



January 6, 2017

TO: All Trade Partners

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

**Nancy Cardinal**

Senior Vice-President,

Sales, Marketing &

Insights

nancy.cardinal@lcbo.com

416 365 5801 tel

43 Freeland Street

Toronto, ON, M5E 1L7

lcbo.com

Dear Trade Partners,

Please be advised of the following updates and changes:

**Minimum Retail Price Increases – applicable to ALL products**

On Wednesday, March 1, 2017, the minimum retail prices for all beverage alcohol categories will increase in accordance with Ontario Regulation 116/10 under the Liquor Control Act (see attachment #1). These rates reflect recent amendments to the regulation governing minimum prices. 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 16	- revised wholesale quotes deadline
Monday, January 30	- wholesale quote revisions effective
Wednesday, March 1	- retail price increases effective (domestic products)

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

**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 Wednesday, March 1, 2017.

**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 6 at 4:00 p.m. For a copy of the form, click [here](#). If no form is received, the retail price of the product will be maintained and the supplier case cost will be lowered accordingly. The new basic fee plus cost of service rates (where applicable) will be charged.



Please note: Brewers can calculate the case cost by using the [Ontario pricing calculator](#) (now updated with new fees).

### **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 6 at 4:00 p.m., along with a completed Beer Price Submission form. The quote must include the following 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).

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

Monday, February 6 at 4:00 p.m. effective	- submission deadline for March 1 price
Monday, February 13	- no price submissions
Monday, February 20	- no price changes
Monday, February 27 LTOs)	- no price changes (except approved LCBO
Wednesday, March 1	- new fees and MRP effective

### **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 #2) 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 Monday, January 16, 2017. The new retail prices for these products will be forced up on Wednesday, March 1, 2017. 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.

### **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, January 30, 2017. Suppliers should review future LCBO promotional programs to ensure that they adhere to the new minimum prices.

### **Spirits Price Bands**

Please find attached a list of the new corresponding Spirits price bands (attachment #3). To ensure that your product is classified in the appropriate price band and/or to notify the 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 Friday, January 27, 2017.

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

The quarterly review of the LAFR is in process. Suppliers affected by this review will receive notification by Monday, January 9, 2017. 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.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Cardinal". The signature is written in a cursive, flowing style.

Nancy Cardinal  
Senior Vice-President  
Sales, Marketing & Insights

cc: Shari Mogk-Edwards  
David Cacciottolo  
Edison Yon  
Business Unit Directors