



**CONSULTATION ON THE ENTREPRENEURSHIP 2020  
ACTION PLAN**

**– RESPONSE –**

**7 November 2012**

Union of Groups of Independent Retailers of Europe A.I.S.B.L.  
Avenue des Gaulois, 3 boîte 3      Tél. : + 32 (0)2 732 46 60  
B – 1040 BRUXELLES                      Fax : + 32 (0)2 735 86 23

[info@ugal.eu](mailto:info@ugal.eu)  
[www.ugal.eu](http://www.ugal.eu)

**Transparency Register ID Number 034546859-02**

*UGAL, the voice of groups of independent retailers at EU level, believes that European policies must promote and facilitate the establishment and operations of the “associated grouping” business model whilst strengthening their competitiveness by providing them with the same rights and obligations as other market players. Policy should take into account both SME interests, the particular interests of associative group structures and their related services which support SME cooperation.*

**Such groupings are characterized by the provision of a support network for individual entrepreneurs; joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the associated enterprises. A good example of the organization and efficiency of such groupings is provided by groupings of independent retailers.**

Unlike franchise business models, these independent entrepreneurs are shareholders in the group itself. This means that they can take a share of the profits made by the wider group structure and play a role in defining the strategic direction of the group. This business model has proven extremely successful in the retail sector in Western Europe, and should particularly be encouraged in Eastern Europe.

For the reasons outlined in this position paper, this particular form of SME association will boost entrepreneurship, lead to the creation of sustainable new businesses, facilitate sustainable economic growth and provide jobs in the EU 27.

### **Fulfilling their potential**

One way in which independent/SME retail entrepreneurs can reach their full potential whilst remaining independent is by joining a grouping of independent retailers (sometimes referred to as symbol groups or business cooperatives). This particular business model allows retail entrepreneurs to compete with large integrated chains. Indeed, joining a grouping allows SME retailers to achieve economies of scale in purchasing consumer goods. It also gives economies of scale in purchasing *inter alia* energy, telecoms, training, advertising and financial services.

This sustainable business model, represented by such groupings, has not only allowed entrepreneurial independent retailers/SMEs to thrive but also promotes long term growth by helping group members to i) increase the value of their own business and ii) improve the economic performance of their shops. Moreover, member retailers are actively involved in the working of the grouping itself.

Importantly, where an entrepreneurial independent retailer belongs to a wider group structure, he/she has access to a large support network of fellow entrepreneurs who can provide advice, training, help and support during turbulent economic times (e.g. sponsorship, financial solidarity through guarantees and loans via intra-group financing).

Such positive actions ensure that an entrepreneurial independent retailer, belonging to a grouping, can sustainably contribute to the local economy over the long term, thereby promoting wider economic stability. Being part of a larger group structure ensures that individual entrepreneurs can provide a long-term contribution to the wider European economy through *inter alia* utilising the wholesale function of that group.

## Creating a more diverse, sustainable and competitive market place

In addition to promoting entrepreneurship, this particular kind of group structure benefits competition and consumers by ensuring a more diverse, sustainable and competitive marketplace. The consumer is the ultimate beneficiary as such a marketplace facilitates consumer choice, responds to consumer expectations and leads to lower consumer prices.

As it is independent, entrepreneurial retailers who make up a group, levels of customer service at the point of sale are extremely high. This is due to an independent retailer always wanting the best for his/her business.

As groups of independent retailers and their members believe in having a “local touch”, the well-being of these groups, and their members, can promote local/regional development. This can be through developing close relationships with local or regional producers, and service providers, ensuring that the local/regional economy benefits.

This dimension of the market still has ample room for growth. In Eastern European countries it is currently particularly underdeveloped due to the fact that SME entrepreneurs are not familiar with the existence of this particular group model and its economic, competitive and social advantages.

### → Priority action

- ✓ **The Entrepreneurship Action Plan** should state that specific business models exist that encourage and support entrepreneurship. One economically, competitively and socially particular advantageous model is that of associative groupings. Such groupings are characterized by the provision of a support network for individual entrepreneurs; joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the associated enterprises. A good example of the organization and efficiency of such groupings is provided by groups of independent retailers.
- ✓ **Political recognition, and support, of this business model is required** so that legislation does not inadvertently block its development. For example, at European and national level, rules governing information exchanges, joint purchasing, group commercial strategy and intra-group finance must be sensitive to the needs of entrepreneurs wishing to cooperate in associative group structures.