



## With a proper measurement system in place, new items can generate more sales than companies realize.

In today's "speed is life" mentality, getting your product to market quickly is absolutely critical to your sales and profit success. In the introductory stage, most new products can generate more sales and profits than companies realize. With the right success measurements established upfront, new products can reap significant advantages early on in their life cycles. However, while most companies value new product execution at 100%, we know that seldom, if ever, happens. There are a host of obstacles that can hinder a new product launch - and, when a new product's progress at retail is not continuously measured, it is difficult to correct and recapture the opportunity to make a good and lasting first impression on the consumer.

ShelfSnap™  
1585 N. Milwaukee Ave.  
Suite 15  
Libertyville, IL 60048  
847-996-1077  
[www.ShelfSnap.com](http://www.ShelfSnap.com)



### Obstacle #1: Languishing distribution and out-of-stocks can slow the new item launch.

Past census-based studies conducted by syndicated suppliers have shown that distribution rates of new item launches can languish between 9% and 64% over a 4-week introductory period. Complicating matters are out of stocks. Out of stocks can reduce the product's *net effective distribution*. This can be particularly problematic as the faster moving items in the new product family are the most likely to be out of stock. Without being measured and corrected quickly, less than desirable distribution levels coupled with out of stocks will impact adoption and volume throughout the entire product lifecycle.

### Obstacle #2: Some new items don't make it past six weeks.

Past studies have also shown that 17% of new items disappear from the shelf within twelve weeks of launch. While the 17% is an average, some categories such as dairy and frozen food suffer much higher rates. Why? In the case of the fast-moving new items within the brand, out of stocks occur more often and stocker attempts to fill the hole result in missed opportunities to re-order. In other cases, sluggish sales rates of new items trigger department manager decisions to drop items. Of particular concern is when the product is about to move from introductory to growth stage where acceleration of sales and profits are expected.



#### ShelfSnap™ Mission:

To provide the CPG industry with a global systematic process and set of tools to **measure store-level compliance** of in-store merchandising and **enable better analytics** of each marketing dollar invested.

### Obstacle #3: Competitive “me too” items begin to emerge.

By third month of the new item launch we typically start to see competitive “me too” items emerging. This can cloud the shelf space picture as retailers find themselves scrambling and making hasty decisions on how to make room on the shelf for the competitive new items. Without being measured, one often finds later on in the process that not always the best assortment decisions were made and as a result, market worthy items were delisted. Some companies also find that their original facing allotment for their new item was reduced to make room for the competitive new items causing additional out of stocks. Manufacturer category managers then must react and new, revised planograms start to appear.

### The financial implications of new item obstacles are significant.

Missing the mark on new item launches is costly. Without a process and measurement system in place to measure distribution progress, or frequency of out of stocks, or the number of facings received, etc., one cannot take corrective action to fix the problem. As a result, the high ratio of new item expenses to sales are magnified. For example, if a new product’s distribution has slowed or if out of stocks are rampant, one has to ask: What is the net effect of our media dollars? What is the net effect of our overlay of consumer offers such as an FSI? Was this money well spent? Or, should we have delayed the spend until our shelf presence was satisfactory?



### New item measurement is an absolute must.

For a company to avoid these types of obstacles and resulting financial inefficiencies, measurement of the new item’s progress is critical. A fast turnaround measurement system allows a company to assess early results and take action quickly to fix execution problems at retail. Measurement of new items works far better when a collaborative team is in place that is held accountable for tracking results. The group can assess early results and quickly decide the corrective action that must occur - store by store. The group can also regularly and frequently communicate results to key members of the organization. Typically, a collaborative group should include brand management, sales, and category management.

### New item scorecard and success measurements should be established upfront.

When measuring the progress of a new item, it is important to compare results to objectives - that is, what were the expectations from the start? Should we be in 70% of the stores by week 4 or 5? Is 10% an acceptable out of stock level during the first four weeks? Should we have 2 or 3 facings on the shelf? What should our location on the shelf be? What should be adjacent to us on the shelf? Having this knowledge upfront allows for relevance during the measurement process.



## ShelfSnap™ - new item measurement is part of our mission.

Our mission at ShelfSnap™ is to provide the CPG industry with a global systematic process and set of tools to measure store-level compliance of in-store merchandising and enable better analytics of each marketing dollar invested. Measuring the results of new item launches is part of our portfolio of insights that we provide to CPG companies such as yours. Our toolkit of insights allow brand managers, account sales managers, and category managers to quickly assess results and determine - store by store - what is the corrective action to take. We provide census-enabled insights for many of the top retailers including Wal-Mart, Super Wal-Mart, Meijer, Target, Kroger (all divisions), Safeway (all divisions), SUPERVALU (all major divisions), Delhaize (Hannaford and Food Lion), Ahold (S&S, Giant Landover, Giant Carlisle), HEB, Publix, A&P, Winn-Dixie, Shoprite and HyVee.

**We can tell you how your new items are doing - store by store - within 48 hours of the store visit. We also save you the cost of store trips by providing the digital images of the new item and shelf.**

ShelfSnap™ is a high-tech merchandising audit service using image recognition and a spatial analytic engine to yield richer insights on in-store execution. First, digital images of your in-store merchandising are taken and uploaded into the ShelfSnap™ data processing center. Then, the ShelfSnap™ image recognition system analyzes color, package size, and label design and compares it to your product reference file to identify the correct product. In the third step, the ShelfSnap™ analytic engine generates quantitative analytical results of the images captured. Analysis is outputted to web applications or data files. Output includes images and applications that show exception to the plan, out of stocks, display compliance, new item cut-ins.

**For more information on how ShelfSnap™ can help you measure your new item launches, call us at 847-996-1077 or email Mike Spindler at [Mike.Spindler@ShelfSnap.com](mailto:Mike.Spindler@ShelfSnap.com).**

### ShelfSnap™ Insights and applications:

- Cut in - yes or no? - by store
- Placement in accordance to plan - store by store
- Ability to maintain shelf space 4, 8 and 12 weeks after the initial roll out
- Number of facings
- Shelves merchandised on first observed day
- Retailer distribution - what are the outlier stores?
- Digital images - what do the new items look like on the shelf?

