



## Clear Beginnings

As the clean revolution takes root in beauty, a new generation of fragrance brands are leading the charge for transparency in perfumery. For more, see pages 8 and 9.

*PLUS: Retailers on what's really selling for Mother's Day, Kiko Milano CEO Cristina Scocchia and Bretman Rock's hair-color adventures.*

PHOTOGRAPH BY JENNA GREENE



# Kiko's Cristina Scocchia On Returning to a 'Better Normality'

The ceo believes industries and society will evolve in a more socially responsible, sustainable and meritocratic direction. BY SANDRA SALIBIAN

**MILAN** — Cristina Scocchia is an optimist at heart.

Not even a pandemic is denting the positive approach and pragmatic lucidity she's known for in the beauty industry, where Scocchia, now the chief executive officer of Kiko Milano, has worked for more than 20 years.

That's despite Kiko shuttering temporarily almost all of its 902 stores for months and suspending its e-commerce activities for some weeks (it is now up and running again).

Since her appointment in 2017, Kiko has undergone significant changes, including selling a 33 percent stake to private equity fund Peninsula Capital, in order to return to profitable growth. Last year, Kiko generated 587.5 million euros in sales, while earnings before interest, taxes, depreciation and amortization were 58 million euros, doubling the figure registered in 2017.

Scocchia has focused Kiko's geographic footprint eastward and enhanced its e-commerce platform. Sales in the Middle East and Far East combined tripled to 60 million euros, while online sales have doubled since 2017 and now account for 7.2 percent of total revenues.

Part of Kiko's 2020-2022 business plan involves the strengthening of its global expansion through seven new franchising partners. Last year, the brand opened stores in Russia and Malta, while units in Saudi Arabia, Greece, Romania, Bulgaria and Cyprus are slated for 2020.

Here Scocchia discusses store closures, concerns and hope for a better future.

**Beauty Inc: Why did you shut down Kiko's e-commerce, in addition to its brick-and-mortar stores?**

**Cristina Scocchia:** Since the beginning of the crisis we decided to put the health and safety of our people first. Our people are my customers, my employees and the employees of the suppliers that are working for us. Those who are packing and shipping for our e-commerce are part of the people I felt responsible to protect. When everything was shutting down, we felt that the most responsible thing to do was to shut down e-commerce. It was painful, because when you shut down all the stores you would like the e-commerce to provide you a bit of revenue, but we put people first. Then, after a few weeks, when everything improved, we reopened it. Now it is up and running, because all suppliers involved had the time to implement the necessary safety measures. We are receiving a number of orders which is in line with the Black Friday week, so it's really booming. It's a sign that our customers were waiting for the site to be up and running again, and I think they also understood why we shut it down in the first place.

**BI: What are your primary concerns?**

**C.S.:** That we don't lose sight of what is needed to have a good recovery in the near future and to do it as fast as possible. Currently we have a health emergency and, of course, this is the priority. But on the other hand, there is an economic emergency that needs to be addressed. The economic crisis is a liquidity crisis. I would like to see governments act fast, injecting liquidity into their economies to lay a solid foundation for a recovery, because that must be set now and not when the health emergency will be over. Global employees need to be supported throughout the crisis, and this is happening in some countries better than in others, while in others it is not even happening, so we must make sure that no one is left behind. We're responsible to push the governments in the right direction, to protect employees and we should all make sure that there are the right economic measures to get out of this crisis.

**BI: What are the main pillars of your relaunch strategy?**

**C.S.:** We will continue to be a brand of quality and affordable. These are the two main pillars of our DNA. There is a third pillar, which is "Italian-ity," and we will accelerate on this. We are planning collections that evolve around the beautiful landscapes of Italy. It's a way to evoke and be ambassador of our country. I wouldn't say that we are making major changes, we are just aware of the fact that we will most probably lose two or three months

of turnover and, as a consequence, we will manage the cash flow, mainly reducing capex investments. The easiest way to reduce them is to postpone openings in the directly operated markets. Of course, we acknowledge our franchisee partners may do the same in their own countries for the very same reasons, so that's why we expect to open fewer stores in 2020.

**BI: How will this pandemic impact the industry?**

**C.S.:** The real impact is what we make out of it. The question is: What should we learn from this complex situation? Hopefully, the beauty industry and society overall will evolve into a more sustainable model. Many companies and countries are already at the forefront of these, but most of them are not yet. I hope that all economies, markets and companies will accelerate the push for sustainability and a socially responsible behavior. We will get back to normal, but this moment should serve as a wake-up call. Why go back to normal when we can go back to a "better normal"? This is what I want to dream, and is a tremendous opportunity: To go back to the normal life we had before, but in a better way, more socially responsible, more sustainable and also more meritocratic, because at the end of the day, how do you get out of a crisis? With competence and experience.

If you think specifically about beauty, there will be always new innovation. We expect, for example, to see monodose items booming. I'm also expecting a slight shift from lipsticks to eye products, due to the use of masks. So the eye category will have a boost.

**BI: How will the brick-and-mortar environment change in the short term?**

**C.S.:** We are working with the health authorities in the countries in which we are present to understand how our stores will need to evolve. Most probably only a certain number of customers will be permitted into the stores at the same time, so we will need to count them. In most countries, customers will likely need to wear a mask and in some cases even gloves. We won't be able to do makeup applications in the first months, but we will resume them with a completely new standard of health and safety. For testers we will need to evolve stricter rules versus the past, and the same counts for in-store iPads or even payments, asking customers to wear a glove to pay or to touch a screen. At the same time we will guarantee an enjoyable experience, because life goes on and people will want to pamper themselves.