

BUSINESS

Bicester Collection Swerves Luxury Slowdown

The off-price luxury shopping villages in Europe and China saw footfall climb 13.4 percent in 2023, and a resurgence in demand from tourists and locals alike.

BY SAMANTHA CONTI

LONDON — Luxury shoppers may be laying low, but they haven't given up on the big brands, according to Value Retail, creator and operator of The Bicester Collection, which saw total brand sales in Europe and China climb 16 percent, and footfall jump 13.4 percent, in 2023.

Tourists and domestic customers alike drove that growth, according to the company, which has been benefiting from a post-lockdown bounce back in physical shopping.

The Bicester Collection, which has nine off-price luxury shopping villages across Europe and two in China, has always eschewed e-commerce and instead focused on customer service, experiences and a high-end hospitality offer — including restaurants, cafés and pop-ups — to drive sales.

The strategy has delivered, with The Bicester Collection swerving the many challenges that luxury brands with e-concessions and online players such as Farfetch, Matches, and Yoox Net-a-porter have been facing since lockdown ended.

For The Bicester Collection, 2023 was the 27th year of double-digit growth in total brand sales despite a widespread slowdown in luxury spending and tepid demand among middle-class Chinese consumers.

Brands and luxury groups may be feeling the weight of the slowdown — last month Burberry issued a profit warning for fiscal 2023-24, while Kering's sales and operating profits are shrinking — but at The Bicester Collection, trade has been robust.



Belmont Park Village under construction.

COURTESY OF VALUE RETAIL



Belmont Park Village COURTESY OF VALUE RETAIL

According to Value Retail, sales generated by non-EU guests at the European villages increased by 39 percent compared to 2022, “reflecting a continued global return to travel.”

Sales to Chinese tourists were up 123 percent year-on-year, while India and the Middle East and North Africa (MENA) were among the top, non-EU growth markets in 2023, compared to pre-pandemic, 2019 performance.

Sales generated by Indian customers were up 94 percent, while those from MENA tourists rose 27 percent compared to 2019.

U.S. customers also shopped heartily, with sales increasing threefold compared to 2019. Mexico and Brazil were the top Latin American markets, with a fourfold and threefold increase respectively compared to the pre-pandemic period.

Scott Malkin, founder and chairman of Value Retail, said The Bicester Collection has been working hard to achieve that growth, prioritizing the service offer and attempting to bridge the divide between seasonal and out-of-season sales.

In an interview, Malkin said The Bicester Collection wasn’t necessarily benefiting from the slowdown in luxury sales. Instead, the growth is coming from a deliberate strategy to court the aspirational customer, and partner with individual brands to drive off-price and full-price sales.

“We’re not seeing a sea change with regard to the customers or the popularity of the villages. In our world it’s business as usual. Our business is complementary to full-price, and the movements in the market — whether they are positive or negative — are less extreme for us,” he said.

Malkin described The Bicester Collection customer as “price insensitive,” and “fashionable but not fashion-forward.” He said customers want to feel that they’re getting value for money “and they’re happy to discover, or rediscover, brands” at the villages.

Over the past few years, The Bicester Collection team has begun working with some brands to offer bestselling, in-season merchandise alongside the off-price collections. The company also wants to convert off-price customers to full-price ones.

The strategy appears to be working.

According to a recent study commissioned by Value Retail, 64 percent of customers said they first discovered a luxury brand at The Bicester Collection, while 20 percent eventually began shopping at full-price.

The Value Retail study also noted that full-price merchandise now accounts for 20 percent of brands’ sales at the villages.

In addition, the average transaction value of 650 euros for luxury brands at the European villages is on a par with the brands’ full-price sales in mainline stores.

Newly “converted” customers are also inclined to spend more than the average, full-price luxury customer.

Value Retail said that according to its own customer surveys and data from American Express and Mastercard, people who buy luxury brands at The Bicester Collection go on to spend 1.4 times more with the brands at full price compared with the average luxury customer.

Private client services are also paying dividends.

In 2023, those services accounted for 5 percent of total sales at the European villages, while representing 0.2 percent of total footfall. In addition, private clients spent 40 percent more in 2023 than in the previous year.

Private client services will remain “a key driver and opportunity for growth,” in 2024, according to Value Retail.

Later this year, Value Retail will apply its retail philosophy to the U.S. market with the opening of Belmont Park Village outside of New York City, the collection’s first North American outpost. It is expected to house about 160 boutiques, and is set to open in phases beginning this summer.

During the interview, Malkin said he was fully committed to the physical shopping experience — whether that’s in China, Europe, or the U.S. E-commerce is not on the cards, and instead he sees technology as being at the service of “modern physical retail,” and a way to enhance the in-person experience.

Malkin said that, for him, retail “will never be wholly about technology. It’s about creating memories and joyous experiences for the customer. We see ourselves as a participant in the creative energy and dynamism of what makes fashion special.”