

Product Portfolio

Listing Procedures & Regulations



Category Management

June 2009

LISTING PROCEDURES AND REGULATIONS

INTRODUCTION

The New Brunswick Liquor Corporation is a Provincial Crown Corporation established as the sole authority for the importation and retailing of beverage alcohol within the Province of New Brunswick.

The Corporation operates a Head Office and Distribution Centre, which is located in Fredericton. All warehousing and distribution of beverage alcohol is done through this facility with the exception of direct delivery of locally produced/bottled beer.

The provincial retail network consists of 46 Corporate Stores, 71 Agency Stores that are privately operated and 14 Manufacturer's Agency Stores.

The purpose of this document is to provide the reader with information on the listing process utilized by Alcool NB Liquor (ANBL). Within this document you will find answers to questions pertaining to how to apply for a listing; definitions of the various listing types; how to maintain a listing and finally how a brand exits the portfolio.

In addition this document will provide the reader with all of the necessary details pertaining to product identification requirements and standards as well as product production standards.

PROCESS OVERVIEW

The product portfolio at ANBL has been sub-divided into four main departments:

Beer

Wine

Spirits

Miscellaneous Beverages (Coolers, Ready To Drink, Cider, Refreshment Products)

The Category Management Department is responsible for the "cradle to grave" management of the product portfolio. (Contact details can be found in Appendix "A")

Companies that wish to have products reviewed for listing consideration in New Brunswick must first meet with the appropriate contact person.

The purpose of this meeting will be to discuss the current market conditions, review the state and needs of the ANBL product portfolio and therefore determine the feasibility of submitting a product for a listing review. (While it is recommended that representatives arrange for a meeting in person, it is not mandatory. The initial meeting may also occur via telephone or through other electronic means.)

Suppliers that are selected to proceed must provide a duly completed listing application form for each product (or size of product) for which a listing is being sought. Any applications that are found to be incomplete, or contain inaccurate information, will not be processed until the issue has been resolved.

Suppliers are expected to demonstrate to the Corporation a strong commitment to the New Brunswick marketplace and to provide detailed marketing plans in support of any products offered to the Corporation for a listing.

GENERAL REGULATIONS

DIRECT NEGOTIATIONS WITH SUPPLIERS

The Corporation shall negotiate and transact its purchases directly with the supplier and payments will be made only to them. At no time will the Corporation be responsible for payment of commissions or other remuneration to any person.

SUPPLIER AND/OR AGENT REPRESENTATION

Suppliers are not required to have a local agent in order to conduct business with the New Brunswick Liquor Corporation. While local representation is not a requirement, the benefits of having local representation are obvious and significant in nature.

Suppliers are required to notify the corporation in writing of the appointment, or conversely, of the termination of any agents/agencies authorized to act on the supplier's behalf within the province.

The Corporation maintains a list of Independent Agents operating within the province that is available upon request.

PRODUCT STANDARDS

All products must meet the requirements of the Canadian Food and Drugs Act and Regulations.

LABELING STANDARDS

Suppliers shall ensure that labels meet the requirements of all Federal Legislation, including the Food and Drugs Act and Regulations. Failure to do so will result in the removal of products from retail stores and delisting. These regulations can be found in the Guide to Food Labelling and Advertising – Chapter 10 available on the Canadian Food Inspection Agency web site.

Suppliers shall ensure that labels meet the requirements of the Beverage Containers Act of the Province of New Brunswick. Failure to do so will result in penalties ranging from removal of the offending product, up to and including monetary penalties.

The following are approved versions of acceptable refund statements:

Refund/Consignee

Return for refund where applicable/Consigne La Ou La Loi Le Prescrit

Return for refund where applicable/Consignee La Ou Applicable

All labels or changes to labels must be submitted to the appropriate Category Manager for approval.

All retail sales units must bear the Universal Product Code as outlined in the Product Identification Standards Manual, as issued by the Canadian Association of Liquor Jurisdictions. (Copy of this report is available at the supplier section of the Corporate web site at www.anbl.com)

CASE LABELING

All shipping cases must conform to the Case Label Specifications as contained in the Product Identification Standards Manual, issued by the Canadian Association of Liquor Jurisdictions.

ADDITIONAL SIZES

Requests for additional sizes of already listed products will be considered on the same basis as requests for new products.

While product samples are not required for this type of application, a sample of the actual package to be used must be included with the application.

PRICE CHANGES

Please refer to the current ANBL Pricing policy as issued by the ANBL Finance Department.

CHANGES IN PRESENTATION OF A PRODUCT

Changes of any kind in the presentation of a product must have the prior written approval of the Category Manager.

Requests for approval of changes will be accepted at any time throughout the year, provided they are received by the Category Manager a minimum of eight weeks in advance of the requested implementation date of the change.

SPECIAL PACKAGING

Product that is packaged in special containers or contains additional non-beverage items, must have the cost of containers and non-beverage items shown separately from the beverage alcohol contents on the application form.

APPLICATION PROCESS

All applications received will be reviewed by the Category Management Department based upon the published review schedule. (Appendix "B")

All applications are subject to final approval by ANBL Executive Management and applicants will be advised in writing by the Category Management Department as to the disposition of their application.

APPLICATION FORMS

All suppliers who are selected to submit an offer to the Corporation for the sale of products or a request for an exchange or an additional size for products already listed must complete a formal listing application, available from the supplier section of the Corporate web site located at www.anbl.com.

Each application for listing must be accompanied by a comprehensive marketing plan including supporting data indicating consumer demand, supplier support and representation intended as well as complete pricing information.

Each application must also include a digital image and a copy of all labels of the product being submitted for review.

Suppliers should note that failure to complete the application in full or submitting an application without a digital image and labels will result in the rejection of the application.

Listing applications are considered incomplete until products samples have been received. Samples must be received by the deadline date indicated in Appendix "B".

SAMPLES

Samples of each product for which a listing is sought must be forwarded on an FOB basis to the Category Clerk at:

New Brunswick Liquor Corporation
170 Wilsey Road
PO Box 20787

Fredericton Industrial Park
Fredericton, NB E3B 5B8

Samples required: Wine – General Listing - 2 bottles
Wine – Specialty Listing - 1 bottle
Spirits – 1 bottle
Beer – 6 x 341 ml bottles or equivalent
Coolers – 8 x 341 ml bottles or equivalent

Overseas shippers should understand that transportation can only be prepaid to Mirabelle Airport, Montreal, and additional charges to Fredericton will be invoiced by the carrier to the Corporation and billed back to the supplier, unless shipped on a free domicile basis through a broker.

A document outlining the sample shipping process is available upon request.

APPLICATION DEADLINES

All applications received will be reviewed by the Category Manager based upon the published review schedule. (Appendix "B")

Any product that has been rejected for listing will not normally be reconsidered for listing until after the expiration of a twelve-month period from the original date of application.

Any product that has been rejected based on pricing issues only, may be reconsidered for listing once the original pricing concern has been resolved and the supplier/agent requests reconsideration of the previously rejected product.

UNSOLICITED APPLICATIONS

Suppliers are reminded that unsolicited applications will not be accepted or reviewed.

INVITATION OF APPLICATIONS

The Corporation may, at its discretion, invite suppliers to submit applications for specific products.

The Corporation may, at its discretion, invite a supplier to submit another request for a previously rejected product, prior to the expiration of the twelve-month period stated above.

FAIRS AND FESTIVALS PRODUCT SELECTION

Applications for products to be considered for inclusion within one of the product festivals supported by the corporation, must be received on the official listing application and must be received by the Festivals Coordinator by the appropriate date. (Please contact the Festivals Coordinator for the current schedule.)

Upon reviewing the applications received, the Category Manager will forward to the corporation's Executive Management Committee a recommendation including the brands to be carried and quantity of each to be ordered.

DEFINITION OF LISTING TYPES

General Listing (GL)

Products that are considered to appeal to a large cross section of the buying public and have reasonable sales expectations in the majority of stores will be considered for a General Listing.

As such there are no restrictions on the distribution of these products and they will be expected to maintain annual sales that meet or exceed the established quota for their specific product category.

The routing of the application as well as the listing type being applied for will be determined in the initial pre-submission meeting with the Category Manager.

Core Specialty Listing (CS)

Products that the Corporation deems to be essential in order to offer a complete and appropriate product portfolio to the public may be granted a Core Specialty Listing.

Products that the Corporation considers to have a consistent and reliable sales pattern and following amongst the buying public, but yet in all likelihood would not exceed quota levels, may be granted a Core Specialty Listing.

Core Specialty Listings will be re-ordered on an as required basis, based on projected sales volumes.

Licensee Listing (LL)

Products that are available to Licensees exclusively, by means of regulation shall be considered for Licensee Listing. These products will only be available for sale to the Licensee community and would not normally be displayed in the public area of a store.

Products that are considered to be necessary to support requests made by the Licensee community, but in all likelihood would not meet regular quotas, may be granted a Licensee Listing. (For example if a licensee was continually making special order requests for a product ANBL either doesn't or no longer carries) Products listed in this fashion may not be restricted to Licensees only but it would be expected that sales to Licensees would comprise the majority of the sales of these products.

Specialty Listing (SL)

Products listed by ANBL that are limited or rare and as such may be reserved for release through ANBL's special release program may be granted a Specialty Listing.

The majority of Specialty Listings will be considered one-time purchases. Products assigned this listing type would include items such as products on allocation by suppliers or products purchased as "futures".

Duty Free Listing (DF)

Due to operating requirements and regulations, Duty Free operators may be restricted as to the size of products (1L) allowed for sale at their location. As a result, the Corporation must carry a number of products that will be available to Duty Free Operators only.

The existence of Duty Free Listings does not in any way restrict Duty Free Operators access to other listing types.

Product Festival Listing (WF, SF, BF, CF)

The Corporation may, in order to support various product festivals, grant products a Festival Listing status. These listings are of a temporary nature and apply only to a particular event.

All Festival Listings will have their life cycle determined at the time of listing.

Temporary Listing (TL)

Products that are considered to appeal to a smaller cross section of the buying public or to niche markets and have sales expectations that would not exceed established quota levels for general listings will be considered for a Temporary Listing. A Temporary Listing may also be granted to products that have a seasonal appeal or are available for a limited time only. All Temporary Listings will have their life cycle determined at the time of listing.

The majority of Temporary Listings will be considered one-time purchases. Products assigned this listing type would include items such as:

- Products truly offered as one-time only by suppliers

- Products expected to be ordered only once

(For example ANBL may decide that we require 5 Bordeaux wines in the \$40-\$50 range. The 5 wines selected would not necessarily be considered rare or special on a world wide scale; however they would fit our definition by being ordered only once. If more products in this price range were called for, or if those 5 sold out in the expected time frame, we would simply order other products.)

Christmas Product Listing (CP)

All products that are accepted to form our portfolio of Christmas offerings will be granted a Christmas Product Listing.

The life cycle and distribution of these products will be determined at the time of listing.

Cottage Winery Listing (CW)

A Cottage Winery Listing may be granted to any product produced and sold through the Cottage Winery Operators. Products granted this type of listing are currently available in select NB Liquor outlets for a pilot project.

Restricted Listing (RL)

A Restricted Listing may be granted to any product that has distribution or sales limitations placed upon it. Products granted this type of listing would obviously not be generally available. Restricted Listings are also used for products produced and sold solely through the Cottage Winery Operations.

APPLICATION EVALUATION PROCESS

ROLE OF THE CATEGORY MANAGER

The Category Management department is responsible for the “cradle to grave” management of all products within the product portfolio.

The Category Manager recommends acceptance or rejection of an application for listing based on the following criteria:

- Suitability for the NB market
- Price
- Evaluation of proposed marketing plan
- Relationship to other products currently listed
- Performance in other markets
- Uniqueness
- Packaging
- Supply chain considerations
- Labeling
- Past performance of supplier and/or local agent
- Strategic fit
- Portfolio requirement

ROLE OF THE TASTING COMMITTEES

The Tasting Committees conduct tasting sessions in order to determine the palatability of products recommended for acceptance by the Category Manager.

All sessions of the committees are conducted “blind”.

An unacceptable score from the committee for any product constitutes just cause for the application to be rejected even though previously recommended by the Category Manager.

The Tasting Committees are composed of both NB Liquor employees and members of the General Public and vary in size depending upon the product category involved.

APPEALS

In the event a supplier receives notice that an application has been rejected, the decision may be appealed in writing to the Vice-President, Supply Chain & Facilities.

The letter should clearly state the suppliers reasoning for the appeal and would normally be supported by additional information other than that already contained in the original application.

PRODUCT DISTRIBUTION

Upon the granting of a listing, all stores are notified of a products' availability through the issuance of a New Product Release Letter that provides them with pricing and ordering information about a product.

All new listings that are subject to fees will receive automatic distribution of the product to stores upon release. The distribution will be determined by the Category Manager at the time of the listing being granted.

For stores that are not included in the initial distribution of a new listing, it is the responsibility of the Store Manager, after reviewing all of the pertinent data, to determine whether or not the product will be carried in their store.

Portfolio Analysts will conduct regular sales reviews of newly listed products and will issue bulletins to stores advising of noteworthy sales trends.

The Category Manager reserves the right to determine the distribution of selected products and/or product types at his/her discretion. Store Managers will be advised of the terms and conditions of the listings and may have the initial distribution of these products determined by the Category Manager.

DELISTINGS

Portfolio Analysts – in conjunction with the Category Manager - will conduct delisting reviews in conjunction with the Application Review Schedule. If a particular product category is reviewed four times per year for listing opportunities, it will also be reviewed at the same time for the purpose of identifying products for potential delisting.

Products are ranked based on items such as brand performance within category and sub-category, supplier performance and other criteria as well as current ANBL portfolio requirements.

Once it has been determined that a product will be delisted provincially, the Agent/Supplier of that brand will be notified in writing of the Corporations' decision. At this point the product will be identified as having been delisted, any outstanding purchase orders will be cancelled and no further purchase orders will be issued.

Depending upon the individual circumstances, alternate arrangements may be made with regards to moving delisted stock out of the ANBL system. Please contact the Category Manager for details.

In the event that a Supplier does not agree with the Corporation's delisting decision, a Letter of Appeal may be sent to the Vice-President, Supply Chain & Facilities for consideration. All decisions rendered by the Vice-President, Supply Chain & Facilities are final.

Store Managers will conduct periodic reviews of their individual store portfolio in order to identify brands that may be discontinued at store level. Once this review has been completed, any brands that remain identified for delisting will no longer be carried in that store.

Stocking Administration Fees

Stocking Administration fees apply to newly listed products as follows:

Permanent Listings (GL, CS or LL) will be subject to a \$250.00 charge upon the listing being accepted by the Corporation.

Temporary Listings (TL) will be subject to a \$100.00 charge upon the listing being accepted by the Corporation.

All Temporary Listings that are subsequently converted to a permanent listing will be subject to the balance of the permanent listing fee. (\$150.00) The fee will be payable at the time of the conversion.

NOTE: Any Temporary Listing that was active in the system prior to April 1, 2008, and converted to a permanent listing after that date will be subject to the full \$250.00 charge.

Category Management has the right to waive the Stocking Administration Fee at their discretion, should circumstances warrant.

Other Listing Types not indicated above are exempt from the Stocking Administration Fee.

Appendix "A"

ANBL Contact Information

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Appendix "B"

Please find below the product review schedule for ANBL for the period beginning April 2009 through the end of March 2010:

Application & Sample Receipt Deadline	Date of Supplier Notification	Spirit Category	Wine Category	Beer Category	Cooler / RTD category Category
April 10, 2009	May 22, 2009	Canadian & American Whisky, Scotch, Gin, Vodka	Canada, Italy, New Zealand, USA, Other, Christmas Packs		
May 8, 2009	June 19, 2009	Aperitif, Brandy, Liqueur, Tequila, Other	Australia, Chile, France	all Beer categories	
June 12, 2009	July 24, 2009	Rum	Argentina, Spain		
July 10, 2009	August 21, 2009	Canadian & American Whisky, Scotch, Gin, Vodka	Canada, South Africa, USA	all Beer categories	
August 14, 2009	September 25, 2009	Aperitif, Irish Whisky, Liqueur, Tequila, Other	Australia, Germany, Italy, New Zealand, Portugal, Spain, Other		
September 11, 2009	October 23, 2009	Brandy, Scotch, Rum, Gin, Vodka	Argentina, Chile, France, South Africa, USA	all Beer categories	All categories
October 9, 2009	November 20, 2009	Canadian & American Whisky	Canada, Spain, Summer Wines		
November 13, 2009	December 24, 2009	NONE		all Beer categories	
December 12, 2009	January 22, 2010	Aperitif, Rum, Liqueur, Tequila, Other	Chile, New Zealand		
January 8, 2010	February 19, 2010	Brandy, Scotch, Rum, Gin, Vodka	Australia, Canada, France, Italy, South Africa, USA	all Beer categories	All categories
February 12, 2010	March 19, 2010	Canadian, American, Irish Whisky	Argentina, Germany, Portugal, Spain, Other		
March 12, 2010	April 23, 2010	Rum, Liqueur	South Africa	all Beer categories	