
PRESENTATION TO ONTARIO CRAFT BREWERS

Program Update, Digital Collaboration and Quality Management.

April 6, 2017



Today's Agenda

Introduction

Chris Robertson, Director Beer & Cider

Grocery Operations: Program Update & Key Learnings

Chris Dini, Director Grocery Operations

Leanne Rhee, Manager Grocery Operations

Quality Management

Barb Chapple, Manager Quality Services

Digital Collaboration

Bipasha Chiu, VP Business Solution Delivery & Relationship
Management

Q&A

Program Update



Current Authorizations* 133 locations

- **Beer & Cider: 58 locations** → *Tranche 1 RFB December 2015*
- **Beer & Wine: 70 locations** → *Tranche 2 RFB October 2016*
 - 35 Wine, beer & cider
 - 35 ***restricted*** Wine, beer & cider
- **Wine Boutiques / Bonus Beer & Cider: 5 locations**

** As of March 25, 2017; not all locations operational*

Wine Boutiques / Bonus Beer & Cider

Wine



Wine Boutique Operators

Operational:

- Andrew Peller (Wine Shop)
- Constellation Brands (Wine Rack)

After May 1, 2017:

- Colio Estates & Magnotta

Beer & Cider



Grocery Store Operators

Operational:

- Metro
- Sobeys

2017 Authorizations: up to 150 locations

- **Beer & Cider**
 - **80 locations** → *Tranche 3 RFB closed March 2017*
 - Legal selling day early Summer 2017
 - Supplying Sources will begin to receive orders mid-June
- **Wine Boutiques / Bonus Beer & Cider**
 - **Up to 70 locations**
 - Onboard at any time

Total Authorizations:

- Up to **278** locations selling Beer & Cider by the end of 2017

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

* Updated February 6, 2017

Product Parameters*



Beer & Cider

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

[*https://www.ontario.ca/laws/regulation/160232](https://www.ontario.ca/laws/regulation/160232)

Excise Rates on Beverage Alcohol

- The Federal Government recently announced that excise rates on beverage alcohol will increase 2% effective immediately
- Excise rates will be automatically adjusted by the Consumer Price Increase on April 1 of every year starting in 2018
- Trade Letter is available at www.lcbowholesaleoperations.com

2017 Collective Bargaining

- The collective agreement between LCBO and OPSEU Liquor Board Employees Division (LBED) expired March 31, 2017.
- The LCBO is looking to negotiate a contract that is fair to our employees and allows the LCBO to adapt to the changing nature of its business.

2017 Collective Bargaining

- Grocery stores selling wine, beer and cider are privately owned and operated and their operating hours would not be impacted in the event of an LCBO work disruption.
- The LCBO is currently developing contingency plans and working closely with our grocery partners to ensure continued service in the event of a work disruption.
- Website for communication and updates
www.lcbonegotiations.com

Key Learnings



1. Is shipping documentation important to grocers?

YES it is,

AND

Non-compliant shipping documentation continues to be a **MAJOR** pain point for grocery store operators

Common errors:

- Grocer **PO** number missing
- Quantities in units rather than **CASES**
- **LCBO SKU #** missing
- References to pricing must be **REMOVED**

Helpful hints:

1. **REQUIREMENTS** outlined in the *Addendum to LCBO Product Management Policy & Procedures manual*
 - **PAGE 38 ; SECTION 4**
2. **STANDARD** BOL and Packing Slip available to print from GMS

2. When do I enter the ASN in GMS?

Must be completed **24 HOURS** prior to delivery,

Not when you receive the order

AND

Not after delivery

Common errors:

- ASN Entered **EARLY**: when order is received
- ASN Entered **LATE**: after order is delivered to grocer
- ASN **NEVER** entered: no details provided

Key Learnings:

1. Ensures **ACCURATE** shipment quantities and delivery dates for all orders
2. Items and quantities must **MATCH** what is on the shipping documents
3. Allows for grocers to **RECEIVE** products at their locations
4. Allows for **ACCURATE** payments and a **REDUCTION** in weekly shipping discrepancies

3. What is the Deemed Not Shipped Process?

If ASNs are not entered within 14 days of the order date, GMS will deem the order **NOT TO HAVE BEEN SHIPPED** → Shipped Quantity = 0

How does this impact me?

NEGATIVELY

It will impact your payment from the LCBO

Helpful Hint:

1. Enter ASN 24 hours prior to shipment for **ACCURATE** payment and **REDUCED** weekly shipping discrepancies

4. What should I do if I receive an order that I don't want to fulfill?

For example: the store is outside my delivery area, grocer order = 1 case

ACKNOWLEDGE

and

SHIP

zero (0) quantity in GMS

Key Learnings:

This will **CLOSE** the PO:

- Grocers won't be expecting a delivery
- Moves the PO out of 'unshipped' orders in GMS

5. What happens if I am not in compliance?

Non-compliance will result in payments being **HELD** until full compliance is reached

Helpful hints:

1. **FAMILIARIZE** yourself with the *Addendum to LCBO Product Management Policy & Procedures* manual and LCBO Purchase Order Terms & Conditions available at www.lcbowholesaleoperations.com

6. Where do I get information on the grocery channel?

There are numerous **TOOLS** and **RESOURCES** available for suppliers to access should they want to participate in the grocery channel.

Available Resources:

- **Grocery Operations Website**
www.lcbowholesaleoperations.com
- **Grocery Operations**
wholesaleservice@lcbo.com
- **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/>

7. I just received a Return/Refund Authorization for a miss-picked product from the LCBO. What should I do?

Arrange with the store operator for pick up **WITHIN 14 DAYS**. Once the product is picked up and the quantity is confirmed, **RETURN** the signed form to Grocery Operations.

Common errors:

- **DELAYS** in picking up product from grocers
- No paperwork **RETURNED** to Grocery Operations once product is picked up from grocery
- No reference to **QUANTITY** picked up
- No **SIGNATURE** from supplying source

Helpful hints:

1. **TIMELY** pick up of product – on next delivery – to prevent grocer frustration (i.e., within 14 days)
2. Communicate returns to your delivery company if using a **THIRD PARTY**.
3. Once product is picked up, **RETURN** signed paperwork **PROMPTLY** to Grocery Operations

8. How much notice is required for changes to SKUs?

For example: a change to UPC , Supplying Source, etc.

A minimum of **TWO (2) WEEKS** notice is required for changes to SKUs.

Key Learnings:

1. Grocers require **ADVANCE** notice to update their internal systems to mitigate:
 - Order transmission errors
 - Receiving errors
 - Point of Sale errors
2. Failure to provide notice can result in order **REFUSAL** and payment **DELAYS**

9. How do I make my product available to the grocery channel?

EXISTING eligible beer products:

- Email wholesaleservice@lcbo.com with LCBO SKU#

NEW Ontario beer products:

- Enter into NISS under

Product Need # 2428 Ontario Beer – Grocery Channel

Helpful hints:

1. For new Ontario beer products, review the **PRODUCT SPECIFICATIONS** information in NISS
2. **FAMILIARIZE** yourself with the *Addendum to LCBO Product Management Policy & Procedures* manual for grocery listing process.

10. What is the Vendor of Record?

The Vendor of Record is the party that receives **ORDERS** and **PAYMENT** from the LCBO. In most instances, the Vendor of Record is the manufacturer of the product.

There is only **ONE** Vendor of Record for each SKU.

The Vendor of Record is the **SAME** for all sales channels.

How does this impact me as a supplying source to grocers?

The Vendor of Record receives grocery **ORDERS** and **PAYMENT** for product received by grocery store operators.

In most cases, the Vendor of Record, **DELIVERS** product to grocery store operators, unless third party delivery arrangements have been made.

11. What can I do to add value for grocery store operators?

While there is no supplier trade spend in the grocery channel, there are many ways that suppliers can add value for grocery store operators.

Key Learnings:

1. Education

- Product Knowledge
- Storage and stock rotation
- Shelf life and date codes
- Industry and consumer trends

2. Quality Assurance

Summary:

1. Up to **278** grocery locations selling Beer & Cider by the end of 2017
 - *Is your business prepared for growth?*
2. **REVIEW** Key Learnings
 - *Are changes required to make your company successful in grocery?*
3. Many **RESOURCES** are available to suppliers.
 - *Have you reviewed the available resources recently?*

😊 **Thank you**

Q&A period

