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Build-A-Bear Goes High Tech

By ELIZABETH OLSON

BUILD-A-BEAR WORKSHOP stores, a children's destination for more than a decade, are moving beyond stuff, fluff, dress and accessory formulas to increase the interactive choices that children have when they create a favorite bear or other furry creature.

Now that digital gadgets are a much bigger part of children's play, Build-A-Bear is opening new stores that aim to entertain digitally adept children with more interactive options to keep them coming back.

The company, which has sold nearly 110 million plush animals since it started in 1997, introduced its first revamped store this week, in St. Louis, and plans to open more such concept stores nationwide.

"We wanted it to be more of an experience," said Maxine Clark, the founder and chief executive of Build-A-Bear, which has 296 stores in the United States, Canada and Puerto Rico, but has had losses in two of the last three years as the tight economy and electronic games have buffeted the toy market.

"Smartphones and tablets have changed the way children play, so we wanted the stores to stay fun and relevant," she said.

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The bright yellow stores in shopping malls gained popularity as a hands-on space for children to choose a plush bear, bunny or other animal to make their own, dressing it and giving it a personality and name.

The retailer is introducing its new technology-enhanced stores with radio and digital ads, print ads in local newspapers and television commercials. It will broaden its branding efforts to five additional markets where new stores will open starting in October, then nationwide and internationally, where it has stores in Britain and Ireland as well as franchise stores in other countries.

“We had a period of product advertising, but now we are back emphasizing our brand,” said Ms. Clark.

The company, which had a \$17 million loss last year on \$394 million in revenue, did not disclose the current campaign’s advertising budget. Build-A-Bear Workshop spent nearly \$7.8 million on advertising last year, and \$2.7 million in the first six months of 2012, according to Kantar Media, a WPP unit.

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Its new strategy is the first overhaul of Build-A-Bear stores since they were begun by Ms. Clark, who worked at the former May Department Stores and then as president of Payless ShoeSource, the discount footwear retailer that May acquired then later spun off.

In her 2006 book, “The Bear Necessities of Business,” Ms. Clark describes how a shopping trip with a young friend to buy collectible stuffed animals gave her the idea to start a business where children could create their own huggable characters.

The retailer’s core customer, Ms. Clark said, is an 8-year-old girl. The average customer visits two to three times a year to create a customized animal, or to buy outfits.

But with children engaging in more virtual play, Ms. Clark said she began thinking, “How can we unlock a new experience each time a customer comes?”

Two years ago, the retailer began testing ideas, working with the Adrienne Weiss Corporation, a Chicago advertising agency that was part of the original brand development, to reinvent the store design.

“When the stores first opened, play patterns were fairly traditional,” said Dave Finnegan, Build-A-Bear’s chief information officer. “So we reached out to kids and parents to articulate some ideas,” and enlisted cub advisers — children from 6 to 12 years old from the St. Louis area — to test the technology, design, layout and experience. Build-A-Bear is based in St. Louis.

“What we came up with,” said Mr. Finnegan, “is half retail and half theme park.”

Working with Microsoft Kinect movement technology, the new stores have a large screen at the front so customers can play games by waving their hands in front of it. Customers can visit eight new technology stations intended to increase hands-on engagement.

Starting next month, 15- and 30-second commercials will be shown nationwide that promote the new choices. A separate 30-second commercial has been tailored for markets in California, Indiana, Maryland, Michigan and Virginia, where new stores are opening.

A one-minute video is being posted Thursday on buildabear.com offering a virtual tour of new features like the new “love me” touch screen where a child can choose a heart for his or her stuffed animal. Other new options include a customized sound chip and scents like chocolate chip or cotton candy that can be embedded in the stuffed animal.

The animal can also be dressed in numerous outfits tailored to boys and girls. In addition to a name, the animal gets a birth certificate and a bar code that allows a lost animal to be tracked and returned. That happens about 500 times a year, the company said.

The new stores will offer a separate section for boys, who make up about 30 percent of customers.

Build-A-Bear is keeping the same pricing, between \$10 and \$30 for a stuffed animal, and will include some new features in existing stores. At first glance, the revamped stores — which are painted in bold primary colors — look very similar to the existing ones, Ms. Clark said. “Kids see our stores and run up to them,” she said. “We didn’t want to change that.”