

Le Québec en Amérique du Nord / Québec in North America

Quebecor World and the benefits of a North American Platform

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Quebecor World is a leading print media company in North America. Their magazine and catalog group is the world's largest, printing more catalogs and magazines than anyone else, including some 46 percent of the top catalogs. Their targeted publication and catalog group is the industry leader in printing shorter-run magazines and catalogs, producing more than 1,100 titles in a growing market for specialized content and business-to-business advertising. In retail inserts, where they are also the major player, their customer lists includes almost every major national retailer in the U.S. and Canada. Their book group, also the industry leader, prints nearly one billion books a year, from best-sellers to trade paperbacks and mass-market books. And most importantly, since 2000 they have established themselves as a significant competitor in the education market. In the directory business, they are supplier to 42 of the top 50 directory publishers in North America. They produce more than 180,000 directories for the North American market.

Quebecor World is a subsidiary of Canada's print and media conglomerate Quebecor Inc. The sales figure for Quebecor World was \$U.S.

Quebecor World et les atouts d'une plateforme nord-américaine

En français :

<http://cepea.cerium.ca/article348.html>

Résumé :

Quebecor World est un leader mondial de l'imprimerie et de la distribution. Une division de Quebecor Inc., dont le siège social est à Montréal, Quebecor World emploie 37 000 personnes en Amérique du Nord, ce qui représente environ les trois-quarts de ses opérations mondiales, qui prennent de l'expansion en Europe et en Amérique latine. Même si l'entreprise a connu des résultats décevants en 2005, elle a su traverser la tourmente du début de la décennie en tirant parti de l'intégration continentale de ses opérations. Comme l'entreprise conçoit le marché nord-américain comme une entité unique, ses produits sont fabriqués et livrés en fonction d'une localisation optimale au coeur de chaînes logistiques intégrées, peu importe où se trouve l'utilisateur final du produit.

6,622 millions in 2004, with North America accounting for \$U.S. 5,132 millions.¹

Quebecor World is listed on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX), both under «IQW». QWNA Headquarters are in Greenwich, Connecticut,

¹ Quebecor World, 2004 Annual Report; http://www.Quebecorworldinc.com/uploadedFiles/Investors/annual/AR04_EN.pdf

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and their 2005 market capitalization was approximately \$U.S. 2612 millions.

Market overview and the competition

Estimates by C. Barnes & Co. mark the Canadian printing industry as making US\$13 billion in sales through the year 2004, overshadowed by the United States printing market estimates of approximately US\$170 billion. While many Canadian companies export print south of the border, Barnes notes that Canada is the largest purchaser of U.S. printed materials, accounting for approximately 40 to 45 per cent of the U.S. export total.²

The Barnes report also points to some telling statistics about the direction of print. For example, 70 percent of survey participants in 2004 have non-print operations (NPOs), dropping from 79 per cent in 2003. Of these participants with non-print operations in 2004, an average of 13.2 percent of their sales

are from NPOs (19.8 percent in 2003). Barnes also found that fewer large printing companies tend to have NPOs than do smaller companies—75 percent of firms making less than US\$10 million have NPOs.

Nearly every printer surveyed expected 2005 to be a good year for printing, as 98 per cent foresaw a 2005 increase in their print sales over 2004. Barnes' research found the top business problems remain to be, in order, competitive pricing, increasing sales, labour and benefits costs, skilled labour and cost of materials and technology.

Among Quebecor World's competitor, R.R. Donnelley ranks first, with sales figure slightly above the formers' at 7,156 U.S. millions in 2004. R.R. Donnelley prints advertising inserts, telephone directories, financial reports, business forms, labels, magazines such as *TV Guide* and *Sports Illustrated*, and about a third of the textbooks used in the U.S. It also offers related photography, graphics, prepress, premedia (digital), and translation services. In addition, R.R. Donnelley develops software that clients use to manage printing, advertising, and mailing needs. In 2004 the company bought printer More Wallace, a leader in forms and labels, making it the largest commercial printer in the U.S.

Dai Nippon Printing and Toppan Printing, the two giants of the printing world, have each of them sales figures more than double of those of Quebecor. But though they each have an American division, Dai Nippon employs a mere 50 employees in it, while Toppan America has a workforce of 100 employees, indicating they might not have (yet) penetrated the North American market.³

Timeline of Quebecor's developing North American presence

The story of Quebecor began when Pierre Péladeau bought *Le Journal de Rosemont* in 1950. Before that, three major players that

² C. Barnes and Co., *2004 Printing Industry Report*, online: <http://www.marketresearch.com>.

³ Hoover's Online, *Quebecor World Fact Sheet*; http://www.hoovers.com/Quebecor-world/--ID_43925--/free-co-factsheet.xhtml.

will later be acquired by Quebecor were already thriving in the United States: World Color Printing, founded in 1904 in St-Louis, Missouri, and Rand McNally which, in 1917, publishes the first U.S. road maps using numbered highways.

In 1964, Péladeau, after buying and launching more than 15 local newspapers and magazines, launches *Le Journal de Montréal*, which is still today the best-selling newspaper in the province of Québec. A year later he established Quebecor.

Quebecor's first out-of-province purchase comes in 1971, when the Graphic Web Printing plant is bought in Ontario. The same year Quebecor founds the Toronto Sun, and a year later Quebecor is listed on the NYSE and on the Montreal Stock Exchange. Later, Quebecor pursues its Canadian acquisitions in buying the *Edmonton Sun*, *The Calgary Sun* and the *Winnipeg Sun*. The soon-to-become multinational then acquires Hachette's Canadian arm months later.

Its first move outside the country occurs when Pendell Printing, from Michigan, is bought by Quebecor. It is the first of a long list of acquisition that Quebecor, under many of its new subsidiaries, will achieve. After buying printing plants in Spain, Chile and England, Pierre Péladeau dies in 1997. The same year, World Color Press buys Rand McNally, a transaction that draws the attention of Pierre Karl Péladeau, son of Pierre and new C.E.O. of Quebecor. In 1999, the most important deal in the history of Quebecor happens when World Color Press and Quebecor merge in a U.S. 2.7 billion deal to create Quebecor World.⁴

A multinational firm harnessing the benefits of regional integration

Quebecor World has three geographic divisions: North America, Europe, and Latin America. Quebecor World has a workforce of 30,000 employees in the United States, as well as 6,000 in Canada and 1,800 in Latin America,

mainly in its Mexico facility. The company also has a workforce of 6,000 employees in Europe, allocated in the United Kingdom, France, Austria, Spain, Switzerland, Sweden and Finland, as well as being part in a joint venture in India.

The North American division

The North American division, employing more than 37,000 employees, provides Quebecor World with 77% of their total revenue (compared to 20 percent in Europe and 3 percent in Latin America). Quebecor's North American coast-to-coast gravure and offset platform coupled with their logistics and premedia businesses offer an exceptional range and mix of services. Their Logistics group is recognized by the U.S. Postal Service as having the best on-time performance in the USPS network. These and other advantages continue to attract the biggest and best publishers and retailers. For example, they do business with the top twenty magazines and catalog publishers in the U.S. and these relationships are growing because of their multi-service offering.

Quebecor World's plan includes some preset conditions and built-in flexibility. It enables them to make a final determination on location based on their customers' needs and the ability of their facilities to put conditions in place so that equipment can be operated most efficiently and the Company can get the best return on its investment.

Since at Quebecor World everything they do revolves around their customers' current and future requirements, they are constantly looking for ways to improve and add to their service offering. One of those value-added services is their co-mailing program operated by their logistics service group. Co-mailing means magazine customers can save on their postal costs and take advantage of Quebecor World's strategically located consolidation centers. This and other services are why North American and indeed the world's largest publishers and retailers partner with

⁴ From Quebecor Inc. website: www.Quebecor.com.

Quebecor World. The company's revenues are distributed across various products as follows:

- 27% - Magazines
- 25% - Retail inserts
- 16% - Catalogs
- 10% - Books
- 9% - Specialty printing and direct mail
- 7% - Pre-media and logistics
- 6% - Directories

The largest merger and equipment restructuring in the history of the industry (the merger of Quebecor Printing and World Color Press) brought together over 36,000 people and some 129 plants across North America. Combining them into a single organization was no simple feat. In addition to the benefits of specialization, the merger provided Quebecor World with other competitive advantages that included:

Harnessing greater capacity. By integrating the two manufacturing platforms, they can produce in far greater volume. For example, the expanded size of their book network made Quebecor World the obvious choice as lead printer of the wildly popular Harry Potter series. To date, their plants have produced about two-third of the (now) six-book series

Cross-selling. Creating a single sales force to cross-sell the full range of products and services has allowed them to expand their relationship with customers. A good example is the \$150-million contract they signed with Reader's Digest in 2000. While the sale began with the commercial group, their ability to satisfy *Reader's Digest's* many needs led to new business producing and distributing books, magazines, and catalogs. Another example is their growing relationship with Office Depot, a U.S. retailer of office supplies and equipment. In addition to supply direct mail product and retail flyers, Quebecor World now prints all of the catalogs for Office Depot.

Using technology to greater advantage. Both founding companies had a history of investment in technology, providing Quebecor World with a modern manufacturing platform. For

example, their ability to combine market intelligence with customized production allows them to target carefully defined groups of consumers. For instance, they print 100 different versions of *Money* magazine and 300 versions of *Elle*.

The largest equipment move ever

The integration of two successful industry giants—Quebecor Printing and World Color—involved the printing industry's largest ever equipment reconfiguration. Nearly every one of Quebecor's U.S. plants was affected in some ways. In total, nine plants were closed and some 30 presses and 40 stitchers and binders were relocated.

The main objective of this massive restructuring was to reconfigure their U.S. operations into fewer, larger, and more specialized plants. Two examples include their mega-plant in Buffalo, NY, which specializes in mass-market paperback books and newspaper inserts, and their mega-plant in Effingham, Illinois, that produces only direct-mail product.

By increasing the size and specialization of their plants, they were able to improve asset-utilization rates and reduce overhead, thereby allowing them to produce more volume at a lower cost. Organizing on a continental basis means more efficiency: If Quebecor World has overcapacity in one facility, they can shift the work to another, thereby increasing the asset-utilization and meeting the customer's deadline. Having a greater number of similar presses in one location also provides increased scheduling flexibility and faster turnaround times while simplifying training and improving quality.⁵

To customers, the benefits are far-reaching. Catalogers and retailers can get an edge on their competitors by waiting longer to finalize prices and merchandise promotions. Publishers can get paperbacks to market

⁵ Quebecor World, [2003 Annual Report](#) and Printing News Online, "[Quebecor's \\$2.7B Deal for World Color said to be industry's largest to date.](#)" July 26, 1999.

within the short, critical sales windows that follows hardcover publications. And automotive customers can produce high-quality brochures in volumes that make them a cost-effective form of advertising.

New growth opportunities in distribution

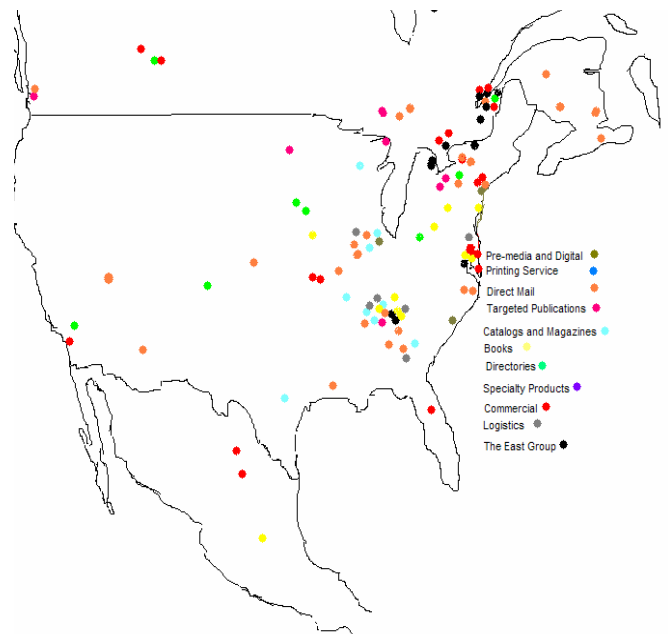
A major benefit of the Quebecor Printing and World Color merger has been the significant improvement in the company’s ability to provide cost-effective, efficient, and trackable distribution services. These services are centralized through Quebecor World Logistics (QWL), conveniently located at “Cornerstone”, just outside Chicago’s O’Hare airport. This division develops the most effective way of moving product from Quebecor World plants to end-user’s homes, news-stands, newspapers distribution systems, warehouses, and other locations.

Quebecor World is the largest shipper into the U.S. postal system, shipping three billion pounds of mail annually. QWL is able to guarantee as large a percentage of on-time deliveries as anyone. They do this because they ship deeper in the U.S. postal system, reducing lead time and distribution costs. Product from their network of plants is shipped to one of their seven consolidation centers. From there it is combined with other products and routed to the postal station closest to its final destination. This system means their trucks are full and make fewer stops, speeding up delivery and reducing costs.

The merger of the two companies’ mail list technologies allows QWL to produce a mail bundle that is in the walking route of the customer’s local mailperson. Their real-time inventory system uses radio frequency bar coding that helps track product, enabling the company to tell the customer where the product is at any given time. This technology has allowed Quebecor World, in less than one year, to provide the most competitive pricing and top-quality distribution service to its customers.

Another part of the logistic mosaic is Quebecor World Insight Services. This group is a leader in targeting print for their clients. Targeting requires sophisticated mapping software, data mining, and distribution capabilities. Quebecor World Insight Services applies technology to client’s delivery realities, giving more power to print.

Map 1: Quebecor World’s North American printing operations⁶



A little more about QWL

Quebecor World Logistics is the logistics arm of Quebecor World, Inc. Quebecor World Logistics was formed through a series of mergers and acquisitions that have combined over 80 individual printing companies. By leveraging the resources of the previous World Color and Quebecor logistics groups and bringing in the appropriate outside expertise, the current organization was formed. First created as a distinct entity within World Color, this organization has a long history of groundbreaking innovation in the distribution world. Quebecor World Logistics provides logistics services for all Quebecor World locations and customers around the globe, distributing newspaper inserts as well as

⁶ Source: Quebecor World, [2004 Annual Report](#).

printed product in all classes of mail, bulk shipments, airfreight and newsstand.⁷

The “National Consolidation Network”

Quebecor World Logistics (QWL) ships over 9 billion pieces of mail and 4.2 billion pounds per year. Through the QWL National Consolidation Network, customers achieve deep postal penetration, lower delivery costs, reduced inventories, improved transit times and reliable, on-time delivery. All freight moves through their 7 regional consolidation centers (Chicago, IL; Memphis, TN; Atlanta, GA; Edison, NJ; Los Angeles, CA; San Francisco, CA and Portland, OR), where QWL consolidates volume from all Quebecor World and third-party customers.

More specifically, if a customer has a pallet of mail presorted to one of the 320 USPS destinations, it will be drop shipped to that facility, even if it is only 250 pounds. Unlike printers who have “pools,” the QWL drop ship plan is not dependent on how much other volume is in the system at the time of your drop. There are no big and small fish. Every customer gets the same treatment. Thanks to its global platform of operations, QWL knows it will have the volume and weight to go to over 320 USPS destinations at least 3 times a week, or daily as volume warrants. This allows for more accurate and consistent delivery for their customers.⁸

QWL efficiently manages USPS drop shipping with a combination of the following:

- QWL National Consolidation Network as well as direct trucks from origin plants;
- Effective management of carrier base by balancing cost and service;
- Multiple modes of transportation including truckload, rail, LTL and air.

What does it all mean to customers?

Quebecor World is using their greater size and depth of capabilities to create new competitive advantages for themselves and for their customers. Here are some of the benefits Quebecor World offers to customers today:

Speed of delivery. With more presses in their networks and greater geographic coverage, they can print closer to final shipping destinations, reducing the time and cost of delivery.

Enhanced geographic coverage. With the most extensive network of facilities in North America, all connected by their fiber-optic network, Que-Net, they are exceptionally well-equipped to meet the requirements of local, regional, and national customers.

Increased targeting capabilities. The technological know-how and production capacity of the two founding companies have been brought together to provide a superior complement of targeting capabilities. For example, Quebecor World can easily accommodate the customization of catalog work or produce different versions of a magazine for national and targeted geographic distribution.

Strategic Distribution. Quebecor World Logistics was created to take advantage of their higher volumes to improve efficiency and allow them to offer superior distribution services to their customers.

More cost-efficient procurement. Their price competitiveness reflects their purchasing power and the efficiencies of Quebecor World’s global procurement system.

When the going gets tough, the regional platform keeps going

2001: Global reach helps weather the economy

The year 2001 began with fairly robust market conditions in the North American print industry. Coming off sizzling years in 1999 and 2000, many feared that the bubble was

⁷ Folio Mag’s website at www.foliomag.com and Hoover’s online at www.hoovers.com, keyword: “Quebecor”.

⁸ Quebecor World, [2004 Annual Report](#).

going to burst. Through the first two quarters, demand was reasonably strong in Quebecor's market segments. Although the economy was not booming, the constant lowering of interest rates kept consumer optimism high, and their customers continued to market and advertise fairly strongly. Quebecor World continued its strategy to invest in its markets, expanding its coast-to-coast retail segment with the acquisition of Retail Printing Corporation in Massachusetts and Tennessee, and invested in a world-class press for Pacific Bell on the West Coast, as well as adding retail press capacity on the West Coast.

In midsummer, a time that is usually the beginning of their peak season, their customers began to tell them that they were pulling back on orders, including back-to-school markets, fall fashion magazines and holiday advertising. The economy began to teeter. When the devastating attacks on the World Trade Center and the Pentagon occurred, Quebecor's advertising-dependent magazine, catalog and direct mail segment reacted swiftly and severely.

There is an old advertising saying: «Don't advertise during a crisis», which certainly became true in those markets. Quebecor's business held up better than most, thanks to their diversified product offering, industry-leading position and strategy of aligning themselves with the leading publishers and retailers. Their directory and retail markets showed the most resilience, and held up fairly well through the end of the year. All in all, 2001 ended a very challenging year for the North American economy.

Assessing the North American market step by step

The 2001 recession was probably creating more opportunities for Quebecor World than ever existed before. The issue they had was visibility. How could they determine the value of an acquisition in this uncertain market? They were certainly prepared for growth from an internal perspective. Their balance sheet was healthy. They continued to generate free

cash flow even in the difficult market. Everything was in place. The question was: what is the best way to apply this free cash flow in the market environment that prevailed?

Their preferred option was to continue to grow their business through acquisition. But until visibility improved, the only type of acquisition they were likely to consider were ones with printer-publishers that would come with a guaranteed volume of printing. The larger scale strategic acquisition, the ones that would later allow them to grow their business at historic levels, would have to wait until industry conditions stabilize. This company was just too disciplined and too conservative to go there. In the meantime, they would amass cash in their acquisition «war chest», if necessary, rather than take inappropriate risk. They believed that the longer and deeper the recession, the more acquisition opportunities there would be. Other companies weren't enjoying the same product and geography diversity that was allowing Quebecor World to weather the storm. As the largest and most efficient player in the industry, representing less than 10 percent of the addressable market in the US, they were poised for further growth.

Among acquisitions made in 2001: Grupo Serla (Mexico) – to provide added capacity to print telephone directories for ADSA, a subsidiary of Telmex, Mexico's largest telecommunication company. Retail Printing Corporation (US) - provided an excellent fit with their North American retail platform to better serve regional and national customers with long-run and multi-versioning services.⁹

2004: restructuring the North American platform

The restructuring initiatives undertaken in North America in 2004 have created a more efficient and profitable platform. A principal component was the reorganization of their U.S. magazine and book platform. This involved the closing of one magazine facility

⁹ Quebecor World, [2002 Annual Report](#).

and the downsizing of one of their book facilities. By moving work and relocating selected pieces of equipment, they now have a more effective and efficient platform in both these businesses that can deliver improved service to their customers and returns to their shareholders.

Their drive to improve efficiency has involved a rigorous examination of their asset base on a facility-by-facility basis. They have instituted a scorecard system that tracks a variety of operational criteria including press speed, make-ready times and waste. This system has been implemented in North America and across their global platform. It is allowing them to benchmark facilities and equipment performance so that they can identify best practices and share them throughout their network. The success of this program and others has allowed them to confidently embark on a three-year strategic investment plan targeted at their North American platform. The first phase of that new equipment will begin to be installed in the latter part of 2005 and will continue through '06 and '07. The investment is primarily targeted at their magazine, catalog, retail and book platforms. It involves the addition of larger, wider and faster presses.

Consolidation and Globalization

A major trend going on now is that the customers are consolidating, merging and becoming more global. A growing number of customers need partners than can serve them on a national and global basis. No other printer can match Quebecor World in terms of the reach and scale of their global platform. They can get the product to end-users faster and more cost effectively.

Printing and binding represent a relatively small proportion—usually from 10 to 30 percent—of total system costs. However, as the largest player in the industry, Quebecor World are one of the few that can really wield their size to provide cost efficiencies, not only in production, but also in areas such as materials procurement and logistics. Quebecor World strips costs from the entire value chain.

The tangible benefits of global reach

For customers, it is access to a platform of 160 manufacturing and related facilities in 16 countries with a combined market potential of more than 1.2 billion people. It is the knowledge and confidence of expanding into new markets with a trusted supplier firmly established in that market, a supplier than can help them overcome the cultural and logistic challenges they often face when opening up new frontiers.

For shareholders, it is the benefit of ownership in a geographically diversified company that takes advantage of significant cross-selling opportunities, leverages its global purchasing power and is less dependent on any one economy. For employees, it is an opportunity to grow and develop in a multilingual and multicultural company that values diversity. In 2001, their “one-stop global shopping” resulted in more than 700\$ million in business. Customers such as Office Depot, Scholastic, IKEA, Hachette, Avon, Costco, Carrefour and Santiana do business with them on more than one continent. This business is expected to continue to grow significantly.

As their customers consolidate and operate increasingly on a global basis, they are looking for suppliers who can serve them in more than one country. In Latin America for example, a subsidiary of one of Quebecor's North American directory customer turned to them to print directories in Peru and Brazil. A long-term contract with Listel enabled Quebecor World to build a new printing facility at Recife in the northeast region of the country. They increased their reach and Listel was guaranteed a quality product, closer to the end user, which significantly reduced distribution costs. An example of Quebecor's strategy at work is in the retail group, where their combined gravure/offset platform is attracting business from new and existing customers wanting to take advantage of unequalled flexibility for regional and national advertising campaigns. This multi-plant approach is being adopted by

their directory operations to target publishers operating in several states. This approach was a major factor behind the addition of approximately 30 new directory customers in 2003, including ALLTEL Corporation, which publishes more than 145 white and yellow page directories in 37 states.

The Depew facility (Buffalo) is where the most popular books and magazines Quebecor World handles are printed. Quebecor World has invested more than \$25 million into equipment since the beginning of 2000, including retrofits of four Gravure presses, three of which printed Reader's Digest magazine. Mainstay contracts such as American Automobile Association tour books, Harlequin paperbacks and Simon and Schuster pocket books (including all Stephen King books), also have been extended from five to seven years.

There's also little Harry Potter magic at Quebecor World's printing plant in Depew. The 1,100-worker site produces paperback versions of the five books in the Harry Potter series for U.S. publisher Scholastic Inc. The distribution was taken care of by FedEx, in coordination with Amazon, at the central distribution center of FedEx in Memphis, Tennessee. Now it's waiting to print the soft-cover version of the long-awaited sixth book as well, sometime after the hardcover version hits bookstore shelves this summer.

As for its Latin America division, Quebecor World has recently concluded a multi-year agreement to print magazines for Reader's Digest. These monthly, quarterly and special edition magazines will be distributed to Reader's Digest customers in Peru, Colombia, Ecuador, Venezuela, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. The work will be produced at Quebecor World's facility in Lima, Peru. Quebecor World also produces books for Reader's Digest in Mexico.¹⁰

Tracking and tracing

Quebecor World Logistics' (QWL) product tracking system links plant manufacturing and inventory to its consolidation facilities. With all major production facilities, QWL operations and consolidation facilities operating on a single integrated system, QWL can virtually "see" the production, loading and shipping of pallets through each facility. Each pallet is assigned a unique bar code and tracked to the final destination. All facilities use full RF bar coding to achieve transparency. As product is ready to be shipped, critical skid-level tracking information is relayed from the plant to QWL and QWL then monitors delivery and performance. QWL acts as the "watchdog" for the client's product, shipping from both QW and non-QW facilities.

As the largest business partner of the U.S. Postal Service, Quebecor World Logistics works hard to maintain a good working relationship and values the opportunity for two-way communication, involvement and opportunities to work together to create efficiencies in the mailing industry. QWL calls the actual USPS Destination Delivery Units, the local post offices where the carriers sort and pick up their mail, and ask a series of questions to determine: (1) if the mail arrived to the DDU and if so, (2) when it will be or was delivered to the customer. QWL can call anywhere from a few hundred to several thousand postal facilities. This process not only provides feedback on a mailing, but it also makes the USPS aware that the customer is tracking the mail, which usually results in better in-home delivery performance.

Where do they go from here?

Started as a Montréal local newspaper more than 55 years ago, Quebecor World built its way to the top with a strategy that involved chiefly acquisitions and the continuous geographical expansion of its North American platform.

¹⁰ Quebecor World, [2004 Annual Report](#).

With over 160 plants located in North America, Europe and Latin America, Quebecor World now has a greater geographic reach than any other printing company. Chief among the advantages of this platform is their ability to offer global customers a single print supplier enabling them to benefit from manufacturing in, or closer to, their foreign markets. As a trusted supplier, well established across three continents, Quebecor World can also help customers expand their business into new markets. And for book publishers, Quebecor World's Latin American platform offers a low-cost printing alternative to China. By utilizing 12 plants in four countries across two continents, Quebecor World is able to produce the high volume required, in the time required, and close to the end user, thereby keeping distribution costs to a minimum. When it comes to flexibility, especially with respect to producing different product formats and sizes, there is not a single printer on the planet that have the flexibility and options they have. This is a pure function of their size and how they have evolved through acquisitions.

Quebecor World employs more than 6,000 workers in Canada, with roughly 3,000 of those workers located in more than 10 facilities in the province of Québec, part of what Quebecor World calls its «East Group». Quebecor World recently said it is planning to reorganize some of its East Group printing operations to better position itself to compete in a challenging market environment. Among those facilities, Quebecor World's plant in Laval does pre-press and sales operations for products shipped in the entire North American market. This demonstrates the benefits in terms of employment for all North American countries, provinces or states that host at least one of their facilities: Because Quebecor World sees the North American market as a single economy, the products are made and shipped from the optimum location in this highly integrated supply chain, no matter where the end-user is at the other end of the process.¹¹

Quebecor World and the benefits of a North American Platform

Summary:

Quebecor World is a leader in the area of printing and distribution in North America. A division of Quebecor Inc., headquartered in Montréal, Quebecor World employs 37,000 people in North America, which represents about three-quarters of its worldwide operations, also implanted in Europe and making headway in Latin America. Even if the company had a disappointing year in 2005, it has successfully weathered the storm of the early years of this decade, benefiting from the continental integration of its operations. Because Quebecor World sees the North American market as a single economy, the products are made and shipped from the optimum location in this highly integrated supply chain, no matter where the end-user is at the other end of the process.

In 2004, after a thorough review of the Company's asset base, Quebecor World embarked on a major three-year strategic investment program involving the purchase of 22 new presses for its U.S. manufacturing operations. The new wide-web offset 48-, 64-, 96- and 128-page presses will establish Quebecor World as the technological leader in the North American printing industry, enabling it to renew and expand its customer base. The investment is focused on Quebecor World's magazine, catalog, retail and book platforms.¹²

¹¹ Quebecor Closes Laval – 150 jobs Go, April 15, 2005, www.printingtalk.com.

¹² Quebecor World, [2004 Annual Report](#).



Québec in North America 
A project co-chaired by Stephen Blank and Guy Stanley, with the assistance of Pasquale Salvaggio



The *Québec in North America* project emerged from the presence of Professor Stephen Blank as a Fulbright Visiting Scholar at the Université de Montréal in 2004-2005. He co-chaired the project with Guy Stanley, with the assistance of Pasquale Salvaggio in the summer and fall of 2005. Project advisors were Michael Hawes, Executive Director of the Canada-U.S. Fulbright Program, Jean-François Lisée, Executive Director of the Université de Montréal's Center for International Studies (CÉRIUM), and Pierre Martin, Director of the Université de Montréal's Chair in American Political and Economic Studies. The financial contribution of the Canada-U.S. Fulbright Program and of the CÉRIUM (through a generous grant from the ministère des Relations internationales du Québec) is gratefully acknowledged.

Twelve students from HEC-Montréal, Université de Montréal, and Université du Québec à Montréal attended the project's seminars and prepared research papers. Guests at the seminar meetings included Albert Juneau (Québec Chamber of Commerce), Diane Wilhelmy (former Québec deputy minister of International Relations) and Konrad Yakabuski (Globe and Mail).

The picture of Québec in North America that emerges from these studies is that of a vibrant source of economic and cultural activity with an important presence throughout the continent. Québec is a major source and destination along trade corridors with New York and New England, and by far the largest Canadian supplier in an integrated North American electricity market. In 2004, Québec ranked sixth among countries of the world in terms of exports to the U.S. and fourth in the world as a destination for U.S. exports. Mexico is Québec's most important trading partner in Latin America. Québec is the fourth largest center of film production in North America, as well as the fourth largest biotechnology hub in North America.

The papers also illustrate hurdles that must be overcome as Québec pursues its integration within the continent. More generous provincial programs for biotech—especially Ontario—are eroding some of Québec's luster. The challenge of managing cross-border enterprises is also significant, as shown by the example of Quebecor World. Exporting presents additional issues since the tragic events of September 11, 2001. Some of these are illustrated in the paper on CLIC Import-Export. Taken together, these papers shed light on how North America is evolving as an economic zone. Although trade amongst companies

continues between Québec and the rest of North America, trade increasingly is occurring within shared networks, or within firms. In this context, the barriers to trade between Québec and the rest of North America are becoming barriers to common economic growth.

The bottom line is that North America is rapidly reaching the point where many economic problems are shared no matter where they emerge. This has obvious implications for public policy and for policy capacity, or the ability of North American governments to recognize and solve common problems.

“Québec in North America” Project Home Page:
<http://cepea.cerium.ca/article340.html>

Alain-Michel Ayache, [*Exporter aux États-Unis dans le nouveau contexte de sécurité: l'expérience de CLIC Import-Export / Exporting to the United States in the New Security Context : The Case of CLIC Import-Export*](#), Notes & Analyses # 8.

David Descôteaux, [*Quebecor World et les atouts d'une plateforme nord-américaine / Quebecor World and the benefits of a North American Platform*](#), Notes & Analyses # 9.

Rolando Gonzalez, [*Le Québec et le secteur de la biotechnologie en Amérique du Nord / Québec and the Biotech Industry in North America*](#), Notes & Analyses (forthcoming).

Minea Valle Fajer, [*Le corridor Québec-New York / The Québec-New York Corridor*](#), Notes & Analyses (forthcoming).

Lauris Apse, [*Hollywood Nord-Est? La production de films nord-américains au Québec / Hollywood Northeast? North American Film Production in Québec*](#), Notes & Analyses (forthcoming).

Anne-Elisabeth Piché, [*Un partenariat en pleine expansion : les relations économiques entre le Québec et le Mexique depuis 1994 / An Expanding Partnership : Economic Relations between Québec and Mexico Since 1994*](#), Notes & Analyses (forthcoming).

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Sandra D'Sylva, [*Le Corridor Québec-Nouvelle-Angleterre / The Québec-New England Corridor*](#), Notes & Analyses (forthcoming).

Notes & Analyses sur les États-Unis/on the USA

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