

MPSP

February 13, 2012

NOTICE TO THE TRADE - DeCA NOTICE 12-37

SUBJECT: DeCA Brand Name Fresh Chicken Merchandising Program

The purpose of this Notice to the Trade (NTT) is to announce that the Defense Commissary Agency (DeCA) is establishing a new merchandising program for brand name fresh chicken for DeCA commissaries. This program is designed to obtain the best possible value for our patrons with regard to brand name fresh chicken. The program will encourage competition among fresh chicken suppliers, standardize pricing in geographical areas, and increase fresh chicken category sales over previous years.

The Sales, Marketing, and Policy Group's Sales Directorate will be accepting presentations from potential primary and secondary suppliers for the brand name fresh chicken program from March 5 - 8.

There are seven marketing sales areas for the primary supplier and eight marketing sales areas for the secondary supplier.

The primary supplier's marketing sales areas are as follows:

- (Area 1) Northeast [*to include Virginia and West Virginia*];
- (Area 2) Southern [*to include Arkansas and North Carolina*];
- (Area 3) Midwest and Central [*except Virginia, West Virginia, Arkansas and North Carolina*]
- (Area 4) Southwest
- (Area 5) Northwest
- (Area 6) Alaska
- (Area 7) Hawaii

The secondary supplier's marketing sales areas are as follows:

- (Area 1) Northeast [*to include Virginia and West Virginia*];
- (Area 2) Southern [*to include Arkansas and North Carolina*];
- (Area 3) Central [*except Virginia, West Virginia, Arkansas and North Carolina*]
- (Area 4) Midwest
- (Area 5) Southwest
- (Area 6) Northwest
- (Area 7) Alaska
- (Area 8) Hawaii

Please note that Europe, Pacific Theater, Puerto Rico, and Cuba are excluded from this program. A map indicating the primary marketing sales areas is provided at attachment 1, with specific store locations by marketing sales area at attachment 2.

A map indicating the secondary marketing sales areas is provided at attachment 3, with specific store locations by marketing sales area at attachment 4. Please be aware that the primary and the secondary marketing sales areas and maps are different.

The DeCA Brand Name Fresh Chicken Merchandising Program will consist of unenhanced fresh chicken products, with exceptions as noted. The primary supplier is required to provide all unenhanced products, with the exception of boneless skinless breast, which can only be enhanced up to 7 percent solution. The secondary supplier is required to provide all unenhanced products (to include boneless skinless breast).

The Agency is always seeking ways to provide our patrons with maximum savings and the best value; therefore, suppliers will have the opportunity to present an “alternative offer” concurrent with their initial offer. However, suppliers must present their initial price offer first, for each of marketing sales areas for which they want to be considered, before they subsequently present their “alternative offer”. Any alternative offers must clearly demonstrate a significant benefit to the Agency and its patrons, as compared to the initial offer. “Alternative offers” not offering significant advantages (in terms of price, value, impact on the chicken category, etc.) are discouraged.

DeCA will accept “alternative offers” for any of the following:

- Chicken products that are Enhanced; supplier shall identify the “percentage of pump” for each of the core items in their offer (*this “alternative offer” can only be offered by the primary supplier*)
- Chicken products that are Antibiotic Free
- Chicken products that are Organic
- Chicken products that are received before or after the 96 hour required delivery time (*however, all products shall have the minimum 50 percent shelf life or more at the time of delivery*)
- Offer to consolidate any of the above marketing sales areas to offer DeCA a better price (*this “alternative offer” can only be offered by the primary supplier*)

All presentations will be conducted at the DeCA Headquarters, 1300 E Avenue, Fort Lee, Virginia 23801-1800. Potential suppliers must offer a price for each of the marketing sales areas they are presenting. Suppliers may make presentations on any or all of the **seven** marketing sales areas for the **primary**, and any or all **eight** marketing sales areas for the **secondary**, and subsequently, may be selected for more than one marketing sales area. The primary supplier selected will not be considered as the secondary supplier for the same marketing sales area. All presentations will be videotaped and will not exceed 1 hour in duration. Each vendor will be given 15 minutes before and after the presentation to prepare and clear the room.

Please note this is not a formal solicitation. The outcome of this process will result in a merchandising agreement, which is not governed by the Federal Acquisition Regulation. Industry is also hereby informed that the Government is not liable for any expenses incurred in the preparation or the conducting of these presentations.

The current merchandising program for the fresh chicken products is scheduled to expire on June 30. The new merchandising program will consist of a base period of performance of one year, scheduled to commence on July 1, with the potential for two 1-year renewal options. However, the decision to exercise renewal options is the unilateral right of the Government, and will be based upon such things as supplier performance; strict adherence to the mandatory requirements; patron savings; and other criteria specified in this NTT. Failure to strictly adhere to these requirements may adversely affect the renewal of the option years.

The Fresh Chicken Mandatory Requirements are provided at attachment 5. If you cannot meet the mandatory requirements as noted in this attachment, suppliers should not schedule an appointment for a presentation. When submitting proposals, the offeror should ensure that each specific element listed in the mandatory requirements is addressed in their presentation. Failure to comply may adversely affect the offeror's standing among other competitors. To facilitate identification of each element, the offeror's proposal must mirror the order of the elements listed in the mandatory requirements.

The program will consist of “core items” which all stores will stock, and a number of “discretionary items” which will be stocked based on store size. Of the space dedicated to fresh poultry, the primary chicken supplier will initially be given 70 percent, and the secondary supplier will initially be given 30 percent of the fresh chicken display space in all marketing sales areas. Failure to produce package volume equal to the percentage of display space allocated, (primary 70 percent, or secondary 30 percent), may result in a decrease of shelf space allocated. DeCA reserves the right to re-evaluate and make changes to the space allocation between the primary and secondary suppliers. Space allocation may be evaluated twice a year and will be adjusted if deemed necessary. Individual store data will not be used to make changes to space allocation. All changes will be made based upon the agency’s data on product sales performance in each marketing sales area.

Discretionary items for both primary and secondary suppliers will be “all other” fresh chicken products currently produced and available in civilian retail markets stocked in the fresh meat case. Note that fully cooked (ready to eat) products can not be added as a discretionary item under this agreement, and can not be displayed in the fresh poultry display case.

Discretionary and new items must be approved through presentations to the Sales Directorate category buyer on a DeCA Form 40-15 regardless of the product’s current allocation. Items will be selected based on popularity in the remaining markets and patron savings.

There will be a total of 17 core items available to be sold in all DeCA commissaries. The primary supplier will be required to maintain the top performing 10 core items in the display case throughout the sales day in all marketing areas. The secondary supplier will be required to

maintain the top performing 5 core items in the display case throughout the sales day in all marketing areas. Please note that these core items will vary between respective marketing sales areas. Chicken suppliers shall ensure that all core items are displayed in the fresh meat case at all times and never be out of stock (NEVER OUT). The specific core items, the estimated packaged volume (based on three year average), and the Dock used (GA or LA Dock) for each marketing sales area are shown at attachment 6 for the primary; and at attachment 7 for the secondary. **Also note that the core items will be used to evaluate your offers.**

The core items for the primary supplier will include the marketing sales area specific top performing 10 core items based on sales history in each marketing sales area. Listed below are the core items sold in DeCA commissaries.

Whole Bag Fryers	Class 1, 2, 3, 4, 5
Split Breasts w/Rib	Class 1, 2, 3, 4, 5
Drumsticks	Class 1, 2, 3, 4, 5
Thighs	Class 1, 2, 3, 4, 5
Wings	Class 1, 2, 3, 4, 5
Skinless Boneless Beasts	Class 1, 2, 3, 4, 5
Breast Thin Filet	Class 1, 2, 3, 4, 5
Jumbo Drumsticks	Class 1, 2, 3, 4, 5
Jumbo Thighs	Class 2, 3, 4, 5
Jumbo Wings	Class 2, 3, 4, 5
Jumbo Breasts w/Rib BLSL	Class 2, 3, 4, 5
Breast Tenders	Class 2, 3, 4, 5
Drumettes	Class 2, 3, 4, 5
Thighs BLSL	Class 1, 2, 3, 4, 5
Breast BLSL Filets for Stuffing	Class 1, 2, 3, 4, 5
Ground Chicken	Class 2, 3, 4, 5
Breast Roast BLSL Thin Sliced	Class, 2, 3, 4, 5

The core items for the secondary supplier in all marketing sales areas will be:

Whole Bag Fryers	Class 2, 3, 4, 5
Drumsticks	Class 2, 3, 4, 5
Thighs	Class 2, 3, 4, 5
Jumbo Wings	Class 2, 3, 4, 5
Skinless Boneless Breasts	Class 2, 3, 4, 5

In class 1 stores, the primary supplier will be required to stock the top performing 10 core items and may stock up to 4 additional discretionary items for a total of 14 items. In class 2 stores, the primary supplier will be required to stock the top performing 10 core items and may stock up to 7 additional discretionary items for a total of 17 items. In class 3, 4, and 5 stores, the primary supplier will be required to stock the top performing 10 core items and may stock up to 9 additional discretionary items for a total of 19 items. Commissaries will be encouraged to purchase/order discretionary items from both primary and secondary brand name supplier. Class 2, 3, 4, and 5 stores must carry fresh chicken products provided by the secondary supplier to

provide commissary patrons with a choice. Class 2 stores may request an exception to policy due to space limitations or lack of sales.

In class 2-5 stores, the secondary supplier will be required to stock the top performing 5 core items and may stock up to 4 additional discretionary items for a total of 9 items. Exceptions to the secondary supplier requirements will be granted ONLY by the Sales Directorate and must be submitted in writing by the Store Director and approved by the Zone Manager and Area Director prior to the submission of the request.

All interested companies must provide their pricing strategy based on the Georgia or Los Angeles Docks Quoted Price Tier, as applicable. The base selling price for chicken items will be determined using the Wednesday Dock Quoted Price Tier from the immediate, previous week. For evaluation purposes, DeCA will be using the Dock Quoted Price Tier effective February 15. These prices should be annotated on attachment 8 (Georgia and/or Los Angeles Dock Form).

The price submitted by the offeror is subject to revision within the confines of the dock brackets set forth in attachment 8. The offeror is not entitled to any other pricing adjustments during the term of any resulting agreement, other than those authorized under the terms and conditions of this NTT and the resulting Resale Ordering Agreement hereafter. Therefore, adequate planning should be exercised prior to submission of the supplier's pricing arrangement to account for any contingencies, such as increased grain costs, fuel costs, processing cost, distribution costs, etc. The Georgia/Los Angeles Dock Quoted Price must reflect the net selling price per pound. Georgia/Los Angeles Dock Quoted prices will not be rounded. The net selling price should be rounded upward to the nearest whole cent.

The suppliers selected for the marketing sales areas shall send all prices via electronic data interchange (EDI) to DeCA prior to price quote deadline dates. This procedure will establish the selling prices for each item for a twice a month pricing period; either for the 1st - 15th or 16th to the end of the month. The EDI price quotes for 1st - 15th of the month shall be transmitted by the close of business on the 10th day of the previous month. The EDI prices effective from 16th to the end of the month must be transmitted by close of business on the 25th day of the previous month.

**Both the primary and secondary suppliers shall submit two proposals with two distinct pricing strategies:**

- Straight Every Day Low Pricing (EDLP) without VPRs
- Modified Every Day Low Pricing (EDLP) that includes VPRs based upon DeCA's scheduled/targeted promotional calendar

The promotions must be based on 1st - 15th and 16th through end of month for the duration of this agreement. Attachment 9 (DeCA's Promotional Calendar/VPR Sheet) contains the specific items and promotion schedule that shall be included in your "Modified EDLP Proposal". **The supplier shall annotate on attachment 9 the "cents off" for each core item where the blocks are not highlighted.** This attachment shall be only included in your presentation proposal for Modified EDLP.

All suppliers shall provide their company's fresh chicken tonnage, package sales and market share for each Brand Name, Private Label, or Control Brand products sold in each DeCA marketing sales area for which you are bidding. You must also include the chicken item (part) name, the chicken part identifier, package volume, and if the chicken part is enhanced or unenhanced. In addition, if the chicken part is enhanced, you must also provide the percentage of pump. The private or control brands may be given a generic name in order to preserve proprietary data. This information shall be provided along with your "initial" presentation (offer) and must be listed separately for each of the marketing sales areas on attachment 10.

Selection Process: An evaluation committee will select a brand name fresh chicken primary and secondary supplier from the companies making presentations for each respective marketing sales area, based on the criteria set forth in this NTT.

The primary supplier is required to provide all unenhanced products, with the exception of boneless skinless breast, which may be enhanced ONLY up to 7 percent solution. The evaluation committee will use the following grading criteria to evaluate each presentation proposal on core items for the "primary" supplier: Price (defined earlier as either Straight EDLP without VPRs; or Modified EDLP with VPRs). Additional consideration will be given to such things as, percentage of pump in the boneless skinless breast, local brand recognition, packaging differentiation, shelf life upon delivery, marketing strategies, signage, and point of sale material.

The secondary supplier is required to provide all unenhanced products (to include boneless skinless breast). The evaluation committee will use the following grading criteria to evaluate each presentation proposal on core items for the "secondary" supplier: Supplier's Local Market Share. Additional consideration will be given to such things as price, packaging differentiation, shelf life upon delivery, marketing strategies, signage, and point of sale material.

The evaluation committee will consider all "alternative offers" received from each supplier that will provide DeCA's military patrons with maximum savings and/or the best value for the Government. The evaluation committee will utilize the same criteria as stated above to evaluate "alternative offers" received for primary and secondary, where applicable.

Within 25 calendar days after all presentations are completed, DeCA plans to send all participating parties a letter announcing the selection of the primary and secondary supplier for each marketing sales area. A debriefing sheet will be forwarded with this letter. A NTT announcing the results will also be completed and placed on the American Logistics Association bulletin board. The final notification letters and the NTT will be forwarded to all participants simultaneously.

Reclama Process: All unsuccessful offerors will be permitted an opportunity to submit a request to reconsider the Agency's decision. However, all reclamas must be in writing and must be received within 10 calendar days of the date of the notification letters to suppliers. All reclamas must be sent to: Defense Commissary Agency, Sales, Marketing, and Policy Group, ATTN: MPSP (Mr. Louis Kennedy), 1300 E Avenue, Fort Lee, Virginia 23801-1800. DeCA

will provide a written response within 10 calendar days of receipt of the reclama. **Notice of the selectee(s) is not final until the reclama period is complete and a notice to proceed is issued.**

All companies that are not selected under this program as a brand name fresh chicken supplier, and have core or discretionary items that are currently within DeCA's system, will be phased out for those marketing sales areas 30 days prior to commencement of the new program.

All appointments must be made no later than February 24 by contacting Ms. Gloria Hill, Secretary, at (804) 734-8000, extension 4-8278.

Questions or concerns related to this NTT may be directed to my point of contact, Mr. Louis Kennedy, Category Manager, (804) 734-8000, extension 4-8232, or [louis.kennedy@deca.mil](mailto:louis.kennedy@deca.mil).

//signed//  
Christopher T. Burns  
Director of Sales

Attachments:  
As stated