



Emporio Armani to Launch E-commerce Site in U.S.

By Luisa Zargani

MILAN — Giorgio Armani is known to be tireless and hands-on about building his business. However, there is one store opening the designer will have to miss — that of the reproduction of his Via Manzoni megastore in the virtual world of Second Life.

Instead, a computerized version of Armani, otherwise known as an avatar, will welcome viewers and shoppers on the site when it launches. And just as the designer is often in his stores checking merchandise and windows and talking to customers, so his avatar will be in the Second Life store on a regular basis. The store will allow viewers to purchase the brand's top 10 products virtually via Second Life currency, the Linden dollar, or in actuality.

More significantly, coming in September, Armani will start selling all Emporio Armani products online in the U.S. as part of an ongoing strategy of expanding e-commerce.

"In the last seven years, I have seen mounting enthusiasm for online fashion shopping in the United States through

interview with Mr. Armani," said Triefus, declining to reveal the name of the Web site until the deal has been finalized.

The designer said there are only 10 Emporio Armani freestanding stores in the U.S. and that the Web site will enable consumers nationwide to shop the entire collection. "There are many attributes of an e-commerce store that I find especially appealing: the ease with which we can change the merchandise offerings; the instant information we receive on the way customers are shopping on the site, [and] the fact that the collection can now be available 24 hours a day, seven days a week, to so many people who have not had access to one of my stores in the past," said Armani.

Triefus said the e-commerce site has been in development for a year, and the company is determined to offer online the same retail experience as consumers would find in Armani's brick-and-mortar stores.

The company is investing \$500,000 in online communication and search optimization in the first season, working with leading interactive advertising agency Morpheus Media. The full range

of Emporio Armani products will be available on the site, from clothing to accessories, eyewear, fragrances, jewelry and Red-branded pieces. Triefus said the site will comprise the "Experience" section, designed in collaboration with Saatchi & Saatchi Italy, and the "Shop Online" area, powered by the Italian Internet retailer Yoox. Initially, only U.S. residents will

be able to shop, but the company plans to expand the site to Europe next year and to Asia after that.

"America is the most advanced country for e-commerce. It's only logical to launch there first," said Triefus, noting that, in the U.S., the company does not wholesale Emporio Armani apparel and accessories, with the exception of watches, jewelry and eyewear. The site also coincides with the launch of the fragrance Emporio Armani Diamonds, fronted by Beyoncé Knowles. In September, all Emporio ads will bear a reference to the online shop.

In 2000, Armani started selling A|X Armani Exchange products on the Internet; Emporio Armani watches followed in 2004, and, at the end of 2005, Giorgio Armani Beauty went online. All these projects were aimed at U.S. residents only.



Emporio Armani's Web site.

the growing success we have had with our A|X Armani Exchange site," Armani said. "Over this same period I have also observed the increasing sophistication of fashion consumers shopping online, which has encouraged me to develop this new site for my Emporio Armani lifestyle."

A soft unveiling of the Emporio Armani site is slated for Aug. 14, while the official launch will take place Sept. 7, to coincide with the Neiman Marcus Crystal Charity luncheon in Dallas. Armani has been invited as guest of honor and will show his fall collection.

Robert Triefus, Armani's executive vice president of worldwide communications, said that, for the first time, the designer will be interviewed online by the American public that day. "A major American portal will organize a live chat

Jones Apparel Posts \$47.1M Loss in Qtr.

By Vicki M. Young

Jones Apparel Group, which reported a second-quarter loss and lowered full-year guidance on Wednesday, said its board agreed that Fast Retailing Co. Ltd.'s \$900 million cash offer for Barneys New York was superior to a previously accepted bid from Dubai-based Istithmar.

President and chief executive officer Wes Card, who replaced Peter Boneparth last month, said the company was not for sale and acknowledged there have been no offers for it. He intends to emphasize core brands: Jones New York, Anne Klein, Nine West and Gloria Vanderbilt. "Focusing on quality is built into my DNA at Jones," Card said. The board is "committed to investing in the good opportunities we have here."

"My first order is to develop a good strong plan for 2008 that we can execute against," he said in an interview. "We need to show the shareholders more consistency."

The company is working on its wholesale relationships, from strategizing to working on how to grow, Card said. He didn't rule out acquisitions, saying that Jones "is always looking" with an eye to "enhance shareholder value." Still, Card's plan for turning around Jones seems more focused on internal changes and getting those initiatives in place before adding brands.

Meanwhile, Jones' agreement with Istithmar, a private equity and alternative investment house, remains in place and the firm has "until the end of business on

Barneys brand, management and creative teams, and would be an excellent strategic partner."

Jones said separately that for the quarter ended July 7, the company posted a loss of \$47.1 million, or 44 cents a diluted share, compared with income of \$36.6 million, or 32 cents, in the same year-ago period. The most recent quarter included a write-down associated with the brands that the company has decided to sell. Excluding results of discontinued operations and restructuring costs, adjusted earnings were 17 cents a diluted share versus 39 cents last year. Total revenues fell by 2.2 percent to \$903.9 million from \$923.9 million, which includes a sales decline of 1.7 percent to \$894.5 million from \$909.6 million.



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— Wes Card, Jones Apparel Group

Friday" to disclose whether it wants to match the offer, Card said.

Jones said Tuesday that it had received the offer from Tokyo-based Fast Retailing, the owner of fast-fashion chain Uniqlo and an investor in contemporary brand Theory, which is not contingent on due diligence and can be closed quickly. The apparel giant on June 22 entered into an agreement to sell the luxury Barneys chain to an affiliate of Istithmar for \$825 million in cash, subject to purchase-price adjustments. Jones would be required to pay a termination fee of \$22.7 million if it withdraws from the accord.

Neither the executives at Istithmar nor the firm's bankers at Peter J. Solomon Co. could be reached for comment.

A spokesman for Fast Retailing said, "We are very pleased with the board's decision to declare our offer superior. Fast Retailing has the highest respect for the

For the six months, the loss was \$800,000, or 1 cent a diluted share, against income of \$62.5 million, or 55 cents, in the same year-ago period. Total revenues slipped by 1 percent to \$1.98 billion from \$2 billion, which included a slight decline in sales by 0.7 percent to \$1.96 billion from \$1.97 billion.

Jones said it expects 2007 full-year adjusted earnings per share to be between \$1.28 and \$1.34, versus previous guidance of \$1.85 and \$2.05.

The company expects to complete the sale of certain smaller sportswear brands, including moderate apparel brand Erika and the footwear and accessories label Pappagallo, which it determined were not necessary for its core operation, Card said.

Jones' plan is to concentrate on the upper moderate market because "We're not really geared to do entry-level moderate price points," Card said.

Fashion Scoops

DRESSING LIKE J.L.O.: Many a fan would love to spend a day in Jennifer Lopez's shoes, let alone her dress or her jewelry. And starting tonight with a preview reception, it will be possible, since women will be able to buy the curvaceous star's costumes from "El Cantante," the biopic of salsa star Hector Lavoe that costars Lopez's husband, **Marc Anthony**. The vintage ensembles, which span the decades from the Sixties on, are on sale at East Village store Screaming Mimi's, with part of the proceeds benefiting amfAR. Included in the offering is Anthony's wardrobe and those of background actors, with prices starting at \$55. Lopez's hand-me-downs include an early Eighties velvet keyhole dress she wears in a nightclub scene, selling for \$295; a pair of Seventies red-trimmed denim HotPants (\$265); the tall polyester dress featured in the film's poster (\$425), and a Lanvin



Jennifer Lopez in a dress from "El Cantante."



cuff priced at \$750. "Lots of times they wrap movies and the costumes go into storage," says store owner **Laura Wills**, noting that ironically a few of the items had been purchased from her store in the first place. "It was a great windfall to be able to buy the costumes from the movie. This is the crème de la crème of vintage." But anyone who wants to wear Lopez's costumes will have to bear some resemblance to her: at size 4 to 6, "she's pretty small," says Wills.

WORKING THE MALL: American Eagle Outfitters threw a "denim carpet" premiere for its new TV ad series, "It's a Man's World," directed by **Milo Ventimiglia** of "Heroes," on Tuesday night at the Ginramo Dome in Hollywood, followed by a party at the Cabana Club attended by cast members and celebrities including Dixie Chick **Natalie Maines**, **Rachael Leigh Cook** and Ventimiglia's "Heroes" co-star **Hayden Panettiere**. The first of 12 three-and-a-half-minute episodes will premiere during a commercial break on MTV's "The Real World: Sydney" on Aug. 8. The minisport centers around five friends working at various mall shops. The company's Web site will feature longer, five-minute clips of each episode the day after it airs on MTV, plus an extra episode at the end of the season.

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