

The space race in-store



The current situation

'Cramped', 'chaotic' and 'cluttered' are terms too often associated with cash & carries and typical 'township' stores. And yet these stores are doing millions in turnover each month. Store owners might argue that there is no need to invest in change – to layout, store equipment and merchandising strategies – but experts in the field believe that such an investment will bring huge rewards: both in terms of profit and customer loyalty.

Flooring is one aspect of a store that is often ignored but investing in the right floor for specific areas in-store (for example, food prep or high traffic) will allow for a virtually maintenance free 10 years, says Verity King, marketing services coordinator at Flowcrete SA. "Flooring tends to be neglected because shop owners possibly feel it's a way to cut down on costs and think that their floors will not be noticed," she adds.

Principles of store design

The core principles of store design apply regardless of channel, says category management specialist, Janet Kirkbride of Red Jersey Consulting. These are:

- Maximise customer satisfaction by meeting their shopping requirements (simplicity, speed, convenience)

Invest in store design to build customer loyalty and profits

Space has become a commodity in the retail environment as retailers compete for the same mass of customers using their location and offering as the drawcards. However, as this space becomes more congested – in-store as well as outside – retailers need to do more to guarantee customer loyalty.

By LAURA DURHAM

- Maximise productivity in terms of both stock holdings and space utilisation
- Provide growth through effective placement of incremental sale items and marketing offers.

But how exactly can this be achieved?

The first issue to tackle is to understand the channel and store dynamics. Retailers need to ask themselves who their customers are: spaza shop owners, traders, caterers, housewives? Or a mixture of all four?

'Cramped', 'chaotic' and 'cluttered' are terms too often associated with cash & carries and typical 'township' stores. Investing in store layout, equipment and merchandising strategies will bring huge rewards for store owners: both in terms of profit and customer loyalty.

Kirkbride suggests that once the customer profile has been defined, retailers should consider carving the store up accordingly – into these subsections. "One store for all does not effectively meet the needs of all shoppers so instead of arranging story by category, why not by your customer's business needs?" she asks.

Merchandise by business needs

Wholesalers and cash & carries tend to be merchandised like a supermarket – just with much larger product volumes in a greater space. This can be time-consuming for say, a caterer, who is looking for staple groceries (maize meal, flour and sugar), equipment (pots, pans, ladles), as well as the plastic cutlery and serviettes she requires for serving. She has to walk the entire store to complete her shopping list – an exhausting and no doubt, frustrating exercise. But if there was a dedicated catering section in the store, the caterer would be able to find everything she needs in one place and the convenience and speed at which she could

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Store design feature

complete her shop would no doubt bring her back the next time.

Some stores are already doing this. Big Save Cash & Carry in Hammanskraal, for example, has a separate entrance for its retail and wholesale customers. This is to ensure that the traders and hawkers who frequent the wholesale operation are given one-on-one service by the staff, that the bulk quantities they require are easily available, and that the different pricing structure is emphasised. This allows the retail side of the store to cater for the other 50% of the market – the retail customer – with smaller pack sizes and more displays and promotions.

Customer service

Retailers often introduce a store card for their wholesale customers. This entitles the cardholder to special service by the staff (for example, pre-ordering their goods) and provides retailers with the knowledge of their customer base. Kit Kat Cash & Carry uses this tool to boost their wholesale trade.

Masscash has introduced a traders desk to its Cambridge Food chain to improve its service to the trader clientele. Spaza shop owners, hawkers and stokvels are encouraged to register with the store and the traders desk offers guidance on new promotions and savings schemes.

Identifying your customer base is the first step, the second is utilising that knowledge. Kirkbride goes so far as to say this knowledge should be carried out into the actual layout of the store.

Store design's not-so-secret formula

Nina Degger, design consultant at Storeworks says that good design is made up of two elements. "The first and most important is the space planning – a functional, user friendly flow, which invites the customer to browse the store." In a smaller store, like a spaza, the aim might go further so as to create impulse sales, rather than direct the customer to a specific destination. But for wholesalers and cash & carries the opposite seems to be true – create a functional flow specific to the customer's shopping mission in order to

satisfy their trip and encourage a return, as well as possibly boost impulse sales through effective merchandising.

"The other element is the design and specifications of the units themselves, whether it be shelving, racking or purpose built units, each has to fulfil a specific function, the most important of which is to display the product effectively," says Degger.

It seems that 'bigger is better' is the motto of cash & carries. A typical gondola end display is simply a sky-high display of product plus big signage indicating the promotional price. And it works!



A dedicated catering section in the store allows a caterer to find everything she needs in one place and the convenience and speed at which she could complete her shop would no doubt bring her back the next time.



When space is limited, retailers should make use of every available surface – such as the edges of refrigeration units – to display stock.

Bulk Bargains



Once the customer profile has been defined, retailers should consider carving the store up accordingly – into subsections because one store for all does not effectively meet the needs of all shoppers. For example, separate the bulk packs from the smaller retail packs.

Merchandising matters

But there is so much more to merchandising, argues Willem de Bruine, marketing executive of Retail Display Solutions. A display is the store's 'silent salesperson' and will help store staff with their job, he says. De Bruine argues that there are two important factors that make a good retail display which will maximise marketing impact. The first is the essence of the product. "The display stand is suppose to show off the product in all its glory, so focusing on what makes the product so unique is the first consideration to make," he says.

The other important thing is making the display something that people can relate to. For example, health & beauty products often have an aspirational element to them so creating a display in that fashion will encourage customers to give them a try.

There are various factors to consider when deciding on a retail display, says de Bruine, including:

■ Product presentation

Prior to any purchase decision, in-store presentation is the final opportunity to make a good impression because by the time customer walk into the store they already have received several inputs about the displayed product through advertising and word of mouth. Already, most wholesalers and cash & carries have an advertising strategy in place with broadsheets, knock & drops and leaflets promoting the week or month's specials. However, this headlighting of specials outside the store often does not translate

in-store thanks to poorly lit, badly merchandised and boring displays.

■ Communication

An impactful presentation solution provides an excellent opportunity to build on brand messaging and value proposition when combined with a call to action. This can be anything from a special offering, price promotion, customer retention programme introduction and reminder, product related competitions, etc. Some suppliers are already doing this effectively, such as Lucky Star, Imana and Willowton Group.

Display solutions

David Earle, head of corporate sales at Just Refrigeration says there are a number of display options available but it is important that they fit the specific profile of the store. More and more cash & carries are introducing service departments – bakery, butchery and hot foods – to their stores to cater for their increasing retail customer base. Indeed, Cambridge Foods Tembisa (previously Savemoor Cash & Carry) bakes 10 000 loaves of bread daily to service its customer base and as the only store to serve bread in the immediate vicinity (Nkosi Hyper across the road does not have space for a bakery), the bakery is booming. To further the convenience factor in-store, Earle suggests installing serve-over counters, as wells as self-service units.

"Also, put fruit and vegetable cabinets at the end of the shopping route to avoid bruising from picking these up first," he says. This is an interesting idea as the fresh produce section is nearly always the first

department customers walk into as they enter the store. But again, identifying your customer's business needs should factor into how you layout and merchandise your trading floor. For example, Big Save Cash & Carry in Hammanskraal currently does not have a fresh produce section but is considering introducing it to the store – not as a retail department, but rather as a part of the trader/hawker section of their store. "We'd rather supply to the fruit and vegetable hawkers around us than take away their business by selling it to our retail customers," says one of the partners, Tony Ferreira.

Using space wisely

Wholesalers keep all products in bulk quantities, which obviously impact the amount of space available. "Premises would have to be huge in order to offer a wide variety of products in bulk and the design of the store would have to cater for forklifts to move in the aisles which further impact the space available," comments Flowcrete's Verity King.

Earle suggests a number of ways to use space effectively:

- Use walls and floors to the maximum by installing upright dairy, fruit and vegetable units
- Use wide island freezers between pillars to allow customers access from both sides
- Consider remote units to take heat and noise out of the store and therefore allow the air-conditioner to work more effectively
- Install serve over cabinets or low front glass cabinets for easy access and no queues
- Invest in well-lit cabinets and clear signage so customers can easily identify what is in the cabinet
- Avoid double handling of merchandise and congested isles through unpacking.

Janet Kirkbride goes further on Earle's last point and suggests that retailers and suppliers have a conversation about self-merchandising units. "Monitoring the rate of sale helps to improve the efficiency of

Store design feature



There are two important factors that make a good retail display: Understanding the essence of the product and making the display something that people can relate to.

moving product from the back (or in the case of stores with high racking, from the top) to the shelf," she says. It makes sense to place slow moving lines at the top as they shouldn't have to be moved down during the day, and having fast moving lines pre-merchandised in shelf-ready units. Also, high value or premium products should be placed at eye level to encourage extra spend in that category.

Worth the investment

"A store can be designed on a relatively low budget by eliminating elaborate perimeter treatment such as bulkheads," says Storeworks' Nina Degger. She suggests that focal features, graphics and accent lighting would add a good feel to the store, allowing the retailer to channel funds into quality fixtures and fittings which are a long-term investment.

"One of the factors that deter shop owners from redoing their floors is that they would have to close their shop in order to do so, thereby losing money," comments Flowcrete's Verity King. But this does not necessarily have to be the case. Store owners might consider revamping one section at a time (in the carved out store model that Janet Kirkbride of Red Jersey Consulting suggests).

Alternatively, the store can keep trading as per normal but customers are kept well informed throughout the revamp process, are given extra assistance by staff and

perhaps there could be special offers and promotions to keep them loyal to the store. This might include a free cup of coffee/juice at the start or finish of their shopping trip, or perhaps a competition to win a hamper at the end of the revamp. A competition like this would also be very useful in gaining important customer information to use in the future.

Of course, suppliers of store design equipment and solutions are also aware of retailers not wanting to close down business and have introduced products to minimise this problem. Flowcrete, for example, has developed a flooring system that is ready for foot traffic in just two hours.

Creating the illusion of space with lighting

There are a number of factors that retailers need to take into consideration when deciding on a lighting strategy for their store. Examining price, environmental friendliness and existing fittings are all part of the decision but ultimately, the function of the lighting is the most important.



ATMs draw feet in-store

Besides offering customers the goods they need, value-added services provide them with more than just a grocery basket. Installing an automated teller machine (ATM) in-store draws feet and provides the retail environment in which to spend some of the cash they have just withdrawn.

"Cardholders spend on average 25% of their withdrawn cash in-store," says Justine Theron, marketing manager at ATM Solutions. Introducing an ATM to the store environment should therefore be a no brainer for retailers. Of course, a risk assessment is necessary to decide if the ATM should be placed inside the store (therefore only used during the store operating hours) or outside (which has an added security risk but benefitting from after hours traffic).

Regardless of placement, customers need to be made aware of an ATM's existence. "At no extra cost we provide our clients (retailers) with fully branded signage," explains Theron. Additional lighting, pylons and signage are also provided where necessary. "It's all about getting foot traffic to the ATM," she says.

It is also important that merchants upkeep the ATM area and monitor the cash levels. "There is nothing more irritating than going to an ATM only to discover it's out of cash or to have to suffer through a transaction in a dirty and uncomfortable environment," says Theron.



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Different customers require different pack sizes for their needs. A retail customer might want a big pack to keep at home, whereas a spaza shop owner will be looking for smaller packs to resell.

"Lighting creates mood and if done correctly will enhance the ambience of the shop and draw the customer in. Also it is practical, in that it allows for a safe environment by eliminating potentially hazardous dark areas," says Mark Greenhill, technical manager at Osram.

Lighting has a lot of power – power that is too often neglected, particularly by traditionally independent stores. Store owners are always trying to boost basket size – whether it be through a pricing strategy, customer loyalty programme or promotions campaign – but lighting could be a simple and cost-effective (in the long run) solution.

Numerous studies have shown that more people will stop and look at well-lit shop windows and displays than poorly lit ones. The right lighting attracts customers and puts them in the right mood to buy, says Greenhill.

Developing the wholesale space

Wholesalers could even go further to improve the convenience element of shopping for their customers. For example, Big Save Cash & Carry sends the week's specials from their distribution centre via sms to local shop owners. They can then simply reply via sms and their stock order will be recorded.

A delivery service is a good idea and this could be extended further to introduce a 'bakkie shop' where a bakkie visits the various traders in the area with a range of typically bought items on the back to sell then and there – eliminating the time and cost wasted for them to actually come to the store. It might even enable the trader to turn extra stock, which will ultimately benefit the wholesaler as the trader will have to restock more often.

"These store owners are more tuned into the trends and dynamics of the market and would be strategic partners to develop the bottom end," says Janet Kirkbride.

And for wholesalers themselves, Kirkbride encourages investment and innovation. "If you stimulate market practice, you will own it. Change the rules of the game. You just need to have the ability to look past your competitors into the open space."