

Frequently Asked Questions (Manufacturers, Agents, Suppliers)

When the new wholesale pricing model takes effect on April 1, 2015 all liquor retailers will purchase their product from the Liquor Distribution Branch (LDB) at a common wholesale price.

PRICING

Under the new wholesale pricing model:

Q. What is my retail price?

- A. Retail pricing for BC Liquor Stores (BCLS) is still being determined. On March 20, BCLS will publish Period 1 (April 1, 2015) retail prices for vendor-specific SKU's on the Vendor Website at: www.vendor.bcliquorstores.com/vendorsite/index.jsp

Q. How is my wholesale price calculated?

- A. As part of the new wholesale pricing model, the current discount pricing system for retailers will no longer continue and duty paid cost plus category mark-up pricing will come into place. The new mark-up formula and schedule are available in the Wholesale Pricing Changes Overview document, located on the LDB website at: <http://www.bclldb.com/doing-business-ldb>

Wholesale pricing calculators, reflecting the new pricing model, are available on the Vendor Website at: www.vendor.bcliquorstores.com/vendorsite/index.jsp. Manufacturers, agents and suppliers can use these calculators to determine the new wholesale price for their products. Each product type (beer, wine, spirits and refreshments beverages) has its own pricing calculator.

Q. How is beer marked-up in the new pricing model?

- A. A new beer mark-up schedule is also being implemented on April 1, 2015. This schedule contains three types of mark-up rates which are based on annual worldwide brewery production. The new beer mark-up schedule is available on the LDB website at: www.bclldb.com/doing-business-ldb and a beer pricing calculator is available on the Vendor Website at: www.vendor.bcliquorstores.com/vendorsite/index.jsp

Q. How do the changes impact B.C. manufactured wine?

- A. B.C. wine will be marked up by the LDB, according to the new wholesale pricing mark-up schedule, and purchased by all retailers at the new, common wholesale price. Manufacturers that currently direct deliver to wholesale customers will continue being able to do so.

Q. How do the changes impact VQA wines?

- A. Direct Distribution programs for BC manufacturers, including the B.C. VQA rebate program, will continue under the new wholesale pricing model.

Q. How do I apply for a Wholesale Price Promotion program (previously LTO) in the new model?

- A. A Wholesale Price Promotion program (WPP), previously known as a Limited Time Offer (LTO), is a temporary decrease in a product's wholesale price requested and fully funded by the manufacturer, supplier or agent. All products are eligible for the WPP.

To make a request for a WPP, please complete the form available on the Vendor Website and

submit it to: fincostp@bcldb.com

For more information on applying for a WPP please see the LDB's Checklist document located at: www.bcldb.com/doing-business-ldb

Q. How do I register a product with the LDB and/or list a product with BCLS?

- A. To register a product with LDB, the Product Registration Application (eREG) online form must be completed. To list a product with BCLS, the Product Listing Application (eLAF) must be completed. Both of these Applications are located on the Vendor Website at: www.vendor.bcliquorstores.com/vendorsite/index.jsp

Q. Are there any changes to hospitality customers?

- A. Hospitality customers will continue to purchase product from BC Liquor Stores, agents of the LDB and the Wholesale Customer Centre (where applicable) at the LDB established retail price, plus GST.

Q. Will there be any changes to the Vendor Website?

- A. There will be some changes to the Vendor Website to reflect the transition to the new wholesale pricing model including new and updated fields on the Product Registration Application (eREG) and Product Listing Application (eLAF).

The new Wholesale Calculator has been added and the current Pricing Simulator will be removed after April 1, 2015.

For more information on these changes, please see the Wholesale Pricing Changes Overview document, located here: www.bcldb.com/doing-business-ldb

REPORTING

Under the new wholesale pricing model:

Q. What am I reporting on after April 1, 2015?

- A. As of April 1 2015, manufacturers, agents and suppliers will report on wholesale and hospitality sales plus GST.

Total sales proceeds including GST will be collected on wholesale and hospitality sales and remitted by the manufacturers to the LDB.

For further information, please see the Wholesale Pricing Changes Overview document, located here: www.bcldb.com/doing-business-ldb

Q. Will I be required to change my reporting-related systems or forms?

- A. With the implementation of the new wholesale pricing model, some system and form changes will come into effect. For details, please see the Wholesale Pricing Changes Overview document, located here: www.bcldb.com/doing-business-ldb

Q. How do I report sales tax on retail sales?

- A. Manufacturer stores will no longer be reporting on retail sales. Manufacturers will report a wholesale sale to their on-site and off-site manufacturer stores.

This means that sales to the Manufacturer Store will be reported using the Manufacturer Store Number as the Customer Number. Sales to wine manufacturer on-site lounges (manufacturer's endorsement type) will be reported at Hospitality prices using the Liquor Control and Licensing Branch-issued endorsement license number as the Customer Number.

It is the responsibility of the manufacturers to remit Provincial Sales Tax (PST) and Goods and Services Tax (GST) for retail sales at on-site and off-site manufacturer stores to the appropriate authorities.

For further information, please see the Wholesale Pricing Changes Overview document, located here: www.bcldb.com/doing-business-ldb

Q. What new customer types will come into effect?

Since retail sales will no longer be reported, sales will no longer be reported to LDB as Counter or Retail customer types.

Instead, the following new customer types will come into effect:

- Grocery (GRC) – eligible licensed grocery stores
- VQA - only used by the BC Wine Institute (BCWI) to report on sales from the BC VQA stores
- Manufacturer On-site Stores (MOS) – a retail store operated by a BC manufacturer on the site of its manufacturing facility where it sells its own products to the public.

Q. What is the new reporting calendar?

- A. The LDB financial reporting calendar will be distributed to the BC manufacturers in February by mail and available on the website at: <http://www.bcldb.com/direct-sales-web-reporting-user-guides>.

TRANSITION

Q. What is the roll-out process to transition to the new model?

- A. The roll-out process for the Period 1 (2015/2016) pricing cycle is available on the LDB website. Please see the Cut-Over for Period 1 (2015/2016) document, located here: www.bclddb.com/doing-business-ldb

Q. How do I amend the wholesale price of my products for LDB's Period 1 (April 1, 2015)?

- A. Manufacturers, agents or suppliers may choose to amend the supplier price of their products for LDB's Period 1 (2015/2016) pricing cycle. To do so, please follow the instructions within the February 1 Communication to Agents and Suppliers, located on the LDB's website at: www.bclddb.com/doing-business-ldb.

Q. What if a SKU is missing on my February 1 issued spreadsheet?

- A. If your February 1 issued spreadsheet is missing any products that you plan to supply, please add the SKU to the bottom of the list along with relevant supplier cost components in your spreadsheet and email the amended spreadsheet to fincostp@bclddb.com by 5pm (PST) February 13, 2015.

Q. How is my beer mark-up rate calculated for Period 1 (April 1, 2015)?

- A. In order for the LDB to calculate beer manufacturers mark-up rate for Period 1 (2015/2016), beer manufacturers prior calendar year beer production volume (in hectoliters) must be submitted to fincostp@bclddb.com by 5pm (PST) February 13, 2015.

If no beer production volumes are received before February 13, beer mark-up rates for beer manufacturers will default to 1.08/litre.

The beer mark-up schedule can be found on the LDB website at: <http://www.bclddb.com/doing-business-ldb>

Q. How do I apply for a Wholesale Promotion Program (WPP)?

- A. To make a request for a WPP to SKUs in Period 1 (2015/2016), please do so before 5pm (PST) February 13, 2015 using the form available on the Vendor Website and submit this to fincostp@bclddb.com.
The Vendor Website is located at: <https://www.vendor.bcliquorstores.com/vendorsite/index.jsp>