BC Liquor Retail Prices – Comparison 2015-17

This analysis relates to the fact that the BC Government introduced a new liquor pricing model for the province on April 1, 2015. At the time of introduction, the BC Government indicated that the new pricing model was designed to keep prices "the same". However, anecdotal evidence from the industry indicates that prices have risen in the following 2 years. The analysis reviews the changes in retail liquor pricing in British Columbia between March 2015 and the present. What effect did the new pricing model have on end consumer prices during the intervening time?

Analysis

The ability to analyze the changes related to the new pricing model is restricted by the data that was available relating to pricing during 2015 and 2017. The methodology of the analysis and its limitations are outlined in the Appendix below.

1. Background on Changes

- As of April 1, 2015, the new liquor pricing model was adopted by the government and implemented by the Liquor Distribution Branch (LDB).
- In the fiscal year that ended in March 2015, the LDB generated $2877.9 million in sales and contributed $935.2 million in liquor revenue for the BC Government.
- In the fiscal year that ended in March 2016 (the first year following the introduction of the new pricing model), the LDB generated $3157 million in sales (9.7% increase over the previous year) and contributed $1031.3 million in liquor revenue to the BC Government (10.2% increase over the previous year). Both of these increases were considerably larger than the increases of prior years. They also more than doubled the increase in volume sales for the year, which was only 4.7%.
- In the fiscal year ending in March 2017 (the second year following the introduction of the new pricing model), the LDB is projected to generate $3309.9 million in sales (4.8% increase) and contribute $1050.3 million in liquor revenue to the BC Government (1.8% increase).
- Future sales increases are projected at only 1.4% annually and future contributions of liquor revenue to government are projected as increases either below 1% or as being negative.

2. Retail Price Comparisons

Overall, a retail price comparison was performed on 156 randomly selected products from the BC Liquor Stores catalogue. 2 products had price reductions. 1 product's price was unchanged. 153 products had price increases ranging from less than 1% up to 64%.

The analysis generated the following results for each broad liquor product category.

Beer

- Price changes ranging from +0.6% to +34%.
- Many increases in the 10-15% range.
- Average of individual price increases: 13.3%.
- Price increase of total basket of products selected: 11.2%.

Wine

- One price decrease of -9.4%. One product stayed the same price. 49 price increases up to +44.6%.
- Wide variation in amount of increases.
- Average of individual price increases: 11.6%.
- Price increase of total basket of products selected: 12.5%.

Spirits

- One price decrease of -24.4%. 37 price increases up to +64.5%.
- Wide variation in amount of increases.
- Average of individual price increases: 10.7%.
- Price increase of total basket of products selected: 40.7%.
- Note that a single product that was randomly selected in this group had an extremely high 2015 price (over $6000) and an even higher 2017 price ($9500). This disproportionately skewed the 'total basket' increase above.

Refreshment (Coolers/Cider)

- Average of individual price increases: 10.1%.
- Price increase of total basket of products selected: 9.9%.

3. Conclusion

The analysis shows overall retail price increases of approximately 11% during the time frames investigated. The highest increase of 13.3% appears in the beer category. The lowest was in the refreshment category of 10.1%. Price increases were more consistent within the beer category than in the other categories.

While it is not possible to definitively conclude that the price increases were a direct result of the new liquor pricing model due to the limitations of the methodology discussed below, the analysis suggests that end consumer prices have increased in all categories since the model was introduced.

In addition, it appears likely that the new pricing model caused end consumer price increases across the liquor sector due to the following factors:

- The retail price increases shown by the analysis align with an increase in liquor revenue to government of about 12% during the same period. It seems unlikely that the timing of this is coincidental as a strategy to increase retail prices and margins would also result in an increase in BCLS profit (i.e. the new pricing model was designed to create greater liquor revenue for government).
- In the year that the new model was introduced, the increase in total dollar value of liquor sales in BC (9.7%) was more than double the increase in the volume of liquor that was sold (4.7%). This factor also suggests that prices went up as a result of the pricing model.
- Anecdotal evidence from suppliers indicates that the BCLS has sought to reduce supplier prices since the introduction of the new pricing model.
- The LDB's projected financial outlook, as contained in its most recent service plan for 2017/18 to 2019/20, shows much lower projected total sales increases for future years and almost no increase in the contribution to government revenue from liquor sales. This would lend weight to the supposition that the price increases were unique to the introduction of the new liquor pricing model

<u>Appendix A</u>

1. Methodology

The analysis proceeded on the following basis:

- End consumer retail pricing for 2015 was determined from a database of liquor products that were for sale in BC as of March 1, 2015. This was the month immediately preceding the introduction of the new pricing model. The database includes both post-tax and pre-tax retail prices for each product.
- End consumer retail pricing for 2017 was determined by obtaining the regular pre-tax retail price for a product as listed on the BC Liquor Stores (BCLS) web site.
- In order to eliminate the possibility of selection bias, 156 randomly selected products were identified from the products listed on the BCLS web site by using a third party random number generator.
- In order to represent each liquor category fairly, the randomly selected products were generated by category (51 wine, 52 beer, 38 spirits, and 15 refreshment). The representative number of products in each category was determined by mirroring the general percentage of dollar value sales for each category as compared to total provincial liquor sales (the refreshment category was increased due to the small sample size).
- Once the products had been identified, the pre-tax 2015 retail price was compared to the current pre-tax 2017 retail price for each product. If a product that had been selected was not for sale in both 2015 and 2017, a substitute product was selected by using the next numerical reference to the randomly selected number (i.e. if product 1124 was randomly selected, we moved to product 1125). The difference in price, if any, was noted as both a dollar value difference and a percentage difference as compared to the 2015 price.
- Following the accumulation of data for all products, the average percentage price change for each category was calculated.

2. Limitations

The methodology has the following limitations:

- The price comparison only applies to end consumer retail pricing in BC Liquor Stores. It does not consider price changes in private sector retail stores.
- It seems likely that some private sector retail stores may have increased prices much more than BCLS stores because some of those stores (the private wine stores) had their retail profit margins cut in half under the new pricing model.
- The methodology does not seek to identify what caused any pricing changes for a particular product. Some products may have increased in price due to external

factors other than a change in the pricing policies at either the wholesale or retail level (e.g. currency fluctuations or supplier price increases rather than the changes made by the new pricing model).

- The methodology relies on the accuracy of the pricing data that was collected.

BEER

SKU	PRODUCT	2015 IncTax	2015 PreTax	Cat	2017 PreTax	$ Change	% Change
772756	CANNERY - NARAMATA NI	$ 11.90	$ 10.35	BEER	11.29	$ 0.94	9.11
89649	NOLI BREWHOUSE - BORN	$ 5.99	$ 5.21	BEER	6.99	$ 1.78	34.20
3194	PARALLEL 49 - SALTY SCOT	$ 5.00	$ 4.35	BEER	4.89	$ 0.54	12.47
817320	MCAUSLAN - ST AMBROIS	$ 19.95	$ 17.35	BEER	18.79	$ 1.44	8.31
473090	PHILLIPS - SAMPLER PACK	$ 23.85	$ 20.74	BEER	21.79	$ 1.05	5.07
392290	HOLLANDIA PREMIUM LA(	$ 11.99	$ 10.43	BEER	10.49	$ 0.06	0.61
135962	STANLEY PARK - BELGIAN !	$ 12.50	$ 10.87	BEER	12.29	$ 1.42	13.07
826131	NELSON - PADDYWHACK II	$ 12.45	$ 10.83	BEER	12.29	$ 1.46	13.52
606426	HOWE SOUND - DEVIL'S EI	$ 7.75	$ 6.74	BEER	8.09	$ 1.35	20.05
878090	PHILLIPS - GINGER BEER	$ 4.99	$ 4.34	BEER	5.49	$ 1.15	26.52
349910	VAN STEENBERGE - GULDE	$ 3.60	$ 3.13	BEER	3.79	$ 0.66	21.07
797845	STEAMWORKS - MASH-UP	$ 22.50	$ 19.57	BEER	21.99	$ 2.42	12.39
903351	LABATT - BUDWEISER	$ 34.69	$ 30.17	BEER	30.99	$ 0.82	2.73
902627	LABATT - BUDWEISER	$ 23.49	$ 20.43	BEER	20.99	$ 0.56	2.76
731893	GRANVILLE ISLAND - LION!	$ 12.99	$ 11.30	BEER	12.49	$ 1.19	10.57
861245	LABATT - WILDCAT STRON	$ 8.15	$ 7.09	BEER	7.99	$ 0.90	12.74
170779	STEINLAGER PURE	$ 13.99	$ 12.17	BEER	13.49	$ 1.32	10.89
128892	LIGHTHOUSE - RACE ROCK	$ 12.15	$ 10.57	BEER	11.49	$ 0.92	8.75
50401	PACIFIC WESTERN - TNT ST	$ 10.69	$ 9.30	BEER	9.99	$ 0.69	7.47
844209	FERNIE - PROJECT 9 PILSNI	$ 11.95	$ 10.39	BEER	11.49	$ 1.10	10.57
156315	LABATT - LUCKY LAGER 24	$ 34.99	$ 30.43	BEER	33.99	$ 3.56	11.71
222802	BRAVA - CAN	$ 8.15	$ 7.09	BEER	7.99	$ 0.90	12.74
490029	RICKARDS WHITE	$ 12.24	$ 10.64	BEER	12.49	$ 1.85	17.35
256156	YANJING	$ 10.00	$ 8.70	BEER	10.29	$ 1.59	18.34
411447	LABATT - BUSCH CAN	$ 19.99	$ 17.38	BEER	19.99	$ 2.61	15.00
661173	DEAD FROG - THE WINTER	$ 20.95	$ 18.22	BEER	21.49	$ 3.27	17.96
857417	TREE BREWING - RADLER (	$ 10.00	$ 8.70	BEER	11.49	$ 2.79	32.14
61887	OKANAGAN SPRING - 151(	$ 23.49	$ 20.43	BEER	22.99	$ 2.56	12.55

929141	PACIFIC WESTERN - CANTE	$	17.99	$	15.64	BEER	17.29	$	1.65	10.53
45914	BOWEN ISLAND - TRUCKEI	$	17.25	$	15.00	BEER	16.49	$	1.49	9.93
681593	TIN WHISTLE - BLACK WID	$	5.00	$	4.35	BEER	5.29	$	0.94	21.67
915199	COLUMBIA - KOKANEE	$	34.69	$	30.17	BEER	30.99	$	0.82	2.73
849398	PACIFIC WESTERN - SCANI	$	12.49	$	10.86	BEER	11.99	$	1.13	10.40
681403	SLEEMAN - HONEY BROWI	$	23.49	$	20.43	BEER	22.99	$	2.56	12.55
923383	GRANVILLE ISLAND - ENGL	$	12.99	$	11.30	BEER	12.49	$	1.19	10.57
208603	HOYNE - DOWN EASY PAC	$	5.50	$	4.78	BEER	5.49	$	0.71	14.79
210468	HACKER PSCHORR MUNIC	$	2.29	$	1.99	BEER	2.19	$	0.20	9.98
689208	UNIBROUE - MAUDITE	$	6.75	$	5.87	BEER	6.79	$	0.92	15.68
365601	STEAMWORKS - PALE ALE	$	2.25	$	1.96	BEER	2.29	$	0.33	17.04
488379	BOWEN ISLAND - DEEP 6 L	$	7.55	$	6.57	BEER	7.29	$	0.72	11.04
110700	GRANVILLE ISLAND - HEY I	$	13.25	$	11.52	BEER	12.49	$	0.97	8.40
268607	FERNIE - GRIZ PALE ALE CA	$	11.95	$	10.39	BEER	11.49	$	1.10	10.57
479857	CARLSBERG	$	12.99	$	11.30	BEER	12.29	$	0.99	8.80
751081	PHILLIPS - BLUE BUCK ALE	$	11.99	$	10.43	BEER	11.79	$	1.36	13.08
795195	DEAD FROG - NUTTY UNCI	$	5.50	$	4.78	BEER	5.29	$	0.51	10.61
293787	TSINGTAO	$	11.45	$	9.96	BEER	10.79	$	0.83	8.37
487256	STELLA ARTOIS	$	12.99	$	11.30	BEER	13.49	$	2.19	19.43
439828	WELLS INDIA PALE ALE TAI	$	9.45	$	8.22	BEER	8.99	$	0.77	9.40
561035	STROH CANADA - COLT 45	$	8.15	$	7.09	BEER	7.99	$	0.90	12.74
735738	SALTSPRING - GOLDEN ALI	$	5.65	$	4.91	BEER	5.99	$	1.08	21.92
115436	TREE - KELOWNA PILSNER	$	1.99	$	1.73	BEER	1.99	$	0.26	15.00
648261	ESTRELLA DAMM LAGER T	$	1.99	$	1.73	BEER	2.19	$	0.46	26.56
				$	579.10		644.18			13.32

WINE

SKU	PRODUCT	2015 IncTax	2015 PreTax	Cat	2017 PreTax	$ Change	% Change
67231	ZINFANDEL - JOEL GOTT 2012	$ 19.99	$ 17.38	TABLE WINE	24.49	$ 7.11	40.89
897397	KUEI HUA CHEN CHIEW - FENG S	$ 13.95	$ 12.13	MISCELLANE	10.99	-$ 1.14	-9.40
493155	SELBACH OSTER - RIESLING BRUT	$ 35.95	$ 31.26	SPARKLING V	32.99	$ 1.73	5.53
154906	CABERNET SAUVIGNON - OBIKW	$ 9.99	$ 8.69	TABLE WINE	8.99	$ 0.30	3.49
128710	MENDOZA RED - CLOS DE LOS SII	$ 24.99	$ 21.73	TABLE WINE	25.99	$ 4.26	19.60
171496	GEHRINGER - AUXERROIS 12/13	$ 14.99	$ 13.03	TABLE WINE	14.49	$ 1.46	11.16
258509	CABERNET SAUVIGNON - WOOD	$ 22.99	$ 19.99	TABLE WINE	23.49	$ 3.50	17.50
390898	CHIANTI CLASSICO RISERVA - SAI	$ 27.99	$ 24.34	TABLE WINE	27.49	$ 3.15	12.95
61804	TOSCANA - FELSINA FONTALLOR	$ 89.99	$ 78.25	TABLE WINE	81.99	$ 3.74	4.78
770925	MALBEC - ESCORIHUELA 1884 RE	$ 16.99	$ 14.77	TABLE WINE	17.99	$ 3.22	21.77
577908	RASTEAU - DOMAINE BEAU MIST	$ 32.99	$ 28.69	TABLE WINE	28.99	$ 0.30	1.06
118638	GRAY MONK - PINOT GRIS 12/13	$ 17.99	$ 15.64	TABLE WINE	15.99	$ 0.35	2.22
457390	CABERNET SAUVIGNON - PAUL H	$ 59.99	$ 52.17	TABLE WINE	67.99	$ 15.82	30.34
217661	SHIRAZ - SHINAS THE GUILTY VIC	$ 25.99	$ 22.60	TABLE WINE	24.49	$ 1.89	8.36
976142	CABERNET SAUVIGNON - RAVEN	$ 17.99	$ 15.64	TABLE WINE	17.99	$ 2.35	15.00
883991	PINOTAGE - THE GRINDER	$ 14.99	$ 13.03	TABLE WINE	13.99	$ 0.96	7.33
161141	BAROLO - GAJA DAGROMIS 07/0	$ 69.99	$ 60.86	TABLE WINE	87.99	$ 27.13	44.58
153882	GRAND CLASSIQUE - GLEN CARL(	$ 19.99	$ 17.38	TABLE WINE	22.99	$ 5.61	32.26
361105	PELLER ESTATES - PROPRIETORS	$ 37.99	$ 33.03	TABLE WINE	33.99	$ 0.96	2.89
167270	POMMARD 1ER RUGIENS - DOM	$ 99.00	$ 86.09	TABLE WINE	86.99	$ 0.90	1.05
538280	CHARDONNAY - HAMILTON RUS!	$ 44.99	$ 39.12	TABLE WINE	49.99	$ 10.87	27.78
284893	SAUVIGNON BLANC - CONCHA Y	$ 15.99	$ 13.90	TABLE WINE	13.99	$ 0.09	0.62
348870	RED BLEND - SANTA RITA SECRET	$ 14.99	$ 13.03	TABLE WINE	13.49	$ 0.46	3.49
517169	JACKSON TRIGGS PROPRIETOR'S	$ 8.79	$ 7.64	TABLE WINE	8.99	$ 1.35	17.62
403774	CHIANTI CLASSICO RISERVA - CO	$ 59.98	$ 52.16	TABLE WINE	54.99	$ 2.83	5.43
690420	VENETO PASSIMENTO - FAMIGLI	$ 15.99	$ 13.90	TABLE WINE	13.99	$ 0.09	0.62
494708	GEWURZTRAMINER - CONO SUR	$ 10.99	$ 9.56	TABLE WINE	9.99	$ 0.43	4.54
18549	MARTINI - DRY	$ 7.99	$ 6.95	FORTIFIED W	6.99	$ 0.04	0.61

403840	AGLIANICO DEL VULTURE - LIKOS	$ 49.93	$ 43.42	TABLE WINE	43.99	$	0.57	1.32
509430	RIESLING - MERTES LANDLUST	$ 15.99	$ 13.90	TABLE WINE	13.99	$	0.09	0.62
138503	SAUVIGNON BLANC - ASTROLABI	$ 23.99	$ 20.86	TABLE WINE	22.49	$	1.63	7.81
399410	JACKSON TRIGGS PROPRIETOR'S	$ 8.79	$ 7.64	TABLE WINE	8.99	$	1.35	17.62
390328	QUAILS GATE - OPTIMA TOTALLY	$ 29.99	$ 26.08	TABLE WINE	28.99	$	2.91	11.17
988535	NK'MIP CELLARS - RIESLING ICEW	$ 59.99	$ 52.17	TABLE WINE	66.99	$	14.82	28.42
311019	BAROLO - BORGOGNO LISTE 200	$ 79.99	$ 69.56	TABLE WINE	94.99	$	25.43	36.57
225748	SUMMERHILL - ALIVE RED ORGA	$ 22.95	$ 19.96	TABLE WINE	22.99	$	3.03	15.20
441428	PUGLIA SANGIOVESE - PASQUA	$ 17.99	$ 15.64	TABLE WINE	15.99	$	0.35	2.22
89342	TOURAINE SAUVIGNON - DOMAI	$ 16.99	$ 14.77	TABLE WINE	17.49	$	2.72	18.38
111476	BRIGHTS - PALE DRY SELECT	$ 7.49	$ 6.51	FORTIFIED W	7.49	$	0.98	15.00
7674	DOMAINE PINNACLE - ICE CIDER	$ 29.99	$ 26.08	MISCELLANE	27.99	$	1.91	7.33
199828	CHARDONNAY - KISTLER SOMON	$ 90.00	$ 78.26	TABLE WINE	89.99	$	11.73	14.99
628768	SICILIA NERO D'AVOLA - MONTE	$ 14.99	$ 13.03	TABLE WINE	13.49	$	0.46	3.49
184044	CHATEAU PICHON BARON 2010	$ 350.00	$ 304.35	TABLE WINE	329.99	$	25.64	8.43
605741	CABERNET SAUVIGNON - PETER	$ 22.99	$ 19.99	TABLE WINE	19.99	-$	0.00	-0.01
277988	CHATEAUNEUF DU PAPE - BEAU(	$ 92.00	$ 80.00	TABLE WINE	85.99	$	5.99	7.49
587238	SAINT BRIS SAUVIGNON - LA CH/	$ 19.99	$ 17.38	TABLE WINE	18.49	$	1.11	6.37
110486	CABERNET SAUVIGNON - WYNDI	$ 16.99	$ 14.77	TABLE WINE	14.79	$	0.02	0.11
295055	CHARDONNAY - FERRARI CARAN	$ 36.99	$ 32.17	TABLE WINE	38.99	$	6.82	21.22
133132	ENTRE LACS - DRY WHITE	$ 106.99	$ 93.03	TABLE WINE	103.99	$	10.96	11.78
428649	DOURO - RAMOS PINTO DUAS Q	$ 17.99	$ 15.64	TABLE WINE	18.49	$	2.85	18.20
135483	BAROLO - LUIGI EINAUDI TERLO	$ 69.99	$ 60.86	TABLE WINE	62.99	$	2.13	3.50
			$ 1,789.08		2012.29			11.59

SKU	SPIRITS PRODUCT	2015 IncTax	2015 PreTax	Cat	2017 PreTax	$ Change	% Change
53082	ALBERTA PURE	$ 55.41	$ 48.18	VODKA	49.99	$ 1.81	3.75
1800	WISERS - DELUXE	$ 37.99	$ 33.03	WHISKIES	34.49	$ 1.46	4.41
131870	BUSHMILLS - 10 YEAR OLD SINGLE	$ 49.99	$ 43.47	WHISKIES	46.99	$ 3.52	8.10
132811	SOBIESKI	$ 25.49	$ 22.17	VODKA	23.99	$ 1.82	8.23
291302	TOMATIN - 12 YEAR OLD	$ 69.99	$ 60.86	WHISKIES	68.99	$ 8.13	13.36
430470	ABERLOUR - 16 YEAR OLD	$ 89.93	$ 78.20	WHISKIES	99.99	$ 21.79	27.86
48488	AKVAVIT TAFFEL - AALBORG	$ 39.95	$ 34.74	OTHER SPIRI	37.99	$ 3.25	9.36
96214	UNGAVA - CANADIAN PREMIUM	$ 39.99	$ 34.77	GIN	36.99	$ 2.22	6.37
877654	THE KRAKEN - BLACK SPICED	$ 4.99	$ 4.34	RUM	5.99	$ 1.65	38.05
170019	ST. REMY - CREME A LA CREME	$ 26.99	$ 23.47	LIQUEURS	24.49	$ 1.02	4.35
249680	TALISKER - 10 YEAR OLD	$ 99.99	$ 86.95	WHISKIES	92.99	$ 6.04	6.95
694174	JAMESON - GOLD RESERVE	$ 99.97	$ 86.93	WHISKIES	92.99	$ 6.06	6.97
179473	GLENLIVET - 21 YEAR OLD ARCHIVE	$ 199.99	$ 173.90	WHISKIES	285.99	$ 112.09	64.45
344523	JACK DANIEL'S - WINTER JACK	$ 22.99	$ 19.99	LIQUEURS	21.99	$ 2.00	10.00
823021	SOUTHERN COMFORT - CO-PACK R	$ 24.99	$ 21.73	SPIRITS - GIF	21.99	$ 0.26	1.19
201459	POTTER'S	$ 55.41	$ 48.18	VODKA	49.99	$ 1.81	3.75
94052	GLENMORANGIE - 10 YEAR OLD TH	$ 71.95	$ 62.57	WHISKIES	69.99	$ 7.42	11.87
497206	LEMON HART - PREMIUM DEMERA	$ 26.99	$ 23.47	RUM	24.99	$ 1.52	6.48
113902	BRUGAL - 1888 GRAN RESERVA EDI	$ 69.95	$ 60.83	RUM	45.99	-$ 14.84	-24.39
671107	RUSSIAN STANDARD	$ 38.99	$ 33.90	VODKA	34.49	$ 0.59	1.73
292714	GRAND MARNIER - CORDON ROUG	$ 61.96	$ 53.88	LIQUEURS	59.99	$ 6.11	11.34
637504	HENDRICKS SMALL BATCH	$ 48.95	$ 42.57	GIN	45.99	$ 3.42	8.05
17384	SAUZA - SILVER	$ 39.99	$ 34.77	TEQUILA	36.49	$ 1.72	4.93
117101	JAGERMEISTER	$ 33.99	$ 29.56	LIQUEURS	32.99	$ 3.43	11.62
503094	OBAN - 1998 DISTILLERS EDITION B	$ 144.99	$ 126.08	WHISKIES	136.99	$ 10.91	8.65
91603	BOODLES - LONDON DRY	$ 28.99	$ 25.21	GIN	26.99	$ 1.78	7.07
14944	MARQUIS DE VILLARD V.S.O.P.	$ 24.25	$ 21.09	BRANDY	22.49	$ 1.40	6.65
103747	MAKER'S MARK - KENTUCKY BOUR	$ 44.95	$ 39.09	WHISKIES	45.99	$ 6.90	17.66

377994	JACK DANIEL'S - GENTLEMAN JACK	$ 38.99	$ 33.90	WHISKIES	36.99	$ 3.09	9.10
454462	BANFF ICE	$ 55.41	$ 48.18	VODKA	49.99	$ 1.81	3.75
683623	BALVENIE - 40 YEAR OLD	$ 7,399.95	$ 6,434.74	WHISKIES	9500	$ 3,065.26	47.64
630913	TIA MARIA	$ 26.95	$ 23.43	LIQUEURS	24.49	$ 1.06	4.50
34637	CANADIAN CLUB - PREMIUM	$ 56.41	$ 49.05	WHISKIES	49.99	$ 0.94	1.91
21378	JIM BEAM - KENTUCKY BOURBON	$ 26.49	$ 23.03	WHISKIES	24.99	$ 1.96	8.49
756510	AVIATION - AMERICAN GIN BATCH	$ 39.99	$ 34.77	GIN	34.99	$ 0.22	0.62
466854	APPLETON ESTATE - V/X	$ 13.95	$ 12.13	RUM	13.49	$ 1.36	11.21
339358	AMARETTO DI SASCHIRA - LUXARD	$ 20.99	$ 18.25	LIQUEURS	22.49	$ 4.24	23.22
2063	LAMB'S - NAVY	$ 24.75	$ 21.52	RUM	22.99	$ 1.47	6.82
			$ 8,072.95		11359.63		10.69

REFRESHMENT (COOLER/CIDER)

SKU	PRODUCT	2015 IncTax	2015 PreTax	Cat	2017 PreTax	$ Change	% Change
512046	ROCKSTAR CAN	$ 3.49	$ 3.03	COOLERS	3.29	$ 0.26	8.41
791467	SMIRNOFF - ICE	$ 28.99	$ 25.21	COOLERS	27.49	$ 2.28	9.05
210906	TWISTED TEA HALF & HALF CAN	$ 25.70	$ 22.35	COOLERS	23.99	$ 1.64	7.35
864041	SMIRNOFF - ICE CAESAR	$ 9.99	$ 8.69	COOLERS	9.49	$ 0.80	9.24
824490	ORIGINAL VODKA MUDSHAKE - CHOCOL/	$ 11.99	$ 10.43	COOLERS	12.49	$ 2.06	19.80
569418	MOTT'S CLAMATO - CAESAR ORIGINAL	$ 11.25	$ 9.78	COOLERS	10.29	$ 0.51	5.19
65649	PALM BAY PINEAPPLE MANDARIN ORAN(	$ 9.99	$ 8.69	COOLERS	9.79	$ 1.10	12.70
3228	GROWERS - EXTRA DRY APPLE	$ 10.99	$ 9.56	CIDER	9.99	$ 0.43	4.54
697342	BREEZER - TROPICAL ORANGE SMOOTHIE	$ 8.99	$ 7.82	COOLERS	8.49	$ 0.67	8.60
838706	PALM BAY KEY LIME CHERRY SPRITZ CAN	$ 9.99	$ 8.69	COOLERS	9.79	$ 1.10	12.70
378406	OKANAGAN PREMIUM CIDER EXTRA ARC	$ 8.49	$ 7.38	CIDER	7.99	$ 0.61	8.23
168773	LONETREE CIDER CAN	$ 9.99	$ 8.69	CIDER	10.49	$ 1.80	20.76
635193	BULMER - STRONGBOW	$ 14.49	$ 12.60	CIDER	13.99	$ 1.39	11.03
569418	MOTT'S CLAMATO - CAESAR ORIGINAL	$ 11.25	$ 9.78	COOLERS	10.29	$ 0.51	5.19
889782	BC TREE FRUITS CIDER - BROKEN LADDER	$ 11.89	$ 10.34	CIDER	11.29	$ 0.95	9.20
			$ 163.03		179.15		10.13

As in prior years, the majority of LDB sales were from the beer and wine categories. The sales mix has shifted slightly in 2015/16 as the sales percentage from spirits and beer decreased and the sales percentage from wines and refreshment beverages increased.

Refreshment beverages had the largest increase as a percentage of the LDB overall product mix. This has been the trend as consumers move towards wines and refreshment beverages.

Consistent with 2014/15, the refreshment beverage category had the strongest percentage growth, increasing by 18.7 per cent or $28.4 million. This was followed by increases of: wine by 11.1 per cent or $107.7 million; spirits by 8.4 per cent or $60.7 million; and beer by 8.0 per cent or $82.3 million.

Table 3: Sales by Major Category in Litres (000s)

						Change vs Previous Year (2015/16 vs. 2014/15)	
	2015/16	2014/15	2013/14	2012/13	2011/12	Litre	%
Spirits	25,810	24,602	24,161	24,188	24,181	1,208	4.9
Wine	73,805	69,302	65,803	63,408	61,671	4,503	6.5
Refreshment	40,300	35,245	31,476	27,551	26,028	5,055	14.3
Beer	292,574	283,857	272,643	270,524	272,825	8,717	3.1
Other	156	148	138	120	131	8	5.4
Total Sales	**432,645**	**413,154**	**394,221**	**385,791**	**384,836**	**19,491**	**4.7**

Historically, the beer category has the highest volume of sales followed by wines, refreshment beverages and spirits. These trends were consistent in 2015/16; however, the product mix did shift as the litre percentage of beer decreased 1.1 per cent with offsetting increases in wine and refreshment beverages.

In terms of volume, there was an overall increase of 4.7 per cent compared to the previous year. The refreshment beverage category had the largest volume increase at 14.3 per cent, followed by wine at 6.5 per cent, spirits at 4.9 per cent and beer at 3.1 per cent when compared to last year.

Customer Sales

Over the past year there has been a focus on improving the customer experience in BCLS through increased hours of operation, the addition of refrigeration and changing product mixes. As a result, retail customers have contributed a higher percentage to overall LDB sales than in prior years. In 2015/16, BCLS retail customers contributed 43.7 per cent of the total LDB sales, an increase from 41.7 in the prior year.

Financial Plan

Summary Financial Outlook

($m)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Sales	3,157.0	3,309.9	3,357.6	3,404.5	3,452.3
Less: Cost of Sales	1,809.5	1,913.5	1,944.2	1,973.8	2,003.9
Gross Margin	1,347.5	1,396.4	1,413.4	1,430.7	1,448.4
Operating Expenses - Employment	187.8	198.1	203.7	207.5	210.3
Operating Expenses - Rent	44.3	47.9	50.3	52.8	55.5
Operating Expenses - Administration	93.9	107.6	114.9	119.6	142.0
Total Operating Expenses	326.0	353.6	368.9	379.9	407.8
Other Income	9.8	7.5	9.1	9.0	9.0
Net Income	1,031.3	1,050.3	1,053.6	1,059.8	1,049.6
Debt	0	0	0	0	0
Retained Earnings	0	0	0	0	0
Capital Expenditures	23.1	29.3	81.8	28.7	27.1

Key Forecast Assumptions

With the many significant changes that have impacted the liquor landscape in the province—including the implementation of the new wholesale pricing model, the separation of Retail and Wholesale divisions by which BC Liquor Stores became a customer of LDB Wholesale, expanded operating hours and the introduction of refrigerated products at BC Liquor Stores and grocery stores to the liquor marketplace—the LDB continues to closely review and monitor the impacts of these changes on the LDB's financial and business operations.

The LDB's forecast has included the following assumptions:

- Market share and product mix remains stable for all future years.