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To remodel or not to remodel - Do the benefits outweigh the cost?

January 21, 2010 - Retail

Over the past 12 months, grocery stores have experienced average, but steady sales growth of 6.64% because people are dining out less and spending more on food. For that reason and others, it is to the grocery retailer's benefit to keep his store(s) updated and stocked to meet current food trends. The benefits are not just in a fresh coat of paint, but in improving profit and increasing sales. The challenge is how to achieve this goal without losing business during the store remodel.

The trend appears to be away from traditional superstores whose market share has fallen from 60% to 40% since 1994, to the alternative and discount-oriented stores whose market share has increased from 24% in 1999 to 35% in 2005 with growth in market share projected to 45% by 2010. In 2005, DoGeneral tested a 16,000 s/f "neighborhood store" concept that was 1/3 food. The prototype was a money maker that triggered plans to open at least 30 more stores based on this concept.

Before any remodel begins, the owner and/or planner should examine the current layout, flows, and long-term goals, which may result in temporarily carrying less inventory to create more floor space. A recent example was an expansion/remodel of a retail store. The plan was to expand the end unit into the adjacent space. Initially, the project manager and owner agreed on what the overall scheduled goals would be. Then, a construction flow chart was established to show how both would work within the existing space, e.g., for every five feet they needed three feet to function during renovations. Since retail stores are usually open 18-20 hours/7 days, a detailed schedule is of the utmost importance.

On all remodel projects of this type, the remodeler needs to work with first and second shift management and employees to keep the premises clean, tidy, and safe for everyone. Also, and very importantly, the project managers should interact daily with store management and make 1-2 week look-ahead schedules that are regularly adjusted to jibe with peak hours and deliveries.

Flexibility, creativity, and vision are essential elements to successful remodeling of retail stores, which is a proven boost to the retailer's efforts to increase sales. Selecting a contractor with experience and interest in successfully achieving the storeowner's goals will insure delivery of a renewed and competitive business.

TRB Development Group, Inc., now entering their 20th year of business, is a fully licensed general contractor and design builder serving northern New England. TRB understands the unique challenges and requirements facing the retail industry, from independent grocers, pharmacies, and restaurants to shopping centers with a supermarket or liquor store anchor.

Retail construction is extremely schedule driven. If you are not open, then you are not ringing the cash register. TRB understands and keeps up to date on specific requirements for all the elements that make up a quality retail prototype, from the structure (foundation, steel, exterior, façade, roof) to the interior finish, to the systems (HVAC, lighting, security, EMS).

1Sageworksinc.com, provider of online financial trend analysis for private companies, May 2009. Grocery store sales % change for 2007 was 5.61% and in 2008, 6.18%

2Supermarkets at a Crossroads, May 2005

3Supermarkets at a Crossroads, May 2005. "Dollar General Stepping Up Expansion of Market Model," Nashville Business Journal, 1/7/2005.

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