

Survey of Business Views on the Liquor Act

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Yukon Chamber of Commerce

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About the Survey

The survey of Business Views on the Liquor Act Review was developed by the Food and Beverage Committee of the Yukon Chamber of Commerce. The survey originated from the need to better capture the views of the food and beverage industry regarding the Liquor Act Review undertaken by the Government of Yukon. The survey was launched on December 4, 2017, and closed on January 5, 2018. From the 73 respondents, 66 completed the entire survey (7 respondents completed a portion of the survey and then stopped), 15 provided suggestions on liquor retail options, and 15 added further comments.

Respondents

Which community do you live in? (n=66)

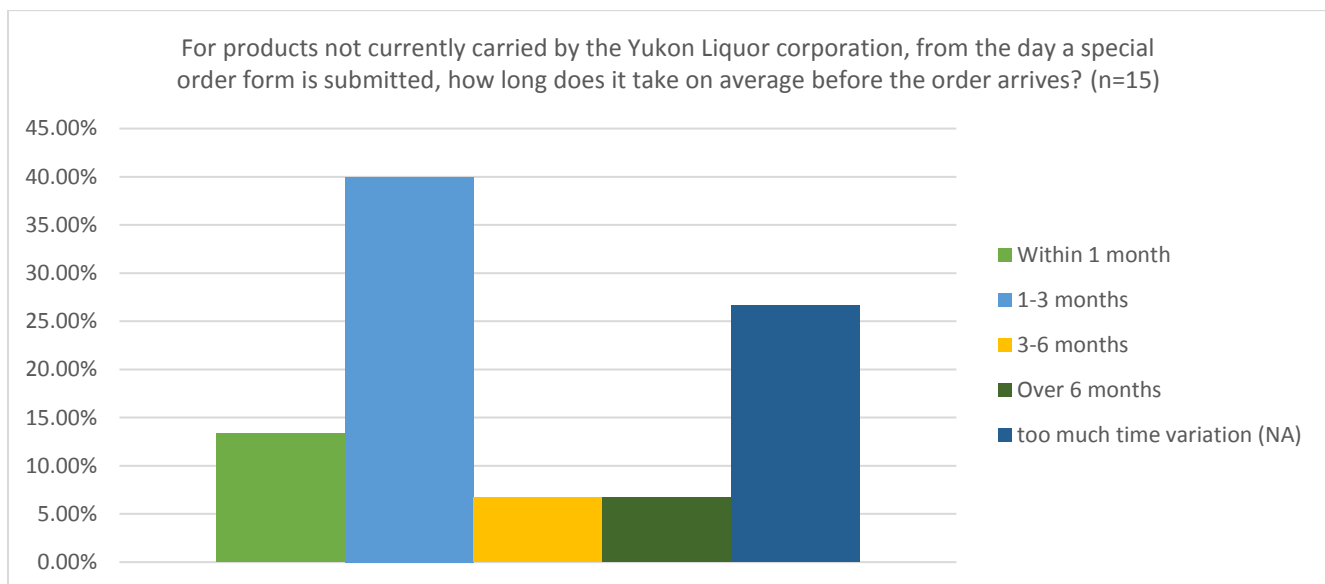
Carmacks: 1%	Dawson City: 9%	Marsh Lake: 3%	Mayo: 3%
Tagish: 1%	Watson Lake: 14%	Whitehorse: 62%	Other: 2%
Prefer not to say: 5			

Liquor Licences

- 22 respondents, representing 30 % of all respondents (n=73), own or operate a business with a liquor licence in the Yukon
- Almost half of the respondents with a liquor licence also have an off-sales licence (10 individuals)

Special Orders

From a licensee's standpoint, it is important to provide clients with a variety of products that reflects the offerings available in other jurisdictions and showcases products made in Yukon. One of the main concerns we heard in recent years relates to the time required to receive a special order and the minimum quantity (cases) needed for special orders to be processed. Therefore, the Food and Beverage Committee included the following question on its survey.



It must be considered that some products have a shorter shelf-time and that a long waiting period to receive products may impact the licensee's ability to sell the item before it becomes unsuitable for consumption, especially in the communities. Also, the minimum quantity that must be ordered represents a difficulty for most

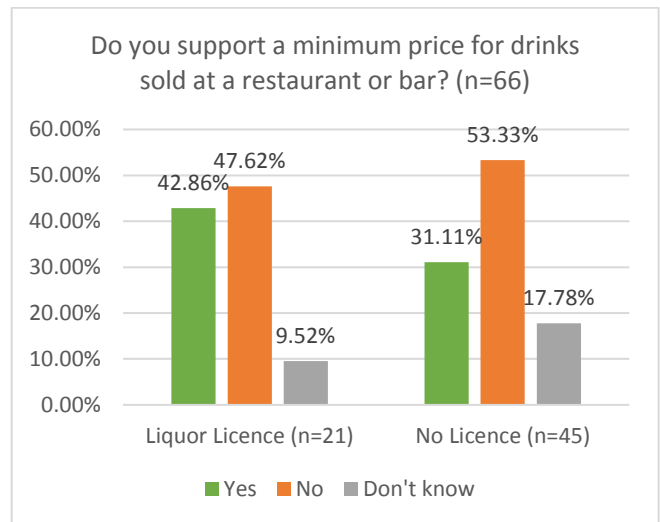
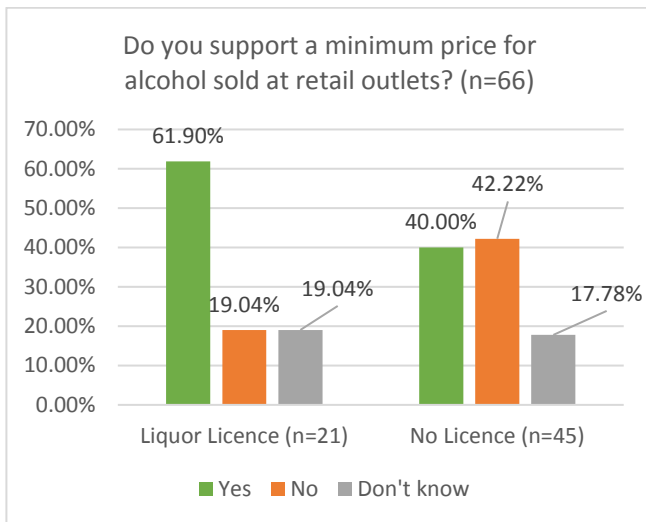
licensees with limited storage space and small markets. It is the view of the members of the Food and Beverage Industry that special-order processes could be improved for the benefit of customers, visitors and licensees.

Suggestions

- Increase storage abilities of YLC to carry a broader selection of products. This would most likely decrease the number of special orders.
- Based on marketing trends in other jurisdictions, have new products listed sooner so licensees would not have to request special orders to meet customers’ expectations.
- Provide licensees specifics on delivery times for special orders.
- Provide licensees with information on minimum quantity based on product category and supplier location.
- Improve communication and sharing of information on special orders (For example, see BC Liquor Stores website: <http://www.bcliqorstores.com/special-orders>)

Minimum Price

Canada’s National Alcohol Strategy makes a number of recommendations that aim to encourage a culture of moderation and to reduce harm caused by alcohol. One of the recommendations is to adopt minimum pricing strategies for alcohol, to ensure that products cannot be sold at significantly reduced prices. As a general rule, higher prices can help to reduce consumption.



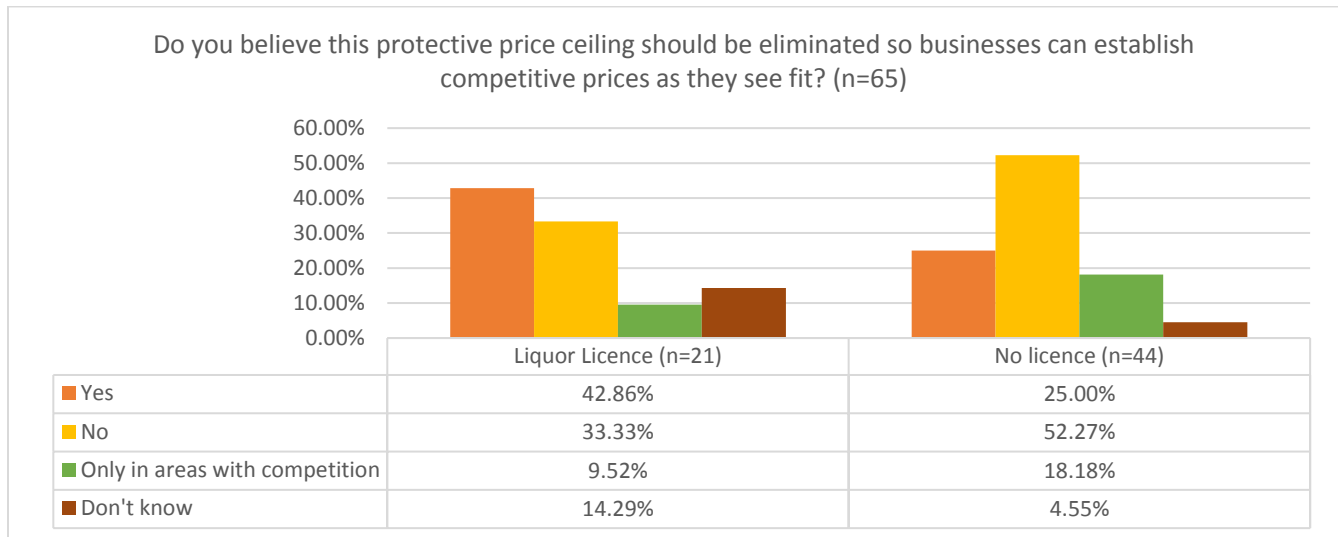
A majority of licensees support a minimum price for alcohol sold at retail outlets. However, businesses without a liquor licence were fairly split on this question. Although a few respondents have commented that “market conditions should dictate the cost of goods”, others have highlighted that it offers protection from unfair competition (selling below cost). It prevents licensees using pricing alone to eliminate competitors. The minimum price was particularly seen as important if sales of alcohol become privatized at some point and large supermarkets share the market with existing small local businesses. A minimum price for alcohol may also prevent questionable practices such as money laundering.

The licensees were a lot more divided on the establishment of a minimum price for drinks sold at a restaurant or a bar. As above, some mentioned that businesses should be able to define the right price according to their

business model and financial success while others were supportive for a minimum price for restaurants and bars. There is no consensus on this question among licensees.

Protective Price Ceiling

The Liquor Act limits the price of liquor sold through off-sales licenses as a consumer protection tool (e.g. a price ceiling). Currently, off-sales prices cannot be any higher than 30% more than YLC’s liquor store retail prices.



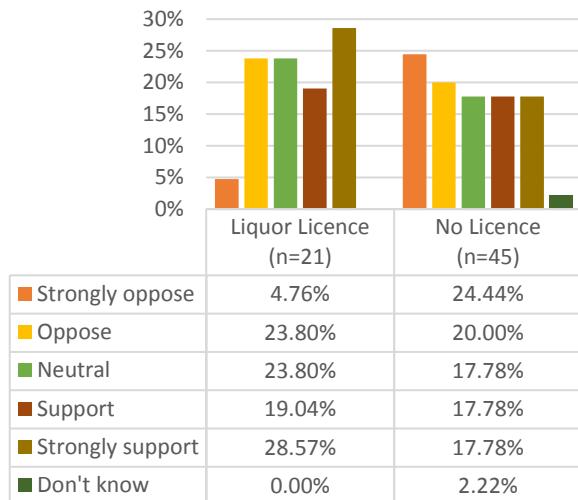
A majority of licensees (42%) believe that the protective price ceiling should be eliminated whereas a majority of non-licensees (52%) believe it should not be eliminated. Most of the comments on this question related to price gauging and the fear that price will dramatically increase in areas without competition. However, some believe that customers will prefer to purchase outside of area of service if the price is too high or use the government liquor stores if there is one available.

Suggestion

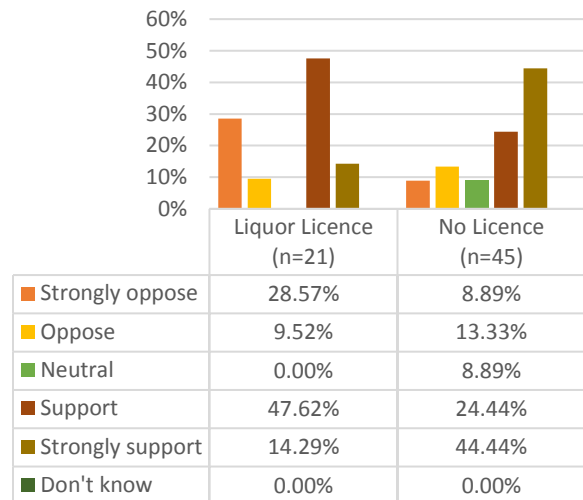
- Provide wholesale pricing low enough to allow outlets to set off-sale pricing closer to the pricing offered by the liquor stores. For off-sale providers located in communities, an increase in the volume of local purchases may offset revenues lost due to lower prices. For communities without a liquor store operated by the government, this would ensure Yukoners are able to get products at a price comparable to that of the one offered in communities with a liquor store. As many customers living in communities without a liquor store buy outside their locality, adjusting wholesale pricing for off-sales may also limit the loss of revenues for the few businesses established in communities.

Liquor Retail Options

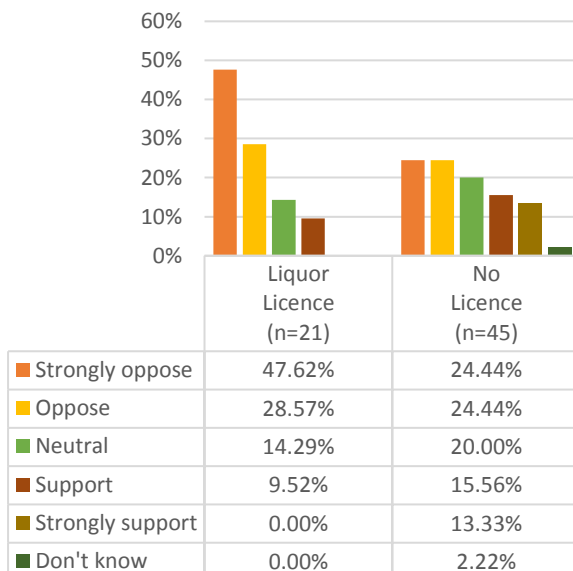
Allow only bars, restaurants and other primary holders to sell off-sales (n=66)



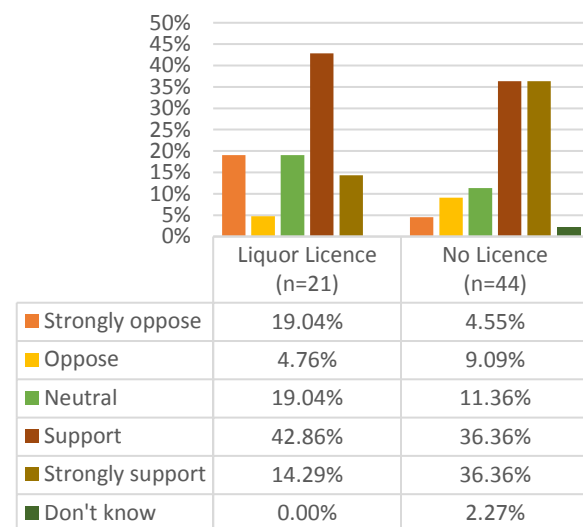
Allow for grocery stores to sell some liquor products (n=66)



Allow home delivery services (n=66)



Allow for stand-alone private liquor stores (n=65)



In regard to liquor retail options, a few respondents commented that facilitating access to products could be convenient for the public. However, others highlighted there was no need for increasing the number of liquor outlets in Yukon in light of the social issues related to alcohol consumption and the perceived high number of licensees in some areas. While a few believe that increasing competition may be beneficial for consumers, others fear it would affect existing licensees, especially restaurants and businesses established in Yukon communities where liquor sales help absorb overhead costs. Aside from off-sales, businesses established in communities often provide other services such as convenience store, restaurant, gas station, etc. A loss of off-sale revenue caused by increased competition in a small market showing no growth in demand could potentially

make other areas of service no longer sustainable, hence putting the community at risk of losing some or possibly, all services offered by the business.

Concerning home delivery, if it can potentially reduce impaired driving, the option of having alcoholic products delivered at home was mainly seen socially risky, some people questioning how this could be safely implemented (assessment of intoxication levels, age identification, etc.).

Other liquor retail options suggested by respondents:

- Beer and wine stores
- Liquor stores should be open 7 days a week
- Should be allowed in grocery store
- Specialist wine merchants allowed to sell wines and derived products
- Big box store discounters.

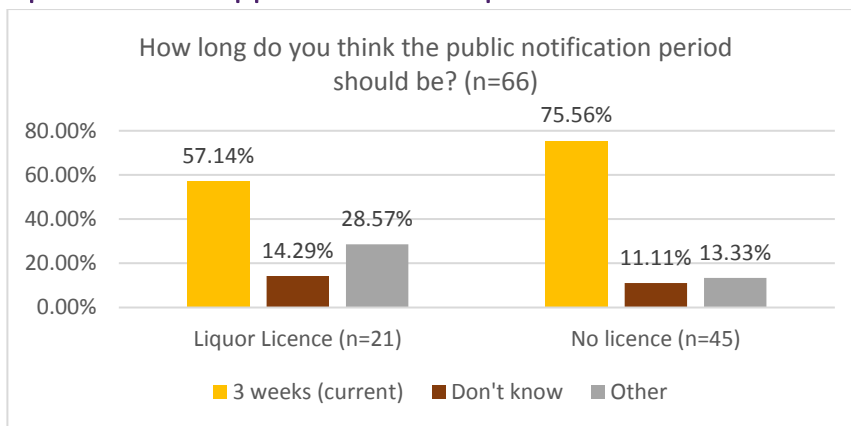
Staff Training

85% of the liquor licensees and 84% of business without a liquor licence agree that anyone who sells or serves liquor be required to have responsible liquor service training. There is no doubt that most businesses support staff training in this area and encourage proper customer service. The main question is how staff can be trained without adding to the existing burden of employee recruitment and retention for this sector or increasing cost incurred by the employer. Some participants in the survey felt that mandatory training for volunteers serving at a fundraising event should not be required.

Suggestion

- Discuss with business owners the design (online, classroom setting, on-the-job training, etc.) and requirements (completion timeline, renewal/retesting, etc.) of such a training program.

Liquor Licence Applications & Suspensions



Other

- One week (n=1)
- Two weeks (n=5)
- Three weeks but should be up for review every 3 months (n=1)
- Three weeks but should apply for new licenses only (n=1)
- Longer so people can make comments (n=1)
- Six to eight weeks (n=1)
- Two months (n=1)

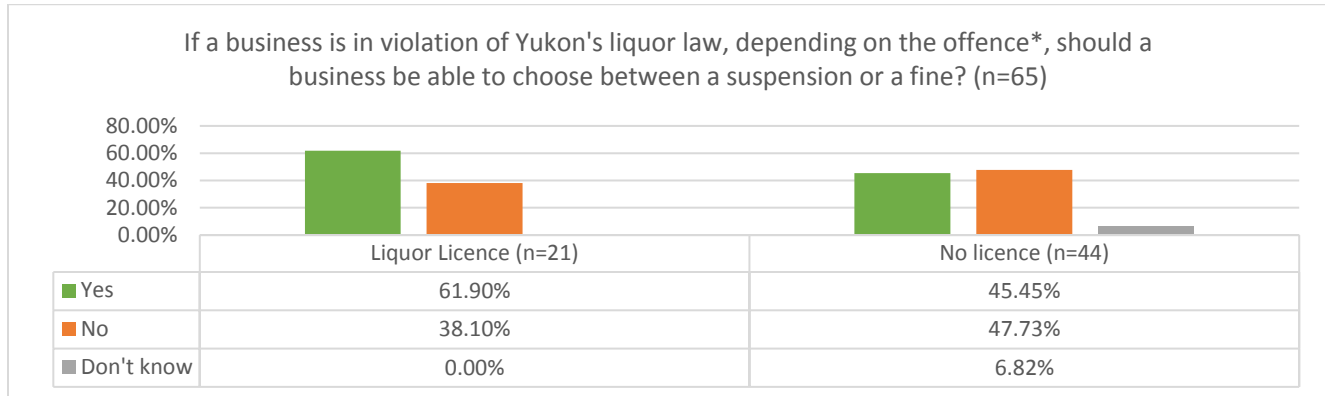
Most respondents agree that three weeks for notifying the public of new and renewal of liquor license applications is adequate.

It should be mentioned that some comments were made through this survey on the number of licensees in specific areas, but also in the Yukon in general. Many of these comments referred to the high level of

consumption and substance abuse in the Yukon while others were more concerned about increasing competition.

Suggestion

- Have an independent body (independent from YLC and Municipalities) that would review the issuance of licenses.



This question was difficult to answer due to the wording used i.e. “depending on the offence”. Obviously, not everyone will judge the severity of an offence the same way. A few participants mentioned that a suspension will definitively impact a business.

General Comments

There is no statistical doubt that Yukon has an elevated rate of alcohol consumption per capita. Many comments highlighted the social burden addiction represents. However, while some of the respondents are understandably concerned with this fact, others believe that the role of the Liquor Corporation Board should have a commercial focus and its administration should be based on sound business practice.