

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
 PRODUCT MARKUP STRUCTURE
 EFFECTIVE FEBRUARY 1, 2010



Please find enclosed in the following, the formulas at which the retails at the PEILCC will be determined.

Spirit Formula:

Example:

12 bottles per case
 750 ml size bottle
 40 % alcohol
 9 litres per case

FOB	\$36.90
Excise	42.11
Freight	<u>2.50</u>
Landed Cost	81.51
Flat rate component	72.90
Commercial rate component	30.89
Provincial Health Tax	46.33
Goods and Services Tax	11.58
Provincial Sales Tax	24.32
Deposit (per case)	<u>2.40</u>
Retail (per case)	269.93
Number of bottles	<u>12</u>
Retail per bottle	\$22.49

Flat rate component is based on \$8.10 per litre for domestic rum and rye whisky products. For all other domestic products, the flat rate component is based on \$8.45 per litre. In the above example, 9 litres multiplied by \$8.10 equals \$72.90. Commercial rate component is based on 37.90% of the landed cost. In the above example, \$81.46 multiplied by 37.90% equals \$30.87. Provincial Health Tax is 25%, Goods and Services Tax is 5%, and Provincial Sales Tax is 10%. All taxes are inclusive on each other.

For imported spirit products, the flat rate component for rum, whisky, and scotch products is \$8.45. For all other products, the flat rate component is \$8.70. The commercial rate component and taxes remain the same as domestic products.

Freight (per case) for domestic spirit products are based on the following:

Alberta (Connect)	\$5.40
Ontario	2.50
New Brunswick	2.30
Newfoundland	3.00
Nova Scotia	2.00
Quebec	1.75

Freight (per case) for imported spirit products are based on the following:

Products from	
U.K.	\$6.00
Germany	6.00
France	7.60
Italy	7.00
South Africa	8.00
Portugal	9.00
Chile	9.50
Australia	6.50
United States	8.50
Gallo products	5.50
Argentina	9.00
Spain	8.00
Sweden	6.00
Caribbean	8.85

These rates exclude any excellers charges in which an additional \$3.00 per case will be added to the freight to determine the retail of a specific product.

Wine Formula:

Example:

12 bottles per case
750 ml size bottle
12 % alcohol
9 litres per case

FOB	\$80.95
Customs duty	0.17
Excise	5.58
Freight	<u>6.50</u>
Landed Cost	93.20
Markup	71.28
Provincial Health Tax	41.12
Goods and Services Tax	10.28
Provincial Sales Tax	21.59
Deposit (per case)	<u>2.40</u>
Retail (per case)	239.91
Number of bottles	<u>12</u>
Retail per bottle	\$19.99

The above markup structure is on all wines, excluding wine coolers and is based on landed cost. The first \$40 of landed cost is subject to 125% markup, the next \$60 of landed cost is subject to 40% markup, and the remainder is subject to a 20% markup. This markup structure applies to all case sizes that are nine litres or over. If the case size is under nine litres, the markup structure would be prorated on the overall size of the case.

Freight (per case) for domestic wine products are based on the following:

Andres	\$0.75
Jost	1.00
Vincor	0.40
Vincor vats	5.75
New Brunswick	2.30
Nova Scotia	2.00
Ontario	2.50

Freight for imported wines is based on the same rates as spirits.

Beer Formula:

Example:

CSPC# 000000

	<u>Kegs</u>	6 <u>Pack</u>	8 <u>Pack</u>	12 <u>Pack</u>	24 <u>Pack</u>	<u>Singles</u>
FOB	\$89.68	\$5.02	\$6.65	\$9.12	\$17.81	\$1.20
Freight	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Landed Cost	89.68	5.02	6.65	9.12	17.81	1.20
Markup	60.26	2.63	3.42	4.58	8.90	.67
Health Tax	37.49	1.91	2.52	3.43	6.68	.47
GST	9.37	.48	.63	0.86	1.67	.12
PST	19.68	1.00	1.32	1.80	3.51	.25
Deposit	<u>0.00</u>	<u>.60</u>	<u>.80</u>	<u>1.20</u>	<u>2.40</u>	<u>.10</u>
Retail	\$216.48	\$11.64	\$15.34	\$20.99	\$40.97	\$2.81
Markup						
Maritime Brewed	67.20%	52.33%	51.44%	50.22%	49.98%	55.50%
Imported	.893/litre	57.00%	57.00%	57.00%	57.00%	59.00%
Microbreweries	.627/litre	40.00%	40.00%	40.00%	40.00%	40.00%
Brew Pub	.627/litre	.627/litre	.627/litre	.627/litre	.627/litre	.627/litre

Minimum markup for beer products are as follows:

	6 <u>Pack</u>	8 <u>Pack</u>	12 <u>Pack</u>	24 <u>Pack</u>	<u>Singles</u>
Maritime brewed bottled (store shipped):	\$2.55	\$3.16	\$4.58	\$8.90	\$1.42/litre
Maritime brewed cans (store shipped):	\$2.61	\$3.42	\$4.70	\$9.14	\$1.42/litre
Maritime brewed bottled (to warehouse):	\$2.80	\$3.49	\$5.08	\$9.90	\$1.52/litre
Maritime brewed cans (to warehouse):	\$2.86	\$3.75	\$5.20	\$10.14	\$1.52/litre

Specialty packs are subject to a markup of 50.22% of landed cost or a minimum markup of \$1.17 per litre. This represents the minimum \$1.12 per litre plus an additional \$0.05 per litre for promotional products. Social reference price for specialty packs is calculated at a rate of \$4.575 per litre.

Coolers:

Wine Coolers:

Example:

CSPC# 000000

	Under <u>500 ml</u>	500 ml <u>And Over</u>
FOB	\$18.80	\$29.82
Excise	2.41	4.72
Freight	<u>.40</u>	<u>.40</u>
Landed Cost	21.61	34.94
Markup	18.26	30.40
Health Tax	9.97	16.33
GST	2.49	4.08
PST	5.23	8.57
Deposit	2.40	1.60
Retail	59.96	95.92
Retail per 4 pack (bottle)	\$9.99	\$11.99
Markup %	84.50%	87.0%

Spirit Coolers:

Example:

	Under <u>7% Alcohol</u>	Over <u>7% Alcohol</u>
FOB	\$20.12	\$20.12
Excise	2.34	2.34
Freight	<u>2.50</u>	<u>2.50</u>
Landed Cost	24.96	24.96
Markup	22.46	31.20
Health Tax	11.85	14.04
GST	2.96	3.51
PST	6.22	7.37
Deposit	2.40	2.40
Retail	70.85	83.48
Retail per bottle	\$2.95	\$3.48
Markup %		
Domestic (up to and including 7% alcohol)		90.0
Imported (up to and including 7% alcohol)		90.0
Domestic (over 7% alcohol)		125.0
Imported (over 7% alcohol)		125.0
Domestic premixed cocktails (ready to drink)		125.0
Imported premixed cocktails (ready to drink)		125.0

Minimum Pricing:

Social reference points for categories are as follows:

Spirits:

50 ml		\$ 2.10
200 ml		\$ 7.29
375 ml		\$ 12.29
750 ml		\$ 22.49
1.14 l		\$ 32.79
1.75 l		\$ 48.99
3.0l		\$ 84.99

Beer:

	Bottles	Cans
6 pack	\$10.35	\$10.59
8 pack	\$12.75	\$13.85
12 pack	\$18.99	\$19.49
15 pack	\$23.40	\$24.36
16 pack	\$24.96	\$25.99
24 pack	\$36.99	\$38.99
Single serves	\$5.26/litre	\$5.26/litre

Wine:

Social reference price of \$8.70 per litre is applied to casks. No social reference price established for other sizes.

Any retails for products other than beer will be rounded up to the nearest “9” or “0” if the established retail does not end with either number.

Deposits:

Deposit amounts are based on the following:

= < 500 ml is subject to \$0.10 per unit.

= > 500 ml is subject to \$0.20 per unit.

Three Tier Pricing:

The following table represents the existing three tier pricing model for PEILCC.

Product:	Economy	Premium	Deluxe
Rum	\$22.49 - \$23.24	\$23.25 - \$26.75	\$26.76 and over
Vodka	\$22.49 - \$23.24	\$23.25 - \$26.75	\$26.76 and over
Whisky	\$22.49 - \$23.24	\$23.25 - \$26.75	\$26.76 and over
Gin	\$22.49 - \$23.24	\$23.25 - \$26.75	\$26.76 and over
Scotch	\$22.49 - \$26.24	\$26.25 - \$50.99	\$51.00 and over
Irish Whiskey	\$22.49 - \$26.24	\$26.25 - \$35.99	\$36.00 and over
Tequila	\$22.49 - \$26.24	\$26.25 - \$50.99	\$51.00 and over

Products category is based on 750 ml retail pricing.