

QUEBEC



QUEBEC – RESTAURANTS

- Many restaurants include breakfast chains with primary clientele less likely to visit post-COVID-19. Reduced seating due to social distancing to further hurt restaurant operations.
- In general, there is a lack of demand for the delivery of breakfast food in comparison with lunch and dinner restaurants.
- The breakfast restaurant industry will experience permanent valuation decline if innovative changes are not sought-after.

50%

Of independently owned restaurants will not survive according to Restaurants Canada's Quebec VP David Lefebvre

QUEBEC RESTAURANTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Creation of an Alliance	<ul style="list-style-type: none">Forming an alliance to gain economies of scale and to reduce immediate costs between restaurant owners
➤ Centralized Kitchen	<ul style="list-style-type: none">Prep work for a cluster of restaurants can be undertaken from a centralized kitchen to reduce the amount of specialized and/or additional labour required at each individual location.
➤ Ghost Restaurants	<ul style="list-style-type: none">Locations with high rent that will not be able to sustain their operations can be converted to “ghost” restaurants to represent various restaurant chains and prepare food on their behalf.
➤ Organic Growth & Control of Labour Costs	<ul style="list-style-type: none">As the food and beverage industry was dealing with increased labour costs to attract workers, now, with the closure of many restaurants, the surplus labour supply will enable employers to reduce their labour costs.

QUEBEC RESTAURANTS – CONSIDERATIONS & LESSONS

Identifying and Lowering Major Costs

Food costs and labor costs make up a major part of a restaurant's expenses.

- 1. Minimize labor costs and conserve only necessary employees***
- 2. Identify possibilities for cost effective products and minimize wastage***
- 3. Invest in digital technology to manage inventory, avoid spoilage of food and enhance customer experience***

Prevalence of Delivery and/or Takeout

Delivery has boomed in popularity and will likely maintain its popularity post COVID-19.

- 1. Develop and prioritizing a delivery/takeout friendly menu***
- 2. Finding ways to provide delivery efficiently***

QUEBEC – GROCERY & GAS STATIONS

- Grocery stores and Convenience stores must establish measures promoting proper hygiene and minimizing risk of contagion. From the onset they will have to gain consumer confidence.
- They will have to establish and enhance their online presence. This will require substantial change in thinking and require investment for creating and managing an online presence, investment in various delivery channels and investment in consumer experience and interaction.

10-12% Increase in revenue in Canadian Grocery Stores during the crisis period

60-70% Revenue is generated from sale of gas at Gas Station-Convenience Stores

40-45 Jamati owned-businesses fall into the segment of 'Gas Stations – Convenience Stores'

QUEBEC GROCERY & GAS STATIONS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
<ul style="list-style-type: none"> ➤ Realize the full potential of the alliance 	<ol style="list-style-type: none"> 1. Continue to negotiate with suppliers and to unify the procurement process. (on going) 2. Establishment of a centralized warehouse (3-6 months) 3. Expansion of Gas station convenience store to enable to introduction of additional SKUs. 4. Create a joint online portal to link customers with their local alliance and/or independent non-alliance store. (6-9 months)
<ul style="list-style-type: none"> ➤ COOP / United Banner 	<ol style="list-style-type: none"> 1. Creating a COOP structure and a single united banner under which participating businesses can operate. (24-36 months) 2. Seeking out big-name retailers and striking bargaining agreement for lower prices (24-36 months) 3. Potentially of merger / buyout by one of the bigger players in the segment (48-60 months)
<ul style="list-style-type: none"> ➤ Local Marketing / becoming your local “corner store” 	<ol style="list-style-type: none"> 1. Planning and executing a marketing push advertising hygienic measures and local promotions.

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QUEBEC GROCERY & GAS STATIONS – CONSIDERATIONS & LESSONS

Resilience of staple goods / Need for self-preservation

Despite the current pandemic and the supply shock felt by a wide gamut of sectors, the staple goods industry fared well.

- 1. Ensure that gas station convenience stores do not rely solely on the traffic generated by gas sales. Sales of milk, eggs, and other staple items demonstrates that no matter the crisis, the demand for this sector will continue.***

Hygienic safety measures

Consumer confidence drives purchasing decisions and the need for safety and perception of safety will become key as we move toward a post COVID-19 era.

- 1. Establish measures for proper hygiene hand-free service where possible will help to drive future sales***

QUEBEC – REFURBISHED CAR PARTS

- Quebec Government does not allow the importation of used cars however refurbished/used car part import is permitted
- Outlook over the next 3 to 4 years still looks promising for those who are able to venturing into the service/installation of parts rather than just the sale of parts. For those who have not pivoted their business will continue to experience erosion of profits as margins continue to compress
- 70-75% decrease in sales during the pandemic. Majority of sales are driven via online channels
- 6-7 Jamati families are involved in the Refurbished Car Parts segment

QUEBEC REFURBISHED CAR PARTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Service / Installation	<ul style="list-style-type: none">• Although auto part sales have struggled, the service/installation business is doing well with a strong outlook.
➤ Garage partnership	<ul style="list-style-type: none">• Possibility for partnership between the part businesses and garages. This will enable certain businesses to exit the parts sector and to concentrate on the high margin service sector while the already entrenched parts operators can increase sales volume.
➤ On-shoring opportunities	<ul style="list-style-type: none">• Given the trend towards on-shoring of certain industrial activities, there will be a need for local distribution partners for various industrial parts produced in Canada and for warehousing of foreign spare parts.• Some business could leverage their knowledge and relationships to exit the car parts segments and take advantage of this emerging need.

QUEBEC REFURBISHED CAR PARTS – CONSIDERATIONS & LESSONS

Move from low margin segment to a higher margin segment

Although car part sales will struggle, service/installation will prove to be profitable.

- 1. Diversification of revenue stream by encouraging the incorporation of service/installation services***
- 2. Diversification of supply chain. Build a supply chain of generic car parts along with refurbished parts to ensure resilience during supply shocks.***

QUEBEC – UNSKILLED WORKERS

- Many Jamati members are working two jobs to make ends meet. Primarily, the second job is a night shift under-the table. Almost all have applied for Government assistance programs. Majority will only be able to sustain their livelihood until government programs are still in place.
- Many are sending financial assistance to overseas relatives, as they see it as an obligation towards family members who were not fortunate to immigrate to Canada.
- Many do not possess a high school diploma (prevalently within the women) and lack of language (English and/or French) proficiency have been challenges for enrollment into this program.

700

Families are currently supported under the Quebec Plan

110

Graduates have completed Quebec Plan's vocational training and 95% have paid back their loans

QUEBEC REFURBISHED CAR PARTS – OPPORTUNITIES TO CONSIDER

Opportunity	Description
➤ Quebec Plan	<p>The Quebec Plan Vocational Training Program, which provides loans to cover vocational training costs, can help unskilled workers transfer their career path.</p> <ol style="list-style-type: none">1. A big marketing push done through all available Jamati platforms (immediate)2. Enroll women without high school diplomas into online classes to enable them to acquire the pre-requisites (immediate)3. Make use of this time when government programs are enabling families to make ends meet to enroll into various online language classes (immediate)

QUEBEC REFURBISHED CAR PARTS – CONSIDERATIONS

Importance of moving the Jamat out of low skill front line work.

Many Jamati members are dependent on low skill jobs for their livelihood. It is not difficult to pivot them to jobs which will remain important in the future and which do not require significant “retooling”.

- 1. Jamati members can enroll into short certification programs and/or vocational program thereby minimizing their time away from the workforce. Acute shortage in the medical/senior care sector will create opportunities. Industrial onshoring will create job opportunities for machine mechanics, machine operators, forklift operators, etc.***