

THE GRAYSON COMPANY

Experiential Retail

Spectacle is table stakes. The returns now sit in services, community and data.

An executive brief for retail and consumer-brand leadership teams and private equity investors

October 2026



A spate of experiential openings in London's West End prompted this brief

Over the past year, a cluster of experiential openings in London's West End has drawn industry attention, and commentators have framed it as a new chapter for physical retail — one in which the space expresses the brand rather than simply selling product.

The openings that drew the attention

Louis Vuitton turned a Mayfair townhouse into a "hotel". Gant took over a restaurant as a clubhouse. Golden Goose built its presence around co-creation. New Balance and HOKA created temporary homes for the city's runners. Bentley rebuilt its oldest showroom around a bar and an atelier.

How it has been framed

Coverage has read the cluster as a new chapter for physical retail: the store as an expression of the brand rather than a place to display and sell product. That framing is the starting point this briefing tests.

What this briefing does with it

It uses the London activity as a starting point, not as its subject — checking the claim against the global pattern, the history of retail as theater, and the evidence on what these investments actually return.

The shift is real and accelerating

Physical space is genuinely being rebuilt around experience, and the pace is increasing. That much of the commentary is right, and it has consequences for estate strategy, capital allocation and diligence.

But it is neither new nor a London story

Retail has reinvented itself as theater for more than a century, and comparable or larger investments are running in Shanghai, Seoul, New York and Paris. London is one node in a global pattern.

What has changed is the content

Hospitality, community and personalization are replacing product display as the reason to visit — and finance teams now expect the spend to be accountable.

The shift is real and accelerating — but it is neither new nor a London story

What changed is the content: hospitality, community and personalization now replace product display as the reason to visit — and finance expects the spend to be accountable.

Most “new formats” are pop-ups

LV’s Mayfair “hotel” ran two months with no beds; Gant’s clubhouse four weeks; the running hubs days. Richer content, same format. The structural moves are the permanent ones: Golden Goose co-creation, Bentley’s atelier showroom.

The pattern is global

Shanghai (LV’s ship-shaped The Louis), Seoul (Gentle Monster’s Haus Nowhere), New York and Paris show the same shift — often at larger scale. London is a node, not the epicenter.

CX pays in aggregate; activations rarely prove it

Long-run studies link CX leadership to roughly 2× revenue growth and several-fold shareholder returns. Per-activation “ROI” statistics are mostly self-reported by agencies — do not anchor an investment case on them.

Winners tie experience to an engine

Golden Goose (co-creation), RH (restaurants that drive gallery traffic) and Bentley (bespoke commissioning) make the experience the place where margin is actually earned.

Losers compensated for a weakness

Weak product, fragile lease economics or scale-before-proof sank Story, b8ta, Showfields and Starbucks’ Seattle Roastery. Nike is now unwinding parts of its experiential estate.

The right executive question

Not “where can we put a pop-up?” but “what job must this space do, and how will we know?” A gated framework allocates capital, sets kill criteria and captures learning.

Experiential retail is the most visible and most expensive slice of CX — and a small one

Experiences are a distinct economic offering that must be deliberately staged (Pine & Gilmore, HBR 1998), not wrapped around a product after the fact.

Layer	What it covers	Primary owner	Typical measure
Total experience	Brand promise + customer experience + employee experience, managed together	CEO / executive committee	Forrester Total Experience Score, brand equity
Customer experience (CX)	Every interaction across the journey: discovery, purchase, delivery, service, returns	COO, CX or customer officer	NPS, CX Index, retention, share of wallet
Brand experience (BX)	How the brand feels and what it stands for, including advertising and culture	CMO	Awareness, consideration, distinctiveness
Experiential retail / marketing	Staged, often physical, high-intensity moments: flagships, pop-ups, hospitality, events	CMO + retail / real estate	Traffic, dwell, conversion, acquisition, earned media

The foundation check. Forrester found 37% of 150 US brands had an employee experience that actively undermined CX. A spectacular activation cannot rescue a broken delivery promise or disengaged store staff.

Classify before you capitalize: pop-up, activation and permanent format are different investment cases

Commentary groups formats that differ sharply in permanence and economics. Each demands a different hurdle, horizon and owner.

When	Brand and activation	Format and what it involved	Classification
Sep 2026	Bentley — Jack Barclay, Berkeley Square	Debut of a hospitality-led global showroom concept: a bar replaces reception, plus a materials atelier for bespoke commissioning; to roll out across 220+ retailers in 60+ markets	PERMANENT
Apr–Jun 2026	Louis Vuitton Hotel — 28 Berkeley Square	Two-month multi-floor exhibition-retail-hospitality installation for the Monogram’s 130th year: café, bar, care-and-repair, personalization. No overnight stays; final European stop of a global series	POP-UP
Apr 2026	New Balance London Run House — Somerset House	Three-day community hub at mile 25 of the marathon course as official apparel partner, with cheer zones staffed by local run crews	ACTIVATION
Apr 2026	HOKA Hub — Shoreditch	Roughly ten-day race-prep hub: product and sweat testing, recovery, coffee, shakeout runs	ACTIVATION
Apr 2026	Nike — via Runlimited Club Lounge	Participated mainly through a partner-run lounge and shakeouts rather than its own hub	ACTIVATION
Sep–Oct 2025	Gant House at Mister Nice — Mayfair	Four-week restaurant takeover for the AW25 campaign, plus an adjacent pop-up shop	POP-UP
Mar–Apr 2025 →	Golden Goose — Selfridges, then Mount Street	Corner Shop pop-up built around co-creation, explicitly a precursor to a permanent Mount Street flagship	POP-UP → PERMANENT

Sources: AutoNext, WWD, FashionUnited, A1 Retail, FashionNetwork, Tempo Journal.

Brands are following consumer money from objects toward experiences

Bain–Altagamma estimate luxury spending of roughly \$1.56 trillion in 2025, with experiences outpacing goods while the market lost about 20 million customers.

\$1.56tn

Estimated global luxury spending, 2025, converted from €1.44tn — experiences growing faster than goods

–20m

Luxury customers lost in 2025, a second consecutive year of contraction

Three observations that matter more than the London setting

The most consequential examples are permanent operating models, not events. The running hubs show who is winning share — New Balance and HOKA built community infrastructure while Nike, mid-restructuring, participated through partners.

London is one node, not the epicenter

Comparable or larger investments: Louis Vuitton’s The Louis in Shanghai (permanent ship-shaped store, exhibition and café, June 2025); Gentle Monster’s Haus Nowhere in Seoul, Shanghai, Shenzhen and Bangkok; and RH’s gallery-plus-restaurant estate across North America and Europe. Experiences are also being used to re-earn the aspirational buyers the sector priced out.



Every generation reinvents “experience” when product alone stops drawing crowds

Wave 4 is the first built around repeat visits and measurable return rather than one-off spectacle.



The cautionary footnote is as old as the format: under Harry Gordon Selfridge the store never earned the returns its extravagance required, and he lost control to the bank.

An experience earns its cost only when it is hired for one specific commercial job

Most failed activations tried to do all of them at once and were measured against none.

Job	Mechanism	Exemplars	Evidence of value
Lift margin per sale	Move the customer from buying stock to commissioning or personalizing	Bentley atelier; Golden Goose co-creation	Over 70% of Bentley buyers specify Mulliner bespoke content, holding 2025 revenue at \$2.8bn as deliveries fell
Drive traffic to a high-ticket format	Hospitality brings frequent, lower-cost visits into the selling space	RH galleries with restaurants	RH restaurants serve several thousand guests a week vs several hundred gallery shoppers, and cover ~65% of aggregate gallery rent
Lift other channels	Physical presence acts as a billboard and trust signal	Any flagship or long-run store	Opening a store raised trade-area online sales 6.9% on average, 13.9% for emerging DTC brands; closures cut them 11.5% (I/CSC)
Acquire and re-acquire customers	A lower-priced entry point into an expensive world	Ralph’s Coffee, Dior Café, LV cafés	Luxury lost about 20m customers in 2025; entry formats aim to rebuild that funnel (Bain)
Build community and frequency	Host a behavior customers already do — running, cooking, collecting	New Balance Run House; HOKA Hub	Category share gains by community-led challengers while Nike retrenched
Capture first-party data	Bookings, registrations, personalization profiles	LV Hotel reservations; co-creation appointments	51% of consumer event marketers now rank leads and data as the top success metric (EventTrack 2026)
Earn media and relevance	Create a photographable, talkable moment	LV Hotel; The Louis; Gentle Monster	Reach is real but the hardest to convert into a P&L number
Learn	Use temporary space to test a market, customer or format before committing	Golden Goose at Selfridges before Mount Street	Value is the decision it improves — which must be named in advance

The through-line: the strongest cases connect the experience to a revenue mechanism the brand already owns. The weakest treat the experience as advertising with a lease attached.

Measure the job it was hired for, against a control, over a long enough horizon

Footfall and impressions are inputs, not outcomes — repeat behavior is where the value shows up.

Layer	Core KPIs	Attribution method	Common pitfall
Reach	Visitors, bookings, earned media, social reach	Counters, reservation systems, social listening	Treating crowds and likes as success
Engagement	Dwell time, participation rate, service uptake (co-creation, repair)	In-venue logs, appointment data	Measuring the experience, not the customer
Affinity	Awareness, consideration, NPS or brand-lift change	Pre/post surveys of visitors vs a matched non-visitor sample	Surveying only enthusiasts on site
Commercial, direct	On-site sales, average order value, personalization attach rate	POS and CRM tagging	Ignoring fully loaded cost (fit-out, staff, rent, content)
Commercial, indirect	Trade-area sales lift across store and online; new-customer acquisition; 12-month cohort value	Test vs control markets or store clusters; CRM cohort tracking	Stopping measurement when the activation closes
Learning	Decision taken — scale, change, stop — and its confidence	Pre-registered hypothesis and kill criteria	No hypothesis, so every result looks like learning

A warning on the stats

“3:1 to 5:1 ROI” and “85% more likely to buy” mostly originate from agency compilations and self-reported surveys. EventTrack 2026 itself puts purchase inclination after an event at 61%. Directional context only — never an investment case.

The halo is most often missed

ICSC’s study of 69 retailers and 2,103 stores shows physical presence lifts online sales across the trade area. Judged only on its own till an activation looks worse than it is; judged only on buzz, better.

In every durable model, the experience is where the economics happen — not decoration around them

Two further patterns recur among winners: touring IP that spreads design cost across markets, and partnering for traffic instead of building it.

Model	How it makes money	Exemplars	Why it works	Watch-outs
Service-embedded personalization	Raises price realization and attachment; creates one-of-one product	Golden Goose co-creation (\$706m revenue in 2024); Bentley atelier; LV care and repair	Converts a visit into a commission; hard for e-commerce or rivals to copy	Needs skilled staff and lead-time management; quality must be consistent everywhere
Hospitality as traffic engine	Café or restaurant income, plus frequent visits into a high-ticket space	RH galleries; Ralph’s Coffee (40+ cafés since 2014); Prada Caffè at Harrods; Dior Café	Dwell time and repeat visits at a lower barrier than the core product	A different operating discipline — partner with specialists, as Ralph Lauren does with La Colombe
Community infrastructure	Share gains and loyalty in a participation category; trial at the moment of need	New Balance Run House; HOKA Hub; Today at Apple	Hosts a behavior customers already value, with credible local partners	Community must be served year-round, not only at the marathon
Destination brand universe	Tourism-scale traffic, cultural relevance, flagship sales	LV’s The Louis, Shanghai; Gentle Monster’s Haus Nowhere	Only brands with deep archives or a strong design language can fill the space	Very high capex; works in few cities; novelty decays
Pop-up as market test	Proves demand and format before a lease commitment	Golden Goose at Selfridges before Mount Street; LV Hotel touring series	Low-commitment learning inside a host’s traffic	Only valuable if the hypothesis and decision rule are set up front

Failures cluster around one error: using experience to compensate for a weakness elsewhere

Theater amplifies a strong offer. It cannot substitute for product, assortment, lease structure or operating discipline.

When	Case	What happened	Lesson
2026	Nike studios and flagships	Closed every Nike Studios fitness location in March 2026 and a 55,000 sq ft New York flagship in January, amid a broader retreat from its direct-to-consumer push	Spectacular owned retail cannot offset product and distribution missteps
2025	Starbucks Reserve Roastery, Seattle	The 15,000 sq ft original Roastery (opened 2014) closed in a review of stores missing financial targets	Even iconic formats must clear the same hurdle rate as the core estate
2023–24	Showfields and Neighborhood Goods	The “most interesting store in the world” filed Chapter 11 in 2023 citing inflexible leases, and closed all stores in January 2024	Renting experience to digital brands is fragile rent arbitrage when traffic falls
2022	b8ta	Pre-pandemic traffic of ~1,000 weekend shoppers in Houston fell to 40; theft and fixed leases followed; US stores closed February 2022	High fixed cost plus traffic dependence equals no resilience
2019–20	Story by Macy’s	Scaled a single New York boutique to 36 shop-in-shops, then closed 16 within a year as themes drifted into sponsored, bland displays	A curator-led concept does not survive industrial rollout
1909–1940s	Selfridges under its founder	Retail theater built the brand but never earned the returns its extravagance required	Brand success and investment return are separate tests

Recurring failure modes

Experience as substitute — theater over stale product

Scaling the unscalable — founder taste rolled out as format

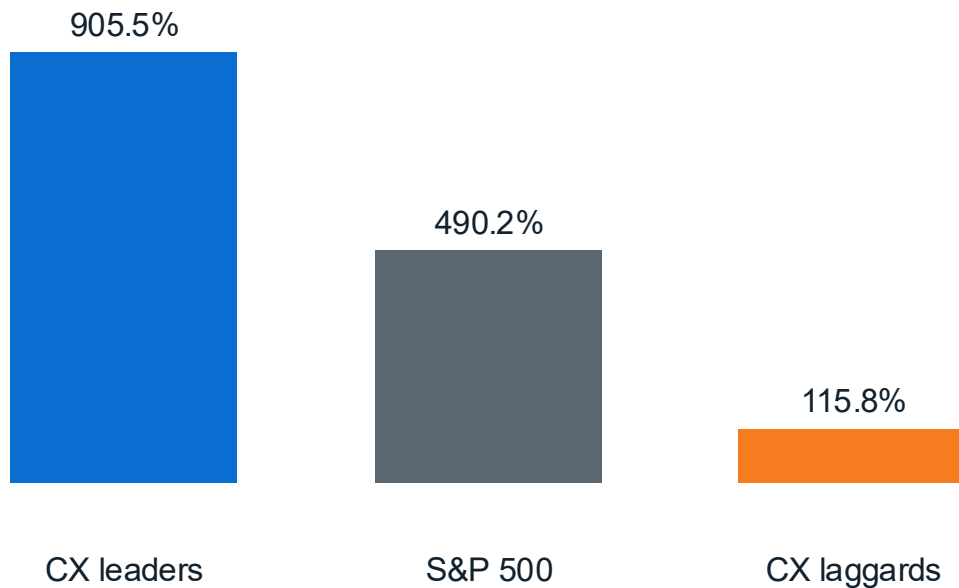
Fixed cost against volatile traffic

No owner of the result — marketing funds it, retail inherits the P&L

Commoditized gestures — once everyone pours coffee, coffee stops counting

Yes for companies genuinely better at CX; not on average for the money spent on it

The evidence for CX leadership is strong. The evidence that typical CX and experiential budgets create that leadership is weak.



Watermark Consulting CX ROI study, 2007–2024. McKinsey separately finds US CX leaders achieved more than double the revenue growth of laggards, 2016–2021.

The case against complacency

Correlation, not proof. Well-run companies tend to have both good CX and good returns; Watermark’s own founder calls great CX necessary but not sufficient.

Spending has not lifted the average. Forrester’s US CX Index fell for several consecutive years to an all-time low in 2024, and only in 2026 recorded its first modest year-on-year rise since 2021.

Luxury experiences have converged. Bain research found 70% of luxury consumers dissatisfied with the in-store experience and 90% saying it feels similar from brand to brand. Sameness is the new risk.

Net judgment for capital allocators

CX pays as an operating discipline. Experiential spend pays when it sits on that foundation and serves a defined job. Funding the spectacle while the basics fail is the most expensive version of CX.

Experience is not a fifth “P” — it is a way of executing the existing four

Its importance scales with how far a category depends on trust, craft, participation or ticket price.

Across the marketing mix

Redesigns place (store as destination), makes promotion participatory, increasingly becomes product (co-creation, repair, bespoke), and supports price by making premium feel earned.

Within brand-building theory

Experiences create unusually strong, distinctive memories — but reach few people. Binet & Field show growth still depends on broad reach, so design them as content engines for the people not in the room.

In budgets

EventTrack 2026 reports 84% of consumer marketers plan to increase experiential spend, a third of them by 8–15%. That makes discipline about returns more important, not less.

Category	Role of experience	Why
Luxury, craft and high-ticket durables (fashion houses, cars, furniture)	CENTRAL	Purchase depends on trust, materials and personalization; RH notes over 80% of luxury furniture is sold in stores
Participation categories (running, fitness, outdoors, beauty)	CENTRAL TO BRAND, SUPPORTING TO SALES	Community and trial at the moment of need build loyalty
Emerging DTC brands	HIGH VALUE, EARLY	Physical presence lifts online sales most for young brands — a 13.9% halo (ICSC)
Mainstream apparel and specialty retail	SUPPORTING	Store experience matters, but price, assortment and convenience dominate
Grocery and FMCG	TACTICAL	Sampling and retailer co-activation; spectacle rarely pays back

Treat every experiential investment as a staged bet with pre-agreed kill criteria

A bet that fails any gate stops before capital is committed; only results clearing pre-agreed thresholds earn a lease or capex.

	Question for the investment committee	Pass condition
1. Job	Which one commercial job is this hired for, and which customer behavior must change?	A single primary job and a measurable behavior — e.g. “lift bespoke attach rate from X to Y”
2. Right to play	Is it rooted in an asset only we own — archive, craft, service, community? Could a rival copy it next quarter?	A clear proprietary asset. Generic hospitality alone fails this gate
3. Format and risk	What is the cheapest, most reversible format that answers the question — partner venue, takeover, pop-up, shop-in-shop, permanent?	Variable cost until demand is proven; a lease only after a pass at Gate 6
4. Economics	What is the fully loaded cost — fit-out, rent, staff, content, opportunity cost — and what value counts?	Direct margin + trade-area halo + 12-month cohort value + learning; clears the core estate’s hurdle rate
5. Measurement design	What is the hypothesis, the control, the horizon and the owner?	Test and control markets, CRM tagging, pre/post brand lift, a named P&L owner
6. Decide	Did it hit the pre-agreed thresholds?	Scale, iterate (return to Gate 3) or stop — with the learning documented

Portfolio guidance: fund the CX basics first; put most experiential capital behind formats already proven at Gate 6; ring-fence a smaller budget for experiments with strict kill rules. Review annually — novelty decays, and formats that passed once can fail later, as Starbucks’ Seattle Roastery shows.

What to do differently, by seat at the table

Retailers

- Become the host, not the stage set — monetize traffic by renting curated, time-limited space. Charge for audience and data, not just square meters.
- Avoid Showfields economics: if the host carries the long lease while brands pay short-term fees, a traffic downturn lands entirely on the host.
- Invest in staff capability before installations — service and curation are what a single brand cannot provide.
- Use experience to redeploy surplus space, but price it as a real-estate play with real-estate risk.

Consumer and luxury brands

- Choose a model deliberately and connect it to where margin is made: commissioning for craft brands, community for participation brands, early physical presence for DTC.
- Luxury's specific problem is sameness and a shrinking base. With 90% of shoppers seeing experiences as interchangeable, the next café will not differentiate — proprietary services and archive-led storytelling will.
- Run activations as a portfolio of experiments with hypotheses and kill rules, reported to finance in the same format as store investments.

Private equity and investors

- Diligence the experience as part of the moat, not the marketing line: what share of revenue, margin or acquisition does the estate demonstrably drive?
- Benchmark payback. RH targets 12–18 month payback on newer gallery formats; a flagship project without a payback view is a red flag.
- Value-creation levers: convert fixed to variable cost, right-size vanity flagships, instrument halo measurement so closures are not made blind, professionalize hospitality via specialists.
- Watch the dealer or franchise burden — Bentley's format is largely funded by retailers while volumes fall. Ask whose unit economics bear the experience.

Experience becomes a permanent, more capital-disciplined layer — and the edge moves to services, community and data

Hospitality goes standard, then commoditizes

Cafés and bars are spreading from luxury into mass brands such as Uniqlo and Coach. Once everyone pours coffee, the café is hygiene, not differentiation.

Services become the experience

Repair, care, personalization, commissioning and resale align with longevity and pre-owned demand — and generate revenue and data, not only buzz.

Brands as hosts of communities

The running-hub model extends to other participation categories: sponsoring the infrastructure of a hobby rather than a single event.

Capital-light, modular formats

Touring concepts, modular showroom systems, smaller single-story galleries and partner takeovers reduce risk and speed learning.

Physical-to-digital data funnels

As third-party tracking erodes, bookings and personalization profiles become a primary first-party data source; wearables and AI blur the line further.

AI raises the bar on service — and the risk

Clienteling and configuration personalize at scale, but Forrester warns over-automated self-service erodes quality. The human in store becomes scarcer and more valuable.

Asia sets the pace

Shanghai and Seoul host the most ambitious formats; London is a tourist-heavy proving ground, though northern cities lost luxury tourist momentum in 2025.

A tougher hurdle

With the luxury base shrinking and Nike-style retrenchment showing how fast estates are cut, the survivors will be formats that show contribution in CFO terms.

Signals to watch, next 12–24 months: whether LV converts its touring hotel into permanent hospitality · Bentley's atelier rollout pace ahead of the Torcal EV in 2027 · RH's restaurant-led payback claims · whether Nike rebuilds community-led retail after restructuring.

The bottom line

Spectacle has become table stakes. Earn the return in services, community and data.

Ask what job the space must do, root it in an asset only you own, buy the cheapest reversible format that can answer the question, and judge it on trade-area halo and 12-month cohort value — not the till or the buzz.

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