



IDAHO LIQUOR DIVISION PURCHASING & DISTRIBUTION

DELISTING PROCEDURES

June 8, 2011

EVALUATION AND DELISTING PROCESS

A Regular product offered by ISLD will be considered for DELISTING if the product's 12 month gross profit production is below targets set for the respective category and sizes. If a category, or sizes within a category, doesn't have sufficient number of offerings to generate an appropriate gross profit target, ISLD may set an alternative gross profit target.

For REGULAR products the Gross Profit Targets will be determined using rolling 12 month gross profit shown on the *ISLD Gross Profit Report*. The GP targets will be reset twice per year:

- February, using GP data for February 1 through January 31
- September, using GP data for September 1 through August 31

Products slated for DELIST may be immediately delisted.

REGULAR products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

The gross profit goal for REGULAR products is generated by NEW and REGULAR items in the **bottom 10% of the category and size**. CLOSEOUTS, INTROS, GIFT, ONE-TIME-ONLY, RESTRICTED, CONTROLLED, LIMITED OR SPECIAL ORDER products will not be included in the calculation of the REGULAR gross profit target.

The decision whether to DELIST REGULAR products rest with the Director.

NEW PRODUCTS:

NEW products will be given a 12 month trial period. Gross profit production will be measured against the category and size Gross Profit target to determine whether a NEW product advances to REGULAR status or becomes a DELIST candidate.

A gross profit target will be set for NEW items, using the appropriate category/size gross profit target, depending on when the product was listed.

- Products listed February through August will be evaluated using the February GP target.
- Products listed between September and January will be evaluated using the September GP target.

Monthly progress reports will be issued showing NEW product's progress towards achieving the 12 month Gross Profit Target.

Products that generate the 12 month gross profit target before the end of the 12 month trial period may be given REGULAR product status before the end of the trial period.

NEW Products that fail to achieve the Gross Profit target will become candidates for DELIST.

12 month trial period will begin in the month that full allocation is complete and sales have begun.

NEW products slated for DELIST may be immediately DELISTED.

NEW products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

The gross profit goal for NEW products is generated by NEW items in the bottom 10% of the category and size. CLOSEOUTS, INTROS, GIFT, ONE-TIME-ONLY, RESTRICTED, CONTROLLED, LIMITED OR SPECIAL ORDER products will not be included in the calculation of the REGULAR gross profit target.

An alternative Gross Profit target will be set if a NEW product is in a category or size that has so few products that a meaningful gross profit target can't be determined.

The decision whether to DELIST a product rests with the Director.

INTRODUCTORY PRODUCTS:

INTRODUCTORY (INTRO) products are 50 ml packages of products given a short term listing to support the introduction of a larger package size. INTRO products are designed to have no more than a 6 month "life-span. Depending on the conditions set at time of approval the period may be less than 6 months.

Suppliers allocate enough inventories, preferably at one time, to support the anticipated sales for the initial six months. At the end of the 6 month INTRO period the product will be DELISTED and all inbound shipments stopped.

INTRO products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

No Gross Profit Target will be set for INTRODUCTORY products given their limited span at ISLD.

SPECIAL ORDER PRODUCTS:

SPECIAL ORDER products may be DELISTED immediately if:

- The product was for a one-time order and there will be no reorder generated.
- The store managers who had been offering the SPECIAL indicate that they no longer plan to order.
- The licensee for whom the SPECIAL was ordered indicate they no longer plan to carry.
- If there has been no sales activity for a period of 4 consecutive months.
- At any time for other reasons it deems appropriate.

SPECIAL ORDER products DELISTED will be given a final "*Last Call*" store manager order opportunity. After the "*Last Call*" order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

Due to low volume of sales no specific Gross Profit target will be set for SPECIAL ORDER products within category and sizes. DELIST decisions will rest primarily on continued sales and number of stores offering.

SPECIAL ORDER products whose 12 month Gross Profit contribution exceeds the DELIST Gross Profit target may be considered for inclusion into the REGULAR or LIMITED product line. In addition to the Gross Profit generated, ISLD will also consider number of stores offering, regularity of sales and whether product is seasonal.

The decision to DELIST SPECIAL ORDER products rest with the Director.

LIMITED PRODUCTS:

Limited products may be DELISTED immediately if:

- The product was for a one-time order and there will be no reorder generated.
- The store managers who had been offering the SPECIAL indicate that they no longer plan to order.
- The licensee for whom the SPECIAL was ordered indicate they no longer plan to carry.
- If there has been no sales activity for a period of 4 consecutive months.
- At any time for other reasons it deems appropriate.

LIMITED products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

Due to low volume of sales no specific Gross Profit target will be set for LIMITED products within category and sizes. DELIST decisions will rest primarily on continued sales and number of stores offering.

LIMITED products whose 12 month Gross Profit contribution exceeds the DELIST Gross Profit target may be considered for reclassification to the REGULAR product line. In addition to the Gross Profit generated, ISLD will also consider number of stores offering, regularity of sales and whether product is seasonal.

The decision to DELIST SPECIAL ORDER products rest with the Director.

ONE-TIME, VALUE ADDED OR GIFT ITEM PRODUCTS:

OTO, VAP, GIFT products may be DELISTED immediately if:

- The product was for a one-time allocation and there will be no reorders generated.
- The product’s seasonality has ended.
- The Value Added Package has become exhausted.
- If there has been no sales activity for a period of 4 consecutive months.
- At any time for other reasons it deems appropriate.

OTO, VAP, GIFT products DELISTED will be given a final “*Last Call*” store manager order opportunity. After the “*Last Call*” order opportunity, ISLD request that any remaining bailment inventory be picked up and relocated.

Due to low volume of sales no specific Gross Profit target will be set for OTO, VAP, GIFT products within category and sizes.

The decision to DELIST OTO, VAP, GIFT products rest with the Director.