

RETAIL SUCCESS

A Bounty of Boutique Ingenuity

By Kirsten Mogg

Savvy small retailers launch new business ideas while landlords and municipalities begin to recognize that retail independents have an important role to play.

Many shop windows have gone dark in big cities and small towns, in malls and on main streets. Cheap capital, e-commerce competition and perverse tax incentives have combined to make it difficult for some retailers to operate profitably. Some Canadian municipalities and commercial property owners have begun to reassess the important role small retail plays in sustaining their communities.

Municipal policies, such as vacancy tax rebates and highest use valuations, have resulted in raised rents, which hastened the demise of many independent retail businesses. While low interest rates have helped real estate investors enjoy escalated real estate values, e-commerce has affected large tenants of mall and commercial real estate owners who now face their own vacancy challenges.

Some landlords have always embraced small unique retail concepts and even large Real Estate Investment Trusts see the rationale for including retailers they

once avoided. An additional incentive comes from consumers who are willing to pay more for a shopping experience and personal services from interesting and locally connected shops.

This confluence of market forces might just make the best conditions for independent retailers to thrive. Policy shifts can go some way to lifting barriers, but for independent fashion retailers, competition remains intense and success requires astute identification of opportunities, investment in innovative concepts and products, and nimble execution.

Here are five retailers achieving success in very different ways. One thing they all have in common is a founder with international experience:

NARCES - a petite glamour spot

BRIKA - a popup provider

STYLEARTIST - a cottage industry innovator

INDOCHINO - a rising star in mass customization

BANK & VOGUE - a remarkable recycler and reseller.



Narces Atelier
New boutique on Davenport Rd. Toronto
Photo : K. Mogg



Narces Atelier
Photo : George Pimentel



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Photo : George Pimentel

NARCES ATELIER

A Petite Glamour Spot

Canadian designer bridal and eveningwear brand, NARCES, newly opened a street-front shop on busy Davenport Road, just north of the Bloor-Yorkville area in Toronto.

The petite space used to be an artist studio, complete with brightly coloured paint splatters on the floors. Narces designer, Nikki Wirthensohn Yassemi, herself a painter, wanted to keep the artistic impression. She added her own splashes on the floor, some neon lighting, velvet benches and enormous mirrors decorated with flowers.

Her sumptuous contemporary bridal gowns are hung in alcoves on one side, and colourful, shimmering statement-making eveningwear pieces

are on the other. A satin-draped change area is toward the back. The overall effect is friendly, fun and intimate. It is definitely less intimidating than many other bridal and eveningwear boutiques.

“It fits with how I want my customer to feel: comfortable when wearing my gowns and enjoying themselves.”

She and husband/business partner Stefan Wirthenson chose the location because it serves clientele who have a lifestyle that requires formal eveningwear and cocktail dresses for weddings, social events and galas. She offered custom fittings by appointment at her old studio and continues the practice at the new location.

“I love having direct contact with my customers. They tell me what they like.” Wirthenson always listens to learn. Relationships and a fitting service are important in this kind of high fashion retail.

“I have been surprised at the amount of walk-in traffic we have had when the boutique is open to the public.”

Like many Canadian designers, even though she has a built considerable international business and regularly participates in runway shows, it is tough to get local attention. Already she believes that having a street-front retail presence helps to increase awareness of the NARCES brand.

BRIKA

A Transition to Turnkey Retail Solutions

Artisan curator Brika announced plans last summer to reposition as a B2B marketplace provider. Since 2015, their POS, marketing, distribution and retail platforms have been proven in-house, at street popup events, at large retailers like Hudson's Bay, and at shopping centres like Yorkdale and CF Square One.

Brika now offers its own turnkey temporary retail solution covering staffing, interior design, inventory curation, merchandising, reporting, moving and storage. Brika can source appropriate vendors as part of a short-term shopping experience with a collective theme for customers planning to revitalize or fill vacant or low-traffic space.



Brika created the 'Wool Land' popup in Yorkville Village
Photo : K. Mogg

Nordic Themed Mini Market

Brika partnered with Yorkville Village to craft the 'WoolLand Nordic & Noël Edit', a popup mini market from late October to early January. A complimentary woolland.ca e-commerce site accompanied its launch featuring style influencer **Liv Judd** and Brika co-founder **Jen Lee Koss** who both have family connections to Norway and the Nordic lifestyle.

Campisi said the event successfully combined a cold-weather theme with active outdoor fashion.

"Winter weather was the synergy this time for the Wool Land brand from Norway and the related Nordic-themed products have done very well."



Brika's 'Wool Land' popup in Yorkville Village
Photo : K. Mogg



Forough compact tote by Zvelle, the Toronto-based brand of fine leather handbags and stylish shoes was among the retail pop-ups in Yorkville Village in late 2019.

Canadian-made Apres sweater
Photo Courtesy of GOGO Sweaters

First Capital Realty Inc.

The enclosed renovated shopping centre at **Yorkville Village** in Toronto is Canada's premium retail mecca. Much of the nearby street-front retail space is owned by **First Capital Realty Inc.**, one of Canada's leading developers owning and operating mixed-use urban real estate. The company is also an active co-owner and host of **Toronto Fashion Week**. Still, even a luxury mall owner needs to drive steady foot traffic to its stores and to maximize rent on vacant or underutilized common space.

"We have been working with Brika since 2016 to bring new brands and products in short leasing inside Yorkville Village common areas." ~ **Melissa Campisi**, manager of strategic partnerships and event marketing at Yorkville Village

First Capital has assets of \$10.6 billion and an interest in 166 properties, about 25.1 million square feet of gross leasable area. The company reported a 96.7% occupancy rate on September 30, 2019 with a net rental rate increase of 11.8% over the previous year.

Temporary Retail Is Ongoing

The popup retail phenomenon is not going away. As a mini-market curated by providers such as Brika or as a retail space dedicated to an individual brand, popups are becoming the market expansion tool of choice for online retailers because it is a competitive solution in an era where digital marketing costs and clutter have escalated. It also benefits both the vendor and the property owner by combining physical and digital retail to conduct test marketing that leads to a compelling product suited to the location and its shopper audience.

Campisi expects Yorkville Village to continue to have popups in the smaller retail spaces promoting brands that compliment but do not compete with other tenants.

"We have popups right now with **Zvelle** (fashion footwear and handbags) and **The Good Goddess** (nutrition products, chic workout and après-gym wear), which fit perfectly with the fashion and health and wellness interests of our clientele. They each have a strong online presence, but are not available anywhere else at retail in Toronto."

STYLEARTIST

Style With Service

Port Carling is the municipal centre of the District of Muskoka Lakes and has an established population of 6,588. The local Chamber of Commerce lists 38 shops. One might think the only fashion finds in Muskoka are casual t-shirts, shorts, boat shoes, and the occasional fleece hoodie for cool nights. So why did **Catherine Abela** open her first fashion-conscious **StyleArtist** retail location there?



StyleArtist fashions on the dock at Duke's Marina, Port Carling
Photo Courtesy of StyleArtist

“Spending a good part of my summers in Muskoka over the years, I recognized an underserved market and the opportunity to bring a Toronto store to the Lakes. The women spending their summers in Muskoka are largely my target customers, including existing clients.”

Abela's retail instincts were right. The Muskoka lakes are a summertime playground for Toronto area and international folk who have enjoyed the area's waters and natural wonders since roads, steamships and railroads made the area more accessible around the time of Confederation.

Today, a more sophisticated Muskoka offers Pilates classes, shopping at marinas and popular dockside lunch spots. It boasts high-end associations such as 'Cottage Country' and 'Hamptons of the North'. More luxury waterfront homes than rustic cabins now perch on the rugged landscape dotted with rocks, trees and historic retreats like the Victorian-era Windemere House on Lake Rosseau.

Local Knowledge and Resources

In summer, the population swells to 27,000. One can expect such a seasonal boom of cottagers and visitors to benefit local businesses and, anecdotally at least, tourism and residential construction businesses are booming. However, data on tourist spending and consumer shopping patterns is lacking. Understanding such a highly seasonal market is critical to any retail business plan and to retailers attempting to assess prospective locations.



Photo Courtesy of StyleArtist

The challenges of a short season, short-supply employees and online competition were some of the issues recently tackled at an event hosted by the **Muskoka Small Business Centre** featuring longtime retail consultant, **Barbara Crowhurst**.

Corey Moore, the communications and economic development specialist for the **Township of Muskoka Lakes**, says that there isn't much in the way of data or economic development grants to assist local business owner's who are directed to the **Chamber of Commerce** for resources and training or to The Small Business Centre for loans through Muskoka Futures.

The municipality along with two others in the area (Lake of Bays, Georgian Bay) and three BIA's (Bracebridge, Gravenhurst and Huntsville), applied jointly and won a \$60,000 grant from the Ontario program for digital transformation of small main streets.

“The group received the **Digital Main Street** grant and we will be launching a program with a local squad in early 2020 to help local businesses develop their online presence,” Corey Moore confirmed in December.

Testing the Waters - Timing Store Openings

Abela is ahead of the game having first tested her retail concept online. “StyleArtist launched in 2017 as an online only shop, yet after the first year of business we received many requests for an in-person shopping experience. In 2018 we tested a couple of pop up shops, one in Muskoka and one in midtown Toronto, and both proved successful.”

In 2019, Abela leased her first permanent small space in Port Carling's historic **Duke's waterfront marina**, a busy hub of activity during the summer. The 1930's building was originally a boat repair workshop purchased in 2011 by Kathy McCarthy and Jeremy Fowler who restored the building and divided it into several commercial spaces.

Abela chose a location off the main shopping street as StyleArtist would be open only during the peak summer and shoulder seasons. Last spring, the opening was delayed due to record flooding, but the store was busy every day - not just on weekends.

Social Shopping

As a buyer for **Town Shoes** and **Hudson's Bay**, Abela understood how today's customers prefer to shop and she developed a keen eye for spotting fashion that will sell. A travelling executive with a busy family life, she has developed some practical tips for building a closet that makes getting dressed for work, leisure or travel less stressful. Above all, she recognized a need by some women to be fashionably dressed at work or on the dock without wasting time shopping for clothes. Not everyone enjoys endless scrolling online to find a suitable fashion and fit.

“Our business model is a little unique. A significant amount of our revenue is generated through shopping parties and personal shopping appointments.”

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Style Wizard

A key part of the StyleArtist retail concept is helping a customer choose fashion that suits her body and lifestyle. Abela's proprietary digital tool called **StyleWizard** makes that task easier and also gathers data to augment buying insights. The program considers body shape and responses to visual cues and asks additional questions to determine style preferences. Then a fully accessorized outfit is presented where items can be liked, changed, added or removed.



Cottage Industry Comes to the City

Abela strategically chose the location and opening date of a second StyleArtist store in downtown Toronto in September.

“Our location, just North of Yorkville (214 Avenue Road) is very centrally located and easily accessible to the majority of our clients. In addition, being a little off the high traffic area allows a smaller space and therefore a more reasonable rent. We have been getting a very positive response from the local community - our walk-in sales have exceeded our expectations since opening.”

The area to the immediate south is in the midst of building considerable luxury residential density. Average annual asking rent on prime Bloor Street was \$430 per square foot in 2018, while commercial rents have doubled on smaller Cumberland and Yorkville Avenues. About 270,000 square feet, a 13% increase, of new retail space is coming, but real estate watchers say there is a demand to fill it with new retailers entering the market to serve future affluent residents and visitors.

“Competition for land by high-rise developers has driven property prices up in the area, increasing valuations and property taxes. This hasn't resonated well with retailers experiencing narrowed operating margins, and some have opted to move northwards off Bloor to more affordable streets in the neighbourhood.”

~ Steve McLean, Real Estate News Exchange post, August 21, 2019.
[Source: <https://renx.ca/torontos-bloor-yorkville-is-priciest-retail-corridor/>]

Abela clearly has a talent for spotting fashions and locations that work for her business and her customers. For a small boutique a little off the beaten path with no widely recognized prestige brand name, success comes down to building trust in the fashion that StyleArtist proposes and making shopping at the cottage or city, online or in-store or at a private event a really fun experience.

INDOCHINO

International Markets and More Made to Measure

Vancouver-based **Indochino Apparel Inc.** is rapidly advancing in its mission to bring customization to the masses. Since 2007, CEO **Drew Green** has grown the business of entry-level made-to-measure tailored clothing to over \$100 million in sales through 50 showrooms in major North American cities and a strong e-commerce business. Expansion in North America has seen a rapid five-year revenue growth of 383%.

To grow internationally, Indochino recently added new partners, products and a few notable pro athletes as brand ambassadors. Custom business clothing for women could be their next big growth opportunity.

In 2018, Indochino entered into a partnership with **Mitsui & Co.**, a Japanese multinational that owns the New York-based **Paul Stuart** menswear brand. Last year, Indochino was one of the top three fastest growing retailers in Canada according to **Canadian Business** and **Maclean's Top 500** rankings. Launching in Australia in 2019, the company became the fastest growing Canadian retailer internationally.

Pink Hoop Dreams

Basketball captured the attention of the entire country last May with the Toronto **Raptors NBA Championship** win. The excitement continued as more young Canadian players than ever before participated in the June draft pick. Selected third by the **New York Knicks** was **RJ Barrett**, a 19-year-old 6'7" forward from Mississauga, Ontario. He made the night even more remarkable by wearing a custom pink merino wool suit by Indochino, complete with embroidered 'Maple Mamba' nickname and maple leaf lining. Drew Green must have popped pink champagne. Barrett admitted to the NY Post that pink was a bold choice.

“It's extravagant. I've always been a reserved kind of person, so the thought was, 'I want this to be memorable.' It's a night that I will never forget, so I want my suit to replicate that.” [Source: nypost.com]



Even before Barrett became an NBA Signature Athlete, he had signed a multi-year promotional deal with Indochino to be their first NBA brand ambassador and the face of an exclusive RJ Barrett collection. NBA teams and players can often earn more through sponsorships, but the costs can be out of reach. Rarely are fashion companies the size of Indochino in the mix. The Golden State Warriors, for example, have a three-year US\$60 million jersey sponsorship with Japanese e-commerce company **Rakuten**.

“We took a bet he'd go to the Knicks, in one of our biggest markets and he was wearing our suit on draft night – we were really front and center, it was a home run,” said Drew Green in a Front Office Sports interview. And a slam-dunk for inspiring young men to try a custom fit experience and suit up.

For Indochino, the RJ Barrett deal is its third in pro-sports and a chance to get an up-and-coming star in the important New York market for a reasonable investment (financials were not disclosed). In 2018, the company signed the New York Yankees and Boston Red Sox baseball teams and two individual players to be brand ambassadors.



INDOCHINO's first Signature NBA Athlete RJ Barrett custom collection launched in New York in October 2019 to coincide with his 2019-2020 NBA season debut. Photo Courtesy of Indochino Apparel Inc.



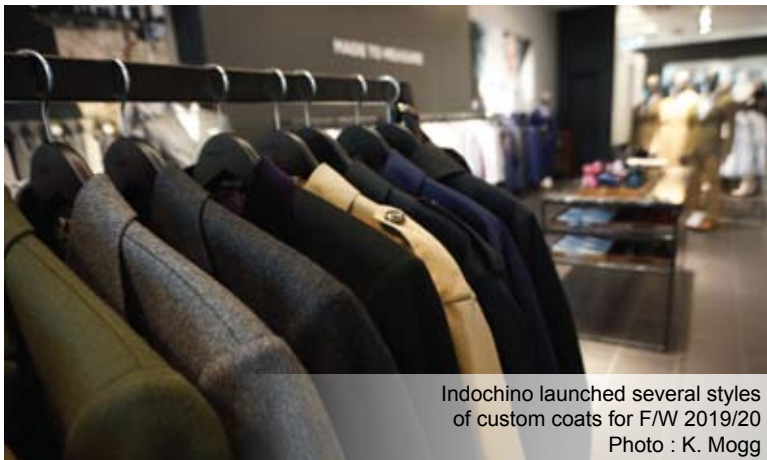
Indochino Yorkdale showroom: custom casual shirts, chinos and coats were added in 2019 Photo : K. Mogg

Adding To the Lineup

While significantly expanding its retail showroom footprint and signing star athletes, Indochino has achieved growth by adding more products to its made-to-measure lineup.

Custom casual chino trousers and casual shirts are new and men's suiting options have been expanded to include premium Italian fine wool fabrics. Cloth outerwear launched for Fall/Winter 2019/20 includes topcoats, Macintosh-style trench coats, and a retro chesterfield style with quilted lining and velvet collar for more flamboyant tastes.

Wedding parties are another strong source of new business. For a groom it is an important suit buying occasion where made to measure is a consideration. Indochino makes special arrangements to accommodate group fittings or to co-ordinate fittings from different locations. Offering better value and experience than traditional tuxedo rentals has been a smart strategy for acquiring new customers. Plus, they now have all the groomsmen's info and measurements.



Indochino launched several styles of custom coats for F/W 2019/20 Photo : K. Mogg

Customizing Suits Female Customers Too

Besides adding products and customization options for guys, Indochino has growth potential in custom tailoring for women. Although the service is not advertised, women already go to Indochino for custom-made shirts, jackets and trousers - the latter are popular because a good fitting pant is often a challenge for women.

Women can be more fashion fickle and dress clothing is far less standardized than for men, but a well-fitting white shirt and wool pencil skirt or dress trousers remain necessary wardrobe items for working women. No one does mass customization for women at scale, but with infrastructure in place, styling and production adjustments could address the same fit frustrations for women.

Seamless Multichannel Experience

Indochino has developed a seamless integrated digital and in-store customer experience. Appointments are booked online at a location and time of the customer's choosing followed up with a confirmation and a reminder sent by text or email. About an hour is needed to do body measurements and select fabric, colour and style details.

Associates are trained to use a tape to measure properly and to input all details into a customer account via a mobile tablet. It takes about three weeks to deliver an order back to the store. The customer is booked for a fitting and any further adjustments are handled locally. Production is in China where a block closest for an individual is modified based on a digital measurement profile.

Customer acquisition is a more intense, highly personalized, and costly process than most fashion retailers would consider. On the other hand, no inventory and customers who pay upfront offset the risk. And with measurements, past purchases and preferences on file, digital marketing converts in-store clients into online shoppers where repeat customers are the source of profit.

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BANK & VOGUE

Going Way Beyond The Rag Trade

Bank & Vogue call themselves vintage hoarders whose main goal is to reduce waste in the fashion industry. They were in the rag trade long before it was fashionable. The Ottawa-based company has quietly become a significant global textile recycler over the last two decades. By keeping a mountain of used apparel out of the waste stream the company has elevated the rag trade into a virtuous and profitable circular system.

Bank & Vogue collects pre and post-consumer textile waste from all over the world and then ships it to India where it is sorted either for wholesale re-sale or for re-processing as is the case with recycled woolens sent to mills in **Prato**, Italy. The company's uses multiple channels to get up-cycled clothing used by major brands, re-sold at leading department stores, wholesaled to small boutiques, or sold directly to consumers through their own retail channel, **Beyond Retro**.



Suede drawstring backpack made from upcycled jackets
Courtesy of Beyond Retro Wholesale



Mills in Prato used post-consumer wool rags to produce recycled wool textiles for decades
Photo : K. Mogg

Virtuous Collaborations

Bank & Vogue deserves recognition for its recent partnerships with significant international players. At the 2019 WEAR conference, co-founder **Steven Bethell** rather modestly announced collaborations with global footwear brand **Converse**, and the **John Lewis Partnership**, owner of large UK department stores.

The John Lewis Partnership launched a new 'BuyBack' pilot program last fall. 'My John Lewis' members earn a credit when they return up to three men's or women's clothing items purchased from John Lewis within a year. Customers can be confident that the returned items do not end up in landfill, which is a concern of consumers who donate to charitable bins.

"We've partnered with Bank and Vogue, one of the largest traders in used goods and a global leader in the circular economy of textiles for over 20 years. They're also the parent company of Beyond Retro, Europe's largest vintage chain, who will be collaborating closely with us on our exciting BuyBack service." ~ johnlewis.com

Beyond Retro resells or remakes the items returned to John Lewis or diverts them to other reprocessing. The pilot currently runs at the John Lewis Westgate store in Oxford, a university town with plenty of younger eco-conscious customers. The value of an item is preserved much longer and when it is no longer wearable it is remade into another product or directed into the recycling stream. This approach to re-sale is designed to keep the customer in a virtuous circle with the retailer. Time will tell if the small value of the store credit and do-good incentives are sufficient. In any event, the resale trend is something many department stores are developing.

Selfridges on Oxford Street opened a resale popup with **Vestaire Collective**, a French fashion reseller and **Liberty of London** has long had **Designer Vintage** fashion and accessories curated by **Stelios Hawa**. Here in Canada, **Hudson's Bay** has subtle space in select locations since 2014 to **LXR & Co.**, a Montreal-based reseller of vintage designer handbags and accessories. In November, **Nordstrom** extended its partnership with **Rent the Runway** for drop-off kiosks in 29 locations and contributes inventory. The companies are working together to develop an exclusive product for rental and re-sale.



Up-cycled denim Converse Chuck 70 sneaker
Courtesy of Bank & Vogue

Circular Kicks

In October, Steven Bethell announced a new **Converse All Star Chuck 70 sneaker** made with 100% post-consumer denim sourced by Bank & Vogue. Converse was founded in 1908 and introduced the first mass produced basketball shoes in North America. Nike bought Converse in 2003 and has presented several brand revivals since. **Converse Renew** is a recent effort to make products more sustainable while staying true to the brand. Since canvas was used in the original design, up-cycled denim was a good substitute. Other sustainable sneaker variations were added in 2019.

The **Chuck Taylor Renew Canvas** made from 100% recycled polyester from used plastic bottles was launched at a warehouse in Coal Drops Yard in London. **Seen Displays** designed a sustainable retail popup for the event that was repurposed for retail at **Selfridges**, **Foot Locker** and **Office**. In 2020, Converse plans to introduce Chucks created from the textile waste of other Chucks reusing 40% recycled cotton canvas scraps.

Beyond Resale to Wholesale Vintage

Beyond Retro is Bank & Vogue's retail division. In 2002, founders, **Steven** and **Helene Carter Bethell** opened their first shop in Brick Lane's vintage mecca in the East London Shoreditch area. The Beyond Retro vintage retail concept has grown to be the largest clothing reseller in UK and Sweden with nine stores and an e-commerce site.

Beyond Retro has since created **LABEL**, their own line of apparel and bags made from 100% upcycled clothing. The collection starts by sorting and selecting high-quality and fashionable post-consumer textiles. Designs are created for new on-trend items, which are then produced in India.

In addition to selling LABEL apparel and bags at their own stores, the company went beyond by launching a wholesale initiative at the **Pure London** trade show in 2016 supported by a wholesale website (beyondretrowholesale.com) for boutique retailer sourcing.

"We are vintage hoarders at heart with one main goal, to reduce garment wastage in the fashion industry. Each year we turn hundreds of prototypes into reality from our factory in India. Over 100,000 pieces of upcycled clothing arrive at our London headquarters before being shipped to our wholesale customers and Beyond Retro stores."

"We love contributing positively to how clothes are bought. Our way is a sound environmental choice. With more independent retailers selling our product, we can have an even greater impact on the environment."

~ Steven Bethell to the **Retail Gazette**



MyJohnLewis BuyBack pilot program launched with Bank & Vogue
Courtesy of John Lewis Partnership



Frame Awards nominee Seen Displays collaborated with Converse to design a global campaign launching Chuck Taylor Renew Canvas - 100% recycled polyester
Courtesy of Seen Displays