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BeerInstitute.org

December 2, 2015

Mr. John Manfreda  
Administrator  
Department of Treasury  
Alcohol and Tobacco Tax and Trade Bureau  
1310 G Street, NW  
Washington, DC 20220

Dear Mr. Manfreda,

The purpose of this letter is to seek TTB's input regarding a category management program recently announced by Kroger. As we understand from the enclosed letter addressed to Adult Beverage Distributors, Manufacturers, and Suppliers, Kroger plans to establish a planogram center of excellence team to provide analytic support, planogram creation, and planogram process execution for the beer, wine and distilled spirits products Kroger sells. Kroger has selected Southern Wine & Spirits to establish and manage this team. We understand that industry members are being asked to fund the costs associated with the program.

Category management practices by suppliers and wholesalers, which provide retailers with important product and merchandising expertise, are specifically addressed under 27 CFR §6.99(b). Beverage alcohol suppliers, in particular, are often on the leading edge of understanding assortment and placement of their products within retail outlets. With a well-executed category management plan, retailers, wholesalers, and suppliers can effectively analyze, plan and execute demand-based category and assortment strategies, while driving overall profitability for all three tiers.

We do not agree with those voices calling for a *per se* ban on category management practices by suppliers and wholesalers. We would like to understand, however, whether it is permissible under federal regulations for a supplier or wholesaler to fund the costs of a category management program implemented by a retailer. Your input will be valuable for industry members who are considering whether to participate in the Kroger program and for other retailers who may be considering adopting similar programs.

We appreciate your attention to this request and stand ready to provide any information you may need from us.

Sincerely,

James A. McGreevy III  
President & CEO

Enclosure