

THINGS OF VALUE PROVIDED TO RETAILERS

Jurisdiction's allowances or restrictions on things of value that may be given, rented, loaned, furnished, or sold to a retail licensee by a manufacturer or distributor

Financial Information

CASH^{1,2}

May a manufacturer or distributor provide cash to a retailer? No

¹ Definition: Legal tender

² Example: Currency

CREDIT^{1,2}

May a selling manufacturer or distributor extend credit to a retailer? Yes. Supplier may extend 30 days of credit.

Is there any penalty if the retailer goes into arrears? No. There is no penalty unless supplier sells to a retailer who has unpaid invoices over 30 days.

May a manufacturer or distributor sell on COD to retailer in arrears? Yes

¹ Definition: Deferred payment offered to a retailer

² Example: Full payment due 30 days from date of delivery

Product Displays^{1,2}

May a manufacturer or distributor provide product displays to a retailer? Yes. Alcoholic beverage suppliers may furnish temporary floor displays. Racks or other devices that hold alcoholic beverages and are used on the sales counter or anywhere else other than in the window or on the floor must either be rented or sold by the supplier to the retailer.

Are there any time limitations on use of the product display? Temporary floor displays may not exceed four months.

DEALER LOADERS/PRODUCT ENHANCERS^{3,4}

May a manufacturer or distributor provide dealer loaders/product enhancers to a retailer? No

May the retailer keep the thing of value after the product display is disassembled? No

¹ Definition: Items on which alcohol beverages are placed at retail primarily for display and sale purposes

² Example: Wine racks, barrels, casks, shelving, etc.

³ Definition: Things of value placed with a product display and intended to draw customer attention to the display

⁴ Example: Bicycles, rafts, athletic equipment, grandfather clocks

Retailer/Point of Sale (POS) Advertising Specialties^{1,2}

May a manufacturer or distributor provide retailer/POS advertising specialties to a retailer? Wine and distilled spirits advertising specialties are permitted with certain limitations. Beer advertising specialties are not permitted.

INSIDE SIGNS

Are there cost, size, or placement restrictions? A supplier may furnish interior signs advertising alcoholic beverages sold by him to a retailer for use within on-sale or off-sale premises, provided that the signs are not customized or personalized and no such sign relating to wine or distilled spirits for use within an on-sale premises shall exceed 630 square inches. Interior signs furnished by suppliers which advertise distilled spirits and wine shall have no secondary value and be of value to the retailer only as advertising.

ILLUMINATED INSIDE SIGNS

May they be seen from outside (in window, etc.)? Yes. Except for the restriction at off-sale retail premises which are gas stations. Section 23790.5(d)(5) B&P which states, “No beer or wine advertising shall be located on motor fuel islands and no self-illuminated advertising for beer or wine shall be located on buildings or windows.”

May the retailer be reimbursed for electricity, etc.?	No
If there is a dollar limit on the amount of inside signs that can be provided, is it assessed by its fair market value or its cost?	There is no dollar limit
Who has ownership of the sign? Who maintains the sign if it breaks, catches fire, etc.?	Ownership and maintenance of the illuminated signs are retained by the supplier.

WINE LISTS, BEER LISTS, BRAND SPECIFIC MIXED DRINK SPIRITS LISTS AND FOOD MENUS

May a manufacturer or distributor provide such lists to a retailer?	Rule 106 CCR, Title IV, Division 1 imposes some limitations for wine and distilled spirits, such as a \$25 per unit cost limitation and suppliers may not make payment to a retailer for the purchase of wine or distilled spirits lists or reimburse a retailer for the purchase of wine or distilled spirits lists.
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May a manufacturer or distributor pay the retailer to get on the list?	No
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May a manufacturer or distributor reimburse a retailer for printing cost of the list or menu?	No
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May a manufacturer or distributor provide captain's books (e.g. an expensive, leather bound wine list)?	No
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BEER TAP HANDLES

Whose property is a beer tap handle?	According to Rule 131 CCR, the beer tap belongs to the supplier.
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Who keeps it when the keg is finished?	The supplier
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¹ Definition: In general, items advertising a brand or manufacturer or distributor company, and designed for use by the retailer to attract customer attention to the manufacturer or distributor's alcohol beverage products.

² Example: Trays, coasters, napkins, clocks, inside signs, umbrellas, etc.

Consumer Advertising Specialties^{1,2}

May a manufacturer or distributor provide consumer advertising specialties to a retailer?	Yes. Consumer advertising specialties limited to \$0.25 per unit cost to the supplier and such items may be given to a retailer up to \$15.00 in the aggregate.
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¹ Definition: Items bearing brand or company advertising, provided to the retailer, and meant to be freely carried away by the retailer customer

² Example: Bottle or can openers, paper or plastic serving cups, matches, printed recipes, caps, shirts, etc.

Equipment and Supplies^{1, 2, 3, 4}

May a manufacturer or distributor provide equipment to a retailer?	Yes. Certain draft equipment may be furnished to a retailer per Rule 131 of the California Code of Regulations, Title IV, Division 1 and Section 25510 of the California Business and Professions Code.
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If there is a dollar limit on the amount of equipment that can be provided, is it assessed by its fair market value or its cost?	There is no dollar limit
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May a manufacturer or distributor provide supplies to a retailer?	No
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¹ Definition of Equipment: All functional items used by a retailer to conduct business

² Equipment Example: Cold boxes, coolers, draft systems or their component parts, etc.

³ Definition of Supplies: Materials the retailer depletes while conducting business

⁴ Supplies Example: Ice, nitrogen gas, glassware, etc.

Outside Signs^{1,2}

May a manufacturer or distributor provide an outside sign to a retailer?	No
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¹ Definition: A sign erected or hung outside the retail premises

² Example: An outside, displayed structure, banner, inflatable, etc.

Samples^{1,2}

May a manufacturer or distributor provide free samples to a retailer?	Yes. Rule 52(a) CCR limits samples to one bottle or can of beer opened on the premises; samples of wine or distilled spirits is limited to one bottle. All samples may only be given to retailers that have not previously purchased the item.
Are sample limits applied to a retail license location, or each member of a retailer's buying committee?	Yes. Retail license location. Limited to one sample
Are there record keeping requirements for samples?	Yes
Are there any tax implications for record keeping requirements for samples?	No

¹ Definition: The giving of a free sample or a brand of alcohol beverage to a retailer who has not previously purchased that brand

² Example: A bottle of a newly introduced brand of wine

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Donations to Retailer Events, Licensed Charity Events^{1, 2}

May a manufacturer or distributor donate to retailer events (e.g. prizes for a retailer's annual golf tournament)?	No
May a manufacturer or distributor donate to retail licensees who qualify as non-profit charities under IRS guidelines, including alcohol beverages?	No
May a manufacturer or distributor donate to the trade association of a retail licensee?	Yes. Limited to activities authorized by Section 25503.3 of the California Business and Professions Code.

¹ Definition: Gifts

² Example: Cash, things of value, or alcohol beverages

Slotting Allowance (Slotting Fee)^{1, 2}

May a manufacturer or distributor pay a slotting allowance to a retailer?	No
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May a manufacturer or distributor provide free/discounted non-alcohol products as a method to secure placement of alcohol products?	No
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¹ Definition: Generally, the provision of consideration to a retailer conditioned on the placement of alcohol beverages at the retail premises after purchase

² Example: Consideration may be cash, anything of value or any service so conditioned. Placement may include premium shelf facings, floor display space, placement in the well or back bar, inclusion in kiosks or serving carts at special events, etc. for supplier brands, etc.

Meals and Entertainment Provided to Retailers¹

May a manufacturer or distributor provide meals and/or entertainment to a retailer?	Yes. Limited to activities permitted under Section 25503.7 of the California Business and Professions Code.
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¹ Definition: The purchase of meals or the providing of tickets to entertainment by a manufacturer or distributor to a retailer, either for purposes of conducting business discussion or enjoyment and relaxation

SERVICES PROVIDED TO RETAILERS

Jurisdiction's allowances or restrictions on services that may be provided to a retailer or by a manufacturer or distributor

Manufacturer/Distributor Advertising Beneficial to a Retailer^{1,2}

May a manufacturer or distributor make advertisements beneficial to a retailer?	No
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May a manufacturer or distributor list the name or address of only one retailer where their brands may be purchased?	No
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May a manufacturer or distributor list the name or address of two or more retailers where their brands may be purchased?	Two or more retailers may be listed by name or address, one is not.
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¹ Definition: Advertising in traditional mediums of print media, radio or TV, or on manufacturer or distributor websites that benefit the retailer

² Example: Manufacturer or distributor advertisements that advertise an event at retail premises, make laudatory references about the retailer, advertise the retail price at a specific retail premises, or list the retailer's name and/or address

Social Media Advertising^{1,2}

May a manufacturer or distributor utilize social media to provide information to the public that benefits an individual retailer if that information were not allowed in traditional advertising mediums?

No

¹ Definition: In general, communication on any social media platform between manufacturer or distributor personnel and the public to the benefit of a specific retailer

² Example: Facebook, Twitter, Instagram, etc

Manufacturer/Distributor Merchandises Services: Stock/Rotating/Pricing^{1,2}

May a manufacturer or distributor stock its products at a retail premises in any of the following ways?

Beer suppliers may do all. Wine and distilled spirits suppliers are limited to building floor displays and moving their product(s) between cold boxes & permanent shelves and moving product(s) on the shelves themselves. Additionally, wine and distilled spirits suppliers cannot re-supply products from storeroom to permanent shelves and price marking of products is prohibited.

May a manufacturer or distributor rotate its products on the retail shelf to move products with older product code dates from the rear to the front of the shelf facing?

Yes

In addition to stocking, rotating, and pricing its products at a retail premises, can a manufacturer or distributor also stock, rotate, or price competitor brands at the retail premises?

No

On a full store reset, may a manufacturer or distributor reset the products of a competitor?

No. This is not permitted.

¹ Definition: Stocking is the act of a manufacturer or distributor moving its products from the retailer's back room to any shelf, display, cooler/cold box or any other retail sales location, or the breaking down of its products from floor or product displays to the back room, or the reset of its products from old to new facings on the retail shelf. Rotating is the act of a manufacturer or distributor moving its products from the rear to the front of the shelf facing, so that older product will be the next one sold. Pricing is affixing the retail price to alcohol beverage containers manufactured or sold to the retailer.

² Example: A manufacturer or distributor stocking a floor or product display, or shelf with its products, or breaking down its products from an expired display to the retail shelf or back room, or moving its products from their current shelf facings to new shelf facings as part of a retailer determined shelf reset, etc.

Category Management Programs¹

In a category management partnership between a manufacturer or distributor and a retailer, if the aggregate services provided by the manufacturer or distributor's category captain to a retailer exceed the individual services allowed by state law, does an exception exist by law, regulation, or policy to allow for those extra services if in the context of a category management program?	No
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¹ Definition: Generally, the provision of a broad range of services provided by a manufacturer or distributor to a retailer through a category captain or validator, to maximize, in part, retail profits from the total sales of the category

Educational Seminars^{1,2}

May a manufacturer or distributor conduct educational seminars for retailer or their employees? If so, where may they be held?	At the retailer's licensed premises
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May a manufacturer or distributor also provide nominal hospitality?	Yes
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May a manufacturer or distributor pay retailer expenses in conjunction with the seminar, such as travel and/or lodging?	No
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¹ Definition: Industry relevant training provided by a manufacturer or distributor to retail licensees or their employees

² Example: Training on how to tap a keg, education on the manufacturer's history or product techniques or product familiarization, etc.

Volume Discounts and "No Charge" Products^{1,2}

May a manufacturer or distributor offer a volume discount to a retailer?	Volume discounts are permitted for wine and distilled spirits; however, volume discounts are not permitted for beer.
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May a manufacturer or distributor offer "no charge" products to a retailer?	No
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What is the definition of “no charge” products? Not Applicable

¹ Example of Volume Discount: Manufacturer sells Brand X to distributor at a reduced price if 100 cases are purchased; the distributor sells Brand X to retailer at a reduced price if a minimum of 50 cases are purchased; manufacturer or distributor sells Brand X to national accounts retailer at a reduced price if 500 cases are purchased

² Example of “No Charge” Product: Distributor sells two cases of Premium Brand X to retailer and gives 1 case of another Brand; distributor sells 5 cases of Premium Brand X to retailer and gives branded non-alcoholic items of value in lieu of (volume) discount. The “no charge” products/items are tied to buying a different product/brand in volume or as part of the deal

CONSUMER PROMOTIONS

Jurisdiction’s allowances or restrictions on things of value that may be made available to consumers by a manufacturer or distributor

Coupons^{1,2}

Does your state allow coupons to be provided to consumers for “cents off” purchases of alcohol beverages? Did not respond

If applicable, which of the following types of coupons would be allowed?

IRC’s for beer are not allowed. IRC’s for wine and distilled spirits are permitted as long as they are no retailer specific; Instant redeemable coupons (IRC’s) redeemable by consumers at check out; IRC’s dispensed to consumers as direct offerings; IRC’s dispensed to consumers at the retail premises; Electronic coupons (scan back) where consumers receive “cents off” at the moment the container is scanned at check out; Electronic coupons that are automatically sent or downloaded to the consumer’s phone; Cross merchandised coupons of any type which allow for “cents off” on a nonfood item (e.g. Charcoal briquettes) with purchase of an alcohol beverage;

If applicable, which of the following types of coupons would be allowed? (continued)	Cross merchandised coupons of any type which allow for “cents off” on a food item (e.g. meat, chips) with purchase of an alcohol beverage. IRC’s, scan back’s, and cross merchandised items for beer is not permitted. Cross merchandised coupons cannot result in free-goods whether alcohol or non-alcoholic items.
If coupons of any type are allowed, do you allow manufacturers or distributors to pay the retailer a coupon handling charge in addition to the face value of each coupon redeemed?	Face value plus up to \$0.06 per coupon.
If coupons of any type are allowed, does the retailer set the sales price of the product to the consumer?	Yes

¹ Definition: An instrument made available to consumers by a mfg or dist that is redeemable at a retail licensee for “cents off” on the purchase of an alcohol beverage from the retailer
² Example: A newspaper coupon good for \$2 off on Brand X

Drawings and Sweepstakes Promotions^{1,2}

Do you allow manufacturers or distributors to conduct sweepstakes promotions?	Sweepstakes conducted under specified circumstances as permitted by Section 25600.2 of the Business and Professions Code.
Do you allow manufacturer or distributor drawings for manufacturer or distributor supplied prizes at a retail premise? What terms and conditions do you impose?	No
May prizes be displayed on the retail premise?	No

¹ Definition: A game of chance or random drawing (without consideration) in which entrants are eligible to win a prize (e.g. trip to the Super Bowl, automobile, T-shirt, etc.)
² Example: A national sweepstakes with entry by mail or online and random drawing held on specified date; T-shirt awarded to winner randomly drawn from a hat on a retail premise

Contests at Retail Licensee Premises^{1,2}

Are manufacturer or distributor contests and manufacturer or distributor supplied prizes at retail premises allowed and under what terms and conditions?	No
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May prizes be displayed on the retail premise? No

¹ Definition: Games of skill conducted by manufacturers or distributors at a retail premises resulting in a customer(s) winning a prize

² Example: Winning billiards tournament team wins a round of drinks, etc.

Consumer Tastings^{1,2}

May a manufacturer/distributor provide a consumer a tasting of an alcohol beverage at a licensed retail premises and under what limits or conditions? Limited to what is permitted in Sections 25503.55, 25503.56, and 25503.57 of the Business and Professions Code.

May a manufacturer/distributor provide a consumer tasting of an alcohol beverage at places other than a licensed retail premises and under what limits or restrictions? Manufacturers of beer, wine, and distilled spirits may provide limited consumer tastings at their licensed premises of production.

¹ Definition: The provision of a tasting of an alcohol beverage from a manufacturer/distributor to a legally aged consumer on or off a retail licensed premises. (Consumer tasting should not be confused with a free sample from a manufacturer/distributor to a retail licensee).

² Example: A manufacturer/distributor providing a free glass or bottle of wine to diners at a restaurant, a free bottle of beer to patrons at a tavern, or “buying the house a round” at a licensed bar.

OTHER QUESTIONS

Gift Certificates^{1,2}

Do you allow a manufacturer/distributor licensee to purchase gift certificates from a retail licensee? No

¹ Definition: A certificate sold by a retail licensee that may be redeemed for a future food or beverage at the licensed premises

² Example: A \$100 gift card good for a future food or beverage purchase

Channel Pricing^{1,2}

Do you allow channel pricing between manufacturers or distributors and retail purchasers of different class and type and under what conditions or restrictions? Permitted for wine only

Do you allow channel pricing between manufacturers or distributors and retail purchasers of the same class and type and under what conditions or restrictions? No

¹ Definition: Differential pricing of the identical, individual alcohol beverage SKU between two retailers

² Example: Offering for sale to an on sale retail licensee an alcohol beverage SKU at one price while simultaneously offering for sale to an off sale licensee the identical alcohol beverage SKU at a higher or lower price

Sale of Other (Non-Alcoholic) Merchandise to Retailers

May an alcohol beverage manufacturer/distributor pay a slotting fee to a retailer for the placement of their non-alcoholic merchandise and under what conditions or limitations? No

May an alcohol beverage manufacturer/distributor give their non-alcoholic merchandise at no cost (free) to a retailer? No

May a manufacturer/distributor that sells alcohol beverages to a retail licensee also sell other (non-alcoholic) merchandise to that same retailer? Yes

¹ Definition: The sale of non-alcoholic merchandise to a retail licensee by a manufacturer/distributor who is a bonafide producer or vendor of that other merchandise

² Example: Teas, waters, drink mixes, potato chips, etc.

Combination Packaging^{1,2}

Do you allow sale of combination packages by a manufacturer/distributor to a retail licensee and may a food item be the nonalcohol item? Yes. All items must have the appropriate up-charge.

¹ Definition: The act of a manufacturer/distributor packaging and distributing to a retail licensee, an alcohol beverage in a package with a non-alcoholic item, meant to be sold at retail to the consumer as a unit

² Example: A package of a bottle of wine and two champagne glasses, a package of a bottle of tequila and a bottle of non-alcoholic margarita mix

Product Testing

Do you allow consumer testing of non-approved alcohol beverages by a manufacturer or distributor or accredited third party research firm for determination of preferred packaging, labeling, and product attributes and under what conditions or limitations? No

Private and Control Labels

Does your jurisdiction define private label? Please provide the relevant definitions and citations if applicable.	Not per se, but retailers who own a label may have the product produced under that label provided the product is sold only to that retailer.
Does your jurisdiction define control label? Please provide the relevant definitions and citations if applicable.	Not per se, but retailers who own a label may have the product produced under that label provided the product is sold only to that retailer.
Can a manufacturer produce a product with a retailer's brand on it and must it be sold to anyone who wants to buy it or is it limited to only the retailer?	Yes
How much control can a retailer exert over a manufacturer's branded product (control label)?	None
Can tied house issues be circumvented or avoided through the use of brand licensing agreements?	No

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Promotional Events¹

Are there any conditions or limitations for a manufacturer or distributor to conduct an event on a retail premise and under what conditions or limitations?	Yes. Generally not permitted except under limited circumstances outlined in Section 25600.5 of the Business and Professions Code.
May a third party provider occupy a retail operation for an event?	No
If a third party provider may occupy a retail operation for an event, may the third party provider make exclusive deals for the event to carry one brand?	No
Are there limitations on third party events?	Yes
Can items of value be given to third party providers or unlicensed entities that would be prohibited between manufacturers/distributors and retailers?	No

Is cider subject to the same trade practice laws as any other alcohol products? Wine

¹ Example: A manufacturer or distributor (or their third party provider) conducts a brand(s)-specific event on a licensed retail premise; a bar rents their premise/venue to a promotions/entertainment company and only sells limited alcohol brands during an event; a manufacturer has an exclusive alcohol deal with promotions/entertainment company and promotions/third party company arranges with hotel or music venue to only sell exclusively manufacturer's brand of alcohol.

Miscellaneous

Please note that all answers to these questions will be published in the survey report. How many staff members/agents does your jurisdiction have dedicated to Trade Practice Investigations and Enforcement? Three (3) non-sworn & eight (8) sworn employees

Has your agency cited anyone for trade practice violations in the last 12 months? If available, please provide relevant data. Yes

What penalties are provided for in a licensee trade practice violation? From lowest to highest, letter of warning, fine/suspension of license, and revocation of license.

Are retailers subject to trade practices law violations in your jurisdiction? Yes

What limits/conditions, if any does your jurisdiction place on direct sales discussions between retailers and suppliers? Discussions between retailers and suppliers are permitted.

May manufacturers/distributors make sales of alcohol/promotions to national accounts of retailers outside your jurisdiction? What resources for monitoring does your jurisdiction utilize, if applicable? Yes. No monitoring utilized.
