



IVSA Position on Minimum Shelf Pricing for Liquor Retail

September 15, 2015

Recommendation #17

LDB should review its minimum pricing policy as it applies to all categories of liquor so that minimum prices are set at an appropriate level

Government is taking a balanced approach to health and safety per recommendation #17 of the Liquor Policy Review. Evidence shows that price is a major factor in over-consumption. In consultation with Liquor Industry, Government is interested in setting new, higher minimum prices than exist today.

Who We Are

The BC Import Vintners and Spirits Association represents 100 liquor import and distribution agencies in British Columbia, accounting for over \$860 million in wine, beer and spirits revenue, or 30% of total BCLDB annual liquor sales. Import Agents act as the “bank” that finances all associated costs and assumes all the financial risks associated with exchange rates, shipping and warehousing of imported beverage alcohol products made available in BC for distribution to BCLS, private retail and hospitality.

IVSA Position on Minimum Shelf Pricing for Liquor Retail

In principle the IVSA has no issue with setting a new minimum price for liquor at the retail level. We advocate for safe and responsible consumption of alcohol and encourage consumers to care about where their products come from, products of provenance, which generally means products at higher prices.

In looking at minimum prices, the IVSA is discouraged by the new direction of BC Liquor Stores to list new wine products (for example) from around the world for less than \$10. Unwritten policy before April 1 was to avoid listing new wines under \$15 to encourage trying better quality, generate more tax revenue, increase profits, and discourage over-consumption. Since April 1, BC Liquor Stores have abandoned this policy and there is an attraction towards products under \$10. As of October 1, there are 269 wine products between 750ml and 999ml listed in BC Liquor Stores under \$10.00.

Decades have been spent educating consumers at festivals, events and at the retail shelves to move up in quality. Producers from around the world count on BC as a vital marketplace to sell their products and have invested millions of dollars in the process. Yet today we are seeing the industry heading in the opposite direction – a direction now spearheaded by BC Liquor Stores.

The tactic of private retailers attempting to attract consumers away from BC Liquor Stores has been to purchase exclusive products for \$5, \$6 and re-selling for \$7, \$8, and now BCLS is doing the same. This is a “dumbing down” of selection and a “race to the bottom” in competition with each other and

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ignores promoting safe and responsible consumption. A cheaper average bottle sold will greatly reduce tax revenue to the BC Government and eviscerate the wine and food culture we so proudly promote abroad.

It was asserted that the 'market will determine selection,' however this new trend fundamentally shifts the industry, starting with the Import Agent's business model. Formerly wine agents prided themselves on sourcing wines from a place, with a pedigree and at naturally higher prices. Our practice was to promote them in festivals, events and sample them out to consumers to help justify the price and drive home the story. In the new system agents are forced to source cheap wines that don't have a story in order to stay in business. Furthermore, at rock bottom prices there is little to no budget to promote them. Premium products that help create diversity in the marketplace will disappear and consumers will not have a selection to choose from.

Respectfully Submitted,

Import Vintners & Spirits Association - British Columbia