

BUSINESS NEWS

HP Enterprise Is Moving To Texas

By MARIA ARMENTAL

Hewlett Packard Enterprise Co.—a descendant of the firm that Bill Hewlett and Dave Packard famously started in their Palo Alto, Calif., garage—is moving its headquarters to the Houston area, the latest sign of how the pandemic is reshaping the way Silicon Valley companies operate.

The move won't result in any layoffs, company officials said, adding that it expects several hundred nontechnical jobs could relocate to the campus under construction in Spring, Texas, just outside of Houston. The move, expected to happen by 2022, would be voluntary, company officials said.

The Bay Area would remain a strategic hub and several sites in the area would be consolidated with its San Jose campus, which would become the new headquarters for HPE's Aruba Intelligent Edge business, the company said.

Chief Executive Antonio Neri said the move was part of a reassessment of where and how HPE works, in part tied to the pandemic. "We've listened to our team members, who have told us they want more to spend less time at a physical worksite," he said. "And in response to this new future of work, we have re-evaluated our real-estate site strategy."

Tech companies were among the earliest to send employees home at the start of the pandemic, and several prominent players in the industry have since announced that many or all of their employees will be allowed to work remotely on a permanent basis. That has prompted many Silicon Valley employees to relocate to other parts of the country, in part looking for cheaper living areas.

It has also pushed some executives to reconsider where their companies are based.

Sephora to Set Up Inside Kohl's

As part of new move, makeup retailer plans to end its J.C. Penney partnership in 2023

By SUZANNE KAPNER

The beauty wars are heating up.

Sephora plans to install 850 shops inside Kohl's Corp. stores by 2023, upending the beauty retailer's longstanding partnership with J.C. Penney Co., according to company executives.

The first 200 Kohl's locations will open next fall and sell roughly 100 brands. Those items will also become the exclusive beauty offerings on Kohl's website.

The partnership follows **Ulta Beauty** Inc.'s deal announced in November to open more than 100 shops inside **Target** Corp. stores by next year and sell its products on the discount chain's website.

Sephora has operated shops inside hundreds of Penney stores as part of a deal dating to 2006. The partnership is scheduled to wind down in early 2023 and allows for flexibility to pursue other opportunities, according to Sephora.

Penney filed for bankruptcy protection in May and set plans to close about a third of its 850 stores. It is in the process of being acquired by two mall owners.

Sephora tried this spring to terminate the arrangement early, according to court documents filed by Penney. Sephora, in a separate court filing, disputed that version of events. The companies later issued a joint news release reaffirming the arrangement.

A Penney spokesman said the partnership will continue until the end of the agreement and that Penney is developing a new beauty concept that will offer a wide array of products.

Sephora, which is owned by **LVMH Moët Hennessy Louis Vuitton** SE, has about 2,600 stores globally, but only 500 free-standing locations in the



The deal allows both companies to expand their reach with consumers across the country. A store in California.

Americas.

Jean-André Rougeot, chief executive of Sephora Americas, said in an interview on Monday that he was drawn to Kohl's wide network of more than 1,150 stores that have little overlap with stand-alone Sephora locations. "This is about reach," he said. "Kohl's will allow us to reach consumers in a much broader way across the U.S."

Department stores have struggled for years as shoppers turn to fast-fashion chains, discount retailers and e-commerce players. They have been hard hit during the coronavirus pandemic, which has sapped spending for non-essential goods. Kohl's revenue fell 14% in the fall quarter, and is down 25.3% for the nine months to Oct. 31.

Mr. Rougeot said he distinguished between Kohl's and

other department stores, because most of Kohl's stores aren't located in enclosed malls, where the declines in foot traffic have been more pronounced.

"To be able to park right in front, get in and out quickly,

One attraction for Sephora: Kohl's stores aren't located in enclosed malls.

that convenience will be absolutely critical," Mr. Rougeot said. "It is the future of retailing in America."

For Kohl's, the 10-year-deal with renewal options offers the opportunity to attract a wider swath of younger shop-

pers to its stores. When Chief Executive Michelle Gass laid out her strategy for investors in October, growing the beauty category was an important component.

"Beauty is an underdeveloped category for Kohl's," Ms. Gass said in an interview on Monday. "It's a big market, there is a lot of disruption happening and Kohl's is positioned to capture significant market share over the next few years."

Beauty has been one of the brighter spots during the pandemic. While sales of color cosmetics have stalled, shoppers have been snapping up skin and hair products as well as fragrances, Mr. Rougeot said.

Each Sephora shop will span 2,500 square feet and replace Kohl's current beauty offerings. They will be staffed by

Kohl's employees, who will be trained by Sephora. Shoppers who purchase beauty items at Kohl's will have access to Sephora's loyalty program.

Ms. Gass has earned a reputation for forging partnerships. In 2017, she inked a deal with Amazon.com Inc. that allows shoppers who purchased items on the e-commerce site to return them to Kohl's stores. At a time when bricks-and-mortar chains have struggled to get customers to visit their stores, the deal helped Kohl's boost traffic, according to Ms. Gass and analysts.

Mr. Rougeot said Kohl's is an attractive partner, because it will allow the brands Sephora carries to grow, while preserving a more upscale image. "We've seen brands like Nike, Adidas and Levi's presented in the right way in Kohl's stores," he said.




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