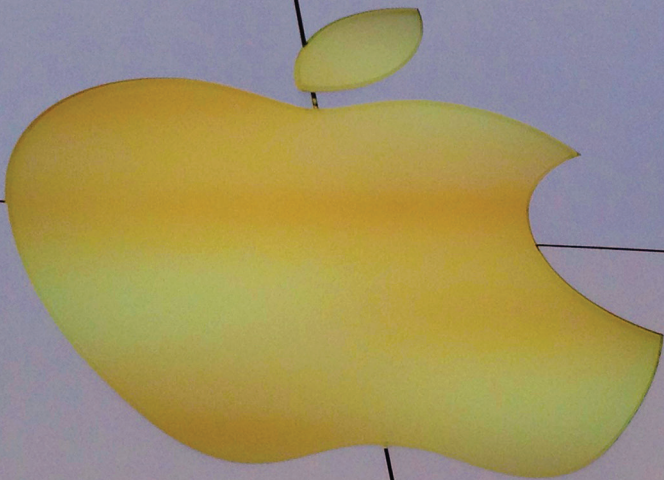


# The Secrets of Apple's Retail Success



*Steve Chazin*







# About the Author

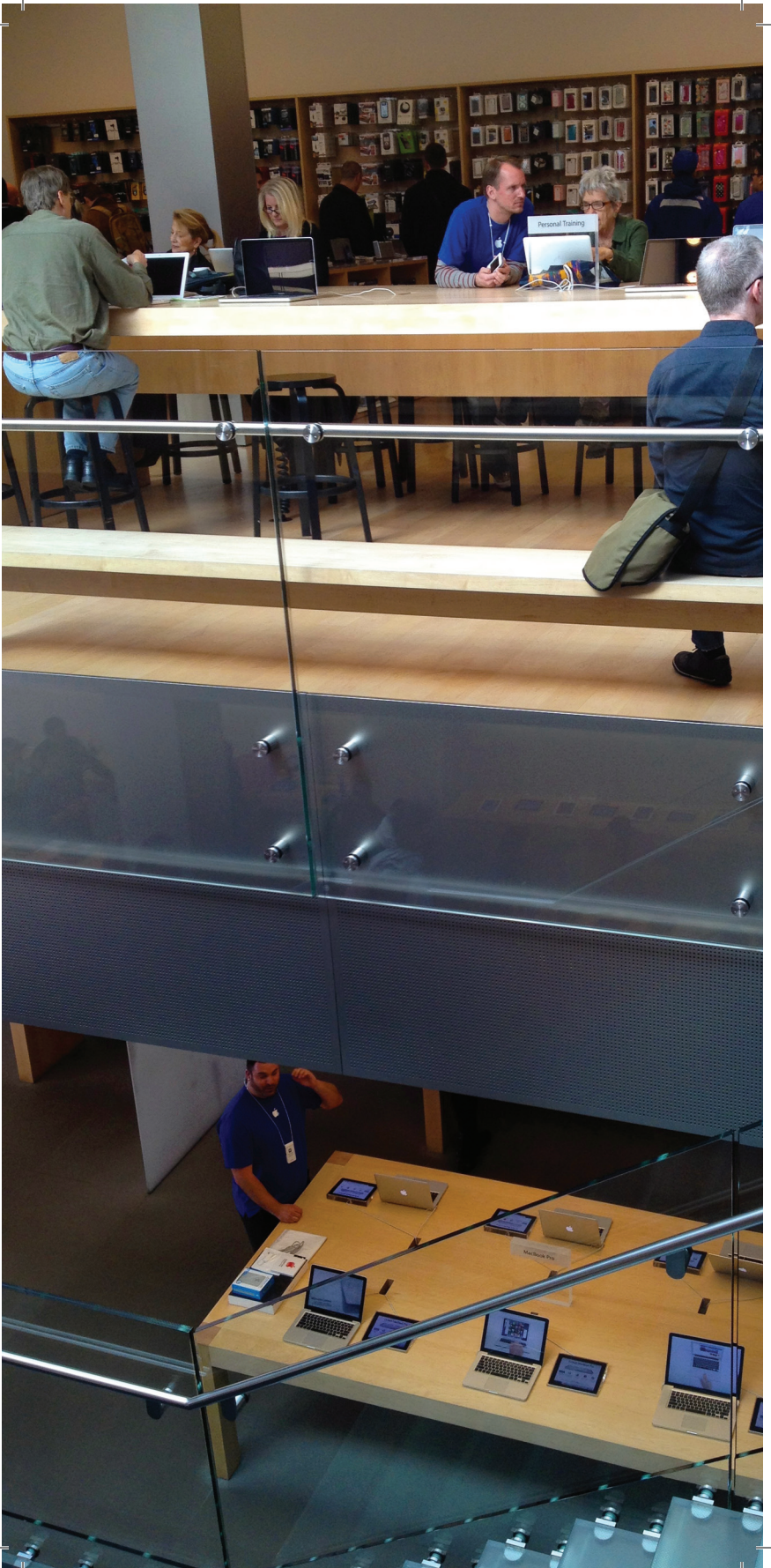
Steve Chazin is a product marketing expert, keynote speaker, eCommerce guru, viral growth specialist, seminar leader and prolific blogger at <http://MarketingApple.com>. Steve is currently Vice President for Products at Salesforce.com, the leading cloud computing and social enterprise company.

A few days after resigning from Apple in 1997, Steve was asked by Steve Jobs to help rebuild Apple's product and marketing efforts. Consequently, Steve was part of the team that brought the iMac to market, helped return the company to profitability and created the blueprint for the future product launches of iPod, iPhone & iPad. Steve's firsthand knowledge of how Apple was saved by better marketing is described in his free eBook and personally told through his engaging keynotes.

Steve has delivered over fifty keynotes, seminars and workshops at trade shows, conferences and leadership events in more than 20 countries. An engaging and warm on-stage personality, Steve can adeptly range from traditional lectures to motivational speeches involving audience participation. Because he has built a unique practice applying and describing Apple's marketing prowess, Steve is a frequent television, radio, and print celebrity and can be seen and heard on BBC, CNBC, ABC News, Fox News, ClearChannel Radio, quoted in the Wall Street Journal, Fortune, New York Times, LA Times, BusinessWeek, MacWorld, and is referenced in popular marketing and education textbooks. Steve can be reached at [steve@marketingapple.com](mailto:steve@marketingapple.com)

Steve has performed extensive field research, held on site visits, and interviewed dozens of employees, customers and partners of Apple's retail operations to produce this comprehensive guide detailing the hidden secrets behind Apple's remarkable retail success.

Coincidentally, Steve was born on May 19 - exactly 37 years to the day the first Apple Store opened.





# Introduction

By any measure, Apple is unquestionably one of the world's most successful retailers.

Even though Apple never sold directly to consumers before they opened that first store a little over ten years ago in a mall in Tyson's Corner, Virginia, Apple boasts some incredible bragging rights for its retail channel. Apple operates over 360 retail stores which employs over 40,000 people and plays host to more than a million visitors every day. Apple's retail operations are on track to generate more than \$20 billion in 2012. Amazingly, Apple's stores average over \$7,000 per square foot which is more than twice the

*The only consultants I've ever hired in my 10 years is one firm to analyze Gateway's retail strategy so I would not make some of the same mistakes they made. But we never hire consultants, per se. We just want to make great products.*

- Steve Jobs

former gold-standard Tiffany & Company. It is estimated that Apple's Fifth Avenue store generates over \$35,000 per square foot making it the highest grossing retailer in New York - ever. Apple Stores are now the highest performing stores in retail history.

It wasn't always this way. Apple experienced massive failures in the 1990s when selling its products through retailers such as Sears and CompUSA. Its computers were muscled out of view and its brand so weakened that many retailers refused to properly market or stock Apple's computers. Even though Apple entered the retail business largely as a defensive move to gain more control of the customer experience, the climate then was anything but welcoming. Gateway was operating direct-to-consumer retail stores and failing fast. Apple had to learn how to do things differently.

Less than two years after Apple opened its retail stores, Gateway shut down all of its shops and laid off more than 2,500 workers. Three years later CompUSA shuttered its 23 year-old chain of stores. So while there was little expectation and no guarantee that Apple might succeed selling its own computers in this miserable retail climate, amazingly, somehow it thrived.

But how? How did a company with no experience in retail become the fastest in U.S. history to reach annual sales of \$1 billion during the worst financial crisis in modern times? How did a company with only four products become the most profitable retailer in history while creating an experience that is now the standard by which all others are measured? Why did a company that was losing money decide to enter the retail market against the recommendations of every expert and “where the only other retail strategy was going out of business?” How did Apple entice millions of people to visit their stores and pay full price when all their products are readily available at other retailers and even tax-free online at Amazon.com? Clearly the answer to these questions is that Apple had to think different about retail and make their stores more than just a place people go to buy things. They had to devise a way to enrich the lives of the people who shop at the Apple Stores and do more than simply deliver a transactional experience. In short, they had to reinvent retail.

Just as it changed the way people experience complex technology since the 1970s, Apple had to forever change the retail experience in 2001. This book covers - or should I say uncovers - the secrets of Apple’s stunning retail successes. These secrets propelled Apple from the backwaters of the sleepy personal computer market to become the undisputed leader in consumer electronics, music, and mobile and the world’s most valuable company. Even though Apple is unique in selling a handful of products it designs, builds and sells through its own stores, these secrets can be used by any company to succeed in retail.





# Secret 1: Apple Had to Think Different about Retail.

Contrary to popular belief, Apple rarely invents anything new.

Entire books are written about how Steve Jobs borrowed ideas for Apple from other places like Xerox and Sony, famously embracing the motto “Good artists borrow. Great artists steal.” Apple clearly didn’t invent the PC, the MP3 player, downloadable music, or the mobile phone. The Mac, iPod, iTunes and iPhone were all successful because Apple had ample time to improve upon existing designs and functionality. As a consequence of being late to these markets, Apple was forced to do a better job than everyone who came before it.

So if Apple doesn’t invent new things, what does it do? Simply put, Apple does one thing better than anyone

else: it makes complex things simple. Just as the Mac was easier than the PC, the iPod was successful because it made getting your music into your pocket dead simple. Apple simplified the overall experience of listening to MP3 files. While other music players forced users to rip, copy, organize and transfer their music files using unwieldy software applications and adapters, simply plugging a single cable into an iPod magically took care of everything, instantly copying all your music to your iPod, organizing it just as on your computer. A few seconds later the process is finished - and your iPod is charged at the same time - without ever forcing you to sneak a peek at a user manual.



**Figure 1:** Image from an iPod user manual. There is no Step 2.

Amazingly, the original iPod required a Macintosh computer, a FireWire cable, iTunes software and an existing library of music - all together representing a minimum investment of nearly \$3,000. Yet the transformative power of this simplified and beautiful experience made the iPod the must-have gadget of the decade and the de-facto music player for hundreds of millions of people all over the world.

Moreover, this elegant experience paved the way for the iTunes Music Store to deliver legal music directly to people's iPods. Steve Jobs proved that consumers would pay for music they could otherwise obtain for free from sites like Napster simply because the iTunes user experience was so much easier. In April, 2008 Apple surpassed WalMart as the number one music retailer in the U.S. Clearly, beautifully simple experiences matter.

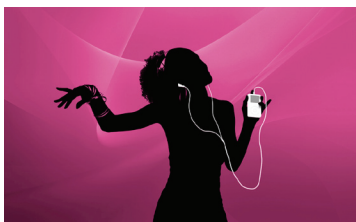
So it comes as no surprise that Apple had to think different about the retail experience and Apple-ify it. Apple started by learning why other retailers had failed, uncharacteristically hiring an external consultant to decode what mistakes Gateway made with its Gateway Country computer stores. Next it added Gap's CEO Milliard ("Mickey") Drexler to its Board of Directors because Gap stores had modern retailing environments and unique marketing vehicles. Then, Jobs hired Ron Johnson who succeeded in giving Target a more upscale image largely through his addition of the Michael Graves brand.

Johnson tested his suspicion that people might gravitate to a store that offered more than great products. After learning that the best service experiences often happened in hotels he created the Genius Bar to dispense advice and guidance the same way the Four Seasons' concierge's desk does. Neither sells anything: their sole purpose is to help people have the best possible experience. Finally, at Drexler's suggestion, Apple built a complete mockup of an Apple Store inside a warehouse in Cupertino where they experimented with the layout before opening their doors for real. All this permitted Apple to test, adapt and improve the overall experience in a controlled setting.



In fact, Apple's stores may have opened six months sooner had Steve Jobs not had an epiphany one day. He and Johnson originally laid out the stores by product category reflecting how Apple was organized internally. Jobs realized that this structure would not resonate with consumers and redesigned the stores to reflect how their customers would prefer to shop - by solutions. In short, Apple treated their stores the same way they treat any other Apple product, redesigning them to be easier for their customers. This learning process continues to this day as Apple constantly evolves their store design, adding or removing elements it learns enhances the shopping experience for its customers and improves their business. Even the methodology to where Apple locates its stores is rooted in Apple's desire to reinvent retail for the better and to reach and convert the demographic it covets. Knowing that the Mac faithful will drive to a destination but the Windows crowd would not, Apple placed their stores in high-traffic locations, as Steve Jobs told Fortune in 2008, they could "reduce that risk from a 20-minute drive to 20 footsteps." Realizing that non-Apple customers may be tentative at approaching retail staff for fear of seeming uneducated, Apple introduced free classes and Personal Setup areas in their stores and created self-service scheduling systems so users can arrange appointments with Geniuses online or within the store itself. Clearly this strategy has paid off: Apple now reports that more than half of their "new to Mac" sales are to former Windows users. The Apple Stores are a key driver to Apple's recent market share increases even as the rest of the PC market has shown little signs of growth.

Just as with computers, phones and music players, Apple wasn't first to retail so it had to be better at retail. The essence of Apple's rebirth slogan "Think different." plays out every day in every Apple Store.



**Figure 2:** Using an iPod makes you feel good.





# Secret 2: Apple Doesn't Sell Products.

As paradoxical as this sounds, Apple doesn't sell products.

Think back to Apple's iPod television commercials or its famous, award-winning outdoor advertising campaign. You'll recall seeing plenty of happy, energetic people dancing in silhouette against colorful and ever-changing backgrounds with those distinctive white headphones flowing in unison to its owner's movements. What you never see is any focus on the workings of the iPod itself. No close-ups showing how to select a song or adjust the volume level. Yet anyone who buys an iPod falls in love with the user experience. Why would Apple take all that time and effort to make a great user interface yet not show it?

*Their job is to figure out what you need and help you get it, even if it's a product Apple doesn't carry.*

*- Ron Johnson*

The reason is simple: Apple isn't selling an MP3 player. They are inviting viewers to experience the Apple lifestyle and become part

of the iPod community. The implicit purpose of those spots is to deliver this message: Use any other MP3 player and you'll hear good music. Use an iPod and you'll feel good. You'll fit in. Instead of trying to get you to learn what an iPod does, Apple instead shows you how you will feel using an iPod. Those white headphones? They serve the same purpose as those pretty Apple shopping bags you tote around the mall after buying your first iPhone, declaring your recent membership in the super-cool Apple Club. Those white iPod headphones were not designed by engineers, they are a pure Apple marketing trick intended to make the visible part of their product a status symbol. Wear white headphones and you are a member of the club. For the past decade Apple has been subliminally inviting customers

to experience the Apple lifestyle and become part of the unique Apple community. Apple doesn't sell products. Apple sells membership.

Walk into any big box retailer today and you'll see great technology. Yet walk into an Apple Store and you'll feel good about being there. Even when those big box retailers offer palettes of Apple logo'd merchandise with a discount to boot, there is still often a waiting line in front of the Apple Store across the street. There is a secret formula at play here that can be decoded and used by any other retailer wishing to create a shared social environment in which to sell its products.

Apple focuses on what people do with their products and not what their product does. Their stores naturally help people feel that their purchase grants them access to a very special place where everyone enjoys hanging out with other likeminded people. Take as long as you want, surf the web, make free phone calls to your friends, record videos, whatever. The Apple Store is here to serve you. You - and people like you - are welcome here.

But there is more going on here than meets the eye. People visit an Apple Store for this experience and, like enjoying an expensive cup of coffee at Starbucks, are willingly to pay a premium for it. Yet more than a physical experience which can be copied by other retailers, the crown jewels of the Apple Stores are the people who work there. Hiring the right person can often require seven or more interviews which makes those selected feel privileged to join the Apple family. The typical person that Apple employs in their stores feels so connected to the corporate mission that they are generally happier, feel more empowered, and truly believe in what Apple is doing. Because they are drawing from the Apple faithful, Apple can afford to be choosy: with a 2% acceptance rate, it is harder to get a job in the flagship New York Apple Store than to get into Harvard. Getting a job there won't get any easier in the future since Apple's turnover rate is near the lowest in the industry.

Attitude of course starts with the employee, and Apple's retail policies makes it easy on them. The reason employees

don't seem to be selling or working too hard is that the staff has been trained not to sell but rather focus on building relationships and to really try to make people's lives better. Just as making money or increasing shareholder value isn't Apple's aim - making great products is - sales happen as a result of this focus on improving people's lives.

Even though listening comes first and sales is seemingly a postscript, it is not all fun and games in an Apple Store. Store employees who are routinely more than six minutes late for work can be summarily fired. Even without sales quotas, service packages are strongly encouraged especially for devices prone to breakage such as iPhones and iPads. New employees are not allowed to sell directly to store visitors until they spend nearly three months at the heels of a more experienced sales member. Employees who aren't proven to be natural salespeople after a quarter or two are often moved to other roles and retrained.

To further leverage the advantage of having great people, Apple invests heavily in its staff. Candidates for Genius support positions undergo intensive training and must pass rigorous certification and regular tests on their technical and people skills. Apple takes no chances with the way these influential staff members interact with the public and even coaches Geniuses to use phrases like "as it turns out" instead of the less positive "unfortunately" if they can't solve a tech problem or if a repair may cost the customer. Since the Genius Bar is one of the busiest places in the store, Apple created a self-service scheduling system that ensures each customer can spend as much time as required to resolve their issue. This tool also serves to empower customers to make their own appointments that fit their unique schedules.

Because Apple's policies enable store employees to be viewed as helpers and trusted advisors instead of sellers of unnecessary products, customers reciprocate with their wallets. Revenue becomes the byproduct of delighting customers, not the goal. With revenue-per-square-foot numbers that are the envy of the industry, it is abundantly clear that customer delight is the new formula for success by any manufacturer or retailer.





# Secret 3: Apple Empowers its Customers.

Instead of trying to tightly control the buying experience, Apple gladly relinquishes control to its customers.

Most retailers try to carefully constrain every aspect of the shopping experience. The way merchandise is placed on display or locked away from curious shoppers, or how much time it takes for a sales person to approach you is a carefully scripted dance designed to benefit the retailer. Anyone shopping for a new car might as well paint a target on their back because their very presence on the car lot telegraphs their intention to purchase soon - giving the sales representative the upper hand before any words are exchanged. Even if a customer performs extensive research at Kelly Blue Book or Carfax.com there is often still something hidden from the consumer such as factory incentives, dealer spiffs, or loan origination bonuses. After signing what seems like a good deal, many car purchasers remain unsure if they negotiated wisely. Buyer's remorse among shoppers is practically a disease. Yet rarely does anyone display such symptoms after visiting an Apple Store.

Apple also has strict rules it requires its retail employees to follow when interacting with visitors. However, Apple's guidelines are carefully orchestrated to project a much more welcoming and friendly environment. Their service strategy is embodied by the acronym APPLE, meaning Approach. Probe. Present. Listen. End. The Apple Store employee training manual spells it out:

*“Approach customers with a personalized, warm welcome. Probe politely to understand all the customer's needs. Present a solution for the customer to take home today. Listen for and resolve any issues or concerns. End with a fond farewell and an invitation to return.”*

Sales associates are consequently trained to approach every visitor quickly and consistently: at least two Apple staff members try to speak to each visitor within 30 seconds of their arrival. The Apple approach is also gentler: if a customer says “I’m just browsing” in response to “How may I help

you?” the staff cheerfully makes sure the visitor knows that everyone in the store is there to help them at any time. Because Apple sales associates are not commissioned and have no incentive to sell anything they tend not to get in a shopper’s way and consequently spend more time with others who truly need assistance. By wearing uniforms (colored T-shirts to be precise) they make themselves easily identifiable and readily approachable.

As a result, Apple Stores are much more friendly, open spaces where visitors are actively encouraged to play with the products on display and to hang out as long as they want with others who also enjoy Apple products. The overall vibe of the store is a place where new and existing customers can collectively get excited about the solutions around them. Customers spend as much time as they want trying any Apple product without feeling guilty about taking up a salesperson’s time. Because Apple’s prices are clearly posted and the store has a 14 day money-back guarantee, customers need not fear being swindled.

During any period of unrestricted browsing and playing with the cool technology on display, visitors invariably observe countless other customers going through the purchase process in a low stress way. Thanks to Apple’s astonishing sales performance, anyone who spends even a few minutes playing with anything in an Apple Store will witness the sale of products worth thousands of dollars to new and seasoned purchasers without a cash register in sight. This eases their transition from visitor to buyer as shoppers come to realize they can always come back to learn more or get

*We completely rethought the concept of “try before you buy”: You can test-drive any product, loaded with the applications and types of content you’re actually going to use, and get someone to show you how to use it. If you buy it, we’ll set it up for you before you leave the store. If you need help after that, you can come back for personal training. If there’s a problem, you can usually get it fixed faster than a dry cleaner can launder your shirt.*

- Ron Johnson



fast service after their purchase. Because they have the sense that they are always in the driver's seat, Apple Store customers feel good about their purchases.

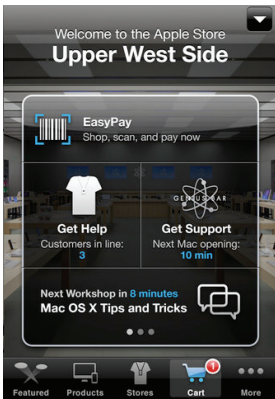


Figure 3. The Apple Store App.

Apple knows its customers can buy all its products at various websites and at other retailers like Target, Radio Shack, and Dixons. Consequently, Apple gives customers additional self-service options to stimulate walk-in traffic to their brick and mortar stores. Customers can purchase their products online at Apple.com and pick them up in any retail store. iOS users who download the free Apple

Store application can see a list of available workshops, view the number of customers waiting in the support queue in front of them and even reserve the next available Genius Bar appointment. All this happens automatically when they walk into any Apple Store and connect to the free WiFi.

In 2006 Apple took the bold step of removing physical cash registers from most Apple Stores and equipped its retail store employees with its new EasyPay system. Store employees use a specially equipped iPod Touch to perform hip-side transactions. A quick swipe of the customer's credit card is all it takes to buy any item in the store.

A physical receipt, if needed, gets delivered to a printer hidden underneath one of the display tables or emailed automatically.



Figure 4. Apple EasyPay.

Not content with just making it easier for their retail employees to process purchases quickly, Apple extended their EasyPay system directly to customers in 2011. Shoppers use their iPhone or iPod cameras through the

Apple Store app to scan the bar code of any item on display. This makes it as easy to buy a product in an Apple Store as to buy a song on iTunes. Customers leave the store with their product in hand without needing to say a word to an Apple employee. This self-service application makes even an overcrowded Apple Store a pleasurable place in which to shop.

Finally, Apple encourages customers to schedule their own workshops or Genius Bar reservations within the store or over the web. They generate several million (yes, millions!) in-store appointments booked online via their website each year. Many retailers have linked their website to “in-store pickup,” but allowing customers to book in-store appointments online completely integrates their multi-channel approach – the online and store experience are one in the same. Customers are then greeted personally by name and can confirm their place in queue on a monitor behind the Genius Bar. This degree of special attention when needed contrasted with the ability to browse freely at other times gives Apple Store visitors a unique feeling of control and empowerment that other retailers would be wise to replicate.

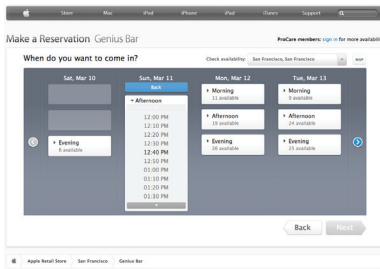


Figure 5 : Apples Concierge Reservation System

This not only delights their customers, but gives Apple an advantage in store operations. They have insight into customer volumes, allowing them to better plan staffing needs. They know the needs of their customers before they even set foot in the store so they can better serve them. They empower their staff to solve issues on the spot and use analytics to track emerging trends and issues from the web to the store. And perhaps most importantly, as with the entire Apple experience, customers who make a connection with the store and staff tend to buy more, have fewer returns and greater loyalty increasing the total lifetime value of the customer.

# Secret 4: Apple Stores Enrich Their Customer's Lives.

*...the most important — and this is something that can translate to any retailer — is that the staff isn't focused on selling stuff, it's focused on building relationships and trying to make people's lives better. That may sound hokey, but it's true. ...Compare that with other retailers where the emphasis is on cross-selling and upselling and, basically, encouraging customers to buy more, even if they don't want or need it. That doesn't enrich their lives, and it doesn't deepen the retailer's relationship with them. It just makes their wallets lighter.*

*- Ron Johnson*

You may not expect a company selling expensive technology to well-off consumers to claim that the primary purpose of their stores is to enrich their customer's lives. Yet this is exactly what Apple claims is key to their amazing retail success.

Jobs wanted Apple's stores to be more than just a place to buy its computers, insisting that the stores focus on improving and enhancing the value and quality of people's lives. Johnson realized that if a store merely delivered products to people, it was not creating value for the customer - it was just completing a transaction which could be easily handled by any website. So the Apple Stores were tasked instead at helping shoppers see how Apple's technology could improve the way they communicate, work and play. In this way Apple Stores would deliver real value instead of just merchandise.

Johnson's view proved prescient. Customers return often to Apple Stores to buy more merchandise and to share their experiences with others, creating a virtuous cycle. While the general PC market has been stagnant for the past few years, Apple's market share and its same store sales have grown dramatically. Clearly many Apple Store customers convert from competing technology platforms and become brand cheerleaders.



Perhaps Jobs' and Johnson's view was shaped by the necessity of the situation they faced. When Apple launched its first Apple Stores it had only four products - two portables and two desktop computers - the iPod, iPhone and iPad were not yet invented. Without a large product family to sell, Apple was forced to address its customer's technology needs and to fill the stores with something else. So Instead of creating a buying experience the Apple Stores became all about the ownership experience, filled with Genius Bars, technicians, software, books, accessories and an overtly friendly and helpful retail staff. With lots of bright open space in which to explore, learn and play the Apple Stores became a popular hangout instead of a meaningless warehouse.

Apple offers free classrooms, training sessions and weekly seminars from guest speakers and store employees on topics addressing how people can improve their lives through technology. Apple also hosts Summer Camp sessions for young people to learn how to make music, create movies, and improve their grades while their parents shop - all for free. One clearly visible sign of Apple life-enhancing philosophy can often be seen near the front of urban Apple Stores. Silver water bowls are provided for pets of owners who stop by the store on their way together. The Apple Stores are so pet and people friendly that some folks have tried to see how far they can push Apple's life improving policies. Hundreds of people have recorded viral dance videos and made free iPhone calls, and at least one New Yorker visited the Genius Bar dressed in a Darth Vader costume, delivered a pizza to the Genius Bar and even shopped for a computer with a goat!

Apple's focus on enriching its customers lives has also helped shape its hiring practices. In 2007 Apple added a Personal Shopping Specialist position and posted the following job description on their website: "We are looking for people excited about enriching customer lives by delivering a unique shopping experience that is both personal and professional." Ron Johnson once boasted that he interviewed every manager that ever worked in an Apple Store in order to build relationships across the entire

Apple Store chain and to make sure everyone understood his core values. In a 2004 interview Johnson said “My job is to make the store rich with experience for people. It’s not the boring, laborious, I’ve-got-to-move-merchandise and take care of customer problems. I’m suddenly enriching people’s lives. And that’s how we select, that’s how we motivate, that’s how we train our people.”

Hiring people who want to do more than just earn a paycheck or push merchandise helps give the Apple Store an authentic feel. Even though Sony and Microsoft tried to copy Apple’s look and feel for their own retail stores, most people who work at an Apple Store enjoy what they do and derive real delight in helping others improve their lives. Those fortunate to work at an Apple Store genuinely feel honored to be on this shared mission of enrichment.



**Figure 7:** An Apple customer receiving free personal training in an Apple Store





# Secret 5: Apple Goes One Step Further.

Many retailers believe their relationship with their customers begins and ends with a purchase. Apple understands that the customer adventure starts long before and continues well after that transaction so it goes well beyond the ordinary to provide a world class, delightful experience that leaves nothing to chance.

*At Apple, our goal is to delight customers when they purchase a product and keep them happy throughout its lifespan.*

- <http://www.apple.com/jobs>

All of Apple's keynote presentations, press releases, billboards and television commercials are designed to set the appropriate tone for the encounters

to follow. Even its retail packaging is a carefully orchestrated event Apple sometimes spends as much time perfecting as it spends creating the product inside. The act of opening or "unboxing" an Apple product becomes something Apple fans eagerly share with the world moments after purchase and can often be found on popular blogs seconds after any new Apple product goes on sale. Examine any Apple product box and you'll find careful and thoughtful touches that bespeak Apple's attention to detail. Even the famous "Designed by Apple in California" sign crafted into each package delivers an unmistakable subliminal message: this company cares deeply about the little things. It's no wonder Apple has long had a cult-like following among designers, authors, and other creative types. Apple creates art.

Apple also knows that retail is more than just packaging. Walk into an Apple Store and you'll feel less like you are in a retail outlet (where are the cash registers and checkout counters?) and more like you are in a museum. Some of this feeling can be attributed to the store's physical design such as extra-wide front doors, floor-to-ceiling windows, open air skylights and glass stairs which give



people a sense of freedom. Some Apple Stores like the Grand Central Station location do not have well defined physical boundaries which lets people browse easily without any sense of entrapment or confinement. Apple's newest and largest stores feel more like an extension of the natural building than a purposeful retail establishment. Apple Stores boast the world's largest seamless aluminum panels, have patented glass entryways, contain self-supporting spiral glass staircases and are awash in extra bright lighting, natural stone floors and warm wood surfaces. Now add the spotless merchandise, advantageous physical locations with happy visitors and workers and the store practically vibrates with the unspoken Apple mantra - this place is special.

Transcending the physical layout or location of Apple Stores is an attitude that encourages visitors to touch everything around them. Well before the iPhone and iPad made multi-touch a natural gesture, and even as most retailers still hid their best products behind glass, Apple made their stores a touch-worthy experience. Touch anything, stay as long as you want, ask as many questions as necessary and feel free to borrow our WiFi. Because touch is the most intimate form of feedback it can sometimes help establish a bond between people and objects. Apple doesn't just reach its customers - it embraces them - and it encourages a reciprocal behavior in its stores.



Apple employees are encouraged to do more than necessary to surprise and delight customers. One manager in Utah reopened a store so a 10 year-old girl could buy an iPod with a jar of coins she had saved for a year - then asked the other employees to cheer as she left. Bulletin boards in break rooms feature "Surprise & Delight" praises from customers and executives to employees who go the extra mile to ensure customer happiness. Apple's focus on the tiniest details even extends to how employees handle

customers who may be upset or emotional, instructing them to limit their responses to simple reassurances such as 'Uh-huh' and 'I understand.'

When a new product is launched, managers go out of their way to keep those waiting for days in front of the Apple Store as comfortable as possible, often passing out bottled water or providing access to the store's bathrooms. Such behavior seems more amazing when you realize that none of those future customers waiting in front of those countless Apple Stores - or the employees inside for that matter - have ever before seen or touched the product for which they will gladly open their wallets when let inside. Those waiting outside and those waiting inside somehow feel connected to something bigger than just a product purchase transaction.

When the day comes and the new product is finally available the staff cheer customers as they enter the store to make their purchases and devote plenty of time helping each person set up their new toy. On the day the iPhone 4 was made available, Apple Store employees took as long as required helping each customer get comfortable with their new device despite obvious long lines of other customers waiting to get in. Apple has clearly discovered that while today's shiny new iPhone will someday become obsolete, the memory of the customer's experience will linger on forever. Apple created their free in-store Personal Setup service as a way to consistently deliver this delightful customer interaction and to provide yet another reason for customers to visit the Apple Stores.

What Apple knows - and other retailers seem to forget - is that a company's lasting (or fleeting) relationship with their customers is tied to the moments before, during and after their purchase. Apple's careful cultivation of that experience is one of the many tightly managed elements of the Apple brand and part of their unique "magic." By doing more than is required to surprise & delight customers, Apple Store customers not only switch from competitive products but become lifelong repeat customers, fans and evangelists.



Apple's New York Grand Central Station Store Opening



# Conclusion

In spite of being late to enter a marketplace hostile to computer retailers with only a handful of undifferentiated products that could not draw significant foot traffic, and after losing money for more than three years, today Apple is in a retail class all by itself.

Just as it improved the experience people have with their computers, their music and their phones, Apple reinvented the retail experience for the better. While Apple now has some distinctive products and a very powerful brand, it still uses a secret recipe to continue to achieve new retail successes - a formula that can be used by any retailer.

Apple's Retail Secrets:

1. Just as Apple had to "Think different." about retail, every retailer should rethink the purpose of their stores and focus on the experience a new customer has during the shopping process. Apple changed their layout considerably before they even opened their first store and continue constantly tweaking their store environments to this day. Every retailer should be proactive in learning what works and what doesn't work and optimize the retail experience accordingly.
2. Apple does not just sell products in its stores, rather it provides a first class retail experience that delights shoppers and visitors alike. Any retailer should apply the secret of personal delight to make its visitors feel appreciated, its employees motivated, and its customers connected to something more special than a purchase transaction.
3. Apple empowers its store's visitors by letting them touch everything, try anything, and stay as long as they like. Apple also invested in self-service tools to empower customers to schedule their own appointments and to purchase products online and in-store. Retailers should provide similar tools to



allow customers to control their shopping experience while giving them a reassuring feeling of control.

4. Apple believes the purpose of their stores is to enrich the lives of their customers. Retailers should take this important cue from Apple and ensure their staff is not focused on just selling products, but intent on building relationships and making people's lives better.
5. Apple goes beyond the ordinary to make their products and their stores feel special. Retailers should consider ways to do more than necessary to surprise and delight their customers. Customers will react positively to stores that make them feel that the people who work there are encouraged and empowered by their employers to go one step further to ensure customer happiness and satisfaction.

Clearly the collective results of these retail secrets speak for themselves. After just a little more than ten years of retailing, on March 14, 2012, Apple's market capitalization became larger than the rest of the entire US retail sector - combined.





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