



# HOW TO IMPLEMENT A PLANOGRAM

A PRACTICAL GUIDE FOR THE EXECUTION OF  
PLANOGRAMS IN-STORE.



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Their leadership, direction and willingness to develop a better way of working have added significantly to the content of this Guide.

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# Forward

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Category Management is “a retailer-supplier process of managing categories as strategic business units, producing enhanced business results by focusing on delivering consumer value.” - *The essential guide to day-to-day category management, ECR, 1997*

According to this ECR guide, there are four sections to category management

1. Retail strategy
2. Develop category plans
3. Implementation
4. Review

Many companies employ advanced techniques for sections 1 and 2 to create strategies and category plans. This results in the creation of a category planogram which is a schematic illustrating the intended position of every product within the allocated shelf space. However, the implementation of category management plans and planograms is the area where most category management plans fail. Implementation is frequently positioned as a post planning phase. It is this very positioning which is often the reason for poor implementation of planograms.

It is worth noting that all processes requiring in-store execution have gained in priority in modern retailing. For instance, the shopper marketing revolution is evidence that it is accepted that influencing shopper behaviour is critical to retail, category & brand success. However, all in-store activities are entirely reliant on the implementation & maintenance of planograms ... yet the level of planogram compliance is perceived as being poor.

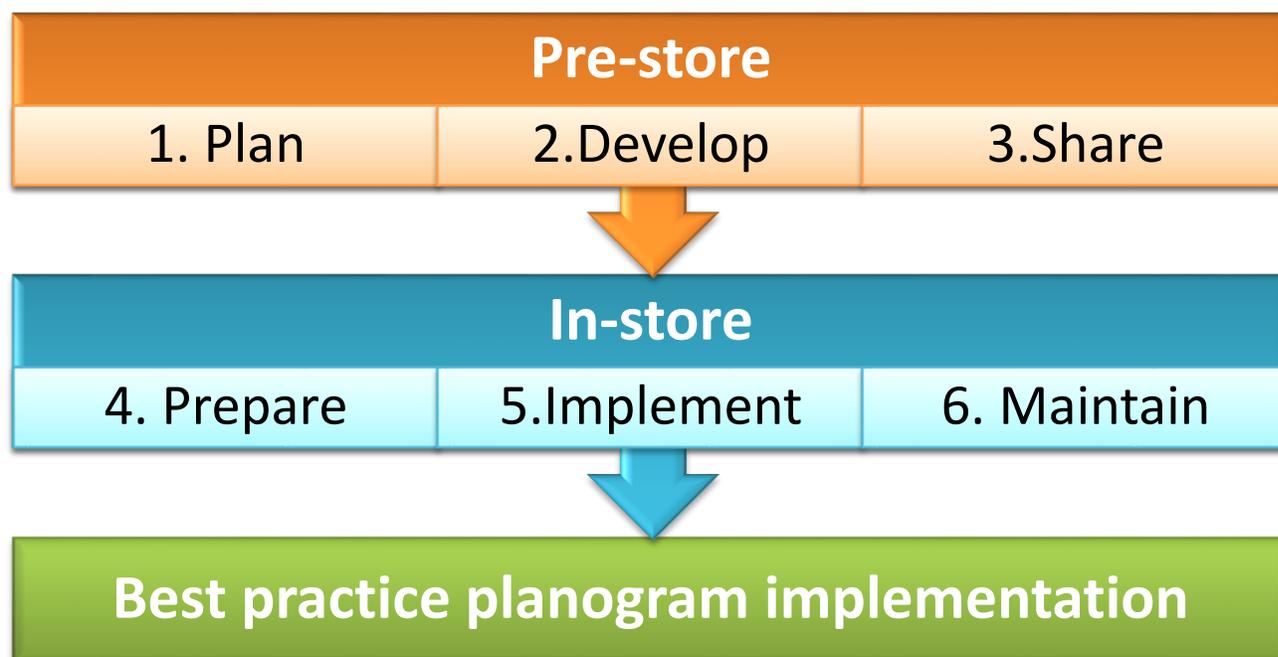
Hence the rationale for this guide. The objective was to develop a best practice for the execution of planograms in-store.

## **Purpose of the guide**

The guide is proposed as a best practice approach for the execution & implementation of planograms in retail stores in Ireland. It incorporates the considered view of category management experts and utilises their experience in the field by including many tips throughout the process.

It should be used by retailers & suppliers in the preparation of planograms and by implementation teams during the actual planogram implementation in-store.

# The ECR Ireland Planogram Implementation Process



The output of this guide is “**The ECR Ireland Planogram Implementation Process**”.

There are six steps to the process incorporating pre-store and in-store activities. The guide emphasises that effective planogram execution only occurs when there is a harmonious pre-store and in-store strategy.

**1. Pre-store**

- Pre-store emphasizes the planning and steps required to develop the optimum planogram for a category.

**2. In-store**

- In-store focusses on the implementation and execution of the planogram.

**3. An ECR Ireland Planogram Implementation Checklist** was developed to accompany the in-store implementation process.

- Appendix A - Checklist for pre-store planogram preparation & development.
- Appendix B - Checklist for in-store planogram preparation and implementation.

# Pre-store – The preparatory work conducted by Category Managers from retailers & suppliers

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## Introduction

The purpose of this section is to give an over view of the process involved in creating the planograms and steps that can be taken for successful implementation in store.



## 1. PLAN

*Planning & preparation incorporating market analysis.*

For every successful planogram implementation there needs to be a defined timeline and objectives agreed by the pre store stakeholders involved in the process. These stakeholders include members of the commercial and category team from the retailer and suppliers involved in the process.

- Retailers nominate one/two key suppliers called “category captains” to work together to create new planograms.
- Develop a project plan for the pre-store process
- The project plan clearly outlines key tasks and timelines of the process
- Project leaders ensure all the key milestones are met and all tasks completed
- Advance notice of planned in-store implementation is very important for store teams
- Allocate the appropriate amount of time for in-store implementation (number of weeks)

- ‘Go Live’ date in store is the key milestone
- Any changes to the ‘go live’ date must be communicated to all stakeholders immediately

### 1.1. Calendar:

- “Go live” dates of all categories are planned out in a clear calendar.
- Calendar allows each category to have its own planned date to ensure that there is no build-up of categories being reviewed on the same date.
- Helps to ensure workload for pre-store and in-store teams is managed in an organised manner.
- At the beginning of the year the calendar should be drawn up and signed off by all key stakeholders.
- Considerations for “go live” dates for categories include;
  - Importance of category to the business
  - Time since category was last reviewed
  - Seasonality factors
  - Key trading times
  - Level of innovation in the category.
- Example of what a planogram calendar may look like;

CATEGORY	Change Level	WEEK 13	WEEK 14	WEEK 15	WEEK 16	WEEK 17	WEEK 18
Confectionery	NEW		Live in store				
Bread	Refresh			Live in store			
Wine	NEW				Live in store		
Baby Food	NEW						Live in store

### 1.2. Feedback:

Before new plans are created it is best practice to receive feedback from stakeholders including store managers and the sales force team on how the current plan is performing.

- Feedback should focus on the Planogram at store level such as:
  - Layout of the planogram
  - Space allocation to key lines
  - Products on the planogram

- All feedback should be documented and considered in advance of preparing the new planogram

### 1.3. Process

- Category captains should have the market and category knowledge to build planograms on behalf of the retailer.
- All planograms should display any retailer specific rules.
- Educate all stakeholders on reading, understanding and building a planogram
- Ensure in-Store teams fully understand how to read the planogram.
- Planograms must be displayed in a consistent and easy-to-read format for in-store teams

#### TOP TIP

Teaching colleagues how to read and build a planogram is a critical success factor.

### 1.4. Product and Fixture Information

- Product and fixture information is critical when building any planogram.
- All retailers should share their rules of building planograms with the key supplier partner (category captain) before developing category planograms.
- Share all relevant fixture details (e.g. dimensions of shelves and bays)
- Share all relevant product details (e.g. descriptions, dimensions, weight and codes)
- Agree on the use of shelf ready packaging.
- Ensure all product images are up to date.

### 1.5. ANALYSE

#### 1.5.1. Market Review

Combining all available sources of information on the macro market gives clear understanding of the trends and events affecting the category. Sources of market data in Ireland include;

- CSO data
- Syndicated data sources – (ECR Service Providers at [www.ecireland.ie](http://www.ecireland.ie))
- Secondary research e.g. Bord Bia presentations / Amarach research

#### TOP TIP

Understanding current market conditions is crucial

#### 1.5.2. Category Review

- Retailers have category reviews with suppliers to understand market performance.

- Retailers should be informed of any new trends, segments\products that are relevant
- Retailers should assess the category performance and understand whether they are which the they are under\over trading compared to the market
- Category Captains should advise on strategy & propose relevant changes to existing planograms.

### **1.5.3. Range Review**

- Analyse product sales data
- Determine product assortment / range for the category
- Consider sub-category performance
- Eliminate poor performing products
- Increase space for strong selling lines
- Allow space for new product development

### **1.5.4. Promotion**

- Ensure promotional sales are not skewing the space allocation on planogram.
- Product space on a planogram is allocated based on product sales performance.
- Highly promoted products may have been on gondola ends or other promotion sites which has helped increase sales.
- The volume of the product that was sold on promotion should be removed from sales to assess the base level.

### **1.5.5. Seasonality**

- Several categories have a strong seasonal influence which should be taken into consideration when building planograms.
- Very often retailers will have winter and summer plans for categories to allow for seasonal demand.

## **2. DEVELOP**

*Design the planogram to meet the needs of the customer while accounting for all operational rules.*

### **2.1. Planogram Building**

- Define planogram size by store (i.e. the number of bays assigned to the category)
- Breakdown of subcategories analysed and adequate space assigned to each one.
- New lines and deletions agreed
- Planogram laid out in line with customer flow and purchase decisions
- Planogram built in relevant software, taking account of retailer rules

- Final plans reviewed and agreed by key stakeholders
- Share completed planogram with supplier and store team before implementation for feedback on any concerns or issues.
- Make amendments to planogram based on feedback if required.
- Conduct trial stores to assess the planogram before a full scale roll out.

## **2.2. Stock Management**

The planogram must also satisfy Supply Chain and Operations Management requirements and be consistent with inventory management guidelines.

### **2.2.1. Stock Holding**

- A key reason for use of planograms is to manage stock holding.
- Planogram stock holding rules must be drawn up for the business and then applied to all products across all planograms.
- A common rule is that minimum of one case of every product should fit on the shelf and a maximum of an average of one week's volume sales.
- Maintaining the criteria set out in stock holding rules will have a significant impact on the product range of a planogram.

### **2.2.2. New Products**

- Launching new planograms often coincides with the launching of new products.
- Any new products on a planogram should be available in store on or before the date of planogram implementation.
- New products should be marked accordingly on the printed planogram pack so that the in-store team are fully aware of it.
- If the store needs to order the product then adequate advance notice should be given to allow time for the ordering and delivery process.
- If a new product is not available at the time of planogram launch but it is on the planogram then clear instruction should be given on when the new product is due to be available and what to do with shelf space in the meantime.

### 2.2.4. Delisted Products

What to do with products coming off the planogram? This is a common question from in-store teams when implementing new planograms.

- List of products being removed from planogram should be issued to the store as early as possible in the process.
- Following advance notice, the store can run down the stock of these lines in the build up to the launch of the new planogram.
- As the new planogram is implemented there should be little or no stock of delisted lines in the store.
- For any stock of delisted lines left in store a clearance plan should be in place (e.g. a sell off area, a dump bin for old stock etc.).

#### TOP TIP

Avoid putting delisted lines back on the fixture - this will lead to compliance issues and reduce the effectiveness of the new planogram.

### 3. SHARE

*Communicate with all stakeholders.*

- Communicating the planogram layout clearly to the in-store team is important.
- A planogram with colour product images works best.
- Ensure product images are up-to-date and match the products in store.
- Support with a black and white outline (planogram without product images).
- Ensure product labels are easy to read and the format is consistent.
- Support with a product listing report showing details by bay.
  - product codes
  - descriptions
  - case size
  - number of facings and units on shelf
- Support with market data to give an overview of the rationale for the range and planogram layout.
  - Category strategic objectives
  - Category trends and performance
  - Sub group and Brand performance
  - Product share of space
  - Customer flow and purchase decision tree

#### TOP TIP

Keep the format of printed communication pack consistent across categories

# In-store – The implementation of the planogram by retail store managers and suppliers.

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## 4. PREPARE

*Practical preparation in-store.*

Having carried out the necessary steps to make sure you have the best possible category planogram (market analysis, information gathering on product and fixtures sizes etc.) the next stage is to get ready for in-store implementation; this is where the plan comes to life in store. However, it is also the phase where many companies have failed in the past. The fact that implementation is frequently positioned as a post planning phase is often the reason for its failure. Therefore, in order to ensure planograms are implemented correctly, preparation is one of the most important stages in the execution process.

Appropriate steps taken at this stage should ensure that; all parties' expectations of the process and the outcomes are aligned, that communication remains clear throughout the process and that roles and responsibilities are defined. It will also ensure the correct range is in place and that all tools/sundry supplies necessary are available on the day of implementation. Ultimately, good preparation makes for far smoother implementation.

Steps in the preparation stage should include;

- Timelines for the implementation to be agreed and communicated to all parties involved – including date, time of commencement and expected finish time. Any key factors which may impact upon timings to be discussed and taken account of e.g. busiest times for specific categories such a lunch time for an impulse drinks fridge
- Roles and responsibilities to be defined, agreed upon and communicated to all parties involved in advance e.g. determine whether retailer or supplier will implement the planogram (provision of additional manpower to implement to be arranged

accordingly), store manager responsible for ensuring that correct range available in store on day of implementation etc.

- Manager in store to receive copy of planogram to be executed in a timely manner in advance of implementation day in order to allow for any queries to be resolved and most importantly for any necessary orders to be placed and received in advance of execution
- Manager in store to locate list of products for deletion (i.e. those which will not appear on new planogram) before implementation. These lines are not to be reordered.
- Excess stockholding of these deleted lines to be sold through an alternative location (e.g. clearance bay or stock bin) at the discretion of the manager in store. Clearance of these deleted items is important to ensure that excess stock does not go back on the shelves post implementation, as this would threaten compliance to the planogram
- Agreement to be reached on how promotions/special offers will be dealt with before implementation, head office guidelines will need to be taken in to account as each sector is different.
- Three copies of the planogram to be made available in store for implementation day, these will be used as tools to ensure that the planogram is implemented as planned;
  - One copy for store manager
  - One copy to remain in store at the fixture to be used as a point of reference for staff on a daily basis when re-stocking fixture (ideally laminated copies of the planogram).
  - One for regional manager (to monitor store compliance to the planogram)
- Staff rotas on day of implementation to be assessed to ensure that there will be sufficient staff available to assist in implementation
- Ideally all stock which will be used to implement planogram to be pulled together on combies/pallets in advance of implementation day, this will help to speed up the process on the day
- Cleaning supplies, refuse sacks, boxes for storage of empty packing to be gathered and readied in advance of implementation day.

#### TOP TIP

Sell delisted lines before planogram implementation date (e.g. at a discount or from a designated clearance bay or stock bin)

## 5. IMPLEMENT

*The physical in-store process of relaying products on shelves according to the planogram.*

Considered by many as the most daunting step in the planogram process, implementation can be made a lot simpler with good preparation and by following the golden rules below. This will result in quicker and easier planogram implementation.

### 5.1. In-store implementation

- Confirm planogram size before commencement. Make sure the number of bays and shelves in store align to the planogram
- For applicable categories adhere to the outlets code of conduct and follow hygiene standards for specific categories such as Dairy, Fruit n Veg, Fresh food and Frozen e.g. use of white clothes, gloves, hair nets etc.
- Take down all promotional POS material (e.g. Fins, shelf talkers and SELs) All this material should be refreshed once the planogram is fully completed
- Take all relevant stock for the planogram from the back stores to the shop floor. Make sure the stock does not impede shoppers or become a health and safety concern for both shoppers, staff and implementation teams
- Ensure all shelves are at the intended heights as outlined in the planogram
- Display the copy of planogram in the middle of the top shelf for ease of reference during planogram implementation
- Commence the implementation starting on the bottom shelf from left to right whilst following the planogram and check whether products need to be;
  - left in current position
  - repositioned elsewhere on the current fixture
  - removed from the current fixture
  - or if new products are to be added to the current fixture
  - a gap needs to be left if a specific product is not available on the day, to be filled in at a later date

#### TOP TIP

When facing the fixture, confirm the flow of planogram (left to right or right to left, dependent on how the shopper passes the fixture). Best advice is be to confirm with the manager before commencement.

#### TOP TIP

This is the best chance a store has of cleaning the entire shelf!

- Ensure all shelves are at the intended heights as outlined in the planogram. This process should be repeated moving from shelf to shelf starting left to right.
- Build a skeleton structure of the planogram. This involves building the 'front layer' of the planogram, which can then be filled out quickly and efficiently from the front layer to the back of the shelf.
  - Place one facing deep of each product on the shelf and ensure that the correct number of horizontal facings are in place as per the planogram.
  - At this point any issues around shelf heights or products fitting on shelf should be identified - this will speed up process of merchandising the remainder of the section.
  - If no issues around product height or size are identified, the entire section can then be fully merchandised by filling in the skeleton structure, from front to back as previously outlined
- Use rubbish boxes available to ensure the shop floor is clean and tidy during implementation
- All products that are not on the planogram need to be taken off and placed in boxes/crates ready for removal to the back stores or other agreed location.
- Ensure stock rotation occurs during the planogram implementation process making sure correct dates are displayed and newer sell by dates are at the back particularly important for the dairy wall, biscuits and baby food etc....
- Once the planogram is implemented correctly make sure all SEL'S are position on the left side of product,
- Ensure all POS material is refreshed and installed correctly e.g. Fins, shelf talkers, SELs
- The final step is to make sure all excess stock and rubbish is clear from shop floor,
- Photo of the fixture is taken of the completed planogram
- Ensure the manger is satisfied with the completed work

**TOP TIP**

It is vital that this is measured at the beginning of every single planogram

**5.2. Post implementation**

- Out of stock/low list

On completion of the planogram in store, best practice would recommend that you provide the manager with a list of products that are meant to be on the planogram but not in stock or have low levels of stock. This ensures the planograms is fully implemented correctly with the correct range.

- Feedback

Once a planogram is implemented in store its always important to provide feedback from the team who implemented it, this flow of information allows for better planograms, quicker installations and better engagement with planograms. All feedback should be taken on board and if appropriate should be applied to further rollout

- Agree position for laminated copy to go within the section to reference maintenance purpose

By leaving a copy of the planogram at the section it will make sure there are always at the forefront of people's minds when packing the shelves, allows easy checking by the manager in store and is a very good reference point if a member of staff gets stuck on product positioning they can simply reference the planogram.

## 6. MAINTAIN

*Ensuring products remain in their intended positions.*

Once the hard work of implementation is complete the final stages of maintenance and compliance are often forgotten about.

In the ECR Ireland 2013 survey, when respondents were asked "how often planogram compliance measured" the top answer was **NEVER**. To maximise the work and investment made in the planogram process to date it is important that planograms are maintained on an on-going basis and compliance is measured.

There are many ways of maintaining planograms and it very much depends on the available systems in store to measure maintenance. The first step is to have planogram close to the section (as discussed in previous section) as it allows reference point for staff to identify product positioning which helps maintain the planogram.

This step in the process will provide greater benefit to the manager as it will make sure the planogram is in place for as long as possible, thus improving stock holding, sales and margin.

Other tools for assisting the maintenance and compliance of planograms are the following;

- Audit selected categories on a regular basis (use a third party)
- Use current store EPOS to benchmark against the planogram. This will highlight suggested amendments to the planogram that can be fixed in store.

The final tool for maintaining planograms in store and the most effective is a “mind set change”.

- This starts at the very top of the business and cascades down through to each member of staff and involves an understanding of the importance of planograms and their business benefits.
- By all parties being involved in the process it will enhance maintenance and compliance of the planograms in store.
- Only with a “mind set change” can a real difference be made to implementing and maintaining planograms

### 6.1. REVIEW

- Reviewing planograms is essential to ensure that targets and goals are realised by all parties involved. Although this step is often ignored, this is key to ensure the planogram is working to the full potential of the business. It also allows you to gather some valuable information from the teams who have implemented and maintained the planogram in store.
- The time period for reviewing planograms differs from sector to sector but best practice would be 8-12 weeks post implementation.

## Conclusion

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In conclusion, if a planogram is not implemented, maintained or complied with, the time and money invested in market analysis, planogram build, communication and pre store planning will have been wasted. Only with good implementation, maintenance and compliance can business benefits be fully generated from the planogram process.

### TOP TIP

Implementation,  
maintenance, compliance –  
to maximise sales &  
profitability

# Appendix A - Checklist for pre-store planogram preparation and implementation

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## **Plan:**

- Develop a project plan for the pre-store process
- The project plan clearly outlines key tasks and timelines of the process
- “Go live” dates of all categories are planned out in a clear calendar.
- Category captains should have the market and category knowledge to build planograms on behalf of the retailer.
- All retailers should share their rules of building planograms with the key supplier partner (category captain) before developing category planograms.
- Feedback prior to developing planogram should focus on the Planogram at store level such as:
  - Layout of the planogram
  - Space allocation to key lines
  - Products on the planogram

## **Develop:**

- New lines and deletions agreed prior to build of planogram
- Planogram laid out in line with customer flow and purchase decisions
- Planogram built in relevant software, taking account of retailer rules
- Review completed planogram with supplier and store team before implementation for feedback on any concerns or issues.
- Make amendments to planogram based on feedback if required.
- Conduct trial stores to assess the planogram before a full scale roll out.
- Any new products on a planogram should be available in store on or before the date of planogram implementation.
- List of products being removed from planogram should be issued to the store as early as possible in the process.

## **Share:**

- Communicate with all stakeholders
- A planogram with colour product images works best.

- Ensure product images are up-to-date and match the products in store.
- Support with a black and white outline (planogram without product images).
- Support with a product listing report showing details by bay.
  - product codes
  - descriptions
  - case size
  - number of facings
  - number of units on shelf
- Support with market data to give an overview of the rationale for the range and planogram layout.

# Appendix B - Checklist for planogram preparation and implementation

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## **Prepare**

- Agree timelines
- Define roles and responsibilities of all parties
- Provide store manager with planogram
- Run down delisted lines
- Make copies of planograms available to all parties
- Ensure sufficient staff available for implementation
- Preparation of stock/cleaning materials

## **Implement**

- Confirm planogram size
- Adhere to codes of conduct/hygiene standards
- Confirm flow of planogram in-store
- Take down all POS materials
- Clean shelves
- Bring planogram stock to shop floor
- Commence implementation starting from bottom shelf up
- Keep floor clean and tidy during implementation
- Remove non-planogram stock from shop floor
- Ensure stock rotation
- Position SEL's and all POS correctly
- Ensure all stock/rubbish is totally clear from shop floor
- Order out of stocks and low level of stock
- Share any feedback to management
- Position laminated copy of planogram at fixture

## **Maintain**

- Maintain planogram on a daily basis (i.e. correct products in the correct positions)
- Monitor compliance (e.g. monthly check by management team)
- Analyse the performance of the planogram to the business
  - Sales / margin / stockholding / customer feedback / staff feedback