

SUPPLY CHAIN MANUAL

STATE LIQUOR & WINE STORE



Utah Department of
Alcoholic Beverage Control

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DABC reserves the right to make any changes to the Supply Chain Manual and the policies referenced herein. The Supply Chain Manual will be reviewed every year by the department.



FOREWORD



The Utah Department of Alcoholic Beverage Control (Utah DABC) continually strives to provide the best possible service and product selection for the citizens of the State of Utah. Accomplishing this task requires that we model best practices and are able to adapt to changing consumer demands.

This manual is intended to serve as a reference guide for suppliers who are currently conducting business with Utah DABC, as well as to educate new and prospective suppliers about Utah DABC's policies and procedures.

- DABC Product Management Committee

MISSION STATEMENT

Conduct, license, and regulate the sale of alcoholic products in a manner and at prices that reasonably satisfy the public demand.

Promote the reduction of the harmful effects of:

- (a) over consumption of alcoholic products
- (b) consumption of alcoholic products by minors, and
- (c) impaired driving

Enforcing the Alcoholic Beverage Control Act in a way that is fair, impartial, consistent and equitable.

PRODUCTS



LISTINGS

Utah DABC considers new products to be carried in its stores or in our special order catalog on a biannual basis. The process of bringing in new items is called “listings” and the selected products appear on shelves, on our DABC app and in our listing catalogs on a biannual basis - on April 1st and October 1st - these dates are what we refer to as “on-shelf” dates.

To be considered, a Listing Submission Form must be submitted to the Utah DABC Listing Committee for evaluation. To submit a product a supplier must fill out the Listing Submission Form found on the DABC website and email the completed form to dabcpurchasing@utah.gov. Listing Submission Forms are evaluated by the listing committee to determine whether the product should be listed. During the evaluations the department may ask for samples, additional information, or potentially set meetings to discuss products submitted for listing. Submission of this form does not guarantee a listing. Please note the following important dates for listings.

April 1st On-Shelf Date	
Date	Event
Jan 1	Target Report Published
Jan 31	All Submissions Due
Feb 14	Sample Requests Sent
Mar 1	Listing Decision
Apr 1	On-Shelf Date

Oct 1st On-Shelf Date	
Date	Event
Jul 1	Target Report Published
Jul 31	All Submissions Due
Aug 14	Sample Requests Sent
Sept 1	Listing Decision
Oct 1	On-Shelf Date

Listing Submission Applications must include the following:

- Utah Submission Listing Form
- Copy of Federal Label Approval
- Copy of Bottle Label
- Listing of malted beverages (heavy beer and flavored malt beverages) will need to demonstrate label approval by the DABC Compliance division prior to listing.
- Product Image (.jpg, .png, or .gif - Max 400px x 700px and <100 KB)

The Listing Committee selects products for broad distribution, limited distribution, one time buy, and our special order catalog.

- Accepted products must be available and ready for sale by the expected on-shelf date. This requires that the products be in the Utah DABC warehouse at least two weeks prior to that date. If the product will not be available as needed, it is best to delay the listing presentation.
- New items will be merchandised in 5 to 10 stores. The stores that products are sent to will be determined based on priceband category performance. i.e. products will be sent to stores where they have the best chances of success.
- As new items are assigned to stores, they will be required to perform at pre-determined sales levels. Items failing to do so may be eligible for de-listing. Products will be given 12 months to meet sales levels. Products may be de-listed at any time as determined by the DABC listing committee.
- In order to list a product with the Utah DABC, you must first be registered and setup as a Vendor. Please contact our purchasing division for more information on how to become a vendor.
- Suppliers must submit a listing packet (found on the DABC website) any fields that determine the scoring categories that are left blank will result in a zero score. Please fill the form to the best of your ability.

The Listing Committee will evaluate products, scoring them on the following criteria:

- Market demand
- Category need
- Promotional and/or advertising activity
- Performance in other markets
- Special order requests
- Product quality
- Past supplier performance
- Availability of product

Requirements for listing

- Supplier must be able to meet a minimum stocking quantity amounting to a case/store ratio based on the number of stores assigned and warehouse stock.
- The Listing Committee will pre-screen submissions and select which items will be considered for listings.

The Utah DABC Listing Committee reserves the right to reconsider products at any time.

PRODUCT CHANGES

Any currently listed product changes - including packaging changes, labeling changes, and proof changes must be approved by the Listing Committee prior to distribution.



SAMPLE REQUESTS

After receiving the listing application, the Purchasing division may request a sample. This request will be made with a Sample Request Form that will be signed by a member of the Purchasing division. The requested samples must be sent to the Purchasing division along with the signed sample request form.

- Only two samples of a particular type, vintage, and production lot of a particular branded product may be sent, prepaid, to the Purchasing division. Samples may not be sent via U.S. mail.
- The Purchasing division staff shall evaluate samples and forward any pertinent information to the Listing Committee for review.
- Any extra samples (over the two allowed) will be immediately logged by the Purchasing division and disposed of by the breakage team. Please note: doing so will negatively impact the vendor performance score used by the Listing Committee.
- Samples not requested by the department will be immediately logged and disposed of. Please note: samples not requested will negatively impact the vendor performance score used by the Listing Committee.

Samples may be retained for vendor/representative evaluation, purchasing department evaluation, or a uniqueness that would substantiate the acceptance or denial for listing of the product by the department. Samples that are not being retained for any reason are to be destroyed after being logged out of the sample inventory log.

DELISTING

Utah DABC reserves the right to move items within the listing categories based on, but not limited to, the following criteria:

- Low demand
- Availability of product
- Sales
- Category need
- Category trends

Listed products may be delisted by the Listing Committee at any time based on, but not limited to, the following criteria:

- Low profit performance within a category
- Low case turns within a category
- Category trends
- Category need
- Supply issues
- Labeling/packaging issues

Additionally, general distribution items that are stocked-out by the vendor at any time during the year can be delisted by the listing committee.

- Initially, most products delisted by the Department will be marked down by 23 percent of the retail price for the first 30 days.
- Delisted products may be discounted at a final markdown not to exceed 46 percent of retail price but under no circumstance will the markdown be at a price lower than the cost of the item.
- These markdowns apply to both general and specified limited closeouts.

SPECIAL PRICE ALLOWANCES (SPAs)

A Special Price Allowance (SPA) is a discount off the shelf price provided by the supplier. Discounts are for specific listed products for a specified period of time.

Point of Sale materials are to include department created signage only. SPA signage shall be of two different fluorescent colors indicating the difference in discount amount. SPA signage shall be of an informative nature and not intended to give the customer something of-value for making the purchase.

The department shall pass special price allowances (SPA's) on to the customer only on the following basis:

- Any product that qualifies for SPA is allowed a total of four discounts in each fiscal year. Products on SPA shall be classified into two different categories based on the discount amount.
 - Below \$2.99: Discounts from \$2.00 to \$2.99 off the shelf price will be designated as a "Below \$2.99" discount. Suppliers may choose to use any or all of the allotted four annual SPA's for a qualifying CS code as a "Below \$2.99" discount.
 - Above \$2.99: Discounts \$3.00 or more off the shelf price will be designated as an "Above \$2.99" discount. Suppliers may use up to three of the four annual SPA's on a qualifying CS code as "Above \$2.99" discounts. SPA discount signage shall be printed on two different colored fluorescent signs signifying discount type.
- SPA signage will be displayed for the designated fiscal month only.
- Items to be used for SPA floor stacks will be determined by the department. The department will consider store safety when determining which items will be floor displayed.
- SPA's on decanters and gift packs will not be accepted.
- The regular shelf price on which any non-bailment SPA offer is made must be set two months prior to the pass-through month. The regular shelf price on bailments items must be set one month prior to the pass-through month.
- Complete and accurate SPA forms must be received by the department's purchasing coordinator by the second week of the third month prior to the post off date.
- Submitted forms for SPA's must be complete and accurate with the required information, (Refer to SPA Fact Sheet), or SPA requests will be denied.
- The department reserves the right to cancel a SPA at any time if the product is not received in the buy-in month, or if there is not sufficient product in the bailment inventory.
- SPA's may be cancelled if the product is not received in the buy-in month, or if there is not sufficient product in bailment inventory.
- Any product that qualifies for SPA's may not be discounted two months in succession.
- 750ml bottles of wine and/or spirits may not have an everyday price or a SPA price that is less than \$3.99
- SPA's may not run concurrent with a price change (in the same month).



PRICE CHANGES

General distribution price changes are allowed during the months of February, May, August, and November only. Complete and accurate listing packets must be received by the Department's purchasing coordinator by the second week of the third month prior to the effective date.

Newly listed products are not eligible for price changes for the first year.

The department reserves the right to deny any price changes.

SPECIAL ORDER ITEMS

Special order product is any product not carried for sale in stores by the Department. Special orders may be placed by individuals, groups of individuals, organizations, or retail licensees. Special orders are subject to availability and in accordance with the distributor's shipping criteria.

- Special orders may be ordered only in the minimum quantity set by a supplier.
- The Department shall not place a special order unrelated to a particular customer.
- Whenever necessary, a department purchasing agent shall obtain a retail bottle price and contact the customer for approval to proceed with the order.
- When a special order arrives, the State store to which the special order has been sent shall notify the customer.
- Customers shall pay for and pick up the entire special order within 14 days after notification.
- Any existing special order inventory shall be managed at the discretion of the DABC.
- Misuse of the special order program may result in the suspension of ordering privileges.

The Department shall not place a special order or any special order item unrelated to a particular customer. Misuse of the special order program may result in the suspension of ordering privileges.

"Speculative" Special Orders will not be allowed.



PROMOTIONAL PACKAGING

Value-added products are items of value that are included in unique packaging of a regularly listed product. Examples of value-added products are glassware, flasks, t-shirts, jiggers, mixers, etc.

Seasonal items are any items that has a visual reference to a holiday or seasonal event. These must be shipped to the DABC warehouse using unique NABCA product code. Any seasonal products packaged under the brand's regular NABCA product code will be returned to the vendor. If the seasonal item is received too late to effectively capitalize upon the seasonal aspect of its design, it will be returned to the vendor.

Specialty bottles are bottles bearing a novelty design which is not seasonal in nature, but different from the standard bottle design.

Standard case promotional packaging are bottles packaged with some type of promotional item. Examples include glassware or other promotional items that stack onto the neck of a standard bottle or bottle wraps. The case configuration of these items is identical to the standard shipping case.

SEASONAL OFFERS

In the case of seasonal limited time offers, all companies shall submit a complete listing package. The listing committee will review seasonal listings alongside all other listings. Please be sure to submit for an on-shelf date that would satisfy the seasonality of the item. For example, a Christmas listing should be submitted on April 1st for an on-shelf date of October 1st.

Please be sure that products will arrive at the Utah DABC warehouse in ample time for distribution for the holiday/event that the item is targeting.

PRICING

Promotional packages are offered to customers at the same retail price as a regularly packaged bottle of the same distilled spirit. In the event that the regularly packaged product contained in the promotional packaging is offered at a discounted retail price, Utah DABC requires that the vendor sponsor the same discount on any promotional packaging still in store inventory.



DABC HOLIDAY SCHEDULE

The following table shows common promotions/holidays/events and the important dates to remember when listing products.

- **Holiday/Event:** The name of the holiday or event that the promotional product is targeting.
- **Submit By:** The date that the product listing submission form must be submitted by to be considered.
- **Received By:** The date that the product (if listed) must be in stock at the DABC warehouse. Any products not received by this date, and therefore not available for proper distribution in time for the promotion, will be returned to the vendor.

Holiday/Event	Submit By	Received By
New Year Day	Jul 31	Dec 1
Superbowl	Jul 31	Jan 15
Valentine's Day	Jul 31	Jan 1
St. Patrick's Day	Jul 31	Feb 1
Easter	Jan 31	Mar 15
Cinco De Mayo	Jan 31	Apr 1
Father's Day	Jan 31	Jun 1
Independence Day	Jan 31	Jun 1
Halloween	Jul 31	Oct 1
Thanksgiving	Jul 31	Nov 1
Christmas	Jul 31	Dec 1



APPROVAL

Value-added products are not eligible to become regularly listed products in Utah DABC stores. In order to be considered for approval, the value added package must contain a product regularly carried by Utah DABC. Promotional packages are usually purchased in approved quantity for a one time distribution to specific stores. This distribution will be designated by Utah DABC based upon the historical sales of the product.

The purchase of promotional packaging items must be approved by Utah DABC prior to shipment. Items delivered to the warehouse that have not been previously approved will be returned to the vendor.

Proposals for promotional packaging are to be submitted to the DABC merchandising manager a minimum of 45 days in advance of the start of the quarter in which the promotion will take place. The following table illustrates the necessary dates of submission for promotional packaging considerations.

Promotion Period	Submit By
Q1. July, August, September	May 15
Q2. October, November, December	August 15
Q3. January, February, March	November 15
Q4. April, May, June	February 15

Considerations for approval include:

- Incremental sales potential: Considering the fiscal, logistical, and retail resources required to stock a product, does it possess sufficient customer value to encourage incremental sales rather than simply replacing the regularly carried product?
- Responsible drinking: Items must not have any component that would be specifically attractive to underage buyers, promote irresponsible drinking or violate any statute pertaining to alcoholic beverage promotional items.
 - Appropriateness: Items must not be likely to be found offensive by any customer visiting a Utah DABC store.
 - Proposed quantity: The proposed quantity should sell through in 30-90 days, depending upon the purpose of the special pack.



MERCHANDISING



SHELF GUIDES

Shelf guides and resets will occur as needed as determined by the department.

Suppliers who have concerns about shelf guide compliance at a particular store may contact the Department's Merchandising Manager.

MERCHANDISING MATERIALS

The Utah DABC does not allow advertising. Please be sure to review any state rules for any advertising/marketing campaigns.

For information about promotions that are allowed in state stores please review the "Promotional Packaging" section outlined on page 12.

SHELF TALKERS

Product information cards must be submitted to the purchasing department for approval prior to placement in stores. Vendors must utilize the template found on the Vendor Portal for products along with a digital copy of the recognition source.

Reviews must only be from industry periodicals within the last two years, not edited, and must contain the name, vintage, review price, date and issue of the review.

Store personnel or vendor representatives (after store management approval) may attach approved shelf talker cards to wine racks, shelves, or floor stacks at the store manager's discretion. All cards will have the vendor representative's signature, name and the date on the back. Store participation in the shelf talker program is mandatory.

Shelf talkers must be removed once review or acknowledgement exceeds two years or the displayed vintage changes. Please review "Store Visit Protocol" on page 17 for more information about store visits.



STORE VISIT PROTOCOL

It is a violation of federal regulation for a supplier representative to physically move bottles or cases of merchandise belonging to another supplier. Under no circumstances may a supplier move any product that they do not represent. Violation of this federal regulation may result in administrative action.

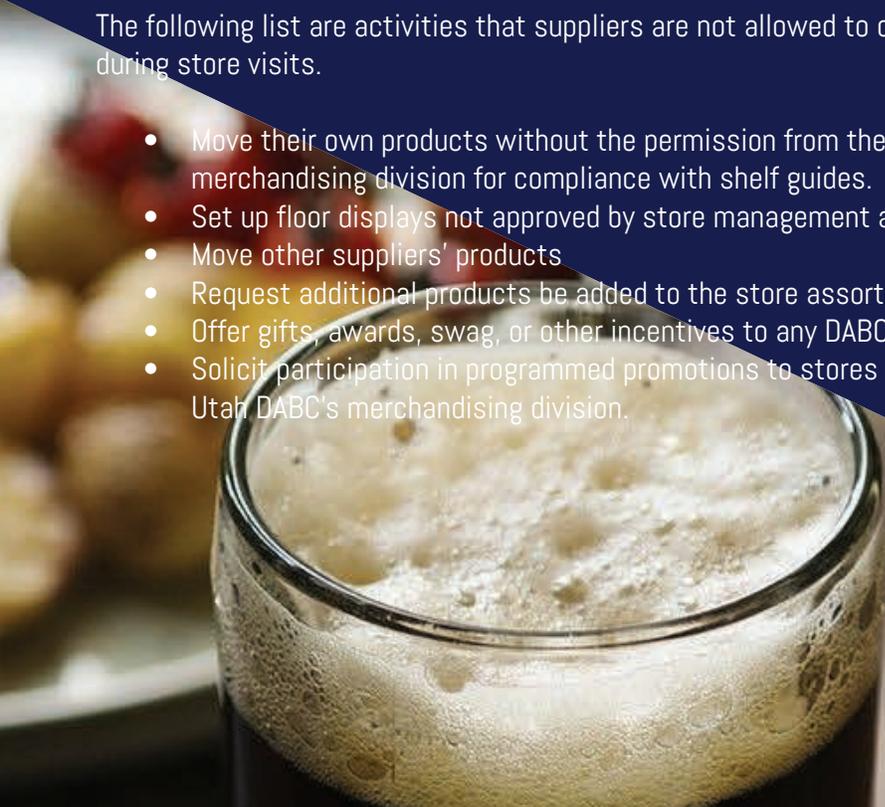
- Supplier representatives are required to check in with the store manager on duty immediately upon entering the store and sign the visitor's log. Including name, company, and date of visit. The Supplier representative must also use a "WE ID" badge during their time in the store, and return it before leaving.
- Supplier representatives will notify the store manager on duty before beginning any work on the sales floor and discuss with them the purpose of the visit and which products are to be serviced during the visit.
- Supplier representatives will not change the location of merchandise on Utah DABC retail store shelves unless approved by store management. Please note: changes in shelf sets must be submitted to the Utah DABC Merchandising Division for approval.
- Supplier representatives may restock their represented products in their allocated shelf locations. However, they may not add additional facings.
- Supplier representatives may restock any approved floor stack locations on the sales floor using on-hand merchandise from the store's stockroom.

Please see the following page for a quick reference table that might help supplier representatives understand help that they can or cannot give.

SUPPLIER RESTRICTIONS

The following list are activities that suppliers are not allowed to do. Please be sure to avoid the following restrictions during store visits.

- Move their own products without the permission from the store manager on duty, and the approval of the merchandising division for compliance with shelf guides.
- Set up floor displays **not** approved by store management and the DABC merchandising division
- Move other suppliers' products
- Request additional products be added to the store assortment
- Offer gifts, awards, swag, or other incentives to any DABC employee
- Solicit participation in programmed promotions to stores not meeting the sales criteria as determined by the Utah DABC's merchandising division.



WAREHOUSE



DABC WAREHOUSE

Utah DABC uses both a bailment warehouse system and a regular warehouse. This means that products delivered to the Utah DABC Bailment Warehouse must be consigned to the supplier in the care of Utah DABC. While products are stored in the Utah DABC Bailment Warehouse, the supplier is owner of, has legal title to and bears the risk of loss of those products, except for loss of damage caused by Utah DABC's failure to exercise such care in regard to stored products as a reasonable, careful person would exercise under like circumstances. Utah DABC will take title to products only once they are purchased by Utah DABC (at the time the product is picked up for delivery to Utah DABC retail stores).

Suppliers with bailment items will be provided with access to a report detailing inventory levels for their products. It is the responsibility of those suppliers to manage appropriate inventory levels in the Utah DABC bailment warehouse.

Suppliers with continuous supply issues will have a lower score used to evaluate product listing submissions.



CASE CODE LABEL

The “case code label” is one of the major benefits to the control state coding system. Below is an example of an approved case code label:



Case code labels should be on white stock paper with black lettering unless approved otherwise.

1. Product description
 - The size of the product must be included.
2. Control state code (CSC) number
 - “320” represents the three-digit prefix to further identify class and type. “43136” is the unique six-digit CSC number. (Note: All leading zeros should be omitted). The number “75” represents the two-digit suffix identifying the size. The CSC number should be 7/8” to 1” high. The prefix and suffix number should be 1/4” to 1/2” high.
3. UPC symbology
 - The UPC symbology should be located in the lower left-hand corner of the case code label.
4. Location
 - The label should be located on an end panel.

Please note: For information regarding Shipping Container Code (SCC), please contact GS1 US at:

7887 Washington Village Dr.
 Suite 300 Dayton, Ohio 45459
 Ph: (937) 435-3870
 E-Mail: info@gs1us.org

DELIVERY REQUIREMENTS

SCHEDULING:

Deliveries to the Utah DABC distribution center are by appointment only. Delivery appointments are scheduled in advanced and assigned a confirmation number. Delivering drivers must have the confirmation number to check in for unloading. Trucks without an appointment will not be unloaded.

LABELING:

Labels must be affixed to all cases and faced outward so they are visible on at least two adjacent sides of stacked product. There will be a \$25 fee per case for loads that are not properly labeled. Labels should list item code, brand name, size, case-pack quantity, and vintage (if applicable).

PALLET & TIER QUANTITY:

All products for sale to Utah DABC must be quoted with the pallet and tier quantities in which it will delivered. Any changes in quoted pallet or tier configuration must be submitted to Utah DABC in a new quote 30 days prior to shipment.

PALLET LOAD CONFIGURATION:

To minimize manual handling in receiving, all stacked product should be in full tier layers. Any less-than-full or mixed tiers must be on the top tier of a pallet load or shipped as a single tier. Product from multiple POs shipping together must be in single tiers or on the top tier.

LOAD INTEGRITY:

Loads must be shipped with sufficient stretch wrap, dunnage (airbags, padding, etc.) and load securing devices (load locks, bars, straps, etc.) to arrive ready to unload without breakage or need of restacking. Wood pallets for product shipment should be grade A or B. Slipsheets are required for loads that do not ship on pallets. Slipsheets must be placed so they will not move any adjacent product when unloaded. There will be a \$100 fee for loads that have to be restacked in unloading.

DOCUMENTATION:

All deliveries must have a bill of lading, packing list, packing slip or manifest, which must include the Utah DABC Purchase Order or Replenishment Number, the description, size, case-pack quantity, of each item shipped, and a total piece count. Each PO/Replenishment should have its own set of documentation. If multiple POs are combined on one document, each line item for each PO must be specified separately and not combined into a total with like product from other POs. Deliveries with missing or insufficient documentation upon check-in may be refused.



LATE OR MISSED DELIVERIES:

Deliveries are expected to be on time. Any expected delays should be communicated to Utah DABC Receiving as soon as possible. Deliveries checking in at Receiving more than 30 minutes late without prior arrangement will be considered to have missed their appointment and rescheduled to a later opening. Deliveries may not check in at Receiving more than 30 minutes early without prior arrangement. There will be a fee of \$100 for deliveries that give 24 hours or less advance notice, and \$500 for no advance notice.

ADVANCE SHIPPING NOTICE AND REVISIONS:

Advance Shipping Notices should be sent to Utah DABC Purchasing prior to shipment. Any changes in products or quantities should be noted before shipment by sending an updated notice, which will be acknowledged with a corrected Purchase Order Copy.

OVER- AND MIS-SHIP:

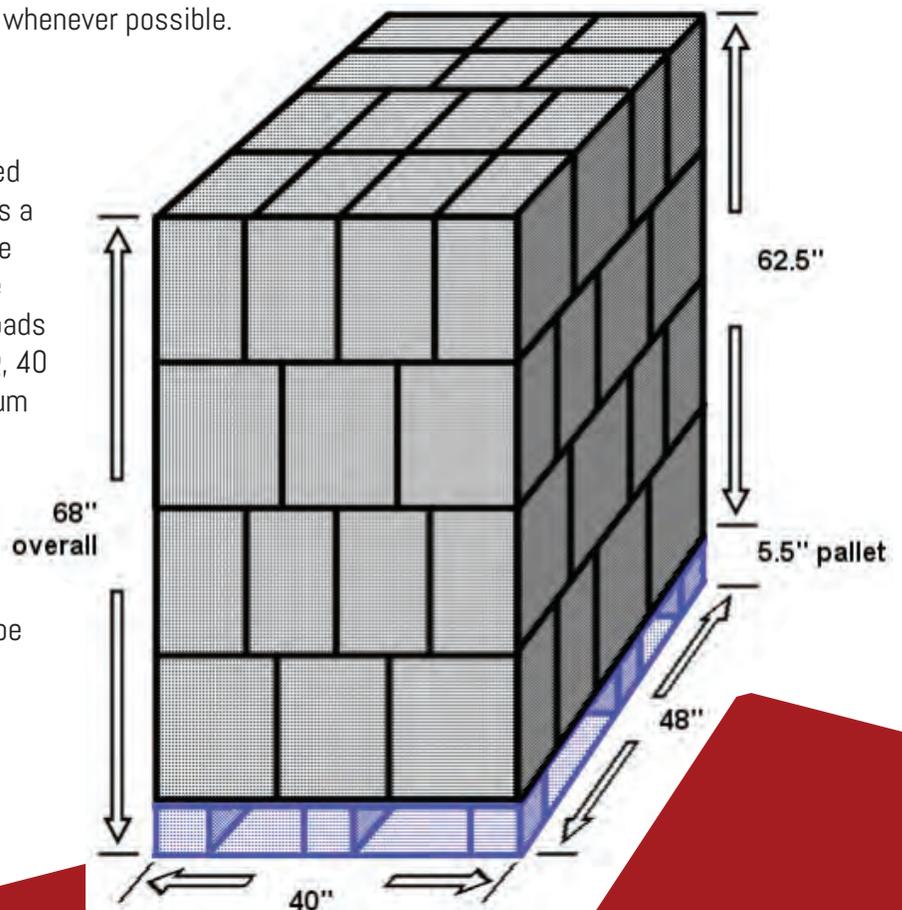
Vendors are responsible for delivering product to Utah DABC exactly as ordered. Over-shipped product may or not be accepted according to current demand. Product that is not listed for retail sale with Utah DABC will not be accepted. Over-shipments or mis-shipments of special orders will not be accepted. It is the responsibility of the vendor to arrange for return of mis-shipped product in a timely manner. Product that is not picked up after final notification will be destroyed and any destruction fees charged to the vendor.

PARCEL/PACKAGE DELIVERY:

Product for sale to Utah DABC may not be shipped by mail or parcel/package delivery services (UPS Ground, FedEx Ground). Deliveries should be shipped by intermodal, over-the-road or LTL motor carriers which can schedule delivery appointments at the Utah DABC distribution center. Small orders should be pooled to ship with full truckloads whenever possible.

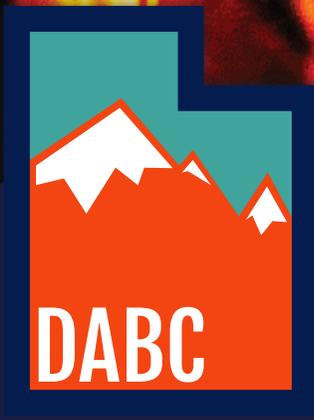
LOAD DIMENSIONS:

Utah DABC stores its product in an Automated Storage/Retrieval System (ASRS) which uses a specific reinforced plastic pallet. All loads are transferred to these pallets for putaway. The size of the ASRS racks requires that pallet loads have maximum dimensions of 48 inches long, 40 inches wide, and 68 inches high. The maximum height includes 5.5 inches for the standard pallet, so the stacked product must be no more than 62.5 inches high. Pallet loads which exceed these dimensions have to be reconfigured before storage. There will be a \$50 fee for each pallet that has to be reconfigured.



CONTACT INFORMATION

<u>Purchasing Division</u>	<u>Products, Listings, Packaging, SPAs</u>
dabcpurchasing@utah.gov	
<u>Merchandising Division</u>	<u>Floor Displays, Product Allocation</u>
dabcmerchandising@utah.gov	
<u>Shipping Division</u>	<u>Warehouse Shipping</u>
jbroderick@utah.gov	(801) 977-6846



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Alcoholic Beverage Control