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DESIGNING for Change

Supermarkets are adapting to the needs of today's consumer with smaller formats and eco-friendly features.

By John Karolefski

Designing new supermarkets or remodeling older ones is not the same anymore. The biggest change is the trend away from big and bigger stores to small and smaller ones. Witness Tesco's Fresh 'n Easy, Wal-Mart's Marketside and other small-format grocery stores from Safeway and Giant Eagle, among others.

Meanwhile, some chains are designing stores with the target shopper in mind, such as a supermarket in a trading area populated by seniors. There are more urban supermarkets now emerging to serve the inner city. In addition, many supermarkets are "going green" with eco-friendly and energy-saving features.

All of these trends have an impact store design.

"Grocery is one of the most undifferentiated segments in retail," says Bruce Dybvad, president of Interbrand Design Forum, based in Dayton, Ohio. "It is good to see some new things occurring in the form of smaller formats, more niche concepts and green initiatives."

John Miologos, senior vice president of architecture for Dublin, Ohio-based WD Partners, says, "Supermarket design is indeed in the spotlight because grocers are innovating. Retailers use design as a way to address customer needs and this interest in design and new formats is a manifestation of that."

He adds that consumers have many options for their food purchases and supermarkets need to expand beyond traditional formats to build sales.

"They need their real estate to be more competitive," Miologos says. "Making shopping at their stores easier and more enjoyable makes it more likely they'll be able to capture customer's dollars across many different kinds of needs."

According to Miologos, consumers are demanding different formats depending upon their "use occasions," which he defines as how much time is available to shop and what is needed.

"I might go to a warehouse retailer once a month for things like razors and paper towels, but the neighborhood grocer is the destination for most of my weekly food purchases," he adds. "I might go to a restaurant if I need to eat relatively quickly and a convenience store or drug store for a quick quart of milk. Since time is a major driver in people's lives, retailers are thinking about ways to expedite shopping trips."

Small formats are becoming more popular with retailers and customer reaction has been positive, according to studies.

Dybvad cites research Interbrand has conducted showing that having less in the store often improves the customer perception of the experience and they feel like they are getting more. Overall, most deployments are big stores, he acknowledges, but it's promising that a number of retailers are experimenting with a smaller footprint.

"Retailers have grown their formats over the last few decades, but that in now reversed and the trend is definitely smaller," says Burt S. Andrews IV, Principal, Larson & Darby Group, based in St. Charles, Ill. "Stores that bucked the trend and stayed small like Aldi are thriving and everyone else is playing catch-up. The trend to small is also a reaction to the rapid rise in real estate costs."

"Wal-Mart's 'Small-Mart' in Forest Park, Ohio (a suburb of Cincinnati), shows a rationalized footprint reduced to 127,000 square feet from its original 220,000—a key trend and a smart approach for retailers," says Dybvad. "Rationalizing their merchandise shrinks the retailer's investment and puts the majority of what people want in a smaller place that saves them time and is easier to shop."

Are there downsides to the small-store format?

Designers have different points of view on the shrinking store floor. Dybvad says it is possible that a customer might be disappointed by not having as broad of an assortment. Andrews believes that large stores have an economy of scale in costs of construction and operation that is hard to get around with a smaller operation. Smaller stores, he adds, start at a disadvantage in cost

DSG EARNS RETAIL DESIGN AWARD FOR THE MARKET

Eden Prairie, Minn.-based Design Services Group (DSG) was presented with a 2009 A.R.E. Retail Design Award for Outstanding Merit for its work on The Market, a new supermarket based in Plymouth, Mass.

The Market is an upscale gourmet food store featuring vintage barn-style architecture and rustic décor that delivers an inviting, memorable shopping experience.

For DSG's design team, simplicity was key. "We wanted The Market's environment to be inviting and authentic, but not over-the-top," says creative director Harry Steen. "We were careful to make sure that the look did not overpower the food." Accordingly, the store's most important décor elements are quite subtle, with plenty of attention to detail.

DSG enlisted a local craftsman to provide vintage sandblasted wood signage, a style common to 19th century New England. The store's flooring is split between vinyl hardwood and dyed concrete slabs with a weathered matte finish that evokes the look of worn leather. Other notable design elements include a hayloft-style bakery and cheese island, aisle end-caps modeled after old farmhouse bureaus and a custom 16-foot ceiling fan that circulates air throughout the store.

Dramatic spot-lighting completes the store's look with warm gondola lights lining the shelves. DSG also employed directional spotlighting to focus shopper's attention on select fixtures and merchandise.

Despite the space constraints of this small-format store, DSG Equipment Services selected a compliment of specialty service equipment enabling The Market to provide full-service deli and meats, along with a healthy selection of prepared foods and fresh produce. To effectively showcase The Market's high-quality products, DSG Equipment Services chose merchandisers with exceptional sight lines and display lighting.

DSG provided store planning, interior design and décor, architecture and engineering services, project management and equipment procurement for The Market.

Founded in 1956 and based in Hollywood, Florida, A.R.E. (Association for Retail Environments) recognizes excellence in store design, craftsmanship and innovation. This is the second time Design Services Group has been awarded an A.R.E. Retail Design Award. DSG won Grocery Store of the Year in 2006 for Highland Park Market in Windsor, Conn.



per square foot to build and operate. Overall, Miologos is not entirely convinced that a smaller store has more pros than cons.

"It's much easier to manage 500 larger locations than 2,000 smaller ones," he says. "It's more complex and diverse when you consider logistics and delivery, pricing, new product introductions, or training associates."

Stores that serve mainly seniors call for special design.

Since the Baby Boomers are starting to retire, the time is right to cater to this large demographic and help them navigate the aisles. Miologos suggests increasing light levels in the store, making graphics more readable, introducing lower shelving with open sightlines for a sense of security and installing non-slip flooring. Other recommendations include offering more value-conscious product options, providing neighborhood delivery and enhancing customer service.

"Focusing on a niche audience like seniors allows a retailer to deliver an experience that really connects," says Dybvad. "You can provide larger in-store communications, a smaller footprint that minimizes the walking distances and offer amenities appropriate for older customers."

Today, there is a wave of hyper-personalization moving through all areas of design,

according to Angela Hill, president/creative director for San Diego-based Incentrio Design Brand Media. "In the design profession, we are constantly challenged with the need to analyze the company, customer and competition prior to supplying a solution, which is critical to the creative process and guarantees how well the design will perform," she says. "Naturally, design firms want their clients to succeed. But there is also a much more selfish reason for this. It is because a design firm's success is directly proportional to the success we are able to produce for our clients."

Hill believes that hyper-personalization with a niche focus will allow stores to "virtually" eliminate their competition, while designers everywhere "will be thrilled to design for the ideal, most profitable client instead of a one-size fits all solution." In turn, she added, clients will receive much stronger creative solutions that will result in tremendous revenue, profitability and growth, as well as contribute directly to the success of their designers.

"In my book, niche focused stores are a can't-lose proposition and the future of commerce as we know it," she says. "As a design professional with over 16 years of industry experience, it is incredulous to me that this has not happened sooner."



BIG BENEFITS FOR SMALL STORES

Are there operational benefits to smaller stores?

"There is certainly an opportunity to optimize the profitability of a smaller store," says

Bruce Dybvad, president of Dayton, Ohio-based Interbrand Design Forum. "There is a big potential upside in that there is often a neighborhood quality, often tailored to the local community and likely to be conveniently located. It definitely provides the opportunity to optimize the assortment and use the square footage to maximize profits."

He listed other benefits: less overhead costs and reduced staffing needs. Not surprisingly, he says the perception of a store's customer service is often enhanced

when staff is more in sight, which they are in a smaller footprint.

Nicole DeHoratius, assistant professor, business administration at the University of Portland, agrees that there are operational benefits to the smaller store format. One reason is that all retailers rely on store employees to know the store's format, layout and planogram. This is where smaller operations have an edge, she says.

"Smaller store formats with a targeted assortment increases the likelihood that each employee a customer may encounter for assistance will know where to find a specific item," she says. "They will also be better able to knowledgeably steer a customer to a suitable substitute should that sought-after item be out of stock."

DeHoratius pointed out that most modern retailers use automatic decision support tools to determine which items need replenishing, when and in what quantity. To work well, she says, the inventory data contained in these systems needs to accurately reflect the inventory physically present in the store.

"An added benefit of the smaller store layout includes improved levels of record accuracy which, in turn, leads to better decisions when using sophisticated automatic decision support systems," she explains. "Consequently, smaller stores will also benefit from the use of sophisticated automated decision support tools in a way that stores without such advantages might not." — **John Karolefski**

URBAN SETTINGS

When stores are situated in an urban setting, there are often many design challenges that must be faced. According to Andrews, the first hurdle is how to manage traffic flow into and out of the store effectively. A suburban store simply gets its traffic from a front parking lot. But its urban counterpart needs to address the foot traffic issue and not have shoppers walk all the way through the parking lot.

“It makes sense that an urban store should most likely have multiple entrances,” he says. “Secondly, due to intensive land use, an urban store may use space vertically either providing parking above or below the retail floor.”

Dybvad maintains that urban stores are not just about a small footprint or a contemporary aesthetic. Although that is certainly part of the equation, retailers will also have to consider such offerings as: “grab and go” foods for people who are walking past the store on their commute, a better wine selection, smaller sizes of products for apartment living and a reduced assortment of products.

“There is a different set of challenges in an urban environment and some retailers adapt better than others,” he says. “Whole Foods is a company that does a good job by focusing on meeting the needs of the local community. Several years ago, Harris Teeter introduced a store in Charlotte, N.C. that offered the best of a 45,000-square-foot grocery in an 18,000-square-foot space, filling a need in a city with a growing interest in the urban lifestyle.”

GREEN MAKEOVER

Another major focus in the grocery industry today is “going green” and store design is certainly an important part of the program. But if done superficially, such a move can backfire, experts note.

“It is important that a retailer’s green initiatives are a matter of substance, not fashion,” says Dybvad. “It’s currently very exciting to be green, but it needs to be done in proportion to how important environmental concerns are to your brand and to the degree that it makes business sense for your company.”

For retailers like Whole Foods, which has “green” in its DNA,



it’s a good investment. For others that have taken a token approach, “going green” does not work because it sounds disingenuous, according to Dybvad. Wal-Mart’s skylights, on the other hand, are an example of a green initiative that is consistently executed and it works for the brand, he adds.

Andrews believes that going green does not necessitate a change in design. “Shoppers will change their behavior only if there is a tangible incentive,” he says.

MORE INNOVATION

While there are many factors driving change, designers urge retailers to keep the creative juices flowing to set their stores apart. “There is not enough innovation,” says Dybvad. “There needs to be a massive recon-

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sideration of how to engage customers in the grocery experience. Retailers need to look at the shopper dynamics to understand how the store is used and look for opportunities to create meaningful differentiation.”

He says successful retailers view the shopping experience as more than just basic replenishment. “Why couldn’t a store just be a center of creativity or education?” he asks. “Or presented with a point of view around food and eating as a family anchor, a celebration of life, part of our social fabric? Find the thing that’s missing, the one big idea behind why you’re a grocer.”

Miologos foresees a time when innovative retailers will have a portfolio of formats in the future rather than a single concept. That’s simply because consumers want more choice for different to shopping occasions.

“I visited a retailer in the U.K. where they actually housed three different formats under one roof: a warehouse club, a traditional format grocery and a convenience store,” he says. “It was brilliant.” •