

## Richard Branson

Adventure capitalist: Virgin Atlantic  
launched a startup binge that continues.

# Red Baron

The sun never sets on Richard Branson's empire. Today the Virgin logo is emblazoned on hundreds of products—from airplanes to condoms to financial services. Can a famous brand survive such promiscuity?

BY MELANIE WELLS

**V**IRGIN GROUP FOUNDER RICHARD Branson is easily seduced. Take the small flame-retardant maker who appealed to the British billionaire for money in 1994. Some might mistake the kooky product demonstration for a late-night TV infomercial, but Branson was bedazzled. "When a guy came around and sprayed the solution on my Kleenex and then couldn't light it with a blowtorch, I was sold," recalls Branson. He immediately bought in, increasing his stake to \$1.5 million for 50% of Phoenix Fire Inhibitor.

The partnership has since gone up in smoke and with

it Branson's pocket change. He's hardly any wiser. Virgin reusable rockets? Tempted to invest. Virgin ginseng-caffeine-vodka drinks? His son, Sam, is convincing him they will sell. A Virgin Las Vegas hotel and casino attached to an airplane tarmac? "My biggest weakness in life is that I can't say no," says Branson, 49. Then he smiles one of his smiles.

He is a classic throw-it-against-the-wall guy, slapping Virgin's scarlet logo on hundreds of products, from airplanes to condoms to health insurance. His latest fancy: an online car dealership, launched in May. And there's more, lots more, on the way. This summer he plans to roll out a wine label, a utility company and an online brokerage.

What's Virginal about all these enterprises? That's get-

PHOTOGRAPH BY GREGORY HEISLER



**1984** Virgin Atlantic, Branson's London-based airline, takes off in June—his first major diversification after 14 years in the music business.

## The Face That Launched 150 Brands



**1986** Making a big splash, Branson takes three companies—Virgin Records, Virgin Retail and Virgin Communications—public, raising \$44 million. But soon after the stock market crash of October 1987, and a halving of Virgin shares, Branson decides to take the company private again.



**1992** After more than two decades in the music business Branson sells Virgin Music, his hallmark record label, to Thorn EMI for \$1 billion. Virgin Entertainment opens its first American record megastore on Sunset Boulevard in Los Angeles.

ting harder to define. Once upon a time Branson's products and services seemed almost an extension of his brash young persona—hip, fun stuff at a fair price. Bursting from a buttoned-down nation, Branson brought a spirit of rebellious adventure to making money. As when Virgin Records released the Sex Pistols' irreverent hit "God Save the Queen," which bashed the Royals, was banned by BBC radio—and hit number 2 on the charts. Or when Virgin Atlantic set a new standard in air travel, offering manicures, massages and limo rides to the airport for first-class passengers and giving economy travelers seat-back entertainment systems with a choice of movies and videogames. Branson often roamed the aisles, as he occasionally still does, chatting with passengers.

Today the self-anointed "Consumers' Champion" has too many disparate causes to support. How do you connect the dots between bridal gowns and financial services? Yet Branson refuses to be hemmed in. Indeed, during a recent interview in London, he handed over the notebook—red, of course—in which he jots down business ideas. Among them: a pharmaceuticals company, a dating ser-

vice, a clothing line for babies.

Say what you will, Branson's sometimes quixotic business quests have made him a lot of money—his net worth is \$3.3 billion (number 126 on the list of the World's Working Rich, page 216). And he seems not to worry that some of his far-flung ventures defy gravity, if not sanity. Perhaps that's because Branson's empire is set up to accommodate an infinite number of Virginisms (*see chart, p. 156*). His conglomerate is a chaotic web of mostly private companies—dominated by the \$1.7 billion (sales) Virgin Atlantic—with combined estimated revenues of \$5 billion. How many companies? Branson hazards a guess. "Maybe 250?" he says. One of his right-hand guys claims it's more like 150.

Question is, does the ever-growing patchwork of products and services strengthen or shred the brand? Straying too far from a strong, original line has made many a well-recognized entrepreneur stumble. Bic pen pioneer Marcel Bich, for example, blundered into panty hose and perfume (*see sidebar, p. 154*). It is, in fact, very difficult to make a radical branded-product leap and succeed. One exception to the rule is MGM. The studio

that gave you James Bond made a relatively easy shift into casinos—combining adventure and entertainment in both cases. But cola and airlines? Electricity and condoms? Alan Brew, principal at Addison Branding & Communications, in New York, says Richard Branson is in grave danger of repeating Marcel Bich's mistakes. "Virgin makes no sense; it's completely unfocused," he says.

Branson doesn't think so. "If the consumer benefits, I see no reason why we should be frightened about launching new products," he says.

Like his push into wireless. Virgin recently began selling mobile phones, made by Motorola, Nokia and Philips, and cellular service through a 50/50 joint venture with One2One, the Deutsche Telekom subsidiary. (On the phone: a red button that rings a Virgin operator who sells everything from CDs to discounted plane tickets.) Buying capacity from carriers, Virgin insists it can save customers up to one-third the cost of regular service. (Branson also cut a similar deal with Singapore Telecom.)

Then there's Virgin.com, Branson's splashy debut on the Internet that sells every conceivable product and service



**1996** Riding a silver "Mega" ball (left), Branson opens a Virgin Megastore in New York's Times Square.

Appearing at a London publicity event in drag, Branson kicks off wedding store Virgin Bride, the latest of his adventures into such far-reaching businesses as movie theaters, cosmetics and financial services.

**1998** Astride a tank, Branson lumbers into Times Square to introduce Virgin Cola in the U.S. But the beverage has no firepower, and sales soon fizz.

**1999** Branson launches Virgin Mobile by popping up in a London square with nude models. He also sells 49% of Virgin Atlantic to Singapore Airlines and 100% of Virgin Radio to Scottish Media.

the company has to offer. And why not? Branson is a born cross-promoter, who dreams of selling cars equipped with Virgin Mobile phones and insured by Virgin insurance. He envisions homes stocked with Virgin products, supplied by Virgin Home Services (gas and electricity) whose owners use Virgin Direct to organize their finances.

One of his most ambitious goals is to run Britain's national lottery. For the second time, Branson has applied for the seven-year license, leading a consortium whose partners include Microsoft and Cisco. He has promised to crown "a millionaire a day" through improved games in what he calls the People's Lottery, with profits going to charity. And, yes, he plans to bolster ticket sales through the Internet and mobile phones.

Scattered or not, Virgin is still a reflection of its founder. Branson is personable but unpolished. During an interview in the Holland Park home in London that doubles as his office he sat curled in a club chair, shoeless and with his shirt mostly unbuttoned. He has difficulty making eye contact. He stammers. At times he seems almost scatterbrained. After a recent lunch in a swanky mid-

town Manhattan eatery he dashed out the door in his restaurant-issued jacket. When he remembered and returned the jacket to the coat-check attendant, he had to borrow \$1 for a tip. "I haven't a penny, I'm sorry," he shrugged.

But this seeming attention deficit disorder has its moments of keenly focused intensity—when it comes time to put down money. Branson is more a buyer of ideas than a creator of them. Colleagues came up with the name Virgin back in 1970. And it was an American lawyer who approached Branson about starting what became Virgin Atlantic, now his best-known company. Branson is something of a venture capitalist, plucking his favorite ideas from hundreds of solicitations that land in Virgin's London offices every week. Like VCs, he wants partnerships that spread the risk.

Joint ventures also allow Branson to trade the Virgin name as if it were rare currency. "People shouldn't underestimate him; he can be very tenacious. He wants control if he's going to put Virgin's name on a company," says Mesa Airlines Chairman Jonathan Ornstein, Branson's former partner in Virgin Express, a struggling European airline. Ornstein learned

that when the two were trying to buy regional carriers. "We passed on some good deals because we'd go into a meeting and our potential partner would say, 'We're going to use the Virgin name and give you 20% of the company.' Richard would be polite—he'd say, 'Thank you very much'—and the meeting was over."

Partners rarely get the upper hand. If there are disagreements over strategy, Branson tends to buy them out or sell his stake. Currently there's talk at Virgin of splitting up with NTL, the British cable company that's a 49% partner in Virgin Net, an Internet search portal. Branson is resisting a combination with Virgin.com for two reasons: He doesn't want to share ownership of Virgin.com and he doesn't want to go public just yet. Mention his two-year fling with the stock market in the 1980s—when he brought Virgin Records, Virgin Retail and Virgin Communications public—and he still shakes his head over the experience. "We doubled our profits from \$26 million to \$51 million and our share price was halved" during the 1987 crash, he says. The next year he took the company private again through a \$300 million management buyout.

Branson is keenly afraid of failure—because it would tarnish his image as a marketing Midas. And that's why, he says, he has never let a business go under, despite a "few close shaves," particularly in the early days of Virgin Atlantic. "I know in America a lot of entrepreneurs have been bankrupt two or three times before they've got to where they got," he says. "But if people didn't trust me, then they wouldn't be interested in doing business with me."

Most recently Branson had to bail out Our Price discount record stores in the U.K. He expects to spend \$110 million to revamp the 230 units into stores that will sell mobile phones and records, and offer Internet access to Virgin Direct financial services. "Reputation is everything," he says of his decision to keep the stores open. Despite a fight with his finance director, who "felt we should let it go," says

Branson, "I've slept better at night being, maybe, £75 million the poorer for it."

But there have been conspicuous fumbles. This year Branson folded his struggling U.K. apparel line, Virgin Clothing, citing lackluster sales in a bad retail climate. Still, Branson doesn't give up easily. He plans to roll out the clothing line in the U.S. through Saks. And, to boost his struggling record label, V2, Branson convinced Goldman Sachs and Morgan Stanley to forgive \$140 million in unsecured 1998 bond debt, paying 7%, in exchange for 34.5% of V2.

Branson has allowed several other ventures to quietly fade away. In most cases customers had trouble identifying the product with the name. Virgin Vodka had a short life on store shelves, squandering Branson's hope for a line of Virgin Vodka bars. Now it's only available in Virgin Atlantic's duty-free catalog. Vir-

gin Cola in the U.S. fizzled just a few months after Branson heralded its launch in 1998 by lumbering into Times Square astride a tank. Chastened executives admit they overestimated Virgin's recognition and appeal outside the U.K. "The original management team made assumptions that the Virgin name and Branson persona were stronger here than they were," says Robert O'Brien, managing director of Virgin Drinks in the U.S.

On occasion Branson has hurt his brand by failing to deliver on expectations of high-quality service. When he took over six of the U.K.'s busiest government-run rail lines in 1997, Branson did little more than apply the Virgin logo to the cars, which badly needed upgrading. So embarrassed was Branson by complaints of late and shabby trains that he turned down a knighthood last year. Happily for the realm, things have turned

## Ballpoint Perfume

If you like the pen, you'll love the panty hose. That, at least, was what Marcel Bich hoped. The French entrepreneur is best remembered for making a fortune selling ballpoint pens, disposable lighters and razors. Bic hosiery, including a brand called "fannyhose," failed in two product launches in the 1970s. Then he blundered into sports with Bic sailboards, also short-lived. But Bich's biggest stinker was probably Parfum Bic. He introduced the drugstore fragrance in 1989 with \$20 million in marketing support. It was such a colossal flop that Bich yanked

the fragrance off shelves the following year, swallowing an estimated \$11 million loss.

Bich—and Bic—survived those lunatic product blunders. "The more you risk, the more you have the chance to win—or lose," Bich said before his death in 1994. Words to live by for flamboyant entrepreneurs tempted to stretch the limits of their famous monikers.

Licensing deals are sometimes a hit—as in the Caterpillar brand of Wolverine shoes (both are tough, reliable "tools") or the Eddie Bauer edition of the Ford Explorer (outdoor adventure).



But some are a real stretch: Italian tiremaker Pirelli hopes its Seventh Avenue-sounding name will help it peddle shoes and luggage.

And then there are those label migrations that are not so smart. Jack Daniels licensed its name for use on a mustard, which is no big hit and may be poisoning the name of a high-class liquor with images of hot-dog stands. Harley-Davidson cigarettes were extinguished after a short run on shelves.

A brand isn't easily transplanted far afield. Calvin Klein is a perfect example. The company complains, in a lawsuit against Warnaco, that its high-end image has been eroded by the appearance of CK apparel in mass-market stores like Costco. But it's got a problem of its own making: a brand diluted by application on too many objects—underwear, dishes and sunglasses, to name a few.

Designer Pierre Cardin thought he could tack his label onto everything from frying pans to bidets and calculators, and make a killing every time. Allowing his name to be used "is like a queen or a president honoring a cocktail reception," he bragged to



Hot dog hooch: smear campaign.

around: Virgin Rail earned \$42 million pretax for the year ended Feb. 28 on revenue of \$770 million, thanks partly to an annual government subsidy of \$126 million; Branson has become Sir Richard.

There is some deliberate moulting of sideshows, such as a string of TV production studios and London design firm Rodney Fitch & Co. A few of these deals initially made even Branson's partners scratch their heads. "Why would Virgin want to be a big shareholder in a business like Rodney Fitch? And yet there are dozens and dozens of such deals," says Fitch, a retail and product designer who partnered with Virgin in 1994.

"You'll always have Virgin doing something that, in retrospect, was a dumb idea," admits Gordon McCallum, Virgin group strategy director. "But there's a fair degree of realism going on these days." As part of this winnowing

Branson is also getting rid of some Virgin-branded companies that he says don't jibe with its Internet push and international aspirations, such as Virgin's string of U.K. cinemas and several Virgin-owned hotels. Branson says he's using the money he gets from selling this stuff to prop up his new—and perhaps more promising—businesses, such as Virgin Mobile and Virgin.com, despite coming late to both these markets.

He's still way too unfocused, opines Allen Adamson, managing director of brand identity consultancy Landor Associates. "He should get out of the businesses that don't fit the Virgin/Branson personality, such as beverages, cosmetics, certainly financial services, or come up with another brand name for them," he says. "The longer he keeps his name on businesses that are failing or neutral, the more damage it will do to his aura."

Instead, he advises, Virgin should build on its image of irreverence and value in a few key areas—airlines, cell phones, music, the Internet, maybe even trains—and do more to exploit these brands in many parts of the world.

Brand recognition cuts both ways. A customer who has a nice massage on Virgin Atlantic may be predisposed to drinking Virgin Cola or staying in a Virgin hotel. But a customer with a bad enough experience with any one of the product lines may shun all the others.

Still, Branson isn't about to reinvent himself. And he doesn't believe Virgin's image is suffering. "Hopefully we learn from our mistakes," he says. "Most of our businesses do succeed. But if something completely fails, as long as we bow out gracefully, pay off all our debts and nobody gets hurt, then I don't think people disrespect Virgin for trying."

FORBES back in 1988. But his wine never really took off until he bought the French restaurant Maxim's and relaunched his varietals under its name.

So what makes a successful transfer of a brand? Quality, to some degree. But that alone won't do it. Crystal Pepsi never caught on, even though people trust and like the beverage company. The idea of a clear drink that tasted like cola was too weird. Quality certainly can't account for the endurance of Bic pens, razors and lighters. It has something to do with the fact that consumers perceive all three products to be good value—and very similar throwaway commodities. Perfume doesn't quite go with a throwaway-commodity image.

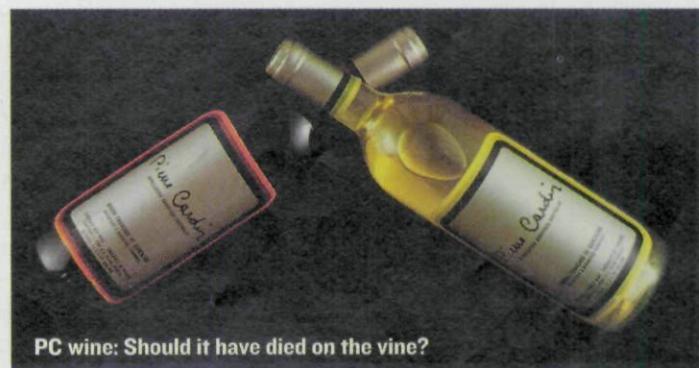
So, there has to be a close relevance of the core product to the extended product. Campbell Soup has tried fresh produce and frozen soup. They didn't work. Everyone continues to think of Campbell's as condensed soup in a red-and-white can. Procter & Gamble finally yanked Ivory Shampoo in the U.S. after 18 years of heavy promotion. In its heyday Ivory soap stood for mildness and purity. But over the years Ivory lost that reputation as P&G pushed it into harsher dishwashing detergent.

The brand extension might work if a powerful, encompassing idea can move across different products. Ralph Lauren paint is a success on the strength of a common theme about high-class taste. It's still too early to know whether Oprah Winfrey's new magazine, *O*, will make it—especially given all the editorial turmoil of late. But there's a fair chance that it will, since it packages the same kind of

self-help and inspirational advice as her hugely popular talk show.

Nike the sneakermaker has made a mostly successful transition to Nike the clothing, sports equipment and watchmaker. The common thread: sports as a way of life. In 1997 it rolled out its first runner's watch, Triax, and now sells \$100 million worth of timepieces a year. It will soon introduce a watch with a heart-rate monitor, a compass and a two-way radio.

Will marketers ever learn the secret? Not if ego—and the lure



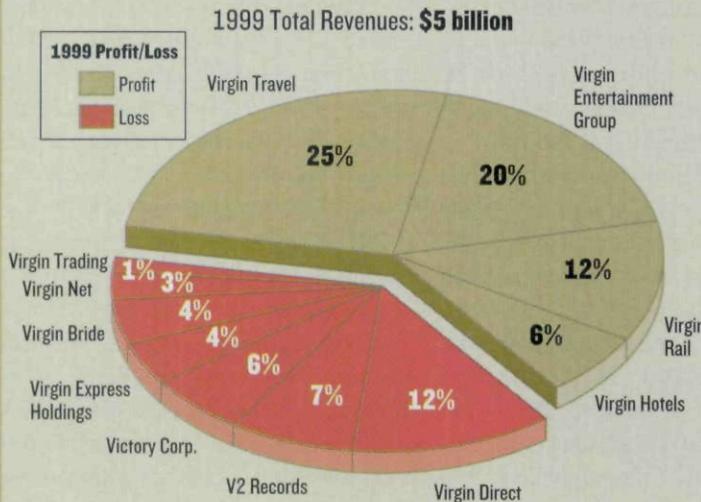
PC wine: Should it have died on the vine?

of the big hit in a completely different category—gets in the way. "It's vanity. There's no way Gucci, for instance, could otherwise believe its name belonged on toilet paper," says advertising executive and entrepreneur Jerry Della Femina. "Then again, my name is on restaurants, an ad agency and the gourmet food market. Part of me says, 'These other guys are jerks.' The other part of me says, 'Della Femina Wine. Why not?'"

—Luisa Kroll

## Sir Richard's Realm: A Guide to the Far-Flung Empire

The Virgin empire is a chaotic jumble of mostly private companies, dominated by Virgin Travel, which includes Virgin Atlantic. Seven of the 11 highest-profile companies are losing money. This year Virgin Mobile, Virgin.com, Trainline.com and Virgin Active health clubs are expected to grow faster than some older businesses.



Company	1999 Revenue (\$mil)	Profit/loss (\$mil)	Ownership stake
Virgin Travel	\$1800	\$173	51%
Virgin Entertainment Group	1300	12	100
Virgin Direct	900	-25	50
Virgin Rail	800	42	51
Virgin Express Holdings	300	-6	58
Virgin Trading	100	-6	100
V2 Record	53	-55	66
Victory Corp.	40	-24	85
Virgin Hotels	40	7	100
Virgin Bride	30	-4	100
Virgin Net	20	-7	51

Company	2000 <sup>1</sup> Revenue (\$mil)	Profit/loss (\$mil)	Ownership stake
Virgin Mobile	200	NA	50
Virgin.com	200	NA	100
Virgin Active	40	NA	100
Virgin Trainline.com	40	NA	51

<sup>1</sup>Projected. NA: Not available.

Branson has transformed "trying" into a heroic enterprise—boosted by three unsuccessful attempts to circumnavigate the globe in a helium balloon. "He was always willing to run losses for a considerable period when others would have given up," says Virgin cofounder Nik Powell, who's now a movie producer. Virgin Records, sold off in 1992 for \$989 million, didn't turn a profit for more than a dozen years; Virgin Atlantic took five years to climb into the black. During those years Branson says he kept his companies afloat by "juggling bills and checks in the post." He also opened stores on the first of the month to stretch out credit payments to 60 days. At least 20 companies didn't turn a profit last year, including airline Virgin Express, Virgin Direct and V2, its record label. "Profits in a private company are not only unimportant, they're actually damaging in that you have to pay 4% tax on them," Branson says.

Never a whiz at finance, Branson early on learned to exploit the power of hype. A poor student, he dropped out of school when he was 17 to publish an irreverent magazine called *Student*. (His headmaster's dubious send-off: "I pre-

dict you will either go to prison or become a millionaire.") Flogging ads for his rag, Branson developed the tools for building his own legend. "Selling advertising is a gruesome job and very good grounding for becoming an entrepreneur," he says. "I learned a bit of bullshit early on." A lesson he still draws on today. After a recent press conference to announce his online dealership, Virgin Cars, Branson admitted that "at 7 o'clock this morning I didn't know much about the car business. By 9 a.m. I knew quite a lot—after I sat down with our car people and asked questions."

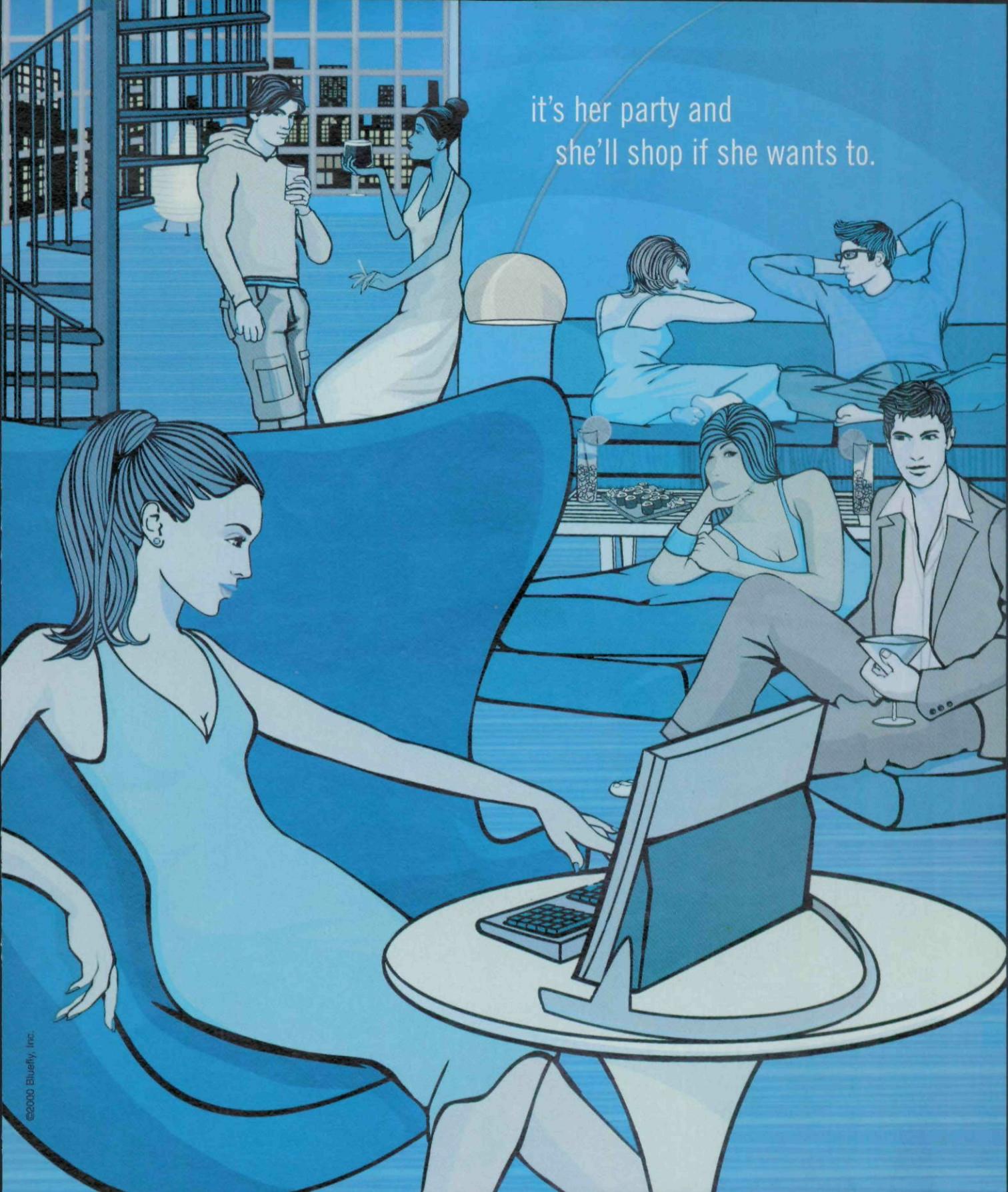
No event is too small or mundane to attend. In May he showed up at New York's JFK airport for the opening of Virgin Atlantic's \$3.5 million Upper Class lounge. He schmoozed with Virgin Atlantic clients, signing autographs and greeting counter clerks. When the party grew dull, he took the floor and lip-synced to Madonna's "Like a Virgin." A few weeks later, in London, he was on hand to greet 2,500 women who sell Virgin cosmetics door-to-door in the U.K. He may ring a band in Wales to get it to sign with his record label.

Detractors regard this cult of per-

sonality as a poor surrogate for careful planning and execution. "Virgin's attitude is, 'Oh, we'll just get Richard to do a personal appearance. He'll do something cartoonish and it'll help the brand,'" complains Jim Smith, cofounder of Ground Zero, a Los Angeles ad agency that worked on Virgin Cola's U.S. launch. "That is a bound-to-fail strategy."

Yet few founders are so inextricably linked with their company's image. Branson's still-boyish mug is synonymous with Virgin. None of his trusted lieutenants—and there are several—share any of the spotlight. Even Bill Gates and Martha Stewart have fairly prominent seconds-in-command. Not Sir Richard.

Which is why he's the ubiquitous pitchman for his various companies. Branson is the spokesman even when he isn't particularly well-suited to plug the product—launching a clothing line, for example, despite the fact that he's a notoriously sloppy dresser. (He is expected to appear in an upcoming Ralph Lauren ad campaign. He has done similar promotions for FORBES.) He shows up in ads for Virgin Direct, his financial services company, even though dyslexia makes dealing with balance sheets a challenge



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DRIVEN.

for him. Branson is talking up plans to make most Virgin products available through Virgin.com—never mind that he doesn't know how to use a computer. ("A germ?" he asks, when trying to remember what a computer virus is called.)

This is no piddling enterprise. Branson intends to take public later this year some combination of an ISP, a portal, a vast e-commerce and financial services site and infotainment—an agglomeration that Goldman Sachs estimates, in a private study commissioned by Virgin, could have a market value of \$4.5 billion to \$6 billion. Wouldn't Virgin be better served by a more informed spokesman? No, executives insist, Branson's their man. "He can't drive the trains or fly the planes either," notes Alexis Dormandy, Virgin.com's chief operating officer.

There's disagreement outside the organization. "When he's talking to the marketplace, especially about an IPO, he needs more substance than just being the 'people's champion,'" says Rik Gadsby, former creative director for Virgin Net, the ISP. "It could be a complete p.r. disaster."

Branson doesn't know much about p.r. flops. Any publicity is good publicity. But he admits he needs more managers to sell the brand: "It would be quite nice to have some young, fresh blood getting out there and promoting the companies."

At the same time

Branson, who turns 50 this month, says he's finally giving up his riskier stunts. No more competitive ballooning. He admits these "mad things" have been "irresponsible, foolish" given his importance to the Virgin empire, and to his second wife, Joan, and their two children.

Hang on. The guy who likens himself to Peter Pan is ready to grow up? Branson smiles. "There is an argument to be made that an artist or musician who dies when he's at the top has tremendous afterlife sales," he muses. "So maybe now is the time to go on another balloon trip." ■

## Cheap Chic

**R**ichard Branson may have kicked off the idea of price-sensitive service with style—Virgin Atlantic soared by selling discount air travel with plush amenities like shower facilities at its airport lounges and goodie packs with Virgin socks and toothbrushes for all. But he's not alone anymore. Whether it's big-ticket items—like Apple's iMac or VW's new Beetle—or trendy clothes from Old Navy and Hennes & Mauritz, corporations have reinvented value.

"Basement" rarely follows the word "bargain," as it once invariably did. Today, Americans—not just those who are financially pinched—are obsessed with getting a good deal. "Bragging about how little you spend," says Marian Salzman, head of Young & Rubicam's Brand Futures Group, "shows that you're clever." Or, at least, not an idiot who paid "retail."

Some followers of Branson's cheap chic revolution:

**JetBlue.** Marketed by a team of Virgin ex-pats, the upstart airline offers cheap fares out of JFK. Examples: \$98 round-trip to Buffalo; \$158 to Fort Lauderdale. JetBlue offers just one class—economy—with touches like leather seats, personal satellite TV and Prada-inspired flight uniforms.

**EasyJet.** Based at London's Luton Airport, the carrier has very cheap fares (\$53 round-trip to Geneva, \$68 to Edinburgh and \$114 to Malaga among them). Its no-frills mandate—no meals, no in-flight service, no travel agents—is popular with both budget-seekers and jet-setters. Launched in 1995 with two planes and two routes, EasyJet now serves 18 cities with 18 aircraft. Founder Stelios Haji-Ioannou—whom Branson himself cites as a role model—has expanded the franchise to include EasyRentacar.com, a Web-only car-rental service (Mercedes A-Class from \$14 a day), and EasyEv-

erything, a chain of Internet cafes in London.

**The Standard Hotel.** It's anything but. Beige shag carpeting lines the lobby's floor and walls at the Los Angeles hotel; rooms have inflatable sofas, Charles Eames tables and minimalist decor that invokes its tonier siblings, the \$335 Château Marmont on Sunset Boulevard (that's a suite with a king-size bed) and the \$400-a-night Mercer Hotel in New York. The difference: Rooms here start at \$99. Customers might pay a lot more, but "We're eager to provide the value—that's the positioning," says owner Andre Balazs.

Air flair: JetBlue has cheap seats, chic suits.



Occupancy has been running a steady 95% since the hotel opened in March 1999. Coming soon: Standard Hotels in New York and Chicago.

**CB2.** An offshoot of upscale furnisher Crate & Barrel, this Chicago store sells props ranging from plastic surge protectors (\$14) to match your shade of iMac to a \$1,000 futon sofa that converts into a bed (sofas at its upscale parent can go for more than \$3,000). Pottery Barn parent Williams-Sonoma has yet to break ground on its low-budget concept, Elm Street. But when it does, you can bet shoppers will line up for cheap versions of its oversize club chairs and candle trees.

—Leigh Gallagher

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