

WHITE PAPER

Retail Store Fixtures

Addressing the Changing Needs of Brick-and-Mortar Stores



SOURCE: LOZIER

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Introduction

AS MORE CONSUMERS CHOOSE TO SHOP ONLINE, retailers with brick-and-mortar stores are looking for ways to keep customers coming in the door. Many are investing in unique fixture designs and in-store technology to create interesting, interactive, and memorable experiences for shoppers. Research shows it's worth the effort—while online sales are growing quickly, over 90 percent of U.S. retail sales still come from brick-and-mortar stores. The key is finding a way to be effective in both worlds.



In this changing environment, successful retailers are finding ways to seamlessly integrate their online and brick-and-mortar presence. To do this, store environments must evolve. Some retailers are reducing overhead by shrinking the store footprint, while others are changing their merchandising strategies and finding unique ways to repurpose the physical space.

Modular, flexible, interactive, and mobile store fixtures can help retailers adjust to the evolving trends in retail environments and shopper habits. Whether changes are implemented via a large-scale store redesign or small adjustments in fixture configurations, retailers across a broad range of market categories continue to experiment. Fixtures that can quickly change with retailer needs will be more efficient, more effective, and less costly than having to order and install new displays.



There's a lot to consider when selecting a fixture supplier. In addition to addressing the need for flexibility, fixtures must also fit into the overall strategy of the store. This means being on-brand, fitting specific

merchandising needs, and meeting budget and delivery timeframe expectations. To meet these expectations, strong partnerships are needed now more than ever.

WORKING TOGETHER

Retailers and brands seek store fixture manufacturers and suppliers who can work collaboratively with them, predicting their needs and helping them connect brick-and-mortar and click-and-mortar sides of their businesses. Today, many retailers are cutting design and store planning staff, and therefore rely on partnerships with vendors who will not only supply products, but also share knowledge concerning consumer shopping trends and effective store design. Design, project management, and strong engineering capabilities are also important components in the supplier relationship. Successful players offer a balance of idea fulfillment and development without exceeding retailer budgets.



Every retailer is different, and every project is unique. Retailers need suppliers who take time to understand their brand, along with the goals and objectives of each remodel or buildout. The right fixtures and designs will help the retailer achieve those goals and objectives. They will also enhance the customer experience, making shopping quick, easy, and enjoyable.

The ultimate store environment will not only delight shoppers but also make work easier and more effective for store employees. Fixtures that are easy to modify or keep back stock within reach help employees to provide good customer service. Great customer experience is key to customer loyalty and repeat sales.

This white paper will help retailers choose the right store fixtures to address the changing needs in the physical store. The three areas of focus include:

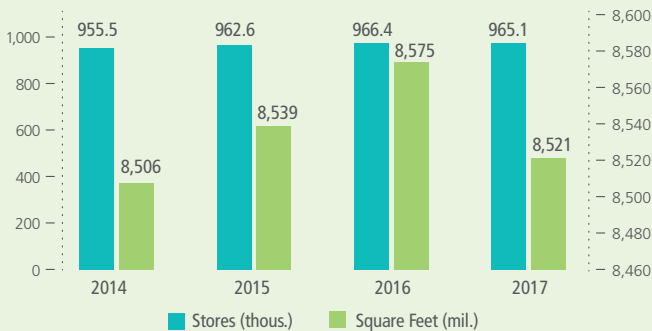
- Using space wisely in a smaller footprint
- Changing the store environment to meet peak demands
- Bridging the gap between online and in-store customer experience

Using Space Wisely in a Smaller Footprint

AS SALES ARE INCREASINGLY SPLIT between online and offline channels and shifting demographics drive a need for change, physical stores are often getting smaller. For example, James Cook, Director of Retail Research at Jones Lang LaSalle Incorporated (JLL), described how these changes are affecting the grocery industry. “The traditional concept of a grocery store is changing. We’re seeing smaller boutique brands with specialized inventories.” He goes on to say, “traditional and niche grocers alike are increasingly considering—and actively leasing—smaller spaces in line with changing consumer food shopping habits.”

The chart below from Euromonitor International further illustrates the recent trend in retail store size in the U.S. After moderate growth in both the total number of stores and square footage, 2017 saw a decline. As retailers are having to do more with less space, they need suppliers to provide solutions that help maximize space utilization and protect basket size.

US Retail: Total Number of Stores (thous., left axis) and Net Square Footage (mil. sq. ft., right axis) at Year-End



SOURCE: EUROMONITOR INTERNATIONAL VIA CORE RESEARCH

Suppliers can be a valuable resource in determining how to maximize retail space. The right fixtures and merchandising plan ensures customers can easily find what they’re looking for, including items they didn’t realize they needed until they spotted them.

As Marty Locke, Design Services Manager at Lozier, points out, “The first step in working with smaller spaces is understanding the goals of the retailer. Many times they’re challenged to get as many SKUs on the floor as possible without creating a cluttered environment.” Assessing the store layout, the available space, how service is provided, and specific merchandising requirements is also important. “We’ve been able to find creative ways to use space by considering what is above, beyond, and behind the shopping zone,” Locke notes.

Following are three examples of store fixtures that can help optimize smaller footprint retail spaces.

STORAGE WITHIN A FIXTURE

Doors, drawers, and shelves can be incorporated into a fixture, allowing merchandise to be displayed at the customer’s eye level while additional stock is available above or below. This strategy is often used in departments with smaller merchandise that can easily be stored on the sales floor.



SOURCE: LOZIER

SLIDING MERCHANDISERS

Sliding panels have become very popular with retailers who want to increase merchandising space in a section through a layered approach. Panels may be solid or constructed of wire to provide visibility to the merchandise behind. Sliding panels can also be used to display product out of the box with stock stored behind.



SOURCE: LOZIER

NESTED MERCHANDISERS

Nested merchandisers—tables or other floor fixtures—increase the vertical merchandising space. These fixtures offer flexible display or storage capabilities and add a focal point to the store environment. The specialty fixture collection pictured below is designed for apparel, gifts, gourmet foods, home goods, or other lightweight displays. The pieces can be pulled apart for more merchandising space or nested as stock sells through or when floor space is limited.



SOURCE: LOZIER

Changing the Store Environment to Meet Peak Demand

ACCORDING TO IBIS WORLDWIDE, demand is growing for long-lasting, flexible, and portable fixtures that allow retailers to quickly reorganize store layouts and merchandise. Other sought-after features include modular products, as well as those that are easy and inexpensive to update.

Greg Maring, Lozier VP of Sales and Marketing, says their customers are looking for ways to quickly change the store environment. “We have developed several mobile fixtures that are easy to move on and off the floor. Some even fold for storage so they don’t take a lot of space in the back room. We’ve designed a portable fixture with a counter and merchandising space that can be used to hold a register, a product display, a sampling station—whatever the retailer needs,” he explains.

Retailers can better manage business fluctuations by finding ways to use space as needed, whether that means adding fixtures or portable

cash registers during seasonal peaks or taking things away in slower periods, so the store doesn’t look under-merchandised.

Flexibility, modularity, and mobility in store fixtures are especially important during fluctuating peak demand periods. These periods can include specific promotions that are either product focused (i.e., beer, chips/dip for the weekend), holiday focused (i.e., Easter, Memorial Day, Fourth of July), or seasonal focused (i.e., Christmas, Back to School, summer). A peak demand period could also be unplanned, such as a major rain or snowstorm. For example, retailers may want to be able to sell umbrellas during a storm. Having a fixture that can be set up quickly helps increase impulse purchases of that product.

The following fixtures can accommodate quick changes:

MOBILE FIXTURES

Mobile fixtures, such as this Table Tower, provide merchandising flexibility as the retailer’s display needs change. The counter can be used for product demonstrations or tastings, information distribution, or merchandise display. The incorporated signage panel makes it easy to change marketing messages as needed. This type of flexible, mobile fixture can elevate a brand, feature seasonal merchandise, or call attention to impulse products.



SOURCE: LOZIER

CONVERTIBLE FIXTURES

Fixtures that support interchangeable accessories can be modified as needed to fit merchandising strategies. For example, the fixture pictured here can be converted from a dump bin to a two-way merchandiser with wire bins or a three-way display with shelves and hooks. This kind of flexibility allows retailers to use the same floor space to display a variety of merchandise as the season, product, or inventory levels dictate. Flexible designs like this require no special tools to change, so store personnel can quickly execute different merchandising strategies as needed.



SOURCE: LOZIER

FOLDING MERCHANDISERS

Often retailers will have a limited amount of stock for a specific product. A fixture like the one pictured allows for merchandising the product until it has sold through, then collapses for easy storage until it’s needed again.



SOURCE: LOZIER

There are many benefits for retailers who integrate flexible fixture designs into their stores. These fixtures meet multiple merchandising needs, help reduce rebuild costs, and provide easy cross-merchandising opportunities. They are an effective display option for limited run

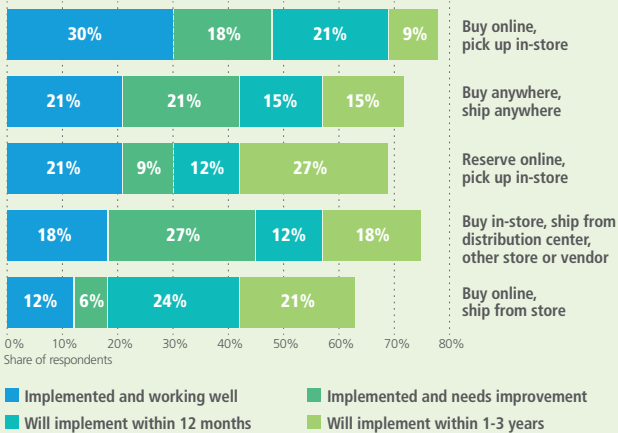
seasonal merchandise or items related to a special event. Positioning these fixtures in high traffic areas at key times maximizes selling opportunities.

Bridging the Gap Between Online and In-Store Customer Experience

PART OF PROVIDING AN EXCELLENT customer experience is offering a variety of options for when, where, and how shoppers receive their purchases. According to a survey of retail executives conducted by Statista, 49 percent of the companies have a buy online, pick up in-store program. Thirty-nine percent have a reserve online, pick up in-store program, and 45 percent have a buy in-store and ship from distribution center or store. Multiple delivery options demand multi-functional fixtures.

Implementation of Selected Fulfillment Options Among Retailers in North America

(as of December 2017)



SOURCE: STATISTA

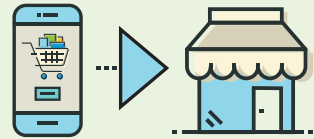
EXECUTING A BUY ONLINE, PICK UP IN-STORE (BOPIS) AREA

Historically, online purchase collection points were at the rear of stores where it was easier to allocate space. This arrangement also allowed the retailer to provide this service without overtly encouraging their

Buy Online, Pick Up In-Store

62%

of consumers have **picked up an online order in a store** in the past year, up from 58% a year ago*



Why BOPIS**

56%

 Quick in-and-out experience

22%

 No waiting in line

14%

 Ease of locating a pickup location

9%

 Dedicated pickup counter

5%

 Designated parking spots

59%

 of consumers surveyed who use BOPIS **pick up something else while picking up online orders** at least some of the time**

SOURCE:

*DIGITAL COMMERCE 360 – 2018 OMNICHANNEL REPORT

** BELL AND HOWELL—2017 CLICK AND COLLECT RETAIL CONSUMER PREFERENCE STUDY

traditional shoppers to check out online options. Retailers are now moving their BOPIS area to the front for easier customer access, as well as for security reasons. This reflects a greater understanding of customer experience and a commitment to bridge the online and offline environments.

The key to making BOPIS interactions easy for the customer is to have a dedicated area that is easily accessible, clearly signed, and fully staffed. Organizing merchandise well helps employees provide speedy, quality customer service.

Retailers continue to experiment with formats and options for the BOPIS area, seeking new methods for storing and displaying products to streamline the process and provide a positive customer experience. While the goal is to serve customers quickly and efficiently, merchandising the queue area helps reduce perceived wait time and creates impulse purchase opportunities. According to Bell & Howell research, 59 percent of consumers surveyed who use BOPIS also buy something else while picking up online orders at least some of the time.

Having flexible, modular, and/or mobile fixtures in the BOPIS area gives retailers the opportunity to make changes as they gain experience with their order fulfillment program. The merchandise storage system should include adjustable components like dividers, baskets, shelves, bins and hang rods to accommodate products of varying sizes and shapes. Most retailers also incorporate lockable glass doors and drawers to securely store merchandise until the customer arrives for pick-up.



SOURCE: LOZIER

ENDLESS AISLES AND MORE

Incorporating digital ordering kiosks into fixtures on the sales floor allows customers to shop the retailer's full inventory, not just what is displayed in-store. Employees can guide access to this information, potentially saving a sale when an item is not readily available. In addition, instructional signage and a user-friendly interface make it easy for customers to interact with the screen directly. Value-added resources such as product comparisons, pairing ideas, recipes, coupons, and even competitor pricing further engage the customer and encourage add-on purchases.

SHIP FROM STORE

Some retailers are taking their omnichannel business to a different level by fulfilling some online orders through existing brick-and-mortar stores rather than warehouses. According to the Business Investor Intelligence *February 2017 Ship-from-Store* research report, retailers who have implemented a ship-from-store program have experienced lower costs, higher margins, easier inventory forecasting, higher sales, and faster delivery times. The key to making the program work is to have the capacity to create additional storage areas for inventory to fulfill online orders. Many retailers will utilize specialized store fixtures to turn backrooms or existing aisles into multiple purpose storage and shipping areas.



“ We help our customers design an area that's easily identified by shoppers and allows employees to store and access merchandise in an efficient way. The experience needs to be fast and easy, but we also want to make sure there's a place where impulse items are available so if shoppers do have to wait, they can be considering adding to their purchase.”

— Marty Locke
Lozier Design Services
Manager



Lozier Versa System Changes the Rules

TRADITIONAL GONDOLA SHELVING has been a staple in many retail stores since the mid-1950's. However, the number of SKUs displayed on them has increased exponentially. According to the Food Marketing Institute, the average number of products carried in a supermarket increased from 8,948 in 1975 to 38,900 in 2016. Larger stores with more product selection call for new merchandising techniques.

In 2010, Lozier began developing a solution for their customers who wanted to add more products to existing gondola runs without having to completely replace the fixture. The “Versa” system is designed to fit into an existing 4-ft. or 3-ft. gondola section, reconfiguring it into multiple width sections. The other side of the fixture can be left unchanged.

The Versa system allows retailers to change shelf widths and placement within a run, separating merchandise in a visually appealing way. This flexibility also can create unique merchandising scenarios such as incorporating a small refrigerated case or a tower into the middle of a gondola section for an eye-catching, cross-merchandising solution.

Versa also provides options to add promotional wing panels into endcaps without extending into the aisle.

Lozier customers began implementing Versa as soon as they learned about this new system and it remains one of the company's most popular products for all retail segments.

“We recommend Lozier Versa to our customers all the time,” said Alain Martinez, Director of Sales and Innovation at Etisign. “Many are convenience stores, where it's important to use space efficiently. With Versa, it's easy to change how the gondola looks without having to completely replace it. The flexibility and number of options lets you create interesting aisle displays and endcaps that show a lot of cross-merchandised product in a small area.”

Lozier continues to find new applications for Versa as customers incorporate this into new and remodel store designs.



Key Takeaways

AS RETAILERS CONTINUE TO LOOK for ways to increase the perceived value of their brick-and-mortar stores, store design, fixtures, and merchandising strategy all play a part. Even as new virtual reality experiences are developed, physical stores provide something online shopping sites cannot—the ability to see and touch products. That tactile edge, along with the extra personal touch that comes from employees engaging customers face-to-face, sets brick-and-mortar stores apart. Increasingly, the focus is on creating positive in-store experiences for customers to keep them returning.

Creating that truly experiential environment is time-consuming and costly, and store designers are often asked to do more with less. To ensure your budget allows for maximum efficiency and effectiveness, remember these key takeaways regarding the impact the right fixture program can have:



1

Make the most of the space you have.

Reducing the physical store's footprint to balance online and offline business? If the retailer uses space efficiently, they can get the same number of SKUs in a smaller footprint. Reconfiguring aisles and shops within the store environment can open up more merchandising space. The right fixture can hold multiple types of products. Sliding or extended panels can be used to layer merchandise of different sizes while keeping everything accessible for the customer. If space is limited in the back room, incorporate fixtures that utilize storage areas above and below where the merchandise is displayed.



2

Keep it shoppable.

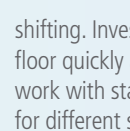
One of the advantages of a physical store is the customer's ability to browse and interact with merchandise. No one wants to linger in a store environment that feels cluttered or dirty. Organize merchandise using a variety of shelves and accessories to display complementary products in one area. This promotes cross-selling and increases dwell time. Most importantly, keep merchandise stocked and organized so it is easy for customers to shop. Many fixtures are designed for both storage and display so restocking product is a snap.



3

Reset quickly to maximize sales opportunities.

Whether it is time of year, time of day, or time in the product cycle, priorities on the sales floor are constantly



4

Treat the online order pickup area as a key service and selling area, not an afterthought.

Technology is only part of an effective "Buy Online, Pick Up In-Store" program. Maximize efficiency and service levels with effective design in your BOPIS area. Think of it as an extension of the customer's shopping experience, not just a destination point. This will create a positive customer experience plus increase add-on sales when it's convenient and easy to do business.



5

Integrate technology within fixtures to support endless aisle shopping.

Have more merchandise options available in your online store? Integrating an order kiosk on the sales floor makes it easy to gain business when a customer is interested in an item shown in-store but needs a different color or size. Or, use this tool to promote additional merchandise categories that are complementary to what's displayed on the fixture. This type of technology can also be used to share additional information or ideas, such as details about an item's construction or recipes using the displayed product.

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About Lozier

Headquartered in Omaha, Nebraska, Lozier has been a trusted partner of the retail industry since 1956. It provides display shelving and accessories, backroom systems, apparel racks, tables, counters, and more. With over 4.3 million square feet of manufacturing and distribution space plus a robust import program, Lozier is uniquely positioned to meet retailers' needs. Lozier is proud to serve customers representing a wide range of industries including grocery, apparel, automotive parts, mass retailers, hardware, chain drug, sporting goods, and more. For more information, visit the Lozier website at www.lozier.com.



About Shop!

Shop! (www.shopassociation.org) is the global trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 1,500 member companies worldwide from 30 countries. The association brings value to the global retail marketplace through its industry leadership, research programs, industry certification, education, and networking events. Shop! produces the award-winning magazine, *Retail Environments*, offering business-focused content to retailers, brands, designers, and suppliers throughout the industry.



For additional questions about the information contained in this white paper, please contact us at: mbaumgartner@shopassociation.org or call us at 312-863-2917.



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