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Language of your contribution: EN

Type of organisation:

☐ *Member State*

☐ *Public authority*

☐ ***Registered organisation x***

☐ *Registered company*

☐ *Individual citizen*

☐ *Non-registered organisation/company*

☐ *Other, please specify:*

Main area(s) covered by your contribution:

☐ *Economic and financial affairs*

☐ ***Competitiveness x***

☐ ***Industry x***

☐ ***Single market x***

☐ ***Employment x***

☐ *Research, development and innovation*

☐ ***Digital economy x***

☐ *Climate, energy and resource efficiency*

☐ *Education*

☐ ***Poverty/social exclusion x***

☐ ***Other, please specify: Retail services***

Register ID number (if you/your organisation is registered in the Transparency register): 034546859-02

Your reply:

☐ *can be published with your personal information*

☐ ***can be published in an anonymous way x***

☐ *cannot be published*

Independent Retail Europe, the voice of groups of independent retailers, welcomes this opportunity to comment on the EU2020 Strategy for the EU's growth in the next five years.

Content and implementation

Independent Retail Europe has, as a European trade association, not directly been involved in the EU2020 Strategy, but would, if possible, be interested to be involved in future on issues concerning the retail sector.

Tools & Adapting the EU 2020 Strategy

The strategy is comprehensive, focuses on the right priorities, targets and initiatives, and recognises the right obstacles although in our view, **competitiveness of the enterprise sector as a whole, including the services sector, and employment and skills should be the prime objectives**.

The means of implementation: EU action and recommendations, and country specific targets and programmes, is good but, to increase stakeholder awareness and involvement at national level, a promotion campaign for skills and employment could be organised directly with the sectors as well as educational institutions, as in the end they have to provide the education/required skills and the employment.

The EU2020 Strategy has correctly recognised the need for the completion of the Internal Market, not only for services, including SEPA, but also for goods. Both are equally important for the wholesale and retail sector as this sector cannot function properly if there is no Single Market for goods.

In our opinion the EU2020 strategy has **<u>one major shortcoming</u>**: **little attention is paid to the important role that the wholesale and retail sectors play in growth and competitiveness in the EU, and in particular to the extremely high percentage of small and medium-sized enterprises (SMEs) in this sector.**

With the merger between DG MARKT, responsible for services, and DG Enterprise, we consider that wholesale and retail services should obtain an equal status to industry when it comes to promoting measures for competitiveness and growth.

After all, the manufacturing sector can only thrive if its products are efficiently brought to market by a healthy, competitive and diverse wholesale and retail sector in a well-functioning Single Market.

As a minimum, the results of the Commission's High Level Group for Retail Competitiveness should be taken into account in the EU 2020 strategy and the country specific programmes.

The retail and wholesale sector in Europe is a major contributor to the European economy, accounting in 2010 for 5.5 million businesses, representing overall over 22% of all active non-financial business enterprises, and as many as 30% of all European SMEs across all sectors.

The sector represents the second largest employer in the EU after manufacturing, employing 13% of the European labour force. This accounts for nearly 29 million Europeans.

The wholesale and retail sector **provides very diverse forms of employment for all types of people**: young and old, male and female, permanent and temporary, employees and self-employed, unskilled and skilled. Retailing typically employs a high level of female and part-time employment yet a low level of temporary workers. Finally, **the sector is also an important source of self-employment**.

Beyond the estimated € 6 trillion spent on products for resale, wholesalers and retailers buy many products and services from other sectors of the economy. The economic **multiplier effects are strong** both upstream and downstream within the value chain, as they help drive consumer demand for other firms' products and services. Key beneficiary sectors include manufacturing, agriculture, energy, construction, real estate, transport and communications, the financial sector and business services.

The constant need to adapt to market conditions is essential for these businesses to survive. The ever changing social, economic, and political conditions and not in the least, the development of the digital economy, are having a profound effect on both wholesale and retail, mostly on the retail sector **and particularly on SME retailers.**

The retail sector in the EU is still very diverse in most EU Member States. Although still over 95% of the companies in the retail sector are SMEs, their market share is rapidly decreasing.

To become sustainable and successful, **whilst retaining their independence**, many SME retail entrepreneurs have joined in **groups of independent retailers**. This inclusive business model allows independent retailers to mutually assist each other, and achieve economies of scale, by using their group network. As opposed to a franchising system, which is a top-down system developed, managed and controlled by a franchisor**, groups of independent retailers are bottom-up structures: they are often established by retailers themselves, retailers contribute to developing the group strategy or play a prominent role in its management and, most importantly, remain fully independent as regards the management and strategy of their own business.**

Retailer groups take many different forms: from associative buying groups to more complex participative structures. They can operate regionally, nationally and internationally. Whatever its format, **the group is a superb business asset in both the food and non-food sectors** across sectors as diverse as textiles, pharmaceuticals and electronics.

It is notable that already large numbers of retail SMEs operating in the Western European retail market belong to wider business structures[1], surprisingly, even though independent SMEs retailers are very much a characteristic of Eastern and Mediterranean Europe, group models are less known and far less advanced in their development, and therefore less efficient, in these parts of the EU. Being part of specialist business structures helps retail SMEs as they can benefit from:

[1] For example, Independent Retail Europe, the umbrella association for groups of independent retailers represents over 363,000 SME retailers with a retail/wholesale turnover of more than 1 trillion euros. Its members account for 556,000 points of sale employing over 5.5 million people; its membership is however mostly concentrated in north western European countries, yet independent SME retailers are very much a characteristic of Eastern and Mediterranean Europe.

- **Mutual assistance**

Retail SMEs can share best practices and know-how with each other to help the development of their individual businesses. This can be very wide ranging and can include assisting independent retailers and their staff by providing financing services, improving digital skills through training, developing entrepreneurial skills, building common e-commerce/IT platforms, logistics and the provision of a wide variety of administrative services.

- **Economies of scale**

Retail SMEs can benefit from the economies of scale offered through the joint purchasing of, for instance, goods, IT-systems, logistics, energy and services...

- **Access to finance**

Certain business models for retail SMEs can provide favourable conditions for payment of goods or services or the Delcredere clause to suppliers and service providers, some groups can also offer access to finance.

- **Innovation hub**

Business models serving retail SMEs act as a hub for retail innovation by developing and deploying state of the art concepts and technologies (either provided by an independent retailer him/her self, or developed on a collective basis) for ultimate supply chain efficiency, the best customer service, and quality private label goods.

- **Supply chain efficiency**

Working together, retail SMEs have the possibility to build modern and environmentally friendly distribution centres and logistics systems that create supply chain efficiency. This kind of supply chain support can be of great benefit to independent retailers who operate in remote locations.

- **Urban and rural regeneration**

Finance provided to independent retailers for new stores and the establishment of new distribution centres helps to regenerate both urban and, particularly important, rural areas through increased local employment opportunities and investment. The distribution centres serve retail SMEs and provide employment to thousands of citizens across Europe. New stores provide greater market diversity and choice for consumers and employment and often provide a wide variety of complementary services, particularly in remote areas or regions, thus reducing the risk of social exclusion. Profits (and employee salaries) are invested back into local communities through local spending but also via the sponsorship of local events, teams and community projects.

- **Sustainable SMEs**

Working together ensures that individual retail entrepreneurs can retain their independence and successfully compete with large integrated chains in their localities across every format, from convenience to supermarket and to hypermarket. According to a 2011 study by CCI France (Chambres de Commerce et d'Industrie), retail SMEs working together within the same business structure are approximately twice as likely to survive the start-up phase of their business when compared to purely independent retailers.

- **Local and regional development**

Although retail SMEs may be affiliated to each other in a specific structure, such as in a group of independent retailers, many retail SMEs (depending on the specific business model being used) will act locally and produce and stock local products. This is often done by building close relationships with local or regional producers, as well as service providers, ensuring that the local/regional economy benefits from the retailers activity.

- **A diverse offering over whole countries**

Belonging to a specialised grouping gives an SME retailer the opportunity to offer his consumers a very diverse product range. Customers located in sparsely populated areas can have a similar range of products and promotions to those in heavily urbanized areas. That is because an SME retailer who is affiliated to wider support structure can choose from special product ranges, promotions, presentational formats etc. and is not limited to those products that he can procure on his/her own.

- **Competition**

The innovative business models used by retail SMEs benefit competition by ensuring a diverse, more competitive market, with high levels of customer service and innovative added-value services for customers. The consumer is the ultimate beneficiary as these characteristics facilitate consumer choice, respond to local consumer expectations and lead to lower consumer prices. Unfortunately groups of independent retailers and integrated chains do not operate on a level playing field as members of groups of independent retailers are exposed to more burdens than integrated chains.

- **Market diversity and consumer choice**

Market diversity and added consumer choice are guaranteed by the presence of groups of independent retailers, as the members of a group each have their own business strategy and are in competition with each other. Given that retail SMEs organised in groups play such a key role in the retail market, it is essential to see how this type of independent retail business model can be fostered in all Member States. This is especially important as retail SMEs operate against the backdrop of legislative obstacles that other retail business models do not face.

Our Recommendations:

1. A more prominent role for the wholesale and retail sector, and the competitiveness of this sector, in the EU2020 strategy;

2. A recognition of the importance of a healthy, competitive and diverse European wholesale and retail sector in all Member States for the efficient distribution of manufactured goods in the EU and world-wide, and for the ultimate benefit of the consumer;

3. A recognition of the economic, social and cultural importance of SME retailers for a healthy and diverse retail sector;

4. A recognition and promotion of the group business model as a form of SME networking that promotes entrepreneurship, sustainable SMEs and local development and employment, and brings market diversity and added competition to the retail sector;

5. A recommendation to the Member States to lessen unnecessary burdens on actors in the wholesale and retail sector and creation of a level playing field for groups of independent retailers and chains as a key measure to boost competitiveness and market diversity, hence, competition;

6. A recognition of the need for a level playing field for brick and mortar and e-commerce stores to allow for fair competition;

7. Further completion of the Internal Market of goods and services at EU level through harmonisation, with a recommendation to the Member States not to adopt any unnecessary measures at national level that form an barrier to the free movement of goods and services;

8. A requirement of explicit inclusion of measures in all country specific programmes that take account of the above-mentioned points.

Established in 1963, ***Independent Retail Europe*** *(formerly UGAL – the Union of groups of independent retailers of Europe) is the European association that acts as an umbrella organisation for the main groups of independent retailers in the food and non-food sectors.*

Independent Retail Europe represents retail groups characterised by the provision of a support network to independent SME retail entrepreneurs; joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the individual retailer.
Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers.

Independent Retail Europe represents 23 groups and their 363,000 independent retailers, who manage more than 556.000 sales outlets, with a combined retail turnover of more than 770 billion euros and generating a combined wholesale turnover of more than 313 billion euros. This represents a total employment of more than 5.500.000 persons.

More information about Independent Retail Europe under www.independentretaileurope.eu