



What We Heard: Adopting Weekly Liquor Pricing

February 2017

Table of Contents

Introduction4

Methodology.....4

Results.....5

 Opportunities and Challenges7

 Liquor Agencies.....7

 Liquor Retailers.....9

 Manufacturers 11

 Warehousers..... 12

 Liquor Associations 15

Discussion.....16

Conclusion.....16

Research Limitations.....17

Appendix A. Survey Questions - Online 18

Appendix B. Additional Comments 19

 Liquor Agencies..... 19

 Liquor Retailers..... 22

 Manufacturers 25

 Restaurants, Bars and Lounges..... 26

This work is owned and copyrighted by Alberta Gaming and Liquor Commission (AGLC). It may be reproduced in whole or in part for internal AGLC use. For any use external to AGLC, this work may be produced, reproduced and published in its entirety only, and in any form including electronic form solely for educational and non-commercial purposes without requiring consent or permission of AGLC and the author. Any such reproduction must include the following citation: Godin, L., Turcanu, A. (2016). What We Heard: Adopting Weekly Pricing Changes. Alberta Gaming and Liquor Commission.

Introduction

In Alberta, the wholesale price for each liquor product is set by the wholesaling agent. There is one wholesale price for any product at a given time. Effective March 31, 2017, liquor agents will have the flexibility to set product prices on a weekly basis in Alberta. Prior to this date, prices could be changed on a bi-weekly basis only.

Before making this change, the Alberta Gaming and Liquor Commission (AGLC) conducted several rounds of stakeholder consultation. Retailers, agencies and warehouseers were contacted in February 2015 to provide feedback. In September 2016 an online survey was sent to liquor agencies, retailers, warehouseers, manufacturers, restaurants, bars and lounges that direct order from the warehouse. Liquor associations were formally invited to participate in this phase of consultation.

Methodology

Liquor associations were informed about the intent to collect their memberships and their feedback on September 1.

The survey was available from September 6-30, with a reminder sent to recipients on September 21. The questions are available in Appendix A of this report.

The survey link was sent to the restaurant, bar and lounge licensees that order directly from Liquor Connect. It was also sent to liquor manufacturers, warehouseers, retailers and agents that had email addresses in the AGLC Liquor Licensing System. The survey link may also have been forwarded by the associations to their memberships.

Associations, and consequently any of their membership that participated in the survey had their input amalgamated with the online survey responses. The feedback received from associations is treated separately in the report, as none of their responses are confidential.

Online survey respondents were assured of confidentiality and anonymity in their participation. Since liquor associations were asked to weigh in via email, anonymity could not be considered. Any survey respondent who sent in their feedback via email to the AGLC policy email address was not guaranteed anonymity.

The following tables detail the breakdown of survey and email invitations sent by the AGLC.

Category	Total Email Invitations Sent
Liquor Retailer/Manufacturers	1,354
Restaurant, Bar or Lounge	391
Liquor Agency	506
Warehouseer	10
Associations	11
Total	2,272

Association
Import Vintners and Spirits Association (IVSA)
Spirits Canada
Canadian Vintner's Association
Alberta Hotel and Lodging Associations (AHLA)
American Craft Distillers Association (ACDA)
Alberta Liquor Store Association (ALSA)
Canada's National Brewers
Beer Canada
Restaurants Canada
Estate Wineries Association
Small Brewers Association

Results

Overall, 651 responses were received via the online survey, along with six responses from associations. Throughout the report, the associations and the survey respondents are considered separately. Also, the survey results are broken down by stakeholder category.

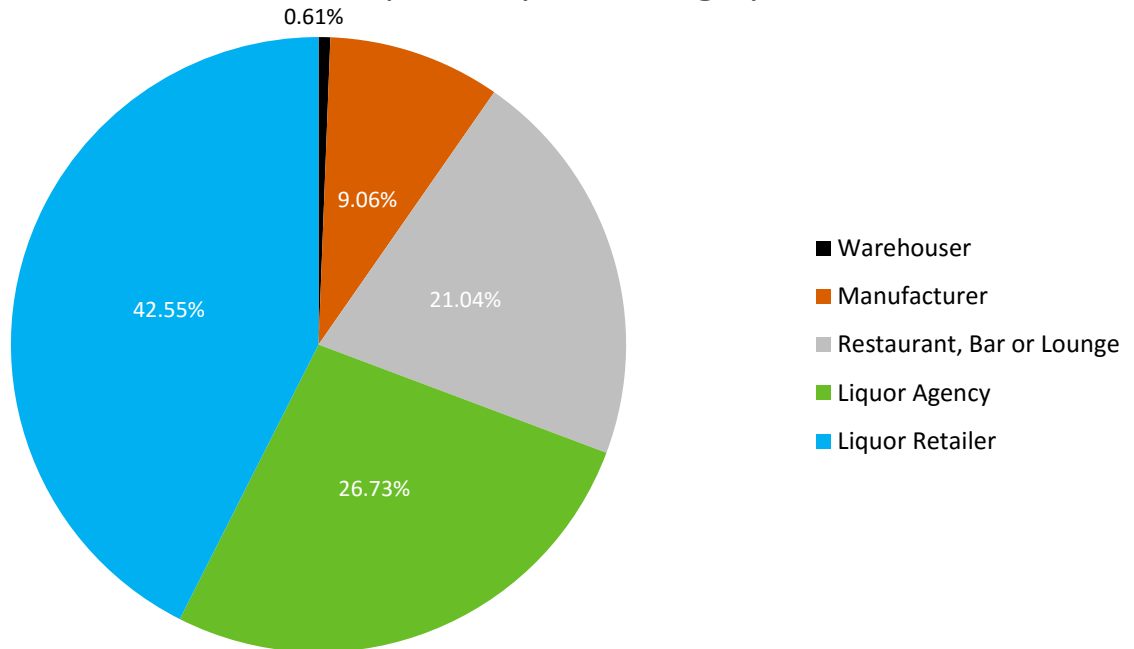
Since invitations were sent only to those who had email addresses on file with the AGLC, in the case of retailers, manufacturers and agencies, there is no way to accurately calculate a response rate.

Associations forwarded the invitation onto their membership. As the survey was anonymous, there is no way to say whether the responses came by email invitation or by association encouragement. In total, the AGLC received 32 responses via email: 27 retailers, 1 restaurant, and 3 manufacturers.

Out of a total of 391 invitations sent, 35.04% of restaurant, bars and lounges participated in the survey.

Out of a total of 10 invitations sent, 40.00% of warehouseurs participated in the survey.

Overall Responses by Class Category

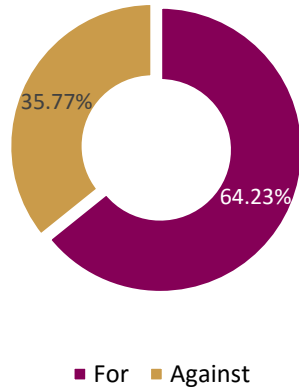


	Liquor Retailer	Liquor Agency	Restaurant, Bar or Lounge	Manufacturer	Warehouser
# Responses	277	174	137	59	4
%	42.55%	26.73%	21.04%	9.06%	0.61%

What We Heard: Adopting Weekly Liquor Pricing

The main question of the survey asked if agents should be able to change prices weekly, as opposed to the bi-weekly system. The overall response for the respondents is displayed below, calculated by weighted average. Although the survey did not allow for 'Neutral' responses, the email invitation did include this option. A total of two responses (0.31%) indicated that they were neutral regarding the proposed price change timeline.

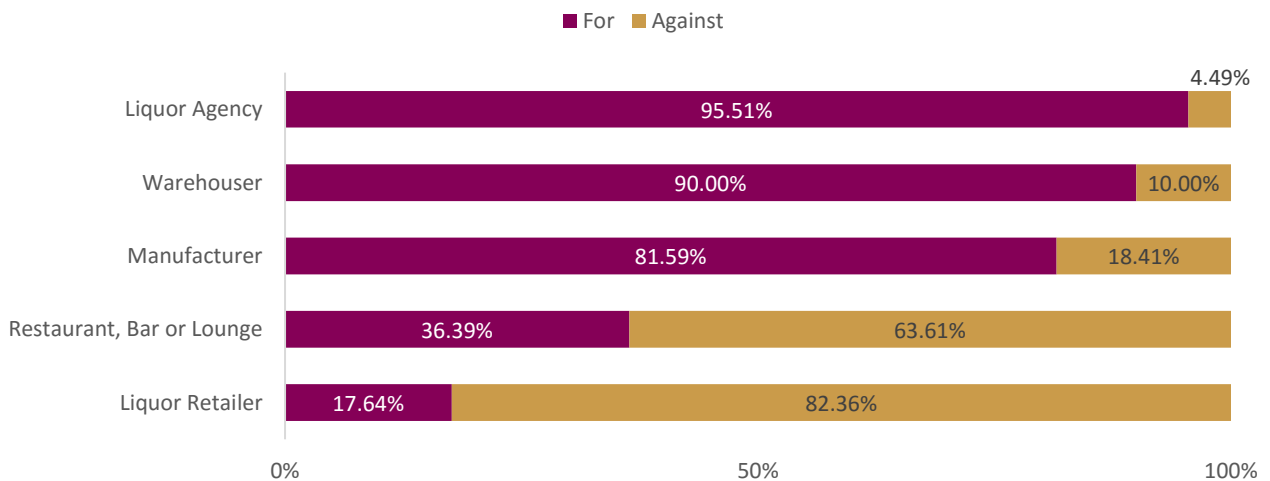
Agents Able to Change Prices Weekly
*Weighted Average



On **average**, **64.23%** of respondents support the proposed liquor price change to a weekly timeframe.

Each stakeholder indicated their opinion regarding the proposed price change. The weighted breakdown is detailed in the chart below.

Agents Able to Change Prices Weekly
*Weighted Proportion



Note The results in the chart above are weighted to provide equal representation to each stakeholder category. Neutral responses were excluded from these calculations.

Almost all liquor agents (95.51%) support the proposed price change schedule, whereas the majority of the liquor retailers (82.36%) are against the change. The vast majority of warehousemen (90.00%) and approximately eight out of ten manufacturers (81.59%) are also supporting the proposed change. Almost two thirds of restaurants, bars and lounges (63.61%) are against the change.

Opportunities and Challenges

This section examines the open-ended comments participants shared. Their comments were themed, quantified and charted. Additional quotes are provided for emphasis in Appendix B.

Liquor Agencies



95.51%

FOR

"A weekly change would make things twice as easy for us regarding admin changes via AGLC."

"For us, weekly price changes would allow a tighter window to correct any missed opportunities."

"It will move Alberta closer to a free and open market."

"More flexibility in changing prices would be beneficial for promoting products effectively. We appreciate the concerns of retailers so perhaps there is a limit to how many products an agency can change on what would currently be the second week."

"There is no rational argument for maintaining the current archaic system of pricing. Prices should be able to be changed on a real time basis let alone weekly. Let's get into the 21st Century."

"Weekly price change is more effective for marketing strategies."

"This is an important function for suppliers (and the owners of the product) & any changes that add pricing flexibility in the market place only act to improve conditions & efficiencies (i.e. cost savings) which ultimately is good for the Albertan consumers."



4.49%

AGAINST

"Consumption and consumers drinking habit are not going to change because of weekly pricing. Alberta has the greatest selection of alcohol beverage products in the country and the most flexible pricing windows as well."

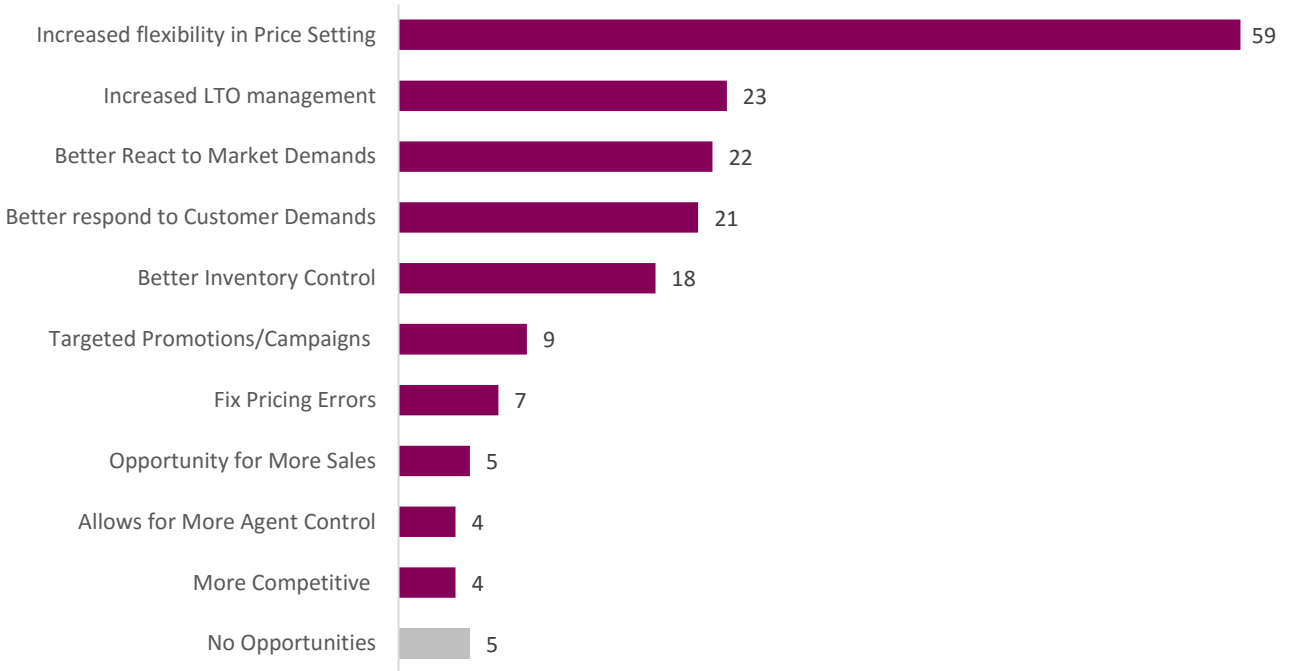
"I do not see how a move to weekly pricing windows improves an already competitive and leading alcohol beverage industry. This is true for manufacturers, suppliers, agents, licensees and consumers."

"From a budgetary standpoint, the existing framework of operations (i.e. 2-week pricing windows) in Alberta permits us to maximize our investment level in a way that best delivers value to the consumer. From our standpoint, making this change will not ultimately benefit the consumer. While the short-term change may benefit certain brands, it will create brand instability throughout the market, and destabilize the frequency of investment in Alberta from the better number of national and global vendors."

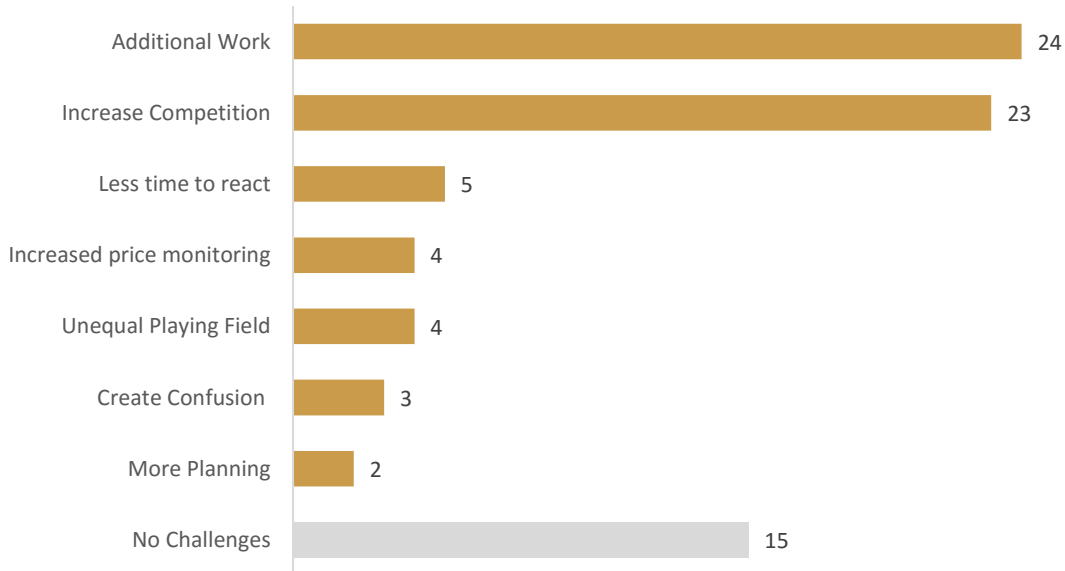
"The AGLC has done a great job in providing a level playing field and we would like to see the status quo continued. The system is working and we feel that change would not produce a net benefit to the industry and Albertans."

What We Heard: Adopting Weekly Liquor Pricing

Liquor Agencies - Identified Opportunities



Liquor Agencies - Identified Challenges



What We Heard: Adopting Weekly Liquor Pricing

Liquor Retailers



17.64%

FOR

"This is clearly a change for the better. Why is this taking so long?"

"Why shouldn't an importer be able to change the prices weekly? There isn't a good argument against it. The technology exists to allow prices to change daily or even by the minute. Imagine if airlines could only change their prices once per month. It is ridiculous that we're being restricted to solutions which perhaps made sense in the 80s but make zero sense now. Enough "consultations with stakeholders", just make the change to allow it."



82.36%

AGAINST

"As a manager it is easier to plan and product with existing system."

"Don't try to fix something that is not broken. I have not spoken to anyone that is in favor of this proposed change."

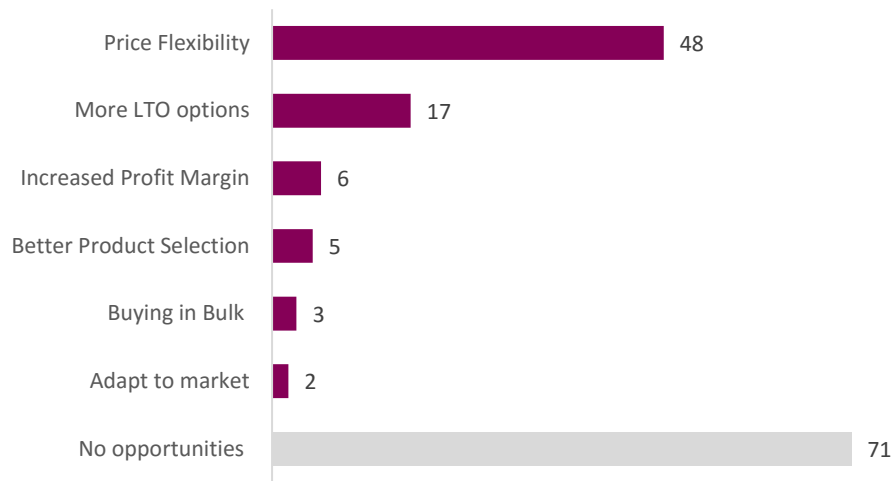
"I feel it would be very hard on my business It wouldn't be beneficial for small retailers."

"It would be too much work and too many changes every week which is not fair for the supplier and us retailers."

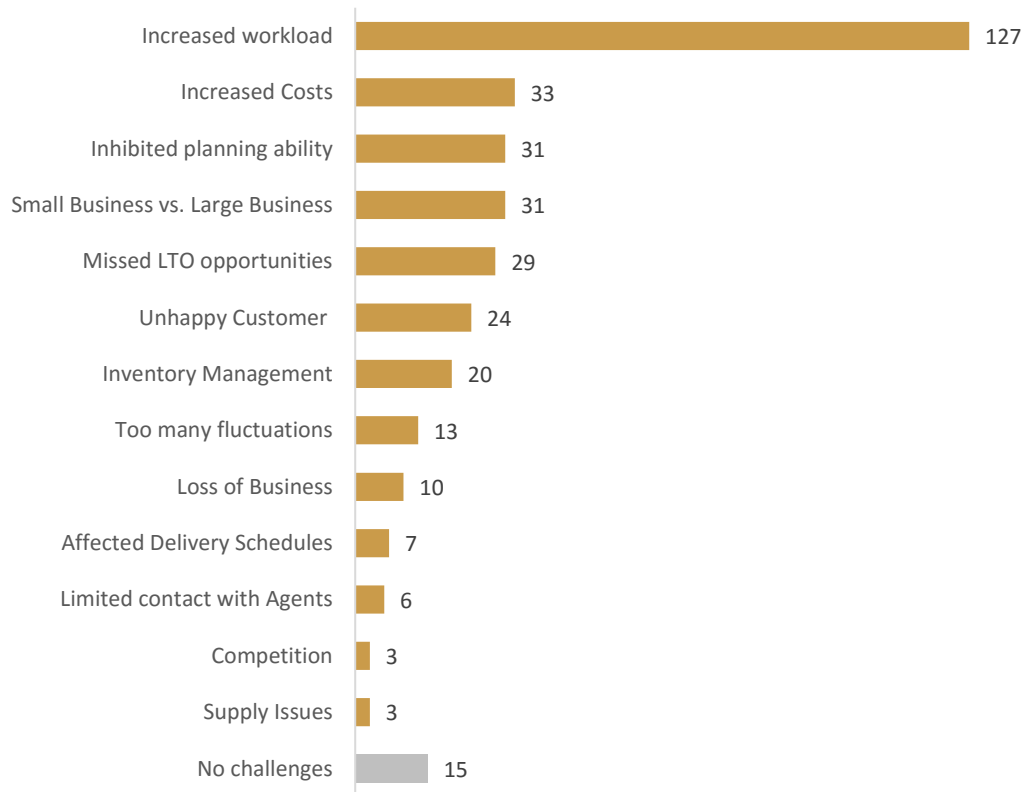
"I again would like to get the point across that this would hamper small independent liquor stores and would give large corporate stores just another advantage in this industry."

What We Heard: Adopting Weekly Liquor Pricing

Liquor Retailers - Identified Opportunities



Liquor Retailers - Identified Challenges



What We Heard: Adopting Weekly Liquor Pricing

Manufacturers



81.59%

FOR

"[Manufacturer] strongly supports this policy change."

"We would love to see weekly price changes - being fixed to a 2 week price schedule is an old practice that needs to be updated. On August 5 my competitors lowered their price so we applied on August 19th to lower ours for effective September 2 - the current system made me uncompetitive for an entire month - a weekly price change would reduce this issue in half."

"With faster price changes distributors could take advantage of the market situations and adjust accordingly to create more sales faster."



18.41%

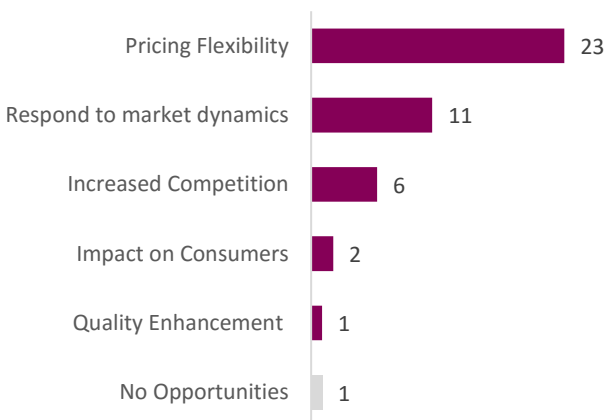
AGAINST

"I do not believe this is the right direction at this time."

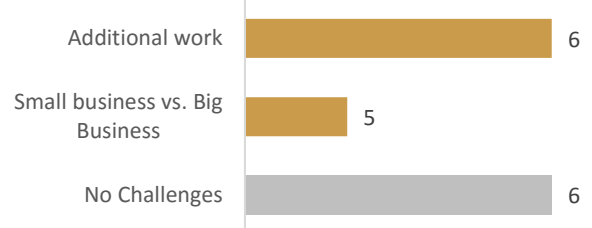
"It may enable strange pricing behavior by larger suppliers wishing to dump product into Alberta at below true cost. From a social responsibility perspective this would run counter to the AGLCs objectives."

"This is large retailers pushing that it is more difficult in their system to take advantages of LTOs. They can choose to have more flexible systems or miss opportunities of weekly LTO's. Not the regulators responsibility to works with what works only for large retailers."

Manufacturers- Identified Opportunities



Manufacturers- Identified Challenges



What We Heard: Adopting Weekly Liquor Pricing

Warenhousers



90.00%



10.00%

Opportunities

- Faster response to markets
- Weekly outbound volume balancing

Challenges

- Increased possibility for pricing errors
- Less time to react to potential volume spikes

“We’d like the frequency to be weekly in order to reduce the peak demand we face during LTO price change periods.”

Warehouser

Overall

One warehouser recommended weekly prices change as best practice, while another warehouser proposed the price changes be performed monthly.



What We Heard: Adopting Weekly Liquor Pricing

Restaurants, Bars and Lounges



36.39%

FOR

"Please put this weekly price change into action."

"Let's make this happen."



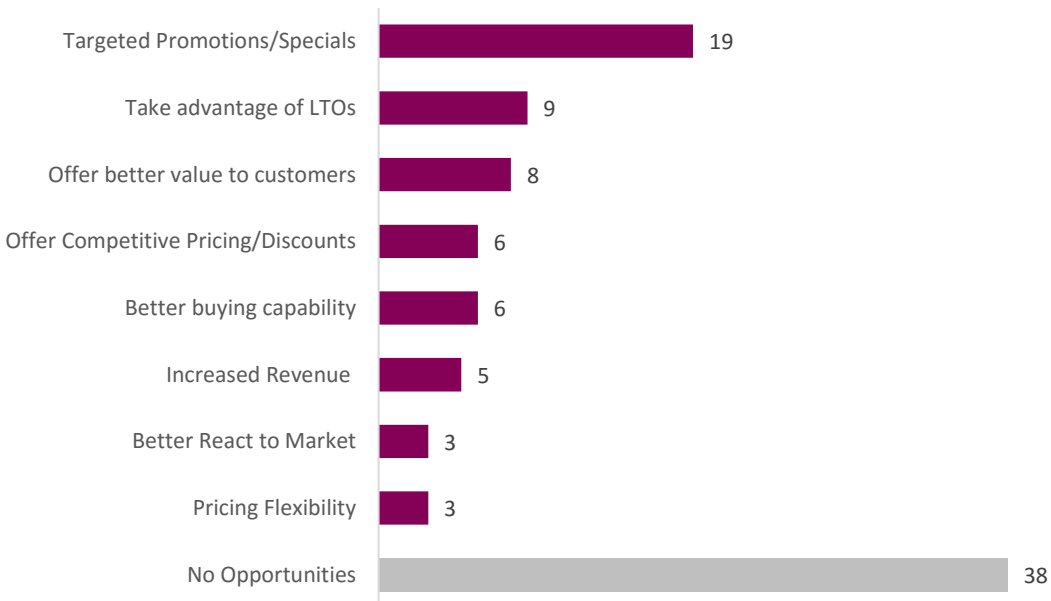
63.61%

AGAINST

"Do not endorse a weekly price change."

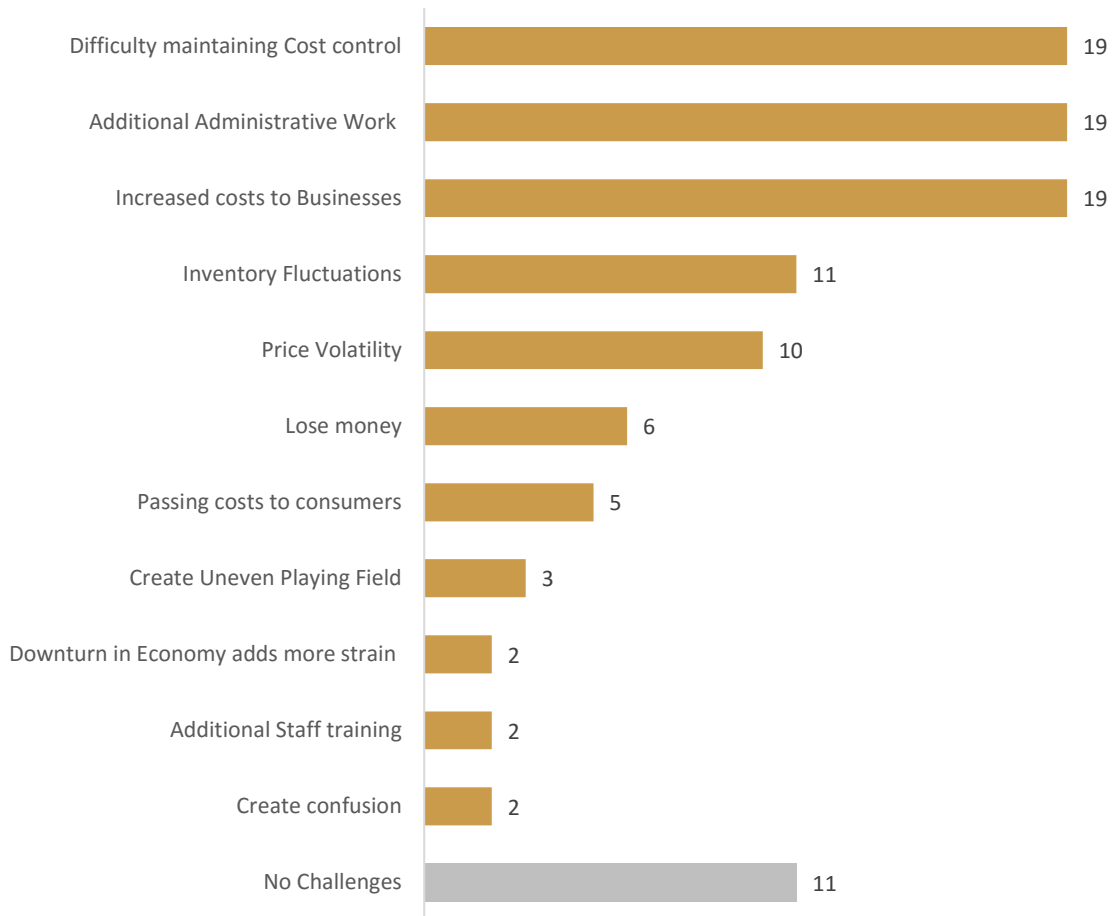
"Many bars and restaurants are small businesses and have very low profit margins. The AGLC can easily break a business."

Restaurants, Bars and Lounges- Identified Opportunities



What We Heard: Adopting Weekly Liquor Pricing

Restaurants, Bars and Lounges - Identified Challenges



What We Heard: Adopting Weekly Liquor Pricing

Liquor Associations

Six out of the eleven associations that were invited to participate in the consultation provided responses. Three associations were supportive of the change, two were neutral, and one was opposed.

Reasons for support included increased pricing flexibility by allowing to set prices in a more timely and efficient manner; improved responsiveness to changes in market conditions; better targeted promotions; decreased warehousing costs; reduced carrying costs; increased product turnover; and better alignment with Alberta's open and competitive liquor market.

One concern expressed was the burden of additional administration and planning, however several associations indicated that they expected this would be of minimal impact. Another concern was that constant price changes, if they occurred, might confuse customers and make it more difficult to plan and advertise promotions.



3 out of 6

FOR

"The only licensed entities in the Alberta liquor model who do not benefit from this level of free-market independence are Liquor Agents, whom are bound by an outdated and ineffective price change schedule."

"Eliminating the restriction of weekly supplier price changes would be consistent with decisions by the AGLC in regards to patio operating hours and "happy hours" for on premise license. Moreover, such elimination is consistent with the AGLC mandate to promote economic benefit to Albertans in a socially responsible manner."

"This will help agents increase pricing flexibility and improve internal efficiencies which in turn will benefit hospitality industry licensees."



2 out of 6

NEUTRAL

"The challenges identified appear to be much more relevant to Class D licences than Class A licences. If a weekly price change schedule resulted in lower prices due to enhanced competition, all licensees would ultimately benefit."



1 out of 6

AGAINST

"The change in schedule would cause retailers to double their work in order to execute a new weekly process. Everything from data integrity, pricing department, category management and change in store pricing would need to be doubled."



Discussion

Across all stakeholders surveyed, price flexibility and being able to better take advantage of Limited Time Offers (LTOs) were the top opportunities identified. However, there were concerns of unfair competition, favouritism towards bigger businesses and added administrative workloads.

Almost all agents surveyed support the weekly price changes. Some commented that it would allow them to be more competitive and have better control of their stock and prices, but they worry it would create an unequal playing field among agents, and add more administrative work. Competition was seen both as an opportunity and a challenge.

Spirits Canada and IVSA support the price change to a weekly basis, further emphasizing the flexibility that this would provide, as well as allow for an open and competitive liquor market.

Manufacturers were also highly in favor of the weekly price change due in part to increased pricing flexibility and responding better to market dynamics, but they worry about the additional work and bigger companies being at an unfair advantage. Warehouse workers report being able to better staff their premises based on acuity, which is easier to predict on a weekly basis, as well as respond to the market faster. They do caution, however, that the current labor planning and budgets are based on a bi-weekly system, so a difference in these two systems may create inefficiencies.

The majority of retailers were against the weekly price change because, if they chose to change prices on a weekly basis, it would create more work and could favour large businesses to the detriment of smaller ones. Some retailers also complained of the limited contact with agents which further hinders their ability to be price competitive. However, some recognized that it would increase price flexibility and allow for more LTO options. The Alberta Liquor Store Association further reiterates the main feeling, believing that the change in price would cause more headaches for businesses to plan ahead.

Two thirds of the restaurants, bars and lounges were against the weekly change because of the possible difficulty maintaining cost control and increased costs to their businesses. A few respondents also brought attention to the difficult economic times their industry is undergoing. Weekly price changes would allow them to offer better promotions and targeted specials, and Restaurants Canada sees pricing flexibility as an overall benefit to industry licensees.

Conclusion

Those who support the weekly price change schedule emphasized the flexibility it would allow for their businesses, while those who opposed it fear the unfair advantage of “big” companies over smaller ones. The enhanced competition among liquor agents offers the potential for lower prices in liquor products. The added workload may be seen as an administrative challenge that can potentially hinder a company’s ability to properly advertise sales/deals or miss out on LTOs.

The current economic times, the market advantages and implications at the business level are considerations in the decision to either keep the current bi-weekly pricing system or change to a weekly schedule.

Research Limitations

- The accuracy of survey results is limited to respondents' involvement.
- These results represent a picture of those who chose to respond to the survey.
- Data errors due to question non-responses may exist. The number of respondents who choose to respond to a survey question may be different from those who chose not to respond, thus creating bias.
- Respondents may not feel comfortable providing answers that present themselves in an unfavorable manner.
- The survey was only sent to the licensees that had email addresses registered with the AGLC Liquor Licensing System. The AGLC asked the liquor associations to forward the survey onto their membership to encourage participation in the survey and to attempt to provide those who do not have an email on file the option of providing their feedback. Therefore, the licensees that had no email may be unrepresented.
- A liquor licensee in Alberta can hold one or more license type. Survey respondents were asked to self-identify what license type best describes their business. Response rates do not reflect licensees that hold multiple license types.
- The email invitation that was distributed to liquor associations included the option to remain neutral on the matter. As associations forwarded the survey to their membership, a few respondents remained neutral when asked about the change.

Appendix

Appendix A. Survey Questions - Online

Questions	Answers
1. Choose the category that describes your business.	Liquor Agency Liquor Retailer Manufacturer Warehouser Restaurant, Bar or Lounge
2. Do you think liquor agencies should be able to change liquor prices?	Yes/No
3. If weekly price changes are allowed, what would be available for your business?	Open-ended
4. If weekly price changes are allowed, what would be available for your business?	Open-ended
5. If weekly price changes are allowed, what would be available for your business?	Open-ended

Email to Associations

1. Should liquor agencies be able to change liquor prices weekly? Yes/No/Neutral
 - a. (Please elaborate on your position.)
2. What opportunities would weekly price changes bring to your membership?
 - a. (Please provide specific examples.)
3. What challenges would weekly price changes bring to your membership?
 - a. (Please provide specific examples.)
4. Please provide any additional comments.

Appendix B. Additional Comments

Liquor Agencies

Opportunities – Liquor Agencies	
<p>Increased flexibility in Price Setting (N= 59 comments)</p>	<p><i>“More flexibility, especially in Christmas time.”</i></p> <p><i>“It would provide us with the opportunity to pass along our real cost in near real time.”</i></p> <p><i>“Implementing weekly price changes allows us to better stay connected with our pricing strategies as well as amending pricing in error.”</i></p> <p><i>“Greater opportunity to be more fluid with pricing.”</i></p>
<p>Better Inventory Control (N=18 comments)</p>	<p><i>“Ability to liquidate inventory when needed and when opportunities arise. “</i></p> <p><i>“Move product through the warehouse more quickly.”</i></p> <p><i>“I’m a small company so the storage fees add up fast and sometimes a quick price change can help me unload inventory.”</i></p> <p><i>“Be able to move inventory at a cost savings due to less storage rates.”</i></p>
<p>Better respond to Customer Demands (N=21 comments)</p>	<p><i>“React quicker to our customer’s needs.”</i></p> <p><i>“Quicker response to customer needs regarding pricing.”</i></p> <p><i>“Flexibility to respond to customer requests.”</i></p> <p><i>“The ability to better match consumer demands and industry trends.”</i></p>
<p>Increased LTO management (N=25 comments)</p>	<p><i>“A one week LTO promotion would be more cost effective.”</i></p> <p><i>“Quick turnarounds on LTOs.”</i></p> <p><i>“In most cases stores order most of the wine on LTO during the first week....the second week is always much smaller, telling me weekly LTO's are more desirable.”</i></p> <p><i>“Better options and dates for LTO's and other changes that need to take place more frequently.”</i></p>
<p>Better React to Market Demands (N=22 comments)</p>	<p><i>“We would be able to react to competitive pricing in the industry faster.”</i></p> <p><i>“Provide liquors at prices that reflect the changes on the market.”</i></p> <p><i>“More flexibility to a changing market and to match currency fluctuations.”</i></p> <p><i>“If we are able to change prices weekly we are able to react to market conditions i.e. exchange rate fluctuations, to provide promotional opportunities to clients.”</i></p>
<p>Targeted Promotions/Campaigns (N=9 comments)</p>	<p><i>“Having the ability to plan marketing initiatives more precisely over the long term.”</i></p> <p><i>“More targeted promotional campaigns. Modern retail and wholesale campaigns rarely last more than a few days or one week at most. Weekly changes allows us to be more reactive and "nimble".”</i></p> <p><i>“Programming can be more precisely directed to event and seasonal marketing plans.”</i></p>
<p>Fix Pricing Errors (N=7 comments)</p>	<p><i>“Quicker turnaround on price changes meaning better opportunities with retailers and a quicker fix to prices which may have been done wrong in the first place.”</i></p> <p><i>“To ensure that purchasers who sit waiting to "poach" pricing mistakes have their activities somewhat curtailed.”</i></p> <p><i>“I wouldn't have to hold products until the price was implemented and any pricing errors could be corrected quickly allowing retailers to receive their products faster.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Opportunities – Liquor Agencies	
<p>Opportunity for More Sales <i>(N=5 comments)</i></p>	<p><i>“It would allow for one week sales....something we hesitate with the two week window.”</i></p> <p><i>“Offer special sales prices to retailers.”</i></p>
<p>More Competitive <i>(N=4 comments)</i></p>	<p><i>“Competitive Marketing...Business to Business transactions can be done real time.”</i></p>
<p>Allows for More Agent Control <i>(N= 4 comments)</i></p>	<p><i>“We would have more control over what price our products leave Connect; allowing us to adapt quickly to changing scenarios.”</i></p> <p><i>“Agents should be given full power over their inventory, too much power is given to retailers. They should not be able to see what we are doing, unless we share.”</i></p> <p><i>“Agents should have more control on the products they bring in. This is a great step in the right direction.”</i></p> <p><i>“As an agent, pricing is important to me, and since I pay for the product I should be able to have more control over my pricing and not be restricted to timelines.”</i></p>
<p>No Opportunities <i>(N=5 comments)</i></p>	<p><i>“If weekly changes are allowed, I would be better able to direct product to select licensees whom I have a "special" relationship with. This should not be allowed.</i></p> <p><i>“This would be a way to legitimize incentives to creep into the system. The price is lowered, only a select licensee is informed of it (by the agent who worked out a 'deal' in advance with said licensee), very few notice the change unless they hover over the refresh button on their browser, and then the price goes back up.”</i></p> <p><i>“Please don't allow weekly price changes.”</i></p> <p><i>“None, it would create a non-equal playing field.”</i></p>

Challenges – Liquor Agencies	
<p>Increase Competition <i>(N=23 comments)</i></p>	<p><i>“Possible many agents will always be changing prices to compete in a competitive market, enabling them to adjust prices to compete with a similar product on at a lower price.”</i></p> <p><i>“More competitive for the retailer to choose our product for a flyer as they have a greater number of choices to choose from.”</i></p> <p><i>“Minimal, as I would retain the flexibility to price or not. May increase activity, and competition, and some labor costs, but that's up to me to manage.”</i></p>
<p>Additional Work <i>(N=24 comments)</i></p>	<p><i>“More work on price administration.”</i></p> <p><i>“More time has to be dedicated by staff to input price changes. We would also have to create more sales material to promote the price changes i.e. sell sheets for the trade.”</i></p>
<p>Create Confusion <i>(N=3 comments)</i></p>	<p><i>“Creates too much confusion at retail with shelf prices to consumer.”</i></p> <p><i>“Confusing timelines as to what the price is. Not enough time to communicate to customers of LTO.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Challenges – Liquor Agencies	
<p>Non Equal Playing Field (N=4 comments)</p>	<p><i>“Level of competition vs the big national companies that break AGLC regulations constantly without recourse.”</i></p> <p><i>“Larger agencies using weekly price change to target only large retail store chains and bars. This would reduce competition for selected brands.”</i></p> <p><i>“Large international companies tying up retail dollars with exclusivity deals. E.g. a retailer purchases everything in a short window and other retailers would not have access to same price the week after. They would need to change their buying patterns to compete, and I would need to change my selling patterns accordingly. Increased market analysis of programming activity and resources allocation. Long term it will put more power and control in the hands of larger accounts.”</i></p>
<p>Less time to react (N= 5 comments)</p>	<p><i>“My products are on the high end of the price spectrum. Rapid price changes would allow the (lower-priced) competitors to undercut my prices without giving me time to react. That’s not fair in a system that is contained in terms of options, and one that is supposed to prevent unfair incentivization.”</i></p>
<p>Increased price monitoring (N=4 comments)</p>	<p><i>“It might mean that we would monitor competitor pricing more frequently. This could be enabled through the Connect website.”</i></p> <p><i>“In our portfolio we have 500+ SKUs to manage. In order to remain competitive I would have to monitor and process the price changes for all of these SKUs from bi-weekly to weekly, which would effectively double the workload, however, I am failing to see how this would result in increased sales to the top and bottom line.”</i></p> <p><i>“Perhaps increased time spent price-monitoring but well worth the effort.”</i></p>
<p>More Planning (N=2 comments)</p>	<p><i>“Cost, Forecasting and planning and customer resistance.”</i></p> <p><i>“Just more planning ahead and in some instances a quick promotion with a retailer with 1 weeks’ notice.”</i></p>
<p>No Challenges (N=15 comments)</p>	<p><i>“I am new to the business but unless there were charges to us as agents for the price changes; I don't see the negative side for our business.”</i></p> <p><i>“NO challenges! It actually allows us to be more effective.”</i></p> <p><i>“I am new to the business but unless there were charges to us as agents for the price changes; I don't see the negative side for our business.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Liquor Retailers

Opportunities – Liquor Retailers	
<p>More LTO options (N=17 comments)</p>	<p><i>“I don't need waiting for next LTOs for a long time.”</i></p> <p><i>“The opportunity to take advantage of LTO's that are better timed.”</i></p> <p><i>“Shorter time to negotiate deals for LTOs.”</i></p> <p><i>“Weekly LTOs would benefit our in store sales, customers and licensees.”</i></p>
<p>Price Flexibility (N=48 comments)</p>	<p><i>“I think more flexibility from the agencies we purchase from will have a positive impact on our retail business.”</i></p> <p><i>“If weekly price changes were allowed it would generally result in better and timelier pricing.”</i></p> <p><i>“Liquor agent product price promotions would be a lot more flexible.”</i></p> <p><i>“More flexible and dynamic price change schedule.”</i></p> <p><i>“More frequent price changes will give suppliers more flexibility and provide better service.”</i></p>
<p>Better Product Selection (N=5 comments)</p>	<p><i>“I'm hoping different things will be on sale each week. Although we have 2 weeks now I try to get things as soon as possible before they go out of stock. Rather than having a lot of things on sale at once it may be easier financially if each week had something different.”</i></p> <p><i>“It will allow us to work with product more easily from certain agents and allow for more diversity.”</i></p>
<p>Increased Profit Margin (N=6 comments)</p>	<p><i>“A higher profit margin.”</i></p> <p><i>“Keep better control of margins.”</i></p> <p><i>“The only opportunity we see is that we could have margin gains on existing inventory.”</i></p>
<p>Buying in Bulk (N=3 comments)</p>	<p><i>“I can take ALL of the inventory an agency has at a price that can potentially be made just for me and now the agent is only stocked out for 1 week vs 2. So I can get lots of good deals.”</i></p>
<p>Adapt to market (N=2 comments)</p>	<p><i>“I have a smaller store with no warehousing it allows me to adapt to market prices with relative ease and reflect the weekly changes in our pricing structure.”</i></p> <p><i>“Perhaps to be able to stay more current with market demand.”</i></p>
<p>No opportunities (N=71 comments)</p>	<p><i>“This would not present any opportunities it would only create challenges for retailers.”</i></p> <p><i>“No opportunities, I would be too busy changeling prices every week.”</i></p> <p><i>“It's no good for my business, may be no opportunity to order LTO.”</i></p> <p><i>“I am an independent retailer with one location. It is difficult to keep up with bi-weekly price changes. If prices are changing weekly then suppliers will be able to offer pricing to the larger retailers that I will not be able to take advantage of due to supply and ability to find the price changes regularly.”</i></p> <p><i>“It would actually be more restricting.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Challenges – Liquor Retailers	
<p>Increased workload (N=127 comments)</p>	<p><i>“Requires more management in this area in order to stay on top.”</i></p> <p><i>“Our labor could potentially double as these changes have to be entered at a central location and then at every store twice as often.”</i></p> <p><i>“Loads of challenges, changing prices, signs, labels, informing staff, trying to find the prices, as it is we don't get a price list monthly or weekly.”</i></p> <p><i>“Increased hours required to make more price changes. I can't afford this in an environment where the minimum wage continues to rise alongside increased taxes.”</i></p>
<p>Small Business vs. Large Business (N=31 comments)</p>	<p><i>“Would only be advantage to large chain stores, which already have unfair purchasing advantages.”</i></p> <p><i>“We are a small store, I don't have time to keep tabs on weekly price changes. It would give an unfair advantage to large chains that can employ a dedicated person just to watch for price changes.”</i></p> <p><i>“Trying to keep up with chains that get proper information from suppliers would be near impossible. This will give the larger retailers an advantage.”</i></p> <p><i>“This only benefits vendors. It hurts retailers and the effect on Connect Logistics services seems to be negative as well.”</i></p> <p><i>“Larger operators will “scoop” LTO product without an opportunity for smaller operators to also order products. Also, if smaller operators want to submit orders to secure LTO product and then add on to orders, the AGLC adds an extra charges for this service.”</i></p> <p><i>“Competition from larger operations such as Sobeys’s where warehousing allows them to take advantage of LTO's and warehouse liquor at a lower cost point reflective in a lower shelf price. If Sobeys’s was a competitor to me.”</i></p>
<p>Increased Costs (N=33 comments)</p>	<p><i>“Higher labor costs.”</i></p> <p><i>“It will cost smaller retailers more time to try and keep up to the cost changes in order to stay competitive.”</i></p>
<p>Missed LTO opportunities (N=29 comments)</p>	<p><i>“Sometimes when it’s on the LTO, but out if stock, I do not have chance to catch up next week.”</i></p> <p><i>“Make it more difficult for buying during LTO (less time).”</i></p>
<p>Inventory Management (N=20 comments)</p>	<p><i>“Our order sizes could potentially double to ensure we get all the inventory requires on one shipment as opposed to 2.”</i></p> <p><i>“Keeping update and old stock loss on prices.”</i></p> <p><i>“Finding space to put product.”</i></p> <p><i>“Higher stock movement with limited space.”</i></p>
<p>Unhappy Customer (N=24 comments)</p>	<p><i>“Confusion on when sales start and end.”</i></p> <p><i>“Customer complain about the price going up too often.”</i></p> <p><i>“Difficulties in adjusting the changes to reflect retail prices and potential dissatisfaction from customers.”</i></p>
<p>Too many fluctuations (N=13 comments)</p>	<p><i>“Constant fluctuation in product margin.”</i></p>
<p>Affected Delivery Schedules (N=7 comments)</p>	<p><i>“Delivery for the warehouse doesn't arrive until next Monday which throws us a week behind.”</i></p> <p><i>“If unable to get a second delivery I may have to pick up on a Friday from connect, this would be a large increase to expenses.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Challenges – Liquor Retailers	
Limited contact with Agents <i>(N=6 comments)</i>	<i>"If LTO's are not communicated by the representatives /agency if would not allow a "second chance" to pick up product on LTO pricing." "I own a computer I have an email liquor agencies still refuse to send their price changes and only allow the chains or their preferred stores to know of the changes."</i>
Supply Issues <i>(N=3 comments)</i>	<i>"Difficult to lock in prices to purchase for our ads. Product must be purchased week prior to supply the ad and week during to maintain ad stock."</i>
Inhibited planning ability <i>(N=31 comments)</i>	<i>"Our ability to schedule and plan promotions is compromised by complicating timelines for buying. Product will stick out with less opportunity for vendor to replenish."</i>
Loss of Business <i>(N=10 comments)</i>	<i>"Loss of revenue due to tighter cash flow & poor control of LTOs." "Customer will look for a better price. If they can find a store in there budget. It will hurt my business."</i>
Competition <i>(N=3 comments)</i>	<i>"We would face increased competition from The Nation's Largest Liquor Retailer and other big chain stores who can manipulate the system and their relationships with suppliers." "It will cost smaller retailers more time to try and keep up to the cost changes in order to stay competitive."</i>
No challenges <i>(N=15 comments)</i>	<i>"Allowing weekly price changes would not pose any challenges to our business." "The challenge of price changes is minimal."</i>

What We Heard: Adopting Weekly Liquor Pricing

Manufacturers

Opportunities - Manufacturers	
Pricing Flexibility (N=23 comments)	<p><i>"Price management without the wait. Sometimes the decision to change a price needs to be executed ASAP."</i></p> <p><i>"Increased flexibility in setting wholesale pricing."</i></p> <p><i>"Flexibility, this should be an agent/manufactures choice how often to change prices and communicate with the market."</i></p> <p><i>"Greater flexibility on product launches."</i></p> <p><i>"Agents should be free to changes prices on a weekly basis. Give agents additional versatility in price control."</i></p>
Respond to market dynamics (N=11 comments)	<p><i>"More readily adapt to market conditions."</i></p> <p><i>"Better adapt to market trends and competitive threats."</i></p> <p><i>"We are in startup phase so faster price changes would help us adjust to the market in a timelier manner."</i></p> <p><i>"Heightened ability to respond to market dynamics."</i></p> <p><i>"Keep up with changes in the marketplace."</i></p>
Increased Competition (N=6 comments)	<p><i>"Increased competition and response to pricing differences."</i></p> <p><i>"Enhanced competition."</i></p> <p><i>"To lower prices quickly in order to meet those of the competition."</i></p> <p><i>"We would be able to competitively price at a moment's notice."</i></p>
Impact on Consumers (N=2 comments)	<p><i>"Be more responsive to customers' needs."</i></p> <p><i>"Downward prices for consumers. For example, one brewer lowers, we can respond within a week. One brewer, raises, we can hold for a week."</i></p>
Quality Enhancement (N= 1 comment)	<p><i>"Also to promptly adjust for quality enhancements."</i></p>
No Opportunities (N=1 comment)	<p><i>"Not many for our business. We don't need to change prices that often."</i></p>

Challenges - Manufacturers	
Additional work (N=6 comments)	<p><i>"Many! Most of which would be double the workload with completing and submitting pricing changes."</i></p> <p><i>"More compliance, more paperwork, more record-keeping."</i></p> <p><i>"More updating of prices in the sales software etc."</i></p> <p><i>"WAY too much work and hours spent entering, recording, changing & printing LTO & price lists. Every other province in Canada is monthly."</i></p>
Small business vs. Big Business (N= 5 comments)	<p><i>"Big beer companies constantly undercutting on beer prices."</i></p> <p><i>"Larger suppliers would create a new element of competition which requires administration by retailers and small manufacturers."</i></p> <p><i>"Other manufacturers would have the same advantage. But no real challenge."</i></p>
No Challenges (N=6 comments)	<p><i>"No challenges that I can see, no negatives at all actually."</i></p> <p><i>"None. It would greatly help us."</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Restaurants, Bars and Lounges

Opportunities – Restaurants, Bars and Lounges	
Better buying capability <i>(N=6 comments)</i>	<i>"Buying liquor in bulk when prices lower."</i> <i>"Competition creates opportunities to buy better."</i> <i>"Purchasing at cheaper amounts."</i>
Offer Competitive Pricing/Discounts <i>(N=6 comments)</i>	<i>"Would be able to attract more customers with better pricing."</i> <i>"Weekly price changes would result in more timely discounts."</i>
Take advantage of LTOs <i>(N=9 comments)</i>	<i>"We would be able to take full advantage of LTO's and special offers"</i> <i>"We can take advantage of LTOs if they happen at a time when we are ordering."</i> <i>"The opportunity to purchase items on LTO."</i> <i>"They could offer reduced prices (hopefully) on a more ongoing basis. As opposed to a one day LTO where I am forced to overspend to take advantage of a "sale"."</i>
Targeted Promotions/Specials <i>(N=19 comments)</i>	<i>"To target days of business that are weaker i.e. weekdays."</i> <i>"To run a promotion if we had forgotten something in our schedule."</i> <i>"Would be able to change special offering to guest more frequently there by keeping the product offering fresh."</i> <i>"Weekly promotional opportunities. If there are any special events we're looking to promote, this would give us an opportunity to do so."</i>
Pricing Flexibility <i>(N=3 comments)</i>	<i>"Flexibility, ability to make better decisions."</i> <i>"More flexibility to purchase products at a better price, logistically easier for storage which is always minimal in restaurants."</i> <i>"More flexibility with purchases."</i>
Offer better value to customers <i>(N=8 comments)</i>	<i>"Ability to provide customers with excellent value."</i> <i>"Depending on if the change is raised or lowered it could help in passing on savings to consumers."</i>
Increased Revenue <i>(N=5 comments)</i>	<i>"Be lower cost to operate business."</i> <i>"Save money."</i> <i>"Potential profit increase on sale items."</i>
Better React to Market <i>(N=3 comments)</i>	<i>"Allows me to be more reactive to the market to meet my consumers economic periods or times."</i> <i>"You would be able to keep up with Market on the pricing but the customer would probably be confused constantly if prices changes that often."</i>
No Opportunities <i>(N=38 comments)</i>	<i>"There are no opportunities...this will scare customers if prices keep changing."</i> <i>"Weekly pricing changes would bring about more implications than it would opportunities."</i>

What We Heard: Adopting Weekly Liquor Pricing

Challenges – Restaurants, Bars and Lounges	
<p>Increased costs to Businesses (N=19 comments)</p>	<p><i>“Maintaining profit ratio.”</i></p> <p><i>“If prices go up we must absorb those costs as it is too costly and impracticable to reprint menus.”</i></p> <p><i>“As a small business, weekly changes would keep us from being able to take advantage of all the opportunities. We can't always afford to order every week so we would miss out on certain sales.”</i></p> <p><i>“As our business operates on strict margins, raising of pricing suddenly could result in target margins not being met and costly menu reprints.”</i></p>
<p>Price Volatility (N=10 comments)</p>	<p><i>“Hard to price a menu when prices are constantly changing.”</i></p> <p><i>“It would be difficult to maintain our pricing if the price of the product is consistently fluctuating.”</i></p> <p><i>“Prices changed weekly would result in our property having to adjust our prices every week to make sure we are on target and no loss is occurring due to price changes.”</i></p> <p><i>“Our customers require menu pricing stability. Weekly fluctuating prices makes no sense for a restaurant.”</i></p>
<p>Additional Administrative Work (N=19 comments)</p>	<p><i>“More work to keep on top of it and with the horrible government making all the changes to our industry we don't have any spare time or employees.”</i></p> <p><i>“Extra work to change pricing.”</i></p> <p><i>“It would mean redoing drink menus over and over.”</i></p>
<p>Create confusion (N= 2 comments)</p>	<p><i>“You might confuse your consumers to only pricing instead of brand awareness.”</i></p> <p><i>“Gives larger chain accounts advantage as they have marketing teams.”</i></p>
<p>Create Uneven Playing Field (N=3 comments)</p>	<p><i>“Gives larger chain accounts advantage as they have marketing teams.”</i></p> <p><i>“Not being able to keep up with the bigger companies who can easily house and purchase in high quantities. The smaller businesses will not benefit from this but the large corporates will.”</i></p>
<p>Passing costs to consumers (N=5 comments)</p>	<p><i>“Passing message consistently to guests.”</i></p> <p><i>“Increasing already high prices would need to be passed along to the consumer which would result in negative feedback and possibly a decrease in patronage.”</i></p> <p><i>“Unhappy customers.”</i></p>
<p>Lose money (N=6 comments)</p>	<p><i>“Losing margin because in-House menus will not reflect cannot be turned around to adjust for the price increase. This puts the cost back on us, not to mention the price of changing an entire drink menu.”</i></p> <p><i>“Lose money on items if price changes too much.”</i></p>
<p>Additional Staff training (N=2 comments)</p>	<p><i>“Staff training and lots more.”</i></p> <p><i>“Constant update more manpower.”</i></p>
<p>Inventory Fluctuations (N=11 comments)</p>	<p><i>“Inventory accuracy.”</i></p> <p><i>“Inventory cost control consistency will be null.”</i></p> <p><i>“Keeping up with revising inventory sheets.”</i></p> <p><i>“Inventory issues, stability in maintaining cost percentage.”</i></p>
<p>Difficulty maintaining Cost control (N= 19 comments)</p>	<p><i>“Cost control would be harder to maintain.”</i></p> <p><i>“Budgeting for fluctuating costs.”</i></p> <p><i>“Frequent price changing makes it harder to maintain my cost controls. There is no advantage to me.”</i></p>

What We Heard: Adopting Weekly Liquor Pricing

Challenges – Restaurants, Bars and Lounges	
<p>Downturn in Economy adds more strain <i>(N= 2 comments)</i></p>	<p><i>“No predictions are available on unstable, volatile markets which equal uneasiness in the industry which equals CLOSURES in an already OVER TAXED industry and a down turned economy.”</i></p> <p><i>“In a time where we are seeing increased small business tax, wage increases (\$1.50/hr/employee), beer price increases and an economic drought the likes of which we haven't seen in Calgary in over 4 decades- I would say we've had enough and as stated previously this puts more costs on to owners and stakeholders in our industry.”</i></p>
<p>No Challenges <i>(N=11 comments)</i></p>	<p><i>“No challenges, just we have to watch the competition more closely.”</i></p> <p><i>“None that could not be handled in house.”</i></p>

