

# FORUM SAQ

NEWSLETTER FOR THE SUPPLIERS OF THE SOCIÉTÉ DES ALCOOLS DU QUÉBEC  
APRIL 2011 - NUMBER 9

## COMMUNICATION IS CENTRAL TO OUR PARTNERSHIP MISSION!

### **PAGE 3 – MAKING THE SAQ'S CIRCULARS EVEN BETTER**

Always seeking ways to improve, we're working to better identify customers' needs and understand how they use the SAQ circular. We also want to ensure that the circular indeed plays the main role we've given it, namely to increase in-store traffic. Discover the many attractions of our circular.

### **PAGE 4 – CATEGORY MANAGEMENT**

Talk about your hot topic! We provide an overview of category management. And you can read about the main findings from our consumer survey and new developments in the pipeline.

### **PAGE 5 – MARKETING THEMES**

Discover the various themes that will liven up our outlets throughout the spring.



**SAQ**



## ANOTHER POSITIVE BALANCE SHEET FOR THE SAQ



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

Fiscal 2010–2011 has come and gone. While still in the process of preparing our financial statements, we can already see a year marked by success and the attainment of our performance objectives. Here are some of our accomplishments:

More popular than ever, our taste tag concept has been extended to rosé wines. Some 200 new products have been tagged, and several grocery stores and a restaurant chain have adopted the concept to make their dealings with customers easier.

Always plugged into technological advances for improving its practices, the SAQ gained flexibility by implementing a virtual training tool that lets it reach a larger number of outlet employees across Quebec.

The SAQ also completed the expansion of its Quebec

City Distribution Centre. The 87,000 square feet of additional surface area will provide storage for 300,000 cases while the addition of 11 loading dock doors means the facility will be able to handle more containers. The work was carried out in compliance with LEED certification standards.

Also, to optimize its merchandising, the SAQ held consultations with its outlet managers. New strategies were developed and imple-

mented during the holiday season. A 6.3% increase in retail sales was recorded, the biggest holiday period jump in three years.

As most of our outlets have now reached a high level of customer service quality, we have undertaken to raise the bar even higher and improve our 4A+ Sales Advisory Service. A pilot project is currently under way.

There can be no doubt that these changes have borne fruit. In the third quarter of its 2010–2011 fiscal year—the quarter ended January 1, 2011—the SAQ reported consolidated net sales of \$965.7 million, up 5.1% from the preceding fiscal year. In the same quarter, the SAQ also had consolidated net earnings of \$359.3 million, a \$26 million or 7.8% increase from the corresponding period of fiscal 2009–2010. This growth continues the positive trend of the current fiscal year, in which, after 40 weeks of operation, consolidated net earnings rose \$41.8 million or 5.7% to \$771.3 million. We are understandably proud of these exceptional results and fully intend to stay on our current path.

In short, fiscal 2011–2012 will undoubtedly take place under the sign of continuity.

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## MAKING THE SAQ'S CIRCULARS EVEN BETTER

Quebecers love their bargains and their circulars. And the latter have a direct effect on the SAQ's sales, as more than 70% of customers report that the circulars get them to buy products appearing in them. What's more, 80% of customers try new products. Of course, a new product for a customer is not necessarily a new product at the SAQ; it's a product that the customer is not yet familiar with. And the customer will be tempted to try it if it matches a taste tag that he or she is already fond of.

In addition, the discounts offered in the circulars encourage customers to discover products pricier than their usual limit. Plus, half of customers say that the circular leads them to spend more at the SAQ.

What makes circulars so appealing? A cover page that's keyed to an everyday event like a holiday or season or that triggers daydreaming (vacations). Special offers on familiar products. Discounts of \$2 or more. Varied product presentations based on colour (white, red and rosé wines), category or price bracket. And a mix of products, some that are known to consumers and others they can discover.

Trying a product at an in-store tasting can easily lead to a purchase, and that's all the more true for more expensive products. Of course, a recommendation from a wine advisor, especially if suggested as a pairing for food, can strongly influence the customer.

Several elements new have been integrated into our 2011-2012 marketing

calendar. Some points have already been taken into consideration when developing our current circulars. Incidentally, the ideal number of circulars is currently being examined. Calendar-related circulars have increasingly specific goals based on the time of year: in January, to increase in-store traffic; in the fall, to encourage discovery; during the holidays, to increase the amount of the average transaction. For these circulars, the targets are more specific, the performance indicators are better aligned, and the products will be selected accordingly. Ultimately,



our goal is to make the offer even more attractive in order to improve the SAQ's performance.

## CREATION OF A LIMITED PARTNERSHIP

The SAQ, together with two Quebec-based investment funds, has created a limited partnership called TWIST. This development is in keeping with the SAQ's 2010-2012 Strategic Plan, which set forth the government corporation's intention to maintain its strategic positioning in the global wine industry in order to be able to continue offering a wide range of products with a high quality-price ratio to Quebecers.



Creating the partnership will enable the SAQ to seize business opportunities that arise and give itself tools to:

- maintain its purchasing power;

- increase its access to products sold on an allocation basis;
- obtain economies of scale on its transportation, logistics and distribution costs;
- make Quebec and Montreal a major hub in the alcoholic beverage trade;
- maintain and create quality jobs in the alcoholic beverage trade.

TWIST's activities are related to the alcoholic beverage trade and the delivery of related services to customers located in markets outside Quebec. These services include product selection, analysis, quality control, purchasing, distribution, marketing, merchandising and sales network management.

## WHAT'S CATEGORY MANAGEMENT?



These days most merchants use some form of category management since it integrates the best retailing practices. And why is the SAQ implementing category management? Because it:

- places the consumer at the centre of the retailer's business decisions;
- defines what a category is by assigning it a specific role and strategies;
- ties the category strategies to the company's objectives;
- clearly aligns all business activities among themselves;
- makes the merchandising more understandable to consumers;
- develops a win-win relationship with business partners.

A survey on customers' purchasing behaviour carried out in the fall of 2009 uncovered some extremely interesting facts. Here are the survey's main findings, in particular regarding what motivates consumers in their buying decisions.



### OUR NEXT RENDEZVOUS

The next Information Blitz, the SAQ's annual get-together with members of the industry, will take place on Tuesday, May 17, 2011. The event will be held at Montreal's Renaissance Centre. We look forward to seeing many of you there!

Before entering an outlet:

- the type of wine sought (red or white);
- the price range (between \$15 and \$20);
- knowledge of the main "reference" countries, especially France and Italy.

Once on site, other factors—including impulse factors—come into play:

- the taste tag;
- food and wine pairings;
- purchase of usual wines (known quantities);
- for white wines, availability in the cooler influences the buying decision;
- the role of the wine advisor (trusted advice, occasion);
- discounts, etc.

The arrangement of products also has a big influence on buying decisions. In May 2010, 14 pilot outlets conducted trials in which white and red wines were segregated and a much simpler approach to signage was used (main countries, red wines/white wines/cocktails, occasions). The results obtained, about which you'll be informed at a later date, showed a spectacular increase in sales and the average shopping cart.

The implementation of category management is certain to have an impact on the outlet environment. It will make customers' shopping easier by making it more satisfying. You'll be hearing about the changes soon.

### QUESTIONS? COMMENTS?

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

# MARKETING THEMES

OUR MARKETING DEPARTMENT HAS PLANNED AN IMPRESSIVE ARRAY OF PROMOTIONAL ACTIVITIES TO LIVEN UP OUR SALES POINTS THIS SPRING. HERE ARE A FEW DETAILS ABOUT THE UPCOMING PROMOTIONS:



## RAISE YOUR GLASS AND CELEBRATE!

Covering the three weeks from April 21 to May 8, the Raise your glass and celebrate! circular, the first of the summer campaign in all our points of sale, will promote more than 70 products. As usual, the tastings will be held throughout the network for featured products and in targeted outlets for major products. The circular will also include the Earth Day promotion, which will see customers receiving a free two-bottle reusable bag with each purchase.

## IT'S SUMMER! ALL GLASSES ON DECK!

From May 26 to June 5, summer will make its official entrance with the All glasses on deck! circular. Several seasonal topics will be featured including lobster, the summer campaign (rosés, whites and coolers) and grilling, not to mention the selection of recipes each more delicious than the next. The cocktails featured on the circular's back page will be the creations of renowned Quebec chef, Antoine Sicotte. A contest with Bacardi, the details of which are being finalized, will round out the promotion.

### FROM MAY 13 TO 15 WINE ALSO PAIRS WITH GIVING

WITH ANY PURCHASE OF WHITE WINE  
**A DONATION OF \$1**  
WILL BE MADE TO FOOD BANKS QUEBEC



## GENEROUS WINES AT THE SAQ

The SAQ is joining with the Banques alimentaires Québec (BAQ) network of food banks and placing its outlets at BAQ's service to support food aid in Quebec. Between May 13 and 15, consumers will be encouraged to visit their local SAQ outlet and buy a bottle of white wine. For each bottle of white wine sold, the SAQ will donate \$1 to BAQ. In addition, for each bottle sold of the six whites placed at certain aisle ends, the supplier concerned will donate \$1 to \$1.50 to the organization. Customers will also be urged to make a \$3 donation at the checkout counter; those who do will receive a booklet of taste tag stickers.