

## Local Consignment Policy

The Cortes Natural Food Co-op encourages local vendors to supply products to our store in accordance with our Mission and Vision. The CNFC is committed to assisting our local vendors and our local economy.

The CNFC accepts products from local vendors in two ways: on consignment and through direct purchase. In general, we take items on consignment that fall into the categories of mercantile (e.g., kitchenwares, clothing, books, etc.) or arts and crafts (e.g., cards, pottery, jewelry, etc.). In general, we directly purchase items that fall into the categories of grocery (e.g., produce, dairy, packaged foods, etc.) and wellness (e.g., tinctures, soaps, supplements, etc.). These are only guidelines and the CNFC reserves the right to take a product on consignment, to purchase it directly, or to refuse a product for any reason.

Consignment means that the CNFC takes the product in order to sell it but the local vendor retains ownership of the product. In case the product does not sell, it goes back to the local vendor and no payment is made. If the product does sell, then the CNFC collects the money and holds it for the local vendor. When the CNFC pays the local vendor, we take a commission as a percentage of the sales (retail) price.

The following guidelines apply.

### COMMUNICATION

1. The CNFC will designate a staff person to work with local vendors who place products on consignment. This staff person will act as the primary source of contact for the local vendor.
2. The designated staff member and the local vendor will discuss and negotiate product quality, pricing, merchandising, etc. In case the designated staff person and local vendor cannot come to an agreement on some aspect of the consignment, the local vendor may bring his or her concerns to the General Manager.

### PRODUCT QUALITY

1. The CNFC will not accept products that do not adhere to our Mission and Vision.
2. If necessary, the local vendor must use a Food Safe kitchen for food production and must adhere to applicable Vancouver Island Health Authority (VIHA) regulations.
3. It is up to the discretion of the designated staff person if the product meets the CNFC's minimum quality standards. If not, the CNFC will not accept the product for consignment.

### PRODUCT PRICING

1. For products that the CNFC takes on consignment, we will take a 33% commission from the retail price. The local vendor will receive 67% of the retail price (excluding taxes). The retail price can be set by the local vendor in consultation with the designated staff person.

2. If, in the designated staff person's judgement, the retail price is too high for the product to sell, the CNFC may impose limits on the merchandising of the product (e.g., we may give the product one month to sell; if the product does not sell, then we will return it to the local vendor) or we may not accept the product at all.

#### PRODUCT PLU

1. Each product or class of products from one local vendor will receive a product look-up (PLU) number. The CNFC will use this PLU number to track sales for the product through our point-of-sale (POS) system.
2. Each single item will not receive a PLU. For example, if the local vendor sells cards, photos, and calendars, all of the cards will receive a single PLU; all of the photos will receive a single PLU; and all of the calendars will receive a single PLU. One exception could be when there are different prices for the same type of item; so, for example, if the local vendor provides a larger card for \$5.00 and a smaller card for \$4.00, then each type of card could receive a different PLU. However, in the case of the photos, presumably each of them would have a different price. They would still all receive the same PLU and the POS system would prompt the staff person for a price (listed on the photo itself) at the time of sale.
3. The local vendor and the designated staff person can negotiate the number and structure of PLUs for the products. However, we may need to limit the number of PLUs for one local vendor in order to leave numbers available for other vendors.

#### PRODUCT LABELLING

1. If applicable, the local vendor must use a label that lists ingredients in prepared food and wellness products.
2. Each product must be labelled with the appropriate PLU. If the appropriate PLU is not on the product, then the vendor may not get credit for the sale.
3. The product must be clearly labelled with the price. The price must be on the product itself – it cannot just be on a sign or some other label not attached to the product.
4. The CNFC also encourages local vendors to label their products with their business names and contact information.

#### PRODUCT MERCHANDISING

1. The local vendor and the designated staff person will collaborate on product placement, signage, store location, etc. However, the CNFC expects the local vendor to work within the common parameters for our retail space (e.g., we will not mix different product categories on the same shelf space) and the CNFC reserves the right to display a product differently for any reason.
2. The local vendor will take responsibility for adequate and accurate signage for the product. However, the signs must match the atmosphere that the CNFC is trying to establish in the store. It is up to the designated staff person to decide if the signs are appropriate and the CNFC reserves the right to remove a product's signage for any reason.
3. We encourage the local vendor to provide informational brochures, etc. for the product. In

general, the staff cannot handle specific questions about your products and it is best to answer common customer questions through a brochure, sign, etc.

## PRODUCT DELIVERY AND MAINTENANCE

1. The local vendor must negotiate all terms for the product with the designated staff member before the product is delivered or at the time of delivery. The CNFC will not take delivery of products until the designated staff member has approved.
2. The CNFC will only accept products that are delivered ready for sale, labelled, and priced.
3. Once the product is delivered, the local vendor and staff may collaborate on the product's display or the vendor may leave it up to the staff.
4. We encourage local vendors to check on their products frequently. It is the vendor's responsibility to keep up stock levels and replace product as necessary; however, staff may give the vendor a reminder if necessary or requested. If the local vendor does not maintain his or her products, the CNFC reserves the right to pull them from display.
5. We encourage the local vendor to communicate with the designated staff person if he or she intends to add or remove product.
6. The CNFC has a limited amount of retail space. Therefore, the CNFC will allow a product to be on display for a period up to three months. In general, if a local vendor has not sold either five items or a total of \$30 worth of product within that time frame, the CNFC may remove the items and return them to the vendor. This decision is up to the discretion of the designated staff person or General Manager.
7. If the CNFC removes the product from the retail space, we will let the vendor know as soon as possible.

## PRODUCT SALE

1. When a consignment product is sold, the POS system will record the sale for that particular PLU.
2. The CNFC will run a monthly report for the PLUs for a particular vendor. This report will show the total quantity and dollar amounts for the sales.
3. Based on this report, the CNFC will produce an invoice. We will send a copy of the report and the invoice to the vendor and submit the invoice for payment.
4. We will do our best to pay local vendors within three weeks of the report date.
5. The CNFC and the local vendor may agree that the vendor can take payment in the form of store credit.

## PRODUCT LOSS

1. As with all retail environments, product loss and damage occur at the CNFC. These can take place through theft, disaster, etc.
2. While we do our best to avoid product loss and damage, we cannot take responsibility for preventing such occurrences to products on consignment. The local vendor retains ownership of the product and therefore must take responsibility.
3. We encourage local vendors to maintain their own records (e.g., number of product delivered,

inventory counts, prices, etc.). The CNFC will only record when an item is sold through the POS system.

PRODUCT TAXES

1. We expect most consignment items to incur taxes. It is up to the discretion of the designated staff person to decide if taxes must be collected or not.
2. The CNFC will charge the customer the appropriate taxes at the time of sale.
3. The CNFC will collect these taxes and submit them to the government as necessary.

BUSINESS NAME: \_\_\_\_\_

VENDOR NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_

*I understand and agree to the Local Consignment Policy.*

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_