

typically, the aisles are narrow and jammed with stuff. Because of that design reality, the dreaded butt-brush factor—the fact that women don't like to be bumped from behind while shopping—comes into play. Revlon's drugstore merchandising must be clear, bold and direct, so that women can spot the brand name, find what they're looking for and be on their way as quickly as possible. If the signage and displays were more subtle or oblique, those women would have been butt-brushed out of the aisle before they chose a single thing. This issue comes up all the time because the people who design packaging and merchandising materials don't spend enough time in stores, visiting their creations where they live. For instance: We all know that college-educated shoppers tend to read everything that's printed on a package. That's how they prefer to info-load before deciding whether to buy. So a company selling herbal remedies should instruct its package designers to incorporate a fair amount of text on those bottles. The designer follows orders. But small type is hard to read for older shoppers, who are a prime market for vitamins and herbal supplements. And these products tend to sell well in drugstores, where aisles typically are narrow, which discourages shoppers from reading any package for very long. That's how a good decision (adding more information to a package) results in a not so good effect (no one can read it). In Chapter 17, I'll explain a potential solution to the small-type issue.

The point here is that whenever a decision is made, it should be examined closely for all its farthest-reaching implications. In real life, however, it doesn't often happen that way. It doesn't happen in small firms, where a few people are run ragged making all the decisions. And it especially doesn't happen in big firms. Frequently, we'll go into some company's conference room to deliver our findings, and chiefs of Store Design, Merchandising and Operations will be present. Sometimes, it's clear that they barely know each other. They may even be based in different cities. The suspicion, hostility and turf-warring can actually seem palpable. The executives either don't know what the others are doing or don't care to know. As a result, a lot of shortsighted decisions get made.

Here's a good example. In a big, famous department store, the boss

of ladies' shoes decided that he needed more display space and that he'd get it by shrinking the register area. As a result, the clerks who once used the counter for bagging had to start placing the bags on the floor and lowering the shoes in. This added several steps to the process and made ringing up sales more arduous for the clerks, who usually wore pretty fancy shoes themselves. By the end of a day these women were hurting and dragging—and a little bitter, understandably. As part of our research we trained video cameras on the register and then, back at the office, we timed transactions with a stopwatch; at 4:30 P.M., it took almost twice as long to ring up a sale as it did at 11:00 A.M. Shrinking the counter space also added to the general clutter, making transactions less crisp. The overall result was that a mild improvement in merchandising required a change in design, which hurt operations quite a bit. In order to show off a few more shoes (like maybe a dozen pairs), transaction time grew longer, customer patience grew thin and employee energy and morale grew short. Considering that employees sell shoes better than any display, this was a very bad decision—all because someone who should have known better forgot that when you change one thing, everything changes.

Another client, a video chain, made some interesting decisions about how its stores would look. The dominant color would be a deep burgundy. And the lighting motif would be rows of lightbulbs, such as movie marquees once employed. It all looked good on the drawing board, maybe, but then real life happened. The burgundy kept getting scuffed and dented and chipped, meaning the store got dingy-looking fast, meaning the painters were spending an awful lot of time on the premises doing touch-ups. That's usually the fate of any surface painted a rich, dark shade—every scuff shows. Also, the dark walls and display racks required quite a bit more illumination than off-white would have needed. Which was expensive just for the electricity, nevermind the fact that all those lightbulbs had the habit of burning out, which meant they had to be replaced at once or risk looking like something from Times Square—the old Times Square. In the end, bad design decisions added quite a bit to the chain's overhead and maintenance, which came right out of the bottom line.

Relations between the three aspects of retail are under a fair amount of stress today for one main reason: Most North American businesses are constantly looking to save money on labor. From the businessperson's point of view, this falls under the heading of operations. From the shopper's perspective, it means service. Retailers try to maintain service while cutting labor, which is usually impossible to do. Back when stores were properly staffed and employees were encouraged to stay in their jobs and learn their business, the demands on design and merchandising were few and simple. A store could even be cluttered and disorganized, because there was always a clerk available to help, and he or she always knew where everything was kept.

Today, when many retailers underpay and undervalue their sales staff, the opposite is true. The burden falls on design and merchandising, which are sometimes up to the job, but not always. For example, retailers try to make up for staff cuts by using interactive computerized fixtures to answer shoppers' questions. The only problem is that the fixtures are frequently badly designed—they're confusing, or don't answer questions fully, or are so slow that you'd think they stopped working. So what do shoppers do? We've seen lots of them give up and walk away grumbling. Some just grab a salesclerk and drag him or her over to figure out how to use the thing. That's some labor-saving device.

At a department store we studied, the beleaguered staff saved time by overstocking the fixtures—jamming more clothes onto the racks than they could comfortably handle. Some shoppers didn't even bother trying to extricate garments, it was such a struggle. Customers who did wrestle a hanger out invariably pulled other garments along with it, dragging them to the floor. And whose job was it to pick them up, dust them off and rehang them? The time saved by overstocking was wasted in maintenance. Even worse, while the clothes lay on the floor no shopper would touch them. You should have seen the lingerie section—would anyone buy underwear off the floor?

But it is possible to use design and merchandising to save operations some work. One example comes from the United States Postal Service. A few years ago we tested prototypes for their new post offices. In one

of the "stores," the self-serve section—you buy stamps and envelopes from machines, weigh your own packages and apply your own postage—was positioned beyond the traditional counters staffed by postal workers. In another configuration, the self-serve was right inside the entrance, beyond which were the counters. The first store had a fairly low rate of self-serve; people who were used to dealing with clerks just got in line and never saw the machines in back. The second prototype had a much higher self-serve use—customers would enter fully intending to stand in the teller lines, then see people quickly taking care of things on their own. Banks find the same pattern—if ATMs and automatic deposit machines are in view of the teller lines, full-service customers "migrate" over to the automated side.

The second example comes from a giant drugstore chain. Pharmacies have changed a lot in the past two decades, but one thing remains constant: the large burden on staff to stock all those little bottles, jars and boxes in perfectly straight rows in aisle after aisle of shelving. Every time a customer picks something up to read the label, you're guaranteed that the thing needs to be straightened or turned so it faces front. It's a lot of work. Not long ago, Wal-Mart tried an experiment: It began replacing traditional shelves with a system of bins. Instead of a shelf facing of six little aspirin bottles, say, the shopper would see a blow-up of the aspirin label. Under that blowup was the bin, into which the aspirin bottles had been dumped.

This made an enormous difference. First, it solved the problem of stocking—a clerk could just roll a trolley of merchandise to the aisle, open the bin, dump in the goods and move on. No more straight lines. The shoppers liked it better, too—instead of facing a row of bottles with tiny print, they saw a large, easy-to-read version of the label. It was much easier on the eyes, especially for older shoppers, who carry a lot of weight in drugstores, as you can imagine. Wal-Mart's main concern in making the change was whether shoppers would perceive the bins as being somehow cheaper and lower in quality than the shelves. In fact, just the opposite was true—shoppers interviewed said they thought the bins were an upgraded display system. A very elegant solution. The next

problem was who would pay for the new system—the store chain or the vendors whose product was being sold? A big fight ensued and the system wasn't implemented. Two years after we did the study I saw the identical system used with great success in Auchan, the French hypermarket chain.

## FOURTEEN

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### Time

In stores, as in life, there are good times and there are bad times. Good times—meaning any time a customer is shopping—you want to stretch. Bad times you want to bend.

Bad times are whenever the customer is made to wait. Understandably, they don't like it, but as reasonable beings, they'll do it—up to a point. Beyond that, though, comes trouble. In study after study, we've seen that the single most important factor in determining a shopper's opinion of the service he or she receives is waiting time. If they think the wait wasn't too bad, they feel as though they were treated capably and well. If the wait went on too long, they feel as though the service was poor and inept. Quite simply, a short wait enhances the entire shopping experience and a long one poisons it.

But it's possible to "bend" waiting time—to alter how shoppers perceive it. You can even turn bad times into good times.

First, a word about the whole issue of time and perception. There's the watch on your wrist, which is probably a highly accurate instrument, but there's an even more important clock inside your head. That

mental timepiece is highly susceptible to outside influences, and yet it counts more than any Rolex. We've interviewed lots of shoppers on the subject and have found this interesting result: When people wait up to about a minute and a half, their sense of how much time has elapsed is fairly accurate. Anything over ninety or so seconds, however, and their sense of time distorts—if you ask how long they've been waiting, their honest answer will usually be a very exaggerated one. If they've waited two minutes, they'll say it's been three or four. In the shopper's mind, the waiting period goes from being a transitional pause in a larger process (purchasing goods, say) to being a full-fledged activity of its own. That's when time becomes very bad. Time is a cruel master in the world of shopping. Taking care of a customer in two minutes is a success; taking care of a customer in three minutes is a failure.

The obvious appeal of drive-thru shopping (or banking, or dining) is in its convenience and efficiency—you save yourself the trouble of finding a parking spot, then parking, then getting out of your car and going inside and then having to do it all over again in reverse. (One of our favorite pieces of videotape shows a bank drive-thru in Whittier, California, where the cars in line were joined by one time-stressed man on foot.) But even if going to the drive-thru didn't move things faster, the comfort of waiting in your own car, sitting in a comfortable seat with the CD player and heater or air conditioner on, would without question make it feel faster.

Most of this matter of time centers on the cashier area, when shoppers are standing in line to pay, or to see a teller, or to order a meal. And it's there that measures can be taken to bend waiting time. Such as:

**Interaction, human or otherwise:** The time a shopper spends waiting after an employee has initiated contact actually goes faster than time spent waiting before that interaction takes place, our studies have shown. Having an employee simply acknowledge that the shopper is waiting—and maybe offer some plausible explanation—automatically relieves time anxiety, especially when it comes early in the wait. I once visited a big chain drugstore where the manager clearly loved customer contact. When the checkout lines got a little too long he'd leave his

office and work the front of the store like some combination expediter-standup comic. His presence seemed to make the cashiers move a little faster, and he was entertaining, too. If, during busy times, I had a choice between deploying three cashiers or two cashiers and a line manager, I'd go with the latter. The line manager can serve as a kind of precashier—he or she can gently suggest to shoppers that they have their orders ready or can offer to answer any questions the customers may have, thereby shortening both the perceived and the actual wait. This can be a great way to train even your customers to be more efficient.

Another related way to bend time is to tell shoppers their wait will be finite and controlled rather than open-ended and subject to the vagaries of fate and chance. Some banks do this by posting an electronic sign that announces how many minutes the wait for a teller should last. These signs are never accurate, but that's OK—just being told that your patience must last for only two minutes makes the four minutes you actually wait go faster. I recently called a computer manufacturer's telephone technical help hotline. A recorded voice informed me that my wait for a human being would last "an estimated one to five minutes." Which is a hell of a long span, when you think about it, but they were placating my time anxiety while playing it safe, a smart move.

**Orderliness:** European shoppers don't seem to mind queuing up in a great, heaving mass of humanity, but Americans like their lines single-file, crisp and fair. Making people guess about where to stand frustrates them. Allowing chaos to reign causes anxiety. If customers see that they're being helped in the exact order they arrived, they relax, and the time spent waiting seems shorter. This is the secret to bending time: get rid of the uncertainty and you cut the perceived wait.

The organization of cashier lines is still one of the great ongoing quandaries in the world of shopping. Without question, the fastest, most equitable system places customers in a single checkout line. This way guarantees that shoppers are taken in the order they arrive, and there's no angst about whether they've chosen the swiftest line. There's just one problem: You will sometimes have one *very* long line—a worrisome sight for a shopper in a hurry. Somehow, three lines of five customers each

promise less of an ordeal than a single line of fifteen people. It's irrational but true, and such is the difference between perception and reality.

Just as important is the fact that when the cashier is positioned near the front door, a single long line drives incoming customers away. A common sight in our work is the shopper who enters a store (or merely peers in through a window), sees a long line at the checkout, takes that as a sign that the entire place is mobbed, turns on a dime and exits. In fact, the store may be empty past that checkout line, but who can tell? (And this, as we say elsewhere in these pages, is a good argument for not positioning cashiers within sight of the outside world.)

Two major American merchants changed their line system in the hope of making it more efficient and less daunting: Best Buy, the consumer electronics chain, and Whole Foods, the grocery store chain. Best Buy runs you through a maze where the walls are high enough so you have no idea as you enter how many people may be waiting in front of you, and those walls are merchandised with batteries, cheap video games and office and computer supplies. It works remarkably well. Whole Foods has been rolling out their new queuing system, a series of minilines with flat-screen televisions above them indicating which numbered cash-wrap the first person in each line should go to. What's good about this system is you're breaking up a big, snaky, short-tempered line. And it's clear that a technological system is overseeing the whole thing. With the knowledge that someone is minding the store, and maybe even paying attention, customers' anxiety levels drop off. Is it a terrific system? No, but it's a system, and an obvious improvement over the old chaos.

**Companionship:** The wait seems shorter if you've got someone to talk to, no surprise. A store can't do much about that, except to recognize that the lone waiters are the ones who need employee contact most.

**Diversion:** Almost anything will suffice. One bank we studied used a TV tuned to soap operas to entertain the line—a bad idea, we thought, because to enjoy a soap you need to see the entire half hour. A much better solution was used by another bank, in California, where a big-screen TV played old Keystone Kops shorts during the afternoon, when

most customers were retirees. Everybody's considering video systems these days, but some low-tech entertainments work just as well. Many food stores serve free samples, a good time-killer that promotes new products. Positioning racks of impulse items so they can be shopped from the cashier line is smart merchandising, but it's also good time-bending. Also keep in mind that the first person in line doesn't require much diversion—he or she is in the on-deck circle, just waiting for the sign that they're up. Merchandising materials, signage, shoppable racks and anything else should be positioned for the second person in line and back.

The racks of sleazy tabloids at the supermarket checkout are a great use of diverting merchandise, allowing you to absorb all the trashy news you need without having to watch Jerry Springer. Another popular form of shopper diversion is, believe it or not, signage. Customers perceive waiting time as shorter if there are signs to read, our research shows. In fact, smart retailers view waiting time as a kind of intangible asset—it's one of the few opportunities when you have your customers standing in one spot, facing in one direction, with nothing much else to do. This is when bad times can be turned into good times: Waiting may be a necessary evil, but you can use it to communicate some message and, at the same time, shorten how shoppers perceive it.

Even away from the cashiers, waiting time is a problem in stores today. Retailers typically cut costs by cutting back on labor, which means that shoppers now spend more time than ever searching for a clerk who can answer a question. This is a particularly deadly form of waiting time; we've watched countless shoppers dart back and forth in stores looking for help or directions. After they've wandered in vain for a minute or so, you can see the steam coming out of their ears. Male shoppers are particularly vulnerable to this—if they can't get an answer fast, they give up and go home (or to another store). We studied a department store that had just made a change in staffing policy: Instead of keeping cashiers stationed throughout the place, in the various departments, the registers were consolidated in front. (*Fewer registers, naturally.*) As a result, waiting time in line instantly became quite a bit longer. Plus, it suddenly was very hard to find an employee on the sales floor. *Plus,* the

mob of impatient-looking shoppers lined up to pay just inside the front door gave entering customers the impression that the store was packed. In all, saving on a few salaries created a lot of expensive new disadvantages to overcome.

This equation pops up all the time in retailing today: At what point does saving money on labor end up costing money in shopper frustration? Banks in particular are vulnerable. They tend to hire part-timers for minimum wage, meaning they're not getting workers with seasoned math or people skills. As a result, wait time increases. At some point, customer dread will take its toll. We studied two businesses—a bank and an electronics store—that, mainly for security reasons, used a single cash drawer. At the bank, tellers had to run back and forth from their windows to the drawer for even the simplest transactions. At the store, shoppers beheld the spectacle of salesclerks jostling each other out of the way to get at the register. Neither setup did much for consumer confidence, and the effect on waiting time was just what you'd expect.

We've studied quite a few stores where time-consuming antishoplifting policies ended up costing sales, we felt sure. In each example, the merchandise was small in size but not inexpensive: prestige perfumes in one case; computer printer ink cartridges in another; video game players in a third. All three stores decided to display the items in locked glass cases, meaning that shoppers had to make their selection without being able to touch their choice or see it up close. That alone guarantees that purchasers are being discouraged. Shoppers then had to track down an employee, praying they had found one who was permitted to carry the magic key in question. In all those instances, we watched customers search in vain for help, then give up on the purchase altogether. Did fewer thefts make up for the loss in sales? Probably not.

There's no question that shrinkage issues (meaning products that can't be accounted for) are serious. But they tend to be focused in select stores, rather than in all stores. If you're a chain like Staples you'll have a few with huge shrinkage problems, others with minor and many with none. Shrinkage comes in three forms: It can be a product that walks out the back door (employee theft); a product that's stolen by pros whose intent when they woke up that day was to rip you off; and theft

by amateurs, who are writing their own discount programs. Wal-Mart claims a less than 1 percent shrink rate. But that can add up to a lot of money where a chain that enormous is concerned.

So the stores instituted security everywhere. On one hand, you have the little old lady perched at the entrance, cheerily greeting customers, on the assumption that you're less likely to swipe a sweater or a pair of barbells if someone has acknowledged your existence. Another deterrent some stores use is to blare over the store loudspeakers something like "Security to aisle six!" even though the store probably doesn't have a manned security system in place. The stores with the biggest ongoing shrinkage problems need to bring in professionals.

We once worked for a drugstore chain in South Carolina with a corporate return policy that was the very definition of generosity: They would refund the price of any return, no questions asked. While I was there, the manager took me to a section of the store that sold hair products and equipment for women. "This is the most expensive hair dryer I sell," he told me, pointing to a swanky multivolt model. "I've taken four of them back as returns in the past month." He paused dramatically. "Problem is, in the past month, I haven't sold a single one."

Obviously, some devious souls had been stealing the same hair dryer over and over again, then returning it for cash. Unfortunately, the manager was handcuffed by the company fiat: "We accept all returns—no questions asked."

Which blows.

Back to time. Restrained by corporate decree, the poor manager has to write up the return, refund money he shouldn't be refunding, vet the item for damage and restock it. Part of what is painful is that the time expended here is so clearly bogus. The return policy costs valuable minutes at the register, and rather than creating goodwill, it's actually poisonous to the staff. One instance where taking the time just isn't worth it.

## FIFTEEN

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### Cash/Wrap Blues

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he cruel reality is that most shopping leads to paying.

It's a necessary evil. Maybe someday it won't even exist. Stores will all offer self-service options, as gas stations and toll booths and banks now do. Shoppers will feed their purchases into a computerized gizmo where a scanner will read the product code, total up the damage, add on the taxes, then swallow a credit or debit card, get the approval and emit a receipt, a bag of the appropriate size and a tinny "Thank-you-for-shopping-at-Paco's-beep-please-accept-this-coupon-for-ten-percent-off-your-next-purchase-of-men's-accessories-beep-have-a-life-affirming-day-beep-Thank-you-for . . ."

Part of the technology is already in use—like the portable scanners used by FedEx and UPS drivers. Many supermarkets already depend on shoppers to perform the ritual debit card swipe. In Europe, some restaurants present the diner with a portable scanner instead of a check, so the credit card transaction can be done right there at the table. Here's another rare example of innovation: ICA, a Swedish supermarket chain, has portable scanners you pick up at the door along with your shopping

trolley. You scan your olive oil and your ice cream as you load them into your trolley or inside your shopping bags; swipe your credit card at the store exit, where an employee weighs your trolley to make sure the price and the weight of what you scanned match up; then you take off into the night. A pretty cool system, especially when you compare it to most other self-scan checkout systems.

And let's face it, for all the glamorization and glorification of the twenty-first-century shopping experience, for all the art and science that have been brought to bear by geniuses of commerce, nobody has found a way to make the cash/wrap lovable. Retailers try to exploit it by stocking high-profit, high-impulse merchandise there. They create distractions to take shoppers' minds off the fact that they're waiting in line for the privilege of handing over money. That's ultimately what's so frustrating about the cash/wrap: In theory, since it's where the shopper is being separated from his or her dough, it should be where all the dazzle goes. Instead, it's the dreariest part of the process. It's also the source of most shopper anxiety. "Where do I stand? How long will this take?" The rest of the shop seems so well designed and user-friendly. Here, the illusions fall away and the true function of a store is revealed—it is a machine where goods are exchanged for money. If the machine is badly designed, or poorly built, or misunderstood by its operator, here is where it shows.

As we've noted, the biggest single quandary in cash/wrap is where to put it. Up front, near the door, is the logical choice. You enter the store, make your way around, choose a few things, then return to the front, pay and leave. From the staffing perspective this also makes the most sense. A small store can be run during off-peak times with one employee if the register is near the door. If it's not, then you need two employees, or a clerk and a guard at the very least. We once studied a shoe store where the misguided architect had placed the cash/wrap in the rear and the register itself facing the back wall. This guaranteed that during every transaction there was a moment when the clerk's back was to the entire store and all the shoppers in it—a setup that practically guarantees theft.

But it's a mistake to position the cash/wrap so that it's the first thing

an incoming shopper sees. It's like entering a restaurant through the kitchen. It just doesn't do much to stoke your anticipation of the store. And if things are a little slow there, and shoppers are stacked up, it's the kiss of death for incoming customers. Countless times we've watched shoppers peer into a store, see a line at the registers and just walk away. A cash/wrap is just the promise of misery—it says that even if you do find something you want, you'll have to undergo a little bit of torture to get it.

When pondering its location, you must also consider the effect of cash/wrap on the rest of the store. You'll look at the blueprint for a new store, or the artist's rendering or the architect's model, and you'll see a beautifully ordered, serene space. That's how designers prefer to imagine their creations—devoid of human clutter. This is how every magazine devoted to architecture depicts stores: empty. But then the store opens, customers actually show up and suddenly you see that the lines at the register cut the space in two. The shoppers waiting to pay snake around in a direction the designer in his aerie never anticipated (his wife does all the shopping). And there you have it—a wall of shoppers that makes half the store difficult to see and inconvenient to reach. If those shoppers in line are pushing carts, you've really got an obstacle. Most incoming customers can't even see over the line, meaning that if what they want is back there, they may never even know it. We measure shopper movement patterns in several ways, among them by department density. Every hour on the hour, we tour the entire floor and count how many shoppers are in each area. During busy times in stores where the cash/wrap has been badly positioned, the number of shoppers to be found in the rear of a store is low. The line of people waiting to pay acts like a human barricade.

Ironically, crowding at the cash/wrap is often no indicator of the state of the rest of the store. In other words, a few time-consuming transactions can give the false impression that the store is crowded. So you've got a mob up front, behind which is total shopper paradise, if only someone were there to enjoy it.

What causes problems at the cash/wrap? Mainly the fact that retailers fail to recognize how an efficient cashier system affects the overall

shopping experience. That is a dangerous way for businesspeople to think, as you know if you've ever done a slow burn and vowed never to return to a store because the cash/wrap was so badly bungled. Retailers and the architects they hire stop trying to please shoppers when they design the cash/wrap area. They don't give it enough space, they cut corners whenever possible, and too few employees are stationed there most of the time. I can think of two instances where management tried too much piggybacking at the register, to the ultimate misfortune of the store.

One was at Hallmark, which does quite a bit of business at Christmas, you may be surprised to know. A large part of that business is in fancy, high-priced tree and other ornaments. Many of these are given as presents—so many that the stores end up gift-wrapping quite a few. The wrapping is done at the cash/wrap by the same clerks who ring up sales. Have you ever been in a card shop around the holidays? Can you imagine what happens when a clerk must stop ringing transactions for the two minutes required to wrap a box and tie a ribbon? It's worse than the airspace over O'Hare on the night before Thanksgiving. Meltdown. Gift-wrapping should be done from its own site, but every year fewer stores do it that logical, old-fashioned way. Instead they try to save on a clerk's wage and create gridlock at the register. One truly efficient way to handle gift-wrapping is to set up a do-it-yourself station, complete with paper and ribbons and tissue and scissors and tape but no employees at all.

The second instance was at RadioShack. There, the cash/wrap shared a counter with repairs and returns. This meant, of course, that there would be lots of extraneous traffic slowing down shoppers who wanted only to buy something and be on their way. But it also meant that happy shoppers who were about to acquire a camera, say, or a computer monitor had to stand elbow to elbow with unhappy shoppers who had some complaint about cameras and computer monitors—the very same cameras and monitors, sometimes. This setup did not do wonders for consumer confidence. Put repairs and returns somewhere else, we counseled—somewhere in back, away from the main flow of shoppers.

I have a personal stake in at least one little corner of the world of

cash-wrap—hotel check-in and checkout counters. Like lots of people these days, I spend roughly half my life on the road. The hospitality industry is booming as a result of the peripatetic nature of modern business. Yet the most problematic part of the hotel experience has remained more or less unchanged. The scenario is always the same: you arrive late, tired, jet-lagged and looking forward to the shortest possible transition from the road to your room, where you can begin e-mailing or reading or writing or phoning or just ordering room service and a movie. Instead, you spend eternity standing in a line when all you really need is your key, the rest of the transaction having been managed in advance over the phone or the Internet or through a travel agent.

One hotel I visited had progressed to using small circular check-in islands in the lobby, where guest and clerk can sit side by side at the computer terminal. That's a start, but some hotel is going to score huge points with business travelers by taking it further. Then there will be a check-in section of the lobby consisting of some comfortable easy chairs. When a clerk sees you sit there, she or he will come over with a portable, palm-sized computer, a credit card reader, a room key and your choice of beverage, and the paperwork will be handled in that civilized way.

## SIXTEEN

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### Magic Acts

In the science of shopping, to the extent to which there is magic, to the degree to which there are tricks, it's mostly all in what we call merchandising. The rest of this book concerns itself with sensible subjects such as ergonomics, anatomy, kinetics and demographics. This chapter is all about getting products to jump up and hit shoppers in the eye.

The world of merchandising breaks down into two distinct aspects. One is the effort to get products off the shelves, where they are forced to compete on equal footing with their competitors. Who wants to settle for that? So a great deal of effort and money is expended on finding ways of getting products out on their own. Shelves are fine for libraries, everyone agrees, but elsewhere they are to be avoided if at all possible. And in fact, in a bold move in the late 1970s, the Baltimore library system tried displaying some books face-out, and borrowing increased dramatically. This is now standard practice for many bookstores and libraries. There's a lesson in there for bookstores, which do a fairly uninspired job in the display department, at least for the majority of titles. The downside would be a big decrease in the number of books

available, which would no doubt raise a cry from woebegone authors and publishers.

The other aspect of merchandising is the subtler art and science of adjacencies—how placing one item next to another creates some spark and sells more of one or even both. Part of what adjacencies attempt to deliver is add-on sales. Sometimes this is just the typical cash register impulse buy, like the box of tangerine Altoids or pack of batteries tossed into a shopping basket at the last second. But add-ons can happen anywhere in a store. Retailers pay too little attention to this, in my opinion, and their businesses suffer as a result. Because add-ons typically have a high profit margin, they can make the difference between a store that just gets by and one that prospers. They can make a failing store into a success. At the New York bar I used to co-own, the proceeds from the jukebox, cigarette machine and coin-operated video games covered the rent. Retailers must accept the fact that there are no new customers—the population isn't booming, and we already have more stores than we need. The usual figure is that 80 percent of a store's sales will come from 20 percent of its clientele. So if stores are to grow, it will be by figuring out how to get more out of existing customers—more visits, more time in the store, more and bigger purchases.

It isn't just a clothing issue either: New computer mouse? Try this mouse pad. New car? Try this stylin' floor mat. The Gap now sells fragrances and candles. Victoria's Secret sells cosmetics, reasoning (wisely) that women will shop for makeup wherever they are, especially if they're already in a store designed to enhance their comeliness. The U.S. Post Office branch in the Mall of America sells USPS-branded toy mail trucks, leather jackets, teddy bears in mailman uniforms and other related items, and while they don't make money delivering mail, the retail items carry a healthy markup. Someday that's what will keep the whole system afloat.

Another good example of this is in my favorite bookstore, BookPeople, in Austin, Texas, which sits across the street from the flagship Whole Foods. BookPeople is a happy store filled with lots of personality, and it delivers the unexpected, starting with good, cheap visual effects. An old stove anchors the cookbook section. The seating, scattered

throughout the store, reflects what's being sold; the sports and technology sections have old barber chairs, and aging Barcaloungers are used judiciously. Around the store, the owners have added merchandise categories themed to each particular section—puppet hats and masks in children's books; relevant clothing, jewelry and candles in the spirituality section—and even the stairs are lined with wrapping paper and gag gifts. The checkout area has "Keep Austin Weird" T-shirts, unusual confections and BookPeople-branded chocolate bars. This store isn't just selling books—it's selling to people who like books. At heart it's still a serious place that, among the tchotchkies and kitschy humor, has reinvented categories and subsections. For example, the Insurrection and Conspiracy section sits next to the Journalism shelf, and there's a pair of stuffed roosters flanking Homesteading & Farming—a nice touch.

Yet another admirable example is the Apple Store, which lays out impulse products at their cash-wrap that cost upward of a hundred dollars: a cool game, a designer backup hard drive, a great-looking USB hub. Placed in various locations, these good-looking inessentials fly off the shelves. It's like selling you accessories for your new car. The company figures that if you're spending thousands of dollars, what's another couple of hundred when you already have your wallet open?

Let's say we have a clothing store where the typical sale is a \$30 shirt. If you can convince that typical customer to also buy a \$6 pair of socks, you've just increased sales by 20 percent. Not too shabby! If she takes a \$20 belt, sales just rose by 66 percent. You're a genius! Now you just have to figure out how to make it happen. One good way is to gently suggest to the shopper that she is not buying enough for her purposes, and doesn't she need a mousepad to go with that mouse? Another good way is just to place the mousepad next to the mouse so that the juxtaposition does the talking for you. A lot of this is as simple as can be. Where do belts go? Near trousers. How about socks? Near shoes. (But where do shoes go? On your feet.) Tomato sauce? Near the pasta. Department stores do well selling neckties on the ground floor, mainly to female shoppers. But ties also have to be near suits and sport jackets, and surprisingly, they often are not. That's a big mistake, because sometimes you need to actually see and touch that amazing Technicolor tie to

imagine yourself in that somber gray suit. And anyway, nobody wears just a suit—you need the shirt, tie, socks, shoes, cuff links and belt before you can leave the house. So why sell the most expensive part of the package in such unnatural isolation? Computer stores make an even bigger botch of this. Typically, they'll display the computers themselves in one section, the printers elsewhere, the furniture in a different spot and then the accessories, from cables to wrist rests, in yet other places. Could anyone devise a less sensible, less inviting display system? That organizing scheme is right for the warehouse, not the selling floor. It all needs to be shown as people use it—computer, monitor, printer and accessories, all hooked up, plugged in, turned on, and placed on furniture so that a shopper can sit down and give it a test-drive.

There's a similar issue back in the supermarket, starting with this urgent question: Where do we put the taco shells? With the rest of the Mexican food? That's how it's usually done. Not near the ground beef? It might require the combination of tacos and meat to trigger "fiesta" in the mind of a shopper wondering what to make for dinner tonight. How about stocking taco shells in both places? And while we're at it, how about just over the meat counter also being a good place for bread crumbs, steak sauce, tenderizer, peppercorns, sea salt and fresh herbs? In Italy we tested an urban supermarket that was organized by meal groups. Breakfast ingredients here, lunch stuff there, dinner makings over there. A concept made possible by two innovations—the energy efficiency of small refrigerated units and a redesigned store that put electrical power everywhere you looked. In many cities across the world, both the rich and the poor shop one meal at a time.

What about something truly tricky—say, packaged cake by the slice? You could decide to stock it in the cake section, but why would anyone looking for a whole cake buy just one piece, and vice versa, for that matter? It could go with other refrigerated desserts, such as pudding, in the cooler. But how about if a slice of cake could be found by the salad bar, as a reward for choosing an otherwise virtuous meal? Such placement alone would identify the cake as something other than the stuff for callow kiddie palates over in the cooler. In chapter 12, I discussed how name-brand aluminum foil makers have a tough time convincing

shoppers to spend the extra money on better quality. One way to get around this is by merchandising it better—in summer, for instance, supermarkets could sell charcoal, barbecue sauce, funny aprons and aluminum foil all from the same fixture, somewhere near the meat counter. Men especially would be likely to grab the whole kit at once rather than have to assemble it aisle by aisle. And in this context, the superior strength of the name-brand foil might seem relevant.

In a drugstore, where do the books about vitamins and dietary supplements go, with books or with vitamins? It's easy to say both, but at some point your store is going to run out of room. And all those multiple placements are pointless if they don't increase sales. Also in the drugstore, and on the subject of multiple placements, where do you stock the sample sizes of shampoo, conditioner and so on? Typically they get their own display case, but they really should be sold from the same shelves as the full-size products. That may be all it takes to get you to try a new product, something you wouldn't attempt if you had to buy the big bottle just to see if you like it. Common sense says that if I hit the shampoo shelf first and buy my usual brand, I'm less likely to pick up something new when I arrive at the sample shelf.

Adjacencies are also about order—coming up with a sensible sequence of things. We once were hired to study how potato chips are sold in employee cafeterias. In one, the rack of chips and pretzels was positioned at the head of the line, right where you picked up your tray. In another, the chips were down at the end of the line, just before the cashier. Did it make much of a difference? When the chips were near the end, sales were dramatically higher than at the head. How can you decide what kind of chips you want before you've chosen your sandwich? What goes with pimento loaf and Swiss on white, corn chips or barbecue-style potato chips? Similarly, one December we studied a department store where a Christmas wrapping paper fixture was positioned just inside the entrance, and it wasn't selling much because nobody buys the paper before they buy the gifts. It was moved so that it was one of the last things shoppers came upon, and sales went up. Supermarket planograms are designed to make the most of adjacencies, the thinking being that if a popular item like Corn Flakes is positioned

correctly, at the bull's-eye, it will help sales of other Kellogg's products arranged around it. Because most shoppers are right-handed, the best spot should be just to the right of the bull's-eye, to make it as easy as possible for the quick grab.

Sometimes, though, it's the irrationality of combinations that provides their power to grab our attention. Consider how expensive chests are sold in a furniture store as opposed to how they're sold in a newfangled home and hardware store. In the former there were dozens of chests neatly lined up, nothing but chests, one after the other, chest chest chest, with all the charm of a warehouse sale. In a Restoration Hardware store, the chests were treated like furniture, placed next to a chair, or in a corner, with a lace doily or a picture frame or a mirror on top. Sitting on one chest was a big old-fashioned glass jar containing chrome-plated ball-peen hammers, of all things. So maybe the jar or the shiny hammers caught your eye, and you picked one up, and suddenly you noticed the chest, really noticed it, and you realized it wasn't just there to hold the hammer jar but it was actual merchandise, with a discreet price tag hanging from a drawer pull. You didn't feel overwhelmed by forty similar pieces of furniture to study. You could actually see how the furniture would look in a home as opposed to a showroom. And the fact that you could start out looking at hammers and end up considering furniture satisfied your love of discovery—it kept you on your toes. Anybody can sell furniture to people looking for furniture; it takes a little ingenuity to sell it to people who aren't. I'd wager that more than one doily shopper has gone home with a new maple dresser.

You can figure out intelligent adjacencies just by standing near one thing and asking yourself, what else is on my mind here? In the paint section, there should be some cross-selling of power tools, even if it's only a poster or some literature or a chain saw just lying on a table—who could resist picking it up? As I discussed earlier, in the bookstore we advise clients to group sections by the gender of their likeliest readers, meaning that computers, sports and business books should flow from one to the other, as should self-help, diet and nutrition and health and home. We were consulting on how to sell computer printers and advised the retailer that maybe they should be grouped by manufacturer—Hewlett-

Packard here, Epson there. Then we saw that shoppers don't buy that way; they're more interested in comparing all \$300 printers than seeing what one manufacturer is offering, so we quickly changed our recommendation. Golden Books, the children's book publisher, was organizing its sections by price point until we saw that with such inexpensive goods, price doesn't matter to anyone, and that the books should be grouped by character—little ponies here, teddy bears there.

How's this for a bright merchandising idea: We'll take pantyhose and sell them in plastic eggs! Pretty weird, I agree, except that this signature package turned L'eggs into the country's number-one brand in its category. Famously, blind tests were run in which women preferred the No Nonsense brand, which is usually sold right next to L'eggs. Still, L'eggs rules, which makes it a true merchandising victory, since, in theory, any fool should be able to sell the superior brand.

If you're not involved in retailing, you might not be aware of the size and scope of the industry that provides all the in-store merchandising materials—signs and display cases and impulse goods fixtures and all the rest. From supermarkets and drugstores to home centers and auto showrooms, what became known as the point-of-purchase business—PoP for short—has come a long way in a short time. PoP materials have existed since forever, of course, going back to the first cigar-store Indian or red-and-white-striped barbershop pole. But since the early '80s, PoP has really become a player, and it now commands a seat at the selling table right next to marketing's.

Until then, though, merchandising was the stepchild of the marketing trade. The marketing geniuses called all the shots for how a product would be presented to the world, and the boys in merchandising were left to work out the petty details of how it would work at the retail level—the in-store signage and displays. Then the two sides began to change places. Suddenly, retailing realized that to a growing extent, shoppers were making their buying decisions on the floor of the store. As was noted elsewhere, surveys showed that more than half of all supermarket purchases were unplanned. And this all happened as

marketing's influence was coming down from its peak—the monolithic TV networks gave way to many viewing options, and consumer devotion to brand name yielded to a more skeptical, independent-minded shopper. That all added up to more of a dependence on merchandising, which led the industry to grow from a \$5-billion-a-year pushcart to a \$35-billion-a-year roller coaster almost overnight. Traditionally, it's been a business of smallish (and now some not-so-small) family-owned firms, meaning it's been short on sophistication and long on guts, verve and energy. It's a cowboy business, and I mean that in the best way. Owing to its youth, there are still lots of lessons its practitioners are learning, and they have to learn as they go. In fact, a great deal of our work in the past two decades has been just in testing and measuring the effects of in-store signage, fixturing and display systems, trying to figure out what works and why.

Here's a good example of the terrible magic that smart merchandising can perform. I once heard a talk given by the vice president of merchandising from a national chain of young women's clothing stores in which she deconstructed a particular display of T-shirts. "We buy them in Sri Lanka for three dollars each," she began. "Then we bring them over here and sew in washing instructions in French and English—French on the front, English on the back. Notice we don't say the shirts are made in France. But you can infer that if you like. Then we merchandise the hell out of them—we fold them just right on a tasteful tabletop display, and on the wall behind it we hang a huge, gorgeous photograph of a beautiful woman in an exotic locale wearing the shirt. We shoot it so it looks like a million bucks. Then we call it an Expedition T-shirt, and we sell it for thirty-seven dollars. And we sell a lot of them, too." It was the most depressing valuable lesson I've ever had.

Car dealerships aren't anyone's idea of how merchandising is supposed to work, which makes them good lessons in what not to do. We studied a foreign car dealership that was practically a college course in itself. The salespeople would load shoppers down with literature but fail to give them folders, so you ended up walking around that showroom, arms burdened with pieces of paper. There were plenty of brochure racks but no brochures, which is a problem, not because shoppers love

pamphlets so much, but because empty literature racks give shoppers the (correct) impression that the details don't get taken care of in this place of business. One-sided posters were taped to exterior and interior windows, meaning that shoppers frequently found themselves staring at blank white rectangles. In one dealership, as I mentioned earlier, we saw a sign heralding the new cars—the previous year's new cars. The signs that did receive prominent placement were "awards" to the dealership from the car manufacturer—just the kind of thing to leave shoppers yawning. The display that showed buyers available colors was a real mess—the spiral-bound portfolio was held together by duct tape. And instead of being able to see a picture of the car in each color, shoppers were given a tiny swatch book more appropriate for choosing drapes. Signs meant to hang over cars were placed on tables instead. Some favorable auto reviews were clipped from newspapers, but they were simply taped to walls rather than displayed properly. Some of the articles had begun to yellow and curl up. And all this to support merchandise costing \$20,000 and up!

Retailers aren't alone in screwing up the design and deployment of merchandising materials. Many times the firms that design and make them (and sell them to hapless retailers) screw them up before they get to the floor of the store—simple things, too, like using displays made from uncoated cardboard. We saw one such fixture, for sun products, arrive in a big drugstore on a Friday night. It hit the floor immediately and sold well. Then the cleaning crew came in and, as cleaning crews will do, mopped the floor without moving all the fixtures and displays to one side. The base of the suntan lotion display got a little wet. By Saturday afternoon it was listing. After the floor was mopped that night, it had begun to tilt seriously. By Sunday night it was in the trash.

Often nobody has devoted any thought to the question of what a display will look like when half the merchandise is gone. Will what remains look like a hot item, or will it look unattended and forlorn? Some of this has to do with what shoppers see after a ketchup bottle or whatever has been removed—will brown kraft paper be visible, or will there be some kind of message or a photo of the bottle? It makes a difference.

And other questions: Can you read it from twenty feet away? If it only works when you're on top of it, it seems to be doing only half a job. Is the back of it blank? The sides, too? Because the designer of that display has no idea how it will be positioned in a store and so can't really be certain which surface shoppers will see first (if any).

Endcaps and freestanding displays are staples of American retailing. Some of them succeed and some fail, depending on how they work once they are placed in the store. As with signs, you can't say which are good and which are not until you see them in action. The latest trend in displays is the so-called activated fixture—one that uses movement, especially moving lights, to get the attention of shoppers. Our testing of types of fixtures has yielded some impressive results: In soft drink coolers, the activated version was noticed by 48 percent of shoppers, compared to 6 percent for the nonactivated one. An activated endcap got 37 percent notice, compared to 16 percent for the old-fashioned version. But at a certain point the displays begin to cancel each other out. There are so many fixtures screaming for the shoppers' attention that they become the visual equivalent of a dull roar, with nothing discernible amid the clutter. Merchant prince John Wanamaker once famously said (and I paraphrase) that half his advertising was waste—but he couldn't figure out which half. Same goes today for merchandising materials and strategies.

We were hired to study a terrific idea for solving all confusion regarding over-the-counter cures for indigestion, heartburn, nausea, gas and other even more wretchedly human gastrointestinal maladies. The shameful nature of these conditions is what engenders such woe-ful ignorance of how to treat them, the medicine company's research showed: Shoppers were a little reluctant to approach the cashier or even the pharmacist with problems such as these. (Personally, it was an extremely illuminating job, since I, too, was never quite sure which product was for which form of gastrointestinal distress, and I had no great desire to ask. Perhaps, like you, I was taking cures for burps when I had farts and confusing the relief for the runs with that for the pukes.) The cure for this was a signage system, a horizontal cylinder with a dial on one end: You'd dial up your symptom—say, heartburn—and in the little

window the name of the drug that cures it would appear. Can't miss, we all thought. Then a few prototypes were installed and we studied how shoppers interacted with them.

Well, actually, how they *didn't* interact, for the fixture went all but unused. Maybe shoppers were less confused than the research showed. The fixtures were perhaps a little too tastefully rendered, so the gray tubes didn't stand out on the shelves as much as they might have. It was even a little unclear that the dial on the side was meant to be turned—a big red arrow would have helped a lot. In any event, gastric uncertainty is going to be with us awhile longer, for the idea was a bust.

Here's another example. The question wasn't whether one of America's leading marketers of spices was going to get a fancy, expensive new system of supermarket fixtures to display its wares. That part had already been decided, to the tune of more than a million dollars' worth of displays as proposed by a major PoP firm. The prototype was a beauty—it organized the company's products by whether they were spices, extracts, essences or flavorings, something that hadn't ever been successfully done before. Everything's a battleground in supermarkets and spices were becoming a two-horse race; this was surely looking like a way for one company to distinguish itself where it counts, on the floor of the store.

The fixture's prototype was brought into the firm's headquarters for all to see, and there, in the flesh (as it were), it got raves from all concerned. And so into the stores it went, where it had, in essence, no positive effect on sales.

It had no negative effect either, which was a good thing, but for all that it cost, it did no better than the old displays it was meant to replace. What had gone wrong? Well, for one thing, the distinctions the display made—spice, extract, essence, flavoring—were more or less meaningless to the shopper. Who cares which it is? What it does to food, how it tastes and smells, are all that count. What exactly do I do with turmeric? Where does the rosemary go in a chicken? There was a lot you could tell people about spices, and some of that might actually encourage them to buy more. What does saffron smell like? A fixture that could manage to answer that question would be a genuine advance, but this display was

not that. And although the displays were a feast for the eyes when seen in the monochromatic gray (or was it beige?) headquarters of the firm, the swirling, heaving, dizzying visual cacophony of a supermarket was something else again. It is tough to get noticed in an environment in which even Cap'n Crunch himself must shout to be heard.

So say good-bye to those nice new fixtures. Maybe some new display system for spices was warranted. But the process that yielded this one was flawed from the start. The major decisions about how a company's goods will be presented on the floor of a store are made by the firm itself and then by three outside entities—the ad agency, the package designer and then the PoP agency, which usually has no input into what the first two decree. Those three all have their own agendas and their own priorities, none of which have any meaningful contact with what happens to displays once they reach the selling floor. Until the many agendas are settled into one sensible, practical-minded one, resolved, there will be plenty of flawed display systems.

Here's a final tale. A big-name soft drink maker had just spent a lot of money on new supermarket displays and hired us to test the prototype. When I arrived at a supermarket with the client, we looked in through a window and saw a giant pile of soda cases just sitting on the floor—a huge, bright, monochromatic mountain of pop.

"I wonder why they left it there like that," she said. "It sure looks like a mess."

Before she could arrange to have the sodas stocked properly, I asked if we could just videotape it as it was for a day. By our measure, 60 percent of the people who passed that mountain noticed it, a higher rate than much of the firm's in-store merchandising materials ever scored. Clearly, that big mass of color was all that was required to stop shoppers in their tracks. There's a lesson in there somewhere.

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**Screen Savers, Jet Lag  
and Whirling Dervishes:  
The Culture of Shopping**

## **SEVENTEEN**

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### **The Internet**

**B**ack in 1997, when I wrote a chapter for this book that didn't exactly trumpet e-commerce, and by extension the Internet, as the greatest invention since cheese and crackers, a lot of people reacted as though I'd just insulted a newborn who'd already been crowned a combination of Mozart, Einstein, Newton, Tolstoy, Galileo and Jackie O. Basically, I said that e-commerce would never replace bricks-and-mortar stores, that it wasn't the final word on anything, that it was clumsy and annoying and—I almost forgot—that it was designed by a bunch of Silicon Valley geeks for a bunch of fellow Silicon Valley geeks.

Boy, did the hate mail ever start coming in—you can read some of it in the previous edition of this book's early reviews on Amazon. A lot of it accused me of not being able to accept the Brave New Digital World, and I just didn't get it, and my head was in the sand, stuff like that. I even got booed off the stage at Internet conferences. No one in the crowd of techies and software designers and true believers wanted to hear about the downsides and limitations of this kick-ass new revolution. They just wanted me to echo the party line—that the

Internet and e-commerce were the most remarkable discoveries since, well, ever. They would allow us to conduct business, trade stocks, buy all this cool gear, meet our soul mates and sit around in chat rooms swapping opinions about antique furniture, medieval Christianity or Duane Allman's slide guitar technique—all within the context of a united global community.

That the Internet and particularly e-commerce might not be the Wizard of Oz but instead some befuddled guy crouched behind a curtain, or that it was a work in progress, that it was, in fact, human and young and imperfect—well, no one was terribly eager to hear that message.

So when the dot-com bubble blew up in early 2001, I wasn't happy, but to be honest I did feel a little bit vindicated. At the same time, I wasn't surprised when the phoenix that is the World Wide Web 2.0 rose up out of its cinders. But there's a seminal issue that hasn't changed since the web came along in the early '90s: Internet shopping has grown in places not because it's all that good, but because the things it's replacing or trying to improve upon have gotten that much lousier, clunkier, more expensive and/or inefficient. The online world can chalk up whatever success it has today mostly to the failure of offline avenues and mediums and processes and delivery systems. In 2008, a decade after I wrote that first Internet chapter, I still think the Internet and the world of shopping online has miles to go.

If we look back at the web when it was first starting out, we can't help but be reminded of its big-bang origins. Essentially it was, and still is, an enormous data dump—a place where you and I can sift through massive amounts of unfiltered information, goods and people, to which nowadays we have unprecedented access. Want to hunt down the ISBN number of a crime thriller a buddy recommended? Need directions from your house to the racetrack in Pasadena? What about the Amtrak train schedule for this Thursday afternoon? Want to take a virtual tour of Berkeley College, find out who won the 1976 Super Bowl or the 1981 Tony Award for Best Musical, or figure out Best Buy's Sunday hours of operation? By giving consumers entrée to basic, useful information (as opposed to, say, knowledge) about products, places, schedules and

people to a degree that we've never had before, the Internet has democratized information. Better yet, we can track down whatever information we need from our kitchen tables, from a suburban campus or, increasingly, from our BlackBerries and iPhones.

The infinite glory of all this indiscriminate exposure—e.g., the absence of any filters, other than the finger-wagging kind that prevents school-aged kids from stumbling onto sites parents would rather they not visit—is, as it happens, also one of the World Wide Web's biggest disadvantages. The uncensored nature of the web has created a world where anyone can cheerfully disseminate the Protocols of Zion or share detailed instructions about how to build a homemade bomb without a grown-up stepping in and saying, "Hey there, wait a minute . . ." Type in, for example, "Eric Clapton," and a second later, a gleaming, pulsating, almost madcap oil spill of Claptonia—roughly seventeen and a half million websites—will stun your senses. If you have roughly forty-eight hours to kill, you'll be able to scan everything from the guitarist's official website to fans' tribute pages to every interview Eric has ever given, to guitar tabs, chords, bass tablatures and lyrics, to YouTube videos, to ticket-vendor sites selling ducats to this summer's Clapton tour, to chronological listings of Eric's side work, to Eric's Cream years, to Eric's John Mayall years, to Eric's Yardbird years, to Eric's Derek and the Dominos years, to Eric's love life, to Eric's drug use, to Eric's sobriety, to Eric's astrological chart, to the pros and cons of Eric's recently published memoir, to autographed Eric memorabilia for sale on eBay, and honestly? You've barely scratched the surface of this guitar behemoth. It's truly astounding how much pure *data* Eric Clapton has generated since he picked up his first ax at age thirteen (and I know he was thirteen because I read it a few times on one of the seventeen and a half million websites).

The problem begins when you're trying to figure out a) what exactly are you after here? and b) what's true and what's not? The Internet, after all, is a repository for rumors, half-rumors, quarter-rumors, errors, speculations, hypotheses and racy untruths. These coexist along with, well, *facts* (things that derive from what at least appear to be valid sources). How do you tell the two apart, especially when they

occasionally share space on the same website? Take Wikipedia, the collaborative, ongoing encyclopedia. Students using the site as a resource for their term papers are never sure from one hour to the next whether the entry they're reading won't have entire chunks removed, altered, updated, reattributed or even eliminated during tomorrow morning's upload.

So the lack of any filtering is both an embarrassment of riches and sometimes just an embarrassment. It's given consumers access to spectacular amounts of data (*and stuff*) but no reliable way to discern what's worthwhile and what's not, what's trustworthy and what's louche.

Within this smorgasbord of information and data, many consumers have come to believe that if they can't find something on the Internet, it doesn't exist. They're usually surprised to learn that if a website tells them there are no rooms available at their favorite hotel, no airline flights leaving this afternoon for Singapore, or no alternate routes to Yankee Stadium other than the one MapQuest proposes, that a simple phone call to the hotel, the airline or AAA will often prove the Internet wrong. Ninety-five percent of the time, absolutely, chances are you'll find what you're after online. The other 5 percent of the time, though, a hotel advertised online as sold out often does have a spare room, and there is a flight that leaves when and where you want it to leave from that's simply not listed on Travelocity.

The lack of any filtering process on the Internet, as well as its margin for error, suggests the need for some kind of expertise—someone to winnow down the possibilities into a good dozen or so. Part of the problem these days, as most consumers are aware, is that there's too much choice in the world. Too much product. Too many different kinds of ink cartridges. Too many shaving razors. Way too much *stuff*. Where does one even begin? Often consumers are looking for the most rudimentary guidance—someone who will come forward if only to decrease the range of available inventory. The Oprah Winfreys and Martha Stewarts of the world have intuited this and have posited themselves, among their other roles, as agents or doorkeepers. Like the third ghost in *A Christmas Carol*, the one who could see into the future and prevent Scrooge from making goofs, they point to a particular book or musical

recording or comfy mattress or long-burning candle or flat-screen TV that in their opinion has all the right moves. Addled, overwhelmed consumers respond.

Matter of fact, many are outright relieved to let go of the burden of decision-making—which in my mind contributes to the popularity of online best-of lists, whether it's the Amazon books bestseller list or the category-specific start pages that show up onscreen when you pay a visit to the Apple iTunes Store. From decades of work, especially with music stores and bookstores, we know that among the most popular and effective merchandising tools are lists—*Billboard* magazine lists, *New York Times* bestseller lists, The VH1 top 10 hotties list.

1. It's
2. A
3. Fact:
4. People (and particularly Americans)
5. Love
6. Lists.

They love lists even though the list in question may not be one that a team of in-house experts has thoughtfully assembled, but rather a rundown of the most popular items other consumers bought. "Most popular," as any artist or consumer will tell you, doesn't often match up with "the best." But many consumers are perfectly content to eat what everybody else is eating, just as they have no qualms about naming their babies Emily and Jacob, this year's most popular girl-baby and boy-baby names. Among the top-purchased items on the iTunes most popular classical music downloads list you'll always find five or six titles displayed right there on the iTunes Classical start page, including recordings by several shapely young violinists and comely pianists. Again, consumers love the idea that a bunch of other consumers have pre-vetted what they're about to buy. Regardless, it moves product.

Far more valuable, as I see it, are those lists put together by entrepreneurial Amazon readers. Ranging from extremely quirky to dead-on, these lists seem sincerely meant to help out first-time or overwhelmed

book buyers interested in an author or a subject or a specific genre. I also get a kick out of the public-forum aspect of Amazon, where readers can engage in a genuine dialogue about the merits of Eckhart Tolle's new book or the latest Janet Evanovich. Some five-star reader recommendations are no doubt phony and posted by friends and close relations of the author, but they can't all be, can they?

Still, Amazon has its definite downsides. For one thing, try contacting them if you have a problem with your order (entire websites are devoted to this common quandary). If you have a problem, it's hard to ignore the little voice in your head telling you that Amazon's powers-that-be haven't the slightest interest in hearing from you. Try to contact them via e-mail, and you'll get back a terse yet genial automated response. You can spend days fruitlessly trying to track down a customer service number. The price we pay for convenience, one-click shopping and a ritualized retail experience is that no one recognizably human sits at the other end of our Amazon transactions—just a seamlessly calibrated database of e-mails that roll toward our in-boxes.

This issue got a little personal when Envirosell started working for Microsoft, a company that has become one of our largest and most enthusiastic clients. For them, we deconstruct the software and video game sections of stores across the world (as someone who can't get past the first series of screens in Halo—a classic Xbox game—I know more about how Xbox 360 is shopped globally than anyone really has a right to know). At one point early on in our Microsoft relationship, one of the company's executives called me in a panic. Was it true, as per Amazon, that I was the coauthor of a new manual on Unix/Linux, their rival operating system? Of course not, yet there I was on Amazon (for God's sake, how many Paco Underhills can there be in the world?). Our colleague was relieved but made it clear there had been a few waves in Redmond, home of Microsoft's corporate headquarters, about a vendor who might be a spy.

What to do? E-mails to Amazon led to more automated replies. Finally, exasperated, I managed to get hold of the company's general counsel, who told me there wasn't a whole lot he could do to resolve my problem, that the issue lay with one of their many distributors.

When I made it clear that they *had* to do something, that Amazon's mistake was jeopardizing my business, the most he could offer was that he would remove the offending coauthorship immediately; however, Amazon couldn't guarantee that as subsequent uploads came along, my name wouldn't reappear as the Unix/Linux manual's coauthor. To this day, I check the site pretty vigilantly.

As I alluded to earlier, today's tidal wave of websites, products, choices, stuff, information and outright misinformation is a dilemma that suggests the need for some future "Ask an Expert" service, someone who will condense two thousand websites into the dozen or so that are of vital assistance to you, the shopper. Certain websites such as Head Butler are on top of this already. Its proprietor simply hand-picks stuff he likes, from Shure E3c Sound Isolating Earphones to the new Levon Helm album; writes a short, witty essay on why these things are so great; then directs interested consumers to Amazon. How terrific the future of the web would look if we could rent an expert to help us make our way around the net and by so doing, shrink it. Our colleagues at LivePerson.com have launched a new online service where aside from getting shopping advice, consumers can, say, rent a microbiologist or a distinguished software engineer and pay them by the minute to field their questions. As the literacy of the web's latest generation begins to develop, we may find that the monopoly on information that the Googles and Microsofts and Yahoos possess will break down into processes that are far more discriminating than what we have right now.

But I'm not crossing my fingers.

From my perch studying the buying habits of consumers both online and off, for a long time I've considered the web as analogous to water. It inches and flows and streams and pools into ditches and culverts and creeks and channels and puddles where someone has already done the surveying and architecting and ditch-digging. And the net, with a good sixth sense for this pre-dug inventory of opportunities, makes its way there intuitively. It fills up those holes. Now and then it even

plugs them up pretty well. But it still hasn't resolved the same issue that's facing today's retailers, namely, what's global and what's local? Can a global process have any relevance to you as a local individual?

Me, I'll take the news my local radio station gives me any day, whether on-air or online, versus what Excite or Google or Yahoo delivers. Sure, I can custom-design a start page—sports, business, national and international news, a weather forecast and so forth—but except for me now knowing it's going to rain next Tuesday, customizable doesn't mean a whole lot here. It doesn't really touch me personally. I need to know about what's happening in my city and neighborhood, whether the Yankees pulled off a late-inning win last night and what's playing at the Angelika Film Center six blocks south. So what a lot of people, including myself, get frustrated by is the very same universal software solution that Internet types keep claiming is the medium's biggest strength. The germ of the idea is already here—but what if we could get to a point where we're developing processing engines that are eminently more local, i.e., locally targeted, than what we have right now?

I point the finger here at venture capitalists. Instead of putting their bucks into \$10 million businesses, most of them are worshipping at the altar of a \$100 million business, something that will grow ten thousand percent over the next three years. Everybody has set his or her sights on being the big bucks behind the next online behemoth. Which isn't to say those companies don't deserve their wild success or their billions. But the result's been that even with Facebook, the concept of a socially integrated network still hasn't been customized to the person, the place or the environment. After all, while the Internet may be in the public domain, Google, MSN, YouTube and the other huge internet players are all businesses answerable first and foremost to their shareholders.

My ideal local online process? One in which you could pick and choose your processing engine based on your own interests and beliefs, so it ends up far more responsive to you, the user. Periodically I'll pick up a copy of *The Villager*—one of my neighborhood rags—since their ads and listings have direct relevance to my actual lower-Manhattan existence. Fashion clothing emporiums on the web might consider doing the same. After all, New York City females dress differently from the

way females dress in San Antonio, Texas, and the way females dress in Los Angeles. The "favorite" or "recommended" outfits on the Macy's and Eileen Fisher websites run the risk of looking great on a Texan matron but ludicrous on a forty-year-old Hollywood executive. These sites might consider doing what Netflix does, which is supply a list of the most popular titles within its subscribers' zip codes. Again, "most popular" rarely coincides with "the best," but such a system would come closer to wedging a local solution to a global process.

A website called DailyCandy, which is geared toward trendy twenty- and thirtysomething women, is another encouraging example. Subscribers can select among a dozen or so cities, ranging from San Francisco and Chicago to London. If you live in or near Miami, DailyCandy will not only tell you where the coolest place to buy lingerie in South Beach is, but also tells you what's going on culturally in the city over the weekend, what to do with the kids, as well as the latest, coolest places to eat. To me, that's at least a start.

Another issue I continue to have with the web: How is it supported? What are its basic economic underpinnings? Does advertising keep it going? Does the government? Do local institutions? The jury's still out. If it's advertising by companies, we can point to examples like Samsung, which devotes large chunks of its marketing budget to Internet ads on fly-fishing websites and other places where it seeks its demographic. Samsung has gotten terrific mileage out of this, too. But again, Samsung came to that decision the hard way—because the viewing public generally ignores, bypasses, gossips during or TiVos their way through traditional thirty-second TV spots. Plus, televised ads cost an arm and a leg to produce, and newspapers and magazines aren't much better, since they're no longer dominated by five or six periodicals that 60 percent of all Americans regularly glance at week after week.

The bottom line is that it's the failure of the traditional engines for selling and delivering products that's created the opportunity for the engine known as e-commerce to exist.

Which really isn't high praise when you think about it.

The question remains: Why has this second generation of the web succeeded better than the first go-round? As I've said, it isn't that the Internet has gotten any cooler, sleeker, faster, sexier, better or more efficient. One big reason is because women have begun devoting serious—and I mean *serious*—time to the Internet. E-commerce Generation II is doing just fine.

The January 2008 Nielsen Global Online Survey reports that more than 85 percent of the world's online population has used the Internet to buy something—that's up 40 percent from 2006. The world's most ardent Internet shoppers come from South Korea, where close to 100 percent of all Internet users have bought stuff online, followed by Germany, the United Kingdom and Japan. The U.S. lags in eighth place. The most popular online purchases are books, followed by clothing and accessories; then shoes; then videos, DVDs and games; then airline tickets and electronic equipment bringing up the rear. Online shoppers are a loyal bunch, too. Sixty percent of them claim they buy products mostly from the same sites.

Among the things females do online, aside from actually closing the deal? I call it *sort of shopping*. Here's how it breaks down:

**The Pre-Shop:** The retail equivalent of a blind date. Nothing heavy goes on here, just a lot of flirting and data gathering. As she surfs away, your wife or girlfriend or sister or daughter can acquaint herself with a dress from Target.com, new binders for school or the latest model of fluffy moccasin from L.L.Bean. The phenomenon of the pre-shop is particularly prevalent when women are in the market for automobiles, to a far greater extent than men. Since Dante would have to invent a tenth circle of hell to mirror most females' experiences inside car dealerships, women go online, figure out how much that new Prius or Sienna or Civic costs, with or without automatic transmission, XM radio, a satellite-linked navigation system, splash guards, moon roof and other goodies, then walk into a dealership with confidence, armed with facts, figures and prices.

Thus, almost incidentally, the web serves as a resource for actual bricks-and-mortar stores. If consumers are feeling lazy, tired, time-crunched or antisocial, they can look up the book, movie, TV or

preferred Cuisinart model beforehand, maybe scan a few consumer reviews, then make an unimpeded beeline for the thing when they reach the store, which saves them from having to do a half-hour walkabout or ask a clerk who may or may not know, or care much, about the difference between one model and the next. Alternately, if consumers don't feel like going to the bookstore or the local Blockbuster, they can save themselves a drive by using Amazon and Netflix and simply strolling to the mailbox at the end of their driveway.

**Secondary Shopping Therapy:** Just imagine it—no crowds. No malls. No snaking lines. No young moms blocking the aisles with their gray Bugaboo Cameleon strollers. It's the wireless equivalent of paging through *Vogue*—the ultimate fantasy maker and time killer. It gives women instant access to boutiques and high-end baubles they might not otherwise feel comfortable shopping for. In this case, there are no Hermès clerks giving them the once-over. No saleswomen with attitude. Online, they can stroll into Harry Winston, duck into Louis Vuitton and check out the Canyon Ranch in Tucson, the Ritz in Paris or the Mandarin Oriental in Singapore. It's like being invisible *and* having wings. They can even do it naked, exhausted, in need of a shower or while simultaneously watching a rerun of their favorite TV show.

The sense of today being the first time a lot of consumers have had access to goods without having to buy them mimics the sense that the first department stores gave their consumers in the 1850s. Among other things, the department store served as an impetus to middle-class upward mobility. Up until that point, it was assumed that if you walked into a store you were there to buy, or at least had the means to purchase. Thus many people were exposed to a life they'd never seen before, in many cases fueling their appetite to succeed. Then and now, the department store is a very democratic institution. It invites everyone in to take a look and/or gawk to his or her heart's content.

**Time Savings:** An excellent example: Christmas. Consumers can skim all the good stuff from the most wonderful time of the year while avoiding its horror-show aspects—crowds, jammed parking lots, frenzied parents elbowing one another aside for Wiis or Flip camcorders or whatever the gizmo du jour is. Online, they can point, click, add to

cart, checkout and boom, a bonsai tree is on its way to a nephew, a red sweater to a niece, and two quarts of Legal Sea Foods' clam chowder overnighted to an uncle in Florida who misses nothing about living in New England other than the occasional local specialty.

Still, shopping on the web doesn't always fall into one of these categories. The net has had its notable success stories. How do you explain the popularity of merchants like Bluefly, which sells discounted designer fashion for men and women? It's like an even more animated version of the Home Shopping Network. Bluefly has overcome the human need to smell, touch, taste and feel that C3 cashmere sweater or that pair of Marc Jacobs pants, and based on great copy and nice pictures and an ever-changing exhibition of good-looking stuff, they're able to move product consistently through their portal. It's the ultimate in cyber-window-shopping, and the price is right.

The next thing you know, though, you're a woman who finds herself with forty-three designer handbags and no place to put them.

Which is where we get into one of the great pluses of the web—its ability to create secondary markets, a comfortable, reliable system for recycling possessions that would otherwise rot, mildew or rust in the garage or attic. Whether it's a previously owned Mercedes or a slightly scratched Les Paul tobacco-sunburst Gibson guitar that you place on eBay, the Internet has institutionalized a virtual flea market of sorts. I have a number of colleagues who supplement their incomes by specializing in certain categories of goods in a way that would have been unthinkable a decade ago. Old railroad books, estate wineglasses, Moroccan tiles, antique postcards, it doesn't matter—someone out there wants it. More power to them.

Even Amazon has gotten into the game, because often the profit margin on selling used products is higher than selling new. Amazon gives you the option of buying many books, new or used. For out-of-print volumes, Amazon connects to a network of used-book dealers who may make as much if not more money on the shipping and handling charges than they do on the sale of the book itself.

Outside of the virtual flea market environment, how do merchants get people to buy online? Well, there's the easy way, and it goes

something like this: You are enamored of a certain brand of running shoes or cut of khaki pants, you've been wearing them for years, you know your size, and that's that. Checkout—and a replacement is zooming its way toward you.

Another way the Internet has worked well is in children's online communities, like Club Penguin, Webkinz or other sites where kids are entreated to buy, tend and shower their love on virtual pets. If you buy a penguin, well, hell, a penguin needs an igloo, right? He has to eat, too. Despite the tariff—five bucks here, five bucks there—these clubs help grow kids' computer and keyboarding skills (though they remain extremely sedentary experiences). Luca, the young son of Gustavo, who runs our data department, could turn on a computer, get online and make his way to his favorite game site by the time he was three years old.

What puzzles me, frankly, is how well visual artists have managed to sell paintings online, and sometimes for thousands of dollars, too. Up until now, artists could either sell their paintings at art fairs or street shows, or else exhibit at a solo or group show where the opening price starts at, say, \$2,000. By going direct and virtual, artists have created a new category equivalent to a farmer's market, one that combines the street fair and the art world. The success of this model may be attributable to the desire on the part of artists to bypass the protocol of art galleries, and to customers' discomfort with the art world's snoot factor, or to consumers' sheer geographical distance from the hubs of the art world, but it also comes down to a kind of naïve trust. Still, I'll be damned if it doesn't work, as the idea of someone shopping for art online without actually seeing the thing in person leaves me a little incredulous. Nonetheless, I'm glad that a lot of artists have managed to pull this off.

If someone has a clear-cut sense of focus, it's not only possible to sell stuff online, but you can also do incredibly well.

A friend runs an online vehicle for a small boutique housewares store in New York. He sells more than half a million dollars a year online off a little laptop in a back office. He finds great-looking stuff in small quantities—books, toys, tabletop junk etcetera—and gets it featured in magazines. People fall in love with it and buy it. He'll sell until he runs out, then starts the process all over again. I love going onto his website,

because it's one of the best gifting solutions I know. Why does he succeed? In part it's because he's known in the magazine world, and the magazine media design editors have come to admire his cherry-picking ability, his revolving inventory, his good taste.

Had enough shopping? Let's go mingle.

Poke me. Write something on my wall. Glance at my friends list and the roughly three hundred digital photos and home videos I've uploaded. Send me a virtual potted plant, a virtual cupcake. Find out my relationship status and, if I'm not attached, what it is I'm looking for—friendship or the real thing.

If you thought social networking was limited to cocktail parties and private clubs and business seminars, have a look at Facebook, today's virtual incarnation of the electronic tribe—one created by those two visionary villains Frank Lloyd Wright and Henry Ford.

Yes, an architect and an equally well-known carmaker. The way I see it, Facebook is a direct extension of the popularization of the suburb and of the automobile. Both have created enormous physical distances among people. As the world gets more and more de-urbanized and we spread out across the country and the world, with a lot of us toiling away in isolated corporate campuses, we still can't get away from our basic human need to reach out and connect with other people (housing is often key to understanding a lot of new phenomena, social networking sites included). Across that shadowy, gaping void of alienation and risk and uncertainty comes Facebook, a virtual passport to intimacy. A kind of intimacy, I should say.

Once again, the web has found itself identifying and fixing a hole in our physical world. By doing its usual watery thing, it's allowed us to meet and chat and feel as though we're a part of something bigger than our high schools, college campuses, bedrooms and office cubicles. Facebook is not only a social networking site, it's a voyeur's dream. It's like reading a loose-leaf, picture-filled diary someone has left splayed open on a couch. It's a way of seeing what your friends are doing, in real time, even if you have no desire, reason or inclination to call, e-mail or

in some cases lay eyes on them ever again. It's a Google map of your entire social network. For some users, it provides an opportunity to show off how many friends and connections and wall-postings they have, and to cement their social status in public. For others, it's just plain convenient, like an illustrated address book that's constantly self-updating. It's addictive.

Facebook has created an entirely self-contained miniuniverse in which my sixteen-year-old nephew, say, can have an online conversation with a girl who, under normal circumstances, he'd be too tongue-tied to talk to face-to-face. The intimacy that's created by not having to look at someone physically has its parallels in the retail environment, too—for example, we've migrated from the nose-to-nose relationship of dealing with a saleswoman at Bloomingdale's across a makeup counter to the open sell at Sephora, where you and the person helping you are on the same side of the counter and seemingly on the same team. Part of what we're seeing is the early stages of a transformation in communication and intimacy. From my cynical standpoint, Facebook users are triangulating through the social network because they lack the courage, opportunity and geographical proximity to come face-to-face with an actual living, breathing human being.

But how long will the Facebooks of the world last? Will Facebook end up turning into a semipermanent virtual village? (The standard line in social science buzz is that almost everybody lives in a "village" made up of approximately two hundred people.) At what point does a Facebook user decide that since he or she hasn't spoken, e-mailed, texted or called a friend in her network in three years, that person might as well be given the boot? Does a user ever "graduate" from Facebook? Most people I know who use it say they can't foresee a time, date, place or age when they wouldn't be invested, somehow, in their Facebook accounts. And as we come out of the suburbs and are faced with the mobility in our culture, social networking—a means of finding some kind of cyber-permanence within the context of our ongoing lives, as well as a common identity—may always have its place. Lacking an anchor in a transitory world, your life can disappear, *poof*, like that. The only question left, then, is do you give two hoots if it disappears?

Still, Facebook and other social networking sites are famously having trouble justifying the cost structures that keep them up and running, namely, ads. Can we scribble virtual notes on our friends' walls and pay attention to soda entreaties at the same time?

I get many invitations each year to join one online social networking site or another. I never bite. Still, at age fiftysomething, I have boxfuls of business cards I've been handed from across the world, so many that if I laid them end to end, I could build a cardboard stairway to heaven. Maybe that's my version of Facebook.

People's spread-out-ness works at the other extreme, too. There are cultures in which economic prosperity may have provided gleaming gadgets and connectivity, yet people are still living in small, crowded spaces. Which is one reason why in a sense, the Japanese and Koreans use technology to wall themselves off—to create a sense of virtual privacy. In a crowded Japanese home or apartment, the ability to vanish inside the Internet or into your mobile phone is like ducking inside a pup tent or adding on an extra wing.

Another thing the Internet has accomplished in Korea and Japan is to conduct a nifty end-run around social restrictions and manners. In these two countries, where it's impolite to actually look someone straight in the eye, Facebook and instant messaging are ways of staring and not staring at the same time. Also, if you think about Japanese kids on a mobile phone, they use a minimal amount of strokes to create a complex declarative sentence. As they start typing a word phonetically, the character pops up, making it infinitely speedier to communicate. Contrast this to American teenagers, who've had to come up with their own homemade abbreviations to cut down on the keystrokes—LOL—while their parents continue madly thumbing away at their BlackBerrys. All of which makes communication in Asian countries faster, and is one reason why the role of the net-enabled phone has found a natural home there.

Another difference in Japan, Korea and many emerging markets: Public transportation isn't the exception, it's the norm. The average citizen may spend two or more hours a day commuting. It's bad manners to talk on the phone as they ride the train or bus, but with a web-enabled phone they can surf and text-message to their hearts' content.

It isn't just a time-saver, it's another cyber body-bubble. In Europe and America, we can drive and chat on our phones in the privacy of our cars, but we can't stare hypnotically into them or we'd topple over the guardrail. Why should we be surprised that cyber applications will have varying degrees of success based on the markets they serve?

I wonder what will happen now that our thumbs (rather than our forefingers) are doing all the work. Whoever designed our hands made them so that the thumb is the source of strength and the other fingers are in charge of the delicate stuff. What happens when arthritis sets in—  
are our IM days over?

Facebook isn't the only electronic tribe out there, and in theory, it's more about friendship and belonging and creating a giant alumni association than it is about actual meeting up and settling down. The Internet has become, in essence, a kind of modern-day Jewish match-maker, creating sites such as Match.com, where a red-haired guy in Des Moines who stands five feet one inch tall can tell the world he's six feet four inches' worth of tawny, easygoing California beach boy. That is, until he meets up with an actual woman who just can't believe she fell for it again.

The problem with Match.com and with every other look-up-hook-up-and-settle-down site is that they're founded on mutual compatibility. Remember the questionnaire you were possibly given once about what sort of roommate you'd like to have your freshman year in college? Nonsmoker, vegetarian, likes Metallica etc. These same standards go hand in hand with online mating services. You play tennis? Me too. We're both not-very-serious Buddhists. We both love Italy and Monty Python and cats and . . . you get the picture. In the end, the whole thing becomes a potential orgy of self-love, a union of mirrors. When we fall in love, are we *really* looking for a person who's exactly like us? If I had to date myself I'm pretty sure I'd announce, "This isn't working," after about a day.

This is one of the chief limitations of the web. It thinks and perceives and processes data like a computer, because it is a computer. It lacks the capacity to be thoughtful or inventive or intuitive in an original way. Even Amazon.com is guilty of this. Its predictive mode is based on

the premise that past behavior (you like John Grisham) defines future behavior (you'll keep on liking John Grisham). Now, this is very likely true for many readers, but at the same time, a lot of us are always on the lookout for novelty. Just because I love James Lee Burke novels doesn't mean I won't get a kick out of a new book on hang gliding in the Galapagos or a new bio of Sir Richard Burton (not the actor, but the wonderfully weird nineteenth-century explorer).

Come to think of it, some of the strongest unions I know are between two people who are completely unlike. There's this couple I know, Richard and Stacy. Richard is my market research mentor. He likes the New York Mets, basketball, a few beers and Chinese takeout, and he knows more about Finnish cinema than anyone I've ever met. Stacy, who's the love of his life, is an aficionado of five-star restaurants and gourmet vacations, and has never gotten off an airplane without knowing that a deluxe hotel and a megavolt hair-dryer were waiting for her at the other end. But Richard and Stacy adore each other. It's the second or third marriage for each of them, but this one's going the distance. And what keeps them together, in my opinion, is that every day they have to compromise and roll their eyes skyward at each other's foibles.

They would never have met if Match.com had set them up. Not even close.

There are lots of people out there who've carried off the whole *When Harry Met Sally* thing. They meet in college, break up, get together again, bust up a second time, then reunite—this time forever and ever. Those guys and dolls who were meant to be tootsified got married at twenty-seven, and that was it. I'm happy they knew what they wanted when they wanted it. For the rest of us who failed that standard practice, we're back on street level, back in the churning mill. We recognize with a touch of bittersweetness that if we haven't settled down by age thirty, there's probably a good reason why—that there might be something a tiny bit faulty with us. For all its imperfections, the net has at least been able to facilitate hooking up for the over-forty set.

The triumph of hope over experience—it's just a couple of clicks away.

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Generally, so much of what we spend money on is so predictable that if we thought about it too much, we'd question whether or not we were conscious. For most of us over age forty, 80 percent of what's inside the fridge at home is routine purchases. Yes, we may change the cheese, vegetables and meat based on the season, but the basics remain the same. By now I know what I like: Tropicana orange juice with pulp. Skim Plus Parmalat milk. Low-fat plain Dannon yogurt. Cream cheese with scallions. French mustard. Malaysian chili sauce. A few beers. I've even settled on a label and vintage of white wine my significant other and I both enjoy drinking.

But is there any reason why we can't endow the web, or our kitchens, with the power to carry out our most routine shopping purchases? The Japanese are working on a refrigerator that allows you to scan the bar codes and radio frequency identification tags of items going in. The machine knows when they're missing or that the weight has declined. It then sends you a daily or weekly text message asking your permission to place an order with an online emporium. The same thing goes for the laundry room, where a web-empowered shelf or storage system keeps accurate track of your soap, bleach and fabric softener. Unfortunately, the lifespan of most appliances is ten years or more, while the typical software lifespan is less than two years. The problem is making the hardware and the software truly compatible.

The future of the Internet as I see it: *convergence*. It may sound a little sci-fi, but all I'm talking about is the linkup between the physical world and mobile technology and the web—an improved union between stores, the online world and the mobile phone. Recently I was struck by an interesting way to quantify any customer's potential value to a retailer. If I'm a store owner, and my customers only shop my products out on the floor, they're "worth" one unit. If they shop the store and also glance through my catalog, they're worth 1.5 units. If they shop, read the catalog and also visit the website, they're worth two units—meaning that my relationship to customers in terms of the amount of

money they spend is in direct proportion to the number of ways they interact with me.

As an example of convergence, consumers could take their web-enabled mobile phone into their local drugstore and point it, say, at an over-the-counter drug. The shelf would then direct them to a website that tells them what the drug does and doesn't do, its dosage, its side effects etc., which they scan on their phones. Simple, right?

Convergence also advances a phenomenon that's already making inroads in online shopping: the Internet as a green tool. A friend of mine recently caved in and bought an iPhone. Instead of reading a fold-out instruction manual that told him how to use it, the box it arrived in directed him to an Apple website which screened an instructional video. Same thing happened when I bought my new, fancy-schmancy Casio watch from a Japanese department store. It came with a web address from which I could download the instructions onto my desktop. That way, I wasn't frustratedly parsing an instruction book in twenty-three languages from French to Serbo-Croatian.

So whether it's instruction booklets or boxes and bags, convergence is among other things a great way to eliminate excess clutter and paper and packaging, just as the web-connected refrigerator that I described earlier streamlines shopping trips and merchants' distribution processes. And somewhere out there, the world's landfills will be breathing a sigh of relief.

The second function within this system is its ability to replace our wallets and *become* a wallet (and a bank) at the same time. At the DoCoMo store in Japan and in the Philippines, you can preload your mobile phone with cash or your mobile phone can accept wire transfers. Particularly in third-world countries like the Philippines, this provides an end-run around banking institutions, a valuable perk to say the least for people who don't have a bank account. Think of it as the currency of mobile phone minutes. At the same time, it also serves as a safety net for worried parents in a scary world. By loading money onto their kids' mobile phones, at the end of the month they can see how that money has been spent, whether it's on cheeseburgers and the movies—as the little ones claimed—or on a half-ounce of high-octane pot. Another

bonus? Safety. Once you start putting cash into electronic form, crime plummets.

The third and final bonus of a web-enabled mobile is that it would also work as a form of personal ID. It would connect somehow to your physical self in a way that would allow the phone to work only when it was in your vicinity. Meaning if you drop the thing in a gutter by accident or someone steals it, the phone becomes for all intents and purposes useless.

What the web-enabled phone also does is create a network that bypasses the traditional media of both the web and of face-to-face communication. The elections in Spain in March of 2004 were influenced partly by all the instant messaging provoked by the deadly terrorist train bombings in Madrid that happened on the eve of the election. No one was debating political issues, but an online community was able to shore up its allegiances. So we now have the tools to disseminate information in a way that transcends phones, magazines and newspapers—and that connects us all locally.

To take convergence to a retail level, it could also mean that the bricks-and-mortar model, with its distribution systems and supply chain management, might be ripe for overhaul. The era of the big-box merchant, at least in the first world, has reached its apogee. Stores may be getting bigger, but that doesn't mean consumers plan on spending a correspondingly increased amount of time, or money, in them. Scaling down stores makes both economic and ecological sense. If we start ordering our staples online—and even if we only swing by and pick them up at the store—do we *really* need that laundry aisle?

Come to think of it, when we reach the point of convergence, the entire purpose of a physical existence may have to be dramatically reconsidered. The United States is investing huge sums of money in nation-building outside the country (think Iraq), but in the meantime our docks, ports and bridges are rotting, our passenger railroads are vanishing and *we've all but lost the capacity to think big or be bold*. We are backing into the future. At a time when we need to get beyond our addiction to fossil fuels and take better care of our planet, we are stuck. A hundred and fifty years ago it took vision to push our railroads across

the country; a hundred years ago it took guts to conceive and build the Panama Canal. Today, America is a follower, not a leader—so convergence will happen somewhere else first.

Convergence will initially find its footing in someplace like Africa or India where someone doesn't own, or have access to, a landline. Part of what I find interesting about visiting India is that for reasons of space, density, primitive retail and an absence of things that Americans and Western Europeans take for granted, it's a country that's managing to leapfrog the traditional landline. Visiting Delhi recently, I was struck by the number of people whose mobile phones were always in their hands—far more so than in New York City. Mobile phones weren't just for calling; they served as their owners' pivotal identities. People's mobile phone numbers were at least as, or more, important as their names.

This makes sense when you contrast India's path with the evolution of technology followed by most Americans. First we had our landlines. Next we had our computers, followed by the Internet, followed by the first mobile phones. (Recall if you will that the first mobile phone stores didn't appear in the U.S. until the late '80s and early '90s, and were used mostly by business guys. I can remember once attending the opera with a friend who'd never used a mobile phone before. She glanced down at mine as if it were an exotic mango. When she called her daughter, the first excited words out of her mouth were, "Guess what—I'm calling you on a mobile phone!") After that, some of us graduated to PDAs, which ushered us into the first mobile Internet world. Oh, and incidentally, the next time I saw the woman from the opera, she was the proud possessor of both a mobile phone and a BlackBerry.

If you ask most people, they'll tell you that mobile phones have been around forever, rather than since the early 1990s.

Compare this technological journey to that of an emerging country, where someone is going to migrate from having nothing—no landline, no laptop—to suddenly, overnight, having the Internet at his or her fingertips. In Delhi, it was almost comical overhearing people calling each other on their mobiles. *Where are you? I'm going to be three minutes late.* Made me wonder how people got along before mobile phones appeared.

But that's why I'm positive convergence will take place first in an emerging country. At which point, someone in the U.S. will exclaim, "Hey, why the heck don't we have that here?"

One of the most remarkable things about the World Wide Web is that even its most grizzled veterans lack a clear-eyed understanding of how it works. Most of us have accepted it, embraced it and sworn at it, but it's in our homes and in our coffee shops and in the air, whether we use it for Hollywood gossip, stock trading, or simply as a combination electronic post office and gigantic animated *Encyclopaedia Britannica*.

So what would happen if there were a cyber war and the net collapsed? What if an organization or foreign nation decided that the best way to assault the United States would be to sabotage the web? If we think about terrorism and the fallout from 9/11, what happens when the terrorist moves beyond dreaming up simple stupid viruses and figures out some way to make the web disappear? What happens then?

Rather than sitting around figuring out what the next Facebook will be in this money-crazy culture, it's worth setting aside a little time to think about that.

But enough with worst-case scenarios involving nefarious plots. Let me leave you humming a few bars of music.

I have a professional friend, a guy I don't see as much of as I'd like, but someone I'm always happy to run into when I do. He has three interconnected vices—he runs marathons, smokes a half-pack of Marlboros a day and is a total music junkie. Every time we meet up at some conference or another, he'll pass me a fervent note that says, "Check out these guys," before listing off a few musicians he stubbornly believes no contemporary iPod owner should live without. The last band he recommended was called Balkan Beat Box—a fusion of Middle Eastern music tangled up with electronica, with a heavy bass beat behind it. Terrific dance music that sounds just as good when you're bopping down the street with headphones on.

So I went to the iTunes store, typed in "Balkan Beat Box" and up they came. Two albums' worth, some twenty-five songs in total followed by

a ten-line description of what the music was about and a few customer reviews. That was it. Hardly enough to chew on—extremely frustrating. I ended up buying three or four songs at ninety-nine cents a pop, plus some songs from a couple of other bands my buddy told me about, and I put together a mix, which I've been enjoying, as it's pretty complex, wonderful stuff.

But if my friend hadn't brought the band to my attention, chances are high that Balkan Beat Box and I would've never found each other. Why? Because for all the talk about iTunes being this revolutionary new medium for sampling and downloading digital music, let's face it, it's a pretty limited site—and I'm a lifelong Apple fan.

Example: Why doesn't iTunes offer me any song samples longer than thirty seconds? Sometimes the vocals or the melody don't even begin to kick in by then. Why doesn't the site request more personal information, including where I live and what kinds of music I'm interested in, so it can tip me off to local concerts based on my preferences or on the music I've downloaded already? Why doesn't it permit me to buy, say, a three-play version of a song for twenty-five cents, so I can decide whether I want it in my permanent music library or not? iTunes also can't seem to figure out why a guy who buys Balkan Beat Box also gets a kick out of vintage Eartha Kitt. Plus, where are all the liner notes? I love reading liner notes. It turns out I can peruse them only if I buy the whole album for \$9.99 or \$11.99 or \$18.99, or however much the site is charging me.

Where's the information explosion here?

There's another issue: I'm at a point in my life where I own four iPods, each with its own speaker system. I keep one such sound device in my living room, another apparatus in my kitchen, a third in my office and a fourth . . . well, it migrates. But why hasn't Apple recognized the revolution it's created and facilitated it? It should be selling me—all of us—much broader solutions than it does now, other than just simply being the latest, coolest new distribution system. Because the site is preoccupied with selling me songs for ninety-nine cents—as well as audiobooks, TV episodes, music videos and just-released DVDs—it isn't giving me the tools to manage my fleet of iPods. I want Apple not just

to sell me content, but to expedite and simplify the role of its products in my life.

Recently I met up with a senior group of executives at Sony BMG, the global music conglomerate. As a lot of people know, CD sales are in a downward spiral, and in 2007 they declined again by some 30 percent. Strange fact: The only places where CDs are doing okay are in niche markets. For example, polka is holding its own. Same goes for Latin music. Little indie stores with focused and dedicated clientele are surviving. But the rest of the industry is suffering.

There's a lot wrong with this picture. Because today we find ourselves at a time in history where there's never been a more voracious appetite for music. A typical fifteen-year-old kid in 2008 has a working vocabulary of all different varieties of music. He or she knows something about trance, blues, rock, reggae, heavy metal, country, rockabilly, stoner music, the British Invasion, contemporary, hip-hop, world music, even the Christmas Peanuts soundtrack. Yet in spite of the knowledge and appetite out there, the Internet doesn't have the tools yet to indulge it wholeheartedly. It can't penetrate its outermost edges. It can't get us psyched about listening to good new stuff.

I know, I know, online music sales are booming, but the thing is they're not even close to matching the falling sales of CDs. Again, that's not because digital downloading is anything terrific, or the quality of the sound is all that excellent, or managing your MP3 sound files is any easier than juggling your ancient vinyl collection.

To blame file sharing or online piracy is a copout, too. In 1959, the typical American household had 1.7 sound reproduction devices—the parents had their stereo and maybe the kids had a portable record player upstairs. We placed the needle reverently on vinyl, cocked our ears and listened. We couldn't move (or dance), because the needle might skitter across the record. Today we do just about everything to music—cook, read, work out, make love. Music has become the soundtrack to our multitasking lives. Yes, I have four iPods of various styles and sizes, but in total, my house has twenty-three sound reproducing devices. I've bought one particular Doors album four times, on vinyl, cassette, CD and as MP3s. Yes, kids are trading music—for God's sake,

why wouldn't they if for almost twenty years we made them buy pricey CDs rather than 45s that conformed to their budgets? Problem is, the music industry has historically been closer to the musicians than the consumers.

Music has flourished online because of the failure of the music industry to recognize that consumers don't want to buy the whole cake—we want to buy the stuff by the slice. We don't want to shell out \$13.99 for *The Best of the Troggs* or \$24.99 for *Arthur Rubenstein: Chopin Nocturnes*. Maybe we just wanted "Wild Thing" and Nocturne op. 15, no. 3 in G-Minor. Did the music industry intuit this about us? No—they're still putting out music the way they did back in the days of Chuck Berry, and now they're paying the price.

That said, if iTunes is the only music portal out there, I think we're all in trouble. If Sheryl, my significant other, who's a professional musician, is hunting down an obscure piece of chamber music, she isn't about to find it on iTunes. There was a time not so long ago when she could pay a visit to Tower Records near Lincoln Center, and some shy, knowledgeable clerk would know exactly what she was talking about, and the various versions, and why the 1962 studio version recorded in Vienna was superior to the one done live in 1978 at the Concertgebouw. But Tower is gone, Barnes & Noble is unlikely, Wal-Mart is out of the question and Sheryl is stuck.

One of the questions I put to the Sony executives was, can you figure out a way to put your catalog in a place where people can access it? It almost suggests the need for a company portal for their entire classical backlist. As I said, the appetite for music today is overwhelming—it's just a matter of helping consumers find it. If I want a classical compilation with a title like *Chill with Beethoven* or *The Most Relaxing Classical Album in the World*, I can download it off iTunes, no problem. But wouldn't many of us pay a premium for a Sony-led chat room, where, say, we could pick and choose from a complete catalog of music, and the host—some distinguished, goateed professor of music from Berkeley or Juilliard—would ask us what type of recording we wanted, if we preferred a live or studio recording, how old we are, what our ears are like and all that, before directing us to the perfect piece of music? Whether

we walk away with something digital or a real CD—or even a bracelet with earphones attached to it—it's an opportunity that's just waiting for someone to invent the process. Techies?

A music store or bookstore of the future—couldn't it be similar? It might resemble the comic-book clubs they have in Japan, where you can go in, rent a chair and read all your favorites. You would pay a small admission fee. In return, someone whose taste you admire and appreciate would serve as the emcee. Your fellow members would be men and women who like and appreciate the same music you do. Maybe the club could serve drinks and feta-stuffed olives and a wheel of Epoisses cheese. The people who run the place would know what you like and even hand-sell you stuff, including vintage collectibles.

Imagine—you could cyber-experience a concert, anything from Balkan Beat Box to Maurizio Pollini. You could rent it, buy it, mix it or go to a club and actually attend a concert. An expert would guide you every step of the way. And your connection to the place would be fostered by an online community.

Now that'd be music to my ears.

## EIGHTEEN

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### Come Fly with Me

**H**ere's a boarding pass. Step on it—the gate's closing. Pop a Xanax, fasten your seat belt, extricate that blue blanket from its shrink-wrap.

Oh, and the aisle seat is mine, an anatomical necessity for a guy with long legs.

Time for a trip around the globe, from Italy to India, with a few stops in between. Business *and* a little pleasure.

In the late 1980s, Envirosell found itself at a fortuitous crossroads, in that whatever direction we chose to take was going to lead us *somewhere* new and promising. We could either plow time, energy and resources into expanding our business here at home, or we could train our binoculars on the great big world out there. A trade-off, absolutely, but for me the decision was easy: go global.

If we'd stayed put, we'd probably be a lot bigger in the U.S. than we are today. But from a strategic point of view, transforming Envirosell into a business that understood the needs of international retail and shopping was a huge plus in terms of what we could bring to the table in the U.S.

I'm also totally at home traveling—about as comfortable boarding an airplane and navigating the wild world as just about anyone I know. Having a fiercely independent live-in significant other and no kids freed me up to spend good chunks of time on the road, too. Once I've cleared customs, my adaptive skills are up to speed as well. I'm not talking about backpacking in the Himalayas or finding the best B&B in Chiang Mai. I'm talking about being able to competently go around the world in ten days, in and out of multiple time zones, and stay more or less sane, healthy and in a good frame of mind. Plus, it's a thrill to be able to fold up your American glasses and try on your new *gafas*, your *magane*, your *occhiali*, your *óculos*. You see everything in a new light. Such as, what are some of the things that make this store or mall here in Cape Town or Shanghai work that wouldn't go over in Colorado Springs or Austin, Texas? Or, why the heck hasn't an American retailer ever thought of this? Truly, under the best of circumstances, and even the worst, it can be a revelation.

My only wish? That I slept better on airplanes. Sleeping in public is hard, and I'm no good at it. My theory is that the people most at ease doing it grew up sharing a room with a kid sister or brother and got used to it. I slept alone back then.

Buckled in? Up we go. First, though, let's backtrack a little.

In the early '90s—remember, this was before e-mail—my fax machine whirred out a sheet of paper. The fax came from Alberto Pasquini, who was then the managing partner of Creativity Italia, a point-of-purchase agency. He'd read about Envirosell in one of the trade magazines and invited me to visit him in Milan. I was already sold on the idea of opening up a European office and was commuting back and forth across the pond, trying to scare up business. I happened to have a trip planned the following week and was able to get my airline ticket changed so that I could fly into Geneva and back home to the States from Milan. Ten days later, I took the train from Lausanne, Switzerland, to Milan to meet up with the guy who'd sent me the fax.

Alberto was born to have an exclamation mark at the end of his name—maybe half a dozen. Flamboyant, snowy-haired and in his late forties when I first met him fifteen years ago, he was a sort of

Mediterranean P. T. Barnum. On that first visit to Milan, Alberto took it upon himself to introduce me to a woman he knew by the name of Giusi Scandroglio, who ran a small market research company called QT. "Here," he said in his charming fractured English, "is your future partner." I can remember thinking, *What are you talking about here, Alberto?* But Giusi and I shook hands and made all the right small talk. And things went no further than that. Over the next year or two, I found reasons to go back to Italy. Each time I went, it dawned on me that Alberto had managed to choreograph my schedule so it involved—somehow—Giusi.

Italy as a concept is only one hundred and fifty years old. Then and now, the country is a collection of city-states, each one with its own distinctive character. Giusi is Genovese by birth and Milanese by choice. The Genovese historically wandered the Mediterranean mostly as merchants and occasionally as pirates—call it the light and the dark sides of the Genovese identity—whereas Milan is a city of industry, persistent, hardworking, focused, controlled. Almost everything of interest or significance in Milan happens behind a high wall or a closed door. It isn't so great a city to visit as a tourist—in twenty-four hours, you can see just about everything—but with a guide or mentor by your side, Milan can be a magical place.

Thanks to Alberto, meetings happened and before I knew it I needed an Italian office sooner rather than later, and who else to run it? Giusi Scandroglio. A woman who by taking the reins of Envirosell Milan has turned out to be exactly the person we needed, as well as purely Milanese in her values—focused, independent, knowledgeable, tireless and tenacious. Not an easy combo of attributes to come by, particularly for a female living and working in a male-dominated country like Italy.

Rule of thumb: With international expansion comes worry, tossing and turning at night and readjusting your vision to the local ways of doing things. In Italy, the payment system is enormously complicated. Every project you take on first has to be financed by a third party, typically a bank. That means that when someone signs a contract with you, it's more than likely you may not be paid for 180 days or so. I was willing to take a fall personally, but I didn't want Envirosell itself to be

jeopardized. So I took an ownership position in our first overseas office. Like so many journeys, the scariest step is that first one.

Once we'd broken into the Italian market, one thing led to another. One of our first Italian clients was Levi's Italia, and while we already had the company as a client here in the U.S., Levi's Italia led us to the jean market all across Europe. Within a few years, we were looking at Levi's and Dockers sales in Amsterdam, Stockholm, Lisbon and elsewhere. Before long, thanks to an alliance Envirosell had formed with the John Ryan Company, a Minneapolis-based retail bank marketing agency, we were introduced to the world of Brazilian banking; our first effort came when we worked for a company known as Banco Itaú.

Itaú is a completely vertically integrated bank. They make the furniture that goes into the bank, they assemble their own ATMs and computers, they own the construction companies that build their branches and they operate the complexes that house their staff. It's a privately held company that throws off more than a billion dollars a year in profits. Though who really knows—it's nothing at all like Chase, Citi or Bank of America. But then, it is Brazil. The typical Itaú branch could have as many as a hundred tellers. The first branches we saw had towers in the middle of the floor with hard-eyed security guards equipped with machine guns keeping close watch on the floor.

In Banco Itaú, we were looking at in-store signage issues, points of service, the design of teller stations and so forth, but instead of doing it at a three-thousand-square-foot Citibank in midtown Manhattan, we were carrying out our research in a twenty-thousand-square-foot Brazilian bank. Also, in Brazil, people's concepts of wait time are different. As I said earlier in this book, in the U.S. our internal clocks begin to ding after about three minutes, signaling impatience, but Brazilians' internal clocks swell to about five minutes, since they're far more accustomed (or resigned) to waiting. Another thing that surprised me was the complete absence of privacy, or more likely the resigned indifference to the fact that your most intimate affairs will be made public. If you're applying for a loan or a mortgage in the U.S., typically you take a seat at a bank desk and some officious vice president will ask you what your annual salary is, what your monthly credit card payments

are, whether you have any additional sources of income etc. In Brazil, you'll be asked these same questions, but the thing is there'll be half a dozen other customers awaiting their turns a foot away from you, and no one blinks an eye. It's not an ideal culture for someone who has a lot to hide.

In Brazil, like in many developing countries, much of the economy functions on cash. The employer might issue a check, but the check is then taken to the bank to be cashed. Many companies have a prescribed day and time when their employees descend en masse to get their checks cashed, and I can remember one afternoon when five hundred bus drivers turned up at our test branch. Also, in Brazil many people pay their bills, including rent, electricity and phone service, with cash at the bank. The branch is divided up according to different classes of trade. The lower-class cash-based customers, known as "Amigos," go to one part of the bank, while the middle-class "Star" customers make their way to another. It's a noisy, hectic and altogether difficult environment. We loved it, though, and it turned out that Itaú loved us back. Within a year John Ryan had moved on, but Envirosell was invited to stay. Soon we added Brahma, the huge Brazilian brewer, to our client mix and found ourselves shipping members of our New York staff down to São Paulo left and right.

Not much opportunity to come up for air in those days. But when we finally stood up and took a big collective gulp, we found that almost 20 percent of Envirosell's work was coming out of Brazil, accounting for nearly 30 percent of our total profits.

So what about opening up a Brazilian office? But this time, we all agreed, we'd do it as a licensee.

To set up a successful licensee in a foreign country, obviously you need to find a reliable partner. So we promptly began shopping around for the right person. Our search was narrowed down to women who'd had some experience owning and running a market-research business. What's with the reverse sexism? Quite simply, our experience in Milan had taught us a few things. Giusi had succeeded in a male-oriented culture, and we were eager to find her Brazilian equivalent—a woman who wasn't a stranger to facing those same odds and staring them

into submission. Also, the product we were selling wasn't exactly your everyday commodity.

Into Envirosell's life strode Maria Cristina Mastopietro, though everyone called her Kita. Big brain, big heart, broad shoulders and a memorable laugh. She had a master's degree from Stanford University and matched our profile to a T; she was, and is to this day, exactly the person we were looking for and more. Her business partner is a young, smart industrial engineer named José Augusto Domingues. They're a great team.

I won't ever forget the day when Giusi and Kita met for the first time in our New York offices. They were wearing identical outfits. Their purses were the exact same style. They carried them the same way. They owned the same type of car—same color, too, I might add. The similarities extended to the way each woman described her husband. They might have been talking about the same guy, though luckily for all of us, they weren't. And they also got along like old friends.

Typically when we license a business abroad, we fly our overseas partners to New York, where they spend a month or so with us learning the ins and outs of our business. Then the process is flipped. We ship some of our people abroad to help our offshore licensees set up shop and get rolling with their first projects. We provide training and marketing systems and control their Internet presence, and in return, our offshore partners agree to share a percentage of their revenues with us. We also have the right to review their performance. If things aren't going as well as we hoped, we take whatever steps we need to deal with what's not working and figure out how to fix it.

That's about the long and the short of it.

For a lot of our New York-based staff, working in Brazil was their first exposure to a developing country. Eye-opening, to say the least. Definitely an experience, particularly for some of our Midwestern-born employees who'd never left our shores before. Nothing bad ever happened, but there were a couple of incidents involving one of our blonde female employees being followed on the streets by wolf-whistling males.

Ten years or so after we set up our São Paulo office, Brazil is front

and center in our category management work. "Cat-man," as we call it for short, examines how a category of goods is shopped at the point of sale. It could be baby products, canned soup or cell phones. Thus, rather than working for a retailer, we're throwing our energy behind a consumer goods manufacturer.

Cat-man work is booming in South America as companies like Johnson & Johnson, Unilever, Nokia and Motorola expand their offerings. Envirosell Brazil is now in charge of doing business in other South American countries, and we're currently in the process of changing them from a licensee into a joint venture. A tribute to all their spectacular work.

Unavoidably, though, our São Paulo office finds itself mixed up with currency, politics and soccer. It just can't be helped. There's no getting around that three-headed monster. Which means that if it's a crazy political year, or if the Brazilian currency, the real, takes a hit against the dollar or vice versa, well, fasten your seat belts, we may be in for a bumpy few months. Also, did I mention the World Cup? The entire country shuts down for three months. It tacks up the football equivalent of a *GONE FISHIN'* sign. Nothing anyone can do about it either, except wave the yellow, green and blue flag back and forth for the home team.

Our first bout of world-class publicity came to Envirosell thanks to a young science writer at *The New Yorker* magazine named Malcolm Gladwell (yes, the very same guy who went on to write the two mega-best-sellers *The Tipping Point* and *Blink*). His piece, entitled "The Science of Shopping," profiled what we do and went on to become one of the most reprinted pieces in *New Yorker* history. Moreover, it made this book possible.

After the Gladwell article appeared in the fall of 1996, the queries from potential licensees from all around the world multiplied. Every week a new call would come in from someone who wanted to partner up with us. It was very flattering stuff. One of the most wonderful things about our business life around that time was the number of clients who showed up on our doorstep ready to hire us. They were

presold, first on the *New Yorker* piece, and second on this book. For a guy who'd once saved money on hotel rooms by napping in his car and washing up the next morning at the nearest gas station, after all those years of not knowing whether this business would fly or go crashing to the ground, it was gratifying beyond belief.

In the wake of the *New Yorker* article, one note that showed up in the mail grabbed my attention. The letter writer—I consider him now my white knight—was a Japan-based licensing agent named Kaz Toyota who represented a number of top-tier clients in the U.S. and was responsible for licensing their offices across Japan. He'd read the *New Yorker* article and found out more about our business online. And he not only offered to scout out for us the right Japanese licensee but volunteered his future daughter-in-law, Momo, as a guide.

During the first four years of my Japanese business life, Momo Toyota became my mentor for all the ins and outs of Japanese culture. She'd spent part of her childhood in the U.S. and Australia and understood the cultural gaps I was coming up against. We'd visit different shopping districts and go to malls and even a shrine or two. She'd answer every question I asked, no matter how dumb or personal it was, with a little giggle—followed by an honest, thorough, thoughtful answer. When Momo got married, I sent her and her new husband tickets to come visit me in New York. They took me up on the offer and stayed in my apartment. She has two children now, the oldest named Emma, and I keep up with her through her private-access website, Let's Go Emma.

If it was keys to the Japanese culture I was looking for, then Momo handed me a big, valuable set, and for that I'm forever grateful. She taught me everything from the Japanese family structure to the nation's preoccupation with keeping clean to the unspoken protocol of gift giving, and about the nuances of bowing, and knowing when to show your back to someone and when not to, how long and how low to the ground your bow should be when one person is leaving, when to turn and who turns first, when you can feel free to cut your bow short—in essence, how best to do honor to your hosts. I actually grew up in Asia. My father was a diplomat and my sport of choice through my teenage years was judo. I had a head start in Japanese culture compared to most

foreigners, but Momo gave me an accelerated course in technique and finesse. Every day, I'd stow away more and more information, which no doubt made me come across as more of a sophisticate than I usually felt on the inside.

There was only one speed bump: my name.

When I went to Japan for the first time to work, it became clear that the Japanese faced an uphill climb with the word "Underhill." Something about it just wasn't easy for them to say. One day, I just came out with it: "Please—call me Paco-san."

Now, you have to understand that for the average Japanese businessman, this was a radical suggestion. For Americans, it would be like addressing your beloved grandmother with "Yo, Gloria." No one in Japan ever addresses anybody by his or her first name. But once we'd gotten over that little name hump, we could all relax.

Looking back, I'm sure a lot of my ease within the Japanese culture, and their ease with me, had to do with my being physically big and friendly, but also with the fact that I'd picked up a few cultural nuances thanks to Momo. Little things such as adding "chan" to a woman's name—an affectionate suffix that sets up a chummy but respectful relationship with a younger female. For a boy, the equivalent is "kun." With a few of my Japanese clients, I've said, "If you want to call me Paco-kun, it's okay with me." Usually they're shocked that I even know these terms, never mind that I just suggested they call me that. At the same time, I think they enjoy the novelty of it. I'm both being playful about their culture and revealing my genuine interest in Japan at the same time. This is a country where people are always amazed that someone not only speaks even a few words of their language but actually *processes* how the culture functions on a daily basis. Those little things count for a lot.

This new informality I have in Japan even includes my wardrobe. On my first few trips there, I wore a coat and tie everywhere I went, or a suit. Then one day it was very gently pointed out to me that I was Paco-san and could wear a bathing suit and a bunch of kiwifruit on my head for all anybody minded.

For comfort, I have to say that nothing beats a buttoned-up white

shirt and a nice pair of khakis when you're strolling along the streets of Tokyo.

In a totally male-dominated society such as Japan, our managing director, Uchida-san, stands out like a lotus flower. Some people collect Beanie Babies, or Coke cans, or driftwood. But along with her ability to function on no more than two or three hours of sleep a night, Uchida-san has what must be one of the most elaborate frog collections in the world, and it even carries over to her person. I'm talking about frog earrings, frog pendants, froggy necklaces. Even at traditional company meetings, Uchida-san will arrange to have someone wearing a frog costume greet you at the door and usher you to your seat. Thank you, frog.

Tom Waits, the American rock and roller, has a song I can identify with. The chorus is "I'm big in Japan / I'm big in Japan." When this book first came out, it sold very well here in the States but especially well in Japan, Canada and the Netherlands. I chalk this up to the fact that these are all countries where manners matter a great deal. Which is one of the major concerns of this book—how to decipher manners and behavior.

One question we get asked all the time is what makes shopping different in other countries. My first response is to point out what's the same all over—which I like to think is the basic subject addressed by this book. Our eyes age the same way whether we live in Tokyo or Chicago or São Paulo. Our basic human measures fall under the same parameters: the length of our arms, how our hands work, the fact that almost all of us are right-handed. We love our children and like our spouses most of the time. We tend to move in similar groups made up of friends, couples and nuclear and extended families.

That said, there are some fundamental things that make shopping and the physical environments we live in different based on where in the world we live. The first is the relative density of the population. Tokyo, and to an even greater extent Mumbai, is a crowded place; Dallas and Los Angeles are extremely spread out. The sheer luxury of space alters the mix. After all, one of the key measures for the success of a store is sales per square foot. If I'm looking at a Japanese store in Ginza, the

sales per square foot may be at least ten times as high as the same store located in a strip mall outside Chicago. The denser the physical environment, the less hard management has to work to get people inside a store. In Tokyo, some department stores are ten floors high, with one escalator after another. In the same city, you'll even find high-rise restaurant buildings, with a different restaurant on every floor. No one in the U.S. would even think to open up an Applebee's on the fourth floor of a high-rise.

The second factor is the level of economic prosperity where you live. North America and Western Europe have a very high standard of living, and while poor people live everywhere, you won't find the same level of poverty here in the West that you do in parts of Asia and Africa. The contrast between rich and poor often sets up security issues that have a profound effect on the physical environment. For example, a Brazilian shopping mall offers a degree of safety and security that the street can't.

A third factor is the weather. The difference between Dubai and Helsinki is that in one place you have to manage the heat, and in the other, the cold. And then, of course, we face issues of national culture and customs.

Place your tray table in its upright position—we're touching down in Bangalore, home to Envirosell India.

An intriguing place, India. A country that's currently on the roll of a lifetime. The sense of national pride and patriotism—the belief that now is their time—is pervasive. Nothing to argue about there. Just take a look at Mumbai's or Bangalore's state-of-the-art factories, plastics industries and petroleum processors. At the same time, the country's core infrastructure is coming apart at the seams, and India still has the most primitive retail of any country in the emerging world. From clothing to groceries to cars, the overwhelming majority of retail is still being sold in ma-and-pa stores. Thus you're subject to the vicissitudes, prices and variable standards of whoever's operating those stores (there's no quality control and, as of 2008, no big-box chains). The country is still under the hard-to-shake shadow of three hundred years of British colonialism and domination. In fact, one of the things I find utterly charming when

I'm over there is hearing the same expressions I remember from when I spent the fifth and sixth grades in the British Army School in Kuala Lumpur. Like "What a cheeky guy." It's as though all those 1950s locutions are locked in time.

India may be showcasing its new industrial stardom, but a measure of civic pride is still waiting to show its face. In most Indian cities, brownouts and blackouts are an everyday occurrence. Generators hum at all the major hotels, while the rest of the city flickers like an old unreliable lightbulb. Just as in Brazil, there's a high level of prosperity, but on the other hand, the images on the street can be a shock if you're not steeled against them—lepers; eunuchs; scrawny cows; ulcerous dogs; people wandering across the highway, barely noticing the oncoming traffic.

For all its problems—its lack of civic cleanliness, its obsession with status and caste and pecking order (have a look sometime at the amazingly detailed and snobbish personal ads in the local newspapers)—India is a fascinating place. Sometimes off-putting, but always fascinating. Even if we hadn't been approached by India's largest retail consulting firm to license a Bangalore office, which has serviced a mix of consumer product manufacturers and technology clients, I ask myself every so often, would I go back there?

Yes—in a heartbeat.

We've taken a U-turn, heading back home. But first a brief sojourn in Moscow. Snowy, sure, gray, sure—but as exciting a destination for retail as exists nowadays. Alexey Pryanishnikov heads our spanking-new Envirosell Moscow office. An avid diver and cyclist, Alexey also has one of the most complete commands of colloquial English I've ever heard—which he claims he's picked up from watching American movies. Our Russian partners are brand new, and as Alexey might say, I think this is the beginning of a beautiful friendship.

Next stop: smoggy, wonderful-as-all-get-out Mexico City. Seventy percent of all market research taking place in Mexico happens here—so if you want to open up an office in this country, you're in the right

place. Needless to say, drink all the beer you want, but the water's off-limits except for snorkeling and coral gawking.

In 2002, Manolo Barberena, the well-connected, U.S.-educated son of the former governor of the state of Aguascalientes, approached us on behalf of Pearson, a Mexican full-service market research firm he'd founded. The firm's roots were in political polling, and Manolo also served on the boards of ESOMAR, the European market research trade association, and CASRO, its American counterpart. He had an impressive command of the research business, and among the things I liked best about him was his encyclopedic knowledge of rock 'n' roll. Pearson was already working with Johnson & Johnson and Procter & Gamble, and Envirosell rolled in seamlessly as part of the suite of services that Pearson offered its clients.

Today, our Mexico City branch is one of our most autonomous, classically focused market research offices. Like our colleagues in Brazil, they're extremely proud and extremely capable. One of the things we'd like to see more of in the future is a greater collaboration between our Brazilian and Mexican licensees. There's a language barrier there, both real and imaginary. Or it might just come down to getting two very able overseas heads—one an alpha male, one an alpha female—to work more closely side by side.

Bangalore. Toyko. São Paulo. Moscow. Milan. Mexico City. Despite the leg cramps and the stiff back and the rotten movie we had to endure about the teenage ice-skater, that wasn't so terrible, was it?

I think about it this way: Being able to stand up in front of a U.S. audience and talk about retail overseas is, I believe, one of the things that makes Envirosell distinctive. To be able to address a Midwestern mall owner and say "I was in the new Tokyo Midtown Shopping Mall two weeks ago, and this is what they did," or, "I've been to Dubai five times now, and they look at that problem this way." It's not to be confused with bragging, and I'm pretty sure it doesn't come across that way. It's just a fact of life for a road warrior who's always been fascinated by how the rest of the world ticks.

We've also made a concerted effort to hire employees who speak more than one language. Today in our New York offices, we have people

who are fluent in Italian, French, German, Spanish, Japanese, Hindi and a bunch of Asian languages and dialects. I consider having a language skill a critical part of a career in business. If the only language you speak is English, you're frankly at a disadvantage.

I can't help but wish more people felt that way. It bothers me sometimes how downright *uninterested* so many Americans are in leaving our shores and expanding their foreign knowledge base. Or that so many people are scared to travel. Part of it has to do with the shaky times we're living in, but another part comes down to just plain lack of interest. A shame. Especially since one of the true highlights of my life is accompanying either a friend or an Envirosell colleague overseas for the first time. Watching someone I care about discover the third dimension gives me a true kick.

One guy in particular sticks out. His name is Tony Trout. Our destination was Paris, and we were working with the French bank Crédit du Nord. It took Tony about an hour and a half to realize, *Hey, this is fun!* We rode in from Charles de Gaulle airport on the train, switched over to the *métro*, bought our *carnets*, and on the first day of the job, Tony felt completely at ease ordering a coffee at the *café* next door.

When you arrive in a new place, fold up your old glasses and put on those *gafas, megane, occhiali* or *óculos*, I tell you—doors pop open. Windows appear out of nowhere. I've seen it happen again and again. Traveling someplace new improves your processing skills. It helps sharpen the old tacks. It reminds you that no matter who you are, you'll probably end up coping just fine.

Our next flight is leaving tomorrow afternoon at four—I'll be there waiting at the gate.

## NINETEEN

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# Windows of the World

**A**s I said before, if you're looking for the cutting edge of retail today, you've got to go to places where money is young.

Young as in just hatched, freshly minted, just plain . . . *young*.

In cities like Dublin, Moscow and São Paulo, among others, the retail world belongs to people under the age of forty who have just come into their money, and they're spending it on stuff left and right. By 2010, the vast majority of growth in the retail marketplace will take place in emerging markets, where well-trained merchants are serving emerging customers.

Dubai is a bright and shining example. Maybe you've seen those images of the city's mirage-like skyscrapers and sandy beaches. But did you know Dubai has also transformed itself into a twenty-first-century shopping crossroads? New shopping malls are sprouting up across Dubai like exotic mushrooms, and some are like nothing you've ever seen before. The new Mall of the Emirates has a ski slope, for heaven's sake. Ten bucks' admission gets you a parka and the chance to sip hot chocolate in what must be the world's largest deep-freezer. Seventy bucks rents you

skis or a snowboard, a truly hallucinatory experience in midsummer, when the temperature outside hovers around 115 degrees. My favorite new Dubai mall is named after Ibn Battuta, the legendary Islamic traveler. Each section of the mall celebrates a different architecture of the fourteenth-century Islamic world, from the Silk Road to Andalusia. Truly breathtaking, with a history lesson very softly thrown in, too.

In the coastal town of Durban, South Africa, stands Gateway Mall, where among the other retail offerings is a surfing school with a wave machine, as well as a Tony Hawk skateboard park (after all, it is a beach town). So as you're eating your lunch, you get to watch people learn how to re-create *The Endless Summer* or do crazy-eight leaps and spins. My client Old Mutual, a life insurance company, is investing in commercial real estate across Africa and the Middle East. With a dynamic CEO, its young crew of architects, marketers and managers have millions of square feet of malls and town centers both under construction and on the drawing boards. One of its South African malls offers an innovation that's breathtaking in its simplicity: a stadium for high school sports adjacent to the food court. It's secure, it's protected, it's extremely well maintained. And in a sports-mad culture, does it ever drive traffic. It also makes the mall a cool destination for teenagers. For parents it's a winner, too; they can drop their kids off in a sheltered environment, do a little shopping, retrieve their spawn and drive home. Please add South Africa to your global retail tour, and plan on a little wine tasting, too.

After apartheid's cruelty, the new South Africa is an example of the curative properties of economic growth. While crime, corruption and AIDS are a part of any objective portrayal of twenty-first-century South Africa, no one can overlook the growing prosperity, either. I would wish that same prosperity on Kabul, Gaza, Darfur and Baghdad.

Grafton Street in Dublin is the epicenter of Ireland's red-hot retail industry. Thanks to the country's skyrocketing economy, sad old Danny Boy has given way to exultant, stomping Riverdance. Practically everyone you meet in Dublin seems flushed with success. For a long time Grafton Street's anchor has been the venerable department store Brown Thomas, mecca to dowagers and dukes, who make a seasonal pilgrimage there for shopping, lunch and a dose of fashion worldliness

beyond the home-grown uniform of tweeds and brogans. And just as Dublin has become one of the hippest, most happening cities in Europe, Brown Thomas has gone through its own transformation. A few years ago, it moved across the street to a bigger, brighter, sleeker location, so today, it's an upmarket, cutting-edge, spanking-new department store, as opposed to, say, a thoughtfully renovated one. As a perfect emblem of Ireland's new prosperity, the new Brown Thomas all but hollers with taste, joy, opportunity and sheer fashionableness. They're selling to thirty-year-olds rather than forty-five-year-olds, and the younger demographic gives sections of the store a nightclub-like vibrancy you'd never find in Bloomingdale's. Do whatever you want to Saks—tear down walls, rejigger the lighting, pipe in Amy Winehouse—but the population base will remain stubbornly conservative. Whereas Brown Thomas is a truly *modern* department store.

But for a store that really takes my breath away—and as a globe-trotting retail wonk, that's never happened until now—I'll take Daslu, in São Paulo. While the owners are presently experiencing tax problems with the Brazilian government, Daslu for the past two decades has been the preeminent purveyor of luxury goods in the world. The new store is a mammoth one-hundred-fifty-thousand-square-foot colossus that functions like a series of artfully linked mansions. Stand back, Louis Vuitton. Too bad, Neiman's. Eat your heart out, Harvey Nicks. You ain't even playing in the same arena, much less the same game.

A Daslu membership card and a no-exceptions valet parking-only policy control access to the store. For cardholders, parking is free; for non-cardholders, parking is exorbitant. The average wait for your car is less than three minutes. Most shoppers are greeted by name, and a concierge positioned in the doorway calls their very own longtime personal shopper to help guide each guest through the store. While the main entrance leads into international fashion labels, guests can also opt for the second entrance, where they can find the Men's Store and a restaurant. If you're a real high-flyer you can also arrive by private helicopter. Walk-in traffic? There is none. A uniformed guard checks the cars off at the end of a gated driveway. But non-cardholders and the curious can take heart. In the past year, within sight of the flagship location across

the Rio Pinheiros, Daslu has opened a smaller version of itself in a new luxury mall. There are no female-only floors, and a much smaller men's section, but it's still a sumptuous store.

With its coffee bars, champagne bars, two restaurants and major luxury brands, Daslu feels more like an air-kiss-filled private club. Parts of the store are also strictly gender segregated. Large ceramic Great Danes sit frowningly at Women's Fashion entrances, with NO MEN ALLOWED signs hanging from their necks. Fall in love with a blouse in the women-only parts of the store? You can try it on there at the rack—go right ahead.

The shopper can also shop by assembling her own dressing room. Point to a pair of Manolos and a Chanel suit, and they've instantly found their way to your dressing room in the right size—after all, the store personnel *know* you. The women's dressing area comes equipped with jewelry displays of all the major brands represented in the store, so accessorizing is natural. Want more-more-more? Included in Daslu's suite of services are a plastic surgeon, a salon, an upmarket drugstore, a vacation planner and a real estate department selling homes across the world.

For the guys, apparel and male toys mix and match. Model cars and trains, radio-controlled helicopters and Ferrari-branded laptops. But that's just the small stuff. Enter men's sports apparel and the toys are supersized, from Volvo SUVs to full-sized helicopters. Hey, while we're on the subject, do you happen to like boats? Buy, charter or rent one in any vacation market in the world.

As magnificent as Daslu is, it also serves as a perfect metaphor for the dichotomies of Brazil, where a wealthy population roughly the size of Belgium's is surrounded by poverty on the scale of India's.

In the past ten years, retail innovation is far more likely to have taken place outside of North America than here at home. From Migros in Switzerland to the new Mega Mall built by Ikea outside Moscow, international merchants are applying the lessons learned in North America and outdoing them in the process.

From the perspective of retail design, two critical differences separate American and non-U.S. retailers.

One is how the merchant fits into the culture. Depending on where you live in the world, the merchant's role holds differing degrees of status. In the U.S., retail is mostly a lower-middle-class profession, the price of admission being a little money to get started and a lifetime of hard work. Mr. Bloomingdale was a former schmatte salesman who succeeded beyond his wildest dreams, not a member of the WASP establishment. Sam Walton was a local Arkansas guy. Calvin Klein and Ralph Lauren? Bronx boys, born and bred. Even today, a merchant may operate a successful store, but that doesn't turn him or her into a pillar of the local country club. Not a whole lot of MBAs leave business school, or an Ivy League college, with full-steam-ahead dreams of launching a career in retail. Our business history is largely the story of immigrants who gravitated to retail as one of the few career choices open to them, which, looking back, was key to making American retail as brash and innovative and vibrant as it once was. As the immigrants moved on, however, retail drifted close to its current mostly stale state.

Across the Atlantic and Pacific, it's a different story. The retail merchant enjoys some social respectability. The British and the Dutch, for instance, have long traditions of merchant banking, or of being the middlemen in the buying and selling exchange—thus tying retail into a comfy wealthy establishment. In France you have a merchant class that for five hundred years has been selling to the aristocracy, and that rich history shows up in many different ways. LVMH, the luxury goods company that owns Louis Vuitton, Sephora and some fifty other brands and stores, operates a business school in luxury goods management and hands out the most prestigious MBA in retailing in the world. In Paris, Galleries Lafayette's marketing efforts are light years ahead of any other store in the world. The store starts marketing to you the second you board the plane heading to France. Touch down in Paris and the marketing immediately picks up steam. Arrive at your hotel and you'll be handed a map with Galleries Lafayette prominently placed among the City of Light's innumerable attractions, as well as a reminder that it's a great place for tax-free shopping. Three hours later, you walk through

the doors. Do you speak German, Japanese, Dutch? Galleries Lafayette will hook you up with a personal shopper who speaks your language. They'll even change currency for you on the premises, if need be. In short, the store has anticipated every single one of your retail needs, and it does one helluva job of compelling you to shop there.

The other key difference between U.S. retailers and those abroad is topographical: Where does the store sit? Historic and densely populated urban centers create their own retail art forms, from the small to the oversized. The models of operating expenses, margins, staffing and even fixturing costs are well-concealed behind a shroud of history and fierce independence. Italy, for example, has more points of sale per unit of population than any other country in the world. There are a few streets in Milan where one goes specifically and single-mindedly to window-shop. Whenever I do just that, I'm always reminded of the French expression for going window-shopping that translates roughly to "I have to go lick the casements." The closest comparable experience may be the red-light district in Amsterdam. I'm never altogether sure what I've learned from the experience, but I sure feel privileged to have looked. Goods are sold at full price and the service can be professional and intimidating or warm and familiar—it all depends on the store. But overall, the union of window and store is unique, in part because the women on display in the windows are interacting (or at least attempting to) with the people in the street. They're active mannequins—beaming, pouting, gesturing, waving. And because the alleyways are so narrow and pedestrians are so physically close to the windows, window-shopping becomes an intimate, almost voyeuristic experience.

North America has no population concentrations where the social classes historically mix and merge. New York, Boston, Toronto, Philadelphia and Washington, DC, are as close as we get, and even those five cities have historically been in transition, with changing land and population and real estate values. But urban retailing is hot and is only going to get hotter as the American urban core gentrifies. Our American merchant class is also transforming around us. If we've given Europe giants such as McDonald's and Starbucks, well, they've got something to show us, too.

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All across the world, developers are taking a long hard look at what makes a great shopping environment work. Along with entertainment, the shopping mall is one of our most successful U.S.-born-and-bred exports. You can now find malls all over the world, from Kuala Lumpur to Dubai, from Tokyo to Lisbon. On the surface, some of them may look the same as ours, but don't be fooled for a second. Every country faces and has to cope with its own local manners, cultural codes and personal boundaries. In South Africa, Brazil and Mexico, malls face security issues that we don't have here in the U.S., so in these countries, a mall isn't just a place to shop and ogle other people, but, as in the high-end case of Daslu, it also serves as a protected fiefdom, a super-insulated private club.

Iguatemi in São Paulo is a great example of a hybrid mall—one that links the malls we're all familiar with in the U.S. with local roots and solutions. São Paulo is a dangerous place, so it's no surprise that one of the first things you notice when you step through the doors of Iguatemi are the security guards. These aren't first-timers or retired, sore-legged guys on mall-rat patrol. These hard-eyed hawks have a martial edge about them, and they mean business. The second thing you notice is how inexplicably joyful you feel simply observing the human circus on parade. It's a social setting that no American or European mall could ever replicate. I'm glad I've come here at my age, because if I'd been a regular visitor to Iguatemi when I was in my twenties, I know I would have fallen crazy in love every ten minutes. It's not the stores at Iguatemi that are so interesting or special, it's the physical environment. Within the context of Brazilian culture, most adult children live at home until they get married. If you want to go out on the town, your choices are limited—a restaurant, nightclub or, yes, a shopping mall. Thus, a trip to Iguatemi offers Brazilian twentysomethings a setting in which they can see, meet and otherwise hang out with contemporaries of a similar social class, and in a safe place that's open day and night. U.S. malls may provide social opportunities for the under-eighteen crowd, but it's the rare twenty-five-year-old guy who hangs out in front of J.C. Penney or

Hollister hoping to chat up women. But in Brazil, if you're twenty-five, and you can't entertain at home (Mom and Dad are lurking nearby, ears cocked), the mall is a logical place to go.

Iguatemi is loud—gloriously loud. In part this is because the corridors and concourses are narrow, and also because in a hot climate, stone and tile flooring help keep the temperature in check. But the racket itself comes from the echo, clatter, click and clack of female high heels. I could watch Brazilians walk from here to Alaska without getting bored. They seem to have their own internal jukebox, and it's always playing some swaying, samba-heavy playlist.

Amid the high-heeled sandals, spike heels, mules, miniskirts and short shorts, Iguatemi works at being a solution to all your utilitarian needs—something an American landlord might want to bear in mind. Watch strap broken? Need a duplicate house key? Want to book a flight to the States or pick up your dry cleaning? You're in the right place.

Blockbuster Mexico, the video store, offers the same degree of security mixed in with social spectacle, family style. When you drive in, you confront a threefold line of defense: the parking lot, the door and the register. Blockbuster, like a shopping mall, is only viable here because it protects against the insecurity on the street. Latin families tend to be a close-knit bunch—they like to spend time with one another—so Blockbuster Mexico tends to be packed with extended families. In fact, the stores are jammed from early on a Friday afternoon right through into Friday evening. One time, we saw a representative from Philips showing off the company's new home theater inside a Mexican Blockbuster, simply because that's where the people are. Smart idea. Anybody in the U.S. ever considered it?

When Blockbuster Mexico asked me to come down and do some consulting work, I said sure, absolutely, but I had one request—that the executive board visit the stores with me over the course of a weekend. But, but, Paco, they replied, we've never been in a store on a weekend! We're out at our country houses!

Again, this is an issue I run into over and over—top-level execs busy crunching numbers but never even once bothering to visit the actual floor. I remember once leading the top brass of a U.S. carmaker into

the ladies' room of a European dealership, where, naturally, they'd never set foot. The room was gloomy and unkempt and in overall shabby shape. "Would you *really* want your wife peeing in a room like this?" I asked. They shook their heads—no, of course not. The point here is they had no idea. Even at Dublin's Brown Thomas, led by its dynamic, straight-out-of-central-casting CEO Paul Kelly, I stumbled onto a disconnect between top brass and the actual store experience. A dazzling store, Brown Thomas, as I said, and one that, like most good retailers, made a concerted effort to focus on the unique qualities of Brown Thomas people—the staff, which makes any department store special.

Once I'd gotten the party line, Paul Kelly gave me the keys to the store and told me to go poke around and see what he could be doing better. A day later, I escorted him into the store's female employee locker room. It looked like a barracks for female Navy SEALS. Slim green lockers, stark lighting, uncomfortable benches and three narrow mirrors. Just God-awful.

Twenty minutes before the store opens, that grim locker room has literally hundreds of women in it. That's where Brown Thomas people—and Brown Thomas customer service—start. Paul even murmured that the locker room he used thirty years earlier at Trinity College down the street had more amenities. Knowing him, I have no doubt he fixed the problem.

One of the easiest ways to gauge a store's morale is to take a look at the amenities and spaces it provides its employees. This doesn't mean you have to have a paid babysitter or masseuse on staff, but it does require a little care and attention backstage.

At the start of our relationship with our Mexican office, I came face-to-face with one of the most intriguing business models I've ever seen, a consumer electronics chain known as Elektra. Today they operate about nine hundred stores, do roughly a billion dollars a year in sales and have expanded their presence into Guatemala, Peru and Honduras. In the commonly used economic rating system, with Neiman Marcus being an A and Wal-Mart hovering around the C, D and E regions, Elektra serves the C and D markets (these letters refer to the income level of

the shoppers). It targets—and helps give a much-needed boost to—the hardworking poor and emerging middle class.

Bet you've never heard of it. Most people north of the border haven't, and that's no doubt because its consumer base doesn't straddle the top of the economic ladder. But Elektra has come up with an innovative lending-and-buying system I still shake my head over. Why? It's that good. And it dovetails with Mexico's growing prosperity.

In the Latin market, if someone walks in and can prove they have a home, a job and a mailing address, Elektra will lend that person the money to outfit their lives. In return, the customer agrees to make a small weekly cash payment. That said, the entire family takes responsibility for the loan. In essence, it's a bank wrapped up in a consumer appliance and department store.

The storefront is open like a garage, with merchandise spilling out every which way onto the sidewalk. The way into Elektra and the way out are pathways lined floor-to-ceiling with your next purchases, though the payment bunker, which is located far to the rear of the store, is utterly no-nonsense, with insulated walls and bulletproof windows. It's an intuitive system, and as a vehicle for social progress, it's off-the-charts innovative.

The first thing a customer might buy? A refrigerator. The second? A stove. Third comes the TV set, fourth the washing machine. Throw in a boom box, a good mattress and box spring plus a set of nice-looking furniture, and Elektra has outfitted your whole house—and given your whole family a leg up on the social and economic ladder. They've also set you up with a checking and savings account and let you choose among a full line of insurance products. Have a family member who is working in the U.S.? That person can make an online contribution to your Elektra account. Which means you can just maybe pay off your Elektra loan sooner and move up to your next purchase, whether it's that boom box or that bedside table. As you ascend the ladder, Elektra is by your side every minute, holding your hand, pointing the way.

Does the company charge high interest rates? Absolutely. But Elektra is also enabling social mobility. They're lending money not to a single person but to an entire household, including extended family.

The company's bad debt ratio? Remarkably tiny. A lot less than for your typical bank. So it's a win-win for Elektra, for Latin families, and for the entire Latin American standard of living.

Genius.

This isn't to say that all the fun is taking place abroad or that retail innovation is solely an international phenomenon.

A few promising U.S. concerns have picked up the slack. A dying mall outside of Fort Worth, Texas, has now been transformed into La Gran Plaza, a Latino mall with its own mariachi band and a former Dillard's anchor that today houses a vast and ever-changing *mercado*. It has a movie complex playing Spanish movies, a school that teaches people how to apply for mortgages and a new industry that marries a dental clinic to a jewelry store so that dental jewelry (known as a "grille" in hip-hop parlance) can be customized. It knows its market, doesn't try to be all things to all people and is an overall knockout.

Fairway on 12th Avenue in Harlem is located in an old warehouse which is shopped by a broad cross-section of New Yorkers—everyone from firemen to housewives stocking up on cheese to local Harlem mothers to businessmen bringing dinner home en route to the Westchester suburbs. Platinum Amex cards appear one moment, followed by food stamps the next. Fairway is a great show, an exhilarating adventure. Visit the coffee section and the roaster yells down to you which blend he just finished freshly grinding. Want a steak or a roast chicken for dinner? Wrap yourself in a quilted silver jacket to shop the refrigerated goods section, where instead of steaming cold cases, an entire room is one big chill.

Which leads me to a point that is always good to remember: Successful retail experiences are run by placemakers, not landlords. Whether it's peacocks, a strolling Dixieland jazz band or mermaids, they have to find a way to make their locations *exciting*. It's no coincidence that most owners and progressive developers across North America have begun knocking on the doors of marketing consulting firms. With the frequency of visits and average time spent in malls declining, they're

starting to recognize that the answers aren't going to be found by crunching census data or looking at sales per square foot. Public spaces, seating, bathrooms and parking lots outside your doors are just as critical to sales as pricing and visual merchandising.

One place doesn't have to serve all people, and I'm not talking about ethnicity, either. You can have a mall that's focused on young families, a mall for teenagers and even a mall that takes especially tender loving care of its elderly. I can almost guarantee that every single member of these constituencies would thank you from the bottoms of their young, stroller-pushing or older, white-sneakered hearts.

Since this book came out in its original edition, I have had more opportunities than ever to travel. Today, I'm on the road approximately 150 days a year. One bonus of Envirosell's international licensing agreements is that I get to spend a certain amount of time with each of Envirosell's overseas licensees. Nothing could give me greater pleasure.

Today, I have more than four million frequent flyer miles, give or take a few thousand. Give me a little time off and I'll opt to stay at home. But a few days later, I just can't help it—I start to get itchy. In the world of road warriors there are people who travel more nights than I do, but I know of very few who carry off the roller-coaster time changes. The bags under my eyes are well earned, and that aisle seat over there? You can't have it, it's mine.

## TWENTY

### Final Thoughts

**W**hen you think about it, people have been selling, buying and trading goods since we left the caves, quarries and campsites of East Africa and set off on our various migrations across the world. A few years ago, I had a humbling experience as I listened to a Turkish vegetable cart operator tell me how he organized and laid out his daily wares. He talked about sun angles, about the order in which consumers readied their vegetables for cooking and about what was going on in their minds when they decided whether to buy eggplants or tomatoes first. He had opinions about where he should stand in relation to his vegetable cart and the best ways to interact with a wide variety of prospective customers. I could have listened to him forever. As he spoke, I could hear echoes of his ancestors, and his ancestors' ancestors. It was an enlightening monologue—all the more so since not one out of every fifty store managers I've ever encountered could have duplicated it.

It reminded me again that the science of shopping is hardly new. Along with fight-or-flight and how our brains regulate the air we

breathe, shopping is practically in our species' DNA. Fact is, it may have been the first way a human could get ahead in the social hierarchy beyond competing based on size, strength or speed.

For a moment, let's consider Istanbul, a city that sits at one of most ancient cultural crossroads in history. Turks as a people come in all colors, shapes and sizes, and as you make your way through the crowded covered streets, you see evidence of a kaleidoscopic genetic mix in people's faces and inhale a variety of crisscrossing smells—body odor, hair tonic, pungent spices and aromas from countless foods, all dusted across an oriental carpet of noise—tinny music, shrill chirping children, the cloying ministrations of the young men at the shop front imploring you to come in. The Grand Bazaar is more than five hundred years old, and it's a challenge staying put in the present. Most of the store windows have elaborate displays of gold jewelry, barrels of spices, boxes of colored henna and signs. Lots and lots of signs, too—from state-of-the-art LED, to aging neon, to fly-specked lifestyle graphics that look like they've been around since the turn of the twentieth century. But one common sight you see almost everywhere is an Internet address. Yeah, the Grand Bazaar itself has its own website, which allows you to pre-shop and to contact merchants directly. The merger of bricks and clicks is right in front of you in a city that has hosted traders and shoppers for more than three thousand years.

Looking for far-flung visitors? They're not hard to spot. This city has played host to strangers since time immemorial. Turkey brushes up against many of the former Soviet republics and attracts visitors from what used to be the corners of the Ottoman Empire. Turkey is an inexpensive, go-to vacation spot for middle-class Germans (the two countries date their relationship back to the 1920s).

The Grand Bazaar merchants have also anticipated the needs and concerns of the tourist trade. The food stores advertise Iranian caviar ready to travel home with you in your checked luggage—sealed in dry-ice packages to ensure complete confidence in your purchase. The local saffron vendor even offers shoppers a course in quality, which he conducts several times an hour. He mixes different grades of saffron in bowls of water, then stands back as you coo over the various hues and

richnesses of color. He moves product as well or better than any other salesman I've ever seen.

Whether it's the Grand Bazaar in Istanbul or the Gold Souk in Dubai, the rules and tools of trading are as old as the hills. I once went with a friend to fix a computer at an electronics repair shop in Ankara, the Turkish capital. We walked in, had tea with the proprietor, asked after family, talked about the weather and the local soccer matches. The price for the repair went from the equivalent of fifty dollars as we entered to seven dollars as we left.

Much of what this book is about is the eternals of shopping—and also common sense. Still, if twenty years ago you told me that someday I'd be a generally acknowledged expert on how women shop for cosmetics—and by dint of having spent countless hours observing them while they do just that—I'd have called your shrink. Ditto if you had predicted that I'd become a scholar of the dynamics that govern the fast-food drive-thru line. In fact, I'm still a little discomfited when, in a corporate conference room, I hear myself being deferred to as the senior researcher. Most people who spend their lives in retailing do so thanks to some merchant gene. Still, I'm grateful to have found a path to it. My colleagues and I have been bitten by a strange bug—none of us are businesspeople, and yet we spend an awful lot of our waking hours untangling the problems and issues that beset the world of people, spaces, products and service. We can't walk down a shopping street, read a restaurant menu or walk through an airport without deconstructing the experience and trying to figure out how it could be improved. The merchants in my neighborhood are tired of all the free advice I proffer. When Dreamboat and I go on vacations, she has to remind me to turn off the automatic analyzer device in my brain. Even then I'll end up leading us into a mall, just to poke around a bit. Unlike Margaret Mead, I don't have to go far to perform a little fieldwork.

The science of shopping is a hybrid discipline—part physical science, part social science, and only part science at all, for it is also partly an art. But it is a practical field, concerned with providing information that can improve a merchant's or marketer's edge and cut the odds of making a wrong decision. Our value lies in our ability to go beyond merely

collecting data to make good educated guesses about what it means and how to respond. While I can say that most of the time we have been proven right in our interpretations, we have been wrong sometimes, too. And so we keep searching. Even our most senior management people spend ninety nights a year on the road, devoting their weekends to stores, banks, restaurants and malls all over the world. It's been hell on our personal lives, I assure you.

And even with all that, the truth in the science of shopping is transitory. The basic facts of human anatomy remain, more or less, but the store itself and the tastes and behaviors of the shopper continue to evolve. Just as the farmer of 1900 had more in common with his agrarian ancestors of a millennium before than with his agritechnician grandson of 1950, the merchant of 1900 would have a lot of catching up to do today. If we look back just to the '70s, we see that many of the leading retailers of the period are gone now or greatly diminished. Korvettes, Woolworth's, Montgomery Ward—all are now consigned to the history books, and many others will follow shortly. Might Wal-Mart stumble, will Starbucks fade, will Topshop ever go global? It's a changing world. In the olden days, the adage held that with the right product at the right price, success was assured. Today you need those elements nailed down just to hope for mere survival. Today everybody is competing with everybody else, and so the threat can come from any direction. It is dangerously narrow-minded for a store owner to believe that the only competition is from others in his or her category. In truth, retailers compete with every other demand on consumer time and money. Recently we've been hired to study patrons in movie theaters, which just reminds us that two hours and \$20 spent in a cinema are forever lost to the rest of retailing. Likewise, if the experience of spending twenty minutes of unused lunch hour browsing in a computer store is more enjoyable than visiting a bookstore, then it becomes likely that some software will be sold—and impossible that a book will be. The era of the visionary retailer or the manufacturing king is over. In the twenty-first century the consumer is king. Just as fashion comes from the street up, the world of retail is about following shoppers where they are going.

First and foremost, shopping follows social change, and woe to the businessperson who fails to comprehend this. Without a doubt, the major social change playing itself out during our time has to do with the lives of women. In his lectures, esteemed social critic, researcher and futurist Watts Wacker makes the point that, based on the current evidence, men are on their way to becoming exotic household pets. Retail must pay attention to how women wish to live, what they want and need, or it will be left behind. Even the enormous changes in the lives of men and children are merely in response to the lead taken by women. It pays to listen and be humble. Shoppers are fickle today, and their loyalty to brand name—whether of a product or a store—lasts only as long as the afterglow of the most recent shopping experience.

If bad results in one fiscal quarter send shock waves through a national retail chain, two or three sour quarters is lifeboat time. The best defense against complacency is to eliminate the distance between the floor of the store and the men and women who make the decisions about what happens there. The most intelligent management decree today is to push more responsibility and authority down to the store manager level. Senior brass must develop the tools for teaching managers how to make sure the store is serving the shoppers. In 1998, I told a largely male executive group at Wal-Mart that I could tell the gender of the manager in any of their stores based solely on how recently the women's dressing room had been painted. I don't know if I am responsible, but a few months later, I noticed that lots of Wal-Mart dressing rooms had gotten spiffy new paint jobs. Male managers hate the soft goods sections, because like cosmetics, they eat up labor costs and are more likely to have theft problems, whereas hard goods such as TVs and minifridges are easier to get onto the shelf and are much easier to keep track of. Women by nature have a better understanding of how soft goods work and what they can do for the business. Ten years after I made my dressing room comment, Wal-Mart still has an underdeveloped clothing business. One simple way of improving it would be to increase the number of female store managers.

Even with all there is to be learned from the science of shopping,

we recognize that there is room for a creative merchant to throw the textbook to the wind and break all the rules. You'd think a basic tenet of retail is that shoppers should be able to say the name of your store. But I have a friend who owns a highly successful web business, run out of his tiny store. It's called Mxyplyzyk, an intentionally unpronounceable appellation taken from a rather obscure character in Superman comics. It's a crowded place filled with an eclectic mix of products, from bathroom fixtures to books, and the price points roam all over the map. The checkout process is primitive and the receipts are handwritten. But I can't teach Kevin, the owner, a single thing about retail—he's invented a selling machine in his own image, and it looks like he's having a great time with it. For all the science we preach, we realize that if you've got the moxie, you might have the moves.

As professional observers, we play a strange role in the world of commerce. I joke that I'm the only person in the retailing industry who's delighted to witness shoplifting. It shows that we're able to confound the Heisenberg principle and observe people in stores without altering their behavior. After all, if someone shoplifts in front of a team of trackers, it means that person hasn't noticed we're there (on the rare occasions we get busted, usually it's by some sharp-eyed kid). Some of my most vivid memories, in fact, involve thievery. I remember studying the video of a well-dressed matron at the fragrance counter of Filene's Basement on Washington Street in Boston. She repeatedly dispatched the respectful clerk on missions to distant parts of the section while she loaded up her tote bag with bottles of perfume from the counter. Actually, we commonly see well-dressed shoplifters buy one product, then steal another. At a drugstore in Spartanburg, South Carolina, our trackers kept finding individual disposable diapers (clean ones) tucked into odd corners of the store. The mystery was cleared up when they saw a shopper filling a half-empty diaper package with large jars of a pricey headache remedy. Our most pathetic shoplift sighting involved a father who tucked a screwdriver set into his sleeping infant's diaper.

But our job is like that of the crew on *Star Trek*—we're there to observe and report but not interfere.

We preserve the privacy of those we videotape, as a way of keeping faith with our ultimate patron, the shopping public. Given that my roots as a researcher are based in public advocacy, I am very sensitive to questions of invasion of privacy in our work. I was appalled when one of the first major magazine stories on Envirosell called us “supermarket spies.” A few years back, BBC radio invited me to appear on an hour-long call-in talk show. Glad to participate, I said. But when I called in, I was surprised to find they'd set up a small ambush of sorts. The other guest? An expert in consumer advocacy. The topic? Privacy.

Now, whatever you do, don't slap the George Orwell 1984 thing on me. If you believe Envirosell's store cameras are intruding on people's privacy, then let's first take a stroll through the streets of London, and we'll find our faces showing up on just a few of the city's roughly five hundred thousand closed-circuit cameras, many of which are hooked up to facial recognition software—just a small portion of the seven million cameras softly clicking away all across the U.K.

If London is outside your reach, we can log on to the web instead. In ten minutes, I can find out how much money you make, your political party affiliation, what books you've taken out of the public library, what your arrest record is, if any, and the names and phone numbers of your neighbors. Heck, I can Google-map your house from a satellite and see if there's smoke coming out of your chimney.

Our cameras are hooked up to a supermarket, department store or bank. I'm not interested in who you are, what your name is, what your phone number is, where you live or whether you own a golden retriever or a guppy or a hive of bees. All I'm interested in is shopping patterns. To me, you're Shopper #X3. You're wearing worn jeans, a Rock and Roll Hall of Fame T-shirt and a well-broken-in pair of boat shoes.

And that's it.

Some colleagues have suggested that by writing this book I run the risk of giving up all our secrets—that a company could read these lessons

and skip hiring us. But this book is only a start in a certain direction. A business that pays attention to its customers probably already practices many of the things I discuss in this book. It's always more satisfying for us to work with companies that are headed in the right direction. Our clients invariably have two observations about the findings we present. The first is that our research seems to confirm what common sense already tells us about how people shop, that once we deliver our report the lightbulb snaps on and you realize that gosh, *of course* you knew (somewhere, in the back of your mind) that a shopper holding a coat and a handbag is not going to be able to select as much merchandise as one whose hands are free. It even strikes us as incredibly simple—once we've spent a few days actually observing shoppers and counting how many things they buy and then comparing that by hands-free and hands-full. In other words, once we've proven it scientifically, it suddenly seems as though you knew it all along, which is a good sign, I think. Science is supposed to make sense. Until then, however, all the common sense in the world didn't induce many retailers to improve the way they provided shoppers with baskets. This issue is still stupendously mishandled by most stores, even those owned by highly sophisticated retail behemoths.

The other common observation is that many of the recommendations we make are more like fine-tuning than dramatic renovation—but when you implement a dozen little changes throughout a store, you sometimes find you've improved an awful lot. As I like to say, in a world where marketing focuses on strategy, tactics are being ignored.

For example, I mentioned in Chapter 1 that older women were being ill-served by drugstore cosmetics sections, where less-than-glamorous products such as concealer cream were stocked down near the floor, literally forcing shoppers to their knees. In fact, we had collected some video showing older shoppers crawling in order to browse the category—images that were truly poignant, I think, and ultimately effective. While some cosmetics planograms have been changed to accommodate the mature shopper, I have footage shot in 2005 that is virtually identical to clips from twelve years earlier—the older woman struggling to get down on her knees to find her product. Yes, moving the products two

feet higher has made a big difference in consumer comfort and sales. Yet even now we see the same mistakes happening over and over.

A decade or so ago, we were hired to study how people shop for flowers at a supermarket in Australia. Sales in the department were much lower than anticipated until we saw why: The method of display—large plastic vats holding many flowers—was mystifying to shoppers. No one could figure out how much the flowers cost or whether they were sold by the bunch or the blossom. And masses of blossoms in large vats gave shoppers no sense of what the flowers would look like once they got them home. In other words, the simplest matters had not been sufficiently thought out. The display was especially forbidding to the occasional flower buyer, which is most of us. A few small changes were made—individual bunches were displayed in front of the large vats, prices were more clearly marked—and suddenly flowers were flying out of the store.

The fact that a minor alteration can bring a large improvement should come as no surprise. After all, science is by and large the study of very small differences. Sometimes critical truths are discovered in this way. Charles Darwin went about measuring the length of birds' bills, which is pretty small work even by our standards. But from his studies came a fundamental shift in our theories about living things and why they thrive or fail. Darwin's main finding sounds like common sense, too—the idea that successful organisms are the ones that best adapt to their environment. In stores something similar happens, except that it's the environment that must adapt to the organism.

All this is a little high-minded for a world as workaday as retailing. But stores and shopping have never been one-dimensional. Going back even to the dawn of shopping, to the days of rudimentary barter or the open-air marketplace, there has been, for example, a social aspect to shopping that has nothing to do with buying and selling. Shopping is an activity that brings people together. When women were slaves to household work, it got them out of the house. In more primitive times shopping was an occasion for people to gather and do the things they do in groups, like talk and exchange news and gossip and opinions. Shopping still serves that purpose. Today, when people work at jobs that require

them to be out of the home and in the company of other people, perhaps there is less of a social kick in shopping. But as we wander through the store or the mall, examining goods, we are permitted to more or less openly examine each other, people-watching being a supremely satisfying pastime, whether in the Middle Ages or today.

Shopping is a form of entertainment, just like the movies or the zoo. The trend today only emphasizes that function. Williams-Sonoma, Whole Foods, or Selfridges in London—these retail sites raise the bar every day. Once upon a time, only Woolworth's and the local drugstore brought shopping and eating together under the same roof. Now, within minutes of my office, I can go from a bookstore with a coffee bar to a home furnishings store to a clothing store with a lunch counter to a bank where there is an urn of hot coffee (*gratis*) for customers. When you visit the Hard Rock Café, the Harley-Davidson Café, or a Cracker Barrel off the interstate, it's difficult to decide whether you're in a restaurant with a gift shop or a store with food. The distinction no longer even matters—selling (and therefore shopping) is taking place.

Great public repositories of culture and learning, museums and opera houses and zoos, were established by the fortunes of virtuous, civic-minded tycoons of an earlier age. As the tycoons died off, these institutions kept afloat on contributions from virtuous, civic-minded corporations. Today, most museums have discovered that there is a dependable stream of independent income to be had by going retail—that is, by creating opportunities for serious shopping, stores that offer everything from pencils for a quarter to jewelry, art and artifacts selling for thousands of dollars. Now the shoppers get to feel virtuous and civic-minded, knowing that their spending supports such worthy endeavors. Still, this is simply more retailing going on, and of an innovative nature. (Cannily, museums usually locate their shops by the front door, so that one may go in and buy without having to pay an entrance fee or actually confront an exhibit.) Museum shopping has become so popular among well-educated, cultured customers that we now see businesses like the Museum Store—in essence, museum stores without the museum.

At some level we treat stores as though they *are* museums—places

to learn about what interests us, whether it's the latest manifestation of high fashion, or innovations in computer software, or the state of the art in automobile carburetors, or what's new in crime novels. To many, the arrival of the spring couture collections at Saks is akin to the opening of a new blockbuster exhibit at the Museum of Modern Art. Ten years ago, when the first edition of this book came out, I met with the CFO of Lincoln Center (our old client from Time, Inc.), who had uncovered from some dusty file the report I generated more than twenty-five years ago, the one referenced earlier in this book, about managing traffic flow and retail at his cultural complex. His point was, "We're ready now." Consider the store design trend that has forsaken distant merchandise behind glass in favor of "open" displays—tables and racks of goods that customers can browse and examine up close—and ask yourself: Is this so different from a museum? Packaging trends, too, acknowledge their thirst for learning. Never before has there been so much information printed on the boxes, bottles and jars we buy.

It is not too far-fetched to say even that stores have become places of worship—sites for the exaltation of man-made things, temples where we can express and reaffirm and share our belief in self-improvement, beauty, knowledge or fun. It's no coincidence that of the two main holidays on the Christian calendar, Christmas and Easter, it is the former—the one with the greatest shopping potential—that every year becomes less exclusively religious and more secular, not to mention commercial. For most retailers, Christmas is make-or-break—the annual arrival of a savior, if you will.

Shopping is a universal experience. But our job is still the same: to suss out the parts that are universal from Paris to Toyko, and what parts are eternal, biologically-based elements like sight, right-handedness and gender. To figure out what's changing, and why that is. The merchant community of today no longer leads but has to follow. As I mentioned earlier in this chapter, shopping is a good dipstick of social change, and even, dare I say it, social revolution. So what does it mean when H&M and Steve and Barry's both invent cheap disposable clothing that everyone wears? Why are farmers' markets booming? Women now own homes—how does that alter the landscape? What are the implications

for bricks-and-mortar store design as a result of the convergence of the online world and the mobile phone?

I hope this volume has polished your glasses and that it sends you back into your own world to look at things a little differently. Thanks for reading.

## **ACKNOWLEDGMENTS**

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As I graduated from college in the spring of 1975, one whole wall of my dorm room was plastered with rejection letters from literary magazines. What would have happened if just one thing had been accepted? I wanted to be a writer.

Instead, I went to New York City and, as this book chronicles, did other things, though I still scribbled things on the side. In 1979, *Unmuzzled OX* published one of my short stories in an anthology called *The Poet's Encyclopedia*. Living in the midst of the downtown arts scene in New York, I was thrilled to have something to my name. Over the years I published articles in trade journals and wrote a chapter or two for books that have long since disappeared. My biggest literary payday was two hundred dollars. Which wasn't to say I didn't write, but it was research reports and lots and lots of proposals.

Ironically, the origins of this book are rooted in the magazine world. Two eminent journalists have been instrumental in transforming my career. Erik Larsen, author of many nonfiction bestsellers, wrote the first profile of Envirosell and yours truly for a 1993 issue of *Smithsonian*

magazine. After the piece appeared, Envirosell was no longer functioning under the radar. Then, in the summer of 1996, shortly after we moved to our new offices at the corner of Twentieth and Broadway, a slight, curly-headed man turned up at our door saying that he was a science journalist now working for *The New Yorker*. I almost called the magazine to ask if they had someone named Malcolm Gladwell on staff. As I mention in these pages, Gladwell's piece, entitled "The Science of Shopping," came out in the fall of 1996 and changed Envirosell's fortunes for the better.

No longer would I not know how to prioritize phone messages from strangers. Hundreds of people sent in résumés asking if they could work with us. As a shy, bald, bearded stutterer (whom Malcolm describes in his *New Yorker* piece as "almost goofy-looking"), I was invited to conferences and seminars, and countless newspapers and magazines suddenly wanted to talk to me. And talk is what I've done. I spend eight hours a week with the press. I listen, answer questions, give facts if I know them and opinions if I don't.

In the wake of the *New Yorker* piece, the idea of a book took on a different meaning. My old friend Alexandra Anderson Spivey introduced me to Glen Hartley and his partner and wife, Lynn Chu, at Writer's Representatives and they became my agents. Their attention has been invaluable. Amid their client list, I feel like a fat copper penny in a lineup of gold doubloons. At one point they had five books on the *New York Times* nonfiction bestseller list.

Alice Mayhew has been my editor at Simon & Schuster for over a decade. I've watched her recast American history from books on the presidents to popular opuses on World War II. I've often wondered why she chooses to work with me, but never to her face. I am just glad for her wit, strong eye and steely intellect.

Bill Tonelli, a veteran magazine editor, helped make this book happen. He's a stylin' guy and a kind and gentle soul. Peter Smith, the son of my favorite high school English teacher and a contributing editor at *O, the Oprah Magazine*, has shepherded this rewrite. My assistant Angela Mauro has been a patient reader and tireless contributor.

Bits and pieces of this revised manuscript have appeared in columns

I have written for *DDI* magazine and *The Conference Board Review*, under the respective editorial guidance of RoxAnna Sway and Vadim Liberman.

No one gets very far in the business world without friends and mentors. Richard Kurtz was my first market research teacher. Mitch Wolf provided early and valuable guidance. Both remain fixtures in my life. Today I have clients with whom I've worked for more than fifteen years. I appreciate the courage it took to buy our services the first time around, when we were a very exotic and risky purchase. Jim Lucas, now at Draft; Mike Ernest at Hanesbrands; Kevin Kitatkoski, now at Johnson & Johnson; Robin Pearl at Estée Lauder; Steven Smith at Hewlett-Packard; Linda Thompson at Microsoft; Tom Cook at King-Casey; Joe Gallo at Verizon Wireless; Ernesto Diaz at Sam's Club; and Kris Loukusa, now at T-Mobile, are just a few. Others, like Wilton Connor and Bob Cecil, have retired, or are just missing from this list.

The store design community and the Retail Design Institute have been seminal in Envirosell's success. Namely, Ken Nisch at JGA in Detroit, Kevin Kelley at Shook Kelley in Los Angeles, Andrew McQuilkin at RRCH in Cincinnati, Joe Nevin at Bergmeyer Associates in Boston, Denny Gerdeman and his wife Elle Chute at Chute Gerdeman in Columbus, Russell Sway from Sway Associates in Atlanta and last but not least, Monk Askew in Baltimore.

The corresponding community is made up of the designers and visual merchandisers at the stores themselves. Judy Bell at Target, Christine Belich at Sony Style, Michael Cape at Old Navy, James Damian at Best Buy, Janis Healy at West Marine, Glen Russell at Sears Holdings, Charles Zimmerman at Wal-Mart and Carmen Spofford at Federated are just a few who have tendered their support over the years.

We have a treasure chest of believers from Philips, Microsoft, Pepsi-Co, adidas and Unilever who have fallen over our transom and become part of our fiber over the past eight years. Most showed up thanks to this book, ready to hit the ground running.

As is the case with all consultants, I have colleagues with whom I exchange information, war stories and leads. Wendy Liebmann at WSL Strategic Retail is a goddess, Watts Wacker is a court jester, Marc Gobe

is the eminent designer, Faith Popcorn is the trend spotter, Marshal Cohen is the retail sound-bite master, Kate Newlin is the reinventor and George Whalin is the wise coach. All are friends with whom I share e-mails, phone calls and good vibes.

I describe myself as a refugee from the academic world. That said, I have a few good friends still scattered across the teaching universe: Marianne Wolf at Cal Poly in San Luis Obispo, Doc Ogden at Kutztown University, Ray Burke at Indiana University and my buddy Joe Weishar at FIT here in New York.

In the early days of Envirosell, I quipped that the major criterion for working with me was that you had to be an interesting person, so that if we got stranded at O'Hare we'd have stuff to talk about. Three people from that first generation of Envirosellers remain: Tom Moseman, Craig Childress and Anne-Marie Luthro. I am grateful for their years of service. All three have some connection to the University of Iowa—go figure.

The international chapters in this edition profile most of our foreign partners. I have no shortage of colleagues who live outside the USA. Abdullah Sharif from Dubai, Kenji Onodera from Tokyo, Alan O'Neill from Dublin, Jean-Pierre Baade from Paris and Mark Gillian in the Philippines are, again, just a few. United Artists, our gurus' club, is made up of José Luis Nueno from Spain, David Bosshart from Switzerland, Martin Lindstrom from Denmark and Kjell Nordstrom from Sweden. We meet twice a year to eat, drink and talk. Those sessions are always the highlights of my year.

I also have the family that God assigned to me and the families I've chosen: my sister, Lisa, her husband Michael and their kids, Gabriel and Miranda; my mother, Savie; Paul and Kate Raymer and their kids; and others linked by blood and marriage. The three families who adopted and cared for me for more than thirty years are the Haymans, the Hewitts and the Lehnerts.

Every boy has his buds, and mine come in both genders. Joseph Guglietti, Rob Kaufelt, John Barkley, Patrick Rodmell, Hazam Gamal, Peter Kay, Stan Beck, Terry Shook, John Ryan, Rob LoCascio and Rick Moffitt

are the guys, and Erika Szychowski, Haesook Kim, Sara Bowen, Dacota Julson, Medora Barkley, Susan Towers and Liz Gamal are the ladies.

My lovely significant only, Sheryl Henze, is an accomplished flautist who works nights and weekends. This book was constructed within those time periods in order to stay out of trouble.

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