

PRICING ADMINISTRATION

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Manager, Pricing Administration - LCBO



Agenda

- **LCBO Pricing**
- **Recent Changes**
- **Future Changes**
- **Online Resources**
- **Pricing Calculators**
- **Quote change schedule**
- **Q&A**



What We Do

Price all LCBO and private stock products

TBS Pricing

Implement changes to pricing policy



Recent Pricing Changes

- **March 1** – MRP and beer fees
- **April 1** – Excise tax, wine markup increase, markup harmonization, COSD



Future Pricing Changes

Changes	Effective Date
MRP	Annually on March 1
Beer Cost of Service	Annually on March 1
Beer Basic Fee	Annually on March 1 November 1, 2018
Wine Markup	April 2019 (1% increase)
Excise	Annually on April 1



Cost of Service Differential (COSD)

Previously Ad Valorem differential within markup

- +6% on imported wines and
- +7% on imported spirits.

New fixed per litre rate; regional specific

- Domestic and imported markup harmonized
- Driven by CETA agreement



COSD Values

ORIGIN	WINE	SPIRITS	COOLERS
DOMESTIC	0.000000	0.000000	0.000000
NAFTA	0.315880	1.239000	0.110530
CETA/ EU	0.601520	0.972990	0.813810
Other	0.649550	1.550290	1.304880

Please note: To have the correct rate applied, suppliers must submit a declaration of origin prior to the beginning of each calendar year. If no documentation is received, the 'other' rate will be applied.



Markup Harmonization

Table Wine	Prior to April 2018	April 2018
Ontario	69.5%	71.5%
Canada - out of province	75.5%	71.5%
U.S & Imports	75.5%	71.5%

Whisky	Prior to April 2018	April 2018
Domestic	139.7%	139.7%
U.S	146.8%	139.7%
Imports	146.7%	139.7%



Wine Examples Before and After COSD

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$50.32 CAD	\$9.95	\$10.05
NAFTA	\$36.67 CAD	\$9.95	\$10.00
CETA/ EU	\$36.67 CAD	\$9.95	\$10.25
OTHER	\$36.67 CAD	\$9.95	\$10.35

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$112.98 CAD	\$19.95	\$20.20
NAFTA	\$97.18 CAD	\$19.95	\$19.80
CETA/ EU	\$97.18 CAD	\$19.95	\$20.00
OTHER	\$97.18 CAD	\$19.95	\$20.15



Spirit Examples Before and After COSD

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$70.92 CAD	\$26.70	\$26.85
NAFTA	\$67.60 CAD	\$26.70	\$27.15
CETA/ EU	\$67.20 CAD	\$26.70	\$26.85
OTHER	\$67.20 CAD	\$26.70	\$27.45

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$173.95 CAD	\$49.95	\$50.10
NAFTA	\$167.67 CAD	\$49.95	\$49.75
CETA/ EU	\$167.31 CAD	\$49.95	\$49.45
OTHER	\$167.31 CAD	\$49.95	\$50.05



Cooler Examples Before and After COSD

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$28.48 CAD	\$2.95	\$2.95
NAFTA	\$27.21 CAD	\$2.95	\$2.95
CETA/ EU	\$27.16 CAD	\$2.95	\$3.30
OTHER	\$27.16 CAD	\$2.95	\$3.55

*473ml can

ORIGIN	QUOTE	PRICE CURRENT	PRICE April 30
DOMESTIC	\$18.40 CAD	\$12.25	\$12.25
NAFTA	\$17.56 CAD	\$12.25	\$12.15
CETA/ EU	\$17.52 CAD	\$12.25	\$13.85
OTHER	\$17.52 CAD	\$12.25	\$15.05

*6 pack can



Overview of online Resources

LCBO

Doing Business with LCBO

Step 1 →



Trade Resources Online
Beverage Alcohol



Store Construction,
Real Estate, Agency Stores



Grocery



Suppliers Non-Beverage
Alcohol

LCBO Doing Business with LCBO
Trade Resources Online

SEARCH GO

NEW SUPPLIER/AGENT NEW PRODUCT PROCUREMENT PACKAGING & QUALITY PROMOTIONAL PROGRAMS WEB SYSTEMS **FORMS & DOCUMENTS**

Step 2 ←

- Forms
- Documents**
- Letters To The Trade
- Product Needs Letters
- Terms & Conditions
- Trade Presentations
- Video
- Glossary
- Archive
- Services

LCBO PROGRAMS VINTAGES PROGRAMS



STORE OPENINGS PRODUCT CONSULTANTS EVENTS e-COMMERCE (Products of the World) SERVICES



Online Resources

Foreign Exchange Rates

- Pricing Rates

Pricing Documents

- Pricing FAQs
- Annual Floor Price Increase Quote Template 2018
- MRP Index Factor 2018 Trade
- PRICE BANDS BY SUBSET- 2018_19_revised
- Quote Increase Schedule 2018-2019
- BEER Pricing Process Changes for Products listed at the LCBO and/or The Beer Store (TBS) - May
 - Beer Price Submission
- LCBO Pricing Administration New Electronic Mailbox and Guidelines - May

Pricing Calculators

- GIFT PACK COOLER RTD CIDER (effective April 2018)
- GIFT PACK BEER (effective April 2018)
- GIFT PACK WINE (effective April 2018)
- GIFT PACK SPIRITS (effective April 2018)
- Flavoured Beer Import (effective April 01 2018)
- Flavoured Beer Import Keg (effective April 01 2018)
- Beer Ontario (effective April 01 2018)
- Beer Import Keg (effective April 1 2018)
- Beer Import (effective April 01 2018)
- WINE (effective April 2018)
- KEG CIDER (effective April 2018)
- SPIRITS (effective April 2018)
- COOLER RTD CIDER (effective April 2018)



Wine Calculator

WINE PRICING CALCULATOR
Effective April 1 2018

LCBO No. ESTIMATE ONLY
March 28, 2018

CASE QUOTE (Duty Paid if Cdn)	50.00	WINE LEVY (\$/L)	1.62	
EXCHANGE RATE	1.000000	VOLUME LEVY (\$/L)	0.29	
FREIGHT RATE	0.00	COSD RATE	0	
SELLING UNIT SIZE (LITRES)	0.750	MARK-UP	71.5%	
UNITS PER CASE	12	ENVIRO FEE (\$/Btl)	0.0893	
CONTAINERS PER SELLING UNIT	1	H.S.T. RATE	13.0%	
EXCISE RATE	0.0000	CONTAINER DEPOSIT RATE	\$0.20	
DUTY RATE	0.0000	TYPE OF WINE	Table Wine	
ALCOHOL %	13.00	IMPORT (I); ONTARIO (O)	0	
ORIGIN	Domestic			

Supplier Quote (CDN)	\$50.0000	
Duty	0.0000	
Excise	0.0000	
Freight Rate	0.0000	
Landed Cost	\$50.0000	
Mark up	35.7500	
Wine Levy	<u>14.5800</u>	
Sub-Total (case)	\$100.3300	
Sub-Total (selling unit)	\$8.3608	
Volume Levy	0.2175	
COSD Amount	0.0000	
Environmental Fee	<u>0.0893</u>	
Basic Price (not rounded)	\$8.6676	
H.S.T.	<u>1.1268</u>	
Retail (not rounded)	\$9.7944	
H.S.T.	<u>1.13</u>	
ROUNDED RETAIL	\$9.80	
Deposit	\$0.20	
Final Retail Price	\$10.00	

LICENCEE PRICING:

Basic Price	\$8.67
Licensee Discount	0.87
Licensee basic	7.80
Licensee markup	0.47
HST	1.08
Deposit	0.20
LICENCEE PRICE	9.55

<i>Ontario wine licensee discount</i>	10%
<i>Imported wine licensee discount</i>	5%

Litres of absolute al | \$ 1.1700

Key Fields:

- Excise Rate
- Duty Rate
- Origin
- Type of Wine

TYPE OF WINE	Table Wine				
IMPORT (I); ONTARIO (O)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%; text-align: right;">Table Wine</td> </tr> <tr> <td style="text-align: right;">Light Wine < 7%</td> </tr> <tr> <td style="text-align: right;">Fortified</td> </tr> <tr> <td style="text-align: right;">Flavoured</td> </tr> </table>	Table Wine	Light Wine < 7%	Fortified	Flavoured
Table Wine					
Light Wine < 7%					
Fortified					
Flavoured					



Spirit Calculator

LCBO No: 517151		SPIRITS 2018		ESTIMATE ONLY	
March 28, 2018					
CASE QUOTE	50.00	MARKUP		139.7%	
EXCHANGE RATE	1.000000	VOLUME LEVY		0.38	
SELLING UNIT SIZE (LITRES)	0.750	ENVIRO FEE (\$/Btl)		0.0893	
UNITS PER CASE	6	H.S.T.		13.0%	
CONTAINERS PER SELLING UNIT	1	DUTY RATE		0.0000	
FREIGHT RATE	\$0.00	EXCISE RATE		12.1090	
ALCOHOL PERCENT	40.00%	CONTAINER DEPOSIT RATE		\$0.20	
ORIGIN	Domestic	COSD RATE		0	

CASE QUOTE (CDN)	\$50.0000
Duty + Excise	\$21.7962
Freight Rate	\$0.0000
Landed Cost	\$71.7962
Markup	\$100.2993
Sub-Total case	\$172.0955
Basic per bottle	\$28.6826
Volume Levy	\$0.2850
COSD Amount	\$0.0000
Environmental Fee	\$0.0893
Basic	\$29.0569
H.S.T.	\$3.7774
RETAIL (unrounded, no deposit)	\$32.8343
Rounded Retail	
Basic	\$28.6957
Levy, COSD & Env.	\$0.3743
Basic	\$29.07
H.S.T	\$3.78
RETAIL (rounded, no deposit)	\$32.85
DEPOSIT	\$0.20
Final Retail	\$33.05

LICENCEE PRICING	
BASIC	\$29.07
Basic Licensee Price	\$27.62
Licensee markup	\$1.66
HST	\$3.81
TOTAL	\$33.09
DEPOSIT	\$0.20
Final Licensee price	\$33.29

Key Fields:

- Alcohol
- Origin
- Excise Rate
- Duty Rate

ORIGIN	Domestic
CASE QUOTE (CDN)	Domestic
Duty + Excise	NAFTA
	EU/CETA
	Other



Cooler RTD Cider calculator

COOLER RTD CIDER PRICE CALCULATOR		ESTIMATE ONLY	
Effective April 1 2018			
LCBO #	555904, 555912		
March 29, 2018			
CASE QUOTE	28.81	VOLUME LEVY	0.28
EXCHANGE RATE	1.000000	ENVIRONMENTAL FEE	0.0893
FREIGHT RATE	\$0.00	COSD RATE	0
SELLING UNIT SIZE (LITRES)	0.473	MARKUP	68.5%
UNITS PER CASE	24	H.S.T.	13.0%
CONTAINERS PER SELLING UNIT	1	TYPE	Spirit Cooler
ALCOHOL %	6.00%	CONTAINER DEPOSIT	0.10
EXCISE RATE	0.3060	IMPORT (I); ONTARIO (O)	0
DUTY RATE	0.0000	ORIGIN	Domestic
Supplier Quote (CDN)	\$28.8100	LICENSEE PRICE	
Excise	\$3.4737	BASIC	\$2.52
Duty	\$0.0000	Licensee discount	\$0.13
Freight Rate	\$0.0000	Basic Licensee Price	\$2.39
Landed Cost	\$32.2837	Licensee markup	\$0.14
Markup	\$22.1143	HST	\$0.33
Sub-Total (case)	\$54.3980	Deposit	\$0.10
Sub-Total (selling unit)	\$2.2666	LICENCEE PRICE	\$2.96
Volume Levy	\$0.1324	Litres of absolute alcohol \$ 0.6811	
COSD Amount	\$0.0000	Ontario wine Licensee discount 0 10%	
Environmental Fee	\$0.0893	Imported wine Licensee discou 1 5%	
Basic Price (not rounded)	\$2.4883		
H.S.T.	\$0.3235		
Retail (not rounded)	\$2.8118		
Rounded Retail			
Basic	\$2.2983		
Levy & Env.	\$0.2217		
Basic (rounded)	\$2.52		
H.S.T.	0.33		
ROUNDED RETAIL	\$2.85		

Key Fields:

- Alcohol
- Excise Rate
- Duty Rate
- Type
- Origin

EXCISE RATE	0.3060
DUTY RATE	0
	0.306
	0.639
	12.109



Beer Import calculator

IMPORTED BEER PRICING		ESTIMATE ONLY	
LCBO No:		Effective April 01, 2018	
28-Mar-2018			
Variables			
CASE QUOTE	20.00		
CURRENT EXCHANGE RATE	1.0000		
CASE QUOTE CANADIAN	20.0000	IN STORE COST OF SERVICE	0.6362
CASE FREIGHT	5.0000	OUT OF STORE COST OF SERVICE	0.1722
SELLING UNIT SIZE (Litres)	5.000	BREWERY TYPE (REGULAR OR MICRO)	REGULAR
UNITS PER CASE	2.00	BASIC FEE USED	0.8974
CONTAINERS PER SELLING UNIT	1.00	BOTTLE LEVY (per litre)	0.176
PERCENT ALCOHOL	4.80%	ENVIRONMENTAL FEE	0.0893
EXCISE RATE PER LITRE	0.3232	DEPOSIT	0.10
DUTY RATE PER LITRE	0.0000	H.S.T.	13.00%

Quote Canadian	20.0000		
Excise	3.2320		
Duty	0.0000		
Case Freight	5.0000		
Landed Cost	<u>28.2320</u>		
In Store COS	6.3620		
Out of Store COS	1.7220	Min.	
Markup	8.9740		
Sub-Total (case)	45.2900		

LCBO Licensee Price	
Basic	23.63
Discount 5% - New Basic	22.45
H.S.T.	2.92
Deposit	0.10
Total	\$25.47

Sub-Total (selling unit)	22.6450
Bottle Levy	0.8800
Environmental Fee	<u>0.0893</u>
Basic Price (not rounded)	23.6143
H.S.T.	3.0699
Retail (not rounded)	26.6842

Basic Price	23.63
HST	<u>3.07</u>
Retail Rounded	\$26.70
Deposit	0.10
Final Retail Price	\$26.80

Key Fields:

- Excise Rate
- Duty Rate
- Brewery Type

BREWERY TYPE (REGULAR OR MICRO)

REGULAR

BASIC FEE USED

MICRO

REGULAR



Beer Ontario Calculator

lets get together

ONTARIO PACKAGED BEER PRICING (ef

LCBO No:
29-Mar-2018

Variables - ENTER FIELDS IN RED

CASE QUOTE	35.96
STORE (S), WAREHOUSE (W)	W
REFILLABLE: YES (Y), NO (N)	Y
CONTAINER TYPE: BOTTLE(B), CAN (C)	B
FRBIGHT	0.0000
VOLUME (LITRES)	2.046
SELLING UNITS PER CASE	4.00
CONTAINERS PER SELUNG UNIT	6.00
PERCENT ALCOHOL	5.00%
IN STORE COS	1.3017
OUT STORE COS	0.3523
BASIC FEE	0.8133
LEVY PER LITRE	0.360
ENVIRONMENTAL LEVY	0.0000
EXCISE RATE PER LITRE	0.3232
DEPOSIT	0.10
H.S.T.	13.00%
BREWERY TYPE: REGULAR (R) , MICRO (M)	m
LCBO COST	8.9868
HST	1.17
DEPOSIT	0.60
TOTAL	<u>10.76</u>
BASIC PRICE	11.81
HST	<u>1.54</u>
DEPOSIT	0.60
HOME CONSUMER PRICE	\$13.95

Key Fields:

- Store (S), Warehouse (W)
- Refillable
- Container Type
- Brewery Type



Instruction Tab

Instructions for using the Wine Cooler, Spirit Cooler, Low Alc/ RTD, Still and Sparkling Cider Price Calculator	
CASE QUOTE	Enter case quote from supplier
EXCHANGE RATE	Enter exchange rate if quote is in foreign currency. If currency is Canadian, enter 1.00
FREIGHT RATE	Enter the case freight for the product. If the rate is estimated, the final retail price will also be an estimate
SELLING UNIT SIZE (LITRES)	Enter the size in litres of the selling unit - e.g. 0.750 OR 1.32
UNITS PER CASE	Enter the number of selling units in a shipping case - e.g. 12 bottles per case
CONTAINERS PER SELLING UNIT	Enter the number of individual containers per selling unit - 1 for a singel bottle; 6 for a six-pack
ALCOHOL %	Enter the percentage alcohol
EXCISE RATE	Enter the excise rate, refer to the "reference" tab
DUTY RATE	Enter the duty rate, refer to the "reference" tab
VOLUME LEVY	This is a calculated field
ENVIRONMENTAL FEE	The rate applied is the standard for all non-refillable packages
COSD RATE	This is a calculated field
MARKUP	This is a calculated field
H.S.T.	Tax rate of 13%
TYPE	Select from the drop down box: Low Alc/RTD, Spirit Cooler, Wine Cooler, Still Cider, Sparkling Cider
CONTAINER DEPOSIT	This is a calculated field
IMPORT (I); ONTARIO (O)	Enter 'I' for imported, or 'O' for Ontario
ORIGIN	Select from the drop down box: Domestic, NAFTA, EC, Other

Price Calculator	Instructions	MRP	Reference
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Reference Tab

Container Deposit	
Glass, Tetra, Bag-in-Box, Tetra <=100ml	zero
Glass, Tetra, Bag-in-Box, Tetra <= 630ml	\$0.10 per container
Glass, Tetra, Bag-in-Box, Tetra > 630ml	\$0.20 per container
Cans (Aluminum or Steel) <= 1000ml	\$0.10 per container
Cans (Aluminum or Steel) > 1000ml	\$0.20 per container

COSD Rates			
Origin	Wine	Spirits	Coolers
Domestic	0.000000	0.000000	0.000000
NAFTA	0.315880	1.239000	0.110530
EU/CETA	0.601520	0.972990	0.813810
Other	0.649550	1.550290	1.304880

	Low Alc/ RTD	Spirit Cooler	Wine Coolers	Still Cider	Sparkling Cider
Excise	All (Domestic, US, Import) =12.109/ LAA	All (Domestic, US, Import) = 0.306/ litre	100% Canadian = 0; Import Under 7.1 = 0.306/ litre; Import Over 7 = 0.639/ litre	* 100% Canadian Cider = 0 (Paid directly by supplier); * Import 7% alc and lower = 0.306/ litre; * Import Over 7.1% alc = 0.639/ litre	* 100% Canadian Cider = 0 (Paid directly by supplier); * Import 7% alc and lower = 0.306/ litre; * Import Over 7.1% alc = 0.639/ litre
Duty	Domestic = 0 Import & U.S = 0.1228	Domestic = 0 Import & U.S = 0.1228	Domestic = 0 Import & U.S = 0.1228	Domestic = 0; Import & U.S = 3% of the Quote	Domestic = 0; Import & U.S = 0.2816/ litre
Vol Levy	0.38/ litre	0.28/ litre	0.28/ litre	0.28/ litre	0.28/ litre
Enviro Levy	0.0893/ container	0.0893/ container	0.0893/ container	0.0893/ container	0.0893/ container
Markup	96.70%	68.50%	60.60%	60.60%	60.60%
COSD Rates	Use Spirits Rate	Use Cooler Rate	Use Cooler Rate	Use Wine Rate	Use Wine Rate

Gift calculators

HOLIDAY SPIRITS 2018		
LCBO No:		ESTIMATE ONLY
March 28, 2018		
LIQUID COST	50.00	MARKUP 139.7%
PACKAGING COST	10.00	VOLUME LEVY 0.38
EXCHANGE RATE	1.000000	ENVIROMENTAL FEE 0.0893
SELLING UNIT SIZE (LITRES)	0.750	H.S.T. 13.0%
UNITS PER CASE	12	DUTY RATE 0.0000
CONTAINERS PER SELLING UNIT	1	EXCISE RATE 12.1090
FREIGHT RATE	\$0.00	DEPOSIT \$0.20
ALCOHOL PERCENT	40.00%	COSD RATE 0.973
ORIGIN	EU/CETA	

	<u>LIQUID</u>	<u>PACKAGING</u>	<u>TOTAL QUOTE</u>
Case Quote (CDN)	\$ 50.000	\$ 10.00	\$ 60.00
Duty + Excise	\$ 43.592	\$ -	\$ 43.59
Freight Rate	\$ -	\$ -	\$ -
Landed Cost	\$ 93.592	\$ 10.00	\$ 103.59
Markup	\$ 130.749	\$ -	\$ 130.75
Sub-Total case	\$ 224.341	\$ 10.00	\$ 234.34
Basic Per Bottle	\$ 18.695	\$ 0.83	\$ 19.53
Volume Levy	\$ 0.285	\$ -	\$ 0.29
COSD Amount	\$ 0.730	\$ -	\$ 0.73
Environmental Fee	\$ 0.089	\$ -	\$ 0.09
Basic	\$ 19.799	\$ 0.83	\$ 20.63
H.S.T.	\$ 2.574	\$ 0.11	\$ 2.68
Retail (not rounded)	\$ 22.373	\$ 0.94	\$ 23.31
Deposit	\$ 0.200	\$ -	\$ 0.20
Final Retail Price	\$ 22.600	\$ 0.95	\$ 23.55

Key Fields:

- Liquid cost
- Package Cost
- Origin
- Duty
- Excise

DUTY RATE

0.0000
0
0.0492
0.1228
0.2456



Quote Increase Schedule 2018 - 2019

Date to Pricing	Quote Effective Date	Retail Change* Domestic
February 26, 2018	April 2, 2018	April 30, 2018
April 2, 2018	April 30, 2018	May 28, 2018
April 30, 2018	May 28, 2018	June 25, 2018
May 28, 2018	June 25, 2018	July 23, 2018
June 25, 2018	July 23, 2018	August 20, 2018
July 23, 2018	August 20, 2018	September 17, 2018
August 20, 2018	September 17, 2018	October 15, 2018
September 17, 2018	October 15, 2018	November 12, 2018
October 15, 2018	November 12, 2018	December 10, 2018
November 12, 2018	December 10, 2018	January 7, 2019
December 10, 2018	January 7, 2019	February 4, 2019
January 7, 2019	February 4, 2019	March 4, 2019
February 4, 2019	March 4, 2019	April 1, 2019

* The retail price for imported products will change following receipt of goods purchased at the revised quote.



Quote Changes

- Increases permitted 13 times per year
- Decreases anytime
- Domestic price change as per schedule
- Imported price change follows receipt of PO



Grocery Products

- Pricing is initiated by suppliers
- Quote and price change schedule – same as LCBO products
- Price decreases are permitted
- Minimum prices for wines



Q&A

