

Best Buy's best bet: boutiques

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Last month, Jill Wennmaker and her daughter drove an hour each way to attend a class on making digital scrapbooks out of photos and other images at Studio D, a stylish electronics boutique in Naperville.

Mrs. Wennmaker, 51 and a special-education teacher, says the cozy setting and pleasing décor set the small store off from big-box electronics retailers in the area. Rather than being crammed with blaring stereos and big-screen TVs, Studio D "is welcoming," she says, noting that it offers advice and training on photography, personal computers and MP3 music players. "There's nothing else like it," she concludes.

That's music to the ears of Studio D's owner, Best Buy Co., the nation's largest retailer of consumer electronics and a symbol of huge stores filled with tons of consumer electronics.

Over the past decade, Best Buy's bigger-is-better strategy has left competitors such as Circuit City Stores Inc. and Ultimate Corp. in its wake. Now, however, it's experimenting with intimate, 3,500- to 5,000-square-foot concept stores that target specific groups. In the case of Studio D, that's women who make the buying decisions for their households; for another experimental store, Escape, in Chicago's hip Lincoln Park neighborhood, Best Buy is trying to attract young, high-tech-savvy men and women.

Today, as Best Buy casts about for a way to woo prized customers and expand internationally, it has further good reason for dabbling with concept stores. With 838



Best Buy is trying out two new concept stores designed to be more intimate, Escape (above), in Lincoln Park, for young, tech-savvy men and women, and Studio D (right) in Naperville, geared toward women.

warehouse stores in the U.S. and Canada, the company is running out of places to put its 50,000-square-foot behemoths.

Studio D and Escape both encourage hours-long visits, emphasize training and other services. "We are in the process of reinventing what Best Buy means to its customers, [and] finding new ways to serve diverse customer groups," says Bradbury H. Anderson, Best Buy's chief executive officer.

Best Buy hired ESI Design Co., known for its work on interactive museums, to design Studio D and Escape. Studio D's warm lighting and cozy nooks resemble those in a women's boutique, while Escape's glass-and-metal interior has the feel of a nightclub.

James Damian, a Best Buy senior vice president, describes the central idea of Studio D and Escape as "community-centric" retailing -- neighborhood stores that are closely tied to the interests and activities of area residents.

Both stores sell yearly memberships that provide discounts on services and access to group events or private parties. And neither limits selling to the store floor. Studio D, for instance, sends staff to school and community events to demonstrate digital cameras. Escape has a hulking Lincoln Navigator that can ferry customers to or from Wrigley Field, home of the Chicago Cubs baseball team, and to clubs and parties.



In place of the stack-'em-high and sell-'em-low approach to electronics merchandising, Studio D emphasizes services, such as printing large-format photos, custom stationery or creating a family calendar on a computer. It also charges \$40 for individual consultations -- such as how to add a laptop PC to a network.

Some visitors have done just what Damian hopes for. Nic Sagez, a 27-year-old University of Chicago graduate student, says he has visited Escape five times since it opened in November, mostly to try out new games and rent time on its members-only videogame console booths. He recently took five friends to the store to play Halo2 on the networked game-console. "It's definitely smaller, not as overwhelming as a Best Buy," he said.

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