



BUSINESS RESOURCE NORTH AMERICA

Outlet centres: marketing in a downturn

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Outlet centres in the US and Europe are reviewing their marketing messages and media channels to take advantage of a more value-focused consumer mindset.

With consumers all talking about value for money and shopping smarter there's arguably never been a better time to be operating in the outlet centre business, selling well-known brands at discount prices.

However, with full-price retailers jumping on the bargain bandwagon and regular stock discounting becoming deeper and more frequent, it's vital for outlet centre operators to push their **"everyday value" message** harder than ever.

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McArthurGlen Ashford advertisement

WGSN spoke to some of the leading outlet centre operators in the US and Europe and found that all have been tweaking their advertising campaigns and reviewing the best possible medium to reach today's frugal consumer.

Common themes include increasing online marketing, launching loyalty schemes and using new technology, such as SMS, to tell consumers when the latest batch of Gucci goodies arrives. More exciting events are being put on by centres and brands themselves are upping their promotional activities.

These tactics appear to be working, because sales are up for outlet centres in recent months. McArthurGlen reports 8% like-for-like sales increases across its 17-strong European portfolio in January. Polish retailer Vabbi says its like-for-likes were up 20% in December and 10% in January and February.

All agree that the marketing message from outlet centres has to **fit with the new economic reality**. Karen Fluharty, senior vice president of marketing at US-based Prime Retail emphasises that there has been a complete shift in mood among consumers, and outlet centres can capitalize on that new frugality.

"It is critical to create a message that speaks with a voice that fits in with what customers are feeling," she says.

US: Prime Retail

Karen Fluharty, senior vice president of marketing at Prime Retail was quick to change her company's message in line with the times, going as far as scrapping a campaign at the last minute to refocus on a pithy new message.



Prime Outlets advertisements

Fluharty has coined new terms to sum up the economic age with recent campaigns including: "**Now more than ever: frugal is fashionable**", "Where frugal fashionistas save up to 65% every day" and "Times like these: your friends are here for you."

"We have adjusted our message and are looking to communicate everyday value," she says. "We are pushing that message very far forward through **traditional channels**, such as print, through PR and editorial and online. It's a consistent message."

Fluharty says there has been a paradigm shift in the US consumer's attitude at every level of the market from Anna Wintour in US Vogue downward. "As we move through this period of history there has been **a mindset shift**," she says.

This year Prime Retail will focus on **four-day sale events** to coincide with key weekends in the US holiday calendar, such as Presidents' Day, Labor Day and Independence Day.

Highlights include **celebrity stylists** visiting centres as well as specific brand-activated events. Brands are also keen to work with Prime Retail to communicate with consumers using online and SMS channels. For example if a new shipment of goods is arriving, customers can be alerted. Fluharty is also looking at using Twitter as a potential marketing tool.

"Online we are **revamping our loyalty club programme** and giving customers a chance to say how they want to messages to be sent. They can choose preferences for brands, such as Gucci and we can reach out to them if a new shipment arrives."

Fluharty says that the prevailing consumer mood favours outlet centres, but a high level of marketing activity to communicate everyday value must be maintained. "It is critical to create a message that speaks with a voice that fits in with what customers are feeling," she says.

US: Premium Outlets

Chelsea Property Group which operates some of the most upmarket outlet centre malls in the US under its Premium Outlets brand says it has been focusing on getting the right message through to the consumer and new ads are in production.

"Our advertising **message continues to evolve** and we strive to set the right tone for this environment. The savings on quality brand names remains a very strong and compelling one that is more relevant now than perhaps in the history of outlets, so we are making sure that communication comes through," says spokesperson Michele Rothstein.



Jersey Shore and Houston Premium Outlets

"We are also continuing to encourage shoppers to sign up for our VIP Shopper Club - which is an online club where shoppers can join at no charge and download added savings offers. **We believe that shoppers will respond to strong incentives to shop,**" she says.

As with other outlet centres, **the main emphasis is on being a smart consumer** and VIP Club straplines include "Where savvy shoppers save more" and "Love to shop? Love to save?"

Direct marketing activities with brands in Premium Outlet centres has also been on the rise according to Rothstein: "We find that the partnership marketing we are doing with our merchants is extremely important and we've seen more and more merchants looking to do **cooperative activities** which we certainly welcome."

Outlets such as Woodbury Common, one hour north of New York City, Orlando Premium Outlets, minutes from Disneyland and two centres in Las Vegas in the strip area, are magnets for tourists, which makes up another strand of the marketing package.

"In addition to serving area residents, our centres are popular tour and travel destinations. For those who are travelling, **shopping remains a component of most vacations** and we believe our centres are a welcome destination for those looking to save while wanting to shop," says Rothstein.

Western Europe: McArthurGlen

When discounting in the high street full-price market was stepped up late last year, McArthurGlen, which operates 17 outlet centres across Europe recognized the need to push its own value message harder.

Chief marketing officer Linda Tipping says: "As a result, we are amplifying the discount proposition at our McArthurGlen Designer Outlets by **increasing our focus on promoting year-round discounts on quality, branded merchandise.** This message is key in differentiating us from the high street."

In the UK the company launched a new ad campaign at the end of February, which is using the same tactics as US outlet centres - emphasising the everyday bargains available. The strapline is: "Up to 60% off every day", which will run throughout the year and feature seasonal updates.

Each designer centre has its **own programme of events**, such as the Serravalle Jazz Festival in the centre near Milan and the company is working on introducing further exciting and interesting happenings to capture shoppers.



McArthurGlen, Bridgend



McArthurGlen, Serravalle

As well as its traditional print and poster campaigns, McArthurGlen, like many of its outlet centre competitors, is **upgrading its online presence**. "We are currently rebuilding our customer websites. This forms part of our overall digital strategy, as we look to capitalise on the many opportunities now available through digital media in order to grow our customer databases. Many of our centres will also enlist **guerilla marketing tactics in order to draw in more urban customers**," she says.

Outlet centre shopping is already proving popular this year for McArthurGlen with like-for-like sales during January at the company's 17 designer outlet villages up 8% year on year and footfall up 7%.

Tipping says the company recently carried out a detailed audit of its media mix to ensure it was communicating its value message to the target markets: "In the current climate, those who can find clarity in the way that they communicate their key messages will benefit the most. It is essential that these messages are targeted and the right advertising mediums are chosen."

Western Europe: Value Retail

Operating across Europe, Value Retail has been targeting its marketing message accordingly says chief executive, Desirée Bollier. "We looked at each market separately and then adapted our overall message to what we knew would be the most relevant to the different nationalities where Value Retail operate. Northern Europeans react differently to Southern Europeans," she says.



Bicester Village, UK



La Vallée, Paris

Value Retail's portfolio covers nine upmarket outlets such as Bicester Village near London, Las Rozas near Madrid and La Vallée near Paris.

"We were using, up and until September 2008, the tagline: "Enjoy the luxury of spending less". Then we changed that to: "**Exceptional value is always in style**"... **passing over 'luxury' for the first time and focusing on 'value'**", which we believe to be of paramount importance in many people's minds," Bollier says.

Value Retail does very little advertising, it is known either by its individual village names or under the umbrella brand name Chic Outlet Shopping. It hasn't changed its advertising mediums, but Bollier says it has looked at how much budget it is putting into **radio advertising** as this is an excellent medium to plant the idea of the "family day out".

"We have always believed that our villages are not just shopping destinations but rather whole 'days out' with family and friends, making them into enjoyable experiences for all. They are places to meet, have lunch, be entertained and ultimately, to shop. We promote the arts, music and food, according to a retail calendar which is drawn up by each Village well ahead of the season," she says.

Eastern Europe: Vabbi



Vabbi advertisement

Polish operator Semax runs Vabbi Factory Outlets, a similar concept to TK Maxx in stores around 300-500sq m. It also trades children's and young fashion brands, Hot-Oil and Deep, in the full-price market.

CEO Mariusz Szeib says there has been a noticeable difference in response from consumers between Semax's full-price and discount concepts.

"While sales in the last few months like-for-like are decreasing in our private labels, our **sales in Vabbi Factory Outlet grew 20% in December and more than 10% in January and February** as well. It seems that consumers have moved from full price channel to Factory Outlet."

Vabbi's most recent campaign translated as: "Big brand in small price", but it recently added another message. "**Vabbi rational shopping, here you can afford more!**" Szeib says that while some people will stop shopping all together, most of them would like to remain buying, but at a more reasonable price.

Since the beginning of 2008 the only marketing tool that Vabbi has used is the **promotional brochure**, which is sent out every two weeks. It also sells on the internet.

Vabbi saw an impressive upturn in sales last year using promotional brochures, with sales rising as much as 218% after an Easter campaign, and 199% for a back to school event.

Vabbi's main markets are Poland and Lithuania, which are similar in attitude according to Szeib, and the only difference in marketing material is the language used. The company is testing two shops in the Czech Republic and Germany. It has now decided that the prices appear too low and make the original branded product look suspiciously cheap, so it will be rethinking its strategy.

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