

December 19, 2016

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To: All Trade Councils

Re: **Deadline and Submission Requirements for 2017 LCBO WINES and SPIRITS & BEERS Holiday Gift Submissions**

DEADLINE:

As specified on the LCBO's New Item Submission System (NISS), holiday gift submissions are due **January 27th, 2017**. Note: There is no separate pre-submission and sample due date. All information is due on the same date.

PRODUCT SPECIFICATIONS:

In addition to traditional gift items of existing brands that include accessories, the business units encourage submissions for the following:

- Single and specialty bottles that can be given as gifts, featured on home bars, and reflect the Spirit of the Holiday Season (e.g. single bottles with holiday/celebration themed wraps).
- New and/or unique products from popular holiday categories that will create excitement and incremental sales opportunities, such as limited edition bottles.
- Products ideal for stocking stuffers (i.e. 50mL spirits miniatures, 100mL and 375mL existing premium/deluxe wines, 50mL premium trial packs and others that are seasonally relevant).
- Products under \$20 are also of interest.
- Mixed packs and specialty winter-style beers.
- Interesting and exciting gift packs with pre-packaged value-add offers (i.e. collectable glassware, embossed/branded and re-useable vessels) that play to spirit of gifting and generate a "must-have" pulse.
- Gifting submissions from large/recognizable brands will be sought after, offering consumers their favourites during the Holidays and increasing the overall success of the Program.

- For e-commerce consideration, bottles & accompanying accessories must be securely fastened within their packaging, with no more than 1 [front] window.

Note: A Product Needs Letter detailing preferences by buyer (Wines and Spirits & Beers) is available on NISS.

ENVIRONMENTAL CONSIDERATIONS:

It is the stated goal of the LCBO to reduce the amount of packaging material in the products we sell. The LCBO encourages suppliers to support appropriate environmental protection practices. Product submissions that use less material and/or, reusable packaging plus achieve other environmental objectives will be given strong consideration as part of the selection process. We also recommend the use of recycling symbols and messages on packaging where appropriate.

SUBMISSION REQUIREMENTS:

Each 2017 Holiday Gift Submission **must** include:

- 1. Sample(s) of the submission (photographs will NOT be accepted).**
 - One final sample/mock-up gift pack, with all packaging and beverage alcohol components.
 - If a mock-up without the final beverage alcohol component is submitted, a final liquid sample must be received by February 24th, 2017.
- 2. A complete application. This includes:**
 - An online application through NISS.
 - A product and gift-pack selling description.
 - An FOB or Excellars quote on supplier letterhead, with the liquid and packaging components broken down (in the same currency).

The above MUST be submitted with each NEW and/or REPEATED submission.

- New items are products that were not part of the 2016 Gift Program or were part of the 2016 Gift Program but include changes to the 2017 submission (i.e. different pack size, gift contents, packaging, etc.). These submissions will be assigned a new LCBO number if purchased for 2017.
- Repeated items are products that were part of the 2016 Gift Program and have no changes to the 2017 submission.

PACKAGING:

- Deposit Return: We are unable to purchase gift packs containing units of different container sizes, if the deposit amount varies. For example, a gift pack may not contain products < 630mL (unless < 100mL) *and* > 630mL.
- Similar products with the same alcohol percentages may be packaged together.
- ◀ • Case Carton Restriction: All gift items are subject to the case-carton dimension maximum (L: 54.0cm W: 40.6cm H: 51.0cm) and the maximum case weight restriction of 18.9kg.
- Gift pack selling units must contain the appropriate allergen declarations.
- Packaging components exceeding 40% of the final quote will **not** be considered.
- For e-commerce consideration, bottles & accompanying accessories must be securely fastened within their packaging, with no more than 1 [front] window.

PRICING & FREIGHT RATE DETAILS:

- If the beverage alcohol component in the gift pack is currently sold at the LCBO, the quote for the alcohol component in the gift pack must match that of the regular item.
- Exchange rates used to calculate the retail price will be LCBO fiscal Period 11, 2017.
- If the beverage alcohol product is from an existing supplier, the supplier freight rate will be applied to the mark-up of the gift pack.
- If the product is from a new supplier, a standard freight rate will be applied.
- Confirmation of exact shipping point/pick-up location.

SHIPPING DEADLINES AND FINES:

Late, cancelled and short-shipped purchase orders will be subject to a penalty fee outlined in the Notice to Purchase (NTP) Letter. Gifts cancelled after the NTP has been issued are subject to a one-time \$5,000 administration fee. Late shipments are subject to an administration fee of \$1,000 **per week** (or part of) for every purchase order until the full shipment is received in the intended LCBO warehouse. Short shipments may be subject to a \$1,000 administration fee.

PROGRAM FEES:

Please note: All Holiday Gift items purchased are subject to a marketing/merchandising administrative fee of 3% with a minimum of \$1,500 and a maximum of \$3,500. The percentage will be based on the case cost multiplied by the number of cases received. The fee contributes to the production costs of any in-store communication materials used to promote the gifts.

All Holiday Gift item purchases are also subject to the terms and conditions outlined in the Notice to Purchase Letter, including, but not limited to, label and case-carton compliance, sell-through targets and shipping deadlines.

Questions may be directed to the appropriate LCBO Product or Category Manager.

We look forward to working with you to provide our customers with a dynamic and exciting 2017 Holiday Gift portfolio.

GROCERY:

If you are interested in having your holiday gift pack open to grocers, please be aware of the following:

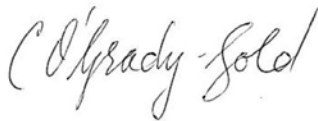
- Check the “yes” box to grocery in NISS when you make your initial submission. Product parameters for grocery can be found at Ontario Regulation 232/16 www.ontario.ca/laws/regulation/160232
- All gift packs must be made available to all grocers or none. There is no exclusivity to a single grocer allowed.

- We will require a written commitment/forecast from the grocers before we will buy additional inventory to support this channel. Without this written commitment, it will not appear on the catalogue, and the inventory will not be purchased.
- As always, unsold inventory will be subject to a rebate. For wine products only, there is a grocery floor price that can be found at Ontario Regulation 232/16 www.ontario.ca/laws/regulation/160232. If the retail price of the wine gift pack will fall below the grocery floor once the rebate is applied, it will not be eligible for grocery
- Gift packs in grocery cannot be broken down after Christmas. They must be sold as gift packs.

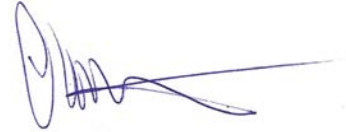
Sincerely,



Stacey Roth,
Director, SPIRITS



Carolyn O'Grady-Gold,
Director, WINES



Chris Robertson,
Director, BEER & CIDER

cc: Nancy Cardinal
Shari Mogk-Edwards
Category and Product Managers