

Wholesale Market Report 2020

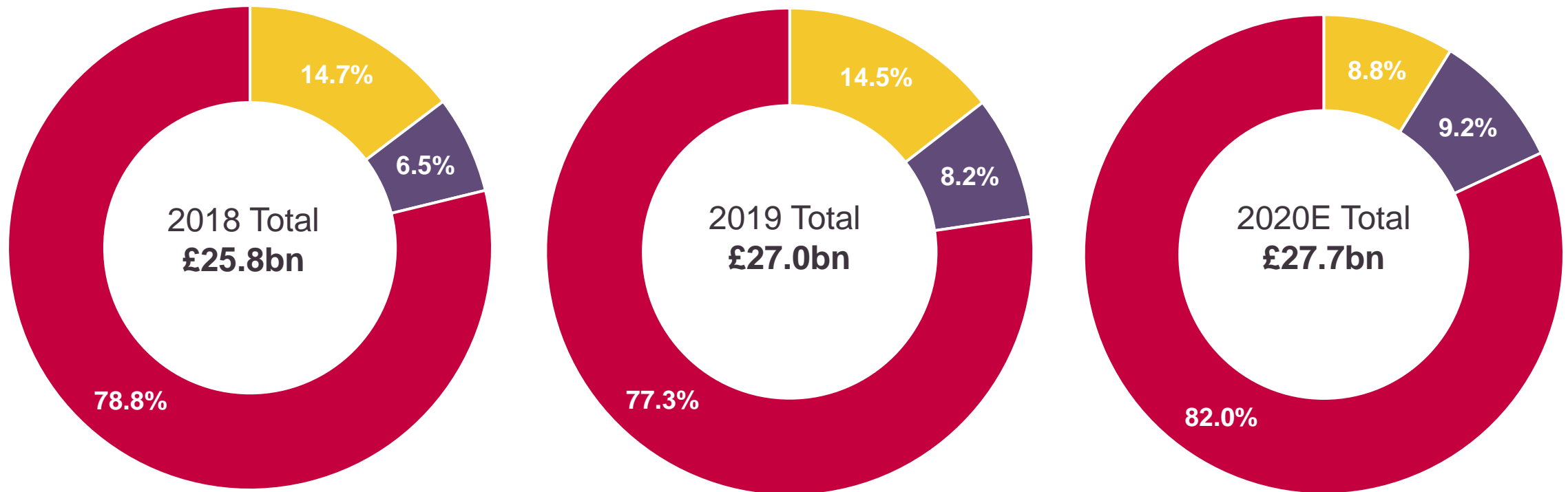
November 2020



LEADING WHOLESALERS VALUE BY SUB-CATEGORY

Hybrid wholesalers namely Co-op and Morrisons grow their share of the leading nine wholesalers value totals by 2.7 percentage points from 2018 to 2020. Foodservice wholesalers have seen their share decline by -5.8ppts with the coronavirus seeing vast swathes of the foodservice industry shut down from March to July.

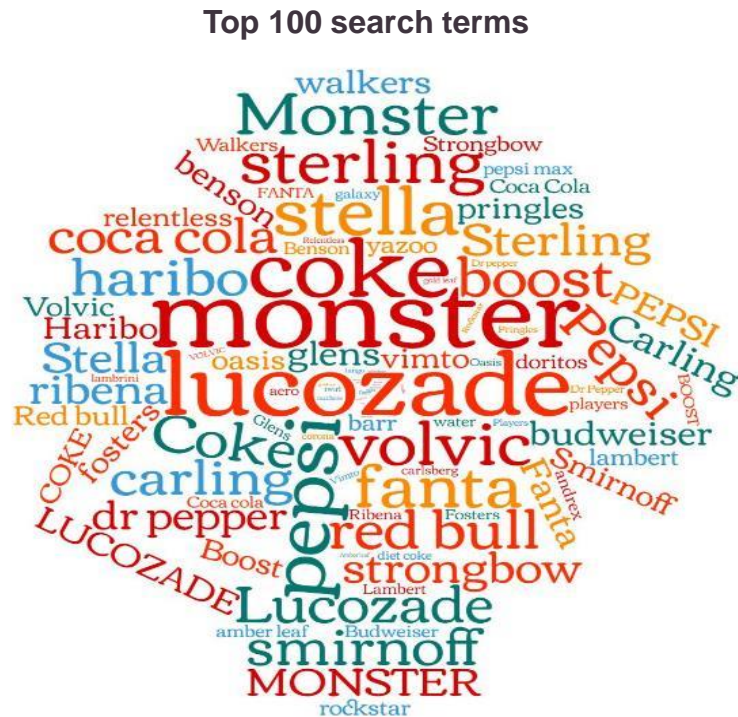
■ Foodservice ■ Hybrid ■ Traditional



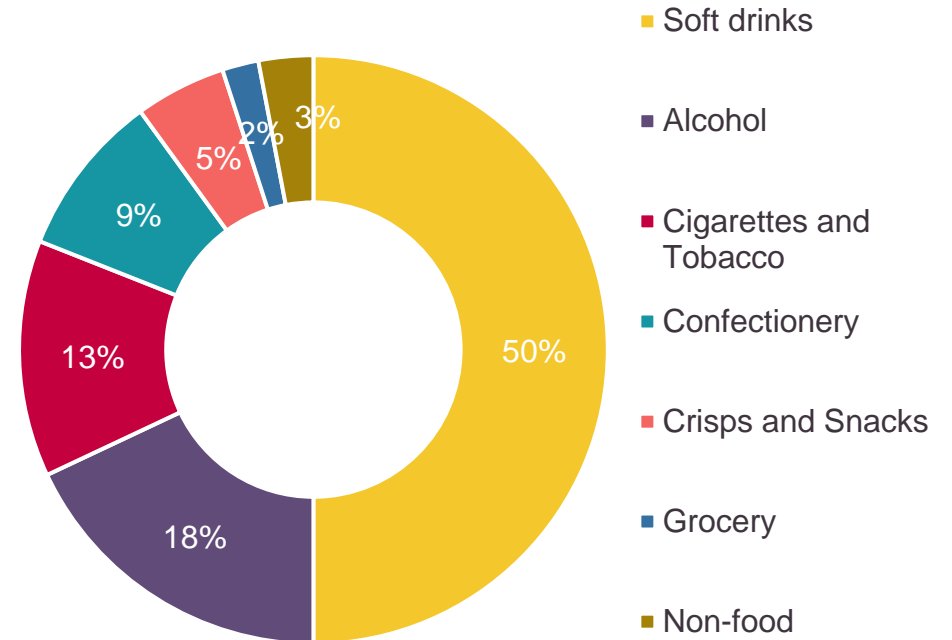
Source: Lumina Intelligence, November 2020

BRANDS DOMINATE SEARCHES ACROSS PLATFORMS

Searches on both web and app are typically dominated by brand names.



% of top 100 search terms by category



Soft drinks account for half of the top searches (prior to the coronavirus outbreak). Following the launch of the Cadbury Orange Twirl last year, searches for Twirls increased by 80%, highlighting the potential success of a limited edition offer. It is important to ensure products are correctly tagged, including both brand and category details, to ensure the correct products are displayed following a search and null searches are eliminated.

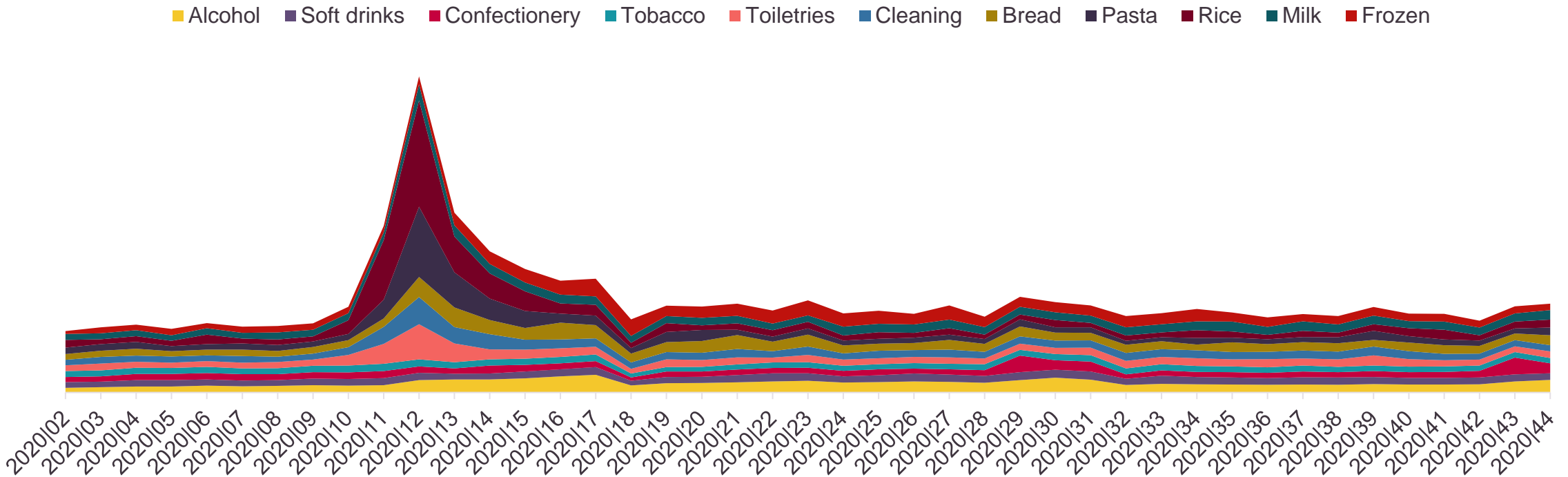
Source: Lumina Intelligence March 2020



CUPBOARD STAPLES SPIKE DURING EARLY LOCKDOWN

During the first lockdown period, revenues for cupboard staple products such as rice and pasta spiked on web.

Category revenue normalised by January - February average



While this has stabilised throughout the year, revenues remain above those expected prior to the lockdown, as consumers continue to shop locally. The frozen category has also seen an uplift, in particular as coronavirus restrictions are announced. This underlines the importance of ensuring shelf-stable and frozen goods for stockpiling are correctly tagged and easy to find onsite

Source: Lumina Intelligence November 2020



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THE IMPACT OF BREXIT

Import tariffs are the top Brexit concern. In addition to a lack of clarity surrounding the impact of Brexit on operations, tariffs are the top concern amongst both grocery retail and eating out business leaders.

Q. What is your biggest concern about Brexit?

Grocery Retail

- **Import tariffs:**
“Potential increased cost of goods from manufacturers due to import tariffs”
“... a hard Brexit and associated tariff regime will be very damaging.”
- **Increasing cost and limited supply of goods:**
“Availability of product in supply chain.”
“Import/raw material costs.”
- **Logistics:**
“management of cross border logistics.”
“Delays and checks at borders.”
- **Currency:**
“Currency fluctuations.”

Eating Out Market

- **Import tariffs:**
“Tariffs ... this will be challenging to keep a reasonable food cost as well as to source products. Menu will certainly have to be adapted.”
“Border chaos and tariff driven price increases”
- **Staff/resources:**
“Workforce.”
- **Increasing cost and limited supply of goods:**
“Rising food & supplies import costs”
- **Logistics:**
“Fresh produce trapped in traffic jams for days will have a disastrous effect on the product quality and will inevitably result in increased levels of waste.”

- Concerns over the difficulty in obtaining and storing stock, especially fresh stock, is linked to increases in frozen and ambient as a result of coronavirus.
- Seasonal workers declining as a result of Brexit could impact the growing focus on local and sustainability, with workforce decline resulting in stocking difficulties.
- It is highly likely that there will be price implications from Brexit in retail and foodservice but what is less clear is how operators will handle these. Cost cutting will be key going forward and long term investments in digitalisation will be a legacy from Brexit. Promotional activity, especially in retail may be affected, with operators including Tesco and Co-op already moving towards membership loyalty schemes.

Source: Lumina Intelligence Top of Mind Report, November 2020

SEAMLESS DIGITAL EXPERIENCES GROW IN IMPORTANCE

Convenience retailers have been placing more frequent and larger orders in 2020 to keep shelves stacked to serve their communities. It is expected that this trend will continue post-coronavirus emphasising the need for optimised wholesaler websites and apps to streamline the ordering experience.

INVESTMENT CAPABILITY DIFFERENTIALS

It is anticipated that going forward especially into 2021 there will be much higher capabilities for retail to heavily invest in digitalisation leading to further polarisation regarding digital.



AUTOMATED SERVICE IMPLICATIONS

Digital operators streamline processes and increase efficiency leading to better stock management, quicker deliveries and greater capacity. The flipside is job losses in warehouses with greater automation reducing man power necessity.



THE DIGITAL SERVICE TRADE OFF

As digital operators acquire more customer data, the service will increasingly be tailored more to individual customers. It is expected that there will be a necessary trade off between greater digital personalisation and less face to face interaction with customers.



Source: Lumina Intelligence, November 2020

Get in touch

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