



December 22, 2017

To: All Trade Councils

Re: **Deadline and Submission Requirements for 2018 LCBO WINES, SPIRITS and BEER & CIDER Holiday Gift Submissions**

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DEADLINE:

As specified on the LCBO's New Item Submission System (NISS), holiday gift submissions are due **February 9th, 2018**. Note: There is no separate pre-submission and sample due date. All information is due on the same date.

PRODUCT SPECIFICATIONS:

Recognizing that newness and uniqueness drives excitement, we will be focusing on gift items that deliver this same level of delight to our customers. We encourage submissions of traditional gift items with updated and refreshed packaging of existing brands, that include accessories or value adds that expresses a "must-have" message to shoppers. The following criteria (not limited to) will be considered:

- 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)
- Value products under \$20 will also be considered
- Mixed packs and specialty winter-style beers
- Seasonally relevant/limited edition Ready-to-Drink products
- 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
- E-commerce exclusive offerings



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Note: A Product Needs Letter detailing preferences by buyer (Wines, Spirits and Beer and Cider) 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 2018 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 March 9th, 2018

2. **A complete application. This includes:**
 - An online application through NISS.
 - A product and gift-pack selling description.
 - An FOB or Ex-cellars 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 2017 Gift Program or were part of the 2017 Gift Program and include significant changes to the 2018 submission (i.e. different pack size, gift contents, packaging, etc.). These submissions will be assigned a new LCBO number if purchased for 2018

- Repeated items are products that were part of the 2017 Gift Program and have no changes to the 2018 submission

PACKAGING:

- Multi-pack gift items – bottles not sold individually by LCBO must have the UPC defaced or marked “**Not for Resale**”. UPC codes for items within the gift pack must be different from the selling unit

- Deposit Return: For gift packs containing units of different container sizes, please ensure your application and pricing requests identifies the product and its’ corresponding size format.

- Similar products with the same alcohol percentages may be packaged together.

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- ▲ • 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.
- Gift pricing calculators will be available early January 2018 on WWW.doingbusinesswithLCBO.com. Please note markup rates effective in April 2018 will be used to price gift packs and will be reflected in the price calculators.
- 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, 2018.
- 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

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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.

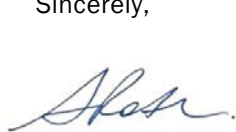
Grocery:

If you are interested in having your eligible 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/regulations/160232
- All gift packs must be made available to all grocers or none. No exclusivity to a single grocer is 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 grocery product 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/regulations/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 available for grocery
- Gift packs in grocery cannot be broken down after Christmas. They must be sold as gift packs

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 2018 Holiday Gift portfolio.

Sincerely,



Stacey Roth,
Director, SPIRITS



Marie Cundari,
Director, WINES



Chris Robertson,
Director, BEER & CIDER

cc: Joyce Gray
Carolyn O’Grady-Gold
Category and Product Managers