

LCBO

OCCA AGM

FEBRUARY 19, 2019

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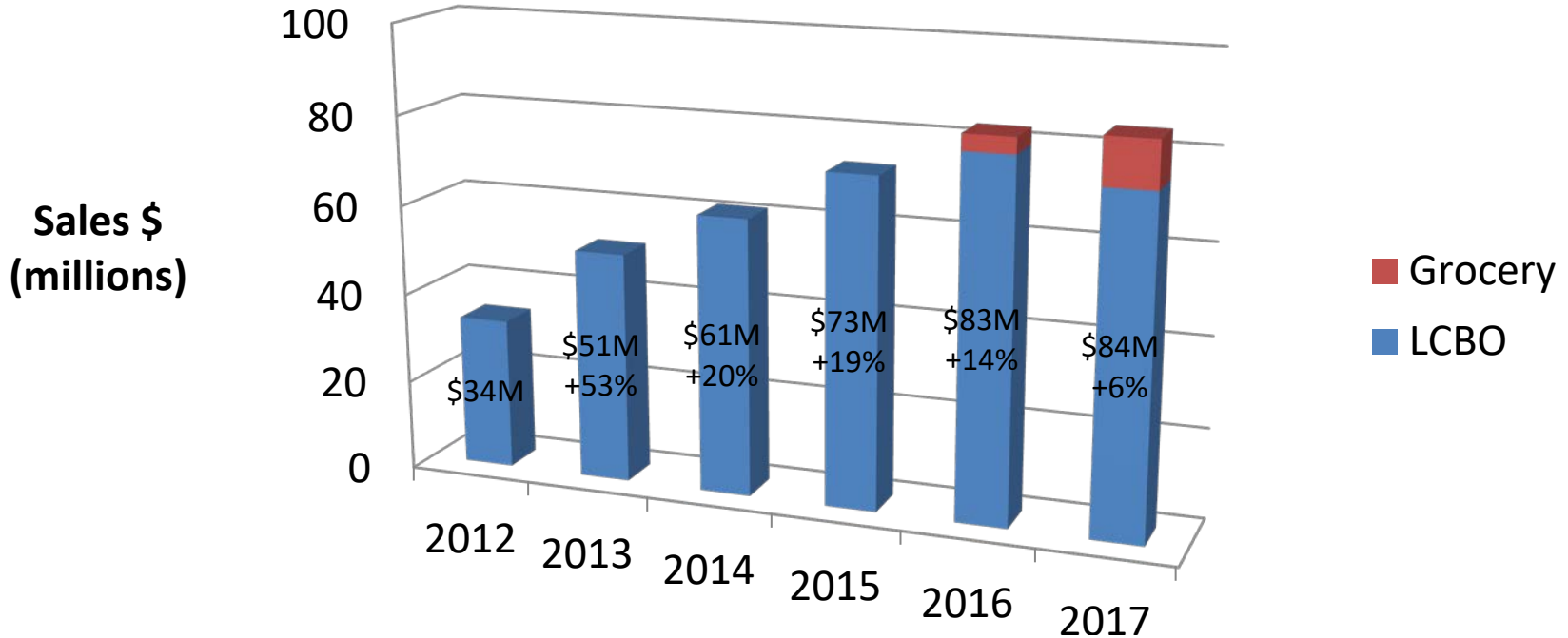
AGENDA

- Sales Review
- Listing Process – LCBO Retail
- Listing Process – LCBO Wholesale/Grocery Operations
- Q&A

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TOTAL CIDER SALES

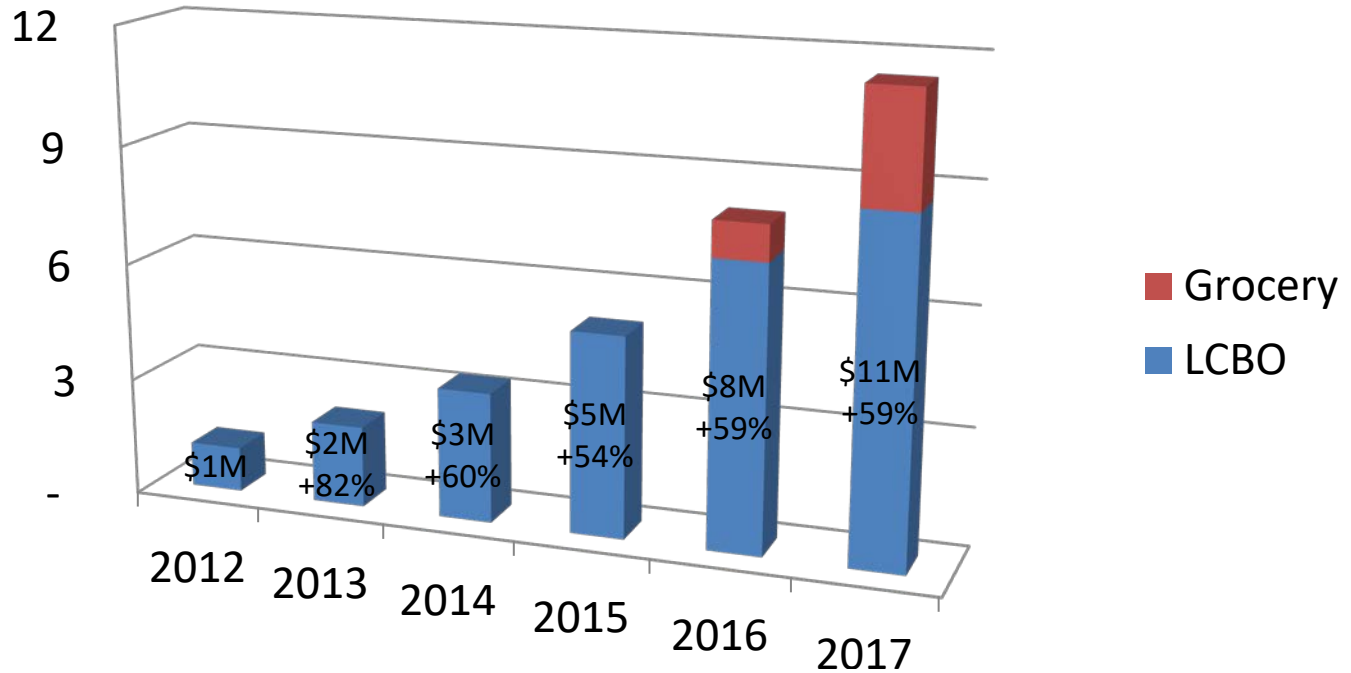


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ONTARIO CRAFT CIDER SALES

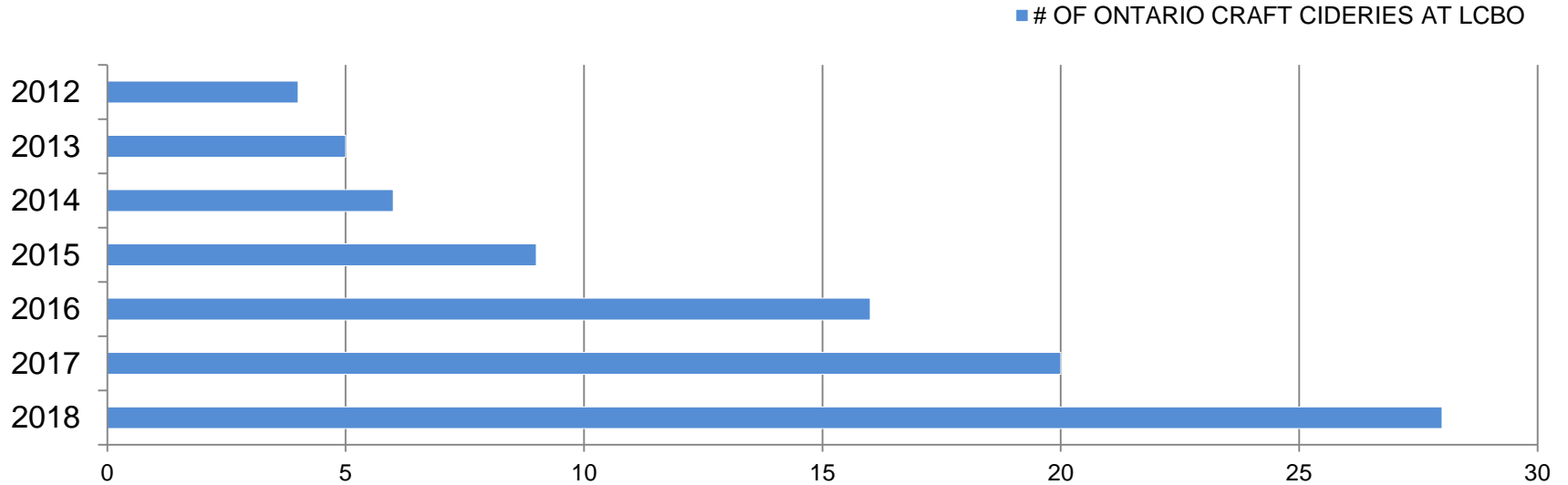
Sales \$
(millions)





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ONTARIO CRAFT CIDERIES AT LCBO 2012-2018



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RETAIL CHANNEL: B2C

CATEGORY MANAGEMENT – MERCHANDISING

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A LITTLE HOMEWORK GOES A LONG WAY.....

Information on LCBO processes

- OCCA members
- Store staff
- LCBO trade website
 - www.doingbusinesswithlcbo.com/tro/index.shtml
- Product Management Policy and Procedure Manual
 - www.doingbusinesswithlcbo.com/tro/New-Supplier-Agent/HowToWorkWithLCBO.shtml



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PRODUCT NEEDS LETTERS

- Products needs letters issued annually
- Three calls for Cider:

NISS Call ID	Product Category	Submission Deadline
2826	Cider - Ontario Craft Specialty	Apr 18 2019
2843	Ontario Craft Beer & Cider – New Suppliers	May 3 2019
2835	Cider	Sept 20 2019

<http://www.doingbusinesswithlcbo.com/tro/Forms-Documents/LettersToTheTrade/Downloads/A2019-20%20Merchandising%20Needs%20Grid%20-%20AMENDMENT.xlsx>



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ONTARIO CRAFT BEER PRODUCT CALL HIGHLIGHTS

NISS CALL ID	Product Category	Product specs	Pre-sub Deadline	Call back Deadline	Sample Deadline	Tasting Date	Max # Subs.
2843	Ontario Craft Beer & Cider – New Suppliers	Submissions for year-round listings from Ontario craft breweries and cideries new to the LCBO. Should have year-round appeal and be positioned as the flagship brand.	3-May-19	10-May-19	31-May-19	6-Jun-19	3

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ACCESS NEW ITEM SUBMISSION SYSTEM (NISS)

LCBO Doing Business with LCBO
Trade Resources Online

SEARCH **GO**

NEW SUPPLIER/AGENT NEW PRODUCT PROCUREMENT PACKAGING & QUALITY PROMOTIONAL PROGRAMS **WEB SYSTEMS** FORMS & DOCUMENTS

Web Systems

- Trading Partner Access Request (TPAR)
- New Item Submission System (NISS)**
- Web Purchase Order System
- Inbound Scheduling (IMS)
- In-Store Tasting
- Merchandising Promotions Tracking System
- ISupplier
- Sale of Data

New Item Submission System (NISS)

NISS is an easy-to-use, web-based tool that allows agents and suppliers to:

- submit products for review
- view LCBO Product Needs letters online
- track your product submission online
- provide additional information and upload various required documents
- view the "Notice to Purchase" (NTP) (*new!*)

We are replacing the "Letter of Commitment" (LOC), with a notification document called "Notice To Purchase" (NTP). This change will have the following benefits:

- Unlike the LOC, the Notice to Purchase (NTP) does not require the suppliers' action. The Notice to Purchase (NTP) will be sent to the agent who created the submission and copied to the supplier.
- Should there be any concerns with the Notice to Purchase (NTP); the agent will be able to fully represent the supplier in this matter.
- The Notice to Purchase (NTP) will be attached to the email notification as a pdf document. Therefore, the supplier will no longer be required to request access to NISS or to login to NISS to review the Notice to Purchase (NTP).
- As part of the Notice to Purchase (NTP) process, the agent may be asked to submit some documents (e.g., Organic Certificate) or complete some forms (e.g., Label Examination form). These transactions will now also be done online as part of our continuous efforts to reduce paper usage.
- No extra action is required from the agent or the supplier. If you already have access to NISS, you will automatically be able to view any NTPs that are created for your submission.

LCBO staff use NISS to log, track and approve or decline submissions. This new tool speeds up the application process and reduces turn-around times.

You are encouraged to become familiar with NISS now.

YOU MUST APPLY TO USE NISS

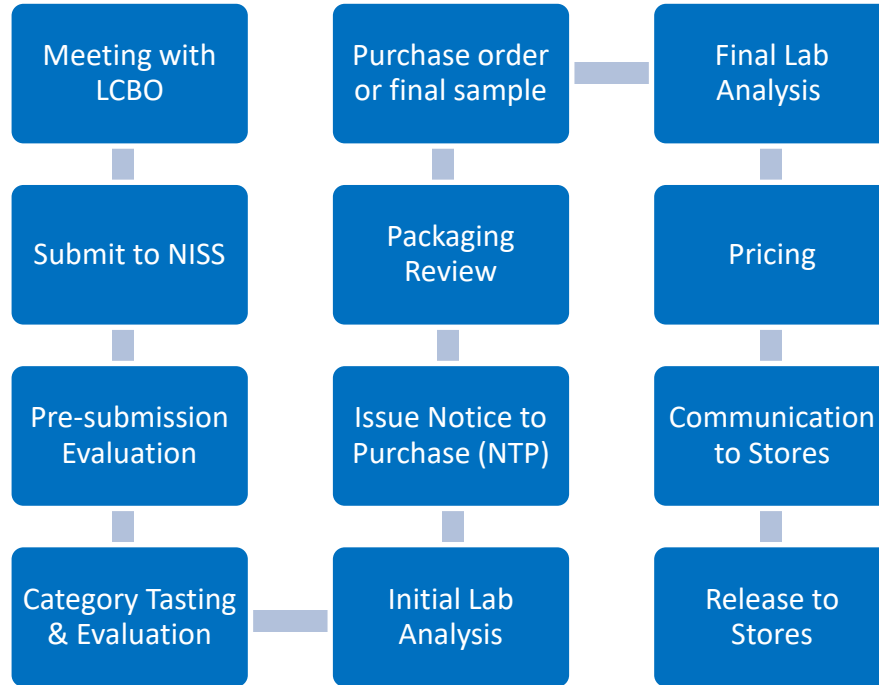
To request access to NISS, please [click here](#).

<http://www.doingbusinesswithlcbo.com/tro/Web-Systems/New-Item-Submission-System.shtml>

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LISTING PROCESS OVERVIEW



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LISTING PROCESS TIMELINES

WEEK	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
NISS SUBMISSION DEADLINE																
ACCEPTED FOR CATEGORY TASTING																
TASTING SAMPLE DEADLINE																
CATEGORY TASTING AND EVALUATION																
INITIAL LAB ANALYSIS																
LABEL REVIEW																
CARTON REVIEW (if warehouse)																
ISSUE NOTICE TO PURCHASE																
FINAL LAB AND PRICING																

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LISTING PROCESS DECISIONS

Assortment decisions for new cideries

- ~50% success rate
- Why have products been declined?
 - Inadequate information
 - Distribution/capacity issues
 - Faulted samples
 - Value offered not competitive

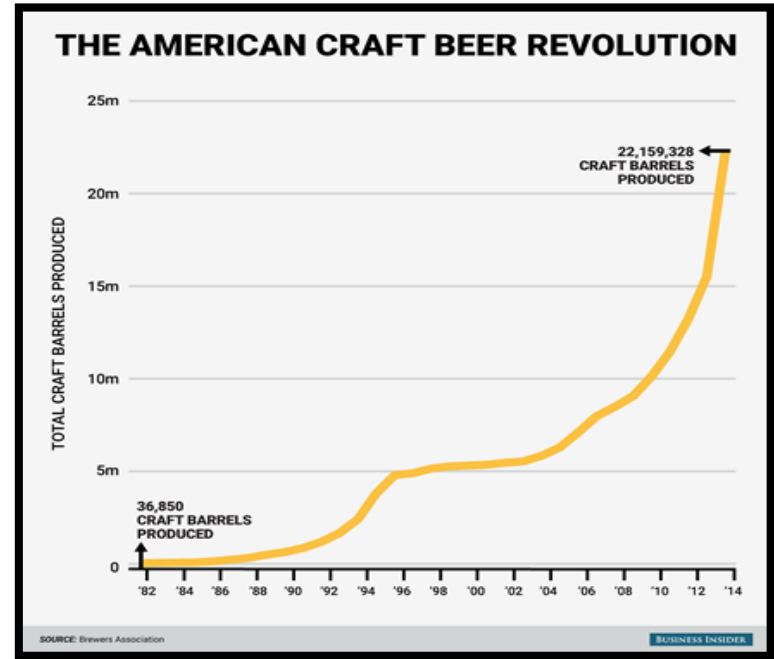


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LISTING PROCESS DECISIONS

- Quality and value are a focus for both OCB and LCBO
- Maintain growth by providing the customer with a great experience
- Avoid US experience of lower quality impacting the whole market



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LISTING PROCESS DECISIONS

Product Quality

- With the fast growth of the industry we have seen an increase in product quality issues
- LCBO's Quality Management program is part of the listing process





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STORE DISTRIBUTION

Direct Delivery

- Supplier controls distribution and delivers product direct to LCBO stores

LCBO Warehouse System

- Product is received at LCBO warehouse and distributed to LCBO stores by their supplying warehouse



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Sale of Data Program

- Receive weekly sales and inventory data
- Free for unformatted data on your own products

www.doingbusinesswithlcbo.com/tro/Web-Systems/Sale-of-Data.shtml

Liquor Control Board of Ontario (LCBO)																
OPTION 1A / PACKAGE E: AGENT SPECIFIC PRODUCTS																
Units Sold and Inventory On-Hand in LCBO Stores and Depots Listing these Products																
							Store Sales			Depot Sales						
Agent	LCBO#	Product	Retail \$	Set/Subset	Start Date	End Date	Regular	Agency	License	Regular	Agency	License	# of STORE	Units On-Hand STORES	Units On-Hand DEPOT	Units On-Hand WHSES
1234	11111	BEER A	2.85	417865	2015/09/	2015/10/31	8553	82	3	0	24	6	447	2995	26	0
1234	22222	BEER B	2.85	417865	2015/09/	2015/10/31	8444	60	5	0	24	2	511	5679	45	0
1234	33333	BEER C	2.85	417865	2015/09/	2015/10/31	8280	60	3	0	47	9	432	15891	169	0
1234	44444	BEER D	2.85	417865	2015/09/	2015/10/31	8040	28	0	0	24	0	265	4074	58	0
1234	55555	BEER G	2.85	417865	2015/09/	2015/10/31	7739	67	2	3	72	7	464	7556	80	0



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PRODUCT PRICING

Pricing Administration:

- Pricing calculators available on trade website
- Contact: Kyle Baker, Manager
T: 416-365-5869
E: kyle.baker@lcbo.com

<http://www.doingbusinesswithlcbo.com/tro/Form-s-Documents/Documents/Documents.shtml>

Pricing Calculators

- Flavoured Beer Import (effective November 01 2017)
- [Beer Ontario \(effective November 01 2017\)](#)
- Beer Import Keg (effective November 1 2017)
- Beer Import (effective November 01 2017)
- WINE ONT (effective April 2017)
- WINE COOLER (effective April 2017)
- WINE (effective April 2017)
- STILL CIDER (effective April 2017)

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BEST PRACTICES



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PRODUCT SUBMISSIONS

NISS Access

- Apply as “Agent” not “Supplier”
- Allow 5-7 days

Grocery and LCBO?

- Only one NISS submission needed
- Indicate “Beer & Cider Grocery Catalogue” on Product tab

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PRODUCT SUBMISSIONS

E-mail

- Concise
- Include NISS submission # or LCBO #

Sample Labelling

- Always with NISS submission # or LCBO #
- Purpose and to whose attention



Consumer Labels

- Review standards on LCBO Trade Resources
- <http://www.doingbusinesswithlcbo.com/tro/Packaging-Quality/ProductPackagingStandards.shtml>
- Potential issues
 - Single field of vision
 - Common name
 - mL not ML



NISS Submissions

- Upload 1-pager on brewery/beer/marketing plan and label if available on Product tab

Attachments:

(If applicable, please upload any files that will help provide more information about the product, These can include reviews, press coverage, images, etc.)

Browse...

(Maximum File Size: 5MB)

- Data integrity is crucial



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CONTACT INFORMATION - LCBO BEER & CIDER

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Jeryca Dillas, Product Manager, RTD & Cider

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GROCERY CHANNEL: B2B

GROCERY OPERATIONS – SUPPLY CHAIN & WHOLESALE

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LCBO GROCERY OPERATIONS TODAY

- \$157M net shipments
- 26 customers
- 364 grocery stores
- 68 wine boutiques
- 160 supplying sources
- 1,923 products

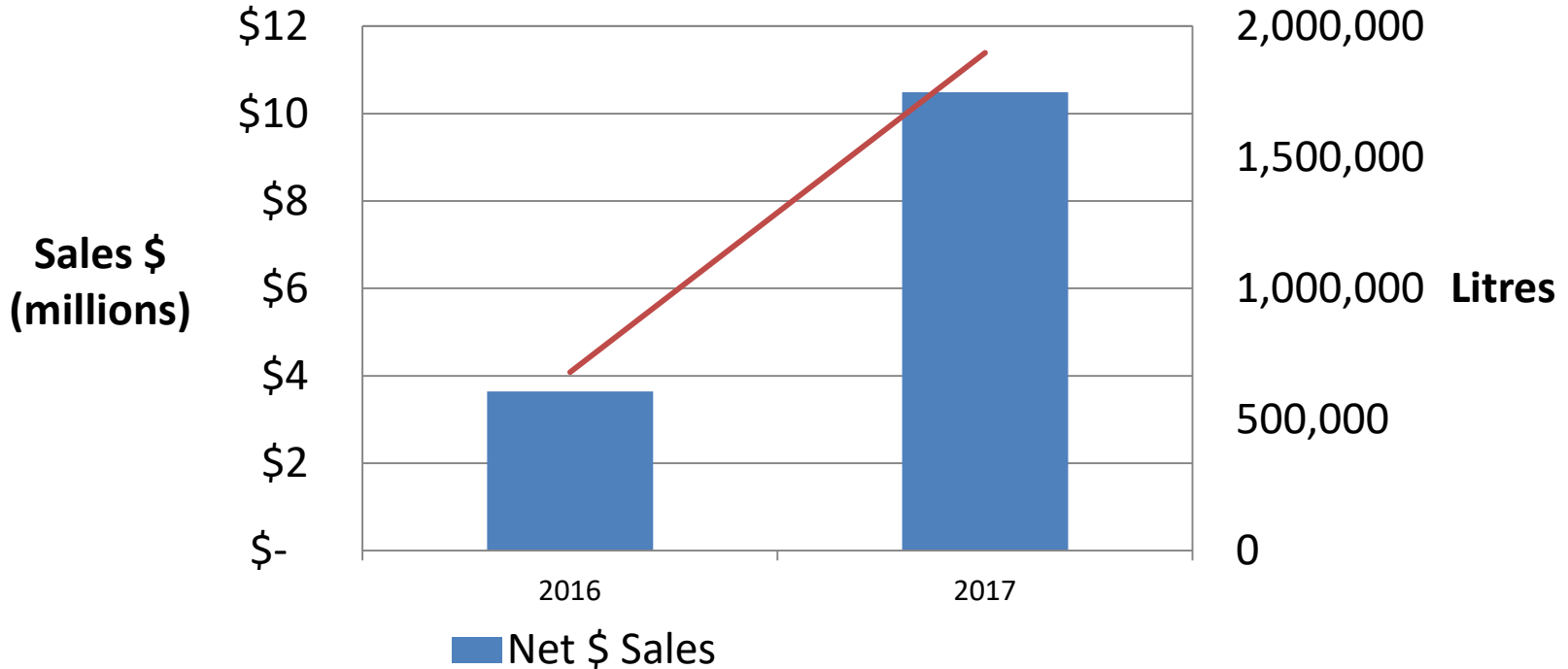
LCBO | Grocery Operations



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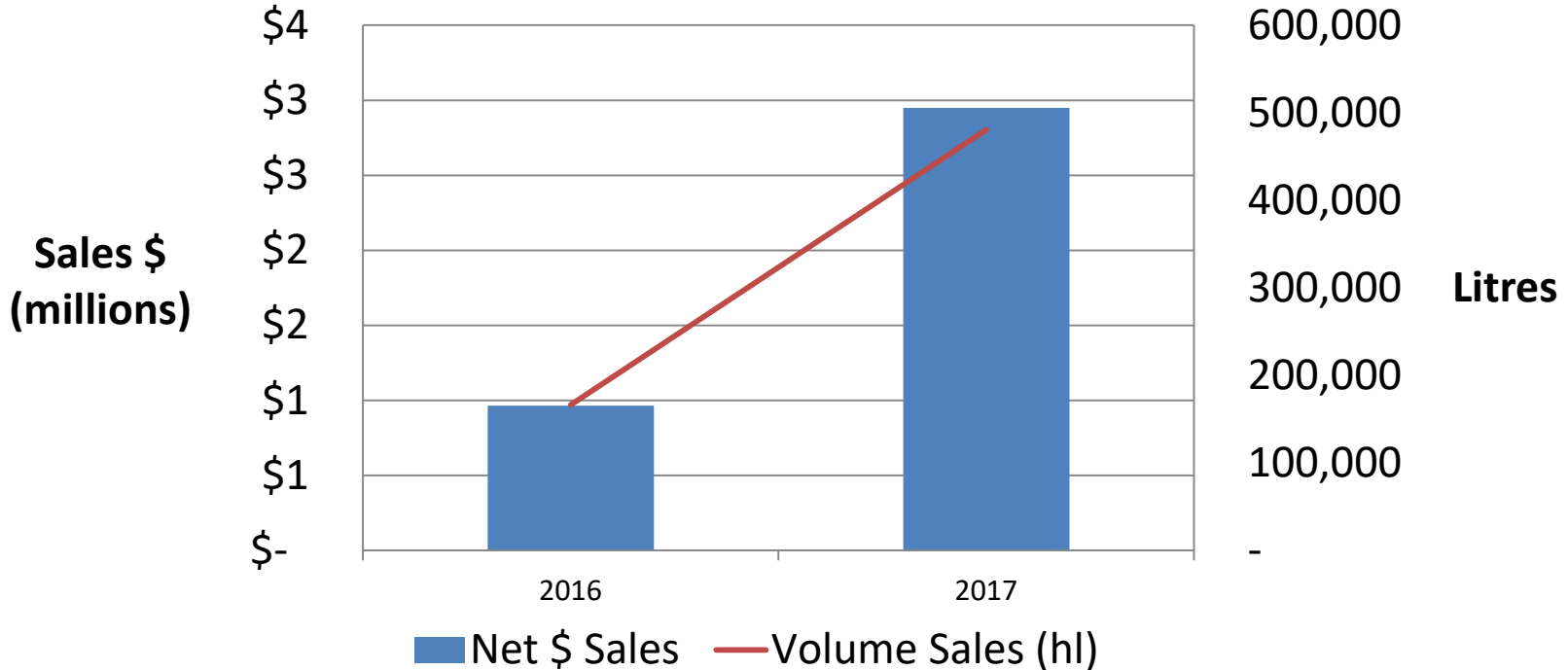
GROCERY OPERATIONS TOTAL CIDER SALES



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GROCERY OPERATIONS SMALL CIDERY SALES



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A LITTLE GROCERY HOMEWORK GOES A LONG WAY.....



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REVIEW GOVERNMENT RESOURCES

Ontario Regulation 232/16

www.ontario.ca/laws/regulation/160232

Master Framework Agreement Schedule 6.5

<http://www.fin.gov.on.ca/en/consultations/beer/>

AGCO

www.agco.on.ca

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CIDER PRODUCT PARAMETERS AND DEFINITIONS



- **Alc content $\leq 7.1\%$**
- **No container $> 750\text{ml}$**
- **Pack size ≤ 6**

<https://www.ontario.ca/laws/regulation/160232>

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SPEAK WITH ONTARIO CRAFT CIDERIES AND GROCERY STORES



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WWW.LCBOWHOLESALEOPERATIONS.COM

LCBO | Grocery Operations

SEARCH



Home

Store Operators

Suppliers

FAQ


Contact Us



Welcome to the Grocery Operations Information Site

www.lcbowholesaleoperations.com

Home Store Operators **Suppliers** FAQ Contact Us



Suppliers

DOCUMENTS & PRESENTATIONS

- FORMS
- TRADE LETTERS
- TRAINING MATERIALS/JOB AIDS
- AUTHORIZED STORE OPERATORS INFORMATION

Documents

Addendum to LCBO Product Management Policy & Procedures	> VIEW PDF
LCBO Purchase Order Terms and Conditions	> VIEW PDF
Sample of Beer Supplier Quote	> VIEW PDF
Small Brewer - Direct Delivery Policy	> VIEW PDF

http://www.lcbowholesaleoperations.com/supplier/_jcr_content/par1/documentscontrol1doc/file.res/Supplier%20Policies%20&%20Procedures%20Manual%20for%20Grocery%20Oct%202016.pdf

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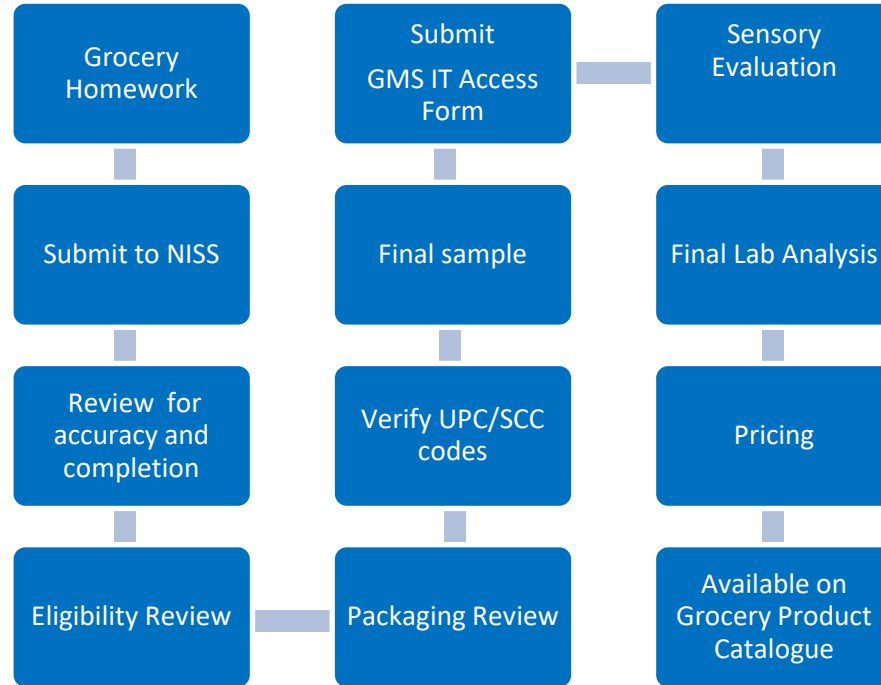
ONTARIO CRAFT CIDER – GROCERY CHANNEL PRODUCT CALL

NISS Product Need	NISS Product Need Item	Product Category	Product specs	Pre-sub Deadline	Call back Deadline	Sample Deadline	Tasting Date	Max # Subs.
185 Beer & Cider Grocery Channel	2660 Ontario Cider – Grocery Channel	Ontario Cider	Open and ongoing product call Refer to Ontario Regulation 232/16 for product eligibility	31-Mar-19	No call back	No Samples	No tasting	No max

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LISTING PROCESS OVERVIEW – GROCERY CHANNEL



What can delay the grocery listing process?

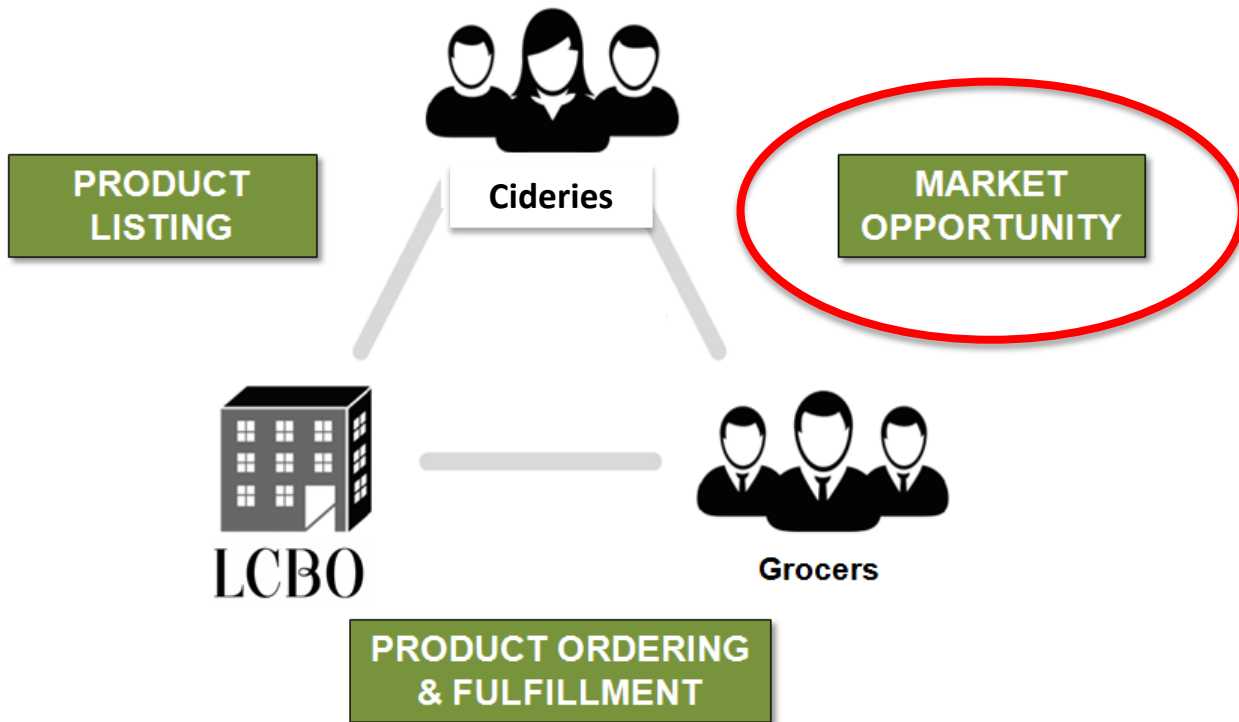
Incomplete or missing information in NISS Submission

- Inaccurate NISS submission
- Multiple label reviews
- Timeliness of response
- Final lab sample not labelled correctly
- Faulted final lab sample
- GMS IT Access form not submitted

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ENABLING SALES OPPORTUNITIES - GROCERY CHANNEL





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GROCERY CHANNEL DISTRIBUTION

Direct Delivery

- Supplier controls distribution and delivers product direct or via 3PL to authorized grocers
- Freight rebate applicable for delivery to store
- Supplier is vendor of record
- Requires Grocery Management System (GMS) access

LCBO Warehouse System

- Product is received at LCBO warehouse and distributed to authorized grocers by LCBO
- Supplier is vendor of record

In addition to previously mentioned best practices:

- Complete and accurate NISS submission
 - UPC/SCC codes
 - Case pack details
- Data integrity is crucial
 - Efficient ordering and receiving process
 - Facilitates POS transaction



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DELIVERY & FULFILLMENT TIPS

Direct Delivery to Authorized Grocers

- Access to GMS
- Acknowledge order in GMS
- Prepare Advance Shipping Notice (ASN) in GMS
- Compliant shipping documentation
- Ship order in full and on time
- Consolidated deliveries



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MAINTAINING GROCERY STORE LISTING TIPS

Maintaining listings at Grocery

- Sell through & inventory turns
- Consistent supply and fill rate
- Quality product
- Data integrity
- Timely response





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CONTACT INFORMATION - GROCERY OPERATIONS

Grocery Operations Customer Service

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T: 416-864-2541

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Q&A – RETAIL & GROCERY WHOLESAL