

IN-STORE

Future is about very simple things, says Farfetch CEO

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Farfetch Unfollow campaign image

By JEN KING

MONTE-CARLO, Monaco – In what should be considered the post-digital revolution, brands are increasingly working to harmoniously merge the online and offline spaces.

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In the “Beyond the Shop” panel discussion June 8 at Financial Times’ Business of Luxury Summit, panelists discussed how brands can have the online and offline space live together to create a holistic experience when, where and how the consumer wants. Retail is clearly changing and the physical bricks-and-mortar stores must now be more engaging to compete with the seamlessness of online retailing.

“The landscape is just changing so quickly in the last months and years, and it's very difficult to decide what's the best strategy,” said Jonathan Akeroyd, president and CEO of [Alexander McQueen](#). “Ecommerce in luxury is only 5 percent of luxury sales.

“Obviously, that proves also that there’s a huge opportunity, and further growth particularly for brands of our size to develop our retail footprint quicker,” he said. “The key is the three main pillars and how you integrate those pillars: digital, secondly merchandizing and the third being CRM.”

“There is still a lot more to do for brands to develop their Web sites further, to really use them as a platform to drive sales or people to their stores.”

Fixed vs. free range

The changing retail landscape has been affected not just by digital, but also raising rent costs for high-street storefronts around the world.

Ross Bailey, founder and CEO of [Appear Here](#), an agency that is described as theAirBnB for retail spaces works with brands to find venues to host temporary events, such as pop-up shops, feels that this model is key to vetting high consumer engagement.

An example of which was U.S. fashion label Marc Jacobs’ pop-up shops for its #MJDaisyChain initiative for its fragrance, Daisy ([see story](#)).

 **Marc Jacobs Fragrances**
January 28

Today is the day to celebrate Daisy! If you're in NY, London, or Berlin, look out for daisies being handed out and share yours with #MJDAISYCHAIN on Instagram or Twitter.



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Social post for Marc Jacobs #MJDaisyChain effort

“Luxury has always been about craftsmanship and quality, but more than that it’s about how that product makes you feel when you put it on,” Mr. Bailey said. “Today people have everything they’ve ever wanted and they can buy more and more things every single year, but what they cannot buy are experiences.

"If experiences are the true commodity today, than luxury has always been about exclusivity," he said. "And, my feeling of it is, that if you want to own that exclusivity today and want to own the experience and own the moment, than the one thing that brings exclusivity to that is the pop-up shop."

Pop-up shops allow brands to create an alluring experience that disappears, thus bumping up the exclusivity for those lucky enough to attend.

This tactic is also relevant for brands looking to test the waters in an emerging market without having to make a full investment before consumer reception can be measured ([see story](#)).

For brands, or even online retailers such as media giant Conde Nast International-backed Farfetch, this strategy allots a laboratory setting where retail strategies in omnichannel can play out.

In May, Farfetch announced its purchase of London's upmarket department store Browns. It is here, that Farfetch will test innovative retail practices, without the hassle of asking its brand partners for permission.



Browns' storefront prior to being purchased by Farfetch

"The idea is to really test, showcase and demonstrate to the industry and to the customer that [omnichannel] works, it's seamless, it's compatible with luxury and drives interaction," said Jose Neves, CEO and founder of [Farfetch](#).

"We really think that there is so much technology out there that is not properly curated," he said.

Additionally, pop-up testing grounds and short term leases may help smaller houses deal with rising rent costs in shopping districts such as London's Mayfair and New York's Fifth Avenue. But, for power players in the industry a retail presence with staying power makes

more sense logistically.

"The [brands] who can afford it tend to actually secure strategic locations forever, rather than renew [a lease] every 10, 15 or 20 years while competing with their competitors," said Philipp Gajzer, managing director of [Move Now Commercial Brokers](#). "Thus, driving prices and becoming themselves, a victim of the surge in prices.

"Ultimately, in strategic locations like Paris and New York, you can see that they are being purchased in order to eliminate any risk of losing a really good strategic flagship location," he said.

Retail time machine

Fifteen years from now, the luxury industry's current retail models will no longer work as consumer expectations will have radically evolved.

During "The Future of Luxury: Global Research Insights, Emerging Trends and New Business Models for 2030" presentation June 3, conducted by graduate students of the Fashion Institute of Technology class of 2015, the peer groups suggested that lasting memories, "centers of creation" flagship stores and like-minded cities will drive luxury sales in the future. The three presentations built on the larger themes of new luxury consumer values, platforms and epicenters to paint a picture of what the world may look like if consumer behavior continues on its current track ([see story](#)).

The panelists came to a consensus that although consumers may not be ready to interact with screens at all times when considering a product, especially in-stores, technology is lighting the path beyond traditional shops.

"It's not future, it's not about gimmicks, it's about technology that people don't see," Farfetch's Mr. Neves said. "Very small things such as seamless delivery—the future is actually about very simple things."

Final Take

Jen King, lead reporter on Luxury Daily, New York

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