



Discover the World

January 13, 2012

Dear Trade Partners:

I am writing to inform you that on Thursday, March 1, 2012, the minimum prices for all categories of beverage alcohol will increase in accordance with Ontario Regulation 116/10 under the *Liquor Control Act* (see attachment #1). Similar increases to minimum prices took place on March 1, 2011. The regulation requires minimum prices to be increased by the three year average of the Consumer Price Index.

Please also note that the Markup on Beer will be adjusted on this date (see attachment #1).

**1. Products Sold Through the LCBO (Excludes Products sold in TBS)**

Suppliers will be able to submit wholesale revisions that will take effect on January 30, 2012 if they wish to ensure their quotes are in line with the new minimum retail prices. Please note that regardless of whether an item is a domestic or import product, the retail price will change effective Thursday, March 1, 2012 to the new minimum retail price.

The following is the schedule for suppliers to submit new wholesale quotes:

Revised Wholesale Quotes to Pricing Administration:	January 20, 2012
Wholesale Quote Effective Date:	January 30, 2012
Retail Effective Date (Domestic products):	March 1, 2012

**2. Beer Products Sold in TBS Stores (Includes Products Sold in Both LCBO and TBS)**

The price of any product sold through the TBS channel which falls below the new minimum price will be automatically be adjusted upwards effective Thursday, March 1, 2012. Unless advised otherwise by the Brewer, all Ontario beer, not affected by the new MRP, ***will not*** be adjusted in retail.

Imported Beer ***will*** be automatically adjusted upwards based on the new Markup, unless otherwise advised by the Brewer/Agent. If the Supplier wishes to maintain their current retail, they must submit a revised wholesale price based on the new markup and indicate that they will accept the chargeback required in order to hold the retail. This applies only to products that are sold in the TBS Channel.

For LCBO Exclusive beer products please refer to the schedule noted in Section 1.

55 Lakeshore Blvd. East  
Toronto, Ontario  
M5E 1A4

www.lcbo.com

Please be aware that this date will be the new date for all beer price changes that would normally have gone into effect on Monday, February 27, 2012. The normal process for beer price changes submitted on February 13, 2012, will now be applied at retail effective on Thursday, March 1, 2012.

### **3. Limited Time Offers (LTO) – Spirits only**

LTO prices for products participating in Period 13 will be based on the retail in effect as of January 30, 2012. Suppliers will need to review all future LCBO promotional program approvals to ensure that they adhere to the new minimum prices.

In order to allow approved LTO's to run as planned, all Import products with LTO's approved between Period 13 and Period 6 will automatically have retails forced on March 1, 2012 based on the revised quote effective January 30, 2012. If a supplier does not wish to have the retail price forced as above, please contact the respective Category or Product Manager to have the force removed. In this circumstance, it is possible that the approved LTO will be cancelled.

The following Spirits LTO rules will remain in effect following the minimum price changes:

- The minimum LTO price for a 750 mL spirit is the bottom of the premium price band for the respective category (i.e. Vodka Premium: \$24.90)
- LTO's are permitted on 750mL standard Blended Scotch and premium American and Irish Whiskies to \$24.95

The following Spirits LTO rule will be revised effective March 1, 2012:

- The minimum discount for 1750 mL Spirit products will be \$1.00. For all other sizes the minimum discount remains at \$1.00.

### **4. MAFR Review**

We have now completed our standard quarterly review of the Moving Average Freight Rates (MAFR). Suppliers affected by this review will be notified by January 13, 2012. Any supplier wishing to adjust their quote as a result of this review should consider all of the above changes when submitting a revised quote.

## 5. Band Pricing

Please find attached a list of the new corresponding spirits price bands (see attachment #2).

### NEW

A 'Super Premium' price band has been added in the Vodka category. As in other 'premium' and 'deluxe' price bands, there will be merchandising, display and sales target objectives associated with the new price band. Please notify either Stacey Roth (416-864-6347) or Marijke McLean (416-365-5873) of the Spirits Category of any planned changes in retail price by January 31, 2012 to ensure that your product is classified in the appropriate price band.

If you have any questions with regard to these changes, please contact Bob Ewing, Manager, Pricing Administration (416 365 5869/robert.ewing@lcbo.com).

Your co-operation is greatly appreciated



Bob Downey  
Senior Vice President  
Sales & Marketing Division