Best Buy stores to feature Samsung kiosks

The Associated Press

Shares of Best Buy jumped on Thursday after it announced plans to create store-within-store kiosks for Samsung products — a vote of confidence from a major consumer electronics retailer that the brick-and-mortar format is still an important way to sell products.

Best Buy shares rose more than 16 percent Thurday.

The Minneapolis-based company has battled the "showrooming" effect as more and more people browse in stores and then buy items cheaper online. This has led to fears that the big-box store format is growing obsolete.

But Best Buy has aggressively fought back under new CEO turnaround expert Hubert Joly — introducing an online price matching policy, giving employees extra training and cutting costs and revamping stores.

The latest deal is a sign that consumer electronics retailers are sticking with the chain. The company will offer Samsung dedicated kiosks at 1,400 Best Buy and Best Buy Mobile stores. Shops will offer the full range of Samsung's mobile products, including smartphones, tablets, laptops, cameras and accessories.

The move shows "a very high-profile consumer electronics vendor still finds Best Buy a relevant distribution outlet," said Morningstar analyst R.J. Hottovy.

It's also a way for Samsung to carve out dedicated retail space without investing in overhead necessary to open its own stores, like its chief rival, Apple Inc., has done.

About 900 Best Buy and Best Buy Mobile stores will be open by early May, with the rest open by early summer.

Janney Capital Markets analyst David Strasser said the deal is an example of Best Buy making merchandising progress. He said it may be a wake-up call that will convince other vendors, like Google, Microsoft and Sony, to invest more with Best Buy.

Best Buy shares rose $3.48 or 16.1 percent, to close at $25.13 Thursday, after briefly reaching a 52-week high of $25.30. The stock has more than doubled since the start of the year.

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Online:

www.bestbuy.com/samsungexperienceshop.

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