

Can a shop makeover really pay off?

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The physical environment of a shop has long been proven to have a strong effect on customers and their purchasing patterns. After all, it impacts on all five senses and represents 360 degrees of influence. It is not surprising then, that retailers invest heavily in this aspect of marketing. Many are involved in so-called makeovers where they change the interior design whilst leaving the offer itself (e.g. the product) unchanged. But do these makeovers have any positive impact? From an academic research perspective, little has been known about the subject until now.

A recent study of an American fast-food chain in Europe has offered up some clues about the effects of retail makeovers on customers. In this case, the makeover involved several significant changes to the physicality of the outlets. This included warmer lighting, spot lighting to highlight paintings, new colours for walls, floors, tables and chairs, dividing restaurant space into distinct zones, and more variety of seating options. To be able to successfully assess the effects of these changes, other aspects such as the food itself, were left unchanged.

Not all outlets in the chain were subjected to the changes at the same time. This allowed the researchers to approach the study as an experiment whereby the remodelled outlets could be compared with those that had remained unchanged. The researchers were also able to collect data from customers (who were subjected to surveys) as well as store performance data

(such as average consumer spending and store traffic), and they did so at several points in the makeover process. By doing this, they were able to present both short and long-term outcomes.

The results demonstrated that in the short-term, customers' value and image perceptions increased, showing that the makeover had

affected them in a positive way. However, after six months, the increased perceptions lost strength as customer reactions returned to initial levels and they became familiar with the new interiors. This was a similar case for other performance measures, such as the average consumer spending, where initial increases tapered off in the longer term. As for store traffic, this actually declined in the long run.



From analysing the makeovers, the main pattern that emerged was that whilst they can induce some short term positive effects, these wore off over time. According to researchers interpreting the results, the effect of ignoring the time-variant aspects of a remodeling project can lead to an inappropriate allocation of marketing resources.

From this, the first endeavor into researching the effects of store makeovers from a marketing

perspective, the main conclusion to be drawn is that the impact of makeovers should not be overstated.

Moreover, a careful assessment of the effects of makeovers for chain retailers should be made to avoid rolling out ineffective designs across a series of outlets. This could be done by selecting some pilot outlets to follow what happens to them over time, before analysing the results and rolling out successful new designs in each outlet.

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The full reference for this study:

Bruggen EC, Foubert B & Gremler DD, 2011, Extreme Makeover: Short- and Long-term Effects of a Remodeled Servicescape, *Journal of Marketing*, Vol. 75 (September), 71-87.

