



GROCERY STORE OPERATORS: WINE BOUTIQUES IN GROCERY STORES

INFORMATION SHEETS FROM THE ALCOHOL AND GAMING COMMISSION OF ONTARIO



Grocery store operators that have a wine boutique in their grocery store must hold an Authorization as a Wine Boutique Sales Agent authorizing the sale of wine (as an agent of an authorized wine boutique operator) as well as a Beer and Cider Authorization that authorizes the sale of beer and cider. They have a responsibility to operate their stores responsibly in compliance with the *Liquor Licence Act*, the *Liquor Control Act* and their regulations and any terms and conditions attached to their Authorization.

This Tip Sheet is intended to assist these grocery store operators and their staff understand the regulatory requirements for selling beer and cider, as well as wine (as an agent of an authorized wine boutique operator). 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.

1. Sale of Beer and Cider (Beer and Cider Authorization)

Grocery store operators with a wine boutique in their grocery store must hold a Beer and Cider Authorization that allows them to sell beer and cider in the grocery store.

Employee Training and Age Requirements

It is the store operator's responsibility to ensure that any person who sells or who is involved in the sampling of beer or cider has successfully completed the Smart Serve training course. This includes cashiers (or those who process retail transactions at the point of sale) as well as employees responsible for providing beer or cider samples to customers. Managers and supervisors may also require training if their duties could require them to work at the cash from time to time.

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

Offering Beer and Cider for Sale

Hours of Sale

Beer and cider may be offered for sale in grocery stores during the following hours:

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

While grocery store operators may choose to further limit the hours of beer and cider sales, beer and cider cannot be sold outside of the prescribed hours.

Store operators must ensure that beer and cider are not available to customers outside of these hours. For example, store operators may choose to lock the refrigerators in which the beer or cider is located, create a partition around the beer and cider display aisles, or lock the point of sale system to disallow the sale of beer and cider outside of the prescribed hours. Grocers have the flexibility to determine how best to meet this requirement in their store environments.

Beer and Cider Display and Storage

It is the store operator's responsibility to properly display the beer and cider that is offered for sale under their Beer and Cider Authorization (which does not include cider offered for sale in the wine boutique by the wine boutique operator). Beer must be displayed in one area or section and cannot be displayed in multiple locations throughout the store. If the store operator sells beer and cider, both must be displayed in a single contiguous product display area.

When displaying beer to customers, the store operator must ensure that at least 20% of all of the containers of beer on display are produced by small brewers. If the store operator also sells cider, they must ensure that 20% of the cider on display (outside the wine boutique) to customers is cider produced by small cideries. LCBO will make available a list of small brewers and cideries.

Beer and cider stock that is not on display to customers must be stored in a secure area that is not accessible to the public.

Beer and Cider Products and Packaging Requirements

Beer and cider offered for sale may be sold in container sizes up to 750 millilitres and with alcohol content up to 7.1% by volume. Certain beverages are not permitted to be sold, such as malt-based coolers and beer containing alcohol that was obtained other than by the fermentation of an infusion or decoction of barley, malt and hops or of any similar products if that alcohol increases the total alcohol content by more than 0.5 of one per cent by volume.

The store operator may sell single cans of beer and cider, but cannot offer a package of more than six (6) containers or offer a discount or a rebate on purchases of more than six (6) containers.

Dealing with Manufacturers or Representatives

Grocery store operators, their agents and employees are prohibited from directly or indirectly requesting or receiving any financial or non-monetary benefit from a beer or cider manufacturer or its employees for any reason, including for the provision of shelf space or product listing of the manufacturer's beer or cider or for any merchandising, marketing or promotional opportunities.

Store operators are also prohibited from entering into an agreement with a beer or cider manufacturer if the agreement restricts the manufacturer's ability to sell its beer or cider in other stores.

Private Label Products

A store operator must not sell or offer to sell a brand of beer or cider if the store operator or any of its affiliates has a direct or indirect financial interest in the brand or a trademark under which the beer or cider is marketed.

Loyalty Points or Reward Programs

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

Store operators cannot, however, accept benefits given to customers under a loyalty program or a rewards marketing program as full or partial payment for beer or cider. 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 beer or cider. To assist in ensuring compliance, store operators may wish to consider, for example, changing their point of sale

system to disallow the redemption of points towards the purchase of beer and cider or implementing a policy where the purchase of beer or cider is processed as a separate transaction from grocery products.

Cross Promotions

Store operators cannot offer free or discounted merchandise that requires the purchase of beer or cider. For example, a store cannot offer a promotion where a free or discounted snack item is available to customers that purchase beer or cider.

For more information, grocers should consult the AGCO's **Advertising Guidelines: Sale of Beer, Wine and Cider in Grocery Stores** available at www.agco.ca.

Sampling

Authorized grocery stores may offer samples of beer and cider to customers in or adjacent to the beer and cider display area. Samples may be provided to customers by licensed manufacturers' representatives or staff of the authorized grocery store. Store operators must ensure that any person who is involved in the sampling of beer or cider in their store has successfully completed Smart Serve and that all sampling of beer and cider is conducted in accordance with O. Reg. 290/15 and AGCO's **Sampling Guidelines** available at www.agco.ca.

Posting Authorization

Authorized grocery stores must post the Authorization pertaining to the particular location in a conspicuous place. For example, posting the Authorization at the customer service counter or at a selected checkout aisle are a few acceptable options.

Sandy's Law Sign Posting

Authorized grocery stores 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 available for print/download on the AGCO website (www.agco.ca).

Continuous Sale

The operator must ensure that the store begins to sell beer to the public within six (6) months from the date the authorization is issued and continues to sell beer thereafter.

This requirement does not apply to the sale of cider. If a store operator decides to sell cider, they are not required to sell cider continuously and have the flexibility to choose if and when they will sell cider.

Tips on Preventing High-Risk Infractions

The following outlines some information and tips that grocery store operators may want to consider to help address and prevent some of the high-risk infractions which may occur in the grocery store setting.

1) Minors: What to Look For

The legal drinking age in the province of Ontario is 19 years of age. Selling beer or cider to people who are under 19 years of age is a contravention of the *Liquor Licence Act*. All customers who appear to be under the age of 19 must be asked for valid ID before being sold beer or cider. If an employee doubts the legitimacy of an individual's ID, they may wish to consider requesting a second piece. See the AGCO Information Sheet on "**Checking ID**" for information about government-approved forms of ID (www.agco.ca).

2) Intoxicated Customers: What to Look For

Staff of an authorized grocery store cannot sell beer or cider to a person who is or appears to be intoxicated. A customer exhibiting signs of intoxication must be refused the sale of beer and/or cider. See the AGCO Information Sheet on "**Recognizing Intoxication**" for more information about the signs of intoxication (www.agco.ca).

3) Second Party Purchasers: What to Look For

A "second party purchaser" is someone who purchases alcohol on behalf of someone else, who may not be legally permitted to purchase it him or herself (e.g. a minor or a person who is intoxicated). Staff should be aware of indicators that a customer is a second party purchaser. For example, if a customer purchasing beer was previously observed speaking to or was accompanied into the grocery store by a minor or intoxicated person, he or she may be purchasing beer for that person.

Tips for Refusing Sale to a Customer

If an employee suspects that a customer is intoxicated, he or she should refuse the sale of beer or cider. Employees should also consider refusing to sell beer or cider if he or she doubts the legitimacy of a customer's ID or suspects a customer is acting as a second party purchaser. When refusing to sell beer or cider to a customer, employees may want to consider using a professional, calm and firm customer service approach. This may include:

- Communicating clearly and respectfully
- Using "I" statements (e.g. "I can't sell you this beer today.")
- Refraining from the use of intimidating or judgmental language
- Explaining the reason for refusing the sale of beer and/or cider

If a staff member refuses to sell beer or cider to a customer, he or she may also want to consider removing the beer or cider product from the counter and placing it out of the customer's reach.

Grocery store operators may wish to track the incidents of their staff requesting ID and/or refusing service to ensure that staff are conducting the appropriate amount of due diligence over time.

Inspections

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

2. Sale of Wine as an Agent of the Wine Boutique (Wine Boutique Sales Agent Authorization)

Grocery store operators with wine boutiques in the store must hold a Wine Boutique Sales Agent Authorization which allows them to sell wine as an agent of the wine boutique operator.

A number of the requirements and guidance discussed in this information sheet that apply to a grocery store operator's Beer and Cider Authorization also apply to its sale of wine as an agent of a wine boutique operator under a Wine Boutique Sales Agent Authorization, with the necessary modifications to apply to wine. The applicable sections include:

- **Employee Training and Age Requirements**
This section applies to the handling of wine by grocery store employees outside the wine boutique area (e.g., to meet the requirement to store wine that is not on display in a secure area provided by a grocery

store). Only wine boutique staff or licensed manufacturer's representatives can sample wine in or adjacent to the wine boutique.

- **Hours of Sale**
- **Dealing with Manufacturers or Representatives**
- **Private Label Products**
- **Loyalty Points or Reward Programs**
- **Cross Promotions**
- **Sandy's Law Sign Posting**
- **Tips on Preventing High-Risk Infractions**
- **Inspections**

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.