
SOFT STRATEGIES, SEEKING INTANGIBLE CONCEPTS (CASE STUDY APPLE)

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Money is not interested in architects' names, but rather the profitability of their works.

Building projects are no longer based on aesthetic criteria, but on meeting users' or the market's needs. This maxim, evident in the case of the mall, extends to architecture as a whole. A project defined by its formalism will be displaced by a project defined by its strategy.

Thus, we no longer design buildings but strategies. Designing strategies means designing spaces and their relationships. These spaces may be real or not, but the connections between them will always be real. Architects must be able to enter fully into this world, which at times is built and other times is not. We no longer speak of new shapes or bubbles, creases or blobs, since strategies have no shapes; instead we speak of purposes and goals.

To test so much theory, we shall start by considering retail as the ideal place for analyzing strategies. As "living" spaces that need to be updated to sell, their cost effectiveness is frequently under review. They are also the departure point for tactics that spread out to encompass architecture in all its breadth.

WHO IS NUMBER ONE IN RETAIL? WHO SELLS THE MOST? APPLE STORE

Looking at the numbers, the record for revenue corresponds to Apple Stores, which managed to reach the magic number of one billion dollars in annual sales in its first three years.

"Apple's store were the fastest retail operation to ever reach \$1 billion in annual revenues, taking just three years to reach the mark, beating out the previous record-holder, clothing retailer The Gap." Apple Has A List Of 100 Potential Store Sites. *Ifoapplestore*, April 2004 accessed May 15, 2012, http://www.ifoapplestore.com/stores/risd_johnson.html

Designed on the basis of strategies, the first consideration for Apple Stores was what they would contribute, since their products were already being sold through authorized distributors and the Internet. If the only goal was to boost sales, the investment was too high. Changing the manner of selling was the order of the day. The idea was to make a store where everything could be touched, where everything was dynamic, where employees could lend customers a hand. To materialize the idea, Apple decided to hire a person capable of leading the change, so as to give him management powers.

The choice was Ron Johnson, an economist at Stanford University with an MBA from Harvard (1984). He had been working for 16 years as head of merchandising at Target, a large American chain of low-cost supermarkets. Johnson revolutionized Target by scrutinizing how Gap, a clothing manufacturer and retailer - the American Zara - had achieved growth.

In the 1970's and 1980's, most stores sold products manufactured by other companies. Gap did not decide to sell its own products in its own shops until the early 1990's. It could control the products and manage its stores to move the stocks that most interested it. Advance campaigns were mounted to create trends. It could see what worked and could counter-attack by lowering or jacking up the prices of the most popular articles. This speeded up turnover and drew people into its shops several times a month. There were always new products or that is what people were made to believe from the changing window displays and signs. Johnson saw an opportunity to apply some of these concepts at Target. It would produce its own brands, which it would sell in its stores at prices to suit every budget.

At a dinner, Johnson met architect and designer Michael Graves, who had designed a remarkable deluxe teakettle for Alessi with a \$135 price tag. Johnson asked Graves to design for Target. He convinced him by opening his eyes to the need to democratize design, to make something elegant to which "ordinary" people could have access. Graves agreed. Thus was born a new brand, Target products, recognizable by their design and value.

Graves designed more than 800 articles in five years. But he did not limit himself to that; instead he managed to extend the slogan of "economic design at a good price" to all the products Target sold. This boosted the company's brand equity and its bottom line. It would have been hard to achieve these results through an advertising campaign.

Graves: "People don't realize it's just as hard to make a cheap thing as it is to make an elite or expensive thing; in some cases it's harder. We're always fighting - in architecture or object making - budgets". Linda Tischler, "Target Practice" *Fast Company*, August 1, 2004, accessed May 15, 2012, http://vox.fastcompany.com/magazine/85/graves_qa.html

When Apple founder and CEO Steve Jobs hired Johnson, he wanted to re-implement the strategy: to think about ways of conveying the

message to consumers that Apple was a different, yet accessible product. Jobs was convinced that computer vendors did not put enough effort into explaining the virtues of their products. He would need to open his own stores to control that communication channel.

Apple developed a prototype store in a warehouse near its headquarters in Cupertino, California, where Johnson worked secretly for a year under the alias of John Bruce to avoid leaks to the competition. The slogan was “Shop Different” and the idea was to devise a new kind of store where people would undergo experiences, instead of buying, where visitors would feel at home and learn. He created the store’s image in accordance with Apple’s product design criteria: simple, intuitive and logical. It was to spark the interest of both new buyers and brand loyalists. In addition to displaying the brand’s new features and products, he would develop a forecast of things to come, without giving customers the impression of being in a shop. To the contrary, the feeling was to be like being in a public space like a library where people go and feel that it somehow belongs to them.

Johnson: “But the most important thing we set in our design criteria, is we wanted... (it to be) like a great library, which has natural light, and it feels like a gift to the community. In a perfect world, that’s what we want our stores to be.” Apple Has A List Of 100 Potential Store Sites. *Ifoapplestore*, April 2004 accessed May 15, 2012, http://www.ifoapplestore.com/stores/risd_johnson.html

When Apple thought about how to distribute the products on display for sale, it again turned to the concept of experience. Zones were created where people could try out digital solutions: how to check e-mail, how to retouch a picture or how to edit a film. The stores were divided into four parts: 25% of the space for products, usually located at the entrance, 25% for music and photos, 25% for accessories and the last 25% for the Genius Bar and movies.

The Genius Bar is another of Johnson’s inventions. In a world where everything is impersonal and doubts are resolved by operators from another city or even other countries, what better way to formulate computer questions than directly to an expert face to face and free of charge. The concept is like a bar where the clientele comes in for a bite to eat and the chance to chat with someone who will give them solutions to their problems. At first, Apple Stores gave away bottles of Evian water. But they stopped doing so six months afterwards because of excessive demand and the general ensuing chaos. Water and technology do not mix.

Apple wanted customers to consider its shop assistants more like friends and advisors than someone trying to sell something they do not need. Therefore, sales assistants receive no sales commissions. Long-term performance is sought, building trust to achieve customer loyalty. Apple had once again broken the rules of the market.

Proof that something like this works are the imitators it spawns. Everyone copied Portman’s lobby and several companies have adapted the Genius Bar concept to their own businesses. The Whole Foods supermarket chain has created the concept of an “Advice

Bar”, which offers customers shopping tips and possible recipes with seasonal products.

Jobs: “My stores would sell not merely products but also gratification. (...) When I bring something home to the kids, I want to get the smile. I don’t want the U.P.S. guy to get the smile”. Ken Clark. “Next Act for Apple: Stores.” *Chain Store Age Executive with Shopping Center Age*, July 2001.

Jobs understood that trust and satisfaction must be sold along with his products. And this is only possible through a post-sale service that works, is easily accessible to customers and lets them feel like they are part of a collective.

He also worked on setting up Apple Stores in the best locations. He began to question retailing principles. One law is that expensive goods, such as cars or computers, should be sold in stores far from city centers. The classic choice is a cheap site in the suburbs with plenty of parking. Market researchers believed consumers would not mind driving to acquire this special product.

A car or computer is not something one buys every day, however Johnson and Jobs took the opposite tack. Technology varies by the week, and if one wants to be up-to-date, at least once a month. In addition to providing computers with Internet access, the store would become a luxury cafe, where people would look over their e-mail on a big screen for free. This would secure customer loyalty. Apple decided to invest in shops located in places with the most people. Streets that sell fashion, close to the cities’ poles of attraction, such as museums and stations, and shopping centers to make it easier for passersby to drop in. Because no one will bother to drive 10 miles to look at a computer, but they will walk 10 feet.

Jobs: “They will never drive 10 miles to look at us, but they will walk 10 feet.” Steve Lohr. “Apple, a Success at Stores, Bets Big on Fifth Avenue” *The New York Times*, May 19, 2006.

The first Apple Store opened in Tysons Corner Center, Virginia in 2001. That same day, another store was inaugurated in the Glendale Gallery in the city of the same name in California. But the design of the third store, which opened in Pasadena, was definitive. In Johnson’s words, the atmosphere must be “inviting, approachable, forward-looking, warm, interactive and intelligent.”

In 2004, construction began on 100 stores, which used natural materials like stone for the floors, wooden tables and glass and steel for the windows and staircases. Yes, strange as it may sound, glass staircases. It took research and the development of patents to ensure their proper use, durability and fire resistance. In return, people were encouraged to use them, thus avoiding the consumer indecision that often leads, out of laziness, to dispense with a store’s top floor, so as not to wait for elevators. The glass staircase is something one wants to try out. It’s fragile. And to further reinforce the transparency and passage of light, there is a glass bridge around it, another one of the store’s tricks: controlling light to pre-

vent glare and ensure clarity on all the screens. And all without excesses. The Apple Store is functional, like its products.

By 2009, there were 263 stores all over the world and more are being opened all the time. In essence, they follow the same pattern with slight alterations. The strategy also continues to be refined, according to revenue data - ratios per square meter, squares of promotion, etc. - in each store. This supplies the company with valuable information that it uses to optimize the next location. It detects which shops sell the most in order to transfer the information to other countries, other markets.

Yet, sometimes the best strategy cannot be implemented because of the shortage of physical space. You may be the last to arrive and all the good corners in the mall may already be occupied or may not be accessible because your competitors pull strings to prevent your sales from continuing to rise. That's when a space needs to be created where none seems to exist.

That is what happened in New York in 2005. Apple wanted to open a store on 5th Avenue and nothing was available. The months went by and it seemed impossible to find premises in the Big Apple that could be a flagship for the company with the apple logo. Besides, Sony had opened its Sony Style store in the city a year before - a shop on the ground floor of its U.S. headquarters, no less than at the corner of Madison Avenue and 55th. Although the locale had a huge shop window, it received few visitors. It was slightly off 5th Avenue's tourist route. Customers had to go to the store on purpose; they would not just stumble across it. Moreover, Sony's concept lacked impact; it lacked an emotional bond. It sought to create a technology boutique, which in the words of Dennis Syracuse, senior vice president of Sony Retail, was understood as "a fashion boutique for women and children that incidentally happened to carry electronics instead of clothing" Randall Stross. "Apple's Lesson for Sony's Stores: Just Connect." *The New York Times*, May 27, 2007.

Since no premises turned up, Apple decided to invent one. It selected the choicest venue in the city, at the intersection of 5th Avenue and 59th Street, right at the spot where the Avenue widens to reach a corner of Central Park at the majestic entrance to the Plaza Hotel, where tourists climb into horse-drawn carriages to be cheated once again and where the FAO Schwarz toy store was located, occupying the best retail corner in the world, which it would never give up.

That is where Apple created its flagship store. On the other side of the Plaza Hotel is the General Motors building, which was built in 1968 with an underground plaza that was always considered a failure. Real estate agents in New York used to call it "The Well" when it was offered to an unwary prospective client. Some even dubbed it "The Pit" because it reeked of the void and no one dared occupy it.

Yet, who would have thought that this ugly duckling would become Apple's 147th store, its most prized. It was there, but hidden and inaccessible. No one had foreseen that by the grace of Apple, the

reviled locale would turn into a beautiful swan. The key was to make a 32-foot glass cube on each side. An empty cube, without frames, where the glass seemed to levitate. An entrance to the basement, with a round elevator, a staircase surrounding it and lots of light. It is the secret entrance to a world known only to initiates, an entrance that leads to a cave of technological treasures, where customers are assisted and heeded. And all right in the heart of Manhattan's Upper East Side.

The store is a success. People constantly come to this new city icon that resembles I. M. Pei's pyramid at the Louvre in Paris, although it lacks the seclusion of the Tuileries Gardens. By day it is so ethereal that it sometimes vanishes in the traffic of New York. At night, its twinkling lights and logo shine once more.

The case recalls Luckman's underground Penn Station. If he could see the store, he would surely insist that his Madison Square Garden works. Yet, he did not install glass staircases nor let in light nor lived in a world glued to a computer screen where people no longer seek the sun, but digital responses.

"The Apple stores are selling digital experiences, not products," said Ted Schadler, an analyst at Forrester Research. "Its stores can be seen as solutions boutiques." Steve Lohr. "Apple, a Success at Stores, Bets Big on Fifth Avenue" *The New York Times*, May 19, 2006.

Both Jobs and Johnson know strategies, and both use them in their projects. As a result, they are distancing themselves from Sullivan's functionality to delve into a new scenario: Function follows Strategy. And if strategy once meant erecting the most impressive and flamboyant building to demonstrate economic power - in the Seagram Building style - now companies seek intangible concepts, such as experience and entertainment, to strengthen their brand - in the Apple Store style. The intangible comes before the material. The digital comes before the physical.

Consultancy has reached architecture in the form of strategy.