

The Store Layout, Design and Visual Merchandising

Technique Employed in Target

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THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

Abstract

This paper will answer questions from exercise #1 in the "GET OUT AND DO IT!" section of chapter 17. The pages to follow will talk and give detailed descriptions about the store layout, design, and visual merchandising of Target. This paper will give insight into the explanation of how and why Target did what they did to display products and merchandise sold. Examples from the online store and physical store will be used. Key factors that will be looked at are what tools are used to help capture customers, what layout is used and how it helps the customer efficiently achieve his or her's shopping goals, and finally what extra things Target does to branch out and stand independent from the competition. The smallest detail can make or break a company and this paper will evaluate Target in all possible aspects to see why Target is as successful as it is.

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

Background of Target: Target is the second-largest discount retailer in the United States, falling behind Wal-Mart and is a component of the S&P 500 Index. The founder of Target is George Dayton, who started the company in June 1902. It was originally named Goodfellow Dry goods, renamed Dayton's Dry Goods Company in 1903 and later the Dayton Company in 1910. The company opened the first Target store in Roseville, Minnesota in 1962 under the company name of Dayton-Hudson Corporation. Target began expanding nationwide in the 1980s and the company finally took over the name of Target Corporation in 2000. As of 2017, Target operates 1,834 stores in the United States. Target also has 39 distribution centers in the United States, 323,000 team members worldwide working and has global locations in India. An online store found at the address of target.com also is owned and operated by Target to sell merchandise.

The average customer that shops in Target is around the age of 40. The median household income is \$64k and 43% of guests have children at home. This information will become useful when looking at what target marketing to appeal. Looking at who is coming in helps stores gauge what type of advertisement or details will appeal with the customers to help sell merchandise. It will effect where items are placed and what sections are placed by each other.

Interesting facts about Target are it started with a church fire in 1895. Dayton was hunting for the perfect property to build the department store and after a fire burned down Westminster Presbyterian Church in 1895, he found a unicorn lot and bought it for \$165,000. Target fully embraces diversity by employing all

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

racism and gender equality and were the first major retailer to recognize same-sex partnerships. Target has a core value of giving back and has up to 1,654,968 community volunteer hours as of date.

Target's marketing team is very thorough and consistent throughout the store's layout, design and visual merchandising in all areas. The outside of each Target building is painted tan with white accent and the signage that has the official Target name and logo in red. Inside the store the simplistic style is carried through as well as the color scheme. Target focuses more on atmosphere than any other characteristic. The feel of clean and simplistic has become Target's staple look recently. They want the customers to come in and feel like they are shopping in a high-end store for low prices. With Target being a corporation, each store, no matter the location, looks the same. The sections are shifted around to match the specific demographic area that specific storefront is in but the rest stays constant. The signage displayed in each store is constant, the racetrack with a grid open space layout is constant and the design is constant. This helps consumers feel comfortable and welcomed in any store, no matter the location.

The ambience for Target creates an environment of happiness and comfort. The store carries a wide variety of merchandise from baby clothes to frozen meals but customers never feel rushed or overwhelmed. The soft music, set lighting and simple decorations make customers feel as though they can spend hours in a store and never get upset. Through the five senses, customers feel content and welcomed. The merchandise sold throughout the store is neatly organized and displayed which

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

makes customers less stressed because it is organized. It makes it easier to find items quicker and to look without feeling overwhelmed by too much or too scarce of products.

A Retail store has certain standards and criteria to uphold while operating. Looking at how the store is designed and laid out can also affect things like increasing sales, controlling cost, build up loyalty and finally, help implement the retailer's strategy. Legally the store must have a maximum occupancy based on the square feet of the building. This law forces the store to set a floor plan that allows customers to have enough space to walk freely without feeling congested. Keeping the aesthetic as simple and clean has the opportunity for positive feedback from the customers to help gain favor and hopefully loyalty. Service and products provided are also things that factor into customer loyalty. Having a store that is set in such a way where you must past all sections while on the walkway, as the layout in Target has, increases chances of purchase, which in return increase sales. Target's retail strategy is stated everywhere you see the logo and is stated as "Less is More"! Target displays this in the online website and in all stores worldwide. The idea is that Target wants the customer to feel as though they receive more for the least amount. This is shown by creating partnerships with many different service providers and chains as Amazon and in-house services like Curbside. Target has since dissolved ultimately all in-house providers because of lack of usage. The current CEO of Target now states that his personal strategy is to focus on high-margin categories such as apparel and home décor since these are the items

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

selling. Target also focuses all of their attention to restoring store traffic, which has fallen since customers are shifting to online shopping. "Target plans to invest \$7 billion over the next three years to improve stores, launch exclusive brands and develop digital and supply-chain capabilities. It also expects to sacrifice about \$1 billion of potential profit to lower prices and drive lower-margin digital sales."

(Newswires, 5/17) Target still strives to create and maintain a great in store experience for the customers because as Brian Cornell, the current CEO of Target, stated at a conference in March "The future of retail is digital, but people will also be shopping in stores for a long, long time."

Target makes sure to have a flexible layout, design, and merchandising techniques to keep up with trends and desires of the customer. Simple use of wall arms to show off merchandise and table displays allow Target to not be confined to using the same showing style all the time. It gives the store room to be creative and more chances to show and wow the customers. The store does not have many fixed fixtures that hinder them from moving or rearranging areas and departments. The semi-open plan with a racetrack walkway allows for all types of opportunities and designs to optimize max efficiency. Target even uses different techniques of having specialty items pop up in different sections in a kiosk style display in the walkway to catch a customer who may have not seen this item because of being placed in the middle of a section they did not visit. Target is always looking to change and adapt everything to make sure customers are satisfied and happy. The online store also is frequently changing and adapting to make sure customers are finding what they

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

want quicker and are not overwhelmed by what is shown. They also have quick pop ups on the website that give the customer glimpse of items they may not be searching or current deals to try to catch more sales. Most customers are more willing to impulse buy if they see a great deal on items they may not have been looking for but now want.

Atmospheric elements such as color, lighting, music, and scent are most times a make or break on a success for retailers. Looking back at Target's target market and merchandise sold, Target has a certain feel it must portray. A clean, simplistic, open atmosphere that is inviting and yet professional is Target's main idea. They have a target market of an average age of 40-year-old customers coming in with children so the store must fit these needs. Parents want to be able to see their children while they run around or easily shop while holding or caring for a child. Target's simple tan exterior and interior with white accents is key to helping set the tone. The color tan or beige is neutral, calm, and relaxing. White undertones help bring shape and dimensions without changing the emotional reaction of the beige. Then Target uses bright, yet warm lighting to once again create a relaxing and calming atmosphere. Target believes strongly in shopping experience and the effects the environment can affect it. Target finishes setting the mood with music that is upbeat, positive and has a playful personality with a natural, clean smell. Until recently, Target Corporation was against playing background music the stores. As of June, only 65 Target stores played music overhead. At the end of 2017 Target will have at least 180 stores playing music. Vice president of Investment Matt Hazelton

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

said Target wants background music to add another element to its in-store shopping experience as it attempts to differentiate itself from increased competition online and brick and mortar retailers. "Everybody is looking for a way to make the customer experience more enjoyable because it's becoming less and less about the products and more about the experience," (Hazelton, N.D) Target had recently been against the idea of any music in the stores because of the want to create a distraction-free shopping experience.

In 2014, Target launched a "Made to Matter" product line that included a group of 100 products that highlighted brands that are exclusive, good-for-you products from primarily emerging brands that are also environmentally sustainable, organic and natural. Target wanted to take in consideration and cater to customers who prioritize healthier and ecofriendly options. Just last year, the collection collectively had sales of \$1 billion. "That's a drop in the bucket for a retailer that had \$73 billion in sales last year, though it's on par with sales from some of Target's larger house brands." (Wahba, N.D) Wellness is one of the four priority areas CEO Brian Cornell has said he wants the company to excel at. Each brand carried in this product line must meet one of five criteria: reduced waste or packaging, closed loop systems, clean label, dietary/allergen restrictions, and reduced sugar. Target Chief Marketing Officer Jeff Jones states, "This helps us tell the story about differentiation, that we have always been a brand that helped bring things to the masses first."

Target not only makes sure that their products are environmentally friendly, they also focus this energy into the store. Target commitments to environmental

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

sustainability are listed in a section on the website under environment but are as follow: “Empower guests and team members to easily lead a more sustainable lifestyle by providing the right information, tools, and incentives; Expand Target’s selection of sustainable product choices that effectively balance price, performance, and convenience; Be a retail leader in smart development by creating buildings that use space more efficiently, are located in areas convenient to guests and team members, and enhance local communities; Achieve milestones in its business by using resources responsibly, eliminating waste, and minimizing its carbon footprint.” In 2016, Target reduced its waste sent to landfills by 15 percent, reduced water usage by 10 percent per square foot, reduced greenhouse gas emissions by 10 percent per square foot and 20 percent per dollar of retail sales. The corporation earned the ENERGY STAR label from Environmental Protection Agency for at least 75 percent of its buildings. Target has incorporated environmental sustainability into its business strategy for more than three decades, with installing rooftop solar systems, converting to energy-efficient light fixtures and adopting other initiatives that have earned the retailer ENERGY STAR-certification in more than 100 stores.

Target uses several types of fixtures and constantly changes it up to fit the need of the customers. They use Gondola shelving, Garment racks, slat wall accessories, display cases, sign holders, display shelves, display tables and 2 & 4 way clothing displays. These fixtures are used to show off items from clothing to computers. All of these displays are movable and easy to change or take out if crowding occurs. They work well with the ambience of the store because they are all

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

simple and clean looking. They allow for low up keep but are very organized. They are not flashy or over powering to the eye and help uphold a calm and peaceful environment. They also do not hold an excessive amount of inventory on each fixture, which helps overcome overloading senses.

The signage at Target portrays happy families and soft, yet bright colors in advertising. It also has different designs for each specific area of merchandise and is changed frequently to keep a fresh look. Examples would be fun, chalk written signs over the back to school area or a classy, professional look in the women's work apparel section. Target recently released a design line by HGTV's hit Television shows Fixer Upper stars Chip and Joanna Gaines called Hearth & Hand. Since this line released its first items for home and lifestyle designed for Christmas, and has signage of neutral colors of earth tones with accents of red and green for the holidays. This signage has a warm and clean farmhouse look to it that is exactly what the brand image is. Target always strives to have signage that explains exactly where you are going and what you are looking at while setting your senses to receive the items in a positive way. The key to signage in a store is to inform the customer and to draw them in but to not overwhelm them or allow them to think too much. A sign should be self explanatory and easy to understand because after seven seconds if a customer is not engaged, they will lose their attention. This goes for signage in the store or online. Graphics online especially need to grab a customer even quicker because usually online shoppers are in a hurry and will only give an image a glance.

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

Target uses theatrical effects all the time to sell merchandise. They have had a mascot called Bullseye that is a bull terrier dog with the Target symbol in red around one eye. Bullseye, or formally known as Spot, has been used in Target commercial campaigns and in store signage all over. The dog used is often female but plays a male character. She has a solid white coat with a bullseye logo painted with all natural, non-toxic makeup around her left eye. Before using a bull terrier, Target used a kingsmere moondoggie often known as "smudgie." Around Christmas time Target also creates commercials that bring toys to life appealing to kids wonderful imaginations.

The layout that Target has adopted is a mixture of all three layouts of racetrack, open floor, and grid. They have a grid system to keep track of where each item is found, have an open floor layout to keep the aesthetic of a clean open room and a racetrack to have customers see all products while heading to what they are shopping for. The racetrack is the main layout that draws people through the store though because the path guides you to each department but yet makes you pass by all other sections while going to your destination. This layout is the most appropriate for the store because of its efficiency to cause many impulse buys or unplanned purchases because customers may not be looking for an item but once they see it while passing by want it. This causes sales to increase and diversity of products purchased by customers who came in for set items. This also challenges brand loyalty and creates new brand loyalty.

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

Target takes advantage of each square foot of space in each store. Recently Target has added giant basket figures to display specialty items in walkways to obtain even more sales on items that may have been hidden. Target also diversifies locations for items. End caps on isles of each section hold specialty items usually not from that specific section. This helps sales of merchandise when not all of one item is only found in one area. Target constantly is switching around sections to freshen up the look and to also have loyal customers coming to new sections when searching for what they are looking for. This is frustrating for some customers but it helps raise item awareness. The online store also has featured areas such as the upper bar that displays items of the day or current sales. There is also a tab for new arrivals for customers to see all the new merchandise recently brought in.

Target uses wall space creatively by hanging wall art of items or displays of items. Sample products can also be displayed throughout the store in different sections than they are found so all items are tied together. For example, in the electronic section consumers may find a sign that shows a model using headphones sold in that section but wearing an outfit found in the men's clothes section. Many signs, especially in the toy area are 3D to feel more realistic and are made to attract customer's attention. Target uses their wall space as efficiently as possible with having wall art in every section but not allowing it to make the space feel smaller or compact and crowded. The art is also set to each section it is found in so you can find more detailed and complex art in the kid section to grab a child's eyes but a

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

simpler, straight forward design in a gender equal section to not attract more from one side or the other.

Target's revenue per square ft declined from \$296 in 2007 to \$280 in 2009, because of the economic downturn in the U.S. However, numbers started growing after 2009, as consumer spending improved with the gradual economic recovery. The retailer's revenue per square feet improved to \$303 in 2012, but declined slightly to \$298 in 2013, as several U.S. buyers diverted their spending to long lasting products in the wake of low mortgage rates. (Trefis, N.D) Thanks to renewed focus on known-for categories and rewards programs, these numbers continue to raise. Target here in Mobile had an average of \$290 sales per square foot. This number does include the pharmacy and clinic businesses contribution as well of \$15 sales per square foot. These numbers are lower than usual because of declining foot traffic in the store. This is being improved by initiatives including small store expansions, growth of online business, increased penetration of REDcard holders and adding more highly desired categories.

Target gains merchandise from all types of vendors worldwide. They value partnerships and work with suppliers closely to create an inventory of merchandise customers desire. "By investing in these suppliers, we demonstrate our commitment to building strong partnerships to ensure broader, more innovative assortments, economic development and quality of life for the communities we serve." (Cornell, N.D) When vendors come in with the products they are selling, they must buy the spot they want to be advertised in. for instance, if Nike wants to be on

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

a different aisle than the Target name brand shoe, they must buy that spot. Marketing research can help these vendors also improve how they should look at their product or what they should do to make it stand out among other similar items. Target stores are constantly changing but if customers pay close attention, brands usually stay in the same location in the scheme of things because that specific vendor bought that spot among the category.

Target debuted the first planogram in 1975 when they introduced the racetrack store prototype. The planogram, a “map”, helps store teams present clean, uncluttered merchandise displays. Factors included in the decision making when creating a planogram for a display are focused largely on the Target market. You must take in consideration on height, brand loyalty, best sellers and what items complement each other. Target places several items at a child’s level to allow the opportunity of a child grabbing an item they want and putting it in their parent’s cart to buy. Items that sell best are usually eye-level and include items that bring in the most revenue or are well known brands to bring the customer in. These items also usually are the higher priced items to bring in more revenue.

Target has each major department sectioned around the store. These locations are strategically planned by likeness of items or similarity in target market. You will find kid clothes by women’s because mothers are predominantly the ones shopping with the children, movies and CDs by the computers and televisions and also gaming systems by the televisions. All departments throughout Target stores flow well and make sense to customers that come in. It is easy for

THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

someone to find where to go if they think about like products and look for those. The way merchandise is organized is the main factor on if the store is successful or not. If a store has no organization then customers become confused and frustrated and eventually the store loses sales to a competitor. Items in Target are organized by style and label. Because Target works with ton of name brand vendors, organization of stores becomes departments with individual locations for each brand. Unless the department has several of different single brands, like shoes, then it is organized by similarity. The shoe department is organized by style of shoe from boots to flip flops. This organization method makes it easy for customers to find what they are looking for but harder for price comparison. Adding specialty item pop ups throughout the department area can help decrease the difficulty of price comparison or brand dominance.

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THE STORE LAYOUT, DESIGN AND VISUAL MERCHANDISING

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