

New Grocery and Convenience Store Q&A

On June 11, 2024, the AGCO and the LCBO held a joint webinar for interested grocery store and convenience store owners on how to become a licensed alcohol retailer in Ontario. We're pleased to provide the following Q&As that were asked during the session.

This document is intended to provide grocery and convenience stores interested in becoming a licensed beverage alcohol retailer in Ontario with additional information about purchasing and selling beverage alcohol.

For AGCO-related Q&A, please visit [AGCO/LCBO Joint Webinar Q&As](#).

Products

Who decides what products are in my store? Are there mandatory brands that we need to carry? Is there a minimum selection imposed by the government?

LCBO will provide you with a catalogue of eligible products. You can review the product list and decide which ones you want to carry in your stores. Remember, there are shelf space requirements which mean that a percentage of the products you carry must be from small producers; these products will be identified in the catalogue (you can find more information under the 'Display' section of this document).

Your LCBO Account Manager will be able to provide additional guidance regarding top-selling SKUs etc, but you may also want to think about your customers' needs.

What is a reasonable dollar amount to start inventory?

Once licensed, your LCBO Account Manager will be able to help you understand what an initial investment may look like. If you want to understand what this might look like prior to getting licensed, you may want to think about how much space you have in your store to display alcohol. In terms of product cost – here are some examples from the existing catalogue (as at June 16, 2024):

- The wholesale price for a 24-pack of Bud Light is \$62.93
- The wholesale price for a 24-pack of Cowbell Brewing Original Cider is \$79.04
- The wholesale price for a 12-pack of Icellars Pinot Noir VQA is \$323.73.

Will we have access to Vintages items or consignment items?

No. Vintages will remain exclusive to LCBO and LCBO Convenience Outlets.

If a product is not available in the product catalogue, it cannot be purchased.

Can a chain of convenience stores have a private brand custom made for their chain of locations?

At this time, you are unable to sell private labels.

What is the largest unit of alcohol that a convenience store can sell?

Please reference Section 90 of Ontario Regulation 746/21 which states it is 5L. In terms of multi-packs, the largest is a 30-pack of beer.

When convenience stores are able to place orders, will we have access to order all eligible beer/wine products? Or do we start with domestic and order international products later on?

Starting at the end of July, you will be able to place orders for non-LCBO supplied products, which means products supplied (or distributed) by The Beer Store or Ontario producers. Regardless, you will continue to order from the LCBO who will facilitate fulfillment and delivery from these third parties. All payments are made to LCBO. Starting in early October, you will also be able to order LCBO-supplied products.

If we get a convenience store licence, can we purchase kegs from local craft breweries and sell growler refills?

No. According to the regulations, you can only sell products in formats up to 5L. Growlers are not an available format from the LCBO. Only products available in LCBO's product catalogue are available for purchase.

What pack sizes are we able to sell? Will we be required to carry all sizes of products (i.e. can we carry only small packs of beer instead of 24)?

There are no restrictions on pack sizes (e.g. 8-pack, 24-pack or 30-pack sizes); this is a decision that you will need to make based on customer demand and the size of your store.

Do RTD products produced at an Ontario co-packing facility qualify as Ontario "Domestic" items?

Yes. All domestic products are eligible regardless of the manufacturing arrangement.

Why can't I sell spirits?

According to the regulations, spirits cannot be sold at grocery and convenience stores.

Ordering and selling

How do I purchase product?

The only way to legally purchase products is by using LCBO's online ordering system. Once you have an AGCO licence and are onboarded with the LCBO, we will provide training on how to use the system. This is the same system used by the 450 currently licensed grocery stores.

When can convenience stores and new grocery stores start ordering product online? When can we get a copy of the product catalogue?

In July we will provide convenience stores with a catalogue of eligible products. We will provide a date from which you can order, and you cannot start selling prior to September 5.

In September, we will provide grocery stores with a catalogue of eligible products. We will provide a date from which you can order, and you cannot start selling prior to October 31.

What forms of payment do you accept? Can I pay by invoice?

Acceptable forms of payments include credit card or you may be eligible for payment terms.

Is it possible for corporations who own and run many stores to make a single order on behalf of all the stores and have the product shipped to a single corporate warehouse?

Shipment to a centralized facility may be possible. Your LCBO Account Manager will be able to review available options with you.

Are there minimum order quantities? What are they?

We are working on fulfilment options to best meet the needs of our customers and will be setting guidelines on minimum order quantities with the 200+ supplying sources we work with. More details will be shared in July during onboarding.

Can we order directly from Ontario wineries?

All purchases must be made through LCBOs online ordering platform. We facilitate the sale between you and the producer. Assuming the producer has made its product available for sale to grocery and convenience stores, it will appear on the LCBO product catalogue.

Can I sell alcohol to bars and restaurants?

No.

Pricing

How does pricing work?

Buying product

When new retailers are able to order, the wholesale price of products will reflect a 10% discount on the LCBO basic price (LCBO retail price less HST and container deposit) plus applicable taxes and container deposit. Note: This approach will change in January 2026 as LCBO adopts a cost-plus pricing structure.

Wholesale price = (LCBO basic price – 10% discount) + HST + container deposit

For example:

- The basic price for a 24-pack of Bud Light is \$59.52. With your 10% wholesale discount, the wholesale price is $\$59.52 - \$5.95 + \$6.96 + \$2.40 = \$62.93$
- The basic price for a 24-pack of Cowbell Brewing Original Cider is \$75.36. With your 10% wholesale discount, the wholesale price is $\$75.36 - \$7.54 + \$8.82 + \$2.40 = \$79.04$.
- The basic price for a 12-pack of Icellars Pinot Noir VQA is \$315.96. With your 10% wholesale discount, the wholesale price is $\$315.96 - \$31.60 + \$36.97 + \$2.40 = \$323.73$.

Selling product

Grocery and convenience stores will be able to set their own prices, which means that they may retail products above, below or the same price as LCBO, but [Minimum Retail Pricing](#) requirements remain in place to ensure social responsibility.

Are the margins different for each category (e.g. beer, wine, cider)? Will all retailers have the same base cost?

The wholesale discount of 10% applies across all product categories for all retailers. Retailers set the retail price in store (as long as they do not go below [Minimum Retail Pricing](#) requirements).

Are the products I carry going to guarantee sales?

Like any other product wholesaler, LCBO cannot guarantee retailers' sales. You should think about your competitive landscape, your customers' preferences, and – once assigned – speak to your LCBO Account Manager for guidance.

Can I give discounts to my loyal customers or if customers buy a 24-pack beer (as an example)?

A licensee cannot offer free or discounted merchandise that requires the purchase of liquor. Convenience and grocery stores set their own retail prices for liquor, as long as the sale price is not less than the minimum price set out in Ontario Regulation 750/21.

Can we sell a product for more than LCBO retail price? Is there any ceiling price?

Grocery and convenience stores will be able to set their own prices, which means that they may retail products above, below or the same price as LCBO, but [Minimum Retail Pricing](#) rules remain in place as per the regulations.

Is there a recommended or standard markup percentage or pricing strategy for alcohol products in convenience stores?

No, this is at retailers' discretion.

Do convenience stores/grocery stores/manufacturers retail stores have to match LCBO LTO promotions?

Promotional Limited Time Offers (LTOs) in LCBO's retail stores will no longer impact pricing in grocery stores as of September 5, 2024.

What support or guidance will you provide to help store owners optimize profitability?

Licensed retailers will be assigned an LCBO Account Manager who will provide guidance about sales trends and the types of products that you may wish to consider purchasing.

Are there any incentives or volume discounts?

No, but you may benefit from a cheaper delivery charge per case if you order larger quantities. Distribution fees are currently under review and more information will be shared in the coming months.

Are we allowed to sell single cans or bottles of beer?

Yes. You must sell products in their intended consumer packaging.

Can we purchase wines from the LCBO that sell at \$9.95 as long as we retail them for \$10.95 or higher?

We are currently reviewing our product assortment and working through expanding the catalogue to align with revised regulations and government direction. These products will not be available in the initial product catalogue.

Distribution

How does distribution work? How often are deliveries made to store?

Orders are fulfilled by one or more supplying sources. Supplying sources include LCBO, Ontario manufacturers and The Beer Store. It is LCBO's responsibility as the exclusive wholesaler to coordinate order fulfillment with all supplying sources.

Once orders are fulfilled, they are delivered by one or more companies. Deliveries can be made by LCBO's contracted carriers, Ontario producers or third-party logistics companies (for example TBS or TNG).

It is important to understand that convenience and grocers store operators do not pay Ontario Manufacturers or supplying sources directly.

It is too early to determine LCBO-supplied product delivery frequency to grocery and convenience stores. More information will be available in the coming months and your LCBO Account Manager will be communicating your delivery schedule.

After an order is submitted, how many days does it take to get it delivered to the store?

It is too early to determine LCBO-supplied product delivery frequency to grocery and convenience stores. We are engaging with convenience stores industry representatives and will share more information in July.

What are the distribution fees for both LCBO supplied and non-LCBO supplied products?

Distribution fees are currently being reviewed and more information will be shared in July.

Will LCBO have their own trucks delivering or will they use distributors and third-party carriers? Essentially whose truck is delivering it?

LCBO works with third-party carriers to deliver LCBO-supplied products from our warehouses to retailers. These carriers do not have LCBO-branded trucks.

Will we be able to cross dock or house products in a warehouse to deliver later to our stores in a multi-store convenience environment?

Shipment to a centralized facility may be possible. Your LCBO Account Manager will be able to review available options with you.

Can existing grocery licensees manage the distribution or delivery of alcohol to our store(s)?

Licensees may organize their own distribution of products - they will have to provide these details to the LCBO.

Ontario Deposit Return Program

What is the Ontario Deposit Return Program?

The Ontario Deposit Return Program (ODRP) is the waste reduction and recycling program established by the Government of Ontario for eligible beverage alcohol containers. Under this program, consumers pay a deposit on alcohol containers at the time of purchase and it is 100% refunded when the empty container is returned.

The Ontario Government works with LCBO and The Beer Store to administer and operate this program, and intends to enter into a new ODRP Agreement with LCBO and TBS before October 1, 2024. More information will be shared once that agreement is finalized.

Who will be required to accept empty bottle returns?

Starting October 31, 2024, some eligible licensed grocery stores will be required to participate in the program by collecting empty containers, further helping customers and the industry to minimize their collective impact on the environment. Convenience stores are exempt.

A grocery store is exempt from these requirements until January 2026 if it is located within 5km of The Beer Store (as of September 3, 2024). All exempt grocery stores and convenience stores must post signage identifying the closest place(s) to return containers in accordance with requirements set by LCBO.

The LCBO will contact you if you will be required to accept empty containers starting October 31, 2024 or if you are exempt and required to post signage (this signage will be provided to you and available on the relevant website).

How will the bottle return system work? Do we charge customers a deposit, or are we paid for the returns? How often do they pick up the returns?

Grocery stores will be required to:

- accept empty containers during the hours in which alcohol is offered for sale
- refund deposits on eligible containers to consumers
- sort containers into four categories (aluminum, refillable bottles, clear glass and coloured glass)
- coordinate pick-up with The Beer Store
- keep the required records

Participating retailers will receive a handling fee of \$0.02 per container provided that the required sorting is complete.

We will provide everything you need to know about your ODRP responsibilities when you complete your on-boarding in the coming months.

For stores that are more than 5km from the closest TBS and must accept empties, when does this process commence? On the date indicated on the store license?

These grocery stores must start accepting empties from October 31, 2024. The date of the licence is not relevant to accepting empties.

Product Returns

Does the LCBO take back product if expired or damaged and is there a fee/cost? Is there a credit for expired products?

There is a claims process for products that are damaged in transit to grocery or convenience stores, or if damage is discovered after receiving it (i.e. dry breaker). LCBO does not take back or reimburse for product that has expired. It is the retailer's responsibility to ensure stock rotation.

If some products are not sold, can we return or exchange them?

No, all purchases are final.

If customers open cases of alcohol are we able to sell the remaining goods as individual items or return them to the LCBO for credit?

If a customer breaks open a pack or if damage occurs on the selling floor, there is no reimbursement from LCBO.

As per the licensing regulation, the licensee must sell the units of liquor in the same format it was purchased from the LCBO.

Display & the In-store Environment

Does LCBO or LCBO suppliers provide any equipment or display stands or any other accessories?

No. This is the retailer's responsibility.

Will LCBO show me how to set up a beer display?

No, this is the retailer's responsibility, but your LCBO Account Manager may be able to provide guidance.

Do shelf tags have to display final price with tax included similar to LCBO?

Refer to [section 88](#) in the licensing regulation. The licensee shall display and advertise prices for beer and wine that include all applicable taxes and container deposits.

Can beer and wine be merchandised in the same cooler as soft drinks?

Please refer to [Section 89](#) in the licensing regulation.

Do we have an obligation to sell cold product?

Your LCBO Account Manager will provide guidance on the best way to store alcoholic products.

What are the shelf space requirements?

Refer to [Section 80](#) in the licensing regulation. Beer and cider must be displayed together: 20% of your beer selection must be from small breweries and 20% of the cider selection must be from small cideries.

Wine products must be displayed together: 40% of this selection must be from small wineries, or a small wine-producing country (of which, 10% must be small wineries).

RTDs must be displayed together: 20% of this selection must be from small producers.

Note: small producers are noted in the LCBO product catalogue, which will be provided to you.

In terms of shelf space requirements, what defines a "small manufacturer"?

For the purposes of shelf space requirements, the definition of small producers (i.e., breweries, cideries, wineries, and distilleries) can be found in the [\(licensing\) regulation](#).

How are the minimum assortment requirements of Ontario manufacturers enforced?

This is an AGCO responsibility. Please refer to their [roles and responsibilities](#).

Can customers start sample products at the store?

Grocery stores are allowed to provide sampling (directly or by agents or manufacturers). Convenience stores are not allowed to provide sampling.

Can stores sell beer & wine online?

Refer to [Section 80](#) in the licensing regulation. Grocery and convenience stores will be permitted to do online sales for in-store or curbside pick-up or deliver for a fee. You must complete online orders between the permissible hours of sale (7am-11pm), use store inventory, and check customers' ID to ensure the responsible service.

Support and Other

Can I sell alcohol if I am located near The Beer Store, an LCBO or an LCBO Convenience outlet?

Yes. There are no restrictions as to where a retail store can be located, with the exception of requirements specific to First Nations reserves.

What preventative measures are you suggesting operators take to reduce theft? What security measures must be taken?

Security and theft prevention is the responsibility of the retailer.

How does our relationship with account managers work? Are account managers set up by site or by retail chain?

Once you have an AGCO licence and are onboarded with the LCBO, you will be assigned an LCBO Account Manager. They will reach out to you and introduce themselves. They will provide guidance and help you navigate the onboarding process, system training and ordering. They are also available to answer any questions you may have.

Can I sell alcohol and deliver it myself or on a platform like UberEats?

Yes, licensees can deliver liquor themselves for a fee from their retail store. The order must be fulfilled from the inventory of the store.

Liquor can also be delivered through food delivery services that are licensed as a Liquor Delivery Service.

Am I allowed to sell out of province?

No.

When will AGCO licence applications open? Will more AGCO licences be issued later if someone missed out?

AGCO opened applications from June 17, 2024. Interested convenience and grocery store owners may apply on an ongoing basis (i.e. there is no closing date). For more information, visit the AGCO's webpage: [Apply for a convenience store or grocery store licence.](#)

If you still have questions, please visit the dedicated page for new grocery and convenience stores or contact groceryandconvenience@lcbo.com.