December 2005

Dear Professor:

This newsletter has a summary of a survey identifying the retailers that provide the best customer service and is followed by abstracts of articles for class discussion:

Survey Identifies Customer Service Leaders
Ikea's retail strategy
Self-service kiosk in fast food restaurants
Wal-mart's new eco-friendly stores
Yoga mamas – a new target segment
Combating organized shoplifters
Wal-Mart attacks the consumer electronic retailers
Mandarin Oriental hotel uses technology for CRM
REI builds a competitive advantage through HR
U.S. retailers entering the Canadian market
The un-mail in New York City

The articles in this and past newsletters are sorted by chapters in Retailing Management, fifth edition. If you are interested in the text book please visit www.mhhe.com/levy04. Simple registration is required to gain access to the newsletters and other instructor materials.

If you would like to see this newsletter and the previous editions, go to http://www.cba.ufl.edu/mkt/crer/research/publications.asp

The Sixth Edition of Retailing Management will be available later this Spring.
SURVEY IDENTIFIES CUSTOMER SERVICE LEADERS

Nordstrom #1 in Customer Service

A nationwide poll conducted by BigResearch yielding more than 8,600 consumer responses put Nordstrom at the top of the customer service list of retailers, followed by Coldwater Creek, Marshall Field’s, Kohl’s, and Boscov’s. The top 10 is rounded out by Recreational Equipment, Inc. (REI), JCPenney, Lane Bryant, Best Buy and Eddie Bauer.

The survey also ranked the top direct merchants, whose customer service front-runners included: L.L. Bean, Blair, Amazon.com, Overstock.com, and NewEgg.com.

Consumers Have Highest Expectation at Restaurants, Lowest at Discounters

According to the survey, consumers expect the highest level of service from restaurants, which had a 4.39 rating out of 5.0. Consumers also have high service expectations from specialty stores (4.32), department stores (3.94), and drug stores (3.92). Shoppers have average expectations from grocery stores (3.77) and internet retailers (3.71), and have the lowest expectations of service at membership warehouse clubs (3.58) and discount stores (3.21).

Top Retailers by Sector—Wal-Mart Ranks First Among Discounters

When looking at the top stores for customer service by segment, a variety of retailers emerge as front runners in their sector. For discount chains, Wal-Mart holds the number-one spot for customer service, while Nordstrom is at the top of the list for department stores. Women’s apparel retailer Coldwater Creek ranked first in the specialty apparel category and outdoor gear company REI took the top spot among non-apparel specialty stores. Additionally, family-owned Wegmans Food Markets ranked first in the grocery category.

ABSTRACTS OF RECENT RETAIL ARTICLES

Ikea

Use with Chapter 5, “Retail Strategy.”

“Ikea,” Business Week, November 14th, 2005.

Ikea World is a state of mind that revolves around contemporary design, low prices, wacky promotions, and an enthusiasm that few businesses have been able to achieve. Ikea has come up with a one-stop shopping experience that is not only efficient, but more importantly, cool.

The Swedish retailer accounts for 5-10% of the furniture market in each country in which it operates, but CEO Anders Dahlvig says that Ikea does not stress market share so much as brand awareness. Not even Wal-Mart Stores have been able to boast of success on par with Ikea in its Brazil, Germany, and Japan markets. Ikea’s promise of store vouchers during store openings have been known to draw massive crowds, and in Saudi Arabia, even injured customers.
Ikea plans on accelerating store rollouts to keep growing at its exponential rate. Nineteen new outlets are set to open worldwide in the fiscal year ending Aug. 31, 2006, at an average cost of $66 million per store. The key to rollouts: preserve the strong enthusiasm that Ikea evokes. Just a visit to the store is enough to enthrall shoppers and scholars alike, what with its massive blue and yellow buildings averaging around 300,000 square feet.

Ikea sells to the global middle class: a class that shares buying habits. As soon as customers enter Ikea’s massive store, they are able to drop their kids off at the playroom, encouraging a more leisurely shopping experience. The store, designed as a circle to ensure customers are able to see everything, also boasts wide aisles that assure comfortable inspection of merchandise without holding up traffic. Furniture showrooms are arranged in full to inspire customers to purchase even the picture frame on the nightstand. The center of the store houses a restaurant, perfect for a quick break.

Founder Kamprad, 79, started the company in 1943 selling pens, Christmas cards, and seeds from a shed on his family’s farm in southern Sweden. The first catalog appeared in 1951. Although retired, Kamprad is still involved in his store and its values. He is an advocate for egalitarianism and regular stages Anti-bureaucracy weeks where executives work on the shop floor or tend to the registers.

Most importantly, Ikea does not allow any product to leave the showroom if it can not be made affordable. Twelve full-time designers in Sweden, along with 80 freelancers, make true this promise by working for as long as necessary, sometimes up to three years, on any given product to assure that it is inexpensive, fashionable and able to be flat-packed and snapped together easily for customers at home.

Although Ikea has stumbled in the past in terms of its misunderstanding of U.S. consumers, from California Hispanics to Americans need for bigger drinking glasses, Ikea is alive and well and ready to take on some of its biggest competitors: U.S. stores like Target, French stores like Fly, and Japanese stores like Nitori Co. So far, things are looking up.

Discussion Questions

What is Ikea’s retail strategy – target market and retail offering?

Ikea targets the global middle class that desires fashionable and trendy furniture without the high prices. They insure a one-stop experience that is leisurely, affordable and accessible. Most of the furniture is sold unassembled which makes it easy to transport, but requires the time and effort to assemble the products.

What are the keys to its success?

Ikea works cooperatively with designers and manufacturers to provide an inexpensive, flat-packed product that cuts down on shipping costs as customers can take the product home themselves and practice self-assembly. They offer a plethora of products around the store and change their offerings frequently. They frequently offer vouchers and prizes to attract new customers and keep old ones, and they promote egalitarianism. The products are unique (private label) merchandise that is affordable and stylish.

Self-Service Coming to Fast-Food

Use with Chapter 19,”Customer Service,” and Chapter 17, “Store Management.”


Following the move of airlines, banks, gas pumps and grocers, the fast-food industry is finally testing the
waters of self-serving kiosks. Major chains like McDonald’s, Burger King and Subway are field-testing machines that allow consumers to order and pay for their meals without any human contact.

The kiosk is being tested in response to a need for fast food staff as well as consumers intolerance for long lines. The kiosks have touch-screens that are essentially the same as the workers’ screen behind the counter. Customers can use credit and gift cards, more sophisticated kiosks even allow debit cards, and the most grandiose take cash. After ordering, the machines provide a receipt that is exchanged for food at the counter.

The kiosks shorten the customer wait and improve order accuracy because it removes the language barrier (an NCR machine can include up to 26 languages). The machine is also programmed to up-sell, suggesting that the consumer buy something else, which means higher check averages. Most obviously, the kiosks cut out labor costs, delicately termed “reposition” by vendors, allowing more labor to work in the kitchen and less up front. IBM’s Anyplace Kiosk, wall-mountable, touch-screen version with the CPU built in, costs about $2,500. Machines that handle cash can cost up to $18,000 per unit. Although this rivals the annual salary of an employee, kiosks cut out sick days and overtime. Customer resistance is not expected as the fast food’s target market is hungry young males, often technophiles. Fast food restaurants see customers as ready to serve themselves.

Discussion Questions

How and why are fast food restaurants using kiosks?

The high demand for labor and the long lines in fast food restaurants have taken the fast food industry to the next level: the kiosk. The popularity that kiosks have seen in other arenas have convinced the fast food industry to test out kiosks to knock off labor costs, eliminate language barriers and lessen wait time.

Wal-Mart to Seek Savings in Energy

Use with Chapter 17, “Store Management” and Chapter 16, “Retail Communications”


Wal-Mart is hoping to meet its customers’ needs and its bottom line by embracing energy-conscious and environmentally friendly goals. The company plans on reducing its energy use in stores, doubling its trucks’ fuel efficiency, minimizing its use of packaging and encouraging other companies to follow its lead. To do this, the company plans on investing $500 million in technologies that will reduce greenhouse gases from stores and distribution centers by 20 % over the next seven years, increase the fuel efficiency of the truck fleet by 25 % over the next 3 years and double it within 10 years, and design a new store within 4 years that is at least 25% more energy-efficient.

Although critics are willing to applaud Wal-Mart’s initiatives and commitments, the negative attention that has been given to the company’s low wages, scant health insurance and poor treatment of workers leaves critics wondering if Wal-Mart’s environmental initiative is a means of taking the focus off its image problems. Wal-Mart’s chief executive, H. Lee Scott, outlined a new health insurance plan with lower premiums but relatively high out-of-pocket deductible requirements that is intended to make benefits more affordable to the company’s 1.3 million United States workers. The plan was criticized by Families U.S.A., a health care consumer advocacy group, suggesting that employees lost from the high out-of-pocket expenses. Mr. Scott asked Congress to consider raising the minimum wage, suggesting that even slight adjustments to Wal-Mart’s wages will eliminate its thin profit margin.
Wal-Mart’s first move in its environmentally-friendly practice is to work on its suppliers. If suppliers switch over to packaging that has less waste or are at least recyclable, then others who buy from that manufacturer will use the environmentally-sound packaging as well.

The new fashions that Wal-Mart has been sporting have been in the hope of attracting a higher-income crowd. The higher-income shopper is typically more aware of environmental issues and considers them a higher priority. Wal-Mart hopes to give its shoppers a more positive reaction to its image.

**Discussion Questions**

**Why is Wal-Mart embarking on an energy conservation effort?**

*Higher-income shoppers, which Wal-Mart has been attempting to target through higher-end fashions, are more aware of environmental problems and solutions. Wal-Mart’s desire to become more economical may partly stem from their higher-income shoppers’ expectations and also stem from the retailers’ vast influence on the market and the positive effect that its small changes may make for other businesses and the world.*

**What steps are they taking to conserve energy and be eco-friendly?**

*Wal-Mart is reducing energy use in its stores, doubling its trucks’ fuel efficiency, minimizing its use of packaging and encouraging suppliers to take the lead in their own packaging waste and recyclables.*

**In Hot Pursuit of Yoga Mama**

*Use with Chapter 4, “Customer Buying Behavior.”*


“Yoga Mamas” is the newest term to describe an emerging class of middle- and upper-income women that are typically educated with more disposable income to spend on fewer children. They are style- and brand-conscious, they pay exorbitant amounts on their babies and toddlers, and they are causing a revolution in the baby-products market, forcing retailers and manufacturers to adjust accordingly. These fit-conscious moms are willing to pay any price to ensure their baby is healthy, happy and sassy.

Today’s average woman is starting a family later in life when she is on solid financial footing and with established tastes. Many baby products are designed and sold with mothers in mind, not babies. Petunia Pickle Bottom and Fleurville diaper bags are trendy and expensive, $150 each, and have made guest appearances on hit shows to boot. Yoga Mamas are not soccer moms: they are the new generation of proud mothers that flaunt their pregnancies by their choice in apparel and stay superfit before, during and after pregnancy. Most importantly, these moms are fashion-obsessed.

Even businesses that attract a much broader base of consumers are looking to Yoga Mamas as a source of growth. Whole Foods Markets is trying to appeal to moms by offering more organic baby foods and children’s clothes made from pesticide-free-hemp. Some stores host healthy eating seminars for moms and some have added a baby registry.

Beyond retailing, Yoga Mamas are in many ways a more desirable target for politicians than NASCAR Dads or Soccer Moms because they are so heavily networked – socially and technologically.

Unfortunately for retailers, Yoga Mamas are not easy to reach through traditional media. Their busy lifestyles force them to do most of their shopping online and at night, and they depend heavily on other mom’s for
consumer information. E-tailers like www.babystyle.com offers a tightly edited product menu of just 4-5 items per category to help moms make the most of their evening shop time.

Interestingly, babycenter.com performed a survey that showed 54% of those with household income between $50,000 and $200,000 said they splurge on high-end baby clothing and gear even when bargain brands are available.

Discussion Questions

Who are women in the Yoga Mamas segment?

Yoga Mamas are Middle- to Upper-income mothers, typically educated, fit and brand-conscious, with high disposable income.

What needs are Yoga Mamas seeking to satisfy?

Yoga Mamas are seeking to satisfy their own brand awareness and super fit, fashion-obsessed lifestyle by extending their own lifestyles into their babies through high-end, trendy clothes and gear for their kids.

What can retailers do to target and attract this segment?

Yoga Mamas are health-conscious shoppers that are willing to spend any price to ensure their baby is healthy and happy. Food retailers may offer more healthy and organic materials for moms and babies, host seminars to teach mom’s how to live organically, and offer clothes and gear that is eco-friendly. Fashion retailers may choose to expand their motherhood sections to include much higher-end merchandise to appeal to Yoga Mamas.

Hot Off the Shelves

Use with Chapter 17, “Store Management.”


Retailers from Gap to Walgreens have begun to develop national crime databases to compile evidence from shoplifting incidents. The hope is that the databases will help federal investigators build legal cases against suspected theft rings.

Today's retailers are facing new obstacles when it comes to shoplifting: they are no longer dealing with the spotty teen stealing candy bars; they are dealing with organized gangs of shoplifters. The databases are intended to eliminate the failure to share information, an age-old tradition in retailing stemming from the idea that a business’ losses and means of protection are private. This works well for the shoplifters as they are able to perform an organized attack in a given area without fear that the stores will realize they are the target and fight back cooperatively.

Whereas conventional shoplifters take merchandise for personal use, organized theft rings sell the products at flea markets, online and, in some cases, right back to the same national retailers from which they originally stole. Interestingly, some of the most sought-after items are Enfamil infant formula, Oil of Olay skin products, Pepcid heartburn medicine and Gillette shaving products. These items are easier to obtain than say, merchandise in a jewelry store.
The retailing executives who are building the databases complain that law enforcement agencies have been slow to recognize the professionalism of organized theft. The federal authorities rely on retailers and local police to bring shoplifting to their attention, but there is a very small number of cases being reported. For one, shoplifting is not a federal crime until at least $5,000 has been stolen across state lines. Some attorneys won’t act until the number reaches $50,000.

Retailing executives also feel that state shoplifting laws are not able to properly deal with organized theft rings. Unfortunately, retail theft has become a high-profit, low-risk form of crime, forcing retailers to rely on the databases of retailing industry trade groups like National Retail Federation in Washington, Retail Industry Leaders Association in Arlington, Va., and The National Association of Chain Drug Stores, in Alexandria, Va.

The National Retail Federation database, password accessible, looks much like an online survey. Retailers log in and fill out a form requesting details like the methods used to enter a store, weapons used during the robbery and the types of products stolen. Digital images can also be posted, enabling retailers to identify common suspects. The evidence found may be just what the police force needs to begin efficiently solving retail crime.

**Discussion Questions**

**How do organized shoplifting gangs differ from theft by individuals?**

*Individuals typically take merchandise for personal use, whereas shoplifting gangs focus on a shopping list of products with less security that they can resell at flea markets, online and sometimes straight back to the retailers.*

**What are retailers doing to thwart organized shoplifting gangs?**

*Retailers are working cooperatively through databases put together by retailing industry trade groups. These databases allow retailers to answer questions about theft in their stores and find familiar faces on security cameras. The evidence they put together may help police to solve the crimes.*

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**Stores Look for a Niche as Gadgets Grow**

*Use with Chapter 5, “Retail Strategy.”*


Although still embracing the lowest prices philosophy, Wal-Mart has begun to explore a more selective outlook on its prices. In essence, Wal-Mart hopes to keep the price of their electronics up to ensure that their customers aspire to own Wal-Mart’s electronics and not Best Buy’s or Circuit City’s when the price of a certain product goes down. To do this, prices are remaining slightly out of reach for the typical Wal-Mart target consumer.

The electronic retailing segment has become blurred as electronics are available at many unconventional stores like Walgreens and Kohl’s. They are in demand across all income levels and are available at almost every price. To remain in the game, Wal-Mart, among other retailers, must find a niche to sell a product that customers can find at 20 other chains.

The top electronics chains, Best Buy, Circuit City and Radio Shack, offer a wide product selection and services like home installation. Costco and Sam’s Club also rank in the list of Top 10 electronics sellers for 2004, despite their limited product selection. Specialized electronics retailers like CompUSA and Gateway Computer...
were beat by Target and Sears. It is easy to see how retailers are confused by consumers buying behavior in the electronics arena. Most confusing of all, however, may be the differences in the number 1 and 2 companies for electronics retailing: Best Buy and Wal-Mart. Whereas Best Buy focuses on service, Wal-Mart emphasizes price. Wal-Mart offers everything; Best Buy focuses on electronics. Yet they both are chasing overlooked shoppers to maintain a dominant position.

Wal-Mart’s initial electronics department position, with a single entrance and exit, was to deter theft. Although successful, the positioning discouraged potential electronics consumers; for instance, moms with shopping carts. New stores have abandoned the old layout and welcomed a more open space. More rigorous training for employees can be seen as well.

Best Buy has taken a different stance on acquiring overlooked customers: by coming up with nicknamed groups. Buzz is the tech whiz; Jill is the well-paid working mother, and Ray is the family-oriented dad. A designated group of employees is ready to identify the Jills and walk them through the sales process. Afterwards, the Geek Squad, a separate division which solves problems within the store and through house calls, picks up the slack. All this is in the vain effort that Jills will spend more money on electronics.

Department stores cut back on electronics years ago and are now missing out on a top-selling category. To compensate, stores like Macy’s offer electronics fashion accessories to keep customers searching their somewhat meager electronics department.

Discussion Questions

How does the Wal-Mart strategy for consumer electronics differ from Best Buy’s?

Wal-Mart emphasizes price in terms of electronics whereas Best Buy focuses on offering specialized service to the different categories of consumers.

What changes is Wal-Mart making to its retailing of consumer electronics?

Wal-Mart’s old electronics department layout was not accessible to moms with shopping carts as the single entrance was narrow to deter theft. Wal-Mart has utilized more open space in the department to encourage shoppers to peruse their many products.

Why is Wal-Mart making these changes?

The electronics market is currently one of the most popular. To remain in the game against specialized retailers, Wal-Mart had to join in the race to find a niche that could market to the typically lower income Wal-Mart customer. By raising their prices on electronics to cater to the higher income customer, as well as opening up the space, Wal-Mart is attempting to remain among the top sellers not just altogether, but dominate electronics specifically.

Technology Lets High-End Hotels Anticipate Guests’ Whims

Use with Chapter 11, Customer Relationship Management.”

At top hotels like the Mandarin Oriental in Manhattan, new “smart” computer systems that connect individual rooms to network servers can now keep track of individual needs. This encompasses anything from the room temperature a guest prefers to their most recently called numbers being stored on the phone. The hotels can even have a guests’ preferred genre of music playing when they walk in the room. Although this amazing technology is not yet financially available to most private homes, it is a glimpse into the future of technology within networked homes.

The data networks that hotels are installing are the real secret to obtaining individual preferences. The networks allow hotels to connect the lights, air-conditioners and other room devices to a central computer so they can be remotely monitored or controlled.

Hotels are installing adapters, antennas and more in their entertainment consoles, curtains and thermostats that allows guests to change the setting of the room with a hand-held controller. A memory chip in the controller would remember what temperature the guest preferred, for instance.

When a guest visits a hotel that hosts the “smart” systems, the hotel is able to see if they have stayed before, what programs they watched, what music they listened to and how they preferred the rooms. The networks are also starting to connect hotels within a chain, helping the staff in Singapore better prepare for a guest based on their customer profile in Spain.

Hotels insist that they use this data only to serve their customers better, and are not selling the information to marketers. Hotels see this as an ideal way to attract repeat customers.

Wireless technology has truly been the reason these amazing changes in technology and better customer service have been able to come to fruition. Wireless technology omits the need for thick cables strung across rooms to connect them to a central server; it allows for universal remote controllers and links hotel employees to the network. Even maids are made to wear wireless tags so the front desk can determine who can get where the fastest.

Discussion Questions

How does the Mandarin Oriental hotel personalize its offering to build customer loyalty?

Through the use of wireless technology, the hotel is able to locate a customer’s profile, and pre-set the room to the guests’ tastes. This may include anything from setting the temperature at the setting the guest set it at using the hand held device the previous time they visited, or setting the TV onto personalized stations.

REI Working Out


REI, based in Kent, Washington, has become America’s most intriguing retailer of outdoor apparel and gear through a mix of experiential stores, knowledgeable employees that know the brand, and loyal consumers.

At each store, managers work to recruit employees who are true outdoors enthusiasts and who end up “selling” REI based on as much on their authentic experiences as their knowledge of REI’s equipment. REI’s employees are known to really live their outdoor lifestyles and understand them. They are meant to build relationships with customers who are, or want to be, outdoors enthusiasts as well, and by doing so, sell REI.
Because REI focuses so heavily on salesperson-customer relationships, they have done away with the idea of commissions. Their idea is not to compete with each other in the store but to develop positive relationships that allow employees to give the right kind of service to customers.

In the past, REI became known for its experiential retailing. REI hoped that through experiential retailing, a visit to their store would become more than just a shopping expedition. It was intended to engender more customer enthusiasm for a particular piece of equipment and create more positive associations with products. One of their most famous hands-on activities is their climbing wall, called the Pinnacle, on which customers can test out various pieces of equipment that REI carries in the store.

Unfortunately, the novelty of experiential retailing has worn off as so many other retailers have begun to offer their own forms of experience within their stores. REI is in the process of moving beyond experiential retailing back into a niche that still offers customers a taste of what REI is about. REI focuses on emitting a holistic environmental ethos by becoming involved with local activities that enhance appreciation of the outdoors.

The one-time membership fee to join REI is $15; the company then sends regular direct mailings and e-mail blasts to members highlighting sales and other promotion. Workshops and classes are advertised and members’ opinions can be given to REI. Additionally, consumers receive an annual rebate on the total of their purchase receipts, amounting to about 10% of what they spent. REI’s concept has a strong impact with customers.

**Discussion Questions**

**What is the image of the REI brand?**

_The image a store dedicated to high quality products associated with outdoors activities (rock climbing, hiking, etc) and equipment expertise. Their salespeople are knowledgeable and dedicated to the pursuit of outdoor activities._

How does REI build and reinforce that image?

_REI hires employees that are true outdoors enthusiasts. They live the brand. REI stays away from commission-based salaries to ensure customers are given adequate feedback and service. REI stays involved in the community with local activities that enhance appreciation of the outdoors as well as developing a more holistic environmental ethos._

**Tiptoeing Across the Border**

*Use with Chapter 5, “Retail Strategy.”*


American retailers have ventured into Canadian territory as pressure to expand has increased, markets have become more saturated and trade restrictions have eased up after the adoption of the North American Free Trade Agreement. The new Vaughan Mills mall in Toronto is not only the first mall to open in Canada since 1990, it hosts an array of American retailers like the Children’s Place and Build-a-Bear Workshop.

About 200 American brands are now available in Canada. European brands are desperate to saturate Canadian malls as well, with stores like H. & M., Sephora and Zara entering the scene. As estimated by Robert J. Boyle, director of market research for Ivanhoe Cambridge of Montreal, only about a third of the top100 American brands have ventured into Canada. The malls in Toronto have mostly home-grown chains.
Even the dominant supermarket chain, Loblaws, has been able to keep Wal-Mart from opening its superstores in Canada by creating a new model known as Loblaws Real Canadian Superstore.

Reasons for remaining out of Canada are both geographical and cultural. Distribution is difficult to overtake, as about a third of the country’s population is separated into three main areas: Toronto, Montreal and Vancouver. New construction is slower in Canada because it is more difficult to get property rezoned for commercial use, financing is less widely available and the pool of potential tenants is smaller. For basic economic reasons, Canadians are taxed more and thus have less disposable income to spend. Canadians dine less, so restaurant chains have stayed away, and Canadians typically do their shopping downtown rather than at suburban malls.

All-in-all, Canadians are more value- and price-conscious. They are not likely to immediately latch onto an American retailer that jeopardizes their own cultural heritage. For American retailers, moving into Canada has to be a well thought out transition that is taken with the proverbial grain of salt.

Discussion Questions

What are the relative advantages of U.S. retailers expanding to Canada compared to China?

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<td>Similar culture</td>
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<td>Well developed infrastructure to support supply chain management</td>
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The Un-Mall on Bleecker Street

Use with Chapter 1, “Introduction to the World of Retailing” and Chapter 7, “Retail Locations.”


Emerge NYC is a distinctive approach to retailing that some have dubbed “the future of retail.” The newly opened shopping space on Bleecker Street in SoHo hosts 26 tiny open-fronted boutiques lining the walls and another 26 glass counter spaces that form a center island. Emerging designers run the shops themselves and sell everything from purses to art. Customers are able to meet the designers, enjoy an eclectic area of different tastes and help designers to get feedback on prices and craftsmanship.

Today’s retail market is driven by convenience, accessibility and a sense of community, according to Michael D. Beyard, co-author of “Ten Principles for Rethinking the Mall.” The fact that Emerge NYC is the anti-department store probably works in its favor.

Emerge provides small blocks of office, laboratory or production space for start-up companies. Although designers must pay more than $300 a square foot annually, they are given a presence in downtown Manhattan without having to deal with the technicalities of owning their own business.

The architect in charge of developing Emerge, John Lindell, recognized the difficulties in coming up with an open and airy space which would house intimate boutiques each with space to personalize. The design is
seen more in Hong Kong and South Africa, but is simple and accessible.

**Discussion Questions**

What is the Emerge NY concept?

*Emerge houses a number of boutiques under one roof that hosts different designers and their creations.*

What advantages compared to traditional locations does it offer customers? Retailers?

*Good assortment of eclectic retailers and one stop shopping for customers. For retailers, great traffic due to concentration and drawing power of multiple retailers and a chance to interact directly with their customers.*