

# LCBO

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January 12, 2016

TO: All Trade Partners

**RE: Updates/Changes to Minimum Retail Prices, Beer Basic Fee, LCBO Cost of Service Rates, Imported Spirits Pricing, Spirits Price Bands, LTOs, Logistics Average Freight Rates (LAFR) Review completed**

Dear Trade Partners,

## **1. Minimum Retail Price Increases – applicable to ALL products**

On Tuesday, March 01, 2016, the minimum retail prices for all beverage alcohol categories will increase in accordance with Ontario Regulation 116/10 under the Liquor Control Act (see attachments #1 and #2). Similar increases to minimum prices took place in past years. The regulation requires minimum prices to be increased by the three-year average of the Consumer Price Index.

For suppliers who wish to re-quote, please note the following key dates:

Monday, January 18, 2016	Revised wholesale quotes deadline
Monday, February 1, 2016	Wholesale quote revisions effective
Tuesday, March 1, 2016	Retail price increases effective (domestic products)

Quotes must be e-mailed to [pricing@lcbo.com](mailto:pricing@lcbo.com). *Faxed quotes are no longer accepted.*

## **2. Beer Basic Fee and LCBO Cost of Service rates – applicable to ALL beer products**

Increases to beer basic fee and LCBO in-store and out-of-store cost of service rates will also take effect **Tuesday, March 1, 2016.**

### Ontario Beer

All brewers wishing to change a price must complete and submit a Beer Price Submission Form to [pricing@lcbo.com](mailto:pricing@lcbo.com) by Monday, February 8, 4pm. For a copy of the form, click [here](#). If no form is received, the retail price of the product will be maintained. The new basic fee plus cost of service rates (where applicable) will be charged.

Please note, brewers delivering directly to LCBO stores are responsible for invoicing the correct amount based on the new basic fee and cost of service rates for shipments received by the LCBO starting Tuesday, March 1, 2016. Brewers can calculate the case cost by using the [pricing calculator](#) (now updated with new fees).

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## Imported Beer

The new basic fee and cost of service rates will be applied to the current supplier wholesale quote. If the brewer wishes to maintain the retail price, a revised quote must be received by Monday, February 8, 4pm, along with a completed Beer Price Submission form. The quote **must** include the statement: "The supplier will pay to reduce the cost of the inventory on hand and on order." Submit documents to [pricing@lcbo.com](mailto:pricing@lcbo.com).

## Beer price change schedule for TBS

Due to the high volume of beer price changes during this time period, the regular schedule has been modified as follows:

- Monday, February 8, 4pm – submission deadline for March 1 price effective
- Monday, February 15 – no price submissions
- Monday, February 22 – no price changes
- Monday, February 29 – no price changes (except approved LCBO LTOs)
- Tuesday, March 1** – new fees and MRP effective

## 3. Imported Spirit Pricing (excluding Liqueurs & Ready-to-Drink Products)

To align with the new minimum retail prices, imported spirit suppliers may also re-quote. Use the template (attachment #3) and submit along with a new quote letter to [merchandisingsupport@lcbo.com](mailto:merchandisingsupport@lcbo.com) and [pricing@lcbo.com](mailto:pricing@lcbo.com) by January 18, 2016. The new retail prices for these products will be forced up on **March 1, 2016**. Upon purchase order receipt, prices will be recalculated based on revised quote and rates.

If the LCBO does not receive a revised quote, it will be assumed that the supplier does not wish to have the retail price forced up as stated above. The new retail price will be calculated according to the regular quote increase schedule based on purchase order receipt. Please note that in this latter circumstance, it is possible that any approved Limited Time Offers (LTO) will be cancelled should they fall below the new minimum retail prices.

## 4. Limited Time Offers (LTO)

LTO prices for products participating in the Period 13 Promotional Period will be based on the retail price in effect on Monday, February 1, 2016. Suppliers should review future LCBO promotional programs to ensure that they adhere to the new minimum prices.

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## **5. Spirits Price Bands**

Please find attached a list of the new corresponding spirits price bands (attachment #4). To ensure that your product is classified in the appropriate price band and/or to notify Category Manager of any planned changes to retail price contact, [alanna.bailey@lcbo.com](mailto:alanna.bailey@lcbo.com) for White Spirits or [marijke.mclean@lcbo.com](mailto:marijke.mclean@lcbo.com) for Brown Spirits by January 29, 2016.

## **6. Logistics Average Freight Rates (LAFR) Review**

The quarterly review of the LAFR has been completed. Suppliers affected by this review will have received notification by January 8, 2016. Any supplier wishing to adjust their quote as a result of this review should consider all of the above changes when submitting a revised quote.

Questions may be directed to David Cacciottolo, Manager, Pricing Administration (416-365-5869 or [david.cacciottolo@lcbo.com](mailto:david.cacciottolo@lcbo.com)).

Thank you for your continued support and partnership,



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