

Beer and Cider in Ontario Grocery Stores

Meeting Regulatory Requirements

AGCO

Alcohol and Gaming
Commission of Ontario

Agenda

1. Regulations and Authorizations
2. Stocking and Shelving Alcohol
3. Selling Alcohol Responsibly
4. Sampling Alcohol Responsibly
5. Acceptable Advertising Practices



Overview

The Alcohol and Gaming Commission of Ontario authorizes grocers and regulates this initiative.

The Liquor Control Board of Ontario is the wholesale seller of alcohol to grocers.

The Government of Ontario has communicated its interest in permitting the sale of beer and cider in up to 450 grocery stores.





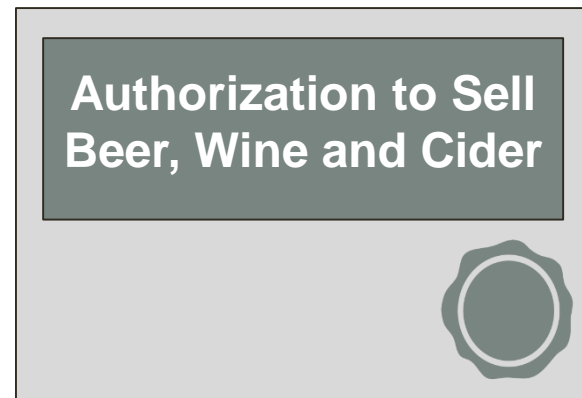
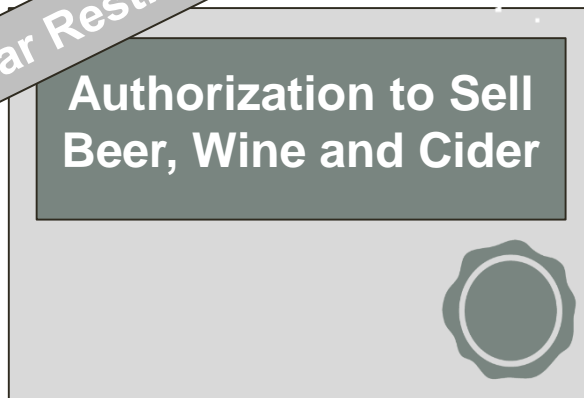
Regulatory Framework

- *Liquor Licence Act*
- *Liquor Control Act*
- **Ontario Regulation 232/16:
“Sale of Liquor in Government Stores”**
- *Registrar Policies*
- **Advertising Guidelines: Sale of Beer, Wine and Cider in Grocery Stores**
- **Sampling Guidelines**
- *Additional as required*

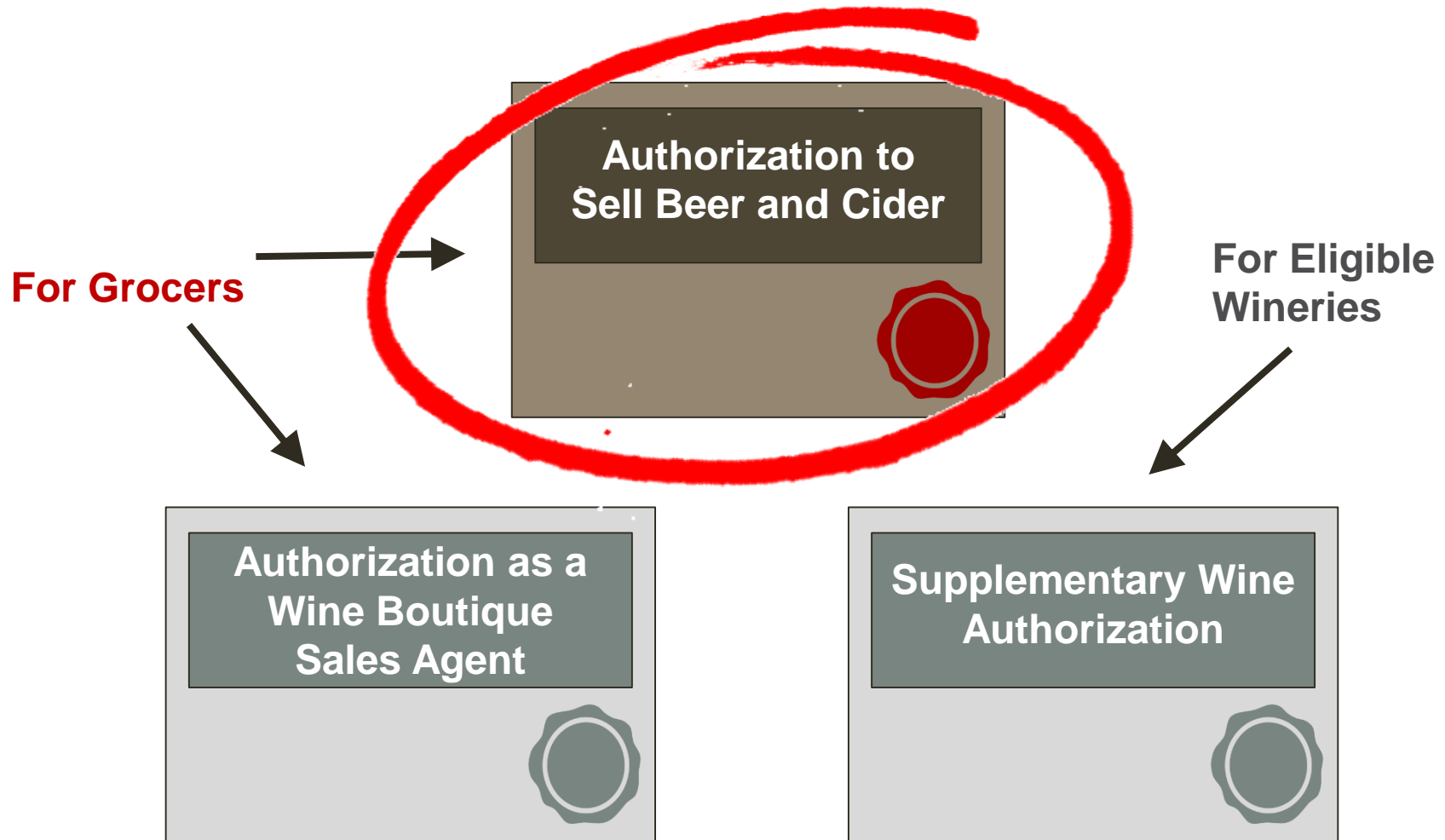
Authorizations (Grocer-only)



3-Year Restricted



Authorizations (Grocery & Wine Boutique)



Information to Support Grocery Staff with Regulations

Stocking and Displaying Alcohol



Eligible Beer and Cider

Ontario Regulation 232/16 sets out the beer and cider products that are eligible to be sold within grocery stores.

- Beer and cider in containers up to 750mL and in packages of up to 6 containers
- Beer and cider up to 7.1% alcohol by volume
- No malt beverages

The LCBO's Grocery Product Catalogue has been created to include only beer and cider products that are eligible to be sold.

Display Requirements: Beer and Cider

Beer	At least 20 per cent of beer containers on display are produced by small brewers .
Cider	At least 20 per cent of cider containers on display are produced by small cideries .

Definitions of terms (example: small brewers) can be found directly in *O. Reg 232/16*.

Beer and cider products have been categorized in the LCBO product catalogue based on display requirements for grocers' convenience.



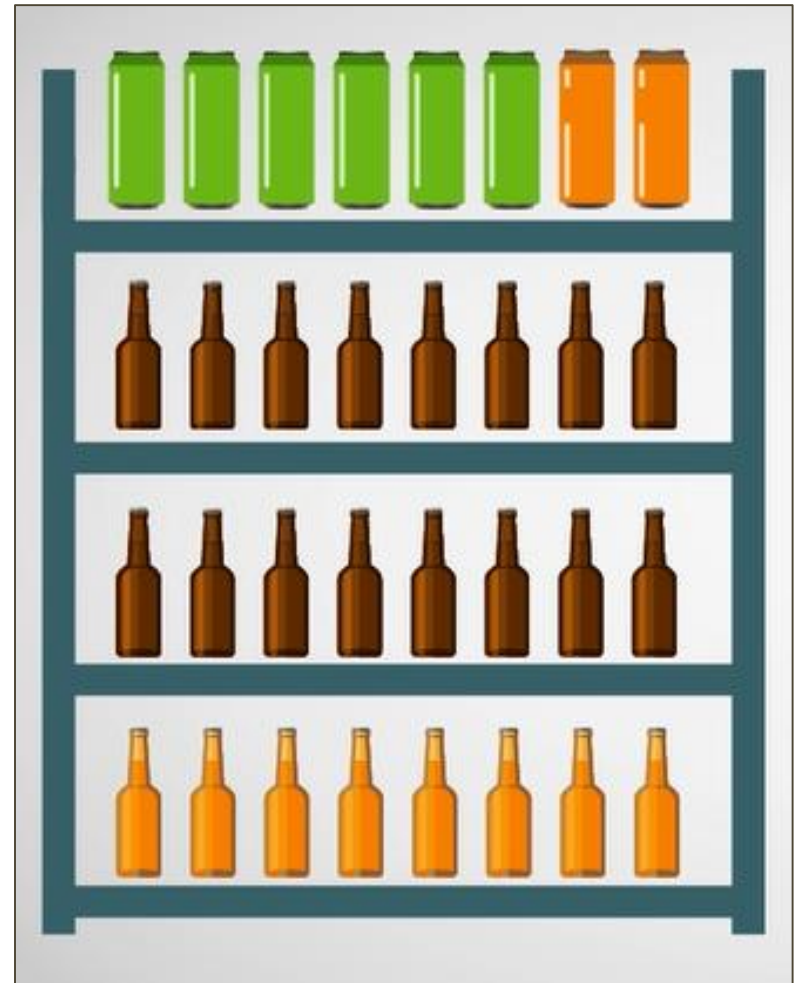
Assessing Display Requirements

Grocers must always meet display requirements of their authorization.

AGCO inspectors may verify display requirements during any scheduled or unscheduled inspection of grocery stores.

TIP: Grocers may want to consider stocking more than the minimum requirements should certain products sellout before restocking occurs.

TIP: Grocers are not obligated to label their shelves or stock like products together (i.e. products from small brewers) but may find this easier to maintain requirements.

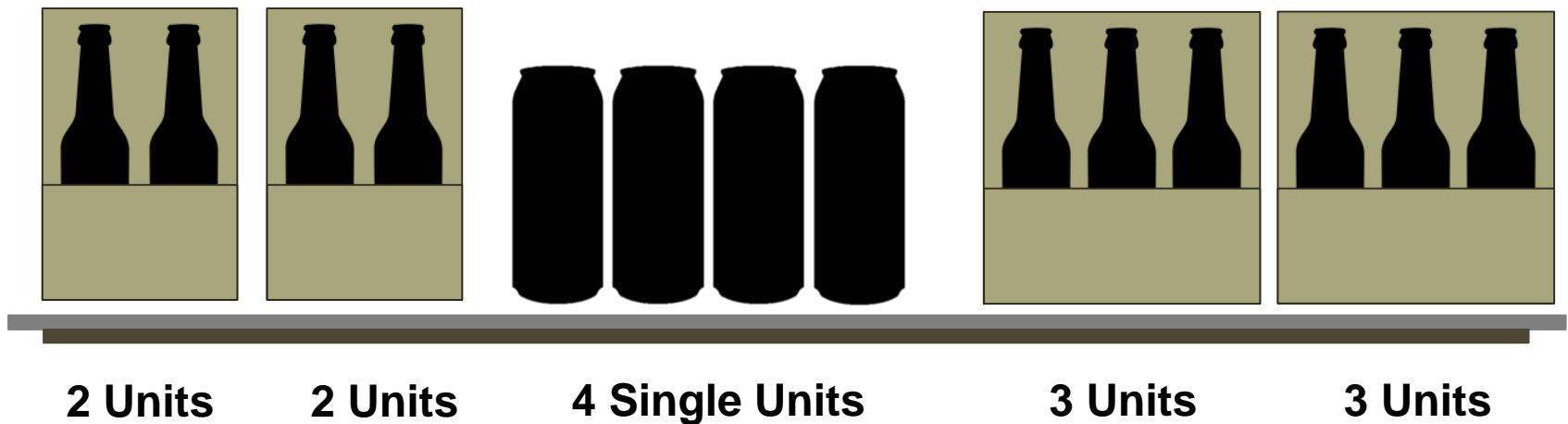


Assessing Display Requirements

When confirming that a grocer is meeting their authorization requirements, an AGCO inspector will look at **all consumer facing alcohol units on display**.

Alcohol is cross-checked against LCBO's product catalogue.

Grocers are reminded that pallets of alcohol added to the display area for certain occasions are also included in calculations of whether display requirements are met.



Product Storage

All beer and cider must be displayed in a single contiguous product display area.

- **Beer and cider cannot be displayed in multiple locations throughout the store.**

All beer and cider products must not be accessible to customers outside the regulatory permitted hours of sale:

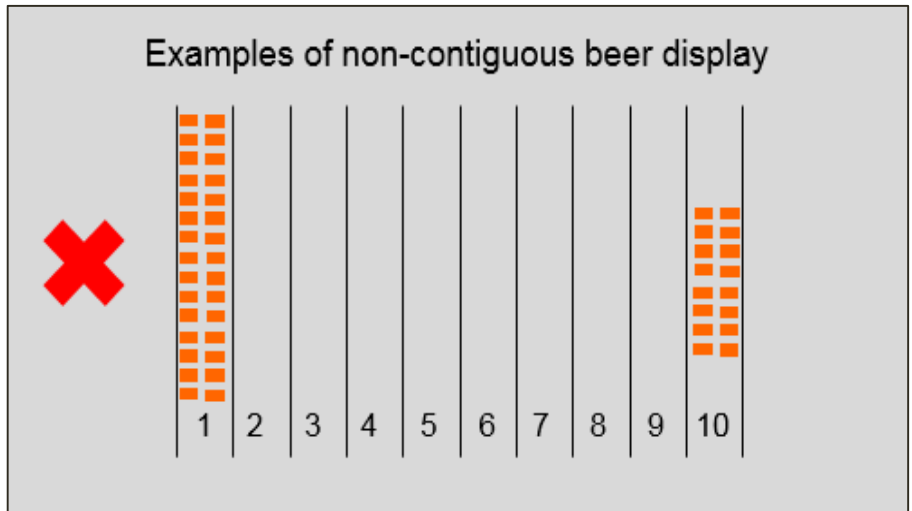
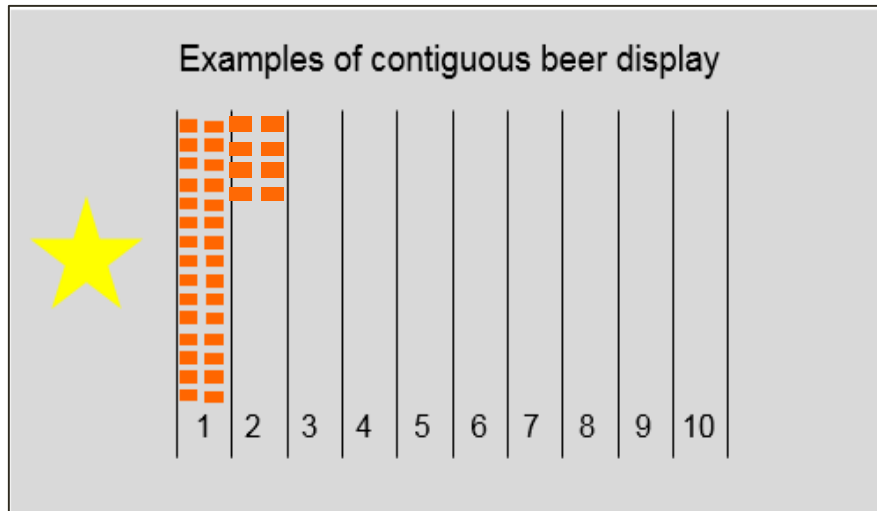
Monday – Saturday: 9AM to 11PM
Sunday: 11AM to 6PM

All beer and cider products not on display to customers must be stored in a secure area that is not available to the public.



Product Display Area

A single contiguous product display means products are adjoining or neighbouring (immediately touching or located next to one another).



 Beer and Cider

Uniform Pricing Requirements

LCBO product catalogue is the source for uniform pricing information – the AGCO may look for pricing labels that match the catalogue.

Retail prices for beverage alcohol in Ontario are always rounded to the nearest nickel for every item.

Prices displayed and labelled must display one final price for beer or cider including all applicable taxes and container deposits.

Sales receipts and invoices may include price breakdowns of taxes and container deposits.



Selling Alcohol Responsibly



Social Responsibility Training



The Government of Ontario has committed to robust social responsibility measures as part of the launch of alcohol sales in grocery stores.

Grocers are required under Ontario law to sell beer and cider responsibly.

Staff who sell or offer samples of alcohol must be at least 18 years old and completed Smart Serve training.

- Staff who handle alcohol must also be at least 18 years old but do not have to be Smart Serve certified.

Staff are expected to be Smart Serve certified before they begin selling or offering samples of alcohol.

Checking Identification

Before selling alcohol, authorized grocers must check valid ID from all customers who appear to be under 19 years old.

Customers who are under 19 years old or unable to show valid ID must be refused the sale of alcohol.



TIP: Grocers may wish to voluntarily track or report any incidents of refusing to sell alcohol to support their obligation to selling alcohol responsibly.



Intoxicated Customers

Grocers are responsible for ensuring that intoxicated persons do not purchase alcohol in their store.

Staff should be aware of the signs of intoxication and must refuse the sale of alcohol to any individual who appears to be intoxicated.



Social Responsibility Signage

Grocers must post signs warning women that drinking alcohol during pregnancy can cause Fetal Alcohol Spectrum Disorder (also known as “Sandy’s Law”).

This sign is required to be posted in the area where alcohol is purchased (e.g. adjacent to cash registers)

Copies are available from AGCO inspectors or on the AGCO website (www.agco.on.ca) in English and French.



Self-Checkouts

Grocers are able to sell alcohol through self-checkout machines provided they **do not sell alcohol to anyone under the age of 19 or who appears intoxicated.**

Grocers must always maintain their own practices for ensuring this requirement is met.

TIP: A grocer may place a flag on their point of sale system which will alert a supervising employee when a customer is purchasing alcohol at a self check-out station.

Should an employee assist in the sale (including verifying ID) they must be at least 18 years old and Smart Serve certified.





2nd Party Purchases

Someone who purchases alcohol on behalf of someone who may not be legally permitted to purchase it themselves (e.g. individual under 19 or intoxicated).

Grocers should be aware of indicators of second party purchases (e.g. conversations before or after the sale of alcohol).

Grocers should feel free to contact their local AGCO inspector where they are concerned about second party purchasing activity.

Reward Programs

Grocers are permitted to issue loyalty or reward points on the purchase of alcohol as long as they are applied equally to all beverage alcohol products (may not be limited to a particular brand).

Grocers cannot accept points or rewards as full or partial payment for alcohol.

Points or rewards also cannot be exchanged, converted or redeemed for cash that is applied to the payment of alcohol.



Sampling Alcohol Responsibly



Sampling Guidelines

Regulatory requirements for sampling are contained in O.Reg 232/16 and the **AGCO's Sampling Guidelines** (found at www.agco.on.ca).

Sampling Guidelines for Grocery Stores includes rules that individuals conducting sampling activities in a grocery store must follow (grocery staff, manufacturers, or manufacturers representatives).

Only beer and cider products permitted to be sold under a grocers authorization (found within the LCBO Grocery Product Catalogue) can be sampled.

Sampling of beer and cider in grocery stores can only be conducted within the prescribed hours:

Monday – Saturday 9AM – 11PM; Sunday 11AM – 6PM.

There is no obligation for a grocer to permit sampling activities within their store.

Manufacturers do not have the right to sample in a grocery store without a grocers permission.

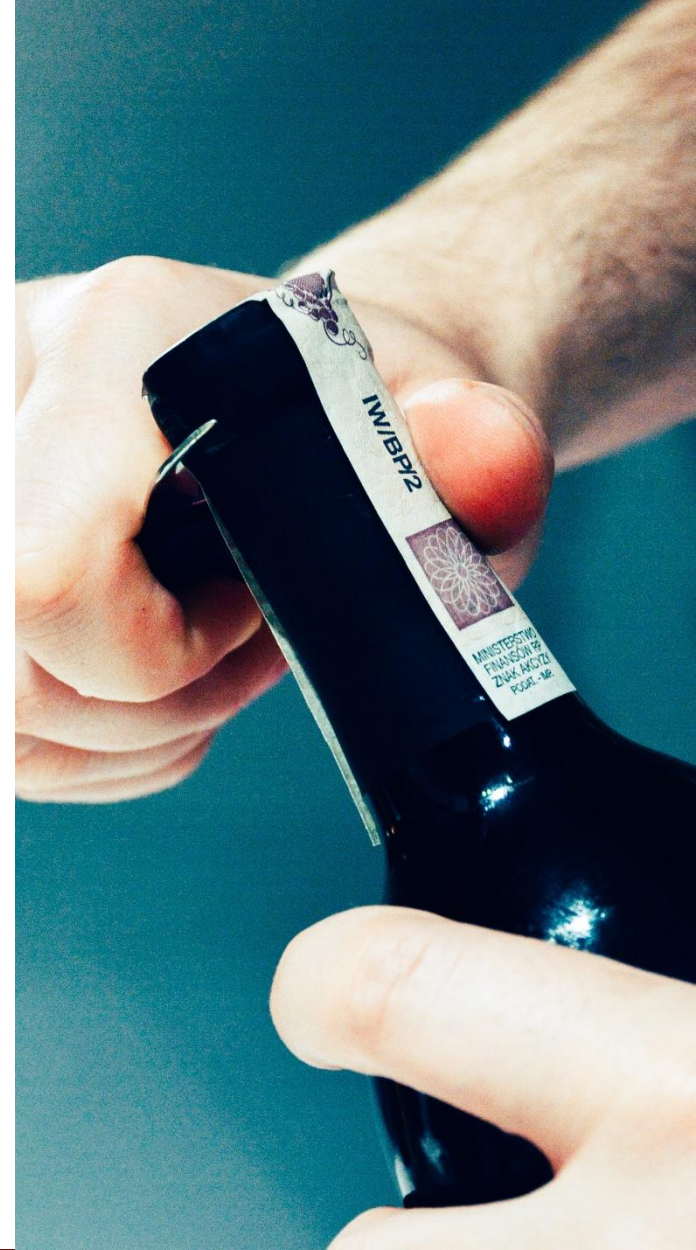
Sampling Requirements

All alcohol sampled in grocery stores **must be purchased from that grocer.**

Manufacturers **cannot bring their own alcohol** product stock into stores to sample to customers.

Grocers **cannot charge manufacturers for sampling.**

Note: Some authorized grocers are requiring all sampling in their store to be managed by a third-party. This is permitted provided the grocer does not receive any payment from the third-party. The third-party may charge manufacturers a service fee to conduct sampling activities on their behalf.





Sampling Responsibly

Samples of alcohol are **not permitted to be offered or served** to anyone under 19 years old or who appears to be intoxicated.

All sampling activities must take place in a **designated area** by the grocer which is **within or adjacent to the alcohol product display area**.

Grocers, manufacturers or manufacturer's representatives who offer samples in grocery stores must be **at least 18 years old and Smart Serve certified**.

Any **fee charged to customers** for samples must be **calculated on a cost recovery basis** for that alcohol product.

Acceptable Advertising Practices

Advertising Guidelines

Regulatory requirements for advertising are set out in *O.Reg 232/16* and the **AGCO's Advertising Guidelines: Sale of Beer, Cider and Wine in Grocery Stores** (found at www.agco.on.ca).

Generally, grocers are **permitted to promote brands or types of alcohol they are eligible to stock** under their authorization (can use logos of a manufacturer with their permission).

Advertisements should **depict the responsible sale of alcohol**.

Advertisements must **not promote or imply excessive drinking, the merits of alcohol consumption or appeal to minors**.

Inducement Practices

Grocers should be aware that *O.Reg 232/16* **prohibits them from requesting or receiving a financial or non-monetary benefit from a manufacturer or their representatives.**

- One exception allows grocers to charge fees to manufacturers for warehousing their products provided fees charged are the same for all manufacturers.

Manufacturers and their representatives **cannot** conduct any work normally done by grocery store staff (stock shelves, etc).

Grocers **cannot** enter into any agreements that provide product listing or shelf space to a manufacturer.

Grocers **cannot** sell advertising opportunities inside the store or in their flyer/magazines to manufacturers.



Promotions and Value-adds

Grocers are permitted to purchase signage from beer manufacturers for **fair market price**.

Grocers **cannot accept complimentary signage** from manufacturers.

Grocers **cannot offer any product** (example: chips, beer opener, etc.) that is contingent on the sale of alcohol.

Grocers are **prohibited from stocking alcohol products that include coupons** from manufacturers for non-alcohol products also sold by that grocer.

Manufacturers are **permitted to offer nominal value-adds** attached to their beer or cider products provided they are consistent among all liquor retail channels.

Questions?



Additional questions regarding this initiative can be sent to:

connect@agco.ca

AGCO's Customer Service can be reached at:

General telephone: 416-326-8700

Toll free in Ontario: 1-800-522-2876

