A Brief Overview
Our History

• 1920 Incorporated as the Quartermaster’s Association (QMA)
  QMA was composed of officers of the Regular Army, the National Guard, the Organized Reserves, key civilians in the federal government and leaders of industry. QMA disseminated professional information concerning all Quartermaster and related activities, and fostered and promoted a spirit of cooperation and friendly exchange of ideas among the members.

• 1961 QMA becomes the Defense Supply Association (DSA)
  The name was changed in response to the establishment of the Defense Supply Agency, as well as the increasing responsibilities being placed upon the U.S. Army Quartermaster Corps to provide food, clothing and general supplies to all the Armed Forces under DoD’s single manager concept. The Association was composed of officers of the Armed Forces, key civilians in the federal government and leaders of industry.

• 1972 DSA becomes the American Logistics Association (ALA)
  To eliminate confusion with the Defense Supply Agency, the Association changed its name to the American Logistics Association and adopted the “eagle in the oval” logo. The new ALA carried forward the same objectives of the Quartermaster and Defense Supply Associations. According to an editorial in the July/August 1972 issue of ALA’s Review Magazine, the new name “was chosen to “show clearly who we are, what we do and how we intend to function. ‘American’ must always exalt the pride of patriotism...we believe in our country, in its customs, in its ideas and in its business efforts. ‘Logistics’ is defined as that branch of the military art which embraces the details of transport and supply. ‘Association’ is a union; a connection of persons or things, or a union of persons in a company or society for some particular purpose.”

• 1974 ALA reorganizes into a national trade association
  Led by a Board of Directors comprised of representatives from industry, the newly organized association was designed to serve industry and its related interests in military and other government activities.

• 2005 ALA Board of Directors revised the mission of ALA
  To include a focus on Total Quality of Life and MWR/Services. The American Logistics Association promotes, protects, and enhances the military resale and quality of life benefits on behalf of our members and the military community.
It is our goal to provide valuable programs and services that enable all members to operate effectively and efficiently with the military resale system and services.

ALA is the only organization that can give you the resources and the information you need to succeed. We strive to increase the visibility of the Association and enhance the services that ALA provides its members.
Contact Information

American Logistics Association
1101 Vermont Ave, N.W.
Suite 1002
Washington, DC 20005
Phone (202) 466-2520
Email: membership@ala-national.org
www.ala-national.org
Military Resale Market

FY 2015 Total Sales: $13.502 Billion Thru 2014

- Commissaries: $5.51 B
- Exchanges: $63.8 M

Exchange Data will be updated with Audited 2015 sales Sept 2016.
Authorized Shoppers
Total Shoppers Authorized 2014: 12.6 Million

- DoD Civilian Employees: 776,198 Million
- Active Duty: 1,514.3 Million
- Guard & Reserve: 1.190 Million
- Retirees: 2.436 Million
- Family Members: 6.93 Million

Source: AAFES Contingency Planning Office-Active Duty declining 2012-2016
Active Duty Military Personnel Trend

Calendar Year

- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014

Million $
# Active Duty Demographics

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,170,702</td>
<td>200,945</td>
<td>&lt;25</td>
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<tr>
<td></td>
<td>85.3%</td>
<td>14.2%</td>
<td>26-30</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>15%</td>
<td>31-35</td>
</tr>
<tr>
<td></td>
<td>36-40</td>
<td>11%</td>
<td>36-40</td>
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<tr>
<td></td>
<td>41+</td>
<td>22%</td>
<td>41+</td>
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<tr>
<td></td>
<td>50+</td>
<td>0.01%</td>
<td>50+</td>
</tr>
</tbody>
</table>

**Source:** DMDC Updated – Declining -2016
Military Resale Agencies

- Defense Commissary Agency (DeCA)
- Army and Air Force Exchange Service (AAFES)
- Navy Exchange Service Command (NEXCOM)
- Marine Corps Exchange (MCX)
- Coast Guard Exchange Systems (CGX)
- Veterans Canteen Service (VCS)
Defense Commissary Agency
DeCA Profile

Established: 1991

Employees: Approximately 17,000

Headquarters:
1300 E Avenue
Fort Lee, VA 23801-1800
Phone: (804) 734-8253
Web site: www.commissaries.com

Major Distribution Facilities:
CONUS
Civilian Distributor Network
Overseas
DeCA Central Distribution Centers

Director/CEO:
Joseph Jeu, SES

Deputy Director/COO:
Michael Dowling

Selected Operations and Services:
Grocery; Freeze; Chill; Produce
Meat; Dairy; Deli/Bakery/Sushi

FY 2015 Sales: $5.51 Billion
Mission Statement

Deliver the Premier Quality of Life Benefit to the Armed Services Community - To enhance recruiting, retention and readiness by efficiently and effectively providing exceptional savings and excellent products and superior services - EVERYTIME, EVERYPLACE.
DeCA Facts

• Annual operating Budget- Congressionally Funded
• Headquarters- Fort Lee, Virginia
• FY 2015 Sales- $5.51 Billion
• FY15 240 stores (168 CONUS and 72 OCONUS)
• Merchandise sold at cost plus 1% to cover shrinkage plus 5% surcharge applied at register
• Vendor stocking required for some categories
• Estimated that 45% of DeCA shoppers are retirees
• Commissaries recognized as the Premier Quality of Life non-pay benefit
DeCA Fiscal Year Sales

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales (Billion $)</th>
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<tbody>
<tr>
<td>1999</td>
<td>4.9</td>
</tr>
<tr>
<td>2000</td>
<td>5</td>
</tr>
<tr>
<td>2001</td>
<td>5</td>
</tr>
<tr>
<td>2002</td>
<td>4.97</td>
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<tr>
<td>2003</td>
<td>5.04</td>
</tr>
<tr>
<td>2004</td>
<td>5.24</td>
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<tr>
<td>2005</td>
<td>5.37</td>
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<tr>
<td>2006</td>
<td>5.42</td>
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<tr>
<td>2007</td>
<td>5.56</td>
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<tr>
<td>2008</td>
<td>5.8</td>
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<tr>
<td>2009</td>
<td>5.98</td>
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<tr>
<td>2010</td>
<td>5.84</td>
</tr>
<tr>
<td>2011</td>
<td>5.96</td>
</tr>
<tr>
<td>2012</td>
<td>6.09</td>
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<tr>
<td>2013</td>
<td>5.87</td>
</tr>
<tr>
<td>2014</td>
<td>5.63</td>
</tr>
<tr>
<td>2015</td>
<td>5.51</td>
</tr>
</tbody>
</table>
### America’s Top Food Retailers

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Sales (000)</th>
<th>No. Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wal-Mart</td>
<td>$298,378,000</td>
<td>4,132</td>
</tr>
<tr>
<td>2. Kroger</td>
<td>$109,800,000</td>
<td>2,623</td>
</tr>
<tr>
<td>3. AB Acquisition</td>
<td>$58,322,940</td>
<td>2,290</td>
</tr>
<tr>
<td>4. Publix</td>
<td>$32,400,000</td>
<td>1,114</td>
</tr>
<tr>
<td>5. Ahold USA</td>
<td>$26,400,000</td>
<td>788</td>
</tr>
<tr>
<td>6. HEB</td>
<td>$23,000,000</td>
<td>315</td>
</tr>
<tr>
<td>7. Delhaize America</td>
<td>$18,058,000</td>
<td>1,283</td>
</tr>
<tr>
<td>8. Meijer</td>
<td>$16,700,000</td>
<td>223</td>
</tr>
<tr>
<td>9. Wakefern Food Group</td>
<td>$15,700,000</td>
<td>187</td>
</tr>
<tr>
<td>10. Whole Foods Market</td>
<td>$15,389,000</td>
<td>419</td>
</tr>
<tr>
<td>11. Trader Joe’s</td>
<td>$12,800,000</td>
<td>448</td>
</tr>
<tr>
<td>12. Southeastern Grocers</td>
<td>$11,898,000</td>
<td>750</td>
</tr>
<tr>
<td>13. Aldi</td>
<td>$10,900,000</td>
<td>1,451</td>
</tr>
<tr>
<td>14. Target</td>
<td>$10,400,000</td>
<td>249</td>
</tr>
<tr>
<td>20. Defense Commissary Agency</td>
<td>$4,646,389</td>
<td>177</td>
</tr>
</tbody>
</table>

Source: Progressive Grocer Magazine, Nielsen, March 2016
### Comparison with Commercial Supermarkets

<table>
<thead>
<tr>
<th>Measure</th>
<th>DeCA Actual*</th>
<th>DeCA** Adjusted for DeCA Savings</th>
<th>Supermarket***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly Sales/Square Foot</td>
<td>$17.36</td>
<td>$24.59</td>
<td>$10.22</td>
</tr>
<tr>
<td>Weekly Sales</td>
<td>$577,421</td>
<td>$817,784</td>
<td>$318,170</td>
</tr>
<tr>
<td>Customer Purchase</td>
<td>$65.79</td>
<td>$93.17</td>
<td>$35.01</td>
</tr>
<tr>
<td>Square Feet/Store</td>
<td>33,261</td>
<td>33,261</td>
<td>46,000</td>
</tr>
<tr>
<td>Sales</td>
<td>$5.134B</td>
<td>$7.272B</td>
<td>$602.609B</td>
</tr>
<tr>
<td>Average Days Open Per Week</td>
<td>6.23</td>
<td>6.23</td>
<td>7</td>
</tr>
<tr>
<td>Average Hours Open Per Day</td>
<td>9.74</td>
<td>9.74</td>
<td>12 - 24</td>
</tr>
</tbody>
</table>

* DeCA sales data based on CY 2012 data for U.S. stores (including Puerto Rico) over $2 million in CY 2012 (171 Commissaries) to compare with industry

** Savings % used was the 2012 DeCA U.S. (50 State) savings of 29.4% after tax and surcharge. This % is applicable to U.S. data as used in these computations. Overall 2012 DeCA Worldwide savings after tax and surcharge was 31.2%

***Supermarket data from Food Marketing Institute (FMI) Web site [www.fmi.org](http://www.fmi.org) (Supermarket Facts - Figures - Industry Overview)
# DeCA Sales Information

<table>
<thead>
<tr>
<th>Store Rank Sales</th>
<th>FY2015 Sales</th>
<th>FY2015 Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Fort Belvoir, VA</td>
<td>$93,282,316</td>
<td>1,031,773</td>
</tr>
<tr>
<td>#5 Fort Campbell, KY</td>
<td>$71,074,292</td>
<td>1,011,491</td>
</tr>
<tr>
<td>#10 Ramstein AB, GE</td>
<td>$63,107,698</td>
<td>1,314,432</td>
</tr>
<tr>
<td>#25 Eglin AFB, FL</td>
<td>$51,005,294</td>
<td>659,239</td>
</tr>
<tr>
<td>#50 Fort Riley, KS</td>
<td>$37,831,551</td>
<td>671,589</td>
</tr>
<tr>
<td>#100 Naples NAS, Italy</td>
<td>$21,304,947</td>
<td>414,556</td>
</tr>
</tbody>
</table>

Source: DeCA EOY FY15 Sales Report
DeCA Prices All Merchandise at Cost
+1% (shrinkage) + 5% (surcharge)

- No Slotting fees or co-op advertising
- 100% of all deal money is passed to the patron
- 1% added at shelf & 5% is added at the register

An ideal test market scenario since the effect of trade funds can be accurately assessed
Distance Deters Commissary Store Visits

- The average Commissary is 2.5 times as far from home as the local grocery store
- However, by a 2 to 1 margin, patrons are willing to put up with inconveniences to save 30% on their grocery bill
### Coupons, SNAP and WIC Historical Comparisons

#### COUPONS

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</tr>
</thead>
<tbody>
<tr>
<td>Coupon Dollars</td>
<td>$93,744,094</td>
<td>$98,835,469</td>
<td>$94,160,582</td>
<td>$105,198,170</td>
<td>$114,122,168</td>
<td>$112,703,419</td>
<td>$104,188,496</td>
<td>$91,005,779</td>
<td>$83,742,771</td>
<td>$71,843,845</td>
<td>$5,741,213</td>
</tr>
<tr>
<td>$ per Coupon</td>
<td>$0.73</td>
<td>$0.78</td>
<td>$0.81</td>
<td>$0.85</td>
<td>$0.88</td>
<td>$0.92</td>
<td>$0.92</td>
<td>$0.91</td>
<td>$0.94</td>
<td>$0.97</td>
<td>$0.97</td>
</tr>
<tr>
<td>% Change in Coupon $ vs. Prior FY</td>
<td>5%</td>
<td>-5%</td>
<td>12%</td>
<td>8%</td>
<td>-1%</td>
<td>-8%</td>
<td>-13%</td>
<td>-8%</td>
<td>-14%</td>
<td>-14%</td>
<td></td>
</tr>
<tr>
<td>% Change in Coupon # vs. Prior FY</td>
<td>-1%</td>
<td>-8%</td>
<td>6%</td>
<td>4%</td>
<td>-5%</td>
<td>-8%</td>
<td>-12%</td>
<td>-10%</td>
<td>-17%</td>
<td>-16%</td>
<td></td>
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<tr>
<td>% Change in $ per Coupon vs. Prior FY</td>
<td>6%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>0.40%</td>
<td>-1%</td>
<td>3%</td>
<td>3%</td>
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#### SNAP

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<tbody>
<tr>
<td>SNAP Dollars</td>
<td>$26,225,702</td>
<td>$24,851,516</td>
<td>$31,146,015</td>
<td>$52,954,938</td>
<td>$87,837,643</td>
<td>$98,842,699</td>
<td>$103,670,751</td>
<td>$84,575,783</td>
<td>$79,550,563</td>
<td>$6,247,837</td>
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<tr>
<td>SNAP Transactions</td>
<td>272,899</td>
<td>233,876</td>
<td>282,879</td>
<td>501,477</td>
<td>957,060</td>
<td>947,930</td>
<td>968,358</td>
<td>805,325</td>
<td>750,853</td>
<td>59,551</td>
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<td>SNAP $ per Transaction</td>
<td>$96.10</td>
<td>$106.26</td>
<td>$110.10</td>
<td>$105.60</td>
<td>$101.58</td>
<td>$104.27</td>
<td>$107.06</td>
<td>$105.02</td>
<td>$105.95</td>
<td>$104.92</td>
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<tr>
<td>% Change in SNAP Dollars vs. Prior FY</td>
<td>-5%</td>
<td>25%</td>
<td>70%</td>
<td>38%</td>
<td>21%</td>
<td>13%</td>
<td>5%</td>
<td>-18%</td>
<td>-6%</td>
<td>-17%</td>
<td></td>
</tr>
<tr>
<td>% Change in SNAP Trans vs. Prior FY</td>
<td>-14%</td>
<td>21%</td>
<td>77%</td>
<td>43%</td>
<td>19%</td>
<td>11%</td>
<td>2%</td>
<td>-17%</td>
<td>-7%</td>
<td>-15%</td>
<td></td>
</tr>
<tr>
<td>% Change in SNAP $/Trans vs. Prior FY</td>
<td>11%</td>
<td>4%</td>
<td>-4%</td>
<td>-4%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>-2%</td>
<td>1%</td>
<td>-3%</td>
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#### WIC

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</thead>
<tbody>
<tr>
<td>WIC Transactions</td>
<td>1,818,343</td>
<td>1,719,078</td>
<td>1,653,307</td>
<td>1,651,080</td>
<td>1,779,760</td>
<td>1,754,843</td>
<td>1,793,576</td>
<td>1,655,182</td>
<td>1,397,949</td>
<td>1,279,919</td>
<td>106,257</td>
</tr>
<tr>
<td>WIC $ per Transaction</td>
<td>$15.82</td>
<td>$17.07</td>
<td>$19.10</td>
<td>$18.30</td>
<td>$16.62</td>
<td>$17.03</td>
<td>$17.42</td>
<td>$17.66</td>
<td>$18.27</td>
<td>$18.73</td>
<td>$18.39</td>
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<tr>
<td>% Change in WIC Dollars vs. Prior FY</td>
<td>2%</td>
<td>8%</td>
<td>-4%</td>
<td>-2%</td>
<td>1%</td>
<td>5%</td>
<td>-6%</td>
<td>-13%</td>
<td>-6%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>% Change in WIC Trans vs. Prior FY</td>
<td>-5%</td>
<td>-4%</td>
<td>0%</td>
<td>8%</td>
<td>-1%</td>
<td>2%</td>
<td>-8%</td>
<td>-16%</td>
<td>-8%</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>% Change in WIC $/Trans vs. Prior FY</td>
<td>8%</td>
<td>12%</td>
<td>-4%</td>
<td>-9%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
<td>-2%</td>
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</table>
DeCA Business Drivers

- **Promotions via Display (Presented to DeCA Headquarters)**
  - **Manager Specials:** Category leaders, high volume items, deep discounts, mandated display, administered via automated VCM at Headquarters
  - **Power Buy Display:** High volume items, excellent prices, mandated quantities and display
  - **One Time Buys/Shippers:** Highly consumable, impulse items

- **Sidewalk/Case Lot Sales:** Special events selling to patrons in case increments

- **Dollar Days:** Dollar price points and dollar multiples on brand name food items

- **Coupons:** On-shelf manufacturer coupons, FSI coupons & Internet coupons all accepted

- **In-store Demos:** Very effective and cost efficient

- **Advertising:** Several effective Military specific vehicles available
Military Exchange Market

A Closer Look

50 States
2 U.S. Territories
30 Foreign Countries
Exchange Sales Trends
AAFES/MCX/CGX/NEX/VCS
Billion $

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<tr>
<td>9.7</td>
<td>10.2</td>
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<td>12.1</td>
<td>11.9</td>
<td>12.3</td>
<td>14.04</td>
<td>14.05</td>
<td>12.97</td>
<td>13.01</td>
<td>12.98</td>
<td>11.4</td>
</tr>
</tbody>
</table>
Exchanges

AAFES, NEXCOM and Marine Corps Exchanges
- Operate as Federal Instrumentalities - unique organizations within the DoD
- Self-funded, using few tax dollars
- Exchanges pay their own operating costs from Revenues
- Return earnings to Customers through payments to Morale, Welfare and Recreation Activities and investments in new, renovated exchange facilities

Coast Guard Exchanges
- An MWR activity; Coast Guard is part of the Department of Homeland Security

Veterans Canteens
- Operates under the authority of the Department of Veterans Affairs
AAFES Profile

Established: 1895

Employees: 37,000

Headquarters:
3911 S. Walton Walker Blvd.
Dallas, TX 75236-1598
Phone: (214) 312-2001
Web site: www.aafes.com

Major Distribution Facilities:
Newport News, VA;
French Camp, CA; Waco, TX;
Giessen, Germany; Tokyo, Japan; Yokota,
Japan; Inchon, Korea; Okinawa, Japan;
Honolulu, Hawaii

CEO:
Tom Shull

President-COO:
Mike Howard

Selected Operations and Services:
Retail Stores; On-line Shopping
Concessions; Catalog Services
Food Facilities; Gas and Auto Repair
Military Clothing Stores; Movie Theaters
Vending Centers, State Department Commissaries

FY 2014 Sales: $7.392.2 Billion
AAFES Regions (5)

- **Pacific Region**
  - Main Exchanges
  - Guam, Japan, S. Korea, Okinawa

- **Eastern Region**
  - Main Exchanges
  - England, Italy, Germany, Greenland

- **European Region**
  - Main Exchanges
  - England, Italy, Germany, Greenland

- **Central Region**
  - Main Exchanges

- **Western Region**
  - Main Exchanges

- **Alaska**
- **Hawaii**
- **Puerto Rico**
NEXCOM Profile

Established: 1946
Employees: 15,000

Headquarters:
3280 Virginia Beach Blvd.
Virginia Beach, VA 23452
Phone: (757) 463-6200
Web site: www.navy-nex.com

Major Distribution Facilities:
Norfolk, VA; Chino, CA
Pensacola, FL; Naples, Italy
Honolulu, Hawaii; Yokosuka, Japan

CEO:
Mr. Robert J. Bianchi

COO:
Michael Good, SES

Selected Operations and Services:
Retail Stores; Concessions
Food Facilities; Gas and Auto Repair
Authorized Uniform Stores
Vending Centers; Ship Stores

FY 2014 Sales: $2.66 Billion
NEXCOM Districts (11)
MCX Profile

Established: 1897

Employees: 3543

Headquarters:
3044 Catlin Ave.
Quantico, VA 23134-5103
Phone: (703) 784-3800
Web site: www.usmc-mccs.org

Major Distribution Facilities:
None

Director:
Ms. Cindy Whitman Lacy

Deputy Director Business Operations:
Ms. Jennifer Ide

Selected Operations and Services:
Retail Stores; Concessions
Vending Centers; Gas and Auto Repair
Food and Hospitality Facilities
MWR Programs

Marine Corps Exchanges (MCX) are a part of the Marine Corps Community Services (MCCS) on the Marine Corps bases.

FY 2014 Sales: $898.9
CGES Profile

Established: 1945

Employees: 1,600

Headquarters:
Battlefield Technology Center 1
510 Independence Pkw. Ste 500
Chesapeake, VA 23320
Phone: (757) 8424901

Lodges 26
Food & Beverage 24
Golf Courses 2
Fitness Facilities 33

Commander:
Captain Robert Whitehouse

Chief Operating Officer:
John Reiley

Director of Merchandise
Beverly Hudgins

Selected Operations and Services:
Retail Stores
Gas Stations
MWR Programs
Food Operations (franchised)
Vending Centers

FY 2014 Sales: $158.2 Million
VCS Profile

- Central Buying Office
- Core Customers:
  - Patients (including relatives and friends)
  - Staff and Medical workers
  - Volunteers
- Average Retail Store size: 1,500-1,800 sq. ft.
- Approved items are placed in VCS’ Automated Merchandise Catalog (AMC). Items on AMC are available to each canteen for ordering merchandise.
VCS Profile

Established: 1946

Employees: 3,100

Headquarters:
#1 Jefferson Barracks Road
Building #25
St. Louis, MO 63125-4194
Phone: (314) 894-1200
Web site: www.vcscanteen.com

Major Distribution Facilities:
None

Director:
Mr. Ray Tober, SES

COO:
Mr. Jim Leahy, SES

Chief Merchandising Officer
Mr. Carey Filer

Selected Operations and Services:
Retail Stores, Food Operations (Cafeterias)
Personalized Services, Vending

FY 2014 Sales: $413.4 Million
### Exchanges - Main Stores

<table>
<thead>
<tr>
<th></th>
<th>CONUS</th>
<th>OCONUS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEXCOM</td>
<td>68</td>
<td>32</td>
<td>100</td>
</tr>
<tr>
<td>VCS</td>
<td>189</td>
<td>4</td>
<td>193</td>
</tr>
<tr>
<td>Total</td>
<td>429</td>
<td>66</td>
<td>495</td>
</tr>
</tbody>
</table>

**NOTE:** Resale systems combined operate thousands of retail operations including Main Stores, Shoppettes, Troop Stores, Package Stores, Sport Shops, Lawn and Garden, Fast Food, Military Clothing Stores, Gas Stations, etc.
## Exchange Sales Ranking vs. America’s Top Retailers

<table>
<thead>
<tr>
<th>Top 200</th>
<th>Global Sales Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>WalMart</td>
<td>1</td>
</tr>
<tr>
<td>CVS</td>
<td>14</td>
</tr>
<tr>
<td>Costco</td>
<td>6</td>
</tr>
<tr>
<td>Home Depot</td>
<td>10</td>
</tr>
<tr>
<td>Target</td>
<td>11</td>
</tr>
<tr>
<td>Dollar Tree</td>
<td>144</td>
</tr>
<tr>
<td>Lowe’s</td>
<td>21</td>
</tr>
<tr>
<td>Best Buy</td>
<td>20</td>
</tr>
<tr>
<td>Sears</td>
<td>22</td>
</tr>
<tr>
<td>Kohls</td>
<td>49</td>
</tr>
<tr>
<td>Exchange</td>
<td>105</td>
</tr>
</tbody>
</table>

Source: NRF online 2012
Exchange Resale Systems
Business Drivers

- Pricing equal to or lower than best customer
- Voluntary Price Reduction (VPR)
- Favorable payment terms

Marketing funds for:
- In-store demos
- Premiums, give-a-ways
- Truckload and parking lot sales
- Contests, sweepstakes
- Clerk training
- Scholarships

continued . . .
Exchange Resale Systems
Business Drivers

• Advertising funds for:
  – Weekly tabloids, In-store flyers
  – Special programs

• Prepaid freight
• Warehouse allowances
• Business Processes
  – Vendor Managed Inventory (VMI)
  – Pre-ticketing for certain kinds of merchandise
Established: 1909

Headquarters:
3280 Virginia Beach Blvd.
Virginia Beach, VA 23452
Phone: (757) 463-6200
Web site: www.navy-nex.com

Major Distribution Facility:
Yokosuka, Japan
130 Ships Globally

CEO
Robert J. Bianchi

Vic President, Ship Stores Program:
Charlie Vaughn

Selected Operations and Services:
Retail Stores; Vending Machines
Laundries; Barber Shops

FY 2014 Sales: $63.8 Million
130 Ships-3 Stores ashore
What Makes Ship Stores Unique?

- Investment in inventory is constrained
  - limited storage and display space
- Assortments reduced to best selling SKU’s
- Majority of sales occur while deployed
- Captive market when at sea
- Store hours restricted while in port or repair yards
- Requires 24-72 hour turnaround for deliveries
MWR/ Services

MWR, GSA, Department of State
MWR Operations

Morale, Welfare and Recreation
MWR is a term given to a complete range of community support, quality of life programs, services, and activities that are provided to members of the Armed Forces and their families on military installations throughout the world.
Operations

- Each of the military services operates MWR activities
- Each military service has its own MWR organization, and while they manage similar activities, each does so in its own manner within the broad policy mandates of DoD
- Operations are generally decentralized, but there is growing trend toward regional operations in Army & Navy.
Program Funding

- MWR operations are funded with a combination of tax payer funds (appropriated) and self generated funds (non-appropriated) referred to as “APF” and “NAF” respectively.

- NAF is generated through the sale of goods and services by both MWR operations and the Exchanges (dividends).
## Programs Categories

<table>
<thead>
<tr>
<th>Categories</th>
<th>Title</th>
<th>Funds</th>
<th>Program Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>“A”</td>
<td>Mission Essential</td>
<td>100% APF</td>
<td>Fitness Center, Intramural Sports, Libraries, Rec. Centers</td>
</tr>
<tr>
<td>“B”</td>
<td>Community Support</td>
<td>65% APF</td>
<td>Child Dev. Center</td>
</tr>
<tr>
<td></td>
<td>35% NAF</td>
<td></td>
<td>Outdoor Rec., Rec. Pool</td>
</tr>
<tr>
<td>“C”</td>
<td>Business Operations</td>
<td>100% NAF*</td>
<td>Clubs, Golf, Bowling, Retail Stores, Snack Bars, Restaurants, Lodging, Marinas</td>
</tr>
</tbody>
</table>

Category may determine type of contracting procedures utilized
- APF: Defense Federal Acquisition Regulations Supplemental
- NAF: DoD and Service Specific Regulations **
  - DoD Directive 4105.67
  - DoD Instruction 4105.71

*With some limited exceptions
** [www.defenselink.mil](http://www.defenselink.mil)
MWR’s Most Frequentied Facilities

**Air Force**
Fitness Facilities
Libraries
Outdoor Rec.
Clubs and Entertainment

**Marines**
Fitness Facilities
ITT
Fast Food Venues
Outdoor Rec.
Gyms
The Military Market Facts Presentation has been brought to you by the American Logistics Association.

Advocates for Military Total Quality of Life

www.ala-national.org

American Logistics Association