



WINERIES: WINE BOUTIQUES IN GROCERY STORES

INFORMATION SHEETS FROM THE ALCOHOL AND GAMING COMMISSION OF ONTARIO



Wineries authorized to operate a wine boutique in a grocery store (“wine boutique operators”) have a responsibility to operate their wine boutiques and sell wine responsibly in compliance with the *Liquor Licence Act*, the *Liquor Control Act* and their regulations and any terms and conditions attached to their Authorizations. Wineries are authorized to operate a wine boutique in a grocery store if they hold a Winery Retail Store Authorization to sell their wine products at that location and they have a Supplementary Wine Authorization that permits them to sell VQA wine manufactured by another winery that owns fewer than three winery retail stores (excluding on-site retail stores).

This Tip Sheet is intended to assist wine boutique operators and their staff understand the regulatory requirements for selling wine. As cider (as defined under Ontario Regulation 232/16 – Sale of Liquor in Government Stores) is considered a type of wine, references to wine in this information sheet include cider, unless otherwise indicated.

Employee Training and Age Requirements

It is the wine boutique operator’s responsibility to ensure that any employee who deals with customers or any person who is involved in the sampling of wine

has successfully completed the Smart Serve training course. This includes employees who provide wine information to customers in the wine boutique, as well as liquor manufacturer representatives or other individuals who conduct wine sampling in the boutique.

In addition, any wine boutique employee who handles wine must be at least 18 years of age. This includes all employees that sell or stock wine on shelves, etc.

Offering Wine for Sale

Hours of Sale

Wine may be available for sale in a wine boutique during the following hours:

- Monday to Sunday from 9:00 a.m. to 11:00 p.m.

Wine boutique operators may choose to further limit the hours of operation of the wine boutique. However, grocery store operators cannot sell wine (as an agent of the winery) outside of the prescribed hours.

Wine boutique operators must ensure that wine is not available to customers outside of these hours.

Retail Sale on Holidays

For retail stores that may sell alcohol and are permitted to open on a holiday under laws applicable to their business, including the *Retail Business Holidays Act* (RBHA) and municipal retail holiday by-laws, the permissible hours of sale of alcohol are as listed above.

Please note that the RBHA does not fall under the AGCO's authority.

Questions about the RBHA may be directed to the Ministry of Government and Consumer Services. More information about the RBHA can be found on the Ontario.ca website.

Wine Display and Storage

Wine Display Area Requirements

The wine boutique must be distinct from the grocery store in which the boutique is located. The wine boutique name must be distinct from the grocery store name, and must be prominently displayed in the wine boutique.

It is the wine boutique operator's responsibility to properly display the wine that is offered for sale. Wine offered for sale must be in a contiguous product display area within the wine boutique, and the wine boutique may not display grocery store merchandise for sale in the wine boutique (e.g., cheese from the grocery store).

Wine Stock-Keeping Requirements

Wine boutique operators must keep a minimum variety of stock-keeping units (SKUs) of wine (excluding cider) available for sale in the wine boutique. The minimum variety of wine required can be met in two ways:

- At least 25 SKUs of wine must be VQA wine manufactured by other wineries ("non-owner wine"), or
- at least 50% of the SKUs of VQA wine must be non-owner wine.

The wine boutique operator only has to meet the lesser of the two requirements. In other words, if there are fewer than 50 SKUs of VQA wine, then at least 50% of the SKUs must be non-owner VQA wine. If there are more than 50 SKUs of VQA wine, then at least 25 SKUs of the VQA wine must be non-owner wine.

Wine Shelf Space Requirements

Wine boutique operators must ensure that a certain proportion of products on display in the wine boutique are containers of VQA wine and non-owner wine. At least 50% of containers of wine on display in the wine boutique must be VQA wine, of which 50% must be containers of non-owner VQA wine.

In addition, at least 5% of the containers of wine on display must be wine produced by small wineries. These percentages are assessed based on the wine on display in the wine boutique and do not include cider displayed by the grocery store in the beer and cider display area. The LCBO will make available a list of small wineries and cideries.

Wine stock that is not on display to customers and that is stored in a grocery store must be stored in a secure area of the store that is not accessible to the public. Grocery stores are required to provide this secure storage area.

Wine Sales Targets

Wine boutique operators are required to achieve sales targets for VQA wine and non-owner wine. During the first 12 months of operation, wine boutique operators must ensure that at least 10% of the wine sold from a wine boutique is VQA wine, and at least 20% of the VQA wine is non-owner wine. After the first 12 months of operations, at least 20% of wine sold in all wine boutiques operated by the winery in a 12-month period must be VQA wine, of which 40% is manufactured by non-owner wineries.

Wine boutique operators must also have a policy describing measures that have the goal of ensuring at least 25% of the wine sold in any 12-month period in all wine boutiques operated by the winery is VQA wine (with at least half being containers of non-owner wine).

Percentage amounts are calculated based on a winery's total sales receipts, not including container deposits and HST.

Wine Products and Packaging Requirements

Wine sold in wine boutiques may be sold in containers with a maximum size of 4 litres and a maximum of 18% alcohol by volume. Wine beverages cannot be sold. Cider with an alcohol content that is greater than 7.1% also

cannot be sold. The LCBO will provide a list of wine products that are permitted for sale under a Supplementary Wine Authorization and meet these requirements.

Wine boutique operators cannot offer a package of more than six (6) containers of cider or offer a discount or a rebate on purchases of more than six (6) containers of cider.

Record-Keeping Requirements

Wine boutique operators must maintain weekly sales information that identifies the SKUs of wines and retain these records for at least three years.

On request, a winery that operates at least six wine boutiques must provide other wineries whose wine is sold there with weekly sales information about all VQA wine sold in the wine boutiques the winery operates. This information only needs to cover weeks during which the winery's wine is sold in the store. However, the information must be provided within a reasonable time, must be specific to a particular boutique, and must attribute SKUs to each wine manufacturer whose wine is sold in the boutique. Any fee charged must not be higher than the fee charged by the LCBO for a similar service.

Dealing with Wineries or Representatives

Wine boutique operators, their agents and employees are prohibited from directly or indirectly requesting or receiving any financial or non-monetary benefit from another winery or its employees, including for shelf space or product listing of the winery's wine or for any merchandising, marketing or promotional opportunities.

Wine boutique operators are also prohibited from entering into an agreement with a winery if the agreement restricts the manufacturer's ability to sell its wine in other wine boutiques.

Non-Owner Wine

If a wine boutique operator or its affiliates has a direct or indirect financial interest in the brand of wine or a trademark under which a wine is marketed, it may not be sold under the Supplementary Wine Authorization.

Loyalty Points or Reward Programs

Wine boutique operators may issue loyalty or reward points on the purchase of wine as long as they are applied equally to all wine products (i.e. promotions involving extra points/rewards for a particular brand are not permitted).

Wine boutique operators cannot, however, accept benefits given to customers under a loyalty program or a rewards marketing program as full or partial payment for wine. This requirement covers any benefits given to customers under a loyalty or rewards marketing program, including coupons, tickets, points, or rewards. These benefits also cannot be exchanged, converted or redeemed for cash that is applied to payment for wine.

Cross Promotions

Wine boutique operators cannot offer free or discounted merchandise contingent on the purchase of wine. For example, a wine boutique cannot offer a promotion where a free or discounted item is available to customers that purchase wine.

Advertising

For information on advertising requirements, wine boutique operators should consult Sections 1 and 2 of the AGCO's **Liquor Advertising Guidelines: Liquor Sales Licensees and Manufacturers** available at www.agco.ca.

Sampling

Wine boutique operators may offer samples of wine to customers within or adjacent to the wine boutique display area. Samples may be provided to customers by licensed manufacturers' representatives or staff of the

wine boutique. Wine boutique operators must ensure that any person who offers samples of wine in their wine boutique has successfully completed Smart Serve training and that all sampling of wine is conducted in accordance with O. Reg. 232/16 and AGCO's **Sampling Guidelines** available at www.agco.ca.

Posting Authorization

Wineries must post the Supplementary Wine Authorization pertaining to the particular location in a conspicuous place in the wine boutique or grocery store. For example, posting the Authorization in the sampling area at a wine boutique, at the grocery store customer service counter or at a selected checkout aisle are a few acceptable options.

Sandy's Law Sign Posting

As an operator of a winery retail store, wine boutique operators must post signs warning women that drinking alcohol during pregnancy can cause Fetal Alcohol Spectrum Disorder (also known as "Sandy's Law" signs). The sign is required to be posted in areas where liquor is purchased (e.g., cash register) and is available at www.agco.ca.

Inspections

AGCO Compliance Officials and police officers can, at any time, inspect the wine boutique to ensure compliance with the *Liquor Licence Act*, the *Liquor Control Act* and their regulations. The wine boutique operator must provide unobstructed access for the inspection.

For more information, please contact AGCO Customer Service at 416-326-8700 or 1-800-522-2876 (toll-free in Ontario) or visit us online at www.agco.ca.