



Better Layout and Plan-o-gram Translate to Better Sales

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THE FIRST THING TO DO IS TO FIND OUT ABOUT YOUR CUSTOMER AND YOUR MARKET. IS THE AREA INDUSTRIAL OR RESIDENTIAL? DO YOUR CUSTOMERS RESIDE IN THE NEIGHBOURHOOD OR ARE THEY "DRIVE-BY"? WHAT ARE THE LOCAL DEMOGRAPHICS AND HOW HAVE THEY BEEN CHANGING? ALL OF THESE QUESTIONS AFFECT YOUR CUSTOMER'S SHOPPING BEHAVIOR AND THEIR BUYING PATTERNS, HENCE, AFFECT STORE DESIGN AND MERCHANDISE MIX.

The next thing to do is to check out the competition in your immediate area and beyond. Act like a consumer not an operator when you're in your competitor's stores. What are they doing well? What new products or merchandising ideas are they offering? How much space has been allocated to different product categories? What are your competitors doing poorly? Are you guilty of doing the same? Summarize the strengths and weaknesses of your competition and yourself.

Poll your customers and find out what they like and what they don't like about your store. What new products and services would they like you to carry? Also, discuss this with your staff and find out what they have seen at a competitor's store or if they have ideas about what changes you should make.

Analyze your operating numbers. Know your sales volume and gross margin in each product category, the importance of the product category to the overall business and whether its sales are increasing or declining. Then take a look at how

much floor space is devoted to each category. Identify the categories that are no longer providing a good return and plan to eliminate them. Take note of the best selling categories and plan to expand the offering and also consider consumer trends affecting product categories and the potential sales in terms of dollars and units.

After doing this research, the end result should be a "to do" list. You may need to hire the services of an expert who can help you prioritize and fine-tune your list, recommend any oversights and help in its implementation. If this exercise suggests you need to renovate or make corrections to a renovation that is not yielding the results you had expected, then this expert should be skilled in the preparation of store layouts, merchandising plan-o-grams and recommendations for fixtures and equipment; tools that are integral to your image and will in turn grow sales.

WHAT IS A STORE LAYOUT?

A store layout is a scaled drawing of your store that takes into account the footprint, size, type and placement of fixtures, cash and service counters, lighting and equipment. Placement of these items must optimize function and allow for the logical flow of customer traffic leading them to and through your displays to their final destination: the cash counter.

A GOOD STORE LAYOUT MUST:

- Highlight the key products and services that you offer (such as confectionery, food & beverage, grab & go)
- Make it easy for customers to quickly see what you have to offer, to find what they want to buy, and get on their way
- Allow customer traffic to flow easily through the store using all the space effectively
- Display impulse-oriented products in high traffic areas to increase sales
- Group related products together
- Ensure that the space occupied by a product category is balanced with its contribution to total sales. This is a general rule of thumb. If industry experts tell you that the growth potential is high for a particular category, then more space can be allocated to that product

This proposed store layout makes it easy for customers to quickly see what your store has to offer, locate what they want to buy, and get on their way. Traffic flow allows customers to move easily through the store. Related products are grouped together and impulse items are located in high traffic areas in order to boost sales.

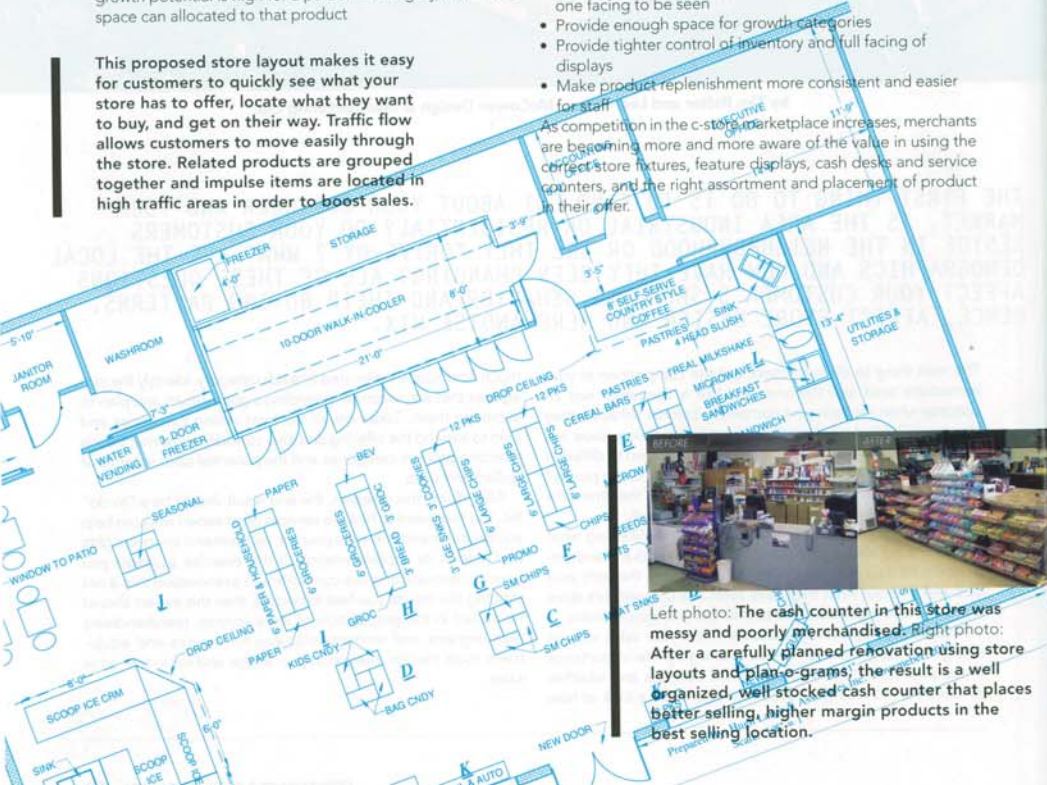
WHAT IS A PLAN-O-GRAM?

A plan-o-gram is a detailed diagram of a shelf, fixture or section showing the location and space to be occupied by each product and is based on your market area's demographics, shopping behaviors and wants and needs. When plan-o-grams are teamed with the correct fixtures and equipment, it creates a winning scenario by optimizing available shelf space and inventory turns, therefore, increasing sales and profit per square foot. The basic goal of plan-o-grams for large retailers, besides maximizing sales, is to provide consistency across the brand. For all retailers, it is used to optimize product placement and coordinate your offer with the optimal number and placement of product facings. A facing is a row of products on a shelf. A plan-o-gram shows shelf heights, the amount of facings and product placements, which determines on which shelf and where on the shelf a product should be placed.

A GOOD STORE PLAN-O-GRAM MUST:

- Locate best selling, higher margin products in the best selling position (for example, where the product is most easily seen and shopped by your customer)
- Allocate enough space to a product to create enough visual impact. Smaller packages may require more than one facing to be seen
- Provide enough space for growth categories
- Provide tighter control of inventory and full facing of displays
- Make product replenishment more consistent and easier for staff

As competition in the c-store marketplace increases, merchants are becoming more and more aware of the value in using the correct store fixtures, feature displays, cash desks and service counters, and the right assortment and placement of product in their offer.



Left photo: The cash counter in this store was messy and poorly merchandised. Right photo: After a carefully planned renovation using store layouts and plan-o-grams, the result is a well organized, well stocked cash counter that places better selling, higher margin products in the best selling location.

A POST RENOVATION PLAN-O-GRAM EVALUATION:

Three main factors should be considered in evaluating the effectiveness of your plan-o-gram: Performance, Assets and Productivity. This exercise assumes that you have comparable statistics prior to your renovation.

PERFORMANCE:

- Movement – How many units did you sell? Typically expressed on a per store, per week basis. Measures demand and traffic
- Sales – How many overall dollars did you generate? Retail price x movement. Measures dollar volume through the cash register.
- Gross Profit (Gross Margin Dollars) – How many dollars did you keep? (Retail Price – Unit Cost) x movement. Measures profitability

ASSETS:

What did you invest to get the return?

- Space – How much space was required for the category? Measured in linear, square, or cubic feet
- Inventory units (capacity) – How many units fit on the shelf? Based on the product dimensions, shelf dimensions, and how the product is merchandised with facings
- Inventory dollars (capacity x unit cost) – How much money does it take to fill the shelf? Based on the item capacity within the plan-o-gram and the cost of the item

PRODUCTIVITY:

- Movement per foot – this measures movement generated per foot of space allocated and answers the question – how productive is the space in generating traffic?
- Sales per foot – this measures dollars generated per foot of space allocated and answers the question – how productive is the space in generating sales?
- Gross profit per foot – this measures gross profit generated per foot of space allocated and answers the question – how productive is the space in generating profit dollars?
- Shelf Turns – this measures how many times you will sell through the units on the plan-o-gram in a year, assuming similar movement and is a measure of stocking efficiency

Ultimately, the way in which you execute your layout and plan-o-gram will determine the success or failure of your investment. Factoring in all the information just presented, you now understand that you must find the best offer for your demographic and make sure you have the most aesthetically pleasing environment, from the fixtures to the lighting, to the product mix. This will result in a successful and profitable renovation. To quote a major influence in the c-store industry, Hugh Large, aka The Convenience Guru, "Although you will find that this is not a simple exercise, it is an important one if you are to better satisfy the needs of your customers and improve the sales and productivity of your store."

The c-store industry has changed dramatically. What may have worked in the past is no longer good enough in today's competitive market. The bar has been raised in terms of consumer's expectations. While a renovation sounds and looks simple, it has become a complicated and sophisticated process. Bottom line? Find a professional to help with your store layout and plan-o-gram and then partner with reputable store fixture and equipment suppliers who can put your plan into action.



The plan-o-gram is a merchandising tool that shows the location and space on the shelf, fixture or section where each product will be displayed. Plan-o-grams help in maximizing the sales and profitability on a per square foot basis.

TESTIMONIAL Pioneer Energy:

"The key to a successful renovation is to properly layout and merchandise your c-store maximizing the available space. Using fixtures, equipment and coolers that are specifically designed for this small footprint environment will yield great results and maximize your return on investment. Pioneer Energy offers valued added store design services to its dealer partners to help them improve their businesses and to offer our mutual customer a consistent brand image across our network."
Pearl-Ann Prieur, Merchandising Coordinator, Pioneer Energy