

# Retail Domain Academy



## Level 2

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**UST Internal**



# Store layout



# “Shopper found dead in local store; cause of death – boredom”

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**Stanley Marcus, Chairman-Emeritus, Neiman Marcus**

No other variable in the retailing mix influences the consumer's initial perceptions of a bricks & mortar retailer as much as the store itself.

The store is “where the action is” and includes such minor details as the placement of the merchandise.

**Store Image** is the overall perception the consumer has of the store's environment.

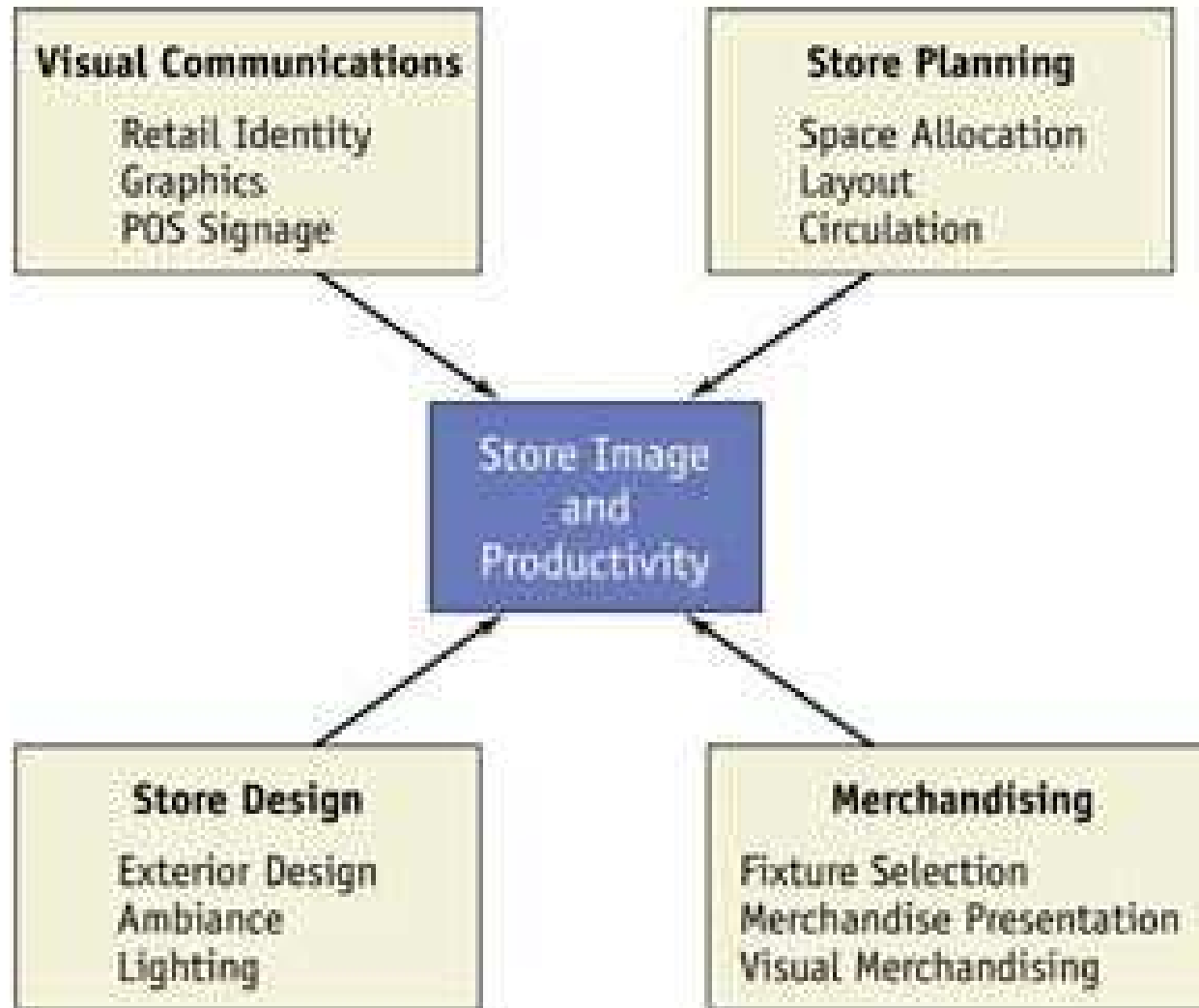
# Objectives of the Store Environment

- **Get customers into the store (store image)**
  - Serves a critical role in the store selection process
  - Important criteria include cleanliness, labeled prices, accurate and pleasant checkout clerks, and well-stocked shelves
  - The store itself makes the most significant and last impression
- **Once they are inside the store, convert them into customers buying merchandise (space productivity)**
  - The more merchandise customers are exposed to that is presented in an orderly manner, the more they tend to buy
  - Retailers focusing more attention on in-store marketing – marketing dollars spent in the store, in the form of store design, merchandise presentation, visual displays, and in-store promotions, should lead to greater sales and profits (bottom line: it is easier to get a consumer in your store to buy more merchandise than planned than to get a new consumer to come into your store)

# Objectives of Good Store Design

- Design should:
  - be consistent with image and strategy
  - positively influence consumer behavior
  - consider costs versus value
  - be flexible
  - recognize the needs of the disabled – The Americans with Disabilities Act

# Elements That Compose Store Environment



# Types of Floor Space in Store

- Back Room – receiving area, stockroom
  - Department stores (50%)
  - Small specialty and convenience stores (10%)
  - General merchandise stores (15-20%)
- Offices and Other Functional Space – employee break room, store offices, cash office, restrooms
- Aisles, Service Areas and Other Non-Selling Areas
  - Moving shoppers through the store, dressing rooms, layaway areas, service desks, customer service facilities
- Merchandise Space
  - Floor
  - Wall

# Store Layout

- **Store Layout**

Store layout refers to the overall arrangement of the store. These arrangements feature merchandise categories with the end goal of making a sale.

- **Types of Floor plans or store layouts:**

- Free Flow Layout

- Grid Layout

- Circulation Loop Layout

- Circulation Spine Layout

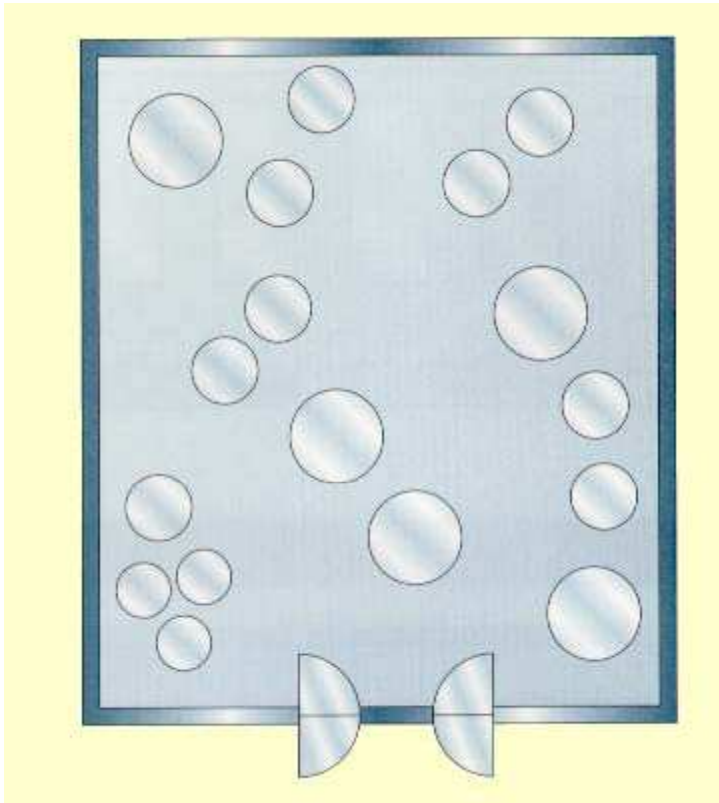
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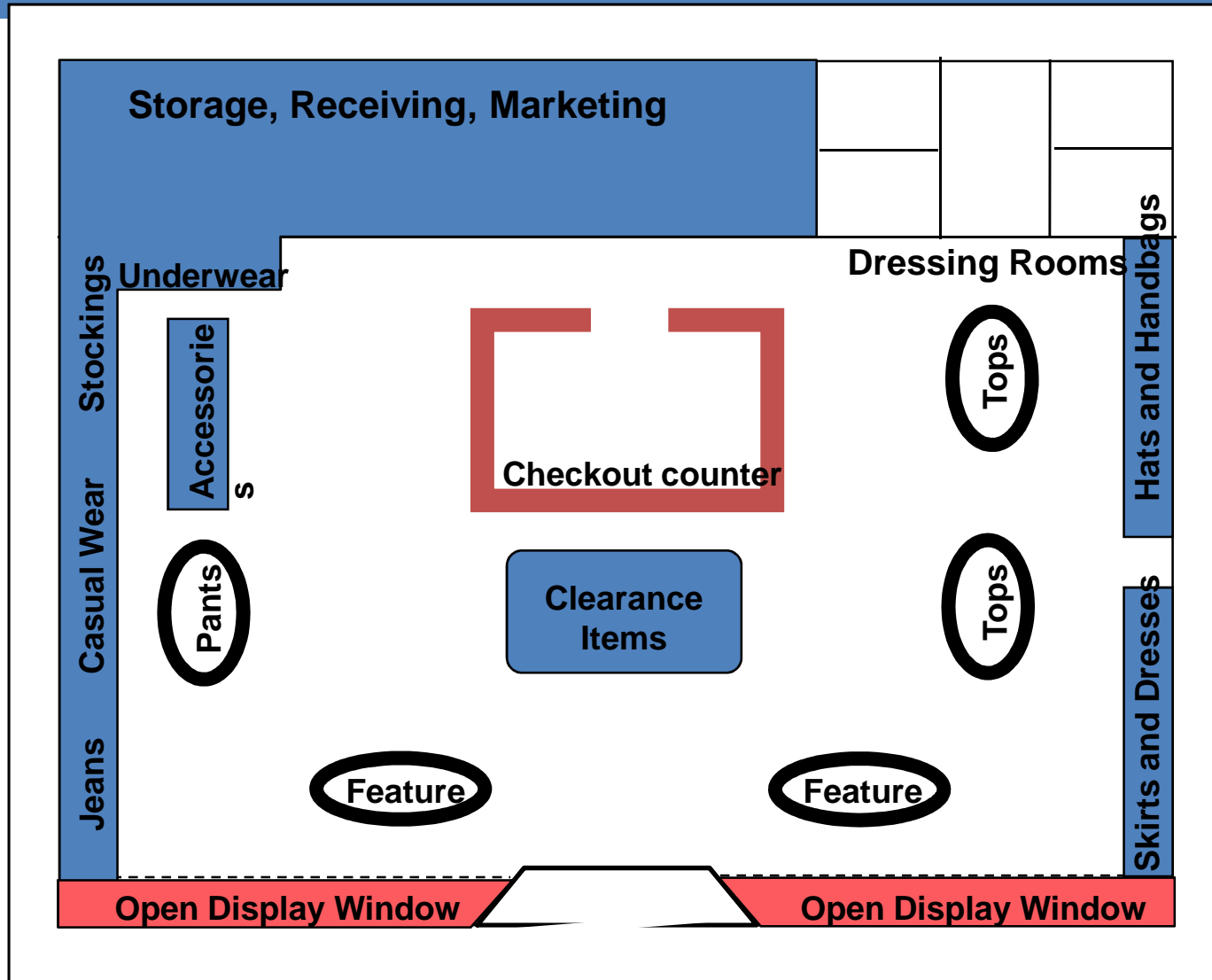
# Store Layout (and Traffic Flow)

- Conflicting objectives:
  - Ease of finding merchandise versus varied and interesting layout
  - Giving customers adequate space to shop versus use expensive space productively

# Circulation Free Flow Layout



# Free-Flow Layout



- Fixtures and merchandise grouped into free-flowing patterns on the sales floor – no defined traffic pattern

- Works best in small stores (under 5,000 square feet) in which customers wish to browse

- Works best when merchandise is of the same type, such as fashion apparel

- If there is a great variety of merchandise, fails to provide cues as to where one department stops and another starts

# The Disney Store's Effective Use of the Free-Flow Design

## LO 2

- Approximately 250 million consumers visit Disney's entertainment retail outlets each year. New store designs showcase merchandise in an engaging and contemporary fashion, keeping pace with evolving retail trends. Technological elements - including a front-of-store media wall that engages guests with Disney programming, and interactive kiosks-setting the stage for the Disney Store in the 21st century.



# Pros and Cons of Free Flow Layout

## Advantages

**Allowance for browsing and wandering freely**

**Increased impulse purchases**

**Visual appeal**

**Flexibility**

## Disadvantages

**Loitering encouraged**

**Possible confusion**

**Waste of floor space**

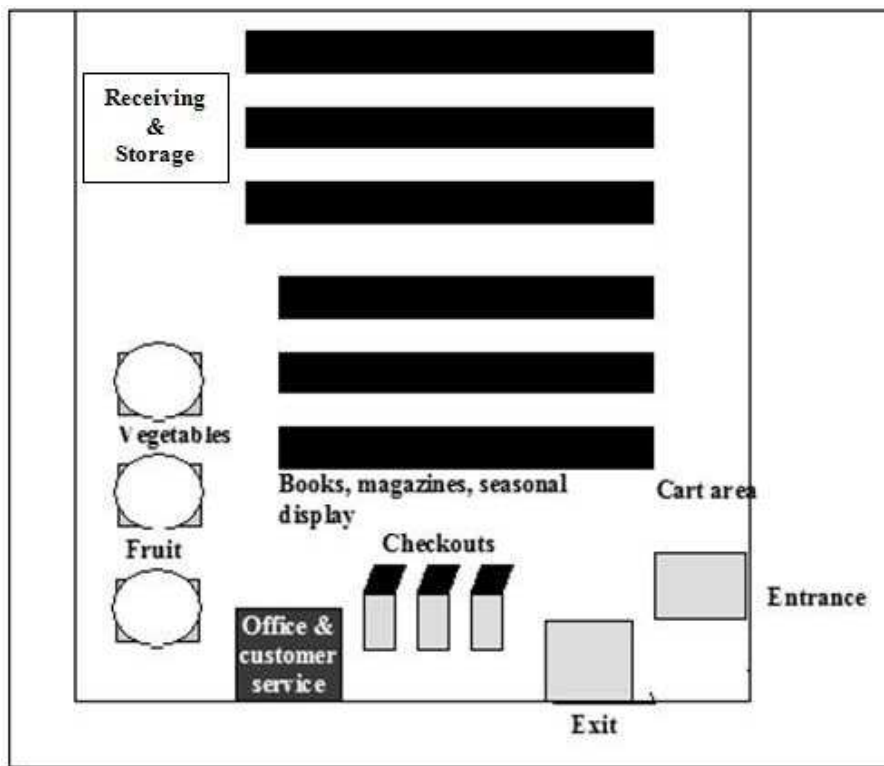
**Cost**

**Difficulty of cleaning**

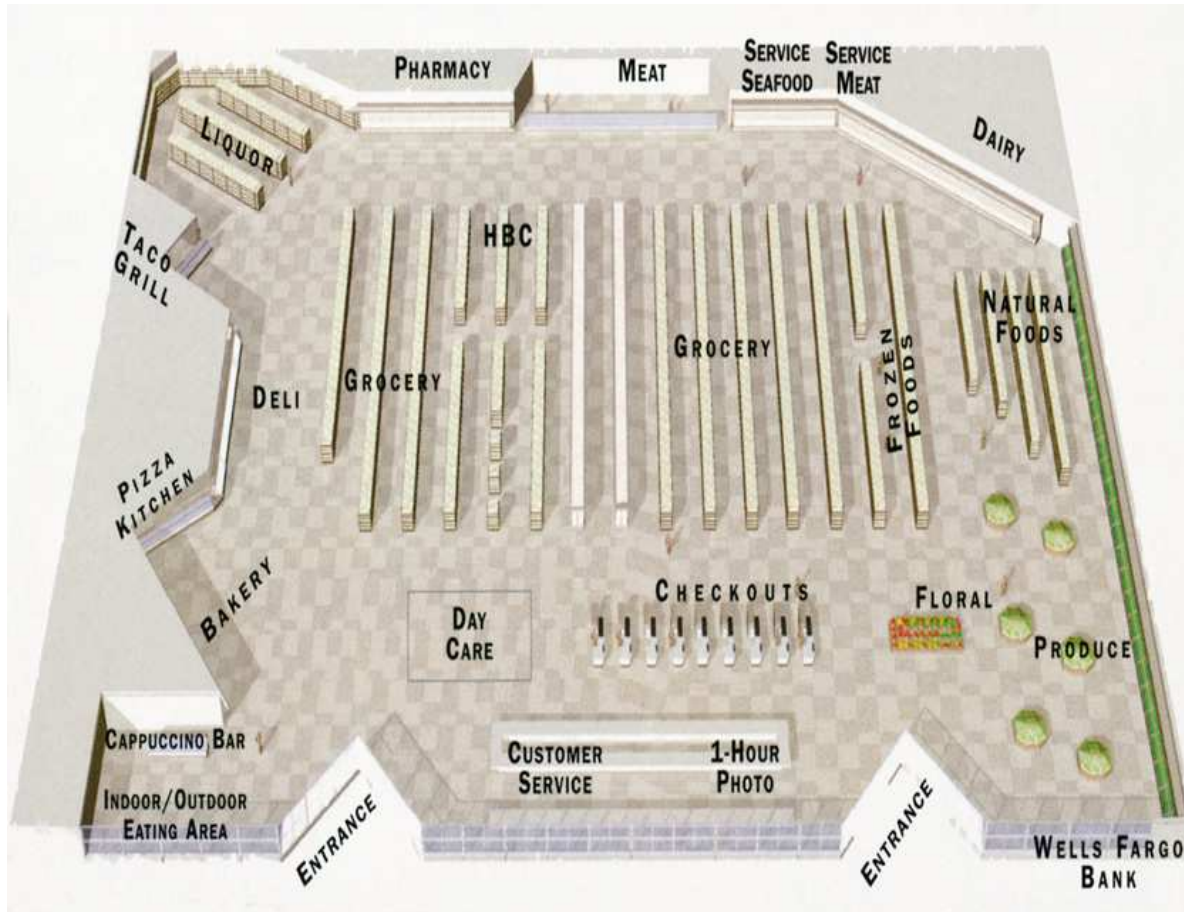


# Grid Layout

- **The grid layout** has parallel aisles with merchandise and shelves on both sides of the aisles. Cash registers are located at the entrance or exit of a store.



# Grid (Straight) Design



- Best used in retail environments in which majority of customers shop the entire store
- Can be confusing and frustrating because it is difficult to see over the fixtures to other merchandise
- Should be employed carefully; forcing customers to back of large store may frustrate and cause them to look elsewhere
- Most familiar examples for supermarkets and drugstores

# Pros and Cons of Grid Layout

## Advantages

**Low cost**

**Customer familiarity**

**Merchandise exposure**

**Ease of cleaning**

**Simplified security**

**Possibility of self-service**

## Disadvantages

**Plain and uninteresting**

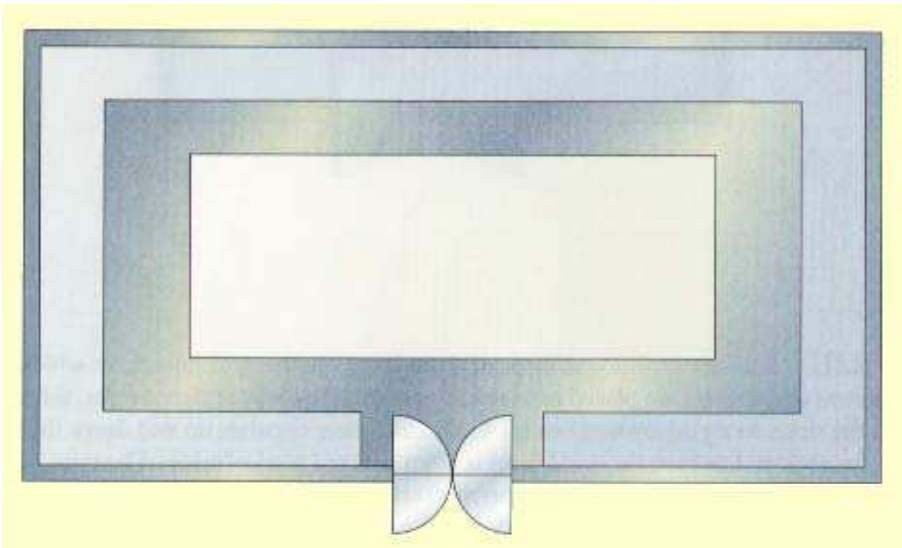
**Limited browsing**

**Stimulation of rushed shopping behavior**

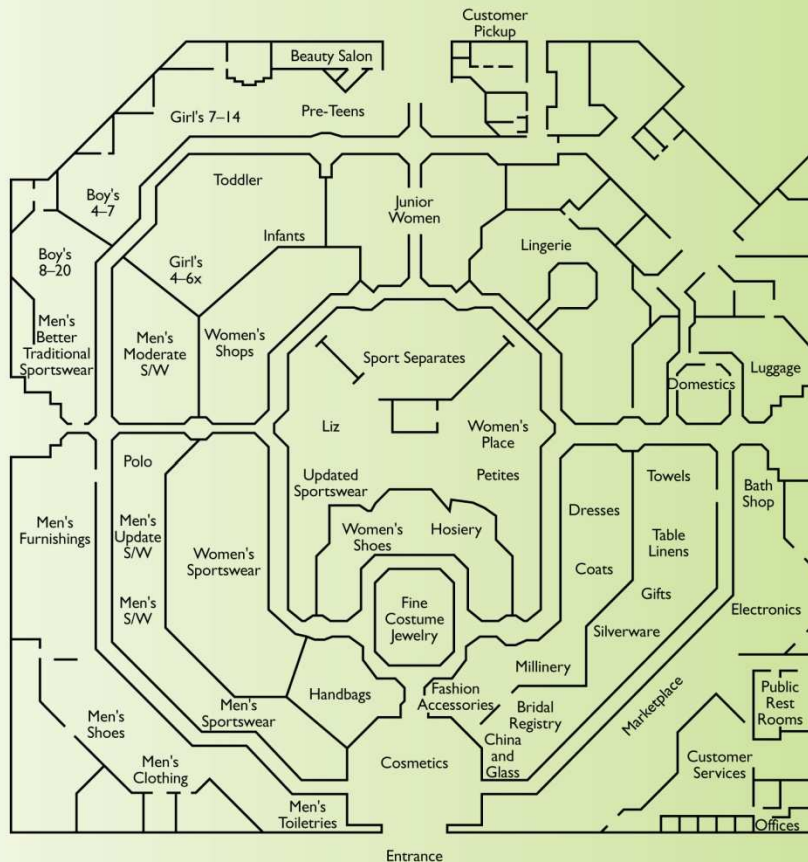
**Limited creativity in decor**



# Loop layout



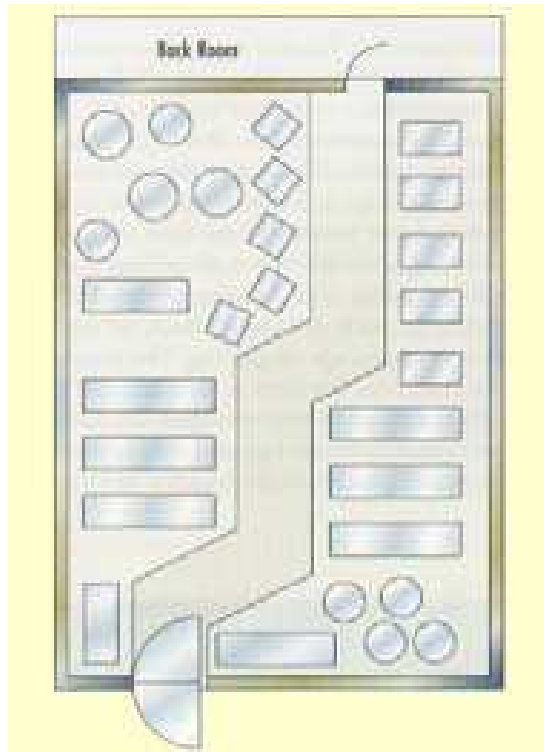
# Curving/Loop (Racetrack) Design



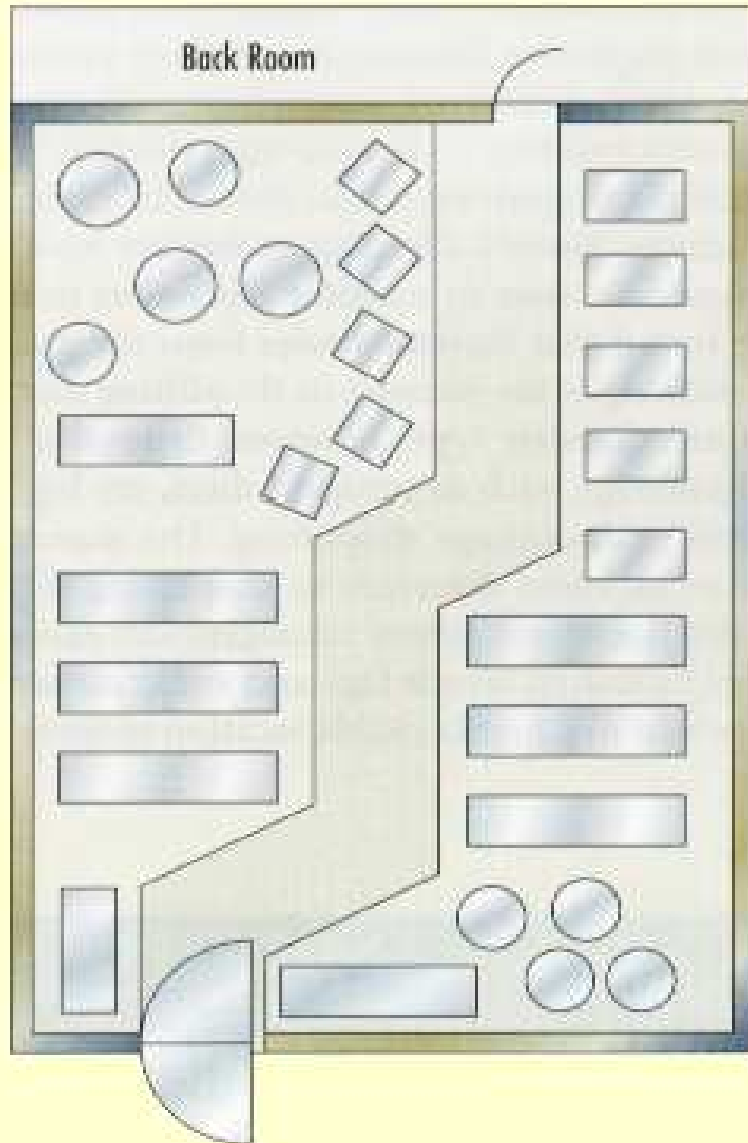
- Major customer aisle(s) begins at entrance, loops through the store (usually in shape of circle, square or rectangle) and returns customer to front of store

- Exposes shoppers to the greatest possible amount of merchandise by encouraging browsing and cross-shopping

# Spine layout



# Spine Layout



- Variation of grid, loop and free-form layouts
- Based on single main aisle running from the front to the back of the store (transporting customers in both directions)
- On either side of spine, merchandise departments branch off toward the back or side walls
- Heavily used by medium-sized specialty stores ranging from 2,000 – 10,000 square feet
- In fashion stores the spine is often subtly offset by a change in floor coloring or surface and is not perceived as an aisle

# Location of Departments

- Relative location advantages
- Impulse products
- Demand/destination areas
- Seasonal needs
- Physical characteristics of merchandise
- Adjacent departments

# Feature Areas

- The areas within a store designed to get the customer's attention which include:
  - End caps – displays located at the end of the aisles
  - Promotional aisle/area
  - Freestanding fixtures
  - Windows
  - Walls
  - Point-of-sale (POS) displays/areas

# Merchandise Types: Continuity

- **Basic or continuity products**

Continuity products are those that the retailer aims to stock and sell over an extended period, as long as the customer wants to buy them. Those continuity products will come through the supply chain in a steady flow, and we need to manage that aspect of the supply chain well, to ensure we are never out of stock, and we get the product into the store at the lowest total supply chain cost. For the continuity products, they are in stock all year round, and we need to carry out range reviews periodically. And we need good replenishment processes and systems. For fast moving



# Merchandise Types: Non Continuity

- **Non-Continuity products**

For the non continuity products, it's all about seasons, fashion, promotional events and opportunity products.. It's also about closely managing the product life cycle, from ranging to buying to distribution to selling it through with minimum residual product and mark down remaining. Non Continuity products on the other hand, are not expected to sell forever. They might be seasonal or fashion items. The retailer needs to buy effectively, to get the product into stores at the right time and quantity, and then sell-through effectively, minimizing the degree of markdowns and then move on to the next product. Examples of these non continuity products might be winter coats, BBQs, swimwear, mother's day cards or Easter eggs, I'm sure you get the idea.

- **Non Continuity products include:** Seasonal, Fashion, Event



# Planning Fixtures and Merchandise Presentation

- Fixture Types
- Merchandise Presentation Planning
- Selecting Fixtures and Merchandise Presentation Methods
- Visual Merchandising

# Store Fixtures – Three basic categories

- **Hardline Fixtures:** Hardline Fixtures refer to shelves which are used to display products like electronics, luggage, Kitchen appliances, sporting goods, toys, paint, hardware.
  - **Gondola** – large base with a vertical spine or wall fitted with sockets or notches into which a variety of shelves, peghooks, bins, baskets and other hardware can be inserted. This is common for hard-lines



# Fixture types

- **Softline fixtures:** Softline fixtures refer to shelves which are used to display products like clothing.
  - **Straight Rack** – long pipe suspended with supports to the floor or attached to a wall. Racks are common for softlines.
  - **Round Rack** – round fixture that sits on pedestal
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- **Four-way Fixture** – two crossbars that sit perpendicular to each other on a pedestal



# Fixture Types

## ■ Wall Fixtures

- To make store's wall merchandisable, wall usually covered with a skin that is fitted with vertical columns of notches similar to those on a gondola, into which a variety of hardware can be inserted
- Can be merchandised much higher than floor fixtures (max of 42" on floor for round racks on wall can be as high as 72")



# Merchandise Display Planning

- Shelving – flexible, easy to maintain
- Hanging
- Pegging – small rods inserted into gondolas or wall systems – can be labor intensive to display/maintain but gives neat/orderly appearance
- Folding – for softlines can be folded and stacked on shelves or tables - creates high fashion image
- Stacking – for large hardlines can be stacked on shelves, base decks of gondolas or flats – easy to maintain and gives image of high volume and low price
- Dumping – large quantities of small merchandise can be dumped into baskets or bins – highly effective for softlines (socks, wash cloths) or hardlines (batteries, candy, grocery products) – creates high volume, low cost image

## ■ Wall Fixtures

- To make store's wall merchandisable, wall usually covered with a skin that is fitted with vertical columns of notches similar to those on a gondola, into which a variety of hardware can be inserted.





# Three Psychological Factors to Consider in Merchandising Stores

- Value/fashion image
  - Trendy, exclusive, pricy vs value-oriented
- Angles and Sightlines
  - Customers view store at 45 degree angles from the path they travel as they move through the store
  - Most stores set up at right angles because it's easier and consumes less space
- Vertical color blocking
  - Merchandise should be displayed in vertical bands of color wherever possible – will be viewed as rainbow of colors if each item displayed vertically by color
  - Creates strong visual effect that shoppers are exposed to more merchandise (which increases sales)



# Visual Merchandising

- **“Visual Merchandising”** - The art of attracting patrons with visual cues, is central to a retailer’s ability to generate sales. Visual Merchandising got its start at the turn of the century, when department stores began using theatrical set design and lighting to create exotic displays. Today, the way the departments are arranged, the location of the escalators, the lighting--all are carefully planned to earn the store more sales per square foot.



# StoreFront Design

- Storefronts must:
  - Clearly identify the name and general nature of the store
  - Give some hint as to the merchandise inside
  - Includes all exterior signage
  - In many cases includes store windows – an advertising medium for the store – window displays should be changed often, be fun/exciting, and reflect merchandise offered inside

# Store Layout considerations

- High margin items should be placed in high traffic areas.
- High demand items should be placed in low traffic areas.
- Complementary items should be placed near each other.
- Seasonal needs should be considered.
- Items needing frequent restocking should be placed near storerooms or cash registers.
- Larger departments should be placed in lower traffic areas
- Shopping behavior to be studied

# Atmospherics

- The design of an environment via:

- visual communications
- lighting
- color
- sound
- scent

to stimulate customers' perceptual and emotional responses and ultimately influence their purchase behavior

# Visual Communications

- Name, logo and retail identity
- Institutional signage
- Directional, departmental and category signage
- Point-of-Sale (POS) Signage
- Lifestyle Graphics

# Visual Communications

- Coordinate signs and graphics with store's image
- Inform the customer
- Use signs and graphics as props
- Keep signs and graphics fresh
- Limit sign copy
- Use appropriate typefaces on signs
- Create theatrical effects

# Lighting

- Important but often overlooked element in successful store design
  - Highlight merchandise
  - Capture a mood
  - Level of light can make a difference
    - Blockbuster
    - Fashion Departments

# Color

- Can influence behavior
  - Warm colors increase blood pressure, respiratory rate and other physiological responses – attract customers and gain attention but can also be distracting
  - Cool colors are relaxing, peaceful, calm and pleasant – effective for retailers selling anxiety-causing products



# Sound & Scent

- Sound

- Music viewed as valuable marketing tool
- Often customized to customer demographics - AIE (<http://www.aeimusic.com>)
- Can use volume and tempo for crowd control

- Scent

- Smell has a large impact on our emotions
- Victoria Secret, The Magic Kingdom, The Knot Shop
- Can be administered through time release atomizers or via fragrance-soaked pellets placed on light fixtures

# In-Store layout strategies

- ???? (This topic is from syllabus, please let us know, what needs to come here?)

## Directional, Departmental, and Category Signage

- Directional and Departmental Signage are large signs that are usually placed fairly high, so they can be seen throughout the store. **LO 5**
- Category Signage are smaller than directional and departmental signage and are intended to be seen from a shorter distance; they are located on or close to the fixture itself where the merchandise is displayed.

# Departmental Signage

## LO 5

- Departmental signage serve as the highest level of organization in an overall signage program. These signs are usually large and placed fairly high to they can be seen throughout the store.



# Category Signage

## LO 5

- Category signage helps consumers negotiate throughout the store to find the product categories they are looking for. The size of category signage varies widely from a lettering that is a few feet in height to merely inches.



# Point-of-Sale (POS) Signage

- Point-of-Sale Signage

**LO 5**

Is relatively small signage that is placed very close to the merchandise and is intended to give details about specific items.

# Point-of-Sale (POS) Signage

## LO 5

- POS signage for clearance and sale items tend to be in red to draw a consumer's attention.



# Lifestyle Graphics

## LO 5

- The Limited uses lifestyle graphics to convey the image of the product to the consumer. Here the Limited conveys the casual nature of one apparel line.





# References

- Marketing Management 12 e, Philip Kotler, Kevin Keller ;
- [Merriam-Webster](#)
- [Wikipedia](#)

# Thank You !

