



Purchasing and Merchandising Policy

Application Procedures

❖ SECTION 4 - PRODUCT SELECTION

Section 4.2 - Product Offers

- In order to be considered, an offer of **regular** product must present a sales target of at least 2 times the applicable minimum sales quota, unless otherwise specified in the call for tenders.

Section 4.6 - Product Substitution

- The proposed substitute is considered based on one of the three (3) annual fixed time periods for regular products.

❖ SECTION 5 - PRODUCT PURCHASING

Section 5.3 - Price Changes

- All price change requests for a regular product must be made using the *Price Change Request* Web form posted online.
- All price change requests for a specialty product must be made by submitting a renewal offer through the SAQ Catalog of Offers available online.
- Once a product has been selected for an SAQ print promotion, no increase request from suppliers to the FOB warehouse price, at the supplier initiative, will be accepted for the price change period preceding the promotion, or during the period of the promotion, or the period following the promotion, unless the SAQ agrees to make an exception.

Section 5.5 - Invoicing Currency

- Suppliers have the choice of invoicing exclusively in Canadian currency or in any of the foreign currencies that are accepted by the SAQ. The list of these currencies is posted online.
- The prices of all products from a supplier that originate from the same shipping warehouse must be paid in the same currency.
- Suppliers for a regular product may request a currency change only once per year until the submission date specified in the price change schedule available online. This request must be made by sending an e-mail to changementdeprix@saq.gc.ca, indicating the address of the shipping warehouse for the products concerned and the new currency preference.
- Currency changes automatically apply to all other products sold by the supplier to the SAQ that originate from the same shipping warehouse as the product concerned.



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- For all the suppliers of **specialty products**, the currency change request must be submitted at the following email address: changementdeprix@saq.gc.ca **either before the issue of the first order or before the submission date specified in the price change schedule available online**. This currency will be considered to be the payment currency for all the products of the same supplier for the remainder of the current fiscal year.

Section 5.8 - Indemnity

- The evaluation period of the sales of the new regular products over 12 months (13 periods) begins with the period of revision of the planograms following the introduction of the product. For example, for a new product introduced in P04, the period of evaluation of its sales will be done from P08 (next period of revision of the planograms) until P07 of the following year.
- The SAQ analyzes the sales of the product in order to check whether the sales target that was specified in the product submission has been attained. The target should be set at a minimum of 2 times the applicable minimum sales quota at the time when the proposal is submitted, unless otherwise specified in the call for tenders.
- If the target is not attained an indemnity must be paid to the SAQ. This indemnity is \$300 per each negative percentage point of the difference between the actual sales and its sales target.
- This indemnity does not apply if sales of the product realized in the outlets of the groups 6 and 7, where the distribution is guaranteed by the SAQ, represent at least 60% of the sales target that was specified in the marketing agreement.
- See the following example for clarification:

The sales target has not been attained.

Factors considered		
Sales target (stipulated in the offer of the supplier)		\$700,000
Actual sales		\$500,000
Difference (%) from the sales target (points)	$\$500,000 - \$700,000 = \$200,000$ $\$200,000 / \$700,000 \times 100$	29 points
Indemnity	29 points difference % x \$300	\$8,700

Comments

- The product is not withdrawn, because it attained the applicable minimum sales quota at the time of the analysis.



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- The sales target was not attained, and therefore, the SAQ must be paid indemnity pursuant to section 5.8 of the *Purchasing and Merchandising Policy*. In this example, the indemnity would be \$8,700.
- However, if the product had achieved at least 60% of its sales target at the outlets of groups 6 and 7 where distribution is guaranteed by the SAQ (\$420,000 in this example), the indemnity would not have to be paid.

SECTION 7 – PRODUCT MERCHANDISING

Section 7.5 – Penalty in case of Withdrawal

- A regular product that is withdrawn from the catalogue less than two (2) years after its introduction date, is subject to the special withdrawal measures described in the *Purchasing and Merchandising Policy*.
- The minimum sales quota to attain is the one that is applicable at the time when the product is evaluated, in other words, after twelve (12) months on the market. The calculation of the sales of the product begins with the period of revision of the planograms following the introduction of the product. For example, for a new product introduced in P04, the period of evaluation of its sales will be done from P08 (next period of revision of the planograms) until P07 of the following year.
- This penalty also applies if the decision to withdraw the product less than two (2) years after it is first marketed is made by the supplier.
- See the following example for clarification:

The minimum sales quota has not been attained.

Factors considered		
Applicable minimum sales quota (at the moment of the product evaluation)		\$350,000
Actual sales		\$300,000
Inventory (purchase price value) (warehouses + outlets)		\$50,000
Penalty	25% x \$50,000	\$12,500

Comments

- The product is withdrawn, because it failed to attain the applicable minimum sales quota at the time of the analysis.
- The product is withdrawn less than two (2) years after its introduction date, a penalty has to be paid to the SAQ. Pursuant to section 7.5 of the *Purchasing and Merchandising Policy*, the supplier of this product must pay, for all quantities remaining, a penalty of 25 % of its purchase price. In this example, the penalty would be \$12,500.