Alibaba
Want to know the most popular destination for online shopping? It’s not Amazon.com or eBay. China’s Alibaba conducted $250 billion in e-commerce last year, more than the two American companies combined.

The company’s $8 billion revenues come from service and marketing agreements with the millions of Chinese businesses that sell their wares through the Alibaba platform. Its much-hyped IPO, expected early this fall, could raise more than $20 billion of capital.

But even in the Arabian Nights original, money doesn’t solve all problems. Alibaba has a serious lack of brand recognition in the West. Its solution? The ad-free, invitation-only 11 Main store. Launched in June, this online outlet sells fashion and home goods from smaller retailers that pay just 3% to 5% back to the company. Compare that with rates of 10% to 15% for Amazon and eBay. This test business will familiarize the company with the North American business model and help make Alibaba’s presence known to investors, all without risking a premature, direct confrontation with Amazon.

The rest of the online marketplace should watch closely what happens with Alibaba, and remember the fate of the Forty Thieves who tried to steal their gold back from him.

Zady
Tired of wearing products made in sweatshops from non-renewable materials?

Zady offers a beautiful solution. Founders Soraya Darabi and Maxine Bédat just celebrated the first anniversary of their company, which sells ethically produced fashion and other sustainable goods.

Zady actively engages conscious consumers, delivering both the delight of a well-designed online purchase experience and a sense of personal meaning with every product. As the company says: “Your choices matter.” That’s followed up with a strong and growing sense of community (Read: loyal customer base).

Zady’s focus is on quality, not quantity. Almost all of the brands are American and personally curated by Darabi and Bédat. Their approach has meant turning down hundreds of offers for new partnerships, but allows them to tell each chosen product’s story beautifully and in full, from the manufacturer’s background to the sources of the materials.

Ethically produced products don’t come cheap, but they are designed to last far longer than normal goods. It’s quite possible Zady is, as well.
Farfetch
The logical choice.

Don’t live in New York, Paris or Milan? You can still be on top of the fashion world with the help of Farfetch.

Launched in 2008, the online fashion site connects shoppers with more than 300 of the most unique, diverse and forward-thinking fashion boutiques from around the world.

“We think what we're building is really revolutionary,” founder and CEO Jose Neves told the New York Times in May. “I do think we're changing the way we shop for fashion.”

Farfetch's truly global scope starts at the top — Neves, a Portuguese entrepreneur, oversees offices in New York, Los Angeles, São Paulo and Porto from his London headquarters. The company’s source boutiques hail from 24 countries so far, and Farfetch is developing local language websites for growing markets in Russia, Japan and China.

It's no flash-in-the-pan fashion destination, either. The average customer spends $650 per shopping session, leading to a reported $275 million in annual sales. And it’s impacting more than high fashion shoppers’ closets. While most purchases are of recognized labels (Chloé, Saint Laurent, Givenchy), the site is helping young, unknown designers build an international following and compete with the big names of fashion royalty.

The model works thanks to Farfetch’s heavy investment in its omnichannel strategy and well-designed online user experiences. We expect this company to dominate the fashion industry’s online runway for years to come.

Nasty Gal
For a brand that kicks up spiked heels at the charm contest right before knocking over the judges’ table, L.A.-based Nasty Gal is winning a whole lot of fans.

No-holds-barred founder Sophia Amoruso was 22 when she launched the business as an eBay store, upselling vintage fashion she scoured from Bay-area secondhand shops. She relied on MySpace to build her fan base, hired early staff through Craigslist and now posts jobs through her Instagram account.

Eight years later, her hot, unique in-house and vintage fashions — think black lace bustiers, platform sandals and trench coats — keep drawing new Nasty Gal fans. Amoruso’s personal style, which mixes humor, hyperactivity and social media magic with razor-sharp business savvy, keeps them coming back. The company, which makes about 60% profit on its $130 million annual sales, is planning to make its brick-and-mortar debut with a store in the Los Angeles area.

Want to know where Nasty Gal is headed? Look no further than this line from Amoruso’s bestselling book, “#GIRLBOSS: Don’t you dare alter your inner freak.”

Polyvore
Irresistible.

That's the customer experience Polyvore has gone for since launching in 2007. Its unique platform lets users create and share personal fashion, wedding and interior design collages from about 50 million brand images — every last one of them shoppable.

The fun, empowering approach has been profitable since 2011, with revenues close to tripling each year since. That’s mostly a result of the company’s savvy partnering. (The count is over 600 brands so far.)

The site collects marketing data from its more than 20 million monthly visitors, then shares both data and customer access with fashion industry leaders like J.Crew, CoverGirl and Bergdorf Goodman.

Even better, Polyvore is willing to adapt and innovate long before it becomes a matter of survival. The company gambled in 2012 that a data-driven approach focused on user experience would generate more sustainable revenues than the existing banner advertising on the site. So far, that gamble on a clean look and better-integrated ad design has paid off: Massive growth in customer traffic helped balance the losses in ad revenue.

With the addition of Apple and Android apps, Polyvore is poised for growth for years to come.
BRANDS IN NEED OF HELP
These formerly solid brand models are ripe for reinvention

Coach
When your brand is known for luxury women’s handbags and accessories, but demand for those products has gone down, what do you do?

Coach responded over the past year with massive investment, including:

- plans to open or expand 40 stores, with new store concepts at its flagships in New York and Southern California;
- diversifying into watches, jewelry, clothing and “shoe salons;” and
- pushing its men’s footwear and accessories in overseas markets.

The results? Positive feedback, but zero impact on store traffic or sales.

Part of the problem may be intense competition from much smaller specialty lines, such as Tory Burch, Kate Spade and Michael Kors. (Kors is now the most desired handbag brand among teens.) These companies’ lower overhead gives them a profit advantage over Coach, and they don’t have a cumbersome reputation on price or style to overcome.

Coach needs to make sure its investments pay off. Close tracking of performance and profits at the new stores should be matched by nimble, rapid test-and-transform responses on a hyperlocal scale. That testing should check consumer segments to make sure today’s Coach products and designs align with today’s luxury goods demands. Its move this summer to offer discounts for the first time on some end-of-season and discontinued merchandise is a good place to start.

Finally, targeted, creative guerilla marketing could help steal back some of the market share lost to Coach’s smaller rivals.

Waffle House
The country’s No. 2 family-style restaurant chain (behind Denny’s) has many fans, but it could make the experience so much better.

Waffle House diners offer iconic breakfast fare 24 hours a day, along with traditional American lunch and dinner items.

But what worked in 1955 doesn’t always work today. While the food is generally good for the price, the mid-20th-century schtick of a jukebox in every diner and wait staff yelling lingo to the cook can irritate as well as charm. Worse, Waffle House has a reputation for poor customer service, including racial discrimination and unsanitary conditions. And their menu? Let’s just say it’s not exactly gluten-free or vegetarian-friendly.

With more than 1,600 locations, the company should be able to redirect some profits to upgrades in customer service, social media, health standards, food options, store design and building maintenance. That could help rescue the brand from the purgatory of perception as a spot for poor families, college students and the down-and-out.

Waffle House can also take a lesson from its major rival — after a 1994 class action lawsuit for discrimination against minorities, Denny’s created a racial sensitivity training for all employees and went on to top several lists of best companies for minorities. A national chain’s culture can be changed, and it’s high time Waffle House dove in.
Chrysler
Five years after its 2009 bailout, the Chrysler brand is still struggling to gain speed.

After becoming Chrysler’s majority owner in July 2011, Italy’s Fiat has crawled through the process of a full buy-out. It’s now completing a global merger into Netherlands-based Fiat Chrysler Automobiles, with listing on the New York Stock Exchange expected in October. Once in place, Chrysler should have the resources and clout to better compete with other major worldwide players.

Build-A-Bear
Back in the early 2000s, the Build-A-Bear brand was unstoppable. More than 400 company-owned shops and franchises welcomed kids and families to create new, customized best friends.

But then the recession hit, and suddenly, a $25 stuffed animal with $13.50 accessories didn’t sound so family friendly.

The company is taking some good steps under the guidance of new CEO Sharon Price John. Build-A-Bear is reducing its discounts as the economy recovers, closing about 60 underperforming stores over the course of two years and focusing on customer experience. That includes more technology options as part of the build; cross-branding with entertainment franchises, such as the Teenage Mutant Ninja Turtles, My Little Pony and pop band One Direction; and opening shops within larger stores, such as FAO Schwarz’s flagship in New York City.

So far, so good. Profits are rising, investors are returning, and sales per square foot increased 9% in 2013 (the first rise in several years). But the numbers are still far below their mid-2000s peaks, and most shops are still based in malls, where traffic continues to decline.

Our recommendations? Keep focusing on engaging experiences that bring children’s parties and families into the brick-and-mortar shops. Promote more partnerships with brands to attract new fans. Break out of the mall storefront trap through fun, innovative flagship experience sites and stores-within-stores. And target millennials, from young moms to urban hipsters, through strong co-branding and a captivating presence on Pinterest and Tumblr.
GameStop

Thirty-year-old GameStop, which relies on sales of both new and used video games and systems, is facing tougher opponents than ever.

There’s the cultural shift to digital downloads for games; the transition to Microsoft’s XBox One and Sony’s PlayStation 4; and fresh competition from the likes of Best Buy, Target and Walmart.

Right now, used games account for 30% of GameStop’s sales and 40% of its profits. That’s fine — they remain an important part of the video game market. But it’s a shrinking part that’s also vulnerable to online and brick-and-mortar price wars. The brand needs a solid plan to fill the gap.

Our recommendations?

- Improve in-store experience through design and interactive features. Follow the model of successful tabletop gaming shops: Think community-building competitions, “ask the expert” weekend sessions, gaming stations and (ironically) strong online communities that use local GameStops as hubs for live connections.

- Promote expertise. Build on its Game Informer magazine by heavily promoting its in-store experts, online resources and communities, and industry connections. Make GameStop a 24/7, year-round gaming convention experience for consumers.

- Become a digital empire. GameStop should be the online destination for gaming downloads, hacks and insights, with targeted divisions focusing on children’s games, social games, browser games, first-person shooters, RPGs and other genres.

- Build loyalty. GameStop has a great head start on this with its 30 million PowerUp reward program members. That gives the brand major leverage for developing the exclusive partnerships (think Microsoft and Sony pre-releases) that will keep it relevant in the years to come.

- Be careful that the expansion into selling consumer electronics, such as smartphones, tablets and media players, doesn’t distract from the brand but enhance it. Keep the focus on helping people find and use the best of these tools for their gaming needs.

Interbrand Design Forum

We recently did a bit of soul searching about what makes us unique. It’s really quite simple: World-Class Thinkers. Inspiring Creativity.

World-Class Thinkers: As part of Interbrand, the world’s leading brand consultancy, we know the power of brand and the value it brings to organizations better than anyone.

Inspiring Creativity: Our roots were set with game-changing retail design. We get what it takes to create a compelling, dynamic and successful shopping experience through design, planning, visual merchandising, architecture and brand communication.

But today that means more than the traditional store. That’s why we’ve evolved into an experience agency — we can help you with your entire customer experience from the first touchpoint on the journey to the last — both in the built environment and the digital world.

Our goal is to prepare brands for the future. Things change fast, so our speed to innovation process helps brands find their next big thing and make it happen.

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