

## Retail Intervention

**Builders take a new approach to design centers.**

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SHOPPERS AT CLAY TERRACE, AN upscale mall in Carmel, Ind., can find a high-quality suit or pair of shoes, eat dinner at a great restaurant, shop for plasma screen TVs or sign up for a new cellular plan. Starting this month, on their way to Ann Taylor Loft or Circuit City, they're likely to see some interesting activity at The Estridge Home Experience. It might be a trunk show from a home décor manufacturer, a chef doing a cooking demonstration, a painter swirling a faux finish on a wall, or a local TV personality taping a home-improvement show. If shoppers stop in, they might find the accent pillows they wanted for their living room sofa or the perfect lamp for the den.

*This is a design center?*

Well, yes and no. To be sure, customers of Carmel-based The Estridge Cos. come to the Home Experience to meet with a designer and select their options and upgrades. But the center also is a central part of the builder's marketing plan.

“Most builders will put design centers in industrial parks and look at their customers as people who have bought their homes,” says Paul Estridge, president of The Estridge Cos., which builds homes under five different names for markets ranging from value-conscious, entry-level buyers to multimillion-dollar luxury buyers. “We wanted to locate our design studio in the midst of a very high-end lifestyle shopping mall. ... I think a lot of people will have their first experience with us here instead of at a construction trailer 14 miles out in the suburbs. We're coming to where they live.”

Estridge is also making a statement about his own brand by positioning it near respected home décor retailers such as Z Gallerie.

“We're locating our home design studio amongst those other incredibly great national names, so we get bounce off those,” Estridge says.



**HANGOUT:** An inviting outdoor seating area gives shoppers a place to relax outside The Estridge Home Experience in an upscale mall in Carmel, Ind.

He's not alone. Builders across the country are starting to view design centers in a radically different way. Once relegated to a garage or fourth bedroom in a model home or in a nondescript space in an office park, the next generation of design centers has the look and feel of a high-end store. They're open in the evenings and on weekends, not only for customers with signed contracts to select their carpet and cabinets but also for those who just want to check out the latest products and get some decorating ideas.



**FAMILIAR FEEL:** The Estridge Home Experience offers the public the opportunity to see the latest in home décor trends, learn about Estridge communities, observe the options and upgrades process, and buy something wonderful for their home—all in the comfortable, convenient surroundings of a retail store at their favorite mall.

It's a change that has to happen, says Linda Kirby, creative director of Masco Design Solutions, which works with builders to design and build their design centers. Customer demand and competition from big-box home improvement retailers such as The Home Depot and Lowe's are driving the shift. Customers are used to walking into a brightly lit showroom with wide aisles, attractive displays (no carpet samples stacked on the floor), competitive prices, and convenient hours.

“Builders don't realize how much of their profits go down the street,” says Kirby, whose company helped Estridge create his new center.

Plus, builders are finding that traditional advertising is losing its impact, says Jaimi Julian Thompson, president of Artisan Design Group in San Diego and a design center consultant to home builders. It's not possible to make a simple, high-impact statement to consumers through newspapers, radio, and television, she says.

Design centers in retail locations get their attention in a unique, visual way.

“Someone flipping through the newspaper might not go to the new-home section,” she says. “But someone walking the mall might want to see what new-home builders are doing.”

### One Locale, Many Functions

Most builders spending money for highly visible design center locations are taking advantage of the space, making it work for a wide range of activities, including mortgage and corporate offices, training rooms, and, most often, a sales information center.

Thompson's own studio, located in the Gaslamp Quarter of downtown San Diego, offers design services from American Society of Interior Designers—credentialed designers to builders and the general public—and sells home décor items, furniture, and artwork, and hosts the sales center for Smart Corner, a nearby condominium development.



**HEAD TURNER:** Veridian Homes in

“They all feed each other, really,” Thompson says. “Someone might come in to buy a sofa and find out we're doing Smart Corner, go out and sign up to get a condo. There's a lot of synergy.”

Estridge envisions his design center as a venue for his manufacturer partners to roll out products to the market. He also plans to use the center as a home-finding center for buyers working with Realtors. They'll be able to take a virtual reality tour of all the builder's neighborhoods, get a tour of the design studio, and take home a small gift from the retail store.

**Madison, Wis., took over a former furniture showroom next to a heavily traveled freeway to build its new design center. The center is a central element of the home builder's marketing plan; nearly 10 percent of its closings come from individuals whose first contact with the builder is at its design center.**



Toll Brothers currently is building a new, 12,000-square-foot design center in the highly visible Menlo Park Mall in Edison, N.J. Not only will the center serve its 1,000-plus home buyers a year, it will also include an information center with interactive kiosks on Toll Brothers communities throughout the region.

“With the amount of mall traffic, we'll have all these people coming in,” says Rick Hartman, senior vice president at Toll Brothers. “When we first looked at the site, we hated to tell people, ‘We have nothing to offer you.’”

**MARKETING TOOL: Builder David Weekly thought it made no sense to stick a design center in an office park when it could be such a valuable part of a marketing program. In several of his markets, the design centers are co-located with a new-home information center, a model park, and the “build on your own lot” offices at high-traffic locations. Having it open to the public lets prospective buyers see how easy it is to personalize their home.**

Houston-based builder David Weekley Homes opened its first retail-focused design center in 1997 in its New Home Center, a combination of four businesses located next to a major freeway. The design center is joined by its sales information center, Weekley's “build on your own lot” division, its city offices, and a group of model homes. He included the design center in the mix, he says, after visiting centers that were “stuck back in an office.”

“I thought it was crazy not to use it as a marketing tool,” he says.

It draws traffic both from New Home Center visitors and from community sales centers; salespeople often refer prospective buyers to the design center to showcase the company's ability to personalize a home.

“It could be a closing tool,” Weekley says. “It shows you tangibly that you can have the home of your dreams. Once they understand they can have it their way in the design center, it's a lasting impression. We've had some home buyers who visited the design center three years ago and bought a house last week.”

### Planning For “Wow”

The one concept that comes up consistently when builders talk about retail-style design centers is the “wow” factor. The general consensus is if you're going to make the investment in a high-traffic retail space, the center has to have the look and feel of a high-end department store or

boutique.

Davis Homes, an Indianapolis builder that did 1,023 closings in 2004, is opening a new design center with 7,800 square feet of showroom space in a shopping mall this spring. Having outgrown its current design center, the builder chose a location in an upscale shopping mall near a freeway.

“We specifically wanted a place with foot traffic,” says David Allen, vice president of purchasing and estimating for Davis Homes. “It’s very much a retail environment. We want to give customers the ‘wow’ experience. We want to plant a vision that they can stay with us for life.”

The reception area will feature community literature and interactive kiosks; the first kitchen display will be functional for demonstrations, and monitors throughout the center will let parents watch their children in a playroom that looks like a miniature house.



Veridian Homes in Madison, Wis., took over a former furniture showroom fronting an interstate when it redid its design center in 2003. Visible to thousands of drivers per day, the center features a dramatic two-story glass front that virtually glows at night.

Veridian promotes the design center's browsing hours in all its marketing materials; in addition to Veridian's approximately 600 home buyers each year, more than 3,000 people visited the design center in 2004. As a result, the company reports that nearly 13 percent of all new traffic and almost 10 percent of its closings come from people whose first contact was in the design center. Plus, revenues from upgrades are up 30 percent.



**MULTI-TASKING:** Revitalization in downtown San Diego convinced Artisan Design Group to open its doors in the fashionable Gaslamp Quarter. The design firm works with customers from several builders to select options and upgrades, provide design services to the public, sell furniture, art, and home décor, and host the sales center for a nearby condo project.

“We have tags in our commercials that say ‘Stop by the design studio’ so they start dreaming up their new home,” says Dan Gorski, vice president of estimating, purchasing, and design for Veridian Homes. “It’s extremely inspiring.”

The Estridge studio will include 2,000 square feet of retail space and about 6,500 square feet of design center space.

“We want it to become a destination for people wanting to experience new things with their homes, whether it’s the latest appliances by KitchenAid, outdoor cooking, indoor décor, or music and art,” Estridge says. “I want to become the builder of choice. I have a permanent presence in the place where they shop and live every day. Hopefully, we’ll be first in their minds.”

### Public Access

Many builders are skeptical of the idea of the general public walking through design centers, thumbing through samples while buyers are picking out their upgrades. It runs counter to the

traditional design center experience of customers working with a designer on an appointment basis. The one-on-one time set aside just for them is considered an exclusive benefit of having purchased a new home.

Plus, staffing levels normally are set to meet a builder's sales volume, not a browsing public with lots of questions about fabrics, colors, and design trends.

Toll Brothers' Hartman says he would be reluctant to have the public in the design studio. Mall visitors will have access to the information center and will be able to see the design center staff working with customers through a glass wall, but that's it.

"It's enough right now to handle the thousand-plus buyers we have," he says. "One of the reasons we did this was to give people more of our time and expertise on what they want in their home."

Still, Hartman is willing to consider making cooking demonstrations open to the public and having escorted tours through the design center.

"If we have enough people and it's not disruptive, we'll change," he says. "Nothing is chiseled in stone. This is all new for us."

David Weekley Homes had the same impression when it first opened its Texas design center to the public in 1997. The center is open seven days a week—9 a.m. to 7 p.m., Monday through Saturday and noon to 6 p.m. on Sunday. While only customers with signed contracts can make purchases, anyone can come into the center to view the available options and get design ideas. Visitors receive a brochure for a self-guided tour.

"It's worked out okay," Weekley says. "People are walking through and seeing people making their selections. It's kind of a testimonial right there. ... It's a beautiful place, and it's positive. If they tell their neighbors they should go see it, I think we win. The designers originally were real nervous about it—that's all past tense. If you think of anyone coming in as a potential customer, it changes your viewpoint."

Davis Homes' new center will be open for browsing during daily operating hours. No additional staff is planned; do-it-yourself signage will help browsers navigate through the center.

At Estridge Home Experience, entry to the design center will require registration and an access card. Once inside, customers are free to go where they want.

"I don't see a problem," Estridge says. "People wander through stores while people are picking out fabrics for their couches."

**Project:** The Estridge Home Experience; Carmel, Ind.; **Builder:** The Estridge Cos., Carmel; **Designer:** Masco Design Solutions, Carmel; **Size:** 8,500 square feet (2,000 square feet of retail space; 6,500 square feet for design center)

**Project:** Veridian Homes Design Studio, Madison, Wis.; **Builder:** Veridian Homes, Madison; **Designer:** Masco Design Solutions, Carmel, Ind., with consultation from Devenish Associates, Madison; **Size:** 3,800 square feet

**Project:** Design Center, Houston; **Builder:** David Weekley Homes, Houston; **Designer:** Kimberly Castro, design manager, David Weekley Homes, Houston; **Size:** 3,000 square feet

**Project:** Artisan Design Group Showroom, San Diego; **Designer:** Artisan Design Group, San Diego; **Size:** 3,700 square feet (2,200 square feet for showroom; 1,500 sublet to sales center)