

CLEAR SKIES

THE RAIN IN LOS ANGELES STOPPED JUST IN TIME FOR THE 86TH ACADEMY AWARDS, WHERE THE RED-CARPET FASHIONS RANGED FROM RED TO WHITE TO BLUE AND BLACK. FOR MORE ON THE OSCARS, SEE PAGES 21 TO 23.



WWD

MONDAY, MARCH 3, 2014 \$3.00 WOMEN'S WEAR DAILY

Fuchsia Shock

With a strong play on color and impressive tailoring, Raf Simons delivered his best Dior collection yet. Double dresses were a key look. Simons worked them in bold contrasts like this short emerald silk crepe underpinning topped with a sturdy fuchsia wool layer slit high and embroidered with a faux brooch. For more from Paris, see pages 10 to 19.

FALL 2014 PARIS COLLECTIONS



PHOTO BY GIOVANNI RUSSO

Nasty Gal Grows Team, Products

(Continued from page one) and senior vice president, creative, Lina Kutsovskaya, who previously was at Sephora and also joined the company in December. "I realized that there are only a handful of brands — maybe two [handfuls] — that are actually transforming the retail space, and this is one of them," Watson told WWD on Friday, her first day at Nasty Gal, which is headquartered in a 50,000-square-foot space in downtown Los Angeles.

For her, the fact that the company began from a pure vision (Amoruso started selling product out of her apartment on an eBay store in 2006) is the reason why it's been able to become a young brand with "incredible margins that created a new kind of space altogether." Watson attributes this to strong product, community engagement and a large fan base — that all started online.

Together, Amoruso and Watson plan to open the first brick-and-mortar Nasty Gal store in L.A. by year's end. They are shopping for retail space in the area right now. "One of the benefits of being online first and now going into retail is that we aren't burdened with the legacy systems that big retailers have. They [other retailers] are not going to know what hit them," Amoruso confidently said of Nasty Gal's evolution from brand to retailer. Because she built Nasty Gal

as a technology company first, and one with an active community online, she sees the stores as an opportunity to be a "next-generation retail experience."

While several other pure-play e-tailers have ventured into wholesaling — like Bonobos and Warby Parker — Amoruso said this is not in the plan. "It's not 'hell no,' but it's not 'yes,'" she

The brand has started "tinkering" with lingerie, and will spend more time on developing that category this year, according to Amoruso. She's also just brought on a home buyer in preparation for the debut of lifestyle products on the site. "What does the Nasty Gal lifestyle look like in her house?" Amoruso asked.

When asked if she would consider licenses for categories like cosmetics and fragrance, she said: "Licensing can be tricky, but under Sheree's guidance I'm open to it. But I would tread lightly."

A Nastygal.com.au site for the brand's Australian customers will also launch in April. Amoruso maintained that the company isn't seeking further investments. Nasty Gal has raised \$49 million in funding to date from Series A and Series B rounds that took place in March and August 2012 from Index Ventures.

"They [investors] want you most when you have the least time for them, and that's always a fun game to play. We're not exploring anything right now," she said.

Amoruso added that, while there are no imminent plans for an initial public offering, the team is always evaluating the business. "We've got a long road of growth ahead of us. I am up for whatever happens, but there's nothing specifically in the works," she said.



The Nasty Gal Web site.

said, adding that it's something that could be explored in 2015.

Nasty Gal has plenty on its plate before the opening of the brick-and-mortar store. In April, the company will launch swim — its fourth in-house-designed category. Nastygal.com already carries swimwear from outside vendors, but this will be the first time the design team will create swimsuits under the Nasty Gal label. Own-label footwear was introduced in August and Nasty Gal brand denim and apparel in 2012. For 2013, in-house product comprised 30 percent of overall sales.

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J. Crew and its owners are also exploring an initial public offering with Goldman Sachs, which declined to comment. The talks with Fast Retailing were first reported by The Wall Street Journal Friday. A Fast Retailing spokesman in Tokyo declined to comment, while Drexler could not be reached. Interestingly, the legendary retailer was in the Far East last month during New York Fashion Week and missed J. Crew's seasonal presentation. It was unusual for Drexler to do so, since he generally uses

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Nasty Gal Adds Execs, Expands Collections

By RACHEL STRUGATZ

NASTY GAL KEEPS growing up. The rapidly evolving online retailer continues to bolster its executive ranks and to add more product categories to its in-house designed collections. In another major step, the brand is planning the opening of its first brick-and-mortar store. The company, estimated to have sales close to \$130 million last year, has brought on Sheree Watson as president and chief product officer. Most recently, Watson spent five years at Lululemon as chief product officer, a post she left shortly after the company's high-profile recall in the spring of too-sheer yoga bottoms. At Lululemon, she spearheaded supply chain, merchandise and design during a period where the company saw significant growth.

"Lululemon did a really good job of managing that [the fabric issue]. They had a ton of changes of leadership — they have a new CEO," Sophia Amoruso, Nasty Gal founder, chief executive officer and creative director, said of Watson and her tenure at Lululemon. "She [Watson] had a great run and she was there for five-and-a-half years and built an amazing business. I don't look at much more than that."

Watson fills a role that previously had been held by Deborah Benton, Nasty Gal's chief operating officer and president, who left the company last month. Watson is the latest addition to an executive team that now, as well as Amoruso, includes chief financial officer Robert Ross, who joined in December from Ideel but had a 19-year stint at Urban Outfitters Inc. SEE PAGE 6



Rounding The Corner

Ralph Lauren has brought a modern sensibility to a men's wear staple — the dress shirt — with his modern reinterpretation of a high-stand collar within the Purple Label collection. "They're bold and they work with the new patterns of the suits," he said. "The younger guy today wants fashion in a more elegant way." For more on the designer's fall men's offering, see pages 4 and 5.

Drexler Sounds Off on Creativity

By SHARON EDLSON

MILLARD "MICKY" Drexler was on a roll. During a wide-ranging discussion at J. Crew Group Inc. chairman and chief executive officer, who was the guest speaker at the inauguration of the striking auditorium in New School's University Center in Manhattan, touched on the company's business, his career and the state of the industry. "For spring, you'll see our prices up not being able to afford nice things. Drexler: "We can't compete with designers. Our Madison Avenue and 60th

Street Collection alone does an enormous amount of business." A selection of items from Collection, a higher-priced line using more luxurious fabrics, will still be available in select J. Crew stores. It's the "middle of the road" merchandise that will come down in price in some cases. The crowd of 900 included students and a contingent of J. Crew acolytes to whom Drexler gave shout-outs during the event. "I grew up in the Bronx," he said. "I resent the masses thing. I find the world up not being able to afford nice things, but it shouldn't be that way. I wanted SEE PAGE 9

Abercrombie Shares Rise As Board Alters Makeup

By VICKI M. YOUNG

THE BOARD OF Abercrombie & Fitch Co. has trimmed some of Michael Jeffrey's power. The struggling teen retailer on Tuesday said that it has split the positions of chairman and chief executive officer and named Arthur Martinez, 74, non-executive chairman. Jeffrey, 69, who had been chairman for 15 years, remained CEO and a director. A&F also moved to bolster its retail talent on its board, increasing the number of board members to 12 with the appointments of Martinez; Terry Burman, chairman of Zale Corp.; and Charles R. Perin, former chairman and CEO of Avon Products Inc. The three are considered independent directors. In addition, the company ended its shareholder rights plan, more often referred to as a poison pill, which is used as

an antitakeover defense. The maneuver, if still in place, wouldn't have prevented someone from coming in, but would have made it more difficult for someone to take over the \$4.5 billion chain. The moves are further concessions by the A&F board to increasing pressure from activist investor Engaged Capital, which originally was pushing for the ouster of Jeffrey. Engaged owns 0.5 percent of A&F. Wall Street reacted strongly to the news, sending shares of A&F up 4.8 percent to close at \$62.71 in trading on the New York Stock Exchange. More than 62 million shares changed hands, compared with an average three-month volume of 2.5 million shares. While equity analysts in general viewed the board changes as a positive for A&F, they were mixed on how long it might take to turn around the fortunes of the teen retailer. SEE PAGE 9

FGI Names Rising Stars

By MARC KARIMZADEH

NEW YORK — When it comes to career advice, trust Simon Doonan to deliver it with abundant humor.

"Think of me as a gay male version of Maggie Smith's character in 'Downton Abbey,'" Doonan said in his keynote speech at Fashion Group International's Rising Star Awards Tuesday. Like the Dowager Countess of Grantham, his quips came with the right timing to add a necessary lightness to the lengthy luncheon at Cipriani 42nd Street.

"When you become established, do not make the mistake, as many designers do, of giving away free frocks to overpaid movie actors," he told the crowd, which included Graziano de Boni, Hal Rubenstein, Ruffian's Brian Wolk and Claude Morais, Steven Stolman, Amy Astley and Mickey Ateyeh. "Celebrities are very high-maintenance and should be forced to pay 10 percent more than regular people. That's the celebrity surcharge."

He also said, "Make sure your star is on a dimmer, so that you can adjust it and give the rest of us an occasional break from your blinding, twinkling fabulousity."

And that was just a sampling. Whether or not the winners in the nine categories took Doonan's wisdom to heart remains to be seen, but at least they got to have a good chuckle.

In women's ready-to-wear, this year's winner was Giovanna Randall of Honor; in men's wear, it was a tie between Ian Velardi and Kerby Jean-Raymond of Pyer Moss. The latter's heartfelt acceptance speech touched many of the guests. "I want to thank my girlfriend for letting me max out all our credit cards," Jean-Raymond said. "Chase, American Express, Capital One, every other credit union."

Giovanna Randall of Honor.



PHOTO BY KYLE ERIKSEN

He promised to get her a ring when all are paid off.

The accessories award was a tie between Edmundo Castillo, who has been designing shoes for more than a decade, and Warby Parker's Neil Blumenthal and David Gilboa. The fine jewelry award went to Margery Hirschey and retail to Rachel Shechtman of Story. Michael Preysman of Everlane took home the Karen Harvey Business Innovator Award.

Fashion Group's beauty/fragrance entrepreneur trophy went to Belle Fleur's Tony Perez and Meredith Waga; the beauty/fragrance corporate trophy was given to Ruhi Patil of International Flavors & Fragrances.

Finally, Anna Karlin won in the home/interior design category.