

# Update on wholesale pricing

**Manufacturers, Agents and Suppliers**

Information Session

April 23, 2015



**LIQUOR  
DISTRIBUTION  
BRANCH**



# Introductions

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**Disclaimer:**

This information is based on current processes and decisions. In the event of any changes, this information will be subject to amendment.

# Objectives for today

To provide an overview of:

- **Wholesale pricing** (effective from April 1);
- **Reporting** in the new wholesale model;
- **Process changes**; and
- **Key dates** for Manufacturers, Agents and Suppliers.

Please type in your **questions** throughout the webinar.

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- **Questions**

# Recap on recent changes

- Implementing these changes necessitated an update to many of BCLDB's business **processes and systems** that are to streamline the **way BCLDB does business** with industry partners.

# Recap on recent changes

## Manufacturers, Agents & Suppliers



Implementation of new  
**wholesale pricing model**

**Revised wholesale reporting**

Updated and revised **agreements**

## Wholesale Customers



All retailers can purchase at  
**common** wholesale price

Retailers **ordering through WCC  
(Wholesale Customer Centre)**

Eligible grocery stores can  
**begin retailing beverage alcohol**

## Hospitality Customers



**No significant changes  
anticipated**

Hospitality **will continue to  
pay LDB Established Retail  
Prices, plus GST**

Ordering **channels will not  
change**

# Recap on recent key dates

<b>Feb 1</b>	Released the wholesale calculator and estimated wholesale prices
<b>Feb 13</b>	Manufacturers, agents and suppliers submitted supplier prices (Period 1)
<b>Mar 6</b>	LDB published wholesale prices for (Period 1)
<b>Mar 20</b>	LDB published LDB established retail prices for hospitality for (Period 1)
<b>Apr 1</b>	Effective date for wholesale and retail prices (Period 1)

# Recap on recent changes (effective April 1, 2015)

## New **pricing model** implemented

- Wholesale pricing model is now in effect
  - Changes from Discount-off Display Price to a Duty Paid Cost plus markup
  - Common wholesale price for all retailers
  - Tax excluded pricing
- Graduated mark-up rate for medium-sized breweries
- Licensed Hospitality will continue to purchase at the LDB established retail price
  - Manufacturers and suppliers receive LDB retail prices for their SKUS
- Changes to manufacturer commission structures
- Existing VQA programs for BC Manufacturers will continue
- Retail sales (e.g. Bulk and Special Occasion Licenses) will no longer be reported to LDB as Counter/retail
- Wholesale sales reporting has been introduced

More information, please [click here](#)



# Pricing model: Supplier price change guidelines

Guidelines include:

- **Requests for supplier price increases** will not be accepted for any product that is pending delist.
- **Supplier price decreases** are limited to a maximum decrease of 30% off the regular wholesale price.
- Once the wholesale price has been decreased **by a maximum of 30%**, this decreased price must be maintained for at least 3 consecutive periods before LDB will consider a further supplier price decrease request up to a final maximum decrease of the selling unit “duty paid cost”.
- If a supplier price decrease results in a calculated wholesale price that falls below the minimum price assigned to the product category, the minimum wholesale price will take effect (under review).

Please note - the **minimum wholesale price** will soon be communicated, to be effective Period 4.

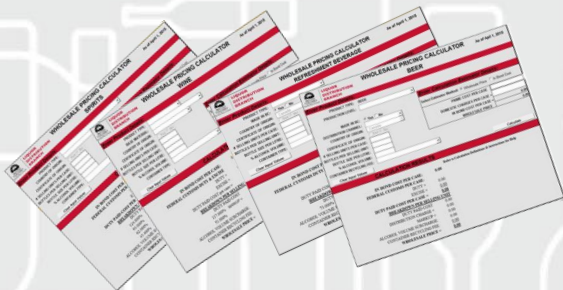
# Updates to the Vendor website

## The wholesale pricing calculator

- It can help in calculating the wholesale price
- It can help in understanding the rates within the calculation
- Each product type has its own calculator (beer, wine, spirits, refreshment beverages)

## Revised product registration and listing features

- eReg and eLaf have been updated to include new product categories and attributes to better categorize and market product within the LDB system



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# Recap on recent changes (effective April 1, 2015)

## Reporting in the wholesale pricing model

- **Tax excluded** wholesale and hospitality reporting. No retail reporting going forward.
- LDB will **no longer collect and remit** PST and GST on behalf of agent's retail sales.
- **New Customer Types** (GRC, MOS)
- Wholesale Reporting by Manufacturer for **sales to its own retail stores**
- **Sales to winery lounges** will continue to be reported as sales to hospitality customers using the manufacturer license number issued by Liquor Control and Licensing Branch as the customer number.
- Updated Sales **Reporting formats**
  - Direct Sales Website Reporting
  - CSV File Upload
  - Manual form changes
- Changes to Direct Sales Web Reporting (**DSWR v8** will be retired on June 30, 2015)

Revised specifications now published - [here](#)

- Direct Sales Web Reporting CSV Upload specification
- Direct Sales Web Reporting CSV Fields Specification and Validation Rules
- Direct Sales Web Reporting CSV Sample file
- Sales Reporting Manual Form specification

# Summary of reporting changes

## Price Distribution

- LDB to provide Manufacturers and Suppliers (Private Distributors) with the following prices for their SKUs:
  - Wholesale Price for sales to wholesale customers
  - LDB established retail price for sales to hospitality customers
- Price list will be available for download in CSV format via the Vendor Facing Website



**Distributors**



**Pricing**

Tax excluded  
Wholesale Prices  
Tax excluded  
Retail Prices



**BC LDB**



**Sales Reporting**

## Direct Sales Website Reporting

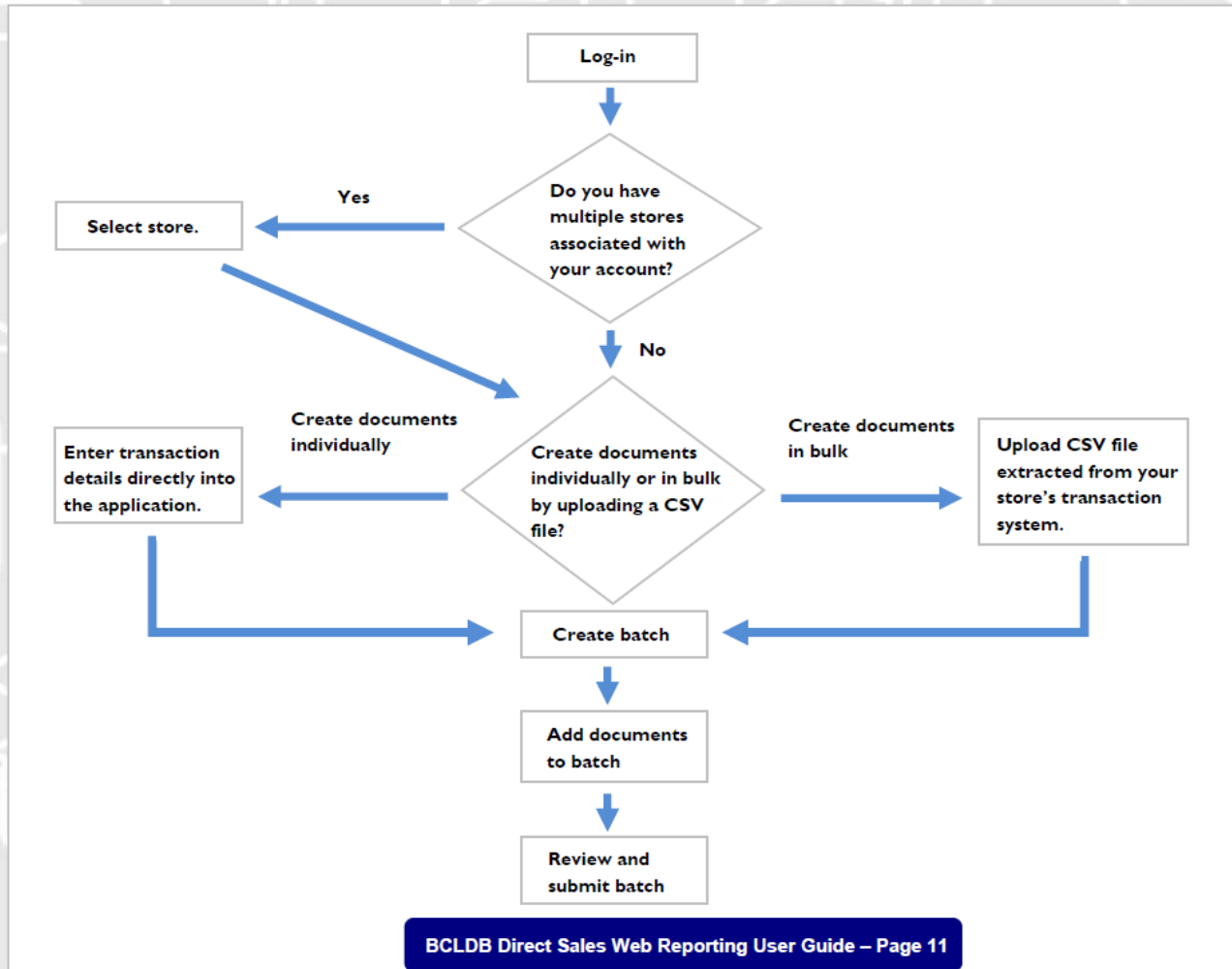
- All transactions must reference valid customer types (Counter retail sales no longer reported)
- “Display Price” header changes to “Price”
- Discount field will be removed throughout the application
- Revised PDF output formats for Sales and Returns
  - PDFs generated prior to system change date will continue to reflect old format (discounted pricing)

Tax excluded  
Wholesale and  
Hospitality sales only  
Wholesale sales to  
Manufacturer Onsite Stores  
Tax summarized  
at an invoice level

# Reporting changes: Customer types

- **Manufacturer Stores**
  - Manufacturer stores will no longer be reporting on retail sales
  - Manufacturers will report sales to their On-site/Off-site Manufacturer stores (MOS/WAS):
    - On-site store retail sales will be reported at the wholesale price as sales to the Manufacturer Onsite Store
    - Sales to winery lounges (manufacturers endorsement type) will continue be reported as hospitality sales using the LCLB-issued endorsement license number as the customer number
- **Customer Type Changes**
  - Retail sales (e.g. Bulk and Special Occasion Licenses) will no longer be reported to LDB
  - New customer types – Grocery (GRC), VQA and Manufacturer Onsite Stores (MOS)

# The reporting process



# Updated Sales Reporting formats: CSV Upload File Format

- Rename “Display\_Price” field to “Price” in upload template
- New validation rules to be added on LDB side to verify revised list of valid customer types

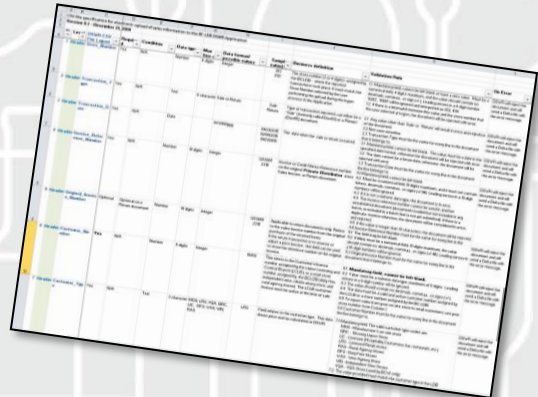
Store_Number	Transaction_Type	Transaction_Date	Invoice_Reference_Number	Original_Invoice_Number	Customer_Number	Customer_Type	Payment_Method	SKU	Quantity	Price	Container_Deposit	Total_Doc_Amount	Return_Reason_Code
9999	SALE	1/7/2014	200001			COU		805648	3	9.98	0.2	70.64	
9999	SALE	1/7/2014	200001			COU		118034	5	7.98			
9999	RETURN	1/5/2014	200002			COU		805648	1	9.98			1
9999	RETURN	1/5/2014	200002			COU		118034	2	7.98			1
9999	RETURN	8/20/2013	200003	84561		COU		805648	1	10.59			1
9999	RETURN	8/20/2013	200003	84561		COU		118034	2	8.47			1
9999	SALE	1/7/2014	200001			IC		177865	10	8.69	0.2	89.64	
9999	SALE	1/7/2014	200001			IC		195651	1	8.98	0.1	89.64	
9999	RETURN	1/8/2014	200002			IC		177865	1	8.69	0.2	8.14	5
9999	SALE	1/7/2014	200001			SAS		195651	20	8.98	2	146.3	
9999	RETURN	1/8/2014	200002			SAS		195651	10	8.98	1	73.16	7
9999	SALE	1/8/2014	200001			LRS	PAP	805648	4	9.98	0.4	80.78	
9999	SALE	1/8/2014	200010		191537	LRS	PAP	118034	8	7.98	0.8	80.78	
9999	RETURN	8/20/2013	200011	84560	191537	LRS	HOC	805648	2	10.59	0.2	42.83	1
9999	RETURN	8/20/2013	200011	84560	191537	LRS	HOC	118034	4	8.47	0.4	42.83	1

“Display\_Price” field renamed “Price”

Customer Type value “COU” no longer valid.

Direct Sales Web Reporting CSV Upload specification

Direct Sales Web Reporting CSV Fields Specification and Validation Rules





# Changes to CAS reports

To better streamline the reporting process, the LDB has replaced the **Consignment Agency Store (CAS) Commission Report** with two new reports:

1. Store Transaction Detail Report
2. Container Variance Report

Some of the objectives of these report changes are to:

- Reconcile the transactions that you submit to the LDB and those that the LDB processes for each Period;
- Identify inconsistencies (should they exist) in your pricing and container deposit configuration;
- Apply adjustments (where required) to your payments.

Liquor Distribution Branch  
 Store Transaction Detail Report  
 NO NAME WINERY #123 - 123  
 Supplier Id - 12  
 Period 201511 Ending 2015 02 28

Sample Store Transaction  
 Detail Report

TRANS NO	TRANS TYPE	BATCH DATE	LICENSE NO	CUSTOMER TYPE	SKU	QUANTITY	LDB AMT	STORE AMT	PRICE VARIANCE	COMMISSION RATE	EXPECTED COMMISSION	GST (5%)	PAYMENT
1500 0346 20150227 133 55 2	RETURNS	27-Feb-15	191537	LRS	123456	-1	-10.24	-10.24	0	7	0	0	0
1500 0346 20150227 146 55 2	RETURNS	27-Feb-15	33827	LIC	12345	-1	-11.26	-10	1.26	0	0	0.06	1.32
Total Amount													

Liquor Distribution Branch  
 Store Transaction Detail Report  
 NO NAME WINERY #123 - 123  
 Supplier Id - 12345  
 Period 201511 Ending 2015 02 28

Sample Container  
 Variance Report

TRANS NO	TRANS TYPE	BATCH DATE	LICENSE NO	CUSTOMER TYPE	EXPECTED CONTAINER DEPOSIT	ACTUAL CONTAINER DEPOSIT	CONTAINER DEPOSIT VARIANCE
1500 0123 20150227 122 60	SALES	27-Feb-15	33827	LIC	0	0	
1500 0123 20150227 133 55 2	RETURNS	27-Feb-15	191537	LRS	-0.6	-0.1	0.5
1500 0123 20150227 146 55 2	RETURNS	27-Feb-15	33827	LIC	-0.6	-0.1	0.5
Total Amount							1



# Changes to Direct Sales Web Reporting (DSWR)

Effective April 1, LDB made two versions of DSWR available:

- **Version 8** - Report transactions dates March 31, 2015 or earlier (Display and Discounted pricing)
  - Please report all transactions and returns dated prior to April 1, 2015 using pre-April 1 pricing in DSWR v8 before June 30, 2015.
  - Version 8 will be decommissioned on June 30, 2015
- **Version 9** - Report transactions dated after March 31, 2015 (Wholesale and Hospitality pricing)

# For those who continue to report on forms

New form templates are available in .pdf format on the DSWR website:

<http://www.bcldb.com/direct-sales-web-reporting-user-guides>



- Please note - manufacturers using the .csv upload can use their own invoice formats as long as the information provided to the wholesale customers is consistent with the LDB formats.

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# Direct Delivery to Wholesale Customers and Hospitality

- Manufacturers that currently direct deliver to wholesale and hospitality customers will continue being able to do so.
  - For all Wholesale customers - each SKU will have a common wholesale price.
  - For all Hospitality customers – each SKU will have an LDB established retail price for all Hospitality customers.
- Manufacturers will be provided the LDB Established Retail Price for their SKUs approximately 10 days prior to the Period commencement date.

# Tastings and purchasing products to donate

## BC Liquor Store In-store Tastings

- Agents and suppliers purchasing product for in-store tastings at BC Liquor Stores will purchase at the LDB retail price, from the BC Liquor Store at which the tasting will take place

## Purchasing products to donate to charitable events

- **Agents and suppliers** purchasing product to donate to charitable events can purchase the product at the wholesale price from the Wholesale Customer Centre (WCC).
- **BC Manufacturers** purchasing products to donate to charitable events will report these as wholesale sales to their Manufacturer Onsite Store. The WCC does not need to be involved in this transaction.

# Wholesale Price Promotions (WPPs) and retail promotional pricing

- WPPs have replaced Limited Time Offers (LTOs)
- BCLS will generally pass on the Wholesale Price Promotions (WPPs) to the LDB established retail price (for retail consumers and hospitality customers), however, private retailers will make their own business decisions in relation to whether these are passed onto their retail prices
- Some discrepancies may exist in BC Liquor Store retail prices due to price rounding rules that are applied

# Process for Agent Stocked Product (formerly called Non-stock Wholesale Product or SPEC)

There are three types of product registered in BC:

## 1. Agent Stocked Product (formerly called Non-stocked Wholesale Product)

- Agent stocked products are registered for sale in BC, but not necessarily listed for sale on BC Liquor Store shelves.
- Products available at BC Liquor Stores will be centrally managed through the Merchandising team at LDB. This includes decisions to bring in agent stocked product for sale at BC Liquor Stores.
- BC Liquor stores can continue to order agent stocked product when requested by a customer (hospitality and/or counter customers). Orders of agent stocked product must be in minimum order sizes of 1 case (they cannot be broken down into selling units (i.e. bottles)).

## 2. LDB Stocked Product

- LDB stocked product refers to a product that is registered for sale in BC, that is distributed through the LDB warehouse.
- LDB stocked product is available for all wholesale customers to order.

## 3. Direct Distributed (or Privately Distributed) Product

- Direct distributed product is registered for sale in BC, and can be purchased directly from the winery, brewery or distillery.



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# Key dates for Manufacturers, Agents and Suppliers

## DATES & DEADLINES

### 2015 - 2016 FISCAL YEAR

Supplier Price Change and Wholesale Price Promotion Deadline	Wholesale Pricing Published to Vendor Website	LDB Established Retail Price Published to Vendor Website	Effective Date of Wholesale and LDB Established Retail Prices	Fiscal Period 2015/2016
February 13, 2015	March 6, 2015	March 20, 2015	April 1, 2015	1
March 24, 2015	April 10, 2015	April 21, 2015	May 3, 2015	2
 April 24, 2015	May 6, 2015	May 19, 2015	May 31, 2015	3
May 20, 2015	June 3, 2015	June 16, 2015	June 28, 2015	4
June 17, 2015	July 2, 2015	July 14, 2015	July 26, 2015	5
July 15, 2015	August 5, 2015	August 18, 2015	August 30, 2015	6
August 19, 2015	September 2, 2015	September 15, 2015	September 27, 2015	7
September 16, 2015	September 30, 2015	October 13, 2015	November 1, 2015	8
October 14, 2015	November 4, 2015	November 17, 2015	November 29, 2015	9
November 18, 2015	December 2, 2015	December 15, 2015	January 3, 2016	10
December 16, 2015	January 6, 2016	January 19, 2016	January 31, 2016	11
January 20, 2016	February 3, 2016	February 16, 2016	February 28, 2016	12
February 17, 2016	March 2, 2016	March 15, 2016	April 1, 2016	1 (2016/2017)

# Vendor product price availability

## Wholesale prices for vendor-specific SKUS

- Available on the Vendor website
- These prices represent the prices that all wholesale customers (retailers) are to pay for your product
- Wholesale prices and promotions will be available **approximately three weeks** prior to the period start date,
- Newly registered SKUs will be updated daily

Questions?

[Fincostp@bcldb.com](mailto:Fincostp@bcldb.com)

## LDB established retail prices for vendor-specific SKUs

- Available on the Vendor website
- These prices represent the prices that hospitality customers are to pay for your product
- Available **approximately 10 days** prior to the period start date.
- Newly registered SKUs will be updated daily

Questions?

[LDBagentinfo@bcldb.com](mailto:LDBagentinfo@bcldb.com)



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# Key questions that we've heard

**Manufacturers,  
Agents & Suppliers**



Key questions that  
we've heard

**Q. *Can I continue to direct deliver my products to Hospitality and Wholesale customers?***

**A.** Manufacturers who can direct deliver to hospitality and wholesale customers will continue to do so.

Further information can be found at:

<http://www.bcldb.com/doing-business-ldb>

# Key questions that we've heard

**Manufacturers,  
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Key questions that  
we've heard

**Q. *What is the 'LDB established retail price' for my products?***

**A. 'LDB established retail price' is the price established by the LDB for all products that are distributed through BC Liquor Stores, Manufacturers or Direct Distributors for sales to Hospitality and Retail customers.**

Further information can be found at:  
<http://www.bcldb.com/doing-business-ldb>

# Key questions that we've heard

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Key questions that  
we've heard

**Q. *How and when do I change my prices?***

**A.** Wholesale pricing changes can be made for each fiscal period (12 times per year).

Deadline for submitting price changes for Period 3 (May 31, 2015) is April 24.

Retail prices will be established by the individual retailer.

Further information can be found at:  
[www.bcldb.com/doing-business-ldb](http://www.bcldb.com/doing-business-ldb)

# Key questions that we've heard

**Manufacturers,  
Agents & Suppliers**



Key questions that  
we've heard

**Q. *What are the reporting changes that I must know about?***

**A.** Retail sales to Retail customers will no longer be reported to LDB. Manufacturers, agents and suppliers will report on wholesale and hospitality sales. Please note new customer types (MOS and GRC).

Further information can be found at:  
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Questions or queries, please direct them to:

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[LDBChanges@bcldb.com](mailto:LDBChanges@bcldb.com)