



Consumer centric

Best Buy moves outside the big box with new Studio D and Magnolia concepts

By Erin M. Loewe, Contributor

JUNE 01, 2006 — Bright fluorescent lights, a wide-open sales floor, loud music—this is a typical Best Buy Co. Inc. shopping experience. But a few lucky “communities of customers” are in close proximity to two of the Richfield, Minn.-based company’s newest concept stores, Studio D and Magnolia Audio Video. These stores attempt to win over two populations not yet addressed directly by the chain—suburban women and affluent homeowners.

James Damian, senior vice president of Best Buy’s Experience Development Group, credits the success of his company’s customer-centric model to Best Buy’s longstanding relationship with New York-based ESI Design Inc. “Since 1998, we’ve built a strategic partnership with them, which led us to concept development in 2002,” Damian says. “That’s when we started to seriously design and develop these as concept stores that could be positioned outside of Best Buy, as opposed to trying to redesign the inside of the existing stores.”

A few years ago, ESI Design first tackled 20-something-aged men who wanted the latest-and-greatest technology with ESCAPE in Chicago’s Lincoln Park neighborhood. From there, it seemed logical to reach out to other types of customers who wanted something different from an electronics store: one that would offer hands-on instruction to make purchases more meaningful for them, and one that would showcase the possibilities of technology inside a residential setting.

Studio D educates and sells

“When we started looking at electronics retail environments, it really seemed like there were plenty of places to buy things if you knew what you wanted and how to use it,” says Matthew Moore, director of environmental design at ESI Design. “But if you didn’t know those two things—unless you were rich—there was virtually no place to buy anything.”

And so emerged the idea for Studio D (as in “digital”), a test store which focuses on the often-neglected needs of women purchasing electronics. Located in the affluent Chicago suburb of Naperville, Ill., the female-friendly

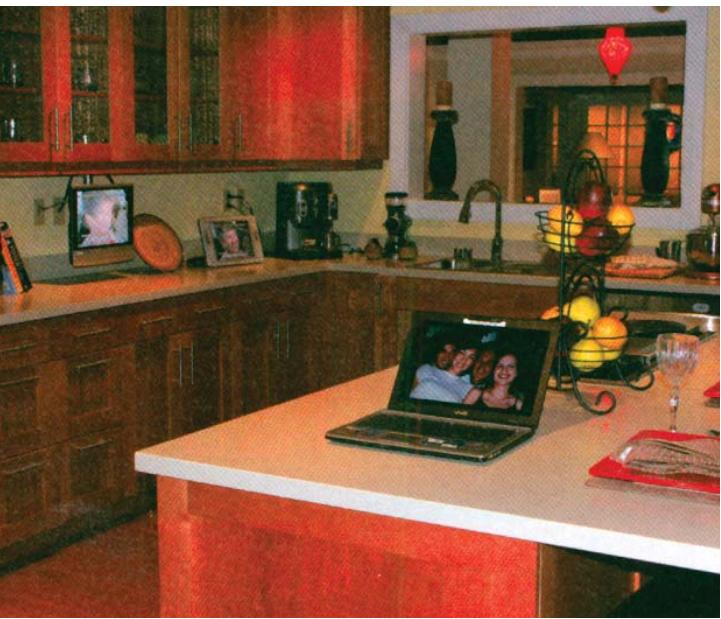
environment strives to educate its customers about the art of digital living—how to use everyday gadgets like camcorders, digital cameras and MP3 players, or how to enhance photos with digital scrapbooking—anything that enables clients to really apply the technology to their everyday lives.

Julie St. Marie, senior director of new concepts at Best Buy’s Experience Development Group, says Studio D’s staff works with the customers to not only sell products, but also instructs them on how to use the products. “They may teach a customer how to take a picture and e-mail it to grandma, or teach grandma how to open the pictures and save them and print them,” she says.

Two medium-sized classrooms host one-on-one and small-group workshops inside the 5,400-sq.-ft. store. These flexible spaces can also be rented out for special events.

“We’ve built this relationship selling model so that you’re purchasing products from these salespeople. You’re learning from them and coming back for all of your needs,” Moore says. “You’re building a lot of loyalty, and therefore more dollars will go to that store.”

The ESI Design team wanted Studio D to



have a light feel and be as far removed from the typical big box as possible, which, as they learned through research, was important to this store's target customer. "We tried to break the store up so it didn't feel too big in any one area," Moore says. The lighting is warmer than what is found in typical retail environments, featuring mostly incandescents, and is used more to highlight and complement products. Soft color accents like sage greens and Tuscan reds along with blonde wood fixtures and medium wood floors lend the store a comfortable yet modern feel.

Although the target customer for Studio D is a 35- to 45-year-old woman, Moore says that his team was careful not to make the store look so feminine that it repelled male customers. "We've actually had a lot of older men like this store quite a bit, as they feel excluded by the loud, typical big-box (Best Buy) store," he says.

Each product display is accompanied by examples of usage, and two small art galleries feature works of former students and those in the community. "Customers can be inspired by it and appreciate the possibilities, but also see that regular people have created these great things," Moore says.

Although it is unclear if or when more Studio D stores will be rolled out, Moore says that certain elements from this store—like the one-on-one coaching techniques, large-format printing and photo finishing—have started popping up in select Best Buy stores. "The prices are comparable to other copy and

photo shops, but the service is much better, and people have responded well to that."

Magnolia Audio Video hits home

Magnolia Audio Video has been a big player in high-end electronics for more than 50 years. Since Best Buy acquired the brand in 2000, it has operated independently as a wholly owned subsidiary, catering to affluent homeowners who crave a "connected" home.

In February, Best Buy opened a 10,000-sq.-ft. Magnolia Audio Video near Atlanta's Perimeter Mall. This location features elements of what a full-sized residence would entail, complete with vignettes for a home office, great room, patio, kitchen, bedroom and bathroom. The newest high-end technology abounds in every room, giving shoppers a glimpse into how the ultimate wired home works. "The star of the show is the experience being delivered, not necessarily the bits and pieces that make it up," Damian says. "We're selling the benefits of a networked home in this particular case."

The in-store model house is filled with windows, so even a casual shopper along the perimeter "racetrack" aisleway can easily see the technology at work in each room. A cashwrap that resembles a kitchen island and consultation areas are nestled in the center of the house.

"Customers can actually see a TV that comes up out of a half wall that doubles as a coffee table," St. Marie says. "This is the type

of technology that you wouldn't really understand just hearing about or seeing on a Web site. You can see it in a store and then picture how it would look or work in your house."

Magnolia's color scheme and lighting reflect what many modern homeowners are accustomed to—warm tans, golden yellows and deep reds run throughout the store. Medium-toned wood floors in the house mingle with the neutral carpet on the surrounding walkway. Like Studio D, the lighting is more residential in nature than in a Best Buy store, with focused and subdued track and pendant lights lining the ceiling.

Traditional listening rooms and a monitor wall found in most home theater stores are on one side of the house, allowing customers to peruse the breadth of high-end product offerings. Here customers can sample home theater systems while reclining in leather lounges. On the other side of the store is the design center, where in-house engineers assemble clients' components into high-tech racks that tuck neatly away in a home's closet. This is also where the project manager consults with customers about the particulars of their setups.

"Studio D and Magnolia are really offering a quintessential bricks-and-mortar experience," Moore says. "It's about customers encountering really great staff in nice environments, and that's something the Internet doesn't offer. These kinds of stores have the potential to move forward since they're offering the things you can't get elsewhere."