

beauty

Commodity Rolls Out Mix Bars in Sephora

By RACHEL BROWN

COMMODITY IS encouraging Sephora customers to make fragrances their way.

Last month, the specialty beauty retailer rolled out so-called mix bars filled with eight of the niche fragrance brand's scents to 85 locations, where shoppers can whip up fragrance cocktails from a variety of ingredients (in Commodity parlance, an Old Fashioned is concocted from its Mimosa and Whiskey scents, for example) or take their scents neat. Outside of the mix bars, almost 100 Sephora doors across the U.S. and Canada carry Commodity's two best-selling scents, Moss and Gold.

"What we were looking to do at Sephora was an interactive experience that other brands don't currently offer. For us, it is about collections and cocktails, and finding your own unique scent," said Ash Huzenlaub, chief executive officer of Commodity Goods Inc.,

Huzenlaub noted Commodity's Web site is still at the core of its business.

Customers, who break down roughly 55 percent female and 45 percent male, order three fragrances on average online. Scents are priced from \$24 for 10 ml. to \$90 for 100 ml. The brand's smaller sizes are its most popular.

Commodity has concentrated its efforts on 10 fragrances (the original assortment contained 20) across its black and white lines. Fragrances in the black line tend to be moodier and fragrances in the white line tend to be lighter, but there is no specific gender delineation.

Introduced to Commodity last October, Huzenlaub, managing director of growth management firm Asseo Group in London, said, "I saw the Kickstart video and, from there, went out to L.A. and met with the [founding] team. I was really fascinated with what they were doing. I draw parallels to Sweet Leaf, [a tea brand sold to Nestlé in 2011 that he previously worked with]. Based on what I saw from the response through social media, this was going to be something exciting."

Commodity was created by Los Angeles marketing agency Ferroconcrete as an accessible, modern, digitally driven fragrance brand. Members of the brand's founding team include Jason Yeh, currently a member of Samsung's Think Tank Team; Yo Sankoa, creative director at Ferroconcrete; Sung Noh, engineer at Ferroconcrete and chief technology officer at Commodity; and Owen Gao, a former Ferroconcrete ad director who serves at Commodity's chief creative officer.

Commodity has attracted an audience of around 9,700 followers on Instagram that Huzenlaub described as extremely engaged with the brand. Followers regularly post pictures of the brand's wearing its classiest sensibility on zero advertising as been people found on Twitter, Instagram, and Facebook. Other than I have been additional advertised to move the scene it just taking on social media said.

Private entrepreneur Commodity, couldn't reveal the results of its entrepreneurial financial results. As extensions in at home e-commerce remaining us. Asked about performance far, Huzenlaub said he had great luxury sources could be \$8 million at retail on courier.



Commodity's Gold scent.

adding, "Traditionally, products in fragrance are marketed by highly paid personalities. We wanted this to be about you, the consumer, and not about any famous actress or actor."

Commodity has entered Sephora at a time when niche fragrance brands have been bright spots in a fragrance segment that, on the whole, has lost lust. Artemis Patrick, senior vice president of mer-

Coach, Inter Parfums Sign Deal

By JENNIFER WEIL

PARIS — The French stock market responded favorably Thursday to the news that Inter Parfums SA and Coach Inc. had signed an 11-year global licensing agreement for Coach fragrances.

The share price of Inter Parfums SA, the Paris-based subsidiary of Inter Parfums Inc. of New York, closed the day up 4.8 percent to 32.46 euros, or \$34.50 at current exchange.

Inter Parfums is to create, produce and distribute new fragrances and fragrance-related products to department and specialty stores, duty-free shops and Coach stores starting in fall 2016.

"It makes sense to have this brand today because we have no other that competes with this one in the portfolio," Philippe Bensic, chairman and chief executive officer of Inter Parfums SA, told WWD. "The fragrance is very much American. It's another way of telling the story."

It is understood Coach is winding down its fragrance and beauty license with the Estée Lauder Cos. Inc.'s BeautyBank division, which was signed in 2006. Under Estée Lauder, the accessories and fashion label launched two fragrance franchises — a signature line and Poppy.

Bensic said looking ahead, a new women's fragrance for Coach should come out in late 2016. Inter Parfums SA will use its international distribution network to sell Coach fragrances.

"As our brand transformation continues to progress, and with Inter Parfums as our partner, we know we can leverage this category into a much larger global opportunity," stated Victor Luis, CEO of Coach. "Given Inter Parfums' successful track record of cultivating and growing fragrance lines for fashion and luxury goods brands, they were the ideal choice to take our business to the next level."

Inter Parfums SA has been acquiritive of late, last month buying Rochas' fashion and fragrance businesses. With incremental sales from Rochas and Coach activities, the company is moving toward the level of business it had in 2012 — which was at more than 400 million euros, or \$514.4 million at average exchange for the year — prior to the termination of its Burberry fragrance and beauty license.

As reported, Inter Parfums SA's 2014 revenues reached 267.1 million euros, or \$295 million.

Inter Parfums, which has 12 fragrance brands including Balmain and Van Cleef & Arpels, is gearing up for a major Jimmy Choo launch in the second half of 2015, plus several Montblanc projects, among other initiatives.

ShadeScout Makeup App Launches

By FAYE BROOKMAN

THE GROWING BEVY of beauty apps offers everything from online scheduling for an at-home blowout to determining if a brand tests on animals. The newest app addresses the common refrain, "I want what she's wearing."

ShadeScout, from FaceCake Marketing Technologies Inc., allows users to capture a shade, search a menu of brands offering the hue, virtually try it on, share with friends and even order online if they don't choose to visit a store. "With ShadeScout, anything you see is a color that can then be tried on, whether it is a red-carpet look, a cranberry in a store or the bluesky," explained Linda Smith, founder and chief executive officer of FaceCake.

The free app, launching today for both iOS and Android, uses the camera on mobile phones or tablets to capture a color-coded color. An automated Web crawler and proprietary color-search technology sifts through more than 10,000 products in the color database delivering options to match that hue from more than 40 major luxury and mass brands ranging from Laura Mercier to Revlon.



A look at the ShadeScout app.

Users can virtually try on the products from categories including lip, eye, blush, bronzer and foundation and then share a photo through an in-app option for feedback. There's a buy button linking most of the prestige items to sephora.com, the mass items go directly to the vendor's site.

Smith thinks the app will appeal both to brick-and-mortar and e-commerce shoppers. "It was important for this to be mobile," explained Smith, noting people might use it in a store to find a shade to complement a dress or other makeup. She also believes users will discover up-and-coming brands they didn't know existed. Loyalists can use a filter to search by brand. Another benefit is that consumers can uncover items to match a favorite shade that has been discontinued. In test marketing, eye shadow is a popular search, but the incidence of blush has been a surprise to Smith.

To support ShadeScout, FaceCake plans editorial content such as what colors are selling best in different markets or shade reports from red-carpet events.

The eight-year-old FaceCake is a pioneer in augmented retail, known for its virtual try-on capabilities such as Swiss Virtual Dressing Room and Digital Beauty Bar.

Brazil's Beauty Market Up 11 Percent

By IVAN CASTANO

MEXICO CITY — Brazil's beauty market, the world's third largest, grew 11 percent to 192 billion reais (\$32.4 billion at current exchange) in 2014 as Brazilians continued to buy cosmetics with gusto, despite anemic economic growth in the overall economy, according to the industry lobbying group Abilpec.

"This very strong growth is not surprising, despite the macro landscape we are going through," said BTG Pactual analyst Thiago Andrade. "Gross domestic product is struggling, but that hasn't really affected people on a day-to-day basis. Inflation is higher, but unemployment has not yet started." A strong Brazilian beauty culture is also helping. "It's a cultural trait," Andrade added. "People really dedicate their wallet share to beauty."

In a down economy, for example, "women may go to the hair salon every two weeks instead of once a week and could trade down on product lines."

Despite problems suffered by some major beauty players, analysts said industry margins also remain strong, with direct sellers and multifunctional retailers, such as drugstores, enjoying gross margins of more than 65 percent of sales.

Regarding the crisis in the real — which has plunged to a 10-year low amid the economic woes in Latin America's top economy — Andrade said companies import product six to 12 months in advance so the current slump is not affecting them.

"Right now, cash flows are hedged for the most important players," he said. "The real weakness may be something to keep an eye for in the future."

As some consumers begin trading down, the mass market segment (particularly basic toiletries) is set to gain strongly this year when analysts forecast it could grow 7 to 8 percent.

Andrade noted direct sellers including Natura and Avon will continue to struggle amid local and international competition.

Andrade said Natura "is doing very badly" with earnings before interest, taxes, depreciation and amortization margins down 500 basis points in the past three years, hurt by aggressive marketing spending to keep up with expansionist drugstores and specialist brands such as Hypermarcas or EoCeltano.

Meanwhile, Abilpec's president, João Carlos Basilio, said heavy spending on marketing and advertising helped buoy last year's sales. Such expenditures now equal roughly 30 percent of industry revenues.

The men's, children's and hair-care circuits posted strong gains while sun and hair-care products also saw brisk sales. According to Basilio, the children's segment grew 14 percent to 4.5 billion reais in the past five years, with hair sales accounting for 24 percent of the global total.

The men's segment also saw growth double to 11 billion reais since 2010, Basilio added.

Brazil's beauty industry ranks third behind the U.S. and China. It accounts for 1.8 percent of gross domestic product and 53 percent of the Latin American market, according to Abilpec.

SHIRAZI'S NEW
LAUNCHES NEW
CHANEL'S NEW

WWD
Against The Grain
Big Get for NY: Merit As Varvatos to Show