

# Facts about the Import agents in BC



# Did you know.....

- Liquor import agents in BC are responsible for over 700 direct jobs, but what is significant is that the agent community interacts daily with private retailers, restaurant and hotel staff, BCLDB employees and now grocery we estimate this to be in the neighbourhood of 1 million + trade touches per year
- Liquor import agents are the catalysts and marketers for imported products which account for over \$860 million in wine, beer and spirits revenue, and 30% of total BCLDB annual liquor sales.
- Agents must seek BCLDB approval to import any product, whether they are destined for BC Liquor Stores or to private retail or Hospitality customers
- Agents are responsible for product registration, ensuring conformation of Canadian labelling standards, paying for all shipping costs, storage charges, insurance, warehousing, logistics charges, and any difference in currency exchange, on goods that are imported to BC



# Did you know.....

- Re-seller Marketing and Advertising promotions are almost always created, executed and paid-for by the import agent. (ie: in-store tastings, festivals, discounts, magazine or in-store advertising, etc.). In effect, agents are the sales team who also work for the retailer to promote the resale of their products. In other words, we sell our products twice.
- Import agents pay for the warehousing of landed product until it is purchased for resale by a retailer or Hospitality account. Effectively, the import agent shelters the BCLDB from these costs and provides instant access to thousands of liquor products at no charge. The BCLDB avoids long-term inventory holding costs.



# Did you know.....

- Import agents in BC employ sales representatives to actively promote their products to be purchased and re-sold at BC Liquor Stores, Private Retail Stores (“LRS and Agency”), Restaurants, Bars and Private Clubs (“Hospitality”) – The agent community is essentially the outside sales force for the BCLDB
- Import agents no longer can control the selling price to the hospitality channel, even if the in bond (cost to the BCLDB) stays the same
- The Majority of our members are **BC owned** companies *and* would qualify as **Small business**.

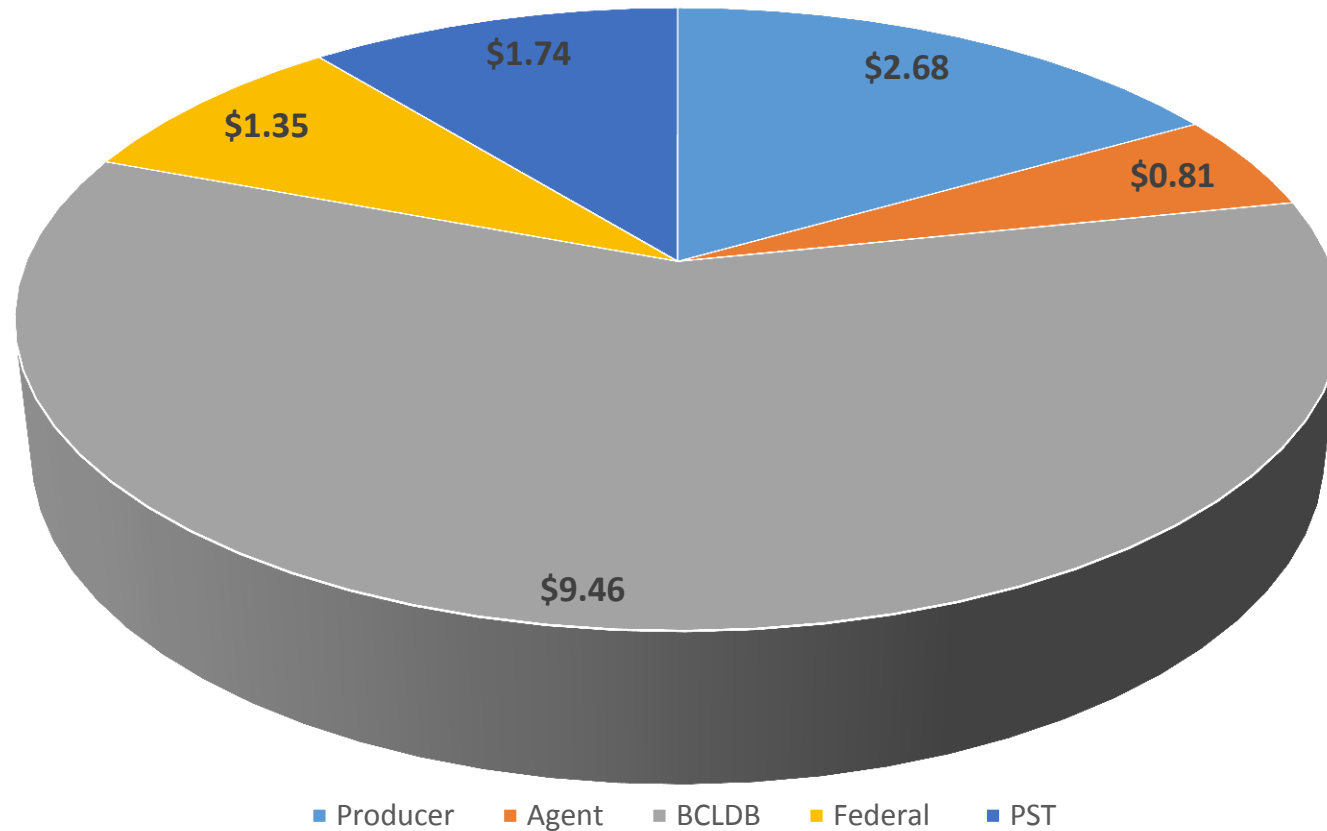


## An Explanation of the Costs behind the Sticker Price....

- The Import Agent decides to purchase and import product from the supplier/manufacturer whether they are as near as BC's Okanagan Valley, or as far away as Stellenbosch, South Africa
- The Import Agent pays to ship the product (often by container ship, but sometimes by air at the importer's expense) to British Columbia
- The Import Agent facilitates the customs clearance of the product to a bonded warehouse where storage fees are applied
- The 'cost of goods' plus shipping, plus landing costs, plus storage, plus the importer's margin (typically 15-20%), plus BC tax ("BCLDB Mark-Up") generate a new BC Wholesale Price

# A \$20 bottle of wine generates....

- \$15.11 Wholesale \$17.39 Retail/Hospitality



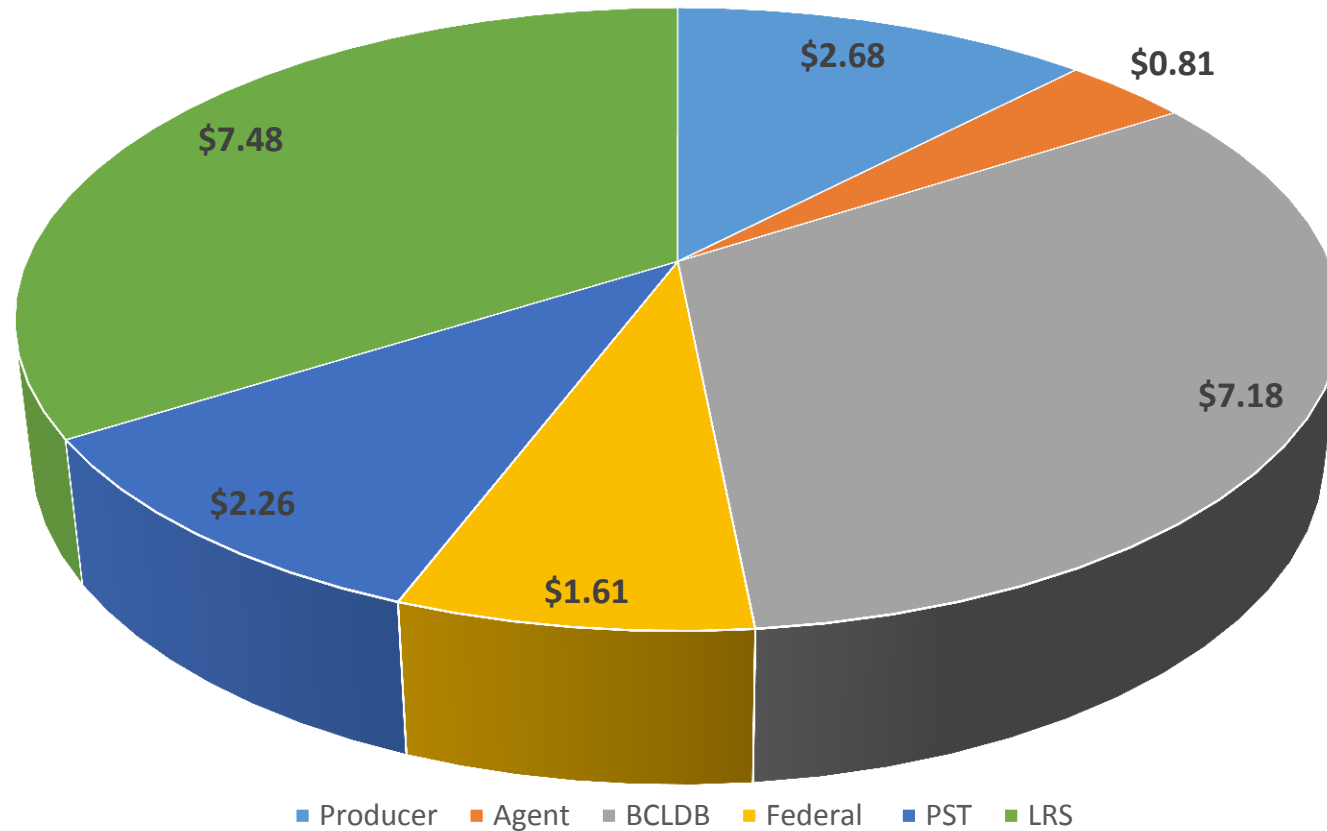
- Assuming the following factors;
- A case cost in Canadian dollars of \$64.5
- Producer cost is 50% of the FOB price to the agent
- An agent commission of 15%
- Per case shipping (\$12)and logistics (\$3.25)costs of \$15.25

Producer -	\$2.68/btl	\$32.16/cs
Agent -	\$0.81/btl	\$9.68/cs
BCLDB Mark up -	\$7.18/btl	\$86.14/cs
BCLDB Retail -	\$2.28/btl	\$27.36/cs
Federal -	\$0.48/btl	\$5.75/cs
GST -	\$0.87/btl	\$10.44/cs
PST -	\$1.74/btl	\$20.88/cs

Sold in an LRS with a 30% Mark up = \$22.59

• \$15.11 Wholesale \$17.39 Retail/Hospitality

- Assuming the following factors;
- A case cost in Canadian dollars of \$64.5
- Producer cost is 50% of the FOB price to the agent
- An agent commission of 15%
- Logistics = Per case shipping (\$12) and logistics (\$3.25) costs of \$15.25

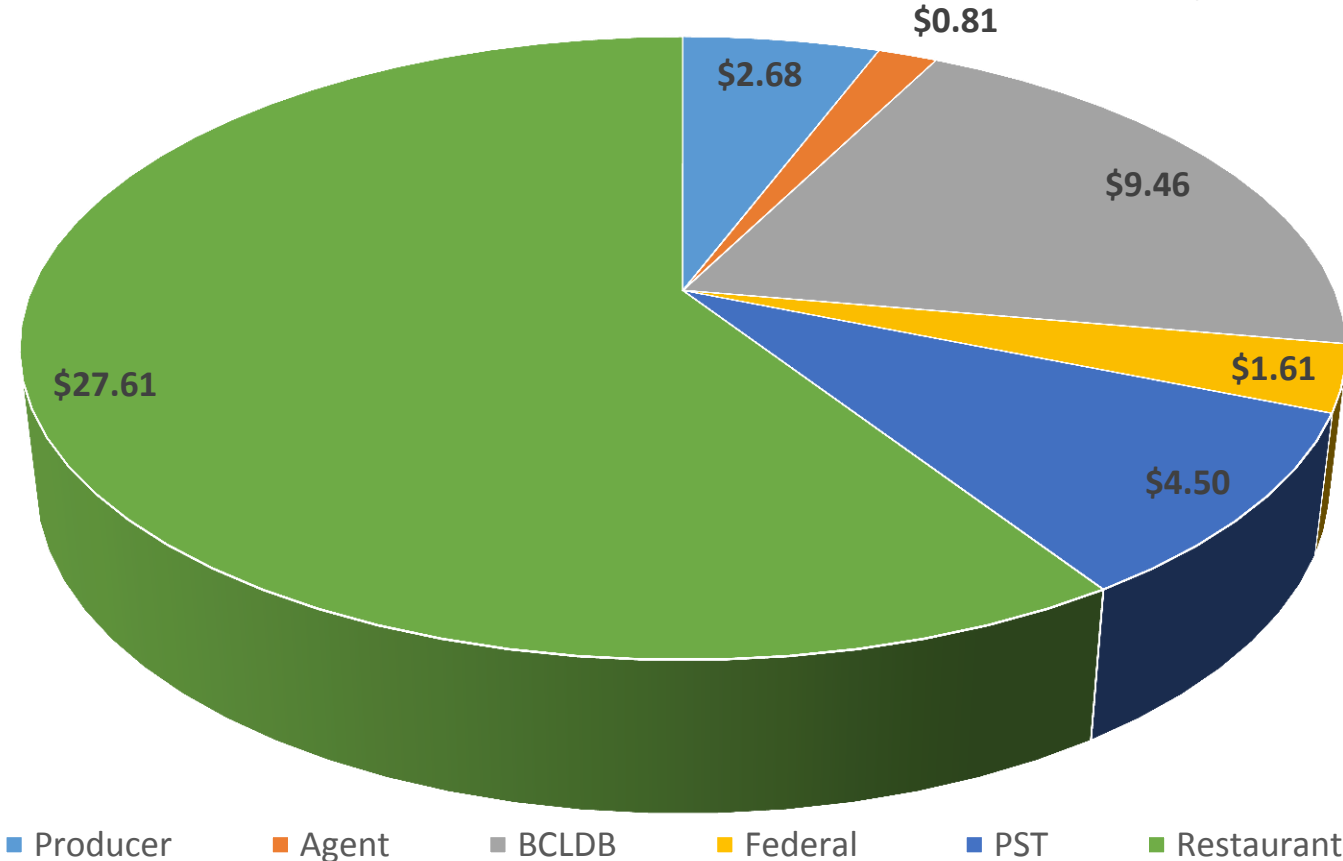


Producer -	\$2.68/btl	\$32.16/cs
Agent -	\$0.81/btl	\$9.68/cs
BCLDB Mark up -	\$7.18/btl	\$86.14/cs
LRS Retail -	\$7.48/btl	\$89.76/cs
Federal -	\$0.48/btl	\$5.75/cs
GST -	\$1.13/btl	\$13.56/cs
PST -	\$2.26/btl	\$27.12/cs

# Sold in a Restaurant at \$45/btl

• \$15.11 Wholesale \$17.39 Retail/Hospitality

- Assuming the following factors;
- A case cost in Canadian dollars of \$64.5
- Producer cost is 50% of the FOB price to the agent
- An agent commission of 15%
- Logistics = Per case shipping (\$12) and logistics (\$3.25) costs of \$15.25



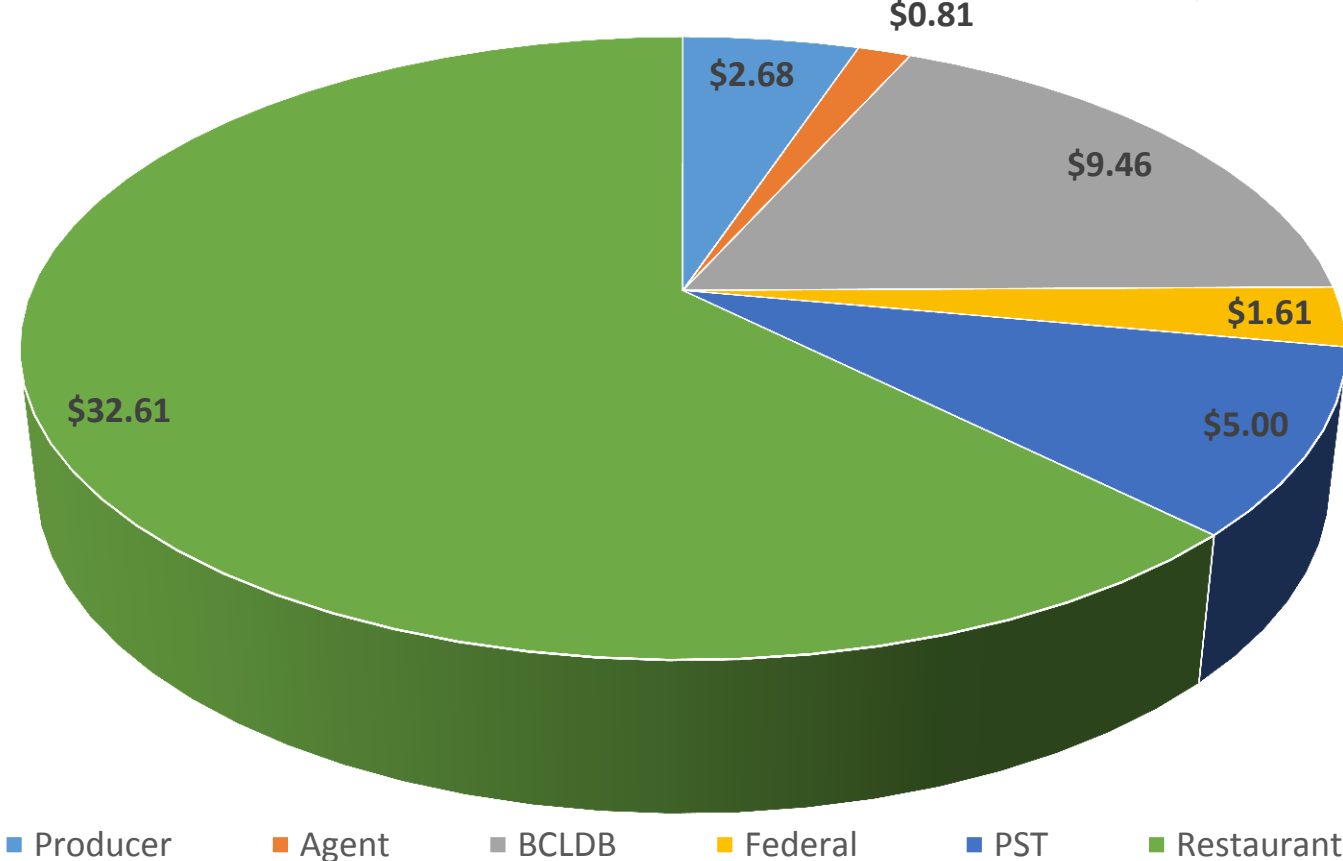
Producer - \$2.68/btl	\$32.16/cs
Agent - \$0.81/btl	\$9.68/cs
BCLDB Mark up - \$7.18/btl	\$86.14/cs
BCLDB Retail - \$2.28/btl	\$27.36/cs
Federal - \$0.48/btl	\$5.75/cs
GST - \$1.13/btl	\$13.56/cs
PST - \$4.5/btl	\$54.00/cs
Restaurant - \$27.61/btl	\$331.32/cs



# Sold in a Restaurant at \$10/glass

• \$15.11 Wholesale \$17.39 Retail/Hospitality

- Assuming the following factors;
- A case cost in Canadian dollars of \$64.5
- Producer cost is 50% of the FOB price to the agent
- An agent commission of 15%
- Logistics = Per case shipping (\$12) and logistics (\$3.25) costs of \$15.25
- 5oz glass size = 5 glasses per bottle



Producer -	\$2.68/btl	\$32.16/cs
Agent -	\$0.81/btl	\$9.68/cs
BCLDB Mark up -	\$7.18/btl	\$86.14/cs
BCLDB Retail -	\$2.28/btl	\$27.36/cs
Federal -	\$0.48/btl	\$5.75/cs
GST -	\$1.13/btl	\$13.56/cs
PST -	\$5.00/btl	\$54.00/cs
Restaurant -	\$32.61/btl	\$391.32/cs

## Conclusion....

- As you can see, the import agent does an enormous amount of the work to source, import, market and sell the product, but receives the least amount of income in the value chain from the eventual resale
- The import agent assumes all the risk of introducing a new product to the BC market (imagine if the product does not sell)
- The import agent often times has the most educated staff who are trained professionals in sales, wine and spirits, and responsible service, with years or decades of experience in their resellers' industries
- The import agent can be trusted to proactively grow and nurture a BC wine and spirits culture built on variety, quality and value
- The import agent can be trusted to responsibly control products until they are shipped to their final destination for resale and responsibly promote their resale through professional retail and Hospitality avenues