

PSM

March 3, 2006

NOTICE TO THE TRADE – DeCA NOTICE 06-65

SUBJECT: Promotional Quantity Commitments in CONUS Commissaries

Management of promotional quantities needed to facilitate execution of the promotional packages at the store level in CONUS commissaries was transferred to the Promotions Team at the Marketing Business Unit (MBU) concurrent with the January 2006 package. Promotional quantities are instrumental to achieving our sales goals. Quantities provided by the MBU are no longer based upon receipts or targets provided by industry. We now utilize store specific sales data to project promotional quantities. The feedback from both industry and our commissaries to this change has been positive. With this in mind, effective with promotional period No. 9 commencing on April 27, we are further refining the promotional process as outlined below. The region directors have reviewed these changes and have also expressed their full support.

The MBU will provide quantities to industry for promotional packages, shippers, MBU managed case lot sales, and club pack programs. The MBU will provide promotional quantities in the promotional spreadsheets to the stores which will serve as a baseline and may no longer be adjusted downward; however, stores may continue to increase quantities as needed. This applies to all Managers Specials, semi-perishable power buys, primaries, K4/superstore primaries, and shippers/pallets/one time buys. Where stores elect to promote perishable power buys, secondaries, and features they will determine their own quantities. Quantities for club pack programs and case lot sales will also be determined by the stores.

DeCA East stores participating in the 45-day ordering initiative will provide only shipper, club pack, and case lot quantities with the MBU providing their quantities as noted above. Unique situations that may require a request for an exception will be coordinated through the zone manager(s) to the appropriate region's Director of Operations. All stores will be required to pull in 100 percent of all quantity commitments regardless of promotional classification. Regions will work closely with zone managers to resolve residual stock issues resulting from any store failing to pull 100 percent of their precommitted quantities.

Industry should continue to ensure that the shippers/pallets are in their respective distributors no later than 5 days prior to the start of the display period. Commissaries will not be responsible for any commitment when shippers/pallets are not available to meet this 5-day parameter. Delays in delivery will only create a backlog situation in our stores, which will impact future promotional opportunities.

The Defense Commissary Agency will be responsible for only those quantities published by the MBU. Two weeks after conclusion of the promotional period, the promotions team will

phase out “O” promotional items in DIBS. Distributors will continue to provide quantities still on hand to assist in moving out the product. The MBU will coordinate with the respective region’s Director of Operations to determine whether or not stores pulled their committed quantities. Industry will be responsible for handling any quantities that exceed the precommitted quantities.

Points of contact on issues relating to the content of this sales package are Ms. Mary Michael, Promotions Manager at DSN 687-8228 or (804) 734-8228; and Mr. Tom Muehlbauer, Assistant Promotions Manager at DSN 687-8232 or (804) 734-8232.

//s//

Scott E. Simpson
Chief Operating Officer

cc:
Region Directors
Zone Managers