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SWA ANNUAL CONFERENCE SPECIAL: JULY 2019

SCOTLAND'S WHOLESALE INDUSTRY FOCUSES ON COLLABORATION AS SWA RALLIES ITS MEMBERS

MAKING the wholesale industry an attractive one to work in by creating a legacy that will inspire the next generation is the future focus of the Scottish Wholesale Association.

Chief executive Colin Smith told the SWA's 2019 annual conference that training, business building, and lobbying and legislation will be at the forefront of the trade organisation's revitalisation.

"Wholesalers deliver £2.9 billion to Scotland's economy and while we're a huge industry, wholesale outlets have halved in the past 15 years – that's why we need input from our members, both wholesalers and suppliers, to ensure that our trade association remains vibrant and relevant," he said.

"A stronger association gives us a stronger, louder voice and a much bigger opportunity for growth and change."

Smith said that creating a Training Academy would enhance skills within the wholesale sector, raise standards and promote wholesale as a viable career path. "This is about creating a highly trained wholesale and distribution workforce in Scotland, where our staff aren't just box-shifters but skilled people who will be the future leaders of our industry," he said.

"A stronger association gives us a stronger, louder voice and a much bigger opportunity for growth and change."

Colin Smith, SWA chief executive



"This is our competitive advantage and the centrepiece of SWA's vision into which everything else feeds – it is the biggest return on investment for our industry. It will create SWA-accredited apprenticeships, a redesigned mentoring programme and use technology to provide a modern academy that transcends online as well as face-to-face training."

Collaborating with other trade associations and stakeholders will also form a key component of the SWA's work in the future. Smith pointed to Scotland Food & Drink, the Scottish Tourism Alliance, Scottish Grocers' Federation (SGF) and the Federation of Wholesale Distributors (FWD) as key partners.

SWA also sits on the national board that has been created to oversee the delivery of an ambitious plan to boost food tourism in Scotland by £1 billion. "We are working with key stakeholders to help deliver Ambition 2030, the Scottish Government-supported initiative to double Scotland's food and drink turnover to £30 billion by 2030," said Smith.

The challenges that all SWA members face were not restricted to the "cumulative and burdensome legislation coming out of Holyrood and Westminster", Smith told this year's conference. "There's the cost of training and retaining staff, the speed of change in technology and the ever-increasing question of where to invest."

Unveiling the SWA's new vision statement, he said: "Our vision is about standing for everything that is great about wholesale, protecting our industry and our members' voices, giving them a return on investment, providing with opportunities to network and placing our people at the heart of everything we do."

"Through training, trust and building relationships, the SWA creates a stronger, well connected, Scottish wholesale industry. Where all food and drink distributors can unite with one shared voice."

Meanwhile, Julie Dunn, SWA president and operations director of Lanarkshire-based Dunns Food and Drinks, urged members – wholesalers and suppliers – to get more involved in helping to shape the Scottish Wholesale Association's strategic vision.

Dunn said that the core principles of collaboration, consultation and communication – the three Cs – would ensure that members, their interests, needs and future success were protected under membership of the SWA.



Julie Dunn, SWA president.

But she warned that members must get involved with the association to help it stay strong and move forward. "We need you to participate," she said. "My job, along with our Council, is to safeguard the SWA and I ask you, 'What can you do for your association?'"

"Consider SWA when you are building your succession planning and look beyond your own diary commitments when we hold events – who in your business might benefit from attending? And wholesalers, we need to increase our engagement with each other and our suppliers."

For the first time, the conference featured a well-attended Producers' Exhibition – a collaboration with industry organisation Scotland Food & Drink.

The exhibition, part of the new SWA conference initiative Keeping Scotland Local, provided 20 local producers and suppliers – many of them finalists in the recent Scotland Food & Drink Excellence Awards – with an opportunity to meet key buyers, decision-makers and owners of SWA member wholesalers.



The inaugural Producers' Exhibition; a collaboration with industry organisation "Scotland Food & Drink".

THE SPEAKERS

ATTRACTING industry leaders, entrepreneurs and senior executives from all corners of the wholesale supply chain – both at home and overseas – the conference heard from: Dawood Pervez, managing director of Bestway Wholesale; Colin McLean, chief executive of Dundee-based Spar wholesaler CJ Lang; Iain McPherson, regional managing director (Scotland), Matthew Clark; and Chieh Huang, chief executive of the US-based online wholesaler Boxed.

Other speakers included: Paul Miller, co-founder and chief executive of Fife-based distillery and brewery Eden Mill; Marc Crothall, chief executive of the Scottish Tourism Alliance (STA); Ross Mackay, co-founder of Daring Foods, a Glasgow-based start-up selling plant-based meat alternatives and Nigel Holmes, chief executive of the Scottish Hydrogen & Fuel Cell Association.

Josh Clifton, commercial innovation manager of industry research and insights specialist, HIM, and Fiona Speakman, client director at CGA, both presented on future customer insights.

Josh presented HIM's recent wholesale market research, carried out with the help of some SWA members, on the online purchasing habits of wholesale customers. This identified the possibilities that exist for both wholesalers and their suppliers to generate higher sales, revenue and marketing opportunities within this growing order medium.

Meanwhile, Fiona presented on the rising foodie experience and consumer expectations seen within the Asian food market. As well as presenting on the change in focus of business leaders, with what were once fads now becoming consumers' established lifestyle choices, including vegan, free-from, vegetarian and food sustainability/waste.

Glenn Tunstall, a former Metropolitan Police borough commander and now director of Merida Consulting, closed the conference with a motivational presentation focusing on the importance of people in all organisations.

The conference – entitled *What's Next?* – incorporated a number of panel discussions with business sessions designed to enabling greater business-building opportunities between members. There was also a business-building and networking event where wholesalers and suppliers had the opportunity to meet and share information during interactive sessions.



Josh Clifton.



One of this year's panel discussions.



Fiona Speakman.



Glenn Tunstall.



COLIN MCLEAN, CHIEF EXECUTIVE, CJ LANG

In CJ Lang's centenary year, CEO Colin McLean said: "We're back – the sleeping giant awakens."

"We must focus on what we can control," he continued. "Our business has been underperforming for years but now we are re-engaging with customers and suppliers – we are trying to join up the opportunity and turning the business on its head."

"It is about fixing the basics and going back to having the right controls and processes in place – and we want to work with suppliers to do that. We can also learn from our company-owned store business."

"our vision is to be Scotland's favourite community convenience wholesaler and retailer"

Colin McLean, chief executive, CJ Lang

The Dundee-based wholesaler, which this year has won new contracts with Certas Energy and Penny Petroleum, is "taking the best of Spar International and Spar UK and the best of local and putting that into CJ Lang".

"Our business has outperformed the rest of Spar UK in recent weeks," McLean said, "and our vision is to be Scotland's favourite community convenience wholesaler and retailer."

CHIEH HUANG, CHIEF EXECUTIVE, BOXED

The CEO of US-based online wholesaler Boxed, Chieh Huang, spoke about the motivation for setting up his business out of his parents' two-car garage in suburban New Jersey in 2013.

In just five years, he grew the company from a start-up making \$40,000 in revenue to a household name valued at well over half a billion dollars in 2018. "It was tough at the start when no-one was ordering from us and we realised we needed to be smarter on branding," he said.

"Today, we have limited SKUs – just 1,600 – and with just two to five products per category it means easier selection and bigger baskets," he explained. "We have also automated the business but not paid off people. Tech has been our core and we're trying to figure out retail faster than people are figuring out tech."

Huang said that 14% of Boxed's sales online were private brand and explained how the company rebates the "pink tax" – the charge on feminine care products in 32 states – to female customers. "So far we have rebated approximately \$2 million."



DAWOOD PERVEZ, MANAGING DIRECTOR, BESTWAY WHOLESALE



Wholesale is a healthy sector, according to the managing director of Bestway Wholesale. "But there are different types of wholesale," he said. "Pubs, schools, prisons as well as shops, so our strapline has changed to 'The best way to grow your food and drink business' to keep us relevant to all of these customers."

With the wholesaler's turnover anticipated to rise by 20% to reach £2.4 billion this year, he discussed the importance of meeting the needs of different customers for "personalised experience in a complicated market".

"Delivered is definitely on the up and customers are expecting a certain standard of deliveries," he said. "The independent landscape is changing."

Those with fascias, own label and those who are investing in their stores are more likely to succeed than those who don't – and wholesalers must ask suppliers for similar deals and prices as those the multiples receive."

In Scotland, the wholesaler's online business is "way ahead" of the rest of the country but Pervez said that while automation is efficient it is expensive. "Depot sales are moving towards delivered but we have really big depots and will we need such big depot," asked, giving his audience some food for thought.

"Technology is important but you have to do what is right for your own business," Pervez continued. "The key is to provide all options for your customers – for us, it is about trying to do that better."

Bestway, the largest specialist pet wholesale business in the UK, is currently expanding its Perth-based customer services team.

He also praised the levels of product innovation coming out of Scotland and confirmed that Bestway is working with over 100 local suppliers. And did you know that Glasgow is the vegan capital of the UK? "That's a huge opportunity," said Pervez.



IAIN MCPHERSON, REGIONAL MANAGING DIRECTOR, MATTHEW CLARK

Knowing what new trends are and tapping into them can lead to margin opportunities, the recently-appointed regional managing director of drinks wholesaler Matthew Clark told the conference.

"Where we can add value and support for our customers gives us additional weight as we strive to become their first-choice wholesaler," he said. In addition, providing products with provenance and differentiation can also give you an edge over your competitors.

"I am very positive about the future," McPherson continued. "We have some very loyal customers but recognise that our customer base is becoming very fragmented. People want to buy local products, under-25s want to buy British products – people want provenance and something that tells a story.

"In Scotland, we have a brilliant story to tell about our products and, of course, our people."

He warned that some new consumers might distance themselves from established brands because "they don't have a story" and pointed to the new distilleries and boutique breweries springing up: "They all have a good story to tell."



PAUL MILLER, CO-FOUNDER AND CHIEF EXECUTIVE, EDEN MILL

Gin accounts for more than 80% of Fife-based Eden Mill's business, its CEO told the conference, describing how the business has grown on the back of events such as trade shows, farmers' markets and consumer fairs.

"Getting your product out there and getting people tasting it, raising awareness and affinity, and engaging with people has worked for us," said Paul Miller. "Creating experiences for people where they can create their own gin and reorder whenever they want to is also a road we've gone down with our Blendworks initiative."

The Blendworks Gin School is currently available at the Rusacks Hotel in St Andrews and in Glasgow's Princes Square, with plans to open a third in London.

Miller highlighted gin gifting as another opportunity with occasions such as Father's Day along with provenance and storytelling.

He also revealed that the company had acquired the Penrith-based Eden Brewery earlier this year and confirmed that the business had ambitions to be carbon neutral by 2022.



ROSS MACKAY, CO-FOUNDER, DARING FOODS

The co-founder of the Glasgow-based start-up selling plant-based meat alternatives gave an inspirational presentation, explaining why he decided to set up Daring Foods.

"Providing consumer choice is important," he said. "I choose not to eat animal products but I don't dictate what people should or should not eat – that's not down to me.

"What I want to do is say to people 'look, try our products because they taste great'. We're not here to say what is right and what is wrong, or convert people to veganism. Yes, we want to see people eating less meat and more plant-based food – that's why we've launched Daring Foods – but it's about having that choice."

Daring Foods' products, including Moo-Free Burgers, Cluck-Free Nuggets and Fishy-Free Fingers, have been well received with the firm securing a distribution deal with Glasgow-based wholesaler Lomond as it targets annual revenues in excess of £7 million.

NIGEL HOLMES, CHIEF EXECUTIVE, SCOTTISH HYDROGEN & FUEL CELL ASSOCIATION

“Renewables is doing well in Scotland” – that was the message from Nigel Holmes, CEO of the Scottish Hydrogen & Fuel Cell Association

He spoke about the use of green hydrogen for renewables, pointing to the Eden Campus Energy Centre in Guardbridge, Fife which is central to the University of St Andrews’ strategic drive to become the UK’s first energy carbon neutral university.

Orkney, he explained, is already running 100% renewable electricity. “But the challenge there is that they cannot put any more on to the National Grid,” said Holmes. SHFCA member EMEC is currently leading the first phase of a new £28.5 million Industrial Strategy Challenge Fund (ISCF) project to create a Virtual Energy System (VES) in Orkney.

It aims to create a “smart energy island”, demonstrating the energy system of the future, which will reduce and eventually eliminate the need for fossil fuels.

Holmes also told the conference that there has been a fleet of hydrogen buses in Aberdeen for five years.



MARC CROTHALL, CHIEF EXECUTIVE, SCOTTISH TOURISM ALLIANCE

The high-profile chief executive of the influential Scottish Tourism Alliance spoke about the opportunity for wholesalers in the tourism sector as the “wheels of the supply chain”.

Marc Crothall also touched on the recently launched national board that has been brought together to oversee the delivery of an ambitious plan to boost food tourism in Scotland by £1 billion.

Made up by leaders from organisations including Scotland Food & Drink and Scottish Tourism Alliance, the board – on which sits SWA chief executive Colin Smith – aims to significantly increase visitor spend on food and drink.

Through the food tourism strategy, SWA wholesalers will be closer than ever to local Scottish producers and suppliers.

Initiatives such as the mapping of wholesalers and producers will give members the greatest opportunity of being the preferred route to distribution on a local, regional or even national basis.

Several communication tools and member engagement events are being planned to bring wholesalers closer to Scottish producers.



A number of business sessions were held; designed to enable greater business-building opportunities between members.



Networking host, Wendy Chalmer-Mills (above) and host, Richard Crabtree (right).



SWA chief executive, Colin Smith.



The exhibition provided 20 local producers and suppliers – many of them finalists in the recent Scotland Food & Drink Excellence Awards – with an opportunity to meet key buyers, decision-makers and owners of SWA member wholesalers.

Special thanks to all our Conference sponsors:



GALLERY

A selection of photographs from the 2019 SWA Annual Conference.



