

Marketing

Something Akin to Fun: Alimentation Couche-Tard, Laval, Que.

December 13, 2004

Sure, the Sloche frozen drink is a proven marketing success in Quebec. But when you've become the fourth largest convenience store operator in North America-and Canada's third largest retailer-you're doing a lot of other marketing efforts right.

That's the enviable state of affairs at Alimentation Couche-Tard, which is slowly transforming the shopping experience at traditionally dull c-stores into something akin to fun. Take the World Cup of Hockey promotion this fall at Couche-Tard dépanneurs in Quebec. The price of a 12-pack of beer was linked to the performance of the Canadian team: Every time the team did well, the price would drop. "We knew that it was going to be a big thing in Quebec, especially with the (impending National Hockey League) lockout," says Couche-Tard marketing director Patrick Côté.

Humorous ads in *Le Journal de Montréal* and *Le Journal de Québec* showed opposing teams trying to find ways to lose to benefit from the price rebates-which were available only on game-day. By the end, a 12-pack of Molson, Labatt or Budweiser was selling for \$11.99-the same price as the value brands. Couche-Tard obtained double-digit growth for beer during the promotion. Better yet, four weeks after the promotion ended, beer sales were still up compared to the pre-promotion trend. People were changing their shopping habits to buy beer at Couche-Tard.

There are "innovations in every aspect of the business," says Côté. "With everything we do, we try to reinvent and to surprise consumers every day-whether by promotion or new design."

That helps explain why the company has expanded from a single food store in Quebec 24 years ago to 4,880 outlets around the continent. Fuelled by last year's \$1.12 billion acquisition of Phoenix-based Circle K Corp., Couche-Tard reported second quarter revenues of \$2.4 billion in the three months ended Oct. 10, compared with \$937.5 million the year before. Profits in the quarter nearly doubled to \$51 million.

Couche-Tard (translated as "night owl" or "stay up late") is one of the select few Canadian retailers to become successful in the United States-something that deserves notice from any marketer, says Harold Simpkins, professor of marketing at Concordia University in Montreal. For his part, Raynald Petit, head of strategic planning at BOS-Couche-Tard's Canadian agency of record-calls the company one of the most "audacious" retailers he can name.

Côté says aspects of the success include a decentralized decision-making process in eight North American regions that allows the stores to be flexible to adapt to their markets. "There's not a cookie cutter approach with one store design for 500 stores." Regional offices can decide on everything from the product offering to pricing strategy. Stores can have murals or hardwood floors, be stand-alone or incorporate branded quick service restaurants like Subway, Timothy's World Coffee or Café Depot.

Where a beer promotion was successful in Quebec, a milk campaign this year hit the spot in Ontario. The humorous radio and print ads aimed at reminding young men that Couche-Tard-owned Mac's is the place for milk. It resulted in double-digit milk growth in less than three months, says Stéphane Gonthier, vice-president operations, central Canada division in Toronto.

To attract teens, Mac's plans to aggressively market itself as the place to go for candy. It already sells an insects line of candy and reps attend trade shows regularly looking for new products. "We're not waiting for the manufacturers to come to us," Gonthier says.

And then there's Sloche. Through the use of unconventional ads and strange names, the frozen drink aims at attracting kids who love weird or gross names and unconventional ads that turn adults off. A new variety is created each year, with the poorest seller of four dumped. Next year, Rose Beef (Roast Beef)-the promotional program for which was recipient of a Best of Show prize this year from the Publicite Club de Montréal-is being sacrificed, to make way for a newcomer. Since its 2000 introduction, Sloche sales have been increasing annually by 15% on average, and are now nearing \$7 million. A line extension of gross Sloche candy sees annual sales of almost \$1 million.

Couche-Tard used specialty TV for the first time for this year's new flavour Swompe (Swamp), with a series of catchy five-second animated executions showing a frog in a glass. Sloche sales increased 20% for the first two months, until a cool summer set in. So successful were the ads that the company received tons of calls from store managers reporting teens were stealing Swompe pole signs. "It's a good problem to have. When people want your advertising that proves you did a good job reaching them," Côté says.