

RETAILER COMPLIANCE

THE IMPORTANCE OF COMPLIANCE

- Retailer compliance is both a major issue and a significant opportunity for both suppliers and retailers
- Meridian ISE research indicates that closing compliance “gaps” can lead to volume improvements of up to 30%
- We believe that realising these opportunities can be quick, cost effective and relatively simple

COMPLIANCE ISSUES

ISSUE

- Promotional Compliance
- Availability Compliance
- Distribution Compliance
- Visibility Compliance

SYMPTOM

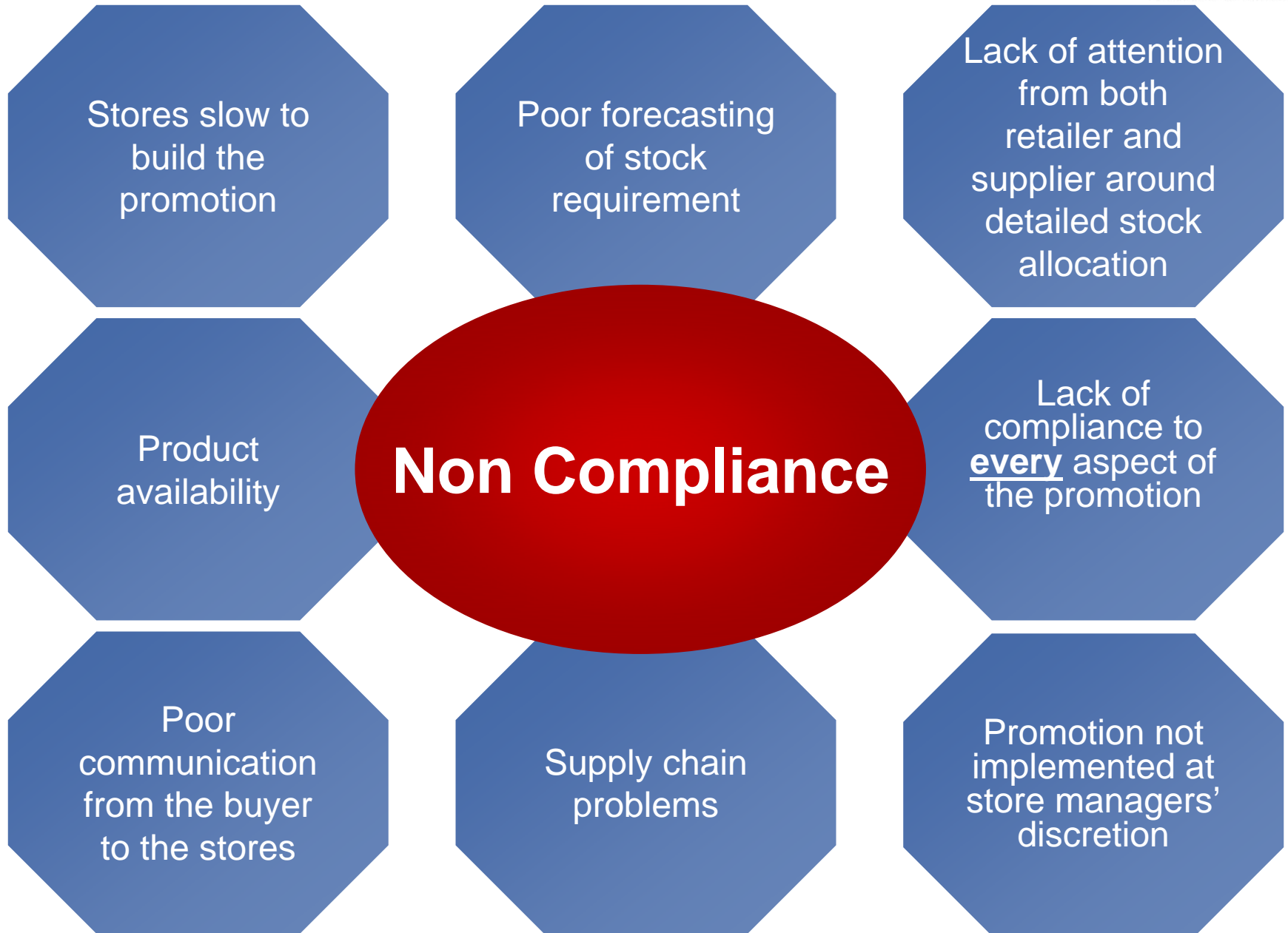
- Promotion not implemented
- Secondary site not allocated
- POP missing
- Promotion implemented late
- SKU listed by store but not continuously available on shelf
- SKU is de-listed by a store or stores which is/are part of agreed distribution
- SKUs are not displayed at POP in line with agreement

PROMOTIONAL COMPLIANCE

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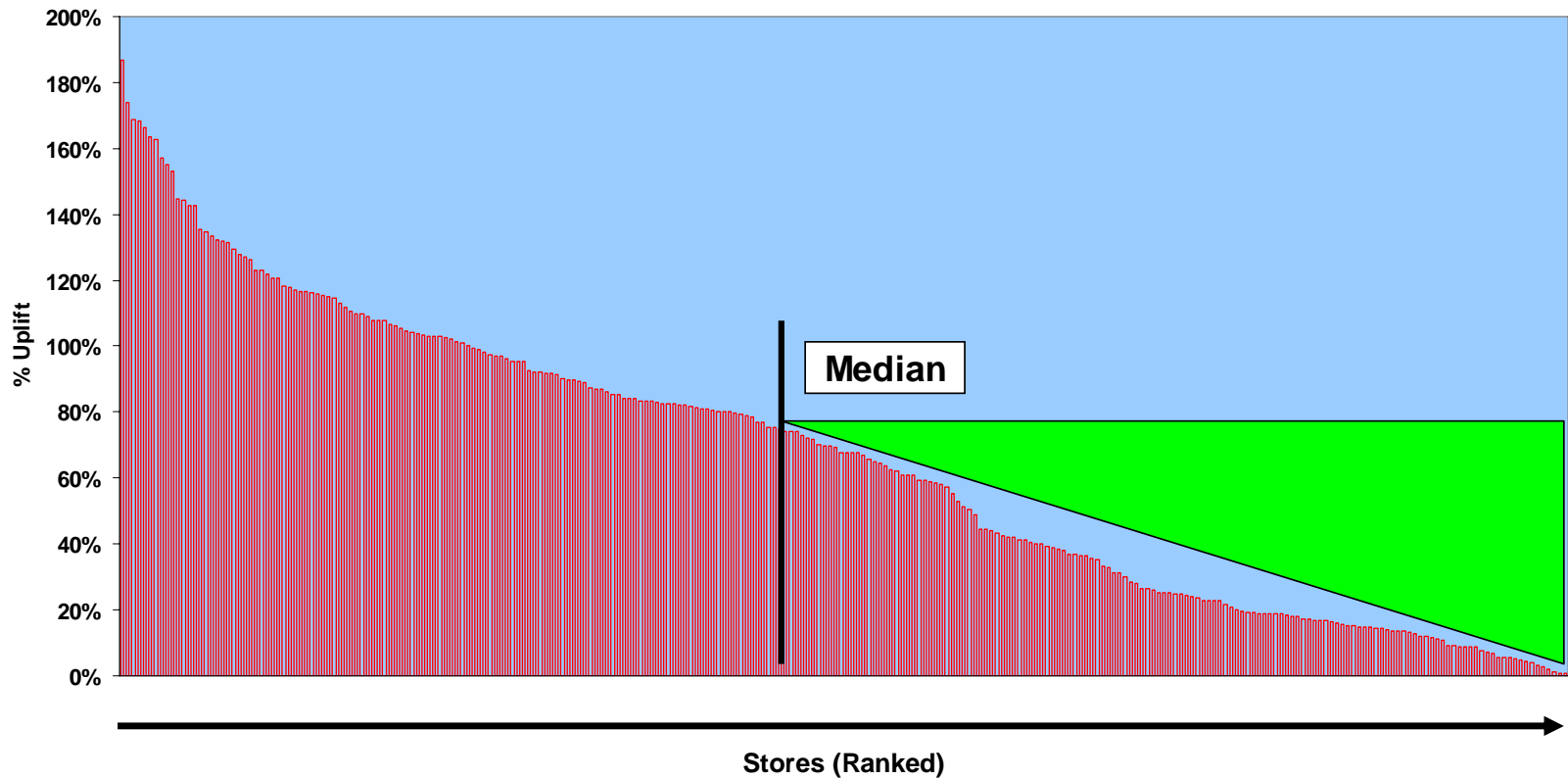
- Suppliers are often sceptical of the retailer's ability and/or willingness to execute in line with the agreement.
- Sales uplift projections arrived at during promotion negotiations often prove to be optimistic
- Store performance shows huge variations
- This may be due to the promotion itself (mechanic, timing, attractiveness)
- But shortfall v forecast is often due to poor compliance at store level

Causes of Promotional Non Compliance



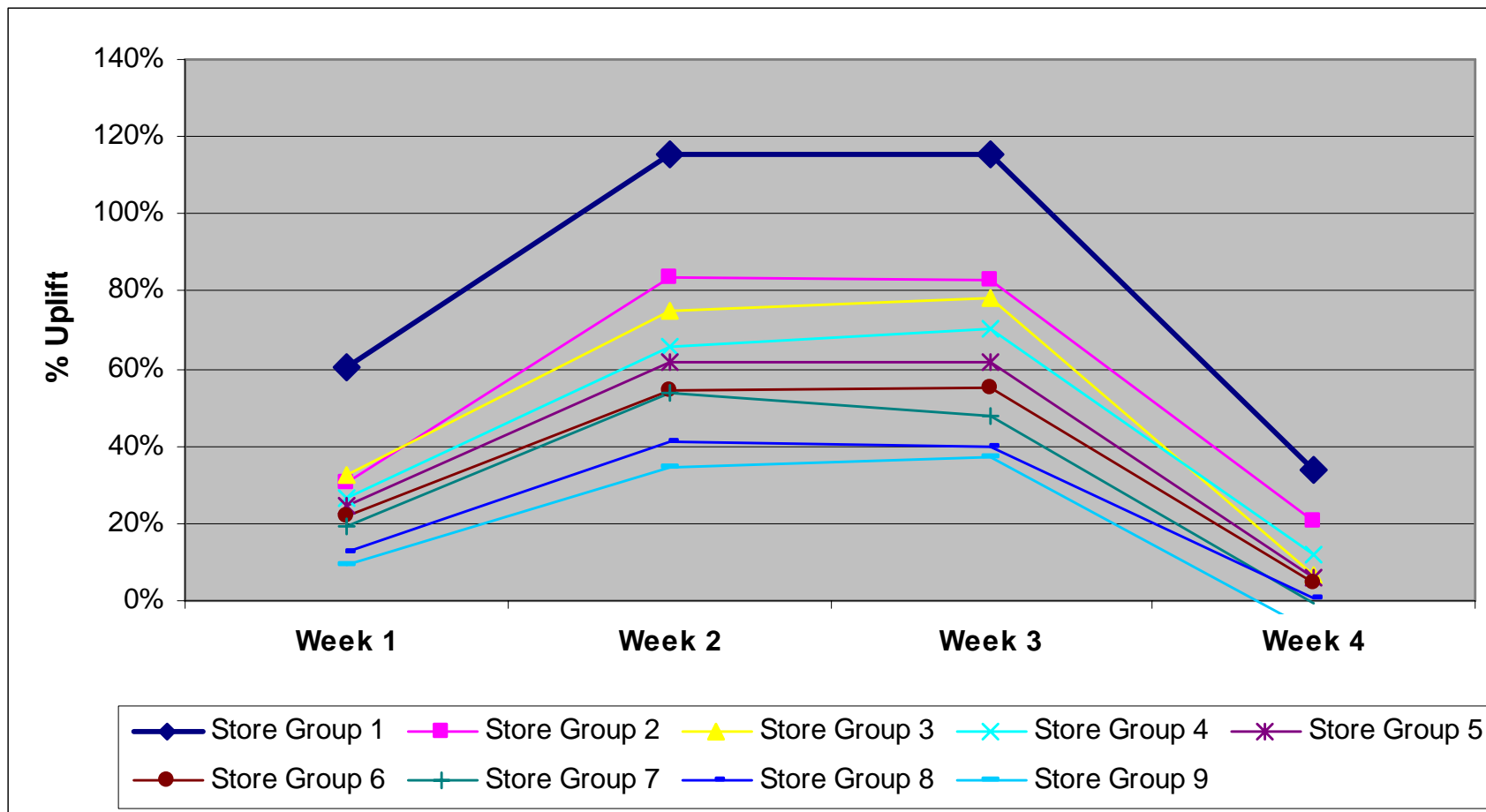
EXAMPLE OF VARIATION IN STORE PERFORMANCE

**% Sales Uplift per Store during Promotion
(Asda - Ready Meals / Meal Components)**

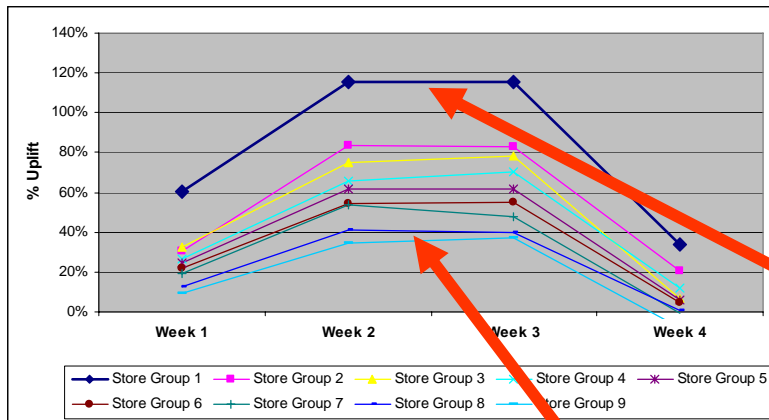


VARIATION IN STORE PERFORMANCE

TOP PERFORMING STORES CAN DELIVER SIGNIFICANTLY HIGHER SALES UPLIFTS THAN THE REST OF THE ESTATE - EVEN THOUGH THE SHAPE OF THE SALES CURVE IS SIMILAR FOR ALL GROUPS



MERIDIAN HAVE FOUND THAT WHEN STORES ARE RANKED ACCORDING TO % SALES UPLIFT SOME STORES REGULARLY APPEAR AMONG EITHER THE BEST-PERFORMING OR WORST-PERFORMING GROUPS



Rank	Store Ranking Per Praction Based on % Uplift						
	Promo 1	Promo 2	Promo 3	Promo 4	Promo 5	Promo 6	Promo 7
1		25	44	8	26	34	44
2	10	3	2	120	1	29	28
3	35	24	64	135	17	66	21
4	133	13	54	41	31	16	38
5	121	16	26	125	3	68	54
6	116	47	11	173	23	50	34
7	89	123	40	90	11	38	74
8	64	81	39	59	20	183	41
9	145	19	8	84	61	128	62
10	9	75	31	174	34	160	108
11	151	41	71	89	68	59	89
12	7	247	94	23	140	22	14

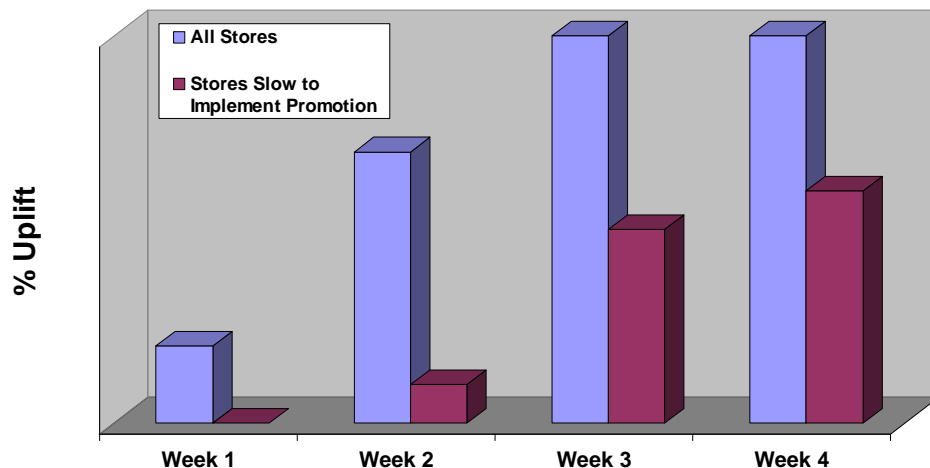
267	198	226	190	194	187	187	156
268		191	219	219	179	211	169
269	54	269	227	241	204	144	260
270		206	266	190	158	115	274
271		176	253	145	150	258	234
272	239	270	155	178	164	194	266
273		241	182	243	257	269	101
274	177	144	226	254	212	232	275
275	217	198		105	261	276	249
276	225	222	209	252	203	254	208
277		186		193	244	274	247
278			267	272	270		

PROMOTIONAL COMPLIANCE

HOW MERIDIAN CAN HELP

- Meridian will analyse your historical promotional execution and help you to understand key areas of under- and over- performance.
- We can target actions to improve the effectiveness of your investment using our **CIM (Customer Investment Maximiser)** tools, allowing you to manage a “retail execution command centre”.
- We are able to pinpoint the issues centrally without having to spend money visiting the store.
- Analysis undertaken on behalf of our clients has provided valuable insight into why promotional uplift frequently fails to match expectations.....

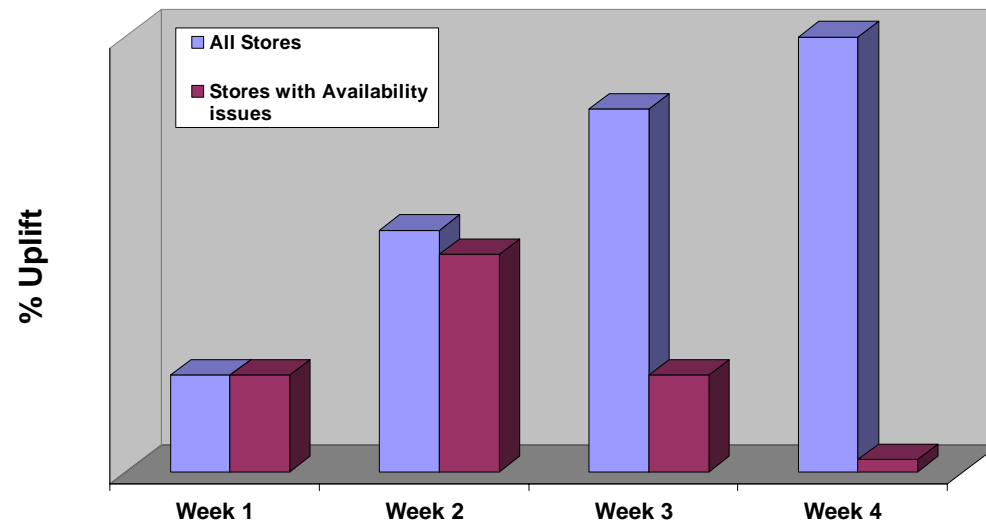
Promotional Uplift - Stores slow to Comply v All Stores



.....MERIDIAN CAN HELP YOU TO IDENTIFY STORES THAT ARE SLOW TO IMPLEMENT YOUR PROMOTIONS.....

.....OR THOSE STORES WHERE THE PROMOTION IS WEAKENED DUE TO AVAILABILITY ISSUES

Promotional Uplift - Stores with Availability Issues v All Stores

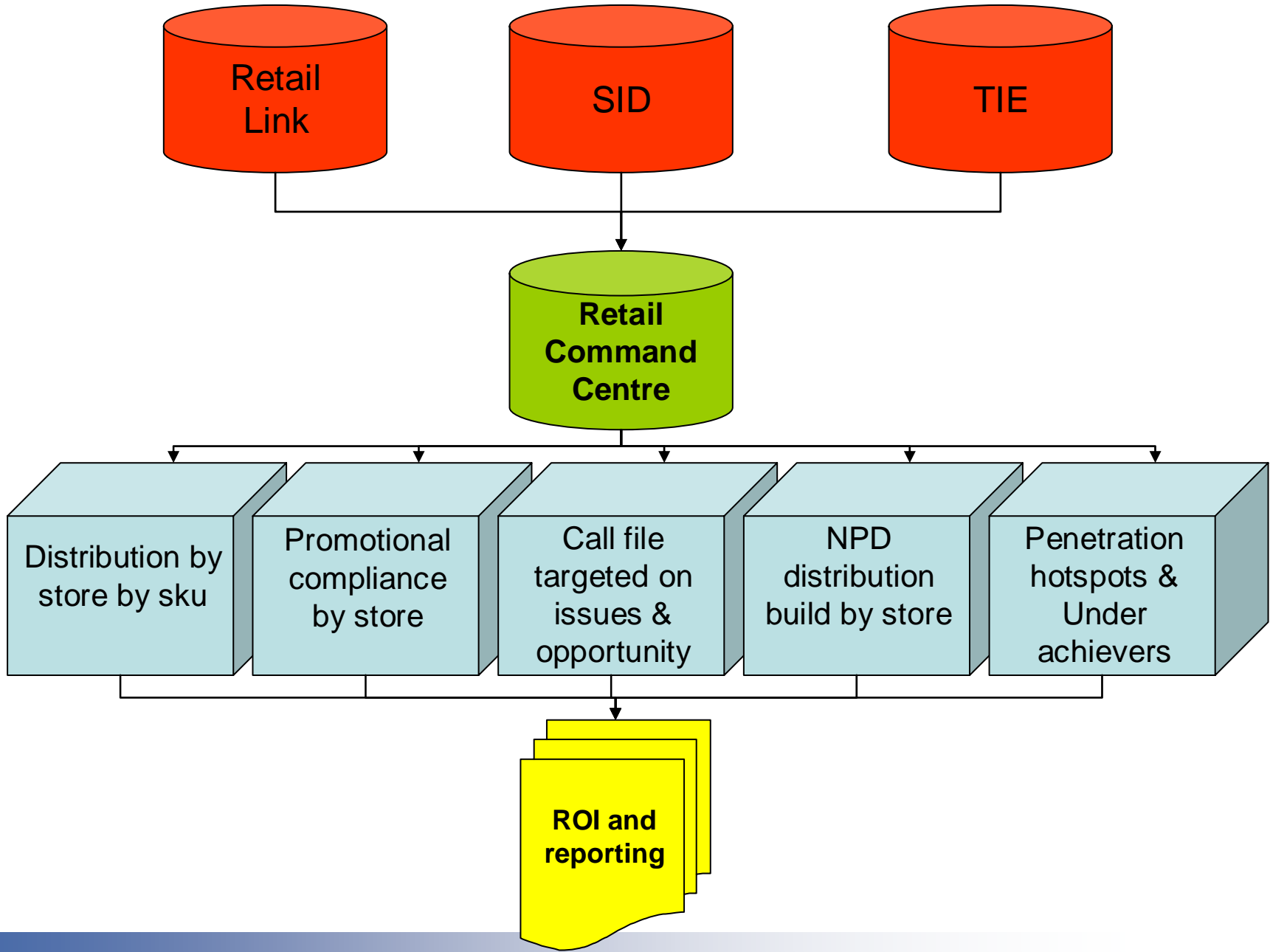


MEASURING COMPLIANCE – A NEW OPPORTUNITY

- Asda store level sales data already available to suppliers via Retail Link
- During 2006 Tesco (Tesco Link) and Sainsbury's (SID) will enhance their data provision to suppliers
- Suppliers who are not fully utilising Retail Link data are unlikely to be well-placed to exploit this new opportunity

With the right support you could use this mass of data to give you almost real time intelligence on your brand's performance in each of your key customers' stores.

“Real time command and control”



- Our unique blend of practical experience, data analytics and software can help you to measure and improve your POP compliance.
- Meridian can help you to understand where your promotions perform well and where they fall short of expectations – and the probable causes.

Interested? Call us now to arrange a meeting to discuss your compliance issues

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