

RETAIL

Galleries Lafayette streamlines business model through franchising

February 6, 2018



Galleries Lafayette maintains its national presence, but outsources management. Image credit: Galleries Lafayette.

By STAFF REPORTS

French department store Galleries Lafayette is increasing efficiency and agility while simultaneously maintaining its nationwide presence through a new strategy.

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Galleries Lafayette is looking to franchise 22 of its stores across France. The deal will allow Galleries Lafayette to partner with experts that can improve these individual locations without too much risk.

Efficiency and agility

Real estate investor Financire Immobilire Bordelaise will be taking over the selected stores around the country. The franchise plan is a part of Galleries Lafayette's Ambitions 2020 plan, its transition and rebranding strategy ([see story](#)).

Financire Immobilire Bordelaise specializes in commercial real estate, especially rentals to fashion retailers, operating more than 2 billion euros, or \$2.5 billion at current exchange, in investments.

The new deal is on schedule to be completed by the end of 2018, more specifically in the second half of the year.

These bricks-and-mortar stores to be turned into subsidiaries are from only small and medium-sized cities in France such as Cannes, Agen, Amiens, Bayonne, Belfort, Dax, La Rochelle, Libourne, Lorient, Toulon and more. These stores will continue to operate under the name Galleries Lafayette but will be managed through a franchise strategy.

The department store hopes this will help support its business model and create a more productive and cost-effective strategy.

These new subsidiaries join five other stores that are being operated as franchises in the Galleries Lafayette business in France.

Galleries Lafayette promises this will not affect its 900 employees at its locations, retaining their salaries and benefits.



Galleries Lafayette is a staple in France

The department store also just shuffled its senior management team to simplify the organization and support necessary for a number of strategic projects currently underway. The Group implemented several significant changes at the C-suite level including positions at Galleries Lafayette, BHV Marais and the integration of online retailer La Redoute, acquired by the group in September for about 750 million euros, or about \$891.6 million ([see story](#)).

In addition to the corporate changes and franchise stores, Galleries Lafayette recently closed its largest loss-making store locations, enhanced its digital capabilities and invested into outlet stores.

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