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SPAR Group Divests Its Incentive Marketing Division; Business Sold to Employees

TARRYTOWN, N.Y., Aug. 1, 2002 -- SPAR Group, Inc. (Nasdaq:SGRP) today announced the sale of SPAR Performance Group, the company's Incentive Marketing Division, to employees through a recently established employee stock ownership plan. The sale was effective June 30, 2002.

The sale follows an announcement in January that the company was exploring strategic alternatives for its Incentive Marketing Division, including a sale to employees. The company accounted for the transaction in its December 31, 2001 financial statements.

"The divestiture of the Incentive Marketing Division was motivated by management's desire to focus on SPAR's core business in order to maximize the company's return on investment. We believe this strategy will provide the greatest benefit to our customers, shareholders and employees," said Robert G. Brown, chairman and chief executive officer of SPAR Group.

The Incentive Marketing Division, with reported revenues of approximately \$31 million for the year ended December 31, 2001, is engaged in designing and implementing premium incentives, managing group meetings and group travel for clients throughout the United States, including administrative, travel and merchandise fulfillment services, to companies seeking to motivate employees, salespeople, dealers, distributors and retailers.

"As corporations strive to enhance productivity, the use of incentive marketing has become increasingly effective in motivating employees. SPAR Performance Group has a solid reputation among corporate customers, and we are delighted that employees will have an opportunity to share in the future success of this business," Brown said.

SPAR Group, Inc., a diversified marketing services company, provides a broad array of productivity enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. Organized into three operating divisions, SPAR provides in-store merchandising, database and research services through its Merchandising Division in general retail, mass market, drug, and grocery chains. Through its Internet Division, the Company provides a series of Internet productivity improvement applications designed to help companies increase operating efficiencies and train employees in remote locations. SPAR's International Division, through a joint venture with a large Japanese wholesaler, provides in-store merchandising services to the Japanese market.

Certain statements in this news release are forward-looking and involve a number of risks and uncertainties, including any future contributions from the sale of SPAR Performance Group. The Company's actual results could differ materially from those indicated by such statements as a result of various factors, including the possible sale of the Incentive Marketing business to employees through the establishment of an employee stock ownership plan and other factors discussed in SPAR Group's Form 10-K, Form 10-Q, and other filings made with the SEC from time to time.

Contact:

SPAR Group, Inc.

Charles Cimitile, 914/332-4100

or

PondelWilkinson MS&L

Gary S. Maier, 323/866-6060