The Politics of Shelf Space

By Carole Johnstone

Wether your brand or product is being distributed through a mass or a boutique merchandiser, the position it gets on the shelf and how much product appears on the shelves will undoubtedly impact on sales. What are the politics of shelf space and how does the retailer ensure that products are displayed to best advantage?

Pick ‘n Pay Group, one of Africa’s largest and most consistently successful retailers, follows a simple formula when it comes to shelf space. According to Group Food Merchandise Director, Paul Connellan, what appears on the Pick ‘n Pay shelves is determined and arranged according to the customer profile of the area. To determine how much of a specific brand or product is placed on the shelf, and where it appears, the Group applies a straightforward philosophy:

“The general rule of thumb for shelf space is simple. The forward share of the product should be equal to the sales share,” Connellan says.

In other words, the amount of space allocated on the shelf is equal to that brand’s market share. If the brand has 20% of the market share, it will receive 20% of the shelf space allocated for that product. For example, Pampers and Huggies are the top brands in the disposable nappy market so they receive the bulk of the shelf space allocated.

But what about the vertical levels? We all know that the most desirable position is eye level, so how is the vertical hierarchy determined? Connellan says that again, sales share is the crucial factor.

The line that dominates the market generally gets the eye level position. There is a factor that works contrary to this rule, and that’s the house brand.

“It’s only natural that when it comes to shelf space, the leading brands get eye level facings,” Connellan explains.

The inclusion of new brands is always a challenge, says Connellan. “The retailers challenge for the future will be finding the best space for new brands and products - and how much space to allocate. It’s a rationalising exercise because shelf space is finite. When you want to put a new brand on, you have to take another off.”

New brands are a bone of contention for Paula Sartini, managing director of Espial Go-to-MarketTM. She says that it can take up to three months to get a new brand listed with a retailer despite the fact that any risk is carried by the brand, not the retailer.

“If the new brand doesn’t sell, the manufacturer has to take it back. The only risk carried by the retailers is that they could have given the shelf space to someone else.”

Sartini says that in the real world, the retailers hold all the power and the brand’s position on the shelf and the amount of space it receives is relative to the size of its budget.

“Shelf space is all about money. Where your brand sits on the shelf is directly related to how much you are prepared to pay. Only the most powerful vendors get the best space and their power is defined by their ability to pull sales through the shelves,” Sartini says.

“Density in display of the shelf will also convey the perception of a discounted item. When this is supported with advertising, it is the kind of display that leads to frenzied buying.”

Lister says that when they design displays, a number of factors are considered including the density, the style and the flexibility of the display. “The clarity of the merchandise is key. The packaging, the actual shelf and the backdrop (spine in the case of a gondola) all send subliminal messages to the consumer.”

She says display is important in terms of the retail model applied as mass merchandising is completely different to boutique merchandising, such as Woolworths Foods. These different shopping experiences will impact on the facings of the brand that appear on the shelf. “Boutique displays command a completely different mindset in the consumer. The subliminal message is that you are getting added value and the selection is contemplated before the transaction is concluded. This is often accompanied by a superior consumer experience and shelves have to be designed to accommodate this,” Lister comments.

In the conventional world of bricks and mortar, the physical limits of shelf space determine the volume and variety of goods that can be displayed and sold. In every retail venue, the battle is all about who gets to use the most attractive, best-located shelf space. And at the end of the day, the brand that has the best position and the most facings is the brand that will sell.