

# Fashionable Exuberance

## Despite the economy, Gucci opens the world's largest luxury store.

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When Prada, Tiffany, Bulgari and Louis Vuitton are among your neighbors, you've got to dress to impress. That's exactly what Gucci is doing Friday with the opening of its new Manhattan location. With 46,000 square feet sprawled over three floors at Trump Tower on Fifth Avenue, it's being touted as the largest luxury retail store in the world.

It's a big bet in a bad economy, but Gucci hasn't hedged on extravagances. The company's renowned creative director, Frida Giannini, commissioned nearly every element, including the bronzed glass walls and the free-floating Italian marble staircase set against a rosewood backdrop. Classic Gucci designs run throughout the store, and signature touches like the diamond pattern are woven into the black carpets throughout. There is, of course, an exclusive VIP lounge tucked away on the third floor with its own dedicated elevator, a bar, as well as private show and dressing rooms.

The Gucci store's opulent opening makes it hard to remember that it is within mere miles of Wall Street's economic crisis. With the stock market in continuing decline and big banks still steeped in the [subprime mortgage](#) mess, are New Yorkers in the market for a couture gown and a \$700 "Gucci Loves New York" handbag? "I'm sure they would have liked better market conditions," says Claudia D'Arpizio, a luxury-goods analyst with Bain & Company, based in Milan. "For sure, they could have been more lucky."

But it's not the \$700 bags that are going to make or break the bank for Gucci's new flagship, luxury goods analysts say. The ultra-wealthy [consumers](#), those with a multimillion-dollar cushion against the market's turbulence, are likely going to flock to Gucci's one-of-kind store, and make big purchases—think in the \$50,000 to \$100,000 range. Their strategy: draw ultra-wealthy shoppers from around the United States and foreign tourists armed with strong currency. Gucci won't disclose how much they've spent outfitting their store, but its upscale amenities and luxurious finishes are designed to reinforce its image as "a major fashion destination for our New York and international shoppers," says president and CEO Mark Lee.

Luxury brands can go two ways: either make their label more affordable to attract a larger market, or move upward, appealing to wealthier customers who are willing to spend big on exclusive items. Gucci has been looking to position itself among the most high-end, exclusive brands and attract a higher-income bracket. They're not necessarily relying on the mass market, says luxury-goods analyst Pam Danziger. "Gucci is building a flagship store to make a branding statement," she says. "I think strategically it's a very smart move to bring their luxury brand to a bigger presence in the United States."

That small, ultra-wealthy demographic, while tiny, seems the best group to target in this economic decline. Over the 2007 holiday season, the "super rich"—those with a net worth of \$30 million or more—averaged \$82,800 in fashion and accessory spending. That's 23 times the meager \$3,600 spent by single-digit millionaires. Few, if any, have intentions of tightening their designer belts in 2008. Just over 80 percent planned to increase their spending on luxury goods and services this year, compared to a mere 3.7 percent who plan to decrease spending. "They aren't scaling back," says Doug Gollan, president and editor in chief of Elite Traveler, which conducted the survey. "The single-digit millionaires, the mass affluent [between \$1 million and \$10 million in net worth] who have just had a taste of luxury, these are the people getting impacted."

If Gucci can attract the super rich, the investment in its ritzy retail store will pay off. "For every 100 or so people they have floating around the store, they only need one or two who came off their private jet to spend \$50,000 or \$100,000," says Gollan. "That more than makes up for all the people who are scaling back."