The Role of Retail & Wholesale
in the EU Food Value Chain

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Collaboration is key

A shared responsibility for a resilient food chain

Price transmission in the agri-food chain reflects the complex interplay between farmers, suppliers, retailers, and consumers. Only through collaboration across the entire supply chain can we ensure a competitive, resilient and sustainable food system.

Retailers are the most visible link in the agri-food chain and mostly sell processed goods to consumers. We aim to explain retailers and wholesalers' role and contribution in the agri-food chain and who farmers sell to (agriculture businesses, food processing and export).

Retailers and wholesalers provide 450 million consumers in Europe with a wide range of affordable, high-quality food, sourced from both large suppliers and SMEs. While our direct dealings with farmers are limited, we actively support sustainable production and responsible consumption.

Price is the top factor in purchasing decisions. Interference in price formation will not achieve its aim. The focus, rather, needs to be on competition, legal certainty, and removing (not creating) barriers in the Single Market.

Farmers need practical solutions, better market access, reduced red tape, and improved tools for innovation and finance. Retailers, in turn, need clear, workable rules and the freedom to negotiate. Over-regulation, such as limiting alliances or expanding the UTP Directive without evidence of need, risks harming—not helping—the food chain.

If one part of the food system falters, all are affected. Retailers and wholesalers are committed to a forward-looking, collaborative approach—one that fosters ecological and economic sustainability. Together, through transparency and innovation, we can build a food system ready for the challenges ahead.

Learn more about this topic: www.eurocommerce.eu/unfair-trading-practices-directive

Overview of retail and wholesale in Europe

Europe's food retailers and wholesalers provide an essential service in the chain: we give consumers and businesses access to a wide choice of foods at affordable prices.

The retail and wholesale sector has a unique role in the complex chain of food price formation.

We are present in **every city** and across each region, supporting citizens during crisis

We contribute **10% of EU GDP**

European retail is a **leading sector** globally

We are Europe's largest private employer, providing **26 million jobs**

We provide **1 in 7 jobs** in the economy and **1 in 5 jobs** for young people

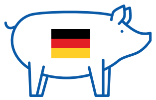
We represent **5 million businesses** of all sizes. **99% are SMEs**

We are a **proactive, reliable** and **innovative** sector

We need to invest up to **€600 billion** into our: sustainability (€335 billion), digital (€230 billion) and skills (€35 billion) transformation

FACT 1

Supply chains are complex supply webs

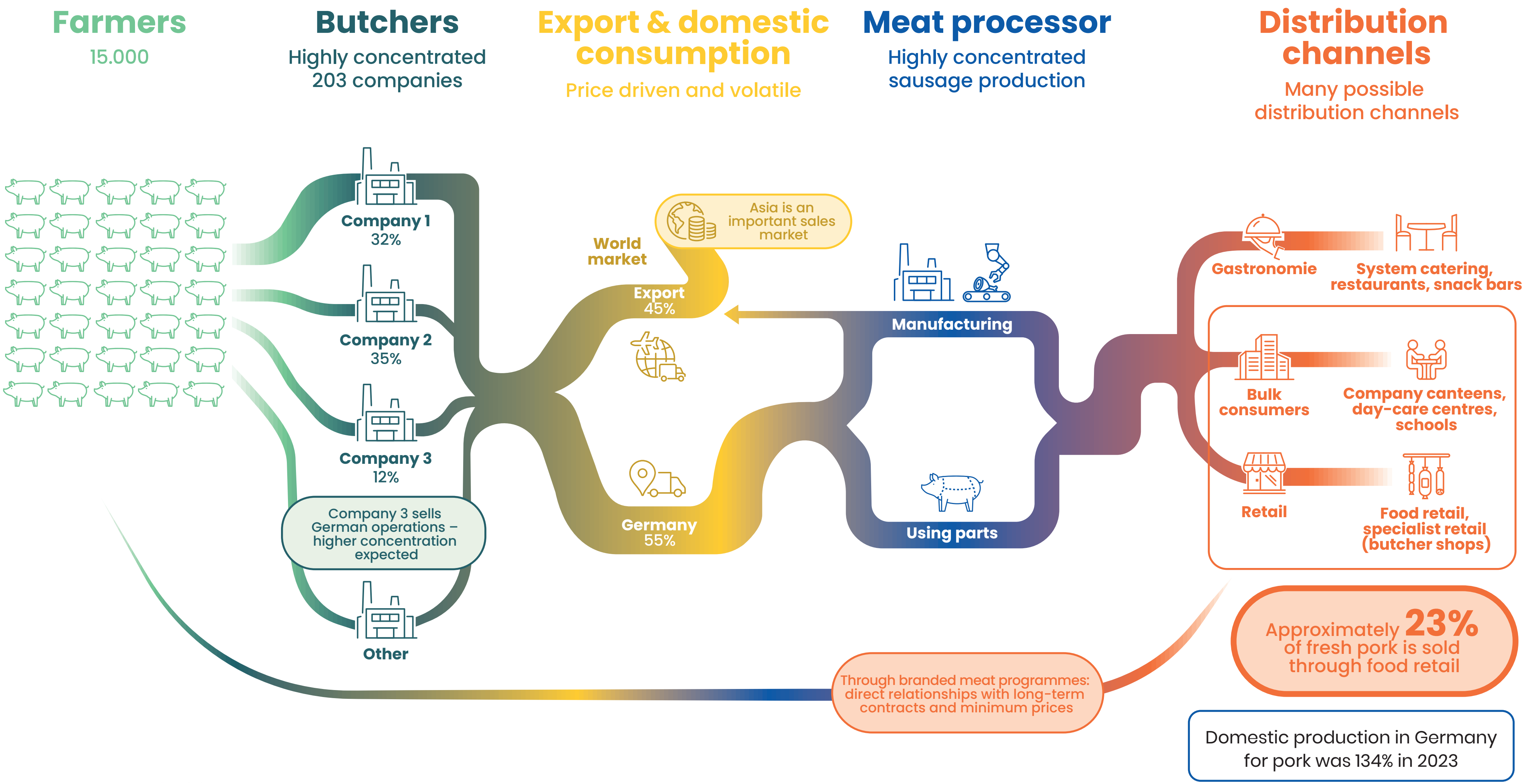


It sounds simple:
a farmer, a pig, and a plate.

FACT 1

German produced pork supply chain

The pork value chain has many stages, including exports; retail and wholesale is only one part of the value chain.



Source: BVLH Handelsverband Lebensmittel

Self-sufficiency rate: BMEL, 2024; Sausage production: Bundeszentrale für politische Bildung, 2021; Pig farming: BMEL, 2024; Market shares of slaughterhouses by number of slaughters: ISN, 2023; Vion: Lebensmittelpraxis, 2024; Export: BMEL, 2023; Sales market Asia: Statistisches Bundesamt, 2020; Fokus-Fleisch, 2020; Retail sales (LEH): Statistisches Bundesamt, 2023; HDE, 2024.

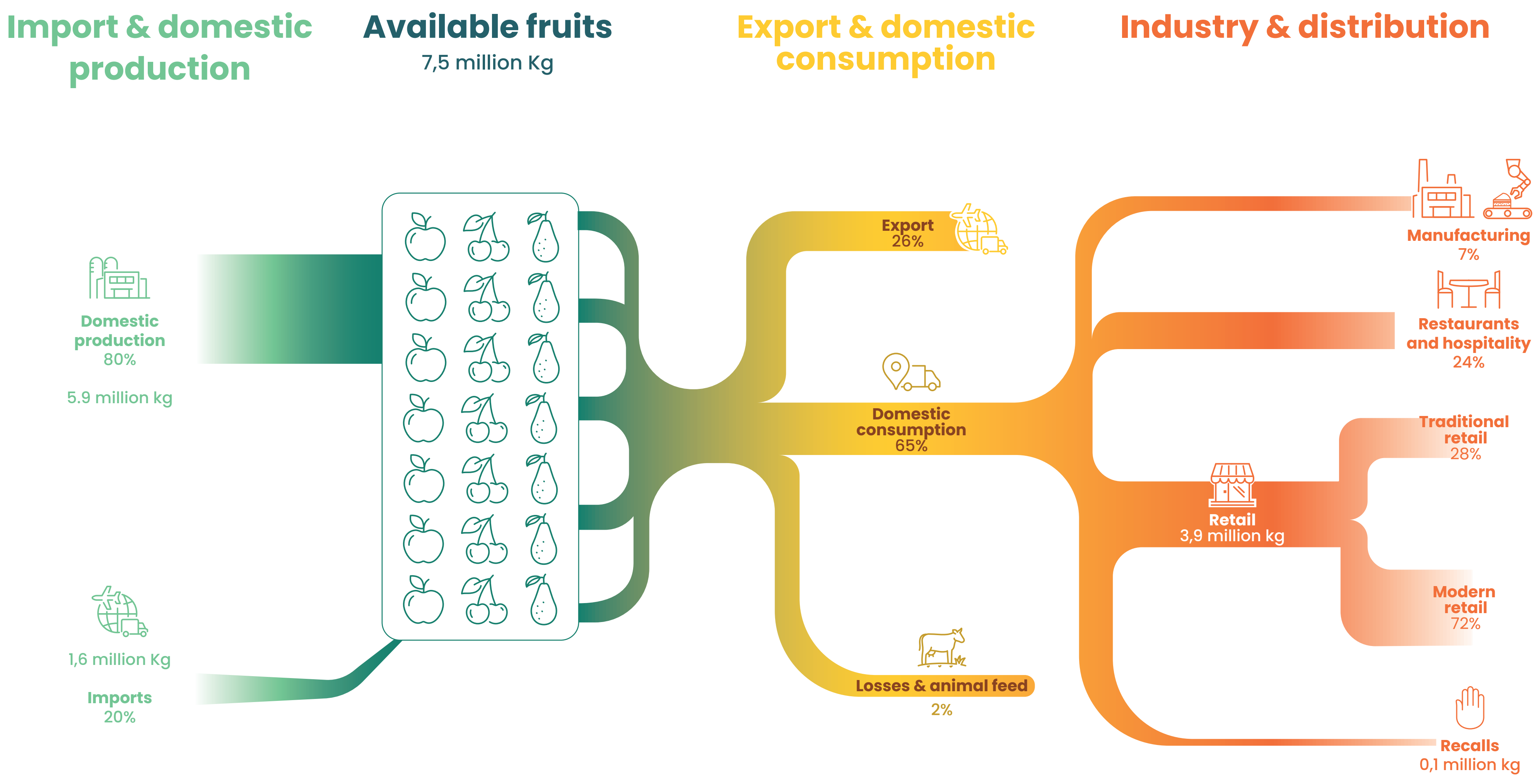
FACT 1

The Italian fruit supply chain *looks* simple at first.

FACT 1

Italian fresh fruit supply chain (excluding grapes)

The fresh fruit supply chain is shorter, but less than 50% ends up in retail.



Source: ISMEA 2025.

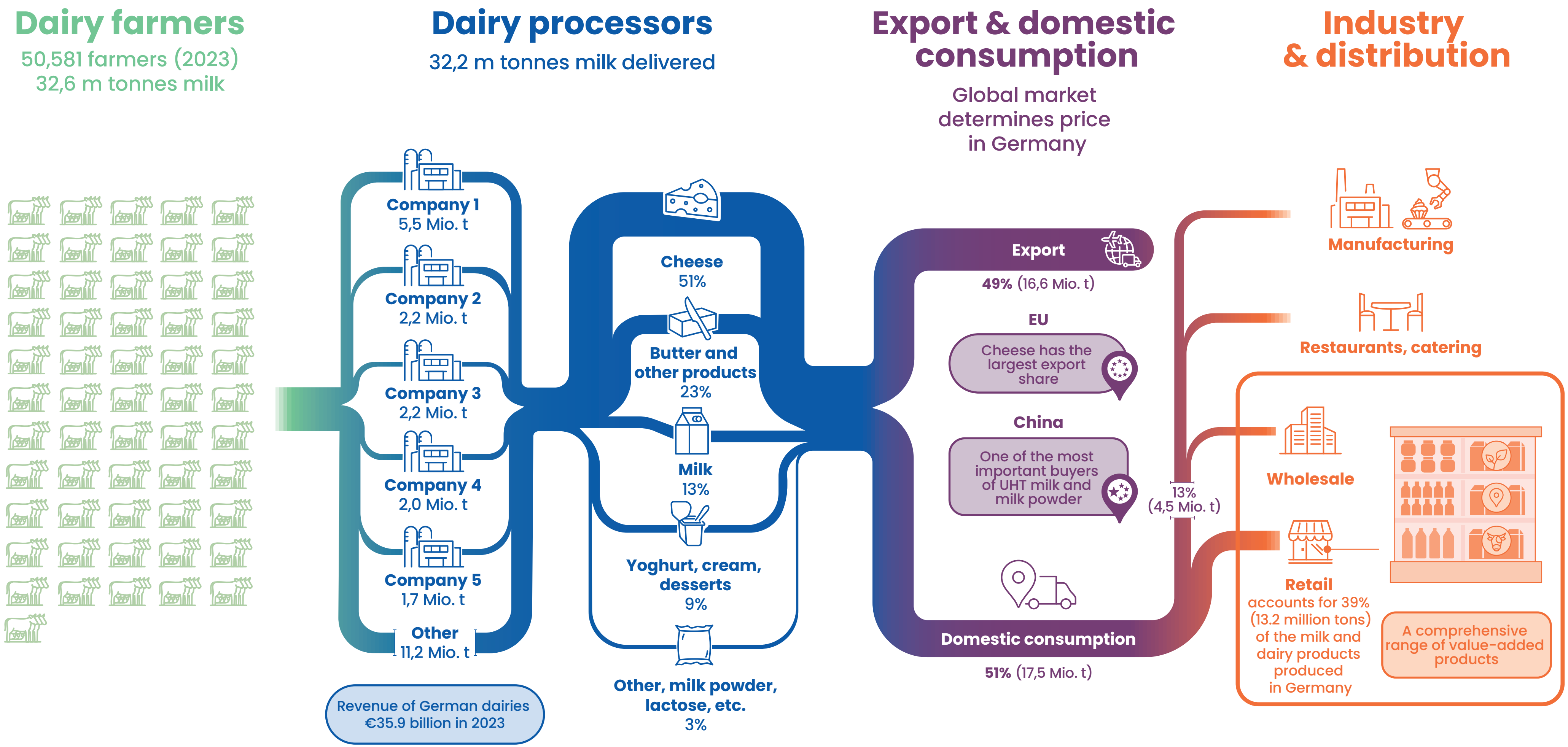
FACT 1

The German milk supply chain. A product so familiar it feels simple — yet it's anything but.

FACT 1

German produced milk supply chain

Discover the German milk supply chain



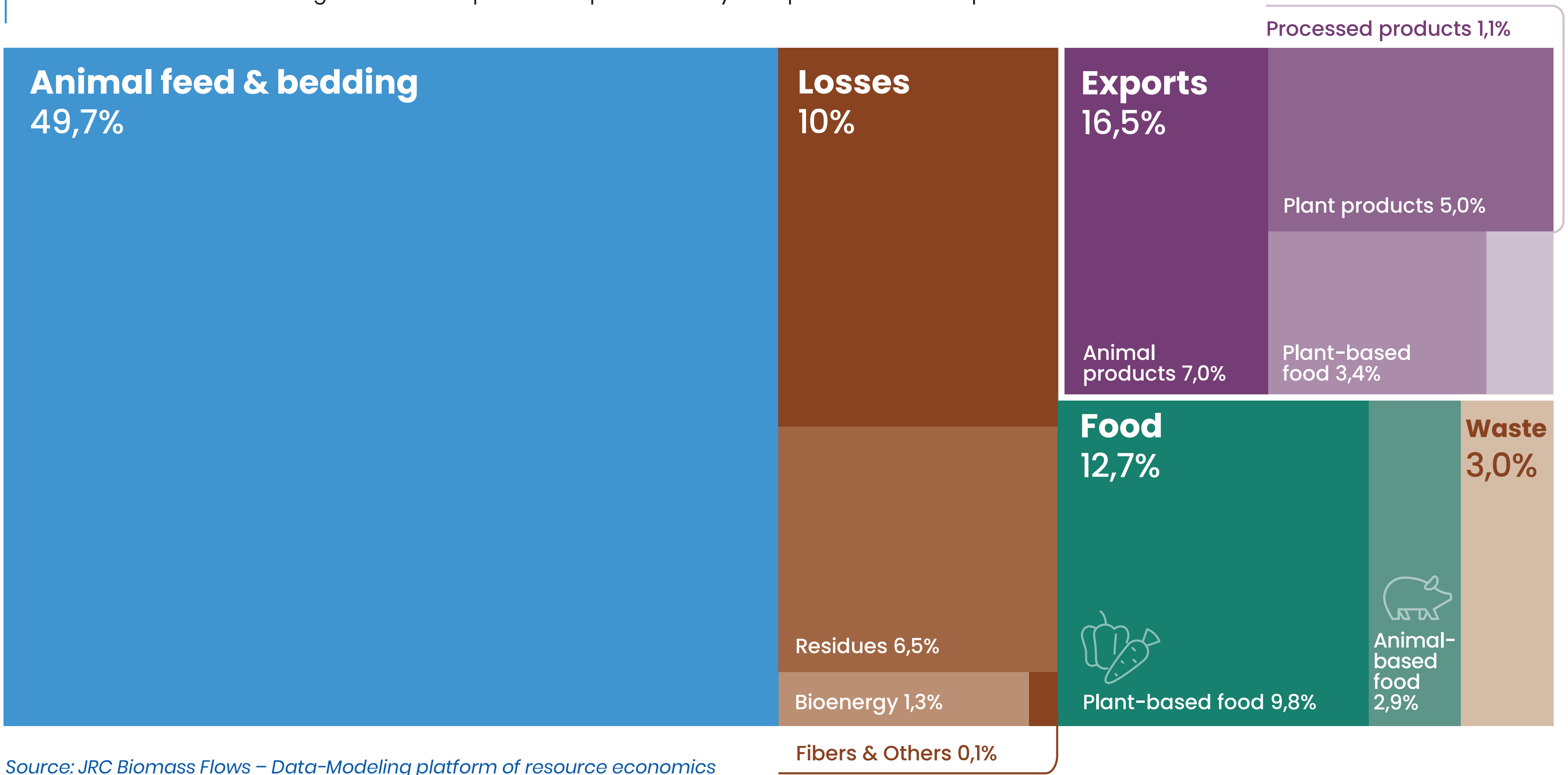
Source: BVLH Handelsverband Lebensmittel

Agrarheute (2023), Bundesanstalt für Landwirtschaft und Ernährung (2024), Bundeskartellamt (2017), Deutsche Molkereizeitung (2024), Grundlagen zur Preisbildung auf dem deutschen Milchmarkt (Thiele et al., ife Institut für Ernährungswirtschaft Kiel, 2019), Handelsverband Deutschland (2024), Milchindustrie.de (2023), MIV Geschäftsbericht 2023/2024 (Milchindustrie-Verband e. V. 2024).

FACT 2

The largest share of agriculture production supports other agriculture production and exports

Out of all farm production, the majority supports agriculture production in the form of feed and bedding. The EU remains a large exporter of farm produce (16.5% of production). Less than 15% of biomass production is for food in the EU. 70% of agricultural food products is purchased by food processors in Europe.



Source: JRC Biomass Flows – Data-Modeling platform of resource economics (last update November 2022).

FACT 3

Retail and wholesale adds most value in the agri-food chain

	Agriculture	Food and beverages processing	Food and beverages wholesaling and retailing	Food and beverage serving activities
Number of holdings/ entreprises (millions)	9.1	0.3	1.1	1.6
Number of people employed (millions)	8.4	4.8	8.4	8.6
Value added* (€ billion)	221.6	298.6	344.3	204.9

*Value added at basic prices for agriculture. Value added at factor cost for the other parts of the food chain. For agriculture: number of holdings, 2020.

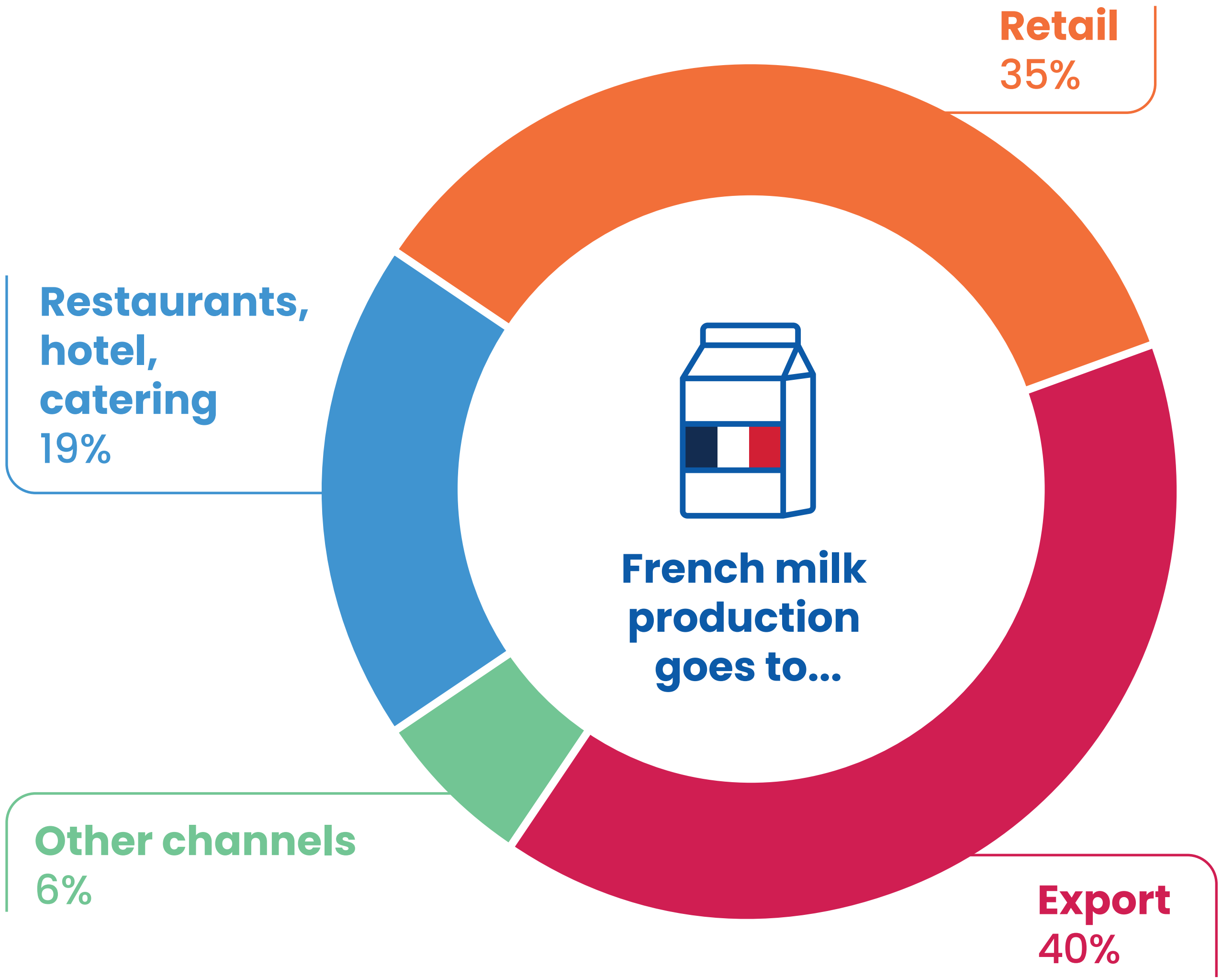
Source: Eurostat (2025). Key Figures on the European Food Chain.

FACT 4

Fresh milk is sold to a diversity of channels; prices depend on global markets

EU dairy farmers supply dairies ; these have multiple options to sell their products including exports (40%), hotels and restaurants (19%) and retail (35%).

This broad customer base increases resilience and creates opportunities.

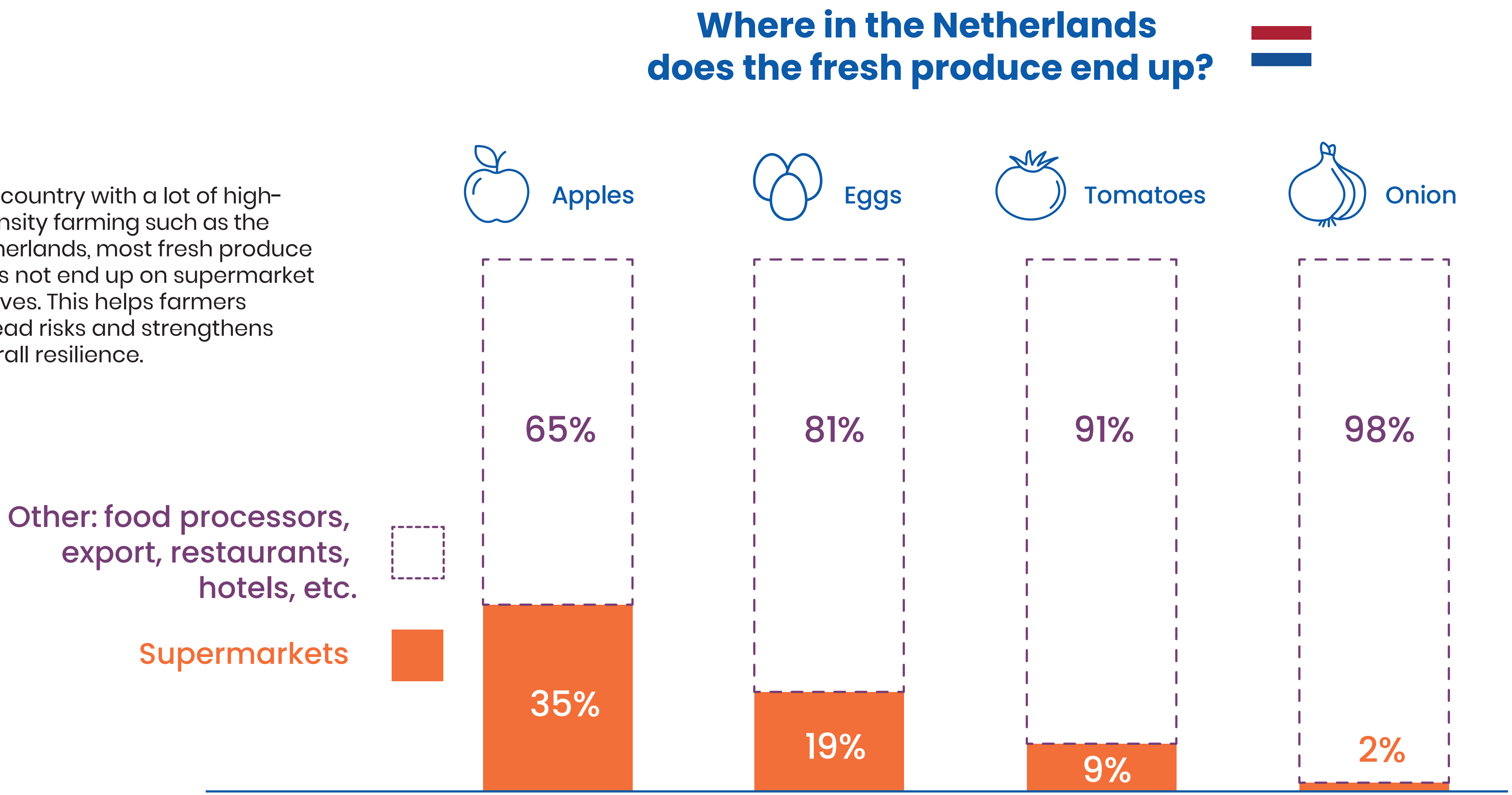


Source: Calcul et estimations FCD - via données CNIEL et OFPM - dernières données disponibles 2019.

FACT 5

Farmers have multiple channels for sales of fresh produce in the Netherlands

In a country with a lot of high-intensity farming such as the Netherlands, most fresh produce does not end up on supermarket shelves. This helps farmers spread risks and strengthens overall resilience.



Source: Schuttelaar & Partners 2018.

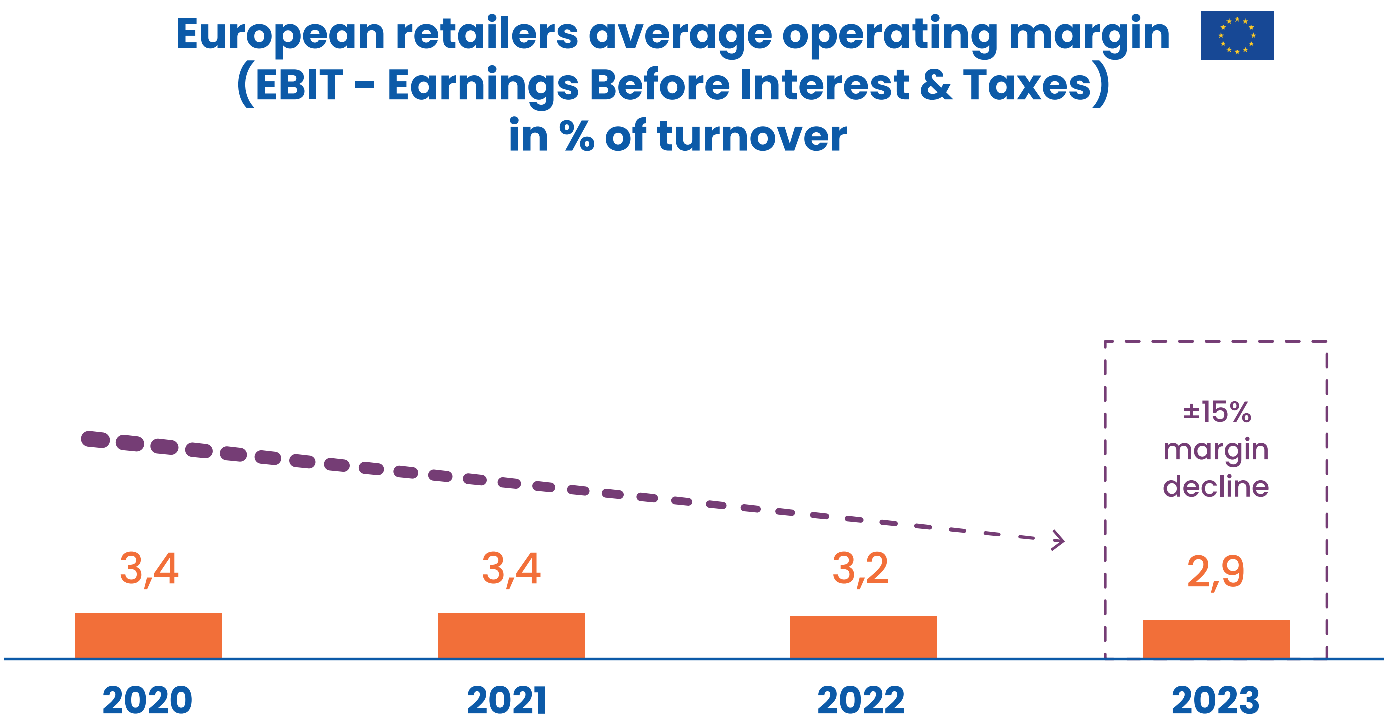
FACT 6

Food retailers are a low margin, high-turnover business

Retailers and wholesalers operate with high turnovers, high costs (stores, employment, energy and other operating costs) and low margins.

The energy and cost of living crisis have added further pressure on retail margins.

Faced with a severe cost of living crisis, consumers have been looking for ways to save money on their daily staples (promotion, product and category substitution, switching distribution channels).



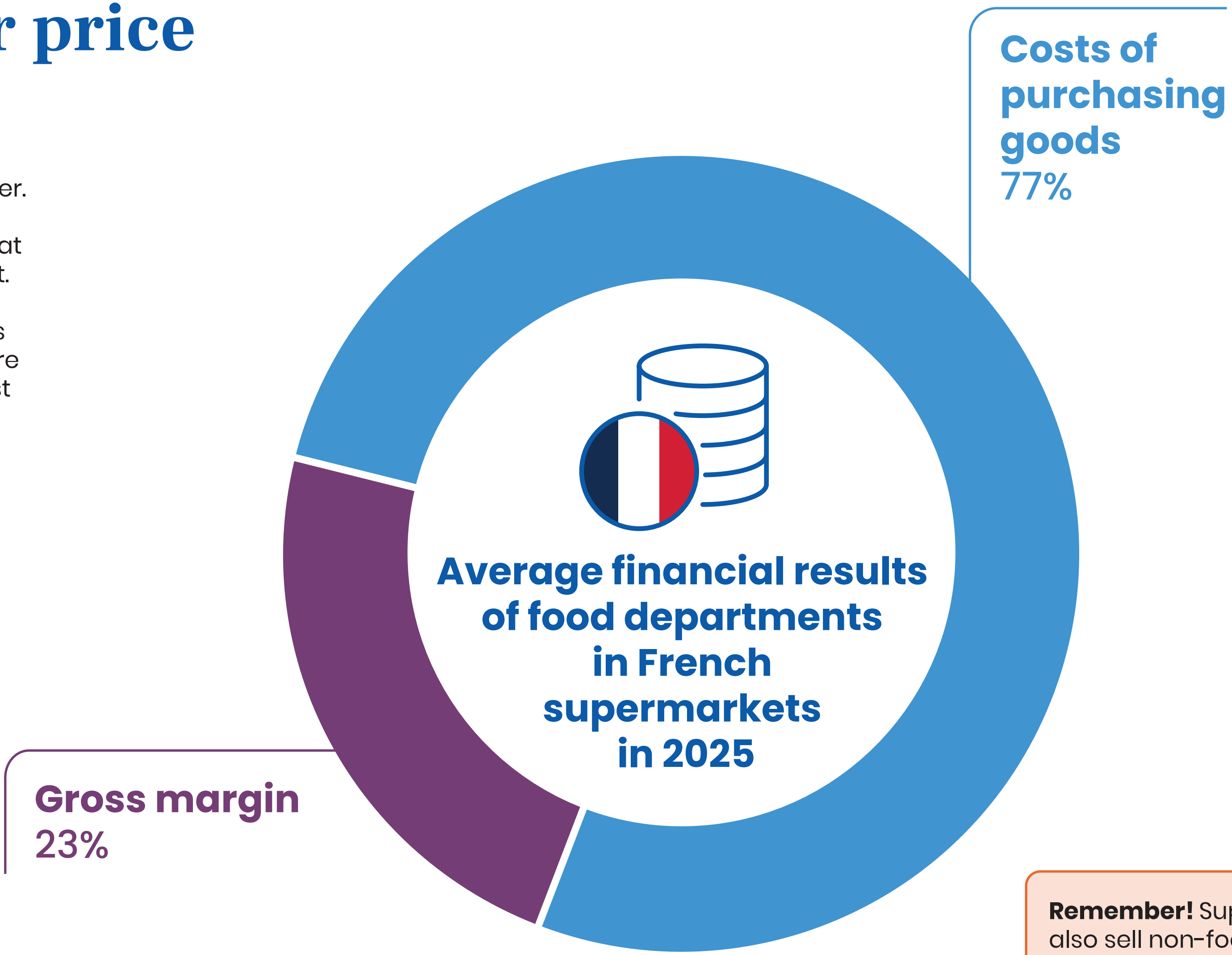
Source: State of Grocery Retail, 2025.

FACT 7

Product costs represent around 77% of consumer price

Typically, about 77% of a product's final price is the purchasing cost for the retailer. This means most of the price you pay goes to covering what the store paid for the product.

The remaining 23%—the gross margin—covers what the store pays for labour costs, the cost of its buildings, energy, taxes and logistics.

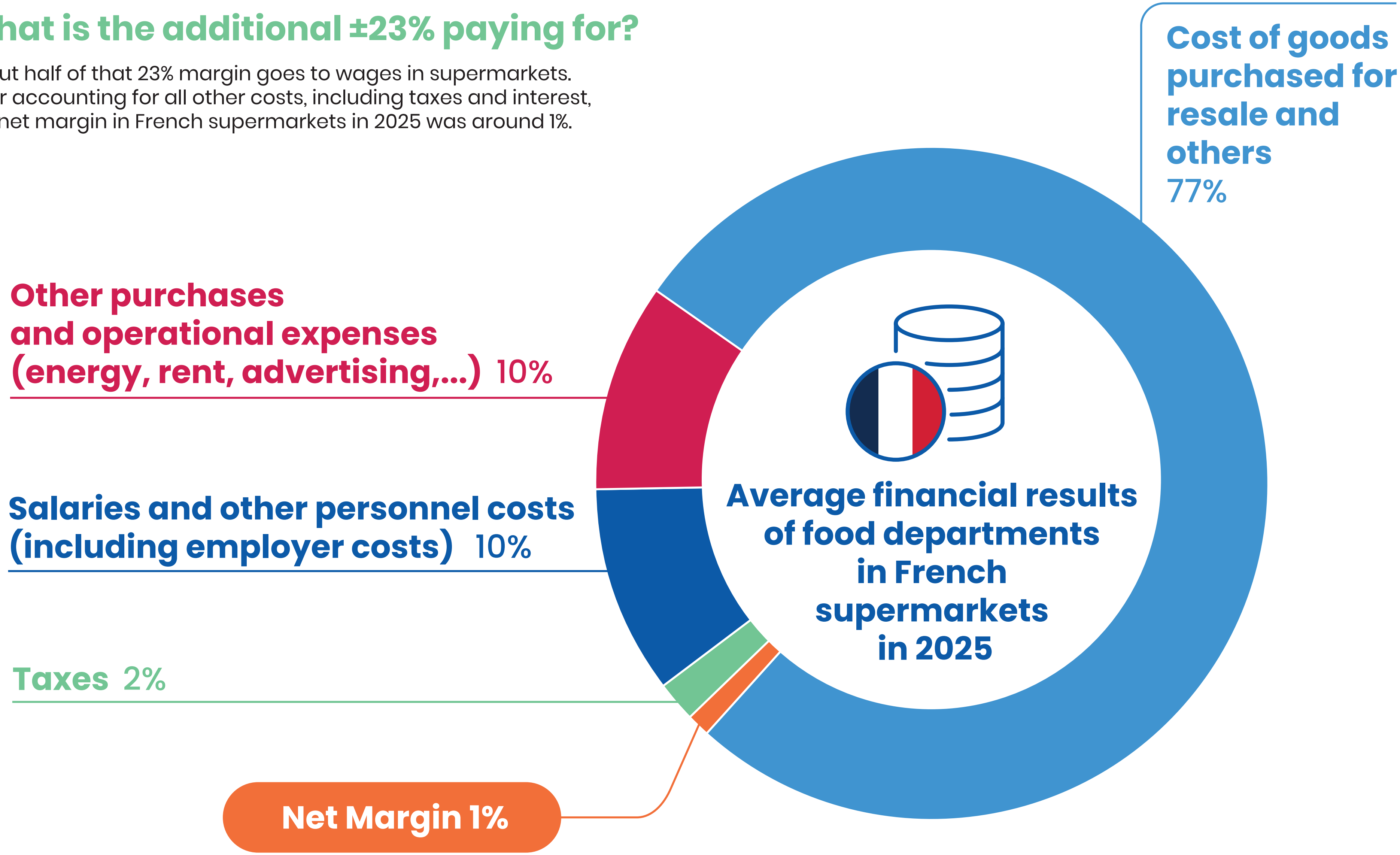


Remember! Supermarkets also sell non-food products, such as hygiene products, detergents or toys.

Source: INSEE, ESANE 2025.

What is the additional ±23% paying for?

About half of that 23% margin goes to wages in supermarkets.
After accounting for all other costs, including taxes and interest, the net margin in French supermarkets in 2025 was around 1%.

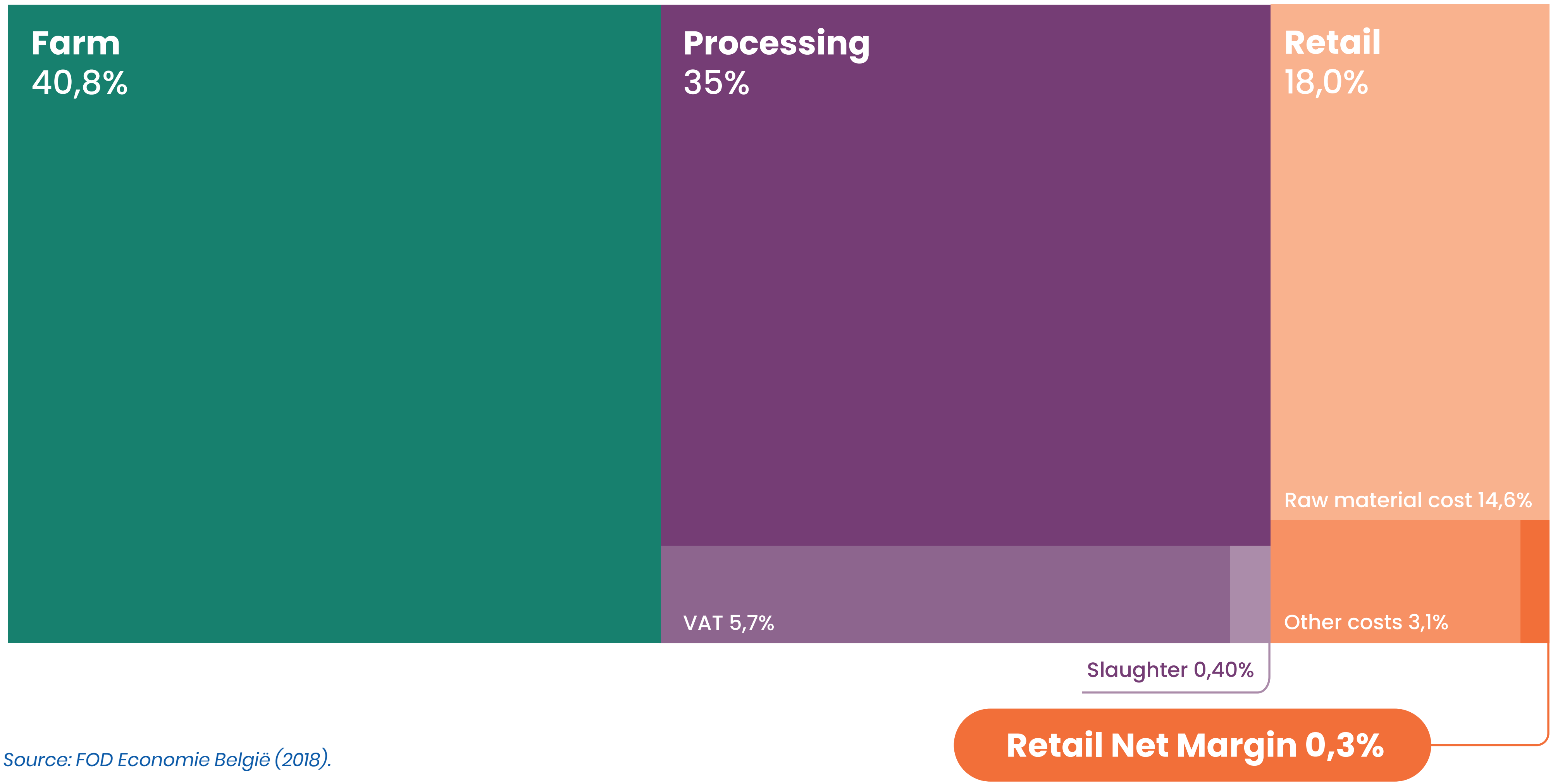


Source: INSEE, ESANE 2025.

FACT 8

Margins differ a lot from product to product

Consumer price composition of Belgian beef



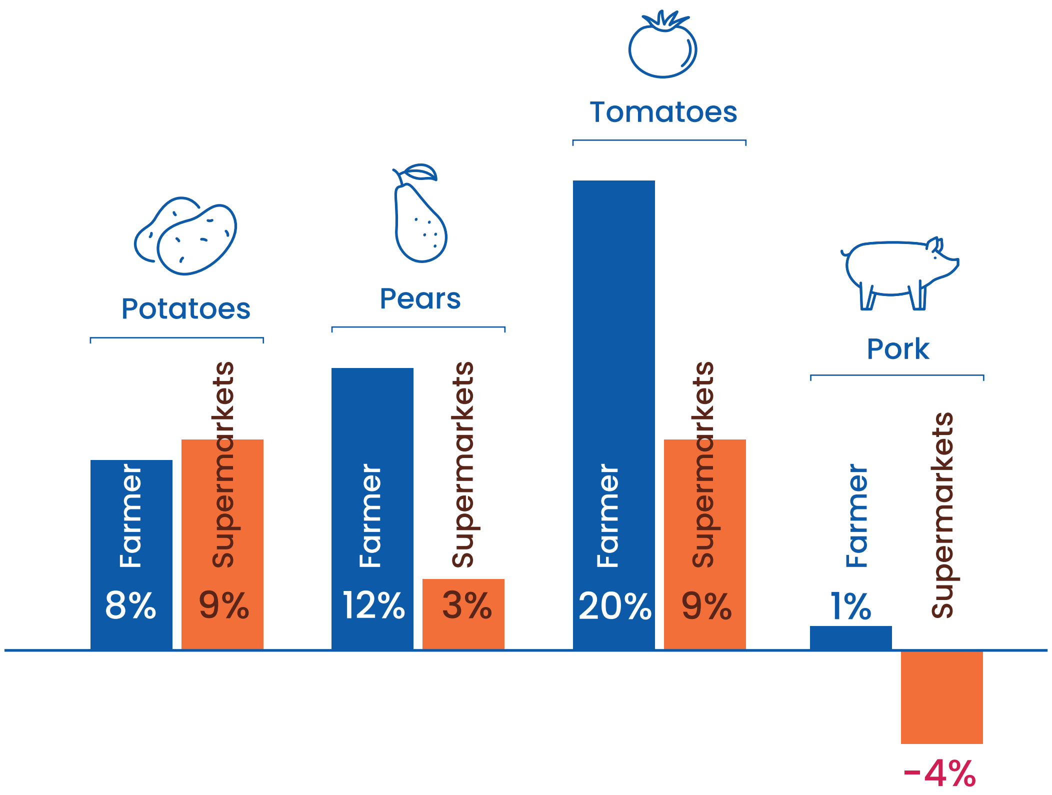
Source: FOD Economie België (2018).

Why do margins differ so much?

Food retailers have a completely different pricing strategy than other parts of the value chain. Each shop has thousands of items in its assortment, both food and non-food. Retailers do not optimise their margins per product but across the entire assortment based factors such as consumer preferences, competition, and what the weather may be like that weekend.

Some marker products, like staple foods, might be sold near or even below cost to help farmers with overproduction or because consumers want the product in store. Retailers absorb the difference.

Net Margins for standard products in the Dutch food chain (2018-2020)

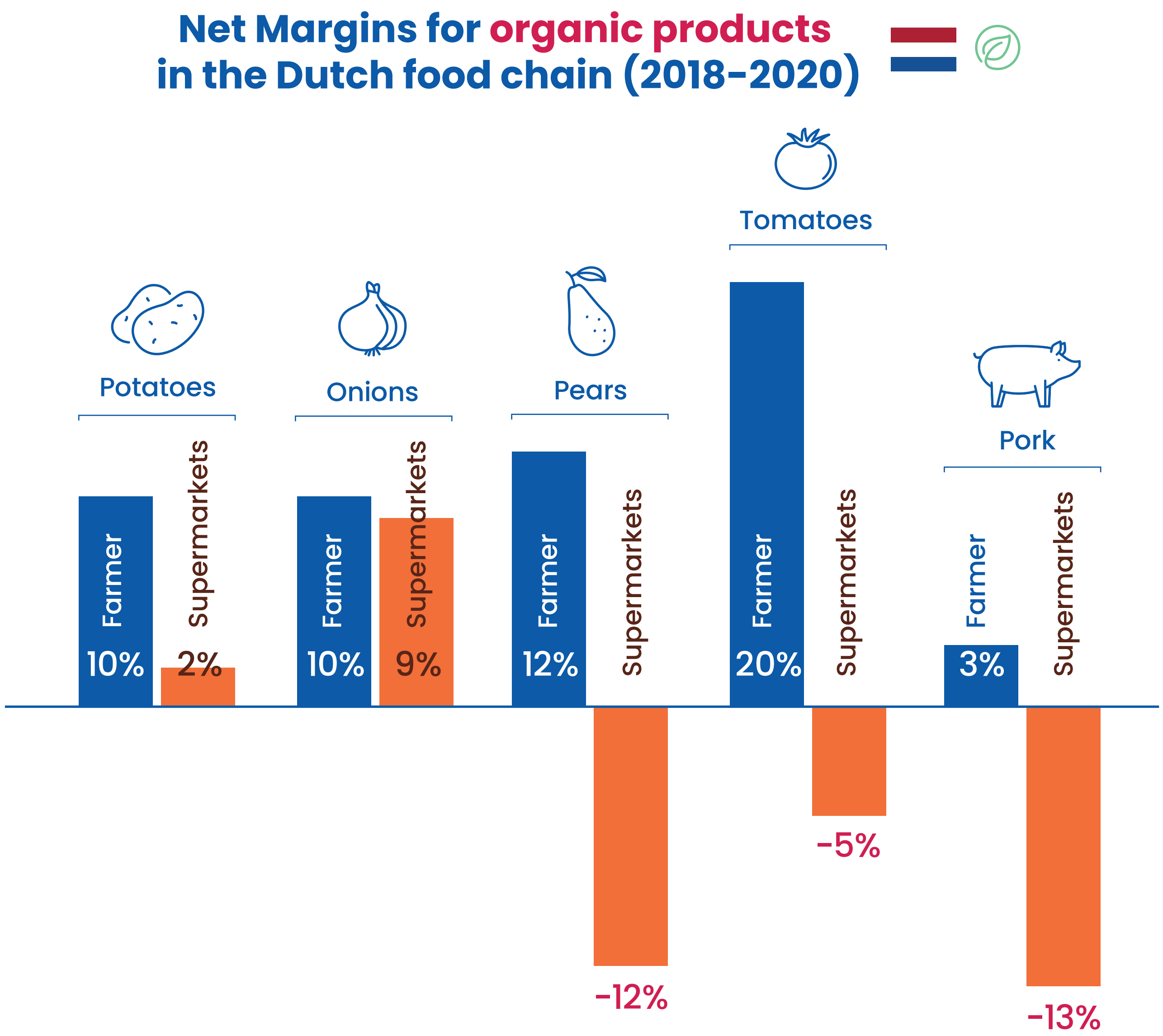


Source: Agro-Nutri Monitor 2022 - Achtergrondrapport (Wageningen University & Research).

Result:

There is no correlation between retail and farm margins

Looking at retail prices on a per-product basis will almost always lead to erroneous conclusions. The different pricing strategies means there is no correlation when you look at the net margins of farmers and retailers on a selection of organic products.



Source: Agro-Nutri Monitor 2022 - Achtergrondrapport (Wageningen University & Research).

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 28 countries and 5 million companies, both leading global players and many small businesses. Retail and wholesale is the link between producers and consumers. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of businesses and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

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