

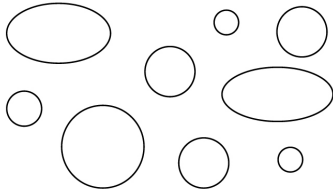
13.16: Design and Costs

Learning Objectives

- Describe how a store can use design to control costs

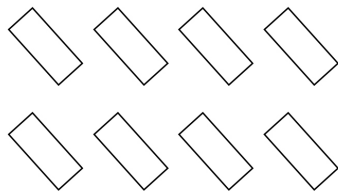
If a store layout can drive sales, it can also help you control your costs. Let's take a look at a couple of examples.

Angular Layout



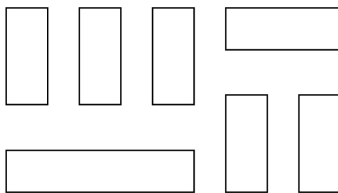
An angular layout can help you control inventory costs. As we mentioned above, angular layouts allow for the display of a minimal amount of merchandise and is particularly good for high end clothing and jewelry. While the fixtures to display the merchandise are likely going to be more expensive, this also means that you have to have less merchandise on hand. When you sell diamonds or fur coats, this is a plus. As a retailer, you don't want all your cash flow tied up in the merchandise on your floor, particularly when the price point doesn't allow it to move as quickly.

Diagonal Layout



We mentioned that the diagonal store layout allowed for a maximum amount of merchandise to be displayed for the customer but it also improves the customer's line-of-sight, allowing him to see much more when he enters the store. The same holds true for the cashier, who, when placed at one end of the store, can see more merchandise and customer activity. This allows for easier monitoring of shoplifting and theft. Shrink (the term retailers use for lost, stolen, or damaged product) is a significant concern for a retailer.

Grid Layout



Grid layouts allow for maximized promotions. You'd think that a retailer can decide if he or she is going to offer a product at a certain percentage off, but that's not always the case. Manufacturers frequently "sponsor" promotions with additional cash to help move their product. They pay for premium "real estate" within a store in order to prominently display their products. This saves the retailer the cost of putting the item on sale himself.

The grid layout allows for predictable focus points, allowing you to display promotions in spots where you know they'll be seen. This allows the retailer to maximize profits and make use of that money manufacturers offer to minimize their margin losses.

The racetrack layout is also an excellent format for maximizing promotions.

Practice Questions

<https://assessments.lumenlearning.co...sessments/9289>

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