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TOLEDO BOUND

ISABEL AND RUBEN TOLEDO PARTNER WITH LANE BRYANT FOR THE RETAILER'S FIRST DESIGNER COLLABORATION. PAGE 2



WWD

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See It Through

The transparency trend evolved into a new direction on the spring runways, with designers working the look via strong graphic motifs. At Fendi, Karl Lagerfeld gave his constructivist-inspired collection a surprisingly light touch as shown with this sheared mink and organza coat. For more, see pages 4 and 5.



PHOTO BY DAVIDE MAESTRI

\$195 MILLION DEAL

Authentic Brands Buys Juicy Couture

By VICKI M. YOUNG

NEW YORK — One down, one to go.

After a six-month process, Fifth & Pacific Cos. Inc. has sold the intellectual property assets of the Juicy Couture brand to Authentic Brands Group for \$195 million.

The deal, an all-cash transaction signed Monday morning, is expected to close in November. As part of the deal, Fifth & Pacific has entered into a short-term licensing agreement with ABG while it effects an orderly transition of the business. The agreement runs through the end of 2014 and guarantees ABG a minimum royalty payment of \$10 million. The agreement means that Fifth & Pacific will continue to operate the Juicy retail stores through June 2014 since it has spring and summer goods on order that it wants to turn to cash as close to full margin as possible. Fifth & Pacific then will undertake a sell-off of the inventory in the second half as part of the final transition to ABG's licensees.

Brand-management firm ABG will have to find operating partners or licensees for Juicy. Authentic Brands buys the intellectual property assets of brands and last month acquired Spyder Active Sports for an undisclosed amount. Spyder, and now Juicy, are part of a portfolio that includes Hart Schaffner Marx, Hickey Freeman, Judith Leiber, Prince Sport, Tapout and Marilyn Monroe.

Jamie Salter, chairman and chief executive officer of ABG, said, "Juicy Couture is a leading lifestyle brand that is recognized worldwide. We are honored and excited to build upon Juicy Couture's unique heritage and to realize the brand's significant global potential."

William L. McComb, ceo of Fifth & Pacific, said during a conference call to Wall Street analysts, "[We] believe that Authentic Brands has a terrific vision for this brand and that Juicy Couture will have a very bright future ahead of it."

He explained that the company concluded that the best way to "increase shareholder return would be by

SEE PAGE 7

Moody's Downgrades Neiman Marcus Debt

By EVAN CLARK

MOODY'S INVESTORS SERVICE cut its credit rating on Neiman Marcus Group and weighed in on the prospective financing package that will fund the company's \$6 billion takeover and add another \$1.9 billion in debt.

The debt watchdog reduced its corporate family rating on the retailer to "B3" from "B2," and said the downgrade "acknowledges that the company's debt levels will increase to about \$4.6 billion from \$2.7 billion as a result of [Neiman's] \$6 billion leveraged buyout by Ares Management LLC and the Canada Pension Plan Investment Board."

To fund the buyout, Neiman's is in the market for a \$2.95 billion term loan due 2020 and a total of \$1.56 billion in senior unsecured bonds maturing in 2021. Moody's rated the proposed term loan at "B2" — in line with the company's current rating — and the proposed notes three notches lower, at "Caa2."

The exact terms of that financing package might change depending on how it's received by the debt market. Ares and the pension fund are also expected to cover 25 percent of the purchase price themselves.

It's not clear just how much Neiman's will have to alter its strategy to cover the new debt — the more money that goes toward interest payments, the less that's available to save as a cushion or spend on the business generally.

Moody's said that a "sizable amount" of Neiman's "free cash flow will be used to fund a mandatory cash-flow sweep to repay its term loan" and that it expects

SEE PAGE 2

Macy's Said Opening Thanksgiving

By DAVID MOIN

NEW YORK — Macy's Herald Square is opening for business on Thanksgiving Day, breaking a long-standing tradition of keeping it closed during the holiday, according to sources.

"We have not yet announced any specific plans for the holiday season beyond holiday hiring, but expect to outline them in more detail beginning later this month," a Macy's spokeswoman said.

Other sources said that Macy's has already decided to open its Herald Square flagship, and possibly other stores, at 8 p.m. on Thanksgiving. Some workers will be required to come in earlier to get the store ready. Last year, Macy's opened at midnight on Black Friday and immediately drew a large crowd of shoppers.

Sources said Macy's is feeling the pressure from competitors that have been opening earlier to get a jump on the Black Friday rush. In addition, it's expected to be a highly competitive and promotional Christmas season, with industry forecasts for sales gains only in the 2 to 3 percent range.

Last year, Lord & Taylor on Fifth Avenue and 38th Street blindsided the competition by opening for the first time on Thanksgiving Day, at 10 a.m. Lord & Taylor captured crowds from the Macy's Thanksgiving Day Parade. Apparently, L&T gener-

ated enough business, since this year it will again open on Thanksgiving Day.

Macy's is asking for volunteers among its staff to work on Thanksgiving, but if it doesn't get enough, those with less seniority will be tapped first to come into work, sources said.

Last year, Lord & Taylor said it had enough associates volunteering to work the holiday. Lord & Taylor is owned by Hudson's Bay Co., which is buying Saks Fifth Avenue in a deal that should be completed in November, before Thanksgiving. A Hudson's Bay spokeswoman told WWD that there are no plans to open Saks Fifth Avenue on Thanksgiving. Bloomingdale's and Bergdorf Goodman will also both remain closed on Thanksgiving.

The idea of opening stores on Thanksgiving is shocking to some, even retailers. "Isn't there anything sacred? Once you open on Thanksgiving, then it will be Christmas," said one former retail chief executive officer. "I just think it's really trying to destroy the basic value systems on which this country was founded."

The source also questioned how beneficial operating on Thanksgiving could be. "It costs a lot to staff the stores," said the source. But many stores think it's worth it. Among those with a track record of opening stores at various hours on Thanksgiving are Wal-Mart, Gap, Toys 'R' Us, Kmart, Walgreens and CVS. Many more stores open at midnight or early in the morning of Black Friday.

Toledos to Launch Line for Lane Bryant

By ROSEMARY FEITELBERG

ISABEL AND RUBEN TOLEDO have teamed with Lane Bryant to launch a capsule collection — a first for the special-size retail chain.

Their first go-round — a novelty T-shirt and tote bag highlighting Ruben Toledo's signature sketches — will be in stores for the holidays, with a full collection of ready-to-wear, outerwear and accessories planned for spring. Their alliance with the \$1 billion retail powerhouse is a major shift, especially for Isabel Toledo, who has generally been press shy and who, like her husband, gravitates towards more artistically minded projects. Unlike many designers, she opted not to maximize on the publicity generated by Michelle Obama wearing her clothes. After the First Lady wore Toledo's lemongrass-colored ensemble to the presidential inauguration in 2009, Toledo carried on pretty much as she has for 30 years, preferring to focus on her craft than finesse the art of self-promotion.

Fans of the designers will be able to find their Lane Bryant designs in 500 doors and on the chain's Web site. To tout their collaboration, Lane Bryant and the husband-and-wife design team are planning a fashion show for next year. Unveiling the full collection in the spring is giving Lane Bryant the time to do it right from both a product and mer-

chandising point of view, according to chief executive officer Linda Heasley.

"We're looking together at all product categories and nothing is being ruled out as a possibility for inclusion down the road. This is a big deal for us and we're treating it in that manner in every way we can," she said.

Isabel Toledo said she and Ruben "were intellectually on board from the first moment. Their unique customer base is an inspiring and diverse audience for which we look forward to crafting new and innovative fashions, accessories and even some other categories. We also wish to introduce our vision of color, design, look and style and, with the vast manufacturing capabilities at their disposal, we know whatever we design will be made well and fit and feel marvelous. This seems so natural to Ruben and me and we cannot wait to unveil what we're doing together."

Lane Bryant, an 805-unit chain that specializes in sizes 14 to 28, is a wholly owned subsidiary of the Ascena Retail Group. Despite this highly commercial alliance, the Toledos are still working on arty projects. In fact, both will be on hand at Thursday night's party for newly renovated Lexington New York City. Ruben Toledo has created murals in the Midtown hotel and "After Midnight" cast members will perform wearing costumes designed by Isabel Toledo. Previews for the new musical begin Oct. 18 at the Brooks Atkinson Theatre, with Fantasia as the first headliner.



Isabel and Ruben Toledo

PHOTO BY THOMAS HANNOGDINE

Moody's Cuts Neiman Marcus Credit Rating

(Continued from page one)

the company to keep less cash on hand. Neiman's is not expected to "materially reduce its debt levels over the next 18 months." The luxe retailer, however, is also looking at an \$800 million asset-based revolving credit facility which the rating agency said supports "good liquidity" for the business.

For Neiman's, the transfer from one set of investors to another means a deeper debt load.

The retailer's debt rose to \$3.2 billion from about \$250 million when it was acquired by TPG and Warburg Pincus in 2005. The investors put \$1.4 billion in equity in that deal and loaded \$3.2 billion in debt onto the balance sheet of the company — which logged annual sales at the time of \$4.1 billion.

If the current deal and financing go through this year as conceived, the company will have long-term debt equal to annual revenues of \$4.6 billion.

Neiman's isn't the only retailer out in the market for debt.

Moody's on Monday also assigned a "B3" rating to Hudson's Bay Co.'s proposed \$300 million second lien term loan, which would be due in 2021. The company agreed to buy Saks Inc. for \$2.9 billion this summer and has a corporate family credit rating of "B1."

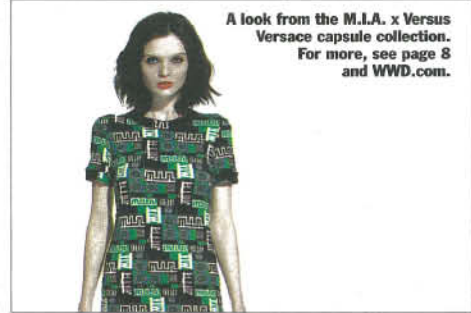
HBC plans to cover \$2.3 billion of the purchase price with first and second lien term loans.

Standard & Poor's gave HBC's proposed \$300 million term loan a "B-minus" rating and said the company had an "aggressive" financial profile "characterized by its high pro forma debt leverage and thin cash flow coverage."

The outlook for retail in general weakened considerably this summer, but investors and acquirers have been drawn to deals by cheap financing rates and the fear that interest rates are only going to go up in the coming months and years.

THE BRIEFING BOX

IN TODAY'S WWD



A look from the M.I.A. x Versace capsule collection. For more, see page 8 and WWD.com.

PHOTO COURTESY OF VERSACE

Authentic Brands Group has acquired the intellectual property assets of the Juicy Couture brand. **Page 1**

Moody's cut Neiman Marcus Group's credit rating and said the retailer's pending buyout will put another \$1.9 billion of debt on its balance sheet. **Page 1**

Alexander Wang just opened its first Tokyo flagship as the brand slows its rapid expansion efforts. **Page 3**

Mango is gathering all of its brands under one roof and launching megastores, 200 to be exact, in 2014. **Page 3**

Jeffrey Aronson has relinquished the post of interim chief executive officer of Ralph Rucci LLC. **Page 3**

The talk of the Paris textile and sourcing shows centered on sustainability, as well as where goods are made. **Page 6**

Vietnam is pushing ahead with support plans to expand its textile and apparel industry. **Page 7**

Google Shopping implemented two new features to better serve those looking to shop in a store nearby. **Page 8**

The **Veuve Clicquot Polo Classic** took place on another summery Saturday in Southern California. **Page 9**

The fall issue of **Departures** magazine contains articles written by some big-name talent. **Page 9**

Charlize Theron and Amy Poehler were among the honorees at **Variety's Power of Women** luncheon Friday. **Page 10**

Renzo Rosso celebrated the 35th anniversary of Diesel on Monday by donating 555,000 euros, or \$746,550 at current exchange, to the Only the Brave Foundation. **Page 11**

The criminal investigation into **Nicolas Sarkozy** in the Bettencourt affair was dismissed Monday. **Page 11**

ON WWD.COM

FASHION: Gianni Versace SpA said English-Sri Lankan recording artist M.I.A. is set to create a capsule collection for Versace. For more, see WWD.com.

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Alexander Wang Opens Tokyo Flagship

By AMANDA KAISER

TOKYO — Alexander Wang has just opened its first flagship here as the brand slows its rapid expansion efforts in favor of growing sales through its existing store network.

Alexander Wang president Rodrigo Bazan said he is happy with the company's performance and sales growth but he is also cautious not to overexpose the brand and open too many stores too quickly. He declined to disclose sales figures but said the fashion firm is trading in line with expectations.

"We could be growing more if we decided to open more distribution," he said of the business, which counts 16 stores globally. Of that total, 12 opened last year. Club 21 is the brand's retail partner for Japan, as well as Singapore, Thailand and Malaysia.

The new 5,120-square-foot store in the trendy Aoyama district, which makes its home on a strip featuring newly opened Acne and Thom Browne flagships, is the brand's first unit spanning three floors. Its ample size has given the company plenty of space for interiors featuring a mix of raw concrete, white Carrara marble and black Nero Marquina from China,

polished bronze accents and floating shelving units.

The new store, which opened to the public on Saturday, dedicates a sizable section of the basement level to men's apparel and accessories. Handbags and women's wear occupy the ground and second floors, respectively. A zippered backpack featuring rose gold hardware is exclusive to the store, retailing for 136,500 yen, or \$1,400 at current exchange.

Over the past two years, the brand has opened five shops-in-shop in Japan and the business is doing "extremely well" in the country, Bazan said, attributing the growth to a combination of its



fashion-forward customer base and the brand's competitive pricing and product assortment, particularly in accessories.

"It's been a market that from the departure hasn't had a distinction so much between European designers and new designers," Bazan said, adding that the Aoyama store is "the perfect complement to the shop-in-shop business we have."

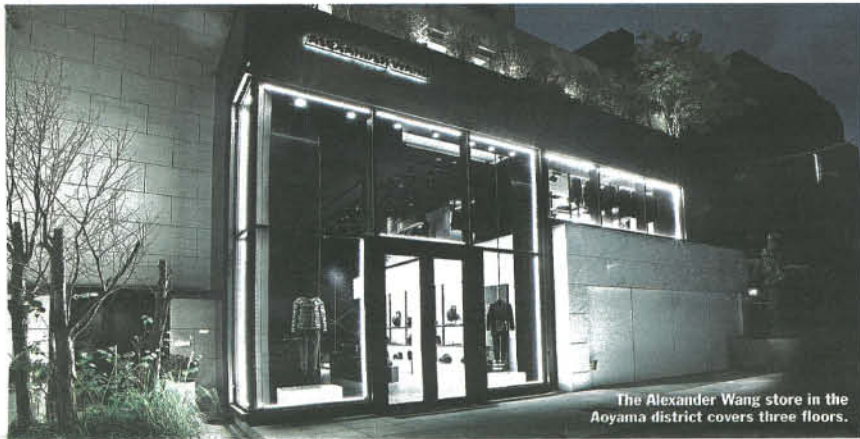
Wang, who did not travel to Tokyo for the store opening, said he loves the Japanese capital and its people's innovative approach to fashion.

"Tokyo's Aoyama district feels like the right place to introduce our new retail concept. The Aoyama store gives us the space to house the largest men's ready-to-wear and T by Alexander Wang collections in Japan," the designer said.

Elsewhere in Asia, Bazan said the company is "fairly happy" with the performance of its Beijing flagship in the Sanlitun Village retail complex, which opened last year. The brand also has two stores in Shanghai that are performing "well" and in line with expectations.

The executive stressed that it's still early days for the brand in China, a market that is rapidly evolving in terms of its taste level. Like in other markets, Wang is focusing on growing its business through its existing stores rather than rushing to open more units. Bazan said he senses that malls in China are requiring longer periods to really "warm-up" and attract customers.

"A new mall will take more time to get busier and busier and that's across every single brand," he said.



The Alexander Wang store in the Aoyama district covers three floors.

Aronsson Steps Down at Rucci

By ROSEMARY FEITELBERG

NEW YORK — After 18 months as interim chief executive officer of Ralph Rucci LLC, Jeffrey Aronsson has relinquished that post to focus on his consultancy company, the Aronsson Group.

The plan is to hand over the CEO role to a permanent CEO, but an individual has not yet been named.

Both parties said Monday that the temporary arrangement had always been part of the plan. Aronsson is maintaining his minority stake in the company.

Ralph Rucci chairman Nancy Marx said Aronsson "did such a great job," helping to stir up more interest among stores, moving the designer's offices into a new space and "putting out some fires," among other things. With Aronsson on board, the designer branched out into new categories, attracted new investors, earned favorable reviews for his spring collection and launched his first advertising campaign. Industry sources said Aronsson has been instrumental in improving sell-throughs, stabilizing the company financially and operationally and enhancing the wholesale side of the business.

Another consultant, Guy Muzio, has stepped in to help out with Aronsson's former responsibilities. Marx declined to say when a permanent CEO would be named, but noted the company was "holding out" for an exact match.

Reached at home Monday, Aronsson said, "This is a transient moment for the company because of what we have achieved in the past year and a half. Now the company is ready to get someone

in who can devote 150 percent of their bandwidth and really make the business happen. This isn't something so sudden. We have been casting a net for a permanent CEO for a while. As much as I enjoyed being acting CEO, I want to focus on my own business."

He continued, "With Ralph [Rucci], this was a situation that I responded to when he needed me. I was happy to help out."

At various points in his career before he started his own company in 2006, Aronsson served as chairman and CEO of Donna Karan International, Marc Jacobs International and Oscar de la Renta. More recently, in 2011, he relocated to Paris to work as the acting CEO for Emanuel Ungaro, a post that wound up being a four-month arrangement. At that time, his firm took on the strategic planning for that business.

Rucci said, "Jeffrey has moved the company forward into a new era; he has done a tremendous job over the last year and a half. The company is now ready to benefit from a permanent CEO to continue its expansion both domestically and internationally. We look forward to this next step in our evolution."

Aronsson Group came into the company in a consulting role in spring 2012.

Soon off on a two-week trip to India to celebrate his 25th wedding anniversary with his wife Wendy (a year after the fact), Aronsson said he will remain in touch with the Rucci team. "I am very pleased with the experience and the preparation for the next phase," he said. "Now it's up to someone else. It's time for a permanent CEO who can really devote the hours 24/7."

Megastores Usher in 'New Era' of Mango

By SHARON EDELSON

MANGO IS GATHERING all of its brands under one roof and launching megastores, 200 to be exact, in 2014.

"We are starting a new era of Mango," said Daniel Lopez, vice president. "We ended last year with 1.7 billion euros [\$2.31 billion at current exchange] in sales. Our idea is to be 5 billion euros [\$6.7 billion] turnover in the next four or five years. We're going to achieve this through organic growth and the megastores."

The Barcelona-based retailer is supersizing its stores to between 8,600 square feet to more



Mango is planning a larger-store format.

than 32,000 square feet. The average size of Mango units is currently about 3,200 square feet.

In opening larger stores, Mango is following a path also being taken by rivals H&M, Zara and Uniqlo, which are opening bigger and bigger stores to contain expanding collections. H&M, for example, will open its largest store in the world, a 63,000-square-foot unit at Herald Center in Manhattan, in fall 2014.

"What we are seeing is that for [the] Mango women's range, we need a minimum of 10,760 square feet of selling space," said Lopez. "We're turning our stores more into family stores. We're also adding the men's range, H.E. by Mango, and Mango Touch."

Lopez ticked off the additional square footage required for men's of 3,200 square feet; a

new kids' collection for boys and girls, three to 12 years old, 1,290 to 1,614 square feet, and the new Mango Sport & Intimates, 215 square feet to 430 square feet. The line includes an intimates collection and apparel for technical sports, homewear and yogewear. In February, Mango is launching Violetta, for large sizes, which will require 3,767 square feet of space. That's a minimum of 18,200 square feet of extra space.

"The idea of megastores is a change in our DNA," Lopez said. "Any store we are going to open from now on will have to have these requirements. There are going to be places where we cannot enlarge our Mango store as we would wish," he said, referring to existing stores without available adjacent real estate. "We will have to open two or three stores. This is not the ideal."

The few megastores that have opened have been well accepted by consumers, Lopez said.

"The result so far is fantastic," Lopez said. "Sales compared to what we were experiencing are tremendous. We are very happy because in certain locations we've been able to do three and four times the turnover we were doing in the smaller business."

While only 13 stores are planned for this year — Lopez called it a transition year — the company is gearing up to roll out 200 megastores in 2014.

The megastores will be concentrated in Spain, France, Germany, Belgium, the Netherlands, Luxembourg, Russia, Italy, Norway and Poland and in cities such as Barcelona; Bilbao, Spain; Paris; Maastricht, Netherlands, and Munich. In Munich, the brand will open its largest store — 24,757 square feet — in Europe in October.

There's no word on when the megastore concept will travel to the U.S.

"In the States, we are working towards clustering our footprint," Lopez said. "We want to cluster in the regions where we're already present to create better communication with consumers."

At J.C. Penney, where Mango sells in "corners" at the stores, Lopez said, "Everyone is talking about Penney's in the market. We are relatively comfortable with our relationship with Penney's. We have gone through tough times with them. The relationship has strengthened."