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DEFENSE COMMISSARY AGENCY
HEADQUARTERS
1300 E AVENUE
FORT LEE, VIRGINIA 23801-1800

MPS

Dec. 29, 2015

NOTICE TO THE TRADE – DeCA NOTICE 16-26

SUBJECT: Presentations for Brand Name Fresh Turkey Tray Pack Parts and Fresh Whole Body Turkey Program

The purpose of this Notice to the Trade (NTT) is to inform all turkey suppliers that the Defense Commissary Agency (DeCA) is accepting “electronic” presentations for brand name fresh turkey tray pack parts and fresh whole body turkeys. The cut off for “electronic” presentation submissions is 12 noon EST on Friday, January 15, 2016. All presentations must be submitted to Mr. Jeff Rose at jeff.rose@deca.mil. Presentations from potential fresh turkey suppliers will be reviewed from January 27-29, 2016 in electronic format only.

The program consists of three (3) marketing sales areas: (1) Central, Northeast; (2) Southern, Midwest; and (3) Southwest, Northwest, Alaska and Hawaii. Please note that Europe, Pacific, Cuba and Puerto Rico commissaries are excluded from this program. Suppliers may submit presentations on any or all of the three marketing areas.

The Agency goal is to provide our customers with the most favorable pricing and savings on fresh turkey tray pack parts and whole body turkeys. This program is scheduled to begin April 1, 2016 and end on January 31, 2018. As we strive to attract the club and traditional grocery chain fresh turkey shopper, we want **“the best possible pricing on fresh whole body turkeys”** from November 16-30, 2016, and November 16-30, 2017.

All turkey suppliers shall offer a vendor Price reduction (VPR) for the fresh whole body turkey during the key selling holiday period of November 16-30. Space allocation will initially be considered based on turkey market share in each marketing area. Space allocation is subject to reviews.

For your presentation and offer to be considered for this Fresh Turkey program, you shall submit your electronic offers using the Presentation Spreadsheet for Pricing Model One (Attachment 1 Tab 1) and/or Pricing Module Two (Attachment 1 Tab 2). Turkey suppliers can either use, Pricing Model One, Pricing Model Two, or both models to present their offers. Each supplier shall submit their electronic offer using at least one of the two pricing models.

- Pricing Model One (Attachment 1) – For this pricing model, the supplier shall use the Urner Barry (UB) raw turkey parts prices as their base selling price for each core item. All suppliers shall use the UB Publication date of December 30, 2015, to calculate their total price for each core item. There are a total of seven fields under Pricing Model One for each of the three marketing sales areas that must be completed by the turkey suppliers.
- Each supplier shall enter what percentage of the parts will be used to make the ground in the column titled – “Parts By % Used To Make Ground.” Each supplier shall enter prices under the Daily UB Prices column for the part used to make the core item. If there is more than one part used to make the core item, the supplier shall specify each part price under column titled Parts 1, Parts 2, and Parts 3.
- All suppliers shall submit a price under the Special Factor Column on all core items. The Special Factor reflects the supplier’s profit, overhead, distribution cost, transportation, VPR accrual, etc. Special factors are firm-fixed prices that are simply added to the UB published on the Wednesday prior to the future pricing due date. The Daily UB price(s) plus the special factor will equal the supplier’s total unit price for the respective core item. Each supplier shall submit their total unit price for each core item under the column titled “Suppliers Unit Price.”
- Each supplier shall submit their commitment to patron savings for each core item under the column titled “Commitment Patrons Savings,” Also, each supplier shall enter prices under the Daily UB column to establish the Every Day Price for the Fresh Whole Turkey and Turkey Breast as well as the special factor price to obtain the suppliers total unit price. In addition, suppliers shall enter their patron’s savings for the whole turkeys and breasts.
- Finally, each supplier must submit their 26 Week Absolute Patron Savings Commitment Percentage. This percentage shall be entered at the top of the page of Attachment 1. Additionally, each supplier shall submit their VPR Unit Price for the Fresh Whole Turkeys for November 2016 and 2017; and submit their committed VPR Tonnage for November 2016 and 2017. The VPR price and tonnage shall be entered at the bottom of the page of Attachment 1.
- Pricing Model Two (Attachment 1) - Each supplier shall enter a firm fixed price per pound and patron savings under the respective columns for the core items as well as the fresh whole turkeys and breasts. Fixed pricing will be guaranteed until January 2018. This does not guarantee the item will be retained until January 2018. DeCA will maintain the category decision on stock assortment based on sales and retail trends. Performance may be reviewed every six months starting July 2017; using latest 26 week data.
- Finally, each supplier must submit their 26 Week Absolute Patron Savings Commitment Percentage. This percentage shall be entered at the top of the page of Attachment 1. Additionally, each supplier shall submit their VPR Unit Price for the Fresh Whole Turkeys for November 2016 and 2017; and submit their committed VPR tonnage for November 2016 and 2017. The VPR price and tonnage shall be entered at the bottom of the page of Attachment 1.

The fresh whole turkey and fresh whole bone-in breasts are to be “mandatory in stock” for the key period November 16-30, 2016; and November 16-30, 2017. Each supplier shall also enter the fresh whole turkey VPR price on the DeCA Form 40-16, Promotional Display Presentation Form (Attachment 2), indicating the key period of November 16-30. In the remarks block (bottom left corner) of the 40-16, enter your forecasted tonnage commitment for each marketing sales area for the fresh whole turkeys.

No VPR is required on the whole bone in breast, as it is only included for the purpose of communication that it is a mandatory item to be stocked during the same key period (November 16-30). The only promotional VPR this program requires is a 10-16 pound fresh whole body turkey for the Thanksgiving Holiday.

If you are using the UB pricing model, you may enter percent off the Current market Value (CMV) under the remarks column. If you are giving a fixed price offer price per pound, then include the percent of savings and the exact cost per pound as well as the price your whole turkeys will be selling per pound in remaining market on average.

On Attachment 1, both spreadsheets have a column for patron savings. We will use the absolute savings in comparison to remaining market, latest 26 weeks. The formula for savings is provided here with an example. $[(\text{DeCA units} \times \text{RM price}) \text{ or } “A” - (\text{DeCA dollars}) \text{ or } “B”] = (\text{dollar savings}) \text{ or } “C” / [(\text{DeCA units} \times \text{RM price}) \text{ or } “A”]$ or what we would have paid minus what we actually paid divided by what we would have paid $(A - B = C / A)$. You may promote your items as necessary as long as the absolute savings commitment remains the same and your overall patron savings goal is obtained at the end of each 26 week period. Subsequent patron savings reviews may be conducted quarterly using the latest 26 week data at that time.

In addition to submitting your price offer on Attachment 1 Tab 1 or 2, you shall complete a DeCA Form 40-15, New Item & File Maintenance Form (Attachment 3) with all the items you plan to offer in the first 52 weeks to include the optional items (S code items) you want considered for stocking. The form must be completed by all turkey suppliers even if your items are currently stocked in our commissaries. Random weight items must be completed with the DeCA assigned PLU number in the item UPC field. If you do not have an assigned PLU for you product, this field will be left blank (assigned if offer is accepted), but all other fields must be completed. If the item is random weight you must enter the unit of measure as one pound. If it is fixed weight you must enter the ounces per package and the number of packages in a case and all other normal details to include all measurement fields.

Please ensure you have completed, signed, and dated all DeCA forms, to include the Brand name and Retail Certification page of the DeCA Form 40-15. Ensure you have identified your pricing on Pricing Model One and/or pricing Model Two; and pricing on DeCA Form 40-15 and DeCA Form 40-16. Ensure you identified what marketing sales areas you wish to be considered on the DeCA Form 40-15.

All suppliers must have 100% guaranteed buy-back for all unsold fresh turkey products. Suppliers may markdown product 3 days prior to the “sell by date” or utilize instant redeemable on pack coupons to facilitate the sale of their product.

Vendor stocker support is required and shall be available to stock turkey display cases at least 2 hours prior to store opening just like any other perishable grocery item. Vendor stockers shall provide stocking services above and beyond the normal requirements during the peak sales periods, such as paydays, holidays, etc. DeCA Forms 40-15 and 40-16; and Attachment 1 Pricing Model Spreadsheets must be submitted electronically in excel original format in PDF version.

If you have questions about your presentation or how to complete the DeCA Forms, do not hesitate to contact Mr. Jeff Rose at 804-734-8000 ext. 48721 for clarification and/or guidance.

For Tracie L. Russ
Director, Sales

Attachment
As stated: