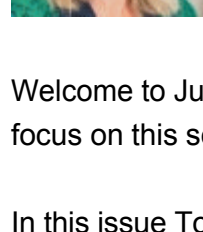




Farrers 360 - Luxury Brands



Siobhan Jones
Partner and
Head of Luxury Brands

Welcome to June's edition of Farrers 360 for luxury businesses. To read more about our focus on this sector, click [here](#).

In this issue Tom Homfray from our commercial property team considers the effects of the digital revolution on retail premises and how luxury brands are responding. Anna Birtwistle from our employment team looks at the role of Non-Disclosure Agreements and the importance of appropriate management of harassment claims in the luxury sector. And in his regular interview slot, Olly Lock from our disputes team speaks to Giles English, co-founder of Bremont Chronometers about what luxury means to Bremont, changing consumer habits in the industry and prevailing trends.

The role of technology is prevalent to varying degrees in all three articles, as it is across the industry. To address this we are delighted to announce the first of our autumn winter seminar series on September 17 titled "Revolutionising Luxury Through Technology". As part of the Farrer & Co **Entrepreneurs Week** this panel discussion will address changing consumer habits, the rise of technology in the sector, the rise of new luxury brands and how established brands are responding. Please save the date, we hope you can join us.

Luxury Goods, the Digital Revolution and Space Productivity

The "consumer evolution" is well underway, driven by the unstoppable rise of online retail. How is this affecting the way that luxury brands' use and occupy physical stores?

It is already well established that the "digital revolution" is having a profound effect on "traditional" shopping habits and, as a result, on retail tenants' demand for physical premises. This has led to the very future of the high street (at least in the form that we know it) being called into question. The message thus far seems to be that some sort of radical overhaul is required, underpinned by retailer innovation, landlord and tenant collaboration and, potentially, a new regulatory framework. Different sectors of the retail market are facing different challenges, but how is consumers' online migration affecting the use of, and demand for, retail space for luxury brands?

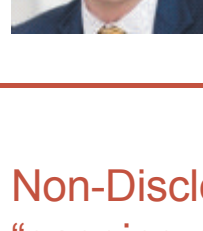
Perhaps unsurprisingly, most analysts appear to agree that the mega-brands are best placed to weather the challenges posed by the new retail environment. Their scale allows them to react quickly to changing market conditions and, where real estate is concerned, they often enjoy established advantages such as lower rents.

However, notwithstanding the larger brands' ability to overcome the current headwinds, there are significant changes afoot regarding their approach to prime location retail premises. Many have elected to reduce the number of stores in their portfolios and instead focus on improving the quality of their flagship stores. There is a recognition that regular, substantial refurbishment, often coinciding with the release of a new collection, remains a highly effective marketing tool. In addition, it is acknowledged that stores remain very important for creating a connection with a brand. Given the price and nature of the goods in question, shoppers often like to touch and feel the products before they purchase them. Furthermore, where luxury brands are concerned, many shoppers see the buying process itself, with the attendant glamour and opulence of the store, as an event. This is all part of the enduring power of experiential shopping, something that recent data suggests is a key driver behind the shopping habits of Generation Z.

That considerable value is still attributed to physical stores from a business perspective is evidenced by the fact that a number of brands continue to spend heavily on creating and maintaining stores with a "wow factor". One only has to look at the Alexander McQueen store in London, the Atelier Beauté Chanel in New York or Balmain's second flagship store in Paris to see the lengths that brands continue to go to in order to offer memorable experiences to a discerning audience. Even newer brands such as the luxury luggage retailer, Away, are creating statement stores, despite their operations being overwhelmingly rooted in digital platforms. This then forces other brands to up their game to stay relevant in the eye of the consumer.

Brands in the brackets beneath the mega-brands are certainly feeling the squeeze when deciding whether to expand, or even maintain, their physical networks. Some mid-price brands have increased the number of stores they operate, but such expansion is only viable if the financials can be made to work in terms of "space productivity", which is increasingly difficult in the digital age.

It is hard to predict where this is all heading, but the smart money would appear to be on a hybrid model of physical and online offerings proving to be the winning formula. The current aim for most brands seems to be the creation of an "omnichannel" presence, with highly efficient click and collect, and lightning fast delivery capability. Whatever the future holds, it seems that the flagship stores that light up Regent Street on a winter's evening should remain...for now.



Tom Homfray
Associate

Non-Disclosure Agreements, so last season? The use of "gagging clauses" in the post #MeToo world

Non-Disclosure Agreements (NDAs) have been in the news again following the publication on 11 June of the [Women and Equalities Committee's report](#).

The report is the culmination of the parliamentary select committee's enquiry into sexual harassment in the workplace and the spotlight shone on the use of so called "gagging clauses" in settlements involving discrimination complaints.

The luxury sector, in common with a great many sectors, both private and public, has historically made use of NDAs both to protect commercially sensitive information, for example the direction of next season's new collection, as well as in settlement agreements reached with departing employees.

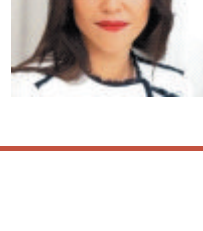
The BBC and others led with dramatic headlines about the Government proposing to ban the use of NDAs. Whilst those headlines proved to be inaccurate – no such ban being contemplated in the report – the committee's recommendations take a determined stand against what is described as "legally sanctioned secrecy", including proposing that:

- new legislation be enacted to ensure NDAs cannot prevent "legitimate discussion" of allegations among employees thereby allowing staff to gather evidence in support of harassment or discrimination claims
- NDAs be required to be written in plain English, setting out clearly the information that can and cannot be shared and with whom
- corporate governance requirements be strengthened to require employers to meet their responsibilities to protect staff from discrimination and harassment, and
- named senior managers of board or similar level be required to oversee anti-discrimination and harassment policies and procedures and the use of NDAs.

Whether or not those recommendations are enacted in the near term, all employers, and particularly those operating in the luxury space where brand identity and image is so important, should review their procedure for handling complaints of harassment and discrimination and ensure a thorough investigation is conducted before considering any form of settlement discussion.

Finally, where complaints do give rise to an employee's exit, employers should consider whether it is appropriate in the circumstances for a confidentiality provision to be included in any settlement and bear in mind (and where used, expressly reflect in the clause) their legal limitations. In this regard, note that an NDA will not preclude an employee from blowing the whistle in accordance with the law, including from disclosing information where there is a genuine public interest in doing so (including to prevent the disclosure of a crime) or because the employee is required by law to do so.

While the PR and reputational reverberations of mishandling harassment claims will be of concern to all organisations, for companies operating in the luxury space the potential damage that may be caused to the brand is even more acute. Fostering a workplace culture befitting of the brand's values will ensure not only that it attracts and retains the best talent but also that it remains in the minds of its clients and customers for only the right reasons.



Anna Birtwistle
Partner

An Interview with Giles English of Bremont

You seem to have had a clear vision for the brand from its inception. What was your inspiration to create Bremont, and is there anything that you would do differently if starting out today?

The inspiration very much came from growing up with our father who had a love for all things mechanical, aircraft, boats, clocks and watches. In 1995 he and my brother were in a terrible plane crash whilst practising for an air display in an old WWII aircraft. My father died but amazingly my brother survived. In the convalescence period post coming out of intensive care we decided to go and do something we loved and that was watches. We started Bremont in 2002 and did not sell our first watch until 2007.

"Luxury" means different things to different people. What does it mean to each of you?

Something that you love dearly that is beautifully made and will last for a very long time without dating.

What changes have you seen in the luxury watch market since you founded Bremont 17 years ago?

In the early days there was a lot of bling about and a lot of that thankfully has gone (not all of it) and now people want to know far more about how it's made, that is why manufacturing in the UK is so important to us.

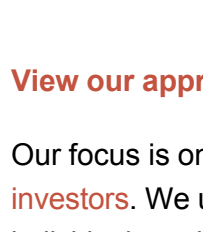
What is the prevailing trend the watch industry is facing?

Trends will always come and go, for the last few years it's all been about vintage inspired collections from brands and a little more subdued. The smart watch market has killed off the fashion watch market but they are not luxury items and will never be so less of an effect on luxury watches.

Founded by two brothers, Bremont is very much a family business. What are the particular advantages and challenges of working with family members?

Trust is an amazing thing to have when running a business and I will always know that Nick will have my back and that is a wonderful thing. The sad part is we do not have enough time together away from talking about work!

[Read the full interview here](#)



Oliver Lock
Associate

View our approach for Businesses

Our focus is on **private businesses**, **family businesses**, **entrepreneurs** and **private investors**. We understand that successful businesses are run by dynamic and driven individuals and we make the effort to get to know both the individual and the business; the culture, the people and their plans for the future.

[Click for more insights](#)

[Forward to a colleague](#)

[Visit our website](#)

[Update your subscriptions](#)

[Forward to a colleague](#)

[Follow us on](#)



This email has been sent to you as a valued contact of Farrer & Co. If you no longer wish to receive any updates or briefings from us, please [unsubscribe here](#).

To enable us to improve the service we provide, we review whether emails are opened, links are clicked or the email is forwarded. Analysis is undertaken for marketing purposes. For more information, including how we use cookies on our website please see our [Cookie Policy](#). You can also view our [Privacy Notice](#) here.