

Merchants news

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Thanks for hosting the Independent Wine Crew: Ruth Yates, Corks Out

Attended by Ted Sandbach and John Chapman, Oxford Wine Company; Jamie Hutchinson, The Sampler; Matthew Hennings, Hennings Wine Merchants; Hal Wilson, Cambridge Wine Merchants; Doug Wood, Woodwinters

Leading wine merchants look to share business solutions

Erin Smith

The latest meeting of the Independent Wine Crew, made up of leading multi-site wine merchants from across the UK, found there were some key areas and issues that the group hopes to work together on to help each other run more efficient businesses.

The meeting, held at Ruth Yates' Corks Out in Stockport, raised the following issues:

Banking

The group discussed which commercial banks they were using and the pros and cons of many of the high-street banking options. Of particular interest were fees related to exchange rates – particularly when looking to buy wine direct – along with cash-management fees, the ability of specific banks to manage business relationships, and the overdraft facilities available.

For example, two of the Independent Crew merchants are currently trying to decide whether to switch or stay with their current bank. HSBC came recommended by another member who had been impressed with the HSBC exchange rates on offer.

Direct sourcing

Merchants discussed the options of direct sourcing, the successes they have had and the challenges that should be considered before opting to go direct from producers.

EPOS data systems

This is a key issue for independent wine merchants of all sizes, but particularly the more stores you open and the greater the complexity of your business. Members shared the different systems they use, analysing the various pros and cons – and costs. Of particular interest was whether to buy an off-the-shelf package or invest, like Woodwinters has done, in a bespoke system

Efficient use of retail space and running multi-site businesses

The group discussed the challenges of running multiple shops and when it was right to take the brave decision to close a store if it is not performing. Hal Wilson of Cambridge Wine Merchants also gave an insight into running franchise stores. A key focus was switching from retail to on-trade and the challenges and opportunities of running cafés, wine bars and deli-type operations. Equally the commercial benefits and challenges of running



Independents get down to business

Enomatics-style tasting machines in-store.

When discussing whether or not shop space should be used as a retail wine bar, one merchant warned, "You need to have footfall. You need high-street traffic at that location to make it worth it."

Another merchant agreed. "You need to really consider if the space used to serve directly can earn more money being used for something else and whether you have the right staff for it."

Stock management

This proved to be a highly focused issue, with a number of different options discussed regarding best practice, as well as the issue of bonded and non-bonded stock. Of particular interest was how much stock a store should hold, depending on business needs, and how that varies if the business is more weighted towards wholesale.

Human resources and staff relations

Merchants shared the importance of different incentive structures for sales and looked at different approaches on motivating both administrative and sales roles. Also on the agenda was how to find great employees.

Wholesaling

This was of varied importance, depending on the nature of their business. But clear issues to emerge included handling client relations, credit and payment terms, managing cash flow, and on-trade exclusivity.

The Independent Wine Crew was formed, in association with *Harpers*, by a group of like-minded multi-site wine merchants looking to be open with each other and share business practices – not only for their own good, but for the good of other merchants in the trade. A full report on the recent meeting will be in the December issue of *Harpers*.

FROM THE SHOP FLOOR

Ted Sandbach

Managing director,
The Oxford
Wine Company



How wonderful to see Oz Clarke and Alan Cheeseman be prepared to publicly destroy the myth of supermarket-discounted wines on national television last month. The average wine buyer who saw the BBC *Watchdog* report will no doubt be stunned by some of the revelations which, of course, are well known to us in the trade.

I am constantly amazed at how few people are aware of the tax element on wine and they almost reel in disbelief when they discover that VAT is a tax on a tax, and that an inexpensive bottle will only contain about 40p worth of wine.

Equally there are many who believe supermarkets do offer half-price wine and are proud to tell their friends that they have picked up a bargain. This utter nonsense was perfectly explained by Oz and admitted by Alan.

The majority of these supermarkets are simply fooling the public. They have been getting away with this for years, but at last the public are waking up to the fact that all is not as it seems. I recently lost a Pinot Grigio order on the grounds a supermarket PG had been discounted from £9.99 to £5.99 – the same price as ours! But it was going to be much better quality because it was *really* £9.99. Yeah? Did you see that pig fly past the window?

We have few major chains left in the UK but the better known of these do no better than the supermarkets as they mark their wines up falsely in order to promote and discount the price to the unsuspecting punter.

Let's face it, the margins on wines are poor whether you are a large national store or a corner wine merchant. There are such things as genuine promotions designed to increase footfall, make room for fresher vintages or create a quick cash windfall. But please can we start at the original price and not over-inflate it to make it seem better value when on promotion.



You can read Ted's full column at Harpers.co.uk/opinion