

NEW DUMOULIN ORGANIZATION PLANS BIG SPLASH FOR BACK-TO-SCHOOL; LOSES FOUR FRANCHISE STORES IN QC



Francois Lemieux, Director of Brand Experience, Training, & Communications, Réseau Dumoulin Network Inc., says the new franchise network is planning a "big splash" for back-to-school through its new smaller, boutique-style approach in stores.

It has been confirmed that four franchise stores have opted not to continue with the new Réseau Dumoulin Network Inc., the entity rising from the ashes of Groupe Dumoulin to operate with only franchise stores. Three of them are set to join the new Centre Hi-Fi Select Group, as noted elsewhere in *shop talk*. All within 30 minutes of Montreal, the stores are in

Drummondville, Sorel, and Ste-Catherine. The fourth store, in Alma, was never signed on with the new Dumoulin organization, says Francois Lemieux that company's Director of Brand Experience, Training, & Communications.

Two of the three joining Centre Hi-Fi Select, adds Lemieux, had actually invested in the new company, buying shares. Those stores, Sorel and Ste-Catherine, have asked for the return of their money, and it is Lemieux's understanding that the franchise side of the Réseau Dumoulin Network Inc. has arranged to reimburse them. "Alma was a new store with Dumoulin last year," he notes, "and was sort of waiting on the sidelines, and never really committed to the new concept."

"Everyone is antsy," he muses. "I understand the reasons why the other three chose to join Centre Hi-Fi. All their stores are within 30 minutes of Montreal, and they will get the exposure in the *Journal de Montreal*. Unfortunately, they were big players in the Dumoulin name, but we wish them all the best." In Brantford, ON, Brant Stereo has left the Audiotronic banner to join with Audio Video Unlimited.

The new Dumoulin-Audiotronic franchise network, concludes Lemieux, "will still

make a big splash for back-to-school."

As readers of Marketnews.ca will have seen, Groupe Dumoulin had the court end its CCAA (Companies' Creditors Arrangements Act) protection on July 14, after five months, and Lemieux described it at the time as "the last step before ceasing business." That meant nobody is employed at Groupe Dumoulin, including executives Jacques Dumoulin and Hugues Léger, GD's President & CEO and Vice President, Marketing, respectively. Lemieux stated that all secured creditors have been paid up or arrangements made to their satisfaction.

All nine lots of inventory assets has been sold to the liquidator Maynard's Industries Ltd. and said to be worth an estimated \$6.5 million retail. Maynards also bought the lot comprised of office furniture and equipment from GD's HQ in Laval. Another lot of assets, of intangibles such as names, trademarks, phone numbers, and business operating software and systems, was bought by Réseau Dumoulin Network Inc., which paid in the range of \$150,000 to \$175,000.

Monies from these assets went directly to the monitor, Raymond Chabot Grant Thornton, which is now said to be calculating monies owed and monies paid to see whether there will be any funds left

over to distribute among the unsecured creditors. A public liquidation sale was held July 21, at the Dumoulin HQ in Laval.

Réseau Dumoulin Network Inc. is owned 51% by Dumoulin and Audiotronic franchise partners, and 49% by management executives Dumoulin, Léger, Lemieux, and Michel Plante. Léger is President & CEO, and the others are directors. At latest count, there are 57 storefronts in the franchise-only operation: Dumoulin franchise partners have 31 stores, and Audiotronic franchisees have 26 stores.

Of the former, 24 partners have invested in the shares of the company, as have 11 of the latter.

Bruno Anania is the Marketing Manager for the company, which now numbers about 15 people, and Luc Fournier is Sales & Marketing Coordinator for the Audiotronic banner. Sophie Poitras will rejoin ex-GD colleagues to be the Sales & Marketing Coordinator for the Dumoulin banner. Regional Manager for the Dumoulin stores in Quebec is Lucien Poirier.

The new approach to the market for the company is to be a smaller, boutique-style footprint. For the time being, the new company is working out of GD's former HQ in Laval, north of Montreal.

NEW PRESIDENT CONTINUES BUSINESS AT TBS ALONG PATH STARTED BY LATE COLLEAGUE & FRIEND

"The path that Jack started us down," reflects Lloyd Davis, "is the one we are taking. We're making the changes as if he were still here." Davis has been named President of Mississauga, ON-based The Bargain Shops chain of 239 discount-plus stores. As reported in last month's news briefs, his predecessor Jack Buley tragically died in May on his 50th birthday after his car left the road in Tennessee. Buley's car, notes Davis, who was in Tennessee to celebrate his friend's birthday along with 100 other friends and family members, went off the road for reasons as yet unknown as he was returning from an airport after dropping off relatives.

"I was Jack's best friend, but," remembers Davis, "as I said in my eulogy, so were a lot of people. Even if you knew him a short time, you couldn't help but feel as if you'd known him all your life." The two men came to TBS earlier this year from Dollar General in the U.S. Davis came up in late January as executive vice president, supply chain, while Buley arrived two months later to become president and CEO. The latter immediately embarked upon a course of renovation

and expansion, and Davis is carrying on.

A total of 54 stores will have been renovated by September 1, and 34 have been completed to date. "In Q4," says Davis, "we'll be taking care of business." Buley expanded the electronics section, telling *shop talk* that it would not have TVs in all stores, noting that it would not make sense to compete with big box electronics stores on such low margin items that occupy so much shelf space. He quickly added that TBS is in many rural markets where its stores may be 100 miles from others selling TVs. All stores stock MP3 and DVD players, boom boxes, digital cameras, batteries, and accessories. CE and small appliance brands offered include: Toshiba, RCA, GE, Kodak, Duracell, Energizer, Sunbeam, and Proctor Silex.

Davis has continued improving the stores. The 54 renovations are slightly fewer than targeted, he notes, "but deeper in remodeling, and that has had a very positive consumer reaction. After every round of renovations, we find something else that we can tweak. We are giving the stores back to the customers by providing wider aisles, cleaning up adjacencies, and

putting things in a more logical order. Our small electronics, for example, are close to DVD sales, and a little more accessible. Our latest iteration puts soft home, like towels, with home décor. Renovations to more stores will commence in January or February 2012."

One or two more stores will be opening by November 1. A large location, bigger than the usual 5,000 to 6,000 square foot model, on a commercial street in the east end of the city of Toronto, is being negotiated. The opening is slated for next year. Davis says that the company is actively looking for more locations in the Greater Toronto Area. In the conceptual stage is a smaller format model. "We want to be a fast fad follower, not setting trends.

"Jack envisioned 500 stores across the country," says Davis. "To achieve that, we would need organic growth plus acquisitions." There are TBS stores in every province except Quebec. "That's an interesting market. We just want to make sure we understand it before entering it."

One of Buley's goals was to capitalize on the shut down of Zellers stores and their lengthy renovations into Target or Wal-Mart stores. Next year, Davis envisions at least

15 new stores in the TBS chain. "But that's not hard and fast. If our equity owners agree, it could be wide open."



Lloyd Davis, President, The Bargain Shops, says he will continue to take the company down the path that the late Jack Buley began.

TALES FROM THE FLOOR



Many people in the Canadian photo retailing business know Brian George. And as well they should, with about 40 years behind him in the industry, most of it in retail sales, and the last 22 at Vistek. Renowned for his fascination with photos of trains, and his passion for his MGB convertible, British Racing Green, George has developed a loyal clientele over the decades, which included the late great jazz pianist Oscar Peterson. The encounter which follows, for better or worse, however, was a one-off. "It was a really unusual sale," George recalls. "It was about 15 years ago, when this man in a white hardhat with NASA written on it, and a dirty T-shirt and jeans and gumboots, came wandering in. He was dirty and smelled like manure. He spent a long time looking around. Everybody laughed, and urged me to go over and talk to him." Anyone acquainted with George knows that his demeanour would not change, whether the shopper was a pauper or a prince, and he would be relaxed, gracious, and interested in what the shopper needed or wanted. "I wanna buy one of them Hasselblads with the focal plane shutter,"

George remembers, imitating the man's voice. "That model was really uncommon, and cost about \$13,000 or \$14,000. Then he took a dirty plastic bag out of his pocket, and it was full of money. I worked out a quick price in my head for him for the 2000FC with the focal plane shutter." While doing so, George tried to engage him in conversation, and offered to take him to lunch. "He was very difficult to talk to, but I found out that he had taken the train from Windsor to Union Station, and then a taxi to Vistek." Train buff George is, he tried to ask the man about his journey. "Did you take The Tempo? Did you take Via 1?" I asked him, but he didn't want to be sociable. He just put cash all over the counter. I tried to count it, but it was mostly fives, 10s, and 20s; very few 50s. I had to take it into the office of manager Bill Wood, now with Nadel, for us to count. There was \$13,900, and the bill was \$13,700." Having his purchase and change, the man wanted to depart right away, and staff called a taxi to take him back to the train station. As far as George knows, the man never returned to Vistek. "There is a sad ending to the story," he says. "About two years later, we got a letter from Windsor, from the sister of a man who had died, and who wanted to sell his camera. From the serial numbers we knew that it was this man's camera. We found out later that he had won the money at a casino, but whether it was one big win or a lot of little ones, we don't know."