



Brooklyn Industries

Lexy Funk and Vahap Avsar plan to grow their eight-store fashion boutique, Brooklyn Industries, by cutting their advertising budget in half.

Actually, their overall marketing budget will continue to represent “roughly the same portion of revenue (two percent)” as before. It’s just that instead of spending their dollars on ads, Lexy and Vahap will invest in better window displays and fancier catalogs.

“We were shocked to see how little impact our ads had,” says Vahap. Research revealed that most of their customers “were first drawn to Brooklyn Industries by spotting one of its eight stores in Brooklyn and Manhattan.” So, the new plan “is to cycle through displays on a monthly basis, compared with 10 display changes in 2006.”

Lexy and Vahap are also pouring more resources into their catalogs. In 2006, they put out four catalogs, 48 pages each, and printed 22,000. In 2007, they will produce five catalogs, 64 pages each, and print 30,000. They are also thinking about “printing on better paper and in a larger format.”

Thing is, Lexy and Vahap say they “don’t expect the catalogs to produce a lot of sales.” Their main hope is that the catalogs will find a place on customer coffee tables and, like their window displays, have greater impact than ads.

Says Lexy: “... When you advertise through store windows and catalogs, you can speak directly to the customer.”

(SOURCE: Beth Kwon, *Inc.* magazine)

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Kiehl’s Apothecary

Hey, find what you’re looking for? At most stores, that line is enough to put a shopper on edge. But at Kiehl’s, an antique-style apothecary in New York City, the effect is different because it carries “no trace of sales desperation.”

Sure, one of Kiehl’s white-coated clerks might tell you about products that could address your health or beauty issue. But instead of pressure, you get samples — tossed in a bag so you can try some before you buy some.

Kiehl’s also invests dollars that might otherwise go into promotions into developing new products at its New Jersey factory. The products are then delivered “like fresh-baked bread” to the store each day.

The kicker is that Kiehl’s, which was founded in 1851, is now owned by L’Oreal — and has been since 2000. The original New York location is now just one of 25 stores worldwide.

But L’Oreal “has pledged to maintain the idiosyncratic environment and to stay as faithful as possible to the formulas Kiehl’s developed over its long history.”

(SOURCE: Mike Albo, *The New York Times*)

Walgreens Exotica

Sensing weakness within the department stores, Walgreens is making a bid to capture upscale cosmetics customers by introducing “seven skin-care lines from five countries... at nearly 1,000 of its stores.”

Walgreens says its goal is to increase the average number of items purchased per trip to four items from 3.3 items. The question is “whether shoppers will pay \$10 to \$60 for creams, scrubs and lotions, some of which are sold in upscale department stores and in Europe.”

Walgreens hopes it can change its shoppers’ behavior by offering up exotic alternatives that can’t be found anywhere else. For example, a brand called Red Water, from Greece, “uses thermal spring water from Pella, the birthplace of Alexander the Great, while Artdeco, the top-selling color-cosmetics brand in Germany, includes caviar and silk in its face creams.”

Part of the Walgreens plan involves promoting the relatively less expensive (\$20-\$25) items first to get shoppers hooked. Walgreens is also investing in training in-store “beauty advisors,” seen as critical to persuading time-strapped shoppers to try the new offerings.

Walgreens says it plans to introduce about 13 out of a total of 137 items “to nearly all its roughly 5,500 U.S. stores beginning this summer.”

(SOURCE: Amy Merrick, *The Wall Street Journal*)