

Independents

Merchants news

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Bypassing the traditional middleman can be tempting for Indie merchants. **Chris Wilson** looks at the highs and lows of importing direct

Speaking to the founder of a successful UK wine importer recently one comment he made stuck out. He said that part of the secret to his success was his inherent laziness, and insisted that many of the deals he struck in his company's early days were essentially shortcuts, ways of doing things more directly for the same rewards.

This process involved "cutting out the middleman" in several cases and chimes in many regards with the way that an increasing number of independent wine merchants are going about their business today.

In this year's Harpers independents survey 45% of indies said they were buying more wines directly from producers than previously, with some large indies buying more than 50% of their wines – in terms of volume and turnover – directly, thus cutting out the traditional role of the UK importer.

"We have a lot of suppliers, but increasingly anything with any volume we ship direct," says The Oxford Wine Company's owner Ted Sandbach.

"Most of the wine we ship directly we sell wholesale to restaurants," he adds. "If people have it on lists they like to have consistency throughout the year so we have to make sure we have enough volume, so we deal directly with producers."

Hal Wilson from Cambridge Wine Merchants works in a similar way and says that the huge advantages for his business of buying more wine directly is that he can save money on juice and invest it elsewhere.

"We just want to buy the best wines at the best prices," he says. "By taking on the responsibility for and cost of shipping, duty and exchange rate risk, we win better pricing than those who don't, which in turn we can invest in our company sites, people, research and development, and marketing."

Both the Oxford Wine Company and Cambridge Wines look to Europe for their direct-buy wines as they have more control over the speed of the deal and don't have to worry with bonds. "We look to France, Spain and Italy," says Sandbach. "We tend not to ship direct deep sea simply because we don't bond and the cost of the duty is difficult. We can strike better deals, quite frankly, with UK agents."

Both companies still use a large number of UK importers to fill their shelves but increasingly this is to add interest to the core lines of stock they work directly to bring in. "We buy from UK importers to gild the lily, to fill the gaps," adds Sandbach.



Staying sweet

Speaking to UK importers it is clear that while they are aware of the increase in wines being shipped directly by indies, they are not overly concerned.

"The reality is that shipping direct only really makes commercial sense for the fast-moving sub-£10 (retail) volume lines; the majority of wines retailing between £10 and £20 – the mainstay, sweet spot and consumer attraction of the indie sector – do not generally fall into the fast-moving category," says Hallgarten's managing director Andrew Bewes.

"The danger of overstock or being out of stock of a successful wine for an extended period is very real," he continues. "Most indies are aware of these potential perils and actively embrace the flexibility that



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of the Oxford
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Left:
Cambridge Wine
Merchants
Right: Hal Wilson of
Cambridge Wine
Merchants



Hallgarten and our competitive set are able to offer. Just at the moment I think they also appreciate the fact that we take all of the foreign exchange risk!"

Having a dedicated and expert logistics team in place is something else that Bewes believes makes importers attractive to independents.

"Having a dedicated department of skilled logisticians is expensive but drives economies of scale and, as a cost per case for the large operators, can be far more cost effective than diverting one of a team of generalists within a small business to chase down ready dates, liaise with shippers, deal with HMRC, purchase currency and make payments, etc," he says.

Ted Sandbach doesn't believe logistics is too much of a strain on his business and is an inconvenience worth bearing for the cost savings he can make and the huge advantages of having exclusive and/or own-label wines in his shops and to sell wholesale.



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Andrew Bewes

Mutual advantage

Sandbach has recently got into bed with Cambridge Wine Merchants and Hennings Wine to work on a project that involves shipping a container between them of uniquely labelled wine. Each merchant takes its share and as they all operate in different parts of the country there is little customer crossover.

"The great advantage of the deal is that if we do find one of us has got a huge order and run out of stock then two of our other colleagues have got that stock so we can mix and match. We're all friendly and we don't cross over much and if we do there's an unwritten rule not to undercut each other," explains Sandbach.

"The profitability is there too, the price stays the same to the customer but the cost comes down to us. It's making that extra 2-3% margin that counts – at the end of the year that can make a big difference," he adds.

This type of deal seems to work for larger merchants, and those with a large wholesale portfolio, but smaller indies are put off by the potential upfront cost and time it takes to source wines directly.

Chris Laidler, who opened wine bar and shop Covino in Chester last year, is cautious. "Unless I build up a substantial enough sales channel to the consumer in the UK, or find another interested like-minded party who would want to share the burden, I'll probably stick to using various importers," he says.

"There are a variety of different factors that make importing wine on a relatively small scale less financially viable than you'd first think. For starters, the time it takes to go and source the wines at international trade fairs or direct from the cellar door, is just too time consuming and costly.

"I've worked in that side of the business before and, trust me, to get a decent selection of juice from around the world that isn't already imported by another company, is a full-time job, even for a fairly small portfolio," he adds.

His current approach of very close relationships with his importers, who often have his ear when making buying decisions, seems to work for both parties. "I'd rather just give one of my small importers a tip-off about anything amazing I find and hope he would import it for me!"