

PSM

October 5, 2004

NOTICE TO THE TRADE – DeCA NOTICE 05-03

SUBJECT: 2005 Dollar Day Promotions

The purpose of this Notice to the Trade is to advise Industry that DeCA will promote two dollar day sales in 2005.

Dollar stores are a competitive force that traditional food retailers can no longer ignore. Dollar stores originally concentrated mainly on apparel, household and personal care products; however, they have been quick to target the food industry. While the selection of items in dollar stores consists primarily of private label/store brands, second- and third-tier brands, deleted items, and special sizes designed to meet a certain price point, increasingly there are products that can be found on any grocery store shelf. Coupled with this, household penetration for dollar stores along with the frequency of shopping trips continue to climb.

As DeCA and Industry continue to partner together to focus our promotional efforts, capitalize on the latest industry trends, and react quickly to changes in consumer purchase patterns, the implementation of the “dollar days” concept in our commissaries is in keeping with this focus. Dollar price points and dollar multiples will headline our promotion and pricing must be evenly divisible by the number of units.

Industry should focus on seasonally appropriate high indexing category leading items, which provide commissary patrons with maximum savings over retail. We can maintain a competitive advantage by differentiating product selection from that traditionally carried in dollar stores.

The first dollar day sale will be held concurrently with promotional period #7 “Spring Into Savings” from March 31 to April 13, 2005. The second dollar day sale will be from August 11 to 24, 2005, as part of period #16 “Back to School Bargains” sale. Presentations should be made to category buyers in November 2004 for period #7 and March 2005 for period #16 as part of their monthly promotional presentations.

Points of contact for this action are Delbert Myrick, Deputy Director of Sales, at (804) 734-8240 and Mary Michael, Promotions Manager, at (804) 734-8228.

/s/

Scott E. Simpson
Chief Operating Officer