

SHOW
ISSUE

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HFN



HOUSEWARES EXCLUSIVE

Top housewares
execs discuss
their hopes and
expectations
for the new year.
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FOR HOME AND HOUSEWARES DECISION MAKERS
JANUARY 2015 • \$18
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The RH Factor

Why this is the single most important store
in the home business today.

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ALL EARS

Lee Jofa's Groundworks brand has launched a collection of vibrantly colored and visually stunning fabrics, wallpapers and carpets designed by Hunt Slonem, an artist best known for his Neo-Expressionist paintings of exotic animals and tropical plant life. leejofa.com



OPEN WIDE

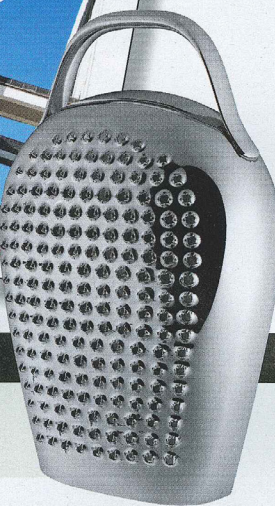
Vista Alegre's collector's plate series, the result of a collaboration with International Illustrators, makes its American debut this month. This illustrate plate features the work of Frédérique Bertrand. myvistaalegre.com



HFN Atlanta
HFN's market issue, HFN Atlanta, will be handed out exclusively at Atlanta's gift and rug market this month, highlighting trends, show news and events beyond the coverage in this issue.

Greater Grater

Alessi brings its design know-how to the humble box grater with this new piece designed by Chiave-Bozzoli. alessi.com



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THE RH FACTOR

**Why the new
RH Gallery
in Atlanta
is the
single most
important
store in
the home
business
today**

**By Warren
Shoulberg**

THE RESTORATION IS, IF NOT QUITE COMPLETE, WELL ON ITS WAY.

With the opening here of its single largest store – and most complete physical manifestation of its business strategy and philosophy – RH has raised the bar in home furnishings retailing once again.

The retailer – once known in its Restoration Hardware days as a purveyor of kitschy home goods and mission-style furnishings – has over the past seven years totally reinvented itself.

And the new store – officially RH Atlanta, The Gallery at the Estate in Buckhead – represents everything that CEO Gary Friedman has brought to the picture.

“This store is the best expression of who we are now.”

In fact, with this new store – he prefers Gallery and don’t call it a flagship – there is not a single trace left of the former Restoration Hardware he joined in 2001:

- At nearly 70,000 square feet and six stories, it is the first RH next generation Design Gallery, showcasing the first physical expression of Small Spaces, as well as RH Baby & Child.
- Situated in the posh Buckhead neighborhood, it features valet parking, acres of gardens and terraces and enough doors and windows so that some passersby believe it is a hotel rather than a retail establishment.
- Inspired by classic Southern estates, it features dramatic double staircases, a multi-story central hall, barrel-vaulted passageways and more nooks and crannies than a well-known breakfast muffin.
- Furniture and decorative products are displayed in the signature minimalist, monochromatic look the company is known for, with vignettes often repeated multiple times

for emphasis.

- The entire structure is topped off with a conservatory-style top level with expansive rooftop terracing and room for a planned wine bar.

“I don’t know if I’d call it a store, it’s more like a home,” Friedman said at the ribbon cutting in November. “The vision here is to create an endless reflection of who we are.”

And that reflection is far different from the company’s origins, which is why Friedman is gradually replacing every one of its earlier stores with these Gallery-style units, including the Perimeter Mall store that closed the week Buckhead opened.

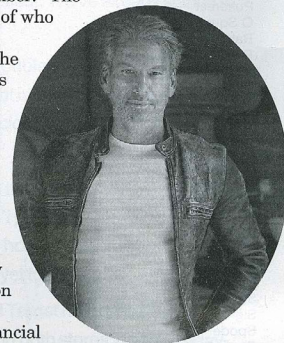
“All of the old stores were built for a different company,” said Friedman, who as always was dressed stylishly casual for the opening, in black Henley T-shirt, camel-colored khakis and military-style boots. Eventually there would be 60 to 70 of these next-generation stores, he said.

On a recent conference call, RH chief financial officer Karen Boone said at least four more galleries would open this year, in Chicago, Denver, Tampa, Fla., and Austin, Texas. Another five leases are set for 2016 though she did not give locations.

As the new format stores open, Friedman said RH will begin to dial back its massive direct-mail efforts, which have grown to more than a dozen individual catalogs totaling thousands of pages.

“Right now catalogs are the only physical manifestation

Continued on page 16



Gary Friedman

PHOTO: ALEX FARNUM



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RH Positive

- At nearly 70,000 square feet and six stories, the Atlanta Gallery is the brand's first-ever, next generational Design Gallery.
- The new store is the first of what will ultimately be 60-70 Gallery locations. Four more are set for 2015.
- Right now about half of RH's volume comes from non-store, that is catalogs and online, but it believes more will migrate back to physical stores as new format locations are rolled out.
- As more new-era stores are open the company will begin to cut back on its massive catalog efforts.
- Not a single element of the original Restoration Hardware merchandising model still exists in the modern RH era ... including the name.

- 1 The main floor of the new Atlanta Gallery features mirror-image displays of upholstery, case pieces and decorative accessories.
- 2 The dramatic top floor conservatory of the six-story building seamlessly blends the inside and outside worlds.
- 3 Textiles products are shown integrated into bedroom displays as well as in their own dedicated area.
- 4 The monochromatic design story remains an RH signature, with whites and grays dominating the assortments.
- 5 Terraces, including this one on the top floor of the new store, are situated throughout the six-story structure.



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of what we are, but we won't need the source books in their current incarnation once we have more galleries open.

"And the web is a great thing but it's not the same as a store.

"It's not about the Internet, it's about the lack of imagination at retail," Friedman

continued. "Department stores and shopping centers are basically windowless boxes built for a different time."

While RH does about half its volume from non-store sources – online and direct mail/phone orders – physical stores will always be the backbone of the company he said. "I believe exactly the opposite that stores are going away. In fact, more of our

business will go back to the stores as we open more of them. We are social creatures."

Products in the new Atlanta Gallery run the RH gamut, from large-scale upholstery and furniture, to lighting, mirrors, decorative accessories, textiles and tabletop. The Small Spaces floor, an off-shoot from a stand-alone catalog launched last year, takes the usual RH scale off of steroids down to smaller apartment-sized residences.

And while much of the product is developed directly by RH, Friedman points to three principles as the foundation of its merchandising strategy: Innovate, curate and integrate.

"We started with what we loved but we were limited to the design inspiration of our team and we never got the best from the outside," said Friedman. "We look at it like Apple, which works with the best developers. What we try to do is establish the best platform."

And while RH does house a Ben Soleimani Rug collection in the new store, Friedman said there are no plans for any other co-branded programs.

But the RH reinvention is far from over. New concepts that RH is working on include RH Atelier, RH Antiques and Artifacts and RH Kitchen. Also, in development, a boutique hotel concept—Friedman prefers to call it a "Guest House."

Friedman—who cut his retailing teeth at Williams Sonoma and is generally credited as the executive who created the modern Pottery Barn—is known for both his merchandising savvy and his flare for the philosophically dramatic. On the company's most recent earnings call, he produced a video for investors.

At the Atlanta opening, he was no less philosophical. "We don't want to change the face of retail, but rather give it a soul."

RH's new Gallery here takes home furnishings retailing into a new level of merchandising, sophisticated presentation and experiential shopping.

And Friedman is only too glad to be leading the way. "We're not really good followers." ■