



Value-added Promotions – Consultation Document

Instructions:

Please send any comments you may have on the below proposed changes to lclb.lclb@gov.bc.ca by Friday, December 1st, using “Value-added Promotions” as the subject line.

Background:

Historically, the requirements regarding value-added promotions (frequency, value, liquor on-pack size, etc.) were administered by the Liquor Distribution Branch’s (LDB) Marketing Department. These policies were then reflected in the Liquor Control and Licensing Branch’s (LCLB) Terms and Conditions for private retailers, agents and manufacturers.

The policy goal of limiting the value and frequency of value-added promotions is two-fold. The first is to ensure that manufacturers are not significantly lowering the price of a liquor product by offering consumers items of significant value, or additional quantities of liquor, at no additional cost. The other is related to inducements – a liquor manufacturer inducing retailers to carry their products by including items of significant value to their products and/or including items on a constant or exclusive basis; or vice versa, whereby a retailer demands a manufacturer include items of significant value before they will carry the product. Both of these policy areas reside with the LCLB.

Given the re-structuring of the LDB’s business operations which clearly separated their wholesale and retail divisions, some adjustments to the administration and content of the value-added promotion requirements are necessary.

- 1) The maximum value of a value-added item should be stated in terms of the wholesale price and not the retail price.
- 2) Frequency should be increased and made consistent with the frequency of Wholesale Price Promotions.
- 3) Notification and/or approval from the LDB’s Marketing Department should no longer be required (they will only be involved in approving for BC Liquor Stores).
- 4) Value-added promotions should be offered to all wholesale customers.
- 5) The requirement that value-added promotion must be accepted by BC Liquor Stores before it can be offered to private retailers should be eliminated.

Below are the proposed Terms and Conditions for value-added promotions.

**Liquor Control and
Licensing Branch**

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Website:
www.gov.bc.ca/liquorregulationandlicensing

Proposed Agents and Manufacturers Term & Condition:

Value-added promotional items

You may offer a licensee retail store, wine store, special wine store, BC Liquor Store, rural agency store and licenced grocery store (retailers) value-added promotional items subject to the following:

Liquor value-added promotional item

- Liquor promotional items are limited to five times/SKU/per fiscal year and must not be the same product as the host product.
- The liquor promotional item must be a product that is registered to be sold in British Columbia
- The liquor promotional item, if an on-pack, must be attached to the host product that is being promoted prior to shipment to the retailer

On Pack Sizing	
On Pack	Host Product
≤50ml spirit	≥750 ml spirit
≤100ml spirit (2 x 50ml)	=1.75 liter spirit
≤200ml wine	=750ml or 1litre or 1.14litre wine
Near Pack	Host Product
≤500ml beer	≥750 ml spirit
	≥750ml wine
	≥6 pack beer, cider or refreshment beverage

Non-liquor value-added promotional item

- Non-liquor promotional items are limited to five times/SKU/per fiscal year.
- The promotional item must be liquor related or branded
- Third-party coupons attached to a liquor product by a neck tag or back label, or placed inside a case are permitted. However, these coupons cannot be for a rebate or reduction on the purchase price of a liquor product, for a free liquor product of any kind, or for cash.

The value of both liquor and non-liquor promotional items must not be of a value greater than 25% of the wholesale price of the host product.

Value-added promotions must be available to all wholesale customers.

You are required to keep a record of the value-added promotions that you offer, and be able to produce it upon request by an inspector.

You and the retailer may advertise these promotions.

The stores may keep any leftover items at the end of the promotional period and may continue to offer them to their customers until they are gone. However, they cannot take any promotional items for personal use or future promotions.

Proposed LRS and Wine Store Term & Condition:

Value-added promotional items

You may accept value-added promotional items from a manufacturer/agent subject to the following:

Liquor promotional item

- The liquor on-pack must be affixed to the product prior to arrival at your store
- You must not sell the liquor on-pack as a separate item

Non-liquor promotional item

- You must not sell the value-added item as a separate item

Promotional items are not transferable. You may not transfer items to another licensee or to another establishment, even if you own it.

You may keep any leftover items at the end of the promotional period and continue to offer them to your customers until they are gone. However, you may not take any promotional items for personal use or future promotions.

You and the manufacturer or agent may advertise these promotions.