



# Winning at the Shelf: Mastering the Art of Shelf Management



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Learn how retail intelligence turns gut instincts into granular insights.

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## Introduction

Retail shelf space is a lot like real estate. It's all about location, location, location. But how do you know which products to stock, where to display them on the shelves, and how to price them?

For years, the answer was simple: gut instincts led by sales data. But thanks to advances in data analytics, retailers can now unlock a wealth of granular insights to manage their shelves.

If you're tired of making assumptions about things like inventory performance and product display efficacy without concrete data to back it up, keep reading — you'll learn how to use retail intelligence and shelf optimization to boost sales and brand awareness.

## Retail Shelf Space:

# More Than Just a Place to Stack Merchandise

The eye-level shelves lining store walls, the end caps at the corner of each aisle, even the checkout counters – these areas are prime retail real estate for a reason. They're where decisions are made, where 'want' turns into 'need', and where browsing transforms into buying.

But retail shelf space isn't merely a place to stack merchandise. It's a strategic asset that, when optimized correctly, translates to bigger sales and better brand visibility.

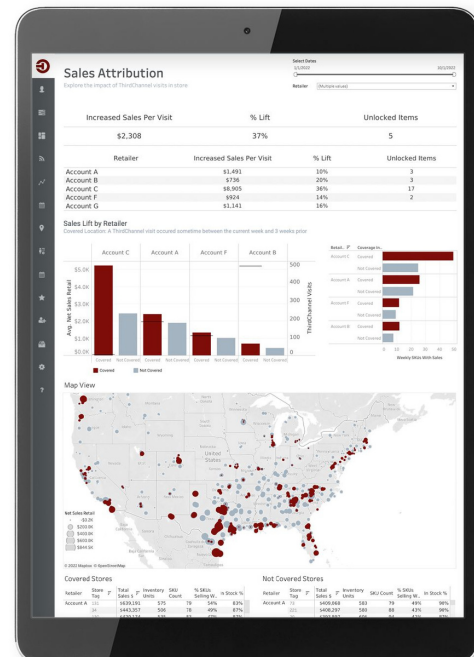
However, managing retail shelf space isn't always as straightforward as it sounds. Retailers commonly struggle with:

- Navigating an Oversaturated Market:** With the sheer number of products vying for attention today, retail shelf spaces have become battlegrounds. Every inch counts as you strive to stand out in a crowded market. The challenge here is not only to accommodate as many products as possible, but also to do so in a way that doesn't make it harder for customers to find what they're looking for or dilute the impact of your best-selling products.
- Limited Time to Influence Customer Decisions:** You might think that customers walk into a store knowing exactly what they want, but surprisingly, 85% of shoppers – despite having a shopping list – admit that the specific brands on their lists are often not set in stone. This means that even

though your time with each customer is brief, there's a window of opportunity to sway their choices. The stakes are high, though: if your product fails to instantly communicate its value, you could potentially lose the sale.

- Managing Products from Afar:** For retailers with multiple locations or those who sell through other outlets, managing shelf space remotely presents its own set of challenges. Ensuring consistent product placement and presentation across all locations can feel like trying to conduct an orchestra without being in the concert hall, and often leads to inconsistencies in product placement, customer confusion, and a poor shopping experience overall.

While demand for product visibility is infinite, space is finite – so how do you decide which products deserve the spotlight?



## How Retail Intelligence Transcends Traditional Sales Data

Understanding what doesn't sell is just as important as knowing what does. That's where the magic of retail intelligence comes in: it sheds light into those hidden corners – like which items are consistently out of stock, which displays are underperforming, and which brands are quietly capturing market share.

While traditional sales data tells you what has been sold, retail intelligence tells you why or why not. It unveils the story behind each product on your shelf, allowing you to make decisions that resonate with your shoppers' desires and needs. And considering that [55% of brands](#) say winning foot traffic is a top challenge, it's a powerful way to make sure your brand seizes every opportunity to get eyes on their brand.

Like any tool, the retail intelligence insights you gain are only as good as the data you collect. Luckily, advanced [retail reporting and analytics platforms](#) like ThirdChannel provide a centralized place to capture this data – like on-shelf availability, display compliance, shopper sentiment, competitor pricing, and promotional efficacy – and make sense of it with user-friendly dashboards and reporting tools.

Here are some tips to get started on collecting better data:

- **Make Your Shelves Shine:** When your shelves look good, your customers feel good about shopping with you. Provide clear instructions to your team on how products should be displayed and follow

up by taking regular photos of the displays. By analyzing these images, you can track display compliance, spot inconsistencies, and maintain a healthy, inviting shelf that appeals to customers.

- **Play the Pricing Game:** Keep track of your competitors' prices and discounts to ensure you're offering customers the best deals. Comparing these with your own pricing structure will allow you to make informed decisions about your pricing strategy and remain competitive in the market.
- **Gather Customer Insights:** Show your customers that you genuinely care about their needs and preferences. Conduct surveys, solicit feedback, and observe shopping behaviors online and in-store to understand what motivates your customers and why they choose specific products over others.
- **Retail Auditing:** Think of your store as a carefully curated ecosystem – every element should work together in harmony. Whether you use retail audit software or hire a third-party auditor, having a systematic auditing process in place to analyze product adjacencies, inventory levels, item cannibalization, store associate knowledge, etc. ensures every piece of the puzzle fits.

## Orchestrate Your Data, Optimize Your Shelves

Think of your store as your stage and your products as your stars. The way you arrange them, the space they occupy, and how they interact with each other either creates an unforgettable performance or a forgettable one.

Under-facing, or giving too little space to a product, may result in frequent stock-outs, lost sales, and unhappy customers who can't find what they need — it's even responsible for 4.1% in lost revenue for the average retailer, according to this [study](#). Over-facing, on the other hand, can lead to dead stock, wasted space, and less room for other potentially profitable products.

So, how do you strike the perfect balance? To optimize your shelf space effectively, you'll need:

- **Sales Data:** Sales data is the lifeblood of any retail operation. It tells you which products are your bestsellers, which ones are slow movers, and which ones aren't performing as expected. By analyzing sales per SKU, you can determine which items deserve more shelf space. For example, if a particular product consistently sells out quickly, it may warrant more shelf space to reduce stockouts and missed sales.
- **Market Data:** This is your window into the world outside your store. Demographic information like age, income, and lifestyle can shape consumer preferences. Geographic influences such as local events, regional trends, and even weather can

impact what products sell best at different times. By understanding these factors, you can better predict which products will be in demand, allowing you to stock your shelves appropriately.

- **Shelf Space Data:** Using this data helps you utilize every inch of your store effectively, turning each shelf into a profitable space. The size of gondolas, their base heights, and drop counts per cluster can influence how many products can be displayed and how they're viewed by customers.
- **Product Data:** This is the DNA of your inventory. Details like product code, barcode, and product description are crucial for managing inventory. With this, you can manage reorders effectively and ensure the right products are in the right place at the right time.

Once you've gathered this data, you can use it to create planograms, or visual representations of your store's layout and product placement. A well-executed planogram does more than just organize a store — it brings science and strategy to what can often seem like an art. It can increase your store's efficiency and profitability, for example, by highlighting promotional items, grouping complementary items together, and placing high-demand items toward the back of the store so customers have to pass other products they may impulsively purchase.

## How Your Business Can Capitalize on Retail Intelligence

While many retailers focus on merchandise and location, the truly successful ones know that these are just pieces of the puzzle. The other missing pieces? Advanced retail software, passionate brand representatives, and real-time reporting and analytics— the trifecta of retail intelligence.

Here's why you need them:

- **Retail Software to Capture Data:** The first step towards smart retailing is collecting accurate, comprehensive data in a centralized location. The right retail software should capture every single interaction, purchase, and customer behavior, painting a vivid picture of your consumer base.
- **Passionate Right Brand Reps:** Your brand representatives are the face of your business – they know your customers because they are your customers. They live and breathe your brand, and they can bring your product displays to life in a way that signage and promos cannot.
- **Real-Time Reporting and Analytics:** The power of data lies in its timely utilization. Real-time reporting and analytics tools help you make quick, informed decisions by providing up-to-the-minute insights into your business performance. You can identify trends, monitor inventory, and evaluate marketing campaigns, so you can stay agile and responsive to shifts in the market.

Each element plays its own vital part. But when all three components are combined into [one omnichannel solution](#), they form an unbeatable retail intelligence strategy.



## Right Product, Right Shelf, Right Time with ThirdChannel



Retail shelf space is not just storage — it's a silent salesperson. Managing it in an oversaturated market can be challenging, but with retail intelligence solutions like ThirdChannel, you can understand what sells and why.

The right product, on the right shelf, at the right time makes a world of difference. [Schedule a free demo](#) to learn how ThirdChannel can make every inch of your shelf space more profitable.

[Request a Demo](#)