

Brand manufacturers again seek to stop any balancing of their market strength

Reacting to the multinational brand lobby group AIM's call for an EU market investigation of retail alliances, EuroCommerce Director-General Christian Verschueren and Independent Retail Europe Director-General Else Groen have issued the following joint statement:

Europe's retailers and wholesalers operate in a limited number of countries, and in a highly competitive market, with high fixed costs and low margins of 1-3%. Retail Alliances help create efficiencies and synergies in sourcing in the single market when dealing with powerful multinational brand suppliers who operate across the globe and enjoy margins some ten times higher than those of retailers. These suppliers are constantly presenting retailers with price increases bearing little connection to the product or the cost of producing it. Retail alliances also help mitigate the negative impact of territorial supply constraints imposed by large brand suppliers, which fragment the single market and lead to often significant and unjustified price differences across Europe. European retail alliances are all subject to clear governance principles to ensure compliance with EU and national regulation, including competition rules.

Last year in response to a call from the European Parliament, the Commission's Joint Research Centre produced a report with very clear findings – that retail alliances can help competition by generating efficiencies and providing a countervailing force against large brand manufacturers, and thus lead to lower consumer prices. In November 2019, Commission Executive Vice-President Margrethe Vestager unequivocally recognised the pro-competitive effects of European retail and wholesale alliances: "Buying alliances between retailers have become a key component of grocery supply chains. They can bring lower prices to consumers for food and personal care brands that they purchase daily."

Consumers have a wide set of competing options when they do their shopping. They will shop where price, convenience and availability of products makes most sense for them – be it online or offline. Retailers cannot thus be considered as 'gatekeepers' controlling access to the markets in which they operate: in a highly competitive market, a retailer who does not have a product on its shelf risks the customer simply going to a competitor. This is particularly true for the 'must-have' products supplied by increasingly concentrated multinational brand suppliers. They promote these products heavily, and increasingly sell their products direct to consumers in competition with retailers.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

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 groups of independent retailers in the food and non-food sectors. Independent Retail Europe represents cooperative and associative 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. Members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 organisations and their 380.980,00 independent retailers, who manage more than 757.000 sales outlets, with a combined retail turnover of more than 971 billion euros and generating a combined wholesale turnover of 291 billion euros. This represents a total employment of more than 6.486.000 persons in the EU. More information about Independent Retail Europe under www.independentretaleurope.eu