Holt Renfrew Strikes Back

Canada’s homegrown luxury retailer has been investing big to upgrade and expand stores and strengthen ties with world-class designers.

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A Bourgeois Primer

One of fashion’s more contentious styles, “bourgeois” roared back for fall 2019, adopted by an array of designers. WWD looks back at the origins of the word, its revival in the Seventies, and its subversive appeal on pages 6 and 7.

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NMG Mulls Selling Off Mytheresa

It’s been an eventful year for Neiman’s, involving launching a transformation plan, restructuring debt, opening in Hudson Yards and taking a stake in Fashionphile.

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The Neiman Marcus Group, in another maneuver to fix its debt-laden capital structure and focus on core businesses, is considering selling Mytheresa, the Munich-based luxury web site purchased by the company four-and-a-half years ago.

The company also disclosed Tuesday in a filing that its string of comparable sales gains has been broken. For the company’s third quarter, which ended last Saturday, a 1.3 percent to 1.9 percent decline in comparable revenues is expected to be reported.

Neiman’s also expects to report a decline in adjusted earnings before interest, taxes, depreciation and amortization in the quarter.

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Saks Fifth Avenue have planted stores in Toronto, Calgary, Ottawa and Vancouver. In Canada, Nordstrom has six stores and Saks has three.

As the impact of Nordstrom and Saks, Grauso replied: “Our volume has only gone up. We have heavily differentiated in this market. Our approach starts with the type of environments we build. It continues with the service we provide, which is heavily concentrated on the experience. The activities that we program into these stores are at a very high level and very fun for the customer. The personal shopping is very special.

“But I go back to that environment piece. They are just not building environments like us. We have only grown here.”

In a wide-ranging interview, Grauso outlined Holt Renfrew’s master plan. Among the projects in the works:

• Renovating 90 percent of Holt Renfrew Vancouver, which sources say is the retailer’s largest-volume location, accounting for about 400 million Canadian dollars of the company’s 1.2 billion Canadian dollars, or $800 million, in annual sales. The project, nearly done, brought the vendor shop count to 87 from 45, with more shops to come. There’s been a 40,000-square-foot expansion, with space gains in women’s footwear, beauty, personal shopping and men’s wear, and hand-to-wear and cosmetic floors.

• Holt Renfrew Ogilvy in Montreal, which became the retailer’s largest location at 250,000 square feet through the addition of 40,000 square feet by converting office space and from the adjacent Hotel de la Montagne, which was demolished. The six-level flagship overhauled its beauty and men’s floors and is remaking the fifth floor for personal shopping, activewear, seasonal accessories and men’s and women’s outerwear; the third floor for women’s designer and advanced contemporary; the second floor for women’s footwear, jewelry, accessories and, the main floor, which will house “world of” designer boutiques, each with ready-to-wear, leather goods and fine jewelry.

• Yorkdale, Holt’s second largest-volume store at about $250 million Canadian in annual sales, is being reimagined to sources, will expand by 8,000 square feet, bringing it to 129,000 square feet. The main floor is being overhauled; large shops for Gucci, Dior and Prada, each selling men’s and women’s merchandise, are being introduced through space attained from a former Anthropologie store, and larger personal shopping suites are being added.

• The Toronto flagship, 50 Bloor Street W, is expanding and renovating the women’s footwear, beauty and leather goods areas. A Colette Grand Café is being created on the main floor, affecting all categories, will grow by 55 percent. Men’s is being repositioned from the former freestanding Holt Renfrew men’s store at 50 Bloor Street West, which opened in 2014 and will eventually close.

Additionally, e-commerce is finally being conducted in earnest, after shutting down opened in 2014 and will eventually close.

Men’s store at 100 Bloor Street W, which the former freestanding Holt Renfrew percent. Men’s is being repatriated from the second floor for women’s footwear, activewear; the third floor for women’s wear, and hand-to-wear and cosmetic floors.

Software for improved merchandising and finance systems, and upgrading point-of-sale systems for better customer service and integrations between online and in-store merchandise information. Last year, the Joor automated system of buying was implemented and a European distribution center opened near Milan to get goods to the selling floors faster.

“Three years ago we started all of this. It will all be complete in Q3 of 2020,” said Grauso.

“The old management team had asked for capital but we really started all these projects when I joined. Nothing had been designed or done. When I started we were able to actually go in and decide how to deploy the capital.”

On a recent Friday, Grauso visited Holt Renfrew Ogilvy, located on Saint-Catherine Street W in Montreal. Hudson’s Bay and Simon’s operate moderate-priced department stores in Montreal, but there’s virtually no luxury competition in town. The Ogilvy store has a long history. It was founded 50 years ago as Jas. A. Ogilvy & Sons, purchased by the Weston family in 2011, and renamed Holt Renfrew Ogilvy last March.

Keeping the Ogilvy name is a nod to the historic significance of the store to the city, though other impressions from the past remain. Ogilvy’s Romanesque stone facade and stately interior columns have been retained, though the columns have been capped with octagonal surrounds for LED lights hidden in the troughs, and Ogilvy’s signature plaid now appears on the classic shopping bags.

“Because of all the windows, Ogilvy was known on the ‘street of light.’ So I really embraced bringing natural light in to bring that ‘history back’ said Hutchison, of Jeffrey Hutchison & Associates, which had support from Lema, a Montreal-based architectural firm, on the project.

The store is connected to the Four Seasons Hotel and private residences and has a new expansion façade designed by the Denali; while the main stone facade has been restored and preserved.

“Also felt that Ogilvy which quality is characterized as a great example of a Louis Sullivan-inspired Chicago building should have a very open, spacious floor plan that embraced the ‘vocabulary of the original columns, because they’re so predominant, situated every 20 feet. Hutchison also said the building had to be structurally upgraded. “Montreal is in a seismic zone equivalent to San Francisco. Upgrading was tricky. New cross bracing was put in very sensitive way to make sure our objectives were not impacted.”

In interiors in fashion areas feature sumptuous dark gray stone and natural oak floors, glass, metal and fabrics to convey a warm, yet still neutral palette. Recycled components were also utilized. The concept was to provide ‘a strong vocabulary for Holt and to let the brands express themselves,” Hutchison said.”

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Redesigning Holt Renfrew Ogilvy

Structural upgrades, spaciousness and letting the light in.

Those were some of the key objectives architect Jeffrey Hutchison set forth in redesigning the interiors of Holt Renfrew Ogilvy in Montreal.

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discrete, uniform signage for the brands and the silver metal framework, or “ribbon,” from shop to shop, which tile the floor together.

“The store is really designed for vendors to be able to interact with clients and have a lot of programming going on where you’re not just selling the products,” Grauso said. “There’s always activity in beauty. There’s movable fixtures to accommodate the changing aspects of each store. Every shop, the shops are spacious and there’s some degree of privacy, which is not the norm, so we’re department stores that try to make it a little more intimate.

For shoppers, “This is a lot about learning about something,” Grauso said. “It’s not enough to just put the products out there.”

Holt Renfrew’s pop-ups or “activations” aren’t afterthoughts. Ten percent of the selling space, chain-wide, is devoted to pop-ups, Grauso said. “You can’t just take a piece of the aisle for this. In the past they happened when they happened. Now we are [encouraging] vendors to participate. There is a very advanced market for me as a very advanced vendor, there’s an enormous consumer demand that demands the most current trends, the most valued brands,” Grauso noted.

For Holt Renfrew, founded as a fur shop in Quebec City in 1837, tightening its grip on luxury and designer shops (often leased) is a major thrust, particularly with such brands as The Row, CDG Brands, Brunello, Balmain, Celine and Thom Browne. But Grauso said, “We are upping our assortment overall – even our contemporary assortment has gotten much bigger. As we expand, we expand everywhere. It’s not just in the luxury segment. We have really built a contemporary universe that is right for our store. If you look at our shoe department, the assortment of sneakers has grown. When you speak about this casual component, it’s definitely all over the store.”

This season, Holt Renfrew introduced activewear into the advanced contemporary assortment. “When you look at Cucinelli or The Row, when you see sweats and cashmere, everyone is delivering against that kind of casual activewear need – I’m staring at polo shirts and sweat jackets in Gucci.”

e-commerce is another growth opportunity. It’s where Holt Renfrew is a Johnny-come-lately, though six months ago, Grauso recruited a new head of e-commerce, Rochelle Ezekiel, from the Hudson Bay Co.

With e-commerce, when I joined Holt Renfrew I kind of closed it and gave it just to beauty,” said Grauso, who was one of several hires on the board of Joe Mimran and has said that the Holt Renfrew is part of the Western business empire. “I waited for all of our IT work to be complete to relaunch it. We relaunched a month ago so there is a new platform. Rochelle worked on this with us. There are over 17,000 skus’ (stockkeeping units). It’s a very good representation of our assortment. It’s not a complete representation yet. I feel good about the progress and there is still a lot of work to do. We are very late to the game but I think this was the intelligent approach. Some of our biggest brands will not necessarily transition online with us. Chanel and Hermès are not necessarily looking for us outside for e-commerce. They’re doing it on their own and don’t do it with retail partners. There is a lot of work to do there.”

Chanel beauty can be purchased on Holt Renfrew’s web site, but getting Chanel hardware on the web is not necessarily something that will happen.”

Louis Vuitton, he noted, has its product categories on Holt Renfrew’s web site—viewing, not e-commerce. Grauso is okay with that, explaining, “You’ve got to assume that a lot of young people are looking online before they are shopping in store for what they are potentially going to buy. We find [the web site] a good tool for that.”

e-commerce should account for 10 to 15 percent of the overall business “in the next few years,” Grauso projected.

On the omnichannel front, last fall Holt Renfrew established an online ordering, pick up in store service, and enabled stores to ship items to homes. “So far, it looks like it might turn into something,” Grauso said. “We had not historically been omnichannel. We are trying to get there in our way and honestly, we want this online experience to mimic the in-store experience and that’s part of the reason we are going slower and being very thoughtful about how we do it. I’d like to think we will give a certain level of service, a certain level of visuals and a certain level of assortment, and I want all of those things to come through online as well. It’s been a little harder to get there because of the level we have set in brick and mortar.”

Grauso said Canada’s luxury market has experienced “an enormous increase” largely due to the influx of Asians with money and “an enormous amount of young people obsessed with designer goods.”

“Canada is a very welcoming country so you have a very diverse population…. It’s amazing how tuned into luxury young people are now. You’d be crazy not to focus on the young consumer. If you walk through and look at the assortment, you can see that,” said Grauso. “It’s a bang & oldtimer, headphones or the amount of sneakers or track pants we display, we are constantly thinking about the younger consumer, the next Holt’s consumer. You can’t just deliver to the core Holt’s consumer.”

Retail and real estate sources depict Holt Renfrew as healthily financially, well-funded by the Westons, and harmonising despite “the challenges” they face. “We have a very strong court advantage, lots of loyal customers, and a leg up with designer offerings.

Mario Grauso

Mario Grauso

The new Holt Renfrew Ogilvy men’s floor.

Fast Facts on Holt Renfrew

The grip on luxury is tightening with an influx of designer shops, often leased. The Ross COO Brands, Brian, Barstall, Balmian, Collins and Thom Browne are among the important labels.

The Vancouver flagship is the luxury chain’s largest volume unit generating $400 million Canadian in annual sales.

Ten percent of sales are done through personal shopping. Of that, 27 percent is e-commerce.

Holt Renfrew has 11 locations but drops to nine with the eventual closures of the men’s store on Bloor Street and the old Holt unit in Montreal. Men’s wear is being re-integrated into the women’s flagship on Bloor Street and the old Holt in Montreal is being integrated into the nearby Holt Renfrew Ogilvy.

Ten percent of floor space through the chain is devoted to pop-ups for activations and events.

“I feel good about where we are, especially considering what we just talked about – all the construction going on. We are in the right place in terms of business,” said Grauso, though there are challenges.

“I think the season started a little late,” Grauso said. “The weather here has been a challenge. Somehow this year has been tougher. It snowed in Toronto yesterday.”

Canada’s colder climate, “That pre-spring buy can be very tricky,” Grauso said. “It needs to be wear-now for us and wear-now for us in very cold weather. We really have to be careful as merchants with weights and what can be worn now. We are in the cold business until May. That’s unusual for most retailers. I have a coat department almost ten months a year.”

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