

On n'échappera pas à une augmentation de prix

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We won't escape a price increase, by Marie-Soleil Brault, Le Soleil, September 23, 2023

Former SQDC President Jacques Farcy has returned to his first love: the SAQ. But being the head of a state-owned company doesn't mean living on love and fresh water.

Lower profits, fewer discounts, more low prices and a questioning of the monopoly: the man who adopted Quebec nearly 15 years ago is off to a flying start.

Le Soleil sat down with Jacques Farcy on the sidelines of the Vinexpo-Explorer event, a gathering organized in Quebec City by the Union québécoise des microdistilleries to promote local products internationally.

While Jacques Farcy is no stranger to the SAQ, having held various vice-presidential positions between 2015 and 2021, this return to his roots is not a smooth ride.

Q How have your first three months as president gone?

A It's going very well. I'd already worked at the SAQ, so it's an organization I knew a little bit about. But at the beginning of the summer, I devoted myself to rediscovering the SAQ.

I went to the warehouses, I made deliveries to licensees, I delivered bottles. I went out into the field to understand how the SAQ works and where it's at. And I discovered - even though I already knew it - that we have incredible teams.

And I believe that the SAQ is an opportunity for Quebec, so I'm happy to put myself at its disposal and serve Quebec.

Q The SAQ is a partner of Vinexpo-Explorer: what can this type of event do for our distillers?

A We took part in Vinexpo in Austria. And as buyers, we found the formula very interesting. We're able to access a lot of producers and products in a short space of time. And we thought that this formula would undoubtedly be of great interest to Quebec and its distillers.

For us, the aim is really to explain to international buyers all the benefits of Quebec products, so as to convince them that, if they choose Quebec products, it's an interesting choice from a gustatory point of view, but also one that makes sense from a business point of view.

It's part of our mission to support the industry beyond our own shelves. But it's also part of our mission to enable distillers to showcase the uniqueness of their products, which are all very different from one another.

And we're very proud that Quebec is among the first to host the event, because I can imagine that there must have been some competition.

Q Speaking of distillers: they are calling for the abolition of the markup levied by the SAQ on sales at the point of production. Are you planning to lobby the Quebec government to support these companies?

A I think it's important to understand the operating framework in Quebec. We're in an international balance, which means that the rules of the game are defined not only by the will of the SAQ, but also by international trade rules. And they imply, among other things, that we do not discriminate on the basis of a product's origin.

There are several levers with which the SAQ can help, but margins or markup levers are excluded, as we are bound by international trade agreements.

The legal framework exists. The law applies to everyone, including the SAQ. There's no debate about these elements, not for us and, I imagine, not for anyone else in Quebec.

After that, whether or not people want to change the legal frameworks, that's up to everyone to discuss.

It's not my place to comment on what certain people want to do or ask for. I don't see myself making representations to change the legal framework, which serves us very well and allows this industry to develop. It's not the SAQ's job to intervene in this, but rather to satisfy customers for the benefit of Quebec.

Q But do you think that responding to these demands could also satisfy your suppliers?

A I hear these demands, I listen to them, but that's not the SAQ's mandate.

If we really want to talk about growth and development, we have to look beyond the Quebec market.

All the energy that goes into thinking about how we're going to divide up the Quebec pie, I think we need to pay much more attention to how we grow that pie and how we find outlets for these products outside the SAQ.

And I think it's not a question of framework, but more a question of perspective. And the one I see is to say that the industry has reached a crossroads and that if we really want to develop, we have to resonate outside Quebec.

And we want to put our energy into that, rather than into debates that we think are interesting, but in which we have much less legitimacy.

Q Does the SAQ want to add even more Quebec products to its inventory?

A We already have a lot. So we're not in the mindset of saying we need a lot more or a lot less.

What we're seeing today is a kind of stability. We've seen a lot of growth in recent years. Today, we're seeing a lot less of it.

So, we think that customers are sending us a signal, that yes, they like them, but that maybe adding more won't make much difference. So, we have to be attentive and respond to this signal.

Q Quebecers were able to take advantage of falling prices in 2017. Could we see a similar scenario next November?

A When we made the drop in 2017, we did so because the entirety of our prices was out of step with certain markets with which we have close proximity, including Ontario and the United States. We made this move at the time to reposition ourselves.

Today, we're still in a very favourable position, with the SAQ often at or below the lowest prices in comparable markets.

So the move we made in 2017 is still serving us well, even if a lot has happened since then. Particularly in the last two years, with inflationary pressure.

So, our job is to have a good discussion with our suppliers to make sure that if they ask us for an increase because their costs have gone up, well that the prices are in line with reality and that nobody uses this lever to try and make a little bit more money. And that's to protect the selling price to the consumer.

Q So, should we expect another price increase?

A Discussions are ongoing. What I'm hearing is that costs are continuing to rise, whether for personnel or raw materials.

So I think that by November we'll be in a situation where we can't escape a price increase. Whether it will be moderate or average, I can't say.

- Jacques Farcy, SAQ President and CEO

Q The SAQ monopoly has been called into question a few times this year. What do you think of this debate?

A I understand that there is a debate, one that I've been hearing on a fairly regular basis since I arrived in Quebec in 2010.

I come from a country [France] where the distribution of alcohol is done very differently. That doesn't give me any particular credibility, but I believe that the SAQ is a huge benefit for Quebec for two reasons.

The first is that I don't know too many retailers who are able to offer 70 countries in 400 outlets at the same price everywhere.

And the second is that the SAQ's net profit and contribution benefit all of Quebec. And I'm proud to work for an organization that contributes more than \$40 million a week to Quebecers' bottom line.

I'm a great believer in this model. But does that mean that the SAQ is a company that shouldn't question itself and continue to evolve? The answer is no.