

WWD

Fashion. Beauty. Business.



Levine's New Gig
Aaron Levine of Club Monaco heads to Abercrombie & Fitch to head men's design. PAGE 2



Clutch Player
Lela Rose enters accessories with a line of clutches. PAGE 3



Miley's People
AmfAR gave awards to Miley Cyrus and Andy Cohen at its gala in Manhattan. PAGE 12



FASHION

Star Power

Givenchy's Riccardo Tisci put a celestial spin on a simple silhouette for resort by connecting sequined stars into a sexy mosaic. For more from resort, see pages 4 to 6.

BY JESSICA IREDALE

Photograph by Thomas Tomaccone, Dior by Justin Shin

RETAIL

Dior Unveils New 'House' In Seoul

The six-story store is the brand's largest in Asia to date.

BY CRYSTAL TAI

SEOUL – Dior is going for a lot of firsts in South Korea. The brand will open its first freestanding House of Dior store here this weekend, which will also be its largest flagship in Asia to date. The official launch of the six-story boutique located in Cheongdam, Seoul's luxury shopping mecca, will take place alongside the company's first "Esprit Dior" exhibition at Dongdaemun Design Plaza on Saturday. "Esprit Dior" marks the brand's third international event in this series, and will showcase original Dior designs, as well as collaborations with local Korean artists.

In spite of mounting concerns over the spread of the MERS virus in South Korea, Dior went ahead with its plans to host a preview of the new store on Wednesday. The event featured visits by LVMH Moët Hennessy Louis Vuitton chairman Bernard Arnault; Dior chief executive Sidney Toledano, and boutique designer and architect Christian de Portzamparc.

CONTINUED ON PAGE 7



The exterior of the new store.

DIGITAL

Tech Start-ups: The Right Time To Seek Funds?

The question of who's next to seal a deal with investors is less exact science and more a roll of the dice.

BY KARI HAMANAKA

LOS ANGELES – The Next Big Thing.

Most fashion tech start-ups want to be that, while investors are eager to get a piece of it. But a frothy funding environment that's seen ballooning valuations and the implosion or stalls of once buzzed-about brands aces the new wave of upstarts looking to raise capital and become the next Gilt Groupe or Net-a-porter.

The question of who's next to seal a deal with investors is less exact science and more a roll of the dice in an industry that's still relatively young and figuring out what business models bear out in the most dollars.

CONTINUED ON PAGE 10

Tech Start-ups: The Right Time To Seek Funds?

CONTINUED FROM PAGE 1

"It's an interesting time for fashion tech from an investment standpoint," said Matthew Wong, a research analyst with New York-based angel and venture capital research firm CB Insights. "There have been companies that have raised quite a bit of money in the space...and yet there's pressure to have a big hit. We saw companies like Fab disintegrate recently. That creates pressure for some of these companies, especially the ones that are well funded, to figure out their models faster."

That's one reason Lawrence Wisne, founder of the recently launched online shop Lyon + Post, chose to wait before raising more capital after an initial friends-and-family round that went to pay for the store's first wave of inventory.

"One of the big benefits with e-commerce is that you can be making money early on in the process, so our challenge is to essentially bootstrap the company and then show the money that we have [to investors]," Wisne said. "With our business model, we could have raised early and said 'Hey, we'll figure out these big question marks as we go,' but you pay for that in the longer term."

Wisne's San Francisco start-up sells apparel from contemporary lines such as Joie and Bec & Bridge, and carries inventory — unlike some e-commerce players that sell product held by the vendors themselves. The former is a model that gave some investors pause in the past, but the ones who missed out on getting in early with something like a Trunk Club, which Nordstrom bought for \$350 million last year, or Stitch Fix, projected to see revenue of around \$200 million this year, have a second chance with the endless crop of start-ups entering the fray. Wisne sees that as an opportunity for Lyon + Post, which intends to begin raising for its Series A round of financing this year.

"The e-commerce sector, in general, kind of goes through a lot of cycles, and I'd say in the last couple of years it's been a little out of favor with the venture community," said Dana Settle, cofounder and partner of Greycroft Partners, which has invested in Trunk Club, The Real Real and BaubleBar, among others. "It's come back in a little bit in the last six months, partially driven by an IPO of Zulily. The venture market tends to be sort of finicky and when they see a company like [Zulily] that was able to grow quickly [and] go public, then all of a sudden it makes people see it as viable."

Two-year-old Carbon38, an e-tailer selling high-end activewear lines such as Michi and Duski, intends to raise a Series A round this year and both of the company's founders are optimistic about the prospects. The Los Angeles-based firm has raised about \$2 million to date.

"We have the data to prove that this concept is going to be huge, not just because

of the concept, but based on conversion rate and based on the customers acquired and that helps us to be optimistic about [venture capitalists] or other institutional investors," said Caroline Gogolak, Carbon38 cofounder, president and head buyer.

What investors want from young fashion tech companies varies though, pointed out Nava Brief-Fried, the founder of Israel-based ModLi, an online shop that aims to sell modest fashions.

"Not all investors see the value of an e-commerce company, which was hard," she said of her own experience raising money. "They'd say 'Oh, you're not a tech company,' but we're just like eBay. We had to show a lot more sales to make it seem more worthwhile than a tech company. We really had to dig deep into our data and find stuff to impress. Sometimes the sales were what impressed. Sometimes it was who I am."

ModLi is in the process of opening offices in New York following a \$200,000 seed round raised in February, a process Brief-Fried said wasn't as easy as she

"If you go in [to investors] trying to be like an Etsy, Fab or any of the other Web sites, it's not going to work. You can't be just another e-commerce platform."

— Michael Zerah, The Daily Brands

expected. In another six months she plans to look for Series A investors.

ModLi has already undergone a number of transformations in a bid to create a global business, including the site's rebrand earlier this year to LeeLach, which previously sold a mix of products made by Israeli designers.

"Staying small wasn't going to help it," Brief-Fried said of the name change.

The companies that successfully raise funding are flexible and they know how to pivot, said Eunice Cho, founder of e-tailer Aella, which launched in October to sell the "ultimate women's pants."

"You have a start-up and you're constantly pivoting something about the business," Cho said, "whether that's product offering, price point, sales channel or the way that you're reaching your customer."

Aella, to stand out from the competition, lets customers try on two pant sizes and then send one back for free. The store also sells a few blazer styles, with the end goal of offering a whole system of professional pieces for women.

The company is part of South Gate, Calif.-based Nextrade Inc., a company owned by Cho's parents. Her original plan was to spin off into an independent operation at which time she would begin looking for seed funding. But she said she's no longer looking to as aggressively raise money and is instead focused on a measured approach to growth without the pressure of outside investors seeking a

quick return on their investment.

Aella recently opened a showroom in downtown Los Angeles that doubles as a meeting space and place for customers to shop by appointment. It also added a skirt and two tops to its offering as it tests expansion into new categories.

"Most investors are familiar now with the [e-commerce] territory that the proof point has definitely increased," Cho said. "You can't wave money on just an idea online. People want to see actual product. People want to see that you have a marketing plan. That just comes down to branding."

Strong identities may be the one commonality running through the fashion tech companies that have managed to nab funding.

"In general, the venture community, I think, has been a little more leery of e-commerce companies largely because at the end of the day, they're not a business you can scale in the same way you can [brick-and-mortar]," Greycroft's Settle said. "You have to really invest in building a

brand and ultimately acquire customers and continue to acquire customers all the time."

Competition is fierce in e-commerce, said Michael Zerah, whose company The Daily Brands makes the accessories shopping app Daily Vice. The app, which counts about 5,000 users and features one accessory to buy daily, has been meeting with angel investors as it looks to raise seed funding.

"The more innovative you can be and the more you can appease and attract the Millennial demographic — that's where it's at," Zerah said. "If you go in [to investors] trying to be like an Etsy, Fab or any of the other Web sites, it's not going to work. You can't be just another e-commerce platform."

That's why he, along with others, see mobile as the future.

"Mobile is where it's going and that's what we're betting on," Zerah said. "The consumer attention span is milliseconds. The days of Amazon and Gilt shopping, taking time to browse, are kind of archaic ways of shopping. The more curation we can provide to the user and [say] 'This is what I've got for you, at this price point. Do you want it, yes or no?' And that's how we pitch it [to investors]."

Daily Vice hopes to add a swipe feature similar to dating app Tinder sometime in the summer.

The company, like many start-ups, isn't disclosing revenue projections for the year, with Zerah saying, "We're going to stay pretty private and keep it close to the chest."

After all, no company wants to be the

one that explodes out of the gate with mega-venture capital rounds and then trips over false starts.

The industry's "littered with the carcasses of companies that have raised \$20 million" and then gone away, pointed out Karn Saroya, cofounder of the Canada-based app Stylekick. The app showcases street style fashion one outfit at a time.

The company's recently closed angel round totaled \$1 million and that money's since been funneled into improving the app's shopping capabilities, with the recent debut of an update that landed the app on the homepage of Apple App Store. The company will gear up for its seed round in about six months, according to Saroya.

"The story up until now has been to release this quietly, get feedback and then iterate," Saroya said. "The very first iteration of Stylekick was built in three days. All it did was it showed three outfits at a time. All you could do was double tap on any part of an outfit. We saw incredibly high levels of engagement. So we took a step back and built out the app for real and spent five or six months building out the shopping functionality. So when we did that and we started to show traction, we were getting millions of impressions a month."

To ensure buzzy brands don't get ahead of themselves and grow too quickly or only focus on top line growth, the business strategy for some has shifted to a focus on profitability right out of the gate. That's particularly the case with e-commerce.

"E-commerce businesses are just lower margin businesses fundamentally, so I think for a while a lot of investors were thinking about that difference and thinking, like all start-ups, it was just about scale and that's when we ran into those things like Fab that actually never had a business model that worked," Settle said. "So we at Trunk Club did focus on profit over growth mostly because you really do want to understand the levers in the business....At the end of the day, businesses have to run a profit at some point."

That's what all companies should be thinking about, said Carbon38 cofounder and chief executive officer Katie Warner Johnson. "I think that should be the strategy for any business, whether you're getting institutional capital or not," she said.

With a steady stream of funding announcements and swelling valuations — and few IPOs to show for it — there have been cries of another tech bubble. But industry watchers say the hysteria is overplayed and somewhat misguided.

"It's definitely frothy right now for start-ups. I wouldn't go as far as calling it a bubble," CB Insight's Wong said. "Adding nine figures of funding over just six months, it's definitely worrying for some companies. There's a worry that if companies are going to stay private this long and not even test the public markets, then there will be more companies like Fab — or at least some sort of normalization where there's a disconnect in what they can raise in private and what they can raise from an IPO."

Fashion Scoops

MOSCHINO IN FLORENCE: Jeremy Scott is about to put Florence on fire. Katy Perry and A\$AP Rocky will attend the Moschino show on Thursday at Palazzo Corsini.

Perry is not only a longtime friend of Scott's but also appears in the Italian brand's fall advertising campaign.

The Florentine show marks Scott's men's wear debut for Moschino in Italy. The designer presented his first two collections for the brand in London. —ALESSANDRA TURRA

SEALED WITH A KISS: The Women in Film's Crystal + Lucy Awards in L.A. Tuesday night certainly had their shock value. Commenting on all the women in the room, Sandra Bullock said, "We are all going to be on the same menstrual cycle after tonight," Bullock deadpanned, before getting serious about gender inequality in the film industry.

Honorees included Nicole Kidman, Kate Mara, Sue Kroll of Warner Bros., "Transparent" creator Jill Soloway, director Ava DuVernay and agent Toni Howard. But it was Kidman who stole the show after being presented with her award by longtime friend Naomi Watts. Closing out the night, Kidman hit the stage and recalled that she was once too insecure to do a student film because it would have required her to wear a shower cap and kiss another girl. "Today I know that...I'm ready to don this cap and kiss any woman in the room," she joked, before throwing on the unexpected accessory. With that, Watts promptly joined her and the two dramatically kissed — giving new meaning to the term nightcap. —LINDZISCHARF

COCO'S NEW CLAN: IMG Models has signed Coco Rocha for worldwide representation. In signing with IMG Models, Rocha has extended her relationship with WME/IMG, since WME has represented Rocha in TV, commercials, books and speaking engagements since 2013.

The 26-year-old Canadian-born model was previously represented by Wilhelmina Models.

Rocha has walked the runways for such designers as Marc Jacobs, Versace, Prada, Louis Vuitton, Anna Sui, Dolce & Gabbana, Chanel and



Coco Rocha

Balenciaga. She has done commercial work for brands including CK One, Christian Dior, Chanel, YSL Beauté, Jean Paul Gaultier, Balenciaga, Lanvin, Dolce & Gabbana and Diesel among others.

Featured on Oxygen's reality competition series "The Face," Rocha also published her first book,

"Study of Pose: 1,000 Poses by Coco Rocha," in 2014.

Rocha has positioned herself as a digitally savvy model with a social media presence of over 16 million followers. —LISA LOCKWOOD

TADASHI REOPENS AT SOUTH COAST PLAZA:

Los Angeles-based eveningwear designer Tadashi Shoji will open his redesigned boutique at South Coast Plaza in Costa Mesa, Calif., on Saturday. Shoji enlisted architecture firm (M)Arch. to transform the 1,175-square-foot space, as well as Shoji's newest store in Doha, Qatar, which is slated to open later this year. The exterior facade features a backlit, textured glass cube. Inspired by the ambiance of Shoji's runway shows, the contemporary space suggests a catwalk with a giant plasma screen in the entryway showcasing footage from the shows, while light and dark ceramic floor tiles are positioned in a strip resembling a runway. Behind the video content wall, a rear-facing mirror reflects the cream and pink interior. In the center of the store is a custom-made cube composed of large textured, translucent, operational vertical glass louvers on steel framing. This architectural component can be moved to create private and semiprivate shopping experiences and fitting rooms. —MARCY MEDINA