

LCBO

Understanding Ontario's Beverage Alcohol Consumer

April 17, 2018





SEGMENTATION

ENGAGEMENT

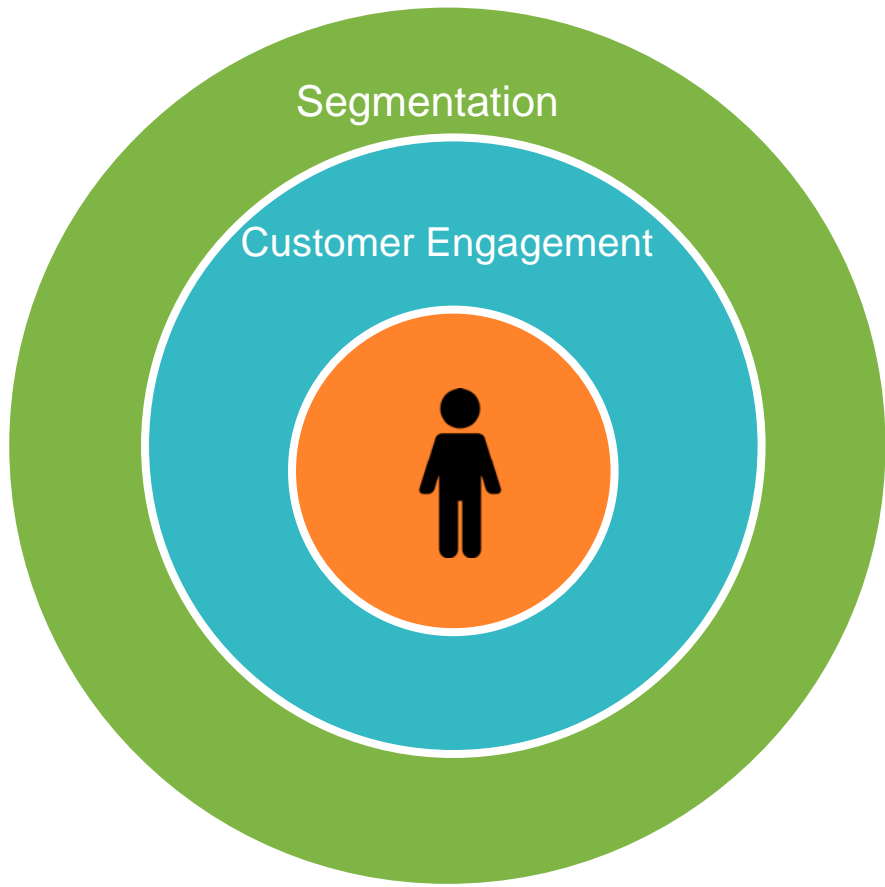
JOURNEY
MAPPING

LOYALTY

Customer Journey Pathway



Understanding the Customer





What is the Customer Engagement Study?

A study conducted by Environics for the LCBO
2x year, since 2009

ENVIRONICS
RESEARCH

Methodology and Sampling



20-minute
online survey

(May 23-June 12 &
Oct. 24-Nov. 15 2017)



2400
respondents

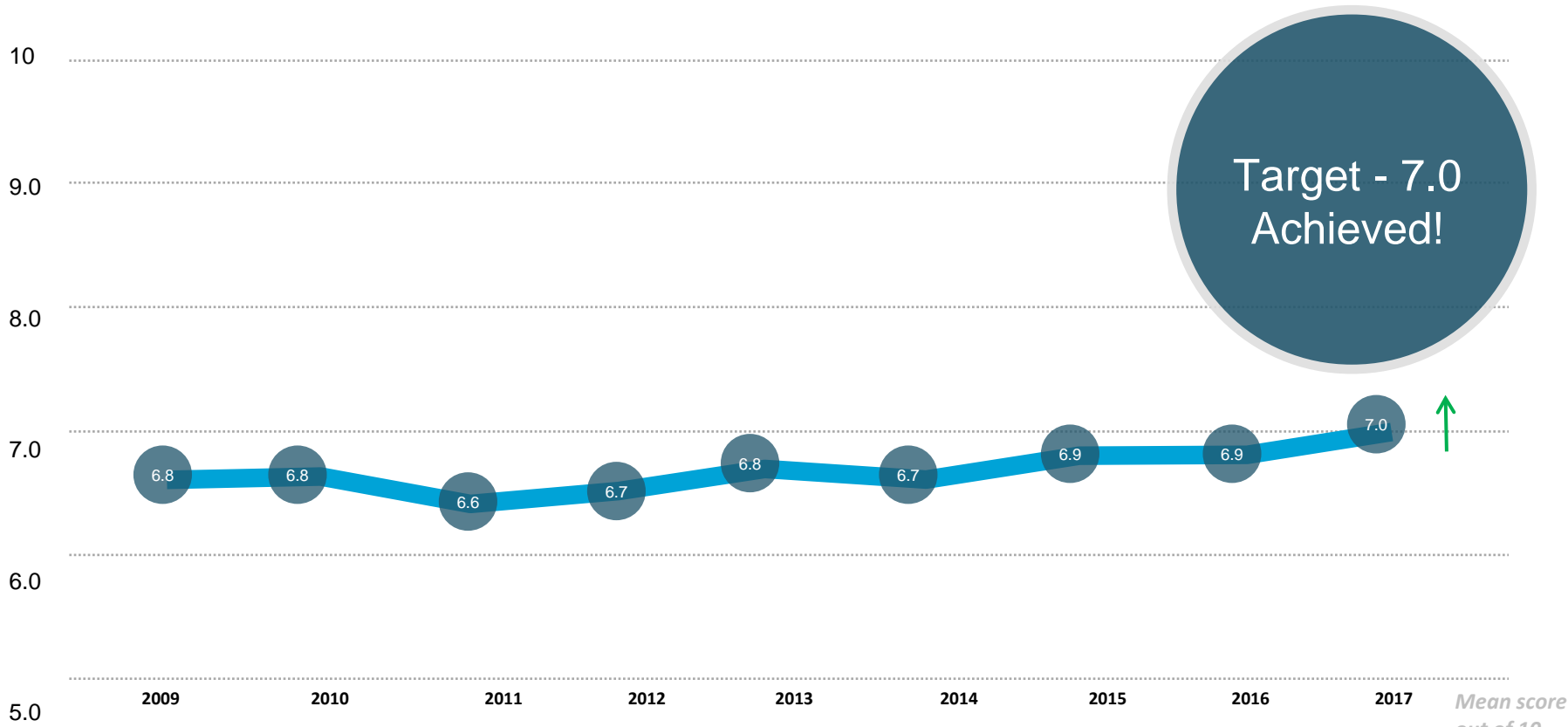


All respondents were

- Ontario residents
- +19 years old
- Approx. 50% Male / 50% Female
- Purchased in past 6 months at LCBO



Total LCBO Customer Engagement 2017





LCBO Customer Engagement Model: The Paths



LCBO Customer Engagement Model



DRIVERS

Shopping Ease –
Enjoyment

Empowerment

Corporate
Citizenship

Responsible

BENEFITS

Feel
Relaxed

Unique Offerings

Unique Imagery

Excitement

IN-STORE

Fulfilled My
Goals

Helped by
Staff

Social

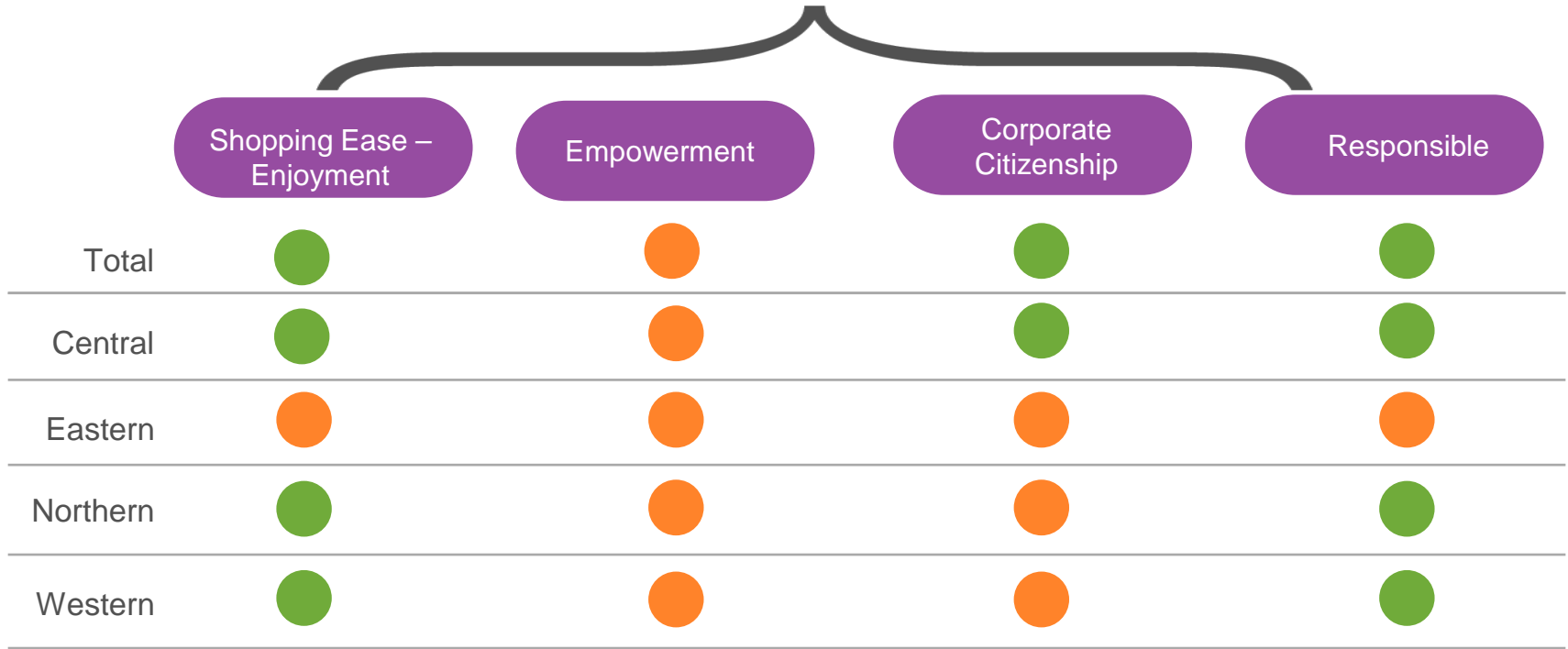
Well
Stocked

Information



Key Drivers of Customer Engagement – Change vs. 2016

DRIVERS



● Statistically Significant Improvement

● Stable

● Statistically Significant Decline

(at 95% confidence)



Shopping Ease – Enjoyment

SHOPPING EASE -
ENJOYMENT



Mean score out of 10



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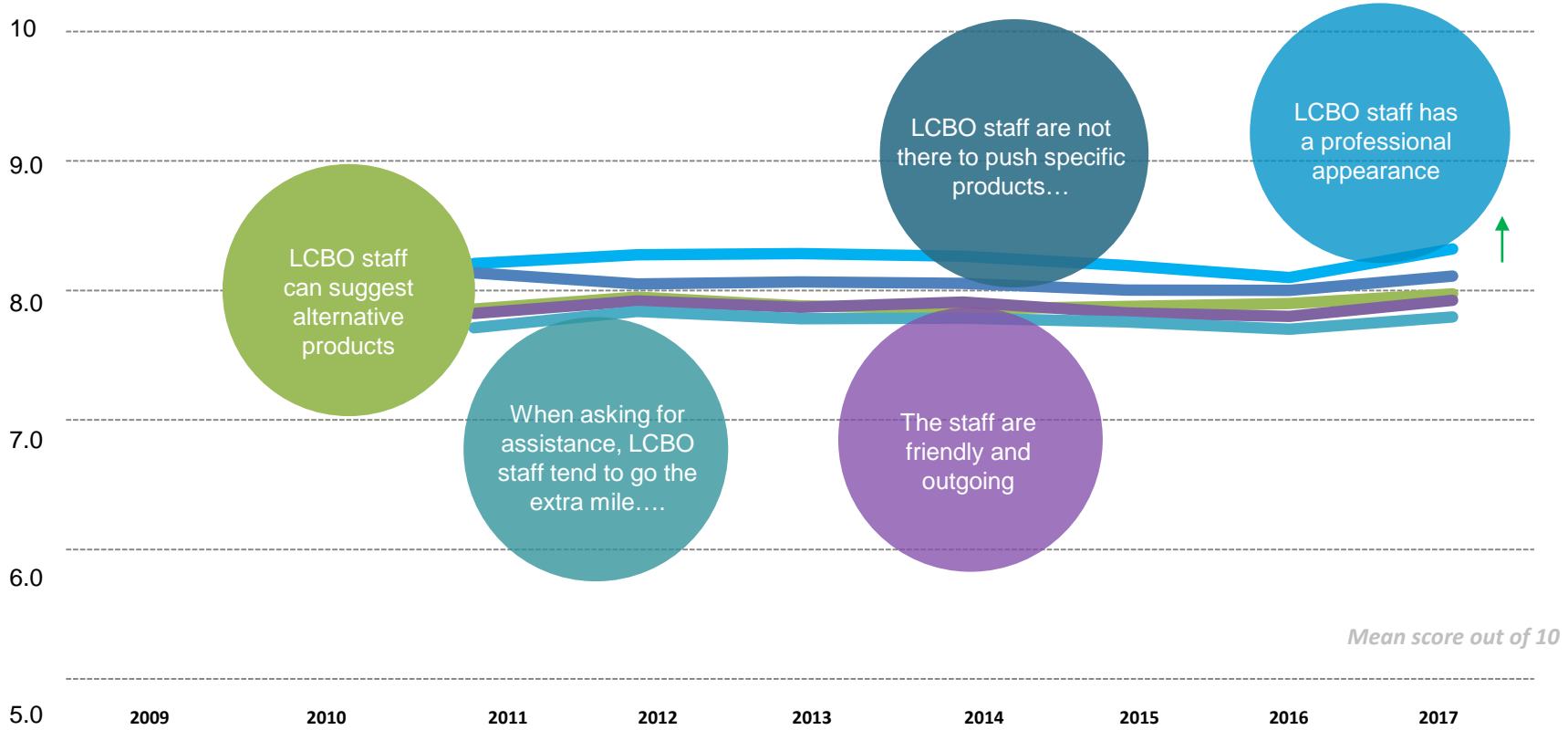
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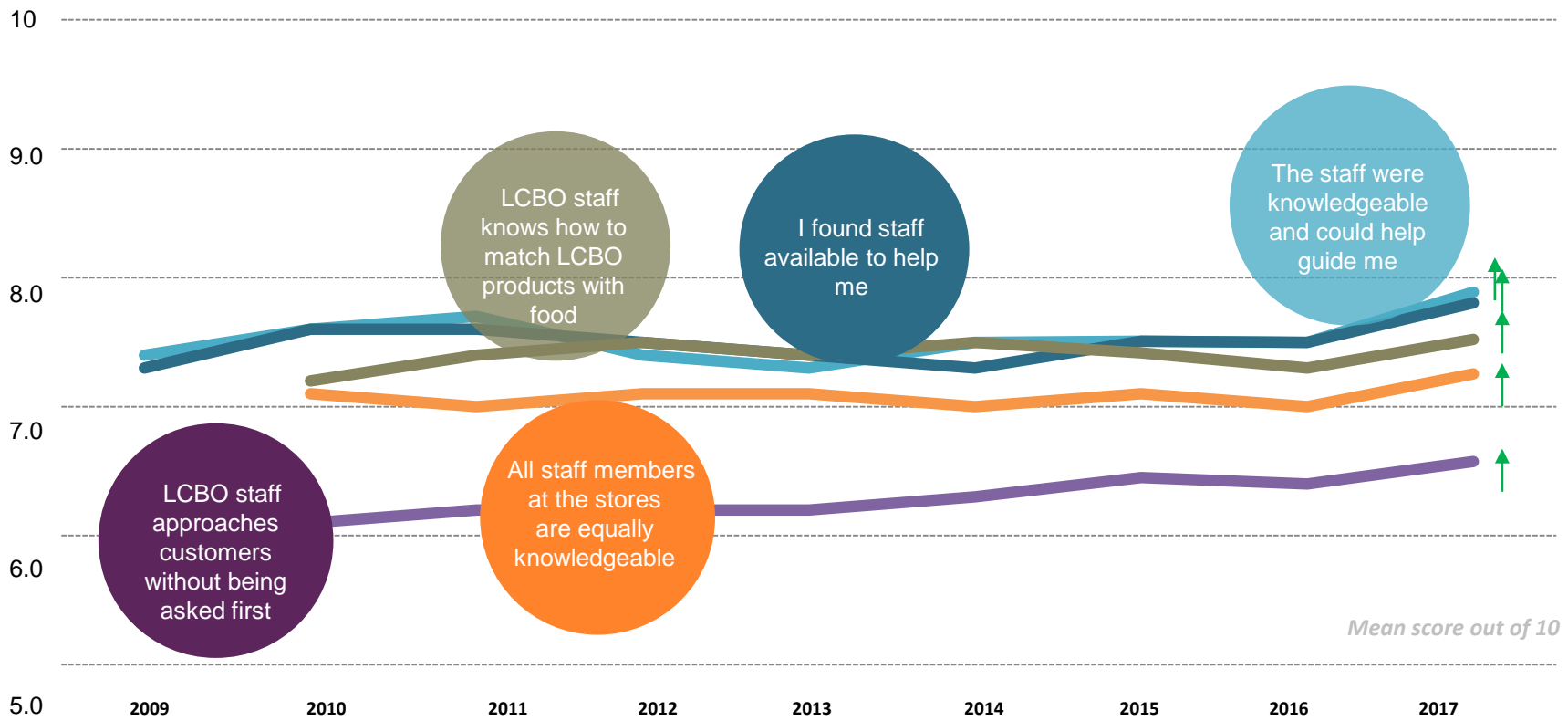
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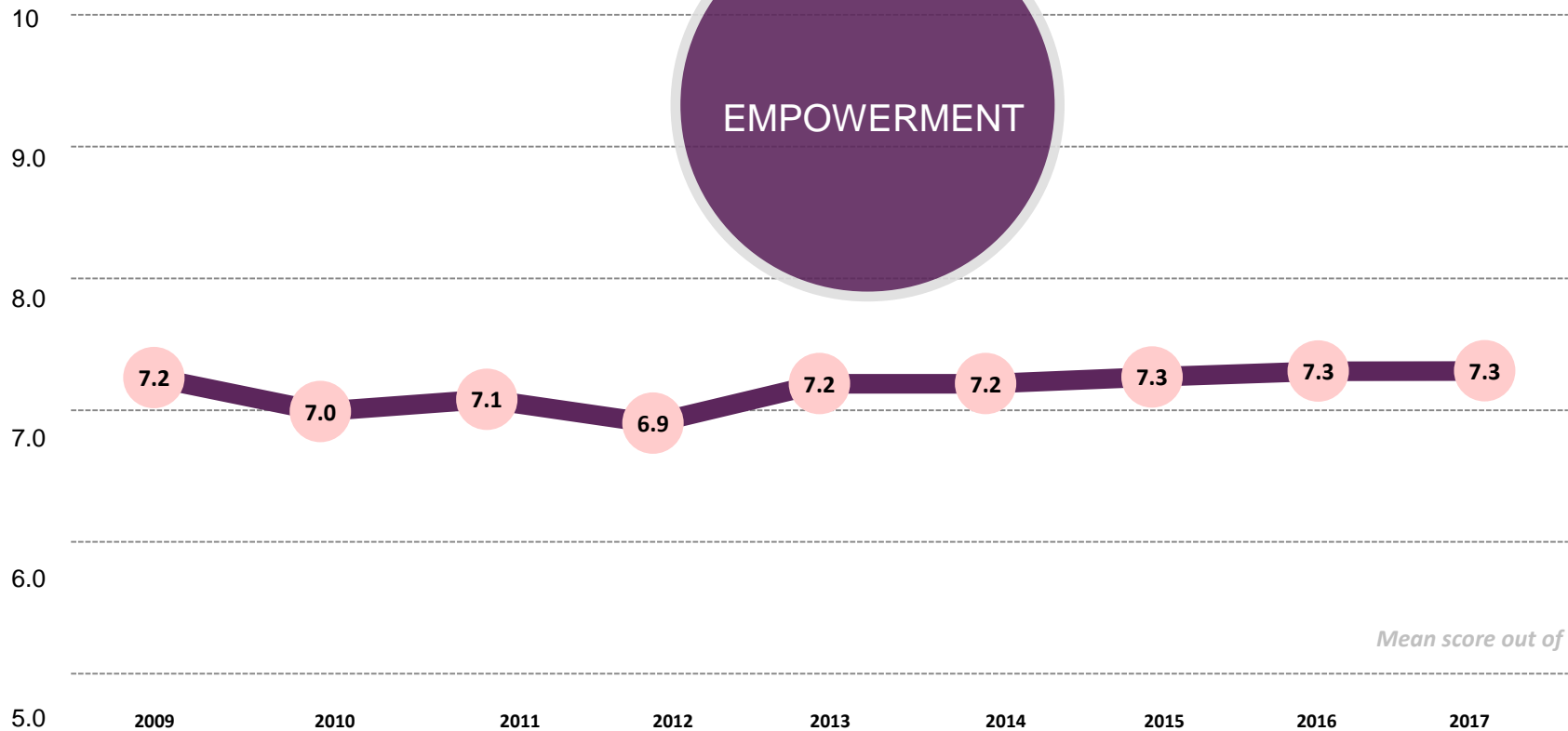
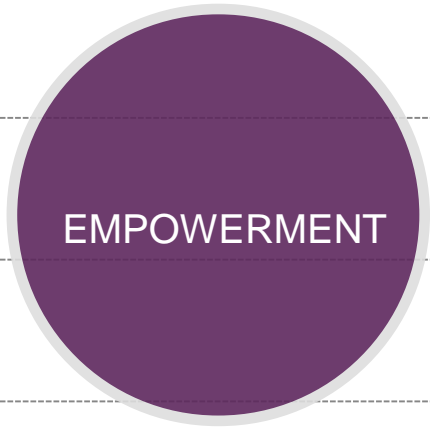


Mean score out of 10



Helped by Staff





Mean score out of 10



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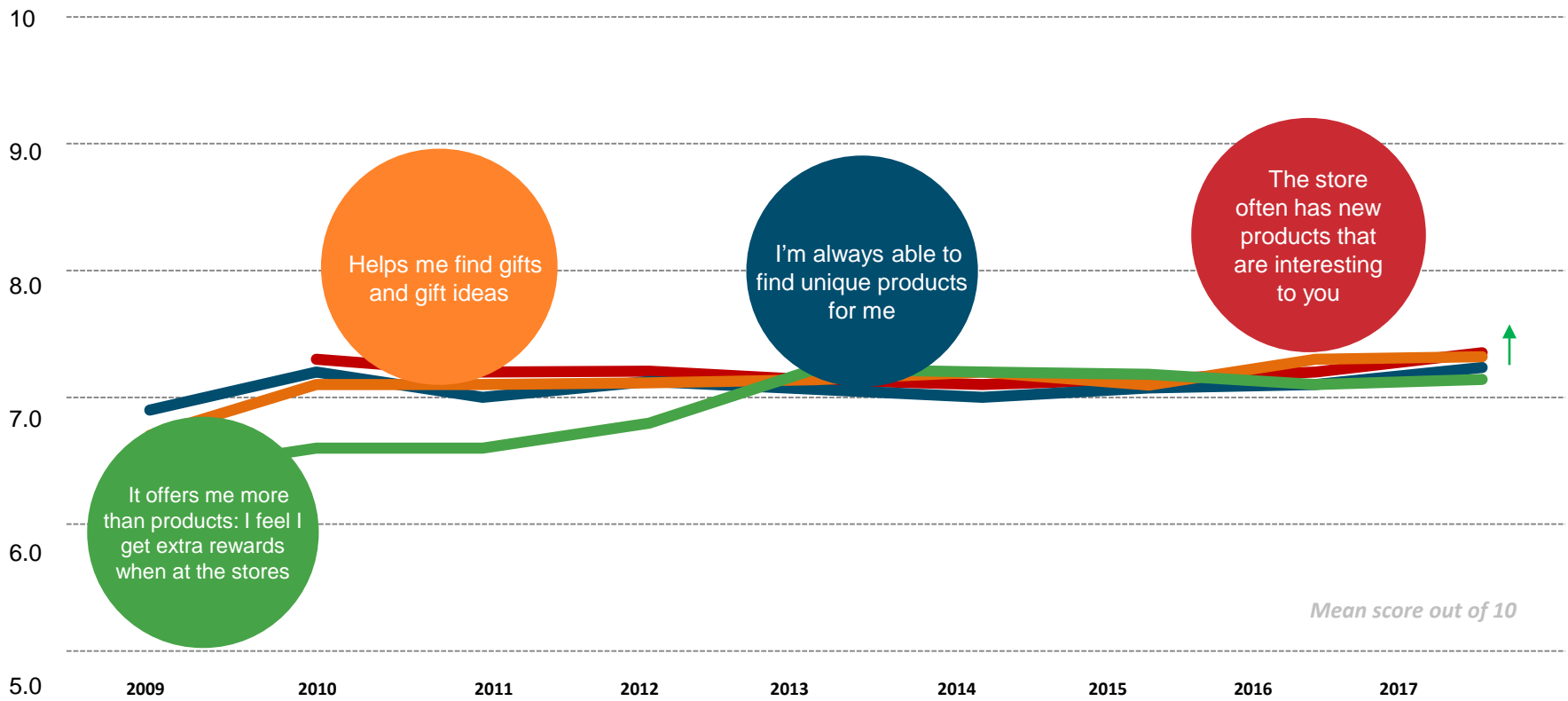
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Unique Offerings



Mean score out of 10



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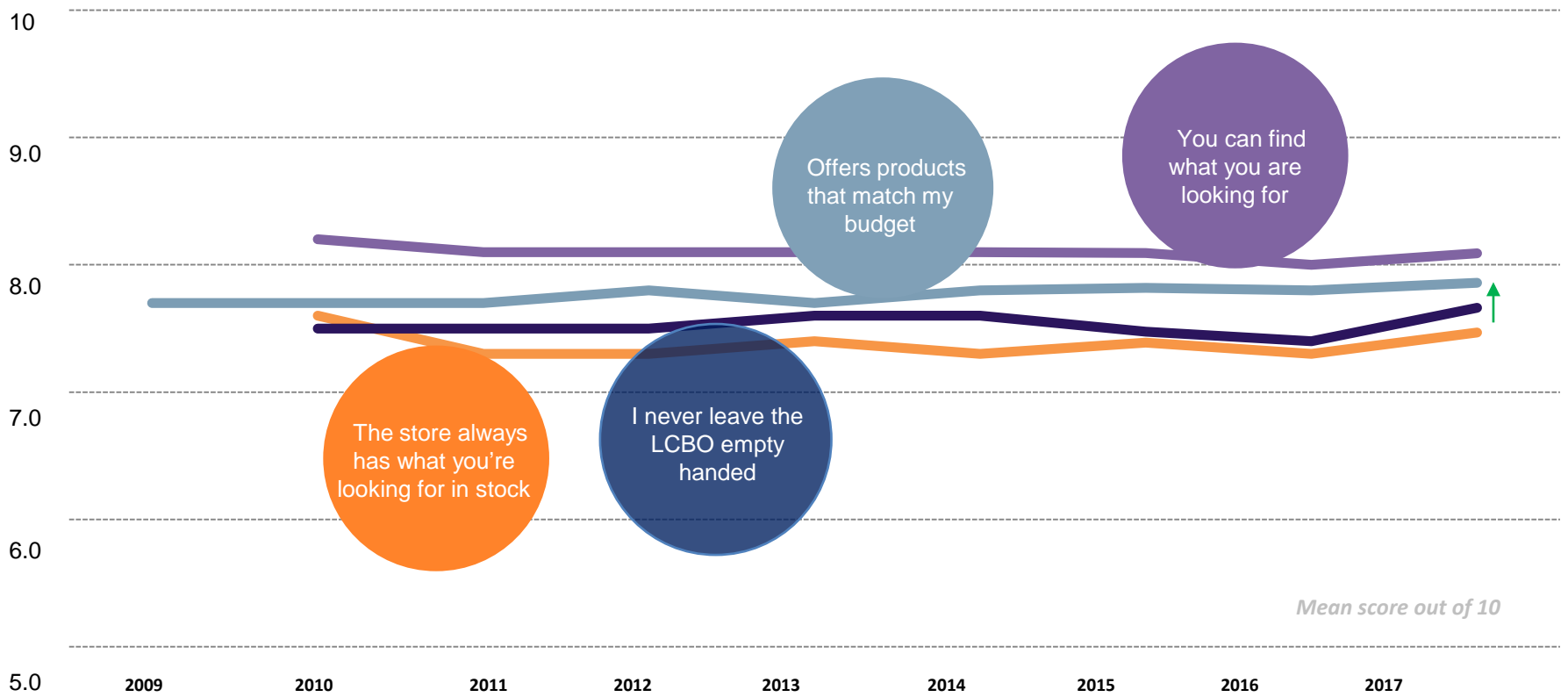
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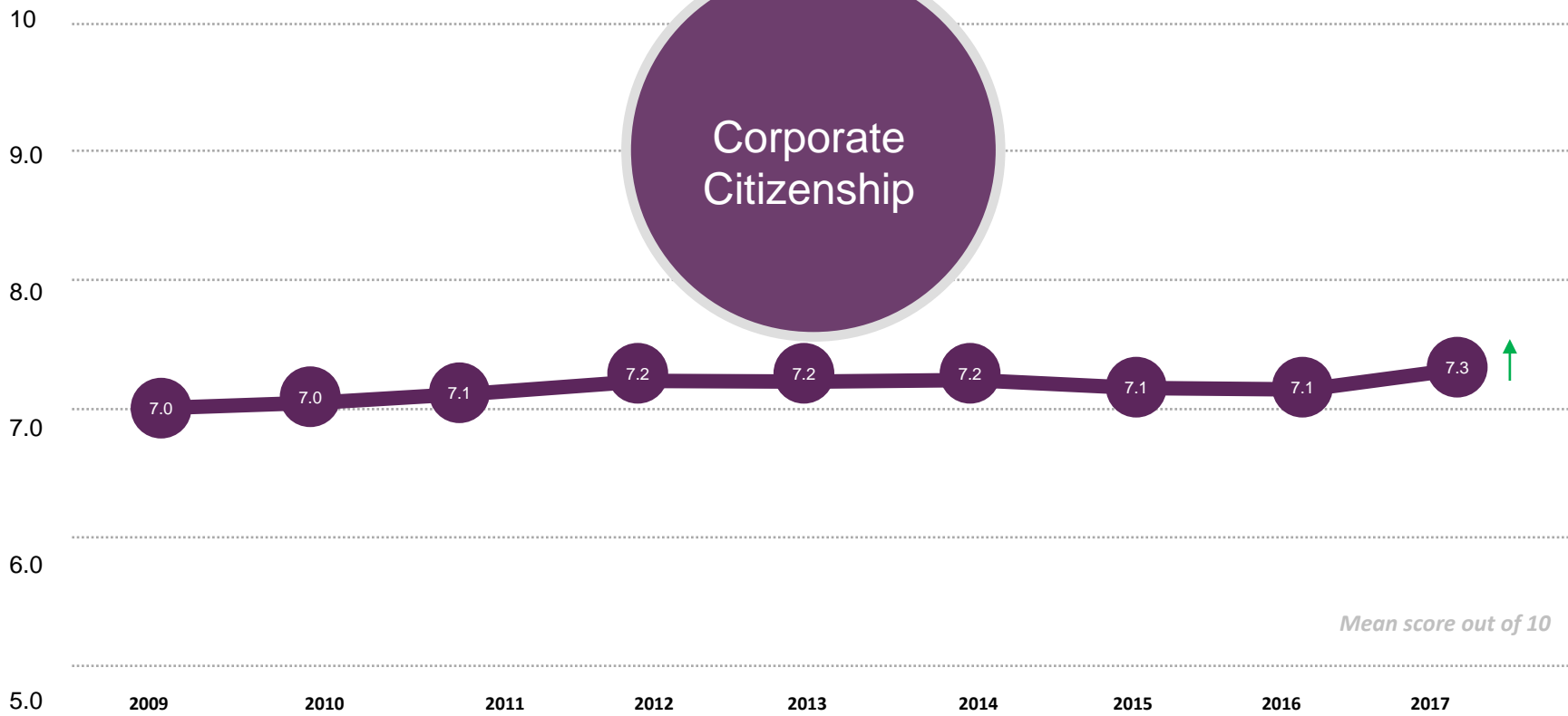
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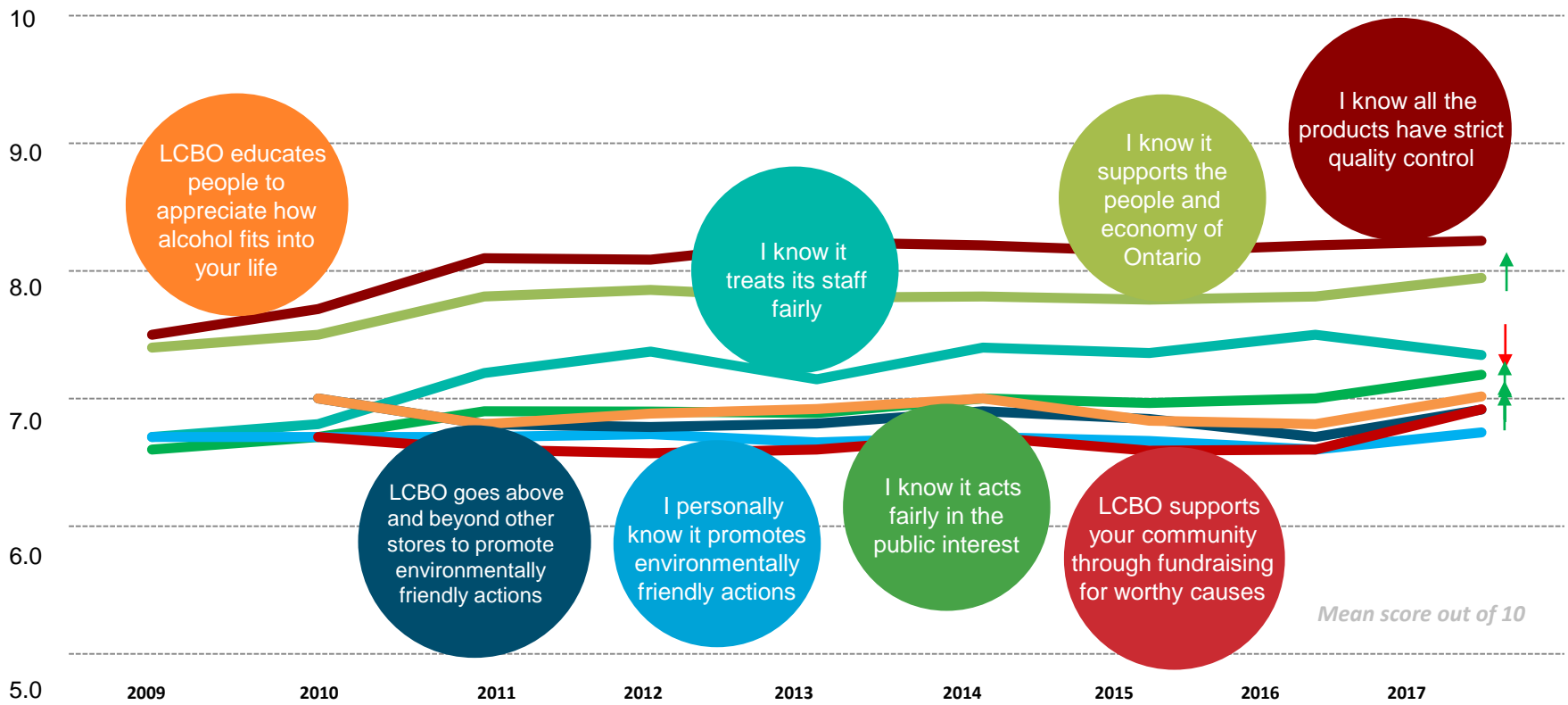
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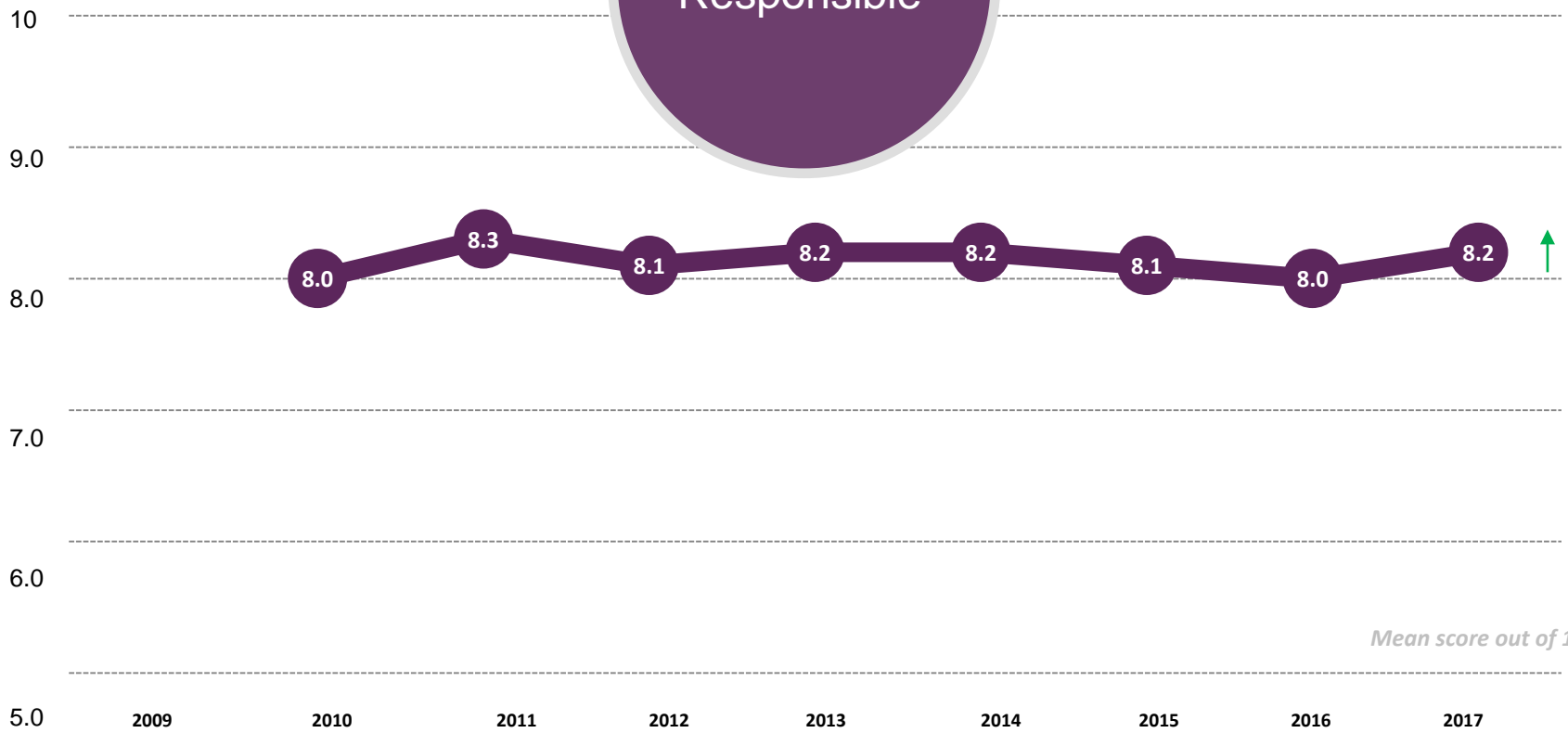
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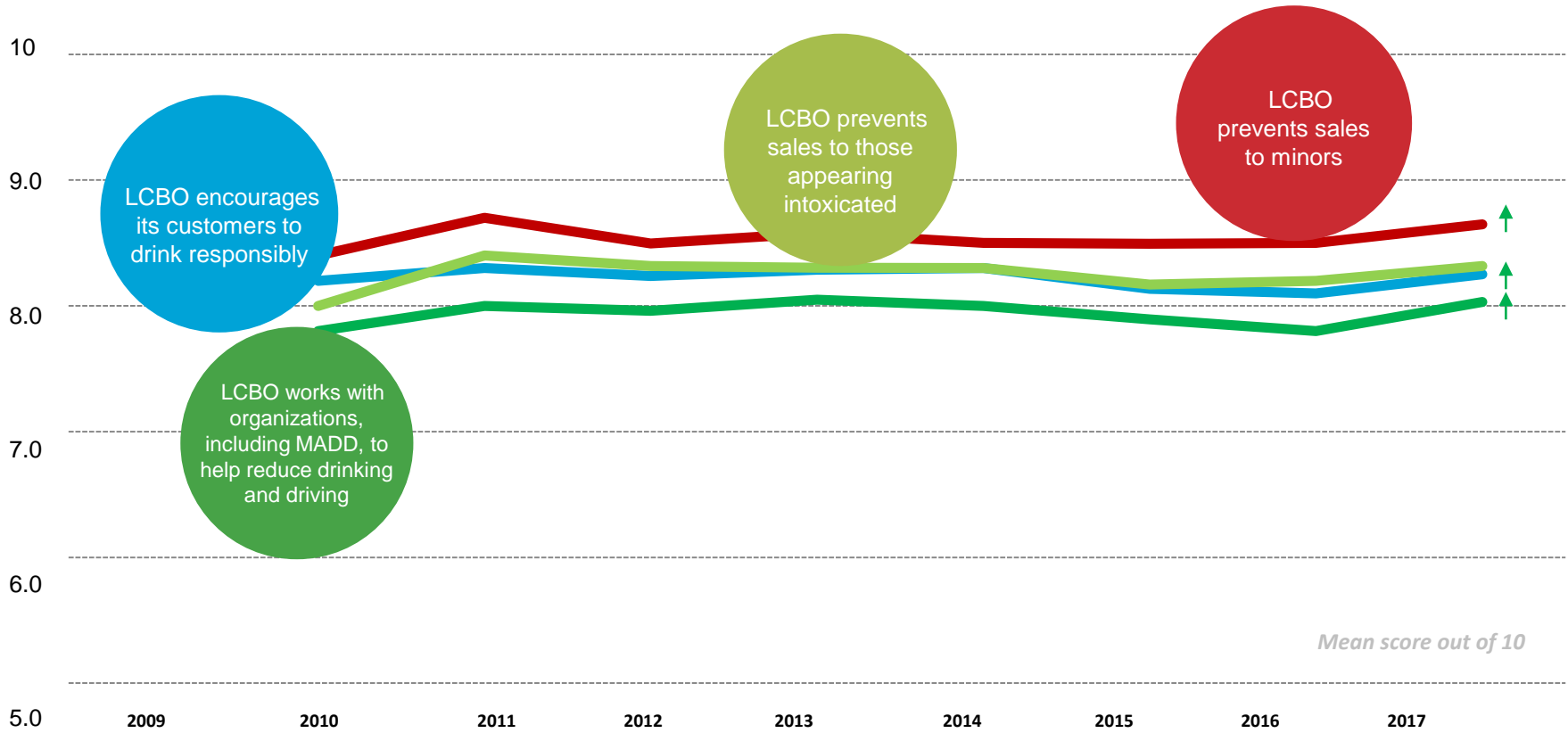
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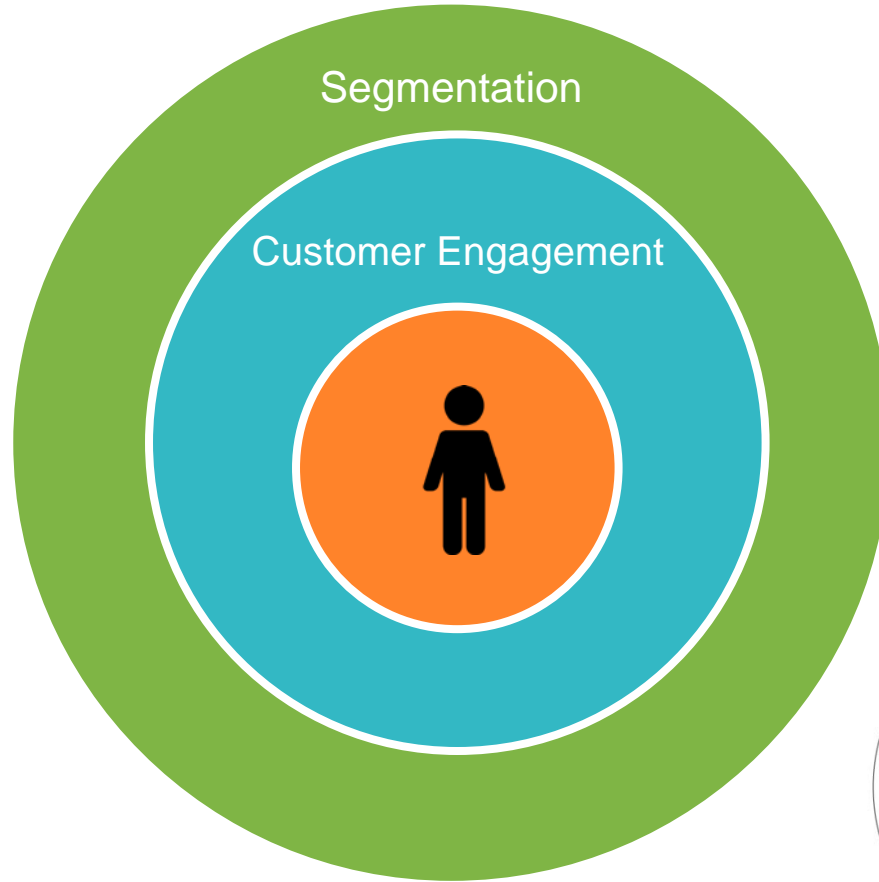


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Understanding the Customer



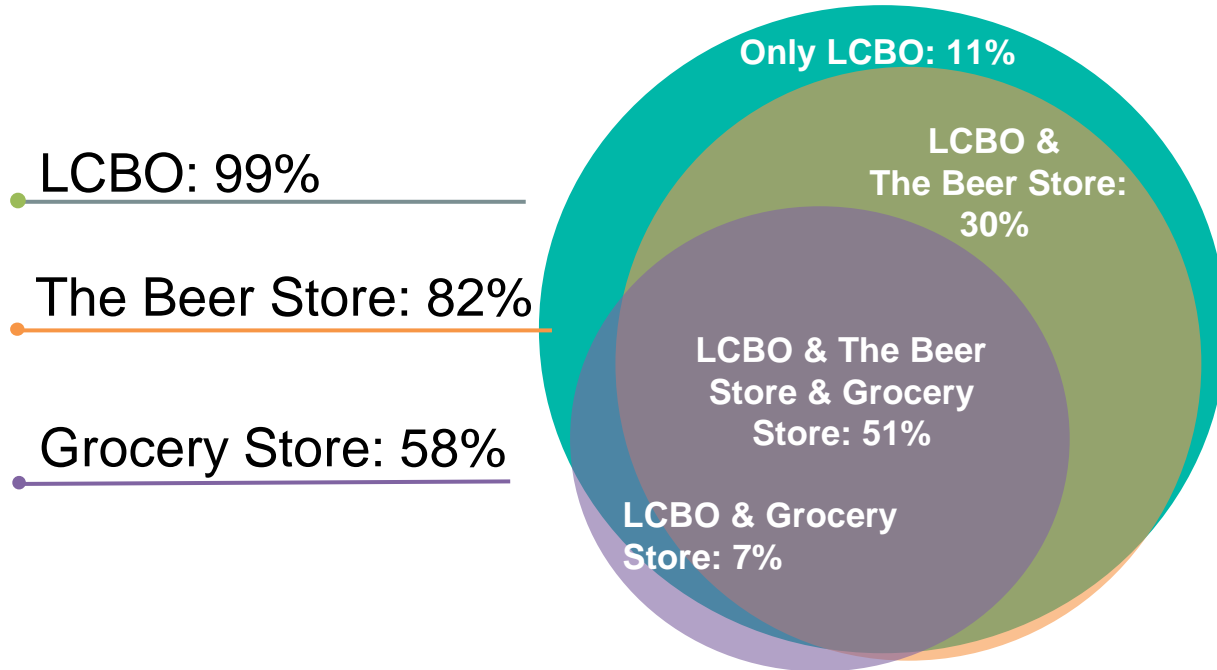
Why customer segmentation?

- The market has changed (grocery)
- Includes all shoppers (LCBO, TBS, grocery)
- Views of frequent shoppers (monthly)



SHOPPING FOR ALCOHOL BEVERAGES IN ONTARIO

Ever Purchased Alcohol Beverages



Segmentation approach

Attitudes
towards
alcohol
beverages

Attitudes
towards life

Self-reported
alc. bev.
purchase

WHAT KIND OF ATTITUDES?

Attitudinal factors

- Knowledge & Influence
- Party Lifestyle
- Status & Affluence
- Exploring Craftsmanship
- Daily Unwind
- Quiet & Careful
- Tried & True
- Everyday Brands



Meet the Segments



Engaged
&
Epicurean



Conservative
&
Conventional



Tried
&
True



Social
& Status-
Seeking



Intimate
&
Informal



Engaged & Epicurean

The Engaged & Epicurean are an **affluent** segment who love to experience all life has to offer. They are **high-achieving Foodies** who appreciate the finer things. This is an **adventurous** segment. They are a curious bunch and still believe there is a lot to explore and learn.

E&E view themselves as **beverage alcohol experts**, and often **give advice** to others. They put a lot of time into planning their food and wine pairings when entertaining, so you can expect a fine dining experience when joining their home parties. When they are not hosting, you can expect to find them enjoying a glass of their favourite Vintages selection as they unwind after work. While fine wine is a must-have, they also enjoy premium and craft products, perhaps driven by their quest to discover new favourites.

Not only do E&E savour the winery experience, this segment values **knowledgeable staff and stellar assortment.**



Conservative & Conventional

Conservative & Conventional are **older**, conservative laggards who are living a **slower pace** in life. This segment is particularly likely to be retired. They place a high degree of importance on **family values** and use holiday and seasonal traditions to connect with loved ones.

This segment likes to stay close to home, spending their leisure time with casual family gatherings. Their favourite social moments are described as private, low key and conversational. C&C are **not knowledgeable about alcohol** beverages and usually stick to the brands they know and like. They usually drink wine or spirits.

They value retail channels that take the **responsibility** of beverage alcohol sales seriously, have **knowledgeable staff**, and have their family favourites in stock.



Tried & True

The **Tried & True** are a down-to-earth segment who stick with what they know and like. They skew **older** than their counterparts (age 50+), and over the years, they have come to appreciate and value being real. They are not out to impress anyone. This segment is married – many with kids – and are currently focused on their family. They feel in control of their destiny and aim to achieve a good work/life balance.

This segment prefers **socializing at home** or at a friend's house rather than going out to a bar. They most enjoy having a beer or two to help them relax after a stressful day. They are **not very knowledgeable** about beverage alcohol, but this is of no concern. They stick to their favourite brands and beverages with **no appetite to explore or experiment**.

They believe that having beverage alcohol on-hand is an important part of being a good host, although their hosting duties are more infrequent than other segments.



Social & Status- Seeking

The **Social & Status-Seeking** are **influential partiers** who are **spontaneous** by nature.

While some may call them 'hipsters', they would say they are **trend-setters**. These **young to middle-aged** customers are particularly likely to live in Central Ontario, where they have access to what's new and what's next. They tend to just let life happen and use social media to capture their epic adventures. Although they are likely to be single, many are entering a new life stage as they marry and begin families.

They are drinking all sorts of alcoholic beverages – to have fun they need alcohol! They like to be the first to check out the newest bar or to try a new cocktail. They are extremely confident preparing new drink ideas, often inspired by a bartender.

They are **willing to pay for the best brands** – not only because they believe expensive products are higher quality, but also because they believe that the brand of alcohol you drink says a lot about you as a person.



Intimate & Informal

The **Intimate & Informal** are **older females**. They do not try to impress others and are dedicated parents who believe it is important to sacrifice their own needs for those of their children. While family is important to them, they also like to cook and spend time with friends. Those around them would say they play it safe.

This segment typically consumes wine at **small home get-togethers**. Sometimes it's just one friend who comes over to chat about life. They don't like large crowds and describe their favourite social moments as carefree, with lots of laughter.

They are not brand loyal and easily **satisfied by lower-ticket, widely available products**.

Questions?

