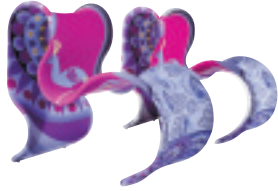
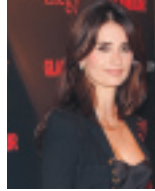




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Women's Wear Daily • The Retailers' Daily Newspaper • August 7, 2008 • \$2.00

WWD THURSDAY

Sportswear

Tag, You're It

Christian Francis Roth is back. A fashion darling of the early Nineties, Roth is trying to make his mark again with a contemporary spring collection called Francis by Christian Francis Roth, inspired by high school cliques. Here, in a nod to downtown kids, his washed silk charmeuse graffiti-appliquéd T-shirt dress. For more on Roth, and a story on Erin Wasson's new line, see pages 6 and 7.

Riding Over the Divots: Polo Beats Downturn, Raises 2009 Guidance

By Vicki M. Young

Discipline is paying off for Polo Ralph Lauren Corp.

Increasing control over the distribution of its products and tight cost controls are enabling the company to buck the global economic downturn, evidenced by a 7.8 percent jump in first-quarter profits and an increase in full-year earnings guidance. The growth was driven by Polo's own-retail operations and sales at higher profit margins.

Ralph Lauren, chairman and chief executive officer, said worldwide acceptance of Polo's brands has been "supported by our continued investment in advertising, marketing and public relations, including high-profile events such as Wimbledon and the Olympics. Our status as one of the world's few truly global

See *Riding*, Page 15

L I F E S T Y L E monitor™

A weekly update on consumer attitudes and behavior based on ongoing research from Cotton Incorporated

THAT '70S FLOW

Hot for Summer, Jumpsuits and Maxi-Dresses Are Eyed as Hits for Resort

Add two more pieces to the current '70s redux: jumpsuits and maxi dresses. The trial balloons for these items floated well this season, which means the new takes on these Me Decade looks should see wide appeal for resort on into spring/summer of 2009.

Ironically, the last time these two items were popular – and when the buzz word was *caftan* – the U.S. was experiencing a recessive economy, an oil crisis, a protracted war and dissatisfaction with the presidential administration. Perhaps now, as then, the styles represent a mental diversion: a hippie, beach vibe for the maxi dress, and a Studio 54-style, dance-your-troubles-away feel for the jumpsuits.

There are caftan maxis, which generally are more shirt-like on top with long sleeves, but for resort, the looks are primarily strapless, halter- or tank-top styles.

And rather than simply channeling *The Mary Tyler Moore Show*, the modern jumpsuits and maxis are resoundingly fresh – which is extremely important, since 67% of women seek new and different styles for their typical clothing purchases, according to Cotton Incorporated's *Lifestyle Monitor*™. Among young women ages 13 to 24, a whopping 78% are looking to buy "new and different" clothes, rather than merely replace their current styles. Compare that with men, 63% of whom are merely replacing their current items when they shop.

The Doneger Group's Roseanne Morrison, fashion director, says both styles – long sleeves or no sleeves – are poised for growth. "The jumpsuit is now appearing on celebrities, which is a good indicator for success," she asserts, saying it's an "advanced" look for the forward-thinking customer now. But in a year the look will explode as an option for at-home entertaining and evening events, as well as for true resort wear in warm climates. As for the maxi dress: "It will be explosive for spring/summer with the scene 'maxed out' on the streets next summer for both beach and street wear."

Victoria's Secret is expecting big things from both items, says Denise Schramm, senior vice-president, GMM of clothing for Victoria's Secret catalog.

"We noticed the emerging style is the more flowy jumpsuit inspired by the maxi dress – and we're showing it in wovens and prints in cotton," Schramm says. "In the past, our jumpsuits were more of a knit beach cover-up. So we're introducing a new, more diverse product offering for November into January."

Punctuating a familiar look with new style is key to driving sales. The *Monitor* finds the majority of females, 51%, cite "style" as a factor that's important to the purchase of a garment. And at 61%, 13 to 24 year olds are more likely to find style important to the garment purchase than any other age group. Among women whose household income exceeds \$75,000, 56% seek out stylish items, more than women in other income categories.

Schramm says that the fresh fashion in this summer's crop of maxi dresses has meant extraordinary sales for Victoria's Secret, something that Schramm expects will continue.

"They're a natural – comfortable, sexy and chic all at the same time," Schramm says. "The maxi started as a fashion trend this season, but will be more mainstream and still have tremendous appeal next spring. We're banking on it."

RevolveClothing.com has also seen good sales for its jumpsuits and maxi dresses, says Joyce Vincente, spokesperson.

"Maxi dresses are tied to a 'Summer of Love' feel, but they are great for resort wear as well. They're the perfect vacation piece," Vincente says. "RevolveClothing will have a wide selection of maxi dresses on our site for this winter."

If maxis take off as expected, the dress category will continue its streak as the darling of the women's business. NPD Fashionworld's AccuPanel reports purchases of dresses increased 17% from the first quarter of 2007 to the first quarter, 2008. Dollar sales of dresses increased 18% from the same period.

TJ Maxx had an "extremely strong" spring with maxi dresses, says Laura McDowell. "Customers really responded to them," she says. "We have them in stores now in transitional colors."

Morrison says the maxi works because it's a perfect warm weather style, and the current hippie trend underscores the need for free, flowing dresses.

Alison Deyette, style expert and founder of AliOnTheGo.com, says she expects the maxi to take off next spring.

"I recently went to a party in L.A. for artist Todd Goldman, and there were at least 10 celebrity girls (including Paris Hilton) wearing a maxi dress, so I think it's a trend that will stay at least a year or more," Deyette says. "It will win out over the jumpsuit because it suits pre-teens as well as women into their 40s. I have a cotton one from

Max Azria that I can wear with sandals at a picnic as an alternative to shorts and a tee."

Vincente says that, like the maxi, jumpsuits can be dressed up or down, depending on the fabric, cut and style. "They can be glammed up with heels and accessories. Cotton jersey works well for breezy daytime looks."

Upcoming, Vincente says jumpsuits will continue in darker colors, while maxis will lean toward fun, bold colors and patterns. "For maxi dresses, think cruise ships along the Italian Riviera. For jumpsuits, think Studio 54."

This story is one in a series of articles based on findings from Cotton Incorporated's Lifestyle Monitor™ tracking research. Appearing Thursdays in these pages, each story will focus on a specific topic as it relates to the American consumer and her attitudes and behavior regarding clothing, appearance, fashion, fiber selection and many other timely, relevant subjects.



"The maxi ... will be more mainstream and still have tremendous appeal next spring. We're banking on it."

—Denise Schramm, Victoria's Secret

Women's Typical New Clothing Purchases					
	All Ages (average)	13-24	25-34	35-55	56-70
Buying new and different clothes	67%	78%	74%	61%	55%
Replacing your current style	32%	21%	25%	38%	44%

WWD THURSDAY

Sportswear

Seven For All Mankind



FASHION

6 Christian Francis Roth is back with a spring collection under the Francis by Christian Francis Roth label and he hasn't lost his sense of fun.

GENERAL

- 1** Polo Ralph Lauren Corp.'s first-quarter profit increased 7.8 percent to \$95.2 million, as revenues spiked 4 percent to \$1.11 billion.
- 10** DENIM: Seven For All Mankind will open its first flagship today in New York, aiming to expose its full product array to a global market.
- 12** BEAT: There was a local flavor to the recent Intermezzo trade show in New York, as high airfares apparently kept out-of-town buyers away.
- 13** LETTERS: Lenox Square is becoming "Denim Lifestyle Central" in Atlanta, as brands open stores to grab the city's denim-loving audience.

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CORRECTIONS

• The necklace, at right, is the Lesotho Promise, a 223.5-carat necklace featuring 26 diamonds unveiled in Monaco last week by Graff. The necklace shown on page 5, Tuesday, was the Flame, a 100-carat necklace also by Graff.

• Sandwich produces garments in Europe and Asia and manufactures the brand Stills. Veldhovet Retail USA is introducing the brand to the U.S. and Sandwich operates units in 25 countries. This was incorrect in a story on page 32, Monday.



DAILY QUOTE "It's amazing, the cash flows that we now generate."

— Roger Farah on Polo Ralph Lauren's first-quarter results. Page One.

TODAY ON WWD.COM

▼ Models in "Rothola" crayon dresses, fall 1990.



PHOTO BY KYLE ERIKSSON

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- Global Breaking News
- Christian Francis Roth's Notable Nineties Looks
- Eye: More Pix From 'Movie Night'
- Blogging on Calvin Klein's Racy Ad History

MOST VIEWED

- Calvin Klein's Latest Controversy
- Obama Press Tour
- Industry Digests
- Mervyn's Bankruptcy
- Fashion's First Aid Kit
- First Look, The Blending Begins, Posh Night

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Carlyle Takes Stake in Moncler

By Andrew Roberts

MILAN — Who said private equity deals are dead?

The Carlyle Group said Wednesday it had agreed to acquire a 48 percent stake in Moncler SpA, the holding entity of the Moncler Group, which manufactures high-end sportswear under the Moncler, Henry Cotton's, Marina Yachting and Coast, Weber & Ahaus brands and holds the license for Cerruti.

Financial terms of the deal were not disclosed, although a spokesman for Carlyle said Moncler's total enterprise value stood at 460 million euros, or \$713.7 million at current exchange.



Looks from Moncler.

Moncler chairman Remo Ruffini will continue to lead the company and maintain his 38 percent holding, while shareholders Mittel Private Equity, Progressio Sgr and ISA SpA will reduce their combined 61 percent stake to 13.5 percent and Moncler management will halve theirs to 0.5 percent. The transaction is expected to close by the end of the year, subject to regulatory approval.

"Moncler is a historic sport luxury garment brand that has returned to play a relevant and prestigious role in the market," Carlyle managing director Marco De Benedetti said. "Moncler succeeded in its development thanks to the unique talent and extraordinary job of Remo Ruffini, of all the management team and to Mittel's support in the last years. Starting from today, as shareholders of the company, we will support Moncler with strategic vision and the means necessary to maximize the important global development opportunities for Moncler and the other brands of the group."

Ruffini took a majority holding in Moncler in 2003, while Mittel, Progressio and ISA invested in the company two years later. Together, they increased Moncler's turnover by 17 percent annually, last year generating net profits of 18 million euros, or \$24.7 million at average exchange, on revenues of 253.7 million euros, or \$347.8 million — 40 percent of which came from outside Italy. For the current year, consolidated sales are projected to hit 290 million euros, or \$450 million at current exchange, while earnings before interest, taxes, depreciation and amortization are set to exceed 50 million euros, or \$77.6 million.

"I am grateful to my shareholders for their support received through these years of hard work in relaunching Moncler," Ruffini said. "I am now very enthusiastic to have Carlyle as a shareholder to face the new challenges of growth together."

Carlyle, which lost out to Permira for Valentino Fashion Group SpA last year and which is believed to have tabled an unsuccessful bid for Roberto Cavalli SpA in July, made the investment in Moncler via its third pan-European buyout fund, the 5.35 billion

euro (\$8.3 billion) Carlyle Europe Partners III, which closed in 2007.

Moncler distributes its products in high-end shops and department stores in Italy and globally, and through six own-brand boutiques in Crans sur Siere and St. Moritz in Switzerland, Paris and Megeve in France, and Courmayeur and Cortina d'Ampezzo in Italy. Further Moncler-branded boutiques are slated to open in the next 12 months in Milan; Gstaad, Switzerland, and Aspen, Colo.

Marchpole in DKNY Men's Deal

By Nina Jones

LONDON — Marchpole Holdings plc, the London-based brand management group, has entered into a joint venture and strategic licensing agreement with Donna Karan International Inc. to source, design, produce and distribute a range of DKNY men's wear.

Marchpole said DKI, part of LVMH Moët Hennessy Louis Vuitton, would be actively involved in the venture.

The British company will initially offer the DKNY Black Label men's wear line for spring, with the possibility of producing further men's wear lines for the label in the future. The agreement is for an initial period of seven years, with the option to extend it for another seven years. Marchpole did not disclose the financial terms of the deal. Marchpole, which also holds the license for Emanuel Ungaro men's wear and owns the fashion house Jean Charles de Castelbajac, will distribute the DKNY Black Label line in North America, Europe, Africa, the South Pacific, Asia and the Middle East.

The Black Label line is targeted at the bridge market and comprises suits through outerwear. Marchpole said the collection will be offered to department and specialty stores, alongside DKNY's retail network and 60 of its freestanding stores worldwide.

"This joint venture reflects our ongoing commitment to expanding our men's product lines, and marks the next step in the evolution of our business," said Mark Weber, chairman and chief executive of DKI. "We have been keenly aware of the real opportunity that exists to build the DKNY brand and capture the enormous potential in the men's bridge market."

The two companies have formed a new business, called Newco, to carry out the joint venture. Initially, 90 percent of Newco will be owned by Marchpole and 10 percent by DKI. The U.S. company has the option to increase its stake in Newco to up to 20 percent within the first seven years of the agreement. Weber will sit on the board of Newco, as will Tisha Kalberer, chief financial officer of DKI. Kalberer will have a nonvoting position on the board.

Sales and Earnings Increase At Beiersdorf Consumer Arm

BERLIN — Second-quarter sales for Beiersdorf AG's consumer division rose 7.8 percent, while earnings before interest and taxes, excluding special factors relating to the realignment of the consumer supply chain, rose 3 percent.

Excluding special factors, EBIT at the consumer division, which includes Nivea, La Prairie, Juvena, Labello, Florena, Eucerin and other brands, as well as Curad and Curitas plasters, hit 172 million euros, or \$268 million, for the quarter.

The division generated sales of 1.35 billion euros, or \$2.1 billion at average exchange, for the quarter.

Global Nivea sales rose by 10.4 percent in the first six months, driven by Nivea deodorant, Nivea Hair care and Nivea for Men. Eucerin and La Prairie also achieved double-digit growth in the first half of the year.

The Hamburg-based group said "business in Germany is back on a growth path in a difficult market." First-half sales in Germany were up a nominal 0.6 percent and up 4.5 percent in the rest of Western Europe. Eastern Europe boosted sales 19 percent.

The integration of the C-BONS hair care business in China is proceeding on plan, and the company said it is making "substantial" marketing investments to support the brand.

In the U.S., Beiersdorf has shifted its focus to selected Nivea and Eucerin ranges. In the first half of 2008, currency adjusted sales for the consumer division were up 1.2 percent — strong performance

by Nivea body, Nivea for Men, Eucerin and La Prairie helped to offset the phaseout of Nivea Visage.

For the full year, Beiersdorf continues to expect organic growth of more than 8 percent for the consumer division. The group is forecasting especially strong growth in China, Russia, Brazil and India. The EBIT margin is expected to increase further, but EBIT growth will be dampened by additional marketing expenses for C-BONS in China.

— Melissa Drier

BEAUTY BEAT

Henkel Profits Drop, Shares Up

BERLIN — Despite plummeting second-quarter profits, Düsseldorf-based Henkel said it has managed to deal with rising raw material costs and reported a sales increase, sending its shares up 4.5 percent to close at 27.44 euros, or \$42.29 at current exchange, on the Frankfurt Stock Exchange Wednesday.

Quarterly results were impacted by restructuring charges that totaled 256 million euros for the quarter, or \$400.2 million at average exchange, which sent net earnings down 83.8 percent to 38 million euros, or \$59.4 million. Operating profits decreased by 66.7 percent to 113 million euros, or \$176.7 million. However, after adjusting for restructuring charges and one-time gains and charges, earnings before interest and taxes rose by 7.8 percent to 372 million euros, or \$581.6 million.

Henkel's beauty division, which comprises skin, body and hair care, including the Schwarzkopf and Dial brands, saw strong growth in Eastern Europe, Latin America and North America.

Cosmetics sales for the quarter rose by 1.2 percent to 779 million euros, or \$1.22 billion, with sales growth of 5.8 percent after adjusting for foreign exchange. Operating profits rose 2 percent to 99 million euros, or \$154.8 million, an 8.3 percent gain on a currency adjusted basis.

"We achieved highly encouraging second-quarter organic sales growth, despite a difficult economic environment still characterized by significantly increasing raw material costs and a weak U.S. dollar," said Henkel chief executive officer Kasper Rorsted, adding that an efficiency enhancement program, which aims to maintain competitiveness and involves cutting 3,000 jobs, will continue. The group aims to generate annual savings of 150 million euros, or \$231.2 million at current exchange rates, starting in 2011, and, for this year, savings of 30 million euros, or \$46.2 million.

— Damien McGuinness

CEW Teams With Boots for Beauty Awards

LONDON — Cosmetic Executive Women (U.K.) is trying Boots on for size.

The nonprofit beauty trade association has inked a deal with British pharmacy chain Boots' e-tailing Web site, boots.com, to sponsor its 2009 Beauty Awards. Boots.com will create a freestanding "Beauty Winners" Internet shop, where finalists and winning products in mass market categories chosen as part of the annual event will be featured and sold. The retail offer could potentially extend to prestige brands, too, according to a CEW (U.K.) spokeswoman.

"We have watched [the CEW (U.K.) Beauty Awards'] development over the last three years and we feel it is timely for us to become involved because we are refreshing our online beauty site," stated Celeste Sinclair, beauty buyer for boots.com. "This not only fulfills CEW's desire to have a partner that can retail the mass [market] winning/finalist brands, but, opens the door to profile the complete winning collection together — both mass and prestige — something CEW (U.K.) has worked toward."

CEW (U.K.) also has signed on Global Radio's portfolio of radio stations as a partner for the 2009 awards. The partnership deal will include CEW (U.K.) being involved in working on editorial content.

The 2009 CEW (U.K.) Beauty Awards will open for product entry in September and its winners will be announced in April.

— Brid Costello



Kasper Rorsted

Barneys Plans for a Peace-Full Holiday

By Sharon Edelson

NEW YORK — Barneys New York is going psychedelic for holiday, with lots of peace and love thrown in for good measure.

The store has taken the decade of the Sixties as the inspiration for its holiday decorations, promotions and exclusive products. Barneys is tapping into what's already a strong national vibe, from the Kennedy-esque presidential candidacy of Sen. Barack Obama to the hit cable show "Mad Men," set in the Sixties advertising world, to the upcoming revival of the Broadway musical "Hair."

"Peace and Love: Have a Hippie Holiday," the retailer's counterculture rallying cry of a tag line, may seem a bit incongruous for a luxury store. After all, hippies weren't concerned about keeping up appearances when they were living in communes, advocating free love and experimenting with drugs. But Barneys' Sixties theme isn't meant to be taken literally. "There's a bit of poetic license here," said the store's creative director Simon Doonan, adding he chose the era because "it's very broad and very inclusive. I'm very glad we have a theme with such a broad reach because it's going to be a very challenging holiday for retail."

“There’s more merchandise related to the Sixties and peace signs than ever before. Sometimes I inflict a theme on them that’s unwieldy.”

— Simon Doonan, Barneys New York

As it does every year, Barneys sourced exclusive merchandise tied to the theme. There's a lacquered wood backgammon board with psychedelic designs; a pair of peace and love ornaments by Jonathan Adler; a Fornasetti plate with a gold peace sign; Valextra peace sign key chains; Jennifer Meyer pendants spelling "Save the Planet," "Peace" and "Love"; Barneys peace sign umbrellas and organic tote bags, and tie-dye Converse All Stars high-tops.

Flower Children may feel uneasy about Barneys slapping peace signs and Smiley faces on everything from jewelry to cookies, not to mention Fendi's exclusive large parchment baguette (\$2,090) with peace sign key chain (\$190), but by now many of them remember more about Yuppies than Yippies.

Loomstate for Barneys New York Green recycled T-shirts with peace signs, \$84 to \$98, tie into Sixties' ideals, but Julie Wolfe's hammered 18-karat gold peace sign necklace, \$2,750, and Abraxas Rex's 18-karat gold surf pendant on a leather cord, \$2,875, are purely decorative.

"This is just the tip of the iceberg," Doonan said of the products. "We are reaching out to all of our designers and asking them to create a peace sign dress." He named Balenciaga, Lanvin, Phillip Lim and Alexander Wang as among those the retailer has contacted. "Their mandate is to create a dress honoring the 50th anniversary of the peace sign," Doonan said. "They're going to be very responsive."

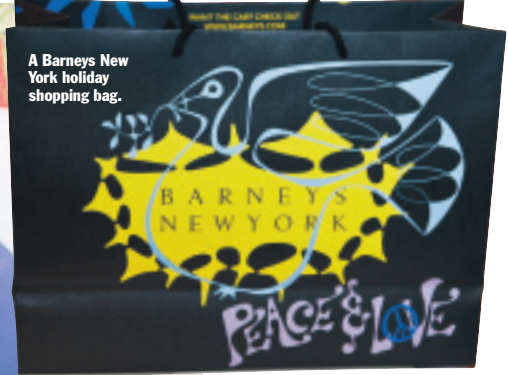
The creative director said Barneys' buyers and merchants have responded enthusiastically to the theme. "There's more merchandise related to the Sixties and peace signs than ever before," he said. "Sometimes I inflict a theme on them that's unwieldy."

Barneys is giving another Sixties icon star billing. The retailer partnered with Volkswagen of America to create a custom Beetle, painted by artist John-Paul Philippe with stylized flowers, peace sign, dove and abstract shapes. The car will be featured in windows, on shopping bags, holiday mailers and gift cards. It will be sold via a raffle, with the \$100 tickets available on Barneys' Web site and in its stores beginning Nov. 10. Proceeds will benefit the Volkswagen Carbon Neutral Project. "The Barneys consumer is very much in tune with the Volkswagen customer and is very environmentally conscious," said Laura Soave, general manager of marketing for Volkswagen.

Where once the primary focus was its store windows, Barneys has expanded the

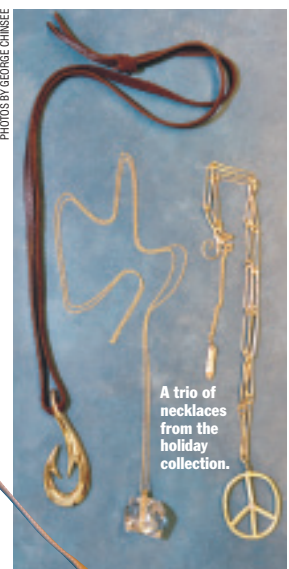


Simon Doonan



A Barneys New York holiday shopping bag.

PHOTOS BY GEORGE CHINISE



A trio of necklaces from the holiday collection.



Fendi designed this baguette with a peace sign key chain.

scale and breadth of its holiday campaign in recent years. "I've seen us go from being completely oblivious to the holidays to [this]," Doonan said. "In the last few years we figured out how to make it a more macro experience."

In preparation for a groovy Barneys holiday, Doonan read books such as Tom Brokaw's "Boom!" and "Girls Like Us: Carole King, Joni Mitchell, Carly Simon — And the Journey of a Generation," by Sheila Weller.

During a recent tour of the Barneys design studio, giant peace signs that looked like huge hamster wheels were being assembled from strips of poplar wood. The props will be decouped with vintage album covers from Jimi Hendrix, The Doors and Jefferson Airplane before they're installed in Barneys stores. Doonan showed off inspiration boards for two windows, one, an homage to black light, with the message, "Turn On! Tune In! Drop Out!" The other will be devoted to women of the counterculture including Janis Joplin, Joni Mitchell, Grace Slick, Melanie and Joan Baez.

And now that this holiday is under way, the Barneys creative director already knows what the theme of holiday 2009 will be. "It will be 'A Witty Holiday' with everyone from Dorothy Parker, James Thurber and Oscar Wilde to Tina Fey and Jerry Seinfeld," he said. "Remember, 'Taste, Luxury, Humor,' [Barneys' tag line]. Humor is as nonelitist as the counterculture."

Looks from Francis by Christian Francis Roth.



Looks from Erin Wasson for Rvca.



Take Two

ONCE CALLED "SEVENTH AVENUE'S LATEST wonder boy" by WWD, Christian Francis Roth is back with a spring collection under the label Francis by Christian Francis Roth. And he certainly hasn't lost his sense of fun. Roth calls his lineup "Gangs of New York," and divides it up by high school cliques. The "Afterschool special" category, for example, features quirky print dresses and plaid patchwork, whereas "Twill Seekers" represent Upper East Side prepsters with their loqued polos. But the designer, who made a splash in 1990 with Crayola dresses (complete with "Rothola" lettering on the sleeves), still loves a little controversy. This time, he co-opts a 1972 subway map print and an iconic alligator eating a very familiar-looking polo player. —**Antonia Sardone**



PHOTOS BY TALAYA CENTENO

PHOTOS BY JOHN AQUIINO

For a peek at some of Roth's early looks (including that Crayola dress), see WWD.com.

Skater Girl



NEXT UP ON THE ROSTER OF CATWALKERS TURNING TO OTHER careers: Erin Wasson.

The model-stylist-skating enthusiast has added clothing designer to her résumé, hammering out a three-year deal to design Erin Wasson for Rvca, the spring 2009 collection of which has been snapped up by Opening Ceremony.

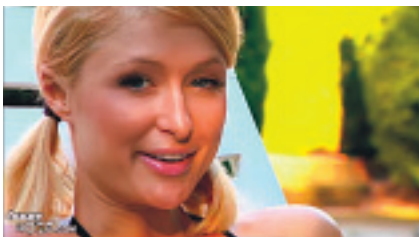
It was, fittingly, at the beach that Wasson first came onto the radar of Rvca founder and pooh-bah of all things Orange County — that would be surfing, skating and tagging — Pat “PM” Tenore. Two years ago, Tenore’s teenage son was participating in a shoot for Australian Vogue at Bondi Beach, where Wasson was the hired model and the main attraction. “He came home and said, ‘Dad, I met the raddest girl!’” says Tenore, who founded the surf- and skate-inspired clothing company out of his Costa Mesa, Calif., garage nearly seven years ago. “I had met her at Rvca parties, so I called her up to see what she was working on, and she had all these amazing ideas. She has a very strong view on what she likes, and she’s a natural at design.”

Amid fashion circles, beyond gracing campaigns from H&M to Balenciaga, Wasson, 26, is perhaps best known for her collaboration with Alexander Wang, whose last two shows she styled and for whom she has served as a sort of in-house muse (Wasson met Wang when he moved into an apartment two floors below hers in Manhattan’s East Village). “Tomboy chic” is what Wasson deems their shared aesthetic — scrawny tanks, lots of denim. “We have the same thought about what a girl should look like,” she says. “Strong girls who are really confident.” Wasson’s jewelry line, Low Luv, was also featured in Wang’s fall 2008 show, though she recently came under fire in the blogosphere for the line’s similarities to designer Bliss Lau’s body chains. “I have the utmost respect for Bliss Lau,” says Wasson. “I admire and appreciate what she has done for the jewelry industry.”



Erin Wasson and a model.

FASHION SCOOPS



▲ Paris Hilton in the spoof video.

PARIS TALKS POLITICS: Paris Hilton may be in Copenhagen for her latest handbag line, but the socialite’s spoof video in which she declares she’s running for president had the world’s attention Wednesday, clocking up millions of views on Funnyordie.com. “It was a lot of fun,” Hilton told WWD regarding the mock campaign, a hit back at Republican candidate John McCain’s use of her image in an earlier ad. “I’m a big fan of Adam McKay and Will Ferrell,” she added, referring to the video-sharing site’s founders, who persuaded her to do the ad. In it, Hilton mocks McCain “as the oldest celebrity in the world” and tells America “I’m like totally ready to lead” with Rihanna as her preference for vice president. “We’ll see what happens,” Hilton joked Wednesday of her presidential chances, adding, “only if I can bring Tinkerbell [her dog] to the White House.”



An Alexander McQueen look for fall — is it headed for Target?

MCQUEEN ON TARGET’S RADAR?: It looks like Alexander McQueen could be the latest designer name — and one of the most prestigious — to link up with Target’s Go International program, which showcases capsule collections by guest designers. According to industry sources, the British designer is in talks to work on a collection for the Minneapolis-based retailer. A spokeswoman for McQueen declined comment Wednesday.

If the designer does ink a deal with Target, he would join an ever-growing lineup of marquee names who have produced collections for the brand, including Luella Bartley, Alice Temperley, Proenza Schouler and Richard Chai. In addition, Anya Hindmarch and Sigerson Morrison both have collections in the pipeline for the retailer.

While McQueen launched a denim-based diffusion line, called McQ Alexander McQueen, in fall 2006, he’s not yet

Though they remain good friends, Wasson and Wang are no longer professionally tied, which has freed her to craft a collection that pretty much mirrors her daily uniform and will most likely speak to exactly the kind of woman Wasson is: active and unafraid to show a little skin. For spring, there are Pima cotton tank tops and denim cutoffs, a wool miniskirt and a silk button-down emblazoned with tiny thunderbolts, even a jaunty blazer with an unexpected zipper running up the back.

“I think the problem with surf and skate companies is that the girls’ stuff tends to be a lot of pinks and blues, and [they] just assume that that’s what girls want to wear,” says Wasson. “So I’d buy from the men’s section in the skate shops.”

To be sure, there are no girlish pinks or baby blues in Wasson’s line; the blacks, grays, and whites are hues you’d find upon opening Wasson’s own closet doors (she recalls that as a child growing up in Irving, Tex., her mother “fought to get me into a dress”). A flowered shift is the only piece that could be considered truly feminine (Wasson says she’d toughen it up with combat boots or Vans), though there’s no shortage of sex appeal. The tanks, which retail for \$55, are cut low, and the frayed denim shorts, \$230, skim the upper thigh.

No doubt the photo-shoot set will find Wasson’s wares perfect additions to a wardrobe suited for nights at the Beatrice Inn, but that was the last thing on the model’s mind when she and Tenore joined forces. “I’m going to get my rocks off seeing girls in California skating around wearing my clothes more than I think I will seeing it in the fashion world,” admits Wasson. All of this is not to say, however, that her posing days are anywhere over. “Oh, no, honey,” she says with a laugh. “You don’t bite the hand that feeds you.” — Sarah Haight

“I’m going to get my rocks off seeing girls in California skating around wearing my clothes more than I think I will seeing it in the fashion world.”

— Erin Wasson

notched up a collaboration with a mass retailer during his career. As well as his ready-to-wear collection, McQueen designs a footwear collection for Puma and a capsule luggage collection for Samsonite’s Black Label.

TOPSHOP’S NEW SIGNING?: While the British press may be buzzing that singer Leona Lewis is to design a collection for Topshop, response from the retailer — and the singer’s rep — is more muted. London’s Sun tabloid newspaper reported Wednesday that Topshop’s owner Sir Philip Green wants to tap into Lewis’ star power — her debut album, “Spirit,” hit the top of the U.S. Billboard charts in April — and launch a collection with the British singer.

However, a spokeswoman for Topshop described the story as “unsubstantiated,” and a spokesman for Lewis dismissed the reports as “just speculation.”



Leona Lewis

Paolo Nutini performing.



PHOTO BY LOU LUN WEI

PARTY TIME: Paolo Nutini got the Olympics off to a rocking reggae start Tuesday night, playing a special show for Puma at CJW, a jazz and wine bar in central Beijing.

Nutini moseyed on stage in Levi’s jeans, a Puma T-shirt and a brown jacket with a row of Chinese buttons down the front — outfit equal parts Sergeant Pepper and Qing Dynasty. The Chinese crowd bopped along to the Scottish singer’s folksy tunes, including “New Shoes,” which Puma is currently using in its TV ads. Everyone cheered when members of the Jamaican Olympic team — the evening’s guests of honor — joined Nutini on stage for a rousing rendition of Bob Marley’s “One Love.” “I’ve been here a few days,” Nutini quipped pre-show. “So far I’ve found it’s a busy place!”

A BIG BOAT: Tired of the same old cookie-cutter yachting vacation from last season? Alberta Ferretti is providing the adventurous the chance to cruise aboard her 150-foot icebreaker, Prometej.



▲ Alberta Ferretti on the Prometej.

The ship’s Romanian name (meaning Prometheus) is evidence of the Eastern European boat’s origins dating back nearly half a century. With room for up to 12 guests, the vessel was redesigned by Ferretti herself and executed by Italian shipbuilders in order to meet her high standards. The cost of a week in the designer’s new home-away-from-home: at current exchange, a mere \$140,000.

For more Fashion Scoops, see page 8

Custo Barcelona Eyes Retail Expansion

By Whitney Beckett

CUSTO BARCELONA FOUNDER CUSTO DALMAU SEEMS BLISSFULLY OBLIVIOUS that the world is in the middle of an economic downturn.

After all, there's nothing but growth on the horizon for the 80 million euro, or \$124 million at current exchange, brand, which has been enjoying 5 to 10 percent annual increases for the last decade. Dalmau specifically has an eye on growing Custo Barcelona's U.S. retail platform with more of its own retail doors, additional product categories and even a new franchise strategy.

Perhaps it's the brand's colorful whimsy that is welcome in a down economy, or the relatively cheap prices for a European label (averaging \$80 at wholesale), but the 27-year-old Spanish firm seems happily isolated from the gray pessimism of the rest of the industry.

"Our customers say they feel very happy when they wear our T-shirts," Dalmau said. "They create a mood."

Since launching in the U.S. a decade ago, Custo has found a home in more than 250 wholesale doors, including Saks Fifth Avenue and Nordstrom. Custo opened its first U.S. shop seven years ago, and the company is stepping up the pace of its store openings, with four so far this year and four more to come by the end of the year, for 20 total.

But this year's rollout, in cities that included New York and Miami, is just the beginning. Custo is coordinating a plan to franchise its retail operations in the U.S. The company hopes to have a deal in place by the end of the year, which will enable the brand to roll out about another 20 stores in the U.S. next year.

"We'd never considered franchises here before now," Dalmau said. "But it's a slow process opening stores on our own."

Franchised shops closer to Custo's headquarters in Europe could be the next step, said the company.

Custo has about 60 stores worldwide. While it currently owns its European and U.S. stores, the company already has licensed partnerships in other regions and countries, including Columbia, Brazil, Southeast Asia and the Middle East. Growth is booming, thanks to these partnerships. For example, between 2009 and 2010, Brazil is on track to get eight to 10 stores, and 20 more units are set to open in the Middle East. Custo added that hopeful partners regularly contact the brand about expanding into additional countries, such as Argentina. The company is on track to reach at least 100 stores globally by 2010.

One thing Custo has found is that warmer climates favor the brand. For example, business in Italy is better than business in Sweden, and business in Las Vegas is better than business in Chicago.

"It's a colorful brand, and color goes directly with the sun," Dalmau said. "America for us is a difficult market to figure out, because the South is much easier than the North."

That's not stopping the company from opening at least three stores in New York alone, in addition to openings in California and Miami.

The average store in the U.S. is about 1,400 square feet, but as the brand adds additional product categories — including sunglasses in September, fragrance in October, swimsuits for resort and watches in the near future — the stores likely will grow to around 2,000 square feet.

One of the brand's strategies to beat the lackluster U.S. economy is targeting tourist-frequented retail areas. In the U.S., the brand is priced less expensively than it is in Europe, given the weakness of the dollar, so international tourists are taking advantage of the bargains they are finding in the U.S. stores.

The well-known aesthetic has created an opportunity for Dalmau to apply his designs to other ventures, from the Perrier bottles in Europe to furniture (restyling two historic chairs by the Gruppo Industriale Busnelli) and hotel interior design (Capricho Residences on the Mexican Caribbean).

Pivotal to Custo's success has been its relative indifference to trends, instead focusing on the DNA it has developed over the last 27 years.

"Sometimes trends help us, and sometimes they hurt us, but not following trends is probably the key to lasting in this market," Dalmau said.



▲ Custo Barcelona's new swimwear and sunglasses.



▲ An image from Custo Barcelona's fall ad campaign.



◀ Chairs Custo Barcelona designed for Gruppo Industriale Busnelli.



For more on Custo's designs, see WWD.com.

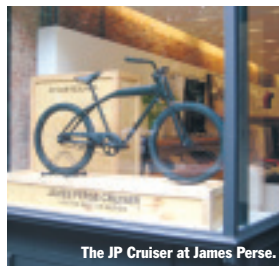
FASHION SCOOPS



Angelina Jolie wears a Victorian-inspired gown by Eileen West in her first baby photos with twins Knox Leon and Vivienne Marcheline on the cover of People magazine.

BARGAIN HUNTER: Angelina Jolie and Brad Pitt may be receiving up to \$15 million for the most expensive celebrity infant photos ever with newborn twins Knox Leon and Vivienne Marcheline, but Jolie only forked over \$78 for her nightie by Eileen West. While Jolie, who says she is breast-feeding, will most likely make good use of the Victorian-inspired gown while nursing, the megabucks from the photos, which were bought jointly by People and Hello magazines, will go to a foundation created by Brangelina. Designer Eileen West joked, "What fun. I was so surprised to see my La Stella gown on Jolie. It's a really pretty cotton garment with supersoft

heirloom crisscross lace insets, tucks and a floral-vine burnout treatment. It's a nice full-length gown for maternity and breast-feeding, and it was perfect for first baby photos."



The JP Cruiser at James Perse.

was placed in each store's window Wednesday morning just as the paint was drying on Bleeker Street's new bike lane. A few have already been sold in Perse's Malibu store, as well as his new East Hampton, N.Y., boutique, said regional director Barry Oberman. "With the way gas prices are these days, they certainly are a little more reasonable than driving," he said.

PEDAL POWER: James Perse fans can now cycle away from either of his two Bleeker Street stores on a custom-made beach cruiser. The matte black, brand-free bike is much like the one the designer tools around on near his Malibu, Calif., home. By chance, the \$1,800 bike

WEEKEND SHIFT: Those contemplating a few luxurious days off in Tuscany between Milan and Paris fashion weeks this fall might need to reconsider. A temporary version of the French calendar just came out and has London wunderkind Gareth Pugh making his Paris runway debut on Saturday, Sept. 27. What's more, Nina Ricci has moved up its show by a full week and is slated to show on Sunday, Sept. 28 at 7 p.m. According to Ricci, designer Olivier Theyskens requested an evening slot and that was the only one available.

PINK AND BLACK: Danish high-end eco-conscious label Noir is to open its first freestanding store, in Dubai this December. "We decided to go international with the first one," said Noir's designer and chief executive officer Peter Ingwersen after his show at Copenhagen Fashion Week Wednesday. While retail is booming in Dubai, Ingwersen acknowledged competition is fierce. "It's brand heaven there," he said. "And we're only three years old, we're not a Saint Laurent or a Gucci. I pray we'll succeed." His spring collection for Noir moved away from the label's traditional black and white with looks including a deep pink-colored cocktail dress and a pistachio green-colored draped top, while the younger diffusion line, BBlack Noir's bling collection, included a sparkling white satin jacket and pants.

Movie Night



PARTIES IN THE CITY THIS SUMMER HAVE BEEN ALL quiet on the celebrity front, but on Tuesday night, stars from lists A through "huh?" crawled out of the woodwork for a pair of movie premieres.

Patrick Wilson, Paul Rudd, Ed Norton, Rosie Perez, Martha Plimpton, Rumer Willis, "SNL" actors and Kieran Culkin all showed up for **Judd Apatow's** stoner action comedy "Pineapple Express."

The flick was cowritten by Apatow's protégé **Seth Rogen**, who also stars in the movie opposite **James Franco**, who plays his drug dealer. Rogen is a stoner off-screen, too, but said he wasn't high during the after party at Tenjune. "It's really not that bad," said the actor, whose next project is yet another Apatow flick, titled "Funny People" and costarring **Jonah Hill**.

Not everyone in the crowd was a pothead, though: "Alcohol is my drug of choice," professed **Seth Meyers**, who had time to form an educated opinion during two years spent living in Amsterdam after college.

As for Franco, who skipped the "Express" screening for a performance of "[title of show]" on Broadway, he had run into some problems promoting the movie. "I went on 'TRL' and they told us we couldn't say 'weed,' so of course I had to say it," he said with a wicked smile.

"He said it about 121 times," moaned his manager. "The segment is going to be eight seconds long if they bleep it all out."

Further downtown, a crowd that included everyone from television actors **Eric Mabius** and **George Lopez** to **David Blaine**, **Laurence Fishburne**, **Michael Pitt** and **Carla Gugino** partied at Socialista after the Cinema Society and Glamour magazine's screening of "Elegy." In that film, **Penélope Cruz** plays a graduate student who falls in love with her professor (**Sir Ben Kingsley**).

▲ Penélope Cruz in Chanel Haute Couture.

Cruz's co-star **Dennis Hopper** copped to once being smitten with his teacher, but it was in elementary school. "It wasn't until I got much older that my crushes got really inappropriate," he said.

As for **Peter Sarsgaard**, he steered clear of any improper relations with his instructors. "All my teachers were Jesuits," the actor explained.

For more party images, see WWD.com.

James Franco



Paul Rudd



Gerard Butler with Patricia Clarkson in Versace at Socialista.



Patrice Jordan and Salman Rushdie at Socialista.

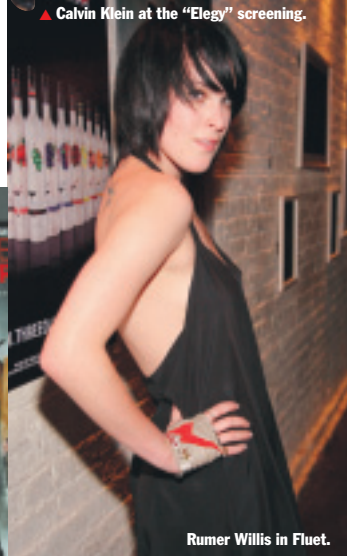


▲ Charlotte Ronson in Top Shop with Ann Dexter-Jones at Socialista.



Donna Karan at the "Elegy" screening.

▲ Calvin Klein at the "Elegy" screening.



Seth Rogen

Rumer Willis in Fluet.



Rebecca Hall

HALL OF FAME

ACTRESS REBECCA HALL IS NO STRANGER TO FAMOUS AUTEURS.

As the daughter of Sir Peter Hall, one of Britain's most illustrious theater directors, the lanky brunette is accustomed to the "healthy arguing" that accompanies such positions. Fortunately, Woody Allen, who cast her in his latest film, "Vicky Cristina Barcelona," opening Aug. 15, proved to be a more laid-back study than one might expect.

"He lets you do your job, and he'll tell you if you're not doing well. But otherwise, he'll leave you alone," says Hall, who stars opposite Scarlett Johansson as Vicky, the more uptight of two American friends traveling in Barcelona. "He always said to me, 'You can say whatever you want, just put it into your own words if it starts feeling unnatural.' It does ruin you for the rest of your jobs, when someone comes up to

you and says, 'You didn't put an 'and' in the second sentence there.'"

Hall might want to start memorizing those conjunctions: the Londoner, 26, has no fewer than four projects in the pipeline, including the film version of the stage play "Frost/Nixon"; a Nicole Holofcener movie with Catherine Keener and Amanda Peet; a screen adaptation of "The Picture of Dorian Gray" with Colin Firth, and a theater project with Sam Mendes beginning in October.

QUICKIE: Hall's audition with Allen gives new meaning to the word efficiency. "I went in and he said, 'Hello, can you do an American accent?' And I said, 'Yes.' And then he said, 'OK, goodbye,'" recalls Hall with a laugh. "I found out a couple of weeks later that he wanted me in his film and then 10 days after that I got a script."

FATHER KNOWS BEST: Although she shot her first TV job when she was only eight, Hall hesitated to follow in her family's footsteps (mom Maria Ewing is an actress; sister Lucy is a set designer, and brother Edward is a theater director). But after seeing her in a Cambridge University production of "Who's Afraid of Virginia Woolf" when she was 18, Hall's father convinced her of her talent. "He sat me down and said, 'You know what? You're very good at this,'" she says. So much so that he cast her in her theater debut, George Bernard Shaw's "Mrs. Warren's Profession." "It was the scariest thing I've ever done," admits Hall. "I knew I was going to be greeted by an audience of people knowing who I was, feeling that it was nepotism. I also knew if I got over that hurdle and faced those demons, it would never be an issue for me for the rest of my life."

ACADEMIA X: Her father was less supportive of her decision to leave Cambridge, sans degree, after studying English for two years. "I just felt I'd got everything out of it that I wanted to get," explains Hall. "If you're going to do something as nutty as acting, it makes sense to do it in a way that there's no possibility of ever being qualified to do anything else."

— Vanessa Lawrence

EYE SCOOP

CRAZY EIGHTS:

Select members of the social set are getting ready for a party "of Olympic proportions" on Friday — also opening day of the Games — when party planner **David Munn** will open his Water Mill, N.Y., home for 200 of his nearest and dearest. Invitations were hand-delivered to guests, in Lucite boxes inscribed with the date 8.08.08. "It's as simple as black and white," read the note, which arrived with an assortment of black-and-white M&Ms stamped with the party date. Shun Lee Palace and East Hampton's The Laundry restaurants will cater the East-meets-West-themed affair at which **Marjorie Gubelmann**, **Barbara Gladstone**, **Martha Stewart**, **Richard Meier**, **Jack Soto** and **Samantha and Abby Rosen** are expected. After dinner, a 26-piece orchestra will play for dancing. Let the games begin.

Denim Report

G-Star Looks to Expand American Audience

By Ross Tucker

EXECUTIVES AT DUTCH DENIM BRAND G-STAR believe the label has found stable footing in the U.S. after entering the market four years ago. With its base in place, management is focusing on broadening awareness and utilizing nontraditional marketing methods to better connect with consumers.

"The first five years for any brand entering a market like [the U.S.]...is only about making friends and meeting people," said Shubhankar Ray, global brand director, in an interview at G-Star's SoHo offices in Manhattan. "If you're lucky, some of the right retailers and the right consumers will pick you up. We're at that transition phase after this, where it's really about awareness for us now."

G-Star has come far in a relatively short time. Over the past four years, the company has opened 13 stores across the country, starting with New York and Los Angeles and moving on to major markets such as Boston, Chicago and San Diego. The brand also has taken part in New York Fashion Week the last three seasons.

Management has spent the last four years adjusting the collection to be more price-competitive as well — the bulk of its products retail between \$150 and \$185 — and more wearable for the American market.

Deepak Gayadin, executive vice president of sales for North America, said he's seen recognition slowly growing. Opening stores will continue to be key to raising awareness. According to Gayadin, the goal is to open 200 stores in the U.S., although there is no definitive timetable to reach that number. The next store is scheduled to bow in November in Miami and will be the brand's largest in the States at 3,200 square feet.

"To have a really good presentation of the total collection, we need a minimum of 2,500 square feet," said Gayadin. Expanding the collection is the next step for the American market and will pick up in 2009.

"We've been adding a lot of components to the overall offer," said Ray. "We're taking accessories and bags more seriously. Footwear, this is what's rolling out across Europe at the moment and should be here in 2009."

G-Star plans to open 200 stores in the U.S. and is expanding its product assortment.



STORE PHOTO BY SCOTT WINTRIGGETY IMAGES

Ray and Gayadin believe G-Star's greatest opportunities to connect with consumers will come through alternative marketing efforts. Ray said the size of the American market and a complicated media structure make it difficult to convey the brand's message, and efforts are being focused on developing strategies that will create a more authentic relationship between the brand and the consumer.

"When you have an interface with the brand, it appears to me that there's something more genuine there because people seem to connect," said Ray.

One of the brand's first efforts to achieve such a connection took place in Los Angeles in June. "Raw Nights," a one-night-only art installation curated by Dennis Hopper, took place in a parking lot in Beverly Hills. It was a combination of an apparel showroom with a screening of Hopper-directed short films and selections of his artwork — billboard photographs the actor took in the Sixties, then altered by graffiti artists — as well as a live installation by his son, Henry, made from recycled denim and found objects. The next "Raw Nights" will take place

in New York during fashion week in September.

"We want to have some kind of live entertainment platform that we can roll out in America," said Ray. "Los Angeles with Dennis Hopper was a little bit of a test for this. We don't want to do it in the traditional sponsorship way. The happening becomes unique to our brand, so it becomes an extension of our brand."

The company is also looking to launch its own record label, G-Star Records, in the next three to six months. Rather than invest in traditional TV spots, the brand is testing short concept art films that it feels offer greater insight into the brand's image. The company is employing similar strategies in Japan, where the brand was virtually unknown and is finding similar success.

Gayadin acknowledges few European denim-based brands have achieved longevity and widespread success in the American market. Diesel is one such standout, and G-Star hopes to be another.

"We need to be better known and need people to understand us a little better," Ray added.

Levi's Dating From 1890s Sells for \$36K in Web Auction

AN ABANDONED GOLD mine in California's Mojave Desert has produced an unusual treasure.

Bidding for a pair of Levi Strauss jeans dating from the 1890s — and said to have been found in a mine in what is known as the Rand Mining District — opened on eBay July 23. The starting bid of \$9.99 quickly skyrocketed as a pool of 18 potential buyers placed more than 60 bids in an effort to grab a piece of history. When the auction ended on July 30, the winning bid, placed by someone using the screen name vintboy1, had reached \$36,099.

According to the unidentified seller's description, the jeans were found in a mine along with a paper bag bearing the name of a store in nearby Randsburg that operated between 1895 and 1898. The seller noted that the jeans were "covered in candle-wax [sic] from the candle's [sic] the miner was using to light the tunnel he was working in." Rather than the traditional leather label, the jeans had a cloth label and had only one back pocket on the right side. Suspenders and a back-buckle design eliminated the need for belt loops.

The Rand mine area was discovered in April 1895, according to California's Office of Historic Preservation. The gold discovery resulted in the founding of the town of Randsburg, as well as several smaller camps. In 1907, tungsten and silver, which was used in steel alloy during World War I, were discovered in the area.

Lynn Downey, the company historian for Levi Strauss & Co., said the jeans appeared to be a pair of Levi's 201 jeans. The 201 style was created in 1873 as the "value" version of the 501 jeans. It featured less expensive denim, buttons and the linen patch. The company has only three pairs of 201 jeans in their archives in San Francisco, some of which were also found in old mines.

— R.T.



A 201 style in Levi's archive.

Seven For All Mankind Opens in SoHo

NEW YORK — Seven For All Mankind will open the doors of its first flagship here today with the aim of exposing its full collection of products to the city's burgeoning influx of European tourists.

The premium denim label, which was acquired by VF Corp. in July 2007, revealed plans to open the 3,000-square-foot store in SoHo in late March. Seven takes over a space previously occupied by home and garden specialist Smith & Hawken at 394 West Broadway. The store will be Seven's fourth full-price unit — joining stores in Los Angeles, Dallas and Malibu, Calif. — and will also be its largest.

Aaron Battista, vice president of retail, believes the building's design and location position the brand in an area where art and commerce intersect. As such, the store will also include gallery space featuring a rotation of art projects. The first will be photographer Tim Mantoani's "Behind Photographs" exhibit, consisting of 20-by-24-inch Polaroids of the "living legends" of photography.

"We really pinpointed and wanted to be there because the brand has such a relationship to art and architecture," said Battista. "We wanted it to be in a downtown environment."

Associating the brand with iconic architecture has been a focus since Seven began print advertising last fall. The first print ads featured models Carolyn Murphy and Tyson Ballou and were shot at the penthouse of the Roosevelt Hotel in Hollywood and Los Angeles' Stahl House. Its current campaign features architect Philip Johnson's Glass House in New Canaan, Conn., as a backdrop.

While the SoHo location will share a similar interior design aesthetic to Seven's Robertson Avenue store in Los Angeles, Battista said efforts have been made to emphasize existing characteristics of the space, including a staircase and plank flooring. White marble and polished chrome are used to give the store a lighter feel than the darker tones used in Los Angeles.

With the weak dollar attracting a flood of European tourists to New York, Battista is aware of the opportunity the SoHo store will have to build consumer awareness of Seven's other products beyond its core denim offerings. The store's assortment will initially be 70



The women's section in its first New York store.

For an in-depth look at Seven's SoHo flagship, see www.wwd.com.

percent denim and 30 percent sportswear, including outerwear and knits. That ratio is expected to become more balanced as Seven continues to expand into new product categories.

"That's what we're really excited about, we know our own backyard," he said, referring to the West Coast market. "We've never been able to tell the brand's whole story in a retail environment here. From a global standpoint, New York hits everyone."

Seven is looking to open 100 stores over the next five years. Battista said nine units are slated to open this year, followed by 20 in 2009. The next store here will open in the Flatiron District, and the hunt for space on both the Upper East Side and the Upper West Side is under way.

"We're looking at only going into A locations and high-street areas," said Battista. "It's easier now that we have some stores under our belt."

Battista would not disclose first-year sales projections. VF's contemporary brands segment, home to the Seven and Lucy Activewear brands, reported revenues of \$142.3 million in 2007, driven primarily by Seven. The two brands were credited with fueling revenues in the first half of 2008, as well.

— R.T.

53.2% MARKET SHARE OF WOMEN'S JEANS RETAILING BETWEEN \$10 AND \$29.99. SOURCE: THE NPD GROUP



**AUGUST
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8 AM 8 PM

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CAESARS PALACE

LAS VEGAS

The Beat

On the Hunt for Holiday at Intermezzo

By Julee Kaplan

NEW YORK — The economic malaise and higher costs, particularly for air travel, shadowed this season's Intermezzo as many retailers opted out of the show.

A significant number of retailers who attended ENK International's biannual Intermezzo, which ended a three-day run Tuesday at the Jacob K. Javits Convention Center here, appeared to be from New York or the surrounding area.

"Planes are so expensive nowadays," said a merchant in Columbus, Ohio, who typically flies in for the show but didn't come to save some money on travel. "I go to Project right after Intermezzo and anything I can do at Intermezzo, I can also do at Project. I can just fill in the rest at showroom appointments and during spring market at Coterie."

Retail traffic appeared to be slow, but ENK said final attendance figures haven't been tallied yet.

With four locations in Connecticut, Suzanne Zarrilli, owner of the contemporary store Wish List, didn't have far to travel. "But I was also hoping to see more newness for holiday and everyone is showing spring and summer already. I need more immediates, more gift items for holiday."

However, Zarrilli said she was pleased with what Voom by Joy Han had to offer.

"That line looked great and we placed an order," she said. "But what I need are more tops that I can sell for under \$100. I want my customers to come in, buy a top and a pair of jeans to go with it — a whole outfit. They aren't going to do that with a top that's over \$100."

Cheryl Grapowski, an assistant buyer for maternity chain A Pea in the Pod, took the relatively quick train ride from Philadelphia to attend the show.

"I'm finding some things. Bailey 44 looked pretty good," she said. "We look for lines that we can buy right off the line and all they have to do is change their specs a bit, which many people are open to."

For Randi Siegal, owner of the three Rapunzel's Closet stores in Palm Beach, Fla., who lives



A summer dress from Dana-Maxx.

A top from T-Box.

“I need more immediates, more gift items for holiday.”

— Suzanne Zarrilli, Wish List

in Manhattan, Intermezzo was a success.

"We picked up the Current/Elliott denim line, which was a really popular booth," she said. "Their boyfriend jean is very in right now, so we picked it up in two washes. The colors for resort were great, bright and bold. Splendid continued with the ombre. Vince had bright oranges and deep purples. We also ordered a few nice simple cashmere cardigans from Vince and Juicy. Love Quotes is still a great seller for us, and they continue to have a large color selection for the next few deliveries."

On the exhibitor end, there were about 25 new brands. One of them was Dana-Maxx, a contemporary sportswear line consisting of bright floral silk dresses, cotton canvas dresses, cotton and rayon skirts and silk tops accented with crystal details. Colors in the collection include black, white and gray, with pops of teal and bright pink found in unusual details such as the bright pink lipstick pocket on a black skirt or an image of French pop singer Yelle on a top with crystals placed as her eyes.

"We buy all of our fabrics in France and Italy, and for spring, I was really inspired by Parisian pop singers, who are really upbeat and colorful," said owner and designer Dana-Maxx Pomerantz, who worked in design at Marc Jacobs and Betsey Johnson before starting her own collection.

The Dana-Maxx line is based in Manalapan, N.J., and wholesales from \$110 for a skirt to \$150 for a dress.

Also new to the show was T-Box, which is based in Istanbul, but is launching in the U.S. The brand started with the idea to sell a T-shirt compressed into a small plastic cube. The playful packaging saves on floor space and is an attractive, kitschy gift item. The brand is owned by Boyner Holding, the largest apparel retailer in Turkey. T-Box items come in a variety of forms, from a compressed cotton T-shirt to a full pajama set, beach towel or raincoat, all shrink-wrapped into tiny plastic packages.

"The show has been good for us, people are really responding well to the product," said Jeannine Cotropia, a sales consultant for T-Box who is based at the brand's office at 1411 Broadway in Manhattan.

The T-Box line wholesales between \$6 for a headband to \$29 for a raincoat.

Bonnie Benedetto, owner and designer of the Yardley, Pa.-based Gourmet Wear, said she was consistently busy at the show, despite the overall slow traffic.

"We launched this brand about a year ago at this show and we have doubled our volume since then," she said. "So it's been a good year."

The concept behind the line was to create a full collection of luxurious comfortwear, such as the baby pink cotton and linen dress or the cotton knit pea jacket, Benedetto said. There are supersoft cotton tops and lounge pants, dresses and tops.

"A woman can put these on, look really put-together, but still comfortable," she said.

The Gourmet Wear collection wholesales from \$28 for a T-shirt to \$48 for a dress.

Key Items Take Off At D&A for Resort

By Marc Karimzadeh

NEW YORK — The dress continues, but come resort, they are often long and full-skirted, at least for several contemporary labels at Designers & Agents.

The show's holiday and resort edition, which ended its three-day run at the Starrett-Lehigh building on Tuesday, was, as usual, a small affair. That said, there were plenty of trends between the 40 or so labels on display, including a continuation of the jacket and tunics, ethnic embroidery, jumpsuits, polkadots and colorful prints such as tie-dyes, dip-dyes and ombres.

Henri Bendel vice president and fashion director Ann Watson cited S-Sung, where she found some of the "freshest assortment of cotton-printed dresses," as a D&A highlight.

"I also loved seeing the continuation of the jacket, the whole pink palette for resort, the polkadots, seeing freshness in prints," Watson said. "In the more casual market, we are seeing ombres, and tie-dyes and dip-dyes continue."

Helen Yi, owner of the Helen Yi boutique in Chicago, said she was looking for "easy pieces, things that you can take away and that weren't very expensive" for resort. "Dresses continue to be important, and there was a lot of layering on the contemporary level, particularly this new minimal layered look."

While the economy and steep gas prices continue to be a key factor with vendors and retailers, there was still business to be made at D&A.

At Development by Erica Davies, bestsellers included a gunmetal-colored tiered skirt for \$125 wholesale, and a pleated georgette blouse, for \$158. Kimberly Hartman, director of sales for the label, said, "We just shipped fall, and it's selling. The buyers are encouraged and hopeful that the momentum continues."

Barron Duquette Salon, which was recently started by Katayone Adeli and Joie alum Sean Barron, had top sellers such as silk cargo pants for \$147 wholesale, a one-shoulder zebra top for \$284, and a strapless, "I Dream of Jeannie"-like jumpsuit, for \$134.

Also new to the show was L'Agence by the Los Angeles Margaret Maldonado Agency, which represents top fashion stylists, makeup artists and photographers, including Andrea Liberman; Simone Harouche, and Maryam Malakpour. The 30-piece launch resort collection was designed by Harouche and Malakpour, and inspired by the kinds of things their clients would wear, including draped black fishtail skirts, Henley dresses, and racer-back tunics. The pieces, which wholesale on average from \$38 to \$290, can be mixed, matched and layered. The stylist influence will rotate each season, though the spirit of the collection will remain. "We wanted to pick high-end fabrics and designs that women would love, which this season come from Maryam and Simone and their sense of the fashion world," Dan Fishman, a partner in the label, said.

Ed Mandelbaum, who coproduces D&A with Barbara Kramer, said the show was comparable to previous August editions. "We probably had 10 percent less exhibitors than we had a year ago, but the traffic was the same," Mandelbaum said. "People are doing business. People have to buy clothing, and stores have to shop, but they are being more picky and choosy and buying from collections that really do something for them."



This tiered skirt was a D&A bestseller for Development by Erica Davies.

\$237 billion

WHAT COLLEGE STUDENTS ARE EXPECTED TO SPEND THIS COMING SCHOOL YEAR.

SOURCE: ALLOY MEDIA + MARKETING'S EIGHTH ANNUAL COLLEGE EXPLORER REPORT

The exterior of Lenox Square, one of two luxury malls in Atlanta's Buckhead district.



ATLANTA

Denim Days

By Georgia Lee

LENOX SQUARE IS BECOMING "DENIM LIFESTYLE CENTRAL" IN THE Big Peach, with new stores set to expand lifestyle brands and grab the city's denim-loving audience.

Seven For All Mankind and Ed Hardy both plan to open their first Atlanta stores this fall, following True Religion, Miss Sixty and Diesel, which bowed in town with stores in the past year.

The popular brands appeal to the mall's hip, young consumer base, with their high disposable incomes and taste for hot brands, said Tisha Maley, assistant vice president of leasing for Simon Property Group, which owns Lenox. The new stores, which are all exclusive to Lenox Square in Atlanta, appeal to the broad mix of international tourists and regional shoppers as well as locals, said Maley.

Retailers said the locations were influenced by strong wholesale volume in local department stores, including Lenox Square's anchor stores — Macy's, Neiman

Marcus and Bloomingdale's.

"Atlanta is a strong market, and we can't wait to get there," said Aaron Battista, vice president of retail for Seven. "Lenox is a top destination, with high traffic and a big international tourist clientele."

The 3,000-square-foot unit, one of Seven's larger footprints, will be its first full-price store in the Southeast. With an existing Orlando, Fla., outlet, Seven also plans to open in Miami's Aventura Mall this fall. Nine more stores are planned by year's end, part of a five-year plan to open 100 stores for the brand, which was acquired by VF Corp. in July 2007.

With 70 percent denim, and average prices of \$175, the store will include new fabrics in sportswear, from corduroy to cashmere, ranging from \$50 to \$400. Store interiors, inspired by its Los Angeles stores, contrast dark wood, white lacquer and blue stone elements, but will be tailored to Atlanta through visuals and special services, including refreshment bars.

"Atlanta has a high-end, luxury customer that likes to dress denim up with sexy tops and wear it out for evening," Battista said.

Lenox Square will be the third mall location in Ed Hardy's 18-store retail group. The new 1,400-square-foot store will open in October and include both the Ed Hardy by Christian Audigier and the Christian Audigier collection, a more edited sportswear offering, as well as a range of licensed products, from swimwear to energy drinks.

For more on Atlanta, see WWD.com.

"We have to choose our mall locations wisely," said Raelyn Hennessee, retail marketing director. "Lenox pulls a diverse clientele and we have a well-established audience in Atlanta."

She cited the city's music industry celebrities, including Ciara, T.I. and Lil John, as fans. Projecting \$3 million in first-year sales, Hennessee said the Lenox store would be among the brand's top five units in volume. Ed Hardy stores are also in Dallas' NorthPark Center mall and Beverly Center in Los Angeles.

The new stores reflect strong sales for the category at Macy's Lenox Square store, where premium denim has doubled space twice in the past year and now takes up one-quarter of the main floor.

Drew Pickman, chief merchandising officer for Macy's Central, said premium denim lines, including those such as Ed Hardy with T-shirts that pair with denim, had been explosive at Lenox Square among players in Atlanta's music and entertainment scene, as well as tourists and regional shoppers. Macy's Lenox Square store, at 433,000 square feet, is the largest and highest-volume store in Macy's Central Division.

Jennifer Black, principal of Jennifer Black & Associates, said stores offering denim and casualwear are in a great position to weather the current economic downturn.

"More people are working from home, and looking for clothes to wear all the time," she said, adding that Lenox Square is "an A-plus mall and a wise choice for retailers."

Other new stores to be opening at Lenox Square this fall include Victoria's Secret, which will expand its 10,000-square-foot existing store to a 15,000-square-foot flagship space. Mayors jewelers will relocate from a 2,400- to a 3,000-square-foot store.

Miss Sixty opened its first Atlanta store this year.



A treatment room at 29 Spa.

SCENE

You Rang?

At 29 Spa, a multitasking luxury customer can order a pair of Manolo Blahniks from Neiman Marcus from a hotline in the nail salon, then have them delivered by a butler before the pedicure dries. Opened in May, 29 Spa is in the new Mansion on Peachtree, a Rosewood Hotel & Residence. Created by Atlanta native Lydia Mondavi, wife of winemaker Robert Mondavi Jr., the spa is named for Highway 29, running through Napa Valley. Not surprisingly, the new 29 Collection of skin care, launching this fall and carried exclusively at Neiman's, has antioxidant-rich grape seed extracts. Mondavi, a designer and consultant to the spa industry, said Napa Valley's natural beauty inspires the look and feel of 29 Spa, but the merchandising and marketing ideas came straight from her childhood hero — Stanley Marcus. "My grandfather had an autographed copy of his book, 'Minding the Store,' that I used to pretend to play store with as a child," she said. "Now, I consider it my operations manual."

Grit and Bear It

Many Atlanta restaurants offer Deep South cuisine, but newly opened Dogwood in Midtown may be the only one with an entire bar devoted to grits. Diners can feast on creamy, yellow, stone-ground grits with a choice of Low Country shrimp, fried oysters with spicy hollandaise or ham and pimento cheese. Chef Shane Touhy balances classic "soul food" with modernity. Entrées \$13 to \$34. For dessert, try grilled lemon pound cake with sweet cream ice cream, \$6.

Revisiting an Era

"Road to Freedom," a 130-piece photo exhibit at the High Museum of Art in Midtown's Woodruff Arts Center, displays poignant civil rights images by journalists, activists and onlookers in the Sixties. Featuring photos by names like Morton Broffman, Bob Adelman and Danny Lyon, the show includes powerful shots from the Selma-Montgomery March in 1965, the Freedom Rides of 1961 and the Birmingham, Ala., hosings in 1963. There are historical documents never released: Rosa Parks' fingerprint paperwork from her arrest and a blueprint of the bus on which she protested. The scene stealer: 33 photos by Broffman, who,

besides being campaign photographer for Sen. Eugene McCarthy, snapped some of the most stirring images to emerge from the civil rights era. The collection includes shots of Martin Luther King Jr., Coretta Scott King, James Baldwin, Joan Baez and Ralph Abernathy.

— Elizabeth Thurman and Georgia Lee



Morton Broffman's "Dr. King and Coretta Scott King Leading Marchers," taken in Montgomery, Ala., 1965.

MARKET SLATE

Following is the event schedule for the Atlanta Apparel Market, Aug. 16 to 19, at AmericasMart.

Friday, Aug. 15:

6 p.m.: Market Kick-Off Soiree Experience what makes the special-occasion market special as AmericasMart unveils a new floor with more gowns for every occasion. Reception and live music. Floor 5, NW Quadrant.

Saturday, Aug. 16:

9 a.m.-6 p.m.: Designer Dress Silent Auction Michelle Harrison & Associates

hosts a silent auction of designer dresses benefiting Children's Healthcare of Atlanta. Meet designer Shani. Floor 9, NW Quadrant.

2-3 p.m.:

The Internet — Friend or Foe? Sal Macaluso, chief executive officer of eFashionCentral.com, explores how specialty stores can maximize exposure on the Internet and attract the best customers. Refreshments will be served. Floor 5, NW Quadrant.

4 p.m.: Kid's Co-Op Debut AmericasMart unveils the

new high-end contemporary, multiline children's showroom with a fiesta featuring margaritas and Mexican fare. Floor 13, NW Quadrant.

6 p.m.:

Style Runway Fashion Show, presented by Precious Formals and Jovani Special-occasion designs are highlighted as next season's prom, bridal, quinceañera and other special-occasion gowns are unveiled. Cocktail hour, 6 p.m.; show, 6:30 p.m. Floor 15, Fashion Theatre.

Sunday, Aug. 17:

4 p.m.: Top 10 Ways to Thrive in a

Struggling Economy Mercedes Gonzalez, director of Global Purchasing Companies discusses how retailers can develop effective strategies to expand. Cocktail event follows. Floor 9, SE Quadrant.

5 p.m.:

NY/LA Co-Op East Cocktails. Floor 9, SE Quadrant

6 p.m.: Chill in Style

Cocktails served in men's showrooms making their August Market debut. Floor 12, NW Quadrant.

6 p.m.:

Top Tier Affair The top special occasion lines, cocktails, hors d'oeuvres and a live string quartet. Floor 10, NW Quadrant.

6-8 p.m.:

Shop Late 'til 8 Check participating exhibitors with pink balloons for extended buying opportunities, cocktails, hors d'oeuvres and networking. Light bites and bars on Floors 1-4; late shopping on Floors 2-13.

Chinese Youth at Home on Web

By Betsy Lowther

WHAT'S THE BEST WAY TO REACH THE BURGEONING CHINESE youth consumer demographic? It might be smart to start where they frequently gather — on the Internet.

In the second installment of its Phoenix Generation report that follows this key demographic, San Francisco-based market research consulting firm Pearl Research has highlighted 15 top Web sites that are attracting millions of Chinese users aged 16 to 30. "In the U.S., we often take these types of Web sites for granted because the Internet has been around for 10 years and we are accustomed to using it regularly," said Allison Luong, managing director of Pearl Research. "But in China, ideas like e-commerce and social networking are still in their infancy. There is still a lot of potential to grow."

Even as the Chinese government continues to on occasion restrict access to the Internet for political or other reasons, as recently for the Summer Olympic Games, tapping into these sites could give marketers an edge in reaching the widespread youth population, which is expected to become the country's biggest consumer

to future beauty and fashion marketing strategies. "Because they're selling online, they're able to accrue a database of users and target them much more directly," she said. "If a customer orders a moisturizer, she could be sent a note reminding her that her supply is likely up and also suggesting other products she might like. Sites like this have an unprecedented ability to collect information about their users that would not be available if a customer was just making purchases at a store."

3. 17173.com

This hugely popular online gaming site — owned by powerhouse Internet company Sohu — is one of the most profitable in China. Gaming sites in general have seen growth of more than 60 percent in the past year and boast profit margins of up to 60 to 70 percent, thanks to smart sales strategies that allow users to play for free but offer game-enhancing additions (like special weapons or avatar ensembles) for sale. Beyond the gaming appeal, such sites also give players a way to communicate with their peers across the country. "A lot of these kids are still very shy and often the Internet provides a safe place for them to connect to each other

Four Key Chinese Consumer Groups

THE NEW EDITION OF THE Phoenix Report also highlighted some emerging consumer groups in China and their spending patterns, which could be essential knowledge for brands looking to reach customers in the country. "China has a wide variety of shoppers, and it's really important for companies to know exactly to whom they are marketing, what their income levels are, how they feel about money and what drives their purchasing decisions," said Allison Luong of Pearl Research. "Understanding the consumer segmentation is really the first step, and then you can really do a deep dive into what it is that motivates them to buy and what other brands interest them."

Here are four key customer groups that are leading the spending spree in China:

ASPIRATIONALISTS

"This is the majority of Chinese consumers," said Luong. "They're both working-class and middle-class and generally very thrifty — they won't often spend too much on high-end products because they don't have the money. But they're very up-to-date on fashions and gadgets and really would like to spend a larger portion of their income on luxury products. Their hobbies tend to be much more lower end — they like to play sports and mahjong. They don't really have the money to go traveling, clubbing or skiing, even though these are things they aspire to."

Favorite brands: Haier, Lenovo, Nike.

CHUPPIES

"This name stands for 'Chinese yuppies' and they're really the group at the forefront of China's burgeoning middle class," Luong said. "They're concentrated in the big cities, but are also starting to populate the smaller cities around China. They're professionals, and they're putting much of their savings into things like purchasing homes. They tend to be into higher-end hobbies, such as golf and traveling, and they tend to have a high interest in Western products."

Favorite brands: Apple, Nokia, Chanel.

BIG STYLERS

"These are the country's big earners and big spenders," Luong said. "They usually work in an office environment — they're bankers, doctors and lawyers. They spend money on traveling, clubbing, drinking, eating out and luxury products. They're really all about showing off and consumption. While traditional Chinese society has been about saving, this group is about big spending and living in the moment. They tend to be very brand-conscious and have disposable incomes of at least \$500 a month, which in China is very large."

Favorite brands: Armani, Prada, Burberry.

PARASITE SINGLES

"This is a term that was first coined in Japan for young, single females, but it also really applies to China, as well," Luong said. "Many of them live with and are supported by their parents, hence their name. The free rent and low everyday living expenses allow them to spend their disposable income on consumer products, like clothes, cosmetics and accessories. They tend to be fashion-forward and keep up with the latest trends in magazines or on the Internet. You see a lot of women in urban centers in China that fit this profile."

Favorite brands: Louis Vuitton, Lancôme, Motorola, Gucci.



group within the next 10 years, Luong said. Here's a look at five of the top sites grabbing a large chunk of China's Web traffic.

1. Xiaonei.net

This Facebook-style social networking site has grown to more than 22 million registered users and in May received a \$430 million investment from Japan's Softbank. "Xiaonei is really a phenomenon in the way that Facebook is a phenomenon here in the U.S.," Luong said. "Like Facebook, when it started, they only allowed college students with registered IDs to go on [the site]. It became very popular because it was considered a very safe space."

Though Xiaonei has been criticized outside of the country for essentially cloning the look and feel of Facebook, its sparse design and simple presentation have helped it become something of a design breakthrough in China, where most Web sites are crammed with graphics, ads and tons of information. The company's next step is to work on creating a targeted advertising system — something that could be of major interest to companies. "Such sites have so much information on their users," Luong noted. "For example, if a girl is posting about how she's really interested in cosmetics, that information could really be leveraged to market to specific segments."

2. Zghzp.com

This cosmetics retail site has cornered the market on online beauty sales, offering a wide range of brands from La Prairie to Neutrogena at lower prices than they sell for on the heavily taxed local retail market. The site also offers up-to-date beauty and fashion news, making it a regular destination for savvy shoppers to keep up with new products and trends.

Luong said top e-commerce sites like this could be a real boon

and chat as individuals," Luong said.

She sees major sites like this as a perfect gateway to reach this consumer group. "Most gaming companies already advertise on this site, but any company that is interested in targeting young males [could also benefit from advertising on it]," she noted.

4. Sky-fire.com

Comic books and graphic novels have begun taking off in China as they have in Japan and, as a result, this free-to-read online comic site has become immensely popular with young, hip Internet users. "Some of the titles featured on this site have become huge nationwide trends," Luong said. "We see it as having even more potential to grow."

5. 5460.net

This college alumni networking site is a relatively new phenomenon in China, where the university system has only opened up in the past decade. "It's a bit of a niche site, because it focuses solely on online alumni networking," Luong said. "But it also targets an affluent audience because the users have college degrees and their incomes tend to be higher."

In addition, Chinese culture has made communication between fellow graduates even more enticing than in other countries. "The fact that people can now connect because they went to the same college is very appealing — after all, in China, personal relationships are paramount [in business]," Luong said. "Who you know is very important — it might be able to help you get a job, or give you an advantage in your field. Being able to connect with individuals is a major good in China, which means sites like this will only become more popular."

Riding High: Polo Net Gains 7.8 Percent

Continued from page one

luxury lifestyle brands is an incredible asset for our company."

Wall Street liked the news, sending Polo stock up Wednesday by 7.1 percent. Shares gained \$4.36 to close at \$65.86.

For the three months ended June 28, net income rose to \$95.2 million, or 93 cents a diluted share, beating the consensus estimate of 72 cents from Yahoo Finance. That compares with \$88.3 million, or 82 cents, in the year-ago quarter. The company said the growth was from a higher gross margin rate and a lower tax rate.

Total revenues were up 4 percent to \$1.11 billion from \$1.07 billion.

Despite essentially flat wholesale revenues of \$574.5 million, versus \$574 million, retail sales ballooned 9.4 percent to \$492.4 million from \$450 million. Same-store sales rose 3.9 percent, with Ralph Lauren stores climbing 5.3 percent, factory stores rising 3.3 percent and Club Monaco stores gaining 2.9 percent. Ralph Lauren.com sales jumped 20 percent. Licensing income inched up by 0.9 percent to \$46.7 million from \$46.3 million.

Although women's wear performed well in the quarter, men's wear was even stronger, the company said.

Polo upped fiscal year 2009 earnings per share guidance to between \$4 and \$4.10 from a prior estimate of \$3.95 to \$4.05. It ended the quarter with \$711 million in cash, cash equivalents and short-term investments.

On a conference call with analysts, Roger Farah, president and chief operating officer, said, "Our first quarter reflects the successful benefits of our long-term strategic initiatives — primarily our commitment to new merchandise development and product innovation, our ongoing attempts to expand our direct-to-consumer and our growing international presence. This multipronged strategy is designed to diversify our businesses, reduce our exposure to any one region of the world or channel of distribution and to give us more direct control over our brands."

The company's results over the last few quarters reflect that it is still operating and executing at a very high level, Farah said.

"Our inventories are very well managed, as they are below last year, and at the same time, our retail sell-through rates have been strong and our profit margins have benefited as a result," he said. "Our cash flows have grown with more direct control [that] we now have over our businesses, and we have made the right decisions in order to deliver a very strong balance sheet with large growing cash balances and very little debt. Our entire management team has supported and delivered on these key short-term operating priorities. Because of this cross-functional discipline, we are comfortable pursuing our long-term initiatives."

In a telephone interview, Farah boasted that, with strong internal support, the company was in a good financial position to take advantage of unique opportunities.

"It's amazing, the cash flows that we now generate," he told WWD. "It's amazing the way we manage our inventories. And with our low debt, we're in a position



“With our low debt, we’re in a position opportunistically to do what we want to do. We don’t have to go looking for either financing or approval from someone.”

— Roger Farah, Polo Ralph Lauren Corp.

opportunistically to do what we want to do. We don't have to go looking for either financing or approval from someone. We have been conscientious in operating [the firm] in a disciplined way, and that gives us leverage to do whatever is the right thing to do."

That means international expansion efforts in Europe and Asia, particularly growth in the Middle East and in Eastern Europe, and taking direct control over certain businesses, such as the children's wear and golf apparel businesses in Japan from its former licensee Naigai Co. Ltd., which continues to hold the license for Polo-branded hosiery in Japan. The latest deal gives Polo direct control over product categories that account for 75 percent of its wholesale volume in Japan.

So far the company has closed doors in Europe that it believes no longer represent the brand's positioning, but is increasing the volume in places where it can give the brand better quality representation. Even with fewer points of distribution, the European business has grown to more than \$1 billion from \$180 million when Polo bought the final components of that operation in 2001.

Farah noted that productivity in Europe is 50 percent greater than in the U.S. The firm generates about \$1,000 a square foot in the U.S. and \$1,500 a square foot in Europe, a reflection of differences in real estate.

"Europe has a very concentrated, city-driven retail experience. It doesn't have the mall suburban stand-alone environment that we have in the states," he explained.

Currently on the agenda is the building of a store across from the Rhinelander mansion flagship at 72nd Street and Madison Avenue in New York. The new site will house three floors of women's apparel and accessories lines and one floor of home. The mansion will be dedicated only to men's wear.

Similarly, in Paris, the company will open a women's-only store late next month, featuring three floors of apparel and accessories. Farah said next year the company will open another store in Paris that will feature a full complement of men's and women's offerings, as well as a restaurant, on the Left Bank.

The company will launch sportswear from its Lauren line in 100 doors in Western Europe in spring 2009, followed by footwear, accessories and dresses in future seasons.

"We eventually want to get [Lauren] into Asia and Eastern Europe, but with much of the territories under license, it is hard to put a business such as Lauren into a licensed business," Farah observed. "In Japan, where we have 75 percent direct control, it will come to Japan much sooner [when] we can properly position the brand and get the real estate to present the brand in the appropriate way."

The company is also in discussions with key retail partners regarding a replenishment program. According to Farah, the initiative will benefit both the retailer and Polo.

"There are some items that are worthy of replenishment and some you want to sell out. The retailer can benefit if it is run right. There's a lot of information about size scale, and one can learn from customers what size they'll need, which can help in our novelty and fancy deliveries. From the information, we can adjust size scale in different regions."

Jennifer Black, analyst at Jennifer Black & Associates, said the quarterly results "demonstrate to us that this company both increasingly segments its merchandise offering successfully into an array of consumer groups and successfully taps new markets one by one....As it moves along the curve of buying back franchises that gave it an initial cost-effective means to grow its business, the company increasingly gains power over its ability to control its brand image and merchandise offering. Through likely continued turbulent economic waters, Polo Ralph Lauren is one company that, over time, should continue to create shareholder value."

She added that the firm's sizeable wholesale and retail business both in the U.S. and overseas "enables this company to penetrate segments where demand is growing and pull back where demand is leaner."

A rendering of the Polo store in Istanbul.



Lauren Headed to Istanbul

By Miles Socha

PARIS — Ralph Lauren has Turkey in his sights, with plans to open his first freestanding Polo Ralph Lauren boutique this October in Istanbul.

The 6,500-square-foot unit will be located in the luxury shopping complex Istinye Park and showcase what Polo bills as Turkey's best assortment of Lauren's apparel and accessories. Brands represented will include Purple Label, Black Label and Polo for men, plus the women's Collection, Black Label and Blue Label ranges.

"Turkey has such a rich history, and we are excited to bring our retail concept to this new consumer," Lauren stated. "The opening of our first location in Istanbul is just another step for us as we continue to strengthen our presence in new markets around the world."

Polo partnered with Turkey's Unitim, the company that brought Harvey Nichols to Istanbul in 2006, for the venture.

Opened in fall 2007, Istinye Park boasts such luxury tenants as Chanel, Dior, Fendi, Gucci, Chanel, Dolce & Gabbana, Prada and Jimmy Choo.

Designed to evoke a majestic continental residence on the Bosphorus, the Polo boutique will boast a facade of stone columns and pilasters, framing a recessed entry through a wrought-iron gate. Interior details will include limestone floors, stucco walls, mahogany millwork, heirloom silver, antique furniture and fine art.

Shoppers will alight on a large women's accessories gallery that will span the front of the store, leading to women's apparel areas, including a Collection salon. A grand staircase of limestone and wrought-iron will lead up to the men's floor.

Over the past few years, Polo has ramped up its international expansion with major flagships opening in cities such as Milan, Tokyo and Moscow. A boutique is slated to open in late September on Avenue Montaigne in Paris.






The WWD List

In the East

Asia-Pacific-based retailers with department and specialty store brands in the region ranked by 2007 sales of those operations.

The Asian retail landscape is a busy one, according to Euromonitor International, which — in conjunction with Retail Asia magazine — has released this year's ranking of the top 500 Asia-Pacific retailers. The report noted there has been a wave of mergers and acquisitions recently, along with continued innovation to attract consumers. Japanese companies dominate the regional ranking. However, as WWD reported in March, despite sweeping consolidation in the sector, Japanese department stores face challenges from the ongoing recession. Below, a look at the largest department and specialty store retailers in the region. Sales figures provided are only for each retail brand's operations in the respective countries within the Asia-Pacific region (these are not global sales figures). In the cases where operations were privately held, sales estimates were provided. — Cecily Hall, with contributions from Vanessa Weber

DEPARTMENT STORES

1		<p>AEON GROUP LTD. Asia-Pacific department store sales: \$22.5 billion Company headquarters: Chiba, Japan; Retail brands in region: Jusco, Posful, Saty This Japanese giant began with one clothing store in 1758, called Shinoharaya, which was opened by kimono fabric merchant Sozaemon Okada. Shinoharaya was later renamed Okada and in 1968 joined with retailers Futagi and Shiro to establish the Jusco Group holding corporation. In 1989, Jusco was renamed Aeon. In addition to supermarkets and convenience stores, two of the group's star department store chains include Posful and Jusco (left). Aeon said in May that it will open two Jusco stores in China's Shandong province this year; it plans to have 10 stores there by 2010.</p>
2		<p>SEVEN & I HOLDINGS CO. LTD. Sales: \$20.7 billion Headquarters: Tokyo; Retail brands: Ito-Yokado, Robinson's, Seibu, Sogo The holding company was established in 2005 and oversees roughly 90 companies and 33,000 individual stores (which include over 30,000 Seven-Eleven stores worldwide), ranging from supermarkets and department stores to restaurants and financial services. Department stores are mainly grouped under Millennium Retailing and its two main subsidiaries, Sogo Co. and The Seibu Department Stores (left). In February, The Nikkei Weekly reported the company's department store operations have shifted from "a "defensive" posture to an "offensive" one with cost-cutting and other measures in order to remain competitive. Sogo has also completed store renovations and closed unprofitable outlets.</p>
3		<p>MITSUKOSHI LTD. Sales: \$8.9 billion Headquarters: Tokyo; Retail brand: Mitsukoshi The original Mitsukoshi store was opened in 1673 by Takatoshi Mitsui, a kimono fabric merchant. The store, called Echigoya, was opened in the area of Edo Honcho (now Tokyo). In 1683, the store moved to Surugacho (the site of the present flagship), and in 1904, it officially became Japan's first department store. Mitsukoshi currently operates 14 main domestic stores, 74 smaller stores and 22 overseas stores. In 2008, Mitsukoshi was bought out by 122-year-old retailer Isetan for \$2.5 billion in stock, to form the Isetan Mitsukoshi Holdings Co. Ltd.</p>
4		<p>LOTTE SHOPPING CO. LTD. Sales: \$8.1 billion Headquarters: Seoul; Retail brand: Lotte The very first Lotte department store opened in 1979; today, more than half the company's business is derived from nearly 70 department store and discount store locations. A spokesman for Lotte told The Korea Herald last month, "We thought sales would slow coming into the latter half of the year because of all the economic uncertainty, but performance has been better than we had expected." He said sales of luxury brands at Lotte have been rising 30 to 40 percent each month. This year, Lotte opened its first department store in China and its first discount store in Vietnam.</p>
5		<p>TAKASHIMAYA CO. LTD. Sales: \$7.3 billion Headquarters: Tokyo; Retail brand: Takashimaya Takashimaya's original store, which simply offered kimonos, opened in 1831 in Kyoto, Japan. Today, the company operates 24 department stores, including its famous Fifth Avenue store, which opened in 1958. Koji Suzuki, president of Takashimaya, told WWD in March that with regard to the competitive retail environment in Japan, "Cultivating new affluent customers and finding ways to keep their loyalty will be what determines our future." In addition to its locations in Japan and New York, Takashimaya is located in Paris; Taipei, Taiwan, and Singapore.</p>

SPECIALTY STORES

1		<p>FAST RETAILING CO. LTD. Asia-Pacific specialty store sales: \$4.4 billion Company headquarters: Yamaguchi, Japan; Retail brands in region: Uniqlo, Footpark What began decades ago as a men's clothing shop called Ogori Shoji in Yamaguchi has since expanded into a multibillion dollar retail empire. Fast Retailing, which took on its current name in 1991, boasts two popular specialty chains, Uniqlo (left) and Footpark, a footwear chain. Uniqlo, which sells casualwear at affordable prices, began expanding outside of Japan in 2001. In 2006, Uniqlo landed in Manhattan's SoHo district. Today, the company boasts over 750 Uniqlo locations worldwide. The chains plans to unveil a global Uniqlo flagship on the Rue Scribe in Paris in fall 2009.</p>
2		<p>LOUIS VUITTON JAPAN KK Sales: \$3.6 billion Headquarters: Tokyo; Retail brands: Louis Vuitton, Givenchy, Kenzo, et al. "Japan loves Louis Vuitton," proclaimed Kotaku, a Japanese gossip, news and gaming site back in May. And Louis Vuitton Japan KK, the Japanese subsidiary of Paris-based LVMH Moët Hennessy Louis Vuitton, has got the region covered. WWD reported in May that Louis Vuitton plans to christen its largest store yet in Tokyo's burgeoning Ginza district. A Vuitton spokeswoman in Paris confirmed that "Louis Vuitton Japan Group would open a boutique occupying the first 10 floors of a new 12-story building to be completed in 2010 in Sukiyaabashi."</p>
3		<p>SHIMAMURA CO. LTD. Sales: \$2.97 billion Headquarters: Saitama, Japan; Retail brands: Shimamura, Birthday The Japanese retailer was founded as a small kimono shop in 1953. Nobutoshi Shimamura purchased the shop, and turned the company into the well-known name it is today. His son Hiroyuki continues to sit on the board. Two of the company's main retail attractions in its business portfolio include 90 Birthday stores, which sell apparel and accessories for babies and children, and 1,100 Fashion Center Shimamura stores (left), which feature housewares and fashionable apparel for women between the ages of 25 and 45.</p>
4		<p>ONWARD KASHIYAMA CO. LTD. Sales: \$2.5 billion Headquarters: Tokyo; Retail brand: Onward Founded in 1927, Onward Kashiyama manufactures, markets and sells men's and women's apparel under its own brands, as well as for designer companies such as Sonia Rykiel, Calvin Klein, Jean Paul Gaultier and Paul Smith, among others. Products are sold through its own stores and distributed worldwide to department stores by its own distribution subsidiary. Last June, The Nikkei Weekly reported the Tokyo-based firm plans to expand its store network in China "by better than 150 percent to more than 400 shops by the end of 2010."</p>
5		<p>WORLD CO. LTD. Sales: \$2.3 billion Headquarters: Kobe, Japan; Retail brands: Hushush, Aquagirl Originally established as a wholesaler in 1959, World eventually expanded into retail operations over the past few decades. In 1993 the company launched Ozoc as its first full-fledged retail business, and other retailers, such as Aquagirl, soon followed. One of its biggest successes is Hushush (left), which targets second-generation Baby Boomer women and their children and provides basic casual, trendy items at affordable prices in its 170 shops. Store interiors feature a children's play space, along with organized events.</p>

SOURCE: EUROMONITOR INTERNATIONAL AND RETAIL ASIA'S "ASIA-PACIFIC TOP 500," WHICH RANKS THE LEADING RETAILERS IN THE ASIA-PACIFIC REGION; RESEARCH FOR THE 2008 STUDY WAS CONDUCTED BY ANALYSTS IN 52 COUNTRIES, INCLUDING THE 14 ASIA-PACIFIC ECONOMIES FEATURED, IN THE THIRD QUARTER OF 2007. WHERE FULL-YEAR 2007 FIGURES WERE UNAVAILABLE FROM COMPANIES AND WHERE PUBLICLY STATED FIGURES ARE NOT TO THE LEVEL OF DETAIL REQUIRED IN THIS STUDY, ESTIMATES HAVE BEEN MADE BASED ON A VARIETY OF SOURCES.

MEMO PAD

BROADER HORIZONS: Vanity Fair's **Elizabeth Saltzman** has been given a new title at the magazine — one that will allow her more freedom to work on other projects. Saltzman, who was based in London as the magazine's international social editor, will become a contributing editor, Vanity Fair said Thursday. She will take on her new role as of Oct. 1, and plans to fill in her time by consulting with fashion and luxury-related brands. Sources close to the magazine speculated the new role could signify a falling out of favor with editor in chief **Graydon Carter**, but he gave no indication of that in his comments on Saltzman. "We're delighted that Elizabeth will continue to be a part of Vanity Fair," Carter said. "She has been a tremendous asset to the magazine, especially in the fashion world, for many years in both New York and London." Saltzman joined Vanity Fair as fashion editor in 1994 and was promoted to fashion director in 1995. She was named fashion-and-style director at large in 2006, and later that year became international social editor. Prior to joining Vanity Fair, Saltzman worked at Vogue, first as senior fashion editor for eight years, then as a contributing editor. — **Stephanie D. Smith**



Elizabeth Saltzman

PHOTO COURTESY OF WALTER CRIVAN/VANITY FAIR

was glued into 'Gossip Girl' from Day One," Kors said. "I think it truly is the 'car-crash-that's-glamorous.' Probably to the consternation of certain people on the Upper East Side, they really get it. It's a pretty clear picture of how a lot of these kids really are."

Kors' affinity extends to central characters Blair, Serena, Chuck and Nate. "I love the clothes, everyone is good-looking, the plot line is a riot," Kors said. "I love the show. They called and said, 'You are very Gossip Girl.' I thought, 'Finally, I am a teenager.'" — **Marc Karimzadeh**

ONE UP, ONE DOWN: Rodale reported an increase in second-quarter print advertising revenue Wednesday, up 8.3 percent from a year ago. Online revenue rose by 27.1 percent and, on the Web, uniques and page views were up 74 percent and 94 percent, respectively. But despite an overall rise, Men's Health reported flat revenue for the quarter, with ad revenue down 7.8 percent and ad pages down 13 percent. Ad revenue on the magazine's Web site

was a different story, however, up 42.4 percent from last year. Men's Health is also planning to publish a second Men's Health Living special in December.

Women's Health continues to increase revenue and ad revenue, up 40.4 percent and 89.5 percent, respectively. Web site revenues rose by 100.7 percent and the magazine is planning another rate base increase to 1.35 million, from 1.1 million, set for the January/February 2009 issue.

The company reported Best Life added 26 new advertisers during the quarter and was up 38.9 percent in ad revenue and 22.5 percent in pages. The privately held Rodale reports percentage increases or decreases in revenues, but not actual figures or profits.

Also reporting second-quarter earnings Wednesday was Time Warner Inc., which saw overall revenues at its publishing division Time Inc. fall 6 percent to \$1.2 billion, due to a decrease in ad and other revenues. Ad revenue fell primarily because of reduced domestic print magazine revenues and declines in custom publishing, offset by higher online revenue, at \$19 million, led by People.com, Time.com and CNNMoney.com. Ad categories that contributed to the decline include pharmaceuticals, automotive, financial services and cosmetics. — **A.W.**

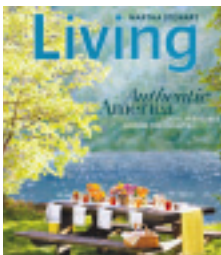
FASHION CHIEF SIGNS ON AT OUT: Out magazine has filled a key slot that sat empty for the past four months, with the appointment of **Grant Woolhead** as fashion director. Woolhead last held the post of fashion director at Arena Homme Plus, where he worked from May 2002 through September 2006, and has spent the past two years as a fashion stylist for Dolce & Gabbana, Karl Lagerfeld, Paul Smith and Calvin Klein Jeans, among others. Woolhead is joining Out, recently acquired by Regent Media, as it publishes its September fashion issue. The issue, due to hit Aug. 12, features **Neil Patrick Harris** on the cover and has 188 ad pages, up from 172 last year, according to **Aaron Hicklin**, Out's editor in chief. Woolhead, a 30-year-old native of Dunstable, north of London, described his style sensibility as "eclectic" — influenced by the British, Italian and French. "I'd like to bring this to the U.S.," he said in a phone interview from the Covent Garden Hotel, where he was reviewing clothes for a Burberry shoot today. — **Valerie Seckler**

HERE TODAY, GONE TOMORROW: Though there are two new chief executives at the helm of Martha Stewart Living Omnimedia Inc., one thing hasn't changed: the incremental, under-the-radar layoffs. Reports have spread throughout the company in the past few days of at least a dozen departures, possibly more, across several divisions. The highest-level cut seems to be president of broadcasting **Sheraton Kalouria**, a 2005 hire by previous chief executive **Susan Lyne**, who had worked with Kalouria at ABC. A call to the company confirmed Kalouria was no longer working there. **Brent Ridge** — a fixture at Martha Stewart Living media properties, including radio, who has the title of vice president for healthy living — is also said to have seen his role reduced, but it could not be confirmed by press time. A spokeswoman for the company did not respond to a detailed request for comment.

In the second-quarter earnings call last week, an analyst asked chief financial officer **Howard Hochhauser** if a "specific new cost program" was being implemented at the company. Hochhauser said it was not. — **Irin Carmon**

DID THEY SERVE HER A BUD?: News of **Tyra Banks'** homage to **Michelle Obama** in the September issue of Harper's Bazaar broke Tuesday, but that didn't stop **Cindy McCain** from stopping by the Hearst Tower that afternoon to have lunch with Hearst Magazines president **Cathie Black**, Cosmopolitan's **Kate White**, **Joanna Coles** of Marie Claire and **Rosemary Ellis** of Good Housekeeping. During the lunch, McCain's daughter, **Bridget**, sent her mother a picture via BlackBerry of a new dress, seeking approval before leaving the house. The potential first lady approved. — **Amy Wick**

THE GOSSIP ON MICHAEL: **Michael Kors'** star turn on "Project Runway" has turned him into a household name. Now the designer will take his TV-friendly persona one step further and appear as a guest in the next season of "Gossip Girl," which launches on the CW network Sept. 1. Kors spent part of Tuesday taping the fashion week-themed episode at Capitale on the Bowery, where a fashion show took place. "I



The cover of the latest Martha Stewart Living.



Cindy McCain



Michael Kors

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Financial

DAILY STOCK WRAP

The Dow Jones Industrial Average climbed 40 points, or 0.4 percent, on Wednesday, but retail stocks were unable to keep pace. The Standard & Poor's Retail Index dropped 0.5 percent to 367.48 on the day before retailers are to report same-store sales results for July. The Talbots, Chico's FAS and Charming Shoppes were down 3.9, 2 and 1.4 percent on the day, respectively, while another missy retailer, Christopher & Banks, managed a 1.8 percent increase. Among teen retailers, Zumiez, down 2.7 percent in Tuesday's session, bounced back with a 6.7 percent increase prior to its disclosure that July same-store sales fell 1.4 percent, more than had been expected. Hot Topic, which also reported same-store sales early, dropped 3.9 percent before it said that July sales were down 2.1 percent on a comparable-store basis, but said it expected a smaller second-quarter loss than originally projected. Among European issues, two of the strongest performances came from Tod's, whose shares advanced 3.8 percent, and PPR, up 3.1 percent.

10 BEST PERFORMERS

DAILY		COMPANIES	P/E	VOLUME	AMT	
HIGH	LOW				LAST CHANGE	
9.00	7.75	Hampshire (HAMPPK)	-	4118	9.00	+16.9%
1.06	0.92	Nitches (NICH)	-	500	0.99	+15.1%
6.28	5.20	Bon-Ton (BONT)	12.4	429174	6.04	+13.5%
0.46	0.39	NexCen (NEXC)	-	161673	0.46	+12.2%
66.66	63.90	Polo Ralph Lauren (RL)	15.4	5996553	65.86	+7.1%
21.36	19.58	CBL (CBL)	26.9	1928959	21.00	+6.7%
14.51	12.70	Zumiez (ZUMZ)	15.7	965678	14.43	+6.7%
0.95	0.95	Frederick's of Hollywood (FOH)	-	24902	0.95	+5.6%
22.26	20.60	Lululemon (LULU)	40.7	1767382	22.22	+4.9%
5.49	5.18	Rocky Brands (RCKY)	-	30284	5.49	+4.8%

10 WORST PERFORMERS

DAILY		COMPANIES	P/E	VOLUME	AMT	
HIGH	LOW				LAST CHANGE	
1.63	1.44	Hartmax (HMX)	-	174512	1.46	-8.2%
15.48	12.94	Maidenform (MFB)	11.6	409853	13.60	-6.3%
11.11	10.47	Finish Line (FINL)	-	1411871	10.50	-5.8%
36.97	34.59	Children's Place (PLCE)	-	1190312	34.92	-5.7%
4.04	3.64	Casual Male (CMRG)	-	144678	3.76	-5.3%
14.03	13.09	Collective Brands (PSS)	40.2	1531057	13.35	-5.1%
17.26	15.71	Brown Shoe (BWS)	12.8	636359	16.31	-4.3%
28.83	27.40	Fossil (FOSL)	15.7	1696801	27.50	-4.1%
14.95	14.08	Talbots (TLB)	-	848516	14.40	-3.9%
6.88	6.48	Hot Topic (HOTT)	19.6	529857	6.60	-3.9%

Hampshire Group Sees Loss in 2nd Qtr.

By Matthew Lynch

HAMPSHIRE GROUP LTD.'S SECOND-quarter loss more than doubled on flat sales.

Despite the decline in its bottom line, shares of Hampshire rose \$1.30, or 16.9 percent, to close at \$9 on Wednesday. It was the second consecutive day of double-digit percentage increases for the stock after Monday's disclosure that Hampshire and former chief executive officer Ludwig Kuttner had settled a dispute resulting from an audit committee investigation into Kuttner's business expenses and alleged mismanagement and tax evasion. He dropped a wrongful dismissal lawsuit and Hampshire withdrew its lawsuit against Kuttner.

For the three months ended June 28,

the Anderson, S.C.-based sweater and sportswear marketer reported a second-quarter net loss of \$5 million, or 64 cents a diluted share, versus a loss of \$2.2 million, or 29 cents, in the same period last year. Excluding results from the Shane Hunter subsidiary, which has been divested, the loss from continuing operations was \$3.1 million, or 40 cents, against a loss of \$1.4 million, or 11 cents.

Sales rose 0.6 percent to \$32.9 million from \$32.7 million as higher average selling prices offset a decline in unit volume.

For the six-month period, the company reported a net loss of \$8.8 million, or \$1.12 a share, a 46.6 percent increase from a loss of \$6 million, or 77 cents a diluted share, for the first half of 2007.

Sales for the six-month period fell 0.8 percent to \$72.6 million from \$73.2 million.

Lower Profits Drag Down Maidenform Shares

By Evan Clark

SHARES OF MAIDENFORM BRANDS Inc. fell more than 6 percent Wednesday after the intimate apparel firm said weakness at department stores and changes in delivery schedules cut into second-quarter earnings and sales and reduced its projections for the year.

Second-quarter earnings declined 17.7 percent to \$7.8 million, or 33 cents a diluted share, from \$9.5 million, or 39 cents, a year ago.

Revenue for the three months ended June 28 slid 9.2 percent to \$108.1 million from \$119 million.

"More than half of the [sales] decline is related to the timing of new pipeline shipments to department and chain stores," Maurice Reznik, chief executive officer, said on a conference call with Wall Street analysts. Reznik took over last month from Thomas J. Ward, who is now chairman.

Sales to department stores, which are shifting orders in an apparent effort to control inventory, dropped 15.8 percent to \$57.4 million, although the firm registered increased sales to mass merchants and international clients and through its own stores.

"Our expectations are that the spring

economic conditions will continue into the fall," Reznik said.

For the full year, the intimate apparel firm reduced earnings projections to \$1.28 to \$1.36 a share. Previously, Maidenform was looking for earnings of about \$1.46. Both estimates exclude start-up costs of 6 cents a share related to the new Donna Karan and DKNY global license for intimate apparel. Maidenform expects the license will add about 5 percent to its sales next year and provide a foothold in the high-end market.

"The Donna Karan rollout has the potential to be a key game changer in 2009 and beyond in terms of diversifying the company," Eric Beder, analyst for Breaun Murray Carret & Co. LLC, said in a research note. "The company has continued to be a key innovator in the intimate apparel space and, in normal times, would be driving appealing top- and bottom-line growth. It is crystal clear that we are not in ordinary times."

First-half earnings dropped 31 percent to \$13.8 million, or 59 cents a diluted share, as sales decreased 9 percent to \$206.2 million.

Maidenform shares ended Wednesday's New York Stock Exchange session at \$13.60, down 91 cents or 6.3 percent.



WWD INDEX

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True Religion Net Soars in Qtr.

By Arnold J. Karr

THE PREMIUM BUBBLE SHOWED NO signs of bursting in the second quarter at True Religion Apparel Inc.

The Vernon, Calif.-based company blew past year-ago results and analysts' expectations for the three months ended June 30 with an 86 percent leap in net income and a 78.9 percent increase in net sales.

Full-year earnings guidance was raised to \$1.61 to \$1.65 a diluted share from the \$1.52 to \$1.61 range provided on May 8. Sales are now expected to land between \$242 million and \$247 million, \$22 million above the previous forecast.

In the quarter, net income totaled \$9.3 million, or 39 cents a diluted share, 7 cents above the consensus analyst estimate. Year-ago profits reached \$5 million, or 21 cents.

Sales hit \$64.2 million versus \$35.9 million in the year-ago quarter. U.S. wholesale revenues, the largest segment of the business, were up 57.3 percent to \$38.4 million, and international wholesale revenues grew 66.3 percent to \$7.8 million. The consumer direct segment almost tripled to \$17.7 million from \$6.5 million as its store count grew to 30 from eight a year ago.

The company, which operates 34

stores, including eight outlets, expects to have 39 stores by the end of the year. On a conference call, executives said they will travel to London in the months ahead to scout locations for the first branded store in Europe, which True Religion is considering operating on a franchise basis.

With plans to open 20 to 25 stores a year, retail could account for half of sales by the end of 2010. In the third quarter, stores and e-commerce accounted for 27.5 percent of its \$64.2 million in sales.

Gross margin grew to 57.5 percent of sales in the period from 57.3 percent in the year-ago quarter, which the company attributed to a shift in its merchandise mix toward the higher-margin retail and e-commerce businesses.

"During the second quarter, we experienced broad-based sales momentum, with strong growth across each of our business segments," said Jeffrey Lubell, chairman, chief executive officer and creative director.

For the six months, net income increased 59.9 percent to \$16.2 million, or 67 cents a diluted share, from \$10.1 million, or 43 cents, in the first half of 2007. Sales were up 63.1 percent to \$117.6 million from \$72.1 million.

— With contributions from Khanh T.L. Tran

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Applicants should email a letter of application and a current resume to: Dr. Guy Adams, Chair, Fashion and Marketing Department, at ga@berkeleycollege.edu For information about the college: www.BerkeleyCollege.edu</p>	<p>Help Wanted</p> <p>GENERRA Associate Designer Knits/Sweaters- NY We are seeking someone who is highly creative & possesses strong knowl. of the contemporary mkt. Will be responsible for knit fabrics, yarns, stitch, trim & trend research, flat sketching, presentation boards & lab dip approvals. Must have excellent organizational and communication skills along with proficiency in Photoshop & Web pdm. 3+ yrs exp. in contemporary mkt is req. Pls e-mail resumes to: humanresources@generra.com</p> <p>INDEPENDENT REPS We are a Hot, New, Cutting Edge, Junior Contemporary Line seeking established sales representation in ALL Major Markets. Come see us at: WWD/MAGIC North Hall, Booth YC14026, E-mail your info to: mal@wetteaze.com. Please visit us on the Web: www.wetteaze.com</p> <p>PATTERNMAKER 7-16 Girls Sportswear Co seeking experienced first patternmaker for tops & bottoms. Must be knowledgeable of garment construction for knits & wovens. Fluent in english a plus. Fax resume to: 212-268-4920 Email: turk1812@aol.com</p>	<p>Help Wanted</p> <p>Production Associate Int'l Textile Co. seeks highly motivated detail-oriented person to track goods from order placement to delivery. Daily communication w/ overseas suppliers. Computer literate, good follow-up skills. Knowledge of textiles a +. Challenging support position in a friendly busy work environment. Company paid benefits. Please fax resume: 212-209-4406 or E-mail to Sally@threadtex.com</p> <p>Production Asst./Coord. We are seeking a Production Asst/Coordinator whose responsibilities include: style master set up and issuing/tracking POs, following-up on production samples and comments, measuring fit samples and updating tech packs, and maintaining production reports & files. Must be very responsible, organized & self-motivated. Knowledge of Excel is a must. Some experience with AS400 or similar- but will train. Opportunity for growth. Please e-mail your resume with salary reqs to: prodresume@tagusa.com or fax to: 212-328-1281</p> <p>P/T EXEC/ADM ASST Access. co. seeks reliable P/T Asst to CEO (Mon-Thur only). Good computer skills (type 50+) Word, Excel & Email. Good command of English language; resp. for phones. Fax Res 212-869-7811</p>	<p>Help Wanted</p> <p>JESSILYNpersonnel.com TD Runway Collection 880-110K Susie.Jessilyn@aol.com or 212-947-3400</p> <p>SALES HELP WANTED</p> <p>Sales Help Wanted</p> <p>mint JODI ARNOLD Account Executive Join our growing sales team. Must have 3 yrs exp in the contemp mkt. Email: accountexecutive@jodiamoldny.com</p> <p>SALES PRESIDENT Contemporary, Junior Co. is seeking a Sales President to lead the sales team in our New York office. Must have experience working with Dept. and Chain stores. Please Fax your resume to: 323-263-0772 or E-mail to: no1ny@hotmail.com</p>
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