



GLOBAL HEADQUARTERS • 2000 NORTH M63 • BENTON HARBOR, MI 49022

January 30, 2019

Dear Trade Customer,

The KitchenAid® Small Appliance team has always been committed to providing trusted and premium branded products and experiences for our consumers. We are implementing a number changes in response to changing market conditions and to help deliver the premium experience that our consumers expect and deserve. This letter and the supporting material details the changes that are being implemented to our Small Appliance business. These changes are effective April 1, 2019.

#### **A. Pricing Changes**

Major component, raw material, labor, and freight costs have increased significantly in the last 18 months. While KitchenAid® continues to identify and implement productivity initiatives and cost controls, these actions alone are not enough to offset rising costs. KitchenAid is, therefore, instituting a price increase in order to continue funding investments to deliver innovative and high quality products to consumers effective April 1, 2019. While price changes vary by model, the average increase is between 10-15%. At this time, the Manufacturer's Suggested Retail Price (MSRP) of KitchenAid small appliances will be revised to align with the Minimum Advertised Price (MAP) for cooperative advertising purposes. MSRP's/MAP's will be adjusted from the current MAP.

KitchenAid® products will continue to offer compelling value to your customers. To reflect that value, we have developed new suggested merchandising plans, which incorporate the increased MAPs for cooperative advertising purposes. If you choose to sell at MSRP/MAP, we believe consumers will enjoy feature rich small appliances at a great lifetime value. Of course, you remain free to sell and advertise at whatever price you choose.

The new price sheet will be included as an attachment in the email or will be available from your KitchenAid account representative. The price sheets will be posted to the Whirlpool Portal ([www.WhirlpoolPortal.com](http://www.WhirlpoolPortal.com)) by April 1, 2019. Price increases, including corresponding changes of MSRP and MAP, will be effective April 1, 2019. Orders that do not ship on or before March 31, 2019 will be re-priced at the new levels unless canceled by the Trade Customer, regardless of the reason.

The KitchenAid® order fulfillment team will be managing and filling our incoming orders between now and April 1, 2019 in a fair and consistent manner in the normal course of business.

#### **B. KitchenAid Advertising (Co-Op) Policy and Program Changes**

In order to enhance how KitchenAid® products are represented in advertising to our consumers, the KitchenAid® Small Appliance Cooperative Advertising Policy and Cooperative Advertising Program has been updated. Below you will find a summary of notable changes effective April 1, 2019.

1. KitchenAid products must be advertised at or above the published Minimum Advertised Price (MAP) or Promotional MAP (PMAP) in order to be compliant with the Policy. Advertising at MAP -20% is not compliant with the updated policy.
2. Co-Op Policy does not apply to Store or Department Wide Promotions as long as certain conditions are met.
3. Retailers may net down KitchenAid sponsored national consumer promotions (NCPs) from MAP.

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4. KitchenAid will publish MAP values for Discontinued & Obsolete products and Refurbished products. When advertising these types of products, a descriptor for the condition must be included in the advertisement.
5. Promotional offers that apply toward future retailer purchases (e.g. gift cards or store credits) may be included in ad as long as certain conditions are met.
6. Co-Op Advertising Policy Enforcement: Regardless of media, each model specific violation will result in a reduction of a trade customer's cooperative advertising funds by .25% of their average monthly purchases over the last 3 months of that model's category (eg. Stand Mixer, Food Processor, Blender, etc.).

Please review the complete 2019 Advertising Policy included as an attachment to this email. Also updated and available are documents designed to help you better understand the policy and enforcement. The 2019 Advertising Guide provides examples of compliant and non-compliant ads, and the 2019 Co-Op Program Rules detail how funds are accrued and paid, along with claim requirements. These documents can be downloaded at [www.ka-hub.com](http://www.ka-hub.com) or requested via email from the team at the KitchenAid HUB.

All questions regarding changes to the Advertising Policy should be directed to the team at the KitchenAid HUB. Email: [help@KA-HUB.com](mailto:help@KA-HUB.com) | Phone: 855-522-6671. As a reminder, the HUB offers a free compliance review service to help you understand whether or not your planned advertising is compliant to the new policy. We encourage you to utilize this service.

## **C. New Promotional Marketing Funds**

Effective April 1, 2019, sell-through funds have been discontinued. KitchenAid will make Promotional marketing funds available to our trade customers in order to support our promotional events ("Promotional Marketing Funds"). These funds will be available in order to support incremental marketing and advertising activities during the promotional period. KitchenAid believes that a consistent advertising message makes it easier for our consumers to understand and appreciate the total KitchenAid value proposition. These Funds will only be available when:

- A trade customer actively participates in the promotion with incremental marketing and advertising activities such as print lineage, preferential product placement online, product placement on the floor (e.g. end cap displays), email blasts to consumers or other marketing activities. Your KitchenAid account representative will discuss the promotion and confirm whether you choose to participate.
- A trade customer advertises the products at the Promotional MAP (PMAP) price (trade customers may round down up to \$.99 to support their own internal advertised pricing strategies).

Should a trade customer choose to not participate as outlined above in a given promotion, they will be ineligible for Promo Marketing funds during that specific promotional event. While we encourage participation in our promotional events, if you choose not to participate, it will have no impact on future promotional events. Trade customers can advertise at any price they choose if they do not seek payment of Promotional Marketing Funds. Trade customers are free to sell KitchenAid products at any price they choose.

Promotional Marketing Funds will be SKU specific during the promotional period, earned based on the number of SKUs sold during the promotional period, claimed by the trade customers using POS or other sales data and paid to the trade customer as a trailing credit. Details regarding the claiming process will be provided in the near future.

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## **D. Returns Policy**

KitchenAid® U.S. Small Appliance business is updating its return policy to provide a consistent and equitable process for returning damaged or malfunctioning product. The attached policy contains the details and below is a summary of the changes effective April 1, 2019

- All returns must be individually packaged and secured to prevent damage in transit
- All returns must have valid return authorization (RA) referenced on the return manifest from the carrier and payment remit from Accounts Payable
- KitchenAid will only accept a return if:
  - Product is malfunctioning and within the warranty period.
  - Product is damaged, within the warranty and has not been used.
- Returns that do not meet the criteria of policy are subject to compliance charges and/or may be refused

Our top priority remains delivering the most compelling and innovative products to your customers, and providing unparalleled sales support to you, our valued trade customer. We greatly appreciate your business and continued support. For any further questions please contact your KitchenAid Small appliance account representative.

Kind Regards,



Michael Gross  
General Manager, U.S. Sales KitchenAid® Small Appliances

*Retailer alone has sole discretion to determine retail and advertised prices.*