

Apple's retail plans will push company deeper into China, overhaul US stores

June 2 2023, by Mark Gurman



Credit: Unsplash/CC0 Public Domain

Apple Inc. is working on plans to expand and revitalize its retail chain, aiming to push deeper into China and other parts of Asia while overhauling established locations in the U.S. and Europe.

Through 2027, the iPhone maker is discussing opening 15 new stores across the Asia-Pacific region, five locations in Europe and the Middle East, and four additional outlets in the U.S. and Canada, according to people with knowledge of the deliberations. The company is also aiming for six revamped or relocated stores in Asia, nine in Europe and 13 in North America, said the people, who asked not to be identified because the matter is private. In total, the company is proposing 53 new, relocated or remodeled stores over the next four years.

Apple looks to bring fresh luster to its 22-year-old retail operation, which is one of the world's most venerated chains but also has contended with pandemic woes, customer service problems and labor unrest in recent years. The idea is to build Apple's brand in growth markets, such as India, while also giving consumers in the U.S. and Europe a better experience.

The most notable new stores under discussion or in development include three sites in India, the company's first outpost in Malaysia and an upgrade to Apple's historic location in the Opera shopping area of Paris, according to the people. It's also soon opening a store at the Battersea Power Station in London by its new local headquarters and is planning an additional location in Miami. And there's a flagship store slated for the Jing'an Temple Plaza in Shanghai.

Some of the future locations and their timing remain either internal projections or proposals, meaning they could either be delayed or canceled altogether. Still, many of the stores are already in development, with Apple having agreed to leases with landowners. A spokesman for the Cupertino, California-based company declined to comment.

Apple currently has more than 520 stores in 26 countries, with roughly half of them located in the U.S. The chain is famously lucrative on a square-footage basis, but the stores are often more about building

Apple's brand than selling goods. The company gets most of its revenue from other channels, including its e-commerce site. Still, the brick-and-mortar locations serve as a key place for customers to buy products on release days, get technical support and take classes.

The company's retail operations are overseen by Deirdre O'Brien, one of Apple's longest-serving executives, who took over the duties when Burberry Group Plc veteran Angela Ahrendts left the role in 2019. Construction and upkeep of the stores themselves is managed by Kristina Raspe, Apple's executive in charge of global real estate and facilities. That group reports to the company's chief financial officer rather than O'Brien.

Apple operates four types of retail outlets, according to internal specifications: a standard store within indoor malls, "Apple Store+" locations that can be in outdoor malls or on city streets, "flagships" in key areas with unique designs, and "flagship+" stores, which are the largest and most expensive to operate. Regular stores typically generate more than \$40 million annually, while Apple Store+ locations bring in over \$45 million, according to internal data. The flagships generate more than \$75 million, while the flagship+ sites make over \$100 million annually.

The main focus of the expansion is the Asia-Pacific region, with 21 new or revamped sites planned through 2027. The market generated about \$130 billion of Apple's revenue last year—roughly a third of its total—and countries like India have emerged as a critical growth engine. Apple opened its first two stores in India in April.

Later this year, the company is opening a new mall store in Wen Zhou Shi, China, upgrading its Nanjing East flagship in Shanghai and adding a pair of new outlets in South Korea. That expansion in South Korea, the home turf of chief rival Samsung Electronics Co., will bring the total

number of outposts in the country to seven. Apple opened its Gangnam store in Seoul in March and its Myeongdong location a year ago.

For next year, the company is planning its first store in Malaysia, located in Kuala Lumpur; the new Jing An Temple Plaza location; a remodel of its Pudong site in Shanghai; and potentially its first outpost in Foshan, China. It's also planning a new store at the Grand Front Plaza mall in Osaka and a remodel of its Shinsaibashi location in the region.

Even with U.S.-China relations souring, Apple remains highly dependent on the Asian nation—both as a manufacturing partner and a market for its goods. Chief Executive Officer Tim Cook celebrated that relationship during a trip to China earlier this year, calling it "symbiotic," and the retail growth underscores Apple's commitment to the country.

For 2025, Apple is discussing opening its third store in India—in the Borivali suburb of Mumbai—and may relocate its site in Perth, Australia. Four new China stores are proposed for that year as well, in addition to a remodel of Apple's Ginza shop in Japan, which was the company's first in the country when it opened in 2003. The store was relocated to a temporary space last year after its original building was demolished.

Apple is proposing opening its fourth India location in 2026. It would be the second one in New Delhi, situated at the DLF Promenade mall. That store could become the second-largest for Apple in India, after the Bandra Kurla Complex site that debuted in Mumbai in April. The company is also laying the groundwork for a new store in Yokohama, Japan, and a relocated outlet in Shibuya Marui, Japan. In 2027, Apple aims to add a fifth Indian outpost, a location in the seaside Worli area in Mumbai.

In Europe, Apple looks to open the London store in the Battersea

location as soon as this month. The company is also planning a new store in Madrid at the La Vaguada shopping center, as well as a relocation for its Milton Keynes store in the UK. Europe generated more than \$95 billion for Apple last year, or about a fourth of sales. The UK is Apple's third-biggest retail market, home to about 40 stores.

The locations that Apple is rebuilding or moving are mostly aging or outdated stores. In some cases, they're smaller than most modern locations or they lack features like a product pickup area or seating for classes. Apple's aesthetic also has changed over the years. The company has transitioned away from metal walls and accents to wooden shelves.

More broadly, O'Brien is seeking to improve the experience in Apple stores. Complaints from both customers and employees have stacked up in recent years, and the chain has lost some of the cachet it enjoyed when Apple's gleaming logo first began popping up in shopping centers two decades ago. The company also been dealing with a unionization push both in the U.S. and abroad.

For next year, Apple is discussing relocating four UK stores, as well as a location in Le Chesnay, France, and will open its fourth site in Sweden. A year later, it's planning to relocate one more UK site, potentially remodel the Opera location in France and open a new location in Abu Dhabi's Al Ain. That will mark its fifth store in the United Arab Emirates.

Apple is also proposing a new store in Dortmund, Germany. That country is Apple's eighth-largest retail region, featuring over a dozen sites. For 2027, it's discussing a relocation in Munich.

Apple's retail plans in North America also are focused more on overhauling existing operations than spreading to new cities. First up is a revamp of the Tice's Corner store in Woodcliff Lake, New Jersey, slated

for next month. That location was Apple's last with an original black front, dating from the chain's debut in 2001. The company is planning three other U.S. relocations and one Canada store move during the remainder of 2023.

For next year, Apple is considering a few new U.S. sites, including a mall store in the Southern California city of Torrance and a large new location at the \$4 billion Worldcenter development in Miami. It is also discussing eventually opening a major new store in Detroit and a relocated store in Ann Arbor, Michigan.

Apple is planning a store at the Birkdale Village mall in North Carolina as well, replacing a Charlotte location that abruptly shuttered in March following a rash of shootings in the area. An additional five other relocations are being eyed for the U.S. in 2024.

In 2025, Apple is proposing opening its second outlet in Kansas, a large store in Wichita, and is planning three other U.S. relocations. It's also considering moving its Sainte-Catherine Street store in Montreal.

2023 Bloomberg L.P.

Distributed by Tribune Content Agency, LLC.

Citation: Apple's retail plans will push company deeper into China, overhaul US stores (2023, June 2) retrieved 4 May 2024 from <https://techxplore.com/news/2023-06-apple-retail-company-deeper-china.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--