



Vermont Department of Liquor Control

Guide to Product Selection and

Distribution in the State of Vermont



October 2016



Foreword

The Vermont Department of Liquor Control (DLC) continually strives to provide the best possible service and product selection for the citizens of Vermont. Accomplishing this task requires that we model best practices and are able to adapt to changing consumer demands.

This guide is intended to serve as a reference for suppliers, brokers and listing committee members who are either currently doing business in Vermont or are serving on the listing committee, as well as to educate new and prospective suppliers, brokers and committee members about Vermont's products procedures, selection and distribution systems.

As with any retailer/wholesaler, product selection is made at the sole discretion of the DLC as a market participant. Although, the purpose of the "Guide to Product Selection and Distribution in the State of Vermont" is to provide general guidelines, nothing within it shall be construed to limit the ability of the DLC from selecting or discontinuing any product it deems appropriate under its business model.

Table of Contents

Products	Page 7
Listings	Page 7
Requirements for Listing	Page 8
Process For Reconsideration	Page 9
Size Extensions	Page 9
Trading Products	Page 9
Seasonal Items and One-Time Buys	Page 9
Store Selection and New Product Allocation	Page 10
Shelf Guide Placements	Page 10
Price Changes	Page 10
Special Orders	Page 10
Sales Program	Page 10
Advertising	Page 11
De-listings	Page 11
Listing Committee	Page 13
Duties/Purpose	Page 13
Voting Guidelines	Page 13
Information Review	Page 14
Membership	Page 14
Meetings	Page 15
Samples	Page 15
Code of Ethics	Page 16
Warehouse	Page 17
Bailment Inventory System	Page 17
Ordering Inventory	Page 18
Bottle Deposits	Page 18
Promotional Packaging	Page 18
New Vendors	Page 19
Shipping	Page 19
Case Code Label Instructions	Page 19
Pallet Requirements	Page 20
Merchandising and Promotion	Page 21
Shelf Management	Page 21
Broker and Supplier Representatives	Page 22
Signage, Coupons, etc	Page 22
Promotional Materials	Page 23
In-store Consumer Tastings	Page 23
On-premise Tastings of Distilled Spirits	Page 24

Mission

The mission of the Vermont Department of Liquor Control is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, education; and to provide excellent customer service by operating efficient, convenient Vermont Liquor Agencies.

Vision

The Vermont Department of Liquor Control will continue to emerge as a valuable and efficient business partnered with the State of Vermont by contributing to the State's economy through a network of well-aligned agency stores which carry a wide selection of products from Vermont and around the world. The Department will continue to strive to offer an enhanced experience for consumers, ease of licensing and a consistent regulatory process where the main focus is improving public safety.

Authority

The authority to purchase spirituous beverages on behalf of the Liquor Control Board is granted to the Commissioner of Liquor Control under Title 7, "Chapter 5: Department of Liquor Control, Section 107. Duties of Commissioner of Liquor Control", subsections (4) and (5):

"(4) Supervise the quantities and qualities of spirituous liquor to be kept as stock in such local agency and make regulations subject to the approval of the Board regarding the filling of requisitions therefore on the Commissioner of Liquor Control.

(5) Purchase through the Commissioner of Buildings and General Services spirituous liquors for and in behalf of the Liquor Control Board, supervise the storage thereof and the distribution to local agencies, druggists and licensees of the third class and make regulations subject to the approval of the Board regarding the sale and delivery from such storage plant."



Products



Listings

The Vermont DLC reviews new products quarterly to determine which products will be carried on store shelves in Vermont Liquor Agencies through a process called “listing.” Listing a new item or a product size extension (a different size of a product already carried) allows products to be distributed to Vermont Liquor Agencies and guarantees it will appear in the 802 Spirits liquor price guide., The listing process requires that liquor manufacturers and brokers present new products to a “Listing Committee” made up of DLC staff, agents and licensees. This committee evaluates each new product based on a number of criteria. Each committee member casts a vote for each listing proposal. The Liquor Purchasing Coordinator tabulates the votes and makes new listing recommendations to the Liquor Control Board. After reviewing these recommendations, the Liquor Control Board then decides what new products to list.

Four times per year DLC lists new products or product extensions. Listing Committee meetings are held in January, April, July, and October.

The Listing Committee evaluates products based upon criteria such as:

- Category trends
- Price comparisons to other like products
- Sales in other states
- Category need
- Brand strength/recognition
- Packaging and appearance (uniqueness)
- Special order demand/customer request
- Promotional support
 - In-store samplings

- Promotion \$ (local and national)
- Price support \$ (sales, monthly discounts or Depletion Allowances)
- Manufacturer's history with supply chain management of inventory (e.g. out of stocks or over stocks)

Presenters are highly encouraged to address the above criteria in their presentations, along with other pertinent information, such as history of the product, how it is made and serving suggestions. The Committee should be able to see an actual bottle of the product, a photograph of the bottle and label. Labels must adhere to the advertising guidelines listed on page 12. A brief (one paragraph) description of the product for the web and the store cash registers is also required. Presenters are asked to limit their presentations to a total of twenty minutes per listing meeting.

Listing Committee members confer after the presentations to share information regarding the products just seen. Members are asked to submit their votes along with an explanation of any "no" votes at the conclusion of the meeting.

Certain concessions in the Listings procedures may be given to products that are made or distilled in Vermont. Makers of these products must hold a valid Vermont Manufacturer's or Rectifier's License.

Requirements for Listing

Suppliers and/or liquor representatives must complete a new item data sheet, entitled "A Blank Listing Requirements NEW spreadsheet" for each product and a standard NABCA Standard Quotation and Specification Form found at:

http://liquorcontrol.vermont.gov/sites/liquorcontrol/files/pdf/spirit/Standard_Quotation_and_Specification_Form.pdf.

These must be filed with the Liquor Purchasing Coordinator at least two weeks prior to the listing meeting. Suppliers are limited to six items per listing meeting.

The information needed to complete the "A Blank Listing Requirements NEW Spreadsheet" includes:

- Supplier
- NABCA Code (if available, Vermont produced products may be assigned a unique code by the Liquor Purchasing Coordinator)
- Size
- Pack
- Proof
- FOB
- Suggested retail
- Price support – months
- Price support – dollar amount
- Type of local advertising
- Advertising in price guide magazine
- Type of national advertising
- Agency (store) tastings
- UPC label attached
- Quote
- Presenter(s)

DLC requires that a NABCA Standard Quotation form be completed for each item submitted for consideration. Required information on the quote form includes, but is not limited to:

- NABCA code
- Bottle weight
- Bottle dimensions
- UPC
- SCC
- Cases per pallet
- Cases per layer
- Total invoice cost per case
- Representative for the state
- Proof/alcohol %
- Number of bottles per case
- Copy of the TTB label approval (Federal COLA)
- A completed "A Blank Listing Requirements NEW" spreadsheet
- A sample of the product (not a requirement)

The Liquor Control Board or the Liquor Control Board's Designee reserves the right to change the number of product listing requests.

Process for Reconsideration

A product that is not listed may be presented again in six months.

Size Extensions

Requests for size extensions must be accompanied by the same forms as for new products. The DLC will evaluate size extension requests based on the sizes of the product currently being sold, brand sales trends, and category need.

Trading Products

Items that are under revenue review for delisting (see page 12) may not be traded for a new product. All new products are subject to the listing criteria, other than one-time or seasonal buys.

Seasonal Items and One-time Buys

Seasonal items are any item that has a visual reference to a holiday or seasonal event. Seasonal items may be presented to the Liquor Purchasing Coordinator who will decide whether the product is appropriate for the DLC stores and the quantities to be ordered. (what is the submission deadline?) One-time buys of products, for example, allocated or special edition products, may also be presented to the Liquor Purchasing Coordinator. The goal of one-time buys is to sell out the products within a certain limited time frame. The Department will limit selection of holiday gift packs to listed product codes so we can sell the product on the shelf if there is any unsold product at the end of the season.

Store Selection and New Product Allocation

The top twenty stores in gross sales are allocated inventory of all new products listed. The quantity they receive is determined by the DLC Area Retail Coordinators for their stores. Products made by an in-state distiller will be distributed to Vermont Liquor Agencies in towns within close proximity to their distilleries. All agencies receive notice of the newly listed products, along with order codes and product descriptions after the product has been received at the VDLC warehouse. Those agencies that do not receive automatic distribution may request the product based on anticipated sales and space availability.

Shelf Guide Placements

Suggested shelf set diagrams (planograms) are sent to stores on an as needed basis. Planograms indicate where new listings should be placed into categories with a specific shelf location. (See more under "Shelf Management", page 24).

Price Changes

Suppliers may submit FOB quote changes quarterly for retail price changes in February, May, August, and November. Please refer to the VDLC website to access the on line fiscal calendar for specific submission deadlines. New price quote forms must be filed with the Liquor Purchasing Coordinator.

Special Orders

As a service to customers, Vermont DLC offers to purchase products that are not listed through a special order process. Special orders require a minimum consumer purchase of three units. Special orders can be placed either by web, by calling the DLC or at an agency. DLC makes every effort to locate and order these items in a timely manner. However, they may take additional time to be shipped and received into the warehouse.

Sales Program

Suppliers may offer "Depletion Allowances" (D.A.'s) for the entire fiscal month. Depletion allowances are only available for brand listings that are designated as Regular Distribution. All suppliers are highly encouraged to support their brands performance through the DLC sales programs.

Specifics of the monthly sales programs include: Suppliers will be required to offer a minimum of a two-dollar retail price discount to qualify for a Depletion Allowance.

- The Department will allow suppliers to program each Regular distribution product code six times annually. The depletion allowance discount amount must be at least three dollars to qualify for an agency store floor display. Back to back deal months will not be allowed
- All programming quotes must be submitted to Liquor Purchasing Coordinator at least sixty days in advance of the program month. Please refer to the fiscal calendar posted on our website to become aware of programming quote submission deadlines.
- Brokers are encouraged to work with agency owners to establish locations for their floor displays.
- The Department will provide suppliers with price support for two deals at \$2 to \$1 and two deals at \$3 to \$1 annually. Suppliers are encouraged to advertise programmed pricing in newspapers.

Advertising

The Vermont Brokers currently work with one print ad contractor to determine a selection of publications that provide coverage for the entire state. The contractor also creates the graphics for the ads. The VDLC Marketing Director must approve all print advertising.

DLC contracts directly with several news organizations to run ads in the western NY and Massachusetts areas. Again these ads feature only products with a minimum of a three-dollar discount. The publishers provide the ads with DLC Marketing Director's approval.

DLC also publishes its own monthly price guide magazine – *802 Spirits*. The DLC Marketing Director provides general oversight and content management of the publication with McLean Communications providing the features, photography, graphics, ad sales and printing. While not required, all vendors and suppliers are asked if they intend to run an ad in the magazine for each new product listed in the state.

All advertising materials for distilled spirits must be approved by DLC Marketing Director. Ad artwork may be refused if the artwork:

- Contains nudity or partial nudity
- Appeals to children or underage persons
- Encourages overconsumption
- Implies drinking enhances performance in sports, sex, etc.
- Shows drinkers engaging in irresponsible acts
- Is not in accordance with any statute, rule, procedure, practice or guideline adopted in Vermont related to spirituous product advertising

De-listings

“Delisting” is the process by which products with a low contribution margin (sales and profit margin) are removed from Regular Distribution and the DLC price guide. Many of these items will remain available to consumers through either Limited Distribution or the special order process. De-listed products are removed from the warehouse and the published price list. Brokers and suppliers are highly encouraged to have exit strategies for all their products in case of delisting.

The Liquor Purchasing Coordinator sends out the history of case sales on a monthly basis so suppliers know how their products are doing. De-listings take place quarterly (January 1, April 1, July 1 and October 1).

Products must generate a minimum of \$6,000.00 gross profit to remain in Regular Distribution.

Delisting Criteria

Note: the only exceptions to the de-listings are 50mls.

50MLs, cannot be sold for less than \$1.99, per Board policy.

Products with a pattern of out of stock situations in the DLC warehouse due to inconsistent supply are also subject to the delisting criteria.

Suppliers have a thirty-day window to pick up product left in the warehouse after it is delisted. If products are not picked up within the 30 days, they will be destroyed.

There is a six-month minimum before a de-listed product can be offered for re-listing.

The Liquor Control Board reserves the right to reconsider products at any time, even those that have been delisted and may have been previously required to wait six months for listing reconsideration.

Delisted products will often be discounted by the DLC at retail in order to remove any remaining inventory from the store shelves.

Listing Committee



Duties/Purpose

The Vermont Department of Liquor Control Listing Committee's duty is to review all products presented to the Vermont Liquor Control Board and to suggest which ones to make available in the Vermont Liquor Stores on a regular basis. (Note - other products may be available to consumers through the special order process.) Members of the Committee vote on whether to list a product or not and those products with a majority of "yes" votes are recommended to the Board for listing. The Board has the sole authority to either accept or reject the recommendations made by the Listing Committee.

Voting Guidelines

Each member is allowed one vote on each product presented. Votes may be cast in person, by email or by telephone and given to the Liquor Purchasing Coordinator who tabulates the votes. Only those present at the presentation meeting may cast a vote.

The Listing Committee takes into consideration the criteria outlined on page 8 when determining whether or not to make the product available to Vermont consumers.

Information Review – e.g. what members are expected to know or review prior to a meeting

All members are expected to participate in the conversation regarding the new products, to ask questions of the presenters, be knowledgeable of some aspect of the spirituous beverages industry and to bring with them their particular area of expertise in deciding which products to recommend to the Liquor Board for listing. The Liquor Board relies on the expertise of the committee members in choosing a wide range of spirituous products that are appropriate for the State of Vermont. Members are expected to review the materials sent from the Purchasing and Pricing Office prior to the meeting including:

- The list of appointments and times
- The products being presented from each company
- The spreadsheet including the product, shipping and marketing information, and the presenters
- Product samples are not allowed

Membership

The Listing committee is made up of a combination of permanent members and revolving members.

A. Permanent members

Permanent members are a selection of DLC staff in positions related to the purchasing, warehousing and merchandising of products including a representative from the Purchasing & Pricing Division, one representative from the Liquor Warehouse, a representative from the Retail Division and the Director of Marketing. Each member of the committee is expected to bring with them a specific type of expertise that will aid in the recommendation process.

The representative from the Purchasing & Pricing Division is expected to have a working knowledge of the State's overall product mix, including pricing, product history (e.g. has the product been listed before), shipping or inventory issues and special order sales.

The Liquor Warehouse representative is expected to bring knowledge of space availability for new items and provide information on packaging (including case packaging), inventory levels, out of stock situations, insight into cooperation by companies in maintaining proper inventory levels and timely returns of unwanted items or overstocks.

Representatives from the Retail Division should be prepared to be conversant in proposed product mixes for the stores, walk-in consumer sales and sales trends, in-store inventory levels (particularly sales items), store merchandising and general store trends and needs. The members from the Retail Division rotate serving on the Committee with each serving one year.

The Director Marketing looks at the overall marketing programs for the new items. This position is responsible for processing the written product descriptions that accompany listing proposals. These product descriptions are used for the store cash registers and the Department's web site. This member also coordinates advertising of new products with the price guide magazine publishers.

B. Revolving members

The revolving members of the Committee include two retail representatives, usually an agent of record or a store manager of an alternate agency store and two on premise licensees. (usually owners or managers) from an on premise account or restaurant. The store and licensee representatives serve for two years. Those interested in serving may express their interest with the Director of Retail Operations, who will keep an ongoing list. Representatives are chosen at random, though anyone who has already served will be asked to wait at least one two-year term before being considered for the position again. Those who have never served are given priority over those who have. Interested store representatives are picked on a lottery basis.

Licensee representatives are chosen on a referral basis. Representatives are chosen on their knowledge of the liquor industry, as a whole, and products as they relate to on premise accounts. Licensee representatives are required to attend at least one Board hearing involving licensee violations.

Committee Members serve at the pleasure of the Board. Revolving members are purely volunteer and advisory. For the purposes of serving on the Listing Committee, revolving members are not employees, agents and/or contractors of the DLC and have no expressed or implied authority to represent the DLC as such.

Meetings

A. Attendance requirements

Members are asked to attend all quarterly listing meetings. However, if a member misses two consecutive meetings, the Liquor Board will be notified to determine the need for a replacement.

Listing board members are highly encouraged to attend the annual DLC Marketing Meeting with industry.

B. Frequency and location

The Listing Committee meets four times per year in January, April, July, October. Listing meetings usually last for four to five hours or as needed to hear all the scheduled presentations. All meetings are held at the Department of Liquor Control offices in Montpelier.

C. Mileage reimbursement

Members are required to provide their own means of transportation to and from the meetings, with mileage reimbursement provided. Rates for reimbursement are determined by the State of Vermont. Forms for the reimbursement are available from the DLC and should be submitted for payment to the DLC Accounting Division within 30 days of the meeting.

Samples

Product samples will not be accepted by members of the listing committee in accordance with the "Interim Policy on the Acceptance of Vendor Samples" dated October 12, 2015.

Code of Ethics

It is critical that members maintain the highest ethical and professional standards to protect the reputation and integrity of the listing committee, and the Department of Liquor Control. This includes not only avoiding impropriety, but avoiding the appearance of impropriety.

Therefore, committee members may not:

- Accept title or possession of anything of substantial value from any officer or employee of any manufacturer, supplier, distributor or marketer of any spirituous liquor or their representative.
- Use their vote to coerce manufacturers or representatives into providing anything of value to them or any other committee members.

All committee members are required to:

- Conduct themselves in a professional manner when attending any event associated with the Vermont Department of Liquor Control.
- Dress code whenever attending a meeting or function sponsored by the Department of Liquor Control is business casual.
- Disclose any direct or indirect ownership in a manufacturer, supplier, distributor or marketer of any spirituous liquor.

Warehouse



Bailment Inventory System or Bailment Warehouse

The term “bailment” means delivery of personal property by a bailor (supplier) to the Bailee (DLC) for specific purposes under an express or implied agreement of both parties. When those purposes are accomplished, the property will either be returned to the bailor (supplier), held by the Bailee (DLC) until the bailor reclaims it, or is disposed of according to the agreement.

When suppliers ship their products into the DLC Warehouse the products continue to belong to the supplier until they are placed on a truck and shipped to a DLC’s store. Once the bailment merchandise is placed on a truck it becomes the property of the DLC. Only at that time does DLC become responsible for the payment of these products to the supplier. While the inventory is in the DLC Warehouse, it is still the property of the supplier. The supplier retains legal title to and bears the risk of loss of these products, unless loss or damage is caused by the DLC.

Payments to the suppliers are based on accurate accounting of inventory and shipments to the stores. The State of Vermont is the sole distributor of distilled spirits and fortified wines in the state. Suppliers may not sell directly to retailers or consumers, except where provided for in law (licensed manufacturers may sell directly to consumers with special licenses and permits). DLC charges no fee for bailment. A completed “Bailment and Trading Agreement” must be on file before a new supplier can participate in the bailment inventory program with the Vermont DLC. This can be found at:

http://liquorcontrol.vermont.gov/sites/liquorcontrol/files/pdf/spirit/Supplier_Bailment_Agreement.pdf

Inventory reports are sent to suppliers weekly (Do we need to do this weekly once we start managing our own inventories) and at the end of every month. Included in the report is: a description of the product, the DLC inventory (usually a negative number as these are depletions), the supplier's inventory, a total inventory number. This is the maximum number set by the Liquor Purchasing Office of inventory allowed for that product (usually only faster movers).

Every two weeks, liquor purchase orders are issued to the suppliers stating what DLC owes them for inventory shipped to the stores. This information is also forwarded to the Department's Accounting Division for payment. The Accounting Division reviews the purchase orders and determines which invoices will be forwarded to the Department of Finance for payment.

Ordering Inventory

Effective January 1, 2017 the VDLC will commence a Bailment Replenishment ordering program. Suppliers will be responsible for shipping requested quantities of product to be delivered by appointment to the DLC Warehouse on dates indicated on the Replenishment Order form. Suppliers will be required to maintain minimum inventory levels set by the Department. Penalties will be assessed to the suppliers for inventory levels under the minimum prescribed levels. If requested inventory quantities are short shipped or not shipped for a product code that is being programmed the deal will be canceled. Repeated problems with D.A. shipments will place the supplier in jeopardy of being removed from the next listing presentation.

DLC requires that the supplier contacts the warehouse to schedule an appointment on the requested shipping day on the replenishment order. Shipments that arrive at the warehouse without an appointment will not be received. The Liquor Purchasing Coordinator is authorized to adjust received quantities as needed.

Bottle Deposits

Vermont requires, by law, that bottle deposits to be charged at the time of sale. In this manner, consumers are encouraged to return liquor bottles for the deposit amounts to either a Vermont Liquor Agency or a certified redemption center.

All inventory received by the DLC Liquor Warehouse must have stickers on the bottle indicating that a deposit will be collected. If they do not, it is the responsibility of the supplier to make sure bottle deposit stickers are affixed to the bottles at their cost.

Promotional Packaging

Value-added products are items of value that are included in a unique package of regularly listed products. Examples of value-added products are t-shirts, flasks, shot glasses, glassware, mixers, etc. There can be no extra charge added for these products and the listed product must sell at its normal retail price.

Value-added products may be shipped with products or attached to products at the DLC Warehouse by the supplier or their representative. (For example, suppliers have attached 50ML bottles of other liquor products or maple syrup to bottles for shipment in Vermont.)

Value-added products are particularly popular at the holidays. Stores are sent a list of the holiday “gift packs” in advance of shipments and the Area Coordinators allocate the packs based on history of sales and demand.

Stores are not allowed to sell value-added products separately. They may, however, give the items away after a proper length of time has passed and the item with the value added product has not sold.

Products may also ship in “holiday gift wrap” boxes or boxes that require no wrapping for the holidays. DLC Warehouse and liquor stores are authorized to dispose of these boxes if they are still in inventory after the holiday season.

Co-packs of two or more products in the same pack are allowed. However, the bottles will need to be scanned separately for sale. At this time, the DLC cash register system does not allow for a single package price for multiple bottles.

All value-added, gift wrap or special edition bottles must be approved by the Liquor Purchasing Coordinator.

New Vendors

In order to become a new vendor or supplier in Vermont, the following items must be filed with the proper State authorities before a Bailment and Trading Agreement can be finalized:

- Proof of Workers Compensation Insurance
- Proof of General Liability and Property Damage Insurance
- Proof of any applicable state/federal basic permits
- Proof of federal tax stamps
- Supplier representative name and contact information

Shipping

All products shipped to the DLC Warehouse must be properly packaged and labeled. Shipping containers (boxes) should be substantial enough to hold up under normal warehouse handling and stacking. Labels should conform to the industry standards and control state coding system.

Case Code Label Instructions

Case Code Labels should appear on the end panel of every case shipped stating the item and size of the product contained in it.

Case Code Labels should:

- be 4 X 6 inches in size

- Be on white stock paper with black lettering unless otherwise approved
- Include the product description – name, proof and size
- Include the Control State Code (CSC)
- Include other state code numbers, where different from the CSC
- Include the UPC (Universal Price Code)

Pallet Requirements

The Department requires that every pallet being delivered to the Liquor Warehouse must comply with certain size standards. A list of the required standards is included in the Bailment and Trading Agreement.

Merchandising and Promotion



Shelf Management

Suggested shelf set diagrams (planograms) are sent to all Vermont Liquor Agencies on an as needed basis. Planograms indicate into which category the item should be placed along with a specific shelf location. DLC uses software common to the industry. Vermont Liquor Agencies are required to maintain their own shelving and to keep products clean and arranged neatly.

Each store should have twelve easily recognized categories:

1. Brandy and Cognac
2. Cocktails (Premixed)
3. Cordials
4. Fortified Wines (Port and Sherry)
5. Gin
6. Irish and Scotch Whiskeys
7. North American Whiskey (combines Bourbon, Canadian, Rye, and American Whiskeys)
8. Rum
9. Tequila
10. Vermouth (can be combined with Fortified Wines)
11. Vodka
12. Schnapps

These are subject to change as sales trends change. Bourbon and Rye must be merchandised as separate categories. Placing the Bourbon and Rye categories adjacent to other North American Whiskey types is preferable.

Vermont Liquor Agencies are highly encouraged to have a separate Vermont Products section whenever possible. This allows tourists as well as in-state consumers to find all those spirits produced in Vermont in one easy to shop location.

Within these categories, pricing is the major determinant of the order in which products will appear on the shelf – starting at the top right for the most expensive items and working left and down as the price decreases.

Other merchandising guidelines are:

- Brand families, such as Bacardi or Absolut should be placed together, creating a billboard effect that is easy for the consumer to locate
- Like items, such as coffee brandies, Irish creams, or raspberry liqueurs, should be merchandised together, showing customers the range of products available

Brokers and suppliers may merchandise their own products with the approval of Director of Retail Operations. Any resets must be approved in advance with a diagram of the proposed set. No resets or moving of products without store and DLC approval are allowed. Nor is the moving of another supplier's products allowed.

Broker and Supplier Representatives

Broker and supplier representatives are encouraged to visit Vermont Liquor Agencies frequently (expected frequencies are set by the Department). All agencies have sign-in sheets that representatives are asked to sign upon entering the store. Sign-in sheets are returned to the home office periodically for review by the Liquor Control Board and Department staff. While in the stores, representatives should share information about their products, particularly new items, with store staff. Representatives are also encouraged to lawfully merchandise their products (and only their products), set up sale displays, deliver point of sale materials, distribute rebate coupons and signage and conduct drawings and giveaways with the permission of the store. All signage, drawings and coupons should be approved by the Marketing Director before distributing to the stores. Representatives should work closely with store personnel to create positive shopping experiences for customers.

Annually, DLC invites all brokers and suppliers to attend a marketing meeting to discuss Vermont's marketplace and to share ideas and information. This is usually a two-day event where each company has the opportunity to meet with the Liquor Control Board, DLC staff and members of the Listing Committee.

All new representatives, though not required to, are highly encouraged to introduce themselves to the DLC Board and staff and to give DLC contact information.

Signage, Coupons, etc.

Suppliers and their representatives may use shelf-talkers to highlight their products, as long as the signs do not block other products. Mail-in coupons are also allowed, with the approval of the Liquor Purchasing Coordinator.

Sale signs are provided by the DLC and suppliers are highly encouraged to assist agencies with display building and to provide case cards (larger display signs) to agencies that allow floor displays. If stores display sale items in two separate locations, they may request a second set of sale signs from DLC.

Suppliers are allowed to conduct raffles in DLC agencies provided that no purchase is required for entry. Winners must be announced publicly. DLC staff are not allowed to participate. Raffles must comply with all applicable local, state and federal laws.

Agencies are not allowed to advertise prices outside the store, though brand signage is allowed.

Promotional Materials

DLC automatically ships or mails sale signs, and *802 Spirits* magazines to all stores. Counter displays for these materials are provided by DLC. Other 802 Spirits brand promotional materials are available such as posters, hanging signs and category signs. Stores are required to display them.

All promotional materials should abide by the same guidelines as advertising materials (page 12). Any promotional materials used in the stores must be approved by the Marketing Director in advance.

Consumers may sign up to be on the *802 Spirits* mailing list. They will receive copies of the *802 Spirits* magazine price guide electronically. An electronic version is found at 802spirits.com.

Agency Consumer Tastings

Suppliers and their representatives may conduct product tastings in Vermont Liquor Agencies. These are intended to educate those of legal age about products, especially new products. Sponsors must be a licensed manufacturer, broker or their representative and must be at least 21 years old to conduct a tasting. See “Agency Consumer Tasting of Distilled Spirits Guidelines” and “Tasting Request Form” at: http://liquorcontrol.vermont.gov/sites/liquorcontrol/files/pdf/spirit/Agency_Request_for_Tastings.pdf

DLC highly encourages suppliers to conduct tastings, especially of new products, at the agency liquor stores. This is a great way to introduce consumers to products and to make sales.

The general rules of operation for a tasting event are:

- Sponsors must notify the DLC Liquor Purchasing Coordinator at least 15 days prior to the tasting.
- Sponsors must demonstrate evidence of liability insurance at coverage levels acceptable to the Liquor Control Board.
- Sponsors must provide a list of products to be tasted – no more than four.
- Only one sponsor can conduct a tasting at any one time (though consecutive tastings with a break in between are allowed, e.g. one from 3-5 p.m. and one from 6-8 p.m.).

- Sponsor must obtain the approval of the store/liquor agent prior to scheduling the event. It is recommended that the sponsor work with the agency personnel in determining how much stock on the items to be tasted will be needed to conduct the tasting and to provide for extra bottle sales as a result of the tasting.
- Tasting must be conducted in a designated area.
- No more than eight customers can be served at one time.
- No more than ¼ oz. per product can be served to any one individual, for a total of one ounce per person (four products times ¼ ounce).
- Tastings may only last a maximum of two hours.
- Sponsors are responsible for all supplies needed for the tasting such as tasting cups (2 ounce tasting cups), dump buckets, water, etc.
- All products to be tasted must be purchased from a Vermont Liquor Agency and be accompanied by a purchase receipt.
- All tastings must be conducted in compliance with all the requirements of Title 7 (no service to under-aged persons, intoxicated individuals, etc.).

Tasting event dates, locations and products to be tasted are posted on the 802spirits.com website. Sponsors are encouraged to serve food during the tasting and may mix the 1/4 ounce tasting with juice, soda or other mixes to give customers serving suggestions and ideas.

On-premise Tastings of Distilled Spirits

On-premise tastings intended to present spirits products to 3rd class licensees and their employees, for the purpose of disseminating product information and education are allowed. Any licensed distilled spirits broker, manufacturer, or their representative may conduct the tasting as long as they are legal drinking age and have completed the proper DLC server training program. The complete requirements for On-premise Tasting/Samplings of Distilled Spirits can be found at:

http://liquorcontrol.vermont.gov/sites/liquorcontrol/files/pdf/spirit/Agency_Tastings_On_Premise_.pdf

Sponsors of a tasting event must report quarterly to the DLC with a list of licensees and their employees who participated in the tastings, along with a list of the products tasted. The guidelines for an on premise tasting are:

- Tastings may only be offered to employees who are off duty for the rest of the day.
- Tastings can be provided to only three employees at one time, limited to those with buying decision capabilities.
- Tastings are limited to three products and to ¼ ounce per serving.
- Sponsors may not leave a bottle of the product. Bottles for the sampling may come from the manufacturer or broker.
- Tastings must be conducted in compliance with all the requirements of Title 7 (no service to under-aged persons, intoxicated individuals, etc.).

Conclusion

The “Guide to Product Selection and Distribution in the State of Vermont” is intended to give an overview of how spirits are selected, distributed and marketed in Vermont. It is meant to be used as a reference only and is subject to change as policies and procedures are updated and revised according to Board directives, market demands, or legislative modifications. Any questions or comments can be directed to:

Vermont Department of Liquor Control
13 Green Mountain Drive
Montpelier, Vermont 05620-4501
1-802-828-2345, 1-800-642-3134, or 1-802-Spirits (1-802-774-7487)