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Innovation and free markets at the heart of retail

Digital technology is sparking a major transformation in retail. Embracing and driving innovation offers a major challenge and a key opportunity for retailers. The four major European retail associations, EuroCommerce, Euro Coop, European Retail Round Table (ERRT) and Independent Retail Europe, therefore made "Innovation and how to drive it" the central theme of their first European Retail Day in Brussels. The event, which attracted over 200 participants, heard EU Commission Vice-President Jyrki Katainen and a series of retail leaders speak on this theme.

Kenneth Bengtsson, President of EuroCommerce, said:

"Retailers have to innovate every day to meet consumers' demands in a highly competitive market. And to compete, they need a Single Market which works. More than 85% of the companies interviewed in a recent study would invest more if the discriminatory barriers they faced were removed.ⁱ The Single Market is key to creating jobs, growth, wider choice and lower prices for consumers. Getting rid of such barriers is a key priority for retail - and for Europe as a whole."

Colin Macleod, Vice-President of Euro Coop, commented:

"Retail is a central to many of the economic, social, and environmental dimensions of European life. Driven by our commitment to serve consumers' needs and interests, retailers are mastering innovation in a highly competitive sector which is undergoing historic transformation, brought on by digitalisation and social change. Our responsibility does not end at the cash register; it extends to society, communities, the economy and the environment. As co-operative businesses, we have been championing sustainable development for 170 years. However, the Single Market will only maximise the value of the contribution of retail if it has a regulatory framework that acknowledges the specifics of the various business models, their added-value and challenges. The inaugural European Retail Day is an important step in the journey towards a stronger, more collaborative Europe."

Frans Muller, President of ERRT, added:

"Retail is swiftly becoming more about data and less about selling stuff. These days, the collection of data and data analytics allows retailers to bring "know-your-customer-well" to the next level. Advanced retailers are increasingly capable to predict what customers are interested in to buy. These insights are highly valuable to optimize product assortment, marketing and foremost to personalise the customer offering. This also touches upon the labour market. All over Europe, retailers are increasingly confronted with a lack of digitally skilled workers. The EU could play a valuable role, by creating awareness at the Member State level, that many attractive new digital jobs are up for grabs in our sector. That it is therefore worthwhile to foster the acquisition of digital skills across education and training pathways."

Driven by digital technology, consumer behaviour and preferences are evolving. How retailers respond to these fundamental shifts will be key to the future success of the sector. While technology and digitalisation poses many challenges, they also have the power to be a force for good for retailers, enabling shopping to continue to be a vibrant and exciting experience for consumers, both in store and online. Today's event provided for an insight into retailers' positive response to the digital transformation and their important contributions to a more sustainable and socially responsible development.

Ralf Gerking, President of Independent Retail Europe, said:

"Our group structures enable independent retailers to be innovative, modern and competitive entrepreneurs. Groups of independent retailers now represent over 6 million jobs in the EU, thus making a valuable contribution to the EU economy and to the diversity of the market, for added choice for consumers. This diversity is part of our European cultural heritage and of the attractiveness of European cities and towns. The retail sector therefore needs a targeted policy package that enables all business models to be competitive on all channels and that supports a diverse, fair, innovative, competitive and sustainable European retail market, with a chapter on sustainable, modern and lively cities with a diverse retail offer."

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco, and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 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.

Euro Coop is the voice of co-operative retailers across Europe, bringing together the national associations of consumer co-operatives in 19 European countries, which further represent 5,000 co-op entities on local level; operate 36,000 points of sale; and serve 32 million consumer-members daily. Founded in 1957, Euro Coop is one of the first Non Governmental Organisations (NGO) to be recognised by the European Commission as the voice of retailers and consumers. It has made its expertise available to all European Union Institutions for the promotion of the interests of consumer co-operatives and their consumer-members. Today, Euro Coop represents and upholds the structure and ethics of consumer co-operative enterprises at European level.

The **European Retail Round Table (ERRT)** ERRT brings together the CEOs of Europe's largest multi-national retail companies who share their collective experience and ideas with policy makers in view of giving Europe's consumers better access to the benefits of the Single Market. ERRT members are active in a variety of retail markets, including food, furniture, fashion, and electronics, amongst others. Each retailer has both physical stores as well as multichannel operations in Europe. The retail sector is of fundamental importance to the European economy and the well-being of EU citizens. ERRT promotes a Single Market in Retail, the delivery of a more sustainable consumption model, and the creation of new market opportunities globally.

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. The members are retail groups characterised by the provision of a support network to independent SME retail entrepreneurs; joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the individual retailer. They cover all of the food and non-food sectors and represent 369 000 independent entrepreneurs and employ over 6 million people in the EU.

ⁱ The study was conducted by the Centre for European Policy (cep) in Freiburg on behalf of METRO AG. It aimed at identifying what national restrictions trade companies experience when trading across borders. For more information on the results of the study and methodology, please visit the <u>METRO Digital Office Brussels</u>.