



# MK 322 Retail Management

## Chapter 17: Store Layout, Design, Visual Merchandising Part I

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# 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



# Implement the Retail Strategy



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

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# Layouts

- Retailers use three types of store layout

1. Grid
2. Racetrack
3. Free-Form

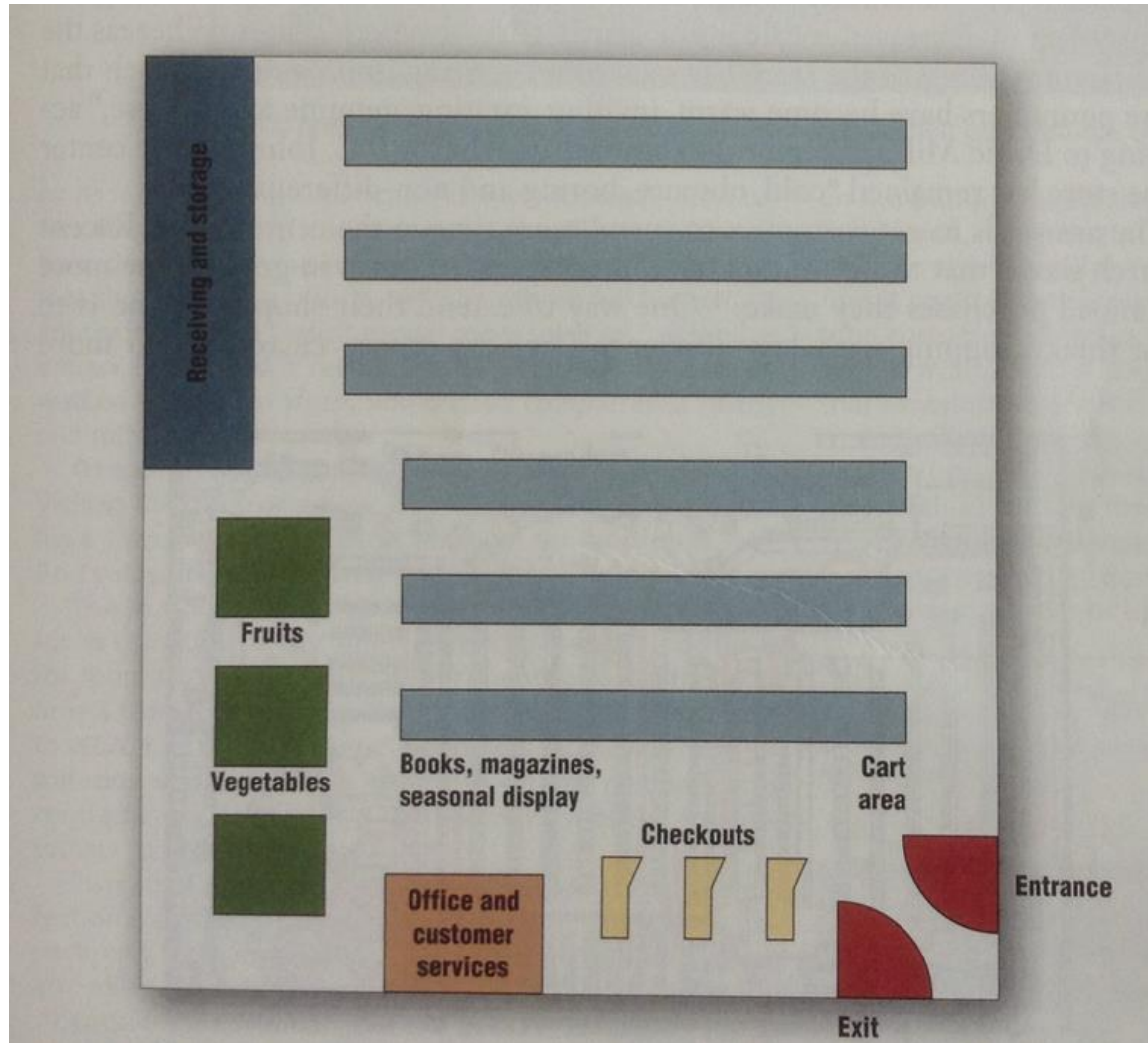


# Grid Layout

- 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



# 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

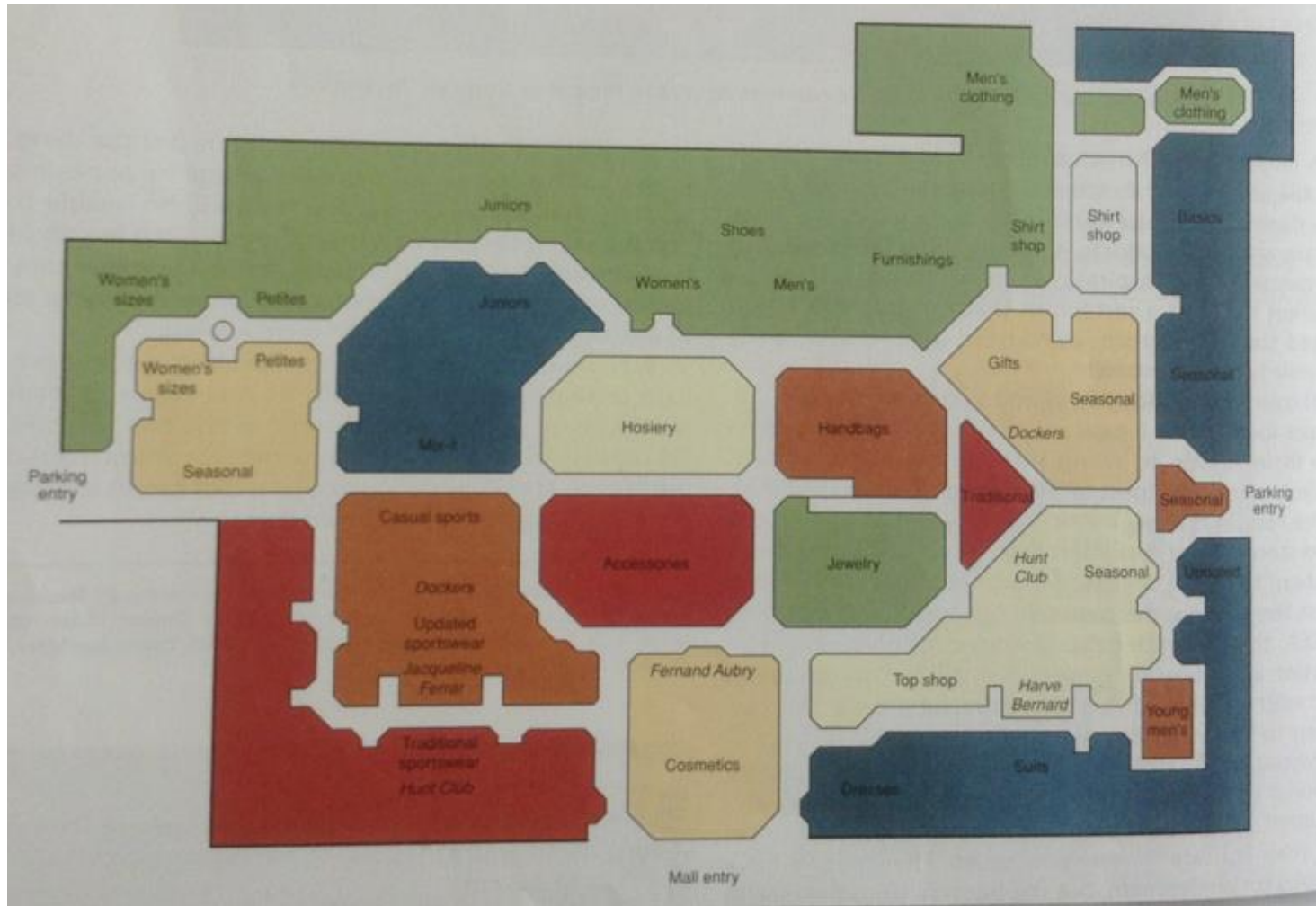
# Racetrack Layout

- 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

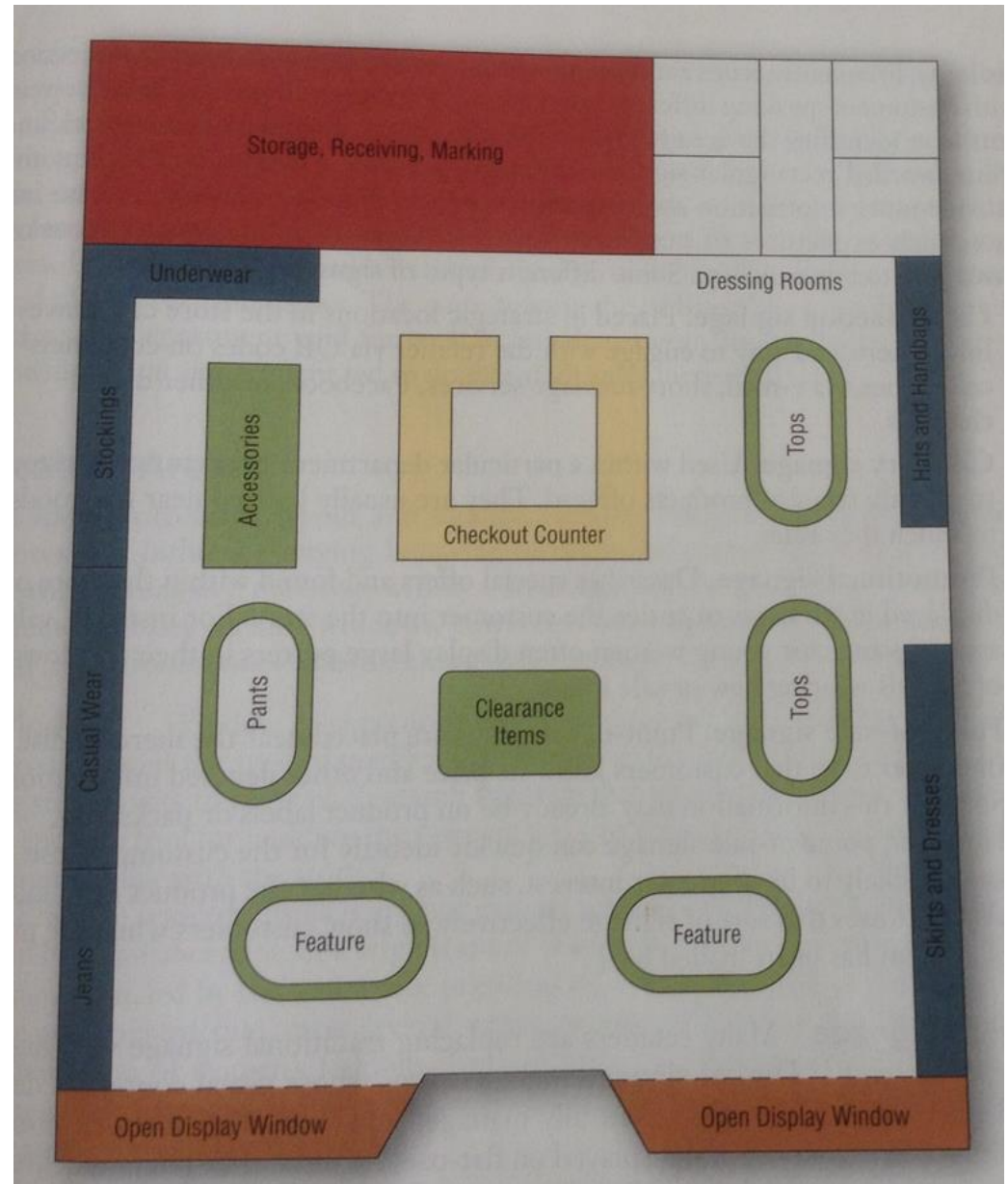


# Free-Form Layout



# Exhibit 17-4

## Free-Form Layout



# 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.

# 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





**That's All Folks**