant and Aigle.

Founded in 2008 by brothers Alexandre, Laurent and Raphaël Elicha, The Kooples registered revenues of 227 million euros last year and is present in 32 markets through its own network of 334 stores, mainly in Europe and the U.S.

"The Kooples would be a perfect add on to our brand portfolio, with its fashionable 'urban/rock' positioning within the affordable luxury universe," stated Maus Frères chairman Didier Maus. "We are attracted by its positioning, which has enabled the brand to develop equally strong offers for women and men and therefore represents a unique potential. This acquisition would strengthen Maus Frères' position as a major player in the premium brand market."

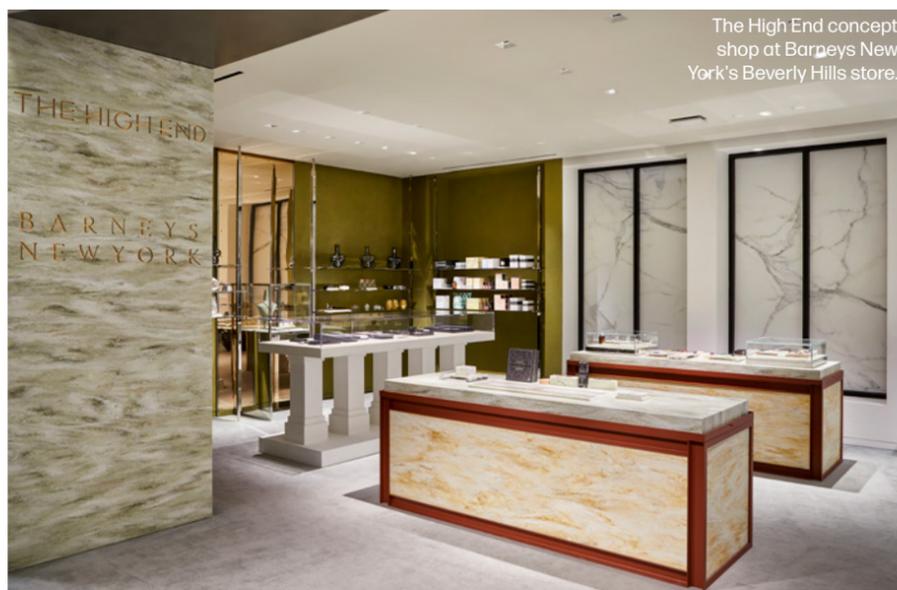
Private equity fund LBO France took a 20 percent stake in The Kooples in 2011, and remains among its shareholders. —ALEX WYNNE

Rolling Out

Barneys New York is looking to take the cannabis lifestyle to higher ground with a new concept shop rolling out to its Beverly Hills store first.

The High End launches with product from more than 30 brands, including an exclusive deal with Beboe. The assortment touches on categories that range from home and beauty to jewelry. Among the roster of product exclusives are Devambez rolling papers, custom-blown glass pipes by Caleb Siemmon and Laboratorio Pesaro ashtrays.

"As vast as the market is, it's actually a really small community in terms of what everyone is doing," said creative director Matthew Mazzucca about the



The High End concept shop at Barneys New York's Beverly Hills store.

competitive landscape. "No one is really addressing the home, the lifestyle product aspect of it. We have access to the best designers and vendors in the world and we're able to partner with them on special collaborations. We looked at the concept and started speaking to people about a year ago to create special product people can use in their homes that's functional, that's meant to be left out and displayed."

It's the buys, which Mazzucca called "super elevated," that Barneys thinks will give it a leg up on the competition.

"The CBD category's just another extension of our wellness program where we're really looking for best in class," Mazzucca said. "We have a very captive audience that really looks to us to be at the forefront of cultural shifts."

It's also about staying relevant in retail and creating what Mazzucca called "departures" that help breathe new life into the store environment and give people another reason to shop and also linger and look around.

The concept shop will eventually be rolled out to other Barneys stores, with San Francisco and Las Vegas possibilities.

"We'll keep on building and addressing as we see what the customer reacts to, but there's so much opportunity," Mazzucca

said. "The name of the game is to start slow and be smart. Not rush the market and to capitalize on the momentum of what this category is." —KARI HAMANAKA

Speaking Of CBD

SoulCycle is taking CBD for a spin.

The cult fitness studio is now stocking Lord Jones High CBD Formula Body Lotion, \$60, in all 85 studios and online. The lotion aims to provide anti-inflammatory benefits to users.

The partnership is something Lord Jones founder and chief executive officer Robert Rosenheck called "a meeting of the minds."

"SoulCycle is a visionary company and has built a fiercely loyal community believing in

the holistic benefits of self-care from the inside out. This concept aligns beautifully with our mission to mainstream the health and wellness benefits of CBD," Rosenheck said.

This isn't SoulCycle's first beauty collaboration — the chain also partnered with Le Labo for its locker room toiletries back in 2017. SoulCycle has several merch collaborations under its belt, too, including apparel with Tory Sport and Champion.

SoulCycle's founding instructor Laurie Cole said she found Lord Jones on Instagram.

This is not Lord Jones' first fitness partnership — the brand previously partnered with Equinox for various wellness events.

Lord Jones has been at the forefront of the CBD boom, attracting celebrity users and expanding into Sephora in 2018. Later this year, the brand will open a cannabis boutique inside The Standard Hollywood hotel in West Hollywood, Calif. —ALLISON COLLINS



Lord Jones High CBD Body Lotion.

Lani's Take

The latest influencer fashion launch takes on the theme of mommy and me style.

Amanda Stanton, former "The Bachelor" contestant turned author and influencer, revealed today the launch of her fashion line, Lani the Label.

The debut collection consists of 15 pieces, all dresses with the exception of one duster coat. The line was inspired, in part, by Stanton's following — 93 percent of whom are women, according to Stanton — and includes matching mother-daughter sets, all priced under \$90.

"I wanted to make sure that these dresses were casual, you can wear for every day — those outfits are usually the most popular," Stanton said. "Also there's so many people that are getting married and have bridal showers to go to, so I wanted to make sure to have a few perfect white dresses in there. And then a majority of my followers are not moms, so I kept in mind not just focusing on the mommy and me aspect, but creating a really affordable and cute women's line and taking some of those pieces and turning them into kids sizes."

Lani the Label gets its name from "lani," the Hawaiian word for heaven. Stanton's daughters — Kinsley, 7, and Charlie, 5 — played a role in the design process and appear in the campaign.

"[My] daughters are very opinionated when it comes to getting dressed," Stanton said. "My kids love to wear dresses, they love to wear things that they feel girly in, they like dresses that twirl. I had them give me a lot of input when it came to designing the dresses because I wanted to make sure they were going to want to wear these pieces."

Asked what kind of content her followers respond best to, Stanton said "stuff that's relatable," including content that features her daughters.

"[My followers] love when I post stuff with my boyfriend and my family and things they can relate to," she said. "They love the fashion side of things, especially when it's me matching with my kids and getting more insight on how to style outfits."

Lani the Label launches on March 26, with new drops occurring once a season. The line will be sold exclusively via Lanithelabel.com. Stanton is exploring retail partnerships. —ALEXA TIETJEN

Building A Network

Rosenthal & Rosenthal Inc., the Accessories Council, and the LHB Group have launched a networking group for women executives, business owners and entrepreneurs, called BABE.

That's short for "Bad Ass Business Executives." So far, the group has nearly 100 women business leaders from the food, fashion, accessories, beauty, wellness and financial services sectors. The group is geared to facilitate connections and foster collaborations through gatherings, workshops and other events.

"Women lead only 14 percent of major brands and only 4.8 percent of Fortune 500 companies," said Cassie Rosenthal, senior vice president of Rosenthal & Rosenthal, a factoring, asset-based lending and purchase order financing firm. "I wanted to actively do something to help move women-run businesses forward. The motivation behind BABE is to create a different kind of collaborative platform that unites women across multiple industries and generations, and gives them access to real resources to help them succeed. BABE is about fostering leadership at a high level."

The group kicked off on March 13 with 40 female executives at the Beatrice Inn in Manhattan and will host a series of invitation-only events through the summer in New York and Los Angeles, culminating with a panel discussion at the Fashion Institute of Technology.

"In my years helping to champion businesses at the Accessories Council, I've seen firsthand how connecting women in business with each other always leads to meaningful dialogues and creative collaborations," said Karen Giberson, ceo of the Accessories Council trade organization.

"Women are natural-born collaborators and communicators," said Lynette Harrison Brubaker, founder of the LHB Group consulting firm. —DAVID MOIN

Memo Pad

Billion-Dollar Blow

Google is facing yet another hefty antitrust fine in Europe.

Antitrust regulators for the European Union fined the search company 1.5 billion euros over what it found to be another set of violations to antitrust laws in the region covering online advertising practices up until 2016. Of particular issue for the European regulators is Google's AdSense program, which surfaces paid ads for products related to a person's search words, on Google's main search page, but also on other web sites, like news and blogs, making the platform a broker, too.

Margrethe Vestager, European commissioner

for competition, wrote in a statement that this type of advertising "is by far Google's main source of revenue." And its revenue is substantial, coming in at \$136.2 billion in 2018, 85 percent of which came from advertising. With an already dominant market position in online advertising, the European Commission sees Google's position as a broker through AdSense as freezing out potential competitors in the space, since it holds more than 70 percent of the ad broker market in Europe and has since 2006. Vestager said Google has "abused its dominance to stop web sites using brokers other than the AdSense platform."

"There are high barriers to entry, which make it hard for new competitors to come in,"

Vestager wrote. "Despite that, competition should be possible in this market. Different web sites can choose different brokers — and the same web site could use more than one broker, to provide different ads. Indeed, our investigation showed that many web sites had an interest to use more than one broker."

The investigation focused on how Google enacted the use of AdSense with partners, noting brokerage contracts with major web sites or "direct partners" included provisions like exclusivity, prohibiting companies from sourcing ads elsewhere; minimum buys for search ads and demands that they be given the most visibility, and control of how the ads actually looked on a site, with

Google demanding written approval the way any ads from "rival" brokers looked on a web site.

"These restrictive clauses lead to a vicious circle," Vestager wrote. "Google's rivals were unable to grow and compete. As a result, owners of web sites had limited options for selling advertising space on these web sites and were forced to rely solely on Google. And, as a result of that, Google benefited from network effects and became even stronger. There was no reason for Google to include these restrictive clauses in its contracts, except to keep its rivals out of the market."

Google has since removed such clauses from ad contracts, but the commission's fine covers the decade between 2006 and

2016, when they were in use.

Kent Walker, Google's senior vice president of global affairs, wrote in a statement that the company has "always agreed that healthy, thriving markets are in everyone's interest."

"We've already made a wide range of changes to our products to address the commission's concerns," Walker added.

A Google spokesperson declined to say whether the company would appeal the decision.

These changes were, however, prompted by agitation from the European Commission, which has fined Google almost 7 billion euros in two previous decisions.

The first came in June 2017, with the commission finding that Google took "illegal advantages" with its online search dominance

to ensure that its comparative shopping feature surfaced the products of Google advertisers, not necessarily the best, or best-priced, products. Google argued at the time that advertiser product only came up in its shopping search when they were "relevant" to a user and subsequently appealed the decision.

The second fine came around the same time last year, but was related to search on Google's Android. The commission claimed that Google imposed restrictions of Android device manufacturers in order to ensure that search traffic on the phones went to Google. The company again said it would appeal the decision, arguing that the Android has "created more choice for everyone, not less." —KALI HAYS