



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS
DIVISION OF LIQUOR LICENSING AND ENFORCEMENT
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To: All Agency Liquor Stores
From: Tim Poulin, Deputy Director
 Laurence Sanborn, Division Manager
RE: Changes in pricing effective February 1, 2016 and pricing reminders
Date: December 10, 2015

This memo highlights pricing updates with an effective date of February 1, 2016. Please review the memo carefully.

Standard Category Mark-Up Project

As you are all aware, 4 times a year, we adjust prices up and down mainly at the request of suppliers. Currently, Maine is the only Control State that does not utilize a standardized category mark-up for its pricing of spirits.

A project to begin utilizing category markup pricing has been underway for a number of months. Its primary goal is to standardize gross profit margins within a category. We have developed the following internal pricing categories with a defined standard mark-up and moved all products into the appropriate category:

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| Brandy
Cognac
RTD/Cocktails
Cordials
Gin
Rum
Tequila | Vodka
Vodka – Value
Whiskey
Whiskey – Canadian
Whiskey – Irish
Whiskey – Scotch |
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Effective February 1, 2016, we will be implementing the results of this project. What does this mean to you? Many retail prices will be changing – nearly 600 SKUs with a price increase and over 600 SKUs with a price decrease. The good news is that in most cases, the suppliers adjusted their costs (the price for which they sell product to BABLO) in order to hold price changes on the key products that drive our business.

You will be getting a complete set of new shelf pricing tags because of this project based on your purchases over the last 24 months. You must replace all pricing tags for products on your shelves. As with other price changes, you must have the new pricing tags in place on and not before February 1st so please plan accordingly.

We appreciate the effort that this will require from you, but in the end, Maine will be in line with our sister control states, our suppliers will have predictability in determining pricing and Maine's pricing of spirits will be transparent.

General Reminders

Here is a list of general reminders about your responsibility as an agency liquor store. These reminders are not only about being in compliance with Maine's liquor laws but also reminders to stay competitive with other agency liquor stores in your area and with our competition south of Maine.

- 1. Pricing.** Pricing is fluid and you must keep up with quarterly price changes as well as monthly special pricing. This means your shelf tags must be correct and your point of sale systems must ring the correct price. Some of you have relied upon "hanging your price posting books" on your set, but ultimately, your tags and system must be accurate.

The Maine Spirits team provides you with regular and sale tags, so use them. Tags are mailed to you on the same schedule monthly along with the price books. If you don't have them by the beginning of the last week of the month, you should call your Maine Spirits Sales Representative.

Accurate pricing is essential. It's the single most important requirement for our agency liquor store partners, and our advertising stresses that pricing is the same everywhere spirits are sold. We have cited a number of agents for the lack of proper pricing, so don't let this happen to you.

- 2. Informational material mailed and emailed to you.** We are doing our best to keep you informed through periodic mailings and/or emails. These communications may come from BABLO or from Pine State Spirits and always provide important information about Maine's spirits business or Maine liquor laws. If you are not receiving them, please let us know.
- 3. Maine Spirits Team is here to help you.** The Maine Spirits team is your go to resource for assistance with sets, tags, pricing, and questions about how to maximize your spirits business.

Looking ahead, we are planning more special pricing programs and continuing to find new and different ways to communicate with consumers to drive them into your stores. We had a very successful first year and so far, through November, we are above last year's growth. Our partnership is important to the continued success of the spirits business in Maine. Keep up the good work and be sure to remain diligent on pricing matters.

If you have any questions, please contact Tim at (207) 287-6750/Tim.Poulin@Maine.gov or Larry at (207) 287-6754/Laurence.D.Sanborn@Maine.gov.