



DEFENSE COMMISSARY AGENCY  
HEADQUARTERS  
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MPS

August 9, 2021

NOTICE TO THE TRADE – DeCA NOTICE 21-97

SUBJECT: UPDATE: DeCA Vendor Stocking Initiative Reimbursement Process

The purpose of this notice is to provide Industry with an update reference DeCA Notice to the Trade 21-51, subject “DeCA Vendor Stocking Initiative Reimbursement Process”. Upon release of the subject NTT, DeCA received feedback and queries which mainly centered on the following topics:

**Basis of Payment:** Feedback received was that suppliers pay vendor stockers by the case and not as a percentage of sales. Further, the 3 percent referenced in the NTT amplifies the cost based on higher value cases.

**DeCA Response:** DeCA will collect the vendor stocking cost recoup by translating the average case cost to a unit basis consistent with feedback on vendor stocker payments against “equalized 12-pack cases”. Based on feedback provided, on October 1, 2021, DeCA will seek to recoup up to \$0.03 per unit on all vendor-stock SKUs sold across our registers. Based on current store status and conversion plans, our current plans are as follows:

- Phase 1 will begin on October 1, 2021 at \$0.02 per unit, and we expect to hold at this rate through March 31, 2022.
  - As of Oct. 1, 2021, Commissaries representing nearly 34 percent of DeCA worldwide sales will be converted. By March, this number should increase to over 50 percent.
- Phase 2 should begin on April 1, 2022 at \$0.03 per unit and should run through Sept. 30, 2023. By that time, we anticipate 65-75 percent of stores should be converted.
  - We anticipate these earmarked amounts to be folded into the cost-of-goods moving past September 30, 2023.
- DeCA reserves the right to adjust this timing as needed with at least three months notification to industry.

**How Administered:** Industry inquired if DeCA would consider receiving the reimbursement from other than off invoice.

**DeCA Response:** DeCA is committed to making this transaction as administratively easy for all involved. Our intent is to manage this initiative via billback manager and invoice our suppliers monthly. Details on the recoup procedures will be forthcoming.

**Items covered:** Feedback received, asked if cases shipped on displays, pallets etc. would be included.

**DeCA Response:** All UPC’s identified as “vendor stocked” and included in the ROA will be included in this process.

**Accounting for salvage:** Industry sought guidance on how salvage would be accounted for in the future since vendor stockers typically handle damaged goods/salvage in store.

**DeCA Response:** With the elimination of vendor stocking, DeCA will take on the responsibility for product rotation, in much the same way it is done in commercial retail. As with non-vendor stocked items, each company will have the choice to institute a swell allowance based on your commercial rate or continuing to pick-up and pay for damaged goods/salvage at the store level.

**Displays, Case Lot and Sidewalk Sales:** Industry requested guidance on how DeCA plans to handle the building of mass and endcap displays and support for case lot and sidewalk sales.

*DeCA Response:* DeCA would encourage industry to continue to leverage our mass display capability and continue to invest in building mass displays and creating retail excitement. DeCA envisions industry would assist with the initial set up and maintenance of the endcap, case lot and sidewalk or special sales in much the same way as supplier provided resources help with commercial retail.

Additional queries received included the following:

**Why are the ROA's being separated?**

*DeCA Response:* We are investigating the need for a separate ROA and want to ensure the costs and collections associated with this initiative can be tracked and reconciled. For now, all ROA efforts have been put on hold.

**What are DeCA's plans for the OCONUS vendor stocking program?**

*DeCA Response:* DeCA will initially focus on taking over the stocking of the vendor stocking within the CONUS locations. Once CONUS locations are accounted for, DeCA will pursue OCONUS locations. The economics for this plan has been based on worldwide sales with a transition away from vendor stocking.

**Will there be vendor-stocked categories going forward?**

*DeCA Response:* As of now eggs, milk, fresh poultry and National Industries for the Blind (NIB) impulse strip clips and racks remain vendor-stocked items. However, at some point in the future DeCA may re-evaluate categories which are mainly dependent on the support provided by the vendor stocker.

**How will DeCA monitor accountability of products being stocked?**

*DeCA Response:* Currently, in most instances there are third-party contractors who are responsible for the stocking of products that are not designated as vendor-stocked items. In the applicable stores, these third-party contractors are now stocking the vendor-designated items. In other cases, DeCA staff will be responsible for stocking the shelves. DeCA monitors performance of the third-party contractors via the requirements of the contract.

**How will "adds" be accounted for to include "O" and "S" items?**

*DeCA Response:* All UPC's, new or existing, regardless of coding that fall within the vendor stocked categories, will be included in this program.

If industry would like to provide additional information, please submit to the points of contact for this initiative: Mr. Jason White, Management & Program Analyst, (804)734-8000 extension 48679 or [jason.white@deca.mil](mailto:jason.white@deca.mil) and for contracting questions, Mr. Judge Mays, Contracting Officer, Brand Name Resale (804) 734-8000 extension 48923, or [judge.mays@deca.mil](mailto:judge.mays@deca.mil).

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