

RETAIL

Luxury co-opts drops to build hype through exclusivity

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Moncler Genius will release eight collections this year. Image credit: Moncler

By SARAH JONES

As the luxury business looks to drive sales in an increasingly competitive retail environment, it is turning to a streetwear-style tactic to create consistent newness.

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A growing number of luxury labels and retailers have been adopting the drop retail format, opting for a series of limited-edition releases per year rather than the traditional seasonal store arrivals. Drops have proven a successful strategy for streetwear, but is this a winning strategy for luxury?

"Luxury brands are using this fresh tactic, as they've seen the success it has had for other retailers," said Laura Sossong, manager at **Boston Retail Partners**, Boston. "It absolutely aligns with the objective of luxury fashion, which is creating a sense of exclusivity based on limited timing and availability of product.

"This approach serves to build consumer appeal and offers enough opportunity for a brand to gain a following, while happening infrequently enough to keep desire elevated."

Act fast

Popularized by streetwear labels including Supreme, drops create a frenzy around merchandise by leaning on rarity.

Supreme announces weekly releases that are made available on its ecommerce site and physical stores. Diehard fans line up in droves to get their hands on the limited logoed items available.

Taking this approach into luxury, both Tod's and Moncler have announced plans to revamp their retail strategies toward more frequent, limited-edition merchandise.

After shuttering its couture labels Gamme Rouge and Gamme Bleu last fall, Moncler revealed its new strategy. Moncler Genius, launched in February during Milan Fashion Week, replaces the seasonal retail format with a series of eight monthly drops throughout the year.

Creating additional buzz around the designs, Moncler has tapped creatives including Valentino's Pierpaolo Piccioli and musician Hiroshi Fujiwara to design collections that will be released one at a time. These launches will be

supported with social media activations, as the brand is doing away with its fashion shows ([see story](#)).

Moncler previously tested out the drop retail format as part of a partnership with streetwear label Kith last year. The collection of outerwear and loungewear hit stores in two deliveries, creating a reason for fans to shop twice.



Kith's collaboration with Moncler dropped in two batches. Image credit: Kith

Tod's is similarly turning to monthly capsules in a new business strategy aimed at appealing to younger consumers. Named Tod's Factory as an homage to Andy Warhol's studio, the approach will include collaborations with designers on capsule collections.

Like Moncler, Tod's is looking to shrink the typical six-month lull between new runway collections. However, the company's chairman Diego Della Valle has not confirmed whether Tod's will be skipping fashion shows in the future.

"We are increasingly convinced that our business model to present more than two collections per year and to prepare capsule collections and limited editions supported by adequate digital communication is effective," Mr. Della Valle said in a statement.



Tod's has not said whether it will abandon the runway show. Image credit: Tod's

Menswear label Kiton's KTN project takes the brand's tailoring and updates it for a new generation. According to Women's Wear Daily, the brand will complement the more casual attire by Mariano and Walter De Matteis, sons of CEO Antonio De Matteis, with monthly drops of limited-run styles.

Drops have also been adopted by luxury brands for one-off events.

When Louis Vuitton partnered with Supreme on a co-branded collection, the launch resembled the streetwear brand's product releases. The collaborators opened pop-up shops to sell the limited-edition merchandise on a first-come, first-serve basis.

Barneys similarly teamed with Highsnobiety to host a "drop" of 30 capsule collections over two days. In total, there were more than 80 vendors and 40-plus in-store activations and designer appearances by some of fashion's biggest names.



thedrop@barneys featured a series of drops. Image credit: Barneys New York

"The idea of price as the only factor determining luxury as exclusive or alluring is outdated," said Drew Caldwell, senior buyer, developing designer at [Barneys](#), New York, to *Luxury Daily* at the time. "The next generation of engaged clients are more varied in their desires, coveting equally the \$100 and the \$1,000.

"The experience, engagement, personal expression and a sense of discovery are the magic behind 'drops,' and that is the whole concept behind thedrop@barneys," he said ([see story](#)).

Millennial mindset

As millennials continue to accrue more wealth as they age, that growth will likely drive more spending on experiential luxury, according to a new report from YouGov.

The second part of YouGov's "Affluent Perspective 2017" global study looked into the ways that affluent consumers are spending their money. What the report found was that wealthy consumers are continuing to spend at a consistent rate, but that there may be a boost soon for luxury experience providers ([see story](#)).

"Today's consumers are looking to be surprised and delighted, with experiential elements trumping predictability when shopping," Boston Retail Partners' Ms. Sossong said. "Any strategies to that end are sure to help retailers hold relevancy in the marketplace."