



**SAQ**

**BLANC  
OU ROUGE**

FABIEN COMTE,  
3IAB AGRIBUSINESS  
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# Research report : The promotional agencies and the Québec's wine market

**AERES UNIVERSITY OF APPLIED  
SCIENCES**

# Research report

## Preface and acknowledgement

The purpose of this report is to research a specific demand of a promotional agency that wishes to know how handle its economic growth onto Quebec's wine market. The small agent already performs in one part of the market, which is private importation, and wants to perform as efficiently as possible in the second section, introducing wines in the stores of the Quebec monopoly. The researcher's aim is to know "how can a wine promotional agency increase its chances to enter and conserve a product at the SAQ?". I would like to thank you, Mrs. Corry Uenk for her willingness to help for this project. Moreover, I like to thank Blanc ou rouge, the agency that is concerned in the project.

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## Summary

To summarize, this report submits and analyses the way how an agency can improve its chances to introduce wines within Quebec's alcohol monopoly: Société des Alcools du Québec's stores (SAQ), the monopoly in charge of importation, distribution and sales of all alcoholic beverages in the province of Quebec.

Quebec's alcohol monopoly took place in 1921, despite a momentum of prohibition in North America. Today, 79% of the alcohol that is sold consists of wine. 95% of the wines in the stores are represented by wine promotional agencies.

The purpose and the objectives of this report are to focus on « How can a wine promotional agency increase its chances to enter and conserve a product at the SAQ? ». To answer this last question, sub questions were made to support the main subject and answer it by parts. The body of the report will display the sub question, which will then be answered, supported by internet researches, case studies and interviews to allow the whole research in order to answer the problematic of the project.

Firstly, the agency has to know the SAQ's valued criteria when it lists a product in order to improve its chance of entering the market. The yearly SAQ's list of requirements is the first step to observe the monopoly's needs. After the pre-selection and selection, criteria for the product and the producer have to be considered by the agency. These regulations set by the SAQ depict its attempt to select the best wines on the international markets.

Secondly, when the criteria and the process is known, the agency has to source efficiently. The two main ways of discovering wines producers are by using specialized web sites, as well as attending wine trade shows. Even if both methods to source have their limits and advantages, they are rather efficient for the agencies. Its efficiency to introduce products into SAQ's stores is to screen the producer like the monopoly to find the wines that they want.

Finally, once the product gets listed into the monopoly, the objective is to sell the order in least time as possible if the agency wants to keep this wine listed. The main qualities for sales representatives of the agency are perfect knowledge about Quebec's monopoly, displaying good products, acquiring knowledge of the wine's characteristics, good relationship and hearing the store decision makers. The promotions in store have also an important role to get visibility for the final customer.

To conclude, the selection process, the criteria, the type of sourcing and promoting of a wine in the stores are the main findings that will help the agent to improve its chances to list wines in Quebec's alcohol monopoly. Finding the perfect product is nearly impossible but increasing the percentage to be listed by the SAQ is possible if the parameters indicated above are gathered.

The results oriented on recommendations which will give directions on the improvement and solutions to succeed in this project. Efficiently organizing the sourcing, engaging a former SAQ employee or having meetings with the sales representative can be some important decisions that an agency can take to get wines listed in the monopoly.

## I) Introduction

All around the world, in many countries, alcohol has been or is a problem within some societies. Alcohol can have many bad effects on our societies such as: Lower productivity within the work places, violence between people, direct effects in a family and so on (T, 2018).

In most countries, there are ways for governments to regulate alcohol, such as raising the minimum age of consumption, preventing the effects in the diverse media or by controlling the market itself. The latter way to control the substance's use is a form of monopoly. An alcohol monopoly, by having total control of the sales, allows the government to select different characteristics about these beverages such as: prices, minimum age of consumption, selection, importation or distribution. Many countries still have developed this system to prevent the community from alcohol-related issues, such as Norway, Finland, Sweden, more than 15 states in the USA and provinces in Canada for example (Room, 1994).

One of the most known monopoly is the SAQ in Quebec, Canada. The control of the government exists since 1921. It is now one of the three largest monopoly in the world. (Perron, 1996).

In 1971 this monopoly adopted the name SAQ (Société des Alcools du Québec). Quebec is the only Canadian province that does not suffer prohibition at the end of the 20<sup>th</sup> century, because a referendum had been done in the province, which resulted in a large majority voting against the alcohol ban. Since the beginning of the SAQ, every alcohol in bottle that is imported in the region must go through the monopoly. Nowadays, 415 SAQ stores sell alcohol to the public in the province (Petkantchin, 2005).

Wine can be sold in supermarket as well. However, this wine has to be imported in bulk and must be bottled within the province. Two main bottling operators control this market representing 10% of the total sales of the alcohol in Quebec. Teacher and Cruger are the two main companies that bottle the bulk wines in Quebec (Meneu, 2017).

The sales turnover of the SAQ is approximately 3.5 billion Canadian dollars with 22.7 million cases shipped to the different sale points. There is one alcohol that is far more sold and popular in the SAQ than the others: Wine. Per year, 79% of the alcohol sold consists of wine. Far behind are spirits (14.8%), mixed drinks (4.2%) and beer (1.7%). Therefore, the wine is the most important alcohol for the SAQ sales. (Québec, 2018).

More than 15 000 references of wines from 81 different countries are in the SAQ shops. 1300 wines are in the standard section. Those wines represent 80% of the wines' sales. Usually the wines come from important producers and the popularity of the products causes the ordering of large quantities. After, more than 12 000 references are in specialty section. The products in specialty are often from little producers. 11 700 references will have a unique presence in the shops, it is called specialty per lot. 1000 references that are well sold will be

re-ordered during different period of the year, which is called continuous specialty. Usually, if the producer has the quantity to go through the standard section, the product goes first in specialty per lot and then in continuous specialty, because the SAQ has to analyze if the product starts well in those sections first (Gagnon, Vin Québec , 2016).

The SAQ publishes every year a list of requirements for products in specialty and standard wines. In the Annex 1, the list of requirements can be seen. This list is divided by color of wine and after the countries with the different regions. As a result, producers worldwide can answer those requirements to intend to sell its wine to the SAQ. However, there are also call of tenders. Those tenders concern seasonal products and sometimes standard products. Those calls of tenders have accurate dates because it is something that the monopoly needs in a precise time.

But when the producers wish to enter their products to the SAQ they face an issue. The difficulty for them is that it is difficult to really understand how the monopoly works in Quebec due to complex procedures and merchandising rules. Most of the time, the producer appoints a promotional agency specialized in wine to help its company to enter on Quebec's market. The agent knows the market, the different laws and will play the role of an intermediate between the SAQ and the producer. The agent is the sword arm of the wine producer. Thus, the agency is one of the best ways to enter its wine within the SAQ shops, they introduced 95% of the wines that are in the SAQ shops (Chagnon, 2017).

However, there is another section of the wine market where the agencies are present in in Quebec. It is private importation.

In private importation, the agency will choose the wine that it wants to import. It is the SAQ that pays to the producer the selected wine, transports it to its warehouse and hold it. Everything goes through the SAQ that is in charge to deliver the client as well. The agent that owns the wine in the warehouse of the SAQ may pay the wine under a delegation of the customer, may transport it to deliver it to this customer. The agency cannot hold or stock the wine in its own place. In the same time, it pays a storage fee to stock the wine into the SAQ warehouse and gives financial guarantee to the monopoly. The agency that owns the wine in the warehouse of the SAQ has to dispose of the wine to clients (Hotels, restaurant, private people, etc...). The agency will propose the wine to those customers, after they will buy it to the SAQ. The SAQ takes its normal margin/mark up, the usual taxes and a special surcharge of 10% that concerns the private importation only. Finally, the agency will invoice a commission fee on each bottle that is sold, paid by this customer. If the agency does not dispose the wine in a certain limit of time it will have to pay additional storage fees to the SAQ or may even refund the total amount of the remaining quantity (Gagnon, Vin Québec, 2016).

Thus, the agencies are an important institution for the SAQ and the wine producers. Because they are helping them in both activities, introduce wines in SAQ shops and in private importation. Today more than 400 agencies are in activity in Quebec. Very small ones,

representing a few cases only of sales per year, to big agencies representing millions of cases on the province's wine market (Gagnon, Vin Québec , 2016).

Blanc ou Rouge is a small agency that has been active for five years. Two Quebecer brothers, Pascal and Guillaume Jolicoeur, started this company because they had wine tasting together all the time. During those wines tasting, the Jolicoeur brothers saw the passion from people for the wine and their enthusiasm for this beverage grew as well. After thinking about opening an agency, they finally did it. Since its creation, the agency has an important economic growth. It began with private importation and built its economy on this activity. With its creation the two entrepreneurs established a very simple philosophy for the company: Always choose wines producers with a good value wine for the money. For two years now, they have been proposing wines to the SAQ because they think that it is strategic to have both activities, private importation and sales on the SAQ shelves: two complementary markets. Entering wines at the SAQ is rather difficult because of the whole selection process before. The entrepreneurs want to be as efficient as possible when presenting wines to the SAQ. Their aim is to maximize their chances when a wine is presented. They do not want to lose time and money presenting products that do not have any chances to enter within the SAQ. Afterwards, they want to know how to source in a right way to find those producers that fit to the SAQ criteria. Finally, when the producers are found and the product's in the monopoly's shops, the agent has to find a way that the SAQ re-order the products (Blanc ou Rouge ).

With those problematics, the following question can be asked: « How can a wine promotional agency increase its chances to enter and conserve a product at the SAQ? ». To be sure that the research will stick to the main question, sub question will conduct the research in order to answer correctly the main question.

To answer this problematic, the agency must understand the steps and criteria when the SAQ analyzes a tender or go through the ongoing catalog of offers for specialty products to maximize the chances of the product to get into the SAQ. After, the agent has to find the wines that could fit as much as possible the criteria and it wants to figure out a way to find those producers as fast as possible to save time and money. Finally, when an agency finds the right producer and when the product is into SAQ warehouse, the agent has to make sure that the SAQ store sell it as fast as possible to let the chance to the product to be re-ordered and reconducted by the monopoly for the next vintage.

Therefore, sub questions can be drawn:

- What are the different criteria the SAQ is considering analyzing during the process of new product listing?
- What are the types of sourcing and the process that an agency can do to find wine producers that fit to SAQ's criteria?
- What can an agency do to conserve a product at the SAQ?

## II) Materials and methodology

After, the theoretical framework and the knowledge gap to build the main question and the sub questions, this part will consist of analyzing the methodology that the researcher will use to conduct this project.

Collecting information about each sub questions the most useful ways are to do internet researches, find case studies and make qualitative-non-directive interviews.

Internet researches have been conducted to find case studies, articles or testimony from agencies to see their own experience on the wine market in the region.

To respond at the first sub question, a non-directive interview happened with Benoit Beaudet, responsible of the business development in Blanc ou Rouge and ex director of the SAQ buying and merchandising department during 15 years. This interview has been done on week 47. During this interview, the questions concerned the optimal settings for an agency to increase its chances when it makes a tender and dig as much as possible to have accurate details of the SAQ analysis when the monopoly treats an offer. The view of Mr. Beaudet can be one the best options to understand an institution such as Quebec's alcohol monopoly, because the current SAQ buyers are difficult to meet. This interview has been recorded and after the data will be analyzed by transcript it. The transcript will be useful for the results and after that the student will interpret that information in the section discussion. The transcript of Benoit Beaudet's interview can be found in the appendices. This will help to give recommendations to the agencies in Quebec.

To acquire information about how to source in a good way, desk and internet research will be used. After the respond of the first sub question the aim for Blanc ou Rouge is to find how to source the wine producers as efficiently as possible. This method of research helped to find a way to well organize a sourcing and apply it for promotional wine agencies in Québec agencies. Those desk researches concerned study cases on companies that found method to improve the quality of their sourcing. Those researches happened during week 44 and 45.

Finally, to obtain the answer concerning the way to conserve a wine into the SAQ, a non-directive interview has been done with a sales representative who has been working for wine promotional agencies for 5 years, Carl Harris. The aim is to understand the SAQ section when the product is into shops and the techniques that a seller will use to allow a product to be re-ordered. The agency's seller is the person that tries daily in SAQ shops to conserve the products that are present within them, thus the interview is the best way to obtain the data. The transcript of this interview helped the student to analyze during the results and the discussion of this research project. This allowed the student to make recommendations to the agencies on how they can increase the chances in conserving a product in SAQ shops. This meeting has been done during the week 46 and the transcript put in the appendices.

### III) Results

The results will present the solutions in a structured way and by sub-questions. After, a discussion research will be conducted to compare the results and analyze the signification of the results

For the first sub-question, an interview has been led with Benoit Beaudet, director of the selection of the specialty and standard products at the SAQ for 15 years. The interview allows the comprehension of the functioning of the list of requirements, the process of new listing product and the different criteria that improve the chances to get a product listed by the SAQ. The whole interview can be found in the Annex 2.

For the second sub-question, desk research has been done to find ways of sourcing that fit the best with the SAQ's criteria. These agencies' sourcing can allow the agent to find wine producer that match with the listing process of the SAQ. These methods of sourcing will help the agents save time and money and avoid presenting wine producers without any chances of entering the SAQ.

Finally, for the third sub-question, another interview has been made with Carl Harris, sales representative of agencies for years. This meeting will explain how to improve the chances of conserve a product that have been listed. It will advise what the agency and the representative have to do in this case. The transcript of the meeting is present in the appendices Annex 3.

#### A. Criteria improving chances to get a new wine listed to the SAQ

The interview with Benoit Beaudet, director of the selection of the specialty and standard products at the SAQ for 15 years can be found in the Annex 2. This first sub-question will be answered with this interview.

To understand the different criteria that the SAQ is looking for when a product is presented, it is essential to start from the beginning: the list of requirements (Beaudet, 2018).

The list of requirements (Annex 1) is published twice a year, can be updated every 6 months and say what products the SAQ will need this year (Beaudet, 2018).

As it can be seen in the annex, this list is ranked by categories (69 this year). For the biggest wine producers (France and Italy) the wine color and the region of the wine will be precised, for example red wines Piedmont or white wines burgundy. For the countries from the "new world" (Argentina, Chili, South Africa...) just the color and the country of the wine will be precise. Those categories are split in two parts each, standard and specialty, showing the needs in these two sections of the SAQ's stores. On those sections 3 color can be seen: green, yellow and red. These colors show the SAQ's interests to list product from this category: red = no interest; yellow = average interest; green = high interest.

Still regarding this list, after the categories, the product section and the degree of necessity, the last part is the details of more accurate parameters of the beverage that the

SAQ wants. For the yellow and green sections, detail is given such as range, grape variety, type of the wine, accurate appellation, specific vintages, awards. For red, it says that there are no needs. For example, this year, in Chile's red wine category, section specialty, Quebec's monopoly is looking for middle range (20-30 canadian dollars), high end products (above 30 canadian dollars) and organic wines (Beaudet, 2018).

The monopoly treats the offers by category but does not announce accurate dates of treatment and the amount of products to be listed in each category. When it treats an offer, the SAQ prioritize the sections in green (Beaudet, 2018).

Choosing a product that prioritizes the SAQ is the first step. Afterwards, if the agency wants to improve the chances in getting listed, it has to know the selection process and its specific criteria that the monopoly use. The best way to explain this process is to take a typical example and explain the whole process (Beaudet, 2018).

The SAQ put on the list of requirements that it needs, from any price and any range. The new product listing process has two steps, pre-selection and tasting. For the pre-selection, the monopoly goes through the offers that have already posted on the web catalog. For instance, the SAQ decides to list one Barbaresco. It will screen the barbaresco's offers regarding different settings that are mostly present in their selection grid. On the first step, a maximum of 30 points are attributed, according to the following parameters are taken into account:

- Price: The criteria is not existing in the grid, but it is the first one that the monopoly looks at. It wants to know if the wine presented fit to the range asked.
- Contest: Whether the wine has awards, contests, medals, has been quoted in magazines (Wine Spectator for example) or tasted by popular tasters (Robert Parker for example) the offer is going to get points. Those awards are the proof for the SAQ that the wine is appreciated by the most known wine press all around the world, plus it is a sign of quality. The more contests you have, the more points you have in the "Product recognition" section, that worth 20 points, but the following criteria is also part of this section.
- Export sales: The product might be exported all around the world, it means for the SAQ that the world market likes it, so, why not the SAQ. If the wine is imported by the neighboring canadian provinces, that proves that the product fits to the national market and might also please Quebec's market. Finally, the private importation is also considered in the grid. If the wine is sold to restaurants or hotels in the province, the Quebecer already know the product and are already aware of its existence. The contests plus the export worth 20 points on 30.
- Sustainability: If the winery or the wine have sustainable certifications (such as CE 834/2007, Terra Vitis...) the offer might win the last 10 points. This section proves to the alcohol monopoly that there are approaches from the producer to be more respectful with the environment. This section of sustainable development worth 10 points on 30

- Complementary information from the producer: It consist of the last criteria and is not in considered in the grid. Although, during the pre-selection the buyers look at this setting. This criterion concerns the “short story” about the wine or the winery, the facts of the producer that will make the difference with its competitors. For example, the winemaker is famous, the winery exists since the XVII century, the winery is carbon free, or they produce only with light bottles, etc... The “short story” will be a sales argument for the final clients in stores if it gets listed.

The agent will put all the information when posting the offer on the SAQ’s web catalog. All those criteria during the analyzes of the offers and using the grid will consequently finalize a first ranking of the offers. Based on that ranking, the SAQ applies a percentage to take the best wines to the second step. The percentage is 1/4, if the monopoly wants to list 1 product it will take the first four in the ranking to the second step. So, if it wants to list 5 products it will take the first 20. In this example the SAQ will take four wines to the second step: The tasting. (Beaudet, 2018).

For the tasting, the SAQ will ask the producers 3 samples for each of the wine. The producers have 15 days to send the samples. Once all the samples are arrived, the buyers will taste all the wines in a blind tasting in the SAQ’s laboratory. After the wines are tasted, the tasters will note the wines with the following criteria of the same selection grid as before. A maximum of 100 points will be booked, among 30 points of the pre-selection proces and 70 points for the tasting, visual and overall appreciation. The criteria for the maximum 70 points are the following:

- The quality of the wine: The quality of the organoleptic characteristics of the wines (color, nose, mouth) will be judged on 20 points by the tasters.
- The value for money: If the wines have selected have the same quality, the SAQ will privilege the wine with the lowest price. A total of 30 points can be assigned in this section.
- The visual of the bottle: The buyers will judge the label of the bottles. The problem with this criterion is that it is subjective. The producer and the agent cannot know unfortunately if the label of the bottle will be liked by the buyers. 10 points are attributed.
- The general appreciation: Again, a subjective setting that the buyer will judge at the end of the step. This criterion will be judge depending the other, if the other criteria before are well noted, the buyers will logically put a good mark at this one. The value of this parameter is 10.

At the end of this step, the pre-selection and the tasting points will make a total on 100. This process is always used for standard and specialty products. In that case the Barbaresco with the best score will win the tender and get listed as a new product at the SAQ (Beaudet, 2018).

The complete selection grid can be found just below in the *Table 1*.



## Selection Grid

| Criteria                       | Final Selection       |   |                         |                     |                     |        |                      |       | Total |
|--------------------------------|-----------------------|---|-------------------------|---------------------|---------------------|--------|----------------------|-------|-------|
|                                | Financial performance | Commercial results                          | Sustainable development | Qualitative aspects |                     |        |                      |       |       |
|                                |                       | Product recognition (awards, medals, media) | Sustainable development | Tasting             | Quality/price ratio | Visual | General appreciation | Total |       |
| Regular – wine & celebration*  | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Regular – spirits*             | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Specialty – wine & celebration | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Specialty – spirits            | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Seasonal – rosé                | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Seasonal – cooler              | 0                     | 10  | 10                      | 20                  | 30                  | 20     | 10                   | 80    | 100   |
| Seasonal – beer                | 0                     | 20  | 10                      | 20                  | 30                  | 10     | 10                   | 70    | 100   |
| Innovative product*            | 0                     | 0   | 10                      | 20                  | 30                  | 20     | 20                   | 90    | 100   |

Table 1: SAQ's selection grid (SAQ b2b, 2018)

### B. Useful sourcing for a wine promotional agency

In the previous sub-question, the criteria that favors the chances of having a wine listed at the SAQ have been cited. Now the aim of this sub-question is to see what kind of sourcing the agency has to do to find producers that fit the best to those criteria.

Sourcing, for a company, is a process of finding suppliers of goods or services that will help a company to run and/or influence the economic growth (HRZONE, 2018).

For 1 year the SAQ releases its list of requirements. With this list, an agent knows already what the market needs. Therefore, the beginning is to fix the selection criteria: In which section green color can be found? In the details section what kind of wine the SAQ is looking for? The agency can also make an analysis of category to see deeper in the gaps that the monopoly has in the different sections. This first move allow the agencies to screen already the different section that need sourcing (Chef d'entreprise, 2015) (Beaudet, 2018).

After the identification of the parameters of the list, the agency has to find the producers and proceed like the SAQ and its criteria: pre-selection and selection. The first step is to find producers that fit to the list of requirements (AgileBuyer, 2014).

For the agencies there are many ways to find producers. The first one can be without moving from the agency. Thus, wine magazines (Wine Spectator, Wine Advocate, Guide Hachette...) or wine contest (Decanter World Wine Awards, Berliner Wine Trophy...) is a way to find producers. Wine magazines and contests are sign of quality for the SAQ and a pre-

selection criteria. Those presses and events gather the wine producer from all around the world and allow the agencies to cover the list of requirements (California Wine Advisor, 2018).

Still from with the backoffice, the research of producers can be processed on the different web sites that represent officially the wine producers such as inter-professional association or the regional committee that represent the wineries from each different regions or countries (Union des grands crus de Bordeaux, New Wine of Greece, Inter- Rhone, etc...). Those web sites gather every single producer present in the countries or region where wine is produced (Cafaggi & Iamiceli, 2011).

If the agency wishes to maximize its time and money to present producers that does not have much probabilities to get listed at the SAQ, it has to build a method to screen its sourcing and increase its chances. For those first examples of sourcing, where the agency does its sourcing from its place, it has to process like the SAQ does for its sourcing. For example, an agency is searching for a Sancerre from Loire Valley for the specialty section. Then, the agent contacts every producer of Sancerre, by phone or e-mail to know the information concerning the criteria that are used for pre-selection and ask if they are already represented by an agent in the province or not. After getting the information, the agency has to compare the different wineries found with a comparative study. The comparative study allows the agency to set different KPI (Key Performance Indicators) that will be decisive for agent's choice. The criteria will be the following: Price, contests, export's sales, sustainability, the complementary information from the producer. The different KPI can be noted with the following notation:

- Price: Price per bottle
- Contests: Name the different contests that won the product
- Exports: Number of bottles exported worldwide, in Canada, in private importation
- Sustainability: Low – Average – High
- Complementary information from the producer: Name the “short story” of the producer that make it different

The parameters of this comparative study will help the agency to build a ranking for this pre-selection. During this pre-selection the wines that have the strongest KPI go to the second step of the selection process. (Burgess, 2017)

The pre-selection is the beginning of the process, however if the agency wants its sourcing to enter the monopoly, it has to know the quality of the product. When the ranking is done, the agent must know the quality of the wine that will be presented. The solution for the agent is to import a sample. The agency can import samples by the help of a private transporter, those samples will not be used for commercial purposes and of course it will go through the SAQ custom clearance process before getting to the private company and the monopoly will collect its taxes and mark up. This is financially challenging for the agency (Sato, 2016).

Once the wine sample pre-selected is imported, the agency can start the quality evaluation. Again, if a useful sourcing screening has to be done the agent has to act as the SAQ

would do for the tasting. The selection grid of the SAQ for the organoleptic characteristics is not detailed, thus, the agency can use a more accurate one. The Wine & Spirits Education Trust (WSET) grid is a grid that can be taken by the agencies. The grid can be found in the *Table 2* (Cristini, 2017).

| WSET® Systematic Approach to Tasting Wine   |   |
|---|---|
| <b>WSET® LEVEL 3 SYSTEMATIC APPROACH TO TASTING WINE</b>  |   |
| <b>APPEARANCE</b>   |   |
| Clarity   | clear – dull  |
| Intensity   | water-white – pale – medium (-) – medium – medium (+) – deep – opaque   |
| Colour  | white<br>rosé<br>red<br>colourless – lemon-green – lemon – gold – amber – brown<br>pink – salmon – orange<br>purple – ruby – garnet – tawny – brown |
| Other observations  | eg rim vs core, legs/tears, deposit, petillance, tints/highlights   |
| <b>NOSE</b>   |   |
| Condition   | clean – unclean (fault oxidised – out of condition – cork taint – other)  |
| Intensity   | light – medium (-) – medium – medium (+) – pronounced   |
| Development   | youthful – developing – fully developed – tired/past its best<br>deliberate oxidation   |
| Aroma characteristics   | fruit – floral – spice – vegetal – oak – other  |
| <b>PALATE</b>   |   |
| Sweetness   | dry – off-dry – medium-dry – medium – medium-sweet<br>– sweet – luscious  |
| Acidity   | low – medium (-) – medium – medium (+) – high   |
| Tannin  | low – medium (-) – medium – medium (+) – high   |
| Alcohol   | low – medium (-) – medium – medium (+) – high<br>fortified: (low/medium/high level)   |
| Body  | light – medium (-) – medium – medium (+) – full   |
| Mousse  | delicate – creamy – aggressive  |
| Flavour intensity   | light – medium (-) – medium – medium (+) – pronounced   |
| Flavour characteristics   | fruit – floral – spice – vegetal – oak – other  |
| Length  | short – medium (-) – medium – medium (+) – long   |
| <b>CONCLUSIONS</b>  |   |
| Quality   | poor – acceptable – good – very good – outstanding  |
| Price category  | inexpensive – mid-priced – high-priced – premium  |
| Readiness for drinking  | needs time to develop – ready to drink, but can improve – ready to drink, but will not improve – too old  |
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| WSET® Systematic Approach to Tasting Wine   |   |
|---|---|
| <b>AROMA AND FLAVOUR CHARACTERISTICS</b>  |   |
| <b>FRUIT</b>  |   |
| Citrus  | grapefruit, lemon, lime   |
| Green Fruit   | apple (green/ripe?), gooseberry, pear                                   |
| Stone Fruit   | apricot, peach  |
| Red Fruit   | raspberry, red cherry, plum, redcurrant, strawberry                     |
| Black Fruit   | blackberry, black cherry, blackcurrant                                  |
| Tropical Fruit  | banana, kiwi, lychee, mango, melon, passion fruit, pineapple            |
| Dried Fruit   | fig, prune, raisin, sultana   |
| <b>FLORAL</b>   |   |
| Blossom   | elderflower, orange   |
| Flowers   | perfume, rose, violet   |
| <b>SPICE</b>  |   |
| Sweet   | cinnamon, cloves, ginger, nutmeg, vanilla                               |
| Pungent   | black/white pepper, liquorice, juniper                                  |
| <b>VEGETAL</b>  |   |
| Fresh   | asparagus, green bell pepper, mushroom                                  |
| Cooked  | cabbage, tinned vegetables (asparagus, artichoke, pea etc), black olive |
| Herbaceous  | eucalyptus, grass, hay, mint, blackcurrant leaf, wet leaves             |
| Kernel  | almond, coconut, hazelnut, walnut, chocolate, coffee                    |
| Oak   | cedar, medicinal, resinous, smoke, vanilla, tobacco                     |
| <b>OTHER</b>  |   |
| Animal  | leather, wet wool, meaty  |
| Autolytic   | yeast, biscuit, bread, toast  |
| Dairy   | butter, cheese, cream, yoghurt  |
| Mineral   | earth, petrol, rubber, tar, stony/steely                                |
| Ripeness  | caramel, candy, honey, jam, marmalade, treacle, cooked, baked, stewed   |
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Table 2: WSET tasting grid. (Cristini, 2017)

The WSET grid in the *Table 2* cover each part of the tasting, appearance, nose, palate. On the other side of the grid, the different wine aromas are detailed. At the end of the blind tasting, the conclusion allows the taster to give the general quality of the wine and the price category. This evaluation judges the pure quality of the wine, the quality/price ratio and the general impression of any wines. At the end of this step, the agency can share its subjective opinion about the label of the wine.

At the end of the whole process the agency can gather the results of the pre-selection, the tasting and general overview and can decide which products will be presented or not to the SAQ (Beaudet, 2018).

This method helps the agency when it sources from Quebec. But there is another method where the agency can move to see producers: wine fairs (United States Trade Tasting , 2018).

The wine fairs can be an excellent way of sourcing for buyers. The main difference with the previous process of wine sourcing is the following: the direct contact with producers and the possibilities to taste the wines right away. Many wine trade shows are organized yearly all around the world. The most important are ProWein (Dusseldorf, Germany), Vinitaly (Verona, Italy) and Vinexpo (Bordeaux, France). In those fairs, wine producers from all around the world are present and it is an opportunity for them and buyers to meet. However, for the buyers, those fairs need to be well prepared and make first contact before going to the shows. A preparation needs to be set before the shows:

- Analyze the SAQ requirements
- Get the list of the producers present in the fair
- Contact the wine producers that the SAQ is looking for and ask if they are represented or not yet. If some are already represented the agency cannot go further
- Ask the SAQ criteria: price, awards and contest, exports, certifications, little story of the winery
- Analyze and screen with a pre-selection, such as the last method described
- Confirm the visit to the fair to the producers pre-selected
- Tasting of the wines during the event
- After proceeding to the selection, such as the last method described
- When the agent goes back to its company, it can contact the selected producers to present their wines to the SAQ

The wineries produce only the wines from their company while those events allow the agencies to cover a large part of the list of requirements of the SAQ and have an efficient sourcing. These wine fairs might set a good relationship between the agent and the producers. This relationship can lead the agency to have a better price of the wine that it wants to present at the SAQ, larger wine allocations and a full disclosure from the producers of their companies and their wines. In wine business a direct relationship between the producers and the operators are still essential (Global, 2017).

### C. How conserve a wine within a SAQ

The results of this last sub question will be given thanks to an interview done with Carl Harris, sales representative for wine promotional agencies. It will tell the research what the methods are to keep a product that has been listed to be re-ordered by the SAQ. The transcript of this interview can be seen in Annex 3.

When an agency gets a product, the SAQ will tell how many cases will be ordered. When the cases arrive, it is the moment where the agency has to ensure that its product enter in different SAQ's stores to be sold just after (Beaudet, 2018).

The curve life of the product is important for the SAQ. If the product is well and fastly sold, the product will be re-ordered by the monopoly, this is called a renewal. The speed of the

sales is the most important factor to consider if an agency wants to keep the wine listed (Harris, 2018).

From the moment a product is listed and arrives in the SAQ storage, there is a delay where the SAQ automatically re-orders the wine. If 90% of the total first order of the wine has been sold in the SAQ stores in 12 weeks or less, the renewal will be guaranteed for the concerned product. This delay proves to the SAQ that the product has been appreciated by the customers of the shops and that the monopoly made benefits very fast. These last two settings are essential for the francophone alcohol monopoly (Harris, 2018).

To promote the product, the agency has to engage employees that will execute the mission: sales representative. They visit SAQ stores in order to convince them to get the wine into their store and to sell. If more stores into the province have the product, consequently it will be more opportunities to buy it, that will increase the sales and can allow the agency to respect the SAQ delays to conserve the product listed and to get a renewal on it (Harris, 2018).

Therefore, the first objective of a representative is to persuade the SAQ stores to take the wines that it proposes. The only way that a SAQ store accepts to take the represented wine is to influence the decision-makers in these shops. The decision makers in SAQ stores are the wine consultant or the director of the store. They decide what products will be on the shelves of the shop they manage (Harris, 2018).

To convince the decision makers of stores they have to discover the product. First, the representative has to set a meeting with one of them because the competition is fierce in the SAQ stores. When the consultation is happening, the sales representative brings samples to the decision maker to present the wine listed (provenance, appellation, grape variety, etc), the price and the quality. The responsible of the store will taste the wine, say what it thinks about it. If all the characteristics of the product matches with the store and if there is the place in the store, the wine will be ordered by the person. This technique allows to the sales representative to make realize the decision makers of the existence of the product and create a good relationship with them (Harris, 2018).

The good relationship with the wine consultants and the store directors is essential. First the image of the agency will be seen as a professional and good agency. Afterwards, this professional relationship can increase the sales of the products that represent the agency in the stores and improve the chances of the wine to get a renewal by the monopoly. The supportive relationship between the representatives of each part will give a better understanding to the agency about the store's needs. If the decision makers are listened to carefully, it will be easier for the representative and the agency to present the right wines to them (Harris, 2018).

The quality of the product and of the relationship between parts will conduct the wine consultant to advice the wine to the customers. This kind of situation can be considered as a

promotion to the client. Moreover, the agencies can choose also to promote the products directly within the stores with the promotion that proposes the SAQ (Harris, 2018).

These promotions are diverse and help the agency and they are set to bring light on the wines for the final customers. This time, the agency does not target the SAQ's decision makers but the clients that will come to the shops for buying wine. These promotions have to be booked on a website named *SAQ Promopunch*. During an entire month, this help for the agency will be set in the store(s) selected. These promotions have obviously a cost. Thus, the producer listed, and the agent have to agree on a certain budget to put in it (Harris, 2018).

As said just before, the promotions that can be used by the wine promotional agencies are diverse:

- The tasting machines: An example can be seen in the *Table 3*. These machines are placed in some larger SAQ stores. Inside them, wines are placed to allow the customer to taste for less than 2 dollars. Thanks to this technique the customer can taste the wine and have a preview of the product before buying. This device is useful for the client because the latter will not have any bad surprise about the taste of the wine.



*Table 3: Example of the tasting machine in SAQ store (Gagnon, Vin Québec, 2008)*

- The display racks: Situated at the end of shelves in the SAQ stores, the main function of this promotion is to bring the product to light. With its special place into the shops, the display racks profit of a better visibility for the client because the wine will stand out from the competition. According to the size booked, the price changes. 3 sizes of racks can be chosen: mini, regular and mega.
- The fridges: The agency can book fridges in SAQ stores. They are destined to the white and sparkling wines most of the time. The ideal temperature of conservation is lower than the red wines, so the fridge gives the appropriate temperature to the wines. The clients do not to have to wait to consume the bottle because it is already at the right

consuming condition. As the display rack does, the fridges are conceived in a way where the products can be more notice.

- The points for the SAQ's fidelity card: The name of the fidelity card of the SAQ is *Inspire*. The principle is simple, some products give several points where the customer buy them. The aim of these points is to give a discount on the final bill of the client. The points can be cumulated by the time. The rule is easy, 1000 points means 1\$ less on the final bill. The agency can book on *Promopunch* to give to the customers points to the customers when they buy the product it represents. Most the time between 500 and 1000 points are distributed on the SAQ *Inspire*.

The quality of the wine, the relationship with the decision-makers and the promotions that propose the monopoly are the main points to remember for a wine promotional agency and its sales representatives to improve the chances to get a renewal of a product (Harris, 2018).

## IV) Discussion

The aim of this research is to help wine promotional agencies in Quebec to list and conserve wines into the state monopoly of alcohol in the most efficient way for them. It will avoid those companies to waste time and money in a mission that is complex. Sub-questions have been made to answer this problematic.

### A. Criteria improving chances to get a new wine listed to the SAQ

Improving its chances to get a new wine listed to the SAQ needs to understand the whole process of selection of this monopoly (Beaudet, 2018).

First thing to do is understand the yearly list of requirements (*Annex 1*). This list shows to the wine promotional agencies in Quebec what wines the monopoly needs in the different wine producers' countries all around the world. This list is separated in parts. First, categories, that include color of the wine + region or country concerned. Second, sections, specialty and standard that are colored by degree of necessity. Finally, details, it gives more specifics details for the categories and the sections of this list (Beaudet, 2018).

Unfortunately, the monopoly does not announce an order of treatment for this list. However, the agencies know that the green sections are always the first treated (Beaudet, 2018).

When the SAQ decides to treat a category and a section where agencies posted tenders, it proceeds in two steps with criteria that are always present and an accurate grid, present in *Table1*: pre-selection and selection (Beaudet, 2018).

The pre-selection is judged on 30 points on the following settings: Price, contest, export, sustainability, the facts of the producer. According to the results the monopoly will decide to select 4 products for the selection to list 1 product after, it will apply the fraction 1/4 (Beaudet, 2018).

The second step is the tasting. This selection on 70 points will lead to the product listing. The products are evaluated on those criteria: The quality of the wine, the value for money, the visual of the bottle, the general appreciation. At the end of this step, pre-selection and selection evaluations will be gathered and regarding percentage applied before the product(s) will be listed (Beaudet, 2018).

Regarding the research, the interview was essential for the results of this first sub-question. The participation of Benoit Beaudet to this conducted research is a real strong point to this thesis because it showed a view that can only found with that kind of exercise. The SAQ is a complex institution and is difficult to understand without an explanation of someone that worked in it. The explanations of Benoit Beaudet during this interview were clear and helped the research. The SAQ buyers are hard to see for an interview because they are from the government. However, next time if the data has to be updated the best solution is to meet one of them.

The results of this interview show that the wine promotional agencies must follow the SAQ's process and its criteria if it wants to improve its chances. Understand the whole process of the SAQ and the characteristics that are considered already improve the chances of the products to get listed (Beaudet, 2018).

It is easy to know for the agencies which categories they have to prioritize because the SAQ says every year what it needs. However, it is not the same when it comes of the criteria during the process (Beaudet, 2018).

The grid where the pre-selection and selection criteria are gathered was created by the SAQ in one and unique objective: having the best wines present on the market. Every single criterion allows the SAQ to know how the wine is placed on the market. The listing process was built to attempt to have only wines that will be appreciated by the consumers. Recognition, price, export, sustainability but especially quality/price ratio show that all those specific details of the categories are set to always improve the monopoly sales (Beaudet, 2018).

All those settings will force the 400 agencies present in the province to find the best wines present in the entire world. This process and criteria set a large competition between the wine promotional agencies. Indeed, if they want to increase their chances to get listed within the monopoly they have to find wines that answer criteria of pre-selection and have a good quality if it goes to the selection because the competition will always try to have better criteria than the other agents (Beaudet, 2018).

Of course, it is almost impossible to find a wine that answer each characteristics of the listing process perfectly. However, it is clear that the monopoly is always looking for the best sales opportunities through the criteria fixed during the analyzing process (Beaudet, 2018).

## B. Useful sourcing for a wine promotional agency

The agent has to look at the list of requirements before organizing its sourcing. The list is the beginning of which producers the agency has to looking for (Chef d'entreprise, 2015) (Beaudet, 2018).

Two ways have been identified to find producers for the SAQ efficiently. The first one is without moving from the agency. The agency can look at wine magazines or wine contest. The latter are signs of quality for the SAQ. These producers answer one of the criteria of the monopoly and allow the agency to win points already at the pre-selection (California Wine Advisor, 2018).

Inter-professional associations or regional committee have their data base and gather all the wine producers from the country or from the wine-region. Those web sites allow the agent to find wine producers from all around the world (Cafaggi & Iamiceli, 2011).

After finding the producers, the agency has to make a method to screen these sources and present the ones that have the best chances to win during the SAQ process and criteria. The best way to screen and select is to act like the SAQ: Pre-selection and selection (AgileBuyer, 2014).

Imitating the selection process of the SAQ allows the agency to improve its chances of the sourcing to get listed. Gather the producers found for the category targeted, ask them the pre-selection criteria (Price, contests, exports, etc...). When all the data is collected, start a comparative study between the producers and as KPI the pre-selection criteria. The comparative study helps the agency to make a ranking and select the wine producers that will go to the second step, the selection (Burgess, 2017).

The agency has to organize a tasting in order to proceed to the selection and will import samples of each producer selected. Those samples will not be used as commercial purpose but just for select the sources to present to the SAQ (Sato, 2016).

The agency will use the WSET grid (*Table 2*) for the tasting process. This grid is complete and evaluate the entire quality of the wine, the price category and the general quality at the end of the tasting. After evaluation of the wine, the taster can judge the label.

The results of pre-selection and the tasting will give which wine(s) will be presented (Beaudet, 2018).

However, there is another way to source efficiently producers to present at the SAQ, it is wine fairs, such as Prowein, Vitaly or Vinexpo (United States Trade Tasting , 2018).

These wine shows are excellent to see many producers from many categories of the list of requirements. But the agent needs to work before, during and after these wine trade shows. It means that they have pre-select before, taste during the fair, and select the wines the agency will present after. These kinds of shows can create a positive first contact between the agent and the wineries that will work together because they will see each other and set from the beginning a good relationship (Global, 2017).

Regarding the methodology, as said in the chapter 2, desk and internet researches have been made to answer this sub-question. The point that did not go according to plan is that no study cases have been found by the student because of the questionable liability of these. However, all the sources found during the research process help answering this sub-question efficiently and give two efficient ways of sourcing for agency.

For the sourcing methods, some strong and negative points can be seen.

Indeed, the first way of sourcing has strength and weaknesses. The first big good aspects of sourcing without moving from the agency is that no money is spend. Every step is done from the local of the agent and it does not cost any more expenses. Another strong point is that it can be an everyday activity. The agency does not have to wait for an event to use this

kind of sourcing. However, some weaknesses can be seen for this technique of sourcing, such as the reactivity of the answer. Most of the producers that will contact the agency has a time difference with the province of Quebec. This distance can be a weakness of this alternative of sourcing. Additionally, this first way of find producers will take more time than the second. The process of take time with the different step inside, such as the import of the sample for example.

Regarding the second way of finding wine producers, this one has also advantages and downsides. The first positive aspect of sourcing by wine trade shows is the meeting with different producers. Meet the producers can create a good relationship between the two actors. Moreover, the agent will have the opportunity to source many categories of the list of requirements during the fairs. During these fairs, there is not time difference between the agent and the producers because they will be at the same place at the same moment and just after the selection process the wine promotional agency will present the wines concerned to the SAQ. Nevertheless, this method has a limit, it will cost a lot of expenses for the agency. Most of the time the famous wine fairs taking place in Europe. The agency will have to pay the travel, the hotel, the meals, the participation to the fair. Compare to the first method this one will cost much more money. Finally, there is also a risk that during the selection process the agency does not find any wine producer good enough to present to the SAQ and the wine trade show would have been useless.

### C. How to conserve a wine within a SAQ

The listing of a product is significant for an agency that want to be on this market. But, when the product is listed the work of the agency is not done yet (Beaudet, 2018).

The aim of the agency is to maintain the life of the product listed to have a re-order, called by the monopoly, a renewal. For the francophone monopoly the most important factor to get a renewal is the speed of sales (Harris, 2018).

When the good arrives at the SAQ's storage the stores the SAQ stores can get the product. A delay of speed of sales by the SAQ to get an automatic renewal. If 12 weeks after the arrival in the storage, 90% of the total order of the product is sold, the product will automatically get a renewal. This delay is proof for the SAQ that the product is appreciated. If the delay is not respected, it will be harder to get a renewal (Harris, 2018).

To have the product in SAQ store, the agency has to have an employee that promote the it: a sales representative. The objective of the representative is to promote the product in SAQ stores in order to respect the delay and get a renewal (Harris, 2018).

To get in the shelves of SAQ stores, the sales representative has to convince the decision-makers in it (wine consultant or store director). They decide to take order cases of this product from the monopoly's storage (Harris, 2018).

First the representative has to take meeting with one of them because of the large competition between the agencies. During the appointment, the representative will present all the characteristics of the wine (appellation, grape variety, price, the organoleptic characteristics, etc.). The person tastes the wine. According to the characteristics of the wine, the place in the store, the decision maker will decide to take the product or not. The appointments with the stores responsible allow the representative to create a good relationship with.

The relationship with the decision-makers is a significant factor to enter a product into a store to maintain a good image of the agency. The good relationship between the two parts will also help the representative to know the needs of the stores and their responsible and present wines that match with their demand (Harris, 2018).

When the product entered in the store, there is a way for the agencies to promote the wine to the customer. It is called the promotions (Harris, 2018).

Different promotions are available to allow the agencies to bring light on a product. These promotions are present in the stores and the agency decide what kind of promotion and which stores are targeted for one month. They have to be bought and booked on the website SAQ *Promopunch*. The producer and the agency set a budget if promotions have to be booked (Harris, 2018).

The tasting machines, the fridges, the display racks and the points for SAQ *Inspire* card, the promotions are diverse and each of them have advantages to allow the product stand out from the competition (Harris, 2018).

Every single technique when the product is listed is important to improve the chances to get a renewal (Harris, 2018).

The methodology and the interview went well. Carl Harris explained that the sales representative plays an important role in the wine promotional agencies. The sub-question could have been improved because the renewal of the agency's product depends a lot of the sales representative. The next time the sub-question can be formed in a different way. However, the data collected with the meeting with Carl Harris answered the main subject of the sub-question, how conserve a product listed at the SAQ.

To conserve a product at the SAQ, the choice of the sales representatives is imperative. The latter has to know perfectly the functioning of the SAQ. It has to have a social contact with people because the relationship with the decision-makers of the SAQ stores is important factor. Moreover, the representative has an excellent knowledge about the wines it will present to the stores. Choosing the right sales representative is essential for the agency.

The promotions are an excellent way to sell the order as fast as possible. However, they have to be used in good way to be useful for the sales of the product. The best strategy to use

the promotions is to use them in the stores where the product is the less sold. The stores where the product is well sold, the customers know already that the product exist. Promotions in the stores where the product is less known will bring the light and attract the attention on it. This method will increase significantly the sales of the wine in the stores considered.

## V) Conclusion and Recommendations

The research project concerns the Quebec's wine market. A monopoly is set, the SAQ, to control every alcohol that is imported within the province. The wine is the biggest market of the SAQ. Most of the time wines present in the SAQ stores are represented by wine promotional agencies. The aim of this research is to find the solution to the problematic "How a wine promotional agency can increase its chances to enter and conserve a product at the SAQ?". This problematic has been answered with sub-questions.

### A. Criteria improving chances to get a new wine listed to the SAQ

This sub-question tells the agencies which criteria it has to consider if it wants to improve the tenders, they will send to the SAQ.

This part of the research considered the selection process of the SAQ. The list of requirements is the first thing to understand what the different wines are need the SAQ and their specific characteristics (Beaudet, 2018).

When the agency will present a wine to the web catalog of the SAQ, the monopoly will do a pre-selection on different criteria. These criteria prove to Quebec's monopoly that it might go to the selection and only select wines that can be marketing, at the lowest price, that respect the environment when it is made, that is export worldwide and appreciated by the taster that rule the wine market. The products presented has to have a maximum of these settings if it wants to go to the second step, the tasting (Beaudet, 2018).

If the wine goes to the selection, samples will be demanded and tasted after by the SAQ buyers. In that case the buyers, will judge the quality of the wine inside the bottle during a blind tasting. The organoleptic characteristics and the ratio quality/price are the most important factors during this step. At the end the general impression of the wine and the label will give a subjective opinion on the wine. After this step, the criteria of the whole selection process will be put together and a ranking will be done (Beaudet, 2018).

Based on this ranking, the SAQ will order according to the gaps it has into a category that they have in their range. They can order only one product as they can order 4 (Beaudet, 2018).

The SAQ selection process is built on the psychology of quality. All the criteria stated by the monopoly are designed to prove the quality of the product. The aim of the monopoly is to find the best wines that are in the categories that it fixes on the list of requirements. If the wines have good selection criteria, the final consumer will be pleased to buy these products (Beaudet, 2018).

These relevant results show that the SAQ set a whole complex selection to challenge the agencies to find the best wineries all around the globe. If the agencies want to improve their chances they have to respect these criteria if they want to improve their chances to get product at the SAQ. These criteria show that the agencies have to do their sourcing carefully (Beaudet, 2018).

## B. Useful sourcing for a wine promotional agency

Improving the chances to get wines listed at the SAQ needs to have the wines and the producers that fit to the criteria of the monopoly, that means sourcing efficiently and with good process (Chef d'entreprise, 2015) (Beaudet, 2018).

As said before, the first step to source correctly is to look at the list of requirements to know in which category the agent has to source (Beaudet, 2018).

Two kind of efficient sourcing have been found during the project: without moving from the agency and the wine trade shows. The first one can be done on a daily base, with research on diverse media such as specific wine newspaper (Wine Spectator, James Suckling...) or even on specific web sites (inter-professional association or regional committee) to find producers that can fit with the list and criteria of the SAQ process (California Wine Advisor, 2018) (Cafaggi & Iamiceli, 2011).

When wines of the desired category are found and confirm that they are not represented by an agent already, the agency has to choose the producer(s) is going to present. If they want to improve its chances to get products listed, the agencies have to screen the sources and the best way to do it is process like the monopoly: pre-selection and selection (AgileBuyer, 2014).

If the agent acts like the institution in which it tries to enter, the chances to get into the monopoly will inevitably improve. After collecting all the data of the pre-selection, the promotional agent will make a comparative study and set the Key Performance Indicators (KPI). This study will screen the producers to choose those that will go to the other stage, the tasting (Burgess, 2017).

The ranking of the pre-selection will lead to an import of samples for a blind tasting and select the product(s) to present to the Québec's monopoly (Sato, 2016).

WSET grid (*Table 2*) will be used to judge the wines pre-selected. The grid can cover the pure quality and the ratio quality/price. The subjective opinion about the label can be given at the end. At the end of this stage, the agency can present the product(s) that obtain the best combination between the criteria of the 2 steps (Beaudet, 2018).

On the other hand, an efficient sourcing can be done in wine trade shows such as Vinexpo, Vinality or Prowein (United States Trade Tasting , 2018).

These fairs welcome wine producers from the entire world that cover the list of the SAQ. The agent needs to work before, contact the producers and pre-select them with the criteria. After it will judge the pure quality of the wine during the event. That kind of fairs will allow the agent to see the wine producers it represents already and create a relationship with new ones (Global, 2017).

### C. How conserve a wine within a SAQ

The listing of the product into the monopoly is the first step, after the agency has to maintain the product in it and get a re-order (Harris, 2018).

The renewal is the name of the SAQ's re-order. To get an automatic renewal the product has to be appreciated by the stores customers and sold as fast as possible. The delay is accurate, 90% of the total order has to be sold in 12 weeks and the product will be re-ordered by the monopoly. After this delay, the renewal is still possible, but it will be difficult (Harris, 2018).

To respect this delay, the agency needs a sales representative that will go visit the SAQ stores to promote the product to the decision-makers that decide to order a wine to the SAQ storage (Harris, 2018).

The agency's representative will bring a sample of the product it wants to make enter in the SAQ stores. The decision-maker will taste the product. Depending the wine and the place in the store, the responsible will decide to order the product or not. The frequency of the meeting between the representative and the decision-makers will create a relationship between them. If the relationship is good, the stores responsible will tell more easily what kind of wine it needs and the representative will adapt the proposition that it will make (Harris, 2018).

Once the product gets into stores, the agency can buy and book diverse promotion (tasting machines, fridges, display racks or points on the fidelity card) on the SAQ's web site *Promopunch* that will target directly the final customer and bring the wine to the light. The wine producer and the agency need to agree on a budget to take these promotions (Harris, 2018).

All these settings are important to get a renewal on a product. The skills of the sales representative will be the key for the agency to get a renewal of a product. The wine considered will also be important, the appreciation of the quality/price ratio by the decision-makers will be a factor essential.

Regarding the promotions, they have to be used efficiently. It is far from optimal to use them with products that are well sold because the products concerned already proved their quality. Meanwhile, use promotions on products that are less known will help them to gain visibility with the customers.

The whole research project helped to answer the main following question: “How can a wine promotional agency increase its chances to enter and conserve a product at the SAQ?”. Considering the criteria that is using the monopoly during the pre-selection and selection processes will help the agencies to increase the chances to get wines listed. After in a second time, the report showed how an agent can source without moving from its local and with the wine trade shows that take place every year. This second sub question tells also that imitate the SAQ’s sourcing process will allow the agency to find wines that the monopoly want. Finally, to increase the chances to conserve a product into SAQ’s stores the agent has to choose a sales representative that has social skills, knows perfectly the SAQ’s market, good competencies to present wines and how to use the promotions proposed by the Québec’s monopoly.

The different answers of each sub question lead to the answer of the main question. The interviews and the desk researches were enough relevant to fill the gap that created the main question. Find the perfect product that will be listed and be conserved for sure is almost impossible. However, if the agency combines wines with SAQ’s criteria, a good sourcing process and a skilled sales representative the chances to get wines listed and conserved will be higher.

After the diverse findings of this research report, some recommendations can be given to Blanc ou Rouge and the wine promotional agencies of the Canadian francophone province:

- 1- The agency has to look at the list of requirements and be organized with the categories where the monopoly needs wines. Searching wine producers from the same category will be easier for the agent. The selection process will be easier to execute for the agency if wines from the same categories are judged. The chances of SAQ listing will be higher.
- 2- If an agency wants to improve their chances to get wines listed, engage a former SAQ’s employee will help a lot. Benoit Beaudet worked during 15 years into the monopoly, now it helps an agency to enter wines on the store’s shelves. The former employees of the SAQ know the details and the settings of the monopoly.
- 3- Considering the sourcing, the best chances to get wines listed is to imitate the selection process of the SAQ. The pre-selection first, organizing regularly tasting and gather a committee to decide what wines will be presented to the monopoly. In this committee, the opinion may be diverse but at the end the group will agree on what wines it will present.
- 4- Still concerning sourcing, the agency can source the whole year from its office. However, it has to go at least at one wine trade show during the year. The wine trade shows allow the agency to find new wine producers and to create relationship with them. Prowein would be the wine trade show to go for the agency because it is the largest event for the wine producers all around the world. These fairs will also maintain the relationship with the producers that are already dealing with the agent.

- 5- Conserving a wine that has been listed is not thing easy. The agency has to cover a maximum of the SAQ stores in the province. When the agent engages sales representatives, it can create accurate geographic areas where they can have the specific stores and create a relationship with the decision-makers and see the trends in the shops.
- 6- Having meetings between all the sales representatives and the agent. These meetings can approach a reflection on the sales of the products listed. The meeting will help also to think about the products that need promotions.

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# Appendices

## Appendice 1: SAQ's List of requirements

| 2018-2019  |                        |  |  |
|--|------------------------|--|--|
| Requirements by Category (Regular Products and Specialty Products)   |                        |  |  |
| <p>We will consult the SAQ Catalog of Offers at any moment as opportunities and requirements arise.<br/>           Please submit your offers at any time and make sure they are always up-to-date.<br/>           When an offer is analyzed, a message will be sent to the supplier and/or agent.<br/>           When an offer is refused, its status reverts to "Draft" so you can update it for future analysis.</p> |                        |  |  |
| Key:   |                        |  |  |
|  |                        | Developing category for which we want to improve the assortment.   |  |
|  |                        | Balanced category whose product offers we are seeking to optimize.   |  |
|  |                        | Fixed-quota category (only some exceptional offers may be selected).   |  |
| CM Universe  | Category               | Catalogue  | Details  |
| Red wine   | Red wine South Africa  | Regular Products   | Any wine with a light profile and high drinkability (entry-level and mid-range)<br>Interest in wines made from organically farmed fruit  |
|  |                        | Specialty Products   | Any wine with a light profile and high drinkability (mid-range)<br>Interest in wines made from organically farmed fruit  |
|  | Red wine Australia     | Regular Products   | Any wine with a light profile and high drinkability (entry-level and mid-range)<br>Seeking new players not present on the market<br>Interest in wines made from organically farmed fruit |
|  |                        | Specialty Products   | Any wine with a light profile and high drinkability (mid-range)<br>Seeking new players not present on the market<br>Special interest in wines made from organically farmed fruit         |
|  | Red wine Large formats | Regular Products   | Seeking 3 L format<br>Specific country for red wine: Italy<br>Specific country for rosé wine: France<br>Established brand, category leader   |
|  |                        | Specialty Products   | Limited edition products only  |
|  | Red wine Small formats | Regular Products   | No specific requirement identified.  |
|  |                        | Specialty Products   | No specific requirement identified.  |
|  | Red wine Canada        | Regular Products   | No specific requirement identified.  |
|  |                        | Specialty Products   | Seeking mid-range and high-end VQA products. Mainly wines with aromatic and supple or aromatic and robust profiles   |
|  | Red wine Québec        | Regular Products   | Quebec-specific call for tenders   |
|  |                        | Specialty Products   | Quebec-specific call for tenders   |
| Red wine Argentina   | Regular Products       | Seeking entry-level and mid-range products<br>Seeking easy-drinking and dry wines  |  |
|  | Specialty Products     | Seeking products with Fast-Track potential<br>Seeking mid-range products<br>Seeking easy-drinking and dry wines                              |  |
| Red wine Chile   | Regular Products       | Seeking mid-range products<br>Seeking organic wine   |  |
|  | Specialty Products     | Seeking mid-range and high-end products<br>Seeking organic wine  |  |
| Red wine Various countries   | Regular Products       | No specific requirement identified.  |  |
|  | Specialty Products     | New Zealand: seeking Pinot Noir and Syrah varieties (mid-range).<br>Lebanon: new supplier not present on the market.                         |  |
| Red wine Spain   | Regular Products       | No specific requirement identified.  |  |
|  | Specialty Products     | All regions with good QPR (high-end)<br>Seeking well-known producers and new players<br>Interest in wines made from organically farmed fruit |  |
| Red wine France Beaujolais   | Regular Products       | No specific requirement identified.  |  |
|  | Specialty Products     | Seeking well-known crus  |  |
| Red wine France Bordeaux   | Regular Products       | Seeking Côtes de Bordeaux appellations.  |  |
|  | Specialty Products     | Priority given to 2015 and 2016 vintages. Open to buying large lots with an excellent price for the appellation.                             |  |
| Red wine France Bourgogne  | Regular Products       | Some interest in 100% Pinot Noir.  |  |
|  | Specialty Products     | Seeking 2015 and 2016 wines from regional and communal appellations.   |  |
| Red wine France Languedoc  | Regular Products       | Seeking entry-level wine with innovative concept.  |  |
|  | Specialty Products     | Appellation wines  |  |

|                                |                                      |  |   |
|--------------------------------|--------------------------------------|--|---|
|                                | Red wine Southwest France            | Regular Products   | Seeking entry-level wines with an innovative concept.   |
|                                |                                      | Specialty Products   | Products from emerging producers with good press.   |
|                                | Red wine France Loire Valley         | Regular Products   | No specific requirement identified.   |
|                                |                                      | Specialty Products   | No specific requirement identified.   |
|                                | Red wine France Rhône Valley         | Regular Products   | Opportunities for Côtes du Rhône, Côtes du Rhône Village, Ventoux, Rasteau and Costières de Nîmes   |
|                                |                                      | Specialty Products   | Openings for most appellations  |
| Red wine France other regions  | Regular Products                     | Seeking entry-level wines with an innovative concept.  |   |
|                                | Specialty Products                   | Well-known producers   |   |
| Red wine Italy Piedmont        | Regular Products                     | Any product with Nebbiolo as the main variety (Langhe Nebbiolo, Nebbiolo d'Alba, Langhe Rosso, Piemonte, etc. appellations).   |   |
|                                | Specialty Products                   | Entry-level and mid-range Langhe Nebbiolo and Langhe Rosso. Barbaresco from any price bracket, including entry level for the appellation. High-end Barolo with fame and recognition (94+). |   |
| Red wine Italy Sicily Sardinia | Regular Products                     | Entry-level Terre Siciliane red and white.   |   |
|                                | Specialty Products                   | Seeking entry-level and mid-range Etna wines.  |   |
|                                | Red wine Italy Tuscany               | Regular Products   | Chianti Riserva appellation. Wine made using the Governo method. Entry-level Rosso di Montalcino.   |
|                                |                                      | Specialty Products   | Entry-level and mid-range Toscana IGT. Mid-range Rosso di Montalcino. Entry-level and mid-range Chianti Gran Selezione. Brunello di Montalcino with fame and recognition (94+). |
|                                | Red wine Italy Veneto                | Regular Products   | Veneto and Veronese IGT partially apasimento. Valpolicella Classico and Superiore.  |
|                                |                                      | Specialty Products   | Mid-range Valpolicella Ripasso. Entry-level and mid-range Amarone.  |
|                                | Red wine Italy other regions - North | Regular Products   | No specific requirement identified.   |
|                                |                                      | Specialty Products   | No specific requirement identified.   |
|                                | Red wine Italy other regions - South | Regular Products   | Entry-level and mid-range organic Montepulciano d'Abruzzo. Entry-level organic Puglia IGT and DOC wines.  |
|                                |                                      | Specialty Products   | High-end Montepulciano d'Abruzzo. Mid-range and high-end Puglia DOCs and DOCGs (Castel del Monte Bambino Nero and Nero di Troia).   |
|                                | Red wine Low price                   | Regular Products   | Mainly seeking wines from France and the United States. Dry, easy-drinking wines.   |
|                                |                                      | Specialty Products   | No specific requirement identified.   |
|                                | Red wine Portugal                    | Regular Products   | All regions with a light profile and good QPR (mid-range) Seeking new players Interest in wines made from organically farmed fruit  |
|                                |                                      | Specialty Products   | All regions with a light profile and good QPR (mid-range) Seeking new players Interest in wines made from organically farmed fruit  |
|                                | Red wine United States               | Regular Products   | Seeking entry-level, mid-range and high-end products. Seeking organic wine. Seeking dry, easy-drinking, lightly oaked wines.  |
|                                |                                      | Specialty Products   | Seeking mid-range wines and products with Fast-Track potential. Seeking dry, easy-drinking, lightly oaked wines.  |
| Rosé wine                      | Rosé wine                            | Regular Products   | Organic product Lightweight glass bottle  |
|                                |                                      | Specialty Products   | Appellation product Organic product Offers different from those in the 2018-2019 Summer invitation.   |
|                                | Québec Rosé wine                     | Regular Products   | Québec-specific call for tenders  |
|                                |                                      | Specialty Products   | Québec-specific call for tenders  |
| White wine                     | White wine Australia                 | Regular Products   | Any wine offering good QPR (entry-level and mid-range) Seeking new players not present on the market Interest in wines made from organically farmed fruit                       |
|                                |                                      | Specialty Products   | Any wine offering good QPR (entry-level and mid-range) Seeking new players not present in the market Interest in wines made from organically farmed fruit                       |
|                                | White wine Large formats             | Regular Products   | Seeking 3 L format Seeking country: France Established brand, category leader   |
|                                |                                      | Specialty Products   | Limited edition products only   |
|                                | White wine Small formats             | Regular Products   | No specific requirement identified.   |
|                                |                                      | Specialty Products   | No specific requirement identified.   |
|                                | White wine Canada                    | Regular Products   | Seeking mid-range, high-volume VQA products   |
|                                |                                      | Specialty Products   | Seeking mid-range and high-end VQA products.  |
|                                | White wine Québec                    | Regular Products   | Québec-specific call for tenders  |
|                                |                                      | Specialty Products   | Québec-specific call for tenders  |

|                 |                              |                    |   |
|-----------------|------------------------------|--------------------|---|
|                 | White wine Argentina         | Regular Products   | Seeking entry-level and mid-range wines<br>Seeking new commercial brands  |
|                 |                              | Specialty Products | Seeking mid-range wines   |
|                 | White wine Chile             | Regular Products   | Seeking entry-level and mid-range wines   |
|                 |                              | Specialty Products | Seeking mid-range wines and products with Fast-Track potential.<br>Seeking organic wines.   |
|                 | White wine Various countries | Regular Products   | South Africa: no specific requirement identified.<br>Hungary entry-level dry wine (Tokaji, Furmint).<br>Germany: entry level Kabinett wine.   |
|                 |                              | Specialty Products | South Africa: mid-range.<br>Entry-level and mid-range orange wine.<br>Greece: mid-range Assyrtiko.<br>Germany: mid-range Riesling Kabinett, Spätlese and Auslese.   |
|                 | White wine Spain             | Regular Products   | No specific requirement identified.   |
|                 |                              | Specialty Products | All regions with good QPR (mid-range)<br>Seeking well-known producers and new players<br>Interest in wines made from organically farmed fruit   |
|                 | White wine Portugal          | Regular Products   | No specific requirement identified.   |
|                 |                              | Specialty Products | All regions with good QPR (mid-range)<br>Seeking well-known producers and new players<br>Interest in wines made from organically farmed fruit   |
|                 | White wine France Alsace     | Regular Products   | Entry-level: certified organic white wines with drier finishes. Sought grape varieties: Riesling and Pinot Gris   |
|                 |                              | Specialty Products | Seeking dry wines.  |
|                 | White wine France Bordeaux   | Regular Products   | No specific requirement identified.   |
|                 |                              | Specialty Products | Seeking dry wines from the Graves and Pessac-Léognan appellations.  |
|                 | White wine France Burgundy   | Regular Products   | Seeking wines from the Bourgogne, Chablis and Mâcon appellations in sufficient quantities.  |
|                 |                              | Specialty Products | Opening in regional and communal appellations.  |
|                 | White wine France Languedoc  | Regular Products   | No specific requirement identified.   |
|                 |                              | Specialty Products | Well-known producers. Organically farmed wines.   |
|                 | White wine Southwest France  | Regular Products   | No specific requirement identified.   |
|                 |                              | Specialty Products | No specific requirement identified.   |
|                 | White wine United States     | Regular Products   | Seeking entry-level and mid-range products<br>Preference for monovarietals<br>Seeking Washington State wines  |
|                 |                              | Specialty Products | Seeking mid-range and high-end wines<br>Seeking mid-range wines and products with Fast-Track potential<br>Preference for monovarietals<br>Seeking organic wines<br>Seeking wines from Oregon and Washington State |
| Espace Cocktail | Miniatures                   | Regular Products   | Requirements will be met with specialty transfers   |
|                 |                              | Specialty Products | No specific requirement identified.   |
|                 | Spirits 200 to 375 ml        | Regular Products   | Requirements will be met with specialty transfers   |
|                 |                              | Specialty Products | No specific requirement identified.   |
|                 | Cream                        | Regular Products   | Requirements will be met with specialty transfers   |
|                 |                              | Specialty Products | No specific requirement identified.   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Gin                          | Specialty Products | 750 ml format. Quebec product. Artisanal product. New brand with a distinctive aromatic profile.  |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Liqueur                      | Specialty Products | No specific requirement identified.   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Rum                          | Specialty Products | 750 ml format. Tasting rum with age declaration   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Tequila                      | Specialty Products | 750 ml format. 100% agave product. Innovative packaging. Mezcal, Sotol, Bacanora, Raicilla. Under \$70.   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Vodka and Alcohol            | Specialty Products | No specific requirement identified.   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Brandy and Cognac            | Specialty Products | No specific requirement identified.   |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |
|                 | Eau-de-vie                   | Specialty Products | 750 ml format. Pisco with high potential sales volume.  |
|                 |                              | Regular Products   | Requirements will be met with specialty transfers   |

|              |                     |                    |  |
|--------------|---------------------|--------------------|--|
|              | Whisky              | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | 750 ml format. Artisanal product. New brand. Special edition or special collection.  |
|              | Scotch Whisky       | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | Single malt with age declaration. Product under \$75. Special edition or special collection.   |
| Celebrations | Beer                | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | Quebec microbrewery product with a competitive price in 355 ml cans and six-can packs. High-volume, brand, no-alcohol beer. Gluten-free product. |
|              | Cooler              | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | Non-vodka spirits-based cooler. Innovation. Offers different from those in the 2018-2019 Summer invitation.                                      |
|              | Champagne           | Regular Products   | Champagne under \$40 (entry-level).  |
|              |                     | Specialty Products | Product with high recognition. Organic product. Special edition or special collection.   |
|              | Sparkling wine      | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | Appellation product (crémants and cavas). Organic product. Special edition or special collection.  |
|              | Produits du Terroir | Regular Products   | Quebec-specific call for tenders   |
|              |                     | Specialty Products | Quebec-specific call for tenders   |
|              | Apéritif            | Regular Products   | Requirements will be met with specialty transfers  |
|              |                     | Specialty Products | No specific requirement identified.  |
|              | Port                | Regular Products   | No specific requirement identified.  |
|              |                     | Specialty Products | Tawny Colheita   |
|              | Dessert Wine        | Regular Products   | No specific requirement identified.  |
|              |                     | Specialty Products | Only Sauternes   |

## Appendice 2: Interview Benoit Beaudet

Fabien Comte: Hello Benoit, can you tell me what was your role at the SAQ during your time in it?

Benoit Beaudet: Hello Fabien, I have been within the SAQ for 15 years, I started as an executive in spirits portfolio and during the following years, I became director of the selection of the specialty and standard products. I have also worked in a project that concerned a re-organization of the SAQ shops in general with its market.

Fabien Comte: Thank you for presenting yourself, I am interviewing you today because I have a research project concerning the wine promotional agencies that send tenders to the SAQ. The aim of this interview is to know more about the question “What are the different criteria the SAQ is looking for during the analyze and the process of a tender?”. My first question about this is: What is the frequency of a tender call?

Benoit Beaudet: There are different tenders calls at the SAQ. First there are tenders calls for seasonal products, for example the rosé wines and they are launched 1 year prior. During those seasonal tenders calls, we are talking about 60 000 to 100 000 cases bought by the SAQ and some commercial programs that host the shops.

Afterwards, there is another type of tender call that are permanent during the whole year or update after 6 months. This permanent tender call concerns every category, for example red wine from Burgundy or Champagne. There are approximately 80 categories in this tender call concerning wines, spirits and different alcohol from all around the world.

It is not really call of tender, it is rather requests that are specified by SAQ teams, for example we are interested in having red dry wine from Spain, low price, organic and wine producers that are not within the SAQ. Those tenders are classified in the web catalog. In this web catalog, the producer and its representant in Quebec (the agencies), drop the tender and after is sorted in the SAQ web catalog. By the way, in 99% cases, it is the agency that submit the offer for the producer.

The SAQ treats constantly the tenders without announcing the accurate order. For the standard products, with big volumes, where there are less tenders, the monopoly will go through it one or two times per year, to change the products that are not well sold during the year before. For the specialties they can do it per trimester, for example I met the buyers recently and they said me that they will look at the tenders from Burgundy each trimester because there are big gaps because of the small quantities from the years before.

Fabien Comte: How does the SAQ accomplish this call of tender and how do they decide what are the products they need?

Benoit Beaudet: Before deciding what products are going to be on the list of requirements or the tenders, there are some steps. First, there are categories analyzes that are done with all the SAQ's internal data with the sales trends and also see the world trends on other markets all around the world. There is not an accurate view on the world market by the SAQ because they are very "navel-gazing".

For example, they are seeing that the wines from Languedoc are collapsing therefore they realize that they do not have the good products. They are going to look for different wines from that region. Some agencies do some analysis to tell to the SAQ that this region does not work because there are too many wines like that or not enough like this and you have a gap in your range.

These categories analysis are done with diverse settings such as: price range, appellation, taste style. Afterwards, there is a difference with European countries that drink their own wine (Italian drinks Italian wines, France drinks French wines), In Quebec there are wines from all around the world (Chili, Argentina, South Africa).

Therefore, it takes time for the buyers to analyze all the categories. After seeing together, the categories analysis, the buyers gather a committee with the director responsible of the marketing of products. This committee is beneficial to see what are the good and bad things of the different categories analyzes.

If the buyers see that there is a gap in a region's or country's range with the category analysis, they can visit producers that are known by the SAQ to see if they can maybe sell more to them. However, they will also visit unknown producers that can potentially be in the SAQ.

For a monopoly like the SAQ, the team that prepares the list of requirements and the calls of tenders is small, is made of approximately 20 people, which means the strategies that are adopted are wide ranging and do not have much finesse or precision if you want to handle a demand of wines from all around the world.

Finally, when they are done with those analysis, they will publish the list of requirements on a web catalog or sometimes there is calls of tenders for all the wine promotional agencies to say very precisely what the monopoly needs and for which date.

Fabien Comte: What are the different steps for a product when an offer is presented?

Benoit Beaudet: For this question we will take the example of a wine: a Barbaresco.

The SAQ puts in its list of requirements that it needs Barbaresco. First, the agency will choose a producer of Barbaresco and will present the offer on the web catalog with all accurate settings of the wine that ask the SAQ (the price of a case, sugar level, UPC code, product format, preparation delays of an order, organic or not, etc...). At this step, no label is asked but all technical information required about the product and for the logistic.

When the offer is “codified” on the web catalog, the producer must pay an amount of 220 canadian dollars to drop the offer. It is a way for the SAQ to finance its department of sourcing.

After the offer dropped, when the SAQ will screen the different offers of Barbaresco, in the range of the wine that we presented, the buyers will do an analyze of all the offer that concern that kind of Barbaresco. Following some criteria that will be detailed later, a ranking will be done. A percentage will be done on this ranking:  $\frac{1}{4}$ , that means if they want to list 1 Barbaresco the buyers will take the first four to the second step.

Our Barbaresco is in the last four selected and goes to the second step: The tasting.

3 samples of the wine concerned and a picture of the label of the bottle must be posted on the web catalog. When the wine goes to the second step, there is a deadline to send the samples, otherwise the product is eliminated automatically.

When all the samples from the different offers are gathered, there is a tasting committee that will taste the Barbaresco in a laboratory set with optimal conditions to have blind tasting (room’s temperature, special neon light, humidity controlled...).

During the tasting, many parameters are taken in account to judge the wine (see in the next question). Pre-selection and tasting criteria will totalize a mark on 100. Another ranking is done and the best wine, in this case, will be ordered.

The order emitted by the SAQ with the quantity announced will be shipped by the producer 2-3 months later. The producer will have time to check the regulations that have to be applied for the logistic and Quebec’s market.

The product arrives in the SAQ’s storage, two cases are possible.

First, for standard products. This product will have an accurate planogram on certain stores. The stores that will have the product does have the choice to take the product, it is imposed by the marketing product executive. The wine in standard section will have 15 months to be in the 80% of the best sellers, otherwise it will be de-listed.

Second, for specialty product. The order arrives in the SAQ's storage and will be placed on a circular letter. A circular letter is an administrative document, that appears each Wednesday, saying what are the new specialty products that can be ordered by these stores.

The SAQ's stores have order advices based on their sales historic. The store's buyer can also say that he saw the agent that represent this product and he likes this product, so, the store will order the number of cases he wants. This circular letter is available for 125 biggest SAQ stores for 10 days.

Finally, after these 10 days, the 350 stores left, will have access to the residuals of the product that is still available in the SAQ storage.

If in 12 weeks, 90% of our Barbaresco that has been listed earlier is sold, most of the time there will be an automatic repurchase of the same or next vintage. If it takes longer than 12 weeks, the product will be de-listed and be replace by another product to be more competitive.

The general idea is, if the final customer bought it fast, he liked it, so we buy it again this product.

In specialty, if a wine works well, sold fast, very popular to the customer and is ordered by the SAQ multiple times, it will go in the section continuous specialty.

In continuous specialty, there will be always stock of the wine concerned in the SAQ's storage because more quantities are sold, slightly like standard products. When it goes to continuous specialty, the wine will receive, like in standard product, a discount of 1.40\$ on each bottle without contribution of the producer nor the agent. It will have a competitive advantage compare to the specialty section because of its popularity. This discount is the reward to keep developing the sales of this product.

Generally, a wine in specialty will be bought once a year, however if the producer has the quantity and the product works well, it will go to continuous specialty and after in standard section if it has the budget.

Fabien Comte: What are the criteria that allows a wine to have more chances to be ordered by the SAQ and why?

Benoit Beudet: The settings and criteria that allow the buyers to list a wine are the same than in a private market. Firstly, at the beginning the important criteria are into the offer that the agent post to the web catalog.

It works with points, more points you have in your offer, higher the chances the wine will be tasted. It concerns many criteria and have a total of 100 points.

First criteria, price. Even if it is not officially in their criteria, it is obvious that this setting is the first looked to see if it fits to the range in the list of requirements.

Following criteria, contests. If the producer or the wine concerned have medals, contests, awards, quoted in magazines (Wine Spectator for example) or marks by famous taster (Robert Parker for example) the offer will win points. Why? If the wine or the producer have awards, or famous medals in wine contests, it is a sign of quality for the SAQ.

Another criteria is the export sales of the product. If the product is exported all around the world, it means that the world market likes it. If the wine is sold to other provinces in Canada, that means that the beverage fits to the Canadian market and might also fit with the Québec. The private importation market in Québec is also taken into account because if the wine is already well implemented in that market that means, the clients already like it and are already aware of its existence.

Those 2 first criteria worth 20 points on 30.

Furthermore, sustainability. If the winery has sustainable certification and respect the environment, 10 last points might be assigned.

Then, you have the history of the winery. If the winery exists since the XVII century, the winemaker is famous, or the winery is carbon free, this “little story” will make the difference with the competition and make the offer stronger because if it is bought by the SAQ, the sellers in stores will have some anecdotes to tell the final clients. The “little story” is not considered like criteria in the selection grid but the buyers look always at this characteristic.

All those points will be decided during the analyze of the offer by the buyers. 30 points in total.

If the wine is selected for the tasting, 70 other points can be assigned.

First the quality of the wine during the tasting. 20 points can be given.

After, the value for money. If two products have the same quality, the same region and the same appellation, obviously the wine that have the lowest price will be privileged. 30 points are assigned for this setting.

The visual of the bottle and the general appreciation are the last two criteria that are subjective. Those 2 lasts can give respectively 10 points each.

Those criteria concern standard and specialty products.

One more criterion that is required for standard product is a promotional budget that allow the SAQ to promote the wine during events, promotion, tasting in SAQ stores, etc.

As a conclusion, on the different criteria that ask the SAQ at the analyze of the offer and after at the tasting, more points you have on those settings, best your chances are to be selected.

### Appendice 3: Transcript interview Carl Harris

Fabien Comte: Hello Carl and thank you for accepting this interview. I am interviewing you today because I have a research project concerning the wine promotional agencies that send tenders to the SAQ. The aim of this interview is to know more about the question “What can do an agency to maintain a product at the SAQ?”. I know that you are sales representative for agencies for years now. Can you tell me how long have you been sale representative for agencies?

Carl Harris: Hello Fabien, It has been now 7 years that I am sales representative for wine promotional agencies in the province of Québec.

Fabien Comte: Can you tell me more about what is doing a sales representative for a wine promotional agency?

Carl Harris: The sales representative manages is commercial responsible of an agency. The representative is going to sell wines and follow up the clients in private importation and SAQ stores. It is the commercial sword arm of the agency.

The representative takes the orders from the Horeca in private importation and try to convince SAQ stores to release the listed products for the shops. In a wine promotional agency, the “rep” has to know all the wines it represents, to build its argumentation.

Fabien Comte: When a product is listed, what are the conditions for a product to be re-ordered by the SAQ?

Carl Harris: If the SAQ re-orders a product it is called a renewal. The main reference for the SAQ is the speed of the quantity that goes out the SAQ storage and the sales in the SAQ stores. The SAQ fixes a specific delay in weeks and according this delay the monopoly will look at the velocity of the fluctuation between the release of the cases from the SAQ storage and the sales in stores.

The delay is simple, if in 12 weeks in total, that means two months and a half, 90% of the cases have been released from sold in stores, the product is automatically re-ordered by the monopoly. Based on this rate, the SAQ will see if the product is appreciated by the final consumers or not.

Otherwise, if the product exceeds this delay, the SAQ will conclude that the product is not sold very well, and it will be complicated for the agency to have a renewal for the product concerned.

Fabien Comte: How do you promote the products in SAQ stores?

Carl Harris: Our main work as sales representative in order to promote products in SAQ stores is to be present in the field, that means visit as many as possible SAQ stores on the network. First, the best way to convince the SAQ stores to get the products that an agency represents, is to see the decisions-maker in stores (the wine consultant or the store director).

The aim to see these SAQ's workers is to make them taste and present the wines represented. You have to take an appointment with one of them, to allow these decision-maker and the team of the store to allow them to discover the products. In fact, if the decision-makers like the products, think it is a good quality/price ratio and that type of wine work in their store, they will order it.

We try also to bring tools such as descriptive sheets of the products to give more technical information about the producer and the product. This tool will remind to the SAQ's store team what are the specificities of the product and will help them to build an argumentation and advice the customers when they will need it. Obviously, there is no secret, this is selling, that means that a good relationship with the decision-makers is essential.

The representative has to listen carefully the decision-makers to know what their needs are and propose them the right products. Go back to see them regularly to know how the products in the stores are appreciated by the customers.

Fabien Comte: What kind of methods (or techniques) do you use as a sales representative to try to sell your product as fast as possible?

Carl Harris: As said in the previous answer, the best method is the tasting with the decision-makers of the shops. However, there are also promotions that are directly designed for the final customers in the SAQ stores. If the product is already in the stores concerned, the agency can decide to put promotion. These promotions have to be booked by the sales representative and the agency for one or more stores. This promotion will be in the store for one month. In addition to promote the products to the decision-makers of the shops, these promotions will bring the product to the light for the customers of the SAQ's store and supposed to increase the sales of the product. The promotion can be declined in multiple way:

- Tasting for the customers: The product represented is put in a machine where the customers of the store can taste the product for less than 2 dollars. The client can have an overview of the quality of the product before buying.
- Displays racks: These displays racks are placed at the end of a shelf. The strength of this promotion is that the product will stand out from the other products in the normal shelves. The display rack counts 3 size: mini, regular and mega.

- Fridge: This method is used for the refrigerated products (Champaign or white wines). The advantage of the fridge is that the customer will not have to wait to put the wine at the good temperature to taste it. Moreover, the SAQ's fridges are conceived to always attract the attention stores clients.
- Points for SAQ *inspire*: SAQ *inspire* is the fidelity card of the SAQ. Points are attributed to the wines first and go to the customer card the product is bought. Most of the time between 500 and 1000 points. These points can be used by the client after, to reduce his final bill in the store, knowing that 1000 points on SAQ *inspire* is 1\$ less on the final bill. Those points can be cumulated on the card all the time. The agent can decide to put points on a product it represents.

These promotions are not free because the agency has to pay the SAQ to put them on. Following the marketing budget of the producer and the agency, and the investment of the producer for the province; promotions will be bought or not.