



**RadioShack®**

C O R P O R A T I O N

Investor Conference

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# Merchandising

Merchandise Model

Strengthening the Ways in Which RadioShack Does Business

The CE Marketplace and RadioShack's Approach

Long-Term Sales Drivers

# Merchandising Model

- Greater Customer Focus
- Compete Selectively
- Requires Dynamic Skills



# Strengthening Merchandising

## Better Ways of Doing Business

### Pre-2002

- Merchandise Planning  
Driven Yearly
- Catalog Focused  
Merchandising

### Today

- Merchandise Planning  
Driven Seasonally
  - Spring
  - Fall
- Customer Focused  
Merchandising

# Strengthening Merchandising

## Better Ways of Doing Business

### Pre-2002

- Merchandise Planning Driven Yearly
- Catalog Focused Merchandising
- Static Catalog
- Static Pricing
- Formula Price

### Today

- Merchandise Planning Driven Seasonally
  - Spring
  - Fall
- Customer Focused Merchandising
- Fluid Catalog
- Fluid Pricing
- Market Pricing

# Strengthening Merchandising

## Better Ways of Doing Business

### Pre-2002

- Formula Buying (Red Book)
- Administering SKUs and Orders
- Focus on History

### Today

- Dynamic Buying
  - Buying to ROS
  - Driving Trends
- Category Management
- Focus on Consumer Demands, Brand Positioning  
ex:
  - Digital End Products
  - Accessories Supporting Them
  - Products Consumers Give Us Credit For



# **The Consumer Electronics Marketplace and RadioShack's Approach**

**Competitive Set Recognizes the Value of Our Core Accessory and Battery Business**

**Solution: Organizational Focus, Innovation, Depth of Stock, and Advertising**

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**Competitive Set Recognizes the Value of Our Core Accessory and Battery Business**

**Solution: Organizational Focus, Innovation, Depth of Stock, and Advertising**

**Innovation and Speed to Market in Our Core Area**

**Solution: 1st or 2nd to Market in Businesses Identified with RadioShack**



# Zip Zaps

One Million Sold to Date

- Micro RC trend spotted in January '02
- Research conducted to shape entire program
- Zip Zaps brand identity developed
- Key licenses secured
- Complete 23 SKU assortment developed
- Shaq product spokesperson

# Improving Our People

Raising Level of Skills  
Measuring What Counts

Bringing in New Talent  
Developing Future Talent



# 2003 Outlook



# 2003 Sales Drivers



# Industry Unit Sales of Selected Consumer Electronics – 2003 through 2005

<u>Category</u>	YOY Increase		
	<u>'03E</u>	<u>'04E</u>	<u>'05E</u>
Digital Cameras	22%	17%	12%
DVD Players	11%	8%	10%
Portable Computing (PDA's)	12%	45%	30%
Wireless Accessories	8%	10%	10%

**Sources: CEA; eBrain Market Research; eTForecasts, Gartner DataQuest**

# Summary: Merchandising Priorities

1. Dominate Routine Electronic Needs (e.g. specialty batteries, accessories, inkjet)
2. Be Famous for Families' Unique Wants or Small Leading Edge Items
3. Manage Business Through Innovation, Sound Processes and Great People





**RadioShack®**