Diaper Derby
Twentynine Palms Commissary
Defense Commissary Agency

Valued Benefit of a Global Force

American Logistics Association
September 25, 2019

RDML(R) Robert J. Bianchi
Special Assistant to the ASD(M&RA) for Commissary Operations
• Director’s Key Focus Areas
• Performance
• Initiatives Update
  - YES!
  - Commissary Store Brands
  - Click2Go
  - Vendor Stocking Pilot
  - Customer Survey Tool
• Enterprise Business Solution
• Team Resale
• On the Horizon
• Patron Events
Key Focus Areas

- Arrest sales decline
- Two additional items in the basket
- Maintain customer savings
Sales Performance

Store Performance vs. Total DeCA

# of Stores

Oct-18 130 106
Nov-18 122 114
Dec-18 107 129
Jan-19 127 109
Feb-19 123 113
Mar-19 128 108
Apr-19 142 94
May-19 117 119
Jun-19 116 120
Jul-19 127 109
Aug-19 115 121

Overperforming
Underperforming
Your Commissary... It's Worth the Trip!

Basket Size

Avg. Basket Size: $57.57
(FYTD thru Aug 2019)

Avg. Basket Size: 20.8 units
(FYTD thru Aug 2019)
### SAVINGS ANALYSIS

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 Baseline Savings % (Q3 Stores)</th>
<th>FY 2019 Q3 Savings %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New England</td>
<td>21.5%</td>
<td>23.3%</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>19.1%</td>
<td>20.9%</td>
</tr>
<tr>
<td>South Central</td>
<td>17.2%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Pacific</td>
<td>20.3%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Mountain</td>
<td>17.4%</td>
<td>20.9%</td>
</tr>
<tr>
<td>North Central</td>
<td>17.0%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Alaska/Hawaii</td>
<td>33.7%</td>
<td>36.7%</td>
</tr>
<tr>
<td><strong>U.S.</strong></td>
<td><strong>19.6%</strong></td>
<td><strong>22.7%</strong></td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td><strong>44.0%</strong></td>
<td><strong>42.7%</strong></td>
</tr>
<tr>
<td><strong>Global</strong></td>
<td><strong>23.2%</strong></td>
<td><strong>26.0%</strong></td>
</tr>
</tbody>
</table>

2016 Baseline Global Savings: 23.7%

**Notes:**
- Calculation includes applicable taxes in commercial grocery store prices and surcharge in commissary prices
- Approximately 25% of U.S. commissaries are shopped each quarter
Your Everyday Savings

• > 800 items, continuously changing item mix to meet market trends & customer expectations
• A win/win for patrons & commissaries – item sales increased over 50% since June 2018 and unit volume increasing by nearly 40% in the same period
• YES! presents another opportunity to partner for success

<table>
<thead>
<tr>
<th>BASKET TYPE</th>
<th>NET QUANTITY</th>
<th>SALES AMOUNT</th>
<th>TRANS COUNT</th>
<th>AVG CART SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>With YES item</td>
<td>1.12B</td>
<td>$2.9B</td>
<td>29.5M</td>
<td>$100.83</td>
</tr>
<tr>
<td>Without YES item</td>
<td>467M</td>
<td>$1.4B</td>
<td>45M</td>
<td>$30.00</td>
</tr>
</tbody>
</table>
Initiatives Update – Commissary Store Brands

- More than 800 CSB items now available, Cumulative sales > $153M
- Continue to see strong customer support
- Launching 17 additional items in FY19/4

JULY 2018
- 28M UNITS
- $56M
- 623 ITEMS
- 5 BRANDS

JULY 2019
- 79M UNITS
- $153M
- 813 ITEMS
- 7 BRANDS

GROWTH
- UNITS: +183%
- $ DOLLARS: +172%
- ITEM: +31%
• Click2Go went live at Fort Eustis on March 1
  - YTD Sales = $30,528.13
  - YTD Transactions = 249

• Click2Go went live at NAS Oceana on May 1
  - YTD Sales = $32,610.44
  - YTD Transactions = 310

• Planned expansion to 3 additional stores:
  - Belvoir - September 30, 2019
  - Quantico – December 2, 2019
  - McGuire – March 2, 2020

Customers are saying:

“I am over the moon. The service was amazing.”

“I'm so excited that you offer this service!! It is a game changer for us, especially during deployment”.

“THANK YOU! The new Click2GO online ordering is great. I used it twice already and will continue to use it. My husband is disabled and with this service being available it takes us less time and is so convenient.”
• Recent expansion of stocking performed by either NAF exchange employees or Commercial Activities firms
  • April 1 – expanded third-party stocking of FDS brand name chill, frozen and dry grocery to 4 additional locations – Myer, Riley, McGuire and Peterson
  • May 5 – NEX employee stocking kicked off at NS San Diego
  • August 15 – NEX expands stocking to Imperial Beach

• Results:
  • With BOH trending at 20%-30% improvement month over month
  • All pilot stores are 98% in-stock at the shelf for items stocked by NEX/3”rd party stockers
  • Continuing dialogue with industry to arrive at solutions that will benefit all stakeholders
DeCA Scorecard

Merchandise: 81.2
Store Atmosphere: 84.6
Service: 84.1
Price: 86.7
Checkout: 82.2
Recommend: 83.2

DeCA Scorecard - As of 9/18
N = 1,744 responses

Deliberate Trip to Shop Commissary
2 Yes 39.6% 8 Yes 60.4%

Commissary Store Brand (CSB) Purchase
2 Yes 57.8% 4 Yes 42.2%

CSAT Score:
79.5%
Enterprise Business Solution – Roadmap

2016

POWER HQ
Central Catalog
Containing DeCA’s
Item Master File &
Vendor Data

STORE PORTAL
Access Point for
Stores

VENDOR PORTAL
PHASE 1
Access Point for
Vendors/Suppliers

CATEGORY
ANALYZER
Sales
Reporting &
Analytics

2017

POWER ENTERPRISE
FINANCIAL
Financial Information
Management

POWER ENTERPRISE-
DISTRIBUTION

POWER WAREHOUSE
CDC Operational
Enhancements

2018

CONNECTED PAYMENTS
Consolidated Electronic
Payment Management
and Reporting

RELEX
PLANOGRAMMING
(Formerly Galleria)
Merchandising Strategy
with Sales Data & Store
Fixture Information

BILL BACK MANAGER
Generate Invoices for
Promotional Activities

DAX IM
Store Ordering,
Receiving, &
Inventory
Adjustments

EMERALD & RETAIL
ONE ECOMMERCE
Next Generation
Commissary Sales
Transactions

2019

RETAIL ONE
CUSTOMER AND
MARKETING
Omni-Channel
Customer Loyalty
& Promotions

POWER ENTERPRISE-
FINANCIAL
Financial Information
Management

POWER ENTERPRISE-
DISTRIBUTION

POWER WAREHOUSE
CDC Operational
Enhancements

2020

VENDOR PORTAL
PHASE 2
Access Point for
Vendors/Suppliers

RTI SIGNAGE AND LABELS
Updated Signage and Labels
for the Commissaries

2021

Increment 1 – Merchandising Suite
Increment 2 – Sales Channel Suite
Increment 3 – Replenishment Suite
Increment 4 – Warehouse/Financial Management Suite

- POWER HQ
- Central Catalog
- Containing DeCA’s Item Master File & Vendor Data
- STORE PORTAL
- Access Point for Stores
- VENDOR PORTAL PHASE 1
- Access Point for Vendors/Suppliers
- CATEGORY ANALYZER
- Sales Reporting & Analytics
- POWER ENTERPRISE FINANCIAL
- Financial Information Management
- POWER ENTERPRISE DISTRIBUTION
- POWER WAREHOUSE
- CDC Operational Enhancements
- CONNECTED PAYMENTS
- Consolidated Electronic Payment Management and Reporting
- RELEX PLANOGRAMMING (Formerly Galleria)
- Merchandising Strategy with Sales Data & Store Fixture Information
- BILL BACK MANAGER
- Generate Invoices for Promotional Activities
- DAX IM
- Store Ordering, Receiving, & Inventory Adjustments
- EMERALD & RETAIL ONE ECOMMERCE
- Next Generation Commissary Sales Transactions
- RETAIL ONE CUSTOMER AND MARKETING
- Omni-Channel Customer Loyalty & Promotions
- VENDOR PORTAL PHASE 2
- Access Point for Vendors/Suppliers
- RTI SIGNAGE AND LABELS
- Updated Signage and Labels for the Commissaries
• Bringing Customers Back to Military Resale through cooperative efforts
  - Outstanding industry support of recent resets
  - Labor Day bounce back coupon at select Navy locations
    - 1,684 HHs (0.8%) had not shopped in the past year
    - 3,322 HHs (1.7%) had not shopped in the 6 months prior to the event
  - Partnering to test EBS Emerald Customer Relationship Management tool
    - Kicks off with buy 2 get 1 free with Rewards Card at Oceana, September 30 – October 31
    - Numerous future promotions in planning stages
  - Turkey promotion
  - Veterans Day and gift card promotions
    - 1.7M digital circulars
    - In-store point of sale material
    - Weekly boosts on Twitter and Facebook
    - Geo and lifestyle targeted emails
  - Leveraging ALA public affairs and grass roots membership to message patron expansion
• Joint business planning to grow sales and improve patron savings – next joint business planning session is October 3
  - Reintroduction of brands in the stock assortment
  - Guaranteed minimum savings targets on promotion items
  - Reducing COGs through supply chain efficiencies
  - Increased VPRs
  - Revamping entire categories
  - More frequent promotional periods for some categories
  - Increased SKUs within categories on promotion
  - Teaming up to support resets

• Top 50 stores product demos
  - Began in May
  - Creating strong lift as much as 300% on some items
  - Keep the proposals coming – accepting up to 45 days prior to demo
• Community Services Reform Task Force
• GAO Review of Community Services Reform Task Force Business Case
• Defense Wide Review of Fourth Estate
• Expanded Patronage
  - 2019 NDAA authorization of commissary & exchange shopping and MWR facility use for veteran groups – POWs, Purple Heart recipients, disabled vets and caregivers
  - Effective January 1, 2020
• We’re more than a grocery store!
• Thank you for your continuing sponsorship of great events supporting military members and families!

Nathan’s Hooah
Fort Belvoir

P&G BBQ Summer Celebration
Fort Sam Houston

P&G Pro-camp
NS Norfolk

Smuckers Mission Breakfast
MB Quantico

P&G Monster Jam
Lackland AFG

Coca Cola Share Your Service Story
Tinker AFB

EURPAC
Patron Appreciation
NS Jacksonville
Your Commissar y ... It's Worth the Trip!

VIDEO 2

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Thank you!