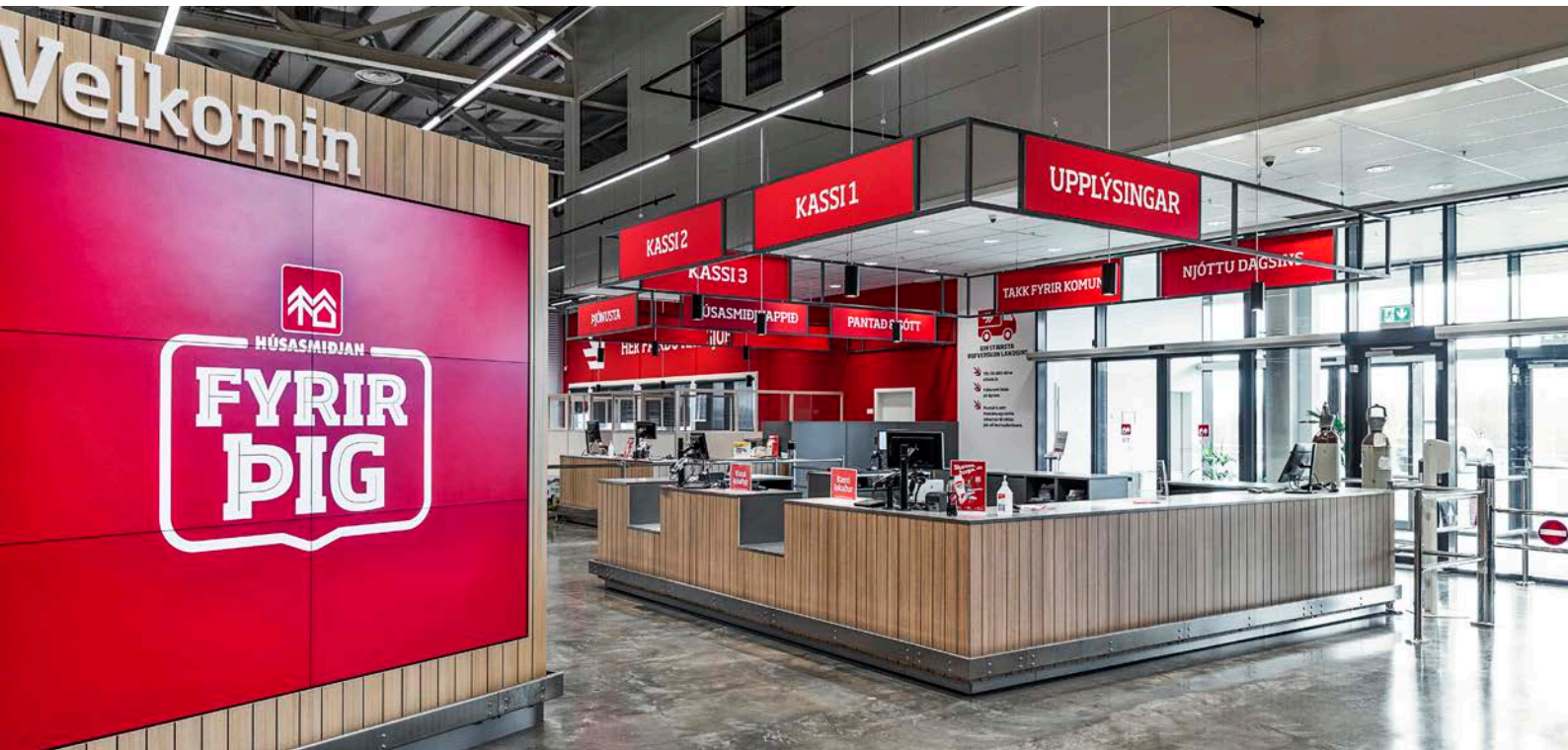


# Húsasmiðjan, Akureyri, Iceland



The Goal: a transition from “functional DIY supermarket” to a “building and home improvement hub”.



# Executive Summary



Iceland may not be immediately on the minds of most when it comes to new DIY store concepts. But the 103,000 km<sup>2</sup> island at the northern edge of Europe is considered to be quite competitive. After all, four DIY retail companies vie for the favour of the 364,000 inhabitants.

Húsasmiðjan's ambition was to deliver a project that provided a new and exciting retail vision that would motivate the whole company, making the employees feel proud, drive consideration from new customers who would not normally dwell in a DIY space, and ensure continued support from Bygma Group, the Danish owners.

## There were 5 business objectives:

1. Increase sales per m<sup>2</sup>
2. Encourage more dwell time in store for retail customers
3. Deliver 'easy shopping'
4. Be fresh, modern and appealing to female shoppers
5. Maintain mass appeal; not about being high end or niche.

## Key Challenges

- What makes Húsasmiðjan compelling for domestic and proff customers?
- How can the existing estate be repurposed to be more effective?
- How should the product and service mix evolve?

(Note: 'Proff' is the Icelandic term for the trades people who normally have accounts and use the stores on a very regular basis.)

## What M Worldwide was asked to do

The agency brief was to look at every facet of the customer experience and with this information create a new retail store design that will be suitable for scalable roll out across all stores in Iceland.

## The Brief and Process Summary

The project was underpinned by a deep dive research programme that became the written brief for the strategic thinking that was needed to give the design team a proposition to work with.

Húsasmiðjan put everything on the table to help the brief become as sharp and as focused as possible. Every senior director embraced the process and was very active in providing insight, experience and their time. The outcome was a series of strategic statements that covered how M Worldwide could deliver the Húsasmiðjan brand experience in the physical space.

The Retail Strategy was defined as '**The Solutions Store**' and five key touchpoints were identified as activation of the strategy; **Showrooming, Convenience, Services, Digital, Events & Seasonal.**

Further design principles that would inform the customer experience were created through a DNA Definition chart that covered off the core visual design language, the brand essence and the brand personality in the physical space.

M Worldwide identified 6 segments to target; B2B Contractors, B2C Traders, Empty Nesters, Comfortable Families, Nest Builders, Home Fashionistas. Using these people types M Worldwide then generated several highly detailed missions and journeys to inform the experience design and ultimately stress test the proposals.

A new build location in the northern town of Akureyri was identified as a suitable site to launch the new store design. An older store was to be closed as it was no longer viable.

# Executive Summary



## Key Results

Since opening the new store in March 2022 sales have grown [REDACTED CONFIDENTIAL DATA] for March-September compared to the same months last year (for the older store). This result is even better than the statistics show since the summer of '22 in Iceland was one of the worst on record, which truly dampened everyone's enthusiasm for outdoor activities including BBQ and gardening - which normally generate very high product sales in both sectors.

The new store is 4,500m<sup>2</sup> compared to old store 6,100m<sup>2</sup>- the sales increase is direct proof of an increase in sales per m<sup>2</sup>, the no.1 business objective.

Individual Retail customers have grown [REDACTED CONFIDENTIAL DATA] and Professional customers have grown [REDACTED CONFIDENTIAL DATA].

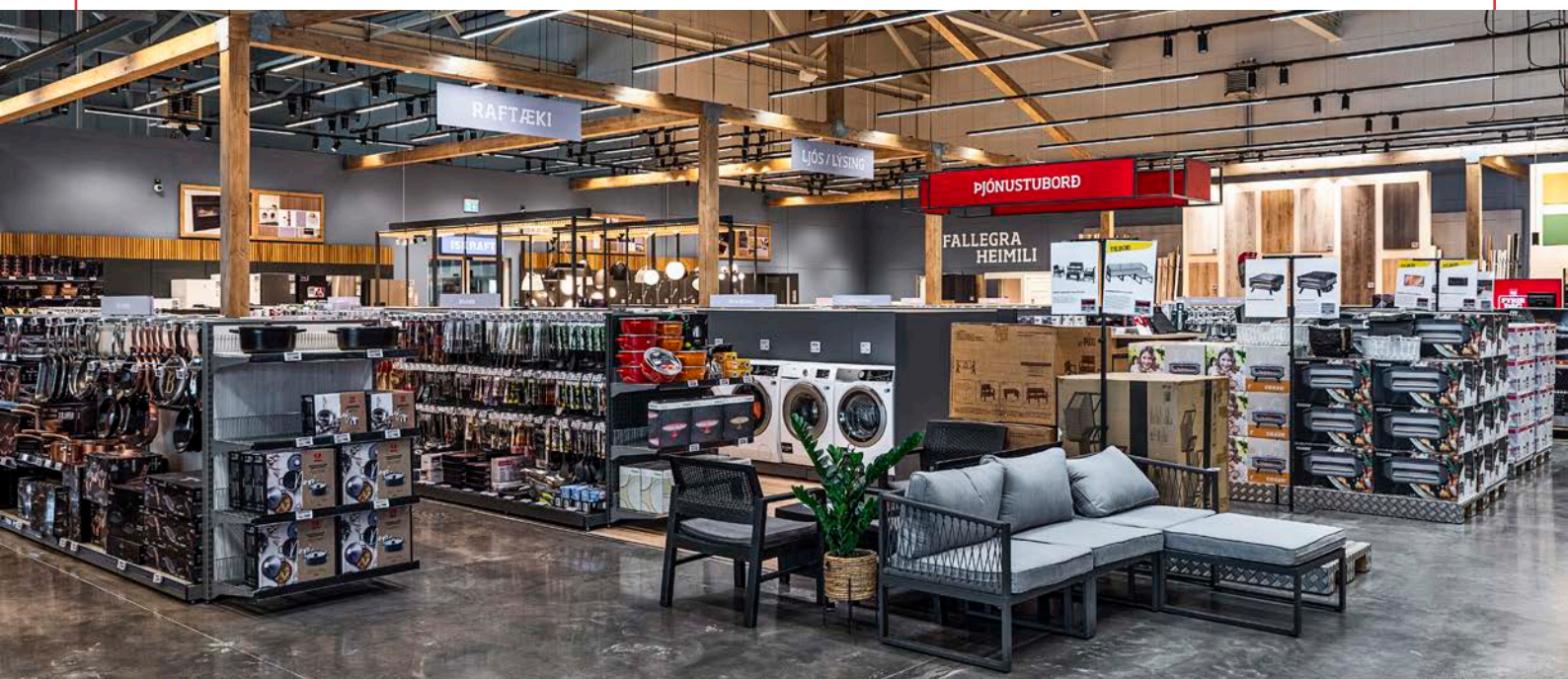
The new store has saved running costs of around [REDACTED CONFIDENTIAL DATA] in the first 5 months - even though all budgets were maintained to improve the customer experience. All staff from the old store were bought across to be part of the new store team.

Customer satisfaction increased [REDACTED CONFIDENTIAL DATA] after only 4 months.

Comparing the new store with Lónsbakki store (old store in Akureyri) the total transactions for March - September 2022 compared to last year is up [REDACTED CONFIDENTIAL DATA].

The design and new customer experience has been so successful that Húsasmiðjan has already started a new store in Selfoss with the same design (open late 2023).

The agency is also currently working on the flagship store which will be upgraded using the design. The Flagship will be a phased programme with the first zones opening in 2023 also.



# Context & Overview



## Background of the project

### Market context

Four retail companies vie for the favour of the 364,000 inhabitants so competition is fierce. Icelanders are very outward looking, and travel overseas is very commonplace. ISAVIA, the Icelandic airport owners, state that most Icelanders travel at least 5-6 times a year. Icelanders are also early adopters and move quickly with regards to trends. All this awareness and activity raises expectations around service and retail.

Online sales continue to grow, with products being shipped from mainland Europe in a matter of days. For example, a product from Germany can be delivered in just 3-4 days.

Click & collect ordering via Apps and online are popular but there is still a preference to drive to a store to look at a product and talk to a service person over a straightforward online transaction. This is the case whether its for screws or a large project.

The DIY industry is also fragmenting with many specialists setting up showrooms and shops to become the perceived experts, for example in paint supplies. Some of these specialist players are doing exceptionally well and are creating differentiated propositions that are based on selection and curated but limited ranges.

The main competitors include BYKO who offer very similar DIY range. They are also investing heavily in the physical retail experience.

### Key Facts

- Project commenced October 2020
- Store opened March 2022 (Covid delayed)
- 4,500m<sup>2</sup> pilot store
- Design fees [REDACTED CONFIDENTIAL DATA]

No collaboration with other agencies.

## Outline of the project brief

### Key Business Objectives

There were 5 business objectives:

1. Increase sales per m<sup>2</sup>
2. Encourage more dwell time in store for retail customers
3. Deliver 'easy shopping'
4. Be fresh, modern and appealing to female shoppers
5. Maintain mass appeal; not about being high end or niche.

### What was the challenge that needed to be solved?

Húsasmiðjan's ambition was to deliver a project that provided a new and exciting retail vision. One that would motivate the whole company, making the employees feel proud, drive consideration from new customers who would not normally dwell in a DIY space, and ensuring continued support from Bygma Group, the Danish owners.

The activity for M Worldwide was to reinvent the DIY format to address this challenge; putting Húsasmiðjan on the trajectory to 'Be the best'.

### Challenges

- **Truly developing the 'Why' - what are the differentiators?**  
Why would anyone choose to drive to Húsasmiðjan over another perhaps closer competitor?
- **Understanding the key customer journeys across Proffs and Retail.**  
Help the organization to better understand exactly what is happening when customers visit their stores.
- **Evaluating the existing channel use and integration.**  
Design a format that maximized the product ranges and highly trained staff within the store. Bringing digital into the mix at the right moment, exceeding the customer expectations and giving the right tools to help the staff do their job.

# Context & Overview



What was the scope of the work at the outset?  
**M Worldwide was bought in to deliver an end-to-end project.**



**Phase 1**  
**Discovery**

Research, Analysis,  
 Draft Strategy



**Phase 2**  
**Definition**

Brand Experience and  
 Format Strategy



**Phase 3**  
**Design**

Format Design focus  
 on a new store



**Phase 4**  
**Delivery & Activation**

Technical design  
 information (3D and 2D)  
 for a new pilot store

The M Worldwide team included Researchers, Lead Strategist, Environment Designers, 2D Designers, and Technical CAD Designers.

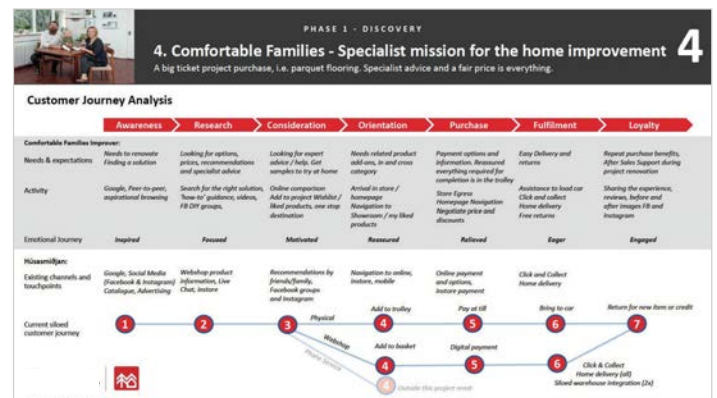
## Strategic thinking required to develop the brief

The brief was formed as an output and deliverable of **Phase 1 - Discovery.**

The Retail Strategy was defined as 'The Solutions Store' and five key touchpoints were identified as activation of the strategy; Showrooming, Convenience, Services, Digital, Events & Seasonal.

Further design principles that would inform the customer experience were created through a DNA Definition chart that covered off the core visual design language, the brand essence and the brand personality.

The agency also identified 6 segments to target; B2B Contractors, B2C Traders, Empty Nesters, Comfortable Families, Nest Builders, Home Fashionistas. Using these people types the agency then generated several highly detailed missions and journeys to inform the experience design and ultimately stress test the design proposals.



## Context & Overview – The Design Solution



The design idea of Húsasmiðjan

**“Dedicated to delivering the best solutions for every customer experience.”**

**How did the design solution address the business challenges and led to the results claimed?**

### **The over-arching concept - ‘The Solutions Store’**

Inspiring customers to take on new projects by demonstrating solutions and giving them the confidence that they can get the job done. Whether it's laying a floor or ordering 100 doors for an office building, the Solutions Store delivers.

The design team used the strategic big idea to define the 'why' for each department. Challenging the norm and taking the customer missions and mindsets to inform the impact of each design idea.

**For retail customers the experience had to be visibly supportive and informed.**

“All of our customers need services, support, information and advice. Our expert staff are available when you need them, all supported by no-nonsense, straightforward information in-store and online. Blended with a surprising array of services.”

One example is the use of specialist staffed service points in every key department.

**For ‘Proffs’ the over-riding objectives was to create a friction free experience.**

“At Húsasmiðjan we understand that life is complex, and time is tight, so the end-to-end purchase journey is extremely straightforward, simple and hassle-free.”

One example is payment can be via the app while instore to avoid retail queues.



# Context & Overview – The Design Solution



## The Retail Proposition

### Concept

The 'Solutions' focus inspired and reassured customers, encouraging them to take on new projects. Specifically, this meant:

1

#### Product Solutions

- clever curation, simple bundling and digital content stimulating interest and demand.

2

#### Guidance & Advice Solutions

- services, support, information and advice to enable projects.

3

#### Easy Solutions

- knocking down barriers to friction free customer missions.

#### What makes 'The Solutions Store' unique in Iceland?

Through an unrelenting focus on solutions, customers feel free to focus on their business or on their dreams. This is significantly different than a pure single product story which is commonplace in Iceland.

The country-wide coverage of Húsasmiðjan stores makes it easy to offer 'by your side' solutions.

#### Why is this good for the Húsasmiðjan Brand?

**Benefits** - It is a step ahead of the commonplace product-only story. It is sustainable since 'The Solutions Store' will be hard to copy in Iceland because of the logistics of product sourcing from outside Iceland.

**Challenges** - Delivery will take time and effort, with implications for range curation, suppliers' participation, demand for space, information regular updates through the webshop and the digital app and continuing to invest in staff training.

#### What makes it appealing to domestic customers?

Whatever their current skills and involvement in the market, customers are inspired by range showrooming, immediate product availability, the opportunity to get going and achieve their dream home or garden.

#### What makes it appealing to Proff independent customers?

The project solutions offer Proff's short-cuts and great in-stocks, merchandising and simple wayfinding facilitates more efficient shopping. The expectation is the phrase on Proff's lips leaving the store is "job done".

#### What makes it appealing to Proff contractors?

Professional packages that enable comparisons, bundled goods that demonstrate a deep understanding of product worlds and supporting materials required to facilitate installation.

A network of support staff on hand to advise on budget, availability and delivery.

#### How does this help our staff?

By using technology that matches the customers own devices, enables a conversation of equals. By bundling together products into solutions and adding how-to information, staff are freer to advise.

# Results



**There were 5 key measures of success:** that demonstrate how the results performed against the original business objectives / intended outcomes.

## 1 Increase sales per m2

Comparing the new store with Lónsbakki store (old store in Akureyri) the total transactions for March - September 2022 compared to last year is up [REDACTED CONFIDENTIAL DATA] Lónsbakki store was 6,100m<sup>2</sup> / Akureyri is 4,500m<sup>2</sup>. Delivering on the no.1 business objective of increasing sales per m<sup>2</sup>.

The new store has saved running costs of around [REDACTED CONFIDENTIAL DATA] in the first 5 months - even though all budgets were maintained to improve the customer experience. All staff from the old store were bought across to be part of the new store team.

## 2 Encourage more dwell time in store for retail customers

Service teams report more consulting and sit down conversations. Individual retail customers have grown [REDACTED CONFIDENTIAL DATA].

## 3 Deliver 'easy shopping'

Húsasmiðjan has a very low turnover of store staff and their people are well trained and respected advisors. As mentioned all staff were retained and transferred from the closed stores to the new store. To maximise this pre-existing expertise the new format created a series of service stations where customers could spend time in seated areas to discuss projects. Staff are also now able to use personal tablets that give access to stock availability and more detailed product information.

Proffs are further supported by a designated area within the store where their account managers are also based. This facilitates an informal drop-in mindset for the Proffs who also have a direct line to their account manager to order materials for collection.

As a result of the insight that Proffs were often taking a complimentary coffee and chatting to peers first thing in the morning while picking up materials, the agency also incorporated an open plan seating space to encourage this moment in their day. Professionals have grown [REDACTED CONFIDENTIAL DATA].

## 4 Be fresh, modern and appealing to female shoppers

The design has included several new features that help what effectively is a large metal shed feel more accessible and friendly. Showrooms for flooring, tiles and kitchen sinks / bathrooms sanitary ware are located within a timber frame structure that visually softens the whole space. The perimeter is treated to a series of large graphic icons- helping navigation and also adding a sense of theatre. The main floor is a polished concrete. Ideal for the wear and tear of a DIY store but also a highly contemporary finish. Additionally showrooms have been finished with a timber laminate floor to create a specialist experience that is more warm and welcoming.

## 5 Maintain mass appeal; not about being high end or niche.

Since opening the new store in March 2022 sales have grown [REDACTED CONFIDENTIAL DATA] for March-September compared to the same months last year (old store). This result is even better than the statistics show since the summer of '22 in Iceland was one of the worst on record, which truly dampened everyone's enthusiasm for outdoor activities including BBQ and gardening- normally driving very high product sales in both sectors. Customer satisfaction increased by [REDACTED CONFIDENTIAL DATA] after only 4 months.



# Results



The scale of effect and breadth of impact.

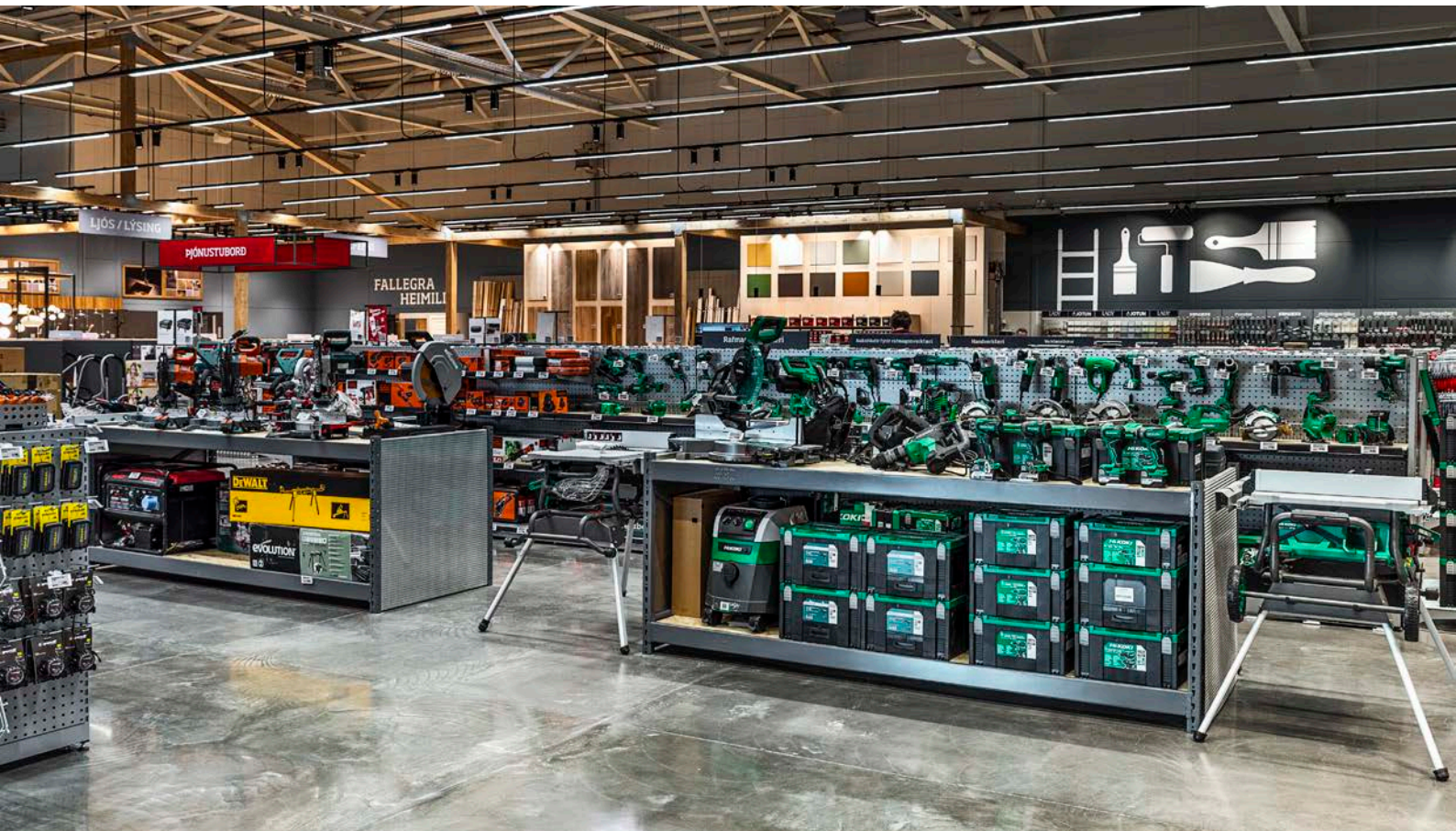
The effect of the design solution and impact of the business.

**The design and new customer experience has been so successful that Húsasmiðjan has already started a new store in Selfoss with the same design (opening late 2023). M Worldwide is also currently working on the flagship store in Reykjavik which will be completely upgraded using the same design.**

Húsasmiðjan operates in a highly competitive arena and needs to be seen by the Danish owners to be maximising any investment in format design. The further investment required for the new store in Selfoss, and the major refurbishment in Reykjavik, sends a message of confidence in the future of the

business for the staff, that the management team are positioning the business to succeed in the near and longer term.

Sources: Húsasmiðjan retain Maskína, a research company based in Iceland for data collection and analysis.



### The service and payment desk.

The Húsasmiðjan brand red was carefully used and controlled to announce all service points around the store.

Large format digital welcomed customers on arrival and shared seasonal / events campaigns.

### Showrooming curated ranges.

Softer materials, flooring and curated merchandising allowed product ranges to breath.

Fixtures were designed to support the specific range requirements but all within a consistent design language.



### Blómaval Garden Centre.

This specialist offer included a huge range of cut flowers retained within specially designed chillers.

The perimeter graphics softened the metal shed structure to ensure Blómaval space was differentiated.

### Tools and equipment.

20% of the store space incorporates higher shelving to maximise the sales space and deliver the right experience for the the DIY enthusiasts and Proffs.

Product brands (which are highly important for Proff selection) are clearly displayed but also controlled to ensure the overarching narrative is owned by Húsasmiðjan.