Position paper retail/ survey Transition Pathway Retail

The main challenges for the retail in the Netherlands are:

- Keeping our cities healthy and future-proof
- A resilient retail ecosystem
- Sustainable retail
- Dealing with the digital challenges
- Human Capital Agenda

General introduction

The Dutch retail industry is the second largest sector in terms of employment in the Netherlands (with 1.1 million people employed), making it the largest private sector in terms of employment. As a response to the changes in the economy as described by the EC.

The Dutch government has installed through its department of economic affairs (Ministerie van Economische Zaken en Klimaat) a public-private platform called Retailagenda.

This body is a not for profit cooperative based on a gentlemen's agreement between the public and private stakeholders involved in the Dutch retail industry. On the public side are represented said department, as well as all Dutch provinces through their body IPO, all municipalities through their body VNG, plus representatives of the larger cities (G4/G40).

On the private side we have social partners (employers and employees) represented by trade unions en retail syndicates/trade associations, but also representatives from the retail real estate industry as well as the trade schools (EQF level 1-6).

Keeping our cities healthy and future-proof

In The Netherlands we have a long-term tradition of 'Ruimtelijke Ordening' (RO) where we emphasise on the importance of our city centers. Municipalities have the discretionary power to determine spatial planning policy and therefore to decide whether or not retailing is permitted in a specific place. When an municipality imposes establishment restrictions to a location where retailing is permitted, these restrictions must be tested against the criteria included in the EU Service Directive. It is important to notice that RO is an important cornerstone for achieving that retail and particular retail SMEs stay crucial for the urban and rural local communities. The Dutch government is reinforcing the tradition of 'Ruimtelijke Ordening' after decennia of deregulation. The big demographic and environmental challenges and growing complexity of societal assignments show the need for spatial planning. This includes retail areas. The last decades with a lot of freedom for private investors resulted in the development of too many m2 of retail spaces and unattractive city centers with mono retail streets. Recently the development of more big shopping centers in the Dutch 'protected green area' was stopped through more strict regulation. The concentration of retail in the municipalities is necessary for a well-functioning society. Without proper spatial planning important choices for the future never become considerations of general public interests and there will be a great risk of irreparable damage.

A resilient retail ecosystem

Territorial supply constraints (TSCs)

- The issue of Territorial supply constraints (TSCs) in the retail sector is currently very relevant in the Netherlands. It gained relevance due to high consumer prices.
- In the Netherlands, research is now being done on the scope of the problem in NL, and potential solutions (at European level) are being identified. Results will follow at the end of this year. We will be glad to share the results of the research with the Commission in due time.
- Benelux research from 2018 has revealed that TSCs in the retail sector exist in all three countries. Additional research done by the Commission in 2020 has shown that this problem is an EU-wide issue.
- TSCs seem to be particularly prevalent in food products. At the same time, TSCs are not limited to these types of products. The preliminary results of the Dutch study indicate that these restrictions are also prevalent in other sectors, such as construction tools.
- We urge the Commission to give attention to TSCs in the upcoming revision of the Retail Strategy and in the related workshops.
- In the meantime, we will continue our work in the Benelux Union and explore whether the Benelux can act as a testing ground for possible solutions to TSCs.
- TSCs also touch upon related Single Market barriers, e.g. fragmented implementation of European regulations or leeway for Member States in terms of labeling requirements and deposit obligations. The solution to these lies both in EU and in national regulations. Our study also examines the role of Benelux in this area.

Sustainable retail

The retail is the final linking pin between consumer and value chain. The retail is dedicated to the challenges of the green transition. More and more retailers are measuring their ecological footprint. Large retailers who are sourcing in production countries found out that the activities in the production process are responsible for 90% of the full ecological footprint. It s also needed to reduce the ecological footprint in the outlets and shopping centers, but it must be seen in te perspective of the full value chain.

Another important actor is the consumer. However sustainability is hot nowadays. Consumers are still very price driven and like to buy something new! Consumer legislation in the Netherlands contains a very severe guarantee regime with the obligation to repair goods when the consumer term has ended. Though consumers don't use this that much. Retail and government need to cooperate to support a better and longer use of goods.

Dealing with the digital challenges

Every SME and bigger company has to adapt to digital challenges. To a certain level, that is a responsibility for each company.

Unfortunately the digital retail ecosystem has a fundamental flaw in favor of big platforms. EU is successfully regulating the Big Tech sector but when no public alternative for the current digital retail infrastructure is made available, the dominance of big platforms will be threatening to the social fabric, economic viability and qualitative employment of urban and rural local communities. Besides, this situation doesn't serve interests of the consumers either. A lot of high quality products with a slow turnover and produced in small quantities are not presented on platforms. Meanwhile customers get the wrong idea that they have a complete overview of available products through the sheer volume of options presented on big platforms. The low prices of products offered by big platforms are based on principles of extractive business cases at the expense of environmental and societal interests. Awareness of this situation has to be raised.

The challenge is not so much technical, but mostly a matter of trust, imagination and collaboration. In the document the emphasis seems to be on technical aspects. Generating trust and cooperation are the main challenges. Lots of entrepreneurs feel trapped in a mission impossible and their views towards another digital reality have to be enhanced. The first step to do so is a responsibility of the private sector but the public sector may support promising initiatives and coordinate these. This may be done on a national and European level since knowledge within municipalities is inadequate and the right scaling of efforts is important .

Many local platforms were started in the last decade but none of these offer a real alternative for the big platforms. After an energetic start most initiatives die off. At this moment a lot of municipalities try to organize their own platforms, which is not an effective approach since knowledge at the level of municipalities is inadequate and economies of scale are not possible. Another problem is the lack of coordination. So the same mistakes are made over and over again and there is no development, let alone growth, of collective knowledge. This isn't a route to form an alternative for Big Tech platforms that invest unbelievable amounts of time, money and intelligence for the benefit of their shareholders only. A local based platform has no entry to big data and cannot enjoy other benefits of economies of scale so another approach is needed. With the pilot program 'Eerlijker online' an initiative of the Dutch non-food branche organization Royal INretail and supported by the Retailagenda, a strong alternative digital infrastructure will be developed that is open to even the smallest retailer and based on public values that support the local community and physical public space. A resume of the program 'Eerlijker online' (in Dutch) is attached.

if the digital transition is not well governed and regulated the attractive shopping street embedded in the physical infrastructure of municipalities may wither away further at great social-, cultural-, political-, educational-, historic, economic and employment costs. This is a threat to Europe's city centers and small towns, that are very important for tourism as well.

Human Capital Agenda

One of the pillars of the Retailagenda is the Human Capital Agenda (HCA). As of 2018 the HCA has been the umbrella for several practical projects like RQF and e-Academy (see below), serving the sector with knowledge on labourmarket and educational topics. Through this pillar we encourage the private sector to form a joint vision on HCM for a highly diverse and scattered sector, combined with a practical approach on shaping tomorrow's educational system.

Through the instrument of the Dutch Retail Qualification Framework (RQF) we encourage the sector and the trade schools to work closely together in bridging the gap between skills asked for by employers and skills taught at trade schools, in order to create a smooth transition for students between their school and working life. In the hope for students to pick up a career in our industry. The Dutch RQF is a 'living' instrument that's being adapted overtime when roles change and the underlying skills set changes accordingly.

By encouraging schools and students to take part and compete in (inter)national Skills Finals we try to put the retail sector on the chart as a sector students should consider to work in.

Besides working in a physical store, there's a large investment made by the sector in the schooling of both students as well as employees and employers in the industry when it comes to digital skills. The so called e-Academy has been offering high quality online courses to accommodate both pure players as well omnichannel retailers to start and upgrade their online proposition.

To facilitate all people working in the sector on the topic of Life Long Learning and Resilience there are numerous programs by the trade associations, often in close collaboration with the trade unions and their LLL-platform Youfit@retail. Career coaches, cv and resume building, trainings and workshops in order to help people in taking the next step in their career, including requiring new skills or taking up new lines of work or studies altogether.

One other HCA project is the Centrummanagement Academy (CMA), which helps in educating and upskilling the people appointed in town centers as a liaison officers between local government and private enterprises, in order to work towards a more liveable prosperous town centre, serving the community with all facilities needed, including physical stores.

By stimulating communities to form retail ecosystems (i.e. public-private entities: trade schools, retailers and (local or regional) government) where co-creation and cooperation on all levels of the educational system takes place, often through action research with local retailers directly benefitting from the outcomes, the Dutch government is empowering the sector and invests in liveable, sustainable communities. Circularity, durability and digitalization and automation and skills building are the main topics in these ecosystems, often referred to as living labs.

Most of the abovementioned projects are being funded by the private sector. In the long run it would be recommendable to find acknowledgment and co-financing from the public sector. Both from a European level as well as a national level.