

Retail Transition Pathway – Retailers and Wholesalers’ vision for a more resilient, digital and green future.

1. Introduction

EuroCommerce welcomes the opportunity to contribute to the co-creation process for the Retail Ecosystem Transition Pathway.

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries sector associations and leading global players. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

Retail and wholesale supports millions of further jobs throughout the supply chain from small local suppliers to international businesses. **Its position in the value chain, and the numerous goods and services it offers, makes it an essential player in other industrial ecosystems.** EuroCommerce’s contribution to the Textiles Ecosystem Transition Pathway¹ and workshops and the Agri-Food Ecosystem Transition Pathway² illustrate this role.

The Retail Ecosystem Transition Pathway is an opportunity to explain the strategic importance of retail and wholesale to the overall EU economy and its contribution to the essential infrastructure of providing and delivering to consumers and business customers the products they need on a daily basis. It is also **linked to other ecosystems and plays a role in helping the EU meet its ambitions and policy objectives and create a forward-looking narrative.** It also plays a **societal role** in providing local jobs and the vitality of towns, villages and rural areas across the EU. Its explanation of the role and potential of the sector could be used by the EU as well as in the Member States to help coordinate policy action, drive partnerships, dialogue and collaboration, help scale initiatives and identify common needs. **Understanding the specificities of the sector characterised by its high turnover, low margins, offer of a wide choice and work with multiple supply chains and strong competition,** will not only build the resilience of the sector, but also **contribute** to the resilience of the EU.

The presence of retail and wholesale in every EU Member State also poses a challenge as different structures and national specificities exist. Therefore, **identifying actions and commitments for the ecosystem must be done with a careful analysis of which level (EU, national, regional or local) is best in each Member State.**

This position paper **offers clarification** on the issues raised in the Commission’s Staff Working Document and **makes suggestions for other factors that should be taken into consideration and included in the Retail Transition Pathway.** It contains **examples of what retailers and wholesalers are already doing** to contribute to a more resilient, sustainable and digital retail ecosystem.

¹ [Textiles Ecosystem Transition Pathway cocreation process \(europa.eu\)](https://europa.eu)

² [The Agri-Food Transition Pathway – The Retail & Wholesale Perspective - EuroCommerce](#)

It also contains **suggestions and ideas** in complement to the responses to the public consultation and **identifies actions that could be taken** to help achieve the shared vision. **The Annex contains the answers to the public consultation** that should be read in conjunction with this paper.

Key messages

- Retail and Wholesale is a sector of strategic importance to the EU economy and provides an essential service with the potential to innovate and contribute to the EU's climate, societal, digitalisation and skills goals.
- EuroCommerce believes the following will accelerate the speed of change toward a shared vision of a more resilient, digital and sustainable retail ecosystem:
 1. **A well-functioning Single Market will support a well-functioning and more competitive Retail Ecosystem:** This requires effective and efficient enforcement of single market rules, removal and prevention of disproportionate and unjustified barriers, better notification of national rules, action to address territorial supply constraints and, for retail alliances to operate to bring consumer benefits.
 2. **Good foundations for transformation:** Regulatory frameworks need to enable new business models, changes in the workplace, and replies to consumer demand; which is supported by infrastructure, access to recycled raw materials, technological advancements, consumer awareness, real estate needs, a future well-trained and prepared workforce and an understanding of how the value chain operates.
 3. **A manageable regulatory environment adapted to the specificities of retail and wholesale:** Due to the multiple products and services retail and wholesale offers, it faces a high cumulative regulatory burden. Regulation that considers this and how the sector operates to avoid disruptive effects such as changes to payment terms that will disrupt its ability to finance its operations will strengthen resilience. Especially when this operates alongside a stronger focus on compliance, quality legislation, enforcement to ensure a level playing field, and a good assessment of whether what already exists is fit for purpose before proposing new initiatives.
 4. **Action to overcome barriers to investment:** To make changes, retailers and wholesalers need financial support and incentives to invest, understanding why there is limited uptake of R&I funding or development of public-private partners and action to resolve these barriers, a manageable regulatory environment that does not limit the ability to invest, has minimum burden and offers support for implementation and, action to address the skills gap.
 5. **Improved visibility of best practices:** Sharing what retailers and wholesalers are already doing and achieving, including advancements in decarbonisation, packaging, reduction of food waste, recycling, and consumer communication; and highlighting career opportunities, will encourage initiatives in harmony with what is already happening.
 6. **A stronger together approach:** A collaborative approach will facilitate transformation in sustainability, as well as day-to-day operation for example on payment terms, and the workforce.

2. The retail ecosystem in the EU

EuroCommerce welcomes the description of the retail ecosystem in the EU and would like to offer a number of reflections that should also be taken into consideration to complete the understanding of the ecosystem.

Suggested action

- Refer further to the trends and challenges driven by consumers, changing demographics, and new business models (e.g. repair, re-use, meal delivery) and retail media.

Consumers are a significant driver of change and retailers and wholesalers need to respond to their demand. **These demands are not just technological, but also driven by a growing interest in sustainability** that has already **resulted in new business models** focussed on rental, repair, refurbishment and resale. This is also seen in a:

- **Growing interest in short supply chains³ and sustainability**, including a **demand for more sustainable and eco-design products**. Retailers and wholesalers must adopt environmentally ‘friendly practices’ and source sustainable products and sustainable raw materials to meet these demands. This requires consideration of a shift from a linear model (selling brand new products) to the economy of use (circularity with second-hand, rental, repairability and recycling).
- **Growing interest in information on production methods, origin and sustainability aspects**.
- **Mismatch between supply and demand** (e.g. experience of organic, difficulties in ensuring a sufficient supply of the expected quality).
- **Increasing online sales and use of new forms of digital sales and communication channels**. This **has required traditional retailers to adapt quickly**. Embracing e-commerce, mobile apps and other digital innovations is a challenge for many established retailers that has knock-on consequences, such as the need to downsize real estate and use social media as a marketing driver. EU consumers are also able to shop outside the EU, which also influences the EU market and the competitiveness of EU-based businesses.
- **Increasing market share for other business models**, such as meal boxes and takeaway ready-made meals.

The changes are also driven by the changes in **consumer demographics** (e.g. ageing population, single households, growing middle class) and **growth in urban populations**.

Consumers are also driving further changes through retailers and wholesalers’ launch or expansion of their **retail media business**. This is a **form of digital advertising** that provides targeted advertising and increases the possibility of measuring the return on spending on advertisements alongside the more accurate product information that comes from examining retailers’ sales and website data. **This is considered to offer a lot of growth potential yet to be captured in Europe**. In 2022, the European retail media market was worth about €10 billion, less than one-quarter of the value of the US market. The European market is expected to grow to about €21 billion in 2025.⁴

Retailers and wholesalers face competition from multiple types of disruptive business models

Suggested actions

- Highlight the importance of fair competition as new business models develop and the need for guidance on sector substitution and on the specificities of consumer markets in the Market Definition notice, retaining case-by-case assessment particularly where business models vary.
- Call on Competition Authorities to strongly and consistently enforce the vertical guidelines and use the European Competition Network to encourage that consistency across the Single Market.
- Highlight the problems with the growth of ‘Direct-to-Retail’ models in pharmaceuticals and the problems this poses to minimal stock obligations.

³ See below for reflections on local supply chains.

⁴ EuroCommerce/McKinsey [Living with and responding to uncertainty – State of Grocery Retail 2023: Europe](#), page 19.

On top of what is described in the Staff Working Document are other challenges that come for example, from the **'Direct-to-Consumer' model**. Brands like Nike and Adidas have invested heavily in 'Direct-to-Consumer' and this is expected to be around 50% of their net sales in the next couple of years.⁵ **This development can also have an effect on SME retailers**. Those who rely on the distribution of such brands to attract customers to their stores may find they are considered less profitable distributors. If they are no longer part of the distribution network this may affect their viability. The 'Direct-to-Consumer' model is also common in the food sector. Nestle acquired recipe kit company Simply Cook in February 2021 in the UK (its 4th acquisition in 4 years to go Direct-to-Consumer) and Ferrero opened its web shop a year or so ago.⁶ There are also changes driven by new business models such as meal kit subscriptions or take-away ready meals. In a similar way, changes will also be driven by the growth of B2B platforms and marketplaces.⁷

As dual distribution becomes more prevalent, retailers and wholesalers have no objection to fair competition. However, this will require consistent enforcement by competition authorities of the vertical guidelines. In particular, ensuring that information that does not serve the vertical relationship is not exchanged and information that could reveal future prices and future strategies should not be exchanged.⁸ In addition, to ensure fair competition, the **draft notice on the definition of the relevant market for the purposes of Union competition law**⁹ should take into account the changes in business models in its analysis of retail markets and **provide guidance, on channel and sector substitution and on the specificities of consumer markets**. In relation to digital platforms, any analysis should be on a case-by-case basis as business models vary.¹⁰

In addition, there is **the development of 'Direct-to-Retail' models in pharmaceuticals (currently 17-18% of sales)**. Where medical product manufacturers wish to reserve supplies for this purpose, and if wholesalers do not have a right of supply from the manufacturers, wholesalers have no means to guarantee they can comply with minimal stock obligations imposed by the Member States. As the minimal stock varies between Member States, pharmaceutical wholesalers may be approached by buyers in other Member States who cannot be refused due to competition rules on passive sales. This challenges their viability and creates a market problem and unfair competition.

EU businesses must gain competitiveness to keep up with global players

Suggested actions

- Highlight the importance of fair competition with international competition, where higher regulatory compliance burdens in the EU, a lack of enforcement of third-country traders and increasing reach and 24/7 operational times of global marketplaces give an advantage – rather than providing equal opportunities.
- Highlight that the complexity of regulations concerning aspects from labour law, consumer law, product law, data privacy, etc. makes engaging with customers on sustainable consumption difficult. The policy debate, new legal requirements and unclear definitions make it more and more difficult to do so, especially where non-compliance can result in fines and reputational damage.

Increasingly fierce international competition is coming from Europe, Asia and the USA. **Global marketplaces have made it possible to reach consumers around the world, while uneven regulation and lack of enforcement enable third-country traders to gain an unfair competitive**

⁵<https://www.adidas-group.com/en/media/news-archive/press-releases/2021/adidas-presents-growth-strategy-own-the-game-until-2025/>; <https://www.retaildive.com/news/adidas-aims-for-dtc-to-be-50-of-sales-by-2025/596509/>

⁶<https://www.nestle.co.uk/en-gb/media/pressreleases/allpressreleases/nestle-acquire-uk-based-recipe-company-simplycook>; <https://www.retaildetail.eu/news/food/nutella-producer-opens-its-own-webshop/>.

⁷ [The new B2B growth equation | McKinsey](#)

⁸ EuroCommerce [Vertical Block Exemption Regulation and Guidelines – EuroCommerce views on the Commission proposed drafts](#) September 2021, Section 1.

⁹ [2022 market definition notice \(europa.eu\)](#)

¹⁰ For more information see: https://competition-policy.ec.europa.eu/document/download/599e9116-225c-460e-a4b3-efdd39ad06ec_en?filename=MDN_non_confidential_replies_to_the_consultation_0.zip

advantage over EU businesses. In addition, fair conditions are needed with international pure players, who can operate and deliver during weekends, and those that sell on European territory.

Due to the multiple products and services that retailers and wholesalers offer there is a large cumulative regulatory burden. Where retailers and wholesalers **need to navigate a complex web of regulations**, from labour laws to data privacy regulations, rolling out initiatives becomes difficult. This is especially the case where **non-compliance can result in fines and reputational damage**. This is a situation **made worse by the lack of clear definitions** in legislation or uneven enforcement.

Levelling the playing field will help the whole retail ecosystem compete and thrive by giving equal opportunities for SMEs as well as multinational businesses. **Operating in such conditions fosters healthy competition and promotes innovation, customer choice and growth.** Enabling businesses to thrive based on the quality of the service.

This competitiveness can be improved by recognising that the sector is part of the EU's essential infrastructures.

The effect of inflation and energy on food retail and wholesale's outlook

Suggested actions:

- Call for the recognition of retail and wholesale as an essential sector of strategic importance at EU or national level for energy supplies.
- Refer to the effect on competition of government measures put in place to help consumers with the cost-of-living crisis and call on Member States to remove them and ensure a return to a competitive market that avoids long-term distortive effects.
- Make reference to the role of retailers and wholesalers who can reduce the emissions of fluorinated greenhouse gases if they are given support by Member States to invest in replacing refrigeration and equipment.
- Highlight the need for innovative and progressive solutions for refrigeration and other energy-efficient equipment and call on the EU and Member States to put in place the right conditions to enable the investment in R&I.

The impact of **inflation has affected retail and wholesale on several fronts**. The sector has faced **increasing costs** (e.g. more expensive products, increase in interest rates on finance, staff, rent and energy costs) at the same time as **consumers are downtrading and spending less**.¹¹

Government measures put in place to help consumers with the cost-of-living crisis often are distorting a well-functioning market and should be removed as soon as possible when the inflationary crisis is over. This means a return to a competitive market, with full price competition, avoiding any long-term distortive effects.

Government measures that focus on increasing price transparency, for example, by creating online price monitoring platforms, **can** in a concentrated market **encourage price convergence**. Such initiatives, while having the intention to improve consumer welfare, **should be deployed with caution and consider competition principles** to avoid unintended consequences.¹²

There are a number of **studies that confirm how retailers have sought to absorb rising costs so as to prevent the full effects of such price increases from reaching consumers**. These studies confirm

¹¹ EuroCommerce/McKinsey [Living with and responding to uncertainty – State of Grocery Retail 2023: Europe](#), pages 8,11.

¹² EuroCommerce [Price control mechanisms at food retail level](#) November 2022; EuroCommerce [Cost of living: key messages on inflation and taxation](#) November 2022.

that due to the competitive pressure at the retail level, retailers are restrained from passing on the price to consumers and instead have absorbed certain costs, further reducing their margins.¹³

The following **key findings from the EuroCommerce/McKinsey report on State of Grocery 2023**¹⁴ should also be taken into account to understand developments in food retail:

- **Search for cheaper food:** Consumers are trading down and looking for more affordable options due to the significant pressure on the household economy caused by inflation. Even a lot of high-income users started looking for ways to save money on their groceries. For the first time in recent memory, the share of high-income consumers trying to spend less is almost as high as for low-income consumers.
- **Consumer downtrading leading to growth for private labels:** Across Europe, increased price sensitivity consumer downtrading led to substantial growth for private labels. Most consumers shifting towards private label products say they see it as a way to save money, without sacrificing quality.
- **Gradual normalisation of price and volume:** During a period of unprecedented inflation and increasing consumer price sensitivity, grocery sector volumes declined sharply. We expect volumes to stabilise in the second half of 2023 as food inflation continues its strong decline.
- **Discounters gaining market share:** Consumers also try to save money by doing more of their shopping at discounters. Discounters are the only brick-and-mortar grocery retail format that avoided volume declines, gaining 1.4 percent market share in Europe relative to 2021.
- **E-grocery and Meal Delivery stand strong:** While volumes were down for grocery retail, e-grocery and meal delivery services held strong, having an average yearly growth of 18% and 28% respectively. By 2030 we expect over 10% of grocery turnover to be realised in e-grocery.
- **Continued margin and cost pressure:** Dealing with the increased margin pressure has become the key concern for CEOs of grocery retailers.
- **Race for economies of scale:** The increased margin pressure pushes grocery retailers towards achieving more economies of scale, to satisfy the increasingly price-sensitive consumer.
- **Intensified collaboration with suppliers for sustainability:** Sustainability is another top concern for grocery retail CEOs, with the big challenge being that over 95% of emissions in their value chains come from other parts in the value chain, both up- and downstream.
- **Investment rates need to double:** The total additional investment needed to deal with the triple transformation of sustainability, digitalisation, and skills and talent by 2030 equates to up to €600 billion.

Food retail and wholesale in particular, is a high consumer of energy (e.g. due to refrigeration systems which have to be running 24/7, etc.). Retailers and wholesalers are making efforts to increase energy efficiency¹⁵, but the immediate cost of energy is not expected to reduce significantly. **If any measures are taken that prioritise essential services or sectors** (if the same approach taken during the Covid-19 pandemic is followed) **at EU level or at national level for energy supplies, they should include retail and wholesale.**

As refrigeration and cooling are important for shops, warehouses and logistics, retailers and wholesalers are **implementing requirements driven by regulations such as the F-Gas Regulation**¹⁶ to replace equipment and refrigerants and other voluntary efforts¹⁷. These efforts **come at a huge cost** given the importance of the cold chain. Our efforts to reduce fluorinated greenhouse gas emissions **need financial support to accelerate the speed of change**. The transition will also require innovative and progressive solutions for refrigeration and the EU and Member States need

¹³Sweden:

https://www.konj.se/download/18.6676cd7e184b91b518f77591/1671031379000/SpecialStudie_RUP.pdf,

Denmark: <https://www.kfst.dk/pressemeddelelser/kfst/2023/20230303-danske-priser-har-generelt-fulgt-udlandets/>; the Netherlands: <https://www.rabobank.nl/kennis/d011366704-is-in-nederland-sprake-van-graaiflatie>;

Belgium: <https://economie.fgov.be/fr/publications/evolutions-des-prix-dans-la>;

https://www.allianz-trade.com/en_global/news-insights/economic-insights/europe-food-inflation.html#european-food-inflation, Spain: <https://www.cnmec.es/sites/default/files/4840416.pdf>.

¹⁴ [State-of-grocery-2023_Low-res.pdf](https://www.eurocommerce.eu/state-of-grocery-2023-low-res.pdf) (eurocommerce.eu)

¹⁵ See [Supporting Energy Transition - EuroCommerce](#).

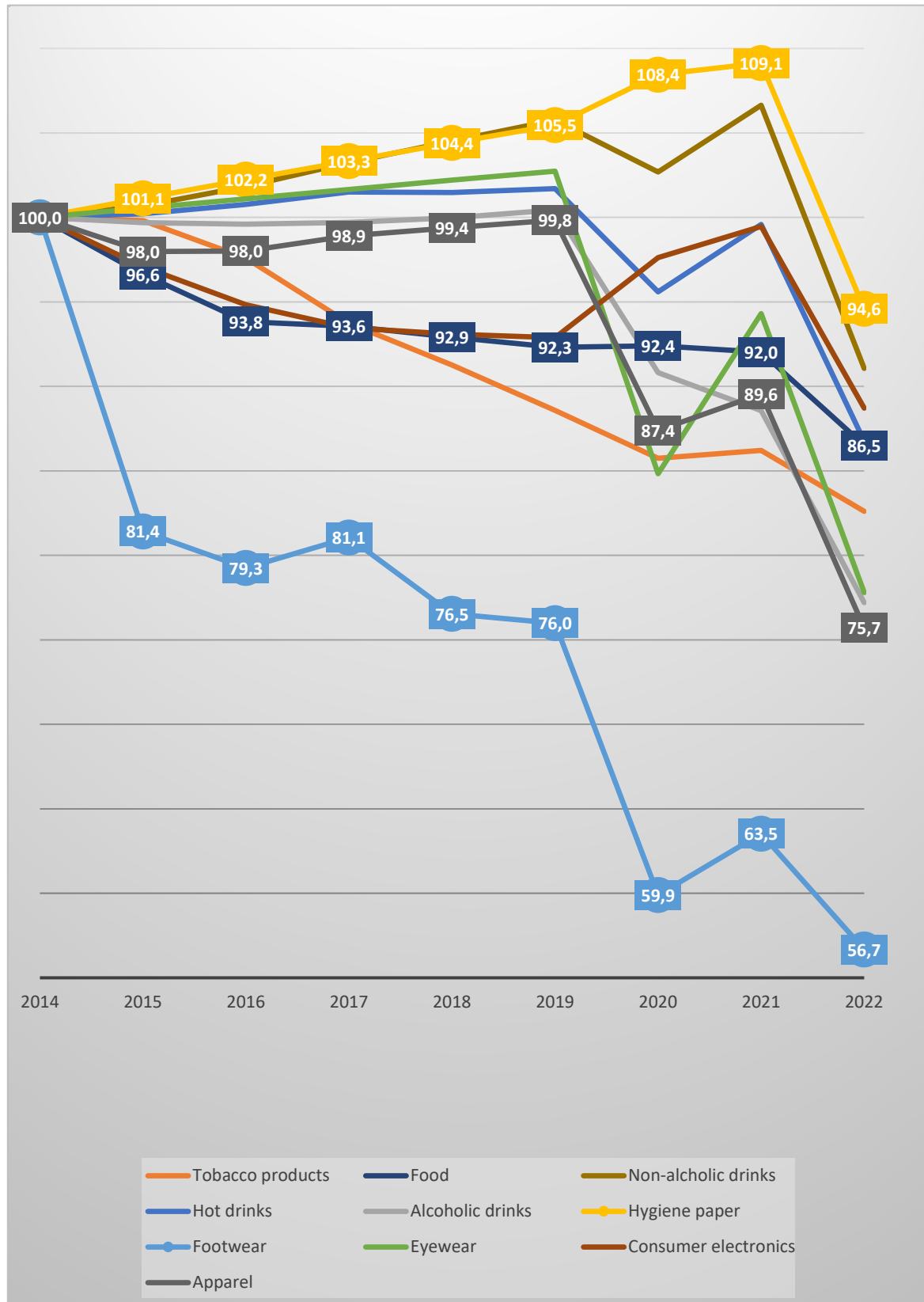
¹⁶ [EUR-Lex - 32014R0517 - EN - EUR-Lex](#) (europa.eu)

¹⁷ <https://www.eurocommerce.eu/sustainable-commerce/cooling-and-heating-systems/>

to put in place the incentives and conditions to foster that R&I investment and enable such innovation to come quickly to the market.

The effect of inflation and energy on non-food retail and wholesale's outlook

The impact of inflation has hit food more than non-food.¹⁸ Whereas the COVID-19-crisis had a mixed impact across retail and wholesale, the inflation-crisis hit all sub-sectors of Commerce. In 2022, retail volumes fell sharply in all product categories.



¹⁸ Inflation-adjusted Turnover of Retail [Business Sector Profile \(europa.eu\)](https://europa.eu)

Source: Statista & calculations by Eurocommerce

The biggest challenges retailers face these days is remaining economically viable in low-margin sector where consumers are increasingly price-sensitive and better equipped to find price information than ever before. Consumers are also shopping more and more outside of the EU, with certain Chinese and US players gaining enormous market shares at an astonishing rate, effectively driving down volumes sold by EU retailers in a structural and concerning way.

This evolution illustrates the geo-strategic importance of the EU, keeping its largest private sector in EU hands, by fostering a competitive Single Market, supporting retailers and wholesalers in their challenging triple transformation in digital innovation, sustainability and skilling up the labour force.

2.1 The impact of the COVID-19 pandemic on the retail ecosystem

The impact of the COVID-19 pandemic will continue when support measures are withdrawn

Suggested action:

- The Commission, together with Member States, should continue to monitor the impact of the pandemic on bankruptcies, retail volumes and also, examine how bankruptcies could be linked to other initiatives such as restrictions on payment terms.

As many, particularly SME retailers and wholesalers, were recipients of government support measures during the crisis, it is expected that there will be a delayed impact of the Covid-19 pandemic. The pandemic also depleted the resources of previously healthy retail and wholesale SMEs, restricting their ability to invest and making their need for cashflow and supply chain finance even more acute.¹⁹ **Continuing to monitor this impact of the pandemic for example, on bankruptcies, retail volumes, etc. will better inform policy making.** This should also **examine how many retail and wholesale bankruptcies are a result of cash flow problems that are related to restrictions on payment terms.**

Employment is still affected despite initial recovery

Suggested action:

- The Commission, together with Member States, should continue to examine and monitor how skills and jobs are changing at local, regional, national, European and global level to understand the evolution of employment and enable the data on such evolution per ecosystem to be shared on a voluntary basis.

Employment growth is still forecast at 0.5% in the EU in 2023. In 2024, employment is set to keep growing moderately (0.4%), implying less job-rich growth than in 2022. The unemployment rate is expected to remain close to its historical low, at 6.2%, in the EU in 2023, before edging down to 6.1% in 2024.

During the Covid-19 pandemic, the most affected job profile, across all sectors in the economy, was that of sales workers²⁰. Eurostat confirms this analysis.

Age class 15 years or over
Sector Wholesale and retail trade; repair of motor vehicles and motorcycles
Occupation Service and sales workers

EU 27	2019-Q4	2021-Q4	2022-Q1	2022-Q2	2022-Q3	2022-Q4
Employment in Thousands	12.221,9	11.323,3	11.283,1	11.497,3	11.649,5	11.604,5
Evolution since Q4 2019	0,0	-898,6	-938,8	-724,6	-572,4	-617,4
Evolution since previous Quarter		-898,6	-40,2	214,2	152,2	-45,0

¹⁹ EuroCommerce [Revision of the Late Payments Directive](#) May 2023.

²⁰ Eurofound - Recovery from COVID-19: The changing structure of employment in the EU, 2022

Most of the sales worker jobs that disappeared never returned. However, if we look at Eurostat data for total employment of the sector, we see that the total number of jobs currently exceeds the pre-Covid-19 pandemic levels. This illustrates how quickly our sector is evolving, with a rapidly changing mix of employment needs.

	100 = 2019-Q4	2019-Q4	2020-Q4	2021-Q4	2022-Q4
Service and sales workers [LFS]		100,0	94,4	92,6	94,9
Total [LFS]		100,0	96,8	98,3	99,9
Employment [SBS]		100,0	98,9	100,3	101,3

The following mix of labour market elements presages two challenging decades for our sector:

- Highly labour-intensive, low-margin sector;
- Largest private employer;
- Rapidly evolving needs in labour skills;
- Increasing long-term demand for employees, following long-term growth of population and purchasing power;
- A labour market that is tightening and will keep on doing so until 2050 due to ageing populations, low birth rates and strict rules concerning economic migration;
- Job vacancy rates that already are at a historic high;
- Unemployment rates that are already at a historic low.

Investment in online has improved competitiveness

Suggested action:

- Refer to the findings of the European Ecommerce Report and the challenges and possible solutions it identifies. This could also include:
 - The common direction of future national policies to improve understanding of trends, barriers to cross-border trade and identify risks of fragmentation;
 - Sharing of best practices of initiatives to support the transition to sustainable transport, payments and delivery;
 - Types of technology most investment is in to help identify priorities.

90% of growth in retail and wholesale is expected to be driven by online sales by 2030. Retailers and wholesalers compete with technology companies in much of their business but their spend on investment in IT falls far short. European players spend 2.1% of revenues on IT compared to the 4.5-6% of leading digital players. **Therefore, despite progress accelerating during the Covid-19 pandemic, EU retailers and wholesalers are still lagging behind their non-EU counterparts.**²¹

The following **key findings from the EuroCommerce/Ecommerce Europe European Ecommerce Report**²² should also be taken into account to understand online developments. The 2023 European E-commerce Report encompasses 37 countries on the European continent, revealing data-driven insights into the current and projected size of their digital markets and consumer trends in internet use and e-shopping. The report includes the latest data and trends surrounding internet penetration, e-shopper penetration, and B2C e-commerce turnover for all 37 countries, with an additional concentrated look at data for the EU-27. It also compares the trends affecting the sector in 2022 and 2021.

Its key findings include:

- **Western Europe** is, by far, the largest region, **holding 67% of the total B2C turnover in Europe for 2022.** Southern Europe follows with a share of just 16%. Central Europe (8%), Northern Europe (7%) and Eastern Europe (2%) have a considerably lower share in the total B2C e-commerce turnover.
- In actual figures for 2022, **Western Europe traded €603 billion online, Southern Europe traded €146 billion and Central Europe €72 billion.** Northern Europe was just behind Central Europe with €65 billion, followed by Eastern Europe with €14 billion in turnover.
- **In 2022, 71% of Europe's online population purchased online,** implying a decrease in online shopping in several countries compared to last year. The concerned national e-commerce associations linked this trend with increasing inflation, which has made consumers more cautious about spending (online).

²¹ EuroCommerce/McKinsey *Transforming the EU Retail & Wholesale Sector* October 2022, page 7.

²² [European E-Commerce Report - EuroCommerce](#)

- **In 2022, Western Europe surpassed Northern Europe in the share of e-shoppers on the total number of Internet users (87%), up from 84% in 2021.** Northern Europe, where 85% of Internet users shopped online in 2022, follows closely, while Central Europe ranks third (77%). Eastern Europe, which includes a significant number of countries outside the European Union, has shown a promising growth of 6 percentage points in online shopper penetration from 41% in 2021 to 48% in 2022.

Further information is available in the full report and in the executive summary²³.

Food security

Suggested actions:

- Refer to the achievements of retailers and wholesalers during the Covid-19 pandemic and the need for the sector to continue to be recognised as providing an essential service and included in discussions on food security at EU and national levels.
- Refer to the integration of the Single Market for food and the knock effects disruption in one Member State can have on the whole chain: highlight the need for quick EU action to preserve the Single Market and flexibility.
- Highlight the effect of restrictions on freedom to negotiate in times of crisis, which may result from the different transposition of the Unfair Trading Practices Directive or if strict payment terms are imposed.
- Highlight the importance of the retail and wholesale sector to the structure dialogue with agriculture announced in the 2023 State of the Union address.

The retail ecosystem's resilience (together with the resilience of other stages of the food supply chain in Europe) **contributed to minimising the impact of the Covid-19 pandemic** on food security in the EU.

This is **despite the challenging circumstances** for food retailers and wholesalers, which included:

- Uncertainty over the relevant health rules as well as health concerns which caused some shortages of personnel in store and in key parts of the supply chain (lorry drivers etc);
- Border closures by certain Member States and lack of coordination at EU level which affected the logistics sector/certain cross-border supplies
- Shortages of certain key materials, such as packaging, which affected the viability of the EU food industry to efficiently comply with all EU food labelling provisions; in certain cases, restricted access to some key raw materials may lead to food fraud, which compromises food safety;
- Panic by consumers (at times caused by inconsistent messaging by public authorities) for certain long-life products (toilet paper, oil, sugar etc), which led to certain shortages in selected key categories.

The Single Market for food is well integrated and **any disruption** in one Member State or at one border **has knock-on effects for the whole chain**. Interventions by the EU institutions (for instance during the early stages of the Covid-19 pandemic with its communications on green lanes and seasonal workers) were key to preserving the Single Market vis-à-vis reactions by certain Member States with measures such as border closures.

The **transposition of the Unfair Trading Practices Directive²⁴, and its different transposition in between Member States**, is a barrier to a more resilient retail ecosystem. This **has led to the introduction of measures that make the management of goods extremely difficult, especially in times of crisis** by restriction the freedom to negotiate.

²³ [executive-summary-european-ecommerce-report-september-2023.pdf \(eurocommerce.eu\)](#)

²⁴ https://agriculture.ec.europa.eu/common-agricultural-policy/agri-food-supply-chain/unfair-trading-practices_en.

2.2 The impact of the Russian Invasion of Ukraine and the resulting energy crisis

Food Security & International Trade

Suggested actions

- Recognise that the Single Market for food is well integrated and any disruption in one Member State or at one border has knock-on effects on the whole chain. Quick interventions by the EU institutions are key to preserving the Single Market vis-à-vis reactions by certain Member States with measures such as border closures.
- Highlight the importance of diversification of supply sources as an important contributor to food security and food safety, including making the link to the risks of food fraud because of restricted access to some raw materials.
- Refer to the importance of international trade and the effect that additional health and environmental standards can have including on trade flows, on the control and enforcement of such standards, and the consequences of non-compliance – as well as the additional administrative burden this creates.

Food supply chains in Europe responded well to issues arising from the Russian invasion of Ukraine; as a result of such resilience, **EU citizens faced no major food security threats** (i.e. food availability and food affordability) in the EU.

This is **despite the challenging circumstances for retailers and wholesalers**, which included:

- **Certain supply chain disruption** linked to Russia and Ukraine being major exporters of certain raw materials (cereals, timber, commodities for industrial components, aluminium, fertilisers etc.); shortages of cereals and the like had direct and indirect consequences on the whole chain, some of which (higher retail prices, shortages of sunflower oil) were experienced by consumers in retail stores; unclear communication in the media around availability of certain products (e.g. sunflower oil) led to minor episodes of panic buying, which, as seen during the Covid-19 pandemic, worsens the problem.
- **Shortages of personnel in logistics**, mainly linked to Ukrainian workers who returned to Ukraine to fight and be close to their families;
- **Stocks blocked in harbours**; service providers in Ukraine; impact of prohibitions on access to air space; cybersecurity threats;
- **The negative effects of certain measures taken by some Member States** in response – e.g. de jure or de facto export bans for cereals in Hungary.

Supply chain disruptions are now widely resolved, but **certain issues linger** (e.g. uncertainty about the Black Sea and Russia's withdrawal from the agreement, and whether that will again lead to price increases for certain raw materials). **More could be done, for instance, to offer flexibility on labelling when there is a sudden collapse in supply** for example, when the invasion of Ukraine created a need to substitute peanut oil for sunflower oil.

The European Commission has recognised in its work on food security as part of the European Food Security Crisis preparedness and response Mechanism (EFSCM), that **diversification of supply sources is crucial** to further strengthen the resilience and sustainability of our food systems. **Diversification is positive for resilience, food security, food safety and health.**

The **EU's open trade policy allows for diversification of supply of food and key inputs** including those that cannot be produced locally or that a local crisis has affected. As demonstrated by the energy crisis, **overreliance on certain inputs** – in this specific case, energy as well as fertilisers and cereal from Russia – **can affect the whole supply chain** and in certain instances **create food affordability and availability issues** for consumers (e.g. there were shortages of sunflower oil). **Where there are also shortages of certain raw materials, it can create a risk of food fraud**²⁵. This is also a necessary element of food security that needs to be considered and could be countered by diversification.

²⁵ [Warning issued over food fraud with new suppliers – FoodIndustryNetwork](#)

The Single Market is a cornerstone of EU food security as it **enables a diversity of supplies coming from different climatic zones in the EU**. Every day, EU food supply chains provide Europeans with a wide variety of high-quality food. This is thanks to the diversity and competitiveness of its agriculture, fisheries, aquaculture and food sectors and its market orientation where farmers and fishers can react to market signals.²⁶

Diversification in the food available to consumers is also beneficial for health, leading to a more balanced diet between vegetables, fruit, cereals and animal-based sources of proteins.²⁷

A part of ongoing discussions refers to short supply chains. **Retailers have an extensive network of agreements with their suppliers to promote local foods and shorter chains**. There is a demand for local products such as fresh food (fruit, vegetables and meat). However, this **needs to be balanced with the importance of diversifying supply chains and the impact this could have on the Single Market**.

It also should be noted that **the link between short supply chains and sustainability is not proven**. **Local should not be used as a proxy for lower emissions as there are other elements that impact a product's carbon footprint to a greater extent than transport**. The JRC notes that transport contributes to 5% of greenhouse gas emissions from food systems, mostly from regional road transport.²⁸ Local food systems may also require more intensive farming and jeopardise biodiversity.

As said above, **diversification in the food available to consumers is also beneficial for health**, leading to a more balanced diet between vegetables, fruit, cereals and animal-based sources of proteins.²⁹

Importing key agricultural and food products that are forced labour and deforestation-free, as well as **compliance with corporate sustainability due diligence will have an impact on retailers and wholesalers**.

The EU has successfully concluded several bilateral free trade agreements with partner countries and regions across the globe. **The application of additional health and environmental standards beyond the existing rules for imports should be firmly rooted in science and subject to a risk assessment to fully understand the benefits for health and the environment**. This also needs to keep in mind that certain EU health and environmental standards are difficult to directly apply to non-EU producing countries or regions due to different prerequisites as the climate situation or the presence of pests, which do not exist in the EU.

Similarly, it should also be noted that the application of EU health and environmental standards on imported agricultural and food products would be globally considered a protectionist measure by the EU serving the interests of certain groups by imposing additional barriers to trade on third countries. **It is very likely that this could provoke trade retaliation measures** which would probably affect related and unrelated sectors in the EU. Furthermore, **it is unclear how these standards would be controlled and enforced without setting up complex systems in the country of origin which would require effective (possibly digital) traceability systems to be set up in partner countries, or what the consequences of non-compliance would be**. Implementation could put an additional burden on importers who cannot control the entire supply chain.

The impact of certain measures taken by Member States against high inflation (e.g. price control mechanisms at retail level) are set out above in the section, 'The effect of inflation and energy on food retail and wholesale's outlook.'

Expectations in relation to Energy

Suggested action

²⁶ [Commission Staff working document \(SWD\) on Drivers of food security](#)

²⁷ https://agriculture.ec.europa.eu/system/files/2023-07/efscm-recommendations-improvement-diversity-sources-supply_en.pdf

²⁸ [JRC Publications Repository - Short Food Supply Chains and Local Food Systems in the EU. A State of Play of their Socio-Economic Characteristics. \(europa.eu\)](#)

³⁰ [METRO, Goodman and Baywa r.e. inaugurate Germany's largest Solar Rooftop installation at logistics site in Marl \(metroag.de\)](#)

- Refer to the potential of retail and wholesale to provide access to reliable energy prices if support for investment is given and call on Member States to create incentives to encourage easy and quick procedures to grant permits, and incentives, to install solar panels, heat pumps, wind power, etc.

The potential role of retail and wholesale in enabling access to reliable energy sources at affordable prices should be recognised. Creating incentives to increase investments in net zero operations, including the generation and storage of green energy itself, can offer win-win outcomes. These benefits will help provide the EU with the opportunity to meet its climate goals and will encourage improvements in energy efficiency and innovation by businesses. This, in turn, will help reduce energy price volatility and offer more stable prices for EU citizens, improving the competitiveness of our EU businesses and the competitiveness of the EU itself, simultaneously.

Retailers and wholesalers need to invest up to €190 billion between now and 2030 to switch to renewable energy, as part of their investment in net zero stores (which requires an investment of up to €50 billion) and net zero warehouses (which requires an investment of up to €140 billion), **it could help the EU achieve its ambition to cut greenhouse gas emissions by 55%, compared to 1990 levels in accordance with the Fit for 55 Strategy.** Action by retailers and wholesalers toward net zero operations can **potentially reduce the sector's Scope 1 and Scope 2 emissions by 50-90% by 2030.**

There is huge potential when you consider the size of the real estate in the sector.³⁰ It is estimated there is approximately 500 million sqm of real estate in the EU. One distribution centre for example, can be the equivalent in area of 28 football pitches.

Consumer purchasing power & confidence

Suggested actions

- Refer to the very close link between consumer purchasing power and consumer confidence and retail and wholesale.

Consumer purchasing power has been hit hard by high inflation and the cost-of-living crisis which started in late 2021.

Consumers were faced by high food inflation and skyrocketing prices for fuel and heating, this amidst their wages stagnating.

High inflation is felt hardest by the 96.5 million Europeans living at risk of poverty or social exclusion, since its impact is greater on cheaper and private label products – this is because the prices of those products are more closely linked to prices of raw materials in comparison to prices of products of large A-brands manufacturers, who have high marketing/advertising costs.

Closely linked to this is consumer confidence. In August 2023, DG ECFIN's flash estimate of the consumer confidence indicator **decreased by 0.9 percentage points (pps.) in both the EU and the euro area.** At -17.0 (EU) and -16.0 (euro area) pps., consumer confidence is **well below its long-term average.**³¹

³⁰ [METRO, Goodman and Baywa r.e. inaugurate Germany's largest Solar Rooftop installation at logistics site in Marl \(metroag.de\)](https://metroag.de)

³¹ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/latest-business-and-consumer-surveys_en#:~:text=In%20August%202023%2C%20DG%20ECFIN's,below%20its%20long%2Dterm%20average.

3. A resilient EU Retail Ecosystem

3.1 Retail ecosystem's resilience throughout the crises

Lessons that could be learned from measures taken in response to the cost-of-living crisis

- *Introduction of price caps, price controls, restrictions on margins*

Suggested actions

- Refer to the effect on competition of government measures put in place to help consumers with the cost-of-living crisis and call on Member States to remove them and ensure a return to a competitive market that avoids long-term distortive effects.
- The Commission should encourage Member States to consider the effects of their measures on competition and set up a forum for dialogue; including creating a mechanism for stakeholders to trigger discussions.

As set out above, **a return to a competitive market with price competition will avoid any long-term distortive effects of government measures aimed at helping consumers with the cost-of-living crisis.**

As the withdrawal of measures can have negative effects politically, the **Commission should encourage Member States to consider the effects measures have on competition in advance³², require the examination of the evidence of whether such measures achieve their objective³³ and the situation that could be faced, for example when such measures are withdrawn.** In the absence of an existing forum for discussion, **the Commission could consider how to create emergency structures for dialogue** following the example of the European Food Security Crisis Response Mechanism or ad hoc meetings **to discuss and encourage solutions that do not have an effect on the Single Market, the Rule of Law or the freedom to conduct a business.** A mechanism should be introduced to enable stakeholders to trigger such discussions where critical Single Market, Rule of Law or infringements of freedom to conduct a business are jeopardised.

Preparing for future crisis

Suggested action

- Refrain from creating any further crisis governance framework.

As no two crises are the same, EuroCommerce would caution against the transition pathway creating any further crisis governance framework. **The Single Market Emergency Instrument (SMEI)³⁴ and notification, and quick and effective enforcement of Single Market rules, should be sufficient to preserve the flexibility to tackle future crisis.**

³² Exchange of best practices such as the Portuguese Competition Authority's approach could help avoid measures that do not achieve their objective: <https://www.concorrenca.pt/en/articles/adc-publishes-paper-competition-and-purchasing-power-times-inflation>.

³³ The governor of the Bank of Hungary told a Hungarian parliamentary Committee that the price caps on food products were causing 3-4% of extra-inflation, see: <https://www.agroberichtenbuitenland.nl/landeninformatie/hongarije/nieuws/2022/12/09/hungary-economic-effects>. The Hungarian Competition Authority sector enquiry in the food sector found that the price freeze had a market-distorting effect: <https://gvh.hu/sajtoszoba/sajtokozlemenyek/2023-as-sajtokozlemenyek/vegleges-a-gvh-jelentes-a-tejagazat-vizsgalatarol>.

³⁴ EuroCommerce [Safeguarding the Single Market freedoms during times of crisis](#) January 2023.

Suggested action

Suggested action

- Highlight the cumulative effects of regulation on retail and wholesale and for Commission initiatives to truly understand the specificities of the sector; to avoid disruptive effects such as changes to payment terms that will disrupt its ability to finance its operations will strengthen resilience.
- Highlight the the need for support if supply chain financing is limited by the proposed Late Payment Regulation; the Commission's support to help retailers and wholesalers find financing could be needed, as well as support for wholesalers who may find their customers in financial difficulties.

The specificities of retail and wholesale need to be taken into account to ensure that regulation does not result in disruptive effects.

The proposed Regulation on Late Payment poses very serious concerns for the retail and wholesale sector in Europe and especially the 1 in 4 EU SMEs which are retail and wholesale.

Retailers and wholesalers often rely on negotiating payment terms with their suppliers that offer advantages to all parties. This is key especially for all those products that sell over longer periods or for seasonal products, as operators in the sectors often have to order those goods months in advance before selling them.

By imposing a strict term of 30 days, the proposed Regulation will deprive businesses of the flexibility to enter into mutually beneficial arrangements. It also will **cut off supply chain financing**, taking away a positive form of finance that fills the gap for companies who struggle to find affordable traditional bank finance – which retailers and wholesalers (and especially SMEs) struggle to access. **Wholesalers, many of whom are SMEs, who have been extending supplier credits to their customers will no longer be able to do so.** This is irrespective of the despite their willingness to do so and their interest in not seeing their customers go bust. **It also raises market entry barriers particularly for SMEs that set up a business that will re-sell products or wish to expand their business in different directions** (e.g. by expanding their sustainable assortment).

The removal of freedom of contract negatively affects the negotiation ability of retailers and wholesalers. Fixing strict payment terms will affect all elements of negotiations including prices. The purchase price of a good derives out of a combination of elements including payment terms, other fees, original prices, discounts, and other payment conditions (currencies, administrative fees). Fixing one condition by law in too strict a manner will influence all others.

The proposal would have a negative impact on consumers – who would face higher prices and a smaller assortment in store: retailers and wholesalers will only be able to offer the most popular products – thereby leading to smaller choice for consumers, with less popular products becoming more expensive.

SME retailers and wholesalers will be hit particularly hard: their cashflow will be reduced, with a major impact on their competitiveness. This would especially affect SME retailers and wholesalers operating in smaller towns or rural areas, where there is naturally a lower turnover. **Even more shops outside big cities will close, move or severely limit their assortment. This will negatively impact the quality of life outside big cities across the EU.**

3.2 The Single Market as the main enabler for the resilience and the green and digital transition of the retail ecosystem

3.2.1 Addressing Single Market barriers in the retail ecosystem

Overview of Single Market barriers & their cost

Suggested action

- Highlight the huge economic gains that can be made from a complete Single Market and the Commission could propose an action plan setting out how it needs to follow up on the Single Market at 30 Communication.
- The Commission should dedicate more resources (human and financial) within its services to the retail ecosystem, to address *inter alia* Single Market barriers and their cost.

Retailers and wholesalers' competitiveness is being hampered by Single Market barriers. The finding that in almost all services sectors the level of these barriers has slightly decreased over the years, except for the retail sector, which has remained roughly unchanged since 2006, when the Services Directive was adopted, is a problem. **On top of stagnation on existing barriers, new barriers are arising each year.** EuroCommerce produces an overview of Single Market barriers³⁵, which will be updated on a monthly basis.

The main barriers reported by members are linked to infringement of the free movement of goods and the freedom of establishment. For food product this is often about giving an advantage to locally/domestically produced products, for non-food products many problems are linked to sustainability labelling. Regularly a Member State introduces rules that make it more difficult for foreign-owned retail or wholesale companies in their market to operate in comparison with local players.

The Commission's Communication, 'The Single Market at 30' also highlighted the need for more action in the area of services, particularly retail services. **This also highlights the need for the Commission to dedicate more resources (human and financial) within its services to the retail ecosystem.**

Several studies have highlighted **the huge economic gains that could be made from a 'complete' Single Market.** A report from the European Parliament shows **that these range from between €650 billion and €1.1 trillion per year, the equivalent of between 5 and 8.6 % of the EU's GDP.** It also assessed that the impact of improved trade flows, economic growth and job creation due to lower trade barriers would lead to economic benefits of between €183 and €269 billion per year.³⁶ A recent opinion of the EESC sets out the cost of non-Europe and the benefits of the Single Market, which also contains a number of recommendations.³⁷

Inspiration should be taken from the still valid ideas of the Commission's Communication, 'Long term action plan for better implementation and enforcement of Single Market rules'.³⁸

Retail Restrictiveness Indicator (RRI)

Suggested actions

- We encourage the Commission to regularly update the RRI and improve it where necessary, also in dialogue with retail and wholesale stakeholders.
- The Commission should discuss the outcome with the Member States bilaterally but also in the Services Directive Working Group. The aim should be to exchange on good regulatory

³⁵ EuroCommerce [Single Market Barriers Overview](#), updated as of June 2023.

³⁶ [The cost of non-Europe - the benefits of the single market | European Economic and Social Committee \(europa.eu\)](#)

³⁷ [Why the EU Single Market Has Still Not Reached Its Full Potential | RAND](#)

³⁸ [EUR-Lex - 52020DC0094 - EN - EUR-Lex \(europa.eu\)](#)

practice that will help Member States to achieve their public policy objectives in the most effective and efficient way, in line with the Services Directive.

This tool could be made more effective by ensuring its recommendations are regularly discussed with the Member States and in consultation with sector representatives. For example:

- The Commission should **continue to refer to the RRI in the country reports of the European Semester exercise and include country-specific recommendations** to ask Member States to remove unnecessary and unjustified barriers.
- The Commission should **encourage best practice exchange that could result in the removal of barriers or more proportionate and effective restrictions**, either through the Single Market Enforcement Task Force, through the creation of a dedicated retail expert group, through a commitment to hold a minimum number of retail and wholesale focussed discussions on the Services Directive Expert Group each year, or other relevant fora.
- The Commission should **commit to a schedule, so the RRI is updated at regular intervals to better enable tracking of progress** (or not) to provide the evidence base to encourage action by the Member States and for country-specific recommendations.
- The Commission could, for example, where representative associations indicate this could be useful in their Member State, **improve the RRI by collecting more data from regional and local levels**, to properly capture the situation in the Member States.³⁹ Alternatively, the Commission **could share the methodology for the RRI with the Member States so they can create the same** and ensure compliance via country-specific recommendations in the European Semester and support this through the Technical Support Instrument. This could also provide the evidence base that Member States may need to improve the performance/compliance with the Single Market of rules made at the regional and local levels.

Proportionality

Suggested action

- Work in conjunction with national associations to address disproportionate rules to support the implementation and compliance with the Services Directive.

EuroCommerce welcomes the findings of the independent study on proportionality and **calls on the Commission to enact the recommendations of the report, and issue dedicated guidelines to help Member States**, particularly regional and local authorities, understand their obligations and support their assessment of the impact on the Single Market. This will enable more effective approach based on prevention, rather than cure. **Such interaction with Member States should be done in conjunction with national retail and wholesale associations** who are able to explain national specificities.

In addition, **the Commission should consider what further support it can provide to Member States to raise the overall level of understanding and assessment of proportionality.** For example, through workshops, a roadshow, best practice exchange, and other capacity building. **This should also include**, with sector representatives, **actions to improve understanding of when and how Member States have to fulfil their current notification obligation under the Services Directive and increase transparency.**

Accompanying such measures with a quick and effective analysis by the Commission and enforcement when appropriate would also raise the profile of the need to comply with the principle of proportionality.

The rollout of the **Single Digital Gateway has required the Commission to be in contact with 80,000 local authorities.** Now that contact has been made, **there could be other opportunities to help those interested at the regional and local level improve their interaction** as needed with the Commission.

³⁹ For example, to analyse the tax on establishments of more one, the special tax on establishments of more than 2,500m² surface area that exists in five Spanish regions: Catalonia, Asturias, Aragón, Navarra and Valencia.

Action in this area is also critical to ensure policies remain flexible to enable retailers and wholesalers to transform digitally and sustainably. For example, in relation to rules on establishment to allow for the repurposing of real estate,⁴⁰ policies that encourage the revitalisation of urban areas, or which can accommodate innovative business models.

3.2.2 Further integration of the Single Market

Quick Commission reaction can halt Member State reactions that unduly target retailers and wholesalers

Suggested actions

- Set out the role that the Commission could play to improve its infringement procedures so they are faster, more efficient and effective, and objective. This could include the right to suspend an infringing law in cases of obvious infringement of EU law.
- The Commission should dedicate more resources (human and financial) within its services to the enforcement of the Single Market and the Rule of Law.

EuroCommerce welcomes the recognition that **retailers and wholesalers are often the target of national restrictive measures. This occurs at all times, across the EU and not just during a crisis.**

Such measures are often introduced to give an advantage to local players, especially in food retail. These protectionist measures come in the form of taxes mainly paid by foreign retailers in the market (e.g. Hungarian retail taxes, Polish retail taxes), restrictions that make it difficult to open new stores (e.g. Plaza Stop 3 in Hungary), disproportionately regulating business-to-business relationships (e.g. French law Egalim III). This legislation hampers the competitiveness of businesses and their ability to benefit from the Single Market, and limits consumer choice and more affordable prices.

This requires infringement procedures to be faster, more efficient and effective. It is not always clear why infringements are delayed. **More objective procedures**, that are more transparent regarding status and outcome and more automatic when a Member State fails to address the Commission's concerns. This requires **more resources** to be dedicated to enforcement within the Commission services. The Commission should also have **the possibility to impose a suspension of the infringing law** (e.g. an injunction) in cases of obvious infringements of EU law.

In addition, **foreign retailers and wholesalers that are active in other Member States often do not have proper access to the decision-making process, are subject to low-quality legislation, face inefficient bureaucracy in public administration** (at all levels – national, regional and local) **or face problems with a local judiciary** that is slow or not functioning properly. For example, the transposition of the Unfair Trading practices Directive⁴¹ in Romania⁴² and the sometimes fast-changing regulatory environment in Hungary. This also **requires improvements and more effective enforcement of the Rule of Law that has consequences for Member States** (e.g. withdrawal of funds promises under the Recovery & Resilience Fund, refusing access to financial instruments).

⁴⁰ See <https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/>

⁴¹ https://agriculture.ec.europa.eu/common-agricultural-policy/agri-food-supply-chain/unfair-trading-practices_en.

⁴² EuroCommerce maintains an overview of national implementation of the Unfair Trading Practices Directive, including its effect on the Single Market. This can be provided to the Commission on demand.

Easy wins can be achieved by increasing Commission services' understanding of Single Market freedoms, especially when minimum harmonisation Directives are transposed or rules are too regularly changed

Suggested action

- Reflect how Single Market freedoms can be better understood within the Commission and incorporated into transposition meetings to reduce or curtail goldplating, especially where this affects the level playing field or fragments the Single Market.
- Call on the Member States to retain legal certainty by reducing the frequency of changes of national laws, and assessing, also in response to new phenomena, whether existing rules are still fit for purpose.
- The EU institutions should avoid regularly changing EU Consumer Law as has now happened over the past two Commission mandates. This will ease the compliance burden on retail and make it easier to understand how to be compliant.

Increasing all of the Commission services' understanding of the Single Market freedoms so that they can better prepare and draft legislation in a manner that **minimises the risk of free movement being infringed, or gold-plating** (e.g. through maximum harmonisation)⁴³ offers simple ways to stop Single Market barriers arising. This should **also apply in meetings organised with the Member States to facilitate the transposition of Directives**, where the relevant National Ministry drafting the implementing rules may not be as familiar with Single Market freedoms (e.g. Ministries responsible for agricultural, health, consumer issues, etc.).

Every few years EU consumer laws are amended. This leads to legal uncertainty and confusion amongst traders who have difficulty understanding what the rules are if they change every few years. This complexity also deters many retailers, in particular SMEs, that may wish to sell cross-border. **The Commission directly, and through the encouragement of the Consumer Protection authorities in the Member States, should first use existing rules to assess whether they are still fit for purpose** rather than proposing new rules.

In addition, **where Member States wish to be more ambitious than the relevant Directive, they can distort the level playing field and fragment the Single Market.** For example, in Spain, the national legislation⁴⁴ advances by two years the date set by the Directive on the Energy Performance of Buildings⁴⁵ for the installation of charging points for electric vehicles that are required for car parks. In many Member States the legal guarantee in the Sale of Goods Directive is extended beyond the minimum two years, which makes it difficult for retailers to understand what their liability is in other Member States when they want to sell cross-border.

Addressing territorial supply constraints will send a strong signal that private actors cannot fragment the Single Market and save consumers up to €14 billion a year

Suggested action

- Calls on the Commission to use the Retail Transition Pathway to seek commitments from large multinational manufacturers to stop using territorial supply constraints as part of the roadmap to 2030, so that a Single Market for sourcing can exist for all.
- Making better use of competition enforcement measures (e.g. through investigations like that into [AB InBev's](#) deliberate strategy to fragment the beer market).
- Declaring as not acceptable practices that artificially segment the Single Market and prevent the circulation of products across borders; building on the findings of the AB InBev case, the Commission study on TSCs, and the vertical guidelines.

⁴³ For instance, recent Spanish rules on guarantees for consumer goods engage to achieve maximum harmonisation may create barriers in the Single Market.

⁴⁴ [Real Decreto-ley 29/2021](#)

⁴⁵ [EUR-Lex - 32018L0844 - EN - EUR-Lex \(europa.eu\)](#)

- Monitoring the progress in stopping TSCs through an annual review process.

Retailers and wholesalers currently do not enjoy a Single Market for sourcing. As set out in the EuroCommerce campaign #SingleMarket4All,⁴⁶ **addressing territorial supply constraints (TSCs) could bring the benefit of the Single Market to everyone and not just limit this benefit to the large manufacturers.** The Commission's own study estimates that the removal of TSCs would bring savings of €14 billion each year.

EuroCommerce welcomes this strong signal from the Commission that the issue of territorial supply constraints is a Single Market barrier and calls for action by the Commission to tackle this:

- Making better use of competition enforcement measures (e.g. through investigations like that into [AB InBev](#)'s deliberate strategy to fragment the beer market).
- Declaring as not acceptable practices that artificially segment the Single Market and prevent the circulation of products across borders; building on the findings of the AB InBev case, the Commission study on TSCs, and the vertical guidelines.
- Monitoring the progress in stopping TSCs through an annual review process.
- Seeking commitments from large multinational manufacturers to stop using territorial supply constraints as part of the roadmap to 2030, so that a Single Market for sourcing can exist for all.

Ensuring the operation of retail alliances and European Retail Alliances in the Single Market will avoid unnecessary harm to consumers and improve competitiveness of retailers and wholesalers

Suggested action

- Highlight the benefits that European alliances bring to offset the negative effects of territorial supply constraints by centralising negotiations and purchases of European retailers, and the imbalance of power with large manufacturers; thereby increasing an understanding on the facts and evidence to lead discussions on the topic.
- Highlight the benefits that European alliances bring consumers, which enable them to enjoy better prices and more choice.
- Highlight the negative effect rules have on the Single Market and consumers when they prevent the operation of alliances and discourage Member States from enacting those rules; calling for those that enacted such rules to swiftly bring them to an end.
- Call on Competition Authorities to strongly and consistently enforce the horizontal guidelines and use the European Competition Network to encourage that consistency across the Single Market.

EuroCommerce welcomes the Staff Working Document's recognition that **retail alliances are a key issue of importance for the ecosystem.**

As recognised by the recently approved Commission's Horizontal Guidelines⁴⁷, buying alliances exist in many sectors; **for retailers and wholesalers, they are an effective way for retailers to address the imbalance of power with large manufacturers.**

The 2023 Commission Guidelines recognise the value of pooling demand to countervail the market power of large suppliers to the benefit of consumers, who enjoy better prices and more choice.

In closing its investigations into retail alliances AgeCore and Coopernic, the Commission analysis⁴⁸ of their contracts and negotiating practices found that:

⁴⁶ <https://www.eurocommerce.eu/singlemarket4all/>.

⁴⁷ [2023 revised horizontal guidelines en.pdf \(europa.eu\)](#)

⁴⁸ [Daily News 13 / 07 / 2023 \(europa.eu\)](#)

- The contracts are ‘intrinsically linked’ to the purchase of goods by retailers from manufacturers and are similar to some of the terms used at national level for the same transactions;
- ‘the rebates contributed to the retailers’ overall pricing strategies allowing them to reduce retail prices to match or undercut competitors’ pricing.’

The European Commission also found **that the alliances had allowed retailers to exert a higher bargaining power vis-à-vis their large suppliers and allowed them to reduce prices to consumers, a key objective of competition policy.**

Despite the recognised negative impact of territorial supply constraints and the positive role of alliances in the EU Single Market, **France recently approved Loi n° 2023-221 du 30 mars 2023⁴⁹ (also known as Loi Descrozaille or Egalim 3). The law prevents retailers and wholesalers from sourcing centrally** (either alone or with other retailers and wholesalers) **in the EU Single Market.** This is because the law would make it impossible for retailers and wholesalers active in France to negotiate contracts with their suppliers under the jurisdiction of other EU member states. **This further fragments an already segmented market to the benefit of large multinational suppliers.**

To ensure that retail alliances do not face Single Market barriers, the Commission should:

- Prioritise and swiftly act against Member States that impose rules that prevent the operation of alliances in the Single Market, specifically the Loi Descrozaille before it is replicated by other Member States and brings the Single Market to an end.
- Ensure consistent enforcement by competition authorities of competition rules such as the horizontal guidelines.
- Take an evidence- and fact-based approach in relation to national legislation and Commission action (e.g. investigations) on alliances.

4. A digitally empowered retail ecosystem

Online growth

Suggested action

- Refer to the findings of the European Ecommerce Report and State of Grocery 2023.

The **key findings from the EuroCommerce/Ecommerce Europe European Ecommerce Report⁵⁰** should also be taken into account to understand developments in online commerce. These are set out above in the section ‘*Investment online has improved competitiveness*’.

The **State of Grocery Retail 2023 report⁵¹** offers important economic background information:

- **E-grocery is growing:** While grocery retail volumes declined since the start of the cost-of-living crisis, e-grocery and meal delivery services held strong, having an average yearly growth of 18% and 28% respectively between 2019 and 2022. By 2030 we expect over 10% of grocery turnover to be realised in e-grocery. Especially several Central and Eastern European Member States have a lot of untapped e-grocery potential, because, according to Eurostat, a far lower percentage of its population are online, than in the rest of the EU.
- **Stagnation of online penetration in most Member States outside the CEE:** Online penetration mostly stagnated in 2022, except for the United Kingdom and Sweden, where it declined by about one percentage point.
- **Profitable online growth:** After a period of post-pandemic stagnation, e-grocery is expected to return to moderate growth in Western and Northern Europe with a strong focus on attaining profitability. In Southern Europe and CEE, we expect the focus to remain on growth, as larger parts of their populations start coming online.
- **Retail media expansion:** One of the few successful techniques to turn the often slightly negative operating margins, positive, is by developing Retail Media as an extra source of revenue.

⁴⁹ [Loi n° 2023-221 du 30 mars 2023](#)

⁵⁰ [European E-Commerce Report - EuroCommerce](#)

⁵¹ [State-of-grocery-2023_Low-res.pdf \(eurocommerce.eu\)](#)

Growth is also expected in B2B online markets.⁵²

Benefits & Opportunities of digitalisation

EuroCommerce believes the benefits and opportunities of digitalisation are well expressed.

Encouraging ecommerce

Suggested action

- Refer to the importance of a channel neutral approach that focusses on ensuring existing rules are applied consistently and raise the profile of initiatives that can help retailers and wholesalers go online.
- Explain the challenges local platforms may face in competitive markets or where they have limited visibility and highlight that support for SMEs can come from helping them navigate digital tools.
- Provide traders with support and more guidance on how to be compliant e.g. regarding fairness online to improve compliance and consumer protection.

The pursuit of fair competition should not be to the detriment of the users of online platforms. Services offered by online platforms can bring benefits to their users, for example in VAT simplification and consumer insights. Rather, **the Commission should focus on how to ensure existing rules, such as the vertical guidelines, apply a consistent approach** to enable retailers and wholesalers to 'effectively use the internet'. It should also examine the findings of the study⁵³ conducted to support the implementation report for the Platform to Business Regulation⁵⁴. This would enable **an examination of whether increased transparency and dispute resolution introduced by the Platform to Business Regulation has brought the desired effect of increasing use of the opportunities and if so, raise the profile of such actions** (e.g. through communication campaigns, workshops and practical guidance (e.g. toolkits)) and work together with trade associations through initiatives that can raise the profile, such as EuroCommerce's online business tools workshop.

The digitalisation of SMEs is important and the means to do this needs to be carefully considered. Local platforms need a market , consumer awareness raised through advertising campaigns and a value proposition for consumers and retailers alike (e.g. a form of differentiation). There is a risk that investment in such a solution by local authorities where there is a weaker business case that results in failure, could deter such authorities from pursuing initiatives that could support retailers. **Such initiatives operate in a competitive environment**, where significant investments are already made to support SMEs by market leaders.⁵⁵

Data

Suggested actions

- Highlight how retail and wholesale needs support to benefit from the Data Economy⁵⁶
- Refer to how a stronger and more harmonised enforcement of the GDPR across Member States is necessary.

⁵² See footnote 7 above.

⁵³ <https://op.europa.eu/en/publication-detail/-/publication/d6a287b5-5116-11ee-9220-01aa75ed71a1/language-en/>

⁵⁴ <https://digital-strategy.ec.europa.eu/en/library/report-commission-first-preliminary-review-p2b-regulation>

⁵⁵ [Amazon Academy \(aboutamazon.eu\)](https://aboutamazon.eu/)

⁵⁶ [EuroCommerce Data Act Position Paper](#)

- Set out the evidence so that a positive narrative on AI technologies is promoted and create a framework that would respect existing EU rules and build customers' acceptance and trust.⁵⁷
- Share best practices on data minimalisation and model optimisation to reduce energy consumption to help others learn from examples.

EuroCommerce welcomes the Commission's recognition of the potential of data in the retail ecosystem.

A discussion about the potential of individualisation of offers through increasing use of social media and availability of customers' data, needs to be considered in the context and direction of the regulatory framework. On top of the **need to balance transparency with trade and business secrets**, the GDPR, Digital Services Act and the Digital Markets Act also restrict the use of personal data and introduce safeguards. In addition, national initiatives can restrict what personal data can be used. For example, a recent decision in Norway⁵⁸ limits the possibility for targeted advertising on Meta except for that available in the 'about you' profile section. As Norway is part of the Single Market and has referred its decision to the European Data Protection Authority, this could have wider implications in the EU. Without disputing the objectives and necessity of these rules, variations in implementation and enforcement across the Single Market, as well as national rules, inhibit the development of legal certainty.

Retailers notice that their customers are demanding more personalised offers and services which they highly appreciate. The current political debate seems to deny this or misunderstand. Personalisation for example via loyalty programmes, is based on personal data provided based on consent. This is used to provide discount offers to groups of consumers with similar characteristics, without this being a real one-on-one offer.

We recognise the many opportunities AI technology offers for growth, benefiting consumers, businesses, society and innovation in the sector. Retailers and wholesalers have been applying Artificial Intelligence and automation technologies for many years to improve their competitiveness and provide choice and competitive prices for consumers. Creating a balanced, secure and trustworthy European framework for AI, to allow European companies to use and develop AI, is of outmost importance for our sector.

Another aspect of data is the need to also adopt an approach of data minimisation and model optimisation to reduce energy consumption in the computing process. Some retailers are working on defining internal KPIs and measurability in this direction.

Payment methods

Suggested actions

- Highlight the need for action to address the imbalance of power with card acquirers and open a debate on open banking.
- If Article 23 of the new Payment Services Regulation is not agreed by the co-legislators, a Commission initiative to address this issue could improve the situations for the many SMEs that are tied to their contract and unable to benefit from more competitive services.
- Highlight the problems that the high fees for meal and social vouchers being charged to retailers and seek commitments to reduce these or take Commission action to introduce measures that could bring the fees down to affordable and viable levels.

Retailers and wholesalers also need help to tackle the **imbalance of power with card schemes**. When a retailer or wholesaler opts to accept payment by card, they interact with an intermediary (acquirer) who pays the retailer and wholesaler 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**.

⁵⁷ [EuroCommerce AI Position Paper](#)

⁵⁸ [DT-brev_360 \(datatilsynet.no\)](#)

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 premium 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, fewer bank branches are available to drop off excess cash and banks are charging more for handling cash, giving limited options for SME retail and wholesalers but to accept the charges.

A Commission initiative in this area could directly tackle the problem and would need to be coupled with the Commission pushing harder to enable account-to-account payments in-store and online to increase competition. This could consider how this can help make costs more affordable and ensure that similar mistakes are not made as the digital euro comes closer to fruition.

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 to access 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. This issue should be addressed by Art. 23 of the new Payment Services Regulation.** Without this retailers and wholesalers will not be able 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.

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 issuers such as 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. A Commission initiative could include **measures to bring down the high fees for meal and social vouchers being charged to retailers to affordable and viable levels.** This could **enable them to have a more level playing field** with those able to attract consumers with this offer, but who are more able to absorb the costs.

Digital Euro

Suggested actions

- Highlight the importance particularly for SME retailers to have more cost-effective payment methods competing with non-EU card-based methods.
- Call for the digital euro to be priced differently than card-based payments, namely only fee-per-transaction and no fee for low-value payments.

Retailers and wholesalers are closely engaged with the investigation phase of the digital euro. They are keen to add European payment methods, bringing in more competition and affordable pricing versus the current, relatively dominant non-European card-based payment methods. **Along with instant payments, they expect that the digital euro not only enables more competition but will also offer simpler fee structures,** namely fee-per-transaction, rather than applying a percentage of value. **Institutions should ensure that digital euro is a compelling offer to retailers;** simply mandating its use by law would not be effective.

4.1 Sustainable competitiveness

Investment in retail technology

Suggested action

- Highlight the need for more public funding to create new digital tools and models and adapting existing public funding structures to address the needs of retailers and wholesalers.

Strong investments in RDI and technologies are needed for the development of digitalisation and the adoption of new business models as well as their commercial adoption. More public funding is needed for the creation of new digital tools and models because it can be expensive and time-consuming to develop and launch them but if successful, easy to expand and duplicate. Currently, a large part of RDI funding is directed to traditional industries, where both the demand and supply of public funding have been traditionally higher, but the structures could be adapted to address the needs of retailers and wholesalers with little effort.

4.2. Infrastructure & technological solutions

Suggested action

- Highlight the need for retail and wholesale to be considered the demand side and encourage the creation of technologically mature solutions – not just funding.

Retailers and wholesalers need to be considered as the demand side (e.g. when considering initiatives looking at critical shortages, such as microchips and other technologies) and encourage the creation of technologically mature solutions (e.g. in refrigeration, energy efficient equipment, green technologies, etc.) and not just a focus on funding.

4.3. Investment and Funding

Suggested action

- Map where existing EU funds intended to help industry with the cost of transition are being spent. Action could then focus on ensuring sufficient resources are allocated to the retail ecosystem as well as identifying barriers and finding solutions to increase their take-up.

Support through EU financial instruments is welcome, but these need sufficient resources or top-ups from the Multi-annual Financial Framework to ensure they are not too quickly exhausted⁵⁹. While steps have been taken to increase the availability of funds to SMEs in the SME Relief Package, a question remains on whether the proposed new definition of mid-caps or change in financial thresholds will increase competition for replenished funds.

Additionally, we need **more investigations into who and how has benefitted from programmes rolled out by the Member States pursuant to funds received from the Recovery and Resilience Facility**. In particular, **to understand if one sector or industry has been the more favoured recipient**. As well as to see how this varies between Member States. Collecting this data from the Member States will enable a picture of how money has been spent, whether they are reaching the industries that need the most support and enable action to ensure that the level playing field in the Single Market is restored and funds are fairly distributed to industry and more uniformly across the EU.

⁵⁹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13770-InvestEU-programme-interim-evaluation/F3414683_en.

Suggested action

- The Commission together with the Member States could examine barriers to investment and identify how to address these to encourage more involvement and EU funding of projects in the retail ecosystem.

Retailers and wholesalers are not currently very involved with Horizon programmes. While some examples exist⁶⁰, **only 1% of relevant EU funding went to projects in food retail and the food service sector.**⁶¹ As they play a key role in bringing innovation to the market, in both food and non-food, encouraging further partnerships or consultation with the sector would help accelerate the deployment of innovation.

The sector needs to develop new business models and technologies and have support for their commercial adoption. This means **significantly more public funding is needed for the sector's research, development and innovation work.**

In the Commission's report on the research and innovation investment gap in food systems⁶², challenges were country-specific but existed in all EU Member States, **part of the reasoning was the fragmentation of food policy between different entities and the lack of a specific institution with overarching responsibility for food systems as a whole.** This is said to reflect fragmentation in the sector among different actors in the food value chain, as well as some sectors (logistics, food retail and food service, networking and knowledge exchange) receiving less funding compared to the primary production sector. **The cause is suggested to be linked to the Ministry of Agriculture, which has a remit focused on primary production,** being viewed de facto as the primary stakeholder with regard to food policy in most countries.

Fostering a dialogue between the Commission and the Member States to understand why levels of involvement are low could help address barriers and address the investment gap.

4.4. Enabling regulatory and policy framework

EuroCommerce welcomes the overview of the existing policy framework. It invites the Commission to take note of its positions in relation to the following initiatives:

- Digital Services Act⁶³
- Digital Markets Act⁶⁴
- Digital Euro⁶⁵
- Vertical guidelines⁶⁶
- Horizontal guidelines⁶⁷

⁶⁰ [RIS Consumer Engagement Labs - EIT Food](#)

⁶¹ <https://op.europa.eu/en/publication-detail/-/publication/1747dc15-be80-11ed-8912-01aa75ed71a1>

⁶² [Food systems - Publications Office of the EU \(europa.eu\)](#)

⁶³ https://www.eurocommerce.eu/app/uploads/2022/07/2022.01.18-DSA-need-for-a-level-playing-field-to-drive-online-innovation-in-Europe_2021.10.25-Retail-Industry-statement-on-Targeted-ads-and-DSA.pdf (eurocommerce.eu)

⁶⁴ [2022.01.11-DMA-trilogues-should-result-in-clear-consistent-rules-across-Europe.pdf](#) (eurocommerce.eu)

⁶⁵ [2023.06.28-Digital-Euro-Retailers-and-wholesalers-generally-supportive-but-have-crucial-concerns-1.pdf](#) (eurocommerce.eu)

⁶⁶ [Vertical Block Exemption Regulation and Guidelines – EuroCommerce views on the Commission proposed drafts](#) and [2022.05.10-Vertical-rules—adapted-for-an-omnichannel-future-but-some-uncertainty-remains.pdf](#) (eurocommerce.eu)

⁶⁷ Available on request.

5. A Green Retail Ecosystem

Relationship with voluntary initiatives, in particular, the Code of Conduct on Responsible Business & Marketing Practices

Suggested action

- Highlight the commitments already made by retailers and wholesalers and in particular, cross-refer to commitments already made under the Code of Conduct on Responsible Business and Marketing practices to avoid any duplication.

Retailers and wholesalers have voluntarily made commitments as part of the Code of Conduct⁶⁸, Sustainable Consumption Pledge⁶⁹, and are participating in initiatives such as the Race to Zero⁷⁰.

In July 2023, EuroCommerce together with other signatories of the Code of Conduct indicated their commitment⁷¹ to continuing to work together in contributing to its aspirational objectives. Every day food retailers and wholesalers take action and you can find some examples on the EuroCommerce Sustainable Commerce website⁷².

Commitments already made under the Code of Conduct, should be cross-referred to when developing the Retail Transition Pathway and guide the types of actions necessary for the future resilience and sustainability of the retail ecosystem. In addition, the Retail Transition Pathway should be complementary to voluntary commitments already made, and not lead to duplication of efforts.

The potential contribution of retail & wholesale to the sustainability transformation and reduction in energy price volatility

Suggested action

- Refer to the potential of retail and wholesale support access to reliable energy prices if support for investment is given and call on Member States to create incentives to encourage easy and quick procedures to grant permits, and incentives, to install solar panels, heat pumps, wind power, etc.

As also referred to above, **the potential role of retail and wholesale in enabling access to reliable energy sources at affordable prices should be recognised.** Creating incentives to increase investments in net zero operations, including the generation and storage of green energy itself, can offer win-win outcomes. These benefits will help provide the EU with the opportunity to meet its climate goals and will encourage improvements in energy efficiency and innovation by businesses. This, in turn, will help reduce energy price volatility and offer more stable prices for EU citizens, improving the competitiveness of our EU businesses and the competitiveness of the EU itself, simultaneously.

Retailers and wholesalers need to invest up to €190 billion between now and 2030 to switch to renewable energy, as part of their investment in net zero stores (which requires an investment of up to €50 billion) and net zero warehouses (which requires an investment of up to €140 billion), **it could help the EU achieve its ambition to cut greenhouse gas emissions by 55%, compared to 1990 levels in accordance with the Fit for 55 Strategy.** Action by retailers and wholesalers toward net zero operations can **potentially reduce the sector's Scope 1 and Scope 2 emissions by 50-90% by 2030.**

There is huge potential when you consider the size of the real estate in the sector. It is estimated there is approximately 500 million sqm of real estate in the EU. One distribution centre, for example, can be the equivalent in size of an area of 28 football pitches.

⁶⁸ [The EU Code of Conduct on Responsible Food Business and Marketing Practices - EuroCommerce](#)

⁶⁹ [Sustainable Consumption Pledge \(europa.eu\)](#)

⁷⁰ [Race to Zero - EuroCommerce](#)

⁷¹ [488 farm-to-fork commitments so far...and still counting - EuroCommerce](#)

⁷² [EuroCommerce Sustainable Commerce website.](#)

Examples of what retailers and wholesalers are doing are set out on **EuroCommerce’s sustainable commerce webpage**⁷³ and its **energy webpage**.⁷⁴ Solutions need to be practicable and working with the government in dialogue can support change.

Retail and wholesale’s potential in nudging suppliers and customers in food retail

Collaboration

Suggested actions

- Highlight the importance of collaboration in the value chain and include examples that demonstrate how retailers and wholesalers are supporting primary producers, and SME manufacturers in the transition.
- Highlight the role the Commission can play, and call on Member States, to encourage, facilitate and provide visibility to collaborative initiatives that promote sustainability in supply chains and throughout the sector.
- Call on Member States to develop national initiatives that further develop consumer interest in sustainable products or the impact of their behaviour on the planet, working together with consumer representatives, NGOs, and education providers.
- Include examples that share the initiatives that retailers and wholesalers are involved with in energy transition, minimising food waste and nudging consumers and encourage others to learn from these best practices.

Sustainability transformation requires collaboration along the value chain. Retailers and wholesalers can collaborate to help suppliers (e.g. suppliers of private label products, SMEs) by **developing programmes** (e.g. capacity building workshops, providing analytical support, primary producers) to:

- **decarbonise manufacturing** and advance other aspects of sustainability (e.g. resource efficiency, biodiversity) and increase sustainable options.
- **use more recycled or bio-based plastics/materials** in plastic packaging or products and promote waste reduction.

This requires financial support and **ensuring competition rules and their enforcement provide legal certainty and predictability** on how actors can collaborate across the supply chain. This requires **consistent interpretation and enforcement by the Member States of guidelines, such as the Horizontal Block Exemption Regulation and guidelines, and the forthcoming guidelines related to Article 210 of the CMO Regulation**. Where there are doubts the European Competition Network should take a role in discussing best practices. The recent decision by the German Competition Authority in relation to the Initiative Tierwohl prohibited a practice, which otherwise would have been permitted under the Commission guidelines (had they been adopted).

Retailers and wholesalers play a key role in the value chain and can drive changes with suppliers and their own brand /private label assortment. These efforts cannot be achieved without collaboration and there are many examples, of collaboration with other supply chain actors.⁷⁵

Retailers and wholesalers need efficient, innovative, and sustainable suppliers, including farmers, to meet ever-changing customer demand. Sustainability involves overcoming some major challenges and the sector acts to help farmers in the transition process. **Retailers and wholesalers have launched a wide range of initiatives to improve sustainability - phasing out certain non-sustainable products, working with local actors in the supply chain, and improving production conditions and environmental impacts of what they buy and sell.** However, retailers have only very few direct dealings with farmers (less than 5%) and sustainability needs action from all parts of the chain.

Retailers have over the years invested in supporting local farmers in offering differentiation and choice to consumers and encouraging sustainable production. **Schemes such as dedicated supplier**

⁷³ <https://www.eurocommerce.eu/farm-to-fork/>.

⁷⁴ <https://www.eurocommerce.eu/energy-transition/>.

⁷⁵ [Farm to Fork - EuroCommerce](#)

networks, tri-partite contracts, and voluntary initiatives help address emerging trends in reducing pesticide use and enhanced animal welfare and often include a direct reward to farmers investing in these changes. They also **offer flexibility** to quickly respond to market needs, help **raise standards** ahead of legislation, and are **already contributing to many of the targets proposed under the Farm to Fork strategy for pesticides, fertilisers, and antibiotic use**, as well as **organic production**. The Commission and public authorities can help by supporting primary producers in the transition, but also by encouraging and facilitating collaborative initiatives that promote sustainability in supply chains and throughout the sector.

In addition, **retailers and wholesalers can support suppliers in the energy transition, through capacity building.** For example, supporting the transition to more resource efficiency (e.g. in planning routes), improving energy efficiency, and greener logistics and delivery.⁷⁶

Retailers and wholesalers are also looking for further ways to remove resource inefficiency within supply chains. Optimising planning and control systems and using automated ordering and forecasting systems based on sales data from previous years to support this.⁷⁷ There are also **business opportunities in collaborating with industry to develop products from by-products.**

They are also **working to find alternative uses for unavoidable food waste** – either as in animal feed or as inputs for renewable energy production. Where surpluses cannot be avoided, it is used in line with the food waste hierarchy. Preference is given to selling, donating or reusing surplus food to feed people before redirecting it to livestock. See also below in relation to food waste.

According to the first EU-wide monitoring of food waste data⁷⁸ published by Eurostat (2022), the retail and wholesale sector generated the least amount of food waste in 2020, accounting for only 7%. This demonstrates the dedication of retailers and wholesalers in actively combating food waste.

Retailers and wholesalers are key players in nudging consumers towards healthier and more sustainable choices and supporting market growth for sustainable and healthier products. Additionally, in the case of larger retailers, consumers can benefit from economies of scale (e.g. larger pack sizes) and thus have access to sustainable and healthy products at more affordable prices. Retailers and wholesalers invest time, effort and money into voluntary initiatives and schemes. These initiatives should be acknowledged, valued and combined with efforts made by the EU, Member States and consumers themselves to play their role in advancing sustainability.

To justify the investment in sustainable food systems, food business operators will need to market and make claims about their products' sustainability credentials. Robust criteria based on which claims can be made are essential to prevent misleading claims.

However, such initiatives need a collective effort. They require **collaboration and efforts made by the EU, Member States and consumers themselves to play their role in advancing sustainability.**

Generally, **advice, information, education, incentives, and convenience in a supportive and positive spirit** are what drive the sector toward nudging consumers. This helps secure their consumer base, building rapport, and nudging them towards a healthy and sustainable lifestyle.

Consumers have a choice for their purchases and exert that choice. **The sector has been pioneering organic and 'free-from' products, offering local foods and specialities, vegan choices, and alternatives to animal-based products, using third-party and private quality standards for their own brand products to ensure product quality and guide consumer choice.** For example, pre-Covid-19 pandemic, organic food sales grew 12% per annum across Europe, with growth driven particularly by larger, mainstream retailers who make up more than half of organic sales to consumers. A study undertaken by DG Competition in 2014¹ showed that private labels contributed to increased consumer choice. These labels continue to play an important role in innovation.⁷⁹

National initiatives that further develop consumer interest in sustainable products or the impact of their behaviour on the planet should be considered. Retailers and wholesalers are raising

⁷⁶ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#), pages 22-25

⁷⁷ See below for further explanations of how advanced analytics can improve resource efficiency.

⁷⁸ [EU-wide monitoring of food waste data](#)

⁷⁹ For example, [Congratulations to This Year's Retail Winners | PLMA's 2023 International Salute to Excellence Awards \(plmasalute.com\)](#)

consumer awareness⁸⁰ and action taken by other actors such as the Commission, education authorities and providers who could adapt school curricula, and consumer representatives or NGOs could drive further change.

Private Label

Suggested action

- Highlight how retail and wholesale, together with their suppliers, are innovators using examples from their private label products to highlight the potential and raise the profile.

Retailers and wholesalers are at the forefront of innovation. This is shown in the strength of private label products, where consumers surveyed noted that they were highly satisfied with private label products and 84% of respondents said the quality is similar to, or better than, the quality of branded products.⁸¹ In 2022, there was a strong correlation between market share development and the attractiveness of grocery retailer's private labels as perceived by consumers. This is expected to stay true in 2023.

According to a [2022 study](#) in Italy,⁸² 72% of consumers believe that private label assortments in Italian retailers allow them to buy high-quality products at affordable prices – for instance, 68% of surveyed consumers stated that private labels allow them to buy organic products at good prices. 55% of Italian consumers see private label products as important for sustainability and the environment.

Packaging & Packaging Waste

Suggested actions

- Highlight the role of packaging to help reduce food waste, support handling, distribution and storage, prevent cross-contamination and contribute to consumer information and product distinction.
- Highlight how retailers and wholesalers are collaborating toward reducing packaging and packaging waste and increase an understanding as well as encouraging others to learn from these best practice examples.

Retailers and wholesalers support harmonising EU rules for packaging and a true Single Market for waste and circularity. **The future Packaging and Packaging Waste Regulation needs to update the rules for all packaging placed on the EU market**, including recyclable packaging, reusable packaging and recycled content in packaging. It is estimated that retailers and wholesalers need to invest €10-20 billion up to 2030 to increase the circularity of packaging⁸³. All packaging and food-related regulations should support our members in their efforts and provide clarity and legal certainty.

Packaging fulfils several functions to protect products and allow them to be handled along the whole supply chain and sold to the consumer. Besides the important packaging functions mentioned in the Staff Working Document, the **packaging is also essential to help reduce food waste, support handling, distribution and storage, prevent cross-contamination** (e.g. for allergens, conventionally farmed produce to organic produce) **and also contributes to consumer information and product differentiation**.

Retailers are best placed to consider offering unpacked produce based on their assortment assessment and many retailers and wholesalers are doing this already and plan to extend the offer of unpacked fresh produce.⁸⁴ **There is no one-size-fits-all solution** for packaging reduction and for offering unpackaged fresh fruits and vegetables. Careful assessment is needed to prevent

⁸⁰ [Education & Lifestyle - EuroCommerce](#)

⁸¹ https://www.eurocommerce.eu/app/uploads/2023/04/State-of-grocery-2023_Low-res.pdf

⁸² ADM/Ambrosetti/Ipsos [Marca del distributore e consumatore nella società che cambia](#) 2022.

⁸³ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

⁸⁴ [Packaging - EuroCommerce](#)

unintended consequences resulting in increased food waste, especially with a proposal⁸⁵ for binding food waste reduction targets now published. **Additional food waste, cross-contamination, and overly complicated regulation should be avoided for an issue that retailers and wholesalers and their suppliers already tackle** while balancing packaging reduction with food waste prevention.

Scope 3 emissions

Suggested actions

- Call on Member States and supply chain actors to engage in a dialogue to create a common understanding of the scale and scope of Scope 3 emissions and expectations of the actors, which avoids fragmentation of the Single Market.
- Highlight and encourage the creation of a common carbon language, including calculating emissions at supplier and user level.
- Call for action and commitments to facilitate end-to-end data transparency – data transmission along the supply chain.
- Highlight the importance of clear, fit-for-purpose, simple-to-implement and interoperable **sustainability reporting standards**, so companies reporting pursuant to the Corporate Sustainability Reporting Directive operate with a coherent approach and have less administrative burden, which should include cross-referencing or digital tagging to reduce the risk of duplicate reporting.
- Call on the Commission and the European Financial Reporting Advisory Group to accelerate the timetable and transparency in developing guidance and targeted and streamlined future sector-specific standards for the retail ecosystem and/or provide a phased in implementation.
- Share and reward best practices to encourage and inspire more sustainable activities.

Actions by retailers and wholesalers to advance toward net zero operations in stores, warehouses and logistics are estimated to require investments of between €120 and €300 billion from now until 2030. This has the potential to help retailers and wholesalers reduce Scope 1 and Scope 2 greenhouse gas emissions by 50-90% by 2030 and make progress in reducing Scope 3 emissions. Scope 2, in this respect, can include emissions of suppliers, e.g. those producing private label products.⁸⁶

EuroCommerce is an accelerator for the Race to Zero 2030 Breakthroughs: Retail Campaign. This is a commitment to drive climate action and support EU's retailers and wholesalers in setting out their plans to half greenhouse gas emissions by 2030 and achieve net-zero carbon emissions by 2050 at the latest.⁸⁷

However, **the need to have and collect data about scope 3 emissions is an enormous task** and some initiatives at national level (e.g. GS1 Spain⁸⁸, UK cooperation of main supermarket chains to have reporting template for suppliers⁸⁹) try to find a way to ensure data flows along the supply chain. **This requires a Single Market approach** that avoids national standalone measures that cause fragmentation where Member States wish to be more ambitious. There is, therefore, **a need for more dialogue to create a common understanding of the scale and scope of Scope 3 emissions and expectations of the actors in the agri-food ecosystem.**

This is **particularly important given the requirements for reporting under the Corporate Sustainability Reporting Directive.**⁹⁰ Information related to greenhouse gas emissions from Scope 1, 2, and 3 is requested multiple times in slightly different formats and also applies to international

⁸⁵ [Food waste reduction targets \(europa.eu\)](https://europa.eu)

⁸⁶ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

⁸⁷ [Race to Zero - EuroCommerce](#)

⁸⁸ [Home - GS1 Spain \(gs1es.org\)](#)

⁸⁹ [Monitor, Measure and Report Scope 3 Emissions \(brc.org.uk\)](#)

⁹⁰ [Corporate sustainability reporting \(europa.eu\)](#)

standards that are currently being developed by the International Sustainability Standards Board⁹¹. **Sustainability reporting standards need to be clear, fit for purpose, simple to implement and interoperable among each other so companies report in a meaningful way that will create lasting change.** Important is also **that sustainability reporting standards include provisions to ensure that cross-referencing or digital tagging is available to reduce the risk of duplicative reporting.** A coherent, coordinated and interoperable approach is important for less administrative burden and accurate and easily accessible information for all stakeholders.

To assist retailers and wholesalers in implementing the requirements, guidance and the development of targeted and streamlined future sector-specific standards are needed. The European Financial Reporting Advisory Group (EFRAG) and the Commission should **accelerate the timetable and transparency with respect to the proposed work plan against the set of sector-specific standards initially identified by EFRAG and/or provide for a phased-in approach to implementation for in-scope entities and the third-country standard.** Considering the large amount of data already requested, **the development of sectoral standards should be restricted to a limited set of necessary alternatives or additional data points, which are needed to translate reporting requirements to these specific sectors.** Any such alternative or additional data points should be justified either because there is a more appropriate industry-specific metric already existing elsewhere or because the horizontal standards turn out to be not entirely suitable for certain sectors.

Retailers and wholesalers have shown their commitment to responding to sustainable challenges within their sphere of influence. **A rewarding mechanism to promote good practice and help companies thrive towards more sustainable investment is needed.** The Taxonomy should enable economic operators to **inspire more sustainable activities.** The EU taxonomy aims to become a comprehensive classification system to help comparison. Yet, retailers and wholesalers seem to be still underrepresented. Some actions led by the sector are not included in the list of actions eligible in the EU taxonomy and this is problematic for our sector and the sustainable transformation of the EU.

The retail and wholesale sector is in the midst of transformative change and investing now in transforming digitally and sustainably and in talent and skills is crucial. However, the underrepresentation in the Taxonomy could hinder our member's efforts if it leads to decreased interest from investors in retail and wholesale companies. **We urge the European Commission to develop intermediate categories within the Taxonomy to enable and incentivise sustainable activities of retailers and wholesalers.**

Food environment

Suggested actions

- Highlight the role the Commission can play in creating a framework to enable food business operators to market and make claims about their products' sustainability credentials.
- Explain how in-store location is determined and marketing and advertising negotiated. This will help ensure initiatives aimed at helping consumers with their purchasing decisions match how marketing and advertising are organised and how shelf space is allocated. Contractual negotiations can limit free choice but the ability to freely contract can enable retailers and wholesalers to strike deals that help reduce consumer prices.
- Call on Member States to develop national initiatives that further develop consumer interest in sustainable products and the impact of their behaviour on the planet, working together with consumer representatives, NGOs, and education providers.

Structuring public space and the food environment to facilitate sustainable consumption is an interesting, positive trend. This could **help raise the profile of what the established stakeholders (retailers, processors) are doing locally to help meet sustainability objectives** and support retailers as the conduit for bringing those items to consumers. It could raise the profile of retailers locally, investing in sustainable choices and working with local producers.

⁹¹ [IFRS - International Sustainability Standards Board](#)

As regards **in-store location**, the sector serves a wide range of consumers, offering a broad choice, and helping consumers with their purchasing decisions in line with their lifestyle and ethical considerations. **Since the allocation of shelf space is part of contractual negotiations**, it is important to acknowledge that **choices are not free and involve complex interactions between actors in the supply chain**. The same situation applies to advertising and marketing campaigns.

Generally, **advice, information, education, incentives, and convenience in a supportive and positive spirit** are what drive the sector toward nudging consumers. This helps secure their consumer base, building rapport, and nudging them towards a healthy and sustainable lifestyle.

Consumers have a choice for their purchases and exert that choice. **The sector has been pioneering organic and ‘free-from’ products, offering local foods and specialities, vegan choices, and alternatives to animal-based products, using third-party and private quality standards for their own brand products to ensure product quality and guide consumer choice**. For example, pre-Covid, organic food sales grew 12% per annum across Europe, with growth driven particularly by larger, mainstream retailers who make up more than half of organic sales to consumers. A study undertaken by DG Competition in 2014¹ showed that private labels contributed to increased consumer choice. These labels continue to play an important role in innovation.⁹²

National initiatives that further develop consumer interest in sustainable products or the impact of their behaviour on the planet should be considered in discussions on the food environment. Retailers and wholesalers are raising consumer awareness⁹³ and action taken by other actors such as the Commission, education authorities and providers who could adapt school curricula, and consumer representatives or NGOs could drive further change.

Food waste

Suggested actions

- Highlight that only 7% of food waste in 2020 was generated by the retail and wholesale sector and the examples of initiatives, including the ambitious targets set by some retailers and wholesalers, to increase understanding and encourage others to learn from these best practices.
- Call on Member States to develop proportionate and feasible national food waste strategies and plans to prioritise consumer awareness campaigns and reduce the uncertainty concerning food safety. These should run in complement to the EU driving the agenda through the European Semester, its own communication campaign, exchange of best practices or working with progressive cities similarly to the Intelligent Cities Challenges.

Reducing food loss and waste is essential for both economic and environmental reasons and requires action across the food supply chain. The sector’s priority is to prevent food waste and surpluses from occurring in the first place. It is too simplistic to lay responsibility for waste in primary production on one sector alone. It requires a **collaborative, whole-chain approach** to identify and implement multiple solutions.

Retailers and wholesalers pursue a range of measures to avoid food waste along the entire supply chain - from pre-delivery to in-store and beyond. In addition to **initiatives like the 2012 Retail Agreement on Waste and commitments** outlined in the EU Code of Conduct, they adopt their **own initiatives and targets and collaborate with national associations**⁹⁴ to go beyond what legislation requires. Acknowledging the urgency of addressing food waste as a pressing global issue, retailers and wholesalers support and **participate in international initiatives such as the Consumer Goods Forum Food Waste Resolution**⁹⁵, under which leading food companies and retailers have pledged to halve the amount of food waste within operations by 2025 and World Resources Institute’s 10x20x30 initiative⁹⁶, where over 10 global retailers have committed to

⁹² For example, [Congratulatory to This Year’s Retail Winners | PLMA’s 2023 International Salute to Excellence Awards \(plmasalute.com\)](https://plmasalute.com/)

⁹³ [Education & Lifestyle - EuroCommerce](#)

⁹⁴ [Food Waste - EuroCommerce](#)

⁹⁵ [The Consumer Goods Forum Launches Food Waste Coalition of Action - The Consumer Goods Forum](#)

⁹⁶ [RELEASE: Major Food Retailers & Providers Join New “10x20x30” Food Loss and Waste Initiative | World Resources Institute \(wri.org\)](#)

engaging and guiding at least 20 of their suppliers to halve food loss and waste by 2030.

Retailers and wholesalers are also looking for further ways to remove resource inefficiency within supply chains. **Optimising planning and control systems** and using **automated ordering and forecasting systems** based on sales data from previous years to support this.⁹⁷ There are also **business opportunities in collaborating with industry to develop products from by-products**.

They are also **working to find alternative uses for unavoidable food waste** – either as in animal feed or as inputs for renewable energy production. Where surpluses cannot be avoided, it is used in line with the food waste hierarchy. Preference is given to selling, donating or reusing surplus food to feed people before redirecting it to livestock.

According to the first [EU-wide monitoring of food waste data](#) published by Eurostat (2022), the retail and wholesale sector generated the least amount of food waste in 2020, accounting for only 7%. This demonstrates the dedication of retailers and wholesalers in actively combating food waste.

However, it is important to note that **food safety is non-negotiable and precompetitive**. **Strict rules exist** for all stakeholders in the supply chain. Amending use by and best before dates is a good step however, **consumers might still throwaway foodstuff if they are not certain**.

Consumers generate the most food waste (53%). Retailers and wholesalers employ various strategies, including campaigns and education to help consumers reduce the amount of food waste at home. However, retailers and wholesalers, do not have direct influence or control over food waste at the household level. **It is essential for national food waste strategies and plans to prioritise consumer awareness campaigns to address this issue effectively**. This also requires Member States to have in place the infrastructure to collect, sort, and re-use food waste from homes and possible incentives to ensure they are used.

To encourage further action on food waste, **the EU, for example, could drive further change nationally through messages in the European Semester or raise awareness** (e.g. through a communication campaign on simple ways to reduce food waste by collecting best practices from agri-food ecosystem stakeholders). Similarly, **engaging at the city level, with the most progressive cities, could encourage best practice exchange on initiatives and encourage replication (e.g. in a similar manner to the Intelligent Cities Challenge)**. Such strategies need to be proportionate and feasible, taking into account the capacity particularly of SMEs.

Certification

Suggested action

- Highlight the voluntary certification schemes that are successfully operating on the market and their positive role.

Certification schemes can help shift to more sustainability, especially when they are developed and applied extensively and respond to a specific demand, for example, driven by consumers or an identified need in the supply chain. **Where such schemes gain consumer trust, they should be recognised and valorised**, rather than starting something new.

Voluntary schemes have provided a basis for positive and mutually beneficial relationships between producers, purchasers, and NGOs to raise sustainability standards, such as on animal welfare, the environment, social, trade etc. **These standards allow for flexibility for supply chain operators to drive the sustainability agenda more ambitiously and effectively than regulation**. In a highly competitive market, they allow retail and wholesale to stand out from their competitors and provide a tool for consumers.

Many such initiatives are currently operating successfully on the market. The commitments under the Code of Conduct further provide a good insight into the breadth and depth of existing initiatives, creating market opportunities and responding to consumer expectations. **The positive role** of such private quality standards and schemes, their practicality, replicability, and their contribution to a sustainable food system together with other actors should be considered.

⁹⁷ See below for further explanations of how advanced analytics can improve resource efficiency.

The **use of initiatives especially when they vary between Member States can have an impact on the free movement of goods in the Single Market.** This requires a balance.⁹⁸ Retailers and wholesalers also need coherence when discussing food waste particularly where there may be a cross-over into 'waste'.

Retailers and wholesalers often centrally source or centralise production, for example, of private label products destined for different Member States, to benefit from economies of scale that can translate to cost savings for consumers. **The proliferation of national certification schemes can be detrimental to these efficiencies and create barriers to the free movement of goods.**

Similarly, retailers and wholesalers have invested in their own certification schemes and built consumer trust. **The development of additional certification schemes can result in consumer confusion or undermine the incentive to develop such schemes.**

Where certification schemes are not transparent or lack a robust methodology, their use can pose risks of damage to credibility and accusations of greenwashing. This is particularly the case where responsibility is placed on retailers and wholesalers irrespective of what may be within their control or the information they have access to.

New trends in price transparency

Suggested action

- Include examples of experiments by retailers and wholesalers to increase understanding of new trends and consumer interest in them.

Retailers and wholesalers are also experimenting with new trends on price transparency in the food supply chain⁹⁹ and alternative proteins.¹⁰⁰ These experiments and experiences should be taken into account for example, for best practice exchange on how bottlenecks such as those caused by legislation, lack of standards, food safety, certification, etc. can be addressed and overcome to enable innovation. They also may give insights on the external costs for society from externalities, enabling greater comparison of production methods per product groups, to see the differences in impact (e.g. greenhouse gas emissions, air pollution, water use, animal welfare) and help assess where action in the supply chain is best targeted. This could support supply chain actors as well as policymakers and consumer representatives. It could also offer an opportunity for differentiation if it could support transparency on sustainability and increase consumer trust.

Retail and wholesale's potential in nudging suppliers and customers in non-food

Suggested action

- Highlight how retailers and wholesalers are nudging suppliers and customers in sustainability, to help reduce energy bills and support their customers; to increase understanding and encourage others to learn from these best practice examples.

The same principles set out above in relation to collaboration, private labels, packaging and packaging waste, certification and new trends in price transparency equally apply in non-food retail and wholesale. **Examples are set out in pledges made pursuant to the Green Consumption Pledge initiative¹⁰¹, which includes targets to reduce company and product carbon footprints, accelerate the share of eco-designed products, promote sustainable practices including circularity, and information to consumers.**

Retailers and wholesalers have launched many initiatives to help consumers reduce their energy bills.¹⁰² These could be made more effective, for example, by EU or national communication

⁹⁸ See also section below, 'National labelling'.

⁹⁹ [PENNY labels its first products with "true prices" - REWE Group \(rewe-group.com\)](https://www.rewe-group.com)

¹⁰⁰ [Differentiated Solutions | Health through Food | Jerónimo Martins \(jeronimomartins.com\)](https://www.jeronimomartins.com)

¹⁰¹ [Sustainable Consumption Pledge \(europa.eu\)](https://europa.eu)

¹⁰² <https://www.eurocommerce.eu/energy-transition/>.

campaigns that could help more consumers know what initiatives have been set up or links included on government websites to help consumers know where to look for advice or top tips.

Wholesale plays a role in sustainability transformation that is often not as visible to consumers. This includes **the provision of advice and more sustainable options by electrical and construction wholesalers, who may be supplying tradespeople and construction projects** with more energy-efficient solutions and innovations (e.g. heat pumps, LED light bulbs, movement sensitive lights, better insulation, etc.).

Retail and wholesale efforts can be supported by action by the EU, Member States and consumers

Increasing consumer awareness

Suggested action

- The Commission, together with a call on Member States, could develop national initiatives that raise awareness of the importance sustainable products or the impact of behaviour on the planet; guided by best practices and based on consumer research.

Convincing consumers to adopt more sustainable shopping habits can be difficult. This is also where sustainable products are often more expensive, and there may be resistance to paying higher prices for eco-design products or consumers might not fully understand the environmental impact of their choices. Concerns about greenwashing have also exacerbated this problem.

The efforts of retailers and wholesalers could be made more effective if alongside them, **the Commission encourages Member States** (e.g. through the European Semester, through communication campaigns such as the EU Year of Sustainability, collaboration and actions with stakeholders in for instance the Consumer Policy Advisory Group, or by other means) **to develop consumer interest in sustainable products or the impact of behaviour on the planet.** For example, through awareness-raising campaigns, investment in education to better inform/nudge consumers or future consumers toward more sustainable choices and practices, reduction in waste, energy efficiency, interest in repair and re-use, renting, etc.). **Such initiatives should be guided by best practices and based on consumer research.**

Supporting extended producer responsibility

Suggested actions

- Highlight the need to clarify responsibilities, including for costs, to incentivise the development of infrastructure to collect, sort, reuse and recycle waste, or achieve higher rates of closed-loop recycling.
- Call on Member States to develop and incentivise opportunities through public-private partnerships.
- Recognise the scale of investment needed and share examples to inspire others to learn from them; with a practical understanding of how the change needs to be put into practice (e.g. infrastructure needs, skills, use of real estate, circularity mindset).

If retailers and wholesalers are to play their part **in making extended producer responsibility a reality, it will require extensive investment by the Member States in infrastructure.** It requires collection, sorting and recycling capacity to turn waste into a resource.

Retailers and Wholesalers are innovating and developing their own infrastructure to collect, sort, reuse and recycle plastic waste or food, to achieve higher rates of closed-loop recycling.¹⁰³ For these to be widely deployed, **there needs to be clarity on responsibilities, including for costs, and more development of opportunities through public-private partnerships.** Practically, such

¹⁰³ [McKinsey/EuroCommerce, Transforming the EU retail and wholesale sector](#)

investments can be supported through **easier and quicker procedures to grant permits** to allow structural changes (e.g. to install onsite recycling facilities).

There also need to be effective policies to achieve the objective of encouraging the design of products with recyclability and sustainability in mind.

Supporting the growth of new business models

Suggested action

- The Commission could call on Member States to provide the infrastructure and adapt their town and country planning frameworks and procedures to be more agile so it is easier and quicker to grant permits, to enable new business models to develop.
- Enable businesses to develop a sustainable business model for repair and provide financial incentives making repair the most attractive option to businesses and consumers.
- Highlight the need for supporting policies, and a new approach to product safety rules that could encourage a second hand market by adopting a pragmatic approach that does not rely disproportionately on a product-by-product conformity check.

Retailers and wholesalers are developing new business models based around repair, refurbishment, remanufacturing, and re-use. In a similar way to supporting extended producer responsibility, infrastructure is needed.

EU legislators should **make repair the most attractive option for consumers and businesses**, and establish a culture for repair and reuse in Europe. The Commission has made an encouraging first step but, in our view, a circular economy can only be established in combination with incentives, which are now missing in the legislative proposal on repair.¹⁰⁴

Some retailers and wholesalers want to develop their own infrastructure, for example, to collect, sort, reuse and recycle plastic waste or products at the end of their use, to achieve higher rates of closed-loop recycling. This could require the Commission to **encourage Member States to adapt their town and country planning frameworks and procedures to be more agile, including in (historic) town centres, so that it is easier and quicker to grant permits** (e.g. to repurpose real estate, to adapt stores to allow experimentation with new business models or install such infrastructure). Similarly, to **enable new warehouses and fulfilment centres**, including dark stores, in a manner that takes into account the interest of all stakeholders so that there can be 'peaceful co-existence' of such business models that may serve local populations. As well as **engaging all actors**¹⁰⁵ involved with town and country planning procedures and decisions **to understand and facilitate the changes needed. Taking a Single Market approach in supporting measures**, would also support new business models, for example, to stop the disparity in sorting and recycling across Member States.

The scale of investment needed to move to circularity is huge. It requires **massive investments to scale up the flow from a retailer to final customers and from final customers to the retailer** (e.g. in terms of repair, buy-back, second-hand sales, recycling, renting), **to make products repairable** (e.g. in workshops, or by customers) and **to dedicate space to second-hand items** in stores. It requires the **technicians to have the skills as well as the space to repair products**. Despite these hurdles, there are examples of retailers developing such initiatives.¹⁰⁶

We will also **need policies that encourage the circular economy, reducing waste and reusing materials**. For example, in relation to recycling, product re-use and reduction of single-use plastics **taking on board what retailers and wholesalers are already doing to work in support, rather than against what is already developed**.

¹⁰⁴ [EuroCommerce position paper repair July 2023](#)

¹⁰⁵ For example, through roundtables that enable exchanges between all key local actors such as local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities, HoReCa, etc.

¹⁰⁶ [Transition Plan 2020-2026 \(decathlon.com\)](#)

The current and future regulatory framework also needs to consider the right balance between the obligations of different parties in the value chain in line with long-established EU acquis. The distribution sector conscientiously fulfils its obligations in its dual role of both placing and making available its own brands. However, with respect of other products, the sector is not equipped to take on responsibilities that are better placed with those who control production and standards. The situation is in many ways detrimental to retailers.^[OBJ] **The sales of second hand, repaired and refurbished goods are further complicated**, on top of due diligence requirements, **because these products are subject to the same product safety conformity requirements as new products**, but must be examined product-by-product instead of by batches or models. This limits the profitability of the second-hand market. In a similar way, incentives need to be encouraged to make repairability attractive^[OBJ] and consider the practical way that consumers use products that are not always with due care.^[OBJ]

Digitalisation & Sustainability

Suggested action

- Increase the use of advanced analytics in a manner that balances transparency and respects commercial interests, built on international and open product identifiers.

EuroCommerce welcomes the link between sustainability and digitalisation. **The advantages of the use of advanced analytics are well described as a contributor to supporting transformation goals.** These include helping the advance to net zero, improving demand forecasting, and better use of waste streams. Improvements in data management and IT systems can also enable retailers and wholesalers to access and use data included in the digital product passports for circularity.

The potential to optimise **the use of advanced analytics also requires a balance between transparency and respect for commercial interests.**¹⁰⁷ It also should be built on international and open product identifiers.

Moving to just-in-time delivery is not always compatible with how supply chains are organised

Suggested action

- Highlight that advanced analytics can play a part in better demand forecasting, but it should not be assumed that ‘just-in-time’ automatically creates efficiencies or is more sustainable.

It should not be assumed that digitalisation could help retailers and wholesalers move to ‘just-in-time’ delivery. This does not take into account the way retailers and their suppliers organise the supply chain for non-fast moving consumer goods. In textiles, for example, retailers and wholesalers often order months in advance, pre-paying a percentage to suppliers before delivery of goods. This helps suppliers finance their costs (e.g. raw materials) and improving the timing of part of their cash flow. At delivery time, retailers and wholesalers pay another percentage of the invoice. Another percentage is paid later, when the retailer has sold at least some parts of the order and generated some cash. **This is also why the proposal for a Regulation on Late Payment should preserve freedom of contract to ensure that long payment periods can remain.**

Strict payment caps will change this established organisation of the supply chain to a just-in-time system. This would reduce efficiency by forcing retailers and wholesalers to switch to a more costly and specialised just-in-time supplier or buy in bulk to achieve the same savings that scale can offer. The first option is cost-prohibitive given the low margins and the low number of just-in-time suppliers in the market, and the second is not feasible if storage is not available or the cost of storage exceeds any savings that could be made. It could also force retailers and wholesalers to limit the stock they offer to the most popular products, with order on demand being offered at a cost premium for customers, limiting their ability to offer a range of products and reducing their competitiveness against other players that offer wider choice and quicker delivery.

¹⁰⁷ The same principle is discussed and valued in the Commission communication: Towards a Common European Tourism Data Space: boosting data sharing and innovation across the tourism ecosystem, Brussels, 20.7.2023 C(2023) 4787 final [C_2023_4787_1_EN_ACT_part1_v4.pdf \(europa.eu\)](#)

Advanced analytics can play a part in better demand forecasting, but it should not be assumed that ‘just in time’ automatically creates efficiencies or is more sustainable.

Digital Product Passports

Suggested action

- Highlight how retailers and wholesalers are using digital means to communicate with consumers to increase understanding and encourage others to learn from these best practice examples.
- Highlight initiatives and best practices that are successfully increasing consumer engagement.
- Encourage a step-by-step approach on digital product passports building on the experience gained.
- Highlight the need for transition periods for the collection of data and recognise the time it can take for new ideas to become part of the workings of the supply chain.
- Highlight the need for international and open product identifiers for digital traceability.

The **new digital product passport** as part of the Ecodesign for Sustainable Products Regulation is **an opportunity to help consumers and businesses make informed choices** when purchasing products and to improve transparency about products’ life cycle impacts on the environment.

The roll out of the digital product passport should be taken into account as part of the evidence base to determine how digitalisation can improve consumer’s choice and if they are effective. For these digital product passports to be effective, they also should be developed in conjunction with initiatives that develop consumer interest in circularity.

It is essential to maintain the roles and responsibilities of all business operators concerned – from manufacturing to the point of sale –to ensure proper and well-functioning digital solutions for labelling. There must be clarity throughout the supply and value chain regarding the responsibilities of each business operator to ensure legal certainty and avoid duplication.

To gain experience with digital product passports and avoid overambitious goals, we propose to start by including only already existing legal information requirements. This enables digital product passports to be an opportunity to **streamline information via e-labelling**. The digital product passports would permit the simplification and enhanced traceability and information provisions through e-labelling solutions. After gaining experience with this tool, further relevant information and data requirements could potentially be added. Such mandatory product information should be based on the needs of the specific product group, have a purpose, and be proportionate.

This **requires appropriate transition periods for industry to set up the infrastructure and collect and process the requested data**, as digital product passports are a new concept for the supply chains and will need time to be prepared and implemented.

Digital traceability has the potential to optimise transparency in the food supply chain, provided that it is based on international and open product identifiers. Digitalisation has the potential to improve other B2B operations in the supply chain (e.g. resource optimisation, demand forecasting) as described above.

Harmonising approaches could also offer the possibility to support the scale up of circular business models and eco-design, that could consider harmonised reparability indexes or reparability scoring schemes, offering support.

Retailers communicate with millions of consumers every day through product labels, point of sale information, leaflets, and websites and increasingly through modern means of communication. Over time, information and labelling requirements have continued to grow due to regulatory requirements for food and non-food products. In addition, companies develop voluntary initiatives to meet new and increasing demands for information from (increasingly connected) consumers. **Demand to add new information on packaging or directly on the product**

is reaching saturation and the (limited) space on the packaging is needed for communicating key mandatory requirements.

With **new digital technologies, new information applications, including apps**, have developed that can **convey much of the required information to the consumer in a dynamic and relevant way**. Retailers and wholesalers are using digital communication with consumers and such initiatives can be of inspiration to others.¹⁰⁸

5.3 Investment and Funding

The same comments set out in section 4.3 above apply to the sustainability transformation, particularly in relation to the Corporate Sustainability Reporting Directive.

5.4 Enabling regulatory and policy framework

EuroCommerce welcomes the overview of the existing policy framework. It invites the Commission to take note of its positions in relation to the following initiatives:

- RePowerEU plan.¹⁰⁹
- Circular Economy Action Plan¹¹⁰
- Digital Products Passport¹¹¹
- Directive on common rules promoting the repair of goods (right to repair)¹¹².
- Strategy for Sustainable and Circular Textiles¹¹³
- Waste Framework Directive¹¹⁴
- Energy Performance of Buildings Directive¹¹⁵
- Renovation Wave Strategy¹¹⁶
- Packaging and Packaging Waste¹¹⁷
- Vertical Block Exemption Regulation¹¹⁸
- Horizontal Block Exemption Regulation¹¹⁹
- Guidelines pursuant to Article 210 of the Common Market Organisation Regulation¹²⁰

In addition, EuroCommerce suggests the following regulatory initiatives are also considered given the role of retailers and wholesalers in the agri-food ecosystem:

- The EU Farm to Fork strategy.¹²¹
- Legislative Framework for Sustainable Food Systems.¹²²
- Response to the evidence review report and policy recommendations by the EU Scientific Advice Mechanism (SAM) on Sustainable Food Consumption.¹²³

¹⁰⁸ [SmartWithFood - Step by step towards a healthier life, K Group to introduce the first purchase data-based nutritional calculator in the Nordics \(kesko.fi\)](#)

¹⁰⁹ [2022.05.18-REPowerEU.pdf \(eurocommerce.eu\)](#)

¹¹⁰ See: [Publications Archive - EuroCommerce](#), search term 'circular'

¹¹¹ [2022.02.22-EuroCommerce-and-GS1-in-Europe-call-for-open-inclusive-and-decentralised-EU-Digital-product-passport.pdf](#) and [eurocommerce.eu/app/uploads/2023/05/230504-Joint-Retail-Statement-on-the-Digital-Product-Passport_FINAL.pdf](#)

¹¹² [Publications Archive - EuroCommerce](#), search term : 'repair'

¹¹³ [EuroCommerce feedback accompanying the answers to the questionnaire of the public consultation on the EU Strategy for Sustainable Textiles](#)

¹¹⁴ [2023.07.05-Retailers-and-wholesalers-weigh-in-on-waste-framework-directive.pdf \(eurocommerce.eu\)](#)

¹¹⁵ [2023.03.14-Energy-Performance-of-Buildings-Directive.pdf \(eurocommerce.eu\)](#)

¹¹⁶ See Wholesale Day 2021: [Wholesale Day - EuroCommerce](#)

¹¹⁷ [Publications Archive - EuroCommerce](#), search term : 'packaging'

¹¹⁸ [Vertical Block Exemption Regulation and Guidelines – EuroCommerce views on the Commission proposed drafts](#) and [2022.05.10-Vertical-rules—adapted-for-an-omnichannel-future-but-some-uncertainty-remains.pdf \(eurocommerce.eu\)](#)

¹¹⁹ [Feedback from: EuroCommerce \(europa.eu\)](#) and further information available on request.

¹²⁰ [Feedback from: EuroCommerce \(europa.eu\)](#)

¹²¹ [Publications Archive - EuroCommerce](#), search term : 'farm to fork'.

¹²² [2022.04.28-Sustainable-food-initiative.pdf \(eurocommerce.eu\)](#). Further information can be provided on request.

¹²³ Further information can be provided on request.

- Commitments made under the EU Code of Conduct on Responsible Food Business and Marketing Practices.¹²⁴
- Key recommendations made under the EU Platform on Food Losses and Food Waste.¹²⁵
- European Food Security Crisis preparedness and response mechanism.¹²⁶
- Communication on Safeguarding food security and reinforcing the resilience of food systems.¹²⁷
- Packaging and Packaging Waste Directive.¹²⁸
- Feedback on the proposal for a Green Claims Directive.¹²⁹
- EU Regulation on deforestation-free products.¹³⁰
- Trade Policy review – an open, sustainable and assertive trade policy.¹³¹

6. A Retail Ecosystem empowered by Skills

Suggested actions

- Highlight the contribution of retailers and wholesalers across the EU, as many of their headquarters are located outside of national capitals, which enables them to provide multiple types of jobs, employ a high proportion of women, offer part-time and full-time work opportunities and youth employment.
- Highlight the need to avoid disincentives for the employment opportunities retail and wholesale can provide, for example to inactive groups where more flexibility may be required.

EuroCommerce welcomes the overview of the retail and wholesale's role as the first private employer in the EU and offers the following additional reflections on the description provided.

As set out in the Value of European Retail¹³², **retail's contribution to employment is geographically spread, with retail in the top 3 industrial employers in 95% of Europe's regions.** Retail headquarters **provide high-quality jobs outside of capital cities**, as less than 1 in 3 of the largest European retailers has their global headquarters in a national capital, when compared to 1 in 2 of the largest European banks.

Retail plays an important social role for many people who may have a harder time finding a (first) job. It is a key source of **employment for women** (62% of the workforce, compared to 46% in the general working population). It provides **flexible jobs with about a third (32%) of part-time workers** and provides job opportunities for people with less experience and education. 80% of the workforce has no tertiary education. It is an important first entry into the workforce with 15% of retail workers in Europe aged under 25 (compared to 9% in the general working population).

As set out in the publication 'Wholesale at the Centre of Europe's Economy'¹³³, **wholesale provides work to 10.6 million Europeans (5% of EU employment).** Salaries and wages in wholesale are higher than in other sectors such as hospitality and food services, as well as administrative and support services. Wholesalers provide sustainable and open-ended full-time employment for the majority of their workers.

To ensure that such opportunities can continue to be given to integrating inactive groups, those willing to work, people living with disabilities, and migrants, a certain flexibility is necessary to ensure that disincentives for employment are not created. For example, wages should be set at

¹²⁴ <https://www.eurocommerce.eu/farm-to-fork/eu-code-of-conduct/>

¹²⁵ [EU Platform on Food Losses and Food Waste \(europa.eu\)](#)

¹²⁶ [2022.03.23-Food-security-4-actions-for-policymakers.pdf \(eurocommerce.eu\)](#); [EuroCommerce's Feedback to the Commission's Roadmap on a Contingency plan ensuring food supply and food security](#)

¹²⁷ As above.

¹²⁸ [Publications Archive - EuroCommerce](#), search terms : 'packaging'.

¹²⁹ [2023.03.22-Retailers-and-wholesalers-support-clear-rules-on-green-claims.pdf \(eurocommerce.eu\)](#)

¹³⁰ [Experience by retail and wholesale to fight deforestation \(eurocommerce.eu\)](#)

¹³¹ [2021.02.18-Trade-Policy-Review.pdf \(eurocommerce.eu\)](#)

¹³² [The Value of European Retail - EuroCommerce](#)

¹³³ [Wholesale at the Centre of Europe's Economy - EuroCommerce](#). Please note that figures are in the process of being updated.

the closest possible level to the workplace to adequately respond to the transformation¹³⁴ **and the role of social partners in collective bargaining at national, sectoral and company level is paramount.** Similarly, retailers and wholesalers should not be deterred by administrative burden, legal risks or lack of flexibility on working arrangements.

In addition, **action needs to be taken to reform the supporting infrastructure** such as improvements to the affordability and accessibility of child-care facilities to address the unequal distribution of household and caregiving responsibilities.

Labour market shortages

Suggested action

- Highlight the difficulties retailers and wholesalers face caused by labour market shortages limited workforce readiness and difficulties in finding, recruiting and retaining talent.

Many retailers and wholesalers encounter roadblocks, including limited workforce readiness and difficulties in finding, recruiting, and retaining talent. According to the EuroCommerce/McKinsey Investment study **these challenges could persist for years to come, and the difficulties may be even greater for the many SMEs.** Retailers and wholesalers may need to hire as many as 800,000 to 1.5 million new people yearly across the sector until 2030.

The job vacancy rate in the retail and wholesale sector reached an all-time high of 1.8 % in 2021, up from 1.3 % in 2020 and 1.0 % in 2012, reflecting the current difficulty of filling job openings across all sectors of the economy.

Skills shortages

Suggested actions

- Highlight the difficulties retailers and wholesalers face in having a skilled workforce ready for the transformation ahead.
- Highlight the multitude of different skills that are needed for the digital and sustainability transformation.

More than 40 % of companies that took part in the Triple Transformation Survey cite difficulty with finding talent with the right skills. In parallel, the survey showed that **only 50 % of the current workforce in the sector is ready for the skill and talent transformation that lies ahead.** Against this backdrop, the sector may need to upskill 10 to 13 million employees (equal to 40 to 50 % of the sector's total workforce) by 2030. **Across functions and roles, the share of employees with higher qualifications will likely increase.**

This makes recruiting and retaining skilled employees, especially in roles related to e-commerce, data analytics, and customer experience, crucial for the success of the retail ecosystem. High turnover and skills shortages can be challenging.

In addition to the types of skills identified in the Skills Partnership, the Staff Working Document and the recent study on investment needs, the following skills are expected to be needed:

For the **digital transition:**

- General digital literacy (system proficiency, understanding and application of technology);
- Digital customer acquisition skills and growth hacking;
- Multichannel customer experience in retail;
- Digital merchant skills;
- E-commerce expertise (digital commerce platforms and systems, online store proficiency);
- Data analytics (role and significance of customer data, data analytics skills, data-driven management, data mining);

¹³⁴[Policy Guidance Paper on Future of Work in Retail and Wholesale Final.Pdf - DocsLib](#)

- Artificial intelligence and robotics (AI development, understanding platform operators' algorithms, integrating robotics into business);
- Digital marketing, social media, and online content creation (digital marketing channels and content, interacting with customers on social media, community management, and multichannel communication).

For the **green transition**:

- General climate and sustainability literacy;
- Product repair skills (textiles, electronics, etc.);
- Customer guidance on sustainable products and services, as well as their manufacturing methods;
- Customer guidance on recycling and waste management issues;
- Customer guidance on energy-efficient use of purchased products;
- Customer guidance on circularity, including putting products back into the system that can be resold.
- Building collaborative relationships with key stakeholders;
- Anticipating and responding to EU and national regulations;
- Developing and monitoring sustainable and responsible logistics and procurement practices;
- Understanding and integrating the sharing economy and peer-to-peer commerce into retail and wholesale business;
- Understanding and integrating sustainability and sourcing of eco-design products, which requires knowledge of sustainable sourcing, waste reduction, energy efficiency, carbon adjustment and circular economy principles.
- Technical expertise for circularity and a return to skills e.g. sewing;
- Raising employees' awareness on 'sustainable consumption'.

These all require employees to be adaptable and open to change as new technologies and sustainability practices are adopted.

Role of advanced technology

Suggested actions

- Present a balanced view of the challenges in the retail ecosystem in relation to the role of advanced technology that is evidence-based and bears in mind consumer demands, the growth of new business models and what is needed to achieve a more resilient, digital and sustainable retail ecosystem.

Today, in response to the acute skills and labour shortage, some companies are harnessing technology to streamline job processes, ensuring that all tasks are efficiently carried out by the existing workforce, rather than replacing workers with artificial intelligence and similar technologies.

Digitalisation creates higher productivity and growth and therefore, new jobs. This may result in roles disappearing. At the same time, however, numerous new job profiles will emerge, and existing job profiles will be further developed, freeing up employees' time from repetitive tasks. This requires progressive change and digitalisation represents a transformative process. Job requirements will continue to change. For example, the role of a sales associate is evolving rapidly with automation and more services at the point of sale (e.g. buy back, repair workshops) are increasingly expected. These changes pose particular challenges for SMEs.

In Germany for example, **there is evidence that advancing automation and digitalisation in the sector has not led to a reduction in employment in recent years**. According to recent data from the Federal Employment Agency (BA), approximately 3.2 million people are employed in the retail sector. Social security employment in the industry grew by over 45,000 positions compared to the pre-crisis year of 2019 (as of December 31). Therefore, despite multiple crises and a challenging economic environment, overall employment has been steadily increasing for years. Despite the current record employment in the industry, a recent KOFA study revealed that there were still around 120,000 unfilled job vacancies in retail at the end of 2022.¹³⁵

¹³⁵ [Fachkräftesituation in Berufen des Einzelhandels - KOFA](#)

The across-the-board labour and skills shortage intensifies year by year and impacts the retail sector. Automation and digitalisation could play a crucial role in closing the growing skills gap in the industry, thereby enabling continued economic growth in the sector.

Education and further training are, therefore, key to creating participation in the digitalised world of work. Companies understand what qualifications their employees need to manage digital change. Companies in Germany, for example, invested more than €41 billion in further training for their employees in 2019.¹³⁶ Retailers provide substantial levels of training to their employees: over 5 million hours a year in Italy, and nearly 10 million hours a year in Spain.¹³⁷ Further examples can be found in recent studies.¹³⁸

Role of advanced technology - use of algorithms in the workplace

Suggested actions

- Present a balanced view of the role of advanced technology in the workplace that is evidence-based and bears in mind consumer demands, the growth of new business models and what is needed to achieve a more resilient, digital and sustainable retail ecosystem.

Alongside automation, **retailers and wholesalers use technologies, including artificial intelligence-enabled (AI) systems and algorithms, in the workplace to improve efficiency** (e.g. in relation to staff scheduling) and health and safety. For example, algorithms may monitor drivers to help identify when rest breaks are needed.

AI systems can simplify tasks for older employees and enhance the inclusion of individuals with disabilities. Even **employees with lower skill levels can receive support** in handling more complex tasks with the assistance of artificial intelligence systems. Thanks to technological progress, **an increasing number of people can work remotely**, allowing them to organise their work more flexibly, **leading to a better work-life balance and improved compatibility between family and career.**¹³⁹

Surveys¹⁴⁰ show that retail companies are increasingly recognising the potential of AI and are viewing it as a meaningful investment field. **One-third of the surveyed companies no longer consider AI as a hype topic; they are either planning to use it or are already using it.** Although the use of AI was relatively limited in 2020 and 2021, the situation is changing, and the trend is clearly moving towards AI adoption.

The survey results indicate that retail companies continue to primarily use AI as a stand-alone solution rather than as part of a comprehensive strategy. However, the **already implemented AI applications can contribute to higher efficiency, better business decisions, and a reduction in errors.** It is noteworthy that current trending topics such as cybersecurity and energy efficiency are also present. **Retail companies often deal with large amounts of customer data, making cybersecurity crucial. AI-based security solutions help detect and respond to attacks in real-time, protecting corporate systems and data.** Optimising energy efficiency is also highly important. In the context of energy supply security, AI offers solutions to reduce energy consumption.

The survey results also showed that **planned AI use cases in companies primarily focus on efficiency improvement, better customer service, and personalised offers. However, workforce demand and employee scheduling are also areas of consideration.** Conversely, fewer companies are planning to establish cashier-less supermarkets.

¹³⁶ [Studies - German Economic Institute \(IW\) \(iwkoeln.de\)](#)

¹³⁷ [2020 VERF DRAFT full working document \(eurocommerce.eu\)](#)

¹³⁸ https://mcusercontent.com/4a74fff5ca3121b6c30b96012/files/8c8d19cf-a6fb-e81a-147c-c091c062ba9e/Study_Transforming_the_EU_retail_and_wholesale_sector_Sustainability_Digitalization_Skills.pdf

¹³⁹ At the same time it is also important for the blurring between working time and non-working time to be recognised as a potential challenge as working practices change.

¹⁴⁰ [Artificial Intelligence in Retail - Survey on AI Adoption in 2023](#)

Retail companies are investing in employee training to achieve a higher level of expertise in AI and to increase acceptance of AI usage and trust in AI deployment, which is crucial for the successful implementation of AI projects.

Skills initiatives

Suggested actions

- Highlight how retailers and wholesalers are collaborating to improve skills and share examples of the initiatives that have been made to increase understanding and encourage others to learn from these best practice examples.
- Raise the profile of the Large Skills Partnership for Retail, to encourage a diverse membership that could support and contribute to best practice exchange or other initiatives that may be developed to reach the objectives of the partnership.

The Skills Partnership for the Retail Ecosystem¹⁴¹ is an opportunity for retailers and wholesalers to share best practices of how they are investing in vocational education and training, apprenticeships, upskilling and reskilling.

EuroCommerce and some of its members have already made commitments in the following areas. These should be taken as their future commitments on skills for the Retail Transition Pathway.

- **Promoting a culture of lifelong learning for all:** promoting initiatives where key labour market actors in retail and wholesale co-create sustainable solutions enabling lifelong learning and contributing towards facilitating the life-long employment of employees (both inside and outside the sector) by stimulating continuous learning, sharing information and co-creating at the relevant national, regional and company levels.
- **Building a strong skills partnership with relevant stakeholders:** facilitating the sharing of best practice methodology for upskilling and reskilling through initiatives involving stakeholders at all levels.
- **Monitoring skills supply/demand and anticipating skills needs:** in partnership with the European Commission, the Skills Partnership will seek to promote EU-level exchange of information and best practices by private companies, social partners, public authorities and education and training providers on how different sectors are changing and how skills and jobs are transforming.

EuroCommerce has also renewed its **apprenticeship pledge**. This platform aims to strengthen the quality, supply and image of apprenticeships in Europe and promote the mobility of apprenticeships. The renewal of this pledge should be taken as a commitment to continue to share best practices and raise awareness for the Retail Transition Pathway.

EuroCommerce is part of a consortium that will develop pilot schemes for vocational education and training which started in September 2023¹⁴² with the project consortium led by Junior Achievement Europe. **The 4-year project, Skills4Retail – Accelerating the Triple Transition in European Retail through Skills’ aims to address the growing skills gap that is hampering the development of the sector.** This initiative should also be taken as a commitment to prepare the future workforce for the transition pathway.

7. A Fair and Just Retail Ecosystem for Businesses, Workers and Consumers

7.1 A societal dimension of the retail ecosystem

Suggested action

- Highlight the critical role that retail and wholesale plays across the EU, including in smaller towns and rural areas.

¹⁴¹ EuroCommerce/McKinsey *Transforming the EU Retail & Wholesale Sector* October 2022.

¹⁴² [20230912-skills4retail-press-release.pdf \(eurocommerce.eu\)](https://www.eurocommerce.eu/20230912-skills4retail-press-release.pdf)

EuroCommerce welcomes the **recognition of the societal role of the retailers and wholesalers** set out in the staff working document. **Retailers and wholesalers have provided an essential service during recent crises, including efforts to ensure products remain affordable**¹⁴³. They also are **crucial for urban and rural local communities** by bringing life, local employment, local revenues, proximity, personalised services, choice and availability, and the future potential to play a role in more sustainable practices, for example, as new business models develop or shops develop their own facilities to collect, sort and recycle products.

Modernising stores and warehouses and retail's role in town centres

Suggested actions

- Highlight the changing role of the store and the impact that could have on the real estate needs of retail and wholesale across the EU.
- Call on Member States to adopt a holistic approach to revitalising town centres, including flexibility and adaptability to allow new business models to develop or experimentation.
- Set out how to develop further the #RevitaliseRetail initiative and the European Capital of Local Trade and Retail, to include (together with Member States) an ambitious programme for the revitalisation of town centres, a joint communication campaign with EuroCommerce, or update the Facing the Future guide to help with funding, support the sustainability transformation or facilitate best practice exchange.

As noted in the Staff Working Document, **retailers and wholesalers are expected to need to adapt stores to take on new functions.**

The role of the store is expected to change as consumers are demanding **better service, a seamless omnichannel experience and faster deliveries**. The **shift to digital channels** could **require companies to repurpose close to 10 million square metres** of real estate by 2030, about 2% of the total. In apparel alone, retail floor space (and thus the number of shops) may shrink by 4 to 5 million square metres by 2030. On the other hand, **the number of warehouses and fulfilment centres needed is expected to grow**, to meet the growing demands of e-commerce and for fast delivery.¹⁴⁴ This will have an impact on the role of retail and wholesale in European cities. Its contribution to a good quality of life and a counterbalance to the adverse effects of demographic change is well recognised in the Leipzig Charter of 2020¹⁴⁵, that inspires public policy in Europe and beyond, as well as in rural areas.¹⁴⁶

The holistic approach to revitalising town centres described in the staff working document **should extend to considering these new functions**. Member States should be discouraged from imposing restrictions on freedom of establishment, and if they do, **take the least restrictive approach possible limiting restrictions to those that are proportionate**.¹⁴⁷ Once a rule is in place, it can take many years to resolve infringement procedures.¹⁴⁸

The promotion of the role of retailers and wholesalers (large and small) could be achieved if the Commission's #RevitaliseRetail was further developed. This could include:

- The Commission developing, together with the Member States, an **ambitious programme for the revitalisation of town centres**, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector at the heart of those plans as a keystone of local community life.
- Running a **joint EuroCommerce/EU communication campaign to encourage action in revitalising economies and communities**, for example, by sharing stories, and providing

¹⁴³ See section 3 above (inflation).

¹⁴⁴ EuroCommerce/McKinsey *Transforming the EU Retail & Wholesale Sector* October 2022.

¹⁴⁵

https://ec.europa.eu/regional_policy/sources/brochure/new_leipzig_charter/new_leipzig_charter_en.pdf.

¹⁴⁶ https://rural-vision.europa.eu/index_en.

¹⁴⁷ See above 'proportionality'.

¹⁴⁸ See for example, [Preliminary findings of the European Ombudsman on how the European Commission handled two infringement complaints about planning laws and retail space in Germany, submitted by IKEA and Decathlon \(2008/4946 and 2015/4207\) | Correspondence | European Ombudsman \(europa.eu\)](#)

practical guidance to enable local authorities to push for support at national level for local revitalisation and support for the sector.

- **Build on the experience of the ‘Facing the Future’ guide** creating further guidance for local authorities, for example, examining:
 - How local authorities could support the sustainability transformation of retailers and wholesalers (e.g. examining inter alia best practices to enable energy efficiency in historic town centres, recycling and sorting infrastructure, mobility policies).
 - Best practices to engage local actors¹⁴⁹ involved with town and country planning procedures and decisions to understand and facilitate the changes needed by retailers and wholesalers (e.g. to enable them to adapt stores to take on new functions, allow new warehouses and fulfilment centres).
 - Best practices to encourage new retail concepts in town centres. For example, through experimentation, and liaison with incubators,) to encourage footfall.
 - Funding for local revitalisation initiatives, for example updating the Commission’s guide on crowdfunding by local authorities to enable sustainable finance for revitalisation initiatives or working in conjunction with DG REGIO to use such alternative finance initiatives in conjunction with EU funds to develop initiatives with retail and wholesale at the heart.
- The organisation of further workshops along themes selected by retailers and wholesalers, to encourage best practice exchange.
- The development of projects together with URBACT or a knowledge hub on retail and wholesale.

If these types of initiatives were **linked to efforts made as a follow-up to the Retail Restrictiveness Indicator¹⁵⁰**, this could increase understanding top top-down and bottom-up. ‘

The European Capital of Local Trade and Retail could offer the chance to raise awareness of the contribution of retail and wholesale. However, **to be effective it would need engagement from Member States**, including at the city level, to promote the exchange of best practices for example, through conferences and events.

7.2. A just transition of the retail ecosystem

Inclusion

Suggested action

- Highlight the importance of flexibility in rules to ensure retailers and wholesalers can adapt requirements to their customers, including those parts of society that may be less privileged, less digitally savvy, elderly or migrants.

Retailers and wholesalers are driven by responding to consumer demands and as a result, **understand their customers. This includes those parts of society that may be less privileged, less digitally savvy, elderly or migrants.** To ensure that retailers and wholesalers can cater to those needs, **regulations need to reserve flexibility to determine the best means to implement rules and should not be too prescriptive.**

Personal data: building consumer trust

Suggested action

- Highlight the need to make information available to the sector in relation to cybersecurity threats and their management, as well as support to implement complicated rules such as the GDPR.
- Highlight the need for more uniform enforcement by national authorities across the EU.

¹⁴⁹ Key local actors could include local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities and HoReCa, alongside retailers and wholesalers, and representative associations.

¹⁵⁰ See section above on ‘Retail Restrictiveness Indicator’.

Retailers and wholesalers **can improve consumer trust in relation to the treatment of personal data** if they are given **support to implement complicated rules such as the GDPR**. As well as **support to carry out risk assessments and manage cybersecurity threats**. This could include making information available to the sector in relation to cybersecurity threats (e.g. through collaboration with research institutes) and facilitating peer-to-peer (company) learning on risk assessment and managing threats.

Reskilling

Suggested actions

- Highlight the need for EU co-funding to enable retailers and wholesalers to reskill employees, enabling them to keep talent, offer better job opportunities and update skill sets.
- Open a debate and encourage the sharing of best practices on life-long learning and how to develop a training culture; together with exploring how to ease the demonstration of what training has been provided.

The Skills Partnership identifies the importance of reskilling the workforce. This includes the need to encourage employees to prepare for a different role inside or outside retail or wholesale. It also includes consideration of the role that employers can play to help workers achieve better insight into their perspective on the labour market so that they develop the skillsets necessary for new employment opportunities. **Reskilling is an efficient way of retaining employees, and keeping talent, by offering better job opportunities along their careers and the possibility to update skillsets.**

To make this a reality, **EU co-funding could enable retailers and wholesalers to do more.** In addition, it will require a change in mindset where employees understand the urgency in terms of up- and re-skilling themselves. **EuroCommerce has committed in the Skills Partnership to promoting initiatives and sharing information** on lifelong learning, contributing to the facilitation of life-long employment of employees (both inside and outside the sector) and continuous learning. **Making life-long learning the norm, developing a training culture, increasing participation of employees in reskilling and upskilling initiatives, continuing informal and non-formal learning, and increasing the ease of demonstrating what training has been provided** are all desired outcomes of this commitment.

The platform economy

Suggested actions

- Highlight the need for retailers and wholesalers to access talent effectively, including through digital labour platforms, to help them find available talent and contract 'skills as a service'.

Where retailers and wholesalers, particularly SMEs, rely on 'skills as service', they need access to a market of freelancers available to provide that service on reasonable terms to outsource that work. Freelancers can be platform workers who enjoy the benefits associated with that status in comparison to worker status in terms of freedom and self-determination. The diverse opportunities offered to platform workers by platforms can increase labour market participation as well as support entrepreneurship. **Where initiatives that aim to tackle issues that arise in business models fuelled by digitalisation take a 'one size fits all' regulatory approach at the EU level there can be adverse consequences if it limits the development of a market where problems do not arise or adversely affects the level playing field with non-EU companies.**

Sectoral social dialogue

Suggested action

- Reflect on the ideas agreed in the work programmes for the commerce sector.

EuroCommerce and UNI Europa are the recognised social partners for EU sectoral social dialogue.¹⁵¹ Social partners can be involved with the implementation of initiatives relating to a just transition through sectoral social dialogue. The work programme for the commerce sector is currently being negotiated and will include sustainability and digital transformation. The work programme could be taken as commitment under the Retail Transition Pathway.

Corporate Sustainability Due Diligence

Suggested action

- Refer to the importance of international trade and the effect that additional health and environmental standards can have including on trade flows, on the control and enforcement of such standards, and the consequences of non-compliance – as well as the additional administrative burden this creates.

The import of key agricultural and food products that are **forced labour and deforestation-free**, as well as **compliance with corporate sustainability due diligence**, will have an impact on retailers and wholesalers. Room should also be left for voluntary responsibility efforts and investments guided by the market.

The EU has successfully concluded several bilateral free trade agreements with partner countries and regions across the globe. **The application of additional health and environmental standards beyond the existing rules for imports should be firmly rooted in science and subject to a risk assessment to fully understand the benefits for health and the environment.** This also needs to keep in mind that certain EU health and environmental standards are difficult to directly apply to non-EU producing countries or regions due to different prerequisites such as the climate situation or the presence of pests, which do not exist in the EU.

Similarly, it should also be noted that the application of EU health and environmental standards on imported agricultural and food products would be globally considered a protectionist measure by the EU serving the interests of certain groups by imposing additional barriers to trade on third countries. **It is very likely that this could provoke trade retaliation measures** which would probably affect related and unrelated sectors in the EU. Furthermore, **it is unclear how these standards would be controlled and enforced without setting up complex systems in the country of origin which would require effective (possibly digital) traceability systems to be set up in partner countries, or what the consequences of non-compliance would be.** Implementation could put an additional burden on importers who cannot control the entire supply chain.

Mechanisms to support SMEs

Enterprise Europe Network

Suggested actions

- Test tools with SMEs to understand if these meet their objective.
- The Commission could invest in further communication or liaison with local retail and wholesale associations to make these tools reach their intended beneficiaries.

Digital Innovation Hubs

Suggested action

- The Commission could together with Digital Innovation Hubs increase the communication of the offer and target the retail and wholesale sector, for example, in partnership with local retail and wholesale associations to increase the update of their offer.

¹⁵¹ [Representativeness of the European social partner organisations – \(europa.eu\)](https://europa.eu)

Given the presence across the EU of Digital Innovation Hubs and the size of the challenge for the sector, particularly its SMEs to transform digitally, such Hubs could develop sector-specific assistance. For example, creating partnerships with local retail and wholesale associations could help bring digital skills to the retailers and wholesalers on the ground. This could increase access to skills, and enable training to improve cybersecurity.

For such an initiative to be effective, they would need to be accompanied by better communication (e.g. roadshows, a communication campaign).

SME Relief Package

Suggested action

- Refer to the recommendations made in the EuroCommerce SME Relief Package position paper and address the points that have not been addressed by the Commission.

1 in 4 of SMEs in the EU are retail and wholesale SMEs. According to the 2023 SME Performance Review, the smallest increases in the number of enterprises between 2019 and 2022 were in wholesale and retail trade 0.5%.¹⁵² EuroCommerce’s position paper on the SME Relief Package¹⁵³ sets out what SME retailers and wholesalers need in the short, medium and long-term.

The SME Relief Package addresses some key issues but SMEs in retail and wholesale also need action (as set out in the position paper) to:

- help their liquidity and pay energy bills;
- address the de minimis ceiling;
- enable debt restructuring;
- have additional tools to access finance and remove the complexity in applying for funds;
- support local retail and wholesale associations;
- action on payments (see above);
- have quality of legislation and reduce cumulative burden;
- increase digital skills; and
- enable investment.

The recommendations in the EuroCommerce position paper that are not addressed could be the focus of the Retail Transition Pathway.

Long-Term View on Competitiveness

Suggested actions

- Call for continued work on better regulation that includes consultation with industry, particularly where retail and wholesale could be used as a case study to truly understand the cumulative burden of regulation.
- Creating tools that monitor implementation periods, requirements and reporting requirements will also help the Commission and the ecosystem understand expectations, using the model in the Transition Pathway for the Chemical Industry as a guide¹⁵⁴.

EuroCommerce welcomed the Commission Communication looking beyond 2030. Its initiative aiming to reduce reporting burdens by 25% offers retailers and wholesalers the opportunity to rationalise their obligations. The Commission’s announcement expected in Autumn 2023 of a Regulation and concrete steps in the Work Programme should be the first step of a larger evaluation process. In particular, it could examine and develop better regulation principles that could:

¹⁵² [Annual Report on European SMEs 2023 FINAL.pdf \(europa.eu\)](#)

¹⁵³ EuroCommerce [SME Relief Package: what retail & wholesale SMEs need now and for their future](#) May 2023.

¹⁵⁴ See page 56: [\[ONLINE\] ET-08-23-017-EN-N - Transition Pathway for the Chemical Industry \(v17.05 8h30\) \(2\).pdf](#)

- Examine how to remove ‘on top’ reporting and rely on centralised reporting by those companies controlled by law or in fact by the same entity, rather than requiring duplicate reports by each independent retailer.
- Require the competitiveness check in Impact Assessments to assess:
 - Whether EU companies face indirect reporting requirements (e.g. despite their exclusion from scope).
 - Whether the recipient of reports has the capacity to absorb the information.
 - Whether reporting could be avoided and replaced by cross-referring to the information in other reports, or which serves the same purpose.
 - The complexity of the data collection required to complete the report.
 - Whether the information is being collected already through voluntary initiatives.
 - What measures could reduce the risk of national variations when reporting requirements are validly introduced in legislation.
- Require the evaluation of legislation to assess whether the information in reports has been used, whether they achieve the purpose for which they were requested, whether they could be removed as the information is publicly available or being collected through another means, whether it could be automatically transferred (e.g. using APIs), or whether it is no longer necessary or a better, less onerous means of collecting the information is available.

Other initiatives could be taken to prevent the co-legislators from introducing reporting requirements as a means to monitor developments when there is insufficient evidence to justify the introduction of new rules or amendments.

9. Key Performance Indicators

Suggested action

- When choosing key performance indicators, and designing the methodology to collect them, this should be done, in collaboration with the affected companies, so as to ensure their effectiveness for all stakeholders in accordance with the principles set out below.

EuroCommerce welcomes the intention to monitor commitments through key performance indicators. However, **these indicators should not translate into more reporting requirements or a net increase in administrative burden.**

A sensitive and efficient approach should be adopted, aimed at creating positive feedback loops, **guided by principles such as:**

- **only require the minimum amount of data, and re-use existing data** (e.g. already required by legislation, from trusted market data providers, from the TRIS notification system, from the Code of Conduct for Responsible Business & Marketing Practices, Sustainable Consumption Pledge);
- **treat all shared information sensitively** so that is not open to misinterpretation or could be used in a manner that could damage the company reputation;
- **avoid duplication;**
- **always remain in line with competition rules**, avoiding data that is core to the competitive strategy of our enterprises;
- **turn KPI-dashboards into useful tools for companies** (e.g. to benchmark and improve their performance, to spread best practices).

Conclusion & Next Steps

EuroCommerce looks forward to continue participating in the co-creation process and the chance to explain these views at the forthcoming workshops.

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Retail Transition Pathway – Retailers and Wholesalers’ vision for a more resilient, digital and green future.

A resilient retail ecosystem by 2030

1. What are the main challenges to ensure the resilience of the retail ecosystem in your specific sector and country? Please explain.

Across the EU, retailers and wholesalers face challenges that affect their resilience including **fragmentation in the Single Market** (e.g. protectionism, goldplating, action that prevents the operation of retail alliances, territorial supply constraints), a **lack of quality legislation** (e.g. based on the wrong allocation of responsibilities in the value chain, or multiple definitions making compliance harder, lack of due diligence prior to announcements of policy initiatives, serious misperceptions about the role of retail in food value chains and price transmission, misunderstandings of how payment terms are used and negotiated in practice), a **lack of support for investment** (e.g. through public financing (subsidies, preferential loans), public-private partnerships, etc. and difficulties in access to finance particularly for SMEs, or resulting from finance only targeted at startups, manufacturing rather than services), a **lack of enforcement**, the **high number of reporting requirements**, and the **volume of legislation** with many delays in the adoption of implementing and delegated acts, guidelines, or lack of supporting measures to enable compliance – putting EU businesses at a competitive disadvantage. Regulation needs to take on board the specificities of the retail and wholesale sector, particularly the fact that it is characterised by low margins, high turnover, multiplicity of supply chain relationships and limited control over value chain partners.

Retailers and wholesalers across the EU have been **at the forefront of crisis**: each of COVID-19, energy, the Russian invasion of Ukraine, inflation, the cost-of-living crisis, etc. affects the retail ecosystem leaving little time and resources to prepare and invest in the future. The **structurally low margins** described in the staff working document, compromise the ability to invest particularly for SMEs and **competitive markets** (whether online, offline, omni-channel, non-EU who benefit from a lack of a level playing field, direct-to-consumer, disruptive business models, utilisation of data, automation) **also limits how much of the costs can be passed to consumers**. **Lack of knowledge, time and skills** (including the war for talent (e.g. for data scientists)), lack of attractiveness and non-appreciation of the retail and wholesale sector as a place for career progression, high attrition rates, and labour shortages). Retail and wholesale is also exposed to **higher costs of compliance due to the multitude of products and services they distribute** and a **lack of coherence** (e.g. in due diligence legislation), as well as bureaucratic difficulties with all levels of public administration (national, regional and local).

Retailers and wholesalers also face difficulties in accessing funding to redevelop skills and renew the sector. Current instruments focus too much on manufacturing and industries, sometimes ignoring the importance of retail and other service sectors for the economy. *For an explanation of these challenges, please refer to the attached position paper.*

1.1 Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

1.2. Would you have any examples or good practices to share in relation to the challenges mentioned in the question above? Would you suggest any possible ways forward/solutions?

1. **A cross-ecosystem approach** can help coordinate policy action, drive partnerships, dialogue and collaboration, help scale initiatives and identify common needs (e.g. skills shortages, experts able to provide certification).
2. **Driving structural reforms** by supporting the member states to put in place infrastructure that will provide the foundations for more resilience and strategic autonomy. For example, 5G, waste collection and sorting facilities, transport infrastructure and mobility plans, and reforms of the education system.
3. A **more robust use of the competitiveness check and assessment of cumulative regulatory burden in impact assessments**. This can ensure that the impact of sectoral competitiveness, including where a sector may be indirectly affected, is carried out using Better Regulation Toolbox 21 more effectively. **This should also take on board the specificities of retail and wholesale** (e.g. low margins, high turnover, as referred to in question 1 above).
4. **Improve policymakers' awareness and assessment of the implications for businesses and lead-in times for the implementation** of regulations, **including tracking the other expectations on the ecosystem** that come from other pieces of legislation. This could help reduce the cumulative burden or ensure sufficient time is afforded for implementation, particularly where penalties apply for non-compliance.
5. **Reduce delays in providing support materials for implementation** (e.g. implementing acts, delegated acts, guidelines); or adjust implementation dates accordingly. This is especially important where rules apply across complex supply chains to enable time to work with suppliers, including those in third countries. It also requires coherence and a clear division of obligations and liabilities.
6. **Better access to finance and support from EU and national governments:** For example, through making fiscal incentives, subsidies, loans and guarantees available directly to companies and their representative associations, entering into public-private partnerships, providing clearer guidance and help on how to (easily) access EU, national, R&D and innovation programmes and eliminating the complexity and administrative burden linked to programmes (e.g. the uptake of European Social Fund financing by SMEs).
7. **Action to address the fragmentation of the Single Market.** See the attached position paper.
8. **Facilitating change, not deterring it:** Where retailers and wholesalers need to navigate a complex web of regulations, from labour laws to data privacy regulations it can prevent new ideas or initiatives, e.g. engagement with customers on sustainable consumption. Where non-compliance can result in fines and reputational damage, this deters initiatives and could be also avoided if there were clear definitions or rules to avoid greenwashing.
9. **Robust regulatory measures that guarantee a fair playing field.** This will foster healthy competition, promote innovation, customer choice and growth based on the quality of services.

2. What are the specific challenges for retail SMEs to become more resilient? Please explain.

1. **Access to Finance:** Retail and wholesale 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.
2. **Regulatory 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 divert resources (people and financial) away from investment.

3. Limited resources, lack of skills, lack of time, lack of knowledge, complexity: SME retailers and wholesalers 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.

Please see the EuroCommerce position paper on the attached SME Relief Package for further information.

3. Which elements are missing or do you find insufficient in the current regulatory frameworks to support the resilience of the ecosystem?

There is no need for further regulations to support the resilience of the ecosystem. **The ecosystem would be more resilient if it is given breathing room to implement existing rules and regulations and given support to implement rules and timely delivery of the means to comply with rules** (e.g. standards, guidelines, implementing act) that could also give **time to test run changes, seek support** (e.g. outsource functions if necessary) or **work with supply chain partners**, especially those outside the EU.

As set out in the attached position paper, **the focus should be on better evaluation of existing rules** to see if these are fit for purpose rather than proposing new rules, **faster and more effective enforcement** of EU rules, **improving notification, capacity building of Commission services and regional and local authorities to improve understanding of the Single Market freedoms, proportionality** and obligations to notify, **improving and better using tools like the Retail Restrictiveness Indicator, encouraging dialogue** between the Member States and **resisting the urge to regulate every aspect of the economy.**

European legislation and its implementation should aim **at equal treatment between companies established within and outside the EU and active in the Single Market in both brick-and-mortar and digital trade.** At the EU level, **the varying needs of different sectors of commerce and different companies must be identified** and a **channel-neutral approach** adopted. It should also be assessed if the current consumer acquis has gaps before new legislation is proposed or if it requires structural updating to adapt to the needs of omnichannel commerce.

To **manage regulatory burden, a tracker as has been produced for the Chemicals Transition Pathway to monitor and map implementation dates** and anticipated dates for supporting instruments (e.g. implementing act, guidelines, etc.), would greatly help retailers and wholesalers plan and better anticipate regulatory requirements. Many of the initiatives in the Chemicals Transition Pathway apply to the retail and wholesale sector, so could be the starting basis for a similar tool for the retail ecosystem. **It could also be a useful tool to record what information is already been collected to help streamline or reduce reporting burdens** or be used in impact assessments as **part of the competitiveness check** and **enable an assessment of the burden currently applicable to retailers and wholesalers and reduce cumulative legislative burden.**

4. What other issues or barriers to a more resilient retail ecosystem would you propose to be considered for this pathway?

The barriers identified in the staff working document are supported and please see the attached position papers for further ideas. In addition, further ideas have been shared in the EuroCommerce response to the agri-food transition pathway.

Other suggestions include:

- **Ensuring that responsibility falls on retailers and wholesalers in a balanced and proportionate way**, relates to what is within their control and is based on what information they have to access to.
- **Providing retailers and wholesalers with the flexibility to determine the best means to implement rules or accompanying them with support measures.**
- **Preserving freedom of contract:** restrictions on freedom to contract, as well as the difference in transposition of Unfair Trading Practices Directive makes the management of goods difficult in times of crisis. This could also become a problem if strict payment terms remain in the proposal for a Regulation on Late Payment.
- **Compliance with corporate sustainability due diligence** will have a huge impact on retailers and wholesalers.
- **Enabling more support, including financial support, for local retail and wholesale associations.** Such associations can play a key role in helping retailers and wholesalers

become more resilient, for example by obtaining and sharing market insights to help retailers and wholesalers understand changes in consumer demands and help them find solutions, providing the links to EU solutions that could support resilience such as cybersecurity training offered by European Digital Innovation Hubs and help them understand, plan and implement regulatory requirements.

- **Adhering to clear division of obligations and liabilities and ensuring coherence.** Avoiding the proliferation of obligations and definitions that could include the sector in scope that causes confusion and legal uncertainty.
- **Ensuring the availability of raw materials.**
- **Ensuring affordable and stable energy prices.**

A DIGITALLY EMPOWERED RETAIL ECOSYSTEM

5. Is the retail ecosystem on the right track for the digital transition? Why or why not?

The retail ecosystem is not yet on the right track for the digital transformation. **Emerging digital technologies and business models are making it easier for brick-and-mortar retailers to expand to digital commerce** and there are **opportunities** for established e-commerce companies to **improve their services** for example, using augmented and virtual reality and personalisation of offers, marketing and content has benefitted both retailers and consumers.

However, more is needed. The ecosystem **needs dedicated support such as national programmes that could help finance and ensure the right skills are available for the transformation.** In addition, it needs **better and less regulation** and **support measures for the implementation** of regulation (see answer to question 1) and **structural reforms** (e.g. the provision of 5G, fast internet connections including in rural and remote areas). The structurally low margins, lack of resources and numerous crises detract retailers and wholesalers from investment. Retailers and wholesalers compete with technology companies in much of their business, but their spending on investment in IT falls far short. European players spend 2.1% of revenues on IT compared to the 4.5-6% of leading digital players.

It is estimated that retailers and wholesalers need to invest up to €77 billion between now and 2030 to modernise their IT systems in the next three to five years. An overall total of €230 billion needs to be invested between now and 2030 on digital transformation. **A robust IT system can contribute to improvements in advanced analytics across the supply chain and also, enable the advance to net zero, reduce waste and enable the better use of waste streams.** Improvements in data management and IT systems will enable retailers and wholesalers to use data, such as that included in digital product passports for circularity.

With national programmes, retailers and wholesales would be able to invest in:

- **Upgrading their IT systems,** their operating models and strengthening cybersecurity.
- **Building or developing digital channels further** (e.g. operating online shops, building in-house e-commerce, digital marketing capabilities and technical IT skills).
- **Increasing the use of in-store technology** to automate certain functions (e.g. checkout replenishment and stock management, smart carts) and **automating activities** (e.g. in warehouses and certain back office functions).
- **Creating cross-functional centres of excellence** to help orchestrate deployment and execution of use cases throughout the organisation to take full advantage of advanced analytics and better use of data.

6. What are the main challenges of the digital transition of the retail ecosystem in your specific sector and country? Please explain.

The same challenges that are set out in response to question 1 limit retailers' and wholesalers' ability to invest.

The digital transformation of the retail ecosystem will not happen unless there are:

- Support and funding for retail and wholesale associations to be able to work on the ground with individual retailers and wholesalers to help them transform.
- Support (e.g. dedicated national programmes) and funding from EU and national governments.
- Policy and regulatory measures that can enable investment (including supporting infrastructure) and existing initiatives that take account of the sector's needs.

- Innovation that can come to the market quickly (e.g. by fast approval of standards, intellectual property protection, lower administrative burdens).
- Structural reforms by Member States to put in place infrastructure (e.g. 5G, transport and reforms of the education system).

6.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

6.2. Would you have any examples or good practices to share in relation to the challenges mentioned in the question above? Would you suggest any possible ways forward/solutions?

Retailers and wholesalers need:

- **Support and funding to access artificial intelligence-enabled systems.**
- **Data sharing** based on voluntary arrangements and support, for example by providing model contract clauses to encourage data sharing and making information available to the sector on how to protect data, trade secrets and intellectual property rights.
- **New technical solutions** (e.g. through advancing initiatives such as Digital Commons) to increase their availability at reasonable or no cost.
- Make information available to the sector on **cybersecurity threats** (e.g. through collaboration with research institutes) and **facilitate peer-to-peer (company) learning** on risk assessment and managing threats (e.g. through training and workshops offered by European Digital Innovation Hubs, national, regional or local programmes).
- Ensure retailers and wholesalers who outsource or use software as a service (e.g. for payments, cloud computing, artificial intelligence or data) can contract those services, especially where there are a limited number of service providers, based on **balanced terms of service**.

7. Have you set specific targets and milestones for the digital transition in your area of activity?

Retailers and wholesalers include specific targets and milestones for digital transformation in their business. Company examples cannot be shared as this will reveal business strategies and is contrary to competition rules.

As illustration, Kingfisher’s half-yearly report for 2023, sets out a number of initiatives including simplification of technology architecture, the implementation of Fasterize (software as a service solution), a suite of AI-powered in house recommendation and personalisation engines tailored to customers, and a supply chain visibility tool. Further information can be provided on request.

8. What are the specific challenges of the digital transition for retail SMEs? Please explain.

See the answer to question 2 above and the EuroCommerce position paper on the SME Relief Package.

In particular, **SME retailers and wholesalers 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.** Up to €5 billion needs to be spent in the next 3-5 years predominantly on upgrades of IT systems, that support the digital transformation and could better enable the use of advanced analytics. Many of these costs will need to be outsourced (e.g. using skills as a service and software as a service) to keep costs variable rather than building large, fixed-cost positions. For the types of specialists that may be required, it is likely SMEs will need to work with external experts.

Even where **SMEs rely on software as a service solution, it is estimated that this will cost between €5,000 and €20,000.** This, however, does not include ongoing operating costs, digital advertisement and product assortment costs. These sums may be too high for many retailers and wholesale SMEs.

The shift to digital channels is expected to mean that **companies will need to repurpose close to 10 million square metres of commercial real estate by 2030** – about 2% of the total. As many SMEs are located in town centres, this will require **a rethink of the role of the store and its contribution to town centres.**

SMEs also need to be supported with automation. With the estimate that 40-50% of tasks in retail and wholesale have a high potential for automation, SMEs will need support to adopt the solutions as many are still expected to be too expensive.

9. Would you have concrete suggestions on how to support the ecosystem to invest in the digital transition (e.g. relating to access to finance, public funding and framework conditions for investment)?

- **Enabling supply chain finance:** Avoiding regulatory action that could compromise freedom of contract in a revision of the Late Payments Directive or the Unfair Trading Practices Directive, which could restrict payment terms or introduce stricter caps that compromise the efficiencies brought to suppliers and buyers in the form of access to finance through supply chain finance that helps cash flow.
- **Support from EU and national governments:** For example, through making fiscal incentives, subsidies, loans and guarantees available directly to companies and their representative associations, entering into public-private partnerships, providing clearer guidance and help on how to (easily) access EU, national, R&D and innovation programmes and eliminating the complexity and administrative burden linked to programmes (e.g. the uptake of European Social Fund financing by SMEs).
- **National programmes focussed on the ecosystem** to encourage and support investment, and support the uptake of skills training.
- **R&I focused on the ecosystem:** Strong investments in RDI and technologies are needed for the development of digitalisation and the adoption of new business models as well as their commercial adoption. More public funding is needed for the creation of new digital tools and models because it can be expensive and time-consuming to develop and launch them but if successful, easy to expand and duplicate. Currently, a large part of RDI funding is directed to traditional industries, where both the demand and supply of public funding have been traditionally higher, but the structures could be adapted to address the needs of retailers and wholesalers with little effort.
- **Empowering local associations:** With funding, associations can offer digital maturity assessments or training in basic skills; create partnerships with initiatives such as European Digital Innovation Hubs; offer digital maturity assessments; help companies find talent or trusted partners to outsource functions to; obtain and share market insights.
- **Access to alternative finance:** there are a growing number of initiatives in Ireland, Lithuania, Latvia and Poland which offer financial guarantee schemes, or voucher schemes, that are introduced as public-private partnerships to facilitate access to finance for SMEs. The benefit and possible encouragement of the further use of such methods of finance should be explored 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.

10. Which elements do you find are missing or are insufficient in the current regulatory framework to support the digital transition?

Retailers and wholesalers need the current regulatory framework to support their digital transformation. This includes:

- **Strongly and consistently enforcing the Digital Services Act and applying the Digital Markets Act in a balanced and proportionate way.** Ensuring that the Digital Markets Act delivers on its promise to make markets more contestable. However, the monitoring of online marketplaces and online stores established in third countries is still lacking.
- **Ensure the new competition framework, including the Vertical Block Exemption Regulation, truly supports (and not prevents) the effective use of the internet and the sector's omnichannel efforts.**
- Regulation that allocates responsibilities to the actor that develops **artificial intelligence systems**, not its users.
- Encourage **data sharing based on voluntary arrangements** when furthering the European data strategy.
- **Adopt a channel-neutral approach**, which ensures a level playing field **in relation to taxation and other rules** that operate equitably across industries and between different forms of business activities and business models and avoids national standalone measures that fragment the Single Market further.
- **Avoiding the need to regulate every aspect:** The regulation of artificial intelligence, business models based on blockchain technology, and virtual and augmented reality

warrant caution. However, regulatory intervention should only focus on unwanted developments in an actor-neutral manner. If the right balance is not structured, it puts EU companies at a competitive disadvantage or, on the other hand, global players cannot enter the EU Single Market.

- **Action to tackle the imbalance of power with card payment services** (see attached position paper for further information).

11. What other issues or barriers to the digital transition would you propose to be considered for this pathway?

The barriers identified in the staff working document are supported and please see the attached position papers for further ideas. In addition, further ideas have been shared in the EuroCommerce response to the agri-food transition pathway and in response to question 4 above.

Other suggestions include:

- Ensuring the Commission's [proposal](#) on **Standard Essential Patents** is not watered down, to ensure that retailers and wholesalers who may respond to consumer interest in connectivity are able to use essential standards in their own innovation (e.g. development of private label products) or distribute products containing essential standard. This will become increasingly important as the Internet of Things develops. Retailers and wholesalers need transparency and fair and reasonable terms and conditions. They need to be able to use essential standards at a reasonable cost (as the implementer) and at low risk (e.g. with minimal risk of injunctions from the owner of essential standards, which cannot be quickly resolved in court) so they can develop innovative products being placed on the market, or distributed.
- **Ensuring the right balance is struck between personalisation and protection of personal data**, examined in the context of the existing regulatory framework.
- **Support Europe-led digital payment methods** that can offer customers a better experience across sales channels and enable retailers to reduce payment costs in a more transparent system.
- **Ensuring support is given to retailers and wholesalers to roll out the acceptance of Digital Euro and Instant Payments** in-store and online.
- **Consider retailers and wholesalers as the demand side** (e.g. when considering initiatives looking at critical shortages, such as microchips and other technologies) and encourage the creation of technologically mature solutions and not just focus on funding.

A GREEN RETAIL ECOSYSTEM

12. Is the retail ecosystem on the right track for the green transition? Why or why not?

The retail ecosystem is not yet on the right track for the green transformation and **needs dedicated support such as national programmes that could help finance and ensure the right skills are available**. In addition, it needs **better and less regulation and support measures for the implementation** of regulation (see answer to question 1) and **structural reforms**. Member States need to be encouraged to upgrade the grid to take up excess self-generated energy, put in place waste collection and sorting facilities, transport infrastructure and mobility plans, and reform the education system.

It is estimated that retailers and wholesalers need to invest between €120 and €300 billion between now and 2030 to advance to net zero operations in stores, warehouses and logistics. With national programmes, retailers and wholesalers could invest in:

- Installing **solar panels, heat pumps and access wind power**, for operations or customers.
- **Refurbish stores and warehouses** and reduce greenhouse gas emissions from refrigeration, lighting, heating, ventilation and air conditioning and improve insulation. Similarly, **building new stores and warehouses that are more energy efficient**.
- **Installing electric charging infrastructure** in car parks or for own fleets.
- **Switching fleets and last-mile delivery to greener alternatives** (e.g. electric or hydrogen vehicles, biogas, cargo bikes).
- **Developing programmes to help suppliers** decarbonise manufacturing.

It is estimated retailers and wholesalers need to invest between €15 to €35 billion to shift from current linear ('use and dispose') to more circular systems ('re-use or recycle') for plastic-based

packaging and non-consumable goods. With national programmes, retailers and wholesalers could invest in:

- **Their own infrastructure** if they want to collect, sort, reuse and recycle plastic waste or products at the end of use, to achieve higher rates of closed-loop recycling.
- **Further develop consumer interest in circularity** (e.g. roll out digital product passports, increase the offer of circular models, invest in new business models).
- **Develop programmes to help suppliers** use more recycled or bio-based plastics/materials.

13. What are the main challenges of the green transition of the retail ecosystem in your specific sector and country? Please explain.

The same challenges as set out in question 6 equally apply to the green transformation.

Others include:

- The need to **strengthen the market for Power Purchase Agreements (PPA)**, which can aggregate virtually the load of a lot of small suppliers and drive Scope 3 reduction. It can help shield consumers from rising prices while ensuring a stable revenue stream for investments in new wind or solar power projects. This will also increase security for investors. This requires action to strengthen the accessibility of PPA for smaller consumers. By pooling demand from multiple smaller consumers into one contract, PPA contracts could be offered to SMEs as well. **Commission action could focus also on how to increase transparency in the market for PPAs.**
- The need for **matching decarbonisation and sustainability targets in legislation or strategies** (e.g. requirements under the RePower EU programme, energy efficiency in buildings, installation of electric vehicles, charging stations and solar panels) **with mechanisms to support such investments.**
- **Facilitation of investment and installation of renewable energy by retailers and wholesalers.**
- **The increasing demand and price of sustainable materials and energy** due to high competition between companies and more globally, inflation, energy costs, water stress and political instability.
- **A better understanding of the role of retail and wholesale and its specificities.**
- **Consumer understanding and willingness to accept the often more expensive sustainable or eco-design product.**

13.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

13.2. Would you have any examples or good practices to share in relation to the challenges mentioned in the question above? Would you suggest any possible ways forward/solutions?

Retailers and wholesalers are perfectly placed to develop and co-develop business opportunities from circularity and waste reduction to renewable energy generation and storage.

To advance to net zero, retailers and wholesalers need:

- **Incentives to encourage the switch to green energy providers**, develop infrastructure or use energy produced from wind and biomass (e.g. through projects of common interest/cross-border projects).
- **Support to help employees switch to greener alternatives** (e.g. by installing electric vehicle charging stations, and working with local municipalities to improve cycle routes leading to stores).
- **Quick implementation of funds to encourage investment** (e.g. European Hydrogen Bank).
- **Incentives to store and transfer excess energy back to the grid** (e.g. by providing input tariffs to make this attractive).
- **Easier and quicker procedures to grant permits** to allow structural changes to install solar panels, etc. including on commercially rented premises.

- **Evaluation of mobility plans to encourage greener alternatives** for employees and customers and in last-mile delivery.

To prioritise circularity and reduce waste, retailers and wholesalers need:

- **Prioritisation of tools**, endorsed by industry, **for measuring and tracking sustainability** impacts that rely on international and open product identifiers.
- **Encourage transparency through data sharing** (see answer to 6.2 above).
- **Easier and quicker procedures to grant permits** (e.g. to install onsite recycling facilities).
- **Incentives to reduce food waste** (e.g. by exempting food donations from VAT). Further ideas are elaborated in the EuroCommerce response to the agri-food ecosystem transition pathway.
- **Member States to educate and inform consumers** to improve knowledge and nudge them toward more sustainable choices and practices (e.g. through public campaigns, information, best practice exchange, and school education based on consumer research).

Also linked is the need to ensure the Commission’s [proposal](#) on **Standard Essential Patents** is not watered down and will support the transition (see reply to question 11 above).

14. Have you set specific targets and milestones for the green transition in your area of activity? How far are you from achieving them?

Retailers and wholesalers include specific targets and milestones for green transformation in their business. Company examples cannot be shared as this will reveal business strategies and is contrary to competition rules.

Many regulations set ambitions and mandatory targets already. These need to be made more realistic and supported, e.g. with harmonised tools, to enable them to be achieved.

In addition, retailers and wholesalers have made voluntary pledges such as the Sustainable Consumption Pledge, Race to Zero, the Code of Conduct for Responsible Business and Marketing Strategies. Company examples include Decathlon’s Transition Plan 2020-2026.

As illustration, Kingfisher’s half-yearly report for 2023 sets out examples including the Naturea by GoodHome, the COOLROOF heat reflective paint trial, Scope 3 targets, with the aim by the end of the financial year 2022/2023 that they have reduced the intensity of emissions from the supply chain and customer use of products by 34.1% since the financial year 2017/2018, to meet the target of 40% by 2025. Further information can be provided on request.

15. What are the specific challenges of the green transition for retail SMEs? Please explain.

See answer to question 2 above and the EuroCommerce position paper on the SME Relief Package.

It is estimated that SME retailers and wholesalers will need to invest up to €25 billion (equivalent to 0.9% of revenues) through to 2030 in the sustainability transformation. The focus of the investment 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).

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 supply chain) and uncertainty on responsibility (for example, on who will fund decarbonisation initiatives that are outside of direct operations).

16. Would you have concrete suggestions on how to support the ecosystem to invest in the green transition (e.g. relating to access to finance, public funding and framework conditions for investment)?

See reply to question 9 above and the attached position paper.

Retail and wholesale associations can also specifically support the green transformation by providing tools that can measure the impact and cost of decarbonisation measures, sharing information made available by manufacturers on emissions of different products to help inform choices and **offering sustainability maturity assessments** to help them advance to net zero or circularity.

The opportunities that the implementation of the Digital Product Passport offers will support the green transition. **Funding to help businesses in their traceability journey** is key, especially given the complexity of global supply chains that makes it a complicated process to retrieve exhaustive and accurate information. Funding will also **help develop consumer interaction on circularity**, for example, the development of e-labelling and radio frequency identification (RFID). Good practices exist, such as the CIRPASS initiative (<https://www.digitaleurope.org/events/cirpass-shaping-the-future-of-the-digital-product-passport/>) that should be learned from and funded. **RFID readers for example could help sort out textile pieces in bulk.** Funding is also needed for the **supporting infrastructure.**

R&I focused on the ecosystem are needed. Strong investments in RDI and technologies for the development of new business models as well as the commercial adoption of new technology. **More public funding is needed for RDI** to enable retailers and wholesalers to transform and support their customers' transformation. However, it can be expensive and time-consuming to develop and launch them but if successful, easy to expand and duplicate. **Currently, a large part of RDI funding is directed to traditional industries, where both the demand and supply of public funding has been traditionally higher, but the structures could be adapted to address the needs of retailers and wholesalers with little effort.**

17. Which elements do you find are missing or insufficient in the current regulatory framework to support the green transition?

Retailers and wholesalers need the current regulatory framework to support their green transformation. This includes:

- **Harmonised standards and methods** based on what is available on the market (e.g. GS1, benchmarking, international standards, product environmental footprints), that could enable other actors in the supply chain to better **explain the sustainability of products** and increase consumer trust.
- **Ensuring competition rules and their enforcement provides legal certainty and predictability** on how actors can collaborate across the supply chain. This requires consistent interpretation and enforcement by the member states of guidelines, such as the Horizontal Block Exemption Regulation and guidelines, and the forthcoming guidelines related to Article 210 of the CMO Regulation. Where there are doubts the European Competition Network should take a role in discussing best practices. The recent descent by the German Competition Authority in relation to the Initiative Tierwohl prohibited a practice, which otherwise would have been permitted under the Commission guidelines (had they been adopted).
- **Providing regulatory sandboxes** where necessary to test collaboration without falling foul of competition rules and the prompt issuing of **comfort letters** that can offer legal certainty.
- **Enabling transparency** for example, where negotiations are conducted through intermediaries (e.g. producer organisations) and retailers and wholesalers are not aware of how the price they pay is distributed to the producers, many of whom may be SMEs.
- **Clearly define responsibilities** through EU guidance when repairing, re-using and recycling materials. Identifying who (manufacturer or distributor) obligations fall in the value chain and considering how products are treated during their lifetime (e.g. where consumers may remove identifiers during the product life).

The Commission could **also engage with pilot projects or tools to better assess future impacts on the retail ecosystem in critical areas** such as logistics, packaging, energy, and critical raw materials, to ensure the needs and demands of the sector are well understood and considered.

18. What other issues or barriers to the green transition would you propose to be considered for this pathway?

The barriers identified in the staff working document are supported and please see the attached position papers for further ideas. In addition, further ideas have been shared in the EuroCommerce response to the agri-food transition pathway and in response to questions 4 and 11 above.

Others include:

- The need for a **Single Market approach** that avoids standalone measures that cause fragmentation where Member States wish to be more ambitious, adopting the same approach in **creating a common understanding of the scale and scope of Scope 3 emissions** and expectations of the sector.

A RETAIL ECOSYSTEM EMPOWERED BY SKILLS

19. What are the implications of the green and digital transition for the main skills requirements and training needs in the retail ecosystem?

The green and digital transition will only occur if access to the right skills and talent is available. The Staff Working Document describes the implications well. The additional types of skills needed are set out in the position paper.

It is estimated that large companies will need to invest 30% more and SMEs double their investment in people by 2030. This means an investment of between €75 and €105 billion until 2030 (current and incremental investment, on top of the time and resources already invested in on-the-job training and other informal learning that has not been quantified). €25 to €30 billion would be needed for upskilling, which is 40-60% more than what the sector spends now and between €500 million to €3 billion in reskilling up to 2030. This will help retailers and wholesalers increase productivity and drive the evolution of skills and roles.

The Skills Partnership identifies the following skills needs:

- Customer centricity/interpersonal awareness.
- Data analytics/literacy.
- Basic digital skills: applications, excel, chat box, what is AI, ecommerce.
- Sustainable/environmental skills: efficient/energy-saving use of equipment, products and solutions.

As well as meta skills:

- The ability to deal with change.
- Learning agility (learning how to learn).
- Critical thinking.
- Problem solving.
- Creativity.

Retailers and wholesalers can drive change forward by:

- **Deploying training programmes at scale** (e.g. through online learning platforms).
- **Improving opportunities for enhancing skills while working.**
- **Expanding scholarship/sponsorship/apprenticeship programmes.**
- **Collaboration with educational and training institutions and work with retail and wholesale associations**, to develop initiatives for establishing apprenticeship frameworks, vocational education programmes, and promoting lifelong learning.
- **Running campaigns to attract talent to the sector** and developing its image as a place for career progression.

20. What are the main challenges of the skills transition of the retail ecosystem in your specific sector and country? Please explain.

The same matters referred to in replies to questions 1, 6 and 13 apply. Supporting these changes will need to be underpinned by having access to the right skills and talent.

In addition, the main challenges include:

- **Digital literacy:** for example, cashiers require basic knowledge of digital tools such as self-checkout stations, digital price scanners, and smartphone apps. New roles will emerge, such as data scientists, digital marketing specialists, and user experience experts.
- **New technical and analytical skills:** for product and revenue analysis. For example, in roles such as category management and marketing, possessing analytical and technical skills is

essential to making dynamic pricing decisions, optimising promotions and effectively managing e-commerce.

- **Soft skills:** customer assistance to meet evolving consumer demands, adaptability/willingness to embrace change to changing customer expectations and providing excellent support throughout the customer journey.
- **Addressing the impact of climate change:** equipping employees with knowledge and skills in implementing circular economy principles, waste reduction strategies, and integrating renewable energy solutions. Supporting **consumer education** in explaining the importance of making sustainable choices, responsibilities at the end of life, and possibilities for repair, re-use, recycling, and refurbishment.
- **Increase attractiveness for those with transferable skills:** for example, to attract those who may have been working in different industries (e.g. technology) to the sector.
- **Agility:** as the needs of the retail ecosystem are rapidly evolving, development particularly of the education system, needs to be directly addressed to the needs of the ecosystem and be flexible and developed with business.

20.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

20.2. Would you have any examples of initiatives or good practices in relation to the skills transition to share, including at national, regional and local level?

EuroCommerce and UNI Europa entered into a Large-Scale Skills Partnership in November 2022.

Best practices include:

- **HDE and BGA**, retail and wholesale associations in Germany, have developed a **new e-commerce profile** in close cooperation with trade unions.
- **Decathlon's** training centre, set up in partnership with the French National Agency for Professional Training for adults (AFPA), **provides apprentices with the qualifications necessary for the sale and repair of sports products.**
- **REWE Group** offers employees a range of development options, including a **programme that prepares store employees for manager and district manager roles.**
- **Carrefour Romania** and the Bucharest University of Economic Studies formed a strategic partnership **to help employees develop skills for managerial positions, with courses in leadership, communication, digital strategy, and more.**
- **Amazon Europe's Career Choice programme** provides up to €8,000 per worker for **professional training and tuition**, helping employees acquire skills to pursue their careers at Amazon or elsewhere.
- **Skillnet Ireland**, a business support agency, is tasked with **developing the workforce to enhance the competitiveness, productivity, and innovation of Irish businesses.**

The Finnish Commerce Federation collaborates with several educational institutions. In recent years, the collaboration has focused specifically on the digital and green transition. Currently, the Finnish Commerce Federation **is working together with five Finnish universities to offer a study module related to digital commerce.** This study module is in its third academic year. Additionally, the Finnish Commerce Federation is currently implementing, for the first time, a study module related to digital business in cooperation with Tampere University of Applied Sciences. The Finnish experience also highlights the importance of integration of the green transition across different degrees, study modules and individual courses. While there is an increasing availability of digital courses, they should be a long-term presence.

Through social dialogue employer organisations, trade unions, companies, education and training providers, as well as public authorities **can collaborate more effectively to identify skill gaps, specific training needs and the funding required to address the skills shortages both at the national and European level.**

21. Have you set specific targets and milestones for the skills transition in your area of activity? How far are you from achieving them?

Retailers and wholesalers include specific targets and milestones for skills transformation in their business. Company examples cannot be shared as this will reveal business strategies and is contrary to competition rules.

EuroCommerce together with UNI Europa has committed to the Skills Partnership. This highlights the ambitions that the sector would like to see achieved including:

- Providing high-quality apprenticeships for young people and promoting a culture of continuous learning.
- Innovative new curricula, such as the successful e-commerce merchant apprenticeships in Germany and Austria, in every EU country.
- Digital literacy programmes for employees.
- Basic green skills for employees.
- Upskilling to improve learning agility to help employees perform their tasks on multiple channels or in a hybrid workplace format.
- Supporting employees to achieve a better insight into their perspectives on the labour market so they can develop the skillsets for new employment opportunities; including those that could be better job opportunities.
- More reskilling programmes that help direct long-term unemployed towards skills shortage professions in retail.
- More 'homegrown' data scientists and appropriate sustainability skills to support the green transformation, its supply chain and nudge their customers.

The Skills Partnership is in its infancy with the immediate focus being on growing the number of partners, using the support of the Commission's contractor to identify targets and best practice exchange. **EuroCommerce is working with UNI Europa to identify common priorities for best practice exchange and what joint events could be organised. These aim to help the sector achieve the 'desired outcomes' listed in the Skills Partnership.**

In addition, **EuroCommerce is part of a consortium led by Junior Achievement Europe for a Blueprint for Skills.** This **will develop pilot projects for apprenticeship schemes** that could act as a Blueprint for other Member States to replicate in the future. **The 4-year project "Skills4Retail - Accelerating the Triple Transition in European Retail through Skills" aims to address the growing skills gap** that is hampering the development of many businesses in the industry. It will be designed to appeal to the broadest possible catchment of potential students and retail employees from across Europe and from many different demographics and cultural backgrounds.

Initiatives could potentially be explored **through sectoral social dialogue. The work programme for the commerce sector is currently being negotiated and will include sustainability and digital transformation.**

Various initiatives aim to enhance educational opportunities related to the digital and green transition. **The challenge is to create lasting and new components within the education system.** The Finnish Commerce Federation influences the curricula and degrees of different educational institutions to ensure the incorporation of themes related to the green and digital transition. A relevant recent example is the upcoming revision of the basics of the business foundation degree, which will include its own modules related to digital commerce and the circular economy.

22. What are the specific challenges of the skills transition for retail SMEs? Please explain.

See answer to questions 2 and 15 above and the EuroCommerce position paper on the SME Relief Package.

It is estimated that SMEs 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-go 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.

23. Would you have concrete suggestions on how to support the ecosystem to invest in the skills transition (e.g., relating to access to finance, public funding and framework conditions for investment)?

See reply to questions 9 and 16 above.

Retail and wholesale associations can also specifically support the skills transformation by providing training or programmes that enable SMEs to find talent or partners to whom they can outsource functions to.

As set out in the reply to question 19, funding could also enable **collaboration with educational and training institutions** and **work with retail and wholesale associations**, to develop initiatives for establishing apprenticeship frameworks, vocational education programmes, and promoting lifelong learning. As well as encouraging entrepreneurial skills.

In addition, efforts could be made to:

- Better communicate information on how to access EU funds and schemes for upskilling and/or reskilling;
- Provide access to online programs teaching basic digital skills (e.g. using Massive Online Open Courses);
- The creation of upskilling and reskilling hubs;
- Develop blended forms of learning (e.g. employers stimulating employees to take learning modules through dedicated learning platforms);
- Creation of platforms connecting vocational education and training providers and retailers and wholesalers.

24. Which elements do you find are missing or insufficient in the current regulatory framework to support the skills transition?

See the reply to question 3 above. There is no need for further regulations to support the skills transition.

25. What other issues or barriers to the skills transition would you propose to be considered for this pathway?

The barriers identified in the staff working document are supported and please see the attached position papers for further ideas. In addition, further ideas have been shared in the EuroCommerce response to the agri-food transition pathway and in response to questions 4, 11 and 18 above.

Others include:

- Need for a **high-level forum at EU level to discuss and exchange best practices on how to promote lifelong learning** for employees across Europe.
- Need to **better recognise vocational experience or qualifications** that are not currently properly validated (both informal and non-formal taking place inside the workplace as well as formal (vocational schools) and blended forms of learning).
- Need for **further apprenticeships** preparing employees for the increasingly omnichannel nature of the retail and wholesale sector.
- Improvements to the public education system and ensuring classrooms have adequate IT infrastructure addressing the investment gap. This requires continued Commission commitment to initiatives such as the **Digital Education and Skills Package** and funding. This requires access to digital education for all learners, incorporating teaching and learning materials and modern and high-quality digital education content, and engagement in constructive dialogue to ensure that curricula (including those at universities) are fit for purpose and that computers and devices are readily available to help learners.
- Need for an **EU structure to help retailers and wholesalers comparatively assess skills needs across countries, feature skills forecasts in their HR strategies**, and learn from each other.
- Need for **real-time data and up-to-date information on how skills and jobs are changing** at local, regional, national, European and global levels. **Access should be available to data from companies** (on a voluntary basis), **social partners**, regional, national and EU **public authorities** (including Cedefop), **education and training providers**, and **private and public employment services**.

- Need for a **communication campaign** with EuroCommerce, national associations and companies who want to participate, **to present the sector as a place for career progression** along different paths and for different talents (e.g. through roadshows, job fairs) **and to help address skills shortages**. As well as **opportunities for local jobs** (including in rural areas), **stable and specialised jobs, variety** (e.g. direct selling, physical retail, wholesale) **and transferability of skills**.
- **Need for action to address legal constraints that prevent employers from offering the right incentives to retain or attract employees**. This includes where employees wish to **work remotely** in another EU Member State.
- **Action to address the complications** that companies that operate in multiple Member States face **to organise the short-term exchange of employees**.

A FAIR AND JUST RETAIL ECOSYSTEM FOR BUSINESSES, WORKERS AND CONSUMERS

26. What are the main challenges to make the green and digital transition of the retail ecosystem fair and just for consumers in your specific sector and country? Please explain.

The diversity of retail and wholesale plays a key role in European Cities and in rural areas. In rural areas, the retail ecosystem makes a contribution to slowing down rural depopulation.

The changing role of stores and warehouses as consumers demand better service, seamless omnichannel experience and faster deliveries **requires Member States to examine and adapt their town and country planning frameworks and procedures to become more agile and for easier and quicker procedures to grant permits**. This requires a holistic approach that considers the likely new role that retail and wholesale will play in the future and barriers arising from restrictions on freedom of establishment will need to be discouraged or limited to those that are proportionate.

A linked challenge is the need to have ambitious programmes for the revitalisation of town centres across the EU, to help retail and wholesale continue to play their essential role as a contributor of good quality life and a counterbalance to the adverse effects of demographic change recognised in the new Leipzig Charters of 2020.

For further information, please see the attached position paper.

26.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

26.2. Would you have any examples or good practices to share in relation to these challenges? What ways forward/solutions would you propose?

See the position paper.

27. What are the main challenges to make the green and digital transition of the retail ecosystem fair and just for employees in your specific sector and country? Please explain.

Please see the replies to the questions in the section above (a retail ecosystem empowered by skills), the Skills Partnership for the Retail Ecosystem and the position paper attached.

27.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

The European Centre for the Development of Vocational Training (Cedefop) forecasts a decrease of 11,000 workers in the field of sales workers in Finland over the period 2022-2035. (<https://www.cedefop.europa.eu/en/tools/skills-intelligence/future-job-openings?country=FI&year=2022-2035#5>)

Small and medium-sized enterprises (SMEs) represent 99.8 percent of all businesses in wholesale and retail trade. (https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/StatFin__yrti/statfin_yrti_pxt_13w5.px/)

27.2. Would you have any examples or good practices to share in relation to these challenges? What ways forward/solutions would you propose?

In Finland, employers, who have at least 20 employees, are obligated to maintain a 'development plan', in which they must register personnel's competence needs. Employers must pay attention to potential changes in working methods that could affect their personnel's skills and how skills could be maintained and developed. Employers must assess technological progress and its effects on personnel. Through this legal obligation, employers are obligated to assess the need for employees' re-/upskilling regularly.

This has resulted in the development of the Finnish Collective Bargaining Agreement's compensation model towards a system that more recognises employees' skills. Instead of binding salary levels to seniority only, it has created a compensation reform, which will introduce new job requirement levels that better acknowledge the complexity factors of jobs in the sector. The key factors in determining the job requirement grade include e.g., the competence required for the position, discretion, independence of work and nature of interaction.

In a changed working environment, a more just remuneration system will increase employee satisfaction and encourage employers to reward employees based on their skills. In addition, the current remuneration models do not recognise the already changed work methods and task requirements. Most supplements are currently outdated and thus, reform is needed.

Collective agreement parties aim to also discover employee-oriented flexible ways of using labour that would allow the employees to perform work with more flexible working time but still take into account the employer's needs.

National social dialogue has been the best way in Finland to consider sector-specific key issues, focus on needed changes and develop our sector in employment issues towards a green and digital transition. Since Collective Bargaining negotiations have been the best channel for the work, social partners' authority must be respected in future as well.

28. What are the main challenges to make the green and digital transition of the retail ecosystem fair and just for SMEs in your specific sector and country? Please explain.

Please see the replies to the questions above concerning SMEs' specific needs and the position paper attached.

28.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

28.2. Would you have any examples or good practices to share in relation to these challenges? What ways forward/solutions would you propose?

See the attached position paper.

29. What are the main challenges to make the green and digital transition of the retail ecosystem fair and just for supply chain in your specific sector and country? Please explain.

To help retailers and wholesalers implement the legislation please refer to the position paper, where reference is made to due diligence amongst other ideas to address the challenges that may be faced in making fair and just supply chains a reality.

29.1. Could you provide any data or analysis to illustrate these challenges?

- See attached position paper.
- Further data and analysis can be provided upon request.

29.2. Would you have any examples or good practices to share in relation to these challenges? What ways forward/solutions would you propose?

See the attached position paper.

30. Have you set specific targets and milestones for a fair and just transition in your area of activity? How far are you from achieving them?

Retailers and wholesalers include specific targets and milestones for digital transformation in their business. Company examples cannot be shared as this will reveal business strategies and is contrary to competition rules.

31. Which elements do you find are missing or insufficient in the current regulatory framework to support a fair and just transition?

See the reply to question 3 above. There is no need for further regulations to support the skills transition.

32. What other issues or barriers to a fair and just transition would you propose to be considered for this pathway?

See the attached position paper.

Key Performance Indicators

33. Are you collecting data and have you developed KPIs to monitor the green, digital and skills transition in your area of activity?

See comments on KPIs in the attached position paper.

34. How could you contribute to the monitoring of the green, digital and skills transition at EU level?

See comments on KPIs in the attached position paper.

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