Capstone 2010: Graduates Focus on the Future of Beauty

Ask senior executives for their toughest challenges, and near the top is forecasting the future in order to plan for it. Ten years ago, who would have forecast Facebook? Google? Or the worst economic crisis in decades?

Forecasting ten years out, to help guide industry thinking, the 2010 graduating class tackled the topic “Beauty 2020: The Future of Beauty,” looking at how consumers, technology, and business evolution could shape beauty industry needs and opportunities by 2020.

The event, opening to a wider industry audience in celebration of the 10th Anniversary, moved from its previous, overstretched 275-seat venue, FIT’s Katie Murphy Amphitheater, to FIT’s much larger 770-seat Haft Auditorium. The event was opened to the public for the first time, and intense industry interest nearly filled the venue.

The event was opened by co-Chairs of the program’s newly formed Alumni Association – Kate Foster of Juicy Couture (class of 2004), Rebecca Heck of Firmenich (class of 2007), and Vivianna Barrera of L’Oréal’s Matrix unit (class of 2008). Official welcome from the college came from FIT President Dr. Joyce Brown. Keynote remarks were delivered by Chris Hacker, Chief Design Officer for the Johnson & Johnson Consumer Companies, corporate parent of event sponsor Johnson & Johnson Beauty Care. This was J&J’s second Capstone event sponsorship; they were the event sponsor in 2008, when Capstone focused on the issue of Sustainability.

The evening’s “main event” was the graduates’ gaze out to 2020. Student teams focused on retailing, leadership, the fragrance industry, and the overall beauty industry. Teams were mentored for the second straight year by industry Capstone 2010: Graduates Focus on the Future of Beauty

Capstone speakers, from left to right, Chris Hacker of Johnson & Johnson, Rochelle Bloom of The Fragrance Foundation, IDEO’s Michelle Serro, FIT President Dr. Joyce Brown, Cosmetic Executive Women’s Carlotta Jacobson, Lezlee Westine of the Personal Care Products Council, and Professor Stephan Kanlian

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Celebrate 10th Anniversary on September 22

by Jennifer Kaczmarek, Marina Maher Communications

Over the past ten years, the FIT Master’s Degree Program has built a reputation as an industry think tank, a center of excellence in business innovation and training ground for tomorrow’s beauty industry leaders. The program has guided, mentored, and empowered more than 150 graduates, including 20 who have become corporate vice presidents, to take the industry to the next level.

This achievement wouldn’t have been possible without the active support and involvement of the industry and its leaders, who play critical roles in guiding the program, sponsoring and mentoring young leaders in their companies, and contributing to a global classroom.

The industry will gather this fall to celebrate these achievements at “10 Years in the Making: Guiding Beauty Into the Next Decade” – an industry breakfast to toast our collective success and kick-off the next decade of thought leadership. As inspiration for our graduates, the event will honor two great industry leaders over the past decade, in brand management and media: Marc Pritchard, Chief Brand Building Officer, Procter & Gamble, and Linda Wells, Editor-in-Chief, Allure.

Event Details
Wednesday, September 22
8:00-10:00 am
Guastavino’s
409 East 59th Street

For more information about the event or purchasing tickets, please contact Vicki Guranswski (212-217-4100/victoria_guranswski@fitnyc.edu) or the event website at www.fitnyc.edu/10years.
The tenth anniversary milestone for the FIT Master’s degree program has inspired recognition of the program’s value to industry, and the contributions of its graduates. The celebration kicked off when L’Oreal chose to partner with FIT in hosting the February 3rd panel discussion of “100,000 Years of Beauty,” and continued on February 5th at the annual Executive Mentor Luncheon, when L’Oreal Executive Vice President Beatrice Dautresme presented a $10,000 gift to the program from the L’Oreal Corporate Foundation.

In April, The Fragrance Foundation chose its 2010 FIFI Finalists Breakfast event to recognize ten current and former FIT Master’s alumni for their outstanding contributions to the fragrance industry. As Fragrance Foundation President Rochelle Bloom explained, “Each person has been recognized because they are shining examples of the role FIT’s program has filled in maximizing the potential in each of its students, giving them the tools to not only expand their own careers, but to deliver significant added value to the corporations that sponsored them.” In addition to the FIFI breakfast tribute, the Fragrance Foundation published a retrospective article on the history of the Master’s Program in the Spring issue of its newsletter, The Fragrance Forum.

In May, the leaders of the beauty industry gathered at the 2010 WWD Beauty CEO Summit, and Fairchild’s Pete Born paid tribute to the program’s 10th Anniversary and introduced a video of 12 current students and graduates in an IDEO-structured brainstorm session on the topic of Product Innovation. This was the first installment of a 10th Anniversary video project, which included a 10th Anniversary video of past Capstone projects, both produced by 2007 graduate Douglas Bender, and made possible by a gift from the Personal Care Products Council.

The Council further paid tribute to the FIT Master’s program at their annual Capitol Hill Day on June 9th, which focused on job creation and the advancement of women in business, and included the FIT Master’s Program as an industry effort to develop talent. The Council also profiled a graduate of the program, Rebecca Heck (class of 2007). Ms. Heck, Director of Fine Fragrance Technical Development for Firmenich in North America, is currently serving as Co-Chair of the program’s recently established Alumni Association.

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LVMH’s Magic Room lit up again on May 4 with the faces of alumni from FIT’s Master’s program and Wharton’s Jay H. Baker Retailing Initiative captivated by the latest in a series of outstanding breakfast speakers, Matt Rubel, Chairman, President, and CEO of Collective Brands. Collective Brands includes leading footwear brands Payless ShoeSource, Stride Right, Sperry Top-siders, and Saucony athletic shoes. Other recent speakers have included Polo Ralph Lauren’s David Lauren, former Burberry CEO Rose Marie Bravo, and J. Crew Group CEO Mickey Drexler.

Rubel began by outlining his career, primarily in fashion and apparel but including a stint in beauty, and spanning luxury and mass. A University of Miami MBA, he began his career with Bonwit Teller, followed by ascending roles with Coke Clothes, Tommy Hilfiger, Revlon, and Pepe Jeans.

From 1999 to 2005, Rubel was Chairman, President and CEO of Cole Haan, a leading marketer of high quality men’s and women’s shoes and accessories and a subsidiary of Nike, Inc. During his tenure, the company doubled in size and expanded its global footprint.

Rubel joined Payless ShoeSource, a specialty retailer dedicated to democratizing fashion in footwear and accessories, as President and CEO in June 2005. In July 2007, he led the acquisition of the Stride Right Corporation and the formation of Collective Brands, the new corporate parent of both companies. Under his leadership, Collective Brands has evolved into a global enterprise with a portfolio of iconic brands reaching consumers through wholesale, retail, e-commerce, licensing and franchising channels.

Highlights of Rubel’s career advice included:

- Open your gaze to a broadened world of possibilities.
- Take one step at a time. Each new role should leverage your existing knowledge while enabling you to grow and not get stuck.
- Position yourself carefully. Make sure those who matter know who you are.
- Don’t just work for friends; you must believe in the business.
- Empower the teams under you, and inspire them to innovate and achieve.

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leaders. IDEO New York Practice Leader Michele Serro and Wharton Jay H. Baker Retailing Initiative Managing Director Erin Armendinger worked with the retail team. The Presidents of the three major beauty industry associations supported the other teams – Cosmetic Executive Women head Carlotta Jacobson working with the leadership group, the Fragrance Foundation’s Rochelle Bloom mentoring the fragrance team, and Lezlee Westine of the Personal Care Products Council supporting the beauty team.

Student presentations reflected insightful synthesis of extensive research along with creative contemplation of 2020 needs, desires, and possibilities. The emerging influence of the Millennial generation – and the possibilities of technology, digital and social media – informed the recommendations and creative ideas.

Graduates urged the industry to move from traditional marketer-defined offerings, hierarchical organizations, and one-way communications to a consumer-centric view recognizing customer needs and values and leveraging technology in new ways to address them.

Written summaries of the graduates’ presentations can be found on pages 4-11, with additional photos on page 12.
With recent retail sales declines fresh in mind, FIT’s Cosmetics & Fragrance Master’s degree program and Wharton’s Jay H. Baker Retailing Initiative joined forces on April 21 for a conference in FIT’s Katie Murphy Amphitheatre entitled “RefoCussing Retail: Back to Basics or Back to the Drawing Board?” Conference closing remarks were provided by Karen Grant, Vice President and Global Beauty Industry Analyst for The NPD Group. Ms. Grant is a member of the FIT Master’s degree program Industry Advisory Board and a previous contributor to our Leadership in Action newsletter. Her conference takeaways are provided below.

Why does the industry need to think about refocusing retail? The #1 reason women tell NPD that they use beauty products is because it “makes me feel better about myself” and “makes me feel confident.” To those ends, the emotional integration with retail is critical to the success of retail and beauty. Whether we adopt the ideas presented at the forum radically or incrementally, the forum provided bold examples and ideas to inspire and drive new thinking and innovation.

Ryan Jacoby of IDEO, in his keynote, highlighted the need for a “human-centered approach” to retail. Fundamentally, people – our needs, desires, even mysteries – don’t change that fast. But, the world around us does. Consumer shopping patterns continue to evolve around occasion-based need states (the shopping method/purpose), motivations (the why they buy), and choice (the what they seek, both in terms of product and service). Today, innovative brands and retailers have stopped selling, they inform and engage. To address the changing world around us, we must visualize and prototype what we want to change in our environments to look and feel like. Ultimately, there are 3 MUSTS – we must: know our customers, love our customer, and... yes, make great stuff.

Panel I: Innovative Retail: How to Make Retail a Destination for Consumers

Moderator: Wendy Liebmann, WSL Strategic Retail.

Panelists: Karen Shadders, Wegmans Food Markets; Kelli Coleman, Disney Theme Parks; Dawn Clark, NBBJ architecture/design firm.

Wendy kicked off the discussion by grounding the audience in the facts regarding the state of consumer sentiments post-recession. We still need to understand whether where we are now reflects lasting fundamental changes or temporary recessionary changes – evolution or revolution.

Karen told what makes Wegmans so much more than “just a supermarket.” It is a destination, a “company about people.” The love and enthusiasm are translated into a shopping experience that offers each shopper amazing service and “something truly different.”

Kelli showed how a focus on differentiation has made the difference for the stores within Disney theme parks. Going far beyond T-shirts and key chains, each environment integrates the emotional experience with retail and is designed with the thought: what does this product deliver to me?

Dawn visualized how her team translates the color and richness of the outside world into the retail shopping experience. The objective is to create environments that bring the “seasons of retail” inside and orchestrate a journey, captivating from the moment you enter, while grounding each location in functionality based on adherence to fundamentals of human interaction.

Panel II: The Youth Market: How to Approach Them as Consumers and Employees?

Moderator: Marc Gobe, author of Emotional Branding 2.0.

Panelists: Jeff Gordinier, editor of Details and author of Gen-X Saves the World; Kit Yarrow, author of Gen Buy; Alexandra Wolfe, TheDailyBeast.com.

Jeff contrasted the differences in mentality between Boomers, Gen-X, and Gen-Y (Millennials). The workplace currently coexists with Boomers staying longer into their retirement years, and not ceding leadership; Gen-X sandwiched between the leadership generation and a new energy from younger employees, trying all the while to find work/life balance; and Millennials nipping at the heels of those above, with the expectation that everything should be translated on their terms.

Kit mapped the psychological difference in Gen-Y. This generation grew up with technology. It affects the way they interact and compute. Their process is less cognitive and more emotional. They are a different psychological animal and they need to be recognized. They expect less hierarchy and a lot more emotional intensity, stimulation, and passion in their relationships with their brands.

Alexandra reported how Millennials want reinforcement for their choices and shopping experiences. Through technology, they feel entitled to know everything, including even the thoughts of celebrities, and can now be their own celebrity. With that, they want to promote their lifestyle, their views, themselves, and each twist and tweet. They want to make a brand their own while still belonging to the club.
The Future of Beauty: Redefining the Conversation

Authors: Marta Cammarano, Mariangela Gisonda, Jennifer King, Nichole Kirtley, Beatriz Loizillon

Group Mentors: Lezlee Westine and Kathleen Dezio, Personal Care Products Council

What Will Beauty Look Like in 2020?

There are the obvious trends such as an increasingly aging population, globalization, technology innovation, and environmental concerns. These are already here and will definitely continue to impact beauty. However, the biggest change in 2020 will be redefining the communication with consumers. In 2020, women will no longer want to be told what to look like. The narrow Western beauty ideal of “young, thin, and blond” will no longer hold true. Instead, women will want and will require being part of the conversation, rather than just the recipient of the message.

Beauty Will Be Real

Today, women constitute almost half of the U.S. workforce and control 73% of household spending. At the same time, women handle the majority of household chores and childcare responsibilities. Between building careers, managing a home, and parenting, women’s to-do lists are growing increasingly longer. Women are finding that increased opportunities often come at a cost: their personal happiness. While the difficult task of balancing work and parenting is here to stay, by 2020 women will have made one great discovery: they are no longer beholden to perfection. Surveys show that 18 to 30 year old women, who grew up seeing their mothers exhaust themselves trying to have it all, are realizing that having it all does not necessarily mean doing it all.

In 2020, increased complexities and pressures of life will call for pragmatism rather than perfection. This new woman will no longer obsess over little things. She will be more likable, more reliable, and more real than previous generations. She will embrace her perfectly imperfect self, realizing that it’s really all about how she defines herself at any given moment in time. She will see herself as an individual and will strive for a sense of personal identity outside her multiple roles. She won’t look for a “one size fits all,” but rather for something unique that reflects her distinctive reality. Her greatest luxury will be time for herself; organization and functionality in her life will be key. She will look for solutions that will help her manage the complexity of her life, reduce her workload, and give her more time to focus on what’s really important. Brands must therefore shift from telling to assisting her, focusing on helping her make the most of her life and supporting her in her search for comfort and problem solving.

Beauty Will Be Reciprocal

In 2020, the shift from telling the consumer what she needs to servicing her will have occurred. Brands will communicate authentically as the 2020 consumer is looking for real beauty aspirations. This reciprocal relationship and new form of interaction will enhance her shopping experience and abide to her practical and sensible rules.

Technology will unquestionably play a great role in the conversation with the consumer. It is expected that, in 2020, we will have 32 times the technological capabilities that we have today. Consumers are increasingly researching information and conversing on the internet, and most do so prior to making purchases. In a world where applications exist to help you with anything, the beauty industry will have created one exclusively for the woman of 2020 – the iBeautyFINDER. The iBeautyFINDER will make her beauty discoveries interactive and personal. She will input her unique details and preferences, including ingredient allergies and favorite colors, and create several profiles based on her different “beauty personalities” – from diva to CEO.

The iBeautyFINDER will be able to advise her on the best products for her based on factors such as the water content of her skin, the weather forecast, or her current moods. This will ensure that her new red lipstick or therapeutic night cream is just right for her. Her iBeautyFINDER can even make every day a “good hair day” by recommending the right product based on her environment. In addition, beauty retailers will match her desires against their product database to offer her the best solutions and bid for her business. To further enhance her shopping experience, she will be able to snap a picture of a product and instantly receive information on its ingredients, ratings, and carbon footprint. Moreover, she can pick up her product within a two-hour time slot at the location that is most convenient for her. However, we cannot forget the human element, and if she prefers, she will find her personal beauty concierge waiting at the store for her to experience the product.

Brands will communicate back to the consumer and address her unique beauty needs by utilizing her detailed information on the iBeautyFINDER. This will be an opportunity for brands to interact with her on a more personal level. There will be constant communication, a real conversation, between brands and the woman of 2020. By reaching far beyond the utilitarian function, this new type of service will build a different relationship between brands and consumers, one that is more down to earth and less reverential.

Beauty Will Be Responsible

Dove’s Real Beauty campaign, launched in 2004, started the conversation around ‘real beauty’ by challenging the definition of beauty through its use of non-models in their advertisements. The campaign continues to educate young girls to counteract the limiting and unattainable beauty set forth by advertising and the media. The 2009 Newsweek article, “Generation Diva,” highlighted the beauty media’s influential strength, pointing out that girls 11 to 14 years old are subjected to some 500 advertisements a day, most of them featuring flawless beauty. According to a University of Minnesota study, staring at those airbrushed images from just one to three minutes a day can have a negative impact on girls’ self-esteem.

In 2005, according to The NPD Group Inc., the average age a woman began using beauty products was 17; today it is 13. Experian Market Research shows that 43% of 6 to 9 year olds are already using lipstick or lip gloss, 38% use hairstyling products, and 12% use other cosmetics. In addition, new statistics from the American Society for Aesthetic Plastic Surgery reveal that cosmetic surgery procedures performed on those 18 and younger have nearly...
doubled over the past decade, and an article published by the YWCA states that 69% of people 18 and older are in favor of cosmetic surgery.

The Millennial generation is one “that prims, dyes, pulls and shapes, younger and with more vigor than ever before. Girls are salon vets before they enter elementary school.” The disturbing fact is that girls need to be concerned with education and personal development, not beauty, at this early age in life. By the time tweens reach their later years, they’ll think unattainable perfection can be purchased, rather than appreciating their natural self. Pop star, Heidi Montag, had ten elective surgeries in one day at the young age of 23. If today’s role models are mostly airbrushed and surgically altered women, isn’t it time that we make beauty more responsible?

**“Beauty Cares” Campaign:** The future will not just be about responsible self-image but also about responsible social image. It is time for the beauty industry to communicate its position and commitment towards a safer, more socially responsible and sustainable tomorrow. As individual brands, we are all linked to the reputation of our industry, and our collective image must resonate with the images our companies and brands are trying to build.

It is easy to understand the social implications surrounding beauty, as we are constantly surrounded and influenced by it. How we look is indisputably linked to how we feel. Since the beginning of time, women have been striving to beautify themselves. Beauty is social, fun, and indulgent. Most importantly, beauty is about power and aspiration. We believe that if we look better, our lives will be transformed. This is not just perception; there is concrete evidence that attractive people receive many advantages in our society. At its core, beauty is elevating, empowering, and caring. Our industry helps women feel smarter, more confident, and more human. To communicate this, the “Beauty Cares” initiative will be launched to highlight the beauty industry’s efforts around the three core topics most relevant to the consumer of 2020 – safety, sustainability, and philanthropy. This will be achieved by expanding the current “Beauty Cares” campaign.

Safety is an important topic for the next decade. Consumers’ interest in cosmetics that are good for them will continue to increase as beauty and health are increasingly linked. According to Datamonitor, 28% of consumers currently deliberately avoid certain cosmetics or toiletries because of fears over certain ingredients, and 39% are somewhat or extremely concerned about parabens or pet-}

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The Future of Fragrance

Authors: Shiri Sarfati, Lisa Negrelli, Jessica Wolfe, Monika Ziobro

Group Mentor: Rochelle Bloom, The Fragrance Foundation

Introduction
Fragrance sales have been trending downward since 2001, despite a brief peak in 2006 due to celebrity fragrances entering the market. Companies have launched new fragrances as a desperate attempt to engage the consumer. The recent recession only made a bad situation worse, as consumers began opting out of the category altogether.

In 2009 there were over 1,100 fragrance launches globally, and over 300 of those launches were in the United States. The United States mass and prestige fragrance category was down nearly 8% (global sales were down nearly 4%). The industry had entered into a launch-frenzy, yet sales continued to decline.

Consumers are confused, overwhelmed and frustrated, resulting in them going back to familiar brands they trust. Seven out of the top ten prestige fragrances are classics, having launched ten or more years ago. The strength of the connection the consumer has with these brands is unfazed by the industry’s insistence on newness.

This paper will explore four concepts that will connect the consumer to fragrance – emotionally through education and storytelling, tangibly through quality product and compelling ingredient stories, creatively through an interactive retail experience, and daily through technology.

Introducing Eau Share, Eau Juice, Eau Space and Eau Tech.

Eau Share

Education: A study at Harvard University found that volunteers exposed to rose scent while sleeping after studying were able to remember the studied material without being exposed to the scent again. Another study showed that students who learn in a room scented with rosemary or lavender were far more likely to remember the information studied when exposed to that scent again. The sense of smell is being under-utilized in early education. All other senses are incorporated into elementary education, except the sense of smell. One’s smelling ability reaches a plateau at eight years of age. By incorporating scent education in primary education classes, by 2020 students will be able to identify scents that occur in nature, develop a scent language and understand why they prefer certain scents.

Social Network: 1.2 billion people, or 20% of the world population, are between the ages of 15 to 24 years old. Of this population, 96% have joined a social network. The average Millennial, born 1982 to 1995 and now 15 to 28 years old, has 426 Facebook friends. Because of this exposure on social networks, the future of fragrance is through word of mouth utilizing digital media. Consumers will tell their fragrance stories in their own words online. By 2020, consumers will finally be able to describe what they smell and will have a fragrance vocabulary through scent education.

TV Network: The Food Network, HGTV, The Style Network and CNN have been instrumental in boosting awareness for chefs, designers, and 24-hour news. Consumers are well educated about cooking and where ingredients come from through The Food Network. Direct selling networks, such as QVC and HSN, are selling an increasing amount of fragrances on television through storytelling and describing the fragrance. Television will be the new platform for fragrance awareness, education, sampling and purchase in 2020.

Eau Juice

Ingredient Story: Ingredient stories are used to connect with the consumer in industries from air care to ice cream. Companies such as Haagen-Dazs are calling out the ingredient story in advertising and marketing, connecting with the consumer tangibly through relatable ingredients and taking them on a sensorial journey to where ingredients are sourced. Luxury fragrance brands and specialty retailers’ brands are outperforming the overall prestige market. These two segments are hitting the emotional notes that resonate so deeply with consumers. From Jo Malone and Frederic Malle to Bath & Body Works, specialty and niche brands are engaging the consumer with interesting ingredient stories. To appeal to consumers, fragrance needs to be made more tangible, and the ingredient story offers just that.

Quality: The top selling classic brands, with quality fragrance ingredients, remain on the top 20 list year after year. Today, many new launches spend their money on packaging, bottle design, merchandising, advertising, and talent, leaving very little for the product itself. In the past, investment in the fragrance oil was tangibly through quality product and compelling ingredient stories. To appeal to this new generation, New molecules offer alternative to ingredients that are regulated and will appear to this new generation. New molecules will offer olfactive stability, substantivity and an expanding palette of ingredient materials for perfumers.

Just as the food industry is touting molecular gastronomy, the fragrance industry should publicize the advancements in tech scents as “eau molecules.” The word “synthetic” currently utilized in the fragrance industry has a negative connotation to the consumer and does not describe fairly the science behind these ingredients. By promoting molecules, the industry can move beyond the negativity the word “synthetic” brings to the industry.

Eau Space

Specialty stores are taking the lead in making shopping more exciting, providing a place where consumers can explore, discover, and relax – a true destination. Other retailers are following suit and making major renovations to their cosmetic departments. But there is still not much change happening at the fragrance counter.

Today’s retail environment for prestige fragrances is unexciting. Consumers are confused, daunted by the abundance of brands and aggressive sales people armed with spritzers.
and scent strips. The industry must create a space that is dedicated to fragrance, where the consumer can explore, try and experience fragrance. Like Disney’s $1 million renovation per store project underway, the time is now to take those risks and renovate the store experience.

**Experiential Retail Space:** The industry must come together to create a dedicated area for consumers to experience fragrance. Eau Space is a new retail platform for fragrance selling. Eau Space is a flagship store concept, and parts of the concept may also be interpreted online as well as within other retail entities.

**Lifestyle & Mood Categories:** Fragrances will not be categorized by traditional classifications, such as designer or celebrity, as they are currently, but rather by personal lifestyle and moods. Consumers can more easily navigate these segment classifications, as they appeal to them on an emotional level. Building on rich research regarding how fragrance affects emotional states, such a retail approach will result in a much more engaged consumer.

**Unedited Digital Reviews:** Store shelves will feature touch screens that offer unedited digital reviews of the fragrances, which consumers may read and comment on in-store and online. These trusted peer reviews are much more compelling to Millennials, who love to share their fragrance opinions.

**Fragrance Consultation Bar:** Trusted advisors, or Scent Stylists, will be salary-based employees, not commission-based. They will be what makeup artists are to cosmetics or estheticians are to skincare, certified by The Fragrance Foundation to recommend fragrances that the consumer would enjoy. At least one Scent Stylist will be present in-store, and consumers may also send in questions to be answered by a Scent Stylist online. Like a wine sommelier, Scent Stylists may be consulted with for a deeper understanding of specific scents.

They will be well-versed in fragrances and will be able to share with the consumer how to wear fragrance, when to wear which scents, and how to layer one’s favorite brands and have fun while mixing and matching.

**Fragrance Pods:** Fragrance pods will be another aspect of the store’s interactive space, where scent, light and music come together. Experiences that are tied to other senses make stronger, lasting connections for the consumer. Fragrance pods will allow the consumer to explore various scents in a dynamic sensorial experience.

**Fragrance Escapes:** Consumers will be able to book fragrance escapes to France, Morocco, or Bulgaria to see how fragrance is made and connect with fragrance much like the wine industry engages the consumers through vineyard tours. It is a unique way of engaging the consumer through travel experiences. Disney stores offer travel services to their theme parks in-store. Fragrance retailers could pursue the same strategy.

**Workshops and Classes:** Industries like wine and food are incorporating classes and workshops in order to teach consumers about certain wine regions or how to cook a healthy meal. Eau Space will incorporate fragrance workshops in-store and online. Consumers will be able to learn directly from a perfumer how a juice is inspired or find their perfect wedding day fragrance in a special class dedicated to newly engaged couples. Workshops and classes will be an integral part of one’s shopping experience and will enhance the consumer’s appreciation for the industry.

**Eau Tech**

2020 will be a year of innovative scent deliveries. People can already chat, email, download music and watch videos through the internet. Now, imagine being able to smell one’s boyfriend’s scent when receiving an email or smell one’s favorite restaurant while booking a table.

The sense of smell is directly connected to emotions. The power of scent makes content extremely compelling, offers a heightened sense of reality and intensifies emotions such as love or fear.

While the scent deliveries below may seem like science fiction, the required technologies already exist. It’s only a matter of time before they will become part of one’s daily life.

**Space Scent:** Las Vegas casinos, retail stores like Abercrombie and Fitch, and hotel chains like The W are already fragancing their spaces as a way of branding. By 2020, every space will have a unique scent to cue the consumer.

**Mobile Phone Scent:** Companies like NTT Communications, Samsung and Motorola all hold patents on technologies that allow mobile phones to emit scent. Users will be able to send and receive scent tones, experience scents when receiving phone calls and send scented attachments.

**Internet Scent:** Telewest Broadband, a UK cable company, has released a new technology that brings a third sense to the internet, allowing internet users to send and receive wonderful aromas while surfing the web. The revolutionary technology enables people to send and receive codes to special “scent domes,” which mix liquid scents and spray them into the air around the PC. This unique scent dome is made by TrisSenx, and it works like a printer or a scanner; just plug it in and experience the aromas of the world.

**Scent TV:** ScentTV launched a revolutionary Scented Web Broadcast portal that enables users to smell the scented content, including movies, games, and music videos.

**Scent Patch:** The fragrance patch technology already exists. The patch emits fragrance to the body or an article of clothing.

**Scent Ingestible:** A team of Brazilian researchers has come up with a pill that replaces unpleasant body odor with a much more pleasing scent. The idea came from certain foods, such as garlic, asparagus and curry, which perfume the skin, urine, and sweat.

The team just released the Fyber Sense pill that, once consumed, discharges through sweat a lavender-like scent obtained from the herb coriander. It still needs more research before health authorities approve this pill for sale.

**Scent Cocktail:** Today’s technique of fragrance-making has greatly evolved, consisting of many notes that capture the aromas of popular cocktails. With drinks and fragrances being so similar in craft, the infusion of top scent notes with alcoholic cocktails will become a unique way to brand fragrance.

**Conclusion**

Scent is part of nature and triggers one’s olfactory memories. It enlivens one’s taste buds and it ignites one’s desires. It is the industry’s responsibility to excite and re-engage consumers. The time is now to embrace tomorrow’s dominant cohort, the Millennials. They love scent, and fragrance needs to connect with them through story-telling, quality product, interactive retail space and innovative technology.

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The Future of Leadership

Authors: Carly Guerra, Lea Koussoulis, Caroline Ornst, Marixsa Rodriguez

Group Mentor: Carlotta Jacobson, Cosmetic Executive Women

Current State of Leadership

The current state of leadership and organizational model are outgrowths of the Industrial Revolution. There are multiple layers establishing power through rules and processes. People report to the office, sit at their desks, and take direction from the leaders at the top. Not much has changed through the years because today’s organizations continue to be too hierarchical. This type of structure is rigid and does not foster creativity and passion from all members of the organization.

The digital age that we live in will continue to enhance communication and business interactions. However, the current organizational structure does not support this movement and will not work in the future. This model is becoming outdated because it was designed for the industrial economy, not the information economy.

The New Ecosystem – Community, Agility, Sustainability

Companies need to create a new social contract with their employees that puts people first and acknowledges the needs of its changing workforce. Seventy-six million Millennials (born 1982-1995) are coming into the workforce. They want to work on different projects. As a result, there will be tribes within an organization. Each tribe will be working on a specific company project. Ideally no longer will there be a product development department or a marketing department. Instead there will be representatives from product development and marketing within one tribe. Tribes will be constantly evolving so all employees have the opportunity to work on different projects. As a result, there will be tribes where individuals are collaborating with one another on a project that they love in a fluid and open environment in order to produce maximum results.

Agility: In the future, only the most agile companies will be left to compete, and competition will intensify as technology advances. We need to embrace agility as the new paradigm for leadership. Leaders who are agile will allow for transparency, which will foster open communication and better connection within the tribes. With Millennials entering the workforce, the workplace will be filled with risk-takers who are willing to experiment and jump into an idea feet-first without the thought of failure. The future workplace will need to morph into a more fluid and porous environment, allowing for more experimentation and innovation. Employees will respect the leader’s honesty and be inspired and motivated to perform.

Transparency leads to trust. Trust is about relying on others and having faith. Through our research, we found that among the Millennials today there is a lack of trust. They have grown up during a time with no real role models and no true leadership. They have been let down by organized religions, financial institutions have crumbled, and they have watched their parents lose their life savings. The heroes to this generation are their parents and best friends because this is whom they see as authentic leaders. A corporate title no longer equates to leadership.

An important characteristic of this new agile tribe will be comfort with working remotely. Teleworking has been described as the new face of the agile workforce, and the employee of the future is morphing into a “work-anywhere warrior.” Gartner Dataquest estimates that over 14 million workers currently are teleworkers, spending at minimum 20% of their work-week outside the office. Within the next four years, about one third of the U.S. workforce will demand to telework.

Tomorrow’s organization will be unbound and limitless. Companies will need to think of creative ways to adopt new ideas from other industries into the world of beauty. Meet the innovation odd couple: P&G, a more traditional corporate structure, and Google, a free flowing culture, have collaborated to figure out what makes the other tick. Reaching outside like this is a powerful way to incubate new ideas and recharge.

Sustainability: The workplace has changed greatly in the last 10 years and will continue to evolve at an even greater pace into the next decade. Employees are a company’s most valuable assets. Turnover rate for our industry is extremely high, and we are all competing to acquire and retain the best and brightest talent. Passionate and engaged employees are key to a
company’s success and sustainability. But how do you foster this within your company?

Corporate social responsibility is important, especially to the Millennials. It should be authentic, and it is about more than just donating money to a cause. Companies should also encourage volunteerism through organizing events that will get employees involved and make an impact in their community.

We spoke with Millennials and they shared what they are looking for from their companies. They are not looking to be CEO overnight. They want to be loyal and care about the company, but they expect the same in return. They want opportunities to broaden their experience. Externships, international rotations of six months, and tribal rotations are ways companies can enable Millennials to try new things without losing these people to other employers.

The role of work has changed during the last several decades. Originally, work was a matter of necessity and survival. Today, work is still a necessity, but people are looking for more meaning from their work, without sacrificing work-life balance. 88% of employees say they have a hard time juggling work and life, according to Aon Consulting. In a survey for The New York Times Job Market, 75% of the respondents reported that workplace stress impacted their decision to look for a new job. Technology should aid in getting the work done smarter and faster within a reasonable timeframe, so people can truly enjoy their personal lives.

The combination of generations in the office will also require companies to develop new programs that foster communication and collaboration, despite the gap in technological affinity. Reverse mentorships are a great way to foster this interaction, while both generations learn from each other and can better appreciate the other’s expertise.

A leader who facilitates, educates, and inspires has the attributes to lead a successful company. The important thing to remember is, if leaders and companies do not evolve to meet the needs of their employees in the workplace, those employees will leave your company to find one that does.

Solution

Our solution is a model company called inc. @, the Beauty Company of 2020. inc. @ is a company that has adopted the community, agility, and sustainability modes of the Ecosystem. They have rewritten the social contract with their employees, and they place collaboration and creativity at the core of their people-centric culture.

Examples of how inc. @ has adopted the Ecosystem Model include:

Working Remotely: inc. @ gives freedom and flexibility to their employees by encouraging them to work remotely. Even working for other companies on shared time is seen as an advantage, and inc. @ thrives off of the talent of their well-rounded and dynamic people. Inc. @ accommodates their remote workforce through the Mobile Village, the next generation of office hotel space. Employees check in to the Mobile Village online before arriving at the inc. @ office. A concierge sets up a workstation to meet the needs of the employee while they are working at the office. Each workstation has a digital wall that serves as the single point of access to all of inc. @’s resources.

Fluid Workspaces: inc. @’s workspace infrastructure enables collaboration. Yesterday’s cubicles have been replaced by fluid workspaces. Lightweight screens replace walls to divide space in an easily changeable manner. Tribes can cluster their workspaces together for collaborative activities, and revert back to individualized spaces as needed.

New Roles: inc. @ has embraced a community-style organizational structure, and there are new roles in the organization to correspond with this collaborative way of working. For example, the Knowledge Facilitator works within tribes to connect people with each other and the resources that they need. This is an example of how traditional titles have been discarded in favor of a language that is less about hierarchy and more about people’s talents.

The New Intranet: inc. @ has developed theMirror, the next generation of the Corporate Intranet. theMirror leverages the concepts of Social Networking to bring employees together. The site is comprised of tools such as blogs, a company wiki, and real-time chats. The news feed shows live updates from all of inc. @’s employees, and enables them to easily keep track of their colleagues’ activities. On theMirror, each employee has a page on peopleSpace, an area where every employee shares his or her portfolio of projects. innovateSpace is a place on theMirror for employees to come together and forge new ideas. The collaborative forum allows employees to click on topics and brainstorm over a live chat with their colleagues. meetingSpace, the next generation of workplace meetings, shows all meetings happening in the company at any given time. Employees working remotely can click on any discussion to join in. This gives transparency to activities happening in the company and facilitates communication across the inc. @ community.

Mobility: inc. @ has developed their own mobile application to keep employees connected to company resources such as theMirror. Employees can join meetings via their mobile device and stay connected to the inc. @ network from any remote location.

inc. @ is a company that has truly evolved to the Ecosystem Model through their workspace infrastructure and technology solutions. They are poised to attract the best talent to lead them successfully into the future.

Conclusion

The current leadership model is broken and a new way of thinking is emerging. Do not be afraid to challenge the traditional structure. Companies need to innovate, inspire passion, foster trust, and embrace agility with their employees in the workplace.
The Future of Retail

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Retail as We Know It Has Failed.
“Retail as we know it has failed.” This critical quote from Marshall Cohen of NPD serves as a wake-up call to us all. For the first time in more than 20 years, we watched U.S. retail take its largest decline in 2009, decreasing by 7%. Last year alone, a staggering 10,000 retailers closed their doors while unemployment soared to 10%. As best said by Wendy Liebmann of WSL Strategic Retail, “Prices on everything were going up… Savings were non-existent. Credit was maxed out. American shoppers were stretched too thin.” As a result, the shopping dynamic shifted. “Consumers were no longer living to shop, but shopping to live.”

How Did Retail Get This Way?
It started with an artificial inflation of retail growth that was fueled by the opening of more and more stores. This behavior was further encouraged by the age of excessive credit-based consumer spending along with the immense affluence and grand scale of the U.S. market. Stores were over-sized, overstocked and everything was on sale! When the economy spiraled, consumers were forced to reduce spending and retail struggled to remain profitable. Retailers sought to reduce their inventories in any way possible – resorting to heavy discounts, coupons, doorbuster sales and GWP’s. In the fight for survival, many retailers lost sight of their main purpose – to entice, engage, and entertain their customers.

Take a Risk or Play it Safe
During this vulnerable period, many retailers chose to play it safe and not make any major shifts in their strategies. Interestingly, many of the winners were the ones that took a risk and broke down the barriers. This was best communicated at the recent WWD CEO summit by Glen Senk from Urban Outfitters. “We didn’t have a choice about taking risks. If we had offered the things that we had offered previously, the customer wasn’t going to buy it. If it was in her closet, she was shopping her closet. So the only way to capture the customer was by giving her true innovation.” For this retailer, the quest to provide innovation at retail showed real results in a tough economy.

Other retailers that have successfully taken a risk and been successful during these difficult times include:
- **Apple:** iTunes removed the boundaries of time and location;
- **Uniqlo:** Brought fun, value and entertainment back into retail;
- **Sephora:** Removed the barricades in beauty and allowed consumers to play.

How Can We Evolve Further?
As we think about the next 10 years of retail, it is time to acknowledge the days of excessive shopping are over. We need to better communicate our brands and truly connect with our consumers. It’s time that we move retail forward and embrace change.

A perfect place to start is with the Millennial Generation, also known as Gen-Y or the Echo Boomers. They are currently between the ages of 16 and 32, born between 1978 and 1994. They are the largest (83 million), most ethnically diverse, and best educated consumer group in U.S. history.

More importantly, this generation is an economic powerhouse. To put this in perspective, the Millennials represent $250 billion in annual spending power and have a major influence on both the Baby Boomers and Generation X. They will eclipse the spending power of Baby Boomers by 2017. In order to successfully target this group, retailers need to understand that the game has changed and Millennials are playing by a different set of rules and motivations.

The Millennials
Let’s take a closer look at this critical generation, that has grown up in a fast paced technological era which has changed the way they think, learn and process information.

**Catch Me If U Can:** A key characteristic of the Millennials is that they are impatient and get bored easily. More specifically, they hate standing in lines, do not like too much information (TMI), expect instant gratification, and demand flexibility in all parts of their lives. In fact, over half say they do not like to be bothered by sales assistants when shopping in stores.

At the same time, they are stressed out trying to juggle an overwhelming number of choices and tasks. To put this in perspective, they change tasks every 3 minutes and send 1700 texts a month. With all this going on around them, their attention span is extremely limited, which makes it very difficult to break through to this generation.

**Catch Me If I Fall:** Millennials hide it well but, after a lifetime of option overload and being told “not to settle,” they often feel anxious about what to do and buy. They crave authenticity so they can make smarter purchase decisions. We believe the future lies in being able to emotionally engage them in an honest dialogue to help retailers build a passionate community of loyal shoppers.

**Connect with Me:** Millennials thrive in communities and have a high need for validation. The numbers speak for themselves:
- Facebook has 400 million active users that log-in 500 billion minutes per month;
- Twitter is now registering 55 million tweets per day.

For retailers, this level of connectivity can make or break a business. Most importantly, consumers, not companies or brands, own the message. If we forget this fact, she will surely tell all her friends about it on Facebook.

**No Boundaries:** Time and place are becoming irrelevant for this generation, that has grown up with few borders, boundaries and rules. Today, the concept of no boundaries is more about convenience than the experience. Retailers that can combine both the experience and convenience, while bypassing traditional borders, will win this generation.

**Hi-Touch:** Finally, Millennials are in search of tangible products and real experiences to balance their digital lives and keep them grounded. Retailers that provide a customer-centric and personalized approach that merges digital offerings with tangible products and services will be in high demand.

Millennials are screaming out for retailers to challenge the norms, break the rules, and build a deeper emotional connection. They want and expect YOU as retailers to put THEM at the center of YOUR universe.

**Touchpoint Integration**
In order to engage these consumers, the shopping experience must be an emotional journey. Every moment should be designed to engage Millennials; however, it’s no longer as simple as click or brick. We must engage them through an integration of touch points. Let’s take a closer look at some of the examples we feel are best in class...

**Wet Seal / Runway:** Wet Seal is a perfect example of a common brick and mortar retailer that transformed the in-store experience and represents a no boundaries approach.

Here’s how it works. While shopping
Earlier this year, @Cosme also opened a kiosk space where consumers congregate daily. The Tokyo metro stations, an unexpected retail channel for consumers to engage with brands. The @Cosme shopping portal allows its members to put together fashion looks across 20 brands and validate their choices. It is a great example of how indie brands can find a way to grow.

Its success lies in both an open dialogue among members (such as “Are shorts okay to wear?” and “What is the perfect black dress?”) as well as an unbiased and pressure-free platform to play and ultimately purchase. This crowd-sourcing way of styling has drawn 140 million page views per month!

@Cosme: Another online community that has successfully turned into a brick and mortar retail operation is the largest Japanese consumer cosmetic review site (similar to Makeup Alley). @Cosme now operates 6 retail stores in Tokyo that feature top ranked consumer products. This model helps busy consumers simplify their decision-making and validate their choices.

These stores are located conveniently within the Tokyo metro stations, an unexpected retail space where consumers congregate daily. Earlier this year, @Cosme also opened a kiosk with a vending machine to sell the top selling products available 24/7 on the metro platform.

Lululemon Athletica: Moving off-line to a successful retail store model, Lululemon’s impressive growth has been cultivated through its emotional connection and hi-touch engagement with consumers. This has been accomplished by embracing what they stand for in everything they do and offering experiential shopping with a surprising twist at every turn, as well as holding events and yoga classes in its stores to engage consumers.

Red Bull: Even though this example is not a retailer, we mention it here since it is such a good illustration of engaging the short attention span of over-taxed Millennials by creating excitement. Red Bull decided to celebrate its one-millionth fan on Facebook by hosting a limited time national scavenger hunt. The brand hid multi-packs of Red Bull all over the country and invited its fans to find them. This created an incredible amount of viral buzz for the brand and a larger base of loyal followers.

Polyvore.com: Taking the iRunway concept to the next level, the UK-based Polyvore.com shopping portal allows its members to put together fashion looks across 20 brands and validate their choices. It is a great example of how indie brands can find a way to grow.

Its success lies in both an open dialogue among members (such as “Are shorts okay to wear?” and “What is the perfect black dress?”) as well as an unbiased and pressure-free platform to play and ultimately purchase. This crowd-sourcing way of styling has drawn 140 million page views per month!

Conclusion
Learning from these best practices, what can retailers do to achieve successful and sustainable growth for the next 10 years? The Millennial consumer traits discussed in this paper will be even more amplified in the years to come. Going forward, we need to move towards a more consumer-centric approach to target this generation; otherwise, they may stay away from traditional retail forever.

Show Me, Don’t Tell Me: Millennials do not like to be told how they should feel. Therefore, imposing a brand on them would definitely turn them off. Retailers should provide the tools for them to figure out how they feel based on their own experience.

Back to Reality: Honesty and transparency communicate authenticity. Retailers should be accountable for their actions. Millennials also consider vulnerability as a sign of authenticity. Therefore, if there are any problems or flaws in their products or services, retailers should be able to show the consumers that they can immediately fix them rather than hide them.

Friend Me: It is all about community. Retailers need to help the consumers connect and validate their choices through their network. It is critically important to be a part of their community.

Hand over the Keys: Consumers want to sit in the driver’s seat. It is imperative to trust your customers, and embrace and incorporate their input.

3 Second Rule: First impressions mean everything. Retailers should strike the perfect balance of instant gratification and deep connection. Utmost attention needs to be paid to the total integration of color, material, texture and copy, as this generation does not read but view.

Experience, Bottled: The essence of retail experience needs to be delivered as a smartphone application. Mobile phones are the most important touch point for Millennials.

Expand Your Horizon: Retailers should connect at all touch points. It is no longer about location or the choice between brick and click. It is extremely important to know where the consumers are and be there with the appropriate offering of products and services.

Considering how demanding these new consumers are, every touch point needs to provide the best shopping experience.

The best in class examples mentioned above connect with the consumers at all different touch points. Now we have a broad spectrum of touch points – from online to brick and mortar – and the vitally important requirement of integrating all of them.

In order to successfully target the Millennials, technology can’t be just an add-on; it must be a critical part of the retail experience. This will mean reaching out to consumers across all aspects of the spectrum.

Change is the only constant. Embrace the change, and evolve with the consumers.
Leadership in Action: **Recognizing Achievement**

**Capstone 2010 continued from page 2**

Marixsa Rodríguez receiving Victoria’s Secret Beauty Outstanding Leadership Award from Victoria’s Secret Beauty President Shashi Batra

Scholarship Award winners, left to right, Shiri Sarfati, Yumiko Nishikawa, Beatriz Loizillon, Lea Koussoulis, Nichole Kirtley, and Marta Cammarano, with presenter Leslie Harris (far right) from class of 2008. Ms. Nishikawa was also the recipient of the Outstanding Scholar and Department Medal Awards for the Class of 2010.

Class of 2010 with Program Chair Stephan Kanlian

Estée Lauder’s Phebe Farrow Port presenting the Estée Lauder Companies Faculty Leadership Award to Adjunct Professor Pamela Vaile

**Industry Leaders Mentor the Next Generation**

As has become an annual tradition, the dedicated industry leaders who serve as Executive Mentors to students in the FIT Master’s Program gathered on February 5th at the Magic Room atop the LVMH Tower, for an industry luncheon, and to celebrate the FIT Master’s Program’s hands-on leadership training through a curriculum-based Mentoring program, the only one of its kind in a graduate business program. Pictured at left are the current Executive Mentors, senior leaders from retail, marketing, publishing, consultancy, market research, industry associations, and fragrance development houses. The event is hosted each year by LVMH Perfumes and Cosmetics CEO Pamela Baxter, and Joanna Grillo, head of human resources for Parfums Christian Dior, both of whom serve on the FIT Program’s Industry Advisory Board.

Executive Mentors gathered at annual Executive Mentors luncheon