



# Purchasing and Merchandising Policy

## Application Procedures

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### SECTION 2 – GENERAL MANAGEMENT RULES

#### Section 2.1 – Transactions with Suppliers

- Any changes that affect the supplier, the entity, the beneficiary, including the address, the contact persons and the transfer of products between suppliers must be sent to the email address [fournisseur.amm@saq.qc.ca](mailto:fournisseur.amm@saq.qc.ca).

#### Section 2.4 – Agents

- For a change of agent (revocation and appointment), the supplier must complete and send the Limited Revocable Power of Attorney for Suppliers of Alcoholic Beverages form available online at [www.saq-b2b.com](http://www.saq-b2b.com) to the email address [procuracion@saq.qc.ca](mailto:procuracion@saq.qc.ca).
- Any false or incorrect information will delay the processing of the document.
- Administrative fees will be charged to the supplier for any incomplete or incorrect form.

### SECTION 3 – CATEGORY MANAGEMENT

#### Section 3.1 – Product Offers

- The plan for each of category is posted online in advance **once** a year.
- Any false or incorrect information will delay the processing of your offers. In addition, as stipulated in the terms and conditions of the offer, it is possible that the offer will be automatically refused if it has some.
- Administrative fees will be charged to the supplier for any incomplete or incorrect form.

### SECTION 5 – PRODUCT PURCHASING

#### Section 5.2 – Prices

- When purchasing products, the SAQ negotiates the most advantageous terms and price possible.
- Suppliers must sell their products to the SAQ at the best ex-cellar price less than or equal to that charged to other provincial or territorial liquor control boards in Canada, in order to obtain a competitive retail price in **Canada**.
- The SAQ may wave this requirement if the supplier of the product concerned demonstrates, to the satisfaction of the SAQ, that non-compliance with it is justified.
- If the supplier violates this stipulation, the SAQ reserves the right to require payment by the supplier of an amount equal to double the excess amount paid for all stock (in

warehouses, stores and issued orders) in order to acquire the product. The SAQ may also terminate procurement of the product.

### **Section 5.3 – Price Changes**

- All price change requests for a regular product (RA) or continuous replenishment specialty products (SA) must be made using the Price Change Request form available online in the supplier account.
- Price decreases will be possible 9 times per year.
- Requests for price increases can be submitted for analysis twice a year, as per the Price Change Requests Schedule.
- When requesting a price increase, the justification must be entered on the Price Change Request form available online in the supplier account.
- Please see the [price change requests schedule](#) for all the relevant dates and deadlines.
- The following analysis criteria will be used when considering requests for price increases:
  - The product must have been sold for more than 1 year;
  - When a product has been selected for a network-wide dollar discount, no request to increase the SAQ purchase price may be submitted during the price change request period and the period immediately before and after it, unless otherwise agreed by the SAQ;
  - The inflation rates for each producer country are used only as a starting point for negotiations. No fixed rule applies in this instance. The arguments developed by the producer and the SAQ will determine the percentage increase should the negotiations lead there.
- All price change requests of batch order specialty products (SL) must be made using the *renewal request* related to the product available online on SAQ Catalog of offers.

### **Batch order specialty products (SL)**

- Requests are considered on a case-by-case basis when the sole renewal offer for the product is processed.

### **Section 5.4 – Change Affecting a Product**

- For a regular product, any changes that affect a product, in particular changes that involve the container, the label, the dimension of the cases, the dimension of the bottles, or the format, must be submitted beforehand for approval to the following email address: [sara@saq.qc.ca](mailto:sara@saq.qc.ca)
- For a specialty product, the modification has to be mention on the sole renewal request related to the product.
- Depending on the type of change, the SAQ reserves the right to negotiate the purchase price.
- Any false or incorrect information will delay the processing of your offers.

- Administrative fees will be charged to the supplier for any incomplete or incorrect form.

## **Section 5.5 – Invoicing Currency**

- Suppliers have the choice of invoicing exclusively in Canadian currency or in any of the foreign currencies that are accepted by the SAQ. The list of these currencies is posted online.
- The price of all products from a supplier that originate from the same shipping warehouse must be paid in the same currency.
- Currency changes will be processed twice yearly as per the schedule published online.
- Regular product suppliers may submit a currency change request according to the published schedule. Once the currency change has been made, no new currency change request can be submitted for the supplier concerned for a period of one year.
- The prices of all products related to the beneficiary must be paid in the same currency.
- The price cannot be changed when the currency changes. All requests to increase or decrease prices must be submitted in accordance with the price change requests process.
- All currency change requests must be made by sending an email message to [changementdeprix@saq.qc.ca](mailto:changementdeprix@saq.qc.ca) indicating the products concerned and the new currency chosen by the beneficiary.
- Suppliers and agents are responsible for providing to the SAQ an exhaustive list of wineries, parent companies and suppliers for which they have requested a currency change.
- Currency changes automatically apply to all other products sold by the supplier at the SAQ that originate from the same shipping warehouse as the product concerned.

## **SECTION 6 – PRODUCT MERCHANDISING**

### **Section 6.3 – Withdrawal of Products from the Catalogue**

- If a regular product is the worst-performing of its category or category segment, it can be withdrawn from the SAQ.
- When many products are the worst-performers within the same category or category segment, each concerned supplier will have to submit a recovery plan in order to be maintained in the catalogue of products at the SAQ.

### **Section 6.4 – Penalty in Case of Withdrawal**

- A regular product that is withdrawn from the catalogue less than two (2) years after its introduction date is subject to the special withdrawal measures described in the *Purchasing and Merchandising Policy*.

- During the product withdrawal period, the SAQ will be able to evaluate the new regular product with the other products of its category or category segment depending on its introduction date to the planograms.
- For the Ready-to-Drink category, a new product can be evaluated during the withdrawal period as of its 13th completed merchandising period, irrespective of the catalogues concerned.
- This penalty also applies if the decision to withdraw the product less than two (2) years after it is marketed introduced is made by the supplier.
- See the following example for more details: *The SAQ withdraws the worst-performing product in a category segment.*

FACTORS TO CONSIDER		
SAQ purchase price		\$55.00
Inventory (outlets and warehouses)		1,000 cs
Value of unsold inventory	$\$55.00 \times 1,000 \text{ cs}$	\$55,000
Penalty	$25\% \times \$55,000$	\$13,750

**Comments:**

- The product can be withdrawn since it is the worst-performing product in its category segment.
- Since the product is withdrawn less than two (2) years after its introduction date, a penalty has to be paid to the SAQ. Pursuant to section 6.4 of the *Purchasing and Merchandising Policy*, the supplier of this product must pay, for all unsold inventory, a penalty of 25% of its purchase price. In this example, the penalty would be \$13,750.