

HOT ON THE HEELS

In the ever competitive supermarket sector, discount retailers are upping their game with store interiors, nipping at the heels of the big four.

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It's nothing new that shopper habits and preferences are constantly evolving and have changed significantly over the last decade. For instance, the traditional weekly shop at a major supermarket has reduced in popularity as consumers take a more strategic approach to filling their trolleys, opting instead to visit several different outlets to stock up on essentials or utilising more convenient methods, such as home delivery.

'As a result, it's little surprise that so-called discount retailers are now seen as being on a par with their mainstream counterparts and, as such, have had to adapt to what shoppers want from their in-store experience. Historically, discount stores were perhaps known for being untidy and difficult to navigate; however, it's clear that they are now putting time and energy into creating a cleaner, more inviting look, says Stuart Geekie, managing director at HMY Group.

'There's a growing trend in the supermarket sector for getting closer to the customer and creating a market feel. Consumers love the idea of their food being fresh, wholesome and locally produced: interestingly, the very presence of dedicated fish, cheese and meat counters can often create the illusion of the latter. It is this perceived authenticity that discount retailers should now consider - they've successfully infiltrated the main marketplace, so they now have the opportunity to lead the pack with standout store layouts and fittings,' continues Geekie.

'It's an incredibly exciting time for discount retailers and they should seize the opportunity to innovate and step out from the shadows of their more expensive, more established peers,' says Geekie.

Duncan Hill, managing director at HL Display, also notes the impact of discount retailers on the supermarket sector: 'Competition

for footfall, sales and loyalty has always been fierce but is even more so since the arrival of bargain supermarkets on the scene. While bargain supermarkets used to sport a matching bargain look and feel, enabling the established players to differentiate themselves by offering a better in-store experience, this is definitely no longer the case.'

The likes of Lidl and Aldi have put considerable thought and investment into improving the look of their stores and the overall experience. Lidl is Britain's fastest growing supermarket, closely followed by Aldi, which overtook the Co-operative Group in January to become the country's fifth biggest supermarket.

Both discounters have announced aggressive store expansion programmes. Aldi opened its 700th store in March in Whitstable, Kent, and is one of 70 stores planned to open this year. Lidl is entering the US market with 20 stores along the East Coast in North and South Carolina as well as Virginia.

'I believe the mainstream supermarkets will not only continue to invest in the latest merchandising solutions, they will also focus on making their stores as convenient as possible for shoppers to achieve differentiation. This could be through the use of technology in store and also by focusing on providing a quick, easy and stress-free checkout experience,' says Hill.

In Saudi Arabia, FITCH has created a shopping experience celebrating heritage and flavour for Aljazera, one of Riyadh's first and most established Saudi Arabian supermarkets. A rebrand >

Main: FITCH has created a shopping experience celebrating heritage and flavour for Aljazera in Saudi Arabia. The store won Gold for Best Brand Evolution, Gold for Best Visual Identity in Retail and Best Overall Visual Identity at Transform MENA.



was needed to differentiate itself in the face of new international competitors who were taking market share with low prices and big product lines. The design needed to reflect the firm's renewed emphasis on fresh food and ensure the brand remained a destination for everyday essentials.

'Our insight focused on the poor representation of Saudi food culture in new international supermarkets. New brands were creating clinical spaces in a bid to emphasise food prep standards, but failed to capture the personality of everyday food and the joy of supermarket shopping. Saudis see food as a source of entertainment, from tasting new cuisines to sharing the best fresh produce. We wanted this to be at the heart of our strategy. The materials used in the design were modern yet warm and with a neutral, yet sophisticated palette, allowing the rich colours of the produce to pop,' explain Paul Chatelier and Jimmy Kmeid, design directors, and Nathan Freegard, senior strategist at FITCH.

For middle class Saudis food shopping is more than a necessity, it's an occasion to enjoy. As a result, there are larger opportunities for supermarkets to attract food 'dreamers', families travelling together to sample new flavours and cuisines. 'Like the UK, food is an important part of cultural celebrations, but shoppers can form highly personal relationships with in-store butchers and fishmongers to reserve the best cuts of meat. There's a huge challenge in trying to build a strong brand whilst maintaining the local one-to-one relationship,' says the team.

Waitrose in Worcester encourages dwell time through a range of experiences, including a bar and sushi island, which both create theatre and demonstrate staff expertise. Shopping is thereby less of a chore, inspiring customers to return more frequently.

Sainsbury's announced plans last year to boost its digital and non-food business amid tough competition in the grocery sector, by partnering with Argos. The supermarket has installed Argos collection points in a number of its stores. Similarly, it has also partnered with homeware retailer Habitat, launching its first Mini Habitat at Nine Elms last year. Alongside Argos, the Mini Habitat stores allow Sainsbury's customers to shop across all of the retailer's brands under one roof.

Andrew Hawes, founding director of retail consultancy Newtons that has revealed its own 'Beating the Discounters' report, says research shows price is only fourth on a shopper's priority list - behind proximity, range and habit - and with more than 90 per cent of discounters' customers also visiting a higher-end supermarket, there's a chance for a Big Four comeback.

'To engage in a pure price war would be foolish - the discounters are doing just that, achieving 5-25 per cent discounts versus the conventional chains, who on average would forego £1 billion in profits to reach parity. Instead, the multiples need to remind customers of the advantages of shopping at one store with a full range, better service, equal or better quality and comparable prices. They also need to myth-bust the perception that the discounter's products are comparable,' believes Hawes. 'If the full facts around quality of product and price are promoted to customers, along with the existing areas around range and habit where the multiples are already superior, how can they continue to lose market share?' **RF**

Left: Lidl is entering the US market with 20 stores along the East Coast in North and South Carolina as well as Virginia.

Below from top: Argos digital shop-in-shops in Sainsbury's stores. The retailer has also partnered with homeware retailer Habitat, launching its first Mini Habitat at Nine Elms last year; Waitrose in Worcester encourages dwell time through a range of experiences, including a bar and a sushi island; Lidl recently installed HL Display's Facer pull feeding system in its alcohol aisle to create a neater, more uniform display for shoppers.

