

AN INSIDER'S GUIDE TO BEING BOUGHT • WHY BANGS ARE THE NEW BROWS & OTHER BACKSTAGE TALES

# BEAUTY UNWINDING

The Business of Beauty

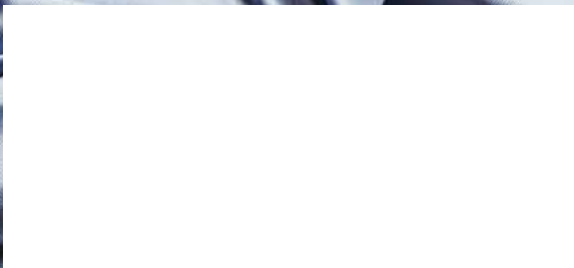
Beauty's

25

Most  
Innovative  
Execs

# ALAN JOPE

THE STRAIGHT-TALKING SCOT WHO'S FIRING UP UNILEVER'S BEAUTY BUSINESS





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SHASHI BATRA, Credo

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Alan Jope, president of Unilever's personal-care business, was photographed exclusively for *WWD Beauty Inc.* by Jude Edginton at Unilever's headquarters in London.

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\*\*Auto-evaluation test on 208 women self-evaluation after 4 weeks.



# SHISEIDO

**CONTRIBUTORS**

**JESPER GORANSSON** (ART), **SAMANTHA CONTI** (LONDON),  
**MILES SOCHA** (PARIS), **CYNTHIA MARTENS** (MILAN), **MARCY MEDINA** (LOS ANGELES),  
**MELISSA DRIER** AND **SUSAN STONE** (BERLIN), **AMANDA KAISER** (TOKYO)

**PHOTO**

**JENNA GREENE** ASSISTANT PHOTO EDITOR  
**OONA WALLY** BOOKINGS AND PRODUCTION EDITOR  
**KATRINA BROWN** ASSOCIATE PHOTO EDITOR  
**EMILY TAYLOR** PHOTO STUDIO ASSISTANT  
**GEORGE CHINSEE, STEVE EICHNER, THOMAS IANNACONE** PHOTOGRAPHERS

**BEAUTY INC ADVERTISING**

**PAUL JOWDY** SENIOR VICE PRESIDENT, GROUP PUBLISHER  
**STEPHANIE GEORGE** PRESIDENT AND VICE CHAIRMAN

**PAMELA FIRESTONE** ASSOCIATE PUBLISHER

**CARLY GRESH** BEAUTY DIRECTOR

**JILL BIREN** WEST COAST DIRECTOR

**MARJORIE THOMAS** EUROPEAN SALES REPRESENTATIVE

**OLGA KOUZNETSOVA** ACCOUNT MANAGER, ITALY

**JOANNA BLOCK** SENIOR CLIENTS SERVICES MANAGER

**EMANUELA ALTIMANI** SENIOR SALES COORDINATOR, ITALY

**PASCALÉ RAJAC** ADVERTISING ASSISTANT, FRANCE

**ANNIE BELFIELD, RACHAEL DESANTIS, TINA SCHLISSEL** CLIENT SERVICES MANAGERS

**DIGITAL/MARKETING/CREATIVE SERVICES**

**SHANNON NOBLES** MARKETING DIRECTOR

**CASS SPENCER** CREATIVE DIRECTOR, MARKETING

**CASSIE LEVENTHAL** DIGITAL MEDIA STRATEGIST

**AMY KEISER** DIGITAL SALES PLANNER

**PRODUCTION**

**KEVIN HURLEY** PRODUCTION DIRECTOR

**PROVIDENCE RAO** PRODUCTION MANAGER

**PREPRESS PRODUCTION**

**ALEX SHARFMAN** DIGITAL IMAGING

**DAVID LEE CHIN** ASSEMBLY

**SUMMITS & EVENTS**

**AMBER MUNDINGER** VICE PRESIDENT, NEW VENTURES & GM

**MARY ANN BACHER** EXECUTIVE EDITORIAL DIRECTOR

**KIM MANCUSO** DIRECTOR, ATTENDEE SALES

**ALEXIS COYLE** SPONSORSHIP DIRECTOR

**AMELIA EWERT** DIRECTOR OF EXPERIENTIAL MARKETING

**CONSUMER MARKETING**

**ELLEN DEALY** VICE PRESIDENT & SENIOR EXECUTIVE DIRECTOR

**PEGGY PYLE** CONSUMER MARKETING DIRECTOR

**JANET MENAKER** SENIOR DIRECTOR, DIGITAL MARKETING & STRATEGIC DEVELOPMENT

**JOHN CROSS** PLANNING & OPERATIONS DIRECTOR

**RANDI SEGAL** SENIOR DIRECTOR, INSTITUTIONAL SALES

**SUZANNE BERARDI** SENIOR ONLINE MANAGER

**TAMRA FEBESH** SENIOR MARKETING MANAGER

**LAUREN BUSCH** ASSOCIATE MARKETING MANAGER

**FAIRCHILD PUBLISHING LLC**

**MICHAEL ATMORE** EDITORIAL DIRECTOR, FOOTWEAR NEWS

& DIRECTOR OF BRAND DEVELOPMENT

**DEVON BEEMER** FINANCE DIRECTOR

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**JAY PENSKE** CHAIRMAN & CEO

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**GEORGE GROBAR** EXECUTIVE VICE PRESIDENT, STRATEGY AND OPERATIONS

**PAUL WOOLNOUGH** EXECUTIVE VICE PRESIDENT, BUSINESS AFFAIRS

**CRAIG PERREAULT** SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT

**TODD GREENE** GENERAL COUNSEL & SVP HUMAN RESOURCES

**MICHAEL DAVIS** CHIEF OF VIDEO STRATEGY

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**KEN DELALCAZAR** VICE PRESIDENT, FINANCE

**STACEY FARISH** SENIOR VICE PRESIDENT ENTERTAINMENT & PUBLISHER, DEADLINE

**GABRIEL KOEN** VICE PRESIDENT, ENGINEERING

**TARIK WEST** VICE PRESIDENT, HUMAN RESOURCES

**LAUREN GULLION** DIRECTOR OF HUMAN RESOURCES & CORPORATE COMMUNICATIONS

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**ROBB RICE** GROUP DESIGN DIRECTOR

**YOUNG KO** CONTROLLER

**CHRISTINA YEOH** SENIOR PROGRAM MANAGER

**EDDIE KO** DIRECTOR, ADVERTISING OPERATIONS

**MATT WILLIAMSON** DIRECTOR OF IT OPERATIONS & PRODUCTION

**DEREK RAMSEY** SENIOR PLATFORM MANAGER

## EDITOR'S LETTER

# DARING DO

**S**HOCK WAVES REVERBERATED THROUGHOUT the beauty industry last June when news came that Dermalogica was being sold. For one, the professional skin-care brand had reportedly—and repeatedly—turned away numerous strategic suitors over the years. Why the change of heart now? But even more stunning was who the buyer was: Unilever, the personal-care giant more known for soap and soup than prestige skin care. ¶ At a time when the industry is undergoing seismic change, Unilever is leading the charge. Not only is it doubling down on personal care during a period when its largest rival—Procter & Gamble Co.—has sold many of its brands in the category, it's also focusing on a sector—prestige—that it hasn't been involved with in more than a decade.

For a journalist who covers beauty, this is an irresistible story, so in early September I traveled to London to meet Alan Jope, Unilever's president of personal care, who has been tasked with adding another 10 billion euros in sales to the division's current turnover of almost 18 billion euros. Jope himself is as understated as the goal is audacious—his daily uniform consists of jeans, Nikes and a backpack in lieu of a briefcase—but in the 14 months since assuming his position, he has already made strides toward achieving the objective, unleashing a steady stream of acquisitions and a global strategic vision that encompasses the changing demographics and psychographics of women (and men) around the world.

"Over the last five years, we've been the fastest-growing personal-care company in the industry," Jope says. "The vision is to keep that going. Our starting point is our existing core categories and we are stepping into prestige as well. I don't think there is any kind of end destination in sight—just superior growth and chucking on billions of euros in growth." Easier said than done, perhaps. For an in-depth analysis of Jope's strategy, turn to "Don't Let the Peace Sign Fool You" on page 28.

One of the challenges that Jope and his Unilever colleagues will face is successfully integrating the indie brands they acquire into the overall larger corporate fold. While large companies often say they crave the kind of entrepreneurial thinking that a brand founder brings as part of an acquisition, the reality is that it can be difficult to maintain an indie stance in a big company bogged down with bureaucracy. In "Suits & Start-Ups" on page 34, writer Rachel Brown speaks to both buyers and sellers to discover where the pitfalls lie—and how some of the most successful acquirers of indie brands have avoided them.

Such issues have doubtless occupied the minds of many of the people in "The Originals," our first annual list of the most innovative people in beauty, which starts on page 23. From established executives to emerging entrepreneurs, product incubators to retail groundbreakers, these are the people who set the pace others follow. They not only see the future—they seize it. "The next five years will bring a consumer-driven marketplace that we've never quite seen before," says Francois Nars, one of the 25 "Originals." "Nothing is off limits." —*Jenny B. Fine*



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Looking glam at the premiere of *Scream Queens* in September...



...and at an *Entertainment Weekly* party in July.



**Girl of the Moment**

This Hollywood native gets her talent naturally.

**Billie LOURD**

**H**OLLYWOOD IS IN BILLIE LOURD'S DNA — MOM IS Carrie Fisher, grandma is Debbie Reynolds, dad is power agent and managing partner of CAA Bryan Lourd—but her role as Chanel #3 on FOX's star-studded *Scream Queens* is the 23-year-old New York University grad's first acting credit. Lourd is a quintessential California cool girl who swears by a tousled bed head and minimal makeup paired with classic white Vans. "My mom and I are kind of tomboys, and then, on the show, all the girls were like, 'You need to start doing a [skin-care] routine,'" says the fresh-faced blonde. "Now I'm much better about it." Lourd, whose go-to products include Aesop Fabulous Face Oil, By Terry Cellularose Hydradiance Eye Counter (it was a gift from Jamie Lee Curtis) and Dior Mascara, isn't straying completely from mom's footsteps just yet. In December, she's slated for a top-secret role alongside Fisher's Princess Leia in *Star Wars: The Force Awakens*. —Ellen Thomas



Lourd in character as Chanel #3 in her hit show.

PHOTOS BY STEVE DIETL/FOX; MATTHIAS CLAMER/FOX/COURTESY EVERETT COLLECTION; AMANDA EDWARDS/WIREIMAGE; CHELSEA LAUREN/WIREIMAGE



# *brand incubators + beauty retail* GAME CHANGERS

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# BEAUTY BULLETIN



## All That Jazz

After living for years next to the Moulin Rouge in Paris' Montmartre, Vilhelm Parfumerie founder Jan Ahlgren is launching a scent inspired by the glittering nightlife of his former neighborhood. "There's something extremely sexy about it all, especially when you hear stories of how it was in the past," Ahlgren says. His Fleur Burlesque isn't the season's only launch that evokes the ambience of a cabaret—there's also Chanel's Vamp Attitude collection, heady scents from Prada, Ex Nihilo and Arquiste and even an extravagant Givenchy face mask in seductive black lace. RéVive Skincare founder Dr. Gregory Bays Brown chose a photograph by Joel Grey for his annual Artbox. "It's not her entire face...it's a bit mysterious," says Brown of the image. "Interestingly enough, my favorite movie of all time is *Cabaret*." — ELLEN THOMAS

1. RéVive Skincare Artbox 13, \$595; 2. Vilhelm Parfumerie Fleur Burlesque, \$245; 3. Arquiste Art Deco Velvet, \$85; 4. Prada Olfactories Tainted Love, \$300; 5. Givenchy Le Soin Noir, \$330; 6. Ex Nihilo Fleur Narcotique, \$225; 7. L'Oréal Voluminous Superstar Mascara, \$10.99; 8. Chanel Le Top Coat Lipstick, \$27, Rouge Allure, \$36, and Illusion D'Ombre, \$36, in Rouge Noir



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## Und Gretel

LAUNCHED: **JANUARY 2015**

Encouraged by clients like Julie Delpy, makeup artist Christina Roth created her own line of high-end BDIH-certified natural and organic makeup. Und Gretel's

11 products come in Bauhaus-inspired packaging, and include Lukicream eye shadow sticks (\$39), Ilge invisible pressed powder (\$47) and Lieth, a buildable foundation made with avocado oil and chamomile extract (\$54). The names come from old German, the colors, from high fashion. "Every product has a soul, every product is a character," says Roth.



## Daluma

OPENED: **OCTOBER 2014**

The steep wooden stadium benches outside Daluma offer ringside seats to the Prenzlauer Berg parade of hipsters, trendy moms, language students and online entrepreneurs. Inside, the café focuses on inner beauty via organic superfoods. Vegan and raw selections include cold-pressed juices, shakes and mix-and-match bowls. **Weinbergsweg 3, 10119 (Prenzlauer Berg) +49 (0)30 209 50255**



## Jacks Beauty Department

OPENED: **APRIL 2015**

For Miriam Jacks, the opportunity to move her indie boutique, Jacks Beauty Department, provided a chance to expand. "You can feel our energy and personality here," she says. Upstairs, private makeup parties are on tap, plus facials and manicures; down below is a hair salon. There's a slew of cool brands, too, including Jacks' own line of makeup brushes. **Kastanienallee 19, 10435 (Prenzlauer Berg) +49 (0)30 442 6906**

### RETAIL SAFARI

# Wall-to-Wall BEAUTY IN BERLIN

**SUSAN STONE** explores the German capital's newest beauty breakthroughs in the edgy East and well-heeled West.



## Shan's True Beauty

OPENED: **MARCH 2015**

Iranian-born, Berlin-based celebrity hairstylist Shan Rahimkhan has his own line of hair-care products and two salons here. But his latest venture could be the hottest yet. "Fast, easy, sexy," is how he describes Shan's True Beauty, the first of his planned line of appointment-free blow-dry bars serving up quick looks in powder pink retro-style boudoir interiors. The menu includes five styles, as well as quick manicures, makeup and waxing. There's also a small but well-curated cosmetics selection, with brands like Youngblood, Lipstick Queen and Kure Bazaar. **Kurfürstendamm 195/196, 10707 (Charlottenburg) +49 (0)30 887 1790 500**



## Hotel Zoo

OPENED: **NOVEMBER 2014**

Hotel Zoo offers a walk on the wild side, starting with entry onto a leaping leopard carpet by Diane von Furstenberg. Each of its rooms and suites are unique; amenities include sleepwear from Maison Margiela, and hair and body products by Berlin natural perfumer April Aromatics (\$20 to 24). These treats, along with a special edition of Uslu Airlines nail polish (\$24), can be purchased en suite, or ordered online. **Kurfürstendamm 25 (Charlottenburg) +49 (0)30 884 37 730**



## Urban Scents/ Bäckerstrasse-Berlin

OPENED: **DECEMBER 2014**

In Paris, ISIPCA-trained Marie Le Febvre worked in fragrance marketing, but longed to make her own scents. She fell in love with Alexander Urban, who dreamt of his own art gallery. They realized their goals in Berlin, with her Urban Scents line of five fragrances (\$201) and three candles (\$73) produced in the back of his Bäckerstrasse-Berlin gallery. Le Febvre's scents include Lost Paradise, an homage to the Eighties, and she also creates conceptual aromas to complement the gallery's exhibitions. **Eisenacher Straße 57 (Schöneberg) +49 (0)159 0104 9818**

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MASTER CLASS

# Writing a NEW CHAPTER

Marc Rey reflects on the North American beauty landscape as he assumes a leading role at Shiseido.

By PETE BORN

**M**ARC REY IS A PERSISTENT MOTIVATOR with a touch of the poet. ¶ The recently named president and chief executive officer of Shiseido Americas has an offbeat way of using his idle time on airplanes and in out-of-town hotel rooms. While others are fiddling with remote controls, trying to snag a tolerable movie, Rey is busy crafting fiction—in French. ¶ “I don’t watch movies in planes, I write. To be able to even start writing you probably need two hours of nonstop time.” Once he’s on the ground and checked into a hotel, jet lag provides oodles of sleepless writing time in the middle of the night. ¶ “I have an almost religious belief in books,” he admits. “It’s the ultimate form of art...not only a description of the world, but it’s a description of the inner world of people.” ¶ Rey has finished four novels. All of them are unpublished but he’s in contact with a publisher about one of them, which he describes as political fiction. It opens on Election Day on November 2016, when a woman is elected president. ¶ “I like human personality,” he observes. “I like misunderstanding among human beings, I like provocation and I like a total absence of political correctness.” ¶ Then morning comes and it’s time for business.

## What is your assessment of the beauty market in North America?

It’s probably the most fascinating place to work, and the most challenging. It may not be the biggest per capita market for all of the categories, but it’s certainly the biggest market. So all of the biggest guys want to be here.

That creates competition and a lot of visibility because what you do in the U.S. is visible to everybody. So people are very nervous about it. The competition is extremely fierce. It’s tough to make money in this market.

The second characteristic is the channels of distribution. This is the largest and the biggest variety of distribution channels in the world. None of them are small. For example, TV retailing only exists in a few countries—it’s

big here. Digital is more developed here than in any other country. Outlet stores exist in a few countries, but not to this extent. Department stores to this level exist in some countries, but in Europe they’re almost nothing. And you have self-service with Ulta and Sephora. It means that you cannot grow your brands with only one channel of distribution.

The significant brands that have been generated in the last 20 years have come from the U.S. Obviously you have a few brands from Korea, but the big European brands have been here for 30 years. All the newness, like Urban Decay and Nars, have come from the U.S.

What is amazing here and doesn’t exist in any other market is the scope of price and promotion coverage. When a

top designer does one of those crazy expensive fragrances and only wants 40 doors in the world, there's always 20 in the U.S. At the same time one of the faster segments in makeup is the dollar mascara business at Wal-Mart. If you go to France, you're probably not going to sell the top price, but you're not going to sell for \$1. You're going to be more in the middle. The combination of fierce competition and extreme visibility of what you do in the U.S., and the scope of price coverage, makes the market extremely unique.

Finally, the U.S. is not the U.S. The U.S. is the world. You have such a variety of ethnicities, and you can't only say, "I'm only going to target this group." When you launch a foundation here you better have all the shades to cover all the types of skin.

**Is the payoff correspondingly greater than in other markets?**

I think so. If you know how to extract the learning of all that then you can explode with learning in Europe and Asia and many places. That's one of the things [Shiseido ceo Masahiko] Uotani is putting in place. The other area where the U.S. is interesting is social media and digital. The American woman is extremely connected and is evolving rapidly. I don't think we as an industry are evolving at the same speed.

The only thing that the U.S. beauty market doesn't do well in fragrance. By having no barrier to entry and focusing on promotion, you are making that exactly the opposite of a luxury category. It becomes almost a commodity.

**Where do you think the big opportunity is?**

There are a lot of opportunities, because Americans consume and spend much more than [those in] any country in the world. In periods of crisis the first country

that always comes back is the U.S. There are probably three channels that are going to emerge as faster-growing. Digital, for sure. People are spending more time on their phones than talking to other people or watching TV. It's not digital, it's life. So life is going to be the biggest channel of distribution. This is going to grow enormously, particularly in skin care.

Also, digital in terms of information. Whatever I say in my advertising is going to be ignored by the consumer, who prefers to look at a comment by a user whom she doesn't know than listen to what I say.

The second channel which is going to keep growing is the directly operated store. Consumers like them because it's direct contact.

In the U.S., because we used to have a very strong presence of assisted sales of department store, self-service is going to develop more. If you see the growth of companies like Ulta, the consumer today wants to be able to test, try, compare; she wants to have her phone and get information and most customers don't want to be cornered. Self-service is probably going to win.

**Switching gears, in what area of this vast company you find yourself in now do you think you can have the biggest impact?**

I can very much change the status quo. When you come in as a newcomer, you can play the usual game of challenging everything that is done and seeing where we can do different.

In the Americas regions, I can increase the synergies between the different brands. The brands used to work a little bit in silos, but there are a lot of synergies. For example, when you talk to retailers you have more weight with all the brands around you. In terms of knowledge, Bare Escentuals is a very well-known

retail store and fascinating [in] makeup, while Shiseido knows skin care better, so all those things can be shared. If you generate more resources, you can better allocate those resources and you can push success more.

**How do you acclimate so agilely [to businesses] and go about putting your imprint on a business?**

I grow talent. I motivate them to go with [their] strong mind. I create successes, I test new things. The American market is very forgiving [when it comes to] testing.

And I fully respect brands and consumers. The most important thing is to motivate talent to go the extra mile. I try to push successes to the limit. I believe very much in a model based on successes. The impact goes beyond the sales and profits, it can move and change completely an organization.

**In terms of encouraging talent, how would you describe your management style?**

It is challenging in the good sense of the term. Contemplate the thing we haven't been contemplating. Test. Make choices. I hate the absence of choices.

For the rest I tend to be a chameleon. With somebody who needs guidance, even if I need to get into the service level in supply chain, I'll do it. If I'm with somebody I need to have a coffee with and talk about what's going to be the next frontier for a brand, I'm going to do it this way. I work on trust, and I like to "inspire."

We make choices together. And if we have successes, we celebrate them, we push them to the maximum. Some people get a lot of comfort with routine and repetition. I am not one of them. I love change situations. I'm not the best manager, I'm the best leader. ■

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EYE CANDY

# The Bold and the Beautiful

At the spring collections, the hair and makeup looks weren't for the faint of heart.

## Bangs

A forehead-grazing fringe was a major focal point for spring.

From punk rock (Saint Laurent) to princess (Duchess of Cambridge), bangs are the new brows. They were blunt, bobbed, flattened to the forehead here, soft and voluminous there, and seen on some of the hottest models of the season.

1. Acne Studios
2. Sacai
3. Christian Siriano
4. Wes Gordon
5. Saint Laurent



## Braids

Twists and plaits gave hair textural drama.

Often more *Blade Runner* than schoolgirl, braids ranged from edgy and eclectic to chic and simple. At Haider Ackermann, Tokyo-based stylist Katsuya Kamo used small braids as well as strands of silk and brightly colored hair pieces to create fantastical looks.

1. Public School
2. Desigual
3. Esteban Cortázar
4. Haider Ackermann



## Curls

Sexy and insouciant, curls captured the spirit of individualism for the season.

Model Mica Arganaraz's effortless tousled 'do catapulted her to model-of-the-moment status this season, and she wasn't the only girl with curls who was front-and-center. A more pronounced emphasis on texture was one of the main directions for spring.

1. Alexander Wang
2. Chloé
3. Diane von Furstenberg
4. Sophie Theallet



## Red

Bye-bye blue. Red was rampant on the runway.

In a season rife with Spanish influences, red was a recurring theme for fashion and beauty. A bare face with a bold cherry lip reemerged as a go-to look, and many makeup artists also took liberty with the hue, sweeping it on eyes and cheeks as well.

1. Jason Wu
2. Stella McCartney
3. Giambattista Valli
4. Céline
5. Nina Ricci







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Oils are still red-hot—growing 22 percent in the prestige market according to The NPDP Group. But are powders the next big thing? This fall, there's a host of both for hair and skin. Here, a lineup of the latest innovations—wet and dry. **By ELLEN THOMAS**

SHELF LIFE

# Slick vs. Sec

**Alterna Haircare Moisture Intense Caviar Oil Crème Pre-Shampoo Treatment**  
Abyssinian oil, rich in omega 9 fatty acids, gives dry, coarse hair a moisture boost in this pre-shampoo treatment. **\$30**

**René Furterer 5 Sens Enhancing Dry Oil**  
This blend of plant oils for skin and hair is said to capture the fast absorption effects of dry oil without sacrificing the nourishing benefits of a regular version. **\$52**

**Shu Uemura Straight-forward Blowdry Oil**  
A combination of gliding agents found in foundation and antioxidant-rich-black cumin oil coats hair for a flatiron-mimicking effect and halves styling time. **\$39**

**Remington Triple Infusion Straightener**  
A proprietary blend of oils is infused directly into the porous ceramic plates, and reinforced with micro-conditioners designed to transfer onto hair during the flat-iron process without leaving behind a greasy residue. **\$38**

**Kevin Murphy Doo.Over Dry Powder Finishing Spray**  
Kevin Murphy's new styling product performs double duty, designed for reviving flat styles or restyling second-day blowouts, with a fine powder spray that provides volume, texture and hold. **\$27.50**

**Carol's Daughter Monoi Repairing System Conditioning Dry Shampoo**  
This utilizes the brand's signature repairing hair ingredient, monoi oil, for a dry shampoo formula said to strengthen and condition as it cleanses. **\$22**

**Rodin Olio Lusso Facial Cleansing Powder**  
Linda Rodin may be the queen of skin-care oils, but this granular cleansing powder that exfoliates when mixed with water marks a move for her brand into new territory. **\$45**

**Living Proof Perfect Hair Day Dry Shampoo**  
Living Proof developed a proprietary technology for its first foray into dry shampoo, a powder-based formula said to eradicate—not just absorb—oil, sweat and odor. **\$22**

## THE DREAM BALL THURSDAY, SEPT. 24 (CIPRIANI 42ND STREET)

Traffic may have been a nightmare because of the pope's visit in New York, but that didn't stop the leaders of the beauty industry from turning out in full force for the 31st annual Dream Ball, honoring Gina Boswell, executive vice president and general manager of Unilever in the U.K. and Ireland, and Lesley Jane Seymour, editor in chief of *More* and executive director of Meredith Corp.'s Beauty Center of Excellence. Three-hundred-seventy-five people attended dinner and another 300 the after party; all told, the evening raised \$1.5 million for the Look Good...Feel Better program that provides emotional support for cancer patients.

1. Drew Barrymore
2. Gina Boswell
3. Lesley Seymour
4. Pamela Baxter
5. Thia Breen
6. Marc Rey
7. Carlotta Jacobson
8. Terry Darland
9. Patrice Louvet
10. Alex Keith



ENTREPRENEURIAL EDGE

# Balancing ACT

Battles with acne led former Wall Streeter **Marisa Vara Arredondo** to start Phace Bioactive, her new skin-care line.

**M**ARISA VARA ARREDONDO struggled with acne throughout her teens and well into adulthood. "I was prescribed everything," she says, ticking off Accutane, antibiotics, steroid injections and more. "I'd run the gamut on horrific experiences." But it wasn't until years later, when she was working as a Wall Street analyst researching biotechnology stocks, that the Harvard Business school grad had a breakthrough while meeting with scientists from Merck, who taught her about the skin's pH levels. From her research, she discovered that the products she was using were stripping her skin's acid mantle, rather than protecting it. Thus was born Phace Bioactive, a seven-item line formulated with optimal pH levels to keep skin conditions in check. The range launched on its own Web site in January, on saks.com in June and is rolling out to select Saks doors this fall; prices range from \$38 to \$104 for the Rejuvenating Décolleté Cream. Star items include the Illuminating Serum, \$92, a vitamin C-based dark spot corrector that is said to firm skin. "The concept of pH balance is a dense topic to explain, so I launched with a clear Web site," says Arredondo, who wants to expand into television, too. Going forward, Arredondo envisions a broad scope for the brand, including hair, body and supplements. "I take a holistic view of skin care," she says. "There's so much that goes into living a balanced life." — E.T.



**Phace Bioactive**  
Prices range from \$38 to \$104

Lo Bunnè

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SHOPPER STALKER

# The Buy Side

**ELLEN THOMAS** heads to SoHo's bustling Broadway to find out who's buying what—and why.

"I have a friend who uses this color, and I wanted to try it," Lopez says.



**NYX Soft Matte Lip Cream in Cannes, \$6**

**L.A. Girl Semi-Permanent Endless Auto Lipliner in Natural, \$5**



"I needed a color to match the NYX lip color," says the shopper.

**Morphe Pointed Buffer, \$12.99, and Flat Buffer, \$15.99**



"These are really cheap and really good."

**Fulllips Lip Enhancer in Small Oval, \$20**



A salesperson recommended Lopez's sister start with the smallest size.



"I will carry this around in my bag," says Lopez.

**Japonesque HD Eyelash Curler, \$14**

**Ardell Natural Eyelashes Wispies, \$3.99**



Lopez says she prefers a natural makeup look.

**What's in Katherine's bag?**  
 TOTAL SPENT: **\$84.89**  
 SEPT. 18, 4:42 P.M.  
**Ricky's**  
 590 BROADWAY



MISSION: **IMPROMPTU SHOPPING TRIP**

**W**HEN IT COMES TO BEAUTY, 24-year-old Best Buy employee Katherine Lopez is always prepared for an impromptu shopping trip. "My sister and I follow Kathleen Lights on Instagram and YouTube, and I read product reviews online," she says. "I keep a running list of what I want." After completing an errand nearby, Lopez, who spends \$1,000 each year on beauty, couldn't resist stopping by Ricky's to cross a few items off her list. Though she admits to shopping more regularly at Sephora, Lopez heads to Ricky's for makeup brands like NYX and L.A. Girl. "It's hard to find NYX at a CVS," she says. Lopez, who says she's the beauty guru in her family, also picked up a Fulllips Lip Enhancer for her 21-year-old sister. "If anyone needs makeup for a special event, they'll come to me," she says proudly.

"This makes my skin look really, really good," Liu says.



**Givenchy Photo'Perfexion Fluid Foundation in Perfect Vanilla, \$50**

**Yes Saint Laurent Rouge Pur Couture Kiss & Love Edition in Le Orange, \$36**



"I always carry lipstick in my bag, and this is a good everyday color," says Liu.

**Josie Maran Nirvana Hydrating Treatment Mist, \$38**

A sales associate told Liu that this is more hydrating and natural than the Fresh toner she'd been using.



**What's in Zoey's bag?**  
 TOTAL SPENT: **\$192.16**  
 SEPT. 18, 12:45 P.M.  
**Sephora**  
 555 BROADWAY



**Make Up For Ever Invisible Cover Stick Foundation in Flesh, \$43**



Liu was out of nail polish remover, so she snapped this up at the cash wrap.



**Sephora Instant Nail Polish Remover, \$9.50**

"The sales associate said it was more moisturizing, which I need," she says.

MISSION: **REFILL HER FAVE FOUNDATION**

**Z**OEY LIU, A 25-YEAR-OLD graphic designer from Jersey City, popped into Sephora for a refill of her favorite Givenchy foundation. "I look for quality, and I really like Givenchy makeup," she says. With the help of a sales associate, Liu also picked up a few impulse buys, including a Make Up For Ever foundation stick to pair with her go-to formula. "He recommended I combine the two on my T-zone for lighter coverage," she says. Liu, who spends about \$2,000 annually on skin care and makeup, eschews advice from magazines in favor of recommendations from knowledgeable friends and online product reviews. She also doesn't shy away from in-store assistance. "I like being helped and introduced to new things," she says. "If I find something better than what I'm using, I'll switch. I can always shop for more beauty stuff!"

# RECOGNIZING EXCELLENCE IN LUXURY SERVICE

L'ORÉAL LUXE IS PROUD TO PARTNER WITH WWD BEAUTY INC TO RECOGNIZE KIEHL'S STORE MANAGER LUCIA SILVA FOR EXCEPTIONAL CUSTOMER SERVICE IN LUXURY BEAUTY.

In partnership with WWD Beauty Inc, Kiehl's, a brand of L'Oréal Luxe, recognizes Beauty Advisors who best exemplify the L'Oréal ideals of customer service in luxury beauty. In this issue we honor **Kiehl's Store Manager Lucia Silva of Aventura, Florida.**

Lucia believes excellent service means helping customers identify their skincare goals and concerns in order to select products that meet their needs. "Engagement starts the minute a customer enters the store. The Kiehl's customer experience is a complete Circle of Service, and the core is making sure we give our customers the products that are specifically targeted to their needs."

Dermatologist Solutions™ Powerful-Strength Line-Reducing Concentrate is Lucia's favorite product. "I love how it improves the appearance of lines and transforms my skin's texture."

Go to: [kiehls.com/careers](https://www.kiehls.com/careers) to learn more about Lucia's commitment to luxury service.



"It's not about selling products - it's about the customer."



"We have tools to help customers understand their skin."



"When they see the change in their skin, they return to Kiehl's."



"Making a genuine connection builds trust and loyalty."

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**LUCIA SILVA**  
KIEHL'S STORE MANAGER  
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# au Naturale cosmetics

Back in 2011, Founder and CEO of Au Naturale Cosmetics, Ashley Prange, saw the need for a high quality, organic makeup line.

*I couldn't find organic, gluten-free, vegan cosmetics in the colors and quality I needed for my sensitive skin. I wanted something that was ethically in line with my values... I wanted something that worked.*

*- Ashley Prange, Founder & CEO*

Au Naturale Cosmetics are 100% natural, vegan, cruelty-free and made in the USA with organic ingredients. Sourcing locally, we handcraft our cosmetics in small batches in our lab in Green Bay, WI, USA, ensuring the freshness of each product. Our range of fashion forward colors will last all day and into the night so you never have to compromise on color, performance or your ethics!

Our commitment to green beauty goes beyond our own products as we lead the clean beauty lobby on Capitol Hill, advocating for honesty, transparency, and integrity in the beauty industry.

Join the Clean Beauty Revolution! To find out more and sign the petition, visit our website and hashtag #cleanbeauty.



*Pictured above: Founder and CEO, Ashley Prange*

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BEAUTYINC

**THE** Meet the beauty industry's most innovative thinkers.  
**ORIGINALS**

# THE ORIGINALS

**B**eauty has always favored the bold, the people whose willingness to push past the status quo can pay off big time. In a sea of sameness, the men and women on this list have shown a willingness to do just that. Their bravery in forging new paths in product development, distribution and communication have created a new direction for the industry, one that recognizes and responds rapidly to the fundamental changes wrought by the digital revolution, by rapidly changing demographics and by consumers' driving desires for beauty products they can believe in. Here, the people who point the way forward.

By JENNY B. FINE



## Jen ATKIN

Celebrity Hair Stylist and Founder, **Mane Addicts**

This hot hairstylist is parlaying her sizzling Hollywood clientele into a thriving social media presence and—soon—namesake product line.

“We’re always looking for fun ways to engage. I love Periscope because I can ask people exactly what they want to see and make it happen. Our team has an open thread where we constantly brainstorm and bounce ideas off each other. I also use Snapchat to engage consumers. Instead of clogging an Instagram feed, you can get fun and creative on Snapchat. When I post a product or tool, I have at least 300 people taking screen grabs.”

## Shashi BATRA

Founder and Chief Executive Officer, **Credo Beauty**



Industry vet Batra, ex-Sephora, Lauder and Victoria's Secrets, has now set out to reinvent the naturals category for a new generation of shoppers.

“I see the personal-care space on a parallel with the food industry. This generation of consumers is very curious about the impact of what they consume. The personal-care industry cannot sustain the cost of their traditional spin and continue to disregard the impact we have on health, society and on the environment in general.”

## Katia BEAUCHAMP

Cofounder and Chief Executive Officer, **Birchbox**



In just five years, Beauchamp has built her original pink cardboard box concept into a multifaceted, multichannel beauty player.

“The biggest change is that change is accelerating. Things looked the same for decades before there was significant evolution. With digital and mobile, the changes are and will accelerate—from manufacturing to the channel itself to the brands people buy.”

## Ben BENNETT

Founder and creative director, **Hatchbeauty**



This product-development pro has married some of mass's largest retailers, from Costco to CVS, with celebs and artists for a winning formula in the area of proprietary brands.

“The body-care category is desperate for innovation. We’ve seen enthusiasm in devices for body, but consumers have not adopted the concept of caring for the skin on their body as they do for their faces. A disruptive new concept for body could open the floodgates.”



## Sylvie CHANTECAILLE

President and Chief  
Executive Officer,  
Chantecaille



Chantecaille created a brand of firsts when she launched Prescriptives in 1979; now the driving force behind her namesake line, she continues to produce some of the most interesting and effective products on the market.

“The promotional and GWP system is ready for retirement! The relationship with the customer is changing.”

## Glenn & Shannon DELLIMORE

Cofounders,  
Glamglow



Talk about hitting pay dirt: The combination of their proprietary “magic mud” with a broad international distribution network proved to be a meteoric path to profitability.

“Consumers have an ever-increasing desire to experience crazy, weird and instant cosmetics in experimental, fun retail environments. This, along with their acceptance of brands that deliver unexpected solutions, creates a recipe for interesting and exciting products.”

## John DEMSEY

Group President,  
The Estée Lauder  
Cos. Inc.

Demsey has developed an unerring instinct when it comes to creative genius and a management style that allows entrepreneurialism to flourish in the context of a Fortune 500 company.

“I’ve always enjoyed shopping in highly curated, high-concept retail environments, and I love that they are becoming more and more immersive and interactive. Through customization, collaborations, social media conversations or online experiences, the best of retail today is a mash-up of fashion, beauty, art and culture, both real-world and virtual.”

## Michael DUBIN

Chief Executive Officer,  
Dollar Shave Club



From viral video to category disruptor, Dubin has amassed more than 8 percent market share in the men’s cartridge market since launching in 2012.

“We encourage employees to contribute their ideas, and we provide opportunities to bring these ideas to life. For example, we recently held a Hackathon with teams across the company creating a variety of innovative projects. Several of those projects have been greenlit.”

## Julien FAREL

Chairman,  
Julien Farel Group



In the age of fast services, Farel has doubled down on luxury with a 10,000-square-foot salon and spa and antiaging hair-care line that emphasizes scalp health.

“The consumer is looking for quality products and memorable experiences wherever they go—online and in the retail environment. Operating this omnichannel strategy and scaling it on a global level is ripe for disruption.”

## Sylvie GANter & Christophe CERVASEL

Creators and Founders,  
Atelier Cologne



With their singular focus on one primary olfactive category and a philosophy that puts the customer first, husband and wife Ganter and Cervasel have paved a new path forward for modern perfumery.

“Spontaneity and playfulness allow for creativity. We never formally sit down for meetings. We exchange ideas as if we were playing ping-pong...and we immediately put in motion the ideas we love.”



## Jo HORGAN

Founder,  
Mecca Cosmetics  
and Mecca Maxima

Horgan has become Australia’s second-largest beauty retailer and continues to gain market share despite multinational incursions into the market.

“The biggest change is new brands launching without using traditional distribution channels and instead using content and the Web to connect with the customer and build a consumer base.”

## Carisa JANES

Founder and  
Chief Executive Officer,  
Hourglass Cosmetics



The antithesis of a me-too product creator, Janes has an uncanny ability to reimagine color cosmetics and render them one-of-a-kind.

“I’m intrigued by what Modern Meadow and other biomaterial innovators are creating, building, and driving in biodesign. Their work is pointing us towards a more sustainable future.”



## Christian LOUBOUTIN

Designer



The prices are outrageous, but Louboutin's beauty product packaging is unlike on the market—in a good way—as the queue of customers lined up to buy would no doubt attest to.

“I want to create objects of desire, just like my shoes. My teams are encouraged to see beauty in everything and allow that to inspire them in their creative process, whether it be food, travel, furniture, nature.”

## Marla MALCOLM BECK

Cofounder and Chief Executive Officer, **Bluemercury**

After selling to Macy's for \$210 million, Beck continues to soar, opening doors and expanding her private-label empire.

“Younger consumers are used to Uber and e-commerce, instant dinner delivery and more. How do we integrate products and services at the pace she expects? We have a concept called the X-Bar, where we perform fast services with instant benefits linked to a new launch. It gives us a high-touch way to introduce clients to new products through a ‘try it quick’ sensory experience that goes beyond self-experimenting with an open-sell tester.”

## Calvin MCDONALD

President and Chief Executive Officer, **Sephora Americas**



A relative newcomer to the beauty category, McDonald has proven to be a fast learner, as his emphasis on education and upcoming “Store of the Future” attest to.

“The skin-care category has an identity crisis. Clients don't understand how effective these products can be. Convincing them will be a winning strategy.”



## François NARS

Founder and Creative Director, **Nars Cosmetics**

Nars has kept his brand on the cutting edge of cool by continually pushing the envelope with unexpected collaborations and an always-decisive eye for what's next.

“The next five years will bring a consumer-driven marketplace that we've never quite seen before. Nothing is off limits. The brands that will win are the ones that take risks and differentiate themselves from everyone else.”

## Vasiliki PETROU

Global Senior Vice President, **Unilever**



The industry's eyes are on Petrou as she leads Unilever's prestige business into the future, but she herself is firmly focused on global culture—and its impact on beauty.

“Framing our industry as ‘beauty’ is, in itself, ripe for disruption. The future is about helping people realize their full potential by giving them highly personalized products, services and experiences—not selling them miracle claims. The ‘beauty industry’ fails to recognize the highly individualized goals and emotions of each person, and how those change over time. I look at the whole person, and key to that is being sensitive to the fact that a lot of people may not subscribe to outdated beauty paradigms. Concepts of identity are shifting fast, driven by Millennials who refuse to be categorized by old-fashioned limitations, and are instead creating their own standards by which they live.”

## Laura NELSON & John NELSON

President and Chief Executive Officer, respectively, **Seed Beauty**



Quickness counts at Seed, the incubator founded by sister-brother duo Laura and John Nelson that launched Colourpop, the hot Instagram beauty brand.

“We promote cross-functional teamwork and speed. For us, ideas win, not titles.”



## Marc PUIG

Chairman and Chief  
Executive Officer,  
Puig



Just over a decade ago, Puig was posting operating losses. But with his emphasis on originality and the art of perfumery, Marc Puig has helped restore the family firm's fortunes—and the designer fragrance category, too.

“The retail experience is key, especially in the fragrance market, which is highly competitive. Retailtainment is a challenge we need to embrace. Our energy is focused on creating unforgettable experiences, translating the storytelling into the point of sale.”

## Gregg RENFREW

Founder and Chief  
Executive Officer,  
Beautycounter



Call her the queen of clean: With her direct-to-consumer brand, Renfrew has shown safe beauty can be chicly pragmatic rather than dogmatic.

“The entire beauty industry is ripe for disruption.”



## Emily WEISS

Founder and Chief  
Executive Officer,  
**Into the Gloss  
and Glossier**



Stylish, savvy and superconnected, Weiss has expertly parlayed the power of her hip online community into a hot new product line.

“My bet is that we’re going to see brands start to move away from this ‘sex sells’ focus in beauty marketing. We believe that being yourself, being honest and authentic sells. We’re taking a chance that women will respond to this reclamation of beauty and their bodies.”

## Anastasia SOARE

Founder and  
Chief Executive  
Officer,  
**Anastasia  
Beverly Hills**

Eyebrow guru Soare has built her 15-year-old brand into a makeup powerhouse thanks to a social media strategy that has netted more than six million followers.

“There’s going to be a shift over to e-commerce, apps and videos as mobile sales dominate. Traditional retailers will need to create new business models and ideas to sustain and retain customers. Millennials will continue to be a driving force. Brands need to be accessible, flexible and ever-changing—like their consumers.”

## Alli WEBB

Founder, **Drybar**



Webb's blow-dry bar concept kicked off a salon revolution, and with her rapidly expanding product line, her influence continues to grow exponentially.

“Lashes are ripe for innovation! I love getting eyelash extensions and know it is becoming a big trend. Yet I don't feel like anyone is doing it quite right yet.”

## Charlotte TILBURY

Founder and  
Creative Director,  
**Charlotte Tilbury Beauty**



Her client list reads like a Hollywood who's-who, but it's Tilbury's girlfriend-to-girlfriend approach to beauty that has made her line the launch to watch.

“The lines of age and gender will blur even further in the next 10 years. In skin care, I'm working with very sophisticated textures that give an incredible ethereal glow. Skin care will become customizable on a mass level and we can expect some incredible advances in the stem cells field for hair, skin and teeth. I expect to see makeup evolve to very high-definition, near-invisible textures.”

## Alicia YOON

Founder and  
Chief Executive Officer,  
**Peach and Lily**

Yoon has become the queen of the Korean beauty scene, thanks to her unerring instinct for great products and a unique business model that marries wholesale and retail.

“How products are made is ripe for disruption. With 3-D printing, smaller batches can be made and at-home creations can seriously rival what manufacturers can make. Also, how products are retailed—with augmented reality, there's a whole different level of try-before-you-buy that's possible. And how products are discussed—digital communities are becoming better at self-organizing to have deeper conversations with those interested in the same topics.”



BEAUTYINC

# Don't let the peace sign fool you...

Led By Alan Jope, Unilever's Personal Care  
Division Is Going For Global Dominance

By **JENNY B. FINE**

Photographed by **JUDE EDGINTON**



**T**HE ANNOUNCEMENTS THIS SUMMER CAME RAPID-FIRE, LIKE SO many jets taking off from the deck of an aircraft carrier in precise formation. ¶ Unilever’s acquisition of Camay and Zest complete. Zoom. ¶ Unilever to acquire Ren. Zoom. ¶ Unilever to acquire Dermalogica. Kate Somerville. Murad. Zoom, zoom, zoom. ¶ At a time when much of the industry was busy speculating about who was going to buy the myriad beauty businesses Procter & Gamble Co. was shedding, Unilever, its largest rival, was soaring, doubling down on personal care with a string of deals that are reshaping the competitive landscape of the beauty industry. ¶ At the controls sits Alan Jope, Unilever’s president of personal care, who took over leadership of the division—the company’s largest—just 14 months ago, in September 2014. ¶ Since then, he’s taken the mandate to escalate the Anglo-Dutch giant’s personal-care business and flown with it. “We are an 18 billion euro [\$20.4 billion at current exchange] personal-care business right now and I expect to put 10 billion euros onto that in the coming years,” Jope says. “That’s pretty hefty growth.”

Thus far, he’s off to a promising start. For the third quarter of 2015, Unilever’s personal-care division had underlying sales growth of 6.2 percent to 5.1 billion euros, compared to company-wide growth of 5.7 percent, driven partly by the successful launch of deodorant dry sprays in North America across a host of brands, which have posted first-year sales of 100 million euros in the U.S. and Canada alone.

But for Jope, this is only the beginning. When an observer remarks that he’s had a great first year, his response is immediate. “No. I’m moderately happy,” he says. “Approaching satisfaction is how I would describe these results.”

When asked how he would define great, his response is decisive. “A sustained run at this level.”

While Unilever’s core group of powerhouse, billion-euro personal-care brands such as Dove, Axe and Sunsilk will continue to be a key growth engine for the kind of growth Jope envisions, it’s emerging categories and countries that present the most white space for Unilever. At the top of the list is the prestige market. The strategy is to capitalize on the company’s core strengths in skin care and hair care by moving into premium brands where product prices start at \$25 and rise from there.

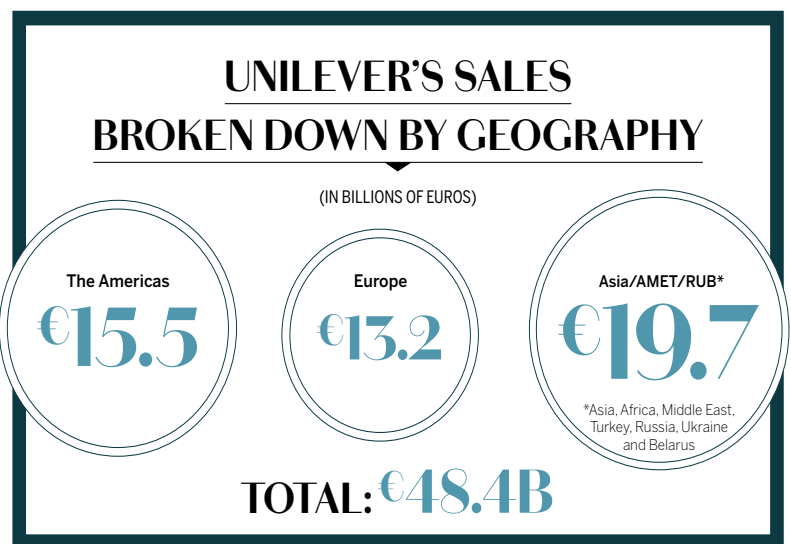
“We don’t want to play in prestige just as a niche activity. We want to build it into a big business,” Jope says. “This is a growth play for us in two regards: Number one, it is a

faster-growing segment, no matter what time period or geography you look at. Secondly, it’s all white space,” he continues. “If we launch another mass-market shampoo or skin cream, there will be an element of cannibalization. But as we step into the prestige business—that is all incremental for us.”

Jope says step, but what he really means is jump. More than a decade has passed since Unilever divested its prestige beauty holdings—Elizabeth Arden and Calvin Klein Cosmetics—to focus on its core mass businesses. At the beginning of 2015, Unilever had only two prestige beauty plays—Illumi-nage and Ioma—both skin care-related, both

under the auspices of its Unilever Venture Fund umbrella. While Jope’s predecessor, Dave Lewis, who decamped to become chief executive officer of the troubled U.K.-based supermarket chain Tesco, had spoken elliptically about Unilever’s plans to increase its penetration in the prestige sector, it wasn’t until this summer that the company began to make good on that promise by putting its money where its mouth is with its string of acquisitions.

Thus far, the deals have centered on skin care, but hair care is on the horizon, too. A key part of Unilever’s strategy centers on establishing a prestige hair-care business, a sector



“We don’t want to play in prestige just as a niche activity... This is a growth play for us.”

that Jope posits Unilever can create and own. “It’s a huge opportunity,” he says. “The other major players in hair care have got very big salon businesses and that creates a conflict of interest—all of their energy has been going into building salon plays more than retail prestige hair care.”

Not so Unilever, whose primary exposure to the salon sector is via the relatively small Tigi, which it acquired in 2009. “We are unencumbered by a big salon business,” Jope says. “We can go much more pure play into prestige hair care in nonsalon channels than our competitors.”

“There is nobody—the market is waiting to be developed,” emphasizes Vasiliki Petrou, senior vice president, prestige, of Unilever, who was recruited from P&G by Lewis to spearhead the division.

That being said, there are some significant stumbling blocks: a lack of robust brands available to buy, for one, as well as anemic category sales, particularly in North America. Industry sources report Unilever has been looking closely at Living Proof, and Jope himself mentions the natural hair-care brand John Masters Organics when talking about the segment. But ask him when an announcement might be forthcoming and the straight-talking Jope is ready with a characteristic quip as a means to deflect the question: “Someone wiser than me said when you’re looking at an acquisition, there are three things that matter: strategy, price and timing. And the rank order is timing, timing, timing.”

Unilever also plans on building its prestige portfolio through organic growth and brand development. For example, on a global basis, the company is testing the appeal of Nexus as a premium-priced hair-care line. Acquired as part of the Alberto-Culver deal in May 2011, Nexus was a U.S.-based salon brand that the company took into the mass market in North America.

In the U.K., though, the brand is being positioned at the prestige level and is sold at Selfridges and, more recently, QVC U.K., where it went 70 percent over target during its eight-minute debut show, according to Petrou. Prices range from 14 pounds, about \$22 at current exchange, for a shampoo and rise to 29 pounds, \$45, for specialized treatments such as Youth Renewal Elixir and Oil Infinite Nourishing Hair Oil.

While Jope says Nexus’ hybrid distribution model is not a blueprint that other brands in the portfolio will follow, he believes that its initial success is a strong proof point

that prestige hair care can be a viable category. “There are still huge unmet needs in hair care. Women are constantly experimenting,” he says. “Globally, the amount of daily hair care bought in salons is relatively small. It’s in the single digits. I don’t think the industry has put the lever against prestige hair care.”

Going against the grain of conventional industry thinking is characteristic of Jope, who was most recently president of Russia, Africa and the Middle East, and learned of his appointment during an early morning call from ceo Paul Polman. While he said he was initially hesitant to accept—he was only one year into his previous position and felt conflicted about the commitment he had made to his team—Jope has clearly taken to personal care with energy, enthusiasm and a unique take on the competitive landscape.

“Our sharpest competitors are now the local players,” he says. “When we look around the world at who has gained market share in the last five years, Unilever has gained quite a bit. The other winner would be that constellation of companies and brands that we call local players or others,” he says, ticking off companies like Innoherb and Jala Group in China and Wardah in Indonesia (“a wonderful brand,” he enthuses.) “We are now much more concerned to compete effectively against locally insightful, very responsive players. They are a much bigger threat than the names you’re more familiar with.”

**A** Unilever lifer who has worked across categories and countries, Jope believes Unilever has a competitive advantage over other multinationals because of its deep ties in emerging markets. (Jope was recruited out of college by both Unilever and P&G. He says he, or rather his wife, chose Unilever because of its central London locale versus P&G, which was based in Newcastle.)

In fact, he refers to his wife frequently and fondly, calling her his adviser and noting they make all major decisions together. When appointed to his current post, Jope chose to remain in Singapore rather than move to London, so that his youngest son can finish high school there. He also has a daughter who attends Edinburgh University and a son at the University of British Columbia. “Just for the avoidance of doubt, my daughter is perfect and the two boys are freakin’ knuckleheads,” jokes Jope, a straight-talking Scotsman with a



“Someone wiser than me said when you’re looking at an acquisition, there are three things that matter: strategy, price and timing. And the rank order is timing, timing, timing.”

mischievous sense of humor. Jope's unpretentious demeanor—his daily uniform consists of jeans and Nikes and he carries a backpack rather than a briefcase—belies his rapid ascent to the upper echelons of management, but he's clearly been able to adapt to Unilever's international mind-set, both personally and professionally.

For the personal-care category, Jope believes that ability has enabled the company to grow faster than its competitors. "One of Unilever's strengths has been our ability to play the global local trade-off," says the executive, who has lived in Thailand, Shanghai, Singapore and the U.S., among other locales. "We've always prided ourselves in having deep roots in local markets and being able to [apply] those insights alongside things that are global scale matters, like technology, access to capital and low-cost manufacturing. Getting that balance right is one thing we've done well," he says, recounting a story about a competitor during his stint in Thailand who launched hair color into the market with packaging that featured predominantly blonde models. "It is inconceivably stupid," he says.

"Our culture is very international," says Jope, who today is in London HQ, where he sits with his team in an open-plan office when he's in town. "If I step outside right now, I will find 15 people with 15 different nationalities."

That level of local understanding is driving another significant area of opportunity for Unilever in personal care: Muslim beauty, particularly in four global regions with large Muslim populations: Southeast Asia, Central Asia, the Arabian Peninsula, and North and Western Africa. "These are some of our most core markets and so we are already almost by accident the biggest Muslim beauty company in the world," Jope says. "But there are specific needs we're not addressing.

"Are our supply chains halal-compliant? Not always. In our communications, are we insuring local relevance? We can do a better job at that. Why do we not yet show hijabi women in most of our advertising in those parts of the world, yet that is the predominant dress code?"

Jope goes on to enumerate the specific physical needs of Muslim women who wear hijabi, from skin-care issues that arise from wearing tight-fitting undergarments in a hot climate to wet hair that is wrapped up tight before it is dry. "No one is addressing that—all the way up to some brands that are rooted in Muslim values. We see huge opportunity there," he says.



One of the keys to Unilever's success in personal care has been the successful implementation of its Sustainable Living plan, which involves imbuing brands with a purpose—such as Dove and its global self-esteem campaign. Jope bristles when asked if focusing on markets where women are often denied the fundamental rights accorded to men is at odds with the corporate ethos, and insists that by entering a market the company is creating opportunities for women that would otherwise not exist. "Do we turn our back and walk away or do we actually do business and try to do good by doing business?" he asks.

In fact, it was Unilever's purpose-driven

philosophy that was key to clinching the deal with Dermalogica's Raymond and Jane Wurwand, who founded the professional skin-care brand 30 years ago and have reportedly turned away interested suitors repeatedly before stunning the industry and accepting Unilever's offer this summer.

"How about that?" Jope says, a slight smile turning up the corners of his mouth, when a visitor remarks on Unilever's success in ending Dermalogica's long streak of independence. What enabled the company to emerge victorious? Jane Wurwand is passionate about a program she established called FITE, Financial Independence Through Entrepreneurship, which helps female entrepreneurs establish their businesses. Unilever has a program in India called Project Shakti, which is designed to financially empower

“Do we turn our back and walk away or do we actually do business and try to do good by doing business?”



women living in rural India.

"It was so absolutely aligned with what she wanted Dermalogica to be doing that it did force her to think that maybe the company could benefit by being part of Unilever beyond just the commercial scale that we bring," he says.

Still—the beauty landscape is littered with consumer product giants, including Unilever, looking to capitalize on the attractive profit margins in prestige but unable to effectively translate a need-based marketing culture into a want-based one. Jope says Unilever will avoid that fate a second time around by adopting a basically hands-off policy when it comes to integrating the new acquisitions. "Our default is to let these businesses run very independently and be selective about where we can add know-how," he says. "By choosing the right segments to compete in"—by which Jope means not entering the makeup or fragrance categories—"and respecting the autonomy these companies need, we can avoid some of the mistakes that have been made by others in the past."


Where Unilever will exert its influence is in geographical expansion and research and development. "The new portfolio we're building creates an avenue for some things that have been unaffordable at mass," he says. "When you start operating with brands that are priced at \$100 rather than \$10, technologies that may not have made it into a mass-market brand have got an avenue to come to market and that is exciting for our teams." As a company, Unilever reports that it spends about one billion euros annually on product development. While it doesn't break down the expenditure by category, Jope says that a disproportionate percentage of that amount is invested in personal care.

Although the majority of the acquisitions thus far are Los Angeles-based (a coincidence, Jope insists, adding Unilever will not look for geographical synergies in the way the businesses are managed), the prestige division is being overseen out of London by Petrou, an industry veteran with experience both as a futurist and running brands.

**R**ather than running the division from Unilever's headquarters in central London, Petrou has created a satellite hub called Pitch in London's hip Shoreditch neighborhood. There is also a New York City outpost. Its function is two-fold: It is both an innovation lab for Unilever's


## WHAT MAKES ALAN TICK

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**Favorite motorcycle:**  
KTM 1190 Adventure R

**Longest motorcycle journey:**  
Trans Sahara trip covering Gambia, Senegal, Mali, Mauritania, Western Sahara, Morocco and Spain



**Number of countries lived in:**  
Six (Scotland, England, U.S., Thailand, China, Singapore)

**Favorite Band:**  
"Don't have one favorite. Listening to a lot of Flume at the moment."

**Words to live by:**  
"O wad some Pow'r the giftie gie us, To see ourselves as ithers see us!" —Robert Burns



**Starbucks order:**  
"Builder's Tea"—two PG tips and plenty of milk. Should be able to stand the spoon up in it."

**Signature Dish:**  
Red Thai Chicken Curry (Gaeng Ped Gai)

**Favorite ice cream flavor:**  
Sea Salted Caramel

**Most-read book:**  
Chelsea FC match programs

**Most countries visited in a month:**  
"No idea. Too many!"

personal-care business, where brand executives come for three-day creative ideation sessions, such as product pipeline innovation, and it serves as central offices and an incubator for the recently created Prestige division.

"People try to do innovation sitting in their chairs and it doesn't work," Petrou says. "You need to bring the outside in."

To that end, the two-story space features myriad sensory areas, one focused on touch and manipulables, for example, another a fragrance lab where attendees can create scents. There's also a graphic design studio with an enormous 3-D printer, studio space for two artists-in-residence, who rotate a few times a year, and a library with the latest art, fashion and design books. Pitch has even hosted Morning Glory, a drug- and alcohol-free energizing rave held in the pre-dawn hours.

The idea is to unleash creativity and the name itself is meant to connote speed. "Give me your business pitch in 60 seconds—not a 30-page PowerPoint," Petrou says.

"This is a cultural revolution," she continues. "Unless you get to a redefinition of normal, you won't get to the breakthrough. It is about speed and quality. I'm trying to compete with the entrepreneurs rather than the multinationals."

Thus far, employees ranging from Unilever's senior executive team to those at the brand

“

We are already almost by accident the biggest Muslim beauty company in the world. But there are specific needs we're not addressing.”

manager level and above have been through the program. But effecting change is easier said than done, as Jope and Petrou are the first to admit. "We are quite fast here, but then it goes to the machine," Petrou says. "Now, how do we get them to move faster?"

Industry insiders posit that Jope, an avid motorcyclist whose LinkedIn page features a picture of himself in desert biker regalia, has a lot riding on the answer. He is on the short list of names mentioned as possible successors to Polman, speculation that Jope himself quickly swats away. "I don't give it a minute's thought. It's not my ambition and I am consumed by trying to make a success out of personal care," he says.

For Jope, success boils down to building market share in the mid-to-high single digits year after year and leaving behind a "bigger, stronger, healthier" personal-care market. "I'll be very happy if I can do that," he says, "and so will our shareholders."

Jope is characteristically blunt when assessing what it will take to do just that. "Business is easy to make complicated. In fact, I think all big organizations specialize in making things too complicated," he says. "We have made a simple set of choices and we are now going to drive those. If we're right, it will work out. If we got it wrong, it won't. I hope it's the former." ■

The beauty sector has been a hotbed of mergers and acquisitions this year, but what happens once the deal is done? Here, an insider's primer on integrating a small company into a larger one—as seen by both entrepreneurial brand founders and the behemoths who bought them.

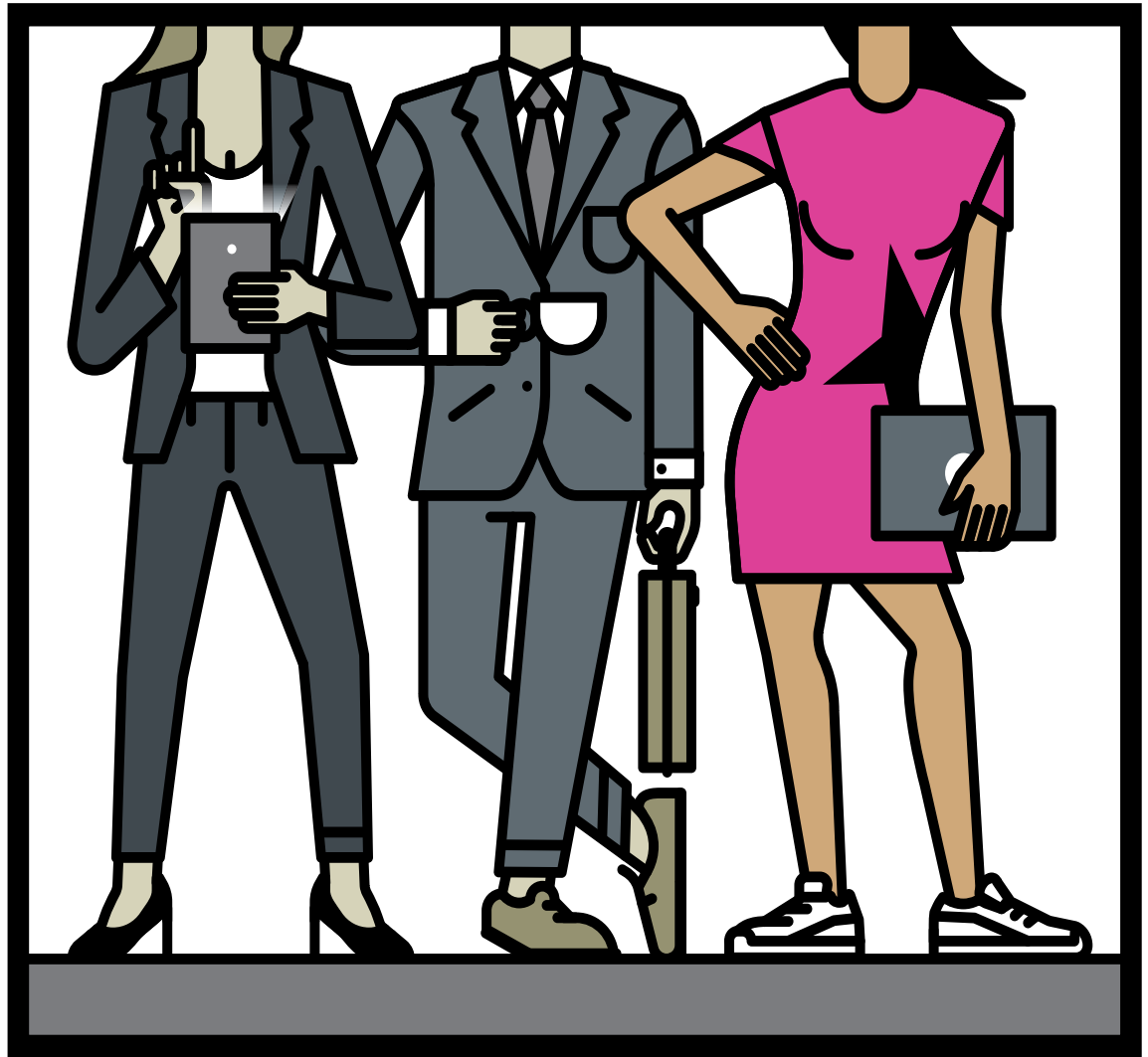
By **Rachel Brown**  
Illustration by **Sam Peet**

# Suits & Start-Ups



I stayed to make sure the business was handed off properly, but I didn't see a long-term future beyond that.”

The  
**SELLER**  
Side



**On NYX founder** Toni Ko’s Instagram feed, the hashtag #5yearvacation, a cheeky reference to the non-compete clause she signed upon selling her brand to L’Oréal last year, appears nearly 30 times. It’s on a post of a bikini-clad Ko reclining on a boat in the Grand Caymans, on another of her hands brimming with wine grapes in Sonoma and on yet another of an immaculate view overlooking the turquoise waters of the Amalfi Coast. ¶ “I turned 40 when I was about to sell the company. Throughout NYX, I was never married and I had no children. At that point in my life, I felt I needed balance. I wanted more personal time and to change my lifestyle. That’s why I sold,” Ko says.

She walked away with no earn-out provision tying her to the brand she built, and the confidence that L’Oréal could turn NYX into a billion-dollar force in the global beauty market without her.

Ko’s clean departure from NYX is an anomaly. In the eight deals for American beauty brands tracked by Intrepid Investment Bankers in the second quarter of this year, including Coty’s whopper of a merger with 43 P&G beauty brands, six entail the purchased brands’ founders staying on board in various capacities. In beauty M&A today, selling in is the new selling out.

Charismatic brand founders are prized assets at a moment in which engaging backstories filled with visionary inventors are deeply resonant with Millennial consumers. “Founder involvement post-acquisition is important. Very rarely is a brand acquired where the intention is to kick out the founder on Day One. Many times companies are looking to partner with founders for the foreseeable future,” says Venette Ho, Financo’s managing director who oversees beauty and personal care. “Companies are looking to keep the magic of the brand and just bring it to a larger scale.”

Historically, the industry falls into two camps: some companies prefer not to retain the founder for a long period post-acquisition and integration; others maintain a long association with the founder. The Estée Lauder Cos. Inc. scooped up Bobbi Brown's makeup brand back in 1995, for example, and she's still active, 20 years later.

Companies are shifting their approach. L'Oréal, not known for retaining founders, is edging in that direction, particularly with brands like Urban Decay and Carol's Daughter, which it bought in 2014. Nicole Fourgoux, general manager of L'Oréal's multicultural beauty division, underscores that founder Lisa Price continuing on in a leadership role at the brand she founded was a "key factor" in L'Oréal's interest in the brand.

"Lisa is not just the face of Carol's Daughter, but is really rolling up her sleeves to work on everything from brand strategy to product conception, all the way to personally training on her product line," Fourgoux says.

For a founder who has lived and breathed a brand since its inception, relinquishing control is often easier said than done. Integrating into the bureaucracy of a larger corporation requires founders to skillfully alter their roles—and accept that the authority they had at their own brands can't be replicated. "A lot of founders, including myself, can be quite controlling and moving from a founder/ceo role to a corporate position is not an easy transition," says Eric Malka, cofounder of Art of Shaving, which was acquired by Procter & Gamble in 2009.

Malka remained at P&G for only one year after the purchase. "I was selling my company to move on. I wasn't selling it to stay on," he says. "I stayed to make sure the business was handed off properly, but I didn't see a long-term future beyond that."

**C**olorProof Hair Care founder Jim Markham, who has sold five brands, including PureOlogy to L'Oréal in 2007, knows that relinquishing control isn't his strong suit—and that's why he hasn't remained at the companies he sold beyond transition periods. "Some buyers might say, 'Take the thing and run it the way you want it,' but I don't see much of that happening. Most of them have rules and regulations you have to play by. I just thought it wouldn't be best for me," he says.

Essie Weingarten and Max Sortino understand what it's like to run up against the routines of a big conglomerate. When their nail polish brand Essie was sold to L'Oréal in 2010, the founder and former ceo, respectively, planned to continue with the brand indefinitely, but the realities of working within the confines of a larger corporate entity became less appealing. They stayed active with the brand for about two-and-a-half years following the sale and were consultants for the company until June. "It wasn't a partnership," Weingarten says. "When someone buys your company, there's no partnership."

Looking back at the process to join L'Oréal, the



**You have to know what is important to you and be ready to articulate your job, your worth and why you are required."**

duo is resolute about what they should have done differently. "We should have had definite roles and responsibilities written out," Weingarten says.

Price agrees that it's imperative for founders to identify the goals they have for their roles post-acquisition. "You are negotiating and there can be a fear of asking for too much and putting people off, but you have to know what is important to you and be ready to articulate your job, your worth, why you are needed and then be prepared to do the work required," she says. "Entrepreneurs

know that the work isn't easy. It never is and just because you get acquired, it doesn't change who you are or your mission or your drive."

Not surprisingly, price has a tendency to prevail over other considerations during negotiations. Bruno Mascolo, who, along with his brothers, sold professional hair-care brand TIGI to Unilever in 2009, regrets that he didn't press for certain demands in the face of a \$400 million windfall. "I would have done a three-year non-compete [instead of 10]. I would have probably not given them the opportunity to take the Toni&Guy line. The other thing I would have done is make sure I stay in some sort of position for a long time to help mix our culture with the company's going forward," he says, advising fellow founders, "Don't be blindsided by the amount of money you get offered. Prior to the negotiations, work out what you are going to ask for. When you get to the negotiating table, say, 'If you don't agree to these things, we don't have a deal.'"

Enormous, untenable valuations can cause problems later on, too. Melisse Shaban, founder and ceo of investment and management firm Chrysalis Consumer Partners, says, "If the valuation isn't right from the outset, you're going to struggle, because you're going to be wrong and both sides are going to look for people to blame. You'll be forced to look at execution as opposed to what might really be the basic business case thesis: 'We thought this was going to be a \$250 million business, but guess what, it's not. Now what are we going to do?' The first thing people do is point to the execution people, but that's not what it is—it's the business."

The money deluge in M&A is exacerbating valuation creep and making it tougher for brands to succeed. Shaban says, "Ten years ago,

people were willing to write a \$15 million check to get something funded. Now, with so much money around, it's just as hard to write a small check and get a small return as it is to write a bigger check and get a much larger return. It takes just as much energy, so why not go for the bigger payback? As a result, we're seeing small businesses fall by the wayside because they can't get profitable and so they don't get funded, or they're getting funded at the wrong inflection point of their life cycle."

Founders have to be extra careful about choosing from a buffet of backers. Janet Gurwitch, cofounder of Gurwitch Products and partner at Castanea Partners, a private equity firm with First Aid Beauty and Drybar in its portfolio, says the field of suitors for brands has changed markedly since she sold Laura Mercier in the Nineties. "There is so much private equity money interested in the beauty space. People have many more options, and there's a lot of money available," she says.

**F**or a founder, being clear about intentions going in is crucial to picking the right option.

Five years before selling to L'Oréal, Ko brought on HCP & Co. as a minority investor with the purpose of aiding her in erecting a management team that would ultimately allow her to exit without an earn-out. "If you don't have a team in place, the company is completely dependent on you," Ko says.

Smashbox aligned with TSG on the way to its sale to Estée Lauder Cos. because former ceo and cofounder Dean Factor realized the brand needed support and funding. "We were a small but growing company," says Factor in a video for TSG. "We were at the stage where we almost kind of plateaued." He says TSG recommended Smashbox zero in on hero products in advertising and, the week after the first ad ran based on that recommendation, sales of the brand's primer surged 30 percent.

Deal-making is largely a commercial match-

making process. Good chemistry looms large. "The most important part is knowing from the beginning that the union is right. When you first meet, are you laughing at the same jokes? Do you find yourself explaining who you are to a room full of engaged people or do they appear to be making their DVR lists in their heads," Price says. "You know from 'hello' if it's right. You know and they will know if there should be a second, third and a fourth meeting. If it doesn't feel right in the beginning, chances are it will be awkward in the end."



**If the valuation isn't right from the outset you're going to struggle... and both sides are going to look for people to blame."**

# Suits

## The BUYER Side

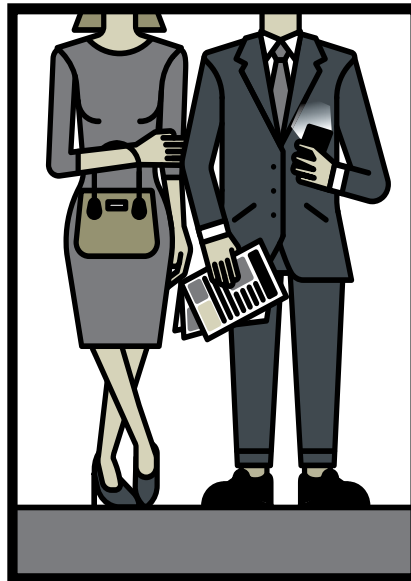
**In families across America,** micromanaging helicopter parents are giving way with the rise of free-range child-rearing methods. In the beauty industry, a similar dynamic is materializing. ¶ As a new generation of Indies ascends and gets snapped up by industry stalwarts like L'Oréal, the Estée Lauder Cos., Unilever and Coty, the process of integrating them into the larger organization has evolved considerably since the first wave of indie acquisitions in the Nineties. The new thinking: Hands off!

"We're fundamentally seeing something different than we saw years ago," says Andrew Shore, managing director of investment bank Moelis & Co. "The bigger companies have recognized that entrepreneurs shouldn't necessarily be assimilated overnight into large corporate monoliths. The large corporate companies have allowed the culture of smaller companies to exist, live and remain vibrant."

In other words, let indies remain, well, independent. Such an approach starts during the earliest days. At Smashbox, which Lauder purchased in 2010, the integration process began on Day One, but global general manager Beth DiNardo believes waiting a couple of months would have been wiser. "It is good to have 60 days to do nothing before you start doing anything," she says.

DiNardo arrived at Smashbox with the purpose of soaking up the company's customs rather than imposing Lauder's, a course of action advocated by chairman emeritus Leonard Lauder, who advised her to not have an opinion during her first 90 days at the brand. "He said, 'You don't know what you don't know.' In hindsight, it was brilliant advice," she says.

In retrospect, Melissa Shaban, founder and chief executive officer at investment and management firm Chrysallis Consumer Partners and former ceo of Frédéric Fekkai, believes Procter & Gamble shouldn't have absorbed the brand, which it bought in 2008, as rapidly as it did. "You sell to a strategic to position the brand for its next level of growth and development, but you have to be careful not to throw the baby out with the bathwater," she says.



"We had a six-month transition services agreement in place for most of our top executives, but it probably should have been longer. It's about having time to understand the brand, and where its strengths and weaknesses lie."

Figuring out what makes the culture tick—and not undoing that—is a chief concern. DiNardo focused on identifying and codifying Smashbox's 10 core values—"pave the way for creativity" and "make s--t happen" among them. "We made sure we were very conscious about living and breathing them," she says, noting the values were institutionalized in part by giving monthly rewards to employees embodying them. "The intention was to keep everything from the culture and make it even stronger."

Distance, both structurally and geographically, seems to be a winning solution. According to sources, Lauder is grouping its newest acquisi-

tions, including Le Labo, Glamglow and Frédéric Malle, into Estée Lauder Cos. Ventures. A source explains: "Lauder tells them, 'You are not going to be integrated until you reach a certain point in volume. They'll have to put budgets together and have strategy meetings, but it's not as rigorous as it is for the bigger brands in the company's portfolio.... They want to leave them alone as much as possible, at least for now.'" The source adds that, theoretically, "It is a lot easier to dispose of the brands if they are not fully integrated." Lauder declined to comment on Estée Lauder Cos. Ventures.

**A**t Unilever, recent acquisitions Murad, Dermalogica, REN and Kate Somerville have each kept their individual home offices and on a corporate basis are grouped together in the recently formed Prestige Division, which is helmed by senior vice president of prestige Vasiliki Petrou. Murad founder Howard Murad says that in the near term, Murad isn't being modified much. "What I'm doing is essentially the same as what I had been doing," he says.

Separation is important, says a source, stressing that the track record of mass companies running prestige brands is largely a losing one. "If they try to use the Unilever formula in mass for these brands, they will kill them and you will see them selling them off in five years. But, if they run them more [independently], they will work," says the source.

Whether it is location, technical know-how or social media expertise, the bottom line is acquirers want to save the components of a brand that make the brand what it is. "We list the things that will never change, the things that are open to change and the things that will change," says John Demsey, group president at Estée Lauder. "You have to have a really good understanding of the reasons you bought a brand and what made it special to you, and continue to ensure that you keep those things special."

To achieve that balance requires a strong leader with a foot in both worlds—the parents' and the acquired brands—who shields acquired brands from corporate practices that might not be suitable and reinforces to parent companies the consequences of force-feeding the brands those practices. Tim Warner, ceo of Urban Decay, views himself as a Secretary of State of sorts. "I spend a lot of time saying, 'We are not going to do it that way,'" he says. "We have to have conviction. Our experience shows this business model works. There is no reason to dismantle it."

Warner also spends a great deal of time meeting with peer brands at L'Oréal. He says, "We almost have somebody full-time creating decks for various presentations to corporate and other countries."

In fact, that kind of entrepreneurial mind-set is one of the vital assets of an acquisition. "Acquirers want to ensure the secret sauce of the business survives," says Shaun Westfall, managing director of consumer investment banking at Piper Jaffray. "They have changed their approach. They are learning from the businesses they are acquiring because those businesses are quick to spot new trends." ■

# Shake It Up

When the NPD Group broadened its coverage of prestige beauty to include specialty, e-commerce and electronic retailing, the impact was seen immediately. Here, *WWD Beauty Inc* looks at the leaders, by category, in the classic prestige channels versus the leaders in today's expanded marketplace.

PRESTIGE  
DEPARTMENT  
STORES

Fine and traditional department and specialty stores, including Sephora, and the related e-commerce sites.

TOTAL  
MEASURED  
MARKET

Includes Sephora Inside JCP, Beauty Brands, Ulta, other specialty channels; e-commerce sites including Amazon and Beauty.com; TV Home Shopping incl. QVC and HSN; midtier dept. stores including Kohl's, Sears and the Military.

## SKIN CARE

\$3.1  
Billion

2011

1. Clinique
2. Estée Lauder
3. Lancôme
4. Shiseido
5. Crème de la Mer

\$5.2  
Billion

2014

1. Clinique
2. Estée Lauder
3. Lancôme
4. Clarisonic
5. Philosophy

## MAKEUP

\$3.6  
Billion

2011

1. MAC
2. Clinique
3. Lancôme
4. Estée Lauder
5. Chanel

\$6  
Billion

2014

1. MAC
2. Clinique
3. Lancôme
4. Bare Escentuals
5. Urban Decay

## WOMEN'S FRAGRANCE

\$2.1  
Billion

2011

1. Chanel
2. Estée Lauder
3. Calvin Klein
4. Dolce & Gabbana
5. Donna Karan

\$2.6  
Billion

2014

1. Chanel
2. Estée Lauder
3. Philosophy
4. Dolce & Gabbana
5. Calvin Klein

## THE SURGE

**BRANDS NEW TO THE TOP 20:** ● MAKEUP: Tarte (13), It Cosmetics (14), Too Faced Cosmetics (15), Anastasia Beverly Hills (17), Stila Cosmetics (18)  
● SKIN CARE: Wen by Chaz Dean (8), Peter Thomas Roth (15), Murad (16) ● WOMEN'S FRAGRANCE: Philosophy (3), Viktor & Rolf (15), Michael Kors (17)



sense provocateurs

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CHANEL

COCO MADEMOISELLE

