

DONNA'S NIGHT

DONNA KARAN AND SHEILA C. JOHNSON WERE HONORED BY PARSONS. PAGE 3



THAT'S RICH

A NEW STUDY DETAILS AFFLUENT MALE SPENDING ON THE WEB. PAGE MW1

WWD

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Single Minded

One piece. So many fashion possibilities. Designers hopped on the jumpsuit trend for fall, showing the look in a variety of ways. Here, BCBG Max Azria's silk trompe l'oeil jumpsuit and Scha hat. For more, see pages 4 and 5.

MODEL: JULIANISE; MAKEUP BY MISUZU IMAKAWA FOR MARS COSMETICS; HAIR BY ANDREW FITZSIMONS AT ARTISTS BY TIMOTHY PHIAO

PHOTOGRAPHED BY KYLE ERICKSEN AT HOLLYWOOD STUNTS TRAINING FACILITY; STYLED BY BOBBI QUEEN

EAST LOOKS WEST

Chinese Firm YGM Buys Aquascutum

By SAMANTHA CONTI

LONDON — YGM Trading, the owner of Guy Laroche, is poised to pocket another Western heritage brand, Aquascutum, and is part of a growing band of Chinese investors eager to snap up companies with potential for growth in their home market.

The Hong Kong-based public company, which also has distribution deals in Asia with brands including Charles Jourdan and J. Lindeberg, plans to purchase Aquascutum Ltd., the loss-making British arm of the brand — and the only part of the Aquascutum business that it does not already own.

On Wednesday, Aquascutum's administrators, FRP Advisory, said they have entered into an exclusivity agreement with Aquascutum International Licensing Ltd., a wholly owned subsidiary of YGM Trading for the purchase of the business, which entered the U.K. equivalent of Chapter 11 last month.

YGM, which is listed on the Hong Kong Stock Exchange, owns Aquascutum's intellectual property rights and controls its Asian business, which generates about 80 percent of global sales and 100 percent of the profits.

Although it is no money-spinner, the U.K. business will give YGM global control of the brand and the opportunity to build it in the U.S. and Europe, where it still has a strong name and heritage.

A long-term licensing deal is already in place with Ittierre SpA, which has a six-year contract to produce Aquascutum's men's and women's ready-to-wear and accessories for the continental Europe, Russian and Middle Eastern markets. The first collections bowed for fall.

The acquisition, which is set to be completed next week, is more than simply an opportunity to cover more of the globe with Aquascutum trenches, outerwear and plaid umbrellas, however. It is part of an increasing drive by Chinese investors to help themselves to a slice of the profits from Western brands with growth potential in China.

"This is a serious trophy asset for YGM, a phenomenal purchase," said Kim Winsor, who served as chief executive officer. SEE PAGE 6

Fred Segal's New Owner

By LISA LOCKWOOD

FRED SEGAL, THE legendary retailer that transformed cutting-edge style in Southern California, is finally taking its show on the road.

The worldwide rights to the Fred Segal brand have been sold to Sandow Media, a New York-based company that builds multichannel, vertically integrated brands. The acquisition includes the rights to Fred Segal's intellectual property, new retail stores worldwide, the development of a new e-commerce platform and the creation of Fred Segal-branded apparel and products. The purchase price was undisclosed.

With locations in Santa Monica and West Hollywood, Fred Segal has become synonymous with Los Angeles style and casual chic. Founded in 1961, the retailer operates an array of shop-in-shop boutiques that offer highly curated merchandise ranging from jeans and T-shirts to designer shoes and bags, as well as a salon, yoga studio and restaurants under its recognizable red, white and blue stripes and ivy-covered walls.

"Over the past 50 years, we have turned down multiple offers, never willing to risk our brand integrity, but after meeting Adam Sandow and discovering his passion for innovation and vision for Fred Segal, the decision was clear. We are excited to watch his team grow our beloved brand to new heights," said Michael Segal, managing partner of Fred Segal and the founder's son.

Adam I. Sandow, chief executive officer of Sandow Media, said, "This is an unprecedented opportunity to continue building such a powerful brand with over five decades of heritage that has always remained

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Fred Segal's New Deal

(Continued from page one)

authentic. Fred had a clear vision, which Michael built upon as he shepherded the brand, staying committed to his father's core mission. My company is privileged to be entrusted with this legacy and will continue the Segal family's vision as we expand the brand globally."

Michele Caniato, president of Culture + Commerce, Sandow's design management agency acquired in 2011, has already started working with potential partners to open stores in cities such as New York, London, Paris, Milan, Tokyo and Shanghai, and develop Fred Segal-branded products. Over the past decade, Culture + Commerce brought Philippe Starck to Target and has arranged projects for such designers and businesses as Puma, MAC, SLS Hotels, Tumi, Yves Behar, Kravitz Design (the design company of Lenny Kravitz) and Marcel Wanders.

Caniato told WWD that Sandow and Fred Segal have had a long relationship and had been speaking about a collaboration for the last few months. "We are going to be very careful on how and where we spread the Fred Segal name. Fred Segal is a brand with a lot of equity and is well known on the West Coast. We're going to look to Asia and the European market, as well as Miami, Las Vegas and New York," he said.

Caniato noted it would be impossible to find one person to open all these stores, and instead the company will seek "strong partners in every country." He said the intention is to bring American flair, West Coast flavor and celebrity to the store, as well as mix in local elements, such as up-and-coming designers and products. In every apparel store, they also plan to

create a subbrand, such as Fred Segal at Home. He said Sandow has created "a style guide," so all the stores will have the same look, flavor and feel, even though the products may be localized to the region.

Sandow said they are working with real estate developers and retailers to build these centers around the world. "We'll control the creative and intellectual property of the center. All creative control and brands that are carried will be controlled through us," said Sandow, who noted that the first store would probably open early next year.

Fred Segal at Santa Monica and Melrose will operate "as is" and no changes are planned, said Sandow. "They have the right to use the name. Everything else outside those two singular stores, we control," he said.

As for the tenants that already exist under the Fred Segal moniker (such as Fred Segal Girl, Aviator Nation at Fred Segal, Babakul at Fred Segal), if they choose to expand using the Fred Segal name, they will have to work out a deal with Sandow to pay licensing fees. Sandow, which now owns the Fred Segal name, will license it back to the Segal family for their use. Ron Herman, which operates one of its women's and men's apparel stores within the Fred Segal complex on Melrose Avenue, is unaffected by the new deal. Asked to comment, Herman, who is Fred Segal's son-in-law said, "Congratulations."

Caniato said a key priority will be establishing a vibrant Web site, fredsegal.com, which will sell merchandise domestically and internationally. They are working with a firm to develop the site, which should be operating by the fourth quarter.

"This is about a long-term partnership, not the next two

months, but rather the next 24 years," said Caniato. He noted they will have discussions with firms about manufacturing merchandise under the Fred Segal brand. The immediate plan is to develop a contemporary apparel line, and then they will move into cosmetics, skin care, accessories and home furnishings. He said there are plans to generate revenues north of \$300 million in the next three years around the Fred Segal brand.

"It's not about sticking a name on a product," Caniato said. "It's about creating a road map to take the business to the next level. The consumer is very smart and we have to deliver products with an edge that are at the right price and are unique," he said. In preparation for this deal, Sandow has established another West Coast office, headed by Dan Levin, vice president of Culture + Commerce, who recently joined the firm from Beanstalk, the licensing company.

Sandow was founded in 2002. The company is made up of design, beauty, luxury and business information units. Among its media properties are Interior Design, Luxe Interiors + Design, NewBeauty, Surface, Worth and Watch Journal. In the service area, its properties include Material ConneXion and Gen Art and for commerce and licensing, its brands include Culture + Commerce, Spalook.com and, now, Fred Segal.

Fred Segal has operated as a trendsetting retailer for three generations. The store gained international prominence by curating hip merchandise and introducing new cosmetic and fashion brands. Over the years it became a pop culture retail icon, often cited in movies and TV shows. In the movie "Legally Blonde," for example, the character played by Reese Witherspoon is quoted telling her Harvard Law classmates: "And last week I saw Cameron Diaz at Fred Segal, and I talked her out of buying this truly heinous angora sweater. Whoever said orange was the new pink was seriously disturbed!"

Among better specialty stores, Fred Segal has remained high on

The Iconic Facade.



"must-be-in lists," as reported in a WWD story in 2003, whether that was on Melrose Avenue or in Santa Monica. "Why do they still come to Fred Segal?" asked founder Fred Segal in the story. "Because we do it the best. We understand it the best."

After graduating from the University of California, Los Angeles, Fred Segal joined the now-defunct HIS Sportswear and rose through the ranks. In the early Sixties, he wanted to do a fashion-driven jeans line at a higher price point than the going \$2.50 tag. "I called my boss who was in New York. It's midnight there and he got so mad, he said, 'Go do it yourself.' So I did."

Segal began selling low-rise indigo denim pants for \$19.95 out of a storefront he named after himself. He launched drawingstring yoga-inspired pants and then opened one of the first stores dedicated entirely to sneakers. He later developed the Malibu Country Mart and sold it. Fred Segal Santa Monica opened in 1985, a 700-square-foot store on Santa Monica Boulevard selling fashion-forward clothing. Segal then opened a jeans-only store on Melrose at Crescent Heights in 1960 and created the first "jeans bar."

In the early years, Fred Segal

became known for shirts, hip-huggers, jumpsuits and mandarin-collared and one-button suits. Throughout the decades, he transformed his one store into an umbrella organization for multiple employee-owned boutiques. Today the Santa Monica emporium measures 42,980 square feet and has 31 stores. Segal, now 78, later turned his focus to philanthropic endeavors.

During the economic downturn, Fred Segal's business became more challenging. In 2010, the center was overhauled as a result of falling revenue and the evolution of consumer tastes, as well as stiffer competition from Internet retailers.

In 2003, it was reported that Fred Segal no longer owned the buildings. The Melrose location, with 22,560 square feet of selling space, was sold in 2000 to Segal's longtime insurance broker, Bud Brown. It couldn't be learned who owns it today. In Santa Monica, the buildings are owned by a family collective. Historically, the business strategy has entailed that Segal collected licensing fees (as part of the rent) for the use of his name — and most shop owners, knowing the value of that name, incorporated it in their own business.



PHOTOS BY ALFREDO BERNASCONI



Adam I. Sandow and Michele Caniato