



June 3, 2016

Attention: All Trade Councils

RE: FLEXIBLE MARKUP TENDERS: LCBO WINES/SPIRITS

Dear Trade Partners,

Per our 2016 Trade Symposium, it was communicated that the provincial Government has indicated a willingness to test the concept of competitive tendering with a flexible mark-up component.

LCBO would like to test the concept starting with standard priced spirits, and one-shot LCBO wines.

This letter outlines how each business unit will approach this new opportunity.

LCBO WINES: FLEXIBLE MARK-UP TENDER

LCBO Wines will test flexible mark-ups through 'one-time buys' with great pricing for customers. One tender has been established to facilitate up to 6 unique buys, with expected purchase volumes in the realm of 2,000 to 4,000 cases. The wines will be centrally distributed to stores and advertised to customers as 'limited availability' at a 'great price'.

All buyer submissions will be evaluated simultaneously, with the very best products winning. Evaluation will be based on: organoleptic assessment, branding, retail price, additional margin offered against current mark-ups and additional marketing dollars to support the product in-market.

Application Requirements & Details

- 1) All WINES submissions **must** be from vendors that quote in **Canadian dollars**
- 2) As part of your NISS submission, please enter a 'discount per case' in absolute dollars. Enter this value on the NISS Tab 'Product'; Attribute field 'Press Coverage / Other information'. Successful submissions will either be billed back for this per/case discount as separate invoice, if their product is selected for purchase.

- Product Need ID 2109 - WINES - Flexible Mark Up

- Pre submissions deadline: October 28, 2016
- Samples due: November 25, 2016
- Tasting/evaluation: December 1, 2016
- In market by: Fiscal 2017/18

NOTE: Product **NEED ID 2109** was formerly Argentina – Malbec. Based on our evolving business needs, the Argentina Malbec tender has been cancelled to make room for this WINES flexible mark-up tender.

LCBO SPIRITS: FLEXIBLE MARK-UP TENDER

Spirits will test a competitive tender for up to 6 - 8 standard priced spirits in any of the top categories: Whisky (any region), Vodka, Rum, Gin, Tequila, Brandy and Liqueurs. The tender is open to NEW brands only and successful submissions will be granted a general listing for 1 year. Organoleptic assessment, brand evaluation and market support will all be taken into consideration; however, best margin offered against the current static mark-up will be a significant factor in the final decision. Winning products must be priced within the standard price band and must provide a larger markup than the current markup structure. Multiple sizes of one brand may be submitted into this call.

Application Requirements & Details

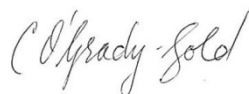
- 1) All SPIRITS submissions **must** be from vendors that quote in Canadian dollars
- 2) As part of your NISS submission, please enter your proposed markup % on the NISS Tab 'Product'; Attribute field 'Press Coverage / Other information'.

- Pre-sub deadline – July 22, 2016
- Call back deadline – July 29, 2016
- Sample deadline – August 19, 2016
- Tasting date – August 25, 2016
- Max# of subs – 25
- Target launch date – Spring 2017

Sincerely,



Stacey Roth
Director, SPIRITS



Carolyn O'Grady-Gold
Director, WINES