

Tomorrow's hot retail ideas

Less than two years ago, many analysts were ready to write off traditional "brick and mortar" retailing. They viewed physical stores as a burden, not assets, as they touted the promise of a more efficient virtual distribution system. Routinely, investors granted start-up e-commerce ventures higher market capitalizations than existing retailers who had already established sizable, profitable businesses.

The bubble has burst just as quickly as all of the hype and promises had been generated. Many e-commerce start-ups have fallen by the wayside, with other significant, well-backed ventures crumbling almost daily. As these companies fail to prove their

By Neil Z. Stern

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profitability, they are no longer receiving the backing, or the inflated stock prices, that they once commanded.

This pendulum swing demonstrates the irrationality of investors and the “get-rich-quick” mentality that pervaded e-commerce hype. Many of these e-commerce concepts probably should not have been funded in the first place, but that does not mean that e-commerce will not have a sizeable place in the future of retailing. Gaining the appropriate balance of “clicks and mortar” will still be the challenge for retailers in the new millennium.

Hiatus in retail concept development

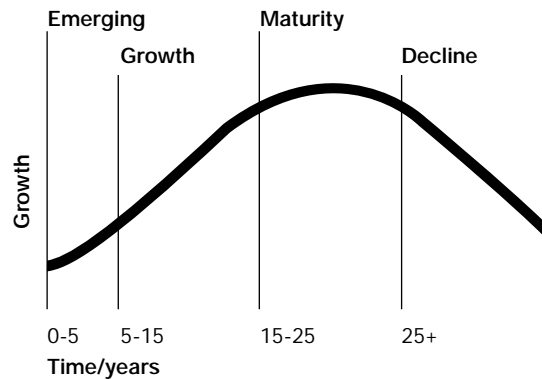
An unfortunate side effect of this brief e-commerce hysteria is the almost complete hiatus that occurred in the development of new retail concepts and prototypes. Venture capitalists largely put their energies and capital toward anything that was Internet related. New retail ideas had difficulty getting any funding at all, which slowed the entrepreneurial spirit. Established companies also slowed their development of new concepts, as they devoted their energies to developing their Internet presence.

However, as pointed out in “The Impact of The Internet on Retailing,”¹ brick and mortar retail stores will continue to attract a vast majority of total retail sales over the next five to ten years. While e-commerce sales will continue to grow quickly, stores will still generate well over 90 percent of all retail sales. Brick and mortar retailing remains a big and formidable market.

This means that retailers need to be focusing their efforts on innovation in brick and mortar stores once again. It is a necessary component for keeping stores fresh and relevant and for staying ahead of their store-based competitors. This is even more important today when customers will have considerable choices from new channels available.

Now is the time for retailers to be developing new concepts or, at the very least, rethinking and re-energizing their current formats. This article explores the origins of tomorrow’s hot ideas—where do they

Chart 1: Traditional retail life cycle



Source: McMillan|Doolittle

come from, how can you spot them, and what examples are currently in the marketplace?

Compressed retail life cycle

An important and compelling reason for innovation is the overall compression of the retail life cycle. Where a concept once had 30 to 40 years to progress through the retail life cycle, the average life cycle is now greatly compressed. We are seeing ideas get to market faster, grow more explosively, and face obsolescence in a shorter period.

The average retail life cycle looks like any typical bell curve. There is a period of development for an emerging concept, followed by a period of rapid growth, maturity, and eventual decline.

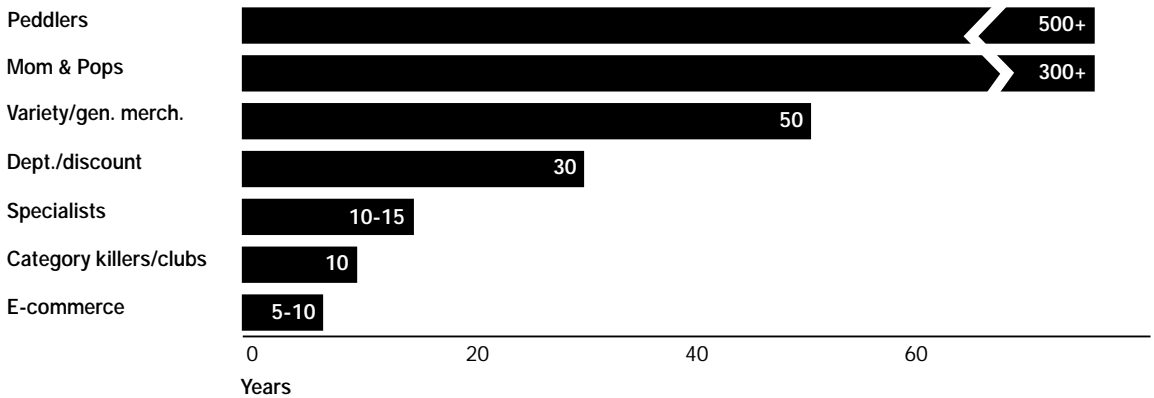
This life cycle is still valid but there are major changes in the time periods involved in each stage. Concepts are growing, maturing, and declining faster than ever.

Why is the cycle compressing? A number of factors are contributing:

- **Globalization of communications.** Ideas can spread almost instantaneously, thanks to mediums like the Internet. While good ideas were once able to remain regional and somewhat obscure, this is no longer the case. Also, ideas now spread much more quickly internationally, as traditional barriers and borders begin to disappear.

¹ *International Trends in Retailing*, Volume 16, No. 2, December 1999, pages 71-87.

Chart 2: Retail life cycles are getting shorter



Source: McMillan|Doolittle

- **The influence of venture capital and public markets.** Retailers have greater access to funds today, both from a private and public audience. However, these funds also come with a catch—the expectation of fast growth.

“Also, ideas now spread much more quickly internationally, as traditional barriers and borders begin to disappear.”

- **High risk, high reward.** Finally, we have moved to a culture of high risk and high reward. As e-commerce has shown, the battle for first-mover advantage and critical mass has often become the critical factor. Getting there first, and with scale, requires a concept to move fast.

The result of these trends is a compressed life cycle for retail concepts, as illustrated in Chart 3. The time from introduction to rapid growth, to maturation and consolidation is reflected on a much steeper curve.

This, of course, adds to the need to innovate. Once a core concept is on a mature, or declining, portion of the retail life cycle, innovation becomes critical to the company's future.

Where tomorrow's hot ideas originate

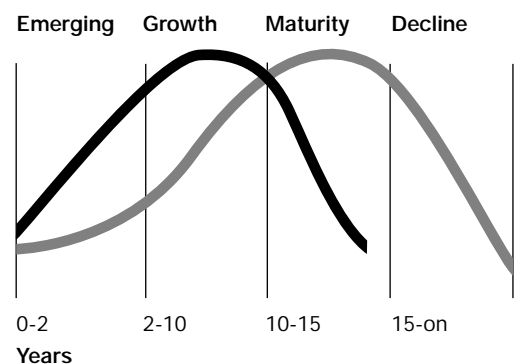
“The future is already here. It's just unevenly distributed.”

—William Gibbon

Tomorrow's hot ideas are predictable if retailers pay attention to the right trends. The future is already present—in new formats, consumer trends, or even within experiments retailers are conducting in their own companies.

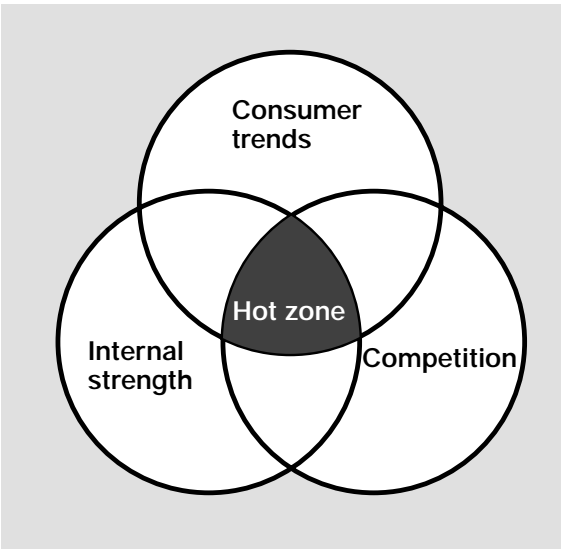
The key lies in correctly assessing the needs of consumers and the competitive environment along with a company's or individual's own internal strengths and weaknesses. Positioning a retailing idea so that it simultaneously meets consumer needs, can easily be understood, and can be operated profitably is the great challenge of creating an effective new concept. It requires retailers to be diligent students of trends.

Chart 3: New compressed life cycle



Source: McMillan|Doolittle

Chart 4: Hot ideas positioning



Source: McMillan|Doolittle

While a hot idea typically is the result of responding simultaneously to the consumer, competition, and internal strengths, we have isolated some examples and hot new concepts that represent each of these significant areas.

Competition—tougher than ever

Competition for the retail dollar is now tougher than ever. The list of companies going out of business, closing stores, or being forced into mergers grows daily. Without innovation, more companies will be forced out of business because they were not able to find a unique niche in the marketplace.

- **Too many stores, too much space.** Average retail space per capita has more than doubled over the past twenty years. America now has nearly 20 feet of retail space per capita versus 8 feet in the 1970s. Sales productivity has not kept pace.
- **Three's a crowd.** This means that there will be room for only one or two of the best retailers per category. Gone are the days when a retailer can be third, fourth, or fifth best and still maintain a good share of the business. This has led to tremendous consolidation in the retail ranks. More will follow.

- **Avoid the steamroller.** Hot ideas take companies out of the path of the steamrollers—giant companies like Wal-Mart Stores and Home Depot that are absolutely dominant in their segments.

Consumer trends should generate hot ideas, but they must also take into account the ferocity of competition.

Watch consumer trends

The first and most logical place to start is with the consumer. It is possible to anticipate and create hot new ideas if you watch customer demographics and customer behavior closely. Changes in customer demographics and behavior usually precede retail opportunity. In other words, customers change in predictable ways, as significant demographic and societal factors contribute to consumer change.

The dramatic shift in demographics has been largely driven by the aging of the baby boom generation. As they shift into new life stages, their demands are changing, which leads to new retail opportunities.

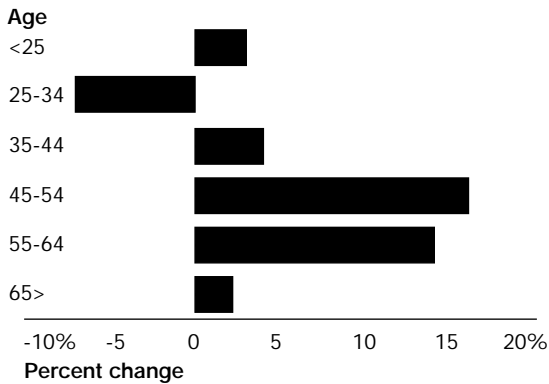
Aging boomers—more money, more focus on the home

Where will aging boomers focus their energies and attention? They have moved through the traditional life stage of starting and raising families and providing for the necessities of life. They are experienced consumers, having purchased several homes, cars, televisions, etc.

“Creating concepts that meet the needs of boomers between the ages of 35-54 and up appears to be the focus of many hot retail and catalog concepts today, from apparel merchants like Coldwater Creek and J. Jill to a growing number of home stores.”

They are now turning their attention to other needs—sending their kids to college, or beginning to plan for retirement. These consumers still command a tremendous amount of disposable income but

Chart 5: Population change—next ten years



Source: U.S. Census Bureau

may spend this money differently than in the past. Creating concepts that meet the needs of boomers between the ages of 35-54 and up appears to be the focus of many hot retail and catalog concepts today, from apparel merchants like Coldwater Creek and J. Jill to a growing number of home stores.

The home remains a critical component (and asset) in their lives, but they may view it differently today. How can they upgrade it? Personalize it? Expand it? Fill it with products they have wanted, rather than just needed? Typically, consumers are looking for solutions to these wants, not just items.

Retailers are creating many concepts that have the home, broadly defined, as their target. Notable new and growing ideas include home improvement and remodeling concepts like Home Depot Expo and the great indoors, and home accessories stores like Pottery Barn, Zee Gallerie, Restoration Hardware, and Illuminations.

The great indoors—Sears spectacular home store

The great indoors are large format, 150,000 square foot stores that specialize in solving the needs of consumers completing major home projects. Just a few of these stores have opened to date, in Denver and in Phoenix, but Sears, Roebuck, the parent company, has major expansion plans. Sears has 30 stores on the board and has announced plans to build 150 stores. The first few units are producing extraordinary sales of over \$50 million per year.

The great indoors specializes in providing total solution stores for major projects in the home,



Sears announced major expansion plans for the great indoors after the first few of these major home project stores, including this one in Denver, Colorado, recorded sales of over \$50 million per year.

whether they are in the kitchen, bathroom, or entertainment room. The stores are special because they combine ALL of the needed components to complete a major project under one roof. As an example, a kitchen remodel might involve cabinets, countertops, electrical and lighting needs, small and major appliances, flooring, painting, plumbing and plumbing fixtures, and all of the countless accessories needed to complete the project. It often needs professional contractors and installation. Before the development of stores like the great indoors, a customer would either have to individually visit dozens of stores or use a general contractor to coordinate all these components.

“The stores are special because they combine ALL of the needed components to complete a major project under one roof.”

Not only does the store have all these items, it presents them in visually spectacular ways:

- Dozens of kitchen vignettes have all project elements displayed and priced.
- Countertop fabrication shops in the store provide custom cutting of materials like granite and Corian®.
- Nearly overwhelming assortments of major appliances, from relatively straightforward dishwashers to hugely complex (and expensive) built-in ranges and refrigerators, represent all major brands.
- Specialty departments like flooring (tile, carpeting, rugs) and lighting are spectacular in their breadth.



Store design and atmosphere provide a perfect complement in Build A Bear Workshop, as young children create their own stuffed teddy bears.

An extra element of this store is the inclusion of many accessories needed to complete a project. It also sells new pots and pans, dishes, glassware, and small electrics to complete, accessorize, and decorate a large project. This adds another advantage—the ability to buy something right away while planning for a dream remodel.

This store is hot because it serves an unmet need and taps into a major demographic trend.

Illuminations: A hot candle store

Candles, literally and figuratively, are one of the hot product categories today. Take a stroll around a major new mall and you are liable to run into several candle-focused concepts—Yankee Candle Company, White Barn Candle Company, Wicks & Sticks, Candle Maker, and Illuminations, just to name a few. And, of course, the larger stores are also getting into the act. Why? Consumers—those same boomers—are paying more attention to their homes. Accessorization represents an inexpensive way to change the look or beautify the home without the expense of a major remodel or new furniture.

Illuminations is one of the more intriguing stores of the group. It is visually striking, relying primarily on

candle power for its lighting (this, by the way, makes the stores really dark). Because of its unusual appearance, the store brings an aura of intrigue into customers' minds as they walk past. It grabs the attention of the mall shopper precisely because it looks and feels different from the competition. The look and prices are definitely upscale, elevating the category from the simple selling of candles to lifestyle home solutions. The ability to create a new need out of an old product category is another way to develop a hot idea.

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Generation Y—the Echo Boom

The boomers are also directly responsible for a new population wave that is stimulating demand for retail stores. Generation Y, or the Echo Boom, is emerging as a new powerhouse constituency. Young people

from age 6-24 command substantial disposable income of their own, in many cases, and have an influence on an even larger pool of dollars. Nearly 70 million Americans, or one of every four customers, fall into this large generational category.

“Retailers are creating two distinct groups of stores to serve Generation Y: Superb experiences for young children that are still parent driven, such as American Girl Place or Build A Bear, and a growing number of stores that market directly to teens.”

Retailers are creating two distinct groups of stores to serve Generation Y: Superb experiences for young children that are still parent driven, such as American Girl Place or Build A Bear, and a growing number of stores that market directly to teens.

Build A Bear Workshop: spectacular retail execution

Build A Bear Workshop is one of the best executed retail concepts in many years. The attention to detail and to the target customer is absolutely brilliant. For those not familiar with the concept, it is targeted to young children and allows them to create their own stuffed teddy bear. A customer can choose a bear skin from about 20 varieties, then take it to a filling station to watch it get stuffed. A customer can customize the bear in many ways, from choosing sounds it will make, registering the name, selecting a wardrobe, adding a heart, and even filling out adoption papers. The employees are very helpful, and the store design and atmosphere complement the experience to perfection.

Build A Bear works on two powerful notions that will be big factors in creating tomorrow's hot ideas:

- **Generation Targeting.** Being wonderful for a very specific target audience—young kids in this case.
- **Personalization.** The ability to create a product that exactly matches your needs.

Build A Bear Workshop does all of this along with absolutely superb execution and attention to detail.

dELiA*s—connecting with teen girls

With the growth in Generation Y customers, a whole new crop of mall stores are springing up designed to reach pre-teens and teenagers. It is the fastest growing customer segment in shopping centers, and new malls are even creating “teen wings” to capitalize on the trend. Zutopia, Abercrombie, Limited Too, Gadzooks, The Buckle, Hot Topic, Journeys, and dELiA*s are just a few examples of relatively new teen-focused concepts.

dELiA*s is unique in its multi-channel approach. It is a leader in reaching its demographic target through an information-intense Website, a highly successful catalog, and an emerging chain of retail stores.

“Because of its rich multi-channel roots, dELiA*s stands for much more than just retail. It is a source of information on topics of interest to the target customer.”

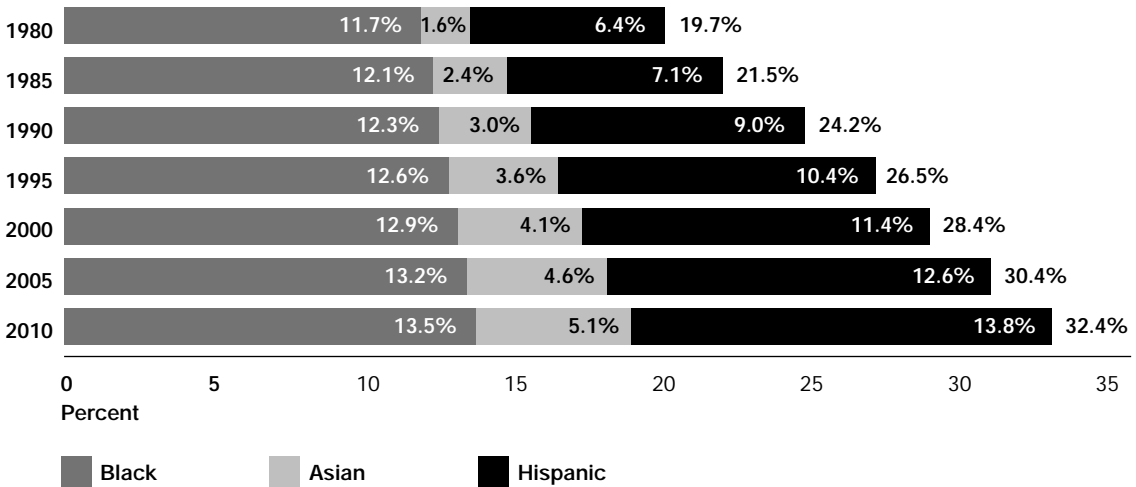
Because of its rich multi-channel roots, dELiA*s stands for much more than just retail. It is a source of information on topics of interest to the target customer. This translates well to a retail setting, where merchandise selections, store design, in-store music, even the sales help, are tuned in to the target. It's a lot easier to be just right for a target customer when you are immersed in all aspects of



McMillan/Doolittle photo

dELiA*s combines an information-intense Website and a catalog with its chain of retail stores to create a magnet destination for teen girls.

Chart 6: Ethnicity as a percent of total population



Source: U.S. Census Bureau

their lives. Retailers targeting this particular demographic audience must remain very sharp and tightly focused on trends—this is an extremely sensitive and fickle customer base to target.

dELiA*s is a hot idea reaching a very hot customer demographic.

Ethnicity

A third major demographic trend is ethnicity. With nearly 30 percent of the U.S. population now classified as black, Asian or Hispanic, and all ethnic groups growing faster than the general population as a whole, we are beginning to see profound ethnic influences on the foods we eat, the music we listen to, and the clothes we wear.

It is little wonder that emerging chains are geared toward some of these ethnic trends. Food concepts seem to lead the way, with a veritable explosion of ideas geared toward bringing new food types to a broader audience. While there are almost countless examples from fine dining to restaurants that cater to various ethnic tastes, we look for hot concepts that have the potential to reach a mass audience.

Fresh Mexican food looks like the hottest current fast-food category, with the potential to generate over \$1 billion of business through a single chain.

The many new competitors in this category include Baja Fresh, Hi-tech Burrito, Zteca, and Chipotle Grill.

Chipotle Grill—McDonald's Mexican move

Chipotle Grill, now majority owned by McDonald's, has a high probability of rapid growth with its access to tremendous assets for capital and resources. Chipotle is deceptively simple in concept, featuring only ingredients that are freshly made in store and food products assembled to order (remember personalization) in front of a customer. The menu is compact, focusing on large-sized burritos and a few other Mexican specialties with chicken or beef fillings. Chipotle Grill works because of its unique offer and high quality—an unbeatable combination.

We would expect to see, eventually, chain fast-food concepts targeted toward many different ethnic cuisines. Emerging Asian noodle and bowl concepts will probably represent the next breakthrough category. In the future, perhaps Vietnamese or Indian cuisine concepts will develop.

Tapping into changes in customer behavior

Demographic trends also create changes in customer behavior. Customer attitudes toward shopping have changed, creating new kinds of opportunities for retailers who re-invent an existing business or introduce a dynamic new element.



Chipotle Grill features freshly made ingredients for Mexican specialties assembled to order in front of customers.

Some key customer behavior elements involve a desire to gain more control of the shopping process and an intense need to save time. Hot ideas that target these critical areas are already beginning to emerge, and we expect to see many more in the future.

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Customer in control

One of the key positive elements of e-commerce is the ability for the customer to control the shopping process. At a well-designed Website, customers can now dictate when they want to shop, how they want to shop, and, often, what they are willing to pay. The feeling of control is a critical element driving the popularity of the Internet—particularly sites like eBay and Priceline, where the customer can dictate key aspects of the process.

Retail stores can capitalize on these same opportunities. Re-thinking the handling of an entire process can create a store experience that is completely different for a customer. Several years ago, CarMax revolutionized the used car business by looking at the entire process of selling a used car and changing it for the customer's benefit. CarMax provided

assurance and security in the product by conducting thorough testing. They eliminated price haggling by instituting a one-price system. Other retail areas provide the same opportunity to put the customer in control. One of the best examples is a new cosmetics store, Sephora.

Sephora—the customer is in control

Sephora, the French-originated cosmetics concept, represents the antithesis of the department store cosmetics and perfume buying experience. The store design is visually spectacular, letting customers know that they are going to be experiencing something very different.

Unlike the department store approach, the product is not behind glass cases; it is available for customers to hold and test. Sephora groups products alphabetically, broken out of the traditional brand categories. Salespeople are available, but they design the experience to offer customers the option of self-service or service rather than a traditional service mode. Salespeople do have tremendous product knowledge. They list the top ten perfumes, almost as in a music store.

Selections are enormous: there are lots of choices for consumers, which is another critical aspect of control. Sephora's concept is also scalable: it works in smaller mall stores and in large freestanding flagships. The brand is growing and becoming synonymous with beauty.

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The customer wins by gaining control of the shopping experience in a category that was once intimidating, making it easier to shop. Sephora wins by re-inventing an established category. Next up for Sephora's parent, LVMH, are similar concept stores, currently in the prototype phase, for watches (Synchrony) and sunglasses (Solstice).



Sephora groups cosmetic products alphabetically in open displays, so customers can hold and test them.

Time savers

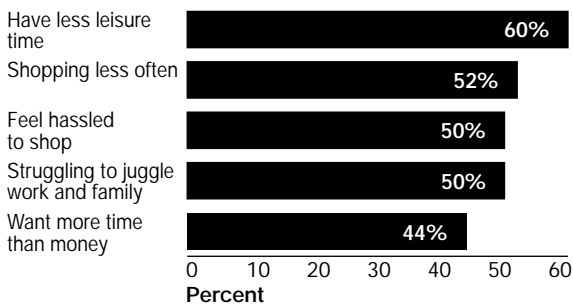
Any retail idea that will save customers time is likely to be a winner in the future. Time has become customers' most precious commodity, and they are always looking for ways to conserve it.

Retailers have designed many retail ideas, both virtual and brick and mortar, around saving customers time. SuperStand is a new chain of micro-killer magazine stores. They combine huge

selections with convenient locations in an attempt to pioneer a new category. Concepts like PinkDot, Kozmo.com, and UrbanFetch are all attempting to bring the convenience store to the Internet and customers' homes with instant delivery. Mobil's Speedpass uses technology to aid the customer in purchasing gasoline. This technology can also be leveraged into in-store purchases and other retail concepts.

On a larger scale, Webvan is attempting to bridge the elusive last mile—getting goods to the customer's home.

Chart 7: Struggling to manage time



Source: Kurt Salmon Associates

Webvan—going the last mile

Webvan is a virtual company with big plans. It is in the process of building large, sophisticated distribution centers in core markets (currently, five markets in the U.S.) to deliver a wide variety of goods and services directly to the home.

While the company has begun with groceries, it has more ambitious plans to deliver just about any kind of goods or services direct to the consumer through

a combination of distribution centers, satellite spokes, and a delivery fleet. Such an undertaking is enormously expensive, but it is this very infrastructure that represents one of the final barriers to true e-commerce growth.

From a consumer perspective, the service is very intriguing. They price products in line with traditional grocery stores. Delivery is free over \$50 (average order size is around \$100, meaning they usually give away delivery). Customers can choose within a half-hour window when to have their products delivered, which eliminates unnecessary waiting. The technology is sophisticated enough to provide instant in-stock product status.

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Looking inside: finding leverageable market opportunities

Companies can also look internally to find gaps in their own strategies or available opportunities to leverage off an existing brand. Typically, competitor activity or the need to generate new growth vehicles drives such internal looks. When successful, they also mirror consumer trends and behaviors very closely.

“Hot ideas may come from brand extensions, reaching new customer segments, targeting new geographic areas, or entering into new channels.”

Hot ideas may come from brand extensions, reaching new customer segments, targeting new geographic areas, or entering into new channels. Because most of these ideas already leverage established brands, they have an easier time capturing the customer's attention than would a completely new effort.



McMillan/Doolittle photo

Illuminations, an intriguing candle store relying on candles for lighting, reflects trend toward accessorization as an inexpensive way to change or beautify a home.

Reaching a new customer segment

Examples of retailers who develop new concepts to reach new demographic segments are legion. As can be expected, most of these attempt to target customers in some of the emerging demographic categories we have mentioned.

The Limited has been a master of creating new formats based on either product demand or demographic opportunity. Limited Too targets the hot pre-teen segment. Bath & Body Works and Victoria's Secret were both Limited spin-offs. Now, Bath & Body has launched a concept called White Barn Candle Company that targets the growth in home accessories. Abercrombie & Fitch, another Limited re-creation, has been hot with the critical teen and Generation X segment. It is rolling out Abercrombie, also targeting the pre-teen market. Abercrombie & Fitch has a new concept called Hollister that is slightly more casual and offers lower prices than its current positioning.

In a more direct manner, The Gap has launched Baby Gap and Gap Kids, both leveraging the popular brand into new segments. It is also launching Gap Body, extending the brand into undergarments. Of course, the company also operates Old Navy and Banana Republic to reach different customer demographics.

Pottery Barn is adapting a Gap-like strategy with the launch of Pottery Barn Kids, which it has already tested successfully in a catalog format.

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CB2—Crate & Barrel branches out

Sometimes a hot new concept isn't new at all. In the case of Crate & Barrel's CB2, it's more like back to the future. When this housewares retailer first started, it had a neighborhood location that served the needs of first-time homeowners and apartment dwellers with inexpensive but tastefully designed merchandise. As Crate & Barrel and its customers matured, the company moved up in price points and added new items like furniture. In essence, it chose to grow with boomers, changing to meet their needs.

This strategy left a market opportunity for a new format like CB2, which tries to be younger, hipper, and cheaper than the flagship chain but still maintain a strong sense of style. In a sense, it is returning to a market segment once occupied by the original chain.

As is typical in a new concept, expect lots of refinements before they get it right.

Going to where the customers are

Real estate strategy is playing an important part in a number of hot new formats recently launched. Established companies are running out of room to grow with existing formats. Blockbuster and Best Buy are experimenting with smaller prototypes designed to work in small to mid-sized markets. Wal-Mart is rolling out Neighborhood Markets, 40,000 to 50,000 square foot food and drug stores that attempt to fill trade areas that are not being served by the supercenter format. They will enable Wal-Mart to capture a greater share of overall retail dollars. Neighborhood Markets also enable Wal-Mart to contemplate different real estate strategies as a methodology for entering a market. Many supermarket chains (e.g., Publix, Harris Teeter) are opening smaller stores that allow them to fill key real estate areas.



Villager's Hardware stores are smaller scale Home Depots with a solution focus.

Banana Republic, in an even more radical departure, has announced that it will bring its “store” to large companies—set up temporary stores and dressing rooms at Fortune 500 companies—to help employees dress “business casual.”

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As the retail market gets more crowded for conventional concepts, expect to see lots of experimentation that brings stores closer to customers.

Villager's Hardware—Home Depot's solutions store

Like Wal-Mart, Home Depot has also faced the issue of developing different stores to target different customer segments or different occasion-based needs. Expo stores are similar to the great indoors, more upscale than traditional Home Depots and targeting major home decor projects. Villager's Hardware is an attempt to reach consumers for more convenience-based hardware needs.

Rather than the warehouse nature of the large, more than 100,000 square foot Home Depots, Villager's has a more manageable 40,000 square foot format

designed to a much smaller scale. Where Home Depot targets contractors who may have some big project needs, Villager's targets the everyday needs of individual customers.

Villager's provides considerably more information through signage, in-store demonstrations, and electronic kiosks. It also has more of a solution focus throughout, further separating the two store formats. For customers looking for more help or those who don't need the breadth of selection of a Home Depot, Villager's fits the bill.

Also, it should enable Home Depot to build more stores within trade areas, becoming more convenient to a larger set of target customers.

Branching into new channels

Finally, and very appropriate for the e-commerce generation, is the notion of multi-channel retailing. Along with the growing number of retailers who are now selling on the Internet, we are also seeing:

- Catalog powerhouse L.L. Bean expanding its retail presence from a single store in Maine to an expected chain of flagship stores around the country. The first store opened in Tysons Corner, Virginia. Other catalog retailers are following suit, and their new formats seem to be leading a renaissance at retail. New retail formats are emerging from Coldwater Creek and J. Jill, among others.
- Burpee Seed, the venerable direct marketer and distributor, opening its first store outside Chicago. Called Burpee Gardens, it is a delightful store that is dominant in all aspects of the garden.

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- Harry & David, well-established catalog purveyor of specialty foods, now has over 100 retail stores, a combination of full-line retail stores and outlets. Another major direct mail food company, Omaha Steaks, has opened 59 outlets in 14 states.

- Direct sellers Tupperware and Avon are establishing a physical presence through mall kiosks. In addition, Avon has developed a new line of cosmetics that they will sell in Sears, Roebuck and JC Penney stores.
- Internet-created companies are jumping into retail. Gazoontite.com has a multi-channel strategy already developed. MP3.com is said to be opening retail stores. These can be seen, in some cases, as last-ditch efforts to save the brand. In an ironic move, Gazoontite.com closed down its e-commerce operation in order to focus exclusively on retail.

All of this multi-channel churn will create plenty of opportunities for companies to explore new ways to reach consumers. It is very likely that the next crop of hot ideas will emerge from the marriage of bricks and clicks in exciting new ways.

Moving doesn't always win but it beats standing still

New concepts and ideas don't guarantee success, but standing still is the fastest way to failure. Tomorrow's hot ideas will likely change the face of retailing.

Correctly reading consumer trends, understanding a company's internal capabilities, and finding a market position that is defensible from competition is no easy task. Doing all of this well, and creating a profitable concept that provides an acceptable return on investment, is even more difficult. It is a necessary effort for retail survival.

"Experimentation is critical to keep retail companies in pace with changing consumer attitudes and behaviors."

Experimentation is critical to keep retail companies in pace with changing consumer attitudes and behaviors. As is almost always the case, the learnings from new concepts have direct benefits on existing stores as well—ideas can be adapted that have immediate applications across a chain.

Tomorrow's hot ideas are all around us. The future is already here.