

# Wholesale Pricing

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# Topics for Discussion

- Wholesale Pricing and Retail Pricing
  - Focus
  - Responsibilities
  - Calculator
- WPPs and LTOs:
  - The differences
  - The advantages of a WPP
- Historical WPP data
- Temporary Price Reductions
- Changes to the WPP program

# Wholesale Pricing and Retail Pricing

## Wholesale Pricing: What are our responsibilities?

- Vendor Quotes
- Wholesale Base Price
- Wholesale Price Promotion (WPP)
- Chargebacks associated with WPP's and Price Changes

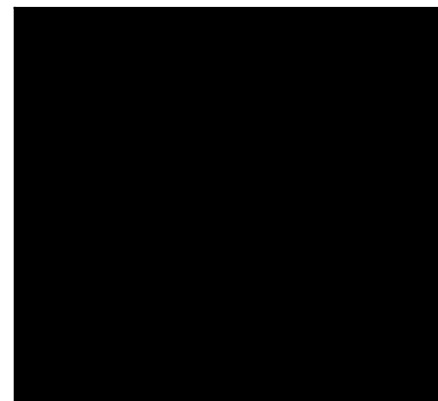
## ▪ Retail Pricing:

- Final Retail Price
- Limited Time Offers (LTO)
- Chargebacks associated with LTO's

# Wholesale Calculator

A. DATA INPUT AREA		
Data Required		User Input
1. Product Category		BEER
		BEER
2. Vendor Quote (CAD\$)		\$10.00
3. Alcohol Content (%)		6.5%
4. Selling Unit Size (L)		0.473
5. Units/case		6
6. Container Type	Non-Refillable Glass Bottle	
7. Product Origin		Import
8. Sourced From		OTHER
9. Sourced From		Belgium
10. Duty Status		Duty Deferred
11. Trade Agreement		No
12. Units per selling package		2
13. Distributor		SLGA

B. WHOLESALE PRICE'		
Supplier Quote per Selling Unit	\$	1.66667
Freight	\$	0.50611
Duty	\$	-
Excise	\$	0.15287
Landed Cost	\$	2.32565
Mark-up	\$	0.82018
Cost of Service	\$	0.57200
Environmental Surcharge	\$	0.18
Base Price	\$	3.90
GST	\$	0.20
LCT <sup>3</sup>	\$	-
Refundable Deposit	\$	0.20
Final Wholesale Price <sup>4</sup>	\$	4.30



# Promotional Programs

## Wholesale Price Promotion (WPP)



Created as the first marketing program for all liquor Retailers on Octobr 9, 2016
Available to all retailers based on purchases from the SLGA DC
Organized and communicated by SLGA Liquor Wholesale Division
The retailer chooses whether to pass the discount onto the end consumer
Discount funded by liquor supplier

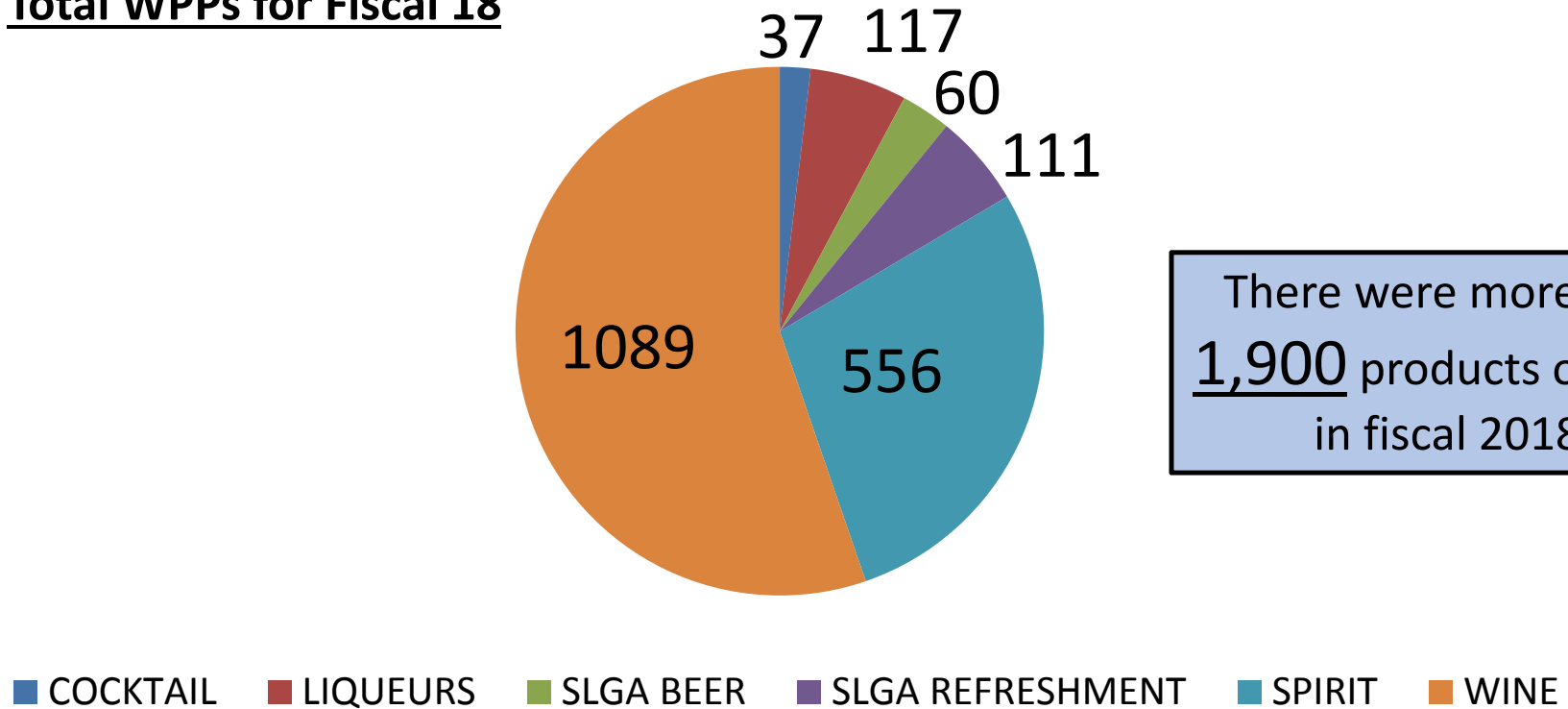
## Retail Limited Time Offers (LTO)



Has been offered for numerous years
Terms negotiated between retailer and liquor suppliers
Organized by liquor supplier with no involvement from SLGA Wholesale
The retail must pass on the full amount of the discount provided by the liquor supplier
Discount funded by liquor supplier

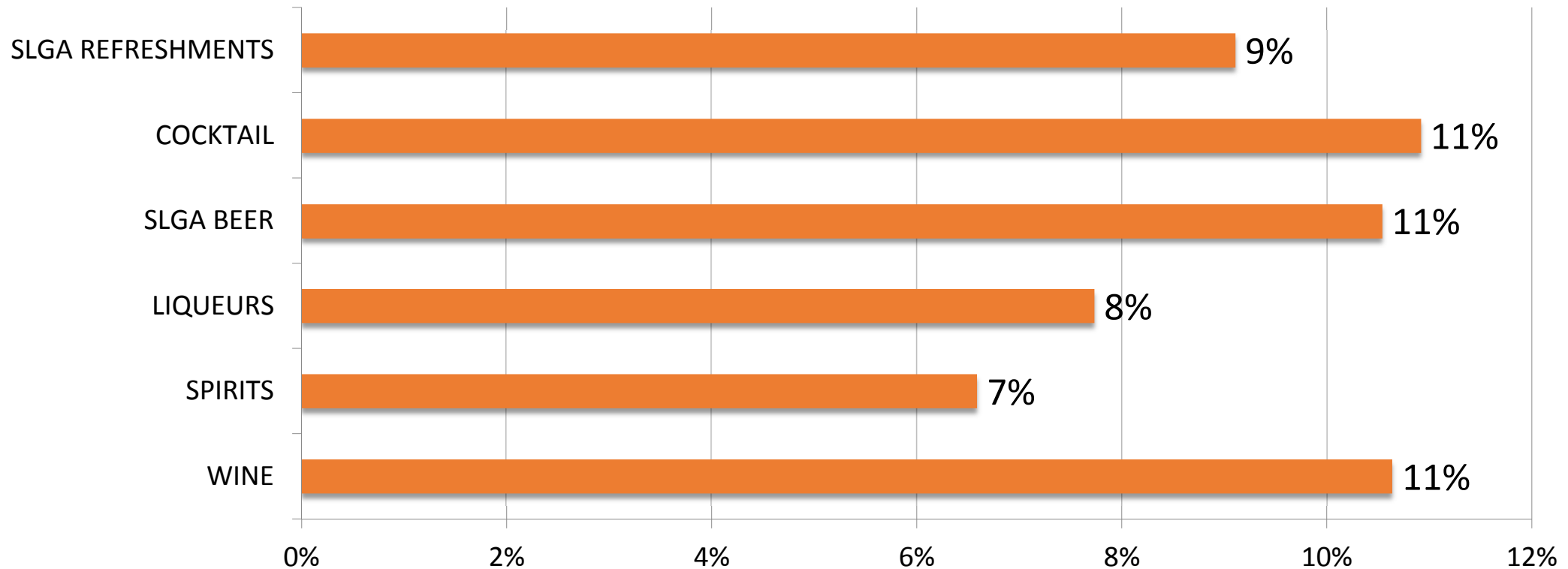
# Wholesale Price Promotion (WPP) in review

## Total WPPs for Fiscal 18



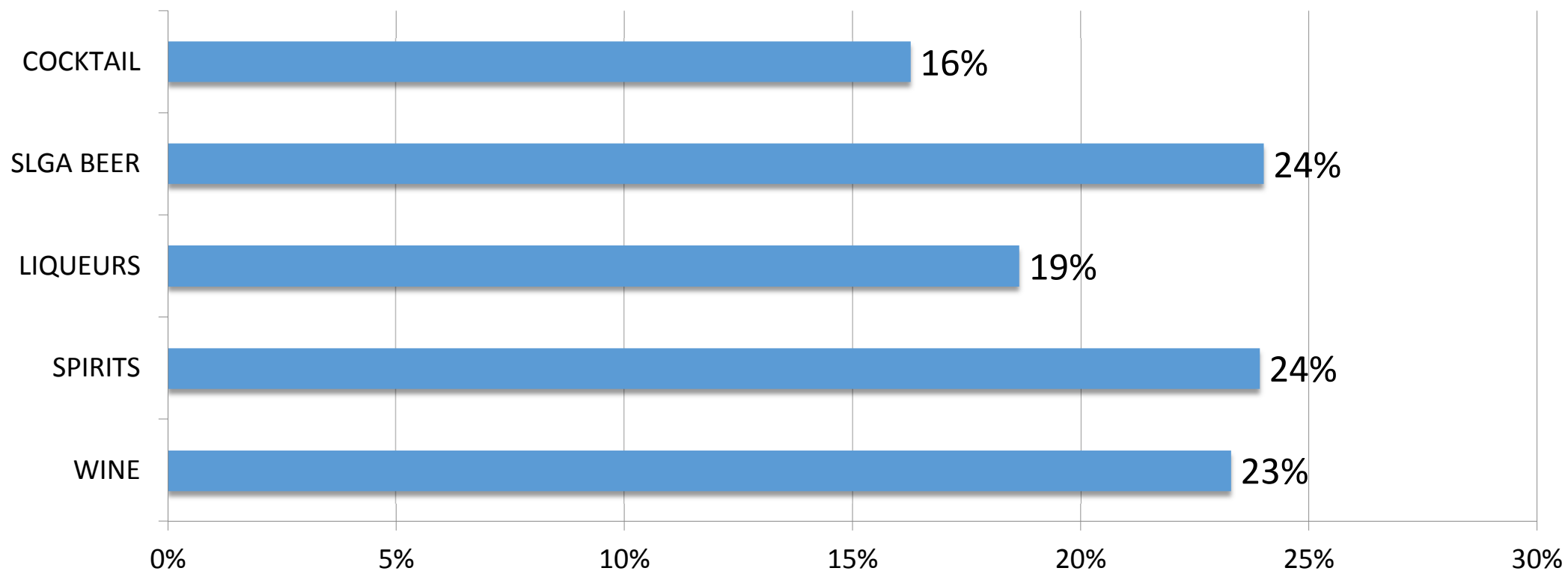
# Wholesale Price Promotion (WPP) in review

**Average Discount by Category**



# Wholesale Price Promotion (WPP) in review

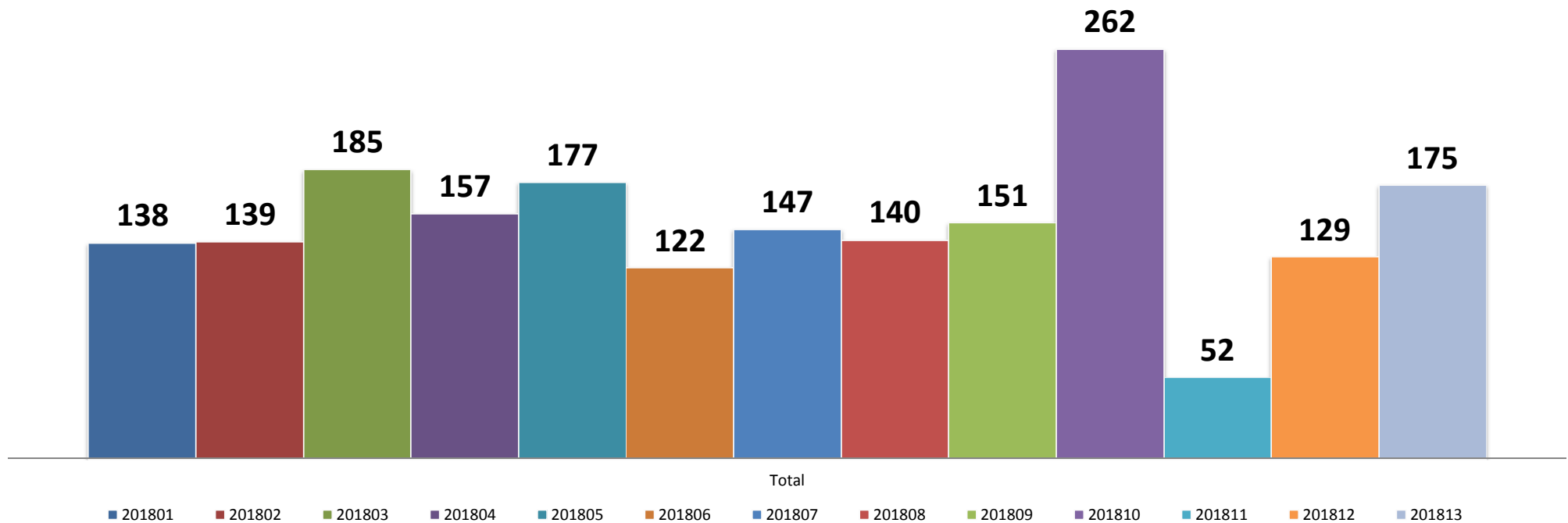
## Largest Discount Offered To Date





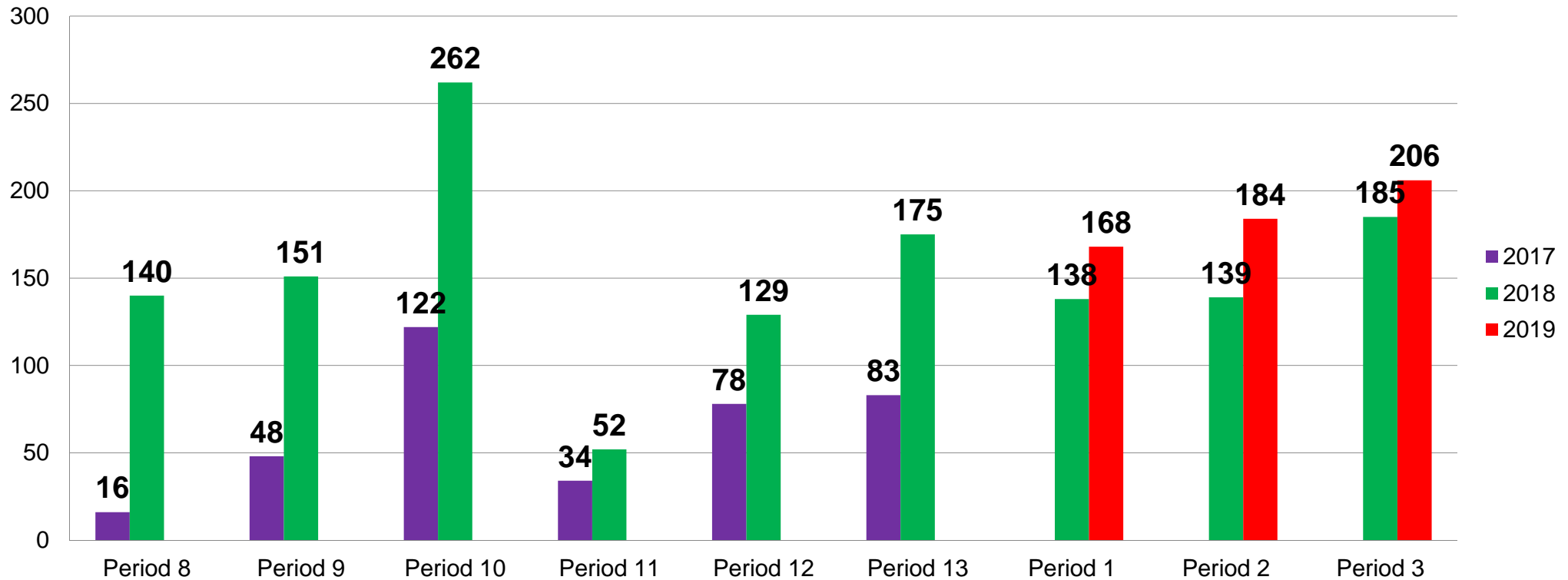
# Wholesale Price Promotion (WPP) in Review

## Fiscal 18 WP's

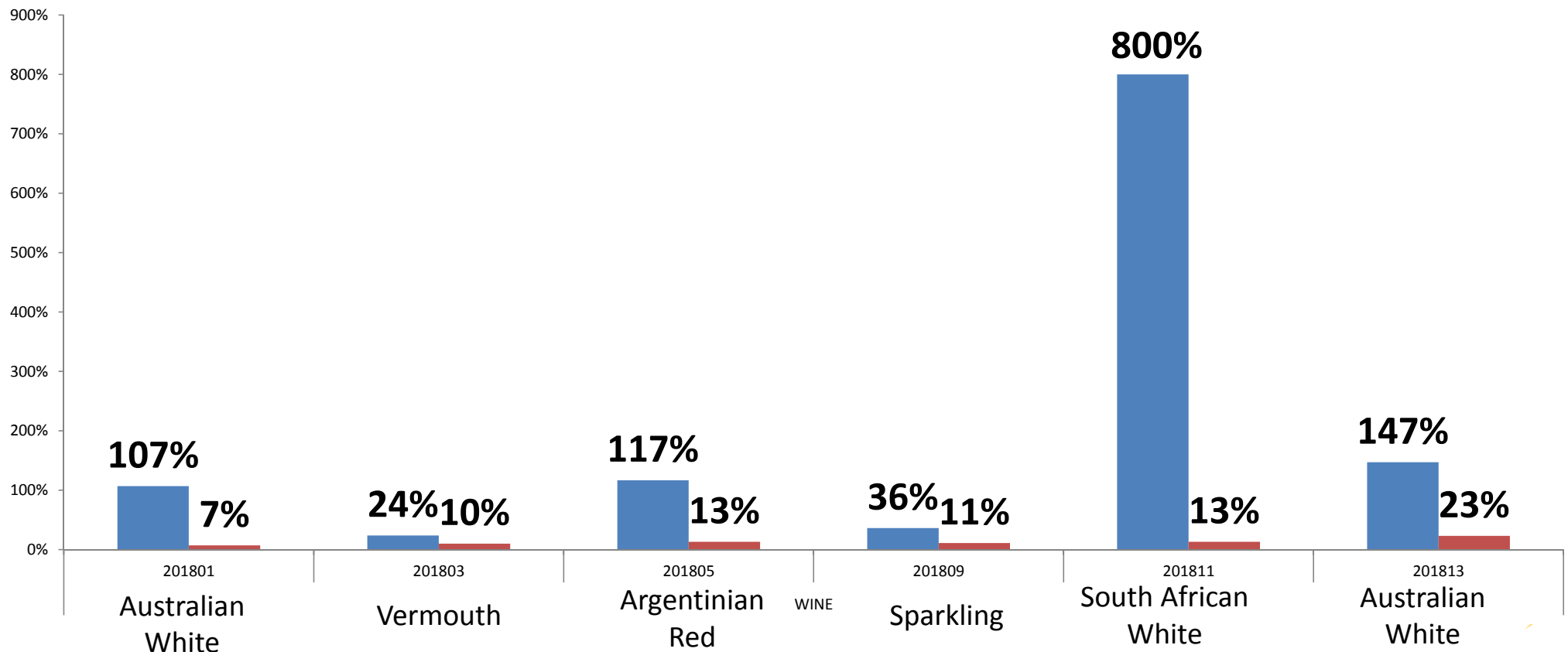


# Wholesale Price Promotion (WPP) in Review

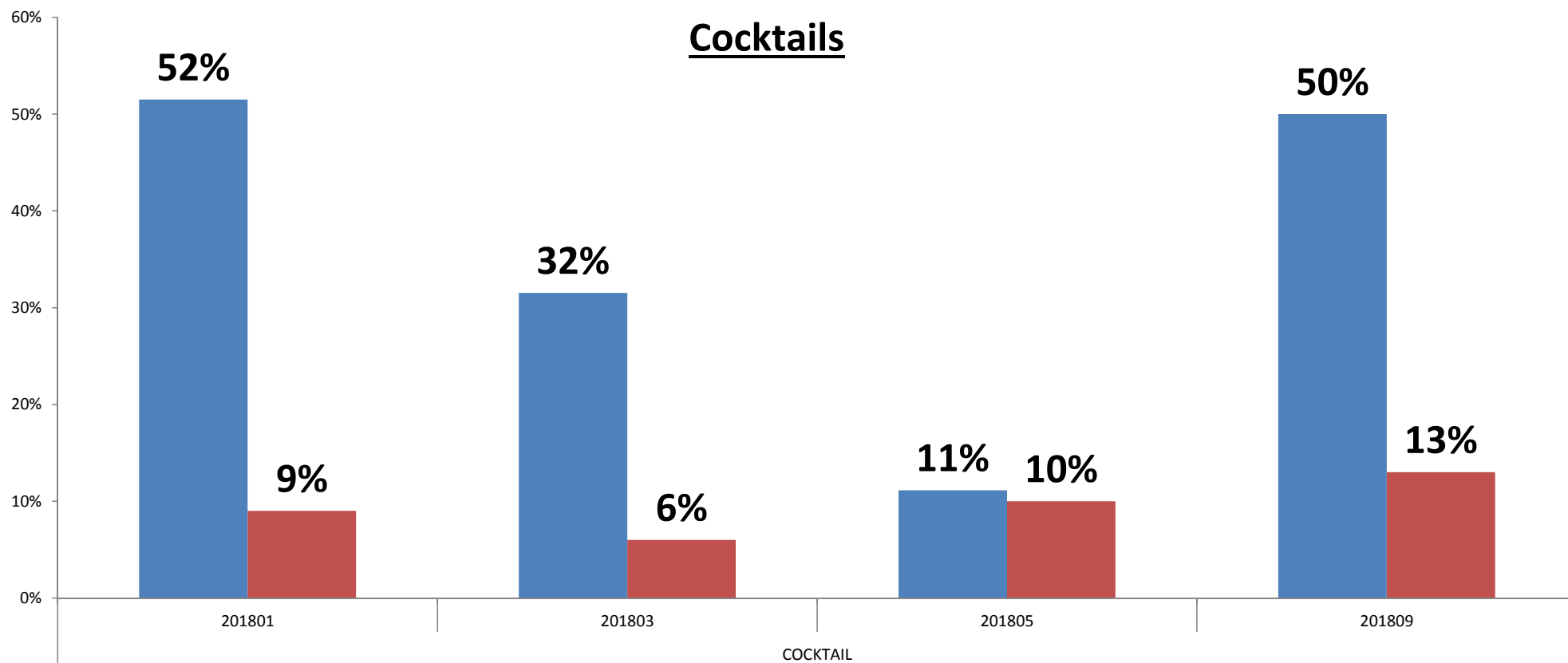
WPPs by Period



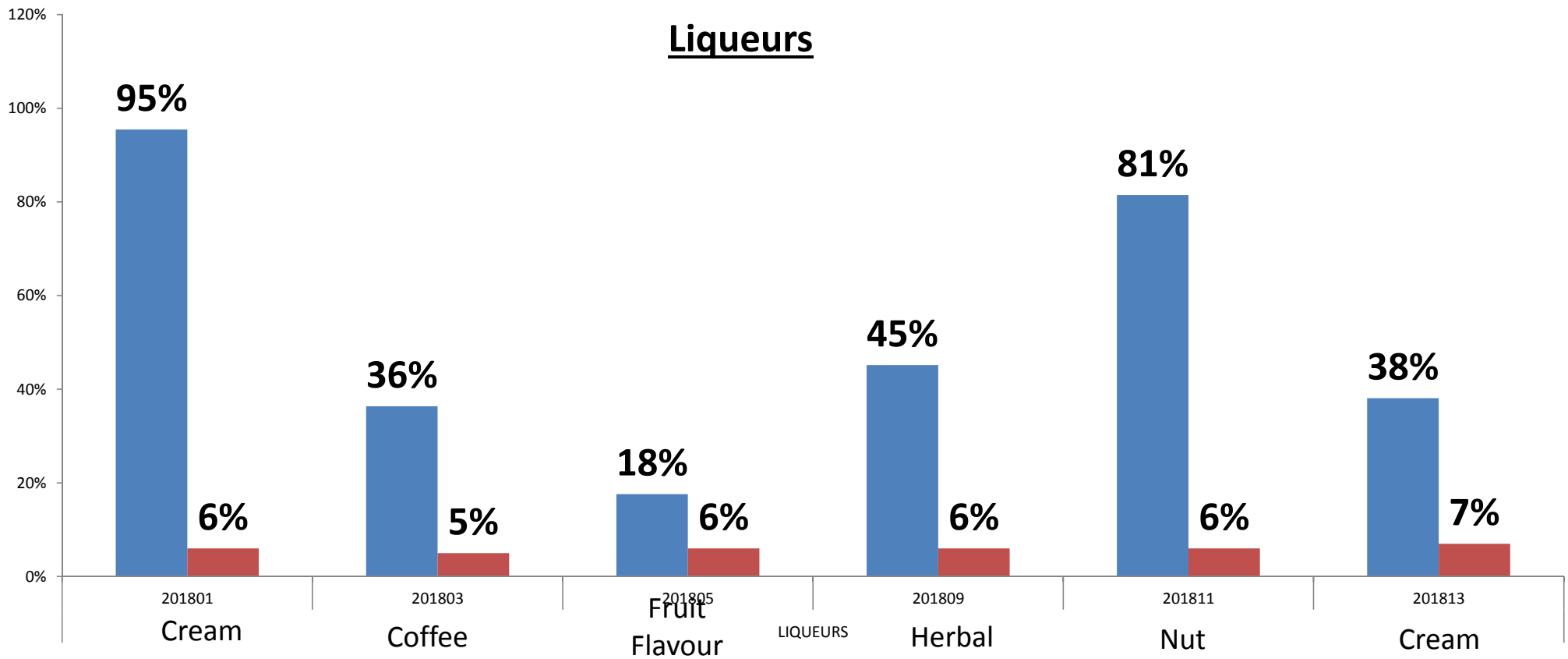
# Sales Change with WPP Discount



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# Sales Change with WPP Discount

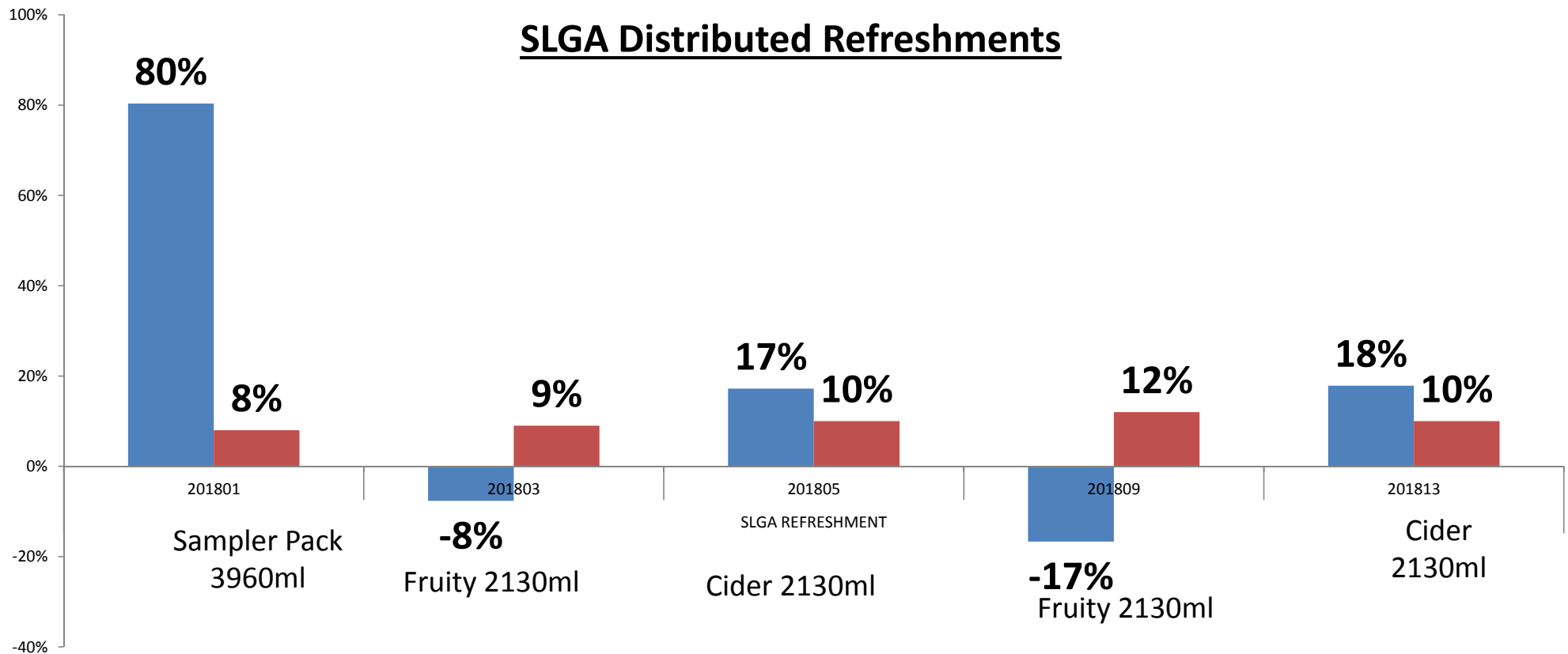


# Sales Change with WPP Discount

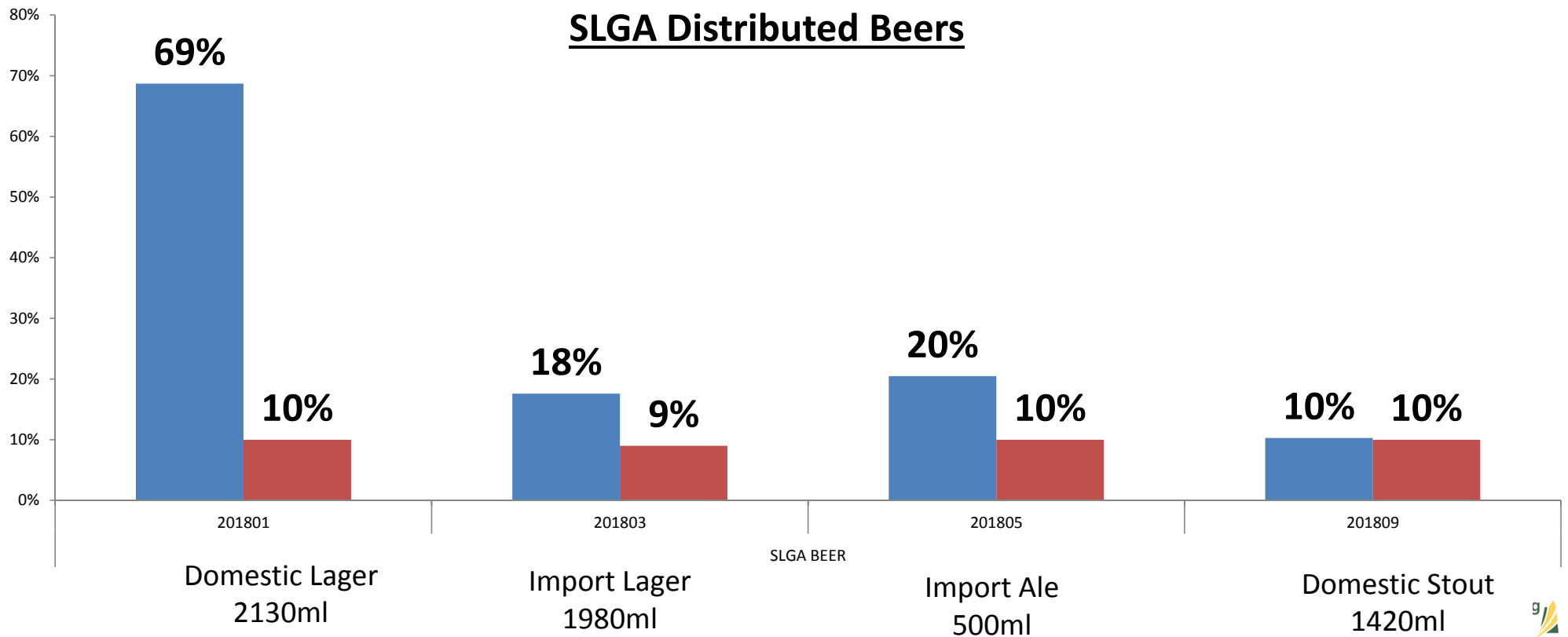


# Sales Change with WPP Discount

## SLGA Distributed Refreshments



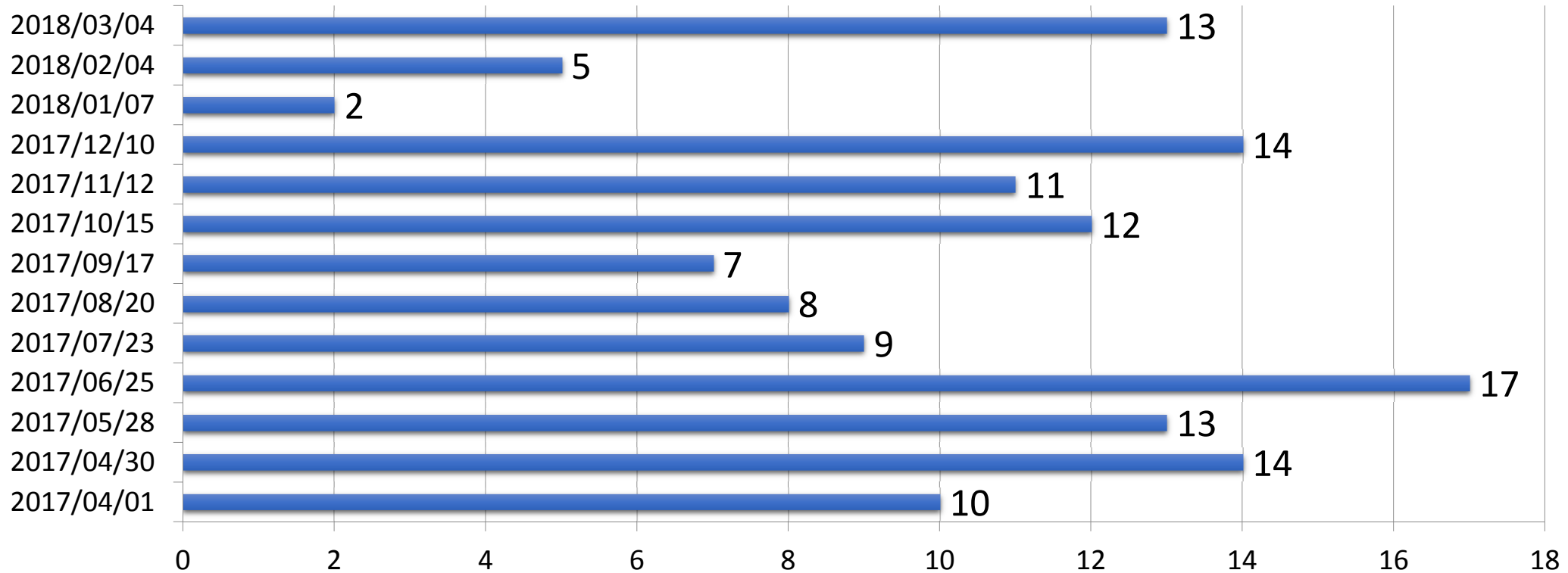
# Sales Change with WPP Discount





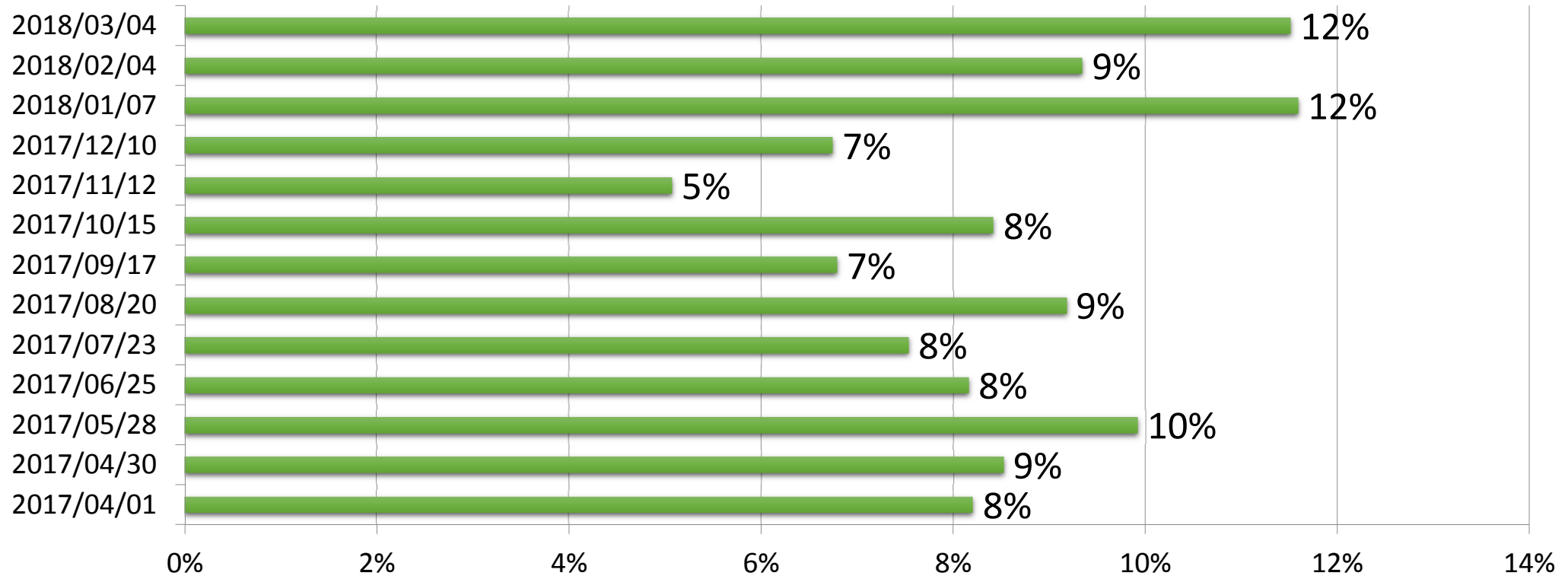
# Temporary Price Reduction (TPR) – 3<sup>rd</sup> Party Beer Distributors

TPRs by Period



# Temporary Price Reduction – 3<sup>rd</sup> Party Beer Distributors

## Average TPR Discount



# Changes to the WPP Program

- Administration fee
- Trial 2 week WPP
  - Minimum discount require
  - Specific weeks
  - Policy
  - Implementation date

# Changes to the WPP Program

## Administration Fee

~~\$25,000~~  
~~\$20,000~~  
~~\$15,000~~  
~~\$10,000~~  
~~\$5,000~~  
~~\$0.00~~

# Changes to the WPP Program

- 2 Week WPP
  - Minimum discount of 10%
  - 2 choices: Week 1 & Week 2
    - Or: Week 3 & Week 4
- No WPP's in consecutive periods
- Implementing in P5, July 24, 2018

# Questions

