Sparkling Wines In Ontario

LCBO

Paul Farrell Category Manager
January 18, 2024
FIZZ Club, Brock University

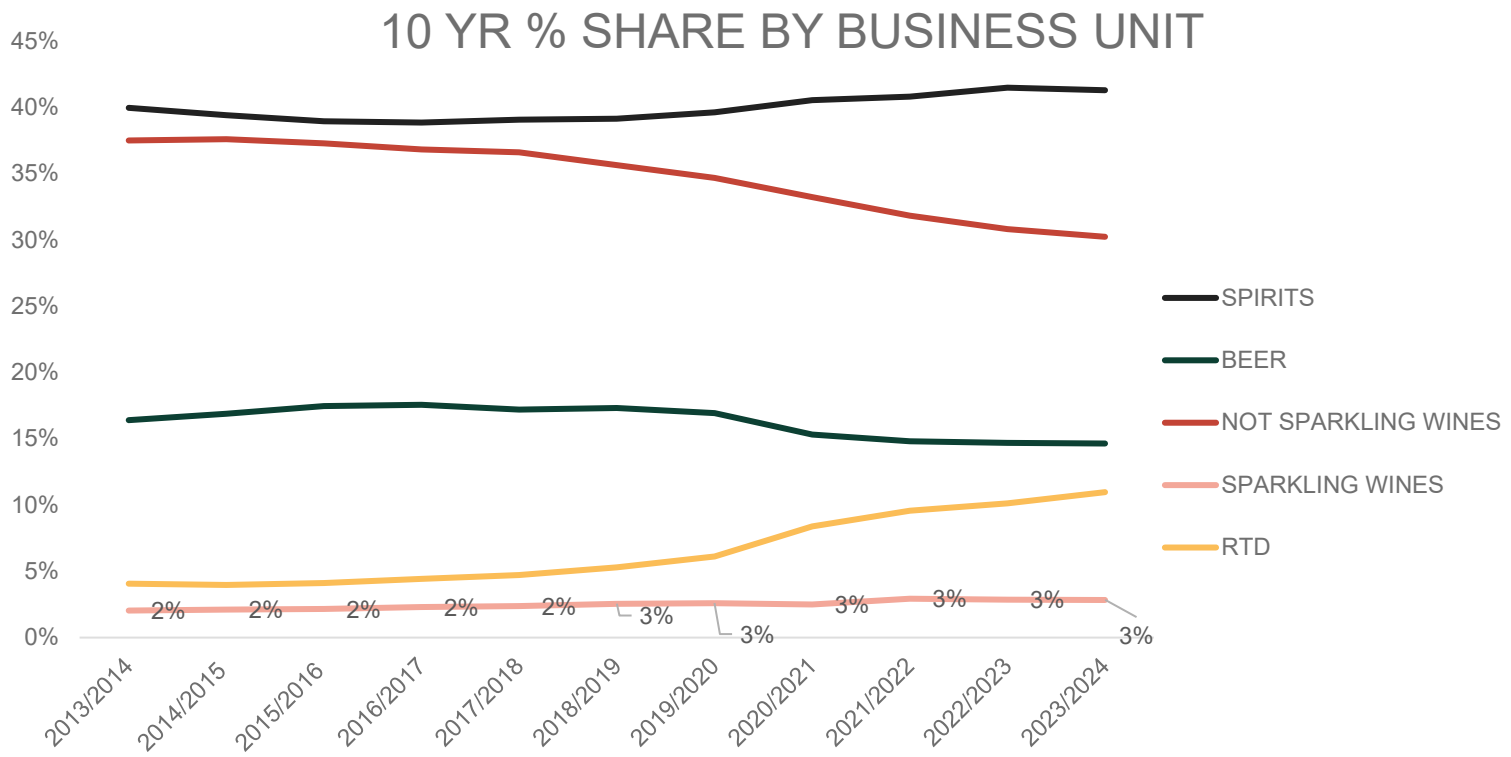
Agenda

1. Introduction
2. Fizz Sales Overview
3. Fizz Deep Dive
4. Fizz Insights
5. Q&A

Fizz Sales Overview

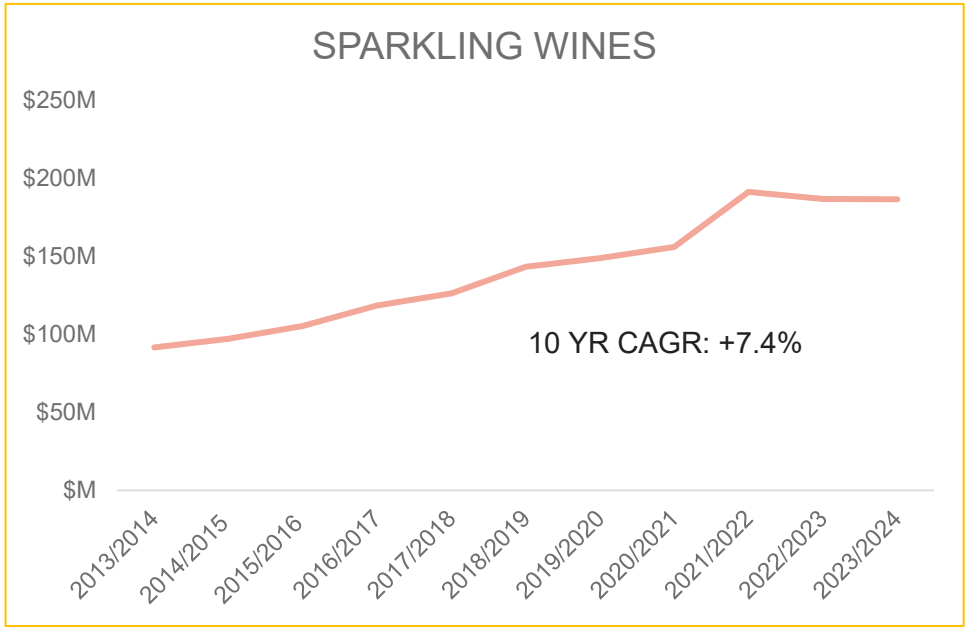
LCBO

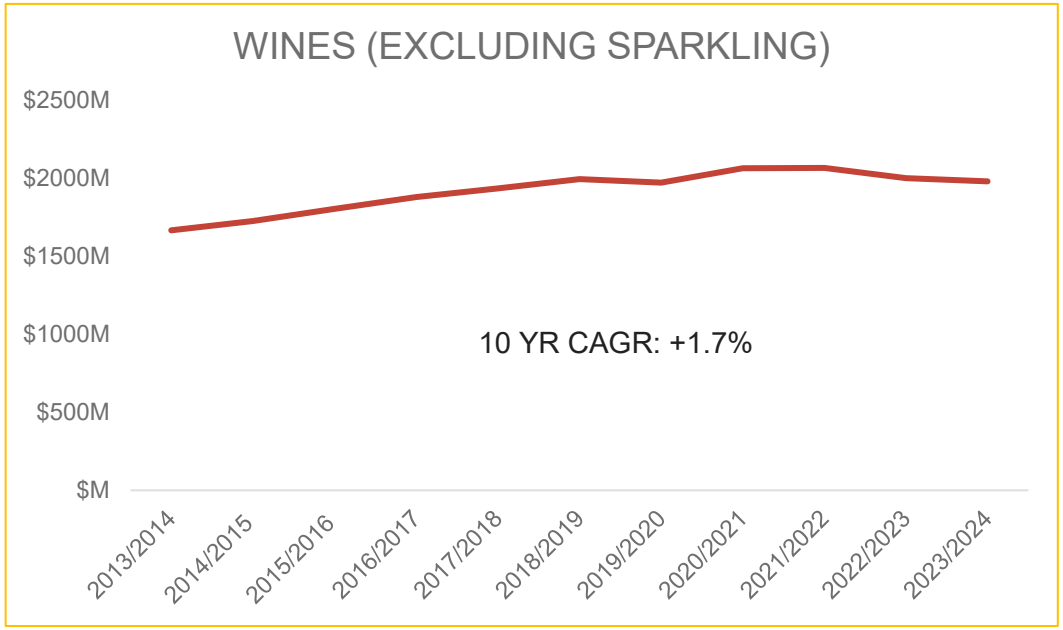
Share of Business by Product Type

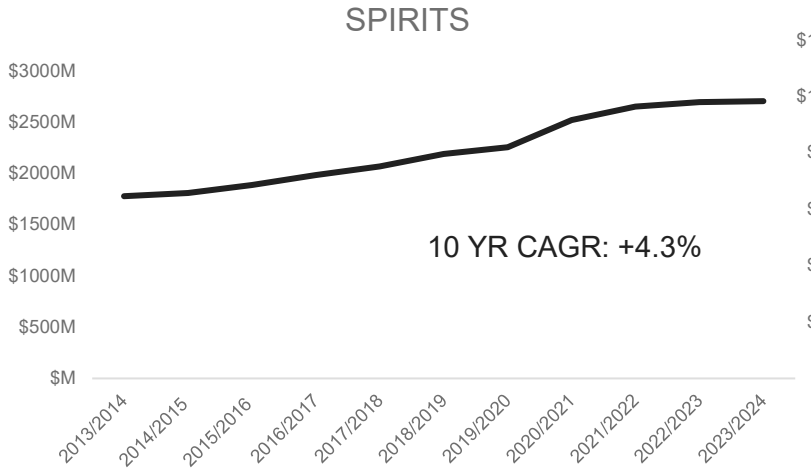


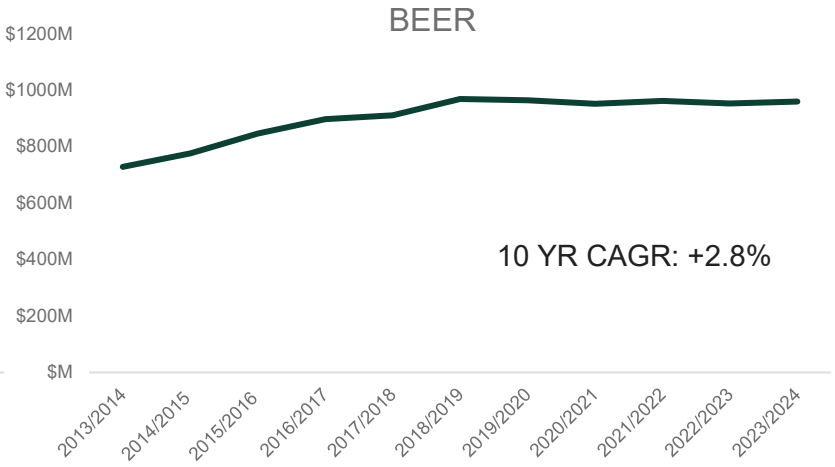
- Though only 3% of total LCBO Bev Alc sales, its growth out paces LCBO total growth for the past 10 years
- Wines has been declining nearly a percentage point of share per year

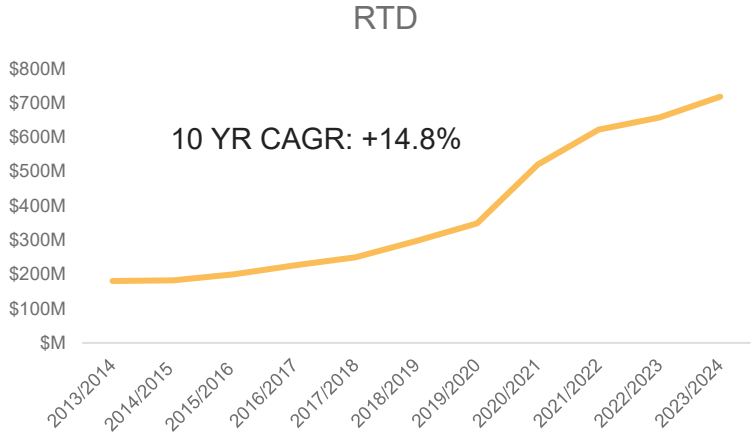
Data as of P10 23/24 - Retail Sales


SPARKLING WINES
$250M
$200M
$150M
$100M
$50M
$M
10 YR CAGR: +7.4%
2013/2014
2014/2015
2015/2016
2016/2017
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023
2023/2024

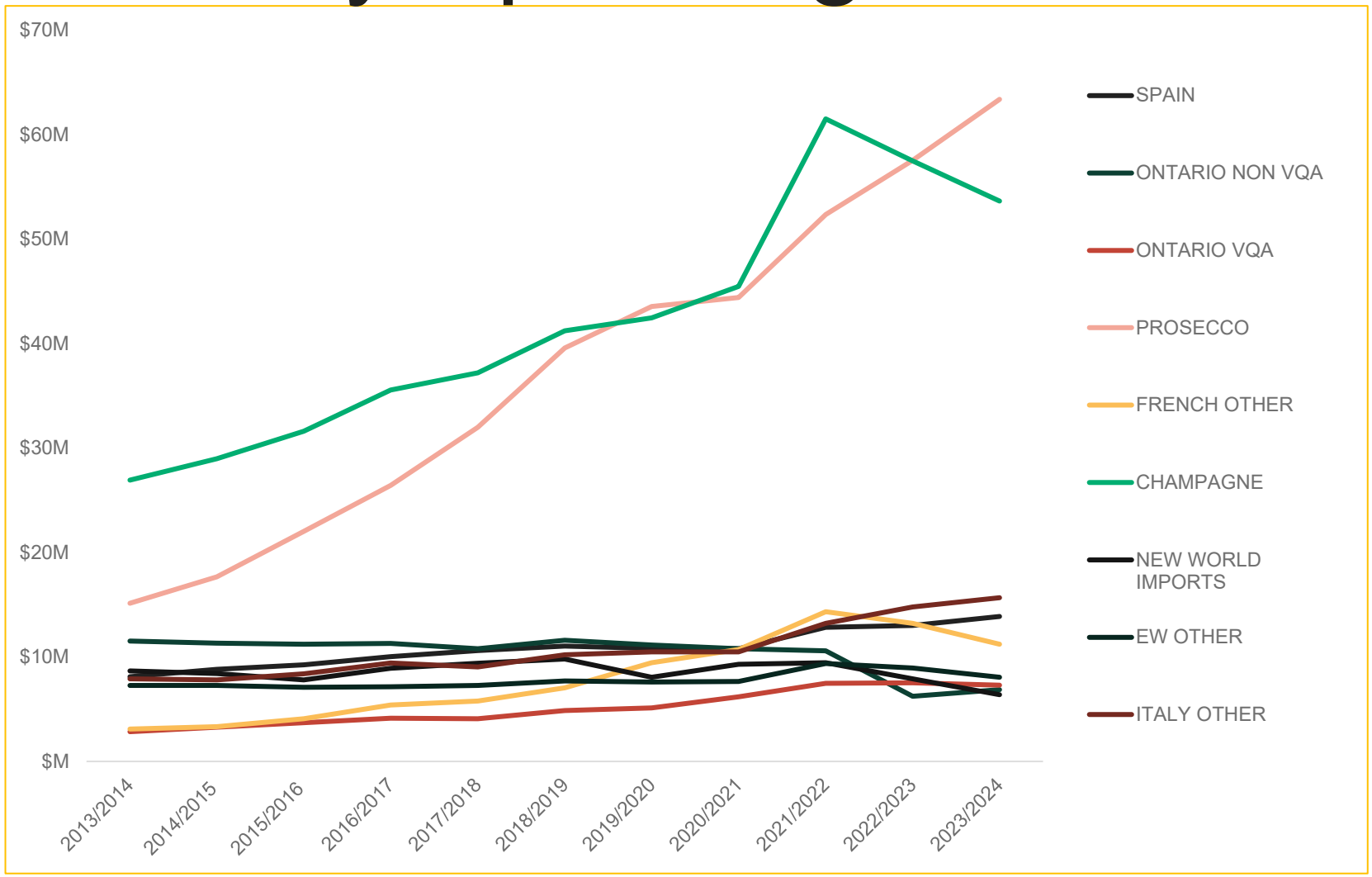

WINES (EXCLUDING SPARKLING)
$2500M
$2000M
$1500M
$1000M
$500M
$M
10 YR CAGR: +1.7%
2013/2014
2014/2015
2015/2016
2016/2017
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023
2023/2024


SPIRITS
$3000M
$2500M
$2000M
$1500M
$1000M
$500M
$M
10 YR CAGR: +4.3%
2013/2014
2014/2015
2015/2016
2016/2017
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023
2023/2024


BEER
$1200M
$1000M
$800M
$600M
$400M
$200M
$M
10 YR CAGR: +2.8%
2013/2014
2014/2015
2015/2016
2016/2017
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023
2023/2024


RTD
$800M
$700M
$600M
$500M
$400M
$300M
$200M
$100M
$M
10 YR CAGR: +14.8%
2013/2014
2014/2015
2015/2016
2016/2017
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023
2023/2024

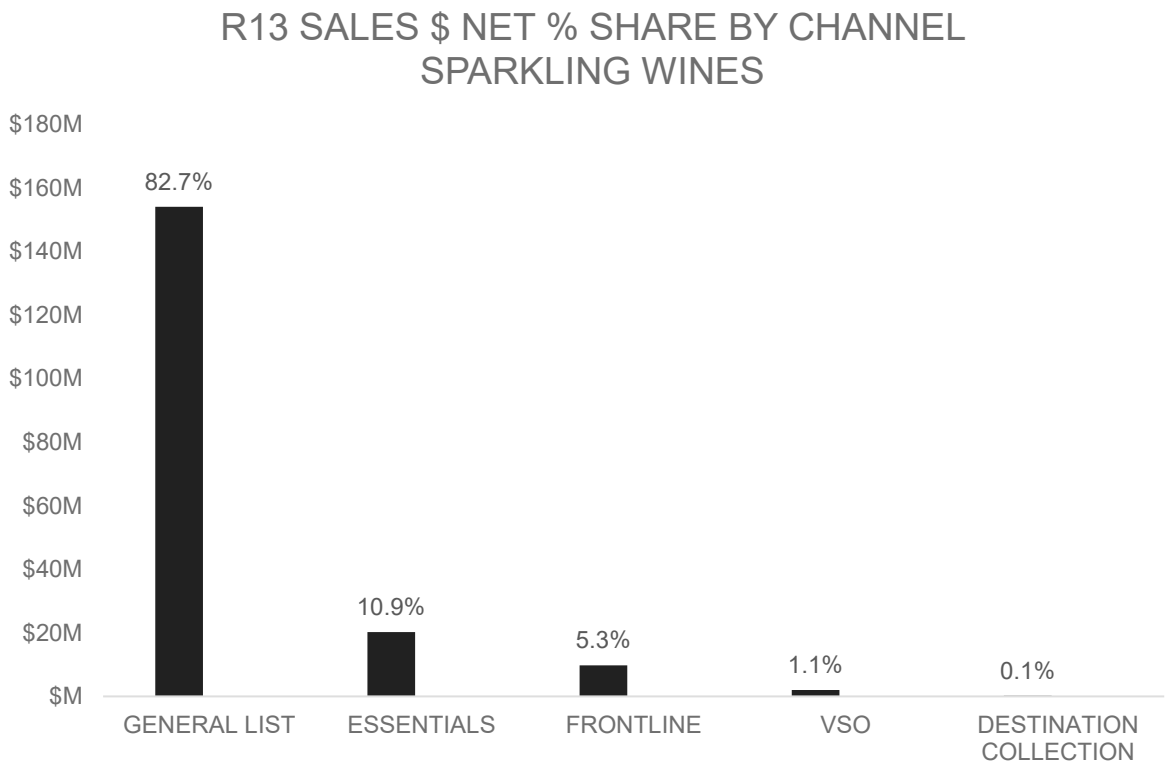
Share by Sparkling Wine Category



SPARKLING CATEGORY	10 YR CAGR	10 YR %Share Average
PROSECCO	15.4%	25.5%
FRENCH OTHER	13.7%	5.3%
ONTARIO VQA	9.9%	3.6%
CHAMPAGNE	7.1%	29.7%
ITALY OTHER	7.1%	7.6%
SPAIN	5.5%	7.9%
EW OTHER	1.0%	5.8%
NEW WORLD IMPORTS	-3.0%	6.5%
ONTARIO NON VQA	-5.0%	8.0%

Data as of P10 23/24 - Retail Sales

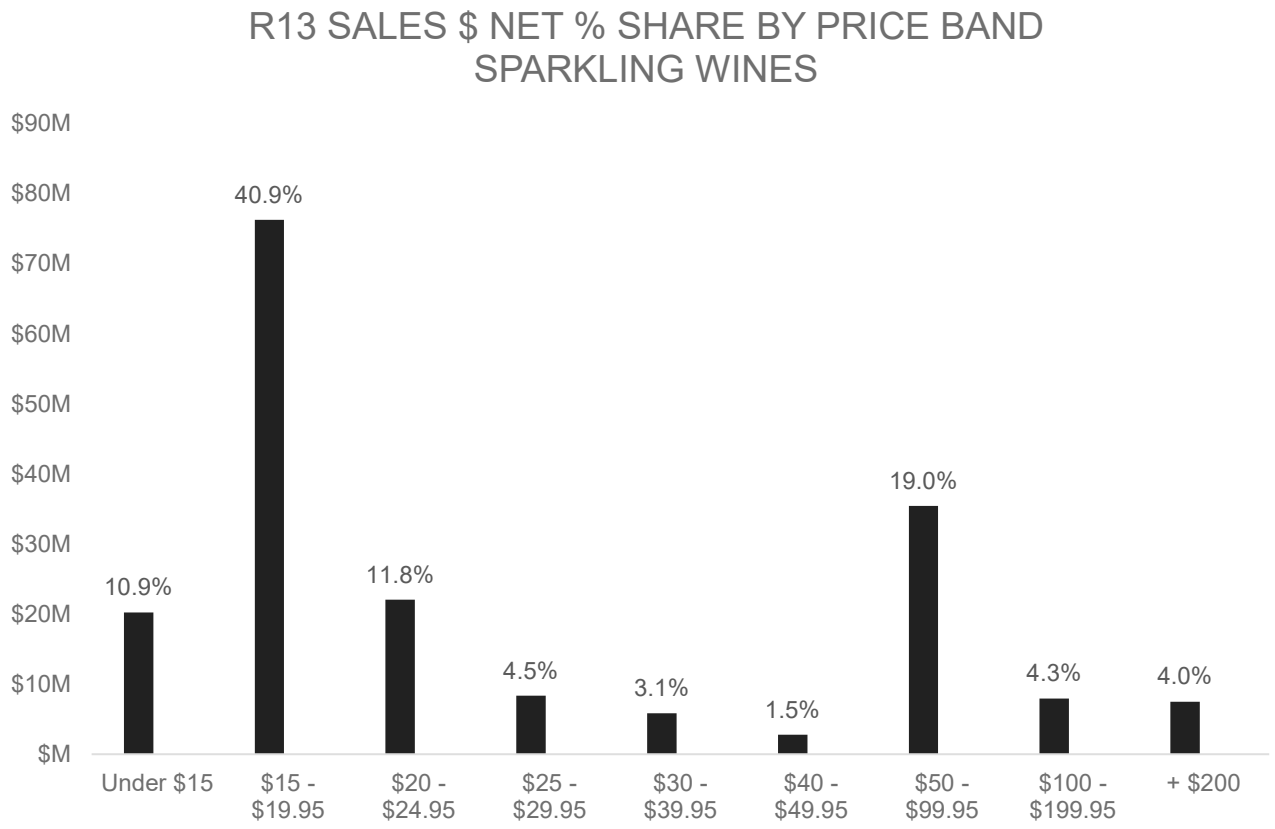
LCBO Sales by Channel



- 93% of all Sparkling Wine sales via continuously available brands
- Vintages release a less significant channel for Sparkling Wine

Data as of P10 23/24 - Retail Sales

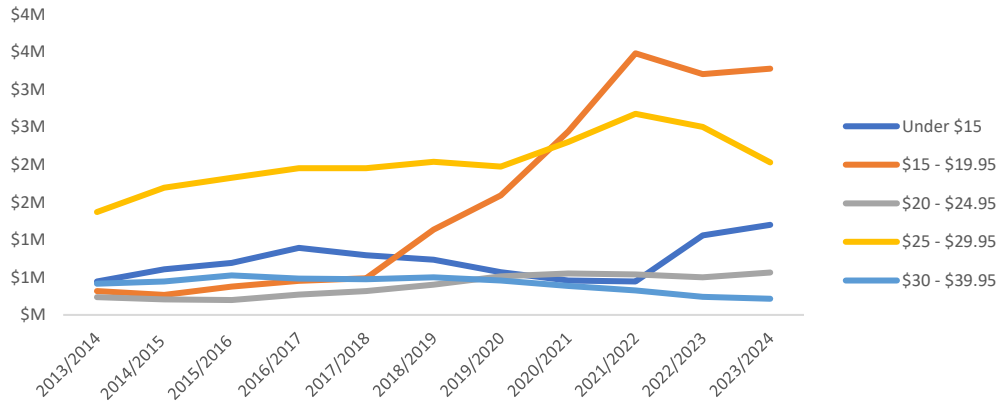
LCBO Sales by Price Band



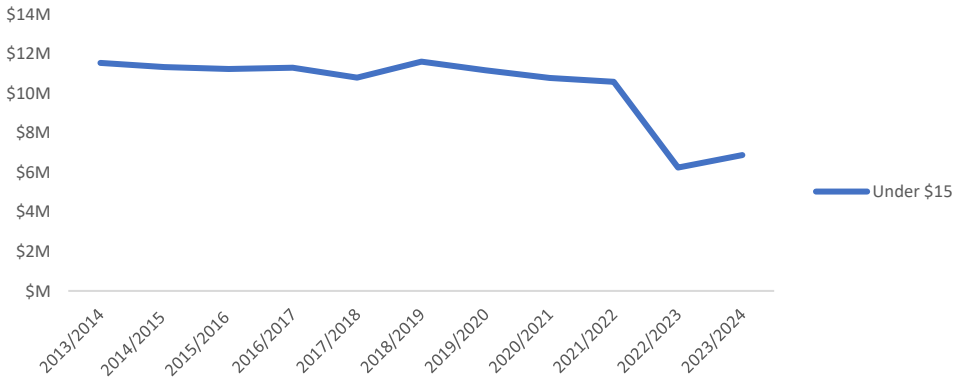
- Consolidation into two price bands that are $30+ apart
- Increase in $20-$30 share is relatively new (post pandemic)
- Price bands typically run down category lines as well

Data as of P10 23/24 - Retail Sales

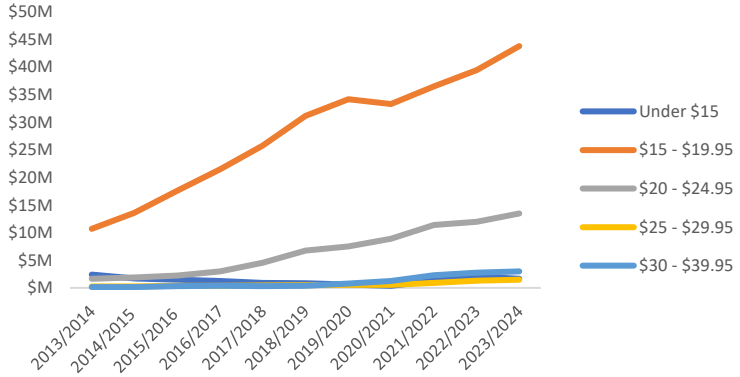
ONTARIO VQA



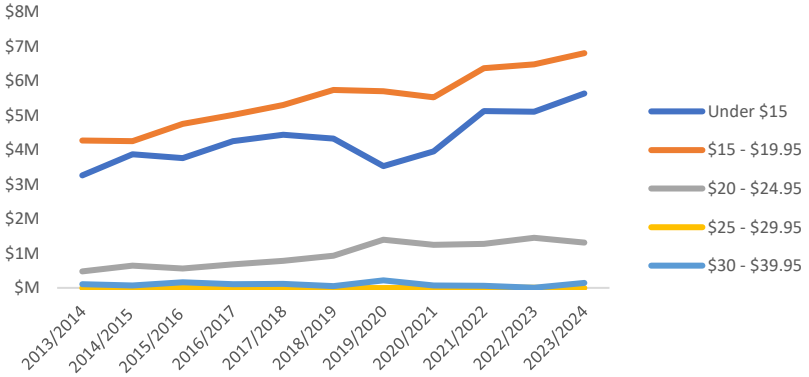
ONTARIO NON VQA



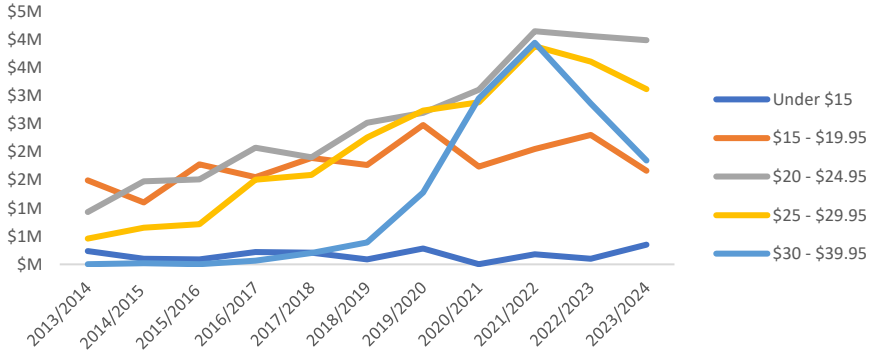
PROSECCO



SPAIN



FRENCH OTHER



Fizz Deep Dive

Small Format Review
White vs Rose
Place of Brands

LCBO

Small Format Business by Size

21%

200ML

R13 $4,192,782

12 SKUs

47%

375ML

R13 $9,628,806M

25 SKUs

32%

600ml

R13 $6,459,384

4 SKUs

Fizz Percentage of Business

62%

of Small Format business is Sparkling

R13 $12,530,337M

15 SKUs

Share of Sparkling Business by Size

23%

200ML

R13 $2,882,811M

4 SKUs

25%

375ml

R13 $3,188,142M

6 SKUs

56%

600ml

R13 $6,459,384M

4 SKUs

Insights & Data

TOP 10 SKUs

- 8 Sparkling SKUs in top 10
- Top 3 = 600ml
  - 3 x 200ml
- 4 x 375ml
  - 2 Vintages Essentials
- 3 x 200ml
  - Brand extensions

Rank	LCBO No	Description	Size Distinct	Price Distinct	Set Name
1	9118	Henkell Trocken Piccolo 3x200	600	14.95	SPARKLING EUROPEAN
2	250480	Zonin Prosecco Brut 1821 Doc (3x200ml)	600	18.95	SPARKLING EUROPEAN
3	269720	Henkell Rose Piccolo (3x200ml)	600	14.95	SPARKLING EUROPEAN
4	389056	Veuve Clicquot Brut Champagne	375	50.7	CHAMPAGNE
5	313817	>J.Lohr Seven Oaks Cabernet Sauvignon	375	14.95	CALIFORNIA RED
6	167791	Freixenet Cordon Negro Brut Cava	200	6	SPARKLING EUROPEAN
7	453076	Moet & Chandon Imperial Champagne	375	44.35	CHAMPAGNE
8	17835	Mionetto Prestige Prosecco Brut Doc Treviso	200	6.95	SPARKLING EUROPEAN
9	160085	>Kim Crawford Marlborough Sauvignon Blanc	375	10.95	NEW ZEALAND WHITE
10	111294	Moet & Chandon Imperial Champagne	200	25.25	CHAMPAGNE

Whites versus Rose

EW Sparkling Wine Total $110M

- EW Sparkling Rose $14.8M, 13% share

Champagne Total $49.3M

- Champagne Rose $7.7M, 16% share

Whites versus Rose

Ontario VQA Total $7.5M

- Ontario VQA White: $4.1M, 55% share
- Ontario VQA Rose: $3.4M, 45% share

Brand Dominance

Champagne: 36 skus, $49M

- #1 sku accounts for 20% of total sales
- #2 sku accounts for 10% of total sales
- Top supplier MHCS is 66%

Brand Dominance

Prosecco: 26 skus, $108M

- Top sku accounts for 17% of total sales
  - Mionetto, $18.95
- #2 to #6 account for another 42%
  - 8% share per sku

Brand Dominance

Spain: 10 skus, $12.8M

- Top skus account for 37% of total sales
- Top 3 skus = 70% of total sales

Brand Dominance

VQA: 25 skus, $7.5M

- Top 2 skus = $1.5M, 20% share
- Peller Family Reserve Rose Bubbles VQA, $14.95
- Jackson-Triggs Sparkling Reserve VQA, $17.95

Fizz Insights

LCBO

Insights

- How consumers drink Sparkling Wine
- Importance of Styles/Production Methods
- Sustainability
- Successful stories - road to success

How Customers Drink Sparkling Wine

- Consumption is still primarily occasion based (celebratory)
- Summer spike
- Growth in consumption outside of holidays is primarily with Millennials
- Preference for Sparkling Wine focused producers/Wine regions
- Are cocktails good for the category?

Styles and Production

- Prosecco out-sells Cava 9 to 1 with a higher avg. price per bottle
- What do customers like in Sparkling Wine?
- Residual Sugar

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.

Success Stories

- Prosecco Rose
- Nova 7
- Peller Family Res VQA
- Belaire Rose/ Bottega Gold

Success Stories

- Regional Identity
- Fizz focused brand
- Price awareness
- Packaging
- Size Matters

Q&A

LCBO