

Store Layout, Design, and Visual Merchandising

CHAPTER 17



Questions

- What are the critical issues retailers consider in designing a store?
- What are the advantages and disadvantages of alternative store layouts?
- How is store floor space assigned to merchandise departments and categories?
- What are the consideration in where to display products in a category?
- What are the best techniques for merchandise presentation?
- How can retailers create a more appealing shopping experience?
- How exciting should a store environment be?

Store Design Objectives

- Implement retailer's strategy
- Build loyalty
- Increase sales on visits
- Control cost
- Legal considerations—Americans with Disabilities Act
- Design trade-offs

Store Design and Retail Strategy

The primary objective of store design is implementing the retailer's strategy.

Meets needs of target market

Builds a sustainable competitive advantage

Displays the store's image



C. Borland/PhotoLink/Getty Images



(c) Brand X Pictures/PunchStock



McDonald's remodeled its stores to better appeal to European customers



In India, a retailer finds key to success is clutter

Build Loyalty

- Store design provides **utilitarian benefits** when it enables customers to locate and purchase products in an efficient and timely manner with minimum hassle.
- Store design provides **hedonic benefits** by offering customers an entertaining and enjoyable shopping experience.



H. Wiesenhofer/PhotoLink/Getty Images

Increase Sales on Visits

- Store design has a substantial effect on which products customers buy, how long they stay in the store, and how much they spend during a visit.



Control Cost

- Control the cost of implementing the store design and maintain the store's appearance.
- Store design influences
 - Shopping experience and thus sales
 - Labor costs
 - Inventory shrinkage



Legal Considerations

- Americans with Disabilities Act (ADA)
 - Protects people with disabilities from discrimination in employment, transportation, public accommodations, telecommunications and activities of state and local government.
 - Affects store design as disabled people need “reasonable access” to merchandise and services built before 1993. After 1993, stores are expected to be fully accessible.

Reasonable Access

What does that mean?

- 32 inch wide pathways on the main aisle and to the bathroom, fitting rooms elevators and around most fixtures.
- Lower most cash wraps and fixtures so they can be reached by a person in a wheelchair.
- Make bathroom and fitting room fully accessible.



Keith Brofsky/Getty Images

Design Trade-Offs

Ease of locating merchandise for planned purchases

Giving customers adequate space to shop



Exploration of store, impulse purchases

Productivity of using this scarce resource for merchandise

Store Design Elements

- Layouts
- Signage and Graphics
- Feature Area

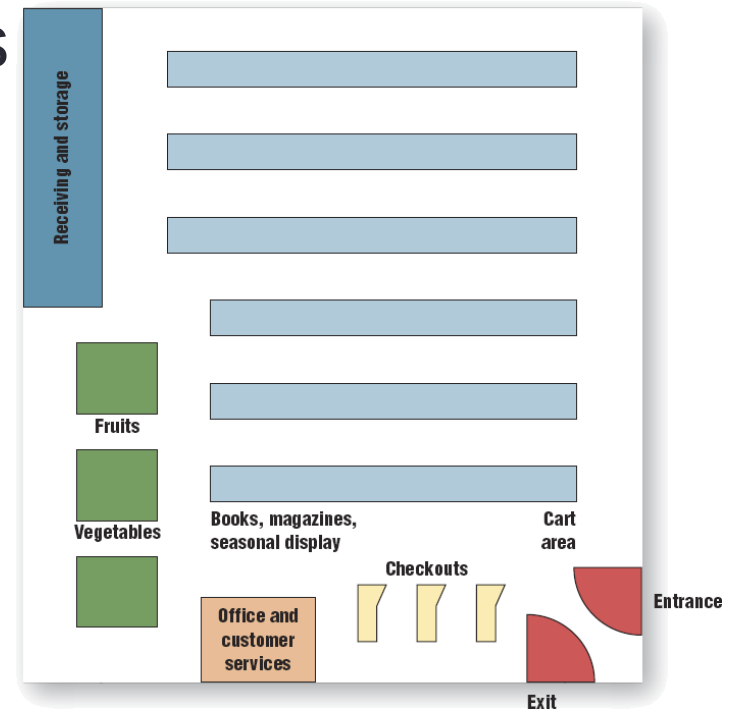


Store Layouts

- To encourage customer exploration and help customers move through the stores.
 - Use a layout that facilitates a specific traffic pattern
 - Provide interesting design elements
- Types of Store Layouts
 - Grid
 - Racetrack
 - Free Form

Grid Layout

- Easy to locate merchandise
- Does not encourage customers to explore store
 - Limited sight lines to merchandise
- Allows more merchandise to be displayed
- Cost efficient
- Used in grocery, discount, and drug stores: Why?



Racetrack Layout (Loop)

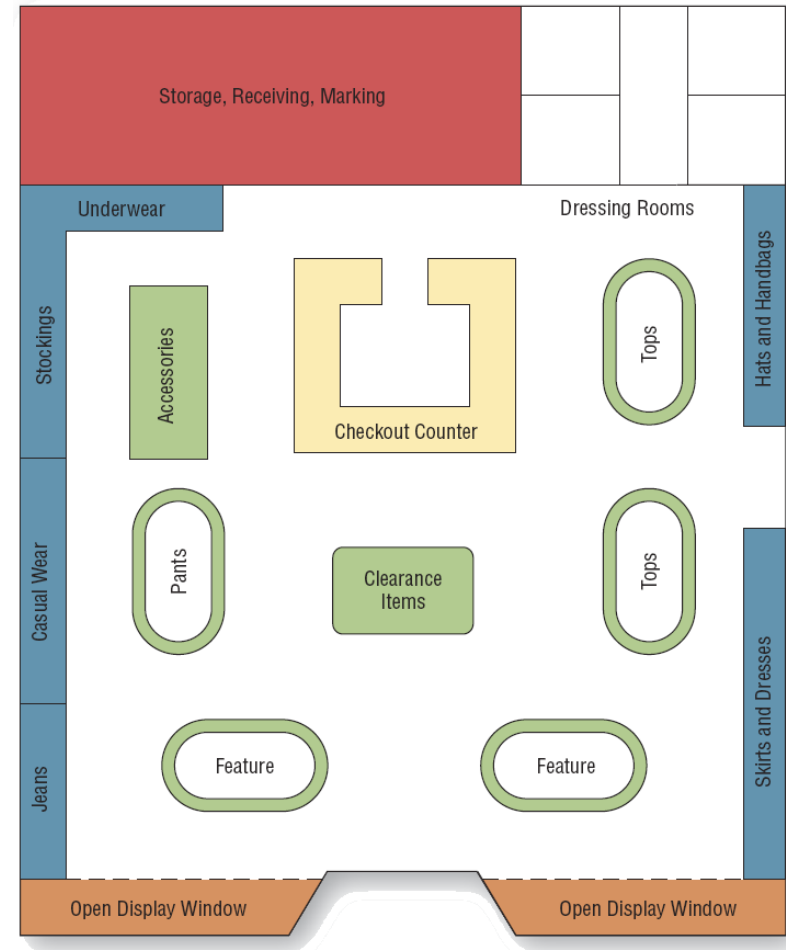
- Loop with a major aisle that has access to departments
- Draws customers around the store
- Provide different viewing angles and encourage exploration, impulse buying
- Used in department stores

JCPenney Racetrack Layout



Free-Form (Boutique) Layout

- Fixtures and aisles arranged asymmetrically
- Provides an intimate, relaxing environment that facilitates shopping and browsing
- Pleasant relaxing ambiance doesn't come cheap – small store experience
- Inefficient use of space
- More susceptible to shoplifting – salespeople can not view adjacent spaces.
- Used in specialty stores and upscale department stores



Usage of Signage and Graphics

- **Location** – identifies the location of merchandise and guides customers
- **Category Signage** – identifies types of products and located near the goods
- **Promotional Signage** – relates to specific offers – sometimes in windows
- **Point of sale** – near merchandise with prices and product information
- **Lifestyle images** – creates moods that encourage customers to shop



H & M effectively uses graphic photo panels to add personality, beauty, and romance to its store's image

Suggestions for Effectively Using Signage

- Coordinate signage to store's image
- Use appropriate type faces on signs
- Inform customers
- Use them as props
- Keep them fresh
- Limit the text on signs
- Use appropriate typefaces on signs



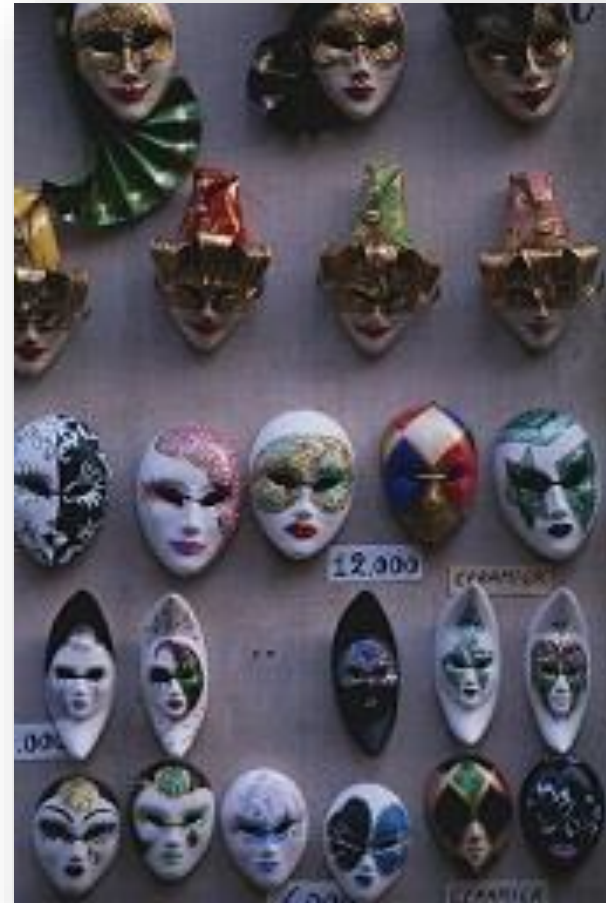
Digital Signage

Visual Content delivered digitally through a centrally managed and controlled network and displayed on a TV monitor or flat panel screen.

- Superior in attracting attention
- Enhances store environment
- Provides appealing atmosphere
- Overcomes time-to-message hurdle
- Messages can target demographics
- Eliminates costs with printing, distribution and installing traditional signage

Feature Areas

- Areas within a store designed to get the customers' attention
- Feature areas
 - Entrances
 - Freestanding displays
 - Cash wraps (POP counters, checkout areas)
 - End caps
 - Promotional aisles
 - Walls
 - Windows
 - Fitting rooms



PhotoLink/Getty Images

Space Management

- The space within stores and on the stores' shelves are fixtures is a scarce resource
- The allocation of store space to merchandise categories and brands
- The location of departments or merchandise categories in the store



Space Planning

- Productivity of allocated space (sales per square foot, sales per linear foot)
- Merchandise inventory turnover
- Impact on store sales
- Display needs for the merchandise



Prime Locations for Merchandise

- Highly trafficked areas
 - Store entrances
 - Near checkout counter
- Highly visible areas
 - End aisle
 - Displays

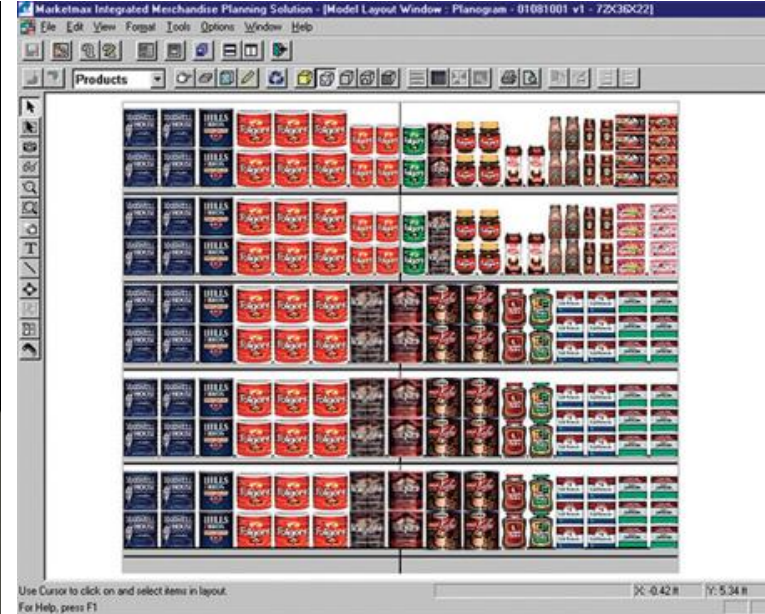


Location of Merchandise Categories

- Impulse Merchandise—
 - near heavily trafficked areas
- Demand/Destination Merchandise—
 - back left-hand corner of the store
- Special merchandise —
 - lightly trafficked areas (glass pieces, women's lingerie)
- Adjacencies —
 - cluster complimentary merchandise next to each other

Location of Merchandise within a Category: The Use of Planograms

- Supermarkets and drug stores place private-label brands to the right of national brands – shoppers read from left to right (higher priced national brands first and see the lower-priced private-label item)
- **Planogram**: a diagram that shows how and where specific SKUs should be placed on retail selves or displays to increase customer purchases



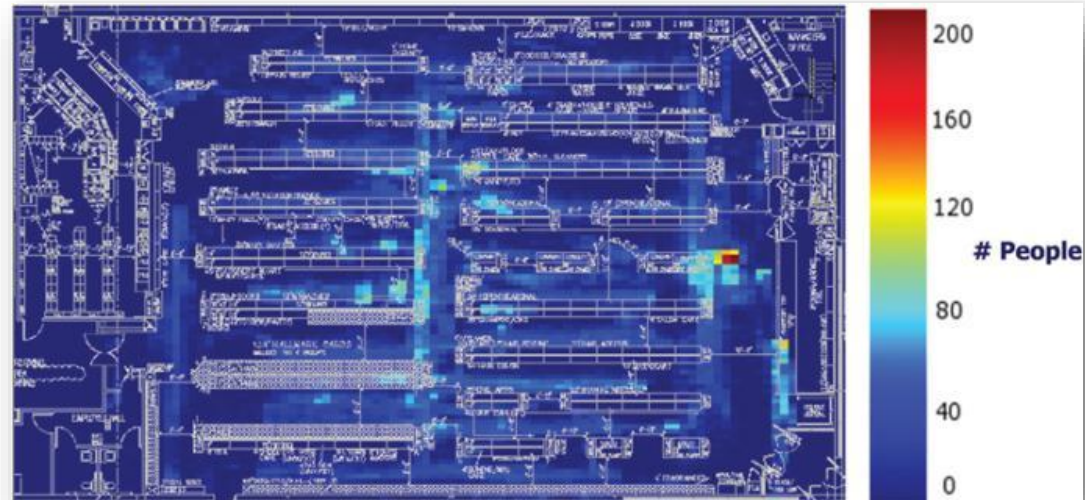
Learning Customers' Movements and Decision-Making

- Videotaping Consumers

- Learn customers' movements, where they pause or move quickly, or where there is congestion
- Evaluate the layout, merchandise placement, promotion

- Virtual Store Software

- Learn the best place to merchandise and test how customers react to new products



Visual Merchandising

- Visual Merchandising
 - The presentation of a store and its merchandise in ways that will attract the attention of potential customers.

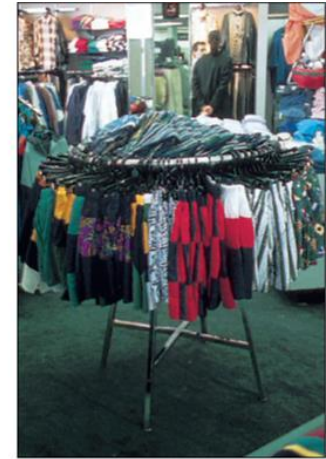


Visual Merchandising: Fixtures

- A. Straight rack
- B. Rounder (bulk fixture, capacity fixture)
- C. Four-way fixture (feature fixture)
- D. Gondolas



(A) Straight rack



(B) Rounder



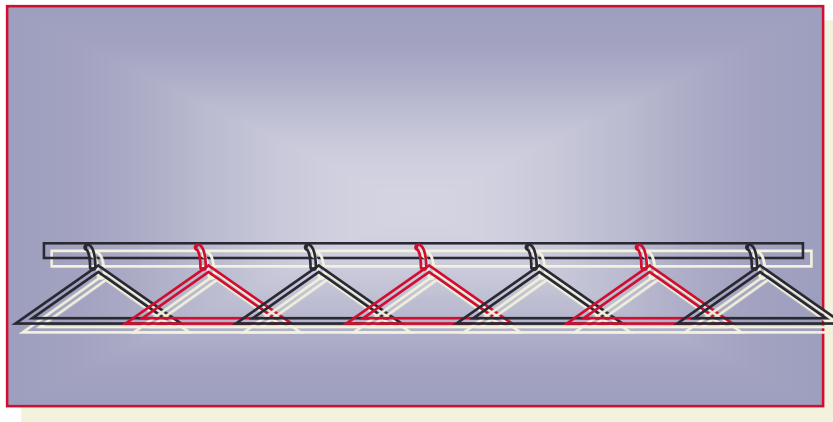
(C) Four-way



(D) Gondola

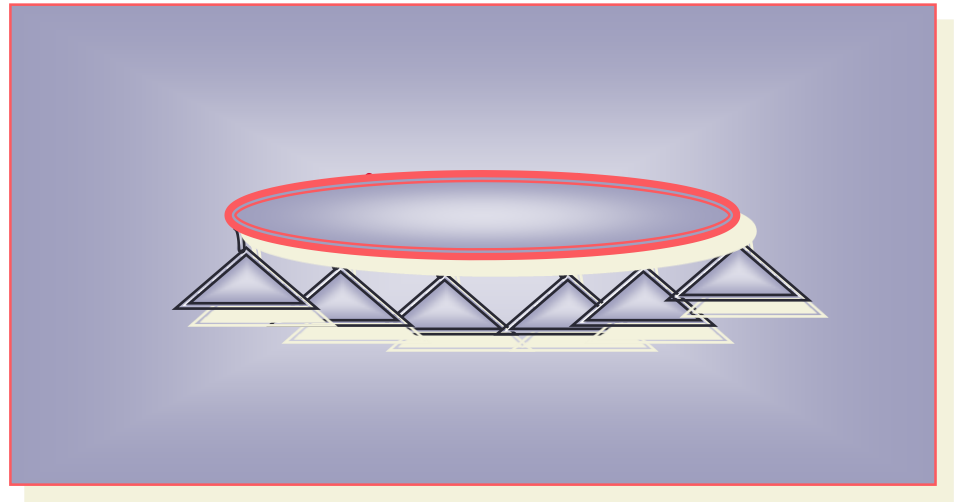
Straight Rack

- Holds a lot of apparel
- Hard to feature specific styles and colors
- Found often in discount and off-price stores



Rounder

- Smaller than straight rack
- Holds a maximum amount of merchandise
- Easy to move around
- Customers can't get frontal view of merchandise



Four-Way

- Holds large amount of merchandise
- Allows customers to view entire garment
- Hard to maintain because of styles and colors
- Fashion oriented apparel retailer

Gondolas

- Versatile
- Grocery and discount stores
- Some department stores
- Hard to view apparel as they are folded



Merchandise Presentation Techniques

- Idea-Oriented Presentation
- Style/Item Presentation
- Color Organization
- Price Lining
- Vertical Merchandising
- Tonnage Merchandising
 - large quantities of merchandise displayed together
- Frontal Presentation
 - display as much of the product as possible to catch the customer's eye



Idea-Orientation Presentation

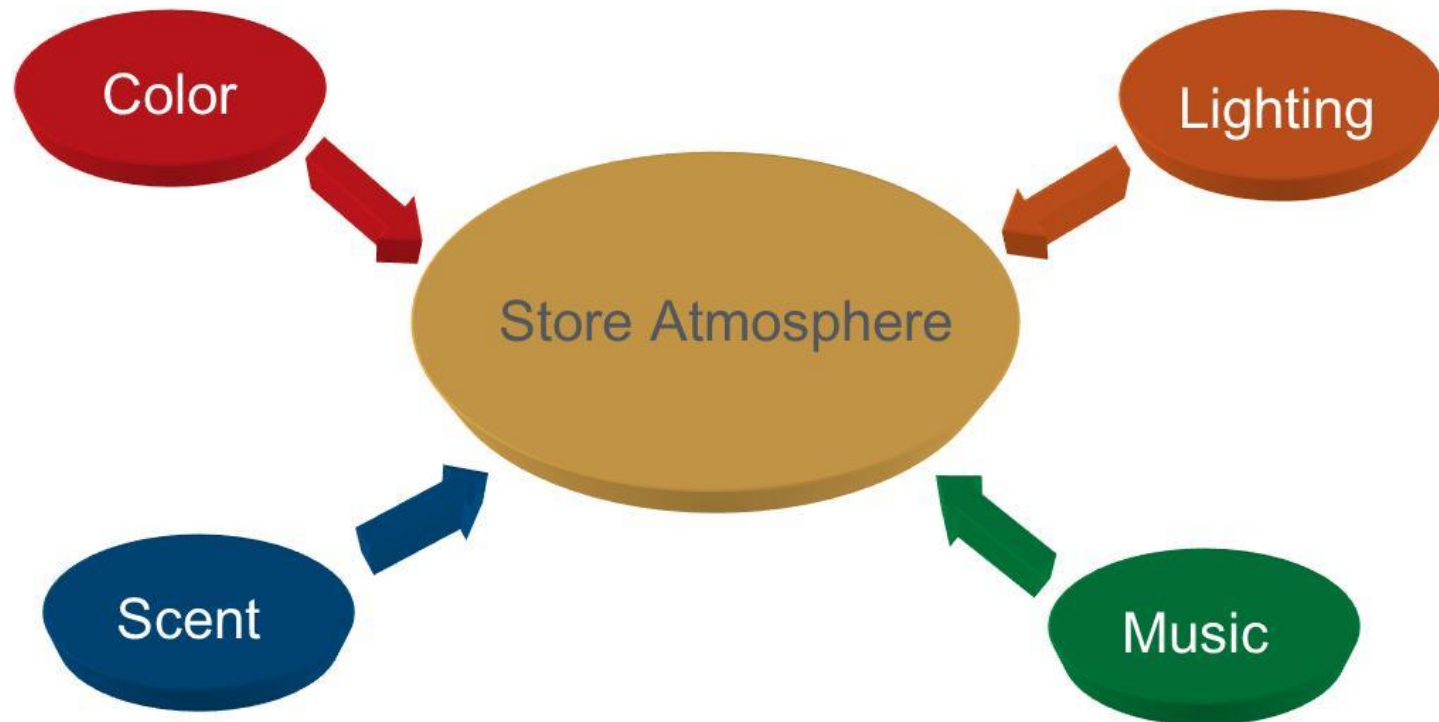
- Present merchandise based on a specific idea or the image of the store
- Encourage multiple complementary purchases
 - Women's fashion
 - Furniture combined in room settings
 - Sony Style mini-living rooms



Fifty percent of women get their ideas for clothes from store displays or window shopping

Creating an Appealing Store Atmosphere

The design of an environment through visual communications, lighting, colors, music, and scent to stimulate customers' perceptual and emotional responses and ultimately to affect their purchase behavior



Lighting

- Highlight merchandise
- Structure space and capture a mood
- Energy efficient lighting
- Downplay features



The McGraw-Hill Companies, Inc./Lars A. Niki, photographer

Color

- Warm colors (red, gold, yellow) produce emotional, vibrant, hot, and active responses
- Cool colors (white, blue, green) have a peaceful, gentle, calming effect
- Culturally bounded
 - French-Canadians – respond more to warm colors
 - Anglo-Canadians – respond more to cool colors



The McGraw-Hill Companies, Inc./Lars Niki, photographer

Music

- Control the pace of store traffic, create an image, and attract or direct consumers' attention
- A mix of classical or soothing music encourage shoppers
 - to slow down, relax, and take a good look at the merchandise
 - thus to stay longer and purchase more

Scent

- Has a positive impact on impulse buying behavior and customer satisfaction.
- Scents that are neutral produce better perceptions of the store than no scent.
- Customers in scented stores think they spent less time in the store than subjects in unscented stores.



The McGraw-Hill Companies, Inc./Gary He, photographer

How Exciting Should a Store Be?

- Depends on the customer's shopping goals:
 - Task-completion:
 - a simple atmosphere with slow music, dimmer lighting, and blue/green colors
 - Fun:
 - an exciting atmosphere with fast music, bright lighting, and red/yellow colors

Web Site Design

- Simplicity Matters
- Getting Around – Easy Navigation
- Let Them See It
 - Example: [Lands' End My Virtual Model](#)
- Blend the Web Site with the Store
- Prioritize

Web Site Design

- Type of Layout
 - When shopping on the Web, customer are interested in speed, convenience, ease of navigation, not necessarily fancy graphics
- Checkout
 - Make the process clear and appear simple
 - Enclose the checkout process
 - Make the process navigable without loss of information
 - Reinforce trust in the checkout process