

Chanel No. 5

If you believe in your product, don't give away the profits to the people who "help" you

THE SIGNATURE FRAGRANCE OF THE FASHION WORLD'S TRUE renegade, the anti-corset, tomboy, bobbed-haired style icon Gabrielle 'Coco' Chanel, remains the world's best-selling perfume more than eighty years after its creation, reigning over the \$15 billion global perfume market. It's a pity the visionary Coco herself never enjoyed more than 10 percent of the royalties.

In 1921, eleven years after she opened her first millinery shop in Paris, Coco Chanel became the first fashion designer to launch a scent. She worked with one of the best noses in France, Ernest Beaux, to come up with a perfume quite unlike the frilly, tizzy floral scents popular at the time. Of the series of sample fragrances Beaux concocted, Coco chose number five. While typical perfumers of the day only evoked the scent of one flower, number five was a combination of flowers including jasmine, tuberose, and May roses. The perfume was tested in her boutiques and given to her favorite clients. It was a smashing success.

Chanel No. 5 came to life with the help of Theophile Bader, owner of department store Galeries Lafayette. He advised Chanel on how to develop her fragrance business and introduced her to Pierre Wertheimer, from the family that built the Bourjois cosmetics house in France in the late 1800s. The Wertheimers had the infrastructure to produce large volumes of the perfume for mass distribution, so if she wanted her perfume to be widely sold, Coco had no choice but to do a deal.

La Société des Parfums Chanel was established in 1924. Chanel was to receive just 10 percent of profits, the Wertheimers 70 percent and Bader 20 percent. Chanel No. 5 hit the mass market in 1924 and was an instant hit.

During World War II, the Wertheimers fled France but wanted to keep the Chanel No. 5 deal, protecting the perfume recipe and future profits. Coco wanted to take back her fragrance, but the Wertheimers prevailed due to Coco's connection to a Nazi officer, which saw her briefly exiled to Switzerland. After the war, Coco renegotiated her deal with the Wertheimers, this time securing just 2 percent of royalties from sales of the perfume worldwide.

Chanel had closed her business during the war, and in 1954 the Wertheimers funded her return to fashion. In return for funding her lifestyle and business ventures, they received her name, brand, fashion designs, and her perfume. Upon her death, the Wertheimers would be entitled to the entire Chanel empire, having bought out Galeries Lafayette's Bader's 20 percent stake in Les Parfums Chanel.

The Wertheimer dynasty continues today with Pierre's grandsons Alain and Gerard running the business. *Forbes* estimates the Wertheimer fortune is \$4.8 billion.

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