Memorandum

Subject Telephone Interview with [redacted]

Date June 11, 1996

60-2096-0002

To Frito Lay File

From Nina Hale

b7D

[redacted]

distribution: RWF, DNK, HALE, PTACEK, ALEXANDER - EAG, SWEENEY, JONES, BEN-DAVID, CASE, CHRON, ARCHIVE

[redacted] when trying to get a space in the grocery store, was to extoll the quality of the product and his promotional presentations in which he would offer up ads, coupons and demonstrations. He would not, however, offer bonuses or shelf fees.

With regard to distribution, his people would go to headquarters of a grocery chain and promote the products with the corporate buyer. In addition, he had contracts with distributors who would buy the product and get it on the shelf. Even where he had a deal with corporate buyer, the distributor often had to persuade a store manager to carry the product. And this was a problem because if a store would not approve your products being on the shelf, then a distributor won't take your product.

We talked a little about the space allotment that [redacted] had had for his product. He said that it could be a very tough situation. Some stores would give him space to prove the product, while other stores wanted money. The latter were out of question for his product because he saw no payback and therefore could not justify the payment to the store. He complained about the fact that every time Frito introduced a new product, Frito asked for more space and got it. Frito never had to take space

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from its existing products, only from its competitors. [redacted] was also concerned about the exclusive promotional setups that Frito was able to get from the retailers. For example, Frito would get an exclusive on the 4th of July, a peak weekend. He was not sure whether it would be for all Frito products or just potato chips or just tortilla chips. b 7D

[redacted] did not have the ability to serve the convenience stores due to the small drop size. Distributors don't work if they have to have their own truck in there two to three times a week and yet, if you are not in there that often, the competition will bury you. This is also true for the grocery store where the servicing of the shelf can be required seven days a week.

His product did pretty well in some of the grocery chains [redacted] Frito Lay has nearly all the space plus all of the display space and even where the competition has gotten some of the display space it has to be shared with Frito. b5, 7D

[redacted]

[redacted]

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So/So #11476