



WWD Beauty CEO Summit WEST PALM BEACH | EVENT REPORT: DAY 2

WWD Beauty CEO Summit - Day 2

We were in attendance for Day 2 of the WWD Beauty CEO Summit. The theme, “See Change, Be Change,” continued to shine through all of the presentations in sunny Palm Beach. There were several key themes including, 1) targeting consumers’ changing beauty needs; 2) how to reach the increasing digital savvy consumer; 3) the role of influencers in marketing; and 4) brand authenticity. We heard from big players in the retail space, including Amazon Beauty and Walmart as well as smaller, more recent entrants to the space including Nudestix and COOLA Suncare. The consensus was that the consumer is eager for innovation and exciting new products.





Below we summarize the commentary provided by each presenter:



The Changing Context of Beauty

Masahiko Uotani, President and CEO of Shiseido Co. Ltd.

Shiseido is Japan's largest cosmetics maker and the oldest cosmetics company in the world. The company was founded more than 140 years ago and is an iconic brand focused on three key principles: 1) the products should speak for themselves; 2) richness should be in everything—creativity, design etc.; and 3) brands must be international.

The Yin and Yang of Change

Patrice Louvet, Group President, P&G Beauty, Procter & Gamble

Procter & Gamble Co. (P&G) is an American multinational consumer goods company. Its products include cleaning agents and personal care products. In mid-2015, P&G announced the divestiture of several beauty products, including Wella shampoos, Clairol hair dye and CoverGirl makeup in addition to 40 other brands, which were merged with Coty. The resulting P&G Beauty business includes the largest hair, skin and personal care brands, among them Pantene shampoo, Olay facial moisturizers and SK-II luxury skin care.

“The key word in ‘new and improved’ is ‘improved’ ,” Louvet said. He added that P&G Beauty’s mission is “to inspire a life of beauty and culture.”

*“focus on
balancing
new and
improved”*

Breaking Beauty Barriers

David Kimbell, Chief Merchandising and Marketing Officer, Ulta Beauty

Ulta Salon, Cosmetics & Fragrance operates a chain of beauty stores in the United States, and its Ulta Beauty line is comprised of cosmetics and skincare brands, men's and women's fragrances, and haircare products. Each store also features a salon.

A theme Kimbell outlined was the new relationship with consumers, thanks to mobile devices. Omni-channel guests at Ulta shops and salons are highly engaged, he said. Online customers spend about \$101 per year, compared to \$179 for store-only customers and \$428 for combination store-and-online customers, which represents 4.3 times the spending of online-only shoppers and 2.4 times that of store-only shoppers. Moreover, the penetration of smartphones has increased to 79% in 2016 from 48% in 2012.



Today's women are much more focused on experiences rather than obtaining possessions, and they are also more focused on the work-life balance, which has a major impact on beauty purchases. Teen beauty wallet share reached a new peak in the spring of 2016, at 10.5% compared to 7.1% in the spring of 2006. One appealing demographic is the Hispanic population, which has grown over the last twenty years and which is a great opportunity for Ulta, as Hispanics are highly interested in the beauty category.

In its 25-year history, Ulta has focused on three core insights that differentiate the company from its competitors: real estate locations, product mix and services.



Get to Know the Next Generation of Real Beauties

Jenny Frankel, Founder and President, Nudestix

The presentation's tagline was, "Celebrate her independent self(ie)."

Nudestix is a collection of easy-to-use makeup crayons that cover all the bases to give consumers a fresh-faced, nude look. Its chubby crayons can be applied to the eye, cheek and lips.

Nudestix believes that its consumers want beauty that is

- 1) "lifestyle beauty" - relatable, aspirational, authentic and meaningful;
- 2) simple to use - easy, fast, effortless and stress-free;
- 3) convenient - to go and multifunctional;
- 4) natural looking - less is more, nude but better, neutral tones and celebrating the self; and
- 5) smart packaging - eco-friendly, multi-functional, fun and to-go.

Nudestix believes that women, particularly millennials, want easy, natural and minimalist makeup, since everyone's lives are stressful, yet beauty should not be stressful.

Millennials differ from the baby boomers in that they care less about concealing signs of aging, flaunt their uniqueness and seek natural-ingredient options. Nudestix aims to serve these needs.

Nudestix is available at retailers such as Sephora and Urban Outfitters and employs the hashtag #gonudebutbetter. The company's target demographic, millennials, engages on social platforms—they are not reading magazines or watching TV, they are watching YouTube videos, they are on Instagram.

Keeping IT Real: The Power of Authenticity

Jamie Kern Lima, Co-Founder and CEO, IT Cosmetics

IT Cosmetics is a cosmetics line that aims to solve women's beauty problems. Lima is a former news anchor who suffered from rosacea: She wanted beautiful looking skin; the products she tried would not cover her blemishes—if one did, it would crease and crack and make her look 10 years older. Lima worked with plastic surgeons to infuse cutting-edge anti-aging technology into innovative high performance products designed to offer beautiful skin.

IT Cosmetics aims to offer an authentic brand with an authentic voice and consequently has created some of the most successful infomercials of all time. "Authentic" is defined as a brand in which people share brands organically with each other. The brand has been on QVC more than 250 times and has also received a Star Award.

Customers ultimately buy brands that they believe in and that are authentic to their DNA. IT Cosmetics recently launched new skincare products, and its future rollout will be slow and steady, based on launching a few products at a time.



Radical Beauty - Extreme and Fundamental, but Most Importantly, Radical as Basic

Paul Peros, CEO, FOREO

FOREO was founded in 2013, specializing in beauty and well-being solutions. FOREO sells beauty devices that are sold in over 30 markets worldwide, operating in the skin care and oral care markets. FOREO's current product line includes the Luna, Luna mini, Luna for Men and Issa. The flagship product, The Luna, is a silicone skincare device that pulsates at various intensity levels for facial cleansing, providing an anti-aging treatment. In 2014, FOREO launched its dental beauty device, the Issa.

FOREO's products are available globally online and through premium retailers around the globe, such as Sephora, Harvey Nichols, Neiman Marcus and Barneys New York. The company believes that its customers are eager for innovation and new, exciting products.





CUSTOMERS ARE MORE LIKELY THAN EVER TO TRY NEW BRANDS AND PRODUCTS



“customers more likely than ever to try new brands & products.”

Changes in the Customer Journey

Muge Erdirik Dogan, General Manager, Amazon Beauty, Amazon.com

One challenge for mobile sales is to make transactions as seamless as possible, especially in an age when many consumers' phones never leave their sides (87% of consumers). Amazon's consumers are especially likely to try new brands and products. Amazon is thus incubating many niche brands, and the rate of consumer purchase has exceeded even Amazon's expectations.

Amazon offers a personal shopping assistant on demand, and the capabilities of its Prime service represent a huge competitive advantage: Amazon can get products to consumers within one to two hours, which satisfies the “I need it now” moments.



Changing, Growing and Keeping MAC MAC

Karen Buglisi Weiler, Global Brand President, MAC

Buglisi Weiler noted that consumers are “always on” and always want to look good. They are highly focused on self-promotion, particularly given the popularity of social media and selfies, which has supported the overall makeup category. At present, there are 4.3 million “how-to” makeup videos on YouTube.

MAC centers on makeup artistry, diversity and creativity. The company launched a loyalty program in February and continues to focus on exclusives and collaborations to separate itself from its competitors.

Farm to Face: An Innovation in Suncare

Chris Birchby, Founder and CEO, COOLA Suncare

COOLA Suncare, introduced in 2007 and based in San Diego, is a luxury organic sunscreen company founded by eco-entrepreneur Chris Birchby. COOLA sunscreens are certified up to 97% organic and made in the USA, incorporating a “Farm-to-Face” sourcing policy for local ingredients and vendors. Formulated with plant protection and plant phyto-protectors, COOLA sunscreens contain up to 80% fewer actives than those of competitors.



Each of COOLA's high performance products protects and nourishes the skin with vitamins and age-defying antioxidants while remaining free of parabens, PABA, petroleum and phthalates. As an advocate of research and education, COOLA donates a portion of profits to the American Cancer Society, the Melanoma Research Alliance and SaveOurSeas.org.

In addition to an inspirational presentation, for those of us startups in the room, Birchby was very generous with advice and insights. Later in the day, he continued with how to build a startup for those who were interested, and some of the key messages included having an engaged culture, the power of partnerships, and loving the technology platforms that they have chosen (and once they have chosen them, stick with them!).



Save Money and Live Life Beautifully

Jody Pinson, VP, Merchandising, Beauty, Walmart U.S., Walmart Stores

Walmart focuses on convenience by bringing together the best of the stores and its ecommerce channel to create a better beauty experience. The company highlighted the opportunity opened by Hispanic shoppers, since they represent 18% of the U.S. population (by 2030 this will be 25%), or 55.6 million people, and 46% of that group are under the age of 35 - representing an attractive opportunity in the beauty space. Moreover, Hispanics typically live in larger households, are

connected to their communities and are enthusiastic in their love of beauty.

Walmart aims to advocate for and serve its customers every day by being great merchants and offering the right assortments, both in stores and online.

Price is of course a key priority for Walmart, which aims to offer everyday low prices across all departments while offering value and quality to its customers by locating and offering the newest trends.



Agenda

MAY 11, 2016

- 7:00-8:00 AM BREAKFAST • Mediterranean Courtyard
- 8:00-10:00 AM SESSION I • Ponce de León Ballroom
- WELCOME
- Building Beauty From the Ground Up
Anastasia Soare, Founder & Chief Executive Office Anastasia Beverly Hills
- Accelerating Vocational Training, Accelerating the industry
Aurelian Lis, Chief Executive Officer, Dermalogica
- Beauty, Retail and the Consumer Experience
Yen Reis, Founder, Skin Laundry Holdings Inc.
- Experiential Retail
Uri Minkoff, Co-Founder & Chief Executive Officer, Rebecca Minkoff LLC
- 10:00-10:45 AM NETWORKING BREAK • Ponce de León Foyer
- 10:45-12:15 PM SESSION II • Ponce de León Ballroom
- Whatever Makes You Feel Beautiful: Democratizing & Tailoring Beauty Across the
Lauren Brindley, Group Vice President & General Merchandise Manager, Beauty & Personal Care, Walgreens
- Beauty's Next Gen Retailer
Hil Davis, Founder & Chief Executive Officer, BeautyKind
- Back to the Future
Kilian Hennessy, Founder, Ny Kilian Inc.
- Find Your Own Road: The Path to Breakthrough Innovation
Maria Malcolm Beck, Co-Founder & Chief Executive Officer, Bluemercury Inc.
- 12:15 PM TAKE AWAY LUNCH • Hosted by Tengram Capital Partners • Ponce de León Foyer





Masahiko Uotani,

President and CEO of Shiseido Co. Ltd.

Uotani is President and Group CEO of Shiseido, a Japan-based beauty company founded in 1872. Uotani has defined his mission as rejuvenating Shiseido to become a major global player in the industry, building on the Japanese heritage it has embraced for many years. Shiseido currently employs 50,000 people and has revenue of \$8 billion from multiple prestige brands, including Shiseido, Clé de Peau Beauté, Nars, bareMinerals and Issey Miyake fragrance. Uotani joined Shiseido in 2014 after more than 30 years in marketing and management at both Japanese and fast-moving global consumer goods companies. He has also served as CMO and CEO at Coca-Cola in Japan. He is the first Shiseido president appointed from outside of the company in its more than 140-year history. This reflects the board's determination to evolve the company from its Japanese roots to being a leading global business. Uotani looks to bring fresh insights to the company by leveraging his global and Japanese business experience, which he refers to as a "hybrid model." Uotani also serves in other roles, including vice president of the Japan Cosmetic Industry Association, director of the Japan Business Federation, director of the Japan Marketing Association and a board member of Columbia Business School Japan Alumni Club. He earned a bachelor's degree from Doshisha University, a sister school of Amherst college, and an MBA from Columbia Business School.



Patrice Louvet,
Group President, P&G Beauty, Procter & Gamble

Louvet joined P&G in 1989, after serving in the French Navy. His first assignment was as an assistant brand manager on Mr. Clean. He has since worked on three continents and multiple businesses, from laundry detergents to diapers to hair care and high-end fragrances, as well as grooming and skin care. Louvet became Global Marketing Director for Pantene in 1999 and led a successful transformation of the brand. He was appointed General Manager for Hair Care and Healthcare for North East Asia in 2002. Two years later, he returned to North America as Vice President, Global Hair Colorants, running the acquired Clairol and Wella Retail Color businesses. In 2008, Louvet transferred back to Europe to become Vice President, Future Strategy and Growth, Global Prestige. After nine months in this role, Louvet was appointed President, Global Prestige. In 2011, he became President, Global Shave Care in charge of Gillette, Venus and The Art of Shaving business and relocated to Boston. In 2012 he was named Group President, Global Shave Care. Louvet returned to the beauty organization in January 2015 as Group President of Global Cosmetics, Prestige and Salon Professional, taking overall responsibility for the beauty sector in February of that year, and assuming additional responsibility for Global Hair Care in August 2015. Louvet graduated from École Supérieure de Commerce de Paris. He received his MBA from the University of Illinois.



David Kimbell,
Chief Merchandising and Marketing Officer, Ulta Beauty

Kimbell was named Chief Merchandising and Marketing Officer of ULTA Beauty in March 2015 after serving as Chief Marketing Officer since February 2014. Prior to joining ULTA Beauty he was Chief Marketing Officer and Executive Vice President at US Cellular since 2011. From 2008 to 2011, Kimbell served as Chief Marketing Officer and Senior Vice President of Seventh Generation, a producer of environmentally friendly household and baby care products. From 2001 to 2008 he held various positions at PepsiCo's Quaker Food Division, including Vice President of Marketing. Kimbell held marketing roles for several brands at The Procter and Gamble Company from 1995 to 2001.



Jenny Frankel,
Founder and President, Nudestix

A chemical engineer with more than 20 years of industry experience, Frankel has combined the art and science of beauty to launch NUDESTIX into the market. Frankel earned her BS in chemical engineering at the University of Toronto. She landed a position in research and development to create innovative beauty products for MAC cosmetics. Working alongside makeup artists, she took ideas from fabric swatches, paint chips and pages torn from magazines and made them a reality. In 2000, Frankel co-created Cover FX and became Executive Vice President of the cosmeceutical complexion brand created for skin conditions and sensitive skin. She worked alongside dermatologists and patients to create natural-looking full coverage foundations. In 2011, Frankel left Cover FX and cofounded Eatclub, a web-based rewards and loyalty program to help feed the hungry. In 2014, she returned to her passion—the beauty industry. Identifying white space for innovative, neutral tones and easy to use makeup, she collaborated with her daughters, Ally and Taylor, to create NUDESTIX. This streamlined collection is designed to provide a quick and easy nude look that works for all faces. An on-air guest, brand ambassador and public speaker, Frankel is a supporter of women entrepreneurs and is a member of the Women of Influence and Canadian Women's Foundations.



Jamie Kern Lima,
Co-Founder and CEO, IT Cosmetics

Jamie Kern Lima is co-founder and CEO of IT Cosmetics, which works with plastic surgeons to bring innovative, clinically proven products to real women everywhere. Prior to launching IT cosmetics, Lima was an award-winning TV news anchor with beauty challenges, including sparse brows and sensitive skin, and she could not find products that worked. That is when IT Cosmetics was born. Two years after launching the brand, Lima went on air at QVC with Bye Bye Under Eye Concealer and sold out in 10 minutes. Today IT is QVC's top-selling makeup line and distribution has expanded to ULTA Beauty, select Sephora stores internationally and Guthy|Renker. In its seventh year of business, IT Cosmetics is ranked by NPD as a top 10 prestige U.S. makeup brand. Lima attended Washington State University and received her MBA from Columbia University.



Paul Peros,
CEO, FOREO

Paul Peros is CEO of FOREO, a fast-growing challenger in the global beauty and wellness industries that has expanded from Sweden to 35 countries in its first three years. Over the past 20 years, Peros has led innovation projects across the globe, bringing his family's tally of moves to three continents and seven countries—and counting. As FOREO's most passionate ambassador, Peros inspires and leads the core product development team while being the driving force in the expansion into new markets. He holds a BA in physics from UCLA and an MBA from IMD Business School.



Muge Erdirik Dogan,
General Manager, Amazon Beauty, Amazon.com

Muge Erdirik Dogan serves as General Manager of Amazon Beauty, overseeing the beauty, luxury beauty, personal care and men's grooming businesses. Her team is dedicated to continually innovating on behalf of customers to offer the best possible experience for shopping for beauty and grooming products online. Dogan is a seasoned Amazon veteran, having also managed baby and baby registry, various consumer electronic categories and more, all since joining the company in 2007. Dogan came to Amazon with a Ph.D. in chemical engineering from Carnegie Mellon University as well as a Masters and BA in chemical engineering from Bosphorus University.



Karen Buglisi Weiler,
Global Brand President, MAC

After first moving to Augusta, Georgia, Buglisi Weiler's family finally settled in Washington, D.C., where she discovered the beauty industry at the age of 16, selling Helena Rubinstein products at the Hecht company in Prince George's plaza. Before being recruited by in 1998 as Vice President of North American Sales and Artist Training and Development, Buglisi Weiler was national sales manager for the U.S. market for Adipar, a division of the worldwide fashion house Escada, and has also held the position of field sales manager for Borghese, a global cosmetic, skincare and fragrance company. Promoted to Global Brand President of M·A·C cosmetics in 2010, Buglisi Weiler now finds herself involved in all facets of the brand. She has been Global Brand President of Make-up Art Cosmetics, Inc., since October 2010. Buglisi Weiler has been Senior Vice President of Make-up Art Cosmetics, Inc., since April 2008. She has been General Manager of Global Sales Artist Training Development and Finance, MAC Cosmetics at Make-up Art Cosmetics, Inc., since April 2008. Buglisi Weiler served as Senior Vice President of Sales and General Manager for the Americas at MAC. She is responsible for activities including global artist training and development, sales administration and retail events.



Chris Birchby,
Founder and CEO, COOLA Suncare

Birchby is Chief Eco-Entrepreneur and Founder of COOLA Suncare, located in the heart of sunny and cool San Diego. While always having had a great admiration for Mother Nature and the fine line she draws between health and risk, Birchby had not always been attentive to the dangers of being out in the sun. As a child and the oldest of four boys, his passion for the ocean and outdoors led to summers spent giving surf and windsurfing lessons. With a family sunscreen drawer comprised of SPF 4's and 8's, sunburns were commonplace. It was not until 2002, when his parents were diagnosed with melanoma, that Birchby began investigating proper sun protection and became motivated to create something better than what was available. Inspired by the organic lifestyle he enjoyed upon moving to California, he dove headfirst into sun science and organic skincare formulation research. Aligning himself with an elite team of industry professionals and experts, COOLA was born and has fast become the most sought-after collection of organic and natural sunscreens. COOLA most recently became the proud recipient of the 2015 CEW Eco Beauty Award. Birchby received a BA in English and Art from Lafayette College in Easton, PA, and an MFA from the Art Center of Design in Pasadena, CA. Prior to founding COOLA, he exhibited his paintings in numerous respected galleries and was a professional poker player.



Jody Pinson,

VP, Merchandising, Beauty, Walmart U.S., Walmart Stores

Jody Pinson leads the beauty division for Walmart U.S. She is responsible for developing merchandising strategies, managing supplier relationships and operational alignment for 4,000 stores, and for overseeing a team of six buyers. Prior to this role, Pinson was vice president, merchandising, pet care, leading the Walmart U.S. merchandising pet strategy and a team of buyers. She has also held buying roles in sporting goods and stationery. She began her Walmart Stores Inc. career as a cashier at Sam's Club. Pinson is co-chair of programs for NEW Northwest Arkansas. She also serves on the Walmart Women's Economic Council to help educate women and small business owners. In 2009, she was awarded the Walmart Strategic Excellence Award for developing a winning strategy that delivered exceptional performance. Pinson is a 1992 graduate of the University of Arkansas School of Business in accounting.



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