



**SLEZSKÁ
UNIVERZITA**

OBCHODNĚ PODNIKATELSKÁ
FAKULTA V KARVINĚ

Retail management

Store layout and retail laws.



STORE LAYOUT

1. Factors influencing store layout design
2. Typology of stores
3. Examples and exercises



FACTORS INFLUENCING LAYOUT

1. External factors

1. Competition in location
2. Potential number of customers a day
3. Type of product and its characteristics
4. Entrance for deliveries - supply



FACTORS INFLUENCING LAYOUT

2. Internal factors

1. Speed of movement of goods – replacement and delivery costs
2. Number of employees
3. Form of selling
4. Expected structure of turnover



BASIC RULES

Good store layout design:

- 1. Respects flow of customers**
- 2. Respects flow of employees**
- 3. Respects flow of goods**

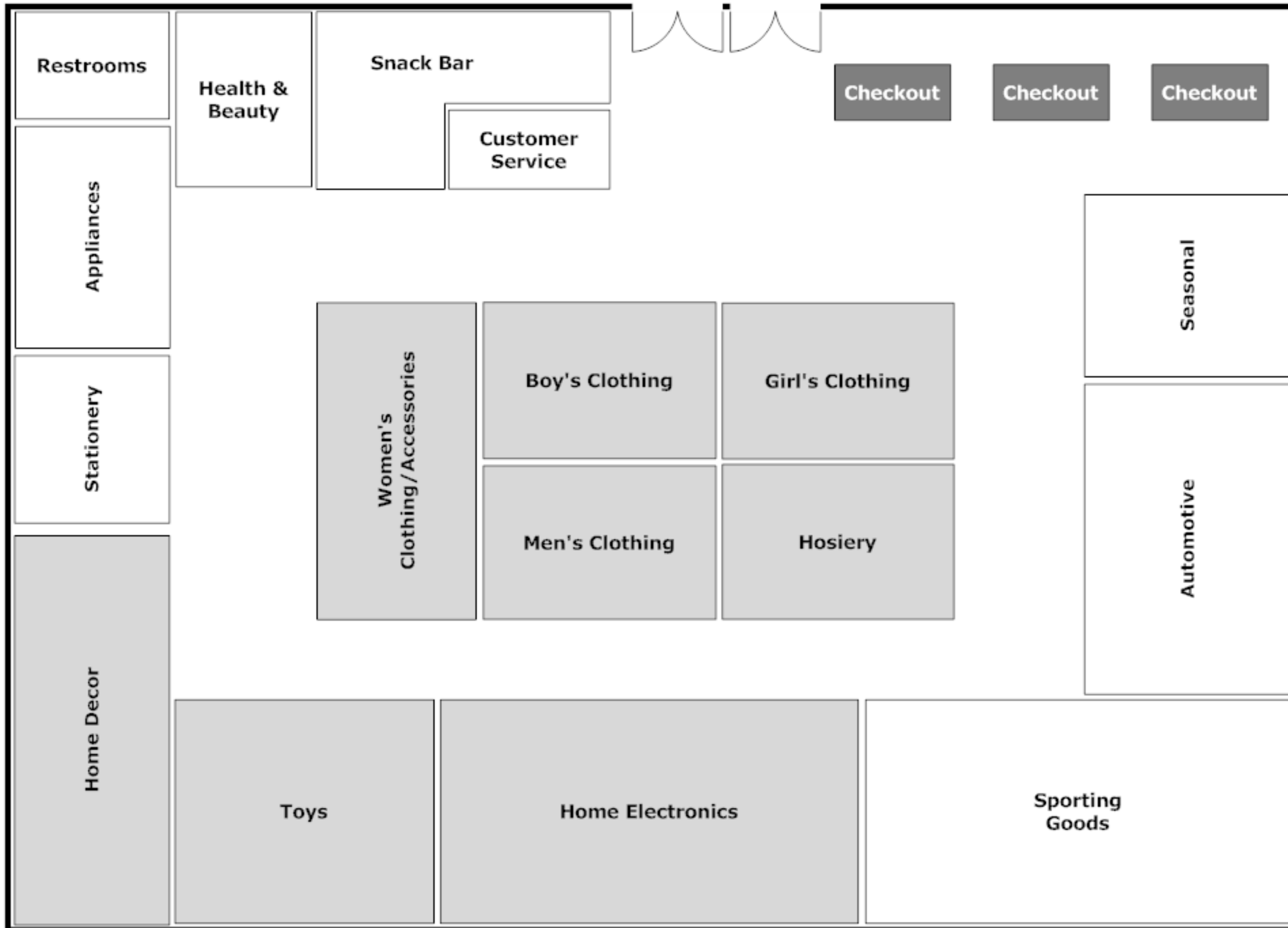


TYPES OF LAYOUT

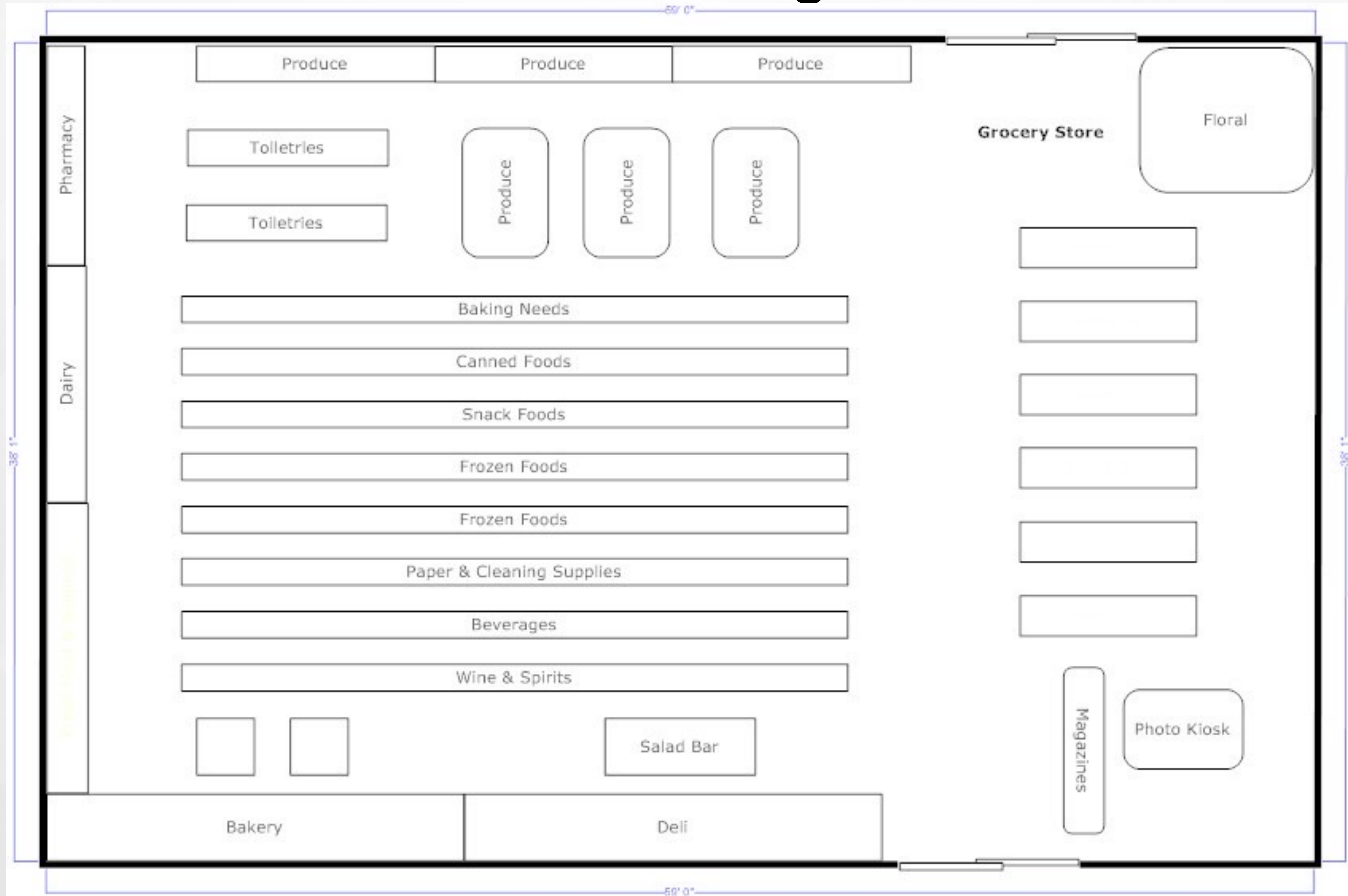
1. Racetrack design
2. Grid design
3. Open design
4. Counter store design
5. Sector design



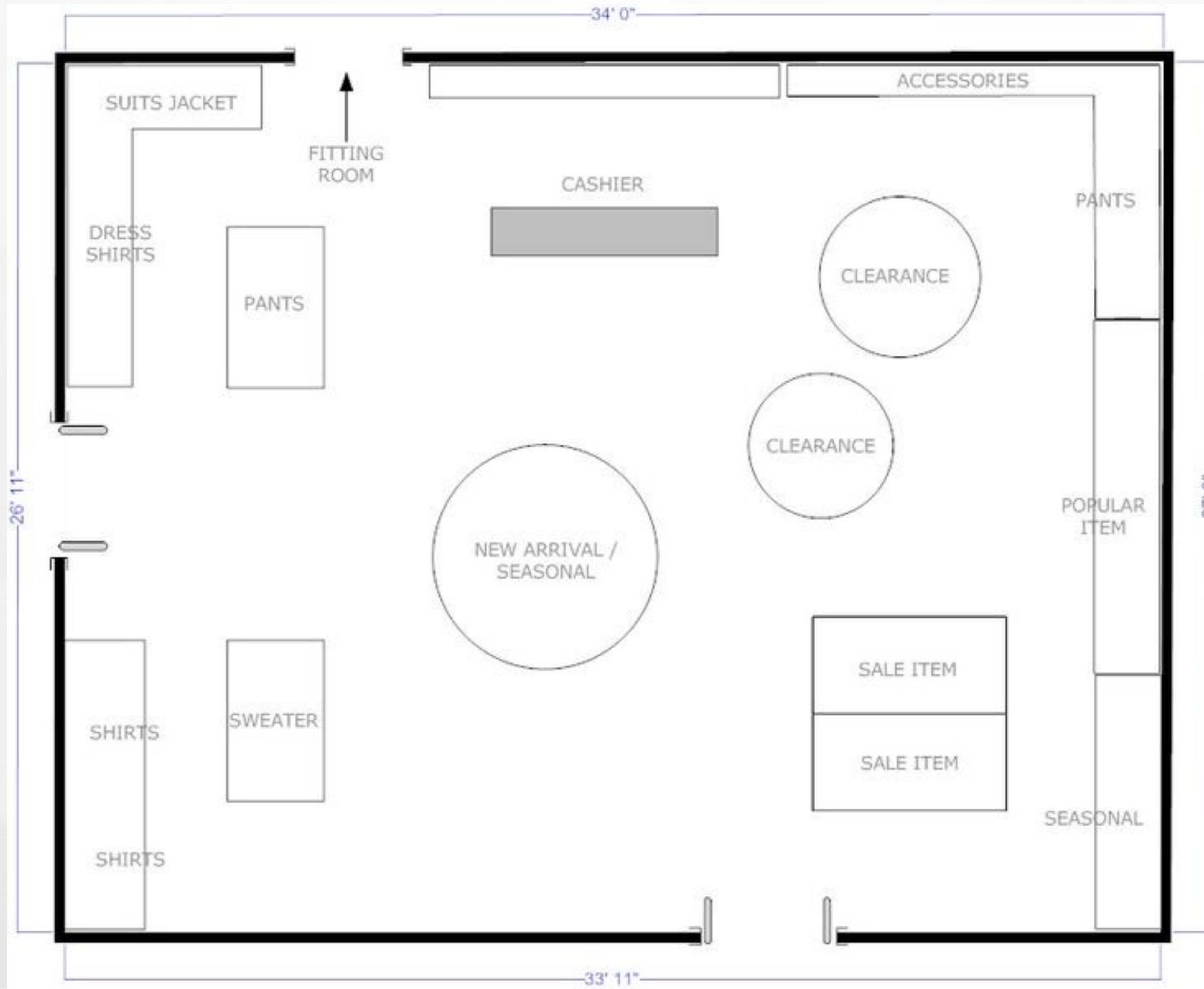
Racetrack/loop design



Grid design



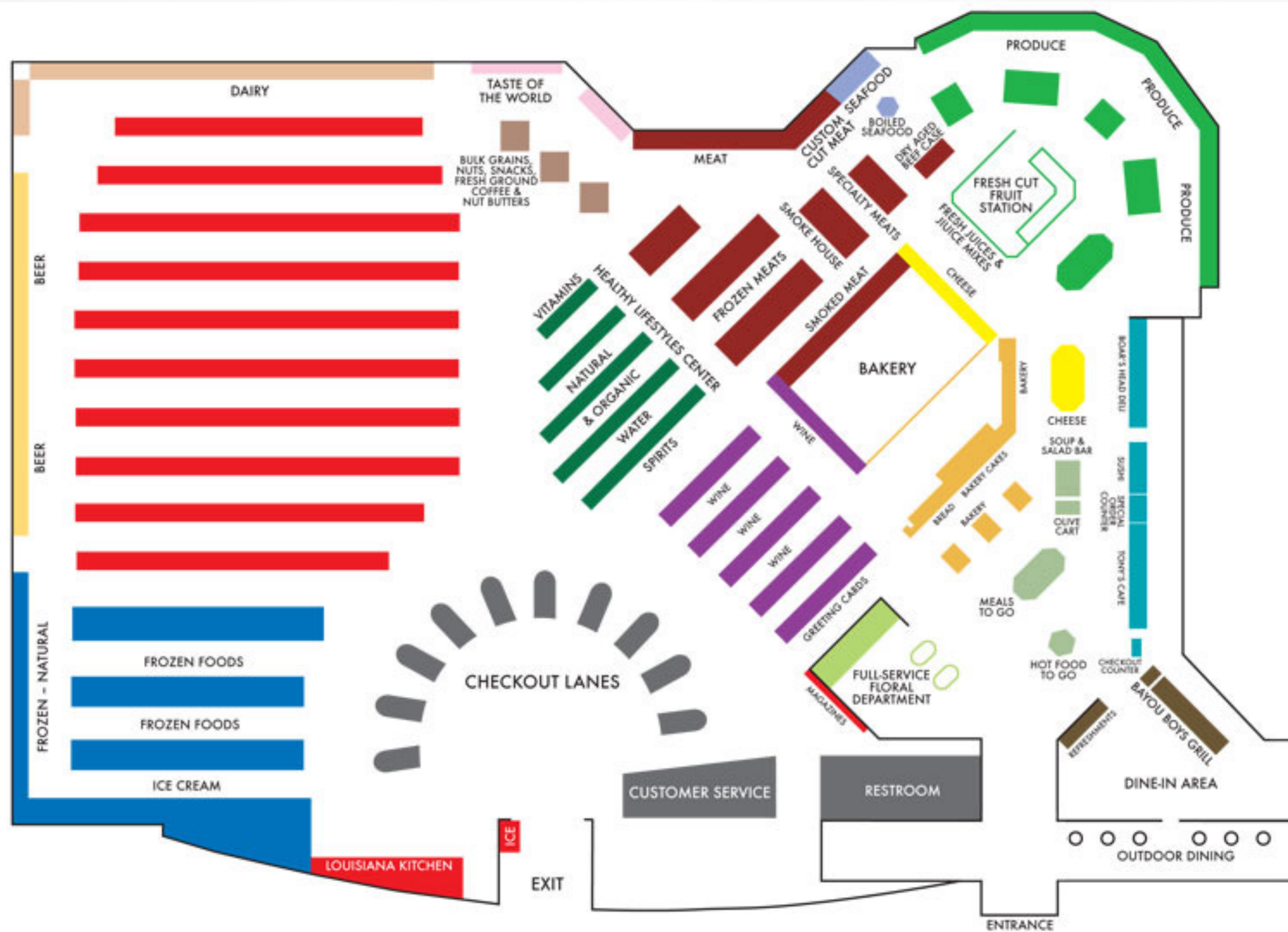
Open design



Counter store design



Sector store design



FIND EXAPMLES

1. Racetrack design
2. Grid design
3. Open design
4. Counter store design
5. Sector design



ENVIRONMENT INFLUENCERS

- 1.Shelf positions
- 2.Music
- 3.Smell
- 4.Light
- 5.POS/POP materials



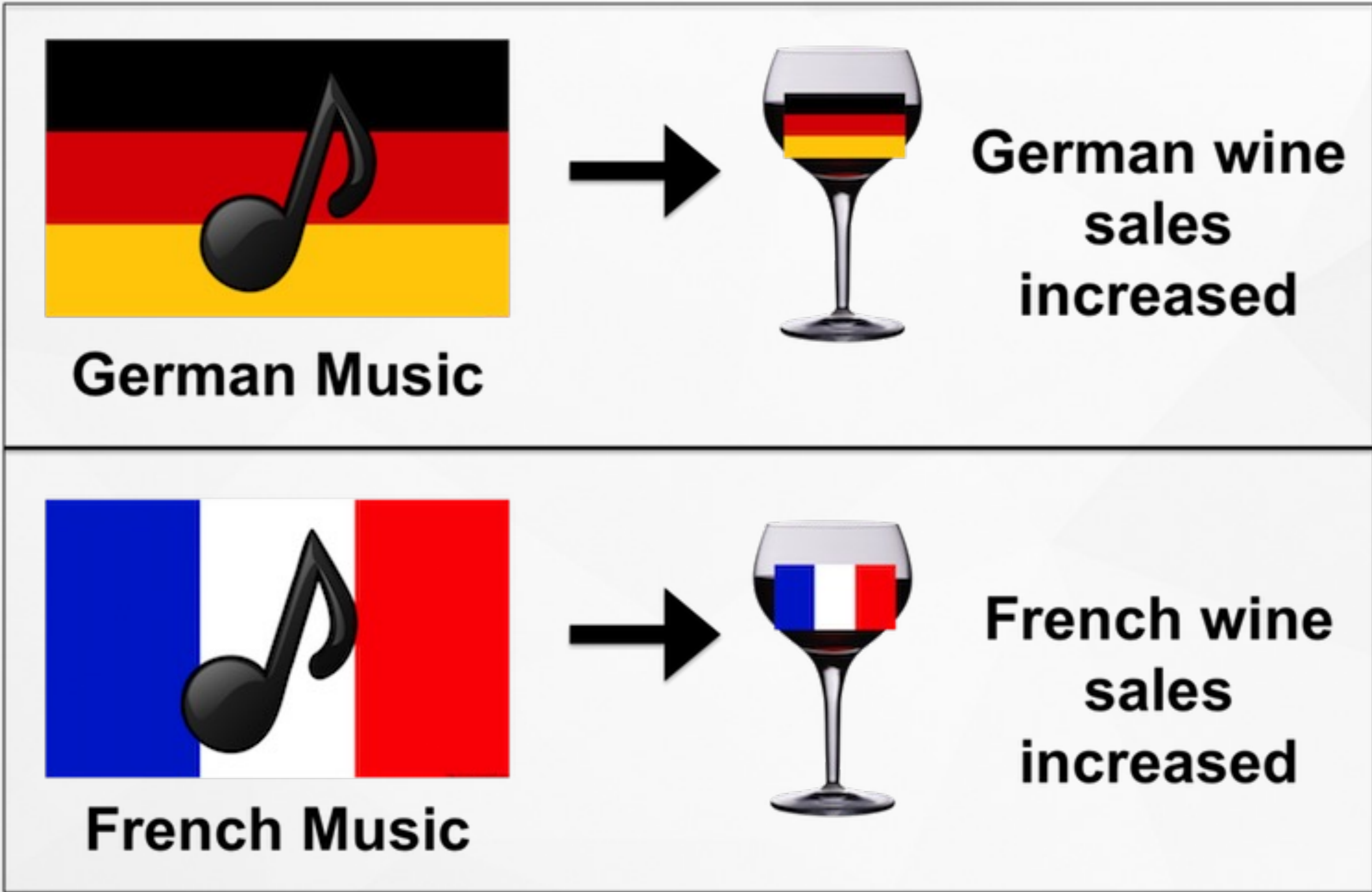
ENVIRONMENT INFLUENCERS

Shelf positions



ENVIRONMENT INFLUENCERS

Music



North, A. C., Hargreaves, D. J., & McKendrick, J. (1999). The influence of in-store music on wine selections. *Journal of Applied Psychology*, 84(2), 271-276.



ENVIRONMENT INFLUENCERS

Smell



Dunkin' Donuts has announced that total traffic in South Korea has increased by 16% and sales by even 29%!



ENVIRONMENT INFLUENCERS

Light

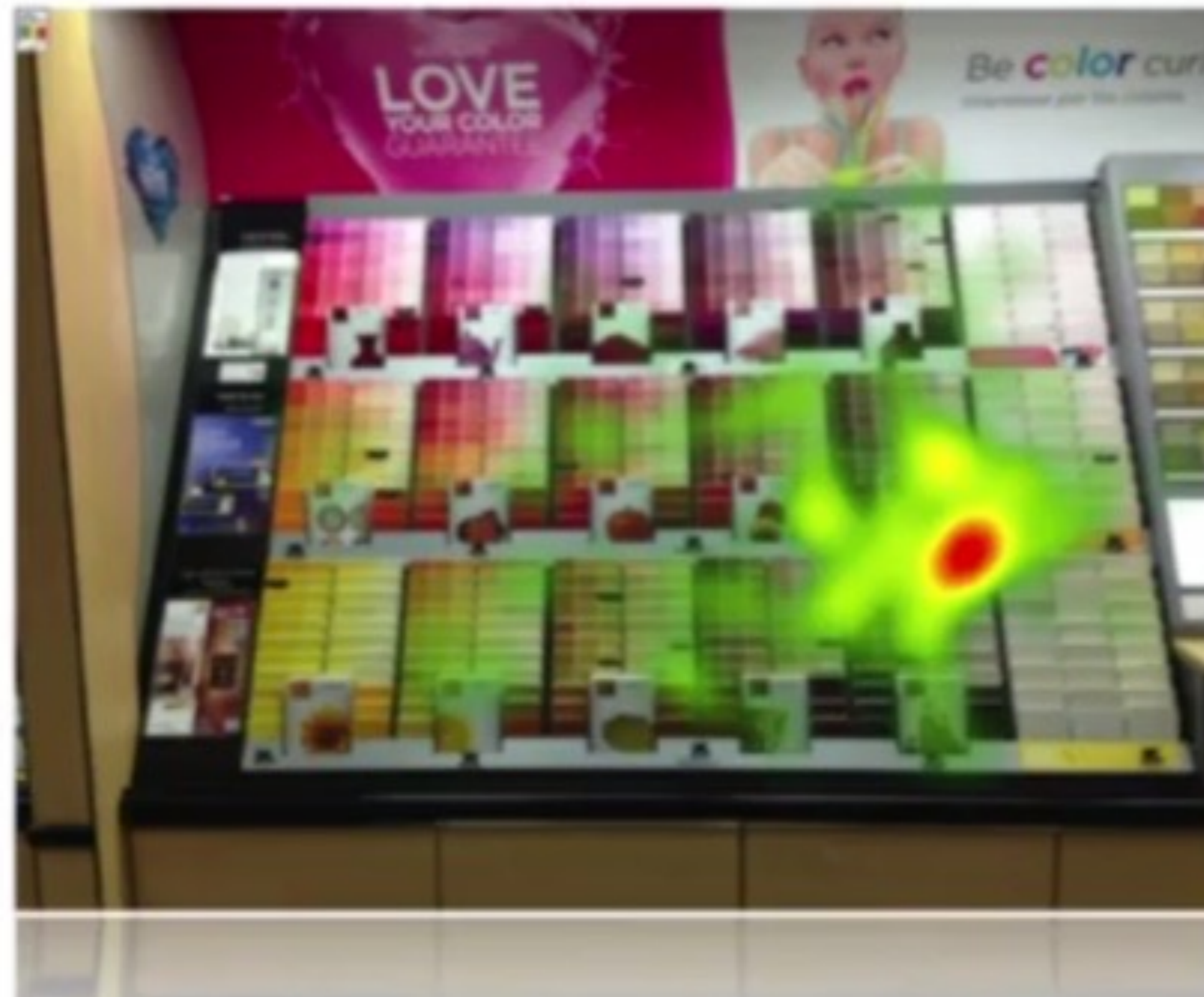


ENVIRONMENT INFLUENCERS

Point of sale materials

Why?

CONTROL GROUP



TEST GROUP



Ad showed



Empirical retail laws



How to compete in retail?

- Retail market is saturated in most developed countries
- Competition is continuously trying to out-do each other with: better locations, new stores, improved layouts, technology, etc.
- Larger market share store chains have larger customer bases (penetration) and slightly higher loyalty (both average purchase frequency and average share of department store shopping trips)



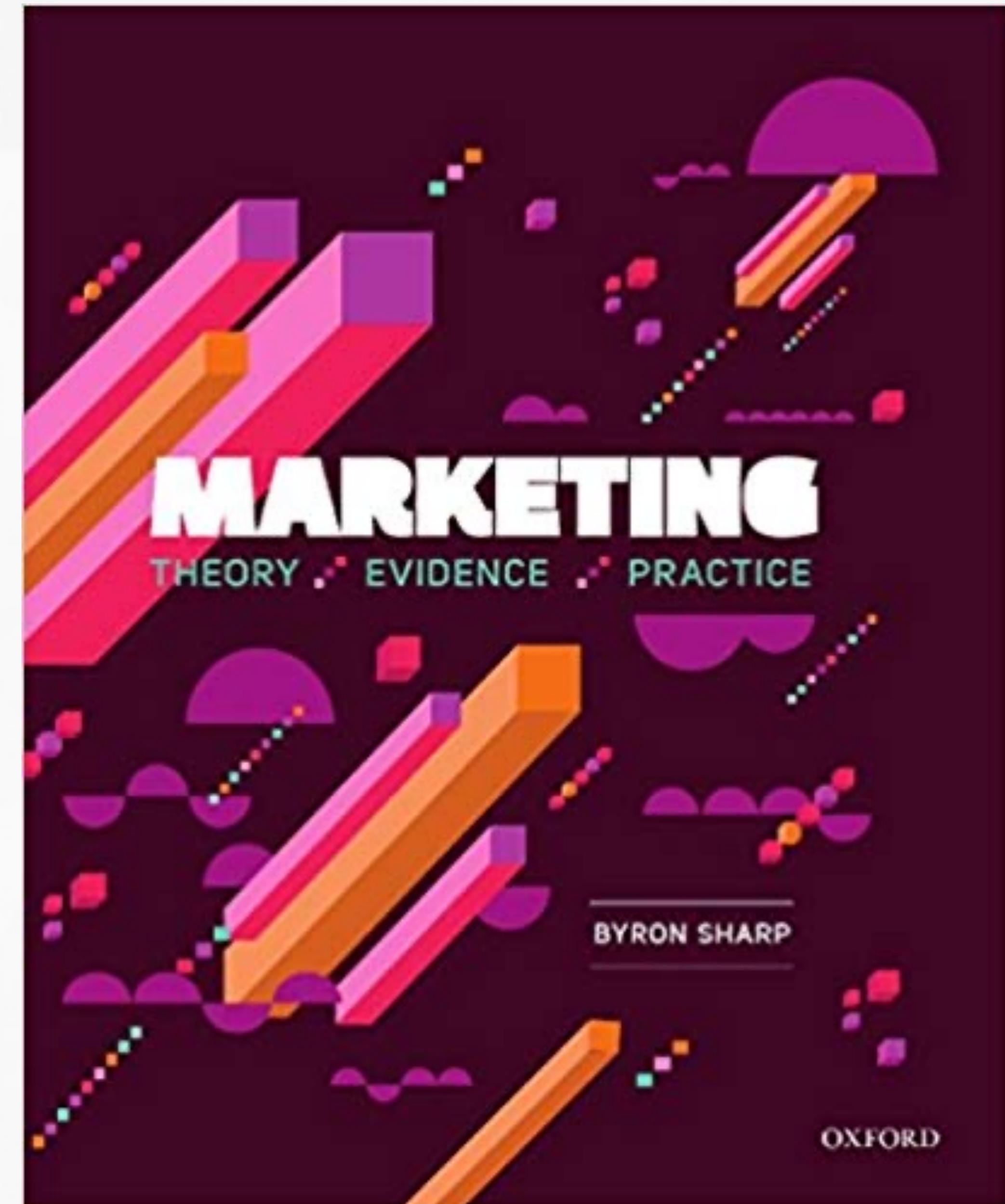
Background of the laws

- Repeat-purchasing patterns that occur in brand buying also occur in store choice.
- Studies shows this repetitive choices in many areas: Supermarket chains, Department stores, Petrol stations, Fast-food chains and Women's fashion boutiques.
- It underlines the logic of habitual buying in category of FMCG



9 empirical laws of shopping in retail

1. Purchase goals
2. Mental and physical availability
3. Limited time
4. Many short trips
5. Selective purchasing
6. Top-selling items
7. Colors and symbols
8. Specials
9. Set paths



1. Purchase goals

- **Shoppers go to stores because the stores have something they want to buy.**
- Almost everyone enters a store with a purchase goal in mind (very often specific brand).
- This mental list does not preclude them from buying other things.
- Retailer advertising almost always shows product.
- Primary source of shopper dissatisfaction is not being able to find the product they wanted to buy.



2. Mental and physical availability

- **Mental and physical availability largely determine store choice.**
- Customers need to know about you, and you must be at hand.
- They miss your competitor on their way to your store only if it is not in their mental availability (store exist, store sells what they want).
- Stores need to advertise to build memory structures.



3. Limited time

- **Shoppers only spend a certain amount of time in store.**
- If the entire purchase process takes time, customers buy less.
- When they find what they need quickly, they tend to look after other goods.
- At a time when most of the time is spent searching for products, customers spend much less money.

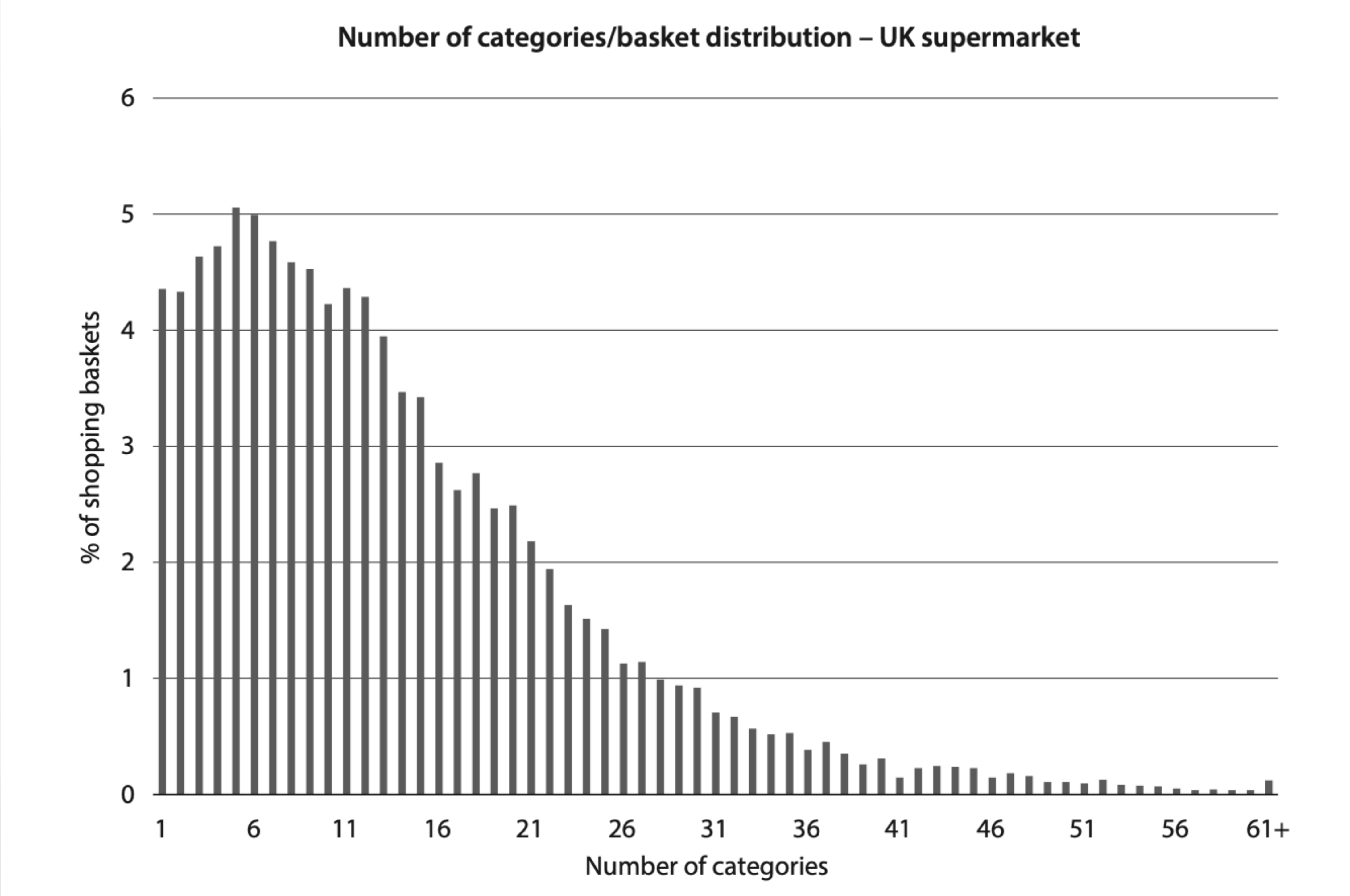


4. Many short trips

- **People make many short shopping trips and fewer longer shopping trips**
- 15% shopping trips are to buy single item, even in supermarkets.
- 50% of them are for 5 or less items.
- Frequently purchased items should not move – it extends search time.
- Visible category and clearly labeled diagram of selling space.



4. Many short trips



5. Selective purchasing

- **A typical household buys only 300 to 400 stock-keeping units from supermarket in an entire year.**
- Shoppers are very loyal to their set of favorite products.
- Supermarkets offers up to 60 thousands of those items.
- The amount the customer chooses the strategy of repeat purchases in places where he knows where to find products.
- Again, be careful with moving products.



6. Top-selling items

- **While typical supermarket sells 30.000 to 50.000 items, the top-selling 1000 items will make up about half of the supermarket's sales**
- Best selling products should be accessible, not hidden in the most remote corner, as some traders do.



7. Colors and symbols

- **Shoppers read very little in store – instead they react to colors and symbols.**
- Eye-tracking studies show that customers read very little, and i so, they carefully choose what to read – to save their shopping time.
- Colors and symbols are ways to streamline shopping with minimal time loss for the customer.



8. Specials

- **Shoppers have been trained to buy specials**
- Highlighting discounts, special offers, news, best selling goods, etc. can help in this effort.
- Brand sold in special offer must be known - research shows that people who do not have a brand in mind rarely respond to these offers.



9. Set paths

- **Shoppers follow pathways of open space, and the checkout is a magnet.**
- Shoppers speed up towards checkouts.
- Monitoring customer pathways is an important part of the design shopping area.
- In heat maps we can see most frequently visited space for important products.



Thank you for your attention

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