

Store Layout and Design

Today's successful retailer is the one making the most profitable use of every square foot of space in the store. Because space is costly, you need to have a strategy for its use. Strategic floor patterns, location of merchandise, amounts of merchandise and appropriate displays are all key factors to consider.

Layout generally consists of three areas:

1. The store arrangement
2. How you classify particular products
3. The allocation of space (which is probably the most important area).

For most retailers, the allocation of space to a particular product is usually based on how profitable the product is. To determine how profitable that product is, you would follow a three-step calculation:

1. Sales per sq. foot = total product sales / total sq. feet of the product
2. Cost of merchandise sold per sq. ft. = cost of product sold / total sq. ft. of product
3. Gross margin per sq. ft = sales per sq. ft. – Cost of merchandise sold per sq. ft.

Once you have determined your gross margin per square foot, you can tell which products are doing well, which aren't doing as well and maybe which you should get rid of. Give the best selling and most profitable merchandise in your store the best space. By taking some time to work through these calculations on an ongoing basis, you should be able to produce superior results.

Other factors to consider:

Lighting - studies have shown that proper lighting can increase sales by up to 20%. Start with ensuring that there are no burnt out lights. Use the best bulbs possible. Cheaper bulbs can cause merchandise to look grey and shabby. Make use of spot lights, preferably halogen to highlight key selling areas. Make the front of your store glow with light. You need to be noticed and a bright store front is more attractive and appealing.

Music - music can be an essential element to a store. That said, be careful to play the kind of music that reflects both the products you sell and the type of clientele that you hope to attract. Avoid radio stations as commercials can kill the purchasing mood or even advertise a competitor. Purchase a CD player, which will ensure appropriate music and continuous music.

Housekeeping - a dirty store says that you've lost interest and that you probably don't treat the merchandise any better than you do the store cleanliness. Create a daily and weekly cleaning schedule to take care of all necessary tasks. Dust the shelves, clean the cash counter, vacuum the floor and wash the windows. The cleaner the store is the more pleasant the shopping experience will be for the customer.

Windows - think of your windows as an ideal way to attract new and existing customers. You can use them for: selling promotions, image building, seasonal changes, new arrivals and to showcase high demand items. Window displays should be changed frequently so as to avoid becoming stale and easy to ignore. They should be changed at a minimum of once per month.

Signage - is the silent salesperson for your business. Studies have shown that as much as 80% of all sales are generated at the point of purchase by signage, displays and events within the store. In order to differentiate yourself from the competition and portray the right image, it would be wise to look into getting your signs professionally done. Following are a few ideas for signs:

- Make your signs short and sweet. You have 3 seconds to tell the customer what you want them to hear.
- Create a consistent look. Colour, size, type style, and layout should be consistent.
- Use feature/benefit/price signs.
- Only post positive signs about your policies. If it's negative, either change it or don't post it.

Displays and shelving - high margin and profit items get the best space. Research shows that eye level and just slightly below are the best shelves to sell from. While allowing for individual creativity, it is generally agreed that there are effective guidelines for displays:

- Good displays tell a story or have a theme.
- Keep displays simple. Avoid putting in too many items.

- Try portraying your products in use.
- Focus on impulse items.(Items people buy on the spur of the moment).
- Use proper lighting and props.
- Do power walls (displays of mass amounts to show best sellers).
- Show complementary/coordinating items together.
- Change displays on an ongoing basis.
- Integrate your advertising into your displays.
- Use motion if possible to attract attention.
- Focus on best sellers.

For More Information:

Internet: <http://strategis.ic.gc.ca/SSG/dm01279e.html>