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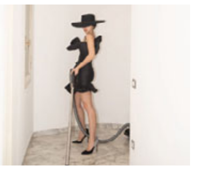

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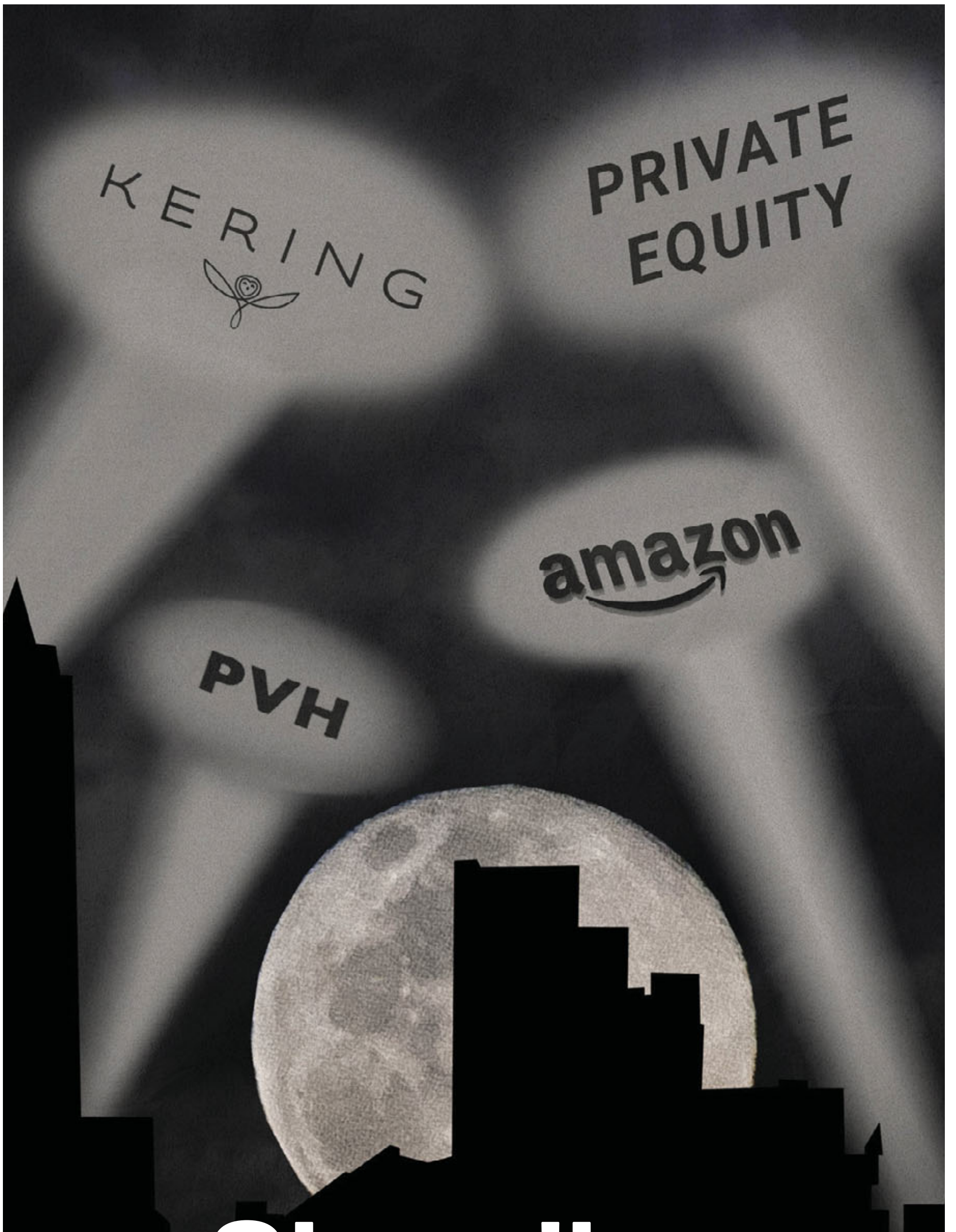

Signaling Consolidation

The coronavirus crisis is seen as supercharging the dealmaking market as companies look for saviors, more market share or new capabilities.
For more, see page 6.

ILLUSTRATION BY **ALEX BANDONI**

MEN'S

Independent Stores Fight Back

● Small merchants are taking steps to survive the COVID-19 crisis, centered around customer relationships.

BY **JEAN E. PALMIERI**

Don't count the little guy out.

Independent specialty stores, many of whom have been in business for decades, are using every weapon in their arsenals to fight this invisible enemy that has upended their businesses and their everyday lives. They're leaning on peer groups such as Forum Group, Common Threads and others for advice, applying for small business financial assistance from the government and working closely with vendors to navigate future orders.

They're also using the most valuable tool they have and the one that has helped them survive up until this point: Staying in close contact with their loyal customers. While e-commerce only represents a tiny percentage of sales for most of these

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BUSINESS

Neiman's: A Case for Life After Bankruptcy

● The retailer is seen surviving its bankruptcy, pared down and under new ownership.

BY **DAVID MOIN**

For the Neiman Marcus Group, any possible bankruptcy should not spell extinction – just huge disruption and anguish through a reorganization.

Owners end up with nothing, creditors scramble for financial recovery, vendors get stiffed, management gets tossed out, some stores close for good. Yet a case for Neiman's survival and relevance in a society where luxury always has a place can be made, and it would be a better one were it not for the coronavirus' crushing impact on retailing and the rest of the economy.

While being stymied for six years by its huge debt, Neiman's stores have remained productive, dominating luxury markets in Texas, California and Florida, and generating high revenues in Northpark Mall in Dallas, on Wilshire Boulevard in Beverly Hills and in Palm Beach and Bal Harbour, Fla., among other locations.

NMG has had the right stuff: designer

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WWD

BUSINESS

SMCP Q1 Sales Decline

● The pandemic will have a strong impact on the second quarter, but early signs of recovery in China are encouraging, said ceo Daniel Lalonde.

BY MIMOSA SPENCER

PARIS – SMCP, the group behind Sandro, Maje, Claudie Pierlot and De Fursac, reported a 16.7 percent decline in first-quarter sales, hit by the spread of the coronavirus around the world, but noted early signs of improvement in China.

"Our team is now mobilized to prepare for the post-lockdown period," said Daniel Lalonde, chief executive officer of the contemporary French fashion group.

The pandemic will have a strong impact on the second quarter, but "early signs of recovery in China are encouraging," he added.

On an organic basis, which doesn't include a foreign currency boost and the contribution from its recent acquisition, De Fursac, sales were down 20.4 percent, in line with guidance issued by the company last month, totaling 228.7 million euros.

Asia was hit hardest by COVID-19 over the period, and sales in the region declined 33.1 percent on an organic basis to 67.5 million euros. SMCP's home market, France, was also strongly affected, reporting a 19.4 percent decline to 96 million euros.

The Middle East and the Americas were down 11.9 percent and 17.4 percent, respectively.

Lalonde has been steering the company's expansion abroad in recent years, adding stores at a steady clip. During the company's financial update in March, the executive said the company is cutting store expansion plans by half for the coming year. SMCP said Wednesday that they will be decreased by two-thirds.

The Maje store in Hong Kong

SMCP has since reopened all of its stores in Greater China, but 82 percent of its points of sale remain closed throughout the world. In Europe, stores are open in Scandinavia and beginning to open in Germany. E-commerce is in operation in the Americas, where its distribution center is operating normally, the company said.

Amid the crisis, SMCP has postponed planned infrastructure investments, reduced operating expenses by renegotiating leases and putting employees on temporary unemployment, and reducing fall collections.

The company is in discussions with banks to shore up its financial flexibility. It drew all of a revolving credit facility in March, and its liquidity position at the end of the first quarter stood at 200 million euros.

BUSINESS

Iconix Selling Umbro China for $62.5M

● The brand management firm plans to use the proceeds to pay down its more than $650 million debt load.

BY EVAN CLARK

Iconix Brands Group Inc. was able to pull $62.5 million in cash out of its branded cupboard with an agreement to sell its equity in Umbro China to HK Qiaodan Investment.

"The Umbro China Sale includes the sale of the Umbro sports brand in the People's Republic of China, Hong Kong, Taiwan and Macau," Iconix said in a filing with the Securities and Exchange Commission.

The sale of the business, controlled by Iconix's arm in Luxembourg, is expected to closed by Sept. 15.

Iconix plans to use the proceeds to pay down its debt and for general corporate purposes.

The Umbro China business has been in transition for some time.

"I think China is continuing to be an important market for us," said Iconix chief executive officer Robert Galvin in November. "We think that we have had the wrong partner for Umbro. We've terminated that, and we're assessing other options in order to expand that."

The brand management firm's international revenues fell 5 percent to $17.7 million in the fourth quarter as Umbro China weighed on results.

The deal is proof that even with the COVID-19 crisis bearing down on the global economy, companies are still on the hunt for brands.

China, which was first to battle the coronavirus, has been bouncing back, although there are still worries of a second wave of infections.

Iconix investors applauded the deal and sent shares of the firm up 20.5 percent to 92 cents in trading on Wall Street.

But even with that gain, Iconix still has a market capitalization of just $10.9 million and is carrying more than $650 million in total debt.

Iconix owns, license and markets a portfolio of brands that stretches from Joe Boxer to London Fog and also has interests in Material Girl, Ed Hardy, Buffalo and more.

The company has come under fire from the SEC in the past and in December agreed to pay $5.5 million to settle an official complaint alleged the company manipulated revenues and hid losses.

Iconix counts Umbro among its portfolio brands.

BUSINESS

COVID-19 Throws Economy Into Reverse

● GDP fell 4.8 percent in the first quarter and Fed chair Jerome Powell said the economy is entering and uncertain new phase.

BY EVAN CLARK

The bad economic news is continuing to roll in.

While the weekly drumbeat of job losses have already told the tale – with 26 million having already filed for unemployment during the coronavirus shutdown – first-quarter U.S. GDP gave a fuller picture of the pain being felt.

GDP fell 4.8 percent, down from a 2.1 percent increase at the end of 2019. And that decline came with just a few weeks of serious COVID-19 disruption during the three months.

The Bureau of Economic Analysis, which detailed the drop, said real disposable personal income increased just 0.5 percent for the quarter, following a 1.6 percent rise in the fourth quarter. The personal savings rate jumped to 9.6 percent from 7.6 percent.

Many retailers were already struggling to capture the imagination and discretionary dollars of consumers over Christmas, when employment was at a 50-year high. But now stores are closed, sales associates are furloughed and a return to anything like normal is a long way off.

Federal Reserve chair Jerome Powell acknowledged the hardships many are enduring, the tough road ahead on Wednesday, but sought to reassure the nation that the central bank would continue to take aggressive efforts to support the economy.

"Many businesses have closed, people have been asked to stay home, and basic social interactions are greatly curtailed," Powell said at a news conference. "People are putting their lives and livelihoods on hold, at significant economic and personal cost. All of us are affected, but the burdens are falling most heavily on those least able to carry them.

"It is worth remembering that the measures we are taking to contain the virus represent an investment in our individual and collective health, as a society, we should do everything we can to provide relief to those who are suffering for the public good," he said.

The Fed has been working to maintain the credit market so households and businesses can continue to borrow to carry them through.

Just how far away the light at the end of the tunnel is, remains to be seen, although some states such as Texas, South Carolina and Georgia are starting to reopen their economies while other states on the West Coast have set timetables for starting to come back over the next month or so.

Stores might be starting to open, but the consumer isn't expected to come rushing right back.

"The next phases are more uncertain, highly uncertain, but we will go through a phase starting fairly soon where we begin to reopen the economy, and probably the economic activity will pick up, as consumer spending picks up," Powell said. "Consumer spending has gone down quite a lot. It will begin to pick up as people start to return to their normal patterns of spending.

"But the chances are that it won't go right back to where we were because people will, until they are confident of that the virus is well and truly under control, then they will be somewhat reluctant, probably, to undertake certain kinds of activities. It may take some time for us to get back, it probably will take some time for us to get back to a more normal level of unemployment, and ultimately the maximum employment."

Wall Street investors are at least feeling a little better with the talk of even a tentative reopening and a steady flow of support from the Fed.

The Dow Jones Industrial Average gained 2.2 percent, or 532.31 points, to 24,633.86 Wednesday as retailers and related companies perked up some. Among the gainers were Guess Inc., up 15.3 percent to $9.66; RealReal Inc., 11.3 percent to $12.47; Capri Holdings, 10.1 percent to $16.56; Simon Property Group Inc., 8.8 percent to $68.80; PVH Corp., 6.6 percent to $53.95, and Tapestry Inc., 5.8 percent to $17.05.

Maje photograph by Gareth Jones Photography

WWD

EXCLUSIVE

Valentino Taps VIP Cast for Charitable Fall Ads

● Gwyneth Paltrow, Naomi Campbell, Laura Dern and others will model for free for the #ValentinoEmpathy campaign benefiting COVID-19 research.

BY JOELLE DIDERICH

Gwyneth Paltrow

As luxury brands experiment with ways of shooting fall advertising campaigns remotely during the coronavirus lockdown, Valentino's Pierpaolo Piccioli wants to celebrate community with a charitable project both intimate and global in its scale.

The creative director has tapped a diverse group of high-profile friends – including Gwyneth Paltrow, Naomi Campbell, Christy Turlington and her model nephew James, Anwar Hadid, and Laura Dern and her son Ellery Harper Walker – to be featured in the Valentino women's and men's fall campaign.

Each participant will be photographed at home by someone close to them, wearing outfits from the fall collections. All have agreed to waive their fee for the #ValentinoEmpathy project, and the house will donate instead 1 million euros to the Lazzaro Spallanzani Hospital in Rome, which is leading Italy's fight against COVID-19.

Piccioli went straight from showing his women's collection in Paris on March 1 to joining his family in confinement at his home in the seaside town of Nettuno, south of Rome. He's spent the last few weeks brainstorming with his team over how to deal with a topsy-turvy world.

"A big production was impossible. This sense of limits gave us the idea of creating something different," he said of the campaign. "We are all lucky enough to do our jobs, so that we have to give back in this moment."

It's part of the company culture: Mayhoola, the parent of Valentino, Balmain and Pal Zileri, has previously donated 2 million euros in Italy, 1 million euros in Spain and 1 million euros in France to help fight the pandemic.

For Piccioli, the notion of community was crucial, hence the decision to group together people already affiliated with the Valentino universe.

"I think that after this moment, we understood that we need people, we need humans. We don't need things, stuff," the Italian designer explained. "So we built this idea of a community of people, my people, my friends, who share my values, the values of Valentino."

In addition to models Adut Akech, Mariacarla Boscono, Liu Wen, Vittoria Ceretti and Leon Dame, the age- and gender-inclusive campaign throws a wide net, with participants including Laetitia Casta, Rossy de Palma, Janet Mock, Rafferty Law, Tali Lennox, Chinese actress and singer Tiffany Tang Yan, Italian rapper Ghali, Canadian spoken-word artist Mustafa the Poet, and author and academic Rula Jebreal.

The notion of diversity is dear to the designer, whose fall women's collection was about "equality, the idea of facing the world with no boundaries," and featured women and men like Dame, known for his theatrical catwalk style.

"All of them share individuality, talent, self-expression and freedom," he said of his campaign cast. "I don't want to define anyone in any box."

Piccioli reached out personally to the participants and was energized by their enthusiastic response. "You really feel that we are together and that together we are stronger, and it's real," he said. "We believe that we can do our job and be relevant, and that humanity and values can be delivered through beauty and through images."

Piccioli hopes the pictures will convey an intimacy often missing from traditional fashion campaigns, which he said have been ruled more by marketing than creativity in the last two decades. "It's not about hair and makeup, but it's about the authenticity of beauty, the diversity of beauty," he said.

"I'm asking them to be shot by someone who loves them because I think that changes [it]. When my daughter Stella takes pictures of me, I feel that I have the best picture, because probably I'm more open with her and she looks at me with different eyes from a great photographer who can make a beautiful picture, but without catching the same emotional connection," Piccioli explained.

"I'm sure that they will be beautiful because they will feel comfy and they will feel strong and they will feel powerful, even if at home. They don't need to represent anyone else than themselves, so it's about the freedom of expression, it's about human emotion, it's about relationships, it's about love at the end. If you're able to represent love, I think it's a lot," he mused.

The images are set to break in September and October in print and digital formats.

"I'm very excited about this campaign. It gives me a lot of energy and positivity and hope for the future, because everybody in this moment is talking about what's going on in fashion, and you don't know what's going on," he said. "You can imagine the best version of the world that you would love to see."

BUSINESS

Luxury Fashion in the Era of Coronavirus

● Moda Operandi releases a new report on the state of luxury fashion amid the pandemic – and beyond.

BY KELLIE ELL

Moda Operandi is proving there is a place for luxury fashion amid the coronavirus pandemic and beyond.

But rather than dressing for fashion shows or high-profile galas, fans of luxury attire are opening their wallets for new reasons. Namely to help those in need – or as a reprieve from stressful times.

"Throughout this period, we heard from our customers about their desire to escape from their day-to-day – even just for a moment – and continue engaging with the fashion they love," Moda Operandi chief executive officer Ganesh Srivats said in the report.

That could explain why shoppers were browsing things like swimwear and bedazzled party pieces while sheltering in place. A March 15 post with sparkly Oseree swimwear on Moda Operandi's Instagram page was the most liked – with more than 51,000 – and saved content along the social media platform in Moda's history.

But consumers were buying things, too. The survey – "The Runway Report, Fall/Winter 2020" – tracked changes in luxury shopping patterns after March 9, two days before the World Health Organization declared the coronavirus a global pandemic on March 11.

Interestingly, resortwear had double-digit growth in the last seven weeks, compared with the same time in 2019, while Mach & Mach's bejeweled high-heel stilettos were among the top-selling shoes of the season after March 9. Flowing dresses, including Jacquemus' La Robe Manosque Tiered Chiffon maxi dress for $1,100 and the Versace Jungle Print Silk-Chiffon dress – the one famously worn by Jennifer Lopez and priced at $6,825 – were also bestsellers.

"People may be staying put, but their minds are thinking ahead to brighter days," Srivats said. "Despite the millions of people practicing social distancing globally, wanderlust-driven consumers continue shopping for pieces designed for beach days and balmy vacation nights."

Perhaps not so surprisingly, sweatpants were also on the top of consumers' minds while quarantining.

Searches for sweatpants jumped 85 percent, with top performers such as "leisurewear," and Madeleine Thompson, a brand known for its cashmere tops and bottoms. Meanwhile, the $895 women's Balenciaga Track Logo Mesh sneaker in pink sold out nearly instantly while still in pre-sale, perhaps another sign of the accelerating luxury ath-leisure and fashion sneaker trends.

Stuck indoors, consumers were also paying more attention to their physical surroundings. Sales of home decor rose 80 percent. So did jewelry sales – up 35 percent since March 9.

In addition, the survey found that consumers were more likely to spend money if they knew it was going to support a good cause. The "Shop for a Cause" initiative, which donated a percentage of full-priced sales to COVID-19 relief efforts, helped raise about $100,000. About 34 percent of people participating were new customers or shoppers who had not purchased from the brand in more than a year.

But even with the additional funds raised, luxury shopping overall was down compared with the same time last year. In fact, while sales had a slight uptick in March – in places like California, Florida and Texas – they were mostly flat or down in the rest of the U.S. and Europe during the month. In April, revenues were down across the board, with the biggest declines in Europe.

And with unemployment on the rise and events canceled, post-pandemic fashion is not likely to return to its lavish ways anytime soon. Instead, most women said they would be willing to invest in a good pair of boots – 31 percent. Another 26 percent said they'd invest in a winter coat and 23 percent said they'd most likely buy jeans in the near-term.

"People's lifestyles have changed drastically and we believe those changes will manifest in other areas of people's lives, including the fashion they choose to wear," said Lisa Aiken, Moda Operandi's fashion and buying director. "People will seek out higher quality pieces to last them for years."

Aiken added that the opposing themes – investment purchases and escapism – indicate the consumer is focused on his or her finances, "but is also making some emotional purchases and eager to have a bit of fun with her fashion when we're through this."

Moda Operandi is in more than 125 countries around the world. As recently as January, Srivats told WWD about his plans to expand it China, but said the business was facing headwinds. Aside from the deadly virus, he said Moda Operandi was finding it hard to take market share from luxury e-commerce platforms like Farfetch and Yoox Net-a-porter Group, which have already established loyal followings in the region.

"It's hard to say what the reopening will look like," Aiken said. "But, if the resilience we've seen across the industry so far is any indication, we hope to see designers and retailers of all types – online, off-line and experiential – bounce back with even more creativity and agility than before."

Luxury e-commerce platform Moda Operandi offers established designers and up-and-coming brands.

Paltrow photograph by Stéphane Feugère

WWD

BUSINESS

Macy's Transitions Dot-com

● Dot-com will be a bigger percent of Macy's business, with new leadership and as stores continue to close and lose traffic to consumers gravitating online.

BY DAVID MOIN

In a coronavirus-stricken retail industry utterly dependent on the Internet, macys.com is undergoing a transfusion of talent.

Positions related to product, user experience, analytics, site merchandising and strategy need to be filled, and last month, Macy's quietly appointed a new chief digital officer, Matt Baer, formerly from Walmart.

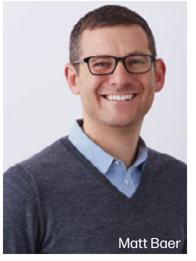
"The majority of the roles currently posted are vacancies from transitioning macys.com from San Francisco to New York," Baer explained in his first interview since joining Macy's on March 30.

That relocation process began the first week of February, about two months after Macy's Inc. revealed a massive restructuring and three-year strategy called "Polaris" involving closing 125 stores, cutting 2,000 workers in the corporate and support staff and closing the Cincinnati corporate offices, as well as moving the dot-com headquarters. According to one source close to Macy's, "less than half of the people in San Francisco accepted the transfer," although Macy's declined comment on the headcount. Among those who didn't was Jill Ramsey, the former chief digital officer, succeeded by Baer.

Macy's restructuring strives for big savings – $600 million this year and $1.5 billion by year-end 2022. But there's still room in the budget to invest in dot-com, which is critical to retailer's survival in light of store closings, be it permanent or temporary due to the coronavirus, and consumers rapidly shifting to shopping online versus in-store.

"Absolutely," said Baer, when asked if Macy's would invest to improve and grow its web sites and apps. "Resources are always constrained, but it's about prioritization and insuring that the work you are doing will be the most impactful. We have a large digital team. It's has not been reduced in size," since moving to New York.

The relocation began before the COVID-19 outbreak, which only added to the disruption. Staffers were situated in the Macy's Herald Square offices. But it's possible they ultimately end up working at Macy's Inc.'s new campus headquarters in Long Island City, where the Bloomingdale's team has already moved from Manhattan. "The current plan is to be in Herald Square, but we are reviewing all options," Baer said. (Those who haven't been furloughed now work from home.)



Matt Baer

As chief digital officer, Baer oversees all aspects of Macy's Inc.'s digital and mobile businesses and is responsible for the growth and strategic long-term vision of Macy's digital businesses, though his first priority is on macys.com and the mobile offering. He reports to Jeff Gennette, Macy's Inc. chairman and chief executive officer.

Baer was formerly vice president of walmart.com, where he had P&L responsibility and oversaw digital experience, marketing and business strategy. Before joining Walmart he founded Bezar.com, a digital marketplace for home decor, art, furniture and jewelry design, which was purchased by AHAlife. Before that, he was general manager for home and kitchen for Quirky, a product development company. Baer is also a lawyer.

Macys.com has a long history, relatively speaking, having launched in the late Nineties well before competitors. It's often been rated as a leading consumer web site, particularly for apparel. As recently as 2018, it was selling more apparel online than any other clothing retailer in the U.S., beating out Nordstrom, J.C. Penney and Amazon, among other web site operators, according to a study by digital marketing research firm SimilarWeb. Macys.com had 24 percent of the traffic garnered by the top 10 web sites in the apparel category. A survey around that time by Coresight Research indicated that macys.com had been losing market share to the Amazon, Target and Walmart web sites – with 26 percent of shoppers spending less of their budget at macys.com compared to three years prior.

Innovation has been part of Macy's DNA for decades, until the company got knee-deep in striving to lift sales and dig out from under losses. Now it's become a matter of necessity, with the company recently launching Market by Macy's in Texas, a specialty concept selling Macy's merchandise, local goods, food and beverages; rolling out Backstage off-price departments and freestanding units; developing a vendor direct business and enhancing the Macy's Star Rewards loyalty program, among other maneuvers. Lots of work has been done and strides have been made. Yet some retail experts believe there hasn't been enough done to reinvent the business, attract younger shoppers, and capitalize on the dot-com side of the business.

"Macy's should really be much more aggressive marketing the dot-com right now," said the source close to the retailer. And not necessarily with promotions. "There could be much more content around life as we know it now, sheltering in – helping people with personal care, health and how-to projects."

Still, Macy's Inc.'s digital business remains formidable, generating 25 percent, or $6 billion, of the retailer's $24 billion in annual sales.

"What makes the digital business for Macy's distinctive and one of the reasons I decided to join is because of the scale of the business," Baer said. "If you look at the categories where Macy's is competitive, it has the largest online market shares and the digital retail landscape is where scale becomes really important to continue to grow. That positions the business for future growth and continued opportunities to elevate the customer experience."

Developing a multiyear digital strategy for growth is "a work in progress," Baer said, adding, "One of the few principals we are always going to abide by is to be 'customer-led.' How do we get out to customers, engage them and provide what they are looking for in terms of content, [user] features, assortment and price." He also intends to "lean in" on enhancing the fundamentals of digital shopping, namely search, personalization and checkout. "We will continue to invest in those areas."

He said Macy's has "an extremely loyal customer base and maintains market leadership and strong vendor relationships....There is a lot more we can do to leverage our strengths.

"One of the things I'm always telling my team is that we need to be agile."

Adaptations have been quickly made since Macy's stores are temporarily closed due to the outbreak, like getting certain brick-and-mortar operations started up again, even if the stores themselves remain closed for shopping. Two-hundred-thirty store locations are fulfilling online orders again, and a pilot program where 17 stores are offering curbside pickup was launched last week. "We will continue to roll that out," Baer said.

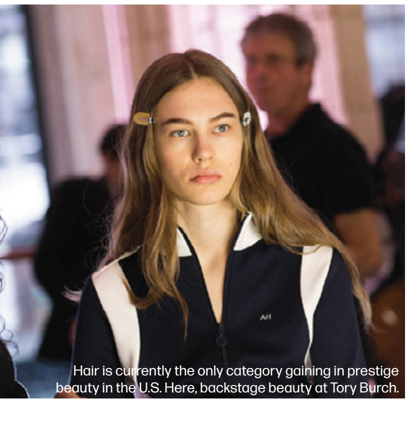
His strategy for the future could involve expanding the scope of the assortment to categories that would be new to the business, even some considered "essential" categories. "That is an open area for us to look into. What's really important for any retailer or brand is it has to be a natural adjacency to the core business in order to feel right for our customer and win that purchase," Baer said.

Among the categories that macys.com does offer, the best sellers in the COVID-19 afflicted selling environment are, according to Baer, "beauty across the board; in home, cookware, housewares and small appliances; soft home furniture and mattresses, and in apparel, it's been really great in leisurewear and activewear."

Macy's

BEAUTY

U.S. Prestige Beauty Sales Dip 14% in Q1



Hair is currently the only category gaining in prestige beauty in the U.S. Here, backstage beauty at Tory Burch.

● Sales slowed when stores closed, but online sales are picking up.

BY ALLISON COLLINS

The coronavirus has hit U.S. prestige beauty sales, which were down 14 percent for the first quarter of the year versus the prior-year period, data from The NPD Group show.

U.S. prestige beauty sales totaled $3.6 billion for the first quarter, according to NPD, reflecting store closures across the U.S. Online sales increased 24 percent in that period, accounting for less than 25 percent of volume in January and February, and 48 percent of sales in March.

Makeup was down 22 percent, to $1.4 billion; skin-care sales were down 8 percent, to $1.3 billion, fragrance sales were down 13 percent, to $655.3 million, and hair-care sales were up 13 percent, to $199.1 million.

Online, makeup was up 18 percent, skin care was up 27 percent, fragrance was up 19 percent, and hair was up 41 percent, compared with dot-com sales from 2019, NPD said.

The numbers reflect a shift to self-care. Home scents were up 4 percent, driven by candles and diffusers, and nail care was up 9 percent. Body-skin-care products were up, with body serum gaining 32 percent, body oil gaining 10 percent and deodorant gaining 3 percent.

Hand soap, up 73 percent, and hair color, up 82 percent, were the clear front-runners.

Hair – the only category posting year-over-year gains – also saw increases in shampoo and conditioner sales, up 16 percent, and hair masks, up 32 percent. Styling products declined.

"Despite a strong start to the year across most categories, the prestige beauty industry was not immune to the steep March losses seen across retail. Self-care and at-home beauty treatments are where the growth is for the beauty market at this moment, as consumers have no choice but to take beauty services into their own hands. In March, consumers began putting an ever greater focus on their skin and hair care, as applying makeup and wearing fragrance have lost importance during quarantine," said Larissa Jensen, beauty industry adviser for NPD.

Macy's photograph by Shutterstock; Tory Burch by Jane Kim

Jessica Jung for Revlon.

BEAUTY

Revlon Reenters China, Names Jessica Jung Global Brand Ambassador

● The brand, which has struggled with slumping sales for years, returns to the country after a 2014 exit.

BY ELLEN THOMAS

Revlon has decided that now is as good a time as ever to relaunch its business in China.

After a soft launch in the fall, the Revlon Inc.-owned makeup brand is gearing up to roll out its full assortment of products on Tmall in May. To promote the brand in China and the rest of Asia, Revlon has tapped Jessica Jung, an American-born K-pop star and model, as its new global brand ambassador. Jung will appear in campaigns this year for Revlon's Super Lustrous and ColorStay franchises, and launches such as the TotalStay permanent hair-color line making its debut this fall.

"We've always emphasized inclusivity and diversity," said Revlon global brand president Silvia Galfo. "But we didn't have an Asian brand ambassador."

Jung is known internationally for leaving the K-pop group Girls' Generation and forging her own career path. Galfo said Jung's streak for individualism is likely to resonate with young Chinese women.

Revlon isn't the first struggling American brand to tap a Chinese influencer to help its push into Asia. Victoria's Secret this month revealed it had appointed Yang Mi, one of China's most successful and highest-paid actors, to help boost its resurgence in Asia.

The China launch comes at a challenging time for Revlon Inc. The company has struggled with slumping sales for years across all brands except Elizabeth Arden, which has done well in China. Facing a liquidity problem, Revlon hired Goldman Sachs in 2019 to explore sale options, and is trying to solidify a refinancing that would allow it to pay off debts and funnel some money back into the business. The company also said it would implement a restructuring plan that would include significant layoffs.

Revlon is looking to China as a growth opportunity. It is not the first time the brand has sold in the market there. Revlon exited China for the first time in 2014, when beauty brands were sold mostly at physical retail.

Now, using Tmall as a distribution platform and influencers – or KOLs, key opinion leaders, as they are known in China – to help drive sales, Galfo said this time, China could become the brand's biggest market after the U.S.

"The consumer is evolved, and Revlon is all about self-expression and empowerment – I think it's a good fit," said Galfo.

After launching on Tmall a few months ago, Galfo said the brand is already seeing strong sales of some of its key franchises, such as Super Lustrous lipsticks and ColorStay foundation. Other core franchises, such as the PhotoReady Lookbook palettes, the Ultra HD collection and Super Lustrous lipsticks in matte, are due to launch in the summer.

Lipstick is huge in China – or was prior to the pandemic – said Galfo, and Revlon's lipsticks have sold well thus far.

With a strong contingent of beauty-obsessed consumers, China has become a key growth market for many beauty companies. But that could be subject to change given the coronavirus pandemic. It's not clear yet whether young Chinese consumers, who once spent freely on luxury goods from European and American designers and brands, will be as enthusiastic about makeup as they were prior to the pandemic.

Galfo's thinking is that Revlon's lower prices will be attractive to the Chinese consumer. And there's still the fact that Revlon is an American brand – while Revlon has struggled to retain a young consumer base in the U.S., in China, the brand's heritage gives it a "cool vibe of American lifestyle," said Galfo.

Galfo said while there was a lull earlier in the year, spending is starting to pick back up in China. "The market is starting to rebound, especially online," said Galfo. "In China, everyone is wearing a mask, so eye and face makeup are a little higher."

While the U.S. beauty market has struggled enormously due to the pandemic – prestige beauty sales were down 14 percent for the first quarter, according to The NPD Group – China has struggled less thanks to livestreams, said Galfo. For whatever reason, Chinese consumers are buying more from livestreams than Americans are. Revlon recently did a livestream with KOL Li Jiaqi, known in China as the "Lipstick King," to introduce its Super Lustrous franchise. Galfo said the livestream drove significant sales for the franchise.

BUSINESS

Poshmark Goes Full-On Social With Posh Stories

● The social selling platform gets even more social, with a new video tool for ephemeral clips.

BY ADRIANA LEE

A look at Posh Stories.

Social shopping platform Poshmark just took a page from Instagram and Snapchat with a major expansion of its own social powers. On Wednesday, the company introduced Posh Stories, a new social feature that lets users create and share shoppable video clips and photos.

Poshmark describes the feature as a way to bring listings to life. The company developed a video tool that allows for captioning as well as tagging, plus the ability to directly tie product listings to the Story.

According to the company, video has been one of the most requested selling tools by the community.

"This thing has been in the works for about a year," Manish Chandra, founder and chief executive officer of Poshmark, told WWD. "We actually tested out four stories at PoshFest, our annual conference in the fall, and got just tremendous positive feedback."

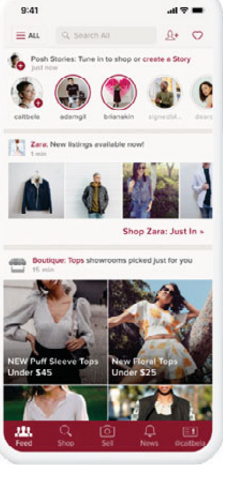
Sellers can use the tool to shoot live, 15-second video clips or photos, or upload visual assets from their phones to show off a new product or look, or share styling or beauty tips with their followers. They can also write a short message and tag listings, people and brands to the Story.

Users can find Posh Stories at the top of the Poshmark feed, framed in a vertical slideshow that should feel familiar to those who flock to other social networks. The clips disappear after 48 hours.

The company hopes that the overall effect will make the shopping experience feel more personal and engaging, while giving its eight million sellers an expanded way to merchandise their inventory.

"More interestingly, you can also link it to other people's stores and other people's listings, so it kind of follows the same curation paradigm we follow in our photos and our listings," explained Chandra. "But it also brings it to the video, so I can tell a story that I may be getting a top, [and] I can put a necklace from somebody else's store, and sort of put the whole outfit together. That drives demand for both the stores, and it gives them an inspiration that they are seeking on how to do things."

Not that the company is eschewing traditional social media entirely. The ceo noted that the community can still share listings on other platforms, and the ability to do that for video will be coming in the future.



The Stories feed.

Finding new ways to improve online commerce and merchandising just can't come too soon for some sellers, as the world battles the turbulent economic effects from the coronavirus. Chandra hopes that the tool will help support people who have come to rely on Poshmark for income.

The company itself wasn't immune to COVID-19's ill economic effects either. Like others, the platform – which ushered in more than $2 billion in earnings for sellers last year – experienced disruptions to its business as the pandemic got under way in March. But now it appears to have weathered the storm.

According to Chandra, Poshmark is even seeing quite the comeback. "Since March, it's been steady and strong to the point that the last couple of weeks have been some of the highest in our history," he said.

Part of the reason may be the diversity of offerings in the marketplace, which spans fashion, beauty, home goods, art and other categories. But crucially, Chandra attributes the bounce to consumers' need to feel connected during an isolative time.

"I feel that on our platform of social commerce, people are sort of feeling that connection. And they can reuse stuff that we have and also participate and get stuff right from their home," he added. "People seem to be participating at a deeper level. And both transactions and engagement numbers seem to be both normal and actually reaching some sort of local highs."

Amping up that feeling of connectedness with video has become a conventional sort of retail wisdom in recent years. For a business like Poshmark operating in a climate with a heightened need for e-commerce, it may be more important than ever.

Posh Stories starts rolling out Wednesday and will become available to all Poshmark users in the U.S. and Canada over the coming weeks.

WWD

Kohl's has grown closer to Amazon and is accepting the web giant's returns.

BUSINESS

Searching for a Deal In a Coronavirus World

● The shutdown might make for some big fashion combinations that were only dreamed of before COVID-19.

BY EVAN CLARK

The mind wanders in quarantine, making unlikely connections, taking flights of fancy.

So much has changed in fashion. Stores are closed, delivery schedules have been tossed out, most consumers are locked down, cash is at a premium and the global economy is tanking. Share prices of many of the biggest names in fashion and retail are at lows not seen since the Great Recession. While all of that has consumed the industry, it's also prompted dealmakers to consider the world anew and wonder: What's possible now?

Could Kering and Compagnie Financière Richemont finally merge to take on LVMH Moët Hennessy Louis Vuitton?

Might Hermès International or Chanel be persuaded to spend some of their cash hordes on expansion?

Would Amazon follow up on its Whole Foods deal with an acquisition of Kohl's Corp.?

Is there some possible combination of PVH Corp., Ralph Lauren Corp., Tapestry Inc. or Capri Holdings?

Or a digital market mash-up between Net-a-porter, Mytheresa, Matches or Farfetch?

There are arguments for and against all of these, but even in the midst of a coronavirus nightmare, there's room to dream a little — and some are starting to search for their next deal.

Billion-dollar transactions are never a sure thing in the industry. Strategic rationale, stock price, financing and c-suite egos all have to align in a way that gets companies to first seriously consider the possibilities, overcome all the hurdles and then actually consummate a transaction.

That makes for a generally slow-moving market, with big deals valued at north of $10 billion — like LVMH's $16.2 billion agreement to acquire Tiffany & Co. — extremely few and far between.

The beauty sector has been on an incredible rush of dealmaking in the last few years, but most of those transactions have focused on smaller, but quickly growing brands that are valued at closer to $1 billion than $10 billion.

For the first time in a long while, retail and fashion could take some of the spotlight that has been on the beauty sector — but not necessarily for the best reasons.

The most immediate deal-making could come from distressed companies forced into pair-ups in bankruptcy court, including Neiman Marcus Group, which is teetering on the edge, but is still largely seen as a valuable business that simply couldn't manage the debt its private equity owners put onto its balance sheet.

But with $1.5 trillion of "dry powder" to spend, according to Prequin figures for April, private equity should not be counted out. Big players with distressed debt funds are looking for opportunities now, and those looking for growth opportunities have a finger to the wind and are planning their next moves carefully.

And everything is happening faster now.

Emanuel Chirico, chairman and chief executive officer of PVH Corp. recently told WWD, "I always felt there was going to be a level of consolidation in the retail industry, both in the department store, specialty store and in the apparel wholesale side of the business."

But the dealmaking that might have been still five or six years in the future could be accelerated by the disruption caused by COVID-19. "I don't think there'll be anything in the next six months, but post that, I think there will be opportunities," Chirico said.

PVH is an active acquirer, having brought Tommy Hilfiger, Calvin Klein, Warnaco and others on board and was already looking for another big deal.

VF Corp., owner of Vans, The North Face and Timberland, is another steady consolidator sure to be thinking ahead and looking for deals.

In luxury, Kering and LVMH have massive portfolios that could nonetheless be expanded with any number of "smaller" brands, from Prada and Ferragamo to Burberry and Moncler. Even before the crisis, all those names were mentioned as acquisition possibilities for either of the French groups.

There is one caveat, though.

The government could step in to protect companies in a time of COVID-19 stress.

This week Sen. Elizabeth Warren (D-Mass.) and Rep. Alexandria Ocasio-Cortez (D-N.Y.) said they would introduce an anti-monopoly act to protect companies during the pandemic by declaring a moratorium on deals involving companies with sales over $100 million or private equity players.

"This legislation is desperately needed," Ocasio-Cortez said. "Antitrust agencies have already admitted their capacity to review mergers is reduced by the crisis. Meanwhile, reports say that Rite Aid, private equity and other big businesses are actively looking to scoop up smaller businesses and consolidate industry for their gains. These companies should be using their cash reserves to help their employees not to acquire more power. If we don't stop predatory M&As now, the actions of big corporations will have decades-long economic consequences — for all of us. With less competition, the whole country will see job loss and higher costs for consumers."

But if lawmakers don't step in directly, Joel Bines, global co-leader of the retail practice at AlixPartners, said, "There's going to be an acceleration of consolidation across every segment of the retail economy."

He put the types of deals into three categories — those that would consolidate sectors, diversify companies or make them more vertically integrated as firms stake out bigger claims in the supply chain.

"Yes, there will be the kind of merger announcement that surprises the industry the way the LVMH-Tiffany announcement did," Bines said. "I don't know where, I don't know what. It's safe to assume that there will be at least one of those, if not more."

The timing of any dealmaking rush is still in flux, but with parts of the country starting to tentatively reopen, dreams of the future could start to become reality in the months ahead or whenever the landscape settles and the survivors consider their options.

"We're still in a period of companies assessing what this all means," said David Shiffman, co-head of retail at PJ Solomon. "Each company right now is looking out for their own needs, thinking about how to maximize their cash holdings."

But for the strongest, the future also beckons.

"For those who successfully navigate through this, the prize will be enormous," Shiffman said. "There will be incredible opportunities."

While he said the COVID-19 crisis and shutdown would not necessarily be a "reordering of the universe" in retail, it would be "the ultimate catalyst that will separate the haves from the have-nots. Those who were dominant to begin with will become increasingly even more so."

It will also be a time when the c-suite can shine.

"This is going to force leaders to be more strategic than ever before, to make real decisions on things where they're just using their best judgments," he said. "This is where your best leaders emerge."

In business strategy terms, the coronavirus is seen as supercharging most of the trends that were already pushing the market forward, from the drive to become more e-commerce savvy to the need to be bigger.

That, along with potentially bargain-basement prices, only fuels the mergers-and-acquisitions push, opening the way for deals that bring in more capabilities (à la Target Corp.'s 2017 deal to buy last-mile delivery firm Shipt) or adds bulk (like Tapestry's acquisition of Kate Spade that same year).

But now, even the big are seen as needing to get bigger still.

Tapestry, which owns Coach, Kate Spade and Stuart Weitzman, as well as Capri, which owns Michael Kors, Versace and Jimmy Choo, have historically been consolidators in the industry, but now could also be in the crosshairs.

"Size, scale and balance sheet matter," said investment banker Elsa Berry, managing director and founder of Vendôme Global Partners. "A crisis like this is going to be a fundamental confirmation that size matters and those that survive and are the buyers are those that have a good balance sheet, good cash position, they have the scale to weather the storm and will be strong."

Mid-sized brands that have to, for instance, scramble for good retail spots that LVMH can easily grab with its clout might feel they need to finally make a move and sell.

"They have to understand that the world is so complicated that they can't do it alone," Berry said. "It's in your face now. The consolidation is going to be huge."

Right now, the process is just starting.

"It's going to be more seduction, some small dance, not yet the real tango, but it's happening," she said.

Berry is watching to see if watch and jewelry brands seek to build their own store bases through acquisitions and if multibranded retailers start buying brands.

"What is Amazon going to do in this environment?" she said.

Amazon could do almost anything. With a market capitalization over $1 trillion and a business that is suddenly essential, it has the wherewithal to make a move. (Similarly, Walmart Inc. could also move in any number of directions, with a market cap of $350 billion and a willingness to expand digitally, having made big deals for Jet.com to strengthen its digital chops in the U.S. and Flipkart to grow online in India).

There's been speculation that Amazon would want to get even closer to Kohl's, which has been accepting Amazon returns. A year ago, the web giant took a warrant to buy up to 1.7 million shares of Kohl's, or 1.1 percent of the company, at $69.68 a share.

That warrant isn't worth anything now, with Kohl's stock trading near $20.

But the relationship the two companies forged in better times might be just enough to build a dream that turns into reality.

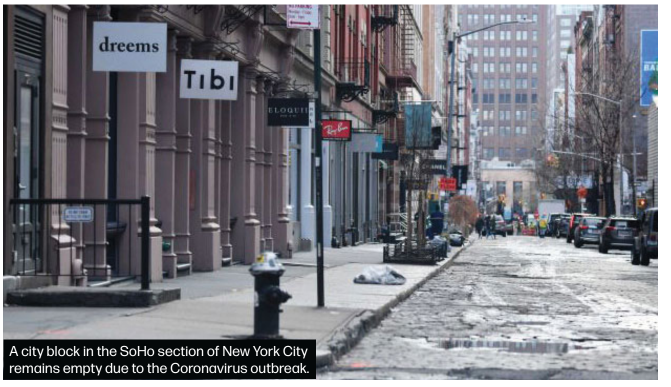
WWD

BUSINESS

Retail Bankruptcies and the Rent Flashpoints

● The Pier 1 and True Religion bankruptcies show retailers and landlords struggling to find balance during the pandemic.

BY SINDHU SUNDAR



A city block in the SoHo section of New York City remains empty due to the Coronavirus outbreak.

As retailers and landlords continue to have difficult negotiations over rent payments while stores are closed during the coronavirus pandemic, the conflict is coming into clearer view in the handful of retail bankruptcies already under way.

On Tuesday, the Virginia federal court overseeing the Pier 1 Imports Inc. bankruptcy agreed to extend its rent deferment period, even as landlords objected that that would go past the 60 day rent-deferral permitted by the bankruptcy code. Pier 1 filed for bankruptcy on Feb. 17.

The development points to a new dynamic in these proceedings caused by the pandemic. The bankruptcy process is meant to give financially troubled companies some relief by allowing them to avoid enforcement actions for unpaid debt from before their bankruptcy, and to renegotiate with landlords and vendors. But it also generally requires companies to pay the expenses they incur during the bankruptcy. The COVID-19 era has provided more room for exceptions to that norm, giving retailers some additional breathing room while their stores are closed to customers, but pushing landlords to complain about being treated unfairly in the process.

"Landlords are in the untenable position of having to serve as both involuntary lenders and involuntary bailees for the debtors," a group of Pier 1 landlords argued in a filing on Monday, a day before the hearing in the case in which the court ruled in favor of Pier 1's motion for a further extension.

"While landlords understand the debtors' plight amid the COVID-19 crisis, it is unreasonable and unwarranted to force the landlords into the position of involuntary, unsecured, interest-free lenders to these cases, while the debtors are permitted the continued use and occupancy of the premises rent-free," they said.

True Religion, which filed for bankruptcy earlier this month and made a similar request to defer rent payments, appears to still be addressing the issue with landlords. A hearing originally scheduled on the issue this week has been pushed to next month, according to court documents.

But the emerging conflict shows the more complicated back-and-forth between retailers in bankruptcy and their main creditors, including secured lenders, landlords.

Secured lenders are usually protected by the liens they have on assets to secure their loans. But landlords, who would normally have an administrative claim for the rent they are owed after their retail tenant's bankruptcy filing, may be left more vulnerable, attorneys said.

"The problem is that the landlords will be put at a disadvantage to other constituencies such as the lenders and the professionals," said Walter Curchack, chair of Loeb & Loeb LLP's restructuring and bankruptcy practice. Curchack is not involved in the ongoing retail bankruptcies, and spoke generally.

Nonetheless, courts may be inclined to grant this type of relief to retailers, when it seems existential. It may essentially act as a kind of temporary restraining order to keep the bankrupt retailer on life support for as long as possible, attorneys said.

"It becomes an issue if the lenders become a little too aggressive on their own behalf, or the landlords do, and try to create a win-lose situation rather than a lose-lose situation where everyone loses a little bit, which is the way that bankruptcy is designed to work," said Curchack.

Larger chains like Neiman Marcus Group and J.C. Penney Co. Inc., which are both also on bankruptcy watch, could potentially fare better during the proceedings as they likely have more assets, more liquidity, and more access to capital markets, which means that if they file for bankruptcy protection, they're more likely to do so with sufficient financing to carry them through the proceedings.

But at the same time, the bankruptcy of larger retailers may also mean more risk. Larger retailers are more likely to be in shopping malls, bringing a different dynamic to a bankruptcy setting than with regular landlords, attorneys said.

"The larger stores with greater rent will have a more significant impact on the landlords and their lenders if concessions are required in order to get through the pandemic," said Joel Shapiro of Blank Rome LLP.

"This also means the unpaid or deferred post-petition rent will ramp up much quicker, and possibly cause a strain on the chapter proceeding that will make it more difficult to manage and come out the other side," he said.

BUSINESS

U.S. Trade Rep Eyes Online Platforms' Role In Global Counterfeits

● The administration signaled its intent to scrutinize e-commerce platforms including some foreign sites of Amazon.

BY SINDHU SUNDAR


U.S. Trade Representative Robert Lighthizer

The U.S. Trade Representative's office is responding to the global movement of counterfeits by targeting even legitimate companies that it says may help facilitate their sales.

In a report Wednesday, the office signaled it is looking at the role of e-commerce platforms, including certain foreign web sites of Amazon, such as amazon.ca, amazon.co.uk, amazon.de, amazon.fr and amazon.in.

"Over the last year, USTR has secured strong and enforceable obligations on intellectual property in our historic agreements with China, Canada and Mexico," U.S. Trade Representative Robert Lighthizer said in the statement.
Amazon pushed back, calling the report's references to its web sites a "purely political act" motivated by what it claimed was the administration's "personal vendetta against Amazon," according to a statement Wednesday by a company representative.

"We strongly disagree with the characterization of Amazon in this USTR report," the representative said. "Amazon makes significant investments in proactive technologies and processes to detect and stop bad actors and potentially counterfeit products from being sold in our stores."

Amazon claimed that it has put resources and manpower into keeping counterfeits off its web sites, including by investing more than $500 million toward such efforts in 2019. The company also said that it has more than 8,000 employees "protecting our store from fraud and abuse" and that it has thwarted more than 2.5 million "suspected bad actors" from opening Amazon selling accounts. The company said it is also working with brands to prevent the sale of counterfeits.

"More than 99.9 percent of pages viewed by customers on Amazon have never had a report of counterfeit, and this is a testament to our continued innovation, collaboration and commitment to fighting counterfeit," an Amazon representative said in a statement.

The USTR's office said broadly that counterfeits account for roughly 2.5 percent of global imports, which it estimated amounted to about half a trillion dollars.

The office said it is responding in part to a White House memo issued last April on the trafficking of counterfeits, and that it believes e-commerce platforms should take a more robust role in preventing the sale of counterfeits on their web sites.

The office also said that it would plan on "seeking more information regarding e-commerce platforms, including those based in the United States, in future reports."

Apparel retailers said Wednesday that the USTR's report reflected their own submissions to the office on these issues.

"Special thanks to USTR Ambassador Lighthizer and his team, the U.S. Department of Commerce, and supporting agencies for incorporating AAFA's input into these important reports," said Steve Lamar, president and chief executive officer of the industry group American Apparel & Footwear Association.

"AAFA steadfastly advocates for our members' intellectual property – such as their brands, their designs, and their innovations – and is pleased the USTR provides a regular forum for us to share and air our perspectives on foreign country practices as well as those of physical and online marketplaces," he said.

SoHo photograph by Stephen Lovekin/Shutterstock; Lighthizer by Reynolds/Epa/Rex/Shutterstock

WWD

ACCESSORIES

Kendra Scott Exceeding Pre-Crisis Sales Projections

● The jewelry brand says it has surpassed goals by engaging its community with digital events and shopping initiatives.

BY MISTY WHITE SIDELL

A Kendra Scott store in Texas currently offering curbside pickup.

Kendra Scott is navigating the coronavirus crisis with a mix of digital, philanthropic and community engagement-driven initiatives. The company said its sales during the crisis have generally surpassed original projections set for 2020 when its retail stores were still fully operational.

Now with a stable of 108 brick-and-mortar stores, 46 of which have reopened for curbside pickup across 16 states, Kendra Scott president Tom Nolan said the company is focused on direct-to-consumer initiatives and charitable messaging to keep the business moving forward. In 2016, the company received a minority investment from Berkshire Partners, giving it valuation in excess of $1 billion.

"Our business continues even through a global pandemic, we are relatively strong. We have been forced to close retail stores for employee and community safety. Our pillar of philanthropy is so important to us and it's really resonated with customers and employees [during this time]. Heading into the year we were up double digits across all channels and even for the year 2020, our direct-to-consumer business is also up double-digits," said Nolan.

The brand regularly holds community engagement events at its local stores and clocked some 10,000 total gatherings in 2019. This mode of business continued during lockdown, albeit remotely, as the Kendra Scott label hosted virtual styling seminars, local college gatherings and give-back events on Zoom, Facebook and Instagram. One initiative – the company's Everlyne bracelet – has generated enough sales for the company to provide 2.1 million meals for those in need during the COVID-19 crisis.

The brand said these combined efforts helped it beat sales projections originally set when stores were still open. "In most instances our e-commerce has overdelivered on our original plan, including retail," said Nolan. "One of the reasons it's so strong is that experience is at core of our brand. We spent time thinking about that. We've seen that a lot of the web customers coming to us are traditional retail customers. We've also picked up 35 percent new customers, which for us is huge. This crisis is a terrible thing and tragedy but it's also been an opportunity for us as a brand."

In recent years, Kendra Scott has pivoted from a primarily wholesale business to one that relies on direct sales. The company expects between 20 and 25 percent of its sales this year to come via wholesale. While the brand has an expansive stable of brick-and-mortar locations, about 30 to 40 percent of its business comes through e-commerce. The company declined to provide further sales data or numbers.

Kendra Scott is the rare label that gained popularity in the middle of the U.S. before spreading out to either coast. A sizeable portion of its retail locations are in the South, particularly in states – like Texas – that have been given a green light to reopen for business by local government.

During lockdown, the company's "Southern stores turned into distribution centers, so we could get people to go to work and keep busy in regions where they were allowed to by government," said Nolan. Web orders were shipped to consumers from their nearest retail location rather than a central warehouse – a program established in partnership with Manhattan Associates.

Kendra Scott has been readying a curbside pickup option for consumers for the last year, with plans to launch in 2021. Those plans were expedited for launch in a matter of days, and is now an option for shoppers in states like Texas where the company said it is operating 23 stores, "really safely with a minimum number of employees," said Nolan.

The brand said its Texas stores fielded more than 3,300 calls from consumers during the launch weekend of its curbside pickup program. On May 1, Texas stores will begin offering one-on-one appointments to shoppers. Curbside pickup is also now available to shoppers in states including Georgia, Oklahoma, Alabama, Nebraska, North Carolina, South Carolina, Ohio, Kentucky, Illinois, Tennessee, Virginia, Arkansas, Louisiana, Colorado and Wisconsin.

Nolan added that, "As cities and states give guidance on how to open, we are not going to open the floodgates. We are concerned about employees, customers and that our surrounding communities are safe in regions open for retail. We will be cautious about it."

On April 15, Kendra Scott expedited plans to introduce a virtual try-on option on its e-commerce site – giving shoppers the opportunity to understand the scale of the company's statement jewelry designs.

The brand has not applied for government assistance during the crisis because, "much of the government stuff is for companies smaller or larger than us. Liquidity is important and we don't want to take on extra debt when taking on a challenge like this. Paying rent is important, so we have great partners that we've reached out to. Everyone is in the same boat, there are a lot of different ways of working with landlords. It's a mutual problem so we are trying to solve it together and have had a reasonable amount of success," Nolan said of the company's real estate overhead.

This year was meant to be a time that the Kendra Scott brand would start focusing on an international strategy. Those plans will now take a backseat to new production diversification plans, including research into domestic manufacturing.

"Our national awareness in the U.S. is still really low, we only have one store in New York City. Our point of view now is that we'd rather get the brand to a bigger place here and have more awareness in New York," Nolan said.

While Kendra Scott's production was "negligibly" affected by the COVID-19 crisis in China, as it requested expedited product before the start of Chinese New Year, Nolan said the situation is cause to research expanded production closer to home.

"We are exploring, we have a lot of product sourced in the Asia region and are researching North American partners. Leading into this, our supply chain has included great partners that have evolved and moved with us as we go to the right kind of places including sustainability," Nolan said.

"Anytime a large percent of business is based far away, it's something to think about. We have to make sure goods get here on time for a fair margin. First and foremost, it's about making sure it's fair labor and safe. After that, I care about speed and how fast we can get product to our customers. It's about speed to market and obviously the closer things are, the faster we can get it to market," the executive added. The company is looking into various U.S. jewelry-making hubs, including Rhode Island, as well as certain locations in Mexico.

Now looking toward a full reopening of retail in the months to come, Nolan is still unsure of how to best ensure consumer safety and confidence. Kendra Scott is in talks with other fashion labels to brainstorm solutions to the ongoing crisis and its aftermath.

"I'm taking a lot of cues from the restaurant industry. Food service has to be so clean, I have friends that run food service businesses and they are so smart how they do it, setting up timers at moments to sanitize the whole building. We are figuring it out; I think the whole industry is trying to answer the same thing," Nolan said.

"I think there is going to be technology born out of this, whether it's UV cleaning or something to make it easier. The whole retail industry is talking. I'm connecting with colleagues at former competitors – everyone is sharing information right now because it is essentially a wartime scenario."

BUSINESS

232M Retailers, Wholesalers Imperiled by Pandemic

● The retail and wholesale sector has been the hardest hit globally, according to the International Labour Organization.

BY JOHN ZAROCOSTAS

GENEVA — More than 436 million businesses worldwide are at a high risk of very serious disruption due to the severe economic effects of the coronavirus pandemic, a report by the International Labour Organization said Wednesday.

"In the wholesale and retail business, which is the hardest hit, the expectation is that 232 million enterprises are at risk of severe disruption," said Guy Ryder, ILO director-general.

Other sectors of the economy that are hardest hit, he said in a virtual news briefing, include the manufacturing sector (111 million enterprises), accommodation and food services (51 million) and real estate and administrative business services (42 million).

"Millions of businesses around the world are barely breathing," Ryder said.

According to the ILO's latest study on COVID-19 and the world of work, compared to pre-crisis levels, global working hours in the second quarter "are expected to be 10.5 percent lower….This is equivalent to 305 million full-time jobs, which is a significant deterioration on the previous estimate of 195 million for the second quarter.

"This has been driven mainly by the prolongation and extension of containment measures," the report said.

ILO labor economists estimate that the proportion of workers living in countries with workplace closures has "decreased from 81 to 68 percent over the last two weeks, mainly driven by the lifting of workplace closures in China. The situation has worsened elsewhere."

The report argues that government policies need to focus on providing income support for both businesses and workers to maintain economic activities. This should include, it says, the provision of temporary subsidies to firms "to cover labor costs and extension of credit lines and loan guarantees at concessional terms to support employment retention."

The report also warns that the most vulnerable in the global labor market, the 1.6 billion workers in the informal economy, and characterized by lack of basic protection," are significantly impacted" by the lockdown measures.

"Staying home means losing their jobs, and without wages, they cannot eat," warns the ILO study and notes that "income support for workers and enterprises operating in the informal economy is critical to prevent them from plunging far further into poverty."

Powered for Nature

DIESEL's sustainability program is forging a new path towards a proper fashion future.

Following the announcement back in January this year of their new sustainability strategy *For Responsible Living*, DIESEL is infusing its collections with more sustainable practices that include upcycling as well as innovative techniques able to reduce the amount of water and chemicals used.

Diesel's sustainability strategy is based on four main pillars each of them relating to specific issues to be addressed: be the alternative; stand for the planet, celebrate individuality and promote integrity.

DIESEL is working with Eco-Age, a sustainable consultancy and communications agency, to implement actions and initiatives in the upcoming months and years that will allow Diesel to improve its environmental and social impacts.

Collaboration is the key to changing the business model," DIESEL's Renzo Rosso said. "We've been working with the *Camera Nazionale della Moda Italiana* to advance sustainable development process in Italy for years, and today we're seeing our achievements on a global scale."

What was the first collection which you launched as part of #ForResponsibleLiving strategy?

The DIESEL UPCYCLING FOR series, which focuses on the upcycling of existing products, recycled materials and stock items that have been transformed into new products. The upcycling process reduces air and water pollution as well as greenhouse gas emissions because no new raw material are used.

> "In a past-forward re-interpretation, inspiration was drawn from DIESEL's iconic heritage denim to create a colorful, sporty aesthetic.

The series kicked off with a throwback partner: 55DSL. In a past-forward reinterpretation, inspiration was drawn from DIESEL's iconic heritage denim to create a colorful, sporty aesthetic. Deadstock, archive pieces and prototypes were reworked to create a completely reimagined limited-edition product run. Transparency was key for this collection. That's why each piece of the DIESEL UPCYCLING FOR 55DSL has a QR code that can be scanned, directing the purchaser to a landing page that will detail the making of the garment, with a photographic timeline of all the processes used.

Challenges and opportunities

In an exclusive interview with WWD, Andrea Rosso – Diesel's Sustainability Ambassador and Upcycling artistic director – described the collection as "a very personal project for me, and it's been fun to use creativity to redesign the clothes in stock. Each piece is so unique that we want everyone to be aware of their uniqueness and history, so we gave each piece an exclusive QR code. For me this is an incredible opportunity to see how we can educate consumers and awaken their interest in the story behind their own clothing."

Regarding the Chinese market, Andrea said the challenge "comes from reaching younger generations, which DIESEL has been committed to since its inception, but we still need to build strong relationships with younger consumers and the local market."

And in regards to the global pandemic, Andrea sees it as "an unprecedented moment, one that posed a catastrophic impact on humanity and the economy on the one hand, and a positive impact on the environment and the planet on the other, and one that gives us the opportunity to reroute our future in a sustainable way."

The OTB Group

The OTB Group, the parent company of DIESEL, also deploys sustainability practices across its other brands.

Maison Margiela this year showcased recycled, reused and upgraded vintage items from the last century with its new sustainable fashion line Recicla, made entirely from thrift stores and markets.

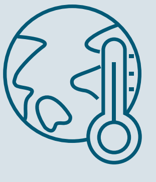
Marni's Spring/Summer 2020 runway show was inspired by the ocean, with 37,000 pieces of plastic suspended in fishing nets above the audience, using recycled cardboard and discarded plastic bottles to build the stage and send a strong message.

Viktor & Rolf's 2019 Haute Couture show showcased wool from home-grown sheep dyed with organic, garden-derived phytochrome.

Renzo Rosso and Andrea Rosso at the DIESEL UP-CYCLING X 55 DSL launch event.

FOUR PILLARS TO INSPIRE THE INDUSTRY

1. BE THE ALTERNATIVE
Diesel commits to creating alternative, responsible products and packaging, by seeking out low impact materials and innovative techniques, investing in research and development, and collaborating with others to find more sustainable solutions throughout all stages of our value chain.



2. STAND FOR THE PLANET
Diesel commits to climate action, and to rising for environmental stewardship, by minimizing its greenhouse gas emissions, reducing our water footprint, and improving reuse and recycling rates across our operations.

3. CELEBRATE INDIVIDUALITY
Diesel commits to developing a sustainability culture within the company, honoring employees' rights and their diversity, which allows Diesel to thrive, treating all equally, nurturing employees to fulfil their potential, and promoting a safe work environment.

4. PROMOTE INTEGRITY
Diesel commits to working towards the highest social and environmental standards throughout our supply chain, by enhancing the traceability of products and promoting positive practices amongst its suppliers.

Icon design by www.vecteezy.com

WWD

Neiman Marcus at Hudson Yards in Manhattan.

Neiman's: A Case for Life After Bankruptcy

CONTINUED FROM PAGE 1

exclusives, superior service, a high percentage of digital sales, a loyal clientele and a clear mission focused on luxury. Like other retailers, Neiman's has become very promotional, unbecoming the otherwise tony image, though the business is perceived as less promotional than the competition.

"Neiman's greatest asset is the strength of the brand," observed Suzanne Silverstein, president of Seven For All Mankind premium denim. "It's associated with luxury – the ultimate in luxury shopping. Bergdorf's falls under the same umbrella. They have incredible followings."

"Neiman's always excelled as a luxury player. The service standards have always been extremely high, the customer base for Neiman's and Bergdorf's is as loyal as anyone's, and the selling associates are outstanding," said Ron Frasch, the former Saks Fifth Avenue president and top merchant at Neiman's for about a decade starting in the mid-Eighties. "The associates have great relationships with customers. They always cultivated that, and Neiman's was among the first to advance its loyalty program way ahead of others."

More than one-third of Neiman's $5 billion in annual volume is generated online, which is important considering how COVID-19 has forced retailers to shut stores, many likely to never reopen, and how the health crisis has accelerated the shift from shopping stores to buying online. Neiman Marcus adopted the Internet early, in the late Nineties, though its sister division Bergdorf Goodman has been playing catchup. Early this year, Bergdorf's completed an eight-month revamp of its web site, with cleaner visuals, lifestyle shops, editorialized storytelling, less clutter, new navigation tools and other features to better align the web site with the image of the Bergdorf's brand and the Fifth Avenue stores, and capture greater business. The investment in the web site was significant, Bergdorf's president Darcy Penick said in a recent WWD interview, without revealing what it actually was. She insisted that overhauling the web site in no way meant that the physical stores were being neglected.

"Rob Smith saw the future in e-commerce and really invested in it," Frasch added. Smith was a member of the family who owned a significant portion of Neiman Marcus Group for years until selling the company to Texas Pacific and Warburg Pincus in 2005, which in turn sold it to Ares Management and the Canada Pension Plan Investment Board in 2013. Neiman's bolstered its stake in the online luxury market when it purchased the Berlin-based Mytheresa luxury web site in 2014, and has recently been exploring possibly selling it or an initial public offering.

Neiman Marcus was founded in 1907 on "a bad business decision," as the story goes. The founders Herbert Marcus Sr., his sister Carrie Marcus Neiman and her husband, A.L. Neiman, all former Texas department store workers, had been operating a sales promotion company in Atlanta when the opportunity arose to buy the Coca-Cola Co., which back then was a small soda-pop business. Instead, they chose to open their own retail business in Dallas.

Years later, Herbert's son Stanley joined the business and took the helm after his father's death in the early Fifties. Though Neiman Marcus already had a fine reputation, it was Stanley who catapulted the company into a premiere luxury institution, redefining retailing with a business model centered on lavishing service on affluent clientele, building up dominant assortments of America's and Europe's most coveted designer brands and bringing glamour and entertainment to the stores through innovative marketing and special events. He invented the Fortnight, a two-week celebration of the goods, culture and arts of a single nation such as France or Italy, which would be eventually copied by Bloomingdale's, J.C. Penney and other retailers.

Marcus also created the "His and Her Fantasy Gifts" each year for the holiday season, introducing extravagant and rarefied gifts ranging from Egyptian mummy cases and Chinese junks to Black Angus steer and super yachts. A consummate showman and salesman, Stanley influenced not only how people dressed, but how they conducted themselves and appreciated fine arts and crafts. He also created the Neiman Marcus Collection of fine art, which includes works by Alexander Calder, Frank Stella and Roy Lichtenstein, many of which adorn the Neiman Marcus stores.

Neiman's distinct aura continued to glow throughout Stanley's 49-year reign over the company, and his influence lasted well beyond the years he actually ran the retailer. In fact many people thought he was still running it long after he retired from his day-to-day responsibilities and became chairman emeritus. A mentor to many, he became known affectionately within Neiman's as "Mr. Stanley" right up until his death in 2002.

When the Great Recession hit and the stock market plunged, Neiman's lost around a third of its volume and its status as the nation's dominant luxury chain began to fade. Heavy debt stemming from the 2013 purchase of the business by Ares and CPPIB for $6 billion has drained the company of profits and capital for upgrades and adding new experiences. Neiman's woes can also be traced to a formulaic merchandising approach that stayed overly dependent on big-name designers for too long and was too tied to an older demographic who could afford the expensive offerings, as well as to the rise of freestanding designer and brand shops. ▶

WWD

Bergdorf Goodman.

Geoffroy van Raemdonck

Bergdorf photograph by George Chinsee; Van Raemdonck by Masato Onoda

"I'd say with too many designer brands, Neiman's was almost loyal to a fault," said one fashion supplier who requested anonymity. "When you walk into their stores, you see some brands like St. John and Escada that commanded all this real estate. It was just wrong. And other brands had far better sell-throughs. I get my best sell-throughs at Nordstrom. Neiman's is second best."

"Because Neiman's was so dominant for so long, they became dismissive of the competition and cocky," said a former Neiman's employee. "They felt they were just the best ever. For a long time, they felt Saks was weak, that Bloomingdale's was going so much more mainstream, and they still weren't looking at Nordstrom as a main competitor in luxury."

Seeking to adapt to changing times and shifts in consumer shopping behavior, the company has been undergoing a "transformation" strategy led by Geoffroy van Raemdonck, the chief executive officer since February 2018. He's been on a mission to modernize the business into a "luxury customer platform" with new types of products and services, elevating sales associates so they have the data and tools to develop stronger connections to customers online and off-line, and more consistent and seamless shopping experiences from selling channel to selling channel. He's also been streamlining through closing most of the 22 Last Call clearance outlets and cutting hundreds of jobs. Neiman's has 13,700 corporate and store associates. While advances have been made, apparently it appears to be too little too late to avoid the bankruptcy fate, though industry experts, including former Neiman's employees, have felt for a while that bankruptcy was inevitable.

In retrospect, Ares and CPPIB overpaid. Since the 2013 acquisition, Neiman's has been paying around $300 million in annual interest to service the $4.46 billion in long-term debt. The luxury retailer generates $5 billion in annual volume through its 43 Neiman's stores, two Bergdorf Goodman stores, neimanmarcus.com, bergdorfgoodman.com, the Mytheresa web site, the Horchow direct-to-consumer business and Last Call outlets.

Compared to other retailers, Neiman's has experienced less management turnover. While continuity can be a good thing, being based in Dallas made it difficult to attract new talent and come up with fresh approaches to think about brands and how they organize the brands. "People simply didn't want to relocate to Dallas," said one source familiar with Neiman's.

"They always had the same shops and the big brands, and it skewed a little more mature," said the former Neiman's employee. "Neiman's is more of luxury than Saks. They are better in the designer market. They were also renowned for their shoe departments. But Saks has repositioned their shoe business, which is strong, and is stronger in beauty." The Saks team, led by Marc Metrick, president, and Tracy Margolies, chief merchant, "is getting younger customers in and modernizing the store. It's working for them. With Neiman's and Saks, as one rises, the other usually settles."

Neiman's never would do concessions, with a few exceptions such as Louis Vuitton. "Saks and Bloomingdale's play the concession game. But not Neiman's," said the ex-Neiman's executive. "They got very stuck in their ways. It was their way or the highway." Neiman's philosophy has been to control its selling floors and enable sales associates to be able to freely accompany clients from shop to shop without competing with those manning concessions.

It's expected that with Chanel announcing in late 2018 a shift from wholesaling to concessions, Neiman's will suffer a hit to profits. Chanel has been Neiman's biggest volume vendor, selling the store across ready-to-wear, beauty, footwear and accessories. "Typically in beauty you get 40 percent margins; handbags 50 percent; rtw 40 percent. If you take those out and you become a concession, where Chanel pays you 10 percent on a sale, that's a big hit," said one retail consultant.

With the coronavirus forcing the closing of all its stores since March 18, Neiman's defaulted on $76.8 million in interest payments that were due April 15. Despite the liquidity crunch, certain vendors received some payments recently. "It's not that they wanted to keep continuity with us for after the bankruptcy. We work with factors so the banks would have put a lot of pressure on them," said one vendor source. Another vendor source felt that the recent payment, a partial one, would sustain some goodwill during a bankruptcy and after.

Even before the coronavirus outbreak, there was speculation that Neiman's could go bankrupt. The retailer did show some improved selling trends last year, but stopped publicly reporting its quarterly results. With highly productive stores, Neiman's was for years able to service the debt.

There's mixed reviews over the first-year performance of the Neiman Marcus store in Hudson Yards on the West Side of Manhattan, which opened in March 2019. Neiman's executives have indicated that it's been on or above plan, though some market sources say it's mostly the Chanel and Louis Vuitton shops, the Zodiac Room restaurant, the Mr. Stanley bar, and epicure area by one of the entrances (along with other popular food and restaurants at Hudson Yards) that are carrying the business. Neiman's is said to have received a break on the rent from Related, the developer. "They got the deal of all deals," said one retail source.

Because of its history, and singular image of standing for true luxury, Neiman's future engenders wide concerns in the fashion industry. As it stands now, a Chapter 11 filing, with senior debt holders taking over ownership and initiating store closures and management changes to keep the business alive, seems most probable. A filing, according to sources, is being held up by negotiations involving terms of the debtor-in-possession financing such as rates and covenants, and who ends up providing the loan.

Reports that the Hudson's Bay Co., led by executive chairman Richard Baker, will bid on Neiman Marcus have been around, but if Baker makes a bid at all, it would be sometime after the filing, sources said. Baker would be a strong bidder given the synergies and cost savings he could initiate by consolidating the HBC-owned Saks Fifth Avenue with Neiman Marcus Group.

Keeping Neiman Marcus alive is something designer brands would want, though some worry about the increased leverage HBC would have over them. "I am concerned it's going to cost me a fortune to do business with Saks, especially if Richard Baker takes control of the market," said one president of a fashion brand who requested anonymity.

"I'm worried because if they consolidate a lot of the teams, how would you distinguish between the two banners? With one owner, do the brands lose differentiation or become more differentiated? It does create a dominant luxury monopoly, but if LVMH or Kering isn't happy with Neiman's or Saks, they just won't sell them. LVMH, Kering still call the shots. Saks and Neiman's do understand the power of those luxury house conglomerates, but most brands do what Saks and Neiman's ask them to do." ■

WWD

Shop For a Shop will run next week to raise funds for specialty retailers.

Independent Stores Fight Back

CONTINUED FROM PAGE 1

independents, they're still fulfilling orders, doing curbside pickups and even allowing unofficial private store visits when they can.

With more states reopening, and many others setting plans to do so, these retailers are also preparing for the new normal when they'll have to provide customers with masks at the door, deeply sanitize their locations and make sure to maintain distance between employees and shoppers for the foreseeable future.

And on Monday, some of these small merchants will be given a financial boost by a few of their vendors, which have joined together in a week-long initiative called Shop For a Shop. The brainstorm of Stantt, a custom men's shirt and pant resource, the program has rallied a number of vendors including Faherty, Trafalgar, Alan Payne and others to offer consumers a discount on merchandise they sell on their web sites during the week and then donate a percentage of those sales back to their retail partners.

"Our goal for Shop For a Shop is to rally together like-minded brands to directly provide financial and marketing support to our specialty store friends and partners," said Kirk Keel, cofounder of Stantt. "The reality is that Stantt – and many other brands – wouldn't exist without the partnership of specialty stores. They are the lifeblood of their communities, and it is our mission with this initiative to help ensure their longevity for years to come."

Stantt's sales manager Katie McCarthy said the brand will donate 20 percent of revenues raised during the week to around 300 of its specialty store partners. "I've had some very concerning conversations over the past couple of weeks," she said. "And these retailers have become our friends, so we wanted to help support them."

Sara Hutchinson Brown of David Wood Clothiers in Portland, Me., is one of the retailers that will be a beneficiary of the program. The store has been doing a very small business online, but that's more of a way to "stay connected with our customer" than a true revenue producer, she said. Right now, the plan is to reopen on May 15 and the store is putting procedures in place to welcome customers back. "We're adding a front door lock and a doorbell," she said, to ensure that only a small number of people can be in the store at the same time. And its tailors are making masks.

The store is also working closely with vendors to not cancel fall orders, but instead edit what is in the books and prepare for late deliveries for the season. "We don't want them to go out of business either," she said.

Other retailers around the country are also doing everything they can to keep their heads above water until they can reopen. Most are confident that they'll survive long term and while they're not expecting business to be robust until holiday or even next year, they are anticipating an uptick when they can open their doors to fulfill pent-up demand.

Gary Flynn of M. Dumas in Charleston, S.C., can be a case study for the other specialty stores preparing to open: He reopened his stores earlier this week. Although he waited a few days after the governor gave his blessing, Flynn said he quietly unlocked the doors last weekend. "We did very little business, but customers were happy," he said. But because the store is located on the main thoroughfare, King Street, and most of the other stores on the street are still closed, foot traffic was way off.

Flynn said he made a commitment to pay his employees despite the closure and was able to attain a Payroll Protection Plan loan to cover that cost as well as his rent and utilities. He also was approved for a loan that he will use to cover the cost of his inventory. "That's our biggest expense," he said.

Because he's located in the South and was able to open before May 1, Flynn is hopeful that he'll be able to sell the spring receipts through the summer and delay fall deliveries until September rather than July. "I'm navigating what to bring in and what to cancel," he said, adding, "I'm trying not to break price, but that will be challenging because the big-box guys are going to be discounting, so it could potentially be a blood bath."

At Boyds in Philadelphia, the company has not laid off or furloughed any of its 125 employees – only top management has taken significant salary reductions.

Kent Gushner, president and third-generation owner of the business in Center City, said: "We are a local family business of merchants, tailors, stylists, sales and service folks – many of whom have been with us for decades. Our employees are woven into the very fabric of all that Boyds represents and we hope that this policy will help avoid financial hardships. They are part of the Boyds family and now more than ever, we stand together."

The store is also working with other local merchants to raise $100,000 for the Jefferson COVID-19 Better Together Fund through April 30 by donating 10 percent of all online orders and gift cards purchased to the charity.

"We're a solid company from a financial standpoint," Gushner said. He said he was able to obtain a government loan, which will take him through the middle of June. He also said that although he has seen a small uptick in sales, the store's online business is "still very underdeveloped" and can't make a dent in the company's brick-and-mortar volume.

He's looking at spring as a lost season and believes that the summer will also be "very difficult. I don't think people will come rushing back in when we open," Gushner said. "I think they'll still feel hesitant, and shopping for luxury items won't be top on their list."

Even so, he'll be giving out masks at the door, deep cleaning the store and offering hand sanitizer to those customers who do venture in – whether that's to refresh their tailored clothing wardrobe or to pick up some high-end sportswear for them to continue to work from home.

And he's hopeful about fall. "We won't prosper in the short term, but we will eventually," he believes. Gushner said he has only canceled a "negligible amount" of fall orders at this point and is keeping a positive attitude that sales will rebound by then.

"We're not giving up on fall," he said. "We believe in our buy and we're still planning some new initiatives that will help our sell-throughs. I'm still very concerned, but I'm also very energized. Specialty stores that can figure out how to survive until next year will find a lot of opportunities."

Hill Stockton of Norman Stockton in Winston-Salem, N.C., expects to be one of those survivors.

Since being forced to close, he said the store has been reaching out to customers on social media and fulfilling a few orders through a drive-by program or by mailing merchandise to customers. "We don't have any e-commerce business," he said. And everything being sold through social media channels is being discounted. "The winner at the end of this will be the consumer," he said. "Nothing will be sold at full price until fall." ►

WWD

Miltons' Chestnut Hill, Mass., store.

Stockton estimated his sales in April will be down 85 percent from last year. He just got approved for PPE, so that will offer some financial relief as he did not furlough any employees.

The plan in his state, as of now, is to reopen on May 8, and Stockton will be ready. "The few people that I've seen can't wait until they can shop again," he said.

He admits to being a little resentful that the large stores such as Walmart and Target – which are considered "essential retailers" because they sell food – have been able to stay open this entire time while he was forced to close. "They sell all the same stuff we do, just not as high end, and they can have hundreds of people in their stores at one time. The most we ever have is four or five."

Looking ahead to fall, Stockton said he's reaching out to vendors to see what they deliver before making decisions about cancellations. "I don't want to cancel because that number may be just want I need," he said. Beyond that, he's prepared to take "a paring knife, not an axe" to the remainder of the orders for the season.

Atlanta-based Miller Brothers Ltd., opted to wait a few days even though the state allowed a variety of businesses to reopen on Monday including tattoo parlors and nail salons. Cofounder Greg Miller's plan is to reopen on Monday, May 4, by appointment only for a week and assess the situation at that time.

Miller said the store has been available for customers to actually stop by and shop since it was forced to close, but visitors have been "few and far between. We didn't lock the door but no one was really coming."

After Monday, the staff will wear masks and the store will have masks available for customers made by its tailors, and will clean, sanitize and follow social distancing guidelines.

But for those customers still leery about walking into stores, Miller Brothers will offer curbside pickups, and make home deliveries. The company also jumpstarted a new e-commerce site it recently launched and is offering that as an alternative. "It's pretty primitive and the selection is limited," he said. "It's not what shopping at Miller Brothers is about, but we're giving it a go and at least we have some platform."

Miller estimated that the company's revenues are down 90 percent at the main store and a Peter Millar store it operates in the suburbs is bringing in "zero business." Even so, he kept his entire staff on the payroll and received the PPP funding to cover those costs. He also applied for a small business loan and was approved, but hasn't seen the money yet. All the stores in his peer group applied and the ones in smaller cities received theirs quickly, he said.

For spring, he said, "We canceled some orders that were outstanding but we were 85 percent shipped already." And for fall, he's being asked by vendors to accept delayed delivery windows and is also expecting "natural attrition" on a lot of what he ordered.

Miller predicted: "This will affect the business for a year. When we come out of this, everybody is going to be on discount. But we were sound before this and we'll make it."

Craig DeLongy of John Craig in Winter Park, Fla., said this would have been his busy time and he's hoping to salvage the season by reopening his two stores this weekend. "We lost a ton of business," but he's communicating with customers via social media and selling online.

Although he furloughed his employees, he received his PPP money thanks to his local banks and will be bringing them back when he can reopen.

To prepare for the reopening, he's having masks made and sewing his stores' label on them. "We're not going to sell them, we're giving them out," he said. And he'll break out the spring merchandise that had already been delivered before the shutdown.

"We made sure not to receive any more spring merchandise after mid-March," he said. Going forward, he expects to reduce size runs or numbers of units for fall. "We reached out to our clothing people to find out what they're not going to be making and we'll cancel those orders," he said.

While he expects his stores will weather the storm, he knows the waters will be rocky for several months. "After July 1, we're going to have to make a list of how to cut expenses," he said.

Neil Guffey of Guffey's in Atlanta offered customers the option to come in privately while he was closed, "but we didn't have a lot of interest," he said. So he's eager to reopen his doors again on Friday.

"We're going to stagger our staff and may lock the door between clients," he said. "We'll take every measure we can to be safe and responsible, but we have to start generating some business."

He's spent the last several weeks "navigating the maze of federal funding," and was able to retain staff and obtain the PPP funding by working closely with a local bank.

Like the other retailers, he communicated closely with his peer group and how to handle upcoming orders. "We wrote our orders in good faith so we're not doing any blanket cancellations," he said. "We're talking to our vendors but we have no idea what's going to happen. We have a large number of Italian vendors and they're not able to produce anything and they won't make their shipping dates anyway, so we'll have to adjust."

Despite the challenges, he's still keeping a positive outlook. "I think we'll come out of this better than we went in," he said. "I'm excited for fall – I think there will be pent-up demand."

Dana Katz, owner of Miltons in suburban Boston, has had his two stores closed since mid-March and furloughed his employees but will bring them back because he received PPP funds.

With no solid reopening date, he is working with his landlords, who have been "very productive," he said. "Everyone is very empathetic; we're sharing in the pain. It's no longer about profit and loss, it's about cash flow."

While he prepares to reopen, looking at what other states and retailers are doing, he continues to sell online. "It's not enough to make up the volume we dropped, but it's also nice to take care of our customers' needs." He's also been able to continue working with wedding parties, which represent a big portion of his business.

Regarding fall, he continues to work with vendors to see what orders he may have to cancel or suspend. "I don't know when we'll reopen and the velocity of sales when we do," he said. "We're trying to be as flexible as possible and work together." He's hoping that the gentler, calmer demeanor that seems to have permeated society continues when the pandemic is over. "It's really nice to see, I hope it lasts."

Craig Andrisen of Andrisen Morton in Denver is hoping to reopen on May 8. And while the store will adhere to all safety precautions, "we're not sure when people will be comfortable shopping again," he said. So he's working closely with vendors to stop spring orders that have not already been shipped, and reduce or cancel orders for fall.

"I expect we'll be down around 20 percent this fall so we need to work it out," he said. He also said he will pull full sets of spring inventories off the floor and hang onto them until later in the year.

Like other specialty retailers, Andrisen said he's concerned about how promotional the big stores will be when they reopen. He hopes not to have to cut price but give offers to the store's best customers instead as an incentive.

"We'll get through spring, fall will be tough and next spring, too, but I think by fall '21, we'll be going gangbusters again," he predicted.

David Rubenstein of Rubenstein Bros. in New Orleans, received the government assistance available and is working through scenarios on what to do when those dollars run out this summer. He hopes to reopen on May 22.

"That'll take us through June or July with cash flow," he said. And if the store cuts orders and works with its landlord, he expects to make it through.

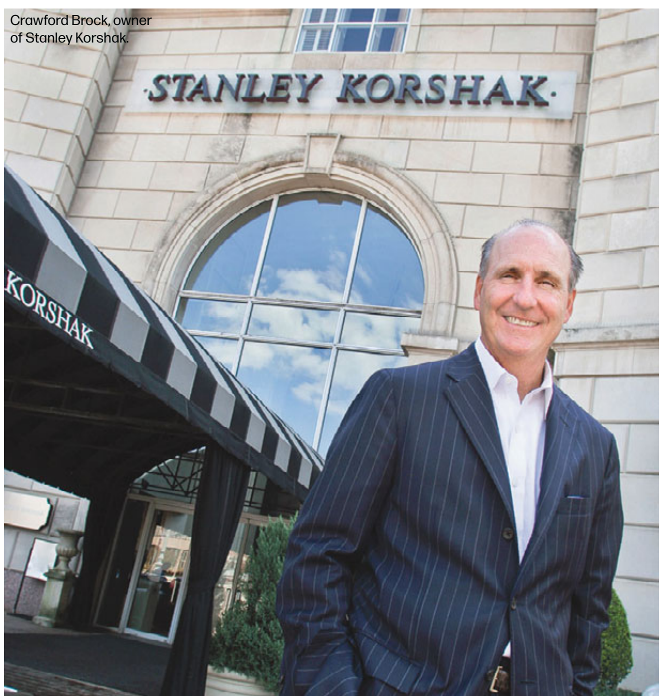
"I'm an optimist and I think by January, things will be 75 to 80 percent back to normal," he said. "Our customers are not broke, they like clothes and I think people want something new. I see a really good future in our business."

Crawford Brock of Stanley Korshak in Dallas may reopen as soon as Friday, since the Texas governor has permitted all retailers to reopen as of this week. "Texans are ready to get out," he said. "We're excited to get things rolling."

He received a small business loan and has been trying to service customers through shop-and-go and e-commerce for the past couple of weeks.

When he does reopen, he hopes to work through spring receipts before doing a big push in fall.

Brock said he's navigated through at least five disasters since owning the store, including 9/11 and financial downturns. "I feel confident I can build the business again," he said. ■



Crawford Brock, owner of Stanley Korshak.

Crawford photograph by Nan Coulter

WWD

BUSINESS

Redefining Influence in A Post-COVID-19 World

● Audiences are expanding their understanding of influencing beyond product sales, creating space for more value-driven content and for brands to rethink how they partner with online creators.

BY NATALIE THEODOSI

LONDON — In the last year, fashion thought it had cracked the social medial formula: There was a set of regular Instagram girls in the front row each season; carefully orchestrated digital campaigns designed to create the new viral "It" bag, and plenty of trips in between fashion weeks to provide content creators with stunning – branded – backdrops for their Instagram feeds.

Budgets were only getting bigger: In a new report by Launchmetrics examining the state of influencer marketing, 39 percent of the professionals polled claimed that their brands invest more than $20,000 in influencer programs, with 10.8 percent investing more than $100,000. The majority also intended to allocate more budgets this year, for both influencer activations and product collaborations.

But as the COVID-19 crisis hit, the influencer landscape quickly transformed to reflect a consumer sentiment that had been brewing for a while: That of fatigue for product-heavy content and a constant projection of unrealistically perfect standards, despite disclaimers by some that Instagram is a highlight reel.

Does it mean the influencer industry is over? It might be, as we know it. Since mid-February, when Europe began locking down, sponsored content went from representing an average of 35 percent of influencers' posts to 4 percent, according to Launchmetrics.

But despite that drop, online content creators aren't going away and will remain an integral part of brands' marketing strategies, albeit in a different guise.

Indeed, it might be time to broaden the meaning of influence away from product alone, and toward a new set of topics, be they mental health, wellness, sustainability or entertainment.

In that case, brands would need to rethink the type of partnerships they forge with influencers.

"Influencers will still be critical to brands, but how we use influencers, how customers want to engage with influencers and even the brand strategy itself will shift," said Allison Bringé, chief marketing officer at Launchmetrics, pointing to the current shift away from "product-focused" communication, which she said is bound to leave "lasting, residual effects" in the space.

"The big questions that everyone has been asking themselves during this time is 'Why do we follow influencers?' 'What is the value that influencers bring?' The data tells us that the customer is looking for these voices to entertain them, to educate them, to give them advice and comfort and to inspire them. These values aren't going to go anywhere," Bringé said.

Ever since lockdown measures were imposed across the world, influencers could no longer rely on exotic locations, glitzy fashion shows, new "It" items or professional photographers to feed their social accounts.

For some, it was an opportunity to get creative, explore passions they might not have had time to indulge before, and connect with their audiences in a deeper way.

"Isolation has put a divide between those who depend on a team or a destination and those who are able to create engaging content even with constraints," said Doina Ciobanu, who is known for her artistic fashion imagery, but also for using her platform to educate her followers about sustainability.

Since going into lockdown at the end of February in Milan, Ciobanu started hosting Instagram Lives with industry friends like Nanushka designer Sandra Sandor; model Lindsey Wixson, Dr. Barbara Sturm; fellow eco-campaigner Livia Firth; as well as a host of Pilates instructors, singers, chefs and perfumers.

When the space started becoming saturated, she quickly switched her focus to a new editorial series of self-portraits and photographs taken via Zoom of friends at home.

"Even in the most static surroundings we can make something beautiful happen. People still love artistic and fashionable content, but from a very genuine and relatable angle. This crisis has given us time to finally slow down and be truly creative and I hope that this culture of creative process stays long after the lockdown," Ciobanu said.

She added that while users' appetites can still vary across purpose-driven and more light-hearted content, creators should be taking stock and looking at the values and behaviors they are urging people to adopt, as much as the product they are helping to move.

Just like Ciobanu, many online personalities have risen to the occasion and begun to offer their audiences more educational or personable content.

Jasmine Hemsley, a cook and wellness aficionado who also dabbles in fashion, has been hosting regular sound healings via IGTV and workshops around healthy living; fashion influencer Camille Charriere debuted an interview series with Royal Ballet principal dancer Frankie Hayward as her first guest, and Soraya Bakhtiar, who had already been stepping away from traditional influencer work and teased a new venture into fragrance, has been sharing astrology readings, recipes and tips about crystal healing.

In those cases, influencers have been able to leverage the overall increase in screen time and expand their audiences or even build new ones on up-and-coming platforms like TikTok.

"This period is really setting apart the people who were maybe trying to be influencers, with those who are really creative artists. The influencers who are really driving the conversation at this moment are the ones who are able to create these deeper connections, to show how brands and products integrate into their life, and who aren't afraid to show what's behind the curtain," added Bringé, noting that, in essence, the industry is "coming back to its origins."

"That's where influencer marketing really came from: People who were really avid consumers of different products, services, ideals, wanted to share them with a niche audience. That concept has been moved so far because there was so much money to fuel this industry."

As the social media space rediscovers its roots, a new wave of influencers is bound to come to the forefront, too.

Micro-influencers, who have smaller but more targeted followings, had already started looking attractive to brands, and

A self-portrait taken by Doina Ciobanu at home.

that appeal is increasing exponentially during this time because of their ability to have more direct communication with audiences and stay relatable.

Alexandra van Houtte, chief executive officer of the search engine platform Tagwalk, has also been polling her online community of 58,000 followers on the topic, and found a similar skew toward smaller influencers with more to offer, other than trend-driven fashion content.

When asked whether influencers are posting too many total-brand or gifted looks, 71 and 85 percent of the respondents respectively voted yes, while 74 percent voted in favor of creators with smaller followings and a day job.

"The brands we work with are really looking for 'do-ers' or 'slashers.' People who influence their own community, whether it's break dancing, making ceramics, tie-dye T-shirts, having a restaurant," van Houtte said.

"The consumers are really starting to respect people who have a real passion, a real job, who aren't walking adverts. The Instagram term 'ad' really killed the business for many. Who wants to buy a piece when you know the person posting has been paid for it? You can't trust the fashion chain. Some influencers like Camille Charrière remain incredibly faithful to their style and ethics, but the rest that came after I find too opportunist. I think the influencers who will stand out will be people with a passion, a conviction and a message to stand for," she added.

In addition, customers are now likely to become a brand's biggest set of influencers, while user-generated content will replace the "top-down" approach to influencer marketing, where brands have been dictating the message.

According to the Launchmetrics report, 56.3 percent of brands have already been using customers as influencers, a trend that has been spearheaded in the beauty space by direct-to-consumer labels like Glossier. It's a smart move that allows brands to forge closer bonds with their customers as well as have access to "real, visual testimonials of the very customers they are trying to attract," Launchmetrics said.

"A group of customers just has so much more in common, and that relatability feels much more natural and so much more inspiring," Bringé said.

In fact, "top-down" marketing will lose relevance across the board: Brands won't only have to listen to their customer more closely, but also approach influencer partnerships in more flexible ways, both in front of, and behind, the scenes.

Bringé added that, until now, brands would say: "'I'm going to hire you to do this piece of content and this is how I want it done.' Right now, the brands don't really know what the customers want, so they're really waiting for the direction of the influencers. We believe this shift will continue, with brands allowing their influencers to take more of the lead so they can shift away from this product-led activation," Bringé said.

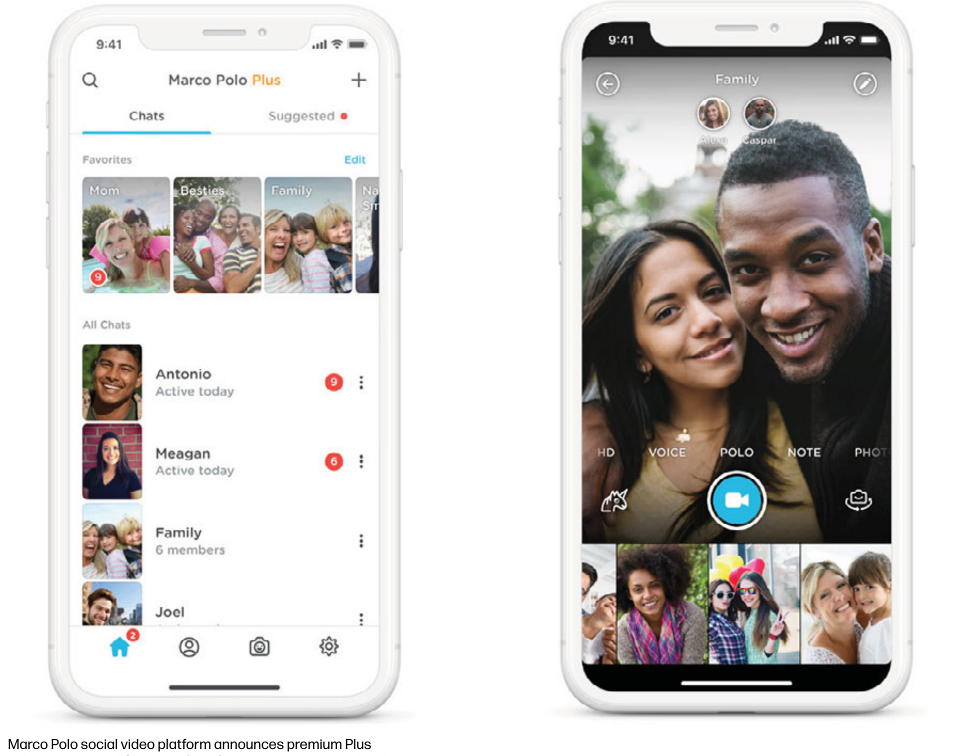
For Ciobanu, the key is for brand marketers to start seeing influencers as well-rounded people with a wide range of skills to bring to the table: "So many of us have passions that go beyond just posting OOTDs [or outfits of the day], but a lot of times brands are skeptical about engaging with influencers beyond the 'traditional' ways. I don't get stimulated by influencer jobs anymore. For instance, I want to either create visual storytelling or consult on sustainability, but when I pitch that to brands they are sometimes slightly confused as to why I'm asking for more. Other influencers I've met paint, sing, cook, or do sports, and there are so many ways to integrate all these other aspects into working together that could actually be ground-breaking."

BUSINESS

Marco Polo Moves to Monetize Social Video Platform Sans Ads

● With a rush of users, Marco Polo battles server costs with paid subscriptions and a new feature for influencers.

BY ADRIANA LEE



Marco Polo social video platform announces premium Plus subscriptions and Channels for influencers to reach paid audiences.

There's no doubt that the coronavirus took an unforeseen toll on a wide array of businesses. But the opposite can hammer operations, too, as some systems suddenly deal with surges for everything from food and other essentials to social media.

Marco Polo, an eight-year-old asynchronous video platform, knows this firsthand. So in the face of a usage spike amid the pandemic – and agape at the mushrooming related costs – the company decided to announce two new features designed to better monetize the business.

Free users know the platform as a video chat app that foregoes pre-planned or scheduled live calls. People can quickly and directly record thoughts or other messages and receivers view it at their own leisure.

Now, the new premium Marco Polo Plus aims to take the experience up a notch. Replacing a previous paid subscription program, the Plus plan offers HD video, a voice-only option, custom emojis, the ability to scrub or fast-forward through clips at 1.5 to 3x speeds, a scratchpad for personal notes and referrals to share Plus "passes" with friends for free. The annual fee for the original accountholder breaks down to $5 per month.

The offering debuts alongside Channels by Marco Polo, a new offering targeting influencers that allows them to build a paying audience.

According to the company's blog post, "Channels allows leaders to authentically connect with their audiences at a large scale, efficiently, without the hassle of billing, member management, changing algorithms or high-production video requirements."

Indeed, it looks like Channels account holders can shoot off a video quickly, and as with the original system, allow people to view at their leisure.

These account holders or "leaders" pay nothing to set up a channel, and they set their own prices, Vlada Bortnik, chief executive officer and cofounder of Marco Polo, told WWD. The company takes a 10 percent cut after administrative and credit card fees.

"We see Channels by Marco Polo as a way for independent entrepreneurs, like fashion and beauty influencers, artists, teachers, and many more, to get paid for the time they spend doing what they love," she explained. "We designed Channels with feedback from numerous influencers, and they repeatedly expressed their frustration with the way the changing algorithms in other platforms have made monetizing their business so much harder.

"Specifically, influencers are using Channels to create a new revenue stream where some of the people following them opt to pay a monthly membership to join their channel, get more personal access to them and view exclusive content they can't get on other platforms," she said.

In addition, Marco Polo's asynchronous format allows Channels leaders to stay in touch with their audience whenever it's convenient for them, Bortnik added. Here, they can connect in a safe, trusted space with others who care about the same topics.

That stands in contrast to the swelling, often vitriolic masses rife in places like YouTube. And as the big YouTube machine churns – according to parent company Alphabet's latest earnings, Google's already enormous video platform is seeing further usage spikes during the pandemic – standing out amid the cacophony is often an exercise in futility.

Marco Polo may not match YouTube levels, but its reach is not insignificant. The app, which boasts fans from Ice-T to Amy Poehler, saw a dramatic rise with new accounts ballooning at a 16x multiple and activity that tripled in March. The company hasn't disclosed specific usage figures, but instead pointed to more than 10 million downloads in Google Play and noted that more than 3 billion "Polos" have crossed its platform.

Earlier in April, the community sent 20 million Polos in one 24-hour period, according to company data. The company's #PoloTogether campaign, which urged users to reach out to friends who are lonely and isolated, spurred more than a million check-ins, according to the company.

The platform's popularity ties into its fundamental premise. In general, the company encourages users to create intimate friend groups, rather than nab as many followers as possible. The result, it believes, is personal communication that feels more authentic – which can be highly prized during an unnerving global pandemic.

"We have been steadfast in our commitment to help people feel close, and today we realize how urgently important that work is to help prevent the 'social recession,'" said Bortnik. "Human connection is having its long overdue moment. And we are here for it, as we always have been."

As a system that banishes irritating back-and-forths to schedule a live chat or the sometimes grotesque comments in livestreams, the benefits seem apparent.

The recent growth in activity has become both a blessing and curse, though, as it spotlights issues like server capacity and other limitations.

What complicates matters is that Marco Polo eschews advertising. Given that its venture capital-funded coffers can only go so far, it had to find another way to cover increased costs.

It's not clear if users will go for these new models. Fortunately for them, the company will still offer its free version. But Bortnik hopes that users will turn this step into a sustainable model for the business.

It's a familiar quandary, especially in recent days. The stampede toward online platforms is creating opportunities and challenges that are bearing out across the tech sector. For instance, although YouTube usage cranked skyward, ad spending dropped.

TikTok, known for its short videos chronicling pranks and lip-syncing, was gaining steam before the crisis. But during the COVID-19 outbreak, the company reportedly saw an 18 percent boost in downloads, with some estimates pegging downloads of 2 million between March 16 and 22, a sharp increase from the 1.7 million downloads tracked the week before. February's total of 6.2 million downloads appears to have been dwarfed by March: Across most of last month, the app saw a 27 percent increase in downloads.

It's not clear if TikTok suffers from any coronavirus-related ad sales challenges. But Levi Strauss & Co. reported early success last week from its partnership with the platform to sell product in the face of store closures.

On Wednesday, another signal of COVID-19's impact on social media and the digital ad business was revealed, as Facebook announced solid earnings growth in the last quarter.

Like other social channels, Facebook saw traffic jump across many of its services, it said in a blog post last month. However, a lot of the activity happened on apps like WhatsApp and Messenger, which aren't monetized. The social giant seemed eager to set expectations, divulging that its ad business weakened "in countries taking aggressive actions to reduce the spread of COVID-19." But then on Wednesday, the company reported that ad revenue has stabilized.

The environment seems to be changing rapidly and unpredictably. For emerging social apps like TikTok and Marco Polo, that means they need to cement their footing while contending with a flood of activity. And these next few months may be key in determining how well they can ride the wave.

WWD

Think Tank

Pondering Post-COVID-19 Street Style

WWD photographer Kuba Dabrowski looks at how the street-style scene could evolve into a more intimate affair once the coronavirus abates and fashion finds a new normal.

BERLIN — For street-style photographers, the coronavirus crisis still feels abstract: It affects our future but hasn't yet touched our day-to-day business, and the magnitude of the coming shift hasn't fully kicked in.

It's clear that street style, as we know it, will simply not exist as designers look for new solutions to showcase their collections. London Fashion Week has already revealed plans to go fully digital in June. The need for photographers and their subjects to be in the same physical space is a requirement of the job — and no high-tech inventions are going to change that.

Photographers in the field will have to find new ways of working, at least for now.

Street style is a complex system of parallel realities, each fulfilling a different demand in the market: Photographers work for editorial clients, influencers, syndication agencies, online retailers, trend forecasting agencies. Some simply do it as a hobby. Each will face a different set of obstacles and a different future in a post-corona world.

The most optimistic scenario is that physical fashion week is reimagined into a smaller production, at least until a vaccine is widely available and the world opens up again. This is where, as street-style photographers, we can really start to speculate about the future — and find silver linings.

LOOKING TO THE PAST

The Charlie Hebdo and Bataclan terrorist attacks in 2015 in Paris already gave us a glimpse into what the future, post-COVID-19, might look like. At the time, in order to limit the crowds outside the venues, the Fédération de la Haute Couture et de la Mode stopped publishing the addresses of the shows on its official web site.

This simple move immediately exposed "class" divisions within the street-style industry: Photographers working with publications and serious agencies were getting the lists of addresses from their respective offices, while the rest were forced to ask around or to follow colleagues who knew.

The result was that the street-style scene at usually crowded shows like Comme des Garçons felt much quieter than usual and reminiscent of the atmosphere a decade ago when the genre was just starting to take off. During the gilets jaunes protests last year, there was a similar turn of events. At the Sacai show at the Grand Palais, guests had to be let through police barricades with an invitation, press ID or official Paris Fashion Week accreditation.

Street style in Paris during the fall 2020 shows.

We could once again be moving toward more restricted access formats across the board, similar to what some of the bigger names have been imposing in Paris. The likes of Dior and Louis Vuitton tend to grant a group of street-style photographers a special "courtyard" access inside their venues, which allows them to move and work freely within the premises.

If that scenario plays out, the core focus of our role will be to report on what is happening at the shows, even if the styles become less extravagant. The budgets and the number of working days might change, the appeal of the photos to the general public might lessen a bit, but the core idea behind the job is probably not going to be much different to what it used to be.

The danger is that photographers who are not associated with an established client, which is the majority of the street-style crowd, would struggle for access, and that would be disappointing for many.

The street-style genre was born from a pure love of fashion or photography, and with the purchase of a plane ticket and a room on Airbnb, anyone could participate in the spectacle that is fashion week, observing and documenting the carnival from outside of the shows. If these shows do become less accessible, it would come at a loss to the naïveté and spontaneity, which have always been part of the genre's appeal.

WHAT IS THE FATE OF THE INFLUENCER?

A huge chunk of the street-style industry lives in symbiosis with influencer culture as these two worlds both saw their popularity soar with the social media boom. Being published in street style galleries gave influencers a stamp of approval and photographers fed on their following. Photographing brand-clad guests entering a show for a commercial job, or taking on influencers as private clients became the key source of income for a lot of photographers and a key source of content for the influencers and brands.

Those exclusive relationships have become serious business. "I still do come to the fashion weeks, I love the energy and I will never get tired of it," said Daniel Bruno Grandl, a popular photographer also known as The Urban Spotter on Instagram. "But in the last few seasons,

Street style in Milan during the fall 2020 shows.

Anna Dello Russo and Giovanna Battaglia during spring 2018 Paris Fashion Week.

I prioritized my direct bookings with influencer clients over fashion week street style stock images. I usually meet them at their hotels, we shoot some lifestyle [imagery] and then street style, too."

If fashion weeks are indeed going to return in a smaller, more controlled form, there's also the chance that access might once again become limited to buyers, editors and stylists.

There could be room for maneuver, though. The economy of gifting and paid Instagram and TikTok posts as a way to reach a wider audience is not going to fade away, and it is possible for this to continue even if the fashion weeks become smaller and more exclusive, or more reliant on digital.

Travel limitations and the slimming down of fashion weeks might also force brands to change the way they collaborate with influencers. They could detach their collaborations from the institution of fashion week, send products to influencers' homes, or organize more intimate, local events.

In some cases, this has already been happening, with fashion houses commissioning photographers in between fashion weeks, and viewing their collaborations as a year-round, rather than seasonal, endeavor.

A TIME TO GET BACK TO BASICS?

Most photographers would agree this crisis gives the industry a chance to return to its roots. We often forget that the idea of showing how fashion can actually work in real life was the main reason why the world fell in love with street style photography in the first place. Now the situation at fashion week has swung in the opposite direction.

"Changing a couple of times a day into looks that are totally controlled by the brands who lend clothes to influencers, people casually hanging around the shows holding the same new 'It' bag with nothing inside of it. How can it be believable?" asked Jamie-Maree Shipton, a creative consultant, who produces fashion week content for Selfridges' social media channels. "Now, a huge part of our job when narrating fashion week is to make these artificial situations look believable. This is not what street style is about, it should be real."

Indeed, with all of the changes going on right now, photographers are actually getting excited about the opportunity of going out on the streets and shooting real people in their day-to-day lives. "Street fashion is an art form, much like music or fine art. So I decided to become a collector, hunting high-end street fashion like it was a rare butterfly," said Shoichi Aoki, who founded the now-legendary magazine Street MAG in 1985.

A lot of street style photographers, myself included, enjoy taking pictures of stylish "civilians." When "hunting" on regular streets, we spot the butterflies in the wild, during fashion weeks we observe them in a terrarium. It is a different, a much more satisfying feeling.

Nevertheless, even shooting the most stylish people in the world's hippest neighborhoods will not provide our clients with show-quality images worthy of click-bait. As much as true style found on the street inspires and intrigues, the reality is this authentic approach does not provide the financial means to make a living.

NEW FRONTIERS

Whatever new reality emerges, street style seems to be at the bottom of the food chain, and its future will come as a reaction to decisions taken at a higher level. But there's also a strength that comes with the freedom and flexibility of the genre.

"It's just us, our cameras and our set of skills. We don't have a structure behind us, we don't hire people," said the photographer Daniel Bruno Grandl.

"We can adapt to what is coming and quickly translate our skill into something different. For example, I started with webcam shoots during COVID-19. I am in Sweden at the moment and it feels surreal to photograph somebody who is, for example, in the French Riviera. Distance is clearly no longer a barrier to photography these days. I have even started to monetize these shoots."

Depending on how, and to what extent, the fashion week formula is going to change, subcategories of street-style photography might become, de facto, separate genres, with different audiences, monetization tools, and aesthetics. If anything, now is a moment when creativity can truly flow.

Russo and Battaglia photograph by Shutterstock; Others by Kuba Dabrowski

WWD

In Focus: Business Insights

Processes will change in the post-pandemic work environment.

Think Tank

Possible Scenarios for Apparel Design, Sourcing and Production

As post-pandemic plans continue to take shape, Sundar's Jag Gill discusses some likely scenarios that the apparel industry can begin to prepare.

The apparel supply chain will look very different in 12 months' time. Operational and strategic responses to the coronavirus will have implications on product design, development, sourcing and manufacturing resiliency for months and years to come.

Here are some likely scenarios that the apparel industry can begin to prepare for now:

1. POST-PANDEMIC SUPPLY CHAIN CONSOLIDATION

The pandemic has put the lights out for many SME manufacturers and suppliers in markets like India, China and Bangladesh, with government small-business support obsolete. Tier 2 and Tier 3 suppliers will be absorbed by larger entities to localize manufacturing and take advantage of the benefits of vertical integration for supply chain control, resiliency and risk management. Brands and retailers will find that the diversity of their supply chain partners may be changing in the months and years to come.

Post-pandemic, upstream consolidation will offer manufacturers the potential to provide integrated solutions and become a strategic partner to its international retailer and brand customers, achieving faster product innovation and lead-times. Welspun in India started with a solitary textile mill and has invested Capex in purchasing yarn spinning capacity locally to support it's textile production, making it vertically integrated from fiber to finished product.

Brands and retailers will be seeking to de-risk product development with every step of the supply chain under scrutiny – from yarn spinning, weaving to dying to cut and sew. Those retailers that have liquidity may now even invest capital into their core vendors and manufacturers for equity or do joint-ventures. Integration, consolidation and investment could ensure a more reliable supply chain system for the future.

2. INVENTORY MANAGEMENT: FROM "JUST-IN-TIME" TO "JUST-IN-CASE"

Inventory management from raw materials to semi-finished to finished goods will move from "just-in-time" to "just-in-case." Every retailer and manufacturer is impacted by this crisis in some way; in January, it was the lack of fabric availability from China; in April, an update from Italian yarn suppliers indicates that the industrial lockdown and expected production constraints will continue until at least early June. Supply chain roadblocks are coming from all over the world.

From yarn production to cut-and-sew, some manufacturers have ceased production completely, some have seen greatly reduced demand and others have seen a huge increase in demand. Companies with limited product offerings can have greater control of the supply chain output in crisis times. Levi's is an example of how its main attraction of denim jeans provides upstream visibility for materials sourcing core replenishment and downstream assortment stability, where stock can be carried to future seasons mitigating discounting and margin erosion.

Real-time visibility into the availability of raw materials, finished goods, work in progress, etc. would be the ideal toolkit, exposing capacity constraints into first-, second- and third-tier suppliers. The next pandemic "playbook" may involve increasing safety stock, alongside blended inventory management strategies that maintain fast access to core materials on a regional and product basis.

3. FASTER DIVERSIFICATION OF RAW MATERIALS SOURCING AND PRODUCTION EX-CHINA

Trade tensions between the U.S. and China began a diversification process more than two years ago. The pandemic is accelerating this trend, as company leaders experience the supply chain risk of a country whose factories are closed.

To what extent governments will subsidize domestic production remains to be seen. At the onset of the coronavirus, the Japanese government pushed its industries to move manufacturing, announcing more than $2 billion in aid to shift production out of China and into local and regional suppliers.

Even without government intervention, the expectation is that contingency planning for sourcing and production will become a consideration alongside the cost benefits of developing manufacturing economies of scale. Regions like Turkey, Jordan and India might now see their efforts to win bigger orders and larger market share pay off.

These markets will need to show a careful transition post-pandemic into productivity. At the factory-level, investments into stringent employee health monitoring will be imperative, ensuring there is enough capacity to screen thousands of workers at scale whilst maximizing output given the likelihood of government-stipulated caps on working hours.

Near-shoring will be accelerated in response to a heightened desire for products made closer to home, according to McKinsey. New manufacturing hubs may emerge encouraging brands to think laterally about production, with capabilities and performance tested through smaller capsule collections. The ability to faster deliver on trends that near-shoring affords may enable a higher sell-through and offset concerns about margin loss from low-cost manufacturing from Asia.

4. CORONAVIRUS AND SUSTAINABILITY; DEMAND-PULL AND SUPPLY PUSHBACK

In an industry undergoing real-time demand collapse and seismic supply shocks, where does sustainability sit? Post-pandemic, there will be a conundrum; consumers are thinking hard about their choices and the need for a more sustainable way of life after the coronavirus, making choices based upon values. On the other hand, many in the apparel industry will not have the resources to invest in transparent supply chains and responsible sourcing programs in a meaningful way.

Online sales for apparel and footwear retailers fell 37 percent in March, according to Rakuten, and foot traffic to U.S. stores fell 58.4 percent in late March, according to ShopperTrak. Online retailers from high-end to ath-leisure showed deep discounts of more than 30 percent in the past weeks, crushing revenues and profitability, and leading to many company liquidations and insolvencies.

And if there are any category winners – perhaps value players and discount retailers – sustainability is not always an agenda item. As priorities for retailers and manufacturers focus on survival, sustainability will need to reinvent itself in the supply chain as a cheaper, faster, better model driven by innovation and easy to adopt tech and transparency tools.

5. CORONAVIRUS WILL CHANGE NOT JUST HOW CONSUMERS BUY, BUT WHAT THEY BUY

As working from home becomes the new normal and video conferencing replaces in-person meetings and business travel, consumer needs are set to shift from conspicuous consumption to cautious conservatism.

According to retail analytics company Edited, as lockdown measures scaled back in China, higher retail sell-through numbers were tracked in denim outerwear and blazers alongside hats, and scarves that offer physical coverage and protection from infection.

Apparel and accessories that are functional as well as fashionable will take center stage. Protection from disease, from cold and even from food stains will be valued. Even comfort can be considered functional, especially in bottoms that are not seen on video.

We see the "less is more" mantra to accelerate, with apparel collections offering fewer items per season. Consumer value may be measured in terms of durability and transcendence of trend. With unemployment at an all-time high, nonessential apparel might well be an investment piece that can help the wearer land a job.

Jag Gill is the chief executive officer of Sundar, an emerging technology company based in New York and built at MIT, providing digital apparel sourcing platforms and sustainability tracking tools.

WWD

To Heffington, dance has always been a form of remedy, and in times ahead, he sees the art being embraced to a higher degree.

eye

Ryan Heffington: The IG Workout King of Quarantine

The choreographer's virtual dance class, #SweatFest, is growing in popularity. BY RYMA CHIKHOUNE

It was "Champagne for breakfast" this morning, shares Ryan Heffington with a laugh from his home in California.

The choreographer, who exudes charisma – even through the phone – was celebrating his latest milestone, 200,000 Instagram followers.

Six weeks ago, as he was home in quarantine, he utilized the social media platform's live-stream to create a free, virtual dance class he calls #SweatFest.

"It was so beyond," he says of the first class, which attracted 500 people. The sessions at his studio, The Sweat Spot, in Los Angeles' Silver Lake, were maxing out at 75.

Now more than 6,000 Instagram users have been tuning in, including some familiar faces like actresses Reese Witherspoon, Tracee Ellis Ross, Margaret Qualley, Emma Stone and French music artist Christine and the Queens, who's worked with Heffington. The videos are playful and full of energy as the choreographer – in his one-man show with his tanks, shorts and familiar mustache – guides the audience through a music-throbbing, one-hour workout.

And #SweatFest continues to grow exponentially as pop star Pink and Stone make appearances as special guests. Days ago, the Oscar-winning actress worked up a sweat to raise money for the Child Mind Institute, a nonprofit working to help children struggling with mental health, learning disorders and needing extra support amid the current crisis. This morning, at 10 a.m. PST/1 p.m. ET, it's Qualley who will give it a go as cohost.

"It wasn't even the numbers that really shocked me," continues Heffington. "It was mostly about people sending comments of where they were from, how many different countries around the world were being represented. That was shocking to me."

Perhaps best known for his work in Sia's "Chandelier" and "Elastic Heart" music videos, Heffington's choreography has been featured in a range of projects, from creating the otherworldly "five movements" routine in Netflix's "The OA" to Qualley's dance moves in Spike Jonze's short film for the Kenzo World Power fragrance campaign. He's also behind the new (and virtually choreographed) Major Lazer and Mumford & Sons' video for their collaborative single "Lay Your Head on Me," released last week on Earth Day. His next project is Lin-Manuel Miranda's directorial debut film, "Tick, Tick... Boom!"

"For an hour a day, you get to escape this gray world we're living in," he says of #SweatFest's possible attraction as the world faces the coronavirus pandemic. "There's a lot of fear, anxiety, a lot of unknown. There's a lot of elements of release in class. We get to be campy, childlike and, at the same time, we're exercising."

Raised in a small farming town in Northern California, he was put into a dance class by his parents at the age of six. "And that was it," Heffington, now 46, adds with a chuckle. "My future was written."

At 18 years old, he moved to L.A. and quickly became immersed in an artistic scene: "My community – sure it was a dance community, but I was more drawn to the artists, musicians, painters, tattoo artists, jewelry designers....It felt like a natural trajectory to start working with my community, and then it snowballed. The more I put out there, the more I was exposed in terms of my work. It became a slow uphill, and it was pretty consistent, and the momentum was even until 'Chandelier' hit. And then, you know, the roof got blown off and another chapter of my life started."

He began the virtual class, he says sincerely, for "selfish" reasons. "I wanted to keep moving," he says of being confined. "The main avenue for me to stay in shape is to teach."

But now, #SweatFest has evolved to become so much more than he anticipated: "It's beyond rewarding. The responses that I'm getting...from first responders, people in the medical fields, parents at home with their kids. I get super emotional and, for me, uplifting comments that this is saving them, that this is turning their lives around amid this chaos right now."

A nurse messaged him sharing that she had listened to his class with her phone in her pocket. "She couldn't [attend] it, because her shifts were extended," he continues. "She's like, 'This is the one thing that gets me through my shift. I just listen to the energy that's coming out of the class and you and your voice, and it saves me for the day.'"

To Heffington, dance has always been a form of remedy, and in times ahead, he sees the art being embraced to a higher degree.

"I find that we're at a point where Western medicine is not painting the most beautiful picture in terms of money, accessibility, and in turn, it feels like poison," he explains. "We're turning to the alternatives, like natural medicine, psychedelics, movement....I see movement, especially dance, being prescribed for certain conditions.

"Since I was six, dance has been therapy for me without even knowing it," he continues. "I think we're going to start realizing the benefits of dance, not just physically but mentally and spiritually. It's going to be a leader."

WWD

Jewelry + Watches

SPRING ISSUE

With the cancellation of COUTURE and other major jewelry and watch tradeshows, WWD will continue to bring the industry together in a special digital issue on June 1st.

Reaching the industry's top executives and decision makers, the issue will delve into the craftsmanship and latest collection pieces shaping the market via organic editorial content and a special section spotlighting the top jewelry and timepiece brands.

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WWD

Memo Pad

V Magazine teaser.

Zooming In

Stephen Gan is looking back to his roots as he navigates the media landscape during the coronavirus crisis. The founder and editor in chief of 20-year-old V Magazine wants to build the glossy fashion tome's subscriber network, with the majority of sales newsstand-based. Gan has experience in this area, having cofounded Visionaire, the pricy in-between fashion and art publication that was almost purely subscription-based.

"Twenty years later, I'm slowly returning to that model," he told WWD in a phone interview from his SoHo, Manhattan apartment while looking out onto the usually bustling but now empty streets.

"[Newsstands] were already all suffering before the crisis and now that this has hit we are going to need to turn to subscribers more and people who can preorder the copies at home," he said. "I'm hoping that the loyal following and group of supporters out there who may have for a while got used to picking up issues on the newsstand are going to return to being subscribers."

It's partly for this reason that on Thursday evening, V, which started life as an offshoot of Visionaire, is hosting a special newsletter subscriber-only launch event for its upcoming summer issue where its 15 covers (yes, 15) will be revealed for the first time live on Zoom to the models they feature. Kaia Gerber, Lila Moss and Adut Akech will be among the gaggle of models in virtual attendance, while the covers' photographers, duo Inez and Vinoodh, will host. Subscribers will be sent a special link on the day with all the details.

The covers were shot during New York Fashion Week, before the coronavirus swept through the U.S., and they highlight the next generation of models, according to Gan, who likened it to a debutante ball.

"In the realm of the fashion modeling industry, how often do you get to stop and actually say, 'hello world here's a new generation of girls,'" he said, adding that he's passionate about developing new talent.

While some, like Gerber, are from what could be described as "new," there are also lesser-known models who are more recent arrivals to the scene and he believes boosting their profiles could help them during a difficult time.

"[Inez and Vinoodh] said the world sees these 15 models as being beautiful, confident and strong, but it's been also a time when we all feel very vulnerable and models are freelancers. Therefore who's to say when it will all start up again for each of them," he said. "When Inez and Vinoodh expressed that concern to me via Zoom call a week ago, I just felt like yes that's total affirmation that this is the right thing to do right now."

Teasing the event and the covers on social media has already had a positive response in terms of subscribers, added Gan.

As for what the next issue of V could look like, he is still hoping that more shoots will be able to happen by the end of next month. "The period between Memorial Day weekend and July 4 weekend is the craziest time of year in shoot production," he said. "My wish is that every day in the month of June we'll be shooting and we can make up for lost time." If that's not possible, Gan doesn't have a contingency plan, but stressed that he will by that time.

There will of course be some COVID-19-related content in the next issue, although most of that will be online, including a creativity search program launched for musical talent, models and photographers and digital artists. "I feel like we can address this period better on the web site," he said. "I do feel like print issues that come out closer to the fall, they have to acknowledge what has gone on in the world. But I think the bigger mission of a print magazine toward the fall is to sort of help revive and celebrate the fashion industry again."

And there will be print for V — six issues a year still and two for V Man — with Gan not planning to make any changes. Some other independent magazines like Dazed have pressed pause on a summer print issue against a backdrop of falling advertising revenues across the industry due to COVID-19.

"I think there's no other way to say it: Things are at a standstill," Gan said of advertising, even as he is hopeful that it will improve. "It's been a time of showing mutual support to each other from magazine to brand and vice versa, so I have a feeling that nurturing certain relationships that you've built over 20 years will only result in mutual benefits more toward the end of this year."
— KATHRYN HOPKINS

Return To Sender

Political news site Axios has handed back its near $5 million federal small business loan.

Jim VandeHei, cofounder and chief executive officer, made the announcement on its site after the venture-backed company received criticism over taking the loan from the $349 billion Payment Protection Program, aimed as an incentive for small businesses to keep their workers on the payroll.

The PPP, run by the Small Business Administration, offers struggling small businesses up to $10 million and will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest or utilities.

But in the weeks since the first round of PPP funds was made available, it emerged that a number of venture-backed or larger public companies were approved for the loans while many small businesses were not.

In the case of Axios, it has 190 employees, much less than the 500 limit for a freestanding company, but the criticism stemmed from the fact that it is a media organization covering the federal government. It's also thought to have raised tens of millions of dollars in past rounds of funding, with wealthy backers including Laurene Powell.

"There has been a public backlash against a variety of companies for taking the PPP, including us," VandeHei said. "Some critics say media companies like ours should not qualify, period. Others argue that venture-backed start-ups should seek capital elsewhere, even if it hurts the business.

"While applying for the loan felt like the right and prudent thing to do one month ago to protect our 190 employees, if we knew then what we know now, we would have gutted it out and hoped for the best," he added.

Instead of the PPP loan, VandeHei revealed that Axios is close to securing funds from an alternative source of capital.

Ruth's Hospitality Group Inc. and Shake Shack Inc. were among the larger public businesses approved for loans due to an exemption for large restaurant chains and hotel groups. After coming under fire, Shake Shack, which has more than 7,000 employees, repaid its $10 million loan. Ruth's Hospitality followed suit.

The Los Angeles Lakers were also in the news for receiving a $4.6 million loan, which has since been handed back.

Apart from Axios, The Seattle Times, The Tampa Bay Times and Bustle Digital Group are some of the few media companies that received loans.

BDG was approved for a $7.5 million loan on April 16, two weeks after it implemented a series of cost-cutting measures, including laying off two dozen staffers, introducing a temporary tiered pay reduction and shuttering Millennial-focused site The Outline.

A BDG spokeswoman said the loan will enable the company "to partially undo salary reductions across the company and expand hours for part-time and freelance writers." It did not add anything about those that had already been laid off. — K.H.

Axios' Jim VandeHei

VandeHei photograph by Paul Morigi/AP/Shutterstock

WWD

OBITUARY

Art Historian, Curator Germano Celant, 80

- The Italian art critic was the scientific superintendent of Fondazione Prada and considered the father of the "Arte Povera" movement.

BY SANDRA SALIBIAN WITH CONTRIBUTIONS FROM LUISA ZARGANI

MILAN — Italian art historian, critic and curator Germano Celant has died here at age 80. The cause of death was the coronavirus, after he had been hospitalized for a few weeks.

Considered the father of the "Arte Povera" contemporary art movement, Celant collaborated with Fondazione Prada since its inception in 1993, when it was known as PradaMilanoArte and before its name was changed in 1995.

In particular, Celant was the artistic director of the foundation from 1995 to 2014, while in 2015 he was named scientific superintendent. He conceived and curated more than 40 projects for Fondazione Prada, from Michael Heizer's solo show in 1996 to the retrospective dedicated to Jannis Kounellis in 2019.

In a statement released on Wednesday, Fondazione Prada's presidents Patrizio Bertelli and Miuccia Prada said they were "deeply saddened for the loss of a friend and traveling companion."

"Germano Celant was one of the central figures in the learning and research process that art has represented for us since the early times of the foundation. The many experiences and intense exchanges we have shared with him over the years have helped us rethink the meaning of culture in our present. Intellectual curiosity, respect for the work of artists, the seriousness of his curatorial practice are lessons that we consider essential for us and the younger generations," read the statement.

As reported, in 2013 Miuccia Prada and Celant were honored by the Independent Curators International with the Leo award and the Agnes Gund Curatorial award, respectively, for their contributions to contemporary art, the work of the Fondazione Prada internationally and for the exhibition "When Attitudes Become Form: Bern 1969/Venice 2013." Curated by Celant, the exhibition was on view at the foundation's Ca' Corner della Regina headquarters on the Venetian Canal Grande shore, and was singled out for its focus on the history of exhibitions and independent curating.

Celant was born in Genoa in 1940 and graduated from the local university. In 1963 he worked as assistant editor for Marcatrè, a Genoa-based magazine about architecture, art, design, music and literature gathering a range of Italian prominent intellectuals, including Rodolfo Vitone, Maurizio Calvesi, Umberto Eco and Edoardo Sanguineti.

In 1967, Celant wrote "Appunti per una guerriglia" – or "Notes for a guerrilla," in English – which is considered the manifesto of the Arte Povera movement and

Germano Celant at Fondazione Prada.

was published in the Flash Art magazine founded by Italian publisher and art critic Giancarlo Politi.

The "Arte Povera" term was properly applied to a group of Italian artists – with the core based in Turin – who condemned the corporate mentality, adopting a radical style and unconventional materials, simple objects and natural elements. It also intended to reaffirm the connection between Man and Nature and draw a contrast with the culture of consumerism.

"The Arte Povera is orphaned," said Politi, who remembered the early days of the artistic movement and how the likes of Giovanni Anselmo, Alighiero Boetti, Pier Paolo Calzolari, Mario Merz, Giuseppe Penone, Michelangelo Pistoletto, Gilberto Zorio, Ugo Nespolo, Gianni Piacentino and Piero Gilardi would meet in Turin in 1967, swept up by "an air of freedom and renewal that made you feel at the center of a small revolution."

One day Celant arrived from Genoa, "all dressed in black" and at the center of the meeting, he addressed the artists saying: "We have to establish a military regime.[…] Nobody will be able to set up an exhibition without the approval of the others, nobody will be able to decide to show in a museum or a gallery if not supported by everybody else."

Politi said "Germano's word was always very powerful, while I am still surprised by how the great critic from Genoa succeeded in keeping in line a group of rowdy and always wild [artists]. Ciao Germano."

The exhibition "Im Spazio" that Celant curated at the Galleria La Bertesca in Genoa in 1967 is often considered to be the official starting point of the movement.

"He was a friend, I had so much respect for him," said Penone, whose artwork "Leaves of Stone" was commissioned by Fendi and donated to Rome in 2017, placed in front of the brand's store in the city. "He sensed the historical moment with extraordinary lucidity, and he became a catalyst, but all done with great freedom, without any imposition." Penone said Celant had "a global vision," working with international artists from all over the world.

In 1988, Celant was named senior curator of contemporary art at the Solomon R. Guggenheim Museum in New York, but he started to curate international exhibitions on Italian art before this appointment. Key shows included the "Identité italienne. L'art en Italie depuis 1959" staged at the Centre Georges Pompidou in Paris in 1981; "Italian art, 1900-1945" held at Palazzo Grassi in Venice in 1989, and "Italian Metamorphosis 1943-1968" that took place at the Guggenheim Museum in 1994. In 1997, he was the director of the Venice Biennale and in 2004 he curated the "Art and Architecture" exhibition in Genoa, that at the time was nominated European Capital of Culture.

Fashion Scoops

Spin The Wheel

Viewers of beloved game show "Wheel of Fortune" may have noticed cohost Vanna White is looking particularly glam this week.

The letter spinner has been modeling Bob Mackie archival gowns to help promote a new "Wheel of Fortune" collection by the designer available at shopwheeloffortune.com.

"I have been watching 'Wheel' and 'Jeopardy' since the Eighties. They are part of American life. Some nights I get all the answers and some nights I think I lost my brain," Mackie told WWD. "Also, Vanna wore some of my dresses way back when and amazingly she is exactly the same size today."

During the week, White also wears a new design Mackie custom-made for her, as well as a more casual piece, a $99 rainbow wheel pattern kimono from the "Wheel of Fortune" collection, which includes glitter T-shirts, denim jackets, scarves and neckties.

"I have been a huge fan of his my whole life," said White, who has been on "Wheel" for 38 years. She made headlines at the end of last year after stepping in to host the show for three weeks while Pat Sajak was out for emergency surgery.

With more than 25 million weekly viewers, the Sony Pictures Television show on CBS

Bob Mackie and Vanna White

reaches more people than any other program on TV. It's the latest entertainment property to have its intellectual property inspire an apparel collection; last week, Netflix announced its hit show "Narcos" will get the fashion treatment.

Beginning as a sketch artist under legendary costume designer Edith Head, Mackie is responsible for some of Hollywood's most iconic looks on-screen and on the red carpet, having dressed Cher, Carol Burnett, Bette Midler, Elton John and many more. He has also been designing a collection for QVC since 1992.

The Emmy and Tony award-winner has been quarantining at his house in the desert during the pandemic. "I am so grateful every day I get up and look at the beautiful, blue sky and the mountains, which have snow on the top, and go out on my patio," said the designer, who is the subject of an upcoming documentary film produced by Anne Chertoff. "So who cares if it's 110 degrees?" — BOOTH MOORE

It Will Be Back

There isn't a hotel as closely identified with Hollywood as the Chateau Marmont, which is probably why people have been talking a lot about its future amid the economic fallout caused by the coronavirus.

Rumors abound lately that the 90-year-old hotel and restaurant, still a favorite haunt of celebrities and industry types the world over, has been so pummeled by the coronavirus that it won't be able to reopen, and its owner, Andre Balazs, might be forced to sell. The hotel laid off nearly its entire staff (242 people) the same day California and Los Angeles went into lockdown and closed all nonessential business. Employees received no severance and the layoffs are listed as "permanent" in a required disclosure filed with the state. Other hotels that enacted layoffs listed them as "temporary," like the newer but very popular San Vicente Bungalows in L.A., which has laid off all of its 144 staffers, and The Peninsula in New York, which has laid off 460 people.

But, the Chateau's quick move to layoff staff without pay is thought to have saved the company a considerable amount of money, leaving it able to wait out the pandemic for a time, and eventually to start moving toward a fuller reopening as the state looks to ease restrictions in the coming weeks.

A company representative could not be reached for comment.

When the hotel will enact a full reopening is unclear, as it is for many businesses, but sources have said tentative planning is looking at increasing staff by July or August. The plan depends on not only state and local Los Angeles mandates, but also sentiment among consumers. It may take a while for people to feel comfortable enough to visit a hotel and the Chateau has long-maintained a bit of grime about it, typically hidden by very dim lighting in the restaurant, lounge and hallways, which previously only added to its historic charm.

Whenever the Chateau can get up and running again, AB Properties, Balazs' company that owns the Chateau and other properties, like The Mercer, has committed to rehiring laid off staff as it is able, starting with longest-serving employees first.

Technically, the Chateau is not entirely closed as of now. There are still said to be a couple of "long-term" residents living in the hotel, and a very limited amount of staff has been kept on to serve them while abiding by social distancing guidelines. Bungalows have also been made available to doctors of L.A.'s Cedars-Sinai Medical Center who are treating patients with the coronavirus and might not be able to return home.

For the majority of staff that is no longer employed, the Chateau started a fund for employees as well, which will be distributed equally among them. In addition to Balazs' $100,000 donation, the GoFundMe page has raised nearly $65,000 from public donations, including from actors like Sam Rockwell, Patricia Clarkcson, Walton Goggins and Griffin Dunn, producer and writer Ryan Murphy, director Henry-Alex Rubin and MAC creative director Drew Elliott. A number of donations have been kept anonymous. The hotel has also, for the first time, put its gift shop online, with sales going directly into the fund. In total, the efforts are said to have raised about $300,000 for the employee fund.

However, another Balazs property, Sunset Beach in Shelter Island, N.Y., will not reopen this year. The property is seasonal, only opening in the spring and summer months, and is set up in such a way that "social distancing" among staff, so far required in most states for businesses to reopen as the coronavirus is still spreading, is not thought to be feasible. Being forced to skip "the season" this year, as late May to early October is known for businesses in the Hamptons, is a likely outcome for many hotels in the popular vacation spot. — KALI HAYS

Coin's Cause

In the lead-up to National Nurses Day, jeweler Roberto Coin has launched a jewelry giveaway to focus on the personal tales of the first responders.

"These are unprecedented times and we want to thank every health-care worker because they are the true heroes of 2020. With this contest, we are shining a spotlight on the nurses for the sacrifices they make every day," said Peter Webster, president and cofounder of Roberto Coin, Inc.

Participants nominate a nurse in their life, via the Italian jeweler's web site, and share their unique personal story of the health-care worker. The brand will pick 100 winners on May 6, National Nurses Day, gifting them the brand's Princess Flower 18k gold pendant priced at $660. The jeweler will highlight most of the stories on its social channels using the hashtag #robertocoincares – some participants have asked to remain private.

"Jewelry is so often given as a sign of love, gratitude or remembrance. We wanted to give these nurses something that they can always have that says: Thank you," Webster explained.

In addition to the Nurses Day initiative, the brand is donating 20 percent of sales on its web site from its Circle of Life Pendants to Meals on Wheels and No Kid Hungry. — THOMAS WALLER

MicroLig Mackie and White photograph by Carol Kaelson ht 6/7