



BC VQA Wine Store Model Update September 2016 (revised January 2017)

Update regarding the transition for BCWI BC VQA Wine Stores from “Stores on Consignment Model” to “Stores on Purchase Model” (i.e. wines bought outright by the stores directly from the wineries).

Specifically:

- Change of BC VQA Wine Stores from consignment to purchase required revisions to the LDB - winery agreements for which the LDB has communicated directly with wineries on September 22, 2016.
- The LDB has agreed to the change in sales models effective October 04, 2016; however, the BCWI transition is scheduled to occur on January 01, 2017 including the changeover/purchase of then current consigned wine inventory.
- Save-On-Foods (Stores on Purchase Model) will be communicating directly with wineries regarding details of the transition and timing.
- Remaining “Stores on Consignment Model” may choose to continue on the Consignment Model until their current operating agreements expire OR, they may choose to switch to the Purchase Model on or after January 01, 2017 (with BCWI approval).
- Regardless, stores may not use both models simultaneously, though current grocery may overlap during transition and implementation.
- Any new stores, including grocery, will be “Stores on Purchase Model”.
- To allow all stores equal opportunity to sell all wineries’ BC VQA Wines, wineries are able to provide wine to both “Stores on Consignment Model” AND “Stores on Purchase Model”.

“Stores on Consignment Model” (status quo)

- Wineries will continue to set Suggested Retail Price (including tax) via the BCWI Price Portal.
- Stores must sell at winery set SRP (unless they exercise flex price option, extended to Nov2016).
- **Payment** for wines sold will continue to be made by the BCWI to the wineries from funds collected in the weekly draws from the stores (i.e. still based on SRP).
- **Reporting** to LDB for sales, and remittance of CRF and bottle deposit, will continue to be the responsibility of the BCWI (and will continue to occur when the wine is sold to the consumer).
- **BCWI 4% Commission (10% for non-members)** on the Net Winery Amount (Suggested Retail Price minus GST, PST and CRF) will continue to be deducted by BCWI from the monthly winery payments.

“Stores on Purchase Model”

- Wineries will continue to set Wholesale Price (including CRF) via LDB.
- Stores will set their own Retail Markup as is currently the case with LRS, etc.

- BC LDB has authorized that **net payment** for wines purchased will be made by stores directly to wineries (i.e. LESS BCWI 5% Commission (10% for non-members) which will be reported and remitted by stores to BCWI).
- **Reporting of gross amounts** to LDB for sales, and remittance of CRF and bottle deposit, will become the responsibility of the winery (and will now occur when the wine is sold to the store).
- **BCWI 5% Commission (10% for non-members)** on the Wholesale Price (less CRF) will be collected by the store from store payment to winery (BC LDB has authorized), store will report & remit to BCWI.

Below is a winery payment comparison of consignment vs. purchase:

		Consignment			
Suggested Retail Price		\$24.99	\$19.99	\$17.99	\$12.99
CRF		\$0.11	\$0.11	\$0.11	\$0.11
PST/GST	15%	\$3.25	\$2.59	\$2.33	\$1.68
Net Amount after taxes & CRF		\$21.63	\$17.29	\$15.55	\$11.20
Winery Portion	70%	\$15.14	\$12.10	\$10.88	\$7.84
Store Commission	26%	\$5.63	\$4.49	\$4.04	\$2.91
BCWI Commission	4%	\$0.87	\$0.69	\$0.62	\$0.45
Total		\$21.63	\$17.29	\$15.55	\$11.20
		Purchase			
Wholesale Price (Assumed 16% below SRP)		\$21.54	\$17.23	\$15.51	\$11.20
CRF		\$0.11	\$0.11	\$0.11	\$0.11
GST on CRF	15%	\$0.01	\$0.01	\$0.01	\$0.01
Wholesale Net of CRF		\$21.43	\$17.12	\$15.39	\$11.08
Winery Portion	95%	\$20.36	\$16.26	\$14.62	\$10.53
BCWI Commission	5%	\$1.07	\$0.86	\$0.77	\$0.55
Total		\$21.43	\$17.12	\$15.39	\$11.08

Grocery “Stores on Purchase Model” effective January 01, 2017:

- *Wines of British Columbia Save-On-Foods South Point (Surrey) (302890)*
- *Wines of British Columbia Save-On-Foods Fleetwood (Surrey) (302876)*
- *Wines of British Columbia Save-On-Foods Tsawwassen (Delta) (302885)*
- *Wines of British Columbia Save-On-Foods Langley (Downtown) (302967)*
- *Wines of British Columbia Save-On-Foods Orchard Plaza (Kelowna) (302891)*
- *Wines of British Columbia Save-On-Foods Lakeshore (Kelowna) (302875)*
- *Wines of British Columbia Save-On-Foods East Maple Ridge (302879)*
- *Wines of British Columbia Save-On-Foods Parksville (302878)*
- *Wines of British Columbia Save-On-Foods White Rock (302966)*
- *Wines of British Columbia Save-On-Foods Prince George (302887)*
- *Wines of British Columbia Save-On-Foods Kamloops (302886)*
- Future new *Wines of British Columbia Save-On-Foods* locations will open directly as “Stores on Purchase Model”

Remaining “Stores on Consignment Model” (status quo):

- BC Wine Information Centre
- Sardis Park VQA Wine Store
- Swirl Wine Store - Yaletown
- Village VQA Wines - Kitsilano
- Westwood Wines