

Rules for reviewing product selection based on sales performance

Art. 1

Sales performance

The sales performance of products is evaluated regularly with the aim of removing from sale those products that generate the smallest margin within each product category and replacing them with new products.

Sales performance is the cumulative margin of a product over a period of time. Margin when assessing sales performance is the difference between the sales price and the purchase price of a product, including transport costs and alcohol taxes and minus VAT.

The sales performance of all products that have been on sale for four months or longer in the product category is assessed each time. When assessing sales performance, products within each product category are ranked according to performance. At the top is the product that delivers the highest gross margin during the period, and at the bottom is the product that delivers the lowest gross margin. The products that rank below the number criteria specified for each product category are removed from sale. The table of the core product range (Table 1) presents an overview of the product categories and the number criteria for each category.

Art. 2

Assessment of sales performance of core product range

Sales performance is assessed at least twice a year for each product category. Table 3, assessment of sales performance, shows when sales performance is assessed for each product category. The assessment period is the span of time used as the basis of every assessment of sales performance. It is at minimum four months or the period since the sales performance of the product group was last assessed.

The products that keep their place in the product group make up the core product range until the sales performance of the product group is next assessed.

[If the seller of a product has announced a delay in delivery of a product, which should otherwise be delisted based on the assessment of sales performance, the product may be put on hold until the delivery issues have been solved. The conditions for a product to be put on hold are: The product is generally higher in the assessment of sales performance than 60% of the products in the relevant category and there are valid reasons for the delivery delays, such as problems related to production, limited distribution etc. The seller must submit a confirmation of delivery delay from the manufacturer of the product if requested.]

The results of the assessment of sales performance are published on Duty Free Iceland's supplier website. A numbered list is displayed where the products are sorted by cumulative margin. The product with the highest profit margin during the period is at the top of the list. The products that do not make up the core product range after the assessment of sales performance are removed from sale.

Art. 3

Assessment of sales performance of special listings category

The sales performance of products in the special listings category is assessed every twelve months. Products in the special listings category must have returned a minimum cumulative margin of ISK 120,000 in the last 12-month period. If a product's cumulative margin is lower, it is removed from the product selection.

Art. 4

Assessment of sales performance of temporary product range

Products in temporary sale are removed from sale after the sale period. Sales performance during the last sales period determines the selection of offers for the next sales period, cf. rules for product selection and distribution. If a limited edition product in temporary sale is sold out before the end of the sales period, the product's sales performance is determined for the entire period in proportion to the product's sales performance during the time that it was available as a part of the product selection.

Art. 5

Product removed from product selection

When a product is removed from Duty Free Iceland's product selection after an assessment of sales performance, purchases of it are stopped and the received product stock is sold until it runs out. The purchasing agreement for the product in question will expire without further notice or notification when the received product stock runs out.

Art. 6

Provision for changes

If changes are made to these rules, they will be announced at least one month in advance.

These rules are set with reference to regulation no. 1101/2022, on the selection of goods and procurement of alcoholic goods by duty-free shops.

These rules enter into force on 01.06.2023.

Keflavík Airport, 01.05.2023,

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