

Engaging with wholesalers and convenience stores to drive uptake of healthier options

The Bestway Good Food Wholesale Project (Apr–Oct 2020)



Impact
on **Urban**
Health



In partnership with:

RiCE MARKETING
Experts in local & retail

Impact on Urban Health

Impact on Urban Health is an independent urban health foundation. Working in partnership with others, the charity takes a place-based approach to tackling urban health issues in the London boroughs of Lambeth and Southwark, sharing what they learn with other cities around the world. Impact on Urban Health takes a programmatic approach focusing on a small range of big issues, one of which is its childhood obesity programme, which aims to tackle the inequality that exists for children and families in accessing nutritious diets. We focus on changing food options that are available, accessible and promoted to families in places where they spend their time. A significant proportion of our food comes from retail spaces, and this is one of several projects looking at how we work with partners in this area.

Bestway Wholesale

Bestway is the largest independent wholesaler in the UK. With the recent acquisition of 1500 Costcutter Supermarkets, annual turnover is now almost £3 billion, servicing a symbol, franchise and company retail estate of more than 3795 stores in the UK. Bestway supplies 125,000 retailers and caterers from 64 warehouses throughout the UK. Their business relies heavily on the supply of core groceries, snacking and impulse categories, in addition to a range of fresh foods and fresh produce, to their independent convenience store retailers.

The Federation of Wholesale Distributors (FWD)

The Federation of Wholesale Distributors is the trade association for food and drink wholesalers in the UK. Their membership comprises over 90% of wholesalers in the UK who supply food and associated products to over 400,000 retail and catering businesses, either by direct delivery or via cash and carry depots. As the voice of wholesale, the FWD speaks for the sector and is a vital partner for sharing the key messages from the pilot study to engage members.

Rice Marketing Ltd

Author of the report, Stephanie Rice is founder of Rice Marketing. With over 30 years of retail experience in the food and convenience sector, Stephanie Rice has provided marketing consultancy to a range of independent food retail and wholesale businesses. She has been involved in several implementation projects of the London Food Strategy and works with Sustain's London Food Link network on the Good Food Retail project, improving access to healthy and affordable food for diverse communities.



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Executive Summary

Within our childhood obesity programme we are working with Rice Marketing to support wholesalers to drive up their sales of healthier products into local convenience stores, and with convenience stores to drive up their sales of healthier products to the public.

Together, we ran an initial pilot in Bestway wholesale depot, Croydon, to demonstrate how simple and practical changes to positioning, pricing, and marketing can help influence retailers to purchase healthier options. Building off this tested approach, there's room for scale across other wholesalers to stem the flow of unhealthy products across the boroughs.

We also ran an initial pilot with convenience stores, which resulted in an increased range of healthier items available in store and an uplift in sales of healthier products. It emphasised that small and simple changes can have a significant impact on purchasing behaviour.

Our aim is to expand this approach and tap into a network of local convenience stores to make a case for the commercial benefit in changing what is stocked in store. We will test a range of levers, from promotion to merchandising, to impact the uplift of healthier products locally. Like wholesalers, we want to show that promoting health is not just good for people but also good for profit.

“The industry needs to lower the difference between unhealthy and healthy products”

Bestway Operations Manager, Croydon depot



Summary of Findings

The interventions in the wholesaler’s pilot included the creation of a healthy choices range, changes to pricing and promotion, availability, shelf labelling and changes to merchandising. The trial found that:

- It is possible to influence the healthiness of retailer buying habits. The volume sales of the Healthier Options range excluding soft drinks increased by 7,277 cases over the promotion period, which is an increase of 17.7%.
- It is possible to position health at the heart of the existing offer.
- The key tactics are pricing, promotion, availability and merchandising, that have the biggest impact when used in combination. For example, when using these tactics combined sales volumes of Alpro, products increased by 21% and sales volumes of Graze products increased by 170%
- Impactful trials can be simple and sustainable. We produced an additional promotional supplement as a mechanism for communicating the Healthy Choices campaign. 100% of the lines featured (53 in total) were Healthier products. The national leaflet for the preceding campaign, “Big Summer” featured 212 products of which only 2 (1%) were Healthier.

Results from the trial:

+45.9%

Wholemeal breads

+13.4%

Fresh foods

+45.6%

Grocery

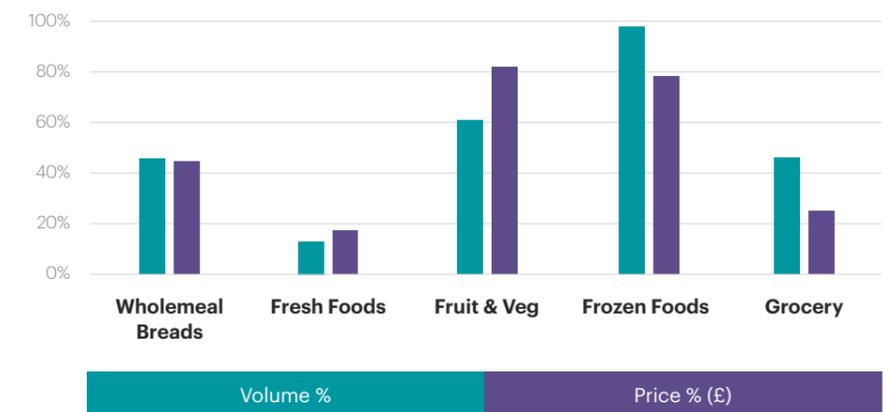
+98.3%

Frozen Foods

+666%

Sugar free confectionery

% Change in Sales Volumes and Sales (£), by Products Category



The changes in sales volume and sales value for each category may not be the same. This is because many of the products were promoted at a reduced price during the trial.

Bestway demonstrated extraordinary leadership by their commitment to improving public health from this depot trial. They showed retailers that healthier options are not only good for consumers, but they are good for business too. The opportunity for the wholesale sector is to share these learnings and to work together with manufacturers to remove barriers to drive volume sales of healthier options. Using a combination of push tactics from the wholesaler including price, promotion, availability and positioning, it was possible to engage retailers to buy healthier options, resulting in increased sales.

The Good Food Retail Project, Southwark 2019

In April 2019, Impact on Urban Health conducted a Good Food Retail pilot in partnership with Rice Marketing and Southwark Council, supported by The Mayor of London. This involved working with six independent convenience stores in areas with a high proportion of families on a low income (Camberwell and South Bermondsey). The objective was to work with independent convenience store owners to improve the availability of healthier options. The pilot showed how small and simple changes can have a significant impact on customers' purchasing behaviour of healthier options. It demonstrated how these changes can

be good for business as well as for their customers. In some stores, the changes led to an uplift in sales of £240 per week. It also highlighted the important role of wholesalers, who heavily influence the offer available in these stores. It posed the question – could improving the offer of healthier products at the wholesalers where the retailers shopped make it easier for retailers to stock more healthier products and in turn sell more healthier products to their customers. This led to the Good Food Wholesale pilot project. A summary of findings from The Good Food Retail Project is included in the appendices 1.1

The Good Food Retail Project, Southwark 2019-2020

In October 2019, we set off with an innovative plan to pioneer a new way of improving healthier options in wholesale. This report details the approach we took and preliminary results from the interventions launched by Bestway, the UK's largest independent wholesale cash and carry, who have shown extraordinary leadership in this area. We are proud of what has been achieved and can see that the interventions that Bestway has made has had a positive impact for retailers and consumers as well as a positive financial impact on business. The trial focussed on the creation a healthier choices range selected from existing products which were subject to a number of intervention tactics to encourage retailers to purchase more of these healthier options. The range comprised 130 variants from the existing Bestway range, using insight gained from The Good Food Retail pilot. We selected those items which would represent a healthier nudge in each of the core convenience categories of groceries, fresh foods, bakery, frozen, soft drinks, crisps and snacking.

The range was called The Healthier Choices Range and sales increased by 17.1% (*excluding soft drinks) through the combination of tactics including a promotional supplement where 100% of the products featured were healthy.

We knew that the ambitious tasks we had set ourselves around increasing the availability and affordability of healthier options were not ones to which we could find quick and easy solutions.

The key to success is achieving meaningful collaboration amongst the major players in wholesale. We are delighted to have the support of the Federation of Wholesale Distributors, Sustain, The Mayor of London and Booker for the next stage of the project. We will be looking to involve other major wholesalers and some of the leading manufacturers in exploring how to unlock innovation and how to enable the convenience sector to become a channel for affordable healthy brands.

Whilst we are proud of what has been achieved, this project has not been without its challenges. Wholesalers operate a high volume, low margin business. They face a constant challenge of consolidation and extremely tight cost-control whilst having to deal with extraordinary dynamic trading conditions of government-led lockdowns, supply challenges, employee and customer safety and Brexit. As a result, it was challenging to prioritise a local pilot focussed on health within the original timeframes.

This successful pilot has led to an expansion of the project, working closely with The Federation of Wholesale Distributors to share the findings, develop further wholesale trials, find wider collaboration with suppliers and create a retail network of stores who will benefit from support to stock healthier options. The project will be supported by an independent evaluation to produce a report that will capture the learnings.

The Role of Convenience Stores in Healthy Eating

Independent convenience stores perform a vital role in their local communities, servicing the local needs for families. Families in low-income areas rely on these stores for their daily needs. Research has shown us that convenience is a key determinant of the food we eat and follows affordability in the list of priorities for food. Busy families, the elderly and teens on their way home from school will use convenience stores to top-up their weekly shop or grab a bite to eat or drink.

The COVID-19 pandemic has highlighted the important role that local convenience stores and their wholesalers play in meeting food needs. The UK convenience sector is the largest in Europe and is set to grow to 22% share of the overall market (Source IGD) Big shop sales have doubled in convenience stores since the start of the pandemic as customers opt to shop in smaller outlets nearer to home. Bestway performed a vital role in supplying to the vulnerable during the first lockdown when they supplied Southwark Council with core groceries and non-foods that were in very short supply nationally for 1400 vulnerable families (see appendix).

The Public Health emergency has highlighted the important role that independent convenience stores and their wholesalers can have in ensuring that all consumers have access to affordable, healthy options - especially in lower-income areas. Convenience stores are generally less healthy. They have smaller product ranges and less-

balanced options, compared to larger competitors. Typically, stores will allocate space to the key categories of alcohol, groceries, confectionary and soft drinks, with a growing focus on fresh foods. The challenge is how to make the range that these stores are stocking healthier.

The Soft drinks industry is a success story for price parity on healthier options. The sugar levy tax has enabled zero-sugar options to be considerably cheaper than the standard variant, coupled with aggressive promotional strategies from suppliers which are driving sales and profit for retailers.

Convenience stores in low-income areas perform a vital role for families who rely on their local convenience store yet typically live in areas that are flooded with unhealthy food options. High cognitive strain, time pressure, financial worries and other stresses can lead to less healthy diets (source Supermarkets and obesity).

Engaging with retailers

Understanding the barriers to selling more healthier options in convenience stores

This understanding was shaped by the experiences gained during the Good Food Retail pilot project and further insight was gained during the Good Food Wholesale project with special thanks to Unitas Managing Director, John Kinney.

To successfully influence independent convenience stores to stock healthier options requires a deep understanding of the retailers' behaviour and their environment to achieve change. To then engage wholesalers to support their retailers requires a clear and simple proposition that is aligned to the needs of the retailer and which allows them to position health within their current business processes, resulting in a positive impact on sales.

Why are convenience store retailers reluctant to expand their ranges?

Experience tells us that retailers' buying decisions are based on risk. They will only stock those products that are likely to increase sales and profits within the space available, typically 1000 sq. ft. They see their store mission as providing items that can be eaten or drunk immediately or groceries that customers have run out of (fulfilling distress or impulse needs). They have a core customer base of regular customers who use the store for their weekly needs, including the elderly and local residents. Fresh food makes up circa 10 %- 15% of sales. Retailers will only stock a core range of longer life options within the healthier categories (fresh fruit and vegetables, chilled food and bakery) to minimise loss of sales due to waste. These include higher volume sales of unhealthier options including white bread, high sugar yoghurts, long-life fruit and veg including potatoes, onions, garlic, lemons and carrots.

How can we break down the barriers?

Show that healthy products can be good for business

Retailers will only stock products that have a proven customer demand with historical sales, to de-risk having slow-selling items taking up valuable shelf and stock room space. Space constraints lead to retailers avoiding duplication in any given category. This will include not stocking the low-fat, sugar alternative because it is a slower seller, and they will only list new brands if there is a proven demand. In partnership with The Federation of Wholesale Distributors, we will establish a taskforce to look at how to overcome this barrier with major wholesalers and suppliers. Price Mark packs are an effective way of promoting price to both retailers and their customers but none were in place for the trial period. This is something that we will explore further in the expansion of the project.

Retailers are very influenced by field sales teams from major suppliers

Retailers will look for any promotional support from suppliers, such as incentives for free equipment in return for adherence to a planogram (a diagram that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer purchases). This is most notable in soft drinks and confectionery. They are poorly served by fresh food suppliers, especially fresh fruit and veg and chilled food and bakery, so are unable to get any promotional support to de-risk the decision to stock new ranges. There are a number of bakery suppliers who offer sale or return. They manage the space and are responsible for the wastage. They will also be risk-averse which means low stocks of wholemeal bread are often sold out well before the next delivery. We will look at the role of field sales teams to create in-store campaigns for healthier brands to drive customer demand.

The opportunity

By raising the healthy eating agenda amongst wholesalers and suppliers and working to overcome these barriers, this project has the potential to make a positive impact on the lives of thousands of Londoners by enabling convenience store retailers to offer better options to their local customers, many of whom live in low-income areas. Bestway alone has over 7,000 customers in London.

Retailers are traditionally slow to respond to changes in the market

Retailers will only stock ranges that are well-established in multiple supermarkets or which are being asked for by local customers. Second generation retailers are also influenced by their (often conservative) elders. Petfood and baby food would be good examples of categories that lag behind market developments. We will look at solutions with suppliers and wholesalers as part of the taskforce.

Retailers have physical and financial constraints

Retailers are often on a low income and have limited storage space. They can only afford to buy little and often which precludes them from buying bigger pack sizes of higher value to offer more competitive prices to consumers. We will look at innovative ideas to ensure the sustainability of the project which might involve financial incentives for refits, new store layouts etc.

Healthier options can often command a price premium

Healthier options often command a premium price to reflect the quality of ingredients e.g., Kelloggs Coco Pops bar retails at 59p vs. an Eat Natural bar which retails at 89p. Retailers will often be concerned that customers cannot afford the healthier option but also would be increasing their risk by stocking a higher priced item that they perceive may not sell through and so will limit range. We will work with wholesalers and suppliers of these often emerging brands to support a customer awareness campaign.

“I have been in business for 23 years and am always talking to my customers. Competition is really high now so I will only bring in new products if they are price-marked”

Customer 26690

Engaging with wholesalers

Understanding the barriers and opportunities for wholesalers to increase healthier options to their retailers



The COVID -19 pandemic has shown wholesalers that the role of convenience stores is changing. The number of big shops made by customers has doubled in local shops, driven by people' desire to stay local.

Customer demand is growing for a wider range of fresh foods and grocery items in convenience stores to allow customers to buy ingredients to cook at home that is available locally. The public health emergency has also highlighted the importance of eating healthily and this represents a massive opportunity for wholesalers to support their local independent retailers to grow both basket spend from existing customers, and to attract new customers with an improved proposition. This proved to be a vital change that helped Bestway to go ahead and resource the trial using a very small team.

Wholesalers can influence the retailers to increase the purchasing of healthier options, but it is the retailer who makes the final decision.

May 2019 | May 2020

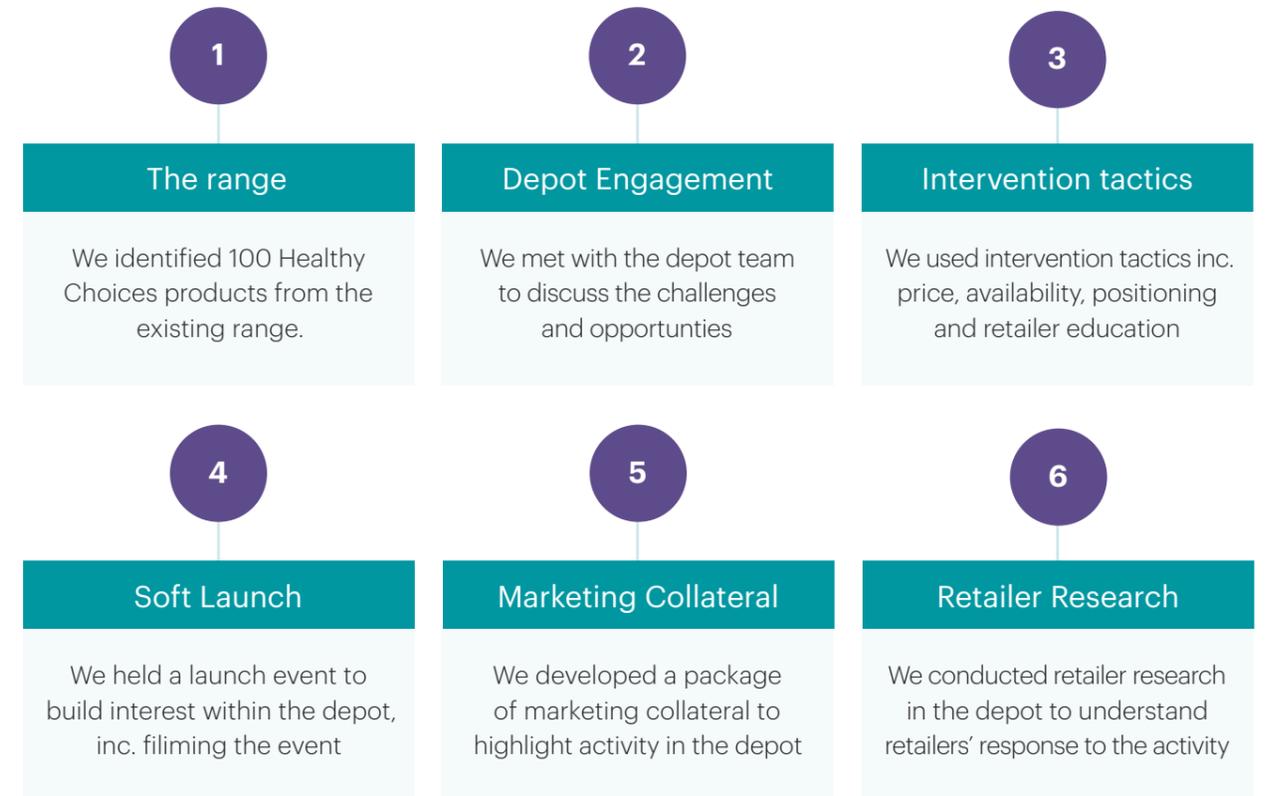
Source: IGD

“Reps are influential in getting me to stock new lines. When I am in Cash and Carry, I look at the product and price.”

Customer 260922

Stages of the Bestway Trial

We identified a 6-stage approach to the trial:



Comprehensive details of each of these stages are included in the Appendix 1.3

The questionnaire included is included as Appendix 1.4

The depot manager feedback and feedback from participating suppliers s included as Appendix 1.5.



Trial results included some significant sales volume increases:

+45.9%

Wholemeal breads

+13.4%

Fresh foods

+45.6%

Grocery

+98.3%

Frozen Foods

+666%

Sugar free confectionery

Data and Results

Rice Marketing engaged with the Head of Sales, Best-One retailers, Croydon depot manager and head of Trade Marketing between April and August 2020 to develop a trial strategy to recommend to Bestway's Trading Director. The trial ran in Croydon depot for 8 weeks from 3rd September 2020 to 31st October 2020 and saw 130 healthier lines form the basis of a Healthier Choices campaign. The Bestway team set up a detailed evaluation of sales and volume performance for the Healthier Choices Range and their performance against other London depots. The impact on sales £ and volume was considered month on month and Vs the previous 8-week period 6th July to 2nd September. The Healthier Choices range was selected from existing range across all of the core convenience categories. Of this, the number of lines per category varied greatly with 61 lines of soft drinks to 30 lines of groceries and just 2 lines of fruit and veg'. This variation reflects the convenience store mix and provided a low-risk trial.

Results from the trial have included some significant sales volume increases: We did not capture data on the unhealthier versions of the products to see if demand has declined but will look to understand the impact of this in the next phase of the project.

In the analysis we have had to bear in mind that there is a seasonal element to sales where some products have more focus than others e. g soft drinks which would see a higher degree of promotion during summer months than in other categories.

Croydon was broadly in line with its peer group of depots. However, through the trial, the healthier range excluding soft drinks outperformed the rest of depots by 13%. Soft drinks showed a decline due to the seasonal influences mentioned earlier.

And there are some key lines that performed very well:

- Cathedral City Lower Fat Cheese +166.7%
- Hellman's Light Mayo +100.0%
- McCain Oven Chips 750g +241%

Conclusions

The trial has allowed us to gain more insight into retailer behaviour and what are the effective ways to engage with wholesalers. We managed to launch a small trial which has shown potential but has also helped us learn a lot more about the levers and communication needed for success. The key findings from the trial are:

- Overall, sales of the Healthier choices range increased when they were featured.
- Some categories and specific products saw significant growth
- Retailers will stock healthy choices if consumers demand them but will need support from suppliers and wholesalers if they don't.
- Retailers are driven by cash margin so will want to earn the same or more margin from healthier lines than unhealthy lines.
- The Depot Manager and their team are a key part to any successful launch, as shown by the great buy-in to the soft launch. There needs to be regular input from them as the voice of their customers.
- Retailers are reluctant to stock healthier products if they are expensive, especially in low-income areas where disposable income is limited.
- Bestway's greatest learning was understanding what products would be most likely to succeed. They have described these as established low risk brands with a healthier variant and newer brands in healthier categories who have proven their success elsewhere but not yet fully established in convenience. They were unable to offer a listing to the small incubator brands as their business model is based on large scale volume and need these brands to have been tried and tested in the market place before considering them.

There are a number of implications for the next phase of the project:

- Retailers would try new lines if they were price marked and supported by consumer education POS. We will be looking at trialling in-store communication.
- Government legislation can help reduce the gap between unhealthy and healthy lines, as seen by the sugar tax.
- Suppliers see this as a great project which is in line with their own growth plans – Coke Zero, Alpro and Graze. They would be willing to support this project and we will be working with The FWD as to how to engage them.
- Field sales teams are an important part of any marketing plan to promote healthier choices. We will look at how to engage them using the supplier network.
- Any future marketing launch should have a strategy for delivered customers who can make up to 50% of depot turnover in some locations.

- Sale or Return is not an option for suppliers so we will need to explore the sharing of risk in several different ways.
- The dedicated support from an independent expert was key in providing leadership for these innovative trials. The expert was able to research the business, articulate a campaign that was simple to understand and provide leadership to navigate the trial with the various teams responsible. We will look at how to support wholesalers to launch successful trials in the next phase.

In the next phase, we need to understand whether demand for unhealthier versions of the products declined alongside increasing sales of healthier products.

“This project has been a great way for us to understand more how to engage our retailers in order to show them that healthy products are good for business and good for their communities. Supporting our independent retailers to support their local communities is at the heart of what we do, and we will now be looking at how to develop these early successes into a wider programme”

Kenton Burchell, Trading Director, Bestway

“The sector is fully supportive of any initiative that improves the health of local communities. This project has demonstrated that healthy options are good for business and we will be working with members to share this important message as well as bringing together key wholesalers and suppliers to grow the share of healthier options”

James Bielby, Chief Executive, The Federation of Wholesale Distributors

London Food Link have been working and campaigning for people, no matter where they live, to be able to buy healthy, nutritious, and affordable food. We know many people, particularly those living in deprived areas, pay more for many basic healthier products. Convenience stores and independent retailers, and therefore wholesalers, have a key role in creating healthy food neighborhoods and so we are very encouraged by this work. We are particularly keen to see how these findings can be used to increase access to and sales of fresh fruit, veg and other products that fall within the Healthy Start scheme in the convenience sector.”

Sarah Williams, London Food Link (part of Sustain; the alliance for better food and farmi

Next Steps

This trial has been an important first step in showing that wholesalers have a vital role to play in the supply of healthier options to local communities. This has never been more important as the pandemic has shown that we need healthier communities to withstand current and future health crises.

The pandemic has also influenced a significant shift in the UK government’s position. Targeting unhealthy food and drink products now sits firmly at the centre of the updated obesity strategy, launched in July 2020. We already have regulatory evidence with the sugar tax, which has been effective in forcing reformulation but also reducing the retail price of zero sugar soft drinks against the full sugar variant, allowing them to be appealing to customers.

Bestway has shown tremendous leadership by incorporating health considerations into future growth during an incredibly dynamic trading environment. The trial has demonstrated the potential that exists: by making healthier products available in depot, by making healthier products more visible through POS

and merchandising and by providing a price incentive, retailers will buy more - which in turn means that customers will buy more. Bestway is now looking at how to scale the learnings on a national scale, as well as maintaining an ambassador role for the sector.

The trial has highlighted the importance of supplier and wholesale collaboration in overcoming the barriers to improving the distribution and sales of healthier options in convenience. Suppliers are very willing to be involved, as it fits with their own growth plans and they welcome a co-ordinated approach involving field sales teams.

The aim of the next phase of the project will be to improve the food sold in independent convenience stores, using Southwark as a trial by:

- Working with our local convenience store retailers to stock and sell healthier foods** and making the case for them to do this commercially by showing that there is a good return on investment for doing so. This will build upon the findings of the Good Food Retail Project, This next phase will expand the approach across 40 convenience stores and will be co-funded by Southwark Council.
- Supporting wholesalers to increase the proportion of their sales from healthier products into local convenience stores.** by expanding the approach to two further wholesalers and using the learnings from the pilot to inform how to put health at the heart of business strategies.

The first two pilots tested an approach which has the potential for scale, the aim of this phase is to scale across the borough whilst also strengthening the evidence base of the impact. Stephanie Rice, from Rice Marketing, will continue to lead the project and will work closely with Bright Purpose who will deliver the independent evaluation of this phase.

The Federation of Wholesale Distributors supports the project and will become a leading player in the next 12 months by engaging members, sharing learnings and bringing suppliers and wholesalers together to overcome the difficulties.

Booker has given its support for the project and will be looking to develop trials through their Budgens estate towards the Spring. Unitas has been very generous with its time and contributed to the learnings and insight detailed in the

report. We will look to support them to include the promotion of healthier options through their national marketing programme, newsletter as well as looking to facilitate trials with branded healthier options to drive innovation in the sector.

“I am pleased to read the report to see the successes from the trial, we all have a responsibility to help to improve the quality of food available to those who need it most, however I am also pleased that the report recognises the significant challenges we still face to make healthier product choices a commercial viable alternative to both the retailer and the consumer. To really make a difference the industry as a whole, supported by government needs to embrace this challenge. Unitas is the champion of the independent retailer, whose stores sit at the heart of their local community and we will work with our suppliers and retailers to show that healthy options are good for business”

John Kinney, Managing Director, Unitas Wholesale



Data Sources

Results are based on data supplied by Bestway for the given period. Convenience market performance – IGD.

Appendices

Appendix 1.1

There are a number of key learnings from the Good Food Retail pilot in Southwark:

1. Shop owners were surprisingly open to change. They welcomed having expert advice on how they could drive profits through healthier options. Across the trial, over 50 new product lines were introduced. Having advice like this isn't something that many of these businesses have had access to before, so it's a valued resource.
2. Products sold are influenced by what's on offer in the wholesaler depot. In independent stores more so than chains, product ranges are fluid and often influenced by the wholesaler and price deals.
3. Small changes can have a relatively significant impact. As a result of the trial, some stores saw sales of particular product categories shift by as much as 18%. For example, consumers switching from white to wholemeal bread, buying more fresh fruit and choosing healthier confectionery options.
4. Shop owners are able to make more profit from selling healthier lines. One retailer reported a £250 per week increase.

Learnings

- Engage retailers not to see healthy products as a risk
- Educate retailers to show them that consumer demand for these products is growing
- Suppliers and wholesalers have to work together to de-risk healthier options in convenience stores for retailers, through a clear category strategy
- Suppliers and wholesalers need to work together to drive demand for new, healthier options from local consumers
- Retailers will listen to other retailers rather than their wholesalers, so case studies are a hugely important way of sharing key messages, using platforms such as Whatsapp
- Any health strategy needs to be simple and be attractive to the core customers, rather than just the more progressive retailers who are trading in affluent area

Appendix 1.2

The Bestway Healthier range outline

Stephanie and her team focussed on healthier categories like fruit and veg, both fresh and frozen, as well as healthier options in all of the major convenience categories. These products were identified as having less sugar, salt, fat and more fibre compared to the standard variant. Products chosen included wholemeal bread, breakfast cereals, baked beans, zero sugar drinks and reduced sugar snacks. All these items are stocked in a typical convenience store.

Key Categories	Action	Range Outline	Range count	Potential Supplier Partner
Soft Drinks	no sugar/ low sugar/flavoured water. Across all car categories, RTD and dilutables	Coke Zero, 0 sugar variants of other top sellers, rubicon sparkling water	20	Coke
CSN	baked crisps, popcorn, singles and sharing	Walkers Oven Bakes, Sunbites, Twiglets	10	Walkers
Bread	wholemeal variants of mainstream lines	sliced bread, pitta, wraps	5	Bread supplier
Cereals	no/low sugar wholegrain varieties	wheetos, weetabix, museli, oats	5	
Snacking	healthier bars, natural nuts, rice cakes, ryvita	unsalted nuts	15	Eat Natural, Nut supplier
Grocery	low fat variants, low salt/sugar	tuna in spring water, hellmans light, low sugar beans and ketchup	5	
Fruit & Veg	key range - stable, long life	onions,bananas, potatoes	5	
Milk & Yogurts	low fat variants, non dairy alternatives	semi-skimmed milk, 0% fat yogurts, light spread, light philadelphia	10	Alpro
Frozen Foods	lower fat and long life vegetables	Oven chips, peas, frozen veg mix	5	
Healthy Eating Lines	key lines from Healthy Basket and Vulnerable Shoppers projects	Frozen veggie sausages, brown rice, wholewheat pasta, lentils, tinned chickpeas, fruit juice, canned veg in water	10	
New "Healthy" Lines	from Mission Ventures project.	tba based on what is available and what Bestway indicative criteria are	10	
Total Count			100	

Notes: Range based on Healthier alternatives and swaps. Must be easy to set up, taken from existing range where possible and be stable and long life to reduce risk to both wholesaler and retailer

Appendix 1.3 The Stages of the Bestway Trial

Intervention tactics

1. Range

Retailers purchase goods from their depot in the same way as consumers shop the aisles in their supermarket. They purchase as an instinctive response to what is in front of them based on their legacy range in store and also their category knowledge. What is in front of them is heavily influenced by what is most accessible, available and, most importantly, able to offer them the greatest profit margin (for consumers this would be affordability). Retailers will always go for the easiest option, as they are typically incredibly busy, with little time to browse the aisles. Over 50% of all depot orders are now ordered online for delivery, for the same reason.

The team knew they had to create impact through a simple and sustainable strategy, so focussed on identifying a core range of healthier options using the Change4Life nutritional guidelines developed for the Shop Healthy project in Kensington and Chelsea. This range became known as the Bestway Healthier Choices range.

- Selected 100 healthier products from the existing Bestway range, using insight gained from The Good Food Retail pilot. We selected those items which would represent a healthier nudge in each of the core convenience categories of groceries, fresh foods, bakery, frozen, soft drinks, crisps and snacking. The total range including variants was 130 lines
- Included a number of emerging brands that are starting to gain a foothold in convenience e.g. Alpro and Graze.
- Identified gaps in the existing range.
- Identified key suppliers to spearhead the campaign and become involved in depot sampling.
- Identified Croydon depot, which supplies stores in Southwark and Lambeth, as the trial depot.
- Initially looked at establishing demand for healthier products from the retailers, by working with those who are supplied by the Croydon depot. This was subsequently halted due to the poor store selection and retailer engagement.

2. Depot Engagement

We met with the Croydon Depot Manager to discuss the challenges and opportunities in engaging retailers to sell healthier options. This meeting delivered some key insights:

- Retailers are businessmen who are motivated by cash profit. They will base all of their buying decisions on which products are more profitable.
- If customers demand the product, the retailer will be forced to stock it.
- If customers are not asking for the products, they need to be incentivised to stock the line.
- Stores are small in space and hold a limited amount of stock. The incentive needs to be greater for those lines that incur waste.
- Retailers engage with the depot either face-to-face by visiting the depot, online or have the option of getting their stock delivered to store , so it is important to have a marketing strategy for all three options.
- The Healthy Choices range contains slower selling lines in Croydon, which typically service a lower income profile of store than other depots e.g. Hackney
- In-depot messaging needs to be targeted towards encouraging retailers to see that healthier products bring healthier profits. This would involve educating the retailer on healthier categories that are in growth.
- The importance of sampling and suppliers to influencing retailers.

The trial highlighted the important role of the depot manager in engaging with his customers to promote the trial. The depot manager contacted all of his key account customers in the week of the promotion to advise them of the offers available, which led to increased footfall.

3. Intervention tactics

Pricing

Following the depot manager feedback, the team agreed to focus on price promotion and education. We:

- Identified existing promotions for September on the proposed Healthy Choices range.
- Agreed key messages of profit on return.
- Agreed to highlight categories in growth to educate retailers.
- Agreed to highlight existing products on promotion that constituted healthier choices by reduction of sugar, salt and fat.

within the wholesale environment and provide them with valuable insight. The small suppliers were to gauge retailer interest in their brands and to use this to gain a listing in Bestway.

5. Marketing Collateral

We created the following to support the trial:

- Leaflets – showing the key lines from the agreed combined range – including the SKUs that are within the monthly deals and also fall into the healthy category.
- POS:
 - shelf talkers – for products in the bays
 - posters – for the front of depots pallet displays
 - showcard for reception desk
 - large floor standing POS card that has the deal inserts – showing the healthier options that are also on promotion for the month
 - 8 page leaflet to hand out to depot customers
- We used the launch to understand retailer motivations towards healthier choices and what their wholesaler can do to support them, with a designated questionnaire co-designed between Bestway and Rice Marketing. See appendix 1.4
- We supported the small suppliers to produce a questionnaire that captured retailer feedback to their products.



Before



After

Before the promotion, the only shelf talkers were functional with line and price. The campaign created a visually appealing shelf talker with a profit and health focus. Wholemeal pitta sales increased by 54%.

Retailer Education

We know from the Good Food Retail pilot that retailers will welcome bespoke advice. Retailers will not always be aware of growing categories and products unless they see them promoted in depot or speaking to other retailers. By helping retailers to see practical changes that can be made in-store by improving the range, position and availability of healthy options, they are more likely to make sustainable changes. The key messages focussed on the fact that healthy options can be good for business and that many healthy categories are in growth. This was supported by bold POS which drove the growth of overall sales by 17.1%.



6. Retailer Research

We conducted vox pop research using the retailer questionnaire distributed on the 3rd September, which gave some useful insight:

- Retailers would stock healthier items if customers asked for them. This was a key driver for spend.
- Retailers understand healthier lines to mean vegan, gluten free, organic and not always the healthier versions of standard packs which was much more in their control as they stock the full fat, sugar, salt variant.
- Retailers would place any new healthier item in an impulse location in-store to see how it sold.
- Retailers would need the following support:
 - Free POS packs to advertise to consumers
 - Consumer education at the point of sale
 - Heavily discounted to encourage customers to buy them
- Retailers were unable to answer what support they needed from wholesalers, as taking a risk on healthy products has never been their focus.
- 30% of retailers do not believe that they can be influential when it comes to changing consumer awareness and educational levels around healthier options. They believe that their consumers had unhealthy lifestyles caused by bad habits and an over-reliance on foods that were high in fat and sugar. Retailers did not believe that their customers would buy healthy snacks.
- Retailers would be more likely to stock healthy impulse lines that were price marked as well as clear, emerging trends of vegan foods. They were looking for healthy snacks that were affordable, rather than premium options where the price point is unfamiliar territory based on their perception of local customer demand e.g. protein bars at £2.49
- Retailers are very conservative when it comes to stocking new lines. Their sales area is typically small, and ranges consist of lines brought in on loyal customer requests. They need to be educated to show how to use the best space available. Supplier visits are a key way to encourage retailers to stock new lines. Retailers said that they stocked new lines when reps visited them in-store.
- Retailers have not seen an increase in demand for healthier lines from customers since COVID-19 but say that they are becoming more aware of healthy eating. Many retailers take care of their own health so again education would be needed to show how they can take care of their customers' health by introducing healthier options.
- 50% of the retailers we spoke to were aware that the Government was leading a campaign to tackle healthier eating in the light of COVID-19.

Appendix 1.4: Retailer questionnaire and feedback

Questionnaire – Croydon depot trial

1. Do you think about buying healthier products when you come to the depot?
2. If yes, is it:
 - a) Because your customers ask you to stock it?
 - b) Because other retailers have told you it's successful?
 - c) Because it's on promotion?
3. What stops you from selling healthier products?
 - a) You don't have enough space in store?
 - b) Healthier products are priced higher than standard?
 - c) They are too risky to sell as you don't know if your customers will buy them?
4. What healthy products do you currently stock?
5. What support do you need from your wholesaler to help you stock healthier options?
6. What do you think suppliers should be doing to help you sell healthier options?
7. Have you changed your thinking towards providing more options as 'healthier' alternatives recently?
 - a) Yes
 - b) No
8. If YES, is this because of Covid-19 and the raised awareness towards making healthy choices?
9. Are you aware that the government are leading a campaign to tackle healthier eating?
 - a) Yes
 - b) No
10. Do you think you can be influential when it comes to changing customers awareness and educational levels around healthier options, by providing options?
 - a) Yes
 - b) No
11. Do you think you need to change the products you currently sell, in order to ensure customers can buy healthier options from you?
 - a) Yes
 - b) No
12. Are you clear about what products are classed as healthier?
 - a) Yes
 - b) No
13. Do you think finding healthier products is clear in the depot or would you prefer a designated area to help you shop for these types of products more easily?

Appendix 1.5: Depot management and participating supplier feedback

Depot Management feedback to the questionnaire

- The soft launch was seen to be a good start in helping retailers and suppliers to start to think about stocking healthier options. There is a definite change of thinking towards stocking healthier options. This had begun before COVID-19 but there is now an even bigger opportunity to promote healthier eating. We should build on what we have started for the soft launch.
- The supplier sampling worked well, despite the low footfall. There was a lot of excitement around key promotions on top brands e.g. Coke Zero,
- The main challenge is the affordability of healthier foods, how to reduce the price gap and ensure that margins are the same on healthy and unhealthy foods.
- Suppliers need to focus on creating demand for healthier brands because they would be forced to stock them if customers demanded them.
- Retailers that trade in lower income areas said that their basket spend was lower because consumers have limited disposable income and would always choose the cheaper option. These retailers typically did not stock fruit and veg on the assumption that there would not be a local need, which isn't always the case. The Croydon depot stocks a very limited range of fruit and veg as a result.
- Customers need to be educated at the point of sale as to why they should choose a healthier option. Retailers need support with these promotional packs.

The trial has highlighted to Bestway the importance of engaging depot managers in shaping strategies. Croydon was not an obvious location for a trial, chosen because it serves Southwark retailers. The success of the trial in a depot that serves a less affluent customer has highlighted the calibre of the depot manager, who provided invaluable insight and support to the team.

Mr Malik - Croydon Depot Manager**Suppliers' feedback: Coca Cola**

Key insights

- Barrier for retailers is the shelf life on Zero Coke which is 4 months less than diet and full fat.
- Zero Sugar launch some years ago involved giveaway of Zero Coke for free to the channel with every order of Diet Coke, to grow distribution.
- Zero Sugar now accounts for 40% of the sales.
- The supplier sees this as an innovative project and is happy to be involved.

**Suppliers' feedback: Alpro**

Key insights

- This is an emerging brand with double digit growth for the last six years. They are pleased to be part of any project that involves the promotion of healthier options.



Suppliers' feedback: Graze

- Highlighted the importance of involving suppliers and field sales teams in supporting any health strategies. They have the ability to make successful brand launches within the independent convenience sector.
- They would be willing to set up a focus on Southwark and Lambeth by working with their field sales team partners to advertise the healthy ranges within wholesalers.



Incubator Suppliers: Insane Grain and Jim Jams

- Both suppliers worked hard to gain engagement. Insane Grain were successful in giving away a case of stock in return for retailer contact details and to see how the product sold in their stores.
- Both brands benefitted from the experience of being surrounded by huge brands in a wholesale setting.
- Both small suppliers received positive feedback from retailers.



Appendix 1.6

The project delivered an example of partnership during the COVID-19 lockdown in March and led to Sustain co-authoring a report on the importance of wholesalers supplying vulnerable groups.



