

BY BOB RADCLIFFE, JR.

# CENTS AND SENSIBILITY

“Retailing is a social, not business phenomenon.”

RETAILERS LOVE STATISTICS: VOLUME and dollar amount per transaction, turns on inventory, products per square foot, comparable sales, and so on. These are all important and widely used measures of retail successes and failures. One statistic you don't usually hear about is called “conversion” or “closure” rate. This can be one of the most important statistics to understand because it measures how well you are communicating with your customers once they have entered the store.

Significant time, energy and dollars are spent to bring consumers into your store. But how successful are you at converting foot traffic into sales? The retailers with high closure rates understand that shopping is a social phenomenon and, therefore, they put emphasis on design, product mix and merchandising. They focus on catering to their customer's social sensitivity. Here are few strategies that will help ensure that you are effectively speaking to your customer's sensibilities and not just their pocketbooks.

## DECOMPRESSION ZONES

This term usually describes the front of a retail store, but can also be used to describe an area of transition within the store. This area is very important because it is where your customers take a moment to acclimate to the environment. While they absorb new lighting, signage and product mix, they will not be making any purchases, but will be getting familiar with the retail environment. Try not to accomplish



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anything too important in this area because most shoppers will walk right through. Here are a couple of successful concepts for this area.

1. **Greeters**—Shoppers who quickly make eye contact with an employee have a better chance of buying something. Greeters can also reduce theft.
2. **A “Power” Display**—This will act as a speed bump as shoppers enter. The display does not need to say “buy me” but rather “take a closer look at what you’re walking in on.”

## SPREAD THE BASKETS

Shoppers who use baskets or carts buy more! In order for these shoppers to use baskets, they need to be readily available throughout the store and easy to reach. This means they should be on a table or hanging from a hook. Studies have shown that if a customer has to stoop down to reach the basket, they are less likely to pick it up. And when customers run out of arm space, they head straight for the checkout. Since most consumers do not make a purchase until they have browsed through the store, it makes sense that these baskets should not be located only in the front of the store. Destination shoppers who know exactly what they are coming in for will grab a basket at the front of the store, but more leisurely shoppers will make more add-on purchases if baskets or carts are available in main shopping areas.

## SIGNAGE: RETAIL ROAD MAPS

A retail store is really a 3-D commercial. A great sign in the wrong place is not as effective as a so-so sign in the right place. Take some time to watch how consumers move around your store. You may find that there are patterns you had not previously identified. The conventional wisdom is to arrange signs throughout the store facing the front. In reality,

shoppers move around the store organically and may be walking from the back of the store to find certain departments. Be aware that certain signs may be more effective facing complementary departments, not just neatly facing the front. Most signage should be clear and logical and should not try to convey a complex message.

A picture tells a thousand words, so try and incorporate images where possible. For more detailed or lengthy messages, choose the checkout areas. In this area, customers will be spending the most time in one place and they appreciate messages to occupy them while they wait. Don't overlook the opportunity to leave them with a parting thought as they leave the store. Something clever that reaches your core demographic directly can be extremely effective in building brand loyalty and separating you from chain stores and other competition.

## RETAIL JUDO

For those of you who are not familiar with Judo, it is a self-defense methodology that uses an opponent's momentum to your advantage. The same holds true in retailing. Consumers enter your store with a specific interest because of the signage, advertising or word-of-mouth promotion they have received. Make sure you are doing everything possible to reinforce this message once they walk inside.



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Costco is a great example because they make each visit an adventure. First of all, they want you to know that you are getting a bargain, so all fixtures are simple and industrial looking, like a warehouse. They don't want their customers to feel like they are paying for added frills; they just want to be sure they are getting the best 'wholesale' price. In addition, all consumer electronics products are right in the front such as flat screen TV's, video recorders, mobile phones and cameras. They know that this is the most popular category in retailing, so it's the first thing a customer sees. Another smart tactic is offering food samples throughout the grocery aisle. The sales on featured foods are testament to this strategy's success.

The underlying message when designing a retail environment is to think like a shopper, and create a comfortable, social environment. In many cases, retailers spend too much time focusing on the business end of retail and not enough time 'being' the customer. What do you appreciate when you are shopping at a retail store? Break your store into zones based on the dynamic of merchandise in a given area and how your customers behave when shopping these products. If certain items require more time to effectively understand, make sure they are not located in a

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high-traffic, high-speed area of the store. Make sure you understand your customer's line of sight and are positioning your signage appropriately. In today's competitive, consumer driven environment, people want to touch, taste, feel, hear, smell and see anything they plan on buying. Basic observations about the behavior of your customers will give you most of the necessary data you need to implement a successful merchandising strategy.

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