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Monobrand stores Luxury Memo special report

May 22, 2019

Boho in SoHo: Gucci's store on 63 Wooster Street in New York that officially opened in May. Image credit: Gucci

By SARAH JONES

As ecommerce becomes a greater part of the luxury retail ecosystem, the monobrand boutique's role is evolving.

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While still functioning as a place of commerce, the brand boutique now primarily serves as a physical touchpoint to engage visitors in the brand's history, point of view and craftsmanship. With luxury brands looking to blend the commercial and the experiential, store concepts are getting a makeover to enable more flexibility, space and experiences.

"These spaces, while 'monuments' to the brands, are often now going to great means to appear to be more casual, ad hoc and spontaneous," said Ken Nisch, chairman of JGA.

"From the apparel that the brand ambassadors or associates wear, which is increasingly casual and conceptual, to the product presentation, which often in the past was quite museum like, to more relaxed and in some cases almost incidental, to the overall environment and experience, whether it be video or music being more contemporary and provocative, luxury brands are clearly looking to appeal not only to a new and younger consumer, but to the 'new and young' attitudes and instincts of their most important customers, leaving the more mainstream traditional luxury approach to be delivered through shop-in-shop environments within department stores, travel and even in secondary, less influential markets."

Top 5 trends in luxury monobrand stores

- Footprint overhaul

  Brands are rethinking how many boutiques they need and where, choosing less expected locations to reach a new clientele.

- Connection over commerce

  Some luxury stores are favoring a more experientially driven approach that leans more towards entertainment and brand education than sales.

- Creative change

  Stores are an extension of design changes, and incoming creative directors put their own spin on retail environments.

- Conceptual approach

  Temporary monobrand outposts and additional locations in the same city enable brands to play with new concepts more freely.

- Omnichannel opportunity

  Brands are using monobrand stores as extensions of the ecommerce experience, with click-and-collect and fulfillment for online purchases.

Freshening footprints

Thinking outside of the high streets and shopping centers that have traditionally housed high-end shops, luxury brands have been expanding their direct-operated store footprints to new locations.

In established markets such as New York, brands are experimenting with downtown destinations in addition to stores on the uptown Madison Avenue and Fifth Avenue corridors.

A number of brands have established a presence in SoHo in recent years.

In 2015, Burberry expanded its SoHo store, investing in the neighborhood. Located at 131 Spring Street, Burberry's larger SoHo boutique is a testament to the British brand's commitment to New York, where it operates six storefronts (see story).

Dior and David Yurman similarly inaugurated storefronts in the neighborhood in 2014.

Another area of New York that has seen an upswing of luxury interest is the Meatpacking District.

Herms opened a store in the neighborhood in April. The two-story building features restored ironwork and yellow brick to showcase Herms' brand spirit while also embracing the history of the neighborhood (see story).

Herms' Meatpacking store. Image credit: Herms

In New York, there have also been a few moves from Fifth Avenue to Madison, as brands such as De Beers, Bottega Veneta and Fendi opted to relocate to the quieter and less tourist-driven retail street.

While luxury brands typically have a fairly extensive footprint in the United States, many are just making their way north to Canada.

For instance, Vacheron Constantin opened its first boutique in Canada as part of its larger expansion in North America.

The Richemont-owned brand set up shop in Toronto's Yorkdale Shopping Centre, joining brands such as Bulgari, Montblanc and David Yurman in the upscale mall. Canada has recently seen a surge in interest from luxury retail, as U.S. department stores have expanded to their northern neighbor for the first time in recent years (see story).

To the west, Vancouver has become the Canadian city of choice for some other luxury brands. Hublot opted to open its inaugural Canadian boutique in the market, while Van Cleef & Arpels followed its 2016 Toronto opening with a Vancouver debut the following year (see story).

Brands are also expanding beyond the traditional tier 1 cities in China, such as Beijing and Shanghai. Prada recently opened seven stores in Xi'an, which is part of the up-and-coming tier 1.

Prada women's boutique within SKP Xi'an. Image courtesy of Prada

Xi'an is an expanding city, with its luxury shopping scene including boutiques for brands including Chanel, Gucci and Dior (see story).

"The major investment in the stores tend to be emerging markets and an effort to connect with local culture," Mr. Nisch said. "The Middle East and Asia have become more unique and localized.

"The store in Singapore is quite specific with unique architectural design, and even the same city like New York and downtown SoHo store tends to reflect more of the neighborhood, [with] exposed brick, the same with Gucci in terms of being more provocative and street- and artist-driven than let's say the location that's up in Trump Tower and Fifth Avenue," he said.

"I think while these retain all the unique characteristics of the luxury brand, there is an effort to embed into the local culture, sometimes through the architectural environment, certainly through visual merchandising and cultural relevance, ie. holidays, gift giving seasons, etc. in ways that hadn't necessarily been used in the past."

In addition to expanding geographically, brands are also giving new categories a dedicated bricks-and-mortar experience.

Burberry launched a beauty concept in 2013, shortly after debuting the dedicated fragrance, beauty and sunglass boutique within the United States.

The Burberry Beauty Box stores carry Burberry's beauty, fragrance and accessory lines, and offer consumers the ability to discover the brand's cosmetics through both sales associate consultations and digital touchpoints, including mobile checkout (see story).

Chanel also debuted a new concept shop in Las Vegas that exclusively sells fragrance, beauty and sunglasses.

Located in the Forum Shops at Caesars, Chanel's 800-square-foot store features a unique design concept, including a 12-foot long chandelier in the entrance and an illusion wall creating the iconic CC logo out of nailpolish. This third Las Vegas outpost for the brand helps it reach an aspirational audience that is looking specifically for entry-level products, giving them a central location to shop a wider array of its cosmetic and eyewear lines (see story).

Italian fashion label Dolce & Gabbana placed emphasis on its footwear category with the opening of a dedicated sneaker boutique in Milan.

Located at Via Della Spiga 1, Dolce & Gabbana's sneaker boutique sells a collection of the brand's colorful, graffiti- and patch-adorned tennis shoes. With luxury's continuous shift toward casual dress, high-end sneakers are an ideal way for brands to leverage creativity with craftsmanship (see story).

Fendi also gave its home furnishings a home of their own in a dedicated boutique, which opened in 2017. The Fendi Casa flagship in Milan is situated near to Fendi's fashion boutique, enabling shoppers to discover both sectors of the brand (see story).

Fendi Casa's Milan flagship. Image credit: Fendi

While many luxury brands are focusing on expansion, there has also been a trend towards scaling back the number of direct-operated stores. With the rise of ecommerce availability, it has become less necessary for brands to have as many boutiques, since online shopping can cater to clientele who are outside of a particular geographic area.

Despite China's continued position as the top spender for luxury goods, brands should consider scaling back their store footprint in the market, according to a report from Boston Consulting Group.

In the changing luxury market, the retail expansion that drove 60 percent of the growth in previous years will be replaced by organic growth. This will now account for 70 percent of the market's development.

With consumers slowing their purchases of hard luxury in favor of experiences, BCG advises a revamped bricks-and-mortar strategy that optimizes efficiency of square footage.

In general, BCG sees opportunities for brands to adopt a more efficient store network in Asia.

On the opposite end is the United States, where the potential largely outweighs brands' store presence. Cities such as Washington, Dallas, Chicago, Boston and even New York may still warrant more doors to cater to the local clientele.

The same is true for certain European cities, including Rome and Milan (see story).

Luxury brands saw a net 62 store closures in China between July 2016 and July 2017, according to numbers from the Bernstein store count database, per *Pambianco*.

Some brands have scaled back more globally, enabling them get rid of underperforming locations.

In 2017, Michael Kors announced that it would be closing up to 125 stores.

With sales down in 2016, Hugo Boss decided to change its Chinese store portfolio and planned to shutter 20 freestanding stores around the world in the following 18 months (see story).

Since implementing their plans to scale back, Michael Kors and Boss have both opened new boutiques, changing up their footprints with new strategies and store concepts.

Connection over commerce

The retail store's primary purpose is commercial, but a number of luxury boutiques have been designed with more than shopping in mind.

Going beyond the transactional, luxury brands are using their stores as experience centers. The boutiques have become places where consumers can immerse themselves in house history or take in a branded meal.

For instance, in 2017 Tiffany & Co. opened an eatery inside of its Fifth Avenue flagship store, marking its first dining concept. Bringing the idea of "Breakfast at Tiffany's" to life, the Blue Box Caf has been a hit, with a long waiting list (see story).

Burberry similarly brought a dining extension to its global flagship.

Dubbed Thomas', the caf is open all day, seven days a week, catering to consumers with a menu of classically British cuisine such as afternoon tea and lobster with chips. Thomas' will use produce from small farmers and artisan suppliers around the United Kingdom (see story).

Thomas' Cafe. Image credit: Burberry

For Gucci's first SoHo store on Wooster Street, the brand prioritized experience. Frontline associates, or "Gucci connectors," serve as ambassadors for the brand, helping to share Gucci's story.

Taking the boutique experience beyond the transactional, Gucci has built an in-store screening room that will host rotating installations. Consumers can sit in the space's velvet armchairs to view films in an intimate setting.

The screening room includes a 3D video display that does not require special glasses, providing more immersion into Gucci's world (see story).

"[Brands] need to look outside of their traditional offerings and find ways to make that space unique to that location," JGA's Mr. Nisch said. "They also need to look at ways that they can authentically connect with their customer.

"Gucci is has done a great job at this," he said. "They've put in a library, put in a theater space, created more gathering social space, and through much more extensive use of programming and events hosting within the spaces."

Another way in which brands are telling their stories in-store is through craftsmanship displays.

Jeweler John Hardy opened its first U.S. flagship store in New York's SoHo neighborhood in 2016.

The 1,200-square-foot boutique at 118 Prince St. features three levels of retail space, including a floor dedicated to an artisan workshop.

John Hardy's SoHo flagship. Image courtesy of John Hardy

On the second floor, an artisan workshop holds master classes, workshops, talks and installations. John Hardy artisans also work in residence in this space when they are visiting from overseas (see story).

Other brands, such as Louis Vuitton, have artisans on-site to do personalization. At some of its stores, the leather goods label has painters on hand to meticulously draw initials on consumers' purchases.

The boutique experience is also seeing a shift for sales associates.

According to a report from *Women's Wear Daily*, a number of brands are moving away from the commission compensation model. This takes away the incentive to chase clients who may appear to be more well-off and able to spend, while also putting more focus on connection over conversion.

"Brands are going away from commission presumably with the intention to provide better service that is more about relationship and creating experience," said Martin Shanker, president of Shanker Inc. "Short-term for some retailers, the in-store shopping experience may decline because not every associate who wants to leave will have an opportunity and so the retailer may have more disgruntled employees than they planned for in the short-term.

"A no commission structure creates a better customer service [experience] it relays the values of the business and management who manage people not just the operations."

Creative change

A brand's retail stores serve as a monument to its vision. Since much of the store design stems from the creative director's ideas, it is therefore natural that store concepts evolve as new talent takes over.

Most recently, French fashion label Celine has been undergoing a bricks-and-mortar update under creative director Hedi Slimane.

A new store concept was launched first in New York earlier this year, and has since extended to a boutique in Tokyo. Mr. Slimane designed the interiors and furniture for the new boutiques. The minimalist spaces feature a palette of white, grey, black and wood tones, with materials including gold mirror, natural stone, stainless steel, oak and concrete (see story).

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CELINE GRENELLE 16 RUE DE GRENELLE, PARIS CELINE ART PROJECT : OSCAR TUAZON, THEASTER GATES, SHAWN KURUNERU #CELINEBYHEDISLIMANE

A post shared by CELINE (@celine) on Mar 22, 2019 at 5:08am PDT

Instagram post from Celine

Kering-owned label Balenciaga brought its updated store concept to New York's Upper East Side with the opening of a new Madison Avenue boutique.

The 1,800-square-foot store at 840 Madison reflects creative director Demna Gvasalia's minimalist, industrial approach to the house. Prior to this opening, Balenciaga's store presence in New York was concentrated downtown, making this additional point of sale an opportunity to expand its reach.

The Balenciaga store mimics the feel of a production facility. Clothing is displayed on fixtures that resemble conveyor belts, which hang from aluminum foil tubes attached to the ceiling.

Other factory-style touches include aluminum tables, leather-covered benches, concrete and glass. Changing rooms are partitioned by silicon curtains for added effect (see story).

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

The new retail environment welcomes consumers into a relaxed interior, with architecture and decor that is discreet through the use of soft elements such as velvet armchairs and harder, industrial touches such as rivets. The space also includes marble polychrome inlays on its floors, a marble staircase set against a varnished iron wall, carpeting in red and peacock blue as well as vintage oriental rugs and dark grey and pale pink velvets used in the fitting rooms (see story).

Sometimes these changes premiere before new looks even walk down the runway.

For instance, British fashion house Burberry teased chief creative officer Riccardo Tisci's first collection with a flagship makeover. Burberry's Regent Street store in London was transformed in line with the designer's vision for the label, with installations that look to the brand's past and future (see story).

Even beyond creative changes, luxury brands are refreshing their store environments.

Herms-owned silversmith Puiforcat has replicated living spaces at its Parisian flagship to showcase its creations in their natural habitat.

Puiforcat's Paris boutique is staged as a dining room to bring its silver goods to life. Image credit: Puiforcat

In-store displays are becoming increasingly immersive, with brands creating spaces that speak to lifestyle rather than items laid out on shelves without a cohesive concept.

Puiforcat's new store concept mirrors its Patin workshop and demonstrates the silversmith's savoir-faire by displaying the brand's products in a "new and stimulating" manner.

Together with architect Tristan Auer, Puiforcat recreated living spaces to display its silver goods. The store includes three rooms: the entryway, which tells of the brand's heritage, an intimate lounge and a dining room setting (see story).

In 2018, French fashion house Balmain opened its first Italian flagship in Milan, bringing touches of the label's

Parisian hometown to Via Montenapoleone.

The 3,000-square-foot boutique features a new store concept for Balmain, which has been used as the basis for future openings.

In Milan, the design is centered on the brand's Parisian heritage. The resulting store concept divides the sales floor into a series of connected rooms that recreate the feeling of a Parisian apartment, modeled after a library or bedroom (see story).

Luxury brands are also experimenting with new store concepts, particularly in locations where they already operate other boutiques.

U.S. jeweler Tiffany & Co. moved further into Japan with its first concept shop in the region, focusing on a playful expression of the brand.

Tiffany is looking to stand out amongst the crowd in the busy Harajuku region of Tokyo on Cat Street with futuristic architecture and a customized logo with the Tiffany blue.

Tiffany's Tokyo boutique in Harajuku. Image credit: Tiffany & C0.

The six-story boutique features floor-to-ceiling shelves and a wall inspired by the iconic Tiffany Blue Box. Each floor will focus on a specific selection of services and products.

Tiffany's store has been designed in a manner that is easily reconfigured so that the brand can change the store for each collection (see story).

Pop-ups also allow brands to adapt their concepts for a particular collection.

French fashion house Christian Dior ushered in a new design era in dedicated bricks-and-mortar environments.

To launch the debut collection by its then recently appointed artistic director Maria Grazia Chiuri, Dior staged a series of pop-up boutiques, using the temporary store format to create a dedicated retail story around the apparel and accessories. Creative transitions often result in gradually updated store designs, but Dior's strategy enables the brand to make a more immediate statement (see story).

Italian fashion label Valentino similarly geared up for a runway show in Tokyo by looking to other designers.

A concept shop popped up in the fashion label's Japanese flagship in Ginza a day ahead of its Tokyo show. The shop was a representation of the Japanese word "ma," which signifies the space in between two things.

Valentino collaborated with a variety of Japanese artists to create a number of products for the store in addition to artworks on display (see story).

Omnichannel opportunity

With consumers' ecommerce expectations heightening, luxury brands can use their physical boutiques as an extension of their online stores to help facilitate better customer service.

Products that are available in-store can be shipped to online buyers, sometimes speeding up fulfillment.

For instance, both Saint Laurent and Gucci have worked with Farfetch to offer 90-minute delivery to customers in

certain cities. The services leveraged in-store inventory to get merchandise to shoppers faster.

Click-and-collect also simplifies the in-store shopping experience, enabling consumers to browse and buy online and pick up their purchase shortly after.

Yoox Net-A-Porter Group teamed with Valentino to develop an omnichannel shopping experience for its boutiques. The "Next Era" business model includes shared inventory across channels and the ability for customers to split their order fulfillment between in-store pickup and shipping.

At the store level, mobile touchpoints allow visitors to have as much or as little contact with sales staff as they prefer. Mobile checkout eliminates the need for associates to ring up purchases, while mobile platforms can also assist shoppers in finding merchandise.

These mobile devices can also make a connection between frontline staff and customers for those looking for a more personal touch (see story).

Some brands have moved away from selling tangible goods that consumers can carry out of the store.

For instance, Swarovski hosted an omnichannel pop-up during the 2017 holiday season, enabling consumers to try on jewelry virtually in a space smaller than 270 square feet.

Swarovski's digital pop-up. Image courtesy of Swarovski

Chosen products could be reserved in a store, or bought via Swarovski.com, with the option to pick up a purchase in-store (see story).

U.S. fashion label Calvin Klein similarly teamed up with Amazon Fashion for a tech-infused, content-centric holiday retail concept.

The partnership spanned in-store and online, with two pop-up shops and an online brand store selling merchandise that included Amazon exclusives.

While in-store, consumers could choose to make a traditional purchase and walk out with their items or they could buy via the Amazon application. By scanning a barcode within the app, they could have their order delivered to their home (see story).

In a different spin on a pop-up, Swiss watchmaker Omega encouraged consumers to mix and match in a pop-up shop devoted to accessorizing its timepieces.

Located at 11 Rue Debelleyme in Paris, the temporary storefront featured an interactive screen through which visitors could explore and shop the brand's Nato straps. This first of its kind concept reflected the growing digitization of the watch business, as more brands embrace retail formats beyond bricks-and-mortar (see story).

Omega's pop-up in Paris sells the brand's Nato straps. Image credit: Omega

Some brands are also bringing the physical store experience online, creating virtual versions of their boutiques.

Instead of having to choose between bricks-and-mortar and online, brands have merged the two in digital environments that mimic the feel of a flagship store.

Oscar de la Renta is the latest to team up with Next Retail Concepts to bring its New York boutique to a global audience. Through an interface, shoppers can click and drag to digitally walk around the store, enabling them to discover fashions as they are merchandised in the physical boutique (see story).

The bricks-and-mortar luxury store will continue to evolve, as brands incorporate digital experiences that enable shoppers to more seamlessly cross channels and be independent. This also better enables them to cater to a more demanding clientele.

"Year after year traffic continues to decline for many brands," Mr. Shanker said. "There is more pressure on sales associates to covert sales, which requires skills.

"Only the retailers that develop their sales teams to adapt to the the new reality of lower traffic and the evolving customer will succeed. Consumers are more informed and confident then every before, and they don't need associates in the same way.

"Many associates feel the pressure to do business has triggered behaviors from associates that actually hurt sales. They're using robotic behavior, use of cliches, following the clients, asking questions to break the ice, when clients today need more time to browse on their own."

Best practice tips for monobrand boutiques:

- Ken Nisch, chairman, JGA:
    - "Continue to push and explore the boundaries of what constitutes a store. Given the 24/7, everywhere anytime ability for the consumer to acquire goods, the main goal of retail should be to acquire customers. That means the more unique and unexpected the setting, the more attention and engagement the customer will participate in. Think of Carolina Herrera and the New York Botanical Garden, some years back in the connection with Frida Kahlo. For brands to find places where people are inspired, love to be, frankly and simply are made 'happy,' and being part of that happiness represents the future."
    - "From a retail standpoint, find ways to appropriately be involved in the 360-degree cycle of product ownership. Mercedes was brilliant in developing a strategy best of class in every class for every customer. What's happening in the resale market indicates a dynamic and dramatic shift in customers' path to ownership and their willingness to be flexible about that path. Why not have a great vintage/match up area within a company's most influential stores? Products that are certified, restored and frankly may even have an interesting pedigree of ownership (think of the art world) could offer just the scarcity and storytelling that true luxury is based on."
    - "Understand how technology, virtualization of product, and the ability to see and customize through virtualization is going to quickly and radically change how people shop, particularly in this coming 5G world. Understanding ways in which retail can participate in that creative conceptualization process will soon become a key part of any physical brick-and-mortar shopping experience."

- Martin Shanker, president, Shanker Inc.:
  - "Redefine the position of sales associate to match what clients want from luxury associates today or continue to drive clients to "showroom" and purchase online."
  - "Retrain sales teams on the new skills and behaviors. Old behaviors no longer work."

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