

PSP

June 10, 2011

NOTICE TO THE TRADE - DeCA NOTICE 11-77

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 seeking to establish 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 Marketing Business Unit (MBU) will be accepting presentations from potential primary and secondary suppliers for the brand name fresh chicken program on June 15, 16, 21, and 22 for the following three marketing sales areas: (1) Central, Northeast, (2) Southern, Midwest, and (3) Southwest, Northwest, Alaska, Hawaii. Please note that Europe, Far East, Cuba, and Puerto Rico commissaries are excluded from this program. Specific store locations by marketing sales area are provided at attachment 1.

All presentations will be conducted at the DeCA Headquarters, located at 1300 E Avenue, Fort Lee, Virginia 23801-1800. Offerors may make presentations on any or all of the three marketing sales area and subsequently, 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 vendor 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. Industry is 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 will expire on July 31. The new merchandising program will consist of a base period of performance of one year, commencing 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 2. If you cannot meet the mandatory requirements as noted in this attachment, you should not schedule an appointment for a presentation. When submitting your proposal, the offeror should ensure 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. Fresh poultry will be given 30 percent of the fresh meat display space in the Midwest, Southwest, Northwest, Alaska, and Hawaii marketing sales areas and 35 percent in the Southern, Northern, and Central marketing sales areas. Fresh chicken will be given 93 percent of the allocated fresh poultry space in all marketing sales areas. The primary brand-name supplier will be provided approximately 70 percent of the fresh chicken display space and the secondary supplier will be given the remaining 30 percent.

Discretionary items for both primary and secondary suppliers will be “all other” fresh chicken products currently produced and available in civilian retail markets. Discretionary and new items may be approved through presentations to the MBU category manager.

There will be a total of 15 core items sold in DeCA commissaries, but there will be only 11 core items stocked by the primary supplier and only 5 stocked by the secondary supplier in each of the marketing sales areas (with the exception of marketing sales area 3 which will stock 9 to 10 core items by the primary supplier). Please note that these core items will vary between respective marketing sales areas and/or regions. The specific core items, estimated yearly tonnage, and core item’s RSL code for each marketing sales area are shown at attachments 3, 4, and 5. **Please note that the core items will be used to evaluate your offers.**

As mentioned, this program is designed to obtain the best possible value for our military patrons for brand-name fresh chicken. DeCA’s objective is to provide our patrons with an overall savings of 35 percent on “core items” when compared to the commercial market. Potential suppliers shall ensure that their price offers on the “core items” reflect the stated objective.

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

- Whole Bag Fryers -----Class 1, 2, 3, 4, 5
- Split Breasts w/Rib-----Class 1, 2, 3, 4, 5
- Drumsticks-----Class 1, 2, 3, 4, 5
- Thighs-----Class 1, 2, 3, 4, 5
- Wings-----Class 1, 2, 3, 4, 5
- Skinless Boneless Breasts----Class 1, 2, 3, 4, 5
- Thighs BLSL Family Pack----Class 1, 2, 3, 4, 5
- BLSL Breast Family Pack----Class 1, 2, 3, 4, 5

Breast Thin Filet-----Class 1, 2, 3, 4,5
Jumbo Drumsticks-----Class 2, 3, 4, 5
Jumbo Thighs-----Class 2, 3, 4, 5
Jumbo Wings-----Class 2, 3, 4, 5
Jumbo Breasts w/Rib BLSL---Class 2, 3, 4, 5
Breast Tenders-----Class 2, 3, 4, 5
Drumettes-----Class 3, 4, 5

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

Whole Bag Fryers-----Class 3, 4, 5
Drumsticks-----Class 3, 4, 5
Thighs-----Class 3, 4, 5
Wings-----Class 3, 4, 5
Skinless Boneless Breasts----Class 3, 4, 5

Class 1 stores will stock 7 core items and may stock up to 4 discretionary items for a total of 11 items. Class 2 stores will stock 11 core items and may stock up to 4 additional discretionary items for a total of 15 items. Class 3, 4, and 5 stores will stock the 11 core items and may stock up to 6 additional discretionary items for a total of 17 items. Commissaries will be encouraged to purchase discretionary items from the both primary and secondary brand-name supplier. Class 3, 4, and 5 stores must carry products provided by the secondary supplier of fresh chicken to provide commissary patrons with a choice. The secondary supplier will be allowed to provide Whole Bag Fryers, Drumsticks, Thighs, Wings, and Skinless Boneless Breasts plus 4 discretionary items for a total of 9 items. Exceptions to the secondary supplier requirements will be granted ONLY by the MBU.

All interested companies must provide their pricing strategy based on the Georgia or Los Angeles Docks 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. These prices should be annotated on attachment 6.

The price submitted by the offeror is subject to revision within the confines of the dock brackets set forth in attachment 6. The offeror 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. Therefore, 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/Los Angeles Dock Quoted Price must reflect the net selling price per pound. Georgia/Los Angeles Dock Quoted prices will not be rounded. The net selling price should be rounded upward to the nearest whole cent.

These prices must be sent via electronic data interchange (EDI) to DeCA prior to price quote deadline dates. 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.

All suppliers shall provide promotions based on 1st - 15th and 16th through end of month for the duration of this agreement. A minimum of two Voluntary Price Reductions (VPRs), per year on each core item, is expected. **The VPRs will be part of the grading criteria and the supplier shall annotate on attachment 7 the “cents off” for each core item.** This attachment shall be included in your presentation proposal. The offeror(s) selected will be required to provide VPRs for the base and the renewal option years.

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 herein this NTT.

The evaluation committee will use specific grading criteria to evaluate each presentation proposal. The principal evaluation criteria will consist of: (1) Every Day Low Price and (2) Voluntary Price Reductions on the core items. However, as a brand name selection program, additional consideration may be given to such things as brand name recognition, product and packaging differentiation, marketing strategies, signage, and point of sale material.

Within 8 calendar days after all presentations are completed, all participating parties will be sent 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. A NTT announcing the results will also be completed and placed on the American Logistics Association 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 reclamation must be in writing and must be received within 7 calendar days of the date of the notification letters to suppliers. All reclamation must be sent to: Defense Commissary Agency, ATTN: MBU (Mr. LaRue Smith), 1300 E Avenue, Fort Lee, Virginia 23801-1800. The MBU will provide a written response within 7 calendar days of receipt of the reclamation.

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 appointments must be made no later than June 14 by contacting Ms. Vicki Burgess, Office Automation Assistant, at (804) 734-8000, extension 8-6207.

My point of contact for this action is Mr. LaRue Smith, Category Manager, at (804) 734-8000, extension 4-8255, or larue.smith@deca.mil.

//signed//

Christopher T. Burns
Director of Sales

Attachments:
As stated