

PRESENTATION TO IMPORTED & OUT-OF-PROVINCE WINE MANUFACTURERS & AGENTS

Information session presenting an overview of the wine in grocery program.

July 2016

This presentation aims to provide interested suppliers/agents with information about making wine products available to the LCBO's grocery customers. Some of the presentation deals with product eligibility requirements that are set out in Ontario Regulation 232/16 (which is available at <https://www.ontario.ca/laws/regulation/160232>). Nothing in this presentation changes any contents of the Regulation and if there is any inconsistency between the contents of this presentation and the Regulation, the Regulation governs.



Today's Agenda

1- New rules & regulations

Summary of the policy change and new program

2- Resources

Information available to suppliers

3- Roles & responsibilities

LCBO, suppliers and grocers

4- Product registry

Getting products registered for grocery: timeframes & requirements

5- Orders, fulfillment, delivery & payment

Q&A

After today's session you will have:

1. Further **understanding** of wine in grocery program.
2. Detailed **process steps** and **timelines** to guide you.
3. Knowledge of the **resources** available to you.
4. Grocery Operations full **contact list**.

1 - New rules and regulations

Policy change



April 2015

Premier's Advisory Council on Government Assets ("PAC")

Striking the Right Balance: Modernizing Beer Retailing/Distribution in Ontario

- **150 grocer** authorizations before May 2017 to sell beer to the public.

December 2015

Grocer Management System (GMS) launched – 13 companies → 60 locations

February 2016

PAC Second Report: *Striking the Right Balance: Modernizing Wine and Spirits Retailing/Distribution in Ontario*

- Initial allocation of **70 wine, beer and cider licenses**
- Winery Retail Stores permitted to operate inside grocery stores

....to Present day

- **Run** current beer & cider business with existing 60 stores
- **Issue** RFB for additional 70 stores
- **Prepare** to onboard wine manufacturers and new grocery customers

Authorization types

- **Beer & Cider** only → 60 in the market
- **Currently 70 Wine** out to market in competitive bid process
 - 35 Wine, beer & cider
 - 35 *restricted* Wine, beer & cider

Regulatory Framework

Ontario Regulation 232/16 Sale of Liquor in Government Stores

<https://www.ontario.ca/laws/regulation/160232>

- Definitions
- Addresses type, package size, alcohol content
- Product display requirements
- Hours of operation
- Restrictions on promotions, loyalty programs & advertising found here

Product Definitions

CREAM WINE

Alcoholic beverage made from wine and added milk ingredients

QUALITY ASSURANCE WINE

Wine (other than cider) that is designated as meeting the quality control standards of a statutory appellation of origin regime that certifies, in the aggregate, < 50M litres of wine (excluding cider) annually

WINE BEVERAGE

Wine-based cocktail or an alcoholic beverage that is produced from a base of wine that may have added to it flavouring or flavouring preparations, juices, colour and sugar, that does not have the aroma or taste commonly attributed to wine and that is available in a spirits-based version.

Manufacturer Definitions



Small Winery

- Worldwide **sales < 200,000** litres of sales in last 12 months
- Every affiliate of the manufacturer that manufactures wine is a small winery



Mid sized Winery

- Worldwide **sales < 4.5 Million** litres of sales in last 12 months
- Every affiliate of the manufacturer that manufactures wine is a mid-sized or small winery
- Manufacturer is **not** a small winery

Grocery Floor Price

Size (ml)	Floor Price
375	\$5.90
500	\$7.60
720	\$10.65
750	\$10.95
1000	\$14.05
1500	\$20.15
2000	\$25.90
2250	\$28.75
3000	\$37.90
4000	\$49.35

Additional Eligibility Requirements...

- Grocers **cannot have** financial interest in a brand or trademark of wine offered.
- All products must be **made available to all grocers**; no exclusive products nor private label brands.
- **No retail-level discounts** or rebates for multiple package buying.

Product Parameters

Beer & Cider (optional)



- Alc content $\leq 7.1\%$
- No malt based coolers
- No container $> 750\text{ml}$
- Pack size ≤ 6

Beer & Cider & Wine



where wine sold is:

- Alc content $\leq 18\%$
- ≤ 4 Litres in size
- No cream wine
- No wine beverages
- Subject to grocery floor

Beer & Cider & Wine_R:



RESTRICTED \rightarrow where wine sold is only:

- Wine from **SMALL** winery using grapes from **SINGLE COUNTRY**
- AND**
- **QUALITY ASSURANCE WINE** using grapes from **SINGLE COUNTRY** that at any time during the 3 year period is a **MID-SIZED** winery

Product Display: *Beer & Cider* Beer only

- Beer displayed in a single contiguous display area
- At least 20% of containers of beer on display are produced by **SMALL** brewers

Beer & Cider

- Both Beer & Cider sold in a single contiguous area
- At least 20% of containers of beer on display are produced by **SMALL** brewers
- At least 20% of containers of cider on display are produced by **SMALL** cideries

Product Display: Beer & Cider & Wine

Beer & Cider display requirements

&

- At least 10% of total containers of beer & wine on display is **BEER**
- At least 10% of total containers of beer & wine on display is **WINE**
- At least 10% of wine on display is manufactured by **SMALL** winery
- At least 50% of wine containers on display must contain wine produced using grape from single country & **ONE** of:
 - **Quality Assurance** wine; OR
 - Wine produced from **SMALL** winery; OR
 - From a country that produces less than 150M litres of wine annually from grapes grown in that country

<https://www.ontario.ca/laws/regulation/160232>

Product Display: Beer & Cider & Wine_R *Restricted* (3 years)

Beer & Cider display requirements &

- Wine displayed in a single contiguous display area
- At least 10% of total containers of beer & wine on display is **BEER**
- At least 10% of total containers of beer & wine on display is **WINE**
- At least 20% of containers on display manufactured by **SMALL** winery
- If **VQA WINE** sold must have one or more signs indicating availability of VQA wines

Grocery retail price = Uniform price

- The retail price for wine sold to the public by authorized grocers will be as **determined by suppliers**
- It will **be the same** through all retail channels; LCBO, grocery and on-site store
- The retail price is **communicated by the LCBO** to authorized grocers

2 – Resources

Information available to suppliers



Grocery Operations

LCBO

www.doingbusinesswithlcbo.com

Click through to grocery section of the site

LCBO

Doing Business with LCBO



Trade Resources Online
Beverage Alcohol



Store Construction,
Real Estate, Agency Stores



Grocery

Grocery website: landing page

Wholesale
Operations
Group

LCBO

Home

Supplier

Grocers

FAQ

Contact Us

Welcome to the Grocer information site

This website is a dedicated resource for selling beer in grocers in Ontario. Information and forms can be found for (1) suppliers to grocers, and (2) grocery operators.

For our customer facing web presence, please visit [LCBO](#). Other trade resource information may be found at [our trade resources site](#).

Background

In its April 2015 report, Striking the Right Balance: Modernizing Beer Retailing and Distribution in Ontario, the Premier's Advisory Council on Government Assets recommended that the government authorize qualifying grocery stores to sell beer to the public. In the 2015 Ontario Budget, Building Ontario Up, the government announced it would proceed with this recommendation and subsequently introduced regulatory changes establishing the LCBO as the wholesale supplier of all beer, domestic and import, to authorized grocery stores.

60

grocers by
end of
2015

up to
150

licenses by
May 2017

PAC

Premier's
Advisory
Council

Latest News

GMS Training Videos Added
2015 Dec 17

Videos are posted on the supplier and grocer pages.

First 58 Locations Announced
2015 Dec 15

The authorized stores are a mix of independent and large grocers in communities across Ontario.
[Read more >](#)

Winning Bids Announced
2015 Nov 18

The first grocers to be eligible to sell beer in Ontario grocery stores were announced.
[Read more >](#)

Supplier page

Wholesale
Operations
Group

LCBO

Home

Supplier

Grocers

FAQ

Contact Us

Supplier To Grocers

This page contains information and forms for suppliers to grocers.

Trade Letters

[Information Session: Wine In Grocery](#)

[Information Session: Cider In Grocery](#)

Training Video

[Grocer Management System \(GMS\) training video](#)

[LCBO GMS Vendor Manual for Supplying Sources](#)

Webinar Recording of Vendor Training for L... 



Go to...

GMS will not be accessible on
Wednesday June 15th 11:00 AM –
2:00 PM due to maintenance.

Product Management

Grocer Management System



GMS Support
Tel: 1-888-826-4334

lcbohelp@tangentia.com

NISS

New Item Submission System
What is NISS?

iSupplier

LCBO invoice & payments
information system
What is iSupplier?

Policies & Procedures Manual for Wholesale

LCBO

GROCERY OPERATIONS

Addendum to LCBO Product
Management Policy & Procedures
Manual for Wholesale to Authorized
Grocery Stores

For Suppliers

June 2016

Government resources available to suppliers

- **Striking the Right Balance**
<https://www.ontario.ca/page/premiers-advisory-council-government-assets>
- **Ontario Regulation 232/16**
www.ontario.ca/laws/regulation/160232
- **AGCO**
www.agco.on.ca/en/whatwedo/beer_sales_grocerystores.aspx
- **Master Framework Agreement Schedule 6.5**
<http://www.fin.gov.on.ca/en/consultations/beer/>

3 – Roles & Responsibilities

LCBO, suppliers and authorized grocers



Enabling you to pursue sales opportunities

CONDUIT TO OPPORTUNITY

The LCBO Grocery Operations team is here to serve as a **conduit for you to grow** your businesses by selling through the new grocery channel.

YOUR CHOICE TO PROCEED OR NOT

It is **your decision** to determine whether you wish to sell through this channel, and up to what degree if you choose to do so.

We are your partner in selling through to grocers.

- Established a **new group** within the LCBO.
- Staffed and dedicated to **partnering** with suppliers.
- Provide **wholesale transactional services** to grocers.
 - Finance
 - IT
 - Logistics
 - Inventory tracking
 - Customer service (dedicated contact for sales and service)

The LCBO's increased mandate

1. An operational enterprise of the Province.
2. Importer of record for all beverage alcohol products in Ontario.
3. **Wholesaler of record** for all beverage alcohol sold by grocers.

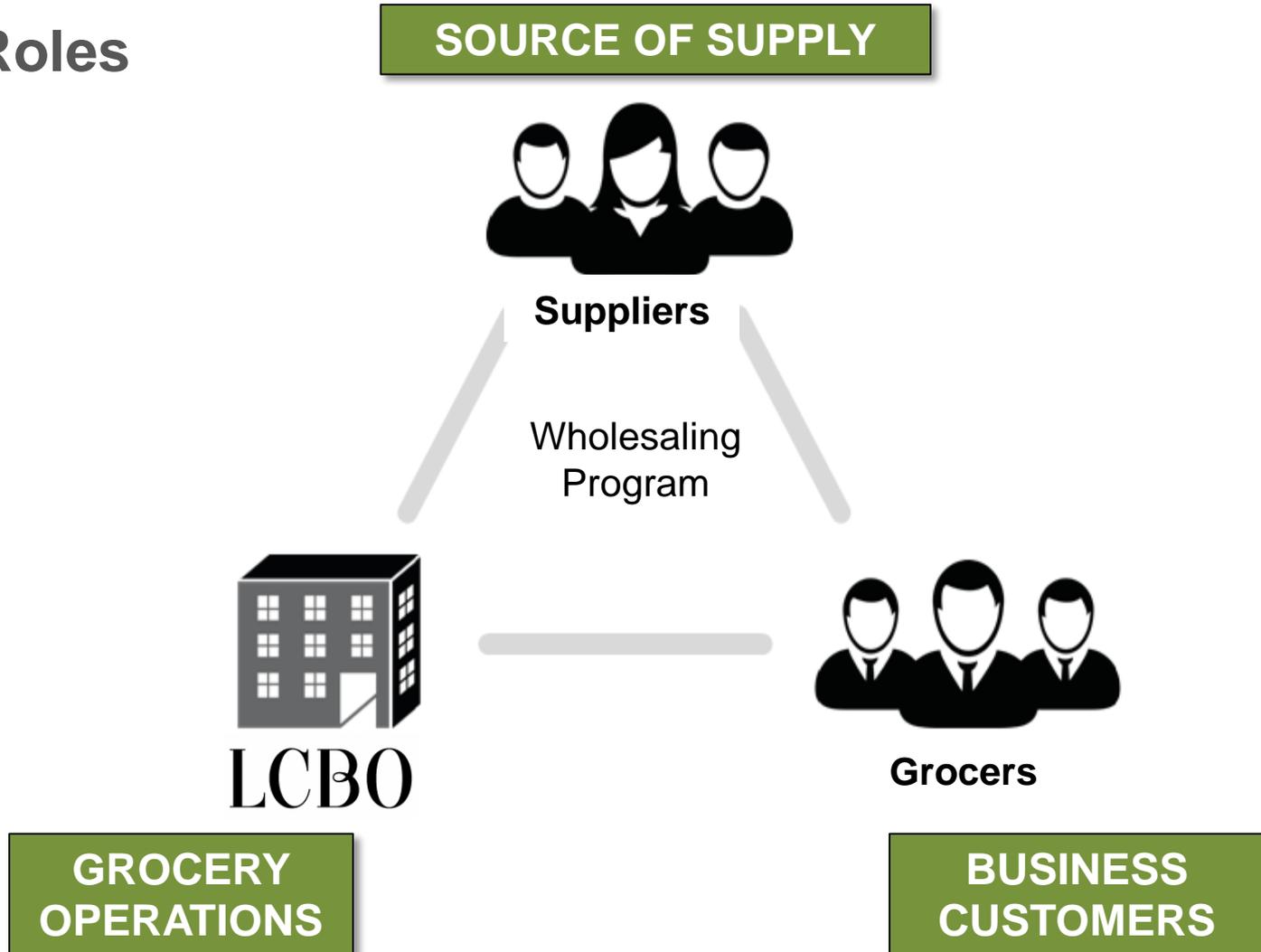
What we are involved in ...

1. Business-to-Business wholesale transactions
2. Access between suppliers and grocers
3. Listing and order flow
4. Financial processing
5. Fulfillment facilitation

What we aren't involved in ...

1. Targeted consumer marketing
2. Product category management
3. Grocer sales & marketing plans
4. LCBO sales and promotions
5. Determining wholesale product mix

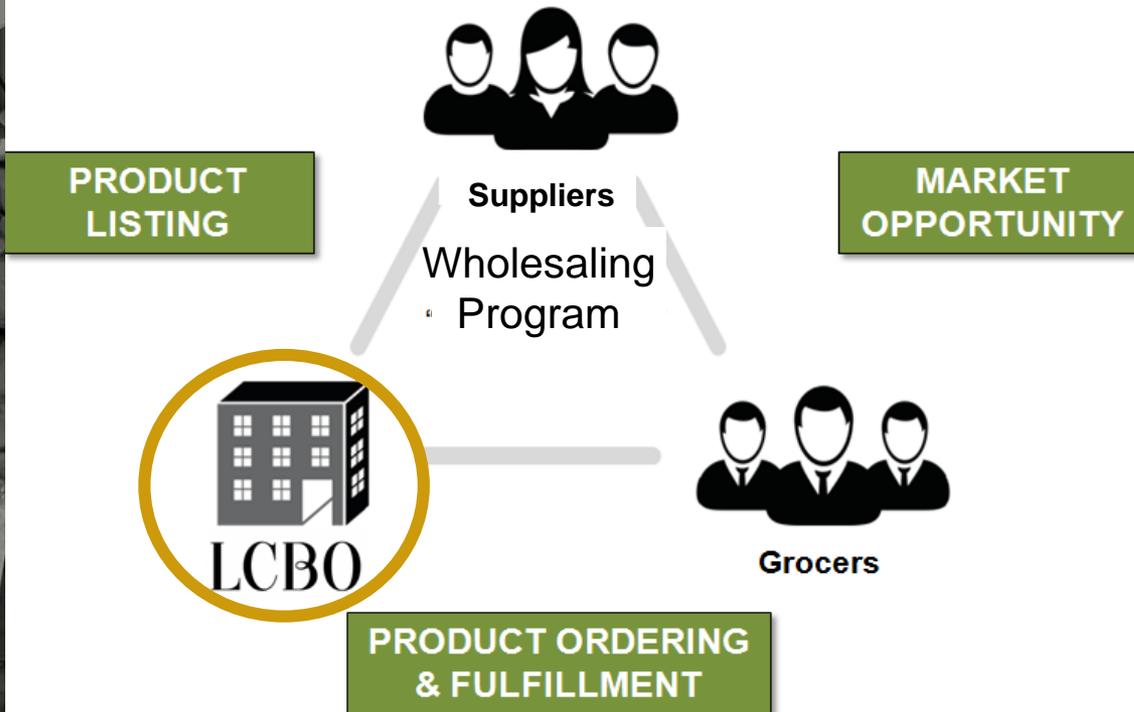
Roles



Joint activities



LCBO responsibility



Responsible for:

- ① providing **product catalogue** to grocers
- ② receiving all **orders for beverage alcohol** from authorized grocers
- ③ **filling grocer** orders through varying supplying sources
- ④ supplying source for all **imported beverage alcohol**
- ⑤ **Invoice grocers** for products received
- ⑥ **Pay suppliers** for products grocers receive

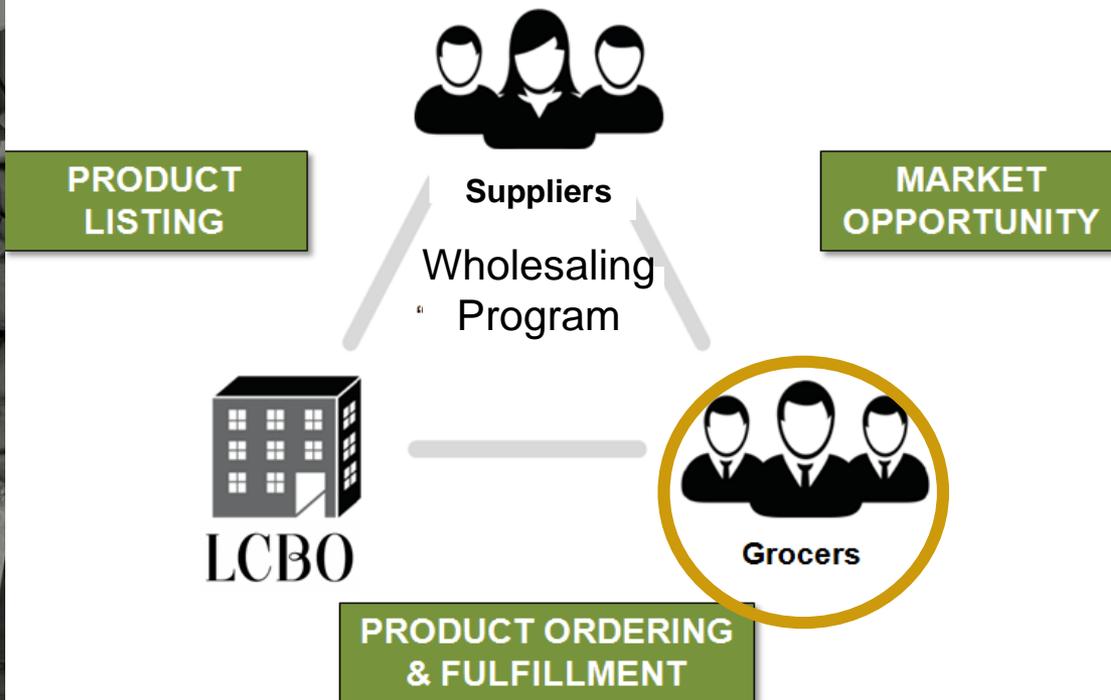
Supplier responsibility



Responsible for:

- ① manufacturing and **listing products** for wholesale through the LCBO
- ① setting retail **prices**
- ① pursuing sales and marketing **opportunities with grocers**
- ① supplying source to grocers for **domestic beverage alcohol**

Grocer responsibility



Responsible for:

- ① **purchasing decisions on brands and quantity of products ordered**
- ② **brand and marketing relationships with suppliers**
- ③ **Paying LCBO for beverage alcohol received**

4 – Product Registry

How to list products for grocery



The wine listing & ordering process provides the ability for:

1. Manufacturers to **post products** available for sale to grocers.
2. Grocers to **view available** products and place their orders.
3. LCBO Grocery Operations to **process orders** and transactions.

All products will be presented **fairly and identically** across all grocers, according to the standardized product details provided by manufacturers.

Product Listing & Ordering System

SUPPLIERS

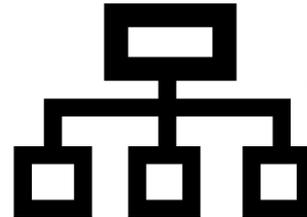
NISS



Information **suppliers** submit in NISS is used to **list the products** that you would like to make available for sale to grocers.

LCBO

INTERNAL
SYSTEMS



Enterprise-wide platform used by the **LCBO** and its partners to **manage aspects of product** listings, inventory, ordering, fulfillment, and transactions.

GROCERS

GROCER
MANAGEMENT
SYSTEM



Online system which provides **grocers** with the ability to view **all products available for sale** and to place their orders.

Existing eligible wine products:

- Imported wines currently listed by the LCBO in the **LCBO wines category** (i.e. general list, with the exception of Sake & Kosher) that meet the regulatory parameters
- Suppliers may have **eligible products already in LCBO database** with an assigned LCBO item # or NISS item # (*if accepted to proceed*)
- Suppliers may elect to have only some **products offered** for sale at grocery
 - Example: if a supplier offers 5 kinds of wine, they may only want 3 to be available at grocery and retain others for other sales channels.

Existing eligible wine products cont'd:

- In addition, suppliers may elect to have some products only available for sale at **certain classes of authorization**
 - Example: if a supplier offers 5 kinds of wine, they may want 3 available at grocery stores with a beer and wine authorization, 2 available at grocery stores with a restricted beer and wine authorization and 1 available at both types of authorization

Wine products omitted from grocery program:

- Products quoted in currency other than Canadian Dollars
- Plant Applied Value Adds
- Holiday Gifts
- Nouveau
- Vintages (except for continually listed Kosher & Sake) → Imported & Out-of Province wines

Identifying existing eligible products for grocery:

- An excel template will be available on **Monday, July 18th**
- Suppliers/Agents are required to **download** file from grocery website and **follow instructions**:

www.doingbusinesswithlcbo.com/big/supplier.html

- Enter required information and **complete** all fields
- Return **completed file** and **acceptable certificates** via email to Holly Garner by **Friday August 19th**

For each product (LCBO item # or NISS item #) confirm:

- Available to Beer and Wine Authorization: **YES** or **NO**
- Available to Restricted Beer and Wine Authorization: **YES** or **NO**
- Producer Size*: **SMALL** or **MID-SIZE**
- Quality Assurance Wine*: **YES** or **NO**
- Single Country Grapes: **YES** or **NO**
- Country Production*: **YES** or **NO**
- Supplying Source: **LCBO** (*for import and out-of-province wine*)
- Master **UPC** and **SCC**

**certificate required*

Acceptable certificates

Requirement	Documents Issued by		
	Government Institution	Independent Auditor	Appellation Regime Governing Body
Quality Assurance Wine			✓
Country Production	✓	✓	
Producer Size (winery sales)	✓	✓	

Upon receipt of completed file and acceptable certificates, Grocery Operations will:

- **Verify** information
- **Review** product eligibility and product eligibility for type of authorization
 - Products that are not eligible will be removed
- **Tag** products for grocery and upload to GMS catalogue for grocers to order
- **Assume** that if file and acceptable certificates is not returned by **Friday August 19th**, you **do not want to sell your products in grocery**

Wine product catalogue additional information

- **Grocery Floor Price:** Any product that drops below grocery floor price will **immediately be removed from the product catalogue**, grocery orders will be cancelled and a product recall will be issued to grocers
- Only products quoted in **Canadian Dollars** are eligible for grocery catalogue.
- **LCBO Warehouse:** Available to distribute to grocery for products also available through LCBO channel

Wine product catalogue additional information

- **Listings in progress in NISS:** New products must be priced by **Friday, September 23rd** to be available in the catalogue for initial grocery orders
- **Discontinued Grocery Products:** Supplier/Agent to advise when products are no longer available to grocery. Products will be removed from catalogue.

Key takeaways: Product Registry

- Confirm **existing items** and provide **acceptable certificates** for grocery by **Friday August 19**
- **Accurate data** is critical to your success at grocery.
- Unique **UPC and SCC** crucial to an efficient transaction between grocer, LCBO and supplier.
- Incorrect data ultimately impacts orders, delivery and **supplier payment** for grocery orders

5 – Orders, Fulfillment, Delivery & Payment



Product catalogue landing page: updating for Wine

The screenshot shows the LCBO website's product catalogue landing page. The browser's address bar displays the URL `http://lcbob2bqa2.tangentia.com/webapp/wcs/stores/servlet/en/lcboqab2b`. The page features the LCBO logo, navigation links for "Quick Order", "My Account", and "Sign Out", and a search bar. A red oval highlights a navigation menu with the following items: "Beer", "Cider", "Download Catalog", and a dropdown menu. The dropdown menu is open, showing the following options: "Select", "All(Beer+Cider)", "Beer", and "Cider". The background of the page is a collage of beer-related images, including a smiling man, beer glasses, and beer bottles.

Sample Item Screen

LCBO

[Quick Order](#) | [Saved Orders](#) | [Sign In](#) | [Quick Links](#)



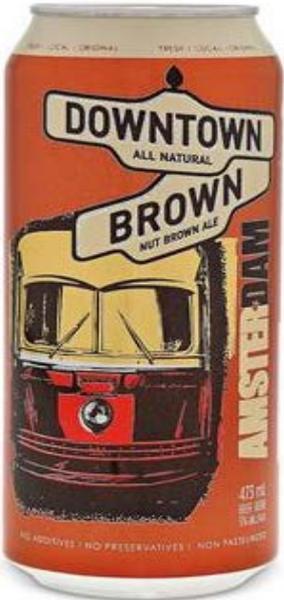
Beer

Download Catalog

Search

All Departments

[Home](#) \ [Beer](#) \ [Ontario](#) \ [Small Brewer](#) \ [Amsterdam Downtown Brown Ale](#)



Amsterdam Downtown Brown Ale

SKU: 142331
Selling Units per Case Qty: 24

Retail Price of Selling Unit (including taxes & refundable container deposit)	\$2.75	Basic Price (Cost) per Selling Unit	\$2.45	Basic Price (Cost) per Case Qty	\$58.80
Case Qty Ordered	10	Total Selling Units Ordered	240	Total Basic Price (Total Cost)	\$588.00

Add to Current Order

Add to Requisition List

Sample Item Attribute Screen

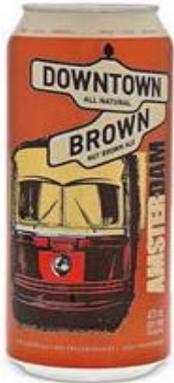


[Quick Order](#) | [Saved Orders](#) | [Sign In](#) | [Quick Links](#)

[Beer](#) > [Download Catalog](#)

[All Departments](#)

Home > Beer > Ontario > Small Brewer > Amsterdam Downtown Brown Ale



Amsterdam Downtown Brown Ale

SKU: 142331
Selling Unit: per Case Qty: 24

Retail Price of Selling Unit (including taxes & refundable container deposit)	\$2.75	Basic Price (Cos) per Selling Unit	\$2.45	Basic Price (Cos) per Case Qty	\$58.80
Case Qty Ordered	10	Total Selling Unit Ordered	240	Total Basic Price (Total Cos)	\$588.00

Add to Current Order

Add to Requisition List

Item Publication Info

Pricing History

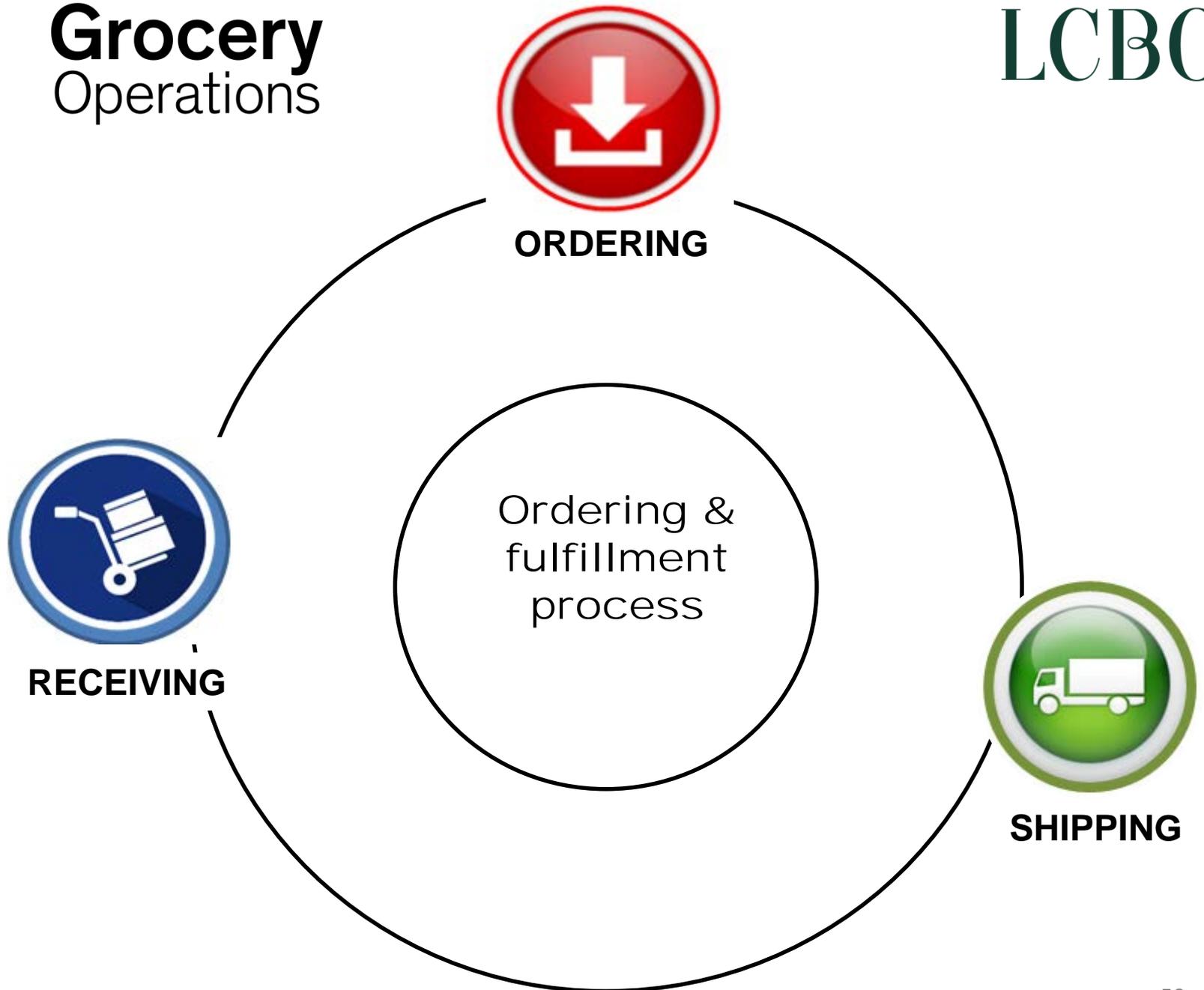
Operational Info

Limited Time Offer

- Selling Unit: Per Case: 24
- Agent: Amsterdam Brewing Co Limited
- Alcohol/Vol: 5 %
- Unit Volume: 473 mL
- Bottles per Pack: 1
- Container Type: Can
- Producer: Amsterdam Brewing Co Limited
- Small Brewer Flag: Yes

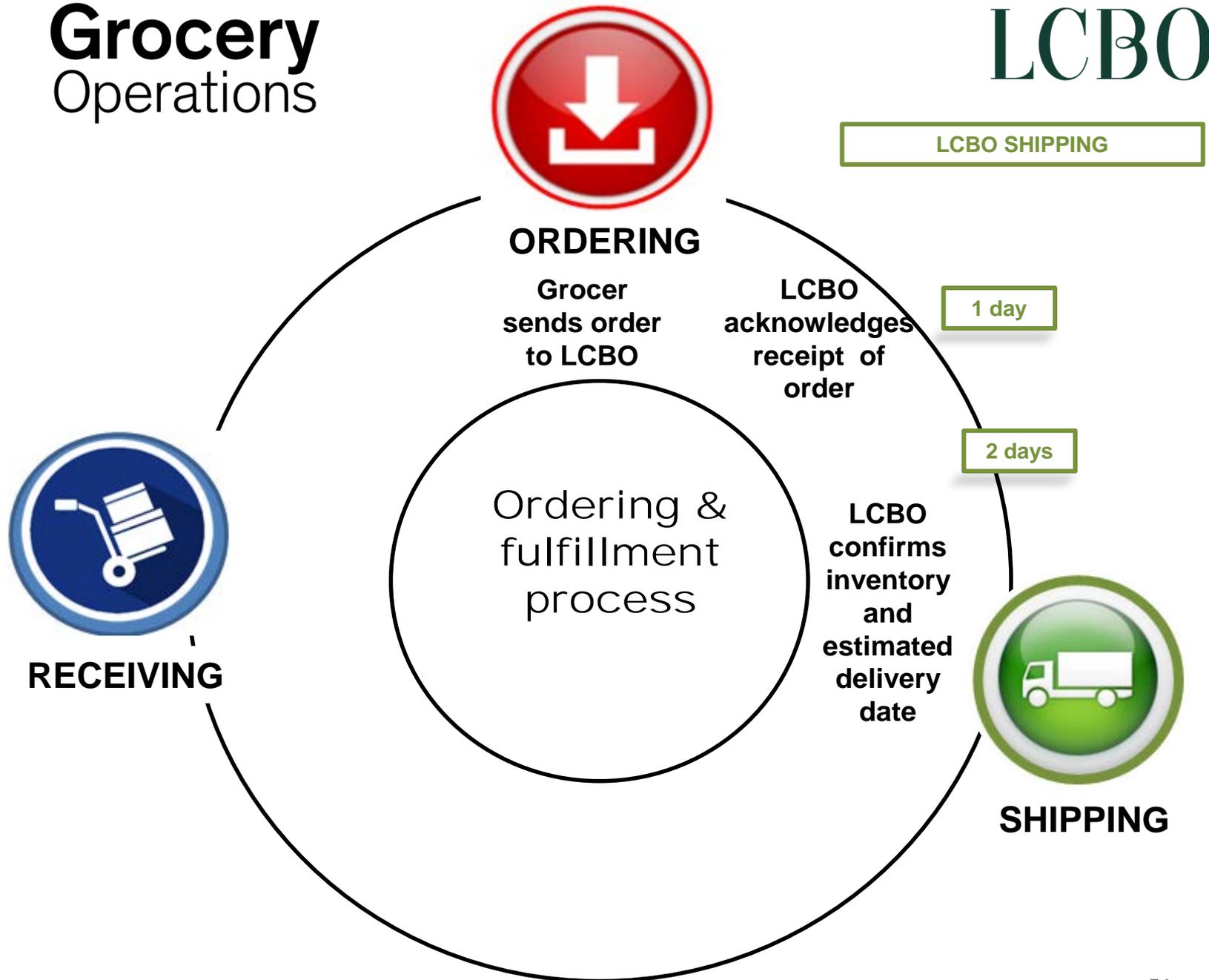
Grocery Operations

LCBO



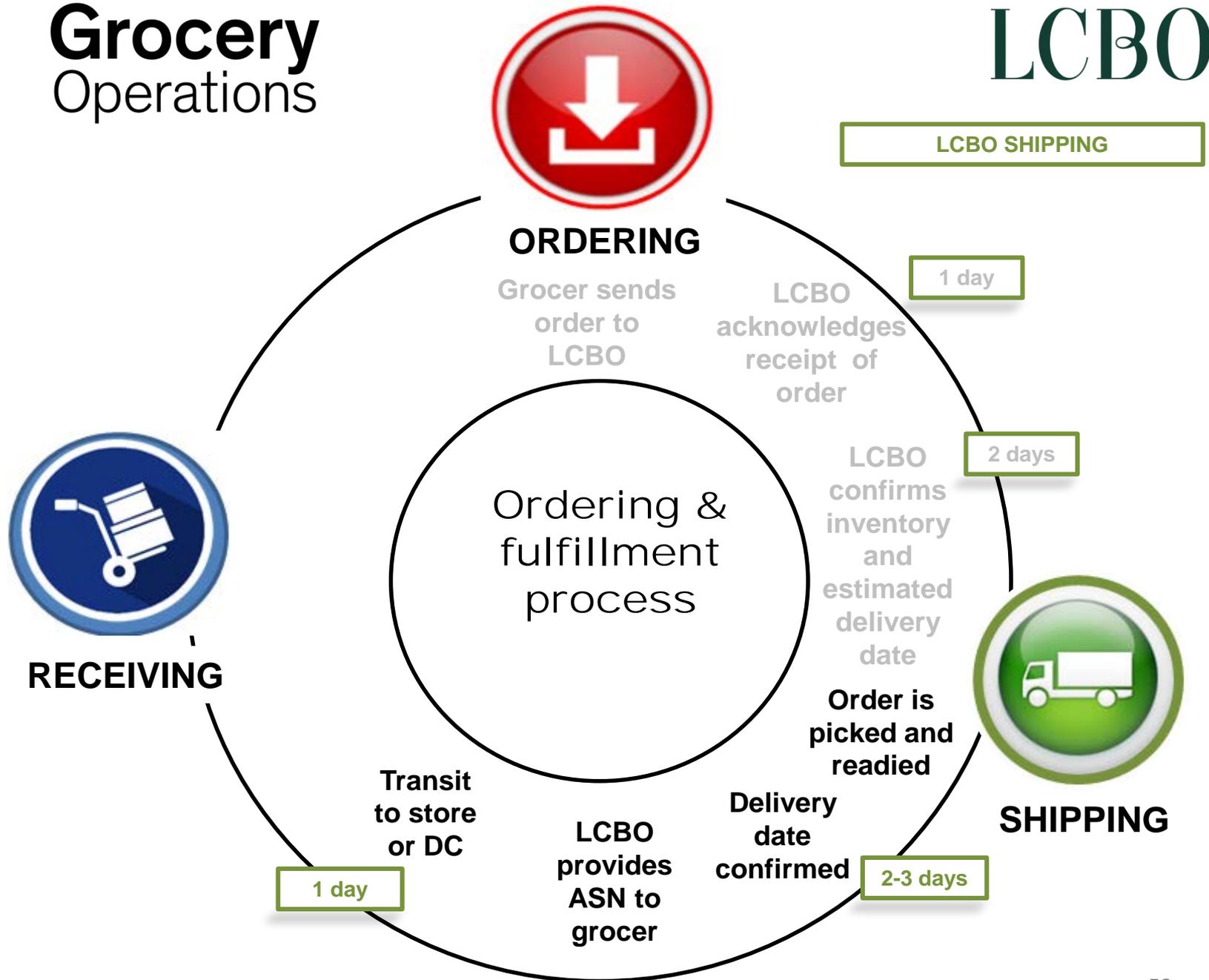
Grocery Operations

LCBO



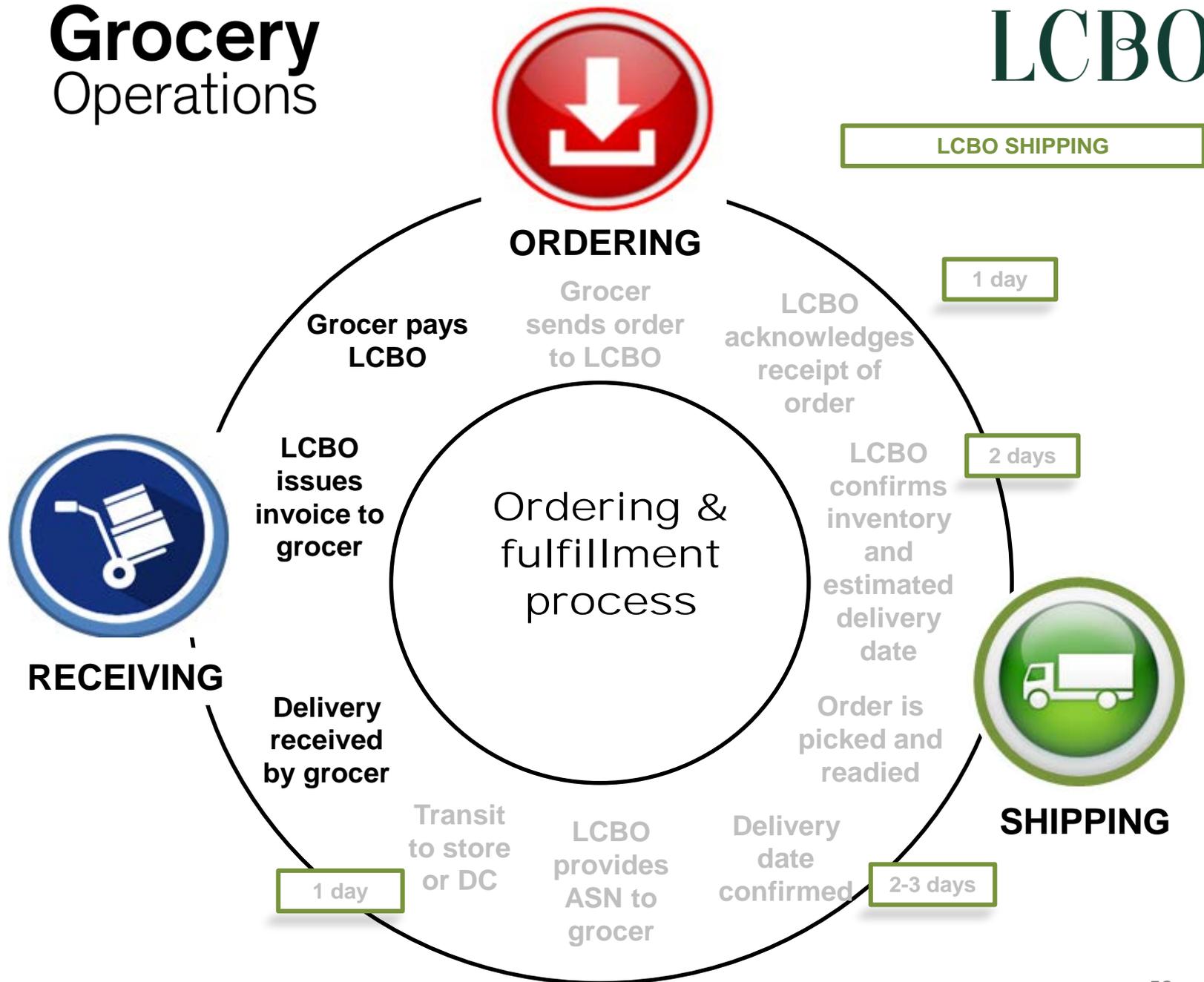
Grocery Operations

LCBO



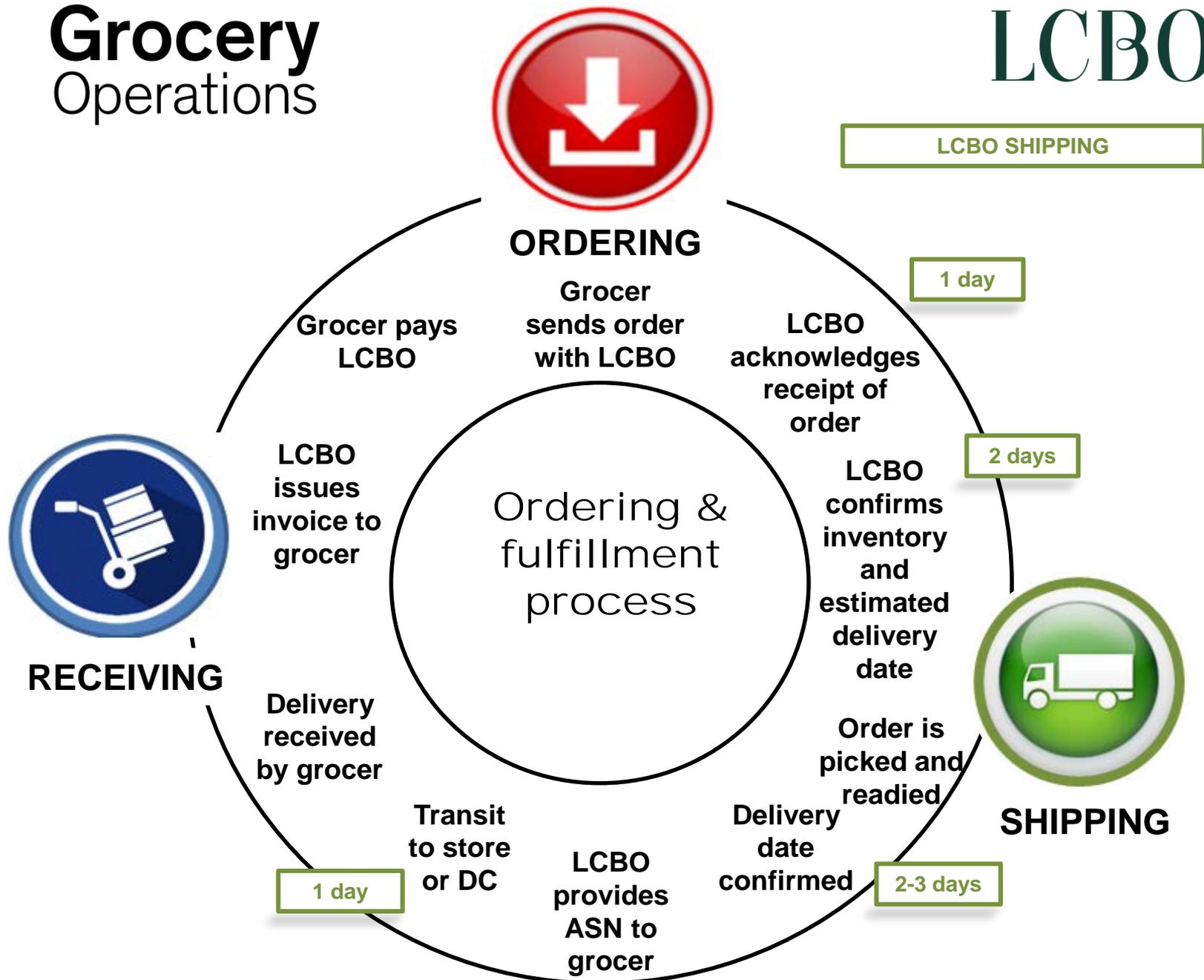
Grocery Operations

LCBO



Grocery Operations

LCBO



Wine orders fulfilled by LCBO delivery

- All eligible **wine currently** available in LCBO warehouses
- LCBO delivers products within **7 days** from the time the grocer places orders
- No change to supplier payment for purchase orders
- Shipments to grocery from LCBO warehouses is available through LCBO's Sale of Data program

Delivery information general guidelines

- Products will **not ship in quantities greater** than the purchase order
- There are **no backorders**
- Ordered products will **not be substituted** by other products to top-up an order or replace unavailable product

Key takeaway: orders, fulfillment, delivery & payment

- All orders are placed with the LCBO → the **wholesaler of record**
- Lead time for LCBO delivered products = **7 days**
- LCBO invoices grocer → **no change** to payment to supplier

WRAP UP...



Supplier next steps

- Familiarize yourself with the resources available – **Now**
- Confirm existing eligible wine products for grocery – by **August 19th**

Grocery Operations

LCBO

Director:	Chris Dini chris.dini@lcbo.com	T: (416) 365-5714
Operations:	Leanne Rhee leanne.rhee@lcbo.com	T: (416) 365-5889
Finance:	Jamie Fazekas jamie.fazekas@lcbo.com	T: (416) 365-5912
Product Administrator:	Holly Garner holly.garner@lcbo.com	T: (416) 864-2541
Customer Service:	Jim Sheridan wholesaleservice@lcbo.com	T: (416) 365-5842

😊 **Thank you**

Q&A period
Grocery Operations members

