WHITE PAPER

Enhancing Customer Experience and ROI with Modular POP Displays and Store Fixtures

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INTRODUCTION

IN RETAIL ENVIRONMENTS TODAY, the total customer experience is more important than ever in order to remain competitive. To enhance the in-store customer experience, retailers are continually refreshing, remodeling, and reinvigorating their stores. Because of this, modularity in Point of Purchase (POP) displays and stores fixtures, along with lighting, is becoming more essential. Modularity allows retailers to easily reconfigure displays and fixtures to meet the changing product and marketing needs.

Three trends from the Shop! 2016 Industry Size & Composition Study were the inspiration for this white paper:

- **SHRINKING SELLING SPACE**
  - Stores are getting smaller and the number of outlets is shrinking, even though retail value sales are growing thanks to online sales. There is less room for POP displays and store fixtures are being expected to do more. Suppliers need to work with their clients and retailers to adjust to the shrinking retail space.

- **REFRESHING/REMODELING/REDESIGNING OF STORES IS HAPPENING FASTER**
  - Successful retailers have the ability to change rapidly. Stores are refreshing, remodeling, and redesigning themselves much faster than they were able to do even a few years ago. Suppliers need to work with their clients and provide solutions for the ever-changing retail space.

- **IN-STORE RETAILING IS BECOMING MORE INTERACTIVE AND EXPERIENTIAL**
  - Retailers are looking for fixtures and displays to enhance the customer experience, because this is the big differentiator from online shopping. These fixtures and displays need to do more and be more specifically tailored to the retailer because they need to be in line with the retailer’s specific strategy. It is no longer one size fits all. Also, the retailer needs to be different from its competition, so a brand cannot use the same display everywhere anymore.

Many stores are spending more money than ever because they are remodeling at a faster rate. Retailers are also remodeling more quickly because they may not be able to obtain the funding to do so for the next product introduction. The main reason for modularity is to enable the retailer to change rapidly, adapt and optimize the store environment when they see something is working or not. Gone are the times when a store was opened and two years go by with no change in the layout. Retailers opening new store concepts find that they need to be able to change quickly in terms of layout and assortment. And thus the display and fixture materials must be able to change as well. For example, where a few years ago a brand display could show a collection of speakers (nationwide all the same assortment), the assortment now needs to be tailored to the type of store and if one of the products is not selling, the display assortment needs to be easily modified.

The need for flexibility in the retail space also came about in part by the desire to make the space more experiential and hold events within the space. Event programming is causing spaces to be repurposed to accommodate activities such as yoga, guest speakers, book signings, auctions, sip and shops, and fund raising benefits. Retailers desire fixtures that can nest together to move out of the way, walls that retract or spin to become white boards or additional signage. The old adage, “Build it and they will come,” no longer applies. Retailers need to think past the immediate sale and create a space for community. Retailers and their suppliers need to look at the market, see what is needed and figure out how the space can adopt to meet that need.

The key to success in these changing times is suppliers collaborating with the brands and retailers, working together to create long-term solutions that enable retail strategies to succeed. To stay successful in the brick and mortar environment, the brand and retailer should be able to respond rapidly to newly obtained insights. Display and fixture development times need to be reduced to gain the speed that is requested by the customer. By working together and keeping the customer experience top-of-mind, these groups will not only help increase return on investment (ROI) on the store environment and displays/fixtures, but also change the industry mindset regarding the products (i.e., POP displays, store fixtures, and lighting) for the industry.

This white paper will show how:
- The quality of the solution in the field can be increased by modularity in structure and lighting.
- Continuous collaborative partnerships between suppliers, brands, and retailers enables a platform where faster and better in-store solutions can be developed to make brick and mortar relevant for the experience and a more valuable channel in addition to online.
- A strategic partnership is a positive “side effect” of this process and essential for long-term ROI.
INCREASE IN-STORE INNOVATION AND FLEXIBILITY
WITHOUT INCREASING COSTS

WHAT ARE MODULAR STORE FIXTURES AND POP
DISPLAYS?
Modular fixtures often use standardized components as building blocks and can often be reconfigured to fit multiple size spaces, multiple products, or customized for any other need. They are designed as a more affordable custom solution. Modular displays also allow for uniqueness with customized branding options. Modular kits can streamline the retail design and in-store marketing process while still allowing for all types of additional branding elements, products, and accessories. Modular kits are the perfect solution for environments that need to adapt due to product or marketing changes, as well as in-store event programming needs.

MODULARITY IN ACTION
Retailers are seeking POP displays and store fixtures that are customizable to meet new interactive and experiential retailing strategies. Brands and their suppliers need to work as a continuous collaborative team with the retailer to show how their displays and fixtures will enhance the retail environment and thus enhance the customer experience.

Often a display or fixture is made for a specific purpose with the idea that it will have a 100% fit to the demand. But, since the demand can change rapidly in the market, the display or fixture needs to change as well. Perhaps it needs to carry a different assortment or another type of content/information is required. The simplest example is, of course, that the graphic can be interchangeable, but a true modular display concept also allows for a different collection of merchandise and adapts itself to the shopper experience as needs change.

Another example is around the holiday season. During Christmas the retailer may need a different look and feel than on Valentine’s Day, but if the supplier/brand/retailer team thinks about this change at the beginning of development, the supplier can make sure the fixture is already prepared for the upcoming change. There are other examples of interactive displays in the market, but the way they function cannot be changed once they leave the factory. For example, a speaker demonstration display showed four specific speakers, but if the brand removes one from the display, the whole display is no longer functional, which presents a real problem once a store decides not to sell that specific speaker anymore.

Innovation carries certain inherent risks of failure, and oftentimes a risk is not taken because the outcome is not 100% sure. This results in less innovation and surprising environments, which can be the future game changer in retail. If the supplier prepares a display so the brand can change it over time, they can reuse the same display framework for a range of introductions and in that way lower the cost over a longer timeframe. Initially the cost may be higher, but having the ability to change over time will reduce the risk downtime and will pay for itself in the long run. With a new display that is more relevant and better performing, it can thus boost its ROI.

WATT INTERNATIONAL WORKED WITH men’s fashion retailer, Vittorio Forti, to create an innovative retail environment for its flagship store in Guadalajara, Jalisco, Mexico.

Project Challenges Hurdles encountered during this project include: repositioning the store within a current modern market and a more youthful approach; organizing the store in a way that highlights lifestyle stories through coordinated merchandise; and taking the store from a commodity based merchandiser to an authority lifestyle merchandiser.

Customer Experience Enhancement The strategy team provided detailed guidance to the retail design team to ensure that an effective combination of value and quality cues were communicated clearly. The team achieved this through a number of creative mechanics from merchandising, graphics, materials, and fixture choices. The space is made of a modular system that allows for flexibility creating zonal areas or departments. The modularity in perimeter fixturing allows ‘rooms’ to be created that help subcategorize the offer from semi-casual to formal dress. This subcategorizing scheme helps the customer to quickly discern how to fulfill their needs guiding them through the store to the appropriate merchandise.

Unique Design & Return The design incorporates a mix of modern and art deco fixture styling to convey a sense of 1920’s ‘Golden Age’, a period when the well-dressed Mexican man was the expectation culturally. Display features, be it floor fixtures or modular wall inserts, are used to showcase complementary products in order to both build average transaction value and increase purchase frequency of accessories. The modular kits supplied to the retailer allowed the Vittorio Forti to break-out from perimeter walls and create rooms to adjust to the seasonality demands of the merchandise. The redesign helped create bigger basket sizes for the retailer.
DEVELOPING MODULAR DISPLAYS & FIXTURES TO ENHANCE CUSTOMER EXPERIENCE & ROI

WHEN DEVELOPING A MODULAR STORE FIXTURE or POP display program for a brand and retailer, suppliers need to consider the following nine elements:

1. Mechanical Framework  
2. Visual Framework  
3. Branding  
4. Product Support  
5. Graphics  
6. Content  
7. Product Information  
8. Lighting  
9. Customer Experience

Each of these elements should be thoughtfully evaluated and designed. For this to happen, the supplier, brand, and retailer need to work together as a team to determine the goals for the project. The fixture or display needs to be designed with these goals in mind, along with the potential evolving/changing needs of the retailer, brand, and shopper.

MECHANICAL FRAMEWORK
At the heart of all displays and fixtures is the mechanical framework. This physical construction is the bones and muscles that keeps the structure standing, holds electrical components, and contains additional product support pieces. Generally, these are the components that are not always visible to the shopper. The structural framework is often retailer-specific to fit the size and connection requirement of a particular store. A big differentiator is when the branding or look and feel changes, the structural framework never has to be modified. The only reason this would have to be altered is when a store size changes or new products on display are too heavy for the old structure. The mechanical framework is often a substantial part of the total budget because it needs to be solid and strong, so why not design it to be used for a long time?

VISUAL FRAMEWORK
The visual framework provides the look and feel of the display. For example, if a display has wood-look shelves, the retailer can change the whole display’s appearance by changing it to a silver mirror. In that case, the visual framework is the silver mirror material, but the structural basic of the shelf stays the same. Another example would be the fabric on lighting panels that can be changed out to show new product information or lifestyle images. When designing a display where the “skin” is a separate part of the construction, brands and retailers are able to change the look quickly and at little cost.

BRANDING
Creating a more engaging brand experience and awareness comes from informing shoppers about the brand story. When designing fixtures and displays, suppliers need to respect brand style guides. Great brands are built on rigid systems that encompass an overarching visual theme, yet have the flexibility to accommodate different applications. Style guides define a brand and are integral to effective designs.

PRODUCT SUPPORT
The type of product to be sold will determine the category of display or fixture and mechanism for presentation to the shopper. Products can be hung on racks, placed on tables, or organized in special holders on a display. Either way, the product exhibited must be placed so that the shopper can easily interact with it in a physical way, giving shoppers an experience they cannot get online. For example, cosmetic and perfume displays have products readily available for testing. Ideally, if a product needs a special holder, those will be designed with the idea of product and line changes to be able to easily incorporate new inventory into the display. For example, with Garmin’s watch display, imagine that it also introduces a pen-like device. A different holder to display the accessory would be needed. So if the supplier makes the product holder as a modular item in the display, the brand can make sure to accommodate future product introductions.

GRAPHICS, CONTENT AND PRODUCT INFORMATION
Together, the graphics, content, and product information should attract shoppers by creating stopping power and help products standout. Graphics should engage, surprise, and delight shoppers. Content of the signage should also inform the shopper by telling them something new about the product using a quick message like “new size” or “new color.” Product information should give shoppers a strong case for trying the product and purchasing it now by helping them to visualize the benefits of having the product. In the case of signage content, people often think only about the information that is on the sign, but not how they are providing or changing the product information. Digital screens are a good alternative to print because it is easier to update the information when product assortment changes.

LIGHTING
Creating an exciting and inviting atmosphere is crucial to retailing success, and nothing impacts a store’s visual environment more than lighting. Semi-permanent and temporary displays typically do not have quality lighting systems because they are used for less than a year. The thinking being that LED lights are too expensive relative to the cost and function of the display. But, if brands see that they can use the existing mechanical framework and lighting for multiple years and make it flexible, they can create a better customer experience. With the right LED lighting system (i.e., luminaire and controls), brands can change the complete look and feel of a display or fixture without changing anything but the lighting settings (i.e., color, brightness, effect, etc.).

CUSTOMER EXPERIENCE
Everything comes down to customer experience. In his chapter in the 2017 MaRC Exam Prep Book, Ken Nisch discusses the three major building blocks of customer experience—Content, Context, and of course, Consumer. Content focuses on those elements that are considered to be temporal, often localized, that evoke the softer side of experience and sit deeply in our emotional context. Context has traditionally been the focus of the architect or interior designer, and serves as an important tool in organizing and creating rhythm and cadence. It is important to keep all three in mind when creating a display, fixture, or store environment. When introducing a new program, a retailer may need a redefined customer experience (Experience A). But, in one year the store is expected to have Experience B. Suppliers and their teams need to plan ahead for how to integrate electronics that can grow and adapt over time to meet this new expectation.
EVALUATING ROI AND EFFECTIVENESS OF MODULAR RETAIL SYSTEMS

IN THIS EVER-CHANGING RETAIL LANDSCAPE, ROI has become a continuous process rather than an annual one. The evaluation process needs to be fluid and focused to ensure it continues to advance the organization toward its vision and goals. The key to success is to align store design, marketing goals, and objectives with larger client strategic objectives, company culture, and consumer expectations.

Shop! Research in the 2017 ROI Standards: Store Redesign White Paper demonstrates that strategic, differentiated, in-store brand positioning with clear goals provides an ironclad framework for success. Creating a relevant space that truly engages with the customer while elevating and building memorable in-store experiences, will set the retailer apart from the competition.

INFLUENCING ROI
The factors influencing ROI on store design are multi-faceted. There are tangible and intangible gains, measured through traditional and non-traditional metrics, supported by objective and subjective goals. The more holistic the approach, the more lucrative the results. Success is dependent upon the scope the retailer is willing to embrace, the clarity of the goals identified and the steadfast commitment to achieve articulated objectives. Ideally, the brand and retailer will see an increase in sales with the new fixtures and displays. But, increase in sales is not the only key to ROI.

SETTING GOALS
It is extremely important to outline and understand the metrics for success and outcomes based on the impact to staff, customers, and sales, as well as project costs. Often overlooked in the analysis is the employee whose productivity and customer interactions are also impacted by store design. Any challenges faced by store staff can ripple to the customer experience. Service interactions are a critical part of the store experience that must also be "designed." Thus, staff should understand the impact to their operations with the new concept early on, be provided training and support to manage through any changes, and given other tools to help them deliver the full sensory experience for shoppers.

TESTING STORE CONCEPTS
Measuring on the floor can improve the shopper experience in two ways; A-B testing of concepts and learning from differences in various test concepts. A-B testing has been used in-store and online as well. If a brand has advertised via Google they measure the click-thru rate. From a marketing perspective it may appear to be a bad advertisement, but looking to the click-thru rate, the advertisement was a major success that nobody expected during the design phase. Retail is too complex to develop a complete campaign on the drawing table. So brands often test different configurations of POP displays in multiple stores before rolling one out nationwide. That allows them to select the one that performs best for the rollout. A-B tests that allows brands to measure and compare concept performance often yield better program results.

These learnings can be used again in the next step of the development of a display or store environment. Retailers and brands need to adopt an ongoing development paradigm instead of a project with one deadline after which there is little to no follow-up or testing.

The second method for testing is learning from differences between a variety of options. A brand can measure and analyze to see why a specific display or collection is working well and why another is not. With a modular concept, a brand can change modules and see what works and what does not. Brands can take these learnings and create a generic brand feel that can be expanded upon. This sort of measuring can give brands valuable insight into how customer experience within retail environments can be improved, thus boosting ROI. In the end, the brand will only put display materials where they have the most impact.

UTILIZING THE POWER OF THE INTERNET
Many people see Internet-connected displays as the Holy Grail of retailing. But, looking at the effort and cost to get all displays connected, the industry should first focus on a hybrid model. If brands make a small amount of displays (5% to 15%) connected to the Internet, they can monitor them remotely and get a good sampling of display/fixture performance and shopper information at their desktop. This way brand teams can use the information to develop step-by-step improvements for future displays and fixtures. Once a better experience is developed, brands and their suppliers can deploy it to the specific set of displays.

As displays and fixtures are updated in the field, the data can be harvested and analyzed in real time. After analyzing the data brands can see if their test environment is still a good representation of the whole field. The previous example used self-reporting displays, but remember that the information gathered on performance from the store staff is also relevant.

Unfortunately, many retailers do not want to share their performance data, sales data or allow displays and/or fixtures to be connected to the Internet. This is why it is important for brands and suppliers to not only measure performance, but to also share the information with the industry (via articles, case studies, etc.). This way, the industry can collaboratively and efficiently optimize and improve the shopper experience.
L’ORÉAL PARTNERED WITH THE CENTRAL GROUP (TCG) to launch the Dermablend® brand in Quebec at Jean Couto stores. TCG was tasked with creating a large merchandising table unit that held all the Dermablend products and had the ability to add, update, change mods, and replace graphics without having to remake the display.

OBJECTIVE
Launch the Dermablend brand in Quebec at Jean Couto stores with a display that holds all Dermablend brand products.

DESIGN
A rendering from International L’Oréal was provided as inspiration. Taking a look at the international unit which was wall mounted at boutique beauty stores, The Central Group decided to use a table format instead. This allowed them to add more product quantity and include a storage room inside the table.

CREATIVE
By using multiple long-lasting materials, TCG was able to increase the product count on the display, thus creating the ability to showcase the brand’s many products. By creating a storage area in the table, they were also able to house additional inventory for the retailer.

ENGINEERING
The unit was engineered for durability and ease of deployment at the store with minimal assembly. The unit contained gravity fed adjustable shelves that were also used to front face product for lower maintenance and labor/filling costs. Transparent fronts of shelves were added for high visibility of product.

MANUFACTURING
The unit is constructed of metal, woods, fabricated plastics, and molded plastics to convey quality and durability of the execution. Digital printing was employed to express creative elements around a bold and simple graphic approach. There is a high degree of durability in the structure and finishes to ensure long-term use by the merchandiser. The table is expected to last five years, and L’Oréal is able to add more modules to the table to allow for new items.

MODULARITY
Each product has its own acrylic display module which modules lock on to locator pins on the main display structure. Adding or changing products for a refresh is easily done at store level. The old module is removed and the new module takes its place. The graphics on the drawer fronts are removable and can be replaced at any time.

COMPLIANCE
Match Installation completed the install for a 100% compliance rate at the targeted retailer.

SALES RESULTS
L’Oréal saw an increase of 20-25% on average YTD sales per door. The merchandising unit has been very well received by the Beauty Advisors at PJC. The unit displays at the franchises very well and the self-serve nature of the unit is user friendly when the Beauty Advisors are not around. From an image standpoint, the Dermablend merchandising table elevates the product experience and positions the Dermablend MUP offer as a prestige beauty brand.

OVERALL SUCCESS
Brand: 20-25% sales increase; created a long-lasting, self-serve, user friendly merchandising unit. Retailer: Faster labor/re-stock as lots of storage space is available. The unit is easily shippable and allows for merchandise to be sold without the help of a store associate. Consumer: product experience is very friendly; lots of choices on one merchandiser; education of product is available on display.
Enhancing Customer Experience and ROI with Modular POP Displays and Store Fixtures

RETAILERS USE STORE ENVIRONMENTS to create impulse purchases and make connections with shoppers. The retailer is more than a merchant, however; they are an educator that informs shoppers not only about what products are available, but also how those products work together. Retailers collaborating with their brands and suppliers can create the perfect scenario to educate and delight their shoppers. For years retailers have limited the use of their space by using permanent fixtures and displays that have constrained their potential to adapt to product or promotional changes. By not utilizing interchangeable displays and fixtures, they have to spend extra money to bring in new displays and fixtures in order to transform spaces and attract shoppers’ attention.

As a result, retailers are now requesting fast, turnkey solutions from their suppliers because there is increased pressure to remain aware of and anticipate market and consumer trends. There is also a faster renewal of fixtures and displays. Brands and their suppliers need to be able to accommodate these trends and demands. Modular displays and fixtures allow for this need for speed. Having the capability to add-on or change out graphics or lights is more economical and time saving than purchasing completely new displays and fixtures. As stores are shrinking their selling space, brands are fighting now more than ever for shelf and floor space. Fixtures and displays need to be even more effective and do more with less. Portable, movable and/or adjustable fixtures and displays are increasingly important. Modular POP displays and store fixtures allow brands to maintain a consistent brand presence and customer experience regardless of the size or location of the store.

Quality, modular systems help retailers create better quality and relevant shopper experiences. By working together, always thinking about the customer experience, these groups will not only help the retailer and brands increase ROI on the store environment and displays, but also change the industry mindset in regards to retail environments and the products (POP displays, store fixtures and lighting) for those environments.

**Key Take-Aways**

1. **COLLABORATE WITH SUPPLIERS, BRANDS AND RETAILERS**
   - The key to success in these changing times is for suppliers continuously collaborate with the brands and retailers, working together as a team to create long-term solutions that enable retail strategies to succeed. To stay successful in the brick and mortar environment, the brand and retailer should be able to respond rapidly to newly obtained consumer insights.

2. **SET PREDEFINED PROGRAM GOALS**
   - It is extremely important to outline and understand the metrics for success and outcomes based on the impact to staff, customers, and sales, as well as project costs. Often overlooked in the analysis is the employee whose productivity and customer interactions are also impacted by store design. Any challenges faced by store staff can ripple down to the customer experience. Service interactions are a critical part of the store experience that must also be “designed.” Thus, staff should understand the impact to their operations with the new concept early on, be provided training and support to manage through any changes, and given other tools to help them deliver the full sensory experience for shoppers.

3. **DEVELOP MODULAR DISPLAYS & FIXTURES**
   - Display and fixture development times need to be reduced to gain the speed that is requested by the client. When developing a modular store fixture or POP display program for a brand and retailer, suppliers need to consider the following nine elements:
     - 1. Mechanical Framework
     - 2. Visual Framework
     - 3. Branding
     - 4. Product Support
     - 5. Graphics
     - 6. Content
     - 7. Product Information
     - 8. Lighting
     - 9. Customer Experience
   - The quality of the material and finishing of the displays fixture will drastically increase. Brands will pay less by having a strong mechanical framework for which they can add the different modules. So the quality of the in-store experience is also benefiting from this approach. Quality modular systems help retailers address the faster-changing retail environment needs and demands of shoppers and reduce the risk of materials becoming obsolete. Unfortunately, oftentimes retailers are slow to change. Sometimes a store does not want to make adjustments even when retailers know it is not working well, because they do not want to begin a new investment while the old one is not written off yet.

4. **EVALUATE ROI AND EFFECTIVENESS**
   - Modular systems upfront often save time and money within one to two years. Measuring effectiveness on the floor can improve the shopper experience in two ways: A-B testing of concepts and learning from differences in various test concepts. A-B testing has been used in-store and online as well. What all parties should understand is that if the industry does not measure performance and share this information, it will never be able to optimize and improve the shopper experience. Hopefully, in the future all data will be available, but in the next few years brands and retailers can learn a lot from a smaller set of data.

5. **CREATE BETTER CUSTOMER EXPERIENCES**
   - Quality, modular systems help retailers create better quality and relevant shopper experiences. By working together, always thinking about the customer experience, these groups will not only help the retailer and brands increase ROI on the store environment and displays, but also change the industry mindset in regards to retail environments and the products (POP displays, store fixtures and lighting) for those environments.

**Sources:**
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About Nexmosphere
Nexmosphere (www.nexmosphere.com) develops products that enable a rich and intuitive shopping experience that will change the way we shop. Combine all our elements such as light, touch, video, audio, pick-up and presence sensors for a tailored shopper journey and enjoy the benefits of one single Xperience controller controlling it.

About Specialty Lighting
Specialty Lighting (www.specialtylighting.com) combines a unique team of experienced lighting professionals leveraged by engineering expertise and manufacturing capabilities to create the ideal lighting and fixture combinations for your application. Our products include a diverse range of lighting, power distribution and USB charging solutions for cabinets, closets, displays, furniture, and more. Specialty Lighting's comprehensive selection of domestic and international solutions can be found in retail environments, commercial, healthcare, hospitality, institutional, and residential.

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 our 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.

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