

Wal-Mart Unveils Community Store Design Strategy

by Neil Dixon*

Big box retailers such as Wal-Mart and Target have inundated the retail sector in recent years. In fact, a Multi-Market Study performed by Scarborough Research found that “more than four in five U.S. adults over the age of 18 shop at Wal-Mart, Target or both,” representing shoppers from every income level and demographic group.ⁱ

Market Characteristics

According to analysts, mass retailers have entered an era of “store-of-the-community customization” in an effort to capture a larger market share in certain segments.ⁱⁱ The idea is to move away from the generic prototype and tailor individual store design, architecture, merchandise, and marketing based on the profile of shoppers in the surrounding neighborhoods.

“We are now designing Wal-Mart stores to reflect the unique characteristics of the market we’re entering,” said John B. Menzer, Vice Chairman of U.S. operations. Wal-Mart is zeroing in on five shopper categories: high-income, rural, baby-boomers, African-Americans, and Latinos.ⁱⁱⁱ

Wal-Mart’s official website walmartstores.com touts the “innovative” approach taken at a test store in Plano, Texas: “With the opening of this store, Wal-Mart is adopting an active approach to understanding and meeting customer needs, particularly those of the selective female shopper,” said John Fleming, executive vice president and chief marketing officer.” Some of the features being tested at the high-income-oriented Plano store include “a wine section with 1,200 different selections, including more than 700 premium items specific to this store, expanded organic and natural offerings with nearly 500 items added to the produce, deli, bakery, meat, seafood, dairy, and frozen departments, a fresh sushi bar and a spacious, trendy, Wi-Fi-enabled coffee shop.”

Wal-Mart officials are quick to point out that this does not mean that they are abandoning their core customers. “It’s not about going upscale. It’s about understanding the customers who are already in our stores and focusing on the selective shopper—not at the expense of the loyalist,

because this is still a very important shopper segment, and we will continue to develop our relationship with that customer—but to focus on the selective shopper...,” Fleming said.^{iv} Wal-Mart has identified the selective shopper as an important segment on which to focus. The loyalist “shops in a Wal-Mart store 63 times a year and spends 77 percent of his or her grocery dollar there. By contrast, the ‘selective’ shopper...shops at Wal-Mart only 46 times a year and spends just 28 percent of his or her grocery dollar there.”^v

In support of the community store design strategy, Wal-Mart recently announced a new agreement with ACNielsen which will help Wal-Mart tailor the merchandise assortments in its stores to the needs and shopping habits of each store’s customer base. According to Stephen Quinn, Wal-Mart’s Senior Vice President of Marketing, “[The Partnership] will enable us to understand our customers better than ever before. And the better we understand our customers, the better equipped we will be to offer them the merchandise they want, when and where they want it.”

So far, Wal-Mart market segment testing has been successful. The Plano, Texas store “has a gross profit per square foot 24 percent higher than others in the area. A unit in Evergreen Park, Illinois, remerchandised to appeal to a multicultural market, has sales 25 percent higher than other units in the area.”^{vi} Implementation of the community store design strategy in other locations is planned for next year.



Store Aesthetics

The majority of Wal-Mart stores nation-wide will not see this re-orientation of market strategy. There is an effort, however, to change the appearance of many Wal-Mart stores. "The gray-and-blue big-box stores are largely a thing of the past" stated Eric Zorn, executive vice president of Wal-Mart Realty, in a recent media conference.^{vii}

Local officials are increasingly turning to zoning ordinances and design review boards in an attempt to keep big box retailers from altering their communities. As a result, Wal-Mart (and other mass retailers) has been forced to be more creative than the traditional cookie-cutter boxes.

Altering the design of a standard box costs more, but big-box retailers are often willing to make concessions to expedite the approval process in certain markets. According to Sandy Skrovan, vice president of Columbus, Ohio-based Retail Forward: "These communities are saying: 'If you want to locate here, okay, but you're not going to just put up your brick building with your big blue sign on it—you have to make some design concessions.'" Skrovan continues: "Wal-Mart has been working more right up front when they identify a location with the zoning representatives and local architects to develop a building that will appease the city officials as well as blend in more with the environment. It costs more for them to go outside their current structure and do some redesigns, but if it's a site they really want to be in and penetrate, they're willing to take those steps."^{viii}

In some communities, Wal-Mart will bring in its "menu" of building elevations which now includes four new design models: Main Street, Cape Cod, Adirondack, Urban Industrial, and Mediterranean (an example of which can be found in West Des Moines, Iowa).

In other cases, Wal-Mart may need to work with local community groups to assure that new stores represent the individual communities as the following examples will point out:

- In Fort Worth, Texas, Wal-Mart collaborated with local community groups, designing a store that "reflects the character of the local historic high school."^{ix}
- In rural Georgia, a store was designed to take on "the equestrian theme of the local farmland, complete with barn-like doors, cupolas and weather vanes."^x
- A suburban store outside of Boulder, Colorado was designed to fit in with the unique post-modern design elements found nearby.

The pressure for Wal-Mart to change increases as the amount of available real estate continues to shrink. In search for urban locations, Wal-Mart is beginning to consider sites near downtown districts. These urban sites, coupled with Wal-Mart's efforts to customize store design and merchandise selection, will pose additional challenges to community-based retailers.

ⁱ Embrey, Alison. "Reinventing the Box" *Display and Design Ideas*. March 1, 2006. <http://ddimagazine.com>

ⁱⁱ Ibid.

ⁱⁱⁱ Hazel, Debra. "Wal-Mart Tailors to Markets" *Globe St. Retail*. June 5, 2006. www.globest.com/retail/news

^{iv} Felgner, Brent. "Wal-Mart Details New Initiatives" *Twice*. April 24, 2006.

^v Ibid.

^{vi} Embrey, Alison. "Reinventing the Box" *Display and Design Ideas*. March 1, 2006. <http://ddimagazine.com>

^{vii} Davis, Rachel Lianna. "Wal-Mart stores change, steer clear of compact design" *The Benton County Daily Record*. Bentonville, AR June 2, 2006. Retrieved from <http://walmart.nwanews.com>

^{viii} Embrey, Alison. "Reinventing the Box" *Display and Design Ideas*. March 1, 2006. <http://ddimagazine.com>

^{ix} Ibid.

^x Ibid.

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