



The Wertheim crowd: Value Retail's concept – better for less, as opposed to more for less – could succeed in a country not known for big spenders

Village people

High-end discount outlets may please Germany's passionate bargain-hunters, says **Nora FitzGerald**

How do you get consumers to spend money in the gloomy, recession-racked centre of "Old Europe", where buying a Technicolor sweater on eBay can be seen as having a good time?

Enter Wertheim Village, one of Germany's first high-end discount outlet centres, which officially opens this month after what retailers call a soft opening last winter.

In its first six months of operations, it has brought in traffic (25,000 customers per week, and 35,000 during holidays, according to the retailer's car count) in a country where shoppers still have more money to spend than most but less money than they used to.

Wertheim Village rises up above the sleepy old town here, a conspicuous, brightly lit consumer hub that pays a movie-set tribute to its Franconian surroundings. The London-based owner, Value Retail (www.valueretail.com), won over local officials with a friendly philosophy of selling luxury and name brands – such as Polo Ralph Lauren, Versace and Gant – for less money.

"The outlet is different enough from Main Street in order to

support not detract from the commerce in the centre," says Scott Malkin, Value Retail's chief executive.

Even before the country's joblessness tally hit a record high of more than 4m, Germans were not known as big spenders. Rather, they are disciplined value-seekers. Malls, anointed as the new American cathedral in the 1980s, never reached the same level of sensation here. Foreign mall magnates have often found it hard to sell their ideas and get permission to build from local officials, and Wertheim was no exception. Some local retail associations were suspicious of the outlet village.

But the company's concept of good value – better for less, as opposed to more for less – seems to be taking off in a land where consumers hunt for bargains and buy second-hand with an unsurpassed passion.

Shortly after Value Retail opened its first outlet centre near Oxford in 1995, called Bicester Village, Malkin became known as a pioneer retail developer. The formula was simple – dump the high-end surplus of the big, expensive houses on the grateful middle

class. Malkin brought top retailers on board, courting brands normally sensitive to being included in a mall setting.

The Value Retail team generates a mix of high-end and mid-market stores that sell brand names at cut prices in a localised, marketplace atmosphere. The effect at Wertheim Village is still short of the old Main Street, but for many shoppers the sight of a Versace outlet makes up for lost charm.

A charismatic, casual, 43-year-old American with a real estate pedigree (his grandfather refinanced the Empire State Building and advised the Rockefellers), Malkin has brought America's discount vision to cash-strapped Europeans: you don't have to be 40 and still wear H&M.

Value Retail's target shopper is a woman aged between 25 and 50 who is "brand aware but not fashion-forward", Malkin says. She comes to the outlets with friends, and without husband and kids, once a year. "She spends \$3,000-\$5,000, in the spirit of a holiday."

Such shoppers do exist, apparently, and have even been spotted at Malkin's other outlets, which are located outside Brussels, Paris, Milan, Barcelona, Bologna, Rome and Düsseldorf. Some of these villages have attracted the top brands

– Burberry, Gucci and Prada among others.

There is only one problem with Value Retail's newest mall, which is 45 minutes from Frankfurt airport. It has not yet attracted the sexy pullers – the luxury brands that could knock your socks off. According to Value Retail insiders, it takes time to attract the most glamorous names.

There is the pivotal anchor. The Versace Company Store, with some very hip and trendy selections, from embroidered calfskin coats to

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rainbow jeans at up to half the normal price. Nearby, a handsome Gant outlet boasts €900 suede jackets for men that can be scooped up for less than €500. There is a well-stocked if lacklustre Bally shoes outlet, and Tommy Hilfger recently also joined Wertheim's ranks, while Nike,

for better or worse, is on its way in. Yet a few stores seen last winter (Playtex comes to mind) were worrisome, and seemed to diminish the property value of the place.

Like a good Wertheim wine – the area is known for its vineyards, and local wine is sold here – it all takes time, according to Value Retail. "It takes a full year to become operational and I'm satisfied with where we are now," said Malkin. "Wertheim Village is the most successful opening in our history in terms of number of brands represented and the reception of customers. The sales per square metre is second only to Bicester Village, which has been open eight years."

Andrea Bussi, general manager of Versace Germany, says: "The German luxury market has a problem: the people are not buying luxury. It's a good idea to be on the Main Street but it's also good to be in the outlet centre – the right kind of outlet centre. Value Retail has good taste, good location, good management. I think this is our future, just like in the US."

Malkin has another outlet village in the Düsseldorf-Cologne area, and is building a third, called Ingolstadt Village, near more fashion-forward Munich, which opens in the autumn.

So Value Retail will soon run three quaint German shopping villages with lots of parking, but will the true luxury brands follow? The company has a strong record of attracting the luxury houses, but only time will tell if they come to Germany.