

- Press release – 4 July 2022 -

New study demonstrates that retailers' buying alliances lead to lower consumer prices

A recently published study¹ from INSEAD demonstrates that buying alliances in the retail sector help to significantly lower consumer prices. It confirms the findings of similar studies² showing the positive effects buying alliances in the retail sector have on consumer welfare.

The study examined 138.000 articles from 20 key food categories (such as cheese, confectionery, chocolate, dry fruit and vegetables or frozen food) over a 6-year period. Based on an analysis of over 6 million observations, the study shows that EDEKA's customers paid on average about 12% less for articles sourced through the AgeCore alliance compared to what they would have paid for these products without being part of the alliance. It also shows that, not least due to very strong competition in the food retail sector, and the low margins retailers have, EDEKA passed on these savings to consumers³.

Director General Else Groen commented: *"Buying alliances make it possible for SME retailers to remain competitive in food and non-food sectors as it enables them to negotiate on par with large manufacturers operating globally, to compete on prices with large chains and to develop private label products. Benefits thereof are therefore necessarily passed on to consumers.*

The important role that retailers pay in keeping goods affordable for consumers is often overlooked, whilst affordability of goods is essential for consumers, particularly in the current inflationary market where many consumers have difficulty reaching the end of the month. Lately retailers are confronted with very high price increases from large international brands for manufactured food products. Certainly, certain commodity prices have increased recently and companies need to invest in sustainability, but all supply chain actors need to absorb their share of these costs. Retailers have very modest margins of 1 to 3%, they cannot absorb these costs for the whole chain, nor can these be passed on to consumers in their entirety."

The EU Commission's Joint Research Centre recognised the benefits of buying alliances in its recent [study on retail alliances](#). The European Commission recognises the benefits of buying alliances for competition in its [Guidelines to Horizontal Cooperation Agreements](#). The latter are currently under revision. It is very important for the equilibrium of the chain and, consequently, for consumers that the rules continue to allow parties to negotiate as they do now.

¹ INSEAD - International Retail Buying Groups: A Force for the Good? The case of AgeCore/EDEKA
<https://sites.insead.edu/facultyresearch/research/doc.cfm?did=69325>

² METRO study <https://politics.metroag.eu/topics/law-and-economics/study-on-price-effects-for-customers-from-participation-in-national-buying-cooperation>; study of Hugo Molina (2019), Buyer Alliances in Vertically Related Markets. Working Paper

³ <https://www.insead.edu/faculty-research/publications/working-papers/international-retail-buying-groups-a-force-for-the-good-the-case-of-agecore-edeka-41961>

For questions or further information, please contact

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Independent Retail Europe

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 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 these as well as wider service organizations built to support independent retailers.

Independent Retail Europe represents 23 groups and their over 403.900 independent retailers, who manage more than 759.000 sales outlets, with a combined retail turnover of more than 1,314 billion euros and generating a combined wholesale turnover of 484 billion euros. This represents a total employment of more than 6.620.000 persons in the EU.

Find more information on [our website](#), on [Twitter](#), and on [LinkedIn](#).