



## DIVING DEEP

L'OREAL-OWNED BRAND BIOTHERM PLUMBS THE WORLD'S OCEANS FOR NEW INGREDIENTS. PAGE 6



## CHOOSING KHAKI

LARSEN MACCOLL PARTNERS TAKES A MAJORITY STAKE IN U.S.-MADE BRAND BILLS KHAKIS. PAGE 11

# WWD

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# In the Mood

Procter & Gamble apparently misses the days when commercials for its Herbal Essences hair-care brand showed a woman swooning “Yes, yes, yes” in an airplane bathroom. In February, Herbal Essences will reintroduce two of its classic ranges — the Smooth Collection and the Shine Collection — housed in the brand’s trademark Nineties packaging. “These are the perfumes inherent to what really spoke to the consumer,” said Walter Geiger, vice president and general manager North America Hair Care. Although details have not been revealed, the brand will unveil its first national ad campaign — said to make a nod to its predecessor — at the Grammys on Feb. 10. For more, see page 7.

PHOTO BY ROBERT MITRA; STYLED BY SHARON BER

### FROM THE EAST

## Chinese Brands Eye Western Markets

By LARA FARRAR

SHANGHAI — When it comes to fashion in China, the focus tends to be on foreign brands entering the market and quickly expanding here. They tend to overshadow China’s own crop of homegrown brands — some of which have thousands of stores but practically no name recognition internationally.

That is starting to change. Just this year, Bosideng, a massive Chinese outerwear brand, opened its first international store in London. Also this year, LVMH Moët Hennessy Louis Vuitton-backed fund L Capital Asia and other investors snapped up a minority stake in Chinese contemporary clothing company Trendy International Group. Earlier this month, French conglomerate PPR said it had acquired a majority stake in Chinese fine jewelry brand Qeelin. Meanwhile, Chinese fast-fashion giant Metersbonwe is considering entry into the North American and European markets.

In many cases, Chinese textile manufacturers “who cut their teeth” making apparel for Western retailers decided to start their own fashion lines for the domestic market, according to Torsten Stocker, a Greater China partner at the consulting firm Monitor Group.

These players were able to expand at breakneck speed by working with diverse networks of distributors, franchise partners and business partners. “Basically, [the brands] didn’t have to invest their own capital,” Stocker said. “That is how they managed to scale up so quickly.”

Yet many say there are signs that the initial boom for domestic retailers is coming to an end, especially as consumer tastes become more sophisticated, exposure to foreign brands in smaller cities increases and China’s economic growth slows.

Now simply opening stores and selling products does not work. “Very few have merchandisers who

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## ‘Cliff’ Hits Confidence

By VICKI M. YOUNG

As 2012 gets ready to close, confidence over a quick resolution to the fiscal cliff weighed on investors and consumer sentiment.

The Volatility Index has been rising higher as the Dec. 31 deadline approaches for when the U.S. heads over the fiscal cliff. The VIX, based on index option prices, is sometimes referred to as the fear index and represents an expectation of the stock market’s volatility over the next 30 days. On Thursday the VIX rose to 19.47, compared with 15.87 at the end of November.

If nothing is done, expect automatic tax increases and deep spending cuts that were agreed upon as part of the debt ceiling deal reached in 2011. This combined duo is expected to trigger a recession, although lawmakers can still work out a deal early in 2013 and make retroactive changes to the tax and spending laws scheduled to go into effect at midnight on Dec. 31.

There was debate Thursday on what President Obama, who cut short his vacation in Hawaii, intends to do to avoid some of the tax hikes and spending cuts. While Republicans said they were expecting details on a new, scaled-back plan that would be sent to Congress to get the parties negotiating again, the White House dampened that speculation, stating there are no plans to send a proposal to Capitol Hill. The Senate is back in Washington and the House will reconvene Sunday.

Earlier in the day, Sen. Majority Leader Harry Reid (D., Nev.) expressed doubt that a deal could be reached before the upcoming deadline, which sent

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# beauty

## Biotherm Taps the Globe for New Ingredients

By JENNIFER WEIL

PARIS — Biotherm is going deeper and deeper.

The L'Oréal-owned brand, which turned 60 this year, is revisiting its origins in the life aquatic by plunging into waters around the globe in search of new active ingredients.

"What we're doing is not a revolution but more of an evolution," explained Patrick Kullenberg, general manager of Biotherm International. "We're really trying to get back to our roots."

French biologist Jeanine Marissal founded the brand in 1952 after putting mineral waters containing thermal plankton from Molitg-les-Bains, France, into beauty products for at-home use. Those springs had long been reputed for treating skin concerns.

"The Gallo-Roman warriors would go there to soothe their wounds," said Kullenberg, adding that thermal plankton from deep in the Pyrenees, which has always been part of Biotherm product formulation, also protects and helps regenerate skin cells.

Since 1994, Biotherm has had a biotechnology center in Tours, France, which utilizes bio-extraction and bio-fermentation on plankton for skin care.

"So using our knowledge of that, we wanted to look into other aquatic ingredients that could be complemented with the plankton to bring us more efficacy," said Kullenberg, explaining it could come from any of the world's waters — such as oceans, lakes or springs. "It is a vision for the next chapter in the brand."

In step with the new positioning, Biotherm changed its tag line to read: "Beauty from the Deep."

"We say it is from the depths of living waters to the depths of the skin," he explained in an interview. "It represents

our vision of skin care, which is going deep to find new ingredients, working deep in the skin but also a holistic approach to beauty."

The Blue Therapy antiaging line is the major launch recently spring-boarding from Biotherm's new platform. Its products contain Aphanizomenon flos-aquae derived from an alga sourced from Upper Klamath Lake in Oregon; Laminaria ochroleuca, an extract of macro-algae from the Celtic sea, and Biotherm's Pure Thermal Plankton from the French Pyrenees. Together, the algae extracts are billed to be able to multiply each other's action on five major aging markers.

The Blue Therapy line, which already has a serum and a day cream, is to include an eye cream early next year. According to industry-source estimates, Blue Therapy will generate 35 million euros, or \$46.3 million at current exchange, in first-year retail sales globally.

Among the debut Biotherm products to associate thermal plankton with another aquatic microorganism was Aquasource Nuit, which was added to Biotherm's best-selling Aquasource line. To obtain a deep moisturizer for nighttime use, the brand has used P. Antarctica, microorganisms from Antarctica. In the glacial waters, P. Antarctica releases a glyco-protein that protects its own sort of cellular water, like an antifreeze. In skin care, it's said to provide long-lasting hydration even in very small concentrations.

Targeting women with adult skin imperfections is the Pure.Fect Skin franchise, which came out in May. The products' formulation contains the extract of a hardy alga called Laminaria digitata, which secretes a natural antibacterial ingredient.

Links to aquatic themes also extend

to the Eaux line, which includes eaux de soïn, products like a fragrance with moisturizing benefits. The newest addition — Océane — is meant to be reminiscent of a walk by the sea.

Meanwhile, the Internet plays an increasingly important role for Biotherm, whose e-tail business is growing twice as fast as its brick-and-mortar activity. As such, it has focused on developing stronger platforms combining a good retail experience and brand-related content, according to Kullenberg.

Biotherm's Internet sites were revamped in 2012. He described the one for Biotherm Homme men's products as "sort of a light version of an e-commerce site, which you can also access from mobile devices."

Biotherm's Live Like A Man platform is lifestyle oriented.

"It taps into the no-fuss, no-nonsense lives of modern men that want easy products that deliver and fit in with their 'live life to the fullest' approach," said Kullenberg.

The reworked Biotherm site for women has already gone live this year in some countries, like France with biotherm.fr, while the updated version will follow elsewhere in the first half of 2013.

The brand's product packaging underwent a makeover, including a thinner signature wave "to bring a little more depth, a little more femininity," continued Kullenberg. Its merchandising units were updated, too, to give a notion of water, and new advertising campaigns bring product formula ingredients into the fore.

Biotherm in September launched its "Water Lovers" charity platform to help protect water sources around the globe.

Today, the brand's two major geographic markets are Europe, especially

Northern Europe and Spain, and Asia, particularly Korea and China.

"In both of those regions, we're the number-five skin-care brand overall," said Kullenberg.

Biotherm spies big opportunities in Asia, due to its large size, speedy growth and inherent sophistication when it comes to skin care. Already today, Biotherm's facial-care business in Asia is larger than in Europe.

In Asia, Biotherm offers some body and facial treatments in its freestanding locations and department stores.

"I think it's definitely an area to pursue with the brand, because we're about efficacy and pleasure," said Kullenberg, who added makeup products linked to skin care, such as foundation and mineral makeup, are possibilities, but not in the immediate future.

In North America, where Biotherm is sold in the United States via e-commerce, Biotherm is "an important player in Canada," continued Kullenberg.

Product category-wise, Biotherm Homme ranks first worldwide among men's selective skin-care brands. Biotherm's men's treatment activity, which began in 1985, is growing by double digits in many markets.

Biotherm places second globally in body care, and it was the sixth-largest skin care brand in 2011.

While Biotherm executives would not discuss sales figures, industry sources estimate the brand's business has been growing revenues by single digits and that its annual retail sales are 450 million euros, or \$595.4 million.

Biotherm's new platform, according to Kullenberg, can "move us from being the leading hydrating specialist to a strong skin-care player that's able to offer more advanced and more valorized skin solutions."



An Aquasource Nuit product from Biotherm.



Pure.Fect Skin hydrating gel.

## Kate Somerville Sets Sights on Korea

By JULIE NAUGHTON

KATE SOMERVILLE plans to kick off 2013 by entering South Korea and launching a slew of new products.

Somerville is working with Spruce Korea to enter the market in early 2013. According to Somerville chief executive officer Michelle Taylor, the overall Korean department store industry generates sales of well over \$2 billion annually, making it a natural expansion target.

"We already have a presence in Australia, New Zealand, Singapore and Malaysia," said Somerville. "Now, for Korea, we have a partner who not only has incredible experience and knowledge of the industry, but also a complete understanding of what luxury means."

Cliff Park, chief executive officer of Spruce, and Jennifer Park, president, also oversaw Fresh's entry into the Korean market 10 years ago, Taylor noted. Fresh is now said to generate \$30 million at retail in

South Korea annually.

In January, the brand will launch D-Scar Diminishing Serum, \$45 for .66 oz. Powered by DS-7, a microencapsulated peptide that's said to be essential to the skin renewal process, the product is designed to minimize the appearance of acne scars and scars occurring from minor injuries. It will be carried at Neiman Marcus, Nordstrom, Sephora, katesomerville.com and at Somerville's clinic in Los Angeles. Industry sources estimated it would do about \$2 million retail in its first year on counter.

Also in January, Somerville will launch RetAsphere 2-in-1 Retinol Night Cream, \$85 for 1 oz. Its signature ingredient, the RetAsphere Smart-Release Carrier System, is designed to protect pure retinol in a lipid shell that melts evenly into the skin, helping prevent irritation and dryness. The delivery system

One of the new products.

is also said to penetrate deep into the epidermis, to help diminish the look of fine lines and wrinkles. Seaweed Extract, with bio-derived hyaluronic acid, assists in sustained hydration. It will be sold on QVC and in Neiman Marcus, Nordstrom, Sephora, luxury spas, doctors' offices, katesomerville.com and Somerville's clinic in the U.S., as well as in Singapore, Malaysia and Canada. Industry sources estimated it could do \$4 million at retail in its first year on counter.

Somerville's third January launch, Body Glow, will retail for \$45 for 5 oz. Its key ingredient, SolarX Complex, is said to provide broad spectrum protection against the damaging aging effects of UVA and UVB rays. Rosemary Extract offers antioxidant properties that help to fight free radicals, while caffeine is said to refine texture, improve tone, contour, and firm the appearance of skin. Light Reflective Pearls provide a soft shimmer said to minimize the appearance of skin imperfections. It will be carried at Neiman Marcus, Nordstrom, Sephora, luxury spas, katesomerville.com and Somerville's clinic and could do \$2 million at retail in the U.S. in its first year on counter.

## Neil Katz Signs Deal With Miss Universe

By KRISTIN LISI

EXPANDING BEYOND pageantry, the Miss Universe Organization has signed a fragrance license with Neil J. Katz and his Omni Scents organization.

Set to launch in August — in time for the back-to-school shopping season — a trio of women's scents will be available. The scents, inspired by the Miss Universe, Miss USA and Miss Teen USA contests, will be the first of an annual series of fragrances.

Focusing on "modern perceptions of beauty," the global release will be the first license to launch from Omni Scents, Katz said. "Miss Universe fragrance collection will, we believe, resonate with women all over the globe who look to each contestant as a representative of what every girl dreams of becoming — beautiful, talented, a winner in every sense," said the Omni Scents founder and president. "Truly, this is a fragrance concept that captures aspirational glamour, as it appeals to every girl who wants to feel confidently beautiful."



Olivia Culpo, Miss Universe 2012.