

# Fun with Formats

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**N**early everyone is dissatisfied with the current shopping experience. Sure, some retailers have created new formats — Food Lion’s Bloom format, for example, and some of HEB’s formats, which seem to be moving in the right direction. But nobody says, “Wow, this is nirvana; this is the new thing.” Is it that shoppers just don’t know what they don’t know? Is it that we can’t design a perfect world because we don’t know what that looks like? Or is it just that we’re dissatisfied with everything and it’s our culture now to be dissatisfied?

A better shopping experience means daring to be different.

Shoppers certainly can be a cranky lot — and who can blame them? We recently completed a study of how shoppers regard the checkout experience, and, among other things, many shoppers reported that they were waiting too long in line.

And yet — and this is going to hurt your head — the *perception* of how long they waited was actually shorter than the reality. In other words, if

they thought they had waited for three minutes, the truth might be they waited for *four* minutes. But they were unhappy even with the idea that it was even *three* minutes!

Clearly, the perception of time spent and the notion of finding things conveniently — of getting in and getting out of the store — but also experiencing something that’s pleasant, is important to us all.

These are issues related, of course, to store formats. And store formats happen to be the single-biggest opportunity not only to improve the shopping experience, but also to establish a clear identity for retailers and brands alike.

## WHY FORMATS MATTER

Shoppers become hooked on stores like Trader Joe’s, Whole Foods and Stew Leonard’s (*see sidebar*) not just because shoppers think they’re going to get better quality merchandise or a better price, but also because their formats are *different*.

Stew Leonard’s, for example, has a highly distinctive, maze-like flow that totally jettisons traditional aisles. Everybody has a point-of-view about the Stew Leonard’s approach; some love it while others hate it. We don’t really know if it is “right” or “wrong,” but we do know that it is a major feature of the Stew Leonard’s brand identity.

Apparently, there are enough people who love it that Stew Leonard’s consistently does quite well while others struggle. And, as we all know, one reason so many traditional supermarkets struggle is that they are losing entire categories of their enterprise to other kinds of stores.

Let’s take a look at snacks, for example — a category that many supermarkets are losing to

## Seafood Stew

About five years ago, Stew Leonard, Jr. and Fred Papp did something that almost never happens in a supermarket—they tore down the old seafood department in Stew's Norwalk, Connecticut, store and built a new one.

It almost never happens because it's both expensive and disruptive. But Fred was lucky, because Stew was prepared to spend what was required.

"Stew knew the big picture," says Fred. "He wanted the seafood department to be a destination for the store. He understood that people would drive a good distance to get to a quality fresh seafood market."

Just as important, Fred explained, many shoppers judge the rest of the store by the seafood department. They figure that if the seafood is fresh then everything else must be, too.

The transition period was anything but easy, with Fred and his team selling fish out of buckets of ice, from a makeshift platform, for about six months. But when the new department was unveiled, it was a stunner—all stainless steel and German glass—clean, industrial and modern while still maintaining a certain classic fish-counter quality about it.

Best of all, says Fred, the new design put the "show and sell" of the seafood department front and center. Previously, all the preparation was done in a back room, out of view. Now, shoppers can watch as Fred and his crew slice, filet, bone and otherwise dress the seafood for sale.

The effect of this is not limited to just shoppers, either. It extends to Fred's suppliers and his staff, too.

"When really big seafood vendors come in and have not seen our bar before, their jaws drop because nobody in their right mind is going to have 26 different kinds of fresh fish on display the way we do," says Fred. The most you might normally see is maybe 12 or 15 kinds of fish.

The new format also enables his staff to alternate easily between prepping fish and serving customers, adding a whole new level of efficiency to the operation. "The staff is working together better, and they're definitely happier because they all took some part in designing the department and are really proud of it," says Fred.

His boss is happy too, says Fred: "Stew enjoys a good fish, wants other people to enjoy it, and knew that if we built a nice place to buy great fish, it would pay off."

— *Tim Manners*

convenience and drug stores. Why is this happening? Well, it's not by accident. C-stores and drug stores cater to snacking. A shopper can get in and out quickly because anything and everything they might want is together and easy to find. These stores are effectively "snack centers."

Compare that to the typical supermarket, where the cookies are in one aisle and the chips are four aisles down, and then the nuts are somewhere else.

This happens because the cookies and the chips are delivered by two different drivers from two different brands who are assigned to two different aisles. The nuts are located somewhere else again because they're warehouse delivered and it's more convenient for both the retailer and the brand that way. But what about the shopper?

You wouldn't believe the number of stores where that type of configuration is in place today. It's the norm because retailers are thinking about things

operationally instead of from a shopper's perspective. Shoppers aren't thinking, "Gee, I'd like a warehouse-delivered snack today!" Or, "Oh, I'm looking for a direct-store-delivered snack!"

### REMEMBERING TO BE MERCHANTS

It all seems so very simple and obvious, but it's not. However, it is becoming easier now that more and more retailers are resolving to become great merchants again.

It's no secret that, too often, some retailers were heavily focused on collecting fees that went straight to their bottom lines and that secured their profitability. In those cases, their operations frequently had less to do with how well they were selling products.

When that happened, it was no surprise that some retailers were paying relatively little attention to store renovation and things that might improve their shopping experience. They naturally would tend

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to continue to define themselves not by their formats (the way Stew Leonard's does) but as long lines of single-connected, beige, metal gondolas.

The question is, what does the modern merchant look like and how can brand marketers help them realize that vision? Let's go back to snacking as an example. One thing you know for sure is that a good "snack experience" at retail is not going to look like metal gondola shelves. You just wouldn't do that because snacking is fun.

Let's start by thinking about that in the context of when we snack. Usually, we snack while doing something else—reading a book or newspaper, watching television or a movie, working at our desks, playing a videogame, listening to music or driving our cars.

Why not integrate some sense of those activities as part of the merchandising mix in the snacks aisle?

While we're at it, why not re-think the way we present those snacks? Just because you're in the packaged-goods business doesn't mean you can't think "outside the box"—literally. I've always been drawn to those rows of giant candy dispensers you sometimes see at the movie theater. Why not break things up with something like that?

The idea is to think about what that shopping experience is—the merchandise, the assortment, the merchandising, how it is laid out and how to integrate everything in a way to make the experience better.

The key is to pay less attention to the operational constraints associated with doing that, and give much more attention to the experience of the shopper. That's a lesson for retailers.

### SIMPLER SOLUTIONS SUCCEED

Brand marketers sometimes have gone overboard in suggesting to retailers that any change required a huge capital expense. We've also got stars in our eyes relative to what special fixtures are going to yield in terms of a return on investment.

Albertsons, back when it was under one banner, created a snack center, with Frito-Lay, Kraft and others. All they really did was put it in the center of the store, and install an archway over it that said, "Snack Center." The archway alone wasn't all that expensive, but even that was considered too costly to implement.

The answers don't have to be expensive. CVS, for example, has created walkways between its gondolas to break things up a little bit. In fact, breaking the store up, angling some aisles—doing something to get people to feel like it isn't just those beige gondolas again—is a reasonably simple and relatively inexpensive approach.

It will not disrupt the store terribly and can be done without significant capital expense. But it will create a different look, a better feel, a more enjoyable shopping experience, and a stronger identity overall. Will it double sales? How will we know unless we try?

### IT'S UP TO BRAND MARKETERS

Brand marketers need to come up with ideas that live within the operational strengths that retailers feel they have to live by. We need to devise breakthrough ideas that require no significant capital expense. And we have to prove to retailers in a credible testing environment that our ideas have significant upside for their enterprise.

That's not just in terms of dollars and cents but also in terms of increasing traffic to their stores. That's what retailers will respond to.

In the old days, you might have simply done an opportunity gap analysis. That is still part of the equation, but another key part of the equation is still more qualitative and that is, the perceived ability and willingness of a retailer to implement the idea. So, that weights as heavily as the volumetric opportunity does.

This may take time but it will happen, because the world is changing and more and more retailers are re-discovering the magic of merchandising again. Which means that we, as marketers, really do need to figure out what the heck we mean when we talk about creating a better shopping experience.

To be sure, creating innovative approaches to store formats is not the total solution. We also have to consider packaging, customer service and communications, among other issues. But it's a great place to start. ■



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