

BREAKING THE NORM

Digital merchants that are taking traditional retail to school **by FIONA SOLTES**

Be disruptive in class, and you might end up in the principal's office. Be disruptive in retail, and you just might become the teacher. Today's lessons come via our favorite retail "disruptors" — those who have so pushed the boundaries of tradition that they'll likely impact the industry as a whole. Offering a top 10, however, would be too predictable. So here are 11. Time to take notes.

Sponsored by

TOSHIBA
Leading Innovation >>>

BEAUTYCOUNTER

www.beautycounter.com

Beautycounter offers products for hair and skin that go well beyond the avoidance of parabens and sulfates. According to Beautycounter, there are only 11 ingredients banned in the United States, but more than 1,300 in the European Union. The company starts there and adds more of its own to the "never" list. It promises an ingredient selection process that's the "strictest in the industry," with more than 1,500 chemicals not allowed.

But it also offers sophistication and a high-fashion feel. Customers can shop at the website or through a "social," an opportunity to sample products in person with other guests under the guidance of a consultant, akin to Mary Kay or Arbonne.

CEO Gregg Renfrew, who started the company in early 2013 with Rue La La Founder Ben Fischman, former Toms executive Candice Kislack and others, invites customers to help the company "put truth back in beauty." Creams, balms, washes,

lotions, oils and other items set a new standard by merging the natural and luxury markets. In addition, the "know everything" tab on the website offers lifestyle content from trends to recipes, plus profiles of consultants (who make up to 35 percent commission on items sold).

NOVOSBED

www.novosbed.com

Shoe and apparel retailer Zappos helped change the way many consumers thought about returning items bought online with its liberal shipping policies. Both ways free? No problem.



But is there a difference in free delivery for shoes versus free delivery for a mattress?

Novosbed doesn't think so. The e-commerce retailer/manufacturer aims to offer high-quality, American-made memory foam mattresses at half the price of competitors, vowing to provide the "best customer service in the industry" along the way. That means if you don't like it, the company will send someone to your home to pick it up within 120 days of purchase, with no restocking fees. (Returned mattresses are donated to charities rather than resold.)

Without a store, marketing team or sales force, the company can keep costs low — and pass those savings on to customers. But here's the secret in the sauce: Consumers must sleep on the mattresses for a minimum of 60 nights for a full refund, allowing time to adapt and reducing the likelihood of a return.

Much of the mattress industry has jumped on the "replace it every eight years" bandwagon. But with a 25-year guarantee, Novosbed is setting an entirely different expectation.

FARFETCH

www.farfetch.com

It truly is the world of designer fashion, right at consumers' fingertips. Farfetch offers a luxury marketplace with items from more than 300 boutiques. What makes it stand out, however, is that Farfetch doesn't hold inventory; instead,





it runs the e-commerce operations of its partner boutiques.

Founded in 2008, Farfetch has offices in London, New York, Los Angeles, São Paulo, Brazil, and Porto, Portugal. It also has a stable of “well-dressed and well-connected” online brand ambassadors, plus editorial content with an international viewpoint and lavish photography.

No matter where the boutique, delivery to the United States typically takes two to four days, and the currency displayed at checkout is matched to consumer location. There’s also a free collection service for returns within five days, reducing the risk for customers. So why not a \$3,254 Cushnie Et Ochs pearl contour gown from Le Mill in Mumbai, Givenchy star-shaped cufflinks (\$303) from Gente Roma in Italy or even Giambattista Valli jacquard leopard jogging trousers (\$985) from Capitol in Charlotte, N.C.?

Expect to hear more from Farfetch soon; the company recently raised \$66 million in funding, led by private equity firm Vitruvian Partners, to support omnichannel strategy in addition to growth stateside and in Brazil and Asia. Existing investors include Condé Nast International and Advent Ventures.

PLATED, HELLOFRESH AND BLUE APRON

www.plated.com

www.hellofresh.com

www.blueapron.com

Dreading a trip to the supermarket? How unnecessary. Several companies are more than willing to shop for you, delivering recipes and all the ingredients right to your door.

With Plated, consumers have the ability to choose gourmet chef-designed menus; new “land,” “sea” and “veggie” options appear each week. The emphasis is on fresh ingredients and unique recipes, but Plated also has a waste-free mission. It starts with “perfectly portioned” ingredients (no need to buy an entire container for just a teaspoon), and continues with the use of 100 percent recyclable and biodegradable de-

livery boxes, as well as the donation of unused ingredients to area food banks. Meals from Plated are \$12 per person, with monthly and annual memberships available.

HelloFresh is a subscription-based service that allows consumers to sign up for weekly deliveries (with the ability to skip as needed). Classic and veggie boxes are offered, and each one includes recipes for three meals and the ingredients needed to serve two to four people. Classic box subscriptions start at \$69 per week for two people; vegetarian subscriptions start at \$59 per week for two people.

As for Blue Apron, meals are specifically designed to be between 500 and 700 calories per serving. The focus here is on seasonal foods, sustainable practices and “specialty ingredients you can’t find on your own.” A socca chickpea flatbread recipe, for example, calls for chickpea flour and dandelion greens. Recipe directions are listed at the site, and meals start at \$9.99 per person, with choice of delivery day.

All three sites say the recipes should be completed in 35 minutes or less — significantly faster than that trip to the corner store.

QUIRKY

www.quirky.com

Quirky allows creative types to submit their own ideas for products, vote on the concepts of others, earn cash while influencing the design of those that make the cut and purchase the items once they’re complete.

What kind of “items” are we talking about? Recent best sellers include a mesh-bottom beach bag, a flexible power strip, a four-in-one wine opener and magnetic bottle opener set, a nonstick baking pan with its own “tasting cup” and a multifunction barbecue tool.

The site, which receives thousands of new ideas each week, speaks loudly to today’s collaborative consumer, one who wants to feel

Sponsored by **TOSHIBA**
Leading Innovation >>>



valued and part of the process. It also allows great ideas to quickly rise to market in a way that wouldn't have been possible all that long ago.



Items being considered undergo a final vote during weekly gatherings at the company's New York headquarters. Quirky takes care of marketing, manufacturing, patents and other aspects of production; once a product makes it to a retail shelf — more than 100 have so far, the fastest one taking less than a month from inception — 10 percent of proceeds goes back to the inventor and online influencers.

BAG BORROW OR STEAL
www.bagborroworsteal.com

The next time you enjoy a shared economy experience with a company like Uber or Airbnb, tip a hat to Bag Borrow or Steal. This pioneer in the “collaborative consumption” movement, which dates to 2004, allows members to lease luxury accessories in one-month increments; those members also can purchase items in new, pristine, pre-loved and vintage condition. Bag Borrow or Steal closes the circle by purchasing accessories, buying outright or consigning.

The company briefly changed its name to Avelle, believing it had outgrown its moniker. But CEO Russ Blain said that customers kept calling it Bag Borrow or Steal anyway, so it changed back.



Just how forward-thinking was this idea of leasing items from the likes of Chanel, Gucci, Prada and Dior? Ten years ago, e-commerce sales were only 2 percent of total retail sales, according to the U.S. Census Bureau. Consumers were still getting used to the idea of buying online — much less borrowing. (Consider that 2003 was the first year Amazon turned a full-year profit.) In the first quarter of 2014, e-commerce represented 6.2 percent of retail sales.

Luxury e-commerce has only really taken off in the last handful of years. But Bag Borrow or Steal has quietly been delivering handbags, shoes, sunglasses and other items all the while.

EVERLANE
www.everlane.com

For any consumer who's ever wondered exactly what it costs to make luxury apparel, the Everlane website offers a peek. The e-commerce apparel and accessories company offers unprecedented transparency for materials, labor and transportation — silently challenging any other brand's markup.

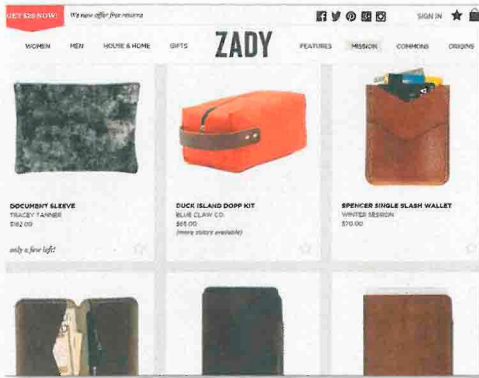
Founded in 2010, Everlane was named one of *New York Magazine's* “boom brands” of 2013 — and for good reason. It sets new standards for quality basics at close to “true cost” prices. “We believe customers have the right to know what their products cost to make,” the website declares. On one page, that's followed by a diagram of costs for an Everlane U-neck tee: \$3.97 for materials; \$3.50 for labor; and 11 cents for transportation, coming to a total near \$8. Everlane's price? \$15, listed right next to \$45 listed for traditional retail.

The site is also transparent about its manufacturing processes and its factories — the same ones that produce luxury goods for other retailers. A leather coin purse, for example (\$30; traditional retail \$75; true cost \$16) comes from a factory in Ubrique, Spain, a town that's been famous for its leather industry since the 17th century. Everlane's website gives the back story: “Founded in 1960, this factory works almost exclusively with top fashion houses. Of their roughly 25 employees, nearly all have been there for over 15 years.”



ZADY
www.zady.com

Turned off by our disposable culture? E-commerce retailer Zady replaces fast fashion with deliberate sustainability, offering timeless style, handmade goods and local sourcing. But Zady — from a Yiddish word that translates to “caretaker” and the Arabic meaning of “prosperous” — does more than sell products. It also partners with The Bootstrap Project to provide funds for artisans launching micro-businesses in developing nations with every sale. In doing so, traditions will not be lost.



The site, which includes apparel and items for the home, has an interactive map that transparently shows locations of sourcing, manufacturing and point of sale. It also tells the tale behind each item, creating an emotional connection between

the consumer and, say, the Cuisse de Grenoble board shorts (\$105) created by brothers Lucas and Séverin Bonnichon, who grew up in Paris “with a shared passion for surfing, cinema, and fashion.”

Zady extends ethical consumption to the online space, creating conversation-starting pieces every bit as intriguing as those treasured items found while visiting some far-flung, hidden-away boutique. One other point of pride: Though the site features international offerings, it still highlights American-made goods.

KEEP

www.Keep.com

We’ve all been there: You click on an item someone else has tagged in social media, wanting to purchase it for yourself, but it’s no longer available. Keep — which *The Huffington Post* deemed perhaps “the only fashion app worth getting” in March — aims to soothe the pain.

Rather than a retail site, it’s a discovery site/free app that encourages users to set up profiles, follow influencers and compile and purchase from literally anywhere on the web. One click takes users right to the point of purchase from the retailer. Retailers, in turn, are welcome to share their merchandise with the Keep community — as well as encouraged to embed Keep buttons directly into store pages.

Items posted at the website — by retailers or members of the Keep community — each have their own “Like,” “Keep” or “Buy” options, the Keep one akin to a bookmark. Community members are encouraged to create their own wishlists and idea pages, and guest stylists contribute their own. A recent stylist, for example, offered a weekend getaway collection that included a beauty elixir from Caudalie, a Swarovski bracelet

from J.Crew and Birkenstock sandals from Nordstrom — all available for purchase in one very pretty place.

THE LEGASPI COMPANY

www.thelegaspi.com

This last company is decidedly bricks-and-mortar, but it’s doing something pretty impressive. Where some see decline, commercial real estate broker/developer Legaspi Company sees opportunity. Keeping an eye on demographic trends, the California-based firm has turned empty malls into Hispanic hubs, with bilingual offerings like grocery stores, clothes, entertainment, dental care, medical care, banking and more. Fast Company featured Legaspi as one



of its most innovative companies of 2014, noting that it had revitalized 10 failing properties through the effort — and bought a 30 percent increase in income and foot traffic.

The key here is fully understanding the target market — and demonstrating that fact through the little touches. That means men’s boots come in sizes that better fit the typically smaller Hispanic foot; holidays like the Day of the Virgin of Guadalupe are celebrated; and shops feature dresses for the traditional coming-of-age quinceañera and corn husks for tamales.

But there’s also an understanding that the Hispanic family unit tends to be multigenerational — and shop together. That translates into seating areas where older relatives can rest, converse and watch TV. Shopping malls used to be a place for community; thanks to the vision of company president José de Jesús Legaspi, that designation has returned. **STORES**

Fiona Soltes, a freelancer based near Nashville, Tenn., loves a good bargain almost as much as she loves a good story.

Buy Now, or Keep for Later

