RETAILING IN THE EUROPEAN SINGLE MARKET 1993

COMMISSION OF THE EUROPEAN COMMUNITIES
STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES

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Foreword

The success of the 1993 single market will depend inter alia on the efficiency of the EC distribution system. Therefore, the significance of information on the retail sector is a prerequisite for policy-makers in the public sector but also for entrepreneurs and corporate decision-makers keen on identifying appropriate distribution channels.

The value added by the commercial sector (wholesale and retail trade) accounts for approximately 13% of the Community's gross domestic product (GDP). It engages 19 million men and women (14% of employment) and involves 4.2 million enterprises. Retail trade alone represents around 10% of employment and 26% of all EC enterprises.

During the past 40 years, the distributive trades have been marked by the emergence of large-scale trading companies and the application of new technology. Simultaneously, the improved cooperation between producers, wholesalers and retailers has modified the commercial landscape across Europe. Membership in voluntary chains, buying groups, and cooperatives is now as common as the signing of franchising agreements.

The objective of this publication – the first of its kind – is to review the retail trade situation first across the Community and then in individual Member States. Relevant retail indicators and structural developments are examined: changes in outlet density, regional distribution, employment characteristics (female and part-time employment), turnover by retail formats, affiliation links, and the expansion of large-scale establishments.

In addition, structural data are provided on the European Free Trade Association (EFTA) countries which, together with the EC Member States constitute the European Economic Area (EEA). A section is also devoted to new markets within Central and Eastern Europe, which offer wide prospects to enterprises of all sizes.

This work was carried out on the initiative of the Commission of the European Communities, in particular the Statistical Office of the European Communities (Eurostat) and Directorate-General XXIII (responsible for Enterprise Policy). From the outset, it aroused much interest and gained support from the national statistical offices (NSOs), professional associations and research institutes specializing in trade studies.

The publication is intended to serve as a reference document; it is aligned with Eurostat's aim to create an efficient system of economic and statistical information on the trade sector in close cooperation with NSOs in the Member States and trade associations. It also responds to the need expressed by the Council on two previous occasions (in its Resolution of 14 November 1989 and its Decision of 18 June 1992) to develop European trade statistics.

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Commissioner, Commission of the European Communities

Raniero VANNI D'ARCHIRAFI
Commissioner, Commission of the European Communities

General remarks

- German official statistics up to the year 1991 refer to the Federal Republic of Germany up to 3 October 1990, (including the former *Länder* and West Berlin. Whenever data on the new *Länder* are included, it is specified.
- 1 billion signifies 1 000 million (10^9) throughout the publication.
- In the country reports, the figures related to sectors of retail activity stem from national classifications, which are not yet harmonized across the Community until NACE Rev. 1 comes into force.
- The terms distributive trades and commerce are used synonymously to cover wholesaling, retailing and commercial agents (intermediaries).
- The ECU exchange rates and the currency codes used in this publication are presented below.

ECU exchange rates [a] (1980-91)

Country	Currency Code	Currency	1980	1985	1991
B	BFR	Franc belge	40.60	44.91	42.22
DK	DKR	Dansk krone	7.83	8.01	7.91
D	DM	Deutsche Mark	2.52	2.23	2.05
GR	DR	Drachmi	59.32	105.74	225.22
E	PTA	Peseta	99.70	129.16	128.47
F	FF	Franc français	5.87	6.79	6.97
IRL	IRL	Irish pound	0.68	0.72	0.77
I	LIT	Lira italiana	1 189.2	1 447.99	1 533.24
L	LFR	Franc luxembourgeois	40.60	44.91	42.22
NL	HFL	Nederlandse gulden	2.76	2.51	2.31
P	ESC	Escudo	69.55	130.25	178.61
UK	UKL	Pound sterling	0.59	0.59	0.70
A	OS	Österreichischer Schilling	18.01	15.79	14.46
SF	FMK	Markka	5.19	4.73	4.87
IS	ISK	Iceland krona	6.68	31.67	72.01
N	NKR	Norsk krone	6.88	6.56	8.02
S	SKR	Svensk krona	5.89	6.57	7.40
CH	SFR	Franc suisse	2.33	1.87	1.76
USA	USD	US dollar	1.39	0.76	1.24
JAP	YEN	Japanese yen	315.04	180.56	166.49

a. Daily average exchange rates weighted by the number of quotation days.

Source: Eurostat.

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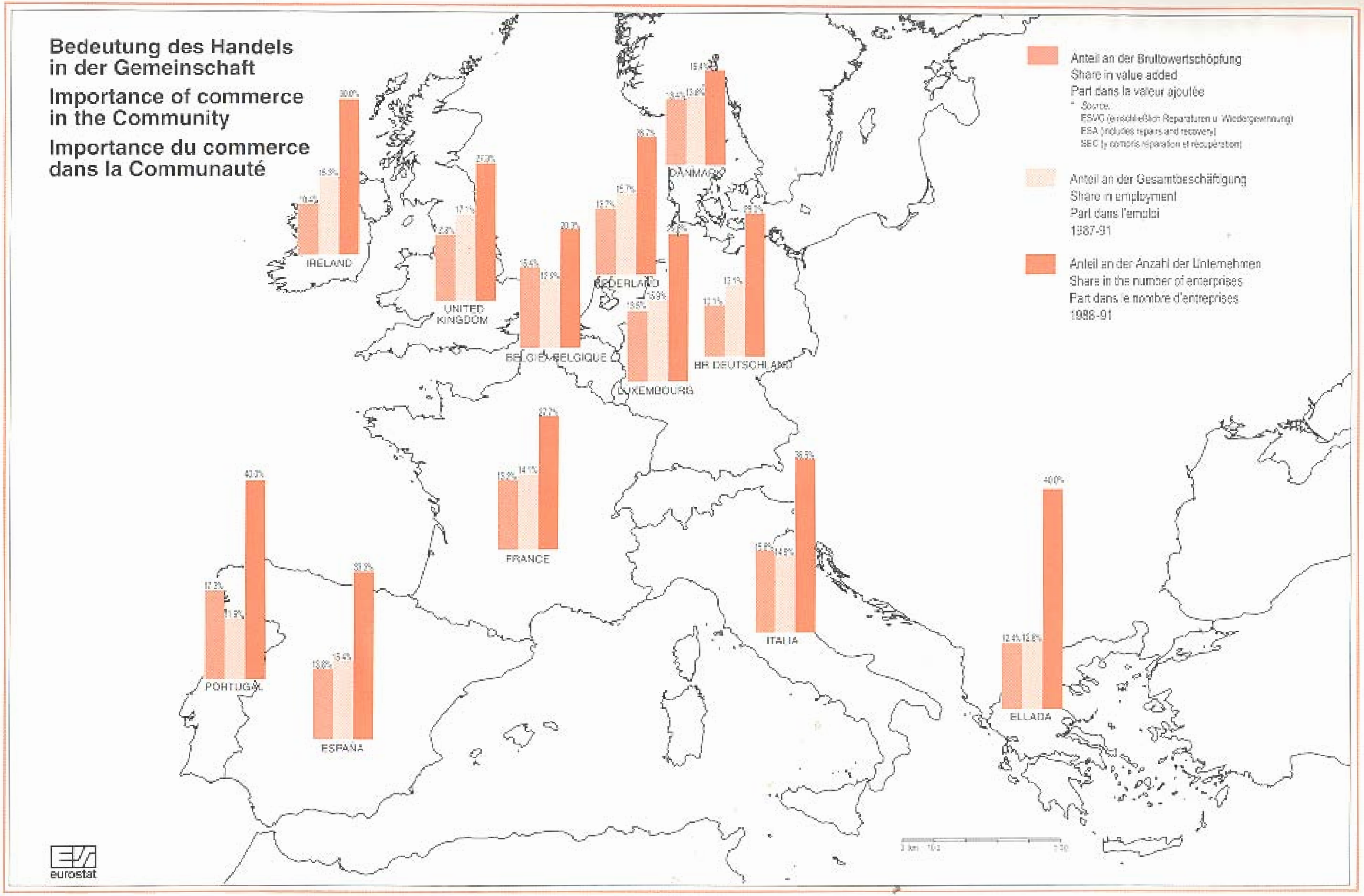
Retail trade in Europe: structures, strategies, prospects


Bedeutung des Handels in der Gemeinschaft
Importance of commerce in the Community
Importance du commerce dans la Communauté
Anteil an der Bruttowertschöpfung
Share in value added
Part dans la valeur ajoutée
Anteil an der Gesamtbeschäftigung
Share in employment
Part dans l'emploi
1987-91
Anteil an der Anzahl der Unternehmen
Share in the number of enterprises
Part dans le nombre d'entreprises
1988-91
IRELAND
10.4%
15.3%
30.0%
UNITED KINGDOM
17.1%
27.2%
BELGIE-BELGIQUE
15.4%
20.7%
NEDERLAND
13.7%
15.7%
DANMARK
LUXEMBOURG
15.9%
BR DEUTSCHLAND
12.1%
FRANCE
14.1%
27.7%
ITALIA
14.8%
PORTUGAL
17.3%
11.9%
40.3%
ESPAÑA
13.8%
15.4%
ELLADA
12.4%
12.8%
40.0%
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1 Distributive trades in the EC

The distributive trades are essential for the distribution of goods and the satisfaction of consumer needs; they constitute one of the most important sectors in the economy of a country.

In the European Community (EC), at the start of the 1990s, the distributive trades (wholesale and retail) account for a workforce of 19 million people, representing more than 14% of the total working population of 133 million (Table EUR1). Retailing absorbs a higher proportion — 10% or 13 million people — compared with wholesaling (4.5% or 6 million people). But employment is distributed unevenly as four countries — Germany, France, Italy, and the United Kingdom — alone employ 14.2 million people, representing 74% of the EC total for distribution.

About 4.2 million enterprises in the EC are involved in the distributive trades, of which 3.3 million are in retail and 920 000 in wholesale (including intermediaries). They represent more than 30% of all enterprises in the EC (12.6 million). The percentage may vary considerably for different Member States ranging from about 20% in Denmark and Belgium to 40% in Portugal and Greece (see map).

According to national accounts estimates, the distributive trades contributed 13% (ECU 555 billion) to the Community's GDP, which totalled ECU 4 400 billion in 1990. Current evaluation methods in most EC countries do not allow a detailed breakdown into wholesale and retail shares. The national contribution of the distributive trades ranges from 10% in Germany to 17% in Portugal.

Table EUR1a: Importance of commerce [a] in the EC — absolute values (1987-91)

Absolute values: number of enterprises, employment, turnover

	Number of enterprises (1 000)				Persons employed (1 000)				Turnover [b] (bn ECU)		
	Wholesale	Retail	Total	Year	Wholesale	Retail	Total	Year	Wholesale	Retail	Year
B	48.0	127.8	175.8	1990	201.8	274.7	476.5	1990	65.0	35.0	1990
DK	35.8	48.1	83.9	1990	166.2	199.7	365.9	1990	60.0	24.0	1990
D	189.7	439.0 [c]	628.7	1990	1 375.0	2 353.0	3 728.0	1990	523.0	322.0	1990
GR	28.0	175.0 [d]	203.0	1988	115.4	338.2	453.6	1988	–	20.0 [g]	1990
E	46.3	454.9	501.2	1988	450.0	1 434.0	1 884.0	1988	69.0	85.0	1988
F	132.4	461.8	594.2	1990	1 049.0	2 090.0	3 139.0	1989	312.0	260.0	1990
IRL	3.5	29.3	32.8	1988	40.4	131.4	171.8	1988	12.0	11.0	1988
I	192.6 [e]	929.7	1 122.3	1989	1 064.0	2 401.0	3 465.0	1990	–	230.0 [g]	1990
L	1.9	3.5	5.4	1989	10.8	18.1	28.9	1989	5.0	3.0	1989
NL	71.9	95.0	166.9	1990	360.0	637.5	997.5	1990	135.0	45.0	1990
P	31.3	173.3	204.6	1988	200.0	366.3	566.3	1987	–	20.0 [g]	1990
UK	142.7	348.2 [c]	490.9	1991	921.0	3 030.0	3 951.0	1991	310.0	280.0	1989
EUR12	**924.1**	**3 285.6**	**4 209.7**	**1988-91**	**5 973.6**	**13 273.9**	**19 247.5**	**1987-91**	**–**	**1 335.0**	**1988-90**
USA	469.5 [f]	1 503.6 [f]	1 973.1 [f]	1987	4 578.0	19 085.0	23 663.0	1988	1 260.0	1 350.0	1990
JAP	436.4	1 619.8	2 056.2	1988	4 332.0	6 851.0	11 183.0	1988	2 651.0	682.0	1988
EFTA	–	196.0	–	–	–	1 239.5	–	–	–	170.0	–

a. Including motor trades.
b. Turnover figures include the motor trades and exclude VAT.
c. Official figures were increased by 10% to take account of the smallest enterprises.
d. Eurostat estimates based on number of local outlets.
e. 1981 figure minus 5%.
f. Number of establishments.
g. Eurostat estimates.

Sources: Eurostat, national statistical offices (NSOs).

The range does not only reflect actual differences; definitions and statistical methods for processing data on distribution for the national accounts also vary considerably. A harmonized classification system (NACE, Rev. 1) will enter into force in all EC countries by 1993-94. Section G of this classification covers wholesaling and retailing, as well as the sale and repair of motor vehicles (Annex EUR).

A comparison of major production sectors (primary, secondary and tertiary activities) highlights the importance of the distribution sector and its changes during the 1980s in the different EC countries (Table EUR2). In 1990 the share of agriculture in total value added ranged from 1.1% for the United Kingdom to 15.7% for Greece; but generally its share has been receding except in the Netherlands.

Although the share of industry (including energy and construction) was still high with about 30% in Greece, Denmark and France or close to 40% in Germany, Spain, Ireland, and Portugal, it was in decline everywhere.

In 1990 the services sector exceeded 60% of total value added in eight EC countries. The European average was close to 63%; the share of 'market services' was 48% and included 13% from the distributive trades.

Table EUR1b: Importance of commerce [a] in the EC — shares (1987-91)

Share in total number of enterprises, employment and gross value added

	% of total number of enterprises				% of total employment				% of gross value added [a]	
	Wholesale	Retail	Total	Year	Wholesale	Retail	Total	Year	Total	Year
B	5.5	14.8	20.3	1990	5.5	7.4	12.9	1990	15.4	1990
DK	8.3	11.1	19.4	1990	6.3	7.5	13.8	1990	13.4	1990
D	9.0	19.0	28.0	1990	4.8	8.3	13.1	1990	10.1	1990
GR	5.5	34.5	40.0	1988	3.3	9.5	12.8	1988	12.4	1990
E	3.1	30.2	33.3	1988	3.7	11.7	15.4	1988	13.8	1988
F	6.3	21.4	27.7	1990	4.7	9.4	14.1	1989	13.2	1990
IRL	4.5	25.5	30.0	1988	3.6	11.7	15.3	1988	10.4	1990
I	6.2	30.3	36.5	1989	4.6	10.3	14.9	1990	15.8	1990
L	10.3	19.5	29.8	1989	6.0	9.9	15.9	1989	13.5	1990
NL	11.5	15.2	26.7	1990	5.7	10.0	15.7	1990	13.7	1990
P	6.0	34.0	40.0	1988	4.2	7.7	11.9	1987	17.3	1990
UK	7.9	19.4	27.3	1991	4.2	12.9	17.1	1991	12.8	1990
EUR12	**7.3**	**26.1**	**33.4**	**1988-91**	**4.5**	**10.0**	**14.5**	**1987-91**	**12.9**	**1990**

a. Distributive trades according to the European system of integrated economic accounts (ESA) definition, i.e. including recovery and repairs

Sources: Eurostat, NSOs

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Table EUR2: Share of commerce and main branches in the value added [a] of EC countries (1980, 1990)

Branch	B 1980	B 1990	DK 1980	DK 1990	D 1980	D 1990	GR 1980	GR 1990	E 1980	E 1990	F 1980	F 1990
Agriculture, forestry, fishing (%)	2.2	1.9	5.5	4.4	2.1	1.6	17.7	15.7	6.9	4.8	4.5	3.5
Industry, energy, construction (%)	35.9	31.8	28.7	27.5	42.9	39.1	31.1	27.3	38.0	36.8	35.5	29.6
Services (%)	61.9	66.3	65.8	68.1	55.0	59.3	51.2	57.0	55.1	58.4	60.0	66.9
Non-market services	16.1	13.0	22.9	22.3	14.0	13.4	13.4	17.7	10.1	13.6	16.8	16.2
Market services	45.8	53.3	42.9	45.8	41.0	45.9	37.8	39.3	45.0	44.8	43.2	50.7
Total value added of all branches (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total value added of all branches (bn ECU)	80.5	143.1	44.0	94.4	563.7	1 130.4	25.7	45.8	155.2	363.0	454.5	905.6
of which commerce (%) [b]	**14.2**	**15.4**	**13.9**	**13.4**	**11.4**	**10.1**	**12.9**	**12.4**	**13.9**	**13.8 [c]**	**12.8**	**13.2**

a. Gross value added at current market prices
b. Including motor trades, repairs and recovery; commerce is part of market services
c. 1989.

Source: Eurostat, European national accounts (ESA).

Table EUR2: Share of commerce and main branches in the value added [a] of EC countries (1980, 1990)

Branch	IRL 1980	IRL 1990	I 1980	I 1990	L 1980	L 1990	NL 1980	NL 1990	P 1980	P 1990	UK 1980	UK 1990	EUR12 1980	EUR12 1990
Agriculture, forestry, fishing (%)	11.3	8.2	5.8	3.2	2.4	2.0	3.7	4.2	10.0	5.8	1.7	1.1	3.9	2.9
Industry, energy, construction (%)	37.4	37.9	39.4	33.4	37.6	34.4	34.5	31.0	37.8	37.0	41.8	34.5	38.9	34.4
Services (%)	51.3	53.9	54.8	63.4	60.0	63.6	61.7	64.8	52.2	57.2	56.5	64.4	57.1	62.7
Non-market services	17.4	15.5	11.9	13.8	13.2	13.7	15.0	11.0	12.2	13.7	15.9	15.5	14.6	14.5
Market services	33.9	38.4	42.9	49.6	46.8	49.9	46.7	53.8	40.0	43.5	40.6	48.9	42.5	48.2
Total value added of all branches (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total value added of all branches (bn ECU)	13.2	31.5	323.0	848.1	3.4	7.0	115.6	211.0	18.6	46.5	376.4	752.5	2 174	4 575
of which commerce (%) [b]	**8.7**	**10.4**	**15.5**	**15.8**	**14.0**	**13.5**	**12.8**	**13.7**	**19.3**	**17.3**	**11.5**	**12.8**	**12.8**	**12.9**

a. Gross value added at current market prices
b. Including motor trades, repairs and recovery; commerce is part of market services

Source: Eurostat, European national accounts (ESA).

Annex EUR: Council Regulation (EEC) No 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community (NACE Rev. 1)

Section G: Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods

50 Sale, maintenance and repair of motor vehicles and motor cycles; retail sale of automotive fuel

50.1 Sale of motor vehicles
50.10 Sale of motor vehicles

50.2 Maintenance and repair of motor vehicles
50.20 Maintenance and repair of motor vehicles

50.3 Sale of motor vehicle parts and accessories
50.30 Sale of motor vehicle parts and accessories

50.4 Sale, maintenance and repair of motor cycles and related parts and accessories
50.40 Sale, maintenance and repair of motor cycles and related parts and accessories

50.5 Retail sale of automotive fuel
50.50 Retail sale of automotive fuel

51 Wholesale trade and commission trade except of motor vehicles and motor cycles

51.1 Wholesale on a fee and contract basis
51.11 Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
51.12 Agents involved in the sale of fuels, ores, metals and industrial chemicals
51.13 Agents involved in the sale of timber and building materials
51.14 Agents involved in the sale of machinery, industrial equipment, ships and aircraft
51.15 Agents involved in the sale of furniture, household goods, hardware and ironmongery
51.16 Agents involved in the sale of textiles, clothing, footwear and leather goods
51.17 Agents involved in the sale of food, beverages and tobacco
51.18 Agents specializing in the sale of particular products or ranges of products nes
51.19 Agents involved in the sale of a variety of goods

51.2 Wholesale of agricultural raw materials and live animals
51.21 Wholesale of grain seeds and animal feeds
51.22 Wholesale of flowers and plants
51.23 Wholesale of live animals
51.24 Wholesale of hides, skins and leather
51.25 Wholesale of unmanufactured tobacco

51.3 Wholesale of food, beverages and tobacco
51.31 Wholesale of fruit and vegetables
51.32 Wholesale of meat and meat products
51.33 Wholesale of dairy produce, eggs and edible oils and fats
51.34 Wholesale of alcoholic and other beverages
51.35 Wholesale of tobacco products
51.36 Wholesale of sugar and chocolate and sugar confectionary
51.37 Wholesale of coffee, tea, cocoa and spices
51.38 Non-specialized wholesale of food, beverages and tobacco
51.39 Wholesale distribution of other food including fish, crustaceans and molluscs

51.4 Wholesale of household goods
51.41 Wholesale of textiles
51.42 Wholesale of clothing and footwear
51.43 Wholesale of household appliances and radio and television goods
51.44 Wholesale of china and glassware, varnish, paint, wallpaper and cleaning materials
51.45 Wholesale of perfume and cosmetics
51.46 Wholesale of pharmaceutical goods
51.47 Wholesale of other household goods

51.5 Wholesale of non-agricultural intermediate products, waste and scrap
51.51 Wholesale of solid, liquid and gaseous fuels and related products
51.52 Wholesale of metals and metal ores
51.53 Wholesale of wood and construction materials
51.54 Wholesale of hardware, plumbing and heating equipment and supplies
51.55 Wholesale of chemical products
51.56 Wholesale of other intermediate products
51.57 Wholesale of waste and scrap

51.6 Wholesale of machinery, equipment and supplies
51.61 Wholesale of machine tools for working metal and wood
51.62 Wholesale of construction machinery
51.63 Wholesale of machinery for the textile industry and of sewing and knitting machines
51.64 Wholesale of office machinery and equipment
51.65 Wholesale of other machinery for use in industry, trade and navigation
51.66 Wholesale of agricultural machinery and accessories and implements, including tractors

51.7 Other wholesale
51.70 Other wholesale

52 Retail trade, except of motor vehicles and motor cycles; repair of personal and household goods

52.1 Retail sale in non-specialized stores
52.11 Retail sale in non-specialized stores with food, beverages and tobacco predominating
52.12 Other retail sale in non-specialized stores

52.2 Retail sale of food, beverages and tobacco in specialized stores
52.21 Retail sale of fruit and vegetables
52.22 Retail sale of meat and meat products
52.23 Retail sale of fish, crustaceans and molluscs
52.24 Retail sale of bread, cakes, flour confectionery and sugar confectionery

52.25	Retail sale of alcoholic and other beverages
52.27	Other retail sale of food, beverages and tobacco in specialized stores
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52.31	Dispensing chemists
52.32	Retail sale of medical and orthopaedic goods
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52.43	Retail sale of footwear and leather goods
52.44	Retail sale of furniture and lighting equipment
52.45	Retail sale of household appliances and radio and television goods
52.46	Retail sale of hardware, paints and glass
52.47	Retail sale of books, newspapers and stationery
52.48	Other retail sale in specialized stores
52.5	Retail sale of second-hand goods in stores
52.6	Retail sale not in stores
52.61	Retail sale via mail order houses
52.62	Retail sale via stalls and markets
52.63	Other non-store retail sale
52.7	Repair of personal and household goods
52.71	Repair of boots, shoes and other articles of leather
52.72	Repair of electrical household goods
52.73	Repair of watches, clocks and jewellery
52.74	Repair nes

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2 Determining factors for EC retail trade

The retail trade, which is the subject of this publication, is an integral part of the EC economies. Its structure reflects the cultural characteristics of the society it serves, and any sociological, economic, and technological developments have an impact on retail trade. Prominent among these factors are population patterns and associated social trends (ageing, mobility, urban development, and car ownership). Other determining factors include household consumption and buying patterns, competitive strategies of retail enterprises and groups, and legislation on planning permission for large-scale outlets, opening hours, consumer protection, and environmental considerations.

2.1 Population diversity and differences in living standards

The geographical, demographic, and economic diversity within the EC (Table EUR3) gives rise to a variety of retail systems that are unique to each country. The 12 countries currently forming the EC differ greatly in area, from 549 000 km² in France to 2 600 km² in Luxembourg. Population figures range from 79.1 million (Germany) to 378 400 (Luxembourg). Demographic growth in the EC is generally lower than in other continents (Africa, Asia, North and South America). Population density is a decisive factor in the development of retail trade. It is generally lower in southern Europe than in northern Europe. Conurbations and cities, which are preferred sites for large-scale outlets and shopping centres, are also more developed in the north.

Table EUR3: Main geographic and socio-economic indicators of the EC (1990)

	Population (1 000)	Area (km²)	Density (inhabitants/km²)	Age groups (%) < 15 years	15-64 years	> 65 years	Living standard [a]
B	9 947.8	30 500	326	18.1	67.3	14.6	19 091
DK	5 135.4	43 100	119	16.6	67.5	15.9	19 814
D [b]	79 112.8	356 960	222	16.0	69.1	14.9	21 131
GR	10 046.0	132 000	76	19.8	66.6	13.6	9 850
E	38 924.5	504 800	77	20.4	66.5	13.1	14 556
F	56 304.0	549 100	103	20.1	66.0	13.9	20 207
IRL	3 506.5	70 300	50	27.8	60.9	11.3	12 819
I	57 576.4	301 300	191	17.0	68.7	14.3	19 187
L	378.4	2 600	146	17.2	69.4	13.4	24 303
NL	14 892.6	41 790	356	17.6	69.2	13.2	19 147
P	9 878.2	92 300	107	21.2	65.8	13.0	10 369
UK	57 309.0	244 100	235	18.9	65.4	15.7	19 726
EUR12	**343 011.6**	**2 368 840**	**145**	**18.1**	**67.2**	**14.7**	**17 857**
USA	243 400.0	9 372 000	26	21.5	66.2	12.3	24 000
JAPAN	121 672.3	372 300	327	20.9	68.5	10.6	20 500
EFTA	32 347.5	1 340 200	24	18.0	66.5	15.5	21 291

a Per capita GDP at current prices and purchasing power standards.
b Population of West Germany: 62 700; GDP per capita only for West Germany.

Source: Eurostat, 'Demographic statistics', ESA.

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Table EUR4: Household consumption in the EC (1990)

	Private national consumption		Consumption per inhabitant		Tradable consumption [d]	
	Value [a] (bn ECU)	Change [b] 1990/80	Value (ECU)	Comparative index [c]	Value [a] (bn ECU)	Share in total consumption (%)
B	93.8	117.2	9 429	111.3	43.6	50.4
DK	41.8	114.1	8 140	96.1	24.1	48.1
D [e]	645.3	119.6	10 292	121.5	330.7	52.1
GR	50.0	126.0	4 977	58.8	23.2	62.5
E	265.7	128.2	6 930	81.8	120.5	52.6
F	549.9	127.2	9 767	115.3	265.2	50.5
IRL	19.2	115.5	5 475	64.6	10.3	64.6
I	529.5	131.7	9 196	108.6	273.7	56.1
L	3.9	129.1	10 306	121.7	1.9	53.6
NL	128.5	114.4	8 629	101.9	55.6	47.1
P	48.1	130.7	4 869	57.5	18.1	66.1
UK	529.8	139.5	9 245	109.1	243.8	52.5
EUR12	**2 905.5**	**127.1**	**8 471**	**100.0**	**1 410.6**	**52.7**

a. Final household consumption and collective consumption of private non-profit institutions at current prices and purchasing power parities in billion ECU.
b. Index of change in volume (at 1985 prices and purchasing power parities) 1980 = 100.
c. European average = 100.
d. Consumption of goods channeled through the retail sector.
e. Only West Germany.

Source: Eurostat, ESA.

The age pyramid influences the buying behaviour of consumers. All the EC countries are experiencing a marked ageing of their population. Ireland is the only exception with a relatively high share of people under 15 (27.8%). Consequently, senior citizens are becoming a significant target group for EC retailers because of their relatively high purchasing power. The fall in birth rates has reduced family size, but the number of family units has increased especially in northern Europe. Retailers now need to adapt their product ranges to the particular needs of single-parent households.

The retail system in a country is influenced primarily by the standard of living of its people, as measured by per capita GDP. This value is calculated at current prices and purchasing power standards (PPS), and for the EC Member States it has risen steadily since 1980. In 1990, Luxembourg (ECU 24 300), Germany (ECU 21 100), and France (ECU 20 200) recorded the highest per capita GDP, followed by Denmark (ECU 19 800), the United Kingdom (ECU 19 700), and Italy (ECU 19 200).

2.2 Household consumption patterns

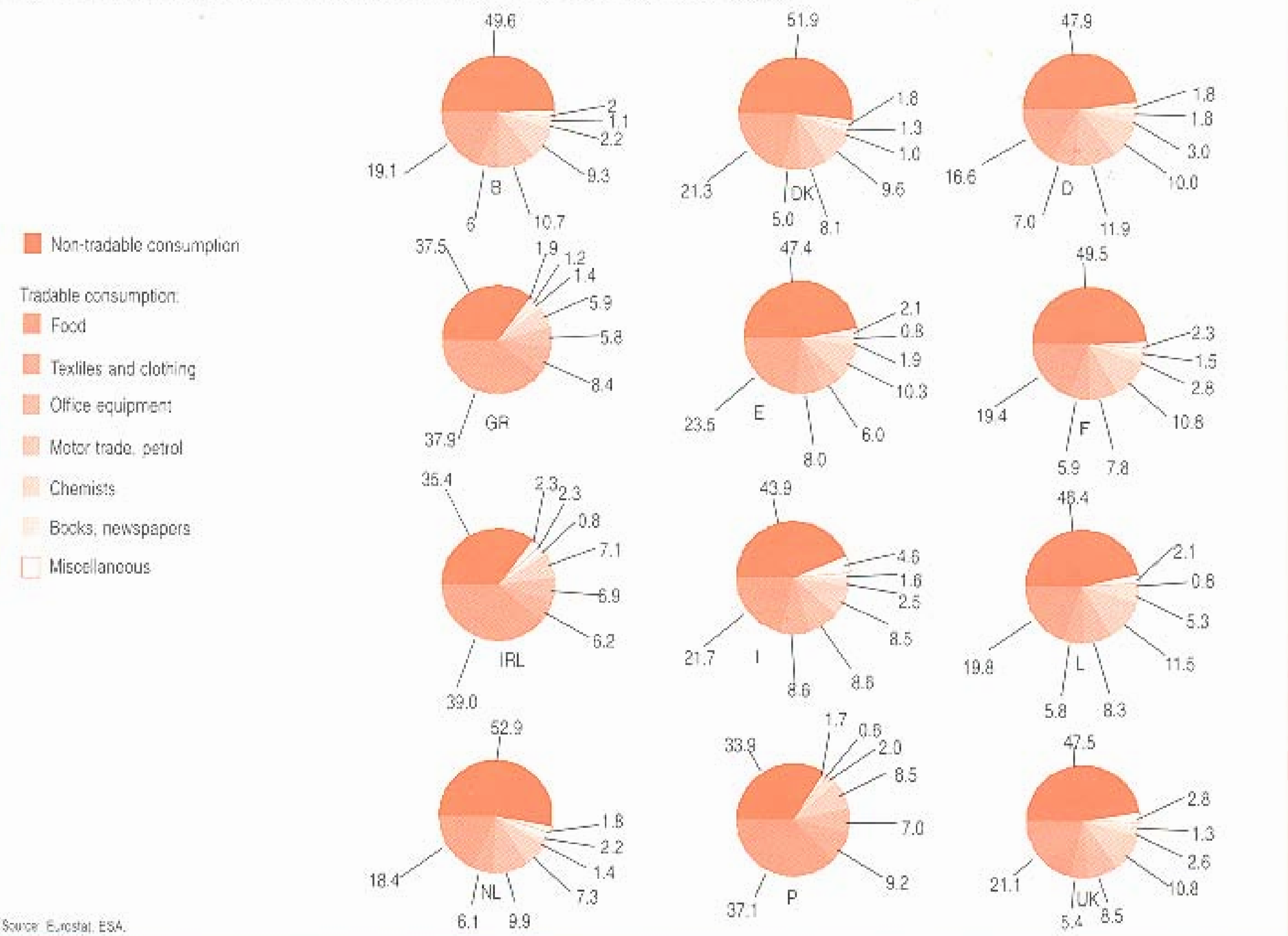
Household consumption is the most significant determining factor for retail trade activity. Total consumption in the EC was estimated at ECU 2 900 billion in 1990 (Table EUR4). The highest national consumption levels were recorded in Germany (ECU 645 billion), France (ECU 550 billion), Italy and the United Kingdom (ECU 530 billion each).

Per capita consumption in the EC averaged ECU 8 500 with wide national differences. Compared with the European average (100), national indices ranged from 57.5 for Portugal and 58.8 for Greece to 121.5 for Germany and 121.7 for Luxembourg. Real growth in national consumption since 1980 also varied considerably, the EC average being 27%.

Growth was highest in the United Kingdom (almost 40%). Other countries with high rates were Italy (32%), Portugal (31%), and Luxembourg (29%). The lowest rate (14%) was recorded for Denmark and the Netherlands.

Only part of household consumption is channelled through the retail trade. This part is termed 'tradable consumption' and it approximates retail turnover. All products with the exception of services and certain goods distributed through public utilities (e.g. water, gas and electricity) are covered by tradable consumption. In 1990 tradable consumption represented nearly 53% (ECU 1 410 billion) of total household consumption in the EC (Figure EUR1). However, its share is declining as services absorb a larger part of household consumption. Tradable consumption exceeds the EC average in countries such as Portugal (66.1%), Greece (65.9%), and Ireland (64.6%). In these countries, the share of food products is as high as 40%, compared with only 16.6% in Germany, 18.4% in the Netherlands, and slightly over 19% in Belgium and France.

Figure EUR1: Household consumption in the EC by main category (1990)



Source: Eurostat, ESA.

Table EUR5: Penetration rates (in %) of selected durable goods (1990)

	Refrigerator	Freezer	Microwave oven	Washing-machine	Dishwasher	Number of cars per 1 000 inhabitants
B	99	56	6	86	21	380
DK	99	88	15	67	27	315
D	95	60	19	93	34	475
GR [a]	99	2	0.3	68	7	172
E	99	16	9	95	15	260
F	98	62	19	90	31	410
IRL	94	21	12	76	10	210
I	89	–	4	94	–	400
L	98	93	18	95	53	470
NL	83	53	12	94	12	360
P	92	35	2	66	12	125
UK	81 [b]	–	50	87	12	430

a. 1988.
b. Including freezers.

Sources: NSOs, Nielsen, Eurostat estimates.

A large part of non-food consumption is devoted to clothing in the Mediterranean countries: Portugal, 9.2%; Italy, 8.6%; Greece, 8.4%; and Spain, 8%. Northern European consumers focus on household goods. The share spent on cars is relatively high in Luxembourg, the United Kingdom, France, Spain and Germany, representing 10 to 12.5% of total consumption.

Analysts are debating whether the single market will engender the 'European consumer' who will have the same lifestyle and buying habits throughout the Community. Penetration rates of common durables (Table EUR5) show both convergence (refrigerators, washing-machines) and differences (freezers, dishwashers, microwave ovens). Car ownership also varies widely throughout the Community. Sectoral analysis of household consumption indicates the persistence of wide diversity resulting from differences in standards of living, climate, culture, and lifestyles. However, buying patterns are converging among social strata with a high standard of living and similar education.

Markets for certain product categories (e.g. cosmetics, cars, luxury goods) are evolving towards a certain degree of homogeneity. Regional differences persist for products such as food, clothing, and footwear. Community-wide product standardization therefore has limited scope; retailers need to be very responsive to local consumer needs and lifestyles.

3 Panorama of EC retail trade

3.1 EC retail enterprises and local outlets

In the EC, 3.3 million retailers are involved in distribution to the final consumer (Table EUR6); 65% of these are concentrated in four countries. Italy has by far the highest number of enterprises (930 000), more than double that of France, Spain, and Germany individually. However, such absolute figures should be considered in relation to those on local population and manpower employed by the enterprises.

EC countries can be divided into two large groups based on the criteria 'enterprises per 10 000 inhabitants' and 'persons employed per enterprise'. In the Mediterranean group and Belgium the retail sector is fragmented into a large number of enterprises that employ only a small number of people each, while in the second group, made up of northern countries, there are fewer enterprises engaging a larger number of people.

In the Mediterranean group, Greece, Portugal, and Italy have a very high density, with more than 160 enterprises per 10 000 inhabitants. But along with Belgium and Spain they average fewer than three employees per enterprise. This characteristic can be attributed to the family-based structure of the enterprises, laws that protect small retailers, and the importance of tourism.

Countries in the northern group such as the United Kingdom, Germany, and the Netherlands have a highly concentrated retail sector with enterprises employing more than five persons on average. Concentration in the United Kingdom is far greater than in the other countries,

Table EUR6: Contrasting structures within the EC retail sector (1988-90)

	Number of enterprises	Number of enterprises per 10 000 inhabitants	Persons employed per enterprise	Share of sole proprietorships (%)	Share of limited companies [a] (%)
1. Countries with high enterprise density					
P	173 300	175	2.1	–	–
GR	175 000	174	1.9	80.1	2.3
I	929 700	161	2.6	90.4 [b]	1.7 [b]
B	127 800	128	2.1	74.5	19.5
E	454 850	117	3.2	92.0	5.0
2. Countries with low enterprise density					
DK	48 100	94	4.2	76.6	14.7
L	3 520	93	5.1	62.5	32.2
IRL	29 300	84	4.5	71.0	22.7
F	461 800	82	4.5	71.8	25.5
D [c]	439 000	70	5.4	81.5	9.2
NL	95 000	64	6.7	70.1	15.5
UK [c]	348 200	61	8.7	–	–
EUR12	**3 285 570**	**96**	**4.0**	**–**	**–**

a. Private limited and joint-stock companies
b. 1981 figures.
c. See note b in Table EUR1a.

Sources: NSOs and Eurostat estimates

Table EUR7: Share of EC retail enterprises according to main activity [a] (1988-90)

	Year	Food	Textile clothing	Household equipment	Motor trades[b]	Other	Total
1. Countries with a high share of food retailers							
IRL	1988	54.0 [c]	9.0	6.3	12.2	18.5	100.0
P	1988	46.2	18.5	13.2	3.8	18.3	100.0
I	1981	42.3	20.6	10.7	5.7	20.7	100.0
E	1988	39.7	20.3	13.3	3.2	23.5	100.0
UK	1989	36.8	9.9	15.4	23.4	14.5	100.0
GR [d]	1988	29.5	19.5	14.8	7.6	28.6	100.0
2. Countries with a low share of food retailers							
B	1990	28.0	18.2	12.7	10.0	31.1	100.0
L	1989	27.0	18.0	17.0	14.6	23.4	100.0
NL	1990	26.8	15.6	14.8	16.0	26.8	100.0
F	1989	26.1	20.7	11.4	14.9	26.9	100.0
DK	1990	26.0	16.4	17.6	14.3	25.7	100.0
D	1990	20.3	16.9	17.1	12.9	32.8	100.0
EUR12	**1988-90**	**34.5**	**18.4**	**13.1**	**10.1**	**23.9**	**100.0**

a. Enterprises grouped according to their share in the food sector.
b. Including petrol stations.
c. Including public houses, where over 50% of alcoholic drinks are consumed on-site.
d. Share of local units according to main activity.

Source: Eurostat based on official national statistics

with roughly nine employees per enterprise and 60 enterprises per 10 000 inhabitants. France, Denmark, and Luxembourg rank in the middle.

Sole proprietors still dominate the retail trade in most EC countries. More than 90% of retailers in Spain (1988) and Italy (1981) and 80% in Greece (1988) are sole proprietors. Despite high concentration, 80% of retailers in Germany are still sole proprietors. A large number of limited companies have been established in France (one in four enterprises) and Belgium (one in five). Limited companies are also common in the United Kingdom, but the exact number is not known.

Two broad groups of countries are also observed for the criterion 'percentage of mainly food enterprises' (Table EUR7). In the Mediterranean countries, this share exceeds 30%; Ireland with its record share of 54% (including public houses) belongs to this group. Among the northern countries, Germany has a remarkably low share of 20%. Belgium, Luxembourg, the Netherlands, France, and Denmark lie between 26% and 28%.

The number of local outlets at regional level is an indicator for store density and the extent of retail services available to the final consumer. At present, the total number of outlets within the EC is estimated at 3.8 million, of which 32% are in food and 58% in non-food retailing, and about 10% in motor trades (Table EUR8).

In the Mediterranean countries, which have a high percentage of sole proprietors, the number of local outlets is almost the same as that of retail enterprises. In northern Europe, however, where there is greater concentration, the difference

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Table EUR8: Number of retail outlets in the EC (1986-90)

	Year	Total	Food		Non-food		Motor trades		Outlet density per 10 000 inhabitants
			Share (%)	Number	Share (%)	Number	Share (%)	Number	
1. Countries with a high outlet density									
P [a]	1988	190 000	48.6	92 400	52.7	100 200	3.9	7 400	192
GR	1988	184 900	29.5	54 550	62.9	116 300	7.6	14 050	184
I	1990	983 000	34.3	337 200	58.8	577 800	6.9	67 800	171
B [a]	1990	140 000	–	–	–	–	–	–	141
E	1988	523 150	38.3	200 330	57.9	302 655	3.9	20 165	134
L	1989	4 400	–	–	–	–	–	–	116
2. Countries with a low outlet density									
DK	1990	51 500	29.2	15 000	58.2	30 000	12.6	6 500	100
F	1986	546 150	28.6	156 057	57.6	314 770	13.8	75 316	97
IRL	1988	31 700	52.2	16 550	35.7	11 320	12.1	3 830	90
D [b]	1987	533 660	27.3	145 500	59.0	315 100	13.7	73 000	85
UK [a]	1990	466 700	21.2	98 950	62.3	290 750	16.5	77 000	81
NL	1990	119 400	26.5	31 700	59.5	71 000	14.0	16 700	80
EUR12	**1986-90**	**3 774 560**	**31.8**	**1 155 790 [c]**	**57.9 [c]**	**2 101 895 [c]**	**10.3 [c]**	**372 265 [c]**	**107**

a. Eurostat estimates.
b. West Germany.
c. EUR10

Source: Eurostat, based on official national statistics.

between the number of enterprises and that of outlets is increasing each year, as a small number of 'multiples' gain control of increasingly large networks of stores. The difference is approximately 23% for the United Kingdom and 19% for France.

Multiple-outlet chains are usually operated by mainly-food retailers (e.g. Carrefour in France, Tengelmann in Germany, Sainsbury in the UK), which are often controlled by diversified groups with major interests in food, non-food, and services sectors (e.g. Metro in Germany).

EC statistics on local outlets are still incomplete owing to the absence of up-to-date registers, censuses and regular surveys. In most countries, statistics on sales area are not available, except for large-scale food retailing (supermarkets, hypermarkets). Where such data exist (e.g. France, Germany, and the Netherlands), they are included in the country chapters of this publication.

Table EUR9: Employment characteristics in EC retailing [a] (1987-91)

	Total retail employment	Wage and salary earners (%)	Female employment (%)	Part-time employment (%)
1. Countries with a low share of employees and female employment				
GR	338.2	28.9	43.6	3.3
I	2 401.0	38.7 [b]	–	–
P	366.3	46.8	45.6	5.3
E	1 434.0	46.6	53.7	6.4
B	274.7	52.4	52.8	17.4
2. Countries with a high share of employees and female employment				
IRL	131.4	70.2	45.6	13.4
F	2 090.0	74.1	50.3	25.3 [c]
NL	637.5	79.1	56.7	47.3
L	18.1	80.6	51.6	11.5
DK	199.7	84.0	52.8 [d]	38.3 [d]
UK	3 030.0	84.2	58.1	40.7
D	2 353.0	84.6	64.1	37.3 [e]
EUR12	**13 273.9**	**66.0**	**57.1** [f]	**24.2** [f]

a. Countries grouped according to importance of wage and salary earners and female employment.
b. Including wholesale trade.
c. Insee, annual enterprise survey in distributive trade.
d. Danmarks Statistik.
e. Statistisches Bundesamt, Arbeitsstättenzählung 1987
f. EUR 11

Source: Eurostat, labour force survey.

3.2 Employment in the EC retail sector

In 1990, the total number of people engaged in the retail sector was approximately 13.3 million in the EC. They represented slightly less than 70% of the total workforce in the distributive trades (wholesale and retail). The United Kingdom, with three million people engaged in retail trade, ranked first; it was followed by Italy and Germany (2.4 million each), France (2.1 million), and Spain (1.4 million). The remaining two million people were distributed among the other EC countries led by the Netherlands (638 000) and Portugal (366 000).

The EC is again split into two groups when employment parameters such as the number of wage and salary earners, female employees, and part-timers are considered (Table EUR9). The share of wage and salary earners ranges from 29% in Greece to 85% in Germany. In the Mediterranean countries it is generally lower than 50%, whereas in the northern countries (including France) it exceeds 70%. Belgium with 52% ranks in the middle. The percentage of self-employed (owners, associates, and family workers) is low in Germany (15%), the United Kingdom (16%), Denmark (16%), and Luxembourg (19%).

The female workforce in retailing averages 57% throughout the EC (excluding Italy). It peaks at 64% in Germany. Other

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Table EUR10: Breakdown of retail employment (in %) by main kind of activity[a] in the EC (1987-90)

	Year	Food	Textiles, clothing	Household equipment	Motor trades	Other	Total
IRL	1988	52.5 [c]	10.0	6.1	12.8	18.6	100.0
P	1987	39.7	14.7	15.1	11.0	19.5	100.0
UK	1989	38.7	10.0	11.0	18.7	21.6	100.0
E [b]	1988	39.3	17.5	14.2	9.8	19.2	100.0
DK	1990	39.2	12.0	11.0	17.7	20.1	100.0
I	1981	38.5	18.5	11.7	8.7	22.6	100.0
B	1990	36.4	17.2	10.5	5.8	30.1	100.0
NL	1990	36.4	14.9	11.0	14.0	23.7	100.0
F	1989	33.3	13.7	11.5	19.4	22.1	100.0
GR	1988	31.0	20.2	15.0	8.4	25.4	100.0
L	1989	30.6	18.1	14.7	20.8	15.8	100.0
D	1990	27.5	18.6	11.5	10.1	32.3	100.0

a. Countries grouped according to the share of persons employed in food retailing
b. For Spain: including department stores
c. Including public houses.

Source: Eurostat, based on national statistics

northern countries with high shares are: the United Kingdom (58%), the Netherlands (57%), and Denmark (53%). Ireland, Greece, and Portugal are exceptions where the share falls below 50%.

Part-time work is not evenly distributed throughout the EC. It is still not very common in the Mediterranean countries: Greece (3%), Portugal (5%), and Spain (6%). Official statistics are not yet available for Italy. The Netherlands (47%) and the United Kingdom (41%), have the highest part-time rates. The European average (excluding Italy) is 24%. The spread of part-time employment is also linked to the expansion of multiple chains eager to cut down costs and match labour with trading peaks.

In most EC countries, the food sector is the largest employer in retailing (Table EUR10), followed by textiles, clothing, and household goods. The share for the food sector ranges from 27% in Germany to about 39% in Denmark, Spain, the United Kingdom, Portugal and Italy. Ireland ranks highest with a share of 53% (including 'public houses').

3.3 EC retail activity and turnover

In 1990, total retail turnover in the EC was estimated at ECU 1.3 billion, more than 80% of which was generated in Germany, France, the United Kingdom, and Italy (Table EUR11).

Turnover per enterprise ranged from close to ECU 800 000 in Germany, the United Kingdom, and Luxembourg, to less than ECU 200 000 in Spain, Greece, and Portugal. High turnover per person engaged (ECU 120 000 and above) was recorded in Luxembourg, Germany, France, and Denmark. In Belgium and Italy it was around ECU 100 000, which represented the EC average. The relatively low labour productivity for the United Kingdom and the Netherlands could be explained by the high share of part-time employees.

An analysis of turnover by sector (Table EUR12) again highlights the importance of food retailing. The food sector accounted for 50% of retail turnover in Denmark and Ireland, 40% in France, and 37% in Spain. The motor trade ranked second even in countries with a low per capita income such as Spain (29% of turnover) and Portugal (23% of turnover). Car sales, in fact, exceeded turnover in the food sector in Luxembourg and the United Kingdom (over 35% each). These comparisons should, however, be considered with caution because of differences in sectoral classifications and methodology by the national statistics offices.

Table EUR11: Characteristics of retail turnover in the EC[a] (1990)

	Turnover (bn ECU)	Turnover per enterprise (1 000 ECU)	Turnover per person engaged (1 000 ECU)
D	322	813	125
UK	280	804	92
F	260	563	124
I	230	246	96
E	85	187	64
NL	45	446	87
B	35	273	98
DK	24	499	120
P	20	116	44
GR	20	114	59
IRL	11	375	84
L	3	800	150
EUR12	**1 335**	**406**	**100**

a. Countries grouped according to total retail turnover.

Sources: Eurostat estimates, NSO statistics

Table EUR12: Breakdown of retail turnover (in %) by main kind of activity[a] in the EC (1990)

	Year	Food	Textiles, clothing	Household equipment	Motor trades	Miscellaneous	Total
DK	1990	50.4	7.9	9.6	19.4	12.7	100.0
IRL	1988	49.5	7.5	6.1	20.3	16.6	100.0
F	1990	40.1	7.8	8.9	24.5	18.7	100.0
GR[b]	1990	31.6	22.0	17.0	–	29.4	100.0
E[c]	1988	36.9	8.3	12.3	29.1	13.4	100.0
I	–	–	–	–	–	–	–
NL	1990	30.3	10.8	10.9	22.9	25.1	100.0
UK	1989	27.9	6.1	10.3	38.3	17.4	100.0
L	1989	28.9	12.0	11.8	35.5	11.8	100.0
P	1987	28.5	8.6	12.7	23.0	27.2	100.0
D	1990	24.4	11.7	11.7	18.4	33.8	100.0
B	1990	19.1	10.4	10.1	28.3	32.1	100.0

a. Countries grouped according to their turnover share in the food sector
b. Derived from the Internal Trade's Index of retail sales value; the miscellaneous category includes motor trade
c. For Spain: including turnover of department stores

Source: Eurostat estimates based on official national statistics

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Table EUR13: Change in EC retail sales [a] (1985-91)

	Food	Textiles, clothing	Household equipment	Total
B [b]	108.1	114.2	127.8	117.2
DK	106.6	84.0	–	102.0
D	121.9	117.8	138.9	129.1
GR [b]	144.3	85.2	126.9	109.3
E	–	–	–	–
F [b]	119.4	101.8	124.1	116.9
IRL	105.4	114.0	116.4	107.5 [b]
I	–	–	–	–
L [b]	121.6	107.4	115.8	111.2
NL	111.8 [b]	–	132.6	120.1
P	–	–	–	–
UK	119.3	117.0	136.0	119.4
EUR9	**119.2** [b]	–	–	**119.4** [b]
USA	–	–	–	109.8
JAP	–	–	–	125.6 [b]

a. At constant prices (1985 = 100)
b. 1990 figures.

Source: Eurostat.

Over the past six years, retail turnover at constant prices has risen by nearly 20% in the EC, with the exception of Spain, Italy, and Portugal, for which there are as yet no indicators (Table EUR13). Trends differ according to the country. Between 1985 and 1991, growth was highest in Germany (29%) due to a strong demand from the new *Länder* since the middle of 1990. The Netherlands (20%) and the United Kingdom (19%) also registered high rates. Growth has been low in Greece (9%) and virtually nil in Denmark. Growth trends were uneven among the different sectors of activity. In all countries except Ireland and Belgium, growth in food sales outstripped those in textiles and clothing. Household goods sales rose considerably everywhere.

4 Dynamism of the EC retail sector

The retail trade operates in a constantly changing environment where enterprises are compelled to innovate and adapt all the time. A more demanding customer base, fierce competition, and more complex relations between suppliers and retailers have combined to modify the retail structure. Retail firms have responded by adopting new sales formats and policies aimed at growth through cooperation, concentration, and internationalization.

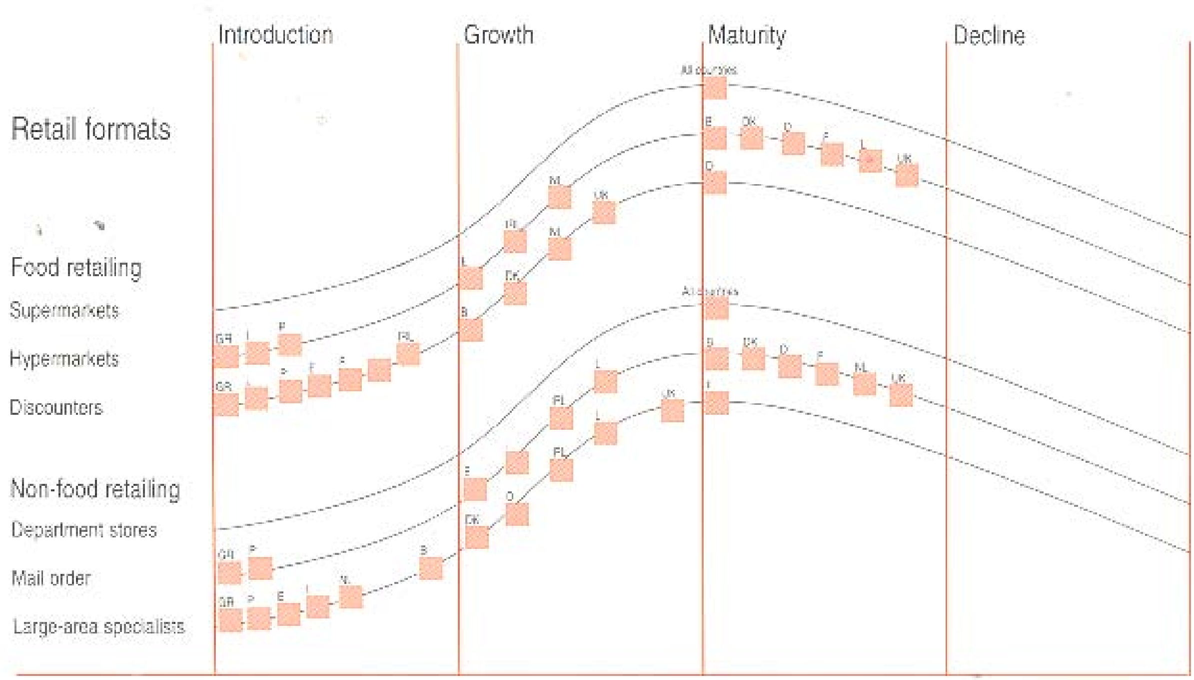
4.1 Modernization of retail formats

Each type of outlet (e.g. department store, hypermarket, large-scale specialist) can be compared to a product with a specific life cycle. In countries with a modern retail system (Germany, France, the UK), variety stores and conventional self-service outlets (supermarkets, mini-markets) are experiencing a decline in growth. On the other hand, large-scale specialists in the suburbs and discount stores, specialist chains, and convenience stores in the inner cities are in their growth stage (Figure EUR2).

As certain traditional retail formats disappear, they are replaced by others, which then start their life cycle. The new formats are usually more modern and better suited to local requirements. The stage reached by a given outlet format is not the same in all countries. The 'hypermarket' format has expanded rapidly in southern Europe (Spain, Italy, Greece, Portugal), but its growth has slowed down in France and in Germany despite the opening of new hypermarkets in the eastern *Länder*. In the United Kingdom, 'superstores' — the equivalent of hypermarkets — are also stagnating.

Current official statistics and other sources do not provide information on the market shares of different retail formats in each country; data are particularly scarce for new formats in the start-up and growth phases. Where estimates are available (e.g. Germany, France, the Netherlands) they are included in the country chapters. A Eurostat programme has been initiated for data collection by national statistical offices through harmonized surveys on enterprises and local outlets. The surveys are expected to begin in 1993 and will cover the entire European Economic Area (EEA).

Figure EUR2: Life cycle of main retail formats in EC countries: situation in the early 90s



Source: Eurostat.

Countries in the two main groups — Mediterranean and northern Europe — may have similar retail formats, but these may not be at the same stage in their life cycle. In Spain, favourable laws and substantial investments by French groups have promoted the development of hypermarkets, which have spread much faster there than in Italy. Similarly, development of large-scale outlets in Portugal has outpaced that in Greece. France reflects both northern (large hypermarket network) and Mediterranean (slow introduction of discount outlets) trends.

The situation in certain northern countries may sometimes resemble that in the Mediterranean region because of restrictive laws and certain retail practices. In the Netherlands, expansion of large-scale food and non-food stores is still limited because of restrictive policies and strong cooperation among independent retailers. Planning permission is also not easily granted to large stores in Belgium.

In the non-food sector, growth in generalist large-scale retail formats (department stores, general mail order) has been arrested throughout the EC, including the Mediterranean countries, whereas large-scale specialists are still spreading.

The development of traditional department stores is stagnating despite their prime locations in city centres. Well-known department stores are deploying efforts to upgrade product quality: Galeries Lafayette in France, Kaufhof and Karstadt in Germany, Rinascente in Italy, De Bijenkorf in the Netherlands, El Corte Ingles in Spain, and Harrods in the United Kingdom.

Faced with competition from hypermarkets and large-scale specialists, groups controlling department stores are compelled to invest abroad or to diversify into other sectors, mainly services. Alternatively, they may diversify into other formats such as non-food specialist chains in Germany (e.g. textiles and clothing; optics and photography, sports) and variety stores in France and Italy. For some European groups (e.g. Au Printemps, Kaufhof), non-department store sales already represent a high share in total turnover.

In most countries, including Germany where this formula still had 7% of the market in 1986, department stores now account for no more than 4 to 5% of retail sales.

The non-food assortments of department stores are exposed to competition from specialized chains or large-surface specialists; which offer wider choice and lower prices. TV, hi-fi, and computer specialists; car accessory stores; large furniture outlets; do-it-yourself (DIY) and gardening centres; sports and toy superstores; and discount clothing stores are spreading mainly in France, Germany, and the United Kingdom. Specialist chains of medium-sized stores (toiletries and cosmetics, computer products, sports items, leisure and books) are expanding fast in Germany and the Netherlands, where in certain sectors (e.g. DIY) such chains account for up to 35% of the market.

After reaching a plateau, general mail order sales are showing signs of decline in the northern countries. Consumers in Mediterranean Europe are still reluctant to order from catalogues, but this does not exclude a potential for expansion

Table EUR14: Main discount enterprises in Europe (1990)

	Name of enterprise (trade mark)	Market share in domestic food retailing (%)
1. EC		
B	Aldi	8.0
	Colruyt	6.0
	Louis Delhaize (Profi)	1.0
	Delhaize le Lion (Dial)	1.0
		16.0
DK	Dansk	..
	Supermarked (Netto)	5.4
	Aldi	4.4
	FDB (Fakta)	2.2
		12.0
D	Aldi	12.7
	Tengelmann (Plus)	3.9
	Rewe-Gruppe (Penny)	2.7
	Lidl & Schwarz	1.4
	Norma Lebensmittel	0.9
	Spar	0.4
	Dansk	
	Supermarked (Netto)	[illegible]
		22.0
E	Promodès (Dia/Dirsa)	5.0
	Mercasa (Unbac)	2.0
	Digsa (Diskont)	1.0
		8.0
F	Carrefour	
	(Ed-Europa Discount)	
	Lidl & Schwarz	
	Aldi	2.0
	Co-op Normandie (le Mutant)	
	Norma	
I	Vege (Scudo)	
	Gruppo Pam (Meta)	
	A & O Selex (Famila)	
	Generale Supermercati (Sico)	2.0
	Despar Italia	
	(Discount Sconto Più)	
NL	Aldi	4.8
	Vendex International (Basis Markt)	1.9
		6.7
UK	Kwik-Save	7.0
	Lo-Cost	1.0
	Aldi	1.0
	Netto	1.0
		10.0
2. EFTA		
A	Hofer	10.0
	Billa (Mondo)	1.3
	Löwe (Zielpunkt)	1.9
		13.2
CH	Denner	8.0
	Distributa (Monamigo)	na
	Hofer und Curti (Point Rouge)	na
N	NKL (Prix)	1.9
	Hagen Group (Rimi)	3.4
	Reitan Gruppen (Rema 1000)	6.4
		11.7
S	Axel Johnson Saba (B & W)	na
SF	EKA (Siwa)	4.2
	Rabatti	1.3
	SOK (Alepa, Sale)	2.2
	Ruokavarasto	1.3
		9.0

Source: Eurostat, based on estimates by the Institute of Grocery Distribution (IGD)

(Spain, Portugal). Mail order sales in Germany (5% of the retail market) have regained strength following the opening of Central European markets. Large companies such as Quelle, Otto, and Neckermann have already set up sizeable sales offices and dispatch centres. In other countries with sophisticated distribution systems (France, the UK) catalogue sales hold a market share of 2 to 3%. The specialist catalogue formula has been so successful in the EC that American specialists have started selling computers and software by mail order from bases in the United Kingdom.

New formats such as discount and health food shops are also being introduced in food retailing. Discounters have already captured a large share of food sales in certain countries: 22% in Germany, 16% in Belgium, and 12% in Denmark (Table EUR14). Elsewhere (France, Italy), they have been introduced only recently. Convenience stores, which are open until late at night, already exist in the United Kingdom and are emerging in France.

4.2 Cooperation and concentration movements

The interacting movements of cooperation and concentration are shaping retail trade in the EC today. In most northern countries, these movements first appeared simultaneously in the late 1970s and gained strength during the following decade. They are expected to have a significant impact in the 1990s.

In many Member States (France, Germany, the UK), although turnover is concentrated among a few large retailers, small specialized neighbourhood shops continue offering high-quality products.

Small and medium-sized businesses have responded to competition from the big groups by joining forces. The cooperation movement today is diversifying away from consumer cooperatives into other more effective forms such as voluntary chains, buying groups, franchises, and retailers' cooperatives.

In Germany, affiliated retailers control about 22% of the market, and their share is rising. German food retailers order more than 80% of their supplies through joint buying offices. For consumer electronics, furniture, and footwear, this proportion is 70%. In the Netherlands, sales by affiliated retailers accounted for more than 40% of retail sales in 1990, representing an increase of 15 percentage points compared with 1980. In France, where the cooperation movement is not so strong, small retailers are still isolated and not in a position to compete effectively with the large groups, which continue to increase their market shares. French superstore chains already hold 59% of the food retail market. In non-food retailing, however, cooperation is increasing and in 1989 sales by affiliated retailing accounted for 18.5% of turnover.

In Mediterranean countries, the retail trade is fragmented and its weak financial base is a constraint to the cooperation movement. Laws that control commercial development in cities have checked the expansion of large-scale outlets and have thus supported the small independent retailers. In Italy, cooperation is strongest in the food sector; in the non-food sector it is spreading through franchising contracts. Around 11% of food retailers in Italy are linked to a network, compared with only 1% in the non-food sector. In Spain, on average 12% of retail enterprises are affiliated, but this percentage is much higher for petrol stations (91%), chemists (58%), and the motor trades (24%). The average for food retailers is 14%.

Franchising is becoming a popular form c cooperation. It allows independent retailers to specialize, retain their autonomy and still be part of a network. Franchisin is most developed in France, where in retailing alone there are 270 franchisors and 20 250 franchisees generating combined sales of nearly ECU 18 billion or 8% of total retail turnover in 1991. In the United Kingdom, Germany, Belgium, and Italy, franchising is increasing especially in non-food sectors (e.g. textiles, clothing, and footwear), where manufacturers strive to control their distribution network.

The benefits of this concept need to be weighed against the loss of autonomy and operational independence, which still deters small retailers in countries such as Denmark or Greece. Nevertheless, an increasing number of franchise contracts are being signed. Franchisors are rapidly expanding into countries with a traditional retail structure (Italy, Spain, Portugal); they are also gradually penetrating the Central European markets (e.g. Pronuptia bridalwear in Poland).

The trend towards greater concentration is irreversible in all the countries. It is more marked in the food than in the non-food sector, and it has advanced further in the northern countries than in Mediterranean Europe. The 20 largest groups in the EC have their headquarters in Germany, France, or the United Kingdom; they

Table EUR15: Top 20 EC retail groupings (1991-92)

Rank	Group	Country	Main activity	Turnover (bn ECU) 1992/91
1	Tengelmann	D	Food	22.8
2	Metro [a]	D	Food, department stores, wholesale (C&C)	22.6
3	Rewe	D	Food	20.1
4	Carrefour [b]	F	Food	16.2
5	Intermarché	F	Food	15.4
6	Leclerc	F	Food	15.3
7	Aldi	D	Food	13.4
8	Edeka	D	Food	13.2
9	Sainsbury	UK	Food	13.0
10	Promodès	F	Food	10.9
11	Tesco	UK	Food	10.8
12	Otto	D	Mail order	10.2
13	Spar	D	Food	10.1
14	Casino-Rallye	F	Food	10.0
15	Asko [c]	D	Food	9.9
16	Karstadt [d]	D	Department stores, mail order	8.4
17	Schickedanz [e]	D	Mail order, food	8.4
18	Marks & Spencer	UK	Department stores, food	8.6
19	Argyll	UK	Food	6.5
20	Auchan	F	Food	5.8

a. Owns Kaufhof.
b. Owns Euromarché.
c. Owns Coop AG.
d. Owns Neckermann.
e. Owns Quelle.

Source: Eurostat estimates.

Table EUR16: Number of supermarkets and hypermarkets in the EC (1975-91)

	Supermarkets [a]	Hypermarkets [b] (at 1 January)								Hypermarket density [g]
	1990	1975	1981	1986	1987	1988	1989	1990	1991	1991
B	1 919	70	79	88	88	–	98	–	–	1.0
DK	944	5	–	13	–	–	–	49	–	0.9
D*	8 000 [c]	627	821	952	956	–	982	996	1 004	1.3
GR	5 362 [d]	na	na	na	na	na	na	18 [c]	25 [c]	0.2
E	2 500 [c]	4	31	50	69	79	86	102	116	0.3
F	7 050	291	433	599	651	687	743	790	849	1.5
IRL		na	na	na	na	na	na	na	na	na
I	3 370	3	12	–	43	49	64	86	103	0.2
L	51	3	3	–	4	–	5	–	–	0.6
NL	2 050 [c]	30	39	35	–	36	–	40 [c]	–	0.3
P	605 [d]	4	4	6	7	8	16	18	20	0.2
UK	1 950 [e]	102 [f]	279 [f]	432 [f]	457 [f]	500 [f]	578 [f]	644 [f]	733 [f]	1.3

* West Germany.

a. Supermarkets, 400 to 2 499 m².
b. Hypermarkets, 2 500 m² and over.
c. Estimates.
d. More than 200 m²
e. 480 to 2 320 m².
f. More than 2 500 ft² (2 320 m²).
g. Number of hypermarkets per 100 000 inhabitants

Sources: Estimates by the Institute for Retail Studies (IRS) and Eurostat.

operate mainly in the food sector (Table EUR15). In Germany, 70% of food and 46% of non-food turnover were achieved by only 1% of the enterprises (in 1988). Concentration is also high in the United Kingdom, where the 10 leading food retailers account for more than 60% of total turnover. Conversely, in Italy, the share of enterprises with more than 19 employees was only 13% of total turnover in 1990. Concentration has also not reached a high level in the Netherlands.

Concentration in food retailing is mainly driven by the large-scale food outlets, known as 'Verbrauchermarkt' or 'SB-Warenhaus' in Germany, 'superstore' in the United Kingdom and 'hypermarché' in France. The definition of these stores in terms of selling area and the share of food in sales varies with the country.

Based on a lower limit of 2 500 m², there were 1 000 such outlets in Germany, 850 in France, and 730 in the United Kingdom in early 1991. At the other end of the scale, countries such as Spain, Italy, and the Netherlands listed between 40 and 120 large-scale outlets (Table EUR16). The opening of an increasing number of large-surface specialists and specialized chains is likely to intensify concentration in non-food retailing as well.

Large-scale outlets are located mainly in areas with high population density and purchasing power. In Spain, 65% are concentrated in the regions of Andalusia, Cataluña, Greater Madrid, and Greater Valencia; in Germany, almost 30% are situated in the region of Westphalia alone. The focal point in Belgium is Brussels, in the United Kingdom, London, and in Portugal, Lisbon and Porto.

After the success of the large-scale formula in northern Europe, leading retail groups are now targeting markets in Mediterranean Europe. The retail landscape in these countries is changing noticeably as small and medium-sized local retailers resort to cooperation to counteract expansion by large enterprises.

Concentration in distribution reflects a similar trend in manufacturing. In certain sectors (e.g. food, toiletries, household goods), large-scale retailers have strengthened their bargaining power. This is evidenced by the popularity of retailers' brands in Germany, France, and the United Kingdom, and by the success of buying groups, whose purchasing volume totals several billion ecus. Manufacturers are often obliged to pay a 'Euro-bonus' (up to 2%) to certain powerful buying groups, whose members ensure immediate product listing and penetration in major EC markets. Medium-sized manufacturers without strong pan-European brands will be adversely affected by this trend.

Figure EUR3: Strategic options for EC retailers in the early 90s

Investment profitability (+ ← → –)

Financial needs (+ ↑ ↓ –)

	European strategy	Global strategy
Options	SMEs: Cooperation Groups: Cooperation/acquisition/ independent approach	SMEs: None Groups: Cooperation/acquisition
Retail formats (examples)	Hypermarkets (Southern and Eastern Europe) Discounters (Southern Europe) Large-area specialists (EUR12)	Hypermarkets (US, Canada, Taiwan, South America) Department stores (Korea, Thailand) Large area specialists (Japan)
Target market	EC12, EFTA, ECO	Global
	Specialisation, consolidation	**Diversification, innovation**
Options	SMEs/Groups Independent approach, in particular through the introduction of new technologies	SMEs: Groups: Cooperation/ independent approach
Retail formats (examples)	Specialty food stores Large-scale food outlets DIY, furniture specialists Department stores	Department stores ➩ Specialist shops, mail order Hypermarkets ➩ Large-area specialists Supermarkets ➩ Discounters
Target market	National	National and European

Source: Eurostat.

Strong competition in the retail trade calls for both cooperation and greater economic efficiency at all levels. The introduction of computer-based technology in retailing has accelerated routine operations and allowed retailers to monitor their performance more closely.

Electronic data interchange (EDI) between manufacturers and retailers for automatic ordering, electronic points of sales (EPOS) with optical scanning devices to read bar codes for stock control and identification of profitable products, and optical readers for immediate information on customer credit in case of credit card payments are only a few examples of the technological revolution in retailing. The innovations are ushering in a new era of paperless trading, which will be a key feature of retailing in the 1990s.

4.3 Diversification and internationalization of retail enterprises

With the economic integration of Europe, which now extends to the European Free Trade Association (EFTA) and Central European countries, retailers are under pressure to defend their market shares and improve their performance.

They have responded with strategies based on specialization, diversification, and internationalization within and outside Europe (Figure EUR3). Enterprises may adopt an independent or cooperative approach (buying groups, franchising) to implement these strategies. Big groups often prefer to buy financial stakes or take over existing companies, or they may establish strategic alliances through joint ventures.

The approach depends on the size of the enterprise, its corporate culture, and financial resources. Small and medium-sized enterprises often opt for specialization in the domestic or neighbouring market, whereas large groups are more diversified and seek to increase their international reach. The strategic approach may be the same or may vary depending on the target market. French hypermarket operators export the proven hypermarket formula to Mediterranean Europe, whereas German food retailers diversify into other retail formats (e.g. department stores and specialist non-food chains in Central Europe).

In the past few years retail groups have been intensifying their international activities to prepare for the single market. The highest international sales in 1991 were made by the food groups: Tengelmann, ECU 12.7 billion; Metro, ECU 6 billion; and Promodès, ECU 5.5 billion (Table EUR17). International sales may represent up to 70% of turnover for certain groups (e.g. Delhaize le Lion, Ikea).

Internationalization, however, is limited to a few retail groups and countries. A recent survey by the Institute of Retail Studies, United Kingdom, shows that 75% of internationalization initiatives in food retailing originate in only three Member States: France, Germany, and the United Kingdom. The proportion rises to 90% with the inclusion of Dutch and Belgian retailers, who also have a long international tradition. Initiatives from other Member States are still negligible.

Cultural affinities clearly determine the direction of investment. French groups expand mainly into southern Europe (e.g. Auchan, Promodès, Carrefour in Spain, Portugal, and Greece). German groups focus chiefly on the United States (e.g. Tengelmann), Scandinavia, and Austria; however, they have recently turned their attention to the United Kingdom, France, and Italy (e.g. Aldi, Metro). British companies have invested in Ireland, the United States (e.g. Sainsbury, Marks & Spencer) and Spain. The United States is also targeted by Dutch (e.g. Ahold, Vendex) and Belgian groups (e.g. Delhaize le Lion). However, despite cultural similarities the American market is difficult to penetrate, and many European retailers soon withdraw from it.

German groups (e.g. Quelle) were the first to seize opportunities in the newly opened East European markets. They aim at a strong presence in Poland, Hungary, and the Baltic States, and increasingly in Russia, Ukraine, and other CIS countries (e.g. Belarus, Kazakhstan). Other European groups (e.g. Marks & Spencer, Galeries Lafayette) are also planning to invest in these new markets.

Certain groups have added — after several attempts — culturally and geographically distant markets in their expansion strategies. They are primarily located in South-East Asia (e.g. Quelle and Au Printemps in South Korea and Japan; Carrefour in Taiwan) and Latin America (Carrefour in Brazil and Argentina). Although it is difficult to capture these markets, the groups can at least collect information on local buying habits and monitor the behaviour (diversification, promotion and sales strategies) of local competitors.

Table EUR17: International activities of European retailers (1990-91)

Company	Country	International turnover (Mio ECU)	% of total turnover	Main activity
Tengelmann	D	12 656.4	55.7	Food
Metro	D	6 036.1	35.0	Food/Department stores
Promodès	F	5 506.2	34.4	Food
Delhaize le Lion	B	5 283.0	72.4	Food
Ahold	NL	4 548.3	50.6	Food
Otto Versand	D	3 602.2	45.9	Mail order
Carrefour	F	3 414.7	31.1	Food
Vendex International	NL	2 808.7	35.3	Food/Department stores
Aldi	D	2 520.0	20.0	Food
Ikea	S	2 138.2	76.2	Furniture
Auchan	F	1 413.2	15.3	Food
J Sainsbury	UK	1 356.3	11.8	Food
Marks & Spencer	UK	1 055.5	12.7	Apparel/Food
GUS	UK	1 013.6	26.9	Mail order
Au Printemps	F	986.0	20.2	Department stores
La Redoute	F	879.3	35.0	Mail order
Quelle	D	759.9	10.6	Mail order
Dixons	UK	726.2	30.6	Electrical
Docks de France	F	508.4	13.3	Food
Casino	F	449.3	6.1	Food
Ratners	UK	348.2	27.6	Jewellery

Sources: Eurostat, IRS

Table EUR18: Major European buying and sales organizations (1990)

Organization	Member firms
Associated Marketing Services Based in Switzerland since 1988 Number of outlets: 14 000 Turnover: approximately ECU 58 bn Estimated EC food market share: 12-13%	Ahold (NL); Argyll (UK) Allkauf (D); Casino (F) Dansk Supermarked (DK) Kesko (SF); ICA (S) Rinascente (I); Mercadona (E) Migros (CH). Hagen (N)
European Marketing Distribution Based in Switzerland since 1989 Number of outlets: 22 500 Estimated EC food market share: 15%	Markant (NL). Markant (D) Selex (E); Selex (I); Uniarme (P) Zev (A)
Intercoop Based in Denmark since 1971 Turnover: ECU 43 bn	Coop (CH); Coop (I); CWS (UK) EKA (SF); FDB (DK); FNCC (F) KF (S); Konsum (A); NKL (N) Sok (SF)
Deuro-Buying Based in Switzerland since 1990 Turnover: ECU 35 bn	Metro (D); Makro (NL), Asda (UK) Carrefour (F)
Coopération Européenne de Marketing Based in Belgium and Germany since 1989 Turnover: ECU 34.8 bn	Conad (I); Crai (I); UDA (E) Edeka (D); Edeka (DK) Booker (UK)
European Retail Alliance Based in Luxembourg since 1989 Number of outlets: 3 655 (Europe), 120 (USA) Turnover: ECU 19.2 bn, of which ECU 4.2 bn (USA)	Ahold (NL); Argyll (UK) Casino (F)
Eurogroup Based in Belgium and Germany since 1988 Turnover: ECU 18.6 bn	GIB (B); Rewe (D); Vendex (NL) Paridoc (F)
Intergroup Trading Founded in the Netherlands before World War II Turnover: ECU 18 bn	Spar (D, E, UK, NL, B, A) Despar (I)
DiFra Based in France since 1989 Turnover: ECU 17.2 bn	Louis Delhaize (B); Zanin (I)
Intergroup of Department Stores Based in Switzerland	Karstadt (A); Au Printemps (F) Vroom & Dreesmann (NL) Selfridges (UK); Jelmoli (CH)
Gedelfi Based in Germany since 1989	Unigro (NL); Axel Dageb (S)

Sources: Eurostat, Cescom.

Italian and Spanish multiples confine their internationalization efforts to membership in buying groups recently formed by leading European retailers (Table EUR18). This underscores the importance of cooperation even for large companies. Buying groups may hold up to 10 to 15% of the European market in certain sectors (e.g. pet food, pasta, frozen foods). Cooperation in this case is designed to increase the bargaining power of member retailers *vis-à-vis* large European and international manufacturers (e.g. Nestlé, Unilever, BSN, Procter & Gamble) in the forthcoming single market. Reduced purchase costs at international level will be a key factor of success for most European retailers during the 1990s.

Internationalization in the diverse and fragmented non-food sector cannot be perceived as clearly. However, trends in origin of investment and target markets appear to resemble those in large-scale food retailing. German drugstore chains, for example, are establishing themselves in France and the United Kingdom; French furniture and DIY superstores (e.g. Conforama) and leisure chains (e.g. Fnac) are moving into Belgium, Luxembourg, Spain, and Germany; British health chains (e.g. Body Shop) and music shops (e.g. Virgin) are targeting the main European markets. Large German mail order firms (e.g. Quelle, Otto) are also strongly represented in difficult markets such as CIS, Japan, and South Korea.

In their turn, American and Japanese retailers seek to expand their operations in the EC to take advantage of the opportunities offered by the single market and the new East European markets.

While American non-specialists (e.g. Sears, JC Penney) withdrew a number of years ago, specialists such as Toys R Us, Gap (textiles and clothing), and Footlocker (sports shoes) have successfully established themselves in the United Kingdom, Belgium, France, and Germany.

Japanese companies (e.g. Seibu, Tokyu, Mizukoshi) have also opened department stores in a number of European cities (London, Rome, Munich), mainly to cater for Japanese tourists. But department stores are losing ground not only in Europe but also in Japan, where specialist superstores (often US-based) are very successful. So far, Japanese groups have not yet decided to introduce specialist formats, which seem to have a far greater growth potential than general stores. But on the whole, overseas retail groups are likely to continue their inroads into the EC during the 1990s, with significant consequences for European retailers.

Eastern Europe is fast becoming the scene of intense competition among European and international retailers. In 1992, K-Mart, a leading American chain, purchased more than 10 department and variety stores in Bohemia and Slovakia. The Japanese group Japan Tower opened a new department store in Warsaw as a joint venture with Polish partners, who will finance their share through sales of their products in Japan.

5 The challenge of a new Europe

As Europe enters the 1990s, it offers a challenge to retailers because of the socio-economic changes linked to its expansion. The new, larger Europe is shaped by the integration of the EC and EFTA countries and by political upheavals in Central and Eastern Europe.

Some retailers are apprehensive about this new situation and regard it as a source of commercial risk. But others are already seizing the opportunities offered by an enlarged market of 380 million consumers in the EC and EFTA countries, or even 700 million consumers with the addition of Central Europe, the Baltic states, and the European CIS (Russia, Ukraine, and Belarus).

5.1 Prospects for retailers in the single market

The upcoming 1993 deadline for the single market has intensified competition between EC retailers, as they expand their international reach. Both small and large companies are studying economic and institutional parameters, and possibilities of establishing contacts in neighbouring countries in an attempt to offset a saturated or narrow home market.

Paradoxically, as competition and the existence of an integrated market are prompting enterprises to take an interest in cross-border activities, national legislation continues to hamper their expansion. Differences in VAT rates (Table EUR19) and in regulations concerning the construction of superstores are striking examples. Similarly, national environmental policies tend to become a constraint, especially in northern Europe.

Innovative enterprises that readily adapt to regional differences stand to benefit from the opportunities offered by the single market:

- broader supply base and more diversified assortments (national or regional specialities);
- investment opportunities throughout the EC, including Mediterranean countries that have not yet been fully explored;
- increased possibilities, at national and European levels, for cooperation and affiliation throughout the distribution chain (franchise arrangements with manufacturers, retail buying groups, voluntary chains between retailers and wholesalers);
- rationalization of operations and cost reduction for purchasing (pooling of supplies), logistics (stocks, transport), and administration (fewer customs formalities);
- differences in VAT rates, which will attract purchase flows towards retailers along borders with countries having higher VAT rates.

Retailing in the 1990s will be marked by increased cooperation and a wide range of strategic alliances. Large pan-European buying groups will replace individual purchasing. Enterprises will also join forces for their sales operations in specific markets and for developing common strategies.

SMEs can benefit from facilities provided by the Commission of the European Communities (CEC) to assist them in their 'Europeanization' efforts, in particular:

(i) The Euro Info-Centres (EICs)' offer EC enterprises, particularly SMEs, information on EC policies and programmes in all areas, advisory services (e.g. how to submit tenders), and statistical information, including sectoral studies;

(ii) The Business Cooperation Centre (BCC) and the Business Cooperation Network (BCNet) assist enterprises seeking to expand their cross-border activities in their search for partners.

Table EUR19: VAT rates (in %) in the Member States (1.1.1993)

	Reduced rate	Normal rate	High rate
B	1-6-12	19.5	-
DK	-	25.0	-
D	7.0	15.0	-
GR	4-8	18.0	36.0
E	6	14.0	28.0
F	2.1-5.5	18.6	-
IRL	2.3-10-12.5	16.0-21.0	-
I	4- 9-12	19.0	38.0
L	3-6	15.0	-
NL	6	18.5	-
P	5	16.0	30.0
UK	-	17.5	-

Sources: Eurostat, DG XXIII.

eurostat

5.2 Retail trade in EFTA countries

The signing of a free-trade agreement between the EC and EFTA countries in October 1991 offers new prospects to retailers in both regions. They can now benefit from a larger supply base and investment facilities. The EFTA countries have been invited to participate in legislation on the single market.

Seven advanced economies with an average per capita GDP of ECU 21 300 (compared with the EC average of ECU 17 900) and a population of 32 million (Table EUR20) will combine with the EC to create an economic area with a GDP higher than that of the United States. This new European Economic Area (EEA) already accounts for 45% of international trade. The EFTA countries absorb more than 25% of EC exports, which is more than the United States and Japan combined. In return, over half the EFTA exports are directed towards the EC market.

Sweden has the largest number of enterprises (50 000) and retail outlets (80 500) among the EFTA countries (Table EUR21); it is followed by Switzerland (42 000 retail enterprises and 55 100 outlets) and Austria (41 000 enterprises and 52 500 outlets). Outlet densities are fairly uniform across EFTA and are comparable to those in the northern EC countries (e.g. the Netherlands, UK, and Ireland).

This similarity is also observed for employment which is characterized by a high proportion of wage and salary earners (over 80%) and widespread female employment (over 60%). Part-time employment, however, varies considerably probably because of differences in legislation. The rates range from 11% in Austria and Finland to 37% in Switzerland and Sweden. A total of 1.24 million people are employed in the retail trade in EFTA countries.

In 1990, Switzerland recorded the highest turnover per enterprise (ECU 1 140 000), which was 20.4% more than the average in Sweden (ECU 946 000). Norway (ECU 884 000) and Finland (ECU 841 800) ranked third and fourth. Switzerland (ECU 47.9 billion in 1991) and Sweden (ECU 47.3 billion in 1990) also had the highest total turnover. Total retail turnover in EFTA countries amounted to approximately ECU 170 billion in 1990. This was 25% less than total retail turnover in France and slightly more than 50% of that in Germany.

A number of retail groups from Scandinavian countries (e.g. Ikea) and Switzerland (e.g. Bally, Migros) are already firmly established in the EC. They continue to invest heavily and form alliances with EC partners, mainly buying groups (see also Table EUR18). EC enterprises also export a variety of retail formats to the EFTA countries. Food discounters and supermarkets were introduced by the groups Aldi, Spar, and Metro. The dominant position of the Scandinavian food cooperatives could be threatened by the new EC laws on competition, pricing, and free trade.

Table EUR20: Main demographic and commercial indicators of EFTA countries (1990)

	Population (1 000)	Area (1 000 km^2)	Density (per km^2)	Living [a] standard	Importance of the distributive trade sector: Share in number of enterprises (%)	Share in total employment (%)	Share in gross value added (%)
A	7 660.3	83.9	93	18 615	11.8	13.2	12.8
SF	4 998.5	338.1	16	20 140	36.0	19.9	9.2
IS	254.8	103.0	3	21 828	11.0	12.0	10.8
N	4 233.0	323.9	14	22 679	10.0	13.0	12.0
S	8 527.0	450.0	21	20 939	20.2	11.6	9.5
CH	6 673.9	41.3	165	24 308	16.6	14.1	13.7
EFTA	**32 347.5**	**1 340.2**	**24**	**21 291**	–	–	–

a. Per capita GDP at current prices and purchasing power standards.

Sources: Eurostat, statistical offices of EFTA countries.

5.3 Retail trade in Central and Eastern Europe

Europe's economic potential was enhanced by the prospect of new markets emerging further east after the fall of the Iron Curtain in 1990. Despite a small share of 10% in world GDP, these markets have brought in 385 million new consumers, of whom 290 million reside in the territory of the ex-Soviet Union alone. These untapped markets have a high potential demand for consumer goods and are open to modern retail formats, including supermarkets and mail order. Purchasing power in these countries is expected to increase with the implementation of economic reforms and the establishment of an adequate infrastructure. Until now, the distributive trades have been neglected, as can be seen from their low share in total value added between 5.9% in Romania and 10.8% in Hungary for 1988-89 (Table EUR22).

The geographical and cultural proximity of the markets is an asset to EC retailers. Large German food retailers and mail order companies are the leading investors in Central and Eastern Europe. Austrian, British, and French firms are also showing interest in this region.

Supermarkets and discount stores are the most popular formats in the food sector. Department stores and mail order are also in demand in Central Europe. In joint ventures, the know-how is often brought in by Western partners, while capital and day-to-day management are provided by the East European partner.

Countries such as Poland, Hungary, and the former Czechoslovakia have already taken important steps towards liberalization of the commercial sector, which is easier to privatize than other economic sectors. Liberal laws on foreign direct

Table EUR21: Key statistics on retail trade in EFTA countries (1988-90)

Variables	A 1988	SF 1990	IS 1990	N 1990	S 1990	CH 1991	EFTA 1988-91
Value added of the retail sector (bn national currency units)	71.0	20.8	13.0	–	58.0	26.2	–
Number of retail enterprises	40 929	29 462	1 519	32 000 *	50 000	42 050	195 960
Number of retail enterprises/10 000 inhabitants	53	59	60	76	59	63	61
Number of retail outlets	52 542	38 516	1 719	38 763	80 500	55 080	267 120
Number of retail outlets/10 000 inhabitants	69	77	67	92	94	83	83
Retail employment (number of people employed)	256 380	157 160	8 026	123 374	314 000	380 545	1 239 485
Self-employed (%)	16.4	15.4	10.1	18.0	17.2	–	–
Wage and salary earners (%)	83.6	84.6	89.9	82.0	82.8	–	–
Female employment (%)	64.5	63.9	–	64.0	60.5	62.3	–
Part-time workers (%)	10.8	11.6	–	22.0	37.3	35.5	–
Retail turnover (excluding VAT) (bn national currency units)	378.0	138.5	90.9	177.0	350.0	88.7	–
(bn ECU)	26.2	24.8	1.6	22.1	47.3	47.9	169.9
Turnover by retail enterprise (1 000 ECU)	640.1	841.8	790.0	884.0	946.0	1 139.1	867.0

* Eurostat estimates.

Source: Eurostat, statistical offices of EFTA countries.

Table EUR22: Main demographic and commercial indicators of Central and Eastern Europe (1990)

	Population (Mio)	Area (1 000 km²)	Density (Inhabitants/km²)	Age groups (%) < 15 years	Age groups (%) 15-64 years	Age groups (%) > 65 years	GDP (bn ECU)	Services % of GDP	Importance of the distributive trade sector [a]: Share in value added (%)	Importance of the distributive trade sector [a]: Share in employment (%)
Ex - USSR	288.0	22 403	13	25.5	59.8	14.7	1 620.5	22.4	7.7 [b]	16.4
PL	38.4	313	123	25.2	60.0	14.8	153.5	25.5	8.9	16.4 [b]
RO	23.3	238	98	23.3	61.1	15.6	67.2	17.2	5.9	6.9
Ex-CSFR	15.7	128	122	23.2	60.2	16.6	96.3	20.1	10.7	16.4
HO	10.6	93	113	19.9	61.1	19.0	57.1	23.5	10.8	12.4 [b]
BG	9.0	111	81	20.0	60.8	19.2	38.5	17.8	8.8 [b]	8.2
ECO [c]	385.0	23 286	17	–	–	–	2 033.1	–	–	–

a. 1989 figures.
b. 1988 figures.
c. ECO = Central and Eastern Europe

Sources: Eurostat estimates and Statistisches Bundesamt

Table EUR23: Retail trade characteristics in Central and Eastern Europe (1980, 1988)

	Number of local outlets (1 000) [a] 1980	Number of local outlets (1 000) [a] 1988	Local outlets per 10 000 inhabitants 1988 [b]	Share of itinerary trade (%) 1988	Number of retail outlets by type of organization (%) 1988: State-owned commerce	Cooperatives	Privately-owned commerce	Turnover by type of organization (%) 1986: State-owned commerce	Cooperatives	Privately-owned commerce	Share in retail turnover (%) 1988: Food	Non-food	Sales area per 1 000 inhabitants (m²) 1988	Average sales area per outlet [c] (m²) 1986
Ex-USSR	695.2	736.0	20	23.2	45.0	55.0	–	71.0	26.4	2.6	57	43	189	95
PO	203.7	227.0	43	29.3	17.5	65.0	17.5	–	–	–	62	38	362	70
RO	58.1	58.8	23	11.4	52.5 [d]	47.5 [d]	–	69.1	26.2	4.8	55	45	–	–
Ex-CSFR	64.8	62.8	36	11.0	60.0	40.0	–	74.7	25.3	–	60	40	306	85
HO	46.9	63.7	50	18.5	27.5	32.5	40.0	58.7 [e]	32.0 [e]	9.3 [e]	70	30	226	50
BG	40.0	44.0	38	21.6	52.0	43.0	5.0	71.4	28.5	0.1	69	31	224	60
ECO	1 108.7	1 192.3	31	–	–	–	–	–	–	–	–	–	–	–

a. Including itinerary trade
b. Only local outlets with a sales area.
c. Estimates by Handelshochschule Leipzig.
d. 1987 figures
e. Hungarian Statistical Office

Source: Eurostat estimates based on the statistical yearbook of Comecon countries, 1989.

investment (FDI) and tax incentives are expected to encourage Western retailers.

Private entrepreneurs are opening stores and replacing the former State-run shops. In Hungary, the number of outlets owned by sole proprietors rose from 29 300 in 1989 through 43 700 in 1990 to 65 600 by late 1991. Within just three years, the private sector increased its share by almost 15 percentage points and now owns 69% of the outlets in the country. These developments indicate a potential for growth and modernization that should attract Western investors despite inherent risks.

In 1988 — before political and economic changes — outlet density was extremely low (31 shops per 10 000 inhabitants) in all Central European countries (Table EUR23). There were 1.2 million outlets, which was roughly a third of the EC level. State-controlled shops (including cooperatives) predominated both in number and turnover. Privately-run shops existed mainly in Hungary (40% of the total) and Poland (17.5% of the total). As East European retailing is generally dominated by the food sector (up to 70% of sales in Hungary in 1988) there is an untapped potential for non-food outlets.

Sales area per 1 000 inhabitants ranges from under 200 m^2 in the ex-Soviet Union to 360 m^2 in Poland, which places East European countries at 20 to 30% of the EC average (1 000 to 1 200 m^2). In 1986, the average sales area per outlet was very low and ranged from 50 m^2 in Hungary to 95 m^2 in the ex-Soviet Union. Even today, small outlets in residential areas are more common than less accessible large-scale stores in suburbs, also on account of the slow rate of car ownership.

Statistical monitoring is difficult in a sector that is currently undergoing rapid structural changes. Reliable and comparable official statistics on essential variables (e.g. number of enterprises and local units, employment, turnover, investment and gross margins) are not expected from the national statistical offices before 1994-95, when major privatization and restructuring programmes should have been implemented.

The Phare and Tacis programmes of the EC offer technical and financial assistance for economic restructuring to the countries of Central and Eastern Europe. In the medium term, they should help pave the way for a modern retail infrastructure characterized by private ownership and private initiative. Support will also be provided for setting up an effective statistical system that will enable these countries to collect the data needed by decision-makers. Hungary, Poland, Czechoslovakia, Romania, Bulgaria, Yugoslavia, and the Baltic States were the first to benefit from the technical assistance programme, which has recently been extended to the CIS Member States.

For further reading

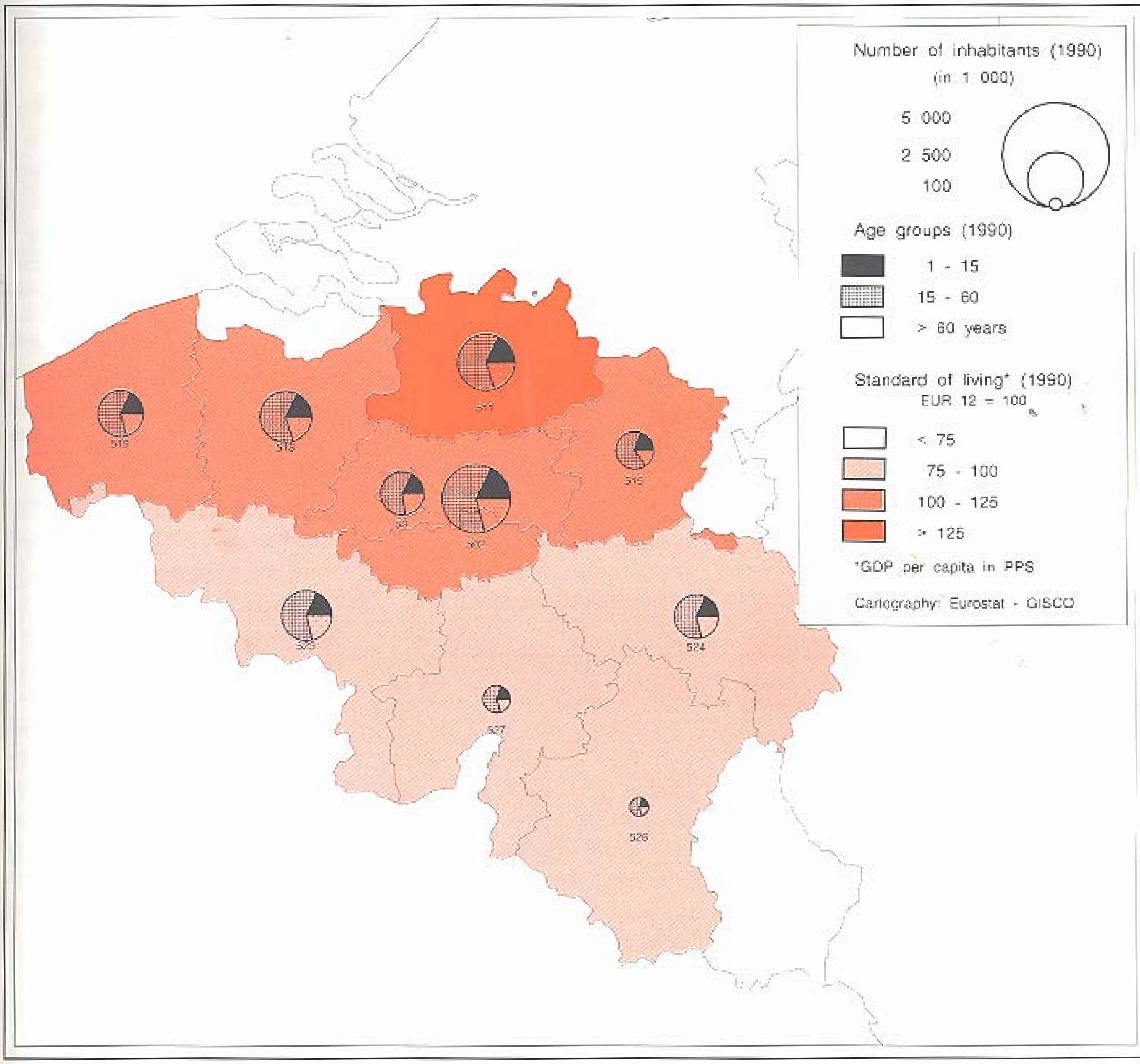
1. Eurostat:
   'Demographic statistics', 1991.
   'Labour force survey', 1990.
   'National accounts ESA', 1984-89.
   'Main aggregates', 1990.
   'Some statistics on services', 1988.
   'Statistical supplement to the *Panorama of EC industry*', 1992.
   'Europe in figures', 1992.
   'Country studies. Central and Eastern Europe', 1991.
   'Key statistics of the European Communities and the European Economic Area (ESA)', 1991.

2. Commission of the European Community:
   Panorama of EC Industry', 1991.

Part II

Retail trade in the Single Market: country reports

1 Retail trade in Belgium



NUTS 2 REGIONS

502 BRABANT	518 OOST-VLAANDEREN	524 LIEGE	53 BRUXELLES-BRUSSEL (NUTS 1)
511 ANTWERPEN	519 WEST-VLAANDEREN	526 LUXEMBOURG	
515 LIMBURG	523 HAINAUT	527 NAMUR	

Belgique/België

1.1 Introduction and key statistics

The distribution system in Belgium is midway between the highly concentrated system in Germany or the United Kingdom and the fragmented system in the Mediterranean countries.

Between 1937 and 1961, a restrictive law, known as the 'Padlock law', protected small traders by prohibiting the establishment of large stores. This law proved to be a constraint on modernization of the retail trade and was finally repealed in 1961. Large enterprises and dynamic retailers were quick to seize the new opportunities. Supermarkets and hypermarkets emerged and spread until 1975, when a new law on commercial establishments led to a slow-down in the opening of large stores.

Today, independent retailing retains a dominant position with approximately 78% of total retail sales, 68% of food sales and about 86% of non-food sales in 1990.

Statistics on the Belgian retail trade are mainly obtained from official sources, including the Institut national des statistiques (INS) and the retail trade associations Comité belge de la distribution (CBD) and Fédération belge des entreprises de distribution (Fedis). Nielsen, a private institute, provides valuable data on large-scale retailing. Key statistics on Belgian retailing are shown in Table B1.

Table B1: Key statistics for retailing in Belgium (1988-90)

Criteria	Value	Statistical source
Number of enterprises	127 797	CCE 1988
Number of local outlets[a]	36 626	INS 1990
Total employment	334 456	MET 1989
Women	194 295	
Self-employed	180 986	
Employees	153 470	
Turnover (Mio BFR)	2 179 100	CBD 1990
Turnover per person employed (1 000 BFR)	6 867	CBD 1988
Emoluments paid (Mio BFR)	76 672	INS 1988
Value added (Mio BFR)[b]	1 117 056	INS 1990
Value added per employee (1 000 BFR)[c]	2 034	INS 1988

a. Outlets employing at least one staff.
b. Value added at market price for total distributive trade.
c. Excluding self-employed employing personnel.

Sources: CCE: Conseil central de l'économie, Commission spéciale de la distribution.
INS: Institut nationale des statistiques.
CBD: Comité belge de la distribution.
MET: Ministère de l'emploi et du travail.

1.2 Role of commerce in the Belgian economy

Trade features among the most important sectors of the Belgian economy, both in terms of enterprise numbers and employment and as regards its contribution to the country's gross national product. Trade also plays an important role as a distributor of production and imports.

Unlike France and the Netherlands, retail trade in Belgium includes service stations and the sale and repair of motor vehicles. Butchers and bakers also form part of this sector.

In 1988, 175 823 enterprises – 20.3% of the Belgian total – were involved in trade (Table B2a). Of these, 48 026 were wholesale businesses (5.5%) and 127 797, retail businesses (14.8%). The trade sector as a whole accounts for 12.9% of total employment, which includes 5.5% in wholesale and 7.4% in retail (Table B2b). The divergence between the share of the number of enterprises (14.8%) and that of persons engaged (7.4%) is striking and confirms that the sector is mostly made up of small businesses.

The wholesale and retail trades together accounted for 17.1% of gross value added in 1990 (Table B2c). This performance should be compared with the share of enterprises and that of employment.

About 55% of total private consumption is channelled through the retail trade (Table B2d). Non-tradable consumption including rents, health care, transport and telecommunications, restaurant and leisure expenses, and other services, is becoming increasingly important.

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1.3 Retail trade structure in Belgium: enterprises and local outlets

When the 'Padlock law' was repealed in 1961, the Belgian retail sector could finally set about the long-delayed task of rationalization and concentration of the traditional structure. The launching of a vast network of integrated supermarkets and hypermarkets led to a reduction in the number of sales outlets and economies of scale. This meant a significant decrease in the number of small independent retailers, particularly in the 1960s and early 1970s.

Some enterprises such as the GIB group (GB-Inno-BM prior to 1987) pursued a vigorous diversification strategy, combined with steady expansion into international markets (Section 1.8).

During 1980-88 the number of retail enterprises increased by about 10%. But growth in individual sectors of activity varied significantly. Sectors that recorded the highest number of new businesses were (Table B3): stationery, books and office supplies (+36.3%); miscellaneous (+29.2%); pharmaceuticals and cosmetics (+23.8%); and motor trade (+16.5%).

Although the overall number of businesses increased, that of food stores declined rapidly, particularly during the 1970s, but this downward trend has now been arrested to a certain extent.

The majority (almost 75%) of enterprises are sole proprietorships, which highlights the importance of independent traders (Table B4). These are followed by private limited companies (15%) and public limited companies (4.5%).

Table B2: Role of commerce in the Belgian economy (1988, 1990)

(a) Share in the number of enterprises	1988	(%)
Total enterprises (including agricultural businesses)	864 821	100.0
Total distributive trade enterprises	175 823	20.3
Wholesale trade	48 026	5.5
Food wholesaling	10 099	
Non-food and inter-industry wholesaling	37 927	
Retail trade	127 797	14.8
Food retailing	35 823	
Non-food retailing	91 974	
(b) Share in employment	1988	(%)
Total resident population	9 875 716	
Total employment [a]	3 701 996	100.0
Persons employed in distributive trades	476 535	12.9
Wholesale trade and intermediaries	201 833	5.5
Retail trade	274 702	7.4
(c) Share in value added (Mio BFR)	1990	
Gross value added of all sectors	6 520 550	100.0
Gross value added of the distributive trade sector	1 117 056	17.1
(d) Tradable consumption [b] (Mio BFR)	1990	(%)
Private consumption	4 084 415	100.0
Tradable consumption	2 262 361	55.4
Food, drink, tobacco	899 938	
Clothing, textiles, footwear	317 956	
Household appliances	421 994	
Cosmetics and pharmaceutical products	54 345	
Transport and telecommunications	476 635	
Petrol, fuels	51 867	
Other products (e.g. books)	39 626	
Non-tradable consumption (mainly services)	1 822 054	44.6

a. Including immigrant workers, excluding job seekers.
b. Private consumption channelled through retail trade.

Sources: INS, CCE, MET.

Table B3: Number of retail enterprises by sector of activity in Belgium (1980-88)

Sectors of activity	Number of enterprises[a]			Share (%)			Growth (%)	Average annual growth (%)
	1980	1984	1988	1980	1984	1988	1988/80	1988/80
Food, drink, and tobacco	37 282	35 932	35 823	32.1	30.2	28.0	-3.9	-0.5
Textiles, clothing, footwear, leather goods	20 887	20 963	23 200	18.0	17.6	18.2	11.1	1.4
Electrical and non-electrical household equipment	15 610	15 964	16 275	13.4	13.4	12.7	4.3	0.5
Stationery, books and office supplies	5 372	6 081	7 324	4.6	5.1	5.7	36.3	4.5
Pharmaceuticals and cosmetics (including chemists)	7 695	8 569	9 527	6.6	7.2	7.5	23.8	3.0
Petrol stations, fuel	3 462	3 108	3 157	3.0	2.6	2.5	-8.8	-1.1
Motor trade	8 274	8 597	9 639	7.1	7.2	7.5	16.5	2.1
Miscellaneous	17 691	19 577	22 852	15.2	16.5	17.9	29.2	3.6
Total	**116 273**	**118 791**	**127 797**	**100.0**	**100.0**	**100.0**	9.9	1.2

a VAT-registered enterprises.

Source: OCE.

Table B4: Number of retail enterprises by legal status in Belgium (1990)

Sectors of activity	Number of enterprises	Sole proprietorship	Limited partnership	Private limited company	Public limited company	Cooperatives	Other
Food, drink and tobacco	34 158	28 993	28	2 664	700	1224	549
Textiles, clothing, footwear, leather goods	22 873	16 413	41	4 091	1 039	985	304
Electrical and non-electrical household equipment	15 204	10 825	21	3 265	1 005	775	313
Stationery, books and office supplies	7 504	5 444	10	1 155	269	415	211
Pharmaceuticals and cosmetics (including chemists)	8 802	6 433	9	1 477	497	295	91
Petrol stations, fuel	3 037	2 430	5	378	96	94	34
Motor trade	10 652	6 509	26	2 436	995	495	191
Miscellaneous	23 479	17 408	37	3 324	1 115	1 126	469
Total	**126 709**	**94 455**	**177**	**18 790**	**5 716**	**5 409**	**2 162**
Share (%)	100.0	74.5	0.1	14.8	4.5	4.3	1.8

Source: INS.

Table B5: Geographical distribution of retail outlets[a] in Belgium (1990)

Provinces	Population (31.12.1990)	Area (km²) (1.1.1990)	Number of outlets[a] Total (30.6.1990)	Per 10 000 inhabitants	Per km²
Antwerpen	1 604 566	2 867	6 023	38	2.10
Brabant	2 252 613	3 358	8 196	36	2.44
Oost-Vlaanderen	1 106 529	3 144	4 648	42	1.48
West-Vlaanderen	1 335 694	2 982	4 445	33	1.49
Hainaut	1 280 336	3 786	4 261	33	1.13
Liège	1 000 696	3 862	3 926	39	1.02
Limburg	750 082	2 422	2 785	37	1.15
Luxembourg	232 740	4 440	845	36	0.19
Namur	423 719	3 666	1 477	35	0.40
Total	**9 986 975**	**30 528**	**36 626**	**37**	**1.20**

a. Outlets employing at least one member of staff

Source: INS

The provinces of Brabant and Antwerpen have the highest number of local outlets with at least one employee.

The number of retail outlets is estimated at 140 000, which corresponds to a density of 140 shops per 10 000 inhabitants. Data on local outlets cover only those companies with at least one employee (Table B5), which makes it difficult to compare with other EC countries.

1.4 Employment in Belgian retailing

Between 1980 and 1988 employment in retailing rose by more than 10% to just under 275 000 people (Table B6). The share of the food, drink and tobacco sector increased from 32% in 1980 to more than 36% in 1988. The sectors with high employment growth are: stationery, books and office supplies (+33.4%); food, drink and tobacco (+26.7%); and pharmaceuticals and cosmetics (+25.1%).

Job losses were recorded mainly in the 'miscellaneous' sector.

Table B6: Employment by sector of activity in Belgian retailing (1980-88)

Sectors of activity	Persons employed 1980	1984	1988	Share (%) 1980	1984	1988	Growth (%) 1988/80	Average annual growth (%) 1988/80
Food, drink and tobacco	78 924	85 654	100 008	31.9	34.1	36.4	26.7	3.3
Textiles, clothing, footwear, leather goods	41 490	41 843	47 213	16.8	16.7	17.2	13.8	1.7
Electrical and non-electrical household equipment	27 417	25 809	28 935	11.1	10.3	10.5	5.5	0.7
Stationery, books and office supplies	7 771	8 470	10 367	3.1	3.4	3.8	33.4	4.2
Pharmaceuticals and cosmetics (including chemists)	13 766	14 945	17 223	5.6	5.9	6.3	25.1	3.1
Petrol stations, fuel	4 311	3 863	4 066	1.7	1.5	1.5	− 5.7	− 0.7
Motor trade	10 201	10 378	11 757	4.1	4.1	4.3	15.3	1.9
Miscellaneous	63 469	60 247	55 133	25.7	24.0	20.1	− 13.1	− 1.6
Total	**247 349**	**251 209**	**274 702**	**100.0**	**100.0**	**100.0**	**11.1**	**1.4**

Source: CCE.

The food, drink and tobacco sector — the biggest employer — recorded an overall increase in employment despite considerable reduction in the number of independent traders with no employees (– 12.4%). But job losses caused by the closure of small shops were more than offset by the sharp increase in the number of employees (+ 51.3%), essentially in large-scale outlets. This was also due to a rise in part-time work and female employment (Figure B1).

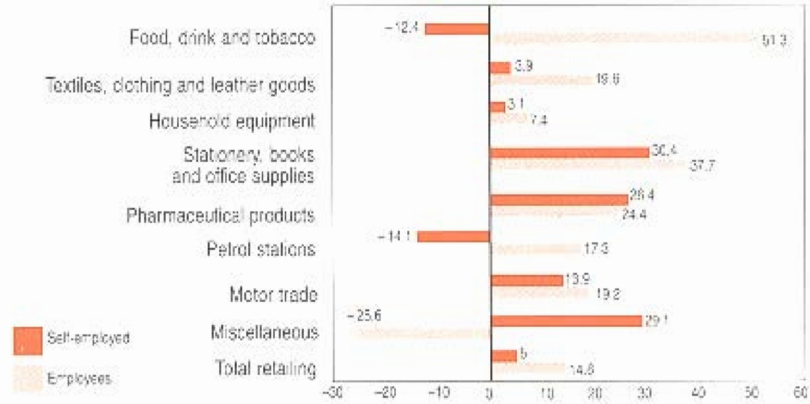
The trend differed slightly for the textiles, clothing, footwear and leather goods sector: the strong increase in the number of employees (+ 19.6%) was accompanied by a slight increase in the number of independent traders (+ 3.9%). In the stationery, books, and office supplies sector the increase was significant in both cases: employees (+ 37.7%), independent traders with no employees (+ 30.4%).

Table B7: Employment characteristics in Belgian retailing (1989)

	Total workforce	Wage and salary earners		Self-employed	
		Total	Share of part-time workers (%)	Owners	Family workers
Total	334 456	180 986	na	102 272	51 198
Women	194 295	114 002	na	33 882	46 411
Share (%)	58.1	63.0	na	33.1	90.7

Source: MET.

Figure B1: Growth (%) in the number of self-employed and employees in Belgian retailing (1980-88)



Source: Eurostat, based on CBC data.

Table B8: Retail turnover[a] by sector of activity in Belgium (1980-90)

Sectors of activity[a]	Retail turnover (Mio BFR)				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80	1990/80
Food, drink and tobacco	191 337	261 247	266 474	302 654	22.2	23.5	19.9	19.1	58.2	4.7
Textiles, clothing, footwear, leather goods	82 372	107 000	141 424	165 454	9.6	9.6	10.6	10.4	100.9	7.2
Electrical and non-electrical household equipment	80 176	94 947	132 314	160 134	9.3	8.5	9.9	10.1	99.7	7.2
Stationery, books and office supplies	19 366	27 958	42 359	51 872	2.3	2.5	3.2	3.3	167.9	10.3
Pharmaceutical and beauty products	45 222	59 226	78 802	88 859	5.3	5.3	5.9	5.6	96.5	7.0
Petrol stations, fuel	44 316	56 771	55 400	67 420	5.1	5.1	4.1	4.2	52.1	4.3
Motor trade	168 286	218 136	308 114	382 904	19.6	19.6	23.1	24.1	127.5	8.6
Miscellaneous	229 442	286 184	311 461	367 331	26.7	25.7	23.3	23.2	60.1	4.8
Total	860 517	1 111 469	1 336 348	1 586 628	100.0	100.0	100.0	100.0	84.4	6.3

a. VAT-registered enterprises.

Source: INS.

Employment in petrol stations and miscellaneous goods is declining as a result of differing trends in employee numbers and in the number of independent traders with no employees.

Two specific features of employment merit attention, namely part-time and female employment. Compared with other EC countries, Belgium has fewer part-time employees but their number is definitely rising. Currently, official statistics make no distinction between full and part-time employees. It is known, however, that women are very often hired on a part-time basis.

Female employment in retailing is already high; in 1988, the proportion was 63% of employees and 33% of the self-employed (Table B7). More than 90% of family workers were female. Women are usually employed in the less qualified categories (cashiers, shop assistants) and on a part-time basis. There are still very few women at management level in retailing.

According to official statistics from the Ministry of Employment and Labour, a total of 334 456 people were employed in retailing in 1989, 58% of whom were women. This figure is higher by 60 000 than that supplied by the Commission spéciale de la distribution (CSD, Special Commission for Distribution), which excludes independent retailers employing staff.

Table B9: Concentration in Belgian retailing by turnover category (1990)

Turnover category (Mio BFR)	Number of enterprises [a] Absolute	Cumulated (%)	Turnover (Mio BFR)	Cumulated (%)
≤ 0.5	18 081	15.6	3 545 741	0.2
> 0.5-1	10 743	24.9	7 960 108	0.7
> 1-2	16 596	39.2	24 417 578	2 3
> 2-3	12 300	49.8	30 507 672	4.2
> 3-5	16 235	63.8	63 553 844	8.2
> 5-10	18 831	80.1	132 883 054	16.6
> 10-15	7 758	86.8	94 589 052	22.5
> 15-20	4 071	90.3	70 330 303	27.0
> 20-25	2 478	92.4	55 314 998	30.4
> 25-50	4 657	96.4	160 906 424	40.6
> 50-80	2 284	98.4	160 337 947	50.7
> 80-100	710	99.0	85 415 314	56.1
> 100-500	968	99.9	230 226 733	70.6
> 500-1 000	104	99 9	70 623 733	75.0
> 1 000	66	100.0	396 015 766	100.0
Total	**115 882**	**100.0**	**1 586 628 267**	**100.0**

a. VAT-registered enterprises.

Source: INS.

1.5 Retail activity in Belgium

Belgian retail turnover amounted to almost BFR 2 300 billion in 1991. Its nominal accrual was 45% in 1980-90 period, the equivalent to a 5% annual increase. Turnover can be analysed according to the products sold (activities) or the type of outlets. These two aspects are analysed below.

1.5.1 Turnover by sector and size class

The figures supplied by the Institut national des statistiques (INS) provide a detailed breakdown of turnover at current prices by sector of activity (Table B8). They cover those enterprises required to submit a VAT return.

In 1990, the highest turnover share was recorded by the motor vehicle (24.1%), miscellaneous goods (23.2%) and food, drink, and tobacco(19.1%) sectors . The share of the food sector in turnover has declined since 1980. The highest growth was reported in: stationery, books and office supplies (167.9%); motor trade (127.5%); and textiles and clothing (100.9%).

Belgian retailing is on average rather concentrated: about 20% of the companies contribute almost 80% of total retail turnover (Table B9). A further breakdown shows that 10% of the companies account for 73% of the turnover and only 1% accounts for 44% of the turnover.

Table B10: Turnover and market share by type of retailer in Belgium (1980-90)

	Turnover (Mio BFR)				Market share (%)				Growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80
Consumer cooperatives[a]	8 337	4 334	1 311	1 256	0.6	0.3	0.1	0.1	−84.9
Enterprises with multiple outlets[b]	156 971	194 451	259 385	306 021	12.2	12.7	13.7	14.0	95.0
Department stores and hypermarkets[c]	72 668	146 374	150 520	157 129	5.6	9.6	8.0	7.2	116.2
Mail order	10 500	18 600	22 600	24 500	0.8	1.2	1.2	1.1	133.3
Total integrated retailers	**248 476**	**363 819**	**433 816**	**488 906**	**19.3**	**23.8**	**23.0**	**22.4**	**96.8**
Affiliated retailers									
Buying cooperatives[d]	27 938	33 820	45 950	49 200	2.2	2.2	2.4	2.3	76.1
Voluntary chains	23 378	27 065	47 500	56 100	1.8	1.8	2.5	2.6	140.0
Franchising									
Multi-sector[e]	36 222	55 000	59 800	71 177	2.8	3.6	3.2	3.3	96.5
Specialized	3 000	37 050	41 100	34 500	0.2	2.4	2.2	1.6	1 050.0
Total affiliated independent retailing	90 538	152 935	194 150	210 977	7.0	10.0	10.3	9.7	133.0
Independent non-affiliated retailing	947 756	1 014 324	1 258 534	1 479 217	73.7	66.2	66.7	67.9	56.1
Total independent retailers	**1 038 294**	**1 167 259**	**1 452 684**	**1 690 194**	**80.7**	**76.2**	**77.0**	**77.6**	**62.8**
Total turnover retail	**1 286 770**	**1 531 078**	**1 886 500**	**2 179 100**	**100.0**	**100.0**	**100.0**	**100.0**	**69.3**

a. Including Cirey.
b. Enterprises with at least five outlets.
c. Including the chain operators G.B, Sarma, Frada.
d. Including food (VAC, Samgo) and non-food (Hobo-Taam, Inoobe, Mercuurin, etc.).
e. Including Nopri, Unic, A.D. Delhaize, EPC.

Source: CBD

Table B11: Average sales area of Belgian supermarkets and hypermarkets (1986,1989)

	Sales area (m²)		Growth (%)	Average sales area by unit (m²)	
	1986	1989	1989/86	1986	1989
Supermarkets	1 229 583	1 702 135	38.4	971	887
Hypermarkets	540 002	618 903	14.6	6 136	6 315

Source: CBD

1.5.2 *Turnover by type of outlet and organization*

Independent retailing was by far the most important form of distribution; it held a market share of about 78% or a turnover of almost BFR 1 700 billion in 1990 (Table B10). This is also due to the good performance of affiliated independent retailers, who more than doubled their turnover from BFR 90.5 billion in 1980 to BFR 211 billion in 1990. Non-associated retailers occupy a more important position in the non-food sector (78%) than in the food sector (50%).

The share of integrated retailers grew from 19.3% in 1980 to 22.4% in 1990. This is an increase in turnover of 97% compared with the growth in turnover of 69% for the retail sector as a whole. Large stores with multiple outlets increased their share from 12.2% in 1980 to 14% in 1990; their turnover almost doubled in 10 years reaching over BFR 306 billion in 1990. The category 'Department stores and hypermarkets' also increased its market share by 1.6 points in the 1980-90 period. This was due mainly to the rise in hypermarkets, which have formed part of this heading since 1984.

With sales of BFR 24.5 billion in 1990, mail order sales accounted for a relatively minor share of Belgian distribution, but they are showing a slight upward trend from a share of 1.1% of total turnover. According to certain experts, this type of outlet may offer good investment opportunities in the future. Others do not give this form of retailing enough potential because of the high population and outlet density in Belgium.

1.6 Cooperation and affiliation movements in Belgian retailing

The decline of independent traders is paralleled by a dramatic rise of affiliations, particularly in the food sector. Between 1980 and 1990, affiliated retailers (buying cooperatives, voluntary chains, franchised outlets) increased their market share from 14.4% to 17.5% in the food sector and from 3% to 5.1% in the non-food sector (Figure B2). By now their respective shares may have reached 18% and 6 to 7%.

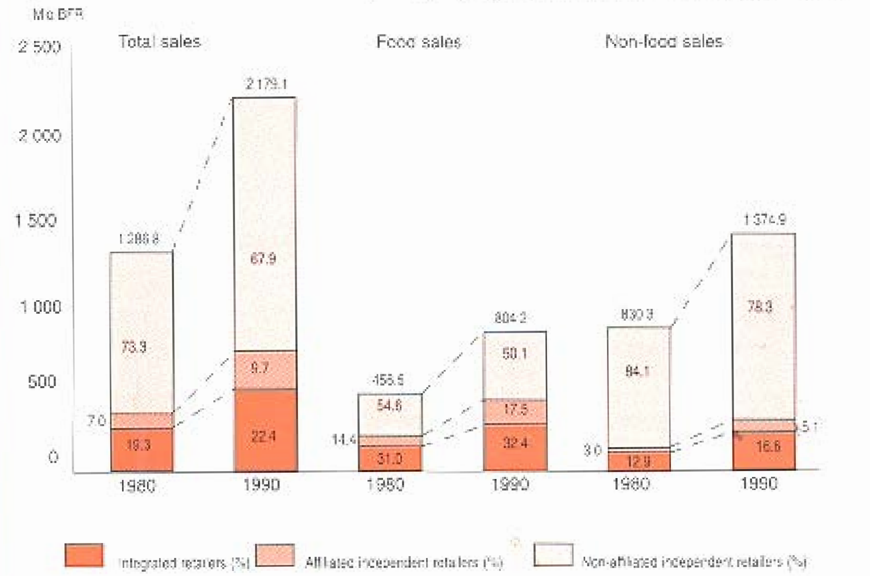
Stiff competition from large-scale retailing led to the emergence of various forms of cooperation between independent retailers, often in collaboration with wholesalers or large-scale distributors. Through cooperation small businesses cut costs and improve purchasing.

Of the different forms of cooperation (e.g. purchasing cooperatives, voluntary chains), franchising is the most popular. It is used above all by foreign manufacturers as a means to penetrate the Belgian market rapidly, in particular in the textiles and clothing sector, but less in food retailing.

Franchising has the largest expansion potential; its turnover more than doubled from BFR 39.2 billion in 1980 to BFR 105.7 billion in 1990. Specialized franchising experienced very high annual growth rates and a tenfold increase in turnover since 1990.

Cooperation is a strategy also used by Belgian large-scale retailers to penetrate new European markets speedily and to tap international sources of supply.

Figure B2: Share of retail sales (in %) by type of organization (1980, 1990)



Source: Louvain University based on CBD data

Table B12: Number and sales area of supermarkets and hypermarkets by size category in Belgium (1989)

Size category (m^2)	Number of outlets	Share (%)	Sales area (m^2)	Share (%)
400-799	1 223	60.6	768 111	33.1
800-999	167	8.3	145 845	6.3
1 000-1 499	288	14.3	352 599	15.2
1 500-2 499	241	11.9	435 580	18.8
Total supermarkets	**1 919**	**95.1**	**1 702 135**	**73.3**
2 500-4 999	40	2.0	128 992	5.6
5 000-7 499	22	1.1	138 990	6.0
7 500-9 999	24	1.2	203 955	8.8
> 10 000	12	0.6	146 966	6.3
Total hypermarkets	**98**	**4.9**	**618 903**	**26.7**
Total	2 017	100.0	2 321 038	100.0

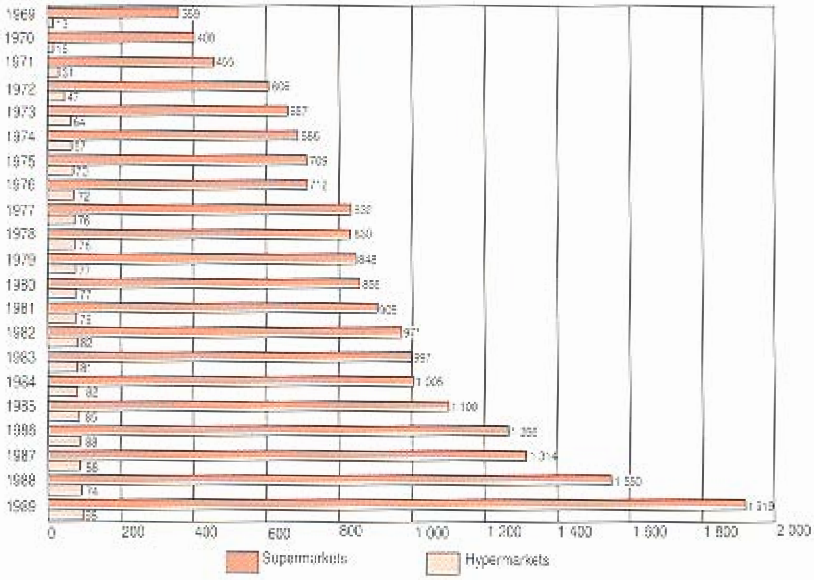
Source: CBD

1.7 Large-scale retailing in Belgium

1.7.1 Grocery retailing

Development, particularly of supermarkets and hypermarkets, was curbed with the adoption of the 1975 law controlling large-scale establishments (above 800 m^2), but it has regained impetus since 1985, especially for supermarkets below 800 m^2. In

Figure B3: Number of supermarkets and hypermarkets in Belgium (1969-89)



Source: Eurostat, based on CBD data.

Belgium, 92% of food retail turnover is dominated by self-service shops, mainly supermarkets. In 1989, there were 1 919 supermarkets and 98 hypermarkets in Belgium (Figure B3).

Between 1986 and 1989, the number of hypermarkets increased by only 11.4% (10 outlets), while their sales area went up by 14.6% (Table B11). Supermarkets performed better, both in number (51.6%) and total sales area (38.4%), although their average sales area declined. Growth was highest in the 400 to 799 m^2 category, which in 1989 accounted for 60.6% of outlets and 33.1% of sales area (Table B12). Expansion of this category is due less to the creation of small shops than to the entry of smaller supermarkets following enlargement.

In only three years, total sales area of supermarkets increased by more than 472 000 m^2 to reach more than 1.7 million m^2 in 1989.

In Belgium, most hypermarkets (81%) are controlled by highly diversified enterprises with several branches (Table B13). The three major hypermarket operators are Maxi GB, Sarma Star (both controlled by the GIB group) and Cora (controlled by the Courthéoux-Fradis-Match group). Growth in the number of outlets of these chains has been declining slightly since 1986. The GIB group exercises a virtual monopoly in hypermarket retailing with its Maxi GB and Sarma Star chains, which control 75% of the hypermarkets and 81% of total sales area. Six Cora shops hold 13% of total hypermarket sales area.

Table B13: The two leading hypermarket operators in Belgium (1989)

Enterprise	Sales area (1 000 m^2)	Sales area (%)	Outlets Number	Outlets (%)
GIB group				
Maxi GB	422 406	–	65	–
Sarma Star	79 750	–	9	–
Total	502 156	81	74	75
Courthéoux-Fradis-Match group				
Cora	77 745	13	6	6
Total	579 901	94	80	81
Total hypermarkets	618 903	100.0	98	100.0

Source: CBD.

1.7.2 Leading Belgian retail groupings

With a consolidated domestic retail turnover of BFR 152.6 billion in 1990, the GIB group is easily the leading retailer in the Belgian market (Table B14). Delhaize le Lion comes second, with around half of the turnover of the GIB group (BFR 73.2 billion). In third place follows Makro, a cash-and-carry enterprise with a turnover of around BFR 40 billion. Aldi, a German discounter, registered extraordinary growth rates in the last few years (+7.8% between 1989 and 1990). It moved up to fifth place among the top 10 and now controls four Belgian retail enterprises and over 100 outlets.

The GIB group launched the first hypermarkets in 1961. When its expansion was checked by the 1975 law that led to a stagnation of turnover in large stores, this group pursued a determined policy of diversification in Belgium and abroad. Today GIB is present in multiproduct retailing (150 hypermarkets and supermarkets); specialized retailing, in particular do-it-yourself (426 DIYs in Belgium and abroad); restaurants (203 Quick fast-food outlets, of which 148 abroad), franchising (Unic, Nopri, DIY, restaurants); large stores (Inno, Grand Bazar); and other sectors (Auto 5, Christiaensen toys, etc.). The group is expanding its shareholdings, particularly in the DIY sector, both in Belgium and the United States, where it fully controls the Scotty's chain (158 shops). It has a stake of 65% in Handy Andy (52 shops) and of 29% in Central Hardware (38 shops). In the United Kingdom it has an interest in Homebase (64 shops). In 1991 the consolidated turnover of the GIB group, including foreign activities, amounted to BFR 217.1 billion (1990: BFR 205.4 billion).

In Belgium, the Delhaize le Lion group operates 106 supermarkets, 50 discount stores (Dial) and 58 drugstores and perfume and cosmetic shops (DI), and supplies 164 'associated' shops (AD supermarkets). In the United States, the holding company has 1 195 outlets, 44.2% of Food Lion (778 supermarkets at end 1990) and 60% of the equity of Super Discount Markets. Recently, Delhaize sold its stake (43.6% of the share capital) in the Portuguese retail group Pingo Doce (24 supermarkets, seven small supermarkets) to the Dutch Ahold group. The consolidated turnover of Delhaize was BFR 266.2 billion in 1990, thereby placing it in an important position (ahead of the GIB group) in the league table of European retailing.

1.8 Internationalization of Belgian retailing

The international dimension is an important characteristic of Belgian retail trade. It is evidenced by: presence of foreign retailers on the national market; growing investments of Belgian enterprises in foreign countries; purchasing policies based on international sources; and transborder trade.

Table B14: Top 7 Belgian retail groupings (1990)

Group	Main activity	Turnover (bn BFR) 1990	1989	Growth (%) 1990/89
1. GIB group	Diversified retail group: food (hypermarkets, supermarkets); non-food (DIY, textiles, sport), restaurants, etc.	152.6	147.9	3.2
GB	Hypermarkets, supermarkets	127.4	122.7	3.8
Nopri	Supermarkets	16.7	16.0	4.4
Sarmag	Hypermarkets, textiles stores	8.5	9.2	– 7.6
2. Delhaize Le Lion group	Franchised supermarkets	73.2	67.2	8.9
3. Makro	Cash and carry	38.2	35.6	6.4
4. Courthéoux-Fradis-Match group	Supermarkets, hypermarkets	35.9	33.6	6.8
5. Aldi group	Discounter	34.0	31.4	7.8
Rijkevorsel	Discounter	10.1	10.0	1.0
Roeselare	Discounter	6.2	5.8	6.9
Erpe-Mere	Discounter	8.8	7.6	15.8
Gembloux	Discounter	8.9	8.0	11.2
6. Colruyt	Discounter	30.9	26.0	18.8
7. Mestdagh	Supermarkets	9.1	9.5	– 4.2

Source: Eurostat adapted from 'Trends Top 5000', 1991.

Belgium's centralized location in Europe has stimulated transborder trade. The country's small size and increased mobility of the European consumer have opened up new horizons for national and foreign operators. Transborder trade does not depend solely on what is available in the two countries concerned. Differences in legislation and macroeconomic factors such as exchange and VAT rates are also important.

In recent years the Belgian distribution scene has witnessed the arrival of foreign retailers such as: the Dutch enterprises C&A, Hey and Zij and P&C for clothing; the Swedish group Ikea for household equipment and furniture; Marks & Spencer from the United Kingdom for miscellaneous products; and Aldi, a German food discounter.

The first wave of American retailers arrived on the Belgian market as early as the 1960s. However, although Jewel, Sears & Roebuck and JC Penney were leaders in the United States, they met with little success in Belgium and have completely disappeared from the Belgian retailing scene.

Franchising gained importance owing to the efforts of brand producers such as Benetton, an innovative Italian apparel manufacturer.

The mail order sector, which holds a modest market share, is slowly expanding its international links. The leading Belgian enterprises are subsidiaries of large foreign companies, mainly from France and Germany (e.g. Trois Suisses, Yves Rocher, La Redoute, Neckermann).

Internationalization is not only directed inwards. Belgian companies have also shown an interest in expanding abroad, particularly since 1975. The effort is still focused on the United States and certain EC countries, as evidenced by the GIB group. Delhaize le Lion is also established in the United States. The fall of the Iron Curtain has heightened interest in the countries of Central Europe and the ex-Soviet Union, where archaic distribution structures offer new opportunities. These are being explored carefully by Belgian companies.

Purchasing policies are also becoming increasingly international. With the completion of the single market, companies will be compelled to adopt a European-scale buying policy to face a more hostile competitive environment. Large Belgian retail groups have already joined European cooperation initiatives and efforts to form purchasing groups in order to strengthen their bargaining position *vis-à-vis* large European and foreign manufacturers.

In 1988, the GIB group signed, under the aegis of Eurogroup, cooperation agreements with Paridoc, one of the largest purchasing groups in France; Rewe in Germany; and Vendex International in The Netherlands. Coop Switzerland joined the grouping in 1992 (see Part I, Section 4.3).

Annex B: Statistical sources and data-collection methods

1. Statistics on the number of retail enterprises and number of employees in retailing

Statistics on the number of enterprises in retailing cover all enterprises registered for VAT purposes.

The breakdown of retailing enterprises by activity and according to the number of employees is based on the NACE code, which has been used by the Office national de securité sociale (ONSS – National Social Security Office) and by VAT authorities since 1973. No distinction is made between full-time and part-time employment.

Data on independent traders are published by the Institut national d'assurance sociale pour les travailleurs indépendents (Inasi) on the basis of its own code which is not compatible with NACE. For the purpose of this publication, the breakdown by sector of independent traders with no employees was deduced according to the formula VAT – ONSS.

Statistical data on the number of enterprises and employees in retailing are published by the Special Commision for Distribution (Conseil central de l'économie).

2. Statistical data on turnover by sector and by size class

The National Statistics Institute (INS) publishes statistical data on turnover in retailing. These statistics are based on VAT returns; however, they are incomplete because certain enterprises – those exempt from or not subject to VAT – are not required to submit VAT returns. For example, retailers subject to the compensation tax do not have to submit a VAT return. The compensation tax is applied only in certain retail sectors: general food excluding specialized retailers (wine, poultry, game, etc) who are subject to the common or flat-rate scheme; textiles; footwear; pharmaceutical goods; cosmetics and toilet articles; books and newspapers. Only retailers (excluding butchers, bakers, tailors/dressmakers, etc.) whose total annual purchases do not exceed BFR 1.5 million before VAT may opt for this compensation tax.

3. Statistics on turnover by type of outlet

Each year the Belgian retailing association (CBD) publishes the breakdown of retail sales by type of outlet. Total sales in retailing at current prices are calculated from private consumption expenditure figures supplied by the INS. An estimate of retail trade turnover is obtained by deducting from private consumption expenditures own consumption of food products (e.g. by farmers), direct sales by industry and the wholesale trade to the final consumer, and services. The INS calculates the sales figures for integrated trade enterprises (large department stores and hypermarkets, chain operators, consumer cooperatives) from exhaustive records. Sales in affiliated retailing are estimated from data and estimates transmitted by the associated groups and enterprises. Sales in non-associated independent retailing are estimated by deducting sales of the integrated and affiliated trade from total retail sales.

For further reading

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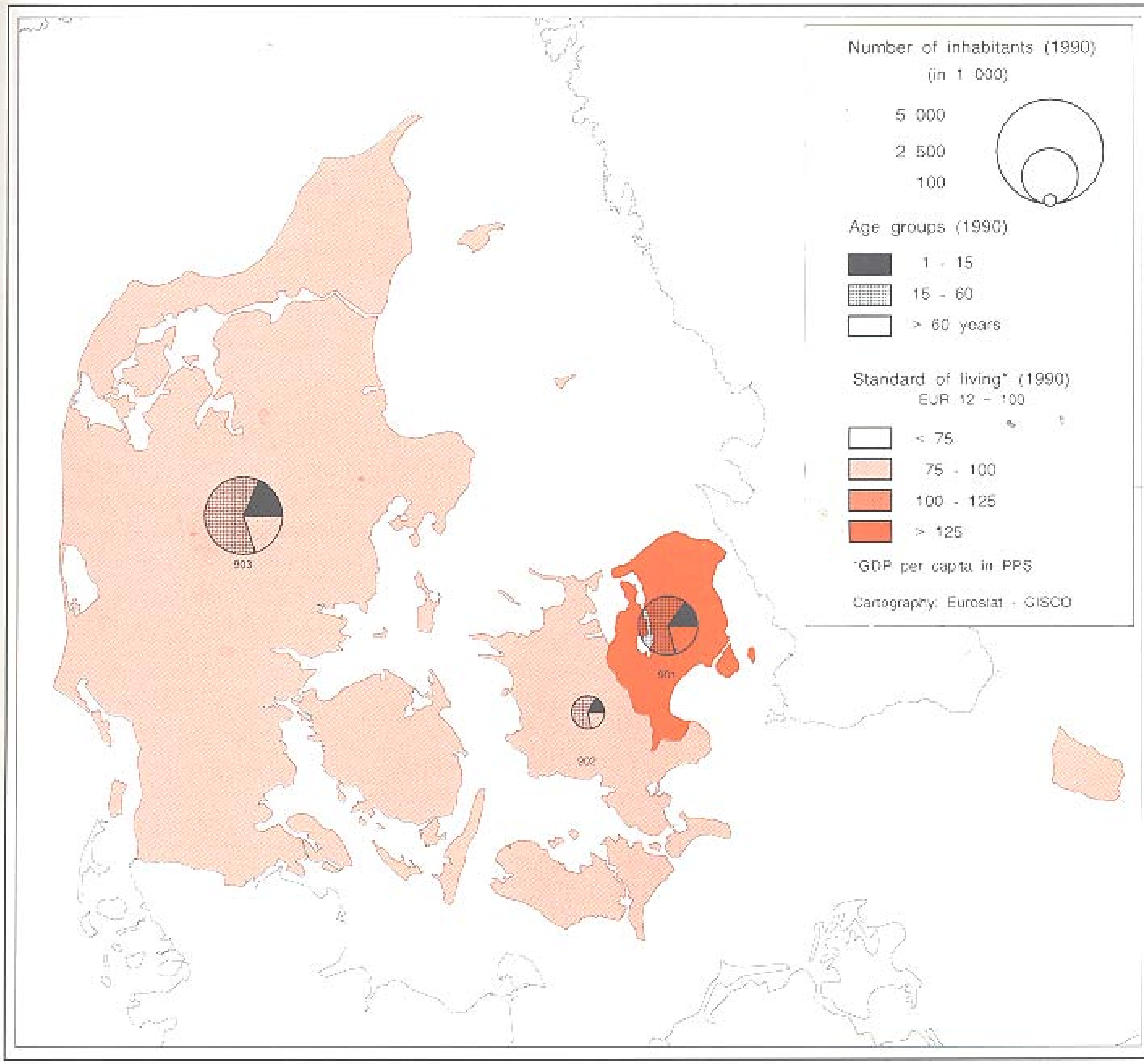
2 Retail trade in Denmark



NUTS 2 REGIONS

901 HOVEDSTADSREGIONEN
902 OST FOR STOREBAELT. EX.HOVEDST.
903 VEST FOR STOREBAELT

Danmark

2.1 Introduction and key statistics

With a population of five million and an area of 43 000 km², Denmark belongs to the smaller members of the European Community, which it joined in 1973, together with the United Kingdom and Ireland. As a 'Nordic' country, it forms a natural geographic and cultural link between the European continent and Scandinavia. In fact, the creation of a customs-free European Economic Area (EEA) between the Community and the EFTA countries in October 1991 is likely to strengthen bilateral trade relations and stimulate outward and inward investments (see Part I, Section 4.3). Denmark will play a pivotal role in these developments.

Key figures for Danish retailing are presented in Table DK1.

Table DK1: Key statistics for retail trade in Denmark (1990)

	Value	Statistical source
Number of enterprises	48 145	DS 1990
Number of local outlets	51 457	
Total employment	199 731	DS 1990
Women (%)	52.8	
Self-employed (%)	16.0	
Employees (%)	84.0	
Part-time workers (%)	38.3	
Turnover (Mio DKR)	185 482	DS 1990
Turnover per person employed (1 000 DKR)	928.7	
Value added (Mio DKR)	31 042 [a]	DS 1990
Value added per person employed (1 000 DKR)	155.4	

a. Provisional figure.

Source: Danmarks Statistik (DS)

2.2 Role of commerce in the Danish economy

Commerce has always been of major importance in this country of traders (Table DK2). Its significance can be deduced from its contribution to the gross value added (12.1% in 1990), national employment (13.8% in 1990) and the total number of enterprises (19.4% in 1990). The higher share in the number of enterprises (11.1% for retailing and 8.3% for wholesaling and dealing) is an indicator of the relatively small size of Danish retail and wholesale enterprises.

Table DK2: Role of commerce in the Danish economy (1990)

(a) Share in the number of enterprises	Value	Share (%)
Total enterprises (including agricultural businesses)	432 235	100.0
Total distributive trade enterprises	83 915	19.4
Wholesale trade	33 687	7.8
Food wholesaling	4 314	
Non-food and inter-industry wholesaling	29 373	
Retail trade	48 145	11.1
Food retailing	12 532	
Non-food retailing	35 613	
Dealing and intermediaries	2 083	0.5
(b) Share in employment (1 000)		
Total resident population	5 146.5	
Total employment	2 650.0	100.0
Persons employed in distributive trades	365.9	13.8
Wholesale trade and intermediaries	166.2	6.3
Retail trade	199.7	7.5
c) Share in value added (Mio DKR)		
Gross domestic product	800 014 [a]	
Gross value added of all sectors	686 797 [a]	100.0
Gross value added of the distributive trade sector	83 258 [a]	12.1
Wholesale trade and intermediaries	52 216 [a]	7.6
Retail trade	31 042 [a]	4.5

a. Provisional figure.

Source: Danmarks Statistik

2.3 Retail trade structure in Denmark: enterprises and local outlets

The 1980s saw a continuous fall in the number of enterprises (Table DK3). Small food shops suffered most (– 30%) because of strong competition from large operators, especially supermarkets and discount chains (Section 2.8). As in other EC countries this downward trend in the number of food stores is likely to continue in the coming years. Recently many petrol stations have also started offering a wide range of food products and other commodities in 'attached' mini-markets. Significant growth in the number of enterprises was recorded in three sectors only: motor trade (15.3%), miscellaneous products (13.9%), and household equipment (11.1%).

Over three-quarters of Danish retailers were sole proprietorships in 1990; private and public limited companies together had a share of almost 15% (Table DK4). As operators expand and seek easier access to bank loans and stock capital, limited companies are becoming a more popular legal form. Thus, in food retailing the share of limited companies almost doubled to 7.2%, while that of individual businesses fell from 89% in 1980 to 83% in 1990. Although only a minority of Danish retailers operate as limited companies, their share in overall retail turnover amounted to 43% in 1990. Their share in sales was highest in the motor trade (73%) and lowest in the pharmaceuticals sector (9%). With 36% of food turnover, cooperative societies remain an essential feature of Danish retailing (Section 2.7), unlike developments in other EC countries (e.g. UK) where this form of retailing is in decline.

The number of local outlets (51 500) exceeded that of enterprises by only 7% (Table DK5), indicating that concentration in Danish retailing is still quite low. The food sector is the most concentrated and has the highest share of local outlets (29.2%), followed by miscellaneous products (18.3%), and textiles and clothing (17.1%).

2.4 Employment in Danish retailing

The Danish retail sector employed just under 200 000 persons in 1990. Employment remained fairly constant during the first half of the 1980s. In the second half, rationalization and concentration led to a loss of 10 000 jobs in the sector. In 1990 employment fell by almost 5% compared with the early 1980s (Table DK6).

Women form an important force in Danish retailing and their overall share (53%) hardly changed over the years. Petrol stations recorded the most significant

Table DK3: Number of retail enterprises[a] by sector of activity in Denmark (1980-90)

Sectors of activity	Number of enterprises				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80	1990/80
Food, drink and tobacco	17 876	15 701	13 571	12 532	34.7	32.0	27.7	26.0	– 29.9	– 3.5
Textiles, clothing, footwear, leather goods	7 839	7 841	8 194	7 880	15.2	16.0	16.7	16.4	0.5	0.05
Household equipment (electrical/non-electrical)	7 621	7 574	7 905	8 467	14.8	15.4	16.2	17.6	11.1	1.1
Stationery, books and office supplies	1 694	1 557	1 619	1 416	3.3	3.2	3.3	2.9	– 16.4	– 1.8
Pharmaceuticals and cosmetics (including chemists)	1 257	1 121	1 491	1 564	2.4	2.3	3.0	3.2	24.4	2.2
Petrol stations, fuel	2 649	2 183	2 020	1 909	5.1	4.4	4.1	4.0	– 27.9	– 3.2
Motor trade	4 310	4 667	5 197	4 969	8.4	9.5	10.6	10.3	15.3	1.4
Miscellaneous	8 263	8 488	8 926	9 408	16.0	17.3	18.2	19.5	13.9	1.3
Total	**51 509**	**49 132**	**48 923**	**48 145**	**100.0**	**100.0**	**100.0**	**100.0**	**– 6.5**	**– 0.7**

a. VAT-registered enterprises.

Source: Danmarks Statistik.

Table DK4: Number of retail enterprises[a] by legal status in Denmark (1990)

Sectors of activity	Number of enterprises	Sole proprietorship	Partnership	Private limited company	Joint-stock company	Cooperative	Other
Food, drink and tobacco	12 532	10 470	697	690	219	126	330
Textiles, clothing, footwear, leather goods	7 880	5 784	647	1 039	293	3	114
Household equipment (electrical/non-electrical)	8 467	6 175	566	1 175	418	2	131
Stationery, books and office supplies	1 416	1 020	89	125	48	7	127
Pharmaceuticals and cosmetics (including chemists)	1 564	1 368	55	100	22	0	19
Petrol stations, fuel	1 909	1 599	78	150	37	16	29
Motor trade	4 969	2 970	290	1 008	645	2	54
Miscellaneous	9 408	7 476	660	939	184	8	141
Total	**48 145**	**36 862**	**3 082**	**5 226**	**1 866**	**164**	**945**
Share in number of enterprises (%)	**100.0**	**76.6**	**6.4**	**10.8**	**3.9**	**0.3**	**2.0**
Share in turnover (%)	**100.0**	**31.7**	**5.5**	**11.2**	**31.7**	**18.4**	**1.5**

a VAT-registered enterprises.

Source: Danmarks Statistik.

Table DK5: Number of local outlets by sector of activity in Denmark (1990)

Sectors of activity	Number	Share (%)
Food, drink and tobacco	15 021	29.2
Textiles, clothing, footwear, leather goods	8 762	17.1
Household equipment (electrical/non-electrical)	8 459	16.4
Stationery, books and office supplies	1 435	2.8
Pharmaceuticals and cosmetics (including chemists)	1 877	3.6
Petrol stations, fuel	2 125	4.1
Motor trade	4 373	8.5
Miscellaneous	9 405	18.3
Total	**51 457**	**100.0**

Source: Danmarks Statistik.

increase in female employment: from 34% in 1985 to 40% in 1990. The sector with the lowest female employment rate is the motor trade, where 86% of the people engaged in 1990 were men. Women also constitute the majority of part-time workers. The proportion of part-time workers among female employees was 38% in the sector as a whole and 44% in food retailing, compared with 25% and 37% for men.

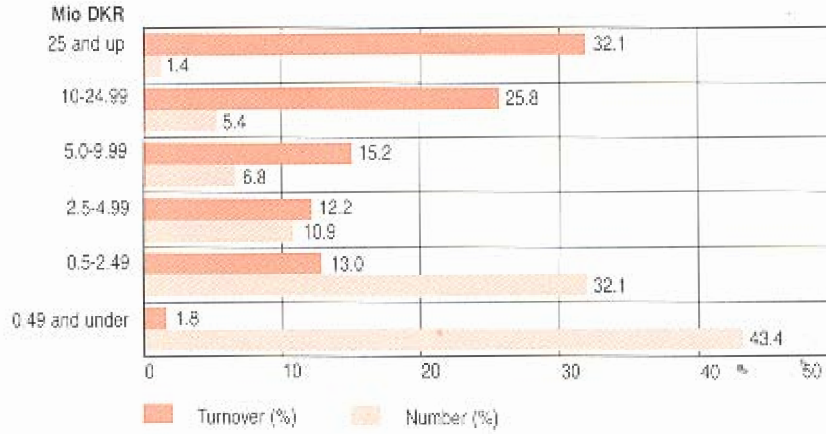
Denmark is a country with a very high proportion of wage and salary earners (84%) compared with self-employed individuals and family workers (16%). In the retail sector as a whole, self-employment fell by five percentage points between 1982 and 1990 and in food retailing, by almost 9 points.

2.5 Retail activity and turnover in Denmark

Retail turnover increased by almost 80% at current prices from DKR 103.5 billion in 1980 to DKR 185.5 billion in 1990 (Table DK7). The sectors that performed best were pharmaceuticals and cosmetics (129%) and motor trade (115%). Household equipment (87%), the miscellaneous products category (81%) and textiles and clothing (79%) also recorded significant increases. Food retailing alone accounted for DKR 93.6 billion or 50% of total sales in 1990, a proportion that remained almost unchanged throughout the 1980s.

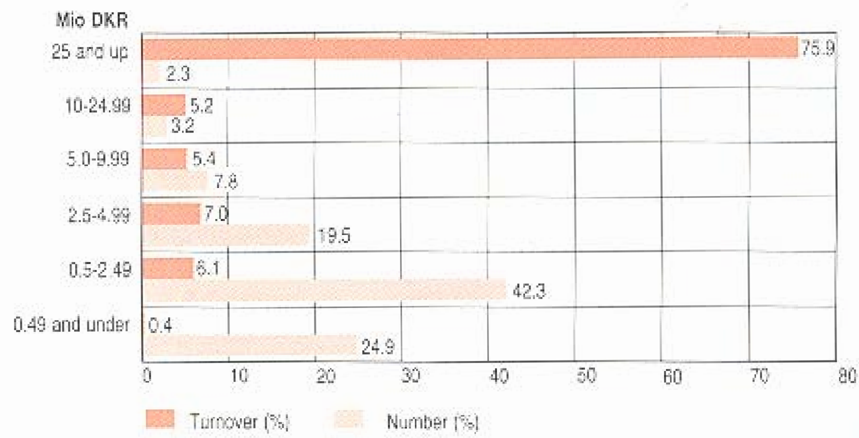
Turnover is highly concentrated among the large retailers. In 1990, the size classes 'DKR 10 to 25 million' and 'DKR 25 million and above' together accounted for roughly 7% of enterprises and 58% of turnover in non-food retailing (Figure DK1). Concentration was much higher in food retailing, where 81% of sales were generated by only 5% of enterprises (Figure DK2).

Figure DK1: Concentration in Danish non-food retailing by turnover category (1990)



Source: Danmarks Statistik

Figure DK2: Concentration in Danish food, drink and tobacco retailing by turnover category (1990)



Source: Danmarks Statistik

2.6 Cooperation and affiliation movements in Danish retailing

Small and medium-sized independent Danish retailers have already begun joining forces. Today, cooperation is well developed, but much more in food than in non-food retailing. Popular forms of affiliation (Table DK8) are buying groups (288 outlets in 1990) and voluntary chains (136 outlets in 1990). The importance of the various types of cooperation has changed over time. While growth of buying groups declined after 1988, voluntary chains picked up towards the end of the 1980s. On the whole, only about 20% of grocery stores (including small chains) are independent, while the rest are affiliated. In 1990, major affiliated retailers in Denmark were Favør (DKR 2.8 billion), Samkøb (DKR 2.5 billion) and Centralkøb (DKR 2.1 billion).

Long-established cooperative societies *(Brugsforeninger)* are still very strong in Denmark, accounting for food sales of almost DKR 18 billion in 1990. They control 469 supermarkets and hypermarkets, including the Irma chain with a turnover of around DKR 4.5 billion (1990), and Fakta, a discount chain, with sales of over DKR 2 billion (Section 2.8). Although the

Table DK6: Employment by sector of activity in Danish retailing (1985-90)

Sectors of activity	1985	1988	1990	Share (%) 1990	Growth (%) 1990/85	Share of women (%) 1990
Food, drink and tobacco	77 551	80 579	78 360	39.2	1.0	58.4
Textiles, clothing, footwear, leather goods	27 193	26 209	23 988	12.0	– 11.8	72.8
Household equipment (electrical/non-electrical)	23 837	23 405	22 041	11.0	– 7.5	40.3
Stationery, books and office supplies	5 753	5 687	5 482	2.7	– 4.7	66.2
Pharmaceuticals and cosmetics (including chemists)	9 538	9 041	8 330	4.2	– 12.7	84.4
Petrol stations, fuel	12 029	12 312	12 281	6.1	2.1	40.1
Motor trade	26 178	25 100	23 092	11.6	– 11.8	14.1
Miscellaneous	27 394	26 249	26 157	13.1	– 4.5	55.5
Total	**209 473**	**208 582**	**199 731**	**100.0**	**– 4.6**	**52.8**

Source: Danmarks Statistik.

Table DK7: Retail turnover by sector of activity in Denmark (1980-90)[a]

Sectors of activity	Turnover (Mio DKR)				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80	1990/80
Food, drink and tobacco	53 618	76 208	87 814	93 570	51.8	50.5	49.7	50.4	74.5	5.7
Textiles, clothing, footwear, leather goods	8 237	11 521	14 324	14 741	8.0	7.6	8.1	7.9	79.0	6.0
Household equipment (electrical/non-electrical)	9 507	13 297	17 199	17 818	9.2	8.8	9.7	9.6	87.4	6.5
Stationery, books and office supplies	2 157	2 825	2 888	3 136	2.1	1.9	1.6	1.7	45.4	3.8
Pharmaceuticals and cosmetics (including chemists)	2 900	4 449	6 046	6 643	2.8	3.0	3.4	3.6	129.1	8.6
Petrol stations, fuel	9 505	13 604	15 643	14 263	9.2	9.0	8.8	7.7	50.1	4.1
Motor trade	10 043	18 341	20 358	21 584	9.7	12.2	11.5	11.6	114.9	8.0
Miscellaneous	7 576	10 527	12 585	13 727	7.3	7.0	7.1	7.4	81.2	6.1
Total	**103 543**	**150 772**	**176 857**	**185 482**	**100.0**	**100.0**	**100.0**	**100.0**	**79.1**	**6.0**

a. VAT-registered enterprises.

Source: Danmarks Statistik.

market share of cooperatives declined slightly during the 1980s, these societies will undoubtedly influence the development of Danish retailing even in the future.

Franchising seems to be far less popular in Denmark than in other EC countries, such as France, Germany, the United Kingdom, or even Italy. The reasons for this can presumably be attributed to the country's small size, the existence of an efficient distribution system, including modern retail formats, and the resolute desire of independent retailers for autonomy and self-determination. However, it is not unlikely that future generations of shopkeepers, recognizing the advantages of the concept (established trade mark, proven sales methods, training assistance and credit facilities, etc.), will be less resistant to this innovative type of organization.

More independent retailers are expected to sign agreements with national and foreign

Table DK8: Affiliation links in Danish grocery retailing (1990)

Type of cooperation	Name of company	Number of outlets	Sales (Mio DKR)	Sales area (m^2)
Voluntary chains	Favør	88	2 784	61 189
	Spar/Vivo	41	745	18 086
	Mege	7	399	13 300
	Total	**136**	**3 928**	**92 575**
Buying groups	OcekaNH	70	1 499	35 656
	Edeka	58	1 052	28 093
	Chr. Kjaerga	10	142	4 360
	Samkøb	34	2 510	31 244
	Vestkøb	26	1 402	29 215
	Midtkøb	39	1 411	24 176
	Centralkøb	51	2 121	47 914
	Total	**288**	**10 136**	**200 658**
Total		**424**	**14 064**	**293 233**

Source: Stockmann-Gruppen A/S

Table DK9: Large-scale grocery retailing in Denmark (1990)

	Supermarkets 400-2 499m^2			General stores 1 000-1499 m^2		General stores 1 500-2 499 m^2		Hypermarkets 2 500 m^2 and above		
	Number	Sales area (1 000 m^2)	Turnover (bn DKR)	Number	Sales area (1 000 m^2)	Number	Sales area (1 000 m^2)	Number	Sales area (1 000 m^2)	Turnover [a] (bn DKR)
Cooperatives	387	258.1	10.0	19	25.5	45	81.9	18	107.7	7.7
Irma	139	80.8	4.4	0	0.0	0	0.0	0	0.0	0.0
Dansk Supermarked	3	1.5	0.1	12	15.6	14	28.2	22	136.3	9.9
Grocery chains	90	90.8	4.5	7	8.7	8	14.0	3	9.3	1.2
Danish State Railways	3	0.1	0.1	0	0.0	0	0.0	0	0.0	0.0
Independent grocers	414	250.1	12.0	5	5.9	6	11.2	6	18.7	1.4
Total	1 036	681.4	31.1	43	55.6	73	135.3	49	272.0	20.2

a. General stores and hypermarkets.

Source: Stockmann-Gruppen A/S

franchisors. At present, there are no official statistics that measure the current importance of the movement and its future impact. Investors have to rely mainly on *ad hoc* and customized surveys to determine market potential.

2.7 Grocery and large-scale retailing in Denmark

Apart from independent and affiliated retailing, an increasing share of food and consumer goods is distributed through integrated groups, which mainly operate large-scale outlets and chains. In the food sector, supermarkets (400 to 2 499 m^2; very high food share), general stores (1 000 to 2 499 m^2; much higher non-food assortment) and hypermarkets (2 500m^2 and above; high non-food assortment) are very popular (Table DK9). In 1990, most supermarkets (414) were run by independent retailers *(Koepmaend)*, followed by the cooperatives (387). Cooperative societies control most general stores and hypermarkets (64 and 18 respectively in 1990), followed by the diversified group Dansk Supermarked (26 and 22 respectively), which has seen its sales grow spectacularly over the past few years, and also runs discount stores within and outside the country. This group owns only 4% of the grocery outlets but it accounts for 19% of food sales. All the same, cooperatives (39% of outlets, 34% of sales) and independent grocers (36% of outlets, 26% of sales) remain the leading food operators. Only seven supermarkets belonged to department stores, whose share in total retail sales fell from 2% in 1980 to 1.5% in 1990, according to estimates by Danmarks Statistik.

Table DK10: Top 3 Danish retail groupings (1990)

Group	Main activity	Turnover (bn DKR)
FDB Koncernen (cooperatives)	Supermarkets, hypermarkets, discount shops	17.7
Dansk Supermarked	Supermarkets, hypermarkets, discount shops	10.0
Wessel & Vett (Magasin de Nord)	Department stores	2.6

Sources: Stockmann-Gruppen A/S, Greens 1992 (annual directory).

Mail order is quite popular in Denmark. Contributory factors are climatic conditions, but also a reliable postal service and the legal protection of customers who can claim damages from the mail order company. Estimates indicate that catalogue sales make up around 3.5% of total retail turnover.

Major Danish retail groups with their sales for 1990 are listed in Table DK10.

2.8 Expansion of discount stores in Denmark

One of the most remarkable features of modern Danish food retailing has been the substantial growth of discount stores since the early 1980s. This type of outlet is gaining ground much faster than expected in Denmark compared with other EC countries, surprising even analysts who had expected a much slower penetration.

Table DK11: Number of discount shops in Denmark (1985-90)

	1985	1986	1987	1988	1989	1990
Aldi	67	79	92	102	112	125
Alta	14	15	15	16	19	21
Fakta	74	75	84	101	129	146
Hoeg	0	0	0	0	1	1
Netto	63	68	71	87	116	139
Prisa	14	16	21	25	33	32
Suma	8	8	10	10	12	18
Kobmaend	6	5	6	15	20	18
Total	**246**	**266**	**299**	**356**	**442**	**500**

Source: Stockmann-Gruppen A/S

The number of discount stores grew from only 16 in 1980 to 500 in 1991 (Table DK11). Today, this form of retailing holds a share of 11.1% of grocery sales (6.7% in 1985).

Such stores, which offer a limited range of everyday commodities at low prices, are now found in most parts of Denmark and all large cities. Discount chains are already expanding from populated locations to more remote areas. In 1990, the three largest operators owned over 80% of the discount outlets and 84% of discount sales. They were: Fakta (146 outlets, DKR 2.1 billion, belongs to cooperative societies), Netto (139 outlets, DKR 3.8 billion, controlled by Dansk Supermarked) and Aldi (125 outlets, DKR 2.9 billion, owned by Aldi Germany). Dansk Supermarked even succeeded in opening several discount stores in Germany, which has the highest discount store density and competition in the Community (see Part I, Section 4.1).

The success of Danish discount stores can be attributed to stagnation of private consumption (especially food) between 1985 and 1991 and high price-consciousness among consumers. Furthermore, the opening of new supermarkets and general stores in the second half of the 1980s led to excess capacities in the retail sector, which puts additional pressure on prices. In general, Danish supermarkets are much smaller than their European counterparts and therefore no serious threat to discount operators.

Individual grocers and grocery chains have stepped up their efforts to counteract the development of discount stores. The most noticeable measures are year-round price reductions and sales, and the creation of special discount sections, mainly in supermarkets. However, it is not certain whether these measures can effectively check the movement.

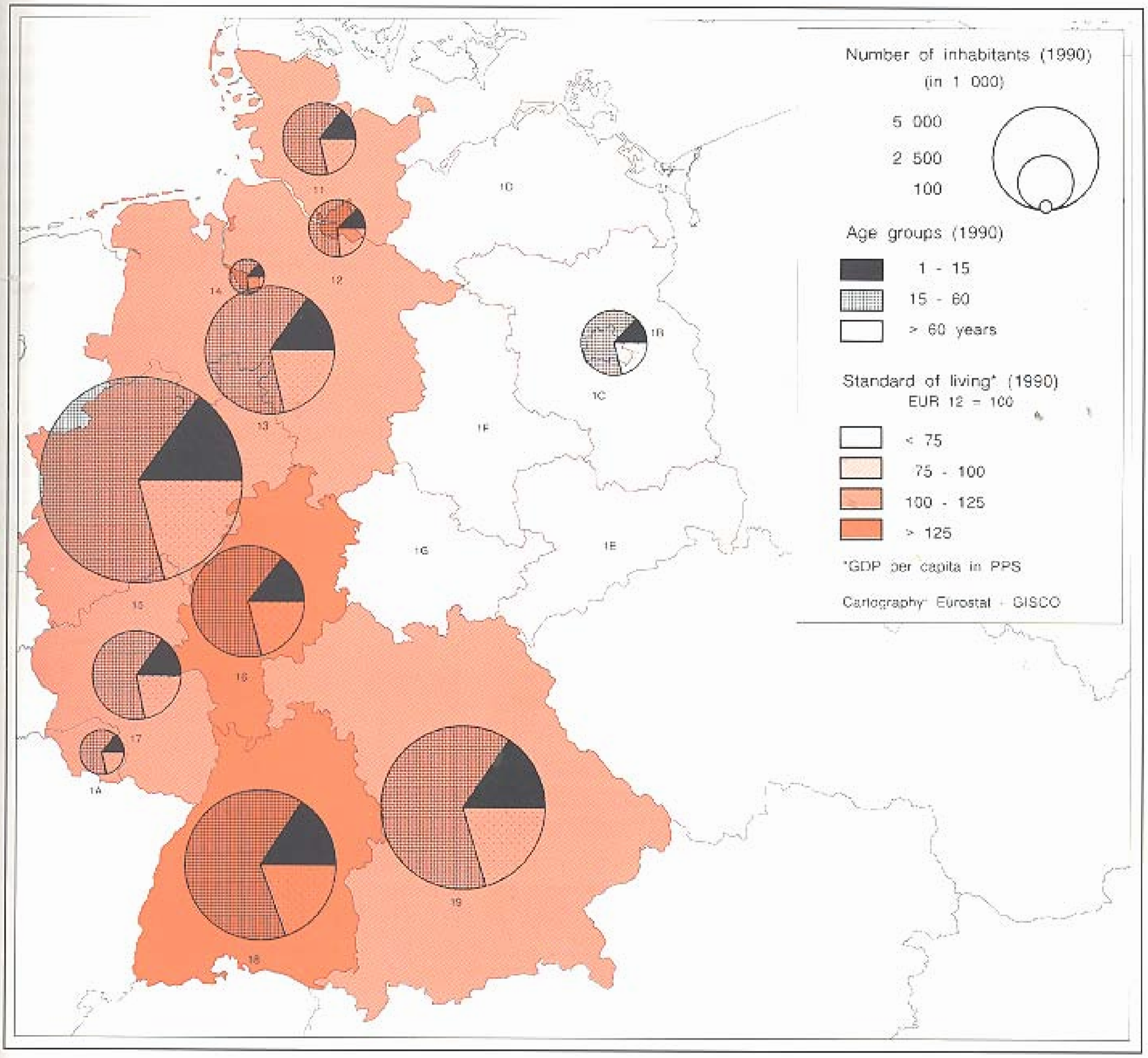
Eventually, individual grocers and small grocery chains will need to cooperate more closely so that they can cut costs and offer the most competitive prices. Some of them are aware that only economies of scale in purchasing and selling, combined with the introduction of innovative technologies will allow them to run an efficient network across the country.

Current developments are bound to perturb grocers who value their independence and are used to running outlets geared to a local clientele. Competition in the high-growth discount sector is expected to intensify and bring about changes in Danish retailing behaviour.

Annex DK: Statistical sources and data-collection methods

Denmark is one of the few countries in the Community that has access to a regularly updated register of enterprises. This central register, administered by Danmarks Statistik, includes most official data (e.g. number of enterprises, number of outlets, turnover). It is based on the VAT statements supplied by business units. Additional information, for example on employment, can be obtained from other administrative sources and registers. A valuable source for structural and financial data on large-scale outlets, affiliation links and retail groups is Stockmann-Gruppen A/S, which publishes a register of shops and several studies.

3 Retail trade in Germany



NUTS 1 REGIONS

11	SCHLESWIG-HOLSTEIN	17	RHEINLAND-PFALZ	1D	MECKLENBURG-VORPOMMERN
12	HAMBURG	18	BADEN-WURTTEMBERG	1E	SACHSEN
13	NIEDERSACHSEN	19	BAYERN	1F	SACHSEN-ANHALT
14	BREMEN	1A	SAARLAND	1G	THÜRINGEN
15	NORDRHEIN-WESTFALEN	1B	BERLIN		
16	HESSEN	1C	BRANDENBURG		

Deutschland

3.1 Introduction and key statistics

Germany has shifted to the centre of attention since its recent unification. The fall of the Iron Curtain has given it the opportunity to act as a 'trade bridge' between Eastern and Western Europe. Following the events of 1989-90, Germany's territory expanded by 108 000 km^2 and its population by over 16 million new consumers. Five new *Länder* were added: Brandenburg, Mecklenburg-Vorpommern, Thüringen, Sachsen and Sachsen-Anhalt.

The entry of the eastern *Länder* onto the commercial scene was marked by a considerable increase in demand for consumer goods. Western German distributors – especially larger groups – are encouraged to adapt their strategies to the needs of the new regions and their consumers and thus benefit from this expansion.

In the beginning, the 'new consumers' travelled west to enjoy the wide choice offered by the shops. Since then, western German groups have set up many new outlets (particularly hypermarkets, do-it-yourself (DIY) chains, and department stores) in the eastern *Länder*; eastern German consumers now tend to make their purchases locally and buy more local products.

The old collective distribution structure in eastern Germany is gradually giving way to a full market economy. This process is receiving the full support of local administrations and the *Treuhandanstalt*, the agency specially created for privatizing and selling old unprofitable businesses. The key factor of success for this transformation is capital input, know-how, and training from the western German retail sector. This will help local commercial businesses in eastern Germany to reach a high level of development. Work has already started on restructuring and modernizing the commercial apparatus in the eastern *Länder*, but there is still a long way to go. Prospects look much brighter now since the large groups recognize the fact that their presence in eastern Germany will facilitate subsequent expansion into Eastern Europe, including the ex-Soviet Union.

At present, it is still difficult for official bodies and parastatal organizations to supply exact figures on the structure of the retail trade sector in eastern Germany. Statistical offices were opened in each of the five new *Länder* to monitor different sectors of the economy, including retail trade. These offices work closely with the Statistisches Bundesamt (Stabu), the national statistical office. Exact data on the trade structure in these *Länder* will be available once a systematic monitoring system has been set up and the next sectoral survey — planned for 1993 — has been completed.

Since reliable comparative data on East Germany do not exist, this chapter will concentrate on retail trade in West Germany before and during unification.

Table D1: Key statistics of German retailing (1985-90)

Criteria	Value	Statistical source
Number of enterprises	339 318	HGZ 1985
	399 426	UST 1990
Number of local outlets	403 635	HGZ 1985
Sales area (1 000 m^2)	65 335	HGZ 1985
Total employment	2 353 000	VGR 1990
	2 565 854	AZ 1987
Women	1 609 771	
Employees	2 063 416	
Self-employed	502 438	
Part-time workers	769 756	
Turnover (Mio DM)	672 946	VGR 1990
	643 140	UST 1990
Turnover per person employed	286 000	VGR 1990
Emoluments paid (Mio DM)	56 770	VGR 1990
Value added (Mio DM)	101 850	VGR 1990
Value added per person employed (DM)	43 000	
Capital expenditure (Mio DM)	16 930	VGR 1990
Investment per person employed (DM)	6 984	

Source: Statistisches Bundesamt (Stabu).
AZ: Arbeitsstättenzählung.
HGZ: Handels- und Gaststättenzählung
UST: Umsatzsteuerstatistik
VGR: Volkswirtschaftliche Gesamtrechnung

Reference to retail trade in eastern Germany is limited to its effect on the structure and activities of the western German retail sector and on the relocation strategies of the large groups that keep on opening new outlets in the eastern *Länder*. In view of the importance of the eastern German retail sector in the future, a separate section is devoted to an overview of some features of the retail sector in former East Germany and prospects for expansion (Section 3.8).

In western Germany, increased purchasing power has made consumers more quality-oriented but also more price-conscious. This sophistication and polarization of tastes resulted in purchases of luxury goods (e.g. high-fashion apparel) in the specialist shops and fast-moving items (e.g. food) in larger stores. Pedestrian zones in town centres, where small shops tend to concentrate, have attracted the attention of large integrated groups which want to exploit the potential of 'niche' markets by diversifying into centrally located modern specialist outlets (e.g. jewellery, books, and consumer electronics). New forms of retailing will rely on modern technology, such as videotex for mail order, on-line travel bookings in hypermarkets, use of credit cards issued by department stores.

Retail trade in Germany is monitored and analysed regularly and systematically. The Statistisches Bundesamt undertakes monthly surveys to collect economic data on employment and turnover from commercial businesses. These data are published as indices.

Surveys are carried out on fixed dates to obtain information on the structure of the German 'trade machine'. Several variables

Table D2: Role of commerce in the German economy (1990)

(a) Share in the number of enterprises	Value	Share (%)
Total enterprises (including agricultural businesses)	2 103 974	100.0
Total distributive trade enterprises	**589 106**	**28.0**
Wholesale trade	**117 411**	**5.6**
Food wholesaling	**30 090**	
Non-food and inter-industry wholesaling	**87 321**	
Retail trade	**399 426**	**19.0**
Food retailing	**81 070**	
Non-food retailing	**318 356**	
Dealing and intermediaries	**72 269**	**3.4**
(b) Share in employment (1 000)		(%)
Total resident population	63 253	
Total employment	28 433	100.0
Persons employed in distributive trades	**3 728**	**13.1**
Wholesale trade and intermediaries	**1 375**	**4.8**
Retail trade	**2 353**	**8.3**
(c) Share in value added (bn DM)		
Gross domestic product	2 425.5	
Gross value added of all sectors	2 319.8	100.0
Gross value added of the distributive trade sector	**203.3**	**8.8**

(d) Tradable consumption (bn DM)

Categories	Final household consumption DM	Tradable consumption DM	(%)
Food, drink and tobacco	273	160	59
Clothing, footwear	102	97	95
Rents	212	–	0
Energy (without lubricants)	51	7	14
Furniture, household equipment	117	85	73
Pharmaceuticals, beauty goods	74	37	50
Transport and telecommunications	217	106	49
Education, entertainment, leisure	130	15	16
Other goods	92	15	16
Total	**1 268**	**567**	**45**

Source: Statistisches Bundesamt.

are examined; they include: number of businesses and establishments, their legal status, sales area, employment (full-time and part-time), and turnover. A full census of all establishments is carried out at longer time intervals (five years and more) to reduce costs. Between each census, annual tax returns are used to obtain information on the number of businesses and their sales by turnover category. These statistics are normally published every two years (see Annex D). Annual sample surveys provide additional structural data.

This chapter is based on official statistics issued by the Statistisches Bundesamt, including the 1985 sectoral census (Handels- und Gaststättenzählung, HGZ) and statistics obtained from annual tax returns during 1980-90 (Umsatzsteuerstatistik, UST). The results of the 1987 general census (Arbeitsstättenzählung, AZ) are used for comparison and whenever the other statistics do not provide any information on specific variables.

The number of official sources was kept low to avoid comparison of statistics that are based on different methods of collection and definitions. Compatibility and comparability of these data with those from other countries was another important consideration. For this reason, data from national accounts (Volkswirtschaftliche Gesamtrechnungen, VGR) are also used.

Data on large retail groups (Section 3.7) and the breakdown of turnover by type of outlet (Section 3.5.2) were obtained from the Deutsches Handelsinstitut (DHI) and the retail trade associations, Bundesarbeitsgemeinschaft (BAG) and Hauptverband des deutschen Einzelhandels (HDE), and the Ifo-Institut which also specializes in research on distribution. The aim of using these semi-official sources, including associations, was to present the most recent figures.

In this chapter, large-scale grocery retailers are defined as follows: hypermarkets *(Verbrauchermärkte)* are stores with a sales area between 1 500 m^2 and 4 999 m^2, superstores *(SB-Warenhäuser)* are stores with a sales area of 5 000 m^2 and above.

However, in the main tables the lower limit for hypermarkets was raised to 2 500 m^2 to enable comparison across EC countries.

Key figures for the German retail trade are presented in Table D1.

3.2 Role of commerce in the German economy

Trade is one of the most important sectors of the German economy both in terms of employment and turnover. In contrast to other EC countries (e.g. UK, France), retail trade in Germany covers the sale of motor vehicles. Butchers (24 232 businesses with a turnover of DM 24.8 billion in 1990) and bakers (26 536 businesses with a turnover of DM 23.2 billion in 1990) are considered as crafts and not as part of the retail trade. Similarly, petrol stations acting as commercial agents for petroleum companies (10 725 businesses with a turnover of DM 9.1 billion in 1990) are classified as commercial intermediaries, while being part of retailing in national accounts.

Germany's GDP was DM 2 425.5 billion in 1990 and rose to around DM 2 800 billion in 1991 following the effects of unification. It is expected to cross the threshold of DM 3 000 billion in 1992. In 1990, 28% of German businesses were involved in trade and 19% of these were in the retail trade (Table D2a). In 1990 the wholesale and retail trades together accounted for around 8.8% of gross value added and provided employment to almost 13.1% of the working population in western Germany (Table D2b and D2c). The divergence between these two percentages is partly due to the high proportion of part-time jobs.

During the 1980s retail trade in Germany grew with GDP and private consumption. Its turnover increased at an average annual rate of 4%. In 1990 purchases by households accounted for DM 567 billion or 45% of private consumption (Table D2d); the proportion in the 1970s was 50 to 52%. This fall is mainly due to the growing share of rents and services (e.g. tourism, health care, transport, telecommunications) in private consumption. The value of household purchases in the retail sector (tradable consumption) is below that of total retail trade turnover (DM 673 billion), as a growing proportion of retail turnover is obtained from wholesaling and services such as catering, travel, and finance. In 1990 (+10.7%) and 1991 (+8.4%) turnover growth rates were extraordinarily high due to a strong demand from the new *Länder*.

3.3 Retail trade structure in Germany

As in France and the United Kingdom, the German distribution sector has sought to diversify and globalize its operations in recent years. These strategies have been

Table D3: Number of retail enterprises by sector of activity in Germany (1980-90)

Sectors of activity	Number of enterprises				Share (%)				Growth (%)	Average annual growth (%)
	1980 [a]	1984 [a]	1988 [a]	1990 [b]	1980	1984	1988	1990	1990/80	1990/80
Food, drink and tobacco	101 841	93 927	85 163	81 070	27.7	24.3	21.5	20.3	−20.4	−2.3
Textiles, clothing, footwear, leather goods	65 120	68 211	69 695	67 587	17.7	17.7	17.6	16.9	3.8	0.4
Non-electrical household equipment	34 594	35 008	39 589	40 506	9.4	9.8	10.0	10.1	17.1	1.6
Electrical appliances	21 524	24 621	26 620	28 158	5.9	6.4	6.7	7.0	30.8	2.7
Stationery, books and office supplies	16 535	18 260	20 476	21 417	4.5	4.7	5.2	5.4	29.5	2.6
Pharmaceuticals and cosmetics (including chemists)	30 037	31 002	31 554	31 940	8.2	8.0	8.0	8.0	6.3	0.6
Petrol stations, fuel [c]	17 653	15 898	14 305	13 806	4.8	4.1	3.6	3.5	−21.8	−2.4
Motor trade	22 672	28 291	33 811	37 353	6.2	7.3	8.5	9.4	64.7	5.1
Miscellaneous	57 529	67 669	75 461	77 589	15.7	17.5	19.0	19.4	34.9	3.0
Total	**367 505**	**385 887**	**396 674**	**399 426**	**100.0**	**100.0**	**100.0**	**100.0**	**8.7**	**0.8**

a. Businesses with a turnover above DM 20 000
b. Businesses with a turnover above DM 25 000
c. Including petrol stations owned by oil companies

Source: Statistisches Bundesamt, UST 1980, 1982, 1984, 1986 and 1988

supported by efforts towards concentration and rationalization.

There is evidence of growing concentration in the food sector and in other areas (e.g. mail order houses, DIY chains, department stores). In Germany, several distribution circuits are now dominated by a small number of large diversified businesses (Section 3.7) which are present throughout Europe and the world through networks of stores (e.g. Tengelmann through A & P in the United States) and buying offices (e.g. Quelle in South-East Asia).

In certain sectors these developments will lead to a clear reduction in the number of businesses (takeovers) and local units (economies of scale), although total sales area and productivity will increase.

3.3.1 Retail enterprises and legal status

Tax returns for 1990 are the basis for the latest available official statistics on the number of businesses and their legal status. Only businesses with an annual turnover of at least DM 25 000 are covered by these statistics, whereas up to 1988 the threshold was DM 20 000.

There was a small increase of almost 9% in the number of retail businesses from 1980 to 1990 (Table D3). The total number of businesses registered in 1990 was 399 426 compared with 367 505 in 1980. The disappearance of more than 20 000 or 20% of food retailers (mainly sole proprietors) between 1980 and 1990 was mainly due to low profits and competition from large concerns. The number of independent petrol stations also fell sharply by 22%.

Many small specialist food retailers are unable to cope with the drop in demand in their sectors of activity and the competition from large groups which are expanding into rural areas. Even new approaches to association, which allow economies of scale in marketing and supplies (Section 3.6), do not seem to prevent the closure of small businesses.

Despite the fall in the number of small retailers, the food sector still had the largest number of businesses (81 070) in 1990. It was followed by the miscellaneous products (77 589) and textile and clothing (67 587) sectors, where the number of new businesses created has grown slightly in recent years.

The sectors where the number of businesses increased most significantly from

Table D4: Number of retail enterprises by legal status in Germany (1990)

Sectors of activity	Number of enterprises	Sole proprietorship	Partnership	Limited partnership	Private limited company	Joint-stock company	Other
Food, drink and tobacco	81 070	73 080	3 835	1 267	2 676	9	203
Textiles, clothing, footwear, leather goods	67 587	53 843	4 808	2 679	6 177	8	72
Non-electrical household equipment	40 506	31 070	2 557	1 826	4 894	10	149
Electrical appliances	28 155	21 250	1 775	731	4 362	9	31
Stationery, books and office supplies	21 417	16 523	1 419	685	2 667	-	-
Pharmaceuticals and cosmetics (including chemists)	31 940	28 925	1 182	415	1 390	-	-
Petrol stations, fuel[a]	13 806	12 679	533	134	450	-	10
Motor trade	37 353	25 699	2 677	2 462	6 470	6	39
Miscellaneous	77 589	62 635	4 738	2 372	7 602	15	227
Total	**399 426**	**325 704**	**23 524**	**12 571**	**36 688**	**62**	**877**
Share (%)	100.0	81.5	5.9	3.1	9.2	0.0	0.2

a. Including petrol stations owned by oil companies

Source: Statistisches Bundesamt, UST 1990

1980 to 1990 include: motor trade (+65%); miscellaneous products (+35%); electrical appliances (+31%); stationery, books and office supplies (+29%); and non-electrical household equipment (+17%).

The non-food sectors have a clear potential for expansion which has not yet been fully exploited. Sectoral experts expect future developments to follow the same pattern as in the past: a gradual reduction in the number of businesses in the food sector and the creation of businesses in certain non-food high-tech or leisure sectors (e.g. software and computers, telecommunications, gardening, and DIY).

Analysis of the legal status of retail businesses (Table D4) shows the dominance of sole proprietorships (81.5%), with private limited companies (9.2%), partnerships (5.9%), and limited partnerships (3.1%)

Table D5: Number of retail outlets by sector of activity in Germany (1979, 1985)

Sectors of activity	Number of outlets 1979[a]	Number of outlets 1985[b]	Share (%) 1979	Share (%) 1985	Growth (%) 1985/79
Food, drink and tobacco	140 173	124 302	34.5	30.8	−11.3
Textiles, clothing, footwear, leather goods	79 360	82 753	19.6	20.5	4.3
Non-electrical household equipment	33 562	36 799	8.3	9.1	9.6
Electrical appliances	20 197	20 868	5.0	5.2	3.3
Stationery, books and office supplies	16 862	15 228	4.2	3.8	−9.7
Pharmaceuticals and cosmetics (incl. chemists)	30 189	32 149	7.4	8.0	6.5
Petrol stations, fuel[c]	2 462	1 989	0.6	0.5	−19.2
Motor trade	21 951	26 463	5.4	6.6	20.6
Miscellaneous	61 084	63 064	15.1	15.6	3.2
Total	**405 840**	**403 635**	**100.0**	**100.0**	**−0.5**

a. Enterprises with a turnover above 12 000 DM
b. Enterprises with a turnover above 20 000 DM
c. Excluding petrol stations owned by oil companies

Source: Statistisches Bundesamt, HGZ 1979, 1985.

Table D6: Types of retail outlets in Germany (1968, 1979, 1985)

Types	Number of outlets 1968	1979	1985	Share (%) 1968	1979	1985
Shops	372 840	338 003	326 766	82.8	83.3	81.0
Other stationary outlets (permanent stands)	46 268	39 618	48 490	10.3	9.8	12.0
Itinerary trade	27 129	22 738	23 157	6.0	5.6	5.7
Mail order	3 789	5 481	5 222	0.8	1.4	1.3
Total	**450 026**	**405 840**	**403 635**	**100.0**	**100.0**	**100.0**

Source: Statistisches Bundesamt HGZ 1968, 1979, 1985.

lagging far behind. Joint-stock companies are not common in Germany and do not exist in the pharmaceutical, petrol station, and stationery, books and office supplies sectors.

3.3.2 Retail outlets and regional distribution

According to the latest retail and restaurant census (HGZ) carried out in 1985, the number of local retail outlets was 403 635, which is 0.5% lower than that recorded by the previous census carried out in 1979 (Table D5). The reduction was most marked in the following sectors: petrol stations (– 19.2%); food, drink and tobacco (– 11.3%); stationery, books and office supplies (– 9.7%).

A comparison of the results of the censuses carried out in 1968, 1979, and 1985 shows

Table D7: Sales area in German retailing (1979,1985)

Sectors of activity	Sales area in 1000 m² 1979 [a]	1985 [b]	Share (%) 1979	1985	Growth (%) 1985/79	Annual growth rate (%) 1985/79
Food, drink and tobacco	12 972	15 145	22.9	23.2	+ 16.8	+ 2.6
Textiles, clothing, footwear, leather goods	9 617	11 138	16.9	17.0	+ 15.8	+ 2.5
Non-electrical household equipment	10 987	13 158	19.4	20.1	+ 19.8	+ 3.1
Electrical appliances	1 759	1 931	3.1	3.0	+ 9.8	+ 1.6
Stationery, books and office supplies	898	887	1.6	1.4	– 1.2	– 0.2
Pharmaceuticals and cosmetics (including chemists)	1 964	2 198	3.4	3.4	+ 11.9	+ 1.9
Motor trade	7 165	6 555	12.6	10.0	– 8.5	– 1.5
Miscellaneous	11 397	14 325	20.1	21.9	+ 25.7	+ 3.9
Total	**56 759**	**65 337**	**100.0**	**100.0**	**+ 15.1**	**+ 2.4**

a. 1979 census: enterprises with annual turnover above 12 000 DM.
b. 1985 census: enterprises with annual turnover above 20 000 DM.

Source: Statistisches Bundesamt, HGZ 1979, 1985.

Table D8: Geographical distribution of retail outlets[a] in Germany (1985)

Länder	Population at 31.12.1984 (1 000)	Area in km² (1 000)	Number of outlets[b] Total	Per 10 000 inhabitants	Per km²
Schleswig-Holstein	2 614	15 727.9	16 371	63	1.04
Hamburg	1 592	754.7	12 578	79	16.66
Niedersachsen	7 216	47 343.9	46 653	65	0.99
Bremen	666	404.2	4 557	73	12.09
Nordrhein-Westfalen	16 704	34 067.9	108 539	65	3.19
Hessen	5 535	21 113.9	36 509	66	1.73
Rheinland-Pfalz	3 624	19 847.8	24 324	67	1.23
Baden-Württemberg	9 241	35 751.4	52 905	57	1.48
Bayern	10 958	70 552.9	77 826	71	1.10
Saarland	1 051	2 569.3	8 591	82	3.34
Berlin (West)	1 849	883.0	14 452	78	16.73
Total	61 050	249 016.9	403 635	66	1.62

a Including mobile trade and mail order (see Table D6)
b Statistics derived from the most recent census (1985 HGZ)

Source: Eurostat calculations, based on data from the 1985 HGZ census and other official statistics from the Statistisches Bundesamt.

a decrease of 46 391 retail outlets between 1968 and 1985 (Table D6) caused by shop closures.

Expansion of sales area was highest in the early 1980s. The total sales area as recorded by the 1985 sectoral census (HGZ) was 65 337 m² (Table D7). This marks an increase of 15.1% compared with 1979 (56 759 m²) and of more than 200% compared with 1968. The highest rate of growth in sales area was observed for the following sectors: miscellaneous (+25.7%); non-electrical household equipment (+19.8%); food, drink and tobacco (+16.8%); and textiles, clothing, footwear and leather goods (+15.8%). Only two sectors experienced a reduction in their sales area: stationery, books and office supplies (–1.2%) and motor trade (–8.5%).

The Institut für Handelsforschung, Köln, has been monitoring the development of the specialist non-food retail trade for 40 years. According to a recent survey the annual rate of increase in sales area in this sector has been 2 to 3% since 1984, although sales have been increasing at around 4% per annum. High returns are apparently not limited to large companies. Productivity was improved in several specialist retail categories through better management, introduction of innovative technology (optical scanning, cash register computerization), and new forms of cooperation between retailers.

A geographical breakdown of retail outlets shows a clear dominance of the four most heavily populated *Länder* (Table D8): Nordrhein-Westfalen (108 539 outlets in 1985); Bayern (77 826 outlets); Baden-Württemberg (52 905 outlets); and Niedersachsen (46 653 outlets).

In 1985, the average density was 66 local units per 10 000 inhabitants. Most of the individual *Länder* were close to the average, except Saarland where the density was 82 local units per 10 000 inhabitants.

In western Germany, as in other EC countries with a tradition of large-scale retailing (France, UK), the saturation point for hypermarkets and superstores in suburbs seems to have been reached. Towns in western Germany will attract mainly smaller shops belonging to specialist chains *(Fachmärkte)* and discount outlets. This will undoubtedly raise turnover and margins in the retail sector (especially for shops selling luxury products) but will only lead to a marginal increase in sales area. An average annual growth rate of 1 to 2% in sales area is expected for 1992 and 1993.

Growth will remain concentrated in the eastern *Länder*, which offer an enormous potential for expansion through the reconversion of old down-town shops and the construction of new shopping centres outside towns. At the same time very strict laws are enforced to prevent uncontrolled growth by large groups and unfair competition *vis-à-vis* small traders, and to protect the environment. At present, it is still too premature to make accurate forecasts about the expansion of outlets and sales area in the eastern *Länder*.

3.4 Employment in German retailing

The latest sectoral census in 1985 showed that 2 360 660 people were employed in the retail trade (salaried employees and self-employed), which is a reduction of 3% compared with the 1979 census (Table D9). The main factor for this reduction is the

Table D9: Employment by sector of activity in German retailing (1979-90)

Sectors of activity	Persons employed				Share (%)				Growth (%)	Average annual growth (%)
	1979[a]	1985[b]	1989[c]	1990[c]	1979	1985	1989	1990	1990/79	1989/79
Food, drink and tobacco	628 676	643 400	673 670	679 430	25.9	27.3	27.8	27.5	8.0	0.7
Textiles, clothing, footwear, leather goods	459 576	456 782	451 817	460 436	18.9	19.4	18.6	18.6	0.1	0.0
Non-electrical household equipment	171 014	176 111	186 057	190 376	7.0	7.5	7.7	7.7	11.3	1.0
Electrical appliances	97 934	95 231	91 455	93 326	4.0	4.0	3.8	3.8	−4.7	−0.4
Stationery, books and office supplies	72 177	62 250	65 128	66 421	3.0	2.6	2.7	2.7	−8.0	−0.8
Pharmaceuticals and cosmetics (including chemists)	151 872	151 577	172 186	178 543	6.2	6.8	7.1	7.2	17.6	1.5
Petrol stations, fuel[d]	8 893	7 321	9 341	9 261	0.4	0.3	0.4	0.4	4.1	0.4
Motor trade	241 955	231 401	239 565	239 963	10.0	9.8	9.9	9.7	−0.8	−0.1
Miscellaneous	598 695	526 587	533 981	551 337	24.6	22.3	22.0	22.3	−7.9	−0.7
Total	2 430 792	2 360 660	2 424 207	2 469 093	100.0	100.0	100.0	100.0	1.6	0.1

a. Enterprises with a turnover above DM 12 000.
b. Enterprises with a turnover above DM 20 000.
c. Estimates based on economic statistics (monthly index) from the Statistisches Bundesamt. Indices calculated on businesses with a turnover above DM 250 000.
d. Not including petrol stations owned by oil companies.

Sources: Eurostat; Ifo-Institut calculations, based on sectoral statistics from the Statistisches Bundesamt (HGZ 1979 and 1985)

decline in the number of businesses and local outlets in sectors such as electrical appliances, stationery, and textiles (Section 3.3). In 1985 the food and textile sectors, with 643 400 (27.3%) and 456 782 (19.4%) employees, respectively, accounted for almost half the total employed in retailing.

Current trends in the individual sectors are very similar to those observed in the 1985 census. An extrapolation of 1985 figures compared with 1990, using the economic indicators from the Statistisches Bundesamt, indicates an increase of 108 433 jobs over five years especially in pharmaceuticals and cosmetics, non-electrical household equipment and food, drink and tobacco. Before unification in late 1989, jobs were mainly lost in the textiles, clothing and footwear, and electrical appliances sectors. Figures for 1990 show an increase in employment for these

Table D10: Employment characteristics in German retailing (1987)

	Number of local outlets[a]	Total workforce	Wage and salary earners	Share of part-time workers (%)	Self-employed Owners	Self-employed Family workers
	491 793	2 565 854	2 063 416	29.9	397 555	104 883
Women		1 609 771	1 373 331	41.7	171 442	64 998
Share (%)		62.7	66.6	87.3	43.1	62.0

a. Including warehouses, offices, workshops, etc.

Sources: BAG and HDE, compiled from the census of population and establishments (AZ 1987), Statistisches Bundesamt.

eurostat

Table D11: Retail turnover by sector of activity in Germany (1980-90)[a]

Sectors of activity	Retail turnover (Mio DM)[b]				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80	1990/80
Food, drink and tobacco	95 123	120 070	137 870	157 158	25.3	27.0	25.6	24.4	65.2	5.1
Textiles, clothing, footwear, leather goods	53 482	57 169	67 518	75 544	14.2	12.9	12.6	11.7	41.2	3.5
Non-electrical household equipment	28 765	31 487	36 805	45 961	7.7	7.1	6.8	7.1	59.8	4.8
Electrical appliances	15 329	18 782	23 787	29 923	4.1	4.2	4.4	4.6	96.3	7.0
Stationery, books and office supplies	10 456	12 847	17 792	23 309	2.8	2.9	3.3	3.6	122.9	8.3
Pharmaceuticals, beauty products	24 170	29 659	39 369	44 090	6.4	6.7	7.3	6.8	82.4	6.2
Petrol stations, fuel[c]	8 588	10 014	10 710	13 373	2.3	2.3	2.0	2.0	55.7	4.5
Motor trade	44 722	55 967	79 366	105 586	11.9	12.6	14.8	16.4	136.1	9.0
Miscellaneous	95 257	108 767	124 595	148 196	25.4	24.5	23.2	23.0	55.5	4.5
Total	**375 832**	**444 761**	**537 813**	**643 140**	**100.0**	**100.0**	**100.0**	**100.0**	**71.1**	**5.5**

a. Enterprises with a turnover above DM 20 000, 1990 above DM 25 000.
b. Turnover at current prices and excluding VAT.
c. Including petrol stations owned by oil companies.

Source: Statistisches Bundesamt, UST 1980, 1982, 1984, 1986, 1988 and 1990.

sectors, but the downward trend until 1988 will most probably set in again in 1992 when the consumption boom caused by East Germans peters off.

Although the food sector recorded the largest number of closures, the number of people employed in this sector increased by 8.0% between 1979 and 1990. Jobs lost due to the closure of small shops were more than offset by jobs created in new types of outlets such as specialist chains and hypermarkets (Section 3.7.1). However, most of these were converted into part-time jobs.

The non-food retail sector, which accounts for over 70% of retail employment, is under considerable cost pressure to rationalize its operations and raise labour productivity. The closure of small businesses and company takeovers have led to jobs disappearing in the electrical appliances, stationery and miscellaneous products sectors.

The increase in the number of part-time jobs is one of the factors contributing to the rise in retail employment since 1985. In recent years, part-time employment has risen mainly in the food sector and among women and young people (Table D10). According to the 1987 general census nearly 800 000 employees, or 29.9%, worked part-time in retail trade; in 1970 the proportion was only 16%. A further encroachment of part-time jobs on full-time jobs is expected. This will occur mainly in the food sector and in the textile, clothing, and footwear sector as family firms continue to lose market share to integrated and diversified companies (food and specialist chains, department stores).

The high proportion of women employees is another significant characteristic. In 1987, 63% of persons engaged (67% of full-time employees) in the retail trade were women, which is 23 points above the average of 40% for all economic sectors. The proportion of women among part-time employees was even higher at 87%. Conversely, women were underrepresented in the wholesale trade, where they accounted for only 34% of persons engaged.

The increase in part-time jobs and in the number of women employees observed in Germany are part of a phenomenon that is widespread in all EC countries including those where trade is less concentrated (Italy, Spain). Women have always had a strong presence in German retail trade, either as employees or as family workers. Unification provides an opportunity to increase commercial activity (Section 3.5) throughout the country. This could boost male and female employment despite technical progress.

3.5 Retail activity in Germany

3.5.1 Turnover by sector and size

Turnover increased from DM 375.8 billion in 1980 to DM 643.1 billion in 1990 (at current prices and excluding VAT), an increase of 71% (Table D11) which reflects the 10-year economic boom. The average annual growth rate was therefore over 5% by value or 2 to 3% by volume. It was above 7% (by value) in some sectors such as motor trade; stationery, books and office supplies; and electrical appliances. According to BAG and HDE estimates, retail turnover rose by 6% (4% in constant prices) in 1991, but did not attain the exceptional growth rate of 9.6% in value (7.1% in constant prices) in 1990 following unification. The DM 600 billion threshold was exceeded in 1990, but actual sales (especially of luxury products) will only increase fractionally in 1992 and 1993 due to higher inflation and lower disposable incomes in eastern Germany.

All sectors experienced growth in turnover, but some changes in household consumption pattern meant that certain sectors grew more than others. Demand focused on consumer durables such as cars, new electronic products (video-recorders, camcorders, compact disc players, computers), and cosmetics. This is reflected in above-average growth since 1980 in the following sectors: motor trade (+136%); stationery, books and office supplies (+123%); electrical equipment (+96%); pharmaceuticals, beauty products (+82%).

Growth slowed down in the food, textile and clothing, and fuel (including petrol stations) sectors.

Many non-food retailers modernized their stores and management methods. They benefited from innovative presentation

Table D12: Concentration by turnover category[a] in German retailing (1988)

Turnover category (DM)	% of businesses	Cumulative turnover in %
< 250 000	47.50	3.90
250 000-1 million	81.90	16.90
1-10 million	98.80	46.60
10-25 million	99.60	55.50
25-100 million	99.93	64.90
100-250 million	99.96	69.20
> 250 million	100.00	100.00

a Enterprises with turnover above DM 20 000 including all petrol stations.

Source: Eurostat, based on UST 1988 Statistisches Bundesamt.

Table D13: Concentration by sector of activity in German retailing (1950-88)

	Food retailing			Non-food retailing			Total retailing		
Year	0.1%	1.0%	10.0%	0.1%	1.0%	10.0%	0.1%	1.0%	10.0%
	of enterprises achieve ...% of the turnover								
1950	11.2	20.2	43.2	14.3	27.0	55.4	–	–	–
1962	21.7	30.3	50.8	26.6	41.4	66.8	–	–	–
1970	28.7	40.2	60.3	30.5	45.7	70.6	29.9	43.9	67.2
1980	44.1	55.9	73.2	28.6	43.8	70.4	33.2	47.4	71.2
1984	54.1	65.3	79.4	28.9	45.0	71.9	35.8	50.6	74.0
1988	58.5	69.5	82.8	29.3	45.7	73.2	36.9	51.9	75.7

Sources: BAG and HDE, based on UST, Statistisches Bundesamt.

techniques (e.g. in-store boutiques in department stores) and the 'voluntary chain' and 'franchising' formula.

In Germany, cooperation is very well developed between small specialist retailers who hold a market share of over 50% in some sectors (Section 3.6). Affiliation raised productivity of small businesses and their competitiveness *vis-à-vis* hypermarkets and department stores. According to the Institut für Handelsforschung, labour productivity in specialist retail outlets is increasing each year. Turnover per person employed was around DM 286 000 in 1990 compared with DM 111 000 in 1970 (see also Table D1).

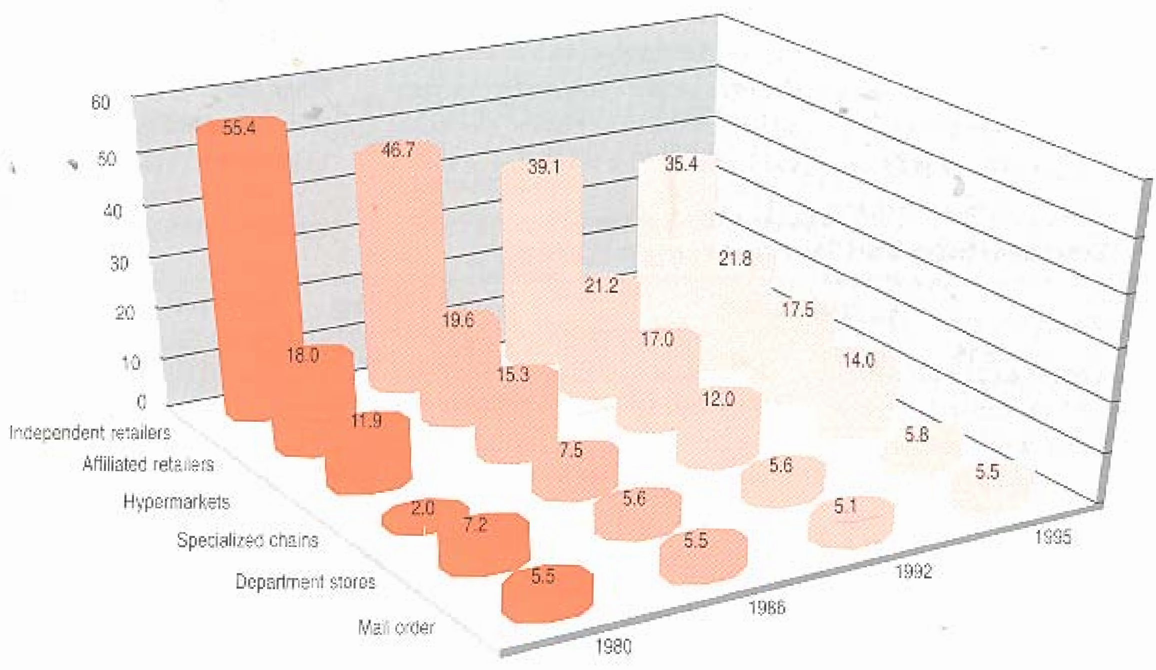
The concentration level, already high for European standards, strongly increases with the turnover size class in the food and non-food sectors. In 1988, businesses with a turnover of DM 1 million and above accounted for only 1% of retail businesses but generated 53% of cumulative retail turnover (Table D12). Concentration was intense in food retailing where 1% of businesses accounted for almost 70% of total turnover. In the non-food sector concentration is less marked but still apparent. The market shares in 1988 were as follows: 29.3% for 0.1% of businesses, 45.7% for 1% of businesses, and 73.2% for 10% of businesses (Table D13).

3.5.2 Turnover by type of outlet

Analysis of the retail trade by type of outlet shows the importance of large-scale operators specializing in the sale of low-priced mass-consumption products. Specialized chains, often under the control of large concerns, also captured a significant share of the retail market which used to be dominated by small traditional businesses.

In 1980, independent retailers still accounted for 55.4% of total turnover (Figure D1). Their share dropped to 46.7% in 1986 and is expected to fall below 40% after 1992. The highest increase between 1980 and 1995 will be found in specialist chains (from 2% to 14%) and food superstores (from 12% to 17.5%). The market shares of department stores and mail-order houses are static at between 5 to 6%, and could even fall under the 5% mark, if diversification efforts towards new types of outlets and new markets fail. Department stores and mail order are discussed in Section 3.7.2.

Figure D1: Market shares (in %) by type of retailer in Germany (1980-95)



Sources: Eurostat, based on Ifo-Institut data.

Table D14: Development of specialist chains in Germany (1988, 1993)

Sectors of activity	Turnover in Mio DM 1988	Turnover in Mio DM 1993[a]	Growth rate (%) 1993/88	Share of specialist chains (%) 1988	Share of specialist chains (%) 1993[a]
DIY, hardware	32 000	40 300	26	33.8	35.0
Drugstores	10 400	12 600	21	20.9	23.5
Consumer electronics	18 300	22 000	20	6.2	14.0
Electrical appliances	12 700	14 950	18	3.9	9.0
Self-assembly furniture	4 300[b]	4 750	10	30.7	35.0
Gardening	12 300	13 600	11	20.9	23.5
Household textiles	16 750	18 760	12	12.0	13.7
Toys	4 150	4 800	16	8.0	25.0
Car parts	25 000	29 000	16	5.0	13.5
Footwear	14 100	15 800	12	9.9	15.5
Clothing	32 500	36 300	12	4.3	6.0
Babycare products	2 700	3 030	12	7.0	9.5
Sports goods	7 300	8 150	12	8.2	10.0
Office and computer equipment	32 200	40 500	26	2.5	4.0
Lighting	1 650	2 020	22	2.0	9.7

a. Forecast.
b. The total furniture market was worth DM 24.3 billion in 1988.

Source: BBE-Fachmarktreport 1989.

Large food hypermarkets reached saturation point in western Germany; potential for expansion mainly exists in the eastern *Länder* where demand is still far from being satisfied and new shops can be opened (Section 3.7.1). There is still considerable potential for expansion for specialist chains despite restrictions on available space in conurbations and a fall in demand in certain sectors. Non-food chains are currently experiencing the fastest growth in Germany. They are present in many different sectors and now cover all areas of day-to-day and durable consumption. This type of outlet is dominated by two department store companies that offer a very wide range of products (Kaufhof and Hertie) and by the large diversified food groups (e.g. Metro, Asko, Rewe).

A 35% increase between 1988 and 1993 is forecast for the DIY and self-assembly furniture sectors (Table D14). According to the market research firm Nielsen, in 1990

Table D15: Turnover by product category in German retailing[a] (1988)

Sectors of activity	Total turnover[b]	Retail sales	Live animals	Raw materials	Food, drink	Textiles, clothing	DIY tools, domestic appliances	Furniture, antiques	Electrical appliances	Stationery supplies	Cleaning products, detergents	Cars, cycles
	in Mio DM		Share (%)									
Food, drink and tobacco	150 014	142 609	0.5	0.2	87.5	1.9	1.6	0.1	0.5	2.0	5.5	0.1
Textiles, clothing, footwear, leather goods	69 140	67 574	0.0	0.0	0.2	96.3	1.3	0.5	0.6	0.2	0.3	0.5
Non-electrical household equipment	37 238	35 683	0.5	0.3	0.4	4.4	22.8	64.0	2.0	0.9	0.2	4.4
Electrical appliances	17 873	16 456	0.0	0.0	0.0	0.2	7.1	0.6	90.9	0.4	0.0	0.7
Stationery, books and office supplies	10 355	9 730	0.0	0.0	2.4	0.3	0.1	0.2	4.1	92.7	0.2	0.0
Pharmaceuticals and cosmetics (including chemists)	36 851	35 099	0.2	0.1	2.3	1.3	0.2	0.0	0.5	0.2	94.4	0.7
Petrol stations, fuel[c]	8 042	6 605	0.0	94.8	1.5	0.0	0.1	0.0	0.1	0.1	0.0	3.0
Motor vehicles, motorbikes, bicycles and accessories	78 946	53 161	0.0	7.3	0.2	0.2	0.4	0.0	0.1	0.0	0.0	91.9
Miscellaneous	116 107	110 214	3.8	7.5	20.0	22.9	14.0	3.5	18.5	2.9	4.3	2.3
Total	**524 565**	**488 132**	**1.1**	**4.0**	**30.5**	**19.5**	**5.8**	**5.6**	**7.8**	**3.2**	**9.6**	**13.0**

a. Enterprises with turnover above DM 250 000.
b. Including other retail trade activities (sale of products manufactured by the enterprise, wholesaling, services).
c. Excluding petrol stations owned by oil companies.

Source: Statistisches Bundesamt, sectoral statistics (Collection No 6, series No 3.2, 1988).

Figure D2a: Share (in %) of affiliated retailers in sales and supply markets in Germany (1986)

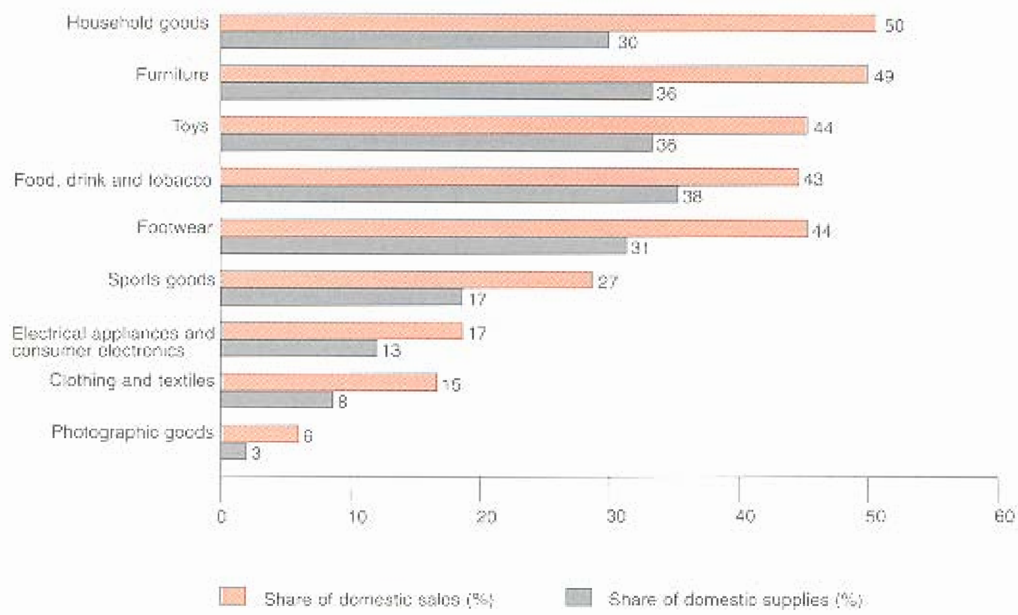
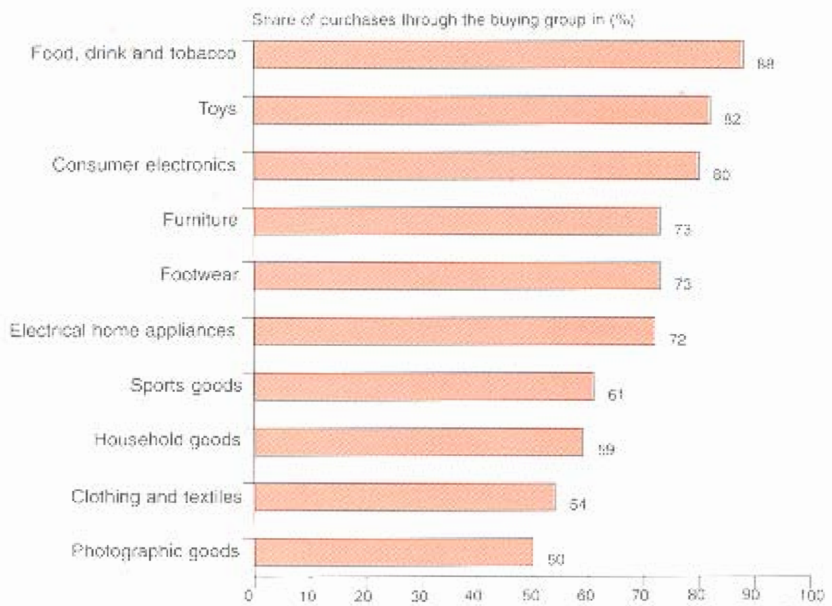


Figure D2b: Purchasing concentration of affiliated retailers in Germany (1986)



Source: Calculations and estimates by the Ifo-Institut there were around 1 300 DIY chains of more than 1000 m^2 with an overall turnover of DM 11 billion. These stores are mainly owned by large retail concerns such as Rewe (Jumbo), Tengelmann (Obi), and Metro. Other high-growth sectors are office and computer equipment, lighting, drugstores, and consumer electronics.

3.5.3 *Turnover by product category*

Specialist retailers hold an important position in German retailing. Estimates from the Ifo-Institut indicate that affiliated and independent specialist retailers will jointly account for about 60% of total turnover in 1992 (see also Figure D1). This share will certainly fall to 57% in 1995 in the face of competition from superstores and specialist chains. However, specialization is still a dominant characteristic of German retail trade (Table D15). In most sectors more than 90% of sales are generated from products related to the main activities. Even in the food sector, which is the most diversified, 87.5% of sales are still accounted for by food and drink.

Table D16: Number of large-scale German food stores (1966-92) [a]

Year (at January 1)	Number of stores	Sales area (Mio m^2)
1966	54	0.24
1967	77	0.32
1968	227	0.76
1969	366	1.34
1970	430	1.78
1971	576	2.30
1972	628	2.72
1973	638	2.83
1974	757	3.53
1975	863	4.13
1976	971	4.60
1977	1 085	5.04
1978	1 210	5.35
1979	1 276	5.54
1980	1 323	5.76
1981	1 359	5.96
1982	1 381	6.07
1983	1 419	6.20
1984	1 481	6.45
1985	1 522	6.53
1986	1 561	6.72
1987	1 572	6.87
1988	1 583	7.04
1989	1 635	7.24
1990	1 656	7.45
1991 [b]	1 657 (+58)	7.50 (+0.23)
1992 [b]	1 677 (+177)	7.53 (+0.57)

a Outlets > 1 500 m^2
b New Länder in brackets

Source: DHI, 1992

3.6 Cooperation and affiliation movements in German retailing

Small retailers are pooling resources through affiliation and close cooperation to face competition from large retail and wholesale concerns. The most developed forms of affiliation in Europe are to be found in Germany and the Netherlands (Part II, Chapter 10). Cooperation strategies improve the competitive position of members through economies of scale in supplies, sales promotion, finance, and even litigation.

Cooperation between retailers in marketing and sales is more or less significant depending on the sector. For example, 50% of sales of household goods and 49% of furniture sales are made through affiliated retailers, who ensure 30% and 36% of supplies (Figure D2a). The market share held by affiliated retailers in other sectors (e.g. food, clothing, toys, sports goods) is smaller but still significant.

Affiliated retailers have made net gains over non-organized trade in both food and non-food sectors since 1978. The concentration level for purchase depends on the sector. It is highest in the food sector where only 12% of purchases are made

Table D17: Number and sales area of large-scale German food stores by size category (at 1 January 1992)

Size category (m^2)	Number of stores		Share (%)	Sales area (1 000 m^2)		Share (%)
Large stores [a]	Old *Länder*	New *Länder*		Old *Länder*	New *Länder*	
1 500-2 499	671	68	39.8	1 259	121	17.0
2 500-3 999	361	64	22.9	1 106	200	16.1
4 000-4 999	160	21	9.8	701	88	9.8
Total large stores						
1 500-4 999	**1 192**	**153**	**72.5**	**3 066**	**409**	**42.9**
2 500-4 999	**521**	**85**	**32.7**	**1 807**	**288**	**25.9**
Very large stores [b]						
5 000-6 999	202	14	11.7	1 173	78	15.4
7 000-9 999	147	8	8.4	1 203	64	15.6
10 000 and above	136	2	7.4	2 083	23	26.0
Total very large stores	**485**	**24**	**27.5**	**4 459**	**165**	**57.0**
Total large-scale stores	**1 677**	**177**	**100.0**	**7 525**	**574**	**100.0**
Total large-scale stores > 2 500 m^2	**1 006**	**109**	**60.1**	**6 266**	**453**	**83.0**

a. Verbrauchermärkte (1 500-4 999 m^2)
b. SB-Warenhäuser (> 5 000 m^2)

Source: Eurostat, based on DHI 1992

directly by members without using a central buying office. The most well-known retail cooperatives in the food sector include Rewe, Edeka, Spar, and Markant, each of which have several thousand shops throughout Germany. According to the Ifo-Institut, the percentage of goods ordered through a central office is more than 70% for the following products: food, toys, consumer electronics, furniture, footwear and electrical equipment. There is less concentration – but still over 50% – in sports and household goods, textiles and clothing, and photographic equipment (Figure D2b).

A form of cooperation which is increasingly popular in Germany is franchising. Cooperation is based on a detailed contract defining the responsibilities of both parties: training, operational, and advertising support to be provided by the franchisor in return for a royalty on sales to be paid by the franchisee.

The German franchise federation, Deutscher Franchise Verband (DFV), estimates that there are already more than 260 franchisors and around 12 500 franchisees in Germany, with a total turnover of DM 13 billion. Half the franchises are members of the DFV. Unification gave additional impetus to the already dynamic franchising formula. The number of franchises is expected to increase by 25% or 2 000 (of which 880 in eastern Germany) by 1992-93. In addition, German franchisors plan to expand into East European countries where franchising could serve to set up efficient distribution systems rapidly and thus provide essential training and an attractive range of goods and services.

3.7 Large-scale retailing in Germany

Large retail concerns are diversifying into promising sectors (e.g. hardware and clothing chains, computers and electronic equipment) and already control large shares of a retail market that has become highly complex and segmented. These enterprises mainly operate in the

Table D18: Geographical distribution of large-scale German food stores (at 1 January 1992)

Nielsen regions	Number of stores	Share (%)	Sales area (1 000 m²)	Share (%)	Population (%)
Nielsen 1 (Schleswig-Holstein, Hamburg, Niedersachsen, Bremen)	383	20.7	1 518	18.7	15.3
Nielsen 2 (Nordrhein-Westfalen)	473	25.5	2 049	25.3	21.6
Nielsen 3a (Hessen, Rheinland-Pfalz, Saarland)	272	14.7	1 578	19.5	13.1
Nielsen 3b (Baden-Württemberg)	251	13.5	1 102	13.6	12.1
Nielsen 4 (Bayern)	271	14.6	1 216	15.0	14.1
Nielsen 5 (Berlin)	40	2.2	92	1.2	4.3
Nielsen 6 (Brandenburg, Sachsen-Anhalt, Mecklenburg-Vorpommern)	79	4.2	243	3.0	9.7
Nielsen 7 (Sachsen, Thüringen)	85	4.5	301	3.7	9.8
Total Germany	**1 854**	**100.0**	**8 099**	**100.0**	**100.0**

Sources: Nielsen, DHI, 1992

Table D19: Average workforce in large-scale German food stores (at 1 January 1992)

Size category (m²)	Average workforce per store: Total	Full-time	Part-time	Ratio Full-time/ part-time	Sales area/ employee (m²)
Large stores [a]					
1 500-2 499	41	21	20	51 : 49	45
2 500-3 999	58	31	27	53 : 47	50
4 000-4 999	80	46	34	58 : 42	52
Total large stores	**60**	**33**	**27**	**55 : 45**	**49**
Very large stores [b]					
5 000-6 999	100	57	43	58 : 42	54
7 000-9 999	136	84	52	62 : 38	58
10 000 and above	190	108	82	57 : 43	64
Total very large stores	**142**	**83**	**59**	**58 : 42**	**60**
Total large-scale stores	**75**	**42**	**33**	**56 : 44**	**51**

a. Verbrauchermärkte (1 500-4 999 m²)
b. SB-Warenhäuser (> 5 000 m²)

Source: DHI, 1992.

following types of outlets: superstores and hypermarkets; specialist chains; department stores; and mail order houses.

Retail groups normally pursue an aggressive policy of horizontal diversification. Hypermarket chains and discount stores have significant interests in department stores or mail order houses (e.g. Metro controls the Kaufhof department stores). Similarly, businesses operating department stores have majority shareholdings in mail order houses or specialist chains (e.g. Karstadt controls the Neckermann mail order network; the Wenz mail order house belongs to Kaufhof).

3.7.1 *Large-scale grocery retailing in Germany*

The food sector is dominated by large groupings which often have a turnover of several billion German marks. Their growth in the future will depend on their ability to diversify into the non-food sector which for some of them already accounts for up to 70% of turnover. Figures from DHI show that, at the beginning of 1992, there were 1 677 large stores in the western *Länder* and 177 in the eastern *Länder*. The number of new stores and total sales area have both increased markedly since 1966 (Table D16). The real boom period was from 1966 to 1977 when the number of stores soared from 54 to 1 085. Since 1985, growth rates have remained fairly low (a single store was opened between 1990 and 1991 in the western *Länder*) and received a boost only after unification.

As of 1 January 1992, there were 739 establishments (39.8%) in the size category under 2 500 m^2. These establishments cannot be considered as hypermarkets as defined by most other European countries such as France where the category starts at 2 500 m^2. In this case, there would be 606 stores with a sales area between 2 500 m^2 and 4 999 m^2 *(Verbrauchermärkte)* and 509 stores exceeding 5 000 m^2 *(SB-Warenhäuser)* in the old and new *Länder* altogether. The proportion of sales area accounted for by the *SB-Warenhäuser* was 57%, although only 27.5% of stores fall into this category. Of all categories, stores exceeding 10 000 m^2 had the highest proportion of sales area at 26% (Table D17).

An analysis of regional distribution of large stores shows the significance of Nordrhein-Westfalen (473 large stores) which alone forms the Nielsen 1 region. Bayern (271 large stores) and Baden-Württemberg (251 large stores) are the other large *Länder* which form the Nielsen 4 and 3b regions, respectively (Table D18). Among the eastern *Länder*, Sachsen and Thüringen already have around 52% of hypermarkets and 55% of total sales area. At 1 January 1992, eastern Germany already accounted for almost 7% of German hypermarket sales area; one year before, its share had been only 3%.

Average staff levels range from 41 in small hypermarkets (< 2 500 m^2) to 190 in very large stores (> 10 000 m^2). Over 40% of jobs in large stores are held by part-time employees (Table D19). The full-time/part-time ratio is almost balanced, moving towards more full-time jobs as the sales area increases (from 50% in small outlets to around 60% in very large stores). Sales area per employee is highest in stores exceeding 10 000 m^2.

Non-food items are gaining importance in all sizes of hypermarkets, even the smaller ones with less than 2 500 m^2 (Table D20). As in the case of the proportion of part-time jobs, that of food products falls as the size of the hypermarket increases. For stores of 10 000 m^2 and above, the percentage of food products accounts for only 27% of the range, or around 13 000 items out of a total of almost 50 000.

As of 1 January 1992, the 10 largest businesses operating hypermarkets controlled 48.8% (45% at 1 January 1991) of total sales area with only 30.9% (26% at 1 January 1991) of the stores (Table D21). The Metro/Massa and Asko/Schaper groups together held 20.5% of the sales area (1 660 000 m^2) and 11% of the stores (204).

3.7.2 *German department stores and mail order houses*

Traditional department stores have been trying for some years to modernize and diversify, but their market share remains static at less than 6% compared with over 7% in the early 1980s (see also Figure D1). This type of outlet faces pressure from three sources: food discount stores (e.g. Aldi, Penny, Plus) that move into city centres; superstores in out-of-town areas; and exclusive specialist shops selling high-quality goods.

Various strategies were pursued in an attempt to overcome problems of positioning and to exploit profitable market niches. Certain companies started developing in-store boutiques and providing innovative services (travel agencies, financial services) to a more wealthy and far more demanding clientele. Other companies invested in specialist chains, with varying degrees of success. For example, the Kaufhof company already

Table D20: Articles sold in large-scale German food stores (at 1 January 1992)

Size category (m^2)	Average number: Food products	Average number: Non-food products	Average number: Total	Products per m^2	Share of products (%): Food products	Share of products (%): Non-food products
Large stores [a]						
1 500-2 499	5 925	8 872	14 797	8.1	40	60
2 500-3 999	8 084	13 378	21 462	7.4	38	62
4 000-4 999	8 875	22 732	31 607	7.6	28	72
Total large stores	**7 628**	**14 994**	**22 622**	**7.6**	**34**	**66**
Very large stores [b]						
5 000-6 999	10 991	25 281	36 272	6.7	30	70
7 000-9 999	11 072	28 707	39 779	5.0	28	72
10 000 and above	13 163	36 305	49 468	4.1	27	73
Total very large stores	**11 742**	**30 098**	**41 840**	**4.9**	**27**	**73**
Total	**8 314**	**16 958**	**25 272**	**6.6**	**33**	**67**

a. Verbrauchermärkte (1 500-4 999 m^2).
b. SB-Warenhäuser (> 5 000 m^2).

Source: DHI, 1991.

earns about 60% of its turnover from activities other than those of traditional department stores, such as mail order, specialist retailing, wholesale, financial services.

Opportunities in the eastern *Länder* seem to augur well for the department stores and will allow them to improve their market share in a united Germany. They are already taking the initiative from privatization schemes of the *Treuhandanstalt* to create a strong presence in eastern Germany. The 14 eastern German Centrum department stores (Section 3.8) are now controlled by three western German groups: Kaufhof (five stores), Karstadt (six stores), and Hertie (three stores). The Horten company signed a cooperation agreement with the State-owned Konsument chain to transfer organizational and

Table D21: The 10 leading German hypermarket [a] operators (at 1 January 1992)

Company	Stores: Number	Stores: (%)	Sales area: (1 000 m^2)	Sales area: (%)
Metro/Massa	106	5.7	982	12.1
Asko/Schaper	98	5.3	678	8.4
AVA	76	4.1	358	4.4
Allkauf	67	3.6	414	5.1
Lidl & Schwarz	58	3.1	278	3.4
Promohypermarkt	48	2.6	390	4.8
Kathreiner	44	2.4	195	2.4
Rewe & Co.	39	2.1	200	2.5
Wertkauf	20	1.1	255	3.2
Globus	17	0.9	204	2.5
Total Top 10	**573**	**30.9**	**3 954**	**48.8**
Total large-scale food stores	**1 854**	**100.0**	**8 099**	**100.0**

a. Large-scale stores above 1 500 m^2

Source: DHI, 1992.

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technical know-how for renovating 14 department stores.

A breakdown of turnover by department stores shows that in recent years there has been a clear increase in the proportion earned from services and miscellaneous products to the detriment of traditional textiles and food products (Table D22).

Mail order is more common in Germany than in any other country in the world. The United States comes a close second, but France and the United Kingdom are far behind. This form of retailing had a turnover of DM 35 billion in 1991 and has for many years held 5.5% of the retail sector (Section 3.5.2). Average per capita spending on goods purchased from catalogues is DM 500 per annum.

The quality and presentation of these catalogues are becoming highly sophisticated. Trade association statistics show that there are 5 000 businesses issuing around 300 million catalogues per annum (1990), an average of 10 catalogues per German household. The catalogue is the mail order house's 'showcase' and determines whether millions of German marks have been correctly invested. Large mail order 'generalists' (Quelle, Otto, Neckermann, Schöpflin) also send out a wide range of specialist catalogues to reach a specific client base (e.g. modern working women, young people interested in sport) and to reduce production and postage costs.

Textiles and clothing account for two-thirds of the total turnover of the mail order sector. Massive orders from eastern Germany caused supply problems that were resolved only recently. Unification gave an added boost to the mail order market which is expected to last until 1995. The German mail order sector grew by 17% between 1989 and 1990 and by 22% between 1990 and 1991.

Mail order is a highly profitable sector and many businesses are showing interest in it. Small mail order houses which often need financial support may belong to

Table D22: Product range of leading German department stores (1985-91)

	Year	Textiles	Food products and catering	Furniture and domestic appliances	Others [a]	Total
Karstadt group	1991	35.7	15.4	20.6	28.3	100.0
	1989	33.4	18.1	21.3	27.2	100.0
	1988	33.6	18.9	21.0	26.5	100.0
	1987	34.2	19.9	20.1	25.8	100.0
	1986	33.4	20.8	20.4	25.4	100.0
	1985	32.8	21.3	20.9	25.0	100.0
Kaufhof group	1991	43.0	14.5	17.6	24.9	100.0
	1989	40.4	13.3	19.8	26.5	100.0
	1988	44.6	14.7	20.3	20.4	100.0
	1987	47.8	16.3	16.5	19.4	100.0
	1986	47.1	18.5	16.1	18.3	100.0
	1985	43.7	21.5	16.4	18.4	100.0
Hertie group	1991	43.3	14.8	20.2	21.7	100.0
	1989	39.6	16.0	14.7	29.7	100.0
	1988	40.7	18.6	17.9	22.8	100.0
	1987	39.9	18.9	18.9	22.3	100.0
	1986	40.3	20.4	18.1	21.2	100.0
	1985	39.8	21.6	17.9	20.7	100.0

a. Including services.

Source: DHI, based on company annual reports either of the two sector leaders (e.g. the clothing specialists Peter Hahn and Schwab are owned by Quelle and Otto, respectively), or to department stores (e.g. Karstadt owns Neckermann, Kaufhof owns Wenz and Reno).

3.7.3 *Leading German retail groupings*

In 1992, Tengelmann was the largest retail group in Germany with a worldwide turnover of almost DM 46.7 billion, followed by Metro (DM 46.3 billion worldwide), and Rewe (DM 41.4 billion). Karstadt owns the most powerful chain of department stores which are located in all major German towns. Its turnover in 1992 exceeded DM 17 billion. Kaufhof is the second biggest department store operator with a turnover of DM 15.5 billion. The mail order houses Otto and Quelle were in sixth and tenth position with a turnover of DM 20 billion and DM 15 billion, respectively (Table D23).

Massive purchases by East Germans after unification led to a rapid rise in the turnover of mail order houses and of department stores selling a wide variety of goods. In 1990 and 1991, Otto's turnover increased by 33.8% and 24.8%, Quelle's by 22% and 16.8%, and Karstadt's by 15.9% and 13.9%. The turnover of 7 of the 19 top German retail groups exceeded DM 20 billion. Apart from Mann, none of the groups mentioned here suffered a fall in sales compared with 1990/91.

The leading retail groups are expected to expand their international activities dramatically in future (Figure D3). They already have a strong presence on Western markets. The food groups Tengelmann, Metro, Asko, and Aldi have owned

Table D23: Top 19 German retail groupings (1991, 1992)

Rank		Turnover (bn DM) 1992	Growth (%) 1992/91	Employees (1 000) 1991	Food share (%) 1991
1	Tengelmann-Gruppe, Mülheim	46.7	10.6	191.3	77
	Tengelmann Deutschland	20.7	21.9	77.9	–
	Kaiser's Kaffee	6.4	49.4	–	–
2	Metro-Gruppe, Düsseldorf	46.3	13.1	–	28
	Metro Deutschland	19.2	5.5	–	–
	Kaufhof AG, Köln	15.5	22.0	58.7	–
	Massa	5.8	14.1	–	–
	Kaufhalle AG	2.2	9.5	10.6	–
3	Rewe-Gruppe, Köln	41.4	14.4	150.0	85
	Rewe Bad Homburg	24.4	9.7	69.0	–
4	Aldi-Gruppe, Essen-Mülheim	27.4	38.4	–	90
5	Edeka-Gruppe, Hamburg	26.6	13.0	–	87
	Edeka Zentrale AG	18.6	16.0	–	–
	Edeka Handelsgesellschaft, Minden	3.4	33.7	–	–
6	Otto Versand, Hamburg	20.1	24.8	42.0	–
	Otto Deutschland	13.1	17.5	–	–
7	Spar-Gruppe, Schenefeld	20.0	35.5	–	87
	Spar Handels AG	11.8	40.3	29.2	–
8	Asko-Gruppe, Saarbrücken	19.9	32.1	65.6	66
	Coop AG, Frankfurt	4.7	11.9	–	–
9	Karstadt Konzern, Essen	17.2	13.9	78.9	12
	Karstadt AG	11.2	7.5	67.0	–
	Neckermann Versand AG	3.3	38.7	8.4	–
10	Schickedanz Unternehmensgruppe	17.1	15.5	50.0	–
	Großversandhaus Quelle, Fürth	14.7	16.8	42.4	–
11	Lidl & Schwarz, Neckarsulm	8.1	47.3	17.4	90
12	Allkauf SB-Warenhaus, Mönchengladbach	6.2	16.5	12.5	51
13	Hertie Waren-und Kaufhaus, Frankfurt	6.0	1.3	31.3	15
14	KG Dortmund-Kassel, Dortmund	3.3	14.1	11.8	87
15	Nanz-Gruppe, Stuttgart	3.2	18.5	10.0	74
16	Mann-Gruppe, Karlsruhe	3.1	– 1.6	–	33
17	Horten, Düsseldorf	3.0	5.9	15.3	8
18	F. W. Woolworth Co. GmbH	2.9	3.8	16.0	–
19	Kaufring AG	2.9	17.6	1.6	–

Source: Eurostat, based on company annual reports and trade press.

multiple outlets in the United States for many years. Attention is now being focused eastwards. Even smaller enterprises operating department stores, such as Hertie, are starting to discover eastern Europe. Quelle, the largest mail order house in Europe and one of the largest in the world, is already well established throughout eastern Europe and the ex-Soviet Union.

3.8 Retailing in the eastern *Länder*: past and present

Trade in East Germany was part of a complex and heavily regulated system. Its main function was to ensure logistic support and distribution of products considered essential to the functioning of a state-controlled economy. Efficient distribution and attractive presentation of consumer goods were not a priority for East German macroeconomic planners.

Production resources were first allocated to investment in heavy industry at the expense of private consumption and the modernisation of the retail sector. Wholesaling of industrial goods became the most vital distribution sector as it was supposed to assist industry in attaining planned targets. Retail trade, which is by definition geared to final consumption, was neglected and considered far less important than in West Germany. Trade in general came under the aegis of the Ministry of Trade

Figure D3: International expansion of German retail groupings (1992)

Company	B	DK	E	F	GR	I	L	NL	P	UK	A	S	SF	N	CH	BG	CSFR	PL	HO	YU	USSR	USA	HK	JAP
Aldi	●	●		●		●		●		●	●							●				●		
Allkauf	●		●						●															
Asko-Schaper							●	●			●				●	●			●		●			
Hertie																	●		●			●		
Horten													●										●	
Karstadt	●			●				●							●						●			
Kaufhof	●	●	●	●		●	●	●		●	●	●		●	●									
Lidl & Schwarz				●		●																		
Metro-Gruppe	●	●	●	●	●	●		●	●	●	●				●		●		●			●		
Norma				●						●														
Quelle			●	●						●	●					●		●	●		●	●	●	●
Schlecker			●	●				●			●													
Spar AG								●				●					●				●			
Tengelmann				●		●		●		●	●						●	●	●			●		

EEC (B–UK) · EFTA (A–CH) · ECO (BG–USSR) · Overseas markets (USA–JAP)

Source: Eurostat, based on M & M Eurodata.

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Table D24: Structural and regional data on East German retailing (1988)

Länder	Local outlets [a]			Employees [b]		Sales area (m^2)		
	Total	Per 10 000 inhabitants	Per km^2	Total	Per shop	Total	Per shop	Per 10 000 inhabitants [c]
East Berlin	3 932	31	9.8	31 309	8.0	403 000	102	315
Brandenburg	11 833	45	0.4	47 423	4.0	816 000	69	309
Mecklenburg-Vorpommern	9 330	48	0.4	40 352	4.3	648 000	69	330
Sachsen	24 422	50	1.3	92 779	3.8	1 519 000	62	310
Sachsen-Anhalt	12 409	42	0.6	49 938	4.0	873 000	70	294
Thüringen	11 486	43	0.7	43 792	3.8	745 000	65	278
Total	**73 412**	**45**	**0.7**	**305 592**	**4.2**	**5 005 000**	**68**	**305**

a. Shops only.
b. Full-time and part-time staff.
c. 1989 population.

Source: Statistisches Bundesamt

and Tourism and sometimes other collective bodies were also involved (e.g. the association of consumer cooperatives).

The following description concerns the situation prior to monetary union in June 1990. Most of the retail organizations have since been swept away by events. But it is useful to understand how they functioned as such an analysis can serve as a basis for future comparison. The next set of official statistics on trade in the eastern *Länder* will be published after the planned census (1993).

Shop ownership and types of outlets were typical of a collective system in a planned economy. 'Socialist' trade was in the main controlled by the State. It comprised of three categories:

- **Collective retail trade**

This type of retail trade was controlled by the Ministry of Trade and Tourism and listed 230 businesses with around 22 000 local sales outlets (including 7 500 restaurants), 16 variety stores (Centrum), and 24 hotels (Inter-Hotels).

- **Retail trade run by consumer cooperatives**

There were 200 consumer cooperatives with 30 000 local sales outlets including several hundred specialist shops (Konsum), 15 department stores (Konsument), and 6 000 restaurants. These cooperatives also owned production facilities.

- **Other types of socialist trade**

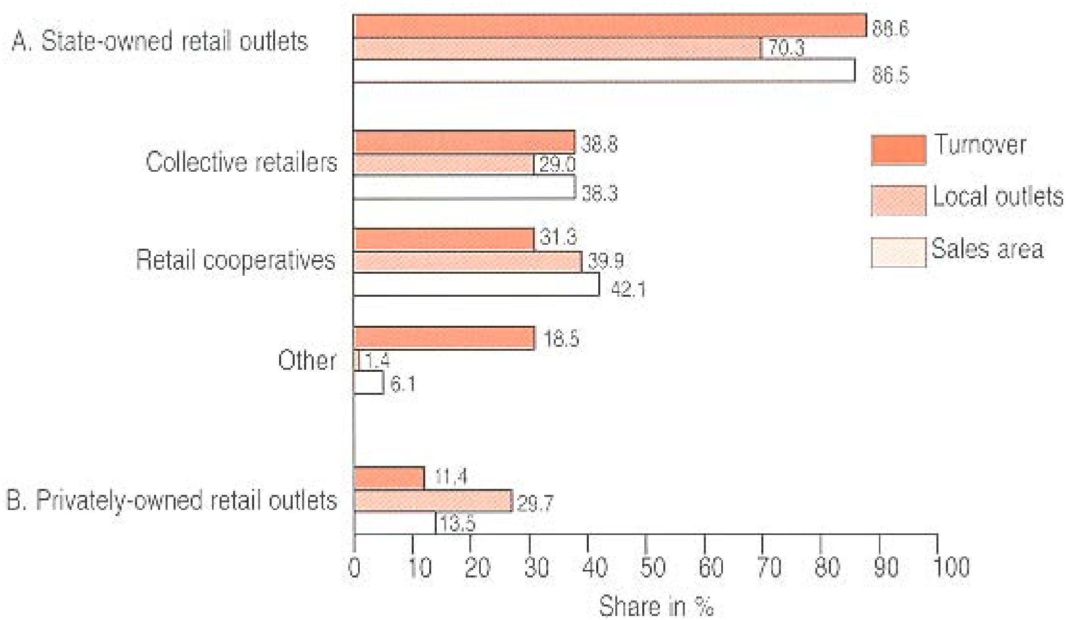
These include several 'combines' *(Kombinate)* such as Minol (petrol stations) and Ifa (sale of cars and spare parts) as well as pharmacies, general bookshops, and shops for electrical equipment, DIY, and gardening articles. Goods were often sold in rudimentary, disorderly warehouse-shops. The combines were not controlled by the Ministry of Trade and Tourism but by the ministry in charge of their main activity.

Socialist trade accounted for 88.6% of turnover, 70.3% of outlets, and 86.5% of sales area. Private trade had been increasing slightly since 1987 and accounted for almost 30% of the shops but only 11.4% of turnover and 13.5% of sales area (Figure D4).

The most recent census in 1988 showed that the East German retail trade listed 73 412 local sales outlets, 305 592 employees, and around five million m^2 of sales area. Shop density by square kilometre was highest in East Berlin and Sachsen (Table D24).

The retail trade situation has changed completely since unification and monetary union. The arrival of powerful western German commercial groups brought about the collapse of the old organizations. A subsidiary of the *Treuhandanstalt* deals with rapid privatization of more than 11 000 businesses and cooperatives in the

Figure D4: Retail trade structure in former East Germany (1988)



Source: Handelshochschule Leipzig; Ifo-Institut

distributive trade, hotel and catering sectors. Almost all large and profitable East German retail groups have been privatized.

Large western German retailers have made a large number of acquisitions in recent months. Currently, Edeka, Rewe, and Metro (which, among others, owns Kaufhof department stores and Massa food chains) are the major investors, followed by Aldi, Tengelmann, Karstadt, Asko, and Spar. Rewe, Spar, and Edeka already control around 500 shops each throughout the eastern *Länder*.

Buying and modernizing existing shops, and constructing new superstores and hypermarkets involve heavy investments. But unification and a high demand in eastern Germany have enabled several food groups to increase their sales by up to 15% per annum.

Development of the non-food sector is driven by the following retail formats: department stores, mail order houses, and large-area specialists (especially DIY). Several agreements relating to technical cooperation (joint ventures), and transfer of technology and know-how have already been signed between eastern German retailers and western German small and medium-sized enterprises (SMEs). Although SMEs do not have the same financial resources as the large groups, they can contribute significantly to the restoration of trade in eastern Germany.

According to the Ifo-Institut, investment in German trade (retail and wholesale) amounted to an estimated DM 30 billion in 1991. Investments will concentrate on modernizing shops, introducing innovative technology (laser-scanning electronic check-outs, credit cards, automation of warehouses), improving warehouses, and providing intensive training of local staff. A large part of these investments will focus on the eastern *Länder*.

The construction, in 1992, of a fully automized warehouse near Leipzig by Quelle is an outstanding example of such an investment. This logistics centre, which cost about DM 1 billion and created 3 500 new jobs, is equipped to handle and dispatch 25 million parcels annually and is among the largest in Europe. The central location of Leipzig, its reputation as a trade-fair town and the availability of a large female workforce were the main considerations that prompted Quelle to select this site.

Many hypermarkets are trying to promote eastern German products to help local

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industries. The Rewe food chain, for example, hopes to generate 25 to 30% of its total turnover from eastern German products. This company already employs more than 10 000 staff and will soon take on 600 trainees in the eastern *Länder*, where its turnover is assumed to have already reached DM 2.5 billion in 1991.

Small retailers in eastern Germany are struggling to survive in the face of this competition. Their sales area is too small (less than 100 m² for almost 90% of local retailers) to compete with the large businesses that are attacking their market on all sides. A Nielsen forecast predicts that the number of local food outlets in eastern Germany will decline by 25 000 in 1992 and by another 18 000 before the year 2 000. Turnover in the food sector will increase from DM 13 to 14 billion in 1992 to DM 50 billion in the year 2 000.

Despite existing problems eastern German retail trade is well placed to succeed, with technical assistance from western companies. Prospects are very good in view of an ever-growing demand. Tourism from East and West will also have a beneficial effect. Therefore, excellent investment opportunities exist for dynamic European retail groups ready to establish themselves firmly in this pivotal region of Europe with a high potential for long-term growth and development.

Annex D: Statistical sources and data-collection methods

Official statistics on German retail trade are derived from five types of surveys of businesses or local units.

1. Biennial turnover statistics (Umsatzsteuerstatistik, UST)

These are most recent statistics on the number of businesses and their turnover date from 1988 and are compiled from the tax returns filed by the businesses for their main activity. The survey covers all businesses with an annual turnover above DM 20 000 (DM 25 000 from 1990). Tax returns may sometimes overlap when there are two taxpayers for one business after it is bought by a new owner: they may also include businesses that have ceased trading in the survey period. It is, however, difficult to quantify the margin of error compared with a census. In addition, all petrol stations, including agencies of petroleum companies, are classified as retail trade in the survey period. The main advantage of this statistical system is that the surveys are carried out at regular intervals. Interannual comparisons can be made on the basis of a continuous series of statistics collected between censuses. *Umsatzsteuerstatistik* was therefore used for the 'number of businesses' and 'turnover' variables (Sections 3.3.1 and 3.5) in preference to the most recent sectoral census (HGZ) of 1985.

2. General census of the population and establishments (Arbeitsstättenzählung, AZ), 1987

In Germany, a population census is often accompanied by a census of all economic establishments, with a special study of the employment situation. The last general census took place in 1987. These statistics include even very small establishments (with a turnover below DM 20 000), commercial establishments attached to industry, and non-commercial local units such as warehouses, administration offices, and garages. All petrol stations, including those that are agencies of petroleum companies, are classified in the retail trade sector. For reasons related to compatibility and comparability, the 1987 general census was not considered for analysing the 'local outlet' variable (Section 3.3.2). It is, however, a good source of statistics for studying 'part-time work' and 'working women' (Section 3.4).

3. Sectoral census of trade and restaurants (Handels- und Gaststättenzählung, HGZ), 1985

This sectoral census of trade and restaurant businesses takes as its basic statistical unit the business classified according to its main activity. The most recent census was conducted in 1985; the next one, which will include the eastern *Länder*, will be carried out in 1993. Bakeries, butchers' shops, and petrol stations that are agencies of petroleum companies are not considered retail trade in this census. The agencies are classified as commercial intermediaries, and the bakeries and butchers as craft businesses. Statistics on the 'number of local outlets' (Section 3.3.2) and 'employment' (Section 3.4) variables were derived from the sectoral census. It is also the only statistical system that provides a detailed regional breakdown of local outlets and describes changes in 'sales area' (Section 3.3.2). The 1985 census covered businesses with a turnover higher than DM 20 000; in the previous census (1979) the threshold was DM 12 000.

4. Monthly surveys of trading businesses with a turnover exceeding DM 250 000

These figures published by the Statistisches Bundesamt (Collection No 6, Series No 3 on trade, catering, and tourism) do not provide significant information in terms of 'number of businesses' because of the DM 250 000 threshold: according to HGZ 1985 the sample survey covers 52% of businesses, 96% of turnover and 87% of persons employed. The results of this monthly survey are used to produce an annual analysis which includes among others information on 'turnover by product category' (Section 3.5.3).

5. Structural comparison of retail trade in eastern and western Germany

This recent publication (1991) from the Statistisches Bundesamt contains 1988 statistics on the 'number of local outlets', 'sales area', 'employment', and 'turnover' variables with their breakdown according to different sectors of activity (Section 3.8). These statistics date from before June 1990 when privatization and large-scale buy-outs by western German businesses began. These data will serve as a basis for systematic monitoring of retail trade in the eastern *Länder*.

For further reading

1. Deutsches Handelsinstitut (DHI), Köln, 'Dynamik im Handel', *Handel aktuell 1990*. Various other publications.
2. Hauptverband des Deutschen Einzelhandels (HDE), Bundesarbeitsgemeinschaft der Mittel- und Großbetriebe des Einzelhandels e.V. (BAG), Köln, *Vademecum des Einzelhandels 1990*.
3. Institut für Wirtschaftsforschung (IFO), München, *Der Handel in der Bundesrepublik Deutschland*, Batzer E., Lachner J. and Meyerhöfer W., München, 1991. Various other publications.
4. Institut für Handelsforschung, Köln, 'Betriebsvergleiche der Einzelhandelsfachgeschäfte 1989'.

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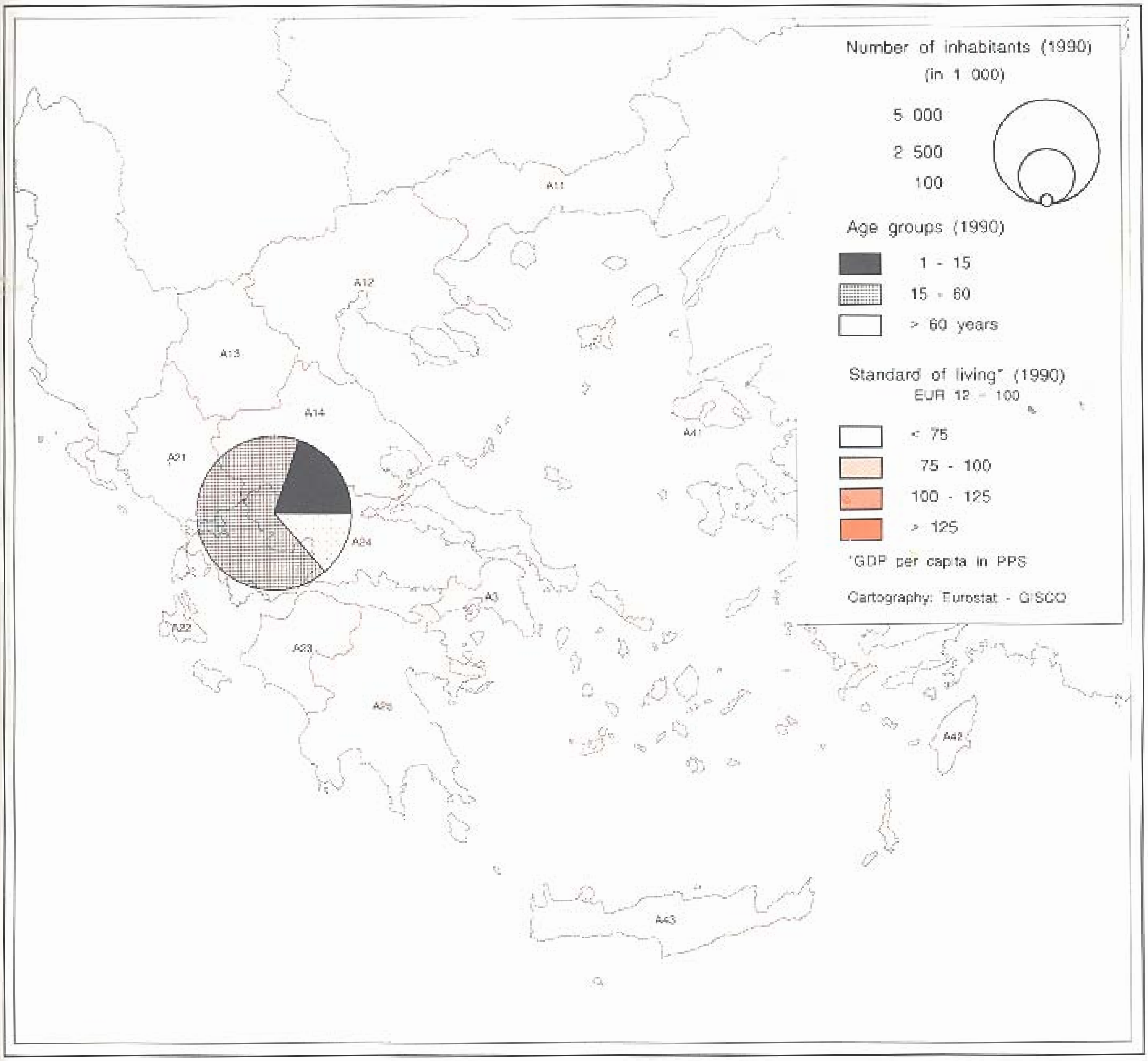
4 Retail trade in Greece



NUTS 2 REGIONS

A11	ANATOLIKI MAKEDONIA, THRAKI	A22	IONIA NISIA	A41	VOREIO AIGAIO
A12	KENTRIKI MAKEDONIA	A23	DYTIKI ELLADA	A42	NOTIO AIGAIO
A13	DYTIKI MAKEDONIA	A24	STEREA ELLADA	A43	KRITI
A14	THESSALIA	A25	PELOPONNISOS		
A21	IPEIROS	A3	ATTIKI (NUTS 1)		

4.1 Introduction and key statistics

Greece joined the European Community in 1981. Since then, its economy has been steadily improving to match that of its EC partners. However, the performance of its distribution sector has fluctuated over the years. Most recently, the political upheavals in former Yugoslavia have started preventing a free flow of goods by road and rail from the rest of Europe. The retail sector is already feeling the impact. Any analysis of the sector should therefore consider these events although official statistics do not cover the period after 1988.

Key statistics on Greek retailing are presented in Table GR1.

Table GR1: Key statistics for retail trade in Greece (1988, 1990)

Criteria	Absolute value	Statistical source
Number of establishments	184 821	NSSG 1988
Total employment	338 133	NSSG 1988
Women	147 311	
Part-time workers	na	
Wage and salary earners	na	
Turnover (bn DR)	5 000 [a]	Eurostat 1990
Turnover per person employed (Mio DR)	14.8	
Capital expenditure (Mio DR)	27 929.2	NSSG 1988
Investments per employee (Mio DR)	7 625	

a. Estimate (ECU 1 = DR 250)

Source: National Statistical Service of Greece (NSSG).

4.2 Role of commerce in the Greek economy

In 1988, distributive trade accounted for 13% of GDP. The great importance is also reflected in the number of establishments (Table GR2). The most recent census carried out in 1988 by the National Statistical Service of Greece (NSSG) recorded 215 541 commercial establishments, of which 184 821 (85.7%) were in retailing. In 1988, the sector employed 453 536 persons (12.8% of total employment); retailing alone accounted for 9.5% of this total.

Retail trade in Greece, as in most countries, includes motor trades (car dealers, petrol stations). Supermarkets form a separate category in the national classification. In contrast with practice elsewhere, the NSSG considers the local unit or 'establishment' rather than the enterprise as the statistical unit in its quadrennial census. But the number of

Table GR2: Role of commerce in the Greek economy (1988)

	Value	Share (%)
(a) Share in the number of establishments		
Total establishments	na	na
Total establishments in distributive trades	**215 541**	**100.0**
Wholesale trade	**30 720**	**14.3**
Food	14 760	
Non-food	15 960	
Retail trade	**184 821**	**85.7**
Food	109 127	
Non-food	75 694	
(b) Share in employment		
Total resident population	10 046 000	
Total employment	3 543 800	100.0
Persons employed in distributive trades	**453 536**	**12.8**
Wholesale trade	**115 403**	**3.3**
Retail trade	**338 133**	**9.5**
(c) Share in value added [a] (million DR)		
Gross domestic product	6 546 674	
Gross value added of the distributive trades sector	**851 672**	**13.0**

a. At market prices

Source: NSSG

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enterprises is close to that of establishments because of low concentration and predominance of individual businesses. Therefore, official Greek retail statistics can still be compared with those from other EC countries, which are based on enterprises.

4.3 Retail establishments and regional distribution in Greece

During the 1984-88 period, the number of establishments remained at around 185 000 (Table GR3). It was much lower in 1978, when the number of establishments was 160 599.

In 1988, food, drink and tobacco shops still held the highest market share (29%) in spite of a loss of 5 points. The main reasons for the reduction of food store outlets are rationalization efforts, introduction of new technologies and expansion of medium-sized and large supermarkets, which almost doubled during 1984-88.

Textiles, clothing, and footwear retailing, with 19.5% became the second most important retail sector in 1988 after having increased its share by 3.6 points in 4 years. This upward trend is likely to continue in spite of strong competition, as the capital base required to open new specialty stores is comparatively low and Greek consumer expenditure for apparel and shoes is relatively high. Establishments in this sector grew by 22.6% between 1984 and 1988. Other high-growth sectors were pharmaceuticals and cosmetics (+ 20%), and motor trade (+ 5.4%).

Table GR3: Number of retail establishments by sector of activity in Greece (1984, 1988)

Sectors of activity	Number of establishments 1984	1988	Share (%) 1984	1988	Growth (%) 1988/84
Supermarkets	635	1 046	0.3	0.5	64.7
Food, drink, and tobacco	62 962	53 535	34.0	29.0	– 15.0
Textiles, clothing, footwear, leather goods	29 439	36 100	15.9	19.5	22.6
Non-electrical household equipment	20 840	20 982	11.2	11.3	0.6
Electrical appliances	6 166	6 393	3.3	3.4	3.6
Stationery, books, and office supplies	14 041	14 571	7.5	7.8	3.8
Pharmaceuticals and cosmetics	6 954	8 350	3.7	4.5	20.0
Petrol stations, fuels	6 734	7 082	3.6	3.8	5.1
Motor trade	6 700	7 063	3.6	3.8	5.4
Miscellaneous	30 392	29 667	16.4	16.0	– 2.3
Mixed retailing, large-scale distribution	29	32	0.0	0.0	10.3
Total	**184 892**	**184 821**	**100.0**	**100.0**	**0.0**

Source: NSSG.

Table GR4: Number of retail establishments by legal form in Greece (1988)

Number of persons employed	Total	Sole proprietorship	Partnership	Public limited company	Private limited company	Other [a]
0-4	179 477	147 323	28 357	1 167	1 499	1 131
5-9	4 010	693	2 328	478	386	125
10-19	879	39	282	343	141	74
20-49	369	4	43	238	57	27
50-99	61	–	2	55	2	2
> 100	25	–	1	22	2	–
Total	184 821	148 059	31 013	2 303	2 087	1 359
Share (%)	100.0	80.1	16.8	1.2	1.1	0.8
Share 1984 (%)	100.0	84.4	12.9	1.0	0.9	0.8

a. Including cooperatives and State shops.

Source: NSSG

Table GR5: Geographical distribution of retail establishments in Greece (1988)

Departments	Supermarkets	Food, drink, and tobacco	Textiles, clothing, footwear	Household equipment	Stationery, books, office supplies	Pharmaceuticals, cosmetics	Petrol stations, fuel	Motor trade	Miscellaneous	Mixed retailing, large-scale distribution	Total	Share (%)
Central Greece	517	17 021	16 865	12 451	6 275	4 008	2 149	3 230	13 645	20	76 242	41.3
Peloponnissos	85	6 637	2 937	2 459	1 214	666	688	622	2 331	–	17 841	9.7
Ionian Islands	30	1 859	612	454	210	133	125	105	1 079	1	4 608	2.5
Ipiros	20	2 141	848	699	437	194	227	171	688	–	5 425	2.9
Thessalia	60	4 165	1 940	1 731	1 122	593	706	508	1 436	1	12 264	6.6
Makedonia	209	12 893	8 369	6 123	3 457	1 888	2 023	1 685	5 586	6	42 238	22.8
Thraki	19	1 859	910	832	441	195	332	166	556	–	5 310	2.9
Aegean Islands	46	3 484	1 860	1 241	627	297	217	195	2 174	2	10 133	5.5
Kriti	60	3 476	1 759	1 386	788	364	413	321	2 171	2	10 760	5.8
Total	1 046	53 535	36 100	27 375	14 571	8 350	7 082	7 063	29 867	32	184 821	100.0

Source: NSSG.

The predominant legal form (Table GR4) is the sole proprietorship (80.1% in 1988), far ahead of partnerships with 16.8%. These two legal forms usually employ 0 to 4 persons per outlet and are run by individual owners and their family members on a small scale. Limited companies are rare in Greece.

Most retail establishments (41%) are located in central Greece (76 242 in 1988), of which three-quarters are in Greater Athens alone (Table GR5). The second most important region is Makedonia with 42 239 establishments (23%) in 1988; the main centre of activity is Thessaloniki.

Table GR6: Retail establishments by employment size class in Greece (1984, 1988)

Number of persons engaged	Number of outlets 1984	Number of outlets 1988	Share (%) 1984	Share (%) 1988
0-1	116 716	99 045	63.13	53.58
2	52 346	63 834	28.31	34.53
3-4	11 872	16 598	6.42	8.98
5-9	2 894	4 010	1.57	2.16
10-19	696	879	0.38	0.47
20-29	170	220	0.09	0.11
30-49	116	149	0.06	0.08
50-99	59	61	0.03	0.03
100-199	16	19	0.01	0.01
200-499	3	5	–	–
500-999	0	1	–	–
Total	184 892	184 821	100.00	100.00

Source: NSSG.

4.4 Employment in Greek retailing

Greek establishments are typically small and employ only a few people. In 1988, the majority (54%) employed only 1 person, whereas 97% had less than 5 staff members, almost as many as in 1984 (Table GR6). In 1988, only 25 establishments had more than 100 employees. As the number of large stores increases, so does the number of employees per establishment. Out of 100 persons employed in small retail shops, about 70 are owners and 20 are family members; only about 10 are wage and salary earners.

Total retail employment rose by 12.2% between 1984 and 1988 (Table GR7). Supermarkets (+ 73.6%) and textile, clothing and footwear retailing (+29.6%) showed the highest growth rates, which outstripped the increase in the number of establishments. These had increased by 64.7% and 22.6%, respectively (see also Table GR3).

Female and part-time employment are still very low by Community standards,

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Table GR7: Employment by sector of activity in Greek retailing (1984, 1988)

Sector of activity	Persons employed		Share (%)		Growth (%)	Average annual growth (%)
	1984	1988	1984	1988	1988/84	1988/84
Supermarkets	9 938	17 248	3.2	5.1	73.6	14.7
Food, drink and tobacco	90 814	87 815	30.1	25.9	– 3.3	–0.8
Textiles, clothing, footwear, leather goods	53 016	68 720	17.5	20.3	29.6	6.7
Non-electrical household equipment	34 685	38 132	11.5	11.2	9.9	2.6
Electrical appliances	11 306	12 874	3.7	3.8	13.8	2.6
Stationery, books, and office supplies	20 825	23 429	6.9	6.9	12.5	3.0
Pharmaceuticals and cosmetics	11 294	13 779	3.7	4.0	22.0	5.1
Petrol stations, fuels	12 330	14 457	4.0	4.2	17.2	4.1
Motor trade	12 580	13 991	4.1	4.1	11.2	2.7
Miscellaneous	42 571	45 338	14.1	13.4	6.5	1.6
Mixed retailing, large-scale distribution	1 959	2 350	0.6	0.6	20.0	4.6
Total	**301 318**	**338 133**	**100.0**	**100.0**	**12.2**	**2.9**

Source: NSSG.

although they are rising. In 1990, females represented only 44% of the retail workforce. The wage and salary earners in total retail employment (29%) and that of part-time workers in the number of employees (3.3%) were the lowest in the Community.

4.5 Retail activity and large-scale distribution

Official figures are not available for retail turnover in Greece. Approximations can be derived from an analysis of tradable consumption based on the national accounts. Turnover is estimated at ECU 20 billion

Table GR8: Greek food outlets by type (1980-89)

Types	1980	1985	1987	1989
Supermarkets (> 200 m^2)	448	710	829	996
Supermarkets (< 200 m^2)	2 950	3 160	3 468	4 366
Traditional outlets	26 133	22 930	21 845	20 682
Total	**29 527**	**26 800**	**26 142**	**26 044**
Share of large-scale supermarkets (> 200 m^2) in food turnover (%)	**49** [a]	**53**	**55**	**59**

a Eurostat estimate.

Source: Nielsen Hellas.

for 1990. Trade journals and other private sources, such as ICAP Hellas and Nielsen publish annual turnover figures for large food chains.

Despite the large number of retail outlets in Greece, there is a trend towards concentration of turnover, capital and investments among a small number of enterprises, especially in food distribution. Three types of food outlets can be distinguished (Table GR8):

(i) traditional outlets without self-service (20 682 in 1989);

(ii) self-service outlets (small supermarkets) with a sales area of under 200 m^2 (4 366 in 1989);

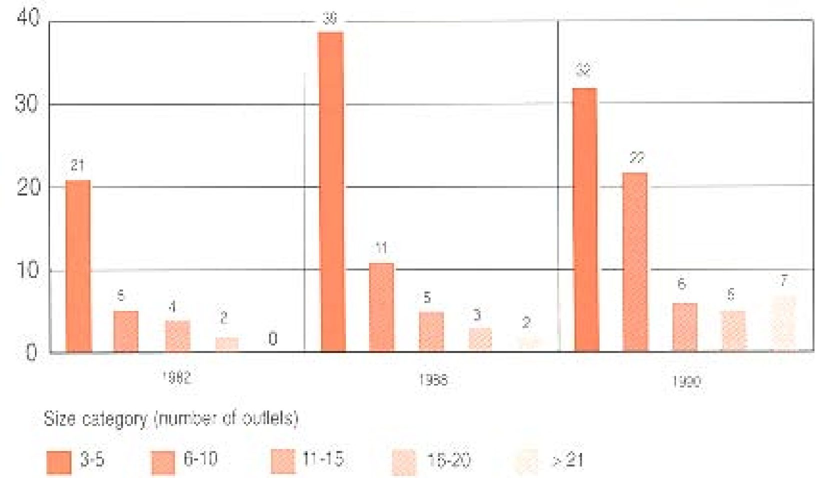
(iii) large self-service outlets (supermarkets) with a sales area exceeding 200 m^2 (996 in 1989).

In 1989, Nielsen recorded 5 362 self-service outlets, almost one-fifth of which had a sales area exceeding 200 m^2. The number of large supermarkets has almost doubled since 1980; they accounted for 60% of sales in 1989. In 1990, there were 72 supermarket chains, most of which operated 3 to 10 outlets (Figure GR1). Ninety-two per cent of supermarkets opened since 1988 belong to chain operators. These supermarkets are mainly run as private limited companies; some also belong to cooperatives, which are often located in rural areas.

Today, supermarkets employ around 18 000 people and sell 50% of all food items in Greece. Their turnover amounted to around DR 1 000 billion in 1990; the 10 largest chains account for 20% of total sales. Pre-tax earnings average between 1.5 and 1.8% of turnover.

Until 1990, supermarkets were mainly Greek-owned with the exception of

Figure GR1: Number of Greek supermarket chains by size category (1982-90)



Source: Eurostat, based on *Self-Service Review* 1990

Table GR9: Top 10 supermarket chains in Greece (1990)

Supermarket chains	Number of outlets	Turnover (Mio DR)	Turnover growth (%) 1990-89	Gross profit (% of sales)
Prisunic-Marinopoulos	24	42 171	32	1.36
Sklavenitis	24	35 639	31	1.61
Hellaspar-Veropoulos	38	26 683	24	2.10
Alfa-Beta-Vasilopoulos	16	19 868	32	2.17
Metro [a]	19	14 842	37	1.26
Tresco [a]	15	11 982	34	3.00
Athena Market	20	11 300	28	4.20
Pente SA	16	7 902	33	5.21
Massoutis	15	8 124	37	0.39
Trofo [b]	14	7 614	33	0.98
Total	**201**	**174 830**	**25**	**1.80**

a. Controlled by the Marinopoulos group
b. Including cash and carry outlets

Source: *Self-Service Review* 1990

Prisunic-Marinopoulos (16% owned by the French chain Printemps) and Hellaspar-Veropoulos (joint venture with International Spar). Recently, more foreign groups have started investing in the Greek retail sector (food and non-food). The French groups Promodès and Continent opened altogether three French-style hypermarkets (> 2 500 m^2; vast non-food assortment) in 1991, two in Athens and one in Thessaloniki. Continent's hypermarket in Athens has a sales area of about 7 000 m^2, operates 45 cash counters and offers a very reduced food range by Greek standards. Asko from Germany runs several Hellas Praktiker do-it-yourself stores. Foreign groups often need to build new 'green-field' outlets, as the choice of large-scale takeover candidates is limited and Greek owners are reluctant to sell.

In 1990, Prisunic-Marinopoulos and Sklavenitis were the biggest groups with a turnover of DR 42.1 billion and DR 35.6 billion, respectively (Table GR9). Hellaspar-Veropoulos ranked third in turnover (DR 26.7 billion), but it controlled the largest chain of stores (38). Turnover growth rates between 1989 and 1990 for the top 10 retail groups exceeded 30% in almost all cases.

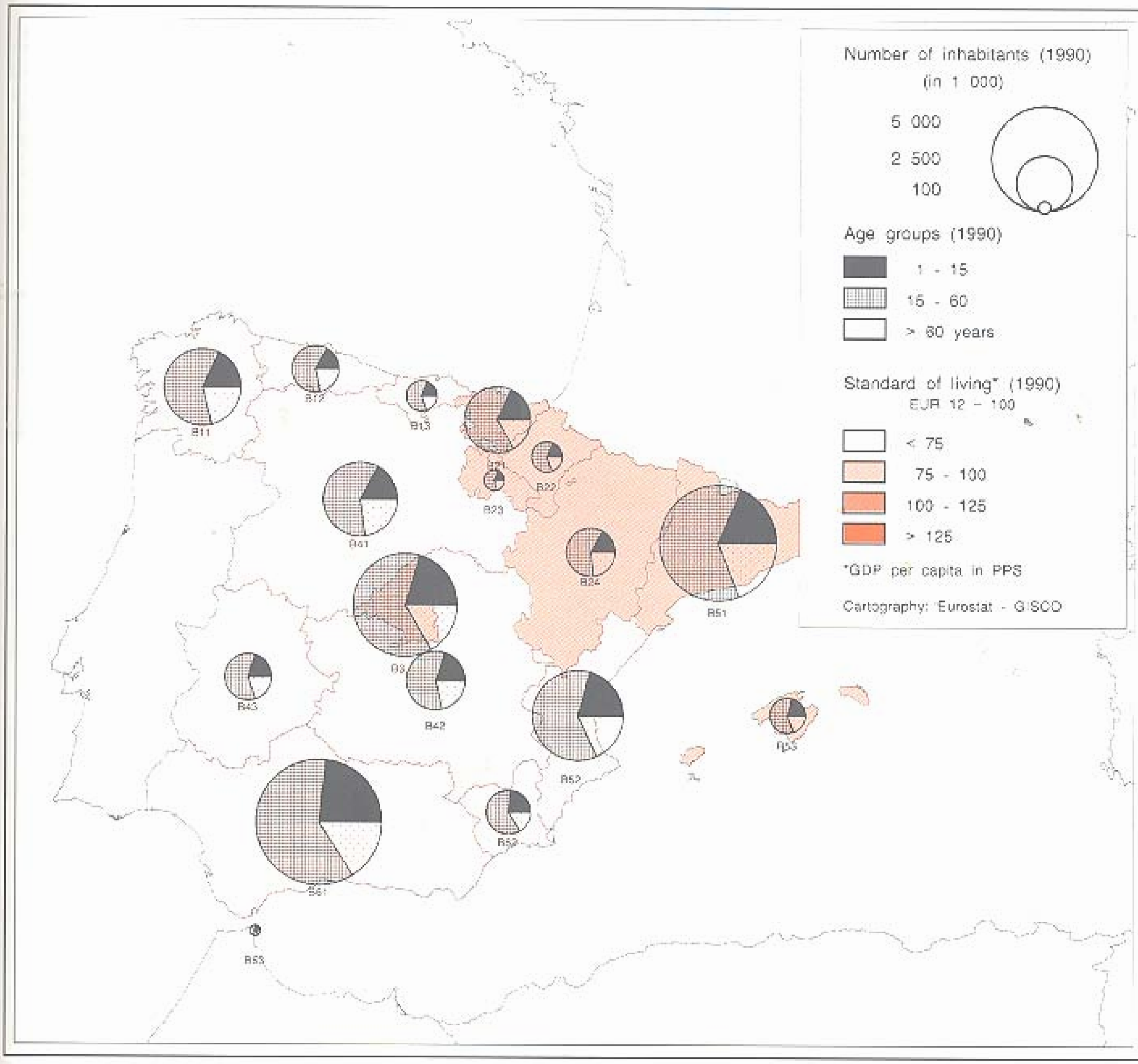
The Greek Supermarket Association predicts good prospects for Greek supermarkets, hypermarkets and large-scale non-food outlets. Growth will be driven by changing consumer habits, which stress quality, vast assortments and 'one-stop' shopping in large stores. New technologies (e.g. electronic cash counters) will also contribute to this expansion. More European groups are expected to consider this promising market in their strategies.

Opportunities also exist for department stores in prime city-centre locations, where Lambropoulos (DR 12.6 billion in 1990) and Minion (DR 9.3 billion in 1990) currently hold the lead.

Annex GR: Statistical sources and data-collection methods

Primary statistics on distributive trade were obtained from the National Statistical Service of Greece (NSSG). These are derived from pluriannual surveys on the manufacturing, handicraft and the distribution sectors, which were conducted in 1978, 1984 and 1988. The statistical unit was the establishment. Other sources for supplementary information (e.g. statistics on large-scale distribution) include ICAP Hellas, Nielsen Hellas and also trade journals, such as *Self-Service Review*.

5 Retail trade in Spain



NUTS 2 REGIONS

B11 GALICIA
B12 ASTURIAS
B13 CANTABRIA
B21 PAÍS VASCO
B22 NAVARRA
B23 RIOJA
B24 ARAGÓN
B3 MADRID
B41 CASTILLA-LEÓN
B42 CASTILLA-LA MANCHA
B43 EXTREMADURA
B51 CATALUÑA
B52 COMUNIDAD VALENCIANA
B53 BALEARES
B61 ANDALUCÍA
B62 MURCIA
B63 CEUTA Y MELILLA
B7 CANARIAS

5.1 Introduction and key statistics

The commercial sector in Spain has changed profoundly over the past two decades. External forces such as foreign investments and initiatives from domestic entrepreneurs are together driving the modernization process towards retail structures similar to those in other EC countries. However, this process will not eliminate certain basic geographic and cultural features that are unique to a southern European country.

Diversity can be observed at European but also at regional level. Increasingly, geographical differences in Europe will need to be analysed from a regional rather than from a national perspective. Interregional comparisons of the Spanish distributive trade sector reflect different characteristics. Retail trade in Mediterranean regions (Cataluña, Valencia, Balearic Islands) differs from that in the North Atlantic regions (País Vasco, Cantabria, Asturias, Galicia) or in the North-Central regions (Castilla-León, La Rioja, Aragón). Major differences also exist between the South (Andalucía) and the Central-South (Castilla-La Mancha, Extremadura) regions.

Private consumption in Spain is also evolving rapidly, owing to the impact of economic development on consumer attitudes and behaviour, and Spain's integration into the EC. While these consumer-driven trends are prompting distributors to adapt their services, the retail trade itself is probably the main factor for changes in consumption and shopping habits. The study and monitoring of the retail structure and its activities has therefore become an essential prerequisite for the formulation of economic policy.

Table E1: Key statistics for retailing in Spain (1987, 1988)

Criteria	Value	Statistical source
Number of enterprises	454 853	ECI 1988
Number of local outlets	523 150	ECI 1988
Total employment	1 006 866	ECI 1988
Self-employed	505 051	
Employees	501 815	
Part-time workers	36 633	
Emoluments paid (Mio PTA)	1 309 381	CN 1987
Turnover (Mio PTA)	10 737 800	ECI 1988
Turnover per person employed (Mio PTA)	10.42	
Gross margin (Mio PTA)	2 151 870	ECI 1988
Gross value added (Mio PTA)	1 737 553	ECI 1988
Gross value added per persons employed (Mio PTA)	2.14	
Investment (Mio PTA)	340 284	ECI 1988
Investment/total employment (Mio PTA)	0.34	

Source: Instituto Nacional de Estadística (INE)
ECI: Encuesta de Comercio Interior.
CN: Contabilidad Nacional.

One of the most relevant issues of Spain's modernization process is the struggle between traditional and modern traders in the domestic market. This dichotomy between traditional and modern outlets has subsisted over the past two decades and still explains the behaviour and performance of the sector. At present, however, actions undertaken by the modern sector are mainly responsible for change. Intense competition for market shares between large groups operating modern formats has introduced a new phenomenon in Spanish retailing. Former barriers to entry in the modern sector, such as advanced technology and know-how, are overcome through concentration and pervasive investments by foreign companies.

Key figures for the Spanish retail trade are presented in Table E1.

5.2 Role of commerce in the Spanish economy

In 1988 more than 500 000 businesses were involved in the distributive trades, of which 91% (454 853) were in retailing and 9% (46 282) in wholesaling (Table E2a). In 1989, the distributive trade sector employed 1 883 000 persons representing 15.4% of the total workforce in Spain (Table E2b). Distributive trades contributed PTA 4 234.2 billion or 13% to total gross value added in 1987, the latest year for which data is available (Table E2c). Around 49% of private consumption is channelled though the commercial sector with services increasing their share annually (Table E2d).

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Table E2: Role of commerce in the Spanish economy (1987-89)

(a) Share in number of firms	Value 1988	Share (%)
Total enterprises	na	na
Total distributive trade enterprises	501 139	100.0
Wholesale trade	46 282	9.2
Food	14 130	
Non-food	32 152	
Retail trade	454 853	90.8
Food	183 430	
Non-food	271 423	
(b) Share in employment (1 000)	1989	(%)
Total resident population	39 542	
Total employment	12 258	100.0
Persons employed in distributive trades	1 883	15.4
of which females	829	
Wholesale trade	450	3.7
of which females	116	
Retail trade	1 434	11.7
of which females	713	
(c) Share in value added (bn PTA)	1987	(%)
Gross national product [a]	36 159.4	
Gross value added of all sectors [b]	32 633.8	
Gross value added of the distributive trade sector [b]	4 234.2	13.0
(d) Tradable consumption	1987	(%)
Private consumption (bn PTA)	24 299	100.0
Tradable consumption	11 913	49.0
Food and drink	6 028	
Tobacco	–	
Clothing and footwear	1 793	
Household equipment	1 377	
Medical and health products	43	
Transport and communications	778	
Leisure, education	769	
Other goods	1 125	
Non-tradable consumption	12 386	51.0

a. At market prices.
b. At factor cost.

Source: INE.

5.3 Retail trade structure in Spain

5.3.1 Retail enterprises and legal status

The only official figures for the number of retail businesses by activity date from 1988. The evolution of enterprises prior to 1988 cannot be reported with complete certainty. In 1988, there were 454 853 retail enterprises, of which 40% were in the food and 20% in the clothing and footwear sectors (Table E3).

Several recent studies, in particular that of the Nielsen retailers panel, indicate a steep decline in the number of small food retailers over the past decade. Small specialized retailers are also disappearing in sectors affected by direct competition from big retail formats (e.g. hypermarkets), such as household and personal care products, hardware, and do-it-yourself (DIY). New trends in consumption and the arrival of new product lines will also play an important role in changing distribution patterns and the structure of the Spanish retail sector. Thus, the number of enterprises belonging to the 'miscellaneous' category is expected to grow reflecting the variety of goods demanded by consumers.

Most retail businesses in Spain (92%) are individually owned, with limited companies accounting for only 5% of all businesses. Food retailing is almost entirely dominated by sole proprietorships. Financial resources needed to meet capital requirements can in most cases still be provided by individual entrepreneurs. However, the legal status of a company has an important role in certain sectors where the retail function becomes more complex and needs larger investments.

Table E3: Number of retail enterprises by legal status in Spain (1988)

Sectors of activity	Number of enterprises	Sole proprietorship	Limited companies	Other
Food, drink and tobacco	180 750	175 801	1 859	3 090
Textiles, clothing, footwear, leather goods	92 313	85 228	4 078	3 007
Non-electrical household equipment	44 810	38 725	4 207	1 878
Electrical appliances	15 918	12 562	2 473	883
Stationery, books and office supplies	25 616	23 183	1 585	848
Personal care products and cosmetics	19 193	18 236	495	462
Chemists	13 518	13 395	–	123
Petrol stations, fuel	2 959	1 685	1 140	134
Motor trade	11 672	7 412	3 515	745
Department stores and self-service	2 727	1 448	763	516
Miscellaneous	45 377	39 895	2 521	1 716
Total	**454 853**	**418 815**	**22 636**	**13 402**
Share (%)	**100.0**	**92.0**	**5.0**	**3.0**

Source: INE, ECI 1988

Very often, therefore, car dealerships, petrol stations, and department stores belong to limited companies.

5.3.2 Retail outlets and regional distribution

The total number of retail outlets was 523 150 in 1988, an 8% decrease compared with 1980 (Table E4). Most closures took place in the food sector, where traditional dealers lost market shares to hypermarkets and big supermarkets. Only a few food specialists managed to keep their share, in particular those dealing in products that are more difficult to integrate by large retail formats or that consumers still associate with smaller, more specialized outlets. Examples are butchers and fish shops, which enjoy a good reputation in Spain.

Table E4: Number of retail outlets by sector of activity in Spain (1980, 1988)

Sectors of activity	Number of outlets 1980	Number of outlets 1988	Share (%) 1980	Share (%) 1988	Growth (%) 1988/80
Food, drink and tobacco	281 823	200 330	49.4	38.0	– 28.9
Textiles, clothing, footwear, leather goods	90 300	105 306	15.8	20.0	16.6
Non-electrical household equipment	57 419	55 142	10.1	11.0	– 4.0
Electrical appliances	19 078	20 450	3.3	4.0	7.2
Stationery, books and office supplies	18 815	24 870	3.3	5.0	32.2
Personal care products and cosmetics	24 848	22 225	4.4	4.0	– 10.6
Chemists	15 934	14 125	2.8	3.0	– 11.4
Petrol stations, fuel	5 106	4 324	0.9	1.0	– 15.3
Motor trade	12 491	15 841	2.2	3.0	26.8
Department stores and self-service	2 456	5 880	0.4	1.0	39.4
Miscellaneous	42 115	54 657	7.4	10.0	29.8
Total	**570 385**	**523 150**	**100.0**	**100.0**	**– 8.3**

Source: INE, ECI 1985.

A high increase (+30%) was recorded by the category 'miscellaneous products' which comprises a wide variety of products ranging from jewellery, toys and sports goods to optical and medical appliances. This trend reflects the differentiation and sophistication of taste among Spanish consumers. Clothing and footwear have also increased significantly in the 1980s (+17%).

Mass merchandising of clothes has begun, but growth so far has been mainly achieved by smaller outlets. There has also been a strong increase in the categories stationery, books and office supplies (32.2%) and department stores and self-service (39.4%). This latter sector of activity resembles only partly the 'mixed retailing' category in countries like France and the United Kingdom. It is very specific to Spanish trade statistics as it also includes self-service supermarket outlets which in other countries would be classified as normal food retailers.

A retail form that is typical for Spain is the market stand. There were around 173 500 market stands in 1988, accounting for roughly 2% of total retail sales (Table E5). A study published in 1989 by the Directorate-General for Internal Trade attached to the Ministry of Economics and Budget put the number of itinerant trades somewhere between 3 900 and 5 000.

Although direct distribution channels such as mail order and direct-selling have been operating in Spain for a long time, so far only a few companies with specific products have been able to succeed. In 1990, 66 mail order and 17 direct selling companies were members of associations. Their turnover was PTA 55 billion and PTA 106.6 billion respectively (Section 5.8).

Table E5: Types of retail outlets in Spain (1988-90)

	Number	Sales (bn PTA)	Year
Shops	523 150	10 580.2 [a]	1988
Market stands	173 500	266.0 [b]	1989
Itinerant traders	3 900–5 000	–	1988
Mail-order firms	66	55.0 [c]	1990
Direct-selling firms	17	106.6 [d]	1990

Sources:
a. INE, ECI 1988
b. Ministerio de Economía y Hacienda (MEH). Secretaría de Estado de Comercio
Dirección General de Comercio Interior, 'Venta no Sedentaria en España', Col. Estudios No 40, Madrid, 1989
c. Only members of Asociación Española
d. Only members of Asociación de Empresas.

Table E6: Geographical distribution of retail outlets in Spain (1988)

Region	Number of outlets	Sales area (m^2)	Average size (m^2)	Share of outlets (%)
Andalucía	86 135	6 061 067	70.4	16.5
Aragón	13 491	1 187 027	88.0	2.6
Asturias	18 252	1 246 104	68.3	3.5
Baleares	13 426	987 994	73.6	2.6
Canarias	24 378	1 840 924	75.5	4.7
Cantabria	8 115	579 080	71.4	1.6
Castilla-La Mancha	16 179	1 266 210	78.3	3.1
Castilla-León	28 056	2 926 559	104.3	5.4
Cataluña	98 366	7 905 501	80.4	18.8
Comunidad Valenciana	57 296	5 141 911	89.7	11.0
Extremadura	12 343	869 374	70.4	2.4
Galicia	35 479	2 993 104	84.4	6.8
Madrid	60 511	5 728 493	94.7	11.6
Murcia	13 231	1 366 758	103.3	2.5
Navarra	5 667	632 433	94.9	1.3
País Vasco	27 091	2 330 673	86.0	5.2
La Rioja	4 123	396 168	96.1	0.8
Total	**523 150**	**43 458 524**	**83.1**	**100.0**

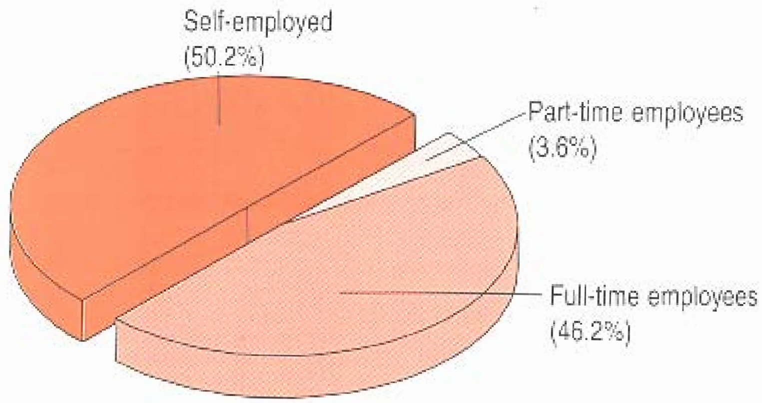
Source: INE, ECI 1988

España

Regional distribution of Spanish retail outlets shows the predominance of four regions: Cataluña (18.8%), Andalucia (16.5%), Greater Madrid (11.6%), Greater Valencia (11%). For all four regions total sales area exceeds 5 million m^2. These regions also hold the highest share of hypermarkets (Table E6).

Accurate data on sales area by sector of activity are not available, but it is commonly known that average store size in Spanish is still very small compared with other EC countries, and is not expected to increase very much in the near future.

Figure E1: Employment characteristics in Spanish retailing (1988)



Source: Eurostat, based on INE data

Table E7: Employment by sector of activity in Spanish retailing (1980, 1988)

Sectors of activity	Persons employed		Share (%)		Growth (%)	Average annual growth (%)
	1980	1988	1980	1988	1988/80	1988/80
Food, drink and tobacco	429 640	273 003	39.2	27.1	– 36.5	– 5.5
Textiles, clothing, footwear, leather goods	168 065	176 009	15.3	17.5	4.7	0.6
Non-electrical household equipment	119 583	100 547	10.9	10.0	– 6.0	–2.1
Electrical appliances	45 964	42 313	4.2	4.2	– 7.9	–1.0
Stationery, books and office supplies	38 003	46 551	3.5	4.6	22.5	2.6
Personal care products and cosmetics	37 338	32 753	3.4	3.2	– 12.3	–1.6
Chemists	32 276	32 267	2.9	3.2	0.0	0.0
Petrol stations, fuel	23 428	20 890	2.1	2.0	– 9.1	–1.4
Motor trade	57 983	78 617	5.3	7.8	35.6	3.9
Department stores and self-service	70 065	123 059	6.4	12.2	75.6	7.3
Miscellaneous	74 658	80 857	6.8	8.2	8.3	1.0
Total	**1 097 003**	**1 006 866**	**100.0**	**100.0**	**– 8.2**	**–1.0**

Source: INE, ECI 1988

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5.4 Employment in Spanish retailing

Total employment in the Spanish retail sector decreased by 90 000 people during 1980-88 (Table E7). The biggest decrease was recorded in food retailing (–36.5%) whose share in total employment fell by 12 points to 27% in 1988. Employment also receded in the following sectors: personal care products (–12%), electrical appliances (-8%) and non-electrical household equipment (–6%).

Self-employment is still quite common in Spanish retailing. In 1980, 62% of the retailers ran their shops themselves without any employees. Eight years later, the estimated share of self-employed in total employment was 50%, which is still high by European standards and reflects the preponderant role of small businesses in the Spanish retail sector (Figure E1).

Table E8: Retail turnover by sector of activity in Spain (1988)

Sectors of activity	Turnover (Mio PTA)	Share (%)
Food, drink and tobacco	1 829 438	17.0
Textiles, clothing, footwear, leather goods	897 082	8.3
Non-electrical household equipment	850 047	7.9
Electrical appliances	469 772	4.4
Stationery, books and office supplies	321 117	3.0
Personal care products and cosmetics	198 986	1.8
Chemists	397 242	3.7
Petrol stations, fuel	885 163	8.2
Motor trade	2 248 109	20.9
Department stores and self-service	2 133 018	19.9
Miscellaneous	507 826	4.9
Total	**10 737 800**	**100.0**

Source: INE, ECI 1988

Table E9: Concentration by turnover category in Spanish retailing (1988)

Sectors of activity	Number of enterprises	< PTA 10 Mio (%)	PTA 10-30 Mio (%)	PTA 30-50 Mio (%)	PTA 50-100 Mio (%)	> PTA 100 Mio (%)
Food, drink and tobacco	180 750	71.8	22.8	3.6	1.3	0.5
Textiles, clothing, footwear, leather goods	92 313	77.5	16.6	3.2	1.7	1.0
Household equipment (electrical and non-electrical)	60 728	58.5	26.7	7.6	4.2	3.0
Stationery, books and office supplies	25 616	77.8	15.7	2.4	2.3	1.8
Personal care products and cosmetics	19 193	75.8	18.6	2.2	2.4	1.0
Chemists	13 518	5.5	55.1	30.8	8.1	0.5
Petrol stations, fuel	2 959	1.5	6.3	3.9	8.3	80.0
Motor trade	11 672	39.9	24.2	8.0	7.6	20.3
Department stores and self-service	2 727	9.0	29.5	12.1	16.9	32.5
Miscellaneous	45 377	76.5	17.5	3.5	2.0	1.5
Total	**454 853**	**68.6**	**21.9**	**4.9**	**2.4**	**2.2**

Source: INE, ECI 1988

5.5 Retail activity and turnover in Spain

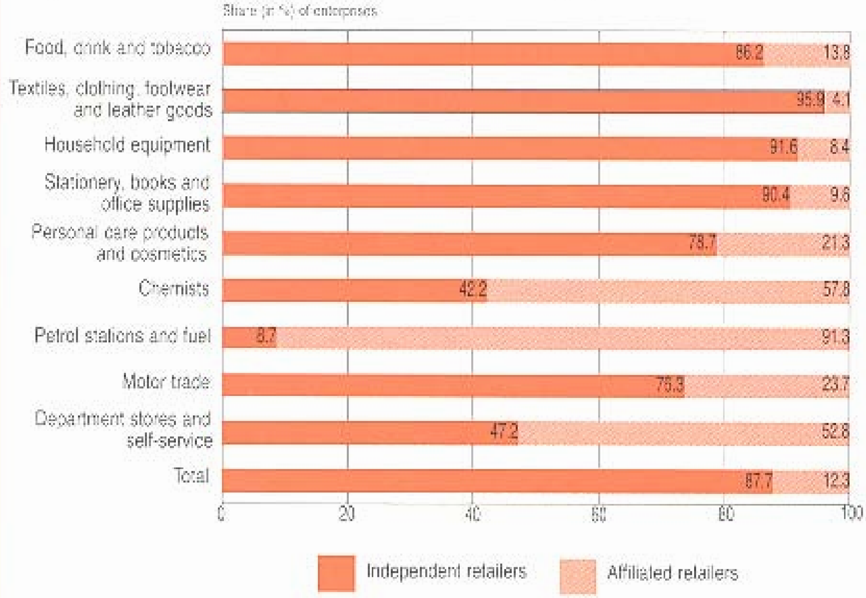
Total sales of the retail sector amounted to PTA 10 738 billion (Table E8) in 1988, the only year for which statistics are available. Car sales held the largest share (21%) followed by department stores and food self-service outlets (20%), and traditional food retailers (17%). These shares differ from those in the number of businesses (Section 5.3.1). Most importantly large and medium-sized self-service stores stole away sales from traditional food retailers.

The distribution of turnover according to size categories highlights the predominance of small-scale enterprises. In 1988, more than two-thirds of all retail businesses generated sales below PTA 10 million and hardly 2% exceeded PTA 100 million (Table E9). Only 1 out of 200 food retailers attained sales of over PTA 100 million while 72% remained traditional food retailers, who could not reach the threshold of PTA 10 million. Sectors with a high share of large-scale outlets (exceeding PTA 100 million) are chains of petrol stations (80%), department stores (32.5%), and car dealers (20.3%).

5.6 Cooperation and affiliation movements in Spanish retailing

The most frequent types of cooperation and association in Spain are: consumer cooperatives, retail cooperatives, and contractual chains controlled by wholesalers (voluntary chains) or manufacturers (franchising). Their growth

Figure E2: Cooperation links in Spanish retailing (1988)



Source: Eurostat, adapted from INE, ECI 1988.

depends on the general competitive environment created by intense concentration and price competition.

In 1988, only around 12% of all retailers formed associations (Figure E2). However, the degree of cooperation varies with the activity and competition intensity. Thus, 86% of clothing and footwear retailers are still independent, as the department stores – their main threat – have not fared well in the past years. However, in the near future the creation of national clothing and footwear chains will force independent retailers into some form of cooperation, particularly franchising agreements with domestic and foreign manufacturers.

The situation is quite different in the highly competitive food sectors, where 14% of traditional retailers cooperate in purchasing or sale to resist extensive penetration by large-scale corporate giants, mainly from France (Section 5.7).

So far, such cooperatives have met with limited success and only delayed closures rather than improved the market position of traditional retailers in the long term. Most contractual chains, especially consumer and retailer cooperatives, and wholesaler-controlled affiliations are being transformed into corporate networks to overcome these limitations.

Other retail sectors with above-average cooperation rates are petrol stations (91%), chemists (58%), department stores and self-service outlets (53%), motor and vehicle sales (24%). In 1988 almost all petrol stations were either franchised or directly owned by the national petroleum company Campsa, which used to have the monopoly over fuel distribution until Spain's entry into the Community. Ever since, national and European oil companies have been allowed to franchise existing stations or open new ones under a national market share agreement.

A large number of chemists also formed cooperatives for physical distribution purposes, which have a supply monopoly in certain regions. Cooperatives are often created to overcome distribution problems as chemists are legally required not to be out of stock of a wide range of drugs.

Cooperation among car retailers is prompted by the spread of dealer franchises which represent almost 24% of the firms. Even household equipment retailers have been joining together lately to face price competition from department stores and hypermarkets.

Table E10: Number of hypermarkets in Spain (1973-91)

Year	Number of stores	Sales area (m^2)	Average sales area (m^2)
1973	1	11 107	11 107
1974	3	16 457	5 486
1975	7	43 896	6 271
1976	13	75 460	5 805
1977	19	119 939	6 313
1978	20	127 814	6 391
1979	24	156 966	6 540
1980	29	201 226	6 939
1981	34	238 540	7 016
1982	42	302 774	7 209
1983	44	313 257	7 119
1984	47	342 157	7 280
1985	59	428 180	7 257
1986	69	491 385	7 122
1987	79	560 535	7 095
1988	86	604 835	7 033
1989	102	709 518	6 956
1990	116	837 193	7 217
1991*	126	914 535	7 258

* 1 October

Source: Distribución Actualidad, 1991

5.7 Large-scale retailing in Spain

Spanish distribution groups find food retailing a profitable activity where economies of scale can be achieved. Most of them run hypermarkets as their core business although they are diversifying towards national supermarket and discount chains, as well as non-food sectors.

5.7.1 Large-scale grocery retailing

Hypermarkets play the main role in changing the pattern of Spanish food distribution. The first hypermarket in Spain was opened in Barcelona in 1973 by Pryca, a company controlled by the French distribution group Carrefour. Since then, the pace of openings has been irregular and three distinct phases can be distinguished.

The 1973-81 period was characterized by a slow but steady growth in the number and average sales area of hypermarkets. The contribution of foreign capital was vital and local authorities and city councils, under pressure by small retailers' and consumers' lobbies, were reluctant to authorize large store openings. The three-year period from 1982 to 1985 was one of economic crisis with companies not willing to invest due to high interest rates and sluggish demand. During this period, only 17 new hypermarkets were opened, bringing the total number of stores to 59. Since 1986, the hypermarket format has become more popular and local authorities have begun seeing hypermarkets as an additional source of income for local councils.

Spanish consumers are getting more used to shopping in large stores and malls, where heavily reduced prices more than make up for a loss in service. Since Spain's entry into the EC, there are more

Table E11: Geographical distribution of Spanish hypermarkets (1991)

Region	Number of stores		Sales area		Average
	Number	Share (%)	(m^2)	Share (%)	sales area (m^2)
Andalucía	32	25.4	242 015	26.5	6 378
Aragón	2	1.6	20 890	2.3	10 445
Asturias	4	3.2	34 838	3.8	8 710
Baleares	4	3.2	24 943	2.7	6 236
Castilla-La Mancha	2	1.6	12 500	1.4	6 250
Canarias	2	1.6	7 500	0.8	3 750
Cantabria	2	1.6	10 809	1.2	5 405
Castilla-León	4	3.2	26 510	2.9	6 628
Cataluña	24	19.0	158 955	17.4	6 623
Extremadura	1	0.8	9 900	1.1	9 900
Galicia	6	4.8	43 921	4.8	7 320
Madrid	14	11.1	113 388	12.4	8 099
Murcia	3	2.4	22 577	2.5	7 526
Comunidad Valenciana	13	10.3	99 820	10.9	7 678
País Vasco	8	6.3	47 102	5.7	5 888
La Rioja	1	0.8	10 050	1.1	10 050
Total	**126**	**100.0**	**913 335**	**100.0**	**7 249**

Source: Distribución Actualidad, 1991

Table E12: Hypermarkets by size category in Spain (1984, 1991)

Size category (m^2)	Number of stores		Share (%)	
	1984	1991	1984	1991
2 500-4 999	9	31	19.0	25.0
5 000-7 499	11	27	23.0	21.0
7 500-9 999	21	43	45.0	34.0
Above 10 000	6	25	13.0	20.0
Total	47	126	100.0	100.0

Source: Distribución Actualidad, 1991

companies with the required financial resources and know-how to operate this kind of store, even in so far apparently marginal locations. At the end of 1991, the number of hypermarkets reached a record figure of 126 outlets with a total sales area of 914535 m^2 (Table E10).

Hypermarkets are distributed more evenly than in the past, when companies exclusively sought locations with high population density and above-average income. The result was an unbalanced spread of hypermarkets in Greater Madrid and in areas with high tourist-density along the Mediterranean coast. The Central and North Atlantic regions, which were always neglected because of their less suitable socio-economic and demographic characteristics, are now being disputed by companies eager to conquer national market shares.

Some regions still have the highest concentration. Andalucía, a popular tourist region, has the highest concentration with roughly a quarter of all Spanish hypermarkets and total sales area (Table E11). It is followed by Cataluña (19% of the stores and 17% of total sales area), Greater Madrid (11% of the stores and 12% of total sales area), and Valencia (10% of all the stores and 11% of total sales area). Together, the four regions have a 65% share in the number of hypermarkets.

Currently, the average sales area of Spanish hypermarkets is 7250 m^2; it has been increasing since the 1970s. The average sales area depends on the type of hypermarket. Since 1984, corporate strategy has focused on the 2 500-4 999 m^2 and the above 10000 m^2 categories. The smaller formats could increase their share by six points to 25% and megastores by even

Table E13: Average workforce in Spanish hypermarkets (1991)

Size category (m^2)	Number of stores 1991	Average sales area (m^2)	Average employment	m^2 per employee
2 500-4 999	31	3 290	83	39
5 000-7 499	27	6 391	237	27
7 500-9 999	43	8 452	314	27
Above 10 000	25	11 222	428	26

Source: Distribución Actualidad 1991

7 points to 20% (Table E12). Intermediary formats are losing importance. This polarization of store size towards small and compact or huge and very diversified outlets will persist in the future, because:

(i) smaller hypermarkets can satisfy non-resident demand in tourist areas (e.g. along the Costa Brava and Costa del Sol) and still cater to a region with limited market potential during the off-season;

(ii) very large stores can be more profitable in terms of sales per m^2 and yield higher returns on investment in shopping centres and leisure parks adjacent to the store.

Total employment in Spanish hypermarkets is currently about 35 000. In 1991, the average number of employees was 83 for the smaller size categories up to 4 999 m^2 and 428 in hypermarkets above 10 000 m^2 (Table E13). Interestingly, intermediate sizes show a similar employment ratio (m^2 per employee) as superstores. Average employment figures mask the increasing importance of part-time labour, mainly among women.

The three leading hypermarket operators in Spain belong to French distribution groups (Table E14). Pryca, owned by Carrefour, is the leader both in the number of stores (26%) and in sales area (30%). A close second is Cecotinsa (owned by Promodès), which operates 22 Continente stores representing a share of 17% of all stores and 20% of total sales area. Alcampo (owned by Auchan) comes third with 18 stores (14% of total stores and 17% of total sales area). Together, these three companies account for 58% of all stores and 67% of total sales area.

Only two Spanish companies have so far managed to resist foreign competition;

Table E14: The 10 leading hypermarket operators in Spain (1991)

Company	Number of stores	Share (%)	Cumulative share (%)	Sales area (m^2)	Share (%)	Cumulative share (%)
Pryca	33	26.2	26.2	277 604	30.4	30.4
Cecotinsa (Continente)	22	17.5	43.7	186 308	20.4	50.8
Alcampo	18	14.3	57.9	156 780	17.2	68.0
Hipercor	9	7.1	65.1	99 500	10.9	78.9
Maxor SA	6	4.8	69.8	16 350	1.8	80.7
Eroski	4	3.2	73.0	25 870	2.8	83.5
Bon Preu	3	2.4	75.4	12 210	1.3	84.8
Simago	3	2.4	77.8	11 355	1.2	86.1
H. Valme	2	1.6	79.4	9 500	1.0	87.1
Hipercadiz	2	1.6	81.0	10 200	1.1	88.2
Total	**126**			**913 335**		

Source: Distribución Actualidad, 1991.

Table E15: Top 10 Spanish retail groupings (1990)

Rank	Group	Main activity	Turnover (Mio PTA)	Employment	Sales/ employee (Mio PTA)
1	El Corte Inglés	Department stores	660 000	37 000	17.84
2	Pryca	Hypermarkets	295 836	9 550	30.98
3	Cecotinsa (Continente)	Hypermarkets	227 000	9 000	25.22
4	Alcampo	Hypermarkets	183 000	7 800	25.07
5	Mercadona	Supermarkets	125 000	3 300	13.44
6	Hipercor	Hypermarkets	110 000	4 700	23.40
7	Galerias Preciados	Department stores	98 051	8 600	11.40
8	Eroski	Consumer cooperatives	73 860	2 488	29.69
9	Simago	Variety stores	72 200	3 100	23.29
10	Digsa	Supermarkets	70 000	2 700	25.93

Source: Eurostat, adapted from Fomento de la Producción, 1991

they mainly operate medium-sized hypermarkets and department stores:

(i) El Corte Inglés (Hipercor hypermarkets), a Spanish distribution giant with ambitious investment plans to increase its market share.

(ii) Eroski, which was transformed from a consumer cooperative concentrated in the Basque country into a powerful national distribution group and, according to experts, has large growth potential.

5.7.2 *Leading Spanish retail groupings*

The ranking of Spanish retail groups reflects the predominance of hypermarket operators. In 1990, three hypermarket operators were among the first five retail companies (Table E15). Even El Corte Inglés, the biggest retail group for many years and originally specialized in department stores, is diversifying towards hypermarkets and other areas like insurance, tourism, and office automation. Another retail group not specialized in hypermarkets is Galerías Preciados, which runs department stores all over Spain. Mercadona, located in Valencia, has become the largest supermarket chain in Spain in terms of turnover after showing spectacular growth throughout the last decade.

Major reshufflings are expected in the sector as large Spanish companies take strategic action to acquire or merge with other firms and form distribution conglomerates capable of competing against other European retail giants.

5.8 Itinerary trade and non-store retailing in Spain

Non-store retailing remains a viable channel for many manufacturers in Spain as it satisfies the needs and expectations of a large number of consumers. It is a distribution alternative to conventional channels (manufacturer-wholesaler-retailer, manufacturer-retailer) without a fixed store, which can take various forms:

itinerant and flea markets, door-to-door selling, mail order, teleshopping, telephone selling, and sales promotion in magazines and newspapers. These different types of non-store retailing have developed at a different pace. While some forms have reached maturity (market stalls), others are still growing (mail order, teleshopping).

A typical phenomenon of Spanish retailing is the large number of itinerant and flea markets, which take place periodically at village sites or town centres. This very old and traditional retailing activity is indispensable in small villages with no or too few shops or on days when stores are normally closed (Sundays, holidays).

Spanish markets are known for their wide range of foods, textiles and household accessories. Rapid changes in consumption and shopping habits have increased the range. But the main strategic thrust has remained the same: to offer perishables (fruits and vegetables) and lower-priced goods than in stores. Usually, strong links exist with the informal sector of the economy, including non-registered manufacturers.

In 1988, the sales volume generated by itinerant markets was estimated at PTA 266 billion or 2.5% of total retail sales in Spain. Around 173 500 stands were manned by approximately 133 000 persons (1.1% of total employment). More than half the towns and villages in Spain — 4 966 out of a total of 8 056 municipalities — organize such markets at regular intervals. Most markets (65%) take place in towns with populations under 5 000 and consist of less than 20 stands (Table E16). The focus lies on food, clothing and footwear. The product range varies and becomes broader with the size of the market; it sometimes includes personal care items and household goods. Markets usually take place once a week and throughout the year.

Direct selling is used by many well-known manufacturing and distribution

Table E16: Itinerant markets in Spain (1988)

	Size of the market (number of stands)						
	10 or under	11-20	21-30	31-50	50 or more	No reply	Total
% over total	20.2	18.9	10.5	11.0	22.8	16.6	100.0
Size of town (inhabitants):							
5 000 or under	28.4	25.3	10.3	8.1	4.5	23.4	100.0
5 000-20 000	5.1	8.3	12.8	20.4	49.4	4.0	100.0
20 000-100 000	4.6	3.8	8.5	9.2	71.5	2.3	100.0
More than 100 000	–	4.3	–	17.4	69.6	8.7	100.0
% of itinerant markets by product category							
Food	74.6	84.8	90.4	84.9	85.2		
Textiles, clothing	89.8	95.7	98.1	91.7	95.6		
Footwear	69.7	89.9	94.2	89.0	93.6		
Leather products	3.7	9.6	19.7	39.0	62.9		
Personal care products	15.4	36.7	46.2	54.1	63.8		
Household equipment	31.1	60.9	75.5	70.2	86.8		
Other	37.1	81.9	91.8	88.6	96.9		

Source: MEH, Dirección General de Comercio Interior.

companies. According to the Spanish door-to-door sales association (Asociación de Empresas de Venta Domiciliaria), the total turnover of member firms reached PTA 106 billion in 1990, just under 1% of total retail sales. In spite of this low share, this distribution technique has been expanding since the late 1970s, spear-headed by brand leaders for personal care products such as Avon. Certain companies see door-to-door selling as an excellent supplement to in-store selling. Entry barriers are often lower in this high-growth 'outlet' than in traditional retailing including supermarkets and hypermarkets where competition for limited shelf space is intense. Improved selling techniques and professional training of sales staff promise a bright future for this channel in Spain.

Conversely, catalogue selling is much less developed in Spain than in most other EC countries. In 1990, total mail order sales were estimated by the Spanish direct marketing association (Asociación Española de Marketing Directo) Spanish at only PTA 55 billion, roughly 0.5% of total retail sales in Spain. In the past, mail order suffered from a negative image as unreliable local companies started offering poor quality products. In general, Spanish consumers prefer direct contact with the product to purchasing from a catalogue. Nevertheless, foreign mail order companies may find good investment opportunities in this market 'niche' through reliable services and the use of new technology (e.g. teleshopping, and toll-free telephone ordering).

Annex E: Statistical sources and data-collection methods

Various sources provide information on the Spanish distributive trade sector. However, only a few – mainly public sources – are reliable and consistent enough to facilitate comparisions with other EC countries.

1. *Census of local outlets* (Censo de locales)

A general census is carried out every 10 years and its results are published three years later. The last census was conducted in 1991 and the results will be published in 1994. The census covers the main variables concerning retail and wholesale outlets: employment, activities, location and ownership. Data on number of outlets, their geographic distribution, activities, and employment can thus be easily obtained.

2. *Domestic trade survey* (Encuesta de Comercio Interior, ECI)

This comprehensive survey provides specific information on retailers and wholesalers. So far it has been conducted twice, in 1984 and 1988, though with some differences in methodology. The 1988 survey provides valuable data on the Spanish distributive trade sector. Information on the number of retail outlets, their sales area, and geographic distribution can be obtained from the Instituto Nacional de Estadistica (INE).

3. *Employment survey* (Encuesta de Población Activa, EPA)

The EPA is the basic tool for collecting monthly data on employment. It also contains annual estimates. Specific data on employment by gender are only available for the entire commercial sector but not for the retail and wholesale sectors.

4. *National accounts* (Contabilidad Nacional, CN)

Recently, all Spanish national accounts were adjusted to EC standards to provide information about the distributive trade sector's contribution to the economy (value-added).

5. *Other sources*

Information on Spanish retailing would be incomplete without other official and non-official sources, in particular:

- monographs and studies (e.g. on itinerary trade) published by the Directorate-General for Internal Trade, Dirección General de Comercio Interior;
- trade organisations: Asociación Española de Marketing Directo (Spanish direct marketing association) and Asociación de Empresas de Venta Domiciliaria (door-to-door sales association);
- the monthly trade journal, *Distribución Actualidad*;

The economic journal that publishes rankings and financial data on large companies in Spain, *Fomento*.

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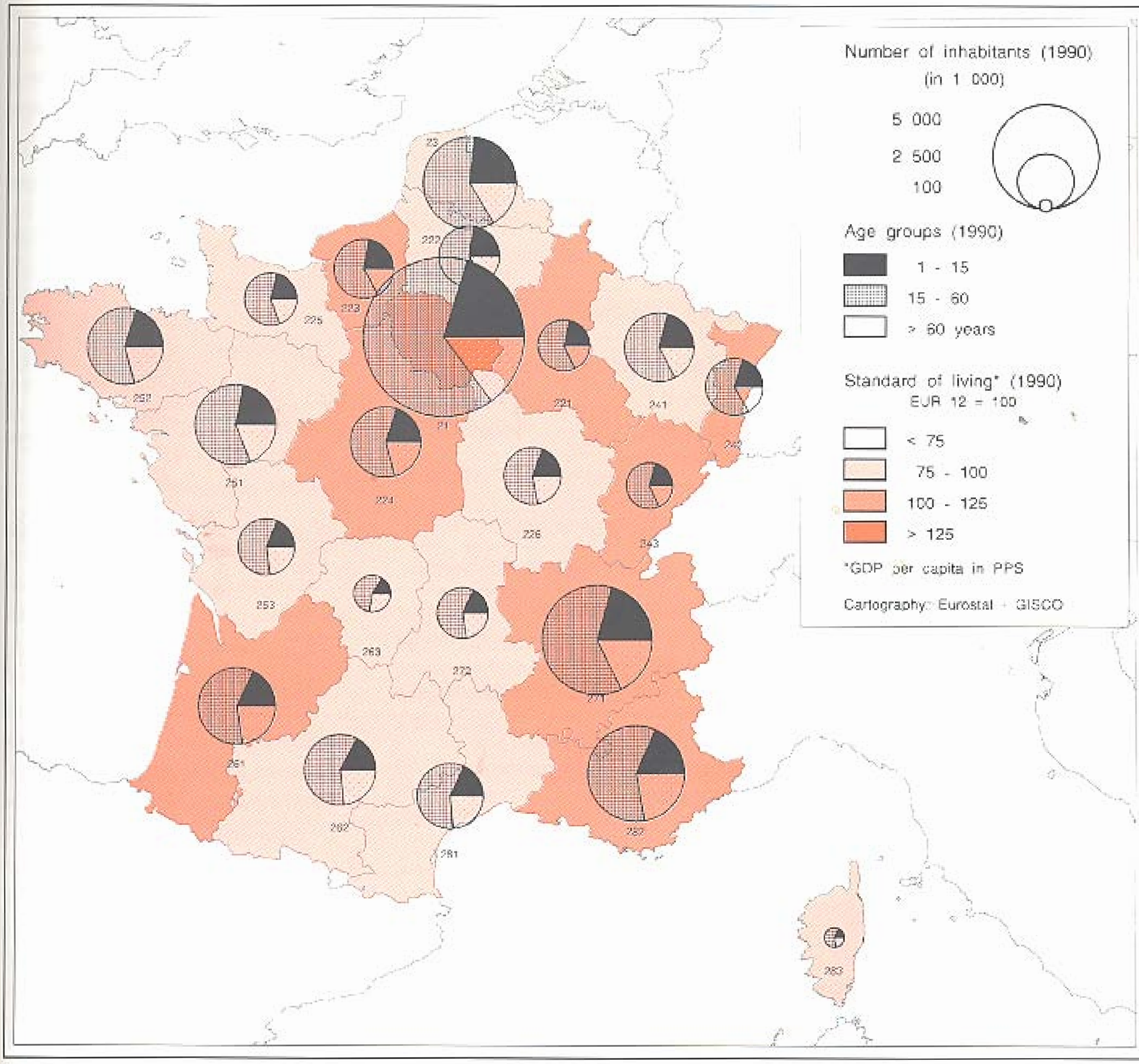
6 Retail trade in France



NUTS 2 REGIONS

21	ILE DE FRANCE (NUTS 1)	242	ALSACE	272	AUVERGNE
221	CHAMPAGNE-ARDENNE	243	FRANCHE-COMTE	281	LANGUEDOC-ROUSSILLON
222	PICARDIE	251	PAYS DE LA LOIRE	282	PROVENCE-ALPES-COTE D'AZUR
223	HAUTE-NORMANDIE	252	BRETAGNE	283	CORSE
224	CENTRE	253	POITOU-CHARENTES	29	DEPARTEMENTS D'OUTRE-MER (NUTS 1)
225	BASSE-NORMANDIE	261	AQUITAINE	291	GUADELOUPE
226	BOURGOGNE	262	MIDI-PYRENEES	292	MARTINIQUE
23	NORD-PAS-DE-CALAIS (NUTS 1)	263	LIMOUSIN	293	GUYANE
241	LORRAINE	271	RHONE-ALPES	294	REUNION

6.1 Introduction and key statistics

France was one of the first countries in Europe to introduce large-scale distribution. Despite the expansion of modern large-scale store formats (hypermarkets, large-area specialists), French consumers remain attached to the traditional neighbourhood stores and street markets.

The number of retail enterprises remained stable at 400 000 throughout the 1980s; in 1990, over half of these were owner-operated small businesses with no employees. By 1989, hypermarkets and supermarkets had already captured a market share of over 50% for food products. In the case of non-food products, both large specialized stores and hypermarkets pursued their expansion. General catalogue sales remained stable, whereas over the past few years department stores turnover fluctuated.

To face competition from large-scale retailing, small businesses have organized themselves into franchise chains or buying groups. Meanwhile, major retail groups have launched operations in foreign markets to widen their base for further growth.

The labour force in retailing (excluding motor trades) grew from 1 595 000 in 1980 to 1 650 000 in 1990. As in other EC countries with an advanced retail trade structure, there was an increase of wage and salary earners, female and part-time employment.

In 1991, the turnover growth rate (at constant prices) in the French retail sector slowed down to 1.5% after an annual rate of almost 3% during the two previous years. Growth in non-food retailing almost

Table F1: Key statistics for retailing in France (1986-89)

Criteria	Broad definition [a]	Narrow definition [b]	Statistical source
Number of enterprises	459 591	391 225	EAE 1989
	459 114	390 309	EAE 1986
Number of local units [c]	546 143	470 827	EE 1986
Number of shops		402 956	EE 1986
Sales area (1 000 m²) [d]		44 755	
Total employment (at 31 December)	2 048 567	1 645 662	EAE 1989
Women	1 031 230	953 066	
Employees	1 579 286	1 253 764	
Self-employed	469 281	391 898	
Part-time workers	399 354	353 756	
Turnover [e] (Mio FF)	1 719 121.8	1 288 935.5	EAE 1989
Turnover per person employed (Mio FF) [e]	839.2	783.2	
Emoluments paid (Mio FF)	132 560.1	101 434.5	EAE 1989
Value added [e] (Mio FF)	313 751.0	245 081.7	EAE 1989
Value added per person employed (Mio FF)	153.2	148.9	
Net capital expenditure [e] (Mio FF)	40 055.0	31 456.0	EAE 1989
Net capital expenditure per person employed (Mio FF)	19.6	19.1	

a. Including motor trades and repair.
b. Excluding motor trades and repair.
c. Including offices, headquarters and warehouses.
d. Including estimates for chemists.
e. Excluding VAT.

Sources: Institut national de la statistique et des études économiques (Insee).
EAE: Annual survey on enterprises.
EE: Survey on retail outlets.

stagnated. There was no appreciable drop in employment, but fewer new businesses were created (approximately 39 000 in 1991 compared with 44 000 in 1990 and there were fewer openings of hypermarkets (11 compared with 18) and supermarkets (327 compared with 355).

The French definition of retailing does not include motor trades (vehicle retailing and repairs, petrol stations), which form a separate category in the national classification. However, data in this chapter also cover the motor trades (including repairs), wherever possible, to allow comparison with other EC countries.

Key figures for the French retail trade (broad and narrow definitions) are given in Table F1.

6.2 Role of commerce in the French economy

The commercial sector in France comprises a high proportion of small businesses; in 1991 it accounted for almost 28% of all businesses in France (Table F2a), with 21.4% for retailing alone (including motor trades).

In 1990 the wholesale and retail trades (including motor trades) accounted for 13% of gross value added and 14.1% of total employment, or over 3.1 million jobs (Table F2b-c).

In final household consumption – the determining factor of retail activity – the share of services (housing, health, transport and leisure) grew more rapidly in value than tradable goods, i.e. those that can be sold by the retail trade. In 1990, 'tradable consumption', excluding purchases of motor vehicles, accounted for 49.8% of household consumption, against 56.8% in 1980 (Table F2d). As integrated retail groups diversify into the services sector (e.g. travel and financial services), increase in their turnover outstrips that of sales in tradable consumption.

6.3 Retail trade structure in France

Despite the strong presence of large-scale operators, there are still a large number of enterprises in the French retail sector. However, the proportion of small businesses is decreasing, particularly in food retailing, where concentration has occurred earlier than in the non-food sector. Hypermarkets and large supermarkets, which are mainly food retailers, also sell significant quantities of non-food products (joint share of 15.7% in 1991).

Table F2: Role of commerce in the French economy (1990, 1991)

(a) Share in the number of enterprises	Value 1991	Share (%)
Total enterprises (industry, trade and services) at 1 January 1991	2 113 600	100.0
Total distributive trade enterprises [a]	**584 200**	**27.7**
Wholesale trade	**101 700**	**4.8**
Food wholesaling	**30 100**	
Non-food and inter-industry wholesaling	**71 600**	
Retail trade	**451 800**	**21.4**
Food retailing	**116 300**	
Non-food retailing	**264 100**	
Motor trades	**71 400**	
Dealing and intermediaries	**30 700**	**1.5**
(b) Share in employment (1 000)	1990	(%)
Total resident population	56 419.5	
Total employment	22 140.1	100.0
Persons employed in distributive trades	**3 138.9**	**14.1**
Wholesale trade and intermediary [a]	**1 049.5**	**4.7**
Retail trade [a]	**1 684.7**	**7.6**
Motor trades	**404.6**	**1.8**
(c) Share in value added (bn FF)	1990	
Gross domestic product	6 484.1	
Gross value added of all sectors	5 954.7	100.0
Gross value added of the distributive trade sector	**771.7**	**13.0**
(d) Tradable consumption	1990	(%)
Total household consumption	**3 839.6**	**100.0**
Tradable consumption [b]	**1 911.4**	**49.8**
Food	696.9	
Fuel, car spare parts	258.4	
Textiles, clothing, footwear	282.2	
Household equipment	279.9	
Pharmaceutical goods	97.5	
Hygiene, entertainment, culture, sports	157.9	
Other products	138.6	
Non-tradable consumption	**1 928.2**	**50.2**

a Including motor trades and repairs.
b Consumption channelled through the retail sector.

Source: Insee, Sirene register and national accounts.

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Table F3: Number of retail enterprises by sector of activity in France (1980-88)

Sectors of activity	Number of enterprises			Share (%)			Growth (%)	Average annual growth (%)
	1980	1984	1988	1980	1984	1988	1988/80	1988/80
General food	41 137	33 729	34 506	8.6	7.5	7.5	−16.1	−2.2
Specialized food	94 790	92 211	88 952	19.8	20.6	19.3	− 6.2	− 0.8
Textiles, clothing, leather goods	100 372	89 933	94 565	21.0	20.1	20.5	− 5.8	− 0.7
Household equipment	56 094	50 951	52 376	11.7	11.3	11.3	− 6.6	− 0.9
Chemists	19 329	20 897	21 356	4.0	4.7	4.6	10.5	1.3
Perfumery and cosmetics	5 035	5 580	5 838	1.1	1.2	1.2	15.9	1.9
Stationery, books and office supplies	20 546	18 882	22 006	4.3	4.2	4.8	7.1	0.8
Other specialized non−food (including tobacco)	72 027	68 969	72 771	15.1	15.4	15.8	1.0	0.1
Non−specialized non−food (mixed retailing)	1 464	1 701	1 527	0.3	0.4	0.3	4.3	0.5
Total retail trade [a]	410 794	382 309	393 897	85.9	85.4	85.3	− 4.2	− 0.5
Motor trades [b]	67 640	65 462	67 941	14.1	14.6	14.7	0.4	0.1
Total (including motor trades)	**478 434**	**448 315**	**461 838**	**100.0**	**100.0**	**100.0**	**− 3.5**	**− 0.4**

a. Narrow definition.
b. Including repairs and petrol stations.

Source: Insee, EAE 1988

Although the overall number of stores decreased slowly, sales area increased considerably; but its growth is now slowing down.

6.3.1 Retail enterprises and legal status

Between 1980 and 1988 the number of businesses for the retail sector as a whole fell by around 4%, or 0.5% per annum (Table F3).

The number of food retailers declined throughout the period. This was mainly the result of a slow but steady reduction in specialized food retailing (−0.8% per annum) and a particularly rapid decline in general food retailing (−2.2% per annum).

Table F4: Number of retail enterprises by legal status in France (1989)

Sectors of activity	Number of enterprises	Sole proprietorship	Partnership	Private limited company	Joint-stock company	Other
General food	32 903	24 251	209	4 274	3 518	651
Specialized food	87 042	73 071	674	10 976	995	1 326
Textiles, clothing, leather goods	94 944	66 953	566	22 720	3 733	972
Household equipment	52 507	32 664	295	15 183	3 467	898
Chemists	22 223	19 035	2 126	697	1	364
Hygiene, culture, sport	47 891	32 472	679	12 691	1 724	325
Other specialized non-food (including tobacco)	51 817	40 279	921	8 745	1 302	570
Non-specialized non-food (mixed retailing)	1 898	1 136	23	457	216	66
Motor trades	68 366	40 119	511	21 770	4 698	1 268
Total retail trade	**459 591**	**329 980**	**6 004**	**97 513**	**19 654**	**6 440**
Share (%)	**100.0**	**71.8**	**1.3**	**21.2**	**4.3**	**1.4**

Source: Insee, EAE 1989.

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Table F5: Number of retail outlets by sector of activity in France [a] (1982, 1986)

Sectors of activity	Number of outlets 1982	1986	Share (%) 1982	1986	Change (%) 1986/82
General food	62 883	53 495	11.6	9.8	– 14.9
Hypermarkets and supermarkets	5 302	6 614	1.0	1.2	24.7
Proximity shops	57 581	45 881	10.6	8.6	–18.6
Specialized food	102 110	102 562	18.8	18.8	0.4
Textiles, clothing, leather goods	107 834	115 221	19.9	21.1	6.9
Household equipment	66 794	64 034	12.3	11.7	– 4.1
Chemists	20 517	21 861	3.8	4.0	6.6
Hygiene, culture, sports	50 757	49 660	9.4	9.1	– 2.2
Other specialized non-food (including tobacco)	58 348	61 109	10.8	11.2	4.7
Non-specialized non-food (mixed retailing)	2 726	2 885	0.5	0.5	5.8
Motor trades [b]	70 253	75 316	12.9	13.8	7.2
Total retail trade	**542 222**	**546 143**	**100.0**	**100.0**	**0.7**

a. Including offices, headquarters and warehouses
b. Including petrol stations.

Source: Insee, EE 1982, 1986.

Table F6: Sales area in French retailing[a] (1982, 1986)

Sectors of activity	Sales area in 1 000 m^2 1982	1986	Share (%) 1982	1986	Growth (%) 1986/82	Average annual growth (%) 1986/82
General food	10 607.3	12 526.6	28.2	28.0	15.9	3.8
Hypermarkets and supermarkets	7 098.7	9 223.8	18.5	20.6	29.9	6.8
Proximity shops	3 708.6	3 302.8	9.7	7.4	– 10.9	– 2.9
Specialized food	2 288.3	2 880.9	6.0	6.4	25.9	5.9
Textiles, clothing, leather goods	5 929.9	7 304.5	15.5	16.3	23.2	5.4
Household equipment	11 648.7	13 120.3	30.4	29.3	12.6	3.0
Chemists[b]	(615.5)	(655.8)	(1.6)	(1.5)	(6.5)	(1.6)
Hygiene, culture, sports	3 026.5	3 449.7	7.9	7.7	14.0	3.3
Other specialized non-food	2 539.6	2 796.9	6.6	6.3	10.1	2.4
Non-specialized non-food (mixed retailing)	1 466.7	2 020.1	3.8	4.5	37.5	8.3
Total retail trade [a]	**38 324.5**	**44 754.8**	**100.0**	**100.0**	**16.8**	**4.0**

a. Narrow definition.
b. Estimates based on an average sales area of 30 m^2 per outlet.

Source: Insee, EE 1986.

The 1966 census recorded some 200 000 food retailers; by 1974 there were 142 000, and in 1990 only 120 000. This decline over the past 15 years is largely due to the emergence of large food stores, which have adversely affected small general food retailers.

The total number of non-food retailers has remained fairly stable, with variations for certain sectors. In the clothing sector, a steep fall in the early 1980s was followed by a rise in the number of outlets. In contrast, there was a steady increase in the number of chemists.

Over 70% of all retail businesses are sole proprietorships (Table F4) run by the owner alone or assisted by family workers, but in most cases without employees. The proportion is very high in specialized food retailing (84.0%), which is a small-scale sector where salary earners represent only 56.4% of total employment and the average number of persons employed is 2.6 per enterprise. In the pharmacy sector, current regulations explain the predominance of sole proprietors (85.7%) or partnerships (9.6%). Sole proprietors are also representing a high percentage (69.7%) of other specialized non-food retailers.

General food retailing is composed of neighbourhood stores, mainly sole proprietorships, and large-scale food stores, in particular private or public limited companies.

6.3.2 *Retail outlets and regional distribution*

The number of retail outlets increased slightly (0.7%) from approximately 542 000 in 1982 to 546 000 in 1986 (Table F5). Despite this virtual stability, sales area

Table F7: Geographical distribution of retail outlets[a] in France (1986)

Region	Population at 1 January 1986 (1 000)	Area in km² (1 000)	Density (Inhabitants/km²)	Number of local outlets: Number	Per 10 000 inhabitants	Per km²
Ile-de-France	10 249.7	12 012	853	95 625	93	7.96
Champagne-Ardenne	1 352.2	25 606	53	9 602	71	0.37
Picardie	1 773.5	19 399	91	12 576	71	0.64
Haute-Normandie	1 692.8	12 317	137	13 373	79	1.08
Centre	2 324.4	39 151	59	17 376	75	0.44
Basse-Normandie	1 372.9	17 589	78	11 459	84	0.65
Bourgogne	1 606.9	31 582	51	13 218	82	0.41
Nord-Pas-de-Calais	3 927.2	12 414	316	30 306	77	2.44
Lorraine	2 312.7	23 547	98	16 461	71	0.69
Alsace	1 599.6	8 220	193	10 041	63	1.22
Franche Comté	1 085.9	16 202	67	8 366	77	0.51
Pays de la Loire	3 017.7	32 082	94	21 011	70	0.65
Bretagne	2 763.6	27 208	102	21 854	79	0.80
Poitou-Charentes	1 563.6	25 810	61	13 429	85	0.52
Aquitaine	2 718.2	41 308	66	23 245	86	0.56
Midi-Pyrénées	2 355.1	45 348	52	20 811	88	0.45
Limousin	735.8	16 942	43	5 811	79	0.34
Rhône-Alpes	5 153.6	43 698	118	45 908	89	1.05
Auvergne	1 334.4	26 013	51	11 369	85	0.43
Languedoc-Roussillon	2 011.9	27 376	73	21 850	109	0.79
Provence-Alpes-Côte d'Azur	4 058.8	31 400	129	44 634	110	1.42
Corse	246.7	8 680	29	2 508	101	0.28
Total	**55 279.4**	**543 904**	**101.6**	**546 143**	**85**	**0.87**

a. Narrow definition.

Source: Insee, Statistical yearbook, EE 1986.

increased by almost 17% from 38.3 million m² to 44.8 million m² (Table F6), motor trades excluded.

In food retailing the number of neighbourhood outlets (small shops and small supermarkets) fell by 18.6% between 1982 and 1986, while the number of large stores (hypermarkets, supermarkets, and variety stores) rose by almost 25%. Although the total number of food outlets declined by 15%, sales area increased by 16%.

The number of outlets in specialized food retailing remained stable overall, with variable trends in different sectors: there was a fall in the number of itinerant sellers, butchers, and dairy retailers and an increase in the number of sales outlets in certain sectors such as wines and beverages, and deep-frozen products.

The number of outlets in non-food retailing rose in the textiles, clothing and leather sectors. This increase in outlets (+6.9%) and sales area (+23.2%) was accompanied by high shop turnover.

With the rise of large specialized stores, sales area in the household equipment sector increased, but the number of outlets declined. The same applies to the hygiene, culture, and sports sector. Both the number (+4.7%) and sales area (+10.1%) increased for other specialized non-food stores.

The average number of retail outlets per 10 000 inhabitants was 85 for the whole of France (Table F7). Coverage is denser in regions surrounding major conurbations: Provence-Alpes-Côte d'Azur with Marseille and Nice (110), Ile-de-France with Paris and its suburbs (93), and Rhône-Alpes with Lyons (89). The Provence-Alpes-Côte d'Azur region is closely followed by Languedoc-Roussillon (109) and Corsica (101). High density along the Mediterranean coast is linked to the establishment of a large number of outlets that cater to tourists.

6.4 Employment in French retailing

At 31 December 1989, 1 645 700 persons were engaged in retailing (excluding motor trades), of whom 1 253 800 or 76.2% were salaried employees and 391 900 or 23.8% were self-employed, owners, associates or family workers (Table F8). About 400 000 persons were employed in the motor trades.

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Table F8: Employment characteristics in French retailing (1989)

	Number of enterprises	Total persons employed	Wage and salary earners Total	Wage and salary earners Part-time workers (%)	Self-employed Total	Self-employed Owners	Self-employed Family workers
General food	32 903	442 881	408 961	27.7	33 920	30 556	3 364
Hypermarkets and supermarkets	4 445	372 039	371 171	27.8	868	837	31
Proximity shops	28 458	70 842	37 790	26.7	33 052	29 719	3 333
Specialized food	87 042	230 295	129 960	32.5	100 335	85 822	14 513
Textiles, clothing, leather goods	94 944	278 822	193 636	27.5	1 863	80 778	4 408
Household equipment	52 507	240 235	195 106	24.6	85 186	40 105	5 024
Chemists	22 223	125 426	99 112	42.3	45 129	25 033	1 281
Hygiene, culture, sports	47 891	140 297	95 622	22.5	26 314	41 202	3 473
Other specialized non-food	51 817	125 249	70 773	26.9	54 476	49 236	5 240
Non-specialized non-food (mixed retailing)	1 898	82 594	60 594	23.9	134 255	1 562	301
Total retail trade[a]	**391 225**	**1 645 662**	**1 253 764**	**28.2**	**391 989**	**354 294**	**37 604**
Female employment		**953 066**	**768 865**		**193 722**		
Share (%)		**57.9**	**61.3**		**49.4**		
Motor trades	**68 366**	**402 905**	**325 522**	**14.0**	**77 383**	**69 080**	**8 303**
Female employment		**78 267**	**62 793**		**15 492**		
Share (%)		**19.4**	**19.3**				
Total retail trade	**459 591**	**2 048 567**	**1 579 286**	**25.3**	**469 281**	**423 374**	**45 907**
Female employment		**1 031 333**	**831 658**		**209 214**		
Share (%)		**50.3**	**52.7**		**44.6**		

a. Narrow definition.

Source: Insee, EAE 1989.

Large-scale food retailing employed more than half (372 000) of the labour force in the food sector, almost all of whom were salaried employees. Forty-four percent of those engaged in neighbourhood retailing (general food and specialized food) were self-employed, compared with 20% for food retailing as a whole.

In non-food retailing the self-employed represented 26.5% and numbered 257 600. They accounted for 40% or more in certain sectors such as jewellers and watch-makers (38%), bookshops and newsagents (40%), and florists (45%).

The percentage of part-time employees grew steadily throughout the 1980s and reached almost 30% in 1989. Sectors with a high percentage of part-time workers were chemist shops (42.3%) and general food retailing (27.7%, but 32.2% in the case of hypermarkets).

Retailing was also a sector in which 75% of employees were women. Among the self-employed, the percentage of women was lower, at 25%. In 1989, half of the retail businesses had no employees; 98.4% of the businesses had fewer than 20 employees (representing 49.1% of employees) and 1.6% of the businesses had 20 or more employees (50.9% of employees or 38.8% of total retail employment). In 1980, 1.2% of businesses had 20 or more employees (47.2% of employees or 34.3% of the retail labour force).

Between 1980 and 1988 there was a very slight rise of 0.8% in retail employment (Table F9). It grew until 1983, fell slightly, remained stable in 1984-85, and rose once again. This trend in total employment reflects that in salaried employment rather than self-employment which fell steadily throughout the period.

France

Table F9: Employment by sector of activity in French retailing (1980-88)

Sectors of activity	Persons employed at 31.12 (1 000)			Share (%)			Growth (%)	Average annual growth (%)
	1980	1984	1988	1980	1984	1988	1988/80	1988/80
General food	400.6	409.0	431.7	20.2	21.1	21.5	7.8	0.9
Specialized food	251.6	257.4	232.4	12.7	13.3	11.7	-7.6	- 1.0
Textiles, clothing, leather goods	285.2	264.7	272.2	14.4	13.7	13.7	- 4.6	- 0.6
Household equipment	220.6	203.9	230.3	11.2	10.5	11.5	4.4	0.5
Chemists	95.0	105.7	118.0	4.8	5.5	5.9	24.2	2.7
Perfumery and cosmetics	19.1	20.9	22.2	1.0	1.0	1.1	16.2	1.9
Stationery, books and office supplies	59.8	53.7	53.3	3.0	2.8	2.7	- 10.9	- 1.4
Other specialized non-food (including tobacco)	188.1	181.8	187.6	9.5	9.4	9.4	- 0.3	- 0.03
Non-specialized non-food (mixed retailing)	75.4	67.7	60.6	3.8	3.5	3.0	- 19.6	- 2.7
Total retail trade[a]	**1 595.4**	**1 564.8**	**1 608.3**	**80.6**	**80.8**	**80.7**	**0.8**	**0.2**
Motor trades	383.0	372.6	385.7	19.4	19.2	19.3	0.7	0.1
Total retail trade	**1 978.4**	**1 937.4**	**1 994.0**	**100.0**	**100.0**	**100.0**	**0.8**	**0.1**

a. Narrow definition.

Source: Insee, EAE 1989.

Table F10: Retail turnover by sector of activity in France (1980-90)

Sectors of activity	Retail turnover (bn FF)				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1990	1980	1984	1988	1990	1990/80	1990/80
General food	237.2	400.3	549.7	642.4	36.2	39.4	42.4	43.9	170.8	10.5
Specialized food	88.7	127.3	130.8	132.9	13.5	12.5	10.1	9.1	49.8	4.1
Textiles, clothing, leather goods	75.0	113.6	141.8	151.0	11.4	11.2	11.0	10.4	101.3	7.2
Household equipment	82.7	116.0	156.9	171.9	12.6	11.4	12.1	11.8	107.9	7.6
Chemists	36.5	61.1	87.6	105.3	5.6	6.0	6.8	7.2	188.5	11.2
Hygiene, culture, entertainment	45.2	66.6	84.0	98.4	6.9	6.6	6.5	6.7	117.7	8.1
Other specialized non-food	56.5	84.8	85.7	97.1	8.6	8.3	6.6	6.6	71.9	5.6
Non-specialized non-food	33.8	46.9	57.6	63.1	5.2	4.6	4.5	4.3	86.7	6.4
Total retail trade[a]	**655.6**	**1 016.6**	**1 294.1**	**1 462.1**	**100.0**	**100.0**	**100.0**	**100.0**	**123.0**	**8.3**

a. Narrow definition.

Source: Insee, Comptes du Commerce (CC) 1990.

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Overall, food retailing and non-food retailing showed different trends. In food retailing the expansion of large stores (hypermarkets and supermarkets) led to an increase in the number of employees and a concomitant decline in the number of self-employed. The average annual growth rate of employment in food retailing was 0.2%. In non-food retailing after an initial period of growth followed by a decline, employment remained stable during 1983-86; it has been rising steadily since 1987. For chemists however, employment growth was sustained throughout the period (annual average of +2.7%).

6.5 Retail activity in France

6.5.1 Turnover by sector and size

In 1990, retail turnover (excluding motor trades and VAT) exceeded FF 1462 billion compared with only FF 655 billion in 1980 (Table F10). The average annual growth rate by value during the 1980s was 8.3% for the retail trade. However, growth in turnover by volume was lower because of relatively high inflation at the beginning of the period. Average annual increase in turnover by volume terms was +2.4%, a rate close to that of tradable consumption. Motor trade turnover amounted to approximately FF 475 billion in 1990.

Table F11: Concentration by turnover category in French retailing (1989)

Turnover category (FF)	% of businesses	Cumulative turnover in %
< 0.1 million	9.4	0.1
0.1– 0.25 million	21.8	0.8
0.25-0.5 million	38.9	2.7
0.5-1 million	60.6	7.5
1-2.5 million	83.3	18.3
2.5-5 million	93.1	28.7
5-10 million	97.4	37.5
10-20 million	98.7	43.1
20-50 million	99.41	50.7
50-125 million	99.83	60.2
125-250 million	99.93	65.3
250-500 million	99.97	69.1
> 500 million	100.0	100.0

Source: Insee, EAE 1989

The turnover trend in each sector depends both on structural changes in household consumption and competition between the different forms of distribution. The 1980s were difficult years for butchers because of a decline in meat consumption and competition from expanding meat counters in hypermarkets and supermarkets. Average annual turnover fell by 2.6%, although the sales volume for other specialized food sectors remained stable.

In contrast, chemists increased their sales because of higher demand. This is a regulated market with no external competition; annual turnover has therefore grown on average 11.2% in value since 1980, which is equivalent to an average annual growth rate of 7.5% in volume.

However, sectoral trends do not accurately reflect movements in traders' income. Any contraction or stagnation in turnover by small-scale speciality retailers is often accompanied by corresponding reduction in their numbers so that individual businesses may not be affected seriously.

As in other EC countries with a highly developed distribution system, the concentration level is relatively high. In 1989 less than 2% of enterprises accounted for almost 60% of total turnover (Table F11) and their annual sales exceeded FF 10 million. Of the rest, 60% accounted for only 7.5% of total turnover.

6.5.2 Turnover by type of outlet

Hypermarkets and supermarkets augmented their market shares during the 1980s compared with the preceding decade. For all products, both food and non-food, they held 28.3% of the market in 1990, against only 16.4% in 1980 (Table F12).

France

In 1990 hypermarkets and supermarkets together accounted for 52% of the food market, compared with 31.5% in 1980 and only 12.6% in 1970. Their expansion since 1980 has been mainly at the expense of small general food stores (multiple or independent traders) and butchers.

Hypermarkets held almost 12% of the non-food market in 1990, compared with only 3% for supermarkets. Both have to compete with large-scale specialized non-food retailers, whose market share was estimated at 10% in 1990, 4 percentage points higher than in 1980.

The trend among large grocery stores during the 1980s to diversify into fuel retailing led to the deregulation of fuel prices on 1 January 1985.

The 1980s witnessed the expansion of large-scale specialized non-food retailers, mainly in household equipment followed by clothing, and to a lesser extent in the cultural and leisure sectors. In 1990, the large-scale specialized formats accounted for 31% of household equipment and 26% of clothing sales.

Department stores had a particularly difficult decade as they faced competition from both hypermarkets and large specialized non-food stores. They had to refocus their activities on the Parisian stores, and close or sell certain units in the Paris suburbs and other cities. By late 1990, department stores accounted for only 2% of the non-food market, against 3% in the late 1970s and almost 5% in 1970. This was the result of a fall in annual sales (average of 1.6%) between 1970 and 1990, despite good results in 1989 and 1990.

As in the 1970s, catalogue selling was among the most active sectors in non-specialized non-food retailing and maintained its market share between 1980 and 1990.

Table F12: Market shares by type of retailer in France (1980-90)

Type of retailer	1980	1984	1988	1990
Large-scale grocery retailers	16.4	20.4	26.4	28.3
Hypermarkets	9.4	11.6	15.5	16.7
Supermarkets	7.0	8.8	10.9	11.6
Variety stores	2.2	1.9	1.5	1.4
Smaller-scale general food chains and cooperatives	3.8	2.9	2.0	1.7
Large-scale general food distribution	22.4	25.2	29.9	31.4
Non-specialized non-food distribution	3.9	3.5	3.3	3.2
of which department stores	2.2	1.8	1.6	1.6
Non-specialized large-scale and integrated retailing	**26.2**	**28.7**	**33.2**	**34.6**
Small-scale independent food retailers	4.6	4.2	3.4	3.2
Meat retailing	6.1	5.2	4.1	3.7
Specialized food retailers	3.5	3.6	3.4	3.0
Chemists	4.1	4.5	5.3	5.6
Other specialized non-food retailers	31.7	30.9	31.2	30.8
Independent specialized and non-specialized retailing	**50.0**	**48.4**	**47.4**	**46.3**
Total retail trade	**76.3**	**77.1**	**80.5**	**80.9**
Purchases outside the retail sector	23.7	22.9	19.5	19.1
Bread, confectionery	3.0	2.8	2.7	2.6
Motor trades	11.6	11.1	8.6	8.4
Total retail sales (%)	**100.0**	**100.0**	**100.0**	**100.0**
Total retail sales (bn FF)	**955.5**	**1 465.8**	**1 777.7**	**1 986.9**

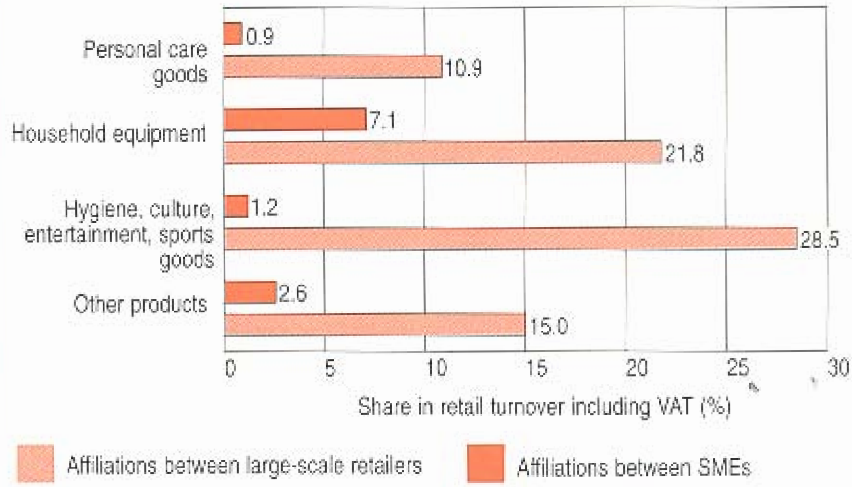
Source: Insee, CC 1990

6.6 Cooperation and affiliation movements in French retailing

The rise of large general food stores is not due solely to large integrated businesses such as Casino, Auchan, Carrefour, and Euromarché (Section 6.7). It can also be attributed to the growing number of affiliated independent traders using the same trade mark and a central buying organization. This arrangement allows each member retailer to retain his autonomy.

The two main affiliations of independent hypermarkets, Leclerc and Intermarché, each account for 5 to 6% of total retail turnover and are among the largest European retailers. Leclerc is a group of independent traders who own their stores and hold an equal share in the buying group, Groupement d'achats Galec. Galec selects suppliers at national level and negotiates purchasing terms with them. Most purchases are made directly by the members, who undertake to adhere to a price policy that fixes the average and maximum margins for each product.

Figure F1: Importance of affiliated non-food retailing in France (1989)



Source: Eurostat, based on Insee data.

Specialized retailers also responded to the growing strength of large food and non-food stores by forming different types of associations: franchising chains, retailers' buying groups and cooperatives, voluntary chains between wholesalers and retailers, and contract arrangements between producers and distributors.

In 1989, affiliated retailers represented 21.8% of total specialized non-food retail

Table F13: Hypermarket development in France (1986-91)

Size category (m^2)	1986		1987		1988		1989		1990		1991		Growth (%) 1991/86	
	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)	No	Sales area (1 000 m^2)
2 500-4 999	327	1 099	358	1 186	404	1 329	441	1 444	474	1 560	499	1 632	52.6	48.5
of which														
2 500-2 999	138	370	154	413	173	463	194	520	208	556	221	591	60.1	59.7
3 000-4 999	189	729	204	773	231	866	247	924	266	1 004	278	1 041	47.1	42.8
5 000-7 499	170	1 038	179	1 099	188	1 150	190	1 160	190	1 155	200	1 218	17.6	17.3
7 500-9 999	96	822	97	829	102	870	106	896	118	996	120	1 016	25.0	23.6
10 000-14 999	50	593	53	624	57	667	63	737	65	762	70	825	28.6	39.1
15 000 and above	6	115	7	131	8	146	8	148	11	195	11	195	83.3	69.6
Total hypermarkets	**649**	**3 667**	**694**	**3 869**	**759**	**4 162**	**808**	**4 385**	**858**	**4 668**	**900**	**4 886**	**38.7**	**33.2**

Source: Insee, CC

Table F14: Employment and turnover of French supermarkets and hypermarkets (1986)

Size category (m^2)	Number	Employees	Sales area (1 000 m^2)	Turnover [a] (Mio FF)	Share (%) Food	Share (%) Non-food	Non-retailing	Average profit/m^2	Sales area (m^2)
400-999	3 214	54 316	2 135	60 425	84.3	12.6	3.1	28.3	664
1 000-1 499	1 567	54 314	1 836	66 489	77.5	15.8	6.7	36.2	1 172
1 500-2 499	490	27 520	918	36 299	73.4	20.4	7.2	39.5	1 873
Total supermarkets	**5 271**	**136 150**	**4 889**	**163 213**	**79.1**	**15.4**	**5.5**	**33.4**	**928**
2 500-4 999	337	40 555	1 157	51 266	61.8	32.2	6.0	44.3	3 433
5 000-7 999	202	48 207	1 272	63 717	56.2	39.2	4.6	50.1	6 297
8 000-12 500 or more	119	48 610	1 219	68 476	53.5	44.1	2.4	56.2	10 244
Total hypermarkets	**658**	**137 372**	**3 648**	**183 459**	**56.8**	**39.0**	**4.2**	**50.3**	**5 544**
Total large-scale grocery retailing	**5 929**	**273 522**	**8 537**	**346 672**	**67.3**	**27.9**	**4.8**	**40.6**	**1 440**

a. Excluding VAT.

Source: Insee, EE 1986

turnover (Figure F1). This excludes pharmaceuticals, of which 18.5% was accounted for by small and medium-sized businesses. The percentage was higher for household equipment (28.9%) and health, culture, leisure and sports products (29.7%).

6.7 Large-scale retailing in France

The definition of large-scale retailing is based on three different criteria: outlet size, enterprise size or membership of a group. In practice, large groups often combine all three criteria. The same brand is often adopted by outlets that are similar in size and run by different companies belonging to the same group or linked to the group by contract. In addition, companies and groups may be linked through a joint buying organization that can also supply different chain operators.

6.7.1 Large-scale grocery retailing

Large-scale food retailers generate over one-third of their turnover from food products. They include hypermarkets (minimum sales area of 2 500 m^2), supermarkets (400 to 2 500m^2, at least two-thirds of sales from food products), and variety stores (400 to 2 500 m^2, between one-third and two-thirds of sales from food products). In the 1980s, the average annual growth rate by volume was almost 17% for hypermarkets and 9% for supermarkets.

On 1 January 1992, there were 900 hypermarkets (649 in 1987) with a total sales area of 4.9 million m^2 (Table F13). Independent retailers operated 356 hypermarkets, but these were smaller and covered only 1.2 million m^2. The number of hypermarkets has grown steadily since the appearance of the first large store in 1963, although the sector has stagnated since 1989. Large stores of over 15 000 m^2 are gaining ground; growth can be mainly attributed to the conversion of smaller hypermarkets into bigger ones. Competition has become more intense between companies managing hypermarkets and growth is often based on external expansion, as evidenced by the large number of takeovers and changes in name that take place each year. As a result, the number of trade marks gradually decreases as regional or family names are slowly replaced by leading national brands.

In France the typical hypermarket sells a very wide range of food (3 000 to 5 000 lines) and non-food items (20 000 to 35 000 lines), with an average turnover per square metre of FF 67 000 (including VAT).

At 1 January 1992 there were around 6 700 supermarkets, with a total sales area of approximately 6.6 million m^2, compared with 5 470 stores having a sales area of 4.8 million m^2 at 1 January 1986.

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The increase in the number of supermarkets was slightly higher compared with hypermarkets, but annual growth was slower. The changes include the opening of new stores, closures, conversions of small supermarkets (less than 400 m²) into larger supermarkets, enlargement of sales area without change of category, and conversions into hypermarkets. But these changes – apart from openings and conversions – cannot be easily determined for an accurate assessment of the number of supermarkets. Their distribution into chains and independent stores is also quite difficult and it is assumed that the stores and total sales area are divided equally between these two types of organization.

The 1986 survey on local outlets led to a detailed analysis of large stores (Table F14), in particular by sales area. In 1986, a total of 490 supermarkets of over 1500 m² generated a turnover of FF 36.3 billion (excluding VAT) from a sales area of 918000 m². In comparison, 658 hypermarkets generated FF 183.5 billion in sales. Sales per store were four times higher for an average-sized hypermarket (5 500 m²) than for an average-sized supermarket (1875 m²) belonging to the largest size class (1 500 to 2 499 m²).

The survey also showed close correlation between store size, sale of non-food products as a percentage of total sales, and sales per square metre. This correlation was stronger for supermarkets than for hypermarkets. Non-food products accounted for 19.4% of sales in stores with a sales area below 1 500 m², and 26.1% in those between 1 500 and 2 500 m². Similarly, average sales per square metre were higher by a factor of 1.25 from one size category to the next. The typical supermarket in 1990 offered 2 500 to 3 500 food lines and 500 to 1 500 non-food lines.

6.7.2 Large-scale non-food retailing

Department stores and specialized large-scale stores are direct competitors of hypermarkets for non-food products. Developments differ between the general department stores within and outside Paris (e.g. Printemps, BHV, Galeries Lafayette) or department stores specialized in a product range (clothing; household equipment; culture, leisure and sports products).

New openings of non-specialized department stores stagnated during the 1980s. There were an estimated 172 stores of this type with a sales area exceeding 2 500 m² in 1989, against 181 in 1981. The 1986 survey estimated average sales area at 6 340 m². Smaller non-specialized or semi-specialized non-food stores, which often belong to the same enterprises as the larger stores, also decreased in number. Operators of such stores refocused their activities on the large, well-known stores located in major city centres.

The stagnation in the growth of department stores was accompanied by a loss of market share for non-food products despite slow but steady expansion of this market. Department stores held a market share of 3.0% in 1980, but only 2.1% in 1990. However, this downward trend seems to have been checked since 1987.

Specialized large-scale retailers are growing in importance in the non-food market. Businesses in this category must fulfil at least one of the following three criteria: at least one store with a minimum sales area of 2 500 m², minimum of 10 stores, or more than 100 employees. Such large-scale retailers accounted for almost 22% of the turnover from specialized non-food retailing and held 10.4% of the non-food market in 1990 (11.6% in the case of hypermarkets). Ten years earlier, large-scale retailers had only accounted for 12.3% of the turnover from specialized non-food retailing and a market share of 6%.

These retailers hold the highest share in the household equipment sector (31.1% of the sector in 1990 against 20.2% in 1980), but their expansion was most significant in the clothing and footwear sector (from 13.1% in 1981 to 25.7% in 1990). In 1988 there were 4 300 stores for household equipment, including 482 with a sales area of over 2 500 m², and 4 800 stores for clothing and footwear, including 27 of over 2 500 m².

Since 1988 large-scale retailers have found a new area for expansion in the health, culture, leisure and sports sector. In 1990, for the third consecutive year, they increased their turnover in this sector and their share was estimated at 13.5%.

General catalogue sales maintained their position in non-food-retailing; their market share was estimated at 1.5%, with no change during the 1980s. Turnover (including VAT), reached FF 20.8 billion in 1990, against FF 9.4 billion 10 years earlier. Annual average growth by volume was 1.9%. These figures cover only general catalogue sales and exclude specialized mail order sales of retailers or manufacturers. The association of mail order companies estimated total catalogue sales at FF 41 billion, or approximately 2.5% of total food and non-food retail sales, excluding the motor trade. Mail order is a highly concentrated sector, in which the two leading companies (La Redoute, Trois Suisses) account for about 40% of total turnover.

6.7.3 Leading French retail groupings

The study of integrated groups is essential to evaluate the importance of large-scale retailing. Retail groups are formed for either commercial or purely financial reasons. The financial analysis of links and cross-shareholdings between groups, can not help measure the importance of commercial groups such as Leclerc or Intermarché.

The LIFI (Liaisons financières) survey on financial links between companies carried out by Insee aims to evaluate the share capital held by groups. In 1987 the survey found 89 groups whose activities centred primarily on French retailing (51 in the food sector and 38 in the non-food sector); 10 non-food groups were foreign-owned. Three retailers, Casino, Au Printemps, and Docks de France, figured among the leading 50 French groups in 1987 in terms of value added or number of employees. A total of 669 business enterprises with 309 000 employees and a turnover of FF 343 billion (excluding VAT) belonged to groups whose main activity was mostly retailing.

Ranking by turnover and number of employees gives another picture of the relative importance of major retail groups (Table F15). According to the trade journal

Table F15: Top 20 French retail groups (1991)

Rank	Groups and societies		Turnover (excluding VAT) (Mio FF)	Growth (%) 1991/90	Profit (Mio FF)	Employees
1	Intermarché	Hypermarkets	107 500	11.6	—	50 000
2	Leclerc	Hypermarkets	106 500	6.5	—	51 500
3	Carrefour [a]	Hypermarkets	100 380	32.3	1 207	76 200
4	Promodès [b]	Hypermarkets	76 370	30.6	450	47 175
5	Auchan	Hypermarkets	44 500	—	—	26 000
6	Casino	Hypermarkets	42 415	– 5.5	531	37 370
7	Systéme U	Food	37 500	15.4	—	23 800
8	Au Printemps (Pinault)	Department stores	31 280	6.4	1 857	30 200
9	Docks de France	Food	29 400	11.3	311	24 050
10	Galeries Lafayette [c]	Department stores	25 480	54.7	301	36 220
11	Euromarché (Carrefour)	Hypermarkets	25 467	0.63	– 1 504	16 685
12	Rallye	Hypermarkets	24 000	– 6.7	126	19 270
13	Comptoirs modernes	Supermarkets	21 360	5.8	306	15 940
14	La Redoute (Pinault)	Mail order	17 750	26.8	397	16 520
15	Nouvelles Galeries (Galeries Lafayette)	Department stores	14 200	2.7	258	19 075
16	Trois Suisses International	Mail order	9 525	0.3	—	6 980
17	Darty	Electrical appliances	8 755	2.2	557	7 270
18	Castorama	DIY	8 750	16.9	243	9 900
19	Fnac	Consumer electronics, books	7 430	12.1	143	6 290
20	Conforama	Furniture	7 195	5.2	277	5 335

a. Including controlling stakes in the Mordaur and Euromarché hypermarkets.
b. Including Continent hypermarkets.
c. Including Nouvelles Galeries department stores.

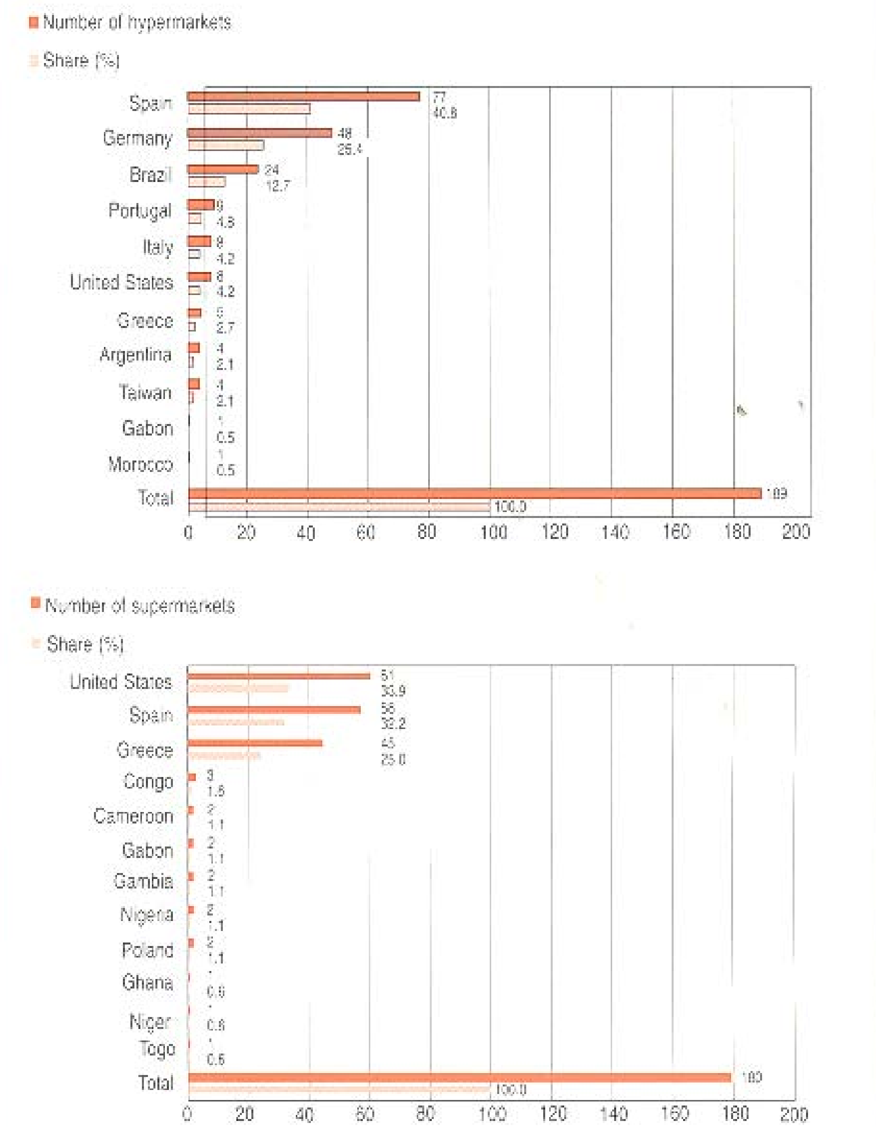
Source: Eurostat, adapted from Les Echos, 'Les 500 premiers groupes', November-December 1992.

Les Echos, Intermarché, Leclerc and Carrefour were the three leading French retail groups in 1991, with a turnover exceeding FF 100 billion each. Between 1990 and 1991, the 10 leading groups all increased their turnover, often through acquisitions. The only exception was the Casino group whose sales fell by 5.5%.

Slower growth, increasing European competition and global sourcing will lead to more acquisitions and speed up concentration trends even further. Already in June 1991 Carrefour took over Euromarché becoming the largest French retail conglomerate in 1992, with a consolidated turnover of FF 115 billion. This was followed, in 1992, by a merger between the Casino (turnover of FF 42.4 billion in 1991) and the Rallye (turnover of FF 24 billion in 1991) groups.

Most recently, the department store operator Galeries Lafayette took a controlling stake in Nouvelles Galeries (turnover of FF 14.2 billion in 1991). Further radical changes in ownership and cross-shareholdings are to be expected in the 1990s.

Figure F2: French hypermarkets and supermarkets abroad (1990)



Source: Eurostat, based on LSA, 1991

6.8 International expansion strategies of French retail groups

The 1980s saw a strong thrust of French retailers abroad, especially in Spain, Germany and the United States (Figure F2). Three concurrent strategies were adopted: creation of local subsidiaries to set up and operate large stores, partnership agreements with large local retail groups, and acquisition of holdings in local retail companies.

The Carrefour, Auchan and Promodès groups were the most active in opening new hypermarkets abroad. Carrefour spearheaded the movement by opening its first hypermarket in a Barcelona suburb in late 1973. Since then, Spain has remained a favourite target where French retailers have established themselves firmly. They are also setting up smaller regional chains. Auchan and Carrefour plan to extend their do-it-yourself and furniture chains to Spain, following in the footsteps of Conforama, which recently opened its first stores there.

In Italy, where regulations make it difficult to open large stores, Casino, Auchan, and Promodès signed partnership agreements with local supermarket operators. Castorama cooperates with Standa and Rinascente in the do-it-yourself and furniture sectors.

French presence is more limited elsewhere, because of stricter regulations (the Netherlands), strong local competition (Germany, UK), or difficulties in introducing the French-style hypermarket offering food and non-food items 'under one roof' (USA). Since the first investments by As-Eco and Record under the name Cub's in 1982, many French hypermarket operators particularly Euromarché, Carrefour, and Auchan have tried to open such stores in the United States, but they have not made any real breakthrough in this difficult market.

At 1 January 1992, 136 hypermarkets and 171 supermarkets outside France were either owned or supported by French retailers.

Le Printemps has successfully exported its trade mark right up to the Far East, whereas La Redoute, in partnership with Sears-Roebuck, has led the French mail order companies in their expansion into the Canadian market. Since mail order companies can operate without opening stores, they can easily establish themselves in foreign markets. Concentration has begun in the mail order sector, particularly in Europe, where the single market will facilitate processing of orders across the Community. Catalogues will also be designed for European rather than national consumers. French companies expect competition to increase here.

For further reading

1. Insee résultats, *Système productif No 45*, July 1991, 'Les entreprises du commerce en 1989', résultats de l'enquête annuelle d'entreprise.

2. Insee, Document de travail E No 9201, 'Enquête d'établissement dans le commerce de détail. Principaux résultats pour 1986'.

3. Insee, 'La situation du commerce français en 1991', Premier bilan établi pour la réunion de la Commission des comptes commerciaux de la Nation du 27.1.1992.

4. Insee résultats, 'Les comptes du commerce en 1990', Economie générale No 44-45, September 1991.

5. Ministère du Commerce et de l'Artisanat, *La France des commerces 1990 et 1991*.

6. LSA *(Libre Service Actualités)*, 'Atlas Hyper-super', No 1283/1284, 19-26.12.1991.

7. *Points de Vente*, 'Panorama 1992', Recensement de la grande distribution au 1.9.1991.

Annex F: Statistical sources and data-collection methods

The French trade statistics system covers both short-term trends and structural aspects. It forms part of a production statistics system coordinated by the Institut national des statistiques et des études économiques (Insee). However most sectors are managed by the statistical departments of the relevant ministries (e.g. industry, transport). Exceptionally, in the trade sector, it is Insee that also carries out the statistical work.

The annual enterprise survey (EAE) is the corner-stone of the enterprise statistics system. As it covers most sectors of the economy it is useful for studying the structure of the production system and its changes. All enterprises with 20 or more employees are surveyed. For the smaller ones, a representative sample based on the Sirene register is used. The register comprises all enterprises and local outlets so that there is no need for censuses, which are costly and take long to analyse.

The basic component in the retail trade is the local outlet. Insee periodically surveys local outlets whose scope is extended to include local retail outlets of non-retail enterprises. The results of the different sectoral annual enterprise surveys are combined with data from tax returns within a harmonized system of enterprise statistics (SUSE) that is used for national accounts. Monthly indices complete the system and provide recent data on retail turnover. The surveys are also used to update data from structural sources, for trade accounts and in keeping with the central framework of national accounts.

1. Annual enterprise survey (EAE)

The annual enterprise survey (EAE) of retailers is carried out each year on a sample of wholesale and retail enterprises. All enterprises with 20 or more employees are covered; for those with fewer than 20 employees, representative enterprises are selected according to variable sampling rates based on activity and size (measured in terms of number of employees). The 1989 survey covered 40 000 enterprises: 16 000 in the wholesale trade, 2 000 intermediaries, and 22 000 in the retail trade. It also included 6 000 enterprises in motor trade (sale and repair) which, in France, are normally grouped with market services and not distributive trade.

The annual enterprise survey in the retail trade covers all enterprises whose main activity is retailing; it includes enterprises with no employees, irrespective of their turnover.

2. Survey of local outlets in retailing (EE)

In addition to enterprises, retail statistics should include local outlets which constitute the retail network available to consumers. The 1982 and 1986 surveys covered all local outlets, including those belonging to enterprises whose main activity was not retailing. In 1986 all local outlets with 20 or more employees were surveyed; those with fewer than 20 employees were covered through a representative sample. A total of 15 000 local outlets, belonging to enterprises with several local outlets, were surveyed in this way. For enterprises with a single outlet, the necessary information was taken from the 1986 annual enterprise survey with no need for data to be collected specifically.

3. Monthly indices of turnover

Insee uses a fixed sample to compile monthly indices of turnover for all enterprise sizes. A sample of VAT-registered enterprises (6 000 VAT returns supplied by the VAT office) is taken to cover small and medium-sized units. A special postal survey covering a sample of 3 000 enterprises is conducted for small enterprises not subject to monthly VAT returns. The monthly indices of turnover in the retail trade are the only comprehensive source of quantitative short-term information. In addition, various trade sources provide information on certain types of large-scale retailers (large hypermarket companies, department stores, and mail order companies).

4. National accounts of distributive trades (CC)

National accounts of distributive trades provide a detailed description of each sector and, in the case of retail sales, of each type of outlet.

The results of the annual enterprise surveys and VAT data, integrated within SUSE, are used for compiling sectoral accounts. They are in harmony with the central framework of national accounts and include other elements. The data therefore need to be corrected to account for tax irregularities and to extrapolate missing data. This explains why turnover of retail enterprises in the sectoral accounts is higher than in the annual enterprise surveys.

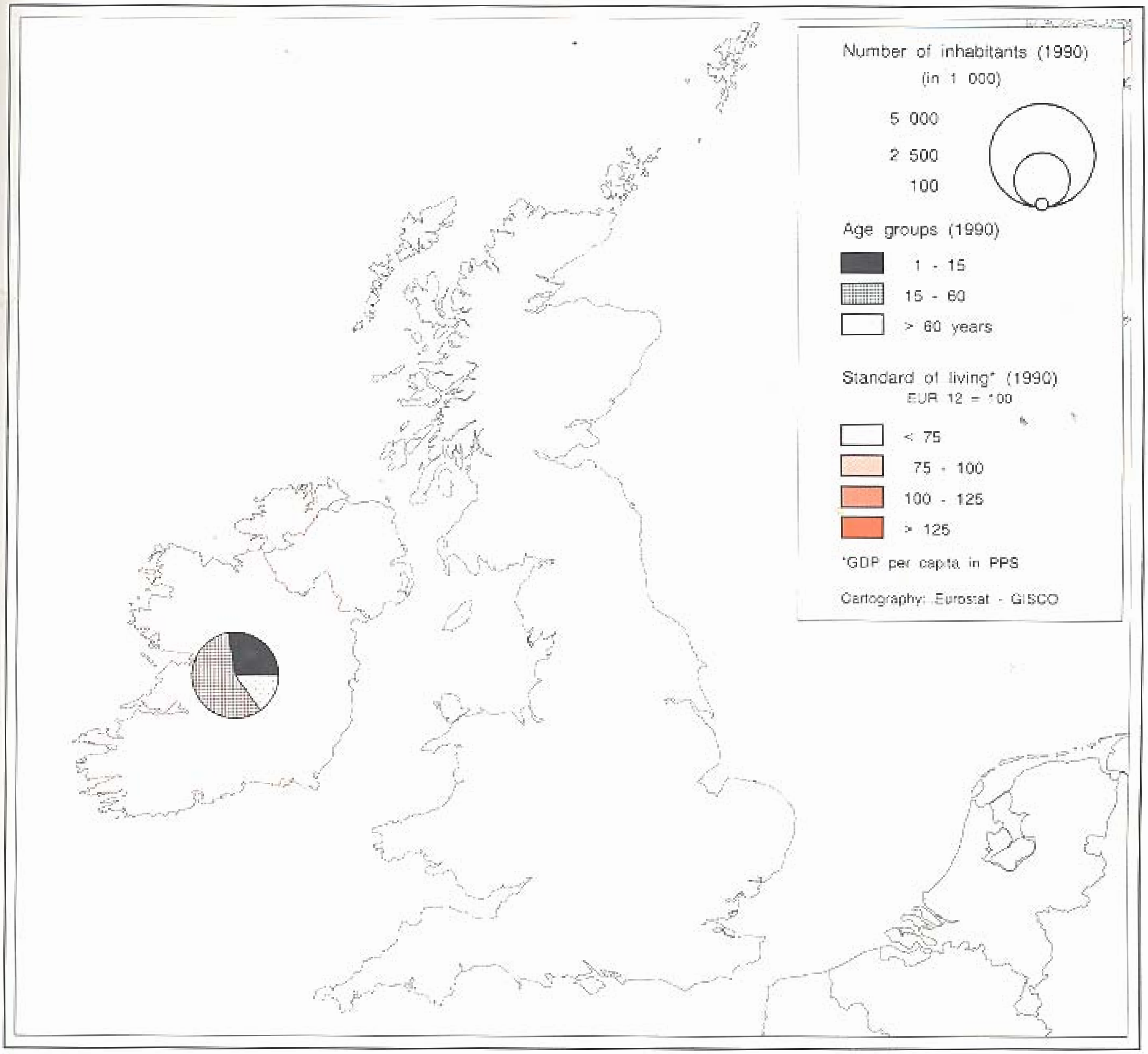
Volume and price breakdowns are prepared for sectoral accounts and the data are adjusted to include all taxes and ensure consistency with household consumption data.

For distributive trade accounts, data from the previous year can be updated using short-term sources. The position of retailing for year N can be determined by extrapolating the results for the previous year; results are available at the end of January of the following year N + 1.

5. Other sources

In the case of large-scale retailers (hypermarkets, supermarkets, department stores, large specialized non-food stores), registers and monographs regularly prepared and published by the trade press are a rich source of detailed information. Each year, journals such as *Libre Service Actualités*, *Points de Vente*, and *Les Echos* publish special issues devoted to large-scale retailing. They contain complete lists of stores, including details of parent organizations and store features, as well as detailed statistics.

7 Retail trade in Ireland



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7.1 Introduction and key statistics

Although Ireland is larger in area than Luxembourg, Belgium, the Netherlands and Denmark, it is the second smallest Member State after Luxembourg in terms of population (3.5 million). Retail services therefore need to reach a small but widely scattered population.

In Irish statistics, the motor trades (car shops, motor-cycle dealers, and petrol stations) are part of retail trade. In addition, 'public houses' and 'off-licence shops' are considered a retail category although closely related to catering. Public houses are outlets that sell 50% or more of their goods (mainly alcoholic and non-alcoholic drinks) for on-site consumption. In contrast, in off-licence shops, 50% or more of turnover is generated through sales of alcoholic drinks for consumption off the premises. Although this class does not exist in other EC nomenclatures, it was included to maintain compatibility with the existing Irish classification. In Part I (EC overview), public houses and off-licence outlets are considered part of the Irish food sector.

Table IRL1 summarizes a number of key statistics related to the Irish retail trade.

Table IRL1: Key statistics for retailing in Ireland (1987, 1988)

Criteria	Value	Statistical source
Number of enterprises	29 337	CSO 1988
Number of local outlets (excluding itinerary trade)	31 699	CSO 1988
Sales area (100 ft ^{2})	264 671	CSO 1988
Total employment	127 880	CSO 1987
Self-employed	38 200	
Employees	89 680	
Turnover (IRL 1 000)	7 133 670	CSO 1987
Gross margin (IRL 1 000)	1 535 435	CSO 1987
Gross margin per labour unit	12 006	

Source: Irish Central Statistical Office (CSO).

7.2 Role of commerce in the Irish economy

In 1988, there were around 32 400 retail and wholesale enterprises and 350 intermediaries (Table IRL2a).

The commercial sector is an important employer in Ireland (Table IRL2b). In 1991, its share in total employment was 15.3% (11.7% for retailing and 3.6% for wholesaling). Retail employment has kept pace with the general upward trend in total national employment, especially in the late 1980s. Conversely, the wholesale trade, which is mainly import-oriented, tended towards a net decline in employment during the 1980s.

The Irish economy grew at an annual rate of 2.1% in 1980-85, but picked up in the second half of the 1980s (+ 4.6% annually). The distributive trade sector accounted for 13.3% of total gross value added, which amounted to IRL 23.3 billion in 1990 (Table IRL2c).

Tradable consumption in Ireland represents about 65% of final household consumption (Table IRL2d), a high share compared with the EC average of 53%. This leaves a low proportion for services and categories not channelled through the retail sector. The share of food, drink and tobacco in household consumption is also rather high (32.6%), mainly because average household income is relatively low.

7.3 Retail trade structure in Ireland: enterprises and local outlets

In contrast with practice elsewhere in the Community, the distribution censuses of the Central Statistical Office (CSO) in Ireland cover local retail outlets rather than enterprises. Enterprise estimates for this publication were therefore compiled from local outlet data.

According to the CSO, some 29 300 retail enterprises were operating in Ireland in 1988. Overall retail sales amounted to IRL 7.1 billion (excluding VAT), with an average turnover of around IRL 243 200 per enterprise (Table IRL3). Average sales were highest in the motor trade (IRL 404 400) and grocery sector (IRL 368 600). The share of motor trades was higher in retail turnover (20%) than in the number of enterprises (12%) and outlets (12%), because of the scale of their operations.

About 75% of retail enterprises were sole proprietorships (Figure IRL1). Similar to France, Belgium, and the United Kingdom, Ireland had a high share of limited companies (18.6%). Partnerships (5.8%) and cooperatives (0.2%) were less common.

During 1978-88, the number of outlets remained fairly stable, with an average annual decrease of only – 0.2% (Table IRL4). Rationalization and concentration led to significant losses of outlets mainly from the grocery (– 25.3%) and tobacco, sweets, and newspapers sectors (– 29.7%). Motor tradess (share of 12.1%) registered the highest average annual growth rate (+4.2%) in the number of outlets. Other sectors with positive rates were 'other food' (1.9%), durable household goods (1.6%), and 'other non-food including department stores' (0.9%). With over half the 31 700 outlets recorded in 1988, food and drink retailing (including public houses) ranked highest for the number of outlets.

As Irish retailers normally operate single-outlet businesses, the average number of outlets per enterprise (1.07) was lower than the EC average (1.15). In 1988, there were 90 outlets per 10 000 inhabitants in Ireland (Table IRL5). Retail outlet density was highest in Munster (109) and Ulster (103).

Table IRL2: Role of commerce in the Irish economy (1988-91)

(a) Share in the number of enterprises		Value 1988	Share (%)
Total enterprises (including agricultural enterprises)		na	
Total distributive trade enterprises		**32 708**	**100.0**
Wholesale trade		3 027	9.3
Food wholesaling		684	2.1
Non-food wholesaling		2 343	7.2
Retail trade		29 337	89.7
Food retailing		11 001	33.6
Non-food retailing		18 336	56.1
Intermediaries		344	1.1
(b) Share in employment (1 000)		1991	(%)
Total resident population		3 523.4	
Total employment		1 125.1	100.0
Persons employed in distributive trades		**171.8**	**15.3**
Wholesale trade		40.4	3.6
Retail trade		131.4	11.7
(c) Share in value added[a] (Mio IRL)	1988	1989	1990
Gross domestic product	21 886.3	24 398.9	26 003.0
Gross value added of all sectors[b]	19 740.6	21 382.8	23 348.0
Distributive trades gross value added[b]	**2 290.4**	**2 422.9**	**3 111.0**
Share of distributive trade sector (%)	11.6	11.3	13.3
(d) Tradable consumption (Mio IRL)		1990	(%)
Final household consumption (at current prices)		**14 720**	**100.0**
Food and drink		4 795	32.6
Tobacco		564	3.8
Clothing and footwear		1 064	7.2
Gross rent, fuel and power		1 519	10.3
Furniture, furnishings and household equipment		1 177	8.0
Medical care and health expenses		587	4.0
Transport and communications		1 978	13.4
Recreation, entertainment, education, culture		1 633	11.1
Miscellaneous goods and services		1 403	9.5
Tradable consumption		**9 509**	**64.6**
Non-tradable consumption (mainly services)		**5 211**	**35.4**

a. At market prices.
b. At factor costs.

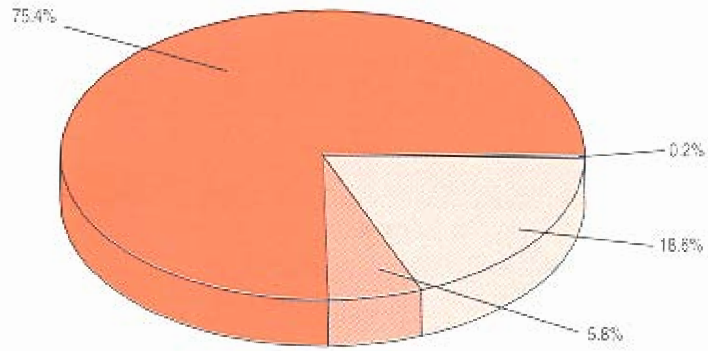
Sources: CSO, Census of services 1988, labour-force survey (LFS) 1991, national accounts, 1991.

7.4 Employment in Irish retailing

The Irish retail sector employed 128 000 persons in 1988 (Table IRL6), of whom over 50% were working in the food sector, including public houses, 13% in the motor trades, and 36% in non-food retailing. On average, an Irish retail outlet employs 4 persons (including family workers).

Ireland is among the EC countries with a relatively high share of wage and salary earners, who account for 70% of the work-force of whom 19% are part-time workers. Public houses have the highest proportion of self-employed (45%) alongside tobacco, sweets and newspaper agents. Employees represent about 80% of the workforce in

Figure IRL1: Share of retail enterprises (in %) by legal status in Ireland (1988)



Source: Eurostat, based on CSO data.

Table IRL3: Number of retail enterprises and turnover by sector of activity in Ireland (1987, 1988)

Sectors of activity	Number of enterprises 1988	Share (%)	Turnover excluding VAT 1987 (1 000 IRL)	Share (%)	Turnover per enterprise IRL
Grocery	6 345	21.6	2 338 744	32.8	368 596
Public house and off-licence	6 450	22.0	739 120	10.4	114 592
Other food (including dairy products)	3 047	10.4	452 261	6.3	148 428
Tobacco, sweets and newspapers	1 609	5.5	219 791	3.1	136 601
Clothing and footwear	2 646	9.0	537 266	7.5	203 048
Durable household goods	1 843	6.3	434 615	6.1	235 819
Chemists	984	3.4	204 889	2.9	208 221
Other non-food (including department stores)	2 824	9.6	755 588	10.6	267 559
Motor trades (including petrol stations)	3 589	12.2	1 451 396	20.3	404 401
Total	**29 337**	**100.0**	**7 133 670**	**100.0**	**243 163**

Source: CSO.

Table IRL4: Number of retail outlets by sector of activity in Ireland (1978, 1988)

Sectors of activity	Number of outlets		Share (%)		Growth (%)	Average annual growth (%)
	1978	1988	1978	1988	1988/78	1988/78
Grocery	8 917	6 664	27.6	21.0	– 25.3	– 2.9
Public house and off–licence	6 839	6 570	21.2	20.7	– 3.9	– 0.4
Other food	2 754	3 316	8.5	10.5	20.4	1.9
Tobacco, sweets and newspapers	2 404	1 689	7.4	5.3	– 29.7	– 3.5
Clothing and footwear	2 998	3 202	9.3	10.1	6.8	0.7
Durable household goods	1 858	2 183	5.7	6.9	17.5	1.6
Chemists	1 089	1 039	3.4	3.3	– 4.6	– 0.5
Other non–food (including department stores)	2 934	3 212	9.1	10.1	9.5	0.9
Motor trades (including petrol stations)	2 539	3 824	7.9	12.1	50.6	4.2
Total	**32 332**	**31 699**	**100.0**	**100.0**	**– 1.0**	**– 0.2**

Source: CSO.

Table IRL5: Geographical distribution of retail outlets in Ireland (1988)

Regions and major conurbations	Population	Number of outlets	Number of outlets per 10 000 inhabitants	Share of outlets (%)	Share of retail turnover (%)
Leinster	1 860 037	14 039	75	44.2	56.2
(Dublin Metropolitan Region)	920 956	5 928	64		
Munster	1 008 443	10 961	109	34.6	29.3
(Cork County Borough and suburbs)	173 694	1 539	89		
Connacht	422 909	4 305	102	13.6	9.7
(Galway County Borough and suburbs)	47 104	437	93		
Ulster (part)	232 012	2 394	103	7.6	4.8
Ireland	**3 523 401**	**31 699**	**90**	**100.0**	**100.0**

Source: CSO.

Table IRL6: Employment characteristics by sector of activity in Irish retailing (1988)

Sectors of activity	Number of persons employed	Share (%)	Number of persons employed per outlet	Self-employed (including family workers) (%)	Full-time employees (%)	Part-time employees (%)
Grocery	34 406	26.9	5.2	29.2	43.8	27.0
Public house and off-licence	23 263	18.2	3.5	44.6	32.7	22.7
Other food (incl. dairy products)	9 427	7.4	2.8	40.1	48.9	11.0
Tobacco, sweets and newspapers	5 158	4.0	3.1	44.9	33.4	21.7
Clothing and footwear	12 792	10.0	4.0	20.3	58.4	21.3
Durable household goods	7 780	6.1	3.6	21.7	69.0	9.3
Chemists	4 207	3.3	4.0	21.8	65.4	12.8
Other non-food (including department stores)	14 522	11.3	4.5	19.1	65.7	15.2
Motor trades (including petrol stations)	16 325	12.8	4.3	22.8	67.1	10.1
Total	**127 880**	**100.0**	4.0	**29.9**	**50.9**	**19.2**

Source: CSO.

the following sectors: other non-food including department stores; clothing and footwear; household goods; chemists; motor trades. Owners, associates, and family workers make up the remaining 20%.

7.5 Retail activity and turnover in Irish retailing

Total retail turnover (including VAT) amounted to IRL 8.2 billion in 1987 (Table IRL7). The contribution of grocery retailing was IRL 2.3 billion, of the motor trades IRL 1.8 billion and of public houses IRL 900 million. Real growth rates between 1977 and 1987 were most significant for electrical goods (117%), groceries (76%), and other food and drink shops (63%). Footwear outlets (47%) and chemists (37%) also recorded above-average real growth rates.

The food and footwear sectors were dominated by large multiples (Section 7.5). Butchers' shops selling fresh meat (– 0.5%) were adversely affected by competition from larger grocery outlets (superstores). Department store sales declined by 3% over the period, reflecting a similar trend in most other EC countries. The share of grocery retailers (excluding public houses) increased by 7 points from 1977 to reach almost 28% in 1987. The second largest sector of activity, the motor trade, recorded a drop of 3 points to 22% in 1987.

The value of a commercial service and, ultimately, the profitability of a retail activity can be determined from the gross margin (Table IRL8). There was a modest increase in gross margin for the retail sector as a whole, from 21% in 1977 to slightly over 22% in 1987. Public houses and other food outlets recorded the highest increase (almost 5 percentage points each), followed by clothing and footwear (over 2 percentage points). Chemists were the only sector that showed

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Table IRL7: Volume changes in Irish retail turnover for 14 sectors of activities (1977, 1987)

Sectors of activity	Turnover including VAT 1987 (1 000 IRL)	Share (%)	Turnover including VAT 1977 (1 000 IRL)	Share (%)	Price deflator [a] 1987/77	Volume change (%) 1987/77
Grocery	2 287 496	27.8	528 111	20.7	2.463	75.86
Grocery with public house	138 348	1.7	61 355	2.4	2.761	- 18.33
Public house and off-licence	915 135	11.1	284 126	11.1	3.272	- 1.56
Tobacco, sweets and newspapers	258 096	3.1	74 599	2.9	3.284	5.35
Fresh meat	233 600	2.8	105 932	4.1	2.217	- 0.53
Other food and drink [b]	255 621	3.1	56 261	2.2	2.786	63.08
Motor trades (including petrol stations)	1 776 295	21.6	625 572	24.5	2.797	1.52
Chemists	222 752	2.7	65 599	2.6	2.482	36.81
Hardware	232 743	2.8	80 699	3.2	2.390	20.67
Electrical goods	213 123	2.6	49 177	1.9	1.995	117.23
Footwear	97 363	1.2	30 172	1.2	2.189	47.42
Drapery and clothing	619 153	7.5	216 377	8.5	2.198	30.18
Department stores	222 426	2.7	102 927	4.0	2.229	- 3.05
Other non-food [c]	755 042	9.2	276 218	10.8	2.425	12.72
Total retail turnover [d]	**8 227 193**	**100.0**	**2 557 125**	**100.0**	**2.569**	**25.24**
Retail sales [e]	**6 450 898**	**78.4**	**1 931 553**	**75.5**	**2.506**	**33.27**

a. Based on the Consumer Price Index and calculated from changes in commodity prices.
b. Includes Country General shops.
c. Some slight discontinuity in categories covered between censuses.
d. Including motor trade and petrol stations.
e. Excluding motor trade and petrol stations.

Source: CSO

a slight drop in their margin. Additional factors need to be studied for a reliable analysis of profitability, but the CSO does not collect detailed information by sector on operating costs and capital investments.

In 1988, only 3.3% of the retail outlets in Ireland reported an annual turnover exceeding IRL 0.5 million, but they accounted for 43% of total retail turnover and over 26% of employment. Concentration is less pronounced in Ireland than in Germany, France, and the United Kingdom. However, over the past few years more large-scale retailers have been emerging, especially in the grocery sector (Table IRL9).

7.6 Large-scale retailing in Ireland

In 1988, the CSO counted 83 enterprises with more than 5 outlets (Table IRL10). Although these multiples accounted for almost 25% of retail turnover, they represented only 0.3% of retail enterprises and 2.9% of outlets. The dominance of multiples was most striking in the grocery

Table IRL 8: Gross margin in 7 retail sectors in Ireland (1977, 1987)

Sectors of activity	Turnover (1 000 IRL) 1987	Turnover (1 000 IRL) 1977	Gross margin (1 000 IRL) 1987	Gross margin (1 000 IRL) 1977	Gross margin rate (%) 1987	Gross margin rate (%) 1977
Grocery	2 228 451	565 742	355 980	85 482	15.97	15.11
Public house and off-licence	743 656	261 099	237 749	70 995	31.97	27.19
Other food (excluding dairy products)	357 109	159 373	85 280	30 266	23.88	18.99
Tobacco, sweets and newspapers	220 992	68 803	41 346	12 331	18.71	17.92
Clothing and footwear	652 448	242 099	183 418	62 650	28.11	25.88
Chemists	204 929	61 514	56 853	17 513	27.61	28.47
Durable household goods	467 939	150 856	118 820	37 178	25.39	24.64
Total	4 875 524	1 509 486	1 079 446	316 415	22.14	20.96

Source: CSO.

sector where 9 enterprises accounted for over 58% of sales (IRL 1.3 billion). Clothing and footwear ranked second with 25 multiples accounting for 28% of turnover.

Similar to the situation in other EC countries, the principal Irish retail groups mainly operate in grocery retailing but are increasingly diversifying into other sectors (Table IRL11). Dunnes, the largest Irish retail group with 6 000 employees and annual sales of IRL 880 million (1991) has an interest in the hardware business, while Quinnsworth (5 000 employees, turnover of IRL 600 million) owns a number of clothing outlets in addition to its supermarket chains. A third significant group is Penneys (3 000 employees, turnover of IRL 350 million) whose chain of stores spreads across the country.

Table IRL9: Concentration by turnover category in Irish retailing (1988)

Turnover categories (IRL)	Cumulated % of outlets	Cumulated % of retail turnover	Cumulated % of persons employed
< 10 000	7.6	0.2	2.7
10 000-25 000	20.0	1.2	7.5
25 000-50 000	34.0	3.4	14.2
50 000-100 000	55.0	10.1	26.8
100 000-250 000	82.6	29.2	49.9
250 000-500 000	92.5	44.2	63.7
500 000-1 000 000	96.7	57.0	73.7
1 000 000-5 000 000	99.3	80.0	86.9
> 5 000 000	100.0	100.0	100.0

Source: CSO

Table IRL10: Turnover of multiple outlet retailers in Ireland (1988)

Sectors of activity	All enterprises			Enterprises with 5 or more outlets			Share of enterprises with 5 or more outlets		
	Number of enterprises	Number of outlets	Total turnover (Mio IRL)	Number of enterprises	Number of outlets	Total turnover (Mio IRL)	% of enterprises	% of outlets	% of turnover
Grocery (including supermarkets)	five 429	five 767	2 218.6	9	212	1 291.1	0.17	3.68	58.19
Grocery with public house	916	928	120.1	–	–	–	–	–	–
Public house and off-licence	6 450	6 570	739.1	3	25	12.8	0.05	0.38	1.73
Fresh meat	1 568	1 690	234.0	6	46	17.8	0.38	2.72	7.62
Other food	1 479	1 617	218.2	8	82	16.0	0.54	5.07	7.34
Tobacco, sweets and newspapers	1 609	1 687	219.8	5	35	14.5	0.31	2.07	6.60
Clothing and footwear	2 646	3 134	537.3	25	240	151.9	0.94	7.66	28.28
Motor trades (including petrol stations)	3 589	3 825	1 451.4	7	86	106.8	0.20	2.25	7.36
Durable household goods	1 843	2 045	434.6	6	55	24.4	0.33	2.69	5.62
Other non-food [a]	3 808	4 240	960.6	14	131	106.1	0.37	2.83	11.26
Total	**29 337**	**31 503**	**7 133.7**	**83**	**912**	**1 741.5**	**0.28**	**2.89**	**24.41**

a. Including chemists

Source: CSO

Table IRL11: Top 5 Irish retail groups (1991)

Rank	Group	Main activity	Turnover (Mio IRL)	Employees
1	Dunnes Stores	Supermarkets, hardware	880	6 000
2	Quinnsworth	Supermarkets, clothing	600	5 000
3	Primark (Penneys)	Clothing, variety stores	350	3 000
4	Superquinn	Supermarkets	190	2 000
5	Super-Value	Supermarkets, convenience stores	105	700

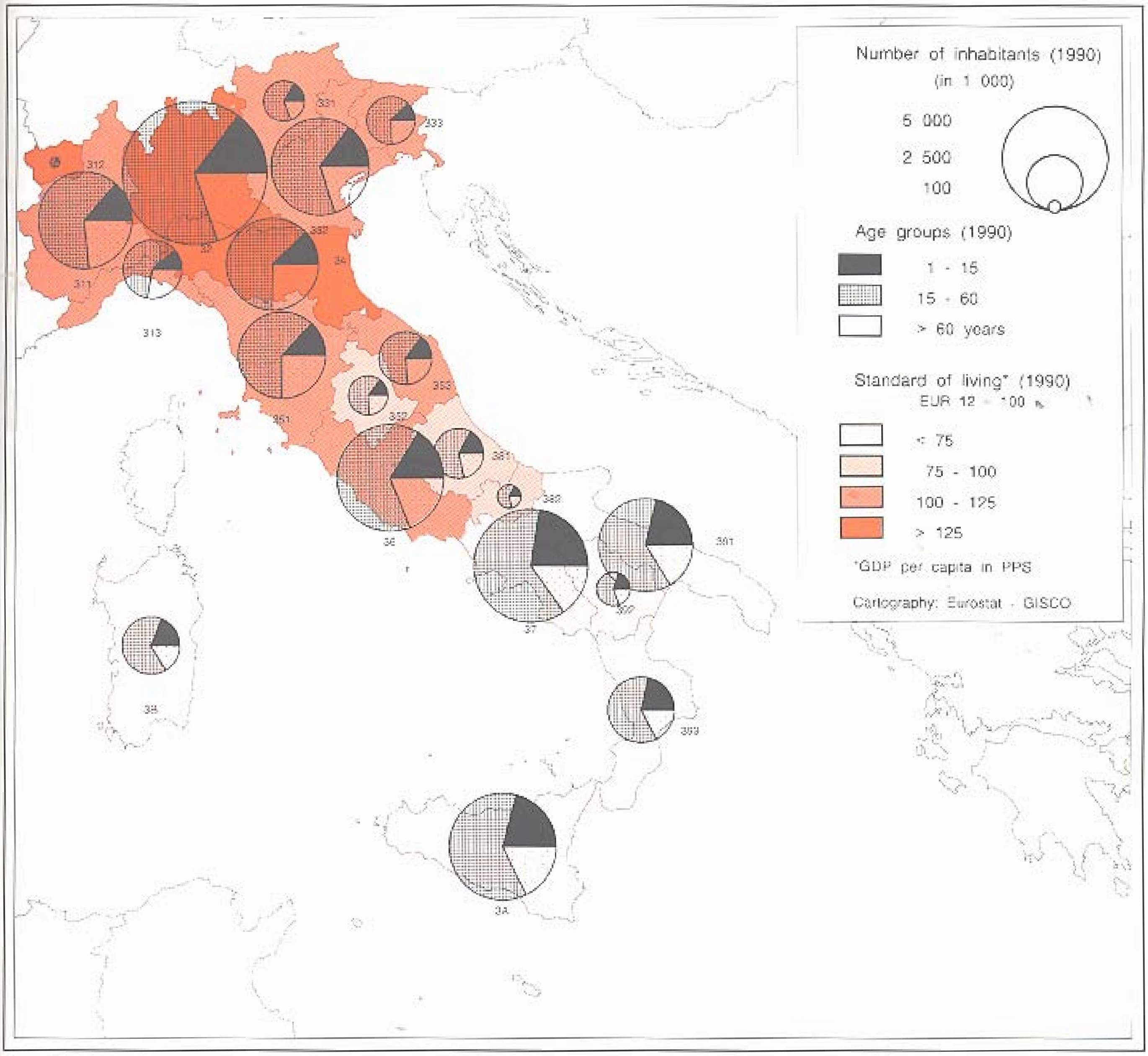
Source: Eurostat, adapted from *Business & Finance*, 'Top 1000 Irish companies', 1991

For further reading

Central Statistics Office, '1988 Census of services, volume 1 – detailed results for retail and wholesale trade.

Business & Finance, 'Top 1000 Irish companies'. Annual publication.

8 Retail trade in Italy



NUTS 2 REGIONS

311	PIEMONTE	34	EMILIA-ROMAGNA	382	MOLISE
312	VALLE DÁOSTA	351	TOSCANA	391	PUGLIA
313	LIGURIA	352	UMBRIA	392	BASILICATA
32	LOMBARDIA	353	MARCHE	393	CALABRIA
331	TRENTINO-ALTO ADIGE	36	LAZIO	3A	SICILIA
332	VENETO	37	CAMPANIA	3B	SARDEGNA
333	FRIULI-VENEZIA GIULIA	381	ABRUZZI		

8.1 Introduction and key statistics

The Italian economy is driven by the services sector which generates the highest percentage of value added. In 1990, the share of market services (including distributive trades, transport and communication, financial services, etc.) in value added was 49.6% compared with 33.4% for industry, 13.8% for non-market services, and 3.2% for agriculture.

The gap between market services and industry is steadily widening. In 1980, industry still accounted for 39.4% and market services for only 42.9% of value added. There was also a gradual increase in the share of non-market services offered by the public sector from 11.9% in 1980 to 13.8% in 1990. The shift towards services is also reflected in the employment figures.

Between 1981 and 1990, other market services (e.g. business services) reported the highest growth of value added in real terms (average 4.4%), followed by transport and communication (4.1%), and financial and insurance services (3.6%). The average annual growth rate in distributive trades was 3.0%.

A simple macroeconomic analysis of the distributive trade sector would mask the profound changes brought about by rapid modernization of retailing operations. The 1980s were marked by an increase in the number of self-service outlets, especially in food retailing; the opening of large stores (supermarkets, hypermarkets) and shopping centres; the expansion of cooperative links (buying groups, voluntary chains); an increase in the number of small independent shops and franchised outlets in non-food retailing.

Table I1: Key statistics for retailing in Italy (1981-90)

Criteria	Value	Statistical source
Number of enterprises	934 845	Istat 1981
	928 747 [a]	Istat 1988
Number of local outlets (including itinerary trade)	982 843	MIT 1990
Sales area (1 000 m²)	69 485	MIT 1990
Total labour units [a]	2 401 200 [b]	Cescom 1990
	2 214 607 [b]	Istat 1988
Total employment [c]	1 967 059	Istat 1981
Women	885 019	
Self-employed	1 432 724	
Employees	534 335	
Gross value added (bn LIT)	97 373	Cescom 1990
Value added per labour unit (Mio LIT)	40 552	
Tradable consumption per outlet (Mio LIT) [d]	512 292	Cescom 1989
Tradable consumption per labour unit (Mio LIT)	187 908	

a. Full-time equivalent.
b. Estimate.
c. Number of persons who have a job.
d. Proxy for retail turnover.

Sources: Istat: Istituto nazionale delle statistiche, census of industry and trade.
MIT: Ministry of Industry and Trade.
Cescom: Centro di studi sul commercio, estimates based on OECT and Istat data.

Transformation of the Italian distribution system was often hindered by administrative entry barriers. Large food retailers were mostly affected by these entry barriers, which favoured small independent entrepreneurs rather than large multiples. Large-scale modern formats still account for a low share of retail sales. Besides, there are wide differences in the availability of modern retail services across regions, often irrespective of their economic development.

The large number of small firms does not facilitate the collection of detailed information on certain variables such as turnover and sales area. An approximation of retail turnover can be obtained through tradable consumption figures derived from national accounts (Section 8.2). In general, more accurate statistics are needed on this high-growth sector for a better understanding of the distribution system.

In 1985 Istat, the national statistical office, carried out a thorough revision of the Italian national accounts. The main aim was to take into consideration the parallel economy. This chapter is based on data obtained after the revision.

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The two main sources of data are Istat (1981 census, national accounts, surveys on enterprises) and the Ministry of Industry and Trade (information on number of outlets, sales area, development of associative forms).

As 1981 census figures are obsolete and other official data often incomplete, other sources needed to be analysed as well. They included sectoral studies from research institutes such as the Centro di studi sul commercio (Cescom) and company reports for sales figures (Section 8.5), data on large-scale retailing (Section 8.7) and associative forms in food retailing (Section 8.8).

Key statistics for the Italian retail trade are presented in Table I1.

8.2 Role of commerce in the Italian economy

Italy's GDP amounted to LIT 1 306 833 billion (ECU 850 billion) in 1990. According to government sources, the real growth rate for 1991 is expected to be 1.4%. A slight acceleration of economic growth to 1.5% is expected for 1992.

Distributive trade plays an important role in the Italian economy (Table I2a-c) in terms of the number of businesses (39.5% in 1981), employment (14.9% in 1990), and value added (14.4% in 1990). In 1990, the sector employed 3 485 100 labour units (full-time equivalents). Retailing alone accounted for 10.3% of total employment in 1990 and 32.8% of all businesses in 1981. Italian retail trade comprises motor vehicle trade and petrol stations, as well as bakeries and butchers, which belong to the crafts sector in certain EC countries.

Table I2: Role of commerce in the Italian economy (1981-90)

(a) Share in the number of businesses	Value 1981	Share (%)
Total enterprises (including agricultural enterprises)	2 847 313	100.0
Total distributive trade of enterprises	1 127 419	39.5
Wholesale	109 057	3.8
Food wholesaling	36 995	
Non-food wholesaling	77 062	
Retail trade	934 845	32.8
Food retailing	395 730	
Non-food retailing	539 115	
Intermediaries	83 517	2.9
(b) Share in employment (1 000)	1990	(%)
Total resident population	57 576.4	
Total employment (labour units)	23 367.0	100.0
Persons employed in distributive trades (labour units)	3 485.1	14.9
Wholesale trade and intermediaries	1 083.9	4.6
Retail trade	2 401.2	10.3
(c) Share in value added[a] (bn LIT)	1990	
Gross domestic product	1 306 833	
Gross value added	1 257 200	100.0
Gross value added of the distributive trade sector	181 125	14.4
(d) Tradable consumption (bn LIT)	1989	(%)
Final household consumption	736 856	100.0
Tradable consumption	446 395	60.6
Food and drink	147 050	
Tobacco	11 844	
Clothing and footwear	70 641	
Furniture, fixtures, carpets	19 634	
Household textiles	7 546	
Household appliances	11 958	
Pharmaceutical products and therapeutic appliances	19 032	
Private transport	73 008	
Equipment and accessories	29 497	
Books, newspapers and magazines	12 089	
Non-durable household goods	11 055	
Other goods	33 041	
Non-tradable consumption (mainly services)	290 491	39.4

a. At market prices.

Sources: Istat, census and national accounts; Cescom, estimates based on Istat and OECD data

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Table I3: Number of enterprises by sector of activity and legal status in Italy (1981)

Sectors of activity	Total	Share (%)	Sole proprietorship	Ordinary partnership	Limited partnership	Limited company	Other
Food, drink and tobacco	395 730	42.3	372 561	4 953	1 076	1 853	15 287
Textiles, clothing, footwear, leather goods	192 999	20.6	175 303	4 856	2 358	3 126	7 356
Furniture and household appliances	99 679	10.7	85 171	4 384	1 839	2 957	5 328
Pharmaceuticals and cosmetics (including chemists)	35 258	3.8	31 727	977	480	404	1 680
Stationery, books and office supplies	34 100	3.6	29 782	1 285	565	849	1 619
Motor trades (including petrol stations)	53 289	5.7	41 511	2 734	1 483	3 775	3 786
Miscellaneous (including department stores)	123 780	13.2	108 805	4 624	2 093	3 002	5 256
Total	**934 845**	**100.0**	**844 860**	**23 813**	**9 894**	**15 966**	**40 312**
Share (%)	**100.0**	**–**	**90.4**	**2.5**	**1.1**	**1.7**	**4.3**

Source: Istat, 1981 census.

The share of final household consumption in GDP remained stable at around 62% in the 1980s. A breakdown of household consumption by category shows a change in consumption patterns. While expenditure on food decreased, consumption of non-food items (mainly cars and clothing) and services such as leisure and health care increased.

In 1989, tradable consumption — an approximate value for the turnover of retail trade — amounted to current LIT 446 395 billion (ECU 290 billion), which is equivalent to 60.6% of total consumer expenditure (Table I2d). While tradable consumption rose by an average of 2.7% annually in the 1980s, its real growth rate should not exceed 2.0% in 1991 due to sluggish demand. The share of non-tradable consumption (mainly services) in total household consumption is still low (39.4% in 1989) compared with other advanced EC economies.

8.3 Retail trade structure in Italy

The retail structure and commercial methods have changed radically over the past 10 years. The changes are most visible in the food sector. Large stores (supermarkets, hypermarkets, department stores) emerged rapidly and held a market share of 14.1% in 1989. The number of supermarkets alone increased from 1 386 in 1980 to 3 551 in 1991 (Section 8.7.1).

The opening of large supermarkets and hypermarkets is still difficult, but permits are more easily granted if large stores form part of shopping centres. Although the concentration trend is gaining ground, Italian retailing is still dominated by small-scale businesses, and retail patterns still differ substantially across the country.

8.3.1 Retail enterprises and legal status

The most peculiar feature of Italian retailing is the large number of small independent shopkeepers. The 1981 census counted 934 845 retail enterprises (Table I3), of which 42.3% were in food (395 730); 20.6% in textiles, clothing and footwear (192 999); and 10.7% in furniture and household appliances (99 679).

Data from the 1991 census will most probably be available by the end of 1993. However, as single-outlet enterprises predominate, certain trends can be deduced from the development of retail outlets (Table I4). In general, concentration has led to a reduction of enterprises in food retailing, which was compensated by an increase in non-food enterprises, in particular through franchising arrangements. Hence, the number of enterprises in 1991 is expected to be as high as in 1981.

Table I4: Number of retail outlets by type and subsector in Italy (1971-90)

Types and subsectors	Number of outlets 1971	1979	1985	1990	Share (%) 1971	1979	1985	1990
Stores	806 983	834 462	859 645	873 848	86.7	86.8	88.3	88.9
Food	409 396	361 485	327 706	301 528	44.0	37.6	33.7	30.7
Non-food	397 587	472 977	531 939	572 320	42.7	49.2	54.6	58.2
Itinerary trade	123 954	126 942	113 994	108 995	13.3	13.2	11.7	11.1
Food	56 607	53 131	42 592	35 674	6.1	5.5	4.4	3.6
Non-food	67 347	73 811	71 402	73 321	7.2	7.7	7.3	7.5
Total	**930 937**	**961 404**	**973 639**	**982 843**	**100.0**	**100.0**	**100.0**	**100.0**
Food	**466 003**	**414 616**	**370 298**	**337 202**	**50.1**	**43.1**	**38.1**	**34.3**
Non-food	**464 934**	**546 788**	**603 341**	**645 641**	**49.9**	**56.9**	**61.9**	**65.7**

Sources: MIT and Cescom estimates, 1991.

The breakdown by legal status confirms the predominance of sole proprietorships (90.4%) over other types of retailers, including limited companies (1.7%).

According to Cescom estimates, based on data from the Italian Chamber of Commerce, the gap should narrow slightly in 1991 with a share of sole proprietorships of 84.0% while that of limited companies should rise to 2.8% of the total.

Large multiple retailers are still the exception and economies of scale have yet to be achieved in centralized functions (purchasing, logistics, marketing). Joint purchases are mainly undertaken by affiliated food retailers (Section 8.8).

8.3.2 Retail outlets and regional distribution

The total number of outlets (stores and itinerary trade) increased slightly from 961 404 units in 1979 to 982 843 in 1990 (Table I4). Since 1971, the share of food stores has been constantly declining to 30.7% in 1990 while that of non-food stores has risen over 15 points to 58.2%. The decline in food outlets is directly linked to increased inter-type competition and the closure of small stores as new-generation shopkeepers are discouraged by low earnings. Itinerary trade is still an important feature of Italian retailing, accounting for 108 995 outlets in 1990; its share only fell by 2.2 points compared with 1971.

The average annual gain in total sales area was higher for non-food outlets (2.1%) than for food outlets (1.4%), where concentration is much higher (Table I5).

In 1990, 34.5% of existing outlets traded in food products (301 528), 19.6% in textiles and clothing (171 552) and 15.3% in furniture and household appliances (133 362). Between 1982 and 1990 the highest increase — almost 30% of non-food increase — was recorded in the textiles and clothing sector (Table I6). This is certainly related to Italy's leading role in clothing production and consumption. Moreover, differentiation policies among manufacturers during the 1980s allowed retailers to develop more narrowly targeted outlets. The spread of producer-controlled franchising networks also led to the opening of new stores.

The five regions with the highest concentration of outlets jointly accounted for 49.4% of the total in 1990 (Table I7). They are: Lombardia (127 212 units), Sicilia (99 782 units), Lazio (92 783 units), Campania (84 609 units), Piemonte (80 740 units).

The average density was 171 outlets (including itinerary trade) per 10 000 inhabitants in 1990, which was among the highest in EC countries. However,

Table I5: Sales area in Italian food and non-food retailing (1985-90)

Types	Sales area (1 000 m²) 1985	1990	Share (%) 1985	1990	Growth (%) 1990/85	Average annual growth (%) 1990/85
Food	11 695	12 322	18.5	17.7	7.2	1.4
Non-food	51 419	57 163	81.5	82.3	11.2	2.1
Total	**63 114**	**69 485**	**100.0**	**100.0**	**10.1**	**1.9**

Source: MIT estimates, 1991.

Table I6: Number of retail outlets [a] by sector of activity in Italy (1982-90)

Sectors of activity	Number of outlets 1982	1985	1990	Share (%) 1982	1985	1990	Growth (%) 1990/82
Food, drink and tobacco	341 150	327 706	301 528	40.0	38.1	34.5	11.6
Textiles, clothing, footwear, leather goods	153 761	158 828	171 552	18.0	18.5	19.6	11.6
Furniture and household appliances	124 193	127 126	133 362	14.5	14.8	15.3	7.4
Pharmaceuticals and cosmetics	38 728	41 481	45 924	4.5	4.8	5.3	18.6
Stationery, books and office supplies	36 211	39 749	45 590	4.2	4.6	5.2	25.9
Motor trades (including petrol stations)	62 901	64 660	67 851	7.4	7.5	7.8	7.9
Miscellaneous (including department stores)	96 952	100 095	108 041	11.4	11.6	12.3	11.4
Total	853 896	859 645	873 848	100.0	100.0	100.0	2.3

a. Excluding itinerary trade.

Source: MIT 1991.

Campania and Puglia in the south and Lombardia in the north had below-average densities.

Differences were more marked for supermarket density, which averaged 50 m^2 per 1 000 inhabitants in 1990. Supermarket sales area varied from around 110 m^2 per 1 000 inhabitants in smaller regions (Valle d'Aosta, Trentino-Alto Adige) to less than 14 m^2 per 1 000 inhabitants in Campania. Density generally decreased southwards, with scattered high-density pockets. Thus, Marche and Abruzzi, two central regions, showed higher-than-average density per 1 000 inhabitants of 83 and 65 m^2, respectively.

The current concentration trend, especially in food retailing, will improve service standards for modern forms of retailing, but it will also reduce average outlet density with possible supply problems for remote areas.

Table I7: Geographical distribution of retail outlets[a] in Italy (1990)

Region	Population at 31.12.1989 (1 000)	Area in km^2 (1 000)	Number of outlets	Outlets Per 10 000 inhabitants	Outlets Per km^2	Supermarket sales area (m^2) Per 1 000 inhabitants
Piemonte	4 358	25 399	80 740	185	3.18	55.3
Valle d'Aosta	115	3 262	2 333	203	0.72	109.9
Lombardia	8 912	23 859	127 212	143	5.33	59.3
Trentino-Alto Adige	887	13 618	16 234	183	1.19	116.6
Veneto	4 395	18 365	72 322	165	3.94	98.8
Friuli-Venezia Giulia	1 203	7 844	21 999	183	2.80	76.6
Liguria	1 727	5 418	33 802	196	6.24	37.9
Emilia-Romagna	3 921	22 123	72 271	184	3.27	53.8
Toscana	3 560	22 992	68 353	192	2.97	54.2
Umbria	820	8 456	15 644	191	1.85	47.9
Marche	1 431	9 693	27 917	195	2.88	82.7
Lazio	5 171	17 203	92 783	179	5.39	43.5
Abruzzi	1 266	10 794	24 935	197	2.31	64.9
Molise	335	4 438	6 793	203	1.53	51.4
Campania	5 809	13 595	84 609	146	6.22	13.9
Puglia	4 069	19 357	58 351	143	3.01	23.3
Basilicata	623	9 992	10 311	166	1.03	30.8
Calabria	2 153	15 080	34 931	162	2.32	29.1
Sicilia	5 173	25 707	99 782	193	3.88	23.0
Sardegna	1 658	24 090	31 521	190	1.31	21.3
Italy	57 576	301 285	982 843	171	3.26	49.8

a. Including itinerary trade.

Sources: MIT, Istat, 1991

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Table I8: Employment by sector of activity in Italian retailing (1981)

Sectors of activity	Persons employed[a]	Share (%)
Food, drink and tobacco	758 020	38.5
Textiles, clothing, footwear, leather goods	364 623	18.5
Furniture and household appliances	229 548	11.7
Pharmaceuticals and cosmetics (including chemists)	87 362	4.4
Stationery, books and office supplies	74 944	3.8
Motor trades (including petrol stations)	170 512	8.7
Miscellaneous (including department stores)	282 050	14.3
Total	**1 967 059**	**100.0**

a. Number of persons who have a job.

Source: Istat, 1981 census.

Table I9: Employment in Italian food and non-food retailing (1980, 1990)

	Labour units (1 000)[a]		Share (%)		Growth (%)	Average annual growth (%)
	1980	1990	1980	1990	1990/80	1990/80
Food	769.8	755.2	38.9	31.5	– 1.9	– 0.2
Non-food	1 209.0	1 646.0	61.1	68.5	36.1	3.1
Total	**1 978.8**	**2 401.2**	**100.0**	**100.0**	**21.3**	**2.0**

a. Full-time equivalent

Source: Cescom estimates based on OECD data, 1991.

Table I10: Employment in large-scale retailing[a] in Italy (1981, 1987)

	Number of persons employed		Growth (%)	Average annual growth (%)
	1981	1987	1987/81	1987/81
Food	42 599	58 513	37.4	5.4
Non-food	135 691	106 757	– 21.3	– 3.9
Total	**178 290**	**165 270**	**– 7.3**	**– 1.3**

a. Enterprises with over 19 employees.

Source: Cescom estimates based on Istat data, 1989.

8.4 Employment in Italian retailing

In 1981, 1 967 059 people were employed in retail trade (Table I8). Food (38.5%), and textiles, clothing, and footwear (18.5%) accounted for over 50% of retail employment.

Overall retail employment grew substantially by 21.3% (more than 422 400 labour units) in the 1980s (Table I9). Sectoral trends varied, however; non-food retailing recorded an average annual increase of 3.1%, while food retailing declined by 0.2% annually. This situation was reversed in larger enterprises with over 19 employees. In this case, the employment growth rate between 1981 and 1987 was 37.4% for food retailing and – 21.3% for non-food retailing (Table I10). The overall increase in employment in non-food retailing mainly stemmed from small, family-run businesses. Further employment increases in large-scale food retailing may offset the decrease caused by the closure of small shops, depending on developments in the labour market and in other economic sectors.

The importance of small enterprises in Italian retailing is highlighted by the extremely low ratio of employees to self-employed (37.3% in 1981), among the lowest in the Community. Among the self-employed, 21.5% were family workers who benefit from various advantages such as low cost, flexibility, and fiscal and social security protection (Table I11). As in other European countries, women form an important part of the workforce in retailing. In 1981, almost half the total workforce — including employees — in retailing were women; this percentage was higher than in the rest of the economy (32.5%). There was high participation of women as family workers (61.8%) and owners (37.6%).

Table I11: Employment characteristics in Italian retailing (1981)

	Total employment Number [a]	Total employment (%)	Female employment Number [a]	Female employment (%)
Total	**1 967 059**	**100.0**	**885 019**	**45.0**
Employees	534 335	27.2	244 023	45.7
Self-employed	1 432 724	72.8	640 996	44.7
Owners	1 009 947	51.3	379 525	37.6
Family workers	422 777	21.5	261 471	61.8
Ratio employees: self-employed		37.3		

a. Number of persons who have a job.

Source: Istat: 1981 census.

8.5 Retail activity in Italy

8.5.1 Turnover by sector

Official turnover figures by sector of activity are not available for the Italian retail trade. Estimates put total retail sales at ECU 230 billion in 1990. Tradable consumption provides some indication of changes in sales for the various categories (Table I12).

During the 1980s, tradable consumption increased at an average annual rate of 11.2% or 2.7% in real terms, principally as a result of the good performance of the Italian economy.

Table I12: Tradable consumption in Italy (1981-89)

Categories	in current bn LIT 1981	in current bn LIT 1985	in current bn LIT 1989	Share (%) 1981	Share (%) 1985	Share (%) 1989	Average annual growth (%) 1989/81
Food and drink	73 624	117 177	147 050	38.5	37.2	32.9	9.0
Tobacco	4 763	9 319	11 844	2.5	3.0	2.7	12.1
Clothing and footwear	30 787	48 747	70 641	16.1	15.5	15.8	10.9
Furniture, fixtures, carpets	8 044	12 094	19 634	4.2	3.8	4.4	11.8
Home textiles	2 657	4 293	7 546	1.4	1.4	1.7	13.9
Household equipment	5 452	8 455	11 958	2.9	2.7	2.7	10.3
Pharmaceuticals and cosmetics	5 312	11 710	19 032	2.8	3.7	4.3	17.3
Private transport (mainly cars)	28 941	49 366	73 008	15.2	15.7	16.4	12.3
Equipment and accessories	11 295	19 369	29 497	5.9	6.1	6.6	12.7
Books, newspapers and magazines	3 681	7 316	12 089	1.9	2.3	2.7	16.0
Non-durable household goods	5 537	8 512	11 055	2.9	2.7	2.5	9.0
Other goods	10 908	18 835	33 041	5.7	6.0	7.4	14.9
Total	**191 001**	**315 193**	**446 395**	**100.0**	**100.0**	**100.0**	**11.2**

Source: Cescom based on Istat data, 1990

There is a visible trend towards higher consumption of durable goods such as consumer electronics, private cars, and pharmaceuticals. Between 1981 and 1989, pharmaceutical products (17.3%), books and magazines (16%), and home textiles (13.9%) recorded above-average annual growth rates, while food, household appliances, and clothing and footwear only increased slightly. Food still takes up the largest part of an Italian household budget despite a fall of almost 6 points since 1981 to 32.9% in 1989. Other important categories are private transport (16.4%), clothing and footwear (15.8%), followed by equipment and accessories (6.6%).

The degree of retail concentration rose, as evidenced indirectly by a comparison between growth in tradable consumption (11.2% between 1981 and 1989) and the retail sales index for large-scale retailers, which grew by 13.7% in the same period. Between 1985 and 1990, retail sales of enterprises with over 19 employees increased at an average annual rate of 11.3% (Table I13).

Concentration levels, however, remain low. According to Cescom, large enterprises with more than 19 employees (2345 units or around 2.2% of all enterprises) accounted for around 13% of total retail sales in 1988.

8.5.2 Turnover by type of outlet

Modern retail formats such as supermarkets, hypermarkets, and department stores accounted for 14.1% of retail sales in 1989, up from 6% in 1981. Their combined market share in grocery distribution almost trebled from 7.9% in 1981 to 22.9% in 1989 (Table I14). Supermarkets registered the highest growth rates.

Department stores accounted for a very small proportion of retail sales, just below 2% in 1989, excluding food turnover which is added to supermarket turnover. This is linked to consumption patterns in Italy and to difficulties experienced by department stores in positioning themselves *vis-à-vis* speciality stores and hypermarkets.

Table I13: Retail sales index[a] in Italy (1986-90)

Categories	Retail sales[b] 1986	1987	1988	1989	1990	Average annual growth (%) 1990/85
Food and drink (excluding tobacco)	111.8	123.9	138.6	152.9	175.4	11.9
Clothing and footwear	107.1	115.7	126.7	135.4	144.9	7.7
Furniture	111.8	115.5	132.0	138.4	185.0	13.1
Pharmaceutical products	111.5	127.6	139.3	154.5	143.1	7.4
Household equipment	110.7	119.6	155.7	170.2	149.5	8.4
Books, newspapers and magazines	106.5	118.7	128.7	137.5	207.9	15.8
Optical and photographic instruments	127.8	157.1	179.9	189.5	159.9	9.8
Other goods	106.0	117.9	125.5	141.5	163.3	10.3
Total	**109.6**	**120.7**	**134.3**	**147.7**	**170.7**	**11.3**

a. Base year 1985 = 100.
b. Sales (including VAT) at current prices of enterprises with over 19 employees. Sales of motor vehicles, motor cycles, fuels and lubricants are excluded.

Source: Istat 1991

The importance of large specialized stores is also rising rapidly in sectors such as do-it-yourself products and furniture (Section 8.7.2). Although small shopkeepers still play a fundamental part in Italian retailing, large-scale retail operators will continue to gain market shares.

Mail order, with around 1.4% of retail sales in 1988, is not very significant in Italy.

8.6 Cooperation and affiliation movements in Italian retailing

Affiliated retailing through voluntary chains and buying groups allowed small and medium-sized enterprises to achieve economies of scale by combining certain functions (e.g. purchasing, marketing) and to compete more effectively against large multiples. Cooperation helped small food retailers to capture market shares from multiples hampered by restrictive regulations. Law 426 of 1971 explicitly favours any form of cooperation, which makes use of available talent and is therefore seen as a less destabilizing way of modernizing the sector than hypermarkets and multiple retailers (Section 8.8).

In 1990, 600 affiliations with a total of 39 312 associated members were registered in Italy. They included 234 voluntary chains with over 9 191 members and 366 buying groups with 30 121 affiliated companies (Table I15). In food retailing, 11 out of 100 outlets were affiliated. The market share of voluntary chains and buying groups in grocery distribution is already exceeding 20%.

Buying groups are less important in non-food retailing, except for footwear and pharmaceutical products. In 1990 only 1.1% of non-food outlets were affiliated.

Table I14: Market share (in %) of supermarkets, hypermarkets and department stores in Italy (1981-89)

	Supermarkets	Hypermarkets	Department stores [a]	Total
		Food and non-food (%)		
1981	4.1	0.4	1.5	6.0
1985	6.9	0.9	1.7	9.5
1989	10.4	1.8	1.9	14.1
		Food (%)		
1981	7.4	0.5	–	7.9
1985	12.6	1.1	–	13.7
1989	20.5	2.4	–	22.9

a. Food sections are included in supermarkets.

Source: Cescom 1990.

Table I15: Buying groups and voluntary chains in Italy (1990)

	Buying groups		Voluntary chains		Share of affiliated retailers (%)
	Number of groups	Number of members	Number of chains	Number of members	
Food	252	23 870	–	–	11.0
Non-food	114	6 251	–	–	1.1
Total	366	30 121	234	9 191	–

Source: MIT 1991.

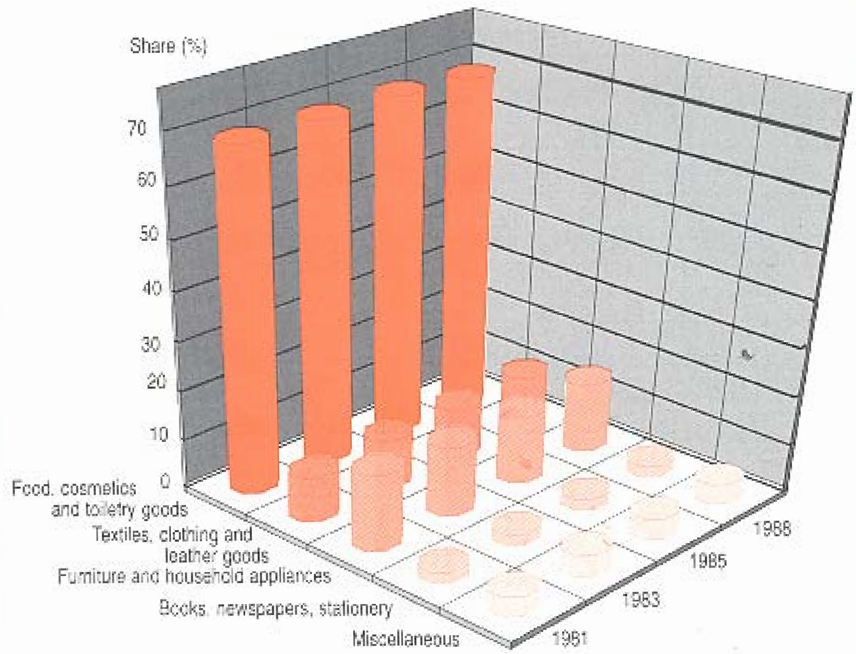
Franchising is an increasingly popular form of commercial cooperation (Table I16). In 1989, 181 franchisors and 12 706 franchisees were registered in Italy; more than one-third of these (4 541) were in clothing. The share of franchising in total retail sales was around 1.5%; this figure excludes, in contrast with some other EC countries, licensing and concessions.

8.7 Large-scale retailing in Italy

8.7.1 Grocery retailing

The past 20 years have seen an increase in the number of stores and in the sales area of supermarkets and hypermarkets (Table I17). Supermarkets have led the modernization process of Italian retailing, with an average of over 200 openings a year since the mid-1980s. In 1991, 3 551 supermarkets had a total sales area of 2 938 001 m^2.

Figure I1: Share of hypermarket sales (in %) by main product category in Italy (1981-88)



Source: Eurostat, based on Istat data

The average size increased by 8.6% from 756 m^2 in 1980 to 827 m^2 in 1991.

Table I16: Franchising in Italy (1989)

Sectors of activity	Number of franchisors[a]	Number of franchisees	Share (%)
Footwear, clothing, textiles	82	5 984	47.1
Other non-food	27	2 829	22.3
Mass retailing	22	2 012	15.8
Other (including manufacturing)	29	955	7.5
Specialized food	5	588	4.6
Household goods	8	242	1.9
Catering and hotels	8	96	0.8
Total	**181**	**12 706**	**100.0**

a. Franchisors with over 5 franchisees.

Sources: Pinti, Pozzana, 1990.

Hypermarkets were almost unknown until the mid-1980s — there were only 20 units in 1984. The number has more than doubled over the past 5 years, reaching 118 in 1991 compared with 49 in 1987. Local planning authorities, who must authorize the opening of stores exceeding 1 500 m^2, have been granting permission more readily to larger outlets, especially to those located inside shopping malls. The development of these malls is closely linked to that of hypermarkets; their number also doubled from 53 in 1986 to 111 in 1990.

Table I17: Number of outlets and sales area (in m^2) of large-scale retail formats in Italy (1970-91)

	Supermarkets[a]		Hypermarkets[b]		Department stores	
	Outlets	m^2	Outlets	m^2	Outlets	m^2
1970	538	367 492	–	–	498	745 580
1971	609	422 847	–	–	550	869 314
1972	674	467 494	2	21 794	593	987 631
1973	753	529 509	2	21 794	635	1 080 650
1974	854	593 131	3	28 494	661	1 141 639
1975	939	672 888	6	54 481	686	1 175 037
1976	1 022	739 306	8	66 881	696	1 187 930
1977	1 105	809 196	8	66 881	717	1 224 741
1978	1 216	896 306	10	81 081	740	1 266 496
1979	1 313	986 147	10	81 081	763	1 300 974
1980	1 386	1 047 993	12	87 737	775	1 313 941
1981	1 508	1 136 189	13	92 827	767	1 309 204
1982	1 578	1 184 361	17	121 426	753	1 304 134
1983	1 768	1 345 948	20	137 150	771	1 281 447
1984	1 941	1 492 585	20	137 150	781	1 273 007
1985	2 178	1 681 791	–[c]	–[c]	785	1 268 504
1986	2 352	1 807 415	43	218 544	792	1 253 667
1987	2 561	1 996 744	49	241 167	812	1 296 136
1988	2 809	2 228 440	64	314 192	830	1 339 001
1989	3 159	2 565 474	86	462 163	887	1 419 072
1990	3 371	2 766 439	103	540 357	937	1 563 501
1991	3 551	2 938 001	118	596 636	957	1 598 162

a 400-2 500 m^2.
b Over 2 500 m^2
c Interruption in series (change in definition).

Sources: MIT, Federazione Associazioni Imprese Distribuzione (FAID), 1992.

Table I18: Large-scale retail formats by macro area in Italy (1991)

Macro area	Supermarkets Number	%	m^2	%	Hypermarkets Number	%	m^2	%	Department stores Number	%	m^2	%
North-Western	892	25.1	806 666	27.5	65	55.1	349 537	58.6	264	27.6	520 643	32.6
North-Eastern	1 072	30.2	871 961	29.7	25	21.2	115 678	19.4	171	17.8	294 888	18.4
Central	709	20.0	603 649	20.5	16	13.5	70 717	11.8	237	24.8	399 406	25.0
Southern	878	24.7	655 725	22.3	12	10.2	60 704	10.2	285	29.8	383 225	24.0
Italy	3 551	100.0	2 938 001	100.0	118	100.0	596 636	100.0	957	100.0	1 598 162	100.0

Source: MIT, FAC, 1992

Local small-scale retailers' lobbies, concerned with difficult employment situations, sometimes try to prevent local authorities from granting permission for new hypermarkets. Local administrative regulations are often responsible for regional differences in hypermarket development (Table I18). Thus, southern Italy with over 21 million inhabitants had only 12 hypermarkets in 1991.

Italian hypermarkets are still small compared with their German or French counterparts. In 1991, the average hypermarket size was about 5 056 m^2. Very large hypermarkets were the exception and only 6 units exceeded 10 000 m^2 (Table I19).

According to a survey carried out by Istat, grocery sales accounted for 68.3% of total hypermarket turnover in 1988. This share receded slightly during the 1980s unlike textiles which rose to 10.7% (Figure I1). The share of food in the whole product range decreases to under 20% for outlets with a sales area exceeding 7 500 m^2 (Table I20).

Hypermarket concentration is notable. In 1991, the four major hypermarket operators (Gruppo Standa, Gruppo Rinascente, Coop Italia, Gruppo Pam) controlled over 50% of total sales area and 51 out of a total of 118 units (Table I21).

8.7.2 Non-food chain operators

Concentration is less pronounced in non-food retailing. Only 162 new department stores were opened in the 1980s, down from 277 openings in the 1970s (see also Table I17). The slow development of department stores so far can be mainly attributed to unsuccessful segmentation strategies, image problems, and their association with mass-produced items.

High-quality and differentiated products combined with better service would enhance their image so that they could compete effectively against boutiques and large specialized stores (Table I22). Over the past 5 years ambitious local entrepreneurs and integrated foreign groups such as Castorama (France), Ikea (Sweden), Metro and Tengelmann (Germany), and Virgin (UK) have opened a large number of outlets in Italy.

As in other advanced EC countries, specialized chains represent the fastest growing retail format with the greatest earning potential for diversified groups. Large specialized stores mainly operate in the following sectors: do-it-yourself, furniture, sports items, electrical appliances/consumer electronics.

Table I19: Number of hypermarkets by sales area in Italy (1991)

Size class (m^2)	Outlets Number	%	Sales area m^2	%
2 501-5 000	70	59.3	247 045	41.4
5 001-7 500	31	26.3	189 822	31.8
7 501-10 000	11	9.3	92 897	15.6
> 10 000	6	5.1	66 872	11.2
Total	**118**	**100.0**	**596 636**	**100.0**

Source: FAID, 1992

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Table I20: Share of food and non-food articles according to hypermarket size in Italy (1990)

Size class (m^2)	Average number of articles: Food	Non-food	Total	Share (%): Food	Non-food	Total
<2 999	4 618	10 164	14 782	31.2	68.8	100.0
3 000-4 999	5 829	15 025	20 854	28.0	72.0	100.0
5 000-7 499	5 501	18 657	24 158	22.8	77.2	100.0
> 7 500	4 527	22 132	26 659	17.0	83.0	100.0
Total	**5 344**	**15 903**	**21 247**	**25.2**	**74.8**	**100.0**

Source: Colla, 1992.

Figures from the 1991 census (Istat) – to be published by the end of 1993 – will provide additional information on large-area specialists.

8.7.3 Leading Italian retail groupings

Large-scale retailers mainly trade in mass consumer goods markets and food. Chains of specialized non-food stores are still rare, with the exception of franchised outlets.

Crai and Conad are the two main Italian buying groups. With total sales of LIT 15 900 billion and LIT 8 700 billion, respectively in 1990, they rank highest among retail organizations in Italy (Table I23). Only part of total sales originate in the central buying organization and a large number of small retailers are loosely tied to the each group.

Voluntary chains are all involved in food retailing and controlled by wholesalers. They operate all types of food outlets and are diversifying towards large de-specialized stores, including hypermarkets. While VeGè moves into large supermarkets and hypermarkets directly owned by member wholesalers, Despar and A&O-Selex focus on small and medium-sized supermarkets (400 to 1 000 m^2).

Coop Italia is by far the most important consumer cooperative. The group still operates a large number of stores but is increasingly focusing on supermarkets and hypermarkets. It is also concentrating quickly by merging local cooperatives.

Only two groups, Rinascente (controlled by Fiat) and Standa (controlled by the Berlusconi group), are quoted on the Milan Stock Exchange. In 1990, their turnover amounted to LIT 4 182 billion and LIT 3 754 billion, respectively.

Rinascente is the most diversified Italian retail group. It initially operated department and variety stores and then entered the food trade (supermarkets and hypermarkets). The company diversified into specialized retailing, in particular do-it-yourself (Bricocenter), furniture (Croff), and recently electrical appliances (Trony). The number of Trony stores is expected to reach 10 by late 1992 and 30 by 1996.

Table I21: Major hypermarket operators in Italy (1991)

	Outlets: Number	%	Sales area: m^2	%
Gruppo Standa	16	13.6	97 743	16.4
Gruppo Rinascente [a]	14	11.9	104 407	17.5
Coop Italia	14	11.9	68 229	11.4
Gruppo Pam	7	5.9	31 260	5.2
Total 4 Companies	**51**	**43.3**	**301 639**	**50.5**
Total hypermarkets	**118**	**100.0**	**596 636**	**100.0**

a Excluding affiliated hypermarkets

Sources: Cescom, FAID, 1992.

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Table I22: Large-scale specialists in Italy (1991)

	Company	Outlets	Average sales area (m^2)
DIY			
Bricocenter	Gruppo Rinascente	21 [a]	2 500
Self	Giardino Legno Market	8	2 000
Brico Io	Marketing Trend	7 [a]	2 600
Mister Brico	Sic	6 [a]	2 000
Bric Market	Finiper	2	na
Castorama	Castorama (F)	2	4 800
Leroy Merlin	Auchan (F)	1	na
Superhobby	Tengelmann (D)	1	3 000
Furniture			
Croff	Gruppo Rinascente	61 [a]	800
Iperama	Finiper	3	na
Ikea	Ikea (S)	2	15 000
Citt Convenienza	Fam. Brambilla	2	4 500
Grappeggia	Grappeggia	2	1 800
Conforama	Agache (F)	1	2 500
Electrical and household appliances			
Expert	Sogema	5	3 000
Media market	Gruppo Metro (D)	1	3 000
Trony	Gruppo Rinascente -Expert	1	2 100
Il Megastore	Ricordi	1	1 200
Virgin	Virgin (GB)	1	800
Car accessories			
Auto pi.	Finiper	2	na
Centro auto	Auchan (F)	1	1 500
Sports goods			
Goggi Sport	Fam. Percassi	5	800
Mancini	Fam. Mancini	4	1 200
Barbasport	–	1	800
Hervis	Despan	1	780
Longoni	Longoni	1	1 400
Other products			
I vivai	Finiper	1	9 000
Radici casa	Fam. Radici	1	2 000
Saint Maclou	Saint Maclou (F)	2	2 500
Tuttochicco	Artsana	96 [a]	500

a. Including franchised stores.

Source: Espansione, September 1991.

Leading Italian retail organizations are focusing their efforts on opening large stores and on modernizing existing networks to gain market shares and cut operational expenses. Domestic market expansion is a strategic priority as even foreign retailers are discovering new market opportunities in Italy. Examples of foreign companies already operating in Italy are: Auchan and Arlaud (France) with their own hypermarkets; Promodès (France) in a joint venture with Italian partners to operate hypermarkets; Tengelmann (Germany) with a minority holding of 48% in the regional supermarket chain Superal.

Other foreign companies are looking into opportunities to expand operations in the Italian market. Italian retail groups are also looking across the border in anticipation of the single market in 1993, but actual foreign investment is still low. Consumer cooperatives are considering bridgeheads in Spain and most large companies have not gone beyond joining international buying groups (see Part I, Section 4.3).

8.8 Affiliations in Italian food retailing

Buying groups and voluntary chains are prime movers in the modernization of Italian food retailing, the supermarket being their preferred store type. These organizations succeeded in augmenting their supermarket share, in terms of sales area, from 42.7% in 1980 to 52% in 1990, while large multiples lost market shares from 42.4% to 33.3% (Figure I2). This can be chiefly attributed to Law 426/71 and its amendments that favoured these organizations.

Regional differences in food consumption and the relatively high number of local small and medium-sized manufacturers are also important factors in the development of associative forms of retailing, whereby members are better able to adjust their product range to fit the needs of local demand more easily than large multiples.

Buying groups and voluntary chains are characterized by a three-level organizational structure:

- **Central body**
  - Purchases products on domestic and international markets
  - Promotes the corporate identity of the group
  - Provides member firms with marketing services

- **Local or regional distribution centres**
  - Have a financial stake in the central body
  - Purchase products from regional manufacturers

Figure I2: Share of sales area (in m^2) of Italian supermarkets by type of organization (1980-90)

Source: Eurostat, based on FAID data

Table I23: Major retail groupings in Italy (1990)

	Turnover (bn LIT)	Outlets (number)	Sales area (1 000 m²)
Multiples			
Gruppo Rinascente	4 182	702	839 [a]
Gruppo Standa	3 754	542	N/A
GS	2 551	215	186
Esselunga	2 093	72	97
Gruppo PAM [b]	1 480	163	93 [c]
Voluntary chains			
VeGè	4 611	1 972	718
Despar	3 590	2 246	300 [d]
A&O-Selex	2 850	1 351	323
C3	1 876	558	N/A
Gigad	1 600	1 332	N/A
Buying groups			
Crai	15 900 [e]	6 925	N/A
Conad	8 700 [e]	7 767	973
Consumer cooperatives			
Coop Italia	7 430	1 281	585

a. Excluding franchised stores.
b. Accounts 30.6.1990 – 30.6.1991
c. Excluding discount stores.
d. Excluding small traditional stores
e. Estimates of total turnover of associated retailers.

Source: Cescom, based on company accounts, 1991.

- Provide administrative (purchase order processing), logistical (inventory management and transport), and distribution (delivery to retailers) support

- **Member firms**
  - Usually retailers with financial stake (buying group) in the regional distribution centres
  - Without financial stake (voluntary chain) in the regional distribution centres

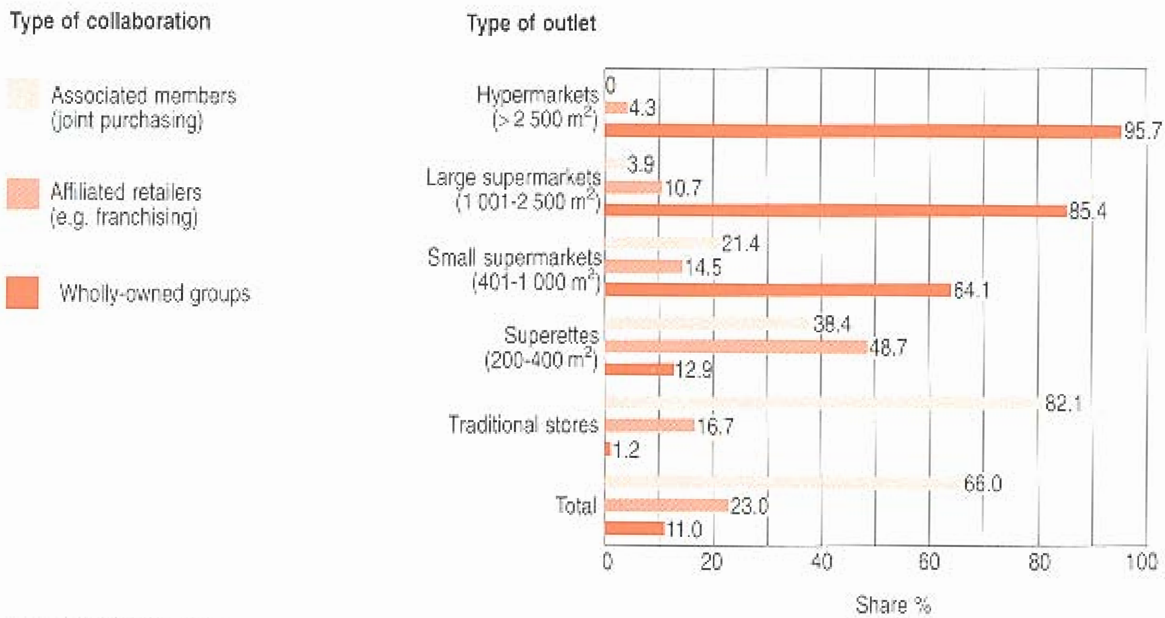
Concentration at local level is increasing owing to competition. Smaller local cooperatives are either merging or taken over by central organizations in an attempt to

Table I24: Profile of the Conad buying group (1985-90)

	Number of		Turnover (bn LIT)	
	Wholesaler cooperatives	Associated members	Central organization	Wholesaler cooperatives
1985	89	13 290	1 100	1 638
1986	78	12 587	1 258	1 885
1987	65	12 070	1 410	2 044
1988	55	11 670	1 667	2 400
1989	53	11 229	1 902	2 649
1990	38	9 074	2 091	3 020

Source: Cescom based on company accounts, 1991.

Figure I3: Voluntary chains by type of outlet and collaboration in Italy (1988)



Source: Eurostat, based on Cescom estimates, 1990.

cut costs. Conad, the second largest buying group in Italy, radically cut down the number of local cooperatives from 89 in 1985 to 38 in 1990 (Table I24).

Buying groups and mainly voluntary chains are developing their networks by establishing their own outlets (forward integration) and by associating retailers to the group through franchising and similar contacts. According to a recent Cescom survey, almost all large stores in voluntary chains are owned whereas the small outlets are loosely associated in such activities of the group as joint procurement (Figure I3). Buying groups face more difficulties as integration strategies do not always match the socio-political goals of their members.

Common marketing and corporate image policies developed by the central body are not readily implemented by member retailers; however, a change in attitude can be expected in the future. Intensive competition for market shares should help central bodies to convince members that a coherent group image is indispensable to compete successfully against multiples and large-scale retail operators.

Annex I: Statistical sources and data-collection methods

1. Census of industry and distribution

In Italy, a general census is conducted by the Italian statistical office (Istat) every 10 years to survey enterprises and local units in the industrial and services sectors. The basic statistical units (enterprise and local unit) are grouped according to the Nomenclature of Economic Activities of the European Communities (NACE 70).

The 1981 census is the latest source of detailed official data on retailing. The results of the 1991 census will be published by 1993-94. It covers all local units, including warehouses and corporate headquarters, as well as commercial units belonging to enterprises for which distributive trade is not the main activity. The census provides structural data on the sector, such as number of enterprises and their legal status, number of local units, employment by sector of activity, and by sex, sales area, etc.

2. Structural statistics of the Italian distributive trades

Every year, the Ministry of Industry and Trade (MIT) conducts a survey to collect data on outlets by region (number of supermarkets, hypermarkets, and department stores) and their respective sales areas. The latest survey provides figures as of January 1991.

Data on outlets are updated annually to include changes in the register of companies kept by the chambers of commerce (creation or closure of local units). Data on large-scale distribution are updated through special surveys, but these do not always cover all new supermarkets and hypermarkets.

A better source for data on supermarkets and hypermarkets is the Italian large-scale retailers' association, Federazione Associazioni Imprese Distribuzione (FAID), which processes company information to supplement MIT figures.

Cescom, a leading non-official source, provides data such as market share by type of outlet.

3. Surveys on enterprise structures

Two specific surveys are conducted by Istat on retail enterprises every year. The basic statistical unit is the enterprise and it is classified according to NACE 70. The latest available surveys record data for 1988.

The surveys are based on accounting variables such as employment, turnover, labour costs, investments, and value added. This source does not provide data on the number of outlets operated by the enterprises, as the main purpose is to collect data for national accounts and input-output tables.

The first survey covers all enterprises with over 19 employees; the data are useful for monitoring the behaviour of large retailing enterprises. However, the figures on this set of enterprises are a very poor indicator as they cover only a very small part of the population of the retail sector. The second survey currently surveys a sample of smaller enterprises (10 to 19 employees); it may be extended in the future to cover all small enterprises belonging to this category.

4. Survey on retail sales

Istat provides monthly retail sales indices based on average monthly sales at current prices (including VAT) of a sample of 600 enterprises with over 19 employees (about 5 000 outlets). The base year is 1985. Several kinds of activity are covered: food and drink (excluding tobacco); clothing and footwear; furniture; pharmaceutical products; household equipment; books, newspapers and magazines; optical and photographic instruments; and other goods. Motor vehicles, motor cycles, and fuels and lubricants are excluded.

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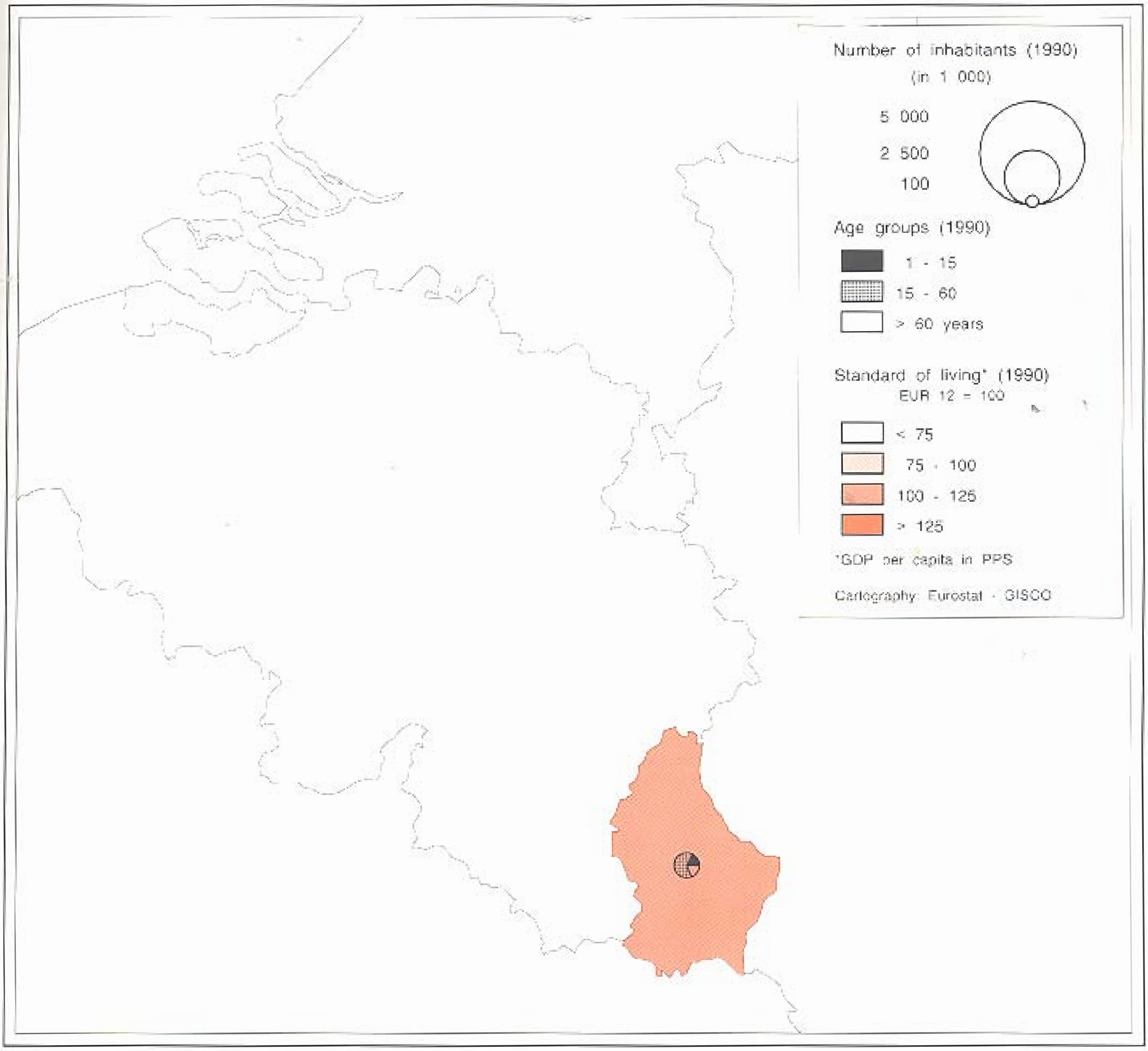
9 Retail trade in Luxembourg



9.1 Introduction and key statistics

Retail activity in Luxembourg is favourably influenced by the central location of the country and the high standard of living of its inhabitants. Luxembourg's location within the France-Belgium-Germany triangle allows retailers to have access to a wide variety of suppliers and consumers within and outside the country. The market is characterized by the high purchasing power of its consumers owing to the presence of a large number of financial and EC institutions which have a stimulating effect on the economy.

In this chapter retail trade is considered as an 'institutional' sector made up of firms whose primary activity is trading (purchase and resale of goods). However, certain tables refer to retailing as a 'functional' sector also comprising outlets whose parent companies are involved in other activities (e.g. industry, crafts).

Key figures for retail trade in Luxembourg are given in Table L1.

Table L1: Key statistics for retailing in Luxembourg (1985, 1989)

Criteria	Value 1985	Value 1989	Statistical source
Number of enterprises	3 830	3 520	Statec
Number of food enterprises	1 187	949	Statec
Sales area (1 000 m²) [a]	na	521	–
Total employment	16 628	18 086	Statec
Employees	13 258	15 052	
Self-employed	3 370	3 034	
Retail turnover excluding VAT (Mio LFR)	92 798	113 736	Statec
Growth 1989/85 (%)		22.6	
Purchase of goods for resale	73 980	87 815	
Growth 1989/85 (%)		18.7	
Gross margin [b]	20 418	25 921	
Growth 1989/85 (%)		27.0	
Value added (Mio LFR)	14 398	18 109	Statec

a. Including local outlets belonging to enterprises having non-commercial activities (functional retail trade).
b. Sales minus purchases plus stock variation.
c. Gross margin/sales ratio.

Source: Central statistical office (Statec)

9.2 Role of commerce in the economy of Luxembourg

In Luxembourg, distributive trade is a major economic activity by virtue of the large number of businesses and its sizeable workforce.

In 1989 the distributive trade sector including recovery and repairs comprised 5 364 enterprises (almost 30% of the national total), with 1 437 involved in wholesaling (8%) and 3 520 in retailing (19.5%). The breakdown of firms between the food and non-food sectors is shown in Table L2a.

The commercial sector provided jobs for 15.9% of the active population in 1989 (6% in wholesaling and 9.9% in retailing), and accounted for 12.4% of the country's gross value added (Tables L2b-c).

9.3 Retail trade structure in Luxembourg: enterprises and local outlets

During the 1980s the number of retail enterprises fell by 11% to 3 520 units. This general trend masks certain differences according to the sector of activity (Table L3).

During the 1980-89 period there was a clear rise in the number of firms in three sectors: medical products and cosmetics (37%), motor trade (28%) and miscellaneous goods (9%). There was a noticeable drop in all other branches, with foodstuffs, beverages and tobacco goods down by 30%, books and office supplies by 17% and fuels (petrol stations) by 14%.

As in other Member States of the European Community, small firms are finding it increasingly difficult to cope with the growing competition of hypermarkets and large-scale non-food specialists (e.g. DIY and furniture outlets). The number of firms involved in grocery retailing has steadily decreased. From 35% of the total in 1980, their share fell to 27% in 1989; this is still well ahead of clothing (18%) and household equipment (17%).

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Retail trade recorded 4 392 local outlets in 1989, of which 1 222 (28%) were in Luxembourg city (Figure L1). Outlet density in the larger municipalities is above the European average. Echternach (248 stores per 10 000 inhabitants) and Ettelbrück (223) head the list. Although the city of Luxembourg ranks lower with 164 stores, it is in first place for overall sales area of all sectors of retail activity.

Each store is made up of several units selling a particular product or range of products. Therefore, there are more of these 'offering units' than stores. In 1989, for example, there were 5 178 such units, of which 1 467 were in food (260 bakers' shops, 244 butchers' shops, 747 tobacco outlets), 3 517 in the non-food sector, and 194 itinerant traders.

9.4 Employment in retail trade in Luxembourg

The total number of jobs in the retail sector rose by about 13% between 1980 and 1989 to reach about 18 090, of which 15 465 were employees (Table L4). The general pattern varies with the sector of activity.

Personal care products and cosmetics recorded the highest increase (102%), way ahead of petrol stations (39%); the motor trade (19%); food, drink and tobacco retailing (16%); and chemists (16%). Food retailing is the biggest employer, providing over 30% of all jobs. The increase in the absolute number of jobs was also highest for this sector (+752 jobs), followed by the motor trade sector (+459 jobs). In other

Table L2: Role of commerce in the economy of Luxembourg (1989)

	Value	Share
(a) Share in the number of businesses	1989	(%)
Total enterprises	18 081	100.0
Total distributive trade enterprises	5 364	29.8
Wholesale trade	1 437	8.0
Food wholesaling	228	1.3
Non-food wholesaling	1 209	6.7
Retail trade	3 520	19.5
Food retailing	949	5.2
Non-food retailing	2 571	14.3
Recovery and repairs	216	1.2
Intermediaries	191	1.1
(b) Share in employment	1989	(%)
Total resident population	374 900	
Total employment	181 900	100.0
Persons employed in distributive trades	28 919	15.9
Wholesale trade and intermediaries [a]	10 833	6.0
Retail trade	18 086	9.9
(c) Share in value added (bn LFR)	1989	(%)
Gross domestic product	312 288	
Gross value added of all sectors [b]	283 854	100.0
Gross value added of the distributive trade sector (bn LFR)	38 618	12.4

a. Including recovery and repairs.
b. At market prices.

Source: Statec.

Table L3: Number of enterprises by kind of activity in Luxembourg (1980-89)

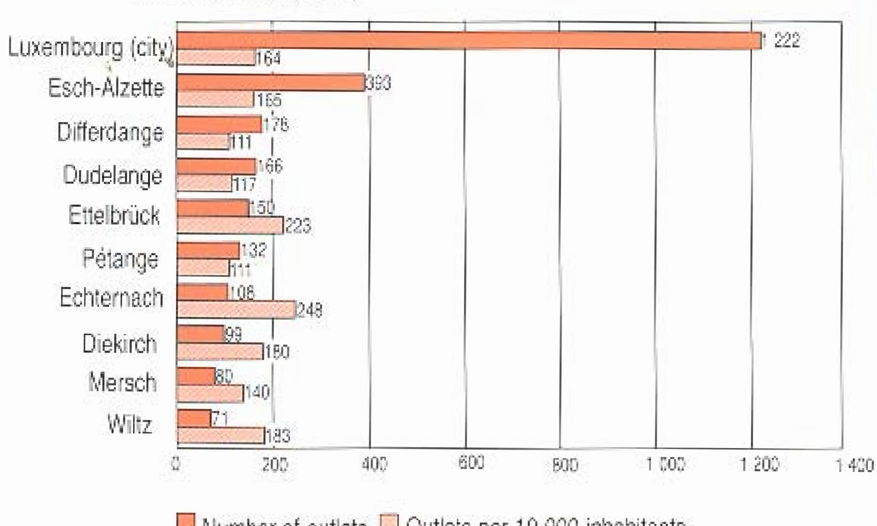
Sectors of activity	Number of enterprises			Share (%)			Growth (%)	Average annual growth (%)
	1980	1985	1989	1980	1985	1989	1989/80	1989/85
Food, drink and tobacco	1 364	1 187	949	34.6	31.0	27.0	-30.4	-4.0
Textiles, clothing, footwear, leather goods	669	669	634	17.0	18.3	18.0	-5.2	-0.6
Household equipment	609	608	599	15.5	15.9	17.0	-1.6	-0.2
Stationery, books and office supplies	220	207	183	5.6	5.4	5.2	-16.8	-2.0
Chemists	74	76	73	1.9	2.0	2.1	-1.4	-0.2
Pharmaceuticals and cosmetics	67	79	92	1.7	2.1	2.6	37.3	3.6
Petrol stations, fuel	304	287	262	7.7	7.5	7.4	-13.8	-1.6
Motor trade	198	235	253	5.0	6.1	7.2	27.8	2.8
Miscellaneous	435	450	475	11.0	11.7	13.5	9.2	1.0
Total	**3 940**	**3 830**	**3 520**	**100.0**	**100.0**	**100.0**	**-10.6**	**-1.2**

Source: Statec.

sectors, the number of jobs fell: stationery, books, and office supplies (– 2.8%); textiles, clothing, footwear, and leather goods (– 2.3%).

On average, 85% of the retail workforce is made up of employees. Their share is even higher in the motor trade (95%), and textiles and clothing (87%).

Figure L1: Retail outlets and density in the 10 largest municipalities of Luxembourg (1989)



Source: Eurostat, based on Statec data.

9.5 Retail activity and turnover in Luxembourg

In 10 years, retail turnover at current prices doubled, rising from LFR 56 billion in 1980 to LFR 114 billion in 1989 (Table L5). Some sectors recorded steep increases in value terms: personal care products and cosmetics (271%); motor trade (152%); chemists (116%); and petrol stations (106%). Growth in turnover was slower in other sectors, such as stationery, books and office supplies (60%) and miscellaneous goods (60%).

The highest shares in turnover were recorded in food retailing (29% in 1989), followed by the motor trade (24%) and petrol stations (12%).

In some sectors, retail activity is controlled by a small number of groups. Large firms with a turnover of more than LFR 100 million account for 68% of the turnover in grocery retailing, 51% in

Table L4: Employment by sector of activity in retail trade in Luxembourg (1980-89)

Sectors of activity	Persons employed 1980	1985	1989	Share (%) 1980	1985	1989	Growth (%) 1989/80	Average annual growth (%) 1989/80	Share of employees (%)
Food, drink and tobacco	4 775	5 142	5 527	29.9	30.9	30.6	15.7	1.6	82.8
Textiles, clothing, footwear, leather goods	3 356	3 253	3 279	21.0	19.6	18.1	-2.3	-0.3	87.2
Household equipment	2 508	2 274	2 653	15.7	13.7	14.7	5.8	0.6	82.9
Stationery, books and office supplies	500	537	486	3.1	3.2	2.7	-2.8	-0.3	65.2
Chemists	416	468	481	2.6	2.8	2.7	15.6	1.6	83.2
Pharmaceuticals and cosmetics	203	258	410	1.3	1.6	2.3	102.0	8.1	82.9
Petrol stations, fuel	622	802	862	3.9	4.8	4.8	38.6	3.7	67.1
Motor trade	2 440	2 586	2 899	15.3	15.6	16.0	18.8	1.9	94.7
Miscellaneous	1 145	1 297	1 489	7.2	7.8	8.2	30.0	3.0	69.2
Total	**15 965**	**16 627**	**18 086**	**100.0**	**100.0**	**100.0**	**13.3**	**1.4**	**85.5**

Source: Statec

Table L5: Retail turnover by sector of activity in Luxembourg (1980-89)

Sectors of activity	Turnover (Mio LFR) 1980	1985	1989	Share (%) 1980	1985	1989	Growth (%) 1989/80	Average annual growth (%) 1989/80
Food, drink and tobacco	17 620.9	28 355.4	32 823.7	31.3	30.6	28.9	86.3	7.2
Textiles, clothing, footwear, leather goods	7 251.3	11 103.4	13 676.1	12.9	12.0	12.0	88.6	7.3
Household equipment	6 930.1	9 335.3	13 423.3	12.3	10.1	11.8	93.7	7.6
Stationery, books and office supplies	1 370.3	1 941.5	2 178.1	2.4	2.1	1.9	59.0	5.3
Chemists	1 504.1	2 413.9	3 244.9	2.7	2.6	2.9	115.7	8.9
Pharmaceuticals and cosmetics	521.3	764.3	1 936.3	0.9	0.8	1.7	271.4	15.7
Petrol stations, fuel	6 552.7	13 016.5	13 495.5	11.7	14.0	11.9	106.0	8.4
Motor trade	10 632.9	20 498.5	26 817.5	18.9	22.1	23.6	152.2	10.8
Miscellaneous	3 833.2	5 368.8	6 140.4	6.8	5.8	5.4	60.2	5.4
Total	**56 216.8**	**92 797.6**	**113 735.8**	**100.0**	**100.0**	**100.0**	**102.3**	**8.1**

Source: Statec

Table L6: Concentration by turnover category in retail trade [a] in Luxembourg (1989)

Turnover category (Mio LFR)	Food: Number of enterprises	Food: Turnover (Mio LFR)	Textiles and clothing: Number of enterprises	Textiles and clothing: Turnover (Mio LFR)	Household equipment: Number of enterprises	Household equipment: Turnover (Mio LFR)	Miscellaneous: Number of enterprises	Miscellaneous: Turnover (Mio LFR)
< 2	139	149	86	86	120	124	500	372
2-5	220	760	119	412	91	294	343	1 167
5-10	225	1 583	121	866	92	682	453	3 238
10-50	333	6 406	189	3 776	166	3 747	775	17 973
50-100	27	1 889	17	1071	30	2 147	142	9 652
> 100	53	23 059	16	3 645	21	5 106	113	34 228
Total	**997**	**33 846**	**548**	**9 846**	**520**	**12 100**	**2 326**	**66 630**
Share of enterprises with a turnover of more than LFR 100 (%)	5.3	68.1	2.9	37.0	4.0	42.2	4.9	51.4

a 'Functional' retail trade (see note a in Table L1).

Source: Statec

miscellaneous goods; 42% in household goods, and 37% in textiles and clothing turnover (Table L6).

The geographical breakdown of sales also shows concentration for certain categories of consumer durables. The city of Luxembourg alone accounts for 54% of sales of household electrical goods, 46% of textiles and clothing, 42% of footwear, 39% of furniture and 38% of miscellaneous goods, such as jewellery and sports goods.

9.6 Grocery and large-scale distribution in Luxembourg

The 1975 law which required permission before opening an outlet with a sales area above 600 m² curbed the growth of large supermarkets and hypermarkets until 1985, after which there has been an upturn in the number of new stores (7 in 1985-86). Often, however, these were simply expansions of existing stores. Between 1975 and 1990 the number of large-scale stores increased 2.1 times.

Today, most large-scale outlets in the country belong to a few retail groups. After Match acquired Monsieur le Géant in 1987, there were four major companies controlling 20 supermarkets (400 m² to 999 m²) and 18 large stores with an area of more than 1 000 m², including five hypermarkets above 2 500 m². Altogether, in 1990 food retailing included 25 large-scale outlets exceeding 1 000 m² and generating a turnover of LFR 17.5 billion (Table L7).

In 1989, the average size of large-scale grocery stores in Luxembourg was 1 355 m², below that of France (1 515 m²), but above that of Belgium (1 110 m²).

Large-scale formats with a sales area of more than 400 m² dominate the market in almost every sector (Table L8). In 1989 these outlets accounted for 67% of turnover in food (LFR 22.6 billion), 44% in

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Table L7: Food retailing in Luxembourg: mini-markets and large-scale outlets (1985-90)

Type of outlet	Year	Number of stores (end of year)	Sales area (1 000 m²)	Turnover (Mio LFR)	Employment	Turnover per m² (1 000 LFR)	Turnover per person employed
Mini-markets (200-399 m²)	1985	26	7.5	1 237	–	165	–
	1986	19	5.7	907	163	159	5.6
	1987	22	6.7	960	194	143	4.9
	1989	21	6.0	1 102	169	184	6.5
	1990	20	6.2	1 087	170	175	6.4
Large-scale outlets (400 m²+)	1985	52	56.5	17 798	–	315	–
	1986	59	65.9	19 002	2 693	288	7.1
	1987	57	65.1	19 444	2 771	299	7.0
	1989	56	69.4	21 843	3 269	315	6.7
	1990	55	74.5	24 060	3 478	323	6.9
of which: Supermarkets (400-999 m²)	1985	38	23.9	7 947	–	333	–
	1986	41	26.1	7 232	1 072	277	6.7
	1987	38	24.8	6 995	1 081	282	6.5
	1989	32	20.1	5 850	973	291	6.0
	1990	30	19.7	6 586	973	334	6.8
Large supermarkets (1 000-2 499 m²) and hypermarkets (2 500 m²+)	1985	14	32.6	9 851	–	302	–
	1986	18	39.8	11 770	1 621	296	7.3
	1987	19	40.3	12 449	1 690	309	7.4
	1989	24	49.3	15 993	2 296	324	7.0
	1990	25	54.8	17 474	2 505	319	7.0

Source: Statec

Table L8: Turnover of retail outlets by size category in Luxembourg[a] (1989)

Size category (m^2)	Food: Number of outlets	Food: Turnover (Mio LFR)	Textiles and clothing: Number of outlets	Textiles and clothing: Turnover (Mio LFR)	Household equipment: Number of outlets	Household equipment: Turnover (Mio LFR)
Small outlets						
< 100 m^2	861	8 595	420	4 076	320	3 434
100-200 m^2	57	1 360	64	979	53	864
200-400 m^2	23	1 281	33	1 145	68	2 471
Large-scale outlets						
400-1 000 m^2	34	6 915	20	798	39	1 741
1 000-2 500 m^2	17	7 225	8	2 848	22	1 576
> 2 500 m^2	5	8 471	3		18	2 014
Total	997	33 847	548	9 846	520	12 100
Share of large-scale outlets (%)	5.6	66.8	5.7	37.0	15.2	44.1

a Functional retail trade (see note a in Table L1).

Source: Statec.

Table L9: Top 7 retail groupings in Luxembourg (1992)

Rank	Groupings	Main activity	Persons employed (at 1.1.1992)
1	Cactus group	Food retailing	2 280
2	Courthéoux-Match group	Food retailing	900
3	Monopol-Scholer group	Department stores, supermarkets	810
4	Euromotor SA	Motor trade	240
5	Meris Wagner group	Motor trade	200
6	Garage M. Losch S.e c.s.	Motor trade	140
7	Coopérative des cheminots	Food retailing	140

Source: Statec.

household equipment (LFR 5.3 billion), and 37% in textiles and clothing (LFR 3.6 billion).

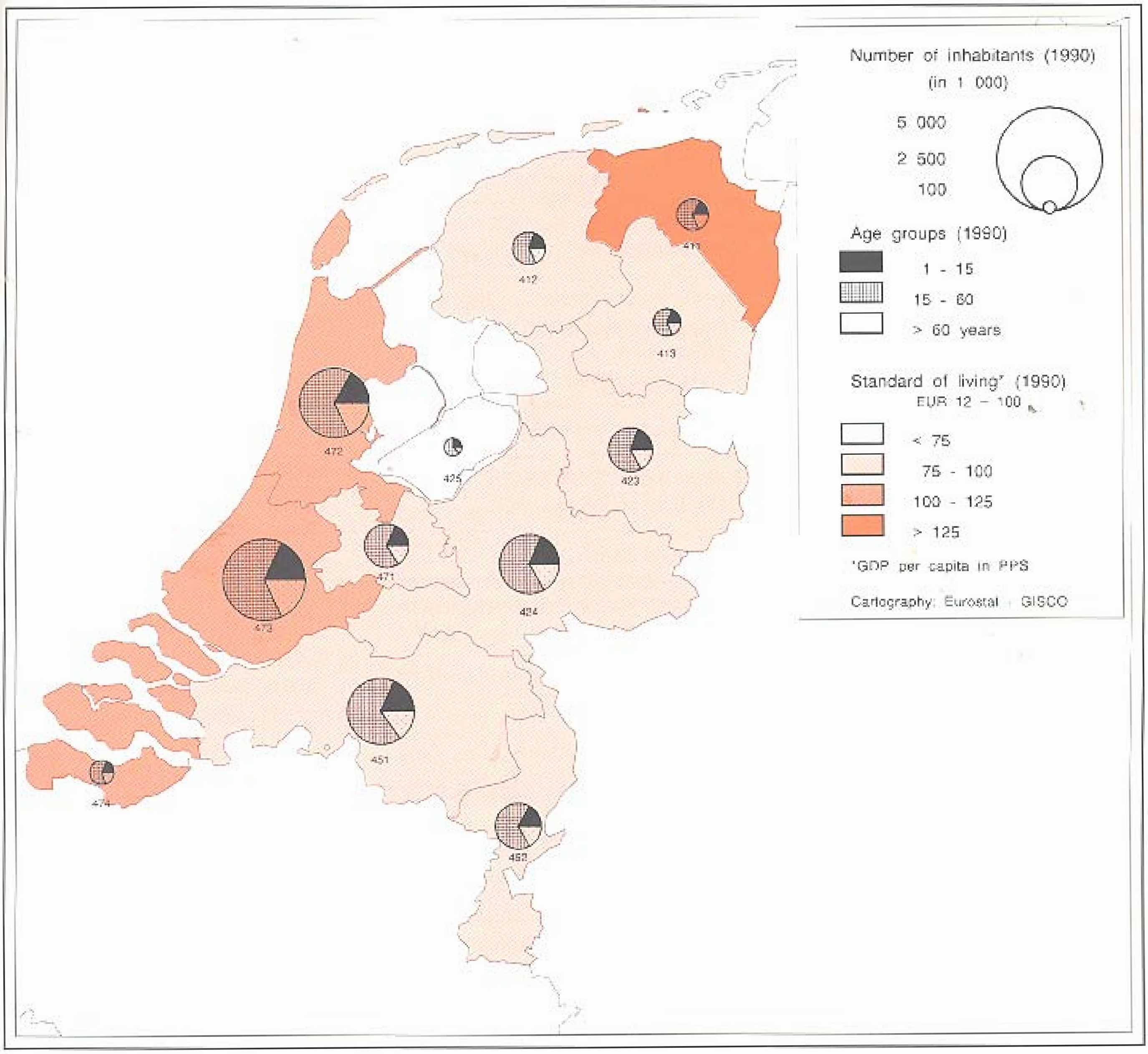
In the food sector the seven leading groups (Cactus, Match, Monopol, Fischer, Emo, Panelux and Coopératives des cheminots) alone account for 39% of food turnover. Cactus and Match dominate the retail sector (Table L9) in terms of turnover (figures not published) and persons employed (2 300 and 900, respectively). These two groups are now diversifying into non-food activities.

Although grocery retailing is dominated by large groups, retail trade in Luxembourg is generally very competitive in response to the pull effect on domestic consumers from large outlets located just across the borders in Germany, France and Belgium.

For further reading

1. Statec, Bulletin du Statec, *Les grandes surfaces et le commerce intégré dans la distribution alimentaire (1975-87)*, Volume 35, No 4, 1989.
2. Statec, Bulletin du Statec, *Le recensement des activités commerciales de détail 1988*, Volume 38, No 8, 1991.
3. Statec, 'Annuaire statistique 1991'.
4. Statec, *Grandes surfaces, hébergement*, Volume 35, No 7, 1992.

10 Retail trade in the Netherlands



NUTS 2 REGIONS

411 GRONINGEN	423 OVERIJSSEL	451 NOORD-BRABANT	472 NOORD-HOLLAND
412 FRIESLAND	424 GELDERLAND	452 LIMBURG	473 ZUID-HOLLAND
413 DRENTHE	425 FLEVOLAND	471 UTRECHT	474 ZEELAND

10.1 Introduction and key statistics

The Netherlands is the most densely populated country of the Community, with 356 inhabitants per square kilometre. By tradition and due to its geographical location, the country specialized in becoming one of the main ports of entry for Europe. For a long time the economy has been extremely outward-looking and trade-oriented. In such an environment, the distribution sector (wholesaling and retailing) thrived and has always played a major role in assuring essential supplies and the welfare of the people.

In the Netherlands, a standardized classification system, SBI (Standaard Bedrijfs Indeling), is used for enterprises. It is very close to the NACE 70 classification. The motor trades form a seperate class; they are not part of Dutch retailing but were included in most tables to ensure comparability with other EC countries.

Key statistics for Dutch retailing are shown in Table NL1.

Table NL1: Key statistics for retailing[a] in the Netherlands (1988, 1990)

Criteria	1988	1990	Statistical source
Number of enterprises (1 000)	95.5	95.0	CBS
Number of outlets (1 000)	118.2	119.4	CBS
Sales area (Mio m^2)[b]	15.5	16.4	CBS
Total employment (1 000)	597.5	637.5	CBS
Employees	468.4	510.0	
Self-employed	128.6	127.3	
Part-time employees	199.8	220.7	
Remuneration of employees (bn HFL)	13.4	14.6	CBS
Turnover excluding VAT (bn HFL)	125.0	142.2	CBS
Turnover per person employed	209.2	223.1	
Gross profits (bn HFL)	32.3	37.3	CBS
Gross investments in fixed assets (bn HFL)	3.8	3.8	CBS
Investments in fixed assets (gross) per person employed (1 000 HFL)	6.4	6.0	

a Including motor trades
b Excluding motor trades

Source: Central Bureau of Statistics (CBS), annual survey on retailing (ASR), annual survey on motor trade (ASMT).

10.2 Role of commerce in the Dutch economy

In 1990, commercial firms made up more than one-quarter (26.7%) of all Dutch enterprises (Table NL2a). Retail firms alone accounted for 15.2% of this total. The distributive trade sector employed 15.7% of all persons engaged (Table NL2b), of which 10% were in retailing and 5.7% in wholesaling and dealing. In the 1980s, employment in retailing rose by an average of 3 to 4% per annum. It is estimated that by 1992 the number of persons employed could exceed 650 000. In 1988, total value added exceeded HFL 418.6 billion, of which 15% were generated by the distributive trade sector as a whole and 6% by retail trade (Table NL2c).

Private consumption (Table NL2d) is almost equally distributed between goods (49.9%) and services (50.1%). Over 85% of goods are purchased in retail outlets, but spending outside the retail sector has risen since 1960. Higher disposable incomes have incited consumers to spend more on services, fashion goods and consumer durables (e.g. household appliances and bicycles) than on food.

Between 1988 and 1990, retail output grew by 14% or 2 points more than private consumption. This was higher than growth in other economic sectors, which suffered from a recession due to lower investments. From 1990 onwards, however, growth rates of retail turnover have been lagging behind those of private consumption as demand for services increased. Growth of retail sales is expected to slow down even further starting from 1993.

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10.3 Retail trade structure in the Netherlands: enterprises and local outlets

In the 1985-90 period, the number of retail firms decreased slightly by −1% per annum to 95 000 units (Table NL3). This was primarily due to heavy losses in the following sectors: food (−12.4%), petrol and fuels (−10%); perfumery, cosmetics and toiletries (−8%); furniture (−7.2%).

More than 95% of Dutch retail firms employ less than 10 persons; they represent an overall share in retail output of 45%. Small enterprises are more numerous in non-food than in food retailing. In non-food retailing, small enterprises employ more than 50% of the wage and salary earners and generate well over 50% of total non-food output (excluding VAT), and in food retailing approximately 37% of the employees and 36% of total output. Approximately three-quarters of all firms have only one outlet. Their share, however, has fallen from over 80% in 1960 to 64% in 1991.

A great majority of retail firms are owner-run businesses, either in the form of sole proprietorships (70%) or partnerships (13%). In food retailing 9 out of 10 firms belong to these categories (Table NL4). The share of limited companies is 15%. Car dealers, department stores and furniture retailers often operate as limited companies.

The number of outlets has remained fairly constant between 1988 and 1990 (Table NL5). The sectors which recorded the highest increase were: miscellaneous products (5.7%), stationery, books and office supplies (3.1%), and perfumery, cosmetics and toiletries (3%). In spite of a

Table NL2: Role of commerce in the Dutch economy (1988-90)

(a) Share in the number of businesses	Value 1990	Share (%)
Total enterprises (including agriculture, hunting, forestry and fishing)	625 000	100.0
Total distributive trade enterprises	**166 950**	**26.7**
Wholesale trade	63 950	10.2
Wholesaling in consumer goods	32 750	
Food	7 750	
Non-food	25 000	
Wholesaling in non-consumer goods	31 200	
Retail trade	95 000	15.2
Food	25 500	
Non-food	69 500	
Intermediary trade	8 000	1.3
(b) Share in employment (1 000)	1990	(%)
Total resident population	14 977.0	
Total employment	6 335.0	100.0
Persons employed in distributive trade	997.5	15.7
Wholesale	360.0	5.7
Retail trade	637.5	10.0
(c) Share in value added in current prices (Mio HFL)	1988	(%)
Gross value added of all sectors	418 560	100.0
Gross value added of the distributive trade sector	63 268	15.0
Gross value added of retailing	25 791	6.0
(d) Private and tradable consumption (bn HFL)	1990	(%)
Private consumption	2 950.7	100.0
Expenditure on services	1 479.4	50.1
Expenditure on goods	1 471.3	49.9
Food:		18.1
Food (excluding tobacco)	490.2	
Tobacco	44.3	
Non-food:		31.8
Textiles and clothing	198.8	
Footwear and leatherwear	48.5	
Household articles and interior decorating	212.6	
Cosmetics and toiletries	23.7	
Pharmaceuticals and bandages	31.7	
Other products	421.5	
Tradable consumption[a]	1 276.2	43.3

a EIM estimates

Source: CBS, national accounts, population and employment statistics

Table NL3: Number of retail enterprises by kind of activity in the Netherlands (1985-90)

Sectors of activity	Number of enterprises 1985	1988	1990	Share (%) 1985	1988	1990	Growth (%) 1990/85	Average annual growth (%) 1990/85
Food, drink and tobacco	29 100	26 500	25 500	29.2	27.7	26.8	-12.4	-2.6
Textiles, clothing, footwear, leather goods	15 600	15 100	14 800	15.7	15.8	15.6	-5.1	-1.0
Furniture and furnishings, household articles and interior decorating	15 200	13 900	14 100	15.3	14.6	14.8	-7.2	-1.5
Stationery, books and office supplies	3 000	2 800	2 900	3.0	2.9	3.1	-3.3	-0.7
Perfumery, cosmetics and toiletries	2 500	2 400	2 300	2.5	2.5	2.4	-8.0	-1.7
Petrol stations, fuel	2 000	1 800	1 800	2.0	1.9	1.9	-10.0	-2.1
Motor trade	11 800	13 200	13 400	11.8	13.8	14.1	13.6	2.6
Miscellaneous [a]	20 400	19 800	20 200	20.5	20.7	21.3	-1.0	-0.2
Total	**99 600**	**95 500**	**95 000**	**100.0**	**100.0**	**100.0**	**-4.6**	**-0.9**

a. Including department stores.

Sources: CBS, ASR, ASMT, 1991

Table NL4: Number of retail enterprises by legal status in the Netherlands (1990)

Sectors of activity	Number of enterprises	Sole proprietorship	Partnership	Limited company	Other
Food, drink and tobacco	25 500	19 800	4 000	1 500	200
Textiles, clothing, footwear, leather goods	14 800	10 400	1 600	2 600	200
Furniture and furnishings, household articles and interior decorating	14 100	9 100	2 000	2 900	100
Stationery, books and office supplies	2 900	2 100	300	400	100
Perfumery, cosmetics and toiletries	2 300	1 600	400	300	—
Petrol stations, fuel	1 800	1 300	300	200	0
Motor trade	13 400	8 000	1 500	3 800	100
Miscellaneous	20 200	14 300	2 500	3 000	400
Total	**95 000**	**66 600**	**12 600**	**14 700**	**1 100**
Share (%)	**100.00**	**70.1**	**13.2**	**15.5**	**0.2**

Sources: CBS, ASR, ASMT, 1991

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Table NL5: Number of retail outlets by kind of activity in the Netherlands (1988,1990)

Sectors of activity	Number of outlets 1988	1990	Share (%) 1988	1990	Growth (%) 1990/88
Food, drink and tobacco	32 700	31 700	27.7	26.5	-3.1
Textiles, clothing, footwear and leather goods	22 100	22 300	18.7	18.7	0.9
Furniture and furnishings, household articles and interior decorating	17 700	17 800	15.0	14.9	0.6
Stationery, books and office supplies	3 200	3 300	2.7	2.8	3.1
Perfumery, cosmetics and toiletries	3 300	3 400	2.8	2.8	3.0
Motor trade	14 100	14 500	11.9	12.1	2.8
Petrol stations, fuel	2 200	2 200	1.9	1.8	0.0
Miscellaneous	22 900	24 200	19.4	20.3	5.7
Total	**118 200**	**119 400**	**100.0**	**100.0**	**1.0**

Source: CBS, 1991.

Table NL6: Sales area in Dutch retailing[a] (1988)

Sector of activity	Sales area (Mio m²)	Share (%)
Food, drink and tobacco	3.5	21.5
Textiles, clothing footwear, and leather goods	2.8	17.2
Furniture and furnishings, household articles and interior decorating	4.8	29.1
Stationery, books and office supplies	0.3	1.8
Perfumery, cosmetics and toiletries	0.3	2.1
Miscellaneous	4.6	28.3
Total	**16.3**	**100.0**

a Excluding motor trades and petrol stations.

Sources: CBS, ASR, 1990.

continuing loss of market share, food retailers still account for 26.5% of retail outlets, well ahead of textiles and clothing (18.7%) and furniture-household equipment retailers (14.9%). But their share in the retail sales area is only 22%, excluding the motor trade (Table NL6). This is mainly related to the presence of large-scale outlets in other sectors, such as furniture and do-it-yourself (DIY) retailing (29.1% of sales area). Excluding the motor trade and petrol stations, the Dutch retail sector recorded a total sales area of 16.3 million m^2 in 1988.

Itinerant trade is also quite popular in the Netherlands although it is not as common as in Mediterranean countries. In 1988, about 20 000 vendors were recorded selling mostly fruit and vegetables, flowers and cheap clothes.

The Netherlands consists of 12 provinces. The 'Randstad' zone formed by the agglomerations of Amsterdam (north), Rotterdam (south) and Utrecht (east) is the most densely populated area. It comprises parts of the Noord-Holland, Zuid-Holland and Utrecht provinces which have very high shop densities with 80 to 90 outlets per 10 000 inhabitants (Table NL7).

10.4 Employment in Dutch retailing

In 1990, 638 000 persons worked in the Dutch retail sector (Table NL8). The average share of employees (80%) is significant in all sectors. Motor trade has the highest proportion of employees (84%), followed by food (82%) and textiles and clothing (81%). In general, there are more women, part-time employees, juveniles, and minimum-wage earners in the retail trade than in the rest of the economy.

In 1988, 53% of all persons engaged and 57% of the employees were women. Their share is significantly higher among employees than among self-employed where they only made up 40%. The share of part-time workers was 48% for both sexes and 61% for women, while juveniles under 18 years of age represent 14% of employees. As a comparison, in the remaining private sector of the economy 28% of the employees are women, 20% are part-timers and 4% are aged 18 or younger. Retail trade also employs 20% of the existing minimum-wage earners, 16 percentage points more than in the rest of the economy.

10.5 Retail activity and turnover in the Netherlands

Total retail turnover amounted to over HFL 140 billion in 1990 (Table NL9). The average annual increase in the 1980s was 3%. The food sector continues to dominate, but its share in total turnover is declining every year. The contributions of the textiles and clothing and furniture sectors receded slightly, while the motor trade sector grew by 6 percentage points to 25% in 1990.

Dutch retailing is characterized by a low concentration (Table NL10). Small and medium-sized enterprises with a turnover below HFL 1 million account for three-quarters of total sales leaving only about 24% for the big operators.

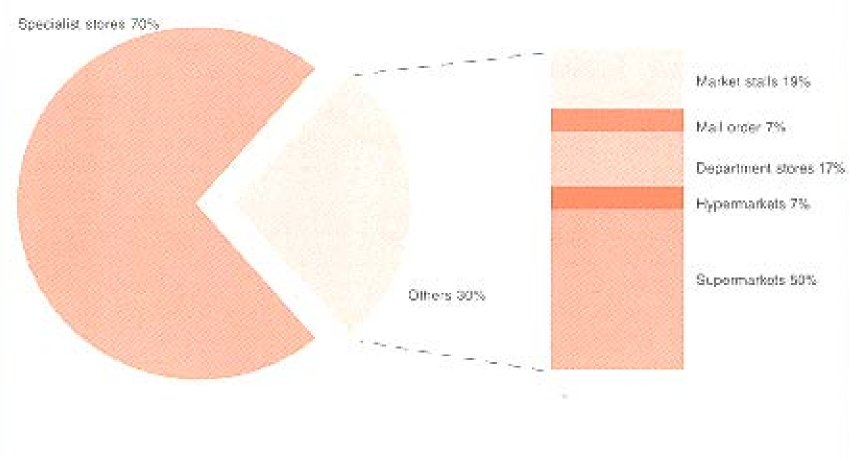
Specialist stores dominate the retail sector, accounting for 70% of all sales (Figure NL1).

Table NL7: Geographical distribution of retail outlets in the Netherlands (1990)

Province	Population (1 000)	Area (km^2)	Number of local outlets	Number of outlets per 10 000 inhabitants	Number of outlets per km^2
Groningen	557	2 347	4 200	75	1.8
Friesland	599	3 359	4 600	77	1.4
Drenthe	437	2 656	3 300	76	1.2
Overijssel	1 010	3 339	8 200	81	2.5
Gelderland	1 784	5 015	14 000	78	2.8
Utrecht	965	1 331	7 700	80	5.8
Noord-Holland	2 353	2 667	21 500	91	8.1
Zuid-Holland	3 208	2 906	25 400	79	8.7
Zeeland	366	1 791	3 100	85	1.7
Noord-Brabant	2 156	4 944	17 500	81	3.5
Limburg	1 095	2 170	9 000	82	4.1
Flevoland	194	1 412	900	46	0.6
Total	**14 714**	**33 936**	**119 400**	**81**	**3.5**

Source: CBS, statistical yearbook and general company records (ABR), 1991

Figure NL1: Market share by retail format in the Netherlands (1988)



Sources: EIM estimates, Eurostat.

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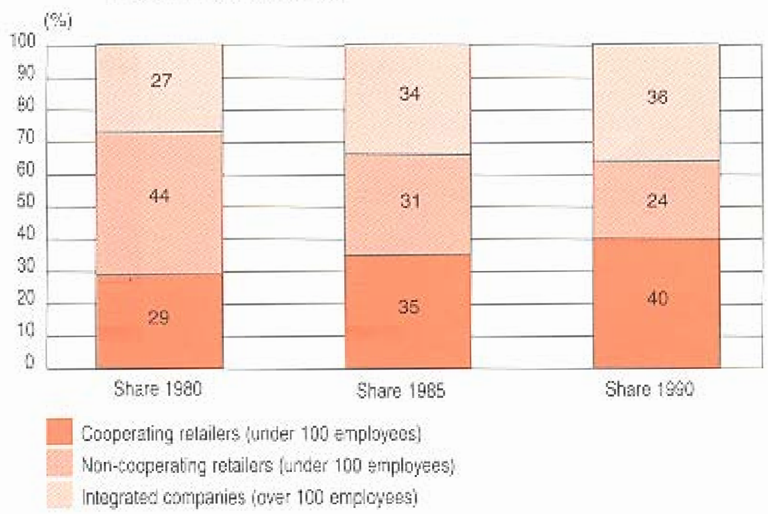
Table NL8: Employment by sector of activity in Dutch retailing (1988,1990)

Sectors of activity	Employment (1 000) 1988	Employment (1 000) 1990	Share (%) 1988	Share (%) 1990	Share (%) of employees
Food, drink and tobacco	212	232	35.5	36.4	81.9
Textiles, clothing, footwear, leather goods	94	95	15.7	14.9	81.1
Furniture and furnishings, household articles and interior decorating	64	70	10.7	11.0	75.7
Stationery, books and office supplies	12	13	2.0	2.0	69.2
Perfumery, cosmetics and toiletries	15	17	2.5	2.7	76.5
Petrol stations, fuel	9	10	1.5	1.6	80.0
Motor trade	78	79	13.1	12.4	83.6
Miscellaneous	113	122	18.9	19.1	77.0
Total	**597**	**638**	**100.0**	**100.0**	**80.0**

Sources: CBS, ASR, ASMT 1991.

Figure NL2: Share of retail sales (in %) by type of organization in the Netherlands (1980-90)



Source: Eurostat, based on EIM estimates

Hypermarkets and mail order firms hold a share of only 2% each, while that of supermarkets is 15%. Definitions of Dutch hypermarkets and supermarkets correspond to those used in most EC countries (Section 10.7).

10.6 Cooperation and affiliation movements in Dutch retailing

The Netherlands belongs to those countries where cooperation between retailers is well developed. About one-quarter of all Dutch retail businesses (excluding motor trades) joined some form of affiliation, mostly buyers' cooperatives (14.1%), franchising (3.9%) and voluntary chains with wholesalers (3.1%). Other links include voluntary cooperation between manufacturers and retailers, and horizontal sales organizations among retailers.

Around 35% of all cooperating enterprises are in food and nearly 15% in textiles and clothing. The others are distributed among various sectors, including DIY, household goods, and car retailing.

Small and medium-sized retail firms continue being an important feature of Dutch retailing. Frequently, they are turning to cooperation to confront competition from multiples. Within 10 years (1980-90) affiliated small and medium-sized retailers increased their market share from 29% to 40% (Figure NL2), at the expense of non-affiliated firms who showed a decrease of 20 percentage points. This is quite a unique development in northern Europe, where mainly integrated groups have been gaining importance over the past few years. Through intense cooperation

Table NL9: Retail turnover (excluding VAT) by sector of activity in the Netherlands (1980-90)

Sectors of activity	Turnover (bn HFL)			Share (%)			Growth (%)	Average annual growth (%)
	1980	1985	1990	1980	1985	1990	1990/80	1990/80
Food, drink and tobacco	35.1	38.6	43.1	32.7	32.7	30.3	22.8	2.1
Textiles, clothing, footwear, leather goods	13.1	13.1	15.3	12.2	11.1	10.8	16.8	1.3
Furniture and furnishings, household articles and interior decorating	12.4	11.8	15.5	11.6	10.0	10.9	25.0	2.3
Motor trade	20.5	27.7	35.8	19.1	23.5	25.2	74.6	5.7
Miscellaneous	26.2	26.9	32.5	24.4	22.8	22.9	24.0	2.2
Total	107.3	118.1	142.2	100.0	100.0	100.0	32.5	2.9

Sources: CBS, ASR, ASMT, 1991.

smaller Dutch retail firms succeeded in checking further expansion of large-scale enterprises, who had experienced rapid growth in the early 1980s but could only expand their share by 2 points to 36% in the 1985-90 period.

Table NL10: Concentration in Dutch retailing[a] by turnover category (1990)

Turnover category (HFL)	Cumulative turnover in %
< 100 000	14.8
100 000 to under 200 000	27.9
200 000 to under 500 000	55.9
500 000 to under 1 million	76.1
1 million to under 2 million	87.2
2 million to under 5 million	94.4
5 million to under 10 million	97.7
> 10 million	100.0

a Including motor trades

Source: CBS, ASR, ASMT, 1991

10.7 Large-scale retailing in the Netherlands

Supermarkets and hypermarkets contribute about 17% of total retail turnover. Their share in grocery retailing will increase as 'one-stop shopping', 'upgrading', 'cost-cutting', and similar trends will force retailers to offer better value at highly competitive prices. There are about 5 000 supermarkets and mini-markets in the Netherlands accounting for 85% of total grocery sales. Many are part of national or regional chains, but a significant number belong to independent entrepreneurs, who cooperate through voluntary chains, buyers' cooperatives, and franchise organizations.

In 1990, about 30 hypermarkets were recorded in the Netherlands, the most popular being Autorama, Konmar, and Maxis. They are mainly located outside large city centres. Hypermarkets hold a very low market share of about 2% and their growth is slower than in other EC countries because of restrictive legislation, high outlet density and competition, as well as effective cooperation between retailers. The two leading hypermarket operators are Maxis BV (Maxis hypermarkets) and Vendex (Konmar chain).

Department stores are also a popular type of outlet, although their growth has been limited in the past few years. Hema is the largest operator with over 200 stores,

Table NL11: Top 7 Dutch retail groupings (1990)

Rank	Group	Firms	Sales 1990 (Mio HFL)
1	Vendex group		18 400
	Vendex Netherlands		11 900
		Edah (supermarket)	2 330
		Konmar (supermarket)	500
		VZD (department store)	305
		Torro	445
		Dagmarkt	305
		Basismarkt	225
2	Ahold group		16 818
	Ahold Netherlands		8 785
		Albert Heijn (supermarket)	7 231
		Miro (supermarket)	505[a]
3	NV Koninklijke Bijenkorf Beheer group		4 151
		Hema BV (department store)	2 201
		De Bijenkorf (department store)	598
4	Albrecht/Aldi (food discounter)		1 900
5	De Boer (supermarket)		1 241
		De Boer Supermarkten	971
6	Hermans group (supermarket)		780
7	Dirk van den Broek (supermarket)		900

a. 1987

Source: Eurostat, adapted from 'Food Trends 1990'; annual reports of companies

followed by Vroom & Dreesmann (50 stores) and the exclusive De Bijenkorf department stores. Hema and the De Bijenkorf department stores belong to the NV Koninklijke Bijenkorf Beheer group, whose retail sales exceeded HFL 4 billion in 1990 (Table NL11).

Vendex is the biggest and most diversified Dutch retail group, with a turnover of HFL 18.4 billion (1990) and several outlets in the Netherlands and abroad (EC countries, United States). The group operates all types of food and non-food retail outlets, including small and large supermarkets, DIY and clothing chains, and photographic and electronics shops. In the food sector, Vendex competes with the Ahold group through its subsidiaries Edah (HFL 2.3 billion in 1990) and Konmar (HFL 500 million in 1990). Ahold is mainly a food specialist with the Albert Heijn supermarket chain accounting for 83% of the group's domestic sales (HFL 8.8 billion in 1990). Miro is another supermarket chain controlled by Ahold; its turnover was HFL 500 million in 1987.

10.8 Innovative technologies in Dutch retailing

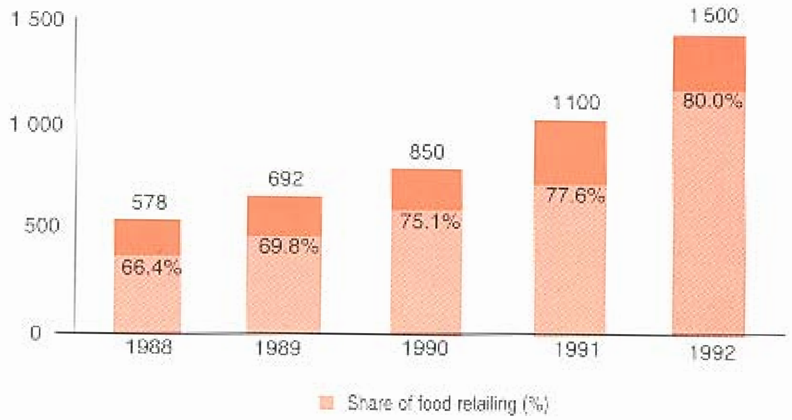
High technology is rapidly modernizing the Dutch retail sector, although the level of computerization is still low compared with other economic sectors. By 1990, 27% of the retail enterprises owned one or more computers. A distinction can be made between internal (electronic point-of-sales — EPOS, electronic cash, etc.) and external (electronic data interchange — EDI) automation.

A rapid increase in the use of EPOS systems is observed, particularly in large food outlets, specialized chains (DIY, furniture), and department stores. This form of internal automation, supported by a powerful mainframe, uses computerized cash registers, and sophisticated bar-coding, and scanning technologies to identify products and assess their performance.

According to recent estimates, around 40% of total food sales are scanned in the Netherlands, compared with 60% in the United Kingdom and France. Food retailing has been increasing its share each year since 1988 and is expected to account for 80% of total scanning by the end of 1992 (Figure NL3). Of a total of 1 500 scanning outlets recorded in 1992, 1 200 were in the food sector.

External automation comprising EDI and videotex is also spreading fast between manufacturers and wholesalers, and wholesalers and retailers. Common standards ensure smooth electronic data exchange between users. In the Netherlands, Transcom, an EDI language, contains standards for electronic data transfer of orders, deliveries, invoices, and other files. In all Transcom messages,

Figure NL3: Number of scanning outlets in Dutch retailing (1988-92)



Source: Eurostat, based on EIM estimates.

products are identified by the international EAN (electronic article numbering) code that is used by almost 2 000 manufacturers worldwide in over 30 industries.

Retailing in the Netherlands is burdened by the large number of commercial transactions, administrative procedures and documents. It is estimated that some 200 million documents are exchanged each year among the distributive trades and between the distributive trades and manufacturers.

EDI is widely used in food retailing, where 99% of the articles carry EAN codes. Approximately 40 Dutch food retailers use Transcom, exchanging hundreds of thousands of orders each week. EDI has also made its appearance in the DIY sector, where Transcom is used for transmitting 85% of the order messages. An EDI pilot project was recently started in the clothing sector when a jeans manufacturer established an EDI network to link 20 franchised stores.

Videotex is used mainly for communications between the head office and subsidiaries, or between independent retailers and suppliers, including buying groups. In the books and consumer electronics sector, for instance, retailers use videotex systems to place orders with publishers or wholesalers. The database function can be used by the store to obtain customer information. Various applications are also seen in the food sector. Placing orders is the most common, but in addition, information can be retrieved on articles, prices, stocks, and special offers. Wholesalers often take the initiative for introducing new videotex applications and even supply equipment and software to their dealer-customers at reduced rates, or even free of charge.

In general, Dutch retailers have started investing heavily in higher automation and this trend will continue in the 1990s.

For further reading

1. EIM, *Kleinschalig ondernemen 1991*, 1991.
2. EIM, *Jaarboek detailhandel*, various years.
3. EIM, *De arbeidsmarkt in de detailhandel, 1991*, C. J. van Uitert and C. M. Wiggers-Ruigrok, 1991.
4. EIM/Centre for Retail Research, *Retailing in the Netherlands*, J. T. Nienhuis, 1991.
5. Raad voor het Filial en Grootwinkelbedrijf (association of multiple retailers), Various publications.

Annex NL: Statistical sources and data-collection methods

1. Central Bureau of Statistics (CBS)

The Central Bureau of Statistics produces several statistical publications, such as
Statistical yearbook for the Netherlands (total population)
Labour force estimations (AKT) until 1985 (employment)
Working population poll (EBB), started in 1987 (employment)
Labour force statistics (employment)
Domestic trade statistics (sales, sales area, gross profits, and fixed capital formation)
General company records (businesses)
General company records (outlets)
National accounts (consumer expenditure, value added by distribution.

CBS is an excellent statistical source on Dutch retailing. It studies all major variables, such as:

- *Population: Statistical yearbook for the Netherlands*

Total population includes all persons residing in the Netherlands for an indefinite period of time. Each year, the population structure as of 1 January is determined from current population statistics.

- *Employment: Labour force estimations (AKT) up to and including 1985; working population poll (EBB) starting from 1987; labour force statistics (SWP)*

Total employment includes all persons (15 to 64 years) in paid employment and persons working on their own account, including family workers. Employees are all persons bound to an enterprise by an employment contract that guarantees them remuneration for their work. Self-employed are persons working on their own account including family workers. Part-time employees are employees who work fewer hours than the total stipulated by the collective labour agreement.

The labour volume project carried out by the Economisch Instituut voor het Midden- en Kleinbedrijf (EIM) is another valuable source on employment data.

The labour force estimations (AKT) are based on a biannual poll conducted among 3% of the population. Participation in this poll is voluntary and anonymous. All participants are surveyed in spring as to paid labour, behaviour in terms of employment search, working record, and unpaid labour. The data are published according to profession, sector, sex, age, and region.

The working population poll (EBB) follows the AKT. It is conducted each year among 2% of the population. Sampling is spread out over a 12-month period. The AKT supplies data on jobs held by employees. The information is classified by economic activity, region, sex, age, working period, type of contract, and regulations on working hours. As the data are highly aggregated, no distinction is made between the different retail sectors. The information is obtained through a questionnaire addressed to firms and institutions and combined with data from other statistical sources.

- *Sales, sales area, gross profits, and fixed capital formation: Domestic trade statistics*

Each year, a number of retail stores that are identified from a stratified random sample are interviewed regarding output, sales area, investments, employment, etc.

Participation in the annual survey on retailing (ASR) and the annual survey on motor trade (ASMT) is mandatory.

- *Businesses: General company records (ABR)*

All businesses are covered, excluding government agencies. Small businesses are enterprises with up to 10 employees. Medium-sized businesses employ 10 to 100, while large ones have 100 or more employees.

The ABR publishes information on the structure of all active enterprises, institutions, service industries, etc. as of 1 January each year. Data is obtained from records of the chambers of commerce. Parts of these ABR records are updated every year. Registration with a chamber of commerce is mandatory for firms, institutions, etc.

- *Consumer expenditure, value added by distribution: National account*

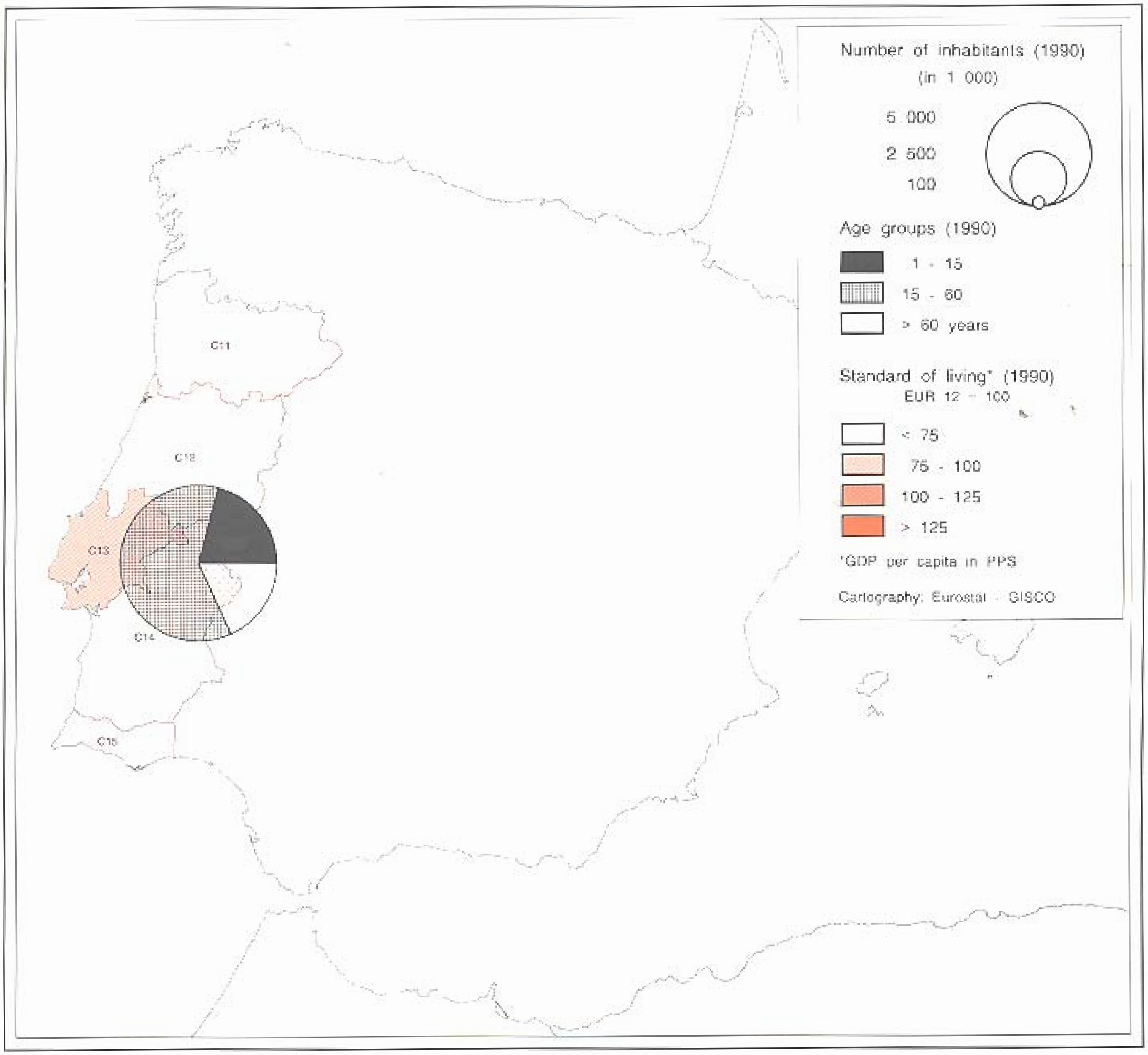
2. Central Register of Retail Trade, Arts and Crafts (CRK)

The Central Register of Retail Trade, Arts and Crafts supplies figures of the number of outlets in retailing. The CBS general company records do not provide outlet figures by sector. The number of outlets as listed by CBS for the entire retail trade differs from the number of outlets per sector provided by CRK data. This discrepancy is caused by different registration methods. The CBS registers as retail firms only those enterprises that claim sales of consumer goods (retailing) as their main activity. The CRK registers enterprises as belonging to both the retail sector and the sector of their main activity.

3. Other sources

Economisch Instituut voor het Midden- en Kleinbedrijf (EIM), trade journals and the retailers' associations are valuable sources for estimates on accounting variables and ratios, market shares by type of outlet or cooperation, and hitlists of leading enterprises.

11 Retail trade in Portugal



NUTS 2 REGIONS

C11 NORTE
C12 CENTRO
C13 LISBOA E VALE DO TEJO
C14 ALENTEJO
C15 ALGARVE

Portugal

11.1 Introduction and key statistics

Portugal is a relatively new member of the Community, which it joined together with Spain in 1986. For a long time, the concentration process taking place in most of the EC countries did not affect Portugal. Nevertheless, over the past few years, the retail landscape has been profoundly modified, in both the food and the non-food sectors. The appearance of large food stores and the introduction of specialized foreign chain stores (very often under franchising arrangements) have helped to diversify supplies and have brought about a modernization process.

Key figures for the Portuguese retail trade are given in Table P1.

11.2 Role of commerce in the Portuguese economy

Commerce is one of the main economic sectors in Portugal. It accounts for almost 18% of gross value added, 12% of employment and represents the activity of 40% of all the enterprises in the country (Table P2a-c).

Retail trade has a predominant position within distributive trades with 85% of the enterprises and 68% of the persons employed.

Table P1: Key statistics for retailing in Portugal (1987-90)

Criteria	Value	Statistical source
Number of enterprises	173 282	INE 1988
Total employment	366 297	INE 1987
Women (%)	45.8	Eurostat 1990
Self employed (%)	53.2	
Employees (%)	46.8	
Part-time (%)	5.3	
Remuneration of employees (Mio ESC)	101 631	INE 1987
Turnover (Mio ESC)	2 366 821	INE 1987
Turnover per employee (1 000 ESC)	6 461.5	
Total investments (Mio ESC)	27 929 176	INE 1987
Capital expenditure (Mio ESC)	7 625	

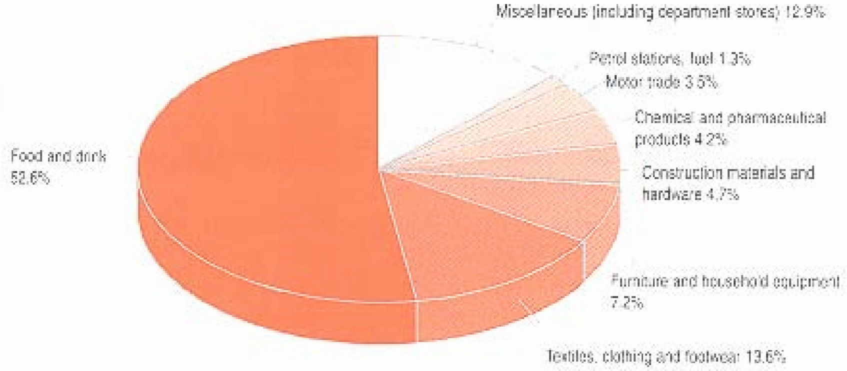
Sources: Instituto national de Estatistica (INE), survey of the enterprises (IEH) 1987.
Eurostat, labour-force survey, 1990.

Table P2: Role of commerce in the Portuguese economy (1988-90)

(a) Share in the number of enterprises	1988	(%)
Total enterprises	504 825	100.0
Total distributive trade enterprises	**204 612**	**40.0**
Wholesale trade	**31 330**	**6.0**
Food wholesaling	**9 177**	
Non-food wholesaling	**22 153**	
Retail trade	**173 282**	**34.0**
Food retailing	**80 052**	
Non-food retailing	**93 230**	
(b) Share in employment (1 000)	**1990**	
Total resident population	9 810.2	
Active population	4 887.3	
Employed population	4 624.8	100.0
Persons employed in distributive trades	**550.4**	**11.9**
(c) Share in value added (Mio ESC)	***1989***	
Gross national product	7130.3	
Gross value added added of all sectors	6 508.4	100.0
Gross value added of the distributive trade sector	**1 153.0**	**17.7**

Source: INE, annual survey of enterprises, national accounts.

Figure P1: Retail outlets by sector of activity (in %) in Portugal (1989)



Source: Eurostat, based on Trade Ministry data

Table P3: Number of retail enterprises by sector of activity in Portugal (1987-88)

Sectors of activity	Number of enterprises 1987	1988	Share (%) 1987	1988	Growth (%) 1988/87
Food and drink	83 804	80 052	51.0	46.2	− 4.5
Textiles, clothing and footwear	24 970	32 134	15.2	18.5	28.7
Furniture and household equipment	11 107	11 034	6.8	6.4	− 0.7
Construction materials and hardware	8 998	11 770	5.5	6.8	30.8
Pharmaceuticals and cosmetics	4 664	4 949	2.8	2.9	6.1
Motor trade	4 143	4 272	2.5	2.5	31.1
Petrol stations, fuel	1 781	2 193	1.1	1.3	23.1
Department stores	118	171	0.1	0.1	44.9
Miscellaneous	24 586	26 707	15.0	15.4	8.6
Total	164 171	173 282	100.0	100.0	5.5

Source: INE, IEH 1989

11.3 Retail trade structure in Portugal

Portuguese retailing is characterized by a high number of enterprises compared with the number of inhabitants: 175 per 10 000 inhabitants as opposed to a European average of 96. With 2.1 persons employed per enterprise (European average: 4.0), Portuguese retail enterprises are small in size and usually sole traders; almost 90% of them are thought to consist of one single establishment.

11.3.1 Retail enterprises by main activity

According to the annual surveys of enterprises, Portugal had almost 173 300 retail firms in 1988, 5.5% more than in 1987 (Table P3). Growth is only apparent, however, in the non-food sector, whereas the number of enterprises in the food sector, fell by 4.4% (almost 4 000 units). The increase in importance of non-food firms is clearly visible, but food companies still hold a share of 46% (1988), reflecting the importance of food in household budgets. However, the structure of Portuguese trade will ultimately get closer to that of other European countries, and the non-food sector will increase its share further at the expense of food enterprises.

Although food retailers are decreasing in numbers and slightly increasing in size, sales methods have remained very traditional. In 1987 self-service was still very uncommon and covered only 3% of the shops. By now this share could have gone up to 20 to 30%.

11.3.2 *Retail outlets and regional distribution*

Given the current state of registers, the number of local units cannot be known with an acceptable degree of accuracy. Nevertheless, one can attempt to analyse shares by sector and by region.

The breakdown of local units by activity (Figure P1) reveals the preponderance of food products and beverages (52.6%). The category 'textiles, clothing and footwear' is relatively unimportant (13.6%). In comparison with the other European countries, supply is not very diversified, the basic products being in a dominant position, mainly because of the low purchasing power.

The geographical breakdown shows that supply is heavily concentrated, approximately 40% of the establishments being in the regions of Lisbon, the Tagus valley and the north (Porto), where the population is the most dense (Table P4). With 0.2 establishments per inhabitant (approximately twice the European average), Portugal is among the countries with the highest density and hence a low average profitability per shop.

Table P4: Retail outlets by district in Portugal (1989)

District	Population (1000)	Area (km^2)	% of outlets	Number of outlets/km^2
Aveiro	674.6	2 808	6.5	2.8
Beja	173.2	10 225	2.2	0.3
Braga	784.8	2 673	5.3	2.4
Bragança	182.8	6 608	0.9	0.2
Castelo Branco	218.7	6 675	2.5	0.5
Coimbra	446.7	3 947	5.2	1.6
Evora	171.5	7 393	1.9	0.3
Faro	344.9	4 955	4.6	1.1
Guarda	181.8	5 518	1.9	0.4
Leiria	436.5	3 515	5.2	1.8
Lisboa	2 130.6	2 761	23.7	10.4
Portalegre	134.9	6 064	1.5	0.3
Porto	1 677.1	2 395	14.3	7.2
Santarém	459.0	6 747	4.7	0.9
Setubal	817.9	5 064	9.8	2.4
Viana do Castelo	266.9	2 255	2.8	1.5
Vila Real	259.8	4 327	2.2	0.6
Viseu	419.4	5 007	3.8	0.9
Total	**9 791.1**	**88 939**	**100.0**	**1.4**

Sources: Trade Ministry, Trade Register (TR), 1990
INE population statistics, 1989

11.4 Employment in Portuguese retailing

The latest official figures on the number of persons by sector of activity relate to 1987. They are based on a survey of distributive enterprises carried out by the Portuguese statistical office INE (Table P5). In that year, there were 366 300 people employed, the food sector being the most important with almost 40%, followed by clothing/textiles and other types of trade, each with 15%. The labour force survey carried out by Eurostat assesses the active population in the Portuguese retail trade in 1990 at 430 200 (Figure P2), 201 200 of these (46.8%) being wage and salary earners. The percentage of women is 45.6% and part-time employment 5.3%. All these shares are among the lowest in the Community.

No sufficiently reliable figures are available for the development of employment in retailing. For distributive trade as a whole, including recovery, repairs and wholesaling, employment increased by about 5% in 1988 and 7% in 1989, judging by the Eurostat national accounts (ESA).

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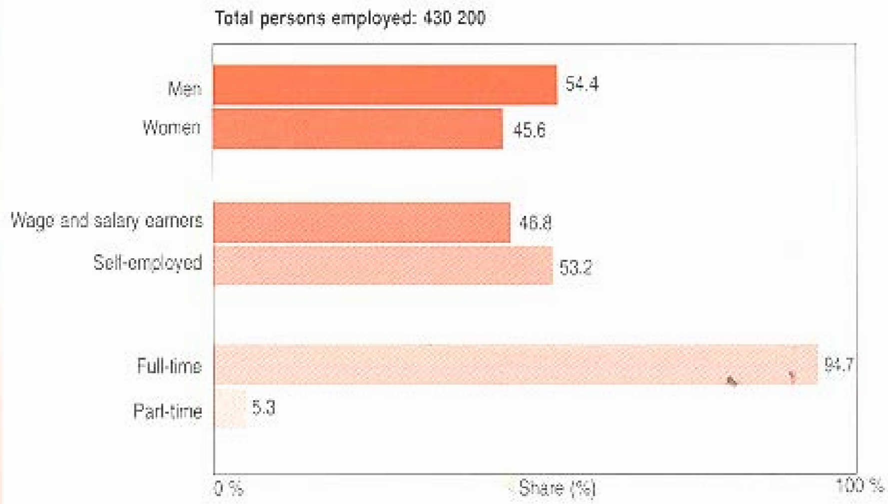
11.5 Retail activity and turnover in Portugal

In 1987, turnover was estimated at ESC 2 367 billion or approximately ECU 13 billion (Table P6). Turnover for 1990 is estimated at around ECU 20 billion, excluding VAT. In 1987, the food sector accounted for 28% of total turnover, the car trade for 17% and other types of retailing for 15%.

In the absence of official data on the development of retail turnover, the actual production of distributive trades as a whole can be taken as a rough indicator. This aggregate is calculated from the Eurostat national accounts (ESA). In illion escudos at current prices, the production of the sector went up from 1 038.2 billion in 1986 to 1 814.1 billion in 1990, or almost 75%. The annual volume increases are as follows: 6.8% for 1987, 8.5% for 1988, 3% for 1989 and 4% for 1990.

Figure P2: Employment characteristics in Portuguese retailing (1990)



Source: Eurostat, labour-force survey 1990.

Table P5: Employment by sector of activity in Portuguese retailing (1987)

Sectors of activity	Persons employed Number	Persons employed Share (%)	Wage and salary earners Number	Wage and salary earners Share (%)
Food, drink and tobacco	145 502	39.7	62 778	27.7
Textiles, clothing and footwear	53 760	14.7	35 845	15.8
Furniture and household equipment	30 011	8.2	23 413	10.3
Construction materials and hardware	25 338	6.9	19 005	8.4
Pharmaceuticals and cosmetics	13 715	3.8	11 167	4.9
Motor trade	32 679	8.9	30 129	13.2
Petrol stations and fuels	7 712	2.1	6 859	3.0
Department stores	1 556	0.4	1 438	0.6
Miscellaneous	56 014	15.3	36 320	16.0
Total	**366 297**	**100.0**	**226 954**	**100.0**

Source: INE, IEH 1988.

However, despite this positive trend, 46% of enterprises in the food sector account for only 22% of total turnover, which reflects a low level of concentration and a rather low average income per local unit. Self-service shops, although making up only 3% of enterprises in 1987, accounted for almost 40% of retail turnover, showing the importance big stores are beginning to have in Portuguese retailing.

Table P6: Retail turnover by sector of activity in Portugal (1987)

Sectors of activity	Turnover (Mio ESC)	Share (%)
Food, drink and tobacco	674 058	28.5
Textiles, clothing and footwear	202 649	8.6
Furniture and household equipment	157 856	6.7
Construction materials, hardware	142 445	6.0
Pharmaceuticals and cosmetics	274 891	11.6
Motor trade	394 849	16.7
Petrol stations and fuel	147 774	6.2
Department stores	6 802	0.3
Miscellaneous	365 496	15.4
Total	**2 366 821**	**100.0**

Source: INE, IEH 1988

Table P7: Retailing by type of organization in Portugal (1987)

Type of organization	Number of enterprises	Persons employed	Turnover (1 000)
Independent enterprises	160 365	340 176	2 145.7
Share (%)	97.7	92.9	90.7
Affiliated enterprises	1 879	7 504	65.3
Share (%)	1.1	2.0	2.7
Integrated enterprises	1 927	18 617	155.9
Share (%)	1.2	5.0	6.5
Total	**164 171**	**366 297**	**2 366.9**
Share (%)	**100.0**	**100.0**	**100.0**

Source: INE, IEH 1988

11.6 Cooperation and affiliation movements in Portuguese retailing

Affiliated retailers still occupy a very minor role in Portuguese distribution. Whereas the proportion of sole traders was 98% in 1987, that of integrated enterprises was only 1.2% and associated enterprises only 1.1% (Table P7). Today, these shares have probably only changed slightly in favour of the latter two groups.

Independent retailers represented a little more than 90% of total turnover, compared with 6.6% and 2.7% for the other two types. But increasingly independent businesses understand that they must cooperate with others to achieve economies of scale.

Today, associated businesses are mainly found in the form of cooperatives in the food sector. In 1991, these cooperatives achieved a sales volume of almost ESC 70 billion and the trend is going rapidly upwards. More than 20 of these form part of the Ucrepa association, which also comprises 40 cash-and-carry units.

11.7 Large-scale retailing in Portugal

As of 1 January 1991, there were 39 large food stores, 26 of which (67%) had a sales area of less than 2 500 m² (Table P8). In line with the definition in effect in most other Community countries, only 13 establishments can be considered as 'hypermarkets' with a sales area larger than 2 500 m². Large-scale shops are concentrated in the regions of Lisbon and

Table P8: Portuguese hypermarkets by size class (at 1 January 1991)

Size class (m^2)	Outlets Number	Outlets Share (%)	Sales area (m^2)	Sales area Share (%)
1 500-2 499 m^2	26	66.7	48 380	37.7
2 500-4 999 m^2	3	7.7	9 718	7.6
5 000-6 999 m^2	5	12.8	28 300	22.0
7 000-9 999 m^2	5	12.8	42 050	32.7
Total	**39**	**100.0**	**128 448**	**100.0**

Source: Nielsen, 1991 census

Table P9: Geographical distribution of Portuguese hypermarkets (at 1 January 1991)

Nielsen regions	Outlets		Sales area (m^2)	
	Number	%	Number	%
Nielsen 1[a]	14	35.9	56 443	43.9
Nielsen 2[b]	8	20.5	29 587	23.0
Nielsen 3	11	28.2	25 906	20.2
Nielsen 4	3	7.7	8 362	6.5
Nielsen 5	3	7.7	8 150	6.3
Total	**39**	**100.0**	**128 448**	**100.0**

a. Greater Lisbon.
b. Greater Porto.

Source: Nielsen, 1991 census

Table P10: Persons employed in Portuguese hypermarkets by size class (at 1 January 1991)

Size class (m^2)	Full-time	Part-time	Ratio full/part-time	Sales area (m^2) per employee
1 500-2 499	67	12	85:15	612
2 500-4 999	179	34	84:16	45
5 000-6 999	398	21	86:14	67
7 000-9 999	445	20	96:4	90
Total	**165**	**16**	**91:9**	**709**

Source: Nielsen, 1991 census

the Tagus valley (Nielsen 1), which counted 14 establishments at the beginning of 1991 (Table P9). With one hypermarket for slightly less than one million inhabitants, large-store density is among the lowest in the Community, where the average is one hypermarket per 120 000 inhabitants.

The breakdown of hypermarkets (Table P10) shows that sales area per employee is highest (612) in the smaller units (1 500 to 2 499 m^2), but lowest (45) in the size class 2 500 to 4 999 m^2. A higher sales area does not, however, automatically correspond to a proportional increase in average number of employees. In addition, in hypermarkets larger than 7 000 m^2, the average number of staff employed full-time is much higher than that of staff employed part-time. The ratio is 96:4, compared with 85:15 for smaller stores.

In 1991, eight large groups managed 30 large grocery stores, representing almost 103 000 m^2 (Table P11). Amongst these are Pão de Açucar, the largest retail group in Portugal, with a turnover of ESC 28 billion in 1990, followed by Pingo Doce (ESC 25 billion) and INO (ESC 10 billion). The size of these stores is still far below that of their French, British or German counterparts. In fact, the sales of the leading three enterprises in 1990 were only about 70% of those of the top German group Metro.

Table P11: Top 8 Portuguese retail groupings (at 1 January 1991)

Rank	Group	Outlets Number	Outlets Share (%)	Sales[a] (Mio ESC)	Sales area (m²)	Sales area (%)
1	Pingo Doce	8	26.7	25 000	13 900	13.5
2	INO	6	20.0	10 000	15 100	14.7
3	Pão de Açucar	4	13.3	28 000	20 051	19.5
4	Modelos	4	13.3	na	8 032	7.8
5	Continente	3	10.0	na	23 100	22.4
6	Modelo Prisunic	2	6.7	na	6 550	6.4
7	Euromarché	2	6.7	na	14 250	13.8
8	AC Santos	1	3.3	na	2 000	1.9
	Total	30	100.0	na	102 983	100.0

a. Eurostat estimates.

Source: Nielsen 1991 census.

11.8 Modernization and training in Portuguese retailing

In Portugal, distributive trades remained very traditional up to the end of the 1950s. Ever since, structural changes in food retailing have started having an effect on the entire retail sector. The first supermarket was opened in 1961 and this form has steadily expanded. In 1964, year of the first legislation on supermarkets, there were 26 establishments with a sales area between 200 and 399 m². The first shopping centre opened in 1971 and the first hypermarket in 1985. Since the 1980s, most consumers have become familiar with these new trading formats. The development of Portuguese retailing has thus been particularly rapid in comparison with that of other European countries.

Particularly since Portugal joined the European Economic Community, new forms of retailing have appeared and expanded with the help of foreign concepts and investments. The modernization process is continuing, in terms of both new forms of trading and the introduction of new technologies. This movement, which started in the major urban centres, is now also spreading to medium-sized towns. It has recently been supported quite specifically by a system of incentives for trade modernization (SIMC), which draws on investments from the traders themselves and is financed by national and Community loans.

As part of its endeavours to modernize the economy and employment, Portuguese traders are very aware of training needs and major efforts have been made in this respect, such as the recent creation of schools specialized in distribution and trade. The Portuguese retail trade is slowly becoming an important and dynamic sector of the economy. It not only provides the demanding consumer with an increasingly wide range of goods, but also offers quality services. It is completely committed to modernization and hence follows the European example.

The increase in the size of enterprises and the fall in the number of food establishments are quite manifest. In addition to this development, there is a notable diversification of supply and a considerable internationalization involving major foreign investment, particularly from France and the United Kingdom. Certain European groups are discovering that, conversely, Portugal could turn out to be an interesting platform from which to conquer the retail market in Brazil one day.

Annex P: Statistical sources and survey methodology

Information on Portuguese retail trade is scarce and not always exhaustive and up-to-date. The following statistical sources have been used

1. Annual survey of enterprises (INE)

This annual survey covers a representative sample of retail enterprises. It yields information on their accounting variables and on the characteristics of trade establishments. The survey of trade enterprises did not begin until 1987. The most recent information refers to the 1988 financial year. The basis of the survey is a sample drawn annually from the register of enterprises.

2. Register of enterprises (INE)

This register is updated annually either through surveys or administrative information. It provides the number of enterprises, their turnover and the number of employees.

3. Trade register (DGCI)

This administrative register lists all trade establishments. It contains information on the number of establishments, their main activity and employment.

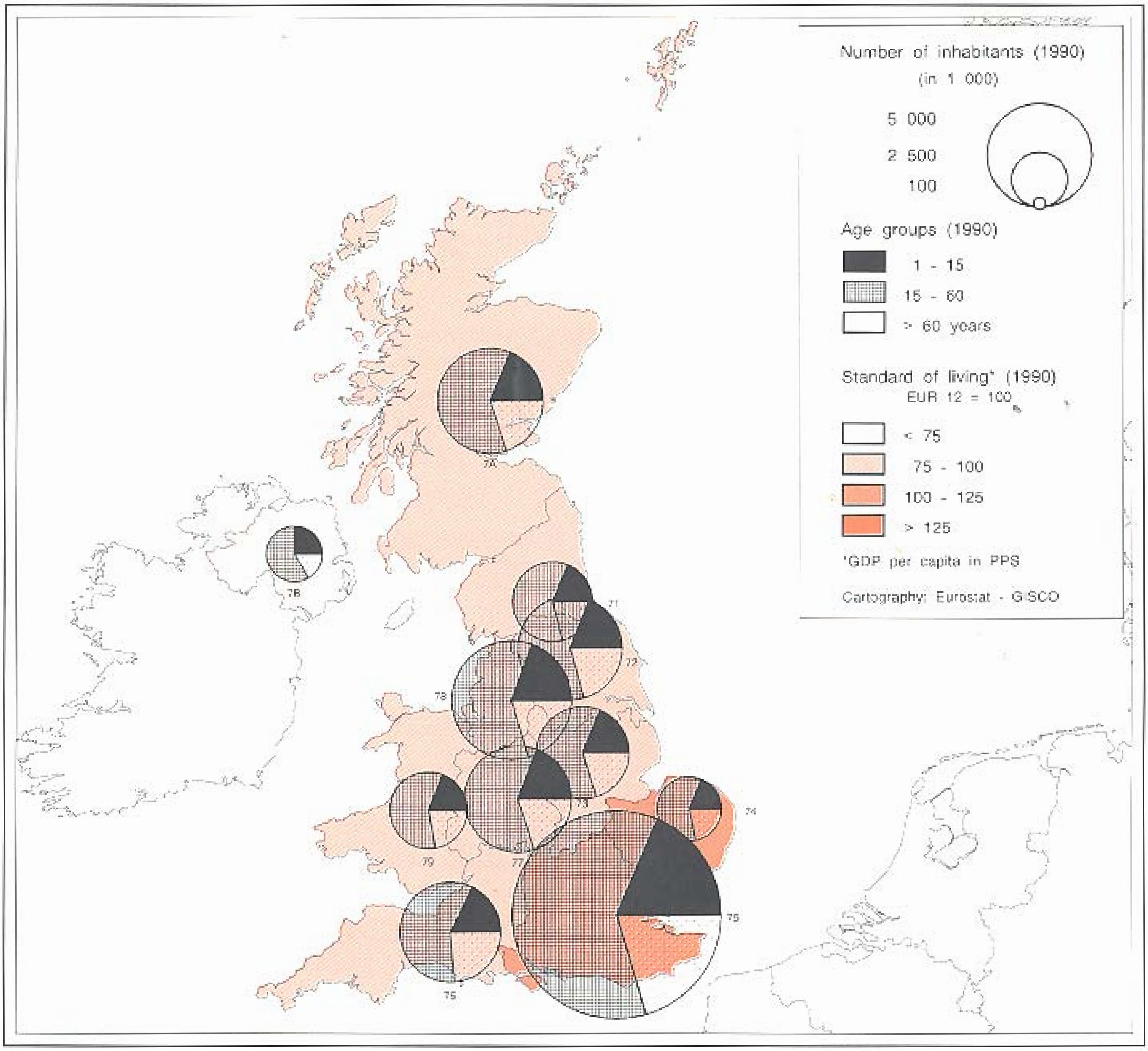
4. Trade census in Lisbon (CML)

The municipality of Lisbon carried out a census of trade establishments in Lisbon in 1986. The information throws light on trading structures, but only for the city of Lisbon.

5. Other sources

Nielsen and the trade journal *Distribuição hoje*.

12 Retail trade in the United Kingdom



NUTS 1 REGIONS

71	NORTH	78	NORTH WEST
72	YORKSHIRE AND HUMBERSIDE	79	WALES
73	EAST MIDLANDS	7A	SCOTLAND
74	EAST ANGLIA	7B	NORTHERN IRELAND
75	SOUTH-EAST		
76	SOUTH-WEST		
77	WEST MIDLANDS		

12.1 Introduction and key statistics

During the 1980s, British retailing was regarded as one of the most efficient in Europe, with major retail groups experiencing a rapid growth in sales and high net margins. The buoyancy of these large companies and the overall performance of the sector was stimulated by credit-driven growth in consumption and a largely non-price competitive environment. The emphasis was on market segmentation with the development of specialist trading formats and brands for identified consumer groups.

Although differences in accounting practices must be considered when comparing financial performance between EC countries, leading British retail companies performed strongly due to favourable economic circumstances and farsighted management. Economies of scale and scope were achieved as market concentration rose and multiple chains grew to dominate most product sectors. Employment of part-time labour, centralization of physical distribution, and technology-based improvements in information systems have all provided greater control over costs.

One important feature of British retailing which reflects many of the trends and structural changes within the industry during the 1980s is the growth and changing nature of 'retailer' or 'own' brands. This specific feature of British retailing will be discussed in Section 12.8.

A great deal of published information is available within Great Britain on individual companies, as most are publicly quoted on the stock exchange. However,

Table UK1: Key statistics for retailing in Great Britain (1989, 1991)

Criteria	Broad definition [a]	Narrow definition [b]	Statistical source
Number of enterprises (1991)	347 874	263 849	PAIOO3 1991
Number of local outlets	424 240	350 015	SDA25 1989
Total employment in 1 000 (1991)	3 030.0 [c]	2 607.7	EG 1991
Number of employees		2 199.7	
Full-time		1 197.8	
Part-time		1 001.9	
Male		821.7	
Female		1 378.1	
Number of self-employed		408.0	
Male		264.0	
Female		144.0	
Turnover (Mio UKL) including VAT	192 472	118 842	SDA25 1989
Value added (Mio UKL)	na	10 593	CSO 1989
Value added per person employed (Mio UKL)		3 990	
Capital expenditure excluding VAT (Mio UKL)	na	4 555	SDA25 1989
Investment per person employed (UKL)	na	1 849	SDA25 1989

a. Including motor trades
b. Excluding motor trades
c. 1988 figure

Sources: Central statistical office (CSO), Department of Employment.
PAIOO3: Business Monitor, 1991.
SDA: Business Monitor (SDA25 Retailing, SDA27, Motor trades, 1989).
EG: Employment Gazette, April and November 1991.

Note: Definitions of retailing vary – SDA25 based on SIC 1968
– EG based on SIC 1980

official government statistics on the structure of retailing in Great Britain are limited. For example, there are no recognized official data on floorspace or geographical distribution. The last overall census of distribution was conducted in 1971 but subsequently abandoned. Various general statistics on retailing appear in national accounts statistics produced by the central statistics office (CSO), but in these publications retailing is often included in broad categories such as 'retailing and repair' or 'distribution, hotels and catering, repairs'. The Institute for Retail Studies produces an annual statistical digest collating the main figures from government and other sources.

The two most authoritative official statistical sources on retailing in Great Britain, published by the CSO are: *Business Monitor*, SDA25, *Retailing and Business Monitor*, SDM28, *Retail Sales*. SDA25 reports the results of the Retail Inquiry. As this sample is based on the VAT register, an estimated 30 000 small businesses are excluded; the sample covers only Great

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Britain thus excluding Northern Ireland, the Channel Islands, and the Isle of Man.

The definition of 'retail trade' is that provided in the 1968 version of the standard industrial classification (SIC). It excludes petrol stations and car dealers which form the separate category of 'motor trades', but includes 'hire and repair businesses'. Subsequently, motor trade is taken into consideration whenever detailed statistics were available to ensure comparability across EC Member States. Further details of the scope and methodology employed in these sources are provided in Annex UK.

Business Monitor, SDA25, Retailing, compares the most recent data with those for previous years in an appendix. Data for previous years are recalculated to take into account changes in data-collection practices. Data on large-scale retailing (Section 12.7) were derived from other sources, primarily the Institute of Grocery Distribution.

The immediate issues facing British retailing in the short term arise from the current recession and corresponding stagnation and fall in retail sales. On the crest of a buoyant economy and credit-driven consumer spending in the 1980s, several multiple retailers expanded rapidly, particularly those operating on the high street. Locations were obtained at rents now unsustainable in a recession. A further pressure on retailers in England and Wales is the imposition of a uniform business rate. This further increases the cost of operating outlets, particularly in towns. These increases in costs at a time of decreasing sales revenue will lead to a rationalization of the number of outlets operated by multiple chains, and the closure of independent businesses particularly in the non-food trades.

Cost-pressure coupled with the arrival of a number of limited-line food discounters from Western Europe (Aldi, Netto) has focused attention on price competition. Price competition is likely to increase in the short term, but in the medium term non-price competition is likely to persist, as companies strive to guarantee maximum returns on investment. The immediate concern for a number of retailers will be survival rather than corporate expansion. Only financially strong and well-managed retailers will be in a position to capitalize on the existing market potential.

Key figures for British retailing are presented in Table UK1.

12.2 Role of commerce in the British economy

National statistics show that of the 1 795 360 VAT-registered businesses in 1991, 490 581 or 27.3% were involved in commercial distribution (Table UK2a). The majority (263 849 or 14.7% of all businesses) were retail businesses, whilst 142 707 (7.9%) were involved in wholesaling and dealing and 84 025 (4.7%) in the motor trades. Over the 1980-91 period, the total number of VAT-registered businesses in the UK rose by 30% (almost 400 000 businesses), yet the number of businesses involved in commercial distribution rose by only 9% (nearly 40 000 businesses). Consequently, the proportion of all UK businesses involved in commercial distribution declined by 5.3 points from 32.6% at the start of the decade.

This general picture however hides differences between 'wholesaling and dealing' and 'retailing' businesses. Over the 1980-91 period the number of wholesaling and dealing businesses rose by 38% (4 000 businesses) whilst the number of retailing businesses fell by 3.6% (9 800 businesses). As a result, the proportion of all UK VAT-registered businesses involved in retail trade fell from 19.8% in 1980, while wholesaling and dealing businesses rose slightly from 7.4%.

Distributive trades also accounted for 17.1% of the total number of persons employed in 1991, with 12.9% employed in retail (including motor trades) and 4.2% in wholesale trade (Table UK2b). According to the UK national accounts, the average estimate of gross domestic product (GDP) for the United Kingdom in 1990 was UKL 477.7 billion (Table UK2c). The broad category of 'distribution, hotels and catering, repairs' accounted for UKL 70.2 billion or 14.7% of GDP. This share has risen steadily from 12.9% in 1980.

Total household expenditure in 1990 was UKL 338 billion, of which UKL 72.4 billion (21.4%) was accounted for by the food, alcoholic drink, and tobacco categories (Table UK2d). With the exception of the 'other goods, services, and adjustments' category, the single largest recipients of household expenditure were transport and communication (18.3%) and housing (14.8%). Over the decade, the share of household expenditure accounted for by food, alcoholic drink, and tobacco declined from 27.2%, whilst rises occurred in the shares of the 'other goods' category (from 12.5%), transport and communication (from 17.2%), and housing (from 14.9%). Retail sales account for approximately 48% of consumers' expenditure.

12.3 Retail trade structure in Great Britain

Following concentration and rationalization in most retail sectors during the 1980s, the total number of businesses and outlets fell at a rate of around 0.2% and 0.6% per annum (Tables UK3 and UK5). These statistics, however, only reveal the total picture; changes in the VAT register reveal that around 15% of the total stock of retail businesses changes every year.

12.3.1 Enterprises and legal status

The number of VAT-registered retailers (including motor trades) fell by 1.6%, from 321 846 to 316 581, over the 1980-89 period (Table UK3). Food retailers used to make up the majority of retail businesses, but their number declined by 25% (22 626 units). Their overall share fell from 28.1% to 21.4%. Most losses occurred during the latter part of the decade and were only partly compensated by growth in the drink, confectionery and tobacco category (14.4% or 6 154 businesses), which in most EC countries is part of the food class. The number of clothing, footwear, and leather goods retailers also declined by 10.9% (3 853 businesses). The household goods sector lost businesses until 1984, but has since recovered to a total of 48 735, 7.6% above the 1980 level.

The 'other non-food' category grew by 9.3%. Hire and repair businesses, which currently account for under 1% of the total number of businesses, fell by 21.1%, particularly in the late 1980s. The number of mixed retail businesses (including department stores and mail order houses) has fluctuated over the period.

Table UK2: Role of commerce in the British economy (1990, 1991)

	andhalbfett;Value	Share
(a) Share in the number of enterprises	1991	(%)
Total enterprises	1 795 360	100.0
Total distributive trade enterprises	490 581	27.3
Wholesaling and dealing	142 707	7.9
Retailing	263 849	14.7
Motor trades	84 025	4.7
(b) Share in employment (1 000)	1991	(%)
Total resident population	57 417	
Total employment	21 667	100.0
Persons employed in distributive trades	3 710	17.1
Wholesale trade and dealing	921	4.2
Retail trade [a]	2 200	10.2
Motor trades [b]	589	2.7
(c) Share in gross domestic product (Mio UKL)	1990	(%)
Gross domestic product (average estimate)	477 747	100.0
Value added of the distribution sector [c]	70 151	14.7
(d) Consumer expenditure (Mio UKL)	1990	(%)
Total household expenditure	338 027	100.0
Food	41 833	12.4
Alcoholic drinks	21 730	6.4
Tobacco	8 835	2.6
Clothing and footwear	20 702	6.1
Housing	50 050	14.8
Fuel and power	12 214	3.6
Household goods and services	22 575	6.7
Transport and communication	62 016	18.3
Recreation, entertainment and education	32 677	9.7
Other goods, services	65 395	19.3

a. Excluding motor trades.
b. Estimate based on 1988 figures.
c. Very broad definition including repairs, hotels and catering.

Source: CSO, PA1003 1991, CSO, SDA25 Retailing; CSO, SDA27 Motor trades
UK National Accounts, 1991, EG November, 1991

Table UK3: Number of retail enterprises[a] by sector of activity in Great Britain (1980-89)

Sectors of activity	Number of enterprises				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1989	1980	1984	1988	1989	1989/80	1989/80
Food	90 475	81 680	67 755	67 849	28.1	25.8	22.0	21.4	−25.0	−3.1
Drink, confectionery and tobacco	42 590	43 226	48 893	48 744	13.2	13.6	15.9	15.4	14.4	1.5
Clothing, footwear and leather goods	35 282	32 000	30 170	31 429	10.9	10.1	9.8	9.9	−10.9	−1.3
Household goods[c]	45 298	42 916	45 678	48 735	14.0	13.5	14.8	15.4	7.6	0.8
Other non-food	35 835	38 617	39 804	39 156	11.1	12.2	12.8	12.4	9.3	1.0
Mixed retailing	3 750	5 644	3 528	4 149	1.1	1.7	1.1	1.3	10.6	1.1
Hire and repair	2 909	2 848	2 204	2 294	0.9	0.9	0.7	0.7	−21.1	−2.6
Total retail business[b]	256 139	246 931	237832	242 356	79.6	78.1	77.4	76.6	−5.4	−0.6
Motor trades	65 707	69 156	69 628	74 225	20.4	21.9	22.6	23.4	13.0	1.3
Total retailing including motor trade	**321 846**	**316 087**	**307 460**	**316 581**	**100.0**	**100.0**	**100.0**	**100.0**	**−1.6**	**−0.2**

a. VAT-registered enterprises
b. Definition based on SIC 1968.
c. Including furniture, electrical equipment and DIY

Sources: CSO SDA25 Retailing, SDA27 Motor trades, 1989.

Table UK4: Retail enterprises by size category in Great Britain (1989)

Sectors of activity	Number of enterprises	Size category				
		Single-outlet retailers	Small multiple retailers (2-9 outlets)	Large multiple retailers 10-99	100-499 outlets	500
Food	67 849	61 469	6 188	173	13	6
Drink, confectionery and tobacco	48 744	46 382	2 284	57	16	6
Clothing, footwear and leather goods	31 429	26 393	4 783	212	36	5
Household goods	48 735	41 585	6 978	157	11	4
Other non-food	39 156	34 418		4 739		
Mixed retailing	4 149	3 429	661	45	13	
Hire and repair	2 294	2 062		233		
Total retail trade[a]	**242 356**	**215 736**	**25 736**	**765**	**103**	**26**
Share (%)	**100.00**	**89.02**	**10.61**	**0.32**	**0.04**	**0.01**

a. Definition based on SIC 1968, excluding motor trades.

Source: CSO, SDA25 Retailing, 1989.

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The CSO recorded 74 225 enterprises in the motor trades in 1989.

These trends reflect an increasing rationalization in British retail trade. With no formal barriers to business entry or exit, fluctuations in business numbers are the rule. It is common for over 35 000 retail businesses (almost 15% of the total), excluding motor trades, to register and deregister for VAT returns every year. Although the concentration of retail sales through individual companies in Great Britain is perhaps the highest in the European Community, the sector is still numerically dominated by small businesses. Almost 90% of all VAT-registered businesses (excluding motor trades) were single-outlet businesses in 1989 (Table UK4).

12.3.2 Local outlets and regional distribution

The total number of outlets operated by VAT-registered businesses in the retail trade (excluding motor trades) fell by 5% to 350 015 in 1989 from 368 253 in 1980 (Table UK5). Over one-quarter of the outlets (90 075) were operated by food retailers in 1989, down from one-third of the total in 1980.

The loss of outlets in the food sector has been partly offset by gains in most non-food sectors over the decade. Whilst store numbers have fluctuated in most sectors, only clothing, footwear and leather goods retailers have seen a net decline (−4.8%).

There are no comprehensive data on outlets by floorspace and geographical distribution in the UK available from either government or other sources. Geographical data on outlet location were traditionally provided via the Census of Distribution, but this exercise was discontinued following the 1971 census. The Retail Inquiry only provides data on the number of outlets according to national boundaries within Great Britain (England, Scotland, and Wales). Some geographic and floorspace data are available from non-government agencies for specific types of retail outlets, principally large food stores (Section 12.7.1).

12.4 Employment in British retailing

Data on employment in retailing are available from two government sources: the Retail Inquiry for data by kind of business and the *Employment Gazette*, published by the Department of Employment, for details on gender and hours of work. While the Retail Inquiry measures 'persons engaged' including owners

Table UK5: Number of retail outlets by sector of activity in Great Britain (1980-89)

Sectors of activity	Number of outlets				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1989	1980	1984	1988	1989	1989/80	1989/80
Food	121 600	105 953	87 758	90 075	33.0	30.3	25.9	25.7	−25.9	−3.3
Drink, confectionery and tobacco	56 375	56 499	60 877	61 641	15.3	16.2	18.0	17.6	9.3	1.0
Clothing, footwear and leather goods	61 489	58 552	57 768	58 538	16.7	16.7	17.1	16.7	−4.8	−0.5
Household goods	64 697	60 104	63 795	69 599	17.6	17.2	18.9	19.9	7.6	0.8
Other non-food	48 224	50 858	52 944	52 543	13.1	14.5	15.7	15.0	9.0	1.0
Mixed retailing	10 006	11 231	9 402	11 542	2.7	3.2	2.8	3.3	15.4	1.6
Hire and repair	5 862	6 531	5 703	6 079	1.6	1.9	1.7	1.7	3.7	0.4
Total retail trade[a]	**368 253**	**349 728**	**338 248**	**350 015**	**100.0**	**100.0**	**100.0**	**100.0**	**−5.0**	**−0.6**

a Definition based on SIC 1968, excluding motor trades.

Source: CSO, SDA25 Retailing, 1989

(self-employed), the Employment Gazette data refer to employees. Employment Gazette data also include 'vehicles, parts and filling stations' in the definition of retail distribution which is based on the 1980 standard industrial classification (SIC). Both sets of data are constructed from sample surveys.

The number of self-employed in retail distribution in June 1991 is estimated to be 408 000 of whom almost two-thirds are males. This figure has grown from 400 000 in 1981, in two cycles peaking in 1984 (442 000) and again in 1989 (488 000). The number of employees in June 1990 was 2 248 000 after rising steadily during the 1980s. However, the number fell to 2 199 000 in June 1991, reflecting the current worsening trading conditions.

The Retail Inquiry has a narrower definition of retailing and includes all persons engaged (employees and self-employed) under these definitions. In 1989, a total of 2 463 000 people were engaged in retailing (Table UK6), 2.3% less than in 1980 (2 408 000 people). After an initial fall in numbers between 1980 and 1982 employment has grown steadily.

Food retailing is the highest employer, with 845 000 people or 34.3% of the total. The next largest employer is 'mixed retailing' with 383 000 persons engaged, a high proportion (15.6%) in relation to the number of businesses (see also Table UK3) and number of outlets (see also Table UK5). This category comprises variety stores and department stores such as Marks & Spencer, British Home Stores, Littlewoods, Woolworth, and W H Smith who operate large-scale units employing many people.

Motor trades (not included in Table UK6) employed 567 000 people in 1989, an increase of 18.6% since 1986.

Part-time employment – usually defined as under 30 hours worked per week – is widespread in British retailing. It grew steadily during the 1980s, and in June 1991, 45.5% of employees in retailing were part-time workers.

Throughout Europe retailing is a significant employer of women, and Great Britain is no exception to this rule. In 1991, 62.6% of employees were female, a proportion which has remained approximately constant since 1982 (Table UK7). The majority of women employed in retailing (60.7% in 1990) are engaged in part-time work compared with only 20.1% of males.

12.5 Retail activity in Great Britain

Retail sales figures (including VAT) presented in the Retail Inquiry normally exclude the motor trades. The same VAT rates were levied during 1980-89; it was 15% for all goods except food (excluding confectionery, soft drinks and alcohol),

Table UK6: Employment by sector of activity in British retailing (1980-89)

Sectors of activity	Persons employed				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1989	1980	1984	1988	1989	1988/80	1989/80
Food	842 000	816 000	809 000	845 000	35.0	35.2	34.5	34.3	0.4	0.0
Drink, confectionery and tobacco	249 000	252 000	259 000	328 000	10.3	10.9	11.0	13.3	31.7	3.1
Clothing, footwear and leather goods	306 000	292 000	298 000	304 000	12.7	12.6	12.7	12.3	−0.7	−0.1
Household goods	292 000	284 000	319 000	319 000	12.1	12.3	13.6	13.0	9.2	1.0
Other non-food	229 000	219 000	237 000	248 000	9.5	9.5	10.1	10.1	8.3	0.9
Mixed retailing	445 000	415 000	387 000	383 000	18.5	17.9	16.5	15.6	−13.9	−1.7
Hire and repair	45 000	39 000	38 000	35 000	1.9	1.7	1.6	1.4	−22.2	−2.8
Total retail trade[a]	**2 408 000**	**2 317 000**	**2 347 000**	**2 463 000**	**100.0**	**100.0**	**100.0**	**100.0**	**−2.3**	**0.3**

a. Definition based on SIC 1958, excluding motor trades.

Source: CSO, SDA25 Retailing 1989

Table UK7: Employment characteristics of British retailing[a] (1982-91)

At 1 June	1982	1984	1986	1988	1990	1991
Total retail trade[a]	1984	2 012	2 054	2 132	2 248	2 199
of which (%)						
Female employees	62.3	62.5	62.7	63.5	62.4	62.6
Part-time	34.2	35.9	37.1	38.2	37.6	38.0
Full-time	28.1	26.6	25.6	25.2	24.9	24.6
Male employees	37.7	37.5	37.3	36.5	37.6	37.4
Part-time	–	–	6.3	7.3	7.8	7.5
Full-time	–	–	31.0	29.2	29.7	29.9

a. Definition based on SIC 1980 (including motor trades).

Source: EG, historical supplements.

books and newspapers, children's clothing and footwear, prescribed drugs and medicine, aids for handicapped people and domestic fuels, which are all zero-rated.

12.5.1 Retail sales by activity

Retail sales (including motor trades) grew by an annual average of 8.7% at current prices between 1980 and 1989 (Table UK8). Much of this rise from UKL 90.5 billion to UKL 192.5 billion can be attributed to the availability of consumer credit and general consumer confidence. The highest growth rates were observed in non-food sales. Nominal retail turnover for clothing, footwear, and leather goods; household goods; other non-food and motor trades more than doubled in nine years.

For analysts interested in a more detailed sale breakdown, the 1988 Retail Inquiry supplies retail turnover data in current

Table UK8: Retail turnover by sector of activity in Great Britain at current prices (1980-89)

Sectors of activity	Retail turnover in Mio UKL (including VAT)				Share (%)				Growth (%)	Average annual growth (%)
	1980	1984	1988	1989	1980	1984	1988	1989	1989/80	1989/80
Food	21 908	30 131	38 311	41 743	24.2	25.2	21.9	27.7	90.5	7.4
Drink, confectionery and tobacco	5 906	8 322	11 180	11 885	6.5	7.0	6.4	6.2	101.3	8.1
Clothing, footwear and leather goods	5 347	7 382	11 068	11 830	5.9	6.2	6.3	6.1	121.2	9.2
Household goods	8 059	11 721	18 827	19 872	8.9	9.8	10.8	10.3	146.6	10.5
Other non-food	4 582	6 700	10 051	11 014	5.1	5.6	5.7	5.7	140.4	10.2
Mixed retailing	11 079	14 759	19 835	21 231	12.2	12.3	11.3	11.0	91.6	7.5
Hire and repair	909	1 113	1 292	1 268	1.0	0.9	0.7	0.7	39.5	3.8
Total retail businesses[a]	57 789	80 128	110 564	118 842	63.9	67.0	63.2	61.7	105.6	8.3
Motor trades	32 658	39 448	64 282	73 630	36.1	33.0	36.8	38.3	125.5	9.4
Total retailing, including motor trades	90 447	119 576	174 846	192 472	100.0	100.0	100.0	100.0	112.8	8.7

a. Definition based on SIC 1968.

Source: CSO, SDA25, Retailing, 1989.
CSO, SDA 27, Motor trades 1989

Table UK9: Retail sales index [a] in Great Britain (1985-91)

	1986	1987	1988	1989	1991
All retailers	105.3	110.7	117.7	119.9	119.5
Food retailers	103.4	106.7	111.6	115.0	119.1
Mixed retail businesses	105.0	109.6	114.4	113.3	109.7
Non-food retailers of which:	106.9	114.6	124.3	126.7	123.7
Clothing and footwear	109.0	115.0	120.0	120.0	117.0
Household goods	111.0	122.0	136.0	138.0	136.0
Other non-food retailers	102.0	107.0	115.0	120.0	116.0

a. Base year 1985 = 100.

Source: CSO, SDV25 Retail Sales, 1991

values for 33 business subgroups within the broader kind of business categories. The figures reveal different growth rates in sales for the various categories of retailers. This is particularly true for specialist traders within the food retailer group. Whilst large grocery retailers saw their turnover increase by 113.6% between 1980 and 1988, sales of greengrocers and fruiterers rose by only half that rate (58.9%).

The largest growth in the value of retail turnover during 1980-88 by detailed kind of business was achieved by do-it-yourself (DIY) retailers, whose sales value almost trebled over the period. This reflects a decade when home ownership was actively encouraged by a range of government policies, and when major multiple DIY chains (e.g. B&Q) grew rapidly. The only specific category to record a fall in sales were the photographic goods retailers, which may be linked to definitional issues, as this category excludes a number of multiple chains such as Dixons which are significant retailers in these types of products.

Assessing retail sales solely in terms of current values can be misleading. Changes in retail volume during the second half of the 1980s (Table UK9) show a rise in overall retail sales by 19.5% or 3 to 4% per annum, with a slightly higher rise for non-food retailers. However, after 1988 British retail trade faced a dramatic decline in growth rates, with a fall in sales volume for mixed retail businesses and the non-food categories of clothing and footwear, and household goods. The sector underwent a transformation from rapid growth in volume and value in the early and mid-1980s to stagnant or even declining sales at the end of decade.

12.5.2 Retail activity by type of business

Concentration of sales in the hands of a small number of large businesses continues in Great Britain. The dominance of large-scale operators (enterprises with a total annual turnover in excess of UKL 500 million) is clearly reflected in their high share in businesses, outlets, and retail turnover. In 1989, they represented 0.01% of all businesses, operated under 5% of all outlets, yet accounted for over 40% of the sector's turnover. In contrast, the 98% of businesses with an total annual turnover of under UKL 1 million accounted for under 30% of retail turnover in spite of operating 78% of all outlets (Table UK10). The Retail Inquiry also provides data by broad activity, which allows assessment of the dominance of large-scale operators in specific subsectors. For example, in 1989 the 10 food retailers with annual sales of over UKL 500 million accounted for 0.01% of the businesses, 5% of the outlets and

Table UK10: Concentration by turnover category in British retailing (1989)

Turnover category (Mio UKL)	% of enterprises	% of outlets	% of retail turnover
< 1	97.86	77.66	27.69
1-10	1.95	6.28	8.53
10-100	0.14	5.79	8.96
100-500	0.03	5.46	13.68
> 500	0.01	4.81	41.13

Source: CSO, SDA25 Retailing, 1989

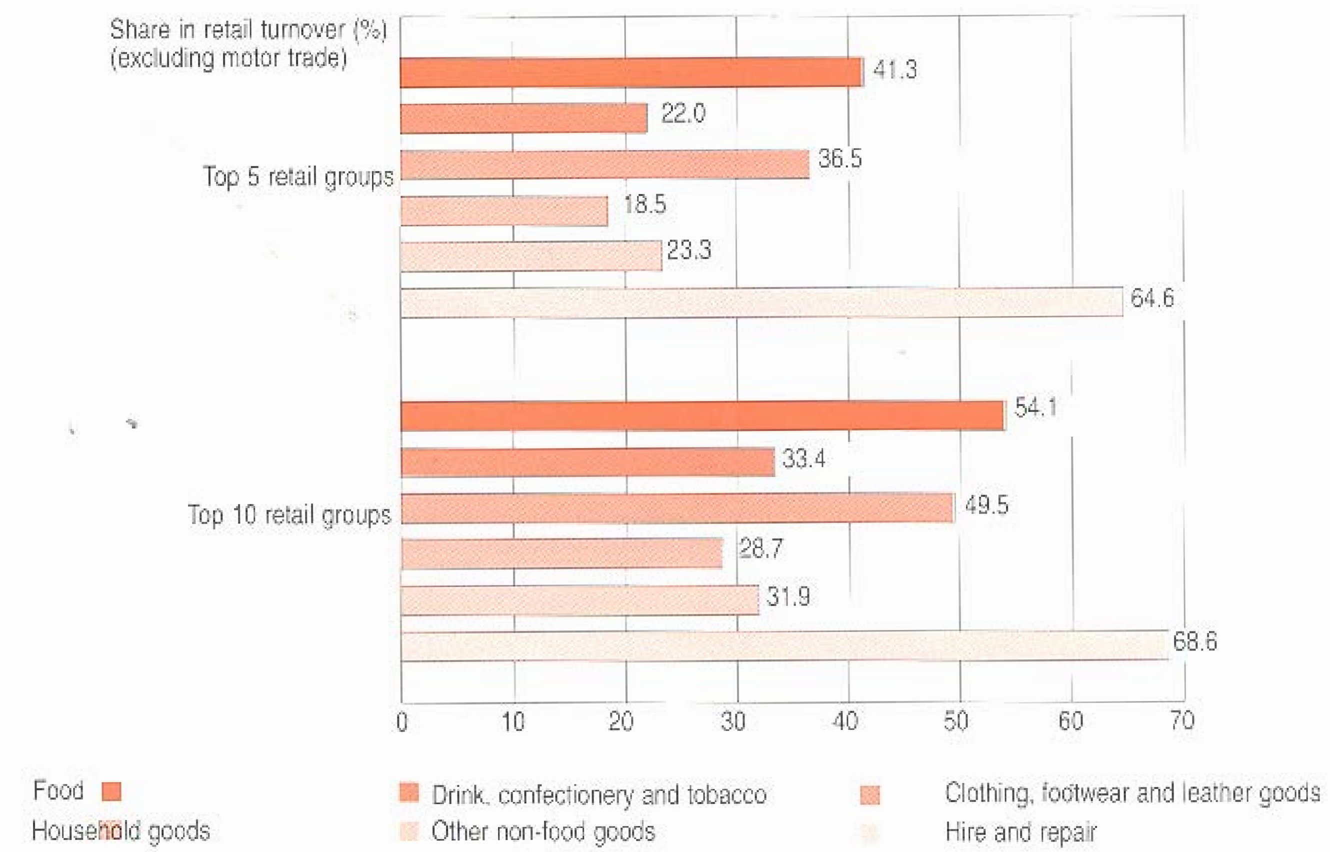
Table UK11: Retail turnover by type of organization in Great Britain (1980, 1989)

Sectors of activity	Retail turnover in Mio UKL, including VAT 1980 Single outlet retailers	Small multiple retailers	Large multiple retailers	All retailers	1989 Single outlet retailers	Small multiple retailers	Large multiple retailers	All retailers	Share (%) 1980 Single outlet retailers	Small multiple retailers	Large multiple retailers	All retailers	1989 Single outlet retailers	Small multiple retailers	Large multiple retailers	All retailers
Food	5 554	2 095	14 259	21 908	7 266	2 754	31 728	41 743	25.4	9.6	65.0	100.0	17.4	6.6	76.0	100.0
Drink, confectionery and tobacco	3 159	753	1 993	5 905	6 978	1 004	3903	11 885	53.5	12.8	33.8	100.0	58.7	8.4	32.8	100.0
Clothing, footwear and leather goods	1 523	1 130	2 694	5 347	2 834	2 159	6 637	11 630	28.5	21.1	50.4	100.0	23.9	18.3	57.8	100.0
Household goods	3 121	1 840	3 098	8 059	6 844	3 969	9 059	19 872	38.7	22.8	38.4	100.0	34.4	19.8	45.8	100.0
Other non-food	2 439	1 291	852	4 582	5 339	— 5 675 —		11 014	53.2	28.2	18.6	100.0	48.5	— 51.5 —		100.0
Mixed retailing	2 679	963	7 437	11 079	3 230	1 032	16 969	21 231	24.2	8.7	67.1	100.0	15.2	4.9	79.9	100.0
Hire and repair	134	54	721	909	154	— 1114 —		1 268	14.7	5.9	79.3	100.0	12.1	— 87.9 —		100.0
Total retail businesses[a]	**18 609**	**8 125**	**31 054**	**57 788**	**32 644**	**13 935**	**72 263**	**118 842**	**32.2**	**14.1**	**53.7**	**100.0**	**27.5**	**11.7**	**60.8**	**100.0**

a. Definition based on SIC 1958

Source: CSO, SDA25, Retailing 1989

Figure UK1: Concentration by sector of activity in British retailing (1989)



Source: Eurostat, based on CSO data

63% of the turnover in that category. Top five and top ten concentration ratios in respect of business sales of given commodities (Figure UK1) show that 'hire and repair', the smallest subsector, has by far the highest concentration of turnover, followed by food and clothing, footwear, and leather goods retailers. For almost all business categories at least 20% and 30% of total turnover is accounted for by the largest 5 and 10 enterprises, respectively.

Concentration is also occurring in terms of form of organization: single-outlet retailers, small multiple retailers (2-9 outlets), and large multiple retailers (10 outlets and above). Data show the growing dominance of large multiple chains during 1980-89 (Table UK11). Over this period, the value of all retail sales rose by 106%; sales increased by 133% for large multiples compared with 75% for single-outlet retailers. The market share held by single-outlet retailers and small multiple retailers fell in every kind of business category with the exception of drink, confectionery, and tobacco retail businesses.

Large multiple retailers increased their share of retail turnover for each kind of business category at the expense of both single-outlet retailers and small multiple chains (2 to 9 shops). Association and cooperation between small retailers, either in the form of voluntary chains or retail buying groups, is still weak in Great Britain compared with Germany and the Netherlands.

The declining importance of single-outlet retailers and the corresponding dominance of retail turnover by large multiple retailers are most marked in the case of food retailers (76% in 1989) and mixed retail businesses (79.9% in 1989). Single-outlet retailers remain most dominant in the drink, confectionery, and tobacco retailers category, where they retain over 50% of retail turnover.

Table UK12: Consumer cooperatives in Great Britain (1980-91)

	1980	1988	1989	1990	1991
Retail turnover (Mio UKL) of which:	3 871	5 768	6 332	6 876	7 333
CWS Retail Division	–	722.5	792.4	1 176.2	1 540.7
CRS	–	1 156.4	1 230.4	1 307.8	1 506.5
United North West	–	–	–	–	524.9
North Eastern	–	338.2	356.1	–	–
Greater Nottingham	–	296.0	325.1	381.4	–
United	–	310.2	325.0	345.8	–
Central Midlands	–	247.1	271.4	307.9	315.8
Norwest	–	191.3	194.3	214.4	–
Anglia	–	169.3	175.0	197.0	215.1
Leicestershire	–	170.9	185.3	182.6	195.9
Yorkshire	–	159.2	170.9	182.7	193.7
Number of societies	206	85	81	77	69
Membership	10 009	8 165	8 187	8 192	8 148

Source: Cooperative Union, 1991.

12.6 Cooperation and affiliation movements in Great Britain

Consumer cooperative societies have historically played an important role in British retailing. The Retail Inquiry recognizes the Consumer Cooperative Movement as a separate category only for the broad statistical indicators provided in SDA25. More detailed statistics are produced by the Cooperative Union (Table UK12). Cooperatives were estimated to account for 4.6% of all retail sales, 7.8% of food sales, and 1.5% of non-food sales in 1991. This represents a decline since 1980 from 6.5% of all retail sales, 9.7% of food sales and 2.7% of non-food sales.

In common with most other countries the decade saw a process of rationalization highlighted by mergers amongst cooperative companies. In Britain the number of societies fell from 206 in 1980 to 69 in 1991. This process involved some of the larger societies. In 1990 the North Eastern Society joined Cooperative Wholesale Services (CWS), and in 1991 United merged with Norwest. This process resulted in dominance of the movement by three societies: CWS Retail Division (21% of turnover), Cooperative Retail Services (CRS) with 20.5% of turnover, and the new United North West Society (7.2%). The 10 largest societies account for 69% of total cooperative turnover.

Affiliation amongst independent retailers is less developed in Great Britain than elsewhere in Europe, and its importance varies with retail sector. In the food sector it is estimated that around a third of independent retailers are affiliated to wholesaler-led voluntary chains or retail buying groups. Voluntary chains have traditionally been stronger than retail buying groups in Britain, and they account for approximately 3.5% of food sales.

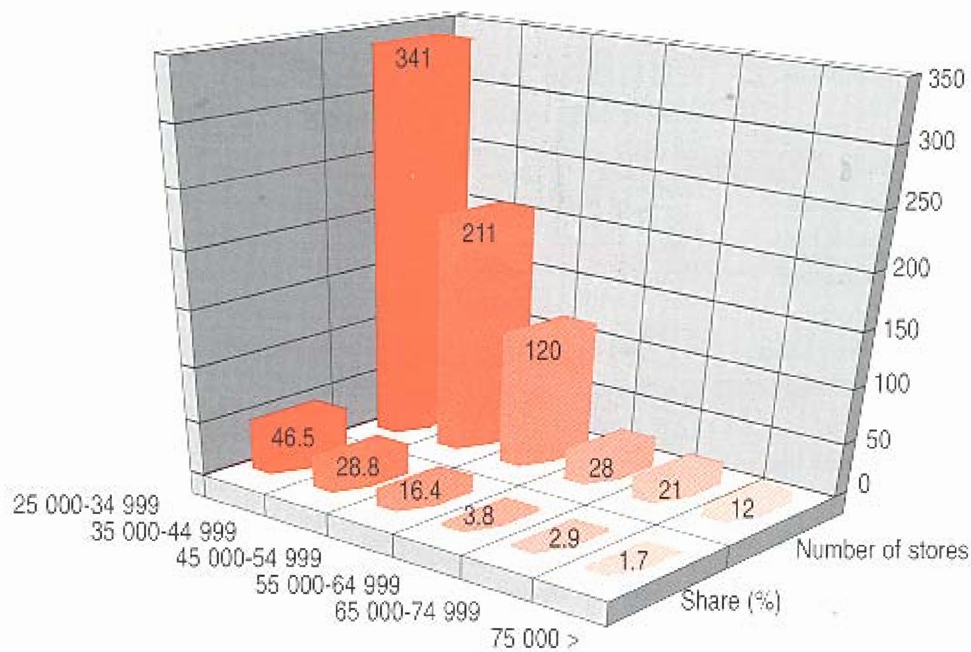
Table UK13: Large food stores in Great Britain (1981-91)

Year (at 1 Feb)	Superstores [a]		Large supermarkets [a]	
	Number	Sales area (1 000 ft²)	Number	Sales area (1 000 ft²)
1981	278	11 041.0	668	–
1982	315	12 370.8	739	–
1983	345	13 411.7	811	–
1984	372	14 161.3	882	–
1985	396	15 352.5	928	14 441.0
1986	432	16 669.7	970	15 329.6
1987	457	17 487.5	1 008	16 015.8
1988	500	19 196.0	1 052	16 748.1
1989	578	22 249.3	1 077	17 316.6
1990	644	24 845.3	1 093	17 568.2
1991 [b]	733	28 411.6	1 116	17 980.8

a Large supermarkets = 10 000 – 24 999 ft². Superstores = 25 000 ft²+
b At 31 March. 1 ft² = 0.092900 m²

Source: Institute of Grocery Distribution (IGD), 1991.

Figure UK2: Number of superstores by size category in Great Britain (at 31 March 1991)



Source: Eurostat, based on IGD data.

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Table UK14: Size profile of multiple grocery stores in Great Britain (1980-91)

Sales area (ft^2)	% of total sample						
	1980	1985	1987	1988	1989	1990	1991
<2 000	30.4	19.5	15.8	11.1	10.6	10.3	8.2
2 000-3 999	24.4	22.7	19.4	17.8	22.7	22.1	18.2
4 000-9 999	26.5	30.0	30.3	28.1	25.7	25.0	24.3
10 000-14 999	8.4	9.8	10.4	13.0	11.8	11.5	12.4
15 000-19 999	4.3	7.0	8.6	10.1	8.9	8.9	10.1
20 000-24 999	1.6	3.6	4.7	6.0	5.8	5.9	6.9
> 25 000	4.3	7.5	10.6	13.9	14.5	16.4	20.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average sales area							
ft^2	6 920	9 080	11 170	11 980	12 020	12 920	–
m^2	643	844	1 038	1 113	1 117	1 200	–

Source: IGD, 1991

The largest voluntary chain in the United Kingdom is Spar whose members generated sales of over UKL 1 billion for the first time in 1990. Since the start of the decade Spar has concentrated on a segment of the food market by adopting a convenience store format. In 1990, Spar had 2 475 shops, over 2 000 of which traded under the '8 Till Late' convenience store fascia. Following the success of this strategy, the format was recently exported to part of the Spar network in France. The largest retail buying group in British food retailing is Londis, with around 1 800 shops and sales of UKL 600 million in 1990.

12.7 Large-scale retailing in Great Britain

Large-scale retailers clearly dominate most retail sectors in Great Britain. Major companies are usually quoted on the stock exchange and data abound on these companies. A variety of market research companies, consultancies, and stock brokers produce material recording financial performance and strategic behaviour. The Institute of Grocery Distribution (IGD) monitors company strategy and store openings in the food sector.

12.7.1 Grocery retailing in large stores

Great Britain has very few 'Continental-style' hypermarkets but rather large food specialists with very limited non-food product ranges. The dominant trading formats are superstores with a sales area of over 25 000 ft^2 (2 323 m^2) and large supermarkets of 10 000 to 24 999 ft^2 (929 to 2 323 m^2). Around 730 superstores were counted at 31 March 1991 (Table UK13).

Grocery superstores were first opened in Great Britain in the 1960s and have grown in importance during the 1970s and 1980s, largely at the expense of smaller-scale formats operated by independents and cooperatives. During the early 1980s, superstore numbers grew by around 25 to 35 stores a year. Since 1988 growth rates have accelerated considerably with 89 superstores opening in 1990-91. While superstores accounted for only around 11% of total grocery sales in 1980, their share has risen to 36% today.

In the 1980s, superstore average sales area greatly increased with the numbers

Table UK15: Geographical distribution of British grocery superstores (at 31 March 1991)

Region	Number of superstores	Share (%)	Density (population/ store)	Number of large supermarkets	Share (%)	Density (population/ store)
South-East of which: Greater London	199 (63)	27.1 (8.6)	87 156 (106 905)	379 (129)	34.0 (11.6)	50 339 (52 209)
North-West	102	13.9	62 392	142	12.7	35 873
West Midlands	77	10.5	66 756	120	10.8	38 617
Yorkshire and Humberside	73	10.0	67 301	94	8.4	52 266
South-West	61	8.3	75 967	78	7.0	66 756
East Midlands	54	7.4	73 519	76	6.8	52 237
Scotland	52	7.1	97 962	66	5.9	96 424
North	48	6.5	63 979	64	5.7	47 984
Wales	35	4.8	81 629	55	4.9	51 945
East Anglia	32	4.4	63 563	41	3.7	49 910
Total	**733**	**100.0**	**75 700**	**1 116**	**100.0**	**49 720**

Source: IGD/OPCS, 1991

of stores, but in recent years it has levelled off at around 38 000 ft² (3 530 m²). Superstores concentrate on extensive food product ranges, rather than adopt the 'hypermarket' format with a comparatively high share of non-food items. Nearly half of the superstores in operation are between 25 000 to 35 000 ft² (2 323 to 3 252 m²) in size (Figure UK2), which is below the average size of hypermarkets in Continental Europe.

Large supermarkets also grew in number. They are mostly located in towns or suburbs and offer a broad range of food products. The aim is to attract a mixture of basket (convenience) and trolley (weekly) shoppers. The greatest expansion of this store format was experienced in the early 1980s; average sales area continues to rise, and in 1990 it stood at just under 16 000 ft² (1 486 m²).

Multiple store groups have implemented a strategy of store portfolio rationalization based on larger surface formats (superstores and large supermarkets). Consequently multiple store numbers declined in the late 1980s and hit a low of 4 240 in 1988; since then their number has risen and in 1990 the 4 295 multiple stores (primarily superstores and large supermarkets) controlled almost 75% of the grocery market.

Table UK14 highlights the store portfolio changes of a sample of multiple operators. The importance of multiple grocery stores of less than 2 000 ft² (186 m²) has declined steadily since 1980, and in 1991 they accounted for only just over 8% of multiple store numbers. Conversely, store numbers in the 25 000+ ft² (2 323 m²) category (superstores) have risen sharply and now represent 20% of multiple stores. Average store size for multiple retailers grew from 6 920 ft² (643 m²) in 1980 to almost 13 000 ft² (1 208 m²) at the start of the 1990s.

Superstore penetration shows significant regional variation and has risen sharply in recent years (Table UK15). In 1981, the ratio of inhabitants per superstore was

95 439; it fell to 75 700 by 1991 with the rise in the number of superstores. Large supermarkets followed a similar trend. Most large grocery outlets are in the South-East (including Greater London) and North-West. Despite the high density per capita, sales area in the United Kingdom is among the lowest in the EC because of the smaller average size of British superstores.

Chain operators dominate grocery retailing in the United Kingdom. In terms of superstores, the three leaders Asda, Tesco, and J Sainsbury account for 73.6% of superstore outlets and 70.7% of superstore floorspace. In contrast, the two largest cooperative societies CRS and United, together owned only 33 stores (Table UK16).

Table UK16: The leading 8 superstore operators in Great Britain (at 31 March 1991)

Company	Number	%	Sales area (1 000 ft²)	%	Average store size (ft²)	Average store size (m²)
Asda	194	26.5	8 784	30.9	45 279	4 207
Tesco	180	24.5	7 197	25.3	39 982	3 715
J Sainsbury	133	22.6	4 124	14.5	31 007	2 881
Safeway	62	8.5	1 879	6.6	30 303	2 815
Wm Morrison	40	5.4	1 465	5.2	36 633	3 403
Gateway	28	3.8	949	3.3	33 907	3 150
CRS	19	2.6	579	2.1	30 459	2 830
United Co-operative	14	1.9	598	2.1	42 707	3 968
Top 8	**670**	**95.8**	**25 575**	**90.0**	**38 171**	**3 546**
Total superstores	**733**	**100.0**	**28 411**	**100.0**	**38 759**	**3 601**

Note: 1 ft² = 0.092903 m²

Source: IGD, 1991

12.7.2 Large store non-food retailing

During the 1980s, there was a clear trend towards specialization and niche retailing in many non-food product sectors, which resulted in a growth of very specialized outlets. Speciality shopping centres (rather than traditional ones anchored by large stores) and in-store concessions became common trading formats. Large multiple retailers in clothing and footwear pursued strategies of format diversification by devising new shop types specifically targeted at different consumer segments, and by developing mass-market outlets.

Retailers of personal items (clothing, footwear, and jewellery) and, to a lesser extent, electrical goods have remained in town centres. But DIY, furniture, and garden product retailers have relocated to the suburbs and grown in size. There are now signs of some multiples opening large specialist retail outlets (e.g. record and book stores) in down-town areas.

The Retail Inquiry provides data by kind of business rather than form of retail outlet, so department store and variety store operators are classified (with others) in the large 'mixed business' category. In 1988 this category included 44 companies, with 5 200 outlets and a retail turnover of UKL 15.5 billion or 14% of total sales.

Non-store retailing in the United Kingdom is limited. Teleshopping trials have been technologically, but not commercially, successful and mail order remains the main form of non-store retailing. General mail order houses are classified as a subgroup within the 'mixed retail' business category. According to the Retail Inquiry statistics, 45 mail-order businesses engaged 31 000 persons and recorded sales of UKL 3.5 billion in 1988. The market share of 3.1% is probably slightly underestimated as a number of companies in other categories also have non-store sales. Two major Continental companies, Otto and La Redoute, recently invested in large British operations (Grattan, Empire Stores).

12.7.3 Leading retail groupings in Great Britain

In 1991, J Sainsbury was the largest UK-based retailer. This food retailer had a worldwide turnover of over UKL 8.6 billion, of which over 89% came from the domestic market and 11% from the United States. Most food-based retailers (e.g. J Sainsbury, Tesco, Argyll, Kwik Save, and the cooperative groups) grew more strongly in terms of sales than those predominantly trading in clothing and other non-food goods, which reflects current trading conditions in the United

Table UK17: Top 20 UK retail groupings (1991,1992)

Group	Main activity	Turnover [a] (Mio UKL) 1992	Turnover [a] (Mio UKL) 1991	Growth 1992/91 (%)
J Sainsbury	Food	8 695.5	7 813.3	11.3
Tesco	Food	7 097.4	6 346.3	11.8
Marks & Spencer	Clothing and food	5 793.4	5 774.8	0.3
Argyll group	Food	4 729.0	4 496.1	5.2
Asda	Food	4 529.1	4 468.1	1.4
Boots	Chemists	3 655.7	3 565.3	2.5
Kingfisher	Mixed retailing [b]	3 388.8	3 235.4	4.7
Isosceles	Food	3 024.2	3 118.7	– 3.0
GUS	Mail order	2 600.0	2 522.0	3.1
Littlewoods	Mail order	2 590.0	2 372.0	9.2
W H Smith	Books and stationery	2 127.5	2 130.3	– 0.1
John Lewis Partnership	Department stores	2 066.7	1 978.1	4.5
Sears	Clothing and department stores	1 979.1	2 162.8	– 8.1
Kwik Save	Food	–	1 784.5	–
Dixons	Electrical goods	1 862.7	1 695.0	9.9
Burton group	Clothes	1 760.0	1 661.1	6.0
CWS Retail Division	Food	1 540.6	1 176.2	30.9
CRS	Food	1 506.5	1 307.8	15.2
Storehouse	Clothing and furniture	1 179.8	1 208.6	– 2.4
Ratners	Jewellery	1 130.0	1 113.9	1.4

a Excluding VAT.
b DIY, electrical, car accessories, leisure goods.

Source: Institute for Retail Studies (IRS), based on company reports, 1991

Kingdom. The leading 20 retail groups each had sales in excess of UKL 1 billion (Table UK17). Turnover figures for several groups in particular for Boots, GUS, Littlewoods and W H Smith contain significant non-retailing sales, which may range from 17% to 40% of total turnover.

In contrast to French and German market leaders (e.g. Tengelmann, Metro, Carrefour) the vast majority of British companies are still largely domestic. Even the internationally best known UK retailer, Marks & Spencer, has in fact only relatively small operations in North America, western Europe, and eastern Asia. There are very few large retailers with international operations that contribute significantly to total turnover: Dixons (electrical goods) and Ratners (jewellery), both mainly operating in the United States; to a lesser extent GUS (mail order) and Storehouse (mixed retailing) which is now franchising or disposing of its international operations (e.g. sale of Habitat France). Internationalization strategies are more prevalent amongst smaller specialist companies such as Body Shop (natural cosmetics and health care), Laura Ashley (clothing and home textiles), and Courts (furniture).

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12.8 Development of retailer own brands in Great Britain

Great Britain has the strongest development of retailer brands in Europe. During the past 10 years, own labels have been introduced in all areas of retailing. This trend is continuing. Marks & Spencer pursues a 100% own-label policy, even in foreign markets. Clothing and footwear retailers (e.g. Burton, Next, British Shoe Corporation) have extensive own-label ranges; Dixons developed own labels in the electrical goods market.

Multiple grocers, in particular, see own labels as an opportunity to increase control over product innovation, quality and price, and therefore sales margins. The share of the grocery market held by own labels increased from 22.2% in 1980 to almost 32% in 1990.

Brand penetration varies according to individual companies (Table UK18). Marks & Spencer sells exclusively its own brands developed in strong partnerships with manufacturers such as Northern Foods. Other groups with extremely high own-label sales are J Sainsbury (53.4%) of turnover in 1990), Tesco (39.4%), and Waitrose (38.3%).

As the competitive emphasis within food retailing is shifting away from price towards range diversification and quality, generic brands have lost store shelf space to more refined generations of own-label lines, which offer better margins. Generic brands are cheap and fast-moving items without sophisticated packaging. They were first introduced into British retailing by International Stores in 1977. The most successful generic range in Britain was the Fine Fare (now absorbed by Gateway) Yellow Pack brand launched in 1980.

Own-label lines were launched as cheap versions of branded goods when price competition resulted in falling margins. Today's own-labels have become part of the overall corporate strategy for gaining consumer confidence through differentiation from competitors. Thus, 'copy cat' own labels are being replaced by new and sophisticated own-label products requiring more in-store service and financial investment.

Table UK18: Own-label shares in packaged grocery turnover of British retail groupings (1985-90)

Group	1985	1986	1987	1988	1989	1990
Marks & Spencer	100.0	100.0	100.0	100.0	100.0	100.0
J Sainsbury	56.0	55.8	55.4	55.1	54.8	53.4
Tesco	36.2	36.7	34.0	36.4	38.0	39.4
Waitrose	38.3	39.2	41.0	40.0	40.4	38.3
Asda	7.6	18.2	28.1	30.0	29.8	30.6
Presto	26.3	29.2	30.1	26.5	24.6	25.9
Gateway	16.7	14.1	17.5	20.0	22.7	24.4
Safeway	35.7	34.7	36.0	35.8	33.5	33.1
Co-op (all societies)	33.9	31.3	29.9	29.8	29.7	29.4
Co-op (CRS only)	31.1	27.1	24.8	23.8	23.8	24.4
Spar	19.9	19.2	12.8	17.0	13.4	13.1
Total outlets	**28.0**	**28.9**	**29.1**	**29.6**	**29.4**	**30.5**
Total multiples	**29.0**	**30.4**	**31.2**	**32.0**	**32.3**	**33.0**

Source: AGB/TCA 73 Fields Package Grocery 1991

Annex UK: Statistical sources and data-collection methods

The Central Statistical Office (CSO) produces the two most important statistical sources on UK retailing. The main source of employment data is the Department of Employment.

1. Business Monitor, *SDA 25, Retailing (Central Statistical Office)*

This Retail Inquiry publishes the results of a sample of retail businesses. It provides data for national accounts statistics. Since 1987, the inquiry has become an annual exercise. While 'full' inquiries of 20 000 businesses will be conducted every five years, 'intermediate' inquiries of 12 000 business, covering sales information on a reduced range of commodities, are to be carried out annually.

Previously, biennial retail inquiries took place in 1980, 1982, 1984 and 1986. To avoid discontinuity owing to changes in data collection, the core data for previous years are revised in each SDA25 on the basis of the new methodology and definitions.

The sample for the Retail Inquiry is based on VAT-registered businesses only, thus excluding an estimated 30 000 small businesses accounting for up to 0.5% of total retail sales. The sample covers Great Britain, but excludes Northern Ireland, the Channel Islands and the Isle of Man. For the 1989 Retail Inquiry (the first intermediate inquiry), a response rate of 78%, covering 88% of turnover, was achieved.

With the sample being based on the VAT register, the definition of 'retail distribution' used is based upon the 1968 version of the standard industrial classification (SIC), rather than SIC 1980. Consequently hire and repair businesses are included within the definition, but petrol station sales and the retailing of motor cars and accessories are excluded. Opticians, included in the SIC (1968) under retailing are now part of the Service Trades Inquiry.

Variables covered are: stocks, capital expenditure, total turnover, retail turnover, commodity sales, retail sales by special forms of trading, purchases, outlets and persons engaged.

The methodology and definitions used in the Retail Inquiry are clearly explained in SDA25. Seven broad kinds of business (kob) categories are subdivided into 33 detailed categories. Each 'kob' category is determined by the main commodity sold by the retail group. SDA25 also provides a list of large retailers by 'kob' category.

The 'kob' categories are formed from subdivisions of Classes 64 and 65, and much of 672, 673 and 846 of the SIC. In some categories, the word 'large' is used for businesses with a turnover in excess of UKL 5 million at 1976 prices. In 1989, the threshold was set at UKL 12 million.

Mixed retailing contains companies generating less than 80% of sales (or 50% in the case of food and hire and repair businesses) within the main 'kob' category. Large companies such as Marks & Spencer, W H Smith, Laura Ashley and Argos fall into this category.

2. Business Monitor, *SDM28, Retail sales (Central Statistical Office)*

A retail sales index is compiled from a voluntary panel of UK businesses and published monthly. Sales are provided by 'kind of business' rather than by commodity group. The kind of business classification used is the same as that for the 1986 Retail Inquiry.

The publication provides both seasonally adjusted and not seasonally adjusted data on the volume and value of retail sales, at 1985 and current prices. Data is available on a monthly and quarterly basis for each year.

3. Employment Gazette *(Department of Employment)*

Data on employment are published regularly in *Employment Gazette*. The April edition contains data on self-employed by gender for June of the previous year. The November edition provides data on employees in employment by gender and hours of work (part-time versus full-time), for retail classes.

The definition of retail distribution used in *Employment Gazette* is based on SIC 1980 and therefore includes classes (such as the retailing of motor vehicles and parts, filling stations) excluded from the Retail Inquiry, which is based on the SIC 1968 definition.

4. *Other sources*

Data relating to specific retail sectors, large stores and groups are collected by a range of agencies such as trade-sponsored organizations (e.g. Institute of Grocery Distribution) and market research agencies (e.g. Management Horizons, Corporate Intelligence Group, Mintel). The Institute for Retail Studies publishes an annual digest of statistics on distributive trades, collating for the most part publicly available information. The *Retail Pocket Book* from Nielsen (NTC Publications) is a further valuable source of data.

Part III

Annexes

Glossary

Distributive trades

Two main categories of commercial enterprise can be distinguished: wholesale trade and retail trade, which in turn divide into three forms: independent non-affiliated trade, independent affiliated trade, and integrated or concentrated trade. The term 'non-concentrated trade' is sometimes used to describe independent trading of both the affiliated and non-affiliated types. These forms of trade are practised either via a fixed point of sale or as non-sedentary or itinerant trading and are either specialized or non-specialized in nature. Commission agents (e.g. commercial representatives) also fall within the distributive trade sector. *DC*

1. Retail trade

Form of trade in which goods are mainly purchased and resold to the consumer or end-user, generally in small quantities and in the state in which they were purchased (or following minor transformations). *DC*

2. Wholesale trade

Form of trade in which goods are purchased and stored in large quantities and sold, in batches of a designated quantity, to resellers, professional users or groups, but not to final consumers. *DC*

3. Cash and carry

Form of trade in which goods are sold from a wholesale warehouse operated either on a self-service basis, or on the basis of samples (with the customer selecting from specimen articles using a manual or computerized ordering system but not serving himself) or a combination of the two. Customers (retailers, professional users, caterers, tradesmen, institutional buyers, etc.) settle their invoices on the spot and in cash, and carry the goods away themselves. *DC*

4. Inter-industry wholesale trade

Wholesale trade in which intermediate goods are purchased from manufacturers and resold to processing industries. *DC*

5. Independent trade

Form of retail trade in which enterprises are financially and legally independent, although they may be affiliated to central purchasing and services units. This form of trade encompasses independent affiliated trading and independent non-affiliated trading. *DC*

6. Independent affiliated trade

Form of trade in which independent enterprises join forces in order to form, for example, buying groups, central buying offices (both may be legally constituted as retail cooperatives) or voluntary chains. Franchise systems tend nowadays to be included under this heading. *DC*

7. Independent non-affiliated trade

Form of trade in which the independent (wholesale or retail) enterprise is not linked to coordinating or centralizing bodies or to other enterprises as regards its buying and selling activities or any other services. *DC*

8. Integrated or concentrated trade

Form of trade in which the enterprise acts as both wholesaler and retailer and, in some cases, as producer (e.g. department stores, variety stores, chain stores, consumer cooperatives). DC

9. Non-specialized trade

Non-specialist retailing of more than one family of products, sometimes including several types of service. *DC*

10. Non-concentrated trade

Independent trading of both the non-affiliated and affiliated types. *DC*

11. Non-sedentary or itinerant trading

Form of trade practised by commercial enterprises which do not have fixed points of sale (e.g. fairground traders, itinerant traders, stall-holders, street traders, pedlars). *DC*

12. Fixed-point-of-sale trading

Form of trade practised by commercial enterprises which operate out of fixed commercial premises (e.g. carry on their business in shops or at retail points of sale). *DC*

13. Specialized trade

Form of trade, either wholesale or retail, which revolves around the selling of a single family of products or products belonging to related families (e.g. clothing and footwear, perfumery, hardware). *DC*

14. Commission agents

Individuals or companies who bring together a seller and a buyer without themselves acquiring ownership of the goods and who are remunerated other than through a wage or salary. Commission agents (e.g. brokers, commercial representatives, negotiators) are also known as trade 'intermediaries'. Commercial representatives are individuals who regularly and independently, without being bound by a service contract, negotiate and in some cases conclude agreements in respect of purchases, sales, rentals or the provision of services in the name and on behalf of the producers and traders for whom they act. The profession of commercial representative is often regulated by specific laws and conventions. *DC*

Consumption

That portion of disposable income (i.e. after tax) which is spent on goods and services, durable or otherwise, and which thus constitutes the difference between disposable income and savings. *DC*

1. Household consumption

A term used in national accounts to refer to the value of goods and services used by households to satisfy their needs. It includes goods (food and non-food) and services, as well as goods produced for own consumption. *DC*

2. Tradable consumption

The tradable consumption of households comprises only those goods which, by their nature, are normally distributed via the retail trade. It therefore does not include services or the consumption of water, gas or electricity. *ES*

Employment

1. Independent proprietors

This category comprises all proprietors of enterprises — whether sole proprietors or partners — who play an active part in the activity of the unit in question, but excludes partners or proprietors whose principal activity is not carried on regularly in the unit. Shareholders, even if they are majority shareholders, or members of a company with limited liability who work in the unit and are paid for their work are not classified under this heading but are included under employees. *RP*

2. Family workers

This category includes all persons who live with the proprietor of an enterprise and who work regularly in the enterprise, but do not have a contract of service and do not receive a fixed sum for the work they perform. The term 'family worker' is applied only to those persons who work regularly in a family business. *RP*

3. Employees

The term 'employees' is applied to workers employed in the enterprise who have a contract of employment and whose pay depends on the amount of time worked or work performed. The number of employees equals the total number of persons engaged minus the number of proprietors and family workers. It therefore includes manual workers, salaried staff, and persons who work outside the unit but who belong to it and are paid by it (e.g. commercial representatives, delivery drivers, repair and maintenance teams). Included are persons absent for short periods (e.g. sick leave, paid leave, special leave) and also those on strike, but not those absent for an indefinite period. Also included are part-time workers (half-time or reduced-time) who are regarded as such under the laws of the country concerned and who are on the payroll, as well as seasonal workers and apprentices. Home workers (unless included on the enterprise's payroll), labour made available to the unit by other enterprises and charged for, persons carrying out repair and maintenance work in the unit in question on behalf of other enterprises, and persons doing their military service are not included. *RP*

4. Part-time workers

Part-time workers are generally taken to be persons whose usual hours of work are less than the weekly or monthly number of hours normally worked in the enterprise or establishment. This definition therefore encompasses all forms of part-time work (half-day work, work limited to one, two or three days a week, etc.). *RP*

Retail formats

A distinction is drawn between sales with food predominating and sales with non-food products predominating.

1. *Sales with food predominating*

1.1 Mini-market (superette)

Retail self-service shop selling almost exclusively food, with a floor space of:

- France, Spain: 120 to 400 m^2;
- Germany: 100 to 400 m^2;
- Belgium: 100 to 400 m^2;
- United Kingdom 186 m^2 (2 000 ft^2) or more;
- Greece, Portugal: less than 200 m^2. *ES*

1.2 Supermarket

Retail self-service shop selling predominantly food but increasingly non-food products also, with a floor space of:

- Belgium, Denmark, France, Italy, Luxembourg, Spain: 400 to 2 500 m^2;
- Germany: generally 400 to 1 000 m^2;
- United Kingdom and Ireland: up to 2 323 m^2 (25 000 ft^2)
- Netherlands: average of 300 m^2;
- Greece, Portugal: 200 m^2 or more.

1.3 Hypermarket and superstore

Retail self-service establishment offering a broad range of food and non-food products, with car-parking facilities and a floor space of:

- Belgium, Denmark, France, Greece, Italy, Luxembourg, the Netherlands, Portugal, Spain: 2 500 m^2 or more;
- Germany: 1 500 to 4 999 m^2 (*Verbrauchermarkt*), 5 000 m^2 or more (*SB-Warenhaus*)
- United Kingdom and Ireland: 2 323 m^2 (25 000 ft^2) or more. These so-called 'superstores' have a very reduced non-food section compared with the Continental hypermarket. *ES*

1.4 Discount store

Retailing establishment selling a range of rapid-turnover, cut-price goods and with virtually no floor-service at all.

1.5 Convenience store

Shop with a small or medium-sized floor space relying largely on customers from the immediate neighbourhood who generally come on foot. Such stores provide a range of products for fast or impromptu purchases of everyday consumer goods, mainly food products, and are usually open long hours in countries with favourable legislation. *ES*

2. *Sales with non-food products predominating*

2.1 Department store

Retail establishment with a large floor space, readily accessible to the public (usually in town-centres) and offering under one and the same roof a very broad and relatively deep range of consumer goods (especially household equipment and clothing). Products (and certain services) are sold with the assistance of sales staff spread across a number of departments, each of which functions as a specialized shop. Freedom to select the article of one's choice and assisted self-service are increasingly the norm. Food departments are generally operated on a self-service basis in a supermarket situated within the department store (except for confectionery and delicatessen products, which are sold by sales staff). *DC*

2.2 Variety store

Retail outlet run on a self-service or preselection basis whose various departments offer a relatively broad but not very deep range of everyday consumer goods at low prices and with a reduced level of service. Outlets of this type used to be known in the USA, for example, as 'dime stores'. Food departments may constitute a supermarket within the variety store, depending on the floor space they occupy and their turnover. *DC*

2.3 Mail-order or distance selling

Mail order selling is a form of trading in which goods are offered via catalogues, prospectuses, advertising (press, radio, television) or by representatives, and the goods ordered are sent to the purchaser by post or another method. This form of trading is practised by manufacturers (direct mail order sales), by retail enterprises for which this is their sole or near-sole activity (mail order houses) and by enterprises which, in addition to the facilities required for high-street retailing also operate departments suitably equipped for mail order selling (order-processing, dispatch, etc.). A distinction is drawn between general and specialist catalogue selling. *ADDT*

2.4 Large-area specialist

In general, large retail store, usually with an area of 2 500 m^2 or more, which specializes in a specific range of products (e.g. furniture, DIY products, consumer electronics, sports goods, car accessories) or set of needs (e.g. leisure, transport, housing). In Germany, this category may also include smaller specialist chains, such as drugstores, cosmetics shops, apparel and footwear outlets (*Fachmärkte*). *ES*

2.5 Shopping centre/mall

A complex made up of retail shops and various service enterprises which is usually designed, planned, constructed and managed as a single unit. In most cases such complexes have their own car park. The whole complex, including the type of trading and size of the outlets, is designed to cater either for the population within a given radius or the specific customer base for which, with an eye to the existing commercial environment, it was established. *DC*

Affiliations and cooperation

1. Affiliation to a voluntary chain

Grouping of one or more wholesalers and retailers, generally under a common sign or logo, in which each of the partners remains independent and which aims to organize certain services in such a way as to increase the commercial potential of its members and facilitate the management of their activities. *WP*

2. Affiliation to a franchising chain

Form of cooperation under agreements which consist essentially of licences of industrial or intellectual property rights relating to trade marks or signs and know-how, which can be combined with restrictions relating to supply or purchase of goods. Several types of franchise can be distinguished according to their object: industrial franchise concerns the manufacturing of goods, distribution franchise concerns the sale of goods, and service franchise concerns the supply of services (definition given in Commission Regulation No 4087/88 (EEC) of 30 November 1988).

3. Affiliation to a buying group or central buying office

– *Buying group*

Group of enterprises set up in order to obtain from suppliers more favourable terms than each business could obtain on its own *DC*

– *Central buying office*

A central purchasing unit is a body in which a number of distribution enterprises (some large, some medium-sized or even small) join forces in order to obtain, as a result of their combined purchasing and selling power, the best possible terms from suppliers, both as regards purchasing (particularly prices and conditions) and in terms of the various aid and support mechanisms provided in respect of marketing (both retail and wholesale), management, paperwork and financing. *DC*

Margin

Difference between the selling or transfer price of a good or service and its cost price. The trading margin (sometimes wrongly referred to as 'profit margin') is defined in relation to the cost of acquisition only. In all cases a distinction is made between 'gross' and 'net' margins. As far as the gross margin is concerned, the cost price comprises no element other than the direct cost of production or acquisition (inclusive of taxes). As regards the net margin, the cost price incorporates all or part of the enterprise's operating costs and overheads, which are applied to the product in question via rules of apportionment.

By definition, margins are expressed as absolute values; the proportional values, as percentages of the selling price or, more rarely, of the purchase price, are called 'mark-ups'. In distribution, a distinction is drawn between mark-ups as a percentage of the purchase price and mark-ups as a percentage of the selling price.

In a distribution channel which consists of several independent or self-sufficient levels, 'cumulative margins' reflect the difference between the cost price upstream of this channel and the final selling price to the consumer.

The margin is generally understood to apply to a specific product or unit of account and to a specific enterprise.

Economic and business statistics seek to determine 'average' values for the margin of a branch of activity encompassing all the enterprises marketing a particular set of products (e.g. hardware, footwear, groceries, etc.). *DC*

Services

A service may be defined as a change in the condition of an economic unit (person, enterprise, administration, etc.) or of a good belonging to this economic unit (e.g. repairs), which is brought about as the result of the activities of another economic unit, with the prior agreement of the former one. *ES*

1. Market services

Market services are all services which can be the object of purchases and sales on the market and which are produced by a unit whose resources are mainly (50% or more) derived from the sale of its output whatever the price charged may be called.

They comprise the following broad categories:

- Wholesale and retail trade, repair and recovery
- Hotels and restaurants
- Transport services (inland, maritime, air)
- Communication services
- Banking and insurance

Other market services (business services, audiovisual services, renting, leasing and hiring, cleaning services, training, etc.). *ESA*

2. Non-market services

Non-market services are:

(i) domestic services produced for themselves by households as employers of paid domestic staff.

(ii) collective services, i.e. those provided without charge, or with a nominal charge, to the community as a whole or to particular groups f households.

The output of collective services covers services which, by convention, are always deemed to be non-market (e.g. services of general government, national defence, compulsory social security, social work, trade unions, religious organizations, etc.), as well as the following services which are non-market if the resources of the producer unit are mainly (50% or more) derived from sources other than the proceeds of sales (e.g. schools and infant schools, research and development, hospitals and clinics, professional associations and economic organizations, employers' federations, libraries, public archives, museums, botanical and zoological gardens, etc.).

Collective services are produced by the non-market branches of general government or private non-profit institutions, depending on whether the institutional unit producing them belongs to the general government sector or to the private non-profit institutions sector. *ESA*

Legal status

1. Sole proprietorship

- Enterprise owned exclusively by one natural person. *ADDT*

2. *Partnership*

- Association of persons who conduct a business under a collective name. It usually takes the form of a limited partnership. *ADDT*

3. *Limited liability companies*

- Enterprises comprising the joint-stock company, the limited partnership with share capital and the private limited company (plc). Harmonized rules at European level governing this group of companies are laid down by the fourth Directive of 25 July 1978. *ADDT*

4. *Cooperative societies*

- Bodies corresponding to the set of laws which in each country define the legal status of cooperation. They may be constituted in any one of the legal forms named above. They observe a number of general principles, for example they are only entitled to provide their services to members, profits are distributed in proportion to members' dealings with the society, etc. *ADDT*

5. *Enterprises with other forms of legal constitution*

- Nationalized industries, publicly-owned enterprises, State or local-authority monopolies. *ADDT*

Sales area

Estimated surface area of that part of the premises set aside for selling and display, i.e. the overall area accessible to customers or occupied by counters, the display windows and fitting rooms, and the area behind counters occupied by sales staff. Generally speaking, sales area is used for selling and display only. It does not include offices, storage and handling area, workshops, stairways, cloakrooms and recreation areas. *ADDT*

Statistical units

The choice of statistical unit is determined by the type of data being collected. It has a direct influence on the significance of the results and hence on the ways in which they can be used. *PCR*

1. *Enterprise*

The enterprise is the smallest legal unit that keeps a complete record of all transactions in order to satisfy all commercial and legal requirements. As an organizational unit it produces goods and services, and benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations.

Adapted from PCR

2. *Enterprise group*

An enterprise group is an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy on production, sales, profits, etc. It may centralize certain aspects of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises.

According to the seventh Directive (18 July 1983), a group is presumed to exist where 20% of the capital or voting rights are held or controlled by another enterprise. Provisions regarding the control of the power to appoint directors must be taken into account. Beyond financial (majority) control, the aim is to take into account where the control really lies. *PCR*

3. *Local unit*

The local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which – save for certain exceptions – one or more persons work (even if only part-time) for one and the same enterprise. *PCR*

Sources of definitions

The above definitions have been drawn from a number of sources, which are identified by the following initials

ADDT: Annex to the draft Council Directive on Community surveys in the field of distributive trade, Eurostat, Luxembourg (1992).

DC: Dictionnaire Commercial compiled by the Académie des Sciences Commerciales de Paris and published by the Conseil International de la Langue Française and l'Entreprise Moderne d'Edition (1987).

ES: Eurostat, Division 'Services, Transport'.

ESA: European system of integrated economic accounts, Eurostat, Luxembourg (1979).

PCR: Proposal for a Council Regulation on statistical units (1992).

RP: General reference programme for statistics on enterprises in wholesale and retail distribution in the countries of the EEC, Eurostat, Luxembourg (1978).

WP: Working Party set up on the initiative of the EC Commission's Directorate-General XXIII, Brussels, Belgium (1991).

Data sources

1 Overview of data sources and variables studied

Classification: D Distributive Trade, W WholesaleTrade, R Retail Trade

		Variables																	
	Sources	Value Added			Number of enter-prises		Number of local outlets	Sales area	Persons engaged	Employees		Female employ-ment		Part time	Turn-over	Gross margin	Affiliations	Large-scale distribution	Market shares per type of outlet
		R	W	D	R	W	R	R	R	W	R	W	R	R	R	R	R	R	R
B	CCE				O	O			O	O									
	INS			O			O								O	O			
	CBD														O			O	O
	MET								O	O	O	O	O						
DK	DS	O	O	O	O	O	O		O	O	O	O	O	O	O				
	Stockmann-Gruppen																O	O	O
D	STABU			O	O	O	O	O	O	O	O	O	O	O	O	O			
	BAG-HDE								O	O	O	O	O	O		O		O	O
	IFO															O	O	O	O
	DHI																	O	O
GR	NSGG			O			O		O	O			O						
	ICAP																O	O	O
	Self Service Review																O	O	O
E	INE			O	O	O	O		O	O	O	O	O	O	O	O			
	MEH																O		O
	Distribución Actualidad																O	O	O
F	INSEE			O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
	Libre Service Actualités																O	O	O
	Points de Vente																O	O	O
IRL	CSO			O	O	O	O	O	O	O	O	O	O	O	O	O		O	
	Business & Finance																	O	
I	ISTAT			O	O	O			O	O	O	O	O	O		O		O	
	MIT						O	O									O	O	O
	FAID																O	O	O
	CESCOM																O	O	O
	Largo Consumo																O	O	O
L	STATEC			O	O	O	O	O	O	O	O	O			O	O		O	
NL	CBS	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O			
	EIM																O	O	O
P	INE			O	O	O	O		O	O	O	O							
	Nielsen																	O	O
UK	CSO			O	O	O	O		O	O	O	O	O	O	O	O			
	IGD																	O	
	IRS																O	O	
EUR12	EUROSTAT			O	O	O	O		O	O	O	O	O	O	O	O	O	O	

O Data available

Source: Eurostat

eurostat

2 CECD: Confédération Européenne du Commerce de Detail (European Retailers' Association)

Avenue d'Auderghem 33-35
B-1040 Bruxelles
Tel. 2/231 07 99 Telex 26946 traced b
Fax 2/230 00 78
Creation: 1981

Member organizations

Belgique België

FEDIS (Fédération Belge des Entreprises de Distribution)
Rue St-Bernard 60,
B-1060 Bruxelles
Tel. 2/537 30 60 Fax 2/539 40 26

NCMV (Nationaal Christelijk Mittenstandsverbond)
Rue de Spa 8,
B-1040 Bruxelles
Tel. 2/230 05 11 Fax 2/230 93 54

Danmark

BF (Butikshandelens Faellesrad)
H.C. Andersens Boulevard 49,
DK-1553 Kobenhavn K
Tel. 1/32 16 60 Fax 1/91 00 92

DOD (Dansk Organisation af Detailhandels kaeder)
Bremerholm 1,
DK-1064 Kobenhavn K
Tel. 1/11 70 32 Fax 1/93 70 72

BKA (Butik og Kontor Arbejdsgiverforeningen)
Vester Volgade 115,
DK-1503 Kobenhavn V
Tel. 1/93 11 77 Fax 1/93 66 02

Deutschland

Hauptgemeinschaft des Deutschen Einzelhandels
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CECPYME
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France

Conseil National du Commerce
53, avenue Montaigne,
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Tel. 1/42 25 01 25 Fax 1/45 63 21 83

Hellas

Athens Traders Association
52, Mitropoleos Street,
GR-Athinai 127
Tel. 1/322 18 05 Telex 223411 atra gr
Fax 1/322 23 88

Ireland

The Federation of Trade Associations
Lr. Baggot Street 127,
IRL-Dublin 2
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Italia

Confederazione Generale Italiana del Commercio e dei Turismo
Piazza G.G. Belli 2,
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Fax 6/580 94 25

Luxembourg

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Nederland

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KNOV (Koninklijk Nederlands Ondernemersverbond)
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Portugal

Federaçao do Comercio Retalhista Portugues
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Sverige

Sveriges Kopmannaforbund
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Handelns Arbetgivareorganisation
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United Kingdom

Retail Consortium
Bedford House 69-79,
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Tel. 1/371 5185 Fax 1/371 0529

Associate Members

Finland

Kaupan Keskusvaliokunta
Pl 160 Kasarmikatu 44,
SF-00131 Helsinki 13
Tel. 80/17 02 27 Fax 90/65 47 62

Malta

GRTU (Association of General Retailers and Traders)
Republic Street,
M-Valletta
Tel. 62 69 25 Fax 22 62 62

Norge

Norges Detaljisforbund
Posboks 2483 Solli, Drammensveien 30
N-Oslo 2
Tel. 2/55 60 10 Fax 2/55 82 20

Symbols and abbreviations

1. Countries and regions

EC	European Communities
EEC	European Economic Community
EUR 12	All EC Member States
B	Belgium
DK	Denmark
D	Germany
GR	Greece
E	Spain
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	Netherlands
P	Portugal
UK	United Kingdom
EFTA	European Free Trade Association
A	Austria
SF	Finland
IS	Iceland
N	Norway
S	Sweden
CH	Switzerland
EEA	European Economic Area (EFTA – EUR 12)
ECO	Central and Eastern Europe
COMECON	Council for Mutual Economic Assistance (dissolved on 13 December 1991)
CIS	Commonwealth of Independent States (created on 25 December 1991)
BG	Bulgaria
CSFR	ex-Czechoslovakia (dissolved on 1 January 1993)
HO	Hungary
PL	Poland
RO	Romania
USSR	ex-Soviet Union (dissolved on 25 December 1991)
YU	ex-Yugoslavia
USA	United States of America
JAP	Japan
HK	Hong Kong
ASEAN	Association of South-East Asian Nations

2. Currencies

EUR 12

ECU	European currency unit
BFR	Belgian franc
DKR	Danish krone
DM	German mark
DR	Greek drachma
ESC	Portuguese escudo
FF	French franc
HFL	Dutch guilder
IRL	Irish pound (punt)
LFR	Luxembourg franc
LIT	Italian lira
PTA	Spanish peseta
UKL	Pound sterling

EFTA

FMK	Finnish markka
ISK	Iceland krona
NKR	Norwegian krone
OS	Austrian schilling
SKR	Swedish krona
USD	United States dollar
YEN	Japanese yen

3. EC Statistical Offices

EUROSTAT	Statistical Office of the EC
CBS	Central Bureau of Statistics (NL)
CSO	Central Statistical Office (IRL)
CSO	Central Statistical Office (UK)
DS	Danmarks Statistik (DK)
INE	Instituto Nacional de Estadistica (E)
INE	Instituto Nacional de Estatistica (P)
INS	Institut National des Statistiques (B)
INSEE	Institut National de la Statistique et des Etudes Economiques (F)
ISTAT	Istituto Nazionale di Statistica
NSSG	National Statistical Service of Greece (GR)
STABU	Statistisches Bundesamt (D)
STATEC	Service Central de la Statistique et des Etudes Economiques

4. Public and private organizations

CEC	Commission of the European Communities
CECD	Confédération européenne du commerce de détail
GEDIS	Groupement européen des entreprises de distribution intégrée (European Multiple Retailers Association)
CCE (B)	Commission spéciale de la distribution (Special Commission for Distribution)
CBD (B)	Comité belge de la distribution (Belgian Retail Trade Association)
FEDIS (B)	Fédération belge des entreprises de distribution (Belgian Multiple Retailers Association)
DHI (D)	Deutsches Handelsinstitut (German research institute on large-scale distribution)
HDE (D)	Hauptverband des deutschen Einzelhandels (German Retailers Association)
IFO (D)	Ifo-Institut für Wirtschaftsforschung (German research institute on distributive trades)
MEH (E)	Ministry of Economy and Finance, Spain
MET (B)	Ministère de l'emploi et du travail
MIT (I)	Ministry of Industry and Trade, Italy
FAID (I)	Federazione Associazioni Imprese Distribuzione (Italian Multiple Retailers Association)
CESCOM (I)	Centro di studi sul commercio (Italian research institute on distributive trades)
EIM (NL)	Economisch Instituut voor het Midden- en Kleinbedrijf (Dutch research institute on distributive trades)
IRS (UK)	Institute of Retail Studies (UK research institute on distributive trades)
IGD (UK)	Institute of Grocery Distribution (UK research institute)

5. Other abbreviations

bn	billion (= thousand million)
Mio	million
ESA	European System of Integrated Economic Accounts (Eurostat)
GDP	Gross Domestic Product
GNP	Gross National Product
na	not available
NACE	General industrial classification of economic activities within the European Communities
nes	not elsewhere specified
NUTS	Nomenclature of Territorial Units for Statistics
PHARE	Assistance programme for the restructuring of the economies in Eastern Europe
PPS	purchasing power standard
SITC	Standard International Trade Classification
SME	small and medium-sized enterprise(s)
VAT	value-added tax

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