



Hearth & Home

May 2019



The World Trade Center Transportation Hub, or Oculus, located in New York City.

Retail Store Tours

By Lisa Readie Mayer

Here's a peek into what successful retailing looks like today, and what consumers expect in a brick-and-mortar shopping experience.

We're often inspired when reading about successful retailers. But when it comes to putting their strategies into practice, an in-person visit can be more effective. That's the premise behind Retail Store Tours, a series of educational walking tours of innovative retailers at the top of their game.

The two-hour, small-group tours take attendees through about eight retail stores to see how the businesses are leveraging technology, integrating omni-channel strategies, creating unique store designs, merchandising effectively, and enhancing customer experiences to drive traffic, grow sales, and thrive in a competitive marketplace. On the walk between stores, tour guides discuss case studies of additional successful retailers, offer insight into key retail trends, and encourage the exchange of ideas among participants.

Presented by Consumers in Motion, the tours are offered in seven U.S. markets, as well as major cities in Canada, Europe, Asia, the Middle East, and Latin America. Tours are often scheduled around trade shows taking place in those cities, and the specific selection of retailers is curated to the interests of trade-show visitors. Private tours also are available.



Daniel Hodges, CEO and founder of Retail Store Tours.

"This is a new and immersive way of learning and exchanging ideas," says company CEO and founder Daniel Hodges. "Research shows the act of physically walking helps people absorb more than sitting and listening to a typical business-education conference or seminar."

According to Hodges, retailers spotlighted on the tours have figured out how to navigate and succeed in today's changing retail landscape. While each has carved out its own niche, they all tap into what Hodges calls the "winning factors in retail today." The common denominator is that all have found a way to *disrupt* the status quo.

Hearth & Home was invited to tag along on a recent Retail Store Tours outing in New York City. The tour took place at the newly-rebuilt, \$4 billion World Trade Center Transportation Hub – more commonly known as the Oculus – which sits next to the National September 11 Memorial at the former Twin Towers site. From the outside, the spectacular, all-white, ribbed structure, designed by Spanish architect Santiago Calatrava, looks like a dove taking flight, while inside, a skylight spans the length of the soaring ceiling.

Each morning the sun orients through the skylight's glass panels, creating two beams of light on the interior plaza floor, symbolizing the Twin Towers of the former World Trade Center. The skylight's panels are retracted every September 11 at precisely 8:46 am when the first building was hit by a terrorist-commandeered plane. At 10:28 am, the time the second tower fell, the two sunlight beams converge into a singular "Way of Light," in what the architect calls a "memorial to life."

Incongruously perhaps, this stunning tribute landmark anchors two high-end shopping plazas with a combined half-million-sq.-ft. of retail and dining space, catering to the 250,000 commuters and countless tourists that pass through daily. But just as the Oculus site is an example of reinvention, resurrection, and innovation, so too are a number of the retail stores within.

Our tour offered a peek into what successful retailing looks like today and what consumers increasingly expect in a brick-and-mortar shopping experience. Though the products are different from what specialty hearth, patio, and barbecue retailers sell, many of the ideas, strategies, and techniques are universal truths that can be applied.

Dealing in Data



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Key Trade Shows and Events

HD Expo

May 15 - 17, 2019

Mandalay Bay Convention Center

Las Vegas, NV

(888) 769-7861

www.hdexpo.com

ICFA Preview Show

July 16 - 18, 2019

The Merchandise Mart

Chicago, IL

(800) 677-6278

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Reader Comments

Chris Price,
Regional Sales Manager of Sunbrella
Athens, GA

Reasons for Reading *Hearth & Home*: "I enjoy reading Richard's 'Perspective,' and learning about the hearth and barbecue industries. I especially like reading the September casual show issue, specifically the 'Sitting Pretty' article to learn what the furniture manufacturers are thinking. "I love the retailer comments, as sometimes there

When the founders of mattress-industry disruptor, Casper, couldn't get a queen-sized mattress up the steps of their fourth-floor walk-up apartment, they developed an affordably-priced, high-quality foam mattress that could be shipped in a compact box, and came with a 100-night return guarantee. Launched in 2014, Casper sold only online initially, but its Oculus store is one of a number of new brick-and-mortar locations where consumers can test product.

Reportedly valued at \$750 million, Casper considers itself a tech company first, according to *Inc.* It collects data from every customer interaction to inform product development (e.g. asking customers if they have dogs led to the launch of Casper dog beds), inventory needs, and even when to send an anniversary card or baby gift, a tactic that has helped the company gain legions of converted customers.

The mall's Peloton store also collects data from shoppers who typically visit multiple times before deciding to purchase one of the company's pricy, premium stationary bikes and subscriptions to online classes. According to Hodges, salespeople are trained to ask visitors about their weight-loss targets, strength goals, and other topics, and then email them a custom, personalized, fitness program. "The strategy has a very high conversion rate," he says.



B8ta's showroom.

Three-year-old B8ta (pronounced bay-ta), takes retail data-collection to a new level. More test-market focus group than retailer, the concept store collects information about how customers engage with and react to products. Manufacturers pay a floor-space fee to have their product displayed in one or more of the 20 B8ta stores nationwide. Shoppers are encouraged to see, touch, and experience the constantly changing selection of merchandise.

On our tour, the store featured a variety of tech products and consumer goods, including a wireless, over-the-counter hearing aid; fitness-tracker ring; moisturizing face cream; massage device; automated pet feeder; and virtual-reality goggles, each displayed alongside an electronic tablet loaded with product videos and other information.

Dwell-time sensors, cameras, and computer trackers record the number of customer interactions with each product; how much time shoppers spend with it; what time of day generates most interest; gender and age information; impediments to purchase; and other feedback.

Though customers can purchase the products, B8ta does not make money on the sale. "One hundred percent of the price goes directly to the manufacturer," explains store manager Antonio Blandin. "B8ta sells data, metrics, and floor space. Manufacturers use our retail space to test pricing, get feedback on prototypes before taking them to market, find out what's preventing people from buying, learn why customers return items, and other valuable information."

Store Environments, Customization, and Superior Staffing

Employee training is essential to the success of Suitsupply, an Amsterdam-based, omni-channel retailer with 37 stores in the U.S. The company has enjoyed six years of 20 to 25% annual growth, making and selling only its own brand of fashion-forward, accessibly priced, semi-custom-tailored men's suits. Its stores are fashion-forward also, typically with Instagram-worthy, avant-garde designs, and bold, geometric wall coverings. Customers can choose a suit off the rack and have it custom tailored within a week, or have a fully bespoke suit within three to six weeks.

Employees go through the company's Suit School, a rigorous training program where they learn how to fit a customer, alter garments, and provide top-notch customer service. "If you don't pass, you don't work here," says Hodges. After a year, salespeople get further training on made-to-measure bespoke suiting. "Thanks to knowledgeable, professional salespeople providing personalized service, 70% of customers return for repeat purchases," he says.



A Retail Store Tours outing in New York City's UNTUCKit.

UNTUCKit is another retailer harnessing customization and personalization to create success. The business was founded in 2010, filling an unmet need for men's shirts that could be worn untucked without looking sloppy. (It now offers women's shirts, too.) Initially

are true gems in the candid musings. I also like the fact that Richard, Jackie, and Tom have been together so long; they've created a lot of trust and good will."

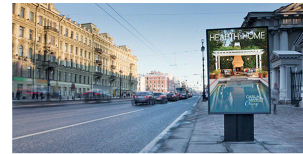
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sold exclusively online with free shipping and returns, UNTUCKit opened the first of its 50 retail showrooms in 2015, where shoppers can sip bourbon, sit on leather couches, and work with personal stylists to be fitted for size. Also non-traditional: there is no cash register in the store. Transactions take place on a tablet with receipts sent via email.

According to Hodges, Apple stores hire and evaluate sales associates based on their "kindness and empathy," and Microsoft looks for staff who are "entertaining and informative." "It is noteworthy that two of the leading technology retailers are focused on the human touch as a business strategy," he says. "They believe they can teach employees the tech part, but not the emotional intelligence." Anyone who's helped a parent or grandparent upgrade from a flip phone or learn to use a tablet, knows this is true.



UNTUCKit's showroom.

Experience and Engagement

Leveraging the Oculus' location amid five office towers, retailer Solstice Sunglasses has grown sales by targeting corporate customers. The retailer helps firms create private, in-store, VIP shopping events for their top clients. During the events, Solstice Sunglasses provides each guest with a \$250 gift card – for which the host-business pays a discounted price of \$200 per card. Guests are professionally fitted by Solstice's expert staff and use their gift card to purchase a pair of premium sunglasses while enjoying food and wine at the store that evening.

Luxury eyewear brand, Oliver Peoples, holds in-store meet-and-greet events with designers and social media influencers, and has developed an effective strategy to convert tire-kickers to buyers. "When someone is buying expensive eyewear, it often takes multiple visits before making a purchase," says Hodges.

"At the first visit, salespeople are trained to say, 'Let me take measurements and get your information so we can create a file, and everything will be ready if you decide to purchase.' It only takes a few minutes and is a no-pressure thing, but it adds the prospective customer to the database and allows the salesperson to follow up. The technique is very effective."

Cosmetics and beauty-products retailer Sephora uses interactive technology to engage customers in-store. Its Color IQ interactive mirror helps shoppers "test" colors of lipstick, eye shadow, and foundation by seeing those products virtually applied to their image on the digital screen. In addition, the store drives traffic with in-store experiences such as skincare clinics, make-up workshops, a loyalty program that rewards customers with free or discounted merchandise and services, and fitness classes cross-promoted with athleisure company Lululemon.

The mall management at the Oculus also uses experience-centered marketing to drive foot traffic. The goal: get people to the plaza for an event or happening, and they'll probably stay to do some shopping. For example, the Oculus hosts seasonal Farmers' Markets, weekly children's story-time sessions, yoga classes, Nutcracker ballet performances, kids cooking demonstrations, and even a skating rink.



The Oculus in New York City.
"OCULUS, HAUPTHALLE DES BAHNHOFES, APRIL 2016" BY MASSMATT IS LICENSED UNDER CC BY 2.0.

Take-aways

So how can specialty hearth, patio, and barbecue retailers implement some of these proven techniques in their own stores?

Just as many of the retailers we visited focus on the benefits, aspirational aspects, and problem-solving abilities their products provide for consumers, you need to show how the grills, hearth products, outdoor kitchens, and other goods you sell, help people achieve a better life.

For instance, instead of focusing on a list of product features, it's better to promote a multi-fuel grill as a vehicle to restaurant-worthy meals. Likewise, a fire pit is a hub to gather the grandkids for s'mores nights; a fireplace beside the soaking tub in the bathroom delivers relaxation as part of one's self-care and wellness routine; an Outdoor Room is the ticket to fun parties with friends.

It may seem as if e-commerce is making brick-and-mortar retail obsolete, but the fact is, according to trends newsletter "eMarketer Retail," consumers spend nearly 90% of their retail dollars in person. Instead, shopping is increasingly becoming a multi-channel event that involves researching online and buying in-store, buying online and picking up in-store.

or some other combination of digital and brick-and-mortar experience. Do you offer the option to order charcoal, pellets, and other consumables online for pick-up in store? Do you have an Outdoor Room planning guide on your website?

How else might you integrate technology into your business? Are you using state-of-the-art design software to help customers visualize their fireplace or Outdoor Room design? Do employees use electronic tablets on the sales floor or when making home visits to show customers more product options and installation photo galleries?

Are you collecting data to build customer profiles detailing what they like to cook; the age of their fireplace; what is beyond their backdoor; how many kids they have; how often they entertain? This information identifies sales opportunities, enables more targeted, personalized marketing, or even simply allows you to wish your customer a happy birthday and reward them with a gift or discount.

Do you emphasize staff training? If they are NFI-certified experts, promote that distinction in-store and in marketing. Are salespeople building relationships with customers through discussions about barbecue techniques and recipes? Do they exhibit Apple-style "kindness and empathy" when troubleshooting grill or fireplace issues with customers?

Is your store an environment that would compel people to visit, as opposed to ordering online from the comfort of their couch? What experiences, classes, and/or events do you provide that they can't get online?

"Retailers who capitalize on today's rapidly changing consumer behaviors and trends are the winners," says Hodges. "You have to offer innovative products and unique buying experiences. The future belongs to the fast movers and their ability to adapt their business models. You have to constantly reevaluate and reassess what works and what's selling, and be willing to change or eliminate what's not."



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Perspective: Interesting People

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By Lisa Readie Mayer

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By Bill Sendelback

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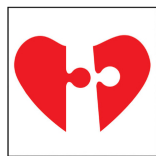


Live-ly Fire

By Lisa Readie Mayer

DJ BBQ, a live-fire expert, grills meat to the beat and attracts an international audience.

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A Family Affair

By Mark Brock

Specialty retailers are proving they can be both a partner and a spouse – successfully.

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Rugs From Plastic

By Tom Lassiter

Feels like wool, looks like wool, acts like wool.

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The Second Time Around

By Bill Sendelback

HearthStone is ready for 2020, and has added Outdoor Living Products to its line

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From Denmark, With Love

By Tom Lassiter

If it's Cane-line, it's also with thought, and comfort, and proper design.

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Happy National Barbecue Month!

The weather is warming up and people are heading outside to cook – and we want to know why.

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2019 May New Products

New products for 2019!

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2019 March Business Climate

In early April, Hearth & Home faxed a survey to 2,500 specialty retailers of hearth, patio, and barbecue products, asking them to compare March 2019 sales to March 2018. The accompanying charts and selected comments are from the 220 useable returns.

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Who Reads *Hearth & Home*? Phil Squarie, for one!

Winnipeg, Manitoba, Canada

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Parting Shot: Big, Bigger, Biggest!

Drive 63 miles from Vancouver, BC, and you'll arrive at Chilliwack, on the Fraser River. That's the home of Phoenix Bermudez, artist, and creator of large fireplaces and other artificial rock formations under his business name, Stonetree Studios.

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