

COLUMNS

The return of experiential retailing

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Across the United States, **restrictions** are easing as vaccination rates rise and daily new cases of COVID-19 infections fall.

Most cities should be back to some semblance of "business as usual" in the next few months.

Mask requirements outdoors and indoors are fading, especially for fully vaccinated people, and the travel industry is starting to come back to life with families making vacation plans as summer comes into full swing.

With all this activity now is an ideal time to reconsider your experiential retailing and pop-up store strategy especially if luxury is your market.

More than **\$2.5 trillion in savings** was accrued over the pandemic. Moreover, the wealthiest 10 percent of Americans added **more than \$8 trillion** to their net worth. So, it is no surprise that high-income consumer spending is up 11 percent above pre-COVID levels.

Through this prism, we see three trends driving the return of experiential retailing for luxury brands and just about any label looking to augment its physical retail strategy: Changes to mall and retail property markets; the slow return of urban customers; and the preparedness of retailers' logistical operations.

Retail property market

After a year and a half of store closings and capacity limits, owners of retail properties are hurting. The U.S., United Kingdom and France saw a 125 percent increase in available retail space listed between June and August 2020, according to [Appear Here](#).

The availability of retail space also means lease prices are lower.

In **New York** alone the asking price per square foot has fallen 25 percent. This drop along with availability offers a great opportunity to stand up pop-up stores to test markets for expansion or to open in a temporary space to take advantage of spikes in foot traffic due to seasonal travel.

The lower cost of entry and low occupancy rates have also forced retail property owners to focus more on

innovation and the re-invention of malls.

As a result, they are much more open to new ideas that expand the notion of what a retail store is and what a retail experience looks like, offering luxury retailers a unique opportunity to experiment with how they sell to and engage their customers.

Prada is embracing this trend to highlight its newest collection with a series of **outdoor-themed pop-up installations** in Los Angeles, New York, Miami and Dallas this summer.

The pop-ups will follow a theme of Garden, Coast, Mountain or Snow. Each store will have a custom product selection based on the respective location.

Waiting for urban centers to return

Across the U.S. and Europe, many residents have left major city centers in favor of nearby suburbs or tier 2 cities offering a greater mix of an urban and outdoor lifestyle.

In the U.S., this exodus is slowing the retail recovery in major centers such as New York and San Francisco while Sun Belt and cities including Austin, Sacramento and Denver are expected to recover faster, according to **CBRE**.

Also, hampering spending in urban settings is our collective wanderlust.

According to GWI research on 2021 travel intentions, seven out of 10 consumers in the U.S. and U.K. are planning to take a vacation this year.

As many travelers are still a bit wary of international travel, most trip planning is focusing on domestic destinations. The top three types of trips being planned are long weekends, road trips, and week-long breaks at 38 percent, 35 percent and 26 percent, respectively.

Dior is taking advantage of this by opening seven temporary boutiques and 11 worldwide pop-ups in celebration of its **Dioriviera** capsule collection.

The boutiques are being opened in cities such as Saint-Tropez, Cannes and Capri, while the pop-ups will be in places including Mykonos, Cortina, Ibiza and Montenegro.

Retailer preparedness

One of the larger obstacles to experiential retailing is the logistics around it.

Finding space, designing the experience, hiring and training temporary staff, and moving merchandise around requires considerable planning.

For luxury retailers who focused on improving customer experience, logistics and operational data during the pandemic, this is the time to leverage this advantage.

Pop-up stores offer an opportunity to break from norms to craft a retail experience designed around the way consumers shop today across physical and digital touch points. It is an opportunity to profit from temporary spikes in traffic as well as a great way to test out new customer engagement and fulfillment models.

Key considerations

As someone with experience in this space, I have identified the most important elements when planning a pop-up store strategy.

First, like your main store, remember that "location, location, location" must be your mantra.

Spend the time you need to scout locations so you can see foot traffic patterns, hourly changes, and how well surrounding stores and event spaces will align with your brand and desired brand experience.

The areas with the most foot traffic are not that meaningful if the consumers do not match your customer profile or if there is too much competition for consumer's attention.

If you are chasing customers who have either temporarily or permanently fled large cities, this **report** from Bloomberg on where the city dwellers have gone is useful.

When considering the customer experience, plan for newer shopping behaviors such as curbside and buy online pick up in-store as well as contactless payment options that leverage NFC or QR codes.

The richer the experience you envision the more time should also be spent on subtle elements such as fast and reliable WiFi, music and lighting.

If you are chasing seasonal travelers, consider how your store can incorporate local services such as letting someone buy online or in-store, then have their merchandise sent to their hotel where they can grab it later.

Another important feature for luxury brands is to be able to recognize your best customers outside of their primary store.

Arming associates with a script that helps them decipher this is a good start. Tech embedded into the store that encourages existing customers to self-identify is even better.

Having access to a customer's information and product preferences means you can offer the same personalized and bespoke experience they get at home.

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