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**UK wholesale sees subdued growth of 2.8% in 2020, as coronavirus leads to market polarisation**

**Double digit turnover growth for wholesalers serving the retail market has not offset huge declines in turnover for foodservice wholesalers.**

Lumina Intelligence’s new UK Wholesale Market Report 2020 indicates that the UK wholesale market has experienced growth of +2.8% in 2020, down from +4.4% in 2019.

Despite growth at a total channel level, the story couldn’t be more different beneath the surface, as retail wholesalers face record levels of demand, resulting in strong growth. In comparison, the impact of nationwide lockdowns and other restrictions on the hospitality sector have had a catastrophic impact on the performance of foodservice wholesalers, who have recorded huge turnover declines in 2020.

The report highlights several ways in which the industry has evolved due to the pandemic. Three examples of how the wholesale market is changing are:

**1. Demand for delivery – resulting in higher basket values**

Restricted mobility and nationwide lockdowns have led to surges in demand throughout 2020 and retailers have had to work hard to keep their shops stocked as consumers increased their use of the convenience channel. Consequently, reliance on wholesale delivery has been accelerated through the pandemic.

Delivery offers many benefits over the instore, cash & carry experience for customers, including speed and ease. Retailers and foodservice operators are more likely to conduct main shops when using delivery services, resulting in bigger, higher value baskets.

**2. Foodservice wholesalers go direct to consumer**

To offset losses from hospitality closures during the coronavirus lockdown, several foodservice wholesalers diversified their operations and explored direct to consumer (DTC) as a new route to market. It is an indicator of their success that many of these ventures have since been made permanent. JJ Foodservice launched JJ Home in July 2020, signalling the permanent addition of its DTC service – initially introduced as a stop gap - to the wholesaler’s portfolio. JJ’s has also invested in smaller delivery vans to negotiate tighter London streets and most recently has launched a ‘Christmas at Home Essentials range’ for its consumer customers.

Similarly, Bidfood has formalised its DTC business ‘Bidfood at Home’ and has plans for national roll out. Meanwhile, Brakes has launched its ‘Food Shop’ venture which has been selling direct to consumer since March 2020.

**3. ‘Hybrid disrupters’ gain share**

Hybrid wholesalers – namely Co-op and Morrisons – grew share of the wholesale sector, from 6.5% in 2018 to 9.2% in 2020. These grocery multiples regard wholesale as a new route to market and a means of tapping into the growth of the convenience channel. Asda also made roads into wholesale at the end of 2019 with the opening of its first cash and carry style warehouse in Bristol.

The Co-op provides wholesale services to the fifteen independent regional co-operative societies, as well as to Nisa Retail Ltd and Costcutter Supermarkets Group – in addition to its own retail estate. Morrisons meanwhile supplies Amazon and McColls. Lumina Intelligence estimates that both operators will see wholesale turnover increase by around +15% in 2020.

Blonnie Walsh, Head of Insight at Lumina Intelligence says, *“In line with what we are reporting for grocery retail vs the hospitality industry, the coronavirus pandemic has resulted in the wholesale market becoming polarised. Retail wholesalers have seen unprecedented demand surges, which, as well as causing supply chain pressures, has resulted in strong growth across the year. For hospitality, the picture is a lot bleaker, with the ever-changing restrictions imposed since the start of the pandemic having a catastrophic impact on the industry, resulting in around a third of turnover being wiped out.”*

“The wholesale industry has very much been on the front line throughout the pandemic. Retail wholesalers have worked tirelessly to keep stores stocked enabling retailers to support local communities. Foodservice wholesalers have had significant forecasting challenges, as the government imposed strict guidelines on hospitality businesses at short notice, but we’ve seen some innovative responses to this with the development of direct-to-consumer solutions. As we enter 2021, the measures the government intend to impose until a vaccine has been widely distributed remain unclear. The UK wholesale industry needs clarity to ensure it is as prepared as it can be to support grocery retailers and hospitality operators, rather than continuing to second guess what will happen next.”

For more information on the Lumina Intelligence UK Wholesale Market Report 2020, please contact Lumina Intelligence [here](https://www.lumina-intelligence.com/contact-us/).

**ENDS**

**Report methodology**

The research, from Lumina Intelligence’s exclusive UK Wholesale Report 2020 Update, was conducted using data from Lumina Intelligence’s Wholesale Online Report 2020, Operator Data Index and Top of Mind Business Leaders Survey.

* Wholesale Online Report 2020
	+ Web Data: streamed from multiple major GB wholesalers and amalgamated into a representative industry average. Average is weighted to reflect industry split between regional wholesale and national wholesale.
	+ Mobile App Data: streamed from major GB wholesalers and amalgamated into a representative industry average. No weighting required.
	+ Retailer Research: Derived from Lumina Intelligence Wholesale Report 2019. Collected from interviews with retailers who use delivered via online ordering.
* Operator Data Index - provides comprehensive data on leading UK convenience operators, including rankings, outlet numbers and estimated sales.
* Top of Mind Business Leaders Survey - an online questionnaire targeted at industry professionals across the eating out and grocery retail markets, focused on understanding the current trading environment, challenges and growth opportunities. Responses from 100 leaders working in senior management positions in October 2020.

**About Lumina Intelligence**

Lumina Intelligence inspires the global food and drink sector with deep, actionable insights powered by the world’s best analytics technology. Our products and services are used by the major brands and organisations in these fast moving and growing markets to support business planning, strategic marketing and new product development.

With offices in London, Chicago, Montpellier, and Singapore, and local on the ground analysts across our businesses, you can trust our market knowledge. We are committed to providing all our customers with up to date accurate information to support critical decision making.

Combining the expertise and experience of HIM, MCA Insight and Lumina Intelligence, we are the experts in market and consumer insight across the food & drink and nutrition markets.

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