

# Are independent retailers and suppliers losing touch with each other's needs?

This month, **Stuart Jackson** discovers how independent retailers can improve their buying and market position.

Last month I presented a state of affairs where suppliers are communicating with and selling directly to consumers, effectively bypassing the independent retailer.

That trend seems indicative of a larger issue; that of poor communication between supply companies and their retail customers. Some 12 years ago the supply chain was as clear-cut as the sales channel, with everything going through the independent health food shop, but not any more.

Today's multitude of supplier types serve a variety of sales channels and it is this that has corrupted and confused everyone's understanding of just what constitutes "the independent health food trade".

## The independent market

The independent market is defined thus: The sales channel is represented by 1,200 or so independent health food stores in mainland Great Britain, along with approximately 200 shops in the Republic of Ireland and Northern Ireland.

Sales extend to incorporate those individual complementary healthcare practitioners that deal in industry-related disciplines and even further to independent pharmacies and beauty shops that are progressively building their portfolio of natural products.



There are, therefore, four key sectors:

1. Independent health food shops
2. Complementary healthcare practitioners
3. Independent pharmacies
4. Other independent stores (such as beauty)

From a supply perspective it includes all those companies who dedicate supply solely to the independent, sell to both independents and multiples yet retain a large percentage of turnover and price parity to independents, sell to both but at preferential rates to the multiples.

By this definition we create three categories of independent supplier.

1. Dedicated to the independent (sometimes including pharmacy, practitioner etc)
2. Fair-minded supplier to all markets (still interested in their independent custom)
3. Multiple market supplier (sells to independents as a secondary market)

## Communication breakdown

In general terms, too many suppliers bring new brands to

the market without even a basic understanding of margin, single item ordering, low minimum order levels and free delivery options. They also do not comprehend the trading factors crucial to our survival.

As a buyer, it is common on first contact with a supplier to be staggered by the lack of market preparation and awareness. On occasion, they even boast, as testimony to their product's worth, that they are stocked at Waitrose or Boots.

The retailer can, however, be equally as exasperating to a supplier who often finds the buyer unwilling to commit to basic requests such as stocking a minimum number of lines, utilising point of sale, accommodating training and even paying on the agreed terms.

Particularly galling for those suppliers who fit into category one above (dedicated to the independent) is having committed themselves to us they are overlooked and criticised in favour of multiple suppliers with whom they cannot compete in marketing spend, product development, training or entertainment.

## The most important issue of all...

...is to recognise change. The independent health food retailer is no longer the only sales channel. Supermarkets, multiple pharmacies, independent pharmacies, multiple health food shops, the internet and even the hospitality and catering trade are all taking a share of the action.

This has created choice for the supplier and for the consumer.

## The risk

A strategy that selects suppliers mainly on their ability to finance the retailer will alienate the less well funded yet core independent provider.

Similarly, if our product is over-selected from larger multiple suppliers, we reduce our capacity to offer the consumer something different.

Overall, all these new sales and supply channels that have sprung up have caused a potentially catastrophic problem for the independent retailer. If we do not realise what it takes to maintain our core market within the now broader spectrum, bigger fish will swallow up our customer base.

## What we have to do

Identify the suppliers, associations and individuals that support the independent. Recognise that complementary



healthcare practitioners, rather than competition, are allies in the fight against the multiples.

Today's modern health food shop is opening with practitioner clinics on-site. As consumers seek the total health package, shops must offer a greater choice in therapy and nutritional expertise.

The need for this link-up between independent retailer and practitioner is further emphasised by a dual threat. Increasingly restrictive legislation is reducing a retailer's capacity to dispense unqualified advice at a time when Tesco and M&S are offering their own nutritional experts.

Even those health food shops unable to accommodate on-site treatment rooms are developing reciprocal arrangements with local clinics.

Support the organisations that are here to protect and educate only independents. After many years in the wilderness, the National Association of Health Stores (NAHS), under the stewardship of chairman John McKee, is revitalised and should be supported. Go to [www.nahs.co.uk](http://www.nahs.co.uk) or call 01875 341 408 for further information.

Sustain the only events in the industry that both value and contribute to maintaining the independent trade. The Natural Trade Show ([www.naturaltradeshow.com](http://www.naturaltradeshow.com)) is organised by UK trade-active companies (including my own) and are designed solely to fulfil the needs of the independent retailer and practitioner.

In some respects these shows suffer a similar issue to that of the independent-only supplier. Resources are drawn only from the core market and that limits investment, size and the number of potential participants. Retailers must recognise that to become glitzy

and glamorous would mean falling to mainstream financial influence.

### The stock formula

I mentioned earlier the need to buy strategically. Market competition dictates that the modern independent retailer needs to adopt a four-pronged product strategy to succeed.

1. Putting margin and product differentiation aside, stock the popular brands and products that the consumer demands. It is these that drive new business to your shop and help retain custom.
2. Stock brands that only supply the independent to differentiate your product offering from that of the supermarket but restrict these suppliers to those that can deliver on margin and service.
3. Further enhance a unique product selection by stocking esoteric lines from any supplier that can also offer strong margin and service.
4. If important to you, stock products of your own choice that reflect personal goals but be sure to protect that margin.

The balance should reflect items 2 and 3 in majority to ensure breadth of choice supported by profitability.

### The core message

Recognise that our very existence depends on supporting those that support us. Their product packaging and marketing may be far from perfect and they may even need our help in learning the basics of supply.

To make that effort is an investment in our own future. Do not be fooled by short-term gains from multiple-loving brands. There is room for both but a balance must be struck.

Judge each service provider, be it an association, trade show or supplier with an understanding of their market position and don't compare unfairly. [HFB](#)



## SUPER™ AntiOxidant

Advanced Multi Vitamins  
with Pomegranate, Folic Acid  
Grape Seed & Lycopene

Worldwide research has shown just how important antioxidants are to the maintenance of good health as they help your body to combat the potentially damaging effects of excess free radicals caused by pollution, toxins and the demands of a hectic lifestyle.

SUPER AntiOxidant is an advanced, comprehensive blend of synergistic ingredients, which provides the body with a broad spectrum of powerful, natural antioxidants, including; pomegranate, folic acid, beta carotene, vitamins B, C, D and E, grape seed extract and lycopene. Taking one tablet a day is an easy and convenient way to help support your body's natural defences.

This unique blend of natural ingredients can only be found in SUPER AntiOxidant from Health Perception.

✓ Easily absorbed ✓ Quality assured ✓ High strength

Helping to maintain a healthy body

For more information contact us on **01252 861454**  
or visit our web site [www.health-perception.co.uk](http://www.health-perception.co.uk)



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email [stuart@forceofnature.co.uk](mailto:stuart@forceofnature.co.uk) or visit [www.forceofnature.co.uk](http://www.forceofnature.co.uk)