

STARRY, STARRY NIGHT

LEONARDO DI CAPRIO AND MARTIN SCORSESE WERE AMONG THOSE WHO TURNED OUT FOR GIORGIO ARMANI'S "ONE NIGHT ONLY" IN NEW YORK. PAGE 14



WWD ACCESSORIES SECTION II



NEW FACE

INDIAN ACTRESS
PRIYANKA CHOPRA
IS THE NEW
GUESS GIRL.
PAGE 3

WWD

MONDAY, OCTOBER 28, 2013 \$3.00 WOMEN'S WEAR DAILY

Minimal Procedure

An austere palette and techy fabric details are a chic remedy for spring's clinical current. Here, Brandon Sun's leather dress and Karolyn Pho's silk and spandex top with a plastic ruffle neckline. Alexander Wang tote; Robert Clergerie shoes.



MODEL: BANIMUSE; MODELS: HAIR BY MARCOS DIAZ; MAKEUP BY DAVID STELLA FOR ELLIS FAS COSMETICS

PHOTO BY JOHN AQUINO; STYLED BY MAYTE ALLENDE

OMNICHANNEL DEBATE

Forget the Buzzword, Focus on Consumer

By RACHEL STRUGATZ

NEW YORK — There's still a long way to go.

Retailers are trumpeting their omnichannel achievements in an increasing game of one-upmanship as they rush to prove their digital, social and brick-and-mortar expertise. The good news is that companies realize they have to be present in all channels to serve the ever-elusive fashion consumer.

The bad news? The race has just started. "The use of this word omnichannel is making me sick," David Geisinger, head of retail business strategy at eBay Inc., told WWD at the company's offices here. "It's grossly overused."

For him, the reason retailers use the term is simple: They are trying to bring historically siloed businesses together (which, he adds, is "absolutely the right thing to do"), but the consumer doesn't think of shopping in terms of omnichannel.

"We should stop using the word omnichannel and use the word commerce. Consumers are looking for a consistent, unified experience where they are recognized, regardless of which channel they interact on," Geisinger said.

Organizations need to start wrapping their heads around this concept of consumer engagement and commerce versus omnichannel. For him, a more accurate term to describe this is "experiential commerce."

Geisinger stressed the importance of eBay working with traditional retailers to strengthen their businesses and providing them with solutions that will help lead to more conversion and engagement — across channels.

According to Tony King — founder of digital agency King & Partners and a former Gucci Group e-business design director and cofounder

SEE PAGE 10

Jay Z Posts Response as Barneys Outcry Grows

By LISA LOCKWOOD

NEW YORK — The Barneys New York racial profiling controversy continued to gather national attention over the weekend when Jay Z, under increasing pressure to withdraw from his collaboration with the retailer after it was accused of racially profiling two black customers, issued a statement on his Web site Saturday night.

He said that the collaboration was designed to raise funds for his Shawn Carter Foundation, which helps individuals who are facing socioeconomic hardships to help further their educations. "I am not making a dime from this collection. I do not stand to make millions, as falsely reported," said Jay Z.

The rap mogul said he was waiting on the facts and the outcome of a meeting between community leaders and Barneys and that's why he chose not to make any comments to the media until now. "Why am I being demonized, denounced and thrown on the cover of a newspaper for not speaking immediately? The negligent, erroneous reports and attacks on my character, intentions and the spirit of this collaboration have forced me into a statement I didn't want to make without the full facts.

"Making a decision prematurely to pull out of this project wouldn't hurt Barneys or Shawn Carter, but all the people that stand a chance at higher education," he said.

Jay Z said he has been working with his team to find a solution that doesn't harm the people who stand to benefit from the collaboration.

"I am against discrimination of any kind, but if I make snap judgments, no matter who it's towards, aren't I committing the same sin as someone who profiles? I am no stranger to being profiled and I truly empathize with anyone that has been put in that position. Hopefully this brings forth a dialogue to effect real change," he said.

Jay Z's statement has garnered numerous comments on his Web site, "Life + Times," and over

SEE PAGE 9

transformative technology

Inching Toward an Omnichannel Future

(Continued from page one)

of Createthe Group — the omnichannel experience is especially lacking when it comes to luxury brands.

He pointed to Kering's portfolio of branded e-commerce destinations, including Alexander McQueen.

"This is a brand with drama and theater at its core, yet their site looks like a wireframe, completely devoid of personality. Can you imagine going into a McQueen store that was an empty room with the clothing on wire hangers nailed to the walls?" King said.

He added that while the approach Kering has taken means that any customer can easily purchase online, it also means that the consumer isn't able to truly experience the brand.

"[There are] lots of brands using every channel, but that's not omnichannel. Not many are using them well together. I can't think of one example," King said.

Federico Barbieri, Kering senior vice president, e-business, said that creating omnichannel experiences isn't the focus for the group's brands right now. Rather, it's about building a "cross-channel" experience, which he defines as building synergies between two channels: offline and online.



Coach shoppers can pay online and pick up in-store that day.

reserving products in-store or showing stock availability for online. But more ambitious services, such as developing customer-relationship management strategies and same-day delivery, are still a work in progress and will roll out in 2014. Mobile is another area of concentration.

that the terms omnichannel and multichannel are overused, but she cited Sephora, Coach, Macy's, Burberry, Gap and Armani as a handful of brands that have begun to successfully execute multichannel experiences.

Sephora integrated omnichannel programs into its business strategy in 2007 with the launch of its Beauty Insider loyalty program — which today has tens of millions of members, according to Julie Bornstein, chief marketing and digital officer of Sephora Americas.

Whether a consumer is in-store, online or shopping via Sephora's app, the same information is available on every channel. Members have access to all past purchases no matter where they purchased product. All data are stored, so a customer will never walk into a store and not be able to see which shade of lipstick or foundation she bought last time.

"Our system was set up to work seamlessly in both channels [online and in-store] and provide reward information, points you've earned or offers available," Bornstein said, adding that launching a mobile app in 2010 only enhanced this experience for smartphones and tablets.

Programs like Skincare IQ and Color IQ, rolled out two years ago and this past August, respectively, leverage data from Sephora's e-commerce experience. The former is a consultation device with an interactive screen that suggests skin-care products based on information that a shopper provides about her skin type, and the latter

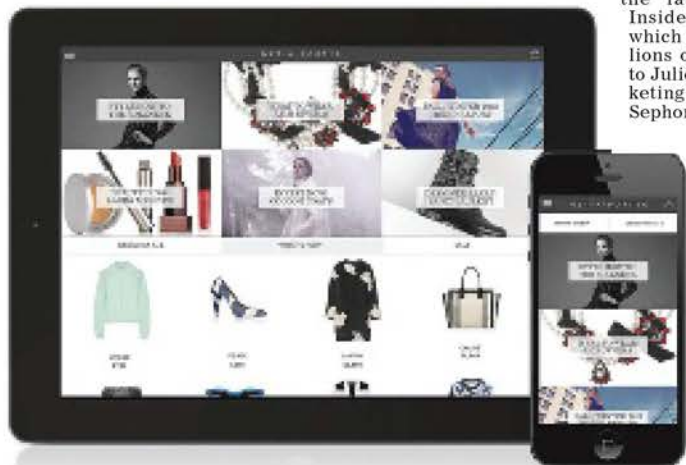
of the shopping experience," Bornstein predicted.

Mullen thinks a change will be felt sooner.

She believes that in the next two to three years, retailers will make the ubiquitous "omnichannel" buzzword a reality by investing in technology, and linking their point-of-sale systems with e-commerce fulfillment operations. She pointed out that Forrester Research predicted U.S. online retail sales will hit \$327 billion by 2016. The amount of sales influenced by online is projected to top \$1.6 trillion.

"The influence that digital investments have on your business are oftentimes recognized in a more traditional brick-and-mortar environment, and organizations are for the first time starting to recognize that and starting to invest behind those objectives," Mullen said.

L2 conducted a multichannel retail study last May in which



"We have an incredible amount of insight that we wouldn't necessarily have if we were just limited to a physical space"

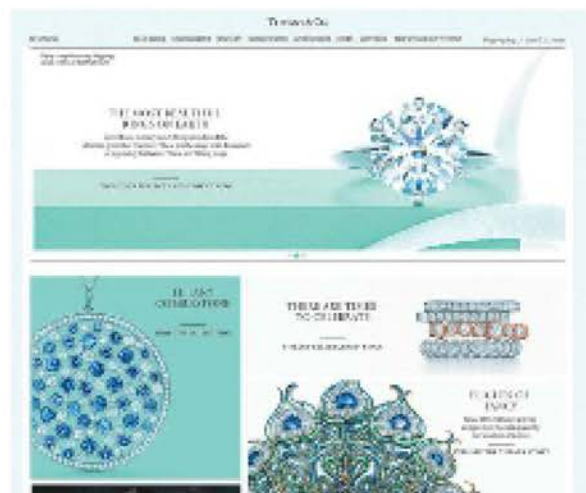
— ALISON LOEHNIS, NET-A-PORTER

"Omnichannel means hitting all of the touch points; [it's] much broader than cross-channel, and involves many more functions. Being practical, we're focusing on cross-channel," Barbieri clarified. He cautioned that brands "have to stop talking about omnichannel and take action."

For example, Kering has introduced some of the simpler features across its sites — like

"We started putting the focus on digital and e-commerce last year at a group level. I think we are catching up. Many things are at a good level, but we're still going to work [at it]. To me, the journey has just started," Barbieri said.

Maureen Mullen, director of research and advisory at New York University Think Tank Luxury Lab, or L2, acknowledged



Tiffany recently redesigned its Web site.

is a foundation matching tool. Skincare and Color IQ were created as an in-store touch-screen experience and companions to the brick-and-mortar shopping experience, Bornstein said.

She admitted that it takes a specialized skill set and hefty technological investments — which is not traditionally where retailers are comfortable spending money. In addition to a laser-sharp focus on the consumer, salespeople in the retail environment must be properly trained and fluent in anything digital relating to the brand.

She called the evolution of retailers adopting true omnichannel practices a "long-term thing," and certainly something the industry won't see in the next year.

"A lot of retailers have legacy systems where it makes it hard to connect new technologies into. It's a longer process. I think over the next five to 10 years, I would guess, is when consumers will feel a difference in the intelligence in the way retailers know them and leverage technology to improve the seamlessness

Dior, Dolce & Gabbana and Prada rated among the bottom 10 brands for percentage of e-mails with a drive-to-store component. None of those stores sent a single e-mail promoting their stories in the fourth quarter of 2012 or the first quarter of this year. Chanel, Tiffany & Co. and Gucci promoted free shipping in upwards of 90 percent of their e-mails, an effort to bolster traffic and transactions on their respective e-commerce sites.

Data showed that only one in four prestige brands saw more than 8 percent of revenues come from e-commerce sales, with the majority clocking in at less than 3 percent. Only 30 percent of luxury retailers provide a link to the store locator on product pages; 22 percent show real-time inventory integration, and 10 percent offer in-store pickup for items purchased online.

She noted that Tiffany was pulled into omnichannel out of necessity with its engagement ring app. It's not plausible for the retailer to hold engagement ring inventory online because

(Continued on page 12)

TRANSFORMATIVE TECHNOLOGY

Companies Sharpening Online, Off-line Skills

(Continued from page 10)

it's difficult to specify things like cut, color and clarity of the diamond online. But, since it's a significant portion of the business, it relies on appointment bookings from its Web site to get consumers into a brick-and-mortar store.

Tiffany.com, which unveiled a redesign last week, receives eight million unique visitors a month worldwide. While chief marketing officer Caroline Naggari revealed that a "very small fraction [of consumers] are there to make a transaction," the Web site is integral to the overall business. Tiffany last year reported worldwide net sales of \$3.8 billion, and online transactions comprise about 6 percent of sales — or around \$228 million.

Coach has put touch screens in place in its stores so consumers can identify real-time inventory. They can also pay via coach.com and pick up any product within two hours from any retail location. Product in store is also tagged, so following a purchase, the customer will receive an e-mail from Coach with an image of the item asking them to review it.

David Duplantis, president of global digital and customer experience at Coach, said that more than half of Web traffic coming in through a mobile device has resulted in many of their stores eliminating cash registers altogether. These doors are now enabled with mobile point of sales.

"You need to approach these things with a reason and a purpose. There is the debate about apps; should brands have apps?" Duplantis asked. If a company builds an app that a customer can experience somewhere else, then it's not relevant. "If you're just putting your Web site on an app, why bother?" Duplantis said.

Next month, Coach will introduce Multimedia Plus Inc.'s QuizScore, a proprietary app-based technology intended for sales associate training and communication. Employees are trained and can be tracked from anywhere globally — in real time — and no software or computers are needed to implement the tool. Coach will use QuizScore for wholesale and retail sales in the U.S., China, Japan and Italy.

If brick-and-mortar players are abuzz about omnichannel, the implication is that pure plays — like Net-a-porter, Nasty Gal or One King's Lane — are at a disadvantage because they are missing a key component: an actual store.

Doug Mack, chief executive officer of One King's Lane, doesn't think the four-and-a-half-year-old e-tailer, which is on track to hit \$300 million in sales this year, needs one. He contends



E-tailer Nasty Gal would like to roll out to stores within two years.

that successful e-tailers like Amazon, eBay and Zappos prove that being an online-only company is a "very viable" strategy. His plan for the foreseeable future is to remain fo-

they're investing right now isn't enough. Currently, 35 percent of One King's Lane's revenues comes from mobile — and this is only going to grow.

Alison Loehnis, president of Net-a-porter, agrees. Mobile sales at the Compagnie Financière Richemont-owned company now make up more than 30 percent of revenue, up from just under 20 percent last year, she told WWD.

She agreed the term omnichannel is overused — clarifying that although Net-a-porter is by definition a pure-play retailer, in that it doesn't have a physical store, it's both an omniplatform (with e-commerce and mobile channels) and platform-agnostic business.

The company recognizes that purchasing in-store will always be important to the luxury consumer, but the insights gained as an online retailer are invaluable from a data standpoint.

"It's a plethora of information to a retailer about needs, desires, when she's shopping, her history, when she's browsing versus buying. We have an incredible amount of insight that we wouldn't necessarily have if we were just limited to a physical space," Loehnis said.

"Online is no longer a threat to customer service [in-store]. A brand would never direct you to the Web site five years ago, because it would eat into sales within the store," Loehnis said of the fast-eroding barrier between brick-and-mortar and online when it

comes to educating sales staff cross-platform.

Nasty Gal founder, ceo and creative director Sophia Amoroso has a slightly different take. She said that in an effort to "bring it full circle," it's a necessity to be where the consumer is — even if this means investing in opportunities offline. Amoroso would like to roll out retail doors within the next two years if she has it her way. She is looking for physical places where she can bring Nastygal.com to life and connect the on-line user experience.

"Some bigger retailers — not only do they need to have teams to build technologies, but they have clunky legacy systems because they have huge stores all over the country that aren't flexible. We can do those things. It's harder for more traditional retailers," Amoroso said, adding that as a pure play, the five-year-old company is still catching up with its own growth.

What this means is that the e-tailer might be in a plum position to truly build a unified commerce experience. And being born out of the world of technology definitely gives the company a competitive advantage.

Estimates for this year's sales range from \$115 million to more than \$300 million. According to sources, Nastygal.com surpassed \$100 million in sales last year, up from \$28 million in 2011 and \$6.5 million in 2010.

"An omnichannel experience is the goal," Amoroso said.

Then there's Bauble Bar, Warby Parker and Bonobos, which have already made the transition from e-tailer to brick-and-mortar, translating their online experiences in a way that's on-brand for each.

Bauble Bar, founded in January 2011, opened its first retail store, The Bar, in October 2012 beside its New York offices. From January to February of this year, the first stand-alone pop-up store, BBUwrapped, opened in the Meatpacking District, and from June to August, Greene Street was home to Bauble Bar SoHo.

Global Rankings for Apparel Web Sites

RANK	COMPANY
1	gap.com
2	zappos.com
3	hm.com
4	6pm.com
5	victoriasecret.com
6	forever21.com
7	shopbop.com
8	jcrew.com
9	yoox.com
10	net-a-porter.com
11	modcloth.com
12	revolveclothing.com
13	landsend.com
14	dsw.com
15	ae.com
16	karmaloop.com
17	ralphlauren.com
18	abercrombie.com
19	freepeople.com
20	childrenspalace.com
21	buycostumes.com
22	gymboree.com
23	shoebuy.com
24	llbean.com
25	sierratradingpost.com

SOURCE: DATA COURTESY OF ALEXA INTERNET INC., A SUBSIDIARY OF AMAZON.COM. THE RANK IS CALCULATED USING A COMBINATION OF AVERAGE DAILY VISITORS AND PAGE VIEWS ON EACH SITE OVER THE PAST MONTH. THE SITE WITH THE HIGHEST COMBINATION OF VISITORS AND PAGE VIEWS IS NUMBER ONE AND RANKS ARE UPDATED DAILY.

Of taking the company and establishing a physical retail presence, cofounder Daniella Yacobovskiy said working with brand partners — like Stila or Benefit — worked really well.

"The girl who is buying their cosmetics is someone who would like our product as well. It's our opportunity to put together packaged gift sets and offers, and the price is roughly the same. We've seen a lot of success online and brought this to our pop-ups in a bigger way," Yacobovskiy said of the company, which has raised \$5.6 million in funding to date.

Another element from baublebar.com that translated well in-store was editorializing product. Yacobovskiy said women were shopping looks directly from the models on the site, and to duplicate this in-store, she and cofounder Amy Jain decided to create a wall of statement necklaces that gave women the option of buying the stylized look of three necklaces or any of the items separately. The top row of the wall contained a row of four complete looks displayed on a bust form, and below were the three necklaces, each displayed on its own.

She maintained that the company is still exploring permanent and temporary retail opportunities.

"As a start-up, we're trying to increase our awareness, so any permanent point of retail is great from an awareness perspective. And when women shop in person, they buy more," Yacobovskiy said.



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cused on engaging and serving the online consumer.

Mack's advice to brick-and-mortar retailers is to invest in mobile, because however much