

Grocery Store Design



April 25, 2005

Abstract

Donald Knuth, a well-known person in computer science, used graph theory to design his kitchen. While utilizing graph theory for his personal challenge, he discovered that the garbage can is a highly desirable neighbor node; apparently everything led back to and wanted to be next to the trashcan!

Fortunately in our application of graph theory in creating a newly designed floor plan for you, we did not have this challenge. Everything in our recommended floor plan leads to both increased revenues, for you, our client, and to smiles on your valued customers faces. However, we did follow in his footsteps in a similar way. We applied modern graph theory to design a more efficient grocery store. To design this grocery store, two different applications of graph theory were used to find a shortest path for "must-have" grocery items: Floyd's algorithm, and a Heuristic algorithm. These "must-have" items have nearly 100% penetration in both your existing store and our recommended store. Both premium priced items and impulse buying items were placed along the calculated shortest path in our well-organized store. After comparing and contrasting our suggested store to your existing store, we are confident that our store is a superior design and is highly worthy of your consideration!

1 The Challenge

Our challenge is as follows: to meet the requirements of the February 1, 2005, RFP of Gleason's Grocers to create a grocery store floor plan to increase profit while meeting the needs of customers. Our research shows each week consumers spend an average of 1.5 hours grocery shopping during 2.5 trips to the grocery store. Eighty-five percent (85%) of their purchases are to replenish staple items. Consumers have identified quick and efficient shopping as one of the most desired traits in their evaluation of grocery stores. Degree of loyalty is affected by shoppers' evaluation of stores and we wish to design a floor plan to appeal to both Large Basket Shoppers (LBS) and Frequent Shoppers (FS).

1.1 The Reasoning

Eighty-one percent (81%) of shoppers come into a grocery store with either a physical or mental shopping list. Let's assume that every shopper wishes to find and purchase those items in as little time as possible. In effect, taking the "shortest path" from the store entrance to the desired items and back to the entrance. In our research, we identified milk, meat, paper products, frozen foods, and breads/cereals as the most popular "must-have" items on a customers list. Additionally, most shoppers will buy items not included on their list. For all intent and purposes, we will call these items impulse buys. Thinking logically, one may perhaps conclude that the more items that a customer passes while shopping for "must-haves", the more impulse buys a customer will make. However, the Law of Diminishing Returns comes into play here. Forcing exhausted customers past all items in a store is a negative experience which would prevent return visits. Store design must strike a balance to invite return visits while maximizing the opportunities for impulse buys. Considering this reasoning, our recommended floor plan has as many items as possible along the shortest path. One may think that placing "must-haves" in close proximity to one another would be optimal. There are several problems with this theory. One problem is: if the "must-have" items are in close proximity to one another, there will be little to no impulse buying. Although this may be acceptable to the customer, it would have minimal benefit to you, the store owner. Another problem is: some "must-have" items need to be placed in designated areas. For example, it is preferable that milk and meats are placed in the rear or on the side of stores in refrigeration units due to the electricity costs for running the units and accessibility for stocking. Our research also shows a consumer trend to "category" rather than "product" purchasing. This means a shopper's list will tend to think more of a meal rather than the individual components of the meal. Grouping products by category, as our floor plan does, allows flexibility to meet the needs of both category and product shoppers.

1.2 The Set-Up

Using graph theory, along with the considerations mentioned above, we designed what we believe to be a new and improved grocery store floor plan. After careful consideration, we determined that the vertices of this plan would include the end of the shelves and the middle of an aisle. If a customer is at the end of a shelf and another shelf is next to the customer (across the aisle), this scenario represents the same vertex. The edges include any aisle that takes a customer from one vertex to the next. After defining a vertex and an edge, graph theory was utilized to calculate and determine a shortest path to our "must-have" items.

2 Shortest Path Calculation Methodology

To calculate the shortest path from the entrance to our five items and back to the entrance, we employed a two-step strategy. The first step applied Floyd's Algorithm to determine the shortest path between all pairs of vertices. After calculating this shortest path, a heuristic algorithm involving the six vertices (entrance plus five) was utilized calculating the shortest circuit.

2.1 Floyds Algorithm

We created an adjacency matrix representing the distance in feet between each of the connected vertices and labeled this matrix as $M(0)$. If vertex i was not connected to vertex j , then we entered ∞ for $M(0)_{i,j}$.

To calculate $M(1)_{i,j}$, we determined the shortest path from vertex i to vertex j allowing the vertex 1 to be used as an intermediate step if necessary. Then, for $M(2)_{i,j}$, we determined the shortest path from vertex i to vertex j allowing vertex 1 or vertex 2 or both to be used as intermediate steps. In general, $M(x)_{i,j}$ represented the shortest path from vertex i to vertex j allowing any vertex or combination of vertices from 1 to x to be used as intermediate steps. If our graph had n vertices, then the entries of $M(n)$ would represent the shortest distance for each pair of vertices using any vertex (or vertices) as intermediate steps. Each calculation was performed as follows:

$$M(x)_{i,j} = \min[(M(x-1)_{i,j}), (M(x-1)_{i,x} + M(x-1)_{x,j})].$$

We completed this calculation n^3 times to find $M(n)$ [1].

The algorithm describing this process is shown below [8].

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1  $n \leftarrow \text{rows}[W]$ 
2  $D^{(0)} \leftarrow W$ 
3 for  $k \leftarrow 1$  to  $n$ 
4   do for  $i \leftarrow 1$  to  $n$ 
5     do for  $j \leftarrow 1$  to  $n$ 
6       do  $d_{ij}^{(k)} \leftarrow \min(d_{ij}^{(k-1)}, d_{ik}^{(k-1)} + d_{kj}^{(k-1)})$ 
7 return  $D^{(n)}$ 

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For $W = (w_{ij})$, where

$$W_{ij} = \begin{cases} 0 & \text{if } i = j, \\ \text{the weight of the directed edge } (i, j) & \text{if } i \neq j \text{ and } (i, j) \in E, \\ \infty & \text{if } i \neq j \text{ and } (i, j) \notin E. \end{cases}$$

2.2 Heuristic Algorithm

Now that we know the shortest distance between any pair of vertices, we created a new adjacency matrix which only includes six vertices (the entrance and our five must-have items). To calculate the shortest circuit through the store beginning at the entrance, we applied a heuristic algorithm. In this algorithm, we simply selected the shortest path to an unvisited vertex in the matrix. It is not possible to prove that this is the

shortest circuit, but we believe it is reasonable to expect that a shopper would select a circuit in the same manner.

3 Current Floor Plan

For the existing store, we used a model of a Kroger store that is located in Eastern Kentucky. We chose this store due to its commonality in layout and placement of stock.



The “must-have” items and the entrance are positioned as follows:

- Entrance - Vertex 1
- Meat - Vertex 15
- Milk - Vertex 20
- Paper Products - Vertex 23
- Breads/Cereals - Vertex 45
- Frozen Foods - Vertex 49

Having applied the above mentioned algorithms to this floor plan, we found the following adjacency matrix. This matrix shows us the distance in feet from any of our “must-have” items or the entrance to any other of these vertices.

Adjacency Matrix for Heuristic Algorithm Our Current Floor Plan

	1	15	20	23	45	49
1	0	162	263	209	105	174
15	162	0	115	247	66	112
20	263	115	0	132	158	112
23	209	247	132	0	213	117
45	105	66	158	213	0	178
49	174	112	112	117	178	0

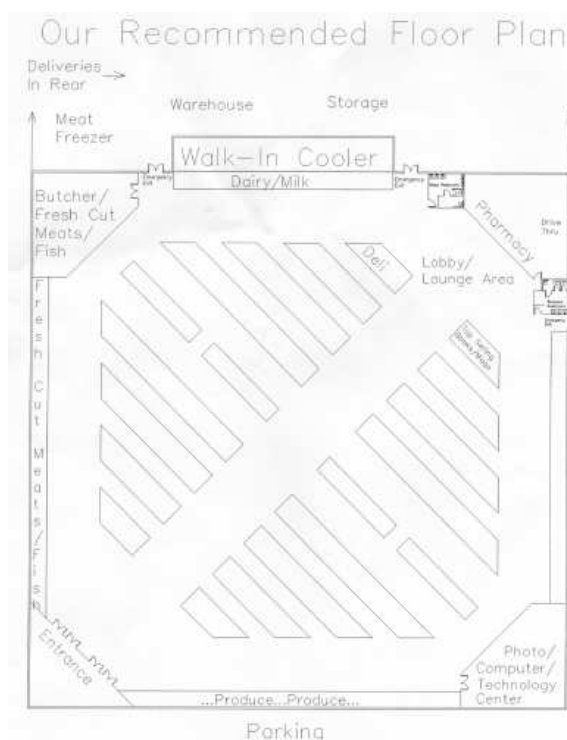
Using the above methods, the shortest path beginning and returning to the entrance (Vertex 1) passing through our five important items is:

1 → 44 → 45 → 15 → 16 → 17 → 49 → 18 → 19 → 20 → 21 → 22 → 23 → 59 → 58 → 52 → 50 → 48 → 46 → 44 → 1

This path would require a customer to walk 736 feet with 14 intermediate vertices.

4 Our Recommended Floor Plan

In the new store, we placed our “must-haves” in locations around the store that would be cost-efficient and convenient for the owners and employees of the store.



We positioned the “must-have” items and entrance as follows:

- Entrance - Vertex 1
- Milk - Vertex 15

- Meat - Vertex 18
- Paper Products - Vertex 32
- Frozen Foods - Vertex 38
- Breads/Cereals - Vertex 40

This positioning of the items in relation to the other items and the entrance produced this adjacency matrix for our recommended floor plan.

**Adjacency Matrix for Heuristic Algorithm
Our Recommended Floor Plan**

	1	15	18	32	38	40
1	0	245	174	143	174	174
15	245	0	84	169	112	155
18	174	84	0	85	60	188
32	143	169	85	0	113	122
38	174	112	60	113	0	135
40	174	155	188	122	135	0

Using the above methods, the shortest path beginning and returning to the entrance (Vertex 1) passing through our five important items is:

1 → 25 → 28 → 31 → 32 → 19 → 18 → 37 → 38 → 41 → 17 → 16 → 15 → 50 → 49 → 46 → 43 → 40 → 36 → 34 → 31 → 28 → 25 → 1

This path would require a customer to walk 728 feet with 17 intermediate vertices.

5 Summary

So what does all of this information mean to you?

Our design saves you money NOW!

- Existing store design 277 feet by 210 feet = 58,170 square feet
- Proposed store design 240 feet by 240 feet = 57,600 square feet

At the current construction cost of \$250 per square foot, this difference of 570 square feet translates to an instant savings of \$142,500 per store!

Our design increases your revenue potential!

A "list" shopper (81% of your clients), following the shortest path to the must-have items, passes 14 opportunities for impulse buying in your existing store. In our proposed design, the same customer passes 17 opportunities for impulse buying. This represents a more than 20% increase in revenue potential!

Our design keeps your customers happy!

A "no-list" shopper (19% of your clients) may browse the category-style floor-plan, providing the "enriching" experience our research shows consumers are increasingly demanding. Additionally, there is sufficient aisle space for strategically placed wings and shoppers or off-shelf displays (convenient for both category shopping and increased revenue.)

6 The Solution

Our design is practical.

- Save money on construction while increasing revenue potential. Our mathematical design is innovative and forward thinking.
- The computerized model presented by Green Apple Consulting, Incorporated is one step away from PDA usage on every shopping cart. Gleason's Grocers will lead the country in innovation, design and customer satisfaction.
- PDA usage is one-step away from the potential of RFID technology to track Inventory and provide quicker check-out lines for Enterprise Resource Planning (ERP).
- As our partnership progresses to its next stages, our advanced mathematical thinking will help us re-define category decision trees and cross category purchasing dynamics. Our design is consumer-oriented.
- Category shopping is on the rise (from 10 to 20% in the last year) and our flexible floor plan accommodates this consumer trend.
- Consumers are increasingly looking to shopping for food to be an enriching experience and our flexible floor plan easily leads to the next step of "food-centric" islands in the store.
- The straight-forward, dynamic floor plan easily accommodates the new shoppers of tomorrow - men and children of single parents.

Green Apple Consulting, Incorporated- "Creating global systems while accommodating local differences."

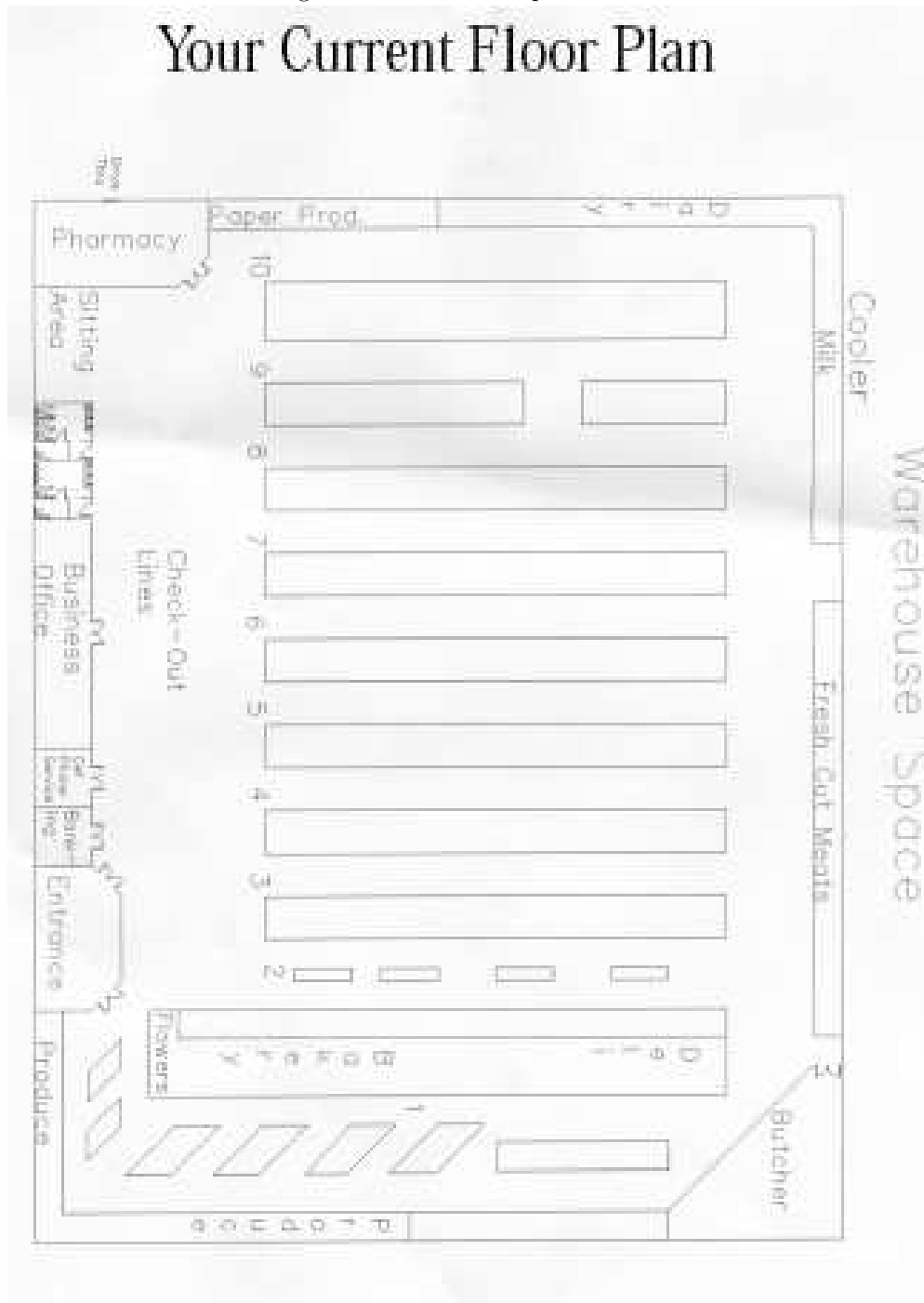
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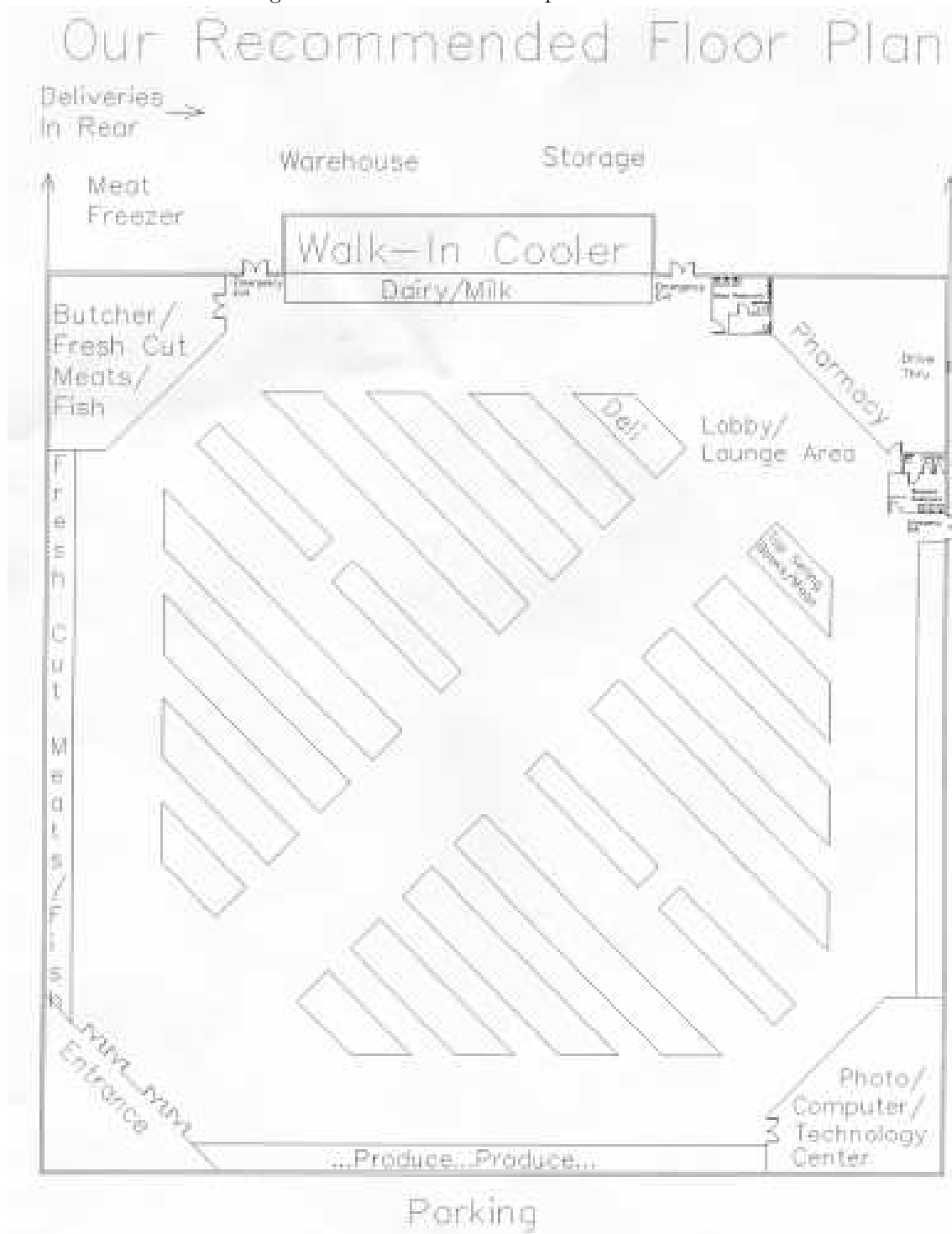
Appendix

The appendix contains full-size CAD drawings of both floor plans and matrices used when making calculations with Floyd's Algorithm.

A full-size CAD drawing of the current floor plan.



A full-size CAD drawing of the recommended floor plan.



A shortest-path matrix of the current floor plan made by calculations of Floyd's Algorithm.

Escalier Flambien
Shortest Path - All Vehicles

50x50 matrix of shortest path distances between nodes in the current floor plan. The matrix is symmetric and contains numerical values representing the shortest path length between any two nodes.

