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# **Trade Promotion Management**

## Vendor Learning Seminar



# TOPICS

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- Trade Promotion Management
- Business Terms Agreement
- Different Claim Types
- Post Audit

# Trade Promotion Management

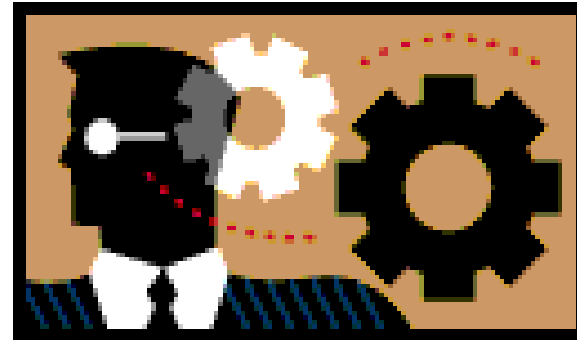
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## ■ Support team for the buying staff

- Advertising
- Performance
- Non Conformance

## ■ Only group that creates claims in SD

- Advertising
- Logistics
- Promotion
- Merchandising



# Driving The Business Through Partnership

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- Business changes, it's dynamic
- Proactively collaborate to drive the business
- Ensure we are negotiating the proper allowances to increase sales:
  - Sales Promotion Events
  - Digital Advertising Opportunities
  - Merchandising and Display Opportunities
  - Distribution and Transportation Allowances
  - Volume Rebates
  - Margin Protection
  - And many more!



# Business Terms Agreement

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- **AAFES Retail Agreement (ARA) has been revised without the Standard Order Allowances**
  - ARA is updated as needed
- **The AAFES Business Terms Agreement, BTA, will be used to develop effective Annual Marketing Plans to meet the needs of our Core Customers and make AAFES their destination of choice**
  - Business Terms Agreement should be updated annually with your buyer
- **With proper documentation the vendor should see a decrease in third party claims**

# What Changed on the AAFES Business Terms Agreement?

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## ■ Updated allowance types:

- AAFES Online Store Landing Page Placement
- AAFES Online Store Home Page Placement
- Email “Buddy List” advertising
- Direct Mail Advertising
- Food Court Tray Liners
- Power Wing (Fixture Placement)

## ■ Volume/Growth Rebate Allowance

- Specific information that defines the volume/growth rebate allowance on page two of the Business Terms Agreement

## ■ Duty Draw Back

## Army & Air Force Exchange Service Business Terms Agreement

<b>Supplier Name &amp; Address:</b>  							<b>Agreement Dates</b> This agreement becomes effective on _____ or the date signed whichever is later and will end _____.								
<b>Mail Claims to same address?</b> Enter new address if different:							<b>Supplier Contact Information:</b> Name: _____ Phone Number: _____ Email: _____ Shipping Points:								
The terms negotiated will be deducted from AAFES systems or a claim will be sent, depending on the type of allowance agreed upon.							<b>Remarks:</b>								
FOB: Cash Terms:							Provide in store service? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, complete Store Service Agreement.								
How Paid <input checked="" type="checkbox"/>			When Paid <input checked="" type="checkbox"/>												
Check	Credit Memo	Deduct	Per Event	Monthly	Quarterly	Semi Annual	Annual								
<b>Allowance Type</b>							%	\$							
Media	Co-op Advertising														
	ExTV Network														
	AAFES Radio														
	AAFES Theater Slide and/or Film														
	AAFES Online Store Landing Page Placement														
	AAFES Online Store Home Page Placement														
	Email "Buddy List" Advertising														
	Direct Mail Advertising														
Tray Liner															
MDF Market Development Funds	Volume Rebate (if offered please complete details on 2nd page of form.)														
	Stackout Placement														
	Fixture Purchase														
	Power Wing														
	Margin Support														
	Early Buy														
	Quantity (specified amount)														
	Industry Trade Allowance														
	New Item Setup														
	New Item Introductory Allowance														
	New Store Allowance (specify timeframe)														
	Planogram Allowance														
	0% Finance Support														
AAFES Gift Card Support															
Signs															
Logistics	Truckload/Pallet Allowance														
	Air Freight Allowance														
	DC - Warehouse Allowance														
	Distribution Allowance														
	Defective Allowance														
	Returns Allowance														
Warranty (in lieu of) Allowance															
Other															
<b>Supplier Sign &amp; Date:</b>							<b>Contracting Officer/Buyer Sign &amp; Date:</b>								

**Duty Drawback**

AAFES exports a large amount of product overseas in support of our global military community. AAFES vendors who provide imported goods requiring payment of customs duties are required to provide the below listed documentation. All required documents must be submitted immediately upon delivery of goods to AAFES, whether assembled items or component parts:

- Completed Delivery Certificate for Purposes of Drawback (Customs Form 7552)
- Copy of the pertinent Entry Summary (Customs Form 7501)
- Commercial Invoice

The required documentation should be sent directly to our 3rd party Duty Drawback contractor, Comstock & Theakston\* at the following address:

Comstock & Theakston, Inc.  
466 Kinderkamack Road  
Oradell, NJ 07649  
Phone: (201) 967-1220

\*Comstock & Theakston has a confidentiality clause to keep your documentation private.

**FOR INTERNAL USE**  
**Supplier Procurement and Payment Codes:**

**Contracting Officer/Buyer Information:**

Name: \_\_\_\_\_

Department(s): 031- \_\_\_\_\_      MMC: \_\_\_\_\_

Department(s): 031- \_\_\_\_\_      COC: \_\_\_\_\_

Department(s): 031- \_\_\_\_\_

# Media Allowance

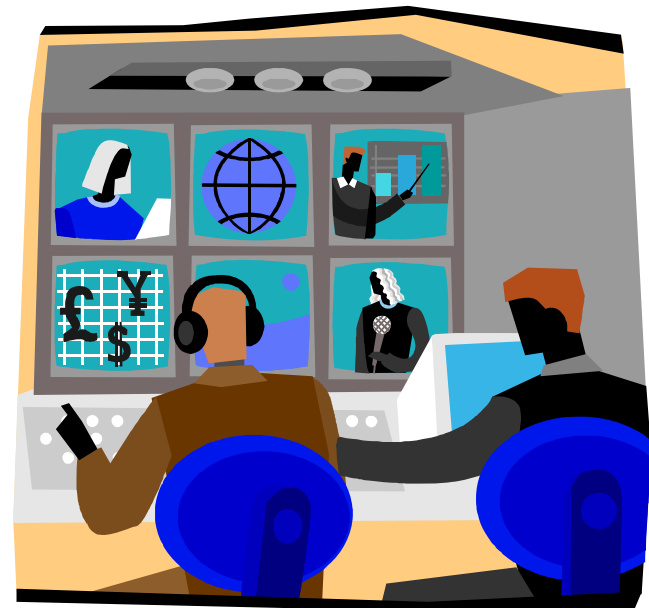
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## ■ Co-op Advertising

- Advertising across all channels

## ■ Media Specific Allowances

- ExTV
  - Broadcast in all Conus Main Stores
- Radio
- Theater Slides
- Online
- Direct Mail
- Trayliners



# Market Development Funds

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## ■ Volume Rebate

- Rebate based on negotiated volume levels
  - Example
    - Purchases from \$100,000 to \$199,999 produces a 1% rebate
    - Purchases from \$200,000 and above produces a 2% rebate
- Negotiate attainable goals
  - Volume Rebate should be a win for both parties

# Market Development Funds

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## ■ Fixtures and Placement

- Impulse Rack
  - Place your items on the front impulse
- Stack Out Placement
  - Earned for placement of your merchandise on a bulk stack out
- Fixture Purchase
  - May take variety of forms including the partial or full payment for the cost of purchasing fixtures to display your products

# Market Development Funds

## ■ Margin Support

- An agreement to provide monetary support to maintain a specified margin on an item, brand, or entire line of products.
- Buyers provide the time frame and margin goal and a signed or emailed agreement from the vendor
- TPM will run the numbers at the end of specified time to determine if goal was met or not
- If not met, the TPM office will process a claim for the difference

AAFES Business Terms Agreement Vendor Partnership Manual

### Margin Support

Margin Support is an agreement to provide monetary support to maintain a specified margin on an item, group of items, brand, or entire line of products.

Buyers, provide the time frame and margin goal and a signed or emailed agreement from your vendor. The Trade Promotion Management (TPM) office will run the numbers at the end of your specified time frame to determine if the goal was met or not. If it wasn't met, the TPM office processes a claim for the difference.

Contact [coop@aafes.com](mailto:coop@aafes.com) should you have any questions about margin recovery.

Buyers, link [here](#) for a sample margin recovery letter you can edit and use.

Dear \_\_\_\_\_,

Thank you for your continued support of the Army and Air Force Exchange Service (AAFES) and our patrons.

Both AAFES and \_\_\_\_\_ continue to work to build a partnership. However, with an ever – changing retail environment, we did not reach our agreed margin goal for the \_\_\_\_\_ season.

Our Gross Margin goal for \_\_\_\_\_ brand merchandise was \_\_\_\_%. Our achieved Gross Margin was \_\_\_\_%. You will receive a claim in the amount of \$ \_\_\_\_\_ to help off set the markdown cost involved with this merchandise.

Enclosed for your review is our sales report for \_\_\_\_\_ and the formula used to calculate markdown costs.

Sincerely,

Buyer Name  
Buyer Title



# Market Development Funds

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- **Quantity**
- **New Item Setup**
- **New Store Allowance**
- **Planogram Allowance**
- **Signs**
  - Sign Kits are produced throughout the year and your brand could be represented on these signing elements
  - An outstanding opportunity to put your brand in front of more than 3 million loyal customers each week
  - Shoe Department

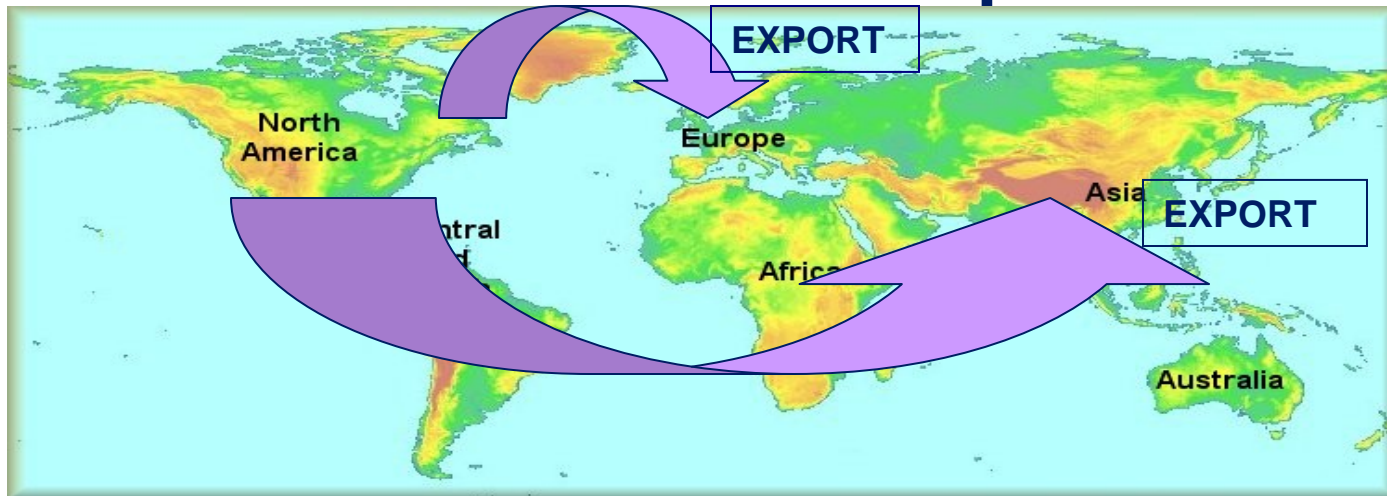
# Logistics

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- **Truckload/Pallet Allowance**
- **Air Freight Allowance**
- **DC – Warehouse Allowance**
- **Distribution Allowance**
- **Defective Allowance**
  - Intended to stop the return of defective merchandise to you and/or stop individual charge vouches from filtering in from various AAFES stores
- **Returns Allowance**
- **Warranty Allowance**

# Duty Drawback

- Duty Drawback is a duty refund due AAFES for exporting product that has been imported
- We export over 30% of our purchases
- We need your help in providing import records to our broker - records are kept confidential



# Business Terms Agreement

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- Be creative during your buyer negotiation
- Update agreement annually to maximize your resources
- As a government entity AAFES has many restrictions that could affect your advertising plan
- The Business Terms Agreement is a broad form designed to accommodate most vendors. Not all allowances will be relevant for each vendor

# Vendor Partnership Guide

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- **AAFES Business Terms Agreement Partnership Guide provides definitions of allowance types**



# Other Claims

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## ■ Price Protection

- Money collected from a vendor in support of markdowns taken on their product as a result of their cost change
- It is AAFES policy that price protection includes a system-wide on-hand inventory to include Distribution Centers, Catalog DCs, stores, and any purchases received subsequent to the protection date

## ■ Vendor Compliance

- Implemented to recover expenses caused by vendors' noncompliance for merchandise shipped to and through our operations
- Trade Promotion is only responsible for the billing of LG claims, entered into system at distributor
- Handout included details compliance cost structure

# Post Audit

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- **Post audit claims should be negotiated and settled with the post auditor**
- **Post auditors are required to provide proof for any claim they send**
- **AAFES Trade Promotion will participate as referees if all channels have been exhausted**
- **AAFES**
  - Audits claims for first year
- **PRG**
  - Audits claims during the second year
  - Sandra Jones
  - (972) 398-3585
- **Connolly Consulting**
  - Third year audit
  - Thomas Fisher
  - (404) 261-7800

# AAFES TPM Contacts

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- **All Claim Questions/ Issues**
  - [coop@aafes.com](mailto:coop@aafes.com)
- **Print Advertising**
  - Cathy Nelson
  - [nelsonca@aafes.com](mailto:nelsonca@aafes.com)
  - 214-312-6401
- **Electronic Advertising**
  - Casey Thompson
  - [thompsoncasey@aafes.com](mailto:thompsoncasey@aafes.com)
  - 214-312-4313
- **ARA/ Business Terms Agreement**
  - Amanda Leroy
  - [leroya@aafes.com](mailto:leroya@aafes.com)
  - 214-312-4412



# Conclusion

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**We need your support in building proactive marketing and merchandising plans. We want to work with you to drive sales, making AAFES the destination of choice to our customers.**

**Goal Sharing will allow us to build stronger organizations for both your company and AAFES!**



# Questions?

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