

MK 322 Retail Management

Chapter 17: Store Layout, Design, Visual Merchandising

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Online Session: April 27, 2021



เปิดแล้ว! STARBUCKS สาขาใหม่
ICONSIAM! ใหญ่สุดในไทย ลองเมนูใหม่ รีม...

BoomTharis · 357K views · 2 months ago



Store Design Objectives



Store Design Objectives

- Some store design objectives are to
 - 1. Implement the retailer's strategy**
 - 2. Build loyalty by providing a rewarding shopping experience**
 - 3. Increase sales on a visit**
 - 4. Control costs**
 - 5. Meet legal requirements**

Implement the Retail Strategy

- The primary objective for store design is to implement the retailer's strategy
- The design must be consistent with and reinforce the retailer's strategy by meeting the needs of the target market and building SCA



Implement the Retail Strategy

- For example Starbucks store designs are inspired by the Italian coffee bars that not only have great coffee, but also serve as a place to meet friends, socialize, and relax – such as soft lighting, wood tables, comfortable seating, free wi-fi, clean bathrooms make people want to hang out





The unique design of the Apple store in New York City reinforces the company's image of developing and retailing products with innovative design features.

Build Loyalty

- Rewarding customer experience create repeat purchase and customer loyalty
- Store design provides **utilitarian** benefits when it enables customers to locate and purchase products in an efficient and timely manner with minimum hassle – for time-savvy customers
- Store design provides **hedonic** benefits by offering customers an entertaining and enjoyable shopping experience – they want to spend more time in the store or on the website because the visit itself is rewarding

Build Loyalty



To enhance the shopping experience, Wegmans offers gourmet chef-prepared meals to take home.

Increase Sales on Visits

- A third design objective
- Store design has substantial effect
- Most consumers spend little time and thought of shopping and selecting in supermarkets
- These purchase decisions
- Retailers design to motivate unplanned purchases



Control Costs to Increase Profits

- The fourth design objective is to control the cost if implementing the store design and maintaining the store's appearance
- Costs are considered necessary to highlight some items for ie. Neiman Marcus lighting on expensive jewelry



Control Costs to Increase Profits

- Store designs can also affect labor costs and inventory shrinkage
- Isolated departments provides intimate, comfortable, shopping experience that can result in more sales- need at least one sales associate stationed in each department to provide customer service and prevent shoplifting



Control Costs to Increase Profits

- Another design consideration to controlling cost is flexibility
- Retailing is very dynamic, merchandise mix changes, so space allocated to merchandise and layout changes
- Design store at maximum flexibility
- I.e. College book store – textbooks in beginning of semester
- Fixtures refer to equipment used to display merchandise

Legal Considerations

- All store design and redesign must comply with the 1990 American and Disabilities Act (ADA) and its 2008 amendments
- This law protects people with disabilities from discrimination in employment, transportation, public accommodations, telecommunications, and activities of state and local governments
- Thailand?



Legal Considerations



The ADA has made stores more accessible for disabled consumers.

Design Trade-Offs

- Home Depot – not pleasant shopping experience, but traditional warehouse design can efficiently store and display a lot of merchandise with long rows of floor-to-ceiling racks
- Retailers often make trade-offs between stimulating impulse purchases and making it easy to buy products



Store Design Elements



Layouts

- Retailers use three types of store layout

1. Grid
2. Racetrack
3. Free-Form

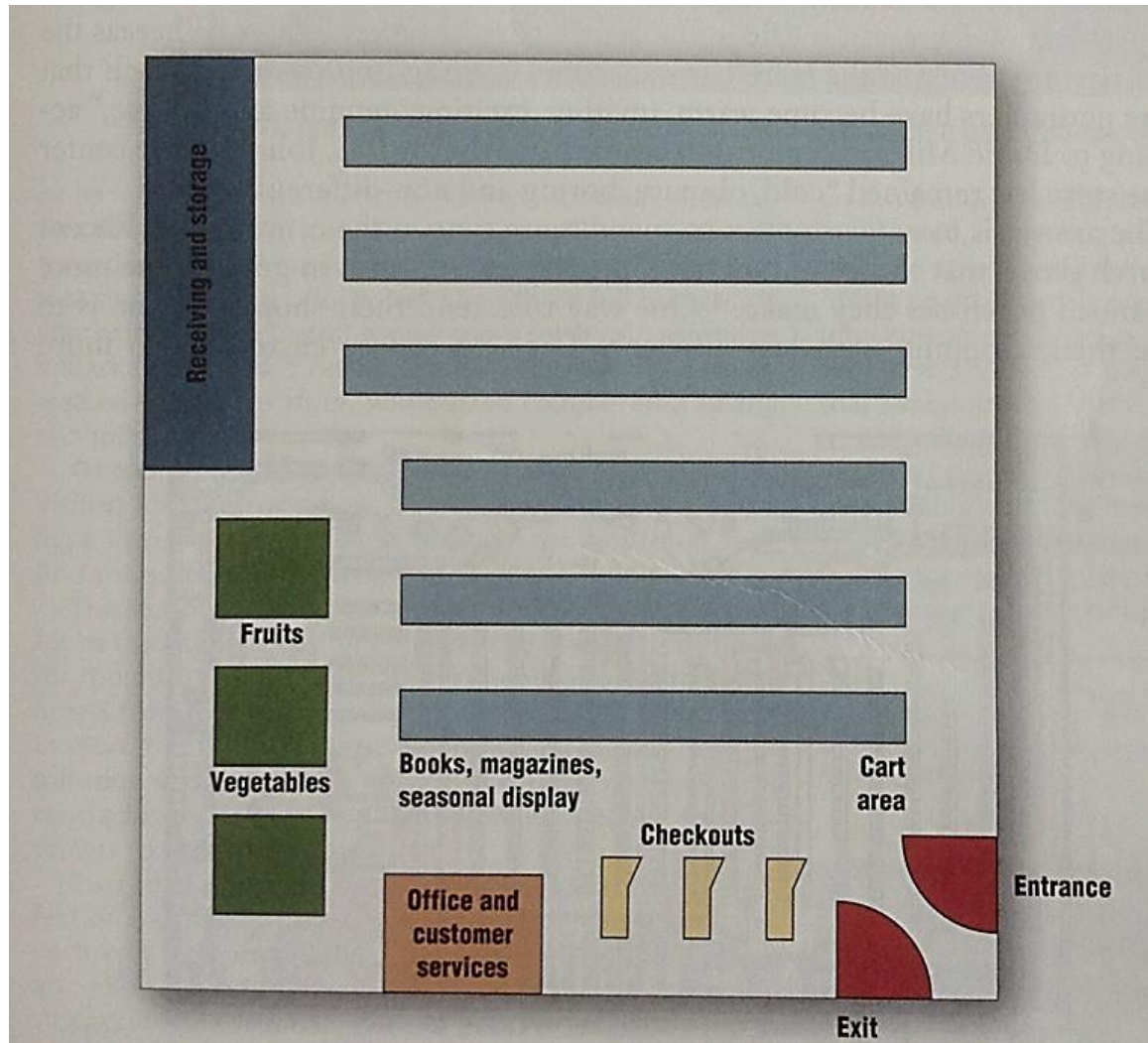


Grid Layout

- Grid layout has parallel aisles with merchandise on shelves on both sides of the aisles
- Cash registers are located at the entrances/exits of the stores
- Suited for customers interested in utilitarian benefits – easily locate products they want to buy
- Cost efficient, less wasted space
- Height of shelves so aren't exposed to all items in store

Exhibit 17-1

Grid Layout



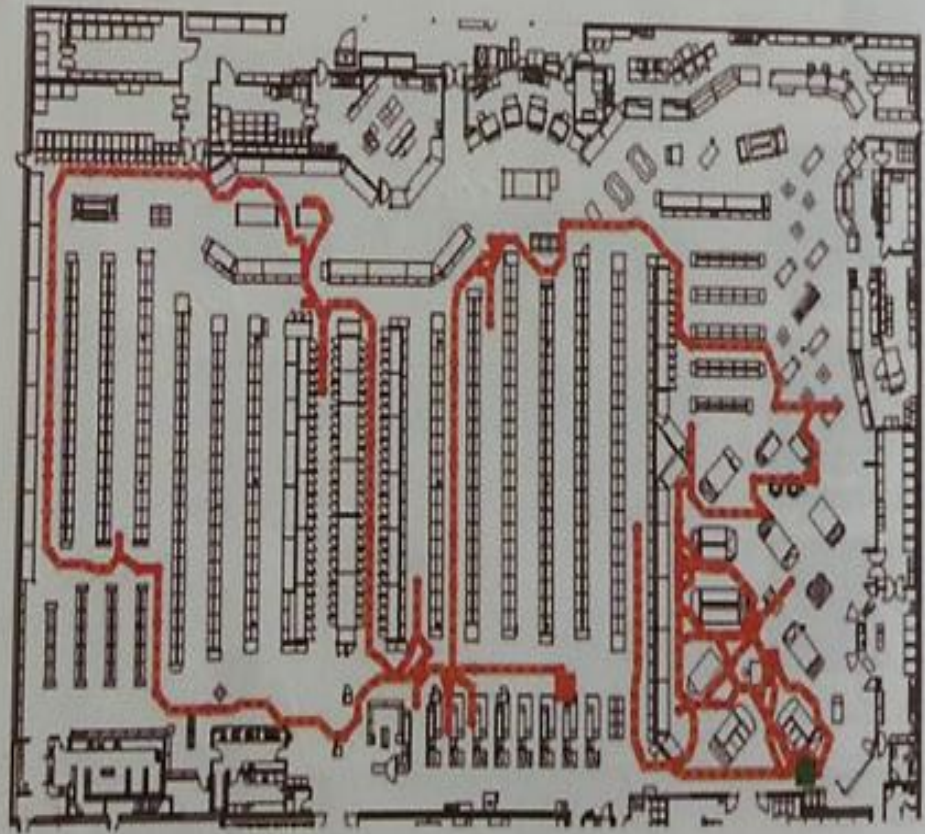
Grid Layout

- Problem of decrease traffic in center core of supermarkets
- Improvements by "store perimeters have become warm,inviting, exciting, genuine and diverse"
- The more time customers spend in store, the more unplanned purchase they make
- Need to make customers walk down more aisles

Grid Layout

EXHIBIT 17-2

Example of a Traffic
Pattern in a Grid
Layout Supermarket



Racetrack Layout

- The racetrack layout, also known as loop is a store layout that provides a major aisle that loops around the store to guide customer traffic around departments within a store
- Point-of-sale terminals are typically located in each department bordering the racetrack
- Goal for customers to see merchandise available in multiple departments
- Low fixtures are used

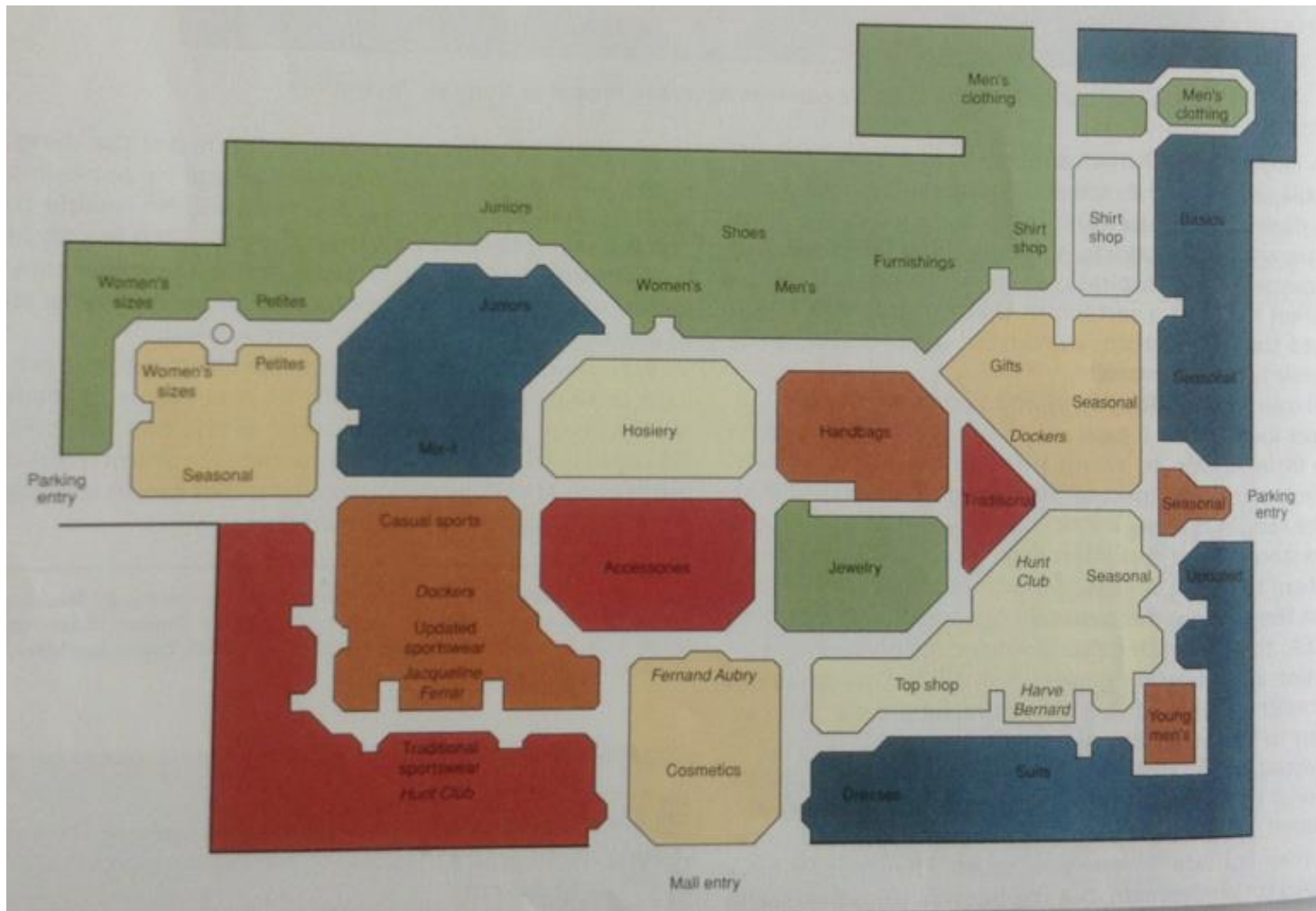
Racetrack Layout

- Newest items featured on the aisles to draw customers into the department and around the loop
- Aisle floor maybe marble, but department floor up to theme



Exhibit 17-3

Racetrack Layout



Free-Form Layout

- A free-form layout also known as boutique layout arranges fixtures and aisles in an asymmetric pattern
- Provides an intimate, relaxing environment that facilitates shopping and browsing
- Common in speciality stores or departments in department stores
- Costly
- No well defined pattern like racetrack or grid layouts so personal selling becomes more important to encourage customers to explore merchandise
- Layout reduces amount of merchandise to be displayed

Free-Form Layout

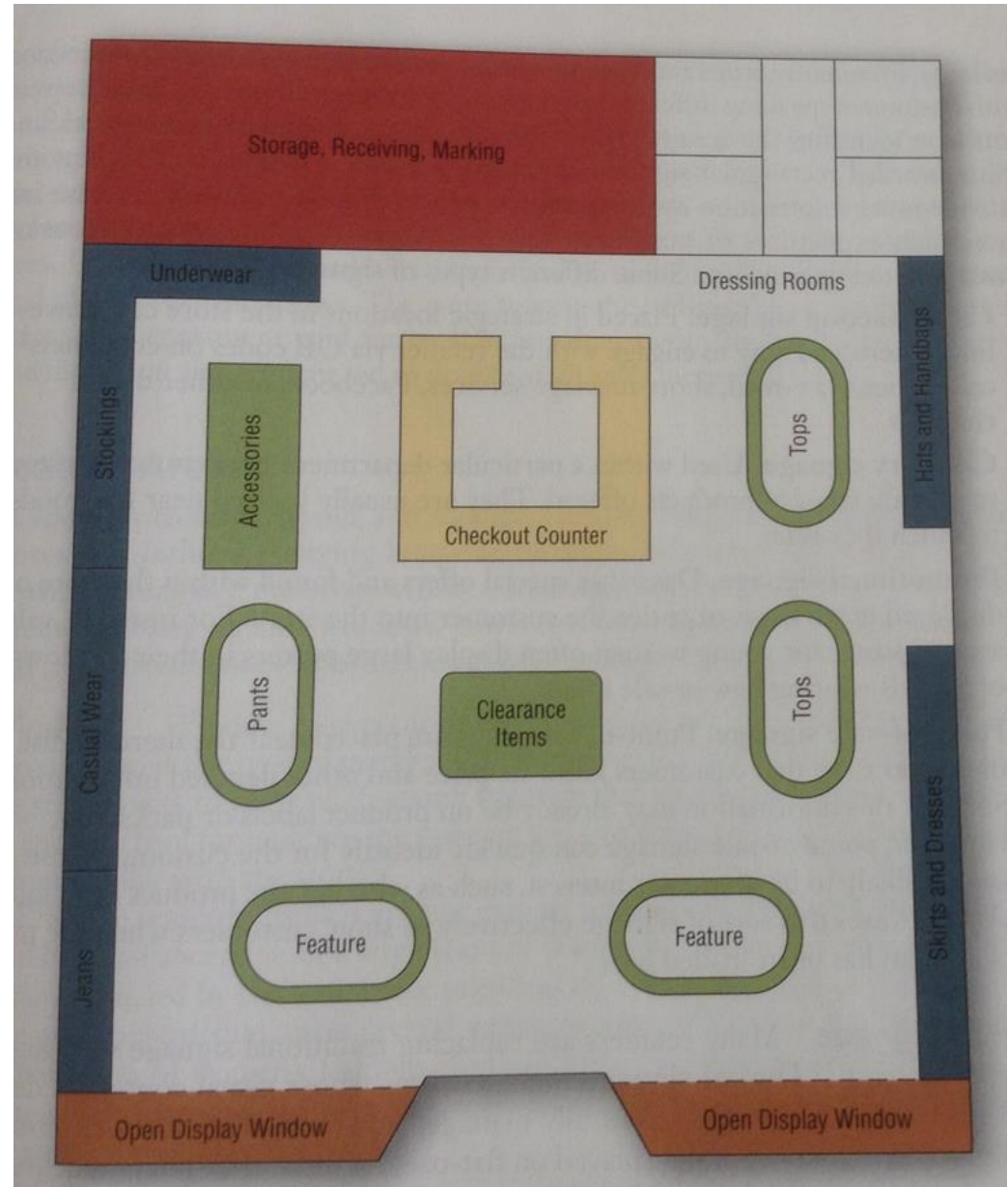


Free-Form Layout



Exhibit 17-4

Free-Form Layout





How IKEA gets you to impulsively buy more



Vox · 1.8M views · 2 years ago



Signage and Graphics

- Help customers locate specific products and departments, provide product information, suggest items and special purchases
- Enhance store image



Digital Signage

- **Call-to-action signage.** Placed in strategic locations in the store can convey how, where, and why to engage with the retailer via QR codes on customers' cellphones, via e-mail, short-message services, Facebook, or other digital channels.
- **Category signage.** Used within a particular department or sector of the store to identify types of products offered. They are usually located near the goods to which they refer.
- **Promotional signage.** Describes special offers and found within the store or displayed in windows to entice the customer into the store. For instance, value apparel stores for young women often display large posters in their windows of models wearing new or sale items.
- **Point-of-sale signage.** Point-of-sale signs are placed near the merchandise they refer to so that customers know its price and other detailed information. Some of this information may already be on product labels or packaging. However, point-of-sale signage can quickly identify for the customer those aspects likely to be of greater interest, such as whether the product is on sale. Walmart uses this sort of signage effectively to show customers when the price of an item has been "rolled back."

Digital Signage

- Digital signage includes signs whose visual content is delivered electronically through a centrally managed and controlled network, distributed to servers in stores, and displayed on flat-panel screens
- Content range from entertaining digital clips to simple price displays



Digital Signage



In-store digital displays highlight key product features and experiential elements at the point of purchase.

Feature Areas

- **Windows**
- **Entrances**
- **Freestanding displays**
- **Mannequins**
- **End Caps**
- **Promotional Aisle or Promotional Area**
- **Walls**
- **Dressing Rooms**
- **Cash wraps or POP counters**

Windows



Window displays need to catch the attention of the shopper and draw them into the store.



Watch How Bergdorf Goodman's Holiday Windows Were Made

:

New York Magazine · 22K views · 3 years ago





Window Display | Autumn Windows of Hermès Maison in Shanghai 2019

Hantang Culture · 11K views · 1 year ago



Entrances



Freestanding Displays



Mannequins



Whimsical mannequins attract the attention of children in Disney stores.

End Caps



Promotional Aisle or Promotional Area



Walls



The arrangement of merchandise helps tells the story.

Dressing Rooms



Cash Wraps or POP counters



Space Management



Space Management

- The space within stores and on stores' shelves and fixtures is a scarce resource
- **Key resource decisions involved**
 - 1. The allocation of store space to merchandise categories and brands**
 - 2. The location of departments or merchandise categories in the store**
 - 3. The size of the store**

Space Allocated to Merchandise Categories

- Some factors retailers consider when deciding how much floor or shelf space to allocate to merchandise categories and brands are
 1. **The productivity of the allocated space - sales per square foot and sales per linear foot**
 2. **The merchandise's inventory turnover- GMROI**
 3. **The impact on overall store sales**
 4. **The display needs for merchandise**

Location of Merchandise Categories and Design Elements

- Demand/destination merchandise refers to products that customers have decided to buy before entering the store
- Decompression zone – welcomed with introductory displays, graphics
- Turn right – strike zone – creates customers first impression and store offering; retailers display new and compelling merchandise

Location of Merchandise Categories and Design Elements



Impulse Merchandise

- Impulse products or products purchased without planning
- Fragrance, cosmetic in department stores, magazines in supermarkets are located near the front of store
- Seen by everyone and draw people



Impulse Merchandise



The checkout counter at a supermarket is an ideal place to display merchandise typically bought on impulse.

Demand and Promotional Merchandise

- Placed at back left-hand corner of store
- So pulls customer through store, increase visibility of other products along the way
- Supermarkets put eggs, milk, bread at the back
- Beauty salons, children's merchandise, furniture are demand or destination thus located in light traffic areas

Demand and Promotional Merchandise



Special Merchandise

- Located in light traffic areas
- Examples include women's lingerie in remote areas for private shopping experience
- Furniture
- Curtains need significant wall space
- Shoes require easily accessible storage rooms

Special Merchandise



Special Merchandise



Category Adjacencies

- Complement categories next to each other
- Cross selling encouraged
- For example Aisle of cereal with end cap of fresh bananas
- Beer and Diapers?
- Halo Effect-placing packaged goods next to healthy vegetables

Category Adjacencies



Retailers often place complementary products, such as chips and salsa, next to each other to increase unplanned purchases.

Location of Merchandise Within a Category

- Retailers use variety of rules
- Limited problem solving or habitual decision making?
- **Supermarkets display merchandise on four shelves**
 - Most profitable on 3rd shelf- eye level
 - Smaller group appeals-4th shelf
 - Bulky items on bottom shelf

Location of Merchandise Within a Category

- For cereal 2nd shelf prime location for profitable cereal brands – children?



Location of Merchandise Within a Category



EXHIBIT 17-5

Grocery stores are experimenting in their produce departments with unconventional product placements.

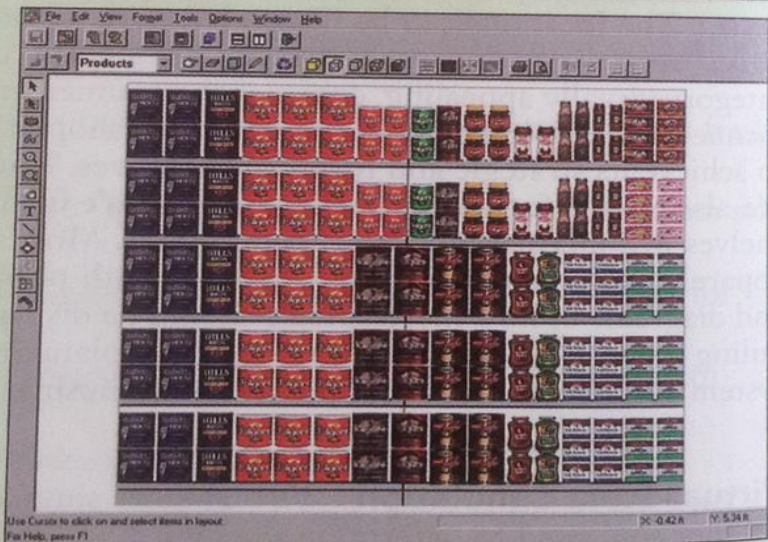
Location of Merchandise Within a Category

Exhibit 17-5 illustrates some innovative merchandise placement options with which some grocery stores are experimenting. Specifically,

1. Place the dairy section near the front of the store so it is associated with fresh produce.
2. Place other premium products in the produce section since it makes them sell better.
3. Redesign carts to have a second shelf for fragile items and have holders for flowers and coffee.
4. Have a small milk refrigerator near the front door to better compete with convenience stores.
5. Use wood and other natural materials to induce a “farm-fresh” image.
6. Group ingredients necessary for a particular recipe, such as tomatoes, basil, and mozzarella cheese.
7. Place some organic products together and others throughout the produce section to experiment with how they sell best.
8. Bananas should go at the back of the produce department to get customers to walk through the entire department.
9. To simulate farmers’ markets, add some low shelves so customers can see through the department and locate various-colored items adjacent to each other for visual appeal.

Planograms

- Is a diagram that shows how and where specific SKU should be placed on retail shelves or displays to increase customer purchases

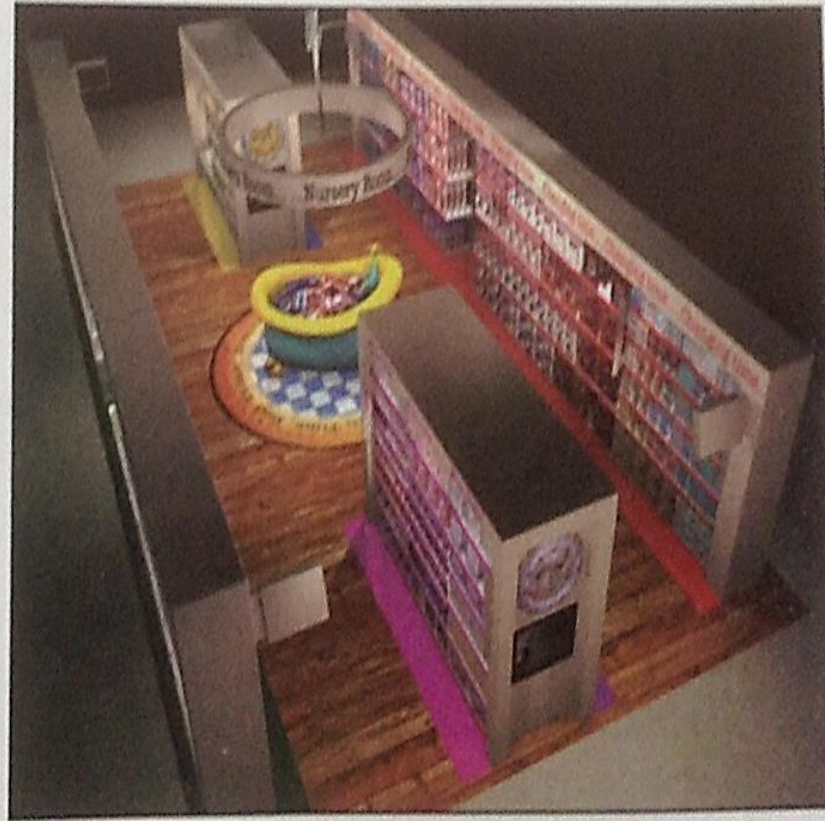


Marks & Spencer in the United Kingdom uses a planogram system developed by SAS to develop a layout that maximizes space productivity.

Visual-Store Simulation

- Tool used to determine the effects of placing merchandise in different areas of the store and evaluating the profit potential for new item

Visual-Store Simulation

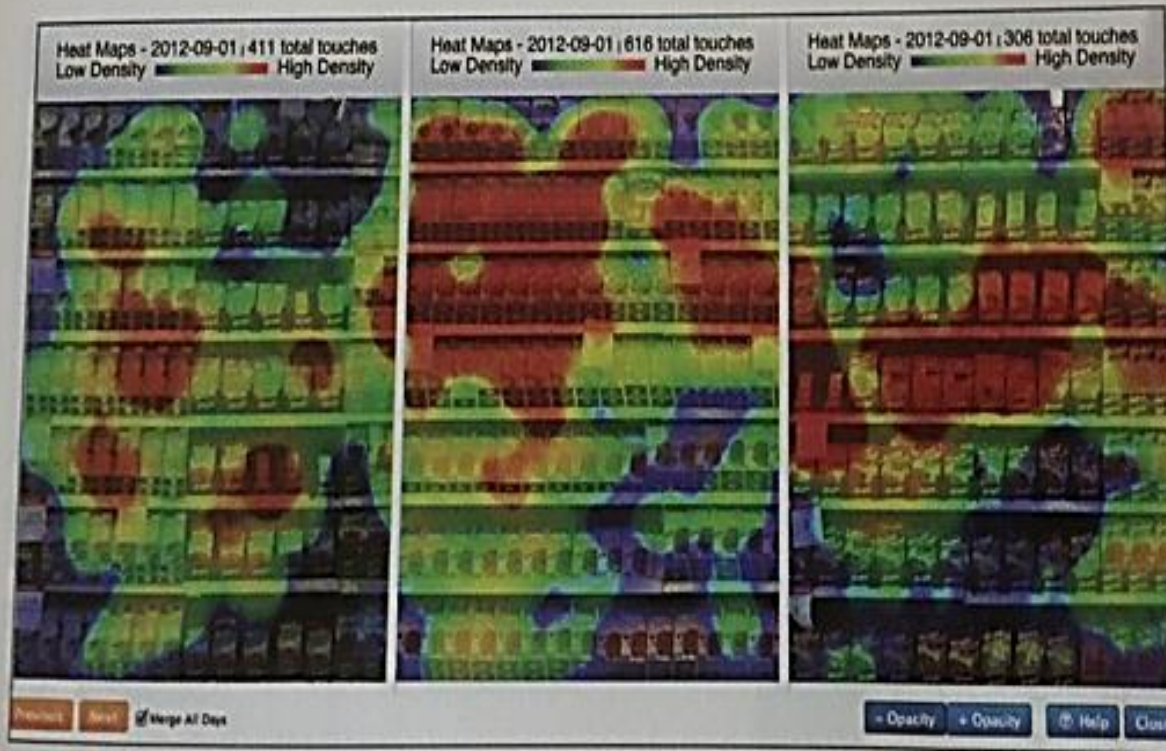


Kimberly-Clark is using virtual-store software that uses a retina-tracking device to record a customer's glances. The information obtained from the software enables the retailer to get a fast read on new-product designs and displays without having to conduct real-life tests in the early stages of product development.

Videotaping Consumers

- Research method used to assess customer reactions to planograms, involve tracking customers in actual store environments
- Videotaping consumer moments
- Microsoft's Kinetic sensors provide a less intrusive option

Videotaping Consumers



Using Microsoft Kinect sensors, firms like Shopperception create heatmaps of shopper interactions with the products (touches, pickups, and returns). The red represents the hot zones where shoppers touch the most, yellow less, and blue not at all.

Determining Store Size

- Bigger not always better
- SKU availability
- Walmart vs Walmart Express
- Are modern consumers – time pressured, price-sensitive, and computer savvy – likely to embrace new, smaller store format that cannot offer one-stop shopping or unlimited selection?

Determining Store Size



Small-format "Walmart Express" stores (left) target urban markets with shops that are approximately one-third the square footage of a regular Walmart location (right).

square footage of a regular Walmart location (right).

Small-format "Walmart Express" stores (left) target urban markets with shops that are approximately one-third the

Visual Merchandising



Visual Merchandising

- Visual merchandising is the presentation of a store and its merchandise in ways that will attract the attention of potential customers



Fixtures

- Primary purpose of fixtures are to efficiently hold and display merchandise
- Define areas of a store and direct traffic flow
- Fixtures are harmonized with other design elements such as floor coverings and lighting as well as overall image of the store



Fixtures



(A) Straight rack



(B) Rounder



(C) Four-way



(D) Gondola

EXHIBIT 17-6
Types of Fixtures

Straight Rack

- Straight rack consists of a long pipe balance between supports in the floor or attached to the wall



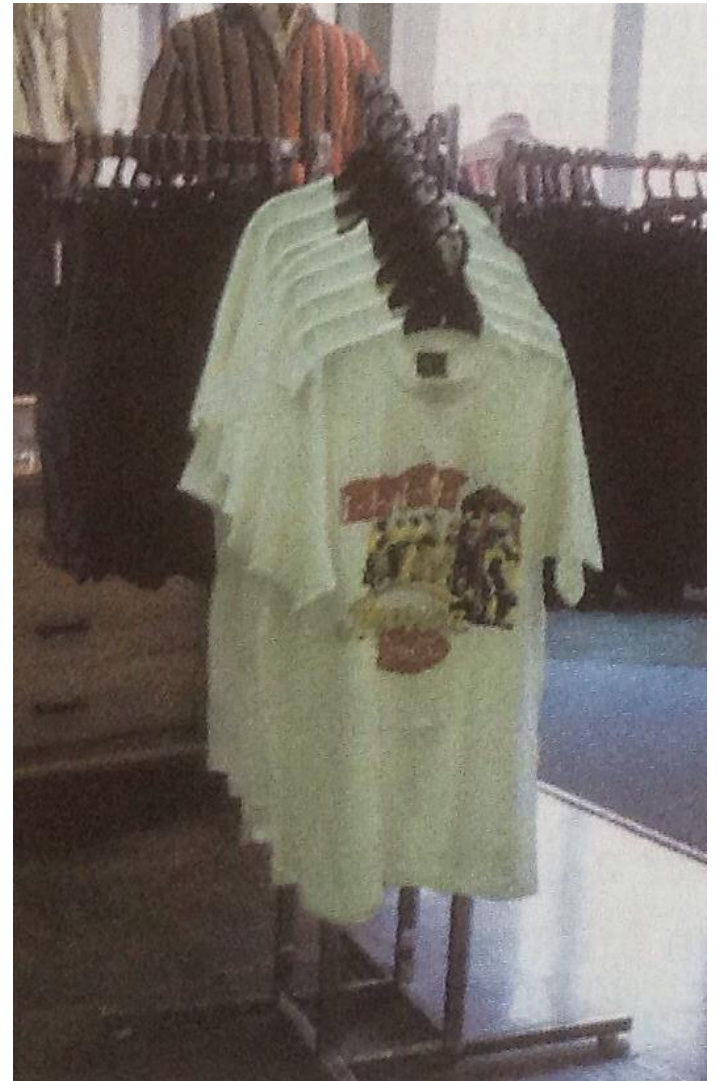
Rounder

- A rounder or bulk fixture or capacity fixture is a round fixture that sits on a pedestal, although smaller than straight rack, it is designed to hold a maximum amount of merchandise



Four-Way Fixture

- A four-way fixture or feature fixture
- Has two crossbars that sit perpendicularly on a pedestal
- Holds large amount of merchandise and allows the customer to view the entire garment



Gondola

- A gondola is an island type of self-service counter with tiers of shelves, bins, or pegs
- Extremely versatile and used extensively





Visual Merchandising – Creating maximum impact with your adidas colle...



TGI Golf · 1.2K views · 1 year ago



Visual Techniques

- **Idea-Oriented:** method of presenting merchandise based on specific idea or image of store
- **Item and Size:** common technique in discount, grocery, hardware and drugstores
- **Color:** bold merchandising technique
- **Price Lining:** men's dress shirt \$49, \$69 and \$99
- **Vertical Merchandising-** presented vertically using walls and high gondolas
- **Tonnage Merchandising:** end cap using stacks of Pepsi 6 packs
- **Frontal Presentation:** expose as much merchandise as possible to catch customer's eye- bookstores

Presentation Techniques



Central Anniversary

For the **1st** time in Indonesia
World Famous Flower Extravaganza
With our sincere thanks to you

A **5-day** floral paradise | With **4 floors** of fresh floral creations. | from **1st – 5th** October, 2015

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Tonnage Merchandising



Frontal Presentation



Creating an Appealing Store Atmosphere



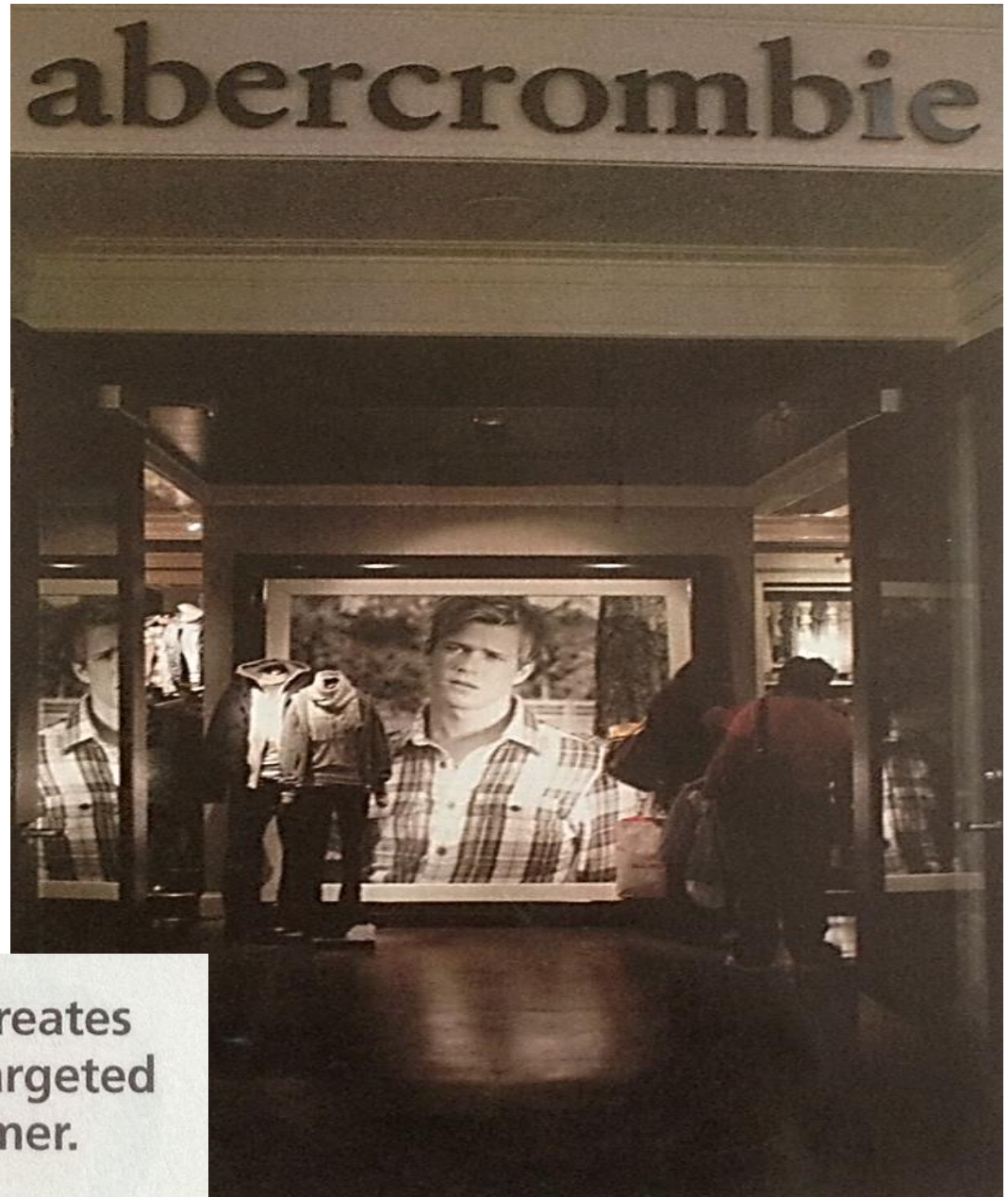
Lighting

- Highlighting Merchandise- draws customers in stores
- Mood Creation- clothing, supermarkets?
- Energy- Efficient Lighting : LED or light-emitting diode is replacing fluorescent; reduce costs up to 75% and last 10 times longer than standard bulbs

Lighting



Lighting



Abercrombie & Fitch creates a dark environment targeted at the younger consumer.



unios.

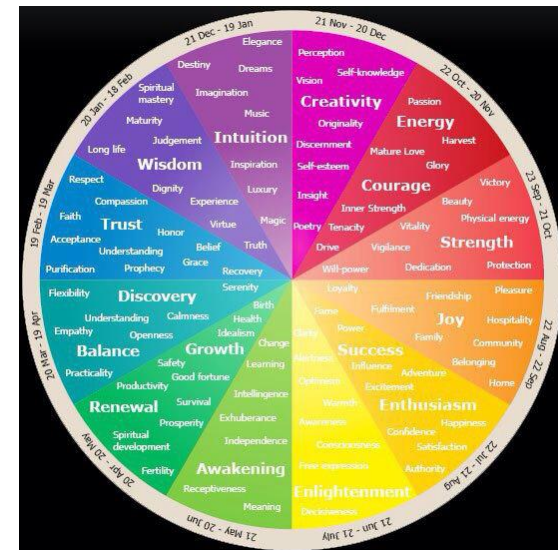
Lighting Explained: Episode 4 Retail Lighting

:

Unios · 1.8K views · 9 months ago

Color

- Enhance retailer image
- Help create mood
- Cool colors- white,blue,green have peaceful,gentle,calming effect
- Culture- different impact



Color





Hello Kitty Cafe Singapore - Orchid Garden at Changi Airport T3



3 wheelingtots · 19K views · 4 years ago



Music

- Can add or detract from retailer's total atmosphere
- Music can control the pace of store traffic
 - Zara vs Starbucks?
- Seasonal music



Scent

- Large impact on customer's mood and emotions
- Scents can improve customers' subjective shopping experience by making them feel they are spending less time examining merchandise, waiting for sales help or checking out
- Usage of different essence in different departments
 - Baby Powder
 - Suntan Lotion
 - Lilacs
 - Cinnamon and Pine Scents



Taste

- Difficult to appeal to consumers' taste buds
- Grab a bite without leaving the stores encourages customers to linger longer and enjoy the shopping experience more



Customers enjoying a bite between their purchases stimulates longer stays and more purchases.

Just How Exciting Should a Store Be?

- Bass Pro Shops, Barnes and Noble
 - Attempt to create entertaining shopping experience by viewing stores as theatrical scenes
 - Floor and walls constitute the stage and scenery
 - Lighting, fixtures, and displays are props
 - Merchandise represents performance
-
- Depends on shopping goals? Utilitarian or Hedonic



Visual Art INNOVATION - H&M Voice Interactive Mirror



Visual Art · 39K views · 2 years ago





That's All Folks