

Putting members first

Q What's your view of the state of the wholesale market at the moment?

Volatile. Post Brexit the economy is still in a state of uncertainty on both the demand (customers disposable income) and supply (weak pound driving food inflation).

With a raft of price increases coming through now, it will be very interesting to see how wholesalers and their customers react. Will some operators forego their margin to gain market share? Will inflation be controlled by the current government while they use delaying tactics to get the best deal for the UK outside of the EU? When will the promised economic growth actually take place post Brexit? While so many questions remain unanswered, and while the global markets essentially 'gamble' with the pound, I believe it will be hard for wholesale (and the whole economy) to maximise its full growth potential.

Q What have been your company's trading highlights of 2016? Were there any major surprises?

We took on 12 new members during 2016 and it was pleasing to see the businesses span all our product categories, emphasising

the strength Confex has in the diversity of its members and supplier offering.

Our Group turnover not only surpassed £2bn for the first time, but it has now smashed this with Group turnover standing today at £2.66bn across our 244 wholesalers. We have strategic plans in place to hit £3bn by 2020 so it's an exciting time to be involved with Confex.

As a Group we have easily exceeded our growth targets with our major foodservice suppliers showing an average +18% growth (we projected +9%) YTD and we remain pleasantly surprised by the versatility and initiative shown by all our members when driving their individual businesses forward. We hope to continue to help them implement their business strategies while aiding them to achieve their goals.

Q How are you cultivating new business?

We are seeing our members growth coming from their continual quest for servicing their customers' needs. This can mean diversification into new product categories along with a willingness to stock more SKUs. It is head office's role to marry these

requirements to supplier growth strategies and it would seem, judging by our Group results, the marriage is rock solid with no break up on the horizon!

Q How much of your business is online and how do you see this developing?



TOM GITTINS
BUSINESS DEVELOPMENT
MANAGER

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2016 saw a dramatic shift in how members utilise member services online. We pride ourselves on our 95% read rate with our weekly e-newsletter Delivered!

We have seen a 50% increase in the way our members now access Confex services, moving from email and telephone queries to our online member portal during 2016. We lead the way on social media as a Buying Group, with videos and posts now accounting for a quarter of all the marketing we put out to members.

Our number of Twitter followers continues to grow, while our social media reach peaked at 500,076 in spring 2016.

Q How are suppliers helping you - can you give examples of any particularly good support? How can suppliers help wholesalers more?

Coca-Cola European Partners continues to respond to the diverse needs of the Confex membership and is great at utilising our specific routes to market.

The symbiotic relationship we continue to develop with this supplier has seen Confex perform ahead of the sector, which is a key brand and driver for our members to maintain their customer base.

Q What are the sector's main challenges for 2017?

I think food inflation and the knock-on effects for those suppliers who are buying in dollars. With the global economy in a state of flux, allied with the UK and its Brexit issues, we can expect volatility within the grocery and confectionery channels where brands are global and not just focused on selling into the UK marketplace.

Q Can you reveal any of your upcoming plans/projects?

Confex will continue to seek new members while continuing to develop our member services.

We signed new terms agreements with six suppliers at the end of 2016, bringing our official supplier base to 226 and we will continue to develop our offering to ensure we are able to make our members competitive in every product category.

We will run seven Confex member events during 2017 to help bring suppliers and members together in an effort to grow the business. A highlight for 2017 will be a series of fundraising initiatives to celebrate 10 years of Confex Central Distribution with all proceeds split between Cancer Research and Shelter.

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Still room for growth



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TOM GITTINS
BUSINESS DEVELOPMENT MANAGER

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Q Which trading areas offer the most opportunity for growth in the foodservice sector? How are you targeting these?

We still have room for growth across chilled. We have a number of members who specialise in this product category but more wholesalers are moving to multi-temp vehicles in response to customer demand for chilled products. It is the local regionalised wholesaler who can capitalise on this offering with local provenance of dairy products high on the agenda for the end user.

Confex members are ideally positioned to service this demand with the national operators finding it difficult to stock every local cheese and milk producer.

Q How are foodservice suppliers helping you - can you give examples of any particularly good support? How can suppliers help wholesalers more?

Tate & Lyle have been a great help in guiding Confex and its members through high European inflationary pressure on cane sugar. With a joined-up approach we have secured the sugar required to help members service their existing customers at competitive pricing along with a full promotional plan which fits in well with our diverse membership. This relationship shows that when supplier and head office communicate and understand each other's issues it is possible to find growth even under unprecedented market conditions.

Q What are the sector's main challenges for 2017?

The main challenge will again revolve around when Mrs May pushes the button on Article 50 giving the UK two years to officially leave the EU (and the single market?).

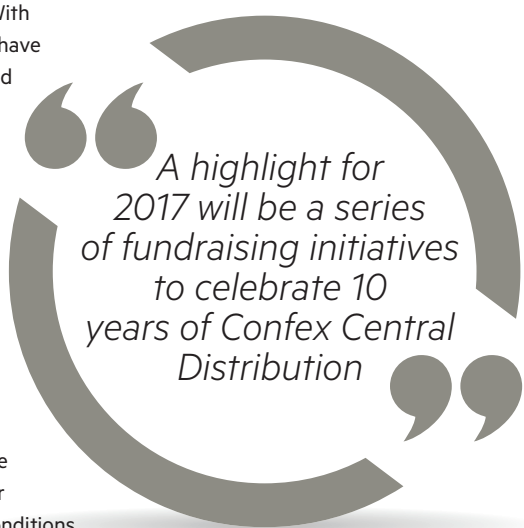
When this is actioned we will really understand how strong the UK economy is. We can all speculate on the knock-on effects but there must be no doubt that this will affect all businesses and we hope it will be for the better!

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