2017 SLO PROGRAM CHANGES GUIDE FOR SUPPLIERS
The Pennsylvania Liquor Control Board (PLCB) is making various changes to the Special Order (SLO) program to bring it into compliance with new laws passed in 2016, modernize the PLCB's business, and improve customer convenience. Most of the changes discussed herein will go into effect Oct. 1, 2017.

This guide has been developed to inform existing SLO suppliers about what elements of the SLO program remain unchanged, what key changes become effective Oct. 1, and what actions suppliers must take in the short term and long term to accommodate such changes.

In order to participate in the SLO program, suppliers will be expected to abide by these guidelines. Comprehensive terms and conditions for the SLO program are in development and will be shared when available.

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SLO PROGRAM ELEMENTS THAT REMAIN UNCHANGED

While various changes are being made, the following elements of the SLO program will remain unchanged:

• All SLOs and SLO payments must be submitted to the PLCB for processing.
• All SLO items remain subject to a PLCB markup, the 18% liquor tax, and state and local sales taxes.
• SLOs will remain subject to the logistic, transportation, and merchandising factor (LTMF) assessed on all products the PLCB handles.
• Suppliers are permitted to impose a freight fee (that can be adjusted daily) for SLO items, up to a maximum of $3 per 750 ml bottle. The full schedule of freight allowances is available online.
• All SLOs must be delivered to Fine Wine & Good Spirits (FW&GS) stores for pickup.
• Suppliers are permitted to initiate SLOs on behalf of licensees.
• All returns and refunds for SLOs must be processed through the PLCB’s SLO Division.
• Suppliers are responsible for payment of any costs associated with shipping SLO items to FW&GS stores and shipping returned SLO items from FW&GS stores back to the supplier. However, suppliers are permitted to account for these costs when determining their own bottle prices and freight charges.
• Any items listed with the PLCB as regular stock items or within other listed categories cannot be made available to licensees or individual consumers through the SLO program.
• The PLCB reserves the right to refuse to process SLOs for items that are substantially similar to regular stock items and/or to require that SLO items be made available as regular stock items.
• Supplier inputs for SLOs and supplier communications with the PLCB regarding SLO statuses are managed primarily through the PLCB’s SLO portal.
• Suppliers are responsible for authorizing any returns or refunds for SLO items and coordinating the same with the PLCB’s SLO Division.
• The PLCB’s SLO Division is responsible for answering SLO-related inquires and for providing assistance to suppliers, licensees, individual consumers, and FW&GS store staff, as needed.
• The Special Order program changes have no impact on the processing of Luxury Order Vendor Supplied (LOVS) orders. LOVS orders will continue to be entered for licensees by suppliers (with no licensee approval required), and licensees will continue to pick up and pay for LOVS orders in stores.

KEY CHANGES TO THE SLO PROGRAM

The key changes being made to the SLO Program are as follows:

• The PLCB’s markup on all SLO items was reduced from 30% to 10% in August 2016.
• Licensees are no longer entitled to a 10% discount on SLO items.
• Suppliers may no longer refuse to fulfill an SLO for a single bottle because of supplier-imposed quantity limits; however, suppliers may impose a “surcharge” as part of their fully loaded bottle cost to cover the costs of fulfilling such orders.
• All SLO purchases (licensee and individual consumer) will be paid for in full when the order is prepared for shipment by the supplier, before the customer may pick up the order at a FW&GS store.
• Licensees will need to approve orders entered by suppliers in the SLO Portal before the supplier may deliver the order to a FW&GS store. Licensees will use the Licensee Online Order Portal (LOOP) to approve, authorize payment for, and place SLOs entered by suppliers.
Individual consumers wishing to place SLOs will be required to do so using the PLCB’s e-commerce website, www.FineWine&GoodSpirits.com. Licensees wishing to place their own SLOs will also be able to do so using the FW&GS website.

Suppliers must package each SLO individually and securely, completing and applying a PLCB-provided SLO label to each package. FW&GS store staff will no longer inspect, sort, and inventory items within SLO deliveries; suppliers are responsible for ensuring the accuracy of orders prior to shipment.

Suppliers are responsible for providing contact information and information pertaining to dispute resolution within each SLO package.

Suppliers will no longer be permitted to pick up returned product from licensees directly, and all Special Order product returns must be made to FW&GS stores in order for refund processing to occur. In cases where suppliers do not wish to have product returned to them, the PLCB will impose a fee of 30 cents per bottle to destroy the product in-store.

SLO fixed deposits are being eliminated and will be refunded to licensees.

ALL SLO customers, licensee and non-licensee, will have 15 calendar days to pick up an order in store, once it is received in store and notice is sent to the customer. A new processing fee (50 percent of total order amount, up to a maximum of $100) will be deducted from the refund of any customer whose SLO is cancelled because the customer failed to pick up the order.

Note that stores will no longer perform “Miscellaneous 29” transactions after Saturday, Sept. 16, 2017. Beginning Saturday, Sept. 17, all Special Orders must be picked up within 15 calendar days of notification the order is available in-store in order to avoid order cancellation and imposition of the processing fee.

The PLCB will provide electronic updates to licensees and individual consumers regarding SLOs.

The PLCB will begin assessing a fee against suppliers for products that arrive at the store damaged and for orders that contain the wrong product(s), tentatively in January 2018.

LICENSEE APPROVAL AND PRE-PAYMENT OF SUPPLIER-ENTERED SLOs IN LOOP

Effective Oct. 1, all supplier-entered SLOs will require licensee approval and payment authorization via LOOP. Fine Wine & Good Spirits will notify licensees that they must register for LOOP, select the SLO enrollment check-box upon registration, and provide payment authorization, in order to continue receiving SLOs.

Suppliers will only have the ability to place orders in the SLO Portal for a licensee once the licensee has completed SLO registration and provided payment information in LOOP. If a supplier is unable to access a certain customer number (LID), that licensee has not yet completed SLO registration in LOOP.

Once a supplier enters an order for a licensee in the SLO Portal, the LOOP-registered licensee will receive email notification and be prompted to approve the order in LOOP. Licensees will not have the option to alter or adjust an order entered by a supplier; licensees will only be able to accept an order as entered, or reject and cancel the entire order.

Licensees paying with ACH debit information on file in LOOP will see their accounts debited as orders are prepared and shipped. In the case of credit card payment, upon licensee approval, a hold will be placed on the licensee’s credit card, then the card will be charged as suppliers prepare to ship each order.

Licensees will have 30 calendar days to approve or reject and cancel an order after it has been entered by a supplier; an unapproved order will automatically be cancelled on the 31st day following order entry.
The licensee’s order approval or rejection will be reflected within the SLO portal so the supplier knows when an order has been paid in full and may be shipped, or must be renegotiated or abandoned.

Similarly, suppliers will not have the ability to alter or adjust an order after it has been approved and placed by a licensee in LOOP. The supplier must either ship the merchandise as ordered/approved and paid for, or it must cancel the transaction, notifying the PLCB of the reason the order was cancelled (e.g., temporarily out of stock, item no longer available, etc.). Any modifications will require that a new order be initiated.

*It is incumbent upon suppliers and licensees to clearly and openly communicate product needs, expectations, and availability to facilitate timely, complete, and accurate product orders and shipments.*

**E-COMMERCE CAPABILITY TO PROCESS PRE-PAID SLOs**

Effective Oct. 1, the e-commerce store at [www.FineWineandGoodSpirits.com](http://www.FineWineandGoodSpirits.com) will be able to accept and process SLOs for individual consumers and licensees wishing to enter and place their own SLOs.

The FW&GS website will feature all items designated as available for sale by suppliers and not restricted by a supplier as licensee-only.

SLOs entered on the FW&GS website will be transferred to the SLO Portal as they are placed by customers, and SLO suppliers must either accept in full or reject in full each order **within seven calendar days**, then ship as detailed further herein.

Suppliers will not have the ability to alter or adjust an order after it has been placed by a customer on the FW&GS website. If a supplier does not accept and prepare an order for shipment within seven calendar days of the order being placed and appearing in the SLO portal, the order will be cancelled and the customer will receive email notification that the order was cancelled because the supplier was unable to fulfill it.

Credit card payment for SLOs placed through the FW&GS website will be authorized at the time each order is placed (a hold will be placed on the credit card), and the customer’s credit card will be charged as each order is prepared for shipment by the supplier.

**EARLY INPUTS REQUIRED FROM SUPPLIERS TO FACILITATE SLO PROGRAM CHANGES:**

*Suppliers are encouraged to review their entire SLO portfolios, specifically considering the inputs below, and enter any changes to the SLO portal by Sept. 20, 2017.* For help navigating the SLO portal, suppliers should refer to the [SLO Portal Instructions](http://www.FineWineandGoodSpirits.com).

**Fully-loaded cost, inclusive of any surcharge**

As a result of Act 166 of 2016, suppliers may no longer refuse to fulfill an SLO for a single bottle because of supplier-imposed quantity limits. However, suppliers may impose a “surcharge” to cover the costs of fulfilling such orders. Since suppliers’ minimum quantity preferences and requirements vary, rather than establish individual surcharges by product, the PLCB has determined that suppliers must review each SLO item’s per-bottle cost and establish a fully-loaded per-bottle price that can accommodate an order of any quantity. Essentially, any surcharge must be built into the per-bottle price.

**Indication whether each item is licensee-only or available to individual consumers**

Since individual consumers and licensees wishing to enter and place their own SLOs may do so using the FW&GS website beginning Oct. 1, suppliers must review their portfolios to determine what items they wish to have appear on the FW&GS website for retail sale. Items designated as “licensee only” by suppliers will not appear on the FW&GS website for retail sale.

Suppliers can designate items as “licensee only” when submitting new items through the item submission process. If a supplier wants to change an existing SLO item’s status to “licensee only,” the supplier must contact the SLO Division by Sept. 20 to request the change.
SHIPPING AND DELIVERY

For the foreseeable future, all SLOs must be delivered by suppliers to stores for customer pickup.

Suppliers will have 30 calendar days from the date a licensee approves and pays for a supplier-entered order to make the order available in-store. Orders not received in-store within 30 days of the licensee’s order approval will automatically be cancelled on the 31st day following licensee approval.

In the case of e-commerce orders, suppliers will have 30 calendar days from acceptance of the order in the SLO portal to make the order available in-store. Orders not received in-store within 30 days of the supplier’s acceptance of an e-commerce order will automatically be cancelled on the 31st day following supplier acceptance.

Suppliers may ship SLOs to stores via properly licensed transporters for hire or deliver the orders themselves, assuming they hold a license that authorizes the transportation of alcoholic beverages within Pennsylvania, as is the case currently. Effective Oct. 1, however, suppliers must indicate in the SLO portal:

- An estimated delivery date the items will arrive at the store
- A shipment tracking code (for orders delivered through common carrier)

A supplier’s entry of an estimated delivery date or shipment tracking code will trigger payment processing from the customer.

Shipping details provided by suppliers, including a shipment tracking code or estimated delivery date, will also be emailed by the PLCB to the SLO customer for both supplier-entered orders and orders placed by customers on the FW&GS website. To facilitate optimal customer service and effectively set customer expectations regarding delivery, it is critical that suppliers enter an accurate shipment tracking code or estimated delivery date information.

PACKAGING AND LABELLING REQUIREMENTS

Effective Oct. 1, FW&GS store staff will no longer inspect, sort, and inventory items within SLOs unless damage is observed. Suppliers will be required to package each SLO individually and securely, ensuring accuracy and completeness or each order prior to shipment.

Each package must separately feature a PLCB-provided label containing information that will allow FW&GS store staff to easily identify the SLO to which it pertains. The label, which will include barcoding enabling store receipt, will be created and available within the SLO portal after payment is successfully received from the customer (if payment fails, the order will be cancelled) and after the supplier enters either a shipment tracking code or estimated delivery date.

Labels are subject to the following requirements:

- Labels must be at least 4” wide by 6” tall.
- The label for each SLO may be printed multiple times to accommodate a separate label for each package within an SLO.
- The supplier must enter its contact information in the space provided on each label. The contact information may be used by store staff or customers to discuss the status of or issues related to the SLO.
- The supplier must also indicate how many packages are in each SLO by designating in the space provided on the label “Box 1 of 1,” “Box 1 of 2,” “Box 2 of 2,” etc.

Each SLO package must also include information regarding dispute resolution. See Section X.
STORE RECEIPT OF SLOs AND CUSTOMER PICKUP

Upon arrival of an SLO at a FW&GS store, staff will inspect the exterior of the package(s) for visible signs of damage.

• If there is no visible damage, the order will be received by store staff, and an automated, system-generated email will be sent notifying the customer the order is available for pickup.

• In cases where one or more packages of an order is damaged, the store will receive the undamaged packages, and an automated, system-generated email will be sent notifying the customer the order is available for pickup. Damaged items will be adjusted as returns by the store, and a refund will be issued to the customer for the damaged portion of the order. The SLO Division will contact the supplier to facilitate resolution of the matter, should the damaged product need to be returned to the supplier or reordered for the customer.

The PLCB will begin assessing a fee against suppliers for products that arrive at the store damaged and for orders that contain the wrong product(s), tentatively in January 2018, so suppliers are encouraged to package orders appropriately to protect against damage.

If SLO product is damaged in the store after the undamaged product was received, similar processes for order adjustment will be pursued by the store and SLO Division.

Licensees and individual consumers must pick up SLOs within 15 calendar days of notification that the order is available in-store. If an SLO is not picked up within 15 calendar days, the order will be returned to the supplier and become subject to a processing fee of 50 percent of the total order amount, up to a maximum of $100. The processing fee will be deducted from the customer’s refund for the order.

Note that stores will no longer perform “Miscellaneous 29” transactions after Saturday, Sept. 16, 2017. Beginning Saturday, Sept. 17, all Special Orders must be picked up within 15 calendar days of notification the order is available in-store in order to avoid order cancellation and imposition of the processing fee.

SLO PAYMENT TERMS

By law, the PLCB must process SLO transactions, both receiving and refunding payments from SLO customers and issuing payment to SLO suppliers upon completion of successful customer transactions.

Effective Oct. 1, SLO deposit programs will be eliminated, and each order must be paid in full by the customer (licensee and individual consumer) when the order is shipped, before the customer may pick up the order in store. Suppliers will be paid for each order within 60 days of store receipt of the order.

RESOLUTION OF ORDER DISPUTES

As indicated above, the PLCB is required by law to process all payment transactions for SLOs, including the issuance of refunds. Therefore, all SLO returns must be coordinated with the PLCB.

FW&GS stores will no longer inspect, sort, and inventory items within each SLO upon arrival at the store unless damage is observed, so order and shipment accuracy is incumbent upon suppliers.

Within each SLO package, the supplier must include contact information and instructions for a customer (licensee or individual consumer) to pursue dispute resolution with the supplier. Each supplier has the discretion to determine whether it will accept returns and to set parameters for when and how it will accept returns, and such information must be included with the contact information for a customer whose SLO did not meet expectations. Returns will only be accepted up to 30 calendar days from the date the customer picks up the SLO from the store.
Once the supplier and customer have agreed upon resolution of the order dispute, the supplier must contact the SLO Division (800-332-7522, option 1, or ra-lbslo@pa.gov) to notify the PLCB of the resolution and related product return(s), partial or full refunds, order cancellation, and/or creation of a new order. If replacement of returned items is sought, this will require creation of a new order.

Any returned SLO product must be physically presented at a FW&GS store in order for the return to be accepted and approved by the PLCB. Suppliers will no longer be permitted to pick up returned product from licensees directly. The transfer of anything of value between suppliers and licensees without the payment of proper consideration is generally prohibited by law. As such, the physical presentation of licensee SLO returns at a FW&GS store ensures refund payments can be made lawfully.

FW&GS stores will only accept SLO returns from customers who have been pre-authorized by the PLCB SLO Division. Therefore, it is incumbent on a supplier to notify the SLO Division as soon as resolution is agreed upon so the SLO Division can, in turn, timely notify the store that a customer will be returning product.

At the supplier’s discretion, SLO product returned to a FW&GS store may be picked up by the supplier, shipped back to the supplier at the supplier’s expense, or destroyed by the PLCB. The supplier must communicate this decision to the SLO Division when providing notice of the order dispute resolution. If the supplier requests the product be destroyed, the PLCB will impose a fee of 30 cents per bottle to destroy the product in-store. If the supplier elects to have the product returned via common carrier, it will continue to be responsible for providing the return shipment label to the SLO Division, which will forward the shipping label to the designated store. If the supplier elects to pick the product up themselves, the supplier is expected to do so within 30 days. Product not picked up within this timeframe will be destroyed at the discretion of the PLCB at a fee of 30 cents per bottle.

FW&GS stores will not evaluate the condition or quality of returned SLO items; a store will simply accept the returned merchandise and then proceed with destroying the product, holding the product for supplier pickup, or affixing the common carrier label and shipping the product back to the supplier.

Suppliers are reminded that all SLO dispute matters are to be coordinated with the SLO Division, and suppliers are discouraged from contacting stores directly to discuss returns.

**LICENSEE/CONSUMER NOTIFICATIONS**

Suppliers will have access to the same system notifications in the SLO portal they have always had. Suppliers will not receive automated emails or notifications as order statuses change, so it will be incumbent upon suppliers to regularly check the portal, particularly to view order status changes upon licensee approval of orders.

The PLCB aims to provide timely communications to keep licensees and individual consumers informed of the status of SLOs.

Automated, System-Generated Emails:

- **Supplier-entered licensee order is awaiting approval:** Upon entry of an order by a supplier for a licensee, the licensee will be notified by email that an order is awaiting approval and the licensee must approve the order and authorize payment via LOOP. Each SLO and its status will also appear in LOOP for the licensee.

- **E-commerce SLO confirmation:** Upon placing an SLO on the FW&GS website, the customer who placed the e-commerce order will receive an email confirming receipt of the order. The email will clarify that subsequent emails will be provided when payment is processed and the order is shipped, as well as when the order is available for in-store pickup.
• Payment has processed and order is prepared for shipment: Upon a supplier’s confirmation in the SLO Portal that it has prepared an order for shipment, the customer (licensee or individual consumer) will be notified by email that payment has processed and the order is prepared for shipment. The customer will either be provided with the shipment tracking code provided by the supplier (for orders delivered by common carrier) or the timeframe identified by the supplier that the order is expected to arrive in-store. The shipment tracking code or estimated delivery date provided by the supplier will also appear for licensees in LOOP.

• Order is available for in-store pickup: Once an order has been received at the FW&GS store designated for pickup, an email will be sent notifying the customer (licensee or individual consumer) that the order is available for pickup and that the order must be picked up within 15 calendar days to avoid imposition of a processing fee (50 percent of the total amount of the order, up to a maximum of $100).

• Order cancelled because supplier is unable to fulfill it: If a supplier is unable to fulfill an SLO, the customer will receive an email notifying him/her of such and that there will be no charge to the credit card for the cancelled order.

• E-commerce 10-day pickup reminder: E-commerce customers who haven’t picked up SLOs within 10 calendar days of store receipt will receive an email reminding them they have five more calendar days to pick up the order before it is cancelled and the processing fee is applied.

• Order cancelled after not having been picked up: Customers whose orders are cancelled because they were not picked up timely will receive email notification that an order was cancelled and the processing fee has been deducted from the customer’s refund for the order.

• Damage return refunded: Customers whose orders included damaged product(s) will receive email notification when the refund for the damaged product(s) is posted to the customer’s account.

• Customer return processed and refunded: Customers whose returns are accepted by suppliers will receive email notification when the return is processed and payment is refunded to the customer’s account.

Other Customer Notifications:

• SLO Invoice: When a customer picks up an SLO at a FW&GS store, he/she must sign for receipt of the order. Once a supplier-entered order is picked up, both LOOP and the SLO portal will show the order as “closed.”

• SLO Return Invoice: If an order is rejected or adjusted at a FW&GS store due to visible damage, the customer (licensee or individual consumer) will be notified of the damage and that a refund for the damaged goods is being processed. The SLO Return Invoice will reflect the refund in process. Should the customer seek replacement of the damaged order, a new order must be created.

SUPPLIER CHECKLISTS FOR SLO PROGRAM CHANGES

Preparing for SLO Program Changes

✓ By Sept. 20, review each SLO item in your portfolio and make any changes to item cost or licensee-only status.

✓ Take steps necessary to ensure inventory accuracy and accessibility to sales agents, to minimize order cancellations following licensee approval. Remember, you can only ship or cancel an order once a licensee approves it, not amend an order or ship a partial order.

✓ Prepare for individual packaging of each SLO, which will be required beginning Oct. 1.

✓ Determine contact information and return parameters and requirements for order disputes, creating an order insert documenting the information for customers.
Successfully Delivering SLOs in the New Program

✔ Maintain accurate and up-to-date inventory and product availability to minimize order cancellations and customer frustration/disappointment.

✔ Regularly monitor the SLO portal for:
  • New e-commerce orders, which must be accepted/prepared for shipment within seven calendar days; and
  • Order status changes, including licensee approval of orders.

✔ Await licensee approval before shipping an order.

✔ Provide shipment/delivery details (including tracking number or estimated delivery date) in the SLO portal for each order.

✔ Pack each SLO individually, including dispute resolution information in each package and attaching the PLCB-provided label to each package.

ASSISTANCE

Any questions regarding this guide or the SLO program changes discussed herein should be directed to the PLCB’s SLO Division at ra-lbslo@pa.gov or 1-800-332-7522, option 1.