

Hermès, Artisan of the Birkin Bag, Rolls Out a Fanny Pack

To draw young shoppers, the French luxury-goods maker is launching skateboards, \$6,000 fanny packs and a new store in New York's Meatpacking District

By [Ray A. Smith](#)
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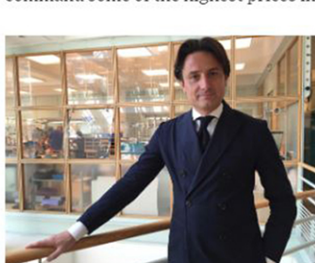
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Hermès, the [French luxury label](#) known for its intimidatingly formal boutiques and customers who yearn to pay five figures or more for its [Birkin handbags](#), also wants to be known for fanny packs and shops that are warm and inviting.

To reach new customers, especially millennials, the 182-year-old house is experimenting with a new approach in its store opening Friday in New York City's Meatpacking District. The merchandise, layout and location are a departure for Hermès, and something of a laboratory for future boutiques.

Like other high-end brands, Hermès is trying to update its image, products and approach to attract the next generation of shoppers—without alienating aging loyalists. It's a delicate task for Hermès, a maker of clothes and leather goods and other luxury items that command some of the highest prices in the business.



Axel Dumas, global CEO of Hermès, said, 'I think there's a very strong attachment to craftsmanship.' PHOTO: JANE EVELYN ATWOOD/HERMÈS

Chief Executive Axel Dumas wants Hermès to be better known in the U.S. That sparked the company to engage in "creative retailing," Mr. Dumas said, "to be in places where maybe we are not expected."

In addition to its Birkin handbag—which most millennials can't afford—Hermès built its name on exclusivity, crafting ties, scarves and other items out of step with today's casual wardrobes. The silk and textiles category turned in the weakest growth in the company's 2018 earnings.

Over the past two years, Hermès has ramped up its presence in America. In 2017, Hermès revamped its U.S. online store, expanding the offerings and making the site easier to navigate. Mr. Dumas sees the company's digital and brick-and-mortar stores cooperating, and not cannibalizing, one another. "It's not two channels that are opposite," he said. "It's one thing that reinforces the other."



The shoe department in the new Hermès store has a view of the Meatpacking District PHOTO: PETER ROSS FOR THE WALL STREET JOURNAL

The Meatpacking District location will be Hermès's 36th store in the U.S. The company opened shops in Orlando, Fla. in March and Palo Alto, Calif., last year. It plans to open one in New Jersey in 2020 at a vast entertainment and retail complex from the Mall of America developers.

Like its peers in luxury retailing, who are bringing DJs and tattoo artists into stores, Hermès aims to liven up its boutiques to lure newcomers. That thinking has infused the store in the Meatpacking District, which is re-emerging as a cool neighborhood. Upon entering the two-story shop, visitors encounter a bar outfitted not with chairs but informal stools. Browsers can drink free espresso, tea or sparkling water and charge their devices there—all firsts for Hermès. The main floor will feature products, such as a skateboard bag, that one might not associate with Hermès.

The idea was "to make something different, make it fun ... to surprise people," Robert Chavez, Hermès USA president and CEO, said last week as workers put the finishing touches on the store. The company hopes visitors think "Wow, Hermès makes a skateboard holder? A bag to put my skateboard in?," and "Oh my God, Hermès has a charging station!," Mr. Chavez said. "We thought, why not?"



Roller skates and other items at the new Hermès store in New York are meant to appeal to younger shoppers. PHOTO: PETER ROSS FOR THE WALL STREET JOURNAL

The skateboard bag is one of four new specially colored products—along with a bicycle, a backpack and a \$6,000 "hip," or fanny, pack—available only at the Meatpacking District store.

Also displayed close to the entrance are more-affordable products, such as fragrances and other small items that Hermès hopes will be impulse or quick gift purchases. Mr. Chavez calls these "recruitment categories," meant to appeal to "people who are coming into Hermès for the very first time," who may have thought they couldn't afford it. Handbags also will be on the first floor.

Some leather bracelets, enamel jewelry and other accessories won't be kept in glass cases as they are in other Hermès shops. "We'll have a lot of trays open so people can sort of touch and feel and play," Mr. Chavez said. "That's a big part of the experience here as well."

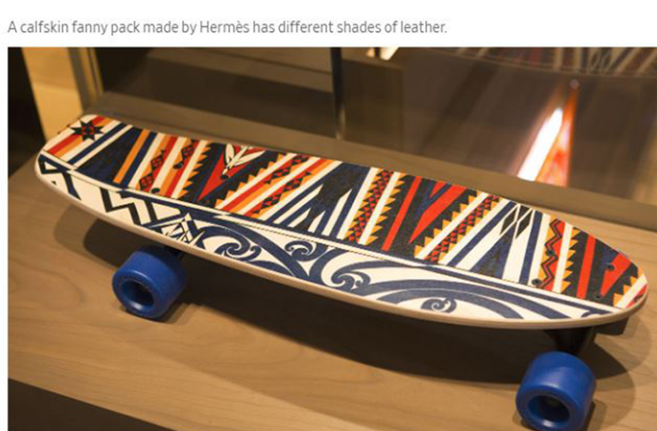
Big-ticket items like clothes, shoes, fine jewelry and home furnishings will be upstairs.



A calfskin fanny pack made by Hermès has different shades of leather.



Hermès made its name with luxury leather goods such as the Birkin bag.



An Hermès skateboard for sale at the Meatpacking District store.



Hermès has expanded beyond clothes and leather goods. Here, its version of the Apple Watch. PHOTOS: HERMÈS(3); PETER ROSS FOR THE WALL STREET JOURNAL

To soften the perception of Hermès as solely very expensive and "super formal," staff uniforms will be more casual, Mr. Chavez said, such as V-neck sweaters and trousers rather than suits. Windows and a skylight help make the new store airy and brighter than its uptown Hermès cousins on Madison Avenue.

Hermès has taken a lower-key approach to reaching millennials than other European luxury labels. Balenciaga, Fendi, [Gucci](#), Louis Vuitton, Valentino and others have caught on with [young audiences](#) by deploying social media, [hiring buzzy designers](#), branding clothes with big logos, [selling sneakers](#) and dressing young A-list celebrities for the red carpet. On Instagram, Hermès has 8.4 million followers on April 3, compared with Gucci's 33.2 million, Louis Vuitton's 31 million, Valentino's 12.1 million and Balenciaga's 9.3 million.



Clothes, shoes, fine jewelry and home furnishings are on the second floor of the Meatpacking District store. PHOTO: PETER ROSS FOR THE WALL STREET JOURNAL

Instead of jumping on the streetwear bandwagon, Hermès is betting that craftsmanship, quality and uniqueness will resonate with young customers. "I think there's a very strong attachment to craftsmanship," Mr. Dumas said, noting that the durability of Hermès products resonates with shoppers opposed to excessive consumption. In recent years, Hermès stores around the world have hosted experimental events that lend themselves to Instagram posts. That has helped Hermès get 37% of its global media impact from influencers, putting it in the range of some of its rivals, according to data-analytics firm Launchmetrics. Media impact measures the effect of publicity on a host of platforms including social media, print and online.

Hermès has far fewer stores in the U.S. than other luxury brands, said Rogerio Fujimori, an analyst with RBC Capital Markets, giving the company "plenty of potential" to attract new customers.

Last year, Hermès's revenue rose 11.5% in the Americas, 7% in Europe and 12% in Asia. In October, Hermès launched an e-commerce site in China, where rich millennials are among the main drivers of the company's growth in Asia. Mr. Dumas said the company tries to open a store in a new city in China every year.

Robert Burke, who runs a luxury-goods consultancy, said that in the past three years, Hermès has focused on "creating unique items that will appeal to a younger customer that are fun—from skateboards to a pinball machine—or quirky—like pencil sets and playing cards." He also noted that it is promoting less-expensive desktop and gift items, such as small leather goods. The Meatpacking District store makes sense, Mr. Burke said, in an era when shoppers are gravitating to places that are "more human in scale."

Hermès executives will be watching the Meatpacking District store as they consider other boutiques with a more casual vibe. "We're looking in Austin, Texas, and I can tell you for sure we won't go into the traditional luxury mall," Mr. Chavez said. "We'll go into a neighborhood very similar to the Meatpacking District."

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