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**CONESTOGA COLLEGE, Guelph, ITBA (1372)**

## INFO8636-24W-Sec7-Business Analysis Foundations

## Assignment 1: Loblaws Business Model Canvas

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# Business Model Canvas of Loblaws

Loblaws Supermarket, founded in 1919, is a major player in the Canadian supermarket and food sector. Loblaws earned over 56.5 billion Canadian dollars in revenue in 2022 and had more than 2,000 locations across the country, ranking first among Canadian food merchants the previous year (Statista, 2024).

1. **Customer segments:**

Loblaws caters to a diverse clientele, offering a wide range of products suitable for all age groups from children to senior citizens. Its comprehensive selection and heavy discounts make it convenient for customers to find everything they need in one place. Additionally, Loblaws provides budget-friendly options, ensuring accessibility for individuals of all income levels while maintaining quality standards. The supermarket appeals to a broad mass market, including those seeking groceries, health and beauty products, personalized nutrition, and health recommendations, as well as affordable financial services (Loblaws, n.d.-a).

1. **Value Proposition:**

Loblaws strives to offer competitive pricing on its products, providing value for customers' money. Regular promotions, weekly specials, and loyalty programs help customers save on their grocery purchases while maintaining quality and variety. Loblaws provides a vast array of products and services such as online grocery pickup and delivery service anywhere in Canada, online services for health and beauty, no-fee banking financial services and reward programs such as the PC Optimum loyalty program (Loblaws, n.d.-b; PC Financial, n.d.). Loblaws also provides virtual medical services with live access to consultation with registered nurses and dietitians via their PC Health app (BNN, 2020).

1. **Distribution Channels:**

Loblaws utilizes a diverse array of distribution channels to efficiently meet the needs of its customers. This includes operating a network of physical grocery stores such as Loblaws, Real Canadian Superstore, No Frills, and T&T Supermarket, strategically positioned across Canada to ensure widespread accessibility. For instance, Shoppers Drug Mart operates from several distribution centers across the country, including locations in Moncton, Cornwall, Mississauga, Calgary, and Richmond, each serving specific regions. These physical stores serve as key touchpoints for customers seeking groceries, health and beauty products, and other essentials. Additionally, Loblaws extends its reach through online sales platforms, enabling customers to make purchases conveniently through mobile apps and its website. This approach caters to diverse consumer preferences, allowing Loblaws to maintain a strong presence in both physical and digital retail spaces (Wulfraat, 2013).

1. **Customer Relationships:**

* Feedback: By offering a variety of accessible formats (written postal, email, surveys, reviews) and communication support upon request, Loblaw guarantees that its procedure for receiving and acting upon feedback is accessible (Loblaw, n.d.; StoreOpinion CA, 2023).
* FAQ: Without Employees Loblaws has created the best way to communicate with the customers. Some of the recent examples of Loblaws FAQs are:
* PC Express Pass
* PC Express Pick-Up/Delivery
* Delivery by Instacart (Loblaws, n.d.-a)
* Gift Cards:  Loblaws is providing a $25 gift card (Register link for a gift card which is restricted to use to buy alcohol or tobacco products, Mobile Shop or Cooking School in Loblaw Stores (Cazzin, 2022) and made available to use at gas stations or be redeemed for cash (Cazzin, 2018).
* Simple Customer Services: Besides FAQ, Loblaws hosts customer service support through diverse options.
* Email
* Call (Customer Relation Center)
* PC Express
* Write to Loblaws by postal (PissedConsumer, n.d.).

1. **Revenue Streams:**

Grocery item sales: Through its retail division, Loblaws' main source of income is the selling of groceries. This covers a range of food items, essentials for the household, and other consumables. Food retail same-store revenue increased by 4.5%, contributing to the company's increase in retail segment sales (Loblaw Reports, 2023).

Pharmacy Business: Shoppers Drug Mart, a subsidiary of Loblaws, is a major source of the company's revenue stream. The same-store sales of drugs in retail stores grew by 4.6%, with a notable increase in sales at pharmacies in 2023. This suggests that there is a growing demand for prescription drugs and other health-related goods, which boosts Loblaws' total sales (Acosta, 2022; Loblaw Reports, 2023).

Sales of Health and Beauty Products: Loblaws earns profit from the sale of health and beauty products in addition to food and prescription drugs. Cosmetics, skincare products, personal hygiene products, and over-the-counter drugs are all included in this category. Sales of health products such as cough and cold medicines have seen steady demand as well as high margins in beauty and cosmetics products generating revenue that goes toward the company's total sales in the retail division (Benchetrit, 2023).

E-commerce Sales: A noteworthy 13.6% gain was seen by Loblaws in e-commerce sales. This source of income is a reflection of the company's efforts to increase its online visibility and to meet the expanding consumer trend of online shopping (Loblaw Reports, 2023).

Financial Services: Loblaws provides a variety of financial services, including credit cards, insurance products, mortgages, and personal loans, to supplement its retail operations and increase its revenue stream (PC Financial, n.d.)

1. **Essential Resources:**

* **Employees**: Loblaws relies on a workforce to operate its stores, manage inventory, provide customer service, and handle various other tasks necessary for business operations (Loblaws, n.d.-b).
* **Finance and investment:** Loblaws requires financial resources for investments in new stores, technology, marketing, and other aspects of its business (Loblaws, n.d.-b).
* **Inventory management system**: Having an inventory management system to track and manage the vast array of products Loblaws sells across its stores is essential (Margulis, 2015).
* **Brand image**: Loblaws, like any company, aims to maintain a positive brand image to attract customers and build loyalty. This includes factors such as product quality, customer service, and corporate social responsibility initiatives (Lind, 2020).
* **Physical resources**: operates a network of stores and distribution channels to deliver products to customers. These physical resources are essential for its retail operations (Loblaws, n.d.-b).
* **PC Optimum program data**: Loblaws operates the PC Optimum loyalty program, which collects customer data and preferences. This data is valuable for targeted marketing, understanding consumer behaviour, and enhancing the customer experience (RightMetric, 2023).

1. **Essential Activitie**s:

Inventory Management and Distribution: Loblaws uses inventory management to assure product availability in its stores, optimizing stock levels to satisfy customer demand while reducing surplus inventory. Distribution involves the efficient movement of goods from suppliers to distribution centers and ultimately to individual store locations (Margulis, 2015).

Marketing and Sales: The sales activities of Loblaws involve the actual process of selling products to customers through various channels such as in-store purchases and online transactions. Loblaws also uses advertising strategies to market its products and bring customers into its stores. This includes advertising efforts, promotions, and loyalty programs (RightMetric, 2023).

Customer Service: Excellent customer service is critical for Loblaws to improve the shopping experience and generate customer loyalty. This includes answering customers' questions, addressing problems or complaints, ensuring product availability, and keeping retail environments clean and organized (Loblaws, 2020).

Loblaws manages the PC Optimum rewards program, which gives customers benefits for their purchases. This includes managing the program's logistics, tracking customer points, analyzing data to understand consumer behaviour, and continuously improving the program to drive customer engagement and retention (RightMetric, 2023).

1. **Partners:**

Suppliers of food, health, and beauty products: Loblaws operates with numerous suppliers across Canada for its grocery, health, and beauty products (Loblaws, n.d.-c).

Imperial Esso and Mobil stations: Loblaw and Imperial have expanded their agreement to allow PC Optimum members to redeem their rewards points for fuel and car wash prizes at more than 2,000 Esso stations across Canada. This collaboration offers an added benefit and convenience for customers who can now utilize their points for rewards at Esso stations (Loblaws, 2021).

Technology: Loblaws has partnered with Microsoft to help its multi-year transformational journey as it seeks to leverage cloud, AI, machine learning, and data to unlock new opportunities in its retail operations (Microsoft, 2023). Loblaws also partnered with Google Cloud to bolster its online grocery operations during the surge in demand caused by the COVID-19 pandemic. With this partnership, Loblaw was able to optimize its rollout procedure to ensure successful deployment, stabilize its online systems, and install Micro Fulfillment Centers for automated order processing (Tharp, 2022)

Maple health professionals (nurses and dietitians): To provide clients with convenient remote access to individualized health advice, Loblaws teamed with Maple, a telemedicine platform, to offer virtual consultations with healthcare professionals including nurses and dietitians. This integration of healthcare services into retail environments was made possible (BNN, 2020).

1. **Cost structure:**

Loblaw's cost structure includes employee salaries, utility bills, and product inventory expenses. They additionally fund technological infrastructure, such as the development and maintenance of digital platforms and the acquisition of building equipment and furniture. Their expenditure also includes property rental charges. These costs collectively support Loblaws' operations and services across both physical retail stores and online platforms (TRADING ECONOMICS, 2023).

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