

February 9, 2018

To: All Trade Councils

Re: **IN-STORE TASTING PROGRAM (ISTP) – LCBO EMPLOYEE-LED TASTINGS UPDATES**

Greg Tranah

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Per a previous communication, effective April 1, our trade-applied in-store tasting program (ISTP) will be available seven days a week in participating locations, and trade partners will have the choice of selecting "LCBO Employees" as a delivery option.

We also told you that over the 2017 holiday season, a pilot project had teams under the Chief Customer Officer delivering LCBO Employee-led tastings using pre-selected locations and trade partners. Training processes, execution and user feedback were evaluated and we are grateful to our retail and trade partners for working with our team. Key learnings from the test were as follows: Firstly, our Retail teams are very enthusiastic and eager to make this new delivery option a success for you and our customers. They know they have the expertise, passion and service skills to connect your brands with our customers. The other main take-aways were a need for efficient, effective communication tools, to support the creation of a sales script for staff and to communicate results back to trade members.

Below, we have compiled a series of Q&A's based on trade member inquiries related to the rollout of the LCBO Employee-led tasting option.

A subsequent communication, with additional details on process and systems updates, will be issued in the coming weeks.

Q1. How much will the LCBO-employee delivery option cost?

A1. The per-tasting fee is \$245 + HST.

NOTE: The "Bar" fee (\$25) is not included in the \$245 and will be waived if you choose "LCBO Employee" as a delivery option.



Q2. What is covered by this fee?

A2.

- Cost of ISTP employee hours required to prepare for and operate the tasting
- ISTP product (appropriate level of inventory on hand to support the tasting)
- Food for pairings, and supplies, such as cups
- Charity fee (\$15)
- Product for a tasting of your featured product(s) for all store staff working the during the tasting, led by the employee demonstrator

Q3. When are stores notified they are conducting staff tastings?

A3. Stores will be notified of their full promotional turn of tastings four weeks in advance of the start of the Promo Period.

Q4. How and when are the LCBO employees selected to conduct the tasting?

A4. Store Managers will select a trained employee in advance of the tasting.

Q5. How will staff be trained in advance of the in-store tasting program?

A5. By April 1, over 2,500 employees in approx. 400 stores will be Smart Serve trained. That will ensure all ISTP locations have multiple trained staff available. Employees selected for Smart Serve training must have completed LCBO Product Knowledge Bronze, Silver & Gold, as well as their Service Knowledge. This advanced training ensures each employee demonstrator will have a solid foundation in all product categories and have the skills to sell-in with customers. To support both the operational and experience requirements, there will be an e-learning package developed and delivered to store staff.

Q6. How will employees be trained in advance of the tastings on the products they are sampling with customers?

A6. Trained employees who are selected to lead the tasting by their Store Manager will be required to study product information provided by trade members for 30 minutes in advance of the tasting, at a time convenient for them. Additionally, these same selected employees will conduct a tasting of the feature product(s) for their in-store team members. That way, all store staff will be familiar with your product on the day of your tasting and therefore better equipped to promote it to our customers.

Coming soon: Agents will be provided with a templated sell sheet to provide brands' key features. Our IT team is currently evaluating solutions for a fast and effective way for ISTP locations to access sell sheets.

Q7. Is there a limit to the number of tastings that can be applied for/requested?

A7. No.

Q8. Is there a change to the approval process?

A8. No. The delivery option -- “Agent/Demonstrator” or “LCBO Employee” -- will have no impact on the approval process.

Approvals will continue to be driven by the IMAGE points system. This takes into account related IMAGE programming for that period, whether or not the item is NEW, and whether the item is currently listed in the selected store. For select Vintages locations, priority will be given to Vintage release products on release Saturdays.

Q9. Are there deadlines for scheduling or making changes?

A9. Deadline dates for trade applications to our ISTP remain the same. If it is necessary to cancel or make changes, agents are required to do so no later than five weeks in advance of the start of the promotional turn for their tasting by contacting the ISTP Administrator, rosemary.canavan@lcbo.com.

Q10. For employee-led tastings, is it the agent or store that is responsible for product availability?

A10. The store has primary responsibility for bringing in the appropriate level of inventory to support tastings. Suggested order quantities in support of the ISTP have been active since November 2017. Agents may confirm product availability with stores in advance of the tasting. We continue to encourage Agent partners to rebalance residual inventory, as agreed with Drinks Ontario.

Q11. How are food pairings decided and supplied?

A11. Food and tastings supplies will be managed by the Store when you select an LCBO Employee-led tasting. Food pairings must complement the product. Trade partners may use the sell sheet to communicate a recommendation. Employees will source the food pairing locally. As of today, items must be non-perishable.

Q12. For employee-led tastings, what kind of reporting will the LCBO provide?

A12. It is our goal to share key performance indicators (KPIs) such as number of samples distributed, unit sales during the hours of the tasting, in-store inventory levels at the start the tasting, and general feedback from customers. LCBO IT partners are investigating an effective and efficient method for gathering and sharing this key information. For April 1st, we will have a simple solution to capture and share some of these KPI's. We will have a more robust solution in the months following the initial launch and will keep trade partners informed accordingly.

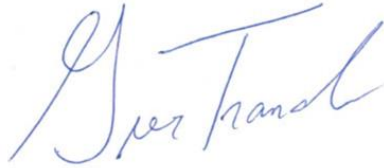
Q13. Can agents still do their own tastings and select agent demonstrators?

A13. For Fiscal 18/19 Agents can continue to do their own tastings. However, effective Fiscal 19/20, the LCBO will move to a 100% employee led program, for in-store tastings.

Q14. Will Enhanced In-Store Tastings and In-Store Special Events be delivered by LCBO Employee store staff?

A14. Enhanced Tastings and Special Events programs managed by LCBO Marketing in coordination with the various business units will not have an LCBO Employee delivery options for F18-19.

Sincerely,

A handwritten signature in blue ink that reads "Greg Tranah". The signature is written in a cursive style with a large initial "G" and "T".

Greg Tranah

Cc: Joyce Gray
Rafik Louli
Carolyn O'Grady-Gold