Ethan Whitehill: Welcome to The Brand Show. I’m Ethan Whitehill.

Mark: I’m Mark Lopez.

Ethan Whitehill: At a time when engagement is more important than ever in retail, one retailer has cornered the market on cool in-store experience.

Mark: Brookstone has earned a reputation for innovative products. In this interview, we’ll learn how innovation applies to the retail strategy.

Ethan Whitehill: Brookstone VP, CIO Bill Wood is on the line to enlighten us. Bill, welcome to the show.

Bill Wood: Thanks for having me.

Ethan Whitehill: Bill, innovation is clearly a cornerstone of Brookstone’s brand and strategy, and that’s evident from the beginnings in 1965 with the first no-nonsense catalog showcasing hard-to-find products all the way to today with retail product strategies that focus on inventor partnerships. Can you share the highlights of Brookstone’s innovation journey with our listeners?

Bill Wood: Yes, absolutely. Brookstone was founded in 1965 by a retired engineer and his wife in Massachusetts, and then moved to New Hampshire a few years later. Their start was with a tool that dentists would use in their dentist office, but the customers who are hobbyists could also use that same tool to put together model airplanes and the like. That got the company off the ground, so they’ve got a first classified ad coming out in Popular Mechanics in 1965 and then that grew into the first catalog a couple of years later and the first retail store opening in the 1970s. By the end of the 1980s, it’s a hundred-store chain, a distribution center, and a call center in Mexico, Missouri in the middle of Missouri. A great American company when you think about it, and it has since grown into a 300-plus store chain with another 100 to 120 stores that we open for the holiday season about five to six months every year, and focused on innovation. We’ve got our own lab on
site. We’ve got engineers that are always coming up with some very creative wonderful ideas, and taking those from drawings on a napkin, so to speak, to products that are in our stores and in our customers’ hands and bring joy on Christmas morning.

**Ethan Whitehill:** It’s interesting to me when you think about Brookstone’s product line. It’s a very experiential retail environment, and I’m wondering what are some of the things that you do as a brand to highlight that experience and to bring that through?

**Bill Wood:** In our stores, we talk about it within the company as it’s a theater. Consumers are in the mall and they’re shopping and they come by our store. We want them to be intrigued. We want them to see the innovation in live action and to see how these great products are being brought to life. That engagement with them I think is a cornerstone of our brand. When you think about it across most of retail, that’s disappearing, the way that many retailers operate, but our sales staff is well trained. They are very knowledgeable of our products and they put on a great show at the front of the store that brings the customer in.

**Mark:** So tying into innovation, Brookstone was recently featured in NRF Stores Magazine as a leading retailer who is cracking the code. Can you speak a little bit about how Brookstone is using these mobile strategies in retail?

**Bill Wood:** Yes. I think that we’re going in about twelve different directions at once because it’s exactly what the marketplace is doing. There are so much changing in the marketplace. When consumers come into our stores, they can use their smart phones and they could go up and they can scan a QR code next to a product and see a full motion video that shows them how to use that product. They can get more information about the product in addition to that video via that QR code.

At the same time, we’re doing things like using Foursquare and allow our customers to check in and to be at Foursquare and let their friends know that, “Hey, I just saw this cool gadget down at Brookstone.” Twitter is another example. We’re just wrapping up a contest called “Tweet4Seat”. As I’m sure you know, we’ve got this wonderful massage chairs that we sell
that really give a fantastic total body experience and give you a
great massage. Customers are coming in and they post a
Twitter post from the seat and then they’re eligible for a
sweepstakes. So we’ve had some great, very creative posts
that have gone up and we’re getting ready to draw from those
posts at random to give the prize away.

We’ve also got a great new partner; a company called Swag is
going to be doing a sweepstakes. We’re going to give away
$50,000.00 of Swag gift cards. If you’re not familiar with
Swag, it’s an online mobile phone-enabled marketing vehicle.
It’s a tool that consumers can use to communicate with all of
the retailers that they like to do business with.

As one of their partners, we can send, for instance, special
discounts to the consumer that has that particular application
on their phone, and they can also receive a gift card from a
friend from Brookstone on that phone. They can use that
phone then to check out at the front end. We’re getting ready,
as I said, November 7th, I think, is when that sweepstakes start
and for three weeks, if a customer has Swag or if they go with
their smart phone to the app store and download the Swag
application and then put in the code, they’ll get entered for the
sweepstakes.

ELF11 - by the way, if you want to do it yourself, feel free to
[laughter] download it and put in the code ELF11, and you’d be
registered for Brookstone gift cards and what better way to go
shopping for Christmas than on us.

Ethan Whitehill: That’s a lot of fun. I think about in addition to
mobile, how are you seeing people shop cross-channel like starting
online and then ending up in a store or the other way around? Is the
store becoming a showroom for the website or vice versa?

Bill Wood: We’re seeing it both ways. I think that the theater
is the showroom. A great example would be the outdoor
furniture and outdoor products that we sold for the summer
season. What we did was we set up in the front of the store a –
it’s an outdoor furniture. I think it was a canopy and a fire pit
that we could use to entertain you. Everything you really
would want to make your backyard the location to be in the
summer, a great entertaining hotspot.
Then in addition to the products that we put there in the store, we had an additional 500 products that were available online. On every project, that would again just raise the level of what you’re doing as you’re doing your backyard entertaining. We’re seeing more and more of that, so the consumer comes in and we’ve got the best of the best within the showroom but obviously it’s walled in, right? There’s limited square footage there in that store. By using our online vehicle as a complimentary selling tool, we’re able to give the customer access to so many more great products.

We’re known for innovation. We’re known for being out there and seeking the other products that are on the market that are great innovations as well. When you think back to our history, we’ve introduced some really great products in the market. We were the first retailer to launch Tempur-Pedic, for instance, for the pillows and the mattresses that give such a great night’s sleep. Launched within our stores Segway. There’s another one, the Segway, that’s to ride along on. iRobot is another. This past holiday season we were the exclusive launch site for the AR.Drone, which is an app-controlled quadrocopter, first of the kind and so with your iPod or your iPad, you are able to fly this remote-controlled device and see everything it was seeing on the device, so kind of leading the way.

If you go in our store this year, in addition to that one product, there’s an additional five app-controlled products which is, in my opinion, it’s what the holiday season is going to be about. It’s going to be an app-controlled holiday. We’ve got a device called the Rover. The Rover is an app-controlled tank that you can drive along and as you’re driving it along, you are seeing everything that the camera on the device is seeing. By the way, when lights go out, this one has got night vision built into it. You can see with night vision. You can see everything that’s going on in the room that you’re driving into. It has got Wi-Fi built into it so you’re controlling it with the Wi-Fi in an extremely long range. I think that’s going to be one of the hottest things on the market this holiday season.

**Ethan Whitehill:** You just wrote my shopping list for the holidays. I’m really geeking out here [laughter].

**Bill Wood:** Wait. You got to hear about this other...
**Ethan Whitehill:** That’s not all [laughter].

**Bill Wood:** Yes. The other one that is just fantastic is called Big Blue Live. Big Blue Live is a small speaker that operates using Bluetooth so no cabling to it at all. You can have it across the room and be sitting there and playing music from your iPhone while you’re sitting at your desk. I went into my boss’ office yesterday and I don’t know whether he didn’t want to hear what I had to say or what but all of a sudden, from behind me I hear Santana and it’s getting louder and louder and just drowning me out. Great music, great sound and like I said, it’s using Bluetooth, so he can walk out of that room and didn’t have to disconnect anything. He just picks up his iPhone and walks out of the room and he’s gone. I think that one to me, that’s on my list for this holiday.

**Ethan Whitehill:** Yes, that’s incredible [laughter].

**Mark:** One of the biggest things about online and mobile is the ability to track it. How are you measuring some of the success of these programs that you’re putting into place?

**Bill Wood:** Most of the partners that we’re with have analytics that are built into the systems. We also use some proprietary systems that we’ve built to measure, as well as some third party tools.

**Mark:** Okay.

**Ethan Whitehill:** I’m just thinking from the products that you were describing earlier, you really know your customers because [laughter] as I said, each one of those struck a chord with me. You’re playing me like a harp there, and I’m wondering how you gather insights then to know which innovations actually are going to fly with your market.

**Bill Wood:** I think the best avenue for that feedback – well, I can think of a couple but probably the best is the in-store personnel. One of the merchandise directors that help to identify the products that the lab should be working on and innovating was actually a store manager a couple of years ago. So he’s spending day-to-day interaction with customers and hearing what they liked and what they didn’t like.
Myself and the other executives from the company, we regularly go out and visit stores. It’s not a visit to go out and do the talking; it’s to listen. While you’re there, you’re talking to customers. You’re talking to the store personnel, and you get some of the wildest ideas, the greatest ideas, but it’s developing some really fantastic products that people love to have.

**Ethan Whitehill:** The innovation doesn’t just end at the products. You guys are fairly creative with your retail or real estate strategy as well. I think if I’m not wrong, you’re one of the major players when it comes to airport retail, and I’d love to know a little bit more about that strategy and how you stumbled into that.

**Bill Wood:** I don’t know that I know how we stumbled into it, but I’m sure glad we did. It’s a fantastic outlook for us. You’ve got the travel customer. In my mind I’m thinking if you’re buying in an airport, it’s like an emergency purchase. You forgot your adaptor for your phone or something along those lines. What we’re seeing is really it’s about a lifestyle change and it’s very similar to the lifestyle change centered around smart phones that we talked about how customers are interacting with us in the stores. What we’re seeing in the airports is they’re not just there to make an emergency purchase. We’re selling just as many Rovers and wine openers and other great products in those stores as we are the travel devices.

When you look at the difference between our mall stores and our travel stores, obviously you’ve got that uptick in the travel products but the technology, the wellness, the entertainment, and home categories do just as well in those airport locations.

**Ethan Whitehill:** Yes, that’s interesting. I think it speaks to just mobile shopping in general and how when we have time to kill or time to waste, it’s a fantastic opportunity to discover some things maybe that you wouldn’t normally discover if you’re not always shopping in a mall or other places. I like it [laughter].

Bill, thank you so much for your time today. I really appreciate the insights that you shared with us. If somebody wants to find out more about some of these products we talked about, where would they go? Where would they find Brookstone?
Bill Wood: Yes. The best place to find us is www.brookstone.com. There’s a store locator on there to find your nearest store. There’s a phone number to call if you want to talk to someone in our call center in Mexico, Missouri and ask them about a product. I really suggest hopefully you’re in an airport or near a retail location, and you can go and see the products we have. I think that we’ve got a great lineup for holiday season. We’ve got products in all price ranges. We’ve got over 300 products under $50.00 in our stores, which I think is something that most people know us for the innovation but they don’t realize the great value you can get in our stores, so the bang for the buck. When you spend your money in Brookstone, you’re getting great products at a great price.

Ethan Whitehill: Excellent. Well, I’m going to download Swag and then do ELF11 here pretty soon [laughter].

Bill Wood: Fantastic, glad to hear.

Ethan Whitehill: Bill, thank you.

Bill Wood: Enjoyed it guys. Thanks.