



## Category Merchandising Policy

Effective: December 6, 2022

# Merchandising Statement

All non-promotional display of beer product and related information will be made available to the public according to a disciplined set of rules and procedures as has been TBS practice. TBS is Brewer/Brand neutral so the methodology and practices followed to merchandise beer have been designed to be objective and in accordance with the Master Framework Agreement between TBS and the Province of Ontario dated September 22, 2015.

## Background

### Master Framework Agreement – September 22, 2015

Article 6 – Matters Relating to Management of the Corporation  
6.2 Merchandising, Marketing Promotions and Shelf Space

“a) All merchandising, marketing, promotions and shelf space programs and policies relating to the operations of the Corporation, shall incorporate the use of clearly defined Beer categories and, where applicable, subcategories except where Corporation can demonstrate that to do so would not be practicable....categories and subcategories shall be established based on fair and reasonable criteria...all Brewers shall be allowed to have products listed in all categories and subcategories....there shall be a subcategory called “Ontario craft beer” within the category of “Domestic specialty beer”.”

## Merchandising Categories

As of February 2023, all beer merchandised in TBS stores will be organized and identified by categories as defined below. NOTE: no one brand can occupy more than one category.

**Value** – all brands regardless of origin, that are >\$2 below the most popular priced brand per equivalent 24 pack,

**Premium** – Domestic (Canadian) brands priced above Value and below Domestic Specialty.

**Import** - Import brands produced outside Canada and priced above Value, including imported US brands.

**International** – Domestic brands that have historical international origins outside of Canada and the US and are currently produced within Canada and priced >\$2 above the most popular price point per equivalent 24 pack.

**Domestic Specialty** – Domestic (Canadian) brands >\$2 above the most popular price point per equivalent 24 pack.

↳ **Ontario Craft Beer** - A sub-category within Domestic Specialty defined as Ontario Craft Beer (same definition as above with the added requirement of 70% of world-wide production is in an Ontario facility with production < 400K hls).

### Important

For beer merchandising, TBS category re-alignment occurs once every 6 months. Weekly price changes or changes in production location could impact the classification of a brand to a particular category or subcategory but the shift will not be considered until the next re-set period. Any changes in assigning brands to a category may lag behind the impact of weekly/monthly price changes due to average smoothing over a 12 month rolling period.

# Category Applications

The Beer Store will categorize beer products in accordance with these definitions in most merchandising, marketing, promotion and shelf space allocation programs wherever practicable. The operational policy documents for specific programs related to Brewer brands will identify the manner in which the categories will be applied or whether their application is not operationally practical.

Category merchandising does not apply to all marketing, merchandising and promotional programs at TBS as outlined below.

Examples:

A. When categorization is practicable

Whenever all listed Brewers products or general information on them are available for display and priced to the consumer it makes sense to organize the displays into 'shoppable' categories.

**Examples include:** all TBS self-serve stores, in-store digital pricing touchscreens and the TBS website and app.

B. When categorization is probable

Whenever physical shelf space is limiting or there are restrictions on merchandising all listed Brewers or brands at one time, attempts at categorization will be made as practically as possible using labels, text/coding so customers make a connection with information from other communication devices.

**Examples include:** merchandising product on flow rack shelves in ICE Cold Express stores, on Beer Discovery lobby fixtures, and on shelves of Single Can Coolers.

C. When categorization is not practical

Whenever a) Brewers and brands cannot be fairly merchandised into all categories or b) retail operations cannot deliver a category grouping of products efficiently then it is deemed not practical to merchandise by the approved categories.

**Examples include:** the New Arrivals and Explore More coolers, individual Beer Discovery gondolas, the paid for display programs (EDP, FDP, End Caps), individual in-store promotions (Tastings) and beer related merchandise (Related Products, Beer Gear, bagged ice).

As well, whenever internal marketing programs are generic in nature and not related to any one Brewer or specific brand then it is not practical to apply the merchandising categories.

**Examples include:** generic marketing campaigns (e.g. Meet Beer campaigns, TBS gift cards, Responsible drinking), Operational Signs (Sandy's Law, We ID, Pack-up, Cold Beer etc.), Recycling and the Environment marketing (ODRP) or any other non-beer related third party advertising or promotional initiatives.