The Virginia Alcoholic Beverage Control Authority (Virginia ABC) continually strives to provide the best possible service and product selection for the citizens of the Commonwealth of Virginia. 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 Virginia ABC, as well as to educate new and prospective suppliers about Virginia ABC’s policies and procedures.

ABC Product Management Committee
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MISSION
To generate a reliable stream of revenue for Virginia and promote public safety through the responsible sale and regulation of alcoholic beverages.

VISION
To bring good spirits and excellent service to Virginia.

VALUES

Accountability
We build trust by delivering on our promises

Service
We take pride in our role as public servants and put customers, both internal and external, first in all we do.

Integrity
We are fair, consistent, transparent and treat everyone with respect.

Performance Excellence
We are innovative, collaborative and strive to improve every day.
Virginia ABC considers new products to be carried in its stores or in the Special Order Catalog on a quarterly basis. The process of bringing in new items is called "Listings," and the new products appear on shelves, on our website and in the Spirited Virginia magazine at the beginning of each quarter—January, April, July, and October.

To be considered, a new product must be presented to the Virginia ABC Listing Committee for evaluation. These presentations are held approximately three months prior to the on-shelf date. Products presented must meet the requirements listed below. Virginia ABC prescreens products for presentation approximately one month prior to the presentation week.

The Listings Committee selects products for broad distribution (e.g. 100 stores), limited distribution, one-time buy, Special Order Catalog and/or inclusion in the online ordering catalog.

- Accepted products must be available and ready for sale by the expected on-shelf date. This requires that the product be in the Virginia ABC bailment 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.

- Products presented must be entered into Virginia ABC’s Management of Inventory Product Sales (MIPS) online system, available through the ABC website.

The Listing Committee will evaluate products based upon the following criteria:

- **Brand Strength/Recognition**
  Are customers aware of the product?

- **Price**
  How does the price compare to other products and who is the competition?

- **Category Need**
  Does Virginia ABC currently carry similar products? What makes the new product unique? Does the new product fill a need that is not filled by products currently carried by Virginia ABC? What incremental sales will the new product produce for Virginia ABC?

- **Category Trends**
  Is the category growing or declining?

- **Sales in Other States**
  Does the product have any sales history to demonstrate the product’s potential?

- **Marketing Support**
  What methods will the supplier use to create awareness and demand for the product, e.g. in-store sampling, consumer promotion, price discounting support, on-premise promotion?

- **Packaging and Appearance**
  Will it attract consumer attention?

- **Special Order Demand/Customer Requests**
  Have there been any sales through Virginia ABC’s special order process or, if applicable, through the supplier’s distillery store?

Products are scored from 1–5 on each criteria to aid the committee’s decision making.

Preference may be given to products that are made or distilled in the Commonwealth of Virginia or that have been awarded the distinction of “Virginia’s Finest” by the Virginia Department of Agriculture and Consumer Services. (See www.vdacs.virginia.gov/vafinest.) If the product was made or distilled in Virginia, it must be stated on the bottle.
Requirements for Listing

- Supplier must be able to meet a minimum stocking quantity amounting to a case/store ratio based on the number stores assigned and warehouse stock.
- Suppliers are required to send a list of products they plan to present to the committee.
- The Listing Committee will pre-screen submissions and select which items will be presented.
- Suppliers must submit a “Product Specifications” form in the MIPS online system, available through Virginia ABC’s website, by the established deadline or receive zeros in scores for missing information.

Information needed to complete the “Product Specifications” form

- Proof/alcohol (%)
- Number of bottles per case
- Cost of shipping per case
- Net cost per case (The retail bottle price is calculated based on information provided.)
- UPC code
- Shipping container code (SCC)
- Number of cases per pallet
- Number of cases per layer on the pallet
- Case weight (in lbs)
- Case dimensions (in inches)
- Bottle dimensions (in inches)
- Shipping origination point

If a product is not listed, it must wait one year before being re-presented for listing consideration. This waiting period may be waived only if the ownership of the product has changed since the last listing presentation or there is new information regarding the product and why ABC should carry it.

The Virginia ABC Listing Committee reserves the right to reconsider products at any time, even those that were not selected and may have been required to wait 12 months for listing reconsideration.

Size Extensions

Size extensions are considered in the listings process along with other new items, and all of the same criteria and requirements apply. To qualify to present a size extension for consideration, the brand’s existing sizes each need to be returning at least $150,000 in annual contribution margin.
Delisting is the process by which poorly performing products are removed from the Virginia ABC system.

- A new product is given seven months from the date of listing to achieve one-half of the established annual sales threshold. If this is not achieved, then the product becomes a candidate for early delisting.

- A new product is given 14 months to meet or exceed the established annual sales threshold. If a product does not meet the threshold after 14 months, then it is a candidate for delisting.

Virginia ABC uses by-category by-price tier thresholds for “total sales” and “sales per store selling” to evaluate product performance. If a product falls below both of these thresholds, it will be a candidate for delisting and will be reviewed accordingly.

Virginia ABC publishes updated thresholds on an annual basis. Please contact Maria Jeter (maria.jeter@virginiaabc.com) for the current thresholds. Virginia products are expected to achieve at least 50 percent of the non-Virginia product threshold.

Products with a pattern of out-of-stock at the Virginia ABC bailment warehouse due to inconsistent product supply may also be delisted. Virginia ABC also reserves the right to delist products based on poor vendor performance.

Delisted items must wait two years from the date of delisting until the product can be presented again for listing consideration. This waiting period will be reduced to one year only if the ownership of the product has changed since the product was delisted.

Virginia ABC reserves the right to reconsider products at any time, even those that were delisted and may have been required to wait for listing reconsideration for up to 24 months.

Once a product has been delisted, any inventory in the Virginia ABC bailment warehouse must be retrieved immediately.

Delisted products will often be discounted in Virginia ABC retail stores in order to remove any remaining inventory from store shelves.

Expired Product

Some products carry an expiration date after which the product is no longer salable. If such unsalable inventory remains in Virginia ABC stores after the product’s expiration date, Virginia ABC may destroy the product and charge the supplier for the wholesale cost of the destroyed product. The supplier has the option to visit the affected Virginia ABC stores and exchange the expired product for salable product within a reasonable time as determined with Virginia ABC.

If a “one time buy” carries an expiration date, Virginia ABC will discount the product at least three months in advance of the expiration date to facilitate sell through prior to the expiration date.
SPECIAL ORDER CATALOG

As a service to customers, Virginia ABC places products with limited distribution in its Special Order Catalog. These are typically products for which there is some demand, however not significant, due to either price or low product awareness by customers. Products offered to Virginia ABC with a small allotment may also be placed in the Special Order Catalog since there may not be enough to stock in Virginia ABC stores.

The Special Order Catalog allows Virginia ABC to offer suppliers the opportunity to build a product following and create product demand. Once that demand has been built, the supplier can submit the product for consideration to be included on the standard price list.

STORE SELECTION

Suppliers may make suggestions as to which stores they would like to be listed in; however, the final decision will be made by Virginia ABC.
Discount allowances (DAs) for distilled spirits, canned cocktails, hard seltzers, and nonalcoholic mixers may be performed up to six times a year for each brand-label name. For example, brand “x” green apple vodka may be discounted six times a year and brand “x” watermelon vodka may also be discounted six times a year. Discounting different sizes of the same brand label each count as one of the six allotted discounts.

Virginia wines may be discounted up to seven times a year.

New products may be discounted in their first month of availability.

Minimum discount thresholds are shown below:

<table>
<thead>
<tr>
<th>PRODUCT TYPE</th>
<th>QUALIFICATION TO DISCOUNT</th>
<th>MINIMUM DISCOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonalcoholic mixer</td>
<td>none</td>
<td>none</td>
</tr>
<tr>
<td>Virginia wine</td>
<td>none</td>
<td>none</td>
</tr>
<tr>
<td>Distilled spirits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50mL</td>
<td>n/a</td>
<td>no discounting allowed</td>
</tr>
<tr>
<td>100mL</td>
<td>n/a</td>
<td>no discounting allowed</td>
</tr>
<tr>
<td>200mL</td>
<td>n/a</td>
<td>no discounting allowed</td>
</tr>
<tr>
<td>375mL</td>
<td>Retail bottle price is $20 or greater</td>
<td>$1.00 or 5% off retail bottle price*</td>
</tr>
<tr>
<td>750mL</td>
<td></td>
<td>$1.00 or 5% off retail bottle price*</td>
</tr>
<tr>
<td>1L</td>
<td></td>
<td>$1.00 or 5% off retail bottle price*</td>
</tr>
<tr>
<td>1.75L</td>
<td></td>
<td>$2.00 or 5% off retail bottle price*</td>
</tr>
<tr>
<td>Canned Cocktails and Hard Seltzers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 pack (355 ml/12 oz. cans) 1.42L</td>
<td></td>
<td>$1.00 or 5% off retail unit*</td>
</tr>
<tr>
<td>6 pack (355 ml/12 oz. cans) 2.1L</td>
<td></td>
<td>$1.00 or 5% off retail unit*</td>
</tr>
<tr>
<td>4 pack (200ml cans) 800ml</td>
<td></td>
<td>$1.00 or 5% off retail unit*</td>
</tr>
<tr>
<td>Single cans 100ml</td>
<td></td>
<td>$1.00 or 5% off retail unit*</td>
</tr>
</tbody>
</table>

*In these cases, the minimum discount can be by fixed dollar value or percentage, whichever is greater.
The Virginia Alcoholic Beverage Control Authority (ABC) operates a bailment warehouse system. Under this system, ownership of products stored by a supplier in the ABC warehouse will remain with the supplier and will remain, and at all times be found to be, the sole and exclusive property of the supplier, and the ABC has no right there in until the product is shipped confirmed by ABC for delivery to its government stores.

ABC has established a minimum inventory level of two weeks supply and a maximum inventory level of six weeks supply for each code maintained in the bailment warehouse. Suppliers will be provided with a report listing these inventory levels for their products. Inventory quantities greater than six weeks of supply will be approved by Supply Chain and Operations Manager to delivery.
The Case Code Label is one of the major benefits to the control state coding system. Following is an example and explanation of the approved case code label:

1. Case Code Label is 4”x 6”
2. Label paper/material
   Labels should be on white stock paper with black lettering unless approved otherwise.
3. Product Description
4. Control State Code Number
5. Other State Code Numbers
6. UPC Symbology
7. Label Placement
   The label should be located on an end panel.

The unique six digit CSC number
Represents the three-digit prefix to further identify class and type

The UPC symbology should be located in the lower left hand corner of the case code label.

All other state code numbers should be 1/2” high

PA and NC code numbers should be 7/8” to 1” high

All bar codes (UPC, EAN, SCC-14, SSCC-18, and other Als & Data) shall be printed and placed in a vertical bar configuration (picket fence). Placement of bar codes is independent of print technology and symbology employed.

If you have any questions about where to place bar codes or if they are in proper format, please contact the Virginia ABC Transportation department at (804) 213-4524.
Suppliers will be responsible for determining the quantities of merchandise to be delivered to the Virginia ABC bailment warehouse for storage as provided by the minimum and maximum inventory levels. Suppliers shall schedule deliveries through the Management of Inventory and Product Sales (MIPS) system. Trucks without an appointment will not be unloaded.

Cases that are received at the Virginia ABC bailment warehouse with visible damage will be unloaded into a holding area. The supplier will be notified and asked for disposition instructions.

Pallet Requirements:

Supplier must notify Virginia ABC by letter 30 days prior to a pallet configuration change or Virginia ABC will not be responsible for any discrepancies.

We require product to be delivered on 48x40, 48x42, standard, CHEP, or PECO pallets. Pallets must be delivered in a grade #1 or A condition. Grade #1 or A Grade pallets are clean and structurally sound, as they have typically been repaired so that it is close to its original condition. For example, broken stringers must have been replaced or repaired with metal plates, and all damaged deck board have been replaced.

VAPs and Oversized Products:

At the new distribution center, all products will be conveyed in the length (longest) dimension parallel to the flow of the conveyor. Cartons should fit within the dimension/weight parameters below. Case height cannot be greater than the length or width. Cartons that do not adhere to these guidelines will not fit through the conveyor curves with a 2” clearance and will be deemed non-conveyable. These non-conveyable products will require special manual handling which adds cost to handling the product.

<table>
<thead>
<tr>
<th></th>
<th>Length</th>
<th>Width</th>
<th>Height</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>10”</td>
<td>7”</td>
<td>5”</td>
<td>5 lbs.</td>
</tr>
<tr>
<td>Maximum</td>
<td>24”</td>
<td>16”</td>
<td>20”</td>
<td>55 lbs.</td>
</tr>
</tbody>
</table>

Any and all products submitted for consideration in any way — listings, one time buy, limited time only, VAP, holiday merchandise, etc. etc. — must include the case dimensions as part of the information provided to ABC. While there may be a sound business reason for accepting a product that requires special handling, suppliers will need to provide a compelling case for incremental sales for ABC to accept an out-of-dimension product.
WITHDRAWAL OF PRODUCT FROM WAREHOUSE

A supplier may request a withdrawal of product inventory from the Virginia ABC bailment warehouse. The request is reviewed and either approved or denied by the ABC Freight Traffic and Inventory Manager. If the request is approved, then the product that has been requested will be collected and staged for loading onto the supplier’s truck.

Reasons for withdrawal requests vary, but may be due to the delisting or discontinuation of a product, the supplier’s need to reallocate some of their inventory to another location (i.e., West Virginia has run out and there is more than enough inventory to cover Virginia currently stored in the Virginia ABC bailment warehouse), the maximum inventory level at the Virginia ABC bailment warehouse has been reached, or product is defective or unsalable.

*Note: The ABC Freight Traffic and Inventory Manager will discuss the issue with the supplier and if inventory levels permit for the withdrawal, the request may be approved. The ABC Freight Traffic and Inventory Manager will also determine whether a fee for this service will be assessed. A supplier may be charged $22.00 per hour for this service with a one-hour minimum.
Withdrawal of Product from Warehouse

The supplier acceptance of order review window is between 11 p.m. – 12 a.m. the day prior to a delivery. If the supplier does not accept the order, they shall notify the Virginia ABC Warehouse, via email (warehouse@virginiaabc.com). To review items, please see below for step-by-step instructions.

1. Login to MIPS
2. Click “Search Current Inventory Levels”

   ![Inventory Search](image)

3. Select the vendor name from the drop down list.
4. Enter in "0" for the store number.
5. Check the box: “Exclude Rows with Quantity of 0.”
6. Click “Search.”

7. Sort by the "Availability Column" until “Reserved” products are shown.

8. All products listed as “Reserved” are scheduled for delivery.
Suppliers will be charged for the following services: Effective: November 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Fee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labeling/re-labeling cases</td>
<td>$3.00/per case – 1st offense per calendar year</td>
<td>Missing/Incorrect NABCA product code number.</td>
</tr>
<tr>
<td></td>
<td>$5.00/per case – 2nd offense per calendar year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$10.00/per case – 3rd offense per calendar year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase by increments of $10.00 for future occurrences</td>
<td></td>
</tr>
<tr>
<td>Recooperage</td>
<td>$10.00/per case</td>
<td>Bottle/case change; repacking damaged cases.</td>
</tr>
<tr>
<td>Replacing damaged pallet/combining/separating/restacking cases</td>
<td>$2.00/per case – restocked using a clamp truck</td>
<td>Restacking nonstandard pallets and for less than Grade A or 1 pallets.</td>
</tr>
<tr>
<td></td>
<td>$5.00/per case – restocked by hand</td>
<td></td>
</tr>
<tr>
<td>Destroy product</td>
<td>$10.00/per case</td>
<td></td>
</tr>
<tr>
<td>Physical inventory</td>
<td>$22.00 per hour (1 hour minimum)</td>
<td></td>
</tr>
<tr>
<td>Late/after hour receiving</td>
<td>$50 per hour</td>
<td>The fee calculation begins at 2:30 p.m. and ends fifteen minutes after the truck is unloaded.</td>
</tr>
<tr>
<td>Closeout product in bailment not removed from warehouse within 30 days notice</td>
<td>$100 per day for every day after 30 day notice</td>
<td>Virginia ABC will give vendor 30 days notice when closeout product must be removed from ABC warehouse. Failure to do so will result in a fine.</td>
</tr>
</tbody>
</table>
## INCIDENTAL CHARGES

**Effective: November 2018**

### Category 2 Fees

*Scorecard compliance greater than 95% (to the second decimal) = following fees waived*

<table>
<thead>
<tr>
<th>Category</th>
<th>Fee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unscheduled receiving fee</td>
<td>$250 per incident 90%-95% compliant</td>
<td>Carrier/Vendor arrives without a delivery confirmation number</td>
</tr>
<tr>
<td>Missed receiving appointment</td>
<td>$250 per incident 90%-95% compliant</td>
<td>Waived with 24 hour notice</td>
</tr>
<tr>
<td>Missed receiving appointment</td>
<td>$250 per incident 90%-95% compliant</td>
<td>Waived with 24 hour notice</td>
</tr>
<tr>
<td>Missed receiving appointment</td>
<td>$500 per incident less than 90% compliant</td>
<td></td>
</tr>
</tbody>
</table>
| Inaccurate entry of shipment information on inbound delivery appointments | $250 per incident 90%-95% compliant | • Inaccurate entries of product(s)  
  • Inaccurate entry of case quantity  
  • Product not set up or inactive in MIPS |
| Inaccurate entry of shipment information on inbound delivery appointments | $500 per incident less than 90% compliant |                                                                                              |
| Failure of notice for changes in master data      | $250 per incident                        | Failure to notify Virginia ABC of changes in master data two weeks prior to the product arriving at the Virginia ABC Warehouse. |
| Failure of notice for changes in master data      |                                          | • Item Code  
  • Product Description  
  • UPC, UCC, SCC  
  • Bottles Per Case & TiHi  
  • Case Dimensions  
  • Bottle Dimensions  
  • Item Images |
| Packaging Malfunction                             |                                          | If warehouse production is delayed due to packaging falling apart, an additional charge for the labor time lost will be applied at the burdened labor rate of $23.75 an hour x the number of employees working on that particular shift. |
| Packaging Malfunction                             |                                          | • Packing falling apart  
  • Broken packaging |
| Inaccurate dock type/Full, Mixed, LTL and Non-dockable | $50–1st offense for the fiscal year | Continued offenses will result in the supplier’s privilege to schedule inbound appointments to be rescinded. Future deliveries would require Virginia ABC approval to schedule inbound appointments. |
| Inaccurate dock type/Full, Mixed, LTL and Non-dockable | $100–2st offense for the fiscal year |                                                                                              |
| Inaccurate dock type/Full, Mixed, LTL and Non-dockable | $150–2st offense for the fiscal year |                                                                                              |
| Inaccurate dock type/Full, Mixed, LTL and Non-dockable | $200–4+ offense for the fiscal year |                                                                                              |
| Failure to ship an ASN                            | $250 per incident 90%-95% compliant      | The supplier fails to ship an ASN in EEM at least one day prior to the receiving appointment. |
| Failure to ship an ASN                            | $500 per incident less than 90% compliant|                                                                                              |

**Note:** If the supplier fails to notify Virginia ABC of a bottle per case (BPC) change that causes a negative financial impact to the supplier, the financial loss will be the responsibility of the supplier. Notification of the BPC change must be made to Virginia ABC two weeks prior to product arriving at the Virginia ABC Warehouse.
SUPPLIER SCORECARD

SUPPLIER SCORECARD AND FEES

The fee structure is based upon the Supplier Scorecard that is maintained by Virginia ABC. Certain fees are assessed on a case-by-case basis (see Category 1 Fees chart, page 17), while others are assessed on a sliding scale (see Category 2 Fees chart, page 18) based on your overall score on the Supplier Scorecard.

The goal is for all suppliers to maintain a Supplier Scorecard Overall Score of 95.00 or greater. Maintaining a score of 95.00 or greater will result in having all category 2 fees waived. The scorecard will be based on the Delivery Violations (see below) from the beginning of the fiscal year on July 1 through the current month. The scorecard calendar will “reset” at the start of each fiscal year. Suppliers will not be subject to category 2 fees until the number of deliveries meets 20 per fiscal year. These fees will be assessed monthly and deducted from merchandise payments by Virginia ABC.

Delivery Violations:
- Delivery appointment cancellations (without 24 hour notice)
- No shows for a scheduled appointment
- Inaccurate entries of products
- Inaccurate entries of product quantities

Listings and promotional decisions:
Suppliers’ overall score on the Supplier Scorecard is part of the criteria used in Virginia ABC Marketing’s listings and promotional decisions.

Virginia ABC will publish all Supplier Scorecard scores monthly to ensure transparency throughout the process. The figure below shows a sample of the new Supplier Scorecard.

```
<table>
<thead>
<tr>
<th>Supplier Code</th>
<th>Supplier Name</th>
<th>Number of Deliveries</th>
<th>Number of Violations</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>XYZ Example Company</td>
<td>11</td>
<td>1</td>
<td>90.9%</td>
</tr>
</tbody>
</table>
```

(Score calculation = (# deliveries – violations)/total deliveries)
CONTACT INFORMATION

SPECIAL ORDERS
Robin Fox
Product Specialist Manager
(804) 213-4524
robin.fox@virginiaabc.com

NEW PRODUCT LISTINGS PRESENTATIONS, DELISTINGS, OR DISCOUNTING
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Marketing & Merchandising Manager
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THE BAILMENT WAREHOUSE
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