

"In smaller, affluent areas you can make money if you get all the right elements in place"

The future of bricks and mortar

In a tough and increasingly online retail environment wine shops continue to open. **James Lawrence** finds out why

It's no secret that Britain's retailers have struggled to keep their head above water in recent times. A toxic mix of escalating overheads, shifting consumer priorities, and competition from the supermarket and online sphere has claimed more than its fair share of casualties, along with Roberson Wine, which decided to close its flagship Kensington store in August 2015.

"The external perception of what the shop means within the business of what is Roberson Wine is a bit out of kilter with the reality today," business development manager Adam Green told *Harpers* last year. Roberson has since moved its entire focus to wholesale and agency revenues, with much success, according to Green.

Roberson's decision was, of course, symptomatic of an extremely challenging retail environment, which has affected all corners of the UK. The Oxford Wine Company recently closed two outlets in rural Gloucestershire due to the operating costs, although owner Ted Sandbach concedes that even trading in Oxford is an uphill struggle. "We are the only independent in Oxford because of the high rents, crazy one-way system and the restrictive parking," says Sandbach.

Moreover, merchants must contend with the ever-looming threat of consumers swapping bricks-and-mortar retail for online gratification. According to analysts Wine Intelligence, the online wine retail market was worth £800 million in 2015 (Wine Intelligence report: Online Retail and Communication in the UK Market 2016) and is set to grow significantly this year.

So the question is – are we about to witness the slow demise of bricks-and-mortar wine retail?

Bespoke experience

Deborah Doré, owner of the recently opened Corkage in Guildford, laughs at the idea, arguing that there is still money to be made from physical retail. "The demise of bricks



and mortar is far from inevitable, but in our opinion the high street has to focus on wine as an experience and not just as a product if it is to stay relevant," says Doré.

Corkage is eschewing online retailing for now, instead focusing on offering its customers a bespoke shopping experience – complete with Enomatic machines – which the owners believe gives them an edge over the supermarkets, and justifies the expense of operating a physical outlet.

"Shoppers love the individuality of independent stores. They just need to be given enough reason to visit," she adds.

Indeed, the rash of recent openings would suggest that bricks and mortar can still pay. In London, Borough Wines opened

a hybrid-style venue in late 2015, joining similarly successful ventures from Bottle Apostle in London, Hangingditch in Manchester and Henry Butler's Fourth & Church in Hove. Then there is Seven Cellars in Brighton, which opened a straight shop in December 2015.

"In terms of making an independent work, choosing the right location is everything," says owner Louise Oliver. "In the Seven Dials district of Brighton, there are numerous independent shops and the lack of 'for sale' signs encouraged me to take the risk and open Seven Cellars. You need to find a local culture where people want that personal, bespoke service that independents can offer."

Merchants news

For the latest news on the independent sector, go to Harpers.co.uk/independent-merchants

"Many people browse our website and then prefer to talk to a member of staff"



Oliver adds that smaller venues must shift their mindset from being solely a wine merchant towards offering a wider range of beers and spirits – Seven Cellars earns considerable revenue from craft beer sales, according to Oliver.

Tapping into affluence

The Beckford Bottle Shop, which opened in December 2015 in Tisbury is also thriving, part-owned by entrepreneur Nick Jones of Soho House fame. Its manager, Tim Gardener, balks at the idea of the inevitable demise of bricks and mortar.

"Of course, the larger chains in the major cities are going to really suffer, but in smaller, affluent areas, you can make money if you get all the right elements in place," says Gardener.

He continues: "For a start, we offer a hybrid model, whereby customers can enjoy a glass of wine and some food on the premises for a minimal corkage. That's essential, as it often translates into link-sales and helps to foster customer loyalty. So having a physical presence is far from a death sentence as it strengthens your brand and creates other avenues for revenue. For example, some of our customers have now placed orders for weddings and major events, which is very lucrative."

It's a mantra that Vagabond Wines owner Stephen Finch wholeheartedly endorses. Pioneers of the hybrid model, Vagabond is in a process of major expansion. "Maintaining and indeed expanding our physical presence is vital, as increased business turnover means we can import more wines directly, strengthen our brand and keep a competitive edge," says Finch.

"But I still maintain that only hybrid-style venues are going to survive in high street retail in the long term. Humble Grape recently converted to the hybrid wine bar-shop format. They're all falling like flies!"

"The high street has to focus on wine as an experience if it is to stay relevant"

Deborah Doré

Finch underlines the point that traditional retail stands little chance of succeeding in such a competitive environment, a view seemingly supported by the newer firmament of independents, most of which are following the Vagabond model, right down to the Enomatic machines and prerequisite small-plates dining.

Sandbach agrees: "Our retail is profitable on a standalone basis but I would not



want to operate this without the balance of the strong wholesale and the Wine Cafés."

Yet, Vagabond currently refuses to create an online presence, despite the potentially lucrative returns. "We tried online a while back and it was a major headache to manage the logistics of constantly updating our inventory, for example. Online is expensive to set up and difficult to manage. For the moment, it's not for us," explains Finch.

However, Sandbach argues that sidelining the online avenue is foolish: "Although online sales account for only 4% of our turnover at this stage, this is a slightly grey area as we know that many actually browse our website and then prefer to talk to a member of staff. It should be an important tool for any retailer."

Of course, Sandbach admits that for smaller retailers this may not be a viable option, but potency of an online presence and its ability to reinforce in-store purchasing is apparent.

Bumpy road ahead

Despite this cautious optimism from independents, there is no denying that smaller businesses are in for a bumpy ride. The past 12 months have seen a seismic shift in the UK retail scene, with numerous iconic brands closing their stores and supermarkets upping their wine game.

Aldi has made online sales one of its top wine priorities, in addition to Amazon, which unveiled its Prime Now service last year, with promises to deliver wine within two hours of customers placing an order.

Ultimately though, the evidence from the trade suggests that bricks-and-mortar retail is far from moribund. "My bet would be that we're entering a multichannel mindset," says Wine Intelligence analyst Juan Park. "Bricks and mortar will coexist with online because each channel has very specific strengths that the other one simply cannot compete with. Retail provides an experience, human interaction and immediacy that online will not be able to provide, so they are pretty much compatible."

Indeed, the instant gratification of in-store buying remains the independent's biggest trump card. Most wine is still consumed almost immediately after purchase, something that the majority of online retailers can't offer the consumer.

Or, as Sandbach so eloquently describes: "Despite the challenges, retail is essential. It is a way to promote and showcase wine and get rid of bin ends/end-of-line products. It allows a customer to see, feel and touch a wine and to discuss it with an expert. It also gives physical presence and the opportunity to run events, tasting and lectures, and keep ourselves well in the public eye. It's not going away anytime soon." ☐