

LCBO TRADE DAY 2021

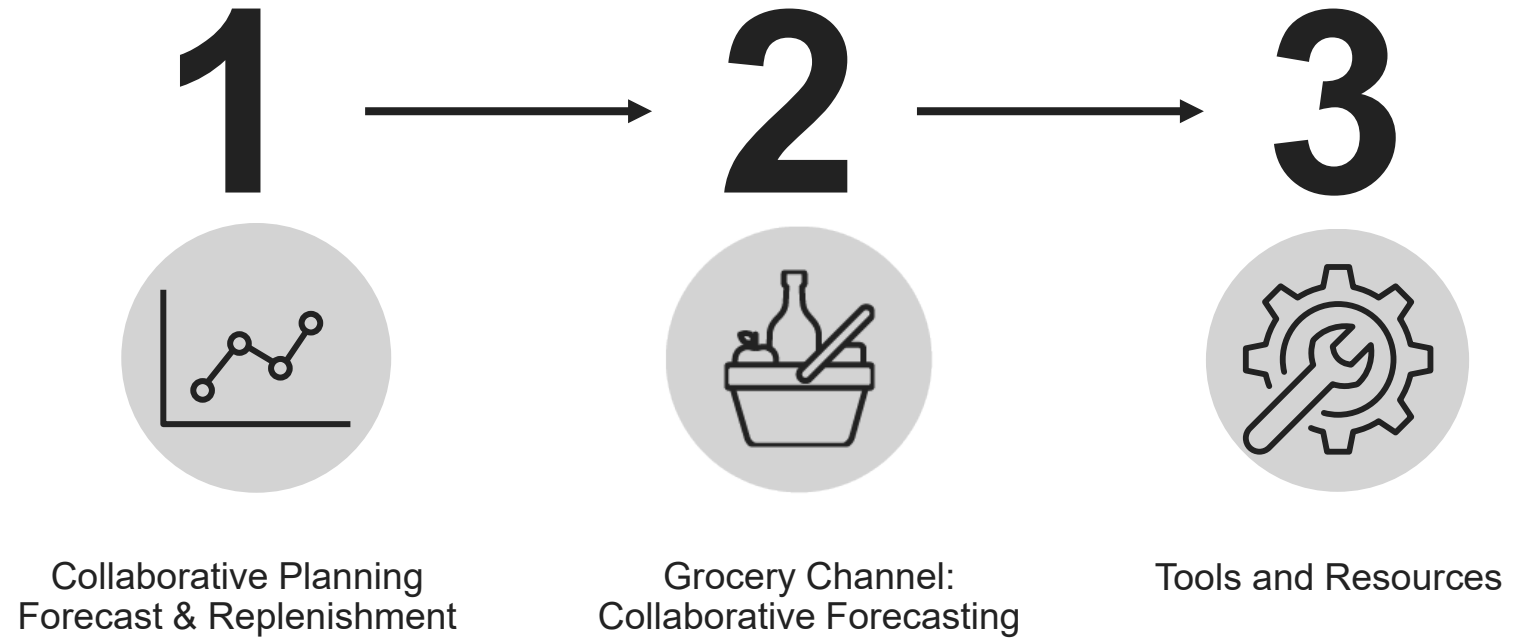
May 5, 2021

Collaborative Forecasting: Strategies for Success

Mike Halliday, Director, Inventory Flow

Leanne Rhee, Director, Grocery Operations (acting)

Agenda

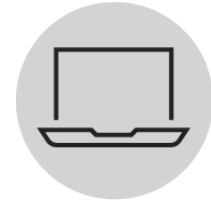


Questions?



During session

Submit questions via CHAT on screen



Following session

Submit questions via email to:

Inventory michael.halliday@lcbo.com

Grocery leanne.rhee@lcbo.com
Operations

Collaborative Planning Forecast and Replenishment

Collaborative Planning Forecast and Replenishment

This is a process that involves Agents/Vendors and LCBO working collaboratively to move product in correct quantities to meet customer Demand.

01

Business Plan Review
(alignment with Category)



02

Sales Forecasting



03

Order planning and execution

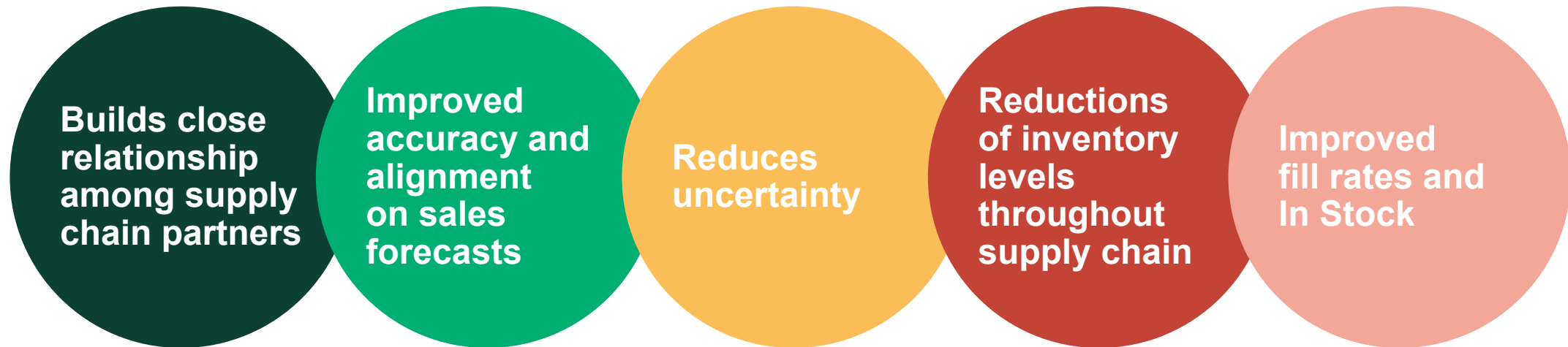


04

Performance Assessment

Collaborative Planning Forecast and Replenishment

What are the Benefits:



Only through increased collaboration and communication can we meet customer expectations and business goals

Collaborative Planning Forecast and Replenishment

Who is involved:

VENDOR / AGENT:

- Your company's subject matter expert with regards to forecasting and demand planning
- Along with your Category partners at LCBO discussions should be had regarding promotions, product mix and placement that may affect sales forecasting for your brands

LCBO

- Starts with the inventory leads for your business
- Gather template for SKU detail by period
- Internal LCBO review with Demand and Fulfillment team, Grocery Operations, Ecomm and Wholesale team

Both Vendor/Agent and LCBO benefit from open and transparent forecasting

Collaborative Planning Forecast and Replenishment

How it is done

Vendor/Agent Submission form:

			P3	P4	P5	P6	P3	P4	P5	P6
			Sales Fcst. (Vendor)	Sales Fcst. (Vendor)	Sales Fcst. (Vendor)	Sales Fcst. (Vendor)	Receipt Fcst. (Vendor)	Receipt Fcst. (Vendor)	Receipt Fcst. (Vendor)	Receipt Fcst. (Vendor)
<u>LCBO No ID</u>	<u>LCBO No DESC</u>	<u>LCBO No Size</u>	202103	202104	202105	202106	202103	202104	202105	202106
1	Product A	750 ML	440	500	700	200	200	1000	400	300
2	Product B	750 ML	1520	1000	1200	1300	1200	1000	1100	1500
3	Product C	750 ML	880	800	700	750	800	750	600	850
4	Product D	750 ML	320	370	390	300	400	350	325	400

The sales forecasts are over the counter sales and shipments to TBS, Grocery and Duty Free

Collaborative Planning Forecast and Replenishment

How it is done

LCBO to provide back comparative forecasts for review and discussion

												202103	
Vendor ID	Vendor DESC	LCBO No ID	LCBO No DESC	LCBO No Size	Trend R13	Trend R6	Promo	Sales Fcst. (LCBO)	Sales Fcst. (Vendor)	Diff - Cases (Sales)	LY Sales	Promo LY	
1	Distillery 1	1	Product A	750 ML	6%	6%	0	410	440	-30	449	0	
1	Distillery 1	2	Product B	750 ML	23%	13%	LO	1543	1520	23	995	0	
2	Distillery 2	3	Product C	750 ML	-10%	-8%	0	992	880	112	1050	0	
1	Distillery 1	4	Product D	750 ML	5%	4%	0	296	320	-24	291	0	

Collaborative Planning Forecast and Replenishment

When to do this:

- LCBO requires that the Vendor/Agent template be provided back no later than 2 week prior to the upcoming period
- LCBO will then provide back the comparative review

Periods for Review		Agent /Vendor Forecast received
P2	P5	Week 2
P3	P6	Week 6
P4	P7	Week 10
P5	P8	Week 14
P6	P9	Week 18
P7	P10	Week 22
P8	P11	Week 26
P9	P12	Week 30
P10	P13	Week 34
P11	P1	Week 38
P12	P2	Week 42
P13	P3	Week 46

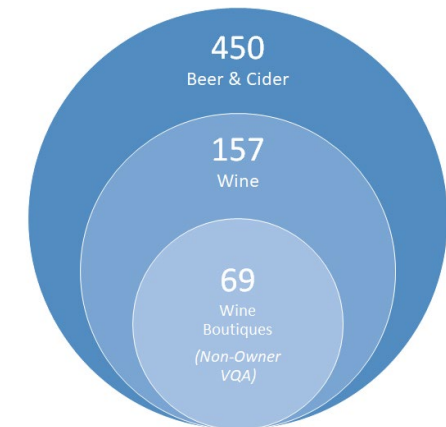
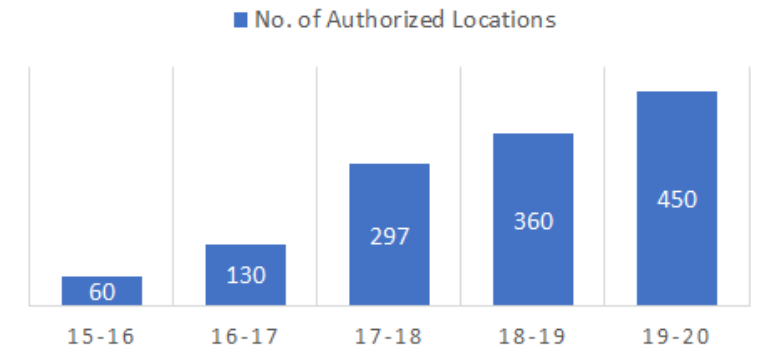
Grocery Channel: Collaborative Forecasting

Collaborative Planning Forecast and Replenishment

Grocery Channel

- Following 5 years of rapid expansion, the Grocery channel has stabilized
- At this point in time there is no plan for expansion
- Constant change: to the grocery retail landscape or by transfer of authorizations
- Time to focus more attention on collaborative forecasting

GROCERY AUTHORIZATIONS



Collaborative Planning Forecast and Replenishment

Why we need to plan and forecast:



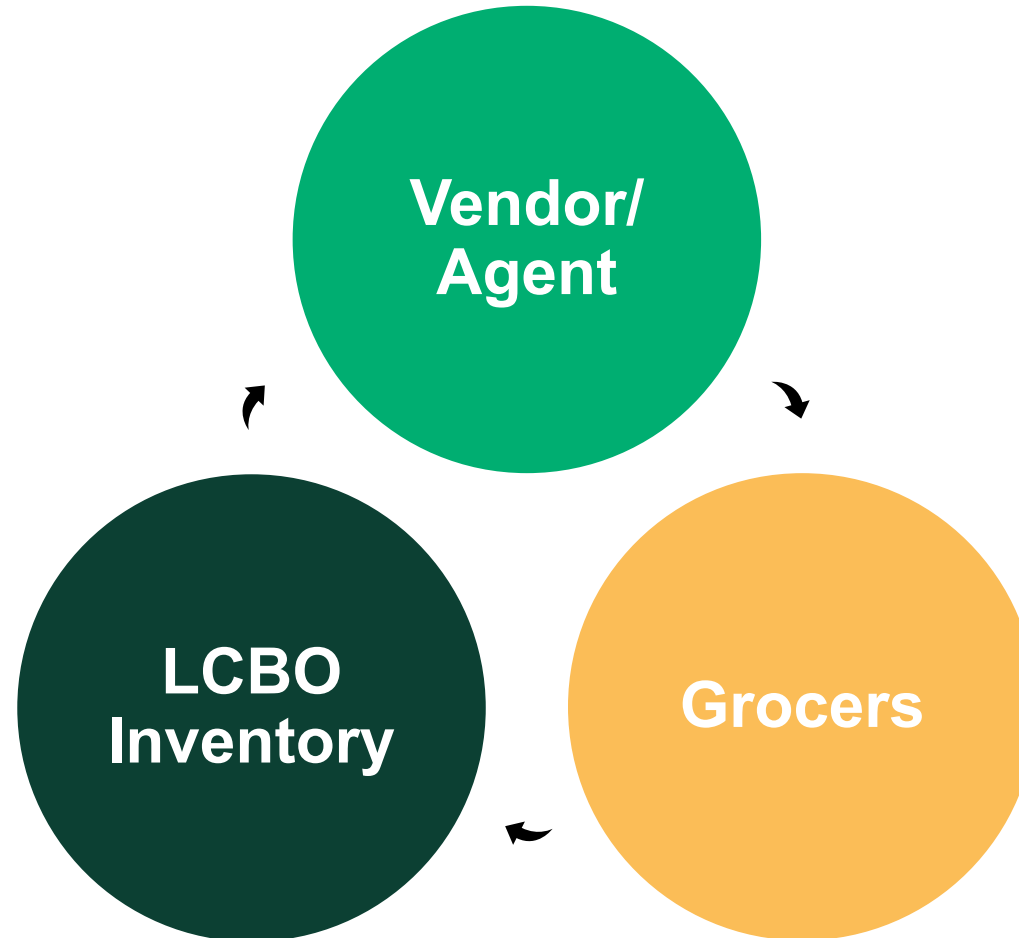
- Need the right product in the right place to service grocer demand
- Order fulfillment: In full and on time
- Grocery industry standard: 98% service level from vendors
- By working together, through collaboration, we can achieve success

Collaborative Planning Forecast and Replenishment

Who is involved:

3 key partners:

- Proactive planning
- Continuous flow of data
- Ongoing communication
- Fluid relationship



Collaborative Planning Forecast and Replenishment

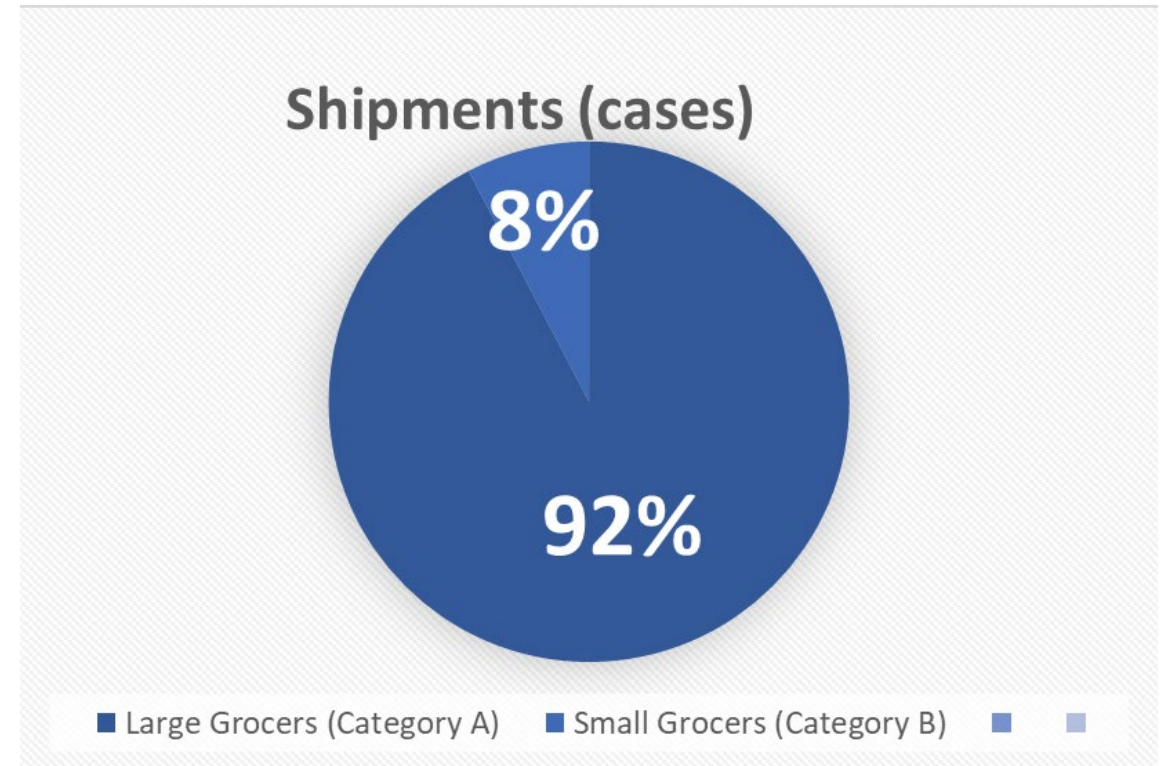
What is the LCBO doing now:

CUSTOMERS

- LCBO is working to receive forecasts from our largest grocery customers
- Objective is to receive 26 weeks of future demand by sku
- Includes both regular and promotional demand

VENDORS / AGENTS

- Collaborative planning templates
- LCBO Sale of Data shipment data is available by sku by retailer



Collaborative Planning Forecast and Replenishment

Regular Demand: What is required of Vendors/Agents?

New Products

- Retail/Wholesale
- NISS
 - Check Grocery box
 - Forecast – enter aggregate for all channels including grocery

Exclusive Ontario Products

- Grocery Only
- NISS:
 - Check Grocery box
 - Forecast – enter for grocery channel

Existing Products

- Add to Grocery channel
- Forecast: collaborate with LCBO Inventory leads on grocery demand

Collaborative Planning Forecast and Replenishment

Promotional Demand: What is required of Vendor/Agents?

- Approved Limited Time Offer / Supersale passed through to grocers
 - Communication six (6) weeks prior to start of promotional period
- In MPTS, forecast promo demand for all channels including grocery
 - Category teams provide Inventory leads with aggregate forecast
- Advise LCBO Inventory leads of grocery display needs to support promotions or key events in advance to ensure sufficient on hand and on order

Collaborative Planning Forecast and Replenishment

How to manage challenges or opportunities



It is imperative that you advise LCBO Inventory leads of:

- Cancellation of promotions
- Supply challenges
- Forecasting changes
- Increase/decrease in grocery store listings

Inventory leads will inform Grocery Operations of any changes that may result in:

- Removing temporarily from grocery product catalogue
- Providing substitutions to grocers
- Delaying addition to grocery product catalogue

Tools and Resources

Collaborative Planning Forecast and Replenishment

Tools and Resources:



- LCBO Inventory Leads
- Category Team
- Sale of Data
- Forecasting Template
- NISS
- MPTS

Questions?



During session

Submit questions via CHAT on screen



Following session

Submit questions via email to:

Inventory michael.halliday@lcbo.com

Grocery leanne.rhee@lcbo.com
Operations

Thank You