‘From Bata to Prada’: Appraisal Approach in New Retail Design

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Abstract. Many contemporary architectural design projects, frequently characterized by the interaction between creativity, beauty and innovation, reflect the changes in consumption models. Also with specific reference to retail spaces, the concept of store has developed into something that includes knowledge, discovery and seduction in addition to the traditional selling of products. The passage from material to immaterial culture in the digital era, conduces to design spaces able to offer an experience, more than a product, as in the several projects for Prada’s Stores. In this changing scenario, the worldwide famous brand Bata Co., with its very long tradition - founded in 1894 - constitutes one of the most successful examples of how a smart management system finds into its spaces of production and distribution a creative correspondence. It is not a case that from Bata derives one of the most emblematic example to conceive the modern retail spaces, thanks to the projects of Le Corbusier. Nowadays, in the face of challenges of digital innovation, among the several typologies of retail spaces, the traditional store is going through a profound transformation, in addition to being a strategic segment in the real estate market. In the last few years, in fact, Informative systems, Technologies, IT platforms, are radically changing the customers’ purchasing process – the customer experience –, affecting more and more the re-design of spaces, processes and functionality of the store. Technological development not only is changing purchasing behaviour but it also is determining the need to deal with radical changes in the current stores to make them more attractive for tenants and property investor. In this perspective the article, starting from the comparison between two different ways to conceive the commercial spaces (functionalism in Bata and spectacle in Prada) and highlighting the role of the new consumer, deals with some evaluative aspects in the new retail design. An overview of the retail from the perspective of the real estate market, confirms as it is in constantly expanding in the international arena; in Italy, also if positive signs affect all kinds of retail (high street, commercial centers, outlets, etc.), new challenges arise for the small and traditional retail stores. With specific reference to the project of the physical space of the new retail store, the business analysis involves some aspects, such as the so called “soft costs” sustained for re-design the relationship with the customer/consumer, which deserve further insights in the new culture of Retail Design.
1. Introduction
Many contemporary architectural design projects, frequently characterized by the interaction between creativity, beauty and innovation [1], reflect the changes in consumption models: from the passive role of the consumer, we have moved on to an era where the consumption has become communication, participation and experience [2]. Nowadays the consumer, from isolated to “connected”, from unconscious to “informed”, wants to interact with the space, the product, the brand. He wants “co-create” its experience integrating the ‘use values’ with the research into symbols, meanings, new values, which are all immaterial components, involving both sensory/emotional and intellectual factors.

Also with specific reference to retail spaces, the concept of store has developed into something that includes knowledge, discovery and seduction in addition to the traditional selling of products. In the digital era the passage from material to immaterial culture, conduces to design spaces able to offer an “experience”, more than a product. The investment in the production of an environment of experiential relationship with the consumer have become central in brand policies; at the same time, new digital technologies have significantly modified the process of purchasing of goods and services.

According to BNP Paribas Real Estate [3] consumer habits are evolving with increasing online shopping purchases. In 2017, nearly 9% of total European retail sales were made online, the highest rates were observed in the UK and in the Nordics countries; also in Italy e-commerce is continuously growing: in 2018 the value of online shopping is of 27 billion, more than 15% compared to 2017, even if the percentage of shopping on line, compared with the overall European population, remains among the lowest (34%). This means that in Italy people (and especially Millennials: 18-34 years old) still like visiting stores. Therefore the traditional retail store is not over, but is obliged to evolve, through integrated strategies where the online and offline dimensions and the physical contact spaces with the customer merge with each other. In this perspective, it becomes important not only to characterize the point of sale with all the identifying marks of the brand and its reference values but also to design a store environment able to communicate, to excite and to involve the consumer [4].

From these different but interrelated aspects, derives the great attention which many enterprises devote to the organization of space in their retail network. In this perspective the article, starting from the comparison between two different way to conceive the commercial spaces (Bata and Prada) deals with some evaluative aspects in the new retail design. An overview of the retail from the perspective of the real estate market, confirms as it is in constantly expanding in the international arena; in Italy, also if positive signs affect all kind of retail, new challenges arise for the small and traditional retail stores. With specific reference to the project of the physical space of the new retail store, the business analysis involves some aspects, as the so called “soft costs” sustained for re-designing the relationship with the customer/consumer, which deserve further insights into the new culture of Retail Design.

2. From Bata to Prada
In order to better understand the changing scenario in the retail sector, according to Gerrucci [5] it is possible to reread the passage from modernity to globalized contemporaneity through two different way to conceive the commercial spaces: the projects of Le Courbusier for Baťa Shoe Company and the project of Rem Koolhaas for the Prada luxury fashion house.

The worldwide famous brand Bata Co., with its very long tradition - founded in 1894 by Tomáš Baťa in the Moravian town of Zlín, in the Czech Republic – is one of the most successful examples of how a smart management system finds into its spaces of production and distribution a creative correspondence. It is not a case that from Bata derives one of the most emblematic example to conceive the modern retail spaces, thanks to the projects of Le Corbusier.

The Bata system of management found its roots in Henry Ford’s ideas (worker autonomy, knowledge, just-in-time, waste minimization quality, customization), combining them with the cultural distinctiveness of his native Moravia and creating what is still known as the “Bata Management System” [6]. In the 1936, after a competition, the design of the Bata stores was entrusted to Le Corbusier. The design of the interactive schemes of the Bata store, widespread and known in Europe
in that time with the title “Les Boutiques Bat’a” was preceded by other solutions and experimentations of projects designed by Le Corbusier, equally representative but implemented at different scales of its design research activities (as Urbanisme Bat’a, Hellocourt, France, 1935; project the Plan régolateur de la ville de Zlin (Bat’a) 1935). The Bata shoes Company, facing the issue of the opening of new stores, in series and not only in Europe, found in the idea of type store designed by Le Corbusier a deep correspondence. The design of the Bata stores, with a series of standardized solutions and spatial organization based on a regular geometric matrix, is all based on functionalism.

All the furniture (fixed and mobile) as well as the exposure of the windows system, were designed to exactly adapt to each kind of article for the correct displaying of the different product categories. Le Corbusier makes a project for selling what Bata produces: a popular product to sell in a store efficient in its spatial organization (the entire project was based on the stereo metric model of the shoe box). In accordance with Borrelli [7] it’s possible to consider the design of the boutiques Bat’a a “milestone” in the modern retail design, representing until now the reference for each commercial franchise chain.

Figure 1. Old picture of Bata store [8] and one type store designed by Le Corbusier [9]

The passage from material culture, which considers the process of selling to be on a par with the production line in a celebration of the product of the industrial process, to immaterial culture, where the value of the specific characteristics of the product becomes its “communicative” value, has been particularly evident since the 1990s. More specifically, the fashion sector started to communicate by means images and signs, and after more than half a century from the type store of Le Corbusier, Prada Italian luxury fashion house commissioned to the Dutch architect Rem Koolhaas/OMA the “Epicenter” store, opened on Broadway in New York City in 2001. This was the first store of the Epicenters project, whose purpose was to redefine the shopping concept and try out inventive ways to interact with customers. According to Evans [10] this store will lead to the reshaping of the concept and function of shopping pleasure so as to fuse consumption and culture, being a boutique that is also an art gallery, a performance space and a laboratory.

If in the type store of Le Corbusier, merchandise is ever physically present inside the store, in the store of Koolhaas merchandise is apparently confused, with several overlapping functions. As in the description of the space [11] « The Wave - a curving space scooped out of the ground floor and opening it up to the basement - is the main element facilitating experimentation in what a fashion store can be. On one side, the slope has steps – ostensibly for displaying shoes and accessories – that can be
used as a seating area, facing a stage that unfolds from the other side of the wave. The store thus becomes a venue for film screenings, performances, and lectures. The northern wall of the store offers itself as a surface for a giant mural – the Prada wallpaper – that changes on a regular basis. The wallpaper defines a theme for an exhibition that infiltrates spaces throughout the store: videos on plasma screens hanging on railings between items of clothing, books piled next to shoes, interactive monitors. Experimental technology, intriguing materials, and innovative display methods are utilized everywhere to enrich and transcend the shopping experience…».

Figure 2. Epicenter store of Rem Koolhaas/OMA, New York

The reference to these two different approaches in retail design, the functionalism in “Les Boutiques Bat’a” of Le Corbusier and the spectacularity in the Epicenter store of Rem Koolhaas, well highlights the changes that have occurred in the place of sale: from place of purchase it has become place of experience, knowledge and discovery. Particularly in the last few years, digital innovation not only is changing purchasing behavior but also is determining the need to deal with radical changes in the current stores to make them more attractive. In this perspective, retail is going through a profound transformation, in addition to being a strategic segment in the real estate market, as in the next section.

3. Retail as strategic segment in Real Estate

In advanced economies, real estate is a big part of personal and household wealth. In accordance to HSBC [12], it is a very large asset class by value; after a long period of severe contraction, the real estate market recovery in the major geographical areas, continuing to attract capital and demonstrating its stability and appeal over other asset classes.

In the worldwide scenario, the positive economic picture, together with a higher consumer confidence, confirms the growth also for the Retail market. According to Cushman & Wakefield [13] «global trends are not completely uniform, but there are some common themes. The most notable trends include the continued growth of online and significant investment in store design. However, while technology is still a major disruptor in retailing, it is also enabling physical retail to fight back as it allows retailers to better understand their customers and to enhance the in store experience. Another common trend has been the continued rise of the food and beverage and health and beauty sectors, which have proved to be the most resistant to the growth of online».

With specific reference to the fashion and luxury market, location continue to represent a crucial factor. Among the fashion capitals in the world, there are relatively few streets which can satisfy the optimal location, characterized by very expensive rents, as highlighted in Cushman & Wakefield
report. As example, regarding the 2018 report, on the top retail streets around the globe, ranking the most expensive in each country by their prime rental value (table 1), for the first time Hong Kong's Causeway Bay has replaced New York's Upper 5th Avenue as the world's most expensive retail street with a rental value of 24,606 €/sq.m/year; London’s New Bond Street is the most expensive European location and third globally; Via Montenapoleone in Milan is the location with the highest rental value in Italy (13,500 €/sq.m/year) and fifth globally, continuing to be the first Italian cities where international retailers test the Italian market.

Table 1. Top 10 most expensive retail locations by country

| Rank | Location                        | City                | Country | Rent €/sq.m/year |
|------|---------------------------------|---------------------|---------|------------------|
| 1    | Causeway Bay (main street shops) | Hong Kong Island    | Hong Kong | 24,606           |
| 2    | Upper 5th Avenue (49th-60th Sts) | New York            | USA     | 20,733           |
| 3    | New Bond Street                 | London              | UK      | 16,071           |
| 4    | Avenue des Champs Elysees       | Paris               | France  | 13,992           |
| 5    | Via Montenapoleone              | Milan               | Italy   | 13,500           |
| 6    | Ginza                           | Tokyo               | Japan   | 11,232           |
| 7    | Peet Street mall                | Sydney              | Australia | 8,882         |
| 8    | Myeongdong                      | Seoul               | South Korea | 8,364     |
| 9    | Bahnhofstrasse                  | Zurich              | Switzerland | 7,872      |
| 10   | Kohlmarkt                       | Vienna              | Austria | 4,74             |

In Italy, the retail sector shows positive signals in the several segments: High Street, Shopping centers, Outlet and Retail Park. Interest remains focused on the main tourist cities. In fact, at European level, in addition to Milan, other major Italian centers, such as Rome, Florence, Venice continue to attract new retailers, mainly drawn to the tourist flow potential. In fact, in the Top 10 most expensive retail locations in Europe, are four the Italian high street which place themselves in the ranking: as well as Via Montenapoleone in Milan, at third place, Via Condotti in Rome is in the fourth position (11,500 €/sq.m/year), followed by Calle San Moisè in Venice (6,000 €/sq.m/year) in the sixth position (after Bahnhofstrasse in Zurich, Switzerland) and Via Roma in Florence (5,800 €/sq.m/year) in the eighth position (after La croisette at Cannes in France).

Generally, in Italy the luxury brands renew the existent retail stores and/or localize themselves in more strategic positions. According to several studies and reports, on the demand side, it is possible to record an increasing for: prime locations; location in proximity of high-end brands (in order to benefit from the positive spillovers); demand from international investors; demand from food services industry. Regarding the supply, the scarce availability in the luxury high streets pushes in secondary streets, characterized by lower rents, where the new operators recover visibility on social media.

Whatever the case, according to the analysis of Idealista [14], which relates the prices of sale and rent of the different types of real estate to calculate their gross return, the most profitable investment is in the retail segment, with a return of 9.7%, followed by garages (8.7%), offices (7.5%) and residential market (5.7%). Upon analyzing the distribution of the values of retail segment in the main Italian metropolitan cities on the basis of the official data [15], the recovery trend, that began in 2015, is confirmed. Regarding the quotations, these substantially remain high, especially in the prime locations. As example, with reference to Milan, Rome and Naples, table 2 shows the market values (minimum and maximum) of retail segment for the central areas, in the High Streets. For each city, the state of maintenance of property is indicated as ordinary and high quality. In Milan the central zone
“historical center”: Via della Spiga, Corso Venezia and Via Monte Napoleone which make up the luxury quadrangle, the location of the top brand names and flagship stores. In Rome market values are referred to central zone, in historical center, like Piazza di Spagna, via Condotti, etc. Rome high street market continues to experience the wave of stores restyling and repositioning of big retailers. Naples, the capital of the Campania region is one of the culturally richest Italian cities in terms of history, architecture, art, music, and gastronomy. It is also one of the most important cities for retail in the south of Italy. The retail market values are referred to the central area, the main luxury shopping destination in the city, made up of Via Calabritto, Piazza dei Martiri, Via dei Mille, and Via Filangeri. This area accommodates Italian as well as international high-level brands.

Table 2. Quotations in the urban macro areas (source: OMI, 2018)

| City  | Market Value \( (€/sq.m) \) |
|-------|-----------------------------|
|       | min | max |
| Milan |     |     |
| Ordinary | 9.100 | 12.600 |
| High Quality | 15.200 | 21.600 |
| Rome  |     |     |
| Ordinary | 6.500 | 8.300 |
| High Quality | 8.300 | 10.200 |
| Naples |     |     |
| Ordinary | 3.000 | 6.100 |
| High Quality | 6.000 | 12.200 |

In this framework, as in other Italian cities, the gap between Prime and High Streets and less valuable locations results accentuates. Moreover, there is a greater difference between some cities particularly attractive as Milan and Rome and the touristic cities as Venice, Florence and the rest of Italy, which in many cases cannot return to the pre-crisis level. The South of Italy is still standing; in Naples, a part the High Street, many commercial activities had to be closed, also suffering the competition of the Shopping centers, outside of the city. In the face of challenges of digital innovation, among the several typologies of retail spaces, the traditional store is living a deep transformation which need radical changes in the current stores to make them more attractive for tenants and Real Estate investor. Design can have a critical role in new retail strategies, as in the next section.

4. New retail design: valuation aspects

As previously highlighted, digital technology and innovation are changing the consumption models and although the commercial space is still at the center of the purchasing process, new challenges arise for retail design. First of all, customer experience is more important than ever, becoming “experience per square foot” the new retail metric to measure success [16].

With the increase of e-commerce, customers go to stores less for purely utilitarian needs - purchase of the product - than for hedonic reasons - social or entertainment-. Retail design, recognized as emerging discipline in the field of interior design [17], requires a more integrated and “holistic” approach [18], because the retail designer should be able to translate the consumer needs and the brand value in a real space, respecting the budget. This means not only to design the layout of the store and what is visibly appreciable, but also to coordinate a set of activities, according to a multidisciplinary approach [19], in the perspective of retail project management. More specifically, the retail designer, besides to understand what esthetically and functionally will work in a retail environment (both tangible and intangible elements) have to fully understand all the aspects related to the concrete development of the concept of the store, including the economic and financial aspects.
In this perspective, regarding the feasibility study of the project, one of the crucial elements which emerges during the design phases, is the cost estimation. Inside the whole Life Cycle of a store, as in any other building, (programming, concept, design; construction; use and maintenance) the early stage of design has a very high potential in influencing the full life cycle and its costs, which decreases over the years. In that same phase a huge amount of information has to be quickly processed and crucial decisions are to be taken. About the 75% of the costs of the building product are fixed already during the planning/design phase and, in this same phase, it is possible to make corrections, elaborating alternatives [20]. This can take place only through a continuous and interactive evaluation process that allows to verify the project and elaborate alternatives, working in multi-disciplinary teams. Therefore, it is essential that the design process proceed simultaneously with cost control.

Referring to the overall structure of costs and its appraisal (land or location, hard costs and soft costs) both in the case of ex novo realization of a store and its renovation, in today’s sophisticated environment of the digital era, the designer has to be very careful, especially in estimating the “soft costs”. These are the development costs that are not considered direct construction costs; they include also movable furniture and equipment such as computer data equipment, telephone systems, display, mannequins, etc. [21], all elements necessary to empathize the ludic, leisure and socializing dimension of the shopping experience.

Among the several examples of this elements, it’s possible to refer at the sensorial experiences, as introduced by the Italian fashion brand Alcott in its stores, by means the smell strategy. This kind of strategy entails high costs: spreading a fragrance in a luxury store can costs even up to 2.000 euro/sq.m.; since the choice of sensorial marketing represents a very challenging investment for retailers, it is necessary a careful evaluation of its efficacy, in terms of return of investment, occurs. Another example comes from the Italian leader group in the clothing sector, O.V.S. SpA, the first store in the country that has improved the customer experience with the interactive displays. It is still an experiment and is too early for evaluate the business performance, also if the cost for an interactive touch screen display may vary from 2.000 €/sq.m to 6.000 €/sq.m., depending on its characteristics.

This cases, as many other in the world, show as, in designing the customer experience, it is necessary to go beyond the physical design elements that have traditionally defined store design. In accordance to Gensler [22] a broader skillset within design teams occurs to translate business objectives into design solutions, and retailers have to apply design thinking to business strategies. Increased collaboration is needed among design teams, corporate leadership and the business functions that impact the customer experience.

5. Conclusions
The paper, dealing with the evolution that the retail spaces are living, try to figure out the implications on the new retail design in the appraisal perspective. This evolution has been determined by the changes in the consumption model and the advent of digital innovation. The design of new retail spaces is deeply affected by these elements, having to face new challenges: omni-channel world and provide an outstanding customer experience while also ensuring efficient and profitable retail operations. In order to better understand the changing scenario, reference was made to two different approaches to conceive the commercial spaces: the functionalism in “Les Boutiques Bat’a” of Le Corbusier and the spectacularity in the Epicenter store of Rem Koolhaas. The passage from material to immaterial culture, conduces to design spaces able to offer an “experience”, more than a product, becoming “experience per square foot” the new retail metric to measure success.

An overview of the retail from the perspective of the real estate market, confirms as it is a strategic segment, constantly expanding in the international arena. In Italy, even if positive signs affect all kind of retail, new challenges arise for the small and traditional retail stores. With specific reference to the evaluation in the design of the physical space of retail, the business analysis involves some aspects, as the so called “soft costs” sustained for re-design the relationship with the customer/consumer, which deserve further insights in the new culture of Retail Design.
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