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## Borders hopes tech-heavy concept will boost sales

Jennifer Youssef / The Detroit News

**ANN ARBOR** -- Borders Group Inc. opened the next chapter in its aggressive turnaround plan on Wednesday, unveiling an ultra-high-tech concept bookstore that will be duplicated in 13 other U.S. cities this year.

The 28,900-square-foot bookstore in Ann Arbor incorporates digital technology with its traditional selections of books, music and movies.

"We want to create a store that's more than just a seller of books, CDs and DVDs," CEO George Jones said Wednesday during a media preview tour of the prototype store.

The Ann Arbor-based bookseller also plans to launch its improved Web site -- [www.bordersstores.com](http://www.bordersstores.com) -- in a couple of months, after severing an agreement with Amazon.com for online book sales.

Rejuvenating its retail stores and establishing a bigger online presence are part of the company's turnaround plan announced last March -- an overhaul designed to make Borders more competitive in a marketplace that had decidedly shifted to online and return the bookseller to profitability. The plan also includes closing about half of its Waldenbooks stores, selling some of its overseas units and publishing exclusive books by celebrities and others under the Borders name.

The concept store, 18 months in the making, opens to the public today. The company's existing stores eventually will be renovated to incorporate some of the prototype store's ideas. The store features a newly designed interior with special emphasis on certain categories such as travel, wellness, cooking and children's books -- all equipped with informational kiosks and flat-screen televisions showing videos of popular topics in each category.

A new feature is the "digital center," where customers have access to several computer stations to burn CDs, download to their MP3 players and explore the digital world. The centers will be staffed with trained personnel to help customers who are not tech-savvy learn how to use the programs such as Shutterfly, the online photo processing service.

Customers who are familiar with the online services and programs are welcome to work on their personal projects at the store, said Kevin Ertell, vice president of e-business for Borders. Borders understands the Internet and digital world are increasingly becoming part of people's everyday lives and it wants to be part of that world, he said. The growing number of customers flocking to the Internet to buy books and use services on the Web inspired the concept store.

"We're about knowledge and entertainment, not just books and CDs and DVDs," Ertell said. "We're here for knowledge and entertainment, no matter what the format."

Digital devices such as cameras, iPod speaker docks, the Reader Digital Book and MP3 players are sold at the center, as well as starter kits for Internet services like Shutterfly and Ancestry.com.

**Going high-tech 'is a must'**

Filling the new stores with high-tech products and services is necessary to attract younger shoppers used to buying things on the Internet, said Farmington Hills retail analyst Ken Dalto of Kenneth J. Dalto and Associates. Without it, younger shoppers who are accustomed to buying things on the Internet will not patronize the store, he said.

"This is a must for Borders," he said. "They are trying to reach out to the younger generation with the (high-tech) products and being on the Internet. They need the youth market."

The strategy will help boost sales, Dalto added, but Borders has to move quickly to renovate all its stores to keep customers interested.

Jones, who joined the company as CEO in July 2006, said all the stores will be revamped in the next two to three years. He acknowledged the state's lingering recession and the looming national recession, but he said the economy was not a threat to sales. He pointed out that holiday sales increased 2.4 percent.

He would not disclose the cost of the new store or how much the company plans to invest in renovations of existing stores.

The next few stores will be open in the next two to three months. Changes to the design will evolve as the company sees what works and what doesn't work, Jones said.

Borders -- the second-largest U.S. bookseller, behind Barnes & Noble Inc. -- has 16 bookstores in Michigan and 520 stores nationwide.

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