



IDAHO LIQUOR DIVISION PURCHASING & DISTRIBUTION

NEW PRODUCT LISTING PROCEDURES

June 8, 2011

INTRODUCTION

New Product Listings and Delistings are the processes by which new products get to market and nonperforming products are removed. It's critical to have both a clear and effective listing and delisting policy.

These two processes **must** work hand in hand to keep the product mix fresh.

The Idaho State Liquor Division (ISLD) distribution center storage and order processing space is limited, store display and shelving capability is also limited so it's critical that the product line be constantly evaluated to insure sales success.

The final decision regarding whether products enter, stay or are removed from the ISLD product line rests with Consumers through their purchase activities.

CRITICAL POINTS FOR SUPPLIERS TO CONSIDER BEFORE OFFERING POTENTIAL NEW PRODUCTS TO ISLD

Consumer Demand:

- Consumers or Licensees are asking for the product.
- Consumers or Licensees are asking for new varieties, packages or new sizes of existing products.
- Suppliers can quantify consumer interest in new products.
- Products being offered for consideration are well established, name brands with strong consumer product awareness, as supported by a variety of marketing and advertising campaigns.

Product "Fit" within ISLD Product Line:

- The proposed product fits in the ISLD product line.
- The product line has limited choices within pricing levels in the respective category.
- Consumers are requesting more choice in categories, either for product alternatives or different pricing levels.
- The number of products currently offered generally matches the sales demand of the respective category.
- Sales across the category are evenly spread across available products.
- The category has too few products to meet consumer needs.
- The number of products in the category is disproportionately high for the category sales and gross profit performance.

Supplier Market Initiatives and On-Going Support:

- Supplier of the proposed product has a written, effective national and Idaho focused marketing and promotion plan.
- Supplier of the proposed product has written new product launch strategy and integration plan for Idaho.
- Supplier has a written sales performance plan for the proposed new product showing sales expectations and how these expectations will be met.
- Supplier has a clear pricing and price promotion plan.
- Supplier also has an exit strategy, including removal of bailment inventory and retail pricing support for ISLD-owned inventory, for new products that fail to achieve success.

Supplier provides complete information for both new products and product reclassification requests:

- Supplier provides written information and data on why it's in ISLD's best interest to consider and accept the proposed new product.
- Supplier provides written information supporting a reclassification from SPECIAL ORDER status to NEW or REGULAR status.
- Supplier provides justification and rationale to support a request for a product to move from LIMITED to NEW or REGULAR status.

LISTING PROCESSES – HOW PRODUCTS CAN BE ADDED

1. **QUIK LIST** - Jan. – Aug. process to allow for prompt consideration for unlisted products, newly developed or imported products along with new sizes, package variations, value added on-pack variations.
2. **LISTING COMMITTEE MEETING** process to be held once per year in the fall.
3. **SPECIAL ORDER** additions when supported by firm purchase commitment from identified Retail Consumer or Liquor-by-the drink Licensees.
4. **HOLIDAY SEASONAL GIFT PRODUCTS** will be selected early spring by a special holiday listing committee.

1. QUIK LIST

After considering the Critical Points for proposed new products, Idaho Liquor Supplier Representatives may submit new products for immediate consideration, without waiting for next regular Listing Committee Meeting. Only Idaho Supplier Representatives can submit requests for QUIK LIST on behalf of Suppliers.

(Please refer to ISLD Website for particulars on either engaging an Idaho Liquor Supplier Representative or, for Idaho residents only, how to become a Liquor Supplier Representative.)

QUIK LIST will also be the route to market for VALUE ADDED PACKS and for ONE –TIME-ONLY products. .

A list of proposed products requested for QUIK LIST consideration must be submitted to the ISLD Purchasing Dept. by the first of the month (Jan. – Aug.). Every effort will be made to give QUIK LIST consideration within the month.

Requests will be considered by the Director’s designee(s) who will then make recommendations to the Director.

Products may be recommended for immediate listing.

Products may be held waiting further product rationalization.

Products may be denied with no further action taken.

Products denied, will be required to “stand out” for up to 12 months.

These may not be re-presented to ISLD during this period.

To be given QUIK LIST consideration the following must be provided for each product being presented:

1. STANDARD PRICE QUOTE form showing FOB Boise case cost and resulting retail price. The cost/price data must produce a minimum of a 45% ISLD Gross Profit Margin.
2. NEW PRODUCT--LISTING PROFILE INFORMATION SHEET
3. For non-listed products, a 750 ml-sized sample of the product being requested for QUIK LIST consideration.
4. For Size Extensions, Package Variations, Value-Added or One-Time-Only either sample of the product or a color photograph.
5. Written withdrawal or exit strategy if product selected fails to achieve Gross Profit Target set at time of approval.

ISLD, at its sole option, may reconsider products at any time, even those that were not selected and may have been required to “stand-out” for up to 12 months.

Products selected via QUIK LIST must be available for outbound store delivery within 60 days.

Products selected via QUIK LIST will be allocated to stores based on the ISLD New Product Allocation formula.

(Please refer to ISLD Website for New Product Allocation Information)

Products may be selected as NEW, REGULAR, LIMITED, SPECIAL ORDER, INTRODUCTORY, GIFT, or ONE-TIME-ONLY products.

The Director reserves the right to approve or disapprove any additions to the product line via QUIK LIST process.

2. LISTING COMMITTEE MEETING

After considering the Critical Points for proposed new products, the Director will bring together a LISTING COMMITTEE to hear presentations on new products. The dates of the Listing Meetings will be set by the Director.

The Director will determine the make-up of the LISTING COMMITTEE

Products information to be considered by the LISTING COMMITTEE must be submitted no later than 30 days prior to the Listing Meeting.

Products submitted may be pre-screened out and not allowed to be presented to the LISTING COMMITTEE. ISLD is not obligated to provide justification for rejection.

To be given LISTING COMMITTEE consideration the following must be provided for each product being presented:

1. STANDARD PRICE QUOTE form showing FOB Boise case cost and resulting retail price. The cost/price data must produce a minimum of a 45% ISLD Gross Profit Margin.
2. NEW PRODUCT--LISTING PROFILE INFORMATION SHEET
3. SUPPLIER STATEMENT OF RESPONSIBILITY.
4. A 750 ml-sized sample of the product under consideration.
5. Written withdrawal or exit strategy if product selected fails to achieve Gross Profit Target set at time of approval.

Presentations to the LISTING COMMITTEE must be done by an Idaho Supplier's Representative; Supplier sales management or regional representatives may assist in the presentation.

Products selected by LISTING COMMITTEE must be available for outbound store delivery within 60 days of approval.

Products selected via LISTING COMMITTEE will be allocated to stores based on the ISLD New Product Allocation formula.

(Please refer to ISLD Website for New Product Allocation Information)

Products that are denied by the LISTING COMMITTEE must "stand out" for the next 12 months and may not be re-presented either for QUIK LIST or LISTING COMMITTEE for consideration.

ISLD, at its sole option, may reconsider products at any time, even those that were rejected and required to "stand-out" for 12 months.

The LISTING COMMITTEE presents recommendations to the Director. The Director reserves the right to approve or disapprove any additions to the product line via LISTING MEETING process.

3. SPECIAL ORDERS:

An unlisted product can be added to the Special Order product line upon request by identified Retail Consumer or by Liquor by the Drink Licensee. Store managers will initiate orders on behalf of licensee or consumers via the Special Order ordering routine.

No “speculative” or requested Special Orders initiated by store managers, special distributors or at the request of Idaho Liquor Supplier Representatives will be considered or allowed.

Special Order Suppliers may be required to enter into Bailment Inventory Management agreements with ISLD as a condition of product approval, especially if reorders are expected or if ISLD carries reserve inventory.

ISLD may require a full-case purchase commitment from either a Retail Consumer or Liquor by the Drink Licensee.

ISLD may require a pre-order deposit for a Special Order product.

To be selected as a Special Order product supplier must provide the following information:

1. STANDARD PRICE QUOTE form showing FOB Boise case cost and resulting retail price. The cost/price data must produce a minimum of a 45% ISLD Gross Profit Margin. The Director reserves the right to approve or disapprove any additions to the Special Order product line.

Logistical Challenges for requested SPECIALORDER products:

- Many requested SPECIAL ORDER products may be imported or distributed by suppliers with whom ISLD has no business relationship. To process purchase orders and fulfill store orders ISLD must first identify and set up Supplier of Record. Additionally the Supplier of Record must provide ISLD with written product and pricing information.
- ISLD may require Special Order Suppliers to become bailment inventory managed suppliers.
- The time required setting up the Supplier of Record, especially if new, setting up the product in the item master data base, arranging special shipping and distribution to stores may result in a delay from time new Special Order product is requested and the order fulfilled.

4. HOLIDAY SEASONAL GIFT PRODUCTS

The Director may bring together a special HOLIDAY LISTING COMMITTEE in early spring each year to consider HOLIDAY GIFT SETS.

HOLIDAY GIFT SETS require the submission of the following:

1. *STANDARD PRICE QUOTE form showing FOB Boise case cost and resulting retail price. The cost/price data must produce a minimum of a 45% ISLD Gross Profit Margin.*
2. *COLOR PHOTO of product being offered for consideration*

The HOLIDAY LISTING COMMITTEE will make non-binding recommendations to the Director for products to be offered during the Holiday season.

The Director reserves the right to approve or disapprove any additions to the product line via HOLIDAY GIFT SET selection process.