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Urban Outfitters Is Growing and Its Flagship's Newest Design Shines



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Retail



While many fashion retailers are in closing mode Urban Outfitters is adding units. I visited their ... [+]

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Despite Urban Outfitter's disappointing 2020 fourth quarter earnings, rather than following with news of pullbacks and closures, Urban is upbeat. [COO Frank J. Conforti](#) indicated [optimism](#) on the 2021 outlook, with single-digit comps, even against 2019 results. Chairman and [CEO Richard Hayne](#) reported that in the last week of February “seven of the top-10-selling items on antropologie.com were dresses, after a year when only one or two dresses would rank in the top 10.”

The Trends are Friends

Other reasons for optimism include Urban's taking advantage of today's favorable lease terms and planning 34 new store openings in 2021. Their athleisure Movement line shows strength with 138 percent year-over-year growth along with a digital sales lift of 150 percent. Additionally, Urban is in an expansion mode for its stand-alone Movement stores and [predicts the brand will grow](#) to \$250 million by 2024.

The favorable environment for all things "home" is also providing URBN dividends. Anthropology's rebranding of its home category to AnthroLiving gave the division a boost delivering positive comps in all four quarters of 2020, and is now predicted to reach [\\$1 billion in sales](#) within five years.

Generation Z, at the Ready

URBN's brand family includes Urban Outfitters, Anthropology, Free People, Nuuly, Terrain, BHLDN, and menus & venues. And while some of these brands may cross several demographics, its undeniable that their 18- to 28-year-old core customer is the engine behind their ingenuity. This group represents both the trailing edge of Millennials and the heart of Generation Z. The company describes its devotees as "young adults, who are culturally sophisticated, self-expressive and concerned with acceptance by their peer group."

In direct comparison to the aftermath of the 2008 economic melt-down, the youth are leading the way back to spending. According to a [Piper Sandler 2021 survey "Taking Stock with Teens"](#), Teens "wallet share" is the highest since 2013, which is driving spending to Nike [NKE +0.4%](#), Abercrombie, and Urban Outfitters.

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Urban in Suburbia

Urban Outfitters has been a lifestyle retailer since before that term became a cliché. From UO's inception their stores combined both youthful fashions with accessories, home furnishings, music, and targeted "cool stuff". These products set the stage (quite literally) for a vibe-enhanced visit that brings customers into the brand's realm and keeps them there.

The 641-unit international chain with a market cap of \$3.6 billion has made its founder and prime shareholder Richard Hayne a billionaire. Ironically, he studied anthropology in college which I discovered prior to visiting with the man at his Philadelphia shipyard headquarters some years ago. And talk about intensity, like many other high achieving entrepreneurs, every nanosecond of his time aligns attention with intension.

Visiting the Newest UO Store

Coincidentally, Urban Outfitters' binge of new store openings includes a brand-new unit at my neighboring Minnetonka, Minnesota Ridgedale Mall. Ridgedale, owned by Brookfield Properties, is among the chosen "A malls" that will likely survive and prosper long-term. It's a textbook demonstration of the evolution described in my December 2020 article "[Grand Mall Overhaul: Top Ten Considerations For Reimagining Today's Malls For Tomorrow](#)". In fact, the malls vacant Sears anchor is morphing into a 105,000 square foot Dick's Sporting Goods DKS -0.1%, at this very moment.

I ventured into the new UO store with my wife Cheryl, who's eyes glazed over as I launched into one of my impromptu analyses. Regrettably for her I "take in" a new retail store like the judges on "Top Chef" or "Chopped" judge a dish. I am sure you can feel Cheryl's pain. So, taking pages out of my book [Retail Schmetail](#), I will apply the "Stein design filter" in a swat-audit of the new UO store.



THE HOOK: getting the customer in the door requires the right balance of reveal and conceal, and UO ...
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The Hook – Storefront & Entry

I use the term hook, because in retail that is exactly what it must be, as there are mere seconds to get a passer-by engaged. The UO store has a great hook. The transparency into the store, and the dramatic layering of product, visual imagery, and spectacular stage-set like vignetting is an overt invitation to enter and become part of the textural fashion experience.



THE FLOW: Meandering pathways slow the customers movement and assist the visitors product ... [+]
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The Flow – Planning & Circulation

As has been the case is almost all the URBN brands since the company's inception, that store has a planned arbitrariness to its layout. The "under construction" aesthetic employs a scaffold-like display system that reinforces circulation pathways while creating vertical merchandising opportunities that complement the artfully staged product vignettes. They balance experiencing the highly edited product groupings while maintaining overall transparency. There are always visual cues of what is to come, without completely revealing everything. It's like milling through a tasty garden of goods.



THE GOODS: UO has always been great at "editing the offering" to maintain a curated feel and keep ...
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The Goods – Merchandising & Display

The UO look has always been about eclecticism, a kind of "eclec-tech." It is a melding natural materials, patterns, textures, and colors in a planned randomness that creates a perfect foil or backdrop for their style vocabulary. Pulling off such an aesthetic sits on the knives edge of messy. Thanks to UO's surgical attention to visual merchandising and carefully staged product vignettes the whole look is fresh, irreverent, and very cool. Every inch of the store is a highly choreographed story.



THE PALETTE: UO's design vernacular utilizes a beautiful mix of light-colored, multi-veneered woods, ...
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The Palette – Materials & Finishes

Retail design is about creating a backdrop or stage for the product. UO's design vernacular utilizes multiple woods, left in their natural unadorned state. This raw, authentic aesthetic reinforces the "construction site" vibe and creates a great backdrop for the product. The slapdash graphics used throughout add an irreverence and edginess. The casual aesthetic suggests that the customer freely layer the fashions in a similar impromptu manor.



THE MESSAGE: The blending of lifestyle, product imagery and category graphics are handled ... [+]
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The Message – Branding, Graphics & Signage

A beautiful graphics and signage package integrates (what I assume will be) constantly changing product and lifestyle pics with more permanent category signage. The product, pricing and lifestyle visuals provide the important linkage between UO's online and offline embodiment. This is one area that few retailers "get" and is the difference between leaders and laggards in the world of unified commerce. The whole vocabulary is tied together with large visual graphic panels and streamers that introduce seasonal colors and can be switched out to refresh the store with new line introductions.

The Urban Outfitters brand has always been big on experimentation, while being mindful of who they are and who their customer is. This retail concept demonstrates a maturation of the brand, while understanding the changing nature of the store, having to serve as a gathering place, a showroom, and a well-integrated touchpoint in the brand's ecosystem.

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