What's wrong with UK supermarkets

21 Oct 2005 by JR

Master of Wine Simon Thorpe sported a beatific beam at last week's Wines of South Africa tasting in London's old Billingsgate fish market. For the first time in eight years he was able to roam unimpeded round one of the wine trade's many gatherings. Until last month when he joined wine supplier Western Wines, Thorpe was a member of the wine-buying team of Britain's most upmarket supermarket Waitrose, so was routinely mobbed by scores of supplicant wine suppliers, all jockeying for even a single bottle-width's position on the crowded shelves of Waitrose's wine department.

"The power base of Britain's multiple retail wine buyers is unique in the world," says Allan Cheesman, who ran Sainsbury's wine department from in the 1980s and 1990s, crossed the great divide to work for an Australian wine supplier in 1999 and jumped back into the cosier confines of Sainsbury's (where he didn't have to make his own tea) the next year, before becoming a consultant to some of the global corporations that increasingly dominate wine retailing.

The British not only buy by far the majority of their wine, almost two-thirds, from supermarkets, and the great majority of that from just four - Tesco, Sainsbury's, Morrisons/Safeway and Asda (owned by Wal-Mart) - they have also, unlike their counterparts elsewhere, been led to expect their supermarket wines to be interesting and varied. So anyone making decisions about exactly which bottles go on a supermarket shelf has a multi-million pound budget and a queue of would-be suppliers who would succumb to virtually any indignity the buyer cared to name in exchange for a listing, which is why on the face of it the current exodus of wine buyers from UK supermarkets to join the much more crowded and powerless ranks of suppliers is surprising.

As Nick Tatham MW, one of the first to make such a move, from Sainsbury's in 1990 to set up his own wholesaling company with another ex-Sainsbury's colleague, puts it, "As a buyer you're courted, you're everyone's best friend. But as soon as a buyer leaves a supermarket and joins us on the other side, people go up to them and say 'I can be rude to you now and tell you what I really think about you'".

So why in the last few months have very senior buyers quit Tesco, Sainsbury's and Asda to go and work for suppliers who, until recently, were licking their boots? The answer is a depressing one for British wine enthusiasts. Those who work in the supermarket wine departments need less and less wine expertise. Since about 60 per cent of all the wine sold in multiple retailers is sold when offered on promotion at a 'special' discount, more and more of the buyers' work is made up of entirely routine agreements ('negotiations' would misleadingly imply parity between the parties) with the handful of major suppliers that can afford this roster of discounts. The proportion of bottles on the major retailers shelves that do not come from one of the big companies (which continue to get bigger) has shrunk markedly in the last five years so that active buying, in the sense of selecting a wine on the basis of how it tastes, plays a distinctly minor part in the life of today's supermarket wine buyers. Some supermarket wines have also joined the legion of commodities bought, without any sampling, via online auctions.

"There's been a real change in wine retailing in the last few years," according to Laura Jewell, another Master of Wine who has just left Sainsbury's for one of her old suppliers. "There's lots more emphasis now on profits, margins and volumes, and a certain homogenisation of the product rather than selling all the nice little things. For the grocers the wine department has become a department like any other. We're no longer in the wine trade proper."

Allan Cheesman knows how lucky he was to enjoy the glory days of the 1980s when he had power not just over his suppliers but within the supermarket itself. Sir John Sainsbury was clear that wine was "one of the departments we want to be famous for". Wine was used by Sainsbury's and all its rivals to spearhead the message that supermarkets in those days were selling a better quality of life. Millions were lavished on top quality advertising of the supermarkets' own brands or special finds, and the likes of Allan Cheesman were allowed to roam the world and occasionally buy wines that took their fancy on the spot. This would be unthinkable today.

If a supplier proposed a wine to a supermarket buyer yesterday, for a start there would be only the slimmest chance that it would survive the current 'range reviews', slimming down of each supermarket's wine offer and general pressure on every retailer's square centimetre. But even supposing the wine survives the category management disciplines now strictly applied and is taken on, the supplier and buyer would have to spend so much time thrashing out their promotions

and ‘support’ agreement that it will not make it on to the shelf for many months.

The result of all this promotions and price point mania can all too easily be that wines are given an artificially inflated ‘regular price’ to add notional lustre to the discount involved in the promotional price at which they sell virtually all their volume. About three or four years ago there came a point at which the supermarkets were still offering sufficiently interesting wines, and were already operating in such a competitive environment, that the consumer could take advantage of some seriously good wine at low prices. Today we have to make do with an alternating cycle of low prices – mainly on heavily promoted branded wines.

But all is not doom and gloom. Because the big suppliers are paying good money effectively to rent shelf space from the supermarkets (“how do you spell ‘support’ again?” one New World supplier complained to me the other day, “b-r-i-b-e, isn’t it?”), the supermarkets’ own-label wines have shrunk from representing 90 to about 30 per cent of the retailers’ wine sales. But some - just some - of these wines selling under the supermarket’s own name can be very good value. My current favourites are in the box below.

And as I have written here before, because the supermarkets are ever more dependent on brands, independent retailers are flourishing as they provide an arena for all the more interesting wines desperately searching for an outlet. And at long last the dominant high street specialist chain Thresher/Wine Rack has been fighting back with the cunning ruse of selling three bottles for the price of two thereby robbing the supermarket competition of potential sales with every purchase.

It is also only fair to point out that Waitrose is still streets ahead of the competition in terms of its wine selection, and that the newly-liberated Thorpe left because he wanted to be closer to the winemaking process, and move his family to the country.

Superior retailers’ own label wines

Sainsbury’s Cuvée Prestige Côtes du Rhône Villages 2004 £3.99

Sweet, spicy, full, dense southern French red from Caves St Pierre.

Sainsbury’s Classic Selection Albariño 2004 £5.99 larger stores

Racy, marine Galician dry white. Not the best but far from the most expensive.

Sainsbury's Coonawarra Cabernet 2002 £6.99

Terrible label but excellent wine from Katnook.

Tesco Finest Great Southern Riesling 2003 £7.99
Delicious Western Australian fragrant, racy white from Howard Park.

Tesco Finest Alsace Gewurztraminer 2004 £6.99
Not blowsy yet very true, floral, opulent French white from Kuehn.

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Ten better buys from Tesco

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