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Luxury's bricks-and-mortar comeback

June 28, 2021



*As the world reopens, the role of bricks-and-mortar retail comes back to the fore as consumers are in desperate need of social interaction.
Image credit: LVMH*

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The basic reason I am optimistic about the future of luxury is the fact I believe you do not bet against human nature.

Luxury fulfills the need to fit in, to belong to a community, get recognized, and rise within the Maslow pyramid, from fulfilling your basic needs to reaching self-actualization.

As Aristotle said, "Man is by nature a social animal," he cannot survive in isolation. And man has been isolated unwillingly for quite a while now with this pandemic. That is the basic reason why I believe you do not bet against bricks-and-mortar stores. That, and the reality that most luxury brands cater to **first-time purchasers** who want to look, feel, smell and touch the product that is often **considered as an investment**.

One of the most visible stories in luxury this past week has been the **reopening of La Samaritaine** in Paris after the iconic department store had been shut for 16 years.

In normal times, this may have grabbed a headline or two. This week, the level of attention around this reopening has been close to dumbfounding.

As images of the stunning revamp circulated online, French president Macron was filmed inaugurating the venue with an entire suite of top managers from LVMH the group owns La Samaritaine and its travel retail arm, DFS, that is running it to cheers of hundreds of employees in a display of authentic joy and a sense of community.

Observers may have been surprised that the French president had time for this the day after what seemed like a tough electoral evening for him, but the reopening will create jobs up to 3,000 apparently and certainly a message of hope in the French capital after a long period of COVID-19-related travel restrictions and curfews.

Cynics will point to the fact that this new shopping mecca was planned to target tourists, notably mainland Chinese, and that they **will not come before a year from now**.

First, I would say who cares about a year when you have been waiting for 16 and you have the financial means and the long-term vision that **LVMH** and its CEO, Bernard Arnault, have?

Second, and most importantly, local French and European traveling consumers are likely keen to discover the venue and all the retail innovations and exclusive offers that La Samaritaine has to offer.

To a certain extent, the department store can be a sort of innovation lab for luxury in months ahead. It will surely be one of my first stops when I visit Paris this summer.

Big still beautiful and seeking surprises

As markets reopen and consumers look to engage, it looks like what was true at the height of the pandemic pain remains true today: the bigger brands are getting a disproportionate amount of attention.

Judging by the difficulty to enter Chanel, Louis Vuitton, Dior and, in another segment, Nike flagship stores in Manhattan, the **Buy Less, Buy Better** attitude I described in previous columns is ongoing.

What will also likely motivate consumers to come back to **bricks-and-mortar** is to have access to experiences they will never find online. That is where La Samaritaine's reopening looks to offer some entertainment, such as with the first physical store from Champagne maison Ruinart, known to connoisseurs for its "Blanc de Blancs" cuve, and visible more recently for its "second-skin" case made from 100 percent recyclable paper, which you will be able to personalize.

Another example, both the men's and women's Dior stores on 57th Street in Manhattan are putting forward very lively product collaborations with shopping window displays and products that are definitely unexpected.

Bricks-and-mortar is back for sure, but you have to assume that consumers, who are finally getting out again, **will not settle for the "same, same" experience** as before.

Online not suffering from re-openings

Online sales of luxury could have logically suffered as consumers go back to physical stores. It does not seem to be the case and I think this is linked to two elements.

First, a better online experience has enabled consumers living in cities without stores to start to buy products without having to travel.

Second, for repeat purchasers of luxury who were maybe not very comfortable to purchase online pre-pandemic, they have developed the habit and those might be sticky.

In a moment of rebound and enthusiasm, it is not incompatible to see all channels doing well.

Erwan Rambourg has been a top-ranked analyst covering the luxury and sporting goods sectors. After eight years as a marketing manager in the luxury industry, notably for LVMH and Richemont, he is now a managing director and global head of consumer and retail equity research. He is also the author of "Future Luxe: What's Ahead for the Business of Luxury" (2020) and "The Bling Dynasty: Why the Reign of Chinese Luxury Shoppers Has Only Just Begun" (2014).

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