

Thinking Inside the Box

How a store-within-a-store can enhance the shopper experience.

By Steven M. Duffy

Conventional grocers today are increasingly subject to disruptive retailing forces. They are striving to differentiate with unique offerings. One favored method is the store-within-a-store.

This concept aims to fulfill local marketplace needs or find a niche through strong product selection, service expertise and a compelling mini-store environment. The title may be a bit of inside baseball to the average shopper; however, when well executed, it creates a destination experience worthy of loyalty.

However, the store-within-a-store requires the right strategy, challenges and design elements to attain positive sales ROI and success.

Concept Evaluation

Concept development starts with a statement like the following: "We have an underserved customer base desiring an Italian bakery." The premise would be reinventing the old bakery from product selection through the store environment — fixtures, furniture and experience (FFE). The goal is to create an experience that delivers increased sales currently spent outside the store on specialty products.

Evaluating this concept completely and data mining for lost sales is critical for success. The planning process accurately assesses market leakage and current departmental sales versus the competition, and then builds a viable sales pro forma. The analytical work defines the specialty brand and product offerings, and then launches the design process. Many deploy this concept strategy in a limited way, while others do so extensively throughout the planning process.

Another, less resource-intensive way of creating a new specialty area is by partnering with a local merchant holding strong brand recognition with quality products. A further option is to develop a concept area, tasking a CPG, such as The Hershey Co. in the candy area, to assist in the process, as it may have an engaged marketing team interested in partnering. The challenge with any new concept is solving the brand



but the challenge may be overcome by active sampling to drive engagement. As people call for social interaction and culinary expertise, especially in relation to fresh food, there's more inclination to use this market concept. Younger demographics Gens X and Y leverage social networking that drives engagement, but they also look for one-on-one service interactions.

Shopper Experience

The store environment showcases the product and the concept's functional needs. It envelops the shopper in an experience as it reinforces products' appeal, ignites the senses, highlights service attributes and creates its own brand.

The concept's mini-store brand must work in harmony with the unique overall store's brand needs. Some concepts may be branded as more a boutique, and although the concept store becomes its own environment, it still must harmonize with the store as a whole. Finishes and décor — the fabric of the store environment — evoke the brand essence. FFE includes flooring, color palette and fixture selection; it may differ but must act in concert with the overall store's design. A graphics or signage package adds emotion to strengthen the branding.

To quote a friend, "Lighting, in retail, is next to godliness." A basic tool, it should be task-oriented when feasible, a spotlight to focus the eye directly on product. Today, illumination applications continue to improve and further enhance the shopping experience.

Retailers are increasingly attracted to the store-within-a-store concept, but is it profitable? Its success rests upon a creative yet analytical approach to identifying and delivering a localized approach to marketplace needs. It's an innovative strategy that keeps things fresh to engage customers and keep them coming back for more. This forward thinking is now table stakes in a continually disruptive retail environment. **PG**

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logistics, location and composition of a shop appropriate to the total store environment. A size of roughly 500 square feet should be considered a minimum critical mass.

The Value Proposition

Specialty merchants tend to hold a competitive product advantage over regional or national supermarkets by featuring unique and focused merchandise. Supermarkets choosing to partner with quality local merchants leverage this benefit by doing so. Product becomes the star, and fresh, locally sourced items never go out of style.

However, the merchant's next challenge is assessing the product's value proposition when creating a department SKU assortment. Specialty stores' higher prices may be considered an aspirational spend, and therefore not appealing to a value shopper. The research shows, however, that more and more, this group regularly makes upgraded buying decisions.

Product assortment considerations helping increase sales include cross-merchandising and meal solutions promoting convenience and time savings. Future viability of a concept, as it intersects with current health-and-wellness trends and the retailer's core brand values, needs consideration. An example of a shop's "wellness appeal" is the general decline in consumption of bakery products; however, people still desire "healthy decadence." Growing specialty categories, including organic and pet, are also noteworthy.

Service is the key underpinning for driving sales. Perimeter locations, typically the fresh areas, provide the greatest opportunity for success based upon activated selling via the store team. Center store locations are the most challenging unless an operating commitment is made allocating labor,



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