

LCBO TRADE DAY 2021

Breakout Session

Merchandising: Wines & Vintages

Agenda



Performance
Summary



Trends



Assortment
Priorities

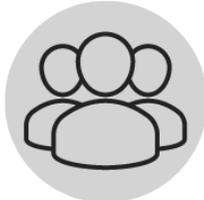


Sales
Targets



Notable
projects and
priorities

New World and Ontario Wines Team



Marle Cundari
Director
NewWorld &
Ontario Wines



Astrid Brummer
Category Manager
USA & BC Wines



David Cacclottolo
Category Manager
Australia, New Zealand, South
America & South Africa Wines



Aaron Pothler
Category Manager
Ontario Wines



Laura Ruffolo
Product Manager
USA & BC Wines



Adam Caputo
Product Manager
Australia & New Zealand
Wines, Holiday Gifts

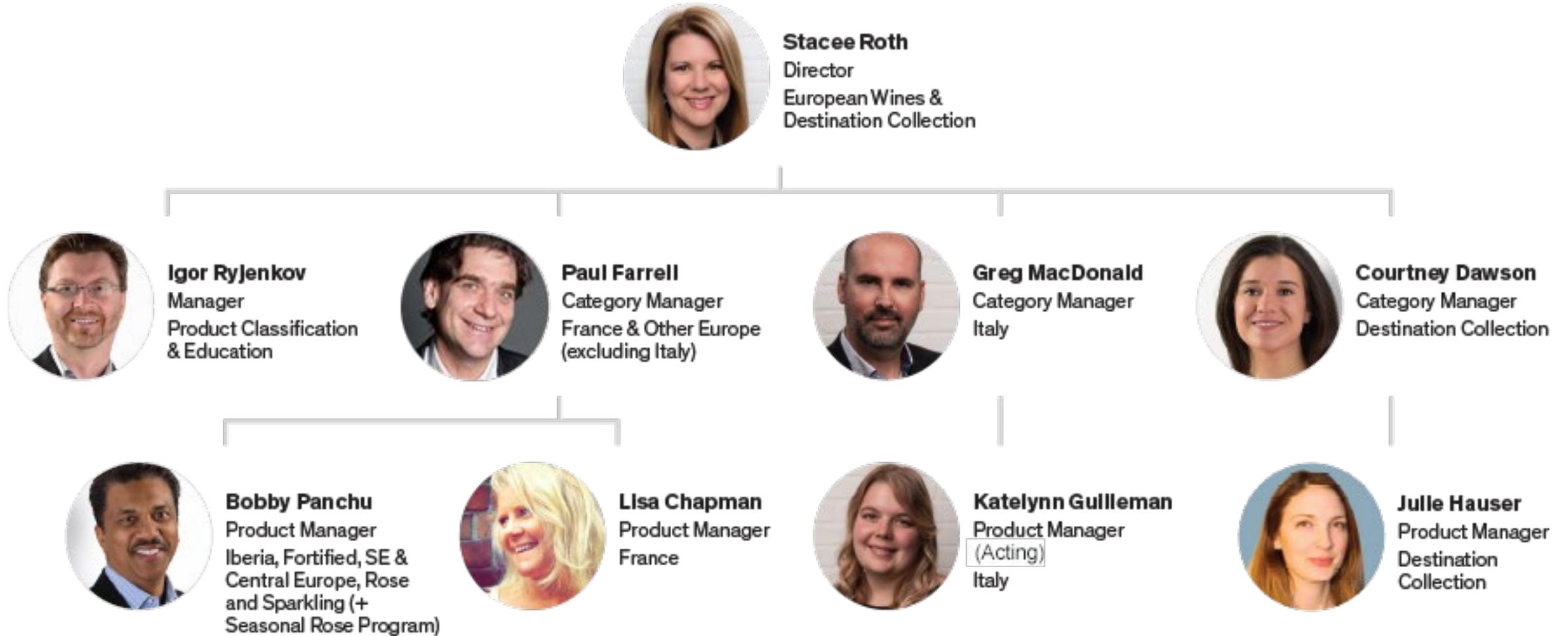
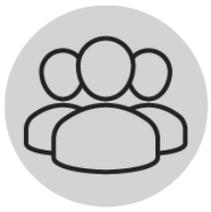


Marc Staples
Product Manager
South America &
South Africa Wines



Dana Pencz
Product Manager
Ontario Wines

European Wines and Destination Collection Team



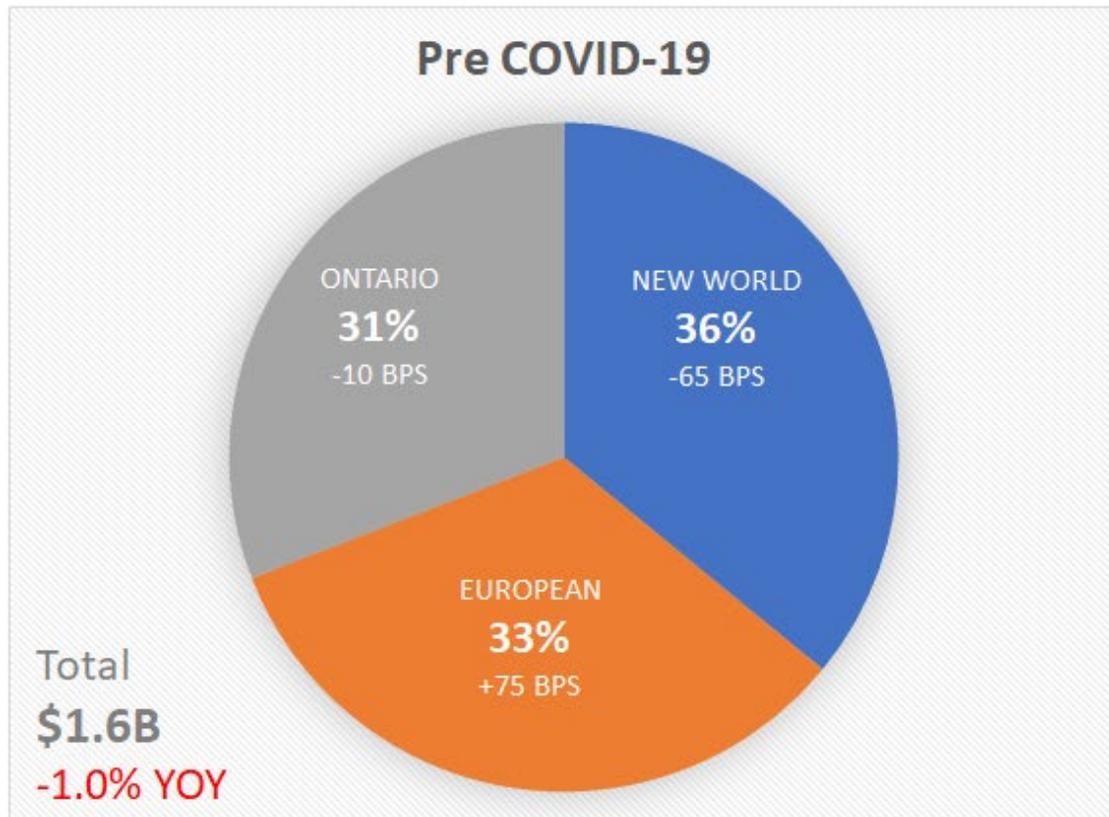
F20-21 Performance

F21 Results

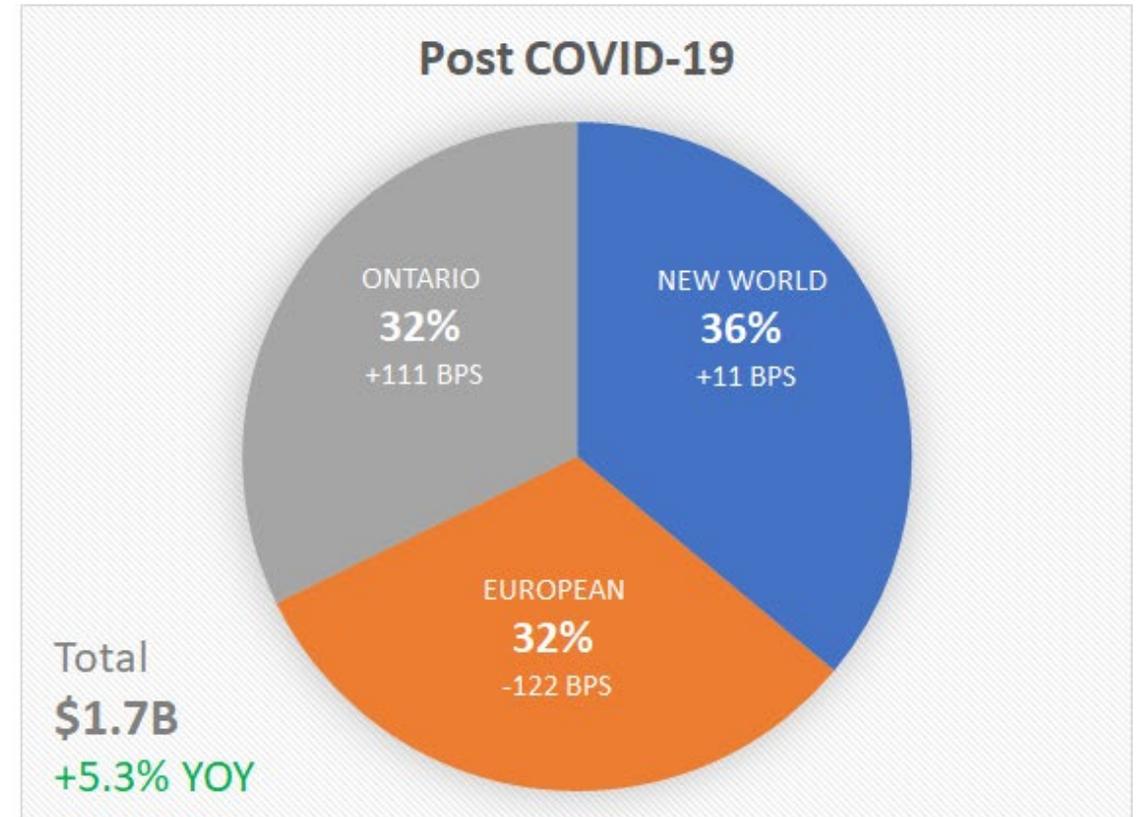
Wines & Vintages exceeded LY by 5.4%

All \$ in thousands ("000"s)	FY2021 Net Sales (Actualized to P12)	YOY % Chg
European Wines	533,439	1.2%
Vintages - EW	126,618	-1.8%
Vintages Ess. - EW	123,405	14.7%
Subtotal European	783,462	2.6%
New World Wines	604,027	5.1%
Vintages - NW	102,690	-4.3%
Vintages Ess. - NW	253,164	14.0%
Subtotal New World	959,881	6.1%
Ontario Wines	538,625	8.3%
Vintages - Ontario Wines	23,006	-8.0%
Subtotal Ontario	561,630	7.5%
Vintages Futures & Directs	48,688	13.0%
Wines & Vintages	2,353,661	5.4%

Wine sales accelerated during Pandemic led by Ontario Wine

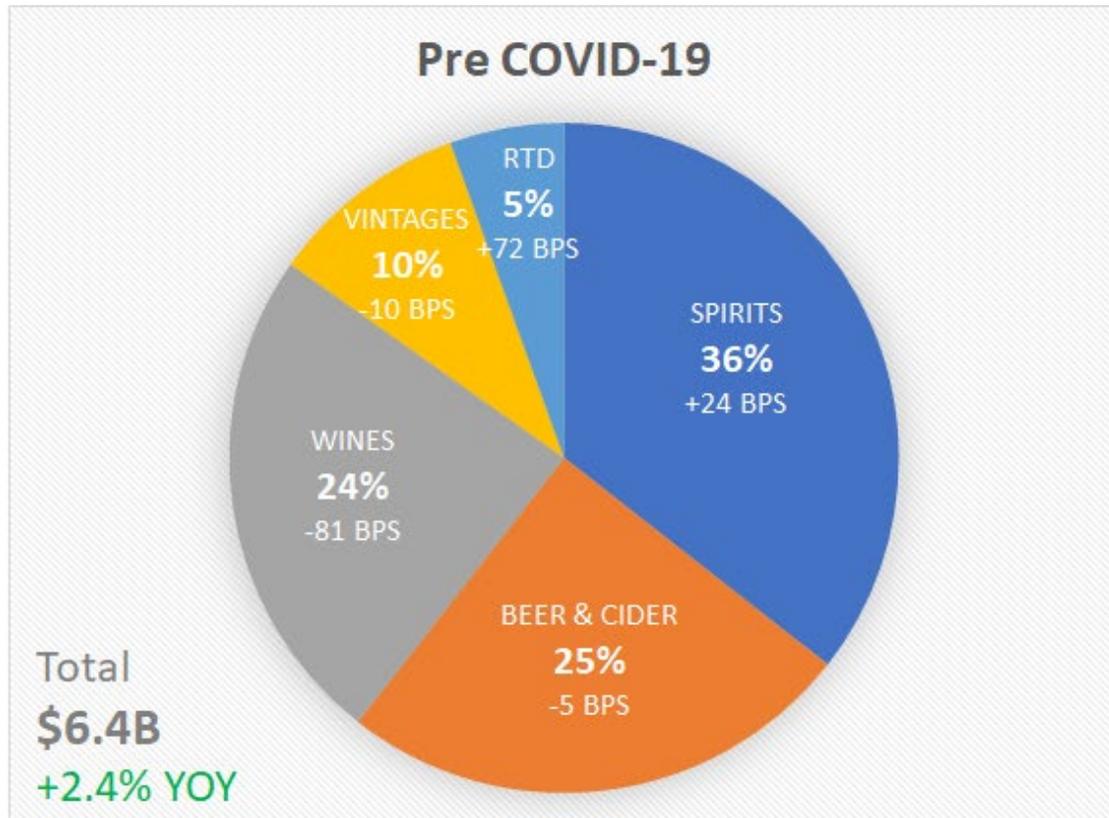


Net Sales R13 - As of P12 2019-20

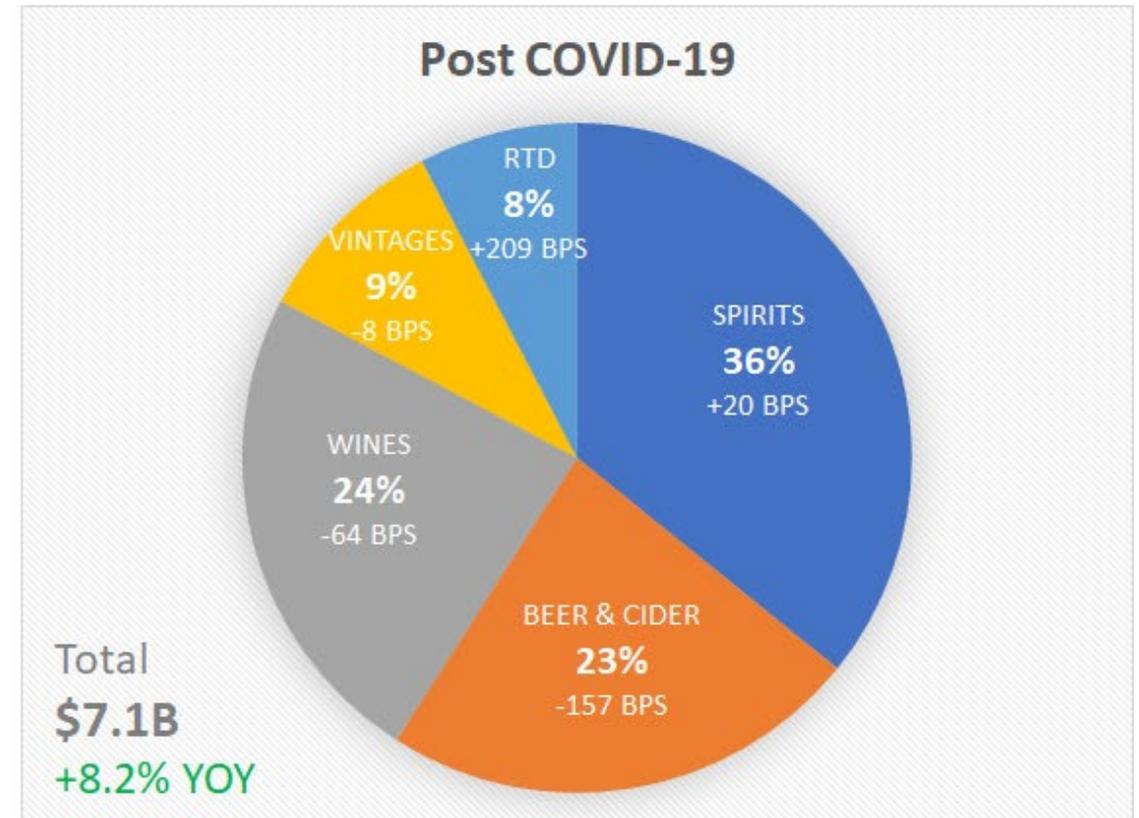


Net Sales – Fiscal Year 2020/21

While growing, Wines/Vintages lost share to Spirits/RTD

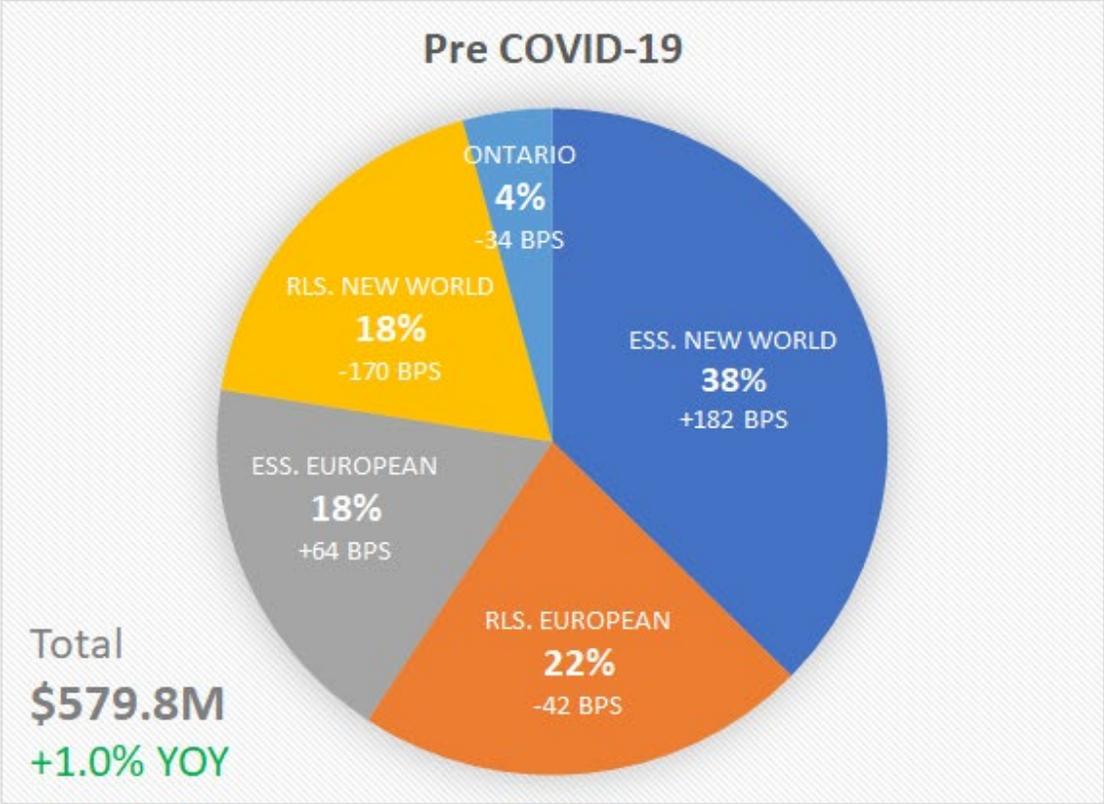


Net Sales R13 - As of P12 2019-20

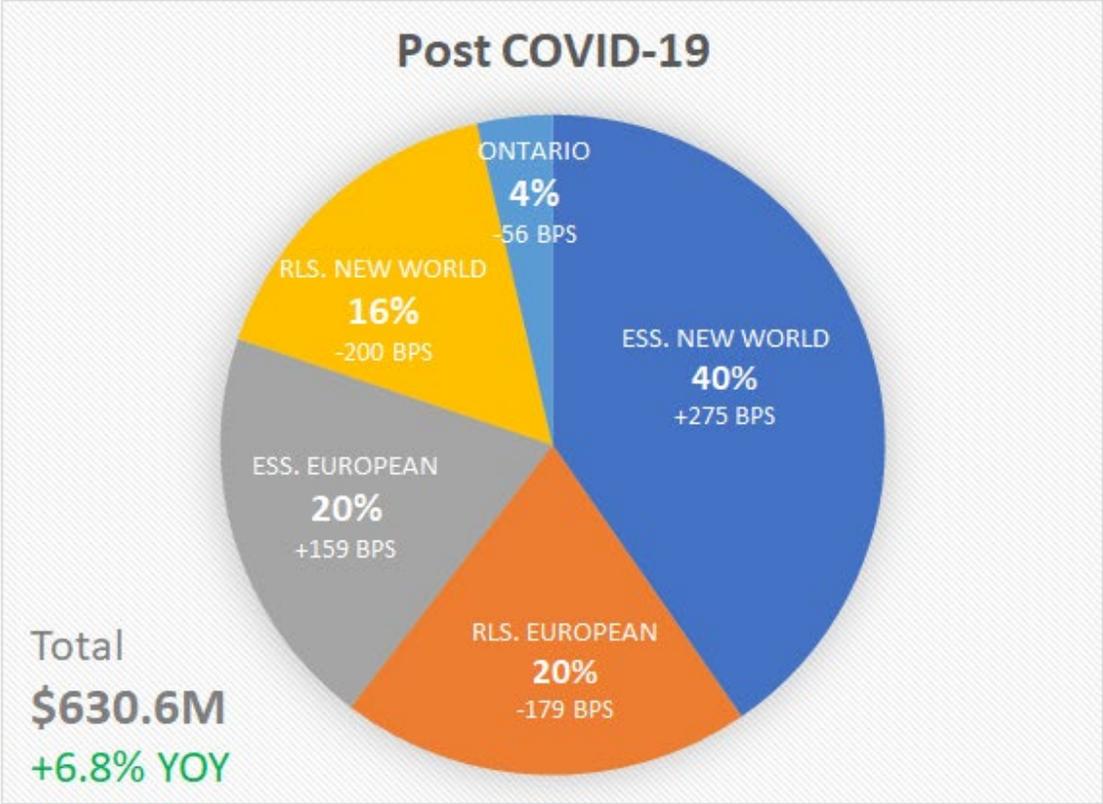


Net Sales – Fiscal Year 2020/21

Vintages grows +6.8%, driven by Essentials

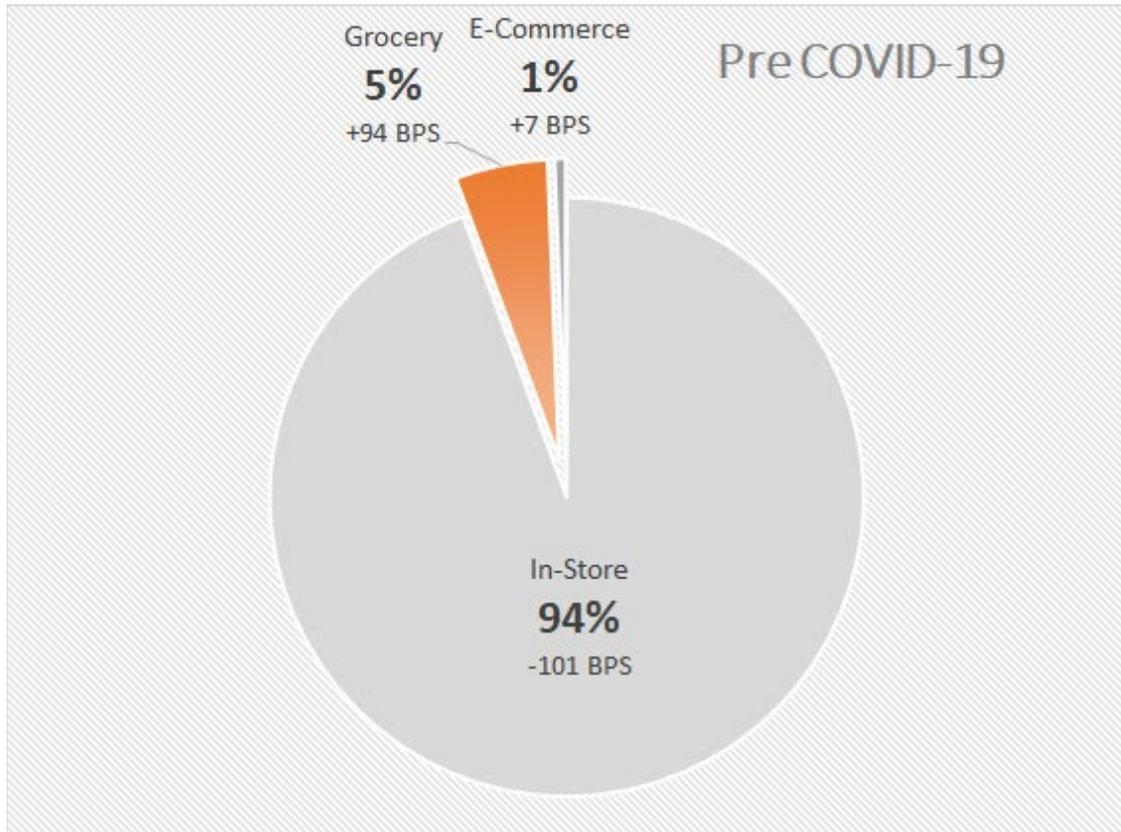


Net Sales R13 - As of P12 2019-20

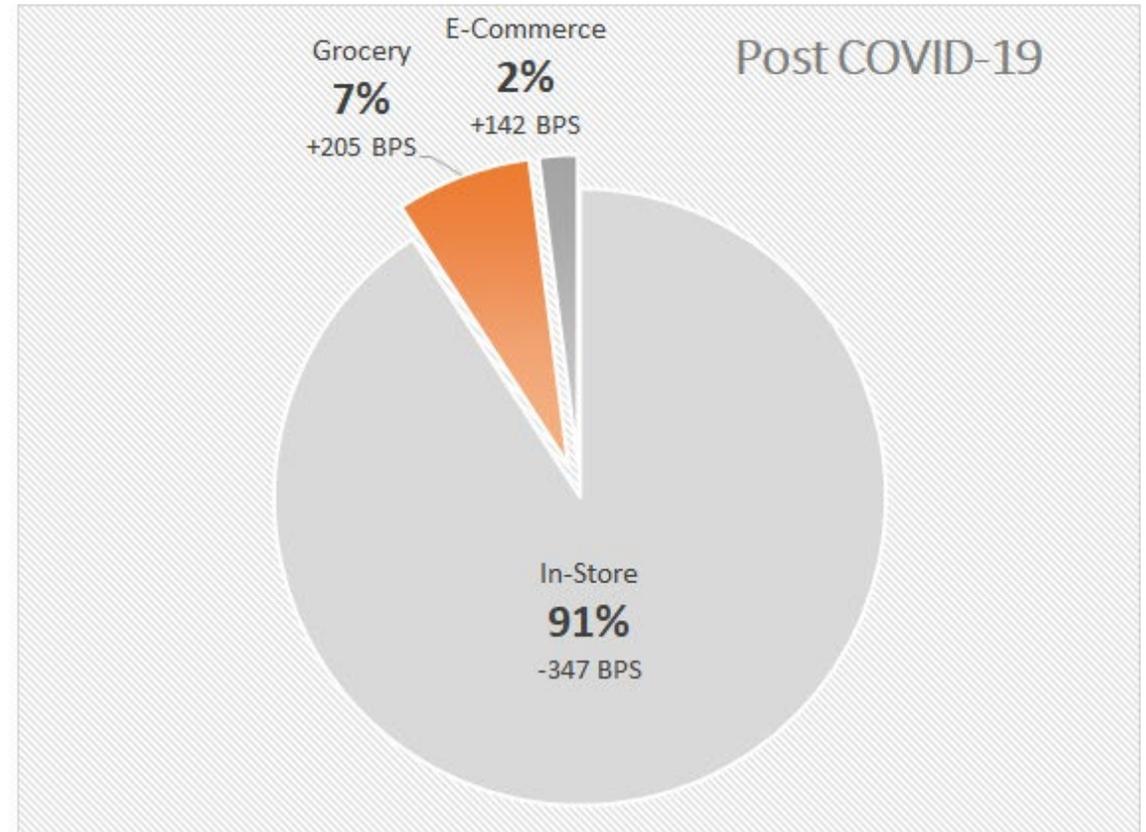


Net Sales – Fiscal Year 2020/21

Grocery & Ecommerce are gaining share from Retail Sales

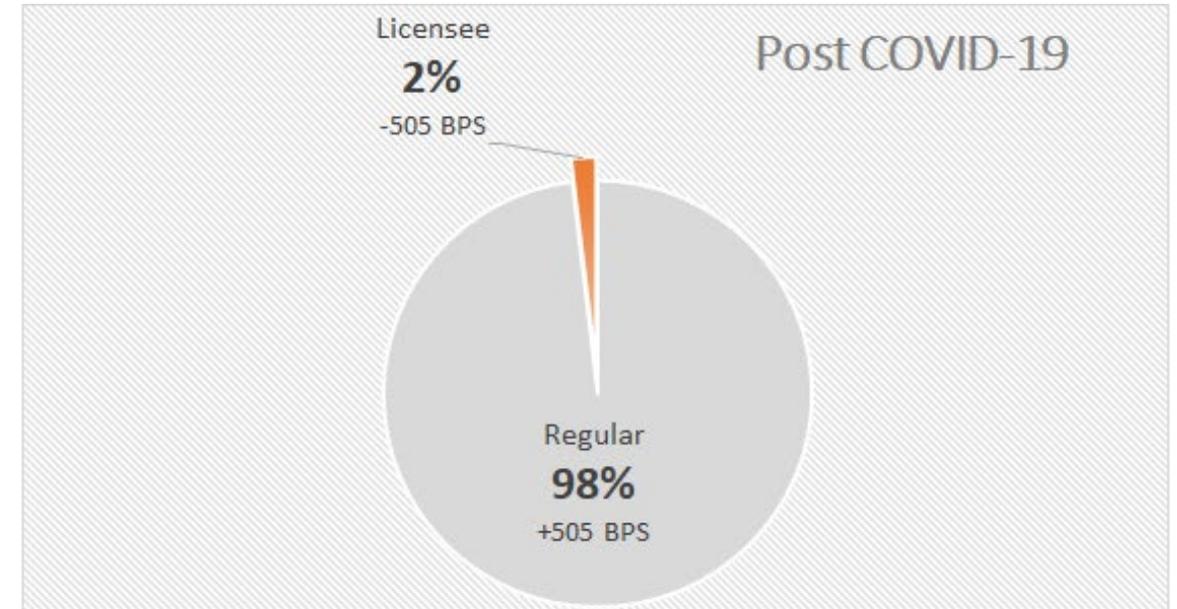
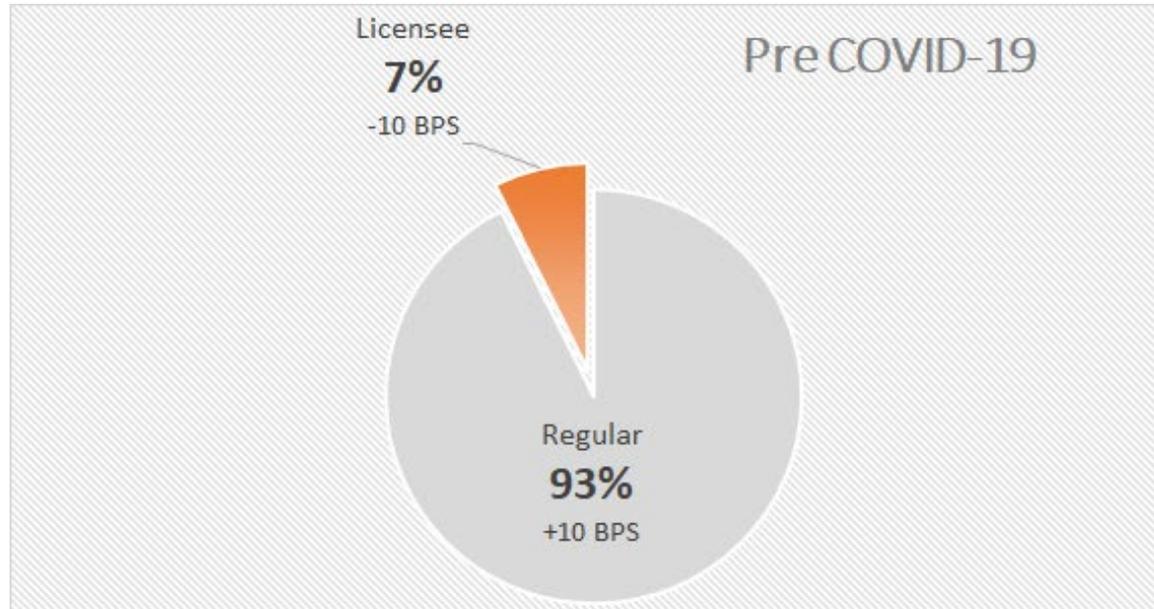


Net Sales R13 - As of P12 2019-20



Net Sales – Fiscal Year 2020/21

Licensee Sales impacts overall Growth



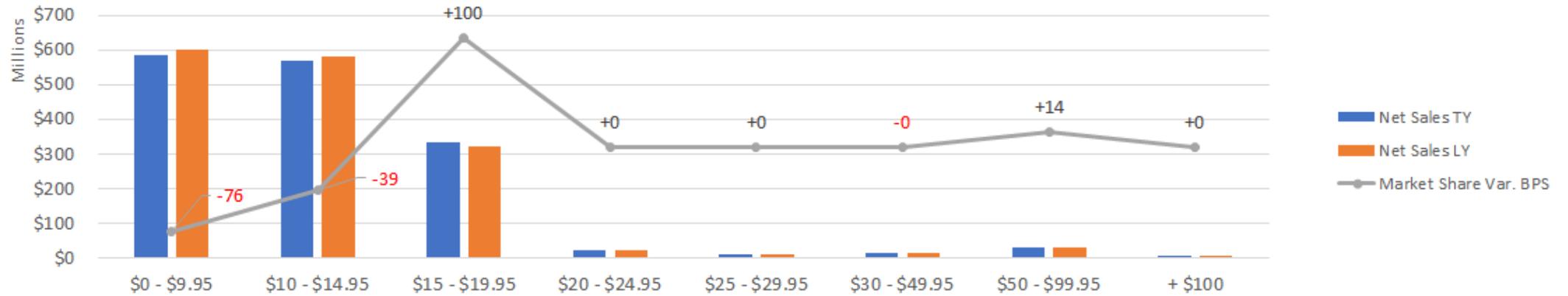
Sale Source	Net Sales R13 (As of P12 2019/20)			
	TY	LY	TY-LY \$	TY-LY %
Regular	\$1,946,007,013	\$1,967,441,306	-\$21,434,293	(1.1%)
Licensee	\$154,286,088	\$158,224,276	-\$3,938,188	(2.5%)
Total	\$2,100,293,101	\$2,125,665,582	-\$25,372,481	(1.2%)

Sale Source	Net Sales (Fiscal Year 2020/21)			
	TY	LY	TY-LY \$	TY-LY %
Regular	\$2,134,119,982	\$1,994,085,440	\$140,034,542	7.0%
Licensee	\$41,228,655	\$148,856,773	-\$107,628,118	(72.3%)
Total	\$2,175,348,637	\$2,142,942,213	\$32,406,424	1.5%

LCBO Wines gaining share +\$15

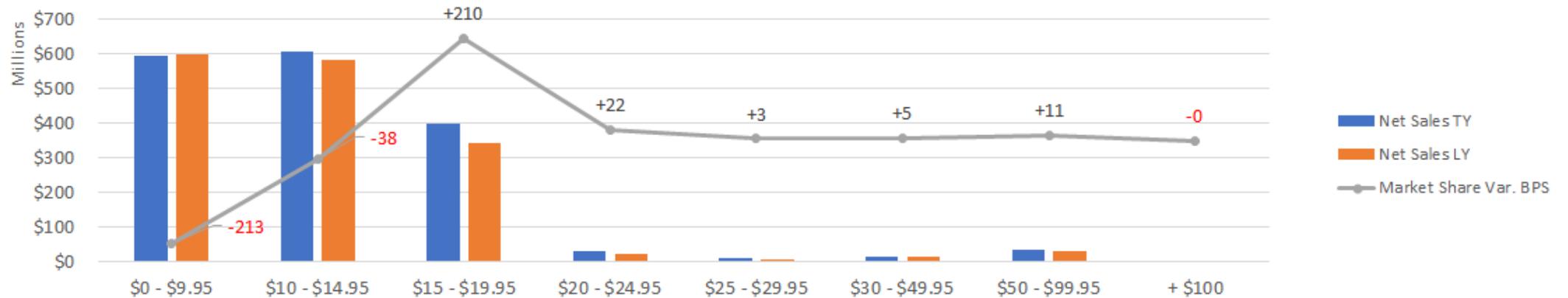
Pre COVID-19

Net Sales R13 -
As of P12
2019-20



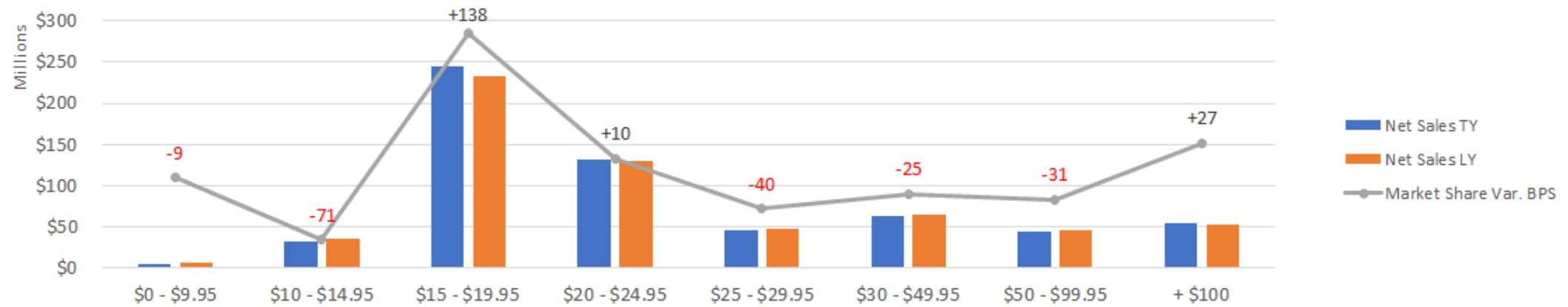
Post COVID-19

Net Sales -
Fiscal Year
2020/21



Vintages continues to grow in premium and ultra-premium price bands

Pre COVID-19
Net Sales R13 -
As of P12
2019-20

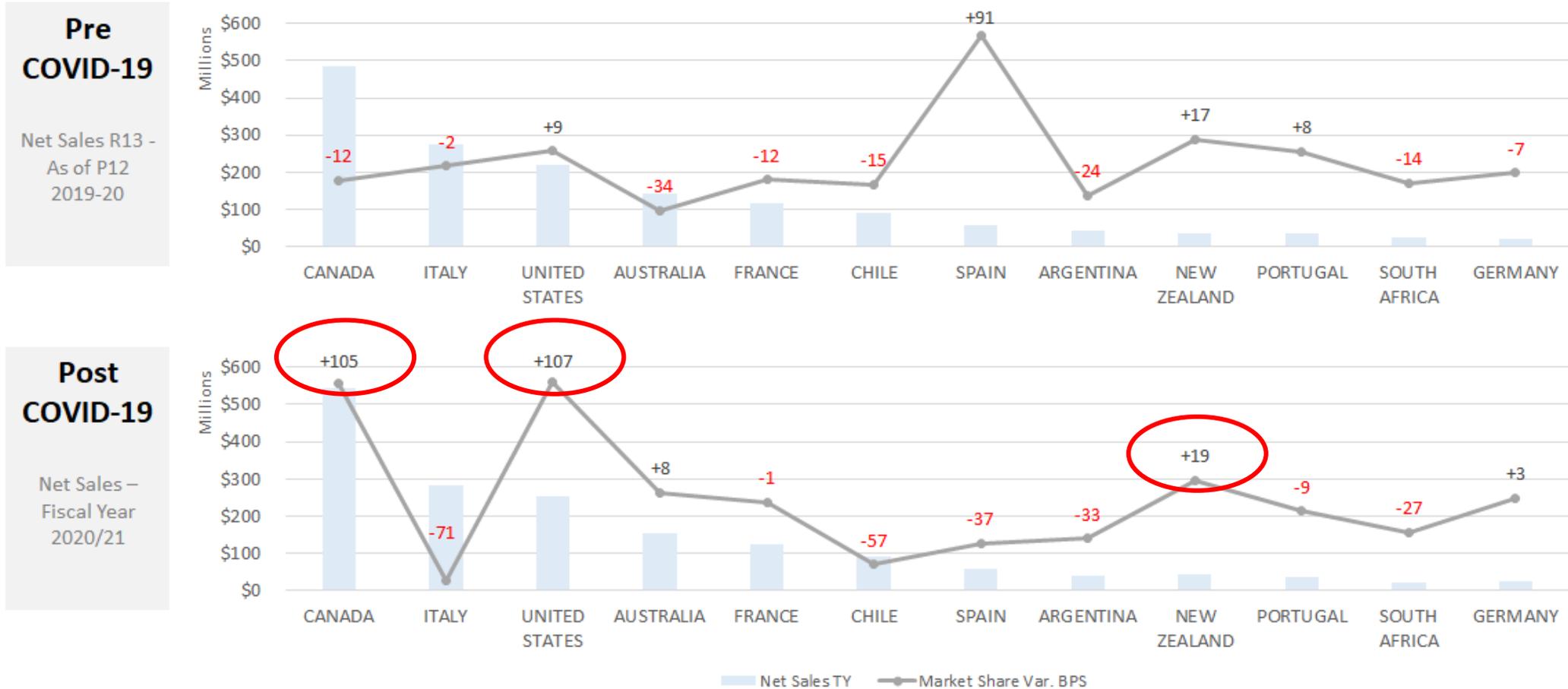


Post COVID-19
Net Sales –
Fiscal Year
2020/21



LCBO Wines by Country

Notable share shift to USA and Ontario



Vintages by Country

Growth driven by Premium regions



Top Wine Trends

Top Wine Trends 2020

1



The Pandemic Splurge

2



Rose for Everyday

3



Back to Tried & True

Top Wine Trends 2020

4



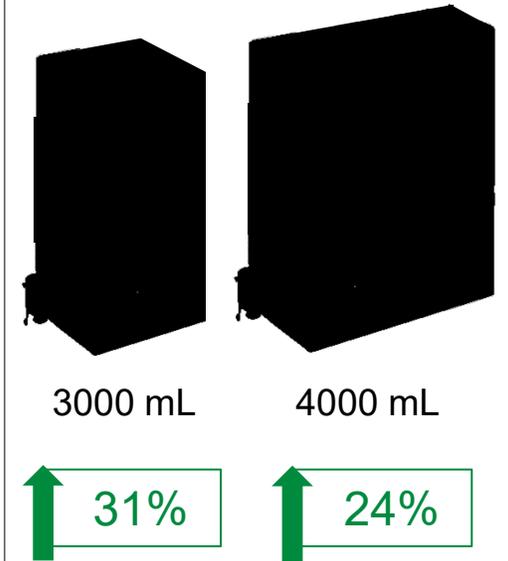
Lighter & Lower

5



Support for Local

6



Buy Big,
Frequent Less

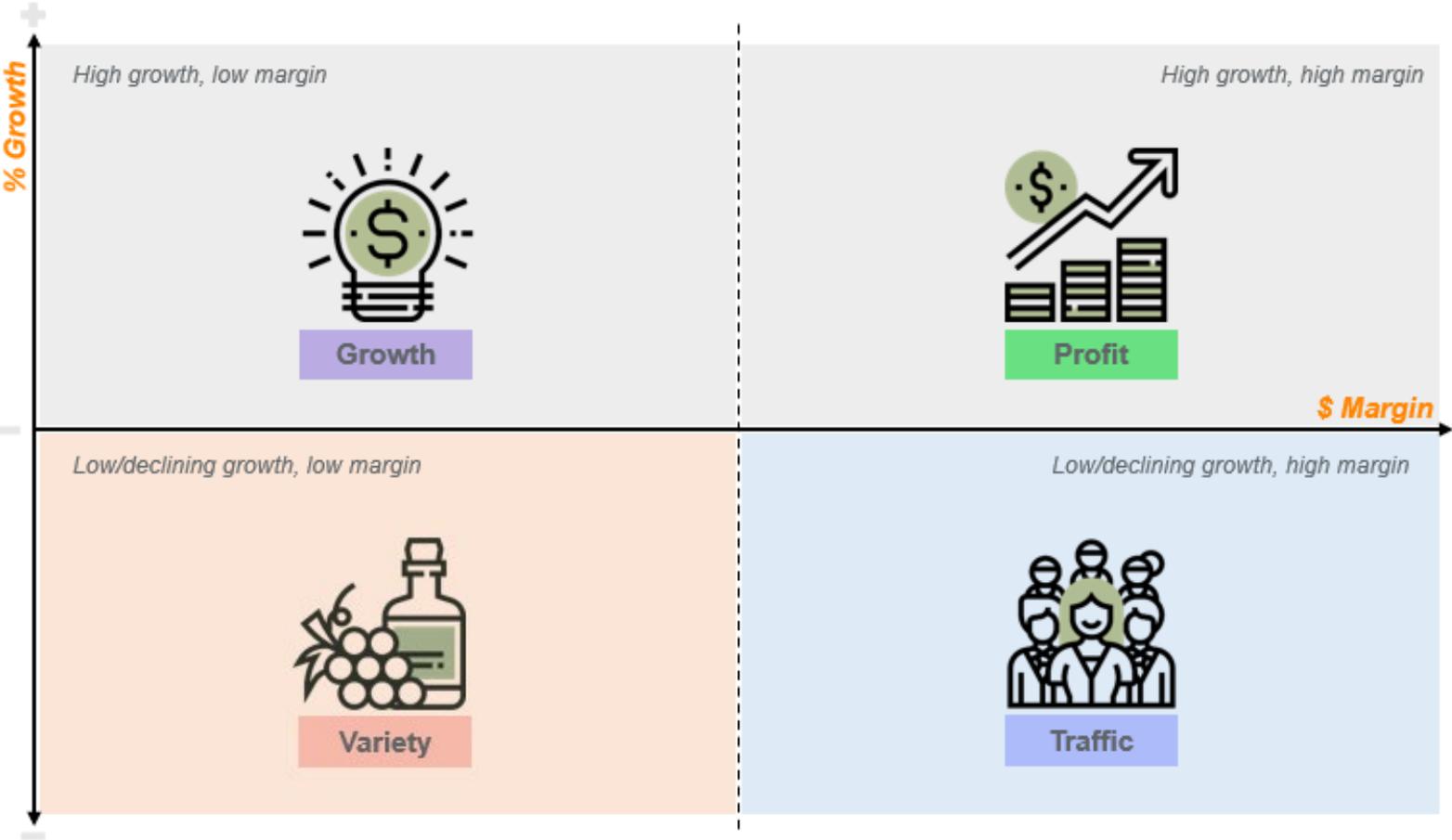
F22 Plans & Priorities

F22 Sales Plan

An anticipated return to pre-pandemic wine trends

All \$ in thousands ("000"s)	FY2022 Plan	YOY Plan % Chg
European Wines	\$546,246	2.50%
Vintages – EW	\$140,128	8.60%
Vintages Ess. – EW	\$112,260	-5.00%
Subtotal European	\$798,635	2.40%
New World Wines	\$568,070	-4.80%
Vintages - NW	\$109,670	5.00%
Vintages Ess. – NW	\$248,073	1.00%
Subtotal New World	\$925,813	-2.20%
Ontario Wines	\$512,683	-3.00%
Vintages - Ontario Wines	\$22,419	-2.00%
Subtotal Ontario	\$535,102	-3.00%
Vintages Futures & Directs	\$49,723	2.70%
Wines & Vintages	\$2,309,273	-0.70%

Leverage Lead, Compete, Play Model to define portfolio roles for Wine sets



Assortment priorities F22

New World & Ontario

Region	New Zealand	Australia	South America	California	Ontario VQA	IDB & Non-VQA
Category Role	Traffic Driver	Traffic Driver	Traffic Driver	Profit Driver	Traffic & Growth Driver	Growth Driver
Assortment priorities	Vintages front line – drive premiumization and diversify assortment	LCBO Wines - high customer engagement brands; Vintages – focus on premium assortment	Vintages front line – focus on strong 3rd party accolades growing premium reds +\$20	LCBO Wines & Essentials – continue investment in strong brands. Vintages – premium assortment of proven and new items. Seasonal innovation.	LCBO Wines Innovative Packaging/ Engaging VQA brands, popular varietals and on-trend styles; Vintages – benchmark styles and varietals	Innovative and trendy new brands; refresh or evolve legacy brands
Promotional Priorities	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	Encourage omni-commerce promotional activities to drive excitement and grow set	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	LTO-oriented promotion to drive volume/traffic

Assortment Priorities F22 Europe

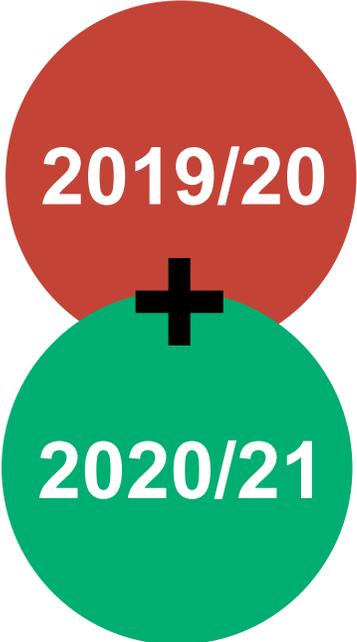
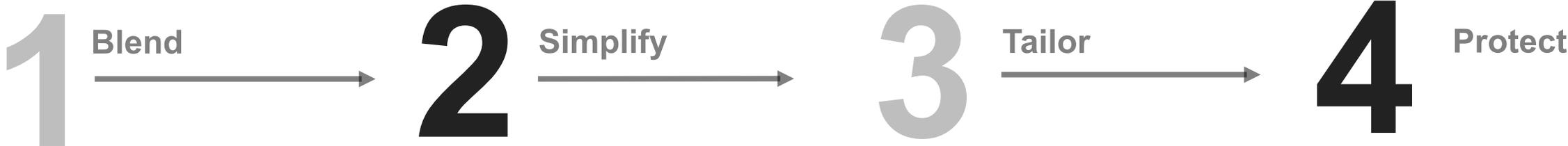
Region	Italy	Spain	Portugal	France	Emerging/ Other Europe
Role	Traffic Driver	Red – Profit Driver	Growth Driver	Traffic Driver	Variety Driver
		White – Growth Driver			
Assortment priorities	Vintages - prioritizing most popular regions and styles, and premiumization.	LCBO Wines – introductory priced Rioja and innovated packaging for other regions Vintages Frontline – Focus on premium and diversity of wine styles	Vintages Frontline – focus of value	LCBO Wines – Looking for evolutions in French Wine	LCBO Wines – Wines that speak to a broad customer base
				Vintages Frontline – Focus on well-known appellations	
Promotional Priorities	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	Encourage promotion to drive excitement and grow set	Encourage promotion to drive excitement and grow set	Encourage LTO-oriented and omni-commerce promotional activities to drive volume/traffic	Targeted promotional opportunities

Assortment Priorities F22

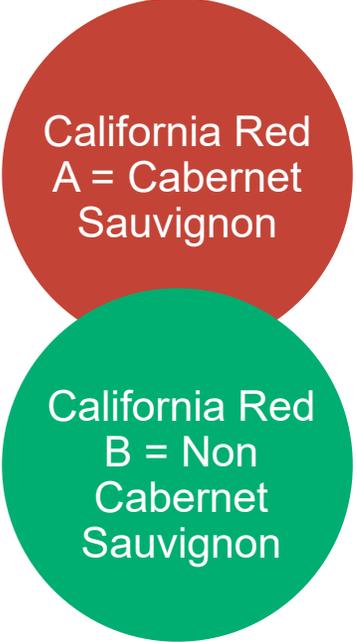
All Countries

Category	Sparkling	Rosé	Gifting	Seasonal	Destination Collection
Role	Profit Driver	Growth Driver	Growth Driver	Variety Driver	Variety Driver
Assortment priorities	Customers are responding well to innovated packaging and branding	Packaging and competitive pricing is crucial especially from Provence	Holiday gifting, Year-round gifts, Ecommerce exclusives	Better For You – Low Alc, Low Sugar, Wine in Cans, Flavoured Wines; Trends and Innovation from USA	Niche & unique, under-represented product categories
Promotional priorities	Encourage promotion and temporary products to drive excitement and grow set	Encourage promotion to drive excitement and grow set	Encourage promotion to drive excitement and grow set	Targeted promotional opportunities	Targeted promotional opportunities

New Simplified Approach to Sales Targets



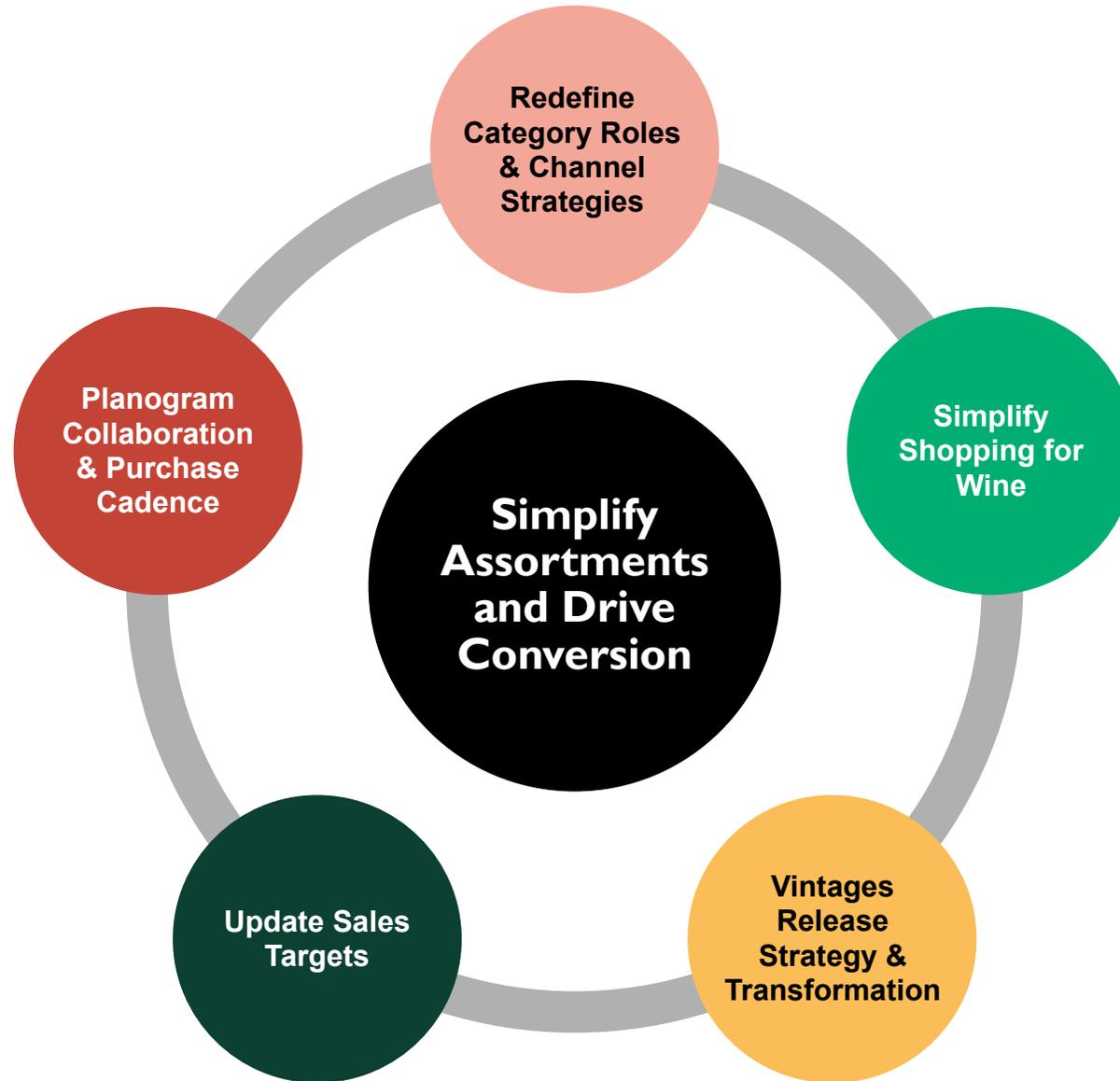
SET LEVEL
(i.e. Italy Red)
VS
SUBSET + PRICE BAND LEVEL
(i.e. Italy Red – Chianti x 3 price bands)



90-95% Margin Protection within Sets

Key Initiatives & Projects

Assortment Simplification



Multi-faceted approach to the evolution of Vintages

Simplify Front Line Retail Releases

- Optimize release cadence
- Lean into ecommerce to augment retail release and offer additional selection

Increase Accessibility & Excitement through Ecommerce

- Add exclusive ecommerce release each period
- Focus premium
- Grow Classics/Special offers

Increase exposure of Essentials

- Evaluate Collaboratives
- Conservatively grow Essentials portfolio
- Promote out of section and online

Increase Efficiency

- Lower operational burden
- Increase SKU productivity
- Buy deeper

Enhance Vintages Brand Strategy

- Portfolio role clarity
- Improved release merchandising and communication



Enhanced Product Education and Tools to ease purchase decision

Elevate the role of taste

19 Crimes Chardonnay
Chardonnay
Australia/Australie

\$17.95 \$17.75 + 20¢ deposit/dépôt

562660 ABV 11%/750 mL

**Toast, Vanilla, Powerful
Grillé, Vanillé, Robuste**

SWEETNESS/SUCRÉ ● ● ○ ○ ○ ○

BODY/CORPS ● ● ● ● ● ●

FLAVOUR INTENSITY/INTENSITÉ ● ● ● ● ○ ○

ACIDITY/ACIDITÉ ● ● ○ ○ ○ ○

SUGAR CONTENT/TENEUR EN SUCRE **MS/DD 11g/L**

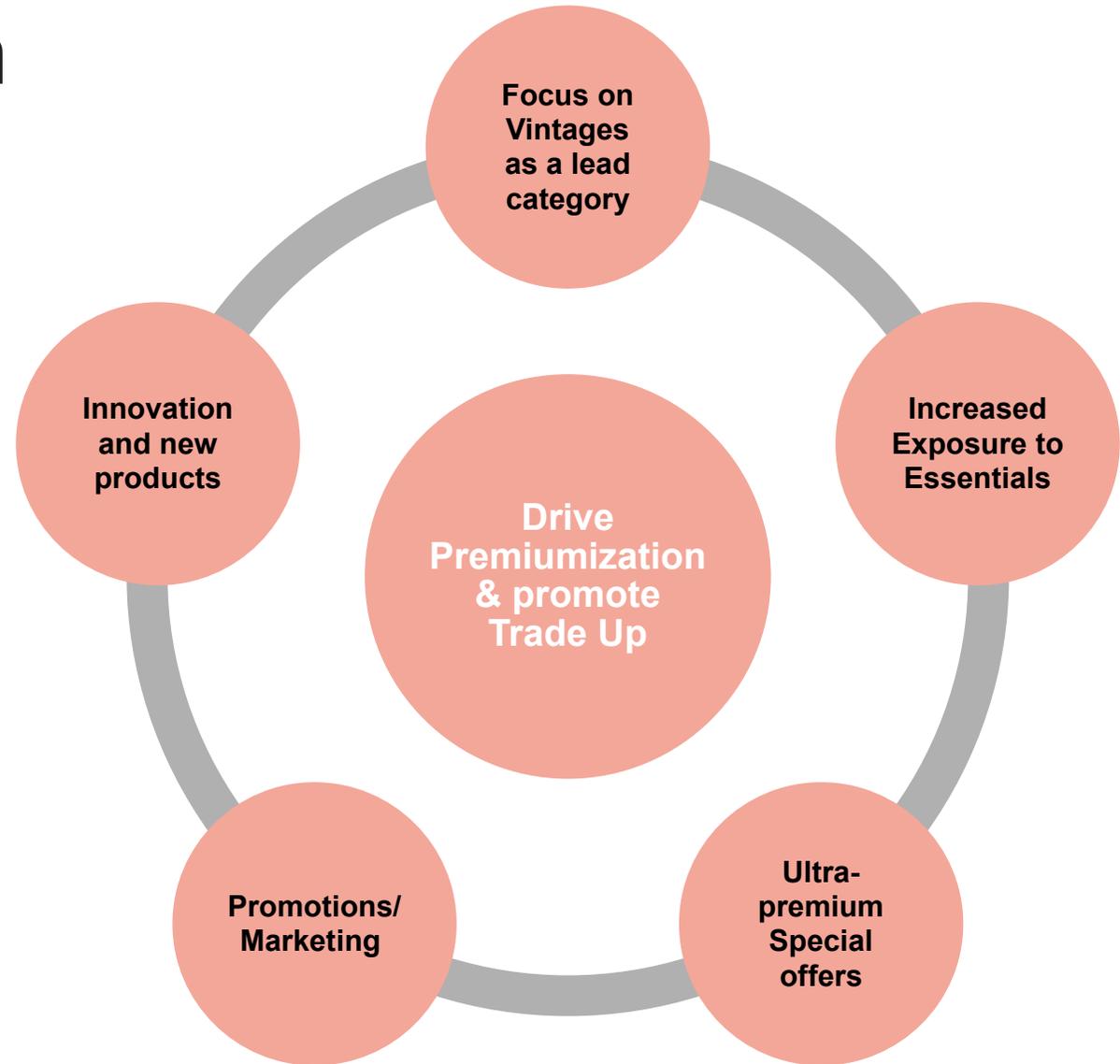




Planogram and Category Collaboration



Drive Premiumization in Wines & Vintages

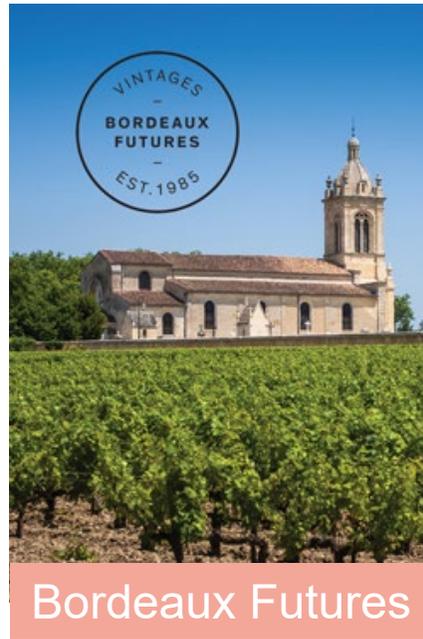


Ultra-
Premium
Special Offers

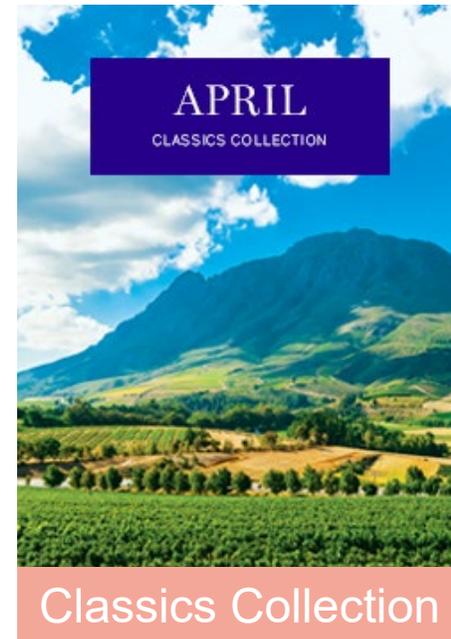
Increase and Optimize Allocated and Special Offers



\$7.7M
↑ 45%



\$9.1M
↑ 41%



\$9.3M
↑ 18%

Increase
Exposure of
Essentials

Leverage Essentials as a driver in-store and online



Online Gift Baskets



Wine Wednesday Offer



In-store Display



Existing & New Vintages Displays



Promotions/
Marketing

Enhanced focus on premium promotions



Bubbles to
take centre
stage



Promotions/
Marketing

Expand Vermouth adjacency in Spirits



23 Stores
Executed Since
Spring 2020

Enhancing New Products and Seasonal Releases



Drive New
and
Seasonal

Create excitement and drive conversion with Seasonal listings



- Improve success rate and sell-through by putting seasonal products in the right stores and online for customers to discover
- Feature assortments on primary display in store
- Focus on seasonally relevant and trending styles, flavours and formats including:
 - Low Alcohol/Sugar and Low Calorie
 - Wine in cans
 - Flavoured wines
 - Sparkling wines

Graduated
listing
program

Pilot a Graduated Listing Program in European Wines



- In-section testing ground for new products
- Top selling stores with expanded space
- Limited and controlled distribution
- Timeframe: Period 1-9
- Strong performers graduate to continuous listing

ITALY SPARKLING (PROSECCO) – 50 Stores

FRENCH SPARKLING – 40 Stores

GREEK WINES – 25 Stores

Grow Holiday
and year-
round gifting

Own the gifting occasion year round

HOLIDAY ONLY

\$10.1M

↑ 8.1%



Support Local



Ecommerce Opportunities



What we're looking for on-line



Wine Wednesday and Value-add offers

Expanding opportunities

Multi bottle or single bottle offers with great value adds



Curated Boxes

Without Value Adds: priority to themes/stories that align with promotions/season; trade ideas welcome for multi-brand pitches!

With Value Adds:

- Occasion/Solution based offers
- Discovery – curated boxes with virtual tasting offer



Virtual events

Iconic producers

Sought after knowledge

Media-worthy experiences

What we're looking for on-line



New Arrivals Base/ HERO

Big Bet launches for Hero

Array of NEW for Base



Stand Alone Feature Page

Ideal for Trade Association sponsorship

New brand launches

Large investment campaigns

Alignment with season, promotion or occasion



Exclusives/Case Offers

Case Offers

House Wines

On-line Exclusives

Pre-launch opportunities

Takeaways

What this
means for
YOUR
Business

1



Follow the trends and remember gifting is a focus!

2



Bring us innovative e-commerce exclusives and special offers

3



Grow your brand by participating in omn-commerce opportunities

4



Proactive approach to sales targets – reach out to category

Thank You