

FORUM SAQ

NEWSLETTER FOR THE SUPPLIERS OF THE SOCIÉTÉ DES ALCOOLS DU QUÉBEC
DECEMBER 2011 - NUMBER 10

COMMUNICATION IS CENTRAL TO OUR PARTNERSHIP MISSION!

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OUR CATEGORY MANAGEMENT

An overview of the main category management-related changes made in the outlet network

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REMINDER OF THE NEW REGULATION REGARDING ALLERGENS

Get ready for the coming into effect, on August 4, 2012, of the new regulation governing the labelling of food allergens and gluten sources

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IT'S THE HOLIDAY SEASON!

The holiday season is at our doorstep. Everything is in place in the outlet network to ensure that customers can find what they're looking for in order to celebrate in style with their family and friends.



SAQ

A PAST THAT ENSURES THE FUTURE



Philippe Duval,
Chief Executive
Officer of the
Société des alcools
du Québec (SAQ)

The end of the year is often the best time for reviewing our accomplishments. We can take stock of what we have achieved and also turn an eye to the future and look forward to new challenges.

At the SAQ, the two go hand in hand. This year, once again, when we look back at the road we have travelled, our sales results confirm that we are on the right path. During the second quarter of our 2011–2012 financial year, which ended September 10, 2011, we had net sales of \$635.2 million, a 6.1% increase from

the preceding financial year. For the same period, we recorded net earnings of \$227.8 million, up 6.4% from the corresponding quarter of fiscal 2010–2011. Thus, after 28 weeks of operation, net earnings

totalled \$435.7 million, an increase of \$24.6 million or 6%.

Although we are proud of what we have accomplished, resting on our laurels is far from our minds. Always on the lookout for the best practices in the industry and in retailing, the SAQ continues seeking ways to improve its offer and anticipate the needs and expectations of its customers.

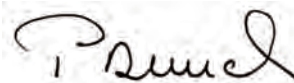
In recent years, we have affirmed our product expertise. And while we have also developed

an excellent understanding of our customer base, we want to deepen and define it even more precisely. How? By analysing our customers' needs through our very active marketing research, by staying ahead of market trends and so on. In short, we intend to satisfy our customers by bringing them the right product at the right time.

Obviously, such ambitious long-term work cannot be done in isolation. We are counting on your cooperation, expertise and seasoned business sense to help us make this shift. We will share with you our knowledge, strategies and vision so that you will be able to offer us products that meet our customers' expectations. Together, we will succeed in selling better and in developing our customers by giving them access to vinous treasures. Our combined business savvy will surely have an impact on our respective sales figures and, above all, on customer satisfaction.

Best wishes for the holidays

May the holiday season be filled with joy and festive gatherings with your family and friends. And may your new year be marked by happiness, health and prosperity.



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CATEGORY MANAGEMENT REDS AND WHITES GO THEIR SEPARATE WAYS

A marketing study* of consumer behaviour indicated that we could improve the arrangement of products in our outlets. In 2010, we tested several new principles of category management in order to determine their impact on customers and operations. The main change was to separate red wines and white wines in the stores. While it's a significant change for the sales teams and customers, it's also an opportunity to improve customers' shopping experience and better align ourselves with their intuitive shopping behaviour.

CATEGORY MANAGEMENT PILOT PROJECTS: POSITIVE RESULTS

The sales teams that experimented with category management appreciated the concept, in particular separating red wines and white wines. For customers, this change in arrangement simplifies the selection process and shopping environment. The sales teams also confirmed that separating reds and whites makes their job easier and lets them guide customers faster.



The new red wine/white wine signage is placed at eye level for quick and easy orientation.

NOW IT'S THE OUTLET NETWORK'S TURN

The rollout of the new "red and white" planograms and related signage began last spring and will continue through March 2012. At the end of the process, it will have been implemented in all 410 of our outlets.

While far from revolutionary, these changes look to be a desirable development that will enhance the in-store shopping experience. For example, we've already seen encouraging growth in sales of white and rosé wines because the new groupings make it easier for customers to find them.

* Marketing survey whose various findings were presented in the preceding issue of [Forum SAQ](#).



NEW REGULATION REGARDING ALLERGENS



Health
Canada

Santé
Canada

A new Government of Canada regulation regarding allergens and applicable to wines, spirits and beer-based drinks will enter into effect on August 4, 2012. The regulation requires the use of clearer language on labels and the declaration of the presence of specific allergens such as almonds, milk and eggs.

You are responsible for ensuring that your products comply with this [regulation](#).

For more information, see the related [information bulletin](#).

THE SAQ HAS 78,780 FACEBOOK FRIENDS AND 3,684 TWITTER FOLLOWERS

There are many advantages to using social media. The daily contact with our customers that these platforms provide us is definitely one. The opportunity to deliver an enriching experience to customers even before the set foot in an outlet is another. In addition, social media are an excellent means for presenting our promotional offers to Facebook and Twitter users and for generating traffic in the outlets and on SAQ.com. Since the launch in May, we've attracted 78,780 Facebook friends, who are interested in our content. An all-around success!



CHANGE IN THE CUSTOMS CLEARANCE PROCESS

Since November 14, 2011, a new customs clearance process has been in effect for SAQ products. The changes are part of a standardization of requirements and processes related to the processing of bills of entry by the Canada Border Services Agency (CBSA).

In response to the changes, the SAQ has revised its own process so that its commercial goods will be released at the first point of entry. This revision will have a direct impact on carriers' business procedures, depending on the means of transportation used. The carriers have been notified of the changes.

In addition, for transportation handled by the supplier, the SAQ has revised the term of sale DDU (Incoterm 2000).

For more information, see the related [information bulletin](#).





SIGNIFICANT RESULTS FOR THE FRENCH WINE FAIR

Early fall again brought the French Wine Fair, one of the year's biggest themes, to our customers. While all types of French wines were involved, special emphasis was placed on the regions of southwest France, from the Rhône valley to the Languedoc. Here are the results of this major promotion:

- For the first time with this theme, more than 100,000 cases were sold between September 8 and October 5.
- Network sales rose 4.0% compared with the French Wine Fair circular for the same period last year.

- The network shopping cart and the average price per bottle saw an increase from the 2010 circular: +1.5% for the average shopping cart and +2.2% for the average price per bottle.

In other words, the circular really piqued customers' interest. The promotion generated an excellent increase, especially in customer traffic. Gross sales of the promoted products totalled \$1 million more than last year. The circular helped boost sales during the promotion. It also lasted longer than average for circulars, which on average were in effect for 18 days in fiscal 2010–2011.



READY FOR THE MAGIC OF THE HOLIDAYS!

Since November, the holiday strategy has been implemented each week under the Magic of the Holidays theme. This year, we're focusing on occasions for consumption in order to get customers thinking about cocktails, meals, digestives and gifts. Much useful advice will be provided on preparing for this special period, when sparklers are front and centre in our communications tools, including Tchin Tchin and Cellier magazines, the circular and the holiday insert.



VIRTUAL ADVICE AN SAQ.COM

Our website will be boasting a special section dedicated to the holiday period. In it, customers will find tons of advice and suggestions. In short, we're ready for the holidays on SAQ.com.

QUESTIONS? COMMENTS?

Drop us a line at sara@saq.qc.ca, the SAQ's Service d'Assistance aux Relations d'Affaires (business relations assistance service).