

DeCA, AAFES Open Long-Awaited Commissary, Express Stores

• PITTSBURGH, Pa.

On Oct. 21, the long-awaited 43,000-square-foot Defense Commissary Agency (DeCA) commissary and 10,741-square-foot Army & Air Force Exchange Service (AAFES) Express officially opened for business. These openings ushered in a new era of service and support for approximately 168,000 Soldiers, Airmen, reservists, National Guard personnel, military retirees and their families in Western Pennsylvania, Ohio, West Virginia and beyond, and also marked the culmination of years of work to bring updated retail facilities to the area.

The new Express and commissary effectively replace the former retail facilities at the Charles E. Kelly Support Facility, in nearby Oakdale, which was tagged for closure under the 2005 round of Base Realignment and Closure (BRAC).

A posse of Pennsylvania legislators addressed the eager crowd, thanking all who worked to make the new commissary and Express possible. Among them were Senators Bob Casey (D) and Matt Smith (D); and Representatives Tim Murphy (R) and Mike Doyle (D). Senior military resale executives and base officials — including DeCA Director and Chief Executive Officer (CEO) Joseph H. Jeu, Col. Matthew Lissner, USA, of the 99th Regional Support Command; and Ronny Rexrode, AAFES's Eastern Region vice president — updated patrons on the features of their new replacement stores. Government Relations consultant Stephen Rossetti attended on behalf of the American Logistics Association (ALA).



Shannon Harsh with her husband, Maj. Douglas Harsh, USAR, 316th Expeditionary Sustainment Command Force Protection officer, and their children Haley, Gracie and Jacob (center), cut the ceremonial ribbon to mark the grand opening of the Pittsburgh Area Commissary and Express stores on Oct. 21. Accompanying them are (from left) Col. Matthew Lissner, USA, legislative liaison, 99th Regional Support Command; Rep. Tim Murphy (R-Pa.); Sen. Bob Casey (D-Pa.); Rep. Mike Doyle (D-Pa.); Sen. Matt Smith (D-Pa.); DeCA Director/CEO Joseph H. Jeu; and AAFES Eastern Region VP Ronny Rexrode. PHOTO: NANCY O'NEILL, DeCA

Customers Speak: 'Our Community Is Better Off'

COMMISSARY

"This is your commissary. This is your benefit," Jeu told the gathering of more than 500 patrons during the 10 a.m. grand opening ceremony. "We are here to serve you. Have a great day and enjoy your commissary benefit."

The new commissary, which was constructed using \$15 million from commissary patrons' 5-percent surcharge account, was designed to be much better suited to support a greater number of commissary-eligible patrons in the region.

With five regular checkouts and four self-checkouts, the new store is more than twice the size of the previous one, which was built in 1959, and has a larger stock assortment — 18,000 items — along with a delicatessen and bakery.

With high ceilings and wide aisles, the new energy-efficient and environment-friendly commissary is also designed to provide an up-to-date, pleasant shopping experience. "We're entering a new era for the commissary benefit with our new store."

The store is "Way different . . . We waited two hours today for this to open; it was worth the wait. This store has all we need," said customers, Spec. Manny Gines, ARNG, and his wife, Marta.

Opening day featured a tailgate party theme, along with special pricing on featured products and

drawings for prizes and Commissary Gift Cards. "We got just a few items today — we're here to check it out mostly — and I'm definitely coming back soon for some serious shopping. The prices are great!" said Maj. Scott Kniola, USAF, and his wife, Bridget.

EXPRESS

"This day has been a long time coming, and it's a thrill to finally make it official," AAFES's Rexrode told the first patrons to enter the new hybrid Express store, which was built using \$4.3 million of non-appropriated funds from Exchange earnings.

The new Express houses a profoundly expanded assortment compared with a regular AAFES Express store. Among the store's features are a Military Clothing (MC) section, an outdoor living section, and an electronics area, barber shop and Class Six store.

For Air National Guard Tech Sgt. Nicole Bochter of the 171st Air Refueling Wing, shopping at the



Air National Guard Lt. Col. Stephanie Wellhouse of the 911th Airlift Wing shops the Express store's Military Clothing (MC) section. AAFES PHOTO

Express means saving money on items for her young family. "I'm a frequent shopper, and we've waited for years for a store like this . . . You can't beat the tax-free savings especially on electronics. Our community is better off for having this facility," she said.

Retired Air Force Master Sgt. John Brice and his wife, Bonnie, said they will drive 70 miles each week from their Bellaire, Ohio, home to shop here. "I appreciate the support the Exchange gives to our military and our military families," he said.

"Instead of going to Wright-Patterson, I can come here on my lunch break. It's been a long time coming, and I'm glad we have such a nice facility right in our own backyard," said Air National Guard Lt. Col. Stephanie Wellhouse of the 911th Airlift Wing.

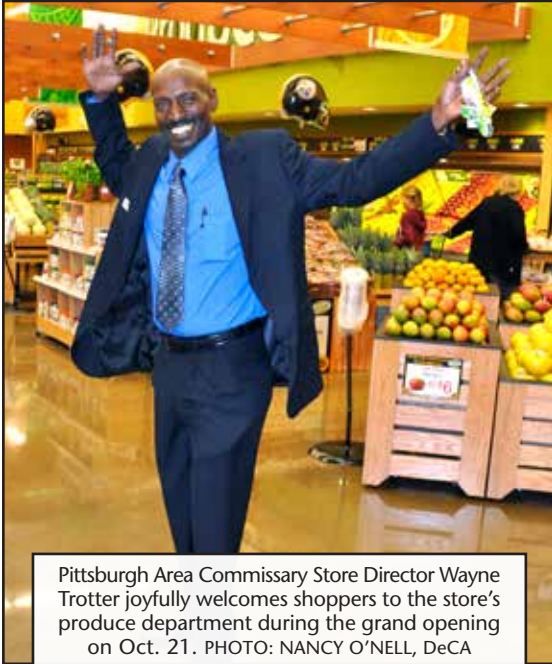
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'I'm a frequent shopper, and we've waited for years for a store like this . . . You can't beat the tax-free savings. . . . Our community is better off for having this facility.'

— Air National Guard Tech Sgt. Nicole Bochter

In keeping with a major store opening that attracted a cadre of legislators from the state of Pennsylvania, on Oct. 21, the long-awaited \$15 million, 43,000-square-foot Defense Commissary Agency (DeCA) commissary and

the \$4.3 million, 10,741-square-foot Army & Air Force Exchange Service (AAFES) Express officially opened, ushering in a new era of service and support for military families located in Western Pennsylvania.



Pittsburgh Area Commissary Store Director Wayne Trotter joyfully welcomes shoppers to the store's produce department during the grand opening on Oct. 21. PHOTO: NANCY O'NELL, DeCA

'We're entering a new era for the commissary benefit with our new store. It's a vast improvement over the old C.E. Kelly Commissary.'

— Pittsburgh Commissary Store Director Wayne Trotter



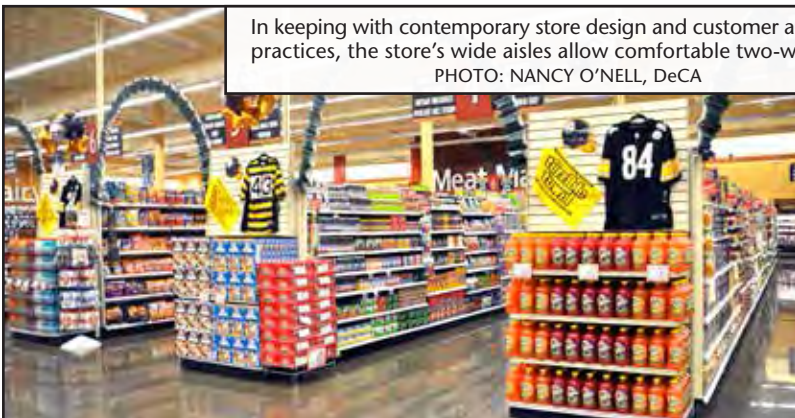
Army National Guard Spec. Manny Gines and his wife, Marta, with their daughter, Kaitlyn, shortly after they entered the new Pittsburgh Area Commissary. PHOTO: RICK BRINK, DeCA

'I appreciate the support the Exchange gives to our military and our military families.'

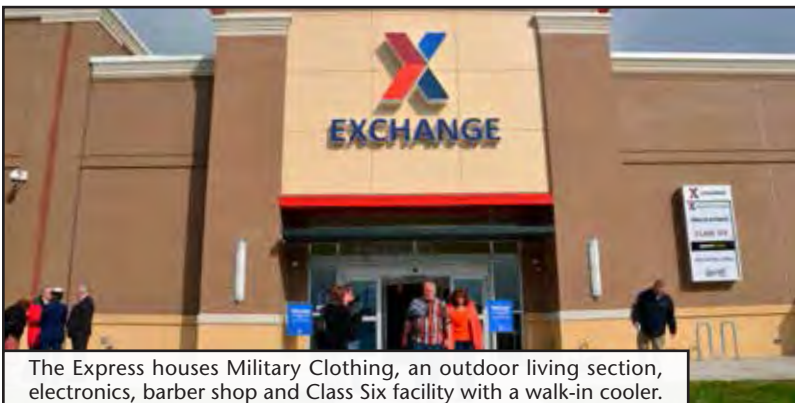
— Air Force Master Sgt. John Brice (Ret.)



A bakery and deli greets Pittsburgh Area Commissary customers a few steps from the store's entrance. Along with a full array of baked goods and meats, the bakery and deli offers rotisserie chicken and fresh-made sandwiches. PHOTO: NANCY O'NELL, DeCA



In keeping with contemporary store design and customer access best practices, the store's wide aisles allow comfortable two-way traffic. PHOTO: NANCY O'NELL, DeCA



The Express houses Military Clothing, an outdoor living section, electronics, barber shop and Class Six facility with a walk-in cooler.



Retired Air Force Master Sgt. John Brice stopped by for a hair cut during the Express grand opening on Oct. 21. Brice says he only trusts the barber at the Exchange to trim his hair.



Commissary patrons Earl Swodlo (left) and Tom Zelinsky stand together in the produce department of the new Pittsburgh Area Commissary. The longtime C.E. Kelly commissary shoppers said the new store "was a long time coming, and it's wonderful." PHOTO: RICK BRINK, DeCA

Paquette's New Role Reflects NEXCOM Omni-Channel Focus

• VIRGINIA BEACH

Effective Oct. 1, the Navy Exchange Service Command (NEXCOM) promoted Tess Paquette from senior vice president (SVP), chief merchandising officer (CMO) to executive vice president (EVP), chief merchandising and marketing officer. The move echoes the recent expansion of NEXCOM's retail strategy in a more omni-channel direction.

"Over the last year, we have made great strides in executing our enterprise omni-channel strategy, including the most recent launch of our new e-Commerce platform," said NEXCOM Chief Executive Officer (CEO) Rear Adm. Robert J. Bianchi, SC, USN (Ret.). "As we continue this journey, I believe it is important to recognize the key role that marketing plays across all of our business lines on a daily basis.

According to the exchange service, Paquette will continue to have responsibility for the buying and advertising of all NEX retail merchandise for both brick-and-mortar and online stores, as well as all — for all Navy Exchange patrons afloat and ashore.



CMO Paquette joins NEXCOM's Chief Operating Officer (COO) Michael Good in the exchange service's EVP tier.

areas of marketing, customer experience, brand management and omni-channel operations across NEXCOM's business lines.

"The integration of merchandising, marketing, brand management and e-Commerce sets us up for the future to exceed our customers' expectations across multiple sales platforms," Bianchi explained.

WEB INTEGRATION, OUTREACH

NEXCOM recently launched a complete overhaul of its web store, mynavyexchange.com, which aims to enhance the quality of life for all eligible patrons, in particular customers who don't live near a NEX. The launch came almost simultaneously with the kick-off, on the Navy's 239th birthday, of NEXCOM's third annual Navy Blue Holiday campaign. The new site aims to integrate brick-and-mortar and online shopping experiences — including the excitement and values of Navy Blue Holiday

NEXCOM Breaks Ground for Hqs. Building Expansion

• VIRGINIA BEACH

On Oct. 21, the Navy Exchange Service Command (NEXCOM) held a groundbreaking ceremony for a 33,000-square-foot addition to its headquarters building here. The project is scheduled to be completed in fall 2016.

"When NEXCOM moved into its headquarters building in 1993, we had 380 associates," said Rear Adm. Robert J. Bianchi, SC, USN (Ret.), NEXCOM's chief executive officer (CEO). "Today, there are almost 1,000 NEXCOM associates in Hampton Roads and more than half work in our headquarters building."

The new addition — which is being built onto the back of the current headquarters building — allows NEXCOM to replace approximately 9,000 square feet of aging trailers located behind the headquarters facility that had been in use for the last 10 years and have since been removed. This expansion will create



much needed conference and planogram rooms and address merchandising and information technology (IT) personnel space deficiencies.

Artist's rendering of the new NEXCOM headquarters building, including its 33,000-square-foot addition, which is scheduled for completion in fall 2016.

The expansion also allows NEXCOM to bring 125 associates from its Human Resources and Loss Prevention/Safety departments as well as the Navy Lodge Program into the headquarters building from other Hampton Roads office locations. "This is the first step necessary in order to move our headquarters associates from leased space into Navy-owned space," Bianchi explained. "This new addition will help us consolidate and align key headquarters codes for even greater command efficiency."

Congressman Scott Rigell (R-Va.), representative of Virginia's 2nd District, praised NEXCOM for the work it does to support military members and their families. "I respect the great work you are doing and the quality of life you offer to your customers," Rigell said. "As a businessman in a season of public service, I know that the quality of your surroundings affects the creativity and quality of work of your associates. This new building addition will definitely add to the quality of work you provide."

NEXCOM was recently cited as one of the top places to shop for electronics in Consumer Reports, and scored an 85 on its 2013 NEX Customer Satisfaction Index (CSI) survey, a ranking that compared favorably with leading civilian retailers.



Wielding shovels in the Oct. 21 groundbreaking for the NEXCOM headquarters building expansion were (left to right) Randy Gibson, president, general contractors Whitesell-Green Inc.; Rear Adm. Ricky Williamson, USN, commander, Navy Region Mid-Atlantic; Congressman Scott Rigell, Representative of Virginia's 2nd District; Rear Adm. Robert J. Bianchi, SC, USN (Ret.), NEXCOM chief executive officer (CEO); William Sessoms, Virginia Beach Mayor; Capt. Kit Chope, USN, commanding officer, NAS Oceana, Va.; and Lisa Lingerfelt, project executive, DPR Construction.

NEXCOM PHOTOS

Fourth Quarter Jump Drives DeCA 2014 Sales

By PHIL GRAY and LARRY LAPKA
MANAGING EDITOR ASSOCIATE EDITOR

DeCA Fiscal 2014 Sales By Quarter (\$ in billions)

Quarter	FY14 Sales	FY13 Sales	% change
Fourth	\$1.418	\$1.403	+1.03%
Third	\$1.397	\$1.456	-4.07%
Second	\$1.387	\$1.472	-5.83%
First	\$1.424	\$1.544	-7.80%
Total	\$5.625	\$5.876	-4.27%

All figures are rounded off.

To attribute the dip to the shutdown, however, would be an oversimplification. Other impediments to the growth that DeCA had enjoyed during the seven-year period of 2002-2009, and again from 2010 to 2012, included morale-sapping government furloughs that preceded the shutdown, and the cancellation due to budget cuts of a patron favorite, the agency's popular signature case-lot sales. These factors, together with the beginning of force draw-downs and a steady decline in median household income — with its ramifications for military spouses in particular — since around the time of the recession, and continued pressure on commissary funding, have contributed to the slower-than-hoped-for healing in the marketplace.

Despite these headwinds, the rate of sales loss steadily moderated as the year progressed, and even rebounded with a positive fourth quarter.

Neither were all of the key commissary segments down for the year, as patrons helped lift meat dollar volume — along with price increases in commodity beef and pork — driving category sales up 2.58 percent. Customers were still relatively diligent about placing fruits and vegetables on their plates, as produce slipped only slightly, down 1.58 percent, while the center store took the brunt of the impact, down 5.2 percent (see chart). (For more detail on DeCA's sales see E and C News' December issue.)

Sales Comparison (\$ in thousands)

Category	Fiscal 2014	Fiscal 2013	Difference
Grocery	\$4,641,098	\$4,895,981	-5.21%
Meat	\$473,403	\$461,482	+2.58%
Produce	\$510,500	\$518,675	-1.58%
Total	\$5,625,001	\$5,876,138	-4.27%

All figures are rounded off.

Source: DeCA

• FORT LEE
Buoyed by a resurgent fourth quarter, the Defense Commissary Agency (DeCA) recorded sales of more than \$5.6 billion during its recently concluded fiscal 2014. While the final fiscal year-end tally was around 4 percent less than the previous year, the results belied an increase in sales during the July through September period as case-lot sales resumed in CONUS, accompanied by a more than 3-percent increase in transactions.

With some sales trends headed back in a more positive direction, DeCA Director Joseph Jeu told members of industry at a recent annual conference with resale and industry executives that his sales goal for the agency for 2015 is \$5.8 billion, and that his stretch goal is \$6 billion — the agency's most recent sales high-water mark last reached in 2012.

Although total sales of \$5.625 billion fell 4.27 percent short of the previous fiscal year's \$5.876 billion tally, the end result was hardly surprising, given that sales activity was abruptly halted and severely impacted by the Oct. 2-6, 2013 federal government shutdown right at the beginning of the agency's fiscal year. This was mirrored by transactions, which slipped 4.46 percent to 89.7 million.

Hybki Recognized with ALA Lifetime Achievement Award

• WASHINGTON

Known for his unfailing sense of humor, perspicacity, and sense of honor, Robert C. "Bob" Hybki, who retired this past summer from ConAgra Foods as its vice president (VP), Customer Development, Military, was recognized for his long-standing dedication to protecting and enhancing servicemembers' and families' military resale benefits with the American Logistics Association's (ALA) Lifetime Achievement Award during the association's annual Awards Dinner, Oct. 29, at the Hyatt Regency Capitol Hill here.

According to ALA President Patrick B. Nixon, the board of directors bestows the award on an individual "whose leadership and outstanding commitment to providing quality-of-life benefits for U.S. military personnel and their families has been nothing short of exemplary."

Hybki, a Monroe, La., native, was born while his father served 21 years in the Air Force. The younger Hybki was responsible for ConAgra's worldwide military resale business, spending 27 years with the company, and a total of 47 years in the retail food business. Hybki, who was a 2014 ALA board member and chair of ALA's Commissary Council, also served in 2010-2011 as the chair of the association's Consumer Awareness Committee, among many other industry-resale liaison assignments he took on during his highly regarded career.

In addition to thanking his wife of 32 years, Celeste, for her support, Hybki said, "I want to thank the ALA, especially Pat Nixon and the staff and Russ Moffett. And Ed Brunot and the board of directors — they all have full-time



Incoming ALA Chairman Joe Campagna (left), director, Military Sales for the Kellogg Company, and Chairman Emeritus Ed Brunot (right), president, MDV, present Robert "Bob" Hybki, who recently retired as ConAgra Foods' vice president, Customer Development, Military, with the organization's Lifetime Achievement Award.

jobs, their dedication to this industry is just overwhelming; it's terrific to see people who are committed to taking care of the troops, the dependents and the retirees, it's just fantastic ..."

AAFES Opens Renovated Alabama Exchange

• REDSTONE ARSENAL, Ala.

The Army & Air Force Exchange Service (AAFES) welcomed a modern era of shopping for military families here when the ribbon was cut Oct. 17 on a renovated Exchange, the store's first remodel in 14 years. More than \$5 million in improvements were made to the facility using earnings from AAFES patron purchases. The store, which recorded nearly \$41 million in sales during fiscal 2013, now sports a fully updated look and category assortment both inside and out.

Among the features of the remodeled 65,000-square-foot Exchange are an updated brick facade and food court — including a brand-new Subway sandwich shop at the front of the building — updated signage, new finishes and polished concrete floors.

“This face-lift is proof of the Exchange’s commitment to the Redstone community,” said Exchange General Manager Roberto Montalvo. “But, this Exchange is more than just a pretty face. Everything inside has been designed with convenience in mind.”

NEW LOOK, HOT BRANDS

The store’s makeover also brings with it updated branded shopping sections for Michael Kors, Ellen Tracy, The North Face and Under Armour. The PowerZone electronics section has been amped up

AAFES PHOTO



The renovated 65,000-square-foot Redstone Arsenal, Ala., Exchange recently underwent its first remodel in 14 years.

with name brands like Bose, Samsung and Sony. The cosmetics department has been expanded, and shines with a beauty bar and nail bar with top-of-the-line brands like Smashbox, Too Faced and Essie.

Garrison Commander Col. William Marks, USA, heralded the new look, saying the store was just one more reason to be proud of Redstone Arsenal.

“This newly renovated facility can compete with any other retailer in our area, as it has updated the brand names, the store look, and the overall atmosphere for the customer,” Marks said.

SHOPPER REACTION

Shoppers like what they see. “The aesthetics are very remarkable,” said Command Sgt. Maj. Angel Clark, USA, who said she first shopped at the Redstone Arsenal Exchange in 1983. “This renovation is significant. The store looks bigger and more organized, and I really like the variety of designer brands.”

Commissary Coupon Redemptions Slip in Fiscal 2014

• WASHINGTON

During fiscal 2014, for the fourth fiscal year in a row, overall coupon redemptions and coupon total dollars redeemed fell in Defense Commissary Agency (DeCA) stores.

The overall quantity of coupons patrons used during their commissary shopping visits dropped 10.48 percent to 89.16 million (see chart), only the second time since fiscal 2006 that this number has dropped below the 100-million mark.

Paper coupons continued to make up the vast majority of the coupons commissary shoppers used

ous products, both those found in supermarkets and those found in other types of stores.

The total number of U.S. consumer coupons redeemed during 2013 was 2.8 billion, providing \$4.92 billion in savings, a 4.52-percent increase. The average savings per coupon was \$1.94.

On the digital side of couponing, the Sullivan, Higdon and Sink “Feeding a Digital World” survey found that 14 percent of Americans have used a mobile coupon at a grocery store.

GOVERNMENTAL ASSISTANCE

Supplemental Nutrition Assistance Program (SNAP) — formerly known as Food Stamps — and Women, Infants and Children (WIC) DeCA transactions and dollars dropped off during the fiscal year. Although times remain tough, military families did not use the SNAP or WIC programs as much as might have been expected, with transactions and dollar rates down from the prior year.

SNAP

According to the U.S. Department of Agriculture (USDA), through Oct. 18, 2013, 47.6 million Americans received SNAP assistance, and numbers have steadily increased since at least 2008.



Although the rates for overall coupons and paper coupons dropped in DeCA commissaries during fiscal 2014, paper coupons still accounted for 96.8 percent of coupon redemptions. Fort Lee, Va.

during the fiscal year, with 96.78 percent of coupons used being of the paper variety, for a total of 86.29 million coupons.

DeCA shoppers redeemed 2.87 million digital coupons in fiscal 2014. This represented 3.22 percent of the total number of coupons DeCA shoppers used during fiscal 2014. Although a small jump in the overall scheme of things, the digital total nearly doubled its prior year share of just 1.46 percent of commissary coupons redeemed.

According to DeCA, the Commissary Rewards Card remains the agency’s sole avenue available to patrons to redeem digital coupons, and through the end of fiscal 2014, the card had 310,000 registered users.

Overall, total coupon dollars saved dipped 7.98 percent to \$83.74 million. Dollars saved by using paper coupons fell 12.08 percent to \$80.11 million. Shoppers using digital coupons saved \$3.64 million.

On a per coupon basis, DeCA shoppers appeared to be getting more for their coupons than ever before. The average savings per coupon was 94 cents, a 3.3-percent increase from the prior year. Dollars saved per paper coupon increased 2.2 percent to 93 cents, and savings per digital coupon climbed 36.56 percent over the prior year to \$1.27.

Overall, according to Statistic Brain, 72.3 percent of consumers reported using at least one coupon in 2013, the site’s most recent reporting year, and this included all different types of coupons for numer-

Coupon Redemption Breakdown 2006 and 2012-2014

(in millions)

Total Coupons	2006	2012	2013	2014
Total Coupon Dollars	\$93.74	\$104.19	\$91.01	\$83.74
Total Coupon Quantity	127.63	113.30	99.60	89.16
\$ per total Coupon	\$0.73	\$0.92	\$0.91	\$0.94
Paper Coupons Dollars	\$93.74	\$104.17	\$89.65	\$80.11
Total Paper Coupons	127.63	113.27	98.14	86.29
\$ per total Paper Coupon	\$0.73	\$0.92	\$0.91	\$0.93
Digital Coupons Dollars	-	\$0.02	\$1.36	\$3.64
Total Digital Coupons	-	0.03	1.46	2.87
\$ per total Digital Coupon	-	\$0.49	\$0.93	\$1.27

Note: 2006 figures included for comparison purposes.

Source: DeCA

The rates for SNAP fell in the double-digit range in DeCA stores during fiscal 2014. Transactions dropped 16.84 percent to 805,325, while dollars decreased 18.42 percent to \$84.58 million. Dollars per transaction also fell 1.91 percent to \$105.02.

WIC

According to USDA statistics, from October 2013 to June 2014, the monthly participation in the WIC program averaged 8.23 million, spread across all 50 states and U.S. possessions.

WIC transactions in the commissaries during all of fiscal 2014 totaled 1.4 million, a decrease of 15.54 percent from the prior year. WIC Dollars redeemed totaled \$25.55 million, falling by 12.58 percent during the year. However, WIC dollars per transaction increased 3.45 percent to \$18.27.

The WIC program is not available in Europe.