

# HOW HUMAN VALUES, EXPERIENCE AND TECHNOLOGY SHAPE LUXURY STORES IN THE FUTURE

**'THE TIMES THEY ARE A-CHANGIN'** — Bob Dylan's iconic song very much echoes the times we live in. Retail is not just changing. Its Hyper-changing. Its change on steroids. The way we shop today will not be the way we shop in 2020. The challenges are very real. And the solutions are the most interesting we have ever seen.

BY ANSHUMAN BHARGAVA

**About the author:**

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Luxury Retail has its work cut out. Using design, technology and differentiation, Luxury Brands are redefining themselves in the most innovative ways possible. And they've just got started ...

**THE THREE SOLUTIONS**

Luxury Retail Design is focusing on three areas to address this new Situation

- 1. An Emphasis on Basic Human Values
- 2. Bringing the Experience Back in The Store
- 3. Optimizing Technology

**SOLUTION ONE: BASIC HUMAN VALUES**

In our always-on highly connected world with hectic lifestyles and buzzing work schedules, there is a need for emphasizing basic human values more so than ever.

Luxury Retail's new concepts are: Austerity, Authenticity, Human Emotion and Trust.

Ideal case study is the premium Australian skincare brand, Aesop. Each store is designed by a different local architect using local materials to create a very location relevant store. So people will drop into an Aesop store even if they don't need to buy a product just to see the incredible local design. They end up buying anyways.

Texture becomes the most important element in interior design. Its what we immediately touch and feel. So store interiors have more textured materials and surfaces. We see more use of worn reclaimed woods, tactile rough stone finishes, raw exposed concrete, felts and untreated metals.

As we have seen earlier, people are spending more on the sides. So we see more accessories, home furnishing stores. As a side note, many luxury brands are going to the masses. So you see more upscale kiosks of brands like Chanel, Burberry in mass retail stores like Target and Lifestyle. For example, Karl Lagerfeld held a



So New Luxury Retail Interiors have: Simple Palettes -- In form, shape, colors. More pastel shades rather than stark reds, blues and greens. We see more subtle design elements. Minimalistic luxury is the new tagline.

Emphasis on Craftsmanship, Handwritten graphics and installations – all alluding to the human element.

Using of local artisans and designers to make the stores more relevant to their locations.

fashion show for his latest Chanel collection in Grand Palais, Paris. The runway was setup like a supermarket. The models wore Chanel but in sneakers. What could be less 'Luxury' and more 'mass' than a supermarket and sneakers?

So, we are all a part of this fantastical digital age and yet both consumers and brands are also a part of the movement that seeks all things human, beautiful, natural and raw. What connects both is a differentiated experience ...



## SOLUTION TWO: BRINGING THE EXPERIENCE BACK

The 'in-store' experience needs to be optimized more so than ever. Why would a 24x7 connected customer come to the store? The answer lies in making the store a destination. The store needs to have an experience you can never have online. You want the customer to come more and stay longer.

### So the store should be:

- A Cultural hub. A Place to Lounge. To Stay. To Encounter.
- An Experience zone.
- A Learning Zone.

### So we have:

More restaurants in stores. You spend time at restaurants. Premium cycling clothes and accessories brand, Rapha has a place to park cycles indoor. The remaining store is part restaurant and part showroom. Surfing inspired lifestyle brand Tommy Bahama opens restaurants in their shops, naming them 'Islands'. Their island stores promise environments that transport you to a 'world of relaxed luxury.' The idea is to immerse the shopper in their brand's lifestyle.

In Superdry's London store, the upper floor has pinball machines, table games and huge comfortable sofas. The customer should do more than just buy.

Separate book reading areas allow guests to read about the brand's story while sipping a cup of coffee or tea. Layouts become very important in making stores multipurpose. So you see large

corridor spaces in the Burberry flagship store in London, for exhibitions and events. Massive video screens on either side show how a Burberry piece is immaculately hand crafted.

Louis Vuitton's Series 3 installation at London had several rooms showing different aspects of the craftsmanship as well as the luxurious elements of the brand.

So the emphasis is on history, its timeline, its heritage, how its made. Storytelling is vital for brand connection. Retail Design now takes inspiration from museums that have long educated people.

With so much so easily available, brands need to create confidence for their product. One way is to allow visitors to fully use and experience their products before they buy. So the store becomes the brand's learning and experience center.

- **PIRCH** – which specializes in premium kitchen and bath fixtures – wants visitors to take showers, cook a meal in its showroom. The company has one of the highest revenues per square foot of retail space in the industry.
- **Ikea** created a display for their pop up breakfast table. So customers are encouraged to sleep in an Ikea Bed. When they wake up, they are served breakfast on the Ikea pop up breakfast table. The food is from the Ikea café. Users are given information on the how to get a good night's sleep.
- **Large installations / mockups** of products in stores – besides being a visual attraction – allow customers to see the product's details in large sizes from all sides.

## WHAT'S THE SITUATION? THE RISE OF THE HENRYs

The global economy is down. China is in the dumps. Russia is buying less. America is wobbling. Online media is seriously affecting the way we shop. So there is a mood of austerity and sobriety amongst shoppers.

Affluents (the top 20% of income households) are spooked about the economy. They would rather save and invest than spend. Then there is the rise of the HENRYs (High-Earners-Not-Rich Yet). They still view themselves as middle class. Since, anyone can get anything and know everything online, so the new rich of the Affluents and HENRYs don't see the value in paying for very high brands when the less premium brands have the same craftsmanship and quality. So they are trading down than up.

It is less about the Logo now. Its about getting maximum value for the money. The rich are forgoing indulgences and extra expenditures. They need simplicity, back to basics, downscaling approach. They would rather spend on the side stuff – family, friends, home, art and experience. They want a reflection of personal values and interests. There are just too many luxury brands now in a slow growth environment.

So the challenge for the retailer is: HOW TO TRANSLATE CUSTOMER AUSTERITY INTO BUSINESS PROSPERITY?



To heighten the store experience, personalization and relevance is essential. The customer needs to feel his product is being displayed in his store only for him as per his mood and his preference.

The 'Story' store in New York changes its interiors theme – including merchandise, fixtures and display – every 4-6 weeks to reflect current events and trends. Rachel Shechtman, the store's founder, wants to provide the 'most experience per square foot' than any other store. 'Story' has become a sensation in New York. Its tagline is 'point of view of a magazine, changes like a gallery, sells like a store'.

Nike's premium Niketown in Regent Square, London is the largest Nike store in the world. It changes installations on a daily basis. So you see highly relevant inspirational campaigns and events. It employs the very latest in technology, like track analysis, to enable visitors to customize just about every aspect of their footwear, clothing and equipment design.

Personalization rooms have become more common. The store senses what you like as per facial recognition technology, tracks it, and then guides you to the products you like. The Immersion Room

in Cooper Hewitt Museum allows users to draw their own premium-customized wallpaper. Sephora has a separate room where you can customize your own perfume depending on your mood and preferences.

Like Gap started a 'sell more than clothes' initiative, the overall goal in the theater of retail today is the same: to build human spaces that tell stories which amuse and delight. Places that encourage the senses, that invoke interaction and playfully call upon us to touch, feel, taste and smell.

Technology plays a huge role in it ...

### **SOLUTION THREE: THE INTERNET OF THINGS**

By 2020, there would be 1.7 trillion gadgets. That's almost 20 times the gadgets we have now. So technology cannot be ignored. Infact technology will drive the future of luxury retail.

Because building rents are high, 'Showrooming', has become a viable concept. Consumers can try out a product in a store. Then, they can place an order online and have it delivered to their home. This saves valuable real estate and transportation costs. So physical stores

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are just display, learning and interaction centers with an emphasis on experience and storytelling. Click-n-collect is the model of the future.

Surveys suggest that people these days get information on a luxury brand's new collections mostly from the Internet or apps. Infact social media channels like Weibo and Wechat are the most preferred online sources for information on luxury goods. Tag Heur, Piaget and Montblanc release their new collections on their online stores first.

Beacons. House of Frasier sends messages/offers about their clothes via mannequins placed within a mall or its store in critical places. So layout becomes essential -- How to place beacons that provide the maximum exposure to the customer.

Huge Video Walls bring an interactive, highly immersive experience. The Burberry flagship store in London is a good example.

Touchscreens reduce staff interaction and provide more collaborative learning opportunities. So you see increasing use of touchscreen menus in stores and restaurants, virtual fitting rooms using hybrid mirrors and sense technology.

The Inspiration Corridor in Klepierre malls in Paris is a body-scanning hallway that makes fashion suggestions. So based on what you are wearing, it will make recommendations on what and where you can buy to complete your outfit.

Retail stores are removing the cashier. You can pay anywhere in a store with wireless payment capabilities. Apple (via Apple Pay) and Starbucks Mobile Order and Pay are some examples. Store design layout largely revolved around the cash register. With the latter being removed, you suddenly have more options now in store layout.

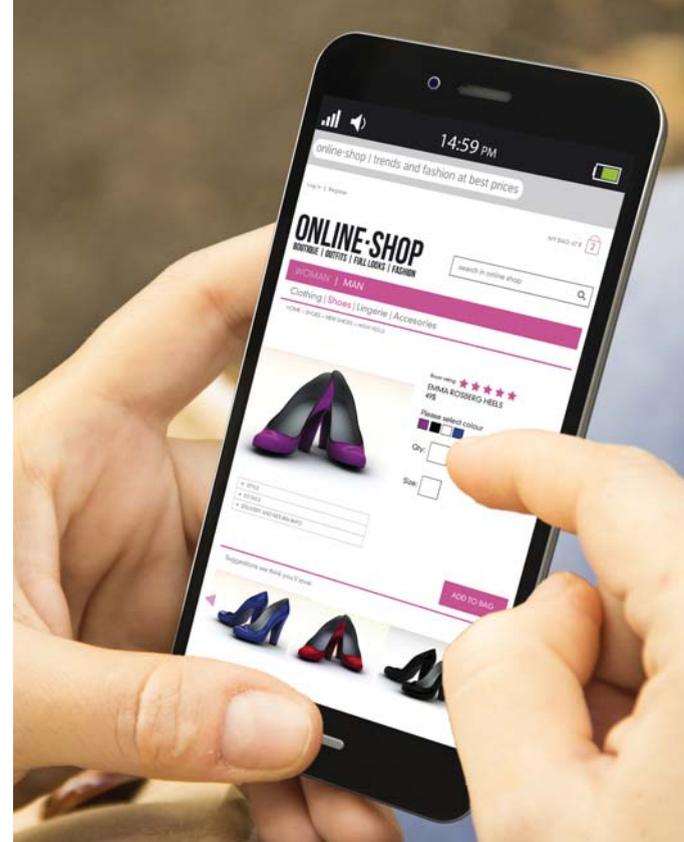
- Macy's Hointer will scan the garments you want to buy and deliver them straight to the fitting room for you to try.
- Target 's connected home store, Target Open House is a concept showroom for Target's latest connected products that talk to one another and provide endless value with one device conversing and relaying data to one another.
- Smart Shelves are sweeping big box retailers. These store shelves keep track of inventory and alert the staff when some item has low stock on the shelves. They advertise directly to consumers via tickers and update prices in real time based on stock and availability.

### JUST GETTING STARTED ...

Whatever the methods, strategies and tactics, they should all come together to make the shoppers' experience in each store the vital factor in making a purchase.

This is even more essential for luxury marketers. In the future, not only could their customers' income decline, rather than rise, but also they may

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simply decide that paying high prices for luxury brands is not a priority.

Luxury brands have started redefining themselves and their interiors to keep in sync with the changing times.

So you have Yves Saint Laurent dropping Yves from its name to Saint Laurent, shifting to LA from Paris and redesigning its collection for a more basic minimalistic aesthetic. Likewise for Hermes and Bottega Veneta. Their newer store interiors are more sparse and simplistic.

Newer luxury brands have emerged. Jeweler James Avery's design concepts are: simplicity, integrity, meaning and universality. Alex and Ani Energy provide very expensive wearable exotic jewellery that is highly personalized. The most popular luxury brands are now Apple, Coach,

Fischer Voyage and Row. Larsson and Jennings have portable stores for their luxury collections.

The aim is to provide highly differentiated offerings at full value price.

So for Luxury Retail Design its become very essential to knowing your competition, knowing your customers, being very relevant, taking inspiration from everywhere, giving people a huge reason to visit and check budgets.

Providing high-end goods and services to wealthy customers will remain a growth industry in volume, and value, for decades to come. What's crucial now is rapid adaptation to evolving market realities. Powerful forces are affecting the luxury industry right now and remind us that we have to get comfortable being uncomfortable. The time to implement change is now. ●●●