

***TO REMODEL OR NOT?
BENEFITS OUTWEIGH COST EVERY TIME***

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.¹ 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 problem is how to achieve this goal without losing business during the store remodel. At TRB Development Group, Inc., we have been working with retail store owners for nearly 20 years to achieve remodeling goals while stores remain open for business.

Small to medium sized chains may not have the resources that larger chains have available, but according to market research, budgeting to include funds for remodeling, renovating interiors, rearranging aisles and front ends, and lowering aisle height to create the feel of more space not only increase shopper appeal but lead to increased profits. One success story is that of Whole Foods in their takeover, remodel, rebranding, and relocation of Wild Oats' stores. They reported a 7% increase in sales in 2007, down from 13% the prior year, and claimed "we are producing higher sales and sales per square foot than our public competitors" and were in a better position to continue to achieve increased sales due to their remodeling efforts.²

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 2010.³ In 2005, Dollar General tested a 16,000 square foot "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.⁴

At TRB, before we begin a remodel, we sit down with the owner and/or planner to determine the current layout, flows, and long-term goals, which may result in temporarily carrying less inventory to create more floor space. This past summer, we completed an expansion/remodel of Acton Wine and Liquor in the Acton Plaza (Acton, MA). Our plan was to incorporate the end unit into the neighboring space (the existing liquor store). Initially, our project manager discussed with the owner what his overall end goals were. Then he put together a construction flow to show how we could work within the existing space, e.g., for every five feet they needed three feet to function during renovations.

¹ Sageworksinc.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%.

² *Retailing Today*, April 2007.

³ *Supermarkets at A Crossroads*, May 2005.

⁴ *Supermarkets at A Crossroads*, May 2005. "Dollar General Stepping UP Expansion of Market Model," *Nashville Business Journal*, 1/7/2005.

Since retail stores are usually open 18-20hours/7 days, in many cases, we work nights and as many “off hours” as possible.

TRB’s experience includes remodels of 25 Brooks Pharmacies and four CVS retail/pharmacies. Pharmacy departments always remain open, and at least one checkout lane operates at all times. On all remodel projects of this type, we work with first and second shift management and employees to keep the premises clean, tidy, and safe for everyone. Also, and very importantly, our project managers 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 is pleased to be a new member of the New Hampshire Associated Grocers’ Association.