Chapter 11: Store Design and Layout

Marketing 11
Mrs. James
Why is it important to use space wisely?

- Space is expensive
  - Maximize contribution to sales
  - Maximize contribution to profit
- Space is limited
  - Maximize efficient use
Did you know…

- Over 70% of purchases decided in store, at time of purchase
- Important to get people in store
Selling and non-selling space

- Merchandise vs. customer service
- Sales area / shelf facings (contribution to revenue)
  - Depends on type of retail
  - Grocery store
    - Eye level valuable
    - End of aisle – specials
    - Cash register - impulse products
  - Furniture store
    - Display area arranged like home
  - Clothing store
    - Sale items and change rooms at rear of store
Selling and non-selling space

- Furniture, fixtures, equipment (overhead)
  - Seating, cash desk, display racks and tables, etc.
- Storage for inventory, emp(ee) washroom, heating, electricals, etc. (overhead)
  - Back rooms, closets, etc.
- Customer service areas (overhead)
  - Customer service desk, change rooms, public washrooms
Selling and non-selling space

- Employee-related space (overhead)
  - Lunch room, training room, meeting room, parking, office area
- Shipping and receiving area (overhead)
- Additional space for future expansion
  - Temporarily used for other things
Selling and non-selling space

Goals:
- MAXIMIZE selling space (contribution to revenue)
- MINIMIZE non-selling space
- Maintain desired level of customer service
Store design vs. store layout

- Store design – the painting
  - Physical appearance
  - Display of merchandise
  - Location of selling/non-selling areas

- Store layout – the blueprint
  - Placement of fixtures, furnishings, equipment, merchandise
  - Selling/non-selling areas
Creating a positive impression through store design

- Plan storefront carefully
  - Eye-catching; attracts positive attention
  - Entices customers to enter store
  - Convenient access

- Make window display(s) appealing
  - Use colours, signs, graphics
  - Create an interesting display
  - Create an attractive display
Creating a positive impression through store design (cont’d)

- Organize your interior carefully
  - Visible from exterior
- Keep storefront/interior clean and tidy
Atmosphere contributes to desired store image

- Placement of merchandise
  - Spacious, neat – luxury, high quality
  - Crowded messy – discount retailer, lower quality

- Effect of colours for retail space (walls, floors, ceilings, etc.)
  - Earth tones – calming
  - White, black, stainless steal – modernistic/edgy
Atmosphere contributes to desired store image (cont’d)

- Choice and placement of furnishings
  - Materials – leather, plastic, weave, etc.
  - Style – “designer”, practical
  - Level of comfort – soft and deep sofas, hard plastic chairs
  - Number – lots of chairs – more welcoming
  - Placement – grouping? row? none?
Atmosphere contributes to desired store image (cont’d)

- **Music**
  - Soothing
  - “Elevator”
  - Alternative / loud
  - Match with target market

- **Organization of displays**
  - Presents a clean, organized image
Atmosphere contributes to desired store image (cont’d)

- **Lighting**
  - Effective lighting represents
    - Modern, luxury, pleasant, clean, spacious
  - Poor lighting represents
    - Old fashioned, discount, unpleasant, unclean, cramped

- **Flooring**
  - Appropriate type, colour, quality
Creating customer loyalty through store design

- Customer relates to own self-image
  - Store image consistent with customer self-image
    - Comfortable/familiarity
  - Repeat customers/recommend to friends

- Consistency in merchandise placement
  - Within store and among different locations of same store
    - Comfortable/familiarity
Creating employee loyalty through store design – d1p4

- Allows staff to execute duties easily and successfully
  - Efficient layout
    - Helps employees find merchandise for customers
      - Retail floor
      - Storage of inventory
    - Complementary products grouped in same location
  - Allows for better theft control
    - less worry about shoplifting
    - Employees concentrate on customer service
Creating employee loyalty through store design (cont’d)

- Safe workplace
  - Security features in retail space (e.g. jewellery stores)
- Provide parking – convenience for employees
- Provide space for employees to do what they need to do
  - Ex – counter space for folding/wrapping merchandise
Common store design

- Similar product line, similar traffic patterns (Ex. supermarket, shoe stores)
- Similar products, similar customer service objectives (Ex. electronics stores – Best Buy, Future Shop)
- Similar products, similar furnishing needs (Ex. jewellery stores - display cases)
- Similar products, similar desired atmosphere
Keep store design simple

- Keeps costs down while maintaining effectiveness
  - Complex solutions often high cost
  - Examples – open window display, fewer dividers, uncluttered walls, strategically placed furnishings
  - May not need to buy as much furnishings, display tables, decorations, etc. if used effectively
- Too much clutter unappealing to customers
- Easier for customers to find merchandise
Cross-merchandising

- “placing unrelated items together”
- Confuses customer
- Confusion = uncomfortable = negative feeling = don’t want to buy
- Group related products
  - helps customers find items
  - facilitates impulse purchases
Importance of Lighting: Helps develop store image

- Modern vs. old-fashioned
  - Ex. Track lighting vs. table lamps

- Luxurious vs. discount/practical
  - Soft lighting vs. white fluorescent

- Dim lighting
  - In grocery store – question freshness
Importance of Lighting: Helps develop store image (cont’d)

- Bright lighting in bathroom
  - Sense of cleanliness/hygiene
- Poorly directed lighting causes more shadows
  - Makes rooms feel smaller
Importance of Lighting: Helps sell products

- Easier to check out product
  - Read labels
  - Inspect product
Importance of Lighting: Makes people comfortable

- Well-lit
  - Not too bright
  - Not too dark
- Safer for customers/employees
  - Avoid tripping/bumping into things
Importance of Lighting: Helps create room dimensions

- Create sections without using dividers/partitions
- Use in conjunction with mirrors/colour
- Can make room look
  - Bigger
  - Wider
  - Narrower
Importance of Lighting: Helps control theft

- Light up dark areas
  - Corners, space behind tall/large displays
- Light discourages theft
Impulse items at point-of-sale terminals in supermarkets

- Impulse items
  - Candy, magazines, batteries, cheap DVDs, etc.
- Takes advantage of impulse shoppers
- Subtle suggestive sell
- Usually higher margin products
  - High margin = high ratio between cost and price
Milk at the back of the supermarket

- Milk = staple food people “run in” to buy
- Location at back forces shoppers to be exposed to other items
- Gender differences
  - Men – lists
  - Women – wanderers
Goods that require assistance located away from high traffic

- Sales staff need space to show product
- Need quiet area to discuss with client
  - High traffic = noisier, congested
- Requires customer walk through high traffic areas to reach
Sidewalk displays

- Advantages
  - Catches attention of people walking by
  - Associated with discounts ("sidewalk sale")
  - Facilitates impulse purchases
Sidewalk displays

- **Disadvantages**
  - Harder to deter theft – grab and run
  - Higher costs – need to position staff
  - Display lower cost items (not the best “first impression” of selection)
  - Could cause congestion/mess in front of store
    - Deter customers from entering
Reasons for minimizing non-selling space

- Space is expensive and limited
  - Use efficiently

- Non-selling space
  - Related to customer service (could create sales)
    - Change rooms – decide on #
    - Special areas – EX. Gymboree video station w/chairs
  - Related to operations (does not create sales)
    - Counter space at cash desk
    - Office area for paperwork – scheduling, shipping/receiving, storage, etc.
    - Keep minimal
Why not just eliminate non-selling space?

- CAN’T!!! – functions are necessary to
  - Provides a pre-determined level of customer service
  - Operate the business
- But can be creative
  - Ex. Soft Moc inventory storage
Ways that store design helps with store security

- Raised point of sale terminals located on platforms and/or near exits
  - Ex. Old Navy, EB Games
- Parcel check services
  - Secure area to store bags when entering
  - Quick check of items when exiting
- Lighting
  - Corners, behind high shelves, etc.
Ways that store design helps with store security (cont’d)

- Theft detection devices (but staff must check)
- Convex mirrors (Ex. Corner stores)
- Video surveillance (Ex. London Drugs)
- Change rooms located at back
- Sample product available – inventory located in secured area
Ways that store design helps with store security (cont’d)

- Aisles at right angles to display windows
- “Portable merchandise placed further from exits, washrooms, stairwells
  - Places that people “hide”
  - Difficult to grab and leave
- Reduce/eliminate partitions on retail floor
Ways that store design helps with store security (cont’d)

- Reduce/eliminate partitions on retail floor
  - Places to help “hide”
- Locked cases for expensive items (Ex. jewellery stores)
- Bars over door with buzzer for entrance (Ex. Ragnar Jewellers)
Practicing false economy

- Definition: spending less initially than you should, in the hope of reducing costs but ending up spending more in the long run to fix problems that occur as a result of spending less initially.

- Examples
  - Flooring
  - Government quote system for procurement
Reasons to re-evaluate store design periodically

- Ensure design keeps up with changes to
  - Target market’s tastes
  - Decorating trends
- Maintains a sense of “newness” and “freshness”
Shelf facings

- The number of cans/packages on a shelf visible to the consumer

- Allocation of shelf facings based on:
  - Popularity of product
  - Ability to contribute to store profit
    - High sales or high margin or both
  - Supplier support
    - Advertising materials and displays
    - Discounts

- Eye level space most valuable