

IT'S ALL relative

In his second installment on store renos, industry veteran Robert Wilbrink explains how the merchandising and store design you choose today affects sales and profits tomorrow.

By Robert Wilbrink

There's a lot more to designing a store than drawing a floor plan, setting up fixtures and filling them with product. A store is like a car. It's a complex structure of integrated hardware and systems that all need to work together to achieve maximum performance. But unlike a car, which may not run if parts are missing, stores can sputter along, and that's exactly what many do. That's why thorough planning is critical.

Store design starts with the strategic planning and assortment planning I discussed in my previous article ["Store renos: What are they good for?" May/June 2004]. Once choices have been made about category priorities, you need to ask how big each department should be. That decision requires a visit to area competitors. If the strategy is to be dominant in a particular category, it generally means more space, SKUs and depth of stock than the next best competitor. Competitive means about equal selection. (Don't forget to include anticipated future competitors.)

This is the first step in deciding how big your store really needs to be. In an ideal situation the sum of right-sized departments plus common areas equals the building's size. But independent dealers are often adapting an existing store by reallocating space between warehouse, retail and offices.

Regardless, it's critical to make sure the building size fits the size of market and the category strategies. If the store is too small, it's like trying to fit 10 pounds of potatoes in a five-pound bag. Usually it means not enough choices have been made during the planning stage. Yes, adding SKUs is an important ingredient if done judiciously, but, unfortunately,

the temptation is often to cram a store with as many new items as possible, which creates problems. Not enough facings of faster moving products means more out-of-stocks and higher labour costs. Too many SKUs in a small space leads to a perplexing mix of merchandising, poor aesthetics and confused customers. Cramming can result in aisles that are too narrow and uncomfortable. Product may be merchandised out of reach of customers, which hurts sales and drives up labour expenses as more customers need help.

I recently visited a small town in Quebec. In it was a store with product stacked 16 feet throughout and aisles no wider than four feet. It felt like a maze. Despite this, the store was packed with customers and the lineups were 10 deep at four cash desks. The locals in the store were obviously stressed, but seemed resigned to putting up with the inconvenience — probably because they were used to it; this was the only game in town. But what will happen if a competitor with a similar product mix sets up in a more comfortable store across the road?

Poor planning can also lead to a store that is too big. It may feel sparse and unappealing, and shoppers might assume it's going out of business, even before the grand opening sign comes down. Product gets spread out, leaving voids or exces-

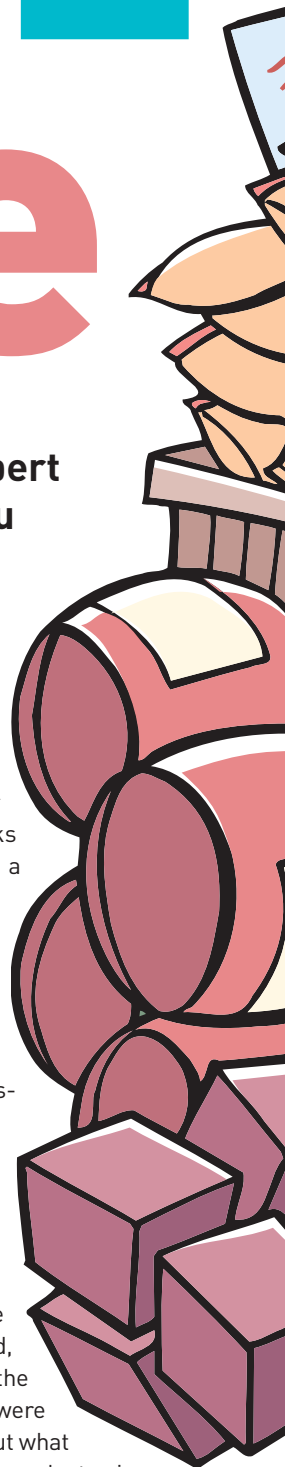




Illustration: Paul Gilligan



sive facings and lower inventory turns. The dealer adds marginal (unprofitable) product categories to make the store seem fuller, and the discipline of weeding out slow-moving or distressed merchandise is lost. The result: Operating expenses go up as a percentage of sales.

After size comes shape. Usually, a rectangular store is best with a depth 1.25 to 1.5 times the width, or vice versa. This, of course, applies to new construction but is also a useful guide when deciding how to expand an existing building.

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Next comes a site plan, which includes placement of the building (new or existing), yard, warehouses and parking. This plan needs to consider the flow of vehicles, staff, customers and product. It should enhance the image of the business while preventing log-jams and inefficiencies.

Now we move inside, with a basic floor plan highlighting the main aisles and placement of departments. The objective is to expose customers to as much of the store as possible with minimal effort. The more they see, the more they are likely to buy. Departments and categories hidden from view will surely suffer lower sales. Smaller stores will tend to adopt a bowling-alley format, with the power aisle across the front or up one side; medium-size stores usually do best with a centre aisle plan; and large stores (over 60,000 square feet) will adopt a version of the racetrack as the most efficient way to move people around the store.

Product flow from the loading dock to the shelf and on through to the cash needs to be considered in assigning department and product adjacencies. The objective is to minimize handling (labour) and to make it easy to get product out of the store. Secondary aisles should be wide enough for customers (with buggies) to avoid brushing other customers as they pass by. Higher fixtures and longer aisles demand wider aisles. Back aisles are often used for supplying the store and should be sized accordingly. Power aisles should be open and comfortable, and include space for promotional and bulk merchandising.

Focal points or feature displays help draw customers further into the store. Ideally, several focal points are visible from a short distance inside the front door. Focal points

should reinforce the store’s dominant categories. They should be high impact and visually stimulating. They should provide valuable information, or at least imprint an image customers will remember, even if they aren’t shopping for that category right now. The goal is to be top-of-mind.

Most customers are in a hurry. So the trick in designing a store is to slow them down (though not by making it hard to find what they’re looking for). The more of the store they can see when they come in, the better. Strong signage to get them to the right department, then the right aisle and then the right section will make customers less dependent on staff and more likely to leave the store with what they came for. These signs need to be the right size. Department signs shouldn’t overpower the store. Too big and they look clumsy. Too small and they look lost. Too close together and they aren’t readable from a distance. By helping customers find what they came for quickly, your store is creating more time for them to browse and buy things they didn’t come in for. Signs and displays should also suggest add-on sales and provide how-to information so the store isn’t relying on salespeople to do all the explaining. Price signage should be visible and consistent. Playing hide-and-seek with pricing costs sales and creates an impression that, perhaps, prices are high.

A well-designed store also encourages impulse purchasing. That’s because even in our business most purchases are made on impulse. (It’s one reason the box stores have increased the market for home improvement products rather than just taking sales from independents.) So, your floor plan needs to accommodate promotional end caps, bulk displays, dump bins, clip strips and effective cash-out merchandising. Filling the floor with too many standard fixtures doesn’t put enough product in front of the customer.

To get the biggest bang for the renovation dollar a redesign of the outside of the store is as important as the inside. Without a fresh exterior, it will take much longer for customers to “rediscover” the store. A new pylon sign and facade wouldn’t do much good without the improvements inside, but they’ll drive up awareness and build a positive image when used to wrap up the whole package. Exterior merchandising displays should also be designed to reinforce dominant categories.

Planning a renovation is a lot of work, but think of it this way: making changes during and after will result in compromises and higher costs. The surest way to ensure selling success is to prepare for it in the design phase. **HM**



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