

PSM

August 17, 2005

NOTICE TO THE TRADE – DeCA NOTICE 05-134

SUBJECT: Promotions for Direct Store Delivery Items

The purpose of this Notice to the Trade is to clarify the procedures for the management of “Direct Store Delivery” (DSD) promotions.

There continues to be a great deal of confusion by our industry trade partners as to what DSD categories should be presented to the store director for promotion or to the MBU. The management of all national promotions continues to be contingent upon the category and not the method of delivery. This has been done without the approval of the MBU and without consideration of the promotional package and the promotional matrix.

As stated in NTT 02-07, dated October 23, 2001, the management of promotions for DSD categories including soda, salty snacks, and bakery items was turned over to the store directors. This policy was implemented in conjunction with the January 2002 promotional package. Promotions for other DSD items to include cookie, cracker, water, dried meat snacks, snack nuts, miscellaneous snacks, isotonic, and new age beverage categories remained with the MBU.

Effective immediately, industry representatives must adhere to the established policy and present promotional items for nationally managed DSD categories to the respective MBU category buyer utilizing the promotional matrix and calendar as the baseline for making presentations. This will ensure that our promotional package is executed to the maximum extent possible with the primary focus being sales and savings. It also ensures that there is a fair and equitable baseline for promotions and that some manufacturers do not receive an unfair advantage because of their method of delivery.

Only those categories where store directors or their designated representatives have the flexibility to negotiate prices with local sales representatives were transferred to stores. This was not meant to create a situation where DSD manufacturers could circumvent the national promotional package in those categories that continue to be managed by the MBU.

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