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The Big Story

Intelligent Design? Denise Lee Yohn

The announcement last week that Best Buy had hired a Chief Design Officer might have raised an eyebrow or two.

Design is typically a manufacturer's bailiwick, so what's a retailer doing with a designer?! Especially an electronics retailer! Sure, apparel and housewares brands which make and sell their own goods need designers. And design in terms of architecture and interior design is commonly used in store development.

But it's clear from BBY's announcement that their new design chief, Aura Oslapas, is going to be doing more than picking out carpet colors. "Best Buy believes that great design is a key component of delivering unique brand experiences that resonate with customers and drive market share. [Oslapas's] ability to combine design and innovation will help us reach customers in new ways," says BBY executive vice president and chief marketing officer Barry Judge.

Best Buy, it seems, is looking to do Design, with a capital "D." Big "D" Design isn't about aesthetics and style. It's about a different way of thinking and doing, characterized by a deep curiosity about and understanding of the user, the use of integrative thinking to creatively resolve tensions, rapid and collaborative prototyping, and continuous modification and enhancement. It's a discipline that more and more businesses are adopting - and makes a lot of sense for retailers who are looking for a fresh approach to break out of the recessionary slump.

I'm guessing Oslapas is going to transform Best Buy in a number of ways which any retailer might benefit from:

1. Private Label Development

Many retailers have been developing private labels as a way to offer lower priced offerings to tight-fisted consumers. But far fewer have successfully made the leap from a label to a brand - that is, to differentiate the products on a dimension other than price and to stimulate a level of demand that makes the store a destination. Lower price points seem to conflict with better, more compelling products.

Design thinking is uniquely suited to constructively resolve this tension. Instead of favoring price at the expense of cachet or vice versa, Design creatively generates a new solution. Design can transform Best Buy house brands like Dynex, Insignia, and Rocketfish into viable competitors to national brands the way it did for Target's UP & UP brand, and can develop new brands through

partnerships with designers like it did with Todd Oldham Studio.

2. Collaboration with Manufacturers Retailers want to carry exclusive products from manufacturers, but they usually rely on manufacturers' R&D to drive the development of those products. Manufacturers are product experts, after all, right?

Developing an in-house design practice can change that. Design is a human-centered practice, in which a deep understanding of people's behavior, needs, and preferences informs innovation. It draws upon anthropological methodologies (which reveal meanings and values underneath attitudes and behaviors) and empathic research (which involves putting yourself in customers' shoes to understand the way they live and experience products). This customer intimacy helps retailers take more of a leadership role in product development, which leads to more flexibility and leverage in partnering with manufacturers.

3. Integrated Customer Experience

Design is all about integration and in today's retail reality of multiple channels and countless customer touchpoints, integration in the customer experience is sorely needed. I'm not talking about simply adding Web-enabled kiosks in your store or offering multi-channel return options. What's needed is a holistic view of a customer's journey in which opportunities to improve the customer experience are diagnosed from the customers' point of view, not the company's organizational structure.

Designers use systems thinking to approach problem solving by viewing problems as parts of an overall system and creating solutions which usually involve a range of dimensions working together seamlessly. Minimizing customer disappointment due to an out-of-stock, for example, might require changing assortment tactics, signage, salesperson interaction, and mobile communication.

4. New Service Concepts

Services help retailers stay afloat in times like these when consumers are scaling back on the acquisition of goods. Repair services offered by Geek Squad enable Best Buy to generate additional revenue from a single transaction; at The Container Store, consultation by Elfa designers adds to the perceived value of the fixtures.

Design can fuel the development of new services not only because of its emphasis on customer intimacy and systems thinking, but also because Design relies on rapid prototyping and making iterative changes to speed the innovation process. Retail businesses actually make the perfect environments to take advantage of the way designers use prototyping to learn more about the needs they're trying to address and to identify new directions that new prototypes might take. I suspect we'll see Best Buy increasing the use of their stores as learning labs to test out early versions of new service offerings in installation, product training, customization, and more.

All of this adds up to greater competitive advantage for Best Buy -- and any retailer which implements a Design strategy. More than ambiance and atmospherics, Design opens a new frontier for creative and practical solutions to today's retail challenges.

Denise Lee Yohn has been inspiring and teaching companies how to operationalize their brands to grow their businesses for over 20 years. Retail and restaurant brands from Brookstone to Burger King have called on Denise, an established speaker, author, and consulting partner.

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