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Escape, a consumer electronics boutique store owned by Best Buy located in Chicago's Lincoln Park neighborhood, has "luxury rooms" with the latest home audio and game equipment that customers can rent by the hour for their friends.

Photo/Benny Sieu

Outside 'big box'

Best Buy concept stores find new ways to target customers

On a rainy Saturday afternoon in the Lincoln Park neighborhood, Meagan Lindsey plunked down \$279 for an imported Motorola SLVR LG cell phone.

She made her purchase at Escape, a boutique that also sells iPods, laptops and home audio equipment. Music by rock band Green Day plays at a comfortable volume over the store's speakers, and customers, mostly in their mid- to late 20s, browse the shelves.

With dim lighting, textured brick walls and black leather couches, Escape feels more like a trendy lounge than a consumer electronics store. And it doesn't look anything like most stores run by its corporate parent, Best Buy.

Thirty miles to the west and a few days later, in Naperville, six soccer moms focused on computers in a glass-enclosed classroom at a store called Studio d. The women were tackling the wonders of photo editing software that will take a cowlick off a kid's head,

or turn a zit into a bad memory.

"I really think I can do this," said Sue Halford, a mother of three school-age children. "I've just gotten inspired."

Studio d also is owned by Best Buy, but nothing in the 5,000-square-foot store says so, and the mood is laid-back, quiet and comfy. Sandwiched between a Calico Corners fabric store and an upscale art shop, Studio d is done in sage greens and pale golds, with wood floors and wheat colored Berber carpet.

Studio d sells electronic products, mainly digital cameras and related merchandise, tailored to a female, suburban customer. While the store gets most of its revenue from product sales, according to manager Cindy Becker, it also does a big business in classes where customers can learn to use their new digital cameras without fear, and then make albums, scrapbooks and other mementos with their photos.

'Test labs'

Studio d and Escape, both which opened in 2004, are Best Buy Co. Inc.'s latest efforts to target specific customer segments.

Best Buy has not announced plans to expand the two small-format test concepts into other markets. But at the National Retail Federation convention in January, James Damian, senior vice president for Best Buy's experience development group, called Escape a "potential new business model."

If Best Buy is pleased with the performance of Studio d, it could become a chain, or the concept could be turned into an in-store shop, Becker said.

Neil Stern, a partner at McMillan Doolittle, a Chicago retail consulting firm, said he doesn't foresee Best Buy opening other Studio d or Escape locations.

"I really think that Escape and Studio d are test labs that are really designed to understand a particular customer segment much

better," he said, adding that operating the stores is "more about research and development than it is about store profitability."

Best Buy can adapt its other stores based on trends it encounters in the concept stores, he said.

"I think Best Buy's certainly trying to undergo a transformation away from that big warehouse-style box, which served them very well for a long time," Stern said.

Some changes

In recent years, Best Buy has transformed the way it goes after customers. Two years ago, the company began rolling out its "customer centricity" model at its stores. The strategy focuses on making changes to stores based on the needs of the specific customer groups that shop there.

As of Nov. 26, there were 284 Best Buy stores operating under the customer centricity model, according to spokeswoman Dawn Bryant. Those stores are tailored toward specific customer groups: including affluent professional males; young entertainment enthusiasts who appreciate a digital lifestyle; upscale suburban moms; families who are budget-minded technology adopters; and small businesses with fewer than 20 employees.

Best Buy has names for each customer segment. The suburban moms are called Jill, for example.

Some of the changes Best Buy has made in its conventional outlets include reconfiguring the layout of certain stores and stocking higher quantities of certain products. For example, some stores now carry products from Magnolia Home Theater, a high-end line of home audio products owned by Best Buy.

Some stores now have personal shopping assistants who help customers find certain products and pick out items for gifts and for their homes. Customers can make an appointment with a shopping assistant before they come into the store or snag one when they walk in.

Best Buy plans to convert all its U.S. stores - there are about 930 - to the customer centricity model within three years. In the Milwaukee area, the newest Best Buy store in Menomonee Falls is the only one with the new customer-centric design. It's aimed at suburban moms.

Neither Escape nor Studio d is part of the customer centricity model, but their approach is similar.

Escape is aimed at young professionals between 26 and 35 who are tech-savvy, said store manager Joe Obucina.

A large portion of the store's customers are what Obucina calls "early adopters," or people who "have to have the latest and greatest" in technology.

"They don't need it, but they want it before anybody else has it," he said.

Obucina said although the store expected most of its customers would be male before it opened, it does have a large base of female customers who are into technology.

Lindsey, 30, who bought the pricey cell phone at Escape, isn't necessarily a techie and doesn't like the big box format stores. Going to a regular Best Buy is "too overwhelming," with its loud music, configuration and crowds of customers, she said.

Lindsey shopped at a cellular phone store before coming to Escape, and was impressed by how knowledgeable the employees at Escape were. Escape's store employees are trained on how to use all the store's products, a third of which are imported from Japan and Europe and are available only at Escape.

The exclusivity of some Escape products adds to the store's "wow factor" for some customers, Obucina said. Other customers who fit the early adopter profile often are already familiar with most of the products, he said.

Escape, which is 3,600 square feet, stocks its shelves based on customer feedback, ensuring it carries only the newest items that customers actually want to buy, he said. For example, when the store first opened it carried portable DVD players and camcorders, products Obucina said Escape customers weren't interested in buying.

Escape's customers want to test devices before they open their pocketbooks. Customers can try out products by renting one of the store's "luxury rooms" or "game pods."

Luxury rooms, which hold up to 10 people, contain the latest home audio products, including flat-screen televisions, projection screens, stereo systems and couches. They rent for \$50 per hour. Game pods contain videogame consoles, including the PlayStation 2 and Xbox 360, and cost \$10 per hour.

"Those are places that sometimes are starting points for bachelor parties or get-togethers and stuff like that," Obucina said.

Digital alternative

In suburban Naperville, women gather at Studio d for classes held during the day and in the evening, in what might be described as a digital alternative to the scrapbooking stores that have sprung up in neighborhoods all over the U.S.

Customers pay about \$40 per session to



Tiffanie Love peruses the aisles at Escape Wednesday. With its decor, Escape feels more like a trendy lounge than a store.



Several imported items that are hard to find in the U.S., such as these mobile tablet computers, are carried by Escape.



Studio d also is owned by Best Buy, but nothing in the 5,000-square-foot store says so. It caters to suburban moms.

learn to turn their digital photos into glossy scrapbooks by designing each page on a computer, using virtual trim instead of trimming papers with scissors.

Studio d also sells frames, scrapbooks and items that can be embellished with digital photos.

Halford, the Naperville mom, has signed up for a class in March, so she's prepared to use her digital camera for the family's spring break cruise vacation.

"If you look at my albums, they stop when I got my digital camera," Halford said.

With a little coaching from Studio d, she's vowed to change that.