

WWD AN ISSUE OF WOMEN'S WEAR DAILY

THE BUSINESS OF BEAUTY

BEAUTY INC

THE NEW LUXE

HOW AFFLUENT SHOPPERS
ARE SPURRING SALES

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YOUNG STARS

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PASSION PLAY

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LAUREN REMINGTON PLATT,
THE BLUE BLOOD WHO'S
REINVENTING THE SERVICE MODEL



DESPITE THE UNCERTAINTY OF THE POLITICAL AND ECONOMIC SCENES IN THE U.S., HIGH-END COSMETICS ARE SETTING SALES RECORDS, AS BOTH THE AFFLUENTS AND ASPIRATIONALS SEND A KEY MESSAGE TO MARKETERS: BEAUTY IS A NECESSITY, NOT A LUXURY.

BY JENNY B. FINE
PHOTOGRAPHED BY ROBERT NETHERY

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his summer found Julie Macklowe in an unlikely locale: behind the counter at White's Chemists and Perfumers in East Hampton, N.Y.

Married to real estate scion Billy Macklowe, Julie is a woman one might think more likely to be found on the other side of the retail divide.

But as the founder and chief executive of V Beauté anti-aging skin care, she has spent the last year criss-crossing the country, visiting high-end luxury boutiques like Bergdorf Goodman and Stanley Korshak to promote her line.

So when Macklowe says that one of her most important business insights—how her public persona as a high-profile socialite has been a magnet for well-heeled customers—came from her time spent in the trenches, she knows whereof she speaks.

"People look to affluent shoppers as tastemakers. They have more influence," says Macklowe.

"Of course they do," she continues. "Here are people who could have anything—these women have curated taste and they want the best of the best. Their friends look to them knowing they could choose multiple brands and this is what they want."



Turn the page to discover how socialite and entrepreneur Lauren Remington Platt is capitalizing on the beauty boom.

"When I was working at the counter, I kept noticing people coming in who I didn't necessarily know, but they had heard about the line either from reading a magazine or they knew someone I knew," she says. "That's what made them get interested about the brand."

While Macklowe's experience is more insular than that of the overall market, the numbers do indeed bear her out: The upper end of the beauty market is booming, and the positive impact is cascading across the entire prestige market. The merits of trickle-down economics may have been debate-topic number one during this contentious election season, but trickle-down consumerism—at least when it comes to beauty—is having a marked impact on the business.

"The higher end is opening the way for the rest of the market to find opportu-

nities," says Karen Grant, vice president and global industry analyst of The NPDI Group. She cites as an example nail lacquer, pointing out that it was superluxe brands like Chanel that first put forth edgy colors like black and grey, which have since become market staples. "The higher end is the engine that is igniting the category," says Grant, "and that is part of the reason we are seeing such strong growth across makeup and skin care and fragrance."

John Demsey, group president of the Estée Lauder Cos. Inc., has seen the phenomenon firsthand. He says business is booming at Tom Ford Beauty, which launched last year with prices such as \$48 for a lipstick and \$90 for a bronzer, while Jo Malone is having the best year in its history. "Aspirational beauty is back," says Demsey. "Beauty in its most luxurious, expensive way is still fairly accessible,"

AT YOUR SERVICE

LAUREN REMINGTON PLATT REINVENTS THE DOOR-TO-DOOR MODEL.

Imagine if the Avon lady was Pat McGrath and Guido Palau rolled into one.

That was the brainstorm of Lauren Remington Platt, a descendant of the Remington Arms dynasty and staple of the New York social scene, who turned a personal beauty conundrum into a successful online business venture called Vênsette—a professional hair, makeup and nail service available at any Manhattan doorstep.

While working as an analyst at a New York hedge fund, the Columbia University graduate, now 27 years old, was frustrated that the nearest hair salon closed at 6 p.m. So if she had an evening event, Platt would sneak away at lunchtime for a blowout. Then after work, she'd dash to Bloomingdale's makeup counter for a touch-up.

"They had pretty good [makeup] artists. I think I knew what I was getting wasn't great, but for that three-product minimum, \$120, having a professional put on my makeup was really worth it," says Platt, while confessing she ended up with oodles of products. "For me, it's not really about the product. It's about who's putting it on and the application."

And so Platt decided to mount a professional beauty service for busy, affluent women like herself.

"Not only should [the service] come to the consumer, but [it] should come in a consistent and reliable way," she explains. "I was predicting that if you made this more accessible, women would be willing to pay extra for that convenience."

Platt notes that the traditional business model of the beauty industry has not yet been significantly disrupted like other sectors (think Gilt Groupe and fashion retailing). In her view, digital and service provide a lot of white space. So 20 months ago she launched Vênsette.com from her living room.

"Vênsette is not a new idea," says Platt, pointing

out women have been getting beauty services for eons. "But how Vênsette is really changing the way women experience this is we're integrating technology. At the same time, we're consolidating a fragmented freelance beauty artist industry through our training, screening [and] preliminary background checks. We are then delivering that to the consumer through the click of a button."

Comparing Vênsette to inspirational business models, she says it's "really the uber of hair and



Platt with a trio of Vênsette artists.

makeup meets the consistency of Starbucks."

Mentoring Platt on the project have been first and foremost Cindy Palusamy of CP Strategy Inc. and Marvin Traub Associates; Vogue's Anna Wintour, plus other entrepreneurs and the tech community.

Vênsette's clients are well-heeled, professional women who need to look good. They're mobile, savvy shoppers aged 20 to 60-plus, who can discern marketing spin.

"Our consumer base is women who [shop] for designer brands. They're shopping for luxury experiences. They have the accessory; they have the designer dress and shoes. And the hair and makeup is just a natural extension of that," says Platt, who describes her own fashion style as "classic with an edge." (For a meeting,

for instance, she'll wear leather pants with a blazer or jeans with heels and a button-down shirt.)

Platt adds Vênsette has a large database of international clientele and a robust corporate clientele model, with more than 45 luxury brand accounts.

"Really, because of our price points and because we're literally an army of artists, you can have 20 appointments at 4 o'clock," she says.

Blowouts cost \$125; individual hair and makeup services, \$175, and a hair-and-makeup package, between \$250 and \$325, not counting tax and transport.

Overall, Vênsette's most popular looks are CEO (with a subtle, smoky eye) in brown or black, the Grace Kelly in Ruby (with a red-scarlet lip and an eyeliner flick) and the blowout. (Platt's own go-to looks are CEO in Dunes and the blowout.)

Platt calls Vênsette "product neutral," but contends the product part of the business organically follows from the service. In this way, she has inverted the traditional product-makeover paradigm.

Today, Vênsette has offices ("thank God," laughs Platt), and on the horizon are launches with two major luxury hotel groups. The company is hiring, plans to roll out nationally and will make its services available to a wider demographic.

As the company grows, Vênsette's membership-based platform—created originally in part to manage the appointment ebb and flow and learn about its consumers—will be dissolved; product will be incorporated in a stronger way, and beauty looks will be more trend-based, with seasonal updates to reflect what's on the runway.

"But it will be with the Vênsette voice and the Vênsette twist, which is making something that's happening in fashion wearable and applicable to everyday life," says Platt. "That really goes back to our motto...which is looking like yourself, only better."

—JENNIFER WEL

LUXURIOUS ESSENTIALS



\$1,950
CREED 1760
SUBLIME
VANILLE

\$2,100
LA MER
THE ESSENCE

\$1,050
LA PRAIRIE CELLULAR
CREAM PLATINUM RARE

\$48
TOM FORD LIP COLOR

he continues, noting that prices have escalated exponentially on the fashion side of the business, with the average price of designer shoes today starting at about \$700 and rising steeply from there. "A \$48 lipstick seems a small price to pay when you're dealing with the scope of price points that we're talking about," Demsey concludes. "There's been a trading up, from prestige into luxury, from mass into massige into prestige."

Consider the figures: According to NPDI data, overall sales of prestige skin care are up 11 percent year-to-date, while sales of products \$250 and more grew 74 percent. Antiaging skin care is particularly strong, with brands such as La Mer, Clé de Peau, La Prairie, Dior, Guerlain, SK-II and Chantecaille all enjoying stellar years. Fragrances priced \$100 and over are up 48 percent, while sales of color cosmetics that cost \$50 and more grew 22 percent. Last year's "frugal fatigue" among affluent shoppers is now a full-scale return to comfortable consumption.

"Instead of saying this is luxurious, consumers are saying this is a luxurious essential," says Lynne Florio, global brand president of La Prairie. "Our loyal customers stayed loyal. They want a little bit more—more samples, different kinds of offerings—but mostly they want recognition and acknowledgment of their loyalty to us."

That's the good news—and it is good news, to be sure. However, the nature of the shopper has changed, be she affluent or aspirational, and woe to the marketer unattuned to her needs. "Back in 2007, people who weren't rich thought they were going to get rich and people were spending based on that perceived wealth," says Stephen Kraus, senior vice president and chief insights officer of Ipsos MediaCT. "Now, the affluents, who have \$100,000-plus in household income and comprise 20 to 25 percent of the country, feel like they are in the top 38 percent, and the ultra-affluents, who are in the top two to three percent, only feel like they are in the top 16 percent. So the affluent feel middle of the road and the ultra-affluent only feel affluent."

One clear manifestation of that has been the willingness of the rich to continue to shop across brands, even five years after the advent of the economic crisis.

"They are willing to spend for brands and at retailers where they feel they are getting something worth the price," says Wendy Liebmann, chief executive officer of WSL Strategic Retail. "What they learned from the recession is that they don't have to pay a premium for everything."

"Are they back? Yes," she continues. "Willing to spend? Yes. Feeling more confident? Absolutely, but there's this sense of, let's not be stupid. Let's not throw money away if we don't have to."

Liebmann says that has resulted in even the most high-end retailers creating a good-better-best strategy. Take the collaboration between Target and Neiman Marcus, Or Nordstrom and Topshop, Or Tokyo's Dover Street Market and Uniqlo. "These high-end retailers are realizing they need to give their luxury shoppers a choice on things they might want to buy without walking out of the store," says Liebmann. "And it says to the aspirational shopper, 'We are young, relevant and fun. Come into our store.' It opens the door to a younger consumer and allows the luxury consumer to get something that is of value as well."

The most valuable asset for a luxury customer, though, comes down to one word: service. "Our business is only as good as the person behind the counter," says Sylvie Chantecaille, president and chief executive officer of her namesake brand. Thus far this year, sales are up 27 percent on a comp-store basis and for Chantecaille, the reason why is simple: "Service is prime. It's the most important thing."

Emmanuel Saujet, chief executive officer of International Cosmetics and Perfumes, which markets the Creed and Hanae Mori fragrance brands and Ivó Ptiangy skin care, agrees. "The client has to walk away thinking this was the most interesting experience she's had regarding fragrance," he says, "from the historical origins to the creative aspect. We want her to feel as if she is sitting in Olivier Creed's lap in the south of France," he concludes, referring to the sixth-generation master perfumer who has created some of the house's most memorable scents.

Brands that provide elevated service levels are rewarded with repeat purchases—one of the key factors driving sales in this segment, according to Grant and others. "She is really engaged and looking for that special experience," says Tomoko Yamagishi-Dressler, senior vice president, marketing, of Shiseido Cosmetics America. "As long as the brands are providing it, she is staying loyal to the brand." At Clé de Peau, that translates into programs such as Master Class, where clients are educated about skin care, or in-store appearances by the brand's makeup creative director, star editorial artist Lucia Pieroni. "Our customer is affluent, but she is also very smart, very involved and very engaged," says Yamagishi-Dressler.

"The affluent customer is looking for the 'why' of a brand," agrees retailer Marla Malcolm Beck, chief executive officer of Bluemercury. "She doesn't care about deals, sets or promotions. She wants experiences, creativity and to feel like she has a window onto something that no one else has." To that end, Bluemercury has a program called Sneak Peek, where its top customers get a full-size new product in the mail, with a personal note from Beck about why she likes it. "These clients receive my personal e-mail address and send me thoughtful notes about why they love a product," Beck says. "It makes our relationship more personal."

Even with the political, social and economic turmoil that's roiling both the U.S. and international markets, experts remain optimistic that the upper end of the beauty market will remain strong: "The quest for eternal youth is eternal, whether you're a Democrat or Republican," quips Demsey.

"Right now, there is trepidation in the world," he continues, turning more serious. "You've had an election or governmental switch in almost every major country, and when you have this much transition, people always feel unsettled. But when all is said and done, you keep calm and carry on. It's the same for the beauty industry," Demsey says. "Once the dust settles, women will continue to pursue their quest for beauty." ■