

A FORMULA FOR SUCCESS: 4 KEY RETAIL VARIABLES THAT WILL COMBAT CONSUMER'S CHOREDOM-BOREDOM

Why is it that I just can't seem to muster up enough strength to push through the crowds, deal with sales-help who don't know their right from their left and shield myself from neon lights that are supposed to guide me to my product of choice. Is it me? Is it the places I shop? Am I a victim of uninventive retailers like my local Wal-Mart that make me feel like shopping is a chore?

I think retailers today are in big trouble. Directly responsible for what I call the illness of choredom-boredom, when consumers regard shopping as a chore, retailers have created an unpleasant shopping experience for consumers and we are tired of it. Boring retailers around the globe are losing their consumer business to more inventive retailers like Whole Foods and in order to survive, they need a solution that will attract consumers back to their stores.

However, while the solution is painfully obvious, it is just as painful to implement.

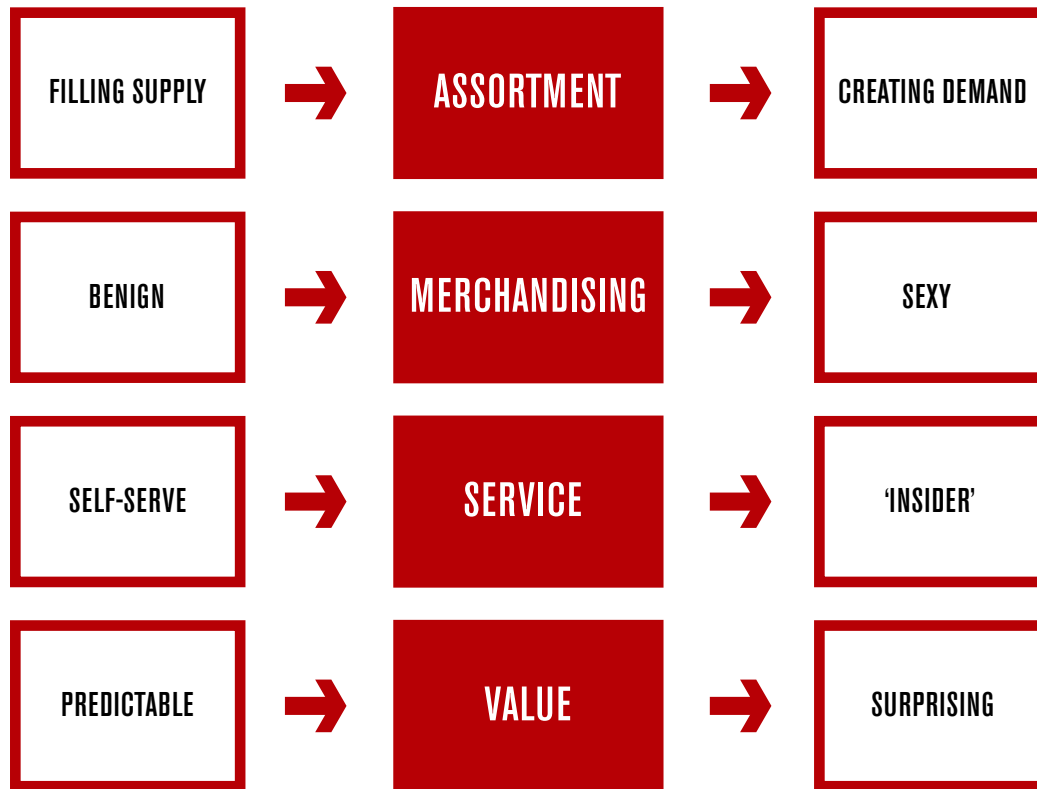
In our pursuit of the antidote to choredom-boredom, we enlisted the help of the BigHeads Network (a network of influencers and thought leaders in a variety of non marketing industries) to develop a prescription that will give retailers the tools they need to successfully combat choredom-boredom once and for all.

THE REMEDY

The remedy calls for retailers to migrate from being great merchandisers to becoming real marketers. But, what does this mean, exactly? The current boring retail formula for success is to have lots of products on shelves, with some signage, price-offs, flyers, and displays. This approach assumes that the demand already exists and that retailers are supplying the demand. It's merchandising at its finest. But, today, there's an over-saturation of supply up against consumer boredom. That's why shopping trips in total are flat to down and consumer enthusiasm is flagging.

A marketing approach would be to actually create demand, rather than filling supply, through four ways: 1) unique assortments, 2) sexy merchandising, 3) 'insider' service, and 4) 'discovery'.

The chart below gives an overview:



For years, retailers have employed a practice of merchandizing brands to make them known and available rather than strategically marketing such brands to connect with their consumers. It's a supply side philosophy. As a result, retailers have made consumers feel like shopping carts- we're just here to be filled up with the items available. Sounds boring!

Yet, retailers don't have to subscribe to this kind of model any longer. By doing a thorough audit of the areas outlined in our remedy, retailers will win back the loyalty of their customers and will experience consumer resurgence in their business like never before.

Therefore, in the next section, we are going to break down the ways in which retailers can change their business for the better. While we know that most retailers won't be able to change their business' in a day, by pointing out the ways retailers can improve variables such as assortment, merchandizing, service and value, we are confident that retailers will be well on their way to remedying the malady of choredom-boredom once and for all.

1. ASSORTMENT: FILLING SUPPLY OR CREATING DEMAND?

In order for retailers to measure the importance of selection and value effectively, I always advise them to begin by asking themselves the very important question: does the cost of doing business extend beyond assortment? We believe the answer is yes! Let's see:

A. THE COST OF DOING BUSINESS ("WHAT IS NECESSARY IS NO LONGER SUFFICIENT!")

If it were up to us, we would throw the practice of assortment optimization out the window. While this practice has worked extremely well for grocery retailers and others in the past, it not only creates choredom-boredom in consumers but, it is detrimental to our consumer health. Through our research, we have found that what used to be necessary is no longer sufficient and in order for retailers to survive, they are going to have to start listening to their consumers demands. One of our BigHeads describes it best when he says, "the big box discounters like Kohl's, Wal-Mart and such really disappoint customers by only providing merchandise at a low price."¹ Having less than 40% of total merchandise as unique no longer works.

¹ CEO of Nasdaq listed fashion retailer, Bigheads Playbook for EMAK Worldwide, Inc. (November 27, 2006), Feedback, Question 2.

B. THE IMPORTANCE OF SELECTION AND ADDED VALUE (“BOUTIQUE ME!”)

We place selection and added value as the first point of business on our prescription to retail success. As stated above, the ROI of offering selection and added value to consumers is more than worth the cost of employing this new venture. By offering stocked aisles, a large array of goods, boutique aisles, great savings, and added value items that will help insure repeat consumer visits, retailers will win back the business of consumers plagued by choredom-boredom and will become more profitable than ever before. But, how can retailers employ such practices effectively? We think a good way of understanding how to employ these practices is to look at the retailers who already do it effectively; namely, Costco, Williams-Sonoma, Amazon.com and Bergdorf-Goodman.

Costco, Williams-Sonoma and Amazon.com all effectively offer selection and added value to their consumers. Costco prides itself on providing its members with a sense of value and offers consumers a giant selection of savings on important staples and out of reach items just for being a member. “Costco offers products that most consumers would never consider—like \$4,000 flat screen televisions and \$30,000 diamond solitaires...”² By offering such out of reach items at a fraction of their competitors’ price, Costco successfully dignifies the discount; their consumers are proud to shop at their store.³ Williams-Sonoma caters to the inspirational cook by posting recipes in their aisles that will help encourage consumers’ creativity while shopping. And, Amazon.com provides consumers with a large selection of tailored recommendations that encourage consumers to find great gift items and discover new things that they might not normally know about. By providing consumers with this type of selection and value, these retailers have built a loyal consumer base that will not deviate from its allegiance to these stores.

Retailers also offer extra value to their consumers by boutique-ing their aisles. Jessica Graham, Marketing Manager at Yahoo! says, “I love nothing more than going to a store that really understands my needs. If I want to cook spaghetti and I go to a pasta aisle and see strainers along with multiple types of sauces and noodles, I know that the store has taken an interest in me and my needs. (As a result,) I am inspired to dig a little deeper into what I might find and will make that store my top choice for my purchasing needs.”⁴ By featuring boutique aisles that offer a wide selection of complimenting products, retailers get consumer’s juices flowing and inspire them to make return visits for their shopping needs.

In fact, Bergdorf-Goodman’s successfully changed its consumer outcome by providing a boutique of the aisles. In the early 1990’s, Bergdorf’s was not doing well. Consumers were reluctant to shop at the expensive and massive store that they felt overwhelmed their senses and found difficult to manage.⁵ As a result of declining sales, the store embarked on a giant makeover to help its customers navigate through its many offerings.⁶ Based on a “boutique of the aisles” model, this make-over created a streamlined but, manageable store that offered consumers a wide variety of brand name boutiques that would just as happily work together than alone in order to insure a positive consumer experience. It was no longer the idea that Macy’s wont work with Gimbel’s. Rather, Armani would be more than happy to work with Chloe to find the consumer the perfect outcome. This manageable, collegial way of interfacing built bridges in a store that had previously been fragmented. It insured the customer a successful experience and as a result, sales skyrocketed.

THE TEST:

Ask yourself what percentage of the items I just bought can I get elsewhere? If the answer is over 40%, then you are bored and you’re in a boring store.

2. MERCHANDISING - BENIGN OR SEXY?

Oftentimes, retailers talk about the importance of merchandising but, don’t really realize how important it is to the over all consumer experience. We are here to tell you that it is imperative. The most successful retailers are those that provide a totally sensory-stimulating environment, not just metal shelves, clean floors and muzak.

However, merchandising does not only have to do with the products for sale. Rather, it covers a variety of areas that cause consumers to smile. Those areas include added amenities like music to ease the hectic shopper, break areas where consumers can feel more at home, and self service kiosks to insure faster service.

In 2006, Upshot in Chicago helped turn around one of Bridgestone/Firestone’s national auto repair brand’s biggest

² Mitch McCasland, The Dignity of Discount, <http://www.marketingprofs.com/2/mccasland2.asp> (December, 2002).

³ Mitch McCasland, The Dignity of Discount, <http://www.marketingprofs.com/2/mccasland2.asp> (December, 2002).

⁴ Jessica Graham, Marketing Manager Yahoo!, interview, December 6.

⁵ “Revamping Bergdorf’s: Store Steps Up Program Sales to \$500 M,” WWD, 12 September, 2005, Vol.190, Iss. 56, p.1.

⁶ Neiman Marcus Group Annual Report 2000, http://media.corporate-ir.net/media_files/NYS/NMG.A/reports/nmg_ar00.pdf (2000).

business challenges: they created a sense of consumer loyalty in a category that typically breeds consumer indifference. While auto repair retail outlets are definitely in need and utilized by a plethora of consumers, Upshot found that consumers often consider it a chore on the same level as going to the dentist. They know they'll eventually have to do it - but they never want to do it and they certainly won't enjoy the experience. To make consumers feel more comfortable, Upshot placed a new priority on the total in-store experience. Upshot took design cues from other retail outlets where consumers don't mind spending time. Old and often intimidating service counters were replaced by smaller, more intimate service pods, bringing trust back into the service relationship. Rather than installing bigger televisions and more collateral in the waiting area, consumers could melt into overstuffed chairs. A new service and tire wall put relevant information and services at the consumer's fingertips. Upshot successfully repositioned Firestone Complete Auto Care and the newly designed prototype has been met with consumer and associate raves as well as increased loyalty.



FIRESTONE'S IN-STORE EXPERIENCE BEFORE...



FIRESTONE'S IN-STORE EXPERIENCE AFTER UPSHOT'S REDESIGN...

Details like the type of music retailers play can have dramatic and direct effects on their business. Researchers have found that slow tempo music can increase sales as much as 38 percent in retail stores because it encourages leisurely shopping.⁷ Nordstrom's believes in this exact philosophy. Featuring a classical pianist that plays on the busiest of all floors, Nordstrom's consumers don't mind the hustle bustle of the store. Rather, the music calms them and they feel like they are having an upscale shopping experience.

Lord & Taylor's also employs music to evoke emotions in their consumers, but they do so in very different way. The high-end department store utilizes a D.J. to inspire a sense of care-free fun in consumers, creating a mood amongst the masses that shopping doesn't have to be serious; it can be a great time where great purchases are made. Since sound can also impact moods, and moods may affect how consumers feel about products, employing music is an important customer service tactic that can produce great results for retailers.⁸

Whole Foods is a retailer in the forefront of creating a comfortable atmosphere for its consumers. Featuring a café where food can be made to order and a comfortable area where consumers can take a break from shopping or a breather to eat their lunch, Whole Foods customers take advantage of the added amenities the store offers and look forward to their shopping experiences there. In fact, according to USA Today, Whole Foods grocery stores enjoyed a 15% jump in total sales last year while the average supermarket grew just 1%. By taking the mundane task of grocery shopping to an inspiring and interactive new level, Whole Foods customers can realize their lifestyle aspirations and take advantage of all of the added amenities the store has to offer including sipping a glass of pinot in the produce section.⁹

THE TEST:

After your next shopping adventure, ask yourself how hard you really had to work to get through the store and find everything? Was it a chore, or did you smile along the way?

⁷ Marketingprofs.com, Increase Sales with Color, Sound, Taste, Smell and Touch, http://www.marketingprofs.com/tutorials/senses_sales.asp (2000-2006).

⁸ Increase Sales with Color, Sound, Taste, Smell and Touch, http://www.marketingprofs.com/tutorials/senses_sales.asp (2000-2006).

⁹ Lisa Johnson, Get Ready for Retail Theater, <http://www.marketingprofs.com/5/johnson3.asp>, (May 2005).

3. SERVICE (“YOU REALLY GET ME!”)

Service is absolutely one of the most important factors in combating choredom-boredom in consumers. And, it starts in the most basic of retail levels: with employees, in-store displays and new product offers.

According to our BigHeads panel of experts, consumers want to learn, to be inspired and to leave retailers smarter than when they arrived.¹⁰ As a result, retailers need to focus on ways in which they can educate their consumers about new products, arrivals and or existing specials that will help bring an added value to the consumer experience. A member of the BigHeads Network summed up the importance of working with retail employees that are educated about products by saying, “I hate nothing more than being sold, but I love someone who can help me buy.”¹¹ The staff that focuses on what is good for the customer rather than how much they will make on the sale, earn the trust of consumers and will generate more sales from return customers.¹²

One such store that evokes repeat visits from customers is Borders Books. According to Borders UK brand manager Josephine Birt, Borders is a bookseller that bases its philosophy on being friendly and accessible to all.¹³ Staffed with knowledgeable employees who have to go through a rigorous screening process, Borders prides itself on providing consumers with a sales experience that doesn’t feel like it’s based on sales for sales sake. “...the experiential side of the brand (is built) through in-store activities such as mothers and toddler groups, creative writing sessions, and quizzes...(It) is really important, because Borders is all about being approachable.”¹⁴ As a result of the store’s accessible style, the store has a loyal consumer following and growing sales

Williams Sonoma takes education to heart and gets great marks for the focus they put on training employees to become educated about their products. At Williams Sonoma, employees offer to take consumers around the store to help make “smart” purchases. By giving the consumer “smart” information, Williams Sonoma positions itself as a source for hip, cutting edge and with it information; and as a result, by shopping there and gleaning information, the consumer becomes hip, cutting edge and with it as well.

According to Susan Ward in her article 6 Sure Ways to Increase Sales, giving the customer the inside scoop can also be very rewarding for the retailer as well. “Recently I was shopping at a retail house-wares store. I had picked out an item and was mulling over whether to buy it or not when a salesperson came up to me and said, ‘I see you’re interested in that blender. We’re having a sale next week and all our blenders will be 20 percent off. You might want to come back then.’ Guess what? I did – and bought two other items as well. Lesson: if you have a promotion or sale coming up, tell your customers about it. They’ll come back – and probably bring some friends with them too.”¹⁵ Thus, the opportunity to edify consumers is immeasurable and insures that these retailers will be top-of-mind for consumers when they want to combat choredom-boredom.

Retailers can also edify their consumers by employing interactive displays to showcase information about new products, innovative ideas or recommendations that will better a consumer’s life. In addition to displays, retailers can also employ tactics referred to in the previous customer service and selection and value sections that will ensure that the customer will have a positive retail experience. By employing a knowledgeable staff and aisles that are boutiqued, consumers will feel like the retailer “gets them” and they will be inspired to make purchases based on what the retailer thinks and positions as important.

THE TEST:

Ask yourself, ‘did I learn anything new?’

4. THE REAL VALUE (“CAN YOU BELIEVE IT? I WON AT SHOPPING!”)

Human psychology is sometimes funny. And, retail psychology can be even funnier. Consumers can be fickle creatures

¹⁰ Bigheads Playbook for EMAK Worldwide, Inc. (November 27, 2006), Question 4, page 4.

¹¹ Anonymous Executive Recruiter that places CEO-level execs, Bigheads Playbook for EMAK Worldwide, Inc. (November 27, 2006), Question 4, page 4.

¹² Pallavi Gogoi, Customer Service is Back in Style, http://www.businessweek.com/bwdaily/dnflash/content/nov2006/db20061121_552044.htm?chan=search (2006).

¹³ Alicia Clegg, Hot Shops: Retail Revamps, http://www.businessweek.com/innovate/content/dec2005/id20051213_744054.htm?chan=search (December 2005).

¹⁴ Josephine Birt, Borders UK, Hot Shops: Retail Revamps, http://www.businessweek.com/innovate/content/dec2005/id20051213_744054.htm?chan=search (December 2005).

¹⁵ Susan Ward, 6 Sure Ways to Increase Sales, <http://sbnifocanada.about.com/od/saleselling/a/increasesales.htm> (2006).

but, they all agree on one thing: they love discovering new items and great deals; it makes them feel like they have won and that feeling is invaluable. Katherine Stewart, the author of *Yoga Mamas* and a member of the Bigheads Network says, “I...enjoy shopping at bargain emporiums like Forever 21, places where I’m not exactly sure what I’ll find but I know that I’ll probably come away feeling like I got a quality item at a bargain price, like ‘I won’ at shopping. It arouses a bit of the human instinct.”¹⁶ As a result, retailers that provide their customers with a ‘victory’ are likely to achieve a positive retail experience amongst consumers. However, in order to achieve this sense of positivity, retailers need to focus on and cater to the emotions associated with surprise and delight.

Consumers love products of value that they can get for free. When shopping at Dean and DeLuca, consumers are faced with numerous free demonstrations and samples that make shopping at the outlet a pastime rather than a chore. Surprised and delighted with the free samples, Dean and DeLuca customers are motivated to purchase more products there than they would while shopping at another store.

Consumers also love retailers that spark the element of hunt and win in their patrons. By offering in-store deals and big discounts, retailers can effectively create a surprise and delight sentiment amongst consumers that they will consistently find “hidden treasures” just by entering their store. According to Bob Thacker, Senior Vice President of marketing and advertising for OfficeMax, IKEA does a great job of setting an expectation level for surprise. “Their messaging is simple and direct but also you discover the store as you walk through it. IKEA always makes you feel like you’re really smart because you are saving so much money.”¹⁷ Whether needed or not, these “discovered” in-store deals allow the consumer to feel as if they are getting away with something (as if the deals are a steal) and make their overall shopping experiences more fun.

THE TEST:

Did I walk out with anything new/unexpected? Did I win?

KICKING IT UP A NOTCH IS GREAT ADVICE, BUT, WHOSE GOING TO FOOT THE BILL?

As we advise retailers to change from supply-side merchandisers to demand-creating marketers, it is important to assign responsibility for the bill. While our outlined formula definitely benefits the retailers, we believe that it is the brands who also win. By employing our formula for success, the better brands are more prevalent, more interesting and more enticing to consumers and as a result, their point of purchase increases exponentially. Therefore, we know that brands will not only want to help pay for these improvements, they will insist on it. And, it is up to all of us, marketers and retailers, to employ practices that will successfully replace choredom-boredom with positive retail experiences that can be enjoyed by all.

A CHECKLIST FOR CHOREDOM-BOREDOM

In order to assess the level of choredom-boredom you face when you go shopping, we think a good start is to use the below checklist. If your retailer falls short of providing you with a positive take away, they are guilty of enabling your choredom-boredom and it may be time to make a change.

A. ARE THE PRODUCTS UNIQUE?

B. HAVE YOU NOTICED THE ATMOSPHERE?

- Lighting: Is the store too dark or too light? Does lighting effect your overall mood?
- Temperature: Is the store too cold or too hot? Does the temperature make you comfortable enough to shop for a while?
- Sound: Does the store play music? If so, what kind? How does this music make you feel?
- Entertainment: Is there entertainment? If so, is it distracting? Does it add to a positive shopping experience?
- Break areas: Does the promote lifestyle shopping? Do you feel like you can take a break and enjoy your shopping experience?
- Is there an abundance of kiosks and service stations to make shopping easier?

¹⁶ Katherine Stewart, author of *Yoga Mamas* and member of Bigheads Network, *Bigheads Playbook* for EMAK Worldwide, Inc. (November 27, 2006), Question 4, page 6.

¹⁷ “Ringing Up Retail: A Roundtable Featuring Mike Perry, Bob Thacker, Lisa Bradner, Jon Kramer.” *The Hub*, November/December 2006, p.27

C. HAVE YOU GAINED SOMETHING FROM THIS EXPERIENCE?

- Customer Service: Are you being sold or is someone helping you buy?
- Education: is the store taking an interest in educating the shopper on new items that are available? Do you have the help of an experienced sales-force?
- Selection and Value: Does the store offer a large selection and value to your shopping experience?
- Feeling of Surprise and Delight: Are you engaged in the hunt/discovery? Does the store leave you feeling like you've won?
- Entertainment: Does the store catering to you and your family?

D. WILL YOU RETURN TO THIS STORE?

- Do you regard shopping at this venue in a positive light?
- What is your take away?
- Will you recommend the store to others?
- Does this store offer a successful shopping experience?

HOW CAN I BREAK MY CHOREDOM-BOREDOM CYCLE?

In order to successfully break the choredom-boredom cycle, consumers, are making different choices. They no longer have to visit the depressing mega-store because it is the only location where their favorite brand of milk is sold. Rather, they can take their business elsewhere and make a commitment to visit only the retailers that provide them with a positive shopping experience. Purse strings are incredibly powerful and by refusing to shop at retail outlets that promote choredom-boredom, retailers will be forced to listen and make a change for the better. And that's what marketing is really all about!

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ABOUT EMAK WORLDWIDE, INC.

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ABOUT THE BIGHEADS NETWORK

BigHeads Network is an "Innovative Idea Generation Process." The company has aggregated a diverse network of talent made up of hundreds of thought-leaders who come from OUTSIDE the world of marketing to help spark memorable and relevant brand content...as well as provide brands with invaluable insights. The belief is that while brands may have access to the smartest "marketers," who will surely spark great ideas...there's a WHOLE OTHER WORLD of NON-marketing thinkers out there who can help too. Simply put...great marketing ideas don't only come from the people with marketing "titles." www.bigheadsnetwork.com