An Exploration of the Form and Function of 'Third Space' Within the Luxury Fashion Flagship Store Format

Abstract:

The concept of third space has become more evident within the retail sector and particularly within the luxury fashion market. This is linked to the trend of experiential retail where engineering the customer experience is of prime importance. The research adopted a qualitative exploratory approach with interviews and focus groups undertaken in a selection of key fashion capitals. This paper concludes by identifying four main types of third space and two characteristics which typify it. Three functions of third space are considered and areas for future research are identified.

Keywords: Third space, retail, flagship, culture, art, experience

Introduction

Over the last five years the notion of 'third space' or 'place' has started to become referred to within a retail context. However there is a lack of both empirical and conceptual research on this emerging concept, and the aim of this paper is to illustrate how and why third space is utilised within luxury retail flagship stores. Third space has been particularly evident within this sector, and it has been specifically identified as an important and differential element of the flagship retail format (Bingham 2005, Allegra Strategies 2005, Nobbs et al 2012, Manlow and Nobbs 2013). Third space is defined by Mikunda (2004: 11) as "*somewhere which is not work or home but a comfortable space to browse, relax and meet people, even enjoy a meal*". Increasingly informal places for public gathering are not on "neutral" ground. Oldenburg (1989: 11), an American urban sociologist, ties these spaces to the very foundation of democracy, warning: "*In the absence of informal public life, living becomes more expensive.*

Where the means and facilities for relaxation and leisure are not publicly shared, they become the objects of private ownership and consumption." As third spaces have become less prevalent, commercial spaces have increasingly filled the void: shopping malls taking the place of traditional communal meeting points such as the town square, community center, church and locally owned barber shops, bars and restaurants and flagship stores being social places which offer entertainment, leisure and cultural enrichment. We can view these spaces as contradictory sites which bring together elements not typically found in the same spatial configuration, "heterotopias" as Michel Foucault (1967/1984) called them.

Third space is prevalent within the luxury sector. With fashion brands expanding globally, stores in attempting to reach a wider audience have become tourist destinations, places that offer entertainment, cultural experiences, and products at a variety of price points. The authors recognise that a new phenomenon has emerged in luxury flagships: third spaces are included within and surrounding the shopping environment. There is a public garden at Prada Tokyo, you can get a massage in Kenzo's Paris flagship, and at Dolce & Gabbana in Milan you can get a shave and then have a cocktail at the Martini and Rossi Bar. One of the key drivers of this trend are consumers, especially those which are increasingly interested in experiences that are unique, personalized and/or entertaining. One way of providing something different and out of the ordinary which underscores the exceptional status that luxury brands wish to project is to create third spaces within flagship stores. These establishments may feature spas, bars, art installations and exhibition space, and areas to relax. Within these spaces, which are not only immediate visual representations but also social spaces, one sees a shift toward creating a customer-centric experience within a highly controlled branded environment. Commercial temptation is key, yet one is immersed in something that extends beyond just purchasing. The retail space in introducing a third space creates a fantasy environment where one can enact a self in a deeper, more emotionally engaged manner, achieving what Roberts (2004) describes as a real identification with, and a love and desire for the brand.

A review of the literature outlines the third space in more detail by discussing its meaning, the key drivers of its existence and finally its form and function within a luxury fashion context. Thereby this chapter aims to enlighten brand managers and practitioners about the strategic and operational potential of third space, while at the same time raising an important question about identity and social life, and space and place, in a consumer economy and society.

Literature Review

It is useful first to examine the definitions of third space. As previously stated, Mikunda (2004: 11) defines third space in a social rather than commercial context as "*somewhere which is not work or home but a comfortable space to browse, relax and meet people, even enjoy a meal*". This describes it as the third most important place where someone will spend time; furthermore the social aspect is stressed as is the notion of leisure. Another organisation which recognises the concept is WPP (2010:7). They describe it as "*a space which is only partly about shopping*". This definition refers to third space within the context of retail and explains that the commercial function of the space is secondary. The first academics i.e. Oldenburg and Rushbook to identify the concept and its key drivers will be discussed as well as Foucault's (1967/1984) discussions of heterotopias as an evolution toward a new heterogeneous form of space within which third space resides.

Evolution of Third Space

Oldenburg and Foucault approach the question of third space from very different paradigms—one practical and experiential and the other theoretical--but taken together they help us to gain a better grasp on third space in luxury retail environments.

Foucault (1967) discusses a transformation in the way space is configured in modernity both physically and discursively. Clearly delineated hierarchical separations between sacred and profane space, referred to as the space of "emplacement" (1967: 2) become heterogeneous networked or extended spaces of incompatibility and contradiction. Says Foucault (1967: 3): "We live inside a set of relations that delineates sites which are irreducible to one another and absolutely not superimposable on one another."

Unlike utopias which are not located anywhere but which may be "enacted" in "real sites," one finds heterotopias in both past and contemporary societies to be "real" "localisable" spaces, defined by Foucault in terms of six fundamental principles. Heterotopias exist in a unique form in contemporary societies where a break with traditional notions of temporarily and a traditional social order have occurred.

The first principle set forth by Foucault (1967/1984) is that heterotopias exist in all cultures, though their forms are not uniform. Heterotopias in traditional societies tended to be "heterotopias of crisis" (locations set aside during menstruation or pregnancy for example) while in contemporary societies they evolve into institutionalized spaces such as the prison and mental hospital.The second principle is that the precise and determined function of heterotopias are conditioned by the societies in which they exist. He gives the example of the cemetery, a quasi-eternal space no longer situated in the church yard once the belief in a transition of the body to another world becomes less certain.

The third principle is quite important to the situation at hand: “The heterotopia is capable of juxtaposing in a single real place several spaces, several sites that are in themselves incompatible.”

The fourth principle is that heterotopias are connected to time, and in modern society with an increasing detachment and even total break from traditional time. Museums and libraries have become places of non-stop or no time out accumulation. Collections are constantly renewed, and encompass all tastes and all formats. The opposite also occurs, not only is time accumulated, it is encapsulated in a short interval. The festival and the contemporary vacation village is presented as an example of a transitory relationship to time.

The fifth principle is that heterotopias are not freely accessed, rather they are subject to a system of opening and closing which isolates them from other spaces but also allows entrance at certain times. Scandinavian saunas and Muslim baths are examples.

The sixth principle is that they share a relationship with other spaces in terms of creating an illusion where a separation from real space is achieved, or they create a compensation: a space that is other, perhaps a real and perfect place.

The complex nature of heterotopias is set forth in the preface of *The Order of Things* (Foucault 1994) as a discursive form which disrupts language, shattering syntax, not only in regard to sentence construction but in relation to a syntax which causes words and things to be held together.

There is thus a fragmentary quality with points of interconnectivity. Robert J. Topinka (2010: 55) sees them as sites of knowledge, springing from the energy generated when “epistemes collide and overlap.” And in this way he redirects attention given to Foucault’s concept away from space and resistance and towards his work on order and the production of knowledge. One could say that at the organic or structural level at which Foucault's theory operates we see the type of energetic spontaneous and purposive activity that Oldenburg observed at a microlevel of interaction in communal life.

Oldenburg (1989/1999) spoke of the importance of third spaces in communities to informal public life. He defined these as "*places apart from the home (first space) and workplace (second space) where individuals could freely gather, exchange ideas and socialize.*" It can be suggested that this is where Mikunda's s definition emerges as his mirrors Oldenburg's. Oldenburg (1989/1999) goes on to explain that there is no obvious purpose to such places other than relaxation and association. It is precisely this that accords third spaces their important role. Oldenburg compares third spaces to the plazas in cities and villages in Europe. He identifies functions and possible uses of third places: they are staging areas where gathering and mobilization may easily occur; they may be political or intellectual spaces where people can mobilize and exchange ideas; they serve as designated areas for friends to meet or for people who have similar interests to gather, but they are more inclusive than private spaces and welcome those who are curious; they bring together young people and adults; they are places of fun, and they provide an escape.

These spaces have become less available; not only are they increasingly "rationalized and managed" by the state, but they are overtaken by commercial interests which seek to convert them to "branded" spaces where to one degree or another, an individual experience becomes a consumer experience (1989/1999: 220). Citing Adam Smith, Oldenburg speaks of the "invisible hand of the market" always reaching out for new prospects for commercial success (1989: 223). Oldenburg's criticism of the selling of expensive soft drinks and popcorn in movie theatres seems quaint, as does his critique of the mall's seductive draw on the adolescent. The idea of the "*carefully appointed commercial worlds in which people are* *lulled into a buying mood*" has entered a new phase in today's turbo-charged world of consumerism, where commercialism knows no bounds and has infiltrated third places in new, some would argue "*insidious*" ways (Oldenburg 1989:237). Indeed, consumption has moved from the simple acquisition of products to the commodification of space, experience, interaction and self. Rushbrook (2005) speaks of gay neighborhoods marketed in Toronto and Seattle as indicators of a cosmopolitan diversity and open-minded attitudes. Visitors are told of streets and restaurants where gays and lesbians can be seen chatting and holding hands. Queer space becomes "*cool*" and "*sophisticated*," "*innovative*" and "*bohemian*" (Rushbrook 2005: 203-204) capable of attracting and promoting business, and of creating a particular ambiance. A similar evolution can be seen in New York's Chelsea neighbourhood. Home to a large gay population and to many artists, industrial spaces have given way to luxury condominiums, pricing out many long term inhabitants. Neighbourhood places become tourist destinations infused with the mythology of the neighbourhood's past but no longer rooted in that history.

In order to understand the evolution of third space it is necessary to look at the history of retailing generally. Retailing can be divided into three phases. Stores in the past were small and dark, merchandise was logically organized, stacked for example, without aesthetic consideration. We see in the second phase a shift to a theatrical, elegant presentation of merchandise. The department store becomes an enchanted environment as described by Zola (1883) in "The Ladies Paradise." The environment moves from a rational organization to one that evokes pleasure. Lighting, huge windows and cupolas, decorative entrances, rich ornamental design and large selling spaces where merchandise is lavishly displayed, draw the shopper into the world created by the department store. In the traditional luxury flagship the brand claimed ownership of physical space. The brand's agents are charged with controlling products and merchandise is seen as under jurisdiction of experts. Products are protected, even locked away in display cases that are completely inaccessible to individuals. A definite structure dictates interactions that can occur within the store and which are centered on selling.

The third phase of retailing introduces the addition of new ideas and of open space: empty, flexible and multiuse. Space is strategically set aside for leisure, or for activities that depart from traditional shopping. The intent is a far deeper integration of the customer in the shopping environment where a central feature of this environment is that the customer be entertained and amused while feeling that he or she is an active and not a "captive" participant. The customer chooses the level of service, when and how to shop, and in what sequence. Third space represents the possibility for a renegotiation of space, de-centering the brand and highlighting the importance of the consumer and his or her own individualized experience of the brand. Authentic experience becomes a hallmark in this third phase of retailing privileging the customer. Here we see the traditional narrative of retail inverted and the introduction of heterotrophic space. As Topinka (2010: 54) puts it "heterotropias problematized received knowledge by destabilizing the ground on which knowledge is built."

Forms of Third Space

As a means of locating features of third space that are specific to luxury flagships we might consider third spaces in non-luxury retail environments, and within the context of luxury and other domains but outside of the physical space of stores, identifying points of commonality and difference. One characteristic which is evident, is that third space can have a spatially and temporally mobile and/or a fixed presence. Apple stores designate areas for the genius bar as well as stations where customers can work independently and collectively in workshops and training sessions. Third space is exciting in that its usage and perhaps its very existence is variable and temporary in nature. Flagship stores opened by footwear brand

Toms in New York (2015) and Los Angeles (2014) feature an in-store coffee shop and events and entertainment including yoga, karaoke, pet costume contests, film screenings, which allow the unexpected to happen.

Abercrombie and Fitch on the Champs Elysèes in Paris uses the street and grounds surrounding the store as a third space to create excitement leading up to the entrance of the establishment. Patrons are made to wait outside behind ropes as if they were being selected to enter a prestigious night club. This experience conveys the message that the environment inside will provide an exceptional experience worth the long wait. Entering the palatial gates and walking down a long path as if to Versailles builds up a feeling of anticipation. While the employees at the gate fit more closely the image of bouncer or security guard, the employees one sees at the entrance to the store and inside appear to be entertainers, the archetypical all-American Ivy league model-like college student on vacation on the wealthy New England island of Nantucket, and not sales people struggling to earn modest wages. Once inside the store one encounters an environment that resembles a night club: dark lighting, loud music and employees performing in areas set aside for spectacle. Apart from seating areas very close to selling areas, there is a minimal amount of third space inside the store. Almost all space, except that space set apart for employees to dance so that they may be seen from other levels, is devoted to selling.

Three further examples of mobile third space within the luxury sector are explained next, they include Chanel, Prada and Calvin Klein. In February 2008 in Hong Kong, Chanel launched 'Mobile Art', a collaboration integrating art, fashion and architecture within a futuristic structure designed by the aforementioned Zaha Hadid (Wu 2008). The design of the structure's shell shaped white exterior was praised for capturing the timeless classic essence of the brand whilst also emphasising its directional nature (Seno 2008). The exhibition was met with critical acclaim and was intended to tour major fashion capitals such as New York, Moscow, Tokyo, London and Paris. However due to the recession the project was suspended after New York (Barnett 2008). In April 2009, Prada opened a transformable arts installation in Seoul. Coined the 'Prada Transformer', this architectural design combines four different structures and was designed by longstanding collaborator Rem Koolhaas to offer a variety of cross cultural exhibitions and live events (Yeo 2009). The specific location, in the grounds of the Gyeonghui Palace, was chosen to create a juxtaposition of modernity in a historic environment, while the wider location of Korea was seen as a commitment to the Asian market (Prada 2009). Chosen as the brand's key communication platform in 2009, this innovative project received considerable publicity across a variety of sectors (Yeo 2009). In Berlin in 2010, Calvin Klein launched its largest ever European fashion event through a collaboration with Germany's leading experimental architect, J Meyer H. In an attempt to create a deliberate alternative to the conventional fashion show, the exhibit was located in a disused industrial building (Lovell 2010). A 'curated' approach was adopted, with fashion garments displayed on a living installation of 50 models surrounded by large abstract sculptural forms (Alexander 2010).

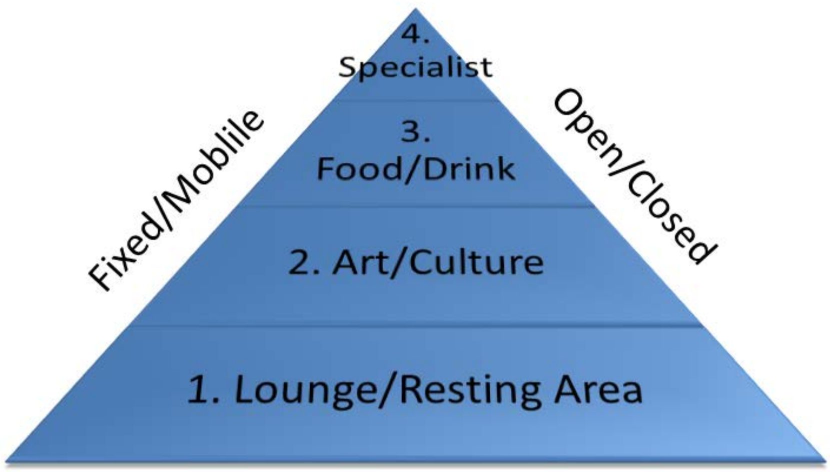
These three third space projects are characterised by high cultural and media impact, high risk, and a temporary nature. Clearly, the purpose is to convey meaning (however abstract) about the fashion brand to an existing and/or new audience. The creative collaboration between the fashion designer and the architect is a critical success factor of the impact of the third space partnership, creating a point of differentiation and informing the brand's visual identity while overt connections to the brand's conventional marketing initiatives remain minimised. The temporary aspect is also significant, implying an inherent 'must-see' appeal due to the novelty of the installation and its 'limited availability'. For the purpose of this study only fixed third spaces within flagship stores were researched.

With respect to third space of a fixed nature it is useful first to look at the concept of a luxury fashion flagship store and to how it has evolved in order to characterise third space within it.

The roots of the luxury flagship store format are in the couture and ready to wear ateliers of Paris where the designer's collections would be produced (Tungate 2008). These 'Maisons de Mode' were multi floor workshops and offices which often had a retail outlet on the ground floor level, this branded space was the creative heart and brain of the brand and many Parisian flagships retain this important feature today (Barreneche 2008). This format spread from Paris to Milan, London and New York as the number of luxury design houses increased. The next major format change was the birth of the 'concept store' in the 1960's, driven by the democratisation of fashion and this was particularly evident in Milan and London where smaller scale retail stores had an innovative design focus (Mores 2007). Moving into the boom period of the 1980's, store formats within luxury grew larger as fashion brands were extending into a number of different product categories. This created need for the new term 'lifestyle store' (Bingham 2005). In 1990's the term flagship store began to be used to describe these lifestyle stores which were larger than average and sold a wide and deep variety of products (Moore et al. 2000). In the last decade as the number of flagship stores has increased and as this store format has trickled down to the middle and mass market, luxury brands have been forced to evolve in order to offer a differentiated branded experience to today's ever more discerning customer (Tungate 2008). This has resulted in the emergence of the 'uber-' or 'mega- flagship', a format whereby each key store dimension is enhanced to be even bigger, better, and more memorable (Green 2011). Luxury fashion brands which have embraced this top level of flagship are Prada with their 'Epicentre' stores and Louis Vuitton who operate 'Global Maisons' (Passariello and Dodes 2007). These stores are characterised by their large scale, cutting edge architecture, offering of cultural events and, interestingly a heightened accessibility, in that these stores have become tourist destinations and are often visited by non traditional customers of the brand (Moore et al. 2010). More recently, luxury fashion brands, who as a sector have traditionally been slow to embrace the digital revolution, are increasingly concerned with how to translate the flagship concept online (Jackson 2008, Okonkwo 2009). Brands like Gucci, Burberry and Dolce and Gabbana have been early adopters and have successfully managed to integrate their online and offline stores in terms of brand image and operations (Amed 2011).

Flagships have become ubiquitous and the literature suggests they are prevalent and continue to increase in number (Allegra Strategies, 2005; Kent and Brown, 2009). In this climate of democratization of luxury and increased competition (Silverstein and Fiske, 2003; Thomas, 2007), coupled with a need to reinforce authenticity in respect to the perceived quality and exclusivity of luxury products (Tungate, 2009), the aesthetics of flagship stores have become increasingly important. The scale of the current phenomenon shows that we have entered a new era in relation to luxury flagship stores, whereby brands have been forced to evolve upwards, trading up to create the aforementioned uber flagship, epicenter or global flagship (Hata, 2004). Allegra Strategies (2005) and Nobbs et al (2012) suggest that an important differentiating dimension of a flagship store is third space and the organisation of events and entertainment elements within it. Experiences form an integral part of third space as they activate psychological experience mechanisms (Mikunda 2006). Allegra Strategies (2005) explain that a flagship store should be an environment where customers can interact with and 'touch' the brand in ways that deviate from a traditional selling floor where the brand's merchandise is presented in a straightforward manner. A flagship which demonstrates this aspect clearly is the 129,000 sq ft Armani Centre in Milan, offering all the clothing lines, a home furnishing section, a flower shop, a confectionary counter, a bookstore, a Japanese restaurant, a bar and a Sony electronics gallery – it's a total Armani lifestyle experience (Bingham 2005). On a more subtle level Bingham (2005) also identifies that many flagship stores incorporate artworks, or feature exhibitions as a more discreet aspect of third space. Another final characteristic of third space is access, in a bid to enhance their exclusivity, luxury fashion flagship stores keep a section of their store exclusive for VIP customers. This may come in the form of a room/suite as in Burberry's Global Flagship in Regent Street London or a complete floor like Hermes in Ginza Tokyo. These spaces offer added value services and can include all types of third space from art to bespoke services. The literature review has highlighted a variety of types of third space and Fig 1 below summarises the main varieties.

Fig 1 Types of Third Space



Function of Third Space

In the luxury flagship store third space encourages connection and presence of each consumer. There are three dimensions that comprise third space in the luxury flagship: functional, symbolic and experiential. Berthon et al's (2009) typology of attributes influencing luxury purchases has been adapted to explain the larger context of the luxury flagship store.

Functional

An emotionally engaging use of third space allows luxury flagships to be more competitive with one another and to remain relevant as physical structures in an environment where they also contend with the increasing lure of e-commerce. Innovative and new uses of space make luxury flagships destinations for an international audience and underscore the notion of luxury as extraordinary and non-standardized. Furthermore, the use of third space to educate stakeholders about the heritage of the brand through in store exhibitions is a notable trend as it functions to add value and reassure the customer of the provenance and luxury status of their products (Feigenbaum 2011). Third space allows commercial goals to be de-centered, allowing the brand to be seen as not only commercial but experiential and symbolic. Within the larger context of a consumer society one can argue that luxury flagship stores are the temples or cathedrals that underpin the economic system, and that announce the primacy of brands in society and the desirability of consumption to its citizens.

Symbolic

Makes explicit, demonstrates, sets a standard and creates an appropriate context to meet the customer's expectations of luxury. Luxury brands through third space establish and legitimize hierarchies, reproduce privilege in that they show themselves able to keep expensive space open for reasons other than selling to the public. This creates distinction from ordinary brands that cannot depart as sharply from their bottom-line goal of selling. Third space can be a space that educates or amuses.

As Foucault shows us with the notion of heterotropia, there is an element of contradiction, where incompatible or contradictory spaces emerge. The goal is always selling but one's attention to diverted from this fact when a non-brand related selling space is introduced within the flagship, in addition to the presence of spaces purely for leisure which themselves negate selling, or when the brand introduces a new unexpected branded element such as

Ralph's, the American country club like restaurant in the Ralph Lauren flagship on Boulevard Saint-Germaine in Paris that moves one from a direct shopping experience to a state of leisure where the symbolism of the brand nevertheless remains prominent. It is here we enter symbolic and experiential Ralph Lauren space much more so then when we browse through the clothing hanging on the racks on the selling floor.

The Hermès flagship at rue de Sèvres in Paris is three levels deep and built in the former Lutetia Hotel's indoor swimming pool (Figure 2). Tall lattice wood huts separate space which may be used for multiple purposes such as the Festival des Mètiers where customers could view artisans at work (Figure 3.)

Figure 2. Hermès Left Bank Flagship

Figure 3. Festival les Metiers within the Hermes' Flagship Store

As can be seen in the above photography taken during this festival, third space in a luxury flagship provides alternate points of focus making it a symbolic communication. The brand is decoupled from commerce and connected to the world of art, craft, architecture, interior design, and to events and activities that depart from selling.

Experiential

Third spaces are "being spaces" that offer a refuge from conventional commerciality, a diffusion of the point of attention and intention. Focus is shifted from brand as icon to brand as omnipresent. A total branded experience allows the brand to be decentered. Attention shifts to self, others, screens, installations, performance art, activities. However, all points lead indirectly back to the brand. In this way the brand subtly gains power. Third space allows one to breathe, reflect, recline, stroll and in the Festival des Mètiers example pictured above, to learn firsthand about the brand's heritage of fine craftsmanship. The brand is moved outside the realm of pure commerce. Staging the brand in this way creates a poetry that speaks of deeper meaning of the brand though lived experience. The festival captured within heterotopic space is described by Foucault (1986) as encapsulating the fleeting nature of time. The process by which these Hermès products are produced is fleeting, forever separated from the artisans who created them, while the products themselves remain. During the Festival des Mètiers the production process is not only relocated spatially but it is brought to life and can be re-enacted again and again so that it can be scrutinized by visitors within their own and not the artisans' space which is off limits to the public.

In summary the literature review discussed the definition of third space, highlighting its social and experiential nature and noting that it does not always have a directly commercial function. It outlined the drivers of the trend as being related to the hedonic nature of consumption, increasing global on and offline competition and generally living within an experience economy. Fig 1 describes 4 main types of third space and two key characteristics with respect to access and permanence. The last section identified three main purposes of third space in terms of its function, symbolism and/or experience.

Methodology

The authors adopted an exploratoryqualitative approach using non-participant store observation and interviews with flagship store managers across seven international fashion capitals. Observation was undertaken in the form of site visits to the two main streets where luxury fashion flagships are located within seven international fashion capitals (London, Paris, Milan, New York, Hong Kong, Moscow and Tokyo). The main streets visited are listed in Figure 4. The cities selected are among the most important fashion and international capitals in the world. Prior to the interviews, an observation grid was created and notes were taken regarding the form, design features, size and location of 664 stores. Particular attention was paid to the third space characteristics from Figure 1. Flagship store managers were approached for interview on an ad hoc basis, most managers did not agree to be interviewed which is one of the reasons why so many stores were visited over a period of close to one year. Out of the interviews pursued with flagship store managers, 40 agreed to be interviewed and 30 interviews resulted. All of the managers interviewed considered themselves as ‘flagship store managers’. Questions about the managers’ understanding of the flagship concept generally and its key characteristics were asked first. Secondly, specific questions related to the nature and purpose of third space were posed. Each interview lasted on average twenty minutes. The interviews were recorded and transcribed and analysed using thematic content analysis. This sample included a cross-section of major luxury brands including Gucci, Hermes and Calvin Klein, and also smaller and/or niche brands like Margaret Howell, Manoush Arora and Barbara Bui.

Results and Discussion

The findings from the interviews and observation are presented together in four main themes, the awareness and interpretation of third space, external drivers, the form, and finally the function of third place. Key quotes are provided to demonstrate the responses of the interviewees and the results will be discussed within the context of the points raised in the literature review.

Awareness of Third Place/Space

The observation phase of the research attempted to quantify the number of stores which had some aspect of third space. Figure 4. below breaks down how many were observed at each location. Overall, just above half of the luxury fashion flagships featured third space (57%). The locations which had higher percentages included Tokyo, Milan and Hong Kong and those which had the least were Moscow and London. This is interesting and requires further investigation, however one suggestion for this could be that in Tokyo the stores are the largest (Nobbs et al. 2012) and therefore there is more space which needs to be designed and planned for. In London the planning regulations are strict and real estate space is at a premium which could explain the lower percentage. Further detail as to the type of third space in each city will be explained in the form section.

Figure 4 – Third Space Observation per City

City	**Streets Visited**	**Number of Stores Observed**	**No of Stores with a Third Space Element**	**% of Stores with a Third Space Element**
London	Bond Street Slone Street	96	44	46%
New York	5th Avenue Madison Avenue	105	53	50%
Paris	Avenue Montaigne Rue du Faubourg Saint-Honore	116	58	50%
Milan	Via Manzoni Via Montenapoleone	125	78	62%
Tokyo	Harumni Dori Ayoama Dori	115	81	70%
Hong Kong	Queen Street Canton Road	78	49	63%
Moscow	Stoleshnikov Pereulok Street Tretyakovsky Proezd	29	16	55%
Total		664	379	57%

The number of stores observed which were flagship stores is difficult to quantify specifically, however the research did ask a sales associate or store manager in each store if it was considered a flagship. The response revealed that 76% of the stores visited were flagships. With respect to the interviews it was important to ask first if the brand representatives had heard of the concept of third space/place. The majority (65%) of the interviewees were not aware of the term, those who did know it were either American or European. After providing

Mikunda's definition all the respondents stated that they understood the concept and agreed that this trend is evident within the luxury fashion retail sector. A British luxury brand explained "*I can definitely see this idea in the flagships of Bond Street, as we need to create spaces where consumers want to spend time, they must feel comfortable*". Other words that the brands used for similar meaning included 'lounge', 'decision' and 'brand' space. Furthermore of those interviewed who currently did not have an aspect of third space, they explained that this was a priority for the future, mostly with reference to the closed spaces for VIP clients. An Italian Luxury brand store manager stated "*later this year we intend to add a flexible VIP space with carefully chosen artworks and special services*". This is inline with recent report on luxury retail which explain the importance of segregated space for different types of clients.

Key Drivers

The interviewees were asked what external factors they think have led to the emergence of third space. Only the top three will be presented. The most frequent answer was the increase in e-commerce, the interviewees explained that as internet sales have increased stores have seen a drop in footfall. As a reaction to this, brands recognise that they must give reasons for the customer to visit the store and therefore the inclusion of an aspect of third space is an antidote to that. This is noted as sector trend by Bearne (2015). An American luxury brand store manager states "*Yes we want customers to shop online but we also want them to visit the flagship and fall in love with the atmosphere so that they feel the brand*".

The next most mentioned answer was that competition is globally intense in the luxury fashion sector and brands are looking at the in-store environment as a point of differentiation so that including a sculpture or a cinema will help the brand stand out. An Italian luxury brand store manager offers "*we want our customers to get excited and tell their friends about* *the combination of culture and technology we have in our flagships*". The last key driver is related to the first two and was also identified within the literature review and it is the importance of experience. It is relatively well accepted that intangibles are an essential part of luxury fashion branding and that specifically within retail the sensory environment is a key contributor to the customer experience. A British luxury brand store manager illustrates "*we want our customers to have brand appropriate sensory stimulation within our flagship store so that they leave having had an emotional experience*".

Form

With respect to the main types of third space, the observation data revealed some interesting trends. The majority of the third spaces were open for all customers which links to the notion of the flagship as a destination store and that it should be accessible for all levels of customers. However during the interviews many of the respondents, particularly in London and New York stated that this was going to change in the near future and that upcoming refurbishments or relocation plans included some form of closed third space. It was interesting to note that, around a quarter (27%) of the flagship stores had a closed/exclusive area reserved for VIP clients and celebrities. Interviewees said this was important as High Net Worth Individuals (HNWI) were increasing looking for added value from their luxury retail experience and that as luxury has become democratised it has been necessary to create exclusivity in this manner. A British luxury brand store manager explains "*Our VIP clients want more, they don't want to shop alongside with other 'normal' customers, they expect an exclusive space and attention and they are willing to pay for it*". A future area of research could explore whether these closed VIP spaces can be considered as third spaces.

Next is the type of third space observed, generally this followed classification in Figure 1, whereby the most common aspect of third space was a lounge or resting area and the least common was a specialised space for a brand extension or service like a barbershop or beauty salon. Across different locations there were evident trends, for example in Moscow, where the flagships are smaller, there was only evidence of type 1 and type 2. Across all the geographical locations when brands were curating art/cultural third spaces there was a blend of International and domestic/local artists. This can be seen as a strategic decision and can be aligned to the brands' approach to internationalisation. An American luxury brand store manager highlights;

"*It is important for our flagship to represent the home of our owner and creative director, He picks each piece of art by hand as he wants customers to feel like they are in his home. Not only that, he wants to flatter each city by choosing artists from that location alongside International artists*".

Here Foucault's third principle is in operation, the superimposition of a notion and indeed an experience of "home" and "personal" space within the commercial environment of the flagship. The designer introduces the incompatibility of private and personal space within a publically accessible branded environment by including his own art objects which will be defined in that space as personal possessions.

Another type of art and culture third space is that of a gallery or exhibition space. This involves a larger commitment in terms of floor space and is again most evident in Tokyo, Paris and New York where the flagships are largest in size. Of those flagships which did have a gallery space, this was more often used to exhibit memorabilia from the brand's heritage. For example, pictures, or products worn by celebrities and milestones in the brands growth. The other type of gallery exhibit was external to the brand but curated by the creative director to ensure that the content was on brand and complimentary to the flagship experience. A French luxury brand explains "*The choice of what is exhibited comes from our head office, it acts as a draw for customers as it mixes shopping and culture*".

The inclusion of food and/or drink as part of third space is not new within retail and this was most evident in Milan, Tokyo and New York. This can be done as part of a brand extension like the Roberto Cavalli cafe or a joint venture like Alan Ducasse with Chanel. However in cities where the licensing and planning laws are stricter (i.e. London, Paris) this can act as a barrier to creating this higher level of third space. An Italian luxury brand states "*having a cafe within our store is a good introduction to our brand, it is an affordable piece of the brand and therefore it attracts a wide variety of customers*".

With respect to the highest level of specialist third space this was only observed in less than 15 per cent of the flagship stores across the seven global locations. As with type three this was predominately in Tokyo where the flagships have many floors. The most seen type of specialist service was a beauty spa.

Function

The purpose of harnessing the power of third space will be related to the three main themes identified earlier: functional, symbolic and experiential.

The main functional reason for having a third space is to increase the length of time which consumers spend in-store and this was mentioned by all respondents. One Italian luxury brand explained:

> "*it is important to give clients a reason to spend time with the store and engage with the brand, that is why we have a space where we display a selection of our famous product and the celebrities who have worn them*".

Another popular response was that the third space should attract a wide range of consumers, especially tourists and that generally the space should aide the flagships draw as a destination store. This is illustrated by this British luxury brand who state "*our gallery area attracts customers and potential customers who are interested in culture and art*". Additionally, as mentioned in the last section, third space can be used to educate consumers about how and where the brand came from and how its products are made. As Feigenaum (2011) explains this is reassuring and also assists with customer service and building brand fascination. This is also emphasised by the quote from the Italian luxury brand above. Here art is being used as a means of disrupting the syntax of selling. The customer's expectations of the dominant logic of shopping are challenged and the flagship because an alternative space, a place very unlike the Gap or Ann Taylor where selling and buying are vividly present and reflected in all corners of the store.

With respect to the symbolic function of third space, the commitment by the brand to a space whose main purpose is not to sell its primary product range, is by its very nature luxurious. In simple terms a brand which can afford not to use every square metre for selling is elevated in the eyes of the consumer and other stakeholders. Around half of the respondents, stated that within luxury flagships there is an expectation of space. A French luxury brand explains

> "*Flagship stores have to look luxurious and they must be spacious as a result, lots of room for lounging to encourage slow buying and so that the products stand out like works of art in a gallery, this is symbolic of luxury".*

The experiential function of third space was the most discussed aspect within the interviews, each respondent used the word 'experience' in their answer. There was a consensus that third space was introduced to allow consumers and other stakeholders (media, employees, etc.) to 'feel' the brand. This could come in the most basic form of a seat so that a consumer could stop and appreciate the flagship design, or in the form of a branded chocolate cake so that the brand could be ingested by all the senses. In an era where the traditional marketing mix methods are easy to duplicate, Pine and Gilmore (1999) have suggested that differentiation will come from the experiences and the services offered by a brand and this is mirrored in the interviews. A Chinese luxury brand stated that

"*we have spaces within our flagship which are not about selling products but are about guiding the customer to fall in love with the brand, the bespoke services we offer and the time we take to do this hopefully sets us apart from other luxury brands*".

In this example the brand representative demonstrates that the logic of selling and the emotional feeling of love are in direct opposition. Customer don't fall in love when they are sold to but they can fall in love in heterotopias which sensations connected to love can be evoked. Being catered to and nurtured vis-à-vis non-selling spaces and "bespoke" services bespeak love. Foucault (1994) discusses new ways of knowing emerging once earlier knowledge structures are shattered. It was also apparent from the interviews that the experiential function which third space offers for a brand is something which differentiates flagships from normal stores. A British brand store manager explains "*our VIP floor is something that we only offer in our most important flagship stores*".

Summary

In sum, this research has met its aim of exploring how and why luxury fashion brands have adopted the use of third space within their flagship stores. Within a luxury retail context the term can be defined as

"*a mixed use space which can be characterised in terms of both access and permanence. It can be described as a strategic marketing tool as it is not used for the* *function of selling a brand's primary product, but it can fulfil functional, symbolic and experiential roles."*

The results of this study illustrate that most of the respondents were not aware of the term third space/place, however they understood and agreed that the concept was emerging within luxury retail. The observation noted that just over half of luxury flagship stores in this sample had an element of third space. Figure 1 suggests that there are four main types of third space, from lounge space, culture/art, food and drink to specialist and that these can be manipulated with respect to access and permanence. This model is supported by the findings and all the types of third space observed could be categorised in this way. Interestingly there was most evidence of types 1 and 2 across all geographical locations, and type 3 and 4 were found in the larger flagships of Tokyo, Milan and New York. Of those luxury brands who did not have third space currently, the majority of respondents stated that it was a priority to create one in the short term. Furthermore it was the closed third space in the form of a VIP room, suite or floor which they were referring to. The results also highlight-that the function of third space is threefold in that it can play a functional, symbolic and experiential role. The interviewees emphasised the latter explaining that these spaces existed so that consumers and other stakeholders could feel the brand at different sensory levels, hopefully creating an emotional experience and thereby building a relationship with the brand. One limitation of the research is that the opinions of the flagship store managers may be personal and not representative of the brand or the geographical location.

Further areas of research in this field could consider temporary third spaces and their form and function. Additionally it would be interesting to look at third space from a consumer behaviour perspective investigating to what extent they notice it and whether it influences their experience and/or decision making process.

References

Allegra Strategies (2005) Project Flagship: Flagship Stores in the UK. Allegra Strategies Limited: London

Alexander, A. (2010) Klein's Berlin Brigade. Accessed on 17th June 2015, Accessed at http://www.vogue.co.uk/news/daily/100617-calvin-klein-plans-berlin-event.aspx

Amed, I. (2011) Dolce and Gabbana talk digital. Accessed on 15th August 2014. Accessed at http://www.businessoffashion.com/2011/07/bof-exclusive-dolce-gabbana-talk-digital.html

Bearne, S (2015) Why fashion retailers are staging luxury food experiences. The Business of Fashion. Accessed on 24/08/15. Accessed at http://www.businessoffashion.com/articles/intelligence/why-fashion-retailers-are-staging-food-experiences

Barnett, L. (2008) A Chanel Shutdown. Accessed on 22nd December 2014. Accessed at http://www.vogue.co.uk/news/daily/081222-chanel-pulls-mobile-art-project.aspx

Barreneche, R, A. (2008) New Retail. Phaidon Press: London

Bingham, N. (2005) The New Boutique. Merrell: London .

Berthon, P. , Leyland, P., Parent, M. and Berthon, J.-P. (2009) Aesthetics and Ephemerality: Observing and Preserving the Luxury Brand. California Journal of Management, Vol. 52, No. 1, pp.45-66.

Feigenbaum, E. (2011) Visual Merchandising and Store Design March 2011. Accessed on 28th September 2014. Accessed at http://issuu.com/vmsd/docs/march2011

Foucault, M. (1967) Of Other Spaces. Translated by Jay Miskowiec, Diacritics. Vol 16. No 11. pp. 22-27.

Foucault, M. (1994). The Order of Things: An Archaeology of the Human Sciences. Vintage Books: New York

Green, L (2011) Flagship Armada. Financial Times, p7. Accessed on 1st November 2014. Accessed at http://www.ft.com/cms/s/0/e61faf54-e92f-11e0-af7b-00144feab49a.html#axzz1aVrfpluI

Hata, K. (2004) Louis Vuitton Japan: The Building of Luxur. Assouline Publishing: New York

Jackson, T (2008) Virtual Flagships in Flagship Marketing (2008) Kent, T and Brown, R Routledge: London.

Kent, A. (2009) Heritage and Innovation in Luxury Brands' Flagship Stores. Unpublished paper. Accessed at 10th June 2015. Accessed at http://scholar.googleusercontent.com/scholar?q=cache:cQdzrH3RN7gJ:scholar.google.com/+the+role+of+modern+architecture+in+luxury+retailing&hl=en&as_sdt=0,33

Kent, T., Brown, R. (2009) Flagship Marketing: Concepts and Places. Routledge: London .

Kozinets, R. V., Sherry, J. F., Deberry-Spence, B., Duhachek, A., Nuttavuthisit, K., and Storm, K. (2002). Themed flagship brand stores in the new millennium: theory, practice, prospects. *Journal of Retailing*, Vol 78 No.1. pp 17-29.

Lovell, S. (2010) Calvin Klein collaborates with J Mayer H. Accessed on 22 July 2014, Accessed at http://www.wallpaper.com/fashion/calvin-klein-collaborates-with-juumlrgen-mayer-h/4721

Manlow, V and Nobbs, K (2013) Form and function of luxury flagships: An international exploratory study of the meaning of the flagship store for managers and customer. Journal of

Fashion Marketing and Management, Vol. 17, Iss: 1, pp.49 - 64

Mikunda, C. (2004), Brand Lands, Hot Spots & Cool Spaces, Kogan Page, London.

Moore, C., M. Fernie, J., Burt, S. (2000) Brands without Boundaries: The Internationalisation of the designer retailer's brand, European Journal of Marketing, Vol. 34, No. 8, pp..919-937.

Moore, C, M. and Doherty, A M. 2007. The International Flagship Stores of Luxury Fashion Retailers in Hines, Tony and Bruce, Margaret Fashion Marketing: Contemporary Issues. 2nd Edition. Oxford: Butterworth-Heinemann

Mores, C, M. (2007) From Fiorucci to the Guerrilla Stores: Shop Displays in Architecture, Marketing and Communications. Winsor Books: Oxford.

Nobbs, K, Moore, C, and Sheridan, M (2012) Luxury Fashion Brand Strategy: The Role of the Flagship Store. International Review of Retail and Distribution Management, Vol. 40 Iss: 12, pp.920 – 934.

Oldenburg, R. (1989) The Great Good Place: Cafés, Coffee Shops, Bookstores, Bars, Hair Salons, and Other Hangouts in the Heart of a Community. New York: Paragon House.

Okonkwo, U. (2009) Sustaining the luxury brand on the internet. Journal of Brand Management., Vol. 6, Iss.5 pp. 302-311.

Passariello, C and Dodes, R (2007) Art in Fashion: Luxury Boutiques dress up as Galleries. Wall Street Journal, February 16th 2007, p.8.

Pine, B, J. & Gilmore, J,H. (1998) The Experience Economy. Harvard Business Review, Vol. 76, No 4, pp. 97-105.

Prada, M. (2009) The Prada Transformer. Accessed on 1st November 2014. Accessed at: http://www.prada-transformer.com/assets/pdf/project.pdf.

Rushbrook, D. (2005) Cities and Queer Space: Staking a Claim to Global Cosmopolitanism In Rethinking Commodification: Cases and Readings in Law and Culture. Cited in Martha M. Ertman and Joan C. William, eds. Pp. 199-212. New York: New York University PressSeno.

A. (2008) It's All in The (Chanel) Bag: Art meets Fashion. Accessed on 24 April 2015. Accessed at http://www.nytimes.com/2008/03/24/style/24iht-chanelart.1.11361688.html

Silverstein, M.J., Fiske, N. (2003) Trading Up: the New American Luxury. Penguin: London.

Thomas, D. (2007) Deluxe: How Luxury Lost its Luster. Penguin: London.

Topinka, R, J. (2010) Foucault, Borges, Heterotopia: Producing Knowledge in Other Spaces. Foucault Studies, Vol. 9, September, pp54-70.

Tungate, M. (2008) Fashion Brands: Branding Style from Armani to Zara. Kogan Page: London.

Tungate, M. (2009) Luxury World: The Past, Present and Future of Luxury Brands. Kogan Page, London and Philadelphia.

Wu, B. (2008) Chanel Mobile Art. Accessed on 10th June 2015. Accessed from, http://www.wgsn-edu.com.

Yeo, H, I. (2009) Prada Transformer, Seoul. Accessed on 24th April 2015. Accessed from http://www.wgsn-edu.com.