

## MANITOBA LIQUOR & LOTTERIES

# PRICING INFORMATION

**Last updated: April 5, 2019**

(Subject to change without notice)

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2019

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## UPDATES

The following pricing components have been **updated**:

- Limited Time Offers, Hot Buy, Max Deal, and Black Friday Pricing Information –
- Contact information
- 2019/20 Price Change Schedule
- List types eligible for price changes
- Certificate of Origins
- Social Reference Pricing for Limited Time Offers
- Update to Cottage Winery markup and surcharges
- Update to definition of malt-based refreshment beverages

## LIST TYPES

At the time of listing, the Listing Committee will assign a list type to all products. List types may change based on sales performance and availability. The following is a basic definition of each list type.

### **A Items (General List)**

*A Items* or *General List* represent the top 70% of profitability within each category's shelf group, all General List items will be forecasted and inventoried. General list products must be represented by a local agent to be active in the market. General List products have the greatest store distribution and the highest in stock service level.

### **B Items (Specialty Core)**

*B Items* or *Specialty Core* represent the next 25% of profitability within each category's shelf group, Specialty Core items will be forecasted and inventoried. Specialty core products do not require representation by a local agent. These products have significant store distribution and the second highest in stock service level.

### **C Items (Specialty Fringe)**

*C Items* or *Specialty Fringe* represent the final 5% of profitability within each category's shelf group, Specialty Fringe items are forecasted and inventoried. Specialty Fringe products are unique or rare products and are typically higher-priced. They do not require representation by a local agent. These products have limited store distribution and a lower in stock service level.

### **Seasonal List**

*Seasonal list* products are items that are purchased in limited quantities for a specific season (Holidays, Summer, Harvest, etc.) They are generally flavoured or labeled for a specific season or occasion. Seasonal list products do not require representation by a local agent. Seasonal list products are ordered only once per season and will be run out or delisted. Seasonal list products are usually distributed to a pre-determined group of Liquor Marts and Commercial Customers. There is no appeal process for Seasonal List products.

# PRICING INFORMATION

## Contact Information

For questions regarding pricing, trial pricing calculators or price change applications please email [ProductManagementCoordination@mbll.ca](mailto:ProductManagementCoordination@mbll.ca) or call 957-2500 x. 4998 for the Product Management Coordinators.

## Minimum Markup

Mark-ups are calculated on a percentage basis of the duty paid landed cost of a particular product. The percentage calculated depends on the product category. A minimum dollar mark-up structure is employed in conjunction with the percentage mark-up. Mark-up applied is based on the greater of the percentage or the minimum mark-up value.

The minimum dollar mark-up is determined as being the most recent gross profit per package size for the most commonly priced products in each product category. The minimum dollar mark-up will be updated whenever the supplier price or federal taxes or any other costs associated with the most commonly priced products in the product category change. (See mark-up schedule attached).

## Social Reference Pricing

Social Reference pricing refers to the minimum retail price, before taxes, that liquor must be sold at in Liquor Marts, liquor vendors, specialty wine stores, and hotel beer vendors in Manitoba. No liquor product sold in the province can be priced lower than this established threshold, including special promotions, LTOs or if delisted. The Social reference price rates can be found on our MBLL Partners website.

## Per Package Surcharge

The Per Package Surcharge of the mark-up structure has two components: a profit component and an environmental recycling component. This surcharge is calculated on a per litre basis. (See mark-up schedule attached)

## Package Equalization

The Package Equalization on the mark-up structure is intended to provide fairness and equity to consumers in the pricing of various product sizes. This surcharge is calculated on a per package basis unique to each size. (See mark-up schedule attached)

## Commercial Consideration

Commercial Consideration is applied to import products sourced from outside Canada only. This warehousing fee is applied to offset the additional costs of warehousing products due to larger inventories. (See mark-up schedule attached) **Rates are applied to each product after the application of the appropriate mark-up rate.**

## **Recycling Charge (MBLL Distributed Beer Only)**

The containers from Manitoba Liquor & Lotteries distributed beer can be returned to beer vendors by customers for refund but cannot be reused. Manitoba Liquor & Lotteries has a contract with a private beer distributor to recycle these containers and adds a recycling charge to the price of Manitoba Liquor & Lotteries distributed beer to offset the cost of recycling the containers. The recycling charge is built into the landed cost of the product, called *Extra Cost*.

Current rates charged:

<b>Containers</b>	<b>Charge added</b>
24 bottles	\$1.68
24 cans	\$1.10
Each PET container	\$0.10

## **Handling Charges (Privately Distributed Beer)**

Manitoba Liquor & Lotteries adds a charge to the price of privately distributed beer to offset the handling fee paid to beer vendors for accepting returns of privately distributed beer containers. This charge is added after the licensee markup but before the markup to the public. The current handling charge added to the price of privately distributed beer is \$0.34 per dozen on all package sizes.

## **Malt-Based Refreshment Beverages**

As per the memo dated July 26, 2018 regarding Program Changes for Liquor Products Retailed in Manitoba:

Any newly-listed malt-based product with **over 4% residual sugar content** or sweetened with artificial sweeteners, stevia or other natural sweetening agents will be classified as a cooler and will have the standard refreshment beverage markup rate and retail commission applied.

Suppliers may be asked to provide a certificate of analysis in order to verify residual sugar content levels.

## **Trial Pricing Calculator**

The Trial Pricing Calculator is available on the [MBLL Partners](#) website for agents/suppliers to calculate an approximate retail price or case cost for any new or listed MBLL distributed products with the current freight and exchange rates.

An updated Trial Pricing calculator will be posted to the MBLL Partners website each quarter with the upcoming freight and exchange rates.

# MANITOBA LIQUOR & LOTTERIES CORPORATION MARK-UPS EFFECTIVE: July 6, 2015

(Sales Through Stores & Liquor Vendors)

	Size/ml	Mark-Up %	Per Package		Commercial Consideration		
			Minimum Mark-Up \$	Per Package Surchage \$	Package Equalization \$	U.S. \$	Other \$
<b>Spirits</b>							
<i>*See Micro Distillery Markups on p.9 if applicable.</i>							
	50	153	1.1562	0.0549	0.2000	0.0190	0.0325
	200	153	3.9906	0.2197	0.3000	0.0760	0.1300
	375	153	7.3315	0.4120	0.4000	0.1425	0.2438
	700	153	12.4503	0.7690		0.2660	0.4550
	750	153	13.3396	0.8240		0.2850	0.4875
	1000	153	16.4971	1.0987		0.3800	0.6500
	1140	153	19.6890	1.2525	0.2500	0.4332	0.7410
	1750	153	29.7904	1.9227	0.3000	0.6650	1.1375
	3000	153	48.8928	3.2961		1.1400	1.9500
	3750	153	59.6886	4.1201		1.4250	2.4375
<b>Liqueurs</b>							
	50	153	1.1562	0.0549	0.2000	0.0155	0.0340
	200	153	3.9906	0.2197	0.3000	0.0620	0.1360
	375	153	7.3315	0.4120	0.4000	0.1163	0.2550
	700	153	12.4503	0.7690		0.2170	0.4760
	750	153	13.3396	0.8240		0.2325	0.5100
	1000	153	16.4971	1.0987		0.3100	0.6800
	1140	153	19.6890	1.2525	0.2500	0.3534	0.7752
	1750	153	29.7904	1.9227	0.3000	0.5425	1.1900
<b>Wines (Still, Fortified &amp; Effervescent)</b>							
<i>*See Cottage Winery Markups on p.9 if applicable.</i>							
	50	95	0.2398	0.0850		0.0075	0.0220
	100	95	0.3458	0.1701		0.0150	0.0440
	200	95	0.9627	0.3402		0.0300	0.0880
	250	95	1.2016	0.4252		0.0375	0.1100
	375	95	1.8021	0.6378		0.0563	0.1650
	500	95	2.4050	0.8505		0.0750	0.2200
	750	95	3.0285	1.2757	0.2500	0.1125	0.3300
	1000	95	3.4662	1.7010	0.2500	0.1500	0.4400
	1500	95	5.0401	2.5515	0.5800	0.2250	0.6600
	2000	95	6.5011	3.4020	0.6500	0.3000	0.8800
	3000	95	9.4342	5.1030	0.7000	0.4500	1.3200
	4000	95	11.6404	6.8040	1.1700	0.6000	1.7600
	10000	95	25.0584	17.0100	1.5200	1.5000	4.4000
	16000	95	40.6558	27.2160	5.6900	2.4000	7.0400
	18000	95	45.7379	30.6180	6.4000	2.7000	7.9200
<b>Refreshment Beverages</b>							
(Coolers & Ciders)							
	330	95	0.9765	0.2746	0.0500	0.0726	0.1353
	341	95	1.0087	0.2837	0.0500	0.0750	0.1398
	355	95	1.0504	0.2954	0.0500	0.0781	0.1456
	375	95	1.1099	0.3120	0.0500	0.0825	0.1538
	473	95	1.4000	0.3935	0.0700	0.1041	0.1939
	650	95	1.8547	0.5408	0.0700	0.1430	0.2665
	710	95	2.0157	0.5907	0.1000	0.1562	0.2911
	750	95	2.1401	0.6240	0.1100	0.1650	0.3075
	1000	95	2.8534	0.8320	0.1400	0.2200	0.4100
	1140	95	3.2529	0.9485	0.1600	0.2508	0.4674
	1364 (4/341)	95	3.4989	1.1348	0.2000	0.3001	0.5592
	1420 (4/355)	95	3.6425	1.1814	0.2000	0.3124	0.5822
	1750	95	3.8351	1.4560	0.2500	0.3850	0.7175
	1980 (6/330)	95	3.9055	1.6474	0.3000	0.4356	0.8118
	2000	95	3.9450	1.6640	0.2800	0.4400	0.8200

# MANITOBA LIQUOR & LOTTERIES CORPORATION MARK-UPS EFFECTIVE: July 6, 2015

## (Sales Through Stores & Liquor Vendors)

	Size/ml	% Mark-Up	Per Package		Package Equalization	Commercial Consideration	
			Minimum Mark-Up	Per Package Surcharge		U.S.	Other
<b><u>Refreshment Beverages Cont'd</u></b>	2046 (6/341)	95	4.4781	1.7023	0.3000	0.4501	0.8389
	4260(12/355)	95	9.3238	3.5443	0.6000	0.9372	1.7466
<b><u>Beer</u></b>							
<i>*See Microbrewery Markups on p.9 if applicable.</i>							
Per Litre <1 litre	1000	75	2.0596	0.4085		0.5700	0.6400
Per Litre 1.001 - 3.000 litres	1000	75	1.8494	0.4085		0.5700	0.6400
Per litre 3.001 - 13.000 litres	1000	75	1.7864	0.4085		0.5700	0.6400
<b><u>Beer (Kegs-All Sizes) Licensee Only</u></b>							
	1000	75	1.3661	0.4085		0.5700	0.6400
<b><u>Beer - Package Equalization</u></b>							
	24 bottle packages				0.3600		
	8 can packages				0.1500		
	15 can packages				0.1400		
	20 can packages				0.2000		
	30 can packages				0.2500		
	36 can packages				0.2500		

## NOTES

1. Calculations of Per Package Surcharge for each category are done on a per litre basis but have been listed for each size.
2. Calculations of Package Equalization for each category are done on a per package basis unique to each size in the category.
3. Calculations of commercial consideration for each category are done on a per litre basis. Commercial Consideration is applied to all import products as well as beer distributed out of Manitoba Liquor & Lotteries Warehouse.
4. Retail prices are calculated by applying the greater of the minimum dollar mark-up as above or mark-up percentage as above, on the landed cost per bottle or per can cost. The Per Package Surcharge are added to this amount. For imported products and Manitoba Liquor & Lotteries distributed beer, a fixed dollar-per-litre "commercial consideration" is then added. Provincial sales tax of 7% and Goods and Services Tax of 5% is then applied.
5. All alcoholic beverages, excluding beers which are in non-deposit but recyclable containers, have an environmental protection tax built into the pricing structure (5¢ for bottles less than 750 ml and 10¢ for bottles of 750 ml or more).
6. Gift items (including liquor in special bottles, gift packs, special packaging, etc.) are priced by applying the full mark-up to the landed cost of the liquor. No mark-up is applied to the gift and/or packaging of the product.
7. Refreshment beverages include spirit, wine based coolers, malt based coolers over 4% residual sugar or sweetened with artificial sweeteners, stevia or other sweetening agents and ciders



## MICRO DISTILLERY MARKUP AND SURCHARGE LEVELS

To qualify for the markup and surcharge rates, distilleries must have annual worldwide production of less than 50,000 litres of finished product:

### Micro Distillery Markup and Surcharge Levels (Effective April 1, 2016)

Levels <i>*Levels 1 and 2 are brand new*</i>	Litres	Markup %	Surcharge \$/ltr
Level 1	<10,000	85%	\$0.27
Level 2	10,001-25,000	100%	\$0.30
Level 3	25,001-50,000	105%	\$0.33
Level 4	>50,000	153%	\$1.09

## COTTAGE WINERY MARKUP AND SURCHARGE LEVELS

To qualify for the markup and surcharge rates, cottage wineries must have annual worldwide production of less than 100,000 litres of finished product:

### Cottage Winery Markup and Surcharge Levels (Effective April 1, 2016 to March 31, 2019)

Levels	Litres	Markup %	Surcharge \$/ltr <i>(Unchanged)</i>
Level 1	<25,000	34%	\$1.2607
Level 2	25,001-50,000	40%	\$1.2607
Level 3	50,001-100,000	66.5%	\$1.2607
Level 4	>100,000	95%	\$1.701

## MICROBREWERY MARKUPS AND SURCHARGE LEVELS

To qualify for the markup and surcharge rates, breweries must have annual worldwide production of less than 75,000 hectolitres:

### Microbrewery Markup and Surcharge Levels (Effective April 1, 2016)

Levels	Hectolitres	Markup %	Surcharge \$/ltr  (Unchanged)
Level 1 - Draught	< 2,000	10%	0.107
Level 1	< 2,000	12%	0.107
Level 2 - Draught	2,001 - 4,000	15%	0.107
Level 2	2,001 - 4,000	16%	0.107
Level 3 - Draught	4,001 - 7,000	19%	0.107
Level 3	4,001 - 7,000	20%	0.107
Level 4	7,001 - 10,000	23%	0.107
Level 5	10,001 - 13,000	24%	0.107
Level 6	13,001 - 25,000	26%	0.107
Level 7	25,001 - 37,000	27%	0.156
Level 8	37,001 - 75,000	30%	0.188
Level 9	>75,000	49%	0.4085

*Note: Markup indicated is a base markup (a markup to vendors for resale), the actual retail markup is the above indicated plus 26% of duty paid landed cost.*

## CUSTOMS AND EXCISE DUTY RATES

Effective April 8, 2019\*

Description	Customs Duty Rate	Excise Duty Rate
<b>SPIRITS</b>		
Gin	.0492/LAA	12.375/LAA
Rum	0.2456/LAA	12.375/LAA
Vodka	0.1228/LAA	12.375/LAA
Liqueur	0.1228/LAA	12.375/LAA
Miscellaneous Spirits	0.1228/LAA	12.375/LAA
Whisk(e)y, Brandy, Tequila	N/A	12.375/LAA
<b>WINE</b>		
Vermouth & Aperitif Wine	N/A	0.653/L
Fortified Wine		
Exceeding 13.7% alc/vol but not 14.9% alc/vol	0.0468/L	0.653/L
Exceeding 14.9% alc/vol	N/A	0.653/L
Table/Still Wine		
Not exceeding 7% alc/vol and < 2litres	0.0187/L	0.313/L
> 2litres	N/A	0.313/L
Exceeding 7% alc/vol and < 2litres	0.0187/L	0.653/L
> 2litres	N/A	0.653/L
Sparkling Wine		
Not exceeding 7% alc/vol	N/A	\$0.313/L
Exceeding 7% alc/vol	N/A	\$0.653/L
<b>REFRESHMENT BEVERAGES</b>		
Not exceeding 7% alc/vol		
- Spirit Based	0.1228/LAA	0.313/L
- Wine Based and Ciders	N/A	0.313/L
<b>Beer and Malt Based Coolers</b>		
(Rates may vary on supplier production levels)	N/A	0.3303/L

**LAA** = Litre of Absolute Alcohol (**Formula:** Size of selling unit (L) x Alcohol by volume x applicable rate)

**L** = Litre (**Formula:** Size of selling unit (L) x applicable rate)

Domestic products are subject to Excise rates only

Products with Certificate of Origins submitted for NAFTA and CETA will not have customs applied.

Additional information on [customs](#) and [excise rates](#) can be found on [www.canada.ca](http://www.canada.ca)

\* This table will be updated when Canada Revenue Agency releases their annual update, on or around April 1, 2019

## SIGNED TRADE AGREEMENT RATES

In order to qualify for the lower trade agreement rates, each supplier from the originating country must supply Manitoba Liquor & Lotteries with a Certificate of Origin. This certificate must be submitted on an annual basis or the duty rate on these products will lose the MFN (Most Favoured Nation) rate. These blanket certificates must indicate all products the supplier exports to Canada for one year (January 1 to December 31). A new certificate will be required for each calendar year.

Each year if a Certificate of Origin has not been received by December 31, the supplier's products will revert to the higher tariff rate and the corresponding higher retail price will be implemented at the earliest convenient date after January 1.

Any Certificate of Origin received for listed products between November 1 and December 31 will be applied to the following calendar year. Certificate of Origin's submitted for New Listings during this time will be applied immediately; please note that a separate Certificate of Origin must also be submitted for the following calendar year.

***For more information on signed trade agreements, please contact Manitoba Liquor & Lotteries Customs Department:***

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## **MAJOR PRICE CHANGE INFORMATION**

### **MANITOBA LIQUOR & LOTTERIES DISTRIBUTED PRODUCTS**

Major Price Changes occur four times annually (first month of each quarter - in January, April, July, and October).

These are “open” price changes, where suppliers (or their assigned agents/representatives) can submit new case costs/retails for any of their products.

Manitoba Liquor & Lotteries initiated changes, such as freight rates, exchange rates and/or mark-ups will occur during major price changes. At least two weeks before a major price change submission deadline, industry is notified of any freight, exchange, or mark-up changes.

### **COMPETITIVE PRICE MATCHES – MANITOBA LIQUOR & LOTTERIES DISTRIBUTED PRODUCTS**

Competitive Price Matches occur in the month after the major price change (second month of each quarter – in February, May, August and November).

Submissions for competitive price changes provide an opportunity for suppliers to align their products’ prices with those of their direct competitors. When submitting a competitive price change, the request must include the specific competitor’s item name, item number and retail price.

Competitive products must be from the **same country of origin** and be the **same retail price**. Products that do not meet these criteria will not be considered for competitive price changes

As well, if the product is available in multiple sizes (375 ml, 750ml, 1140 ml, etc), all sizes of the product must compete in the competitive price match.

There are no scheduled price changes for Manitoba Liquor & Lotteries distributed products in the months of March, June, September or December (third month of each quarter).

## RETAIL PRICE CHANGES

All requests for price changes must be submitted on the deadline dates outlined on the following page. Absolutely no extensions will be allowed.

Note all price change requests must be submitted on the Manitoba Liquor & Lotteries Request for Price Change form:

- *All listed products are eligible for price changes with the exception of Distinctions and allocations*
- *Items included on Price change submission must have freight, exchange or retail price change(s). **Do not** list any products that do not have changes to their prices.*
- *All required fields (marked with \*) must be completed with up-to-date information.*

Retail prices for all Allocations and Distinctions will be evaluated based on date of arrival per purchase order.

Submit all price change submissions to [pricechange@mbll.ca](mailto:pricechange@mbll.ca)

## RETAIL PRICE REDUCTIONS

***All supplier wholesale price quotation reductions must remain in effect for a minimum of three months (90 days).***

Any request for a reduction in retail price will result in a charge-back to the supplier for all inventories on hand on the effective date of the price reduction. The charge-back for Liquor Stores and Distribution Centre inventory is calculated by taking the difference between the invoice cost that is required for the current retail price and the invoice cost required for the requested price multiplied by the total inventory on hand. The reduced quote will be in effect approximately one week prior to the reduced retail price to ensure that inventories received once the price change is in effect are at the same price. The date the quote is effective will be confirmed to suppliers.

## AGENTS SUBMITTING PRICE CHANGE REQUESTS ON BEHALF OF SUPPLIERS

Manitoba Liquor & Lotteries will accept price change submissions from Agents on behalf of their suppliers.

***The following conditions must be met:***

1. The Agent accepts full responsibility to inform the supplier of these changes and ensure that future invoicing is appropriate.
2. Should any charge-backs be involved, the Agent will be held responsible for all charges, in the event the supplier refuses payment.

## PRICE CHANGE DEADLINES - FISCAL 2019/2020

*(Deadlines will be strictly enforced)*

PRICE CHANGE SUBMISSION DEADLINE	PRICE CHANGE EFFECTIVE DATE*	NEW CASE COST EFFECTIVE DATE
-	No Price Change for March 2019	-
February 22, 2019	April 8, 2019	April 1, 2019
March 22, 2019 (Competitive Price Matching Only)	May 6, 2019	April 29, 2019
-	No Price Change for June 2019	-
May 17, 2019	July 1, 2019	June 24, 2019
June 21, 2019 (Competitive Price Matching Only)	August 5, 2019	July 29, 2019
-	No Price Change for September 2019	-
August 16, 2019	October 7, 2019	September 30, 2019
September 20, 2019 (Competitive Price Matching Only)	November 4, 2019	October 28, 2019
-	No Price Change for December 2019	-
November 15, 2019	January 6, 2020	December 30, 2019
December 13, 2019 (Competitive Price Matching Only)	February 3, 2020	January 27, 2020
-	No Price Change for March 2020	-

### NOTES

All supplier wholesale price quotation *reductions* must remain in effect for a minimum of 90 days. Any and all retail price reductions will be subject to a charge-back on all inventory in the Warehouse and Liquor Stores. This charge-back for Liquor Stores and the Warehouse will be the calculated difference in invoice cost of the old retail and the new lower retail price.

\* Price Change effective dates are subject to change. Every effort will be made to communicate any changes to all customers.

## PRIVATELY DISTRIBUTED BEER PRICE CHANGE SCHEDULE

2019-2020

Submission Date for Price Change	Effective Date for Price Change*
February 8, 2019	March 4, 2019
March 1, 2019	April 8, 2019
April 12, 2019	May 6, 2019
May 10, 2019	June 3, 2019
June 7, 2019	July 1, 2019
July 5, 2019	August 5, 2019
August 9, 2019	September 2, 2019
September 6, 2019	October 7, 2019
October 11, 2019	November 4, 2019
November 8, 2019	December 2, 2019
December 6, 2019	January 6, 2020
January 10, 2020	February 3, 2020
February 7, 2020	March 2, 2020

\* Subject to change

**NOTE:** All supplier price quotation *reductions* must remain in effect for a minimum of three months (90 days).



## **PRICING POLICY FOR MARKETING PROGRAMS**

### **Limited Time Offers, Hot Buy, Max Deal, and Black Friday \*NEW\***

Manitoba Liquor & Lotteries does not participate in cost sharing of Limited Time Offers (LTO), Hot Buy, Max Deal, and Black Friday promotions. Suppliers are charged back the full amount of the retail discount for the promotion, including the pre-buy period.

Retail pricing, including LTO, Hot Buy, Max Deal, and Black Friday promotions cannot fall below Social Reference Pricing. Approved applications where prices that fall below SRP will be revised to meet minimum pricing. SRP is adjusted annually in accordance with CPI.

Products participating in LTO, Hot Buy, Max Deal, and Black Friday will not be eligible for a price change (Major or Competitive) during the month of promotional activity.

### **Temporary Price Reduction**

By agreement Manitoba Liquor & Lotteries may participate in cost sharing of Temporary Price Reduction (TPR).

For additional information on TPR's please contact the Category Manager responsible for the product in question.

### **Value – Add Program**

The supplier is responsible for 50% of the minimum markup, the per-package surcharge and the package equalization on all value-added beverage alcohol applied to parent brands.

For Marketing programs and information please refer to the [Marketing-at-Retail Manual](#)

## **DISCOUNTED PRODUCTS**

Delisted products must be appropriately reduced in price to enable such inventory to be cleared through liquor stores, liquor vendors and licensees. There are four classifications of products which may be discounted to clear inventories:

1. Delisted General listings
2. Delisted Specialty listings
3. Seasonal listings
4. Subsequent price reduction on products already delisted

Discount costs are borne by Manitoba Liquor & Lotteries, with the exception of General list products. For General listings, the supplier shall be charged back 25% of the supplier invoice. The cost discounts over the 25% base shall be borne by Manitoba Liquor & Lotteries.