

IN-STORE

Rapidly changing consumer behavior pushes retailers to adapt

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Gucci's new retail concept, Milan

By SARAH JONES

NEW YORK A luxury brand's retail environment should be carefully orchestrated to make consumers want to participate in the store experience, according to panelists speaking at the French American Chamber of Commerce's "The Luxury Retail Store: Real Estate, Design and Customer Experience Trends" event.

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During the presentation Nov. 12, one resounding theme was that the increase in luxury's presence online has removed the necessity of interacting with a bricks-and-mortar location, creating a need for a sense of theater and engagement to draw consumers away from other possible activities to shop. By going above the traditional store design, bricks-and-mortar retail can better compete with online channels for revenue.

"I think the Internet has brought luxury brands closer to a wider audience than they ever were before, so the idea of aspiration is sort of much closer to people," said Lauren Adams, director of strategy and brand design at architecture design firm **Gensler**.

"But you'll notice that the Internet has not broken bricks-and-mortar stores," she said. "People are shopping in bricks-and-mortar stores just as much as they ever did, but besides that, brands that start in a digital space are now finding that they need to build a physical space, because that's the sort of high-touch place where they meet their consumer.

"So I think that the key in terms of the online to offline experience is really about creating consistency and that's where the service experience comes into play and the consistency of the brand experience comes into play. There's a way to be yourself as a brand online that translates into a store experience, and vice versa. And it's really about making the brand always feel the same, no matter how you encounter it."

Retail theater

When shopping for real estate in the U.S., luxury brands tend to fixate more on streets than malls. This is particularly true for European brands, where high streets are more established than shopping centers.

Michael Hirschfeld, senior vice president of national retail tenant services at **Jones Lang Lasalle**, explained that potential tenants are very selective in mall placements, with only about five or six that clients are particularly interested in, including South Coast Plaza in Costa Mesa, CA, Florida's Bal Harbour Shops and NorthPark Center in Dallas. One thing these centers have in common is their location in cities without a major high street, making the mall placement a necessity to reach affluent clientele.



The Shops at Bal Harbour

With malls more the norm in Asia, brands hailing from there are more open to being located in shopping centers, making the consideration set closer to 25.

Some major "gateway" cities selected as the next frontier for luxury brands JLL works with are Miami, Los Angeles, New York and Las Vegas, where the amount spent on retail rivals gambling spending.

Technology has enabled brands to better measure the potential of a new store. For instance, foot traffic may have been calculated with a man on the street bearing a clicker, but today a counter can be positioned on a building in an unobtrusive spot. One JLL client tallied 17 million passersby via a counter on its construction site.

Some of those 17 million may enter and convert, if persuaded in the right way.

Gensler's Ms. Adams said that for time-strapped luxury shoppers, ecommerce has created a way to bypass the store. Instead of a brand's competitors being other retailers, they now have to fight with museums or restaurants for consumers' time, calling for retail theater.

Act I is creating the script, as the brand looks internally at the story it would like to tell. This could be anything from heritage or craftsmanship to more contemporary luxury ideals such as co-creation or access.



Asprey artisan at work

In Act II, the brand sets the stage with visual merchandising, service and packaging. Finally, Act III concludes the show with the physical manifestation of the store environment, from the selection of fixtures to floor space.

The less product on the sales floor, the more expensive it seems to the consumer. Brands can achieve an edited inventory via digital channels, using ecommerce to supplement the in-store displays.

Retailers should also think of spaces that are flexible, such as pop-ups and stores with moveable fixtures, which can enable the environment to be more than just a point of sale. In this type of boutique, brands can host events with ease.

The strategies behind visual merchandising are constantly evolving, presenting the challenge to retailers to keep up, according to Baptiste Martin, U.S. director at [IWD](#). Younger consumers crave a different experience in-store than previous generations, which has led to the integration of digital touchpoints, such as virtual or augmented reality.

Sephora enables consumers to see how makeup would look on their own face with the use of a digital screen, while The North Face let consumers take a trip in a wild dog sled without leaving the store via a virtual reality headset,

giving them an experience they could not have had via the Web site.



Dior Eyes virtual reality headset

Also important in the in-store environment are the sales people. As a sales and design consultant at home furnishings company [Luxury Living Group](#), Lidwine Rupp focuses on building an engaging client journey from the moment they enter the store.

This includes getting a customer acquainted with the brands carried in Luxury Living's showroom, which include Fendi Casa and Bentley Home. Scents used throughout the space give additional character to each brand, while European sceneries used throughout mimic the group's headquarters, the Palazzo Orsi Mangelli dating to the 17th century. This creates a sense of consistency with the company's retail outposts.

Opening up

Luxury brands are flocking to new neighborhoods for new retail spaces, such as the Design District in Miami.

Italian apparel and accessories house Fendi is increasing its foothold in Miami's Design District with the opening of a new concept store.

For the last 10 years the brand has operated a Fendi Casa showroom in the Miami neighborhood known for its artistic connections and growing luxury presence. Fendi's new concept store in the Design District is in collaboration with architect Johanna Grawunder and draws parallels from art and design ([see story](#)).

In addition to evolving based on consumers' needs and wants, a luxury retailer's environment often shifts with new brand direction.

Italy's Gucci has unveiled a new retail concept at its Milanese flagship to celebrate the first collection designed by the house's creative director, Alessandro Michele.

Mr. Michele joined Gucci in January, and the updated retail concept marks the new direction he plans to take the brand ([see story](#)). Gucci's flagship on Via Montenapoleone in Milan sets the tone for the new retail environment as the first of the brand's global storefronts to be redesigned ([see story](#)).

"Visual merchandising trends are constantly fluctuating," IWD's Mr. Martin said. "The pace and the retail and technology have been through this last decade basically.

"And today's retailers' challenge, I believe, is to react constantly, not only to these more and more demanding millennial or consumer 2.0 or 3.0, and really try to keep up with the emerging technology that's appearing every day."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York