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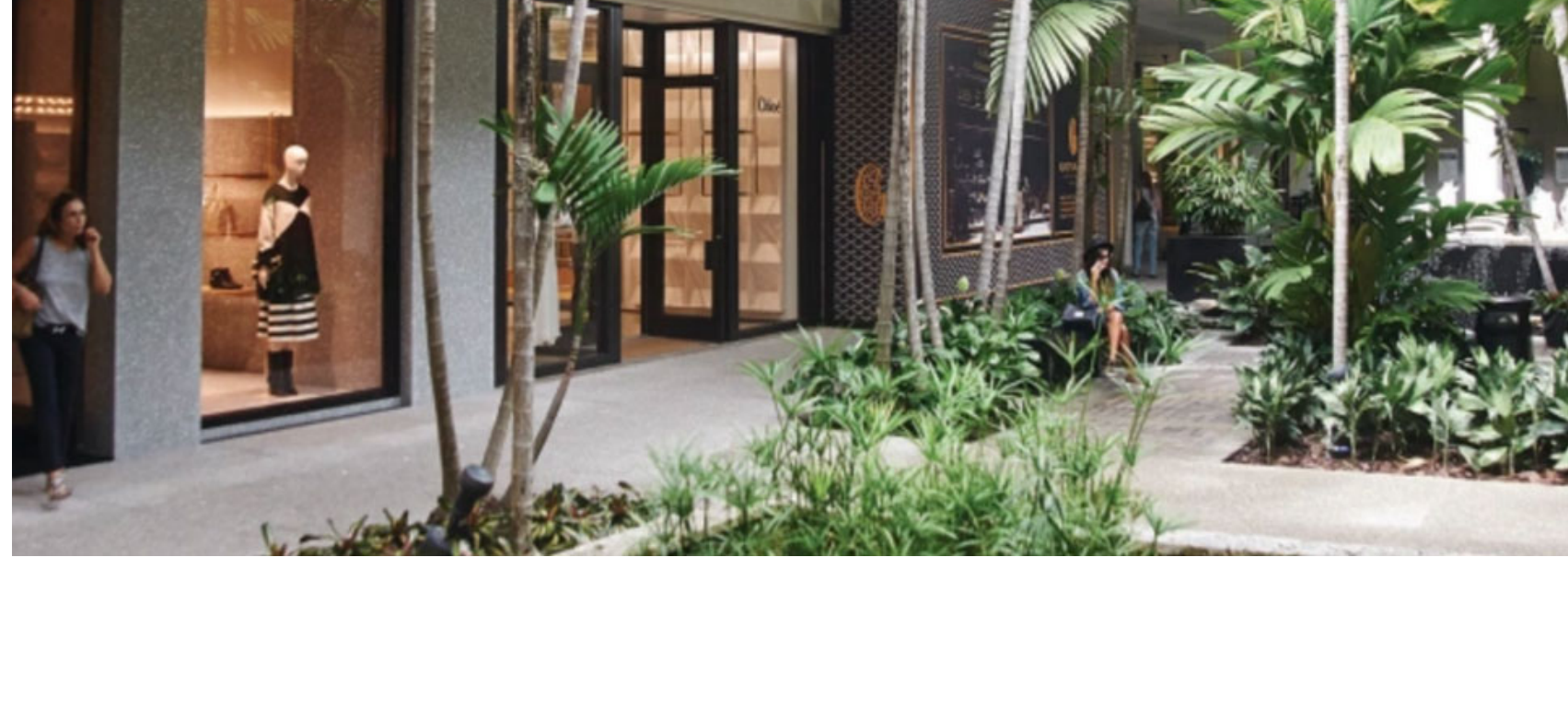
Bal Harbour Shops Launches a Marketplace

The owner of the luxury center says it's conducting digital commerce in a differentiated way.

By David Moin on June 11, 2021



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Bal Harbour Shops
Pascal Ollinger

Bal Harbour Shops has launched the Bal Harbour Shops Marketplace, marking the tony south Florida center's entry into online selling.

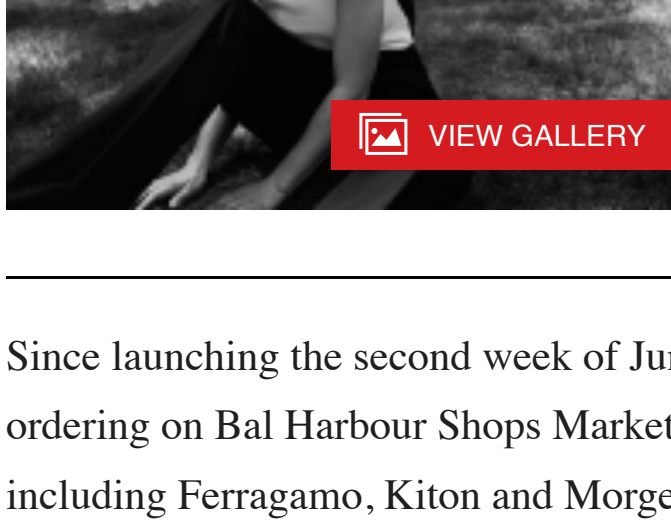
"Bal Harbour Shops Marketplace is unique because it's intended to be a store-level solution not a whole new e-commerce platform," said Matthew Whitman Lazenby, president and chief executive officer of Whitman Family Development LLC, which owns the shopping center.

"The marketplace is fully integrated into balharbourshops.com. It's seamless," Lazenby said in an interview with WWD. "There continues to be tons of editorial content, lots of videos and pictures on the website, but now there is also a button that says 'shop the look' on some of the editorial content," which typically could be a designer profile, a story on fashion trends, or a feature on a new store.

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Within certain of the stories, clicking on an image will prompt visitors to either call the store, make a private appointment at the store or buy online. There's also a microsite with an assortment of merchandise that can be purchased online.

The main idea behind the marketplace, Lazenby said, is to encourage visits to the stores at Bal Harbour Shops. "We are not trying to compete with Farfetch or Mytheresa. This is very much Bal Harbour Shops-centric," Lazenby said.



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Since launching the second week of June, about half a dozen retailers have begun providing online ordering on Bal Harbour Shops Marketplace. "We had some early adopters eager to sign on," including Ferragamo, Koton and Morgenthal Fredericks, Lazenby said. "Not everybody is participating. There are brands that just don't do e-commerce, and some will do it under their own online platforms."

Nevertheless, Lazenby said there has been plenty of positive reaction to the marketplace and scores of brands are likely to eventually participate.

"Truthfully, the easy part has been in having conversations with brands. The hard part is how the product is displayed, and figuring out who gets displayed next to whom," Lazenby said. Designers and brands are very picky about how and where they are depicted on virtual marketplaces.

Asked whether designer stores at Bal Harbour Shops were already geared up to ship orders from shops, Lazenby said, "Some larger brands already have e-commerce warehouses and wish to fulfill out of their own systems, but the majority are fulfilling out of their own boutiques.

"We spent a lot of time figuring out if we could do digital in a differentiated way," Lazenby said. "Our valued tenants have taught us that they want each of their stores to have its own perspective and to offer an experience singular to that location and expressly not duplicated from every other one."

Subscribers to the Bal Harbor Shops newsletter, as well as members of the center's Access loyalty program, will receive a shoppable e-newsletter twice a week. The Bal Harbour Shops Instagram handle will also introduce a shopping component, though not every post will be click-to-buy.

"We're continuing with posts that are in the same vein of what we have been doing, which is connecting with our consumers and transporting them to the shops," said Lazenby.

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According to Antony Barran, who was recently hired as head of the Bal Harbour Shops Marketplace, "With Marketplace, we can bring Bal Harbour Shops and its world-class collection of luxury brands to customers who have never been to The Shops.

"People have been predicting the death of brick-and-mortar retail for more than two decades, but we see that our customers want online as well as in-person," added Lazenby. "The Shops now gives them the best of both worlds."

Bal Harbour Shops Marketplace isn't purely a reaction to the rise in online shopping amid the stay-at-home lifestyle induced by COVID-19. Prior to the pandemic, Lazenby spent time in Latin America, notably Brazil, with executives at shopping centers developing e-commerce. "We met with a few of the people trying it out. It was a rough start. There were a lot of logistical issues to overcome, but we saw a real potential there."

Lazenby did come up with a plan for his center which he said was accelerated by the pandemic. "What started as simply a way to drive business to Bal Harbour quickly became something of an amenity customers were getting very used to."

Lazenby said that traffic at the stores "was bad" up until January this year, with the exception of restaurants. There's a lot of seating for outdoor dining at the center. "Even in the height of the pandemic, Bal Harbour Shops was a safe haven to eat at a social distance and feel pretty comfortable. The restaurant category persevered the best."

Since January, however, "The biggest heritage brands are just doing unbelievable numbers, so much so they're actually ahead now in June by double digits versus June 2019. But everybody else is not up like that. There are still a lot of tenants struggling."

During the pandemic, Bal Harbour Shops did extend rent relief to tenants. "We were on the phone with just about every one of our tenants to ease their pain and suffering and also to partner with them on the future. While they were asking for some form of rent relief, in return we asked if they would be willing to commit to [relocate] stores in the expansion" of the center, which is ongoing. A number of existing tenants have agreed to relocate. The expansion is 60 to 70 percent leased, Lazenby said. Without the negotiations, the percentage of space leased wouldn't have been nearly as high.

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The expansion is expected to be complete and open for business by the first half of 2024, Lazenby said. With the expansion, Lazenby expects to at least double the number of restaurants in the center to about 12.

A new parking garage is being built. Once completed, the old garage will be demolished and the expansion will continue from there with the building of a new retail wing. Lazenby said the project has been slowed due to the pandemic, with delays in planning reviews. In total, the luxury center will have around 700,000 square feet of space when the project is completed, compared to the existing 450,000 square feet.

Also ongoing is the lawsuit with Saks Fifth Avenue over unpaid rents, which Lazenby said hasn't been resolved and is caught up in jurisdictional issues. "Nothing substantive has happened. Saks remains a tenant and hasn't paid rent in well over a year."

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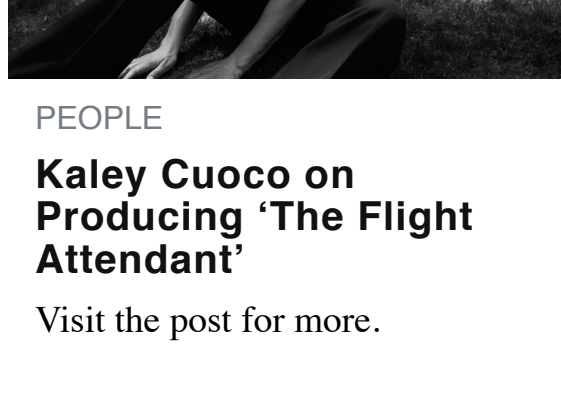
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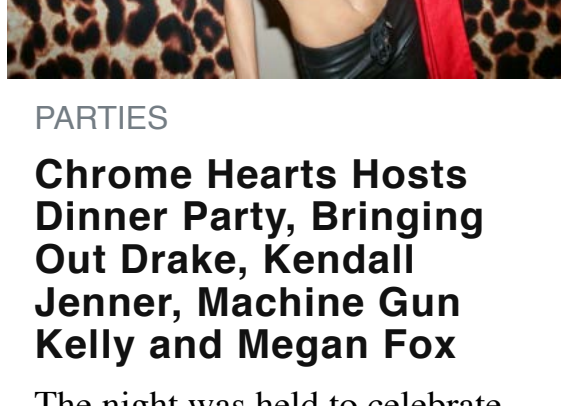
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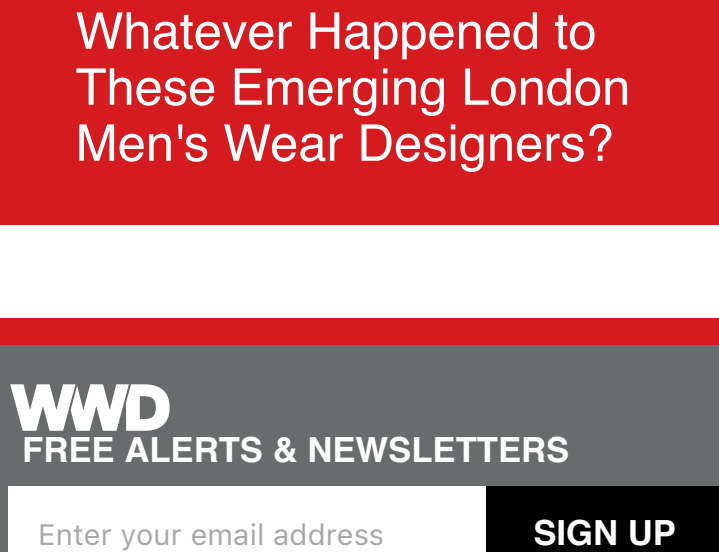
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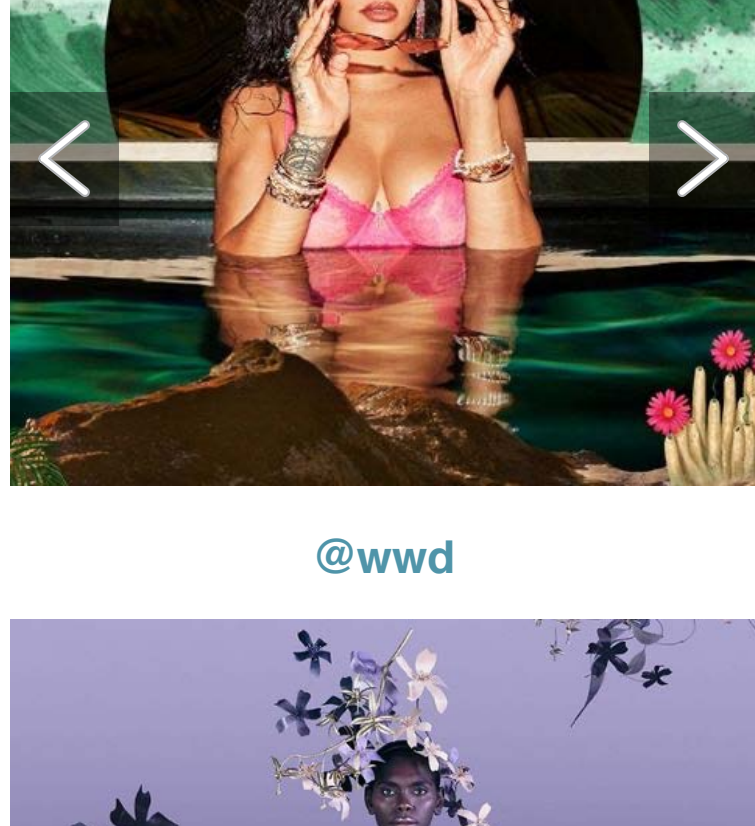
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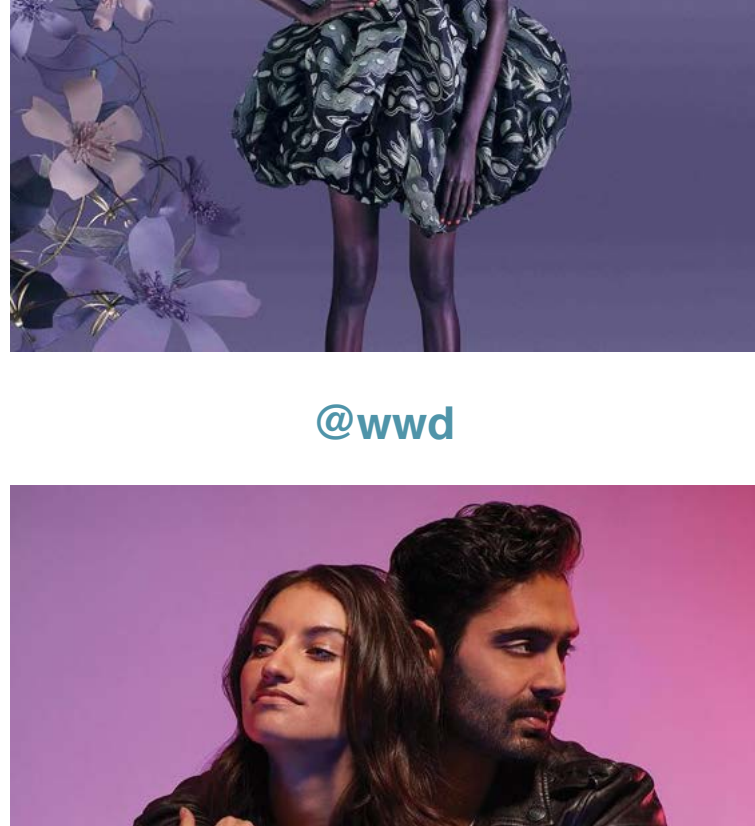
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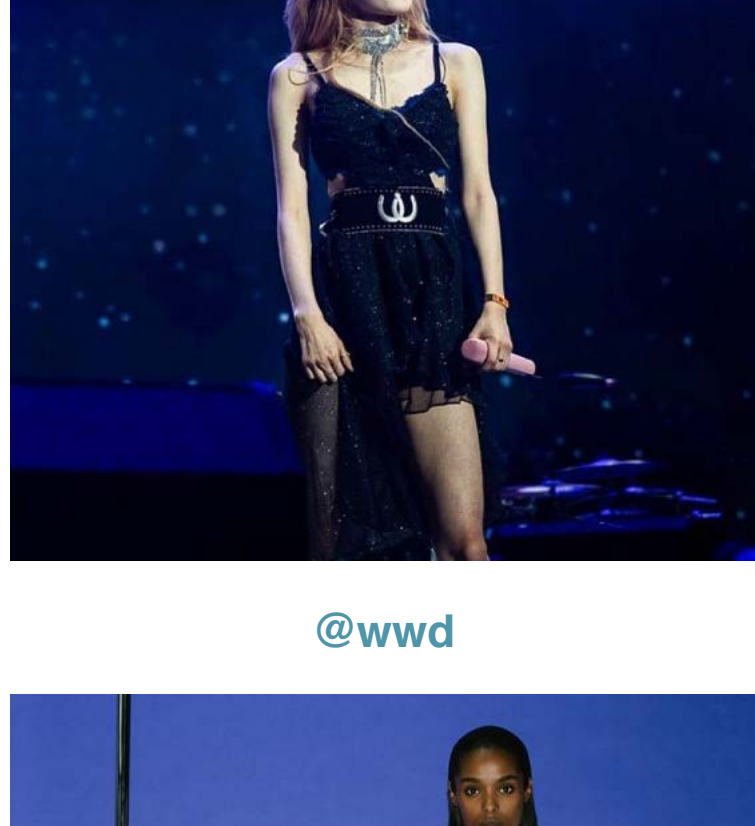
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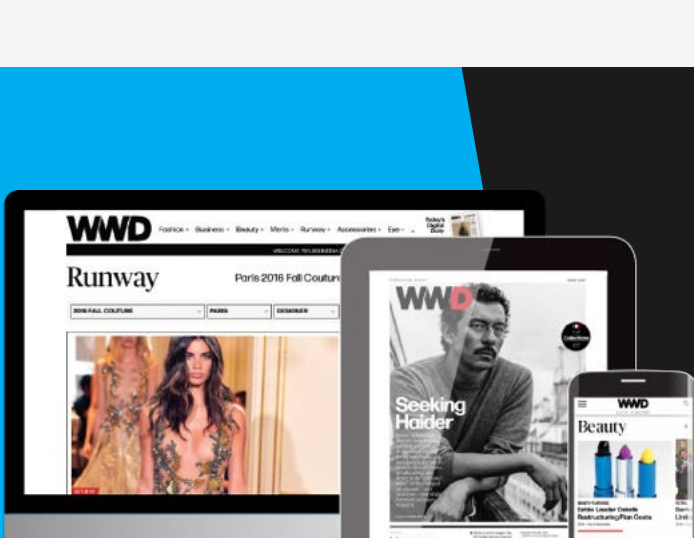
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