

CASE STUDY: SONY PICTURES ENTERTAINMENT

HOW SCAN BASED TRADING MADE SONY A STAR IN GROCERY

Headquartered in Culver City, California, Sony Pictures Entertainment (SPE) is a subsidiary of Sony Corporation of America (SCA), a subsidiary of Tokyo-based Sony Corporation. SPE's global operations encompass motion picture production and distribution; television production and distribution; digital content creation and distribution; worldwide channel investments; home entertainment acquisition and distribution, operation of studio facilities; development of new entertainment products, services and technologies; and distribution of filmed entertainment in 67 countries. As a division of one of the world's largest corporations, SPE sales contribute over \$6 billion dollars to the company's bottom line.

This is a story about SPE's strategy to increase that sales number with the help of scan based trading, powered by Park City Group.

CLIENT:

"To sell this program to the grocery industry, all the pieces had to fit -- fixtures, merchandising, sales planning, replenishment, and marketing -- and Park City Group's SBT solution was a critical piece of the puzzle. It knocked down every door, removed every obstacle for us. We have seen dramatic sales increases in every account."

-Jack Talley,
Sony Pictures Entertainment

To find out more about Park City Group solutions, call us at 435-645-2000 or visit us on the web at www.parkcitygroup.com.

CHALLENGE: YOU OUGHT TO BE IN PICTURES

Who hasn't heard of Sony Corporation, the company famous for PlayStation™ and developing CDs and DVDs? Masters of merchandising, SPE was well entrenched in the traditional channels for selling DVDs – electronics and mass merchandisers. The company began looking for ways to expand distribution into non-traditional channels. Grocery was the first target.

The strategy made sense. If consumers can purchase anything from donuts to dishwashers at most mass merchandisers and buy a cold drink at their favorite electronics store, why not pick up a DVD to watch after the dinner they've just shopped for?

But there were challenges. SPE found that grocers had four major concerns about product sell-through: shrink (by far the biggest concern); space (we're a grocery, we sell food!); competitive pricing (it can't cost less down the street); and logistics (no resources to sell a product foreign to the channel).

SPE thought vendor managed inventory (VMI) would alleviate some of these concerns, because the grocery channel was comfortable with the process, and SPE would be responsible for orders and inventory. The retailer supplied 852 movement data, which SPE used to generate its replenishment plan. The problem was, if retailers were unable to supply the information in the proper format, they were excluded from the program, putting a kink into SPE's expansion plans.

SOLUTION: LIGHTS, CAMERA, ACTION!

Enter Park City Group and scan based trading (SBT). Well-established in the grocery channel, Park City Group gave SPE the tools it needed to counter every one of the grocers' concerns. And because of Park City Group's "many to one" capability, the SBT solution could translate any data into the format that SPE required.

In the SBT business model, the supplier owns all the inventory. And, while most retailers and suppliers conducting SBT typically share shrink, SPE decided to cover 100% of shrink, taking the number one concern off the table. As part of the program, SPE would provide the DVD displays and manage every aspect of the merchandising. No inventory investment ... no shrink ... no merchandising logistics ... no brainer!

Still, risk-averse buyers were reluctant to embrace this program. So SPE changed its tactics – instead of selling movies to buyers, the company sold a revenue-generating program to grocery executives, who clearly saw the value of incremental sales. And they were comfortable with Park City Group because of its expertise and reputation in the market. It was an offer they couldn't refuse.

RESULTS: AND THE WINNER IS...

With SPE's DVD distribution program, everyone wins. Based purely on new account penetration, SBT has helped SPE increase its business eight-fold. The names have been omitted to protect the innocent, but the program results have been phenomenal. In one grocery chain, SPE's annual sales went from \$800,000 to \$28 million; in another, sales went from nothing to \$8 million.

Incredible incremental sales; rave reviews from the grocery channel; a smashing success for Sony ... this program definitely gets two thumbs up!

