

The Beauty Report

Shoppers Drug Mart Casts Upscale Concept

By Brian Dunn

OTTAWA — Canadian drugstore Shoppers Drug Mart, already a purveyor of a smattering of luxury beauty products, trumpeted its high-end beauty cred with the opening of a new stand-alone beauty and wellness store called Murale.

The first 7,500-square-foot Murale opened here on Saturday, with the second slated for Montreal on Dec. 7, measuring 8,000 square feet. Shoppers plans to open between five and seven more locations in Canada next year.

The Murale name has been registered outside Canada for possible expansion to other countries, according to Jürgen Schreiber, president and chief executive officer of Shoppers Drug Mart. Schreiber was recruited two years ago from Hong Kong-based A.S. Watson Group, an international health and beauty, luxury perfumeries and cosmetics company, where he headed up its European division in Amsterdam. Schreiber sees potential for 50 Murale stores in Canada, after which international expansion may follow. With an average transaction estimated at \$65 to \$85 a shopper, Schreiber said each store could generate annual sales of \$4.5 million to \$8.5 million.

"Murale is unlike any other beauty offering in North America with its unique combination of leading beauty and dermatological products, pharmacy and professional, expert services and consultation," explained Schreiber, who conceived the concept for Murale.

Michael Westmore, a spokesperson for Beauty So Clean, which is sold at Murale, agreed. "It's unlike any store I've seen in North America," he said at the opening.

The store's design includes influences from boutique hotels, luxury spas, fashion designer emporiums and even Apple stores.

It has wide aisles — wide enough to accommodate strollers — that meander around brightly lit curved display walls. In the middle of the aisles are round display units for smaller assortments of different brands, including Sula by Susan Lang.

Shoppers Drug Mart plans to open between five and seven more locations in Canada next year.

In addition to carrying leading luxury brands — including Bobbi Brown, Chanel, Estée Lauder, Lancôme and Nars Cosmetics — Murale has a dermatological area for skin testing and consultation and cabins for facials and treatments, along with a pharmacist and an aesthetician.

The store's fragrance section includes more than 75 men's and women's scents, with Prada, Donna Karan, Chloé, Cartier and Etat Libre d'Orange among them.

Trained across all major brands, beauty advisers are called beauty masters, and are prompted to offer "unbiased" beauty advice to customers looking for cosmetics and fragrances suited to their needs, as well as to provide expert makeup applications, said Shelly Rozenwald, president of Murale. She scouted North America, Europe and South Africa for the best organic moisturizers, luxury lipsticks and anti-aging serums, in addition to the top-name cosmetic lines.

Murale also will offer unique services, including the first-ever Benefit brow bar in Canada for tweezing, waxing and shaping, and more than 30 professional beauty and spa services in two private cabins next to the dermatological area.

With more than 1,100 Shoppers Drug Marts and Pharmaprix stores across the country, including 180 in-store, high-end Beauty Boutiques, Shoppers has an estimated 10 percent share of the \$8.5 billion beauty products market in Canada and has doubled its beauty product sales over the last four years, according to Schreiber.



A look at Murale.

The retailer decided to open Murale because of the limited opportunity to expand its product offerings at Shoppers and to fill a void in the market.

"Our Beauty Boutiques average 1,500 square feet and carry a maximum of 14 brands," explained Rozenwald, a 30-year veteran of the beauty business, who was tapped by Schreiber from Holt Renfrew, where she was senior vice president of beauty and beauty services. "Murale carries the full line of 200 brands. For example, we carry all 700 [stockkeeping units] of Bobbi Brown, some for the first time in North America."

Exclusive products to Canada include luxury skin care line Natura Bissé, Skin by Monica, Gosh color cosmetics, perfume billed as antistress by Smiley and niche cosmetics from Mommy Makeup.

"We offer products from every price point, so everyone can feel better after a Murale purchase, big or small," said Rozenwald.

Murale also will carry some store-branded items, but only if they're better than the competition, said Rozenwald. It currently offers 100 percent Murale bamboo blankets and Murale soy candles and will gradually expand its offerings.

"Between major brands and dermatology, we also offer novelty products," she added. Although Shoppers' main market is the \$25.5 billion of drugstore-type merchandise in Canada, its grab for market share extends into other categories, notably prestige cosmetics, said analyst Perry Caicco of CIBC World Markets, Toronto.

But unlike drugstore-type merchandise, where share is essentially gained through price and promotion, Caicco said that, in the prestige beauty business, market share is gained by expanded presence and better service, Murale's trademark. The analyst wouldn't comment on the potential for Murale, as he hadn't visited the store.

"It's a very European concept and unique in North America and I know what they're trying to do. But it's not going to have a major impact on Shoppers' sales," which, in the third quarter, were \$2.37 billion. He added, "They would have to be in the range of 200 stores to make a difference."

BLC Elbows Way Into Specialty Beauty Fray

PRINCETON, N.J. — While much of specialty beauty business growth is dominated by chain operations such as Sephora and Ulta — and now entries from CVS Pharmacy and Shoppers Drug Mart — there are still healthy and thriving independents looking for a wedge of the sales.

One example is BLC (Beauty Land Couture), a beauty emporium operated by an independent operator with a big business ambition. Creator Nina Kaplan hopes to stamp out her BLC concept to four or five more locations by 2012. BLC opened five months ago in a 5,000-square-foot site in a village-style shopping center called the Princeton Forrestal Village, located a few miles outside of downtown Princeton.

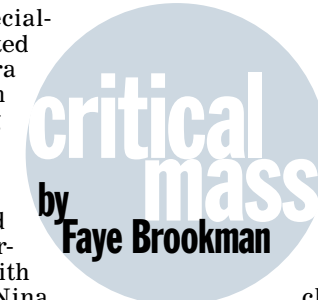
"So much of what's out there in beauty lacks originality," said Kaplan during a tour of the store decorated in hot pink fixtures, pink chandeliers, a stamped concrete floor and pink and black painted walls. "We're trying to make it about fun."

Fun is what groups have in a separate party room where BLC offers events ranging from a Princess Party priced at \$16.95 each for girls ages four to eight, up to a girls' night out package at \$22.95 per guest. Parties include goodie bags, nail applications and makeovers.

Kaplan, who has a background in retailing, personally tries every product she stocks at BLC, which ranges from skin care and cosmetics to fragrance and accessories. She's not afraid to stock entry-level priced cosmetics lines such as NYX in the same store as more upscale Too Faced and Bare Escentuals. Prices range from items for a \$1 for a glitter nail file up to \$200 for skin care.

Service levels are high — the perfect match of suggesting products without invading a shoppers' space. One shopper eyeing Doll Face products was approached in a friendly manner and taught about the line.

Her top-selling category is cosmetics, but skin care, fragrances and accessories are close behind. There's ample room to experiment with the cosmetics items and the expertise of sales staff help sell lines such as Dermablend. "We had a woman come in who really needed to cover some acne and we showed her how wonderful it worked," Kaplan noted.

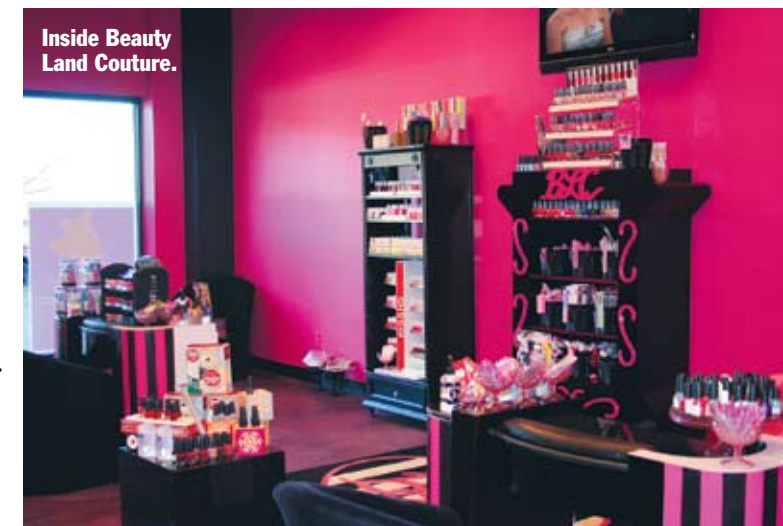


Fragrance is treated as fashion at BLC. The retailer can get in and out based on the popularity of new scents, which are presented in the center of the stores. Already the Harajuku Lovers fragrances are brisk movers as well as Marc Jacobs' Daisy, Vera Wang's Princess and Ed Hardy. Pricing is full suggested retail.

Skin care is one area where Kaplan hopes to find more options to offer, including organic choices. In addition to Doll Face, skin care includes Dr. Hauschka, Freeze 24-7 and Mamma Mio. Skin care is one classification where Kaplan hopes to uncover more brand options. There is a small hair care area, including styling tools, featuring brands such as Rusk and a new line she's adding called Enjoy. Hair is another category Kaplan plans to extend.

Accessories range from Betsey Johnson leggings to colorful plastic bracelets. "Accessories are a big category," said Kaplan.

While admitting the current economy isn't always pretty for the beauty business, Kaplan said that once people come to the store, they become loyal fans. She is assembling a list of shoppers already 2,000 strong. BLC has its own online magazine highlighting celebrity and product trends called Shimmer. The store has been promoted via local magazines and radio and will stage an event at the end of November promoting pet awareness with donations from purchases going to the ASPCA. Pooches are invited to the store that night. She also benefits from a hotel in the center, which brings foreign tourists to her door.



Inside Beauty Land Couture.

Diana Barton Unveils Facial Treatment and Gourmand Body Care

PRODUCT: BARTON PHOTOS BY GEORGE CHINISSE

The new face items.



By Matthew W. Evans

MODEL AND ACTRESS DIANA BARTON, who is one of the latest celebrities to parlay her stardom into a burgeoning cosmetics business, has expanded her skin care collection, with face, bath and body care products.

The launch of a four-item facial skin care line, which carries the Diana B. moniker, was marked with an event at Henri Bendel two weeks ago, where the 41-year-old introduced to customers the new items.

Barton, who was signed by Elite Models in her teens and eventually appeared on "21 Jump Street" and as a mainstay on the television show "Air America," also touted a new gourmand bath and body set (\$160) at the specialty store, which includes Chocolate Bath Gel and Body Lotion, Chocolate Sugar Scrub and a propolis-based candle with chocolate and almond olfactive notes, which launches Saturday.

The facial range comes in pink packaging and includes Foaming Facial Sugar Scrub, 9 oz. for \$55; Eye Cream, 0.9 oz. for \$85; Face Cream; 3 oz. for \$90, and Hydrating Toner, 4 oz. for \$55.

Barton said she was inspired to do the lines,

which took two to three years to develop, while traveling in Africa.

"After a trip to North Africa, where they're really into body scrubs," said the Palm Springs, Calif., native, "I wanted to do my own line, but I didn't like the oil [bases]." So with help from her sister, who is in the candle production business, "I came across a maple syrup formulation."

The Foaming Facial Sugar Scrub contains maple syrup to heal, hydrate and balance hyperpigmentation. In the Hydrating Toner is green tea extracts and the item boasts anti-inflammatory properties. The Face Cream features seaweed, vitamin E and sweet almond oil, as well as rose, geranium and peony extracts.

Of Barton's existing line, which includes 16 fragrances and body care products that are carried in Bendel's, Holt Renfrew and independent boutiques such as Studio at Fred Segal, the 60-Second Instant Miracle Tan is the line's bestseller and a QVC hit, she said with a tinge of swagger.

Industry sources estimate the new items could combine to do \$4 million in first-year retail sales, bringing total Diana B. volume to almost \$9 million by the end of 2009.



Diana Barton

SNIPPETS

HAPPY HOUR: Men's grooming brand Zirh is adding a line of specialty soaps, called the Cocktail Bar Collection, to its assortment of skin care and fragrances. Each bar in the five-item range is priced at \$15. The line includes the mint green Cucumber Martini, which contains vitamin C, and is designed to hydrate and soothe irritation. The line will be sold at Bloomingdale's and zirh.com.

LOREAL HONORS: Laureates for the 11th annual L'Oréal-UNESCO Awards for Women in Science have been announced. Chosen from five geographical regions, the laureates are Tebello Nyokong of Africa and the Arab States; Akiko Kobayashi from Asia-Pacific; Eugenia Kumacheva represents North America; Athene M. Donald hails from Europe, and Beatriz Barbuy will take the award for Latin America. The honorees will each receive \$100,000 in recognition of their contribution to science and will be feted at an awards ceremony in March.

ARNICA ADDED: Adorage, the skin care line carried in dermatologists' offices and spas, has added a post-cosmetic procedure item to its assortment called Arnica Gel. The item, 1.7 oz. for \$50, uses a 30 percent concentration of the herbal extract, which is said to have antiseptic, anti-inflammatory and other healing properties. Typically arnica is used in beauty products, in everything from skin care to hair care, in lower concentrations. Adorage Arnica Gel is slated to be launched at doctor's offices in January.

MANHATTAN EXPANSION: Skin care marketer 3Lab has expanded its distribution in Manhattan from Barneys New

York to include Rescue Beauty Lounge's Meatpacking District location. The beauty destination, at 34 Gansevoort Street, carries close to the full 3Lab range, which includes 22 facial skin care items, including M Cream, which contains apple-derived stem cells, meant to boost cell regeneration. 3Lab is also carried at saks.com and barneys.com.

TOTAL ADDITIONS: Total Beauty Media Inc. has named Judy Hsieh to its management team as vice president of Online Business Development, and Ann Marie MacDougall as director of sales. Hsieh most recently was with Yahoo, and MacDougall was director of business development for RealAge Inc. Total Beauty Media owns and operates TotalBeauty.com, an online catalogue of beauty products.

CLEO SPA'S EXPANSION: After recently celebrating its one-year anniversary, Cleo Spa and Salon is expanding its Zen-inspired space located at Trump Place in New York. The 5,000-square-foot space will feature holistic treatment facilities including acupuncturists and herbalists, a stone waterfall and an art gallery space. The spa will offer services such as an organic spray tanning booth. Jung has five spa locations and plans to open another location in TriBeCa next fall.

LATEST ADDITION: Drom Fragrances has announced the addition of Kevin Verspoor to the fragrance team. Verspoor, who has created fragrances for Jennifer Lopez, Bath and Body Works, Victoria's Secret, Slatkin and Co., Riviera Concepts and Sephora, will be based in the company's TriBeCa fine fragrance studio in Manhattan.

P&G's Virtual World

By Molly Prior

THE PROCTER & GAMBLE CO. AIMS TO INCREASE ITS physical presence with a dedicated push toward virtualization.

In its ongoing quest to cut costs and accelerate innovation, the consumer products giant has been using virtualization, computer modeling and simulation to more efficiently create products, complete with consumer input, and bring them to market faster. P&G began implementing virtualization capabilities in 2002, and is currently using them in roughly 80 percent of its initiatives, said Scott Hagen, P&G's virtual solutions service manager.

In the company's 2008 annual report, chairman and chief executive officer A.G. Lafley stated, "Virtualization is enabling P&G brands to codesign products with consumers. The same technologies allow us to show retailers virtual in-store displays for half the cost and less than half the time required for physical shelf designs. Computer modeling and simulation saved P&G about 17 years of design time in the last year alone."

The technology, first deployed to P&G's research and development arm, is used for product formulation, consumer testing and in-store merchandising.

To make a shampoo, for instance, Hagen noted virtualization technology is used to speed the formulation and the chemistry during the R&D process, and later to develop the bottle and its graphics. All the while, the steps incorporate consumer feedback, which is funneled into the process.

"Virtualization allows P&G more opportunities to expose consumers to stages of development," said Hagen. "We have the methodology to determine if our new package resonates with consumers. We don't have to wait to build one or two physical prototypes." He acknowledged there may come a point during the consumer testing process when the participant wants to pick up the shampoo bottle, flip up the cap and smell the product, but leading up to that point P&G is able to have an ongoing, back-and-forth conversation with consumers about their likes and dislikes.

Referring to the merits of virtualization processes, Hagen said, "It's really faster, better and cheaper. Cheaper is the less important part of that mantra." He added the tools help P&G more efficiently drill down to what "wows" the consumer.

The company noted that in hair care, virtual tools have been key to cutting development time for redesigned packages by nearly 50 percent. Several years ago, P&G's hair care business created 3-D package designs for the restaging of the Herbal Essences and Aussie Brands. The result, said P&G, was packaging that better reflects consumer needs. For instance, the firm restaged the Herbal Essences range with jelly bean colored, curved bottles that fit more snugly in consumers hands and in their showers.

P&G is also taking its technology on the road to retailers. Using mobile devices, the company can virtually show retailers how to best display a category, reconfigure an aisle or reinvent the store, said Hagen, adding that P&G can also share consumer feedback on a number of displays. "Virtualization allows P&G to present [retailers] three times as many options as before," he said, referring to manually setting up displays. He would not comment on what kind of sales gains retailers have seen when they implement virtually generated planograms, but said, "Retailers definitely see a sales lift."

Media maybe fragmented, said Hagen, "But one place we know where we can find her is in the store."



adding to beauty The older version.