



Enhancing Consumer Choice in Ontario

Allow Restaurants and Hotels to Sell Beverage Alcohol for Home Consumption

Consumer trends have been changing driven by convenience and technology factors with eating at home and delivery models tremendously impacting the foodservice sector. Consumers ordering through apps such as “Uber Eats” and “Skip the Dishes” have increased well over fifty percent in recent years. With the growth in home delivery systems and with the increasing availability of beer and wine outlets in grocery stores this modernization is truly negatively impacting Ontario’s foodservice sector.

Impact of Restaurant Delivery

- Ipsos Foodservice Monitor reported that food delivery sales at full-service restaurants grew 53.8 per cent and accounted for 6.2 per cent of all sales in 2018 while on-site consumption (Restaurants) representing 79.2 per cent of sales last year did not experience any growth.
- BrandSpark marketing in their studies reported that 27 per cent of Canadians ordered food delivery at least once per month directly from a restaurant, while 15 per cent ordered from a third-party delivery service.
- According to Technomic Industry Research nearly 70 per cent of consumers would rather order alcohol and food from the same provider, and 67 per cent of consumers would order takeout from a restaurant if they have the opportunity to also order beverage alcohol.

Ontario’s Restaurant Industry is Struggling

Being hit with higher labour, food, energy and lease costs the restaurant business pre tax profit margins have fallen from 6 to 10 percent in the 1990’s to 3.8 percent in 2018. Full-Service restaurants operate at 2.5 per cent with many smaller businesses straggling just to keep the doors open. Ontario has been operating with the lowest pre tax profit margins in Canada for over 15 years (0.5per cent less than the national average and less than any other province). This is not acceptable.

The third-party restaurant delivery model is changing the traditional restaurant operation due to high commissions paid as well as the disappearance of beverage alcohol revenue which is a higher profitability category than food. The expected growth of eating through take-out and delivery food at home (demand of the Netflix drift) is a restaurant concern, especially with younger generations preferring delivery models. The restaurant success outlook is bleak.

A government decision to allow restaurants the option to pair beverage alcohol with food take out and delivery can boost traffic and support Ontario restaurants much needed success.



Ontario Licensees are the largest purchaser of beverage alcohol from the LCBO. Our Licensees would welcome the option to be able to sell beer, wine and cider at their establishments for consumer home consumption. Our licensees are the most equipped and appropriate to sale such beverages. They follow AGCO procedures and standards through the *Liquor License Act* and have “Smart Serve” trained personnel. Beverage alcohol system controls are a top of mind discipline with licensees. They are responsible and understand the laws of handling of all alcoholic beverages.

ORHMA Amendment Recommendation

ORHMA recommends for the provincial government to allow wine, beer and cider for take out and home delivery in Ontario under an amendment to the operations existing license that will include product handling control. Controls would include: Smart Serve training for all delivery personnel; sign offs; Identification check offs and a limit on the number of beverage alcohol products sold per customer.

The Province of Ontario needs to follow the lead of other jurisdictions such as Quebec and Manitoba where such models are allowed. Compelling reasons in favour of allowing liquor sales licensees the option of selling alcoholic beverages at retail for home consumption include:

Beverage alcohol controls are already in place

- Unlike beer and wine in corner stores, do not have to re-invent the wheel and create a new licensing regime but simply dovetail onto the existing licensing framework (AGCO process and computer systems are already in place);
- The public interest component i.e. meeting the needs and wishes of the community are already addressed with the existing liquor licence;
- Simply create a new endorsement category to the liquor sales licence called an off-sales endorsement;
- One of the conditions to the endorsement would be a clean bill of health with the AGCO;
- Strong compliance ensures liquor licensees have much to lose through the improper sale of beverage alcohol.
- Licensees have already been screened in terms of their appropriateness to hold a licence (regulator’s due diligence);
- The majority of licensees and staff are already server-trained (Smart Serve program to be a condition of the endorsement);
- Licensees already know to check I.D. for minors and not to sell to inebriated persons;
- Liquor licensees are already well experienced in the responsible sale of beverage alcohol and universally server trained unlike corner store operators.



Hospitality operations are already part-way there

- With the “Take Home the Rest” wine program endorsement a customer can take the partial wine left in the bottle home in a sealed bottle;
- The caterer’s endorsement (using the endorsement to the liquor licence to sell and serve at another location off the licensed premises) and
- Room service endorsement (to sell and serve liquor to persons registered as guests in a facility that rents overnight accommodation adjacent to the premises to which the licence applies).

Jurisdictional competitiveness

- Competitive fairness with border town areas such as in North West Ontario where licensee operations are non-competitive with establishments located in the Province of Manitoba;
- Five other provinces already allow liquor licensees to sell off-premises for home consumption.

Overall System Costs

- Delivery system costs for beer, wine and cider would not increase as liquor licensees are able to obtain direct delivery from Ontario wineries, manufacturers’ agents and The Beer Store;
- Would not add appreciably to AGCO inspections and administrative workload as would wine and beer in corner stores;

Support industry economics

- On-premise sales growth has been flattening out for restaurants in recent years while growth in off-premise sales has been skyrocketing. Enhancing the sale of wine, beer and cider would provide a much-needed shot in the arm to those operating with unsustainable profit margins and limit the number of restaurant closures.

Enhance Local and Visitor Experiences

- Expand beverage alcohol sales to local consumers and tourists especially in more remote areas of the province as agency stores tend to close early;
- Provide a convenience to visitors when they stay and or dine in a restaurant.

Enhance the experience of local hospitality with an opportunity to create theme retail concepts such:

- Boutique operations incorporating super premium products for sale such as a rare Gran Cru Wines and rare finds.
- Locations near tourism destinations such as wine or cider regions can support craft and other local beverage products.
- Opportunity for foreign incremental dollars to be spent in Ontario due to the many American and oversea visitors that stay and dine in hospitality properties and would otherwise not be entering an LCBO store.
- Opportunity to promote and expand local wine, beer and cider sales for at home consumption.



ORHMA Recommendation

ORHMA recommends for the provincial government to allow the option for licensee establishments to sell beer, wine and cider to consumers at retail pricing for home consumption through take out and delivery control systems in addition to on-premises sale and service. An AGCO license endorsement can maintain control and will keep the whole process simple to implement, administer and enforce. The advantages and enchantments listed above overwhelmingly support this recommendation.

Appendix A – Ontario Foodservice Profit Performance