

Challenge: Develop a stock & flow structure that examines the logic of the indicated paragraphs (and optionally other aspects of the article).

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**Shoppers buy into a lifestyle
Stores offer a unique experience so customers will linger, spend more**

By Kelly Pate Dwyer, Denver Post Business Writer

Sunday, October 12, 2003 - Banana palm trees frame the doorway. Duck through them, and leave your everyday world for what life could be - if only it were Saturday in Key West.

Really, it's only a store at the mall. But here, the tropical plants, scented candles, bubbling fountain and ceiling fans set to the slowest speed all work in harmony to - sell men's shirts and slacks.

Welcome to "lifestyle retail."

Clothing is the main act for Tommy Bahama, which carries women's clothing as well. But the candles and old, wooden model ships, interspersed between the racks and arranged according to feng shui principles, are all for sale.

Even the rug on the floor comes at a price, says George Santacroce, president of Seattle-based Tommy Bahama's retail division. The chain has 35 stores.

"That's not where we're looking to make our money," he says of the profitable company. "It's where we want to make a special experience for our guests."

Tommy Bahama recently opened at Cherry Creek mall, but they won't be expanding to the other malls in town. It would take away from the mystique.

The tropic-themed store belongs to a small but growing group of specialty retailers successfully catering to a certain person - defined by his or her age, education, attitudes and habits - rather than selling a category of product.

It's not a new approach. Ralph Lauren was at it decades ago. Eddie Bauer, which started in clothing, expanded to home furnishings years later. Starbucks, REI, Bicycle Village, Anthropologie; they all do one thing exactly the same: They create an experience in their stores that makes you want to spend more time there. And when you spend more time in the store, you spend more money.

Lifestyle retailers are building momentum on cultural, technological and economic shifts.

The Internet has revolutionized shopping, said Glen Senk, president of Philadelphia-based Anthropologie, which opened in Cherry Creek this summer.

"It's not that people are buying that much (on the Internet), but information moves so quickly," he said. "People listen to what's happening. Most people are much more comfortable developing an individual style and sticking with that style."

Anthropologie sells women's clothing, home furnishings and toys. The store's chief customer is what ties it all together.



"She's between the ages of 30 and 45, highly educated, suburban or exurban, in a committed relationship and likely to have kids," the company says in press materials.

And she's getting smarter, Senk says.

Increasingly through the last decade, shoppers have been steering away from department stores to two places - the low prices and convenience of giant warehouse stores and the quality and character of smaller, specialty stores.

Wal-Mart, Target and Kohl's are the best out there for commodity products, Senk says, "be it a basic frame, laundry detergent, a five-pocket jean, white dinnerware. I shop at those places."

Consumers aren't inclined to pay more for something everyone else has, which is why such retailers are beating out the higher-priced department stores for like items.

"People are too smart now to spend money when they don't have to," Senk says.

A shoppers may pay more for a pair of slacks, a picture frame, a purse or a necklace when those items are made well and they don't look like what's sold at every other store, Senk says.

When "she" walks into Anthropologie, she can go left to find most of the clothing, but likely she'll veer right, drawn to one of several bays along the side wall.

Each is like the set for its own play. In one, weathered-looking gray wood is the backdrop for decorative hardware, including more than 100 varieties of wall hooks - made of metal, colored tile and beads.

Paris is the next act, where the Eiffel Tower appears on a doormat and a framed print. There are travel journals, a rusted iron chandelier with teardrop crystals. The designers painted loose canvas red and tacked it up as a backdrop.

And she's only halfway to the back of the store.

"Anthropologie is able to create an environment that changes easily, that the consumer doesn't get bored with," says retail consultant Jon Schallert of Sorreto, Fla.- based Schallert Group Inc. "I think it is the way specialty retail is going."

He thinks some lifestyle retailers have taken a cue from antique stores, where the more stuff they pack in and pile up, the more they sell.

And where items turn up in unexpected places, like Debra Ollivier's book, "Entre Nous - A Woman's Guide to Finding Her Inner French Girl," stashed behind a stack of Anthropologie lamb's wool cardigans, covered in lace and rhinestones.

"People think it's an exploration," Schallert says. "It makes consumers linger in a store longer because you cannot just stand there and see everything. You literally have to search underneath things. Our research has shown if you keep a customer in store longer, they'll buy more."

Based on sales averages, the increasingly profitable Anthropologie is on track to do \$7 million in annual sales in Cherry Creek.

The company affords pricey displays, created individually in each store by two local, staff designers, because it spends little money on advertising.

Part of appealing to the senses, lifestyle retailers shy away from high-pressure sales.

Instead, they hire people who understand and love what the store sells. And those people are nearby when customers ask for help.

"We never try to sell anybody anything but create an environment where people want to buy," Santacroce says.

"We want people to feel like when they come to Tommy Bahama, they've escaped to that kind of island lifestyle."

A change in his own lifestyle brought Scott Geffre into the business of selling bikes. The one-time financial planner decided helping people in fitness was more important to him than helping them plan for retirement.

So it's fitting, as general manager of the new Bicycle Village in Aurora, Geffre beams from ear to ear when talking about the store. It's stocked with more than 1,000 road bikes, mountain bikes, bikes for kids, for beginners, for experts and for triathletes like Geffre.

But Geffre's more excited about the customers who come in for the spinning classes; the cyclists who stop in and sit at "the bar" - a rubber topped counter at chest height, where they can examine a bike with one of the employees or just chat about their next ride; or the woman who spent two hours last Saturday, sitting under a wall of books, sobbing while reading Lance Armstrong's new book, "Every Second Counts."

"It's about people achieving what they didn't think they could do," Geffre says.

Mike Persoff of Aurora, a Bicycle Village regular, is on his own journey to learn more about cycling. He stops in the store every week or two.

"It becomes a social event," Persoff said, rattling off half the employees by name. "I spend 45 minutes, sometimes a hour."

Besides working with the staff to improve his time-trial bike, Persoff ends up talking with everyone around him.

"We just talk about a lot of different things - the Tour (de France), different cycling techniques, geometry."

Persoff isn't quick to spend money on extras, but because of the service and choices here, he said, "when I do buy, I buy from them."