

DOING BUSINESS IN PENNSYLVANIA

For detailed reference, please refer to:

1. "Policies and Procedures for Wine & Spirits Vendors" at: https://www.lcb.pa.gov/Wine-and-Spirits-Suppliers/Managing-Existing-Business/Documents/Policies_and_Procedures_for_Wine_and_Spirits_Vendors.pdf.
2. "Forms and Resources" at: <https://www.lcb.pa.gov/Wine-and-Spirits-Suppliers/Managing-Existing-Business/Pages/Forms%20and%20Resources.aspx>.
3. "Vendor Code of Conduct" at: <https://www.lcb.pa.gov/Wine-and-Spirits-Suppliers/Documents/002458.pdf>.
4. "Vendor Portals" at: <https://www.lcb.pa.gov/Wine-and-Spirits-Suppliers/Managing-Existing-Business/Pages/Vendor-Portals.aspx>.

What types of licenses/permits are required for the winery?

Each vendor whose products are selected for listing must obtain a Vendor Permit from the PLCB's Bureau of Licensing. Either the producer or their broker may apply to become the "Vendor of Record." A vendor's permit fee of \$265 and filing fee of \$700 must be submitted with the application. Vendor permits must be obtained at PLCB+, the online regulatory system maintained by the Bureau of Licensing at <https://plcbplus.pa.gov/pub/Login.aspx>.

What are reporting and tax payment requirements for the winery? None.

What are the listing and delisting procedures in the state?

"Listing/De-Listing Letters" are emailed to vendors twice a year with details. See pages 3 & 4 of "Policies and Procedures for Wine & Spirits Vendors" for more details. See also the links to "Regular and Luxury Merchandise Purchase Order Standard Terms and Conditions" and "Instructions for Invoicing" on the "Forms and Resources" page.

Are there minimum order requirements that need to be taken into consideration?

There is no markup formula and all supplier pricing offers are negotiated individually at the Category Managers' discretion. Product requirements are acknowledged as each item is negotiated with vendors of record.

What are the procedures/terminology related to discounts and promotional programs?

Special Purchase/Vender Allowances (SPA or VA) prices are monthly discounts on a limited number of products designated for floor displays in PLCB stores. Selection is based on volume potential, profitability and marketing support. Category Managers select SPAs approximately 9 months in advance.

Pricing on each product is negotiated separately, so quantity discounts may be considered. Act 39 of 2016, which allowed food/convenience stores to get Wine Expanded Permits (WEPs) to sell wine to go, did not allow WEPs to use coupons, although PLCB stores have long honored instant redeemable coupons and mail-in rebates. Details about MIRs and IRCs are found on pages 8 & 9 of the "Policies and Procedures for Wine & Spirits Vendors" handbook. Vendors must submit a "Manufacturer's Rebate Offer Form" or "Instant Redeemable Coupon Worksheets" to PLCB at least 60 days in advance. Vendors use a "Vendor Allowance Portal" to put items on sale quarterly, to view sales of items on sale and to view coupon redemptions. Vendors may negotiate to include non-listed items in the Chairman's Selection program, which offers vintage- and appellation-specific wines sold at a significant discount from national prices,

or the Chairman's Advantage program, which offers wines that retail for less than \$10 per bottle. Venders may offer unlisted products for sale via the PLCB e-commerce site.

What are the rules of POS advertising opportunities and programs, and participation in advertising circulars?

Week-long SPA discounts may be advertised in monthly free-standing inserts (FSIs) in regional newspapers in six PA media markets. For special product promotions or deep discounts/flash sales or coupons, venders submit an FSI Submission form to RA-LBPromo@pa.gov. Special discounts/flash sales offered, sales volume, trends and seasonality are factors for selection.

What are "special order" procedures? How is this different than having products listed?

Beyond regular listed items, the PLCB sales channels are Premium Collection, Chairman's Program, e-Commerce and Special Liquor Order (SLO). For SLO information, see "2017 SLO Program Changes Guide for Suppliers." All ordering and filling of SLOs by consumers and licensees is done via the Licensee Online Order Portal (LOOP) at <https://www.lcb.pa.gov/Licensing/ResourcesForLicensees/Pages/LOOP.aspx>. See also the "Special Liquor Order Maximum Freight Allowances" link on the "Forms and Resources" page. Details about the other programs are found in the "Policies and Procedures" handbook. Vendors use an "SLO Portal" to manage special order business, to 1) enter orders, submit new Special Order items, check for item approval or rejection, manage freight costs and manage item costs; 2) view orders from stores and PLCB headquarters to determine delivery requirements and track product receipt and sale; and 3) locate cancelled orders to determine if product needs picked up from stores.

Information about bailment in their warehouses?

PLCB's three contracted distribution warehouses in Philadelphia, Taylor (Lackawanna County) and Pittsburgh are all bailment facilities. For details on getting product to them, see pages 7 & 8 ("Supply Chain Requirements") of "Policies and Procedures for Wine & Spirits Vendors."

Vendors use the "Vendor Collaboration Portal" to facilitate business processes involving planning, shipment, purchase orders, invoices and returns. Through it, vendors 1) access item sales forecasts for 26 weeks, review sales history back 13 weeks, view daily-updated distribution center inventories, and see planned withdrawals; 2) document shipments to PLCB, identifying items, quantities and arrival dates at distribution centers, and search for existing shipments and export shipment data; 3) search, view and export purchase orders, check receipt of each purchase order and check the invoice eligibility status of POs; 4) create and search invoices to ensure accurate billing to PLCB, and check status of existing invoices; and 5) create, modify and search "Returns to Vendor" (RTVs) for inventory in distribution centers.

Who are key contacts for the various interaction points a winery would have?

See pages 4 & 5 of "Policies and Procedures for Wine & Spirits Vendors" for names of Category Managers for regular listed and premium products.

What is the role of brokers in the state? How does a winery identify and contract with a broker?

Winery use of brokers is not required, nor do brokers have franchises in PA. Southern Glazier's and RNDG/Breakthru represent the majority of wine sales, although there are smaller brokers in the state. The Pa. Wine & Spirits Association (PWSA) is a trade group of supplier and broker representatives that will connect wineries to potential brokers if there is no existing relationship.