

WHOLESALE
AT THE CENTRE OF EUROPE'S ECONOMY

EuroCommerce
for retail & wholesale



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FOREWORD

Wholesale is at the heart of Europe's economy, covering a wide variety of goods and services in many different sectors. It is not always visible to the general public but plays a pivotal role as the interface between producers, manufacturers and professional customers. Businesses in many sectors benefit greatly from the know-how, product diversity, and the services offered daily by 1.8 million wholesale companies across the EU.

This publication is intended to give an insight into the world of wholesale, a dynamic sector which is constantly adapting and responding to the economic challenges, and the ever-growing pace of innovation and new technologies. The document also includes a set of policy asks, aimed at creating an environment allowing wholesalers to develop in highly competitive and challenging market conditions.

Wholesalers offer quality solutions for professional clients, with their tailor-made services, both before and after sales, and these are highly valued by professional customers. The jobs they create are attractive and rewarding, offering a variety of career opportunities to some 11 million Europeans.

Welcome to the world of wholesale and business-to-business trade.



Director-General
EuroCommerce
Christian Verschueren



President
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Régis Degelcke



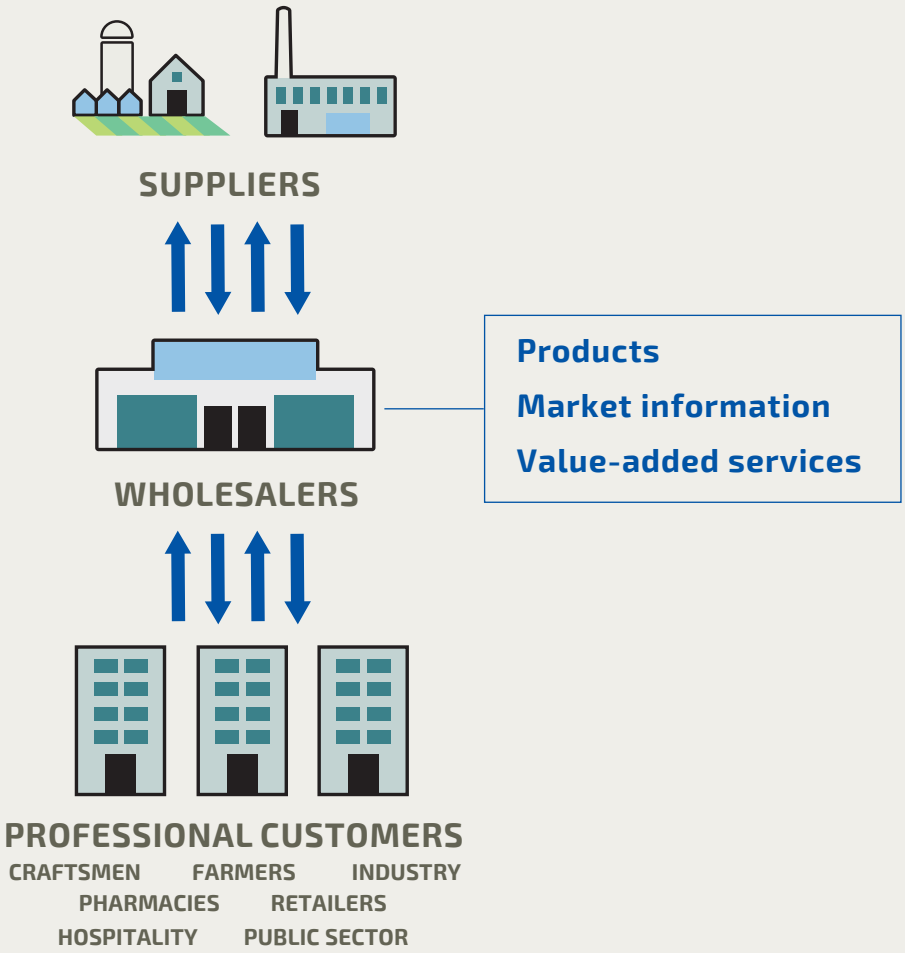
Vice-President
EuroCommerce
Gregor Wolf (BGA)

A MAJOR SECTOR IN THE ECONOMY



Wholesale trade is everywhere. Wholesalers support stores, craftsmen, industrial production, pharmacies and health care services, catering and hospitality and farmers. They play a pivotal role connecting suppliers and business customers. They work closely with upstream and downstream industries and make an essential contribution to the supply chains of many sectors in the economy. Wholesale is a highly productive sector supporting companies in their investment and innovation.

Wholesalers make business flow efficiently...



Wholesale trade comprises the purchasing, storing, developing and selling of goods and services, generally to retailers, professional (industrial, service providers or commercial) users, public authorities, or other wholesalers or intermediaries, allowing a seamless service.

Increasingly, wholesalers are also at the centre of industrial ecosystems, providing added-value services to their business customers. These services are of growing importance and constitute a major competitive advantage for wholesalers.

Wholesalers provide...

- tailor made services
- market insight
- quality jobs
- storage & logistics
- financing solutions
- information & training on new products & services
- adapting products to customers' needs
- marketing & sales services
- know-how
- installation & maintenance
- just-in-time delivery

Wholesalers are also key contributors to the local economy. They provide jobs to people and services to businesses at the local level. They support and stimulate economic activity in cities, small towns and rural areas. They work in partnership with local stakeholders, provide efficient logistics systems and support local, sustainable supply chain relationships.

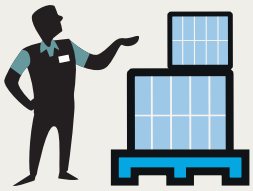


WHOLESALE IS A KEY CONTRIBUTOR TO EUROPE'S ECONOMY

1.8 million enterprises



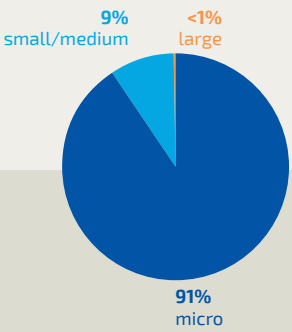
... providing work to 10.6 million Europeans... that is 5% of EU employment



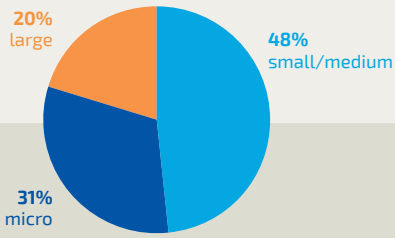
... generating together €660 billion value-added



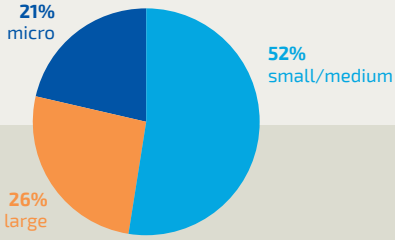
% of entreprises



% of employees



% of value-added



Wholesale is a strong contributor to the wider economy – example from France

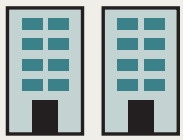
Companies



800 billion
Euro turnover

4,3%

4,3 % of domestic value-added



150.000
companies

44%

44% of value-added of commerce



95%
SMEs

source INSEE 2016

Workforce



31% of salaried staff in commerce



1 Mio employees



90.000 new staff recruited per year



92% of employed people have an open-ended contract



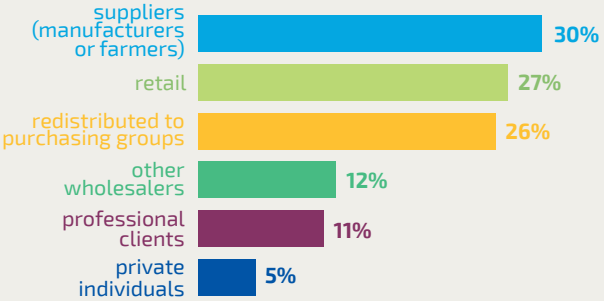
91% work full time



Employees stay on average 9 years in the same company

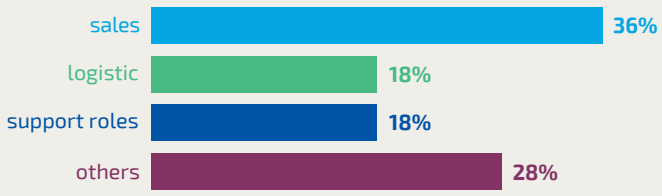
source: Survey Pole emploi- 2018- CREDOC

Turnover per customer type



source: INSEE 2015

Employees according to type of job



source: Observatoire des Métiers- Intergros 2017

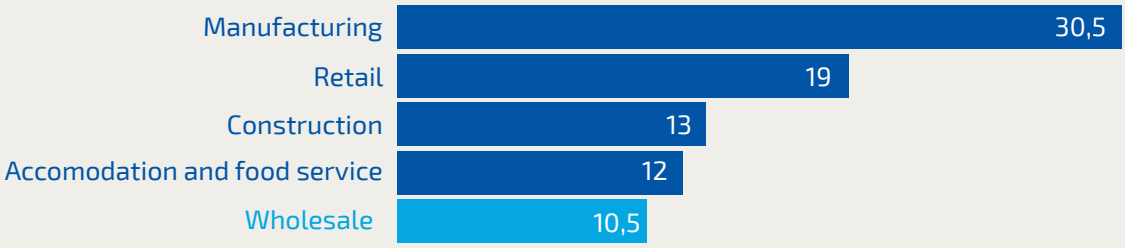


WHOLESALE IS A MAJOR ENGINE FOR EMPLOYMENT

Wholesale is a labour-intensive sector and, with 10.6 million people working in the sector, making up 5% of total EU employment, is one of the biggest contributors of jobs in Europe. Wholesale employment has proven resilient over the last ten years. The 2008-09 economic crisis had a limited impact on wholesale and employment has been growing again since 2014.

Wholesale of household goods, medicinal products, food and beverages and tobacco are the biggest contributing subsectors for wholesale employment, followed by machinery and industrial equipment wholesale.

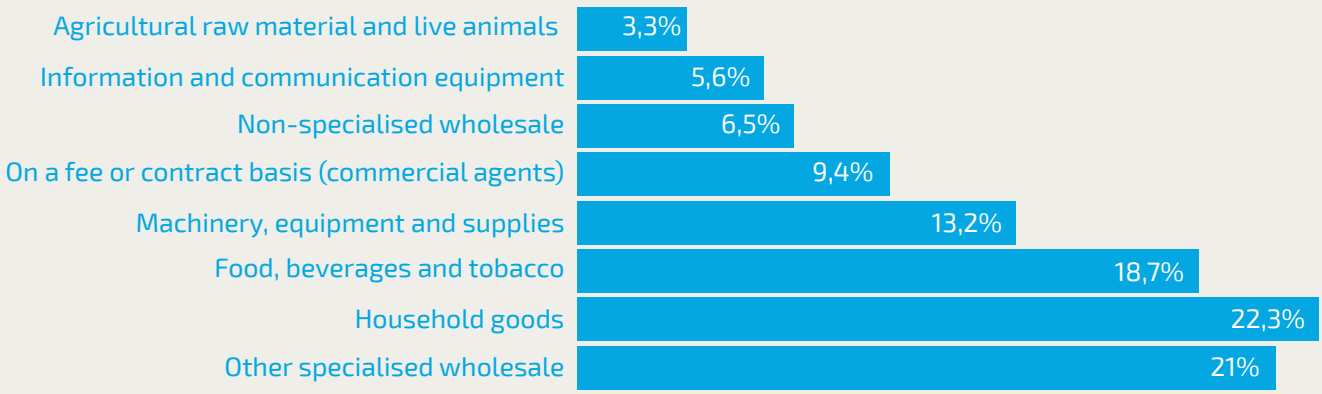
Total employment in wholesale (millions)



source: Eurostat, 2017

Most employees work in wholesale of household goods, and food and beverages. Wholesale of machinery and industry equipment is another important category of wholesale workers.

Breakdown of employment in wholesale by major sub-sectors, 2017



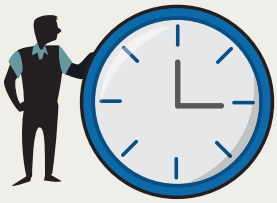
source: Eurostat

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 its workers.

Key figures at EU level for wholesale trade (Source Eurostat-2016)



average gross salary
of € 36,000/year
this is higher than
EU average



88%
work full time

source: Eurostat, 2016

A HIGHLY FLEXIBLE AND DIVERSE SECTOR



Micro-businesses (91% of wholesale businesses in the EU are less than 10 employees), and SMEs (9% of all businesses, with 10-250 employees) make up the vast majority of wholesalers. Small businesses bring flexibility and agility in the performance of supply chains. SMEs have the capacity to adapt quickly to changing circumstances and customer needs and to innovate with their in-depth knowledge of products, processes and supply chains. SMEs provide half of the employment and contribute half of the value-added generated in wholesale.

Wholesalers operate in many sectors of the economy and often in highly specialised and sophisticated supply chains. They are also extremely diverse in terms of the activities they perform.

Diverse wholesale business models

Cash & carry



The Cash and Carry business, a special form of self-service wholesale, has been developed especially to serve businesses and companies that need to satisfy their requirements in a fast and in a cost-effective way. These business customers are primarily hotels, restaurants, cafés, schools, hospitals, company cafeterias or clubs. After registering, they select their own purchases and transport these themselves as an efficient alternative to placing orders with multiple vendors. Cash & Carry businesses offer a huge product range up to 80,000 different products (food and non-food) in some cash-and-carry stores.

Industrial distribution



Industrial distributors provide a wide assortment in some cases of highly technical products and components for industrial and professional use covering almost all industrial activities and applications. These help just-in-time production and continuity of supply to industrial customers.

Commercial agents



Commercial agents play an important role in promoting new business, facilitating access to new markets by foreign players - especially SMEs -, and driving sales growth. Their role is to facilitate transactions between operators in return for a fee on the transaction. Commercial agents bring knowledge of the market, customers, products and expertise.

Pharmaceutical full-line wholesaling



Pharmaceutical full-line wholesalers provide facilities for the purchase and sale, warehousing storage, order preparation and delivery of medicines. These wholesalers carry and distribute the full assortment of products to meet the needs of their customers and to deliver their medicines quickly and when they are needed. Pharmacists rely on full-line wholesalers to offer a “one stop shop” for all pharmaceutical products to ensure that patients have the medicine they need. Wholesalers compete hard on price and service. This translates into direct benefits for patients. Similarly, manufacturers benefit from full-line wholesalers’ ability to deliver all their products in an efficient, timely, safe and reliable manner. In most countries, distribution of medicines is part of a public service function, largely performed by full-line wholesalers. In several countries this is a direct responsibility of wholesalers or pharmacies under formal Public Service Obligations. In this way, even in the most remote areas, patients can receive vital medicines, including rarely used preparations. Classic full-line model wholesalers earn a percentage of the price of the medicines supplied. Delivering a full range of medicines allows for cross-subsidisation, so that less expensive medicines, which carry a low margin, can be supplied at exactly the same quality and frequency as expensive medicines. Pharmaceutical wholesalers employ 140.000 people and distribute every year 15bn packs of medicines and a wide range of healthcare products in Europe.

Chemical Distribution



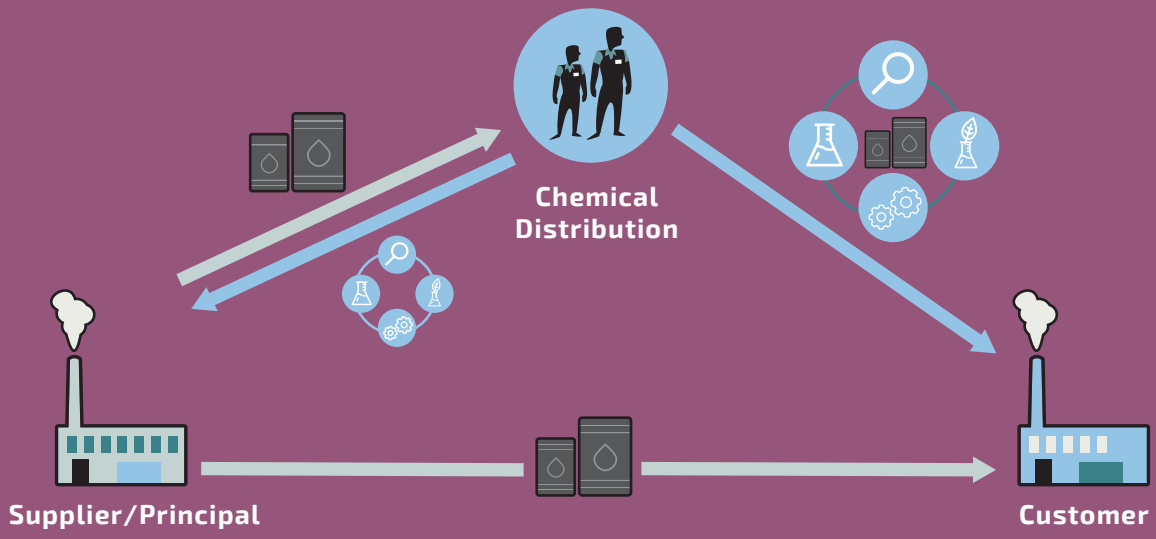
The chemical distribution sector is the bridging link between chemical producers on one hand and customers of all sizes and segments along a huge variety of value chains inside and outside of chemicals on the other hand. The sector is also of high importance to the European economy. It stands for more than 30,000 highly-qualified jobs directly and indirectly even 2-3 times more, if multiplying effects along the value chains are taken into account. The vast majority of distributors in Europe are small and medium-sized enterprises (SME), many of which are family-owned with long-standing close ties to the regions and neighbourhoods there are operating in.

Furthermore, the European chemical distribution sector creates more than €28 bn turnover each year by adding value in the chemical supply chain and beyond, while meeting the demand and specific needs of over 1 million downstream users of very diverse sectors such as pharmaceuticals, construction, paints & coatings, agriculture, cosmetics, food & feed, automotive.

Also the services rendered by distributors can vary greatly and can comprise functions like logistics & packaging, formulation, recycling, research & development, training, regulatory advice and warehousing.

By nature, distributors are strategically well-positioned at the centre of all value chains and a link between production and trade; they deal with key factors such as supply chain management, quality balancing, assortment of goods and services – just to name some aspects. Adding a specific value to the customers, creating and providing sustainable solutions, anticipating upcoming market trends, formulatory excellence, a very wide product portfolio, a service-oriented attitude and ready-to-use solutions are key to economic success. In doing this, distributors face a variety of competitiveness challenges, which go far beyond ensuring prompt services and acting on short lead times for deliveries.

Different customers in different sectors demand different areas of expertise, and this is what distribution needs to ensure at all times. This make it a very challenging, yet also very exciting business sector, especially in terms of innovation potential for a sustainable future of Europe.



Export and import traders take on different responsibilities:

- Importers are responsible for the placing of products on the EU market and therefore take on the responsibility of the manufacturers.

- Exporters buy on domestic markets and sell on foreign markets at their own risk. As importers, they need to have a good knowledge of third country markets to be compliant with their requirements.

Export trade



European goods are in great demand worldwide, but many manufacturers are not directly represented in overseas markets. They use the services of European export trading companies to sell their products abroad. European export trading companies act as intermediaries between manufacturers and potential customers worldwide; providing information on high-quality European goods, opening access to new markets and modern skills to help companies export their products.

Import trade



Import trade plays an important role in the economy. Importers need to know the producers and production conditions in a variety of countries, often distant and complex. They must follow and correctly apply the EU's import rules. Many of the latter are highly complex, e.g. customs and health. When producers are based outside the EU, importers must, by law, assume responsibility for quality and origin of products, despite the obvious difficulties this poses, especially to SMEs in Europe. Import trade also includes the internal distribution networks of international manufacturers within the EU.





MAJOR TRENDS AFFECTING THE SECTOR

The world of wholesale is changing significantly. Major challenges affecting the sector include digitalisation, sustainability, access to skills and skills development, globalisation and the development of industrial ecosystems. Wholesalers are transforming continuously, and one of the key challenges today is to define their new role as intermediary in digital ecosystems. Competition from new market entrants, the need to invest in human resources (re- and upskilling) and in new digital and greener technologies are driving consolidation. They are supporting the development of new business models and tailor-made business services. The current trend towards consolidation in the sector shows that there is scope for achieving further economies of scale, improvements in productivity and new services.

Wholesalers are addressing these challenges in many ways and, for this, need a regulatory framework ensuring a level playing field between all distribution channels, consistent across all supply chains and based on proper assessment of the individual and cumulative cost impact of legislation on wholesale businesses within their responsibilities.

WHOLESALERS AT THE HEART OF ECOSYSTEMS

Today's economy is increasingly shaped by ecosystem-driven innovation, characterised by increasingly fluid and interactive arrangements between businesses forming part of an ecosystem. Ecosystems are the new "value chains" that extend well beyond the company managing the network. The wholesaler, at the centre, is the "coordinating mechanism" within an ecosystem.

DIGITALISATION IN WHOLESALE

The rapid expansion of digital technologies throughout the supply chain (AI, robotics) is fundamentally changing further the way wholesalers sell, distribute and reach out to their customers. Wholesalers have had to adapt their business model to respond to B2B customers increasingly looking for a seamless service. They need to interact with suppliers, using the channels of their choice. Major e-commerce platforms are increasingly selling direct to business customers and also to consumers. Increased price transparency and lower entry barriers have made it also easier for manufacturers to play a dual role, i.e. selling direct to business customers and end-consumers, competing directly with their distribution networks. The scale and magnitude of the transformation, combined with the highly specialised supply chains in which wholesalers operate, make it, on the one hand, more difficult for them to embrace new technology, and on the other hand, a necessity to invest in digitalised solutions to fulfil their services.

Automation

Wholesalers have been using automation for years, whether in product pick-up, transport, ordering, inventory management or in interactions with their customers. With the development of more advanced robots and artificial intelligence, automation can provide new efficiencies, i.e. improving interactions with customers, speeding container delivery, optimising stock, detecting fraud, and making operations more sustainable.

Optimisation of stock management

Digitalisation is improving efficiencies in inventory management and the broader supply chain. Inventory Management is a labour-intensive process, but artificial intelligence, coupled with cloud-based software solutions, can allow for optimisation of stock monitoring and replenishment. AI-powered stock management can use image recognition to track when an item is removed from a shelf and taken out of a warehouse, make recommendations on reducing excess stock, send out a repurchase order, optimise stock across warehouses, limit food waste by predicting the product shelf life, optimise the product route from factory to warehouse and manage expiring inventory.

Furthermore, the basic data on products, sales and transactions generated by wholesalers plays an important role in promoting services and developing digital interfaces between the modelling environment (architecture), the technological production environment (manufacturer), the technological distribution environment (wholesale) and the technological installers / customer environment.

Best practice

GIRP, the European Healthcare Distribution Association, is the umbrella organisation for full-service healthcare distributors in Europe.

Efficient and effective – central requirements in the full-service healthcare distribution industry means that the sector has always recognised and realised the potential of technology for its processes.

Making the most of logistics technologies for safe and efficient delivery of medicines to patients

- **MSV3** - A standardised process for web-based data transfer enables electronic orders to be made in real time.
- **EMVS** (European Medicines Verification System) - Full connectivity to EMVS eco-system for medicines traceability for enhanced patient safety.
- **EDI** (Electronic Data Interchange) – Full-service healthcare distributors are calling for standardised EDI solutions which could significantly increase efficiency and reduce costs for the supply chain.

Automated order processing – Through automated processing solutions, full-service healthcare distributors support retailers to improve efficiency in their operations and allow for more time to advise patients.

Making the most of eHealth and technological solutions to advance Healthcare, the economy and society

- **mHealth** – Full-service healthcare distributors have rolled out mobile applications to help support medicine adherence.
- **Data analytics** – Full-service healthcare distributors offer business intelligence to their supply chain partners for better predictive business approach.

Policy asks – to support wholesalers, we encourage EU and national authorities to:

- ▶ Encourage better understanding of the impact and cost of digitalisation on wholesale in a competitive landscape
- ▶ Support access to and use of new digital technology
- ▶ Facilitate access to data, while ensuring proper protection of trade secrets and know-how and provide legal certainty
- ▶ Support innovation in big data and artificial intelligence
- ▶ Ensure a level-playing field between all channels of distribution in a digital environment



THE MOBILITY CHALLENGE

Many European cities are responding to traffic congestion with access restrictions, low-emission zones, traffic management and limited delivery times in order to introduce car-free zones and develop safe and clean areas for local inhabitants. While welcome, these different measures and various ways in which they are implemented from city to city, or even to city centres, create confusion for wholesalers delivering goods to cities, increase their transport costs and hinder the flow of goods and services. In response to these mobility challenges, wholesalers are rethinking the way they organise their transportation system by developing innovative solutions to reduce the environmental impact of deliveries such as cleaner vehicles, innovative shared mobility services, and optimised logistics.

Here are a few examples:

- Last mile delivery challenge and clean forms of transports: wholesalers pool efficiently small product consignments to multiple destinations to reduce their environmental impact and where possible, use a carbon neutral fleet.
- Optimising logistics and improving load modalities help reducing fragmented urban freight deliveries.
- Collaborating with local partners to identify more appropriate routes and delivery schedules to avoid congestion at peak hours.
- Developing soft measures and training in eco-driving of heavy duty vehicles and promoting more efficient use of fuels.

Policy asks – to support wholesalers, we encourage EU and national authorities to:

- Cooperate at local, regional and national level to adopt more coordinated and harmonised policies and rules for urban logistics and improve access to city centres
- Engage in a dialogue with wholesalers on sustainable urban logistics
- Support an economically viable transition to cleaner urban logistics

THE SUSTAINABILITY CHALLENGE

The transition towards a low-carbon and circular economy is one of today's greatest societal and economic challenges. Wholesalers can make an important contribution to sustainability and circular economy goals. In their daily operations, wholesalers seek to improve energy efficiency in logistics, increase use of renewable energy sources, improve packaging and waste management, focus on sustainable sourcing and improve design of building.

Here are a few examples of initiatives adopted by wholesalers:

- Many wholesalers are working to create better waste management systems in depots and distribution centres, contributing to better recycling of paper, plastic, cardboard, metal and wooden pallets.
- In the construction sector, multiple initiatives to introduce and implement sustainable practices in site development and building design (i.e. computerised building management systems to maximise efficiency, improve insulation of building materials, installation of energy-efficient lighting systems etc)

Best practice

The CO2 Objective programme (a French initiative) allows road freight transport, road passenger transport and companies with their own fleet of vehicles to reduce their fuel consumption and associated greenhouse gas (GHG) emissions. Companies have to commit for three years to a concrete and tailored action plan to reduce their fuel consumption and CO2 emissions.

Businesses benefit from specific tools, methodology and individual support to reach their emission reduction targets.

Since 2008, more than 1,400 companies in France (1,170 companies in freight transport and 240 in road passenger transport) are committed to the programme.

The programme is led by ADEME and a range of Professional Organizations and supported by the Ministry for the Environment and Ecological Transition.

Best practice

Screlec is the French national collection scheme established in 1999 for recycling used portable batteries in France. They recycle more than 5,000 tons of batteries every year, and raise awareness among all stakeholders, including citizens, municipalities and businesses. For many years, B2B distribution networks, such as professional tooling and IT, have been cooperating with Screlec in setting up collection points in their local service and repair centres.

Companies in the sector are also fully involved in awareness-raising events and many fully integrated into the governance of the organisation. Collaboration with B2B distribution networks grew further in 2018 with the collection and recycling of used professional print cartridges, increasing selective collection and promoting the reuse and recycling of these products.

Policy asks – to support wholesalers, we encourage EU and national authorities to:

- Ensure greater consistency between sector-specific legislation to help strengthen circular economy models and help overcome regulatory barriers (waste, protecting the single market)
- Provide clear, fair, and consistent rules of product responsibility/liability, taking account of wholesalers' limited control over production and use
- Make wholesalers' information requirements on substances in products under the Waste Framework Directive simple, removing unnecessary duplication
- Provide incentives for both supply and demand sides to engage into circular economy



UP AND RE-SKILLING

Digitalisation of value chains, and business processes and massive growth in online sales are changing the skills needed by people working in the wholesale sector and call for a fundamental change in job profiles and training. Attracting talent to enhance productivity and drive competitiveness is a key challenge for the sector.

Supporting more digitally savvy employees

Technological trends such as digitalisation, automation and 3D printing disrupt and change the world of work, creating new challenges and demands in terms of job content, skills, and the nature of work. Wholesalers need access to these new sets of both hard and soft skills and to invest in retraining their employees to respond to changing customer demand and make the most of new opportunities.

Examples of hard skills needs range from highly complex technical capability (e.g. IT systems skills, AI blockchain), applied digital skills (e.g. those provided in Germany to people qualifying as an e-commerce merchant) to basic digital skills ('digital literacy', e.g. how to use work apps on tablets and smartphones).

Soft skills are also likely to be in greater demand in the future. These include interpersonal skills (customer service etc.), higher-order cognitive skills (originality, active learning etc.) and systems skills (e.g. ability to understand the interaction between humans and increasingly complex technology in the workplace).

Supporting the sustainable green transition

For a transition to more sustainable forms of production and consumption, wholesalers need employees that are better equipped with technological, environmental, organisational and regulatory skills to respond to customers' demand for complex and sophisticated products and services which at the same time meet circular economy and sustainability objectives.

Supporting apprenticeships

Wholesalers in many countries work together with education providers to address current skills mismatches. The transition from education to work and from one job to another is a profound challenge for young people all over the EU. The sector offers many opportunities for professional apprenticeships, allowing young people to enter the labour market, and a genuine work skills and expertise on the job.

Best practice

BGA
Bundesverband Großhandel, Außenhandel, Dienstleistungen e.V.

Introduced in Germany in 2018, the qualification for e-commerce specialists Kaufmann/Kauffrau im e-Commerce is the first tailor-made dual training programme to cover selling of goods and services via the Internet. The new job profile takes account of the rapid growth in e-commerce and opens new opportunities for B2B companies to recruit and train qualified personnel. The E-Commerce-Kaufmann job profile has created a new, cross-sector qualification ideal for digital business models. Complementing the existing range of commercial professions, the E-Commerce Kaufmann offers a solid and broad basis for the next generation of skilled workers in B2B online markets. More than 1,000 apprenticeships were registered in the first year.

In addition, fundamental changes in the wholesale sector have created a need to modernise the career profile of the management assistant in wholesale and foreign trade (*Kaufmann/Kauffrau im Groß- und Außenhandel*). The profile with the new title "*Kaufmann/Kauffrau für Groß- und Außenhandelsmanagement*, focuses more on process management and better reflects the growing importance of project management in professional activities. With its emphasis on handling of data and the provision of goods and customer-related services as well as sustainability in procurement and logistics processes, the new qualification has already proved to be very attractive to potential trainees.

Policy asks – to support wholesalers, we encourage EU and national authorities to facilitate access to:

- digital skills
- green skills
- apprenticeships



ADDING VALUE ACROSS THE BOARD – WHOLESALERS AS SERVICE PROVIDERS



PROVIDING LOGISTICS

Logistics represent a central function of wholesale. To optimise supply chain management, wholesalers monitor and optimise the time of information and product flows between provider and purchaser, using highly sophisticated logistics systems. Just-in-time delivery helps to reduce transport and storage costs.

MAJOR PROVIDER OF SUPPLY CHAIN FINANCE

For many businesses, access to affordable financing of procurement contracts, storage capacities, as well as goods already delivered to their customers (debtors), is fundamental for their survival. By providing financing services, wholesalers help relieve suppliers from debtor risk and simplify debtor management substantially. Wholesale, therefore, acts as a bank for small and medium-sized enterprises.

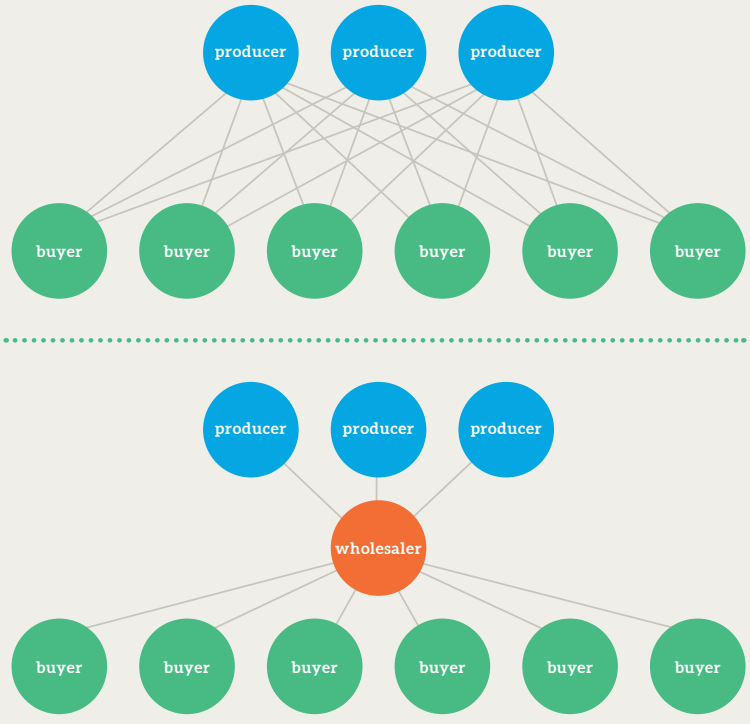
Financing volume in Germany



Source: BGA

CONNECTING BUSINESSES AND REDUCING TRANSACTION COSTS

Wholesalers contribute a multitude of arbitration and bridging functions, to align the supplier's offer (goods and services) with the professional client's needs. B2B trade reduces the number of interfaces between the producer and professional clients and vice versa, as it connects one supplier with a multitude of recipients.



OPTIMISING THE VALUE CHAIN

Wholesalers provide the link between suppliers and business customers, contributing significantly to the optimisation of the entire value chain. They use the best possible available resources, technology, know-how and infrastructure, together with innovative acquisition and marketing concepts to achieve this. As service providers to industrial customers, wholesalers ensure that raw materials and semi-finished products can be further processed in a lean and efficient way by other industry players.

Best practice

State-of-the-art building projects often need tailor-made technical solutions. Specialist manufacturers provide online product configurators to assist installers with the design of customised products, but this may not get through to the wholesalers with which they deal.

ETIM Germany, the association promoting electronic information exchange and ordering, in cooperation with VEG, the German Association of Electrical Wholesalers, have developed ELBRIDGE as a standard interface to connect wholesalers and industry configurators to allow a seamless customer experience in electrical wholesale.

CUSTOMISING

Wholesalers put together their own range of products of different types, design and quality and provide solutions tailor-made to their customers' needs. They provide critical information on relevant sales and purchasing markets.

Krückemeyer GmbH

The Krückemeyer company began as a small wholesaler in the 1950s and is today a technology-based manufacturing company providing customer-specific special solutions in transforming adhesive tapes, abrasives and self-adhesive foams. This change came about as a result of e-commerce and globalisation. A medium-sized trading company simply offering standard commercial products would not be able to hold its own against bigger players, or to survive. The company decided that providing customers with added value far beyond the traditional trading and supply of products and seeing the market through customers' eyes was the only way forward. 10 years ago an operation started in an adjoining room to the main business. This has grown over the years into a machine park with many individual production possibilities, including die-cutting, slitting and laminating. This allows infinite possibilities for offering customers tailor-made product solutions, using specified raw materials or combining different materials, cut, punched or lasered to the desired dimensions or individual shapes.

DESIGN OF PRODUCTS

Wholesalers can provide important impulses for product design, in particular for consumer products. Thanks to their proximity to the market, their knowledge of products and their understanding of production processes, wholesalers are increasingly delivering tailor-made solutions.

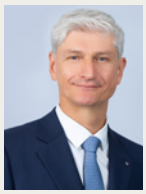
DATA COLLECTION ON SALES OF PRODUCTS

Wholesalers work with their industry partners to analyse product flows in the value chain, including final consumption, and seek to eliminate inefficiencies and raise customer value. Wholesalers provide market-driven assortments of products or services that are tailored to the specific needs of their customers. They provide them with the products of the required quality and help reducing costs.

FACILITATING ACCESS TO EU AND INTERNATIONAL MARKETS

International traders are the engine of global trade and open doors to often difficult and even to small markets where producers would like to avoid taking the risk of dealing with an unfamiliar trading environment and business partners on their own. International traders help providing access to raw materials, input materials and investment goods for the producing industry, craft, retail, wholesale and the agricultural sector. International traders contribute to the performance of many sectors by delivering better quality, more choice, better prices and services to customers.

Karl Pisec, Owner PISEC Group



I am a steel trader, and the second generation to run the company since my father established it in 1950. Our business model has evolved since then from trading between Eastern European countries and the West, to creating a global supply network for sophisticated steel and other commodity products. While our headquarters is still in Vienna, we have established a network of companies and sales offices all over the world. This expansion was only possible thanks to the integration and opening of European markets, and international trade liberalisation. In particular, WTO negotiations reducing tariffs have boosted trade and made operations easier for our sector. We rely on free trade inside and outside the EU, and are deeply worried about the current global wave of neo-protectionism. An escalating cycle of new tariffs and retaliation threatens trade and the future growth of the world economy. US duties on steel and aluminium imposed in 2018 have created a lose-lose-situation for EU-based companies, for their business partners in the US - and ultimately those partners' customers. This threat to companies like mine, and to the world's future prosperity, can only be removed if we return to the rules-based international trading system, providing predictability and legal certainty for international traders. In this, we need the EU to be a world leader in advocating open markets and free trade according to the principles "free, fluid, simple, predictable."

ENSURING QUALITY

The quality guaranteed by the wholesaler is often vital to the customer's ability to also do business successfully. Wholesalers taking a responsibility on products of foreign origin allows the customer to be confident that they have access to rapid remedies if something goes wrong.

ENSURING TRACEABILITY OF PRODUCTS

Wholesalers track and trace products (grocery, chemicals, pharmaceutical etc) which increases security and customers' safety. It is now possible to locate where single products are stored and/or sold and to whom.

ADAPTING QUANTITIES TO NEEDS

Wholesalers can provide the exact quantities their business customers need. For instance, they can provide very limited quantities where a direct relationship between supplier and customer would not be profitable for each party. Wholesalers make this possible by grouping orders from different customers or by splitting up bigger packaging units or consignments to meet their customers' individual needs.

TAKING ON CUSTOMER RISKS

Wholesalers help businesses dealing with risks related to goods (availability, quality, financing, depreciation of value following stock-keeping), also for those dealing with foreign countries (transport, product safety, prices and currencies). Wholesale takes on acquisition risks for clients and sales risks for suppliers; a service greatly valued by their customers.

Best practice

Wholesalers and installers often struggle with product data of varying quality. Each manufacturer and wholesaler uses its own standards and methods of data transfer. DG Haustechnik, the German Association of S-HVAC Wholesalers, and the company ITEK, based in Paderborn, Germany, have developed Open Datacheck, an online platform that connects existing tools and allows smooth transfer of qualified data complying with predetermined standards. This provides high quality, standardised data to help manufacturers avoid time-consuming one-on-one coordination with every wholesaler, and offers wholesalers a smooth ordering process.

OFFERING INTEGRATED B2B SERVICES

In addition to their core business and know-how, many wholesalers provide integrated B2B services in national and international markets, as well as attractive financing solutions. Wholesalers offer optimised solutions (goods management systems) to transmit product-related information such as key data, environmental aspects. They support their customers with comprehensive tailor-made, product-specific and independent advice, training and support.

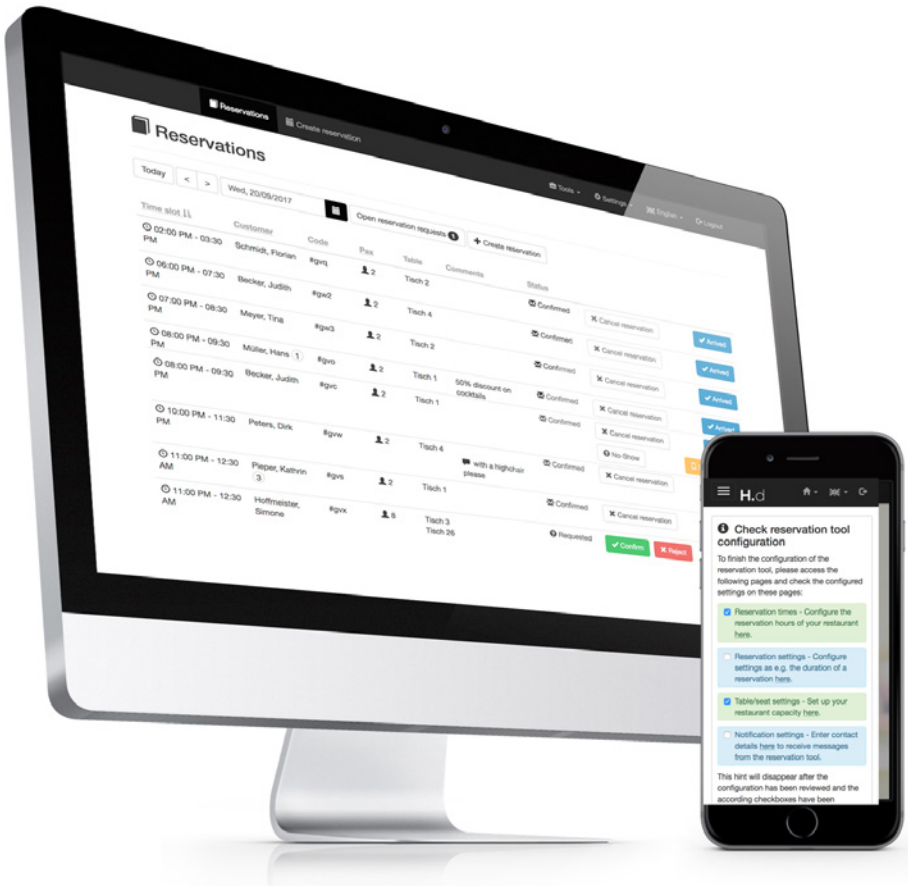
Best practice

After years of transformation, METRO is positioning itself as a global wholesale specialist- focusing on its core customer groups: HoReCa (hotels, restaurants and caterers) and independent traders. In addition to a high-quality range of food and non-food products, METRO is developing and offering services and solutions through an integrated approach called Wholesale 360 to become the partner of choice for their customers and support them in all phases of their business.

To achieve this, METRO developed from a transactional wholesaler into the best provider of integrated solutions for medium-sized companies. METRO is expanding and strengthening its offerings for professional customers in 6 areas: products, equipment, marketplace, consulting, digital tools and services. And METRO is doing this with a constant eye to strengthening its core food business.

Some concrete examples of this new approach Wholesale 360 are:

- METRO Chef Gourvenience: convenience products of the highest standard, for individual preparation.
- PENTAGAST, kitchen appliances at preferential prices, such as appliances with steaming and boiling programmes specially tailored to METRO food products.
- METRO MARKETS, the first B2B-online marketplace, seeks to meet the needs of restaurateurs and develop the greatest non-food product range online. The assortment already includes more than 10.000 articles.
- With MenuKit, the digital planning tool for restaurants, METRO helps optimise the costs of goods sold as well as profitable business management. Further tools for more business success are offered via the DISH platform.
- METRO's cooperation with the Austrian bank BAWAG P.S.K. marks the first step in the development of financial services specially designed for HoReCa and traders.



CONCLUSION AND POLICY ASKS



Wholesale brings a key contribution to the European economy, connecting suppliers and business customers across all sectors. Nearly 2 million businesses operate in the sector, providing work to some 11 million Europeans, and generating €660 billion in value-added services. Wholesalers provide the goods and services that the economy needs to function properly. But their role goes much beyond this, and includes a wide range of services - including product selection and assortment, building, storage, selling transport and delivering products to professional users in small or large volumes. They also support the effective and timely delivery and supply of goods at the right time to the right location and at the best price, while ensuring product integrity and quality and remaining the product within the legal supply chain. Other important services which wholesalers provide include information to customers, storage optimisation, assembling goods for a consignment and organising transports.

Wholesalers are transforming their businesses, adapting to a rapidly changing global environment and addressing challenges such as digitalisation, the growing dimension of industrial ecosystems, and of mobility, sustainability and the upskilling of the workforce.

Policy makers can support wholesalers meet these challenges and continue to provide a vital service to business across the supply chain by:

Supporting digitalisation

- Encouraging better understanding of the impact and cost of digitalisation on wholesale in a competitive landscape
- Supporting access to and use of new digital technology
- Supporting wholesalers' access to digital and green skills
- Facilitating access to data, while ensuring proper protection of trade secrets and know-how
- Supporting innovation in big data and artificial intelligence
- Ensuring a level playing field between all channels of distribution in a digital environment

Supporting mobility and sustainability initiatives

- Supporting cooperation between local, regional and national authorities to align sustainable urban logistic plans and ensuring fluidity of deliveries of goods and services from peripheral areas to urban centres
- Engaging in a dialogue with wholesalers on the implementation of sustainable urban logistics plans (Intelligent traffic management, night deliveries, last mile consolidation centres/distribution hubs)
- Supporting an economically viable transition to cleaner urban logistics
- Exchanging and promoting best practices aiming at more coordinated and harmonised policies and rules for access to urban centres for logistics
- Ensuring greater consistency between sector-specific legislation to help strengthen circular economy models and help overcome regulatory barriers
- Providing clear, fair, and consistent rules of product responsibility/liability linked to the specific role of wholesalers in the supply chain as distributors of products
- Making wholesalers' information requirements on substances in products under the Waste Framework Directive simple, removing unnecessary duplication
- Providing incentives for both supply and demand sides to engage in taking forward the creation of a circular economy

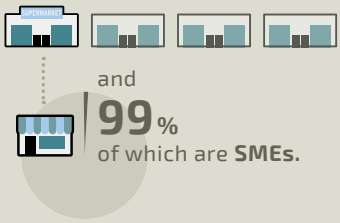
Facilitating access to new skills

- Facilitate access to:
  - digital skills
  - green skills
  - apprenticeships

EuroCommerce
for retail & wholesale

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 global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. 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.

1 in **4** **companies in the EU**



and **99%** of which are **SMEs.**

10% of **EU's GDP**



29 million jobs



or **1** in **7** of all jobs, many of them young people.

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