



WWD Beauty CEO Summit WEST PALM BEACH | EVENT REPORT: DAY 3



WWD Beauty CEO Summit - Day 3

We attended Day 3 of the WWD Beauty CEO Summit, whose theme, “See Change, Be Change,” permeated the day’s presentations. There were several key themes on the final day, including: 1) focusing on the consumer experience; 2) increasing demand for quality skincare; and 3) how to improve brand loyalty. We heard from big players in the retail space, including Uri Minkoff and Walgreens as well as smaller, more recent entrants to the space including Dermalogica and Skin Laundry. The consensus was that consumers want to be involved in brands, and social media is the key to accomplishing that.



Below we summarize the commentary provided by each presenter:



Building Beauty From the Ground Up

Anastasia Soare, Founder and CEO, Anastasia Beverly Hills

Anastasia Beverly Hills is a global cosmetics brand famous for its brow kits. Anastasia Soare opened her first store in Beverly Hills in 1977, and soon lines of people waiting to get their brows done stretched around the corner. The brand brought eyebrow-perfecting techniques to the masses, using a mathematical formula to find the perfect brow shape for every bone structure. Anastasia Beverly Hills aims to cater to everyone, emphasizing its relationship with customers. Because of this close relationship, Instagram became a very important platform for Soare; she described it as the ultimate platform on which the cosmetics company gives customers advice, teaches them how to use the products, responds to comments and even explains how to take a good selfie. Soare also used Instagram to incorporate her own story into her brand, sharing her mistakes and providing the personal touch that consumers value. “I wanted to take fear away from my Instagram followers,” she said. “It helped us create this amazing platform to propel.”



Accelerating Vocational Training, Accelerating the Industry

Aurelian Lis, CEO, Dermalogica

Skin care brand Dermalogica considers itself the “number one choice of skin care professionals and consumers worldwide.” After realizing that skin and body therapy education was practically non-existent in the United States, Jane Wurwand created The International Dermal Institute—where Dermalogica was ultimately born in 1986. Today, Lis continues to foster Wurwand’s emphasis on education, understanding the importance of vocational training in the beauty industry. With digital transformation under way, the physical store has become “retail theater,” and for Dermalogica, makeup artistry is what generates revenues. Lis explained how “vocational training is important for [the] personalization” that defines the modern retail experience. He pointed to three keys to bringing effective vocational training to retail: education, personalization and the human touch. Unfortunately, the number of schools producing licensed professionals is decreasing as most retailers focus on the transformation to digital and leave the physical store behind, consistent with broader retail industry trends.

The physical store has become “retail theater.”



Beauty, Retail and Consumer Experience

Yen Reis, Founder, Skin Laundry Holdings

Skin Laundry seeks to improve skin health, using state-of-the-art technology to offer 15-minute laser skin therapy treatments. Skin Laundry founder Yen Reis explained the company's strategy to make laser treatments more accessible and affordable. First, Skin Laundry has a reduced offering—following in the footsteps of Drybar and SoulCycle. By curating its offering, Skin Laundry strives to replicate a consistent and affordable experience across all locations; this gives the brand a confidence that breeds brand familiarity and loyalty. Second, Skin Laundry focuses on the experience. The business model gives consumers a reason to come into the store—where skin care products are also sold—and a huge reason to return. Finally, Skin Laundry is about preventing, not curing or reversing. The skin care technology company wants consumers to be more educated about their skin now, rather than waiting to correct skin damage later. Because laser and light treatments are new to most consumers, the “first Skin Laundry treatment is on us,” says Reis. The company has seen a 70% customer retention rate, with most customers returning for treatments three times per month.



A consistent and affordable experience across all locations breeds brand familiarity and loyalty.

Experiential Retail

Uri Minkoff, Co-Founder and CEO, Rebecca Minkoff

Uri Minkoff, co-founder and CEO of Rebecca Minkoff and creative director of the menswear brand Uri Minkoff, spoke about the influence of technology on the in-store experience. While recommendation engines and huge amounts of data are tripling sales expectations, Minkoff wants to push further and bring digital innovation into the physical space. The Rebecca Minkoff LA flagship opened in October last year, serving as the brand's “retailtainment” hub. In addition to its fashion offerings, the brick-and-mortar space features custom Smashbox lipstick and yoga and hip hop classes, aiming to inspire FOMO (fear of missing out), which Minkoff has found yields higher conversions. The innovative store earned the brand 19 million impressions on Instagram, spiking web traffic and resulting in the best of both worlds. Going forward, Minkoff says the company plans to approach beauty differently than its competitors by focusing on mass customization—creating solutions for the individual. Augmented reality (AR) and virtual reality (VR) are key to Minkoff's strategy for the future. As one of the first brands to film in VR,





Minkoff plans to continue to bring the consumer in close contact with the brand. According to Minkoff, the brand is there to provide a “near commentary” for millennials.



Whatever Makes You Feel Beautiful: Democratizing and Tailoring Beauty Across the Globe

Lauren Brindley, Group Vice President and General Merchandise Manager of Beauty and Personal Care, Walgreens

Lauren Brindley discussed the importance of brand agility, curated offerings and personalization at Walmart. Consumers are increasingly getting their inspiration and advice from social media. The desire for bespoke products is increasing and retailers cannot wait six to eight months to launch a product: if you wait that long, you are too late. For this reason, according to Brindley, the supply chain is a strategic advantage and retailers are going to have to become more agile and begin to take more educated risks. Consumers have developed heightened expectations: they want more personalized services and increased online options. However, the omni-channel strategy extends beyond price and product browsing. “Consumers expect to be part of the brand—listened to and created for,” says Brindley. Therefore, the company seeks to combine the best product selection, an unprecedented value and the ultimate convenience to give the consumer what she wants, “when she wants it, how she wants it and where she wants it.” To future-proof its beauty business, Walgreens seeks to offer a truly unique experience by becoming a showroom for its brands, bringing them to life like never before. Furthermore, we at Fung Global Retail & Technology believe it has become cool to be frugal, positioning Walgreens for success in the beauty industry.

“Consumers expect to be part of the brand - listened to and created for.”



Beauty's Next Gen Retailer

Hil Davis, Founder and CEO, BeautyKind

BeautyKind is the beauty industry’s answer to the caring economy. As an online beauty retailer, BeautyKind allows consumers to shop their favorite beauty brands, while also supporting a cause—5% of the product purchase price goes to a cause chosen by the consumer. It is like a revamped rewards program. Giving back provides consumers with the emotional connection that has been demonstrated to increase sales and brand loyalty. Beauty is a great product category for this, because it needs to be constantly



replenished by the consumer. As Hil Davis explains, “90% of US consumers say they would switch brands or retailers to be associated with a cause given comparable price and quality,” and “50% [even] said they would pay more.” These numbers are reflected in BeautyKind’s online results: consumers spend an average of 6 minutes on the site, looking at 11 pages; the average initial order is \$68; and the average reorder is \$89.

Back to the Future

Kilian Hennessy, Founder, By Kilian

Grandson of the founder of the LVMH Group, Kilian Hennessy wrote his university thesis on the semantics of odor. After working for prestigious perfume houses, such as Christian Dior and Giorgio Armani, Hennessy launched his own fragrance brand in 2007. In his presentation, he explained that to increase the perceived value of the perfume, it cannot be “built on one aesthetic, but on a series of collections.” By Kilian values authenticity, building the brand on the idea that perfumery is an art and “must be at first a story before being a beautiful olfactory harmony.” By Kilian also offers scented jewelry, candles and bespoke perfume.



Find Your Own Road: The Path to Breakthrough Innovation

Marla Malcolm Beck, Co-Founder and CEO, Bluemercury

When Bluemercury launched in 1999, Marla Malcolm Beck and fellow founder (and husband) Barry Beck sought to knock down barriers, focusing on the consumer and her problems. The retailer’s unbelievable solutions stem from both emotion and data. In searching for the next big idea, the Bluemercury founders looked to the average 4 year old, who asks an average of 437 questions per day. As adults, we ask far fewer questions, but Bluemercury’s goal is to lean in and learn what works for its consumer today. The company sees seven major opportunities in the beauty space, based on consumers’ increased focus on quality skincare and their demand for more versatile products:

1. *Mobile app- and technology-based skincare diagnosis*
2. *Gym-spiration*
3. *Portable everything*
4. *Super multi-taskers and essentialism*
5. *Complexion perfection or “no makeup” makeup*
6. *Farm to face*
7. *Beauty products backed by serious science*







**Anastasia Soare,
Founder and Chief Executive Officer, Anastasia Beverly Hills**

Anastasia Soare is the founder, CEO and driving force behind Anastasia Beverly Hills. Soar immigrated to the US from Romania without English-language skills or financial means; instead she leveraged a fierce resolve and education in art and architecture to fuel her entrepreneurial vision and approach to beauty. In 1990, she introduced a brow shaping service to clients, later patented as the Golden Ratio method, and launched what has become a staple service and enduring category in beauty. Soare continues to push boundaries, expanding beyond the brow category with prestige cosmetics. Known for a capacity for driving growth through innovation, she is also recognized for her organizational focus on customers, with whom she connects daily in video tutorials and personal appearances. She has been featured in The New York Times, The Guardian, People, Vanity Fair, Vogue, Elle and Allure, among other publications, and has appeared on such television shows as The Doctor Oz Show, The Oprah Winfrey Show, and America's Next Top Model. Her belief in beauty's power to transform extends to her work for women and children and the establishment of The Anastasia Brighter Horizon Foundation, which supports and advances the lives of young adults exiting the foster care system.



**Aurelian Lis,
Chief Executive Officer, Dermalogica**

Aurelian Lis is global CEO of Dermalogica, a subsidiary of Unilever Prestige that for more than 30 years has focused on elevating the skin care industry through education and vocational training to professional skin therapists and salon owners as well as on providing high-performance products. Before joining Dermalogica in January, Lis spent 6 years at Benefit Cosmetics, an LVMH company. While General Manager of the Americas, the business quadrupled to more than \$1 billion in sales worldwide. Prior to his tenure at Benefit, Lis was President and Co-Founder of PRESCRIBEDsolutions [Customized Skincare], a line distributed through the offices of dermatologists and plastic surgeons. He also held roles at Delia's and Unilever PLC in strategic, operational and sales capacities, focusing on brands that included Elizabeth Arden, Cerruti and Lagerfeld. Lis received an MBA from INSEAD and a degree in physics from St. Peter's College, University of Oxford. He lives in Los Angeles and holds British, German and US nationality.



**Yen Reis,
Founder, Skin Laundry Holdings**

Skin laundry is the realization of Yen Reis' vision to improve overall skin health by making state of the art laser technology accessible and affordable. Reis, who struggled with skin issues as a young adult, discovered light and laser skin therapy treatments while living in Asia. She saw immediate improvements and an undeniable transformation of her skin, which convinced her of the effectiveness of state of the art technology to resolve common conditions. After moving to the US in 2012, Reis identified a void in the market: there were no accessible, time efficient and affordable professional laser treatments that produced exceptional results without harsh side effects and downtime. After consulting medical professionals and laser experts, Reis founded Skin Laundry to offer a 15-minute Laser and Light Facial. Skin Laundry opened its flagship in Santa Monica in 2013 and has since added clinics in Newport Beach, West Hollywood, Glendale, Irvine and Topanga, California as well as Scottsdale, Arizona, New York City and Hong Kong. Two New York City locations are slated to launch this spring, bringing the total to 14 clinics. Born in Vietnam, Reis emigrated to Sydney, Australia at the age of two and remained there through her university years. She began her career in San Francisco at a dot-com startup, Rocket8, and from there moved to Singapore, where she became an oil derivative broker for Tulletts & Tokyo. In 2010, she founded a namesake art gallery in Singapore and began to manage and invest in startup businesses.



**Lauren Brindley,
Group Vice President and General Merchandise Manager of
Beauty and Personal Care, Walgreens**

Lauren Brindley is a seasoned global executive with experience in retail merchandising, strategy development, brand management, marketing and omni-channel that spans mass and prestige markets. She has led businesses in five countries across three continents. As Group Vice President and General Merchandise Manager for Beauty and Personal Care at Walgreens, she is responsible for creating and delivering Walgreen's new beauty transformation strategy along with P & L accountability for more than \$6 billion. She leads all aspects of the business, including merchandise buying, strategic planning, distribution, marketing and customer care delivered by 26,000 beauty consultants across more than 8,200 stores and multiple digital channels. Brindley joined Walgreens in 2015, after working for Boots in the United



Kingdom and Asia for more than 10 years, primarily in beauty and personal care. She is credited with helping Boots grow market share in premium beauty and fragrance by upgrading the customer experience and attracting desirable new brands. Brindley is also credited with having played a vital role in the re-launch of the Boots No. 7 brand in 2010.



**Uri Minkoff,
Co-Founder and Chief Executive Officer, Rebecca Minkoff**

Uri Minkoff, a serial entrepreneur, is Chief Executive Officer and Co-Founder of Rebecca Minkoff, which is among the fastest growing brands in fashion and the largest labels led by a female millennial designer. Minkoff is known as a forward-thinking fashion CEO, especially when it comes to the innovative use of new technologies and the omni-channel customer experience. In 2015, he was credited with leading the fashion industry towards a “see now, buy now” calendar for runway shows. He is also a driving force behind what Morgan Stanley describes as the “stores of the future.” Minkoff is a sought-after speaker on the nexus of fashion, retail and emerging technologies. Minkoff founded the company in 2005 with his sister, Rebecca, and serves as Creative Director for the Uri Minkoff men’s accessories, footwear and apparel line. Rebecca Minkoff is a full lifestyle brand distributing accessories and apparel in 900 wholesale doors, with retail locations in New York, Los Angeles, San Francisco and Chicago, and international retail store in Korea, Hong Kong and Dubai.



**Hil Davis,
Founder and Chief Executive Officer, BeautyKind**

Prior to founding BeautyKind in 2014, Davis founded J. Hilburn in 2007 and served as its Chief Executive Officer until 2013. A men’s customer clothing company that utilizes a direct sales force, J. Hilburn was recognized on Inc.’s list of fastest growing companies in 2012 at Number 221 and again in 2013 at Number 665. In 2012, J. Hilburn was named one of America’s Most Promising Companies by Forbes and as Esquire’s Best Dress Shirt. Prior to founding J. Hilburn, Davis was an equity research analyst covering consumer and luxury publicly traded stocks at Thomas Weisel Partners, SunTrust Robinson Humphrey, and Citadel Investment Group. He spent one year running investor relations at Brinker International. Davis graduated from Rhodes College with a B.A. in sociology and anthropology.

**Kilian Hennessey,
Founder, By Kilian**

Grandson of the founder of LVMH, Kilian Hennessey comes from a long line of cognac makers. He has continued in the family tradition, creating his own sophisticated luxury brand, By Kilian. Inspired by a childhood spent frequenting the family cellars in Cognac, Hennessey studied the semantics of scent at CELSA at the Sorbonne. After graduating, he trained with great noses in perfumery and worked for prestigious perfume houses such as Christian Dior, Paco Rabanne, Alexander McQueen, and Giorgio Armani. Tired of creating mass-produced fragrances, he launched his namesake brand in 2007 with the L'Oeuvre Noire collection. His ambition was to place perfumery back on its pedestal by returning to the way it was made in the early 20th century while adding a contemporary twist. Hennessey begins his creative process with a story and a name before making the fragrance to embody that tale. He embraces an “eco-luxe” philosophy, so that each bottle can be refilled and kept for a lifetime. Since the launch of L'Oeuvre Noire in 2007, Hennessey has introduced three additional collections: Arabian Nights, Asian Tales and In the Garden of Good and Evil. As the brand evolves, the goal of each product remains consistent: to embody ultimate sophistication and timeless luxury.

**Marla Malcolm Beck,
Co-founder and CEO, Bluemercury**

Marla Malcolm Beck is the co-founder and CEO of Bluemercury, a luxury beauty retailer and cosmetics brand developer, founded in 1999 when she was twenty-nine years old. In 2015, Macy's Inc. acquired the company. Beck also co-founded M-61 Laboratories, makers of M-61 Skincare, the first highly technical, natural cosmeceutical brand and makers of Lune and Aster Cosmetics, a vegan cosmetics line. Beck is often invited to share her entrepreneurship, branding and innovation expertise. Bluemercury's innovative retailing and human resource model has been the topic of numerous books, including *Shopping: Why We Love it and How Retailers Can Create the Ultimate Customer Experience*, and *Be Happy at Work: 100 Women Who Love Their Jobs and Why*. She has appeared as a guest on CNBC, CNN and Fox Business News. In 2014, Beck received an appointment by Harvard Business School as an Entrepreneur-



in-Residence and was named as one of Goldman Sachs' 100 Most Intriguing Entrepreneurs. Prior to founding Bluemercury, she was a consultant at McKinsey & Company. She holds an M.B.A. from Harvard Business School, an M.P.A. from Harvard University's John F. Kennedy School of Government and a B.A. in Economics from the University of California, Berkeley. She serves on the Advisory Board of Harvard Business School's Rock Center for Entrepreneurship and the Board of Directors of the National Retail Federation.



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