What Contributes to a Store's Image?

- Physical characteristics
- Customer Service
- Location
- Merchandise
- Pricing
- Shopping experience
- Community service
- Shoppers
- Advertising and promotions

Store Image is based on its Atmosphere:

- Exterior
- Interior
- Store Layout
- Traffic Flow Patterns

Why is the store environment so important?

Most Common Pathway Through the Store:

The map illustrates the most common pathway through the store. We can also analyze the direction shoppers take as they enter the store. This information may be used to increase product exposure and reduce wayfinding difficulties.
Layouts determine Traffic Flow

- Straight Grid
- Free Flow (Curving)
- Boutique
- Loop

Encouraging Customers to Spend more Time

- Goal: Increase Sales and Profitability
- How do you encourage consumers to spend more time in the store?
  - Experiential Merchandising...
  - Solutions Selling

Store Atmospherics

- Consider the Physical and Psychological Impact of a Store’s Design
- Sight Appeal
- Sound
- Scent
- Touch
- Taste
- Theatrics
  - Entertainment and recreation

- Which stores do you find aesthetically pleasing?
- Which stores/layouts lead you to spend more money? Browse more? Buy on impulse?
- What stores turn you off – that you can’t wait to get out of?
- How do retailers get people to the back of stores? (Disney)
- How do retailers encourage people to eat quickly in restaurants?

What feeling do you get when you walk into:

- Barnes & Noble vs Walden’s
- Home Depot vs Lowe’s vs Rocky’s
- WalMart vs Target
- JC Penney’s vs Sears vs Filene’s
Envirosell: Behavioral Market Research and Consulting Company

Testing agency for banks, stores, restaurant chains and consumer product companies worldwide

- Examines shopping behavior using:
  - In-store video recording
  - Observation
  - Customer intercept interviews

www.envirosell.com

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- By understanding how long people spend in each section, we may be able to suggest alternate section adjacencies to improve traffic flow.

Average Time Spent in Sections

<table>
<thead>
<tr>
<th>Section</th>
<th>Average Time Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash Store</td>
<td>2.20</td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>1.30</td>
</tr>
<tr>
<td>Snacks</td>
<td>0.54</td>
</tr>
<tr>
<td>Greeting</td>
<td>0.49</td>
</tr>
<tr>
<td>Candy</td>
<td>0.50</td>
</tr>
<tr>
<td>Beer</td>
<td>0.52</td>
</tr>
<tr>
<td>Fresh Produce</td>
<td>0.53</td>
</tr>
<tr>
<td>Bakery</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Can suggest best adjacent depts. To improve traffic flow.

- Overall, 31% of passers-by noticed the store windows.
- Twenty percent of passers-by entered the store.

Percentage of Passers-by Noticing and Entering

- We will analyze how shoppers are assisted and if there can be any improvements in reaching those customers who need help.

Average Time Spent with Sales Associate

Men vs. Women, Buyer vs. Non-buyer

- Traffic flow by time of day and demographic.

- Thursday - Women: [Graph]
- Saturday - Women: [Graph]
- Thursday - Men: [Graph]
- Saturday - Men: [Graph]
Women spent more than men on avg.

Staples’ New Store Design
- “Dover” store format
  - Better Service and Self-service
  - Improved revenue
  - Solutions Center (rather than selling individual products)

Dover Store Features
- Race Track Design with shorter aisles and lower fixture heights
- Signage that clearly marks each category
- Increase “Shopability” with Cross Merchandising
  - Ink cartridges and paper with printers
  - Fax paper with fax machines
- Self-service Kiosks to link to Staples.com

Retail Promotional Strategy

The Retail Promotion Mix
- Advertising
- Public relations
- Personal selling
- Sales promotion
- Store atmosphere & visual merchandising
- Objectives
- Inform
- Persuade
-刺激

Types of Media
- Newspapers
- Direct mail
- Magazines
- Outdoor
- Radio
- Shopping guide
- TV
- Yellow pages
Factors in Selecting Media

• Coverage
• Reach
• Cost
• Impact

Types of Sales Promotions

• Special sales
• Merchandise demonstrations
• Premiums
• Coupons
• Games, sweepstakes, and contests

Considerations in Evaluating a Promotion

• Realized margin from the promotion
• Cost of the additional inventory
• Potential increase in sales from the promoted merchandise
• Potential loss from switching
• Additional sales from more customer visits

SALES INCENTIVE PROGRAMS

Objectives:
1. Bring Customers into Store
2. Encourage Customers to Spend More
3. Keep Customers Loyal

Short and Long-Term Effects

Stockpiling

Anticipation Effect

Promo Period

Sales

Anticipation Effect

Stockpiling

Promo Period
Promotional Objectives

- Long-term: Positioning
- Short-term: Sales

**Evaluation of Program**

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>6 Mon</th>
<th>12 Mon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness (‰ of mentioning store)</td>
<td>38%</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>Knowledge (‰ outstanding rating)</td>
<td>9</td>
<td>17</td>
<td>24</td>
</tr>
<tr>
<td>Attitude (‰ first choice)</td>
<td>13</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Visit (‰ of visited stores)</td>
<td>8</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>

**Methods for Setting Budget**

- Marginal analysis
- Advertising → Sales
- Objective and task
- Rules of thumb
- Sales → Advertising
  - Affordable
  - Percent of sales
  - Competitive parity
### Marginal Analysis for Promotion Expenses

<table>
<thead>
<tr>
<th>Promotion Expenses</th>
<th>Sales (X)</th>
<th>Gross Margin (X/2)</th>
<th>Retail Expense</th>
<th>Personal Expense</th>
<th>Combined before Promotion Expense (X/2)</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>125,000</td>
<td>62,500</td>
<td>25,000</td>
<td>25,000</td>
<td>12,500</td>
<td>10,000</td>
</tr>
<tr>
<td>100</td>
<td>250,000</td>
<td>125,000</td>
<td>50,000</td>
<td>50,000</td>
<td>25,000</td>
<td>20,000</td>
</tr>
<tr>
<td>150</td>
<td>375,000</td>
<td>187,500</td>
<td>75,000</td>
<td>75,000</td>
<td>37,500</td>
<td>30,000</td>
</tr>
<tr>
<td>200</td>
<td>500,000</td>
<td>250,000</td>
<td>100,000</td>
<td>100,000</td>
<td>50,000</td>
<td>40,000</td>
</tr>
<tr>
<td>250</td>
<td>625,000</td>
<td>312,500</td>
<td>125,000</td>
<td>125,000</td>
<td>62,500</td>
<td>50,000</td>
</tr>
<tr>
<td>300</td>
<td>750,000</td>
<td>375,000</td>
<td>150,000</td>
<td>150,000</td>
<td>75,000</td>
<td>60,000</td>
</tr>
<tr>
<td>350</td>
<td>875,000</td>
<td>437,500</td>
<td>175,000</td>
<td>175,000</td>
<td>93,750</td>
<td>70,000</td>
</tr>
</tbody>
</table>

**LAST YEAR**

- 50,000
- 100,000
- 150,000
- 200,000
- 250,000
- 300,000
- 350,000
- 400,000
- 450,000
- 500,000
- 550,000
- 600,000
- 650,000
- 700,000
- 750,000
- 800,000
- 850,000
- 900,000
- 950,000
- 1,000,000

**NEXT PROFIT**

- 50,000
- 100,000
- 150,000
- 200,000
- 250,000
- 300,000
- 350,000
- 400,000
- 450,000
- 500,000
- 550,000
- 600,000
- 650,000
- 700,000
- 750,000
- 800,000
- 850,000
- 900,000
- 950,000
- 1,000,000

### Illustration of Objective and Task Method for Setting a Communication Budget

**Objective:** Increase the percentage of target markets who believe their store is their preferred store for buying their business wardrobe from 5% to 15% in 12 months.

**Tasks:**
- Develop TV campaign to improve image and raise awareness
- $24,000
- Marketing materials
- $8,800
- "Cross the Barriers" contest followed by a wine-dance social
- $6,000
- **Special Event:**
- **Total Budget:** $35,800