What potential strategies for multi brand stores can countervail the increasing competition from mono brand stores?

A Thesis Research Report

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Hand-in date: June 13th, 2016
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4. All quotes from other sources are recognisable in the report by quotation marks and the sources of all my information have specifically been indicated.

Date: June 13th, 2016

Place: Amsterdam, Netherlands

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I would like to thank all the third parties that advised and assisted me with working on this research report. Thank you to the people of my internship company that have shed a light on the development in fashion retail, resulting in me writing my report about the subject.

A special thanks to the people willing to share sensitive company-information, in order to enhance the company analysis.

An expression of gratitude to my coaches, who have guided me with pinpointing my thesis subject and research proposal. They have enabled me to go in the right direction for writing my research report.

Steven Witte
April, 2016
Executive Summary

The research report will introduce fashion retail and its distinctive platforms, elaborated with descriptions and examples. This is followed by the developments occurring in fashion retail. This is explained with an external analysis studying the causes of these developments and researching the effects they have on fashion retail. Field research in the form of surveys has been conducted to analyze the changes in consumers’ buying behavior. An analysis of accustomed companies has been made in order to study their methods for surviving the retail environment. The final chapter will consist of a number of innovations that are implemented by retailers to investigate what probabilities they have for building a framework, which will become part of the product of this thesis project. The research report will end with an overall conclusion and a reference list showing all the sources used to realize the research report.

Fashion retail is known to have many platforms such as department stores, known for having a large store establishment and many product categories, multi brand stores, being smaller sizes stores that focus on apparel and accessories, and newcomer online stores, being digital equivalents of physical stores, with the convenience of being accessible from the comfort of a desktop or mobile device.

Developments in fashion retail have occurred, that have had its effects on all the stated retail platforms. As the financial recession changed the consumers’ buying behavior, retailers had difficulties adapting to the changes, resulting in brands taking over the shopping street with their own stores. As multi brand retailers weren’t adapting quickly enough, the consumers did get gratified with the dominating shop experience of mono brand stores, aware of these demands. Online stores grasped the opportunity to deliver digital shopping experiences and customer-convenience, overtaking a market share from multi brand retailers.

A analysis of selected brick-and-mortar stores indicates that there are multiple ways to comply to the demands of today’s consumers. Oger, a luxury menswear retailer continues to invest in omnichannel and improve and develop their private label, in order to become less dependent of their other brands. Denim store, Tenue de Nimes, focuses strongly on communicating its company identity and values, which is the same case for retailer We Are Labels. J.Crew, an American multi brand retailer, is working on understanding its customers’ preferences. Innovative retail concepts are being tested to enhance the shopping experience of consumers. Omni-channel is the solution for many retailers who are prepared to invest in it. Customization is in demand amongst consumers, therefore company AlpStories is experimenting with offering customized beauty products. Ralph Lauren and Memomi are exploring the benefits of interactive mirrors in retail location.
Introduction

AMFI has taught me the managerial skills to prepare me for the fashion industry. During my internship, my company supervisor and I were discussing the development that the company was experiencing, when we discovered that this is an international occurrence. What the company was experiencing was happening abroad as well: brands disappearing from multi brand retailers and opening brand-owned mono brand stores. As the internship company was figuring out what the consequences could be in the long run, I realized this could be analyzed and a possible framework could be composed for retailers to counter the effects.

During my internship at Oger Fashion in 2015, I experienced and observed the fashion industry from another perspective than I have before. As a Creative & Buying Intern I became involved with brands, which are offered in the stores, and that segment of the fashion industry in general. A development that continues to influence the Oger stores was that brands, offered in Oger stores, are changing their business strategy by opening their own mono brand stores. To give an indication of the situation, three brands have opened stores in the same shopping street as the Oger Amsterdam store. The significance of this research report can be helpful for retailers affected by similar developments. Therefore this research report will analyze the development occurring in fashion retail and will investigate potential strategies that could counter the occurrence.

Problem Definition

This graduation thesis will be implemented as a research report. The product resulting from this research will be a possible framework for multi brand stores to innovate in order to counter the continued increase and popularity of mono brand stores. This leads to the main research question: What potential strategies for multi brand stores can counter the increasing competition from mono brand stores?

Objective

The objective of the research report is to analyze the fashion retail market and the developments have occurred. This will be followed by what caused the developments and how retailers have adapted so far. Consumers buying behavior will be studies using a survey, explaining their shopping methods and processes. Based on the collected information, an advisory report can be written formulating a framework useful for retailers affected by the developments.

Research Questions

1. Why are brands opening their own mono brand stores?
2. What are innovative retail-concepts?
3. How and where do consumers shop, and what are their preferences?
4. How do retailers operate in view of the developments?
By answering these research questions, an analysis will have been made about developments in fashion retail. The information collected and analyzed will be the groundwork in writing the product of this assignment: a possible framework of retail strategies for multi brand stores to countervail the increasing competition of mono brand stores.

**Research Methods**

The fashion retail environment and relatable developments have been studied through extensive desk and field research. To analyze the motivation of brands to open their own stores, I used field research to see and experience shopping (experiences) and used the observations to research similarities through online desk research. Research online and via e-mail resulted in the findings of the activities of retailers adapting to retail developments, resulting in the findings on how retailers operate in view of the developments. As field research was done to experience shopping and noticing my own preferences, I used a survey to connect and analyze consumer behavior regarding their shopping behavior and shopping preferences. Books, publications and websites gave an insight on how fashion retail operates and how external elements can influence consumers. Online desk research has been used to explore sources of innovative retail-formats that are linked with the changing demand with consumers. The analysis on the occurring developments was experienced during my internship at Oger and was helpful for the entirety of the report writing. All sources of desk research can be found in the reference list at the end of the report. The research and conclusions will enable me to develop a product useful for multi brand stores.

**Scope and Preconditions**

This thesis project constructed as a research report has been completed over the timespan of 2 months and under the supervision of Marco Mossinkoff and Anja Köppchen. Scopes in this research report include the limitation of reliable and complete financial information. In order to facilitate reading financial information, all data has been calculated and converted into Euro’s.
1. Retail Formats

Fashion retail and consumers has grown accustomed to various retail platforms such as brand-owned stores known as mono brand stores, multi brand stores and department stores. The youngest retail channel is the online store that again can be divided into the previously mentioned retail platforms. So what are the different types of retail and what developments have occurred to these formats through the years? These questions will be answered in the following sub-chapters.

1.1 Mono Brand Store

Mono brand stores are retail establishments that offer a single fashion brand, and are most likely owned by the brand itself. It is common for brands to have multiple store locations in metropolitan cities, one of which being the flagship store: having a larger store space and offering a more complete assortment of the brand collection.

An example of a mono brand store is Zara, the Spanish retail chain that has retail locations worldwide. The stores offer one brand, the Zara brand, even though new capsule-collections have been incorporated within the main collections.

1.2 Multi Brand Store

According to Maps of World Finance, multi brand stores are retail establishments that offer a variety of fashion brands, possibly including their own label, ranging from apparel to accessories. The benefits of a multi brand store are that customers are presented with several options within certain categories when shopping in order to substantiate their potential purchase.

An example of a multi brand store is Oger, a Dutch retailer focusing on high-end menswear brands. The stores offer a wide variety of products and brands, with the main product offering being suits and other formalwear.

1.3 Department Store

Small Business describes a department store as a large retail establishment offering a wide variety of brands and products organized into separate department (Penn 2015). Department stores usually offer additional product categories alongside fashion and apparel merchandise.

Today department stores fulfill retail and social opportunities by pursuing additional functions to the establishment. An example of this is Selfridges in London: that desires to attach a hotel to the store allowing day-and-night access for its guests (Din, 2000).
1.4 Online Store

Online stores are the digital equivalent of the previously mentioned retail formats. The first form of digital shopping was invented by English entrepreneur Michael Aldrich who connected a domestic television to a real-time transaction PC using a telephone line (Aldrich 2011). This technology of digital shopping has evolved into online shopping that is today. Online shopping can be utilized for different purposes: B2B - Business to Business - where companies trade goods and/or services amongst one another, B2C – Business to Consumer, where companies sell goods and/or services with consumers. Examples of this are online stores MRPORTER, Yoox, Asos, and Zalando. C2C otherwise known as Consumer to Consumers has been made possible as well, through websites such as Ebay and the Dutch website Marktplaats.

2. Fashion Retail Developments

Today's fashion retail is changing; some retail formats are disappearing, others are repositioning, and new retail formats making their way to the top (Nueno 2013).

As the different types of retail platforms have been explained, this chapter will describe the causes and developments occurring in these platforms.

2.1 Developments regarding Department Stores

Department stores have been forced to reposition themselves to survive the shift in fashion retail. Luxury fashion brands have taken charge of their own brand image by opening brand-owned mono brand stores and limiting their wholesale offering to specialty retailers. This has caused department stores to rethink their strategies in order to remain relevant and successful in fashion retail.

In the Netherlands, consumers are familiar with the department stores of Bijenkorf and Vroom&Dreesman. These companies have been struggling for a number of years, with Vroom&Dreesman actually going bankrupt in 2016. The reasons for the company’s bankruptcy could be due to the lacking efforts by the foreign investment company who owned the department store, but when looking at it from a retail standpoint the following flaws can be mentioned; The issue with Vroom&Dreesman was that it kept its focus on the mid-segment. The fashion industry was hurt by the financial crisis, especially the mid-segment. This resulted in a gap between luxury and lower segment of fashion, the rich maintained to afford luxury goods where as the middle class went to low-segment brands to make their purchases with stores such as H&M and Primark, yet V&D never adopted to the shift in consumer behavior. Due to disappointing sales and poor management, the company didn't know on what elements to focus on in-store (Koster 2015). This caused the stores to have a ‘cheaper’ appearance than the actual brand offering, which was also translated in their e-commerce platform, which never get the attention and dedication it needed to partake in the online-boom of
fashion in the Netherlands. Because of these issues, the brands part of the V&D-portfolio were opening their own stores, making the sales numbers of the department store even more. Along with the poor management structure, the department store filed for bankruptcy in 2015 (van der Heijden 2016).

Bijenkorf on the other hand, which has also been struggling due to the financial crisis, has been taking the necessary actions to survive and once again thrive in the shopping streets of the Netherlands. The department store knew that they needed to reposition themselves; therefore they embraced the luxury segment of the fashion industry. Stated on the Bijenkorf website the company has become part of Selfridgers Group Limited in 2011, the British luxury department store chain that has also been struggling, it has devoted management to keep the company on its feet. Since a few years the company has been working on its premium experience strategy order to reach the international top segment in brand offering, service and store experience. By aiming for the premium experience Bijenkorf can focus more on the consumer appeal. The department store did have to close a number of retail locations throughout the country in order to have the needed budget, so the company decided to close the locations where the surrounding population didn’t match the updated target group. To become a staple of the luxury segment worldwide, the company also took action with their e-commerce platform, translating the luxury store experience to the online store platform that is fully integrated for mobile platforms and social media.

2.2 Developments regarding Multi Brand stores

Small retail outlets and multi brand stores are in decline, losing ground against the rise of mono brand stores (illustration page 11). This is caused because of the change in consumer behavior (Nueno 2013). As consumers have opted for quality over quantity, stores with poor brand and quality offering went down. There were even stores that would combine stock and/or outlet items amongst new collection pieces and selling them at full price (Solca 2013). Successful multi brand stores need brands with healthy sell through in order to survive the current market (Geoghegan 2015).

2.3 Development Online

Online has become an increasing influence on the fashion industry for both brands and consumers. E-Commerce penetration has doubled since 2012 (D’Arpizio 2015), and luxury fashion has slowly become accustomed to the digital universe and is now interacting with consumers both through their own branded online stores and on multi brand e-tailers (Schmidt 2015). Due to the increasing amount of digital marketing, the decision-making process of consumers has become effects, as now nearly half of luxury goods buying decisions are influenced by what consumers see online (Schmidt 2015), which has been confirmed according to research by Deloitte (Gordine-Wright 2015).
When looking at the US market, online apparel and accessories sales make up 17.2%, € 53.4 billion, of total e-commerce sales in 2015. Online luxury fashion sales were € 2.017 billion, contributing 3.7% of total online fashion sales.

Of that same year the total sales of apparel and accessories in the US reached €205 billion, making online fashion sales contribute to 26% of total fashion sales in the US. However, when looking at the e-commerce retail sales to the total sales, we see that it only contributes 7.5% of the total retail sales. With these numbers we can state that in the US e-commerce is immensely important for the fashion industry when compared to other e-commerce sources.

According to Ecommerce News, the total online sales of the Netherlands reached an estimated €16.5 billion in 2015, where apparel and accessories made 7.48% of that, being €1.23 billion (ecommercenews 2015). Comparing the statistics between the US and the Netherlands shows that the sales percentage of fashion in e-commerce can vary a lot, even when offline sales percentages are similar.

When focusing on women luxury fashion, McKinsey & Company has predicted that the success of online retailing will continue to grow year after year, as seen in the following illustration.

![Online luxury fashion market development](https://www.mckinseyonmarketingandsales.com/sites/default/files/pdf/CSI_Online%20luxury%20fashion.pdf)

A contributing element behind the growing success of online retail is social media. “Social media posts and pages have a greater influence on the stores and brands consumers buy from than any other channel, including search engines and retail websites. And brands’ social media posts and pages aren’t far behind. (Stambor 2015)”. A retail store is able to improve brand awareness, shape the image and enhance the consumers’ experience and bond with the brand, something that is hard to duplicate via online platforms. Even though online shopping continues to thrive, bricks-and-mortar stores will always be in fashion (Tyrimou 2015).

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1. CAGR: Compound Annual Growth Rate
As mentioned in the previous chapter the fashion industry has been struggling, due to the financial recession starting 2007 (Lamb 2011). To deal with the global situation, brands have started to retake control over their collections in fashion retail because of the following. Department stores have repositioned themselves to attract a wider audience by offering a broader brand and product offering. This has caused brands of different price levels to be sold amongst one another. This has caused customers feeling unrelatable with the stores, and brands notice that their collections aren’t delivering the strong brand image that is intended. Especially luxury department stores such as Saks Fifth Avenue have been struggling to uphold the former luxury image, forcing to close multiple retail locations. Adding to that, department stores started selling luxury brands with markdowns in order to overcome the sales slump caused by the financial crisis, which dissatisfied the brands even more.

As a result, brand have started to move out of department stores and focus on opening their brand-owned flagship and mono brand stores (Lindsey 2015). Signs are showing this is paying off for brands expanding their retail stores. According to the Worldwide Markets Monitor 2015 report by Altagamma, retail has experiences a 20 percent increase compared to a 10 percent drop in wholesale channels between 2014 and 2015, meaning that mono brand stores now have a 29 percent market share (see illustration below), making them the largest channel of fashion retail, with department stores and multi brand stores ranking second and third.

The Altagamma report is confirming the reasons why department stores are under pressure; the continuing development of mono brand operations, and the online wholesale formats that are closing in on the performance of brick-and-mortar multi brand retailers such as department stores.

Altagamma does indicate that the number of mono brand store openings is slowing down, it seems that the majority of the established fashion brands are focusing on network maintenance to ensure the current operating stores are functioning with the demanded efficiency. Smaller and younger fashion brands are the players that are contributing to network and store expansions (D’Arpizio 2015)
**Conclusion**

Fashion retail has experienced numerous developments, affecting the different formats in its own way. Department stores are figuring out how to reconnect with customers, who feel estranged by the stores, and multi brand stores are looking for established brands with a good sell-through, followed by an enhanced store experience. Brands have analyzed these developments and the change in consumer buying behavior, therefore choosing to open their own mono brand stores. Online is becoming increasingly important for fashion retail, for both brands and retailers. Online sales are rising and it generating revenue for bricks-and-mortar stores. Retailers are still figuring out how to deal with the changes, as the advancement of companies going bankrupt continues.

**3. The consumers**

Consumers have a potential effect on the fashion industry. Not only can they be responsible for generating income for fashion companies and fashion stores, they may influence the appearance of the shopping streets as well. A theory for the developments that are occurring in fashion retail could be caused by the change in consumer behavior. Perhaps consumers want an enhanced brand experience whilst shopping, that is mainly possible in mono brand stores. Therefore sales in mono brand stores increase whilst sales figures in department stores and multi brand stores stay behind, resulting in brands changing their strategies to focusing on (opening more) mono brand stores. Have the developments in fashion retail changed the consumer behavior or has consumer behavior caused the developments?

As this is one of many possible theories explaining the shift in retail, I created a survey to analyze consumer behavior. All the completed surveys were filled in via online platforms, and are originating from Western Europe and Northern America.

The majority of the respondents are male between the age of 21 and 30 years old, making the results of this survey based on a moderately younger age group. According to a WWD article millennials, a group of 2.3 billion consumers aged between 18 and 34 are the “future of the market” (Zargani 2016).

**3.1 Consumer Behavior**

Data analyzed from the survey make it clear that consumers prefer to go shopping in mono brand stores, compared to multi brand stores and department stores, although almost a quarter of the respondents don’t have a preference. This can possibly indicate that those consumers shop for function - “I’m looking for new jeans” – instead of looking for a specific brand, “I’m looking for new Levi’s jeans”.

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When it comes to why consumers prefer visiting a mono brand store, consumers are becoming increasingly brand loyal. They visit the mono brand store because they want that brand and the brand experience when shopping in that store. I gave respondents the possibility to respond to where they commented that when they look for a brand, they would go to the brand-owned mono brand store.

When asked why the respondents visit a multi brand store, the clear response was that they visit such a store when they aren’t looking for a specific brand or because of the availability of multiple brands. This could be linked with the statement in the second paragraph, mentioning functional shopping.

The respondents are visiting department stores because of the availability of multi brands but also because of the wide range of different products groups, that aren’t even fashion related. It seems consumers aren’t necessarily visiting department stores for their fashion collections, but just the wide range of products, as if it is a shopping mall.

This data is backed up by the figures stating that they make most of their shopping visits and purchases in mono brand stores. I gave the respondents the possibility to answer the following two open questions: why are mono brand stores thriving and increasing by numbers, and why multi brand stores and department stores are struggling. Because these two questions were open questions, respondents were enables to really speak their own mind on the matter.

Regarding the question about the developments with mono brand stores, a number of answers had close resemblance with answers of other respondents. The group discussed that the rise of mono brand stores lies with the clear marketing strategies of the brands and stores. They project a clear brand image and focus on a specific target group that consumers can relate to. Because consumers feel more attracted to brands that way, they tend to feel more persuaded to visit the brand-owned store. When they visit the store they experience the same brand image that the brand projects through their marketing strategies, creating a streamlined brand identity that in turn enhances brand loyalty of its consumers.

The respondents had also given similar answers when discussing the difficulties of multi brand and department stores. Consumers struggle to identify themselves with those stores because of the different fashion styles and price segments. Because they can’t seem to relate themselves with those stores they don’t feel persuaded to visit them either. Brands are able to offer a brand image that consumers can relate to, in comparison to multi brand and department stores that offer a wide variety of clothes. As multi brand stores and department stores offer brands of different price levels, the store experience seems to feel chaotic, as there isn’t a clear store atmosphere resulting in a poor store-experience. People only feel attracted to visit these types of stores for their convenience instead of its quality, yet it seems that online is the solution for that. When consumers aren’t able to get a quality store-experience they tend to go online to find the brand or product they are looking for.
Web stores such as ASOS, Net-a-Porter, Nordstrom, End Clothing and MRPORTER seem to be the online destination for that consumers group.

The survey was finalized with the question if the consumers’ buying behavior has been affected by the shift in fashion retail. Over 80% of the respondents responded with a negative answers, meaning that their buying behavior hasn’t been affected. This seems interesting as this could mean that fashion retail actually adapted to the consumers’ buying behavior. Respondents have stated that because of the availability of brand information online and via social media, they are able to feel more relatable to those brands. Because consumers are able to find more information about fashion brands online and via social media, they are able to feel more related to those brands, creating a desire to experience that brand identity that they have seen online.

Consumers have become more critical in their shopping behavior due to the financial crisis, making consumers having to choose quality over quantity. Because they have been focusing on that since the crisis, their buying pattern hasn’t changed; making them more vulnerable for brand loyalty once they discover a brand they can relate to and have a fulfilling store and brand experience.

**Conclusion**

To conclude, the majority of the respondents have stated that they prefer to shop at mono brand stores, because of the streamlined brand image and shopping experience.

When they shop in brick-and-mortar stores they want to have a quality shopping experience, where they are submerged in the brand’s image. When they aren’t able have such an experience or a streamlined experience in that matter, they tend to make their purchases online, where the same level of convenience is offered, but without the hassle of having to visit an actual store. One could state that consumers desire a streamlined and facilitated experience when shopping in multi brand stores. How shopping experiences can be made streamlined and facilitated will be discussed in chapter 5.

When consumers aren’t looking for a specific brand, but are making functional purchases, they do tend to visit multi brand and department stores due to the product and price offerings.

Even though, the majority of the consumers have become more brand-loyal. Adapting to the financial crisis has caused this, and the marketing strategies of the brands on online-platforms that have been translated from the brand image and store experiences. Therefore is seems that consumers haven’t adapted to the shift in fashion retail, rather fashion retail has understood and adapted to consumers’ buying behavior.

Results and other information of the survey can be found in the process book.
According to the previous chapter, consumers have become more demanding whilst shopping, wanting a more streamlined and/or enhanced shopping experience. How have multi brand stores been able to adapt to the developments or how have they kept the developments in account when starting their company?

I have analyzed the developments from the following stores/companies as they have been influenced by the developments in fashion retail: Oger (Amsterdam, NL), Tenue de Nimes (Amsterdam, NL), J.Crew (New York, US), and We Are Labels (Amsterdam, NL).

Oger is a high-end menswear company that was founded in 1989 and currently has multiple store locations in the Netherlands and one location in Belgium. The company was noticeably impacted by the recession. Because consumers couldn’t afford the expensive suits anymore, the founder’s son decided to introduce a new private label-collection in 2008. By offering a product for that was affordable for a broader audience, the company was able to minimize the loss of revenue with the other brands, due to the recession. Now, the private label-collection has become a total-image brand offering more than just suits. The company has experiences that brands, that were part of the brand-portfolio, were starting to open their own stores, which is still affecting the company to this day. Bjorn Hilleström, Chief Marketing Officer, is aware that action must be taken in order to remain a successful company; therefore the company will be working on multiple elements.

Oger will develop a more profitable and expanding total-look with private label, and is aiming for a product offering of 40 percent private label and 60 percent multi brands. The company will continue to offer a well-balanced offering in brands, fits and sizes. Oger is also focusing heavily on CRM (Customer Relation Management) and after sales-service, as the company has a number of competitors in the segment of formalwear. The company is also improving their e-commerce and using public figures in their campaigns to attract clientele. Oger is not allowing to get influenced by the retail developments, as the company has reasons to believe that brands are having difficulties in directing their stores beyond the fashion capitals.

A store that came to existence at the beginning of the recession in 2008 was Tenue de Nimes, a denim-inspired store with two store locations, both in Amsterdam. The founders, Menno van Meurs and Rene Strolenberg, opened their store in 2008 after having worked in retail for numerous years. Unfortunately it was virtually impossible to get a loan from banks as the financial crisis was taking full effect. “I don’t know if you realize but it’s 2008.. you’re not getting any money from us!” (van der Krogt 2016). The two managed to receive funds from their families and were able to open their
store. The reason why Menno and Rene wanted to open a store was because they were so passionate about denim that they noticed there wasn’t a store that was focusing purely on quality denim products. A load-bearing factor for opening the store was the lack of character and good customer service in shops at that time. They wanted to do the opposite by creating a living-room atmosphere where people could have a beer or coffee and stick around all day, making it feel like a home.

In an interview on freundenvonfreunden.com, Menno van Meurs mentions that the factor of time has played an important role in the success of the store, as they pay no attention to fast fashion in any way. The founders strongly believe in the products they sell: great denim brand and perfect basics, in order to define their offering as ‘buy less, pay more.’ (van der Krogt 2016). Combined with the company values, the founders will continue to expand their success, as they have proven with the expansion with their other stores.

J.Crew is an American multi brand retailer, founded in 1983, that caters to adults’ and children’s apparel and accessories. Besides their own private label, J.Crew also offers fashion brands like Adidas, Alden, Vans, Barbour, Commes des Garcons, Sperry Top-Sider, and Rayban. With 280 stores in the United States and 25 stores abroad, the company follows on its international expansion. J.Crew has been going through a tough number of years with multiple causes affecting the company. The stores used to be the envy of the retail industry, with its distinctive look and collections, tripling its revenue between 2003 and 2013 (Halzack 2015). However, 2014 was the year when the company’s numbers went down, with sales dropping 2 percent in 2014 (Halzack 2015).

In the past years consumers have been noticing a downgrade in product quality whilst the prices were going up (Belle 2015). J.Crew’s chief executive Drexler mentioned that the women’s business has been challenging (Wahba 2015), as the bad response from female consumers led to poor sales figures. “We’ve made some mistakes, including missteps in our iconic classics.” (Wahba 2015). Because of these internal errors, customers became less brand loyal and started shopping elsewhere, resulting as Carla Casella, an analyst at JPMorgan Chase & Co., states “they’ve been hit by weak retail traffic overall.” (Rupp 2015), as more brands sold at J.Crew were getting (more of) their own stores.

J.Crew realizes that changes must be made in order to regain most of its value. Drexler mentions to fix the women’s collection and improve the overall quality and design of the products. The company realizes the potential for further expansion abroad, as their e-commerce is booming outside the U.S., but requires more research as it doesn’t want to follow Abercrombie&Fitch’s failures. It will expand their Madewell chain stores, as sales rose by 35% in 2014 (Wahba 2015), in the United States. An increase in their social media activities will also be implemented, as part of their updated online marketing strategy, as it seems social media has generated the most sales and conversions, compared to J.Crew’s other omni-channel strategies (Belle 2015). It seems that innovation has to be found in reconnecting with J.Crew’s consumers, strengthening the private label collection and utilizing social media in a strategic way.
‘We Are Labels’ is a multi brand retailer based in Amsterdam and was founded in 2010. The company currently has 6 stores in Amsterdam and a store opening soon in Rotterdam. Founder Pieter-Bas Broeke believes that their success lies within the coherency between the clothing and the store interiors, but also the products that are offered. The stores offer brands that are small and not as easily found in other stores. “Fashion is no longer about powerfull brands.... Logo’s were pushed towards consumers, but that time is over”, says Broeke. (Esser 2014). The stores innovate on the basis of not thinking in seasons, but in months, as the buying team buys collections each month (Hento 2014) and keeps the product range small, as the company believes in ‘cherry picking’ (Esser 2014). The stores are all stocked differently, as they are merchandized depending on the neighborhood; think local. Brands are also selected on their retail prices, as We Are Labels wants to remain accessible as Broeke states that “most items are between 40 and 80 euro.” (Buis 2015). The stores need to remain approachable for consumers.

Conclusion

These retailers have shown that they were able to adapt to the developments of the past few years. As these stores target a different customer base and portray a different identity, they have been/are able to change in order to satisfy the adapted customer behavior.
5. Innovative Retail Concepts

The stores and companies stated in the previous chapter have shown how their way of operation and presentation has made them/kept them successful despite the developments in fashion retail.

Business Dictionary describes ‘innovation’ as the process of translating an idea or invention into a good or service that creates value or for which customers will pay. The late Steve Jobs once said, “innovation distinguishes between a leader and follower.” (Isaacson 2011). International Omni Retailing Markets Association states that omni-channel retailing is “the structures world of the retailer meeting the unstructured world of the consumer.” (Bruins 2014). It provides consumers with an integrated shopping experience, using a desktop or mobile device, or in a physical store. (Agius 2015).

http://www.rightoninteractive.com/omnichannel-marketing/how-to-create-a-b2b-omni-channel-marketing-strategy/

Unfortunately omni-channel is lagging in fashion retail. “Luxury retailers have built their brand on the idea of exclusivity, beauty and high touch,” said Diane Keglev, CMO at RichRelevance (King 2015). Retailers have been using digital as a transactional channel, but are starting to realize the significance of omni-channel.

Department store Macy’s has been focusing a lot on omni-channel. The retailers has implemented a program in their mobile app for customers to digitally browse local inventories, so customers can either choose to pick up their purchases in-store or choose for same-day delivery. (Nicasio 2016) This can increase the convenience for consumers who are on the go. According to research in 2015 by L2 and RichRelevance, “82 percent of digital consumers find value in the ability to check in-store availability.” (King 2015). As retailers are experiencing decreasing traffic and losing their market share from mono brand stores and online retailers, multi brand stores need to enhance their in-store capabilities by implementing omni-channels (King 2015).

Customization is a trend that is increasing in demand by consumers, as they desire to be as much of a representation of themselves as they can (J.C. Williams Group 2015). Custom made apparel and footwear has become a known term with consumers, custom-made make-up however is something completely new. The company AlpStories has launched a pop-up store in Nieuwegein, the Netherlands, where customers can personalize their own beauty products with ingredients in-store, prepared by a robot. All products are natural, to uphold a
sustainable image. Real estate investor Westhave, partner of the store, believes that customization will become an important element of retail’s future (RetailTech 2016).

On Fifth Avenue in Manhattan, New York, the Ralph Lauren store has implemented a new digital innovation; the interactive fitting room-mirror, developed by California-based company Oak Labs. “This is the first step of integrating technology and the physical shop experience”, says Director Healey Cypher (Klis 2016). The mirrors look just like regular mirrors, but have the ability to become interactive, as pictures, buttons and settings appear on the surface. Imagine it as a giant iPad. How it works is all garments are labeled with RFID-chips for the mirror to recognize, once the customer steps in the fitting-room the software in the mirror recognizes the garments and creates a clear overview. When the customer tries on a garment, lighting settings can be adjusted and alternative colors and sizes are presented on the screen (FashionRetailFuture 2016). Added to that, the customer can ask for help from a staff-member by selecting the option on the screen (Nazario 2015). This facilitates the process of wanted to try other garments that haven’t been brought into the room yet, along with more options facilitating the shopping experience. This concept isn’t unique in retail, but the technology used for Ralph Lauren has been streamlined and perfected that is has become an innovation on its own (Miller 2015).

The following innovation remains in the category of interactive mirrors. Department store Neiman Marcus has collaborated with company Memomi, using Intel-technology, to incorporate mirrors that will facilitate customers’ buying decisions (FashionRetailFuture 2015). Memomi offers customers the possibility to make a picture or video of the garments they are trying on, and comparing it real-time as the customer has put on another outfit, enabling them to compare 2 different looks simultaneously (Rueter 2015). The patented memomi technology allows the customer to change the color of the garments with a single hand gesture,
eliminating the need to change clothes (Memori). This innovation enhances and facilitates the shopping experience for customers, and will therefore be introduced to more Neiman Marcus locations.

**Conclusion**

To conclude, innovation isn’t only found in ‘digital’, yet in the coherent operation between digital and physical. Retailers are starting to become more aware that online and offline marketing shouldn’t be executed separately but together to create a seamless omni-channel experience. There are many different innovative concepts in fashion retail, yet the mentioned concepts are believed to be applicable in the majority of the segments they belong to. These innovative concepts are a preview of what retail strategies could be created for the thesis-product: a framework of possible retail strategies for retailers to countervail the increasing competition from mono brand stores.
Final Conclusion

Multi brand retailers have been struggling to today’s retail environment, and don’t understand what is causing it and what to do in order to survive.

By analyzing the different types of retail and the developments they’ve experienced, I was able to understand what caused these events. The financial recession of 2007 caused shoppers to be more careful with their purchasing decisions, making them more demanding of what they expect to get in return for their potential purchases. As multi brand stores were suffering from plummeting sales figures, they became to focused on short-term revenue in order to survive. In the meantime business started to launch online stores to avoid the overhead costs with having a physical store. This caused multi brand stores to put their main focus on sales, therefore losing focus on their store/company branding, weakening the shopping experience of visiting shoppers.

Brands weren’t satisfied with the sales figures and the way their collections were presented in stores, so they started opening their own branded stores to properly communicate their brand identity and values, further endangering the situation of multi brand stores.

By researching accustomed retailers I was able to understand what made them remain successful where many retailers had to close up shop. The presented retailers showed that the effort of branding your store identity and values makes all the difference. For some retailers this isn’t enough to survive, so the remainder of the examples showed the benefits of brand independence and complying with your target market’s preferences.

By researching innovative retail concepts and studying the results of the conducted survey, on customer preferences, I learned the significance of investing in the facilitation of consumers’ shopping experience. Facilitating the shopping experience can be achieved with technological innovations or by embracing the possibilities of omnichannel.

Having researched and studied the topics that form this research report, I will work on a framework that will help multi brand retailers regain their competitive advantage and countervail the increasing competition of mono brand stores, caused by the development in fashion retail.

How the making of this framework will be approached and realized will be presented in the advisory report of this thesis, along with the final product.


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