

LCBO

Vintages Transformation Trade Update

October 2021

Current State Vintages



Essentials

- 208 products
- \$412M net sales, 58% share of Vintages
- Always available in stores and online

Vintages release program

- Two bi-weekly releases per month
- 3000 products released annually in store and online
- \$244M net sales, 35% share of Vintages

Direct Programs – Classics, Futures and Special Offers

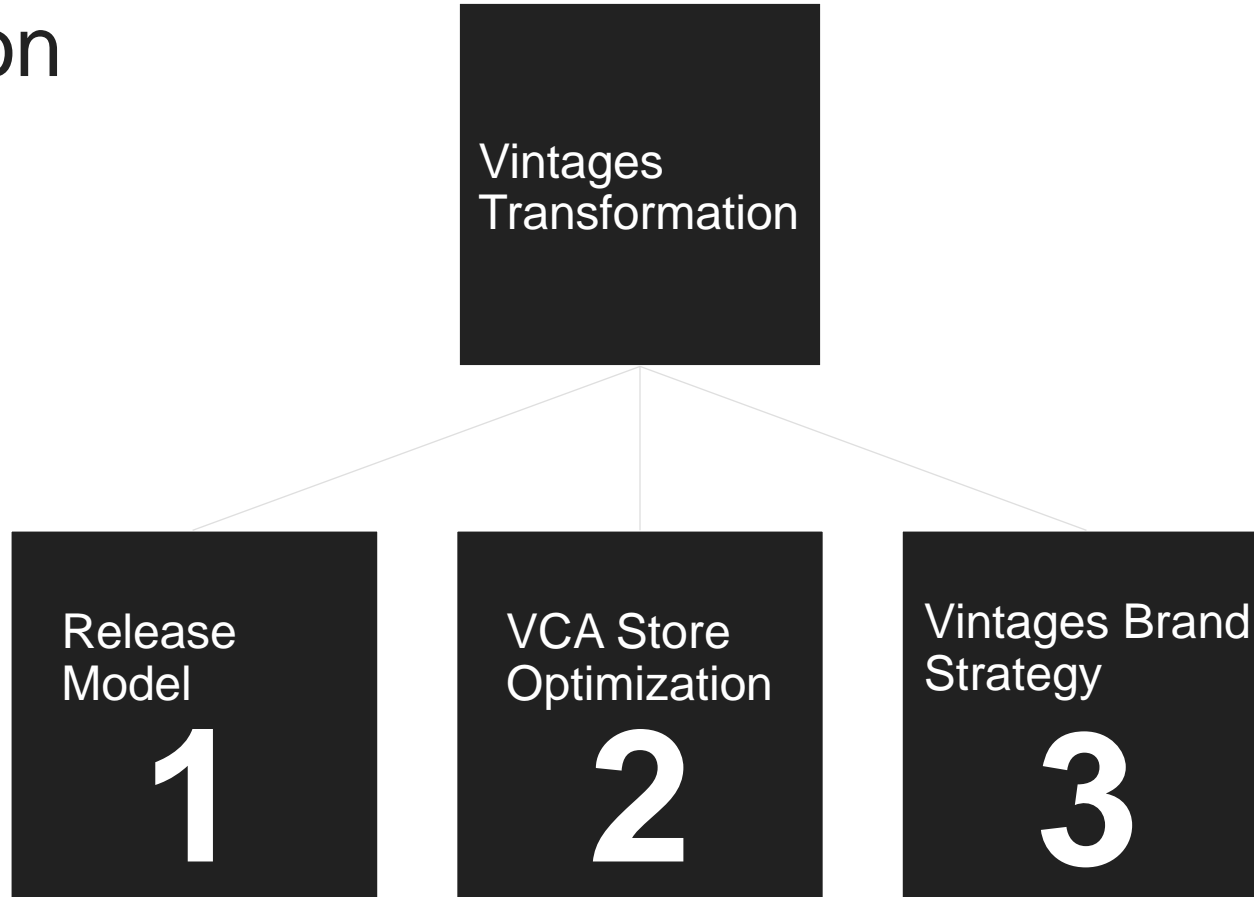
- \$50.8M net sales, 7% share of Vintages

Evolving trends driving transformation

- Customers are increasingly using ecommerce channels to shop for Vintages and are taking advantage of our convenient delivery options
- Vintages releases do not perform the same across all stores in our network
- Share shift between release to Essentials has been occurring as popularity has grown with customers
- There is an opportunity to reposition our Vintages brand strategy to remain relevant



Year 1 – Vintages Transformation Workstreams



Key changes

1

Simplify the retail release schedule and enhance Vintages' Ecommerce offerings

In 2022, we will begin to reduce frequency of in-store Vintages retail releases and increase exclusive online-only offerings

- Between May and August 2022, one of the two bi-weekly releases will be available exclusively online (instead of in store).
- In all other months, the second in-store release of each month will be accompanied by an exclusive online-only release on the Thursday of a release week, providing customers with an expanded Vintages selection.
- Flagship ISD program will be eliminated as we will shift this product offering into Online exclusive releases
- In December 2022, there will be an additional Vintages retail release to provide a robust assortment during our busiest season.

Note: No changes are proposed to Vintages direct programs at this time



VINTAGES RETAIL AND ONLINE RELEASE CALENDAR

2022

JANUARY

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

FEBRUARY

Su	Mo	Tu	We	Th	Fr	Sa
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	1	2	3	4	5
6	7	8	9	10	11	12

MARCH

Su	Mo	Tu	We	Th	Fr	Sa
27	28	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2
3	4	5	6	7	8	9

APRIL

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
1	2	3	4	5	6	7

MAY

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4
5	6	7	8	9	10	11

JUNE

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2
3	4	5	6	7	8	9

JULY

Su	Mo	Tu	We	Th	Fr	Sa
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

AUGUST

Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3
4	5	6	7	8	9	10

SEPTEMBER

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

OCTOBER


Su	Mo	Tu	We	Th	Fr	Sa
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5


NOVEMBER

Su	Mo	Tu	We	Th	Fr	Sa
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3
4	5	6	7	8	9	10

DECEMBER

Su	Mo	Tu	We	Th	Fr	Sa
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

 Retail Release (In-store + Online)

 Online Only Release

3 weeks between April 30 and May 21 release

4 weeks between May 21 - Sep 10 Retail

Releases



Two retail releases in December

Assortment Strategy by Channel

1

Retail Release

- Focus on key subsets and varieties
- Changing selection and customer favourites
- Curated and endorsed
- Lower-medium volume items
- Approachable (<\$20) to premium price
- Distribution in-store and online
- Deeper investment to accommodate VCA stores

2

Online Exclusive release

- Focus on sub-sets, price-points and styles not represented in the Retail release or Classics
- Curated and endorsed
- Limited Availability items
- Non-mainstream categories
- Products formerly purchased for Flagship store program
- \$20 - \$50 average price point
- Distribution online only, residual to exit to retail

Summer 2021 Ecommerce Pre-Release Pilot

Objective: Test pre-release of online exclusive collection of wines as an extension of the retail release

- 5 online wine collections released exclusively on e-commerce channel before being allocated to stores
- Releases pre-promoted via catalogue, LCBO.com, EPP, CRM and social media
- Products available for sale Thursday prior to Saturday retail release to drive traffic and differentiate collection from main release – Option to ship to home or ship to store
- Post-release residual force to retail post release (priority: flagship locations)

Ecommerce Exclusives Promotional Tactics

Icbo.com

Release Catalogue

In-Section

Vmail, Social



★★★★★ (0)

Barros Colheita Tawny Port 1998

VINTAGES# 18603 | 750 ml bottle

25% Touriga Barroca, 25% Touriga Nacional, 25% Touriga Franca. A full, ripe, luscious Colheita, packed with toffee, caramel, milk chocolate and nuts. The palate is beautifully smooth and silky with a savoury note and a seamless vestige of tannin on the finish. Excellent length. Score - 97. (Decanter World Wine Awards, 2018)



ONLINE EXCLUSIVES

These little gems are available online only on a first-come, first-served basis. Discover our latest exclusives.

[Shop now](#)

LCBO Virtual Expert Pilot



What is LCBO Virtual Expert:

A live one-on-one personalized shopping experience provided by LCBO Product Consultants through App-based video calls

Pilot objectives:

- To test the market appetite for personalized virtual shopping
- To gain insights on customers' behaviors and preferences for the omni experience

	Pilot Overview
Product offering	Vintages Releases + Vintages Essentials + Vintages Online Exclusive
Pilot duration	August 27 – October 30 (10 weeks)
Service days	2 days a week: Friday + Saturday for weekend 1- 6 Thursday + Friday for weekend 7 – 10 9am – 8 pm
Staffing	14 Product Consultants engaged in total 4 Product Consultants on shift for each service day
Location	4 studio rooms in LCBO HQ
Feature out-of-scope	In-App checkout; real-time inventory

Key Highlights To Date



1300+
App downloads



262
Bookings



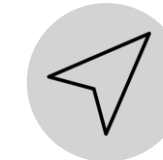
200
Sessions conducted



265
Shopping lists
created



45
Orders placed



>5X
eCommerce
Ave. Conversion



5/5
App store rating



1.5X
eComm Ave.
Order Size

Key changes

1.1

Enhance the role of Essentials within the Vintages brand

Essentials will continue to play a critical role in driving the business as we transform the retail release model

- Lean into current Essentials portfolio and grow presence within omn-commerce channels
- Enhance current Essentials selection to meet customer needs
- Rollout Essentials only merchandising strategy for select stores that do not receive Vintages release program
- Clarify program role and customer value proposition as an always available premium offering

Key changes

2

Optimize Vintages locations (VCA)

Across our store network

Based on demand for Vintages releases across our store network, select stores whose sales are largely driven by Vintages Essentials will have the opportunity to expand their Vintages Essentials assortment and will be phased out of the Vintages release (VCA) program.

- 41 Store locations will be phased from VCA program in Q3 2021
- Merchandising guidelines and customer communication will be in place to support impacted locations
- 251 Stores will maintain VCA program
- We will continue to monitor and identify future store optimization opportunities in 2022

Key Changes

3

Brand Strategy Alignment

Brand Strategy Development

Goal: Broaden understanding and appeal of the Vintages brand (and programs) among priority segments while maintaining brand equity.

- Build Vintages into the LCBO Brand Framework
- Define Vintages value proposition & purpose
- Clearly define role and customer benefit of Vintages programs
- Establish how we talk about the Vintages brand and programs and integrate into our communication plans

Benefits of these changes

- Allows us to continue to meet our planned business unit sales objectives
- Meet evolving customer needs and maintain our point of difference in the marketplace as a source for discovery and curated wines
- Increase sku productivity and release sell-through
- Lower operational burden and efficiencies across the organization
- Increased access to Vintages release program and online exclusives for all Ontarians through lcbo.com
- Opportunity for Destination Collection to play a more strategic role within the Vintages portfolio in the future
- Clearer assortment strategy and customer value proposition