

# SM Department Stores

Cubao and Fairview, Philippines

## DESIGN

**Point Design**, New York, NY/Makati City, Philippines

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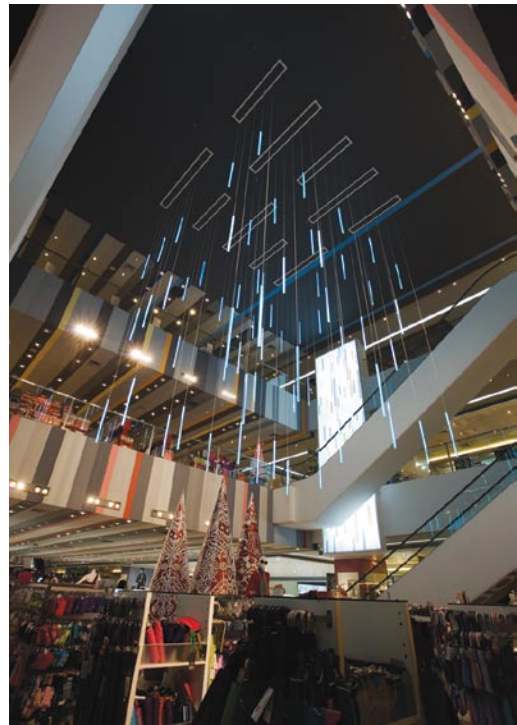
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*As we have in the past, when we receive a job description for a project that makes for interesting reading, we present the material with very little editing for our readers to enjoy. We were truly delighted when the people at Point Design of New York City and the Philippines sent us this project and the following information about its genesis. We hope you find the text illuminating and educational.*

## Romancing the Store

SM Department Stores Get More than a Usual Face-lift

Let's face it, there's much more to shopping than just the simple act of making a purchase. In truth, it's like a game of seduction, one that involves attraction and flattery.

And in our consumer society, shopping is such a routine activity, it is deeply ingrained in our consciousness. In fact, there's really no boundary between it and the rest of

our lives. But where you shop — what seduces you specifically, and how that becomes part of your day-to-day life, says a lot about who you are.

Retailers recognize this fact. They spend lots of time and money identifying their customers' desires and aspirations, and figuring out how they can satisfy them. Of

course, this comes down to merchandise and to environments that create shopping experiences that appeal to particular customers. As in any game of seduction, the most attractive and engaging player wins, and this fight for consumer attention and loyalty extends across the board, from small concept shops to established retail giants.

### When Merchandise Was King

Department stores of the 19th and 20th centuries capitalized on their role as one-stop shops — places where customers could find a great variety of merchandise in different categories and price points all under one roof. In those days, the choice of goods was enough to attract customers and keep them loyal.











Fast forward to the present. The novelty of the large retail hub faded long ago, yet department stores persist. Shoppers still look to them for all-in-one service and convenience. But they also look to the vast numbers of specialty retailers that have appeared, and these relative newcomers (in every shape and size) have drawn sizable market share from their venerable, trusted forebears. What are department stores to do?

Clearly, they can no longer rely on their variety of merchandise alone. They have to stay relevant and responsive — which means they've got to meet consumer demand for something new, fresh and attractive. At all times. To succeed, department stores have to invest in creating shopping experiences that speak to their clientele. No longer is it enough to remodel stores every four to six years — the norm for many stores in Asia. They've got to move much more quickly than that.

### Breaking New Ground in the Philippines

In the Philippines, where shopping is considered a form of recreation and entertainment, department stores and malls are gathering places. People listen to the buzz, and go to the venues that offer the most fun, excitement and distinctive shopping experiences. When Shoe Mart (SM), the country's largest department store chain, recognized this new reality, their stores hadn't been updated in more than five years. But rather than simply modernize interiors, SM jumped at the opportunity to revitalize their brand, using the shopping environment itself as a critical element in appealing to customers new and old.

Originally a shoe store founded more than a half-century ago by Henry Sy, SM eventually developed into a full-line department store. Today the chain encompasses 40 branch stores and malls strategically located in Manila and in key cities around the Philippines. Long years in the business have made SM a significant player in the country's mass-market retail arena, catering largely to a lower-middle-market clientele. With the revitalization program, management has set its sights on a slightly higher-level customer, without wishing to alienate its existing base. To address these complex issues, SM brought in Point Design Inc., the New York-based retail-design firm headed up by Diego Garay, AIA, a well-known architect and designer. Starting with the Ortigas store (SM Megamall) in 2005, Point's team set out to redesign the stores, giving them a more fun and sophisticated look and feel.

### Point's Big Design Appeal

SM knew what they were getting when they chose Point to help them energize their brand. Teresita Sy-Coson, SM's president for retail, was familiar with the firm's award-winning work in TSUM's Moscow flagship store, one of the highest-end department stores in Europe, and a leader in the hot Russian retail market. "She liked the simplicity of the design and thought the fixtures were beautiful," says Allen Felsenthal, Point Design principal and managing director for Asia. "However, she also knows that SM is in an entirely different market from TSUM," adds Diego Garay. "She was basically inspired by the design's simplicity, efficiency and sophistication. It











was done with great taste in a minimalist manner.”

The challenge for Point was, in part, to adapt high-end solutions to suit the developing Philippine market. “Filipinos are value-seekers and are very aware of trends. The majority may not be able to afford them, but they know what a good buy is. Plus they always aspire to more,” Diago explains. To create a whole new experience for customers, the new store design offers a sophisticated shopping environment and a line of fashionable, yet affordable merchandise aimed at making Filipino shoppers feel and look good.

Point Design introduced three major improvements to revamp SM’s shopping environment and shoppers’ experience. First, they revisited the basic layout of merchandise. While categories were thoughtfully grouped and laid out, the distance within individual departments from aisle to back wall was too deep. “The problem with deep sections is that customers can’t immediately see the merchandise from the aisle. This creates a boomerang effect, with customers turning back to the aisle from the middle of the department, and missing a good deal of merchandise on offer,” explains Leandro Artigala, Point Design principal. “With the new plan, we made departments shallower, the aisles wider and the merchandise much more visible. Shoppers can find the items they’re looking for.”

Second, a more dramatic lighting scheme replaced flat, bright fluorescent lighting. While Point was aiming for a more theatrical effect — employing an interplay of light and shade, the design team had to make sure the stores would be bright enough. “When we started the project with SM, everything looked flat mostly because the lighting was flat,” Leandro continues. “When it comes to lighting these stores, we were challenged to find the right balance between a compelling composition with dramatic lighting, and the Filipino shopper’s general preference for bright spaces.” Point solved this with ceiling coves and recessed downlights that provide general lighting and add powerful lines and patterns to the ceiling. The design also provides spotlights and directional highlights to guide customers to featured areas and items. For dramatic effect, LED chandeliers by the escalator well provide a visual attraction to the open, vertical space. The mix of highlights and low-lights adds dimension and texture and makes the merchandise look appealing.

Finally, the new stores made the most of interesting materials in an array of forms, patterns and colors, offering creative solutions that worked within a very tight budget. Leandro says, “Presented with the budget, we immediately saw an opportunity to think outside of the box in terms of the materials we could choose and how we could use less expensive finishes to achieve an exciting, smart look.” Special attention was

paid to flooring, which can play into a customer’s sense of whether a store is good or bad. Designs called for pricier ceramic and glass mosaic tile in the aisles, which are most visible to customers. Color and pattern make them interesting and help minimize both their monotony and length. In the merchandise departments, Point used more economical vinyl tiles — a material that has improved dramatically in the last decade, in a dark wood finish, which contrasts nicely with the light-colored aisles and makes the departments pop.

The new store designs also played with graphics for added color, pattern and visual texture at manageable cost. “We picked patterns from the 1950s and 60s associated with high-end design, and digitally converted them into wallpaper and graphic stickers for the walls and ceilings,” says Leandro. “Where possible, we chose less expensive materials like vinyl and wallpaper in place of fabric or real wood to make the store look chic without breaking the bank.” And the finishes definitely appeal to the Filipino love of color and texture.





### Environments that Sell

Point Design's newly conceptualized SM Department Stores now sport a fresh, sophisticated and exciting design that offers a hard-working platform for merchandise. Bright colors combine with dramatic lighting to give the stores' wares greater appeal, and attract customers to explore and spend time in their vibrant spaces. Though designed primarily to move goods, SM's playful, fashionable environments also, importantly, make customers feel good and the shopping experience enjoyable. And while customers can feel excited about the new design, they're also reminded that SM remains the store they've come to know and count on all these years.

For Point, the design process for SM was unlike others, as they tended to work backwards on these projects.

"Normally, a client would say, 'I plan to sell Prada or Gucci or Ray-Ban.' In response," explains Diego, "we create an environment suited to sell that type of merchandise. But with SM, we moved the design to a higher-end look while maintaining the same merchandise lines. Because the environment is telling customers they can spend more, high-ticket items started selling more. As lower-end items began selling less, SM started bringing in better brands. The store observes how people respond to the new look, and follows up with higher-end merchandise."

Since work on the first store, Ortigas in SM Megamall,





Point Design has gone on to renovate several other sites, including SM Cubao, SM Fairview and SM Pampanga. Though elements of the design are prototypical, employed in each location, each store is different, featuring colors, decorative details and lighting to suit its specific market. The Point Design team is proud of the fact that their designs for SM not only look great, but also make shopping easier and more fun for customers — and have increased sales. “We are a firm that understands retail very, very well, and that’s why we are able to solve design problems with precision, whether the store caters to a high-end market like TSUM or to the mid-market like SM,” says Diego.

And succeeding in retail, be it design or sales, is no

easy feat. “Retail design is complex, and perhaps more so than any other design discipline,” Diego explains. “As Ken Walker, founder of retail design firm Walker Group/CNI where Allen and I came from, would say, one can compare retail design to a hamburger wherein all the ingredients need to be right for the experience to be right, simply because you eat them all at once. If one of the ingredients is bad, the hamburger is bad. In retail, if you miss one thing, the project won’t be right. Each element has to be done correctly because one element cannot compensate for any other.”







