

'Chiconomics'

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"We are happy that, this year, business is good." This is not the sentence one expects from a retail executive these days, and yet so says Scott Malkin, chairman of Value Retail, the owner of nine designer outlet "villages" including La Vallée in Paris, Las Rozas in Madrid, and Bicester Village in Oxford, where revenues are up 10 per cent. As the Obama team likes to say, in tough times there is opportunity, and in fashion, apparently, the opportunity is in outlets - stores that give "second life" to luxury brands' surplus stock and sell it at up to 60 per cent discount all year around. Indeed, such is Bicester Village's current wave of success that it has recently expanded to include an additional wing with 30 new "boutiques" such as Marni, Smythson, Matthew Williamson and Alexander McQueen.

"We call it 'chiconomics'," says Robert Brvenik, president of Prime Outlets, which own a portfolio of 21 outlet centres across the US and Puerto Rico, stocking brand names such as Neiman Marcus Last Call, Armani, La Perla, Barneys New York, and even Baccarat at up to 65 per cent off (with even more bargains during sales). "Consumers still want to update their look and get a great brand at a great value," says Brvenik. But they want it all for less; hence Prime Outlets' plan to open up two new centres per year to cater to the growing demand.

After all, the outlets help not only consumers' budgets, but brands' bottom lines, too. "Prior to having outlets, some designers went so far as to destroy their excess/past season merchandise," explains Michele Rothstein, vice president of marketing at Chelsea Property Group, owners of 40 premium outlets in the US, and purveyor of Chanel, Jimmy Choo, Chloé and Balenciaga. "Now designers can control the destiny of their excess inventory: how it is priced, merchandised and presented." In addition, the outlets allow brands to reach a broader customer base, "some of whom would never have stepped foot in their boutiques," he says.

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