

RETAIL

Four ways to rethink luxury retail location

June 15, 2021



Luxury brands traditionally open shops in high-status locations to connect with area consumers. But there are other crucial factors they must consider. Image credit: Shutterstock

By [Glyn Atwal](#)

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246** ▶

The surge in domestic luxury spending in China has placed extra pressure on retail location strategies.

Shanghai is a prime example of a flourishing retail destination. According to CBRE Group, retail leasing activity in Shanghai for Q1 of 2021 showed no signs of COVID-19 fatigue, with net absorption rising to a record 28,562 m . Momentum also remains strong, with new retail projects underway in Shanghai's riverside locations.

The blueprint for luxury brands deciding where to open shop revolves around finding a prominent and prestigious location: identify a high-status retail location to reinforce the brand's positioning and, of course, connect with local luxury consumers.

For example, a Diesel Hub concept store recently opened at the six-story Shanghai-based shopping mall Grand Gateway 66, which also houses luxury brands such as Tesla and Bottega Veneta. It is an effective and predictable principle for finding retail locations.

However, the future challenge for luxury brands is to leverage their locations as competitive selling propositions while adding brand value in the process. In other words, to look at a retail location through a qualitative lens and beyond the traditional quantitative metrics of luxury footfall data.

Here, *Jing Daily* outlines four ways luxury executives can leverage location to stand out in an increasingly cluttered luxury retail space.

Destination

Luxury brands usually decide their locations based on where and how consumers choose to spend their leisure time, as luxury retail is a consequence of those spots.

The [K11 Art Malls](#) in Hong Kong, Shanghai, Guangzhou, [Wuhan](#), Shenyang and Tianjin with further mall openings planned are destinations for appreciating art, such as with the retrospective exhibition of Georges Mathieu, currently at the K11 MUSEA.

This type of dedicated cultural retail environment is the *raison d'être* for luxury retail.

Opportunities also exist within the growing domestic tourist and leisure sector, notably in **popular vacation destinations** such as Sanya and Hainan.

Similarly, China's cruise tourism industry is expected to grow into the world's largest by 2030 a compelling reason why select luxury brands such as **Bulgari are onboard Costa Venezia**, an Italian-themed cruise ship purpose-built for Chinese guests.

Synergy

Burberry's decision to open its first **social retail store at Shenzhen** Bay MixC was no coincidence.

The luxury label could have opted for China's fashion capital, Shanghai, but the store's distinctive concept is technology-based.

Shenzhen is China's technology capital, but it is also home to Tencent, which provides the technology exclusively for Burberry's social retail experience. Location synergies are not just at the city level.

Brands can also take advantage of associations with neighborhoods that enjoy a distinctive character.

One example is Beijing's 798 Art District, a creative hub that is starting to attract luxury brands, including Shanghai Tang, which opened a concept store in the vicinity of the UCCA Center for Contemporary Art.

Flexibility

Pop-up stores can be effective for luxury brands that want to do something out of the ordinary to dial up engagement. They also provide a high impact on social media, helping to drive traffic.

Most pop-up stores are located in shopping malls, but they can also provide temporary access via unconventional locations while lending the brand a creative edge.

Yves Saint Laurent had launched a **hotel-themed pop-up store** at the Shanghai Modern Art Museum king-size bed and bathtub included. This approach also gives brands the benefit of identifying new locations that do not show up on the retail radar.

Porsche China has 136 sales outlets concentrated in southeastern coastal cities and western regions. Pop-up stores provide Porsche the flexibility to venture to underserved yet potentially viable locations with minimal risk and cost.

Uniqueness

While the location is critical, the actual physical building is equally important for sending out brand signals. Heritage buildings are favorable, and their scarcity in Chinese cities adds an extra sense of exclusivity.

It reportedly took two years for Tom Dixon Studio to find the ideal location in Shanghai. Its recently opened hub in Xintiandi is situated in a traditional Chinese building that celebrates Shikumen, a Shanghainese architectural style.

Alternatively, brands can recreate uniqueness. This route is strikingly exemplified by the Apple Sanlitun in Beijing, designed by the architecture firm Foster + Partners. The standalone flagship store, although located in a prime location, opens out onto all four sides.

The location should not just be about to touch, but also has to captivate the luxury consumer. **Shopping malls** in prestigious areas will remain a priority.

Yet, luxury brands need to consider how else chosen locations can deliver a competitive advantage.

As luxury brands continue to expand their retail footprints, it may be prudent for executives to take a step back before signing new leases. Their locations could make the difference between just meeting expectations or vastly exceeding a brand's commercial potential.

Glyn Atwal is an associate professor at the Burgundy School of Business (France). He is co-author of "Luxury Brands in China and India" (Palgrave Macmillan).

*Published with permission from **Jing Daily**. Adapted for clarity and style.*