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Excerpts from a presentation to the Retail Marketing Society 9/21/05



“INTERNATIONAL TRENDS IN LUXURY RETAILING”

The following is a summary of a presentation by Kenne Shepherd, Principal of Kenne Shepherd Interior Design Architecture PLLC.

As we work with clients such as Ferragamo, Calvin Klein or Wolford to create luxury retail environments, it is an important part of our work to be aware of trends in retail design both here in the United States and internationally. Today I'd like to give you an overview of what I consider to be some of the more exciting trends and developments in luxury retail design.

It is interesting to note that luxury boutiques actually had their start in the late 1800's – in 1858 – and that the first luxury boutique was created in Paris by Charles Woodsworth, an Englishman. Since that first small boutique, which was in the ground floor of his atelier, we have seen luxury fashion retail grow into industry that is building luxury “megastores” stores, entire buildings and even full block retail developments...and one that is growing faster than ever.

RECENT CHANGES IN LUXURY FASHION RETAILING

The Megastores

One of the most significant changes in the past five years is the development of what I call the luxury *megastore*. In the 1980s, luxury boutiques were typically between 2,000 and 5,000 square feet in size. In the '90s, that size increased to 10,000 to 12,000 square feet. When my firm worked on the Calvin Klein flagship on Madison Avenue which is 22,000 square feet, it was one of the largest stores being constructed at the time. Since then stores have continued to dramatically increase in size.

One of the largest luxury superstores is the new Armani store on Via Manzoni in Milan, Italy. At over 100,000 square feet, it occupies a full city block. With a picturesque storefront façade, the store is bisected by two major pedestrian arteries that connect with the streets outside, very much like an urban development project.

Another project of note in terms of size is the Louis Vuitton flagship here in New York City. The project is about 75,000 square feet and the retail area is about 20,000 square feet in size. A major part of the design statements is a four-story atrium which opens onto each selling floor.

Next, in terms of size, is Ralph Lauren in Chicago at 37,000 square feet. This is one of his first stores and it represents the first time Ralph Lauren brought his entire product line together under one roof.

Not far behind that is Louis Vuitton in Tokyo at 36,000 square feet. One of the things I find interesting about Louis Vuitton as a company is their extensive use of their brand identity and logo in the design of their stores. The façade of this 35,000 square foot building is a very unusual abstract design. It is a replica and an abstraction of the stacked steamer trunks which were the first items Louis Vuitton manufactured. So the inspiration for the design of this building goes back to the original roots of the company.

Rounding out the list of megastores, we have Gucci here in New York City at 36,000 square feet; Burberry on 57th Street which has an incredible storefront at 30,000 sq. ft.; Ferragamo on Fifth Avenue

with a sleek Italian storefront very indicative of the brand at 30,000 sq. ft.; Armani at Chater Road in Hong Kong, where he brought his entire line together under one roof for the first time at 30,000 sq. ft.; Ralph Lauren in London at 30,000 sq. ft.; and Prada in Tokyo at 28,000 sq. ft.

These examples all show the latest tendency towards larger size and scale often resulting in full buildings.

Non-Retail Functions

One of the factors fueling the development of larger stores is the fact that these luxury retailers are including a greater variety of services than ever before. It's no longer just about selling apparel, accessories, or shoes. Luxury retail stores such as Prada, Chanel, and Armani now include restaurants, cafes, art installations, flower shops, and more. And the restaurants are often operated by four-or-five-star chefs of international acclaim.

The goal of this approach to retail design is to create a lifestyle statement of the brand. This is done by creating an environment that offers much more than just goods for the shopper; but one in which you can go in and experience the brand meet your friends, have lunch or coffee, go to a gallery, or learn about the history of the company. But regardless of your purpose, you have entered the world of the fashion house and the lifestyle it has created. And the intention, of course, is to keep you there as long as possible and for you to want to come back again to shop.

State of the Art Technology

Part of what makes these new stores so exciting is the use of new materials to achieve never-before seen effects. As technology moves forward, so does retail design.

Plasma Screens and LED Displays

One thing we are seeing in today's retail landscape is an extensive use of LED and plasma screen monitors which until recently were relatively rare in luxury stores. A few years back, you'd find them mostly in mid-level shopping environments, but now they are quite common at the luxury level.

State of the Art Lighting

State-of-the-art lighting is always a factor in luxury retailing today – it simply is not possible to do a luxury project without it. Stock lighting is simply not capable of producing the lighting quality needed in these stores.

Interactive Technologies

Interactive technology has become increasingly present in luxury retail. Rather than the shopper just entering the store and browsing, brands like Prada are using interactive devices to provide customers with direct access to their product database. It's no longer about shopping as a touchy-and-feely experience – there is now a technological component to it.

New and Innovative Material

Then there's the use of new and innovative materials. The design of a flagship store is an opportunity to explore and to develop new materials that are uniquely representative of the brand, which for any designer, (both the fashion designer and the interior architectural designer) is an ideal project. And as these companies begin to build free-standing buildings that house their flagship stores, and often their corporate headquarters, they are also commissioning internationally renowned architects to design them. It's not enough to just build a building – it's a building designed by a star architect that is innovative in terms of design and technology and often receiving international critical acclaim.

FORCES CREATING CHANGE IN THE RETAIL ENVIRONMENT

Social/Cultural Trends

Corresponding to the changes we have seen over the last several years in retail design are significant changes in the world of luxury fashion. Many of these changes are reflections of the social, cultural, and

economic trends in the world around us. Some of the forces that affect the success of fashion retailing include -

Economics

A key factor affecting luxury retailers is the changing economic environment. The recession after 9/11 is a good example of this. After 9/11, luxury retailers tended to contract and new store construction slowed significantly. At the same time luxury retailers were looking for new ways to bring in business, redefine themselves, and reach out and establish new markets.

Demographics

There have also been tremendous demographic changes in the past few years, many of which have been discussed at previous Retail Marketing events. One is the aging boomer population. People who are now in their 50s and 60s have children who have left home and they're at the peak of their buying powers - they have money to spend and are willing to spend it on luxury. You also have an increasing number of young people that have been raised with money – they view luxury as the world they know and the world they feel entitled to. Beyond these two examples, you also have the aspirational buyer – the buyer who may not have the means, or may not have been raised in wealth, but still wants to have a luxury item such as a Gucci handbag or a Louis Vuitton handbag as a status symbol.

Democratization of the market

Democratization of the market is a component of the changes I mentioned before. Luxury, in terms of an item that you own or buy, has become available to everyone. Luxury no longer signifies an item that is available only to the very wealthy and elite. Instead, it is something that is, quite surprisingly, purchased primarily by middle class consumers.

Globalization of the market

Globalization, increased travel, increased Internet access, and an increased awareness of what's happening in other countries has led to an increased public appetite for goods and services from luxury designers.

All of these factors are fueling the growth of luxury, which in turn leads to building more stores.

Trends in Luxury Retailing

Reinvention of the Brand

One of the ways retailers have responded to the economic changes that we've witnessed in the last five years along with the demographic changes and the increased competition in the luxury market is by reinventing their brand to appeal to a larger customer base. The brands that most notably come to mind in this respect are Gucci, Hermes, and Burberry – a brand which was all but dead but has now become one of the hottest in the market

Expansion of the Brand

Today a lot of people want to shop across a wider market. Part of what the luxury retailers have done in response this demand is to look for ways to further extend their brand to reach a larger market and increase sales and profits. They've done this in three different ways:

1. Expanding from their core product by adding additional lines. For example LV has gone beyond their core product in travel and leather goods to add RTW, shoes, pens, watches, etc.
2. The introduction of mid-tier bridge and moderate lines such as Armani/Armani Express, Calvin Klein/CK to appeal to a wider customer base.
3. Companies who don't want to dilute their brand by being too accessible have introduced small high quality luxury items, such as eyeglasses, makeup, earrings, that a younger aspirational customer could more easily afford. Chanel is an example of this strategy.

Consolidation of Design Houses

The consolidation of design houses, such as LVMH, has given the brands they've bought both the discipline and the financial resources to expand and to build, something which they may not have had

previously. Anyone who has worked with LVMH understands what a powerhouse it is in terms of architectural design, not just in terms of finance or as a brand. They have an in-house design team of 25 architects working on their store designs internationally.

The Need to Differentiate

Another thing driving luxury fashion retailers is the need to differentiate themselves from the competition. As more and more fashion houses are diversifying their lines and pursuing similar markets, there is the need to stand out from the crowd. And one way to do it is through store design, in both architecture and interior design.

The Marriage of Architecture and Retail

The major fashion houses have made an unprecedented commitment to this concept. LVMH is building major flagships in the Far East; Armani is doing the same thing, as is Dior. They are commissioning internationally recognized architects so that you have star architects working with star designers. It's a win/win situation for everyone involved and only serves to enhance the prestige of the brand, as well as the prestige of the architect. Everyone benefits from the publicity.

CASE STUDIES

There are several projects worth looking at in-depth. I'm going to examine some of them by looking at specific fashion houses and their latest stores.

Prada

Soho, New York City

One of the most influential projects of the last five years is Prada in Soho, Prada created an international media event in building this store that resulted in endless numbers of articles and public relations events. It was shrewd match – Rem Koolhaas, an avant-garde architect, with Prada, an avant-garde experimental designer. This store pushed the boundaries of retail design concepts defining the nature of a retail environment. It challenged the nature of shopping and experimented with new materials and technologies that hadn't been used before.

It is a very open, gallery-like loft space, an appropriate response to the Soho neighborhood. Virtually all the merchandise on the ground floor is hanging in steel mesh cages suspended from tracks in the ceiling. All of these cages can be pushed to the back of the store to create a large gallery / party space. Most of the merchandise is located in the lower level, a space that is not nearly as dramatic. In term of technology, this store turned retail design on its head with the use of many innovative materials, such as the illuminated polycarbonate panels which creates a soft glow along the walls and ceilings. These materials are something that the customer will continue to see again and again in new stores in New York City and internationally.

Tokyo

The free-standing tower that Prada has built in Tokyo is very different – a different architect Herzog & de Meuron resulted in a completely different retail expression. It is an exploration of soft, textural surfaces, using different types of materials, such as hangrods that are actually wrapped in pony skin or an acrylic table embedded with fiber optic lights. When you get close to this table, it glows and sparkles. Instead of the retail environment being closed in, the designers opened it up so that natural daylight floods into the store. This use of daylight as a primary source lighting is unusual in retail design. Light fixtures are only use to directly illuminate the merchandise.

This building was part of Prada's ongoing exploration into how to engage their customer. In terms of the interactive technology in the building, Prada used a snorkel-like interactive monitor that can be pulled down from the ceiling and that allows the customer to access their database, where he/she can check stock availability, size, color, etc.

Beverly Hills

The third Prada Epicenter (called epicenters because these three stores stand apart from the basic Prada lime green store that is still built as their major retail expansion) is on Rodeo Drive in Beverly Hills. This represents another way that Prada has broken the mold of what we understand retail store design to be. There's no glass storefront, no entry to this store. In this warm, sunny location the ground floor is totally open during the day. At night, when they close the store, a wall comes up from the sidewalk and it closes the storefront so that it is hermetically sealed. Once that happens, you cannot see into the store. However, in front of the building, there are circular glass windows in the sidewalk looking down into the lower level of the store. Again Prada has shattered the standard notion of what the shopping experience should be about and that has been enormously successful in capturing the attention of the public and creating a buzz about the brand and furthering the success of the brand.

As you enter the store, you again see the innovative use of materials, materials developed specifically for Prada at great expense. On the ground floor are the illuminated polycarbonate panels seen in the Soho store. On the second floor there is a green acrylic sponge wall that took Prada over two years to develop. It is an open, porous material that is backlit and illuminated to provide a spectacular glowing backdrop to their merchandise. As in the Soho store, there's not a lot of merchandise on the ground floor. Prada is presenting you with an experience of their universe, their lifestyle statement. The first thing you see is the staircase that is used for merchandise display and that takes you to the upper floors. It is the inverse of the "wave" floor and stairs in the Soho store, which takes you down to the lower level.

Louis Vuitton

57th Street, New York City

Louis Vuitton, more than any of the brands we have looked at, has gone further in capitalizing on the value of their brand and their logo in the design of their stores.

In this store, they have incorporated the LV checkerboard pattern into the LED light display surrounding the stairs that go up to the fourth floor. They found inspiration for this design by looking back to the original imagery used on their steamer trunks and leather goods. The design team then abstracted the image, added the latest lighting technology, and created the illuminated display. The combination of this staircase and LED light display pulls the eye up to all four levels encouraging the customer to go, explore and shop.

Another example of the use of the LV logo in the store design is the mesh curtain above the merchandise on the ground floor. It is a custom stainless steel mesh made from the interlocking circles which are part of the Louis Vuitton logo. Again, they've taken elements of their brand identity and literally woven them into the heart of their store design.

Roppongi Hills, Tokyo

Built in an area of Tokyo that's known for its nightlife, Louis Vuitton's response to the neighborhood was to create a store that looks and feels like a nightclub. The façade of the store is literally a huge billboard, which creates an unforgettable presence on the street. It is made from 30,000 parallel glass tubes which interact with the sunlight and the store lighting to create a shimmering screen. The signage, which runs the full length of the storefront, is at a much larger scale than you would typically associate with a luxury brand. There is nothing discreet about it at all.

And as you enter the store, there are lots of playful ideas that you would associate with a nightclub. For example, they're selling handbags – but they're not selling them in cases like Saks Fifth Avenue or one of their other stores. Instead, they've created a 40 foot long bar with stools underneath, just like a bar. So you literally go up to the bar, and instead of ordering a glass of wine, you order a handbag! This is a fun, playful thing to do and totally appropriate to the store's atmosphere.

There is much in this store that demonstrates the power and use of subliminal suggestion – the logo, the key elements of the brand, and the brand identity keep coming at you, but unless you were looking for it,

you wouldn't notice it. Regardless of your level of awareness, this technique is effective in planting the brand identity into the mind of the shopper.

Giorgio Armani

Giorgio Armani International Image

Their new international concept for the Armani Collection boutiques was created by the Italian architect Claudio Silvestrin. The environment is austere, very Egyptian and tomb-like, featuring moody, dramatic spot lighting. This setting provides a streamlined, minimal, and tasteful exhibition of the Armani Collection, which is an appropriate backdrop to Armani's designs.

Via Manzoni, Milan

Interestingly, in contrast to the Collection boutiques which feature the same design concept, regardless of location, the Emporio Armani stores are completely different from one another and far more experimental and responsive to their surroundings. Take for example his 100,000 square foot store in Milan. It's a minimalist environment of granite floors and limestone walls. Armani's concept was that this retail environment would present his collections in a modern and accessible way and that it would also serve as a background for art and feature continuing exhibitions of local, young Italian artists.

This store is a full block development containing three floors intersected by two interior streets that create two atriums, one a square galleria and the other a rotunda. Natural daylight from the atriums filters into the store. It resembles a luxury shopping center – you have that many different collections: the Emporio Armani line, Armani Casa, a bookstore, a Sony store, cafés, and restaurants. The idea was to get people to come and meet for coffee or an espresso, to have lunch, and to shop. It is a lifestyle environment that is very cool and serene. However, the shops have an individual character created through the use of cutting edge technologies such as LED lighting displays of art or fashion images, an illuminated suspended Plexiglas ceiling that floats over the merchandise and very sophisticated and minimal fixturing.

Chater House, Hong Kong

Armani Chater House in Hong Kong is another very exciting project and very different from the Milan store. The Armani Collection boutique designed by Silvestrin is in keeping with the worldwide image. Everything in the store is stone, black ebonized wood, with spotlighting only on the merchandise and no direct lighting. The resulting space is a fully enclosed, tightly controlled, rigorous, geometric environment.

The balance of the store, the Emporio Armani boutique, the café, the cosmetic area, the bookstore and the florist shop, is designed by the Italian architects Fuksas & Fuksas of Milan. This design targets a younger, aspirational market such as the XY generation, and the never-too-old Boomers. It is a completely different design expression, using an exuberant white curving pattern of light that runs through the entire store, both on the ceiling and the floor. The two curves are connected by two sheets of glass and in between is an area where product is displayed. The ceiling also has a highly finished, glossy surface. The floor, an eggshell blue resin, is a highly finished, glossy surface on which images are projected from the ceiling for heightened effect. The design team is playing with the customer's perception.

Three on the Bund, Shanghai

Next, Armani's most recent project in Shanghai includes the Collection and the Emporio Armani boutiques. Looking at the Emporio Armani boutique, we see a different motif from previous stores which proves the point that these stores are more site-specific, culture-specific and more exuberant in terms of their design display. This design uses highly reflective floor finishes, ceiling finishes, and a swooping stainless steel display rack that curves throughout the store. Clear vertical acrylic tubes descending from the ceiling bring natural light into the store – very playful and very cutting edge.

Hermes

Maison Hermes, Ginza District of Tokyo

Lastly we have Hermes in Tokyo – an example of the commitment of a large fashion house to creating works of architecture. The building was designed by the Italian architectural firm Renzo Piano. It has received a tremendous amount of public acclaim and attention for several reasons. First, the restrictions on building in an earthquake zone like Japan are very difficult. What they've done here is build a glass building using innovative technology that allows them to achieve the desired effect. Their goal was to build a lantern in the heart of Tokyo that would shine and illuminate like the Japanese lanterns throughout the city. Illuminated at night, it is a beacon that you can see from many directions. It is a major architectural statement that houses their flagship store, corporate offices, museum, creative spaces, and leather workshop.

This presentation was followed by a lively Q & A session.

Note: To see some of the architectural features of the stores mentioned in this presentation, copy and paste the following links into your Web browser:

Prada, Tokyo: <http://archrecord.construction.com/projects/portfolio/archives/0310pradaJP.asp>
<http://www.dezain.net/2003/prada/>

Prada, Soho:
<http://www.galinsky.com/buildings/prada/>

Prada, Rodeo Drive:
http://www.europaconcorsi.com/db/pub/architecture.php?id_scheda=2719&idimg=18186

Armani-Hong Kong:
<http://www.arcspace.com/architects/Fuksas/armani/>

Louis Vuitton, Tokyo:
<http://archrecord.construction.com/projects/interiors/archives/0402LV.asp>

Hermes, Tokyo:
<http://www.galinsky.com/buildings/hermes/>

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