

In-Store Implementation Sharegroup

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In-Store Implementation Sharegroup Releases Working Paper

*Members call for an industry-wide “culture of compliance”
to help resolve systemic merchandising challenges*

TEMPE, AZ [April 25, 2008] - The In-Store Implementation Sharegroup has released its first work product, a working paper, titled “In-Store Implementation: Current Status and Future Solutions.”

More than a year in the making, the 15,000-word document argues in favor of a collaborative, industry-wide initiative aimed at closing the implementation gap that today limits effectiveness of merchandising, promotion and category management in the retail consumer product industry.

The ISI Sharegroup was formed in 2007 by like-minded visionaries from consumer packaged goods, retail, merchandising services, technology and consulting firms. Member companies include Anheuser-Busch, Driveline, General Mills, Giant Eagle, Nestle-Purina, PepsiCo, Procter & Gamble, RetailTactics, Schnuck’s, The Partnering Group, and VSN Strategies.

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In-Store Implementation, or ISI, refers to the collective physical and informational actions performed at retail to actualize merchandising, marketing and media plans in the store. ISI encompasses compliance, measurement and communications activities, and is defined by a Plan-Do-Measure process cycle that controls implementation plans and work and communicates implementation signals.

Sharegroup members estimate the available bottom-line opportunities from improved implementation approach 1% of gross product sales, or \$10 to \$15 billion of the \$1.5 trillion total U.S. annual volume across the food, drug, and mass channels. Contributing factors include an estimated \$46 billion in excess shelf inventory in grocery, costing \$3 billion in lost profits; the ever-persistent out-of-stock problem, reported at 8.3% of items overall, amounting to tens of billions of dollars in affected sales; and as much as \$25 billion in ineffective promotional spending annually by CPG manufacturers.

“Excess inventory and out-of-stocks are results of inadequate shelf management and inability to manage and monitor shelf conditions,” said Dr. Brian Harris, founder and co-chairman of The Partnering Group, who chairs the ISI Sharegroup. “No level of Category Management or supply chain process sophistication can fix these problems in the absence of an improved In-Store Implementation discipline.”

Culture of Compliance. The working paper proposes a path toward greater cooperation between retailers, manufacturers and third parties that would ultimately enhance the customer experience and industry profitability.

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The ISI Sharegroup members believe it is incumbent upon retailers, manufacturers and third-party merchandising services organizations to cultivate an industry-wide *culture of compliance*, in which the performance levels of the past are no longer deemed sufficient and the industry adopts and attains greater expectations for In-Store Implementation.

ISI Case Study Identification and Development. A primary goal of the ISI Sharegroup will be to identify current best practices in In-Store Implementation and other aspects of store-level compliance. Sharegroup members have agreed to contribute case studies based on their own projects. Other firms and industry groups are invited and encouraged to join the dialog and to write and submit case studies toward the assembly of a library of best practices.

“The Sharegroup has taken some significant first steps in raising industry awareness of the need for improved implementation, but the members are aware that ISI issues and opportunities are much bigger than us,” said Harris. “We hope this Working Paper serves as a catalyst for broader industry-based initiative which leads us to a new set of superior practices for In-Store Implementation.”

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Download the Full ISI Sharegroup Working Paper or the Executive Summary: “In-Store Implementation: Current Status and Future Solutions,” at www.instoreimplementation.com.

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