

RETAIL

## DFS aims to strengthen regional retail in Macau with City of Dreams expansion

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*City of Dreams in Macau*

By JEN KING

DFS Group's T Galleria is upping the luxury shopping ante with a strategically designed and exclusive retail experience in the center of Macau.

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After redevelopment is completed, the City of Dreams retail complex will be more than three times larger than its original and will link the shopping center's dining areas, casinos, entertainment attractions and hotels to create an engaging retail journey for Macau's affluent. While Mainland China is currently plagued by slowdown sentiments, the progress seen in the Macanese market likely reflects the region's impending rebound.

"Macau's position as a destination getaway makes complete sense for such an expansion," said Robert Cuthbertson, vice president of **Boston Retail Partners**. "It is just diversifying the activities that visitors can do while visiting and experiencing Macau

"Mall culture is very much flourishing in markets outside the United States," he said. "They are locations where consumers can enjoy being out and about in a clean, safe environment."

Mr. Cuthbertson is not affiliated with DFS Group, but agreed to comment as an industry expert.

**DFS Group** was unable to comment directly by press deadline.

### Shopping extravaganza

Owned by casino operator Melco Crown Entertainment Limited, the City of Dreams retail complex is managed and operated by DFS Group's T Galleria, both of which are under the LVMH brand umbrella.

City of Dreams is located in the Cotai neighborhood in Macau and is considered an "integrated entertainment resort" through a combination of entertainment, accommodations, dining options, casino gaming and designer brand shopping.

With many Asian consumers vying to travel abroad to shop for luxury goods, the redevelopment of City of Dreams is likely an attempt to capture local shoppers' attention and to strategically retain business within Asia's home market.

City of Dreams' expanded retail area is described as being "luxurious, contemporary and inviting." Headlined by T Galleria, the new area is intended to encourage visitors to relax and indulge their taste for shopping and leisure.

The new areas will open between June and December and upon completion, City of Dreams will boast the largest collection of luxury brands in Cotai. The complex will include beauty and fragrance, fashion and accessories, and watches and jewelry brands.



*Inside Macau's City of Dreams retail space*

One such area will be the DFS' first dedicated shoe salon where more than 50 men's and women's footwear labels will be sold across two floors. The salon will also boast exclusive-to-Macau brands such as Aquazzura and Rupert Sanderson.

The shoe salon will be the largest of its kind in Hong and Macau, making the space a destination unto itself.

Beauty and fragrance also has a dedicated area with 23,000 square feet of retail space among two wings. The beauty hall, set to be the largest in Southern China, will feature approximately 70 fragrance and personal care brands, including popular South Korean brands Sulwhasoo and Laneige.

The expanded fashion sector, scheduled to open this month, will include a new array of luxury brands, including Louis Vuitton, Dior, Prada, Miu Miu and Fendi.



*City of Dreams' Shoe Salon*

For male consumers, T Galleria has curated a multi-brand menswear store where men can shop ready-to-wear, accessories, footwear, watches and grooming all in one dedicated space.

City of Dreams' watches and jewelry area will be completed by the end of the year. The wide jewelry offering available to consumers will include Tiffany & Co., Van Cleef & Arpels, Audemars Piguet and Vacheron Constantin.

"T Galleria by DFS, City of Dreams will combine the breadth of a luxury shopping mall with the personalized service of a high-end department store," said Philippe Schaus, DFS Group's chairman/CEO in a statement.

"Only DFS could deliver this unparalleled shopping adventure at the core of City of Dreams, complementing a concentration of some of the best restaurants, world-renowned hotels and world-class entertainment offerings with a fresh and luxurious shopping experience in the heart of Macau," he said.

#### Staying home

Bringing high-end retail experiences to its home markets can help keep Asian consumers from traveling abroad. But, due to the high prices in markets such as China, many affluents prefer to shop in duty-free environments.

Tax-free shopping by Chinese consumers dropped 24 percent year-on-year in March, according to a recent report from Global Blue.

Following a 58 percent rise in duty free sales from Chinese consumers in 2015, 2016 has seen slower growth so far, attributed partly to considerations such as the European terrorist attacks and visa accessibility. Even with this slowdown, China continues to be the number one global shopper market, generating a third of tax-free sales internationally ([see story](#)).

In Japan for instance, department store Isetan Mitsukoshi has opened an airport-style duty-free store within its Ginza, Tokyo location to appeal to the increasing number of tourists visiting the country.

Isetan opened the Japan Duty Free Ginza store on Jan. 27 on the 8th floor of the Mitsukoshi department store, in partnership with Tokyo's airport authorities and the NAA Retailing Corp. As the first of its kind, albeit not likely for long since others are in the works, Japan Duty Free Ginza will offer foreign and domestic travelers outside Japan's main airports the perks of duty-free shopping ([see story](#)).

Macau has proved an important destination for local and international consumers.

"Since entering the market in 2008, Macau has and continues to be an incredibly important destination for our customers and for DFS, which is why we are thrilled to unveil a retail concept here that is a first for DFS in terms of its scale, audacity and innovation," DFS Group's Mr. Schaus said in a statement. "It is also a first for Macau in terms of providing a curated and modern product selection across the major luxury categories, targeting new and experienced travelers alike."

Projects of this calibre are attractive for luxury brands that may have had struggles with monobrand storefronts in Asia or have a limited footprint in the market. As for affluent consumers, the appeal of an all-in-one gambling and retail experience may be one that cannot be passed up.

"The higher-end customer still has the opportunity and desire to indulge themselves," Boston Retail Partners' Mr. Cuthbertson said. "Their spend however, may shift from gambling to consumables which is a similar experience that occurred in Las Vegas."

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