

## Transforming the retail and wholesale sector – Key measures to support Europe’s largest private sector employer

### Retail and wholesale is in the midst of transformative change

The sector is at the forefront of change. Evolving consumer behaviour, the need to decarbonise the economy and new digital megatrends force it to keep pace in a dynamic, competitive, innovative, and increasingly global market. This makes digital and sustainable transformation crucial.

- Consumers, regulators, non-governmental agencies and employees are all pressing the sector to decarbonise and advance the objectives of the wider sustainability agenda, such as resource efficiency and biodiversity.
- Digitalisation has reshaped operations, driven improvements and enabled the seamless experience between online and instore sales channels which consumers expect.

### The sector needs to invest up to €600 billion to transform digitally and sustainably. New talent is needed to support and drive this challenge.

EuroCommerce with McKinsey estimate that retailers and wholesalers need to invest up to €600 billion between now and 2030 to make the digital and sustainability transformation possible – and recruit, retain and equip people with the skills needed to support that transformation. This represents an additional investment of 0.8 to 1.6% of turnover per company up to 2030.<sup>1</sup>

By 2030, retailers and wholesalers need to:

- Rapidly reduce emissions and set targets for themselves and their value chain to move to net-zero, become more resource efficient in their own operations, drive change in the whole value chain (upstream and downstream) and operate with sufficient infrastructure to support it.
- Harness technological advancements to enable better supply chain management, more efficient store operations and logistics, and reshape how they interact with customers.
- Invest in up- and reskilling of their workforce and attract highly skilled employees, such as data scientists and sustainability experts.

### However, short term priorities are distracting the sector from focussing on the future

Retail and wholesale has been in the front line of recent shocks and challenges. The impact of Covid-19, high inflation and energy costs, climate events and disrupted supply chains have forced the sector to focus on the immediate challenges, compromising longer term investment. The increasing cost of

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<sup>1</sup> See ‘Sustainability, digitalization and Skills: Transforming the EU Retail & Wholesale sector’ [link to the report]. The report contains a full explanation of the considerations behind the numbers presented in this paper and the reasoning behind the range of amount of investment, which relates to differences in the level of ambition.

legislation is drawing resources away from innovation and investment and low margins limiting the sector's capacity to spend the large sums required. The continued impact of rising energy costs on supply chains, also make it difficult for management to focus on more than the immediate future.

- Retailers and wholesalers compete with technology companies in much of their business, but their spend on investment in IT falls far short. European players spend 2.1% of revenues on IT compared to the 4.5-6% of leading digital players.
- Public authorities have not prioritised the sector when rolling out transformation programmes; complicated and overwhelming administrative requirements also act as a deterrent for businesses.

## This status quo is no longer an option – for the sector, Europe and the planet

Retailers and wholesalers need to invest now and policy makers need to support and prioritise the sector's transformation. Compromising the essential service and choice of products, services, channels and experiences the sector provides consumers and ignoring the sector's potential to drive change in its value chain and beyond, will have adverse consequences not just for the sector, but for Europe and the planet.

Key facts on retail and wholesale:

- 5 million businesses generating 10% of the EU's GDP.
- Providing jobs to 26 million people and entry into the labour market for one in seven young Europeans.
- Works to ensure the EU's 450 million consumers have quality, safe and innovative products and solutions at the best price.
- Is at the heart of local communities and a key actor making cities and villages attractive places to live and do business. When shops close, their empty windows are not just unattractive, but have consequences for security, local jobs, local revenue and an area's vitality.
- Is in a unique position to drive change and support the EU meets its ambitious targets for digitalisation, sustainability and climate change, due to its scale, close interaction with consumers and with partners in the value chain.
- Contributes to the digital and green transition, through its dedication to skilling, up-skilling and re-skilling its people.

## Making our priorities, yours

The retail and wholesale sector needs to focus its investments and actions on five projects that will enable it to transform digitally and sustainably and have the talent to meet the challenge.

1. Accelerating digitalisation
2. Modernising stores and warehouses and retail's role in town centres
3. Advancing to net zero
4. Prioritising circularity and reducing waste
5. Building and developing skills

For these priority projects to come to fruition, the sector cannot act alone. It needs:

- Support from EU and national governments<sup>2</sup>.
- Funding for its associations to work locally with individual retailers and wholesalers to help them transform.
- Policy and regulatory measures that enable investment (e.g. by providing the supporting infrastructure) and existing initiatives that take account of the sector's needs.

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<sup>2</sup> For example, through making fiscal incentives, subsidies, loans and guarantees available directly to companies and their representative associations, entering public private partnerships, providing clearer guidance and help on how to (easily) access EU, national and R&D and innovation programmes and eliminating the complexity and administrative burden linked to the programmes (e.g. the uptake of European Social Fund financing by SMEs).

- Innovation that can come to the market quickly (e.g. by fast approval of standards, intellectual property protection, lower administrative burdens).

Retail and wholesale associations can play a key role in helping retailers and wholesalers make the transformation. With adequate funding, they can support the five projects by, for example:

- Offering digital maturity assessments or training in basic digital skills to SMEs to accelerate digital transformation.
- Providing tools to measure the impact and cost of different decarbonisation measures, sharing information made available by manufacturers on the emissions of different products to help inform choices and offering sustainability maturity assessments to advance to net zero and enable all to develop circularity.
- Providing training or programmes that enable retailers and wholesalers to find talent or partners to outsource functions to.
- Obtaining and sharing market insights to help retailers and wholesalers understand changes in consumer demands and help them find solutions.

### **Core principles for a supportive policy framework**

- ***Make a 'retail and wholesale reflex' part of better regulation.***  
This means ensuring regulation is well-targeted, data driven and evidence-based by:
  - ensuring targets and new rules, or changes to existing ones, that will affect the sector, generate minimum administrative burden, reflects sector involvement in wider areas (e.g. payments) and minimises the costs of compliance.
  - ensuring that responsibility falls on retailers and wholesalers in a balanced and proportionate way, relates to what is within their control and is based on what information they have access to.
  - adhering to a clear division of obligations and liabilities and ensuring coherence. Avoiding the proliferation of obligations and definitions that could include the sector in scope that causes confusion and legal uncertainty.
  - providing retailers and wholesalers with flexibility to determine the best means to implement rules or accompanying them with support measures. Where rules need to apply across complex supply chains, sufficient time should be afforded to enable the sector to work with their suppliers, including those in third countries, to implement changes.
- ***Prioritise a well-functioning and competitive Single Market underpinned by effective and efficient enforcement.***
  - Eliminating unnecessary and unjustified national barriers, aim for maximum harmonisation, for example, in products and sustainability, reducing the risk of fragmenting the Single Market further, tackling territorial supply constraints to leverage the benefits of the Single Market to the direct benefit of consumers.
  - Ensuring effective and efficient cross-border enforcement of EU rules, requiring stronger collaboration and coordination of enforcement activities by national authorities, ensuring a level playing field for all businesses operating in the EU irrespective of establishment.
  - Streamlining interpretation and application of EU law.
  - Accompany this by ensuring risk-based, non-discriminatory and proportionate enforcement by the European Commission, based on transparent steps and objective criteria, which is not influenced by politics and by better use of tools such as enforcing and strengthening notification of (draft) national rules.
- ***Take a cross-ecosystem approach.***
  - Recognise the central importance of the sector to other ecosystems (e.g. agri-foods, construction, mobility, textiles, tourism): this will help coordinate policy action, drive partnerships, dialogue and collaboration, help scale initiatives and identify common needs (e.g. need for data analysts or other similar talents, experts able to provide certification).
- ***Drive structural reforms***
  - Support Member States to put in place infrastructure (e.g. 5G, waste collection and sorting facilities, transport and reforms of the education system) to provide the foundations necessary for the transformation.

## Five key projects

### Project 1: Accelerating digitalisation

**EuroCommerce with McKinsey identifies the need for retailers and wholesalers to invest up to €77 billion to modernise their IT systems in the next three to five years.** A total investment between €155 billion, or if more ambitious, €230 billion, between now and 2030 in technology and capabilities will accelerate the digital transformation<sup>3</sup>. This is equivalent to 0.4% to 0.6% of annual revenue<sup>4</sup> and is 2 to 3 times more than what is currently being invested.

This will prepare the sector to create truly omnichannel systems, build their digital sales channels, better use data and artificial intelligence<sup>5</sup> and secure payment systems further, automate warehouses and support functions and deploy advanced analytics across the supply chain. This investment will support the achievement of other transformation goals, with advanced analytics enabling the advance to net zero, reducing waste by improving demand forecasting or the better use of waste streams. Improvements in data management and IT systems, will also enable retailers and wholesalers to access and use data included in the digital product passports for circularity. For this to happen, the availability of relevant skills and talent needs to increase (e.g. through recruitment, training) as well as dedicated programmes to support SMEs.

Key trends and developments by 2030:

- Ecommerce is likely to grow from 15 to 30% of sales and generate 90% of growth in the sector.<sup>6</sup>
- Customers will continue to move to digital sales channels, with more demands for seamless online and offline interaction.
- Automation will increase the pace and productivity of many activities<sup>7</sup>, including the roll out of autonomous delivery vehicles and robots in warehouses, in back-office support functions (e.g. data extraction) and ultimately, in the roll out of autonomous fleets.
- Advanced analytics will enable better supply chain management, help optimise routes, truck fill rates and distribution networks, recycling practices, improved assortment selection in stores and more personalised customer interaction.<sup>8</sup>
- Europe-led digital payment methods will offer customers a better experience across sales channels and enable retailers to reduce costs within a more transparent system.

*Retailers and wholesalers need support to invest in:*

- **Upgrading their IT systems**, their operating models and **strengthening cybersecurity**.<sup>9</sup>
- **Building or developing digital channels**<sup>10</sup> further (e.g. operating online shops, building in house ecommerce, digital marketing capabilities and technical IT skills).
- **Increasing the use of in-store technology** to automate certain functions (e.g. checkout, replenishment and stock management, smart carts) **and automating activities** in warehouses and certain back-office functions).<sup>11</sup>

<sup>3</sup> €10 to €15 billion for SMEs and €145 to €215 billion for large companies.

<sup>4</sup> This includes the amount needed for upgrading stores. The action required is referred to in project 2.

<sup>5</sup> For example, by enabling additional analytics use cases, overcoming problems associated with fragmentation of and low-quality data and enabling the rolling out of skills at scale to improve digital skills.

<sup>6</sup> [Reference to study]

<sup>7</sup> 40 to 50% of tasks could in theory be fully automated across the value chain.

<sup>8</sup> €5 to €10 billion through to 2030.

<sup>9</sup> €50 to €85 billion through to 2030.

<sup>10</sup> €1 to €3 billion or for SMEs through to 2030, who may rely on software as a service solutions, €5,000 to €20,000.

<sup>11</sup> €30 to €35 billion through to 2030.

- **Creating cross-functional centres of excellence** to help orchestrate deployment and execution of use cases throughout the organisation to take full advantage of advanced analytics and better use of data.

*Making the sector stronger and those investments a success needs action, policy and measures to:*

- **Strongly and consistently enforce the Digital Services Act and apply the Digital Markets Act in a balanced and proportionate way.** In particular, ensuring that the Digital Markets Act delivers on its promise to make markets more contestable.
- **Ensure the new competition framework**, including the Vertical Block Exemption Regulation, truly supports (and not prevents) the effective use of the internet and **the sector's omnichannel efforts.**
- Provide **necessary support and funding to access artificial intelligence enabled systems** and ensure that regulation allocates responsibilities to the actor who develops the system, not its users.
- Encourage **data sharing based on voluntary arrangements** when furthering the European data strategy.
- Adopt a **channel neutral approach**, which ensures a **level playing field in relation to taxation and other rules** that operates equitably across industries and between different forms of business activities and business models and avoids national standalone measures that can fragment the Single Market further.
- Encourage **new technical solutions** (e.g. through advancing initiatives such as Digital Commons<sup>12</sup>) to increase their availability at reasonable or no cost.
- Make information available to the sector on **cybersecurity threats** (e.g. through collaboration with research institutes) and facilitate peer-to-peer (company) learning on risk assessment and managing threats.
- Ensure retailers and wholesalers who outsource or use software as a service (e.g. for payments, cloud computing, artificial intelligence or data) can contract those services, especially where there are limited numbers of service providers, based on **balanced terms of service.**

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<sup>12</sup> [Leveraging commons for a European model of non hegemonic digital sovereignty - Ministry for Europe and Foreign Affairs \(diplomatie.gouv.fr\)](https://diplomatie.gouv.fr/en/leveraging-commons-for-a-european-model-of-non-hegemonic-digital-sovereignty)

## Project 2: Modernising stores and warehouses and retail's role in town centres

EuroCommerce and McKinsey identify that **retailers and wholesalers need to invest between €70 and €100 billion by 2030 in reinventing brick and mortar stores and adapting and expanding supply chain and logistics networks.** This will require rethinking warehouse networks. It will also require a change in the role and format of brick-and-mortar stores to allow new types of interaction with customers and enable them to face the challenge of global competition from online players. It can also help develop disruptive business models including for last mile delivery (e.g. quick commerce). Doing so can help retailers continue to play their key role in local communities where they provide an essential service, generate local revenue, support local employment and bring life to town centres.

### Key trends and developments:

- The role of the store is changing as consumers are demanding better service, a seamless omnichannel experience and faster deliveries.
- The shift to digital channels could require companies to repurpose close to 10 million square metres of commercial real estate by 2030, about 2% of the total. In apparel alone, retail floorspace (and thus the number of shops) may shrink by 4 to 5 million square meters by 2030.
- The number of warehouses and fulfilment centres needed is expected to grow, to meet growing demands of ecommerce and for fast delivery.
- The diversity of retail and wholesale plays a key role in European cities. Its contribution to a good quality of life and a counterbalance to the adverse effects of democratic change is recognised in the new Leipzig Charter of 2020<sup>13</sup> that inspires urban policy in Europe and beyond, as well as in rural areas<sup>14</sup>.

### *Retailers and wholesalers need support to invest in:*

- **Adapting stores to take on new functions** (e.g. incorporating in-store picking resources, in-store experiences such as showrooms offering sensory experiences), **becoming more digitised and offering a seamless omnichannel experience** (e.g. including in-store technology that makes it easier for consumers to find products, obtain information, make purchases and access services).
- **Adapting, expanding, relocating, and building new warehouses and fulfilment centres**, including dark stores in a manner that permits by taking into account the interest of all stakeholders, i.e. 'peaceful coexistence'.

### *Making the sector stronger and those investments a success needs action, policy and measures to:*

- Encourage Member States to examine and **adapt their town and country planning frameworks and procedures** to become more agile, including in (historic) town centres, for easier and quicker procedures to grant permits (e.g. to repurpose real estate, to adapt stores to provide an experience and to allow experimenting with new business models).
- Facilitate best practice exchange<sup>15</sup> to encourage Member States to **engage all actors<sup>16</sup> involved with town and country planning procedures and decisions** to understand and facilitate the changes needed.
- Develop, together with Member States, an **ambitious programme for the revitalisation of town centres**, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector in the centre of such plans as a keystone of local community life and running a **joint EuroCommerce/EU communication campaign to encourage action in revitalising local economies and communities** (e.g. by sharing stories, providing practical guidance to enable local authorities to push for support at national level for local revitalisation and support for the sector).

<sup>13</sup> [new leipzig charter en.pdf \(europa.eu\)](#)

<sup>14</sup> [Supporting evidence for the long-term vision for rural areas \(europa.eu\)](#)

<sup>15</sup> For example, through dialogue in the Services Directive Expert Group, city-to-city exchange through initiatives such as the Intelligent Cities Challenge, Urban Agenda and URBACT.

<sup>16</sup> For example, through roundtables that enable exchanges between all key local actors such as local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities and horeca.

## Project 3: Advancing to net zero

The retail and wholesale value chain directly and indirectly contributes 40% of all greenhouse gas emission in Europe. Less than 5% are emitted in the operations of retailers and wholesalers (Scopes 1 and 2) and 95% in the up and downstream value chain (Scope 3). EuroCommerce and McKinsey identify that **retailers and wholesalers need to invest €120 to €300 billion from now until 2030, to advance toward net zero operations in their stores, warehouses and logistics**. Doing so can help them reduce their Scope 1 and Scope 2 greenhouse gas emissions by 50-90% by 2030 and make progress in progress in reducing Scope 3 emissions. Investing will also prepare the sector to meet regulatory targets, lessen the impact of overall energy price volatility, improve supply-chain resilience and make the sector more attractive for job seekers. For this to happen, it needs to be accompanied with dedicated programmes to support SMEs.

Retailers and wholesalers have a unique position in the value chain. This offers an opportunity for them to increase transparency and coordination along the value chain and raise supply chain partners' awareness of the importance of sustainability and work with them to increase the assortment of sustainable offers. They can play a role in nudging their customers towards more sustainable choices and working with their suppliers on their decarbonisation efforts and other aspects of sustainability (e.g. resource efficiency, biodiversity).

### Key trends and developments:

- The EU has set a target to cut greenhouse gas emission by 55%, compared to 1990 levels, and reach net zero by 2050 and set ambitious decarbonisation targets in the EU's *fit for 55* strategy.
- Consumers are demanding more sustainable options.
- More and more investors are adopting environmental, social and governance (ESG) criteria and channelling capital to sustainable companies.
- Employers perceived as sustainable have a better chance of attracting and retaining talent.

### *Retailers and wholesalers need support to invest in:*

- **Installing solar panels** to produce renewable energy in their stores and warehouses, **heat pumps** to optimise and reduce energy consumption and **access to wind power**, which can be used in operations or by customers.
- **Refurbishing stores and warehouses** to reduce the greenhouse gas emissions from refrigeration (if applicable), lighting, heating, ventilation and air conditioning and by improving insulation.<sup>17</sup>
- **Building new stores and warehouses** in a way that minimises greenhouse gas emissions.
- **Installing electric charging infrastructure** in car parks or for their own fleets.
- **Switching fleets and last-mile delivery to greener alternatives** such as electric vehicles, hydrogen or liquid biogas fuelled vehicles or cargo bikes.
- **Developing programmes** (e.g. capability buildings workshops, providing analytical support) **to help suppliers** (e.g. suppliers of private label products, SMEs) **to decarbonise manufacturing** and advance other aspects of sustainability (e.g. resource efficiency, biodiversity) and increase sustainable options.

### *Making the sector stronger and those investments a success needs action, policy and measures to:*

- Create **incentives to encourage the switch to green energy providers**, develop infrastructure or to use energy produced from wind and biomass e.g., through **projects of common interest/cross-border projects**;
- **Support employees' and customers' switch to greener alternatives** (e.g. by installing electric vehicle charging stations, working with local municipalities to improve cycle routes leading to stores);

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<sup>17</sup> Decarbonising existing stores at a cost between €20 to €50 billion could reduce Scope 2 greenhouse gas emissions by 30 to 50%. Decarbonising warehouses at a cost of €50 to €140 billion would address 20 to 40% of Scope 2 greenhouse gas emissions and potentially some Scope 3 greenhouse gas emissions.

- Ensure **quick implementation** and availability of funds through, for example, the **European Hydrogen Bank** to encourage investment (e.g. to roll out hydrogen fleets);
- Match decarbonisation and sustainability targets in legislation or strategies (e.g. requirements under the RePower programme, energy efficiency of buildings, installation of electric vehicle charging stations and solar panels) with **mechanisms that can support such investments**.
- Create **incentives to encourage the installation of solar panels** and transfer to excess energy back to the grid (e.g. by providing input tariffs to make this attractive);
- Push Member States to **upgrade infrastructure** (e.g. to enable the grid to take up excess self-generated energy, provide input tariffs to make this attractive).
- Easier and quicker **procedures to grant permits** to allow retailers and wholesalers to make structural changes (e.g. to install solar panels, heat pumps, electric vehicle charging stations, including on commercially rented premises).
- **Ensure competition rules** and their enforcement provide **legal certainty and predictability** on how actors can **collaborate across the supply chain** (e.g. collaboration with energy providers to encourage sustainable manufacturing, ensuring frameworks for horizontal agreements favour sourcing of more sustainable products). This can be achieved through guidelines<sup>18</sup> or offering safe environments to test collaboration without falling foul of competition rules (e.g. regulatory sandboxes).
- Encourage a **Single Market approach** that avoids national standalone measures that cause fragmentation where Member States wish to be more ambitious; adopting the same approach in **creating a common understanding of the scale and scope of Scope 3 emissions** and expectations of the sector.
- Encourage **national initiatives that further develops consumer interest in sustainable products** or the impact of their behaviour on the planet (e.g. increasing the offer of sustainable options, offering advice on energy efficiency in home improvements, labelling and awareness-raising campaigns including on how to save energy at home, offering repairs to existing products).
- **Evaluate mobility plans** so they encourage greener alternatives for employees and customers to reach stores and warehouses and last mile delivery (e.g. investments in safe cycling routes, public transport including the collaborative economy).

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<sup>18</sup> For example, in the Horizontal Block Exemption Regulation and guidelines



## Project 4: Prioritising circularity and reducing waste

EuroCommerce and McKinsey identify that **retailers and wholesalers need to invest €15 to €35 billion by 2030 to shift from current linear systems ('use and dispose') to more circular systems ('re-use or recycle') for plastic-based packaging and non-consumable products** (e.g. fashion, consumer electronics and furniture). Doing so can reduce the use of virgin materials such as plastic, wood and metal and help reduce greenhouse gas emissions. It will also prepare the sector to gain revenues from new business models (e.g. rental, repair refurbishment and resale), enable costs savings (e.g. through waste reduction) and improve relationships with customers. For those that manufacture their own products, the collection of used products can give them access to low cost-materials for reuse or recycling. For this to happen, the availability of relevant skills and talent needs to increase (e.g. through recruitment, training) as well as dedicated support to help SMEs invest in circularity and meet their regulatory requirements.

Key trends and developments:

- The EU has set ambitious targets in its Circular Economy Action Plan to reduce pressure on natural resources by promoting circular economy process, reducing waste and keeping resources in the EU economy for as long as possible.
- Circularity is key to halting biodiversity loss and achieving the EU's 2050 climate neutrality target (e.g. by reducing the need for virgin material extraction and processing, with subsequent greenhouse gas emission reductions offsetting what is subsequently emitted in keeping these products in use).
- Making extended producer responsibility a reality will require extensive investment in collection and sorting and for recycling capacity to increase for waste to become a resource.
- The new digital product passport as part of the proposal for a new Ecodesign for Sustainable Products Regulation, is an opportunity to help consumers and businesses make informed choices when purchasing products and to improve transparency about products' life cycle impacts on the environment.

*Retailers and wholesalers need support to invest in:*

- **Their own infrastructure** if they want to collect, sort, reuse and recycle plastic waste or products at the end of use, to achieve higher rates of closed loop recycling.
- **Further developing consumer interest in circularity** (e.g. rolling out digital product passports, increasing the offer of circular models such as bulk or refill sales, establishing new business models based around repair shops, refurbishing, remanufacturing and selling second-hand products).
- **Developing programmes** (e.g. capability buildings workshops, providing analytical support to **help suppliers** (e.g. suppliers of private label products, SMEs) **to use more recycled or bio-based plastics/materials** in plastic packing or products and promote waste reduction.

*Making the sector stronger and those investments a success needs action, policy and measures to:*

- **Clearly define responsibilities** through EU guidance when repairing, re-using and recycling materials. Identifying who (manufacturer or distributor) obligations fall in the value chain and considering how products are treated during their lifetime (e.g. where consumers may remove identifiers during the product life).
- **Ensure competition rules** and their enforcement provides **legal certainty and predictability** on how actors **can collaborate across the supply chain** (e.g. collaboration with suppliers to encourage the use of recycled or bio-based plastics/materials in plastic packing or products, horizontal agreements that favour sourcing of more sustainable products). This can be achieved through guidelines<sup>19</sup> or offering safe environments to test collaboration without falling foul of competition rules (e.g. regulatory sandboxes).
- **Harmonise standards** (e.g. on uniform product classification) and methods based on what is available in the market (e.g. GS1, benchmarking, international standards, product environmental footprints).

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<sup>19</sup> For example in the Horizontal Block Exemption Regulation and guidelines

- **Prioritise tools**, endorsed by industry, **for measuring and tracking sustainability impacts** that rely on international and open product identifiers.
- **Encourage transparency** by, for example, providing model contract clauses to encourage data sharing, developing the digital tools that make traceability and the transfer of data easier and making information available to the sector on how to protect data, trade secrets and intellectual property rights when setting information sharing requirements.
- Encourage **a Single Market approach** that avoids national standalone measures that cause fragmentation where Member States wish to be more ambitious.
- **Easier and quicker procedures to grant permits** to allow retailers and wholesalers to make structural changes (e.g. to install onsite recycling facilities).
- Create **incentives for retailers to reduce food waste** (e.g. by exempting food donations from VAT).
- Encourage **Member States to educate and inform consumers** to improve knowledge and nudge them toward more sustainable choices and practices (e.g. through public campaigns, information, best practice exchange and school education based on consumer research).

## Project 5: Building and developing skills

Retail and wholesale is the EU's largest private employer offering 26 million diverse job opportunities across the EU, including in rural areas. It has a strong record in training and developing talent to allow upward mobility in their organisations. To meet the needs of the digital and sustainable transformations, EuroCommerce and McKinsey estimate that **large companies need to invest 30% more and SMEs double their investment in their people. This means investment of between €75 and €105 billion until 2030.<sup>20</sup> €25 to €30 billion would be needed for upskilling, which is 40 to 60% more than what the sector spends now, and €500 million to €3 billion in reskilling up to 2030.** Doing so, will enable retailers and wholesalers to increase productivity and drive the evolution of skills and roles. To make this happen, dedicated support will be needed to help SMEs invest in skills, training and find the talent they need to transform.

Retailers and wholesalers are competing with other sectors to attract scarce highly skilled professionals such as data scientists, digital marketing specialists, sustainability officers, and user experience experts. Investment will also help the sector become a magnet for talent.

Key trends and developments by 2030:

- 10 to 13 million employees will need to acquire new skills each year because of the transformation.
- A projected 800,000 to 1.5 million employees per year will need to be recruited.
- New roles will emerge e.g., in advanced analytics and technical maintenance and as a result of the wider use of in-store technology. This may enable employees to devote more time to offering customers support and advice or picking products for online orders.
- Corporate functions will evolve leading to new jobs in category management, marketing, management of the seamless experience online and offline, and a shift in focus to professional workforce, talent and training planning in human resources departments.

*Retailers and wholesalers need support to invest in:*

- **Deploying training programmes at scale** (e.g. through online learning platforms).
- **Expanding scholarship/sponsorship/apprenticeship programmes.**
- **Collaboration with educational and training institutions and retail and wholesale associations,** to develop incentives for establishing or updating apprenticeship frameworks and vocational training programmes as well as promoting lifelong learning in line with the EU **Pact for Skills for retail and wholesale.**
- **Running campaigns to attract talent** to the sector and developing its image as a place for career progression.

*Making the sector stronger and those investments a success needs action, policy and measures to:*

- Form **skills partnerships with retail and wholesale associations** at national or regional level to boost up- and reskilling efforts of retail and wholesale SMEs.
- Facilitate **best practice exchange with educational and vocational training institutions** to address urgent skills needs of people of working age (e.g. updating national curricula to teach basic digital and green skills) and building up the pool of data scientists, engineers and technicians required for the transformation.
- Continue **engagement with the EU Pact for Skills for retail and wholesale.**
- Co-organise a **communication campaign** with EuroCommerce, national associations and companies to **present the sector as a place for career progression** along different paths and for different talents (e.g. through a roadshow, job fair).

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<sup>20</sup> Current and incremental investment over eight years, on top of the time and other resources already invested in on-the-job training and other informal learning that have not been quantified.