

18 independent dealers have joined us so far this year

## Five more **Home Hardware** dealers switch to **RONA**



*Building for the future: St. Albert, Alberta's former Home Hardware (owned by Barry Campbell, centre) is planning a 10,000 sq. ft. expansion, RONA-style. From left: Gord Symington, Kim Switner, Barry Campbell, Joanne Bulloch, Serge Comeau, Lonnie Panych.*

**F**ive Home Hardware dealers have made the switch to RONA so far this year. The four most recent converts, who joined us in March, are: Yves Morel (Saint-Lin-Laurentides, Que.), Barry Campbell (St. Albert, Alta.), Grant Carter (Erickson, Man.) and Mark Jonathon Palsson (Arborg, Man.). They join former Home Hardware dealer Anwar Khan, Skyam Holdings (Mississauga, Ont.), who switched from red to blue in February.

The Quebec-based dealer, Yves Morel, was a well-established and highly-successful Home Hardware Building Centre dealer who had served for almost a decade on the co-op's board of directors. But Morel gradually came to view RONA as being more in tune with the changing demographics of his customer base 60 km north of Montreal. So rather than fight the competition, he joined it.

"I believe that RONA's corporate retail side helps their head

office to continually take the pulse of the market," Morel said. "It really helps them to react faster, to offer a more trendy selection of products and to project a better price perception to the public. They don't neglect anything in their marketing efforts and they are exceptionally good at making an event of any promotion. And they are very competitive with their prices to us, the dealers. In particular, they are really sharp on items that

*Continued on page 2*

Photo: Robin Sundal, St. Albert, AB

## Five more Home Hardware dealers switch to RONA

Continued from page 1

are price-sensitive—those SKUs that influence the customer’s perception of our overall pricing.”

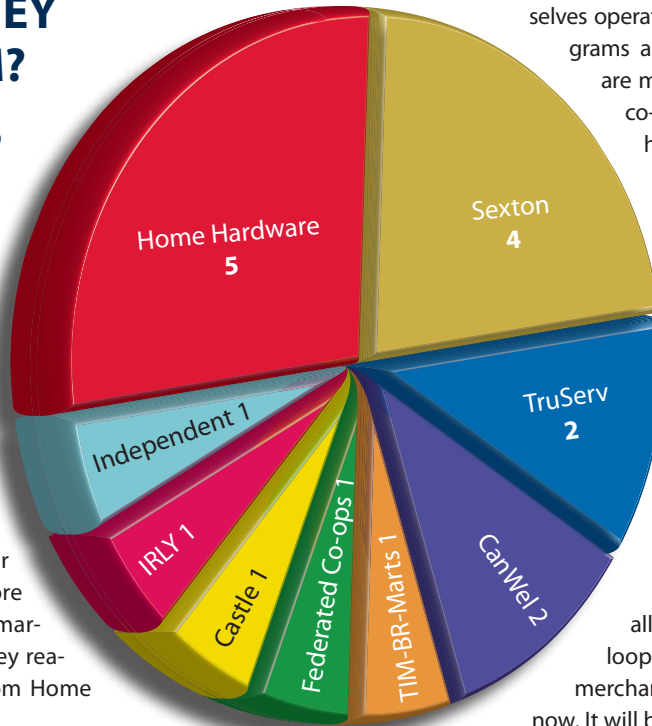
Just now in the process of converting his interior merchandising, Morel said he has already been deeply impressed by RONA’s support staff: “I have been in touch with the various departments and I have felt a real enthusiasm and a will to perform. And it hasn’t take us long to realize that Air Miles™ will have an important impact

## WHERE ARE THEY COMING FROM?

*The 18 new dealers who have joined us so far this year have come from eight different banner groups*

on our business. We are really excited to have joined such a dynamic team.”

On the northwest edge of Edmonton, where the formerly rural town of St. Albert has rapidly become suburbanized, Barry Campbell is another dealer looking to attract a more youthful demographic as his market area changes, one of the key reasons he cites for switching from Home Hardware to RONA.



“Home Hardware is focused on the rural environment, like a general store in a small town, and their target customers are older,” Campbell says. “But this market here has changed. Looking into the future, I realized I needed to renew this store to suit a younger generation, with a completely new product range and with more hip colours and themes that will create a more modern environment.”

“RONA is quite a bit further ahead with this type of merchandising. They have a number of stores that they themselves operate, so that they have the planograms and the concepts in place that are more ‘global,’ if you will, whereas co-ops like Home Hardware might have individual planograms in place that they pick up from various vendors.”

Campbell will begin an aggressive expansion to his business in August. He will add 10,000 sq. ft. of new retail space to his existing 25,000 sq. ft., and he will orchestrate a thematic boutiquing of the showroom that will include false facades for sections like paint, seasonal, plumbing, hardware and electrical—all running off a unifying central loop. “We are working with [RONA’s merchandising firm] Plan Image right now. It will be exciting.” 🍁



RONA’s pricing to dealers is “sharp,” according to Yves Morel, a former Home Hardware board member who switched to RONA in March



### YEAR-TO-DATE HOME HARDWARE CONVERSIONS TO RONA

LOCATION	FORMER BANNER	RETAIL SPACE	OWNER(S)
St. Albert, Alta.	Home Hardware Building Centre	25,000 sq. ft.	Barry Campbell
Erickson, Man.	Home Building Centre	1,800 sq. ft.	Grant Carter
Arborg, Man.	Home Hardware	6,000 sq. ft.	Mark Jonathan Palsson
Mississauga, Ont.	Home Hardware	2,240 sq. ft.	Anwar Khan
Saint-Lin-Laurentides, Que.	Home Hardware Building Centre	15,000 sq. ft.	Yves & Gilles Morel

# Kingston and Middleton: A succession story

“As part of the succession plan, we needed a banner that was aggressive. RONA has big plans for Nova Scotia and we wanted to be a part of it.”

— GLENN LANGILLE, Co-owner, Cash and Carry Building Supplies

“These stores have undergone a complete interior change,” says Glenn Langille, co-owner with Greg Cress of two RONA Building Centres in the heart of the Annapolis Valley in the western part of Nova Scotia. “And we’ve had a phenomenal reaction from our customers.”

The two Cash and Carry Building Supplies stores in Kingston and Middleton, N.S., formerly with Castle, joined RONA in August of last year when Langille and Cress bought the business from the former owner. Langille was previously running a 64,000 sq. ft. Loblaws superstore in the area, while Cress was the manager at Middleton.

“The previous owner ran a great business for many years and wanted to retire,” Langille said. “It was basically just boards and nails in here (the Kingston store).” With RONA’s merchandising expertise, the 6,000 sq. ft. retail space was completely remade into a showroom to capture the imagination of customers. The grand reopenings of both stores took place April 15.

The ‘boards and nails’ have been replaced by state-of-the-art merchandising vignettes around much of the perimeter of the Kingston store. These sections, devoted to kitchens, bathrooms, faucets and doors rise some 14 feet high, twice the height of the old displays. In the interior of the store, similar transformations have occurred: Brand-new paint, power tool and lighting boutiques have replaced the old-fashioned dump-it-on-a-shelf units. “Most importantly, we have added

30 per cent to our display space by making more efficient use of vertical space,” Langille says.

Langille says he knows that RONA can deliver in more ways than merchandising expertise: “I spent 35 years in the grocery business. Coming here from Loblaws I know that aggressive advertising and marketing is absolutely critical to driving traffic. That’s why we joined RONA.” 🍁



Greg Cress (left) and Glenn Langille, owners, Cash and Carry Building Supplies

Cash and Carry Building Supplies				
Owners: Glenn Langille & Greg Cress				
<b>THE OLD</b>	Castle banner	“Boards and nails”	Little marketing support	Uncertain supply chain
<b>THE NEW</b>	RONA Building Centre	State-of-the-art showroom	Aggressive national & local marketing	Assured supply chain
<b>THE FUTURE</b>	<p>“In five years we will be the dominant player in the Valley and we will have opened our third store.”</p> <p>— GLENN LANGILLE</p>			

Photos: Shooterbug Photography, Berwick, N.S.

# Dealer praises profit margins

“As a result of that profitability we will be able to continue our growth.”

—Roger Bibeau

**R**ONA's respect for its dealers' margins in a slowing economy was singled out for praise by one of the company's most successful dealer-owners during the question-and-answer period at the annual meeting of shareholders in Montreal, April 18.

At the microphone, Roger Bibeau, who owns six RONA outlets in Quebec, said he had initially feared for his margins during 2007, a year in which the industry's growth rate began to decline. He was concerned, Mr. Bibeau said, “that the company would force or encourage us by sales and flyers to make sales at all costs.”

“And then I realized that instead of that... in spite of that, RONA's management has turned towards growing our profit margins. As a result of that profitability, we will be able to continue our growth—which is to the management's advantage,” he said. “I congratulate you for that.” 🍁



RONA president and CEO Robert Dutton (left) chats with RONA dealer François Marcil, president of R. Marcil & Frères, at the annual meeting



**WELCOME TO OUR  
NEW AFFILIATES**



## EIGHTEEN INDEPENDENT DEALERS HAVE JOINED RONA YEAR-TO-DATE !

As of May 30, 2008, RONA has set a new benchmark for independent dealers joining our network. Congratulations to each of these affiliate dealers for choosing the Canadian-owned market leader in our industry: RONA!

**BRITISH COLUMBIA**  
Daniel & Marlene Schapansky  
North Valley Supply  
Clearwater  
**Former Banner: IRLY**

**ALBERTA**  
Barry Campbell  
386355 Alberta Ltd.  
St. Albert  
**Former Banner: Home Hardware**

John and Jas Nagra  
1252648 Alberta Ltd.  
Grande Prairie  
**Former Banner: None**  
(Greenfield Site)

Michael Drake  
1373930 Alberta Ltd.  
Pincher Creek  
**Former Banner: Sexton**

Debra Wales and Trevor Sekulich  
1201410 Alberta Ltd.  
High Prairie  
**Former Banner: Federated Co-ops**

**SASKATCHEWAN**  
James and Connie Chaplin  
Woodland Home &  
Building Products  
Fort Qu'Appelle  
**Former Banner: Sexton**

Robin Cosh  
New Era Lumber  
Macklin  
**Former Banner: Sexton**

Robert and Rose Mullett  
RRM Family Hardware  
Moosomin  
**Former Banner: TruServ**

**MANITOBA**  
Grant Carter  
Clarence Carter Ltd.  
Erickson  
**Former Banner: Home Hardware**

M.J. Palsson Enterprises Inc.  
Mark Jonathon Palsson  
Arborg  
**Former Banner: Home Hardware**

Norman and Debbie Scott  
D.N. Enterprises  
Lac Du Bonnet  
**Former Banner: TruServ**

Farrel Rempel  
Kaviar Inc./La Broquerie  
Lumber  
La Broquerie  
**Former Banner: Sexton**

**ONTARIO**  
Anwar Ali Khan  
Skyam Holdings  
Mississauga  
**Former Banner: Home Hardware**

Lorne and Eleanor Feldman  
Feldman Timber Co.  
Timmins  
**Former Banner: Castle**

**QUEBEC**  
Yves and Gilles Morel  
Morel & Fils  
Saint-Lin-Laurentides  
**Former Banner: Home Hardware**

Carl Strulovich  
Probex Building Supplies  
Roxboro  
**Former Banner: MatPlus**  
(member of TIM-BR Marts)

Dany Rivest  
Centre De Rénovation Luc Ducharme  
St-Jean-de-Matha  
**Former Supplier: CanWel**

**NOVA SCOTIA**  
Nelson Latimer and James Kehoe  
Stephens Home Centre, Arichat  
**Former Supplier: CanWel**



# A market consolidation story



Jennifer and Jim Fulford are the third generation of Jim's family to operate their business in Owen Sound. Jim's grandfather, Edgar, founded the company in 1932.

"After 75 years in business, why did we join RONA? We wanted to choose our best option for future growth."

— JIM FULFORD

In January, shortly after celebrating its 75th year in business, Owen Sound's legendary hardware and building supply dealer, Fulford's, left TIM-BR Marts to join RONA. We asked Jim Fulford, the third generation of his family to operate the business, why he brought his two stores (a 12,000 sq. ft. downtown hardware store and a 4,000 sq. ft., 5-acre building supply outlet) into the RONA network.

## Q. Why RONA?

After 75 years, it was time again to evaluate what the best option was for future growth. RONA is retail-focused—they have a greater selection of products, a state-of-the-art supply chain and a huge marketing presence. We also took a long look at the values of the company: how they do business, how they go after a higher grade of products, their commitment to a Canadian-owned industry, their commitment to the environment. All of these factors helped us decide.

## Q. And you were able to consolidate the marketplace?

Yes, the deal allowed us to acquire and close the RONA-Cashway Building Centre just west of the city, consolidating a greater market share into our two existing stores. We are now in the process of evaluating which of the many possible options we will pursue to solidify even further growth.

## Q. Where do you want your business to be in five years?

We are looking to aggressively grow our position in this marketplace. We are excited that our association with RONA has opened up many possibilities to continue to grow our business in ways that would have been difficult to accomplish before. It's great to be aligned with a company that desires growth as much as we do. We believe that the combination of our strengths with RONA's is a winning combination. 🍁



Photos: Michael McLuhan, Owen Sound, ON

# The new industry benchmark for dealer support

The day-to-day assistance that RONA provides to its independent dealers has been completely unmatched in the industry ever since the company significantly enhanced, just over a year ago, the support structures it provides to its affiliates.

"We are very proud to be able to provide a level of support

that is unique in the industry," says Christian Belair, national director of dealer sales and support. "With our dedicated order desk agents, our regional managers, our eRONA network and our banner committees, we have four very powerful engines to make sure our independent dealers get the special care and attention they deserve."

## RONA ahead of Home Hardware, Home Depot in public reputation

According to the 2008 Corporate Reputation Survey conducted by *Marketing* magazine in conjunction with polling firm Leger Marketing, RONA was ranked 15<sup>th</sup> out of 100 major Canadian corporations in terms of public reputation.

RONA's 2008 score of 70.1 per cent (calculated by subtracting the percentage of Canadians who have a bad opinion of the company from the percentage that have a good opinion) was the highest grade among the home improvement retailing specialists on the list. (The others were Home Hardware and Home Depot.) RONA has vaulted up ten spots in the overall ranking since it placed 25<sup>th</sup> in 2007. The survey polled 1,500 Canadians, representative of the country's demographic and regional makeup. 🍁

### HOW RONA CAN HELP

#### Banner committees

- Regional meetings of independent dealers
- Information sharing and market intelligence
- Assess impact of everything RONA is doing to assist its independent dealers and provide feedback to the company

#### eRONA

- Private website for RONA dealers
- A goldmine of product and booking information, marketing program schedules, and more
- Can be used as an electronic ordering tool

#### Dedicated order desk agents (9)

- 3 in Calgary, 6 in Montreal
- Solely for the independent
- Weekly contact benchmark

#### Regional managers (11)

- 3 in Western Canada
- 2 in Ontario
- 6 in Quebec
- Support for expansion projects and any special needs dealers have 🍁

## RONA's board scores highly in Globe ranking

When it comes to corporate governance—the way companies are supervised by their boards of directors—very few companies in Canada do better than RONA. According to the most recent (2007) Corporate Governance Rankings published annually by *The Globe and Mail's Report on Business*, RONA's board of directors was ranked 21st out of the 270 Canadian firms listed on the S&P/TSX composite index: a mark that

places it in the 8th percentile of board excellence.

Each corporate board is given a grade out of 100 according to four criteria: board composition; shareholding and compensation; shareholder rights and disclosure. These criteria go far beyond the minimum mandatory rules imposed by regulators. The guidelines were developed from the recommendations of major institutional investors, academics and industry associations. In this, the sixth year that *Report*

RONA's board of directors was ranked 21st out of 270 boards of major Canadian firms

*on Business* has published this ranking, the judging criteria were more stringent than ever before. RONA's board was graded at 88, better than 249 of the 270 companies listed. The average grade of all 270 firms was 68.5, almost 20 points below RONA's echelon. 🍁

# MARKETING PROGRAM NEWS

## New Olympic-themed ads

The first of a series of eight different RONA TV spots started airing at the beginning of June. The Olympic-themed campaign highlights RONA's commitment to community initiatives. The "Fabrication Shop" commercial, shown below, will also be featured during the upcoming Beijing Olympic Games broadcast. By 2010, the Fabrication Shop will have provided more than 64 trainees with valuable life-skills training and on-the-job experience.



This is the RONA Vancouver 2010 Fabrication Shop. Thousands of items are being built here for the 2010 Olympic and Paralympic Winter Games.



What makes this place truly special, though, is that a few months ago, these builders had no carpentry experience.



These trainees all faced life challenges that had kept them from integrating into the workforce. Now, while they build for the Olympic Games,...



...they are also building self-confidence and gaining tools for a better life.



Not every Olympic dream is an athletic one.



RONA: The Canadian How-to People.

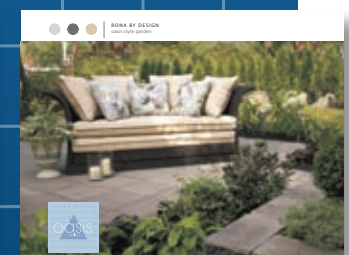
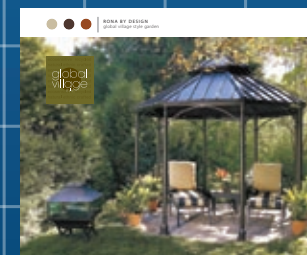
## RONA magazine successfully drives traffic

May saw the release of the second issue of *The Magazine: RONA*. The first issue was praised with positive comments from both dealers and customers. Since this is a "magalogue" (a magazine that is also a catalogue), customers have been able to go into RONA stores with the exact SKU number for the products they want. The second issue focuses on the latest garden and patio offerings from RONA by Design. The pages are loaded with beautiful backyard scenarios that will inspire consumers to create their own fresh and inviting outdoor spaces.



## RONA by Design is ready for summer

After beautifying every room in the house, the successful "RONA by Design" program has headed outdoors with amazing results for gardens and patios. The three new outdoor styles—oasis, spirit and global village—available through RONA by Design are already helping customers across Canada beautify their back yards. For the DIYer there is also a new program available online, "RONA Building-by-Design", which provides step-by-step instructions, product lists and blueprints, as well as helpful advice from professional contractors. Furthermore, RONA Project Guides can help customers select the right items for their space, as well as coordinate installation services.



## Eco-Responsible Day

April 22 was "RONA Eco-Responsible Day" across Canada, as our company and its dealers teamed up with Canadian Olympic and Paralympic athletes to carry out clean-up operations in eight cities. "At RONA, sustainable development is more than just a fad. RONA has been dedicated to supporting the communities where we do business right from our inception in 1939," said president and CEO Robert Dutton. Among the communities targeted for RONA's clean-up were Mount Pleasant, one of Vancouver's most neglected neighbourhoods; the Port Credit Marina in Mississauga, Ont.; and the Halifax Mainland Common Park.



# Join Us!

## TO ENQUIRE ABOUT JOINING FORCES WITH RONA, CONTACT YOUR LOCAL DIRECTOR OF DEVELOPMENT

### NATIONAL

Serge Vézina  
1-800-670-1250  
serge.vezina@rona.ca

### Quebec

Andre Rochon  
514-220-1646  
andre.rochon@rona.ca

### ONTARIO & ATLANTIC

John Longo  
1-800-670-1250  
john.longo@rona.ca

### Eastern Ontario

Frank Rizzo  
519-673-2056  
frank.rizzo@rona.ca

### Western Ontario

Glen Duczek  
416-553-9566  
glen.duczek@rona.ca

### Atlantic Canada

Steve Dorcas  
506-324-0714  
steve.dorcas@rona.ca

### WESTERN CANADA

John Penner  
403-852-1517  
john.penner@rona.ca

### Manitoba

Greg Kelly  
204-792-0979  
greg.kelly@rona.ca

### Saskatchewan

Verne Green  
306-539-1615  
verne.green@rona.ca

### Alberta

Richard Shaw  
403-510-0662  
richard.shaw@rona.ca

### British Columbia

Sean McGrath  
604-992-1684  
sean.mcgrath@rona.ca



vancouver 2010

**RONA**

NATIONAL  
PARTNER

RONA Inc. 220 chemin du Tremblay, Boucherville, Quebec J4B 8H7 Phone: (800) 670-1250 www.rona.ca