

Wines of Argentina

Supplier Information Session

LCBO

March 9 2023

LCBO Team Introduction



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Agenda

1. LCBO Overview

2. Wines Performance and Product Trends

3. Argentina: Review and Opportunities

4. How to Do Business with the LCBO



Ontario Landscape

- LCBO is an agency of the provincial government
- **Ontario** makes up 40% of Canada's population - more than 14 million people



Sales Channels

1 B2C

Retail



ECommerce



2 B2B

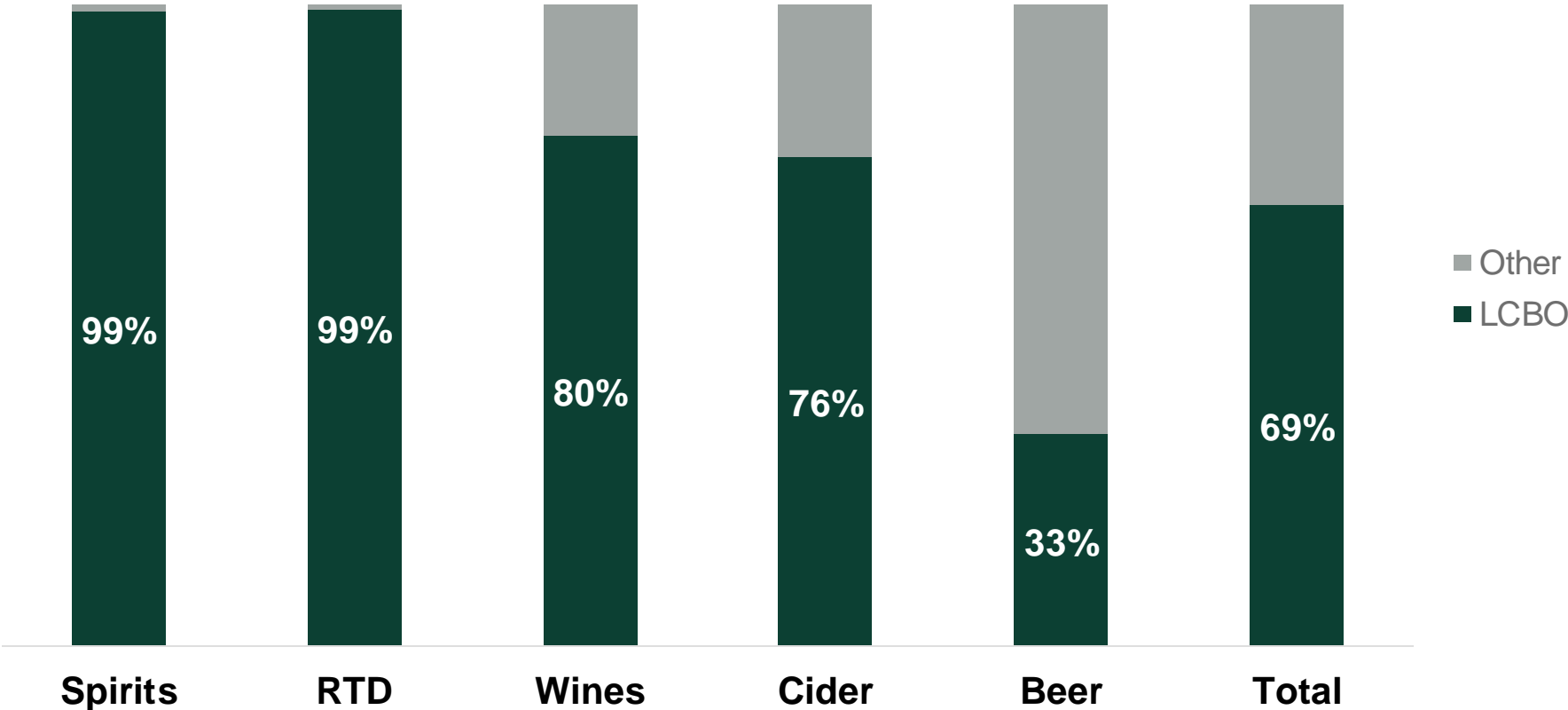
Grocery



Wholesale



LCBO Ontario Market Share



Who we are



Mission

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



Vision

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



Brand promise

Perfect choices made easy, moments made great.

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LCBO STRATEGIC PLAN 2022 - 2025

MANDATES

- 1 Promote local & help shape a more sustainable Ontario
- 2 Support the modernization of the beverage alcohol marketplace
- 3 Deliver returns to the people of Ontario

OBJECTIVES

- 1 Excellence in customer experience
- 2 Excellence in operational efficiency
- 3 Excellence in employee experience

Our Business



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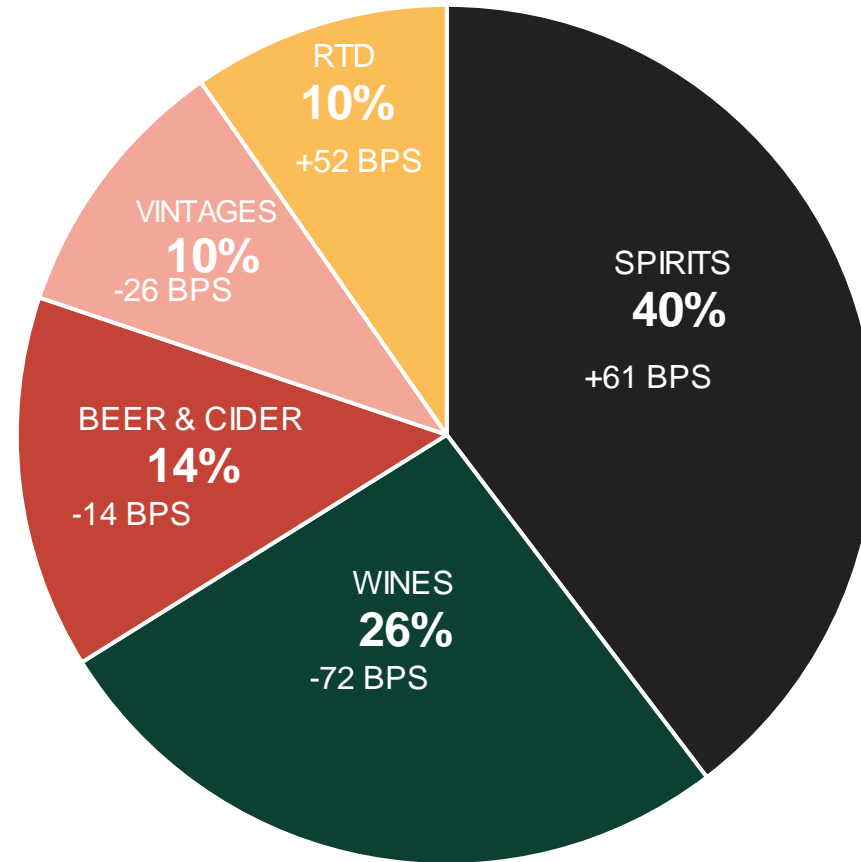
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Wines Sales Update

Wines
losing share
to Spirits,
RTD

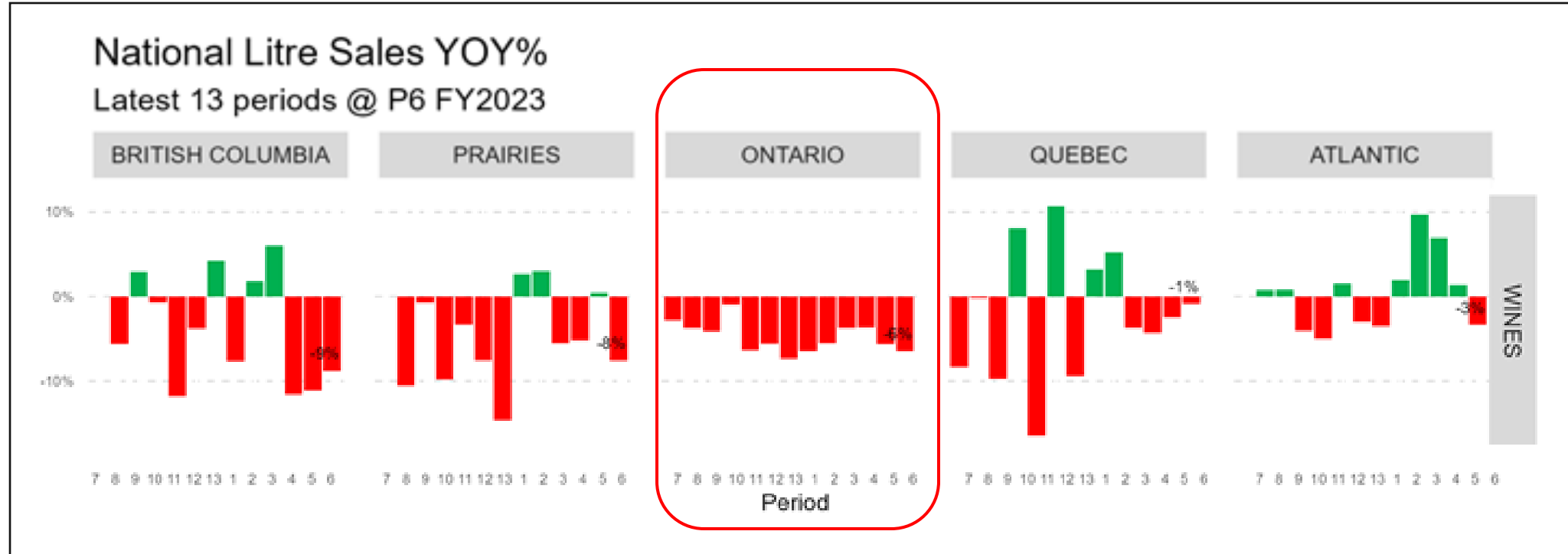
R13 Market Share

Net Sales \$ (as of P10 2022/23)



Total
\$6.8B
+0.1% YOY

Wines consumption is declining globally and nationally



Trends: What Customers Are Buying



- Table wine sales continue to soften, **Sparkling** drives growth but at a reduced rate. Shift from heavier to lighter style table wines.
- **Celebrity/Lifestyle** brands continue to be popular, especially among younger customers
- “Less but Better” trend continues to result in **premiumization** but the rate of growth is slowing as economic pressures impact shopping behaviour
- Increased emphasis on **health and social wellbeing** leads customers to desire to seek out lighter options including Low Sugar, Low ABV, and sustainable/organic.
- **Refreshment, convenience** and single serve options that meet lifestyle needs continue to be a popular trend.

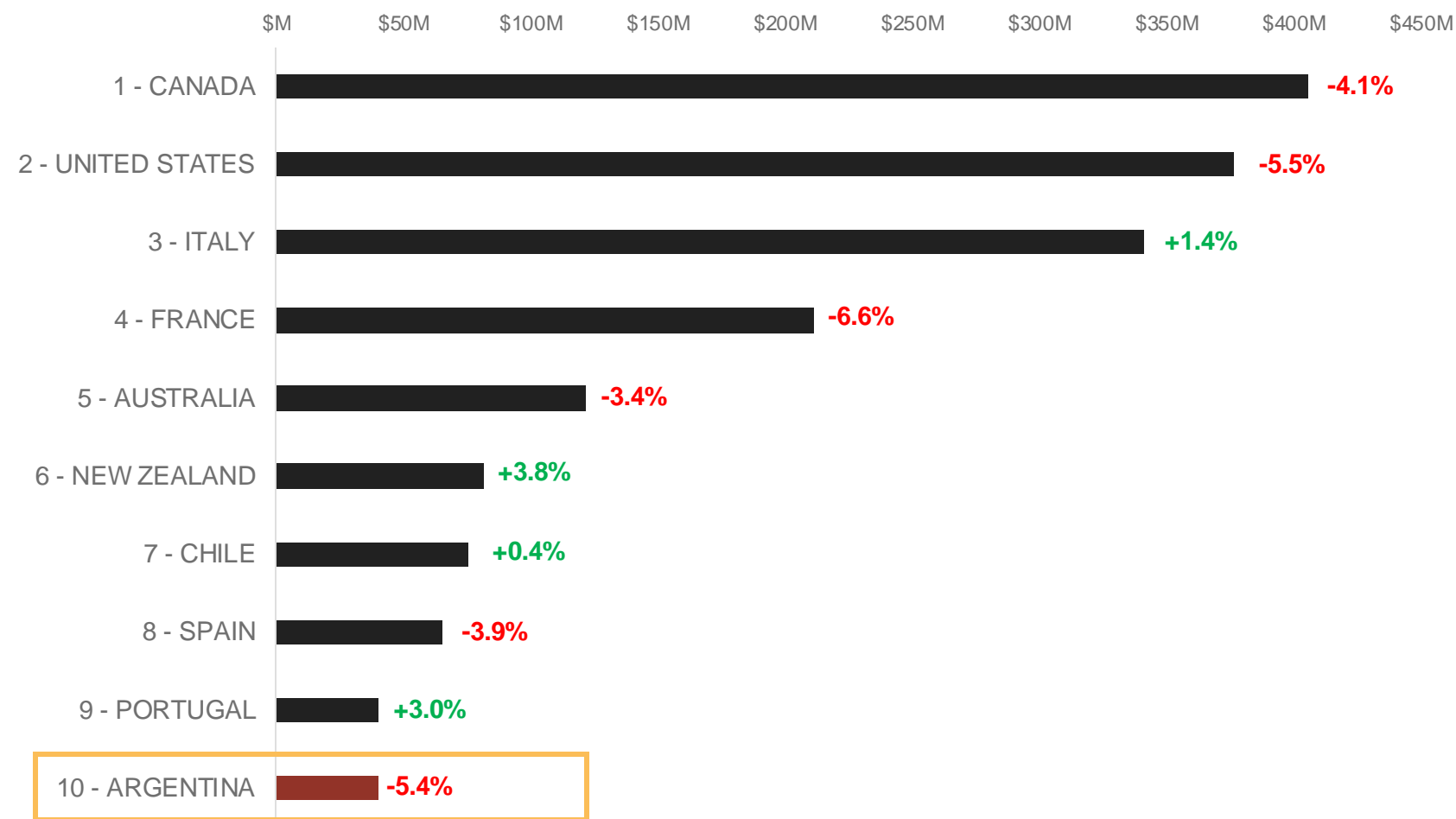
F24 Wines Priorities



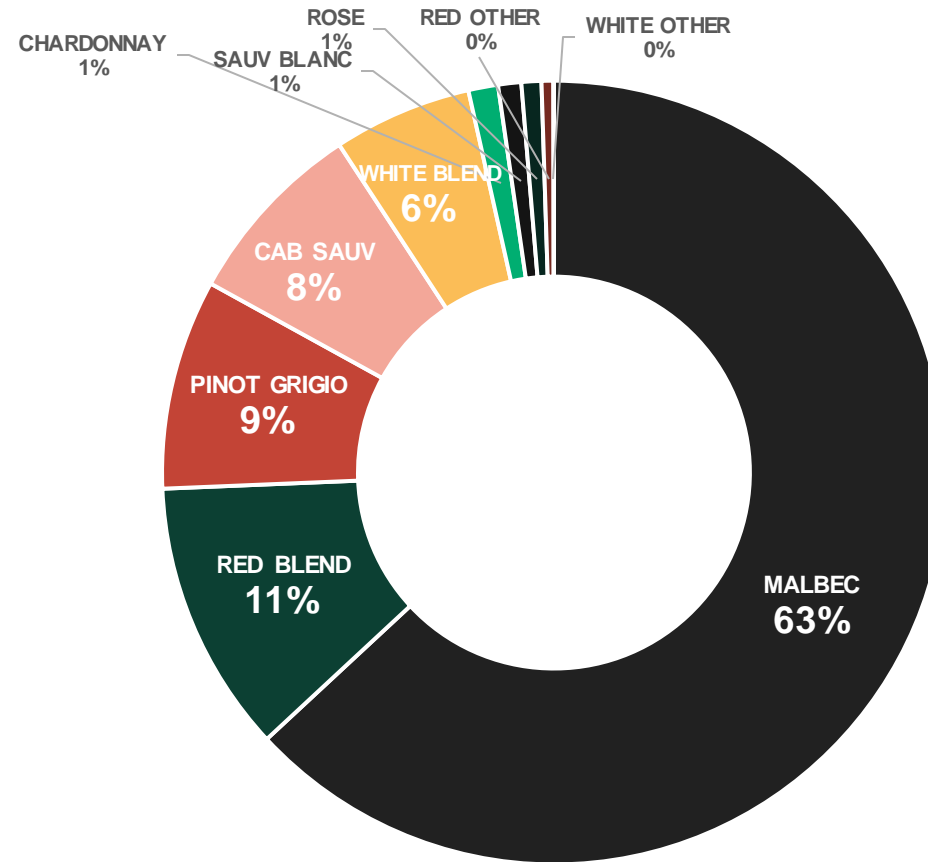
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Argentina Overview & Opportunities

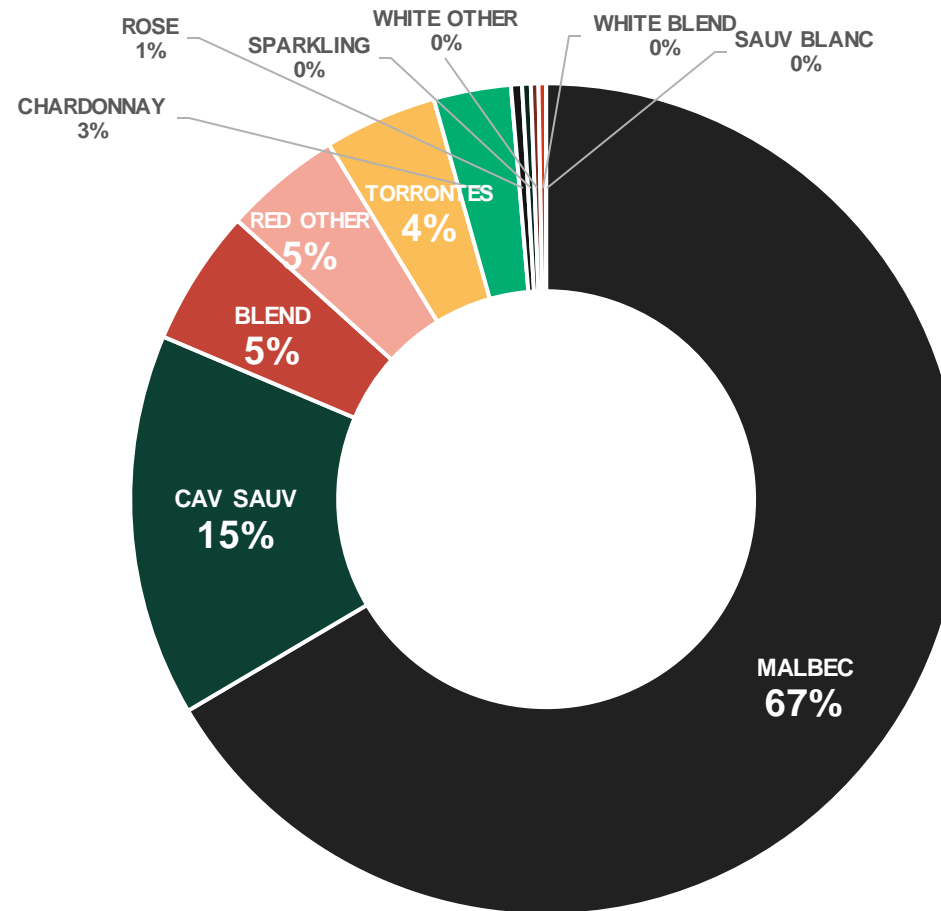
Argentina is
a top ten
wine region;
currently
lagging the
Wines trend



Argentina Varietal Share WINES: Red dominant with Malbec 63% Share



Argentina Varietal Share VINTAGES: Red dominant with Malbec 67% Share



F23

Argentina Highlights

- Total Argentina sales R13 are \$51.9M, -5% vs. LY
 - LCBO Wines accounts for 61% share, -11% vs LY
 - Vintages accounts for 39% share, growing 4% vs LY
- Category is red wine dominant with Malbec as key driver
- New brands have had limited success in our market. Innovation and new customer recruitment is a key priority for the category
- Logistics issues experienced during the pandemic have stabilized resulting in improved in-stock position
- Driven by rising input and freight costs approximately 70% of continuously listed SKUs are expected to see price increases

Argentina Wines promotions at LCBO



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Argentina F24 Opportunities



WINES

High quality and great value proposition is recognized by Ontario consumers

Malbec continues to be a favorite among Ontario Consumers and Argentina is well positioned to meet the demand for this varietal.

There is an opportunity to put forward **new, innovative** brands with vibrant packaging that will attract a new customer to the section.

Strong **partnership** between LCBO and Wines of Argentina with LCBO programs such as Flex Space, Enhanced tastings and Aeroplan overlay offers

VINTAGES

3rd party accolades will help attract Vintages consumers to Argentinean wines.

Well established **Essentials collection** ensures continuous availability of key varietals at premium price-points.

Opportunity to promote regional diversity within Malbec

Continue to grow the Cabernet Sauvignon and Red Blend subsets

Test **alternate varietals and sub-regions** through Flagship/online exclusives and Destination Collection

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Spirit of Sustainability



LCBO SPIRIT OF SUSTAINABILITY

Our bold commitment to drive meaningful and equitable change in our communities, lead the industry in sustainable practices, and take better care of the planet -

For the Good of Ontario

GOOD PEOPLE

We're committed to improving the wellbeing of our customers, employees and communities across Ontario.

COMMITMENTS:

Moderate Mandate:

- We provide products, information and the responsible services Ontarians need to make positive drinking choices that support a healthy lifestyle.

Thriving Communities

Building communities where all individuals have

- equitable access to essential resources needed to live happy, healthy lives, regardless of gender, age, sex, race, class, religion, ethnicity, ability, language, sexual orientation, or gender identity.

Engaged Employees

Supporting an energized and mobilized employee

- population who feels connected to the LCBO's mission and values, is physically and mentally supported, takes pride in their work, and is empowered to achieve and exceed their goals.

GOOD PLANET

We're committed to minimizing our impact on the environment.

COMMITMENTS:

Waste & Energy Reduction

- Advancing practices that reduce the energy used and waste generated by business operations and product offerings.

Responsible Supply Chains

- Innovating to establish environmentally conscious standards across the production, transportation and distribution of products.

GOOD PARTNERSHIPS

We're committed to improving the sustainability of the industry through leadership and partnerships.

COMMITMENTS:

Influence Industry Standards

- Empowering industry to promote inclusive social and environmental practices and share knowledge to advance sustainability.

Recognize Good Partners

- Championing diverse suppliers, partners and products who are making strides in sustainability.

Enhance Industry Diversity

- Utilizing resources to increase opportunities for diversity in the industry.

Good Partnerships: We're committed to improving the sustainability of the industry through leadership and partnerships.

Influence Industry Standards – We empower the beverage alcohol industry to promote inclusive social and environmental practices and share knowledge to advance sustainability.

Recognize Good Partners – We champion diverse suppliers, partners, and products who are making strides in sustainability through diversity, inclusion, community investment, and environmental practices.

Enhance Industry Diversity – We are committed to utilizing our resources to increase opportunities for diversity in the industry.



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Product Selection Overview

Category Management at LCBO



A process that involves managing product categories as business units and customizing them on a channel basis to satisfy customers needs

Monitor market dynamics



INNOVATION AND
TRENDS

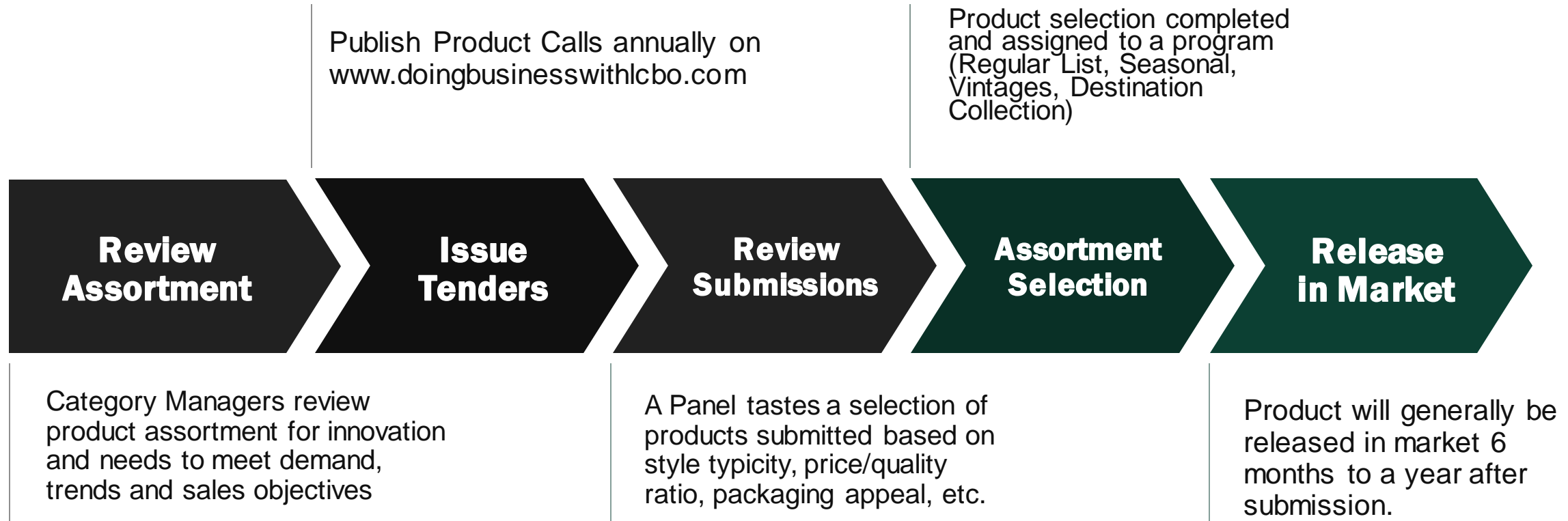


PRODUCT INSIGHTS



PERFORMANCE
TRACKING

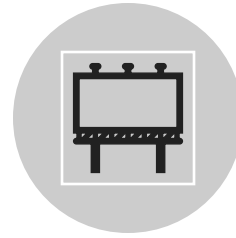
Product listing process



New product evaluation



PRICE/QUALITY



BRAND/ SALES
HISTORY



PACKAGING,
FORMAT, LABEL



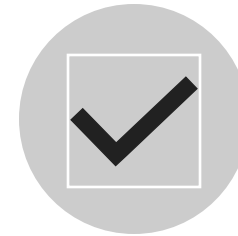
TASTE
PROFILE/
TYPICITY



PROMOTIONAL
SUPPORT



ACCOLADES

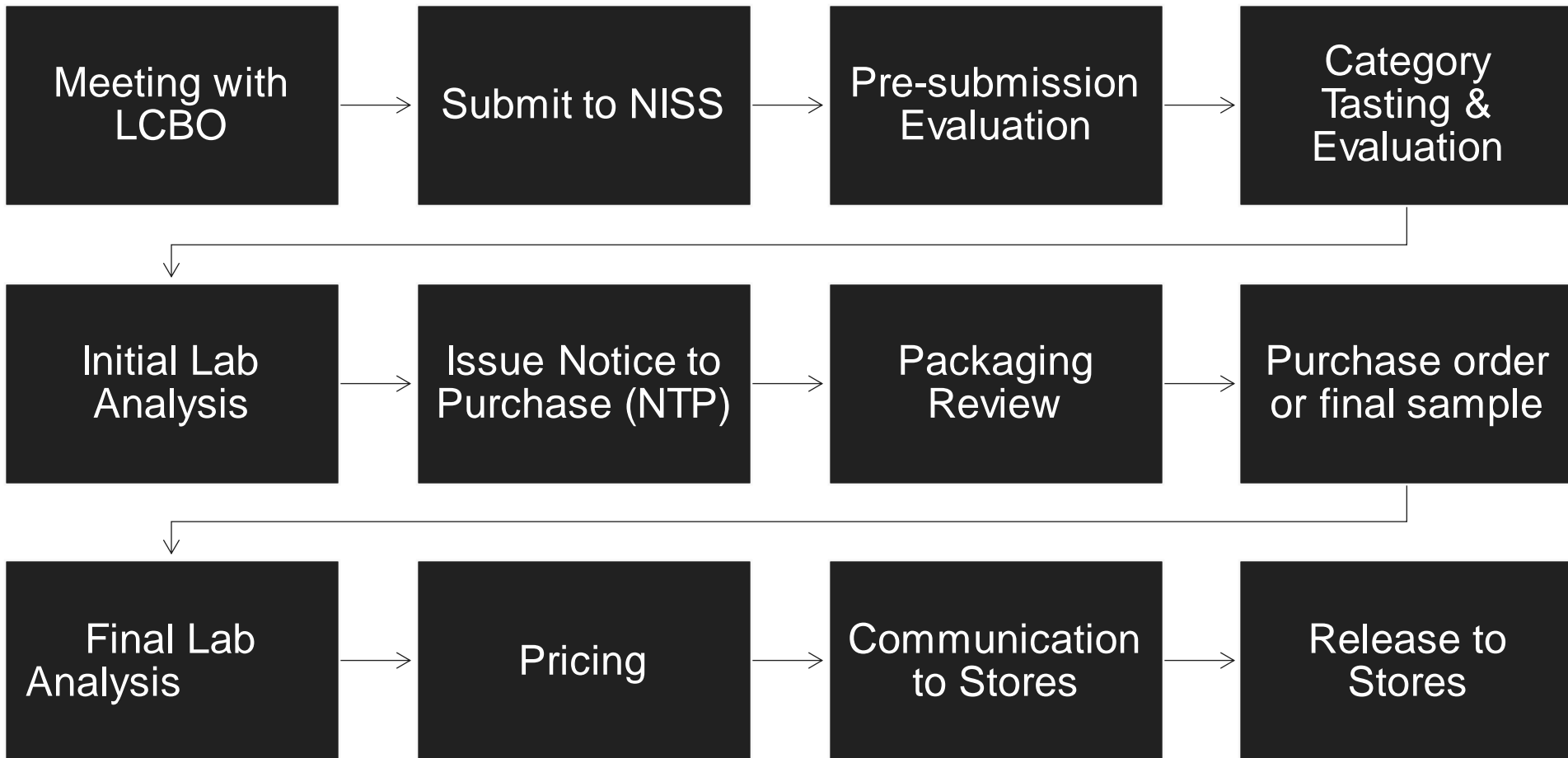


ALLOCATIONS

Wines Programs/Channels



LISTING PROCESS OVERVIEW



PRODUCT LIFECYCLE



Presentation & Evaluation



Approval, Procurement



Product Release / Promotion



Performance review vs. targets



Discontinuation (if necessary)

Information Sources

1

LCBO Trade Resources

- Product calls, processes, forms, systems access
- Regular updates to trade partners
- Promotional programs

[HomePage | Doing Business with LCBO](#)

2

Drinks Ontario

- If a third party is representing you as an agent, AGCO requires that they be licensed
- Trade association Drinks Ontario provides an opportunity to introduce your company online to their agent members

[Find an Agent — Drinks Ontario](#)

Thank You!

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