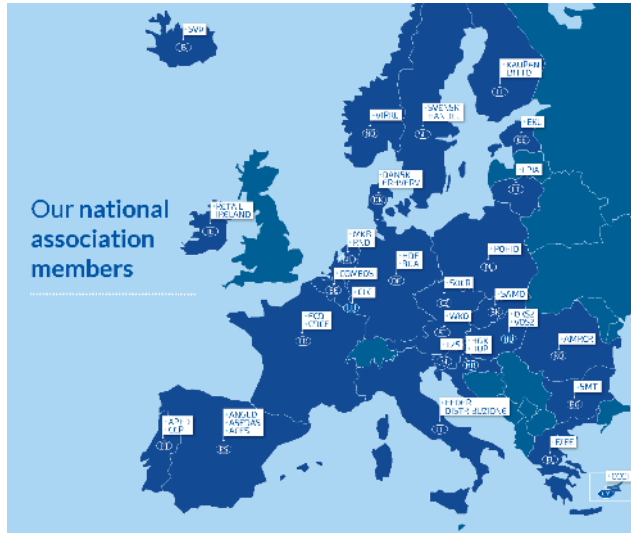EuroCommerce
for retail
& wholesale

25 Jan 2023

"Retail and wholesale views on animal welfare labelling"

Subgroup AW labelling – EU platform for Animal Welfare

EuroCommerce - Who we are, what we do

We stand for:
Fair, **competitive** & **sustainable** retail and wholesale in Europe.

Our **national association members**

Our **affiliated federations**

Our **company members**
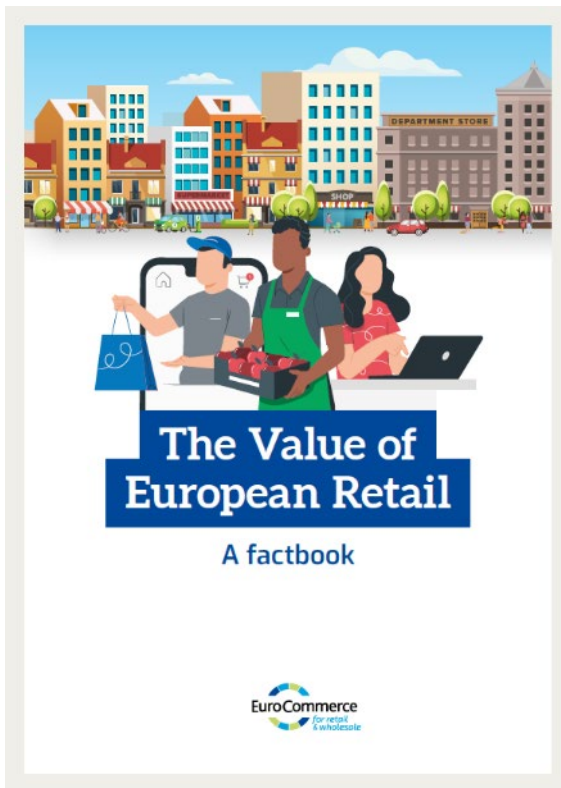
1 in 4 companies in the EU are SME retailers and wholesalers

Retail and Wholesale represents 10% of the EU's GDP

We provide work to 26 million Europeans, so 1 in 7 of all jobs

Membership in July 2022

About our sector

Fair, sustainable and competitive retail & wholesale

The Value of European Retail
A factbook

EuroCommerce
for retail & wholesale

1. **Serving customers, helping consumers**
2. **Being inclusive employers**
3. **Acting sustainably**
4. **Contributing to vibrant communities**
5. **Leveraging digital technologies**

Acting sustainably

- Retailers care for the planet
- Retailers help customers to make healthy choices
- Retailers value cooperation with suppliers

We serve customers · wherever, whenever, however

✓ **We negotiate on behalf of consumers**

Suppliers

Retailers

Consumers

✓ **We provide choice, access and convenience**

Local shop
· 100 m²
· 1,500 products

Hypermarket
· 6,000 m²
· 50,000 products

Supermarket
· 2,000 m²
· 10,000 products

Department store
· 20,000 m²
· 200,000 products

Webshop
from a few to several million products

Source: EuroCommerce members

We serve customers · help them make informed choices

✓ Retailers guarantee quality and safety

✓ Retailers have products for all kinds of needs, aspirations, and demands

Promoting animal welfare

- **Retailers and wholesalers have been the first to respond to consumer demands and offer the products they want.**

- **Together with** *supply chain partners (including NGOs)* our sector is actively promoting animal welfare improvements, **by clearly labelling higher-tier products** and providing consumer choice => thereby creating a market for quality products

- *Consumer* interest **varies in the different markets** and information needs vary accordingly. **Voluntary, third-party certified animal welfare labeling schemes** provide trust and flexibility to **help raise standards**.

- Using **modern digital technology (apps)** to inform interested consumers. (for example block chain, apps).

State of Grocery retail Covid 19 – disruption & uncertainty

- **Online sales** ↑↑ significantly (+55%) in 2020 - *this trend will continue*

- Consumers trading up or down due to the **economic effects** of the pandemic;

- 37% of consumers looked to **saving money**

- 50% of consumers planned to buy more **healthy, local or environmentally-friendly** foods in 2021;

- 26% of consumers wanted **both** to **save money on groceries & move towards sustainable lifestyles**

McKinsey & Company   EuroCommerce *for retail & wholesale*

Disruption & Uncertainty

The State of Grocery Retail 2021

–Europe–
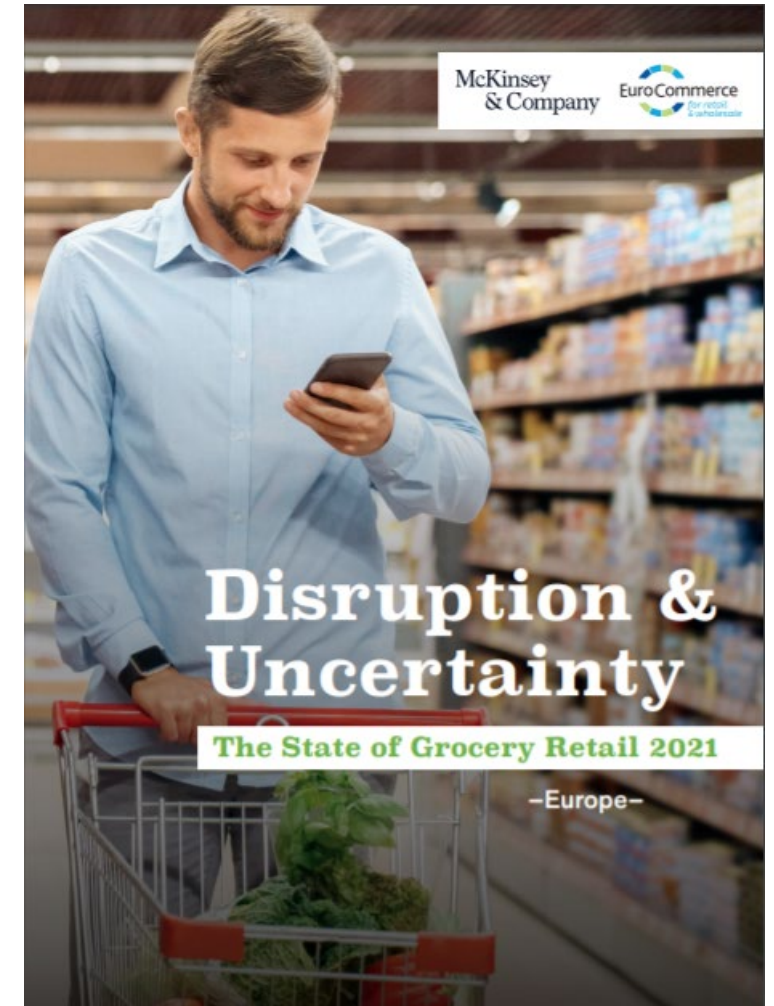
State of grocery retail 2022

Going into 2022, grocery CEOs expected market conditions to deteriorate.

=> widening polarization with higher price sensitivity and more focus on health, premium, and sustainability at the same time
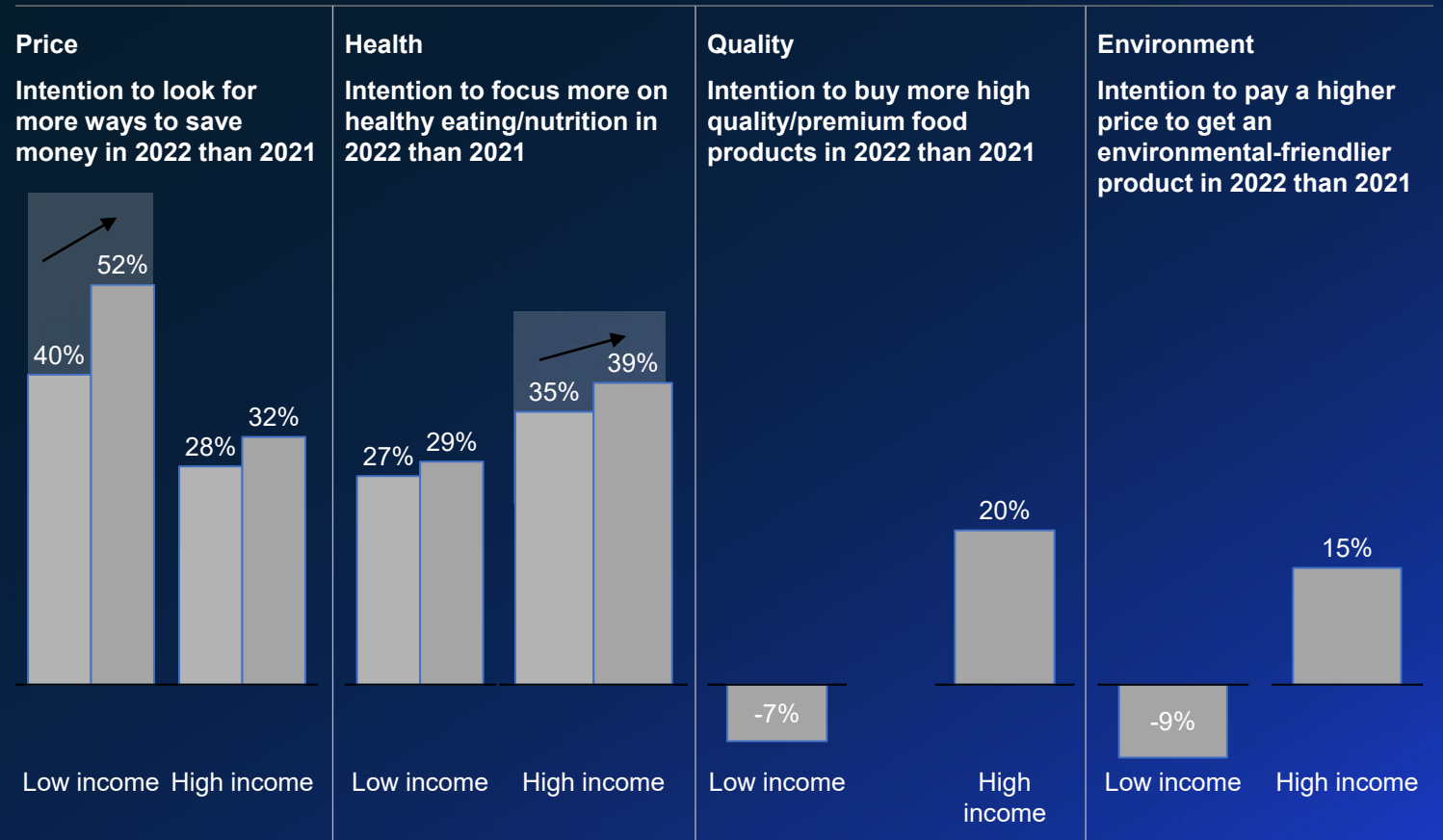
B: Widening polarization (1/2)

Higher price sensitivity and increasing demand for products related to health, premium and sustainability at the same time

Net intent[1] of customers towards grocery shopping in 2022 compared to 2021, in %, European average

Legend: 2021, 2022, Big yoy change

Price — Intention to look for more ways to save money in 2022 than 2021
- Low income: 40% (2021), 52% (2022)
- High income: 28% (2021), 32% (2022)

Health — Intention to focus more on healthy eating/nutrition in 2022 than 2021
- Low income: 27% (2021), 29% (2022)
- High income: 35% (2021), 39% (2022)

Quality — Intention to buy more high quality/premium food products in 2022 than 2021
- Low income: -7%
- High income: 20%

Environment — Intention to pay a higher price to get an environmental-friendlier product in 2022 than 2021
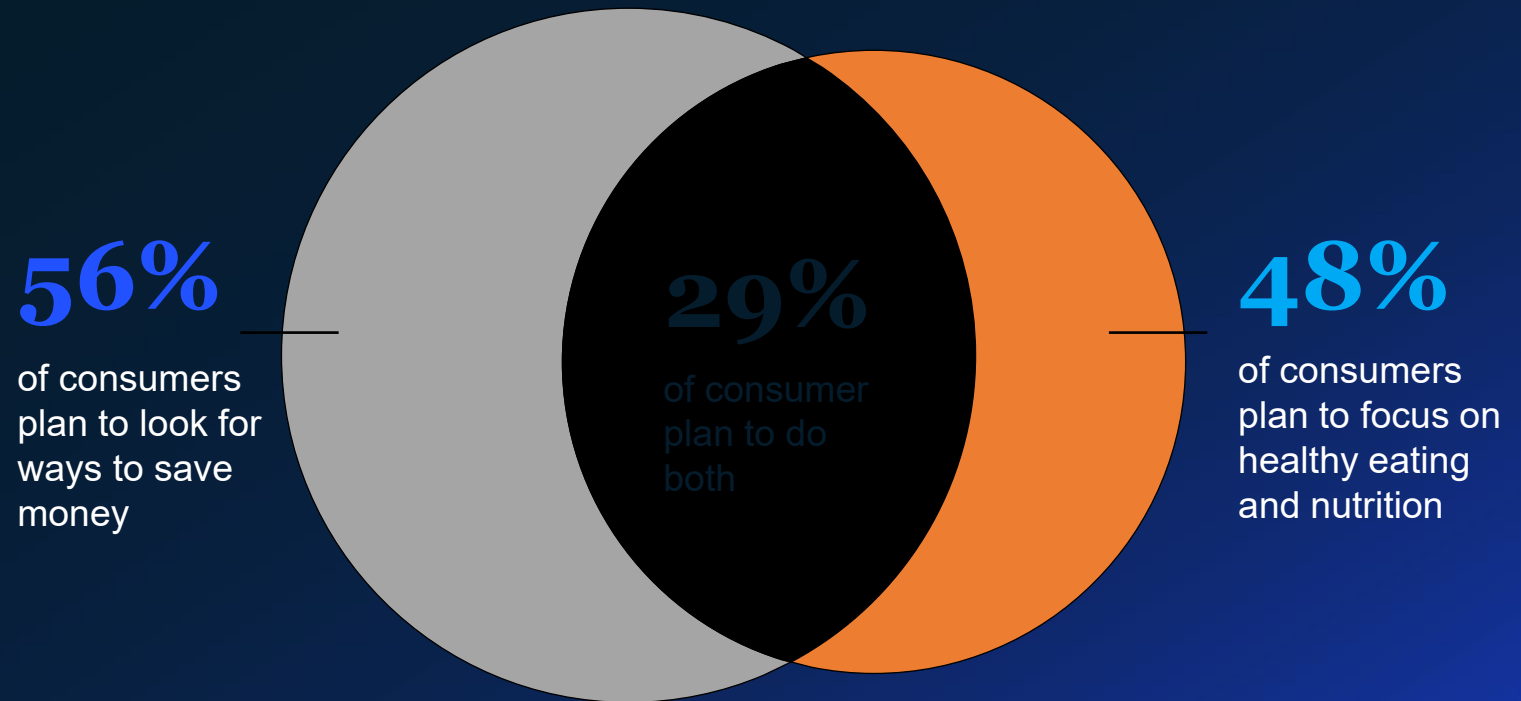- Low income: -9%
- High income: 15%

1. Share of consumer that want to do more of activity minus share of consumer that want to do less of activity in 2022 vs. 2021) Thus, negative numbers imply that consumers want to reduce their grocery shopping in these categories.

McKinsey & Company

EuroCommerce

B: Widening polarization (2/2)

29% of consumers want both, save money on groceries while focusing more on healthy eating and nutrition

56%
of consumers plan to look for ways to save money

29%
of consumer plan to do both

48%
of consumers plan to focus on healthy eating and nutrition

Question: Think about 2022. Are you planning to do more, less or about the same of the following?
Note: Only consumers who intend to do more of those activities are shown on this page

McKinsey & Company   EuroCommerce

Part of the solution! **Cooperating with other food actors**

- **Recognition of voluntary actions in place & their benefits (*knowledge, trust*) :**
- Develop **underlying EU scheme (framework)** that covers the method of production and additional animal welfare indicators (all species; all stages) for **benchmarking of existing schemes**.
- Keep EU label (if any) **voluntary**; allow co-existence with other schemes
- Consider producer-level – financing of higher animal welfare standards
- Avoid competitive distortions – imported animal products to be included (equivalence)
- Align with framework for sustainability covering **general principles** for labelling applicable to animal welfare labelling