



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

COP

June 20, 2016

NOTICE TO THE TRADE - DeCA NOTICE 16-87

SUBJECT: DeCA Private Label Merchandising Program

The purpose of this Notice to the Trade (NTT) is to announce that the Defense Commissary Agency (DeCA) is implementing a comprehensive store-wide private label (PL) program. This program is designed to obtain the best possible value for our patrons with regard to providing PL products.

The National Defense Authorization Act (NDAA) of 2016 requires a plan to obtain budget-neutrality for DeCA, while maintaining the same level of benefit that currently is provided commissary patrons today. This Act also authorized DeCA to pursue the introduction of a PL brand which may assist in our efforts to achieve a reduction in the amount of our current annual appropriation.

DeCA is seeking a third party to source, develop, and implement a comprehensive PL program that may encompass all stores, within all departments and categories we currently stock. Requirements may include the adoption of an existing trademarked brand; or the development of a brand for DeCA; or a combination of both. The third party provider will need to be able to support DeCA across the full life cycle of PL development activities, to produce high quality products at the best value to patrons, and bring them to market in an efficient manner.

DeCA will be accepting presentations from potential suppliers for the PL program from July 18-22, 2016. Information on doing business with DeCA is available on www.commissaries.com, under the tab "About Us."

The selected contractor will be expected to:

- Support DeCA management of the PL brand within DeCA.
- Interface with DeCA and any Agency third-party consultant to incorporate our PL efforts within the various other Agency initiatives.
- Source the product from U.S. government approved contractors, and bear full responsibility for any and all product liabilities. As necessary, the contractor will facilitate recurring random quality assurance testing to ensure products continue to adhere to quality and taste profiles that are consistent with the targeted name brand within their respective categories.
- Provide analysis to determine the market leader in each category in which private label will be introduced to determine the targeted stock keeping units (SKU) for the PL formulation of the name brand equivalent.
- Coordinate with DeCA to determine the precedence of categories for the PL roll-out to ensure optimal customer acceptance of the private label brand. DeCA's PL goal is to

achieve brand share, by category, equal to average PL brand share penetration by category at retail. Contractor will provide proposed benchmarks and will be required to brief them periodically.

- Selected contractor may also be asked to collaborate with DeCA on analyses relating to PL volume targets, pricing and promotional strategies, shelf placement, and/or merchandising and marketing strategy.

The long-term objective is that PL will be implemented in all commissaries worldwide (overseas locations are supplied through designated CONUS shipping points). DeCA currently requires manufacturers to facilitate distribution through a system of retail and military only distributors through a frequent delivery system. The contractor must be prepared to assist with determining the optimal method(s) to ensure PL product is delivered to stores worldwide on a regular and recurring basis to ensure sufficient product is always on hand to meet consumer demand and that back room stocks do not exceed the storage capacity of the individual stores.

The selected contractor will provide on-going sustainment of the PL brand assisting with agreed upon sales and financial targets for the brand. The contractor may also be asked to assist with the possible expansion of PL introduction into natural and organic categories and the possible introduction of premium and/or value tier PL brands.

All presentations will be conducted at DeCA Headquarters, 1300 E Avenue, Fort Lee, Virginia 23801-1800. All presentations will be videotaped and will not exceed one (1) hour in duration. Each offeror 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. Suppliers are also hereby informed that the Government is not liable for any expenses incurred in the preparation or the conducting of these presentations.

The new merchandising program will consist of a base period of performance of one year, scheduled to commence on October 1, 2016, with the potential for four one (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 PL Mandatory Requirements are provided at Attachment 1. If a supplier cannot meet the mandatory proposal 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.

DeCA is in the process of implementing a new grocery supply chain system called Enterprise Business Solution (EBS). EBS will be implemented in phases over the next four years. Current legacy procurement, ordering, receiving, and point of sale systems will be phased out and new systems and processes will replace existing technology. All items, both Universal Product Code (UPC) coded and Price Look Up (PLU) based items for both case ready (consumable) and orderable units, will be sent electronically or loaded by the PL supplier using the designated Vendor Portal. DeCA will also push prices to the store scales with the PLU, price, and nutrition information. Suppliers will provide the scale data (if any) and the Country of Origin Labeling (COOL) information to DeCA during the implementation of the program.

Selection Process:

An evaluation committee will select one or more suppliers from the offerors, based on the criteria set forth in this NTT. DeCA reserves the right, for the sake of efficiency, to conduct an initial down-select of the number of proposals, based on the results of the presentations. DeCA reserves the right, without further advertisement, to entertain second or subsequent presentations from those offerors determined to be the most highly rated proposals.

Within 30 calendar days after all presentations are completed, DeCA plans to send all offerors a letter announcing the selection of the supplier(s). A debriefing sheet will be forwarded with this letter. An NTT announcing the results will be submitted to the American Logistics Association (ALA) for posting on the ALA 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 reclus must be in writing and must be received within 10 calendar days of the date of the notification letters to offerors. All reclus must be sent to: Defense Commissary Agency, ATTN: Mr. Randy Chandler, Senior Advisor, Transformation Team, 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.

Questions or concerns related to this NTT may be directed to my point of contact (POC), Mr. Randy Chandler, Senior Advisor, Transformation Team, at (804) 734-8000, extension 4-8505, or randy.chandler@deca.mil. All presentation appointments can be made starting July 11, 2016.

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Date: 2016.05.17 10:41:28 -0400
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Christopher T. Burns
Chief Performance Officer

Attachment:
As stated