

# GROCERY OPERATIONS

November 21, 2019



## AGENDA

- Grocery Operations Team & Support Departments
- Program Update & Wine Expansion
- Eligible Product Catalogue
- Promotion Effectiveness
- Inventory Management & Supply Chain
- Challenges & Opportunities
- Q& A Session



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**Grocery Operations Team**

**&**

**Support Departments**



## Supply Chain & Wholesale

Distribution

Transportation

Wholesale

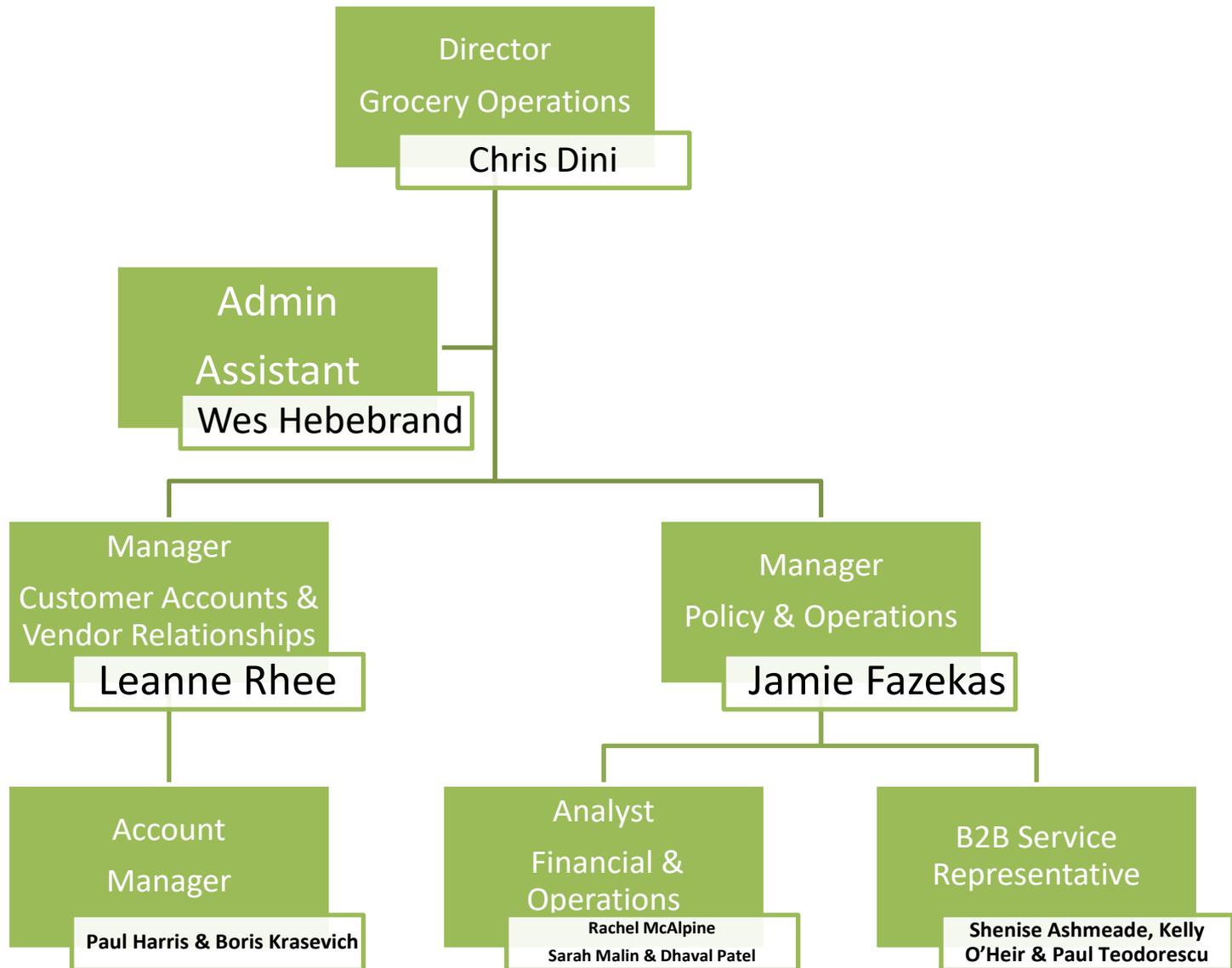
Grocery

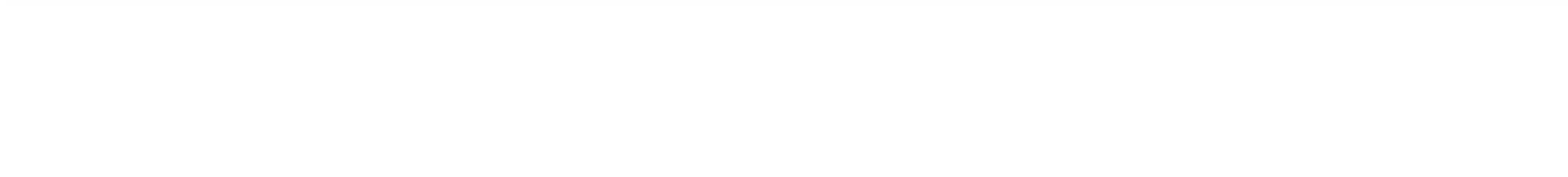
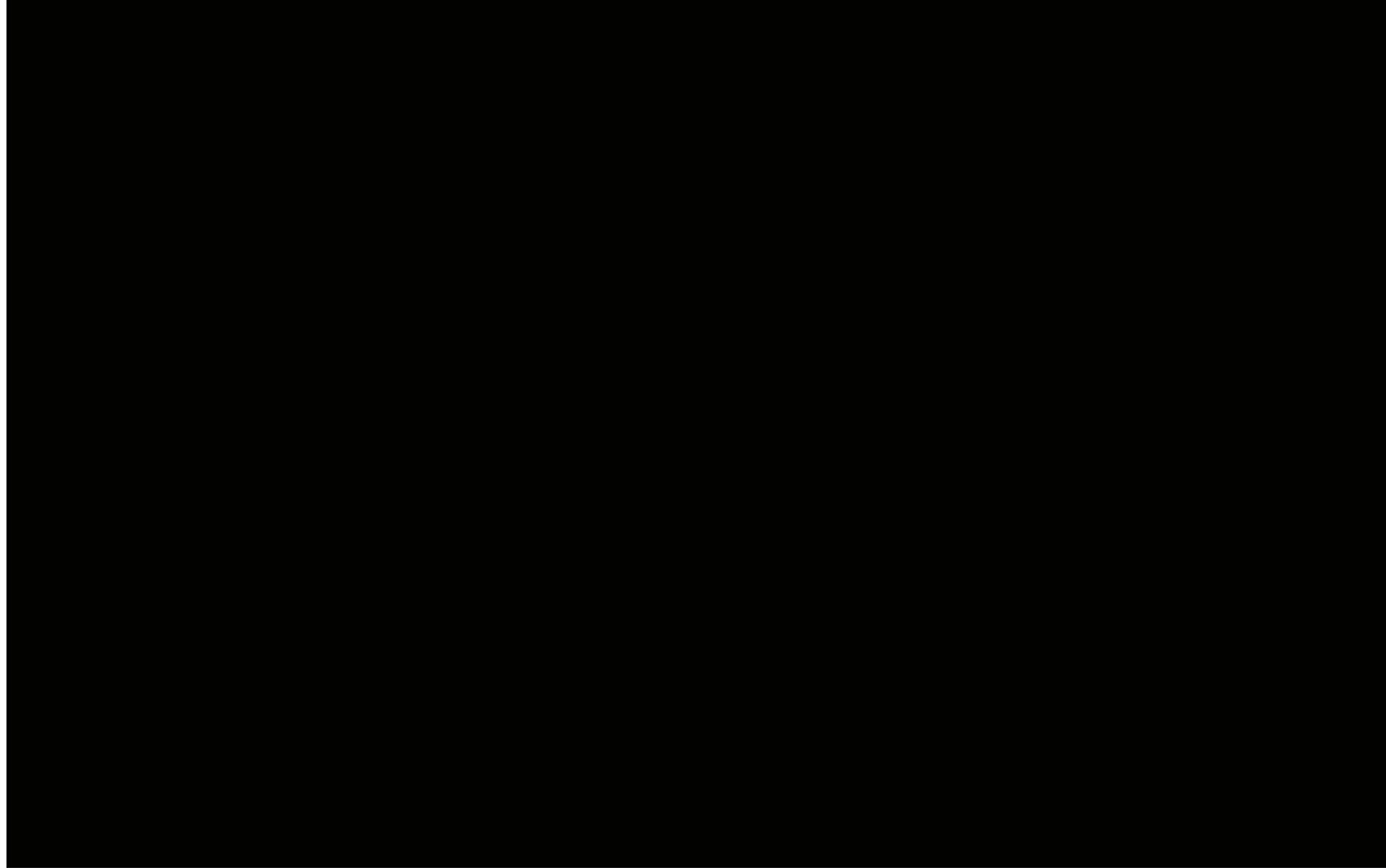
Inventory  
Management  
& Quality  
Assurance

Strategy &  
Continuous  
Improvement

# Grocery Operations

LCBO





## Grocery Operations

### MERCHANDISING

Product  
Listings

Pricing  
Administration

### CHIEF CUSTOMER OFFICE

Customer  
Service  
*hello\_LCBO*

### SUPPLY CHAIN & WHOLESALE

Inventory  
Management

Distribution

Transportation

Quality  
Assurance

### FINANCE & ADMINISTRATION

Accounts  
Payable

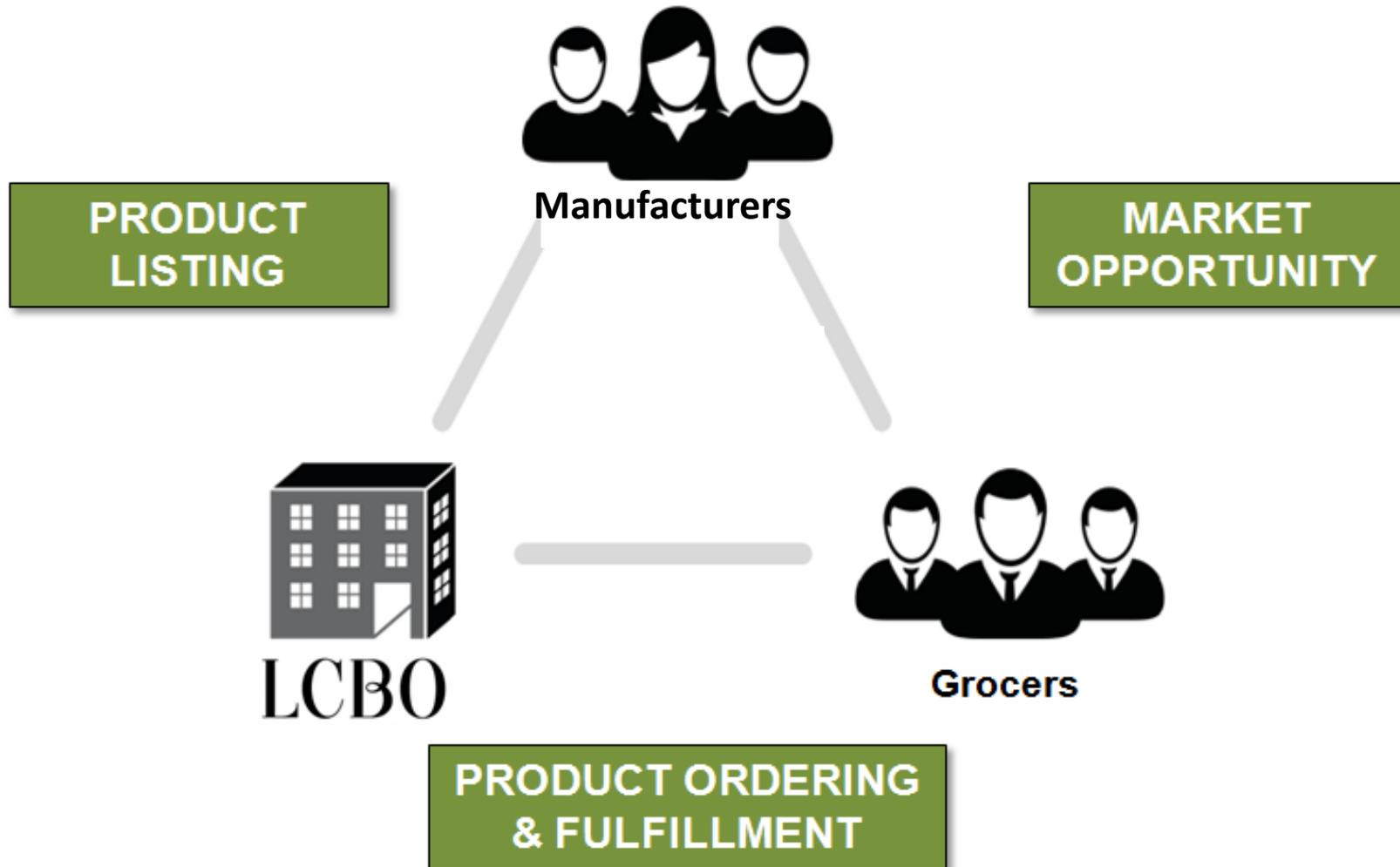
Accounts  
Receivable

### INFORMATION TECHNOLOGY

Grocery  
Management  
System (GMS)

# Grocery Operations

# LCBO



## Account Manager

- Role is new to the LCBO; established in February 2018 in Grocery Operations
- Account Managers (2) service 29 customers
  - Each portfolio is a balance of large and independent grocers and wine boutique retailers
  - Breadth of portfolio takes into account customer's complexities
- Dynamic role that is evolving as our wholesale business to grocers expands and customer base grows

## Role of Account Manager

- Establish and maintain foundational and productive relationships with customers
- Regularly in market, meeting with customers, touring stores, visiting operations to understand challenges and opportunities to evolve and grow the wholesale channel
- Understand the various nuances of each customer's business model and align to each one to support their strategic direction
- Advocate for customer by championing concerns and collaborating with internal departments to support a continuous service improvement culture

## Role of Account Manager

- Educate customers on the program, share experiences, best practices and onboard new locations
- A resource for data, information and product trends
- Proactively communicate to minimize disruption to daily operations
- Manage expectations, empathize and understand customer's daily business challenges
- Bring value to customer's organization to help them grow their beverage alcohol sales

**Program Update**

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**Wine Expansion**



April 2019 | 363 grocery locations selling wine, beer & cider



September 2019 | 87 new unrestricted wine, beer & cider locations authorized

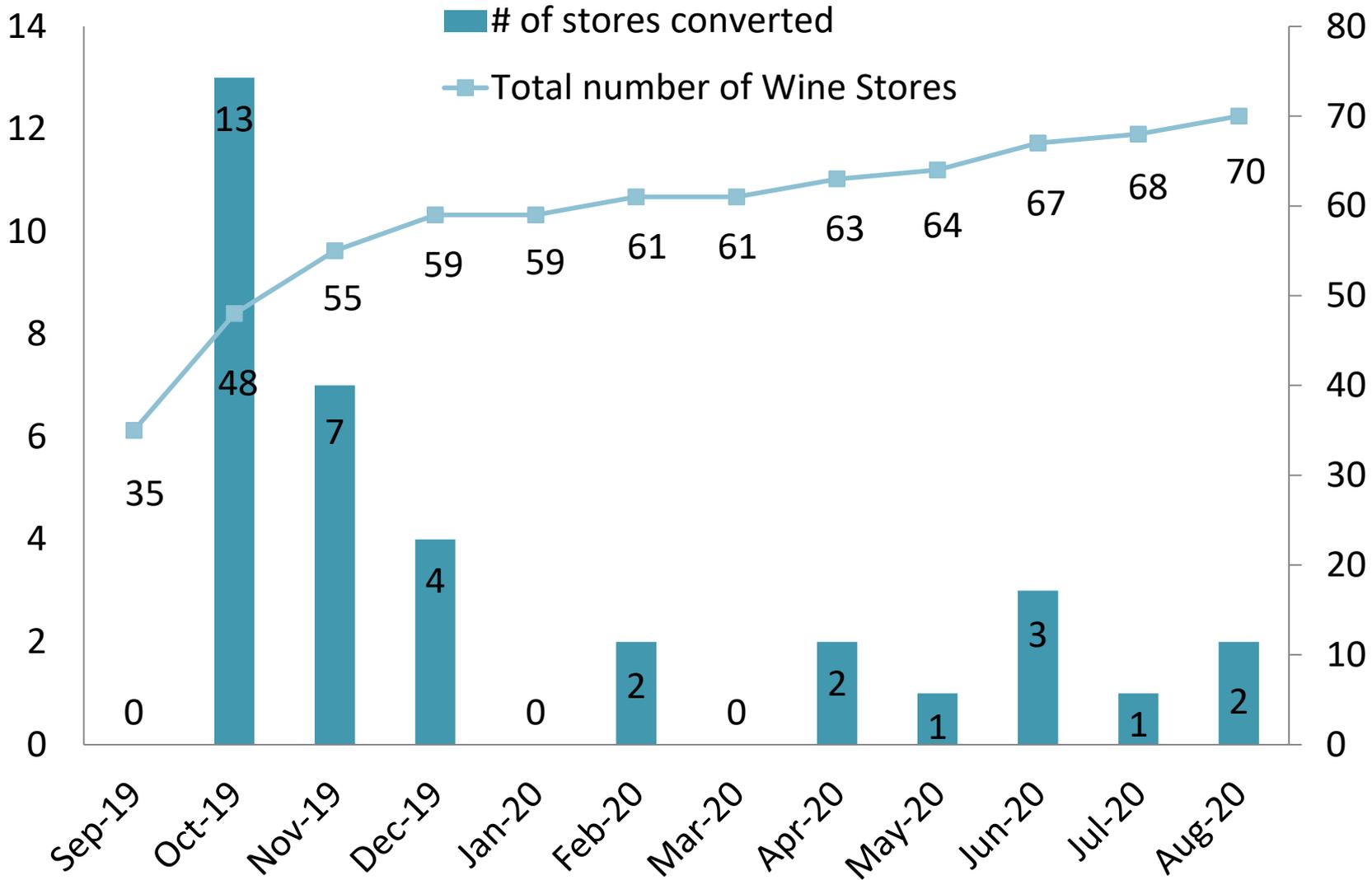


August 2020 | 50.2% of grocery stores selling wine with beer & cider

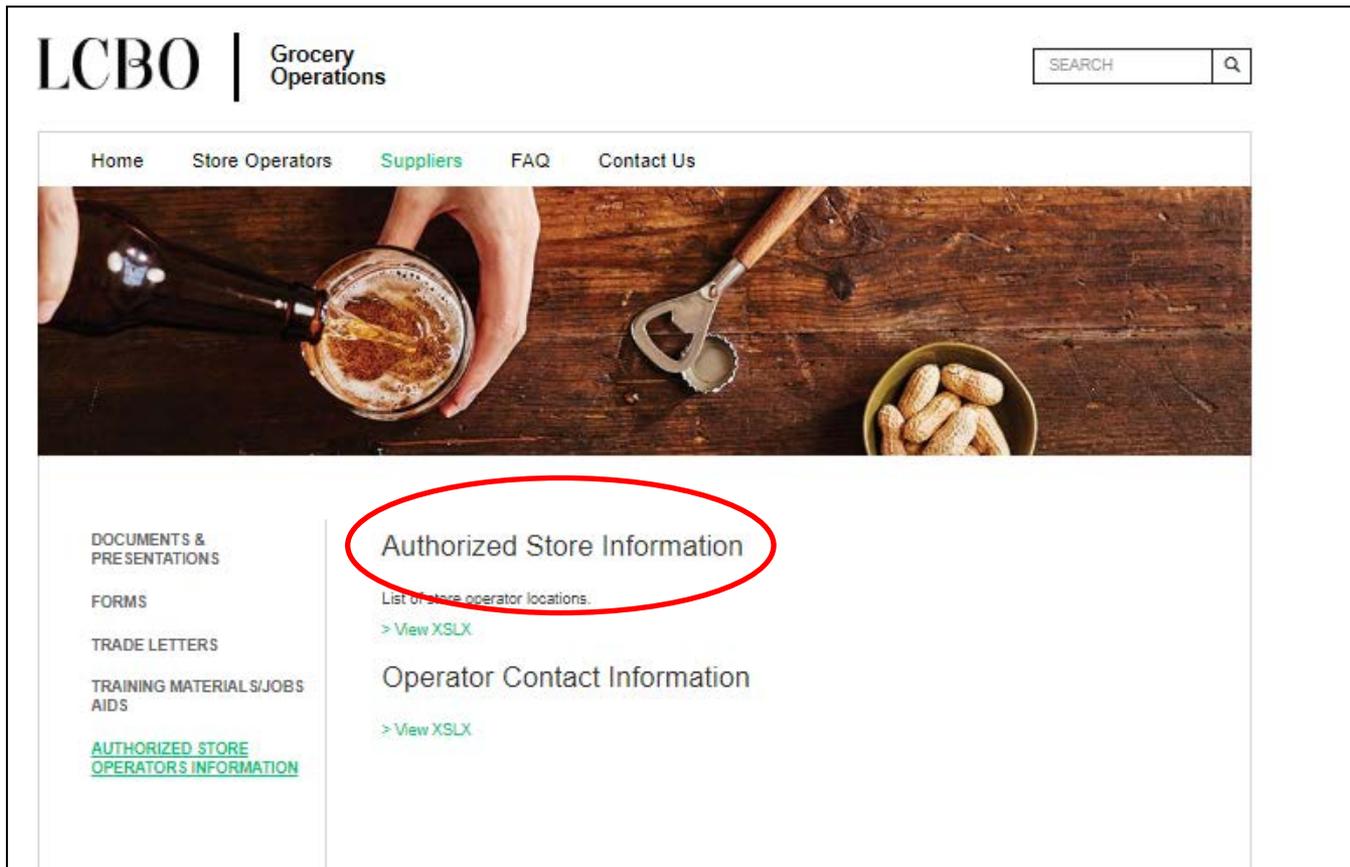


# Grocery Operations

# LCBO



## Authorized Store Operators List



The screenshot shows the LCBO Grocery Operations website. The navigation menu includes Home, Store Operators, Suppliers, FAQ, and Contact Us. The main content area features a large image of a hand pouring beer into a glass. Below the image, there are several sections: DOCUMENTS & PRESENTATIONS, FORMS, TRADE LETTERS, and TRAINING MATERIALS/JOBS AIDS. The 'AUTHORIZED STORE OPERATORS INFORMATION' link is highlighted in green. The 'Authorized Store Information' link is circled in red, with a sub-link '> View XSLX' below it. The 'Operator Contact Information' link is also visible, with a sub-link '> View XSLX' below it.

[www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com)

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## Eligible Product Catalogue



## National Product Registry (GS1)

- Many Canadian grocery retailers receive product data from a National Product Registry (NPR)
- Grocers would like to receive beverage alcohol product data in the same they do other categories
- While it is a best practice for many of the large grocery retailers, NPR it is not a requirement at this time
- The LCBO is not mandating suppliers/agents use NPR

## GS1 Details & Pricing Structure

- Review April 2019 Trade Day Presentation on National Product Registry

<http://www.doingbusinesswithlcbo.com/tro/Forms-Documents/Media/Downloads/Trade%20Day%202019%20Breakout%20National%20Product%20Registry.pdf>

- Contact: Paul Lynch VP Industry Relations GS1Canada  
[Paul.Lynch@gs1ca.org](mailto:Paul.Lynch@gs1ca.org); [www.gs1ca.org](http://www.gs1ca.org)

## National Product Registry | LCBO Pilot

- LCBO partnered with 12 suppliers to consume product data
- Focus of pilot was on how NPR works and how the LCBO consumes the available product data
- LCBO is in the process of assessing next steps

## New Product Listings

- Once an eligible product has completed the listing process, passed final lab and is priced it is added to the catalogue
- National Product Registry provides grocers with advance visibility to beverage alcohol products
- GS1 may be a consideration when working with certain grocery retailers

## Wine products below grocery floor price

- The product is immediately removed from the grocery product catalogue
- Communication is prepared and sent in advance to impacted grocers
- These occurrences are incredibly inconvenient for the grocer and cause great frustration as product is repatriated to LCBO
  - Number of locations expanding from 35/70 to 157
- Onus is on supplier/agent to reapply in NISS to the grocery catalogue

## Promotion Effectiveness



## Effectiveness of Promotions at Grocery

- Only Limited Time Offers/Super Sales are passed on to the grocery channel → uniform pricing
- Effectiveness is not measured
- Encourage suppliers/agents to review the performance of Limited Time Offers/Super Sales in grocery channel through Sale of Data shipments and grocer POS data

## Effective Grocery Store Sampling Programs

- Advance planning in collaboration with grocer to confirm products, store locations, quantities and timing
- Proactive communication with LCBO Inventory Manager to review requirements to ensure inventory availability
- Remind grocers to order stock in advance of event → LCBO delivery is weekly
- Follow up with grocer to evaluate success and fill in orders

## Sale of Data | Resource

- LCBO shipment data by SKU to grocery channel
- As of October 7, shipment data is now available by individual retailer
- Retailers with less than 5 locations are grouped as 'other'

**Inventory Management**

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**Supply Chain**



## Grocery Channel Inventory Management

- Every Inventory Manager manages inventory for their category which includes grocery channel requirements
- There is no plan for a grocery channel inventory manager at this time
- The Inventory team ensure product is available in the supplying RSC for grocery orders to be filled every week. This is based on standard lead times from each supplier.
- The LCBO's lead time to grocers is up to 7 days, with the vast majority set to 4 days

## Grocery Channel Forecasting

- Inventory team uses historical shipments to grocery channel along with other information (out-of-stocks, seasonal profiles, etc) to forecast future sales
- Starting to receive regular forecasts from the large grocers
- Suppliers/agents should proactively share forecasts with the Inventory team to support ongoing business and promotional activity

## Minimizing Out of Stocks

- On time and in full shipments from suppliers minimizes out of stock potential
  - There are no plans to overhaul systems and processes to ship back orders → +160 supplying sources
- Encourage Agents to work with suppliers to ensure orders are shipped on time and in full. A small delay from an import supplier can result in a bigger downstream impact on fill rates

**Challenges**

**&**

**Opportunities**



## Challenges

- Inaccurate product data
- Price changes outside scheduled timelines
- Changes to Limited Time Offers/Super Sales

## Opportunities

- Establish relationships with grocers
- Product Knowledge and beverage alcohol education
- Channel forecasting with Inventory team



**Grocery**  
Operations

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LCBO

Contact us:

[lcbogroceryoperations@lcbo.com](mailto:lcbogroceryoperations@lcbo.com)

Grocery Operations website:

[www.lcbowholesaleoperations.com](http://www.lcbowholesaleoperations.com)

