

BOOKER/TESCO



The Booker/Tesco merger is primed for take-off, having gained provisional approval

GLIMMERS OF HOPE

► PRIYANKA JETHWA finds out what wholesalers can do to compete against a merged Booker/Tesco

Now that the Competition and Markets Authority (CMA) has given the Booker/Tesco merger the provisional go-ahead, all bets are off. But where, ultimately, does the rest of the sector go from here?

John Mills, managing director at buying group Landmark and one of the co-signatories of the infamous letter opposing the deal, declared himself “incredibly disappointed” with the CMA’s decision, concluding that other wholesalers will be unable to compete with the buying and distribution power of the merged firms.

Mills explains: “We believe there is a risk that thousands of jobs will disappear from family-run foodservice wholesalers and independent stores and the net impact will reduce choice for consumers and communities.”

He adds that the challenge from this point onwards will be for Landmark and others to work even harder to find better, smarter and more efficient ways of buying.

Echoing these thoughts is Darren Goldney, managing director at the Today’s Group buying group, which also signed the anti-merger letter. Goldney says he, too, is disappointed by the CMA’s decision, but notes that Today’s members have a track record of continually evolving and adapting to change.

Going forward, the focus of Today’s will remain building long-term, sustainable partnerships with customers and suppliers alike.

One of the major areas of concern is that a merged Booker/Tesco will be able to offer prices with which other wholesalers cannot compete. To counteract the buying and selling clout of this new

£60bn superpower, wholesalers will need to maintain strong relationships with their customers and suppliers, if they hope to thrive and avoid losing business to Booker. They also need to be able to offer something rivalling the appeal of cheaper prices.

But how can smaller operators – which lack the economies of scale – do this? One way is to focus on and exploit the greater quality and efficiency of service they can offer compared to the nationals.

Tom Gittins, business development director at buying group Confex, says: “The only way to win in the wake of the Booker/Tesco news is to offer customers efficient and effective service. This is because as a company grows, its attention to service – and to the smaller customer – tends to deteriorate. This is where smaller wholesalers can come

in, win, and keep the business. This is essentially the glimmer of hope we should be looking to.”

Thus, Confex’s plan is to focus on the smaller end-users and to be more efficient at a local level. Many of its members are not primary wholesalers, but the ones smaller customers use to plug the gaps when the nationals fail to provide what they want.

Meanwhile, wholesale has seen a notable number of businesses consolidate or seek a merger or acquisition over the past 12 months. For example, in just one week in mid-November, RD Johns Foodservice acquired Chaffins Foodservice and Dee Bee Wholesale bought Kingston Beer Supplies.

Whether such moves become the overwhelmingly popular reaction to Booker/Tesco, we can only wait and see. ●