

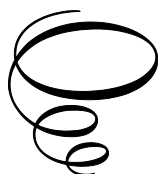
Commercial Space Design and Customer Experience

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By

Olivier Mesly and Christophe Réthoré

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I dedicate this book to the colleagues who have worked with me over the years. Thank you for your patience and for sharing your knowledge.

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A BIT OF MAGIC IN THE SERVICE INDUSTRY



“Nowadays, major service companies strive to provide a unique experience tailored to each customer, aiming to create memories and beget a desire to return to their premises.

During a reception at the Castle Club in Disneyland Paris, a family drama unfolds before me: a little girl—Julie—bursts into tears when her parents ask her to leave Panpan, Bambi’s faithful friend and her inseparable cuddly toy, at the hotel before heading to the amusement park.

I asked Julie if she would entrust Panpan to me until her return, promising to take care of him. Seeing her hesitate, I inquired if there were important things that I should know about Panpan (what does he like to eat, does he need a nap, is he allowed to watch TV?). Soon enough, I wasn’t facing a crying little girl, but Panpan’s mom, worried about leaving him unattended. Confidently, she reveals that Panpan doesn’t need much, but, oh yes! he likes sandwiches. So, I set up Panpan at the dining table. With a bib around his neck, crumbs of bread, and a plate quickly prepared with the necessary care in front of him, voila, the trick works magic.

Upon their return to the hotel, Julie hugs me, thanking me for looking after Panpan. Panpan, for his part, is happy to see his best friend again.”

Morgane Leonard

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Olivier Mesly holds a DBA in Marketing from the University of Sherbrooke (2010), followed by a postdoctoral internship at HEC Montreal in 2011. He also obtained an MBA in Agri-Food from the University of Guelph (1999) and a B.A. in East Asian Studies (along with a diploma in public relations, 1989, 1990) from McGill University (with distinction) – Canada. Additionally, he holds a university certificate in singing (2017) and an HDR (*Habilitation à Diriger des Recherches*) from the University of Lorraine (2023).

He teaches a wide variety of courses, primarily in marketing (basic marketing, marketing research, retail design, international marketing, marketing management, etc.) and project management (project feasibility, international project management, etc.), in three languages: French, English, or Spanish.

His research is devoted to retail design, the analysis of dysfunctional markets and the consequent behaviors of market agents, especially those related to financial predation. His multidisciplinary work has been published in scientific journals and international books in economics, behavioral finance, law, organizational behavior, project management, marketing, and psychology.

He worked for many years as a manager of international markets before pursuing doctoral studies, which led him to experience various cultures in different countries around the world, including Europe, Asia, Africa, and the three Americas.



Christophe Réthoré holds an MBA from Auburn University (1991) and a Ph.D. in linguistics. In 2000, he co-published the *Analytical Dictionary of Retailing* (1992-2000), the only bilingual encyclopedic English French dictionary of retailing to date. He worked for 15 years in higher education in Canada and the United States (1990-2005), launching innovative programs in technical/commercial translation and website localization at James Madison University (JMU) in the United States (1998-2005).

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PREFACE

Dear Marketing Enthusiasts,

If you are taking a course on retail space design or another marketing course, our book will meet your needs. It will also be useful for retailers and retail space designers looking to verify or update their knowledge.

We wanted to make this book visually appealing by integrating numerous color photographs that illustrate the topics discussed. These images will allow you to concretely visualize the principles and strategies presented, and hopefully make your learning experience more vivid and captivating.

Our approach is to employ concise, precise text, limited to the essentials. We understand how precious your time is, which is why we have chosen to offer you a smooth reading experience free from unnecessary details. We limited ourselves to citing authors whose texts seemed entirely relevant to our purpose.

To further enrich your experience, we invite you to read our numerous case studies, such as “Gourmandises du Palais,” which appears in the book *Marketing Projects* (Mesly, 2020), and “Boulangerie Benoist,” deposited at the CCMP European case center¹ (Mesly and Réthoré, 2023). Other case studies in English are also available at the Center for Case Studies at HEC Montréal². These concrete examples will allow you to apply theoretical concepts to real situations, preparing you to face the challenges of this field of expertise.

This book tackles two themes: the basic elements of retail space design, and its service offerings – emphasizing customer experience, and associated consumer behaviors. It does not delve into a detailed discussion of computer tools for retail space design or database management.

We are confident that this manual will become your valuable companion throughout your academic and/or professional journey. We hope it sparks

¹ <https://www.casestudies.ccmp.fr/>

² https://www.hec.ca/en/case_centre/

your interest, broadens your knowledge, and helps you sharpen your marketing skills.

Happy reading, and let this exciting adventure begin!

CHAPTER 1

RETAIL SPACE DESIGN AND ITS BASIC ELEMENTS



1. Introduction

To understand the design of a commercial space, we must first define it, along with its characteristics. A commercial space is a physical or virtual place where economic transactions take place between at least one buyer and one seller³. These exchanges are governed by formal or informal rules, require the use of currency or other forms of compensation, and involve physical persons or automated systems (in-store or out-of-store sales). A commercial space consists of an interior space, interfaces (storefront, outdoor terraces, play areas), a parking area (public or private, which may or may not be owned by the business), and an external environment (such as the neighborhood).

As for the service offering associated with the commercial space, it corresponds to the marketing strategy for the coveted products and services by the targeted clientele, which amounts to a customer experience⁴. Thus, the service offering is conditioned by the physical characteristics of the space, such as the size and layout of premises, architectural elements, installations, and equipment. For example, in a small perfume store with a single entrance and exit, the space is conceived to maximize product presentation and sales while facilitating the shopping experience and making it enjoyable for customers. The service offering covers elements such as advice, sales assistance, after-sales service, and customization, which strengthen the trust relationship between customers and the business. The service offering is a sales effort; the commercial space is the place that facilitates this sale and the interaction between buyers and vendors.

The first chapter reviews the essential aspects of the design of the commercial space and the service offering. At the end of this chapter, you will be able to:

- 1) recognize and define the major concepts of this book;
- 2) concretely apply the underlying theoretical elements to the market;
- 3) approach the commercial space and its service offering with a critical eye.

Happy reading!

³ Madsen and Petermans, 2020.

⁴ Mesher, 2010.

Testimonial⁵ #1 — Consumption

Consumption is one of the fundamental forms of everyday life. Our modern society fosters surroundings packed with objects and signs based on commercial exchanges. Manufactured goods are produced in an increasingly inflationary manner, and service offerings continue to grow and diversify. Added to this phenomenon, the renewal of the available supply is accelerating. (As per Ladwein, 1999, p. 5.)

2. A Brief History of Commercial Space

The theory of commercial space and its service offerings is part of a social fabric that engages, among others, the following stakeholders: merchants, suppliers, consumers, legislators, real estate agents (and other professional service providers), and competitors. It dates back several centuries.

2.1 Markets

The first commercial spaces were often street markets where merchants sold their products and where customers could make their purchases. These markets were unstructured, and service offerings were limited. In the nineteenth century in France, diverse types of markets were commonly present in cities and villages:

- Flea Markets: Also known as *brocantes* or *braderies*, flea markets are places where second-hand clothing, furniture, books, kitchen utensils, etc. are bought and sold; they have existed for a long time. These markets are organized on Saturdays and/or Sundays in public spaces or central squares. Today, they are found both outdoors, like the famous Saint-Ouen Flea Market, established in the 1870s on the outskirts of Paris, and indoors, like the Metropolitan Flea Market in Montreal (Quebec, Canada). In 2019, there were approximately

⁵ “La consommation est l’une des formes élémentaires de la vie quotidienne. Le développement de la société moderne a conditionné un environnement lourdement chargé d’objets, de signes et d’interactions fondées sur des échanges marchands. La production de biens manufacturés augmente de manière inflationniste et les prestations de services ne cessent de se développer et de se diversifier. A ce phénomène s’ajoute l’accélération du renouvellement de l’offre disponible.” (Our translation.)

50,000 garage sales, flea markets, or *braderies* in France, following steady growth throughout the 2010s, and more than half of the population frequents them. For instance, the largest *braderie* in France, located in Lille, has two to three million attendees per year.

- Textile Markets: Specialized in the sale of fabrics, clothing, shoes, and accessories, these markets have traditionally been popular in large cities and offer a wide variety of choices to consumers.
- Flower Markets: Dedicated to the sale of cut flowers, potted plants, bouquets, etc.
- Craft Markets: Products handmade by local artisans. These markets exhibit art objects, jewelry, ceramics, sculptures, leather goods, and many other handmade creations.
- Livestock Markets: Places for the sale and purchase of livestock (cows, sheep, horses, etc.), catering to farmers and breeders. Today, live animals (ducks, chickens, etc.) are still sold in some outdoor markets⁶.
- Food Markets: Often located in the heart of cities and villages, these markets align stalls offering fresh products such as fruit, vegetables, meat, fish, dairy products, bread, etc.

2.2 Stores

The first stores appeared during the 19th century, often specializing in a particular type of product and offering basic services such as product packaging and shopping assistance. In the early 20th century in France, to take example, several types of stores emerged to meet consumer needs:



- Grocery Stores: Basic food products such as bread, fruit, vegetables, canned goods, dairy products, etc. These stores are often run by independent grocers in residential neighborhoods.
- Bakeries-Pâtisseries: Selling a wide variety of fresh bread, pastries, and daily baked goods.
- Butcher/Delicatessen Shops: Laying out fresh meat, a selection of assorted cuts of meat, poultry, charcuterie (and even ready-to-eat dishes).
- Hardware Stores: Supplying chemicals, cleaning products, household items, beauty products, paint, and other hardware items.

⁶ Murphy, 2011.

- Clothing Stores: Displaying ready-to-wear clothing for men, women, and children.
- Other Specialized Stores: Expanding in diverse domains such as bookstores, toy stores, music stores, hairdressers, hardware stores, shoe stores, etc.

Let us plot the retail market share (INSEE data) based on the sales format in 2021 in France for food products. Supermarkets have captured a major share of the market (over 60%)⁷, but specialized stores still maintain a sizable market share (20%). When comparing statistics for food and non-food products (see Table 1), we see that in the non-food sector, specialized stores have managed⁸ to maintain a substantial market share (55%).

⁷ Raajpoot, Javed, and Koh, 2008.

⁸ https://www.insee.fr/fr/statistiques/2015133#Table-figure1_radio1.

Table 1. Market Shares of Retail Trade/Sales in 2021 in France

Food Products	Market Share (%) <i>Provisional Data</i>
Specialized Food	20.1
Bakeries-Pâtisseries	7.6
Butcher-Delicatessen Shops	4.3
Other Specialized Food Stores	8.1
Small General Food Stores and Frozen Food Stores	7.1
Large General Food Stores	62.0
Department Stores and Other Non-Food, Non-Specialized Stores	0.3
Specialized Non-Food Stores (including Pharmacies)	0.9
Non-Store Retail	7.9
Street Stalls and Markets	2.1
Distance Selling	4.8
Other Forms	1.0
Other Retail Sales	1.7
TOTAL	100.0

2.3 Department Stores

Around the turn of the second half of the 19th century, department stores began to emerge: Le Bon Marché, founded in 1852 by Aristide and Marguerite Boucicaut in France, was the very first department store in the world. Department stores are associated with the sale of a wide variety of products under one roof and a sophisticated shopping experience; they are organized into multiple departments such as clothing, household items, cosmetics, decoration, etc., and emphasize quality services such as sales advice, in-store trials, and after-sales services. They often occupy iconic buildings. Examples are:



- Printemps (1865): located in France (but also in Doha, Qatar, since 2022, and in New York from 2024), Printemps is a renowned department store that offers a selection of luxury brands, clothing, perfumes, accessories, and more. It is known for its impressive architecture and elegant atmosphere.
- Galeries Lafayette (1893; the flagship store opened in 1912; 96 stores in 1912): primarily present in France, the Galeries Lafayette brand includes department stores offering a high-end shopping experience. They list, among other things, luxury brands, clothing, cosmetics, accessories, and even a dedicated gastronomic area. The founders wanted it to be a “luxury bazaar.”
- Harrods (1905): located in London, Harrods is one of the most famous and luxurious department stores in the world. Divided into approximately 330 departments spread along 90,000 m², the store displays a vast selection of high-quality products, ranging from designer clothing, jewelry, and household items to food products.
- Selfridges (1909): also located in London, Selfridges is a high-end department store pitching luxury and beauty products, designer brands, fashion items, and more. It is also known for its creative window displays and unique atmosphere.
- Macy’s (1858) and Bloomingdale’s (1860): these two famous department store brands in the United States have branches in many cities. They display a wide range of products, such as clothing, accessories, home goods, cosmetics, etc.;
- The Bay/La Baie (1965; launched in 1881 under the name Hudson’s Bay Company): since the bankruptcy of Eaton in 1999, it

is the only iconic and historical department store brand in Canada. The Zellers brand (popular stores, discount stores, or reduced-price stores), relaunched in 2023 after its disappearance in 2013, is part of the same group;

- Shinsegae Department Store (1930): located in South Korea, Shinsegae Department Store is one of the largest department stores in Asia. It is also one of the largest such stores in the world. It offers a diverse range of products, from international brands to local items, as well as dining and entertainment spaces.

2.4 Large Retail Chains

The retail chain is to the store what the brand is to the product and its manufacturer. Among the major retail chains or retailers, we distinguish department stores, supermarkets, and large chains of specialized stores or boutiques. Unlike department stores, the checkouts at supermarkets are not distributed throughout the store and aisles; they are grouped and aligned at the exit of the store⁹. Supermarkets are subdivided into:

- LFSs (large food surfaces);
- other LSSs (large, specialized surfaces);
- large Do-It-Yourself (DIY) surfaces: Lowes and Home Depot in the United States and Canada, Rona in Quebec, Leroy-Merlin in France, etc.;
- LCSs (large cultural surfaces: such as FNAC and Cultura in France, Indigo in Canada);
- LMSs (large multisport surfaces: such as The Sports Authority in the United States, Sports Experts in Canada, Decathlon, and Intersport in France).

Large and medium surfaces are found in multiple sectors, including toys (Toys ‘R’ Us and the famous five-story Hamleys on Regent Street in London), home furnishings (IKEA), etc., in addition to the examples mentioned above. Large “category-killers” host a broad and deep assortment meant to annihilate the competition. Below are a few examples of large surfaces in different sectors:

⁹ See definitions in Dancette and Réthoré, 2000.

- Food: its value (supply) chain goes from farmers, producers, wholesalers, distributors, and retailers/restaurants to customers. Food products are grown, harvested, processed, packaged, distributed, and sold to end consumers; for example, Auchan and Cora hypermarkets in France.
- Fashion and clothing (textiles): its value chain consists of designers, fabric manufacturers, clothing manufacturers, wholesalers, retailers, and customers. Clothing is designed, manufactured, distributed, and sold to end consumers (e.g., Zara) or to B2B customers¹⁰.
- Electronics: its value chain is composed of electronic component manufacturers, electronic device manufacturers, distributors, retailers, and customers. Electronic components are assembled, while products are distributed and sold to end consumers. Examples: Future Electronics in Canada, and Boulanger in France.
- Automotive: its supply chain comprises manufacturers of spare parts, car assemblers, car dealerships, and consumers. Spare parts are manufactured, assembled into cars, distributed, and sold to end consumers. Example: dealership networks (Honda, BMW, Renault, etc.).



Value chains (supply chains) necessitate close coordination between different actors to ensure the timely production of products and efficient delivery to meet the needs of consumers.

2.5 Franchises

Franchises are based on a business model that allows independent entrepreneurs (franchisees) to benefit from the recognition, expertise, and support of a well-established brand, known as the franchisor. Several reasons explain the growth of franchises over the decades:

¹⁰ Crewe, 2016.

- 1) Risk Reduction: Franchising minimizes certain risks associated with the creation of an independent business. The merchant benefits from a proven concept and continuous support from the franchisor.
- 2) Brand Awareness¹¹: Entrepreneurs capitalize on the already established recognition and reputation of the brand. This facilitates attracting customers from the beginning, which is often more challenging for an independent business.
- 3) Reliance on Expertise: The entrepreneur can benefit from the expertise and resources of the franchisor. This includes thorough training, operation manuals, marketing advice, management tools, and continuous support.
- 4) Economies of Scale: Franchises benefit from economies of scale due to the size of the franchisee network. This results in advantageous purchasing prices for supplies and equipment, shared advertising costs, and other advantages related to the size of the business.
- 5) Rapid Expansion: Franchisors aim for rapid geographical expansion (network) through replication of the business model in different regions, or export (McDonald's, Burger King, Pizza Hut, Century 21, etc.).

The success of a franchise depends on factors such as selecting the right franchisor, effective business management, and compliance with the franchisor's standards and guidelines. Franchise networks are found in many sectors (products and services), both food and non-food: restaurants, hair salons, real estate, etc. Examples of popular international franchises are:

- McDonald's and Burger King: These brands are among the largest fast-food chains in the world. Known for their menus of hamburgers, fries, drinks, etc., they have thousands of restaurants in many countries and symbolize the globalization and standardization of fast-food services.
- Starbucks: An American coffee chain engaging in the sale of coffee, coffee-based drinks, pastries, and other food products. Present in many countries, it puts forth a high-end coffee experience and a warm atmosphere in its establishments.
- Subway: A fast-food chain specializing in customizable sandwiches, where customers choose ingredients and toppings according to their

¹¹ Van Marrewijk and Broos, 2014.