

The Fashion Retail Value Chain evolution rethinks the Sustainable Luxury Supply Chain

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Abstract: Over the past decade, luxury brands have sought to reach customers effectively by experimenting with new forms of distribution. Luxury is no longer configured as a social marker but as a lever of personal empowerment. Indeed, innovative forms of distribution in experiential retail enable sensory, emotional and social connections. Retail represents a touchpoint for co-creating potential value for the company and the consumer: customization, free experimentation with products and treatments, reduced risk of failure and misalignment with the market and customer dissatisfaction; improved communication costs and effectiveness by learning directly from customer behavior; and relationship building by maintaining groups and communities. Unfortunately, refurbishing a store often involves a complete makeover, with the physical removal of previous fittings: this means disposing of tons of materials. The sensitivity of the Fashion Retail Value Chain could rethink the Sustainable Luxury Supply Chain. The challenge for retail is to figure out how to succeed in retaining consumers by creating an emotional and personal relationship based on clean technological innovations and green process automation. Through effective engagement formats, brands are increasingly adopting personalization and verticalization of their stores even with openings that may last a few days: pop-up stores. Do pop-up stores foster circularity and awareness if the brand conveys real ethics and inclusion? To compensate for the environmental, social and economic impact of pop-up store pre-installation and post-dismantling, brands turn these installations into tourist attractions. From the exploratory study on empirical data collection and case study review, it was found that brands exploit nonrenewable resources by trying to be able to reuse the same recyclable or recovered materials with modularity. The review of case studies corroborating the Narrative Literature Review, however, reveals a fragmentation of literature and the implications of communication permeated by the prevailing greenwashing. This research contribution is preparatory to future developments in mapping sustainable materials, clean production processes, and inclusive industrial paradigms.

Keywords: Sustainable temporary store; Luxury Supply Chain; Pop-up retailing; Slow Fashion; Fashion Value Chain.

1. INTRODUCTION

The commercial format of pop-up stores was imported to Italy in 2000 from the United States and the United Kingdom. These are temporary activities, the duration of which can vary from a few days to a little over a month. The strategy is to attract the attention of consumers by positioning themselves in highly strategic areas with an offer of new, trendy, and often limited-edition products to induce engagement, aimed at monitoring the

behaviour of the experience users and encouraging their awareness [Russo Spina et al.; 2012].

New luxury consumer behaviour requires emotional and experiential stimulation consistent with the pervasiveness of brand values - even more so with the Retail Apocalypse exacerbated by the global COVID-19 pandemic. By identifying a categorization of different types of offline distribution channels, it is possible to investigate the environmental, social, and economic ecosystemic impact that the Fashion-Luxury-

Design Supply Chain can have through a differentiated customer experience.

In a study by Prahalad and Ramaswamy [Prahalad C.K., Ramaswamy V.; 2004 a], it appears that the creation of the pop-up store experience is related to four main factors: a new experience for the company; a new experience for the customer; co-created potential value for the company; and co-created potential value for the customer.

According to the study by Warnaby et al., [Warnaby G., et al.; 2015], pop-up stores can be classified, through the identification of certain strategic objectives, into four categories: communicative pop-up stores for brand awareness creation; experiential pop-up stores dedicated to customer engagement through brand culture; transactional commercial pop-up stores; and pop-up stores as tests to gain knowledge about shoppers and new products.

2. RESEARCH AIMS

The purpose of the following Narrative Literature Review is to identify whether pop-up store contributions can be understood as a possible resource for urban artistic reinterpretation, fostering brand reputation toward effective circular and inclusive intentions by averting greenwashing.

This initial research contribution is preparatory to a more comprehensive mapping of sustainable materials and clean processes that collects future developments through quantitative and qualitative surveys and case studies.

The authors are currently engaged in an extensive review of circular economy and industrial symbiosis models in the Italian territory and, specifically, in Lombardy's industrial districts to corroborate Slow Fashion paradigms with future Open Innovation (Living Lab) developments.

3. RESEARCH DESIGN

This Narrative Literature Review stems from the analysis of case studies not examined in this paper. Thanks to the previous comparative mapping of experiential, informational, product launch and touring pop-up stores of twelve luxury brands explored in depth by co-author Arianna Luna Inzani - in her master's thesis *How to attract*

customers: mirrors for larks? 2022 - the research contribution aims to highlight possible synergies between the state of the art of pop-up stores and the overriding need for circular solutions in the Fashion-Luxury-Design Supply Chain.

4. LITERATURE REVIEW

The development of digital technologies has enabled online businesses to compete with offline ones by limiting the inefficiencies of running a real physical store.

The competitive advantage of physical shopping is to fulfil a complex set of needs, which goes beyond the functional aspect of the object, referring also to the consumer's inner needs for well-being in leisure and in the company of other people.

Given the involvement it requires, shopping behaviour is increasingly characterized by psychological motivations and emotional responses to sensory stimulation [Lemon, K. N., Verhoef, P. C.; 2016].

In this sense, the shopping experience of goods purchased, or places frequented becomes a differentiating sign of one's way of being and lifestyle statement.

From the results collected by Prahalad and Ramaswamy (Prahalad C.K., Ramaswamy V.; 2004 a), it appears that the creation of the pop-up store experience is related to four main factors:

- 1) a new experience for the company.
- 2) a new experience for the customer.
- 3) co-created potential value for the company.
- 4) co-created potential value for the customer.

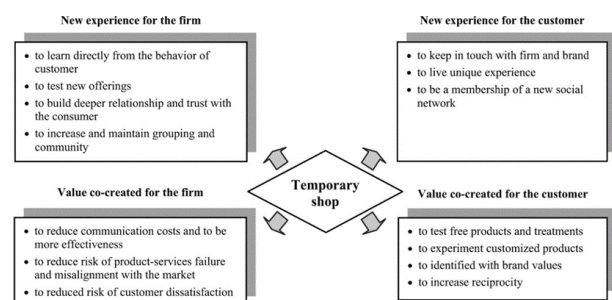


Figure 1. Adapted from Prahalad and Ramaswamy (Prahalad CK., Ramaswamy V.; 2004 a)

The transformation of modern retailing through reviews and sophisticated algorithms makes it easier for consumers to search for products like those they purchased. The multichannel model is being given place by the omnichannel model, which ferries a continuous Retail intertwined between the physical and digital worlds.

A brand-immersive experience that attracts the consumer's curiosity and attention through aesthetic anchoring proves instrumental in conveying trends and values incrementally across varied touchpoints [Klein J.F. et al.; 2016].

Making the pop-up store connected is possible by collecting data in real life allowing for authentic and real interaction that cannot take place online, and therefore transforms the store into a preferential profiling channel carrier of rewards, products or services designed specifically for the temporary event, in exchange for visibility through posts and messages.

In this sense, opening a pop-up store allows one to enter the market cautiously to ensure that there are customers in the opening area, to study and verify it also for a future fixed store by incubating new products and services.

Given the economic investment required to open real Luxury Goods stores, this is suggested only after the digital store has established itself in the market, transforming the push logic of the product to the consumer to pull.

From mapping the state of the art, pop-up stores with a testing objective underscore the importance of gaining knowledge about shoppers and testing market responses to new products/brands. They are a relatively low-risk, low-cost option for companies to enter a new market or launch a new product/brand that may lead to a change in consumer habits.

In addition, Invisible Pop-Ups optimize the Value Chain by using augmented reality and geo-location technologies. Companies adopt a treasure-hunting approach in the designated area to allow shoppers to use their mobile device to order merchandise that is virtually available for a limited time. In summary, test-target pop-up shops and invisible pop-up shops can prove to be strategic behavioural levers to prevent overstocking and encourage inventory liquidation, being beneficial from the perspective of reducing environmental impacts.

Vertical integration of new knowledge and new suppliers through retail distribution and experiential stores enables sensory, emotional, and

social connections. Experiencing without purchasing could still stimulate people in other respects and instil a predisposition to future purchases, moved by social-influenced opinion and questioning, supporting the concept in democratizing luxury.

5. RESULTS AND DISCUSSION

Contemporary retail design mode is based on circular economy reuse strategies. The require for sustainable retail is dictated by big brands' need for renewal and evolution.

A new aesthetic concept, on average every five years, often involves a complete renovation of the facility, with the physical removal of the previous layout: this means disposing of tons of materials.

However, nowadays, increasingly realizing the infeasibility of divestment, Slow Fashion brands are trying to use recyclable materials, with recycled content or reusable or recovered materials, paying more attention to designing renewable and modular concepts, not necessarily to be eliminated [Overdiek A. et al.; 2018].

Pop-up stores represent a balance between the exploitation of non-renewable resources and the need to be able to reuse the same materials in the future. The launch of a green product, in this sense, transfers a value structure that enhances brand reputation and shapes brand behaviour.

6. CONCLUSIONS

The fragmentation of a scientific analysis of Luxury Retail Supply Chain has led to the identification of the different types of pop-up stores to facilitate possible areas of intersection between temporary physical shopping formats and circular economy models.

To investigate what is left of the surprise effect and experiential uniqueness of large luxury brands, it is necessary to focus on the ecosystemic choice of not selling products but memorable immersive experiences.

From the perspective of ecological ingenuity, could big luxury brands collaborate with municipalities to make up for the negative economic environmental impact by not dismantling pop-up stores? By turning this into

conceptual art and attractive tourist installations, could stakeholders explore circular awareness strategies? Possibly, by showing the deterioration of the place over time, the pop-up store would result in an industrial archaeological site for posterity that did not visit the space during the planning period.

Anywhere, anytime shopping transfers behavioural awareness fluidly and continuously, between online and offline.

The answer to the cost increases of physical retail and the rise of 'e-commerce is, therefore, digital retail because it takes advantage of the physical, emotional, and personal loyalty of technological innovations such as big data, artificial intelligence, and process automation to anticipate the needs of the increasingly hybrid and interconnected consumer, personalizing and influencing their lifestyle.

Here is where the touchpoint phenomenon with temporary openings transcends mere marketing purposes to increase value echo over time.

In this sense, customization and verticalization of stores can surprise consumers precisely to innovate their behaviour: from the perspective of Nudging, the fertile ground for raising awareness, incentivizing virtuous, inclusive, and ethical conducts on the environmental, economic, and social impacts of fashion-design-luxury is ready and Slow Fashion paradigms represents a strategic lever for the Value Chain.

7. DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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