

# WWD

## PARIS

  
 Fall  
**Collections**  
 2017

# Blue Period

Maria Grazia Chiuri was feeling blue – the color, not the emotion – for her fall Dior collection, which hinged on uniform-inspired daywear and inviting dresses, all in that inky shade. Here, her taffeta top and dark jeans, accessorized with a leather beret and fancy guitar-strap handbag. For more on the Paris shows, see pages 6 to 15.

Photograph by Stephen Lovekin

## RETAIL

# No Deal Between HBC and Macy's

- The question becomes: Where will the acquisition-minded Hudson's Bay Co. turn its attentions to next?

BY DAVID MOIN

**Talks between** Hudson's Bay Co. and Macy's have run aground, with the two department store retailers unable to come to terms on a deal, according to sources.

"Frankly, there is no agreement," said a source close to the situation. "It's purely about money. Macy's wants more money and HBC wants to pay less. There's no meeting of the minds."

HBC is said to have the resources to finance a deal at the price they wanted to pay for Macy's, and possibly even a Chinese partner lined up. A Macy's deal would be too big for HBC to tackle alone. HBC would not confirm having a partner.

"It's not a question of financing. HBC is not having financing problems," said the source.

Other issues could have surfaced during the talks, such as how management of the combined structure would have been organized and who would continue in leadership roles in a combined entity, and who wouldn't.

With Macy's out of the picture for now,

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## BEAUTY

# Drunk Elephant Gets VMG Investment

- The firm has taken a minority stake in the skin-care brand, and Man Repeller's Leandra Medine has also made a small investment.

BY RACHEL STRUGATZ

**Skin-care brand** Drunk Elephant has a diverse range of new investors – from VMG Partners to Leandra Medine of the Man Repeller.

WWD has learned that the brand secured an investment from the San Francisco-based private-equity firm, which has taken a minority stake in the two-and-a-half-year-old company for an undisclosed amount. Tiffany Masterson, founder of Drunk Elephant, and Robin Tsai, principal at VMG, both declined to comment on specifics surrounding the deal, but confirmed that paperwork was signed March 1. Financo, Drunk Elephant's banker, advised on the deal.

Additionally, Medine – who has parlayed her Man Repeller blog into a multimillion-dollar media property with a corresponding retail business – has invested in Drunk Elephant.

"It's a new chapter. It's a new level.

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Drunk Elephant's lineup.



## Drunk Elephant Gets Investment From VMG Partners

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"We're just going to go into a new phase with big changes and exciting stuff on the horizon," Masterson said in an exclusive interview, adding, "The company is still a majority family-owned company....[We] eliminated the strategics [companies as potential investors] right off the bat – not forever, but for now. The company is too young. We have more to do and I'm not ready to sell the company."

Over the past year the Houston-based brand has attracted significant interest from potential investors, including private equity players and beauty giants like The Estée Lauder Cos. Inc. and L'Oréal. Speculation last fall had been that Lauder was intent on buying Drunk Elephant as part of the beauty group's continued drive to snap up fast-growing, young brands. Masterson said in late 2016 that she was in talks with private equity and strategic players, but that a deal had yet to be completed.

With the latest investment, Drunk Elephant follows in the footsteps of a string of industry darlings that attracted private equity funds before eventually being sold to major beauty firms. Too Faced, It Cosmetics, NYX, Becca Cosmetics and Urban Decay have all hit it big in the last few years, with It Cosmetics and Too Faced both purchased for more than \$1 billion last year by L'Oréal and Lauder, respectively.

An industry source with knowledge of Drunk Elephant's business said the brand did sales of between \$25 million and \$30 million at retail last year, with revenues on track to double in 2017 following the addition of markets such as Canada and Australia.

Last fall, a spokeswoman for Sephora confirmed that Drunk Elephant is one of the fastest-growing skin-care companies in the retailer's history. An industry source said it was Sephora's top-growing skincare brand last year, with the launch

of the Drunk Elephant's T.L.C. Sukari Babyfacial, which hit sephora.com on March 10. The product became the number-one skin-care stockkeeping unit year-to-date on sephora.com by the end of January.

Masterson admitted that VMG wasn't the expected choice, as the firm hasn't invested much in the beauty and fashion space – yet. But VMG's ability to grow lifestyle, health and wellness brands is what drew her to the partnership.

"We didn't necessarily go with someone in the beauty space. I really view Drunk Elephant as more of a health and wellness brand; It's more than a skin-care brand...[it has] a health and wellness message," Masterson explained. "I think the trend in the future is toward preventative nutrition – and that's with diet. But that's how I view Drunk Elephant, but for skin."

"I found Tiffany's message of clean clinical as something that resonated for me. It's refreshing, compelling and simple," Tsai said, noting that although the team has been actively looking in the beauty category for some time, the firm's investments in the past "haven't been exactly analogous." Among them: Kind Inc., Babyganics and nut butter company Justin's, the latter two acquired last year by S.C. Johnson and Hormel, respectively.

With the new investment, Drunk Elephant is preparing to scale up. The first item on the agenda is to build infrastructure, which includes adding beauty industry veterans to the existing team to help spearhead growth.

International expansion is a key focus too. There are plans to enter another overseas market by year's end. Masterson listed the U.K., Mexico and Southeast Asia as options but stressed that the team will "continue in our tradition of going slow and taking our time. You can really go into these places too fast and you don't want to mess that one chance up."

Two more products will roll out this year, with three more already completed and set to launch in 2018.

As for Medine's involvement, Masterson said the brand has never paid an influencer to date and doesn't advertise at

this time.

"I don't [even] look at this as me bringing an influencer in; I look at it as me bringing a really smart business woman into the fold. We shouldn't even use the word influencer," Masterson said, calling the investment a strategic decision based on Medine's "skill and savvy."

She was clear that the partnership is not about bringing Medine in to promote the brand. "It's not that at all. When she [Medine] expressed an interest in being a small investor in the brand, [we said] she's very on brand....It's not about her sitting around and promoting Drunk Elephant all day. She truly used the line."

Medine said that she reached out to Masterson's publicist six months ago and expressed interest in getting involved with the brand – as an investor, not as an influencer. It wasn't about what she could bring to the table from a "fanfare perspective," Medine explained, it was wanting to help in a meaningful way that allowed her to look back in a decade's time and say, "Wow that was awesome."

"[Masterson's] not concerned with the voice of the brand...and [oftentimes] people get caught up in finding their brand voices," Medine said. "I like that Tiffany is quiet about the brand; she knows the product speaks for itself."

### Corrections

In Friday's edition of WWD, the images of runway looks by Alexis Mabille and Pascal Millet were mislabeled. The name of the French brand Atlein was also misspelled in a caption and headline.



## TOP 5 TRENDING ON WWD.COM



### Nicki Minaj Seeking Inspiration at the Paris Shows

● The rapper opted for an eye-popping pasty look at Haider Ackermann.

● Hood by Air Cancels Paris Show for Women's RTW

● Target to Spend Billions on Reinvention In Tough Environment

● CEO Talks: Guram Gvasalia of Vetements

● Giorgio Armani Restructures Brands, Rethinks Distribution

## NEWSMAKERS

This Week's Most Talked About Names In Our Industry



Julie de Libran



Haider Ackermann



Nicki Minaj



Yohji Yamamoto