



Commonwealth of Pennsylvania
Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110-9408

717/787-4194
FAX: 717/783-6492

WEB SITE: <http://www.mmb.pa.gov>

E-mail: RA-PMMB@pa.gov

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BULLETIN

MINIMUM RETAIL PRICING PROMOTIONS AND COUPONS

The Milk Marketing Law requires that retailers be paid at least the minimum price for milk. The minimum retail price may be paid by

- the consumer only;
- a third party, such as a cereal company, on behalf of the consumer;
- a combination of the consumer and a third party.

The minimum retail price may not be paid by

- a milk processor because that payment is in effect a rebate to the retailer, which is prohibited by the Law (those payments may also violate various Board regulations);
- the retailer itself because the retailer would then not actually receive the minimum price applicable to the transaction.

Questions regarding promotions and coupons should be addressed to the Board's Chief Counsel.

What Retailers May Do

1. Accept manufacturer coupons. If a retailer is given a manufacturer coupon, it is a near certainty that the coupon has been approved by the Board. Promotion requirements differ among the states, manufacturers are aware of these differing requirements, and stay up to date with the requirements. Manufacturers and trade publications contact us to update/confirm their information.

Manufacturer coupons are coupons issued by non-licensees and entities that do not process milk. Typically the issuers are cereal companies and cookie companies. These coupons are not limited to those types of typical companies though – at one time Oral-B sponsored coupons for cents-off milk.

2. Accept dairy processor coupons approved by the Board. Large fluid milk processors with national brands are similar to the non-licensee manufacturers in that they run promotions in multiple states and are aware of the various requirements for promotions. Therefore, it is a near certainty that if a retailer sees one of these coupons it was approved by the Board.

These are premium products that retail above minimum price. These promotions are approved to the extent that use of the coupon does not bring the price paid by the consumer below the applicable minimum retail price. **These coupons are void if the effect of using one is to bring the price paid by the consumer below the applicable minimum retail price.** The fluid milk processors are aware of this condition of the approval and should be communicating it to retailers.

3. Sponsor their own promotions to the extent that the promotion does not bring the price paid by the consumer below the applicable minimum retail price. The most likely scenario where this would be an option would be the retailer's own premium-priced products, such as pint and smaller containers (which are usually priced above the minimum price).

A convenience store has, in the past, sponsored a coupon for cents off on a new product.

Grocery stores may, and do, sell multiple units for a combined price that exceeds the retail minimum price – for example Hershey's pint containers buy 4 for \$5.00 (in effect \$1.25 each), when the minimum retail price for a pint is in the \$0.60 range.


As another example, in July 2018 a convenience store was selling pints of 2% chocolate milk for \$2.09 each. The minimum price in July was \$0.61. This retailer could have run a promotion along the lines of "Buy 1, Get 2 Free." The minimum retail price for three pints of 2% chocolate would have been \$1.83 (3 x \$0.61) and the retailer would have received \$2.09, so the transaction/promotion would not violate the Law.

4. Sell milk in combination with another product for a combined price at least equal to the minimum price of the milk plus the cost to the retailer of the other product. This is referred to as a combination sale and most often is seen at convenience stores and in the past has involved products such as milk and cookies. Any product plus milk would work as long as the pricing parameters are met.

To use the convenience store above in July as an example, the minimum retail price for a pint of 2% chocolate was \$0.61. For this example this retailer sells chocolate chip cookies. The cost of the chocolate chip cookie to the retailer (the price the retailer pays the baker) is \$1.00. The retailer charges consumers \$2.00 for the cookie. This retailer could have run a promotion in July to the effect of "Buy a cookie, get a pint of 2% chocolate milk for free." The minimum price of the milk plus the cost to the retailer of the cookie would have been \$1.61 combined. The retailer would have received \$2.00 for the combined sale of the cookie and milk. $\$2.00 > \1.61 , so the transaction is legal.

5. Provide on-premises samples. Samples designed to be consumed on the premises in stores are allowed. The current enforcement policy is that half-pints are the maximum volume that will be deemed a sample for on-premises consumption. The half-pint maximum is an informal enforcement policy and may be changed.

PENNSYLVANIA MILK MARKETING BOARD



Tim Moyer, Secretary

IF YOU REQUIRE THIS INFORMATION IN AN ALTERNATE FORMAT, CALL
(717) 787-4194 OR 800-654-5984 (PA RELAY SERVICE FOR TDD USERS).