10th ANNIVERSARY EDITION: 2000-2010
Canada's Top 100 Employers 2010

fp10 2010
THE FINANCIAL POST'S TEN BEST COMPANIES TO WORK FOR

2010 Canada's Greenest Employers

Craig Hutchison
SVP Marketing
Loblaw Companies Ltd

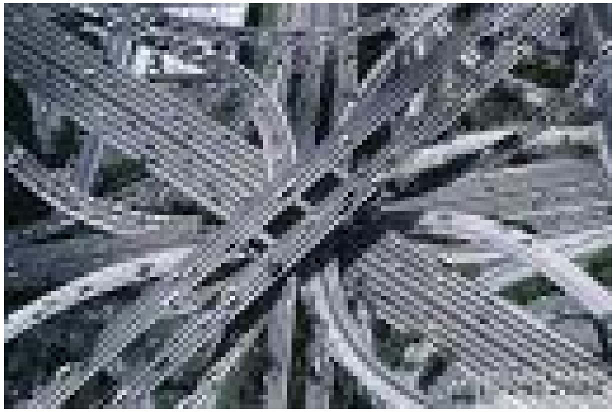
Improving Customer Service
Just Ask - often

Customers

Recent
Customer
Satisfaction/
Exit Polls

Future
Buy Less of,
Buy More of

Colleagues



Its the Intersection of:

Happy Colleagues
Happy Customers
Happy Company
Happy Profit
Happy Shareholders

151,811 exit poll web surveys
- 30 minute online surveys
-- win a chance at $1000
- every store 4 times per year

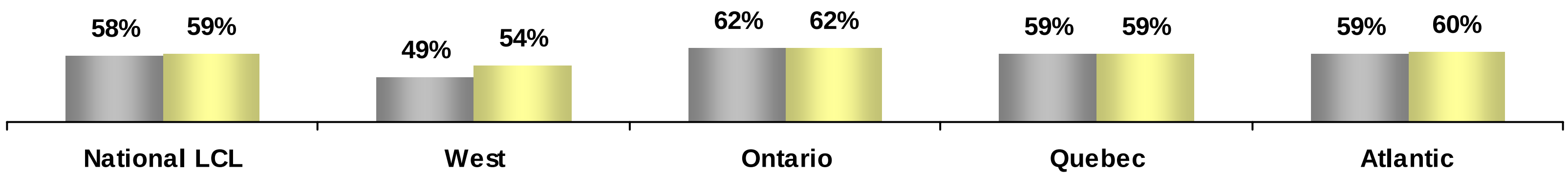
Customer Satisfaction Scores Period 5 2010

June 2010

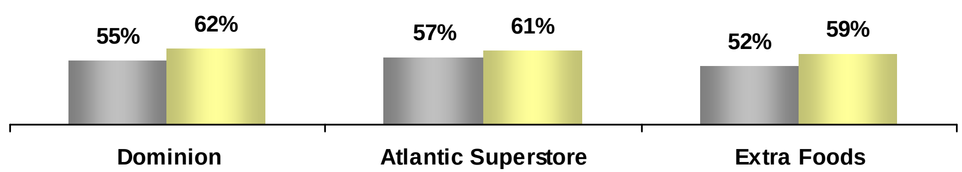
Satisfaction With Overall Shopping Experience*

Year over Year (P5 ’10 vs. P5 ’09)

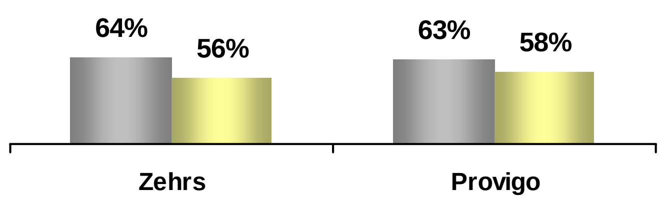
- **Nationally, overall customer satisfaction was slightly higher in P5 when compared to last year**
- **There is an opportunity to improve customer satisfaction at Zehrs and Provigo**



Most Improved stores



Opportunity Stores



Question: Thinking about your visit, how satisfied were you with your overall shopping experience?

P5 ’09   P5 ’10

Top 2 Box % scores

Source: LCL Customer Satisfaction Study P5 (2009) n = P5 (2010) n =

* Note: Overall satisfaction is not a rollup of department & store attribute scores.

Satisfaction With Overall Shopping Experience
Period 5 2010

	Top 2 Box % Scores	2009			2010		
		Q2	Q3	Q4	Q1	P4	P5
	National LCL	57	56	58	59	59	59
1	Ontario	60	58	60	62	61	62
2	Atlantic *	60	60	64	62	69	60
3	Quebec	58	57	58	60	57	59
4	West	48	47	50	52	51	54

		Q2	Q3	Q4	Q1	P4	P5
1	YIG	66	62	66	66	67	69
2	No Frills Ontario	59	58	60	62	61	64
3	Valu-Mart	64	57	60	62	58	64
4	Loblaws Quebec	62	60	63	63	55	63
5	Fortinos	61	62	64	65	66	62
6	Dominion	57	50	63	58	65	62
7	Atlantic Superstore	57	58	60	60	64	61
8	No Frills West	57	55	55	59	60	59
9	Maxi	56	58	56	60	55	59
10	Extra Foods	50	49	51	54	53	59
11	Save Easy	64	66	67	66	75	58
12	Provigo	60	56	58	58	60	58
13	Maxi et Cie	58	52	57	57	55	58
14	Superstore Ontario	57	55	55	57	59	57
15	Zehrs	63	59	61	62	64	56
16	Loblaws Ontario	52	51	54	55	57	54
17	Superstore West	43	43	47	46	46	46

	Q2	Q3	Q4	Q1	P4	P5
Base sample Size	37,130	36,011	26,757	34,713	9260	9824

*Note: A high score at Save Easy contributed to a high score for the Atlantic region during P4. Save Easy had a low sample size in P4 (n=51). Both the Save Easy and Atlantic region scores should be interpreted with caution.

Question: Thinking about your visit, how satisfied were you with your overall shopping experience?

Increase of 4% or more from P4 to P5

Decrease of 4% or more from P4 to P5

Source: LCL Customer Satisfaction Study Note: Regions & Banners are ranked on P5 '10 score.

Satisfaction With Store Attributes – Regions
Period 5 2010

Increase of 4% or more from P4 to P5 (green)

Decrease of 4% or more from P4 to P5 (yellow)

Question: Thinking about your visit, how satisfied were you with the…

*Note: Higher scores at Save Easy have contributed to higher scores in the Atlantic region. Save Easy had a low sample size in P4 (n=51). Atlantic region scores should be interpreted with caution.

Top 2 Box % Scores	National LCL		Region							
			West		Ontario		Quebec		Atlantic	
	P4	P5	P4	P5	P4	P5	P4	P5	P4	P5
Total Front End	63	64	56	57	66	68	59	63	71	65
Ease of using the self-checkout	60	60	54	52	63	63	58	60	66	63
Checkout being fast/efficient	64	65	57	59	67	69	60	64	73	66
Total Staff	62	64	51	57	63	66	62	64	72	66
Staff being friendly and helpful	65	68	55	62	65	69	67	68	75	69
Staff being knowledgeable	62	65	52	57	63	67	62	66	72	66
Staff being there to assist you	57	58	47	51	60	62	54	57	68	61
Total Environment	62	62	53	53	64	66	60	62	70	63
Cleanliness of the store	64	65	54	55	66	69	62	64	74	66
The look of the store	60	61	54	53	63	64	59	59	65	61
Store being neat/tidy/uncluttered	60	61	52	51	62	65	60	62	69	63
Total Selection / Availability	59	59	53	56	61	61	55	59	66	60
Selection of name brand products	59	59	53	54	61	63	53	57	68	60
Store having all items you needed	58	59	50	55	62	61	54	58	66	58
Selection of ethnic items	46	49	47	46	46	50	43	47	56	48
Selection of President's Choice (PC) products	64	64	61	62	65	66	60	64	70	65
Selection of No Name products	61	62	58	63	62	62	58	62	64	63
Shelf availability of advertised products	58	59	51	53	62	61	54	59	65	60
Shelf availability of regularly stocked items	59	59	49	53	63	61	57	59	68	60
Total Convenience	65	66	59	60	65	67	66	69	71	68
Hours of operation of the store	76	77	75	74	74	77	78	82	80	78
The convenience of parking	70	71	65	64	71	72	71	73	76	73
Aisles being easy to move thru	61	62	54	55	61	64	61	64	67	64
Ease of finding items	60	59	51	54	61	61	60	61	67	60
Store not being overly crowded	58	62	53	56	57	61	60	66	65	66
Total Value	54	56	52	55	55	56	52	57	60	54
Value for money at the store	56	58	57	60	55	57	54	59	60	56
The number of in-store specials	53	54	47	50	55	55	51	55	62	51
Total Pricing	47	48	53	57	43	44	49	52	44	41
Has consistently low prices everyday	47	48	54	57	44	44	50	53	43	41
Regularly beats the competition's prices	45	47	53	57	41	42	48	51	41	38
Regularly matches competitor's sale prices	50	51	54	57	47	46	54	57	52	46
Makes believable promise to have the lowest prices	46	47	51	56	44	43	48	50	43	40
Has the lowest price on the overall basket of goods	44	46	54	57	41	42	45	48	40	38

"na" Indicates that this department does not apply to this Banner or department has a low sample size

Source: LCL Customer Satisfaction Study   Period 4 '10 n=9260   Period 5 '10 n=9824

Satisfaction With Store Departments – Regions
Period 5 2010

Increase of 4% or more from P4 to P5

Decrease of 4% or more from P4 to P5

Question: Still thinking back to your most recent experience, overall, how satisfied were you with each of the departments or sections you shopped at that day?

Top 2 Box % Scores	National LCL		Region: West		Region: Ontario		Region: Quebec		Region: Atlantic	
	P4	P5	P4	P5	P4	P5	P4	P5	P4	P5
Total Fresh	66	65	59	61	68	67	64	65	71	69
Bakery	66	64	57	57	68	65	64	64	76	72
Dairy	72	73	66	68	73	72	72	76	81	74
Deli	65	65	59	59	68	64	65	65	67	71
Fresh Prepared Meals	62	66	54	67	65	67	63	62	61	68
Meat	63	62	60	60	66	63	60	59	66	66
Produce	63	63	56	60	67	67	60	61	68	63
Seafood and Fish	61	62	58	56	65	62	58	63	65	67
Total General Merchandise	58	60	55	59	63	61	59	57	62	65
Apparel and Footwear	53	61	47	62	57	64	53	56	60	62
Entertainment and Electronics	57	58	57	57	67	60	na	na	na	na
Greeting Cards and Wrapping	64	64	68	69	61	64	na	na	na	na
Home Décor	58	62	53	54	64	66	57	60	60	70
House wares / Kitchen Appliances	61	57	57	57	64	57	68	54	60	68
School and Office Supplies	59	55	54	59	na	na	na	na	na	na
Toys	58	60	54	58	na	na	na	na	na	na
Total Grocery	68	69	63	67	70	70	68	70	71	72
Baby Needs	69	67	70	72	73	63	65	66	61	77
Beer / Wine	66	72	na	na	54	67	67	72	na	na
Bulk Foods	59	63	55	60	63	61	62	67	46	61
Canned Goods/Shelf Stable Goods	68	69	57	65	70	70	70	71	73	71
Cereal	69	68	63	69	72	67	67	68	72	69
Cleaning Products and Detergents	68	68	65	64	69	68	66	68	71	78
Frozen Foods	69	68	64	65	69	71	67	63	78	67
Paper Products	70	72	67	65	70	75	70	71	72	73
Pet Foods	65	67	68	65	66	68	65	64	57	71
Snacks	69	71	65	69	69	71	71	74	68	70
Soft Drinks / Bottled Water	73	75	71	73	73	73	73	77	75	79
Total HABA	65	68	62	66	67	68	65	65	68	74
Cosmetics and Fragrances	63	61	58	56	64	63	64	63	67	68
Everyday Health & Beauty Needs	63	67	61	65	65	68	63	64	63	71
Pharmacy	72	73	66	72	76	71	74	73	79	82
Total Specialty	62	65	55	53	69	67	61	73	59	71
Dry Cleaning	73	74	na	na	na	na	na	na	na	na
Flower Shop	62	63	54	52	69	63	56	73	60	67
Liquor, Wine & Beer Shop	73	73	63	na	na	na	na	na	na	na
Photo Finishing	80	63	67	57	86	71	na	na	na	na
Seasonal Gardening	49	65	46	48	54	68	59	73	34	77

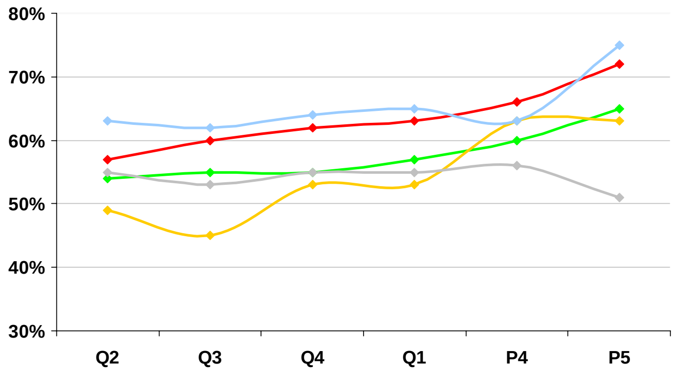
"na" Indicates that this department does not apply to this Banner or department has a low sample size

Source: LCL Customer Satisfaction Study   Period 4 '10 n=9260   Period 5 '10 n=9824

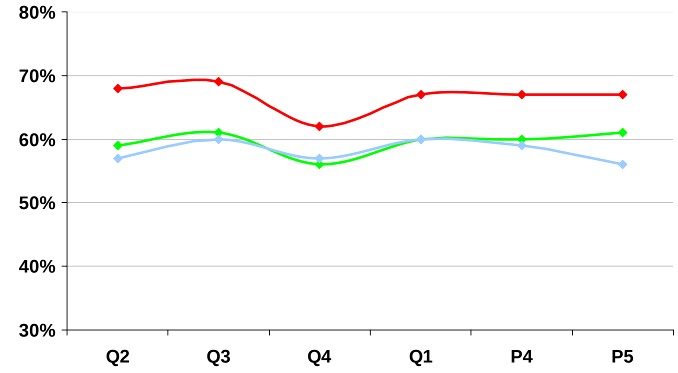
Satisfaction With Store Departments – West
Period 5 2010

Top 2 Box % Scores

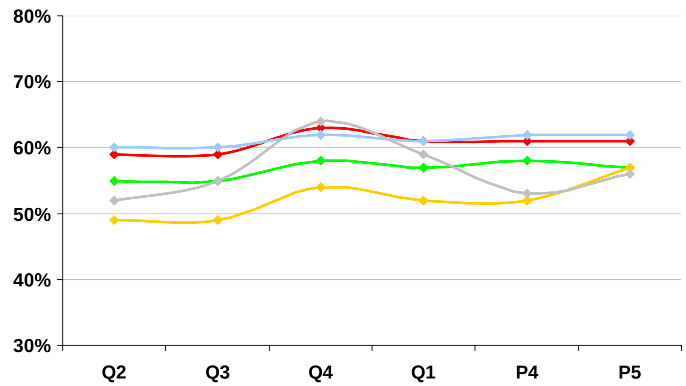
Extra Foods



No Frills West



Superstore West



Question: Still thinking back to your most recent experience, overall, how satisfied were you with each of the departments or sections you shopped at that day?

Fresh **Grocery** **General Merchandise**

Health & Beauty **Specialty**

Source: LCL Customer Satisfaction Study   Q2'09 n=37,130   Q3'09 n=36,011   Q4 '09 n=26,777   Q1 '10 n=34,713   P4 '10 n=9260   P5 '10 n=9824

WHY CONSUMERS ARE SPENDING LESS – PC, NN, JFS

Regional – Reasons for Spending Less (Total Store)

- In Ontario, the store level reasons for reductions related to value and bagging have increased significantly compared to the January study, as have other reasons in the West. In the East, reasons related to bagging significantly decreased, while in Quebec quality / convenience reasons decreased versus January.

% Reasons For Spending Less at a Loblaw Store Overall *Base: Those Who Spent Less at a Loblaw Department in the Past 3 Months*		West				Ontario				Quebec				East			
		Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb
	N =	*98*	*66*	*52*	*55*	*524*	*581*	*391*	*327*	*183*	*152*	*123*	*137*	*90*	*79*	*74*	*75*
Other	Other	36	30	23	↑47	↓21	22	28	22	21	26	28	26	26	34	24	27
I get better prices at competing grocery stores	Value	24	12	↑31	24	37	33	36	41	42	32	41	32	37	30	38	47
I get better value at competing grocery stores		22	17	21	18	30	29	29	↑36	36	30	33	32	29	38	41	40
The quality of the goods was poor	Quality / Convenience	22	11	↑25	20	10	11	13	12	13	11	15	↓7	12	11	15	17
The items I shop for are often out of stock		28	15	↑38	27	16	18	22	20	21	21	22	22	33	37	36	29
I have moved / this store is no longer conveniently located for me		18	21	17	9	23	27	20	16	21	27	↓12	15	10	11	11	9
The store does not have the range of departments in which I need to shop		n/a	6	13	5	n/a	11	11	15	n/a	12	13	12	n/a	11	11	21
The store is not enjoyable to shop at	Bad Experience	19	17	31	16	15	17	18	13	10	12	19	20	31	27	30	28
I had a bad experience at the store		12	5	12	5	8	8	10	7	10	5	11	11	19	19	23	15
I have seen things in the media that have made me concerned about products sold by this store		3	3	6	2	2	3	3	2	2	1	2	1	4	3	11	3
I am reducing my spending in this grocery section in general	General Reduction	29	27	23	25	25	22	22	23	13	18	19	16	22	22	22	19
The store charges $0.05 for each plastic bag used	Bagging	23	9	↑27	16	↓12	13	15	17	14	12	12	16	31	37	49	↓33
I often forget to bring my reusable bags / boxes		16	14	15	9	↓8	11	9	↑14	10	8	6	5	27	24	34	21
The store does not bag my groceries for me anymore		16	9	17	7	7	9	14	11	7	6	9	8	14	10	12	9
Store renovations made it too inconvenient to shop for what I wanted	Renovations	7	9	8	9	5	5	5	4	2	1	3	4	9	15	9	11

Q5. You mentioned that you spent less at the following store(s) in the past 3 months in one or more store departments. Which, if any, of the following reasons explain why you spent less at each store overall? Select all that apply.

% Spending Less (Self-Reported)

- The number of LCL shoppers who have reduced spending (shifters) in Ontario has decreased significantly, for the second straight period. Likelihood of shifting has remained stable in the other regions since the January wave of this study.
- At the department level, reductions have remained stable or declined with the following possible exceptions:
  - **West**: produce, bakery, dairy, frozen food, deli and pharmacy
  - **East**: seafood and fish, dairy, deli and grocery

Regional Totals																
% Spent Less in Past 3 Months *Base: Those Who Shopped Much / Slightly Less in the P3M*	West				Ontario				Quebec				East			
	Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb	Oct	Nov	Jan	Feb
% Spent Less in Past 3 Months	***18***	***18***	***14***	***16***	***28***	***29***	***↓23***	***↓19***	***31***	***27***	***21***	***20***	***22***	***18***	***18***	***18***
Meat	63	68	67	67	62	61	54	57	51	69	61	54	59	64	73	74
Produce	51	61	54	63	60	61	58	54	41	57	50	48	59	59	66	64
Bakery	71	71	55	65	58	59	53	52	43	58	57	51	58	64	58	60
Seafood and Fish	53	63	49	n/a	50	44	48	51	57	61	50	43	57	53	52	66
Dairy	57	64	43	49	56	55	52	48	39	50	47	47	58	63	55	64
Frozen Foods	42	59	50	56	53	55	47	51	41	47	54	45	63	64	60	61
Deli	51	56	46	54	51	54	50	48	50	52	58	47	58	59	55	63
Fresh Prepared Meals	n/a	63	n/a	n/a	50	52	51	50	34	54	55	48	n/a	42	46	42
Cosmetics and Fragrances	n/a	13	n/a	n/a	48	46	48	44	n/a	47	53	38	n/a	31	n/a	n/a
Pharmacy	38	44	23	30	36	35	41	32	44	40	42	37	n/a	35	39	29
Everyday Health and Beauty Needs / Toiletries	39	55	42	45	55	54	45	40	40	45	49	43	52	42	46	43
Grocery	n/a	66	60	63	n/a	67	60	60	n/a	58	54	47	n/a	73	65	75

Note: Sample size varies by department and store type; key departments shown. Cells too small for analysis are shown as N/A.

Q3a. Now thinking about the past 3 months, have you spent more, less, or about the same in each of the following store(s)?

Q3b. You mentioned that you spent less at the following store(s). In which department did you spend less?

WHY CONSUMERS ARE SHOPPING MORE – OVERALL STORE LEVEL

Regional – Reasons for Spending More (Total Store)

- Shifters in the West are more likely while shifters in Ontario are less likely than those in any other region to cite value related reasons (better price and better value) for spending increases.
- Western shifters are also more likely than those in other regions to increase spending in response to a good range of departments.
- Shifters in the East are more likely than those in any other region to cite “the store bags my groceries for me” as a store-level reason for increased spending.

% Reasons For Spending More at a Loblaw Store Overall *Base: Those Who Spent More at a Loblaw Department in the Past 3 Months*		West	Ontario	Quebec	East
	N =	*145*	*462*	*151*	*151*
Other	**Other**	11	16	13	12
I get better prices here than at competing grocery stores	**Value**	79	45	59	55
I get better value here than at competing grocery stores		77	45	54	50
The quality of the goods is excellent	**Quality / Convenience**	45	50	41	56
The items I shop for are often in stock		50	47	42	51
I have moved / this store is now conveniently located for me		17	22	19	17
The store has a good range of departments in which I need to shop		63	47	46	56
The store is enjoyable to shop at	**Good Experience**	41	44	43	52
I had a good experience at the store		41	45	35	50
I have seen things in the media that have made me interested in products sold by this store		18	14	17	19
I am increasing my spending in this grocery section in general	**General Increase**	28	27	28	38
I think it is good for the environment that the store charges $0.05 per bag	**Bagging**	30	27	20	27
I can bring my reusable bags / boxes here		54	47	50	46
The store bags my groceries for me		6	15	17	26
Past store renovations have made it convenient to shop for what I wanted	**Renovations**	10	14	10	16

Q5. You mentioned that you spent more at the following store(s) in the past 3 months in one or more store departments. Which, if any, of the following reasons explain why you spent more at each store overall? Select all that apply.

% Spending More (Self Reported)

- At least one-quarter of LCL shoppers across all regions indicated they increased their grocery spending in the past three months, with LCL West shoppers being the most likely (33%) of any region.
- At the department level, increases are most likely to have occurred in the grocery and produce departments (all regions), and meat department in the East.

Note: Sample size varies by department and store type; key departments shown. Cells too small for analysis are shown as N/A.

Regional Totals				
% Spent More in Past 3 Months *Base: Those Who Shopped Much / Slightly More in the P3M*	**West**	**Ontario**	**Quebec**	**East**
% Spent More in Past 3 Months	***33***	***29***	***26***	***28***
Departments Spent More in Past 3 Months				
Meat	56	57	48	67
Produce	67	69	69	66
Bakery	41	42	48	46
Seafood and Fish	38	45	34	51
Dairy	53	51	60	53
Frozen Foods	54	51	52	54
Deli	40	33	32	49
Fresh Prepared Meals	33	28	24	38
Cosmetics and Fragrances	24	24	12	22
Pharmacy	35	25	21	40
Everyday Health and Beauty Needs / Toiletries	44	37	31	29
Grocery	75	72	70	73

Q3a. Now thinking about the past 3 months, have you spent more, less, or about the same in each of the following store(s)?

Q3b. You mentioned that you spent more at the following store(s). In which department did you spend more?

Every Loblaws Colleague – 132K
70% completion rate
2 times per year

Colleague Engagement Summary: Marketing

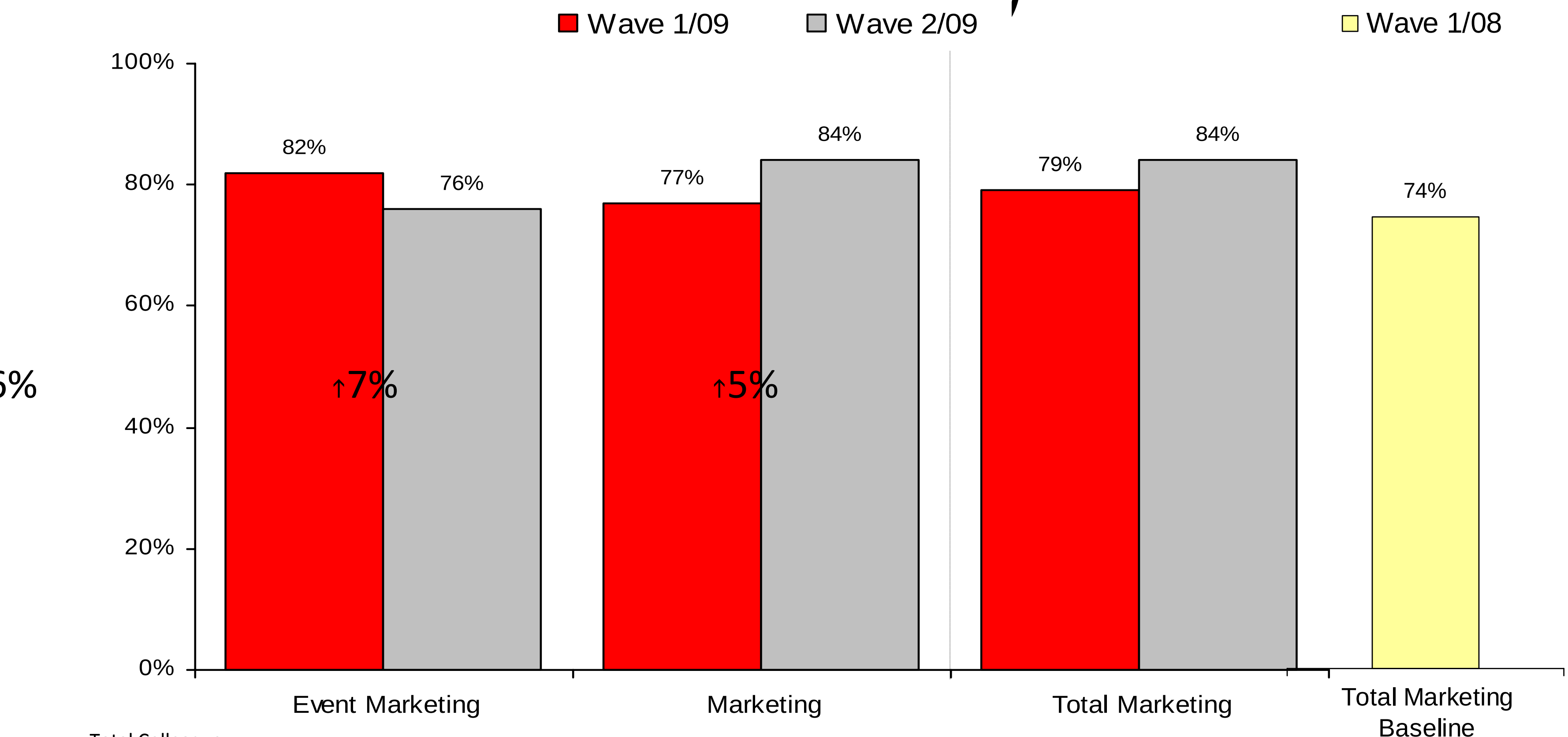
Wave 2, 2009: September, 2009 – February, 2010
Wave 1, 2009: March, 2009 – August, 2009
Wave 2, 2008: September, 2008 – February, 2009
Wave 1, 2008: March, 2008 – August, 2008

Key Influencers of Engagement (Marketing)

	Category	Wave 2/09 Scores	+/- Wave 1/09
Gives me enough flexibility to do my job well	My Manager	72%	
Treats me with respect and dignity	My Manager	71%	
Understanding how my department contributes to the success of the company	My Job	66%	
Having a team that works well together	My Job	62%	
Holds me accountable for my results	My Manager	61%	
Has a clear vision of the future	My Company	47%	
Provides a positive workplace	My Company	47%	
Values people	My Company	33%	
Having the training and information I need to do my job well	My Job	33%	
Having deadlines that are realistic	My Job	9%	
Total Colleague Responses		76	74

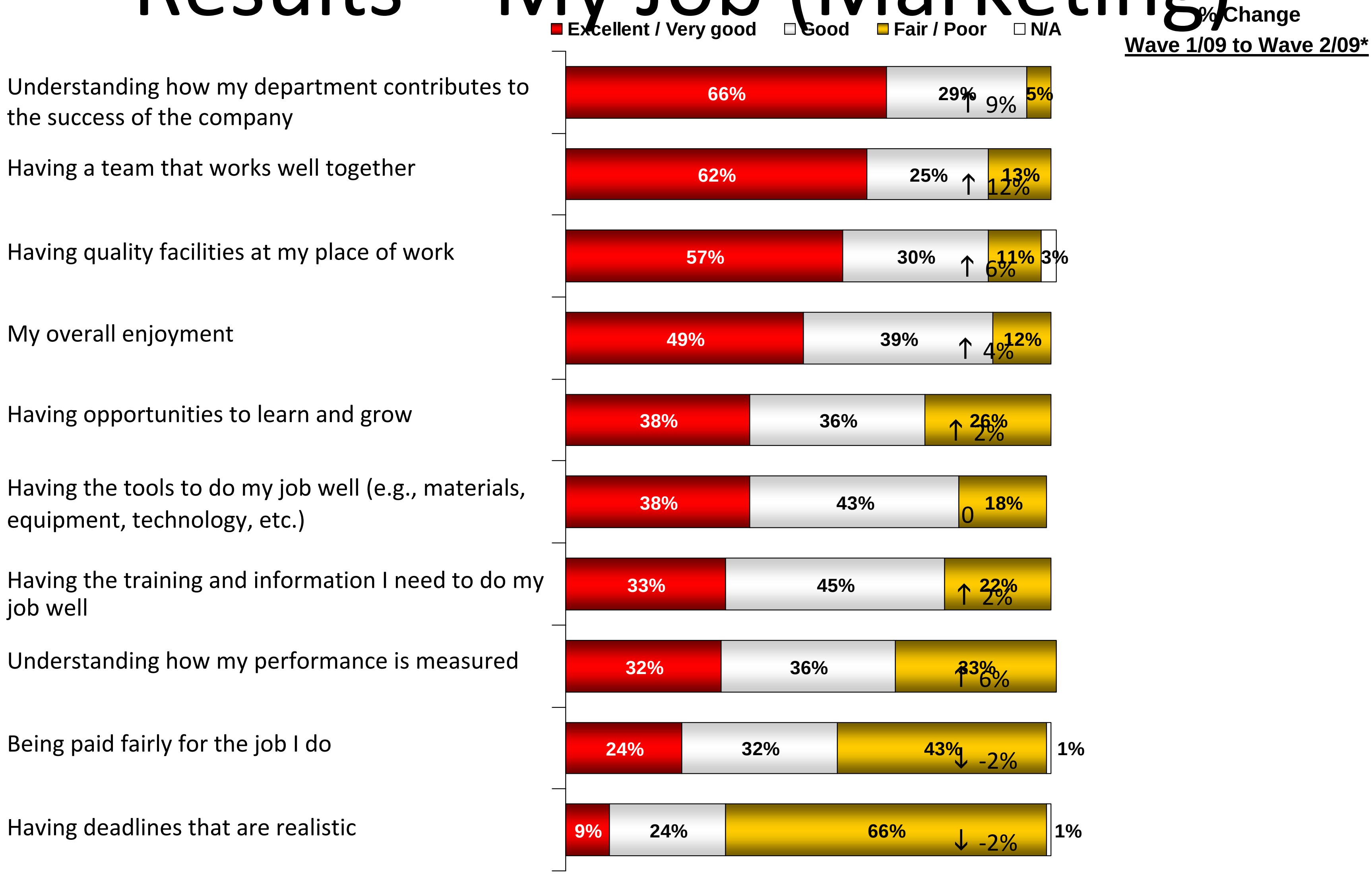
Above are the top 5 and bottom 5 rated Key Influencers for this team

Engagement Ratings: By Department (Marketing)



Total Colleague Surveyed	23	23	33	30	80	79	70
Total Responses	22	23	31	29	74	76	49
Response Rate	96%	100%	94%	97%	93%	96%	70%

Results – My Job (Marketing)



* % point change in Excellent/Very Good compa

Note: may not equal 100% due to rounding

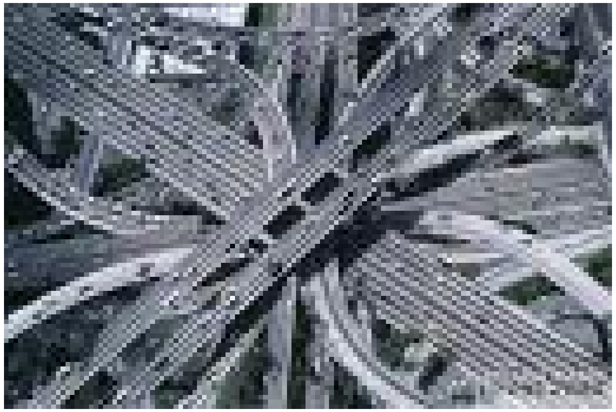
Improving Customer Service
Just Ask - often

Customers

Recent
Customer
Satisfaction/
Exit Polls

Future
Buy Less of,
Buy More of

Colleagues



Its the Intersection of:

Happy Colleagues
Happy Customers
Happy Company
Happy Profit
Happy Shareholders