



**FIVE-YEAR  
STRATEGIC PLAN  
2010-2015**

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# Introduction: Leading & Sustainable Retailing

Since 1930, Corporation (NSLC) has been dedicated to the delivery of beer, wine and spirits to the people of Nova Scotia. Throughout its history the NSLC has grown and changed with the times:

## 1930s – 1960s

An organization established to control the access to liquor

## 1970s – 2000

A shift to a self-serve retailer

## 2001 – 2004

Transitioned to a Crown Corporation with a commercial mandate

## 2005 – 2010

Transformed as a retailer from a “place to buy into a place to shop.”

Now recognized nationally as a superb retailer, the NSLC believes there is an opportunity to take a leadership position toward the development of more personalized relationships with its customers, while further enhancing its role in the communities it serves. Increasingly, the NSLC sees its record of increasing financial returns as necessary, but not sufficient to fully define it as a leading retailer.

**The new NSLC Five-Year Strategic Plan 2010 – 2015 outlines the NSLC’s continued journey and informs its employees, stakeholders and its shareholder of its strategic development and direction. The plan captures lessons learned, customer insights and evolving trends in the NSLC’s business environment and communities as the basis for its efforts going forward.**

The objectives for this strategic planning approach were:

1. to identify the strategic priorities for the NSLC over the next five years;
2. to provide a means to assist its management team to define and pursue the most strategic opportunities;
3. to focus and provide a context for the development of the annual business plans over the next five years; and
4. to be a means to communicate the new strategic direction to the NSLC’s employees, stakeholders and its shareholder.



# NSLC Strategic Planning Approach

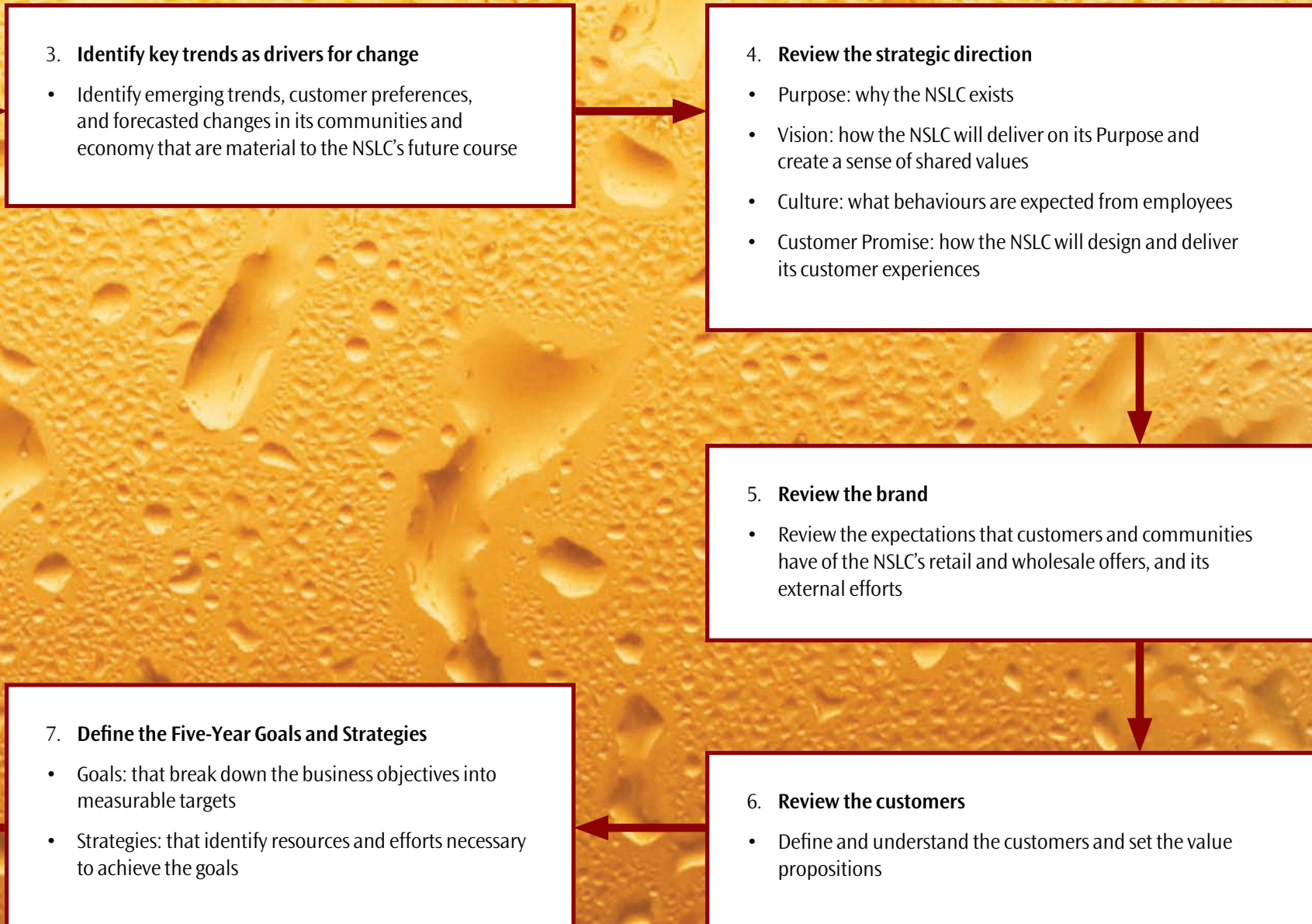
The NSLC's Strategic Plan 2010 – 2015 serves as a roadmap to focus employees and industry stakeholders on growth of its stronger commitment to corporate social responsibility. This process, building on the results from 2005 to 2010, signals specific performance that needs to be achieved and establishes a call to action to get the corporation there.

## Approach:





# A Continuous Strategic Planning Process







## B: Key Trends as Drivers for Change



In developing this Five-Year Strategic Plan, the NSLC identified emerging retail trends that will drive changes in North American retail strategies over the duration of the plan. These trends are:

- Integrated Retailing
- Greater Customer Intimacy
- Corporate Social Responsibility
- Business Focus

These trends represent key opportunities for the NSLC to continue its vision of superb retailing. They present the greatest potential returns if the NSLC can focus its efforts to take advantage of them. The threats identified, conversely, are economic, technological, political, or socio-cultural changes in the marketplace that could become negative outcomes if not addressed by strategic responses. This assessment of the external environment positions the corporation's planning direction over the next five years.

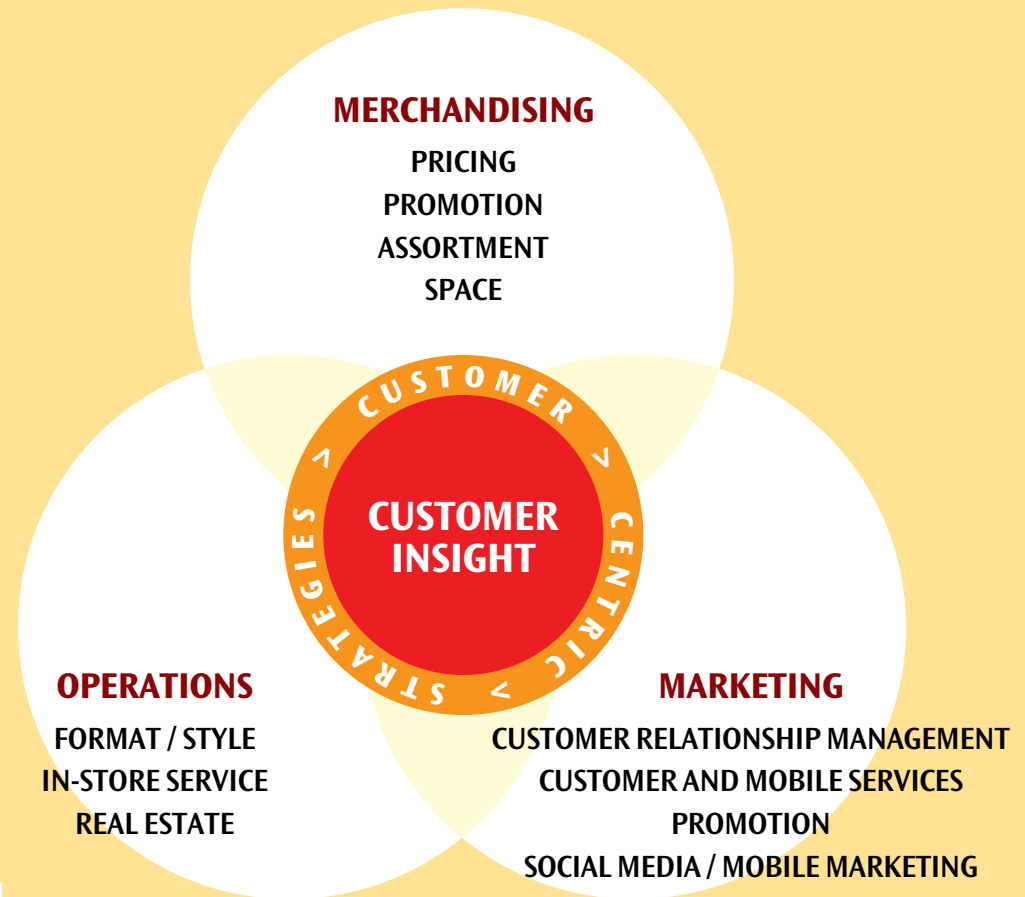




# Emerging Trend #1: Integrated Retailing

Increasingly customers are using two or more points of contact with retailers to discover and buy products. Integrated 'multi-channel' retailing is moving past the traditional notions of shopping in-store and reinventing retail to better meet the needs of customers with multiple points of contact. Customers see all touch points with a business as just one brand - one retailer – not multiple businesses distinct from each other. The trend going forward is for retailers to move from thinking about separate channels to integrating all the ways in which a customer chooses to interact.

Research indicates that 20% of consumers use the internet to research their purchases before going to a traditional bricks and mortar store (Source: Forrester: "The Web's Impact on In-Store Sales"). For example consider how most people decide to buy a car. The research is done via the internet prior to customers visiting a dealership. They are more knowledgeable about their purchases than any time in the past before entering a retail environment. They are interacting with their social media friends on their various networks to get recommendations on product purchases. Reviews by total strangers on the web carry more influence than corporate reviews or recommendations. More and more customer use of mobile devices will drive retail shopping behavior and experiences. Integrating all these touch points and channels into one seamless brand experience will be a key challenge for retailers in the next few years.





## Emerging Trend #2: Greater Customer Intimacy

Retailers are targeting narrow (rather than mass) marketing to customers to influence them at the point of purchase – where they make their final buying decisions. Deeper insights into shopping behaviours can deliver more relevant shopping environments, products, value offers and marketing communication. Use of reward programs is wide-spread and ubiquitous in today's retail environment. These programs give retailers significant customer insight based on actual point-of-purchase behaviour. They are not about what customers think or desire, they are about what they actually do. Understanding at a deeper level not only what customers actually do, but the emotional connections with the brand is a key part of the customer intimacy trend. Use of social media, corporate brand and community focus is driving greater shopper loyalty. Using these approaches to understand customer value and segmentation is critical for today's retailer.

A trend towards shopper marketing is also driving retail to greater customer intimacy. This strategy focuses on in-store retail experiences and tries to build a more responsive and impactful relationship with the customer within the traditional store. Shopper marketing proactively engages and measures customer behaviour. A better understanding of customer includes:

- response to merchandising and marketing programs
- traffic flow
- staff interaction
- targeted offers
- store design and real estate
- product assortment
- visual displays
- other key retail tools the NSLC will generate greater knowledge of its customers enabling enhanced customer intimacy

This will enhance customer intimacy and will drive improved customer satisfaction and increased financial returns.



## Elements of a Shopper Marketing Approach

### SEGMENTATION

The organization of shoppers into groups based on common, relevant characteristics of shopper motivations and behaviours (demographics, lifestyle) enhances the customer experience.

### SHOPPER SOLUTIONS

The combination of products, information and messaging organized around a shopper need or situation (family event, social occasion, lifestyle.)

### OFFER MANAGEMENT

The determination of which combinations of promotional offerings and messages are likely to drive the greatest yield for a given shopper or shopper segment.

### COLLABORATION

The sharing of shopper insights, field intelligence and shopper data up and down the supply chain.

### VIRTUAL SHOPPING

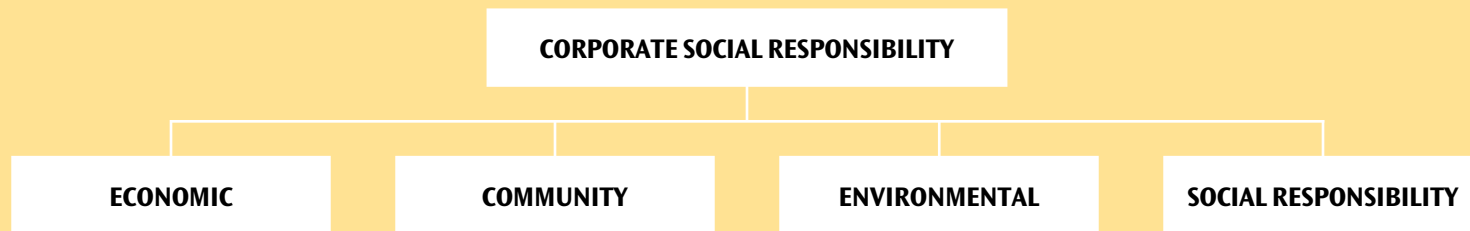
Techniques and tools to help anticipate shopper reactions to merchandising and messaging and to monitor actual decisions made.

# Emerging Trend #3: Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the commitment to integrate a company's economic, environmental and social priorities into daily business practice in a sustainable manner. Increasingly, customers expect more from the retailers with which they do business. They want to do business with companies they respect, admire and trust. They expect a higher level of corporate citizenship than at any time in history. Companies that embrace corporate social responsibility will develop deeper emotional connections with their customers; improve the level of trust and respect, generating greater loyalty and employee commitment.

The NSLC believes that sustainability means conducting business with integrity, caring for our communities, respecting the environment and ensuring that beverage alcohol is kept out of the wrong hands. The NSLC strives to be a responsible corporate citizen driven by sustainable business practices and taking a leadership position on the issues that matter to Nova Scotians. Giving back to the communities in which we operate, supporting employee giving and volunteerism, operating with high ethical standards, improving the organization's environmental performance and reducing its carbon footprint are the cornerstones of companies committed to corporate social responsibility.

The NSLC's approach is best demonstrated in the diagram below.





# Emerging Trend #4: Business Focus

The global recession of 2008 and 2009 has forced businesses to streamline operations to survive. Moving forward the result is that businesses are more focused on their core objectives and more defined in their market differentiation. A useful tool being used by business in moving toward a more focused approach is the “Market Leader Model” put forward in the Harvard Business Review by Tracy and Wiersema.

Treacy and Wiersema’s “Market Leader Model” (right) suggests that a successful company identifies three possible core strategic discipline options. A business, to be successful, targets one discipline only at which to excel while maintaining acceptable levels of competence in the other two. The model illustrates the three strategic options a company can aspire to as Operational Excellence, Product Leadership or Customer Intimacy.

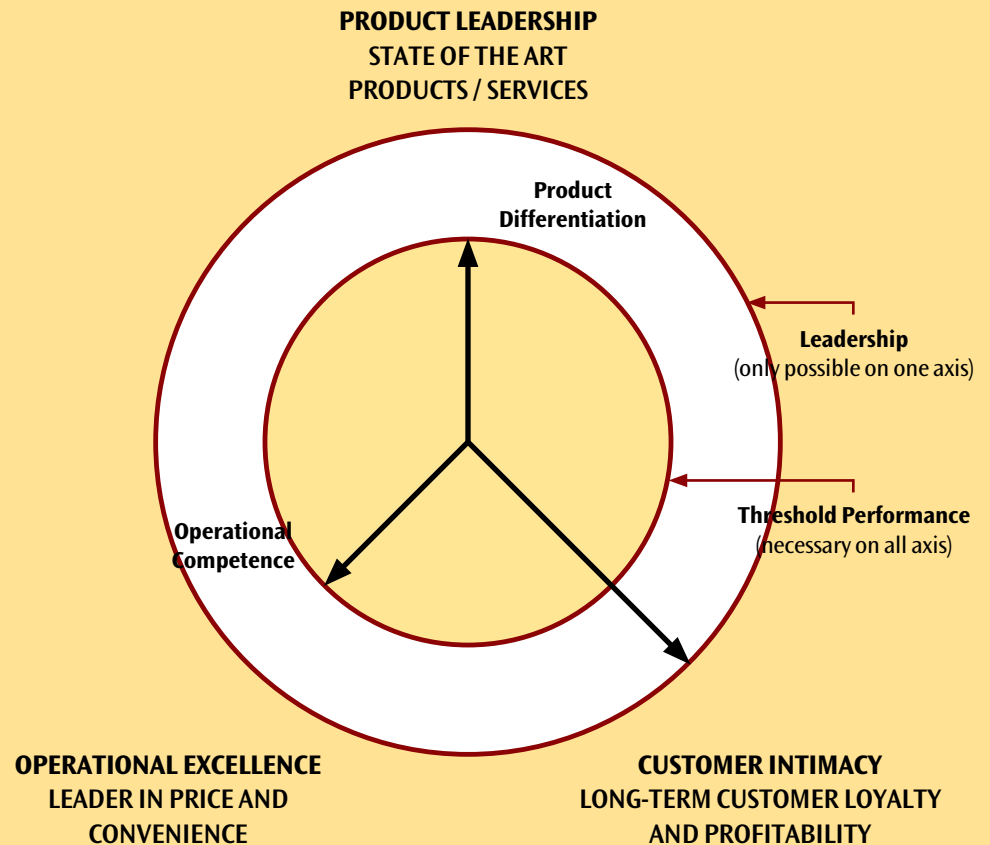
The NSLC’s last strategic plan focused on improving core operational processes that would enable it to sustain further development and growth. These included a new approach to IT systems, a new category management discipline, a renewed store network co-located with grocery retailers and strict inventory control. The challenge for the NSLC now is to maintain and fine tune these operational competences as it shifts its cultural focus to a discipline of “Customer Intimacy”.

Retailing excellence is largely a function of how well corporations execute around:

1. Product selection
2. Helpful and friendly staff
3. A welcoming retail environment
4. Highly functional stores  
(layout /way-finding and check-out speed)
5. Value for money

In retail, strong practices evolve naturally from competition, when each competitor strives to win the loyalty of the same customer. Retail excellence demands the NSLC behave as if it were in a competitive environment and create a culture that assumes customers must be won. How retailers perform on the five functions (above) generally dictates their success and the premium they place on some of these things at the expense of others dictates their market. The NSLC has decided to align its culture to pursue “customer intimacy” as its core strategic discipline. Integrated retailing and shopper marketing will be at the core of the NSLC focus in this regard.

## MARKET LEADER MODEL - CUSTOMER INTIMACY



*Reference: Model introduced in “The Discipline of Market Leaders” developed by Michael Treacy and Fred Wiersema*

# Identification of Strategic Enablers

Having identified *Key Trends as Drivers for Change* the NSLC further identifies areas of its current business which require renewed planning efforts to best enable long-term success. These enablers further inform the basis for strategic responses moving forward.

## BRAND VALUE AND STRATEGIC CHOICES

The corporate brand in terms of reputation and perception is an important driver for the future sustainability of the business. Today's customers need brand experiences to be memorable, multisensory experiences to fully engage. The NSLC commits to additional efforts to maximize its brand health going forward. The NSLC defines brand as the set of expectations of the NSLC in the minds of its customers, or simply as:

**Brand NSLC = Promise + Performance + Perception**

The emerging trends of customer intimacy and Integrated Multi-Channel Retailing are identified as strategic responses to better align corporate efforts with customer expectations; its brand position “the NSLC complements all of life's occasions” remain the central theme of its Customer Promise. The challenge will be to ensure the corporation's Brand Value (the reality of its offerings versus expectations) increases with the implementation of any new strategy and that its customer and community efforts provide value propositions that matter.

## CUSTOMER INSIGHTS TOWARDS BRAND NSLC

Long-term success will come from learning how best to serve customers in their responsible use and enjoyment of the products the NSLC sells.

NSLC customers purchase beverage alcohol to use and enjoy in six social settings. This understanding has led us to the “make it a social occasion” branding of the NSLC and has also allowed us to group or segment our customers

around those occasions that typically motivate their purchases. These occasions can be summarized with the following descriptions:

- **Celebration: holidays and special occasions**
- **Socializing: within groups of colleagues, friends or relatives**
- **Simple Pleasures: at home or after a meal**
- **Weekenders: on week-ends**
- **Savouring: before and during a meal**
- **Unwinding: throughout the week and after work**

Research shows that the products customers buy and the amounts they are prepared to spend can vary quite considerably based in part on which of these occasions they are buying our products for.

In developing a deeper understanding of the NSLC's customers and the occasions for which they buy the NSLC has developed a customer engagement index and segmented customers by the notion of customer lifetime value “profitability” by category.

Within each product category the NSLC will advance its understanding of its customers and their distinct shopping behaviours. By understanding the occasion they are purchasing for, the category they are interested in and the amount they are prepared to spend, the NSLC will gain a more intimate understanding of what they are looking for and how to better serve them.





## **EXPERIENCE MANAGEMENT AND MULTI-CHANNEL DESIGN**

The NSLC commits through its planning efforts to redesign its goals and experiences for each of its multiple channels. This work will require additional insights to ensure each retail channel is differentiated by its specific mix of products, promotions, services and place decisions to better provide for truly customer-centric efforts.

## **NEW GROWTH OPPORTUNITIES**

In addition to decisions that will increase brand relevance to its customers, the NSLC commits to identify and further mine sales and profit growth opportunities on an ongoing basis. The corporation will further position its role as a catalyst for economic development of its local industry and examine ways to increase shareholder return through new business development initiatives.

## **INTEGRATED PERFORMANCE MANAGEMENT**

The NSLC will further define individual and team excellence to best meet employee expectations going forward. An enhanced performance management system is necessary to detail the planning, control and implementation successes necessary for each new initiative arising from the strategic plan. The new performance management system must provide managers with processes necessary to have enthusiastic and engaged people, as well as provide for the recognition of performance excellence.

## **FOCUS ON COMMUNICATION**

A continued focus on communication with key stakeholders, both internal and external will be critical to ongoing success given the requirements for integrated collaboration across the business. Employees have expressed the need for improved internal communication to further enable their success. Further commitment to external communication will also be essential to better connect with communities identified for additional engagement.

## **LIQUOR CONTROL ACT**

The NSLC is governed by the Nova Scotia Liquor Control Act, with the most fundamental element of its role to ensure that beverage alcohol is available exclusively to Nova Scotians of legal drinking age. The legislation also describes four other key responsibilities of the corporation:

- attainment of acceptable levels of customer service
- promotion of social objectives regarding responsible drinking
- promotion of economic objectives regarding the beverage alcohol industry in Nova Scotia
- attainment of suitable financial revenue for the Government of Nova Scotia.

The NSLC further commits to provide advice necessary to enact changes to the Act and best provide for the regulation and sale of beverage alcohol in the communities it serves.

The NSLC  
Purpose, Vision and  
Culture statements provide a  
clear understanding of:

**PURPOSE**  
Why we exist

**VISION**  
Defines how we will deliver  
on that purpose

**CULTURE**  
How we will treat each other,  
make decisions and work together







## **NSLC Strategic Direction 2010-2015: Purpose, Vision & Culture**

The NSLC's Purpose and Vision statements as originally tabled in 2005, remains the guiding principles for the corporation for the next planning term. They are revised to clarify the NSLC's enhanced commitment to responsible retailing and sustainable business practices across Nova Scotia's communities.

The NSLC also takes this opportunity to restate its Culture statement and the behaviours that it believes are needed to deliver this strategic plan. The statements that guide the corporations in all of its efforts are:

### **PURPOSE**

To bring a world of responsible beverage enjoyment to Nova Scotia

We aspire to this through our

### **VISION**

To be a superb retailer recognized for sustainable business performance and engaging customer experience, eliciting the pride and enthusiasm of Nova Scotians

Living our Purpose and Vision entails a

### **CULTURE**

that:

- Encourages innovation and creativity
- Engages employees in achieving success
- Is driven by customer needs
- Demonstrates respect and dignity in all we do
- Is a fun and healthy place to work
- Advocates intelligent consumption and responsibility

These revised statements inform the corporation's employees, stakeholders and shareholder of its confirmed strategic direction and what is necessary to ensure the long-term success of the organization.





## Strategic Theme and Customer Promise

The NSLC's journey as a superb retailer evolved from being essentially a self-service retail experience in 2005 to a knowledgeable, enthusiastic and professional sales culture only a few years later. Driving that transformation was the strategic theme of the NSLC's previous Strategic Plan to change from "a place to buy to a place to shop."

The continuation of this journey means the NSLC must evolve by anticipating new customer demands and expectations based on the rapidly changing shopping experiences they are exposed to in the retail world. The four emerging trends of integrated retail, customer intimacy, corporate social responsibility and business focus establish that retailers must create strong emotional connections to their brands to meet evolving customer demands.

With this in mind the NSLC's new strategic planning theme to continue its journey is:

### **FROM A PLACE TO SHOP TO A PERSONAL EXPERIENCE.**

The NSLC will always be a great place to shop. The business strives to improve on this fact by providing services and offers that fit customers' special occasions. Improving the NSLC's ability to tailor these offers to individual needs is the focus of this plan. Customer experiences are driven by a deep understanding of individual customer needs and wants. This level of customer intimacy will result in the NSLC knowing what customers need before they do. This, in combination with integrated retail experiences helps define the multiple communities which the NSLC serves. These communities are not only the obvious geographic ones each store serves, but also where like-minded individuals gather online or face-to-face to discuss, interact and enjoy the products the NSLC sells, the shopping experiences offered and the perspectives they have regarding the NSLC.

## The Customer Promise

Supporting the strategic theme is the Customer Promise that defines what the customer can expect and actually get for their money and time. The NSLC's Customer Promise is:

- Align products, services and events with customer needs;
- Offer vibrant, interactive and inviting Nova Scotia shopping experiences; and
- Ensure discovery and personal services with friendly, professional and enthusiastic employees.







## Five Pillars of Business

The NSLC organizes its business planning around five strategic pillars. These pillars guide the organization on how to deliver on the strategic theme of transforming “from a place to shop to a personal experience.” With each of the five pillars the NSLC sets out five-year goals and strategies to define the specific direction the organization will take over the coming years.

### STEWARDSHIP

The NSLC holds a privileged position in Nova Scotia as a result of its legislated role in the distribution and control of the sale of beverage alcohol. With this role comes responsibility to provide the safe sale to individuals 19 years of age and older and a high level of customer service throughout the province. To the NSLC, stewardship means balancing all the competing interests and demands that go with these legislated responsibilities.

### CUSTOMER

The journey of the NSLC is to become an even more customer-centric retailer driven by in-depth knowledge of individual, community and customer needs offering personalized service.

### REPUTATION

The brand health of an organization is directly impacted by the reputation it has with stakeholders. Understanding, enhancing and managing the NSLC’s reputation is the driver of initiatives under this pillar as well as the other four pillars.

### PEOPLE

Retail is a people business. The NSLC’s strategy is to engage customers directly providing advice and counsel on the products we sell. Knowledgeable and enthusiastic employees will drive success.

### FINANCIAL

Through sustainable business practices this pillar establishes the financial and performance measurement goals of the business during the planning period.



# Stewardship

## FIVE-YEAR GOAL:

To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act.

## STRATEGIES

1. Adopt specific measures to help build the Nova Scotia beverage alcohol industry to obtain economic benefits.
2. Advance social responsibility policy objectives.
3. Implement best practices in crown corporation governance.
4. Identify and recommend updates to the Liquor Control Act that ensure relevance and effectiveness.

## PERFORMANCE MEASURES

- Percentage growth of the Nova Scotia beverage alcohol sector, including industry growth and economic spinoff
- Independent governance benchmarks





## Customer

### FIVE-YEAR GOAL:

To deliver exceptional customer experiences and personalized services in dynamic retail environments.

### STRATEGIES

1. Align the NSLC's strategic focus toward a new customer intimacy discipline.
2. Create and implement shopper marketing capability to proactively engage customers in dynamic retail environments.
3. Deepen the understanding of customer value and respond with programs that matter.
4. Implement integrated multi-channels of engagement.
5. Continue to evolve and improve the customer offer with trust and integrity in all we do.

### PERFORMANCE MEASURES

- Customer satisfaction and engagement



## Reputation

### FIVE-YEAR GOAL:

To be a leading corporate citizen building strategic community engagements.

### STRATEGIES

1. Embed sustainable business practices into the corporate culture.
2. Identify and build trusted strategic engagements with targeted stakeholders/communities.
3. Continue to focus efforts to control the sale of beverage alcohol to those of legal drinking age.

### PERFORMANCE MEASURES

- Brand health





# People

## FIVE-YEAR GOAL:

To have an enthusiastic and engaged team recognized for excellence.

## STRATEGIES

1. Establish a two-way employee engagement strategy and a commitment to responsiveness.
2. Build a robust performance management program to enable high performing teams and individuals.
3. Invest in supporting our employees over the entire employment lifecycle.
4. Take a leadership role in promoting workplace safety and ensuring a healthy workplace.
5. Encourage and recognize individual and team excellence.
6. Leverage training, technology and business processes that support change and adaptability at all levels of the organization.

## PERFORMANCE MEASURES

- Employee satisfaction and engagement



# Financial

## FIVE-YEAR GOAL:

To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015 while employing sustainable business practices.

## STRATEGIES

1. Ensure controls and reporting are in place to deliver all strategies.
2. Align the NSLC's strategic focus on customer intimacy leadership while maintaining operational efficiencies.
3. Effectively use our capital and operating resources.
4. Improve gross margin.
5. Take advantage of growth opportunities in product segments.
6. Leverage technology to improve performance.
7. Look for additional business development opportunities.

## PERFORMANCE MEASURES

- Net income and contribution to shareholder
- Return on capital investments
- Investment in sustainable business practice





# Five Pillars of Business

STRATEGIC PILLAR	FIVE-YEAR GOALS	STRATEGIES
<b>STEWARDSHIP</b>	To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act.	<ol style="list-style-type: none"><li>1. Adopt specific measures to help build the Nova Scotia beverage alcohol industry to obtain economic benefits.</li><li>2. Advance social responsibility policy objectives.</li><li>3. Implement best practices in crown corporation governance.</li></ol>
<b>CUSTOMER</b>	To deliver exceptional customer experiences and personalized services in dynamic retail environments.	<ol style="list-style-type: none"><li>1. Align the NSLC's strategic focus toward a new customer intimacy discipline.</li><li>2. Create and implement shopper marketing capability to proactively engage customers in dynamic retail environments.</li><li>3. Deepen the understanding of customer value and respond with programs that matter.</li></ol>
<b>REPUTATION</b>	To be a leading corporate citizen building strategic community engagements.	<ol style="list-style-type: none"><li>1. Embed sustainable business practices into the corporate culture.</li><li>2. Identify and build trusted strategic engagements with targeted stakeholders/communities.</li><li>3. Continue to focus efforts to control the sale of beverage alcohol to those of legal drinking age.</li></ol>
<b>PEOPLE</b>	To have an enthusiastic and engaged team recognized for excellence.	<ol style="list-style-type: none"><li>1. Establish a two-way employee engagement strategy and a commitment to responsiveness.</li><li>2. Build a robust performance management program to enable high performing teams and individuals.</li><li>3. Invest in supporting our employees over the entire employee lifecycle.</li></ol>
<b>FINANCIAL</b>	To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015 while employing sustainable business practices.	<ol style="list-style-type: none"><li>1. Ensure controls and reporting are in place to deliver all strategies.</li><li>2. Align the NSLC's strategic focus on customer intimacy leadership while maintaining operational efficiencies.</li><li>3. Effectively use our capital and operating resources.</li></ol>



# Ensuring Success - Monitoring Progress

## PERFORMANCE MEASURES

4. Identify and recommend updates to the Liquor Control Act that ensure relevance and effectiveness.

- **Percentage growth of the NS beverage alcohol sector, including industry growth and economic spinoff**
- **Independent governance benchmarks**

4. Implement integrated multi-channels of engagement.
5. Continue to evolve and improve the customer offer with trust and integrity in all we do.

- **Customer satisfaction and engagement**

- **Brand health**

4. Take a leadership role in promoting workplace safety and ensuring a healthy workplace.
5. Encourage and recognize individual and team excellence.
6. Leverage training, technology and business processes that support change and adaptability at all levels of the enterprise.

- **Employee satisfaction and engagement**

4. Improve gross margin.
5. Take advantage of growth opportunities in product segments.
6. Leverage technology to improve performance.
7. Look for additional business development opportunities.

- **Net income and contribution to shareholder**
- **Return on capital investments**
- **Investment in sustainable business practice**

The NSLC has set goals and developed specific strategies to position its people, technology and capital assets for the objectives in the new NSLC Strategic Plan 2010 - 2015. Key to these efforts will be timely feedback on the effectiveness of its strategies as intended and to indicate if any of the strategies need to be corrected. The performance measures as presented have been identified to assess the effectiveness of the strategies and monitor progress toward meeting goals.



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