

Q&A:

New Liquor Price Change Schedule February 2017



1) Why is the AGLC moving to a weekly price change schedule?

The AGLC received a number of requests to re-examine its current price change schedule. The results of a consultation in 2015, and review and consultation in 2016, suggest that a number of benefits will be recognized as a result of moving to a weekly price change schedule.

This change is aligned with Alberta's privatized model as it will allow for more flexibility in pricing which will bring more opportunities for agencies and stores.

The change will also give the AGLC and Connect Logistics more opportunity to manage warehousing costs by having a more predictable flow of product week to week.

2) What are the benefits for agencies?

Agencies will gain flexibility in adapting to changing market conditions, and be in a better position to manage inventory and better tailor marketing efforts through the potential to implement Limited Time Offers (LTOs) for one or any number of weeks.

3) What are the benefits for retailers?

Retailers could have more access to LTO opportunities. Because LTOs can now be offered for one (or any number of) weeks, retailers may find more opportunities to obtain products at reduced prices. And when LTO supplies run out, retailers won't have to wait as long for stock to be replenished.

Of course, retailers are under no obligation to take advantage of weekly LTOs. As with the current price change schedule, retailers are free to purchase stock in a manner that fits their needs and business strategy.

4) Who was consulted?

The AGLC consulted a wide variety of liquor industry stakeholders: liquor agencies, retailers, warehouseers, manufacturers, restaurants, bars and lounges, as well as industry associations.

5) What did the industry tell the AGLC, specifically?

The AGLC has published a report, *What We Heard – Adopting Weekly Liquor Pricing*. This report includes extensive information on what stakeholders told the AGLC. It is available at aglc.ca.

6) Will all agencies be required to do price changes weekly?

No. This change provides agencies with the option to change prices on a weekly basis.

/ See over

7) What can a retailer do to adjust their business approach under the new schedule?

According to Connect Logistics, some best practices for making the price change schedule work for a retail business include:

- Looking for products that did not go on sale in the past, which may now go on sale for the newly available shorter period of one week.
- Increasing the rotation of sale items based on weekly price changes.
- Paying particular attention to price changes around holiday seasons, when shopping and LTOs tend to pick up.
- Tracking which agencies tend to change prices weekly.

(LiquorConnect.com allows retailers to show product listings by agency.)

For more support, please contact Connect Logistics or ALSA.

8) How does this affect Limited Time Offers?

With the previous biweekly price change schedule, agencies were required to provide any LTOs for a minimum two-week period. With a weekly price change schedule, agencies can elect to offer LTOs on a weekly basis (or any number of weeks) if they wish to do so. Agencies wishing to run an LTO for two weeks may continue to do so.

9) How will this change affect order and delivery days?

No changes are anticipated with this change. Scheduled order and delivery days will remain the same for retailers.

10) Once price quotes are submitted to the AGLC, how long will it take to implement price changes under the new schedule?

Price changes will take effect one week following the price quote deadline.

11) Previously, price change data was made available on the Liquor Agency Portal (LAP) every other Friday (i.e. the week before the price change date). Will that change?

As of March 31, 2017, price change data will be available daily. The files will show price changes from two weeks prior, and price changes two weeks into the future.

12) What is the deadline to submit price quotes?

Price quotes for active products need to be submitted by 4 p.m. (MST/MDT) Friday in order to be implemented for the following Friday. As price change data will be available daily, any price quotes submitted Friday by the 4 p.m. deadline via the liquor portal will be available to view on Saturday. (See question 11 for details.)

13) If the deadline to submit price quotes is Friday at 4 p.m., when will those changes be shown on LAP for all agencies/suppliers to see?

The price change file is produced daily just before 3:30 a.m. Changes to the price change file would be visible after this time on LAP.

14) Does adopting weekly liquor pricing at the wholesale level impact consumers (e.g. the price that consumers pay for liquor products)?

Retailers might see additional sales promotions or products going on sale that previously did not generally do so. Of course, in Alberta's private model, it is up to the retailer to determine what portion of those savings will be passed onto the consumer.