

LCBO TRADE DAY 2021

Breakout Session

Wholesale: Doing Business with Convenience Outlets (LCO)

Chris Dini, Director, Wholesale

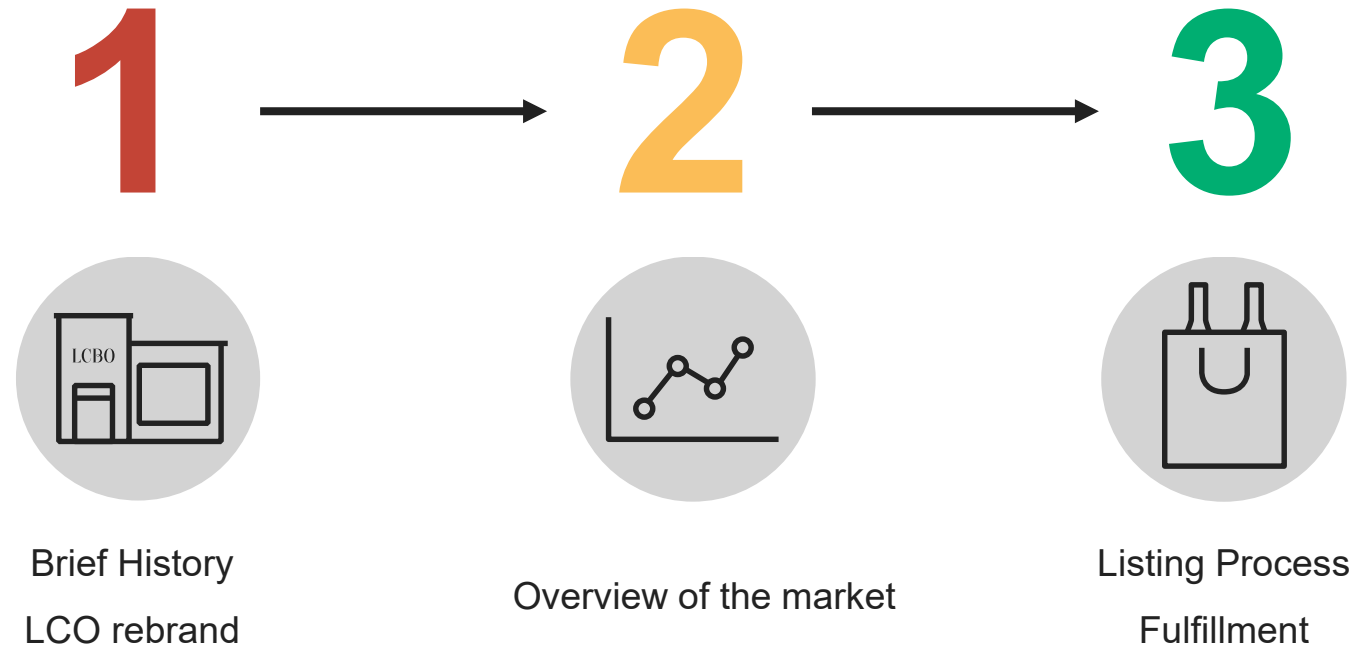
LCO/Agency Program

In this breakout, we will review the evolution of the agency store program to LCOs and what the market looks like now. We will also review the fulfillment approach and how products are made available to operators.



\$296M

Agenda

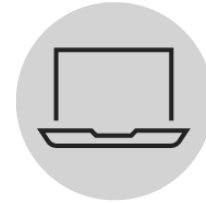


Questions?



During session

Submit questions via CHAT on screen



Following session

Submit questions via email to:

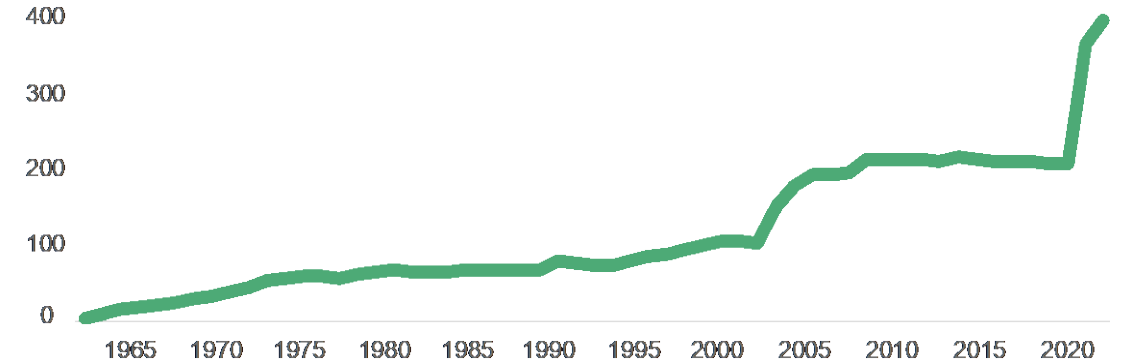
b2btrade@lcbo.com

History & LCO Rebrand

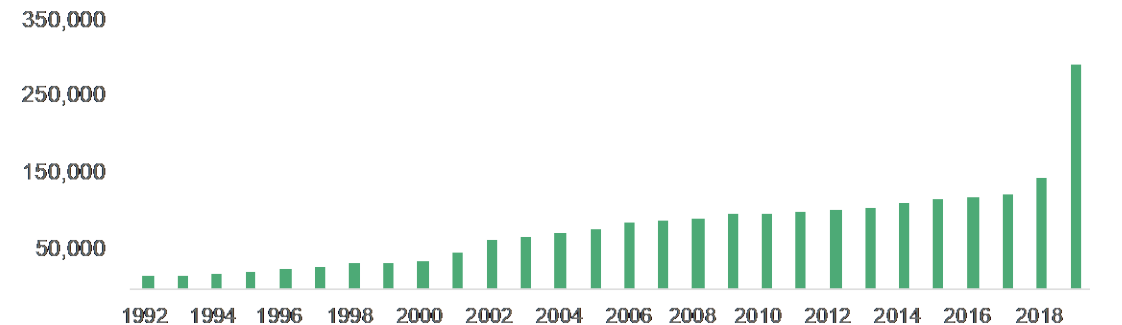
History

- Established in 1962 to provide access in underserved communities
- Successful private-public partnership making beverage alcohol shopping more convenient for Ontario residents in remote locations
- Initial expansion in 2003
- Most recent expansion and rebranding in 2019

Locations



\$000s



History

North/South distinction important in terms of wholesaler of record for Ontario beer

NORTH

LCBO wholesaler of record for all products including Domestic Beer

SOUTH

LCBO wholesaler of record for ALL imports (spirits, wine & beer) and all Spirits and Wine regardless of country of origin
Operator makes agreements with domestic manufacturers to purchase domestic beer



LCO/Agency & Ontario Brewers

SOUTHERN

If Product **NOT** available through TBS or the LCBO Brewer may sell directly to LCO Operator

Brewer **CAN**

- Sell directly to operator
- Set prices – uniform across all retail channels & locations
- Invoice Customer
- Collect payment
- Manage recall process

NORTHERN

LCBO is wholesaler of record and all orders for domestic beer must be processed through the LCBO

Brewer **CAN**

- Solicit orders
- Contact b2borders@lcbo.com to facilitate fulfillment where possible

Brewer **CANNOT**

- Sell directly to operator
- Invoice Customer

Rebranding

June 2019
direction received
to expand and
rebrand Agency
program to LCBO
Convenience
Outlets (LCO)



**LCBO / CONVENIENCE
OUTLET**

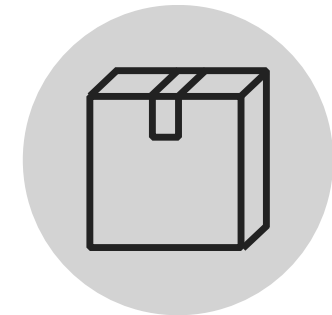
Rebranding



Web-based order system
& account management
support



Centralized fulfillment
from LCBO Depots



Regular reliable delivery
schedules

The Market & Sales Data

Fiscal 20/21

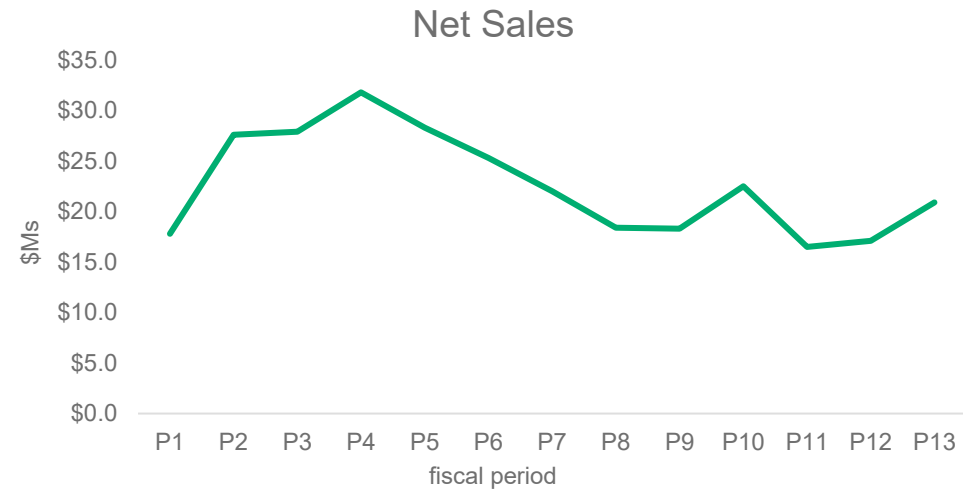
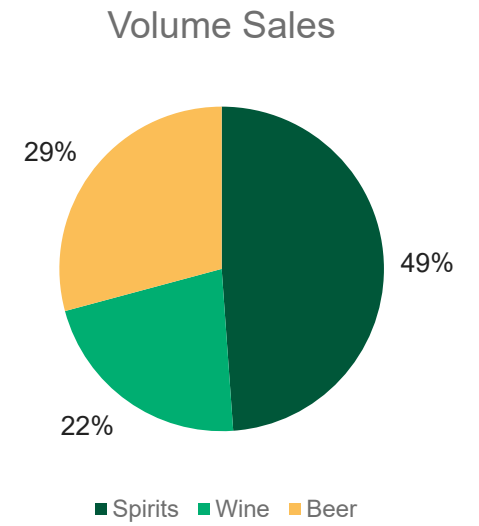
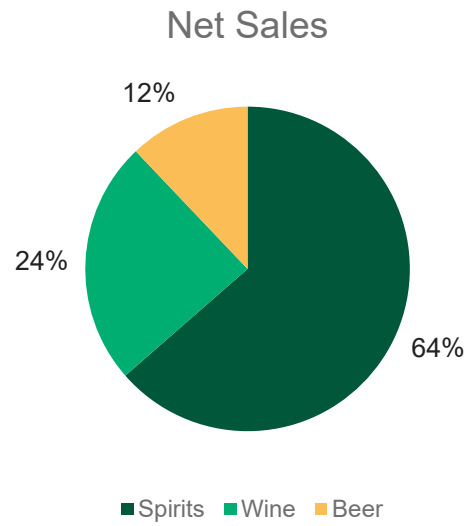
398 Locations

\$296M

3.2M cases

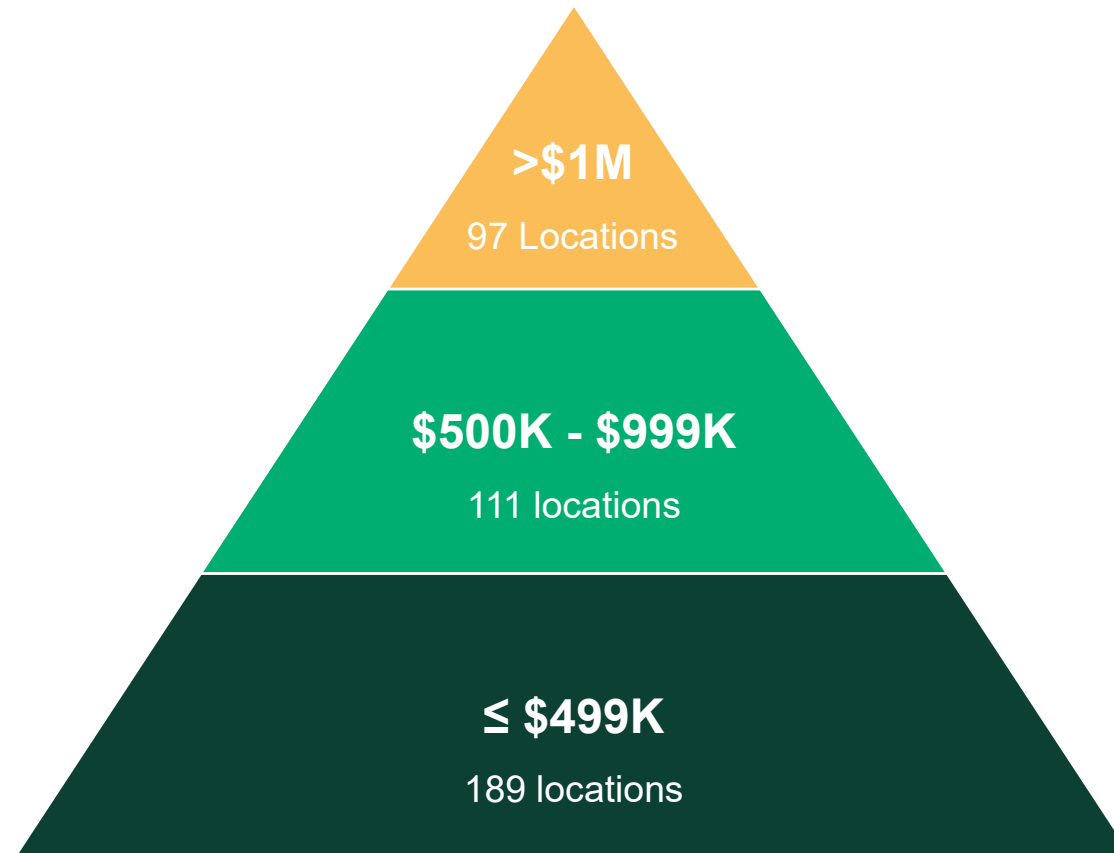


Sales by Product Type



*does not include domestic beer sales in southern store sold by TBS & Ontario manufacturers

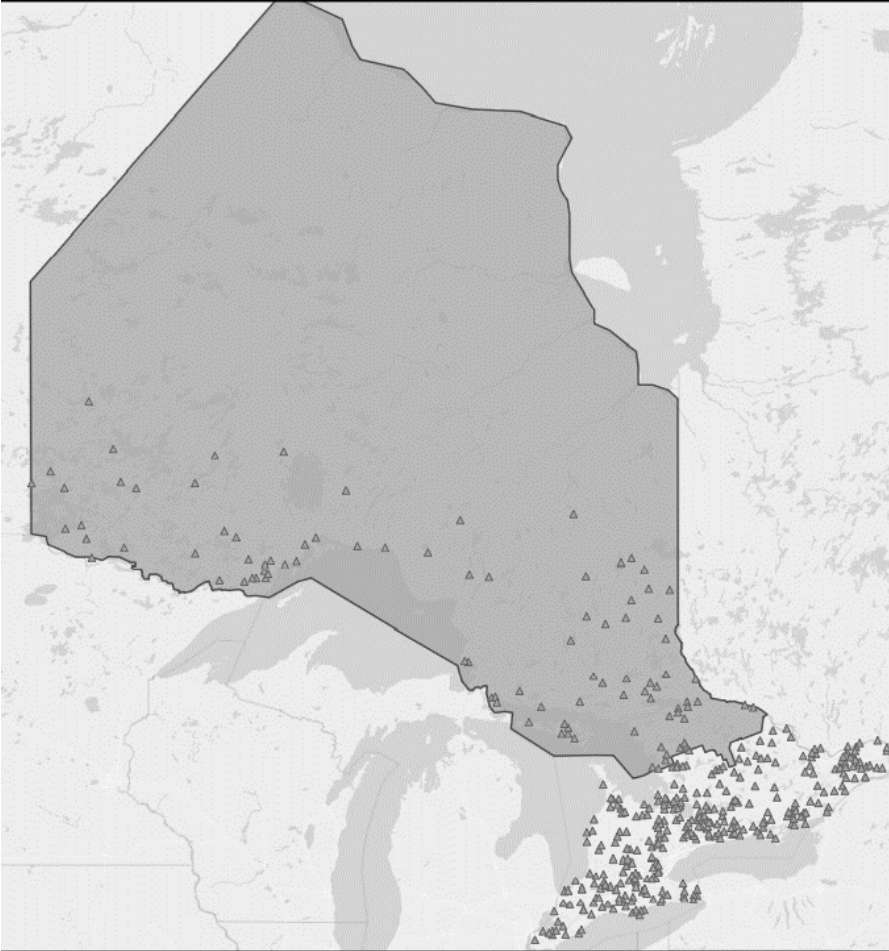
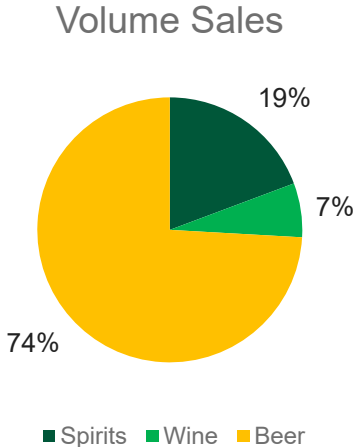
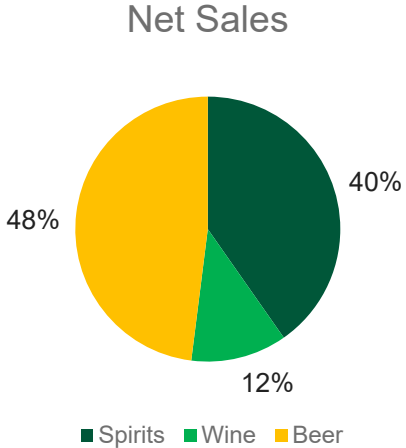
Store Profiles by Sales



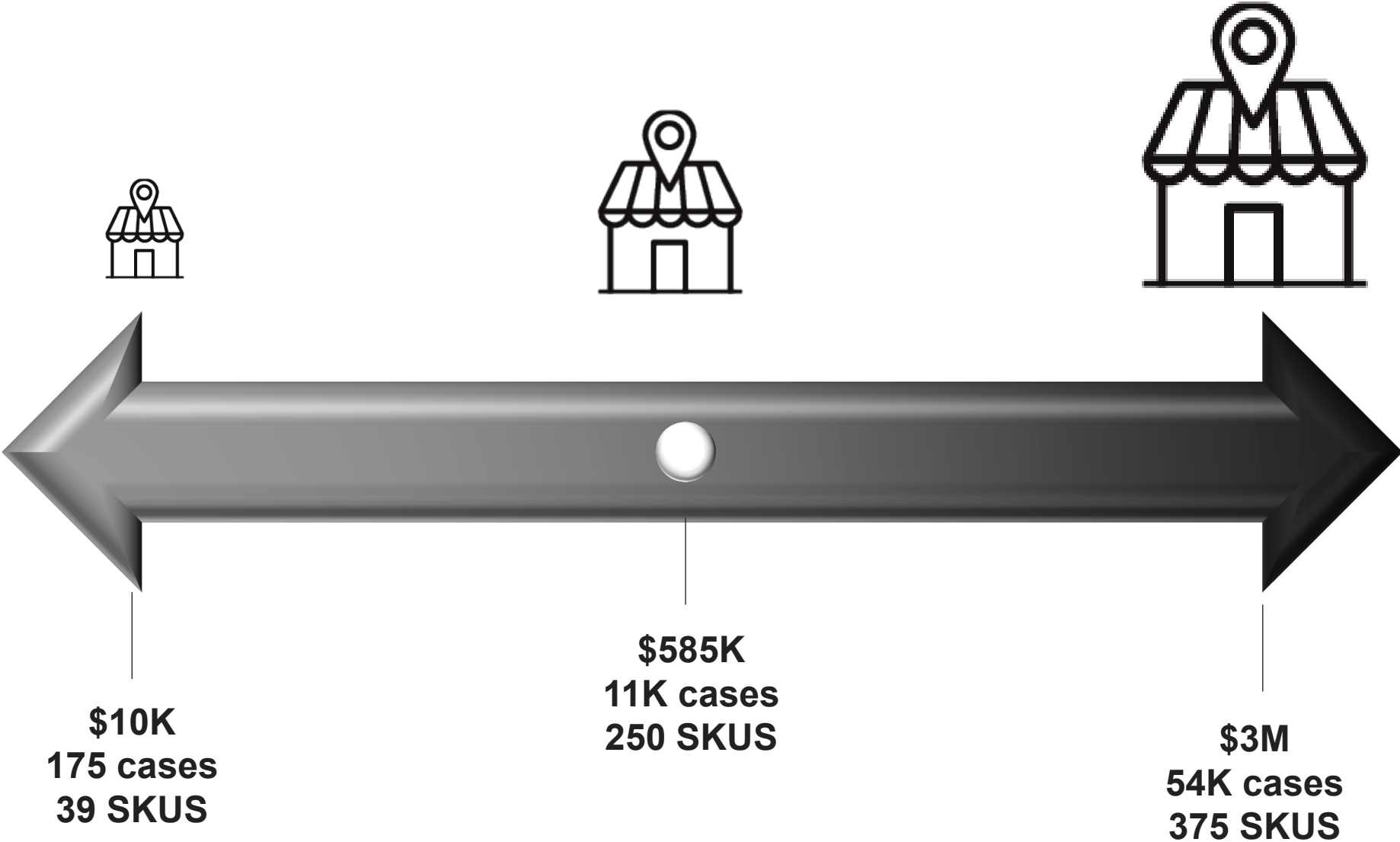
Northern Market

\$50M

1M cases



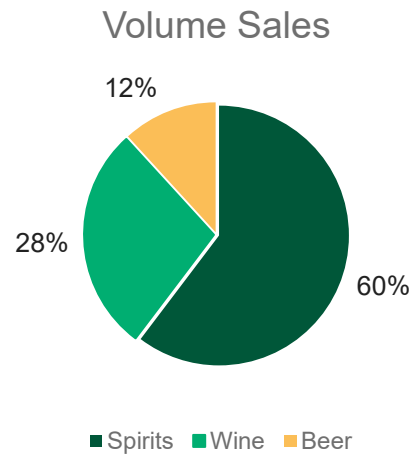
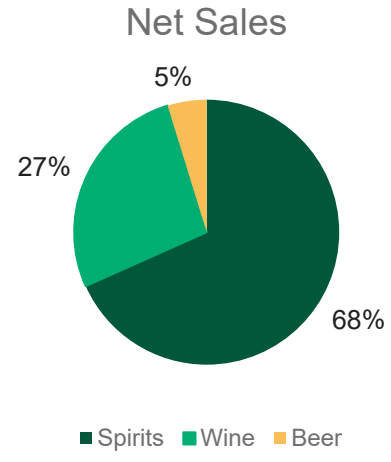
Northern Market



Southern Market

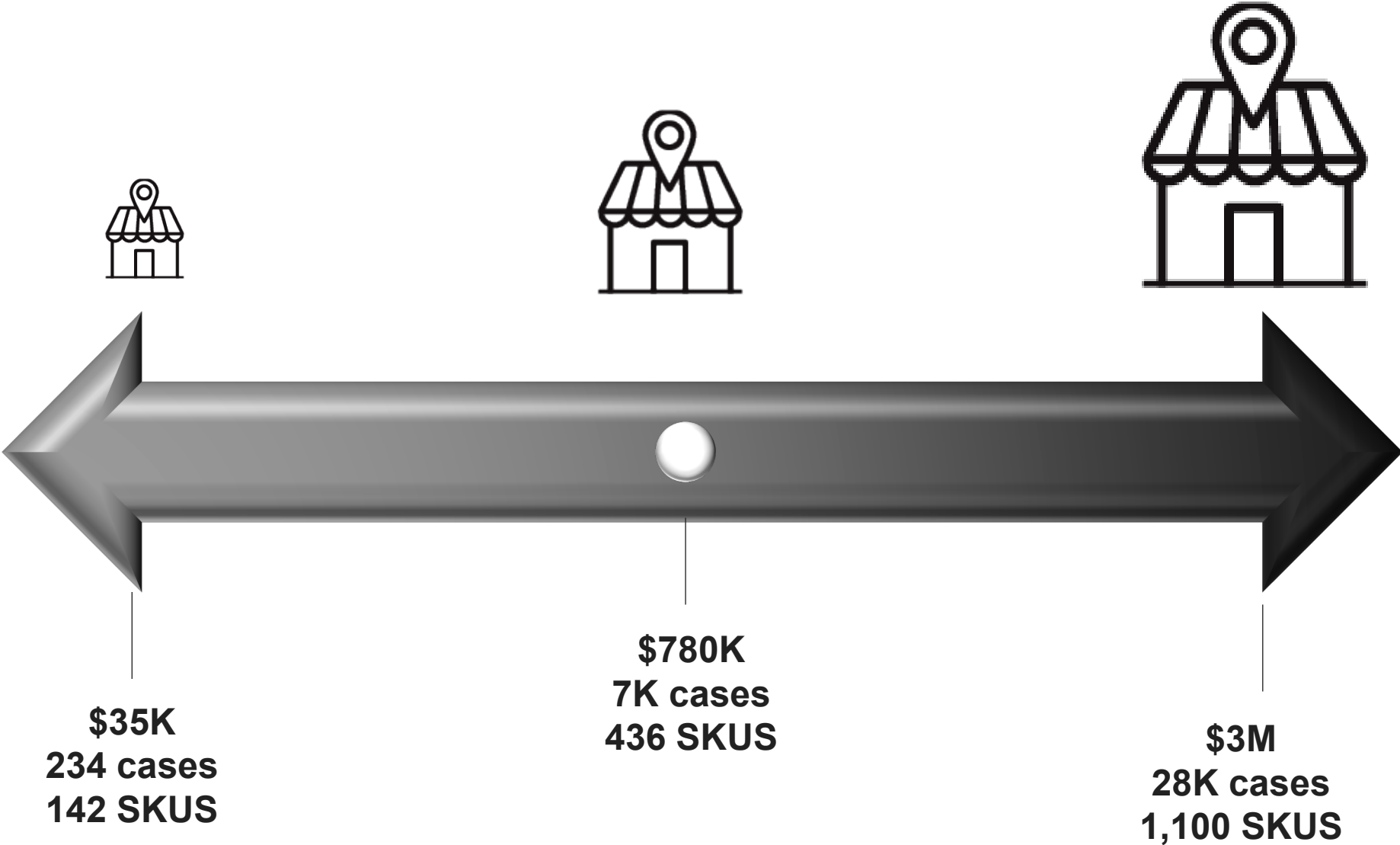
\$246M

2.2M Cases



*does not include domestic beer sales in southern store sold by TBS & Ontario manufacturers

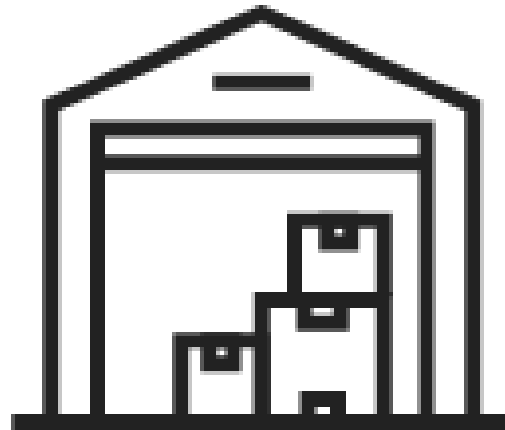
Southern Market



Fulfillment & Listing Process

Fulfillment

Centralized
distribution for
a consistent,
efficient
experience



Listings in LCO/Agency

- LCBO account management team maintains a catalogue of balanced representation from all product categories to suit the LCO/Agency business model
- Driving principle to focus on convenience for customers and profitability for operators
- Narrow core SKU list to focus on high velocity, demand driven SKUs

Listings in LCO/Agency

- Only products listed in the catalogue can be promoted to this channel
- Operators cannot return product
- Operators subject to uniform pricing – cannot put products on sale to clear slow movers

Listing Process

If you currently have a listing on the LCO catalogue, SKU performance is reviewed on a *quarterly basis*

- To maintain a listing on the LCO/Agency catalogue:
 - Product must be sold to a minimum of 30% of LCO/Agency network
 - Each location must order at a regular cadence
 - Requires minimum order quantity of 30 cases per week
- Account Management team will provide listing status from current catalogue which includes:
 - Products that meet criteria to stay on catalogue
 - Products that need attention to remain on catalogue
 - Products that do not meet criteria and will be delisted from the catalogue

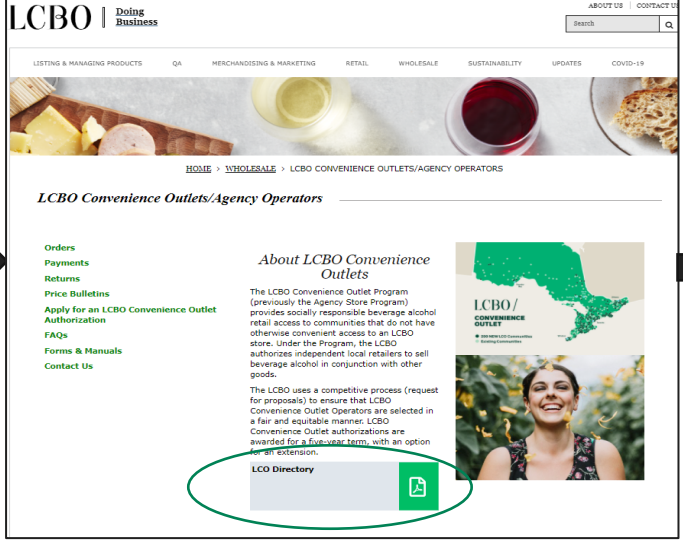
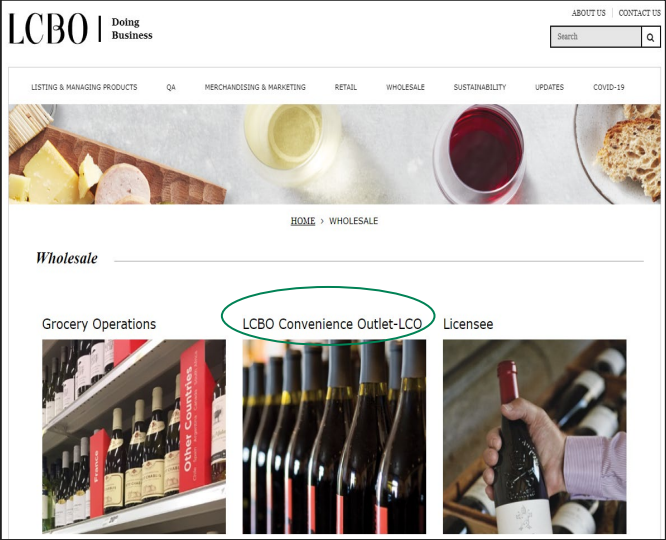
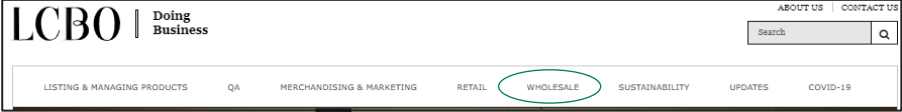
Listing Process

- Submission dates for new products and product innovations are reviewed on a quarterly basis
- For more information on how to submit products for consideration on the LCO catalogue please email b2btrade@lcbo.com
- Be sure to work with LCBO inventory management team to provide forecasts

What's next

- Continue to issue RFPs for existing operator renewals converting legacy Agency stores to LCO program
- LCBO recently acquired a new OMNI channel platform offering an enterprise wide solution for ecomm purchases by both B2C and B2B which will industrialize order and fulfillment practices

www.doingbusinesswithlcbo.com



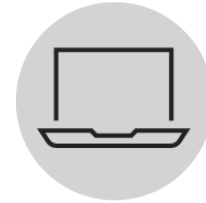
Community	Operating As	Premise Address	Business City	Region
Ailsa Craig	Ailsa Craig Food Market	157 Main Street	Ailsa Craig	Southern
Algoma Mills	Wilson's Market Garden	1008 Lauzon Ave	Algoma Mills	Southern
Alma	Alma Town Convenience	3 Peel Street West	Alma	Southern
Alvinston	Three Maples Variety Inc.	3248 Nauvoo Road, P.O. Box 73	Alvinston	Southern
Amaranth Station	Amaranth Esso	204357 County Rd 109	Amaranth	Southern
Amberley	Amberley General Store Ltd.	86721 Blue Water Hwy 21, R.R. #1, Amberley	Kincardine	Southern
Arkona	Arkona Food Market	7291 Arkona Road	Arkona	Southern
Armstrong	Armstrong General Store	12 King St., PO Box 190	Armstrong	Northern
Astorville	Perron Freshmart Inc.	1468 Village Road	Astorville	Northern

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Thank you