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Castanea Partners Takes Stake in Tatcha

The business is said to be on track to do \$75 million in retail sales this year.

By [Allison Collins](#) on October 16, 2017



 Tatcha's Gold Spun Lip Balm

Prestige [beauty](#) business Tatcha has a new investor — private equity firm Castanea Partners.

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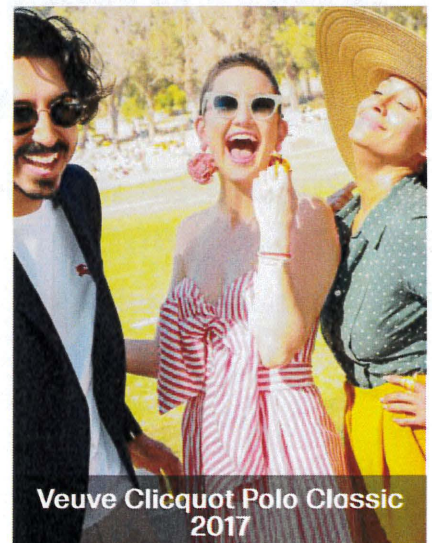
Tatcha focuses primarily on skin-care products, inspired by rituals of the Geisha. The business was founded by chief executive officer Victoria Tsai in 2009 after she discovered Geisha rituals on a trip to Kyoto, Japan, and they helped clear up her acute dermatitis.



Tsai eventually found a book filled with the skin-care and makeup routines of Geisha and started making products inspired by those rituals. The brand's lineup includes Pure One Step Camellia cleansing Oil, \$48; Rice Enzyme Powder, \$65; The Essence, \$95, and moisturizers. Each skin-care regimen is tailored to skin type. Tatcha recently launched a Violet-C Radiance Mask, \$68, and makes social media favorite Dewy Skin Mist, \$48.

Terms of the deal were not disclosed, but sources indicated Castanea bought around 30 percent of the business. Several sources indicated the firm bought around WWD reported [Tatcha hired Financo](#) to explore deal options in July. Early-stage Tatcha investors Beechwood Capital and Finn Capital Partners remain on board.

Bringing in Castanea is expected to help with the supply chain and technology infrastructure, according to Tsai. In the near term, the brand will focus on deepening relationships with existing retailers, but over time, will look to ramp up international growth.



“Castanea’s partnership allows us to scale the organization, supply chain and digital infrastructure to keep up with growing demand,” Tsai said. “Our priority is to deepen existing retail relationships. Sales with Sephora North America, QVC, Joyce and Mecca continue to exceed our expectations. Over time we’re excited to grow our international presence further as well.”

“We believe that Castanea is the right thought partner to build a luxury, digitally driven brand for the future,” added Brad Murray, Tatcha’s president.

Both Janet Gurwitch, Castanea operating partner, and Steve Berg, Castanea managing partner, will join Tatcha’s board. Gurwitch said that longer term, she sees the opportunity to expand the brand more on a global level, and that the firm will focus more on the logistics and infrastructure side, not on the product side.

“We are interested in the skin-care space, and Tatcha really has found an interesting place because it’s in the Sephora channel,” said Gurwitch. “[Vicky] sells to the Sephora customer, a Millennial customer, but on QVC she gets an older customer.”

Product and packaging quality were part of the reason Castanea went for the deal. Tatcha is said to be on track to do about \$75 million in retail sales for 2017, sources said.

The company’s name is derived from tachibana, the Japanese art of flower arranging that features a single standing flower, representing the beauty of simplicity. That concept is behind Tatcha’s formulas, which feature ingredients like green tea and algae.

“The product quality — I’m so impressed,” Gurwitch, who started makeup business Laura Mercier, said. “[Vicky] is so true to it. If we talk about, ‘do you need to spend the money to put the gold spoon on top of the package?’ she says, ‘yes, I do,’ and I really admire that.” Castanea’s other beauty investments include Drybar and First Aid Beauty.

Financo and Mintz Levin represented Tatcha, and Ropes & Gray represented Castanea on the deal.