

■ Our quarterly report takes a look back at Houston's economy in the second quarter in charts and graphs. The experts tell us what may be ahead.

## RETAIL

# Staples strives to stand out



**HELP YOURSELF:** Jill Florence, a diagnostician with the Cypress-Fairbanks Independent School District, shops for small office supplies at the Jersey Village Staples. The chain has opened three locations in the Houston area this year.

CRAIG H. HARTLEY PHOTOS FOR THE CHRONICLE



**EXPERIENTIAL SHOPPING:** Staples' Post-It Brand Shop display features 105 products and a "try me" section.

## Office supply chain relatively new to area

By DAVID KAPLAN  
HOUSTON CHRONICLE

**I**s it possible to get excited about paper clips?

Staples thinks so.

The company has made the paper-clip-buying experience more interactive by offering many designer options and allowing customers to scoop up the amount they want, like buying beans or nuts from grocery bins.

The attempt at giving shoppers a memorable visit doesn't end at the paper-clip bin. The company's huge new Post-It Brand Shop display features 105 products and a "try me" section.

And if you want to give a stapler a whirl before you buy it, you can.

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**A STORE TO EXPLORE:** Matt L. Pickelsimer, general manager of the Staples store on the Northwest Freeway, promotes an interactive shopping experience.

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## STAPLES: Rivals also are adjusting their strategies

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Some people might consider office supplies to be an unexciting area of retail and an unlikely segment in which to offer experiential shopping, said Dan Wegiel, Staples' vice president of merchandising.

"But if we can get the customer to have a more positive and memorable shopping experience, it will differentiate us," he said.

### Hard to tell apart?

Staples' competitors include Office Depot and OfficeMax, and some consumers have a hard time telling them apart, Wegiel said.

"In our survey data," he noted, "we found that when people walk into our store and we ask them what store they're in, some say, 'We don't know,'" Wegiel said, "and that obviously bothers us."

Staples tested these new concepts in 30 stores last fall and by last month rolled them out chainwide. It plans to make wider use of the interactive approach with other products, Wegiel said.

The chain is relatively new to the Houston market. Its first location, in the Alameda-Genoa area, opened in March. Champion and Jersey Village stores opened about a month ago.

Staples' rivals are also making moves.

OfficeMax has introduced a more modern look with softer lighting and brighter colors, along with an OfficeMax Cafe, which serves coffee and free Wi-Fi at 175 of its 900 stores including, locations in Rosenberg and Magnolia.

Office Depot is in the process of remodeling its stores

with a new retail format to eliminate the warehouse feel. It's a sleeker look with lower sight lines and products grouped in pods, said company spokesman Jason Shockley.

All three office supply chains offer printing services.

### Inspiring the shopper

Creating experiences for shoppers is a big trend in retail.

"Retailers are shifting their perspective from what's most efficient for the retailer to what inspires the shopper. It's a transformative time in retailing," said Kit Yarrow, professor of business and psychology at Golden Gate University in San Francisco.

"While people are interacting with products and encountering small moments of delight, those feelings rub off onto the retailer and are stored in their memory as worth repeating," she said. "They're developing a lasting, emotional impression of a brand they want to be part of."

Today's younger consumers in particular have a higher threshold for stimulation and "it takes a lot to get that motor started," Yarrow said. "They're also more visual and prefer to learn by exploring rather than by being told or by reading."

Apple is the star of the experiential category, Yarrow said.

And Staples is a star among office supply chains, "the gold standard of the sector — the strongest player in the category," said Howard Davidowitz, chairman of Davidowitz & Associates, a national retail consulting and investment banking firm in New York City.

The chain does more online

sales than any other brick-and-mortar retailer in the U.S., Davidowitz said. This year it will do about \$6.5 billion in online sales, outperforming Dell, he noted. "In the U.S., they're faced with the recession like everybody else, but they're growing strong internationally," Davidowitz said.

Staples has a market cap value of about \$16 billion, compared with Office Depot's \$1.7 billion and OfficeMax's \$1 billion. Last year, Staples posted revenue of \$19.4 billion, up from \$18.2 billion in 2006.

### Pretty paperwork

Jill Florence, a diagnostician with the Cypress-Fairbanks Independent School District, was in the Jersey Village Staples for the first time.

"I love office supplies," she noted. "I'm always looking for new stuff for my teachers — goodie bags at the beginning of the year."

From the mix-and-match display of paper and binder clips, Florence bought a small bucket's worth. And from the Post-It note display, she purchased a pad with a Fleur d' Lis design.

The small bucket of "scoop up your own" designer paper clips, binder clips and thumb tacks is \$5.99 and a large bucket is \$9.99. The designer paper clips in bins are not for sale in boxes, and boxed standard paper clips are not available in the bins.

"I'm always asking teachers to fill out a lot of paperwork. The least I can do is put a pretty little something on it," she said.

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