

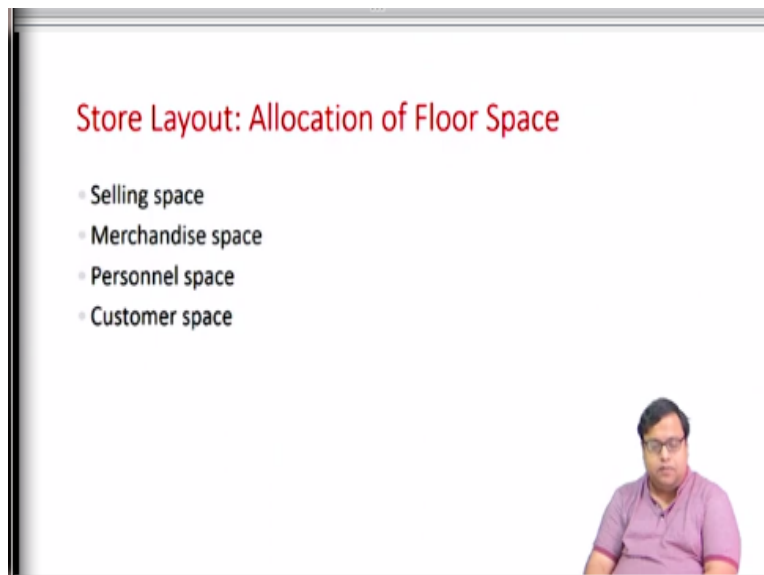
**Retail Management**  
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**Lecture-43**  
**Store Layout in Retail**

Hello everybody, welcome to this NPTEL swayam course on retail management this is professor Swagato Chatterjee from VGSOM, IIT-Kharagpur who is taking this course for you. We are in week 8, this is lecture 43 and we will be discussing about store layout in retail in this particular lecture. So, in week 6 we are talking about visual merchandising but there I missed certain topics which was about to be discussed in week 6, so I will be discussing that here.

So, store layout, how the design of the store can also impact the consumer decision making on the sales and what exactly should be the design or store layout plans of the retail store is something that we are discussing. So, there are different kinds of aspect that comes up in the store layout plan. So, allocation of floor space is something that is important when you are talking about store layout. One is selling space, one is merchandise space, one is personnel space and another is customer space.

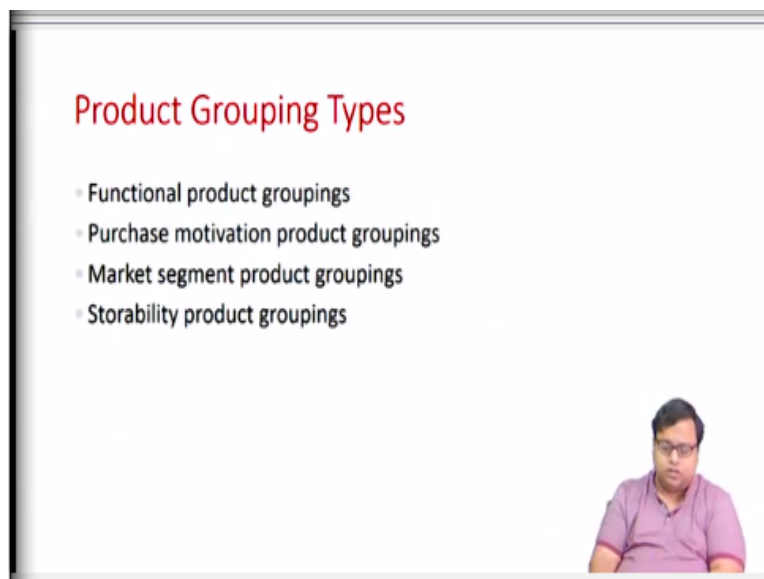
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So, what is selling space? The selling space is the place where you are basically the selling happen, means basically where you will go to the counter and put that products in the counter and they will scan it and ultimately give it to you, you will pay the money, so that is the selling space. Merchandise space is ultimately where you put the merchandise, the products it will be the isles where you move around and pick the products, so that is the merchandise space. Now within this there will be certain personnel space, where the personnel will be standing or sitting or moving around that will be personnel space as well.

And there will be also customer space, again customer will move around within the merchandise and the customer will also stand in the queue in front of the selling space, so all these things are there. So, you can break the overall store that you have into these particular spaces. And then you can focus on that how you can increase the customer's space without cutting down the merchandise space, so that is something that we will be trying to achieve as much as possible.

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Now when we do that when we design the merchandise space and we ideate that what product to put where we do product groupings. Now products are grouped depending on their usage, depending on sometimes fastest motivation, depending on customer segment or storability. So, functional product groupings are when you are grouping the product based on what they are doing for example let us say FMCG in one place, grocery in one place, apparel in one place they have different functions and you are putting that separately.

So, that is functional product grouping, majorly very common in a big retail store where there are lots of different kinds of products are there. However, let us say you are talking about purchase motivation product groupings where you know the different person will have different kind of purchase motivation. Now you are trying to group the products based on that, for example let us say if I think about apparel market, you will find formal dresses in.

So, this is not a functional product grouping anymore, so you will find all the formal dresses in at one side, all the jeans and casual dresses at other side, all the suits in one side. So, you will find the formal dresses and suits in the close by to each other. So, it might be because that these are the purchase motivation is you want to buy something for the office or for a formal setup.

But if you want to buy something for the party wear let us say you will find again just beside this formal dresses which is like suits and etcetera, you will also find the Medin I would say a very informal but very extra wagon kind of dresses which is like sherwani and this and that. Because these suits can also be used in a party wear and this sherwani and etcetera can also be used in a celebration kind of party Indian context at this celebration party kind of a context.

So, you will find this high value special kind of products at one site again. And then slowly it will come down that after the party wear there will be a little bit of extra wagon other products and then it will come up to the casual wears. And beside the casual wears probably you will find out the shoes and apparels and etcetera, etcetera.

So, this is purchase motivation by product groupings, very common in the apparel context where different people have different purchase motivation when they come to buy apparel in the retail store and you are putting the products at a focusing that in mind. Then comes the market segment wise product groupings. So, you know that there are certain products which are certain I would say customers who are high value product items buyers and there are other products which are discount seekers.

So, you will put all the discount seeking kind of products at the back and all the high value product, new arrivals and etcetera in the front. Because now you are breaking the customer base based on the market segment and you want to give the market segment who wants to buy high value products. The least amount of I would say paying least amount of cost of buying that product in terms of non-monetary cost I am saying.

And you also want to make sure that the services to these people are higher, so you will probably have more number of changing rooms, you will have probably all your customer services kind of personnel will be more focused on those particular places, where this merchandise which are new arrivals or high value merchandise are stores, so your number of personnel will be higher.

Sometimes in apparel context all those other products which is let us say high value other products like let us say fragrances and certain kind of high value apparels, all things will be also stored at the very first. So, that people who are looking for new arrivals can probably come and also see this kind of product, so this is market segment wise product grouping. Then comes the storability product groupings, that there are certain products which cannot be stored at the front which will block the spaces probably high volume items.

So, any high volume items we generally try to put that at the back probably let us say TV's or electronic products or furniture products you will see that these are in a big retail store let us say shopper's stop you are going you will find all these items at a separate place. You also think about let us say storability in the context of anything which requires freezer; you will require electricity for that.

So, these will be located not in the middle, they will always located towards the wall or at the end of the retail store. You think about probably the liquor means alcoholic beverages or you think about non-vegetarian food items which is stored in a retail store, they will be put in a separate place because there was probability issues, there are also market segment issues that some people do not like that.

So, though there will be separate niche counters for them probably areas for them where those things will be stored. So, different kind of product groupings can be done and probably actually a big retail store product grouping is a mix and match of all this kind of stuff. And we have to very carefully decide that which one we should focus on and what context?

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**Straight Traffic Pattern**

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• An efficient atmosphere is created</li><li>• More floor space is devoted to product displays ✓</li><li>• People can shop quickly ✓</li><li>• Inventory control and security are simplified ✓</li><li>• Self-service is easy, thereby reducing labor costs</li></ul>	<ul style="list-style-type: none"><li>• Impersonal atmosphere</li><li>• More limited browsing by customers</li><li>• Rushed shopping behavior</li></ul>

The slide includes a hand-drawn diagram of a straight traffic pattern showing a rectangular layout with a single entrance and exit at opposite ends, and several aisles in between. A small video inset in the bottom right corner shows a man in a purple shirt speaking.

Then comes the traffic pattern. So, how do you want the person's to move inside your retail store? Now there is something called a straight traffic pattern, so why there are straight kind of you go straight and then take a turn again come straight something like that. So, the straight traffic pattern, the advantage is it is an efficient atmosphere is created; more floor space is devoted to product displays.

People can shop quickly, inventory control and security are simplified, self-service is easy thereby reducing labour cost. So, you see if I have a retail store which let us say which looks like this, these are my aisles and this is entry, this is exit and these are my aisles. So, I can put this 5 security cameras here and I can take care of the whole retail store whatever people are doing I can have a see.

And a person who is standing here can see this aisle's items also and can see this aisle's items also, both the items which are stored in 2 opposite side of the aisles they can see. So, people can shop quickly modes 4 places devoted to product displays, inventory control and security is

simplified, these are some of the advantages. What is in a disadvantage? It is a impersonal kind of atmosphere, you let people do whatever they want to do.

Somebody is standing here might find out that they are not getting any professional health or any personal health if nobody is there in this aisle. More limited browsing by consumers; sometimes consumer comes picks up the products and directly goes. So, he comes up here, picks up the products and directly goes to this thing in the checkout center, so that kind of problem comes up and it creates a rush kind of shopping behaviour. So, which you sometimes do not want in your retail store, you want them to stay, you want them to move around, so that they pick up more products.

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So, how a supermarket uses a straight traffic pattern? So, this is the example that I was telling, so this kind of traffic pattern where more kind of products can be displayed. However, you might see that people are quickly coming and buying some products and going away.

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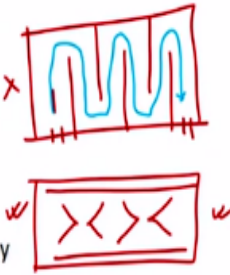
## Curving Traffic Pattern


**Advantages**

- A friendly atmosphere
- Shoppers do not feel rushed
- People are encouraged to walk through in any direction ✓
- Impulse or unplanned purchases are increased

**Disadvantages**

- Possible customer confusion
- Wasted floor space
- Difficulties in inventory control
- Higher labor intensity
- Potential loitering
- Displays may cost more





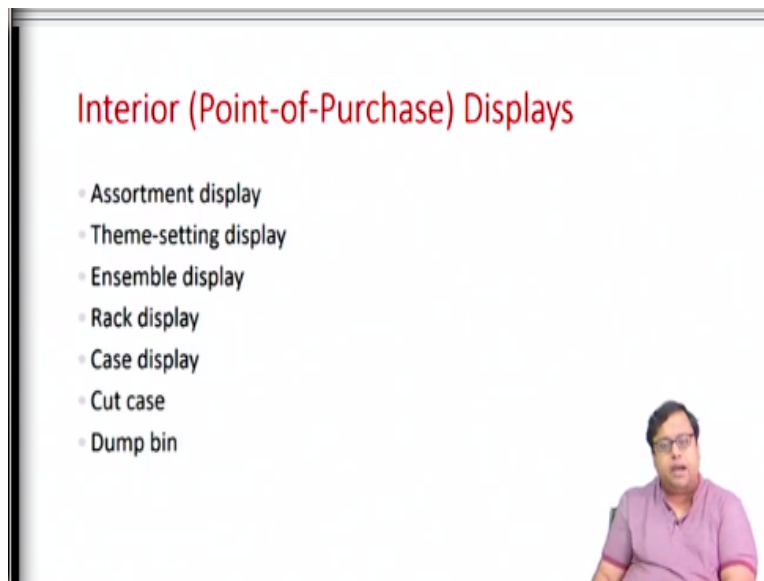
Then comes the curving kind of traffic pattern. So, curving kind of traffic pattern will look like this, so let us say somebody enters here, you put something like this and then. So, somebody comes in that particular person has to change they have to go inside like this just 1 minute, let me change the colour, yeah. So, go inside and then come inside and like this, so which might be tedious for a person but he is actually seeing here, he is actually seeing multiple products.

And he or she might pick up more number of products in the retail store. So, a friendly atmosphere shopper do, do not feel rushed when they move around, people are encouraged to walk through any direction, impulse of unplanned purchases are increased. So, sometimes you can also have a retail store which is like this let us say. So, things are stored like this, so you might feel this thing that ok I will come inside and see here or I will.

So, it is not straight-straight and you also get encouraged to walk around, so here you might not be encouraged but here you might feel encouraged to walk around if the stores are not exactly straight. Although this is also a curving but this is a straight-straight kind of a traffic pattern. So, possible customer confusion which can be created that is a problem, wasted floor space, so here you can see that in this case there is floor space which is getting wasted, I cannot put lots of merchandise.

Difficulties in inventory control, higher level intensity is required. Potential loitering so people can basically put one product in other places and the whole view will get lost, so that displays may cost more. So, maintaining the display is something that becomes very important in a curving traffic pattern. However, that might create a problem, there might be more cost of maintaining the display there is the potential of loitering by the customer, so that. So, although it encourages more sales, it might not be managing this is difficult.

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Then there are interior points of purchase displays or interior displays. For example assortment display or theme-setting display, so there are different kinds of displays that can be created. So, dump bin is let us say if you will see that at the point of purchase there is a dump bin where lots of soft toys are there, sometimes you to put up and take that product. Case display is that there is a case that is kept and there are lots of products that are kept in the case you can buy the whole case.

Ensemble display is where the products are arranged properly inside the retail store. Theme-setting display is somewhere you are in that particular display you are setting up a theme let us say there is a one particular part of the retail store which have the theme of Christmas. So, anything which is related to Christmas will be stored there, there will be probably a setting of summer holidays.




So, if there will be packages, there will be let us say bathing suits or swimming suits, there will be the products which are related to let us say sunscreen and various other kinds of products which are related to home care or skin care, all those things are there. So, it is a summer holiday kind of a theme that has been created, sometimes we can see that. So, interior display plays an important role when you are trying to do retailing activity. And there can be different kinds of displays that you can arrange that you can engage in, so that customers buy a lot of products.

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**Online Store Considerations**

Advantages	Disadvantages
<ul style="list-style-type: none"><li>Unlimited space to present assortments, displays, and information</li><li>Can be customized to the individual customer</li><li>Can be modified frequently</li><li>Can promote cross-merchandising and impulse purchasing</li><li>Enables a consumer to shop in quickly</li></ul>	<ul style="list-style-type: none"><li>Can be slow for dialup shoppers</li><li>Can be too complex</li><li>Cannot adequately display three-dimensional aspects of products</li><li>Requires constant updating</li><li>More likely to be exited without purchase</li></ul>



Now in the online customer context, there were store layouts also which is the online layout. So, what is the advantage of online store? Unlimited space to present assortments displays and information, can be customized to the individual customer which is a very important advantage, can be modified frequently the whole design can be modified frequently. So, I am not only talking about the advantages of the online store from a design perspective, can promote cross merchandising and impulse purchase.

Because you can put different products side by side there can be recommendations that can come up side by side dynamically, enables a customer to shop quickly. However, can be slow for dial up shoppers, so if the internet connection is not strong there is a problem, it can be too complex if the person is not a tech savvy it is a problem, cannot adequately display three-dimensional aspects of the products, again a problem.

Now it is although there are three dimensional pictures and ARV are coming in but that is costly, that is not possible for all online stores. Requires constant updating and more likely to be exited without purchases, so if somebody comes to a offline retail store generally they make a purchase. Because they have already incurred quite a bit of cost to come to that retail store, they have invested time, money, energy.

On the other hand you know online store context it is less costly, people although the profit will be high, more profit will not buy any product and probably leave, only some profit probably the percentage will be much lower than the profit of the foot fall that happens in the offline retail store. The percentage of profit that will ultimately buy something will be much lower in the case of online store.

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Then increasing shopping time in-store, other than the store layout what you can do to increase the shopping style inside a store. So, increase amount of time a shopper spends in store excluding time whatever they spend in the waiting line. Because waiting line is a lost time although you can put some products just beside the waiting lines, those are generally moments where people are not happy because they are waiting and so they might not buy a lot from the point of service kind of a context.

So, it is better to reduce the waiting line as much as possible and increase the shopping time inside the store as much as possible. How you can do that? You can create experiential merchandising, so a merchandise which has an experience component in it before purchasing. For example let us say in a fish or non-veg products there is brushing of the fish and etcetera which is an experiential component which can come in.

Or probably let us say whenever you are trying to buy certain merchandise which is let us say in any product which has fragrances as is a very common example or let us say apparel. There is a experience component where you try out and many shoppers enjoy that trying out part also, there are 10 different races they try out, they wear 3 different dresses the short list and then they choose the best one.

So, all these choosing and trying out and etcetera is also sometimes a very important aspect. This is where probably the apparel store comes into the play even in a traditional setup where people show different sarees to let us say women. A woman came to buy sarees and there will be an experiential component there where, people show the sarees, different designs, different colours, different kind of styles.

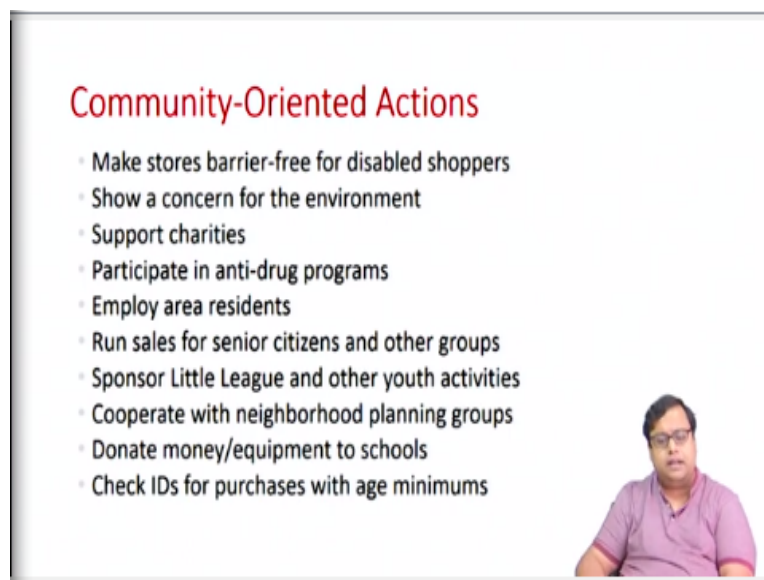
And sometimes a group of women come together and they enjoy that particular activity because that is something which is also leisure for them which is creating a little bit of off-time for them. So, that exponential merchandising is sometimes the apparel market has taken very seriously, other companies can also, other kind of merchandisers can also think about that. Then come solutions selling, solution selling is that you are trying to sell a solution rather than a product.

You try to understand the problem of the person and create a solution around it. So, often it is very much possible in the context of let us say pharmacy in the context of different kinds of pharmacy obviously. In the context of tailoring, in the context of even let us say if I talk about the food, there are people ask you what to do, what not to do, how to customize the product? So, they are selling you a solution which you like.

Co-branding activity where multiple brands try to do co-branding inside the store, enhance shopping experience you want to ensure that the shopping experience is so that customers want to stay there. You might increase the shopping experience by using let us say certain in-store activities or certain kind of let us say food court inside the store or coffee bar inside the store or let us say Mickey Mouse playing with your kids inside the store.

So, these are shopping experience which you can create, so that people can come, you can have kind of I would say certain competition, certain programs inside the store which people may like. And then you can also create a wish list program which is I talked about that wedding registries in the context of foreign weddings, oftentimes it is very common you can create that in the context of shopping as well.

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What kind of community-oriented actions a company can take to make sure. So, make stores barrier-free for disabled shoppers, so a concern for the environment, support charities, participate in anti-drug programs, employ area residents, close by residents, run sales for senior citizens and other groups, sponsor little league or other youth activities, cooperate with neighbourhood planning groups, donate money. So, all this charity and pro social activities improve the image of a retail store and improve the engagement with the local community.

So, this is something which is very important time by time you should do at least twice or thrice in a year, there should be some activities planned. Then this should be planned in your calendar, so that you can take care of this. So, I will stop here and we will discuss about a little bit of financial aspects in the next sessions. And which will be the last few lectures we will discuss about more from the finance side from the hardcore money side that how to take care of money in the retail stores context. I will see you in the next video, thank you very much.