



2019 blu Retail Partnership Merchandising Program



All outlets will be eligible for the new 2019 program which will be effective April 1st 2019

The 2019 Retail Partnership Program will consist of 3 different Levels: **Silver, Gold, and Platinum.**

Merchandising Agreement		Silver (2FT)	Gold (3FT)	Platinum (4FT)
Per unit payment <i>(to be paid out based on 2018 category volumes)- MSAi</i>		\$0.08	\$0.15	\$0.21
Requirements	Visible space (above 24 inches)	2 FT	3 FT	4 FT
	Right Focus SKUs	10	13	15
	Availability	>80%	>80%	>80%
	Signage	1 sign	2 signs	2 signs
	We Card trained annually	Yes	Yes	Yes
Volume Based Incentive				
Payment <i>(to be paid out quarterly based on blu units purchased*)</i> <i>*MSAi – net of returns</i>	myblu starter kit	\$0.60 per unit	\$0.70	\$0.80
	myblu pods	\$0.25 per unit	\$0.35	\$0.45
	Disposables	\$0.05 per unit	\$0.10	\$0.15
	Express kits	\$0.05 per unit	\$0.10	\$0.15
	blu tanks	\$0.05 per unit	\$0.10	\$0.15
	SOTE (where applicable)	\$0.15 per unit	\$0.20	\$0.25

ALL LEVELS HAVE TO MAINTAIN AT LEAST 80% AVAILABILITY OF THEIR GIVEN FOCUS SKUs AND PARTICIPATE IN AN ANNUAL WE CARD TRAINING. ALL LEVELS ARE ALSO REQUIRED TO PRICE FONTEM PRODUCTS FAIRLY AND COMPETITIVELY.

COMPLIANCE DEFINITION:

1. ALL SKU'S ALIGNED TO A SILVER, GOLD OR PLATINUM PROGRAM MUST BE CLEARLY DISPLAYED ABOVE THE 24" LINE
2. STORE RANGING FOCUS SKUs BASED ON LEVEL REQUIREMENT (REFER TO CHART ABOVE)
3. FOCUS SKUs TO HAVE AN MINIMUM 80% STOCK ON HAND
4. PERMANENT SIGN PLACEMENT – BASED ON LEVEL REQUIREMENT (REFER TO CHART ABOVE)
5. PROMOTION – STORE COMPLIES WITH ALL FONTEM PROMOTIONS AS DETERMINED BY FONTEM

QUARTERLY COMPLIANCE REVIEW:

1. IN-STORE VALIDATION OF CORRECT RANGE AT STORE, PRODUCTS IN VISIBLE LOCATION ABOVE THE 24 INCH LINE
2. AVAILABILITY – 80% OF PRODUCT BEING AVAILABLE FOR PURCHASE IN STORE
3. CHECK THAT PERMANENT SIGN IS PLACED INTERNALLY OR EXTERNALLY AT STORE IN AGREED POSITION (HIGHLY VISIBLE LOCATION INTERCEPTING CONSUMER JOURNEY IN AND OUT OF STORE)
4. CHECK THAT ALL ACTIVE PROMOTIONS ARE RUNNING AT STORE AS DETERMINED BY FONTEM PROMOTIONAL CALENDAR

PLEASE NOTE: IN THE EVENT THAT REPS CANNOT PERFORM COMPLIANCE CHECK IN-STORE DURING A GIVEN QUARTER, REP MUST REQUEST PHOTOS FROM STORE TO VALIDATE COMPLIANCE.



2019 blu Retail Partnership Merchandising Program



PAYMENTS:

MERCHANDISING AGREEMENT PAYMENT WILL BE BASED ON 2018 CATEGORY VOLUME. PAYMENTS ISSUED QUARTERLY BASED ON COMPLIANCE WITH REQUIREMENTS.

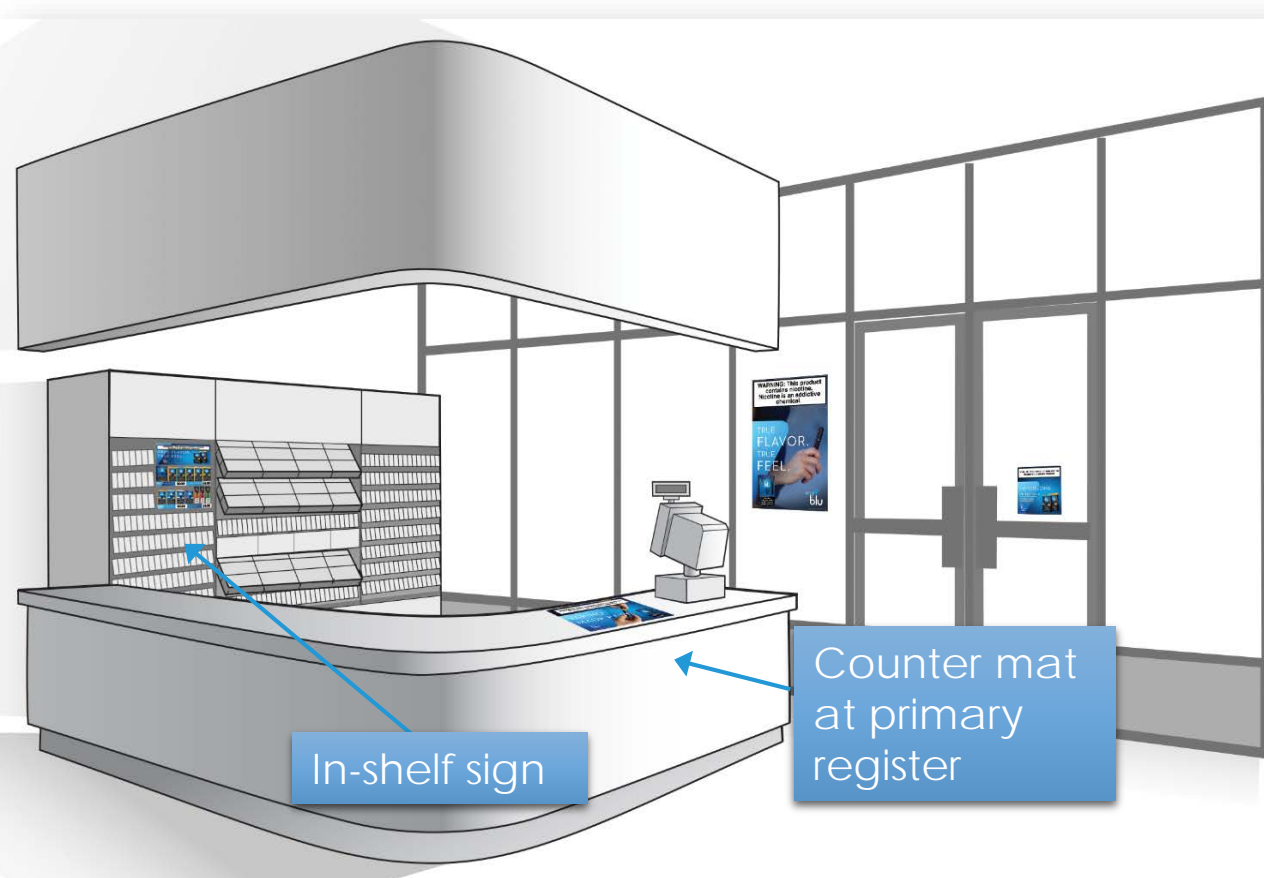
BLU VOLUME-BASED INCENTIVE PAYMENTS WILL BE PAID QUARTERLY BASED ON UNITS SOLD (SEE CHART FOR RATES).

REQUIRED FOCUS SKUs:

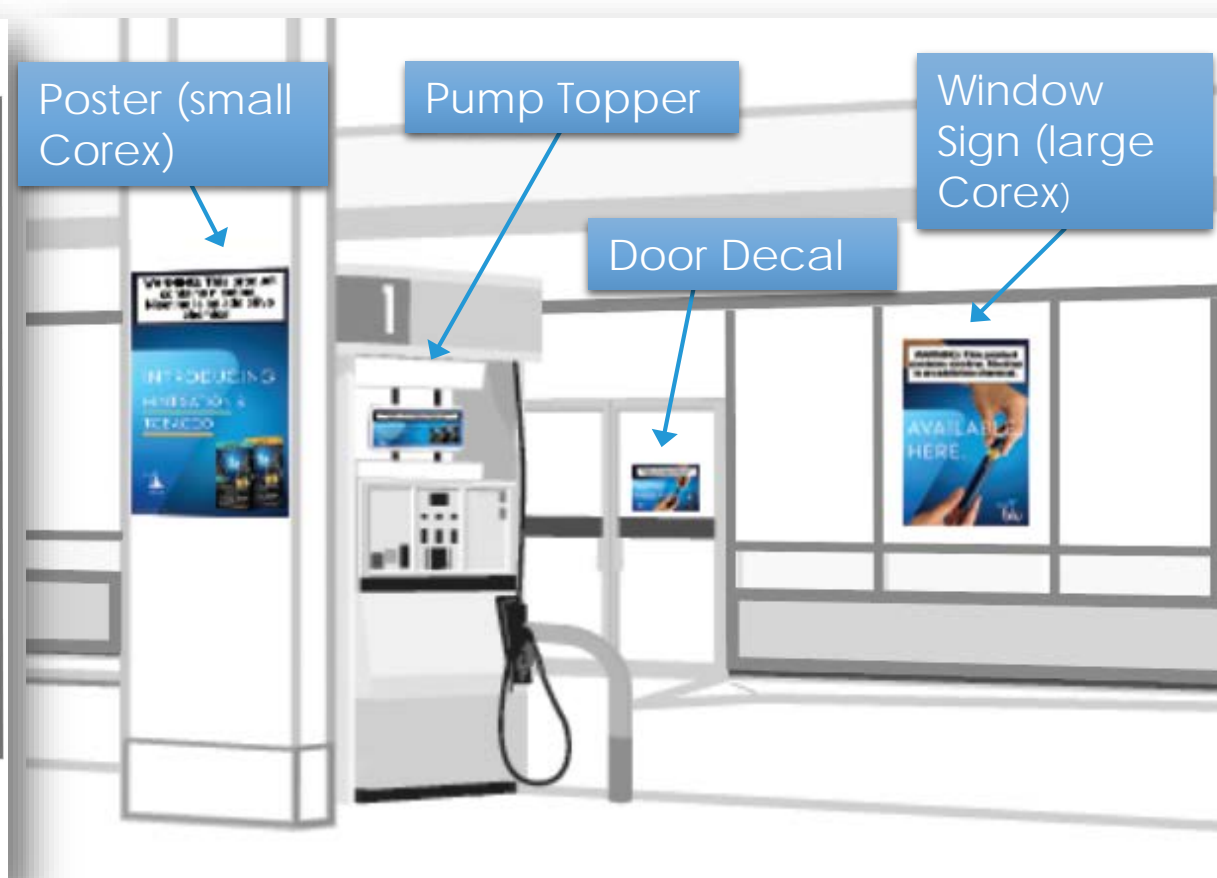
		SKUs											
	#	Device	INTENSE pod packs				Freebase pod packs			Disposables			
Silver (2 FT)	10												
		myblu Device	Tobacco	Mint Sation	Melon Time	Honey Moon	Gold Leaf	Polar Mint	Tobacco	Cherry	Menthol		
Gold (3 FT)	13												
		myblu Device	Tobacco	Mint Sation	Melon Time	Honey Moon	Citra Zing	Neon Dream	Gold Leaf	Polar Mint	Cherry	Tobacco	
Platinum (4 FT)	15												
		myblu Device	Tobacco	Mint Sation	Melon Time	Honey Moon	Citra Zing	Neon Dream	Gold Leaf	Polar Mint	Vanilla Cherry	Tobacco	Cherry

OPTIMAL SIGNAGE PLACEMENT:

PERMANENT SIGN(S) SHOULD BE PLACED AND MAINTAINED IN A HIGHLY VISIBLE LOCATION – INTERCEPTING CONSUMER JOURNEY IN AND OUT OF STORE, AS DETERMINED BY FONTEM. MINIMUM NUMBER OF SIGNS DETERMINED BY PROGRAM LEVEL (SEE CHART).



INTERIOR



EXTERIOR



2019 blu Retail Partnership Merchandising Program



SILVER (2FT):

SHELF STRIP WITH PRICE REQUIRED



GOLD (3FT):

FLIP SIGN AND SHELF STRIP WITH PRICE REQUIRED



PLATINUM (4FT):

FLIP SIGN AND SHELF STRIP WITH PRICE REQUIRED



IF BACKBAR MERCHANDISING REQUIREMENTS CANNOT BE MET, AN ALTERNATIVE SPACE SOLUTION IS AVAILABLE IN WHICH THE FONTEM FIXTURE/DISPLAY MUST BE POSITIONED IN A HIGHLY VISIBLE LOCATION NO FURTHER THAN 3 FEET FROM SELLING COUNTER.

PLEASE CONTACT YOUR ITGB SALES REPRESENTATIVE FOR MORE DETAILS.