

What is a Planogram?

A **planogram** is a schematic tool used to plan a retail store layout. Planograms place special attention on product placement and displays as well as point-of-sale (POS) locations.

Also called POGs, shelf space plans, space plans, and retail schematics, planograms are one piece of a larger, more comprehensive visual merchandising plan. They typically provide a blueprint for visual merchandising and product displays and ultimately help with inventory management.

Planograms help retailers gather data that inspires smarter design, display, and merchandising choices to drive in-store sales. For a brick-and-mortar retailer, a well-designed store is the holy grail.

You *pay* for your space, valuable *products* occupy your space, and *customers* enter and navigate your space to—ideally—make a purchase. Your space is essential to your success.

But planning how you'll use your retail space is easier said than done. Customer footpaths, product displays and storage, point-of-sale setup...all of this and more should be incorporated into how you design and organize your storefront. Thankfully, planograms can help you make sense of it all.

Keep reading to learn:

- All about planograms
- Retail planogram benefits
- How to create a planogram
- How to read a planogram

How do you use a planogram?

Planograms are especially useful for big-box retailers and grocery stores that carry many products from a multitude of suppliers *and* have a lot of space to fill. Even if you're not using a "proper" planogram, you can use its philosophies and strategies to help plan your store layout and product displays.

Think about it this way: Before ordering perishables, grocery stores must know whether the products will fit on the shelves. This is where details like product packaging dimensions, shelving layouts and dimensions, and product turnover comes into play.

Planograms vary depending on the retailer. In the example we just described, you're likely looking at a detailed planogram. For smaller retail locations with fewer products and displays, such as a showroom, the planogram may not be as comprehensive.

What are the 6 types of planogram?

1. Horizontal product placement
2. Vertical product placement
3. Block product placement
4. Product placement based on commercial status
5. Product placement based on market share
6. Product placement based on margin

What is planogram compliance?

Planogram compliance refers to the in-store execution of a given planogram. Simply put, planogram compliance means following the design laid out by your planogram.

What is a planogram reset?

A planogram reset refers to a situation where a retailer has implemented a new planogram that involves a large-scale restructuring of their store layout. This may include stocking new products or restocking existing products in a new way.

Retail planogram benefits

Using planograms to plan your store layout helps you maximize your sales and retail space. Let's dig further into these benefits.

1. Planograms maximize sales

The process of using a planogram for your retail store allows you to collect valuable data about how products and displays work. Mapping each product to its exact shelf or display location is like taking a **magnifying glass to your data**, helping you glean super actionable insights for in-store sales.

Use planograms over the course of six months to a year, and you'll learn how your product placement impacts purchase behavior. Look at historical sales data and compare that to your planogram to identify your **highest-converting shelves and displays**. Do the same with slow-moving merchandise, and consider placing those items together to increase sales.

Planograms can open your eyes to a wealth of sales opportunities you may have otherwise never noticed. Have you ever noticed that higher-priced products are typically shelved at eye-level? Retailers intentionally do this to optimize for sales and product turnover—especially perishable products.

Planograms also allow for strategic product placement from a cross merchandising standpoint. For example, milk and bread are usually in the back corner of grocery stores. Why? Those retailers want to make customers walk past other items, which can help increase impulse purchases.

With a planogram, it's easier to map out these routes. If there's an item that customers regularly come back to purchase from your store, consider placing it somewhere that forces them to pass *other* items that you want to sell, or placing complementary products nearby for a potential upsell. For grocers, for example, this could be peanut butter and jelly.

2. Planograms maximize space

Retail space can be expensive. While the exact costs vary depending on a variety of factors (location, size, lease term, etc.), property management company Hartman says your gross-to-rent percentage could be anywhere between 1% and 13%.

Regardless of rental expenses, maximizing the use of your retail space can help you run a lean, cost-effective business. **Planograms help you stay organized and give a purpose to every area in your store.**

Plus, planograms support more effective inventory management. More organization means it's easier for staff to stay on top of stock levels.

Organization also leads to **intelligent retail design**, meaning customers can easily and excitedly navigate your store.

Lastly, planograms help you manage third-party relationships. If you work with wholesalers, vendors, or other retail partners, planograms help you establish guidelines as to what and how much space they're responsible for. This kind of setup can create ownership and accountability while lessening your workload.

How to create a planogram for your retail store

Proper planograms are *extremely* detailed and robust, but they don't have to be to be effective. Even if you're not using or don't require a detailed planogram, you can use the philosophies and strategies behind one to help plan your store layout and product displays.

If you do decide that a planogram is the way to go, there are a few options.

Hire a planogrammer

A planogrammer, or planogram specialist, is someone fully dedicated to creating and managing retail planograms based on customer behavior and sales goals.

If your business isn't big enough to hire someone completely dedicated to planograms, this is also a responsibility that you can allocate to a visual merchandiser. Unlike planogrammers, however, visual merchandisers tend to focus on creating aesthetically pleasing product displays to incite purchases.

While these two roles have different motivations, they ultimately serve the same goal: to make sales.

Consult with planogram experts

If you don't need to hire a dedicated internal role, consider working with third-party experts to execute your planogram. [Envirosell](#) specializes in using behavioral research to assist in visual merchandising, and Retail Smart provides both consulting and software for retail space planning.

Use planogram software

Speaking of software, you can find many planogram software options on the market. [DotActiv](#) offers free planogram software for retailers just getting started (the Free plan is limited to 40 products). You can also invest in paid planogram software with more features:

- [ShopShape](#)
- [JDA's Planogram Generator](#)
- [SmartDraw](#)
- [Shelf Logic](#)

DIY your planogram

Take a DIY approach to your visual merchandising with planogram templates. Some retailers go the old school route, with paper and pencil, and draw out the space to scale. If you're savvy enough, you can also do this with tools in Google Docs. Generally, you'll want to use a pre-existing template or create one in a tool that's more suited for visuals, such as Photoshop.

How to read a planogram

However you choose to create your store's planogram, your team must be able to read the details in order to comply with your new design. Here's what should be included in your planogram.

Dimensions and displays

Your planogram should include dimensions for your aisles, shelves, and product displays. Be sure to point out what type of product display should

be used for each section, such as coolers, pegboards, slat walls, point-of-purchase displays, gondolas, or bins.

Products and packaging

Next, your team should be able to easily deduce what products belong on which shelves. Include details regarding brands, product sizes, packaging specifications, and shelving techniques. For example, if you'd like one side of the product to be facing outward, be sure to make note of that.

Planogram methodology

Planograms can also serve as teaching moments for your retail team. Along with your store layout and product display information, consider including the data that led to your new planogram design. Sharing this information and analysis with your employees can help them better serve your customers and understand their behavior and motivations. Moreover, with this context, they can keep an eye out for ways to further improve your retail store layout.

It's time to plan your planogram

If building a planogram for your store sounds like a massive undertaking, you're not wrong. But don't let planograms intimidate you.

Although they require a lot of upfront work, a well-designed planogram can revolutionize how you gather data, manage your inventory, convert your store visitors, and grow your retail business.