LCBO

LCBO is taking the necessary steps to implement a new model based on a pricing formula that adds taxes, mark-ups, and fees to the supplier’s quote. The new pricing model closely aligns with industry standard best practices and will streamline and simplify the current wholesale pricing model.

It will become effective January 1, 2026, when LCBO becomes the exclusive wholesaler of beverage alcohol in Ontario.

A Trade Update was issued on Oct 20, 2025.

LCBO has received questions from suppliers, wholesale customers, and industry associations on the new pricing model and has developed this document to support stakeholders through this change.

Topics include:

- Wholesale pricing model
- Product categories
- Supplier requote process
- Promotions
- Pricing in LCBO retail
- Other

## Wholesale pricing model

**Why is the pricing model changing?**

Earlier this year, the provincial government announced that a new wholesale pricing model would be developed and introduced in January 2026.

The current retail-minus discount model ties wholesale prices to LCBO retail prices.

Moving to a cost-plus model:

- Aligns LCBO with standard wholesale practices
- Enables more strategic and transparent pricing
- Prepares LCBO for its expanded role as exclusive wholesaler starting January 1, 2026

**Does this apply to all wholesale customers?**

This change applies to:

- Hospitality Licensees (bars, restaurants, clubs, venues)
- Grocery and Convenience stores
- The Beer Store
- LCBO retail and LCBO Convenience Outlets (LCOs)

**What are the implications for the Beer Store? Are there changes to pricing in TBS retail stores?**

LCBO is the wholesaler of import beer as well as domestic and import cider to the Beer Store (TBS). This change impacts pricing on purchases TBS makes from the LCBO.

LCBO is not involved in the sale of domestic beer through the TBS retail network. Contact TBS on any questions regarding sales through its retail stores.

**What are the implications for LCBO retail? Are there changes to pricing in LCBO retail stores?**

LCBO retail will be subject to the same wholesale pricing model as other wholesale customers. This will change how retail prices are set for LCBO retail stores and LCOs.

See the section below for more information.

**How is the wholesale price calculated?**

Starting January 1, 2026, the new wholesale price will be determined by a cost-plus formula that adds taxes, mark-ups and fees to a beverage alcohol supplier's quote. It will be calculated as **landed cost** + **wholesale mark-up** + **COSD** + **container deposit** + **HST**.

The new mark-up formula and schedule are available on LCBOPricingHelpfulToolsandLinks | Doing Business with LCBO

**What is "landed cost"?**

Landed cost refers to the total cost incurred by LCBO to purchase a product including:

- Supplier quote
- Federal excise and customs duties and import fees (if applicable)
- Freight and transportation costs

It does not include LCBO's wholesale mark-up or HST.

**Why is LCBO introducing alcohol by volume (ABV) tiers?**

Current mark-ups for wine, spirits and ready-to-drink (RTD) products are ad valorem (%) and there are a number of sub-categories with varying ABV levels. The new tiers simplify these sub-categories and bring consistency with set ABV tiers across categories.

Differentiating products based on ABV levels is a long-standing pricing policy for these categories and is continued under the new pricing model.

### My product is 7.1% ABV—does it fall in the lower or middle tier?

Products at 7.1% ABV fall in the lowest tier (0.5–7.1%). The next tier begins at 7.2%.

### Why are beer mark-ups volumetric instead or ad valorem like the other categories?

Current mark-ups for beer are volumetric ($ / litre) and vary based on producer size (manufacturer or microbrewer) and product format (packaged or draught).

Differentiating products in this way is a long-standing pricing policy for beer and is continued under the new pricing model.

### What is COSD?

Cost of Service Differential (COSD) only applies to imported wine, cider, spirits, and ready-to-drink beverages. Rates are based on country of origin and are not changing at this time.

More detail on COSD can be found in the Trade Update from February 21, 2021.

### Will LCBO offer training or onboarding for the new pricing model?

Formal training sessions are not currently planned.

Information and resources are available on doingbusinesswithlcbo.com. This includes pricing calculators to help suppliers if they wish to adjust their quote. These calculators can also help wholesale customers understand what is driving changes in the wholesale price of a product.

For additional support, suppliers can contact their Category Representative and Wholesale customers can contact their Account Manager.

### Will the pricing structure for the Direct Delivery Program change?

There are no changes to pricing under the Direct Delivery Program at this time.

## Product categories

### What definitions will be used for the product categories?

**Spirits:** Distilled beverages containing ≥0.5% ABV. This includes whisky/whiskey, rum, vodka, gin, tequila, mezcal, brandy, cognac, armagnac, eau de vie, grappa, baijiu, soju/shochu, liqueurs / liquors, with or without flavourings, that can be consumed with or without other drink components.

**Wine:** Any beverage containing ≥0.5% ABV by the fermentation of fruit (excluding apples and pears) or other agricultural products containing sugar (incl. rice, honey and milk). This includes still, sparkling, red, white, rose, fortified wines or mead. Includes flavoured wine, cream wine or sake. Excludes ciders.

**RTD:** A ready-to-consume beverage ≥0.5% ABV that is typically consumed from its container, or single poured, that could contain a base alcohol from wine, spirits, malt, cider and/or sugar-brews, to which other ingredients are added such as flavourings, water, juice, coffee, soda, cream, etc. This includes product styles like seltzers, sodas, iced teas, coolers, canned and premixed cocktails.

**Cider:** Any beverage containing ≥0.5% ABV by the fermentation of apples or pears, or from the concentrated juice of apples or pears, to which is added herbs, water, honey, sugar or sometimes other fruits.

**Beer:** A beverage ≥0.5% ABV made by fermentation of malted barley or wheat with the addition of hops or hop extract with or without additional flavouring ingredients. Flavoured beers must have some discernable beer character derived from the use of malt and hops. Excludes products containing other alcohol bases, such as wine, spirits or cider. These would be categorized / marked-up according to that alcohol.

### My product is 7.1% ABV—does it fall in the lower or middle tier?

Products at 7.1% ABV fall in the lowest tier (0.5–7.1%). The next tier begins at 7.2%.

### Can I challenge a product classification?

Yes. If you believe your product has been misclassified (e.g., ABV tier or category), you may submit a formal request for review through your LCBO Category Representative.

Supporting documentation may be required.

## Supplier requote process

### Can a supplier re-quote its products under the new model?

Yes. Re-quoting is permitted under the new model, subject to LCBO's re-quote schedule and submission requirements.

LCBO has extended the deadline for the next requote opportunity to November 20, 2025 (effective January 1, 2026). After that, the regular schedule will be followed and the next opportunity is January 5, 2026 (effective February 2, 2026).

### How often can a supplier re-quote?

Suppliers can adjust their wholesale quote 13 times per year by filling out LCBO's standard Quote Submission Form and sending into pricing@lcbo.com. Quotes are posted according to LCBO's fiscal period schedule and are effective on the first Monday day of the next period.

Ontario beer suppliers may submit wholesale quote changes on a weekly basis. Forms must be submitted to the pricing mailbox by 4:00 p.m. each Monday for a price change effective two weeks later.
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Ontario beer suppliers may submit wholesale quote changes on a weekly basis. Forms must be submitted to the pricing mailbox by 4:00 p.m. each Monday for a price change effective two weeks later.

The quote schedule remains unchanged and is available at [LCBOPricingHelpfulToolsandLinks | Doing Business with LCBO].

### What happens if a supplier misses a re-quote window?

The current price would remain in effect until the next scheduled window.

### Can suppliers quote in foreign currencies?

Quotes in foreign currency will continue to be accepted for imported products.

## Promotions

### Does LCBO provide any volume-based discounts?

No, volume-based discounts are not offered by LCBO at this time.

### Does LCBO have a program for Limited Time Offers (LTOs) for grocery and convenience stores?

LCBO consulted stakeholders earlier this year and work is underway to develop a new program. More information on this initiative will be shared later this year.

## Pricing in LCBO retail

### How will prices be set in LCBO retail stores?

LCBO retail will be subject to the same wholesale pricing model as other wholesale customers. LCBO will then mark-up the product to determine the retail price in LCBO stores and LCOs. This retail mark-up can be variable and will be set at LCBO's discretion.

This brings LCBO retail in line with all other retailers that were permitted to set their own retail prices as of September 5, 2024 when uniform retail pricing requirements were removed.

Uniform pricing will continue to apply across LCBO's retail network. This means that the price of any given product will continue to be the same in all LCBO retail stores and LCOs.

**Will changes to suppliers quotes impact LCBO retail?**

Yes, LCBO retail will be subject to the same wholesale pricing model as other wholesale customers.

When suppliers submit a quote, it is used to determine both the wholesale price and the LCBO retail price.

**When will this change come into effect in LCBO retail?**

Period 10 LCBO retail pricing will remain in effect until the end of P11 Supplier quotes as of November 20, 2026 will be used to determine the wholesale price as well as the LCBO retail price. Suppliers can estimate the retail price until December 31st, 2025, using the LCBO retail pricing tools available on www.doingbusinesswithLCBO.com. As of February 2 (P12), retail mark-ups will be variable and set at LCBO's discretion. More information on this change will be shared later this year.

**Will LCBO continue to display prices that include tax?**

Yes, LCBO will continue to display "all-in" prices.

## Other

**Will invoicing or payment terms change under the new model?**

No, there are no changes to invoicing or payment terms at this time. Wholesale customers will continue to follow their existing payment arrangements with LCBO.

**Does the new pricing model apply to products in the Specialty Services Consignment Program?**

Yes, the wholesale pricing structure applies to specialty services consignment orders.

**Are there any changes to minimum retail pricing requirements?**

No, minimum retail pricing regulations remain unchanged.

**Will LCBO continue to rebate the in store beer Cost of Service fee to brewers on sales to grocery and convenience customers?**

The in-store Cost of Service rebate will no longer be applied as of December 31, 2025.

As of January 1, LCBO is implementing a new cost plus wholesale pricing model and the current model based on LCBO retail price minus a discount will end. There is no in-store cost of service fee in the cost plus wholesale pricing calculation.