



# Point-of-sale strategy



IDEATION



MODELING



PLANNING



EXECUTION



Ajuntament de  
Barcelona



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# 01

## Introduction

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As soon as you start thinking of opening your own business and need a physical point of sale, you need to engage in some strategic thinking to help define your business idea and marketing plan.

This must be done before drawing up the **business plan** and is in no way a replacement for it, because the strategic point-of-sale plan is a document that will form part of the marketing side of things but involves no functional, management or organisational planning or any economic or financial criteria.

Drawing up the strategic point-of-sale plan (or strategic retail plan, SRP) will help you, among other things, present your project to banks or potential investors and convey the philosophy of your business to collaborators in a consistent manner.

# 02

## The point of sale as a communication element

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These days, **the point of sale is the first communication element** at any store or service premises, because this is where many of the communications between the business and its customers take place. These include, for example, communication between consumers or users and business staff, or the information conveyed by posters, the corporate image or the way products are arranged.

This is why it is important to take all these communication elements into account when creating or modifying a point of sale. Whenever you think of making changes to the point of sale, you must consider not just what you want to convey to the people coming into your store but also how these messages at the point of sale will help reinforce purchases in your customers' decision-making process.

It is therefore important to start by carrying out a strategic analysis of what you want to convey and how you want to do it. This is done by means of a **strategic retail plan (SRP) or strategic point-of-sale plan**. The **SRP** is the tool that will help you define your goals as regards standing out from the competition, defining your concept or defining the store's main display. This will help speed up your day-to-day procedures and make the expansion processes for your idea easier and quicker. This way, you won't need to renew your strategic point-of-sale plans every time you open a new store.

One of the first things you need to do as soon as you start thinking of opening a store is describe your idea and decide which of the products or services you're offering will have added value.

To do this, you must work on the **strategic point-of-sale plan (SPR)**, where and how the business idea came up, what business opportunity you have identified, what market needs will be covered by your store, whether there will be any kind of specialisation, and so on.

In cases of transfers of existing businesses, you should ask yourself the same questions and, of course, take into account the store's own history. Possible questions might include, for example: what is it like? How is it perceived by customers? What things would you like to change about it in order to adapt it to what you want to offer?

# 03

## What is the strategic point-of-sale plan (SPR)?

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The strategic point-of-sale plan or strategic retail plan (**SPR**) is the tool that will help you answer the necessary questions to run your business and will ensure that its communication elements are consistent with each other so as to help ensure the consistency of your proposals.

Furthermore, it will serve as a good introduction for any professionals who work with you in the design of the point of sale, for financial institutions or for future partners who are to help fund the investment in your business, or for inclusion in bidding procedures to publicise the business.

The **SPR** should help you answer the following questions:

- What do you want to sell, and why?
- How will you arrange the space?
- What will your store look like?
- What should your purchasing process be, and what should it be like?
- What services will you offer customers?
- What will your commercial policy be?
- What do you want to convey?

However, the main questions you need to answer are:

- Who are you, and what do you want to communicate?
- Who are you targeting? Who are your competitors?
- What is your main basic benefit?

# 04

## Key elements: segmentation and positioning

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The first thing you should do when opening a new business in Barcelona, even before you define it, is find answers to the following questions: what groups are there among your customers? Who is your target audience? What will your customers buy?

### MARKET SEGMENTATION

Who are your competitors? What do you want your position to be in respect to these competitors? How do you want to be perceived by the people around you?

### POSITIONING

The market is people, and people – although in principle varied and unique – tend to behave in certain ways when faced by certain stimuli, and this means that they can be classified into segments. The segmentation strategy thus follows the following process:

### SEGMENT IDENTIFICATION (E.G. WHO ARE THEY? WHAT ARE THEY LIKE? WHERE DO THEY COME FROM?)

The variables for identifying segments are objective, which means that they can be quantified and placed within boundaries. They are objective variables: gender, age, marital status, geographic data relating to place of residence and workplace, hobbies, etc.

This information can be obtained through observation or by using published statistical data. It is important to pay attention to everything going on around you, to read books and magazines, to capture trends, to seek specific information, and so on. Observation is the best way to successfully identify new segments.

### DESCRIBING MARKET SEGMENTS (E.G. WHAT DO THEY BUY? HOW DO THEY BEHAVE? HOW DO THEY BUY?)

Once you have identified the market segments, you must properly define the following:

- **What do they buy**, in terms of usefulness or benefits? People make decisions based on an unconscious benefit assessment. They assess three types of benefits: functional, symbolic and experiential benefits.

- The first of these, **functional benefits**, are linked to the business' ability to fulfil basic needs, such as the need for food or drink, at certain times when people have those needs, or when they buy something simply because it is useful. Another example of this is petrol.
- **Symbolic benefits** are linked to social value, status or belonging to a group. They are sometimes very much about brands, or about fashion and trends, but they are still very closely linked to the product or its intangible attributes.
- **Experiential benefits** are linked to the nature of the personal experience.
- This is the aspect on which your business can have the biggest impact, because you can do more about it in the store. This is all about creating a universe, known as the 'concept', through the setting that goes with the consumer's life experience of being in the store.
- To do all this, you must properly define the main benefit provided by your business. All your actions must be aimed at conveying the main benefit of your business to customers. You must get them wrapped up in a world or experience that makes them see the **benefits of belonging to the world you are proposing**.

## HOW CAN YOU MAKE YOURSELF STAND OUT FROM YOUR COMPETITORS?

The first thing you must decide is who your **target audience is**. These are the people you need to take into account for all your actions both inside and outside the store.

Knowing your target audience and their characteristics in terms of their needs and the benefits they want is key to achieving a clear definition of your proposed products and services, the appearance of your store and the way you provide the service and communication.

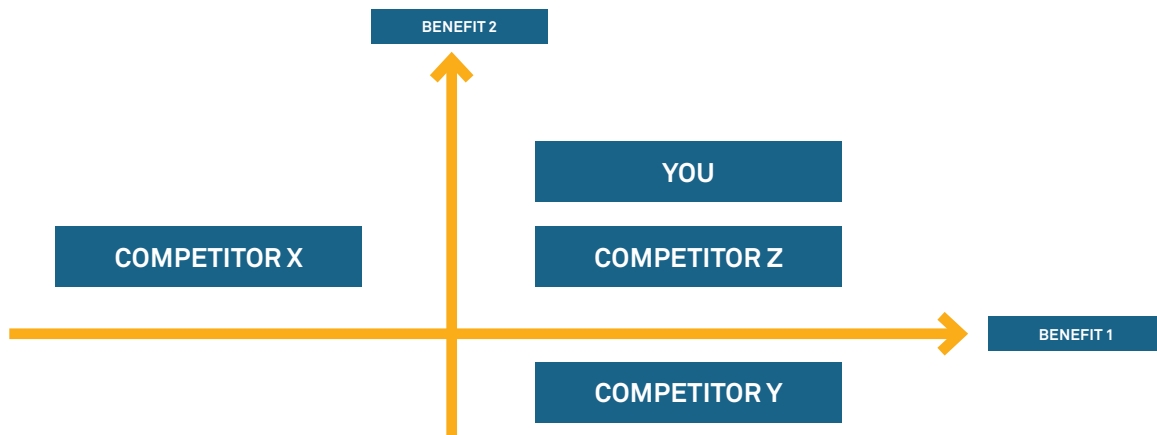
Once you have established your target audience, it is time to make your store proposal. Customers will use this to set their criteria for assessing the benefits offered by you and your competitors, which they will then compare, resulting in your positioning. This is why it is **very important to clearly understand the benefits that you want your customers to perceive**.

## POSITIONING MAP

You can draw up a positioning map based on your two most important benefits or characteristics. You can then use this to define your own and your competitors' positioning in order to ascertain your positioning in relation to these benefits.

You must place each competitor in the appropriate place on the positioning map based on how you rate each benefit, remembering that, when the value of benefit 1 is higher, it must be placed further to the right and, the higher the value of benefit 2, the further up it must go. Your objective positioning must always be as high as possible on the right-hand side

of the map. This means that your customers see you as the store that provides the most satisfaction in relation to these two benefits.



For example, if a clothes designer wants to open a store to sell their creations, they will define their positioning based on two main benefits they provide to their target audience that are valued by them. In this case, for example, “exclusivity when dressing” would be benefit 1, and “an attractive design” would be benefit 2, and you must place the designer and their competitors on the map based on those benefits. The designer will offer their customers a high degree of exclusivity and an attractive design, which places them in the upper right-hand part of the graph. If you look at this, for example, based on Zara, the design can be considered more or less attractive, but Zara’s customers clearly do not have exclusivity. Zara would therefore be on the left of the graph and not as high as the entrepreneur in the example.



# 05

## What is your concept, and how can you develop it?

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The first thing you have to do when creating a business is have a concept. **A concept is not a design:** a concept is the result of a strategic reflection based on an analysis of the environment and the entrepreneur's abilities.

The concept is the strategic basis that ensures consistency between all the aspects involved in the operation (product range, prices, communication, and so on). **To define the concept, in addition to being well acquainted with the environment, you must be creative and innovative.** It's not worth risking your assets only to end up doing the same as everyone else. All you will end up doing is make each market share smaller, and yours won't be interesting enough.

In short, the concept is simply the creation of a visual, sensory and experience-based universe for customers in order to attract their purchases.

### HOW CAN YOU DEVELOP YOUR CONCEPT?

The concept is usually developed based on a product you want to sell or a specific target audience you want to sell to.

To do this, you must first carefully define the target audience's profile, study their habits and behaviour, and find out how they buy the product you're proposing, as well as why they buy it, and when and where they consume it.

In order to create your concept, you must consider the strategies set out below.

### POSITIONING STRATEGY

As mentioned above, one of the first things you must do is **learn everything there is to know about the competition** and your own business. It's a good idea to carry out a SWOT (strengths, weaknesses, opportunities and threats) analysis for this purpose.

The **positioning** must be **proactive** rather than reactive because this makes it easier to control customers' perception of your store. If you're the one who controls where you want to go, you will earn a lot of respect, unlike if you simply follow what someone else is doing because it's working well for them. Your customers would probably lose sight of your basic benefit.

This basic benefit must always be the same and go hand in hand with your positioning. In short, it has to be consistent.

## PRODUCT STRATEGY

One of the things you need to know is what you're planning to sell in your store: the range of products and how you will manage the shelves; i.e. how you will display the products to get the best possible results.

Looking, trying, deciding, providing information... all these things affect the purchasing process. You have to make decisions about the objective role of each product category at the point of sale.

When you define this strategy, you must know exactly **what role each product** in the store will have, and analyse each item in great depth taking account of matters such as billing, product turnover, gross margin and demand. **It's a good idea to have 'focus' products** to attract purchases and for the sales team to then focus sales on the products with the highest profit margin.

Once you know exactly which products you're selling and what their characteristics are, you must plan and clearly define: the products on offer, **a clear identification of the products on offer for customers** in order to make their purchase easier; and, above all, the use of cross-selling to maximise sales potential.

You must give the store visual appeal to **attract people in**.

## SERVICE STRATEGY: FUNCTIONALITY

In order to decide on the service strategy for your business, you must find answers to three basic questions:

→ **What do you want to offer?**

The services you want to give your customers in order to complete your offer.

→ **How do you want to offer it?**

You must decide how you will provide your services and the profile of sales staff you want to work with so they can offer the services in the way you have decided.

→ **How do you create customer loyalty?**

You'll have to think about how you can get your target audience to become repeat customers and come back to your store rather than only buy from it on an occasional basis.

## PRICE STRATEGY

Your pricing strategy must take the following variables into account:

→ Price range within a single category.

→ How your prices compare to those of your competitors.

→ Special offer prices and the reasons for those special offers.

- Value for money.
- How you communicate prices at your point of sale.

## COMMUNICATION STRATEGY

When it comes to designing your communication strategy, you need to know the exact structure and hierarchy of all the messages you want to send consumers. You can further specify them later on.

Communication must be clear and direct. Remember that communication takes place from every element of the store.

**For example, what you communicate in the shop window is very important**, because you're creating an expectation of what your store will be like and what customers will find inside it: although it's partly a persuasive element, it must also aim to properly communicate your concept, and you must know how to deal with matters such as how often it needs to be changed, how to prepare it, etc.

## COMMERCIAL STRATEGY

When considering what business strategy you're going to use, the main questions you must answer are:

- How will you manage price changes?
- How, or in what style, do you want to communicate?
- How should you establish your point of sale?
- Where and how will you communicate?

## TECHNOLOGICAL STRATEGY

**The use of technology at the point of sale is essential**, but you must know exactly why you're doing it and what you want to achieve with it.

Point-of-sale terminal systems or POS terminals (computers, tills, barcode readers, etc.) for retail, management software, screens showing how products can be used, anti-theft technology, etc., are all examples of elements that can not only improve your daily management but also, for example, maximise sales and reduce losses from theft.

## SPACE STRATEGY / LAYOUT

You must define very carefully the route you want customers to take at the point of sale and exactly where you will place each product based on the store's cold and hot areas.

- **Cold areas:** the areas with the lowest sales, located outside the natural flow of traffic.
- **Hot areas:** access points, entrances, the main aisle running from the entrance to the back of the store, other main aisles, shop windows.
- **Warm areas:** This is where fluid circulation between cold and hot areas takes place.

**Cold areas** are normally used for products that are easy to sell, with high product turnover but little profit margin; and **hot areas** for products with a higher profit margin but very low product turnover, in order to increase their sales.

One of the ultimate aims of the store layout is to enable **consumers to touch the products**, because this encourages purchases.

## LOCATION AND EXPANSION STRATEGY

Location is very important when it comes to ensuring the success of a business. This is why it can't be decided until you know exactly what your concept and positioning will be, what your customers are like, where they live, where they do their shopping, and so on.

In addition, not deciding on the location until you have properly defined the business will save you a few months of rent, because everything will be faster afterwards.

In addition to the first location, if you're considering an expansion project, you must also define how you want to do this (e.g. through franchises or your own stores) and in which geographical areas.

## CORPORATE IMAGE AND DESIGN STRATEGY

Your strategy must focus on clear communication of the positioning of your store. Your store must convey personality. The entire design of the store should be based on the purchase process.

Store furniture is less important these days. The impact of the environment when customers enter the store is considered more important. However, in spite of this, you must also innovate in relation to furniture, because its design is as important as its functionality, which will reduce costs.

# 06

## How can you create an in-store experience universe?

## How can you give personality to your brand?

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### HOW CAN YOU CREATE AN IN-STORE EXPERIENCE UNIVERSE?

In order to create your conceptual universe that is alive and perceived by customers, you must work on the following aspects:

**You must create expectations for your customers before they enter the store.** They must receive prior impacts that define your positioning and are **consistent** with the experiences they will have in the store. Although this can be achieved with advertising, your basic tool is the shop window, which should create expectations that are then met once the customers are inside the store.

**You must then properly define the experience you want for your customers** and the relationship between the buyer and the store, and clearly establish the purchasing process that is to take place inside the store.

Finally, you need to monitor spending, the number of purchases and their turnover in order to create customer loyalty by trying to get customers to react to positive stimuli that you will gradually create for them.

How can you give personality to your brand?

Once you know exactly what the concept is, **you must give it personality.** This personality is the brand.

The brand is not just the logo or the name of the store. **The brand speaks to customers every time they have an experience or contact with it.** This is why you must make sure that consumers only receive those impacts relating to your store that you want to convey.

The name of the store is very important and must be consistent with what you're trying to communicate. The store's name is its personality. In addition to the brand, it is highly advisable to use a phrase or words that reinforce its positioning and summarise the brand's rational and emotional values. This is called a tagline.

# 07

## Briefing del punt de venda

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After drawing up the strategic retail plan, you must create a document **formalising the concept** so that the people in charge of creativity – e.g. interior design – collaborating with you can work on it.

This is the **point-of-sale briefing**, which must have the following components:

### **STRATEGIC CONCEPTUAL DEFINITION:**

- Target segment
- Key benefits of the business
- Key message
- Key success factors of the business
- Product description
- Range of services
- Value for money in practice
- Functional benefits you want to convey (what you provide to customers and why they should shop in your store)
- Emotional benefits you want to convey (how they will feel, or how other people will see them, if they buy from you)

### **DEFINITION OF SALES MANAGEMENT:**

- Assigning roles to products
- Space planning
- Corrective measures to steer situations: incentives and variations

### **DEFINITION OF CONCEPT EXPANSION:**

- Planned development
- Sales formats
- Monitoring tools
- Point-of-sale management

From here, all the professionals who will help you design your point of sale (creatives, furniture manufacturers, interior designers and so on) will work on the basis of a **common document** that should ensure **consistent communication** in everything they do from the outset.

Sometimes, when you lack the necessary resources, you have to personally undertake some tasks that you would ideally leave to an expert. Although this is not advisable, sometimes there is no other option. If this is your case, you should try to keep the point of sale consistent by being just as consistent with the briefing you have given the other professionals as they are.

# 08

## Visual merchandising

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Visual merchandising is about having a rational area of movement and positioning of products in the store and a creative visual field. Visual merchandising can be described as a combination of rationality and creativity.

- It is the reflection in the store of the **concept** and sales policy of the business.
- It is a management philosophy aimed at achieving the maximum yield per square metre of sales area.
- It is a tool for making the customer shopping experience easy, appealing and quick.
- It is one of the brand's most important communication elements.

Visual merchandising **aims to**:

- **Find a unique selling point** in accordance with the concept.
- **Facilitate entry** to the store.
- **Increase product** turnover.
- **Maximise the area** or journey taken by customers through the establishment.
- **Improve the basic point-of-sale** management indicators: sales per square metre, number of till transactions, number of units sold, average amount per till transaction, average unit sales, average RRP, etc.

The person in charge of visual merchandising is the visual merchandiser.

The **main functions** of visual merchandising are:

- To manage the sales area.
- To promote impulse purchases.
- To manage the selection of products available.



# 09

## Conclusions

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To sum up, if you are thinking about opening a business, you must engage in a strategic reflection to help you decide who your target audience is, what you want to convey to them and how you can use all the elements in your store to influence this communication. Remember that your message must be clear and consistent and that any element you fail to take into account can shake this consistency and lead to failure.

This strategic reflection is a step that should be taken before drawing up the business plan, because the result of the SPR will affect your reaction to various aspects, such as location, the services on offer, promotion, organisation, etc. However, it is never a replacement for the business plan.

**Produced by the Barcelona Activa team**  
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