

SME Relief Package: What retail & wholesale SMEs need now and for their future

Introduction

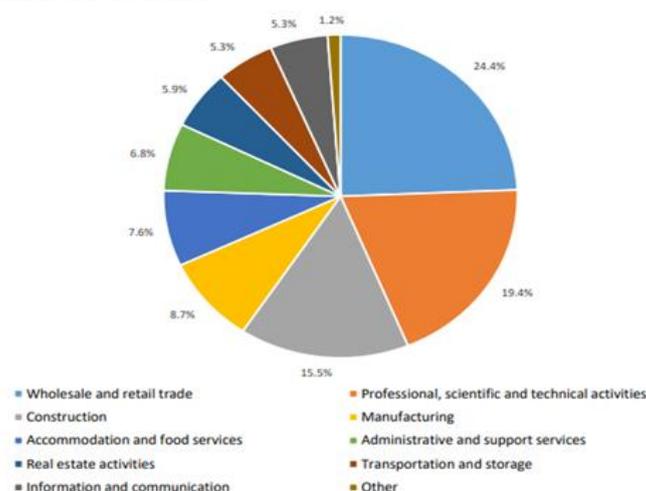
President Von der Leyen’s announcement of an SME Relief Package in her 2022 State of the Union address has provided hope to the many retail and wholesale SMEs who desperately need a lifeline after being at the forefront of recent crisis. Many were only just starting to get back on their feet after reopening shops and businesses that were closed to try to contain the spread of Covid-19 when the invasion of Ukraine brought rises in energy prices and rents, inflation, and supply chain disruption that put them under further pressure.

Retail and wholesale SMEs are 1 in 4 of all SMEs in the EU. This makes it critical that the SME Relief Package serves their immediate concern for survival, ensures the EU’s approach to policy is fit for retail and wholesale SMEs and contains measures that enables them to invest in their future competitiveness.

EuroCommerce calls for an SME Relief Package that addresses the short, medium and long-term needs of retail and wholesale SMEs and asks that it:

- (1) provides liquidity relief and improves access to finance;**
- (2) improves the quality of legislation and addresses the cumulative burden of regulation; and**
- (3) enables investment in the digital, sustainability and skills transformation.**

Figure 5: Distribution of EU-27 SMEs across the NFBS industries in 2021



Note: Other includes 'electricity, gas, steam and air conditioning supply' (0.8%), 'water supply; sewerage, waste management and remediation activities' (0.3%) and 'mining and quarrying' (0.1%)

Source: Calculations by the JRC based on EurostatEurostat’s Structural Business Statistics, Short-Term Business Statistics and National Accounts Database

The short-term: Retail and wholesale SMEs need immediate relief to survive

Liquidity relief

Retail and wholesale SMEs need liquidity relief. The Covid-19 pandemic required companies to significantly increase their debt levels, compromising their ability to invest. Government aid to mitigate the effects of the Covid pandemic is coming to an end and loans are due to be repaid¹. For this reason, as well, it is crucial to make bank debt more manageable for retail and wholesale SMEs by encouraging the redefinition of the repayment period for loans to have a longer maturity. That would enable debt sustainability and avoid negative effects on the companies' creditworthiness. Specific provisions should also be considered for the self-employed.

Without this many SMEs could disappear², which would have devastating effects on communities that rely on the contribution retail and wholesale makes to life and vitality in town centres, villages and rural areas across the EU³ that can be blighted by empty and boarded-up shops. In addition, **many jobs could be put at risk.** Retail and wholesale SMEs account for 68.7% of employment⁴ in a sector that provides 26 million jobs across the EU. This equates to **close to 18 million jobs** and the good employment dynamics in wholesale and retail trade, alongside accommodation and food, contributed to a rise in EU employment after the Russian invasion of Ukraine, which would otherwise have been stuck below the peak reached in the last quarter of 2019⁵.

Recommendations

- The Commission should **increase the ceiling for de minimis aid to at least €400,000**, although a higher ceiling would be more appropriate.
- The Commission should **review the current criterion of the single undertaking applicable in the De minimis Regulation for state aid**, which may at times result in less aid to companies controlled in law or in fact by the same entity compared to those organised as independent companies.⁶
- The Commission should also **increase the amount of money available for SMEs through its existing programmes including InvestEU.**
- The Commission and the European Banking Authority should **create the conditions to allow companies' debt sustainability by revising European rules⁷ on the definition of default and debt rescheduling.** The current mandatory prudential requirements for banks hinder the granting of debt restructuring measures and the granting of credit moratoria.

Help with energy bills

Shops and warehouses use a significant amount of energy in lighting, heating and cooling, refrigeration

¹For example, see: <https://fd.nl/politiek/1470285/een-derde-van-de-ondernemers-met-coronaschuld-loste-nog-niets-af?gift=1XAfw>

² A study by Panteia, '[Effecten von kostenstijgingen voor de Detailhandel](#)' calculates the direct effects of rising wage costs, energy costs and rental costs if turnover and purchasing remain the same, with a positive result for only 4 out of 16 sub-industry groups surveyed highlighting that healthy entrepreneurship is no longer possible for many SMEs, whose operating profits are their income.

³ The diversity of retail and wholesale plays a key role in European cities. Its contribution to a good quality of life and a counterbalance to the adverse effects of democratic change is recognised in the [new Leipzig Charter of 2020](#) that inspires urban policy in Europe and beyond, as well as in [rural areas](#). In addition, the absence of services including retail in rural areas has been recognised as essential in the [Commission's Communication, 'A Long Term vision for the EU's Rural Areas'](#), where it is noted that, "*The absence of these services can quickly lead to feelings of remoteness and social exclusion.*"

⁴ Table 1, [SME Performance Review Annual Report 2021/2022](#)

⁵ See: [Labour market and wage developments in Europe](#).

⁶See:https://competition-policy.ec.europa.eu/document/download/11303b68-4019-4df6-b828-b50d7149990c_en?filename=deminimis_2022_contributions.zip

⁷ [Prudential requirements \(europa.eu\)](#)

and logistics, which operate 24 hours a day, 7 days a week.⁸ **SMEs are not in a good position to bargain hard with energy utilities and are vulnerable to the increase in gas prices and the feed through to electricity and logistics.** As operating profits for SMEs are income, the effect of this as well as the pressure from rising supplier prices (where their negotiation power is also similarly limited) and consumers downtrading, compromises further the liquidity of SME retailers and wholesalers.⁹

Recommendations

- Member States should be encouraged to **adopt a similar approach to retail and wholesale SMEs as they do for consumers when framing national relief packages or offering tax credits will lessen the impact of energy price rises.**
- Member states should be encouraged to **use the Temporary Crisis Framework¹⁰ and to exchange national experiences¹¹ on how subsidies can offer relief to SMEs and how long measures should remain in place.**

Access to finance & Late Payments

SMEs in general are more limited in their choice of funding sources and where they are forced to rely on private finance, they are at a disadvantage as they often lack long credit histories, have not published detailed financial statements, and do not have time or financial literacy to make the right information available to make their case. With the frequent backdrop of headlines that predict doom for the sector, this can translate to banks perceiving retail and wholesale SMEs as higher risk and unattractive with a lower chance of a return on investment. This in turn results in higher premiums or SMEs that may be risk averse, or if cautious in anticipation of further crisis, being deterred from seeking finance in the first place.

Initiatives like InvestEU are a step in the right direction. However, the funds made available through the SME Window of InvestEU are expected to be too quickly exhausted and more resources and budget needs to be made available. In addition, the initiative needs to **target the retail and wholesale sector, the availability of funds better communicated and offer access and fast lane procedures to be effective.**¹² **The elimination of the complexity and administrative burdens will also ease access to finance** and remove the disincentive that can arise when the cost of auditing accounts is nearly equivalent to the amount of aid received.

There is a growing number of national initiatives such as those that exist in Ireland, Lithuania, Latvia and Poland, which offer financial **guarantee schemes¹³ or voucher schemes¹⁴** that are introduced as **public private partnerships to facilitate access to finance to SMEs.** These can offer more direct access to finance, without relying on (financial) intermediaries. The benefit and possible encouragement of further use of such methods of finance could be further explored¹⁵ and more funds and resources allocated to them as appropriate. Increasing competition where there are only a few banks in a country, would also help reduce bank transaction fees.

However, such efforts should not be undermined by a one-size fits all revision of the Late Payments Directive. The introduction of strict payment caps, a limitation on the use of long payment periods and an overtly intrusive system of enforcement that negates the balance between efficiencies, contractual freedom and the established civil law of national courts, could compromise cash flow and supply chain financing that enables SME retailers and wholesalers to offer choice and affordable

⁸ In the [Labour market and wage developments in Europe](#) the Commission recognises that firms in retail sectors can be energy intensive and also face high energy costs.

⁹ The situation faced by retail and wholesale SMEs is set out in the [SME Envoy report, 'SMEs and rising energy prices – First findings & recommendations'](#).

¹⁰ [Temporary Crisis and Transition Framework \(europa.eu\)](#)

¹¹ For example, [in Austria subsidies are offered for micro-enterprises](#), and relief has also been offered in Germany and the Czech Republic.

¹² A conclusion recently supported in the EESC study, ['Crisis costs for SMEs – How Covid-19 changed the playing field of European SMEs'](#).

¹³ See for example: [InvestEU: EIF and Noviti Finance sign agreement \(europa.eu\)](#)

¹⁴ See for example: [Innovation Vouchers - Enterprise Ireland \(enterprise-ireland.com\)](#)

¹⁵ However, caution should remain to ensure that voucher schemes do not artificially inflate the prices charged by service providers.

prices.¹⁶ This **could have an unintended consequence on a quarter of the SMEs for which it is intended to provide relief** for example, by restricting the ability for shops to order their Christmas toys or summer clothing collection in advance of the season with long payment periods that offers win-wins for both the buyer and the supplier. This is also particularly concerning as the introduction of strict payment caps was only supported by about one-third of respondents to the public consultation.¹⁷

The textile market (especially high fashion) is an example of a market, which is at times, characterised by smaller buyers purchasing from very large manufacturers. Negotiations around payment terms allow both parties to share risks around cash flow. This creates efficiencies on both sides as suppliers understand that difficulties at the distribution level of the chain could cause reduced volumes for manufacturing and often prefer to agree to longer payment terms to help loyal customers manage their cash flow (rather than risking losing them).

Recommendations

- The Commission, European Investment Bank and Member States should **eliminate the complexity and administrative burden linked to access to finance and make accountability manageable.**
- **Better communication of what is available and clearer guidance on how to easily access funds** should be provided for all programmes, whether administered at EU, national or regional/local level or through research & development/innovation programmes.
- The Commission should ensure that its **review of the Multiannual Financial Framework results in the allocation of more resources and increases the budget available for SME finance from InvestEU, including for alternative sources of finance** (e.g. voucher schemes).
- The Commission and Member States should **provide training and funding for trade associations to work locally with individual retailers and wholesalers to act as a bridge between the available money and the entrepreneur.** For example, to provide advice on what is available and associated risks, to enable them to assist entrepreneurs with applications and the gathering of supportive documents and providing the training programmes, or links to third-party providers, who can help improve their financial literacy.
- The Commission should ensure the impact assessment and due diligence for **the proposed revision of the Late Payments Directive properly examines the unintended consequences on cashflow for SME retail and wholesale buyers.** It should also specifically examine sectoral competitiveness in accordance with Tool 21 of the Better Regulation Toolbox and incorporate the recently announced competitiveness check and also focus on improvements to business-to-government payments.

Payments

Help could more readily be offered to SME retail and wholesalers by **tackling imbalances of power with card schemes that could improve their cash flow.** For many entrepreneurs who accept payment by card, they interact with an intermediary (acquirer) who pays the entrepreneur and handles the collection of money back from the relevant card issuer. This service comes at a cost and many SMEs do not have the bargaining power to negotiate a deal with an acquirer in the same way a large company is able to.

Many SMEs are opting for blended fees from their acquirer enabling them to predict their cards acceptance costs, rather than settling card payments on a cost-plus-basis, i.e. unblended or interchange++. The latter requires more time to reconcile expected with realised card payment costs. With blended fees acquirers have to include a risk margin in their prices to cover fluctuations of card fees due to changes in the payment mix, e.g. proportion of debit vs credit cards, consumer vs commercial cards, domestic vs non-domestic. This pushes prices up and can delay their receipt of payment for goods bought by up to a week. With card fees of usually 2% of turnover incl. VAT or more, this represents a significant cost element for SMEs. As the use of cash is going down, banks are

¹⁶See: <https://www.eurocommerce.eu/2023/05/revision-of-the-late-payments-directive-eurocommerce-views/>

¹⁷ [Late Payments – Update of EU rules, Factual summary report of the contributions received to the public consultation](#)

charging more for handling cash, giving limited options for SME retail and wholesalers but to accept the charges.

Furthermore, **many SMEs struggle to switch providers as they are tied to bundled contracts that require them to hire point of sale (POS) terminals on long contracts.** These lock them into additional services that inhibit the ability of the entrepreneur from accessing full digitalisation of payments and financing. The situation is made worse by contracts for POS terminals that automatically renew, have extensive notice periods or impose disproportionate termination fees.

In recent years, meal and social vouchers have migrated from paper-based to card-based. These Mastercard or Visa-based vouchers are costing SME retailers not only the aforementioned blended or unblended card fees, but the issuers like Edenred and Sodexo are charging them also a service fee directly. This makes meal voucher acceptance no longer economically viable for retailers and many have stopped acceptance or are considering it, to the detriment of consumers who get these vouchers from their employers or public body entities.

Recommendations

- The Commission should take **action to address the imbalance of power with card acquirers.**
- The Commission **should open a debate on open banking to increase competition, consider how these can help make costs more affordable** and ensure that similar mistakes are not made as the Digital Euro comes closer to fruition. Europe-led digital payment methods will offer customers a better experience across sale channels and **enable retailers to reduce costs within a more transparent system** particularly, where these can offer comparability of costs that follow the same direction of EU legislation for financial services (e.g. on consumer lending and the cost of payment accounts).
- The Commission should use the opportunity presented in **the revision of the Payment Services Directive 2 to ensure that a payment service that is bundled with a non-payment service,** should be subject to framework contract requirements to enable retail and wholesale SMEs to benefit from the improved service and pricing offered by other players, or innovative acquirers, who may be better able to help them manage and grow their business.
- The Commission should **take measures to bring the high fees for meal and social vouchers being charged to SME retailers to affordable and viable levels.**

Ensure action to stop the re-fragmentation of the Single Market

Large international fast moving consumer goods (FMCG) players have immense negotiating power through their significant market share and their unique brands. They command very large margins and exceptionally high returns on capital. Alliances and buying groups help SME retailers compete with larger retailers by achieving better purchasing conditions from their suppliers.

Retail alliances can also help SME suppliers by providing them access to multiple markets.

Recommendations

- The Commission should ensure that the **Guidelines on horizontal cooperation agreements continue to rightly recognise that hard bargaining is part and parcel of freedom of contract and usually does not restrict competition.** This balance should be maintained and any concerns about anticompetitive effects be considered on a case-by-case basis.

Adjust auditing requirements in line with inflation

Help could also be offered to SMEs **by increasing the thresholds for mandatory statutory annual audits in line with inflation.** The thresholds were set in 2013¹⁸ but the lack of adjustment despite the permission for their review every five years, now catches more businesses than was originally

¹⁸ [Directive on annual financial statements, consolidated financial statements and related reports of certain types of undertakings \(2013/34/EU\).](#)

intended¹⁹. This increases administrative burden and costs for SMEs, who need to find a certified auditor with the capacity to perform statutory audits and which is more costly.

Recommendations

- The Commission should **use the 2023 review of the Directive on annual financial statements to adjust the thresholds for audited accounts to be adjusted in line with inflation.**

The medium-term: Retail and wholesale SMEs need quality legislation, action to address cumulative burden and tools fit for purpose

Quality legislation and cumulative burden

Legislation pursuing public policy objectives is welcomed, but many SME retailers and wholesalers find its implementation burdensome in their day-to-day operations because they offer multiple products and services across complex supply chains. They are also at the end of the value chain. This means **SME retailers and wholesalers face a disproportionately large cumulative burden as the number of rules and requirements expand and diverts resources (people and financial) away from investment.**

While the Parliament and Council have agreed²⁰ to perform their own Impact Assessments on substantial amendments, there is no automatic trigger or requirement to carry out proper due diligence. It remains up to each institution to decide what is a substantial amendment and when it should consult, assess unintended consequences or the additional burden this will place on businesses. This can be particularly the case when a compromise of reporting or monitoring is proposed as an alternative to an undesirable amendment in the legislative process.

Recommendations

- The EU institutions should **ensure regulation is well-targeted, data-driven, and evidence-based.** This should be in line with the principles of better regulation and the SME Test and requires it to:
 - afford its services **sufficient time to carry out robust due diligence** that avoids unintended consequences;
 - **ensures responsibility falls on retailers and wholesalers in a balanced and proportionate way**, relates to what is in their control, and is based on what information they have access to;
 - **adhere to a clear division of obligations and liabilities and ensure coherence.** This should avoid a proliferation of obligations and definitions that could include the sector in scope that causes confusion and legal uncertainty; and
 - **provide retailers and wholesalers the flexibility to determine the best means to implement rules or accompany them with support measures.** Where rules need to apply across complex supply chains, sufficient time should be afforded to enable the sector to work with their suppliers, including those in third countries, to implement changes.
- The Commission should **resist the temptation to regulate every element of the economy and instead aim to better evaluate and reduce the ever-expanding list of demands and requirements on companies.** Examining cumulative burden using one shop or one wholesaler as a case study could enable a better understanding of the multiplicity of requirements and pressure placed on an activity that could introduce a user-centric perspective. This approach could enable the better application of the one-in-one-out principle and SME test and help meet the Commission's objective to reduce regulatory and reporting burdens by 25%.
- The Commission should **ensure that its services have the resources and are fully aware and trained of the means to test and analyse the impact on SMEs using the tools available in Better Regulation Toolbox 23 (SME Test).** It should also encourage services to **go beyond surveys or at least ensure surveys are quick to complete, available in national languages and adapted to the entrepreneurs whose day-to-day work is far removed from policymaking.** For example, the Commission could encourage its services to put themselves in the shoes of an

¹⁹ For example, in the Netherlands Article 396 of the Dutch Civil Code requires a business to have an audit if two or three of the following requirements are met on two consecutive balance sheets: (a) a turnover of more than €12 million, (b) a balance sheet total of more than €6 million; and (c) on average 50 or more employees.

²⁰ See : [EPRS BRI\(2016\)579076 EN.pdf \(europa.eu\)](#)

entrepreneur to consider what rules will mean in practice to an SME in their day-to-day operation of their business to better evaluate implications and unintended consequences.

- The Commission should **ensure that amendments introduced by the co-legislators are also examined according to the principles of the SME test and for example, consider whether they are workable, challenging or unworkable as well as proportionate**. This should include amendments that have a direct or indirect effect on SMEs. **The requirements in the Inter-institutional agreement on when an impact assessment for substantial amendments are necessary should have a clearer framework and threshold, to avoid unintended consequences on SMEs or competitiveness in general.**
- In addition, the Commission should facilitate best practice exchange between Member States to encourage SME-friendly solutions that relieve the burden placed on SMEs or the replication of national initiatives that introduce a methodology that identifies, measures and reduces cumulative burden²¹.
- The Commission should ensure it carries out a **more thorough examination of national rules which come on top of the minimum harmonisation** to ensure the barriers for SMEs to do business in other Member states is not disproportionately high.

Single Digital Gateway & support to improve digital skills

Continuing streamlining and enhancing access to national and EU contact points and improving their quality is essential to increase trust amongst businesses and citizens to explore and exploit the potential of the Single Market. **The Single Digital Gateway and the development of a once-only technical system is a valuable addition to offering practical solutions to SME retailers and wholesalers.**

However, **digitalisation and a once-only principle that streamlines operations need to be compatible with the level of digitalisation of the entrepreneur**. Many retail and wholesale associations are helping SMEs go online²² and can also support the increase in basic digital skills. **Increasing the availability of funding, including through initiatives linked to the Recovery and Resilience Fund, will facilitate the provision of this vital service to SMEs through trusted advisors**. This could also facilitate SME retailers and wholesalers being able to introduce systems that can help monitor their sales to enable them to better understand the fee they should pay to acquirers to help reduce the cost of payments and could also, support the training of SMEs in financial literacy that 73% of respondents to the public consultation on the revision of the Late Payment Directive identified as a solution to problems.

Recommendations

- The Commission should ensure that **in developing tools to help SMEs they are guided by a principle of user-friendliness and consult the businesses who are intended to benefit** to check if it is fit for purpose.
- The Commission should, together with the Member States, **increase the visibility of online business tools nationally and support retail and wholesale associations in awareness raising and advertising them nationally** (e.g. through information in national languages, engagement at local level with associations that can bridge the gap/share information, offering financial support) to help support their uptake and also improve problems arising in payments.
- The Commission could increase trust by providing reassurances on how cybersecurity or privacy, confidentiality and trade secrets are secured when information is transferred between countries **increase trust by providing reassurances on how cybersecurity or privacy, confidentiality and trade secrets are secured when information is transferred between countries** and address concerns regarding personal data as the once-only technical system is developed. In addition, **the Commission should not place at a disadvantage the retail and wholesale SMEs operating in Member States where, as a result of a lack of technical compatibility, data and information cannot be easily transferred with other Member States.**

²¹ See: <https://www.rijksoverheid.nl/actueel/nieuws/2022/07/08/kabinet-gaat-met-nieuw-programma-regeldruk-per-sector-terugdringen>

²² See: [Handelsverband Deutschland \(HDE\) - KMU-Zukunftspaket \(einzelhandel.de\)](https://www.handelsverband.deutschland.de/handelsverband-deutschland/hde-kmu-zukunftspaket-einzelhandel.de)

- The Commission should encourage Member States through the European Semester and other forum for discussion to support retail and wholesale associations, including by providing funding, in improving the digital skills of entrepreneurs and addressing the difficulties that may be experienced when accessing shared logistics, for example in cloud computing.

The long-term: Retail and wholesale SMEs need to be able to invest in their future competitiveness

In a study conducted by EuroCommerce and McKinsey²³, it is estimated that companies across all retail and wholesale subsectors need to invest an industry total of €600 billion across each of the digital, sustainability and skills transformations. This is an additional 1.6% of revenues until 2030 on average. SMEs account for 10% of that total, €35-€60 billion. Support for retail and wholesale SMEs therefore, needs to focus on investing in the triple transformation.²⁴

Sustainability

The study identifies that retail and wholesale SMEs need to invest up to €25 billion (equivalent to 0.9% of revenues) through to 2030 on the sustainability transformation. The focus of such investments is the same as larger companies, namely net zero operations (e.g. renewable energy, net zero stores and warehouses, net zero fleets and in some circumstances, sustainable manufacturing) and circularity. Barriers to investment are more marked for SMEs and include higher prioritisation of other investments, capability gaps and legal issues (for example, in relation to collaboration in the chain), and uncertainty on responsibility such as who will fund decarbonisation initiatives that are outside of direct operations (Scope 3).

Digitalisation

The share of ecommerce is expected to double by 2030, driving 90% of the growth in the retail and wholesale sector. SMEs are expected to need to invest up to €15 billion (equivalent to 0.6% of annual revenue) through to 2030. Up to €3 billion is likely to be required to build digital channels. Even where SMEs rely on software as a service (SaaS) solutions, it is estimated that this will cost between €5,00 and €20,000 but this does not include ongoing operating costs, digital advertisement and, product assortment costs. These sums may be too high for many retail and wholesale SMEs.

The shift to digital channels is expected to mean companies will need to repurpose close to 10 million square metres of commercial real estate by 2030 – about 2% of the total – to prevent space becoming obsolete, especially in non-food. In apparel alone, space may shrink by 4 to 5 million square metres. This will require re-thinking the role of the store and the role it plays in town centres.

In addition, by 2030, there is an expected shift to more use of automation. With the estimate being that 40 to 50% of tasks in the retail and wholesale subsectors having a high potential for automation. While costs may come down by 2030, they are still expected to be too expensive for some SMEs.

What lies behind much of the digital transformation is a decent IT system, which is capable of handling the growing shift to digital channels and is something capable of organising data so that it can be used to the maximum in terms of advanced analytics. **To be ready for 2030, retailers and wholesalers need to spend a third of the total amount (c. up to €5 billion) necessary for digital transformation in the next three to five years.** For many SMEs, it is expected that most of these functions will need to be

²³ See: [Transforming the EU Retail & Wholesale Sector - EuroCommerce](#). The [report](#), [policy paper](#) and a [summary](#) are available. https://www.canva.com/design/DAFS42fihVY/QjJ52KfOQVgdnq10KUc6VA/view?utm_content=DAFS42fihVY&utm_campaign=designshare&utm_medium=link2&utm_source=sharebutton

²⁴ A conclusion recently supported in the EESC study, ‘[Crisis costs for SMEs – How Covid-19 changed the playing field of European SMEs](#)’, where it is noted that in the long-term support should focus on investing in the digital, sustainability and skills/talent transformation, and SMEs need direct help with energy costs and access to alternative energy sources and increasing energy efficiency of their premises.

outsourced (for example, using skills as a service and software as a service) to keep costs variable instead of building large, fixed cost positions. For the types of specialists that may be required for the future, such as data scientists, IT technicians, it is anticipated that the ‘war for talent’ will make it more likely that SMEs will need to work with external experts.

Skills

SMEs are expected to need to double their investment in people by 2030, at a cost of up to €20 billion or about 0.1% of sector revenue. While SMEs employ almost two-thirds of the retail and wholesale sector’s workforce, SME investment has room to grow but has been hindered by time and budget constraints such as the opportunity costs of employees spending time in training. In general, as roles shift and evolve, many retailers will need to build internal expertise and capabilities and increase employee attraction and retention. SMEs may have to outsource some skills and leverage pay as you services, benefitting from investments made by larger players. To do this, SMEs will need to gain access to information, practical know-how, and dedicated support to upskill their workforce.

Retail and wholesale SMEs are not currently capable of making these investments

The evidence collected for the study gathered insights from SMES on the areas of planned digital investments, the priority of those investments, and the availability of funds as well as the reasons for the lack of funds and barriers to starting/advancing digitalisation. Similar insights were collected in relation to sustainability and people. **The study found that although retailers are aware of the need to invest, the economic situation often leaves no room to invest in the future viability of their business and they lack the financial resources and expertise to do so.**²⁵

Recommendations

- **Retail and wholesale associations can play a key role in helping SME retailers and wholesalers make the sustainability, digital, and skills transformation.** With adequate funding, they can:
 - Offer digital maturity assessments or training in basic digital skills to SMEs to accelerate digital transformation;
 - Provide tools to measure the impact and cost of different decarbonisation measures, share information made available by manufacturers on the emissions of different products to help inform choices and offer sustainability maturity assessments to advance to net zero and enable all to develop circularity.
 - Provide training or programmes that enable retailers and wholesalers to find talent or partners to whom they can outsource functions.
 - Obtain and share market insights to help retailers and wholesalers understand changes in consumer demands and help them find solutions.
- The Commission, together with Member States, could develop **an ambitious programmes for the revitalisation of town centres, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector in the centre of such plans as a keystone of local community life.**

Conclusion

The sheer number of retail and wholesale SMEs operating in the EU requires their short, medium and long-term needs to be considered in the SME Relief Package.

By supporting retail and wholesale SMEs with their immediate liquidity and enabling them to operate in a business environment without being overburdened by regulation. It will also enable them to invest in their digital, sustainability and skills transformation so they can remain competitive in the future and continue to contribute to providing local jobs and life to communities across the EU.

²⁵ These findings were also confirmed in a [survey](#) by the German retail and wholesale association, HDE, which found that many non-food retailers are not able to make investments for example in digital transformation, climate protection or their business operations.