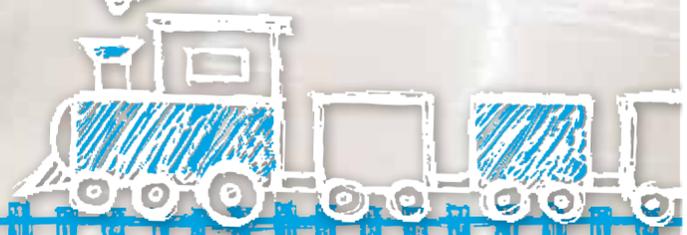


Is Your Store Any Fun?

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Engaging Customers With Entertainment

Shoppers drive out of their way to buy lattes at Starbucks and earn their loyalty stars. They take their families to Cabela's to marvel at the indoor trout streams.

They even dine out with their daughters and dolls at American Girl Place, where toy shopping is marketed as bonding time.

This trend, which stretches the boundaries of the typical shopping experience, is known as shoppertainment, or a combination of shopping and entertainment, and reflects the efforts retailers are making to differentiate their businesses by creating memorable experiences.

The trend hasn't skipped the home improvement sector. On the big-box side, Target this year introduced its Target Open House in San Francisco, which sells smart-home technology. The store allows customers to experience how innovative tech products work together in a see-through, simulated house.

In addition, Lowe's Holoroom in Canada offers customers the use of 3-D and augmented reality technology to plan home remodeling projects.

Businesses of all sizes are using activities, games, merchandising and décor to create unique salesfloor experiences.

The Internet has accelerated the growth of the trend, since the convenience of ordering online and home delivery has made trips to brick-and-mortar stores optional.

If shoppers turn to brick-and-mortar stores, they want experiences, and progressive retailers aim to offer those experiences to stay competitive.

We will explore the concept of shoppertainment in separate sections on the following pages.

First, we will illustrate more ways shoppertainment is being executed. While some ideas, like installing a simulated home, might be too grandiose for an independent retailer to try, you still have plenty of options for adding entertainment to your offering.

Those opportunities include in-store games. We offer examples you can download at www.hardwareetailing.com/shoppertainment.

We will then discuss three potential areas where you can make your store more fun—merchandising and the store environment, activities and events and promotions.

Michael Wynn, president of Sunshine Ace Hardware in Florida, has taken some hints from the Disney Institute and approached shoppertainment at his stores from various angles. His business provides many of the home improvement industry-specific ideas shared in this story.

The ways to offer shoppertainment are boundless, and we will look at just a few more examples you can use to make your stores fun.

Shoppertainment Defined

Shoppertainment isn't a new trend, but it is becoming the new normal.

Shopping centers, big boxes, international chains and tiny independent stores are all vying for customers in a retail environment that seems to grow more competitive by the millisecond, intensified by rapidly evolving online retailers such as Amazon.

"It's the move from plain old sporting-goods stores to Cabela's, which offers free fly-fishing lessons, two-story mountains, waterfalls, trout ponds and an archery range. It's the difference between buying a can of Maxwell House Coffee and the Starbucks experience," according to retail experts Robin Lewis and Michael Dart in the book "The New Rules of Retail."

In addition to online changes, the economic downturn in 2008 fueled the shoppertainment trend, and retailers were pushed to fight creatively for increasingly thrifty shoppers,

Now, consumers consistently look for ways to be entertained when they shop, and they want to be drawn back to a store by experiences they've had there, not just products.

says Randy White, CEO of White Hutchison Leisure and Learning Group, an international facility design and consulting firm. This retail reaction to the recession taught customers to expect entertainment from stores.

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These are more examples of retail experiences that are attracting customers:

- Families take birthday parties to Build-a-Bear Workshops, where children can customize their own teddy bears.
- Trader Joe's stores sell basic grocery essentials, but also unusual imported foods and organic products. Food sampling stations, quirky greeting cards and a steady stream of new products contribute to Trader Joe's atmosphere of an "offbeat and fun discovery zone that elevates food shopping from a chore to a cultural experience," Lewis and Dart say.
- Mobile phone games, such as Starbucks' star rewards, successfully motivate customers who not only like video games but also enjoy chasing the tangible prizes of future discounts.
- Beauty product sellers such as Sephora and Birchbox provide iPads for shoppers to look up reviews and compare products. At Sephora, workers "use a system developed with color authority Pantone called Color IQ to scan a customer's face to find the perfect shade of foundation," according to Lewis and Dart.
- Bauer, a hockey gear seller, opened its first company-owned brick-and-mortar store this year. The company calls the retail outlet, which features an indoor ice rink, the "Own the Moment Retail Experience."

Join the Fun

Consumers can order products on a cellphone and get them delivered the same day to their homes, or snatch up a lot of items quickly in a warehouse-like box store. But they can buy what they need—and make memories, too—where they find shoppertainment.

Even online retailers, such as eyeglass seller Warby Parker, are opening brick-and-mortar stores to join the experiential retail competition.

And though shoppertainment has expanded far beyond simple games and taste testing, those simpler methods still work.

Some common ways to add entertainment to your business include creative merchandising and the environment, which can include store displays and décor. Activities and events are

also ways to integrate shoppertainment into operations, with games and holiday visits from Santa Claus among the opportunities.

Promotions and sales also provide chances for regularly offering games and other fun to entertain, offer discounts and attract customer visits.

Why Entertain?

Competing in today's retail environment means incorporating shoppertainment into your business to keep growing sales and customer traffic. Becoming customers' favorite store requires far more than providing the products and prices people expect.

The effort may require some financial investment and creativity, but the payoff comes in the form of business growth.

Adding entertainment is what co-owner Keith Vaughn did to bring an old Knoxville, Illinois, hardware business back to life.

When he bought Knoxville Mercantile in 2014, it was a dying enterprise. He and his wife Erin closed the building, renovated it, added fun to the store and reopened.

They sell treats such as candy cigarettes, milkshakes and chilled glass-bottled sodas.

Within a year, they were able to quadruple store sales from what the business averaged during the past 20 years, Vaughn says.

Some retailers, like Michael Wynn, have invested heavily in redesigning a store to make it an enjoyable environment.

Wynn's downtown Naples store was an expensive redo, and Wynn wasn't sure what the return on investment would be. He wanted to use the Naples store as the start of branding Sunshine Ace as an experience beyond hardware shopping, and to see growth where sales seemed to have leveled off.

"Basically, we had a very mature store that was already at a high level of volume and high sales per square foot," he says.

He attended two conferences hosted by Ace Hardware Corp. that covered the importance of customer experiences and entertainment, and got some training from the Disney Institute. "That really was kind of the inspiration for us to experiment," Wynn says.

In the end, he saw a double-digit return on the dollars invested in the store renovations. The payback on that investment has continued because he has seen "increased performance of the store to a different level that will be perpetual," he says. He spent less money redoing his Marco Island store, which wasn't as high of a performer as the Naples location, while still following the historic, artistic style he created in Naples. "We invested far less, but we had significantly higher growth," he says.



Photo Courtesy of Target Corp.

Target has integrated shoppertainment with home improvement through its Target Open House in San Francisco, which is a simulated home where customers can experience smart-home technologies before buying them.

Merchandising/ Environment

Creative décor, endcaps and other displays contribute to making a small home improvement store more than a quick stop to buy nails and caulk.

Wynn has used a variety of strategies to engage consumers with entertaining store environments.

Sunshine Ace displays large historic photographs of the community in stores, along with interesting facts about local history.

Wynn has commissioned wall murals, a hand-crafted boat and a hanging, hand-painted metal sculpture of a mangrove water scene. TVs on endcaps show videos about individual communities' histories.

The Sunshine stores are located in touristy parts of Florida and the atmosphere within the store buildings is important to attracting both tourists and new local customers.

"We need to make it a fun experience, as well, so it's memorable and they'll want to come back," Wynn says.

He has remodeled two of the stores in his family-owned chain within the past few years. He plans to renovate all seven to make each one unique, fun and customized to its community. The first and more expensive remodel was at the

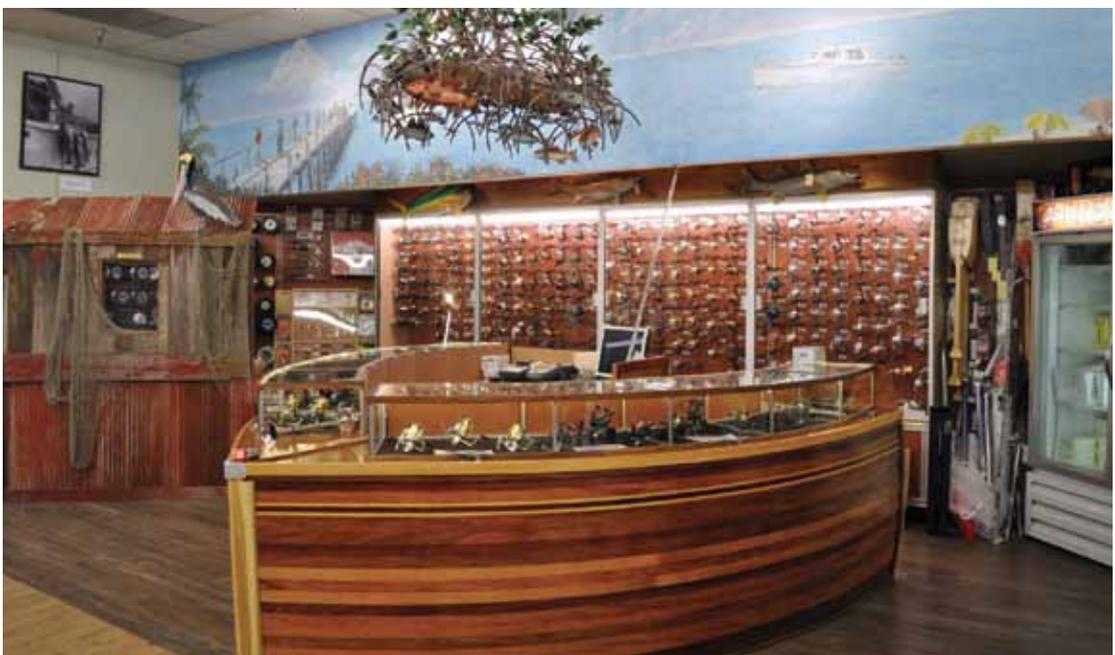
downtown Naples store. The location sells an extensive array of fishing gear, and the counter in that department is made to look like a glossy, wooden fishing boat. The custom-made boat has working navigation lights and a horn that children enjoy hearing.

Sunshine Ace also used reclaimed wood to make a service area look like an old-fashioned Florida house at the Naples store. "The décor makes you feel like you're part of old Florida," Wynn says.

In Blackstone, Virginia, Bobby Daniels, co-owner of Bevell's Hardware, sets up a large model electric train display annually for the winter holidays—and as sales have decreased over the years due to big-box competitors, the trains have continued to help double daily customer counts during the months of November and December.

Some shoppers come again and again just to see the trains, and those extra footsteps in the store can only help business, Daniels says.

And old signs, high school lockers and a 1950s cooler give Knoxville Mercantile a unique atmosphere that customers like. "You've got to make people want to come in here and give them something interesting to look at," Vaughn says.



A custom-made boat serves as the sales counter at **Sunshine Ace Hardware** in downtown Naples, Florida.

Activities & Events

Retailers have also successfully incorporated games and activities into their operations to create memorable shopping experiences.

For example, Dan Juergens, owner of Juergens Hardware Do it Center in Huntington, Indiana, noticed that a Fresh Market grocery store offered a scavenger hunt for children with candy as the prize.

Juergens went back to his store and started a game for customers. Store employees hide a hammer, which they have painted gold, and give candy to shoppers who find it.

Children love the game and the prizes, and the adults with them shop while the kids hunt for the hammer. “Those younger kids having fun looking for the hammer are our future customers and our hope is that they have enjoyed their visit with us. It is fun to see everyone get involved to help the kids find the elusive hammer,” Juergens says.

Other stores, such as D & E Hardware & Outdoors in Mims, Florida, provide in-store archery ranges to offer shoppers the experience of practicing with new gear from the sporting goods department. The archery ranges also attract archers who aren’t necessarily shopping, and some stores provide archery lessons to complement the range and the sporting goods that are for sale.

In addition, Sunshine Ace stores host free Halloween events annually. The activities aren’t product promotions and don’t incorporate discounts, but customers embrace the opportunities to have fun with store employees. Sales and customer counts tend to jump at least 10 percent on Halloween, Wynn says.

Workers pick themes and decorate themselves and the stores for the Halloween activities.

Last year, a store’s staff chose the movie “Grease” as the theme, and dressed in 1950s clothes. A store associate wore a poodle skirt and roller skated around handing out root beer floats to customers. Other staffers organized a band and played 1950s music.

Customers drove their classic ‘50s cars to the store that day and danced to the music.

“When customers are willing to dance, when customers are talking about the event a couple months later, you’ve made an impression,” Wynn says. “It’s just a fun, unique experience that you don’t get anywhere, let alone a hardware store.”

And at Knoxville Mercantile, customers head over to buy hand-dipped ice cream and 450 kinds of candy, in addition to the hardware. They can eat their treats inside the store as well as at tables arranged outside.

“People want something to do,” Vaughn says. “Here they are, with ice cream cones in hand, walking up and down perusing our aisles.”

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—Michael Wynn, Sunshine Ace Hardware



Children hunt for a hidden golden hammer at Juergens Do it Center.

Promotions

Promotions are a simple and natural area for shoppertainment. For instance, the Shoe Carnival chain has incorporated a spin-the-wheel contest into store promotions.

Customers spin a game wheel to get special prices on footwear, socks and other products. Where the wheel lands tells customers what percentage of a discount they can get during a specific promotion.

Scratch-off coupons and in-store scavenger hunts with discounts as prizes are part of other stores' shoppertainment fun.

Some Ace Hardware stores tried out mobile gaming to promote St. Patrick's Day sales. Customers earned digital coupons for playing a game on their mobile devices.

FunMobility, a firm in California that offers interactive marketing services, developed the game. Shoppers spun a digital wheel on their phones that would stop on special rewards, giving them coupons.

The average cart size for the participating Ace stores increased 100 percent because customers used the discounts to buy large items, according to FunMobility.

Another store, Yoder's Shipshewana Hardware in Shipshewana, Indiana, also included games as part of a promotion—but they were board and card games.

Yoder's gave out coupons to customers to spend on products in its large game department and hosted a game night so customers could play before they bought.

And, similar to Trader Joe's tasting stations, the store offered samples of old-fashioned soda pop for game players to try, and then buy if they liked them, during the event.

Customers enjoyed the treats, and bought the games that store employees demonstrated.

Shoppertainment experiences aren't expensive or hard to implement, Wynn says. For example, redecorating Sunshine Ace's Marco Island store was part of a store reset and the renovations paid for themselves within a year, he says.

Other fun, ranging from setting up model railroad tracks to selling ice cream, may not compare to the experience of shopping at a Cabela's, but customers don't expect them to compare.

Shoppers like making memories in locally owned stores, and they'll make special trips for the experiences hometown businesses offer, Vaughn says. While they're at it, they'll buy weed whacker string and nuts and bolts, he says.

"Sometimes you can't even walk in our store because there are so many people in here," he says. ➔



On average, the Ace stores that offered St. Patrick's Day coupons via mobile games saw large sales increases.