

Grocers take risks to make stores nicer

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It's funny how you learn things about yourself in odd kinds of ways. Like, for instance, that I'd strive for efficiency at the supermarket by drawing up a shopping list that mirrored the layout of the store: produce and bread at the top, because they were in the aisles I encountered first, and cheese and yogurt later, since the dairy cases were at the far end of the store.

In fact, I wasn't even aware of this list-by-aisle strategy until my local supermarket began a top-to-bottom remodel that made shopping for food and sundries -- a household chore I disliked to begin with -- more and more inefficient.

Bread was now mid-store, and pickles were where the cereal used to be. And raisins and bleach? I had to crisscross the store several times before I found them in unfamiliar places. Worse yet, the renovations were done in stages so that on every trip to the store, it seemed, products were relocated to different aisles.

Retailers typically remodel their stores every seven to 10 years, industry analysts say, with the trend nowadays headed toward a once-a-decade schedule because of rising material and labor costs. The Food Marketing Institute says a recent survey of members shows store development "remains subdued": 63 percent of respondents plan no new construction or remodeling this year.

Paul Weitzel, a managing partner at retail consultant Willard Bishop in suburban Chicago, estimated in a report last summer that an average total-store remodel -- new equipment, fixtures and decor -- will cost a grocer \$3.5 million to \$3.7 million, with the latter number including sales lost during the actual work.

The investment can be recouped in about seven years, according to the report, since remodeling will boost store sales. And while Weitzel suggested that a "refresh" -- a limited-edition remodel at a fraction of the cost -- might serve grocers just as well in today's tight economy, he saw the facelifts as important to remaining relevant to consumers with ever-expanding shopping options. "More choices means more competition for share of wallet," Weitzel wrote.

But what about customer loyalty during a remodel? I groused to family every time I shopped my local supermarket's ongoing remodel, annoyed that my trip no longer was as quick and efficient as when I knew the store layout.

Dwayne Gremler, a professor of marketing at Bowling Green State University in Ohio, says retailers should take care when they disrupt consumers' routines, since that may encourage some customers to seek out alternatives. Forcing new habits, he said, "is no different [in consumers' minds] than going to a different store." Gremler is one of the authors of a forthcoming article in the Journal of Marketing, "Extreme Makeover: Short- and Long-Term Effects of a Remodeled Servicescape," that weighs the payoffs of a facelift in a fast-food chain. One finding the article says needs further analysis is the effect on store traffic.

While customer spending will increase after a remodel, customer traffic seems unaffected in the short term and may even dip as time goes on, the article says, perhaps because some people are put off by the interruption to their "habitual behaviors" and go elsewhere.

Although customer loss wasn't specifically calculated in the study, Gremler estimated the churn might have been 10 percent to 15 percent.

He said the hope of retailers is that they have built enough of a relationship with customers that any short-term inconvenience from remodeling is worth the risk, since the danger long-term is looking old and outdated versus the competition.

Marlene Kennedy, a longtime business editor in the Capital Region, can be reached by email at marlenejkennedy@gmail.com.

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