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## Aspirin, Q-Tips and a New You

*Drugstores Try to Sell Glamour, Offering Cosmetics Boutiques, Facials, 'Eyebrow Bars'*

By KATHERINE ROSMAN

Makeup is all about promises: glamour, youthfulness, boldness or escape. The makeup counters of beauty retailers are carefully designed to conjure up visions of transformation for the women who shop there.

Now, drugstores are trying to do the same thing.

In Duane Reade's new in-store beauty centers, trained makeup artists in aprons help customers pick between blushes and bronzers, offering advice like "There are no rules in makeup." The "Look Boutiques" feature walls of brightly lit shelves, \$20-plus makeup brushes in Lucite cases, and displays with beauty-counter lighting where customers can linger, get their skin analyzed or try on lipsticks. A perfume bar allows shoppers to sample scents such as "Frozen Margarita" and "Green Tea" from Demeter, a brand that until recently was sold at Bloomingdale's.

Duane Reade, a New York City-based drugstore chain, is one of several mass-market retailers, including CVS Pharmacy and Wal-Mart Stores Inc., that are glamming up their makeup sections, betting that women are willing to splurge on beauty in the same store where they pick up toilet paper and cotton swabs. The stores are sprucing up displays, adding lights to shelves, creating weeks-long training programs for their "beauty advisers" or offering facials and massages on-site.

In addition to mass-market brands like Revlon and L'Oréal, they are stocking independent brands like "Tini Beauty and POP Beauty—makeup which tends to cost more than Maybelline and CoverGirl, but has cool, sophisticated packaging and trendy colors. Lip gloss from "Tini costs \$16.50, compared with CoverGirl's range of \$5.99 to \$8.99.

At a Duane Reade in Manhattan last week, Maureen Duffy was getting a midday makeover. Ms. Duffy, 47, a Lehman Bros. vice president who is on the company's bankruptcy team, would return to the office from her lunch break wearing fresh blush, lipstick and mascara, and smelling sweetly of powder. "I love coming here," she said.

Fans of upscale cosmetics have long associated drugstore makeup with dingy, crowded rows of lipsticks in colors suitable for Grandma. A big downside was that shoppers couldn't try on the product—part of what makes makeup shopping fun. But as women are shopping less at department stores and more frequently at cheaper, more convenient alternatives, mass retailers have seen an opportunity to woo cosmetics shoppers.

The drugstores have successful models in Shoppers Drug Mart in Canada, as well as Boots, a drugstore chain based in the U.K. These companies years ago integrated a boutique feel and a higher-end product selection into the traditional drugstore format.

U.S. drugstores were slow to follow, in part because luxury cosmetics brands had powerful relationships with department stores and worried that selling in mass-market stores would cheapen their glamorous images. But the success of multibrand beauty chains like Sephora has shown that women are willing to shop for pricey makeup outside of department stores.

Of course, drugstores, which haven't been known for presentation, will need to keep the displays attractive to make the push successful in the long term. Also, they will need to keep up with fast-changing trends in cosmetics. Paper towels never go out of style; blue nail polish does.

Some prestige brands aren't impressed by the dressed-up drugstores. Duane Reade's Look Boutiques are carrying Beautiful and Pleasures, fragrances from Estée Lauder Cos. that have long been associated with department stores. But Duane Reade buys them through a distributor. Estée Lauder said in a statement: "We do not sell any Estée Lauder brand products directly into this channel. Unfortunately there are some retailers who obtain our products from diverted sources. We are vigilant in our efforts to stop diversion of our products." It declined to discuss drugstore sales.

Duane Reade declined to comment on Estée Lauder's statement.

Wal-Mart, which is advertising in Vogue and Elle, has secured exclusive rights to the brand name Hard Candy—a cosmetic company founded in 1995 that is credited with creating the market for unusual shades of nail polish—and has developed its own creations under the name. By making Hard Candy into an in-house brand, the retailer avoided the need to convince a prestige brand to be among the first to sell at Wal-Mart.

Demand for Hard Candy products has been so strong that Wal-Mart now stocks the brand in 3,000 stores, up from 200 in October, says Carmen Bauza, Wal-Mart's vice president of beauty. "Reaction has been so positive," she says. "Now, prestige brands are now coming to us. That is a shift."

CVS Caremark Corp. is protecting the image of its new Beauty 360 boutiques by keeping them separate from CVS Pharmacy. There are almost 25 stores, mostly in California with a Zen, spa-like design and a menu of services that includes massage and facials. "We are absolutely rolling more out," says Cheryl Mahoney, CVS Pharmacy's vice president for beauty. Ms. Mahoney says that Beauty 360 is creating a new clientele, noting that 43% of Beauty 360's customers hadn't bought cosmetics, skin care or fragrances at CVS in the past 12 months.

CVS's Beauty 360 boutiques aren't even inside the drugstore; the stores are adjacent and connected. Also, CVS isn't mentioned anywhere on the main page of Beauty 360's Web site.

Laura Geller, founder of an eponymous makeup line that had been available mostly at Sephora and Macy's, says she was approached by CVS in 2008, before Beauty 360 launched. "It took me time to be convinced that it was a separate concept from their drug store. I am a prestige brand," she says. She was swayed by market research showing how eager women were to buy high-end makeup in retail outlets that were more convenient, accessible and inexpensive than department

stores. The "clincher," she says, came when she saw the building plans: "I was getting great real estate and stores were going to be beautiful," she says.

Stores with Look Boutiques—which tend to be in busy areas—log 10% more buying customers than Duane Reades without the new cosmetics sections, a spokeswoman says. "Women want the latest products at a reasonable place, and more than that they want convenience," said Joe Magnacca, Duane Reade's chief merchandising officer, as he walked past a recently spruced-up greeting-card section near the makeup.

**Walgreen** Co. announced in February an agreement to buy the Duane Reade chain, which has more than 250 stores, for about \$1.1 billion. The company declined, through a spokesman, to discuss its plans for Look Boutiques. But Bryan Pugh, Walgreen's vice president of merchandising, says, "Seventy-five percent of our transactions come from female clients, and we work to cater to that female shopper."

Last Thursday at lunchtime, there was a swarm of women in Duane Reade, and they weren't there to buy aspirin. One woman was surveying the racks of nail polish. Another was consulting with a beauty adviser about whether or not she needed an anti-aging serum, a hydrating moisturizer or both. A third was getting her eyebrows tweezed at the 'Eyebrow Bar.'

Checking out the displays of moisturizers was Diana Rodriguez. "This is like a department store without the pushy salespeople," she said. Ms. Rodriguez works a few blocks away, for Avon Products Inc., the direct-to-consumer cosmetics company. She knows makeup. "This will be a hot spot for me," she said. "This may be dangerous."

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