

BIENVENUE AU QUÉBEC

HOW OUTSIDERS BECOME LOCAL QUEBEC RETAILERS.

There's a little known fact about how Tim Hortons adapted to the Quebec market. The chain was first called Tim Horton's (notice the apostrophe). The apostrophe was later lost to Quebec's language law which stipulates that unless a business name is simply a personal name, it must be translated into French. Tim Horton's would have become *Les beignes de Tim Horton*. Rather than producing separate signage and marketing materials for the Quebec market, Tim Horton's became Tim Hortons from coast to coast. While it changed its name to maximize efficiencies instead of adopting a distinctly Quebecois identity and chose to offer essentially the same menu mix within the same restaurant environment, Tim Hortons has definitely struck a chord with Quebecers.

Contrast this with Starbucks' entry into Quebec in 2001. The global coffee chain took unusual steps to adapt, some would say comply, with Quebec's unique environment. Nowhere else on the planet will you find a Starbucks called a "Café Starbucks Coffee". Nowhere else will the barista be working for a franchise operator (Vision Café Inc.) instead of the Starbucks Corporation. And nowhere else will coffee aficionados be able to savour an intense coffee blend called Mélange Mont-Royal.



When we asked Quebecers to rate how well various retailers from outside the province had adapted to the needs and wants of Quebec consumers, Tim Hortons was rated significantly higher than Starbucks.

What are the keys to success for retailers from outside Quebec operating in or about to enter the Quebec market?

Headspace Marketing Inc., a Toronto-based marketing-communications consultancy helping clients build their brands in Quebec, asked 1,000 Quebec men and women to rate how well or poorly twelve retail brands had adapted to their needs and expectations.¹ Of the twelve brands surveyed, three stand out as having best adapted to Quebecers' needs and wants.

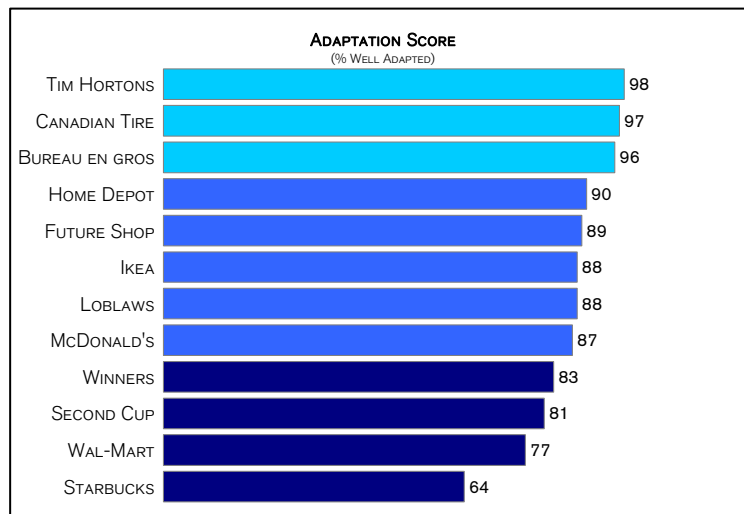
Tim Hortons leads the pack with a 98% score. Canadian Tire follows with a score of 97%. With its green maple leaf logo, the "driving, playing, fixing and living" store first opened in Quebec in 1939. Proudly Canadian, the retailer doesn't appear to have done things differently in Quebec. The merchandise mix, the unique products and the Canadian Tire 'money' featuring the well-known Scotsman Sandy McTire appear as popular in Rivière-du-Loup as in Kamloops.



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Staples Business Depot in Quebec is the destination for office supplies. But don't expect to find a Staples sign on the building or anything about a depot. *Bureau en gros*, which loosely translated means "wholesale office supplies", is one of the top three brands among those we tested that Quebeckers feel best adapted to their needs. The name certainly has much to do with it but the offer is no different. Mind you, Quebeckers are often pleasantly surprised to be consistently asked at the check-out if they found everything they were looking for.



Home Depot, Future Shop, IKEA, Loblaws and McDonald's all get scores in the high eighties.

While many Quebeckers call Loblaws "*Lobolah*", its President's Choice products and made-in-Quebec advertising seem to be resonating well with a market that loves a new twist on Habitant pea soup as much as un-pasteurized cheese.

In many towns in Quebec, McDonald's restaurants are as visible as the now mostly empty churches and, perhaps because of the *poutine* on the menu, its community involvement or its support of Alexandre Despaties – *un p'tit gars d'ici* -, the quick service restaurant chain gets good marks from Quebeckers.

IKEA, concentrated in Montreal, also gets good marks from Quebeckers who obviously have no problem making the trip to the Swedish store.

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Winners, with an 83% score, has apparently done well in Quebec with its off-pricing strategy. The formula is the same and for a while the advertising featured a local spokesperson, Genevieve Brouillette. Everyone loves a bargain and Quebecers are no different. And, unlike shoppers in the rest of Canada who are more likely to find shopping is a chore, Quebecers love it.

The giant Wal-Mart gets a 77% score. Quebecers might like its everyday low prices and enjoy watching a TV spot featuring a young couple from Chicoutimi who bought all their Christmas decorations at the local Wal-Mart, they seem to be less impressed by the corporation's labour relations.

So what can we learn from this? There doesn't appear to be universal rules. In some cases, having a French name, adapting the offering to Quebecers' tastes or speaking their language through made-in-Quebec advertising might help increase a retailer's relevance and familiarity among shoppers in Quebec. One should keep in mind however that the basics of retailing (fair pricing, quality products, clean and accessible stores, well stocked shelves and outstanding service) make the difference in Quebec as everywhere else. Other surveys have also consistently highlighted the importance Quebecers attach to customer service. For example, when asked what the retailers who have deployed self-checkout should do with the staff being reallocated, 72% of Quebecers said "having easily accessible personnel in aisle, at a greeter station or at a customer service desk to help locate product, answers questions, etc." Only 58% of Ontarians said so.²

Quebecers will handsomely reward those retailers who cater to their needs in a manner that recognizes them as people and shoppers. Knowing whether to adopt, adapt or create for Quebec is the key to success.

FOR MORE INFORMATION ON HEADSPACE MARKETING INC. AND HOW IT CAN HELP BUILD BRANDS IN QUEBEC, PLEASE CONTACT ERIC BLAIS AT (416) 221-3770 OR VISIT OUR WEBSITE AT WWW.HEADSPACEMARKETING.COM.

¹ Survey conducted by Headspace Marketing Inc. from August 17th to 21st 2005. For the survey, a representative randomly selected sample of 1000 adult Quebecers were interviewed by telephone. With a sample of this size, the results are considered accurate to within ± 3.1 percentage points, 19 times out of 20, of what they would have been had the entire adult Quebec population been polled. The data were weighted to ensure the sample's regional and age/sex composition reflects that of the actual Quebec population.

This survey reviewed twelve retailer brands in Quebec. The results in no way reflect an exhaustive assessment of all retailer brands conducting business in Quebec. They serve to better understand the variables that influence Quebecers' perceptions of those retailers' ability to adapt to the needs and expectations of Quebec shoppers.

Given that awareness levels have a significant impact on the results, they have been adjusted to eliminate the effect of brand awareness on brand evaluation. The rating scale therefore represents a brand's perceived ability to adapt based only on the rating of those respondents able to assess the brand.

² Ipsos-Reid/NCR survey conducted from September 10th to September 13th, 2004.

