



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

MPS

NOTICE TO THE TRADE - DeCA NOTICE 15-43

APR 2 0 2015

SUBJECT: DeCA Brand Name Fresh Chicken Merchandising Program

The purpose of this Notice to the Trade (NTT) is to announce that the Defense Commissary Agency (DeCA) is establishing a new merchandising program for brand name fresh chicken for DeCA commissaries. This program is designed to obtain the best possible value for our patrons with regard to brand name fresh chicken. The program will encourage competition among fresh chicken suppliers, standardize pricing in geographical areas, and increase fresh chicken category sales over previous years.

The Sales Directorate will be accepting presentations from potential primary and secondary suppliers for the brand name fresh chicken program from May 19 - 21.

There are seven marketing sales areas for the primary supplier and eight marketing sales areas for the secondary supplier.

The primary supplier's marketing sales areas are as follows:

- (Area 1) Northeast [*to include Virginia, West Virginia, and North Carolina*];
- (Area 2) Southern [*to include Arkansas*];
- (Area 3) Midwest and Central [*except Virginia, West Virginia, Arkansas and North Carolina*]
- (Area 4) Southwest
- (Area 5) Northwest
- (Area 6) Alaska
- (Area 7) Hawaii

The secondary supplier's marketing sales areas are as follows:

- (Area 1) Northeast [*to include Virginia, West Virginia and North Carolina*];
- (Area 2) Southern [*to include Arkansas*];
- (Area 3) Central [*except Virginia, West Virginia, Arkansas and North Carolina*]
- (Area 4) Midwest
- (Area 5) Southwest
- (Area 6) Northwest
- (Area 7) Alaska
- (Area 8) Hawaii

Please note that the Europe Area, Pacific Area, Puerto Rico, and Cuba are excluded from this program. A map indicating the primary marketing sales areas is provided at attachment 1, with specific store locations by marketing sales area at attachment 2.

A map indicating the secondary marketing sales areas is provided at attachment 3, with specific store locations by marketing sales area at attachment 4. Please be aware that the primary and the secondary marketing sales areas and maps are different.

The DeCA Brand Name Fresh Chicken Merchandising Program will consist of unenhanced fresh chicken products, with exceptions as noted. The primary supplier is required to provide all unenhanced products, with the exception of boneless skinless breast, which can be enhanced to a maximum 7 percent solution. The secondary supplier is required to provide all unenhanced products (to include boneless skinless breast).

The Agency is always seeking ways to provide our patrons with maximum savings and the best value; therefore, suppliers will have the opportunity to present an “alternative offer” concurrent with their initial offer. However, suppliers must present their initial price offer first, for each of marketing sales areas for which they want to be considered, before they subsequently present their “alternative offer”. Any alternative offers must clearly demonstrate a significant benefit to the Agency and its patrons, as compared to the initial offer. “Alternative offers” not offering significant advantages (in terms of price, value, impact on the chicken category, etc.) are discouraged.

DeCA will accept “alternative offers” for any of the following:

- Chicken products that are Enhanced; supplier shall identify the “percentage of pump” for each of the core items listed on page 5, in their offer (*this “alternative offer” can only be submitted by the primary supplier*)
- Chicken products that are Antibiotic Free
- Chicken products that are Organic
- Chicken products that are received before or after the 96 hour required delivery time (*however, all products shall have the minimum 50 percent shelf life or more at the time of delivery*)
- Offer to consolidate any of the above marketing sales areas to offer DeCA a better price (*this “alternative offer” can only be offered by the primary supplier*)

All presentations will be conducted at the DeCA Headquarters, 1300 E Avenue, Fort Lee, Virginia 23801-1800. Potential suppliers must offer a price for each of the marketing sales areas they are presenting. Suppliers may make presentations on any or all of the **seven** marketing sales areas for the **primary**, and any or all **eight** marketing sales areas for the **secondary**. As a result, the supplier may be selected for more than one marketing sales area. The primary supplier selected will not be considered as the secondary supplier for the same marketing sales area. All presentations will be videotaped and will not exceed 1 hour in duration. Each chicken supplier 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 current merchandising program for the fresh chicken products is scheduled to expire on July 31. The new merchandising program will consist of a base period of performance of one year, scheduled to commence on August 1, with the potential for two 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 Fresh Chicken Mandatory Requirements are provided at attachment 5. If a supplier cannot meet the mandatory 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.

The program will consist of “core items” which all stores will stock, and a number of “discretionary items” which will be stocked based on store size. Of the space dedicated to the fresh chicken program, the primary chicken supplier will initially be given 60 percent, and the secondary supplier will initially be given 40 percent of the fresh chicken display space in all marketing sales areas. Failure to produce package volume equal to the percentage of display space allocated, (primary 60 percent, or secondary 40 percent), may result in a decrease of shelf space allocated. DeCA reserves the right to re-evaluate and make changes to the space allocation between the primary and secondary suppliers anytime during the period of this merchandising agreement. All changes will be made based upon the agency’s data on product sales performance in each marketing sales area.

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, point of sale systems will be phased out and new systems and processes will replace existing technology. All items, both UPC coded and PLU based items for both case ready (consumable) and orderable units will be sent electronically or loaded by the chicken supplier using the EBS 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 EBS.

DeCA will follow the National Chicken Council PLU data for standards. All items that do not fall within the council will be assigned by DeCA as a retailer assigned PLU. The PLU listing will be posted on DeCA’s web page and can be accessed by the chicken supplier. The chicken supplier will use the DeCA standard list provided on the web page.

- All UPC based product/pre-packaged products must be sold using the barcode. PLU stickers must not be placed over the original bar codes. The retail price, description, nutritional information and all other details as required by DeCA for the products will be sent through the EBS Vendor Portal.
- For PLU and random weight based products, the chicken supplier shall use the list on the DeCA web page. For items that do not exist in that list, the chicken supplier shall request a DeCA assigned PLU in the future.
- All products that are shipped to the store will be approved by the category manager and will have a DeCA standard PLU or UPC. Items that are not approved by the Category Manager will not be accepted by DeCA.

With the implementation of EBS, store specific Planograms will be developed for each store and the space/shelf allocation for the chicken display will be determined based on item movement and other factors. The chicken supplier shall utilize the space allocated by DeCA per store.

The new EBS Computer Assisted Ordering (CAO) system will provide the order based on item movement, promotional lift, salvage, markdowns and event based history. The supplier will review order and work with DeCA store personnel to receive final approval.

Discretionary items for both primary and secondary suppliers will be “all other” fresh chicken products currently produced and available in civilian retail markets stocked in the fresh meat case. Note that fully cooked (ready to eat) products cannot be added as a discretionary item under this agreement, and cannot be displayed in the fresh poultry display case.

Discretionary and new items must be approved through presentations to the Sales Directorate category buyer on a DeCA Form 40-15 regardless of the product’s current allocation until the implementation of EBS. After the deployment of EBS, the chicken suppliers will utilize the Vendor portal to make presentations or changes to stock assortment. Discretionary and new items will be selected based on popularity in the remaining markets and patron savings.

There will be a total of 15 core items available to be sold in all DeCA commissaries. The primary supplier will be required to maintain the top performing 10 core items in the display case throughout the sales day in all marketing areas. The secondary supplier will be required to maintain the top performing 5 core items in the display case throughout the sales day in all marketing areas. Please note that these core items will vary between respective marketing sales areas. Suppliers shall ensure that all core items are displayed in the fresh meat case at all times and NEVER be out of stock. To obtain this objective, suppliers shall work jointly with DeCA personnel to ensure that enough fresh chicken products are ordered to avoid any out of stock chicken item. The specific core items, product identifier, the package label UPC, and the estimated packaged volume (based on 2014 calendar year average) for each marketing sales area are shown at attachment 6 for the primary; and at attachment 7 for the secondary. **Also note that the core items will be used to evaluate your offers.**

The core items for the primary supplier will include the marketing sales area specific top performing 10 core items based on sales history in each marketing sales area. Listed below are the core items sold in DeCA commissaries.

Whole Bag Fryer
Breast Split with Rib
Drumsticks
Thighs
Wings
Breast Boneless Skinless
Breast Thin Sliced
Drumsticks (Jumbo Pack)
Thighs (Jumbo Pack)
Wings (Jumbo pack)
Breasts BLSL w/Rib (Jumbo Pack)
Breast Boneless Skinless Tenders
Drumettes
Thighs BLSL
Breast Roast BLSL Thin Sliced

The core items for the secondary supplier in all marketing sales areas will be:

Whole Bag Fryers
Drumsticks
Thighs
Wings (jumbo pack)
Breast Boneless Skinless

In class 1 stores, the primary supplier will be required to stock the top performing 10 core items and must stock up to 4 additional discretionary items for a total of 14 items. In class 2 stores, the primary supplier will be required to stock the top performing 10 core items and must stock up to 7 additional discretionary items for a total of 15 items. In class 3, 4, and 5 stores, the primary supplier will be required to stock the top performing 10 core items and must stock up to 9 additional discretionary items for a total of 19 items. Commissaries will be encouraged to order discretionary items from both primary and secondary chicken supplier.

Class 2, 3, 4, and 5 stores must carry fresh chicken products provided by the secondary supplier to provide commissary patrons with a choice. Class 2 stores may request an exception to not carry a secondary supplier due to space limitations or lack of sales. In class 2-5 stores, the secondary supplier will be required to stock the top performing 5 core items and must stock up to 4 additional discretionary items for a total of 9 items. Exceptions to the secondary supplier stock assortment or requirements will be granted ONLY by the Sales Directorate and must be submitted in writing by the Store Director and approved by the Zone Manager and Area Director prior to the submission of the request.

If the allotted space for either the primary or secondary supplier enables them to have more than the required number of discretionary items for a specific store, they must obtain approval from the Sales Directorate.

All interested companies must provide their pricing strategy based on the Georgia Dock Quoted Price Tier, as applicable. The base selling price for chicken items will be determined using the Wednesday Dock Quoted Price Tier from the immediate, previous week. For evaluation purposes, DeCA will be using the Dock Quoted Price Tier effective April 29. These prices shall be annotated on attachment 8 (Georgia Dock Form).

The price submitted by the supplier on the Georgia Dock Form (attachment 8) is subject to revision within the confines of the Dock brackets. The supplier is not entitled to any other pricing adjustments during the term of any resulting agreement, other than those authorized under the terms and conditions of this NTT and the resulting Resale Ordering Agreement hereafter. The prices for the core items listed in this NTT will be established inside the EBS system and will automatically adjust the sell price as the GA Dock price move to the next tier once EBS is deployed. The discretionary items will not be pre-established in EBS and will be accepted through the Vendor Portal. Therefore, it is critical that the prices affixed to the product match the calculated prices computed by EBS. Adequate planning should be exercised prior to submission of the supplier's pricing arrangement to account for any contingencies, such as increased grain costs, fuel costs, processing cost, distribution costs, etc. The Georgia Dock Quoted Price must reflect the net selling price per pound. Georgia Dock Quoted prices will not be rounded. The net selling price must be rounded upward to the nearest whole cent.

The suppliers selected for the marketing sales areas shall send all prices via electronic data interchange (EDI) to DeCA prior to price quote deadline dates until the EBS deployment. This procedure will establish the selling prices for each item for a twice a month pricing period; either for the 1st - 15th or 16th to the end of the month. The EDI price quotes for 1st - 15th of the month shall be transmitted by the close of business on the 10th day of the previous month. The EDI prices effective from 16th to the end of the month must be transmitted by close of business on the 25th day of the previous month. Once EBS is deployed, only the price changes for discretionary items will be required to be submitted through EDI or the Vendor Portal.

Both the primary and secondary suppliers shall submit two proposals with two distinct pricing strategies:

- Every Day Low Pricing (EDLP) without Voluntary Price Reductions (VPRs)
- Modified Every Day Low Pricing (EDLP) that includes VPRs based upon DeCA's Scheduled Promotional Calendar/VPR Sheet.

The promotions must be based on 1st - 15th and 16th through end of month for the duration of this agreement. Attachment 9 (DeCA's Scheduled Promotional Calendar) contains the specific items and promotion schedule that shall be included in your "Modified EDLP Proposal". **The supplier shall annotate on attachment 9 "cents off" for each core item where the blocks are not highlighted.** This attachment shall be only included in your presentation proposal for Modified EDLP.

There are four key special event/holiday promotions under this chicken program: Memorial Day, 4th of July, Labor Day, and Super Bowl. Suppliers shall work directly with each store to pre-book quantities 30 days out to ensure product is available for these four, as well as all, promotional periods. It is imperative that the chicken suppliers ensure that these orders are delivered on the required delivery date for promotions; and there are no shortages, late or missed deliveries to any of DeCA's commissaries.

As such, suppliers shall provide DeCA within their proposal a "Contingency Plan" showing how their firm will execute an emergency delivery to all stores within 24 hours of the shorted or missed scheduled delivery. In the event the supplier's emergency delivery is not received within 24 hours, the supplier will be responsible for DeCA's loss of sales. Compensation for loss of sales will be negotiated between DeCA and the supplier. The choice of compensation will be to the sole discretion of DeCA.

DeCA reserves the right to renegotiate the promotional items and prices with the supplier selected for the chicken merchandising program during increment two of the EBS deployment. At that time, the EBS system will be capable of aiding in the selection of items to promote and aid in determining the length of time that promotion should last. The total dollar amount of promotional spend in the year prior to the increment two EBS deployment will be the cap amount of promotional money contribution required by the chicken supplier when and if this method is adopted.

All suppliers shall provide their company's fresh chicken tonnage, package sales and market share for each Brand Name, Private Label, or Control Brand products sold in each DeCA marketing sales area applicable to each offer submitted. Suppliers must also include the chicken item (part) name, chicken part identifier, package volume, and if the chicken part is enhanced or unenhanced. In addition, if the chicken part is enhanced, the supplier must provide the percentage of pump. The private or control brands may be given a generic name in order to preserve proprietary data. This information shall be provided along with the "initial" presentation (offer) and must be listed separately for each of the marketing sales areas on attachment 10.

Selection Process:

An evaluation committee will select a brand name fresh chicken primary and secondary supplier from the companies making presentations for each respective marketing sales area, based on the criteria set forth in this NTT.

The primary supplier is required to provide all unenhanced products, with the exception of boneless skinless breast, which may be enhanced up to a maximum 7 percent solution. The evaluation committee will use the following grading criteria to evaluate each presentation proposal on core items for the "primary" supplier: Price (defined earlier as either EDLP without VPRs; or Modified EDLP with VPRs). Additional consideration will be given to such things as, percentage of pump in the boneless skinless breast, local brand recognition, packaging differentiation, shelf life upon delivery, marketing strategies, signage, and point of sale material.

The secondary supplier is required to provide all unenhanced products (to include boneless skinless breast). The evaluation committee will use the following grading criteria to evaluate each

presentation proposal on core items for the “secondary” supplier: Supplier’s Local Market Share. Additional consideration will be given to such things as price, packaging differentiation, shelf life upon delivery, marketing strategies, signage, and point of sale material.

The evaluation committee will consider all “alternative offers” received from each supplier that will provide DeCA’s military patrons with maximum savings and/or the best value for the Government. The evaluation committee will utilize the same criteria as stated above to evaluate “alternative offers” received for primary and secondary, where applicable.

Within 30 calendar days after all presentations are completed, DeCA plans to send all participating parties a letter announcing the selection of the primary and secondary supplier for each marketing sales area. 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 reclusas must be in writing and must be received within 10 calendar days of the date of the notification letters to suppliers. All reclusas must be sent to: Defense Commissary Agency, Sales, Marketing, and Policy Group, ATTN: MPSP (Mr. Norman Apt), 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.**

All companies that are not selected under this program as a brand name fresh chicken supplier, and have core or discretionary items that are currently within DeCA’s system, will be phased out for those marketing sales areas 30 days prior to commencement of the new program.

All presentation appointments must be made no later than May 1 by contacting Mr. Jonathan Walters, Secretary, at (804) 734-8000, extension 4-8925.

Questions or concerns related to this NTT may be directed to my point of contact, Mr. Norman Apt, Category Manager at (804) 734-8000, extension 4-8216, norman.apt@deca.mil or Mr. Jeff Rose, Merchandising Specialist at (804) 734-8000, extension 4-8721, jeff.rose@deca.mil


Tracie L. Russ
Director, Sales

Attachments:
As stated