Three years after handing over the management of 22 regional stores to Bordeaux-based real estate company Financière Immobilière Bordelaise (FIB), the Galeries Lafayette group has again opted for a franchising solution in the hope of re-energising its French stores, hard hit by the pandemic. On August 25, the group announced a new affiliation project involving 11 of its branches located outside Paris.

Seven branches will be run by Société des Grands Magasins, a real estate company specialised in city-centre retail, operating among others the Lille Les Tanneurs and Nîmes Étoile shopping malls. The branches in question are those in Angers, Dijon, Grenoble, Le Mans, Limoges, Orleans and Reims. The premises and stock-in-trade will be sold, and the stores will be run as Galeries Lafayette branches by the new owner.

FIB, through its new Hermione People & Brands company (FIB’s retail division, also active with Camaïeu, Go Sport and Gap France), will also take over three other Galeries Lafayette branches, in the cities of Pau, Rosny and Tours.

Finally, Galerie Lafayette’s Avignon branch has been entrusted to the franchisees operating the Béziers store, Philippe Semperé and Nicolas Chambon. The operation, which has just been announced to the employees and “is not set to have an impact on jobs,” will be finalised by the start of next year.

“This new step aims to revitalise these high-quality real estate and commercial assets, ideally located in the heart of medium-sized [French] provincial cities, by entrusting them to retail partners who are highly engaged locally, and who will set out to adapt each of the stores in question to their local customers’ expectations,” the group stated in a press release. These 11 stores reportedly generate an aggregate annual revenue of approximately €200 million.

This solution, which the department store group has described as more agile, allows it to generate liquidity while preserving the brand’s visibility and reputation across France. Galeries Lafayette intends to refocus “its investment...
preserving the brand’s visibility and reputation across France. Galeries Lafayette intends to refocus its investment priorities and efforts on its largest French stores, on accelerating its omni-channel activity and on targeted international expansion.”

With 19 directly managed stores and 38 franchised ones, “we would reach a new balance in the running of our branch network,” said Nicolas Houzé, general manager of Galeries Lafayette and BHV Marais. He added that “[…] the crisis we have just experienced is an opportunity to accelerate our transformation. More than ever, we are convinced of the relevance of the department store model, and we want to bolster it via a variety of formats that are more specialised and with a stronger local underpinning.”

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