Shopping Patterns at LCBO

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March 4, 2014

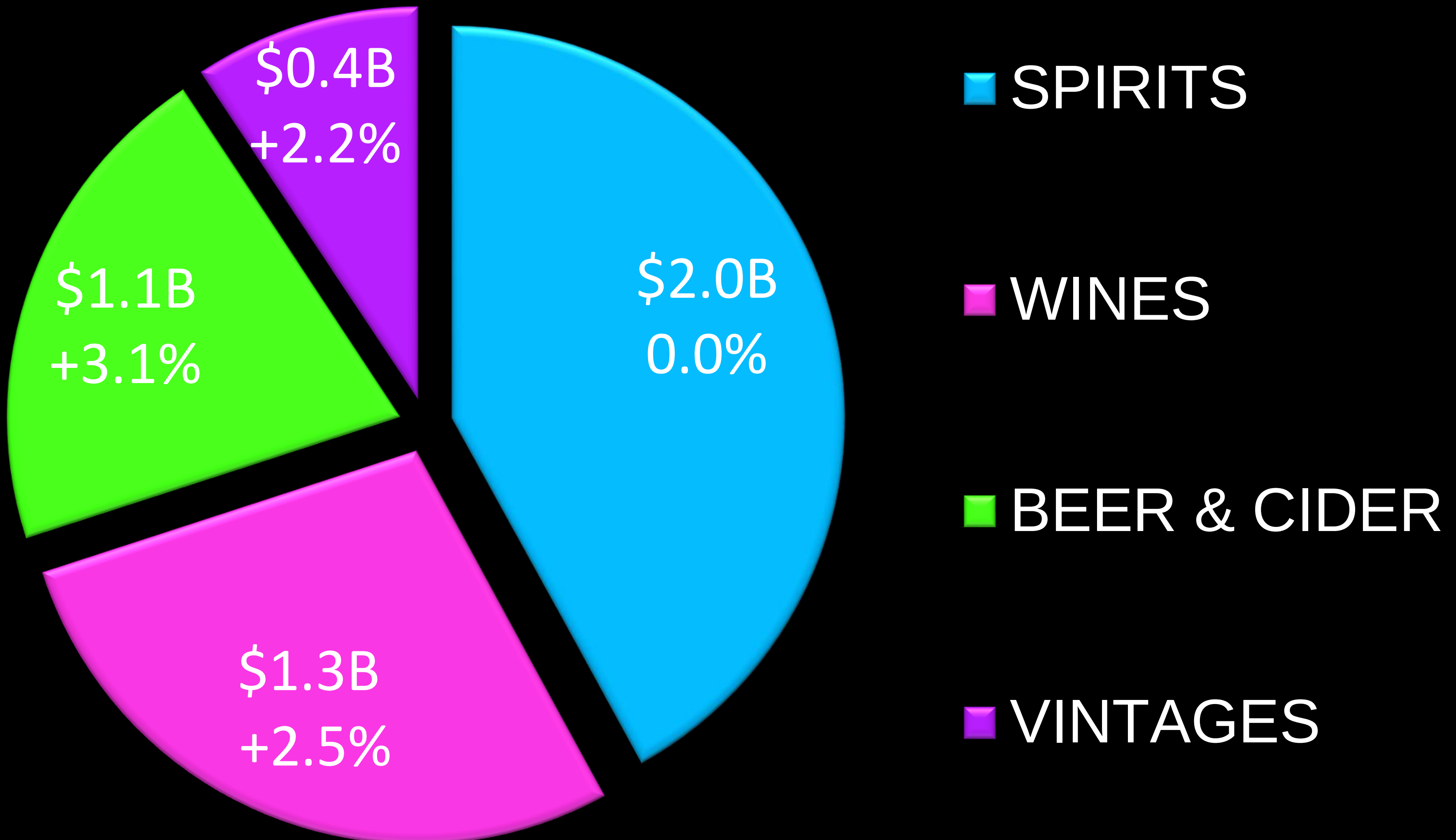
Sales

Wine Trends

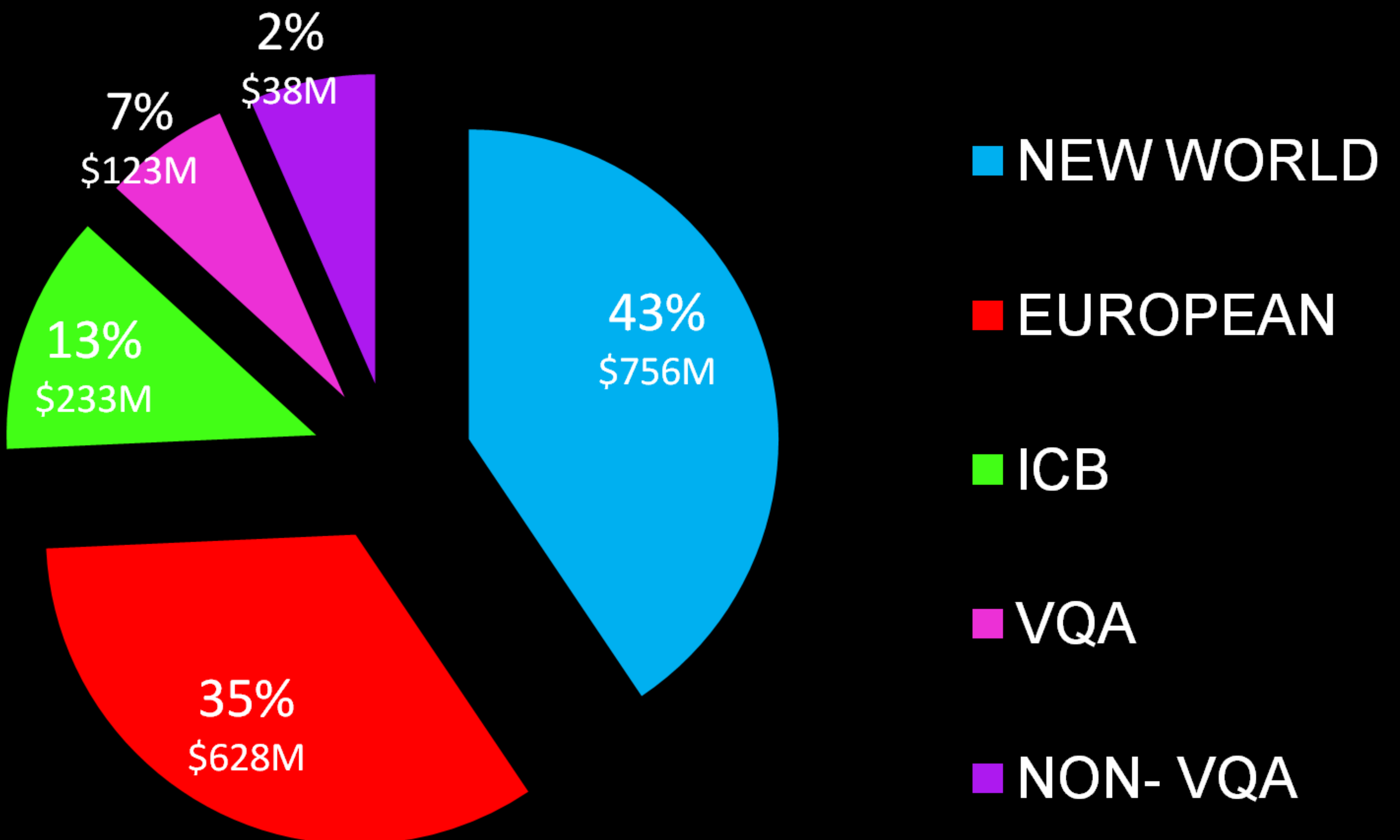
Consumer Shopping Patterns

Opportunities at LCBO

LCBO sales are $4.8B



Total wine sales



Consumer shopping patterns

LCBO Red Wines are Red hot!

Red Wines is the largest category with 49.4% share of total Wines

Top Varietals:

Red Blends	$ 90M	+24.6%
Cabernet Sauvignon	$ 109M	+ 9.3%
Zinfandel	$ 5M	+51.4%

LCBO Spain and Portugal Wine Sales

Spain	$47.8M	+10.0%
Portugal	$23.7M	+4.9%

Red dominant categories have experienced double digit growth over the past year

New products offering great price/value are appealing to customers

California continues to steal share and attract new customers

Sales

$238M +19.4%

Growth is driven by:

Value

New products

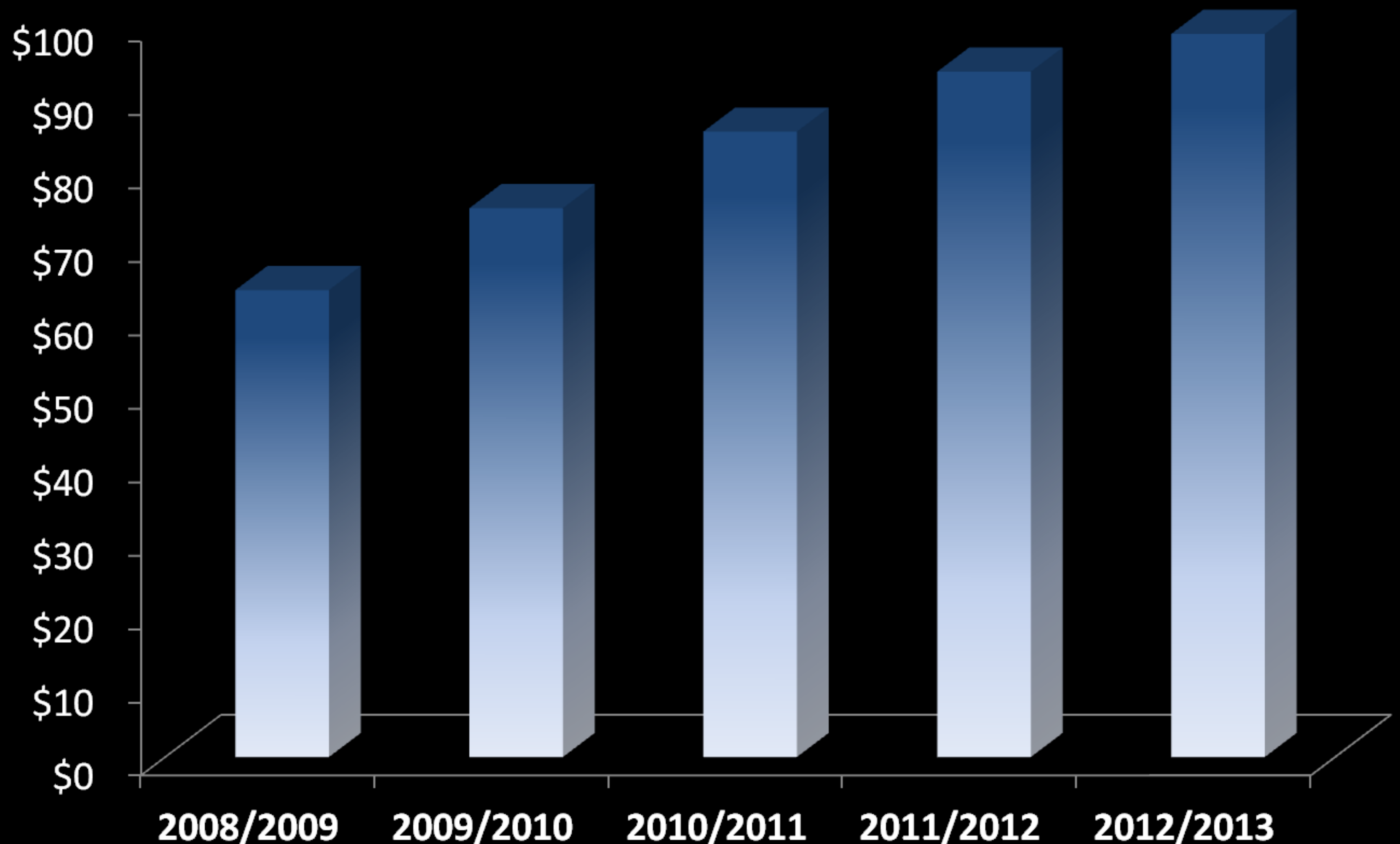
Appealing taste profile

Ontario Wine is the fastest growing wine segment at LCBO

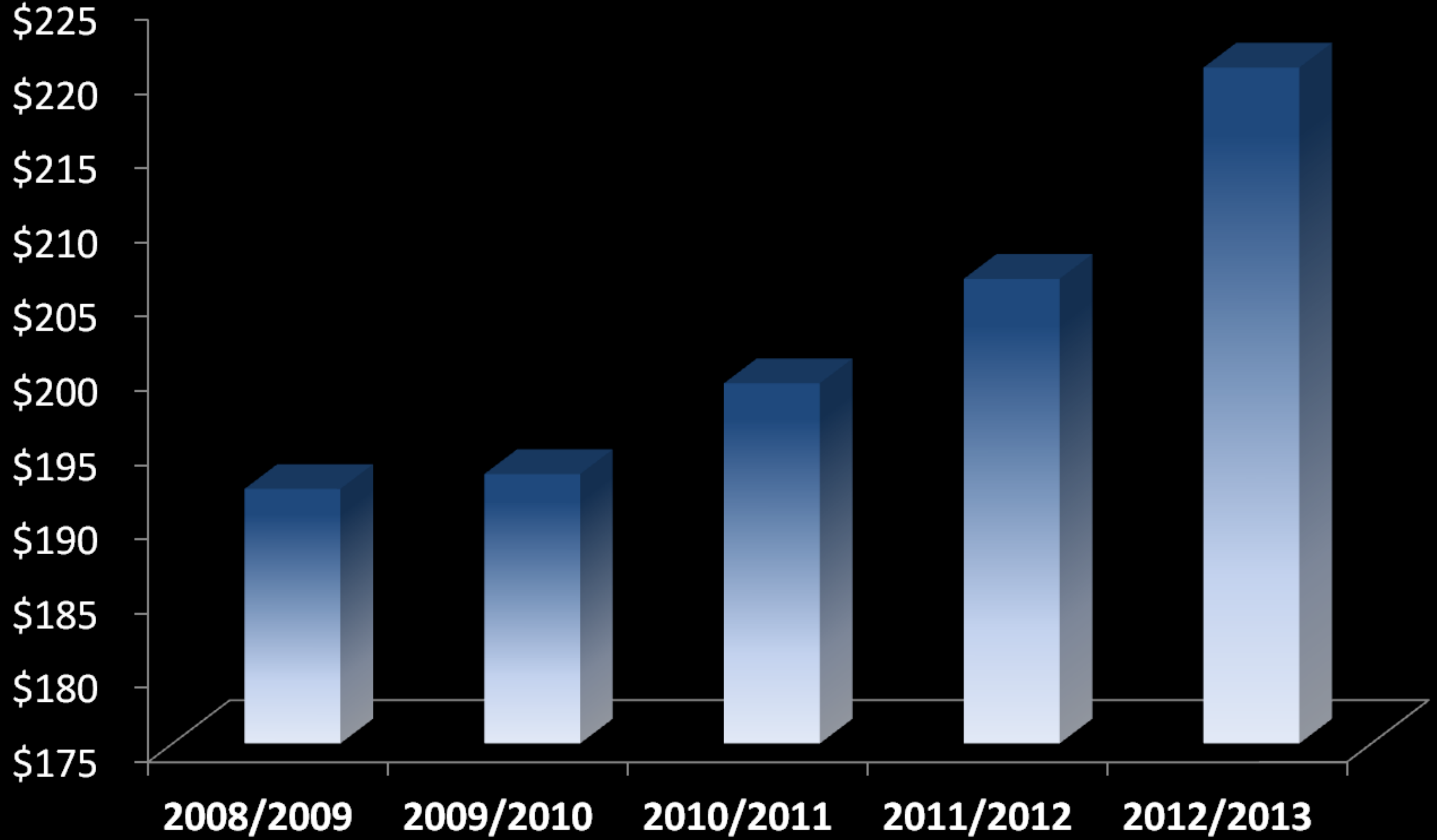
Growth rates by category

European WINES	1.1%
Ontario Wines	3.3%
ICB	5.5%
VQA	1.0%
New World WINES	3.0%

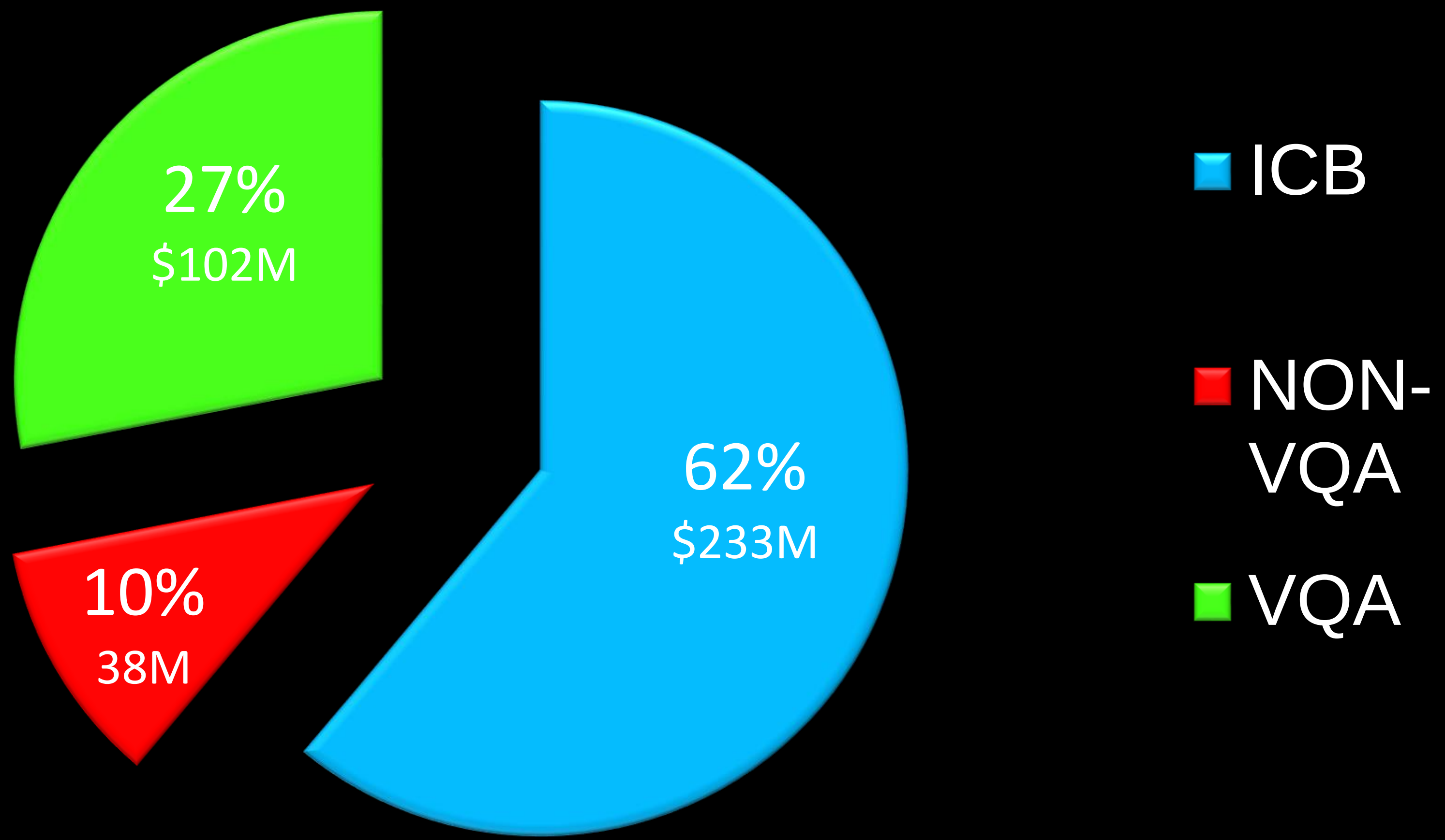
VQA Wines have sustained healthy sales increases over the past five years



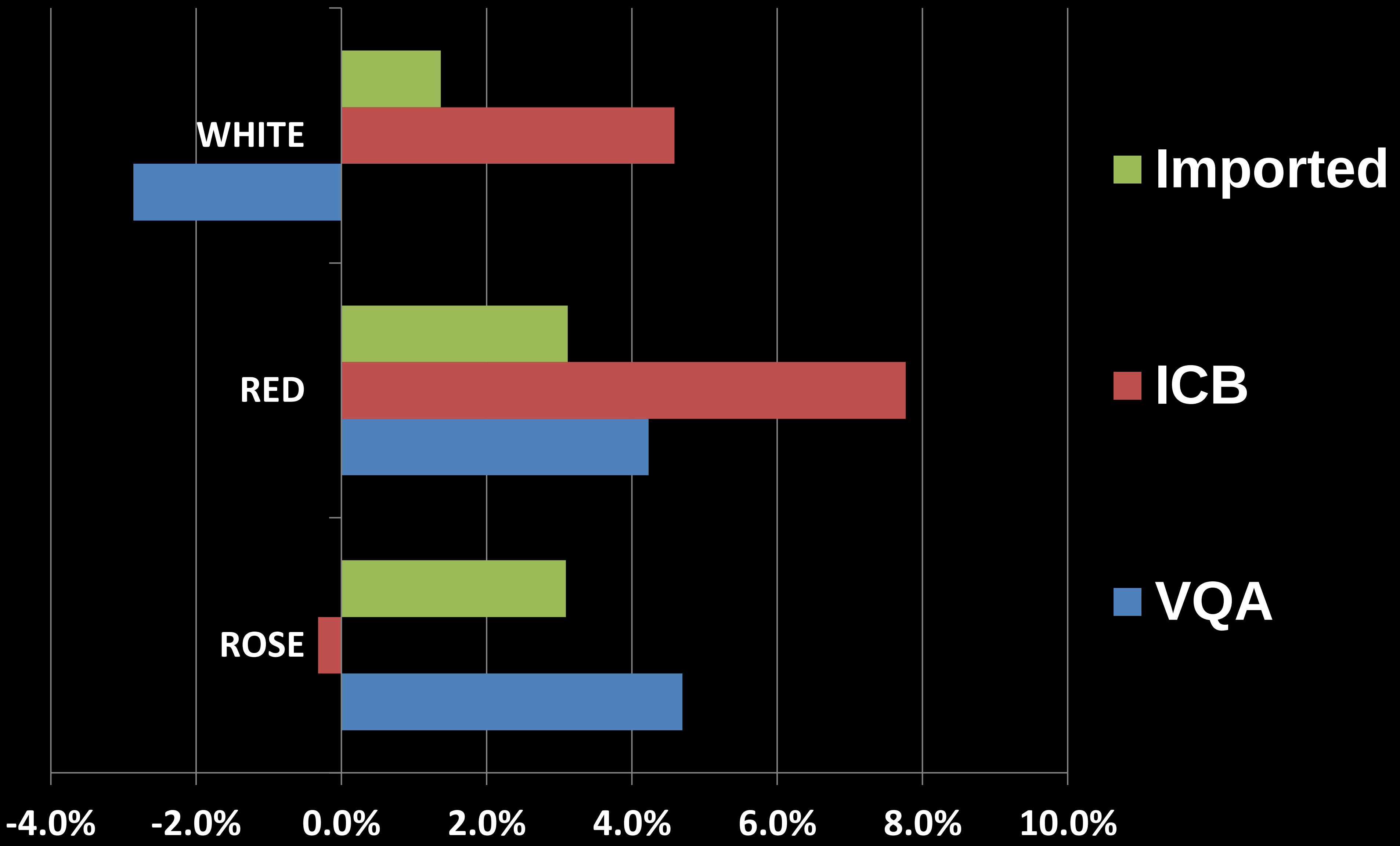
ICB Wines have enjoyed steady growth



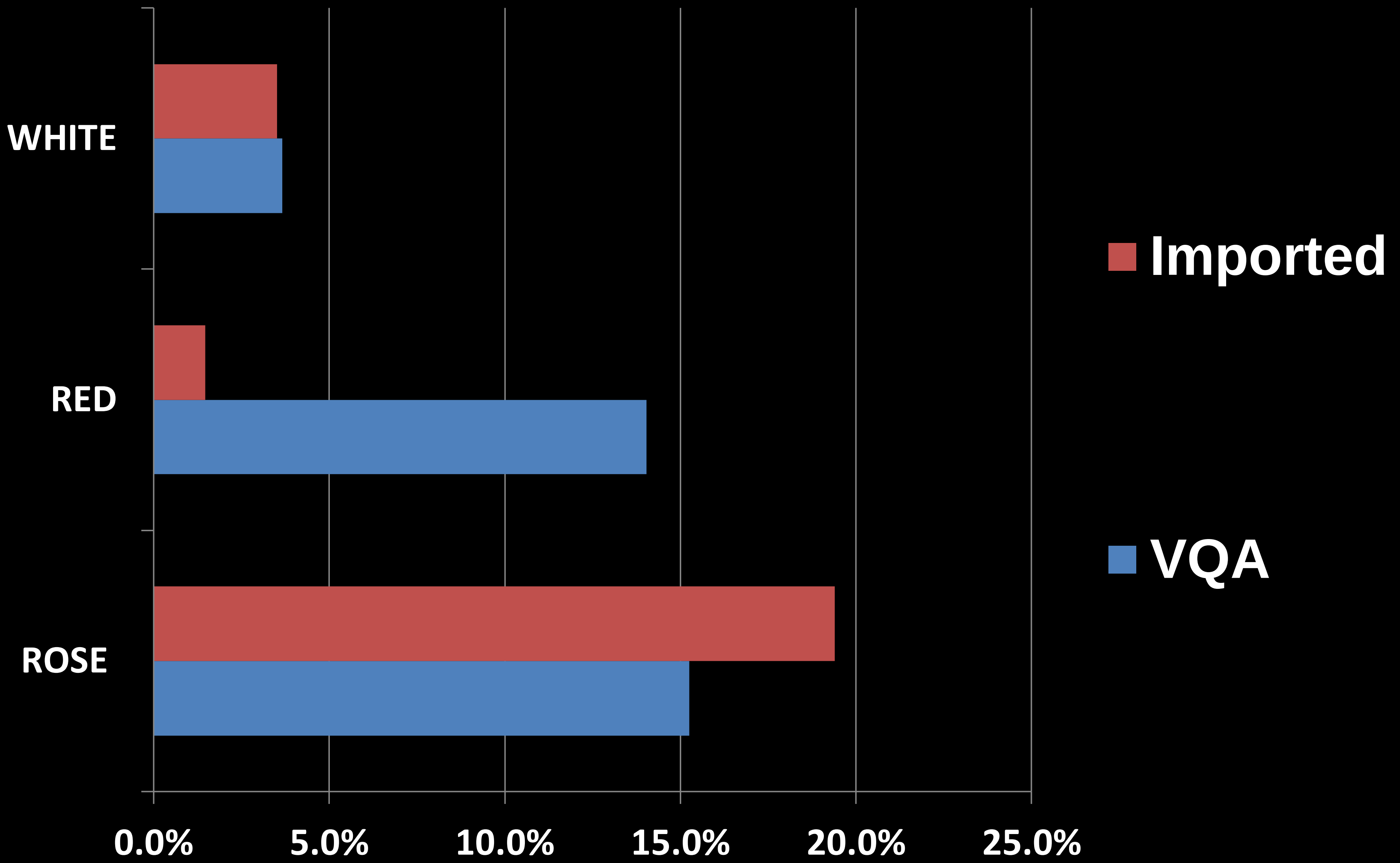
Market Share of ICB, NON-VQA and Ontario VQA Wines



WINES sales trends – by type



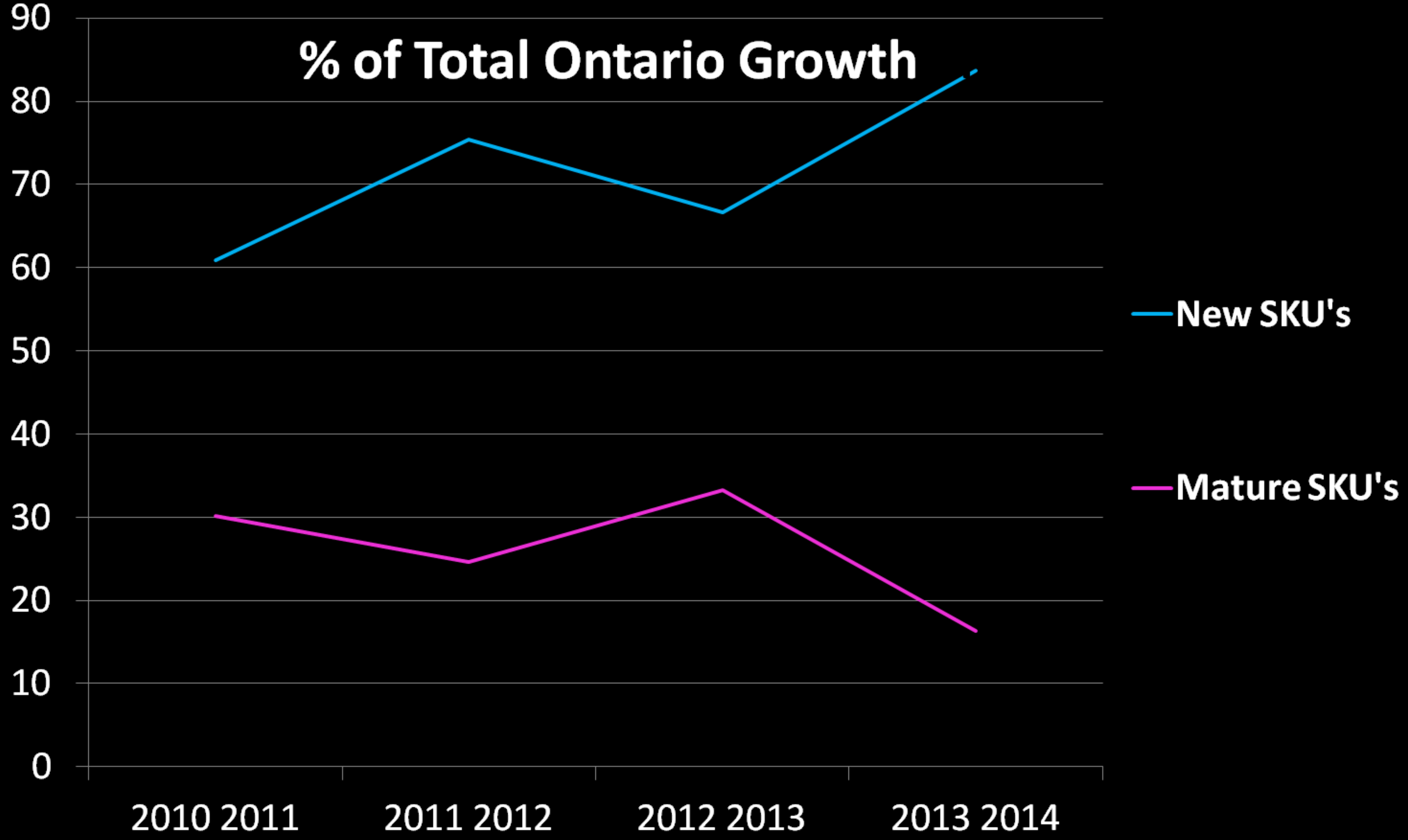
VINTAGES sales trends – by type



VQA sales growth has slowed
ICB sales continue to increase

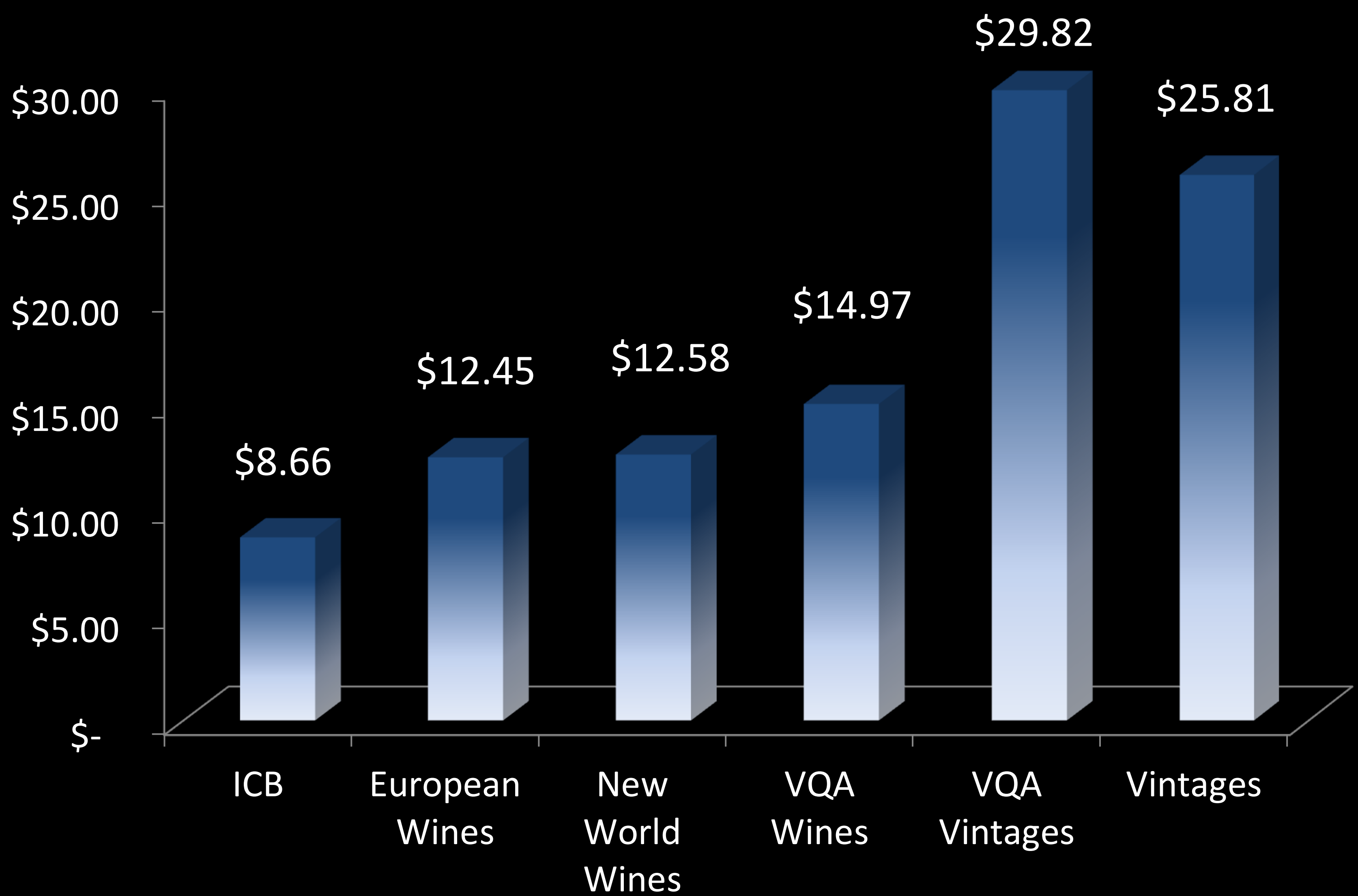
VQA Wines	↑	+0.8%	$103M
VQA VINTAGES	↑	+13.0%	$15M
ICB	↑	+5.5%	$233M
Non-VQA	↓	-3.1%	$38M

New brands drive growth



Trends in wine pricing

Average purchase price for wines



Prices for Wines - Imported

-$8.00	↓	4.5%
$8.00 -$12.00	↓	1.6%
$12.00 -$15.00	↑	3.5%
+$15	↑	15.3%

Per 750ml bottle

Value-driven ICB customers are trading up – all growth under $12

< $8.00 (58.3% of sales)	↑	**3.0%**
$8.00 - $10.00 (38.5% of sales)	↑	**7.9%**
$10.00-$12.00 (3.0% of sales)	↑	**32.0%**
$12.00-$15.00 (0.2% of sales)	↓	**-7.0%**

Per 750ml bottle

Customers willing to trade up for VQA - when products over-deliver

\$8.00-\$10.00 (5.5% of sales)	**-10.9%**
\$10.00-\$12.00 (21.8% of sales)	**-11.3%**
\$12.00-\$15.00 (59.8% of sales)	**6.9%**
\$15.00-\$18.00 (7.6% of sales)	**8.6%**
\$18.00-\$20.00 (0.9% of sales)	**41.0%**

Per 750ml bottle

Prices in VINTAGES - imported wines

<$15.00	↓	11.3%
$15.00 -$20.00	↑	5.7%
$20.00 -$25.00	↑	10.7%
>$25	↓	2.4%

Per 750ml bottle

Confident customers are shopping VINTAGES for premium Ontario wines

$18.00-$20.00 (23.1% of sales) ↑ **4.0%**

$20.00-$25.00 (15.8% of sales) ↑ **35.6%**

$25.00-$30.00 (4.4% of sales) ↑ **23.6%**

Per 750ml bottle

Opportunities at LCBO

New Products are driving customer interest and trade up

New Products

Sales are $3.8M

100% of VQA wines growth

New brands are more premium on average - Net $/Litre:

- $16.26
  - $14.98 for mature brands

Customer shift toward VQA reds

VQA Red Net Sales +5.1%

43.3% share +1.7%

*white share -2.1%

Top Red Varietals

Merlot	$ 4.9M	+20.8%
Other Varietals	$ 1.0M	+15.2%
Baco Noir	$ 5.5M	+ 9.4%
Cabernet Sauvignon	$ 1.6M	+ 7.1%
Pinot Noir	$ 4.4M	+ 6.6%

Customers are choosing wines Ontario does best

Top VQA subsets

Blends (White and Red)	$ 26M	-3.1%
Riesling	$ 13M	-0.2%
Cabernet-Merlot Blend	$ 13M	+2.2%
Chardonnay	$ 11M	-3.1%
Baco Noir	$ 6M	+9.4%

VINTAGES is a trusted destination for VQA wines

Sales	+8.4% YTD	+8.0%

VQA wine is growing across ALL **VINTAGES** subsets

White	⬆	**+ 5.2%**
Red	⬆	**+ 19.5%**
Rose	⬆	**+ 10.5%**
Sparkling	⬆	**+ 59.2%**

Re-vamped Wines to Watch program launched in P4

Improved utilization of retail space

Enhanced assortment

Reinforce quality image

12 Wines/Turn, x3 turns/year

100% ONTARIO

Direct Delivery program has double digit sales increases

Enhanced assortment and new store clusters support growing customer demand for regional wines

Top performing store clusters:

• VQA Enhancement	$1.1M	+65%
• PEC	$256,000	+57%
• Icewine	$235,000	+24%

Total Program Sales: **$1.9M,** **+66%**

How to be more successful at LCBO

Category objectives for VQA

Elevate the **quality image** of Ontario Wines and build **consumer confidence** by showcasing varietals and styles that Ontario does best.

Successful products drive customer interest and support LCBO programs

Varietals and styles Ontario does best

New products that offer exceptional price/value

Premium price points for all **VINTAGES** channels

Support LCBO programs and new initiatives

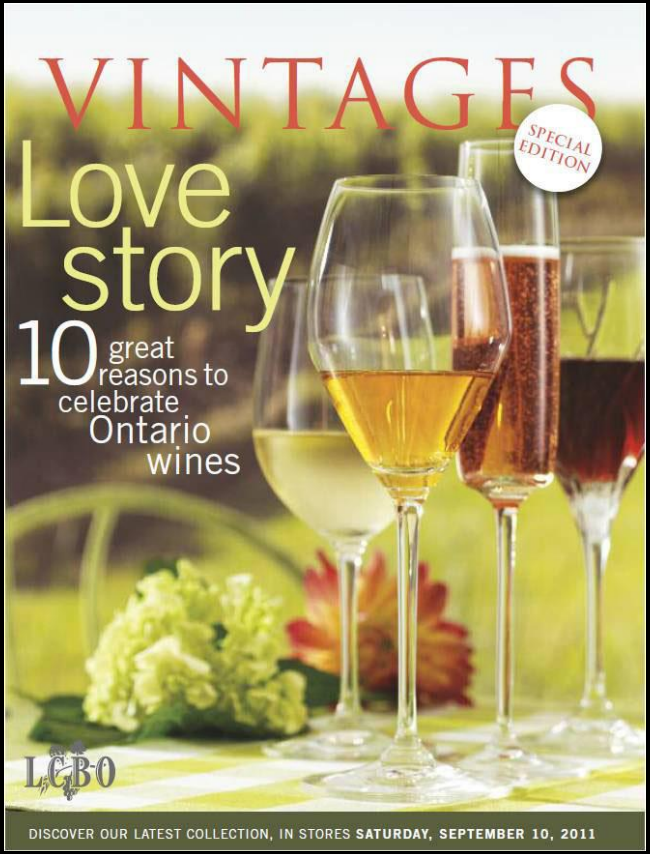
VINTAGES Front Line Release is driving the growth in VQA

Every two weeks VINTAGES releases 8-10 Ontario Wines

Featured in print catalogue

Available to 300 stores

56 – 224 case purchase quantity per SKU



Thank you


Our
wine
country
ONTARIO
SUPERSTARS
This medium-bodied blend has fresh fruit flavours of peach and citrus. It's balanced acidity is a delicious complement to chicken and shrimp dishes with pesto sauce.
CHICKEN BULGAR IN PHYLLO WITH PESTO SAUCE
CHÂTEAU DES CHARMES GENERATIONS SEVEN VQA
$13.95
2011 WHITE
GENERATION SEVEN
LCBO


Our
wine
country
ONTARIO
SUPERSTARS
This dry and medium-bodied local find, has aromas of cherry and spice. It's a great match for hearty favourites like Beef Stews and Sheppard's Pie.
SWANKY SHEPHERDS PIE
ROSEHALL RUN SZ RED VQA SULLYZWICKER
$14.95
ROSEHALL RUN
SZ
RED
2011
LCBO