

## BACK IN THE GAME

CHANTAL ROOS STRIKES OUT ON HER OWN WITH A QUINTET OF FRAGRANCES. PAGE 6



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## OPPORTUNITY KNOCKS

RENZO ROSSO'S OTB SEES PLENTY OF ROOM FOR GROWTH DESPITE A DIP IN PROFITS LAST YEAR. PAGE 4



# WWD

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# Crocodile Rock

Lacoste, a quintessential preppy brand, is testing out its edge with Live, the house's newest fragrance. Meant for creative, urban men, the scent begins rolling out next week in the U.K., with other global markets to follow through November. Industry sources estimate that it could do \$160 million to \$175 million globally in its first year on counter. For more, see page 6.

PHOTO BY GEORGE CHINSEE; STYLED BY SHARON BER

### STRIKE OVER HIGHER WAGES

## Mass Protest Goes On At China Shoe Plant

By LARA FARRAR

SHANGHAI — No resolution has been reached between one of the world's largest shoe manufacturers and tens of thousands of workers who are on strike over a benefit dispute at the company's factories in the southern province of Guangdong.

The Taiwanese-owned Yue Yuen Holdings Ltd., which makes shoes for Nike and Adidas along with numerous other global brands, has not responded to interview requests regarding a strike among employees that began in early April and has since intensified into a widespread protest involving at least 30,000 workers in Dongguan, a manufacturing epicenter in southern China. Worker rights groups have said the strike is one of the largest in recent history in the country.

"It is a very complicated situation," said Geoffrey Crothall, a spokesman for the Hong Kong-based China Labor Bulletin, which has been monitoring the ongoing protests. "It will take time to sort it out."

Crothall added that the situation is highly politically sensitive in China, where mass protests are banned and workers are not allowed to organize trade unions not approved by the government. A police presence has been ubiquitous in Dongguan since the protests intensified this week, and some protestors at Yue Yuen's factory have been stopped by police or detained, Crothall said.

Calls to employees resulted in little commentary. Most remarked they feared their phones were being monitored by the government and that if they spoke to foreign journalists they risked losing their jobs. The strike has garnered almost no coverage from domestic media.

When reached by phone, most workers declined to speak. Some said that local non-governmental organizations focusing on labor issues are being monitored by the government, and are banned from reaching out to Yue Yuen's employees. SEE PAGE 12

## Italian Beauty Firms See Russia Slowdown

By CYNTHIA MARTENS and PETE BORN

BOLOGNA, Italy — A depressed domestic market is not the only headache tormenting the Italian beauty industry. A cold chill of concern about the stability of business with Russia generated a current running beneath the usual discussions at the recent Cosmoprof trade show here.

"There's a situation of uncertainty; there is a fear that after Western sanctions there could be sanctions on the Russian side," said Duccio Campagnoli, president of BolognaFiere and Cosmoprof, which ran from April 4 to 7.

"We were in Moscow for a fair when the Ukrainian crisis emerged, and we noticed that there was a feeling of not only uncertainty but also worry on the behalf of buyers regarding their work," he said.

Russia is the sixth-largest export market for Italian beauty manufacturers, and sales of Italian products there rose 5 percent last year. While Russian tourists are a great source of revenue for local merchants, Augusto Mazzolari, the most famous of Milanese perfumery owners, said his sales had been growing early this year and then hit a bump.

"Lately, ever since America went up against Russia, we've lost some of our Russian clients," he said. "We had a sales increase in January and in February and a drop in March. Russians spend a lot."

Ferragamo Parfums president Luciano Bertinelli said the decrease in the number of Russians traveling SEE PAGE 8

# Currency, Investments Hit OTB Net

By LUISA ZARGANI

MILAN — Currency headwinds and substantial investments, including the acquisition of Marni, dented profitability at fashion group OTB SpA in 2013, although revenues were in line with the previous year and the foundation was set for further expansion.

In his first interview since joining the company in September as co-chief executive officer, Riccardo Stilli expressed confidence in the growth potential of the group, parent to brands Diesel, Viktor & Rolf and Maison Martin Margiela, as well as Marni. OTB also controls manufacturing arm Staff International, which produces collections for Just Cavalli, Vivienne Westwood, Marc Jacobs Men's and Dsquared2. Stilli shares the role of co-CEO with Stefano Rosso, son of OTB founder Renzo Rosso.

"We have quite a few aces up our sleeve and great opportunities. We are still not heavily present in Asia; our markets are well-balanced, so that if there are problems in certain areas, we can shift our focus. We have a huge potential in the accessories and footwear category, which has not really been tapped yet," said Stilli, who also highlighted the group's strong organization, expertise and synergies.

That said, he conceded he was "reasonably concerned" about the global environment given the instabilities and tensions around the world, the strong euro and other currency fluctuations, as well as a slowdown in Chinese consumer spending that simply "can't grow as in the past."

Asked if the group was tweaking its prices to adjust to the currency headwinds, Stilli responded in the negative. "A price hike is not an answer; we evaluate each situation, but nobody in our industry would be so brash to do so," he contended. Stilli also noted that Japan and the U.S. are the group's main markets, accounting for 20 percent and more than 15 percent of sales, respectively. "Just look at what happened to the yen and the dollar. This surely does not help to boost results," he said, adding that prospects in the U.S. are positive.

In 2013, OTB's earnings before interest, taxes, depreciation and amortization totaled 140 million euros, or \$148.8 million, down from 200 million euros, or \$256 million, in 2012. "Almost half of this drop is due to the currency headwinds and to the investments made," said Stilli. Dollar amounts are converted at average exchange for the periods to which they refer.

Revenues totaled 1.57 billion euros, or \$2.07 billion, inching up from 1.50 billion euros, or \$1.92 billion, in 2012. At constant exchange, sales would have risen 2 percent.

Diesel accounted for 70 percent of revenues, but Stilli underscored that the other brands in the stable are "increasingly gaining shares." He also noted that Diesel is off to a good start with new artistic director Nicola Formichetti, who unveiled his first collection for the brand in Venice earlier this month. "The signs are very encouraging. Diesel needed a new life, and you can feel the new energy," said Stilli.

The executive was pleased with the group's performance in 2013, given the context, and underscored how OTB has no debt and can count on a cash pile of around 70 million euros, or \$92.4 million, despite the investments made last year.

Stilli revealed that OTB paid "more than 100 million euros," or \$132 million, for Marni. Other investments were channeled into the group's retail chain, including the opening of the first Viktor & Rolf freestanding store in Paris and "an impressive" Just Cavalli boutique in New York. Also, last year OTB spent between 5.5 and 6 percent of sales on marketing and communication.

Stilli several times referred to the "strength" of the OTB group, one of the few fashion conglomerates in Italy, and to the "engine" behind it — Renzo Rosso. "Last year was one of consolidation and increased focus, and steps taken in 2013 will continue and be effective throughout 2014," said Stilli, praising the group's integrated structure and know-how he found when he joined OTB last year, one he can further capitalize on to expand.

Stilli spent six years as chief financial officer and managing director of Prada Group, until 2005.

More recently, he was CFO and then general director of Italy's RCS Media Group, which owns newspapers including *Corriere della Sera* and *La Gazzetta dello Sport*. The executive played an important role in Prada's first attempts at a stock market listing, before it eventually went public in Hong Kong in 2011. Over the years, Rosso has repeatedly said he is not looking at an initial public offering, and Stilli, addressing his arrival at OTB, remarked with a laugh, "I was not tapped for the bourse; the possibility has never been discussed and we are not thinking about it."

When Rosso took control of Marni, he said he was looking at building a fashion conglomerate, admitting to having made a go for Valentino, which was eventually sold to Mayhoola for Investments. Asked about further potential acquisitions, Stilli said, "Our strength is that we are an industrial group that includes brands from contemporary to luxury. We continue to look at the market, but we don't have any target today. If opportunities arise, why not?"

We have quite a few aces up our sleeve and great opportunities.

— RICCARDO STILLI, OTB SPA

# Gant Names Nilsson Chief Executive Officer

By PAULINA SZMYDKA

PARIS — Gant AB, the American sportswear brand with headquarters in Stockholm, has named Patrik Nilsson chief executive officer.

Nilsson joins the company from Adidas, where he worked for 23 years, most recently as president of the German activewear firm's North American division.

At Gant, he reports to José Luis Duran, chairman of the board. Duran has been acting as interim CEO following the departure of Dirk-Jan Stoppelberg in December.

"Gant is today one of the world's leading American sportswear brands, and I'm very excited to welcome Patrik Nilsson as the new CEO," said Duran. "With his extensive international experience and strong knowledge in building and refining leading iconic brands, he will bring important expertise in sales, marketing and product knowledge."

Meanwhile, at Adidas, new executive roles have been quickly assigned.

Succeeding Nilsson is Mark King, due to take up his new post on June 1. King, who started his career as a sales representative, has helped double the sales of TaylorMade-Adidas Golf since he became the division's CEO in 2003. In his new role, he will be in charge of all Adidas and Reebok operations in North America and report to Roland Auschel, member of the group's executive board, who is also responsible for global sales.

In turn, Ben Sharpe, who is executive vice president of Adidas Golf and Ashworth, will take over from King as the new CEO of TaylorMade-Adidas Golf, reporting directly to the group's CEO Herbert Hainer.

Sharpe, an acclaimed athlete who represented Great Britain at the Sydney 2000 Olympic Games as a member of the country's field hockey team, spent six years as the division's managing director in Europe, where he is credited with having doubled the brand's business.

"Mark King's appointment underlines our clear commitment to the North American marketplace," said Hainer on Thursday. "[He] has a proven track record of success and leadership excellence. In turn, TaylorMade-Adidas Golf is in the best hands with Ben Sharpe, who has been part of the successful TaylorMade leadership team since 2006. I am convinced that Ben will lead our golf business into the next era of growth."



PHOTO BY JOHN AQUINO

## Fall 2014: Ann Taylor

**Ann Taylor:** An understated wardrobe of modern staples in clean lines and a neutral palette of black, navy and gray was creative director Lisa Axelson's proposal for fall. This year marks Ann Taylor's 60th anniversary, but instead of reflecting on the past, the company is focusing on moving forward.

"We're trying so hard to modernize and bring a youthful energy to the brand," said Axelson, who considered what working women wear today. She gave a strong depth to classic silhouettes — sweaters, crisp shirts, pleated skirts and spare jackets — through texture, working with leather, tweed, pony hair and chunky knits. "It's not about in this season, out tomorrow," said Axelson. "That's so important for our customer — she's not that frivolous."

FOR MORE IMAGES, SEE  
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# MM6 Opens Second New York Outpost

By SHARON EDELSON

MM6 MAISON MARTIN Margiela has opened a 1,400-square-foot store for its casual, New York-inspired collection, at 91 Grand Street in SoHo.

It is the second MM6 unit in Manhattan. A significantly smaller unit — about 500 square feet — opened on Bleecker Street in the West Village in 2012. The Bleecker Street store was the first freestanding MM6 shop.

The company felt that the Bleecker Street customer is different from the SoHo residents and tourists it hopes to attract at the Grand Street address. "Consumers and tourists tend to stay in a radius for several blocks," the company said. "There's opportunity to show the brand to a whole new demographic."

The brand's roots include French DNA, but it's New York-bred, "a culture that is also unmistakably New York," the company said. Given that positioning, "opening other stores in Manhattan is not out of the question. We're now focusing on downtown."

The company is also occupied with MM6's opening this week in London. An MM6 store was unveiled in Paris late last year.

MM6 was created in 1997 as a casual brand with contemporary cuts and prints aimed at a customer younger than that of the Martin Margiela collection. Unique fabric treatments create everyday clothes with a utilitarian and functional approach. The collection also emphasizes soft volume and draping.

The line is shown during New York Fashion Week. MM6 is priced up to 50 percent less than the Martin Margiela collection. For example, women's



Inside MM6 on Grand Street.

PHOTO BY JOHN AQUINO

shirts are \$255 to \$595; dresses, \$255 to \$570; jackets, \$625 to \$1,095; shoes, \$295 to \$890, and handbags, \$195 to \$895. Maison Martin Margiela jackets are \$1,795, handbags, \$2,360, and boots, \$1,095.

The store has light gray walls that are interrupted by white grids. Some of the grids are filled with tiles and others are left bare. It's part of the deliberately unfinished concept for the store. Clothing will hang in cubbies within the grids. There are also shelves for accessories and two types of flooring, a light wood parquet and a white concrete "carpet" that is a tromp l'oeil. Lighting stems from LED poles spring from the floor and are linked together by white plastic cable for an "under construction" look.

The back of the store is completely mirrored with a skylight above.

The Margiela brand has been controlled by Italy's Only the Brave group under its Staff International division since 2002. The brand's founding designer exited his namesake house in 2009 and it is now designed by an in-house design team.