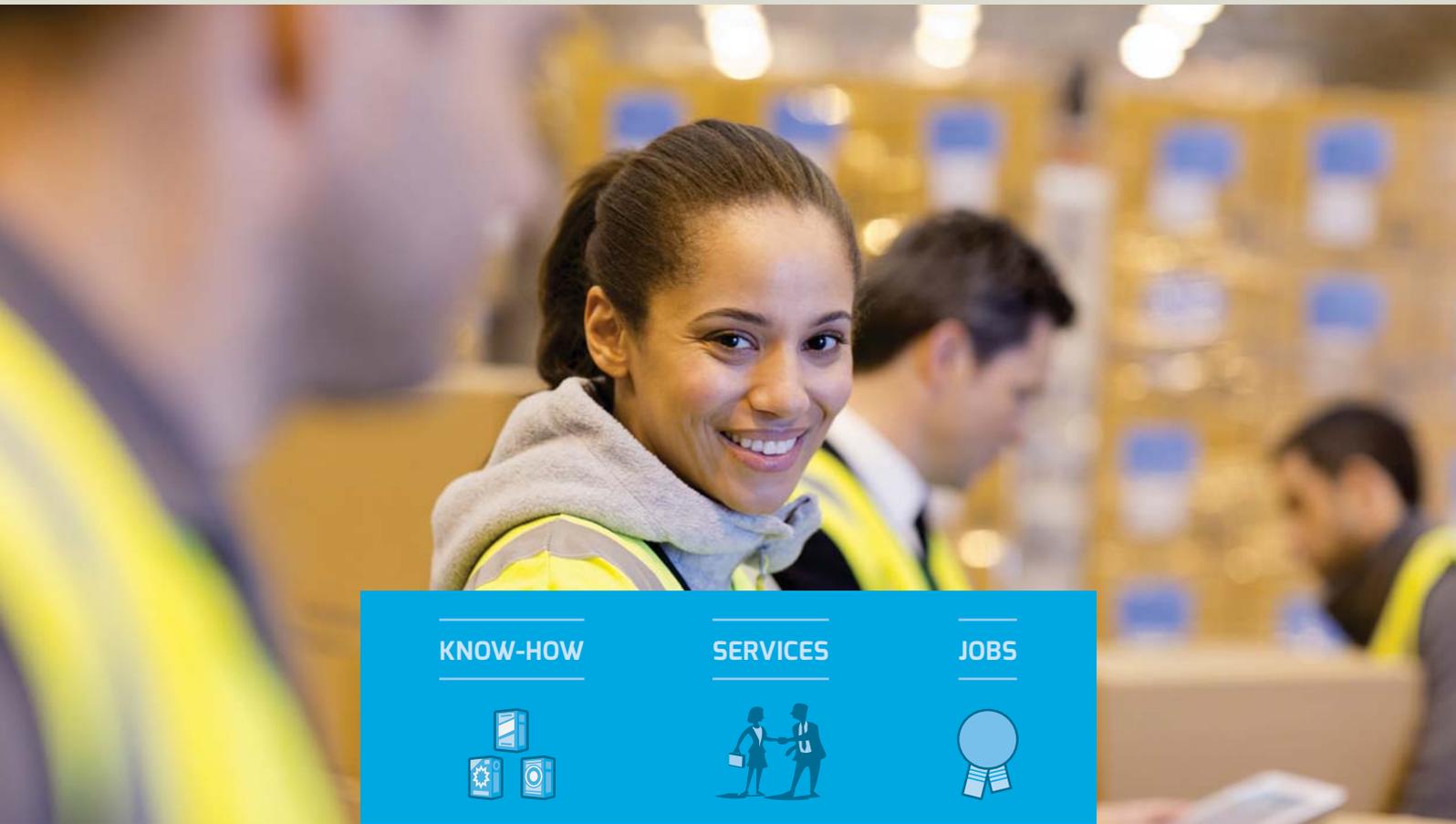




WHOLESALE

JOB ENGINE AT THE CENTRE
OF EUROPE'S ECONOMY



KNOW-HOW



SERVICES



JOBS



EuroCommerce

THE RETAIL, WHOLESALE
AND INTERNATIONAL
TRADE REPRESENTATION
TO THE EU



FOREWORD

Wholesale is a major job engine - some **10 million employees** in Europe - at the centre of Europe's economy covering almost all goods and services. Though not always visible to the general public, it plays a pivotal role as the interface between **producers, importers, manufacturers, retail and service providers**. Companies in many sectors benefit greatly from the know-how and the product diversity offered daily by **1.8 million** wholesalers across the EU, with the eventual savings being passed on to the consumers.

Because of this contribution, wholesale is a vital sector in Eurocommerce which also represents retail and a total of nearly **6 million** SMEs. There is much overlap of interest between wholesale and retail, for example in minimising the costs and improving the quality of new legislation and in promoting free and orderly international trade.

This publication is intended to give an insight into the world of wholesale, a dynamic sector that is transforming continuously and responding well to economic challenges, past and future, and to the ever growing pace of new technology.

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

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



Baroness Neville-Rolfe DBE CMG
President, EuroCommerce

COMMERCE IN THE EU



> A **dynamic**
and **labour-intensive** sector

> **6 million** companies
99% of them SMEs

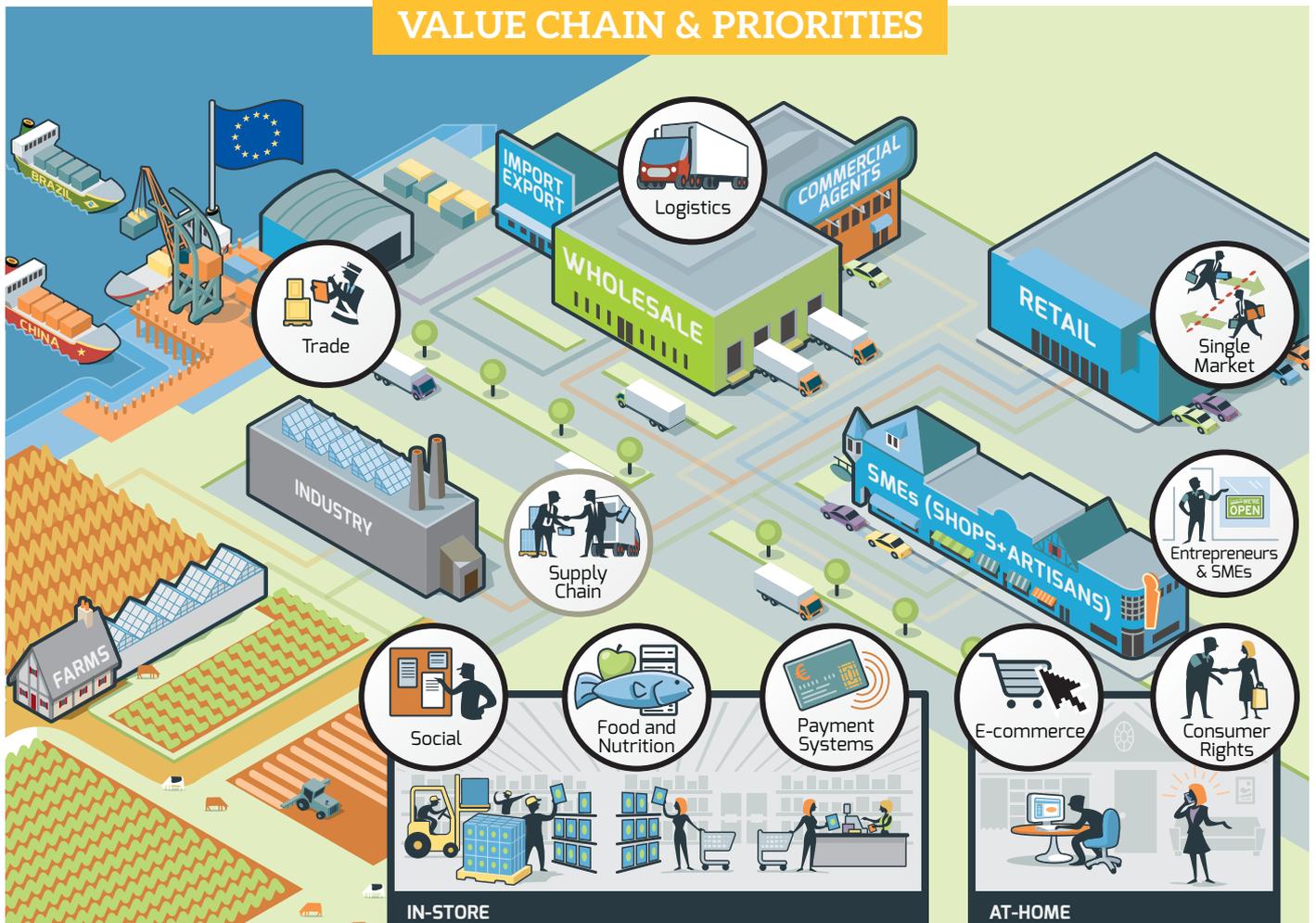
> Generates **11%**
of the **EU's GDP**

> Provides jobs for
33 million Europeans

> Has created
2 million new jobs
in **10 years**¹

⁽¹⁾ Source: Eurostat 2012

EUROCOMMERCE VALUE CHAIN & PRIORITIES



EUROCOMMERCE

- > represents retail, wholesale and international trade in Europe.
- > is driven by its members: federations and companies in 31 countries.



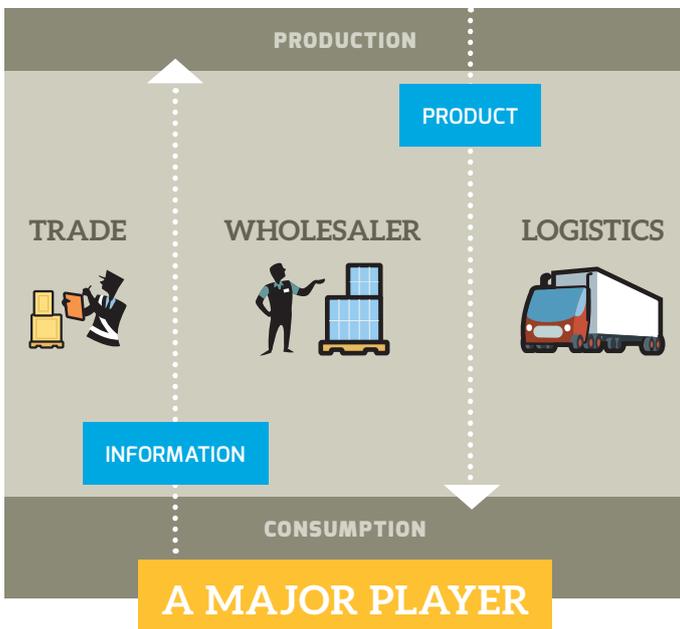
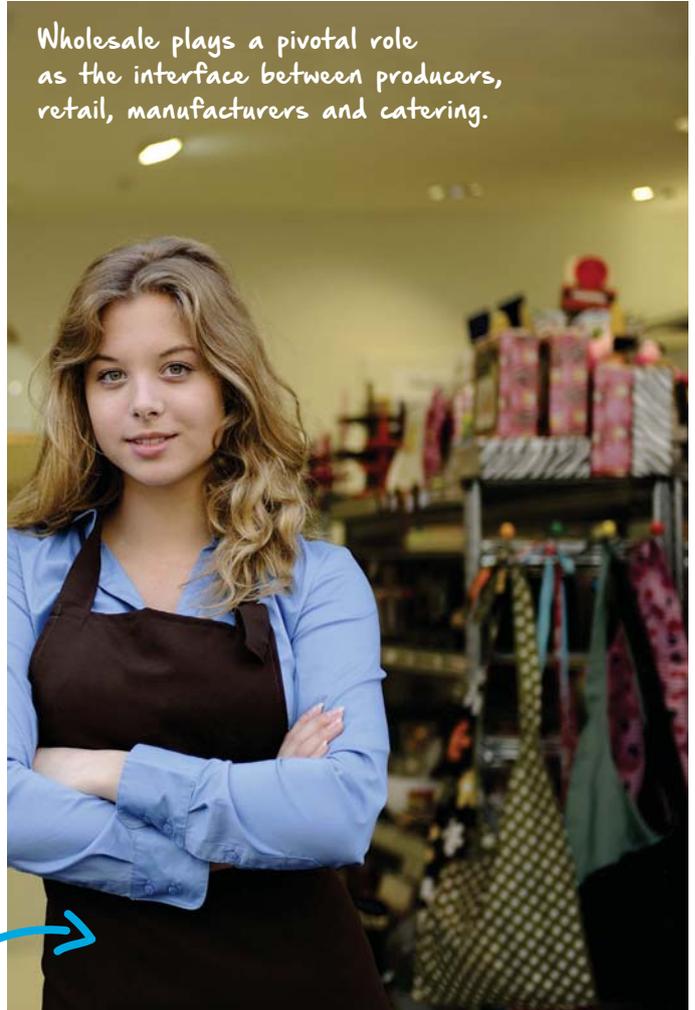
OVERVIEW



Wholesalers

Wholesalers sell merchandise to artisans, retailers, manufacturers and other professional businesses. They are a major player in the economy, though still unknown to many. Ensuring the supply of goods along the entire value chain, wholesale plays a pivotal role as the interface between producers, retail, manufacturers and catering.

Wholesale plays a pivotal role as the interface between producers, retail, manufacturers and catering.



For some products, like certain **foodstuffs and vegetables**, wholesalers and their customers come together at specific wholesale market places. Several wholesalers provide integrated B2B services on national and **international markets**. They offer attractive financing solutions, providing **additional support** to their professional clients.

- AGRI-FOOD
- INTER-INDUSTRY EQUIPMENT
- INTERNATIONAL TRADE
- NON-FOOD
- SERVICES

WHOLESALE



Own-account wholesale trade accounts for more than 90% of the EU's wholesale trade (value added). Wholesale **on a fee or contract** basis accounts for the remainder. The largest own-account wholesale trade subsectors are related to consumer goods, non-agricultural intermediate products, scrap, machinery, equipment and supplies.

Main indicators

Share in non- financial business economy total



1.8 m enterprises



8.2 %



10.4 m persons employed



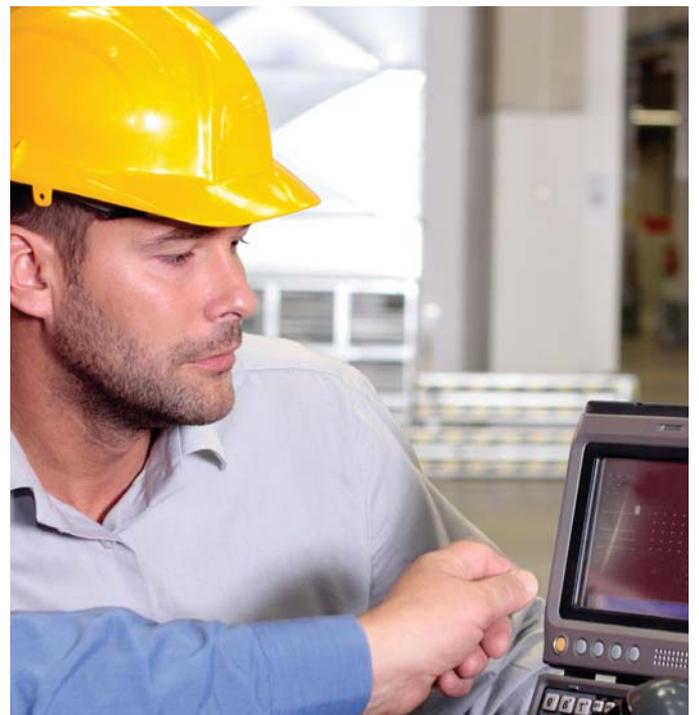
7.9 %



€ 5.7 tn turnover



€ 4.7 tn purchases of goods and services



Eurostat, 2009.



Wholesale: providing know-how, services and jobs for Europe.

AT THE CENTRE OF EUROPE'S ECONOMY



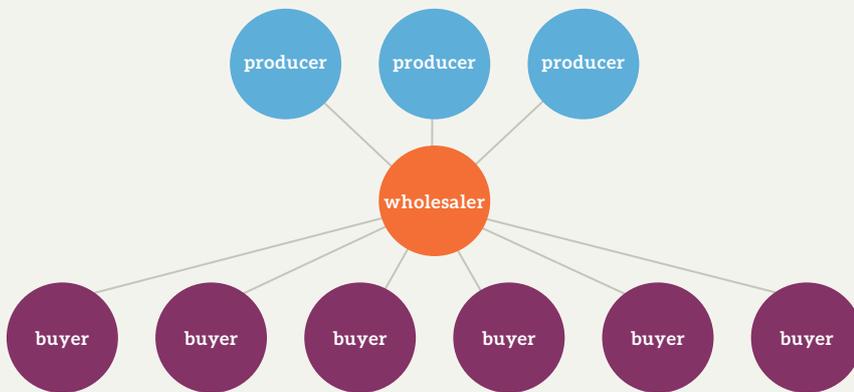
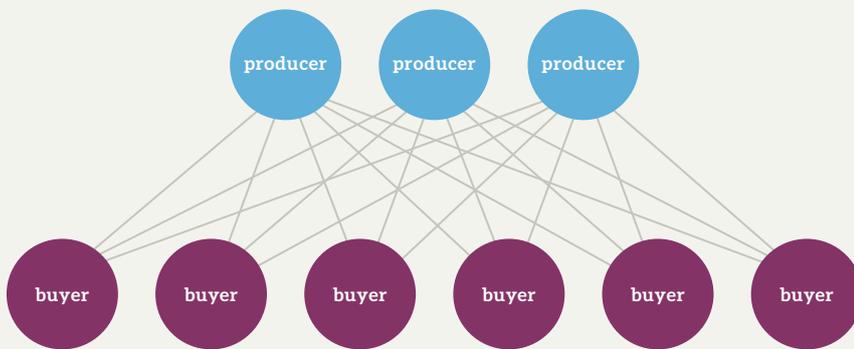


Reducing transaction costs

Every day, wholesalers deliver to their professional clients. They contribute a multitude of arbitration and bridging functions, in order 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.

Result: efficiency gains within the value chain and reduced transaction costs.



Wholesale in practice Cash & Carry

The Cash and Carry business as a special form of the self-service wholesale format has been developed especially to serve businesses and companies that need to satisfy their demands fast and in a cost-effective way. These business customers are primarily from the gastronomy sector, the hotel business, from school, hospital or company cafeterias, from professional caterers or clubs.

After registering, they visit Cash & Carry wholesale markets, select their own purchases and carry these back themselves instead of placing orders with multiple vendors. Cash & Carry markets offer a huge product range. Some companies can provide up to 80,000 different products from the food and non-food area.

KNOW-HOW



products & markets
choice & diversity

SERVICES



bring quality solutions
for professional clients
pre & after sale

JOBS FOR EUROPE



attractive & rewarding
career opportunities



Optimising the value chain

Acting as the link between producer and professional recipients, wholesalers contribute 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. For the industry, wholesalers ensure that raw materials and semi-finished products can be further processed without time delays.

Designing products

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

Processing market information quickly

The whole value-added process can only be optimised through collaboration with all parties involved. Industry and trade together analyse the product flow of material acquisition from consumption to utilisation, thus eliminating inefficiencies and raising customer value. As a result, market driven assortments of products or services, operated by wholesalers and targeted to specific clients, provide the required quality at lower costs.

Providing & managing diversity

Wholesalers assemble their own range of products of different type, quality and layout, tailor-made to meet their customers' needs. In a world without wholesalers, professional clients would have to select and buy the desired products themselves, requiring major efforts in today's globalised markets. To assess markets correctly and to identify opportunities and threats, professional clients require excellent information on relevant sales and acquisition markets. Wholesalers assemble tailor-made products and services for a specific clientèle (pull) or selected target groups (push).

Securing quality

The quality guaranteed by the wholesaler is often of decisive importance for the recipient. Thanks to their specific knowledge, wholesalers are well-placed not only to control the quality of a product but also to improve it. Wholesalers' acceptance of guarantees and liabilities is a major asset in dealing with business clients, in particular when products are of foreign origin or the establishment of legal liability is hampered.

Adapting quantity to needs

From a wholesaler, professional recipients can obtain considerably smaller minimal quantities than directly from the producer. Wholesale makes it possible, thanks to the splitting up of bigger packaging units or consignments to the customers' individual needs. Furthermore, distribution via the wholesaler allows the supplier to transact bigger orders and to save distribution costs.

SERVICES



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. Wholesale offers optimised solutions (goods management systems) to transmit product-related information such as key data, environmental aspects, etc. They support their customers with comprehensive tailor-made, product-specific and independent advice, training and support.

Logistics: wholesale moves Europe, just in time

Logistics represent a central function of wholesale. To optimise the Supply Chain Management, they control the time of information and product flows between provider and purchaser, using highly sophisticated logistical systems. Just-in-time delivery helps to reduce transport and storage costs. Communication with clients, optimisation of storage, assembling goods for a consignment and organising transports are among the key functions of wholesale.

Finance for SMEs

For many branches, the financing of procurement contracts, storage capacities, as well as goods already delivered to the recipient (debtors), is fundamental for the service expected from wholesalers, relieving professional clients from the financial burden, decreasing the debtor risk for suppliers and simplifying debtor management substantially. Wholesale acts as a bank for small and medium-sized enterprises.

Taking over risks

In their businesses, professional clients are faced with several risks related to goods (availability, quality, financing, depreciation of value following stock-keeping), but also to countries, transport, prices and currencies. Wholesale takes acquisition risks for the clients and sales risks for the suppliers; a service greatly valued by their customers.

Wholesale in practice Export Trade

While European goods are in great demand worldwide, many of the 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; offering information on European high-quality goods, ways in which to open up to these purchases and explaining the modern skills of foreign trade business.



JOB FOR EUROPE



Career opportunities • attractive & rewarding

Wholesale in Europe is a major employer, generating more than 10 million jobs in the EU. This is more than 7% of the EU's non-financial business economy workforce. As the quality of jobs in wholesale is high, the level of apparent labour productivity is above average. Many of the jobs in wholesale are sustainable and long-term. Most of them are generated by SMEs:

Wholesale in practice Industrial Distribution

In their assortments, industrial distributors usually cover products like technical rubber and plastic articles, semi-products, power transmission, technical hoses & accessories, personal protection equipment, sealings and gaskets. Many of them sell lubricants, adhesives, fire protection articles, conveyor belts, pumps, valves, fittings, antifriction bearings, chemotechnical maintenance products, tools and construction equipment. Industrial components being inherently complex and service intensive, their distributors, including exclusive distributors, are indispensable for professional customers as merchants, warehouses, advisers and providers of integrated service solutions.

	 NUMBER OF ENTERPRISES	 NUMBER OF PERSONS EMPLOYED
	million	
 ALL ENTREPRISES	1.8	10.4
 ALL SMEs	1.7	8.5
 MICRO	1.6	3.3
 SMALL	0.1	2.9
 MEDIUM-SIZED	≤ 0.1	2.2
 LARGE	≤ 0.1	1.9

Source: Eurostat 2012 (online data code: sbs_sc_dt_r2).

KEY AREAS FOR WHOLESALE



AGRICULTURE • FOOD



CAP - Food Safety - Food Waste - Marketing Standards - Official Controls - Traceability - ...



ENVIRONMENT • LOGISTICS

Energy Efficiency - Product Footprints - REACH - Transport Policy - WEEE - ...



INTERNAL MARKET

Antitrust & Competition Law - Cohesion - European Norms & Standards - Late Payments - Private Copy - Product Safety - Public Procurement - VAT - ...

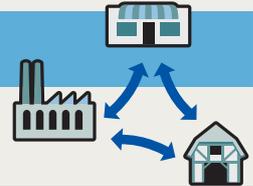
INTERNATIONAL TRADE



Customs - Free Trade - Generalised System of Preferences - Intellectual Property Rights - Sanitary & Phytosanitary Standards - Trade Defence Instruments...

SUPPLY CHAIN

Trading Practices



EVOLUTION



Wholesale is a dynamic sector, transforming continuously. Unlike other sectors, change and evolution in wholesale remains invisible to many, but still they deserve to be recognised, given their impact on the entire supply chain. The question for wholesale today is less “intermediation or disintermediation” than how to define a new intermediate role in the supply chain with wholesalers playing a central role where they are placed best. Structural changes in wholesale in the past and future dynamics are characterised by adaptation, specialisation, concentration, internationalisation, the use of the internet and changing forms of organisation.

Adaptation



Wholesalers increasingly adapt to customers' specific expectations, offering personalised services solutions to their professional clients (advice, training, storage, just-in-time delivery, etc.). Personalisation is at the core of the wholesalers' value proposition. As production chains develop, wholesalers will increasingly integrate products and the surrounding services in tailor-made offers; tangible value at competitive prices.

Specialisation



As products designed and manufactured by suppliers have become more complex and sophisticated, wholesalers face a continuous need to update their dynamic technologies. With normal resources, this is possible only for a limited range of products. In today's wholesale world, the answer is specialisation, either in a specific products segment or in the type of customers. Especially in technical sectors, specialisation is fundamental and often requires specialised training programmes. As a result, wholesalers are no longer a source of merchandise but even more so of technical advice.

Concentration



Like in other parts of the economy, concentration is a tendency also in B2B trade, either as a result of mergers or acquisitions or in the form of networks among independent wholesalers. Enhanced cooperation allows wholesalers to manage the resources required for their sophisticated, responsive and complex business. Concentration is additionally driven by customers who reduce the number of suppliers and distributors with whom they cooperate. It is a very real and constant phenomenon in many countries, even though the majority of wholesalers continue to operate in their small or micro structures.

Wholesale in practice 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, every day, the EU's import rules. Many of the latter are highly complex, for e.g. those concerning customs and health. When producers are based outside the EU, importers must, by law, assume the responsibility for quality and origin of products, despite the obvious difficulties this poses especially to SMEs who are unrelated to third-country producers. Import trade also includes the internal distribution networks of international branded manufacturers within the EU.





Internationalisation

Traditionally considered as local contractors, wholesalers are nowadays subject to globalised supply chains, involving structural change determining the future shape of the sector. Not all the facets of wholesale are affected equally, larger companies more than SMEs. However, international networks can allow also smaller structures to develop an international dimension by joining forces with other actors in other countries, enabling them to respond to the internationalisation of manufacturers (for whom they open new markets) and customers (for whom they facilitate the sourcing in new countries). Unfortunately, existing competition distortions caused by the different application of EU law in different EU member states does not make life easier for companies, including national subsidiaries of international groups.

Organisation



The changes mentioned have an impact also on the way wholesalers are organised. New capacities emerge as increasingly important:

- ▶ Identifying the place in the chain where they can be more helpful than other players: i.e. storage, transport, financing, information, etc.
- ▶ Achieving more partnership-based systems between suppliers and customers, inspired by a new division of labour between the different actors in the chain;
- ▶ Developing a real 'customer intelligence' in order to accompany the evolution towards better adapted offers and thus more creative value;
- ▶ Moving from the identification of value propositions to their implementation, i.e. identifying solutions that create value for customers and manufacturers;
- ▶ Developing their organisational structure (e.g. specialised sales personnel);
- ▶ Building 'product expertise' focusing on the wholesalers' ability to integrate the products he offers in his customer's activity.



Internet

Some years ago, the internet was considered as an important challenge for wholesalers as it provided new opportunities for direct links between manufacturers and customers. Today, wholesalers themselves have started e-commerce activities, proving that they too can succeed in this particular form of trade.

The practice of e-commerce has shown that trade cannot be virtualised entirely. The Internet has facilitated the separation of product and data flows; as a result new practices and new intermediate players have emerged. Furthermore, products must still be transported, stored, made available to customers - tasks requiring services offered by wholesalers.

Less visible than e-commerce, e-brochures and e-shops is the communication through information systems between suppliers and customers, including information on issuing, monitoring and harmonisation of the purchase orders and invoices - wholesale as a virtual intermediary.



WHOLESALE



KNOW-HOW



SERVICES



JOB



1.8 m enterprises



10.4 m jobs



5.7 tn turnover

EuroStat, 2012.



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