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New vibes for a Sears store: Experiment in Gwinnett has retro theme

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The Atlanta Journal-Constitution

Published on: 01/27/07

It's not exactly a reincarnation of the Softer Side campaign, but still, there's a retro feel at the recently remodeled Sears at Gwinnett Place mall.

In fact, longtime Sears shoppers may feel like they've stumbled into a bit of a time warp there.

Outside, Sears has replaced its blocky storefront nameplate with a script logo from the 1940s. Inside, an Internet cafe pumps classic jazz into the air to go along with the vintage Coca-Cola products and dime-store candy.

Store manager Michael Hall is hard-pressed to put a new moniker on the theme in Gwinnett — the first of its kind in the Sears chain — but it's clearly an attempt to invoke some of the luster from the retailer's better days.

"One thing I really like about this store is that, with all the new things we're doing here, we're also trying to bring back the nostalgia," Hall said.

A prime vantage point for the old-meets-new angle is at the store's upstairs entrance, where a blue awning with the vintage Sears logo leads immediately to an eye-popping display of plasma TVs just inside the store.

"This used to be lawn mowers and kids' clothing," said Hall, motioning to what seems like hundreds of animated TV screens. "It's definitely a 'wow' if you're used to shopping at Sears."

That has been precisely the problem at the fading department store icon. Despite a constant stream of turnaround attempts over the years, Sears battles the overall perception that nothing much has changed at its aging mall stores.

Sears, which became a staple of American life when it began issuing catalogs in the 1890s, got left behind in the modern retail era as Wal-Mart, Home Depot and other big-box retailers ate away at its market share.

The Hoffman Estates, Ill.-based retail chain has tried to regain some ground through a variety of makeovers.

The 1980s brought the "Store of the Future," followed by the "Softer Side of Sears" marketing campaign a decade later.

Since then, Sears has experimented with everything from adding shopping carts to its mall stores to adding an entirely new line of stores that sold diapers and milk along with appliances.

Recent history has revolved around the blockbuster merger with bankrupt Kmart in 2004. Analysts have characterized the \$11 billion combination, which created the country's third-largest retail chain, largely as a play for real estate.

Under the eye of Sears Holdings Chairman Edward Lampert, a hedge fund operator who took the helm in the Kmart deal, the retail strategy at Sears seems to be in retreat, experts say.

Profit at Sears is up sharply — as is the stock price — following significant cost-cutting. But Lampert has also cut into Sears' marketing efforts, running fewer promotional events.

Same-store sales at Sears stores have continued to slide, dropping nearly 6 percent during the all-important holiday season in November and December. Still, that's a smaller drop than during the 2005 holiday season, when Sears turned in the worst showing of any major retailer with a 12 percent decline.

Lampert, who is said to run the company largely via BlackBerry and by phone from an office in Connecticut, has kept analysts guessing about his plans for Sears.

Something different

The recent remodeling at the Gwinnett Place Sears is a surprising departure from Lampert's no-frills game plan.

The 175,000-square-foot store was revamped from top to bottom to create an open, modern layout, noted Hall, the store manager.

"The store was full of walls that were stacked up with merchandise," he said. "We took down every wall we could and expanded most of the departments as a result."

A new self-serve shoe department is 40 percent bigger, Hall said, and Sears' popular tools section expanded by 25 percent.

Sears also added a 13,000-square-foot Lands' End boutique to show off the catalog apparel line that was acquired in 2002.

The biggest change, though, is in the look and feel of the store. In almost every department, designers have constructed life-size vignettes of various Sears products in action.

A makeshift living room in the electronics section, for example, lets shoppers kick back on easy chairs, prop up their feet on a coffee table and watch a DVD on a Philips big-screen TV.

"We play a different movie every day — they can watch the whole thing if they want," Hall notes. "We

don't want people to be in a hurry, we want them to hang out here."

In the new girls' apparel section, a "tween" bedroom sparkles with a pink and green glittery motif — and, naturally, another big-screen TV. Pop singer Pink beckons "Get the Party Started" in the background.

Sears has also spruced up its signage and customer check-outs, moving the registers to the exits and topping them off with a white-wood, arbor motif.

'Loyalty in retail is gone'

Hall, who was a manager at Kohl's before joining Sears 10 months ago to oversee the Gwinnett remodel, acknowledges it's going to take more than fresh paint and an updated decor to revive sales.

Although Sears is still a giant in appliances and tools, it is increasingly losing market share to Home Depot and Lowe's.

"It's a challenge to be all things to all people because the loyalty in retail is gone today," Hall said. "We've realized that it's not about hanging on and surviving, but how do we dominate. ... we're going to have to try some radical things."

A spokesman at Sears' corporate office described the Gwinnett store more as a laboratory than a prototype for the chain's 900-plus mall stores.

"One of our fiscal 2006 priorities was to improve customer experiences at all touch points, including online and in the store," said spokesman Christian Brathwaite. "I can't definitely say we'll replicate everything [at the Duluth store], but there are parts of that store that we'll learn from. ... Overall, we see ourselves as being a test-and-learn operation."

Retail consultants, however, wonder whether it's too late for Sears to pick up new tricks.

"I give them an A for effort, but the problem is that they are trying to overcome several decades of lethargy in the marketplace," said Bill Clarke, a former head of Ernst & Young's retail practice who's now a private consultant in Atlanta. "Sears ... is carrying a lot of baggage that will be hard to shake, regardless of how pretty or innovative they get with new concepts."

In addition, the upper ranks at Sears are in flux.

Sears announced Monday that Dan Laughlin, senior vice president of merchandising, is retiring in February. Last week, Chief Marketing Officer Joan Chow left Sears, as did Chief Financial Officer Craig Monaghan, who resigned after less than five months on the job.

Sears had one recent top-tier hire in John Walden, a Best Buy executive who was named to the new position of chief customer officer.

All in all, Sears' retail gyrations may not matter a bit to stockholders.

The per-share price of Sears Holdings stock, now trading at about \$175, has nearly quadrupled since Lampert entered the picture in 2004.

WHAT'S NEW AT SEARS?

The recently remodeled Sears at Gwinnett Place mall is a working laboratory for several new concepts as the retailer tries to revitalize sales. Here's a look at some of the biggest changes:

Flashback

Sears dusted off its 1940s-era logo for a retro feel.

Lands' End boutique

A 13,000-square-foot area shows off the outdoorsy catalog merchant that Sears acquired several years ago.

Internet cafe

Nine free Internet stations let customers surf while they shop, with sandwiches and sodas.

Open layout

Sears took down the walls and cleared out the clutter for a more airy atmosphere.

Checkouts

Sears moved the registers to the exits and topped them off with a garden arbor-style motif.

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