

Duane Reade's Transformation Opens Doors For Emerging Upscale Labels

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New York-based drugstore chain Duane Reade has taken its upscale "Look Boutique" concept to a new level with the opening of its Wall Street location.

Touted as the retailer's flagship store, the 22,000-square-foot site will serve as a beauty testing ground for the chain and parent company Walgreens.

Duane Reade has elevated its cosmetics offering over the last few years with its store-within-a-store prestige beauty concept "Look Boutique," part of a larger rebranding initiative that has included improvements to its pharmacy and walk-in health-care services and the launch of new private-label food items.

In addition to "high-end, salon-grade" skin- and hair-care products, draws of the new beauty-heavy store include "before/after virtual makeovers, skin analysis from *Philips Crystalize* and an automated fragrance sampler that will allow customers to try more than 40 different scents," according to a July 5 release.



Duane Reade's beauty center at 40 Wall Street

Elements that perform well in this space will make their way to other stores in the Walgreens/Duane Reade family. Walgreens purchased the retailer in a \$1.1 billion acquisition last year.

"If a young indie brand wants to prove their worth, this is the space, almost like Sephora was several years ago when they first entered the market," Joseph Magnacca, CEO of Duane Reade, said in a June 28 presentation at HBA Global Expo.

The new flagship store, which opened July 6 at 40 Wall Street at the base of the Trump Building, devotes a vast portion of its floor to beauty. In-between grabbing a roll at the sushi bar and sipping on a specialty-themed smoothie, shoppers can comb

through up-and-coming brands in just about every beauty niche for as long as their hearts desire (the store is open 24/7).

Open displays of natural and doctor-recommended skin-care products are flanked by an *Essie* and *OPI* nail bar, complete with a shimmering chandelier and fireplace, and a Phyto Universe hair salon stocked with hair-care products from **Phyto USA**.

The sunny, marble-floored space is packed with unique, higher-priced products than are found in the ordinary drugstore, including **Roger & Gallet Bois D'Orange Invigorating** Fragrance Water (\$69), **MyChelle Dermaceuticals Vitamin A Plus** Serum (\$60) and the **Nutra Sonic Essential 4-Speed** device (\$129).

"I Had To Be Here" - Peter Lamas

"The Rose Sheet" visited the new store on July 13 and spotted celebrity hairstylist **Peter Lamas** peddling his namesake hair-care brand while two guitarists strummed in the background. *Peter Lamas* products, which also include skin-care items "unit[ing] nature and healthy science," are also carried in Fred Segal and Whole Foods.

Asked why he made the jump into the drugstore space, Lamas said: "If [*Frederic*] *Fekkai* is here and it's good enough for him, it's good enough for me."

Upon hearing about the new Duane Reade concept, "I knew I had to be here," said Lamas. "The Estee Lauders of the world are dying to be here."

Stationed at the 40 Wall Street Duane Reade locale for two days, Lamas fielded questions from the center of a flock of women surrounding his display. One woman, gazing at a male model accompanying Lamas with "Twilight" star Robert Pattinson-inspired locks, said: "Look at his hair. I have to have this." She walked away with a sample.

The six-year-old Peter Lamas brand would likely seem pricey by traditional drug store standards. A bottle of Chinese Herbs Stimulating Shampoo, which the firm says "stimulates and energizes weak hair and scalp," retails for \$22.

Showcasing Small, Prestige-Trending Brands

At the flagship store, Denmark-based **Gosh Cosmetics** highlights bright hues targeting the teen and twenties crowd, with \$13 Glamorous Eye Shadow and \$14 Velvet Touch Lipstick. **Becca Cosmetics**, situated nearby, showcases a full range of color cosmetics. One offering, a stick foundation with SPF 30 in hues including Cashew, Brulee and Cappuccino, costs \$44. The brand also retails in upscale department store Henri Bendel and at The Plaza Beauty, the luxurious beauty offering in New York's Plaza Hotel.

For the fashion-forward set, **Butter London** nail polish, previously available at the Seattle-Tacoma International airport, a handful of premium retailers and online, occupies a table with a smattering of its \$14 runway-inspired shades including British Racing Green and Come to Bed Red. Positioned as "3 Free," the polishes do not contain formaldehyde, toluene or DBP.

Magnacca said Walgreens is emphasizing fashion-forward nail polish displays at stores in the New York area as well, trying to move from its “motherly” image to something closer to Duane Reade’s “youthful, contemporary, progressive” feel. Walgreens previously “looked at polish as a commodity and sold a lot of *Sally Hansen*,” he said. “Today it’s about Essie, OPI and brands like Butter that matter to the consumer and are fashion-related.”

Categories On The Move

Vera Moore Cosmetics is one regional line being tested at the location “to make sure we understand the African American community,” according to Magnacca. Founded by actress Vera Moore, who played Linda on soap opera “Another World” for 12 years, the line was designed to fill a void of “quality cosmetics especially for women of color, a foundation that wasn’t greasy, oily, turned red and rubbed off on her clothes” when working under hot television lights, per the brand’s website.

Duane Reade carries selections from the brand’s line including Crème Foundation (\$30), along with a Calendula Oil Moisturizer with vitamins A, C and E (\$35) and a Plant Nutrient Masque (\$25), which improves circulation and calms sensitive skin, according to the product label.

The store doesn’t skimp on skin care, which Duane Reade initially viewed as its “entry to prestige,” according to Magnacca.

The retailer’s skin-care offerings fall under two categories - Doctor-Recommended and Natural Solutions. **Pierre Fabre’s Eau Thermale Avene**, **L’Oreal’s Vichy** and **La Roche Posay** occupy the former, while offerings from **Nuxe Paris**, **Lierac Paris**, **Purity Cosmetics** and **MyChelle** are considered natural. Viewing product prices, which for MyChelle range up to \$80 for a *Notox* Anti-Wrinkle Serum (a natural alternative to Botox), requires flipping up a plastic cover, putting off sticker-shock until a shopper has had the chance to examine the product.

Self-described “prestige cosmetics company” Purity Cosmetics, owner of the *100% Pure* brand features serums, cleansers and 100% natural fruit-pigmented cosmetics, including \$15 cheek tints and eye shadows. Mostly sold on television and in company-owned boutiques, “we are a small brand growing very rapidly,” according to the brand’s Facebook page.

For Indie Brands Looking To Break In...

For every *Maybelline* display at the new Duane Reade, there is equal space for an independent brand.

The key to winning space on a retailer’s shelves, Magnacca said, is emotionally engaging the retailer. He encouraged brands to approach retailers with their “hero products.”

“Put your best forward and make a case for that product or small range of products. Retailers are afraid of large ranges of products today,” he said. 



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