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Can a store redesign increase sales?

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Habitat store design

Dixons, Habitat and Topps Tiles are experimenting with new shop formats to help prevent 'showrooming' and figures suggest it is working.

The efforts of bricks-and-mortar stores to prevent people 'showrooming' seem to be paying off. In the past year, "significantly less" money has been spent by customers who go in-store to try or test a product and then purchase the item online, often at a cheaper price, according to an IBM study.

A level playing field in terms of price across all channels has helped but this success is as much about experience as cost. Retailers are conscious of the ease with which customers can shop wherever and whenever they want. Brands are therefore going to great lengths to ensure people can shop how they want; in IBM's words, they are beginning to do a better job of integrating their online and offline services.

"The multichannel experience is a key approach for the industry," explains Chris Bright, head of design at Dixons Retail, where 82 per cent of customers go online and in store as part of their journey. "We want that journey to be seamless and the wrap-around for that whole multichannel experience is the store environment."

So how are brands changing the format of their stores to provide the seamless multichannel experience demanded by customers? Can these changes bring people back to the high street to experience the 'retail theatre' of being in-store? And what role could technology play in enhancing the in-store shopping experience?

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Small but beautiful



Topps Tiles: Topps Tiles identified a gap on the high street for an expert tile retailer with a broad range of products

Big stores require big budgets but that has not stemmed the growth of hyper-stores providing hyper-convenient shopping experiences, mainly in retail parks. Topps Tiles has benefitted from the out-of-town shed model of retailing; the 4,000 to 6,000 square feet of space on offer provides a chance to showcase its range of products.

The brand is “known for its unrivalled choice of more than 5,500 product lines, convenient locations and customer service”, according to commercial director Brian Linnington.

But Topps identified a gap on the high street for an expert tile retailer with a broad range of products. The experience had to be “entirely different”, but the visual branding and product and service cues needed to be “inextricably linked”, since the smaller formats would attract new and existing customers.

“In the Topps Tiles Boutique we have had to approach display in a different way,” says Linnington, who appointed creative agency True Story to assist with the new format. “The experience is more intimate. It’s centralised around a table with comfy chairs where customers can access various screens and visual technology.”

Sales have been far from sluggish. At the end of March, a third trial store opened in Islington, London; the number of transactions in the first two in Clapham Junction and Walton-on-Thames have been twice that of its normal-format stores, says Linnington. But that is not only due to the new shop layout. Technology has enabled the company to showcase its range virtually but there is also more responsibility on staff to bring the products to life. “Our staff are experts but in the smaller environment we needed to add a design element to their training and expertise.”

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Staff knowledge



Thomson store design: Thomson's next-gen stores have video walls

Employees' integration into a new store must be a key consideration. "You can deliver a beautiful shop that's exactly what the customer wants but if you don't make it easy for staff to operate, it won't be successful," says Doug Glenwright, general manager for retail transformation at travel agent Thomson.

Glenwright is very aware that people can make the difference to a customer's in-store experience. "The web experience can be difficult for a customer who doesn't know exactly what they want," he says, "so a focus for us has been on the service provided by our staff."

In Thomson's first 'next generation store', which opened at Bluewater shopping centre in October, the pace of the experience has been deliberately slowed down, both inside and out. In a break from tradition, the shop front has been opened up so that 7 metres of the 12-metre wide entrance is open to "encourage people to come in and play".

Glenwright, who worked with design consultancy 20.20 on the store, says everything from the giant immersive video wall at the front to interactive maps and social media feeds from holidaymakers helps to bring potential dream vacations to life.

Historically, shops would consider those who walk by as a waste of time but this is no longer the case, he says. "With the video wall we wanted people to think about Thomson and holidays and remember where we are. The service inside is different too – the customer is in control from the moment they walk in," he adds.

Enticing people in for a "play" is easier for those sectors with products rather than services to sell. But even the technology brands have to work hard on store formats to create an environment in which shoppers feel comfortable to browse.

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Stores of the future



Dixons and Habitat store design: Dixons creates 'play' areas and mini Habitat has tablets for browsing

Dixons Retail is a case in point. Extensive research and customer feedback found that the company's Currys & PC World stores were alienating female shoppers. With the technology on show, the experience needed to be interactive and fun.

Its new 'store of the future' at Bluewater, has softer lighting, the colour palette leans towards the fairer sex and 'play tables' aim to turn the space into an 'urban toy shop'. The products have also been given more "dignity", says Bright, with the point of sale areas de-cluttered.

"Every product in the store is live and we believe that enabling customers to touch and feel the product is a step ahead of those stores in which gadgets are locked in a cabinet," says Bright.

Phones 4u is trialling a similar approach at its Westfield store in London with a 'try before you buy' approach. Director of marketing Ben Padley says it is working: independent research carried out on the new store concept showed 91 per cent of respondents would consider browsing again in the future and 88 per cent would consider purchasing.

Fine tune

However, while the new concepts, formats and technology might encourage shoppers in store, will they encourage them to make purchases?

For those with online and offline channels, the matching of these two experiences is a top priority. The IBM study, as well as the Phones 4u research, provide reasons to be optimistic but some categories are more at risk than others from e-commerce and showrooming.

Retailers therefore need to pull out all the stops to understand today's complex customer journey, and all the various touchpoints.

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Every product in the store of the future is live and we believe that enabling customers to touch and feel the product is a step ahead of those that lock gadgets in a cabinet. Although some doubted whether home retailer Habitat would sit well within DIY store and sister brand Homebase, the trial of a mini Habitat has worked so well that there are plans to have 50 of them by this time next year (see below).

But this is not an overnight shift – the company trialed the format in three stores and then “paused for six months”, says managing director Clare Askem.

Others have been through a similar process, taking time to ensure that a concept is working and, critically, to fine-tune if necessary. Much like customer needs and technology, retail stores are constantly changing and there is a need to maintain the pace. The Co-operative Food should have 325 of its ‘Gen 2’ store formats ready by the end of the year – there are currently 22 and the new formats will continue to roll out despite the group’s recent financial problems and the resignation of chief executive Euan Sutherland.

“That’s 22 out of 2,800 so it’s not going to matter if there are a few mistakes,” says senior manager for formats Jonathan Perry. “We can learn as we go. In fact, if it works first time, then you are probably not pushing far enough.”

Top Tips

Do the homework

Retailers are constantly assessing customer insight data to gauge what they want from the in-store experience. Slight shifts in design can open the door to new customer demographics, as Dixons retail is hoping to prove. At The Co-operative Food, the design team and its agencies Coley Porter Bell and Fitch spent time in the US and Europe assessing big retail brands such as Trader Joe’s and Mercadona for inspiration. Meanwhile, Thomson’s new concept store was 12 months in the making.

Take time

Before any complete estate overhauls, time is needed to see how the new design is performing. Consideration must also be given to how the new design can dovetail and compliment any online channels. Topps Tiles commercial director Brian Linnington says: “For us it takes around three months of looking at the numbers to see what has worked. You never design a new concept and then open 20.”

Be flexible

Redesigning stores is an expensive business, with brands admitting they are constantly assessing customer needs. This makes flexible formats a huge advantage. The fixtures at Dixons’ new store at Bluewater shopping centre, for instance, can all be moved around to meet customer demand and seasonal changes. Flexibility also extends to any trials, where formats can be adapted in line with feedback.

Be adventurous

The-Co-operative Food’s senior manager for formats Jonathan Perry says if a concept works first time, then it might not be innovative enough. He says the use of agencies can help retailers think

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outside the box. “They really pushed us,” he says of Coley Porter Bell and Fitch. “For instance, I don’t think we would have moved our wines from close to the tills to the end of the first aisle of the store, but doing so has been phenomenally successful.”

Protect it

Protecting a store layout is becoming popular, with KFC and McDonald’s two of the most prominent examples. However, it is not always easy, as Fiona McBride, partner and trade mark attorney at Withers & Rogers, explains.

“What many retailers may fail to understand is that as soon as any part of the store layout changes, any previous design protection could be rendered invalid. For a retailer with one or a number of striking features in store, whether all year round or at certain times of year, it may be more sensible to focus on design rights for each feature, rather than the store as a whole.”

Big ideas for small formats

Habitat is a brand used to working in formats of 20,000 square feet, although its Tottenham Court Road store in London is double that. During a trial of mini Habitat stores within sister brand Homebase, managing director Clare Askem and her team learned a lot about what does and does not work.

For instance, they recognised the importance of technology in the smaller spaces of about 2,000 square feet to show people “a capsule of what we have”. They found that customers wanted interaction with staff; some shoppers were not confident to use the tablets to browse.

Using that technology to help showcase the range has freed space so stores can house what Askem calls the “wow pieces” that spotlight the aesthetics of the brand and the aspirational side to its values. “You can’t just stock the bestsellers in the small stores as you end up with a peculiar offering,” she explains.

Link: www.marketingweek.co.uk/can-a-store-redesign-increase-sales/4009944.article