

**Shopping Centers Today**

Back Issues

Board

Advertise

Subscribe

Contact Us

**CONTENTS**  
August 2003

**COVER STORY**

**Stronger tenants fuel power center surge**

**Mall management firms face a shrinking universe**

**Return to basics spurs gap rebound**

**Mixed-use carries risks, some warn**

**ICSC NEWS**

**Winning center designs capture Euro Awards**

**DEVELOPMENT & LEASING**

**Libeskind takes on retail**

**News in brief**

**FOCUS: FLORIDA & THE SOUTH**

**Gulfgate's reconstruction helps brighten Houston neighborhood's fortunes**

**Simon, Jacobs vie in Southwest Florida**

**Developer plans large mall east of Orlando**

**News in brief**

**RETAILING TODAY**

**May hopes David's Bridal will lure young shoppers to department stores**

**Anthropologie gives shoppers a world of goods**

**THE BOTTOM LINE**

**RETAILING TODAY**

**PERFECT MATCH?**

**May hopes David's Bridal will help department stores woo young shoppers**

**BY NANCY COHEN**

*David's Bridal is ringing the wedding bell blues for the independent retailers who have long dominated the bridal wear category. The Conshohocken, Pa.-based chain has grown sixfold since 1995 to become the only national bridal retailer, with 184 stores in 44 states.*

Backed by May Department Stores Co., which acquired the chain in 2000, David's is rolling out its 10,000-to-12,000-square-foot stores at a rate of 30 a year. The chain plans to grow to 330 stores by 2008.

As it grows, David's is amassing an increasing share of the \$5 billion wedding apparel market. Already the company claims to sell more than 20 percent of all the wedding gowns bought each year in the United States, business wrested largely from single-un retailers. In the past five years, the number of bridal stores has contracted by about 1 percent to a current total of 6,500, according to Peter Grimes, publisher of *Vows*, a bridal trade magazine.

"David's Bridal has clearly had an impact," he said.

But if other bridal retailers are wary of David's expansion into a Goliath, landlords are welcoming it.

"It's one of the best boxes around," said Norman Peters, senior vice president of Youngstown, Ohio-based development firm Cafaro Co. "They're real professionals who know what they're doing, and their draw is fantastic." A David's Bridal opened this spring near a power strip at Cafaro's Eastwood Mall, Niles, Ohio. Two more are under construction at Cafaro centers, and a fourth deal is in the works, Peters said. The chain prefers high-traffic, high-visibility sites near, but not in, regional malls, which are "just too costly," according to David's Bridal CEO Robert Huth.

By bringing a chain-store formula to the bridal business, David's is transforming the bride-to-be's search for her perfect gown — much as Barnes & Noble and other superstores revolutionized the way book lovers browse for a good read.

Buying a wedding dress has traditionally demanded leaps of faith and the willingness to delay gratification. At salons brides try on samples (not necessarily in their size), place a special order, wait months for delivery, then have a tailor customize the fit. But walking down the aisles at David's Bridal, they can choose from hundreds of styles in sizes 2 to 26W and



Are REITs slowing down their borrowing?

#### DEPARTMENTS

Update: REITs buy two top California malls

Update: Pyramid's Destiny USA in question

Briefly

Corrections & Clarifications

Clicks & Bricks



**David's Bridal, owned by May Department Stores, plans to have 330 stores open in five years.**

buy a gown right off the rack.

"The David's difference is convenient shopping under one roof, with a breadth of product that offers exceptional value," said Huth, who joined the company in 1995, when it consisted of 30 stores.

"They have a better mousetrap," Sally Wallick, retail analyst at Legg Mason, told CNN/Money when St. Louis-based May acquired the chain. "They have created a format that is very consumer-friendly and solves a lot of problems

for the bride-to-be." (Wallick has since retired.)

Although May CEO Gene S. Kahn has made clear the company's intention of dominating the nuptial niche, upscale bridal salons, where wedding gowns may be priced well into the thousands of dollars, have nothing to fear from David's. The company aims square at the mass market. The stores, done in peach and green, are "not overly elaborate," Huth explained. "We just want to offer a pleasant environment in an easy-to-shop store that displays merchandise well."

Its gowns sell for \$500 on average, compared with the industry average of \$800. (All statistics in this article not otherwise sourced are drawn from the 2002 Condé Nast Bridal Group Infobank survey of American weddings.) "We believe the product, for the money, is equal to those that cost two to three times as much," said Huth.

The smaller price tags derive from David's larger size, which has enabled it to cut out the middleman. The company buys its apparel, all of which is sold under private labels directly from factories in Asia.

"They have a depth of margin that most retailers would kill for," said Grimes.

Another profit-boosting advantage comes from selling off-the-rack, which reduces the cost of customer service. During the typical nine-to-12-week special-order process at other salons, the bride "visits" her gown four to six times, usually with friends and mother in tow, and spends a total of up to 24 hours with a sales associate, Grimes says.

Yet even at David's competitive prices, the final tab is substantial, says Huth. In addition to wedding gowns, David's sells shoes, jewelry, gloves, headpieces, veils and other accessories that complete the bride's ensemble — and add at least 50 percent to the price of the gown.

Then there's the rest of the wedding party to clothe. The vast majority of weddings are formal, with an average of five bridal attendants and five ushers. David's offers dresses for the bridesmaids, flower girls and the mother of the bride, as well as gifts for the bridal party.

But beyond the sweetening of margins and the gaining of market share from other retailers, is there much of a future in the small, specialized bridal business? After all, David's is wooing a once-in-a-lifetime (maybe a twice-in-a-lifetime) customer in a market that has been flat for at least two decades, with the number of weddings holding steady at 2.3 million a year.

Huth says the company will grow by branching into related areas, though he declined to discuss details. The fact that apparel accounts for only about 11 percent of the \$43 billion spent annually on weddings suggests a lode of barely mined opportunity. "People underestimate the potential of the business," Huth said. "It's not about a dress, it's about an event. ... The gown business establishes a relationship for other businesses

and services and gives us opportunities to expand into other areas.”

In this vein, it presents an opportunity for May, which operates 445 department stores under 11 names, including Lord & Taylor, Robinsons-May and Strawbridge’s. “May bought us for what we could bring to the profitability of the company,” Huth said, “and to get entrée to a younger customer.”

The corporate parent ardently hopes that couples who go to the altar outfitted by its wedding retailers will enter into a lifelong relationship with its department stores. Indeed, since its union with David’s Bridal, May has expanded its holdings in the category. It acquired formal-wear brand After Hours, the country’s largest tuxedo dealer, and the upscale Priscilla of Boston, a 10-unit bridal chain. It also invested \$5 million in The Knot, a bridal Web site.

At May’s annual meeting, Kahn called the bridal group’s stores “a tremendous complement to the growth of our department stores’ wedding registries. ... [T]hey contribute greatly to our pursuit of younger customers. With these terrific synergies, we are attracting many young-adult customers into our home stores, perhaps for the first time.”

And they are highly desirable customers. Today’s average bride and groom are 27 and 29, respectively. In 1960 she was 20 and he was 23. They are not only older, but better educated and more affluent than couples of a generation ago, said Pete Hunsinger, president of Condé Nast Bridal Group, the publishers of *Bride’s* and *Modern Bride* magazines.

“A bride is the drunken sailor of all possible consumer prospects,” Hunsinger said. “She makes decisions in 177 different retail categories, from perfume and makeup to shoes and pearls.”

Over the course of the average 16-month engagement, the Condé Nast wedding survey says, the betrothed decide how to spend \$120 billion: \$43 billion on the wedding, \$7 billion on the honeymoon and \$70 billion for the life they’re launching together — including automobiles, insurance, financial services and goods for their home.

A pertinent part of the shopping spree for May is the \$6 billion in gifts that couples register for. That offers its stores exposure to the 304 million guests who attend weddings each year. There’s also the \$9 billion in jewelry and \$606 million in beauty products they purchase for the wedding and honeymoon, and the \$4 billion in furniture, \$3 billion in housewares and \$413 million in tabletop goods they shop for as they set up house.

May’s divisions are already working together and sharing databases to capitalize on the opportunity. Representatives of After Hours spend up to 40 hours a week at David’s Bridal stores to discuss tuxedos. Department store associates are on hand to promote their gift registries.

Meanwhile, May’s bridal group is outperforming its department stores in sales per square foot, \$244 to \$172. Last year the bridal group’s 425 stores (180 David’s Bridal, 235 After Hours and 10 Priscilla of Boston stores) posted \$508 million in sales, according to May’s annual report.

But some observers question the value to May of the wedding chain purchases, which cost \$436 million for David’s Bridal alone. (The company did not disclose terms of the other acquisitions.) The department store business has been struggling, and May’s



**FACT FILE**

**David's Bridal**

**Headquarters:** Conshohocken, Pa.

**No. of stores:** 184

**Preferred locations:** 10,000-to-12,000-square-foot freestanding sites and power centers near regional malls, with 700,000-750,000 people within a 22-mile radius

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same-store sales had slumped in 16 of the past 18 months, as of press deadline.

"It adds sales at the margins, and it's good for their gifts and registry, but their core business is collapsing," said Therese Byrne, a New York City-based retail analyst. "I'm concerned the bridal business could be a crutch, a quick fix — let's go out and buy growth. Is that the best use of capital?"

May executives seem convinced that it is. The company's \$600 million capital plan for 2003 includes opening 30 David's Bridal stores, 15 After Hours and two Priscilla of Boston stores.

And wedded to May or not, David's Bridal remains much desired.

"We're delighted to have them, and their proven track record was one reason," said Greg Browne, director of asset management at North American Properties, Atlanta. A David's Bridal opened in April at his company's Florence (Ky.) Square Shopping Center, a regional power center 15 miles from Cincinnati. "In just a month we've seen an increase in traffic and the excitement of people coming into the shopping center." It might just be the perfect match.