



**Independent
Retail Europe**

For groups of independent retailers

RECOMMENDATIONS FOR THE NEXT EUROPEAN LEGISLATURE

DEVELOPING A POSITIVE RETAIL CLIMATE

FOR THE BENEFIT OF THE NEXT GENERATION OF EUROPEAN CITIZENS



Our vision for Europe is a Europe that works for the next generation of retailers and consumers. What can benefit independent retailer groups and their member SME retailers can also benefit consumers, giving them smoother purchasing experiences, access to new technologies, a wider and healthier choice, better prices and service, and meeting their expectations of a strong European Union that offers opportunities and protects its citizens and the environment.

To meet these expectations, we believe that the EU should in broad terms focus on reinforcing its foundations by

1. making the European Single Market THE focal point of the next mandate, completing and strengthening it for the benefit of business and consumers;

Only through the completion of the Single Market can all citizens and enterprises have trust in it and equally benefit from it. Lack of harmonisation makes it difficult for companies, particularly SMEs, to operate and grow cross border.

2. ensuring a level playing field for business, fair competition and efficient and competitive enterprises, in our case independent retailer groups;

The Single Market should offer a fair playing field for all retail businesses and service providers to the retail sector to they can compete on fair terms.

3. promoting sustainability, consumer health and safety, and protecting the environment;

These issues are high on the agenda of the retail sector. Responsibilities should be fairly shared between economic actors, authorities and consumers, also at international level.

4. pursuing a more cohesive and inclusive EU society;

The EU can contribute to a more cohesive and inclusive society by safeguarding a diverse retail sector and promoting healthy town centres, also in rural areas.

5. making greater efforts towards better regulation.

To arrive at better results on the above mentioned focal points, improvements are needed to the Better Regulation Agenda.

These goals can only be achieved by a closer cooperation and alignment between all European legislators. They should be led by a principle of cohesion between all policy fields in order to achieve a complete, coherent, well-functioning and fair Internal Market. More than ever it is necessary to keep a holistic view on both the acquis and the outcomes of new European legislation. In this context you will find policy proposals of high importance for our sector that should be tackled by the next European legislature.

The retail sector is a very diverse and complex sector. It is the largest employer in the EU and an integral part of the European territory and culture. There are many different business models and different supply chains, which face numerous challenges on- and offline among which a myriad of regulations and an incomplete Single Market.

A Director in the European Commission explicitly responsible for the wholesale and retail sector and a European Parliament intergroup for wholesale and retail would allow for a better understanding and policy approach of the sector at institutional level, which could help the sector reach its enormous potential as a creator of growth, entrepreneurship, jobs and cohesion.

1. Making the European Single Market THE focal point of the next mandate, completing and strengthening it for the benefit of business and consumers

Be it the lack of fully harmonised EU food law with common interpretation of the rules across the EU or a lack of coherence when it comes to divergent national rules on the administration behind the provision of goods, groups of independent retailers face obstacles in the provision of cross-border services. Even the recently adopted New Deal for Consumers still lacks a clear, uniform legal framework for cross-border contracts.

Greater efforts should therefore be made by the EU and its Member States to build a real Single Market to give a positive impression of the EU to entrepreneurs and consumers, where currently they feel frustrated. Although progress has been made over the last mandate, **we lack a clear framework to make smooth cross-border service provision a reality**. For one, **Regulation Rome 1 on the applicable national law should be reviewed** in light of the recent developments in the e-commerce sector i.e. by further clarifying what constitutes active sales and passive sales (Art. 6 of Rome 1).

Only a complete Internal Market will limit abuses. It will for instance **ensure that manufacturers can no longer artificially split up the Single Market to prevent EU wide product sourcing or cross-border stock movements within retail networks**. These “*territorial supply constraints*” are imposed by manufacturers to distort the market to maintain artificially higher prices, which in turn leads to higher consumer prices.

The Consumer Product Safety Regulation should be relaunched. Its proposed provisions on distributors’ obligations and on isolated cases i.e. how retailers should interact with public authorities and manufacturers should be adopted. This will help to reduce the administrative burden on hundreds of thousands of independent SME retailers whilst increasing consumer protection.

2. Ensuring a level playing field for business, fair competition and efficient and competitive groups of independent retailers

The Single Market is not going to strengthen European business if there is no fair playing field for business.

The retail sector is under continuous pressure from the digital and tech evolution and changing consumer habits and preferences.

As some companies do not compete on merit, the retail market has tipped in favour of integrated players, particularly in favour of tech companies and pure online players to the detriment of independent retail groups. This has been equally detrimental to our shopping streets and town centres and negatively impacts on the cohesion of the European territories. The EU should recognise both the importance of a diverse retail

market and healthy town centres across the EU for citizens and the preservation of the European culture and the economy.

The level playing field between independent retailer groups and other retail models must be guaranteed so companies can compete on merit. Independent retailer groups are at a significant competitive disadvantage compared to integrated retailers including tech platforms acting as retailers, as well as the collaborative economy actors. Unfair market distortions caused by different treatment under competition rules or with regard to direct taxation or any other types of obligations should be eliminated.

To reinvigorate retail competition, **we ask that EU competition rules be reformed to allow independent retailers within independent retailer groups to have more possibilities when it comes to coordinated actions – be it common pricing or joint marketing campaigns.** Common pricing would enable one common webshop for each independent retailer group ('brand') and allow for sufficient aggregated sales volumes to feature on price comparison sites and search engines and thus positively impact on competition in the market for more choice and lower prices for consumers.

EU law should be more flexible on information sharing within groups of independent retailers – for instance on the sharing of data collected on group-owned digital platforms. The use of algorithms within groups of independent retailers is beneficial to competition as it enables groups of independent retailers to effectively compete with large integrated operators and online platforms.

The Commission should **assess the impact of new technology on markets in a timely manner and ensure markets remain fair** (e.g. the impact of passive in-home devices).

The Interchange Fee Regulation 2015/751 should be evaluated. Circumvention should be assessed as well as the inclusion of commercial cards. Special attention needs to be paid to the application of the Regulation to new payment methods such as Apple Pay and Google Wallet, but also newcomers like Alipay and WeChat.

The EU should facilitate access to finance for retail SMEs. We have several suggestions for this.

3. Promoting sustainability, consumer health and safety, and protecting the environment

Whether active in the food or non-food sector, independent retailer groups are drivers of sustainable development, a clean environment and healthy consumers. They proactively engage in the reduction of packaging and waste, source and distribute in more socially and environmentally friendly ways and help consumers make more informed and healthier choices. Anti-fraud and traceability are important issues in this context.

We believe that **the responsibility for a more sustainable circular economy and consumer health should be fairly shared by all supply chain actors, consumers and public authorities, also at an international level,** and that adequate solutions need to be found.

Regulation related to environment and consumer protection should be evidence-based and respect the Single Market. EU consumer and environmental legislation should be as harmonised as possible. **Where national labels constitute a barrier to trade they should be harmonised.**

4. Pursuing a more cohesive and inclusive EU society

Lively city centres with a diverse retail sector is part of the EU culture and access to local retail services will contribute to a modern, more cohesive and inclusive society and more jobs. Even though the EU is not directly competent for the vitality of town centres, **we believe that it should play an active role in promoting and facilitating a holistic approach to the revitalisation of town centres. The EU should incite and assist Member States – for instance by creating a EU platform – to make a diverse retail market and lively town centres a priority in their territories and provide funding and other support with this objective.**

As a starting point, the EU should organise an analysis of the impact of online sales on high street retail.

The EU should **continue its strive for growth and jobs and entrepreneurship, and within this context foster the next generation of retail entrepreneurs.** This can be done by **developing educational programmes** from high school to higher education, including university, to encourage education in the field of modern – omni-channel – retail entrepreneurship. Initiatives such as those could be encouraged by **funding retail industry training courses and programmes to improve skills for future retail entrepreneurs, particularly omni-channel skills.**

5. Making greater efforts towards better regulation

For citizens and businesses to have faith in the EU and in its policy makers, good regulation is indispensable. We list some recommendations below to improve regulation. Importantly, EU policy makers should actively engage with EU stakeholder organisations, like Independent Retail Europe, to understand the sectors and the impact of their proposals or amendments. We will reach out to you, and we are also always available to answer any questions you may have on our sector or on the effects certain measures may have on our sector.

In addition, we wish to set up, in cooperation with the other EU retail associations, a **European Parliament intergroup on distribution services.** The retail sector is a diverse and complex sector. It is the largest employer in the EU and an integral part of the European territory and culture. It is composed of many different business models and supply chains, which face numerous challenges on- and offline. We believe that such a group would help EP legislators better understand the sector, supply chains, its contribution to society, and its challenges, in order for you to develop policies that can encourage its enormous potential as a creator of growth, jobs, cohesion and EU consumer welfare.

We welcomed the Better Regulation Agenda. However, the subsidiarity and proportionality principles should be better respected and EU law should be better and more harmoniously implemented and interpreted by the Member States.

We believe that the legislative process and EU legislation would improve if the follow measures were taken:

- **Legislation should *always* be evidence based** and this evidence should be contained in impact assessments and JRC reports;
- **Substantial changes to proposals should be assessed over the course of the whole legislative process;**
- **The legislative process should be wholly transparent including the trilogue discussions and the development of delegated and implementing acts;**

- **The SME test as well as the competitiveness check and the impact on innovation of enterprises should always be part of impact assessments;**
- There should be a particular **focus on how each measure can strengthen the Internal Market;**
- **Guidelines should be developed on the use of review and monitoring clauses.** In particular, care should be taken to ensure that review procedures of legal acts can only start when reliable evidence on the results and practical impact of an act can be provided, which realistically means not before five years after the entry into force of the act and subsequent implementing acts. Uniform guidelines should be developed, applicable to all EU institutions;
- **New legislation should be drafted in a technology-neutral way;**
- **The deadline of four weeks for feedback on delegated or implementing acts should be extended by another four weeks;**
- **The Regulatory Scrutiny Board should be a non-political, independent body, external to the Institutions,** so that it can take unbiased decisions based on evidence in **impact assessments from the EU Commission, the European Parliament and the Council** to guarantee a greater coherence of the original political objective of the proposal and the overall policy making;
- The Institutions and the policy makers in them **should actively engage with all registered EU trade associations as sectoral representative bodies, and also meet with them in the course of the legislative process;**
- Stakeholders are also involved through participation in expert groups, conferences and hearings. The Commission should **justify the selection of experts more transparently and support its staff with a methodology for the correct selection;**
- **MEPs should not become active (rapporteur, shadow rapporteur) in legislative procedures where they have a conflict of interest.**

About groups of independent retailers

One way in which independent SME retail entrepreneurs can reach their full potential, whilst retaining their independence, is by becoming a member of an **independent retailer group**. This business model allows independent retailers to achieve **economies of scale** when purchasing of goods and services and mutually assist each other by using their group network. Contrary to franchises, the retailers are often **the major shareholders in the group** and can also **contribute to developing the group strategy or play a prominent role in its management**; they are groups made from independent retailers.

Independent retailer groups can take several different forms: from associative buying groups to more complex participative structures, and can operate regionally, nationally and internationally, in both the food and non-food sectors across sectors as diverse as sports products, electronics, textiles, leather goods, pharmaceuticals, home products and furniture.

Our retailers are major contributors to local development and European cohesion as they are present all over Europe in both urban and rural areas where they build close relationships with local producers and service providers and **profits are invested back into their communities through local spending and via the sponsorship of events, teams and projects**.

The group acts as a hub for **retail innovation** by developing and deploying state of the art technologies for ultimate supply chain efficiency, the best customer service, and quality private label goods.

It builds modern and environmentally friendly distribution centres that create **supply chain efficiency** and **stimulates urban and rural regeneration**. These centres serve group members and provide employment to thousands of citizens across Europe. It can collate and distribute best retail and wholesale practices from around the world, including in the sphere of **corporate social responsibility**.

It can provide **access to finance for SME retailers** at a time when banks do not.

The end result is **sustainable SMEs** and **SME competitiveness** and a more diverse retail market. Small retail entrepreneurs can retain their independence and successfully compete with large integrated chains and franchises in their localities across every store format.