

# LCBO

## The LCBO and the Future of our Market

George Soleas, President & CEO, LCBO

Spirit & Vinleverantörsföreningen – November 14, 2018



# The Canadian Landscape

- Importations of beverage alcohol into Canada are consigned with provinces
- Provinces have various levels of private sector involvement in Retail

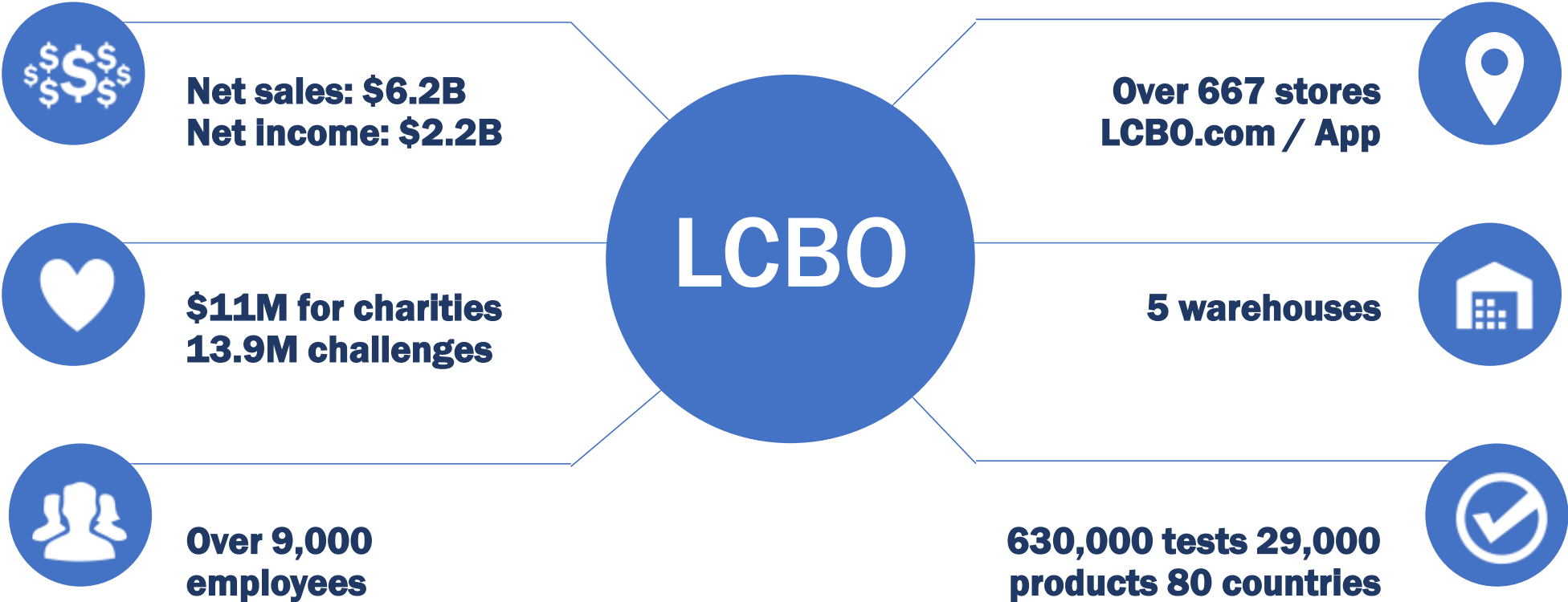


# The Ontario Alcohol Marketplace

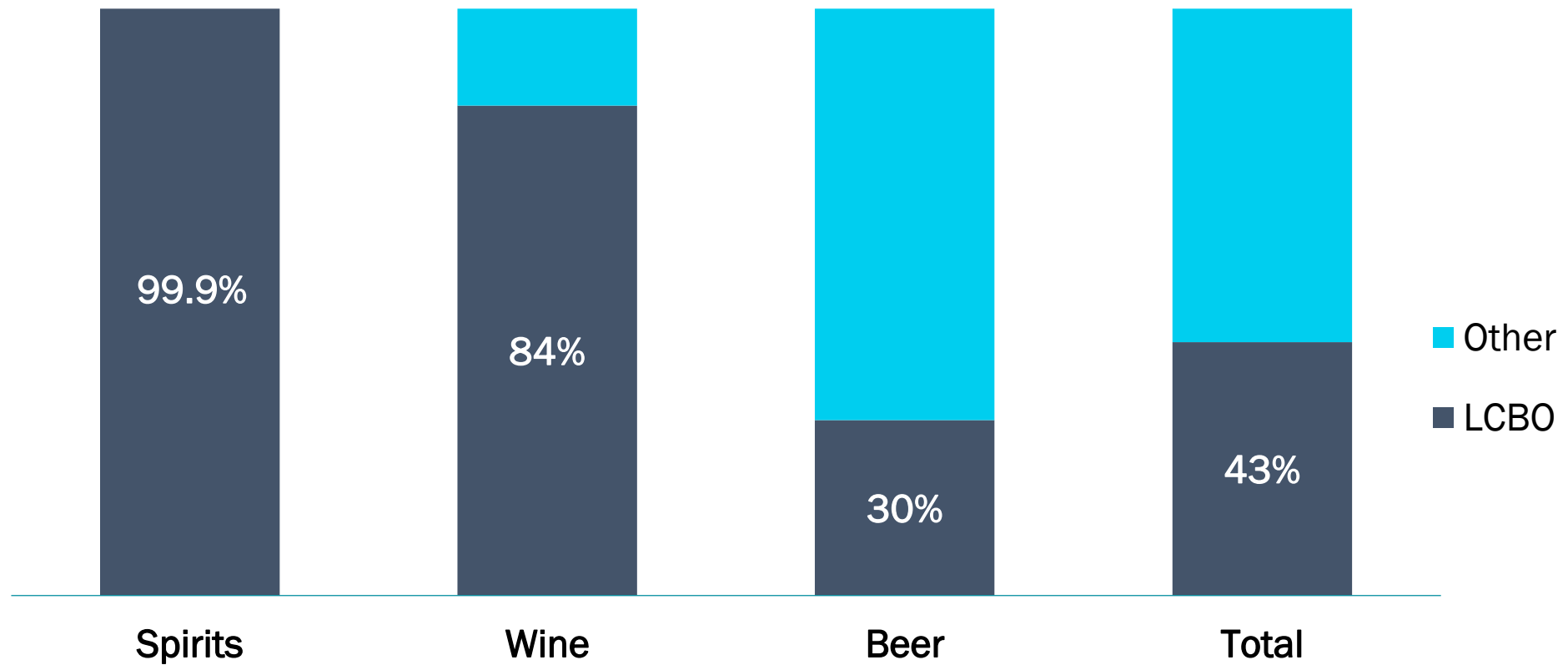


# Who We Are, What We Do

## By the numbers



# LCBO Market Share



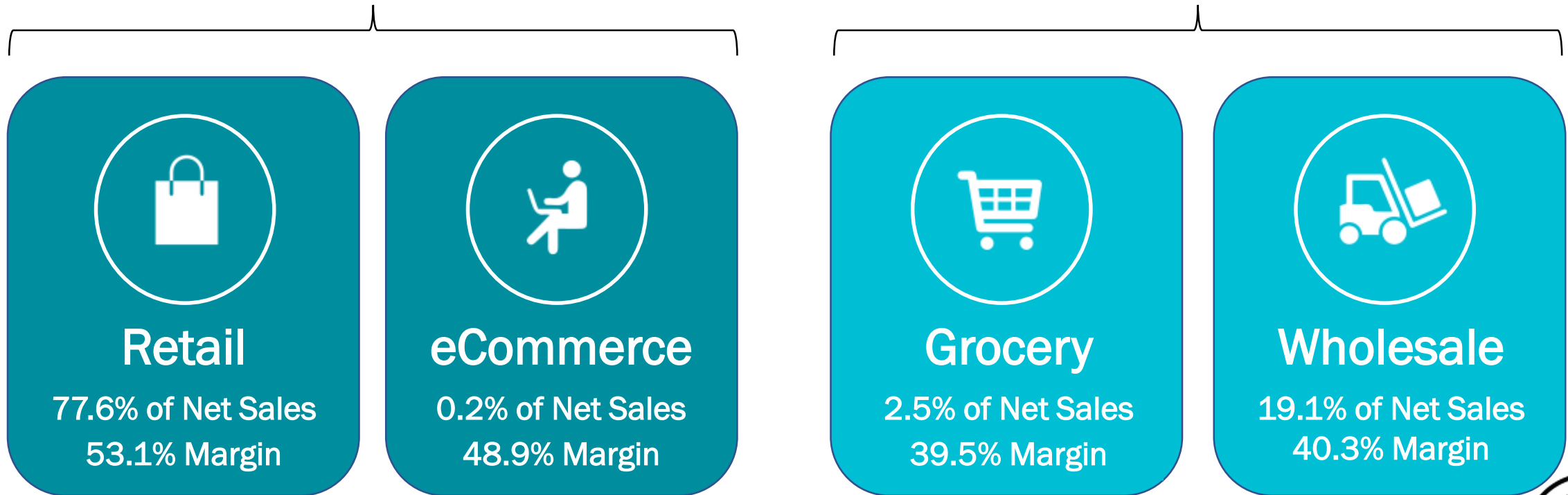
\* In terms of sales volume. "Total" excludes estimates of illegal sales but include other legal sales.



# Sales Channels

## B2C

## B2B



Source: LCBO Segmented Statements, YTD P13 2017-18

Wholesale channel includes Licensees (9.1% of Net Sales), The Beer Store (6.2%), Agency Stores (1.9%), sales to other jurisdictions (1.4%) and Duty Free (0.5%).



# **LCBO MISSION:**

**We are the best-in-class, customer-first, responsible retailer and wholesaler, supporting our local communities and delivering value to Ontarians**

# **LCBO VISION:**

**To deliver remarkable experiences as the trusted destination for the world's wines, beers and spirits**



# Our strategy and ways of working



**Customer-centricity**



**Accountability**



**Collaboration**



**Organizational Structure**







# Customer Centric Attributes

Data Driven

Measurement

It's a  
mindset,  
not a  
project

Focused on  
product  
& experience

Agile and  
Responsive

Engaged with  
Customers -  
all stages,  
all channels

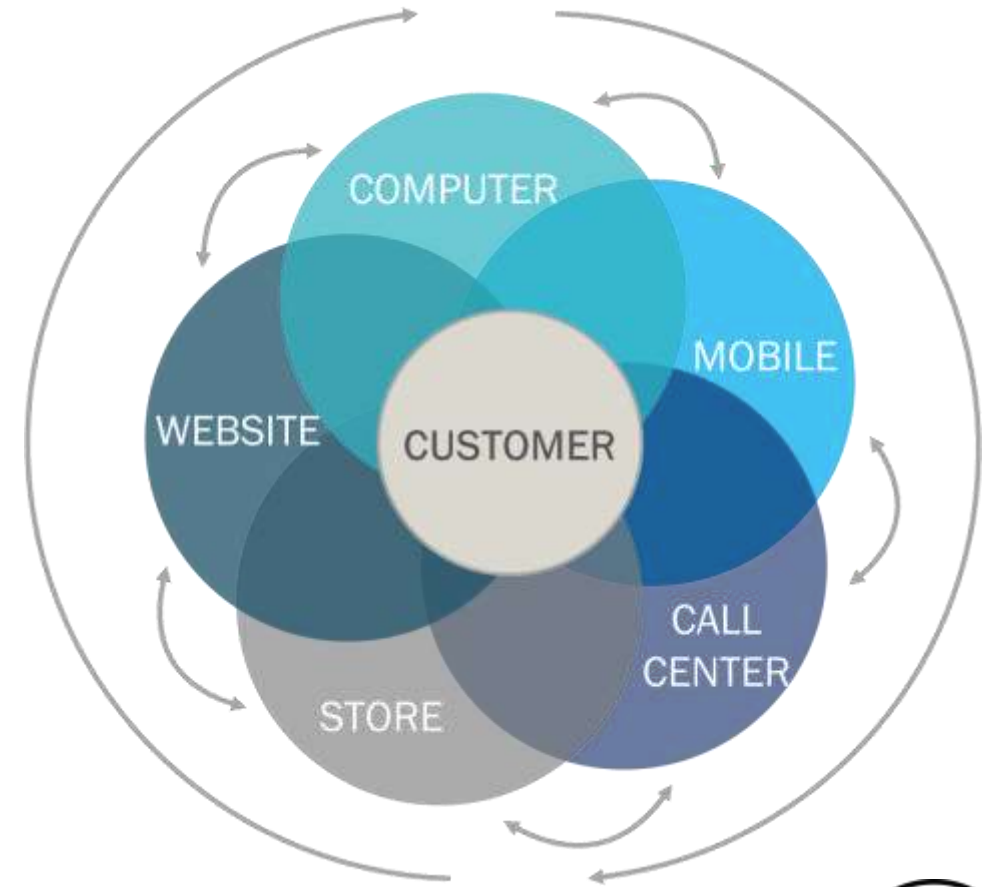
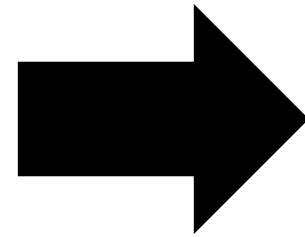
Design  
Thinking



PHYSICAL DIGITAL



# Phygital



# TESCO

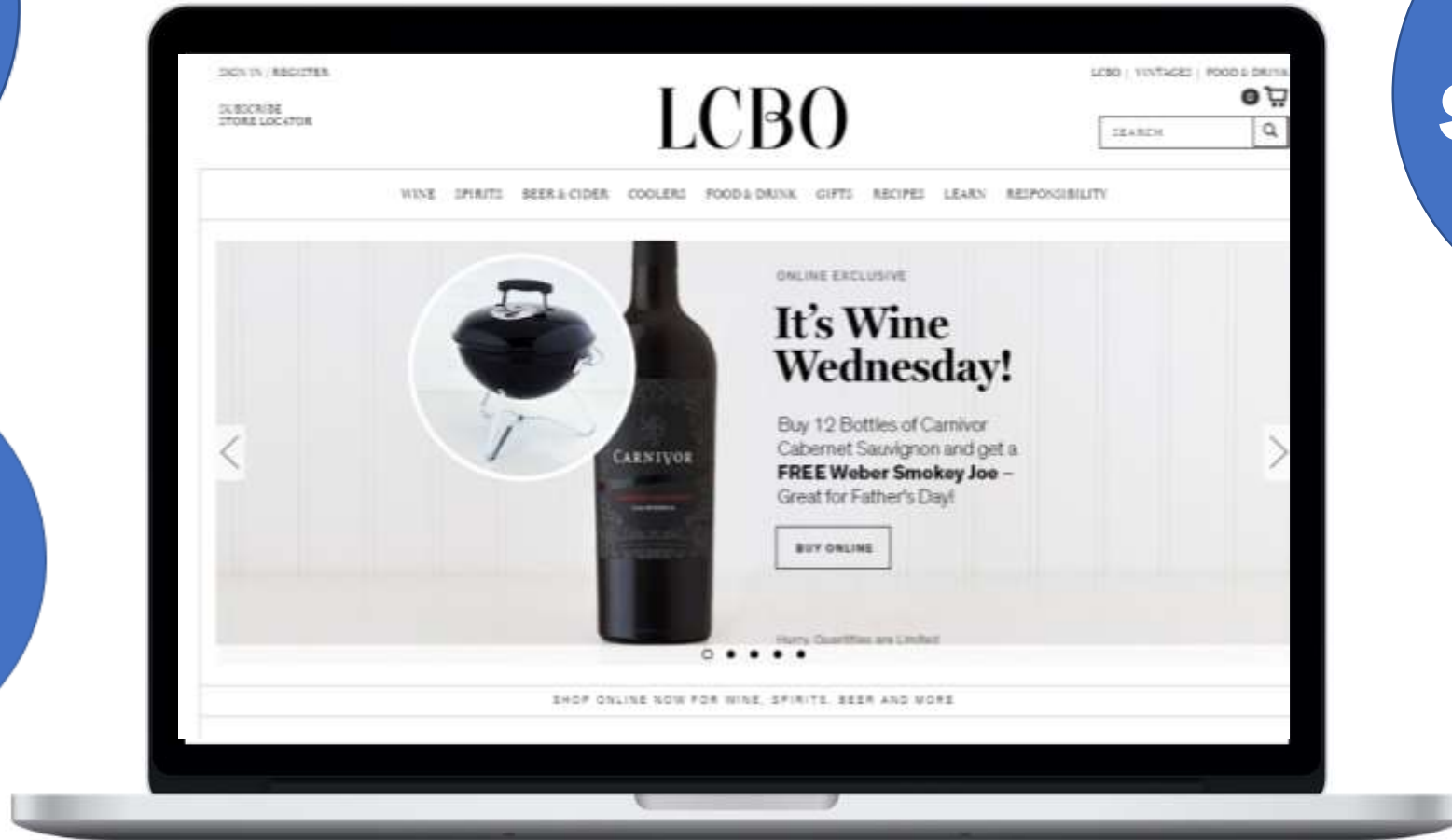


# eCommerce

9,600  
Products

\$11M+  
Sales last  
fiscal

Next-day  
delivery



# What's Working in eCommerce?



Promotional planning and improved content curation is leading to increased sales opportunities:

- Offers Centre
  - Collections Centre
  - Exclusive Sales Events
  - Free Shipping
- Promotions



# mCommerce

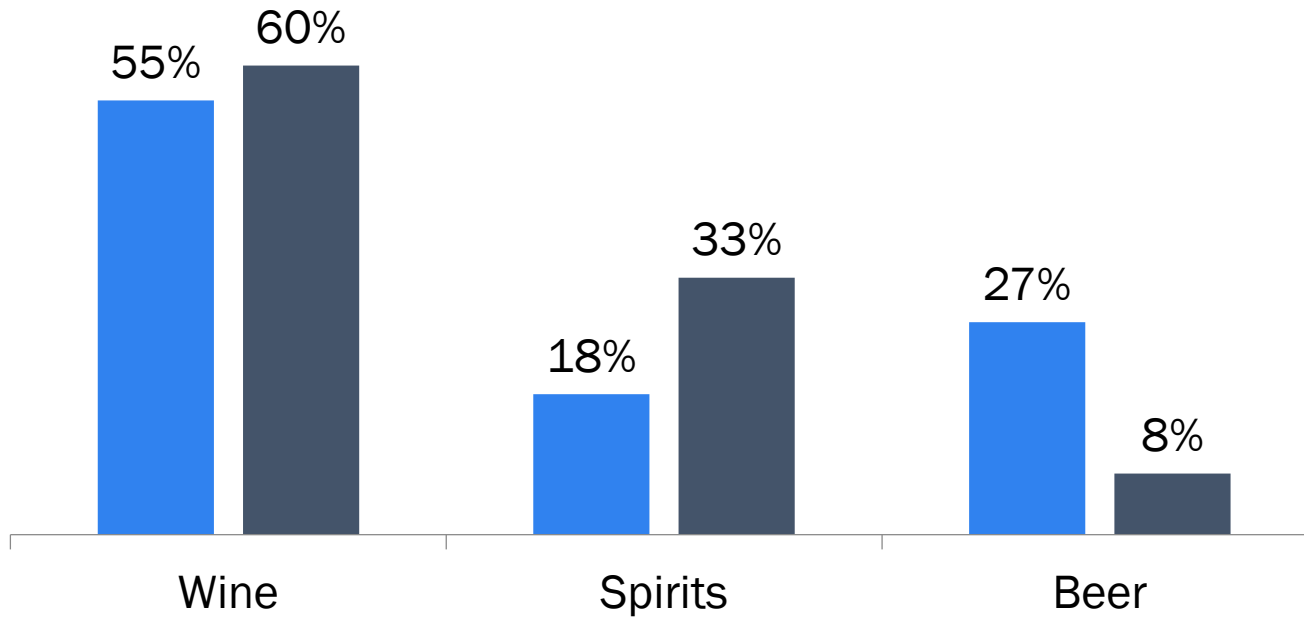
6,500  
Mobile  
orders



# YTD eCommerce Breakdown

## Category Performance

■ % Units    ■ % Dollar Value



Channel	Orders	Mix
eCommerce	40,402	86%
mCommerce	6,479	14%

Orders	AOV	Mix
Store Pick Up	\$167	53%
Standard Home Delivery	\$259	27%
Next Day Home Delivery	\$366	18%





# What We're Doing



# What's Next in eCommerce?

## Website & Order Management System Re-platform

- Same-day Pickup Pilot
- Real-time Online Inventory

## Content Management Platform Upgrade

- Enhanced Merchandising & Promotions
- Mega-Menu

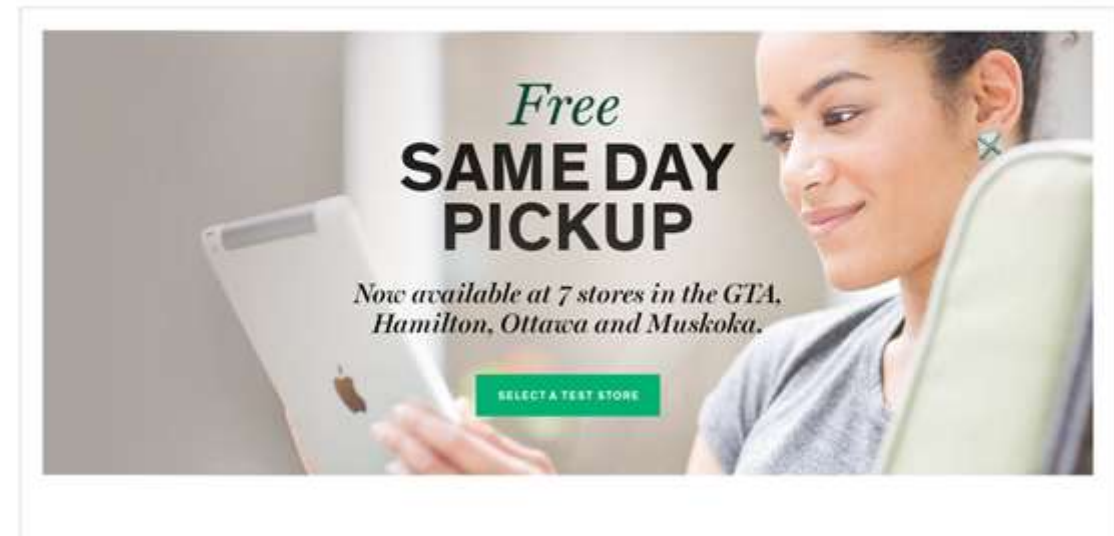
## Enhanced Online Exclusive Sales Capabilities

- Pre-order & Pre-populated carts
- Promo Codes

## Continued Mobile/App Capabilities

- Label Scan
- Push Notifications

LCBO





Through these features, we'll continue to empower our customers in new ways.

Atmospheric digital screens with active sights and sounds

Interactive digital screens engaging customers directly with content





# Holiday Absolut Windows



# Holiday Johnnie Walker Windows



LCBO | next

# Creating a Culture of Innovation



# Digital Innovation

## Holiday Gifting Assistant

Making gift-giving easier





# Corporate Social Responsibility



# Triple Bottom Line



## PEOPLE

Health & Wellness  
Privacy & Equality  
Locality & Communities  
Education & Development  
Minimizing Poverty  
Human Rights  
Security & Safety  
Ethics & Governance



## PROFIT

Competitive Advantage  
Profit Maximization  
Investor Return  
Fully Integrated Partners  
Positive Employee Relations  
Creativity & Innovation  
Business Model Optimization  
Process Efficiency



## PLANET

Renewable Energy  
Replenishing of Resources  
Logistics & Transportation  
Waste Management  
Emissions & Pollution  
Control  
Green Building Design  
Disaster Avoidance

# LCBO

Always  
Taking Care

## Environmental Sustainability



 **Bring back your empty bottles and cans to The Beer Store for a full deposit refund.**

To learn more about the Ontario Deposit Return Program, visit [bcgiback.ca](http://bcgiback.ca).

LCBO | Always Taking Care

## Product Quality & Safety



 **Your safety is our priority.**

The LCBO Quality Assurance Dept. conducts over 500,000 tests a year, ensuring everything you buy meets the highest standards.

LCBO | Always Taking Care

## Community Involvement & Fundraising




 **Your donations make all the difference.**

Together, your donations at LCBO stores have helped raise over \$8.5 million for charities across Canada. Thank you.

LCBO | Always Taking Care

## Responsible Retailing & Moderate Consumption



 **You may be refused service.**

The LCBO reserves the right to challenge and refuse service to any minors, intoxicated persons, or those buying for either party.

LCBO | Always Taking Care

# Responsible Retailing and Moderate Consumption



**Do I look 25 to you?**

At the LCBO, we never guess.  
That's why we asked to see over 14.5 million IDs last year.

So, if you're 25 or younger,  
have your ID ready.

**LCBO** | Always  
Taking Care

The LCBO never guesses. See if you can.  
[lcbo.com/cardnot](http://lcbo.com/cardnot)

- Check 25
- Recognizing the signs of intoxication
- Third-party purchases
- Challenge & Refusal – It's not personal, it's the law
- e-Commerce standards
- Moderate consumption campaigns

# Holiday 2018 CSR - LCBOxFLOW



\* **lcbo**  
**Xflow**<sup>®</sup>  
alkaline spring water

12 x 500 mL  
Packs / Boîtes

Take a break to hydrate  
this holiday season.

Prenez le temps de vous hydrater  
pendant le temps des fêtes



**LCBO** | Always Taking Care  
Soucieux de la Collectivité



# Looking Forward



# Beyond the Numbers



Customer loyalty & experience

Trade partner feedback

Efficiencies

Employee engagement

Culture change



# Government Regulations



New Provincial Government elected June 2018



Provincial Beverage Alcohol Framework



Cross-Province trade



Legalization of recreational Cannabis







**Tack så mycket**