

INSIGHTS

A Checklist for Retailers: Evaluating the Layout Efficiency of Your Retail Chain



Most retailers understand how the planogramming process is set up. However, not everyone manages to implement an efficient process. Even with careful assortment selection, access to a planogram creation tool, and a well-coordinated team, you may not get the expected results. How to fix it?

We've prepared a checklist to evaluate the effectiveness of the layout.



Goals

Have you defined objectives for assessing the effectiveness of the layout in your stores?

In retail, as in any other area, the result depends on setting the right goals.

Before you decide to implement or update your planogramming strategy, you must determine what you want to achieve and how you will measure it.

If you need to automate processes, possible goals might include the following:

- 01 implementing planogramming as a process if it's absent at the current stage;
- 02 reducing the time spent on planogram creation;
- 03 adjusting product rotation;
- 04 setting up monitoring for planogram compliance;
- 05 analyzing shelving effectiveness.

You may have other goals, such as increasing sales, reducing out-of-stock, improving the shopper experience, or increasing brand awareness. To measure goal achievement, you must fix the metrics you'll track. For instance, common metrics for assessing planogram effectiveness include planogram compliance rate, sales per square meter, inventory turnover, sell-through rate, out-of-stock rate, customer dwell time, and conversion rate, etc.

Planogram Compliance Rate

One of the most straightforward yet crucial planogram KPIs is the compliance rate, which measures how accurately your stores adhere to planogram specifications.



A **high compliance rate** means your products are shelved according to the optimal layout, assortment, and space allocation.



A **low ratio** signifies some deviations and errors can affect sales efficiency and customer service. You can calculate the compliance ratio yourself by dividing the number of compliant stores by the total number of stores and multiplying by 100.

Set realistic and specific goals for each chosen metric based on your historical data, industry benchmarks, and market conditions.

With the [PlanoHero](#) planogram software, you can achieve your business goals, customize the planogramming process, and, most importantly, monitor the compliance of store layout to the planogram with the help of photo report verification functionality.

Audit

Do you conduct an audit of your entire planogramming process?

Review the planogramming process in your chain.

- ✓ Find out what works well and needs to be systematized or improved.
Conduct a comprehensive analysis of your current planogramming process.
- ✓ Check the availability of drawn store floor plans and equipment.
- ✓ How do you currently create planograms, and how many are there?
- ✓ What tools do you use to create planograms, and how convenient are they?
- ✓ How much time do you spend on creating a planogram now?
- ✓ How do you control the process of creating a planogram, and how does it work?

Testing and optimization

Do you test new planograms
and optimize previous versions?

You can test and optimize your planograms to improve their performance by using A/B testing to compare different versions of planograms and see which one performs better.

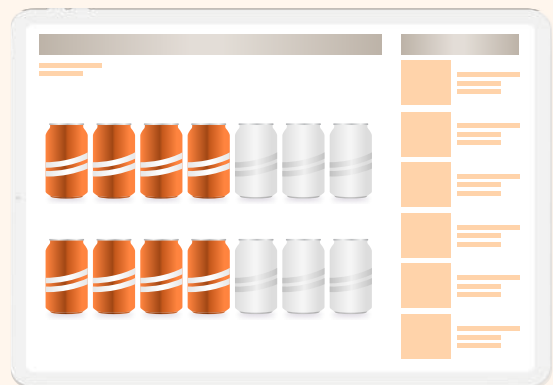
What happens if we move the product to the end of the aisle? What if we place the SKU on an endcap instead of an in-line shelf?

Use software to work with planograms. The heat map functionality in PlanoHero, which analyzes the highest and lowest sales points in the store, will help you understand the impact of changes in the planogram on customer behavior and store performance in general.

You can also measure changes in product sales or basket size.

We recommend you take your time, make small and gradual changes to your planograms, and track their impact on your performance.

Review and update your planograms regularly! Monitor metrics and data, looking for any changes or anomalies requiring adjustment. Consider external factors, such as market trends, customer preferences, competitors' actions, or changes in legislation that may affect your planogramming strategy. Gather feedback from your staff and suppliers on how they use the planograms and incorporate their ideas and suggestions.



Layout control

Do you monitor the planogram execution process regularly?

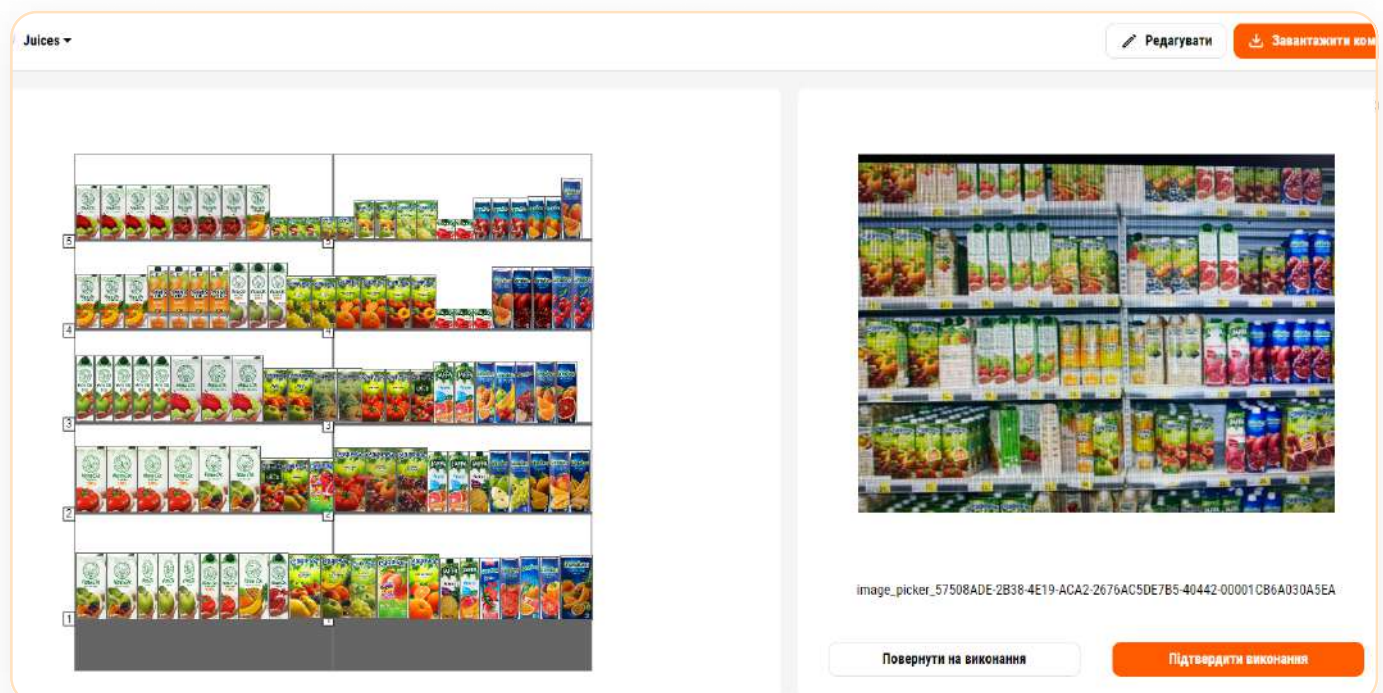
The planogramming process doesn't end with creating and sending planograms to stores. Any digital layout built in a specialized service must be implemented in real life. Most importantly, the created planogram forwarded to the store must be executed within defined timelines. If there's no established process for checking planogram compliance in the chain, it can lead to revenue loss.

PlanoHero, the single platform for planogram automation, ensures shelving execution in accordance with planograms and all shelf space requirements. By sending planograms

for execution, the central office can track deviations and monitor the quality of layout execution.

Well-established communication allows you to interact with stores quickly, send planograms for execution, receive confirmation of execution, check the layout with photo reports, and quickly receive feedback on the planogramming process.

A study conducted by the National Association of Retail Marketing Services (NARMS) found that retailers who monitor the execution of planograms can increase annual sales by 7.8% and increase profits by 8.1%.



The PlanoHero tool will help you effectively control store layout and establish communication across the chain. It allows you to manage the entire process in one place:

- ✓ creation of planograms;
- ✓ centralized sending of planograms for execution;
- ✓ checking the layout execution in stores using photo reports;
- ✓ tracking the time of layout execution using a time tracker;
- ✓ quick access to planograms via phone using the PlanoHero Layout app;
- ✓ communication between stores and the head office;
- ✓ monitoring the effectiveness of planograms using the analytical module in the PlanoHero service.

The layout control process aims to ensure that the products are placed on the store shelves in a high-quality manner and that the layout is fully compliant with the planogram. The careful execution of the layout by the store manager ensures the efficient placement and subsequent sale of products. When the layout of products meets all the planogram requirements, customers can easily find the products they need.

Analytics

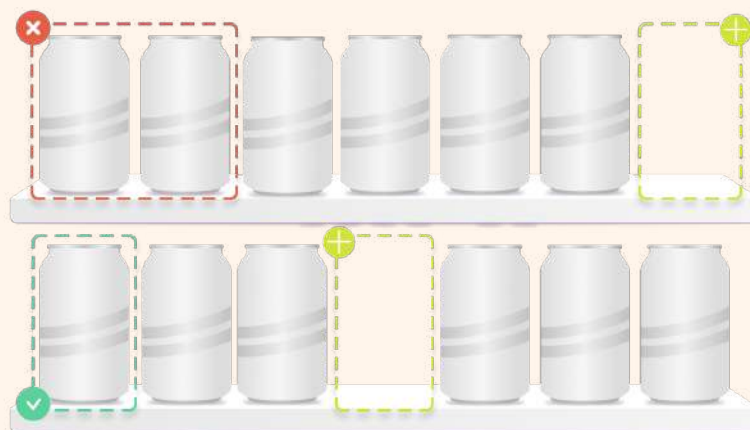
Do you analyze your chain sales data?

After creating planograms and sending them to stores for execution, you can start collecting and analyzing data by store, equipment, shelf, or product. This is necessary to assess the efficiency of shelf space utilization, identify "hot" and "cold" areas of the store, calculate lost sales, and optimize shelf stock.

To measure the effectiveness of your planogramming strategy, you need to collect and analyze data from various sources, such as point-of-sale systems, inventory management and product accounting systems, customer surveys, loyalty programs, and store audits. You can use software tools such as services for creating planograms, business intelligence tools, data visualization, report generation, and dashboards. When analyzing data, we recommend

comparing actual results with expected ones and identifying discrepancies and opportunities for improvement. You should also look for patterns and trends in the data, such as seasonal variations, regional differences, or customer segments.

The [PlanoHero](#) service provides access to consolidated product sales analytics across the entire store chain. Analyze the effectiveness of each store's retail space, compare key sales indicators, and evaluate store performance!



You are well on your way to an effective layout if you:

- ✓ use planograms to organize your layout;
- ✓ conduct a regular audit of the layout of products;
- ✓ consider demand, previous sales, and merchandising principles when creating planograms;
- ✓ use a tool to automate the entire planogramming process;
- ✓ ensure the proper amount of products on the shelves;
- ✓ ensure timely product rotation;
- ✓ centralized sending of planograms to stores for execution;
- ✓ control the execution of the layout with the help of photo reports;
- ✓ analyze the effectiveness of planograms and store plans.

By following this plan, you will be able to ensure the effectiveness of your planogramming process, driving sales and improving the overall customer experience.

Use PlanoHero's out-of-the-box solution to ensure an effective layout and maximize sales through a streamlined planogramming process.



**Create planograms. Control
execution. Analyze efficiency.**

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