



Frequently Asked Questions regarding Wholesale Pricing Changes – Hospitality Customers

When the new wholesale pricing model takes effect on April 1, 2015, hospitality will continue to purchase their product at the LDB established retail price.

PRICING MODEL

Under the new wholesale pricing model:

Q. What is changing for hospitality customers?

- A. There are no significant changes anticipated for hospitality customers under the new pricing model. As they do now, hospitality customers will continue to purchase alcohol at the LDB established retail price plus GST.

Hospitality customers will also continue to purchase alcohol through the same channels as they do now – via BC Liquor Stores, the LDB’s Wholesale Customer Centre (if eligible) or from private distributors or manufacturers that are permitted to sell direct to them (eg. wineries, etc). There are also some Rural Agency Stores that service hospitality customers.

Q. Why weren’t hospitality customers included in the new wholesale pricing model along with retailers?

- A. Hospitality customers do not receive a discount in the current model and changing this was not part of the new wholesale pricing model which was about retailers, including the BC Liquor Stores, paying a common wholesale price.

The LDB is expected to maintain revenue targets and providing a new discount for the hospitality industry would not have allowed LDB to reach revenue targets.

Q. Do hospitality customers still get their ‘discount?’

- A. Hospitality customers have always paid retail price. However, on April 1, BCLS retail prices will be moving to tax-excluded display prices.

In the current model, display prices on shelves include GST and PST. At the time of purchase, the PST is taken off the price for a hospitality customer. Going forward, hospitality customers will pay the tax-excluded display price plus GST.

Under both models, hospitality customers continue to pay the retail price plus GST

Q. How is alcohol priced for hospitality customers??

- A. All hospitality customers, regardless of where they purchase product, will continue to pay the LDB established retail price, plus GST.

Q. Are BC Liquor Store prices changing?

- A. The LDB released its retail prices to industry partners that service hospitality on March 20, 2015, and almost all retail prices remained the same (ie. within an incremental rounding up to the nearest \$0.10).

Products that increased outside of rounding can be attributed to:

- Increases in supplier-related costs



- The removal of the incremental packaging benefit
- Ensuring that the retail mark-up on all products meets a base level (a small percentage of products)
- March Limited Time Offers

Just like today's process, there will always be price changes that take place every period both on the wholesale and retail price.

Q. How can I access the LDB established retail prices?

- A. As committed, the LDB released BC Liquor Store retail prices on Friday, March 20 to those who required the list in order to supply products to hospitality customers come April 1, such as agents and suppliers.

Like current day, suppliers and agents will continue to provide retail prices to their hospitality customers. Prices will also be available April 1 in BC Liquor Stores or on the BC Liquor Store website, using the product search function.

Q. The LDB has said it will no longer collect and remit PST on behalf of its hospitality customers. Is this true?

- A. The hospitality industry does not pay the PST on product purchased from the LDB for resale. Hospitality customers collect the PST from their end consumer and have always been responsible for their own remittance.

ORDERING AND RETURNS

Under the new wholesale pricing model:

Q. After April 1, where should hospitality customers purchase product?

Hospitality customers will continue to purchase products through the same stream as they do now: from BC Liquor Stores, the LDB Wholesale Customer Centre (if eligible), private distributors, eligible manufacturers, and authorized Rural Agency Stores.

They will continue to purchase at the LDB established retail price, plus GST.

Q. I have a LRS attached to my pub – can I purchase my own products?

- A. No. Hospitality customers must purchase products from BC Liquor Stores, the LDB Wholesale Customer Centre (if eligible), private distributors, eligible manufacturers, and authorized Rural Agency Stores.

Q. Can all hospitality customers purchase from the LDB's Wholesale Customer Centre?

- A. Hospitality customers should continue to purchase alcohol in the same way they do now. BC Liquor Stores will continue to serve smaller hospitality customers who require small orders and single bottle orders, and the Wholesale Customer Centre will continue to serve large clients who consistently order 30+ cases per week.

Hospitality customers will continue to purchase at the LDB established retail price, plus GST.



Q. How is the direct delivery system changing? Can hospitality customers still buy product directly from manufacturers?

A. There is no change to direct delivery. Manufacturers that are permitted to sell direct to hospitality customers will continue to be permitted to do so.

Q. Where should hospitality customers return a product that is defective?

A. Hospitality customers should continue to make return requests request for a return in a timely manner from the channel where they purchased the product.

LDB's return policies haven't changed (proof of purchase continues to be required).

Q. What if a hospitality customer wants a product that isn't carried in BC Liquor Stores?

A. BC Liquor Stores can access every product for a hospitality customer, except for those that suppliers choose to exclusively sell to a particular customer or those that are exclusively direct delivered.