

# “Outlets live on tourism”

## Foreign visitors to Fidenza Village grow by double digits

By **Giulia Crivelli**

Scott Malkin was raised on bread and real estate: his father Peter, and grandfather Lawrence Wien, created an empire “Malkin Holdings”, which owns and runs over a million square meters of office space and commercial land in the New York area (one of these being the Empire State Building). In 1992 Scott decided to conquer Europe by entering the outlet business, coming up with a winning formula that saw these large shopping destinations carrying big brand names at greatly discounted prices become much more refined than the competition. And so was born the name *Chic Outlet Shopping*® Villages, as chosen by the American entrepreneur. Twenty years later, according to Forbes, Value Retail is now worth 1.6 billion dollars (around 1.3 billion euro) and consists of nine villages in Europe, the Italian being Fidenza Village, very close to Parma and half way between Milan and Bologna. In 2011 it’s calculated that 29 million guests visited the *Chic Outlet Shopping*® Villages, a record in Value Retail history. We met Scott in a lounge at Heathrow Airport during a break in his busy schedule to and from the Atlantic:

**In 2011 and 2012, despite the general consumer crisis, the outlets continued to grow. What can you tell us about the nine Value Retail Villages?**

“We are very satisfied with the first SIX months of the year: sales in our *Chic Outlet Shopping*® Villages, which are located near London, Dublin, Paris, Madrid, Barcelona, Brussels, Frankfurt,

Munich and of course Milan, grew by 14%, and the average spend per visitor grew by 8.5%. With regard to Fidenza, sales grew by 5%, average spend by 6% and spend per square metre by 7%. The most impressive data is the growth of tax refund [refunded sales], which is up by 90%, indicating the exponential growth of extra EU customers.”

**Are they all tourists?**

“They are partly business travellers who, whilst visiting Milan, Bologna or even Florence, take the time to come to Fidenza. But the vast majority is tourists. The outlet business has always been a hybrid, and the Value Retail model, which is based on a real estate partnership between us and the brands that occupy the spaces, has always been a unique scenario within the industry. But if you were to ask me today how to label the business, I wouldn’t categorise it as retail, although people do come to shop, or real estate. I would tell you that the outlets [Note: he is talking about the Villages not outlets in general] are part of the tourism industry.”

**Do the above considerations apply to Fidenza as well?**

“I would say so: the results speak for themselves. The three emerging nationalities who shop in the Italian Village are guests from the Russian Federation – who grew by 111% compared to 2011, China (+126%) and Ukraine (+57%). Sales to non-EU nationals represent 16% of the total but will probably increase further. If we consider all nine Value Retail Villages, this number increases to 30%. These are high-spending customers: average transaction

value at Fidenza village is €344, the second highest amongst the nine villages.”

**You say that you’re in the tourist trade, for which the internet has become an extraordinary promotional platform. How do you use the web?**

“In many ways it was fundamental for us too. Our portal *ChicOutletShopping.com* has been translated in 14 languages and is available on mobile devices. Not only does it provide information about our boutiques, but also offers the possibility of booking tourist packages, which include hotels, travel, as well as tickets for cultural events should one wish.”

**Are new openings planned?**

“Our next step is China: we have signed a partnership to open near the biggest metropolitan areas, starting with Shanghai and followed by Beijing, Guanzhou and Hong Kong. In Shanghai we have chosen the city of Suzhou, which will service the whole province of Jiangsu. Chinese consumers are thirsty for all things fashion and luxury and are therefore ready to explore the possibilities of an outlet reality, an opportunity not to be missed.”