

April 12, 2019

To: All Trade Councils

**Re: Merchandising Transition - Vintages Spirits & Destination Collection**

Dear Trade Partners,

As a follow up to the previously announced changes in Vintages regarding the transition within the Wines categories, it is important to also communicate our strategy as it relates to how the Vintages Spirits business will be managed.

As of April 1<sup>st</sup>, 2019 the Spirits department has assumed responsibility for larger volume skus previously purchased under the Vintages spirits portfolio, which also includes products previously purchased under 'Premium Spirits' and 'Vintages whisky'. Spirits will maintain participation in the Vintages Release Catalogue, however in a modified manner that will highlight Spirits 'Shops', focusing on a curated collection of Whisky, Gin, Rum and Tequila in a few releases throughout the year versus a back of release presence and "distilled treasures" features. Over the 2019/20 fiscal the business will transition the purchase process to follow general list timelines and will fold these products, where appropriate, into our existing programs.

As it relates to 'Regular spirits' vs. 'Specialty spirits'/'Destination Collection', the focus of the 'Regular spirits' channel is primarily, but not exclusively, premium and deluxe products in the following sets: Vodka, Rum, Gin, Whisky, Brandy/Cognac (Calvados, Armagnac, Grappa) Tequila and Liqueurs. These products will be purchased on a 'general list', 'one-shot' or 'seasonal' basis, and will be merchandised in store section, online or in both channels. 'Specialty Spirits' or 'Destination Collection' products are intended to meet the needs of Ontario's diverse cultural communities; having a clear target market. The main focus will be on traditional spirits and liqueurs that have niche demand within specific communities, primarily from Asia, Europe, the Middle East, and South America. These products will be purchased in limited quantities and will be merchandised in-store section and/or online.

This shift in merchandising strategy has already started to take shape in some categories, and will continue to develop in others over the course of fiscal 2019/20 as our teams work closely to ensure we meet the needs of our customers.

Please reach out to your respective Category Managers or Product Managers, should you have any questions.

Sincerely,



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Director, Spirits



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