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Loblaw in Canada’s stagnant Grocery market[[1]](#endnote-1)

Ruhama Quadir and Kelly Whitehead wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In September 2016, Loblaw Companies Limited (Loblaw) was at a critical deadlock. The company’s performance in the last quarter had been disappointing at best; food sales had grown modestly (2 per cent), but net income was down 14.6 per cent from 2015.[[2]](#endnote-2) In a *Toronto Star* article headlined “Can Weston Get the Blah out of Loblaw?,” the weak results were attributed to Loblaw’s “antique-like” business model.[[3]](#endnote-3) Bay Street (the centre of Toronto’s financial district; also used to refer to Canada’s financial industry), was more forgiving, as analysts’ consensus was to designate a “neutral” rating for Loblaw’s stock.[[4]](#endnote-4) However, the direction of the company’s future remained unclear, and competition in the grocery market was heating up. What should Galen Weston Jr., chairman of Loblaw, do to prepare Loblaw for a potential price war in the months ahead?

About Loblaw (see Exhibit 1)

Loblaw was a subsidiary of George Weston Limited, the owner of such food and retail brands as Wonder Bread and Holt Renfrew.[[5]](#endnote-5) Based in Brampton, Ontario, Loblaw was Canada’s largest food retailer, with annual revenues of CA$45 billion[[6]](#endnote-6) in 591 corporate stores and 525 franchised stores across Canada (see Exhibit 2).[[7]](#endnote-7) Apart from its flagship Loblaws Great Foods stores, Loblaw managed the Real Canadian Superstore (large format supermarket), No Frills (discount supermarket), and T & T Supermarket (ethnic supermarket),[[8]](#endnote-8) among other banners. Further, in 2013, the company acquired Shoppers Drug Mart’s (Shoppers) 1,242 drugstores for $12.4 billion, beginning Loblaw’s foray into the pharmaceutical industry.[[9]](#endnote-9)

Humble beginnings

Theodore Loblaw opened the first Loblaw *groceterias* (self-serve grocery store) in Toronto in 1919. Predicated on a “cash-and-carry” concept, Loblaw was a venue for buying quality products in bulk at low prices. Shortly after, the company expanded to 70 stores in Ontario and ventured south of the border, to New York and Illinois. Loblaw’s fast-paced growth encouraged W. Garfield Weston, president of George Weston Limited, to invest heavily in the company during its early years. By the 1950s, the Weston family held a controlling stake in Loblaw.[[10]](#endnote-10)

After decades of prosperity, a turn of events left the company nearly bankrupt in 1971.[[11]](#endnote-11) Galen Weston Sr., the grandson of George Weston, founder of George Weston Limited,[[12]](#endnote-12) scaled back Loblaw’s growth and streamlined operations through a multi-tiered strategy that involved (1) cutting 100 underperforming stores (out of 200 total stores); (2) hiring marketing expert Dave Nichol as president; (3) divesting non-core assets; (4) remodelling storefronts; (5) investing aggressively in advertising (*Star Trek* actor William Shatner appeared in the 1978 advertisements);[[13]](#endnote-13) and (6) diverting the company’s focus away from the U.S. market.[[14]](#endnote-14) Another key initiative was the introduction in March 1978 of the “no name” brand, a line of basic household products that were steeply discounted by 10 to 40 per cent relative to market prices[[15]](#endnote-15) and that quickly became popular among price-sensitive consumers. Months later, No Frills, Loblaw’s deep discount outlet, was born.

By 1980, Loblaw had returned to profitability, and five years later, it stood as Canada’s grocery market leader. In the following decade, Loblaw’s private label, President’s Choice (PC), was available in 1,200 stores in 34 U.S. states. Loblaw even supplied products for Wal-Mart Stores, Inc. (Walmart) under the name Sam’s Choice before the latter grew its Canadian presence and the relationship deteriorated as the two became competitors.[[16]](#endnote-16)

In 2006, Loblaw faced yet another storm when its Loblaws stores posted a $219 million loss. The Weston family’s leadership was instrumental in remedying the company’s ills. The family overhauled Loblaws’ organizational structure and distribution systems, and the stores quickly recovered. On September 14, 2016, Weston Jr. ascended to the role of Loblaw’s president, marking the fourth generation of Weston leadership at the company.[[17]](#endnote-17)

“Dear, please pick up some milk and a mortgage”[[18]](#endnote-18)

The development of PC formed a key advantage for Loblaw in that PC allowed the company to diversify its offerings and, therefore, its user base. While the no name brand spoke to price-sensitive consumers, PCwas designed for Canadians at the upper echelons of the income spectrum. The private label first emerged in 1984 after Nichol, then president, introduced “President’s Blend Gourmet Coffee” to Loblaw’s shelves and was inspired to start a control label following the coffee’s unexpected success.[[19]](#endnote-19)

Nichol leveraged his marketing background to showcase PCproducts through a magazine called the *Insider’s Report*, in which he shared his personal experiences with, and endorsements for, PC products. The *Insider’s Report* was widely purchased among Loblaw’s customers, likely because its informal, anecdotal advertising format made the PCbrand relatable and desirable in the eyes of consumers.[[20]](#endnote-20) Long after Nichol’s departure in 1990,[[21]](#endnote-21) PC managed to retain its reputation for being a relatable and down-to-earth brand. Weston Jr. himself regularly made appearances in its commercials to promote PC’s products;the best known was The Decadent, a chocolate cookie that outsold all Canadian rivals within three years of its 1988 release.[[22]](#endnote-22)

The PCname was eventually tied to Loblaw’s attempts to penetrate new niche markets, including but not limited to organic products, baby food, and banking/insurance services. These diverse services sought to serve the vibrant Canadian population, which was characterized by rising household incomes.[[23]](#endnote-23)

In 2006, Loblaw distinguished itself by unveiling a feature on the PC website (presidentschoice.ca) that allowed consumers to rate and review products, enabling feedback generation for both improving existing products and developing new ones. This move established the company as one of the first major grocery brands to integrate consumer-generated content into its website, and signified Loblaw’s continued commitment to adopting a consumer-centric orientation.[[24]](#endnote-24)

As part of its later ventures into the digital arena, Loblaw decided to leverage the popularity of its PC brand to launch the PC Plus loyalty program in 44 stores in May 2013.[[25]](#endnote-25) At its core, PC Plus was a mobile rewards system that offered customized deals to shoppers on a weekly basis by analyzing patterns in their buying habits.[[26]](#endnote-26) The year also marked the announcement of the Shoppers acquisition, through which Loblaw inherited the Shoppers Optimum loyalty program, which had managed to reach one in every three Canadians since its debut in 2000. By November 2013, the PC Plus program was rolled out nationwide. Within nine months of its introduction, PC Plus had recorded a total of 6 million members and several hundred million dollars of revenue.[[27]](#endnote-27)

Trouble at the top of the food chain

Although Loblaw’s 30.1 per cent market share in mid-2016 was a comfortable four points higher than the market share of the next leading competitor, food retailer Sobeys Inc. (Sobeys), recent market trends were not promising. In the 18 months leading up to May 2016, food inflation was above 3 per cent, and the adverse effects of this on fresh produce were particularly strong.[[28]](#endnote-28) Retailers’ efforts to protect margins contributed to astronomical price increases on the shelf (notably, a price of $10 per head for cauliflower).[[29]](#endnote-29) Weston Jr. assured consumers that inflationary pressures would soon desist,[[30]](#endnote-30) yet market researchers claimed otherwise.

Although July 2016 saw inflation soften to 1.3 per cent, IBISWorld’s predictions set 2017 inflation to exceed 1.9 per cent, 30 basis points higher than the projected increase in total grocery revenue in Canada.[[31]](#endnote-31) In comparison, the country’s gross domestic product was expected to increase at 1.1 per cent, with 85 per cent of growth attributable to the provinces of Ontario, Québec, British Columbia, and Alberta.[[32]](#endnote-32) Although the public sector was often the beneficiary of support from Canada’s Liberal government in such circumstances, the same could not be said of the private retail sector.

Growing consumer frustration eventually prompted Weston Jr. to announce on July 6, 2016,[[33]](#endnote-33) that Loblaw would “reject any future cost increases from suppliers”[[34]](#endnote-34) except those related to higher input costs, and would apply a 1.45 per cent cost decrease to shipments from September onward. A spokesperson mentioned that the move was not meant to be adversarial, but rather was intended to encourage suppliers to share the inflationary burden. Other parties begged to differ, pointing to 2014, when Loblaw was under investigation by the Competition Bureau for 12 files related to its treatment of suppliers.[[35]](#endnote-35)

Loblaw’s troubles revealed the complex realities of the grocery business. On the one hand, supermarkets knew that fresh produce, household products, and other related items fulfilled fundamental consumer needs, thereby ensuring a steady stream of customers independent of economic conditions. On the other hand, Loblaw recognized that Canadians would only buy so many vegetables or paper towels. Further, Loblaw was hard-pressed to convince a consumer that its standard berries or apples were any sweeter or fresher than those of a low-cost competitor.

The Superpowers of the Supermarket INDUSTRY

Traditionally, the Canadian grocery market was dominated by Loblaw (30.1 per cent), alongside key rivals Sobeys (26.1 per cent) and Metro Inc. (Metro) (10.6 per cent).

Sobeys (see Exhibit 3)

A subsidiary of Empire Company Limited—which also owned Foodland, FreshCo, and IGA—Sobeys was a Nova Scotia-based grocer with 125,000 employees, 1,500 corporate/franchise-owned stores, and approximately $22 billion in annual revenues.[[36]](#endnote-36) Pharmacies, liquor stores, and gas stations also belonged to Sobeys’ broader offering, although in its earliest years, Sobeys operated solely as a meat delivery business serving the approximately 1,750 residents of Stellarton, Nova Scotia. In fact, it was not until 1947 that the company made its formal entry into food distribution with the opening of its first branded supermarket. Forty years later, in 1987, Sobeys claimed $1 billion in sales and established its first location outside of Atlantic Canada in Guelph, Ontario.[[37]](#endnote-37)

In 2013, Sobeys announced its intention to acquire the 223 stores of its competitor Safeway Inc. (Safeway), which left Sobeys poised to become the market leader in Alberta—one of the largest markets outside of Ontario or Québec. Upon this announcement, the Competition Bureau demanded that Sobeys divest 23 of its stores; otherwise, the transaction could have been barred for being anti-competitive.[[38]](#endnote-38)

Widely criticized as a move that damaged the brands of both parties, Sobeys’ takeover caused a substantial disruption to Safeway’s supply chain, which remained largely uncorrected even in 2016, three years after the transaction. In a detailed review of the acquisition published in July 2016, the *Calgary Herald* emphasized disgruntled customers’ experiences with advertised but out-of-stock items and consistently higher prices at several Safeway locations.[[39]](#endnote-39) The former pain point may have been tied to Sobeys’ decision to shift Safeway toward Sobeys’ own inventory policy, which involved stocking items merely three products deep—a stark contrast to Safeway’s pre-existing policy that heavily emphasized inventory replenishment to assure product availability.

Also rumoured to have been linked to the takeover was the disbandment of Safeway’s Club Card loyalty initiative, allegedly done to align the acquired company with Sobeys’ Air Miles program.[[40]](#endnote-40) Additionally, Sobeys replaced Safeway-branded products with those of its own private label, to the chagrin of many western Canadian shoppers.[[41]](#endnote-41)

At the height of its ensuing financial losses, Sobeys reported a shortfall of $2.1 billion as well as write-downs in excess of $2.9 billion, which prompted the departure of then chief executive officer, Marc Poulin, in July 2016.[[42]](#endnote-42) It was uncertain whether Empire Company Limited’s subsequent announcement that it would cut 1,300 Sobeys jobs in 2016 and 2017 was driven by the disappointing financial performance.[[43]](#endnote-43) Another possible explanation was that the restructuring would make room for new automated distribution centres in Calgary, Alberta, and Vaughan, Ontario, planned for mid-2017.[[44]](#endnote-44)

Sobeys’ other maneuvers in the marketplace had, arguably, met with greater success. For instance, the extensive renovations aimed at rebranding its Price Chopper stores, which operated under the name FreshCo beginning in 2010;[[45]](#endnote-45) a partnership with renowned chef and healthy eating advocate Jamie Oliver;[[46]](#endnote-46) and the introduction of luxury-format stores in 2013 had all been applauded in the marketplace.[[47]](#endnote-47)

Metro (see Exhibit 4)

Headquartered in Montreal, Québec, Metro owned and operated 338 supermarkets and 218 discount retailers in Québec and Ontario under the banners Metro, Food Basics, Super C, and Metro Plus. An estimated 258 drugstores also operated under Metro’s ownership. Prior to becoming a food retailer in its own right, Metro was a member of a group of independent retailers that emerged in 1947 to use their collective buying power to compete with major grocery chains.[[48]](#endnote-48)

As the youngest of the top three Canadian grocers, Metro’s focus was on expanding its fleet of supermarkets. Notably, Metro’s discount stores—despite having performed strongly—took a back seat in the grocer’s expansion strategy. Instead, Metro’s stores increasingly garnered a reputation for their value-added services, including the My Metro mobile application (similar to Loblaw’s PC Plusapplication), beef aging rooms, fish smokers, and in-store bistros, among other “premium” features.[[49]](#endnote-49)

In October 2016, Metro planned to begin testing “My Online Grocery” in Québec, which would allow customers to have Metro’s fresh produce, meat/poultry, prepared meals, and other grocery items delivered to their homes or made available for pick-up in-store at a time of their convenience.[[50]](#endnote-50) The service’s key elements arguably mirrored those of Loblaw’s “Click & Collect” program introduced in October 2014,[[51]](#endnote-51) which had been rolled out at approximately 100 locations.[[52]](#endnote-52) The online grocery segment represented less than 1 per cent of sales in the Canadian grocery sector, a figure that was expected to rise to 3 per cent by 2018. Although pick-up services had been found to reap higher margins (13.8 per cent) than home deliveries (10.7 per cent), Metro and Loblaw offered both.[[53]](#endnote-53)

Metro’s pattern of acquisitions emphasized high-quality premium segments. A primary illustration of such was its acquisition of a majority stake of the bakery chain Première Moisson in 2014, through which Metro expanded its selection of higher-end baked goods.[[54]](#endnote-54) Earlier, in 2009, Loblaw had purchased ethnic player T & T Supermarket; two years after, Metro followed suit when it bought a 55 per cent position in Québec-based Mediterranean retailer Marché Adonis.[[55]](#endnote-55)

The “Big Box” Players

Historically, the high capital requirements of the supermarket sector deterred prospective competitors, even though those who chose to enter the market benefitted from substantial scale economies. In recent years, however, Loblaw had seen unconventional competitors emerge—namely, warehouse clubs such as Costco Wholesale Canada (Costco) and Walmart Canada (Walmart) that competed on price. Marketline, for example, cited Costco as Loblaw’s primary competitor.[[56]](#endnote-56)

Non-traditional players posed a serious threat to Loblaw’s core business, not only because competing against them necessitated lowering margins, but also because Walmart and Costco had extensive offerings of non-perishable items (e.g., pet products and fixtures). By tapping into the food retail space, these players effectively became one-stop shops for consumers who valued convenience and price. Costco and Walmart’s 10 per cent and 7 per cent shares of food sales in the grocery market, while small in comparison to Loblaw, were concerning.[[57]](#endnote-57) While Loblaw was putting pressure on suppliers to absorb cost increases, Walmart and Costco, through favourable contracts with suppliers such as General Mills and Kellogg,[[58]](#endnote-58) which had been negotiated owing to the retailers’ size and scope, had managed to continue to pass down lower prices to consumers.[[59]](#endnote-59) Revenue growth was expected to increase at an annual rate of 5.2 per cent, largely owing to the lower prices these warehouse players were able to offer their customers.[[60]](#endnote-60)

In response to these competitive pressures, Loblaw announced its intention to allocate $1 billion to opening 50 new stores and renovating 150 existing locations in 2016.[[61]](#endnote-61) $1.2 billion was spent toward the same end in 2015.[[62]](#endnote-62) This investment was partially devoted to expanding “Inspire” stores—deluxe Loblaw locations in cosmopolitan hubs that featured premium merchandise.

Loblaw, alongside Sobeys and Metro, also participated in a string of acquisitions. For instance, Loblaw acquired QHR Technologies, a medical records start-up,[[63]](#endnote-63) supposedly as part of a potential plan to distribute medical marijuana through its network of Shoppers stores.[[64]](#endnote-64)

Costco Wholesale Canada

Founded in 1976,[[65]](#endnote-65) Costco was the leading operator in the Canadian wholesale club industry, with a formidable 48.5 per cent share.[[66]](#endnote-66) Beyond providing low prices on consumables, health and beauty products, apparel, and other merchandise through selective product sourcing (a typical Costco warehouse carried only 4,000 stock-keeping units compared to the 30,000 typical of supermarket peers),[[67]](#endnote-67) Costco also managed a faithful customer base. Having pioneered the retail “membership” concept, whereby customers paid an annual fee to shop at any of its 98 Canadian locations,[[68]](#endnote-68) Costco attracted over 10 million customers who renewed their membership at a 91 per cent rate.[[69]](#endnote-69)

Purportedly in reaction to Walmart’s expansion of its fresh produce lines, Costco had grown its grocery selection substantially over the previous five years. The warehouse club’s private label, Kirkland Signature, offered consumable products such as extra virgin olive oil, organic chicken broth, and quinoa, broadening Costco’s appeal to include health-conscious shoppers.[[70]](#endnote-70)

Walmart Canada

Headquartered in Mississauga, Ontario, the Canadian division of Walmart emerged in 1994 with the acquisition of the Woolco retail chain, providing the company with an initial 122 locations.[[71]](#endnote-71) By September 2016, Walmart claimed a 45.5 per cent market share in the industry, second only to Costco.[[72]](#endnote-72) The parent company’s long-standing commitment since being founded by Sam Walton as a small discount retailer in Rogers, Arkansas, was to supply quality goods at discounted prices, which Walmart Canada maintained.[[73]](#endnote-73)

Pledging to provide Canadians with the “quality products they need, at everyday low prices, in the ways they want to shop for them,” Walmart expanded its vision in Canada to include a significant online retail presence through its online retail store, Walmart.ca.[[74]](#endnote-74) Walmart also aimed to compete in the online grocery segment, launching an online grocery pick-up service in 11 Ottawa locations in 2015, complementing their “Grab & Go” locker service, which allowed customers to order goods online and have them shipped at no cost to a nearby store.[[75]](#endnote-75) These investments in online retail were intended to appeal to busy consumers, aiming to privilege the convenience of the shopping experience without sacrificing the low prices Walmart had historically provided.

Keeping up with the Canadians

Staying abreast of the changing tastes and preferences of Canadian consumers proved to be yet another challenge for Loblaw. Recent research had revealed that Canadians were increasingly health-conscious, which directly affected consumption trends. The U.S. Department of Agriculture’s report on Canada, for example, determined that the sales volume of kale, “the queen of greens,” had risen by 77 per cent in 2014 alone, while hummus, organic frozen pizza, single-serve coffee, and drinkable yogurt also witnessed double-digit sales growth.[[76]](#endnote-76) Revenue from organic products had risen astronomically between 2011 and 2016, with 45 per cent of organic food or beverage sales occurring in grocery stores. PCintroduced its Organicsline in 2001, and it had since expanded to include organic products for babies and toddlers.

The popularity of single-serving beverages and yogurt was also telling; indeed, it suggested that higher-income consumers were flexible with price because of the value they placed on convenience. This prompted Loblaw’s experimentation in the summer of 2016 with selling fresh produce in 29 Shoppers locations—19 in Toronto, Ontario; two in Hamilton, Ontario; and eight in Regina, Saskatchewan. The initiative was well received in spite of the relatively high prices of all products tested.[[77]](#endnote-77) However, management was aware that its more expensive products and services were targeted mostly to individuals belonging to the highest income quartile (28.4 per cent of the market);[[78]](#endnote-78) much of the remaining market was known to be price-sensitive.

Weston Jr. needed to consider if Loblaw’s investment would be best directed at initiatives designed to improve operational efficiency or customer experience, whether these initiatives called for investing in automated distribution centres as Sobeys had done in 2013 or expanding self-checkout systems, and the capabilities of the mobile application for the PC Plus loyalty program to win tech-savvy consumers.[[79]](#endnote-79)

Exhibit 1: SWOT Analysis of Loblaw

|  |  |  |
| --- | --- | --- |
|  | **Helpful**  **to Achieving the Objective(s)** | **Harmful**  **to Achieving the Objective(s)** |
| **Internal Origin**  **(attributes of the system)** | ***Strengths***   * Market share leadership * Brand equity of President’s Choice private label * Early penetration of organic and ethnic food markets * Long corporate history * Management/leadership * Scale, size, and stability | ***Weaknesses***   * Potentially over-diversified * Shoppers acquisition revenue/cost synergies remain unrealized * Meagre revenue growth * Declining net earnings |
| **External Origin (attributes of the environment)** | ***Opportunities***   * Expand offerings of healthy products to appeal to the health-conscious market * Attract consumers with low price sensitivity by remodelling major locations * Promote premium-priced food offerings through Shoppers to win convenience-driven consumers | ***Threats***   * Sustained food inflation will depress margins across the supply chain * Low industry growth diminishes opportunities for shared value * Warehouse clubs threaten to steal market share from leading competitors (Loblaw, Sobeys, and Metro) by competing on price |

As the figure above illustrates, Loblaw faced a number of challenges in the changing competitive landscape. Specifically, Loblaw needed to decide whether to absorb input price increases (e.g., those resulting from the inflation of fresh produce prices) and sacrifice margins, or to pass along costs to consumers. At the same time, warehouse clubs, particularly Costco and Walmart, threatened to further depress retailer margins with their food offerings, which were priced at steep discounts relative to what consumers would find at Loblaws, Sobeys, or Metro.

Despite the obstacles mentioned above, Loblaw assumed an advantageous position owing to its stability and size. Loblaw had tremendous brand equity in the Canadian marketplace, earned over the course of its nearly century-long exploits in Canada. This was especially true of its well-known private label brand, President’s Choice. There was an opportunity to increase penetration of the high-growth, high-margin organic and ethnic food segments through potential product line extensions executed under the President’s Choice name. Moreover, Loblaw focused on winning in the premium segment through an aggressive rollout of high-priced produce at Shoppers locations across Canada, which attracted consumers who valued convenience over price. Further, continuing to tap into diverse markets (food, pharmaceuticals, financial services, etc.) served to diversify Loblaw’s risk.

Note: SWOT = strengths, weaknesses, opportunities, threats

Source: Created by the authors using MarketLine, *Loblaw Companies Limited—Strategy and SWOT Report*, December 7, 2016, accessed February 28, 2017, http://advantage.marketline.com.ezproxy.library.yorku.ca/Product?pid=D8D0B7F3-D096-423F-845B-2EB571C6948C&view=SWOTAnalysis.

EXHIBIT 2: COMPARISON OF FINANCIAL PERFORMANCE (Loblaw)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Revenue (CA$ million)** | **% Change** | **Operating Profit (CA$ million)** | **% Change** |
| 2011 | 23,487.8 | - | 1,003.7 | - |
| 2012 | 23,684.4 | 0.8 | 842.3 | (16.1) |
| 2013 | 24,174.0 | 2.1 | 870.6 | 3.4 |
| 2014 | 25,001.0 | 3.4 | 931.8 | 7.0 |
| 2015 | 24,994.1 | 0.0 | 999.8 | 7.3 |
| 2016 (estimate) | 25,614.3 | 2.5 | 1,065.4 | 6.6 |

Source: Created by the authors using Loblaw Companies Limited, *Second Quarter Report to Shareholders*, July 27, 2016, accessed June 1, 2017, http://s1.q4cdn.com/326961052/files/doc\_financials/2016/Q2\_RTS\_SEDAR\_26-Jul-16.pdf.

Exhibit 3: Comparison of Financial Performance (Sobeys)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Revenue (CA$ million)** | **% Change** | **Operating Profit (CA$ million)** | **% Change** |
| 2012 | 14,624.2 | - | 480.9 | - |
| 2013 | 15,609.0 | 6.7 | 515.9 | 7.3 |
| 2014 | 18,862.0 | 20.8 | 295.7 | (42.7) |
| 2015 | 21,535.9 | 14.2 | 669.2 | 126.3 |
| 2016 (estimate) | 22,156.9 | 2.9 | (2,176.7) | - |
| 2017 (estimate) | 21,935.0 | (1.0) | (1,409.5) | (35.2) |

Source: Created by the authors using Empire Company Limited, *Empire Company Reports Fiscal 2016 Fourth Quarter and Full Year Results*, June 28, 2016, accessed June 1, 2017, http://corporate.sobeys.com/wp-content/uploads/2016/06/Empire-Company-Reports-Fiscal-2016-Fourth-Quarter-and-Full-Year-Results.pdf.

Exhibit 4: Comparison of Financial Performance (Metro)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Revenue (CA$ million)** | **% Change** | **Operating Profit (CA$ million)** | **% Change** |
| 2011 | 7,604.7 | - | 492.3 | - |
| 2012 | 7,991.1 | 5.1 | 557.1 | 13.2 |
| 2013 | 7,796.2 | (2.4) | 523.4 | (6.0) |
| 2014 | 7,961.6 | 2.1 | 536.8 | 2.6 |
| 2015 | 8,545.1 | 7.3 | 599.6 | 11.7 |
| 2016 (estimate) | 8,972.0 | 5.0 | 697.3 | 16.3 |

Source: Created by the authors using Metro Inc., *Interim Report: 16-Week Period ended July 2, 2016*, August 12, 2016, accessed June 1, 2017, http://corpo.metro.ca/userfiles/file/PDF/Rapport-trimestriel/2016/en/2016-Q3-interim-report.pdf.

Endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Loblaw Companies Limited or any of its employees. [↑](#endnote-ref-1)
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5. “History,” Loblaw Companies Limited (website), accessed October 2, 2016, www.loblaw.ca/en/about-us/history.html. [↑](#endnote-ref-5)
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9. Bertrand Marotte, “Loblaw to Buy Shoppers Drug Mart for $12.4-billion,” *Globe and Mail*, July 15, 2013, accessed October 6, 2016, www.theglobeandmail.com/report-on-business/loblaw-to-buy-shoppers-drug-mart-for-124-billion/article13215651. [↑](#endnote-ref-9)
10. “History,” op. cit. [↑](#endnote-ref-10)
11. “Bringing Order to a Billion-Dollar Empire,” *Business Week*, September 8, 1975. [↑](#endnote-ref-11)
12. “Our History,” George Weston Ltd. (website), accessed September 14, 2017, www.weston.ca/en/Our-History.aspx. [↑](#endnote-ref-12)
13. “William Shatner Loblaws 1978,” YouTube video, 0:30, video of a 1978 Loblaws television commercial starring William Shatner, posted by “Retrontario,” November 14, 2009, accessed October 11, 2016, https://youtu.be/UEdWoB8OhAI. [↑](#endnote-ref-13)
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