

## VERTICAL ALLOCATION OF BRANDS IN RETAIL SHELF-SPACE AND ITS EFFECT UP ON SALES

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### ABSTRACT

Shelf space is considered to be valuable in retailing since allocation of brands is believed to have an effect upon sales. In-store buying behaviour involves unplanned purchases which brands should be able to capitalize on with the right placement strategy. The purpose of this study was to assess how, and to what extent, it is possible to use behavioural experimentation and relative sales analysis to study the effects of product shelf placements on consumers' brand choices in the retail environment. An in-store experiment was performed in two supermarkets to investigate the effects of different product shelf placements on consumers' relative buying behaviour using an alternating treatment design with a baseline. The intervention consisted of periodically placing a particular target brand on the lowest, middle and highest shelf in its product category. The results showed that the target brands' relative sales against its product category were similar across the different placements. The in-store experiment also revealed that it is possible and efficient to perform in-store experiments, e.g., with alternating treatment design, to identify important behaviour-environment relationships in a retail setting or to test consumer behaviour theories. The results reveal steadiness of consumers' choices in this setting and resistance to change regardless of different shelf placement of the target brand. The product category was crisps and is considered to be an "instant" unplanned buying product category. Sales are therefore generally considered to be sensitive to their placement in store shelves. As this intervention changed behavioural effort it should alter the substitutability of brands. The results, however, showed in contradiction to the literature that the different vertical placing of the brand on different shelves in the two supermarkets had no significant effects. The results of the in-store experiment go against the notion that eye level placement has dominating influence on point of purchase buying behaviour as theories of visual perception and peripheral eye imply. Although the experimental condition did control for most elements of the marketing mix, unknown external factors are still having an impact on relative sales.

References available upon request