



RIISING TO THE CLUB STORE CHALLENGE:



Lessons from the Front Lines Of Warehouse Club Store Retail

By Simon Gainey

Walk the aisles of any worldwide club store location with a focus on package design, and you'll see common distinguishable themes. Understanding how package design can help to grow the business of BJ's, Costco, and Sam's Club may help your packages excel in this unique environment, which is experiencing double-digit growth annually.

In these megastores, amazingly enough, you will see a lot of packaging that doesn't get it right. As competition for business at club stores intensifies, the new reality is that designers and package developers need to understand what "right" is, and integrate these needs into the design process.

Club store expectations about packaging have been undergoing an evolution as these chains have developed and refined their business model. These stores' basic packaging standards, freely available for some time, have become ever more detailed "minimum standards." However, to truly design for success in the club store environment, designers need to look well beyond these standards.

Pallet display is everything

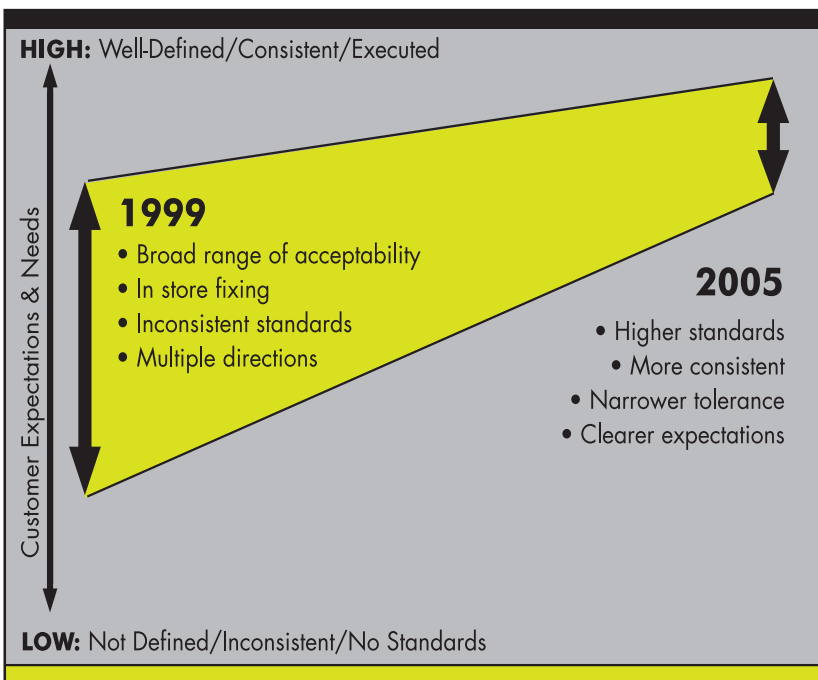
Every club store has many examples of packaging that severely compromises graphic quality, display integrity, and shop-ability in the club store. Often, these packages have been designed for only one-sided display (display on the 40" or 48" side of a pallet). Even when they are designed for multi-sided display, these packages might still have severe limitations on product visibility and access. These compromised designs may meet the minimum standards, but they do not provide the shelf impact, brand recognition, product visibility, and handling convenience that are so critical to driving sales in club stores.

Today, designers need to create solutions that are 100% four-sided displayable with superior graphic recognition and access. That is, every side of the pallet needs to signal, draw attention, provide

critical product information, and be fully shop-able. Packaging has to be completely flexible to fit in with the multitude of new display points at the clubs. If your packages are not designed for four-sided display, they won't get key locations. Poor design may also force the club stores to restack a pallet often, incurring labor costs that club stores are very wary of.

The attention span of club members in the store is notoriously short and not easy to grab at ten feet away. Anything that distracts or confuses a consumer results in a lost sales opportunity. Packages lose a consumer's attention with poor display, confusing graphics, poor illustration of contents, poor visibility, difficult access, etc. In design terms, neglecting the pallet display in club is like using ink jet code to replace full color labeling of your primary package in food or mass market channels.

Evolution of Club Packaging Standards



Recent years have brought higher packaging standards and narrower tolerances for manufacturers vying for space in club store aisles.

Maximizing your pallet impression is essential to developing a successful product in club stores.

Design themes for success

As designers and package developers start to create new solutions for club customers, there are common design themes that provide a model for success. Try to remember all these aspects when designing packages for club stores.

Convenient, easy, shop-able. Packaging should be an enabler in every part of the complete shopping experience, from pallet to use. Physical barriers that make it hard for the club member to remove the product from the pallet or display and place it in their cart do nothing to help grow sales.

Flexibility. Club stores are using more individual case display positions. Creating packaging solutions that work in all these locations is critical.

Clear communication of contents and use. Packaging has to be configured for—and communicate clearly to—all club store business members, which usually include convenience stores, vending distributors, restaurants, and day care providers. The package design is the primary vehicle to convey clear and simple use opportunities, such as counter display trays, vending, dispensing, etc.

Facing up, blocking up. Club stores pay employees to “face up” the stacks of product to get good quality presentation, usually by bringing remaining packages to the front of the display or pallet. Packaging that makes this difficult or time consuming does not work for the clubs.

Selling down. Clubs have evaluated that the cost and impact of removing and maintaining the sell-down packaging (display trays or extra cardboard) is more than the labor savings they provide. Clubs do not want trays where they are not required for structural support; they prefer clean sell-down.

Zero handling. Clubs want to avoid spending labor dollars on getting pallets and product ready for use in the store. Anything that requires added labor is a cost and should be avoided, whether it is added packaging, cut-outs, assembly items, banners, tear-out panels, etc.

Competitive pressure. The leading suppliers to clubs and the clubs’ private labels have developed robust packaging approaches that meet club store needs. Leadership derives benefits with the club stores and goes to highlighting the contrast between “those that understand” and “those that don’t.”

Walk around any club store with these standards in mind and the performance deficits between product manufacturers getting it right and those that miss the mark is acutely apparent.



Kraft Foods has redesigned their meal products innovatively to meet the new standards of club store packaging with better display, improved shopper recognition, higher quality packaging, enhanced imagery, and a low cost labor platform for the club staff.

Pressure to comply and innovate

The trend towards packaging that can correctly support the club business proposition will continue as club stores strive to improve space efficiency, labor costs, and returns. Understanding and benchmarking where you are positioned versus these expectations should be a top priority for any organization that wants to build and strengthen their relationship with the warehouse club store.

Looking to the future, there are many economic forces shaping club store efficiencies and policies. Some of these forces spurring change are the blurring of traditional trade channel choices, demographic population changes, the growth of value channels, Internet shopping, and category competition. The challenge for package designers will be to not only support the club business in the store, but also to innovate for the end use—a good idea in any retail environment.

In club stores, package designers should also strive to make package solutions work for consumers and business members alike. To do this, product manufacturers need to invest in understanding in detail how all members make decisions about shopping, how packaging and products are used and consumed at every step of the way, and how solutions will improve consumer value—member by member. ■

Simon Gainey is a principal of Competitive Innovation LLC, a Philadelphia-based package design and development company. He can be contacted at 610-627-1699 or sgainey@competitiveinnovation.com